Prophecy International Holdings Ltd (ASX:PRO)

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ASX Announcement

27 November 2026

2026 Annual General Meeting - Chairman's Address and CEO Address

(Check against delivery)

Prophecy International Holdings Limited provides the following addresses to be delivered by the Non-Executive Chairman and the Chief Executive Officer at the Company's 2026 Annual General Meeting, to be held online at 10.00am (Adelaide time) today. The accompanying presentation has been released separately.

Chairman's Address - Ed Reynolds, Non-Executive Chairman

Before I hand over to Jonathan, I would like to say a few words on behalf of the Board.

FY26 was a difficult year for Prophecy, and the Board acknowledges that the Company's performance fell short of expectations. During the year, the Board took decisive action to reset the cost base, simplify the organisation and strengthen the Company's leadership.

Following Brad Thomas's departure in September 2025, I stepped into the role of interim Chief Executive Officer. I am very pleased that Jonathan Drake joined us as Chief Executive Officer in July, and I have now returned to my role as non-executive Chairman.

In April, we also welcomed David Collins to the Board. David is the Company's largest shareholder and brings extensive finance, capital markets and M&A experience. David stands for re-election today. Grant Miles, who retires by rotation in accordance with the Constitution, also stands for re-election today.

I would like to thank Matthew Michalewicz, who resigned from the Board in September 2025, for his contribution, and to thank our employees for their commitment through a period of significant change.

Finally, thank you to you, our shareholders, for your patience and continued support.

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CEO Address - Jonathan Drake, Chief Executive Officer

Thank you, Ed, and good morning, everyone.

It is a privilege to address you for the first time as CEO of Prophecy International. I commenced in the role on 6 July - shortly after the end of the financial year that is the subject of today's meeting. The results for the year sit with me to address in my role, and I intend to be direct about them.

In this address, I will take you through the FY26 results and the actions taken to reset the business, before turning to our markets and products, and our priorities for FY27.

For those less familiar with the Company, Prophecy is an Australian software company that helps organisations secure, understand and act on their data. We do that through two product lines: Snare, in security analytics and log management; and emite, in contact centre and customer experience reporting and analytics.

Our software is deployed at more than 4,000 customer sites globally, and our customers include some of the world's best-known brands - across banking and finance, government, defence, healthcare, utilities and other sectors. In my personal view, that customer base - built over many years - is one of the Company's most valuable assets.

Today, our team of 51 is based principally in Australia and Manila, with sales and support in the US, and sales in the UK.

Turning to the results.

FY26 was a difficult year for Prophecy. The Company's performance fell short of what the Board - and you as shareholders - expected.

Revenue declined 15%, to $18.4 million. The decline was principally in SaaS revenue, reflecting customer contracts that expired during FY25 - including a material emite contract expiry - together with churn during FY26 that new business only partially offset.

Whilst that is understandably disappointing, my assessment - having now spent several months inside the business, and with our customers - is that it does not reflect any fundamental lack of opportunity in our markets. Restoring growth to Prophecy is my first priority.

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Positively, the cost actions taken during the year are already visible in the cash result: operating cash outflow reduced by $1.9 million.

Together with the $1.0 million share placement, net cash outflow reduced by $2.9 million. The cash balance nevertheless declined, to $1.0 million at 30 June.

Since year end, liquidity has been supported by an invoice finance facility with ScotPac, with a limit of $3 million, and by the receipt of a $1.0 million R&D tax incentive refund. The facility helps to smooth the seasonality of our receipts and allows targeted reinvestment in growth; nevertheless, we will continue to manage cash and working capital closely through FY27.

The statutory loss after tax was $7.9 million. That figure includes $5.3 million of once-off and non-cash items, which are reconciled in the accompanying presentation.

The largest, at $3.6 million, is a non-cash charge relating to the emite platform - the accelerated amortisation of emite version 7, and the write-off of development on version 8 - following a reassessment of that release, including the results of customer testing, and a revised product strategy leveraging ongoing improvements in the capability of AI. These charges, of themselves, have no cash impact.

The balance comprises $0.9 million of restructuring costs, and $0.8 million of costs associated with the proposed merger with Complexica, which did not proceed, as announced in November last year and reported at last year's AGM.

Excluding those items, the underlying loss narrowed from $5.8 million to $2.6 million. That is an improvement of $3.2 million, despite revenue being $3.3 million lower - driven principally by a reduction of around $5 million in underlying operating costs - mainly lower employee costs following the restructure, together with reduced hosting, marketing and travel costs - and supported by an R&D tax incentive of approximately $1 million, for which the Company again became eligible as revenue fell below the $20 million threshold. For completeness, underlying loss is a non-IFRS measure, and the FY26 adjustments are set out in the Review of Operations in the Annual Report.

The cost actions taken during FY26 are the principal reason for that improvement, and their full effect is still to come.

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Following a detailed review of operations, the Board implemented a restructure in two tranches - the first during FY26, and the final tranche commencing at the end of the financial year and completed in early July - which together are expected to deliver $7.5 million of annualised personnel savings, measured against our cost base at the start of FY26.

Management of emite and Snare has been consolidated into a single, smaller team based in Australia, with overlapping roles removed and shorter reporting lines.

Together with around $2.0 million of savings in cloud hosting, subscriptions and discretionary spend compared with FY25, the Board expects annualised operating cost savings of $9.5 million. In addition, $1.0 million of capitalised development on emite version 8 will not be repeated.

Importantly, FY26 already reflects the other savings, but only part of the personnel savings; FY27 is expected to carry their full-year effect. Moving forward, my intention is to hold the cost base substantially at its current level, with targeted investment to support a renewed go-to-market focus.

The restructure has also materially changed the shape of our team. In September 2025, Prophecy had 115 people, including contractors. The first tranche of the restructure, together with a small number of resignations, reduced that to 89 at 30 June 2026. Today we have 51 - reflecting the final tranche of the restructure, which took effect in the first days of July, two further resignations, and two appointments: my own, and that of our Fractional Interim CFO. That is a reduction of 64 people, or around 56%, since September 2025. Other than those two appointments, there was no recruitment between September 2025 and August 2026.

Around 80% of our people are based in Australia and Manila, and, encouragingly, headcount has been stable since August 2026.

These decisions were necessary, but they were not easy. A substantial number of capable people left the Company, and I would like to acknowledge their contribution. I would also like to thank those who remain, for their hard work and commitment through a period of significant change.

Turning to leadership. I am supported by a smaller and more focussed executive team than in prior years, with all leadership roles now consolidated in Australia: Steve Challans, our Chief Technology Officer and Chief Information Security Officer; Stuart Geros, Chief Customer Officer

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and a founder of emite; Suzanne Laycock, our Chief Human Resource Officer and Chief People Officer; and David Fraterman, our fractional interim Chief Financial Officer, who joined in August.

Strategically, the most significant product development of FY26 was the release of ProDataIQ - referred to in earlier announcements as AI Studio.

Snare and emite serve different markets, but they now share a common AI capability in ProDataIQ, which we deploy under licence across both product lines, combining that technology with our deep expertise in the markets we serve. It is sold as an upgrade to emite and Snare, rather than on its own. It reasons in natural language across many data sources, gives explainable answers grounded in the customer's own data, and flags abnormal trends and recommends action, before they have an operational impact.

ProDataIQ powers our two AI assistants - AskSnare, for security investigation, and AskEmite, for business performance - as well as emite's Advanced Analytics engine and the cloud-hosted version of Snare Central.

Following an early adoption programme with selected customers from January, and having secured the rights to deploy the software, we released it in May 2026 as an upgrade across both product lines.

What it delivers falls into four areas. First, additional revenue: AI assistants and analytics that can be sold as add-ons to existing customers across both Snare and emite. Second, speed and cost: because we build each capability once and deliver it through both brands, we took ProDataIQ from early adoption in January to release across both product lines within five months, with a lower cost to grow. Third, retention: early warnings help our customers protect their own outcomes, which should strengthen retention. And fourth, room to grow: new capabilities can be built on the same foundation over time, across both brands.

It is still early. Our focus in FY27 is on building adoption across customers and partners, and that will take time to translate into reported revenue. However, in my view, ProDataIQ gives us a clear and differentiated basis on which to engage the market.

Turning to the markets in which we operate, starting with emite.

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The presentation summarises independent estimates, published by Fortune Business Insights, of the markets relevant to emite - the cloud-based contact centre, contact centre analytics and workforce analytics markets. I would caution that these are third-party estimates, that the categories overlap, and that they are not forecasts of Prophecy's own performance.

That said, the picture is clear. These are large markets that are forecast to grow strongly - in the case of contact centre analytics, the segment in which emite operates, at around 21% a year.

The presentation shows how emite's capabilities align with the drivers of growth in its markets.

AskEmite lets leaders ask questions in plain language and follow up to reach the root cause of a change in performance, with the underlying query definitively shown. emite's integration connects directly to APIs, databases and data streams in real time, in both directions, so new data feeds can be added without re-architecting. Every team works from the same governed measures, with role-based views and regional data residency. emite brings AI and human channels together on a single contact view, so organisations can see how they perform side by side. And pattern-aware anomaly detection explains unusual movements and recommends next steps, with decisions staying with people.

Data integration and orchestration is a significant growth lever for emite. We now have more than 200 integrations, including integrations that take us into new CX markets and expand our existing reach. And based on our view of the market including where our partners and the major call-centre technology platforms are focussing, this shift in emite's positioning creates a real differentiation and product advantage, that we intend to exploit in our go-to-market.

Integration, analytics and visualisation now come together as one emite platform - with integration no longer a separate purchase - extended by AskEmite. Importantly, these capabilities also extend emite beyond the contact centre, into broader workforce and operations management - a market independently estimated at US$17.2 billion by 2031 - including for organisations without a contact centre. That extends the range of customers emite can serve.

Turning to Snare. The presentation summarises independent estimates of the markets relevant to Snare - cybersecurity, security analytics and log management. Again, these are third-party

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estimates with overlapping categories and not forecasts of our own performance. Security analytics is forecast to grow at around 26% a year.

Turning to Snare's capabilities, which align with those shifts in security spend. Snare Reflector lowers data ingestion costs without any loss of visibility. Snare Central retains logs from 90 days to more than seven years and can replay them into the SIEM (that's a Security Information and Event Management platform) when an investigation requires it - now across all log sources and customer deployment preferences. And our compliance reporting is aligned to the major frameworks, including the Essential Eight.

Critically, Snare has historically served organisations running their log infrastructure fully on premises. Now - with four deployment pathways, spanning on-premises, cloud and hybrid environments - together with a growing channel through partners and Managed Security Service Providers or MSSPs, Snare can serve a considerably broader range of customers. To be clear, Snare complements a customer's existing security stack, rather than replacing it.

Which brings me to FY27.

Prophecy enters FY27 with a materially lower cost base, a consolidated leadership team, a strengthened Board and new executive leadership, and a growth pipeline supported by ProDataIQ and the product capabilities I've outlined.

Our focus is disciplined execution, against five priorities:

- Grow recurring revenue - first stabilising, then growing it, through focussed account management and improved sales execution.
- Scale ProDataIQ - capitalising on the traction established across both product lines.
- Partners - managing and growing our partner relationships, across both emite and Snare.
- Cost discipline - monitoring costs closely and capturing further efficiencies where available.
- Execution - continuing to streamline our operations through a focussed, experienced team.

Much work lies ahead, and I do not underestimate it. However, the Company is moving forward with the benefit of improved stability, and with technology, customers and market positioning of real, differentiated value. I am conscious that confidence in Prophecy will be strengthened through demonstrated results, not words, and I look forward to reporting on our progress during FY27.

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In closing, I would like to thank our customers and partners for their continued trust; our employees for their commitment; Ed and the Board for their support; and you, our shareholders, for your patience during a difficult year. Thank you also, in advance, for your ongoing support as we move forward through FY27 and beyond.

Thank you.

Jonathan Drake
Chief Executive Officer

This announcement includes non-IFRS financial information, including underlying loss after tax. These measures are unaudited. A reconciliation of underlying loss after tax is provided in the Review of Operations in the 2026 Annual Report. Market data referred to in this address are independent third-party estimates, are not forecasts of the Company's performance, and are sourced in the accompanying presentation.

This announcement was authorised for release by the Board of Prophecy International Holdings Limited.