PROPHECY INTERNATIONAL HOLDINGS LIMITED

CORPORATE GOVERNANCE STATEMENT

Prophecy International Holdings Ltd

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This statement reports on the significant corporate governance practices of Prophecy International Holdings Limited ("Company" or "PRO") as at 30 June 2026 and it has been approved by the Board of the Company.

It is the responsibility of the Board of Directors of the Company to monitor the business affairs of the Company and to protect the rights and interests of the shareholders. The Board believes that high standards of corporate governance are an essential prerequisite for creating sustainable value for shareholders. This statement sets out the Company's main corporate governance policies and practices. All these practices, unless otherwise stated, were in place for the entire year ended 30 June 2026. The policies and practices are reported against the 4th Edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.

Where the Company's compliance with the Principles and Recommendations is reflected in a separate document or policy, a reference to the location of that document or policy is included in this statement. References in this statement to "reporting period" are to the financial year ended 30 June 2026.

PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Recommendation 1.1 - A listed entity should have and disclose a board charter setting out: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.

Recommendation followed. The Company's Board Charter sets out (amongst other things): (a) the roles and responsibilities of the Board and of management; (b) the matters expressly reserved to the Board and those delegated to management. A copy of the Board Charter can be viewed at *Board charter*.

Recommendation 1.2 - A listed entity should: (a) undertake appropriate checks before appointing a director or senior executive or putting someone forward for election as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.

Recommendation followed. Prior to the appointment of a person, or putting forward to security holders a candidate for election, as a director, the Company undertakes checks which it believes are appropriate to verify a director's character, experience, education, criminal record and bankruptcy history (including for new directors).

The Company ensures that all material information in its possession relevant to a shareholder's decision whether to elect or re-elect a director, including the information referred to in Recommendation 1.2, is provided to shareholders in the Company's Notice of Annual General Meeting.

Recommendation 1.3 - A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.

Recommendation not followed. Each director and senior executive of the Company does not have an agreement in writing with the Company which sets out the key terms and conditions of their appointment including their duties, rights and responsibilities and (to the extent applicable) the matters referred to in the commentary to Recommendation 1.3. Where directors have operated on agreed terms for extended periods of time, formal agreements have not been established. Agreements will be put in place as required from time to time.

Recommendation 1.4 - The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.

Recommendation followed. The Company Secretary has a direct line of reporting to the Chairman and is responsible for: (i) advising and supporting the Chairman and the Board and its committees to manage the day to day governance framework of the Company; (ii) assisting with Board effectiveness by monitoring whether applicable Board and committee policies, procedures and charters are followed and coordinating timely completion and despatch of Board agendas and papers; and (iii) assisting with all matters to do with the proper functioning of the Board including advising on governance matters and assisting with induction and professional development of directors.

The responsibilities of the Company Secretary are set out in the Board Charter referenced in this statement.

Recommendation 1.5 - A listed entity should: (a) have and disclose a diversity policy; (b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and (c) disclose in relation to each reporting period: (1) the measurable objectives set for that period to achieve gender diversity; (2) the entity's progress towards achieving those objectives; and (3) either: (A) the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or (B) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act. If the entity was in the S&P/ASX 300 Index at the commencement of the reporting period, the measurable objective for achieving gender diversity in the composition of its board should be to have not less than 30%

Recommendation followed. The Company seeks to treat everyone with fairness and respect which includes valuing diversity and difference and acting without prejudice. The Company believes that decision-making is enhanced through diversity and supports and encourages diversity at all levels of the organisation in accordance with the Company's Diversity Policy. A copy of the Diversity Policy is located at *Diversity Policy*.

The Board assesses any measurable objectives for achieving gender diversity and annually reviews any such objectives and the Company's progress towards achieving them. The Board reports at least annually on the relative proportion of women and men appointed or employed within the Company group. A Senior Executive is defined as an executive that reports directly to the Chief Executive Officer or board.

The diversity policy outlines requirements for the Board to develop measurable objectives for achieving diversity, and annually assess both the objectives and the progress in achieving those objectives. Accordingly, the Board is developing the following objectives regarding gender diversity and aims to achieve these objectives over the next five years as director and senior executive positions become vacant and appropriately qualified candidates become available and reports for the reporting year ended 30 June 2026:

Gender diversity report

	2026		Target 2027 - 2031	
Women Holding:	**Held**	**%**	**Held**	**%**
Board position	1	25%	1	25%
Senior Executives	1	25%	5	42%
Other	29	33.7%	35	33%

Recommendation 1.6 - A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.

Recommendation followed. The Board Charter details the Company's commitment, responsibility and process to evaluate the performance of the Board, individual directors, the chairman and Committees of the Board. The Board Charter is located on the Company's website at *Board charter*.

The Board is responsible for the evaluation of its performance and the performance of individual directors. This evaluation is currently conducted via self-assessment when required, and is managed by the Company Secretary at the direction of the Chairman. From time to time and as deemed necessary, the Company, at the direction of the Chairman, may undertake to have its performance evaluation process facilitated externally by an appropriately qualified service provider.

The review of the Board's performance also addresses the ability for directors to access continuing education to update and enhance their skills and knowledge as they relate to the Company's strategy and objectives.

During the reporting period the Company has not undertaken an evaluation of the performance of the Board, individual directors and Committees of the Board.

Recommendation 1.7 - A listed entity should: (a) have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and (b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.

Recommendation followed. The Chief Executive Officer reviews the performance of the senior executives on an informal basis. These evaluations take into account criteria such as the achievement and performance towards the Company's objectives and (where appropriate) performance benchmarks and the achievement of individual performance objectives. However, the Board also recognises the need for flexibility in defining performance objectives which must reflect the current status of the company and the development of its projects.

During the reporting period, an informal performance evaluation of senior executives was undertaken by the Company.

PRINCIPLE 2 – STRUCTURE THE BOARD TO BE EFFECTIVE AND ADD VALUE

Recommendation 2.1 - The board of a listed entity should: (a) have a nomination committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.

Recommendation followed. The Board has no formal nomination committee. Acting in its ordinary capacity from time to time as required, the Board carries out the process of determining the need for, screening and appointing new Directors. In view of the size and resources available to the Company, it is not considered that a separate nomination committee would add any substance to this process.

Recommendation 2.2 - A listed entity should have and disclose a board skills matrix setting out the mix of skills that the board currently has or is looking to achieve in its membership.

Recommendation followed. The Board regularly evaluates the mix of skills, experience and diversity at Board level. The Board believes that a highly credentialed Board, with a diversity of background, skills and perspectives, will be effective in supporting and enabling delivery of good governance for the Company and value for the Company's shareholders. At 30 June 2026 the Board comprised four Directors from diverse backgrounds with a range of business experience, skills and attributes. The following table demonstrates the skills and experience of the Directors across several dimensions that are relevant to the Company. Biographical information on each director is contained in the Annual Report and on the company's website.

Composition of skills and experience of the Board (out of 4)

Managing and leadership	
Senior management positions held outside PRO (past and present)	4
IT industry experience	
Management / board representation in other IT entities (past and present)	4
Tertiary IT or science background	2
Experience in IT based transactions – mergers, acquisitions, etc	4
Management of IT activities – software development, security, etc	2

Governance or regulatory	
Experience in governance of listed organisations	4
Board membership of other listed entities (past and present)	2
Strategy	
Experience in growing the business	4

The Board aspires to have a Board comprised of individuals' diverse experience and expertise and will be mindful of this when making appointments which will also be based on merit.

Recommendation 2.3 - A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.

Recommendation followed. In the opinion of the board, to qualify as being "independent", a director must be independent of management and free of any business or other relationship which could materially interfere or could reasonably be perceived to interfere materially with the Director's independent exercise of their judgement. The board comprises the following directors:

Mr Edwin Reynolds (non-independent non-executive chairman) - appointed as a director on 4 September 1997 and Chairman on 8 December 2006.

Ms Leanne Challans (independent non-executive director) - appointed 8 December 2006.

Mr David Collins (non-independent non-executive director) - appointed 15th April 2026

Mr Grant Miles (independent non-executive director) - appointed 1 May 2015.

Mr Reynolds and Mr Collins are not considered independent directors due to their status as substantial shareholders. . The Company does not consider directors to be independent where they have an interest, position, association or relationship of the type described in Box 2.3.

Recommendation 2.4 - A majority of the board of a listed entity should be independent directors.

Recommendation not followed. The Company does not follow the recommendation of principle 2.4 as the majority of the Board is not comprised of independent directors (2 out of the 4 directors are independent).

As the business develops, changes to and/or further appointments to the Board may be warranted and the Board will consider the need to appoint independent directors.

Recommendation 2.5 - The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.

Recommendation not followed. The Chairman of the Board is not an independent director as described in recommendation 2.3. The Chairman also held the position of Acting CEO from the resignation of the previous CEO in September 2025 through to 30 June 2026. A new CEO was appointed in early July 2026, and the Chairman returned to his non-executive role at that time.

Recommendation 2.6 - A listed entity should have a program for inducting new directors and for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively.

Recommendation followed. All new directors are provided with an informal induction process including meetings with the Chief Executive Officer and senior executives / management as appropriate and provision of information on the Company including Company and Board policies and other material documents.

All directors are expected to maintain the skills required to effectively discharge their obligations to the Company. Directors are encouraged to undertake continuing professional education and, if this involves industry seminars and approved education courses, where appropriate, this is paid for by the Company.

PRINCIPLE 3 – INSTIL A CULTURE OF ACTING LAWFULLY, ETHICALLY AND RESPONSIBLY

Recommendation 3.1 - A listed entity should articulate and disclose its values.

Recommendation followed. The Company has an approved statement of values, which are disclosed in the *Board charter*.

Recommendation 3.2 - A listed entity should: (a) have and disclose a code of conduct for its directors, senior executives and employees; and (b) ensure that the board or a committee of the board is informed of any material breaches of that code.

Recommendation followed. The Company has a Code of Conduct that sets out the standards of behaviour expected of all its employees, directors, officers, contractors and consultants. The Code of Conduct is located at *Code of Conduct*.

Recommendation 3.3 - A listed entity should: (a) have and disclose a whistleblower policy; and (b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.

Recommendation followed. The Company has a Whistleblower Policy located at *Whistleblower Policy*. Any material incidents reported under that policy are reported to the board.

Recommendation 3.3 - A listed entity should: (a) have and disclose an anti-bribery and corruption policy; and (b) ensure that the board or a committee of the board is informed of any material breaches of that policy.

Recommendation followed. The Company has an Anti-bribery and Corruption Policy located at *Anti Bribery and Corruption Policy*. Any material incidents reported under that policy are reported to the board.

PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTS

Recommendation 4.1 - The board of a listed entity should: (a) have an audit committee which: (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.

Recommendation followed. The Company has established an Audit and Risk Committee which comprises three non-executive directors, two of which are independent non-executive directors. The committee is chaired by an independent director, Mr Miles who is not the chair of the Board.

The Audit and Risk Committee Charter is located at *Audit and Risk Committee Charter*.

The Committee's members (who are also directors of the company) and their relevant qualifications and experience, the number of times the Committee met throughout the reporting period and the attendance of the Committee's members at those meetings is set out in the 2026 Annual Report.

Recommendation 4.2 - The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

Recommendation followed. The Board receives a declaration in the form set out in Recommendation 4.2 from its CEO and Chief Financial Officer in relation to the financial statements.

Recommendation 4.3 - A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.

Recommendation followed. The Company's ensures that any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor undergoes review by its CFO.

PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE

Recommendation 5.1 - A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1.

Recommendation followed. The Company has a Continuous Disclosure and Communications Policy that outlines the processes followed by the Company to ensure compliance with its continuous disclosure obligations and the corporate governance standards applied by the Company in its communications to the market. The Continuous Disclosure and Communications Policy can be viewed at *Continuous Disclosure and Communications Policy*.

Recommendation 5.2 - A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.

Recommendation followed. The Company uses the facility in ASX Online to automatically disseminate all lodged announcements to members of board.

Recommendation 5.3 - A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation**.**

Recommendation followed. The Company ensures that investor presentations are release on the ASX Market Announcements Platform ahead of the presentation.

PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS

Recommendation 6.1 - A listed entity should provide information about itself and its governance to investors via its website.

Recommendation followed. Information about the Company and its operations is located at:

http://www.prophecyinternational.com/about/

Information about the Company's corporate governance (including links to the Company's corporate governance policies and charters) can be accessed from the Corporate Governance section on the Shareholder Information page.

Recommendation 6.2 - A listed entity should design and implement an investor relations program that facilitates effective two-way communication with investors.

Recommendation followed. The Company has a Continuous Disclosure and Communications Policy that outlines the processes followed by the Company to ensure communication with shareholders and the investment community is effective, consistent and adheres to the principles of continuous disclosure. The Continuous Disclosure and Communications Policy is located at *Continuous Disclosure and Communications Policy*.

Recommendation 6.3 - A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.

Recommendation followed. The Continuous Disclosure and Communication Policy sets out the policies and processes the Company has in place to facilitate and encourage participation at meetings of security holders.

Recommendation 6.4 - A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.

Recommendation followed. The Company ensures that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.

Recommendation 6.5 - A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.

Recommendation followed. The Company gives security holders the option to receive communications from, and send communications to, the Company and its security registry electronically, as provided for in the Company's Continuous Disclosure and Communication Policy.

PRINCIPLE 7 – RECOGNISE AND MANAGE RISK

Recommendation 7.1 - The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.

Recommendation not followed. Taking and managing risk are central to business and building shareholder value. The Board is responsible for the identification of significant areas of business risk, implementing procedures to assess, monitor and manage such risks and developing policies regarding the establishment and maintenance of appropriate ethical standards to:

- ensure compliance in legal, statutory and ethical matters;
- monitor the business environment, identify potential opportunities & risk areas therein; and
- monitor systems established to ensure prompt and appropriate responses to Stakeholder complaints and/or enquiries.

The Board meets on a regular basis and reviews and monitors the parameters under which such risks will be managed. PRO has established an Audit and Risk Committee which comprises three non-executive directors, two of which are independent non-executive directors. The committee is chaired by an independent director, Mr Miles who is not the chair of the Board. Consequently, the Audit and Risk Committee has not been established in accordance with recommendation 7.1(a). A copy of the Audit and Risk Committee Charter is disclosed in Recommendation 4.1 and the Risk Management Policy is available from the Company's website at *Risk Management Policy*.

Recommendation 7.2 - The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the board; and (b) disclose, in relation to each reporting period, whether such a review has taken place**.**

Recommendation not followed. The Company's Risk Management Policy sets the framework for risk management and review of the risk management framework. The Risk Management Policy has been included in recommendation 7.1.

In the reporting period, the Board has not completed a structured review of the Company's risk management framework and key corporate risk in accordance with the Audit and Risk Committee Charter. The Board as a whole addresses individual risks as required on an ongoing basis.

Recommendation 7.3 - A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its governance, risk management and internal control processes.

Recommendation followed. The Company is committed to understanding and managing risk and to establishing an organisational culture that ensures risk management is included in all activities, decision making and business processes. The company does not have a formal internal audit function due to its size and business needs.

The ongoing mitigation and management of key business risks is an item addressed by the Board as a whole. Operational, financial, legal, compliance, strategic and reputational risks continue to be managed primarily by the Chief Executive Officer, the Chief Information Security Officer and the Group Accountant as a part of the day-to-day management of the Company's affairs. Where appropriate, these risks are managed with the support of relevant external professional advisers.

Recommendation 7.4 - A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks.

Recommendation followed. The key economic risks that the company faces are set out in the Director's Report of the 2026 Annual Report which is available on the Company's website. Given the nature of the company's activities there is no material exposure to environmental and social sustainability risks.

PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY

Recommendation 8.1 - The board of a listed entity should: (a) have a remuneration committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.

Recommendation not followed. The Company has established a Remuneration Committee responsible for the review of remuneration packages for all company staff. It also gives consideration to remuneration issues affecting directors, and makes recommendations to the Board for its review and consideration. The Remuneration Committee comprises two non-executive directors, of whom one is independent and one is not. The Remuneration Committee is chaired by Mr Miles who is not the chair of the Board.

The Remuneration Committee Charter is located at *Remuneration Committee Charter*.

Recommendation 8.2 - A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.

Recommendation followed. The Company's policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives is set out in the Remuneration Report contained in the 2026 Annual Report. A copy of the 2026 Annual Report is located on the company's website when released.

Recommendation 8.3 - A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.

Recommendation followed. The Company has an equity-based remuneration scheme. The Company's Securities Trading Policy provides that participants in the scheme must not enter into any transaction which would have the effect of hedging or otherwise transferring to any other person the risk of any fluctuation in the value of any unvested equity interest. The Securities Trading Policy is located at *Securities Trading Policy*.