INNOVATIVE SOFTWARE THROUGH GLOBAL CHANNELS



H1 FY23 Business Growth Update

ASX: PRO
Market Announcement

Highlights:

- Prophecy achieves \$9.0M revenue (unaudited) in H1 FY23 a record H1 for the company and up 18.4% on pcp (\$6.3M)
- Result reflects diverse new sales wins across both eMite and Snare, including Australian Dept
 Defense, Allens, Hawaiian Electric and Manpower Group
- Annualised recurring revenue (ARR) grew to \$20.6 million (33% YoY) as at 31 December
- 77% of Snare sales in H1 FY23 were made on a subscription basis, representing 219% growth in Snare subscription sales vs H1 FY22
- Robust potential sales pipelines for 2023: eMite \$12.2M and Snare \$12.8M (unweighted)
- Market tailwinds positive for continued expansion in both CX analytics and Cyber Security
- Closing cash balance of \$9.7M (unaudited) with no debt as at 31 Dec 2021, plus \$400k in ATO payments received in January

Sydney — **8th February 2023** — 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 FY22.





Recurring Revenue and Cash Momentum

Prophecy achieved total H1 FY23 revenue (unaudited) of \$9.0M, representing a record H1 for the Company and an increase of 18.4% on the prior comparable period (pcp) (H1 FY22 - \$7.6M). This result reflects boosted revenue across both eMite and Snare.

Healthy sales growth is having a positive impact on the Company's base of annualised recurring revenue (ARR), which continues to expand favourably. As at 31 December, the Company's base of ARR had grown to \$20.6M, +33% year-on-year (YoY).

Prophecy continues to efficiently convert revenue into cash receipts, invoicing \$9.02M in H1 FY23. Although invoicing was down 5% YoY at a headline level, this reflects the impact of the Company transitioning Snare from a perpetual licence model to a recurring subscription licence model. Adjusting for this subscription transition, the Company's invoicing levels were similar to the pcp, helping to build Prophecy's base of sustainable and scalable recurring revenue.

The Company continues to reap the benefits of having established a wholly owned subsidiary in the Philippines, Prophecy Software Solutions Philippines Inc, early in H1 FY23. This subsidiary delivers customer support, software development, cloud operations and end customer training capability for Prophecy globally across all product sets, and is delivering cost savings of approximately \$400k per annum compared to the previously outsourced services.

eMite Performance

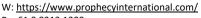
Prophecy continues to deliver contracted sales for eMite, the Company's SaaS-based customer experience and contact (call) centre analytics platform. In H1 FY23, the Company signed new eMite customer contracts covering more than 2,600 seats with aggregate 1st year contract value (1CV) of more than \$1.9M. This included sales to Next Holdings, Hawaiian Electric and Amica Mutual Insurance.

The period saw Prophecy lap a particularly strong set of comparable sales which included the biggest contract in the Company's history (Humana). Excluding this contract, Prophecy delivered eMite 1CV sales growth of approximately 46% in H1 FY23.

With a 2023 eMite potential sales pipeline valued by the Company at \$12.2M, Prophecy holds a positive view for continued growth in this segment as a broader set of customers recognise eMite's ability to help businesses 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 FY23, the Company signed new Snare contracts with more than 80 government and enterprise clients, generating sales of more than \$2.2M, including Kelley Services Group, Allens and the Australian Department of Defense.











During the period, 77% of Snare sales were made on a subscription basis rather than under a perpetual license model. This translated to 219% YoY growth in Snare subscription sales in H1 FY23.

The decrease in sales from H1 FY22 reflects the aforementioned transition of Snare from a perpetual licence model to a recurring subscription licence model, as well as no large US Government bids being awarded during the period. Prophecy is currently engaged in seven bids of this type and remains confident of its prospects of closing these opportunities.

Prophecy has identified a 2023 Snare potential sales pipeline valued at \$12.8M, evenly split between subscription and perpetual license opportunities. 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 ended December 2022 with an unaudited cash balance of \$9.7M and zero debt. Had an anticipated payment from the ATO (received by Prophecy in January) not been delayed, the Company's closing cash balance would have sat at \$10.1M. This provides adequate funding for Prophecy to pursue its key focus areas for 2023, 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
- Identify and execute on acquisition opportunities to accelerate growth and increase capability,
 capacity and coverage

The Company intends to release its audited H1 FY23 results after 21 February, 2023.

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About Prophecy International Holdings Limited



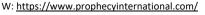


Prophecy International Holdings Limited (ASX: PRO) is a leading Australian designer and developer of innovative business software. Through its two products, Snare and eMite, Prophecy serves the large and growing global markets of Contact Centre Analytics and Cyber Security.

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.



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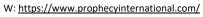




APPENDIX A

Optus MSA - Material Information

Term of Agreement	The base terms continue for a term of 5 years from commencement.
Nature of Products and Services	Prophecy designed software and services on a perpetual license and
	subscription basis.
Value of Contract	Approximately \$2.5 million over the first 3 years of the 5-year
	contract term.
Other Material Information	Optus may terminate the MSA or a supply contract in whole or part
	for convenience by giving Prophecy at least 60 days' notice. Any
	supply contracts within the term will require prorated payment of
	50% of monthly recurring charges for the remainder of the term.
	Prophecy may terminate any supply contract or the MSA or both with immediate effect by giving written notice to Optus if Optus
	breaches any material provision and fails to remedy the breach
	within 30 days after receiving written notice requiring it to do so.
	A security deposit of an amount representing 5% of the total
	estimated value of a Statement of Work may be requested by Optus
	from time to time, which Prophecy will provide to Optus.



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