Prophecy

**Investor Presentation
AGM November 2021**

Prophecy International (ASX: PRO)

We are a leading Australian designer and developer of innovative business software, 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.
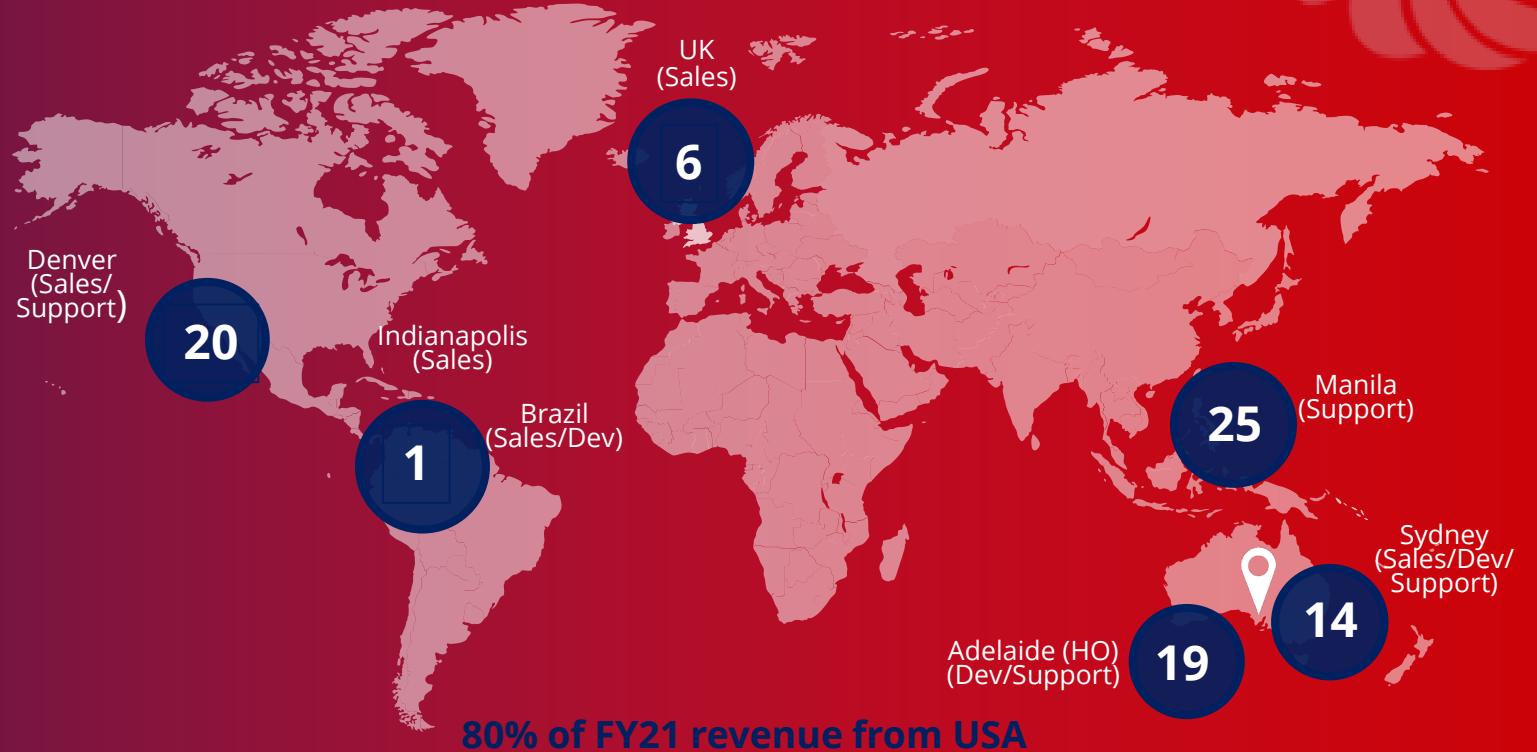
We are trusted by a broad spread of blue-chip clients across the banking, healthcare, government, defence, utilities, transport, manufacturing, retail and energy sectors.

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 | 85 employees

UK
(Sales)
6

Denver
(Sales/
Support)
20

Indianapolis
(Sales)

Brazil
(Sales/Dev)
1

Manila
(Support)
25

Sydney
(Sales/Dev/
Support)
14

Adelaide (HO)
(Dev/Support)
19

80% of FY21 revenue from USA

FY21 Key Achievements

Continued recurring revenue growth

- Group Revenue $12.8m

- eMite Revenue +32% to $4.9m

- Group ARR +39% to $10.7m

New client acquisition

- > 200 active eMite customers and >4,200 active Snare customers

- Strong growth in average deal size for both segments

- Several significant new contract wins

New product launches

- eMite v 7.1, the largest release to date, in market July 2021

- Snare Central v 8.4 released to market with significant new features

Increased sales resources

- Expanded and enhanced sales team

- Increased quality and quantity of incoming leads

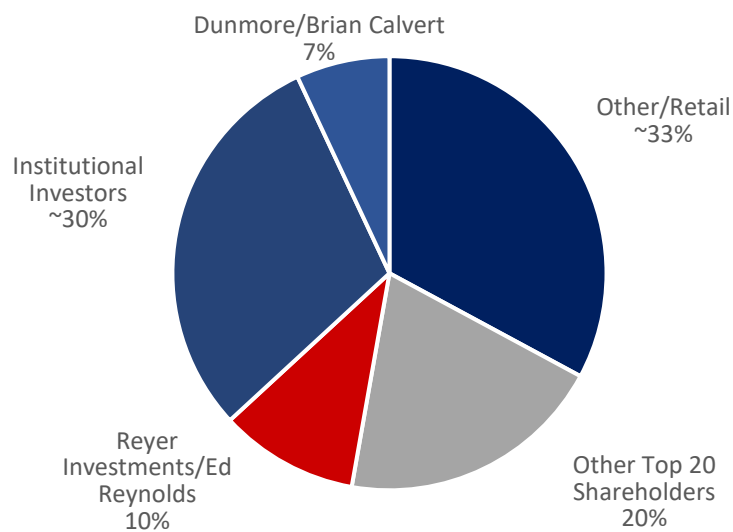- Leveraged global partners, chiefly Genesys, IBM and Amazon, Verizon, NTT

Cash & Debt

- $3.1m Cash at Bank

- ($376k) FY21 Net Cash Flow

- Zero debt

Corporate Snapshot

Key Statistics

ASX Stock Code	PRO
FY21 Revenue	$12.8M
Cash Balance (31 October 21)	$10.6M
Debt	Nil
Share Price (26 November 21)	$1.22
Shares on Issue	73.59M
Fully Diluted Market Cap	A$82.42M

Key Management Personnel

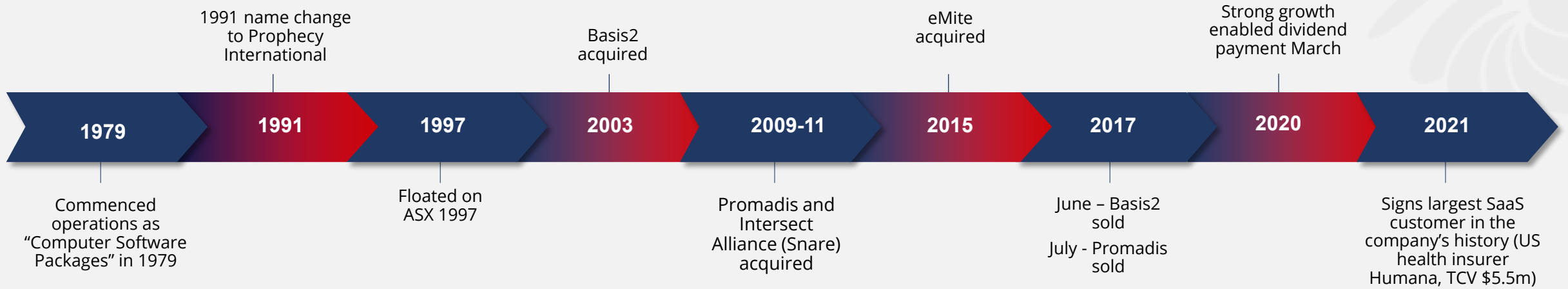|	
Brad Thomas	Chief Executive Officer
Stuart Geros	VP Sales APAC
Steve Challans	Chief Information Security Officer
Stephen Irecki	VP of Customer Operations
Peter Barzen	VP Global Alliances
John Pappas	VP Sales Americas
Jamie Lind	VP Sales EMEA

Shareholder Analysis (as at 26 Nov 2021)

Dunmore/Brian Calvert 7%
Other/Retail ~33%
Institutional Investors ~30%
Reyer Investments/Ed Reynolds 10%
Other Top 20 Shareholders 20%

12-Month Share Price History and Volume
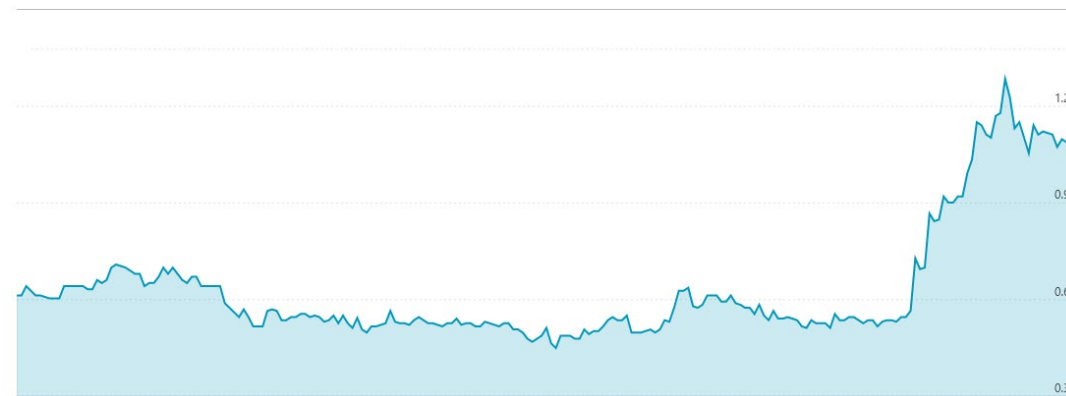
Blue-Chip Repeat Customers, Attracted and Retained Over 40 Years

| 1979 | 1991 | 1997 | 2003 | 2009-11 | 2015 | 2017 | 2020 | 2021 |

1991 name change to Prophecy International

Basis2 acquired

eMite acquired

Strong growth enabled dividend payment March

Commenced operations as "Computer Software Packages" in 1979

Floated on ASX 1997

Promadis and Intersect Alliance (Snare) acquired

June – Basis2 sold

July - Promadis sold

Signs largest SaaS customer in the company's history (US health insurer Humana, TCV $5.5m)

Focused Product Suite Serving Large Markets

eMite
REAL-TIME INSIGHT

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]

snare

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: Actionable Insights in Real Time

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 **$10.2 million in annualised recurring revenue (ARR) for eMite** as at 12 October 2021, 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

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

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
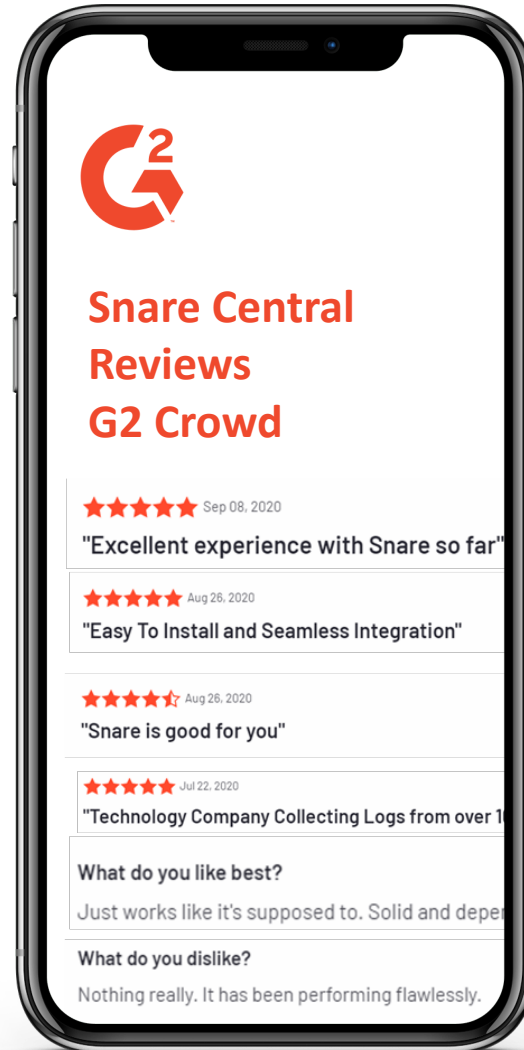

FY21 ARR +77% YoY to $7.6M

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

New customers with 1st year contract value (1CV) of $3.2 million signed in FY22 to date, +800% YoY

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.

- 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 October and being well received by market

Snare Central Reviews G2 Crowd

★★★★★ Sep 08, 2020
"Excellent experience with Snare so far"

★★★★★ Aug 26, 2020
"Easy To Install and Seamless Integration"

★★★★½ Aug 26, 2020
"Snare is good for you"

★★★★★ Jul 22, 2020
"Technology Company Collecting Logs from over 1

What do you like best?
Just works like it's supposed to. Solid and depen

What do you dislike?
Nothing really. It has been performing flawlessly.

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

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 FY21, offering enhanced usability and functionality
- 3000 addressable customers of Snare Central @AU$10K per server = AU$30M 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

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*Sales of Snare Central +47% YoY*

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 and UPS

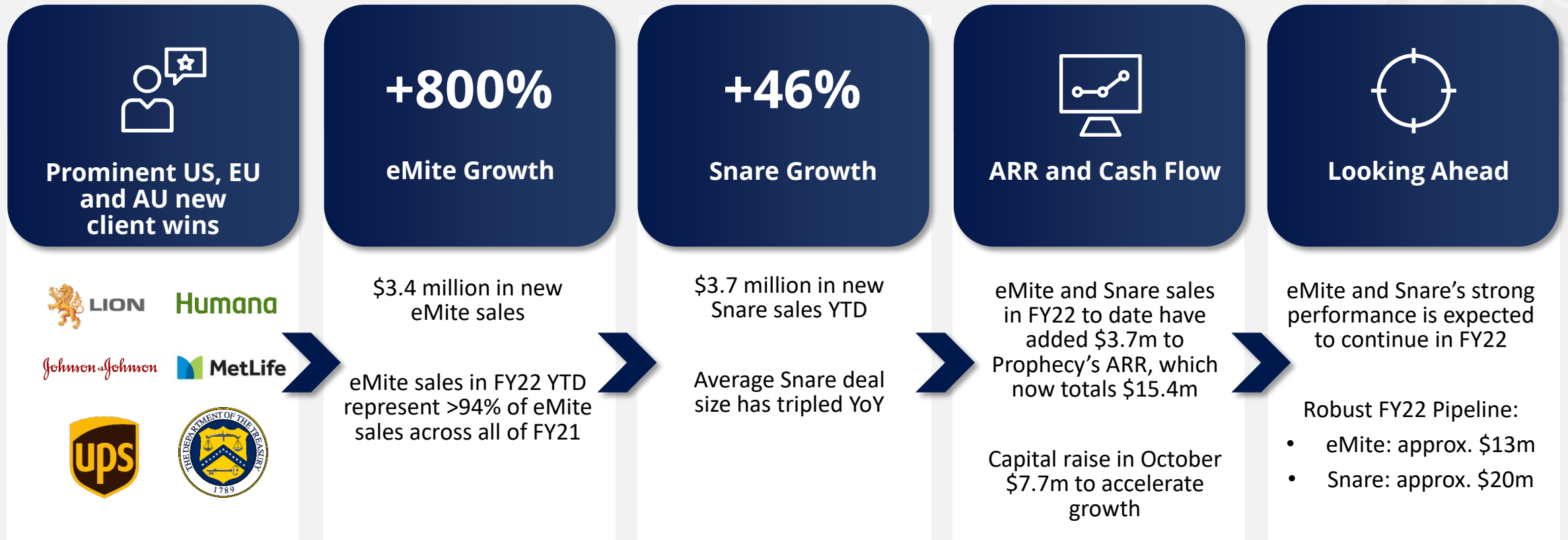*Strong momentum into FY22, achieving $2.2m in new Snare sales in Q1 (+46% YoY)*

NTT · verizon · Secureworks · Atos · OPTIV · FUJITSU

Consistent and Sustainable Growth in Annualised Recurring Revenue

Annualised Recurring Revenue (ARR) Growth

Group ARR +43% in FY22 to $15.4M

eMite ARR +38% in FY22 to $10.5M

Snare Subscriptions now at $606K ARR
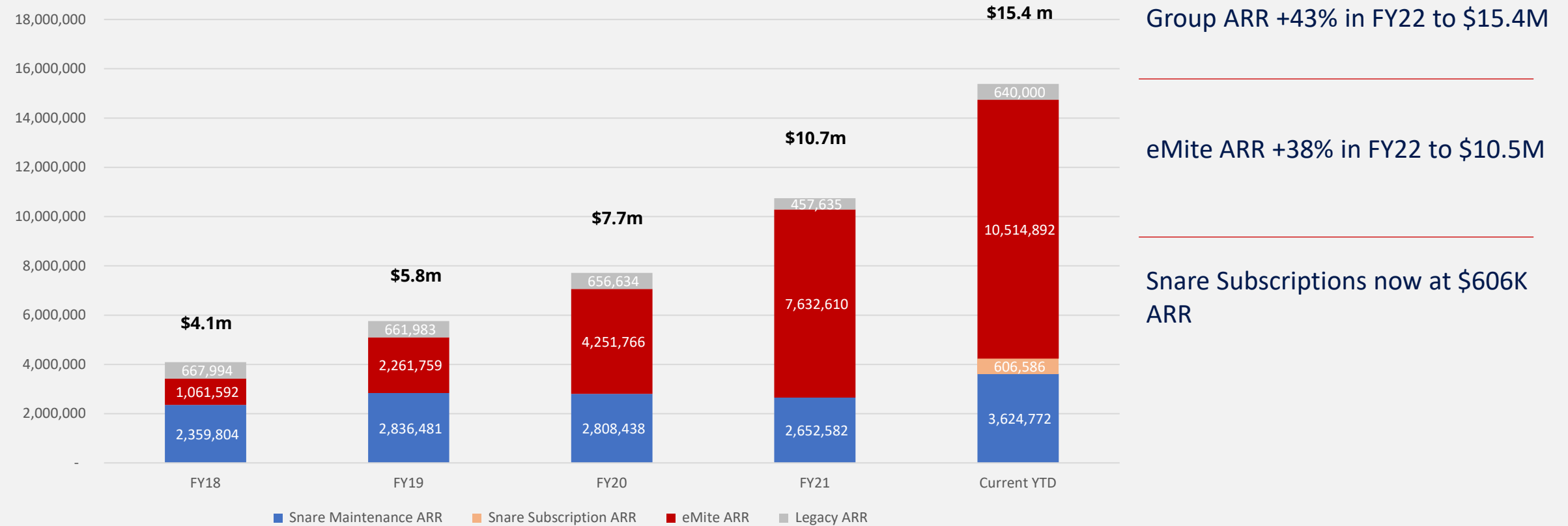
Strong Start to FY22

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

Prominent US, EU and AU new client wins	+800% eMite Growth	+46% Snare Growth	ARR and Cash Flow	Looking Ahead
LION, Humana, Johnson & Johnson, MetLife, UPS, THE DEPARTMENT OF THE TREASURY 1789	$3.4 million in new eMite sales eMite sales in FY22 YTD represent >94% of eMite sales across all of FY21	$3.7 million in new Snare sales YTD Average Snare deal size has tripled YoY	eMite and Snare sales in FY22 to date have added $3.7m to Prophecy's ARR, which now totals $15.4m Capital raise in October $7.7m to accelerate growth	eMite and Snare's strong performance is expected to continue in FY22 Robust FY22 Pipeline: • eMite: approx. $13m • Snare: approx. $20m

FY22 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 Denver, 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: $12.8M revenue in FY21, **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.

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