

Q1 FY25 Business Growth Update

ASX: PRO
Market Announcement

Highlights:

- **Contracted annualised recurring revenue (ARR) now \$25.8M. Contracted ARR increased by 30% from FY23 to FY24 across the business after recent adjustments to ARR reporting**
- **Continued efficient conversion of revenue into cash, with Q1 FY25 invoicing +5.5% YoY to \$5.2M**
- **Positive cash flow expected in FY25**
- **High-profile recent customer and partner wins across the business, including:**
 - **emite: Eva Air, Manulife, Emirates NBD, HBF & Hollard Insurance**
 - **Snare: UPS, Nielsen, Trustwave, NSW Dept of Communities and Justice, HCL America, C1SOC & Occidental Petroleum**
- **Strategic partnership with Devo Technology has made strong early progress on customer deployments, with more than 140,000 end points licensed with Devo to date and a positive outlook for continued growth. Migration of Devo's existing customers to Snare will continue over CY25**
- **12-month potential sales pipeline (unweighted) valued at \$23.3M. Market tailwinds remain positive for continued expansion in cloud data management, CX analytics and cybersecurity data management**
- **Net cash of \$7.8M as at 30 September 2024 with zero debt. Cash is lower in H1 as expected, due to seasonality of both payables and receivables across the company**
- **ISO27001 and SOC2 security compliance achieved**

Sydney — 19 November 2024 — Business software developer Prophecy International Holdings Ltd (ASX: PRO, "Prophecy" or "the Company") is pleased to advise of continued financial and operational progress across its business units in Q1 FY25.

Business Momentum

Continued sales growth through strategic partnerships continues to underpin growth in the Company's base of subscription revenue as measured by the lead indicator of contracted annualised recurring revenue (ARR). As at 30 September 2024, the Company's base of contracted ARR was \$25.8M. This comprises \$1.6M of contracted ARR generated to date through the Devo Technology partnership first announced on 24 January 2024, plus \$24.2M for the remainder of the business.

Prophecy continues to deliver consistent growth in cash receipts, increasing by 5.5% YoY to \$5.2M for Q1 FY25. The Company expects to generate positive operating cash flow in FY25.

The Company's efficient conversion of revenue into cash provided a net cash position of \$7.8M as at 30 September 2024, with zero debt and receivables of \$2.1M. Cash flow is seasonal as a majority of annual company expenses fall into Q1 and the majority of large receivables fall into H2.



Staff churn, particularly in sales in North America, and general market uncertainty has led to a slower Q1 while new sales team members come up to speed.

During the quarter, Prophecy implemented important new security enhancements which enabled the Company to achieve the new ISO27001 compliance standard as well as achieve SOC2 compliance for emite. SOC2 (Service Organisation Control 2) is a framework for managing data security, availability, processing integrity, confidentiality and privacy.

SOC2 compliance is crucial for businesses that handle sensitive customer data. It provides assurance to Prophecy's clients that the Company has implemented stringent controls to protect their information. By achieving SOC2 compliance, Prophecy demonstrates its dedication to maintaining the highest standards of security and data management.

Continued growth of the business, with revenue now in excess of \$20M per annum, requires more robust systems for billing, subscription contract management and reporting. Therefore, the Company has recently selected a vendor partner to provide this capability. This will mean better fine controlled management of customer contracts along with improved reporting of actual and contracted ARR, as well as other meaningful metrics including churn and net revenue retention. It is expected that Prophecy will complete implementation of this new system by the end of Q3 FY25.

Emite Performance

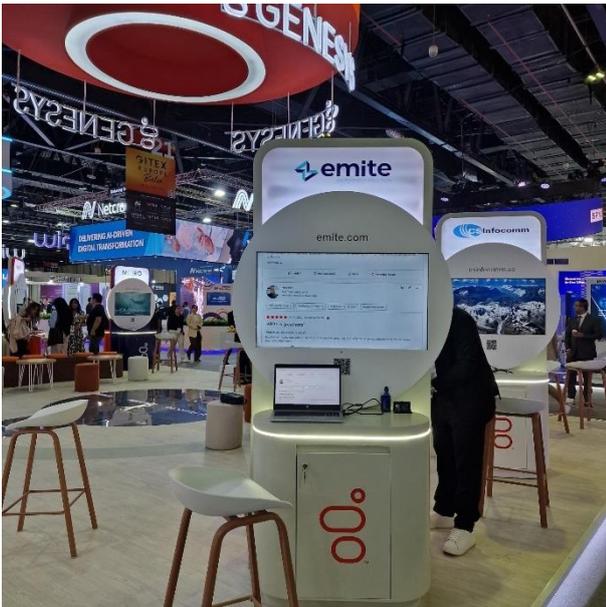
Prophecy's focus on marketing through both the Genesys and Amazon Connect contact centre technology ecosystems continues to deliver growth in contracted sales for emite, the Company's SaaS-based customer experience and contact (call) centre analytics platform.

Q1 FY25 saw a refresh of the US based emite sales team with new sales resources coming into the business to replace staff turnover. New sales pipeline is being generated and a continued focus on iPaaS is generating new opportunities for the business.

In Q1, the Company signed new emite customer contracts with aggregate 1st year contract value (1CV) of \$484K with sales being affected by a focus on existing customers and to onboarding new emite sales team members in North America. Pleasingly there are new geographies including Taiwan and the Middle East beginning to generate new sales. Eva Air is the first customer for emite from Taiwan.

The Company continues to receive positive customer and partner feedback on its Integration Platform as a Service ("iPaaS") solution for emite. This enables Prophecy to address more of the CX marketplace and opens its integration capability to the entire CX ecosystem: beyond Genesys and Amazon to address opportunities such as ZenDesk, TalkDesk and others and to expand beyond CX as opportunities develop.

The global emite team also attended a number of significant events including the world's biggest tech show, GITEX in the Middle East, on the back of acquiring a number of high profile accounts in the Middle East including Emirates NBDD (one of the largest banking groups in the Middle East) and Abu Dhabi Commercial Bank.



emite's VP of Sales for EMEA, David Russell, at GITEX in Dubai.

With a 12-month emite potential sales pipeline (unweighted) valued by the Company at \$10.9M, 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 and their operational performance.

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 a comprehensive Security Data Engine. In Q1 FY25, the Company signed new Snare contracts with significant enterprise customers and partners including UPS, Nielsen, Trustwave, the NSW Department of Communities and Justice, HCL America, C1SOC & Occidental Petroleum.

This builds upon other recently signed Snare sales & distribution partnerships, including Carahsoft in H1 FY24 and Devo Technology ("Devo") in Q3 FY24.

In January 2024, Prophecy announced that it had signed a strategic partnership with Devo, a US-based cloud-native security data analytics company with operations in North America, Europe and Asia Pacific. The partnership has seen Devo adopt Snare as its new endpoint technology to enhance data collection and increase visibility through the Devo Security Data Platform.



As Snare is replacing Devo's proprietary endpoint technology within the overall solution it provides to its customers, this partnership does not require any selling effort from Prophecy. The partnership also introduces a new subscription pricing model for Snare based on the volume of data that is collected by

Snare and forwarded onto Devo for analysis. Devo is paying Prophecy for Snare Enterprise Agents and the Snare Agent Management Console on a model based on terabytes of data collected.

Devo has successfully migrated many of its existing customers plus all of its net new customers to Snare, making an immediate impact by providing these customers with enhanced event data collection and strengthening cybersecurity postures. Devo and Prophecy intend to migrate all of Devo's existing and new customers to Snare, with the majority of customers expected to be migrated by the end of FY25.

More than 140,000 end point agents have been licensed for Devo customers and partners from more than 100 end customer accounts with expected ingestion to total \$1.6M annually. While customers have come on board it has taken longer for the data ingestion charges to build due to the time customers take to deploy Snare to send data to Devo.

With significant resource being allocated to this partnership, Prophecy expects Devo to increase the Company's growth rate of contracted ARR, with new Snare revenue anticipated to track Devo's total revenue growth rate once fully deployed. Following the successful start to its partnership with Devo, the Company has identified further potential to establish similar relationships with original equipment manufacturers and managed security service providers.

The Snare team also attended multiple events to generate awareness and new pipeline with partners like Novacoast in the US and MSSP Alert Live in Texas as well as SOC Analyst Appreciation Day and at events like TechWeek in Singapore and trade delegations with Austrade and the SA Dept of State Development.



Snare North America team at Innovate Cyber Security Conference and MSSP Alert Conference.



Prophecy CEO Brad Thomas speaking at Singapore TechWeek Cyber Security in AI Panel.

Prophecy has identified a 12-month Snare potential sales pipeline (unweighted) valued at \$12.4M including significant new partnerships similar to Devo and in both existing and new markets including renewable energy infrastructure providers. 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 FY25 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 with CX One and others
- Initiate and leverage new partnerships in the API Integration market with a specific focus on CX
- Increase penetration of Snare products with new and existing customers, focusing on opportunities for Snare with significant new partnerships in development
- 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
- Continue the modernisation of emite to a multi tenanted micro-services architecture increasing scalability and reducing COGS

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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.