



# 2015 Annual Shareholders Meeting

# Agenda

1. Welcome and introductions
2. Chairman's address
3. CEO's report
4. CFO's report
5. Chris Brennan introduction
6. Resolutions
7. General business
8. Reception

# Chairman's Address



Greg Cross

# Summary - Highlights and Challenges

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- 39% <sup>[1]</sup>ARR <sup>[2]</sup> growth to \$34.6 million
- 16% ARR growth on constant currency basis
- Cash outflow \$4.0m in 1st half, \$1.8m in 2nd half
- Focus on building a stronger growth platform with new CEO and Chief Revenue Officer searches and appointments
- Strong market position provides opportunities for further product innovation
- Silicon Valley investment in e-commerce is a clear indication of general market demand for e-commerce solutions
- A more US centric approach is required

# Acknowledgement - Sam Knowles

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- Retiring because of his workload
- Valuable contribution to IPO process and transition to publicly listed company
- Instrumental in developing key strategic frameworks that have driven key board decisions
- Seeking US based replacement

# Acknowledgement - Shaun Ryan - Chief Innovation Officer

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- Co-Founder
- 14 years as CEO
- NZX IPO
- Respected voice in global e-commerce
- Leading NZ Tech entrepreneur
- Hugely valuable going forward

# CEO's Report



Shaun Ryan

# Highlights

› **39%**

ARR growth (to  
\$34.6m)

› **27%**

Growth in operating  
revenue to \$28.1m

› **74.4%**

Gross margin

› **87%**

Retention rate by value

› **\$5.6m**

Cash

› **Net Cashflow  
Improved**

Over previous 6 months



# SLI makes e-commerce better

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## 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

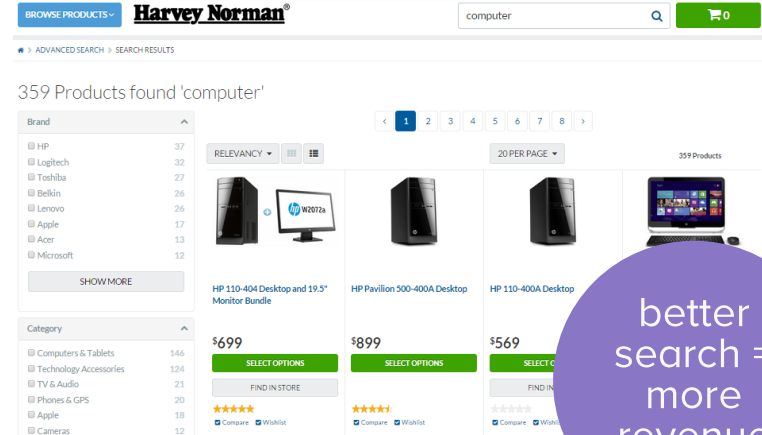
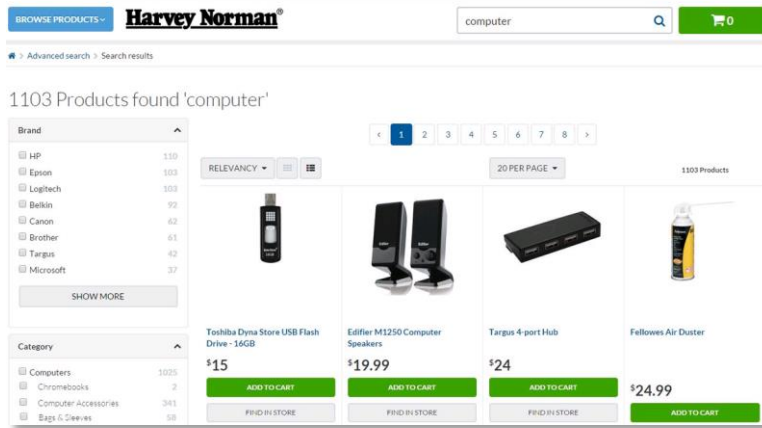
e-commerce  
accelerated

# Learning Search<sup>®</sup> – 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

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Search



Rich Auto Complete



Recommendations



Merchandising



User-generated  
SEO



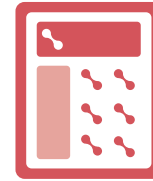
Navigation



Mobile



Dynamic Product  
Banners



Landing Page  
Creator



Services

## Significant customer wins in FY 2015

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**DAVID JONES**

**Lenovo**

**COUNTRY ROAD**



**dressbarn**

*Paul Smith*



**Harvey Norman**

*J I G S A W*

# Customer quotes



## ChemistDirect

**175%** higher conversion rate  
for site search users

“With an online catalogue of over 20,000 products and processing between 70,000 and 80,000 transactions each month, putting the right products in front of customers as quickly as possible is critical. The only way to do it well is using intelligent search.”

- Stephen Lovell, CIO

## eason

**73%** of total revenue attributed  
to site search

“We already see the value of our investment since our deployment of SLI last year. Conversion rate is higher and customers find products more quickly.”

- Yvonne Phillips, E-commerce Manager



**168%** increase in  
online revenue

“SLI has proven that it has the technology we need. We appreciate the ease of integration and the excellent results achieved since deployment.”

- Helen Everitt, E-commerce Manager



**104%** increase in  
e-commerce  
revenue

“Integrating site search from SLI has dramatically improved the overall search functionality of our website and made it easier for shoppers to find and buy products with just a few clicks.”

- Reggie Johal, Managing Director



**68%** drop in  
bounce rate

“Visitors who use site search powered by SLI are finding what they need faster and converting into customers almost four times more than non-search customers, contributing to an 11% increase in revenue and driving the average order value up 7%.”

- Wayland Wong, COO

SLI Connect brings together thought leaders and top-tier retailers for a one-day educational e-commerce summit held annually around the globe. More than 300 delegates attended SLI Connect events in 2015.

## 2015

### SLI Connect Events

London  
Seattle  
Sydney

## 2016

### Scheduled SLI Connect Events

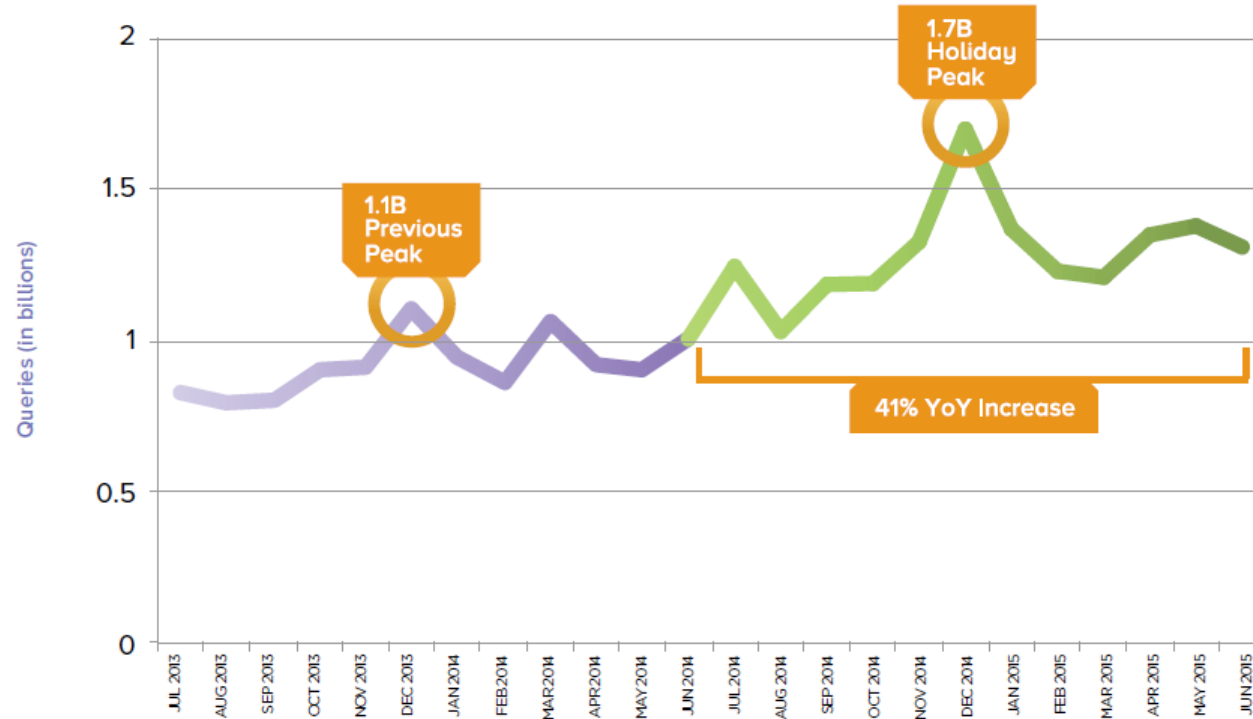
London  
New York City  
Sydney  
Tokyo



# Award-winning technology

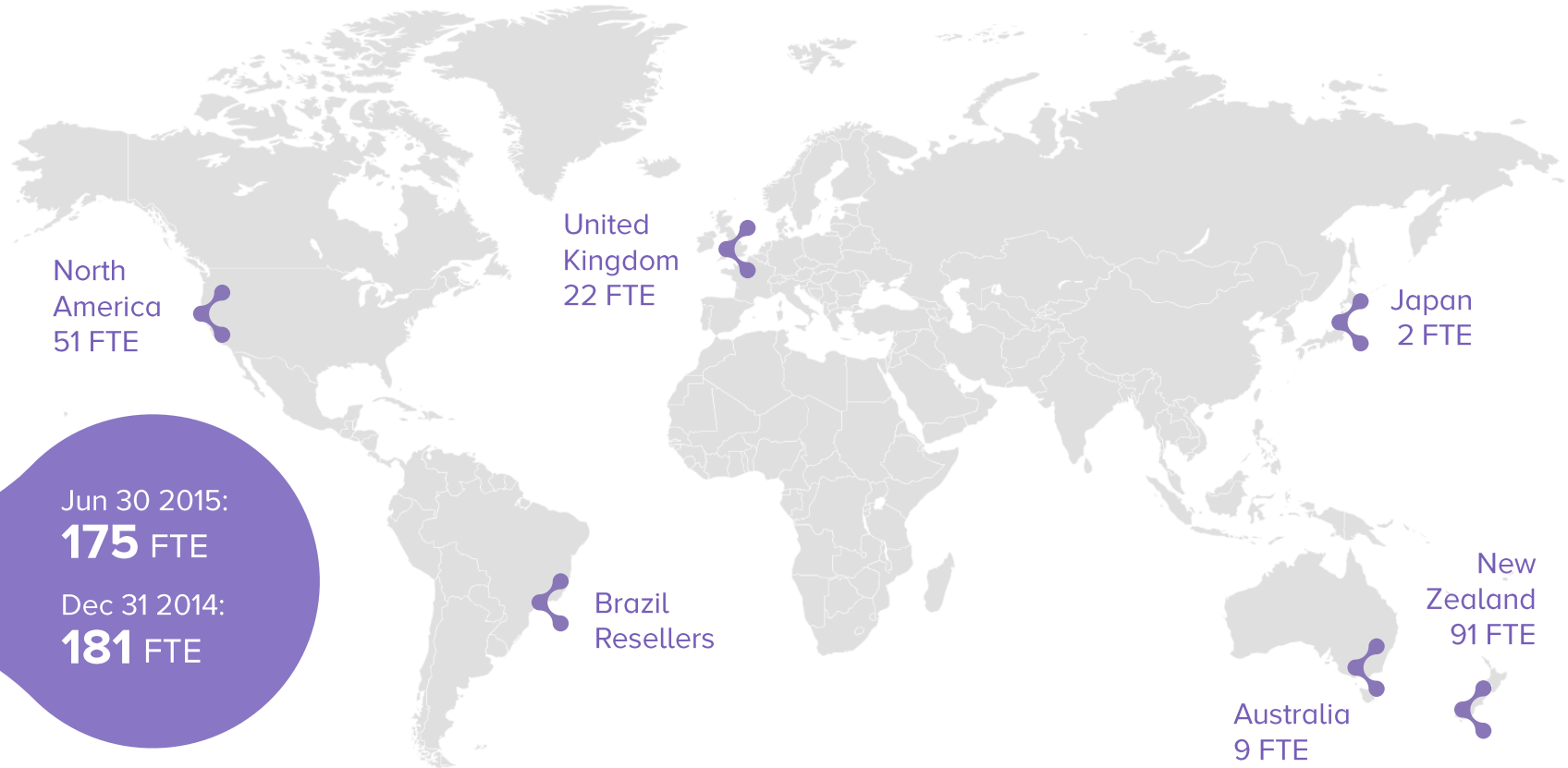


# SLI serves billions of e-commerce queries





# Managing cost while maintaining quality



Most Chosen  
by USA's Top  
1000 E-tailers

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

# Focus on growing efficiently



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

# CFO's Report

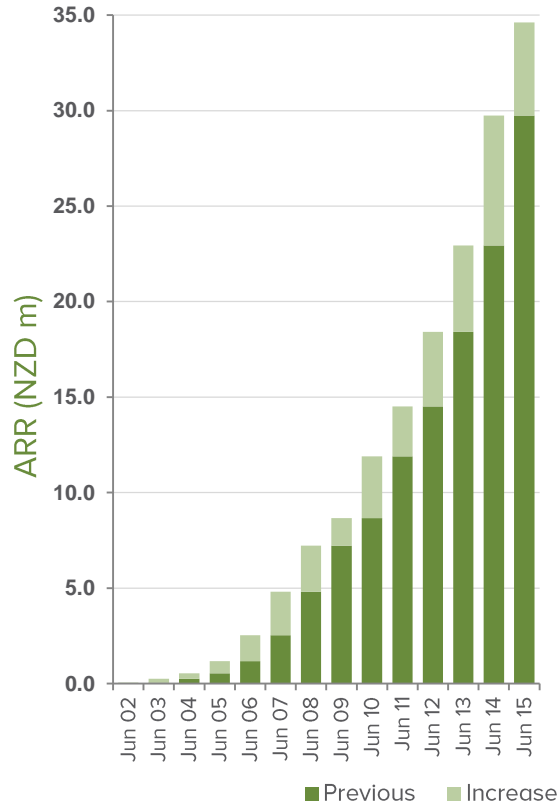


Rod Garrett

# Annualised Recurring Revenue (ARR)



Constant Currency ARR Growth to Jun 15



ARR of \$34.6m at 30 Jun 2015

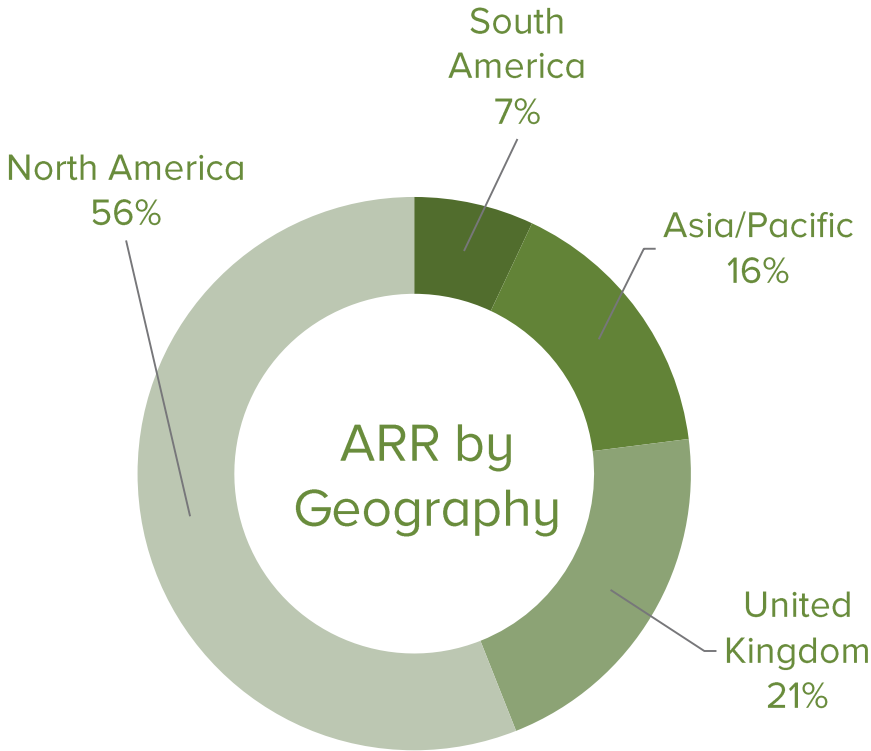
- 39% growth vs June 2014 reported
- 16% on a constant currency basis



Customer retention rate of 87% by value

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

# ARR split at 30 June 2015



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

# Cash position

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- Our cash was at \$5.6m at 30 June
  - Cash outflow was \$1.8m for the last 6 months
  - Cash outflow reducing in line with forecast
- 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



# Depreciating NZD working in our favour

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- We have NZD costs of approx. \$10m per annum that are funded primarily by
  - 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
- A one cent depreciation of NZD vs USD impacts favourably on FY 16 cashflow by approximately \$60k

Chris  
Brennan



# Our New CEO

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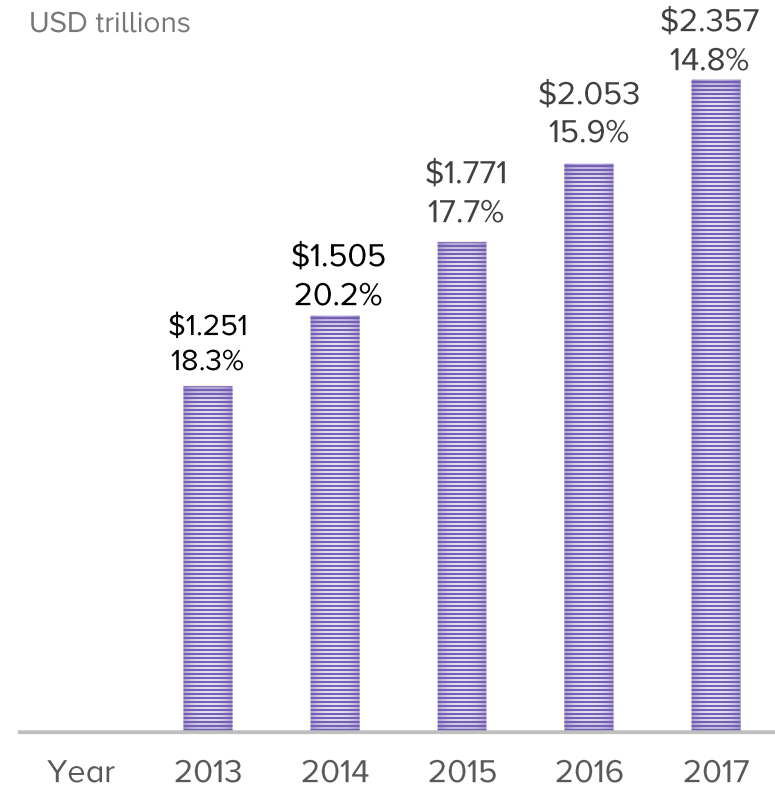
- More than 30 years experience in enterprise software and SaaS
- President/CEO of seven companies before SLI
- Independent Director at MarketLive
- Raised more than USD \$100 million
- Created more than USD \$2 billion in shareholder value

# The opportunity at SLI

- Customer need
  - Mission critical
  - Highly demonstrable ROI
- Target market
  - Large, healthy, growing market
  - Established customer base
  - Recurring revenue model
- Leadership position
- Expansion opportunity to adjacent markets

## Global B2C e-commerce sales

USD trillions



Source: eMarketer, February 3, 2014

# Formal Business

# Item 1

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- **Financial Statements:** To receive and consider the financial statements of the Company for the year ended 30 June 2015, together with the auditor's report on such financial statements, both as contained in the Company's 2015 Annual Report.

## Item 2 - resolution

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➤ **Election of Directors:** That Steven Marder be re-elected as a director of the Company.

## Item 3 - resolution

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- **Appointment and remuneration of the Auditors:** That PricewaterhouseCoopers be reappointed as the Company's auditors to hold office from the conclusion of this meeting to the conclusion of the next annual meeting and the directors be authorised to fix the remuneration of the auditors for the ensuing year.



## Item 4 - resolution

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- **Approval of the SLI Share Option Plan:** That the shareholders ratify, confirm and approve for all purposes the SLI Systems Share Option Plan adopted as of 1 June 2013.

# Background to Share Option Plan

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## ➤ Purpose:

- to attract and retain key executives and personnel, particularly in the US
- motivate employees to contribute to the growth and profitability of SLI
- align employees with shareholders

➤ **No NZX requirement to obtain shareholder approval:** only a US requirement

## ➤ Key terms:

- 1 year cliff; monthly vesting over a 4 year period
- Protocol:
  - Restricts options to 9.2m
  - Priced at market price on grant date

## Item 4 - resolution

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- **Approval of the SLI Share Option Plan:** That the shareholders ratify, confirm and approve for all purposes the SLI Systems Share Option Plan adopted as of 1 June 2013.

# General Business and Questions



Thank you.

# Endnote

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[1] 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%.

[2] 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.