



Prophecy

Prophecy International Holdings Ltd

(ASX:PRO)

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Company Announcement – 30 August 2022

Investor Presentation FY2022

For more details visit

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Prophecy International Holdings Ltd | ASX: PRO



Prophecy

**Investor Presentation
August 2022**

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 | 100+ employees & growing



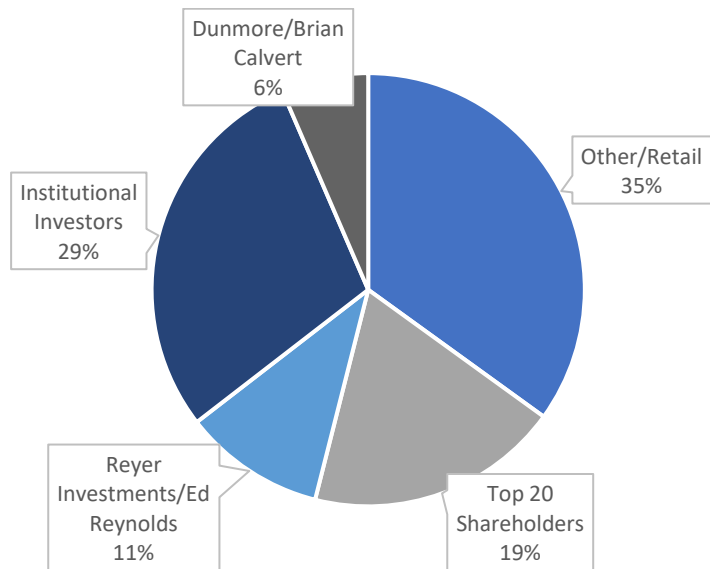
86% of FY22 revenue from international markets

Corporate Snapshot

Key Statistics

ASX Stock Code	PRO
FY22 Revenue	\$16.4M
Cash Balance	\$12.9M
Debt	Nil
Share Price	\$0.90
Shares on Issue	73.59M
Fully Diluted Market Cap	A\$66.23M

Shareholder Analysis



Key Management Personnel

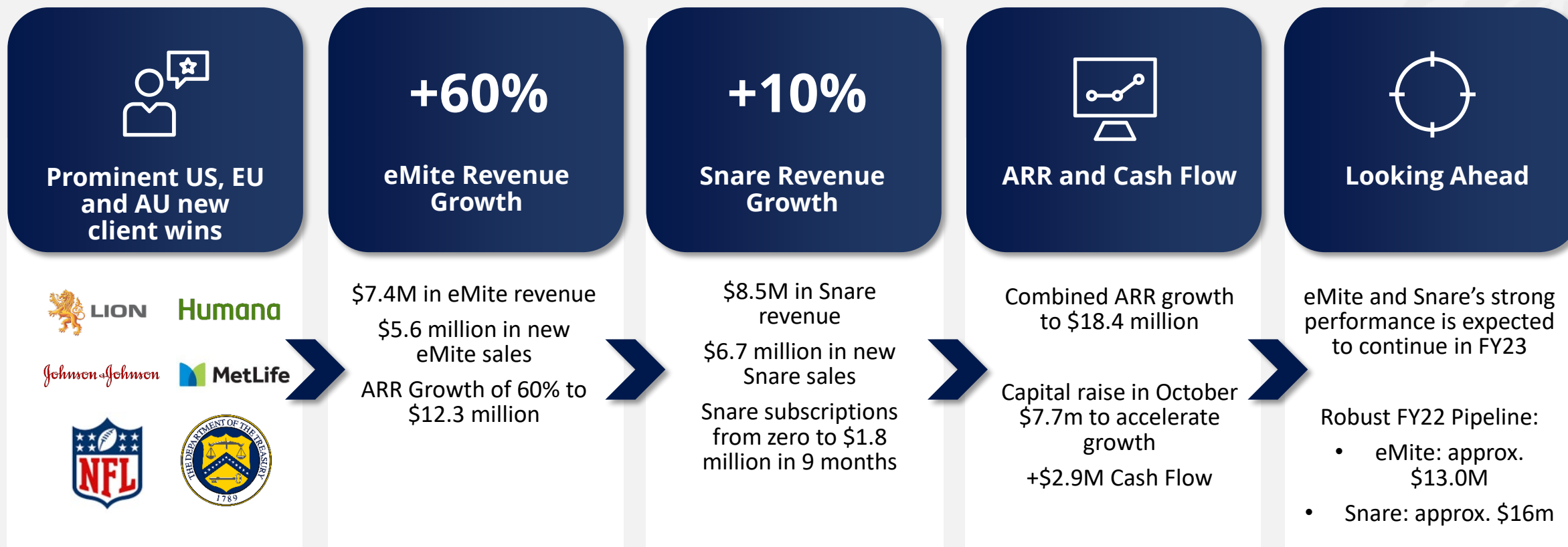
Brad Thomas	Chief Executive Officer
Steve Challans	Chief Information Security Officer
Stephen Irecki	Chief Operations Officer
Paige Montgomery	Global Marketing Director
John Pappas	VP Sales Americas
Jamie Lind	VP Sales EMEA
Stuart Geros	VP Sales APAC

12-Month Share Price History and Volume



FY22 Performance

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



FY22 Highlights

+89%

Income in advance

Annual and multi-year contracts paid annually in advance contributing to cash collection and income in advance

~\$3.3M

Cashflow improvement

Annual contracts paid in advance contributes to strong positive cash flow of \$2.9 million



Legacy

Legacy revenue of \$544k for the period

+71%

ARR

Strong growth in recurring revenue, boosting across both Snare and eMite

+54%

Invoicing

Strong growth in invoicing (turnover), up 54% YoY to \$20.8 million



Profitability

Profitably stable at (\$1.3M) EBITDA or (\$2.1M) NPAT



Balance Sheet

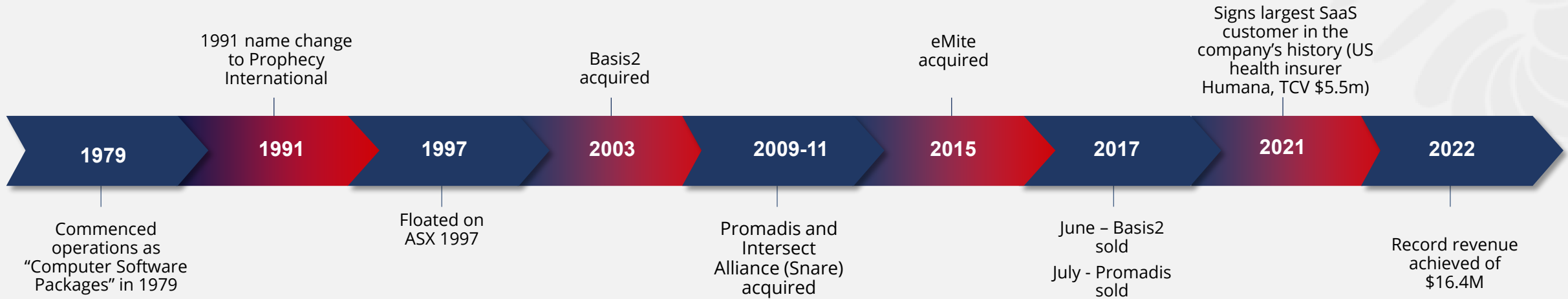
Healthy balance sheet with no debt and cash at bank of \$13.1 million, plus advance/deferred income of \$8.2 million

FY22 Financial Highlights

Performance	FY22 Result	Prior period FY21	Change
Revenue	\$16.432M	\$12.841M	Up 28%
NPAT (Loss)	(\$2.178M)	(\$2.043M)	Up 7%
Cash Flow	\$2.938M	(\$0.376M)	Up ~\$3.3M
Cash Balance	\$12.987M	\$3.127M	Up 239%
Invoicing	\$20.884M	\$13.581M	Up 54%
Income in Advance	\$8.198M	\$4.338M	Up 89%
Debt	zero	zero	No change

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

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: Actionable Insights in Real Time



eMite is our Customer Experience 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 **\$12.3 million in annualised recurring revenue (ARR) for eMite** as at 30 June 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 FY23.

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

Product Innovation

- Increase revenue streams by expanding into new adjacent markets with new product capability.

FY22 ARR +60% YoY to \$12.3M

Sales into 13 countries, split Americas 71%, APAC 11% and EMEA 18%

New customers with 1st year contract value (1CV) of \$5.6 million signed in FY22, +56% YoY

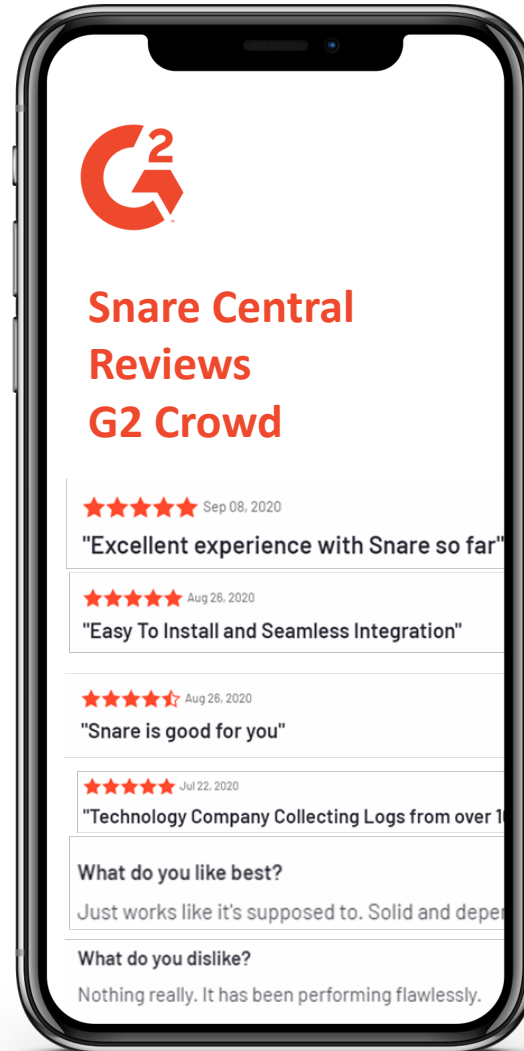


Amazon Connect



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
- 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 Product Suite



- **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 Cntrals

Capex and Opex (subscription licensing) available. New pipeline is 90% subscription



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 availability



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)
- Cyber skills shortage driving MSSP demand

Upsell

- Move customers to subscriptions
- 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

44% of new sales have moved to subscriptions licensing

Sales into >30 countries, with key FY22 wins including UK Navy & MOD, Metlife, Yum Brands, Worley Parsons, NFL, US Treasury, AT&T, Chemist Warehouse, Australian DoD.

Strong sales momentum in FY22, achieving \$3.7m in new Snare sales in H1 (+41% YoY)



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)

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

Featured in

FORRESTER[®]

FORRESTER 2022
SECURITY ANALYTICS
LANDSCAPE REVIEW

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



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.



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