

Q3 FY24 Business Growth Update

ASX: PRO
Market Announcement

Highlights:

- **Contracted ARR +20% year-on-year (YoY) to \$27.6M (including the \$1.6M of ARR via Devo)**
- **Invoicing up +13% YoY to \$20.2M for the first nine months of FY24**
- **Positive cash flow expected in FY24**
- **High-profile recent customer wins across the business, including:**
 - **emite: Canadian airline Transat, the City of San Diego and Airbnb (upsell)**
 - **Snare: Kuwait Oil Company and Occidental Petroleum (upsell)**
- **New North American distribution partnerships signed with Voxai Solutions for emite and Tabula Rosa Systems for Snare**
- **Strong early progress and positive outlook for strategic partnership with Devo Technology, expecting to add \$1.6M of new contracted ARR by mid CY24. Successful migration of all of Devo's existing customers to Snare would result in a potential increase in contracted ARR of more than \$5M**
- **40 customers currently in deployment/migration with Devo representing \$1.6M in ARR**
- **Devo active deployments include Helzberg Diamonds, Navig8 Asia Pte Ltd, Dept of Communities & Justice NSW**
- **Net cash of \$11.3M (up \$1.4M since 31 Dec 2023) as at 31 Mar 2024 and \$12.7M as at 19th April 2024 with zero debt**

Sydney — 01 May 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 Q3 FY24.

Business Momentum

Consistent sales growth continues to underpin growth in the Company's base of contracted annualised recurring revenue (ARR). As at 31 March 2024, the Company's base of contracted ARR had grown to \$27.6M, up 20% year-on-year (YoY).

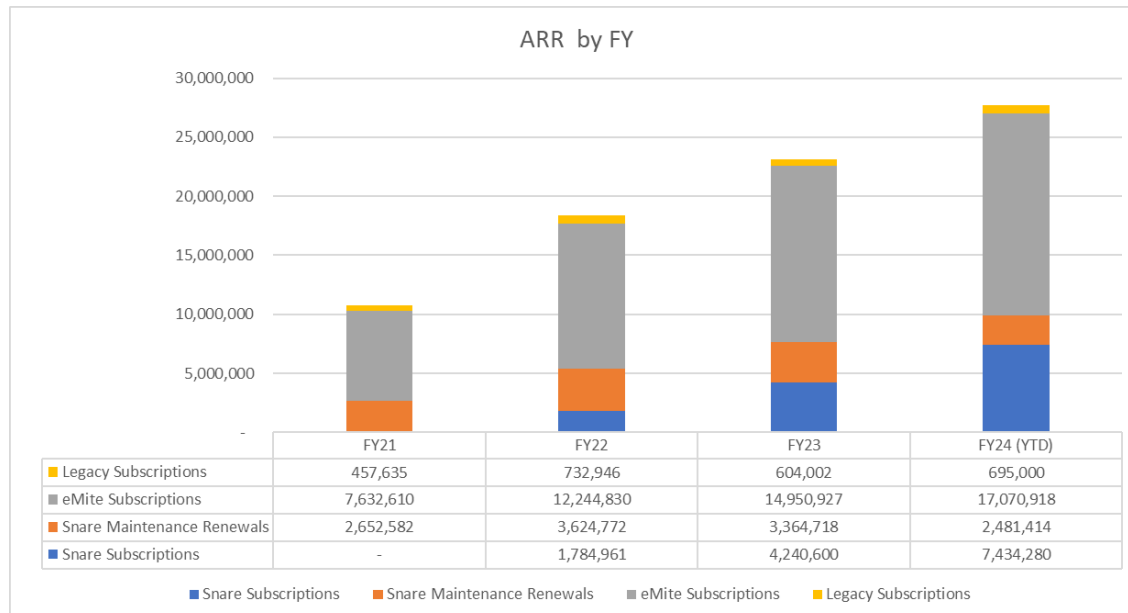
This comprises \$1.6M generated from customers currently in deployment from the Devo Technology partnership first announced on 24 January 2024, plus \$26.0M for the remainder of the business. This does not include the full \$5M in value from Devo.

Once Devo accounts are fully deployed the contracted ARR for the group will exceed \$30M.

Prophecy continues to deliver consistent growth in invoicing, increasing by 13.1% YoY to \$20.2M for the first nine months of FY24. The Company expects to generate positive operating cash flow in FY24 and an EBITDA loss for the period.

The Company's efficient conversion of revenue into cash provided a net cash position of \$11.3M as at 31 March 2024 (up \$1.4M since 31 December 2023), with zero debt and receivables of \$4M.

No additional revenue will come from legacy products in FY24 or in future years.



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.

During the period, Prophecy signed a new emite North American distribution partnership with Voxai Solutions. Based in Texas, Voxai is a specialised solution integrator for Genesys products, providing best-in-class solutions and services to manage, transform, and enhance the customer experience (CX)



journey. Founded in 2005, Voxai is a two-time Genesys North America Growth Partner of the Year (2022 and 2023) and was recognised by publisher CIO Applications as a top CX solutions provider of 2022.

The partnership will see Voxai distribute emite to its customers which span a range of industry sectors, including Government, Utilities, Retail, Healthcare, Transport, Education, Business Services and Financial Services.

The Company has received positive customer feedback on its Integration Platform as a Service ("iPaaS") solution for emite. This will enable Prophecy to address more of the CX marketplace and open its new integration capability to the entire CX ecosystem: beyond Genesys and Amazon to address opportunities such as ZenDesk, TalkDesk and others. The Company will attend a key emite customer event in May, Genesys Xperience in Denver, providing an ideal opportunity to market the iPaaS solution.

With a 12-month emite potential sales pipeline (Q4 FY24 and FY25 unweighted) valued by the Company at \$14.0M, 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.

Snare Performance

Through Snare, the Company's security data engine product line, Prophecy provides critical government recommended or mandated cyber security controls, including cyber threat detection, security information and event management (SIEM) and centralised log management. In Q4 FY24, the Company signed new Snare contracts with significant enterprise customers, including an upsell to existing customer Occidental Petroleum, while continuing to build on its momentum in the Middle East welcoming the Kuwait Oil Company as a new customer.

During the period, Prophecy signed a new Snare North American distribution partnership with Tabula Rosa Systems. Based in New Jersey, Tabula Rosa provides IT solutions including cloud-native security and service operations, autonomous penetration testing, systems integration, endpoint security and DEVops.



The partnership will see Tabula Rosa distribute Snare to its customers which span industry sectors including Government, Healthcare and Financial Services. This builds upon other recently signed Snare distribution partnerships, including Carahsoft in H1 FY24 and Devo Technology ("Devo") in Q3 FY24.

In January, 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 its first customers to Snare (including a shipping company in Singapore, a government agency in NSW and a retailer in the US), 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 approximately 400 existing and new customers to Snare, with the majority of customers expected to be migrated by the end of FY25.

Monthly billing commenced in February 2024, with the first customers generating log data ingestion charges. By mid CY24, Prophecy expects to be generating additional Snare contracted ARR of \$1.6M million through this partnership. This will include data volumes ingested for existing Devo customers, plus all newly added customers, as well as upgrades sold to incorporate additional Snare modules. Change management processes at Devo customers will mean most revenue will commence in FY25 and have less impact on the Company's FY24 results.

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 potential to establish similar relationships with original equipment manufacturers and managed security service providers.

The Company will attend two key Snare customer events in Q4 FY24: RSA in San Francisco in May with AusTrade as part of the Australian Delegation, followed by Infosec Europe in London in June - both providing opportunities to market the Company's capabilities and recent successes. This follows a productive trip for management to Canberra in March to participate in CyberCon - the Australian Cyber Conference.

Prophecy has identified a 12-month Snare potential sales pipeline (Q4 FY24 and FY25 unweighted) valued at \$19.7M (including \$5.0M from Devo). Beyond this pipeline, 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.

Prophecy's key focus areas for 2024 include the following priorities:

- Continue to expand sales and marketing via partners 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
- 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 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

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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 for customer experience in contact centre environments. It provides fast, accurate visibility into operational metrics 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 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. 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.