

Investor presentation

May 2014

SLI SYSTEMS
Search, Learn & Improve

Presenting today



Dr. Shaun Ryan
CEO and Co-Founder

- Over 15 years of experience in search technologies
- An original developer of the Company's unique "Learning Search" site search technology
- Original founder of GlobalBrain in 1998 (acquired by Snap/NBCi.com in 2000)
- PhD in Artificial Intelligence from the University of Canterbury



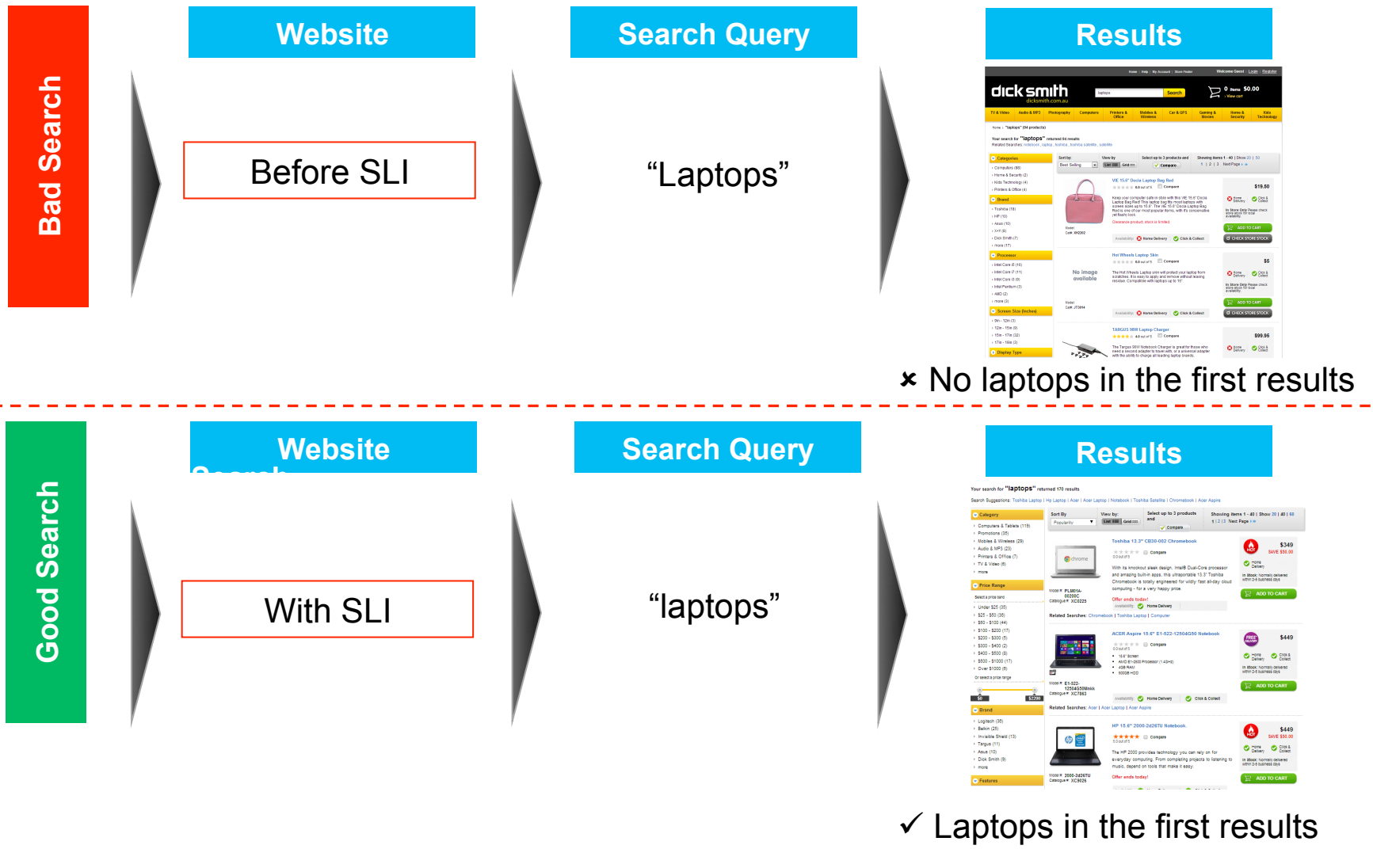
Rod Garrett
CFO

- Over 20 years of experience in finance and related roles
- Previously worked for Price Waterhouse working mainly on insolvency/corporate recovery, and former CFO of Christchurch electronics developer and manufacturer Eaton Power Quality Ltd
- Honours degree in Accounting and Finance from Otago University

Overview

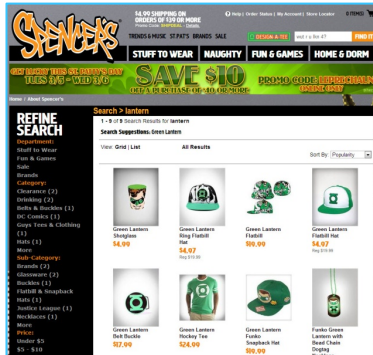
1. Dedicated site search and navigation provider to ecommerce businesses to enhance online user experiences to improve e-retailers' revenue
2. Listed on the NZX last year primarily to provide growth capital for sales & marketing expansion, entry into new markets and enhance product development capabilities
3. Market leading technology with track record of innovation
4. Multinational presence with a leading customer base and significant international market opportunity backed by growth in ecommerce
5. Attractive Software as a Service ("SaaS") based business model that generates strong recurring revenue
6. Highly experienced management team and board

SLI Fixes Bad Search: Improves E-retailers' Revenue

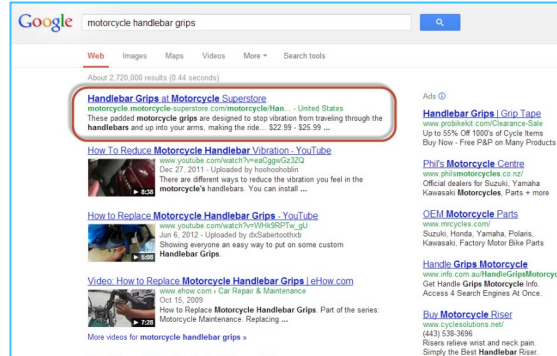


Product Range

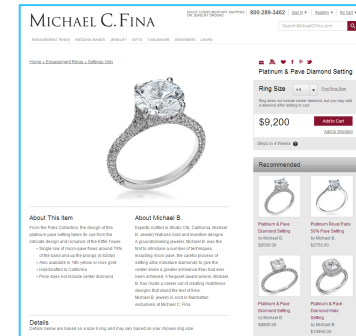
Learning Search



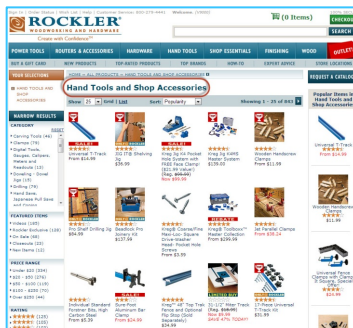
Site Champion



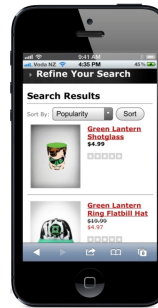
Learning Recommendations



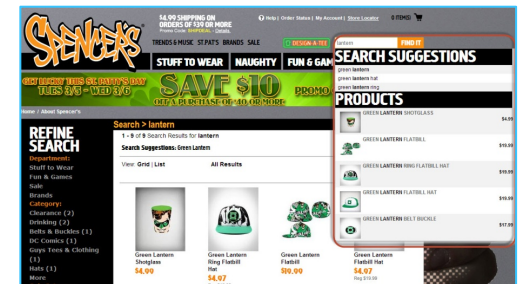
Learning Navigation



SLI Mobile



Rich Auto Complete



Testimonials



↑ **Conversion rates 177%**

↑ **Revenue per visit 215%**

For shoppers using SLI services compared to the average shopper on site.

"When site search works well, people who use it buy more, they stay on our sites longer, and they convert at a higher rate. Site search is as important to us as layout and design and shopping carts when it comes to crafting the online experience."



↑ **Web site sales 25%**

↑ **Transactions 16%**

As announced at Shop.org Annual Summit



↑ **112% conversion rate**

↑ **24% average order value**

For shoppers using SLI services compared to the average shopper on site.

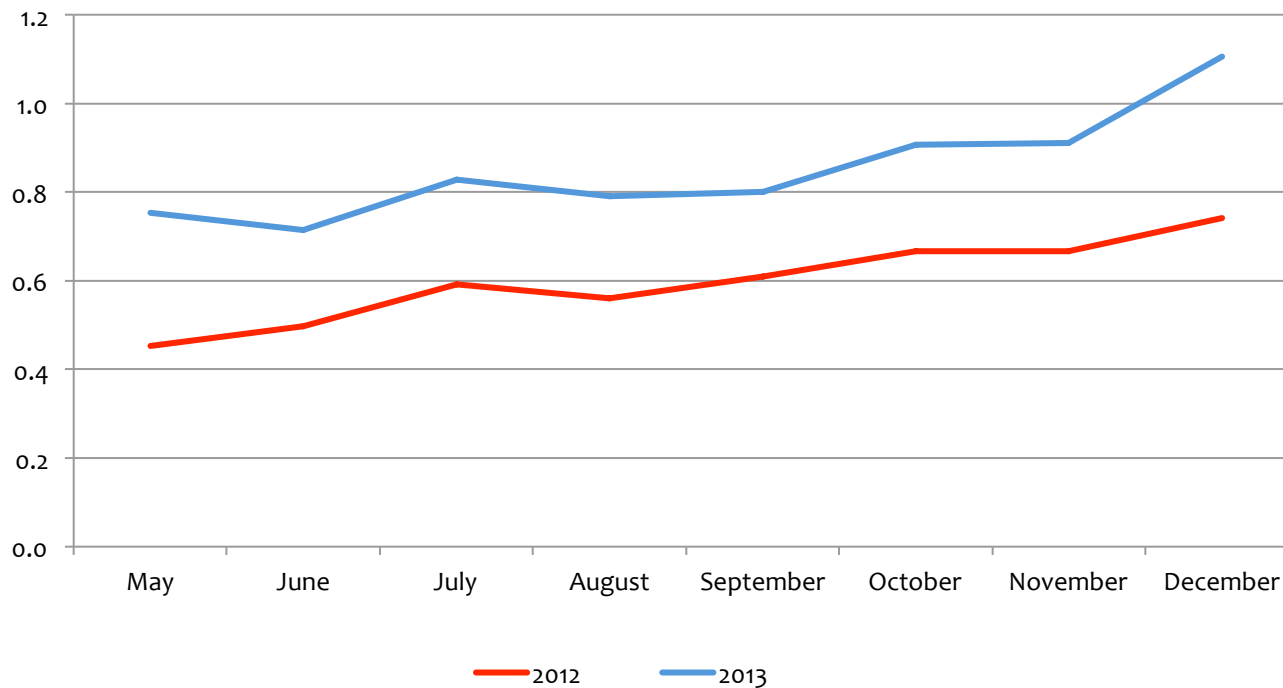
"SLI's Learning Search allows us to identify and respond to patterns in search, which provides extra insight that we would otherwise have missed."

SLI's Business Model

- ✓ **Subscription-based SaaS recurring revenue model**
- ✓ **Proven direct sales model with track record of success**
- ✓ **Growth in revenue from existing markets, opportunities in new markets, existing customers growing their ecommerce sales and upselling additional products / features**
- ✓ **High customer retention rates (approximately 91% by value) - customer care model creates strong advocates**
- ✓ **Compelling long term value potential created with each new customer through high gross margin (75%), coupled with high retention**

One billion queries in December

Billions of queries/month

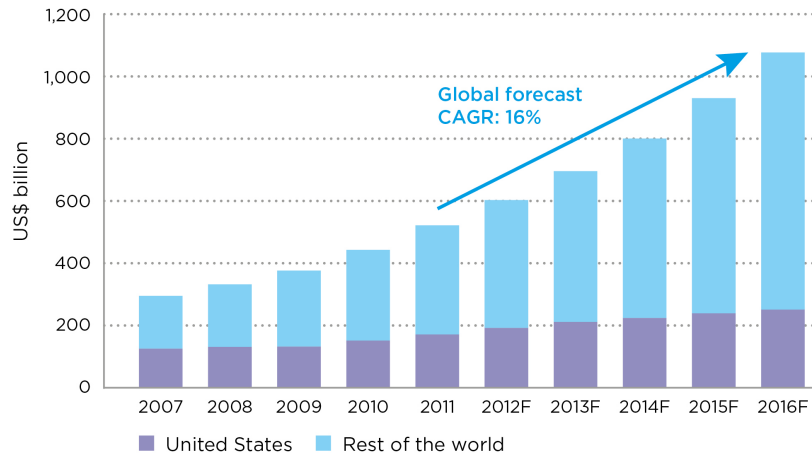


Market Overview

Online Retail and Ecommerce Software Growth

SLI is at the centre of two large and growing markets: online retail and ecommerce software via SaaS

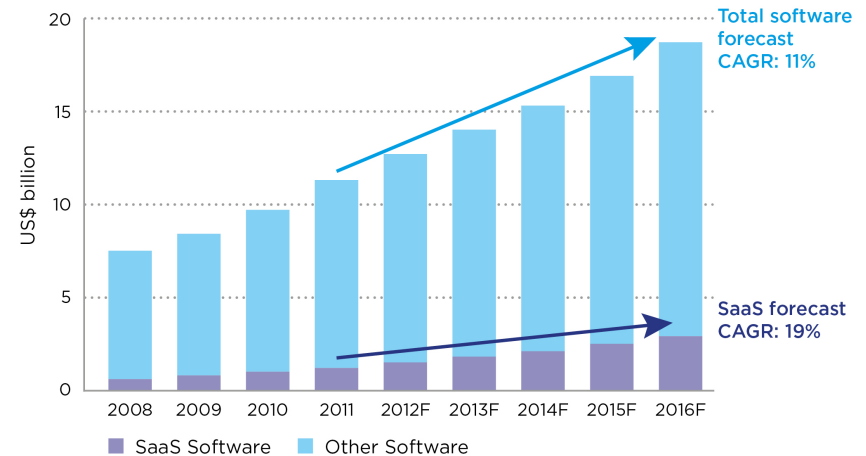
Global online retail sector value



Source: Global Online Retail, MarketLine Industry Profile, February 2013 and Online Retail in the United States, MarketLine Industry Profile, June 2012

Global value estimated to be worth US\$530 billion in 2011, and expected to grow to US\$1.1 trillion by 2016 (a CAGR of 16%)

Global spending on software by ecommerce providers



Source: Forrester Consulting, April 2013. Includes revenues by B2B and B2C software vendors including software licenses, maintenance services and subscription services, but excluding professional services (e.g. consulting, implementation) and marketing services (e.g. direct marketing, access to contact databases)

Global value estimated to be US\$11.3 billion in 2011, and expected to grow to US\$18.7 billion by 2016 (a CAGR of 11%), with SaaS forecast to grow at a CAGR of 19%

Site Search and Navigation Market

	Description
Default search:	<ul style="list-style-type: none">• Ecommerce platforms almost always come with a default search and navigation function• Often have limited functionality
Dedicated search:	<ul style="list-style-type: none">• Dedicated site search providers• Integrated into the existing platform to supplement their other ecommerce software
Internally developed search:	<ul style="list-style-type: none">• Open source (free) software developed and supported by own IT team• Integrated with existing software or used alone

In 2013, approximately 350 of the Top 1000 online retailers in the US used a dedicated site search provider¹

1: Leading Vendors to the Top 1000 E-Retailers, Internet Retailer, 2013 Edition

Recognised Site Search Leader

LEADING SITE SEARCH PROVIDERS - IR 1000 US CLIENTS //

VENDOR	2012	2013	DELIVERY MODEL
Oracle/Endeca	111	113	On premise
SLI Systems	60	73	SaaS
Nextopia	42	44	SaaS
Adobe	44	42	SaaS
Google	34	37	SaaS
GSI Commerce	30	24	Platform
Celebros	20	20	SaaS / On premise
DemandWare	12	16	SaaS
Magento	11	15	Platform
Apache Solr	5	12	On premise
EasyAsk	12	12	SaaS / On premise
ThanxMedia	11	10	SaaS / On premise

Source: Internet Retailer, August 2013

Financial Overview

Share Price



Capitalisation

Market Cap	\$116m
Net Cash	\$14m
Options Outstanding ¹	6.3m
Fully Diluted Equity Value ¹	\$124m
Enterprise value ("EV")	\$110m

1. Options outstanding as of 8 May 2014. Fully diluted equity value based on Treasury Stock Method assuming weighted average option strike price of NZ\$0.73 as of 31 December 2013 (7.0m options outstanding at the time)

Half Year Highlights

1. We are on target

- ARR of \$21.6m at 31 Dec
- Total revenue for the 6 months of \$10.6m
- Loss of \$2.3m
- Retention rate of 91%

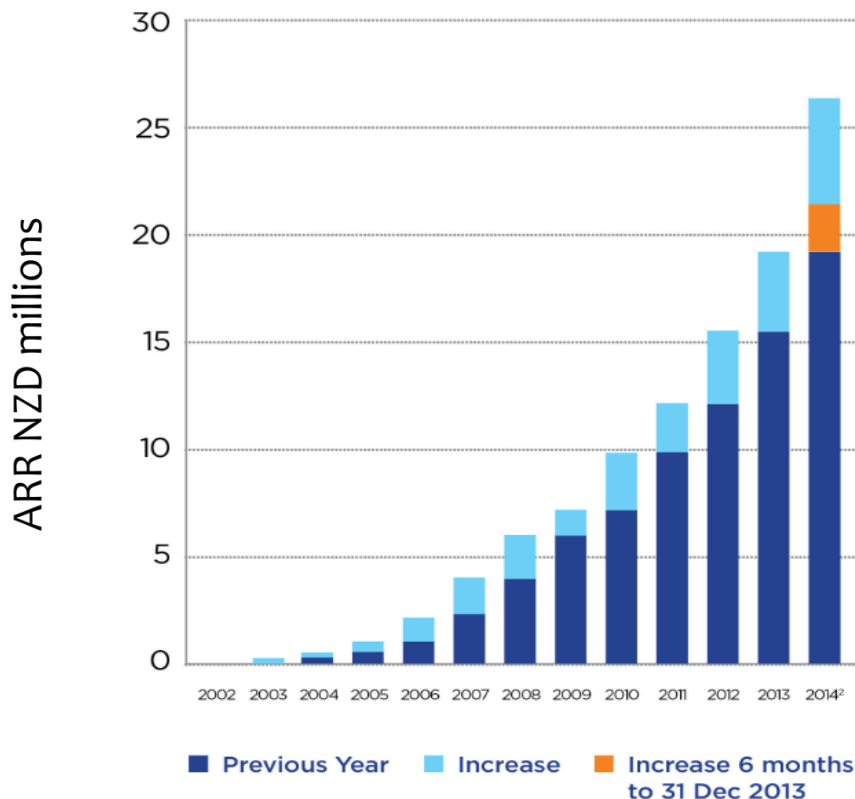
2. Learning Recommendations product released

3. One billion queries served in December

4. Opened Japanese office

Annualised Recurring Revenue (ARR¹)

Historical and Prospective ARR at June Each Year



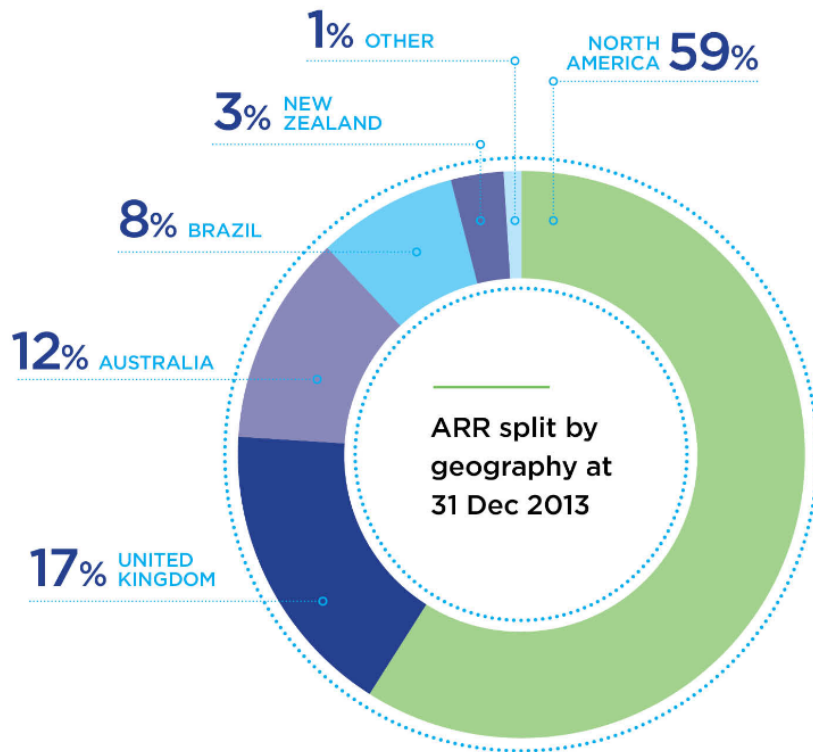
- Achieved \$21.6 m as at 31 December 2013 (26% growth over last 12 months)
- Continuing to forecast ARR at 30 June 2014 in line with prospectus forecast
- Seeing an increase in ARR growth rate in 2nd half as a result of capital from listing
- Constant PFI exchange rates used

1: Annualised Recurring Revenue, a non-GAAP financial performance measure used internally by SLI that represents the annualised monthly recurring revenue from SLI's customers for its Learning Search and related products and its Site Champion product on an assumed constant currency basis using the PFI exchange rates. ARR does not include revenue from SLI's Related Search product, which it does not actively promote.

2: The ARR for 2014 is based on the actual position as at December 2013 and a forecast to June 2014.

ARR Split at December 2013

ARR by geography



ARR growth by geography

Region	Percentage increase in ARR in last 12 months
North America	19%
United Kingdom	28%
Asia / Pacific	29%
Brazil	95%
Total	26%

Financial Performance

NZ\$'000	6 months to Dec 13	Full Year FY 14 per PFI ¹
Operating Revenue	10,596	22,200
Other Income	404	500
Delivery Costs	2,702	5,745
Growth Costs	6,267	15,876
Other Costs	4,310	8,161
Total Costs	13,279	29,782

- Operating revenue on target
- Growth costs less than forecast
 - Lower headcount
 - Staff hiring rate increased since 31 December

Loss before tax	2,279	7,082
Gross Margin	75%	74%

- Forecast full year loss unchanged
- Margin on target

1: Source: SLI Systems IPO Prospectus dated 6 May 2013

Growth Strategies

1. Growth in existing markets

- We have expanded our sales staff in the US, UK, Australia and Brazil to a total of 35

2. Growth from existing customers

- Have built out our Account Management team to focus on upselling

3. Opportunities in new markets

- Established Japan office

4. Growth from new products

- Recently released Learning Recommendations
- 12 year track record of innovation and new product development, with potential new products in the pipeline

Appendix

Balance Sheet and Cashflow

Balance Sheet		
NZ\$'000	Actual Dec 2013	Full Year FY 14 per PFI ¹
Cash and cash equivalent	13,621	7,320
Property, plant and equipment	1,537	1,878
Other assets	4,781	4,414
Total assets	19,939	13,612
Total equity	14,470	8,656
Total liabilities	5,469	4,956
Cashflow		
NZ\$'000	Actual Dec 2013	Full Year FY 14 per PFI ¹
Receipts from customers and other income	11,293	21,399
Payments to suppliers and employees	(13,334)	(28,333)
Net proceeds from capital investment	709	0
Other movements in cash	(429)	(812)
Net increase (decrease) in cash and cash equivalents	(1,761)	(7,746)
Opening cash balance	15,382	15,066
Closing cash balance	13,621	7,320

1: Source: SLI Systems IPO Prospectus dated 6 May 2013

Board of Directors



Greg Cross, Chairman

- Executive Chairman at PowerbyProxi, Vice Chair at MetService, Business Director of Pure Black Racing
- Former chair of The ICEHOUSE
- 20 years of experience in the software industry working in North America, Europe, and Asia



Matthew Houtman, Non Executive Director

- Matthew co-founded Pioneer Capital and has been an investor in, advisor to and director of private businesses in Europe, the United States and New Zealand
- Has extensive experience in planning and executing financings, acquisitions and growth strategies across many geographies, primarily in the telecoms, media, technology and healthcare industries



Shaun Ryan, CEO and Co-Founder

- Over 15 years of experience in search technologies
- An original developer of the Company's unique "Learning Search" site search technology
- Original founder of GlobalBrain in 1998 (acquired by Snap/NBCi.com in 2000)
- PhD in Artificial Intelligence from the University of Canterbury



Sam Knowles, Independent Director

- Sam has held senior positions in major banks in both Australia and New Zealand and has extensive experience in strategy, marketing, organisational capability building and private and public sector governance.



Steven Marder, Non-Executive Director and Co-Founder

- US based director with 23 years of global operating, investment and advisory experience in technology and media industries including three search companies
- Recently served as an operating partner for private equity firm Avista Capital Partners and as Director at two Avista portfolio companies
- BA from Columbia University, New York and California attorney



Sarah Smith, Independent Director

- Sarah is a director of CCHL, MetService, Metra Information Ltd and a number of other companies
- Sarah has extensive audit committee and financial committee experience, and is a chartered accountant



Andy Lark, Independent Director

- Andy has 25 years' ecommerce and marketing background including previous roles as Chief Marketing and Online Officer at Commonwealth Bank of Australia, Vice President & General Manager at Dell and marketing roles at LogLogic, Sun Microsystems and Nortel Networks
- Andy leads Group Lark, a consulting firm helping global brands develop technology, go-to-market, partnering and marketing strategies