



2015 Half Year Results

Shaun Ryan and Rod Garrett

Highlights

➤ ARR^[1] growth of
34%^[2]
(to \$28.9m)

➤ Growth of
26%
in operating
revenue

➤ Retention rate
90%
by value

➤ Gross margin
75%

➤ Cash
\$7.4m

➤ Net cash outflow
trending
down
in coming 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 base month revenue of the calculation.

[2] 34% is the growth from the reported ARR of \$21.6m at December 2013. On a constant currency basis the growth over the past 12 months was 28%.

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

SLI increases online retailers' revenue

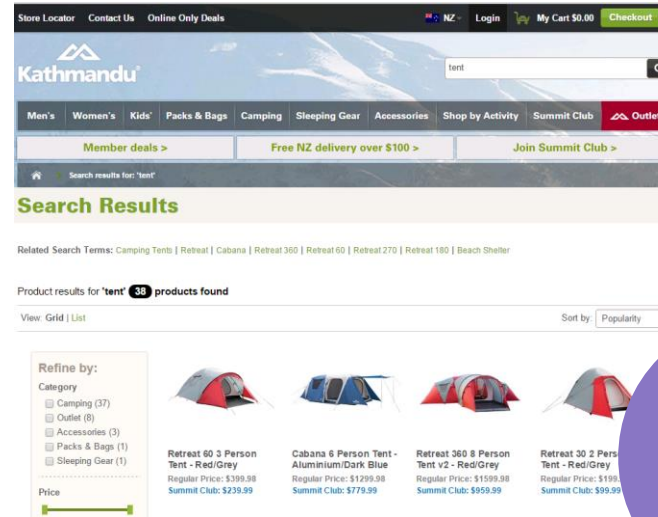
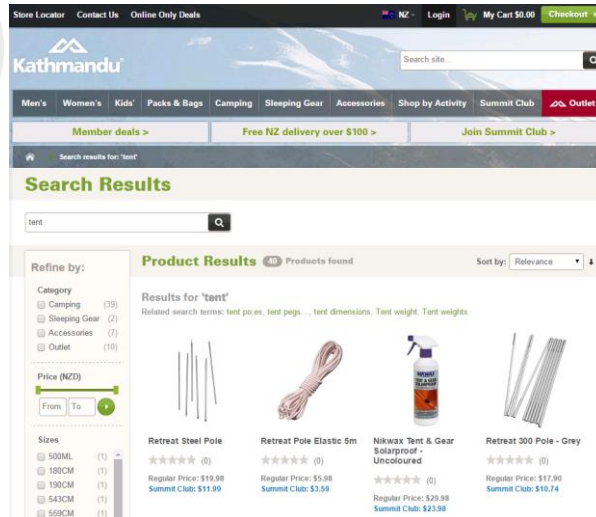
- If people can readily find what they want, they are more likely to buy:
 - Higher conversion rates
 - Higher average order value
 - More traffic

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 Kathmandu for tent before and after SLI



better
search =
more
revenue

A suite of complementary products



Search



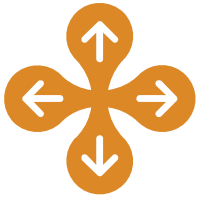
Merchandising



User-generated SEO



Recommendations



Navigation



Mobile



Rich Auto Complete

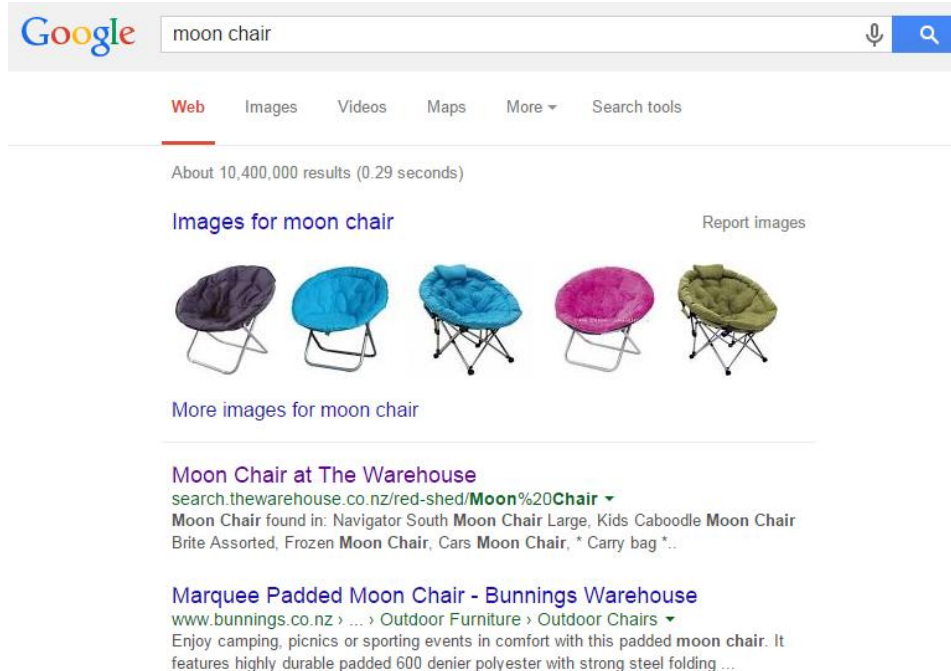


Dynamic Product Banners

Site Champion increases traffic

User-generated Search Engine Optimization (SEO)

- Automatically creates pages optimized for keywords used in site search
- Pay for performance



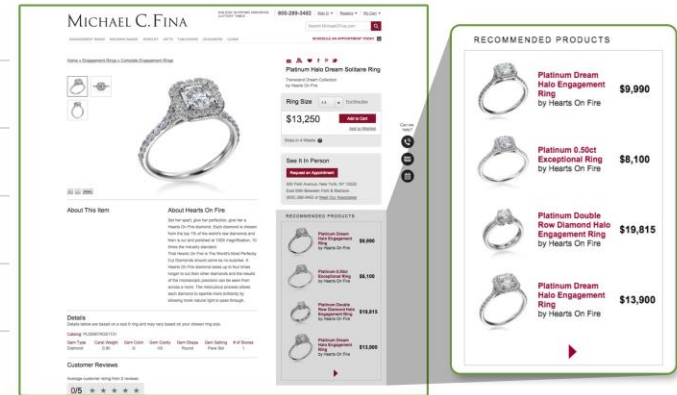
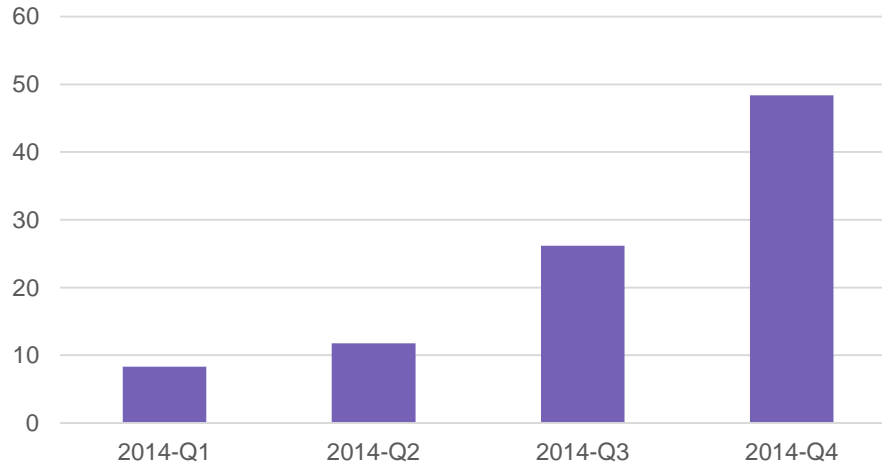
more
traffic =
more
revenue

Learning Recommendations is gaining momentum

- Shows related products to shoppers at various stages in the online buying process
- Customize the recommendations logic on different pages
- Learning Recommendations released last February: 5% of SLI customers now using it



Learning Recommendation Queries (millions)



Real-world results

Boden

215% revenue per visitor
1.8x conversion rate
31% product page views
10% sales lift from SEO landing page merchandise banners

Lakeshore
products designed with learning in mind™

25% online revenue
16% transactions

SUTTONS
SEEDS
Est. 1806

1.1x conversion rate
24% average order value

MICHAEL C. FINA

1.9x conversion rate
313% revenue per visitor
34% click-through rate on recommended products

elf
eyes lips face

19% average order value
21% revenue per visitor
4x conversion rate

WINEENTHUSIAST

48% revenue-per-click
1.1x conversion rate
17% click-through rate on Dynamic Product Banners

E-commerce is a trillion dollar growing market

➤ **110,000**

e-commerce sites
generating revenue of
meaningful scale



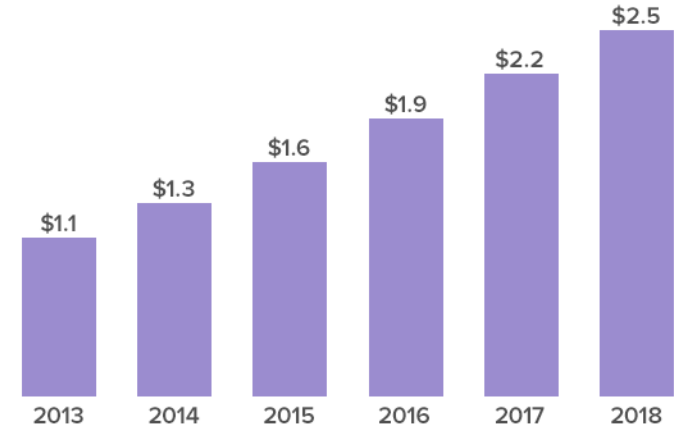
RJMETRICS

Source:

<http://blog.rjmetrics.com/2014/06/18/how-many-ecommerce-companies-are-there>

CAGR of
➤ **18%**

**B2C e-commerce sales worldwide,
2013-2018 trillions**



Source: eMarketer, December 2014

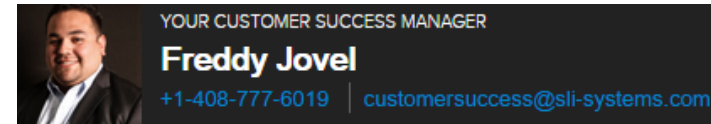


Close customer relationships drive growth



Our customer service model is unique

- Services are built into the monthly cost
- Customers get a dedicated Customer Success Manager
- Structure allows us to be extremely responsive
- Our service draws on an ever improving set of best practices
- Trusted and predictable service model optimizes customer value

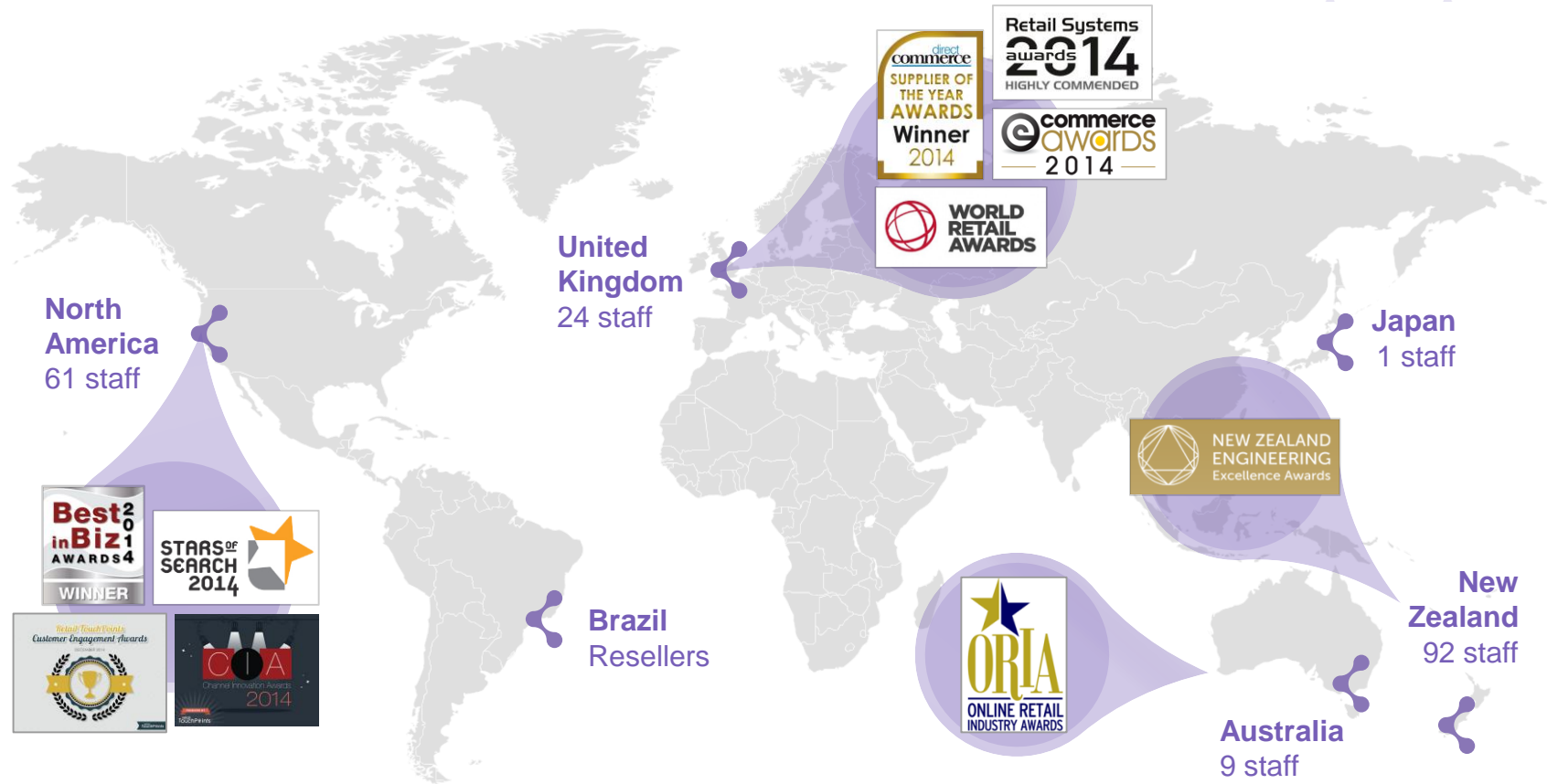


We foster customer advocates

Customer driven product innovation

- Product suggestions from customers
- A willing pool of beta customers
- Expanded product range delivered through our unique service model

A global team with global recognition



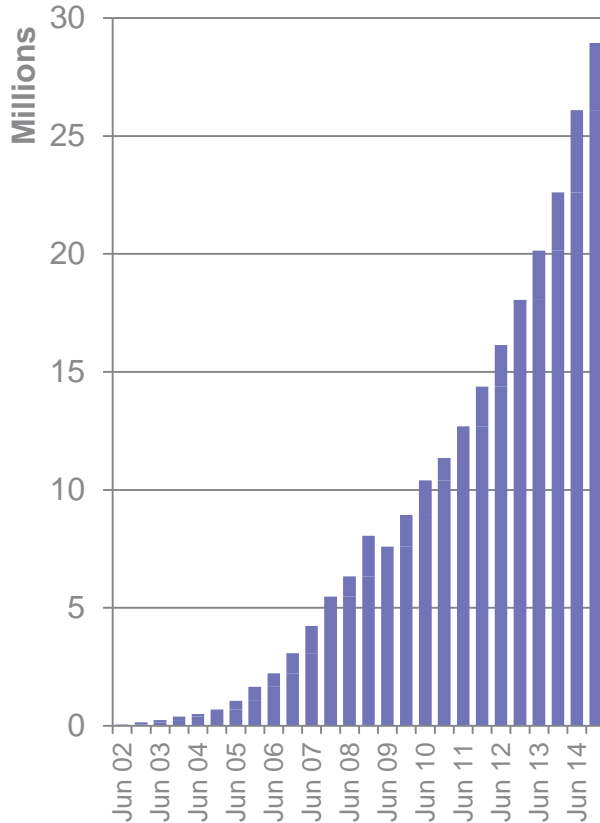
SLI delivers compelling long term value



- SaaS recurring revenue model
- Proven direct sales model with track record of success
- Growth in revenue from
 - Existing markets
 - New markets
 - Existing customers
- Compelling long term value through high gross margin (75%), coupled with high retention rates (90% by value)

Financial Overview

Annualised Recurring Revenue (ARR)

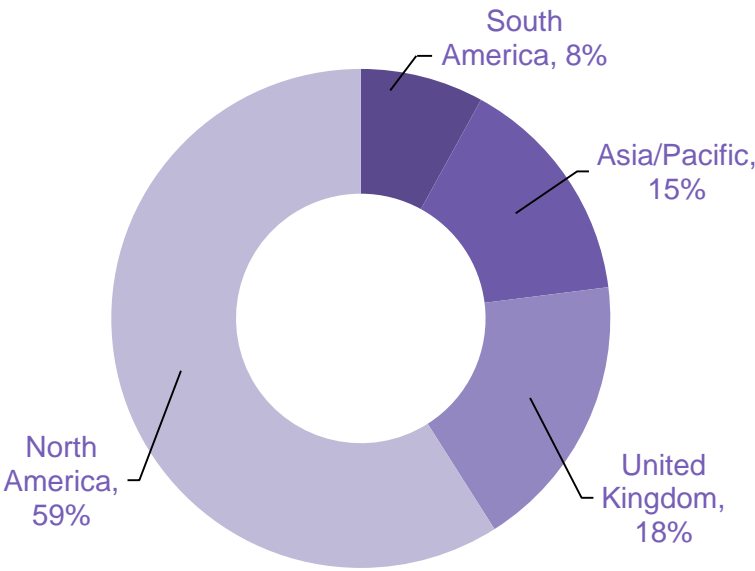


- ARR of \$28.9m at 31 Dec 2014
- 34% growth over last 12 months
- 28% on a constant currency basis
- Customer retention rate of 90% by value
- 543 customers at 31 Dec 2014 (22% increase over last 12 months)

ARR split at December 2014



ARR by Geography



ARR Growth by Geography

constant currency

Region	% Change
North America	27.3%
United Kingdom	26.1%
Asia/Pacific	28.7%
South America	37.7%
Total	28.1%

Income statement – NZD 000



	6 months to 31 Dec 14	6 months to 31 Dec 13
ARR (as at)	28,941	21,606
Operating Revenue	13,342	10,596
Other Income	409	404
Delivery Costs	3,376	2,702
Growth Costs	9,822	6,267
Other Costs	4,518	4,310
Total Costs	17,716	13,279
Loss Before Tax	(3,965)	(2,279)
Gross Margin	75%	75%

Cashflow – NZD 000



	6 months ending Dec 2014	6 months ending Dec 2013
Loss before tax	(3,965)	(2,279)
Movement in Working Capital	(244)	26
Proceeds from share options exercised	222	709
Capital expenditure incl. depreciation	(43)	(217)
Net increase (decrease) in cash and cash equivalents	(4,030)	(1,761)
Opening cash balance	11,389	15,382
Closing cash balance	7,359	13,621

Cash position

- Our cash is at \$7.4m
- Cash at 31 December 2014 is where PFI forecast it to be at June 2014
- ARR has increased by \$4m since June 2014
- Monthly cash outflow will reduce over the next 6 months
- Focused on becoming cash flow positive
- We have sufficient cash for our current plans
- Forecasting to continue strong growth

Our plans

Growth strategies

1

Grow faster in existing markets

- New sales leadership creating a high-performance team
- Marketing machine is performing

2

Increase revenue from existing customers

- Improved processes for upselling
- Growing adoption of new products
- Opportunities for personalization

3

Opportunities in new markets

- Continue to invest in Japan

e-commerce accelerated

Personalisation is where the market is going



- Personalisation takes many forms and is still in its infancy
- Personalising search, navigation and recommendations is a natural next step
- We already do some simple personalisation
 - Recent searches and products
 - Track brand preferences for recommendations
 - Customized solutions
- Opportunity to leverage our data and customers in a unique way
- Patent filed

“All retailers just want to get closer to the customer – to get to where the customer is and interact with them in a way that relates to them.”

-- Alicia Fiorletta, Senior Editor
at Retail TouchPoints



Thank You