

1<sup>st</sup> December 2017

# 2017 Annual Shareholders' Meeting

Greg Cross, Chairman

Chris Brennan, CEO

Rod Garrett, CFO



# Agenda

01	Chairman's Address
02	CEO's Report
03	CFO's Report
04	Formal Business – Resolutions
05	General Business and Questions
06	Reception



# Chairman's Address

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Greg Cross



# Key Points

## 2017 – a sea change year

- Two-year investment in stripping back the underlying economics
- Restructuring and rebalancing resource requirements
- More engaged and aligned with evolving e-commerce ecosystem

## New product strategy and investment in the future

- Self-service product
- Unbundling of services

## Engaged and committed staff

- Excited by and committed to future of SLI
- The right people in place to deliver
- Motivated team



# Financial Highlights

- Annual Recurring Revenue of \$31.1m<sup>1</sup>
- Operating Revenue of \$31.5m for FY17
- Net Revenue Retention rate of 93%, up 7 percentage points<sup>2</sup>
- Gross margin of 74%
- Cash of \$5.6m
- Net loss before tax of \$1.6m
  - \$500k loss excluding one-time restructuring costs and non-cash LTI expenses

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. Net Revenue Retention is a common method for calculating customer retention. Detail of this was explained in the 2017 Investor presentation released to the NZX on 23 August 2017.



# CEO's Report

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Chris Brennan



# Self-Service Strategy to Meet Changing Landscape of E-commerce Market

## New Strategy Announced

### Self-service product

- Strong e-commerce functionality provides differentiation

### Services unbundled from software

- Services able to be provided by SLI or third parties

### Growth provided by

- Larger addressable market due to lower cost
- Lower cost of sales
- Self-serve
- Channel partners

### Continue personalisation innovation

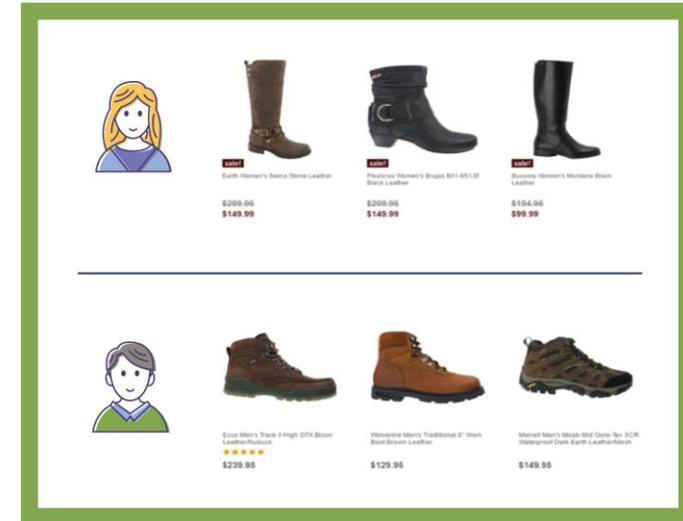
First product will be available in the second half of FY18



# Innovation Keeps Us in the Lead

KEY PRODUCT ACHIEVEMENTS IN FY 17

- New scalable architecture for analytics and learning
- SLI ESP (Enhanced Search Personalisation)
- Detailed Site Champion reporting and controls
- Merchandising console improvements
- Speed, security and redundancy improvements
- Rich Auto Complete patent granted



The screenshot shows the Site Champion reporting dashboard for the period Aug 4, 2016 - Sep 3, 2016. The table lists various site champion pages with their respective revenue, referrals, status, and modification dates.

SITE CHAMPION PAGE	REVENUE	REFERRALS	STATUS	MODIFIED
girly iPhone cover <b>Color</b>	\$19,197.24	129	Active	1:32pm
smartphone for builders	\$14,969.79	1,747	Active	-
smartphones with good reception	\$10,127.15	28	Active	-
Sony Smartphones <b>System Exclusion</b>	\$4,766.82	223	Excluded	Aug 9, 2016
cute iPhone toggles <b>Color</b>	\$4,576.54	5	Active	Yesterday
toddler proof smartphones	\$3,664.62	43	Excluded	Aug 24, 2016
smartphones for under \$100	\$3,583.12	133	Excluded	Aug 24, 2016
samsung car adaptor	\$2,984.79	94	Excluded	Aug 24, 2016
smartphones for short sighted people	\$2,706.48	27	Active	-
bluetooth headset	\$2,568.25	16	Excluded	Aug 24, 2016



# Great Customers, Great Results

Crate and Barrel signed, implemented and presented their story in a webinar

New customers including:

- Iceland, eBuyer, Selco Builders Warehouse (UK)
- Rocky Mountain ATV, Petra, Anchor Distributors (US)
- Koorong Books, RCG Corporation (AU)
- Mizuno, Hobbylink (Japan)

Quarterly EPIC report released, covered by:

- US News & World Report
- CNET
- Internet Retailer
- Multichannel Merchant
- 20+ other publications



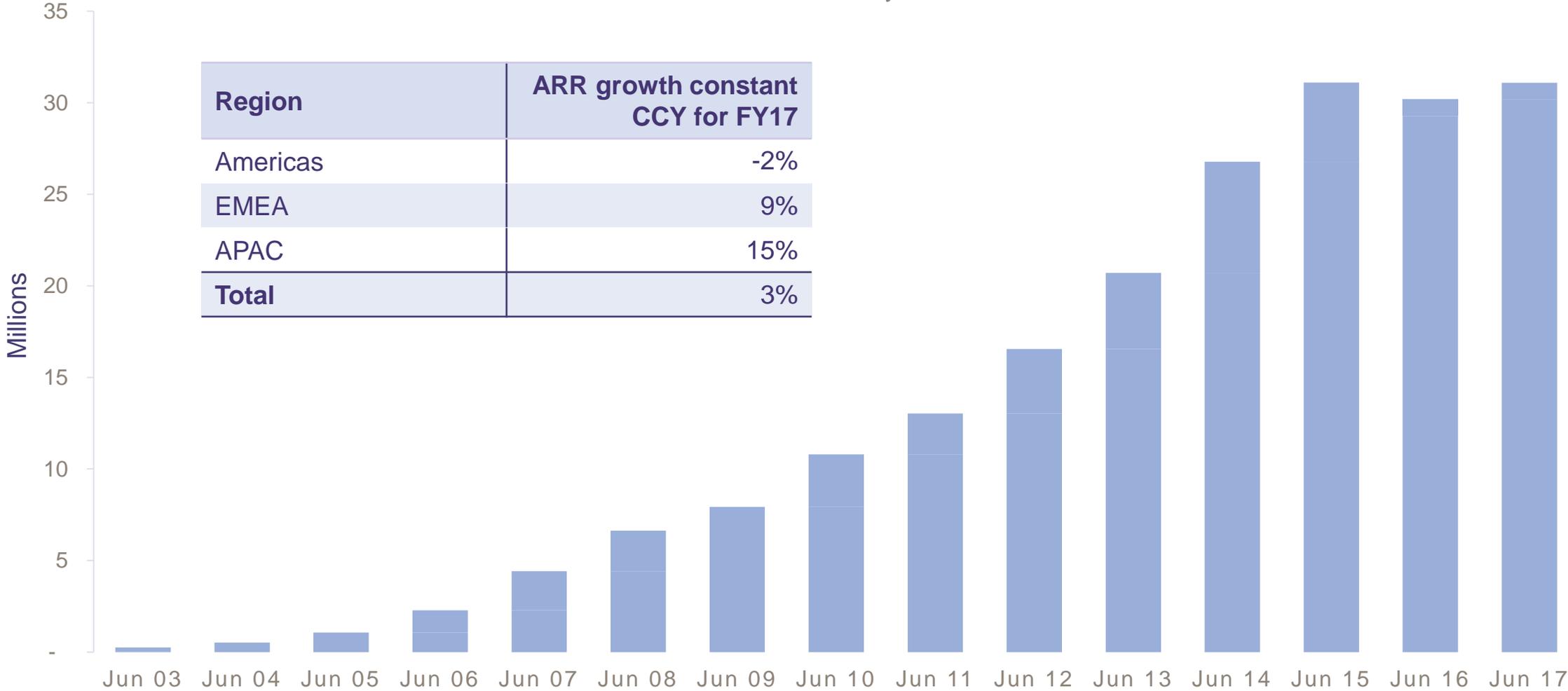
# ARR Growth Improving, But Still Too Low

- Competition has increased, particularly in US
- High cost of customer acquisition
- Losses less than prior year, lower price competition
- Upsells performing well



# 3% ARR Growth is an Improvement, but Unacceptable

ARR by Year  
Constant Currency



# E-commerce Market Update

## E-commerce is a huge, fast-growing market

- Currently USD 2.4t
- Forecast to grow to USD 4.1t by 2020

## By 2019 large US companies alone are forecast to spend

- USD 2b on e-commerce platform software
- USD 9.8b on related implementation and maintenance services



## No Further Capital Needed

**Cash of 5.6m—an outflow of only \$400k over the last 6 months**

- Have restructured to preserve cash

**New strategy plans can be funded from existing cash flow and existing cash balances**



## Key Focus for this Financial Year

01	New product development supporting new strategy
02	Existing customer retention
03	Continue upselling to existing customers
04	Drive the new communities strategy, starting with global integrators
05	Ready with new systems to support the new business model



# CFO's Report

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Rod Garrett



## Income Statement—NZD 000

	12 months	12 months
	30 Jun 17	30 Jun 16
ARR (constant currency)	31,093	30,186
Operating revenue	31,546	35,006
Other income	516	685
<b>Total revenue</b>	<b>32,062</b>	<b>35,691</b>
Delivery costs	8,258	7,958
Growth costs	15,718	17,631
Other costs	9,655	10,264
<b>Total costs</b>	<b>33,631</b>	<b>35,853</b>
<b>Loss before tax</b>	<b>(1,569)</b>	<b>(162)</b>
Gross margin	73.8%	77.3%



## Cash Flow—NZD 000

	12 months	12 months
	30 Jun 17	30 Jun 16
Receipts from customers	31,724	36,148
Payments made to suppliers and employees	(32,965)	(35,936)
Other net cash flows from operating activities	449	596
Other cash flows (capex and share options exercised)	(327)	375
<b>Net cash (outflow) / inflow</b>	<b>(1,119)</b>	<b>1,183</b>
Opening cash balance	6,765	5,582
<b>Closing cash balance</b>	<b>5,646</b>	<b>6,765</b>



# Formal Business Resolutions

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# Item 1

**Financial Statements:** To receive and consider the financial statements of the Company for the year ended 30 June 2017, together with the auditors' report on such financial statements, both as contained in the Company's 2017 Annual Report.



## Item 2

### Resolutions 1 and 2

**Resolution 1 – Election of Director:** that Sarah Smith, who retires by rotation in accordance with clause 25 of the Company's constitution and in accordance with NZX Main Board Listing Rule 3.3.11, and, who being eligible, offers herself for re-election as a director of the Company, be re-elected a director of the Company.



**Resolution 2 – Election of Director:** that Matthew Houtman, who retires by rotation in accordance with clause 25 of the Company's constitution and in accordance with NZX Main Board Listing Rule 3.3.11, and, who being eligible, offers himself for re-election as a director of the Company, be re-elected a director of the Company.



# Item 3

## Resolution 3

**Resolution 3 – Appointment and remuneration of the Auditor:** To record the reappointment of PricewaterhouseCoopers as the Company's auditor and to authorise the Directors to fix the remuneration of the auditor for the ensuing year.



# General Business and Questions

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