

FY 16

Year End Results Investor Presentation

Chris Brennan, CEO

Rod Garrett, CFO

Moderator: Chris Brubaker, CMO

Highlights

- ARR¹ down 3% constant currency²
- Growth of 24% in operating revenue to \$35m v \$28m in FY 15
- Retention rate 84% by value
- Gross margin 77%
- Cash of \$6.8m
- Net cash inflow \$1.2m
- Net loss before tax reduced from \$7.6m to \$200k

1. Annualised Recurring Revenue (ARR) is a non-GAAP financial performance measure used internally by SLI as a basis for its expected forward revenue. ARR is calculated based on the subscription revenue from the existing customer base in the reference month and then annualised using exchange rates at the end of the reference month. ARR does not account for changes in behaviour of customers. For the Site Champion component of ARR it is necessary to apply judgement to mitigate the effects of one-off events that impact the reference month revenue of the calculation.
2. On a reported basis the reduction in ARR over the past 12 months was 10%



Key Takeaways

01

We create value to shareholders by delivering value for our customers.

02

We are well positioned to emerge as the leader in predictive product discovery.

03

We are in the early stages of a multi-billion dollar market opportunity.

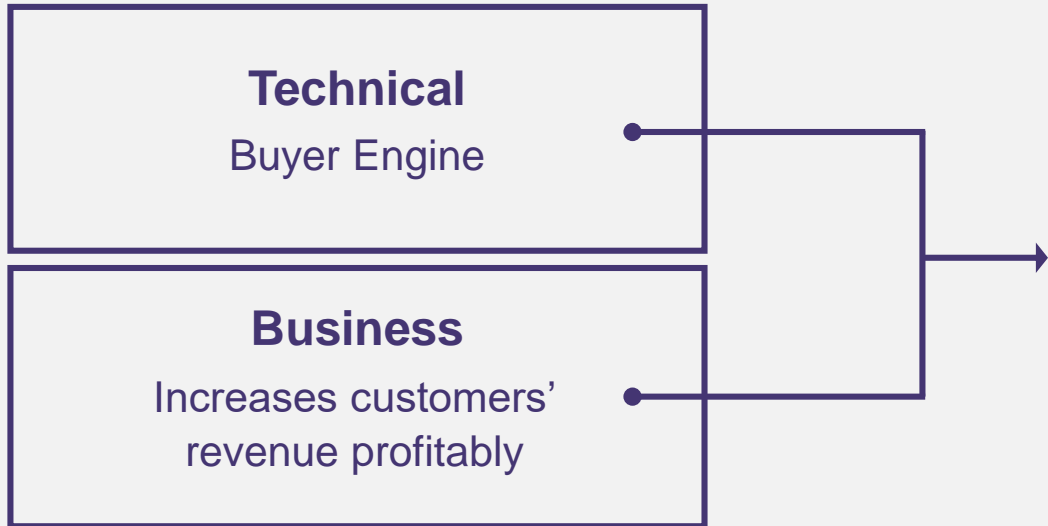
04

We have a clear vision for growth and profitability.



Creating Value for Customers

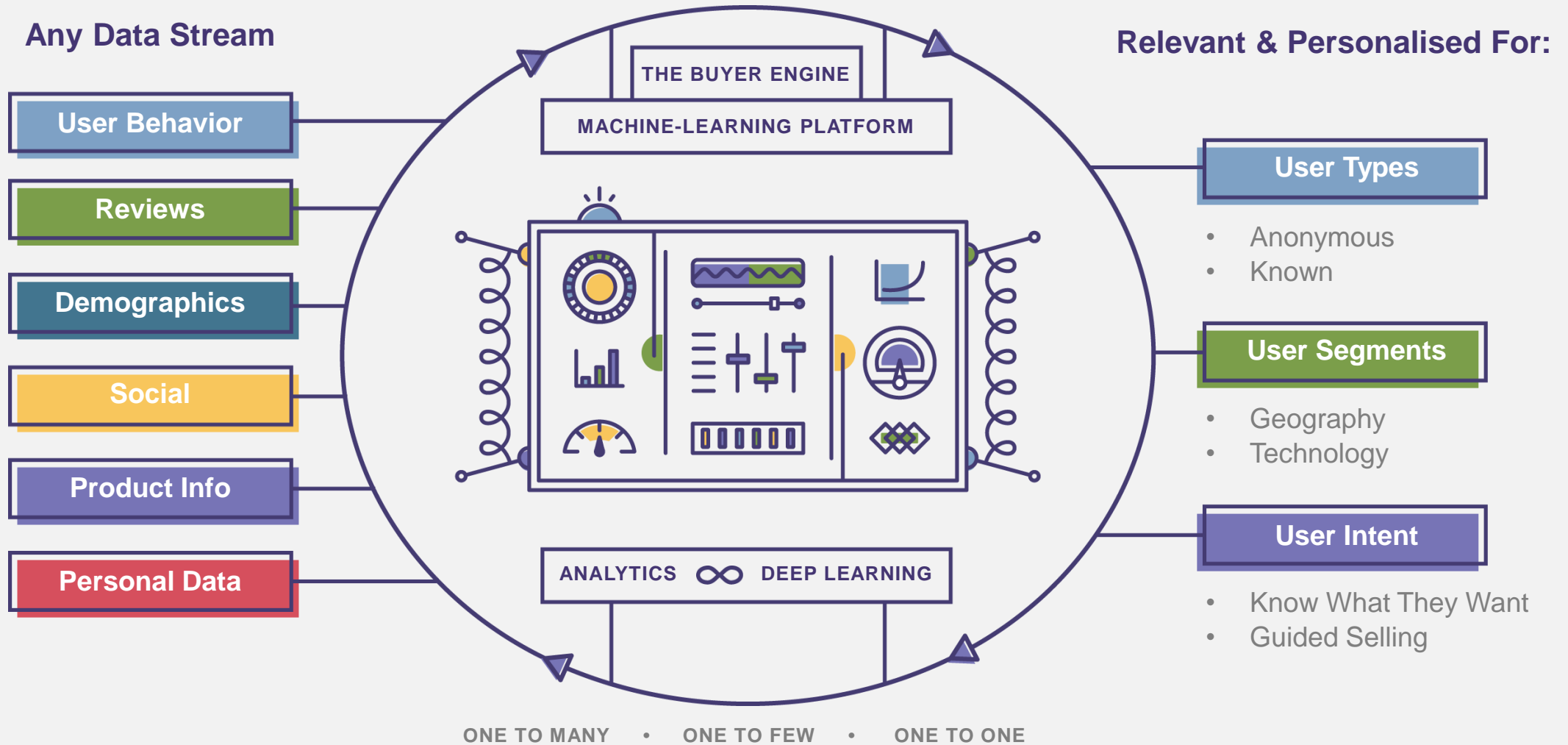
SLI Gives Customers Technical and Business Advantages



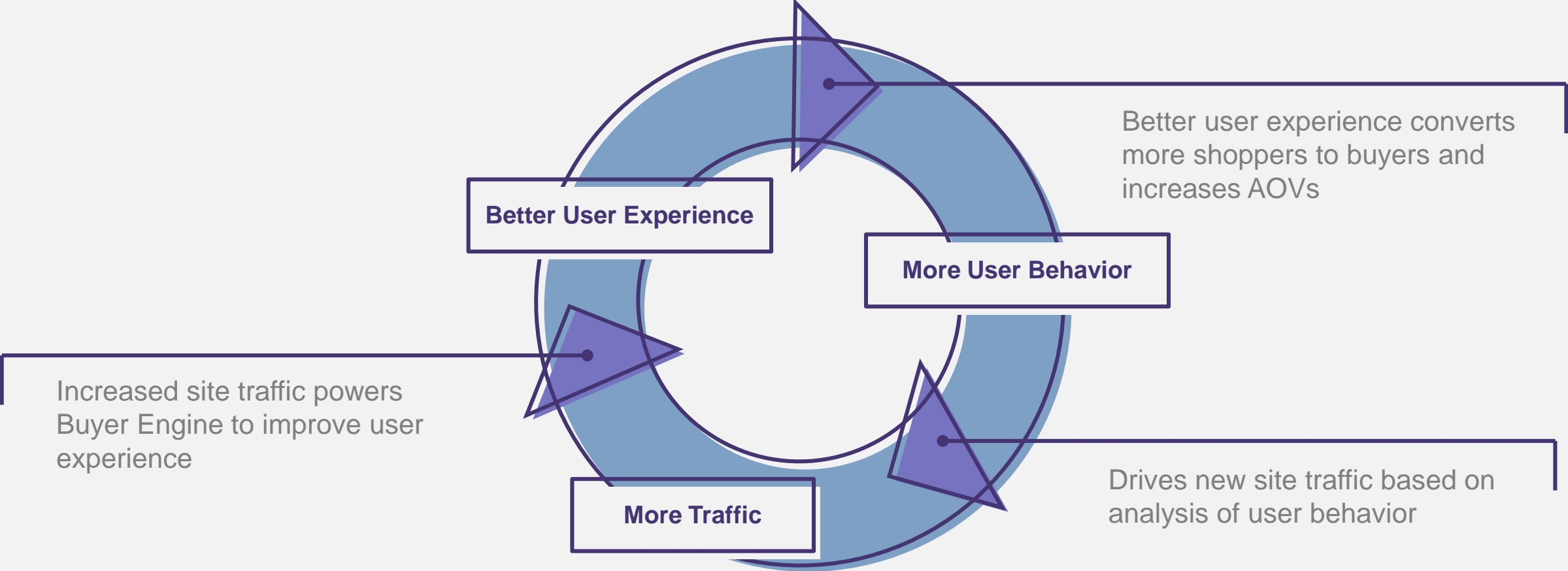
Real ROI	<ul style="list-style-type: none">• Increased traffic• Convert more shoppers to buyers• Increase order values
Continuous Innovation	<ul style="list-style-type: none">• SaaS• Future-proof platform• Extensible architecture
Peace of Mind	<ul style="list-style-type: none">• Global• Scalable & secure cloud solution• World class service & support

Predictive Product Discovery: The Future of E-Commerce

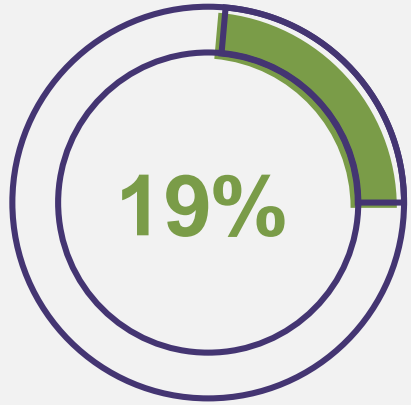
“WHAT IS THIS USER ON THIS WEBSITE MOST LIKELY TO BUY RIGHT NOW?”



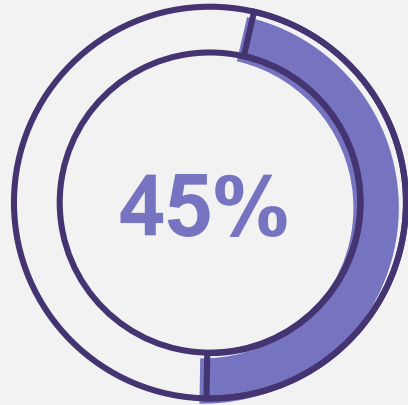
SLI Creates a Virtuous Circle



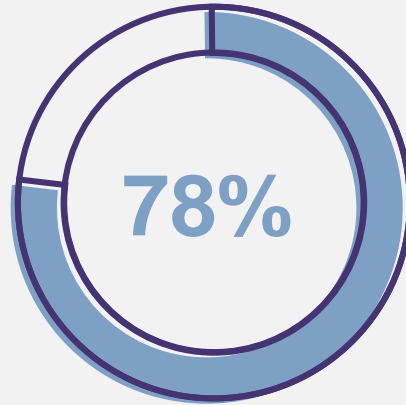
Retailers Grow Faster with SLI



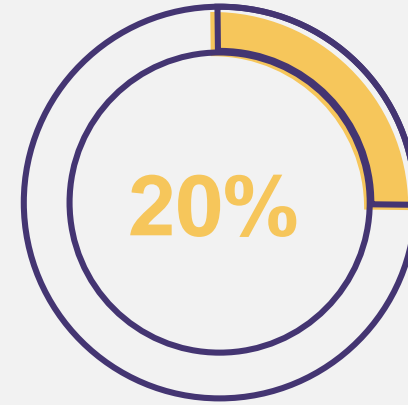
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**Increase in
Site-Wide Conversion**



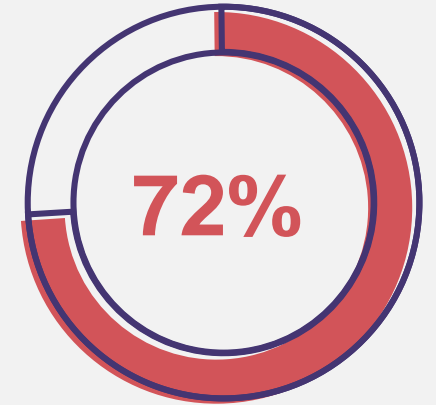
—
**Decrease
in Bounce Rate**



—
**Conversion Rate
Increase for Search
Users**



—
**Increase in Average
Order Value**



—
**Increase in Average
Revenue Per Visit**

“The search relevance, analytics and merchandising controls are what sets SLI apart.”

—Mike Ebert
E-commerce Director of Everlast Worldwide

Everlast saw 6x higher conversions and attributed 10% of revenue to SLI search



Growth Vectors

WE HAVE BARELY SCRATCHED THE SURFACE OF THE MARKET OPPORTUNITY

		INDUSTRY SEGMENTS			PRODUCT		MARKET POSITION	
		B2C Current	B2C New	B2B	Organic	3 rd Party	Mid-Enterprise	Lower End
Existing Geographical Markets	Current Customers							
	New Customers							
New Geographical Markets	New Customers							

Strong
 Green Field
 Minimal



Leading Retailers Choose SLI

Fashion



FRENCH CONNECTION



Gifts & Specialty Goods



The Swiss Colony

Health & Beauty



ANASTASIA
Beverly Hills

Home & Garden

Garnet Hill



CAROLINA
Rustica

Food & Beverage



& more...

claire's

lenovo

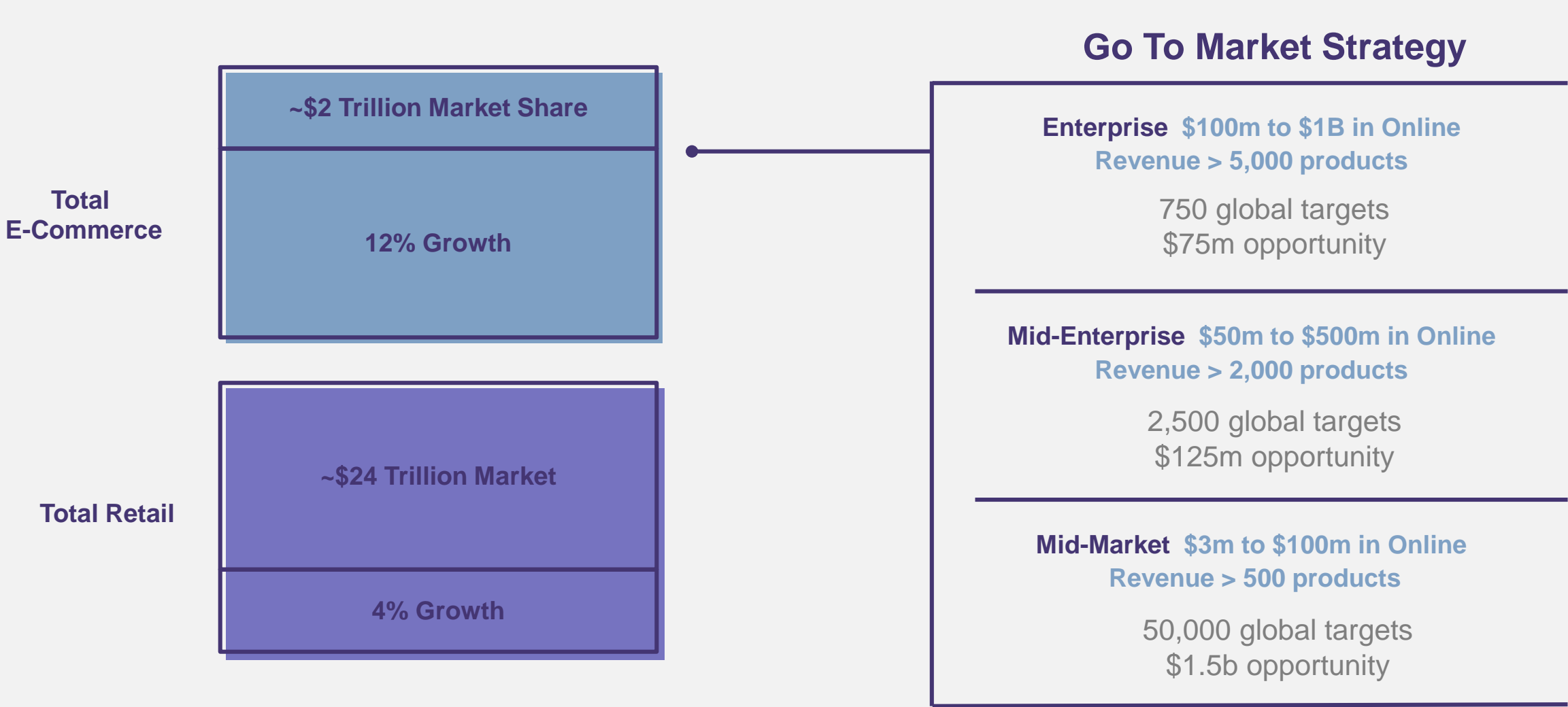
HealthPost



Premier Farnell

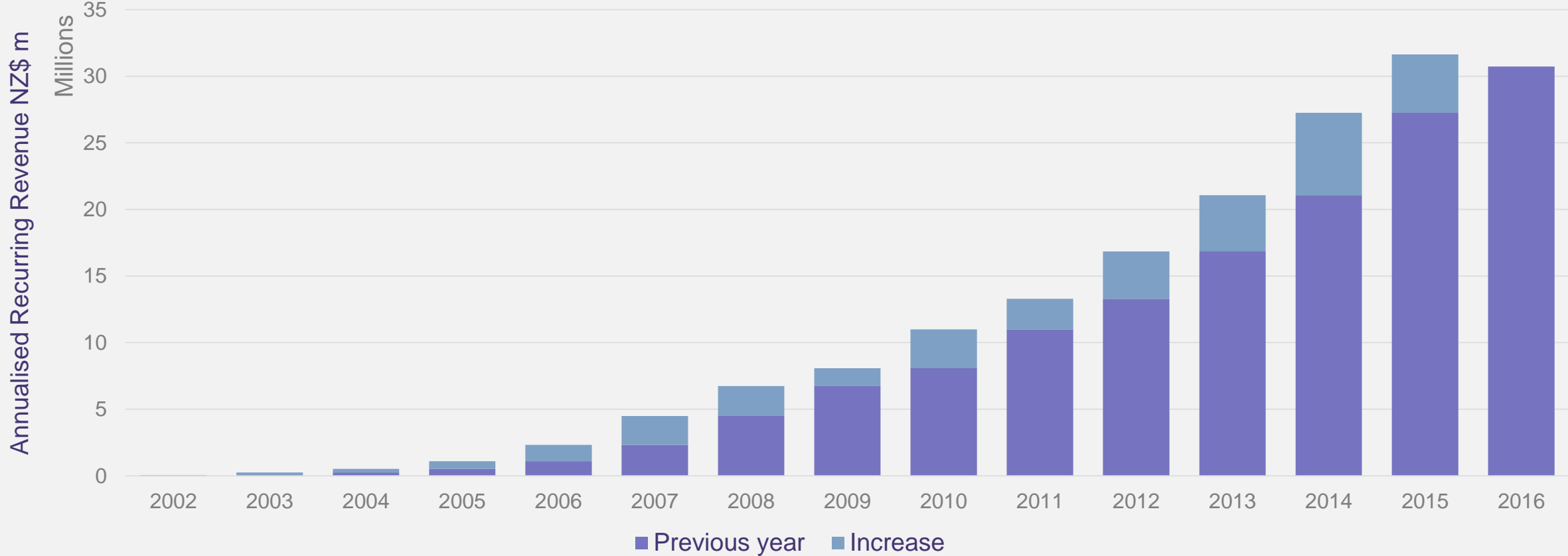


A US\$ 1.7 Billion Market Opportunity



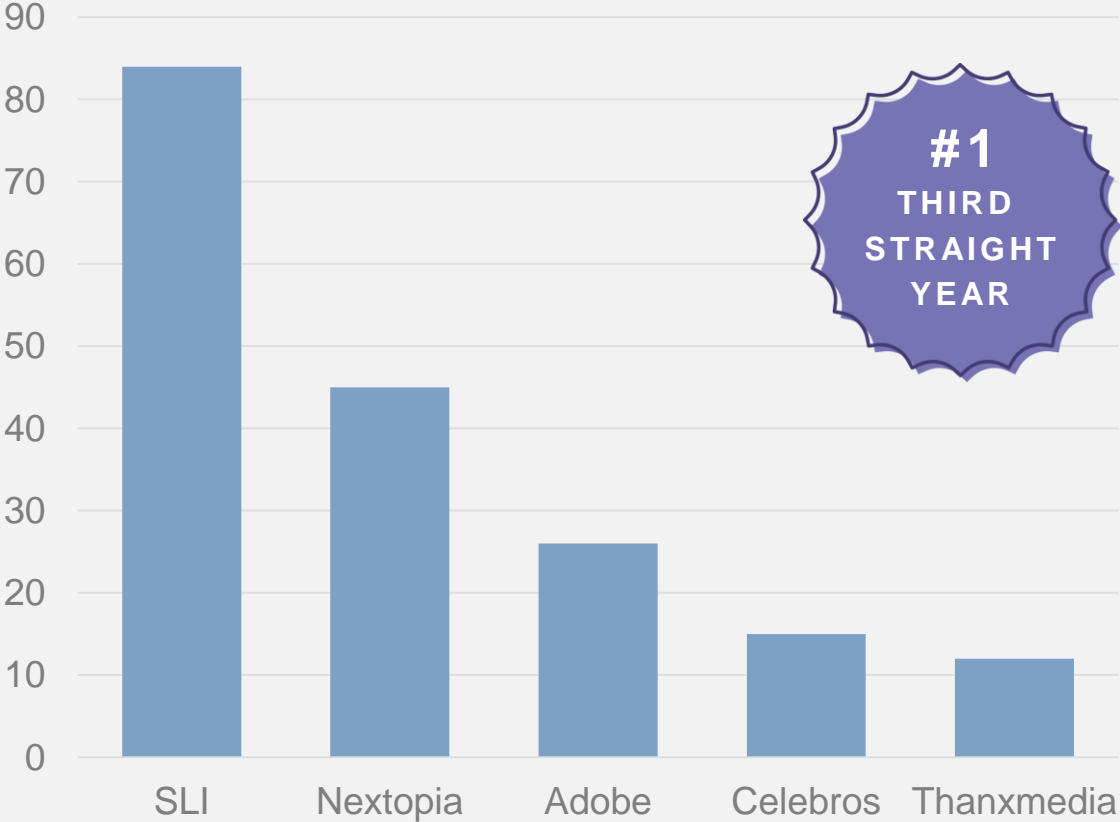
Restoring High Quality, Growing Subscription Revenue

ARR at June
Constant Currency

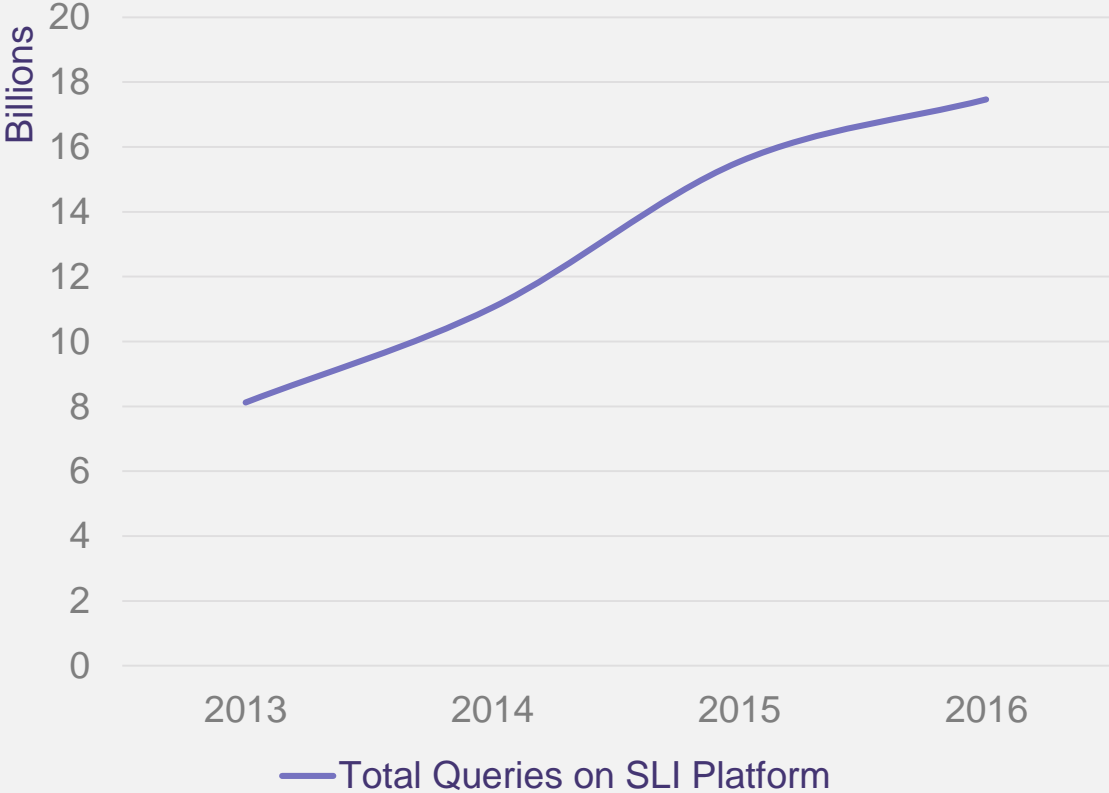


More Retailers are Using SLI than any other SaaS Provider

Total 2016 IR Top 1000 US Customers by SaaS Vendor



Total Queries on SLI Platform



A Big Opportunity to Grow Our 576 Existing Accounts

WITHOUT ANY GROWTH FROM TIER INCREASES

PRODUCTS	ILLUSTRATIVE PRICING MODEL	CURRENT PENETRATION
Landing Page Creator™	\$0.008	3%
Mobile™	\$0.039	18%
Learning Recommendations™	\$0.045	14%
Learning Navigation®	\$0.127	17%
Site Champion®	\$0.195	35%
Learning Search®	\$1.00	100%

576 Accounts at Full Product Penetration

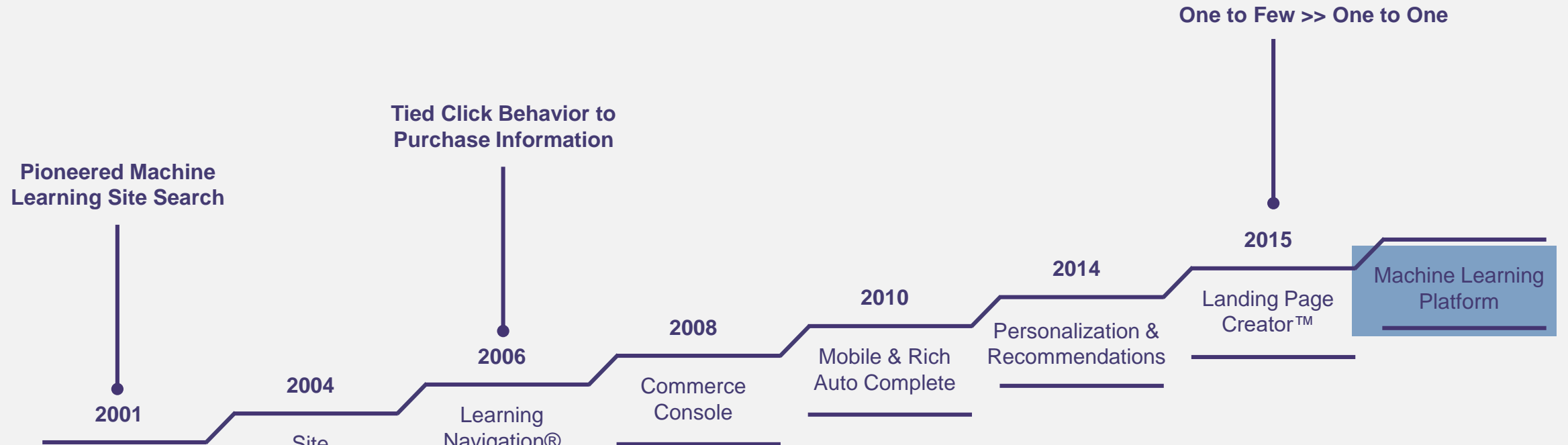
**Current Revenue (NZD):
\$31m**

**Potential Revenue at 100% penetration for existing customers (NZD):
\$62m**



15 Years of Innovation

THE NEXT INNOVATION WILL COME FROM THE COMPANY WITH A HISTORY OF INNOVATION



Patents

- Learning Search: Global Brain
- Learning Search: Keyword Suggestor
- Rich Autocomplete Algorithm



Income statement—NZD 000

	30 Jun 16	30 Jun 15
<i>ARR (constant currency)</i>	31,191	32,111
Operating Revenue	35,006	28,126
Other Income	685	640
Total Revenue	35,691	28,766
Delivery Costs	7,958	7,211
Growth Costs	17,631	20,124
Other Costs	9,975	9,785
Exchange (Gain)/Loss	289	(804)
Total Costs	35,853	36,316
Loss Before Tax	(162)	(7,550)
Gross Margin	77.3%	74.4%



Cashflow—NZD 000

	30 Jun 16	30 Jun 15
Receipts from customers	36,148	27,938
Payments made to suppliers and employees	(35,936)	(34,193)
Other net cash flows from operating activities	596	617
Cash flows from operating activities	808	(5,638)
Cash flows from investing and financing activities	375	(169)
Net increase/(decrease) in cash and cash equivalents	1,183	(5,807)
Opening cash balance	5,582	11,389
Closing cash balance	6,765	5,582



Targeting Sustainable Growth

- Restore growth, achieve sustainable profitability and positive cash flow
 - Growth in NAM
 - Upselling to our existing customers, especially Site Champion
 - Restoring customer retention to historic levels
 - Selling the value of the Buyer Engine and the application stack to drive increases in ACV



Q & A

