



**Prophecy**

**Prophecy International Holdings Ltd.**

**(ASX:PRO)**

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**Company Announcement 13<sup>th</sup> February, 2017**

## **Half Year Preliminary Results**

Prophecy will announce its half year audited results before the end of February. Preliminary unaudited figures for the FY17 half year show revenues of \$6 million and an EBITDA of \$1 million. This result falls short of the record revenue of \$8 million set for the same half in FY16. No dividend is expected to be declared for this half.

SNARE revenues were \$3.3 million for the half compared to \$3.8 million for the same period last year, reflecting a tougher sales climate in the period. The number of sales transactions was down 7% for the half compared to last year, but a decrease in the number of larger sales brought revenue down some 15%. We continue to focus on the expansion of partner activity, plus improvements in close rates and deal size for our direct sales to boost SNARE results. New IBM QRadar partners have been signed to assist in the push for more sales through partners.

The eMite Advanced Analytics and Reporting overlay for Snare has now been developed and has moved to the beta testing stage. This will greatly enhance the capability of the SNARE solution in the area of analytics and provide an avenue for further eMite solution sales.

The SNARE team has been invited to present at the upcoming IBM InterConnect conference in Las Vegas during March. This activity provides SNARE with great additional exposure in the IBM QRadar market space.

Recent additional SNARE sales include Time inc, Safeway Inc, Georgia State University, NASA, Travelex, AMEC Foster Wheeler, US Navy, Duke Energy, Lifespan Corporation, and Veolia.

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For more details visit  
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[eMite.com](http://eMite.com)  
[promadis.com](http://promadis.com)  
[basis2.com](http://basis2.com)

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Legacy software revenues came in at \$1.7 million compared to \$1.6 million last year, as a result of buoyant revenues from the basis2 billing system customers. The Legacy systems are expected to be stable over the full year with the higher billing system revenues covering any declines from the other older systems.

eMite revenues came in at just under \$1 million compared to \$2.6 million for the same period last year. eMite is in a transition phase as we continue to work to move the business to subscription licensing and build a strong recurring revenue base for the future. This move has impacted short term revenues as expected. A successful subscription based business typically starts slowly, but increases significantly as new sales build on the existing recurring base month by month. A large amount of technical work has been completed to allow the full and deep integration of the eMite Advanced Analytics and Reporting solution with both Interactive Intelligence, a world leading contact centre management application and Cherwell Software, a leading service desk management application. With the full integrations in place, eMite has now begun to gather momentum towards the finalisation of partner agreements that will allow the eMite Advanced Analytics and Reporting solution to be sold by the worldwide sales forces of each partner and so maximise the opportunities available within these large customer bases. The eMite cloud solution is now available on Amazon's AWS platform in Australia, New Zealand, USA, Europe and Japan with customers running live in each region.

Recent new eMite customers for the ININ package include Touchcorp, Employsure, BMW Financial Services, Diabetes Victoria and Deakin University from Australia, Grupo Monge from South America, Entrust Energy from the USA and L'Olivier Assurances from France.

New eMite partners have been signed in Australia, New Zealand, USA, Europe and Asia and their activity is now reflected in the sales prospect pipeline. eMite has been invited to exhibit and present at the Genesys APAC partner conference on the Gold Coast later this month thus providing a large additional exposure for our solution.

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Prophecy is currently undertaking a search process to find and appoint a growth-oriented CEO. The building blocks are now in place to be able to grow our business to the next level and key staff will be needed to achieve each stage of this process. The right leader will ensure that we can maximise our success over the next few years of expansion.

Prophecy is in dispute over a claim made by a supplier related to historical services provided. This claim has not progressed to a court claim and Prophecy maintains a very strong position of no liability outstanding related to the claim. A mediation process has been accepted by both parties to resolve the outstanding issues.

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