



2015 Financial Year Results

Shaun Ryan and Rod Garrett

Highlights

➤ ARR^[1] growth of
39%^[2]
(to \$34.6m)

➤ Gross margin
74.4%

➤ Growth of
27%
in operating
revenue to
\$28.1m

➤ Cash
\$5.6m

➤ Retention rate
87%
by value

➤ Net cashflow
improved
over previous six
months

[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 annualized 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] 39% is the growth from the reported ARR of \$24.9m at June 2014. On a constant currency basis the growth over the past 12 months was 16%.

SLI makes e-commerce better



With SLI, online retailers' products are easier to find

- Better site search and navigation on all devices
- Better visibility in Google and other search engines
- Product recommendations
- Landing pages

SLI increases online retailers' revenue

- If people can readily find what they want, they are more likely to buy:
 - Higher conversion rates
 - Higher average order value
 - More traffic

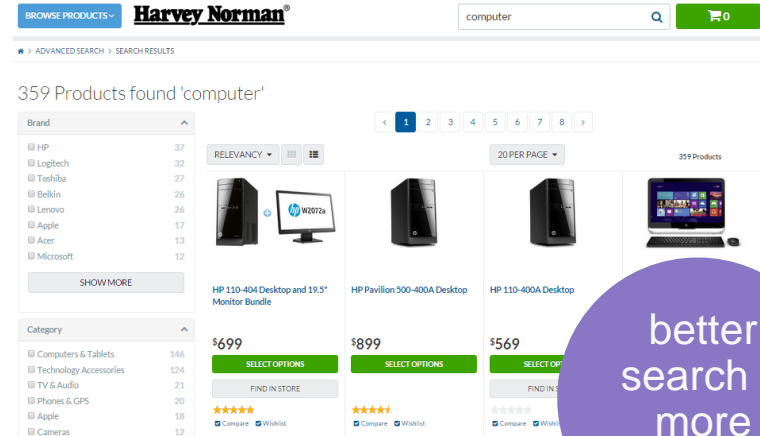
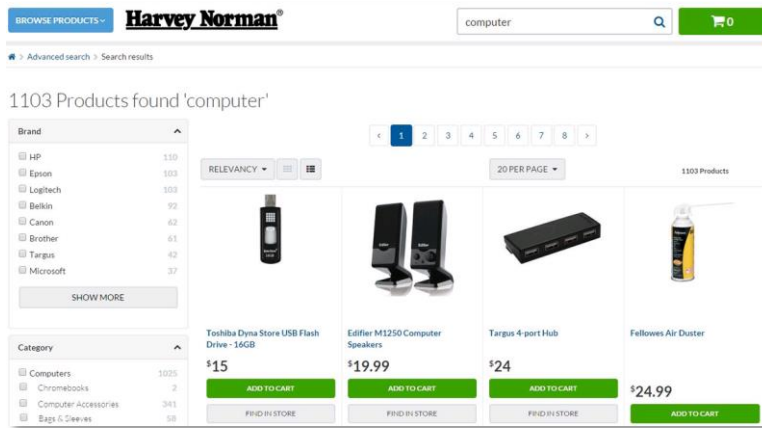
e-commerce
accelerated

Learning Search – adds revenue



E-commerce site search that learns from the activity of site visitors to give each shopper the most relevant results, better conversion rates and higher average order value.

Example: a search on **Harvey Norman** for “computer” before and after SLI



better
search =
more
revenue

A suite of complementary solutions



Search



Rich Auto Complete



Recommendations



Merchandising



User-generated SEO



Navigation



Mobile



Dynamic Product Banners



Landing Page Creator

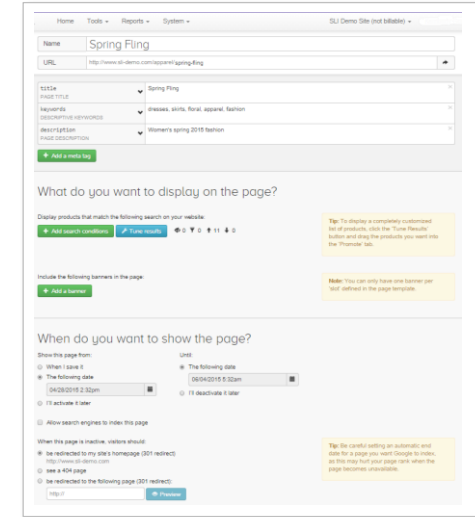
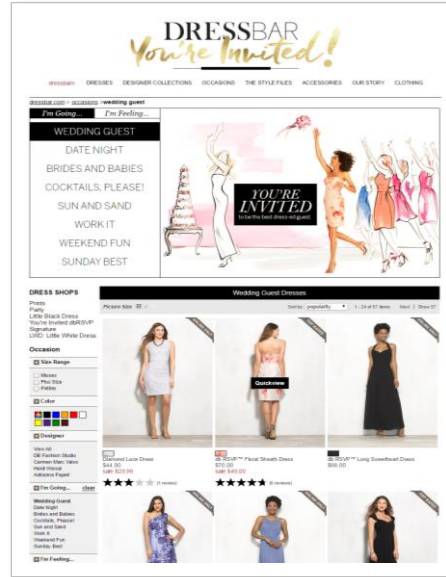


Services

New product: Landing Page Creator

Allows merchandisers to easily create Landing Pages for Promotions

- Simple interface to create and deploy pages on the fly quickly
- Pages contain an arbitrary mixture of dynamic products, graphics and text
- Run omnichannel campaigns including social, PPC & email
- Enable pages to be crawled by Internet search engines
- Real time reporting and analytics



“To promote all of the products on a single page was the biggest hurdle for us. We didn’t have that functionality available until recently, thanks to Landing Page Creator. Having the functionality to merge all of these together is an amazing feature.”

Constant currency ARR growth slowed to 16%

- Sales leadership change in Jan 2015 impacted growth
 - Impact felt most keenly in the USA (12% growth constant currency)
- Brazil growth slowed because of economy
 - 2% growth vs 95% last financial year
- Lower retention rate: 87% vs 90%. Reasons:
 - Brazilian economy
 - Economic
 - Platform changes

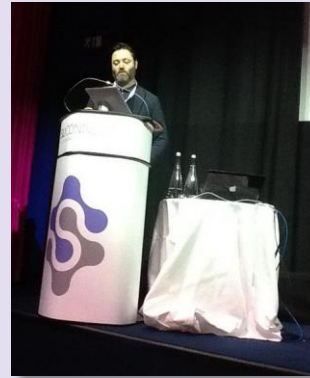
Actions to improve growth



- Sales process improvements introduced
 - Q4-15 best quarter ever for new business and upsells
 - New sales leader being sought
- Retention improvement plan in place
 - Customer management processes have been refined
- Improvements to marketing process are working
 - H2 best ever for pipeline generation with record new meetings

Customer summits are gaining momentum

- New York, London, Sydney
- Expect to grow and help with retention, upselling and new business



Managing cost while maintaining quality



#1 SaaS Site Search Provider



Vendor	2015 # of customers	2014 # of customers	SaaS or Software
Oracle/Endeca	118	112	Software
SLI Systems	87	84	SaaS
Nextopia	47	48	SaaS
Apache Solr	36	27	Software
Adobe	34	40	SaaS
Google	30	35	Hardware
Thanxmedia	30	27	SaaS/Software
Celebros	17	20	SaaS/Software
EasyAsk	11	13	Software
In-house/platform	255	284	SaaS/Software

SLI delivers compelling long term value



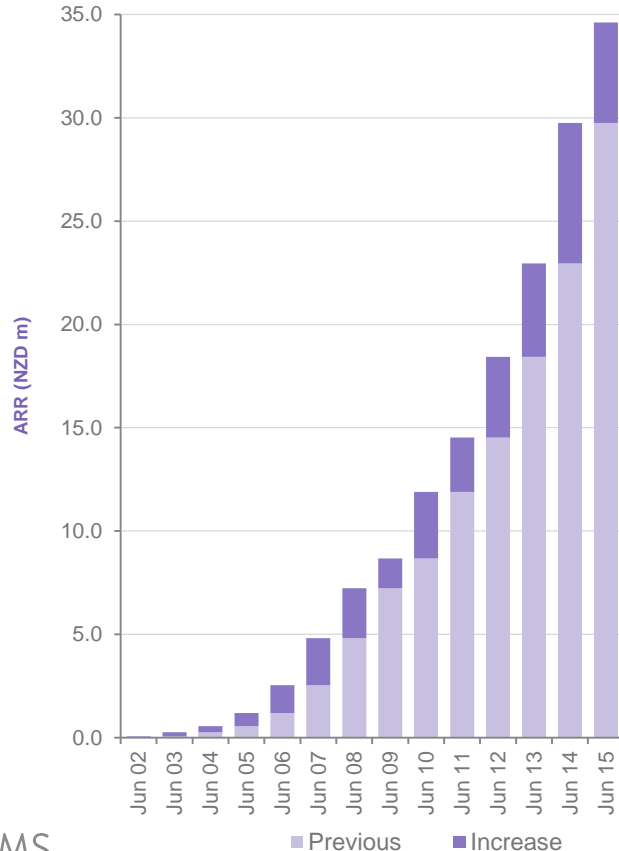
- SaaS recurring revenue model
 - Currently \$34.6m of recurring revenue
- Proven direct sales model with track record of success
- Growth in revenue from
 - Existing markets
 - New markets
 - Existing customers
 - New products
- Compelling long term value through high gross margin (74%) recurring revenue, coupled with high retention rates (87% by value)

Financial Overview

Annualised Recurring Revenue (ARR)



Constant Currency ARR Growth to Jun 15



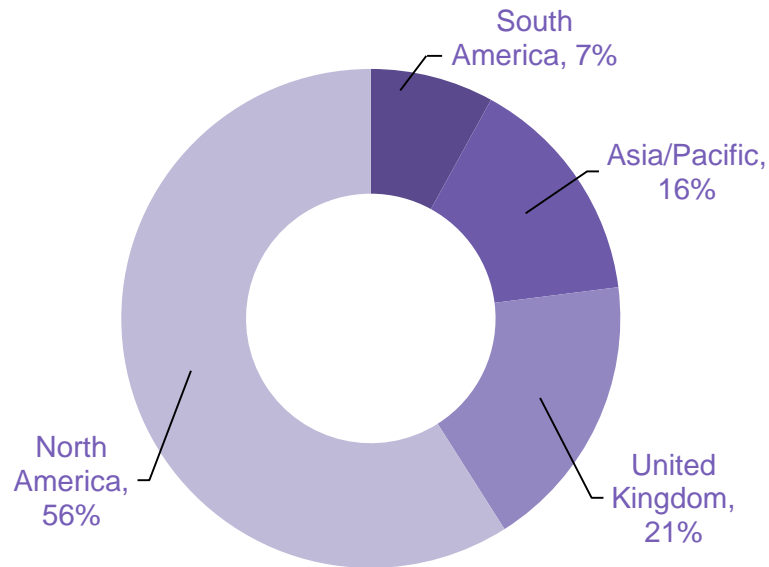
- ARR of \$34.6m at 30 Jun 2015
 - 39% growth vs June 2014 reported
 - 16% on a constant currency basis
- Customer retention rate of 87% by value
- 586 customers at 30 June 2015

All points on this graph are calculated on a constant currency basis.

ARR split at 30 June 2015



ARR by Geography



ARR Growth by Geography

constant currency

Region	% Change
Asia/Pacific	34.4%
United Kingdom	25.3%
North America	12.0%
South America	1.8%
Total	16.4%

Income statement – NZD 000

	30 Jun 15	30 Jun 14
ARR (as reported 39% growth)	34,618	24,949
<i>ARR (constant currency 16% growth)</i>	<i>34,618</i>	<i>29,748</i>
Operating Revenue	28,126	22,117
Other Income	640	751
Total Revenue	28,766	22,868
Delivery Costs	7,211	5,618
Growth Costs	20,124	14,608
Other Costs	8,662	8,555
Total Costs	35,997	28,781
Loss Before Tax	(7,231)	(5,913)
Gross Margin	74.4%	74.6%

Cashflow – NZD 000



	Jun 15	Jun 14
Loss before tax	(7,231)	(5,913)
Movement in Working Capital	345	804
Proceeds from share options exercised	303	902
Capital expenditure incl. depreciation	7	(299)
Other non cash items	769	513
Net increase (decrease) in cash and cash equivalents	(5,807)	(3,993)
Opening cash balance	11,389	15,382
Closing cash balance	5,582	11,389

Cash position

- Our cash is at \$5.6m
 - Cash outflow was \$1.8m for the last 6 months
 - Cash outflow reducing in line with forecast
- Cash receipts increasing
- Carefully managing costs
 - Can turn to cash flow positive at any time
- Focused on becoming cash flow break-even
- We have sufficient cash for our current plans
- Forecasting to continue strong growth

Depreciating NZD working in our favour



- We have NZD denominated costs of approx. \$10m pa that are funded by
 - NZ denominated revenue and govt grants - < \$1m pa
 - Foreign denominated customer receipts – USD, GBP and AUD
- Year end rates for USD, GBP and AUD have all moved favourably compared to last year's average rates
 - Benefit partially offset by natural hedges
- A one cent depreciation of NZD vs USD impacts favourably on FY 16 cashflow by approximately 60k
- USD and GBP have moved further in our favour since year end while AUD has remained relatively constant

Options align employees and shareholders



- Current policy is to issue options to all employees
 - Aligns employees with shareholder goals
 - Retention – generally four year vesting
 - Options are issued at an average market price at date of issue
- Ex-employees have sold
- Only two current employees sold shares in FY15
 - Total number of shares sold 80,000
- 4.3m vested options that employees are not exercising

Our plans

Focus on growing profitably

➤ 1

Accelerate growth in existing markets

- Cost effective pipeline generation
- Fine tune sales processes

➤ 2

Improve retention

- Ensure our customers understand the value we bring
- Improve customer management processes
- Continued product innovation

➤ 3

Achieve breakeven

- Carefully manage costs and efficiency
- Invest in profitable growth

e-commerce accelerated

Appendices

Appendix I – ARR by region (\$000)



ARR by region at reported currency	Jun-15	Jun-14	YOY
Total ARR	34,618	24,949	38.8%
North America	20,039	14,525	38.0%
United Kingdom	7,320	4,649	57.5%
Asia Pacific	4,668	3,707	25.9%
South America	2,592	2,067	25.4%

ARR by region at constant currency	Jun-15	Jun-14	YOY
Total ARR	34,618	29,747	16.4%
North America	20,039	17,886	12.0%
United Kingdom	7,320	5,844	25.3%
Asia Pacific	4,668	3,472	34.4%
South America	2,592	2,545	1.8%

Appendix II - Accounting definitions



- Gross Margin of 74.4% is calculated as Operating Revenue less Delivery Costs
- Delivery costs are made up of
 - Hosting Costs
 - 70% of Client Facing Engineers (wages associated with support)
 - 70% of Customer Support Group (wages associated with support)
 - 20% of Engineering Development wages
 - Partner Payments
- There is a total of 2.4m of wages costs in the engineering development team
 - All of this is expensed

Appendix III - Staff by function



FTEs by function	Jun-15	Jun-14	YOY
Administration	17	15	13.3%
Customer success group	19	18	5.6%
Engineering - development	19	19	0.0%
Engineering - client facing	57	48	18.8%
Marketing	13	10	30.0%
Product management	8	7	14.3%
Sales	42	39	7.7%
	175	156	12.2%



Thank You