

ASX: PRO

PROPHECY INTERNATIONAL HOLDINGS LTD
H1 FY23 INVESTOR PRESENTATION
MARCH 2023



Prophecy International (ASX: PRO)



We are a leading Australian designer and developer of innovative business software and SaaS solutions (B2B and B2G), 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.

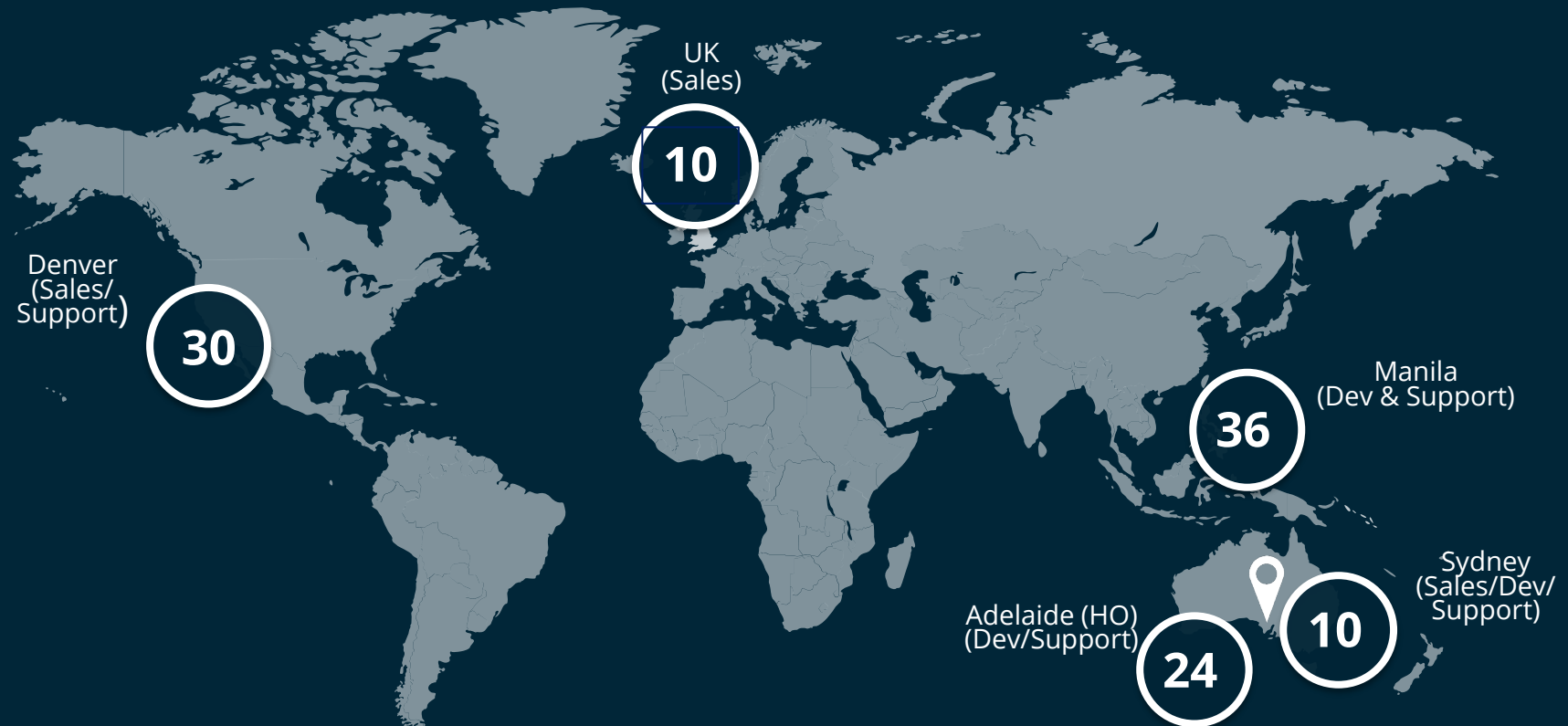


We are trusted by a broad spread of blue-chip clients across the banking, healthcare, government, defence, utilities, transport, manufacturing, retail and energy sectors.



Our software products, eMite and Snare, are deployed at more than 4,200 sites globally, with a customer base including some of the world's most powerful brands.

>4,200 client sites | 5 offices | 110+ employees & growing



>80% of H1 FY23 revenue from international markets

Corporate Snapshot

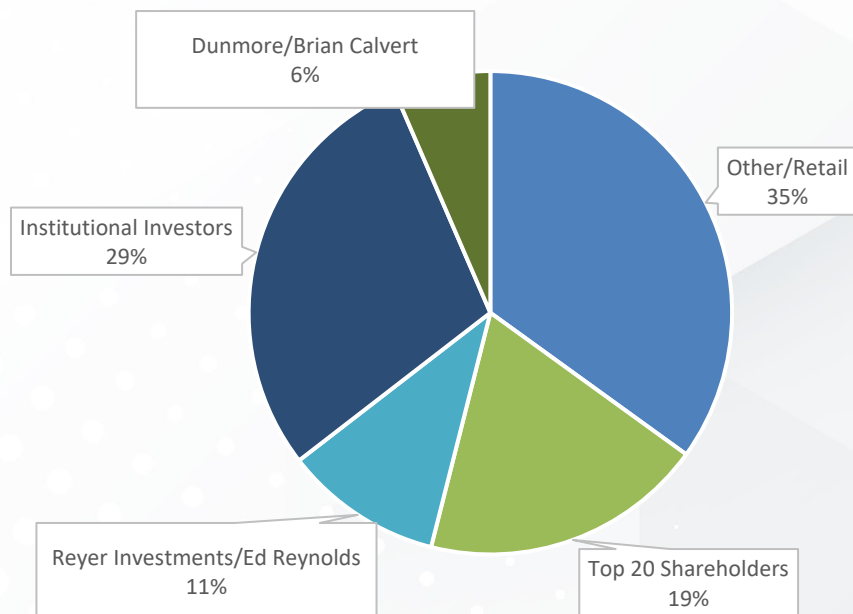
Key Statistics

ASX Stock Code	PRO
H1 FY23 Revenue	\$9.0M
Cash Balance (28 Feb 2023)	\$10.2M
Debt	Zero
Share Price (8 Mar 2023)	\$0.49
Shares on Issue	73.6M
Fully Diluted Market Cap	A\$36.0M

Key Management Personnel

Brad Thomas	Chief Executive Officer
Steve Challans	Chief Information Security Officer
Stephen Irecki	Chief Operations Officer
Paige Montgomery	Global Marketing Director
Peter Barzen	VP Sales Americas
Jamie Lind	VP Sales EMEA
Stuart Geros	VP Sales APAC

Shareholder Analysis



Refreshed Branding



H1 FY23 Performance

Revenue growth continued in a record first half for Prophecy, with a strong pipeline across eMite and Snare



\$8.6M in eMite invoicing
\$1.9 million in new eMite sales (1st year contract value)
ARR growth of 28% to \$13.7 million

77% of Snare sales made via subscription
\$2.2 million in new Snare sales
New Snare contracts signed with more than 80 government and enterprise clients

Combined ARR growth of 33% to \$20.6 million
Efficient conversion of revenue into cash receipts, invoicing \$9.02M in H1 FY23

Healthy balance sheet with no debt and cash at bank of \$10.2 million as at end of Feb 2023

eMite and Snare's growth is expected to continue in FY23

- Robust 2023 Pipeline:
- eMite: approx. \$12.2m
 - Snare: approx. \$12.8m (50:50 subscription and perpetual license opportunities)

H1 FY23 Financial Highlights

Performance	H1 FY23 Result	Prior period H1 FY22	Change
Revenue	\$9.02M	\$7.57M	Up 19%
NPAT (Loss)	(\$2.12M)	(\$0.68M)	Down ~\$1.44M
Cash Flow	(\$2.76M)	\$0.87M	Down ~\$3.63M
Cash Balance	\$9.79M	\$10.69M	Down 8%
Invoicing	\$9.02M	\$9.50M	Down 5%
Debt	zero	zero	No change

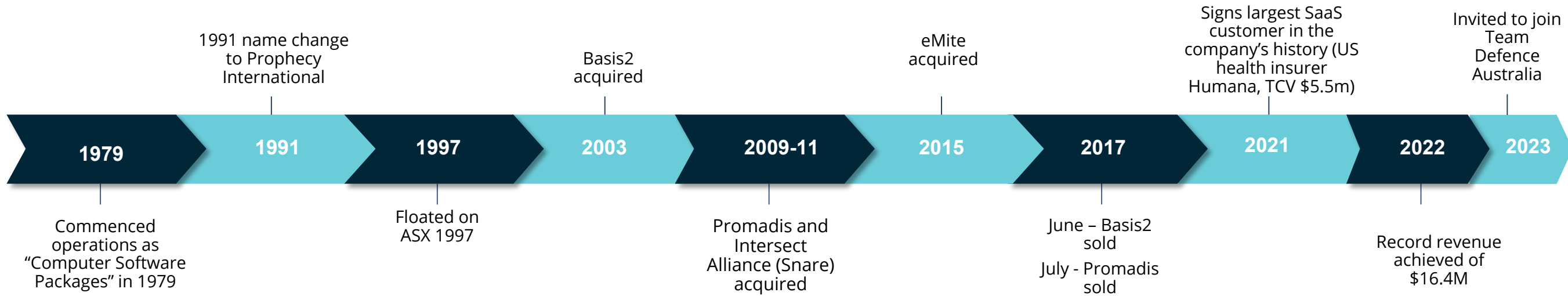
- Robust growth in both recurring and total revenue
- Hosting costs rose as more eMite customers were onboarded and Prophecy transitioned into the Oracle cloud environment
- Result reflects the impact of transitioning Snare from a perpetual to recurring subscription licence model. Adjusting for this, invoicing levels were similar to H1 FY22
- Well funded and resourced to grasp growth opportunities

Establishment of Manila subsidiary



- Continuing to reap the benefits of having established a wholly owned subsidiary in the Philippines early in H1 FY23
- Delivering customer support, software development, cloud operations and end customer training capability for Prophecy globally across all product sets
- Increases flexibility and delivers cost savings of approximately \$500k per annum compared to the previously outsourced services

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



ENTERPRISE HOLDINGS.



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% CAGR⁴
- 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 Customer Experience Analytics platform that combines advanced analytics, data collection & correlation, KPI management and threshold alerting into a single, scalable and powerful 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 **\$13.7 million in annualised recurring revenue (ARR) for eMite** as at 31 December 2022, along with upfront setup fee revenue.



When we had to make the change to a remote agent workforce in the middle of the pandemic, we were completely overwhelmed. eMite's team helped us get up and running with complete contact center reporting in no-time, which helped me and my team focus on agent training and staffing right away.

Large US Healthcare Provider
North America

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 2023.

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
- Genesys AppFoundry and Amazon Marketplace
- Expand sales resourcing to meet market opportunity

New Partnerships

- Establish vendor partnerships with other enterprise vendors – Talkdesk, Twilio, InContact etc.
- Increase reseller coverage and capacity

Cloud Migrations

- Migrations and multi-platform customers
- Running analytics, reporting and alerting across multiple systems or migrate from legacy to cloud
- Genesys announced end of development for Engage (legacy on premise)

Product Innovation

- Increase revenue streams by expanding into new adjacent markets with new product capability.
- Focused on integrations and extending eMite's footprint into Enterprise data

*H1 FY23 ARR +28%
YoY to \$13.7M*

*Sales into 24 countries, split
Americas 55%, APAC 25% and
EMEA 20%*

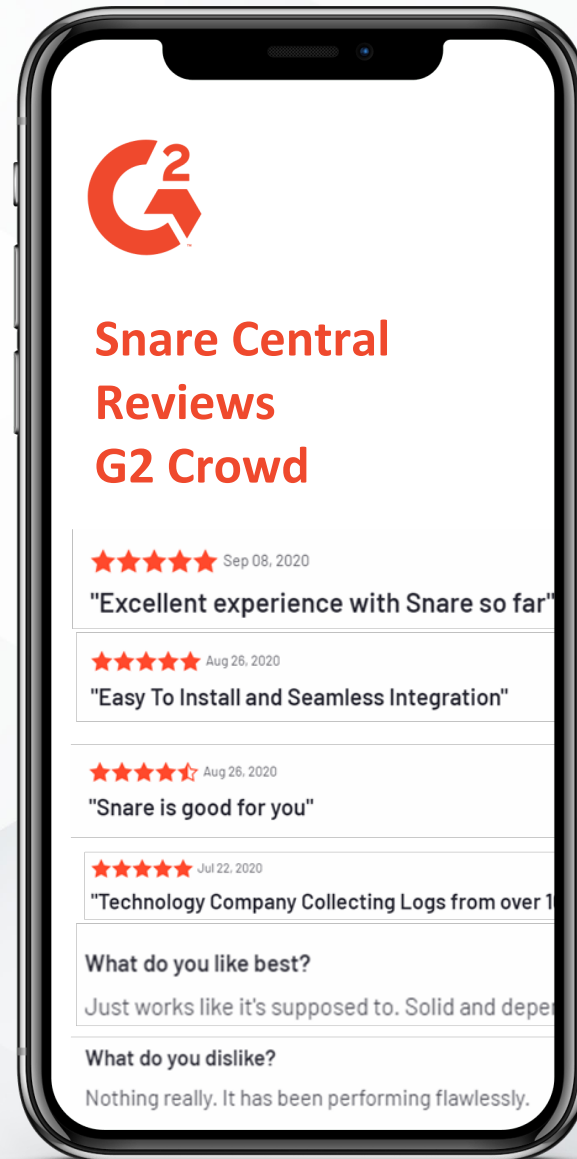
*New customers with 1st year contract
value (1CV) of \$1.9M signed in H1 FY23,*

*\$12.2M eMite
pipeline for 2023*



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
- Critical Infrastructure cyber reporting regulation in the USA, Australia and the UK driving demand for robust analytics, reporting and forensics capability.
- Modular products that work well with others; perpetual and subscription licensing models with revenue increasingly generated through partners including Verizon, NTT, Secureworks and ATOS and more.
- Meet global compliance mandate like SOX, PCI DSS, NIST800-172, ISO27001, HIPAA, NERC and more.



Over 4,000 enterprise customers worldwide trust Snare to:



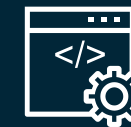
Protect Systems

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

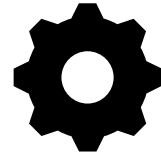
Adhere to all security standards

Snare Portfolio of Solutions



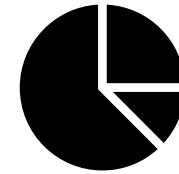
End Point Data collection

Event Logging including
Unix, Windows Server & Desktops, OSX, Linux
Audit Controls
Data Enrichment
File changes - FIM & FAM
Registry changes – RIM & RAM
USB monitoring
Application logs
System telemetry
Database Activity Monitoring



Enterprise Tools

- Snare agent management (Assets)
- End point security policy management
- Log format parser
 - 400+ formats
- Reflector
 - Simultaneous multicast
 - Enrichment
 - Noise Reduction



Security Analytics & Centralised Log Management

- Cloud or On-Prem
- Air Gapped environments
- Industry leading Storage (~50:1 Compression)
- Real time Alerting
- Forensics & Analytics
- Report / Query Builder
 - Compliance Packs
- High Availability
- Cloud Logging (Azure/O365)
- Central management of Snare Centrals

- Capex and Opex (subscription licensing) available
- 2023 pipeline (\$12.8M) is primarily subscription
- Strong value proposition in reducing security costs



Snare Progress and Growth Opportunities

Government , Defense & Military

- Strong and growing footprint with Military and Defense Prime Contractors
- Significant new opportunities in US and Europe
- Critical Infrastructure regulation increasing demand for Snare capability
- M21-31 logging standards for US Government



Managed Service Providers/MSSP & System Integrators

- Expand footprint with global MSSPs (currently NTT, Verizon, ATOS, Fujitsu, Cap Gemini, Vambrace etc)
- Establish and leverage partnerships in new countries and geographies, e.g. JTC in Japan

Upsell

- Penetration of existing account base with Snare Central & additional Agents
- New functionality driving higher value sales opportunities

Subscription Revenue

- Driver larger deals by selling the whole solution
- Continue the managed transition of the Snare business to recurring subscription-based licensing

>75% of new sales have moved to subscription licensing

Establishing & expanding new partnerships with Optus, Novacoast, Fujitsu ANZ, IBM

Significant opportunities with Government in Australia, UK and USA

\$12.8M in 2023 Snare pipeline



Prophecy Selected to Join Team Defence Australia

- The Australian Government Department of Defence Export Office has chosen Prophecy to join Team Defence Australia, marking Prophecy as a key supporter of the Australian Government's sovereign industrial capabilities
- TDA is the premier national platform for export-capable Australian companies with defence capabilities to showcase their goods, services, technology and solutions at international trade events
- Prophecy's first engagement is an opportunity to exhibit at the Defence Security Equipment International (DSEI) show to be held in Chiba, Japan on 15-17 March 2023
- Exhibition allows Prophecy to leverage its new distribution agreement with partner Jupiter Technology Corp (JTC) and address significant near-term growth in the Japanese defence budget, approved to increase by 20% in 2023 to a record 6.8 trillion yen (US\$55 billion)



Operational and Strategic Outlook



In cloud migration, eMite is riding a significant growth trend. We expect that Hybrid & remote working accelerate cloud migration for the next several years

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 US, Australia and EMEA
- 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)

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

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

A global book of sticky business with a broad spread of blue-chip clients with rising revenue & ARR growth

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

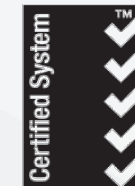
Snare and eMite both benefit from **strong market positions** and multi-year industry tailwinds

Featured in

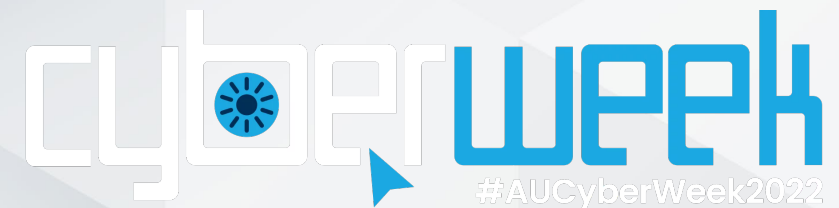


FORRESTER®

FORRESTER 2022
SECURITY ANALYTICS
LANDSCAPE REVIEW



Information
Security
ISO 27001
SAI GLOBAL



cyberweek
#AUCyberWeek2022

THANK YOU

FOR MORE INFORMATION, PLEASE CONTACT:

BRAD THOMAS, CEO

E: BTHOMAS@PROPHECYINTERNATIONAL.COM

