

ASX: PRO

PROPHECY INTERNATIONAL HOLDINGS LTD
INVESTOR PRESENTATION
ANNUAL GENERAL MEETING
NOVEMBER 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.

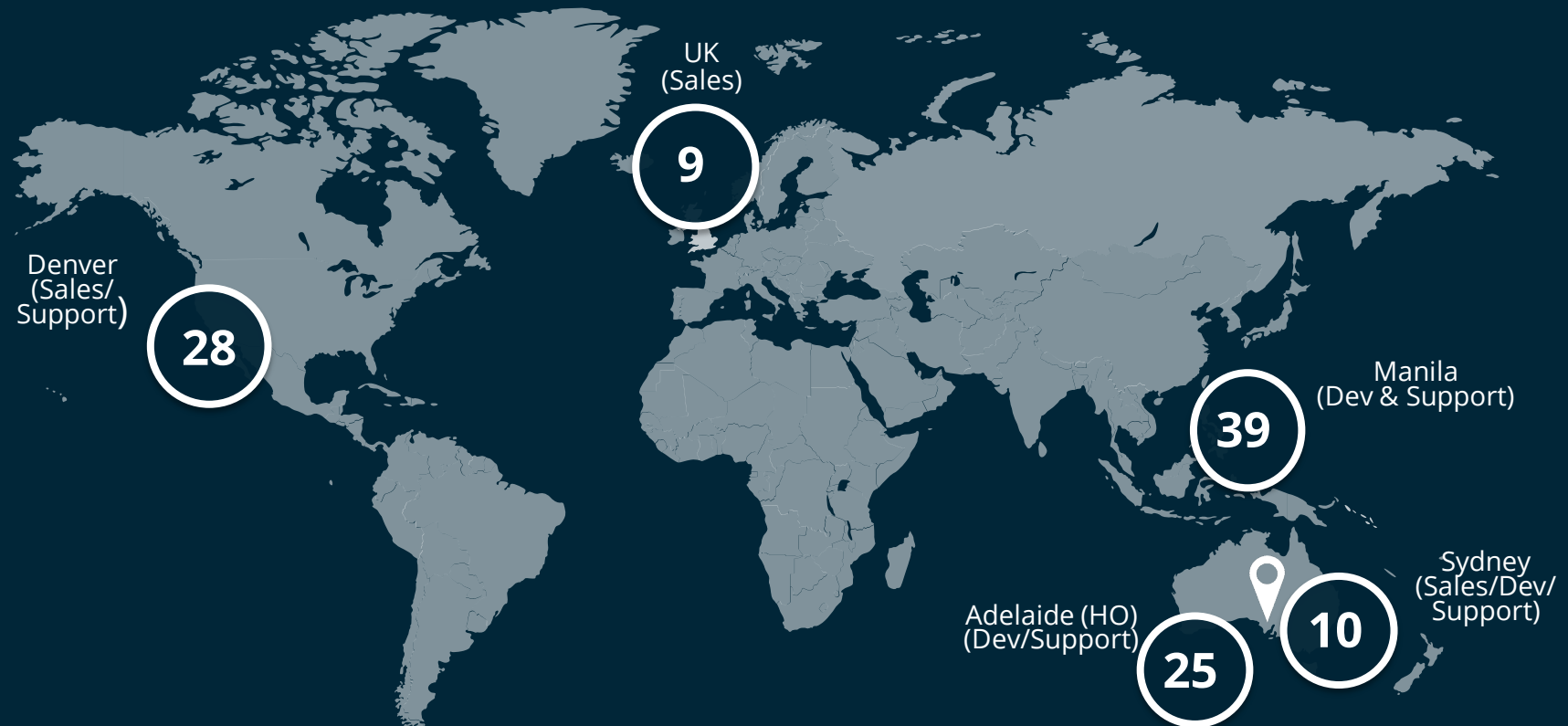


We are trusted by a broad spread of blue-chip clients across the banking, healthcare, government, defence, utilities, transport, manufacturing, retail and energy sectors.



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.

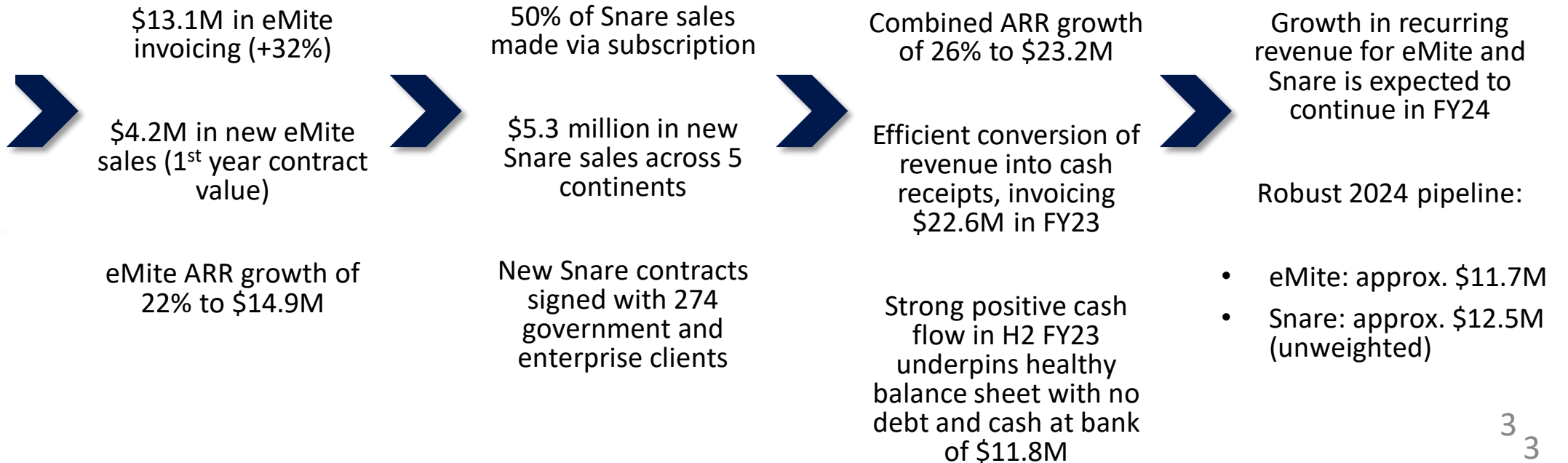
>4,200 client sites | 5 offices | 110+ employees & growing



>84% of revenue from international markets

FY23 Performance

Strong growth with record levels of revenue and ARR, with a healthy FY24 pipeline across eMite and Snare



FY23 Financial Highlights

| Performance | FY23 Result | Prior period FY22 | YoY change |
|--------------|-----------------|-------------------|------------------|
| Revenue | \$19.6M | \$16.4M | +19% |
| ARR | \$23.2M | \$18.4M | +26% |
| Invoicing | \$22.6M | \$20.9M | +8% |
| NPAT (Loss) | (\$2.5M) | (\$2.2M) | (\$0.3M) |
| Cash Flow | (\$1.1M) | \$2.9M | (\$4.0M) |
| Cash Balance | \$11.8M | \$13.0M | (\$1.2M) |
| Debt | Zero | zero | No change |

- Robust growth in both recurring and total revenue
- Strong cash flow of \$2.0M in H2 FY23
- Hosting costs rose in H1 as more eMite customers were onboarded and Prophecy transitioned into the Oracle cloud environment
- Result reflects impact of transitioning Snare from a perpetual to recurring subscription licence model
- eMite is riding a significant growth trend, with hybrid and remote working set to accelerate cloud migration for the next several years
- Well funded and resourced to grasp growth opportunities

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/>

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 **\$14.9 million in annualised recurring revenue (ARR) for eMite.**



Latest eMite sales activity includes household name customer wins in UK, Europe, USA and Australia, spanning retail, utilities, auto manufacturing, health care, financial services, electronics and government.



★★★★★ Jan 11, 2022 (Original Dec 28, 2021)

"eMite is greatness"

Expanding into adjacent data analytics markets through eMite iPaaS

- The data analytics landscape is evolving at a rapid pace, presenting a unique opportunity for growth. Generative AI, and increased understanding of the value data holds, is driving the need to integrate more sources in real time and continually adapt.
- Prophecy's release in June 2023 of an Integration Platform as a Service (iPaaS) solution for eMite enables the company to address more of the CX marketplace, include other vendor tools with Genesys and Amazon Connect and open our new integration capability to the entire CX ecosystem.
- eMite provides clear differentiation, enabling Prophecy to capitalise on this opportunity by seamlessly integrating with a broader range of data sources. This new data integration platform as a service enables us to provide our leading analytics capabilities to more Contact Center as a Service (cCaaS) solutions and expand into the wider data integration market.



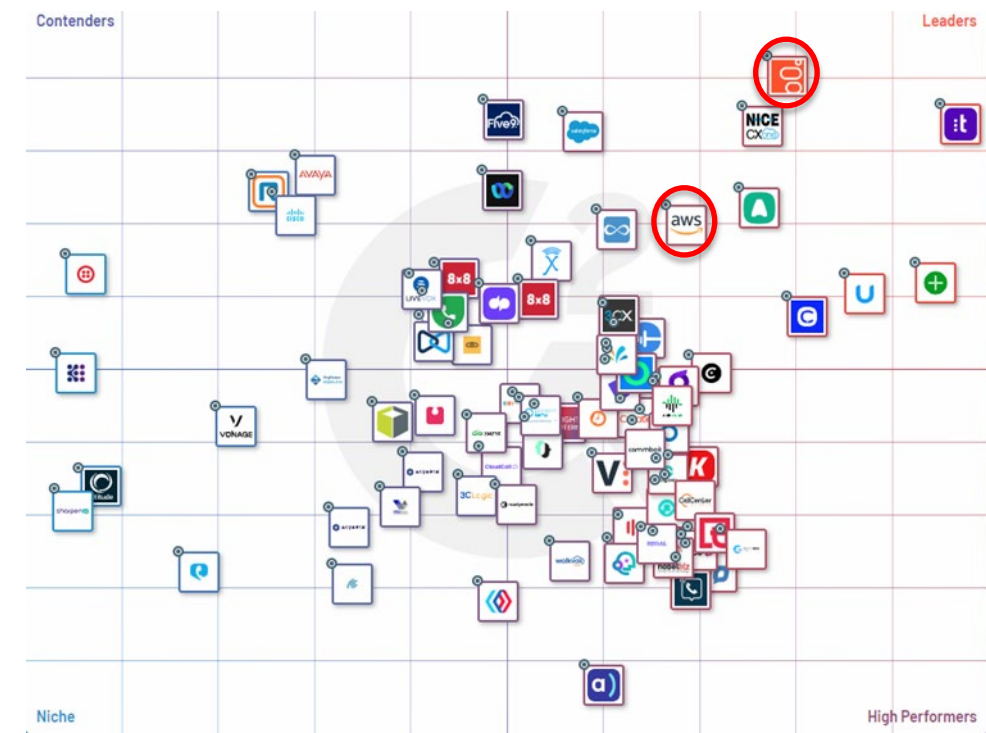
THE SHIFT TOWARDS ADJACENT DATA ANALYTICS MARKETS

- The data analytics landscape is evolving at a rapid pace, presenting a unique opportunity for growth.
- Forrester recommends working with vendors that can support organisations in capturing customer information and using it to better personalize the service experience. This requires a fundamentally different approach to the Platform model and increased flexibility of Data integrations and Ingestion.

“While automation and insights to understand customers and drive business outcomes are important to 75% of respondents, over half say their current CCaaS doesn’t cater to those capabilities. Similarly, real-time reporting and speech and sentiment analytics are capability gaps for CCaaS solutions today.”

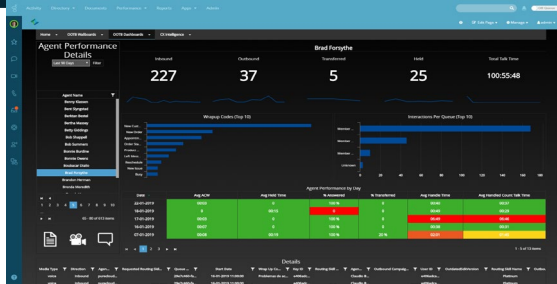
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Current recognised players in the uCaas/cCaaS market



Source:G2 Crowd

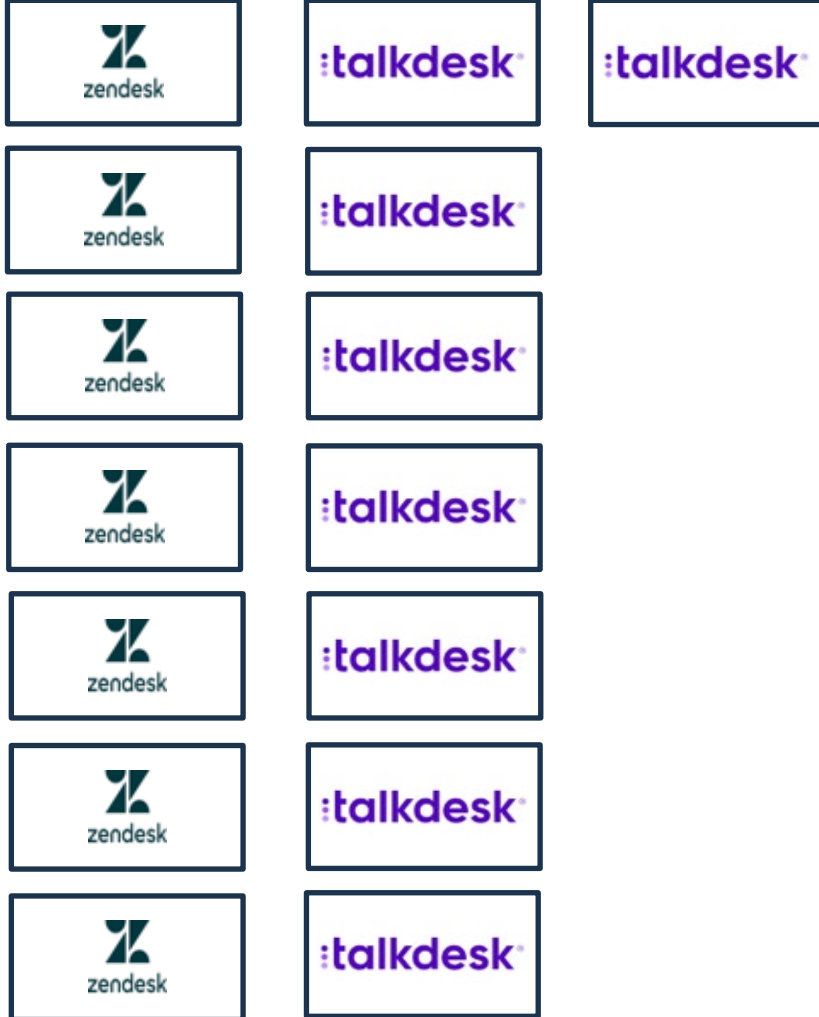
Customer Integration challenges in CX explained



Large Multinational European Food Delivery Business:
Integrations to:

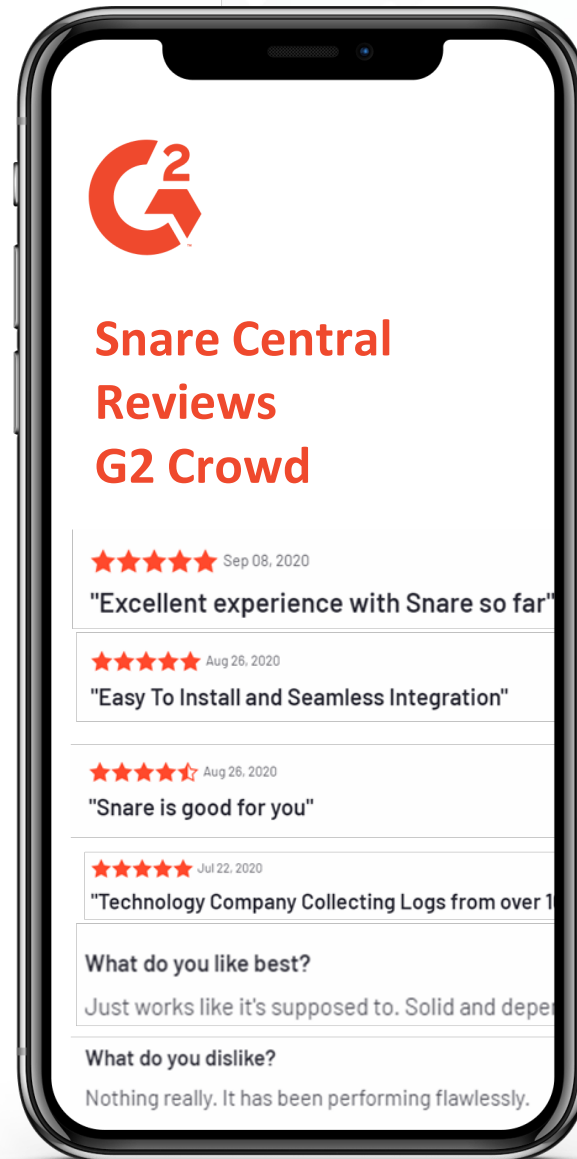
- 4 instances of Calabrio
- 7 instances of Zendesk requiring 13 integrations to be built,
- 3 Salesforce instances,
- 8 Talkdesk instances, and
- 3 Playvox instances,

all spread across separate countries and regions, integrating, voice, multiple chat and email channels



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 (capex) and subscription (opex) licensing models offered, with revenue 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 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
- Expand into non traditional partnerships

Upsell

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

Subscription Revenue

- Drive larger deals by selling the whole solution
- Average deal size continues to increase, despite moving to the subscription pricing model, to \$18K
- Managed transition of the Snare business to recurring subscription-based licensing will continue

>50% of new sales have moved to subscription licensing, delivering FY23 ARR of \$4.2M, +138%

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

Significant opportunities with Government in Australia, UK and USA

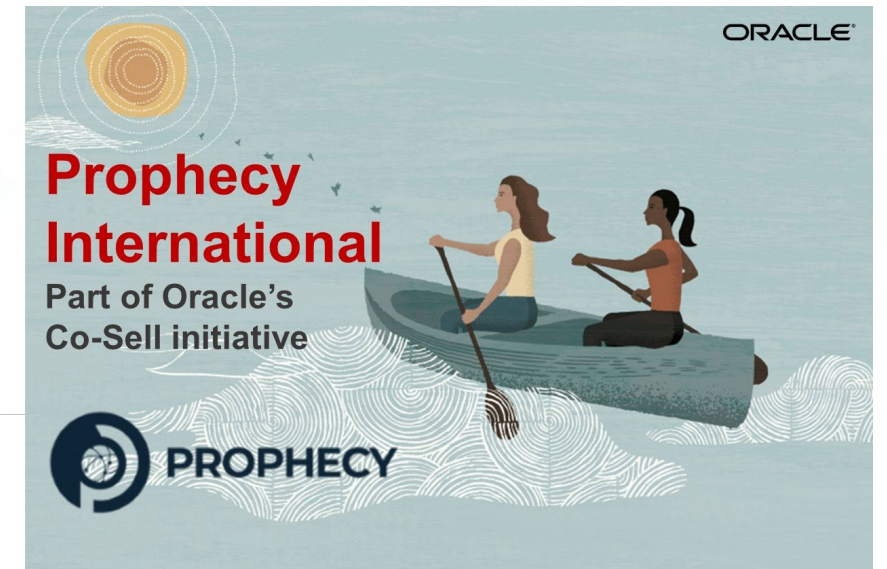
\$12.5M in 2024 Snare pipeline, primarily subscription



Partnership with Oracle to Co-Sell Snare and emite



- Prophecy has been selected to be part of Oracle's Global Co-Sell Program
- Program financially incentivises Oracle's sellers and its partners to promote Snare and eMite to their customers and partners
- Partnership provides Prophecy with privileged access to more than 430,000 Oracle customers, 3,000 Cloud Platform Sales Reps, 2,000 Enterprise Cloud Architects and 20,000 systems integrators (SIs) globally
- Prophecy is one of only five independent software vendors (ISVs) from the APAC region chosen for Oracle's Global Co-Sell Program
- Program offers Prophecy opportunities to engage in joint go-to-market and joint sales campaigns with Oracle teams, and has begun to positively impact Prophecy's global business development
- With Prophecy now a member of Oracle PartnerNetwork, customers can find out more about Snare and emite via the Oracle Cloud Marketplace



"Selling Prophecy's leading business intelligence software products on Oracle Cloud Infrastructure will provide our joint enterprise and government customers with a powerful set of solutions to enhance their customer analytics and help to secure their data assets."

— Hwa Cheong Wong, Head of Oracle's APAC ISV business

Key Recent Partnership: Carahsoft

carahsoft.

- Prophecy has signed a distribution partnership with Carahsoft Technology Corp, its 1st distributor in the US with a focus on Government & Defense.
- Carahsoft is a trusted US and Canadian Government IT solutions provider, supporting public sector organisations across Federal, State and Local Government agencies and the Education and Healthcare markets. Working with resellers, systems integrators and consultants from its headquarters in Virginia, Carahsoft's 2,000+ professionals provide industry leading IT products, services and training through hundreds of contracts.
- Prophecy has transacted business through Carahsoft in Q1 FY24 leading to sales of both Snare and emite.

Carahsoft is recognised for its outstanding performance by the public sector industry, delivering solutions for Cybersecurity, MultiCloud, DevSecOps, Big Data, Artificial Intelligence, Open Source, Customer Experience and more



Delivering Long Term Growth

- Annualised recurring revenue (ARR) grew to \$23.2 million as at 30 June 2023
- Invoicing of \$22.6M achieved in FY23, with \$2.0M of positive cash flow generated in H2
- New logo accounts acquired in FY23 through diverse new client wins, including the Australian Tax Office, BAE Systems, Northrop Grumman and Macy's
- Sales partnerships established earlier in FY23 with JTC, Optus, Fujitsu and Novacoast are beginning to yield customer wins and expand Prophecy's pipeline opportunities locally and in global markets
- Market tailwinds remain positive for continued expansion in both CX data integration & analytics and Cyber Security
- Debt-free balance sheet with cash of \$11.8M, sufficient to fund continued growth in FY24



Q1 FY24 Business Growth Update

- ARR grew to \$22.86M as at 30 October 2023
- Emite delivered ARR of \$15.42M (+15.5% YoY) in Q1 FY24, with YoY sales growth of \$1.23M through key customers including the Australian Tax Office, Service NSW, NZ Inland Revenue, Cochlear and Macy's
- Snare subscription revenue +95% YoY in Q1 FY24 to \$4.63M, achieving \$1.02M in new sales through a diverse blue-chip client base including Verizon, Charles Schwab and Occidental Petroleum
- Legacy revenue expected to cease completely in FY24
- Market tailwinds remain positive for continued expansion in cloud data management, CX analytics and cybersecurity
- Debt-free balance sheet with cash of \$10.3M at end of Q1 FY24, up from \$11.8M at 30 June 2023



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

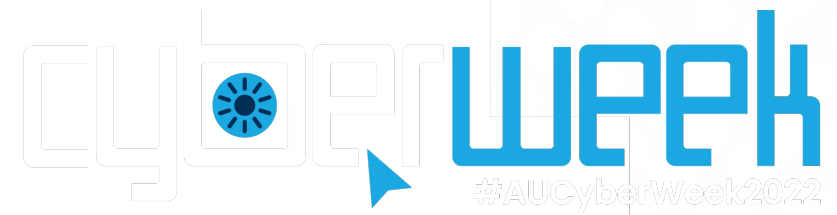
Snare and eMite both benefit from **strong market positions** and multi-year industry tailwinds

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SECURITY ANALYTICS
LANDSCAPE REVIEW



THANK YOU

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