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PROPHECY

Q3 FY23 Business Growth Update

ASX: PRO
Market Announcement

Highlights:

- **Debt-free balance sheet with cash of $12.8M as at end of Q4 FY23, up from $9.7M at end of Q2. Cashflow neutral for FY23 YTD.**

- **Invoicing at $17.8M at end March up from $16.3M at same time last year up $8.8M in Q3**

- **Annualised recurring revenue (ARR) grew to $21.3 million as at 31 March 2023**

- **eMite acquires new logo accounts in Q3 FY22 through diverse new client wins, including Bank of Queensland, Services Australia, AXA, UK Royal Air Force and BAE Systems**

- **Sales partnerships established earlier in FY23 with Optus, Fujitsu and Novacoast are beginning to yield customer wins and expand Prophecy's pipeline opportunities locally and in global markets**

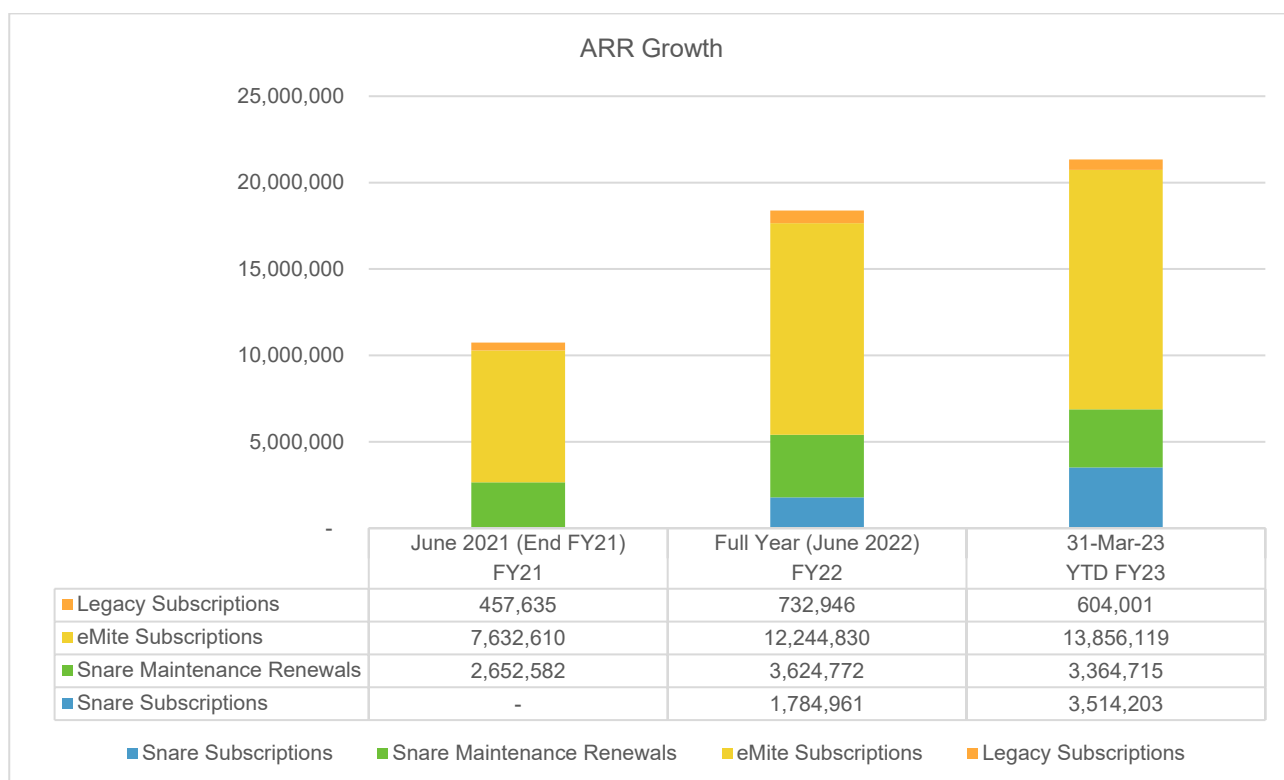- **Market tailwinds positive for continued expansion in both CX analytics and Cyber Security**

Sydney — 13 April 2023 — 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 Q3 FY23.

Business momentum

Sales growth continues to underpin growth in the Company's base of annualised recurring revenue (ARR). As at 31 March 2023, the Company's base of ARR had grown to $21.3M, an increase of 16% from the end of FY22.

eMite
A PROPHECY SOLUTION

snare
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Prophecy continues to efficiently convert revenue into cash receipts, invoicing $17.8M in FY23 to date, up $8.8M in Q3.

Snare subscriptions continue to be the primary license model being selected and sold in commercial customers. Government customers – particularly in the USA and in the UK – continue to select perpetual license models. Across all customer types 55% of all new opportunities are subscription based but when government and military customers are excluded that percentage jumps to 85% of all new opportunities.

ARR Growth

	June 2021 (End FY21) FY21	Full Year (June 2022) FY22	31-Mar-23 YTD FY23
Legacy Subscriptions	457,635	732,946	604,001
eMite Subscriptions	7,632,610	12,244,830	13,856,119
Snare Maintenance Renewals	2,652,582	3,624,772	3,364,715
Snare Subscriptions	-	1,784,961	3,514,203

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

Prophecy's delivery of strong operating cash flow while keeping cash costs constrained saw the Company's cash balance rise to $12.8M as at the end of Q3 FY23, up from $9.7M at the end of H1 FY23.

This cash amount returns the companies cash balance to the opening balance from the start of the financial year. Cashflow is forecast to stay positive for the remainder of FY23.

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

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.

The latest eMite sales activity includes a diverse range of pleasing new client wins, including:

- Bank of Queensland (Australia)

- Services Australia (Australia)

- Latrobe Financial (Australia)

- AXA Versicherungen AG (Germany)

- Clario (USA)

- Ministry of Education (Singapore)

Prophecy's new client momentum in this business has continued to boost eMite's base of ARR, growing to $13.8 million as of 31 March 2023.

With an eMite potential sales pipeline for the remainder of CY23 valued by the Company at $13.2 M, Prophecy holds a positive view for continued customer growth on its eMite platform as the Company's sales and marketing activity boosts the recognition of eMite's ability to help businesses visualise and understand their customer's journey.

Snare Performance

Prophecy's focus on the USA, UK and Europe as key target markets continues to drive growth in both sales and pipeline for Snare, the Company's cybersecurity software product line. Through Snare, the Company provides critical government recommended or mandated security controls, including cyber threat detection, security information and event management (SIEM) and centralised log management.

In Q3 FY23, the Company signed new Snare contracts across medium and large enterprise and government segments, generating sales of $1.3M.

The below selection of the Company's key Q3 sales wins indicates the breadth of Snare's appeal across a range of regulated industries.

- Royal Air Force (UK) (as noted in ASX announcement of 16 March 2023)

- BAE Systems (USA)

- NTT Security (Global)

- Nevada Energy (USA)

- Washington Gas Light Co (USA)

- Clarivate Analytics (UK)

Snare customers are continuing to grasp the advantages of the Opex/Capex flexibility provided by Prophecy's new subscription-based sales model with 78% of all new Snare sales in Q3 outside of government and military customers taking advantage of subscription-based pricing.

Prophecy has identified a Snare potential sales pipeline for the remainder of CY23 valued at $10.9M, and 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.

The Company's debt-free balance sheet with $12.8M cash as at the end of Q3 FY23 provides adequate funding for Prophecy to pursue its key focus areas, which 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
- 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 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

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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 Contact Centre Analytics and Cyber Security.

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

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.

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