

Prophecy International Holdings Ltd | ASX: PRO



Prophecy

**Investor Presentation
May 2022**

Prophecy International (ASX: PRO)



We are a pure play B2B and B2G enterprise software product designer and developer, with global operations and expertise in cybersecurity and big data analytics.



We have developed a 40-year track record helping customers to secure the enterprise, repel cyber threats and deliver valuable business insights. We help companies make better decisions faster to protect and improve their operations.



We are trusted by a broad spread of blue-chip clients across the banking, healthcare, government, defence, utilities, transport, manufacturing, retail and energy sectors.



Our software products, eMite and Snare, are deployed at more than 4,000 sites globally, with a customer base including some of the world's most powerful brands.

>4,200 client sites | 5 offices | 100+ employees & growing



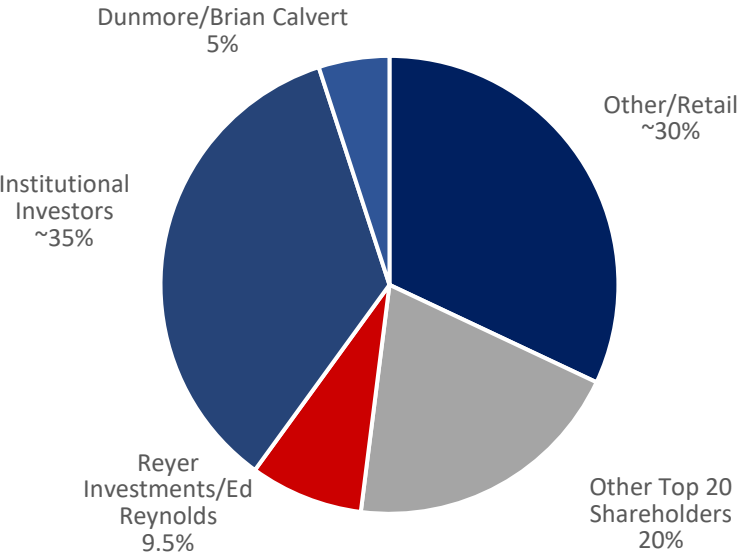
80% of FY21 revenue from USA

Corporate Snapshot

Key Statistics

ASX Stock Code	PRO
FY21 Revenue	\$12.8M
Cash Balance (21 April 22)	\$13.1M
Debt	Nil
Share Price (2 May 22)	\$1.08
Shares on Issue	73.59M
Fully Diluted Market Cap	A\$79.11M

Shareholder Analysis (as at 26 Nov 2021)



Key Management Personnel

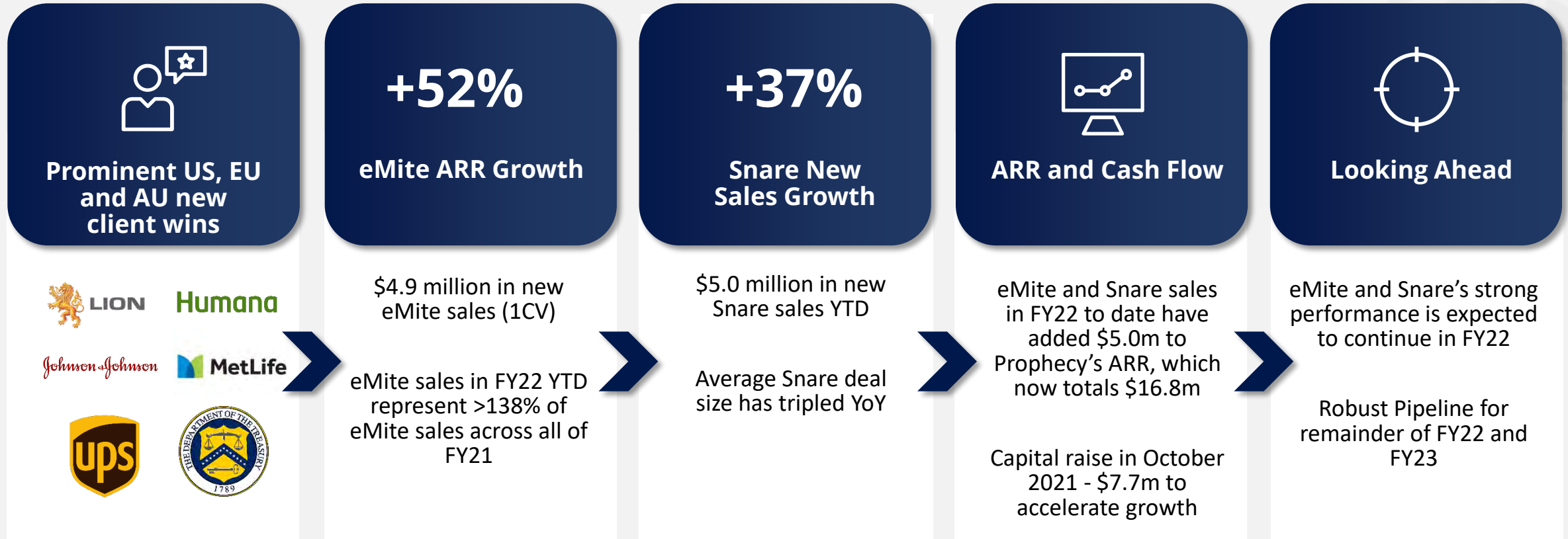
Brad Thomas	Chief Executive Officer
Steve Challans	Chief Information Security Officer
Stephen Irecki	Chief Operations Officer
Peter Barzen	VP Global Alliances
John Pappas	VP Sales Americas
Jamie Lind	VP Sales EMEA
Stuart Geros	VP Sales APAC

12-Month Share Price History and Volume



YTD FY22 Performance

Sales growth has accelerated in FY22, with a strong pipeline across eMite and Snare

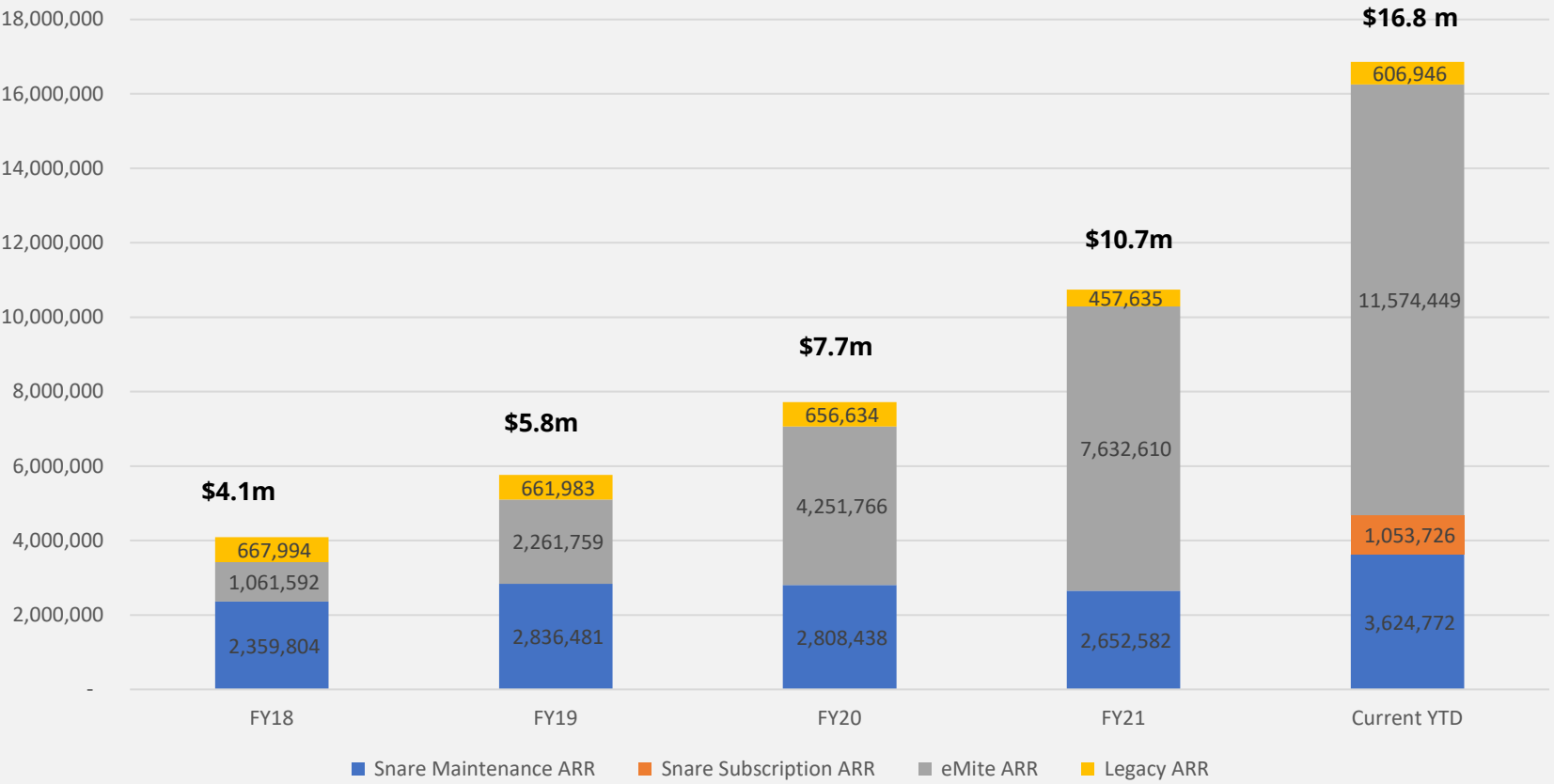


H1 FY22 Financial Highlights

Performance	Result	Prior period (H1 FY21)	Change
Revenue	7,573,421	6,298,760	Up 20.24%
NPAT (Loss)	(927,911)	(1,438,387)	Down 55.01%
Cash Flow	\$848,503	(\$260,730)	Up 425.43%
Cash Balance	\$10,684,728	\$3,127,403	Up 241.65%
Debt	zero	zero	No change

- Strong growth in both recurring and total revenue
- Continued improvement in underlying profitability
- Positive net cash from operations
- Well funded and resourced to grasp growth opportunities

Consistent and Sustainable Growth in Annualised Recurring Revenue

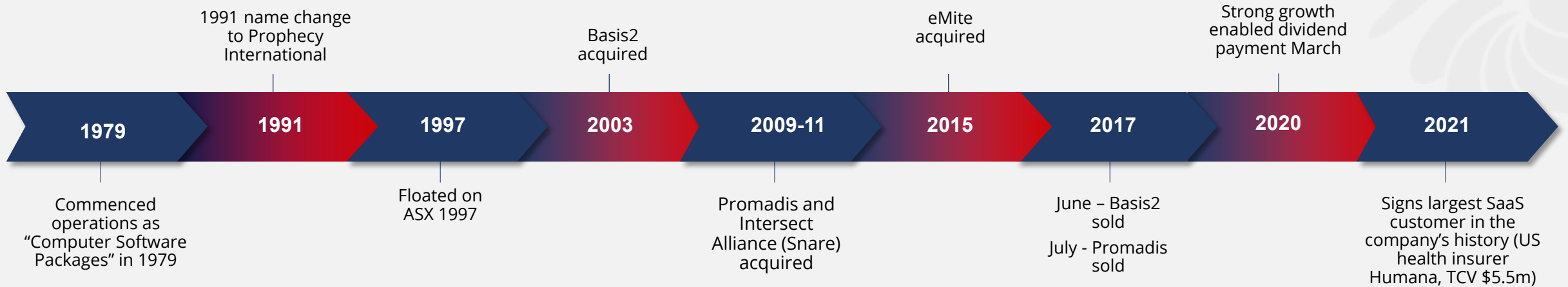


Group ARR +57% in FY22 to \$16.8M

eMite ARR +52% in FY22 to \$11.6M

Snare Subscriptions now at >\$1M ARR

Blue-Chip Repeat Customers, Attracted and Retained Over 40 Years



Focused Product Suite Serving Large Markets



*Advanced Data Analytics, Visualisations,
Correlation, KPI Management and Threshold Alerting*

Cloud-Based
Contact Centre
Market
USD\$10.3B
CAGR 22% ¹

- Our segment within the Cloud Contact Centre market, Contact Centre Analytics, is projected to be worth \$2.9B by 2027 growing at a CAGR of 16.1% ³



*Cyber Threat Detection, Security Information and
Event Management (SIEM) and Log Management*

Cyber Security
USD\$170B
CAGR 12.6% ²

- Security Analytics Market will reach USD\$18.1B by 2024 growing at an 18.2% CAGR ⁴
- Log Management Market is growing to USD\$3.3B by 2025 at a CAGR of 11.2% ⁵

1: researchandmarkets.com <https://www.researchandmarkets.com/reports/4804258/cloud-based-contact-center-global-market>

2: Cybersecurity ventures <https://cybersecurityventures.com/cybersecurity-market-report/>

3: Verified market research <https://www.verifiedmarketresearch.com/product/global-contact-center-analytics-market-size-and-forecast-to-2025>

4: marketsandmarkets <https://www.marketsandmarkets.com/Market-Reports/security-analytics-market-1026.html#:~:text=The%20security%20analytics%20market%20size,18.2%25%20during%20the%20forecast%20period.>

5: KBV Research <https://www.kbvresearch.com/log-management-market/>



eMite is our Contact Centre Analytics solution that combines advanced analytics, data correlation, KPI management and threshold alerting into a single, out-of-the-box browser-based solution.



Provides actionable insights that bring both real-time and historical data to life.



eMite onboards data from many processes and systems then visualises it in an easily configurable interface.



Our SaaS cloud-based / on-premise solution now has more than 200 active customers, generating **\$11.6 million in annualised recurring revenue (ARR) for eMite** as at 31 March 2022, along with upfront setup fee revenue.



"Before eMite, in operations, they were doing all the occupancy codes manually. We replicated the dashboard and now they've taken it up another level with trending and charts, spreadsheets and formulas. It's been a lifesaver for data polls and supporting our reports."

– Director, Workforce Management, American Pharmaceutical Company

eMite Progress and Growth Opportunities

We have continuously improved eMite's functionality as large enterprise and government have embraced cloud services. We forecast eMite's market penetration and revenue to grow further in FY22.

Customer Acquisition

- Continue to grow eMite sales to large Enterprise customers through both Genesys and Amazon Connect
- Leverage partnerships with major vendors
- Establish and expand relationships with key deployment/reseller partners
- Expand footprint in BPO segment

Organic

- Retain and fully deploy all existing customers to maximise ARR
- Achieved platinum status within Genesys AppFoundry, the industry's largest marketplace for customer experience solutions. This allows new customers from all market segments to discover and rapidly acquire eMite

New Partnerships

- Launched eMite for customers in the Avaya ecosystem in FY21
- Establish vendor partnerships with other enterprise vendors – e.g. Twilio, Cisco, Talkdesk
- Expand Telco Partnerships beyond Telstra, AT&T & Vodafone.

Cloud Migrations

- Migrations and multi-platform customers
- Running analytics, reporting and alerting across multiple systems or migrate from legacy to cloud
- Genesys to Genesys Cloud, Legacy On Premise to Amazon Connect or Genesys Cloud, running multiple cloud platforms

Upsell

- Upsell existing customers to multiple data sources
- Salesforce, Service Desk, Survey, Sentiment analysis etc
- Supported by a strong pipeline of product innovation already in progress

FY22 ARR +52% YoY to \$11.6M

Sales into 13 countries, split Americas 55%, APAC 30% and EMEA 15%

New customers with 1st year contract value (1CV) of \$4.9 million signed in FY22, +157% YoY

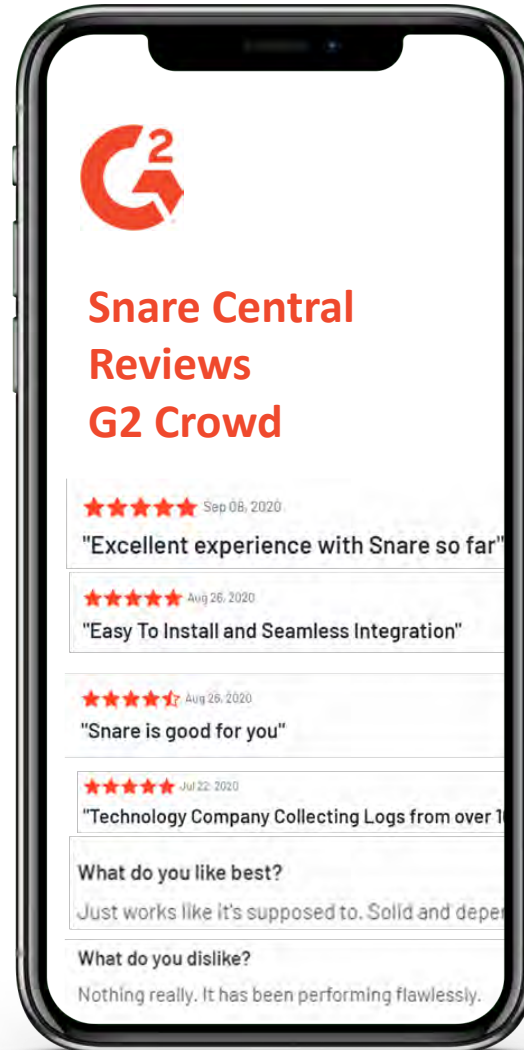


Amazon Connect



Snare: Flexible Cybersecurity and Compliance

- Snare is our cybersecurity software product line, through which we provide **security monitoring, threat detection, security information and event management (SIEM)** and **centralised log management**. These are critical security controls recommended or mandated by various bodies including the Australian Government.
- Compliance, Forensics, Threat Hunting, Alerting, Reporting, Event Search
- The rising financial and reputational consequences of data breaches, malware and ransomware was already driving rapid growth in the market for cybersecurity solutions prior to COVID-19. The rise of working from home has accelerated these trends.
- Modular products that work well with others; perpetual license model with revenue increasingly generated through partners including Verizon, NTT, Secureworks and ATOS.
- Subscription licensing launched in January and being well received by market



Over 4,000 enterprise customers worldwide trust Snare to:



Protect Systems

Protect your systems from attacks, whether these be of a malicious, fraudulent or human error



Meet Requirements

Meet your organisation's own audit requirements for data protection



Achieve Compliance

Comply with demands from stakeholders, investors, gov't entities, customers or suppliers



Adhere to Standards

Adhere to all security standards

Snare Progress and Growth Opportunities

Defense & Military

- Strong and growing footprint with Military and Defense Prime Contractors
- Significant new opportunities in US and globally
- Investment in new sales resources to address the significant revenue growth opportunity in this segment
- Expand with partners Vambrace, Jeskell, Frontier & IBM

Managed Service Providers/MSSP

- Expand footprint with global MSSPs (currently NTT, Secureworks, Verizon, ATOS, Fujitsu, Cap Gemini, Vambrace etc)
- Penetrate the top 100 MSSPs (we have 8 of the top 20 today as partners)
- Increase Snare revenue from Security Services partners, Security Operation Centre (SOC) providers and Extended Detection and Response (XDR) platform providers

Upsell

- Sales of Snare Central +47.3% YoY in FY22, offering enhanced usability and functionality
- 3000 addressable customers of Snare Central @AU\$20K per server = AU\$60M revenue opportunity

Subscription Revenue

- Snare sales to date have been primarily on a perpetual license basis
- Convert the large legacy base of Snare opensource customers to Enterprise
- Continue the managed transition of the Snare business to recurring subscription-based licensing

Share of subscription-based recurring revenue rising as customers grasp the advantage of new Opex/Capex flexibility

Sales into 62 countries, with key FY21 wins including US Dept of Treasury, QBE Group, UK Ministry of Defence, Raytheon, Metlife, Charles Schwab, Yum Brands, UPS, US Dept of Treasury, LA County, AT&T, UK Royal Navy and Energizer

Strong momentum into FY22, achieving \$5.0m in new Snare sales in YTD FY22 (+37% YoY)



Operational and Strategic Outlook



In cloud migration, eMite is riding a significant growth trend. We expect that COVID-19 will accelerate cloud migration for the next several years as enterprise customers seek to enable working from home.

We will continue to deliver new capabilities, accelerating both Snare and eMite product roadmaps as we develop new revenue streams to complement existing products.

Continue our transition towards SaaS & subscription s as we focus on driving organic growth through renewal, retention, upsell and cross sell, while proactively scanning the Australian market for potential M&A opportunities.

eMite continues to evolve and is now vendor-agnostic, allowing us to gain scale through indirect channels. We will add vendor partnerships similar to Genesys and Amazon. For Snare, focus on expanding MSSP partnerships beyond the US to EMEA & APAC.

- Increase R&D for Snare & eMite in Australia & Manila
- Increase sales & marketing for eMite in USA
- Increase support to meet increased customer numbers

Investment Highlights

Diverse revenue streams providing cloud and on-premise enterprise solutions, with a focus on essential service segments (cybersecurity and cloud contact centres)

A global book of sticky business with a broad spread of blue-chip clients: \$7.6M revenue in H1 FY22, **substantially recurring** (and rising)

Large addressable target markets with clear strategy to boost penetration through new and existing customers across all industries

Targeting **scalable growth and margin expansion** through continued focus on subscription-based SaaS licensing revenue

Pursuing acquisition opportunities to accelerate growth and increase capability, capacity and coverage

Snare and eMite both benefit from **strong market positions** and multi-year industry tailwinds



SA Business Australian Export Awards: Technology & Innovation Category Winner 2019



eMite - Finalist ARN Innovation Awards 2020



Genesys Global AppFoundry Partner of the Year 2019 2nd year running



Austrade 57th Australian Export Awards Technology & Innovation Category Finalist 2019

Directors and key management



Ed Reynolds
Non-Executive
Chairman

Ed joined Prophecy as GM in 1987 and was appointed Chairman in 2006. Passion for technology and growing businesses with wide-ranging experience within the IT industry.

Ed is the largest individual shareholder at 12.2%.



Matt Michalewicz
Non-Executive
Director

Expert in entrepreneurship, innovation and success psychology. Matt co-founded and grew SolveIT Software from zero to almost 180 employees and \$20 million in revenue before selling to Schneider Electric in 2012. Limited Partner at early-stage VC firm Blackbird Ventures.



Grant Miles
Non-Executive Director
& Company Secretary

MD of Moore Stephens SA, a Chartered Accountant with 25+ years experience in the finance and business advisory sectors. Joined in 2013 as Company Secretary and appointed Non-Executive Director in 2015.



Leanne Challans
Non-Executive
Director

Appointed Director in 2006 and has held several executive roles within the group over the past 25 years in general management, software development, partner support and marketing.



Brad Thomas OAM
Chief Executive
Officer

20+ years growing high tech businesses. 3-time Paralympian, experienced in strategy, sales, service delivery, business optimisation and marketing leadership. Ex-Microsoft, Novell, Lenovo, Telstra and Canon.



Prophecy

Contact Us

Brad Thomas

Chief Executive Officer
Level 1, 76 Waymouth St
Adelaide SA 5000 Australia

info@prophecyinternational.com
+61 (08) 8213 1200

Adelaide, Sydney, Denver, Edinburgh, Manila

The information in this document is published to inform you about Prophecy International Holdings Ltd and its activities. All reasonable effort has been made to provide accurate information but we do not warrant or represent its accuracy and we reserve the right to make changes to it at any time without notice.

To the extent permitted by law, Prophecy International Holdings Ltd accepts no responsibility or liability for any losses or damages of any kind arising out of the use of any information contained in this document. The information is not an invitation to invest or deal in Prophecy International Holdings Ltd securities and you should seek independent professional advice before making any investment decisions.

The information is copyright to Prophecy International Holdings Ltd. You may download the information for your own personal use but you may not reproduce it for any other purpose without our express permission.