28 AUGUST, 2018 **FY18 Investor Presentation** Chris Brennan, CEO Rod Garrett, CFO



Agenda

1	FY18 Financial Highlights
2	Market Update
3	Drivers of Profit
4	Four Key Pillars of the New Strategy
5	Financial Update
6	Summary
7	Questions



FY18 Financial Highlights Compared to FY17

- 1. ARR¹ increased to \$33.6m
 - Flat year on year constant currency
 - 8% increase in reported currency
- 2. Total Operating Revenue increased to \$33.8m
 - 7% increase on prior year
- Profit Before Tax \$4.1m
 - Turnaround of \$5.7m compared to FY17 \$1.6m loss
 - Record achievement, first full year profit since NZX listing
 - Remain in transition and future profitability levels uncertain
- 4. Cash inflow of \$3.5m
 - Resulting in cash balance of \$9.1m
- 5. Net Revenue Retention² of 93%
 - In line with 12 months ago

² Net Revenue Retention (NRR) rate is the current ARR value in percentage terms of the customers SLI had 12 months ago.



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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.

Market Update

Forrester reports¹

- Site search is essential to the success of high-profile areas such as Artificial Intelligence and Personalisation
- Statista reports e-tail revenues²
 - Predicted to grow from USD 2.3T in 2017 to USD 4.9T in 2021
- Internet Retailer reports³
 - 3/4 of online retailers plan to increase spending on e-commerce in 2018
 - Roughly 34% of those will increase 15% more than 2017
- Internet Retailer reports⁴
 - Online apparel sales grew 17% in 2017, while overall apparel sales grew less than 1%
 - Apparel customers represent the largest vertical in our ARR



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¹ Forrester. July 19, 2018. Revamp Site Search To Jump-Start AI, Chat AND Personalization.

² Statista Retail e-commerce sales worldwide from 2014 to 2021k, copyright Statista 2018.

³ Internet Retailer: 2018 Edition Guide to E-commerce Technology.

⁴ Internet Retailer: 2018 Online Apparel Report

What is the market saying

- Site Search our primary product is "hot" again
- Forrester reports some top reasons for increased e-commerce spending
 - Attracting new customers
 - Site Champion excellent product to address needs
 - Improving conversion ratios
 - Learning Search and Learning Navigation excellent products to address needs
 - Increasing ticket size
 - Learning Recommendations excellent product to address needs
- In general system functionality as it relates to Forrester
 - Learning Systems key driver
 - Personalisation key driver
- SLI well positioned with excellent technology and products



Drivers of Profit in the Past Year

- Existing business is based on contracted revenue, retention rates and GM
- Drivers of performance in FY18
 - Reduced S&M costs but still achieved flat ARR based on reaching 93% NRR
 - Exchange benefits vs FY17 flowing to increased operating revenue
 - Improved controls in services delivery costs
 - Increased development costs to ensure timely delivery of new product initiatives
- Goal is still long term growth in high margin / profitable revenue
 - Operate existing product line efficiently
 - Invest in new strategy with new product delivery planned for current financial year



Four Key Pillars of the New Strategy

- 1. Transform from proprietary closed systems to open systems
 - Captive private cloud service to public cloud service
 - Self-service product with common Application Program Interfaces (APIs)
- 2. Increase the cadence of innovation. The key drivers in innovation
 - Building on our machine learning artificial intelligence heritage
 - Merchandising: Data-driven solutions coupled with extraordinary analytics
 - Personalisation and customer experience
- 3. Significantly reduce the cost of delivery
- 4. Transform sales of our products from primarily direct sales to third-party partnerships
 - Reduce cost of customer acquisition
 - Partnerships include global OEM, resale, integrators and developers
 - Educate and activate this global partner community to become SLI advocates
 - Extend our global reach to scale more effectively than ever before



Financial Update Rod Garrett, CFO



Income Statement - NZD 000

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	30 Jun 18	30 Jun 17
ARR (constant currency)	33,581	33,527
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Operating revenue	33,802	31,546
Other income	633	516
Total revenue	34,435	32,062
Delivery costs	8,812	8,258
Sales costs	3,223	5,808
Marketing costs	3,076	4,889
Development costs	5,541	4,455
General and admin costs	9,677	10,221
Total costs	30,329	33,631
Profit / (loss) before tax	4,106	(1,569)
Gross margin	73.9%	73.8%



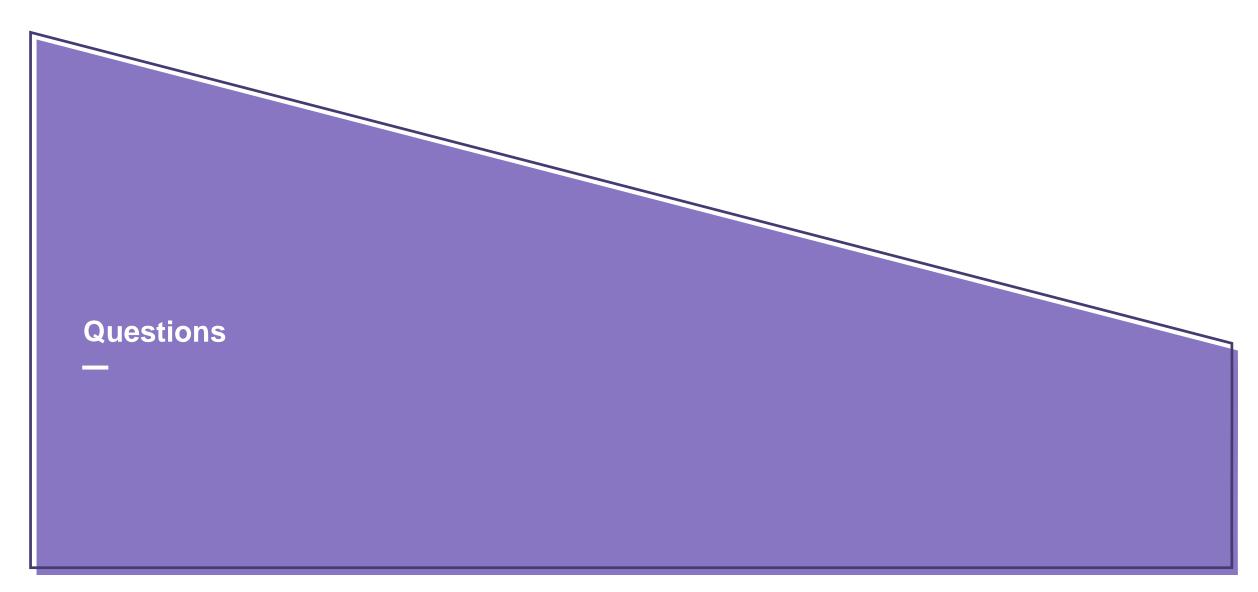
Cashflow—NZD 000

	12 months	12 months
	30 Jun 18	30 Jun 17
Receipts from customers	32,744	31,724
Payments made to suppliers and employees	(29,368)	(32,965)
Other net cash flows from operating activities	330	449
Other cash flows (capex)	(206)	(327)
Net cash (outflow) / inflow	3,500	(1,119)
Opening cash balance	5,646	6,765
Closing cash balance	9,146	5,646

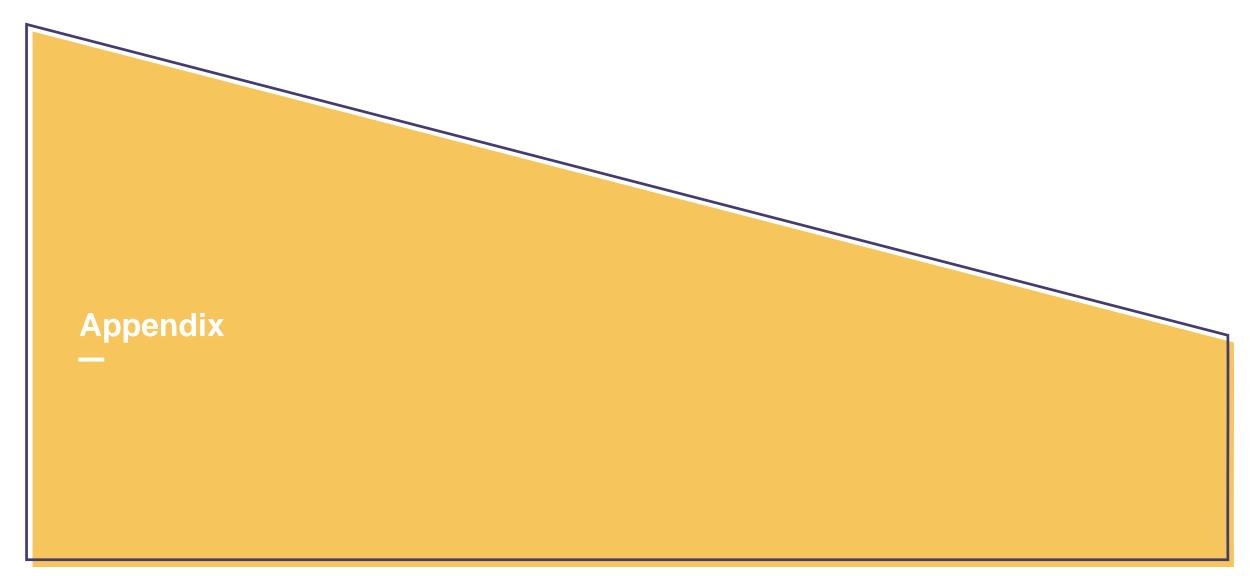
Summary

•	Good financial performance
•	Demand for retail site search products improving
•	• E-commerce companies spending more
•	NRR of 93% reflecting customer satisfaction
	New product initiatives setting us up for market opportunities











Appendix 1 – ARR by Region - NZD 000

ARR by region at constant currency	Jun-18	Jun-17	YOY
Total ARR	33,581	33,527	0%
North America	17,583	18,822	-7%
United Kingdom	8,368	7,798	7%
Asia Pacific	6,751	5,707	18%
South America	879	1,199	-27%
ARR by region at reported currency	Jun-18	Jun-17	YOY
Total ARR	33,581	31,093	8%
North America	17,583	17,128	3%
United Kingdom	8,368	7,149	17%
Asia Pacific	6,751	5,521	22%
South America	879	1,295	-32%

