

FY 17

# Full Year Results Investor Presentation

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# Key Points

## Constant Currency increase in ARR<sup>1</sup> of 3%

- Improvement on prior year but not where we need to be

## Significant market potential for our services

- Market is growing but market needs are changing

## New product direction announced

- Self-service product
- Services unbundled from software

## Sufficient cashflow from existing operation to fund our new strategy

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.



# Financial Highlights

- ARR \$31.1m, up 3% constant currency<sup>2</sup>
- Operating Revenue of \$31.5m for FY17
- Net Revenue Retention rate of 93%, up 7 percentage points<sup>3</sup>
- Gross margin of 74%
- Cash of \$5.6m, down \$400k from 31 December
- Net loss before tax of \$1.6m
  - \$500k loss excluding one-time restructuring costs and non-cash LTI expenses

2. On a reported basis there was a reduction in ARR over the past 12 months of 0.3% which is different from the above measure because of unfavourable exchange movement.

3. Net Revenue Retention is a common method for calculating customer retention—this is described in more detail on slide 16. Our previous measure of Customer retention was at 86% up from 84% in FY16.



# 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 3rd parties

### Growth provided by

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

### Continue personalisation innovation

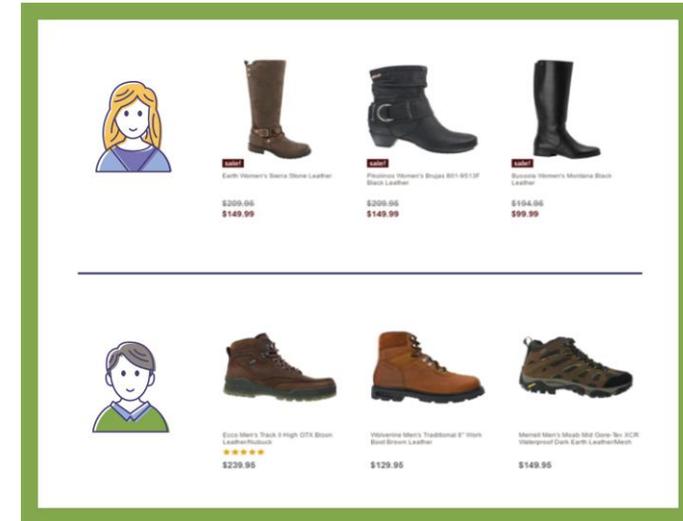
First product will be available in the second half of FY18



# 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 image shows a screenshot of the Site Champion reporting dashboard. 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	\$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	\$4,766.82	223	Excluded	Aug 9, 2016
cute iPhone toggles	\$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 & 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 Merchante
- 20+ other publications



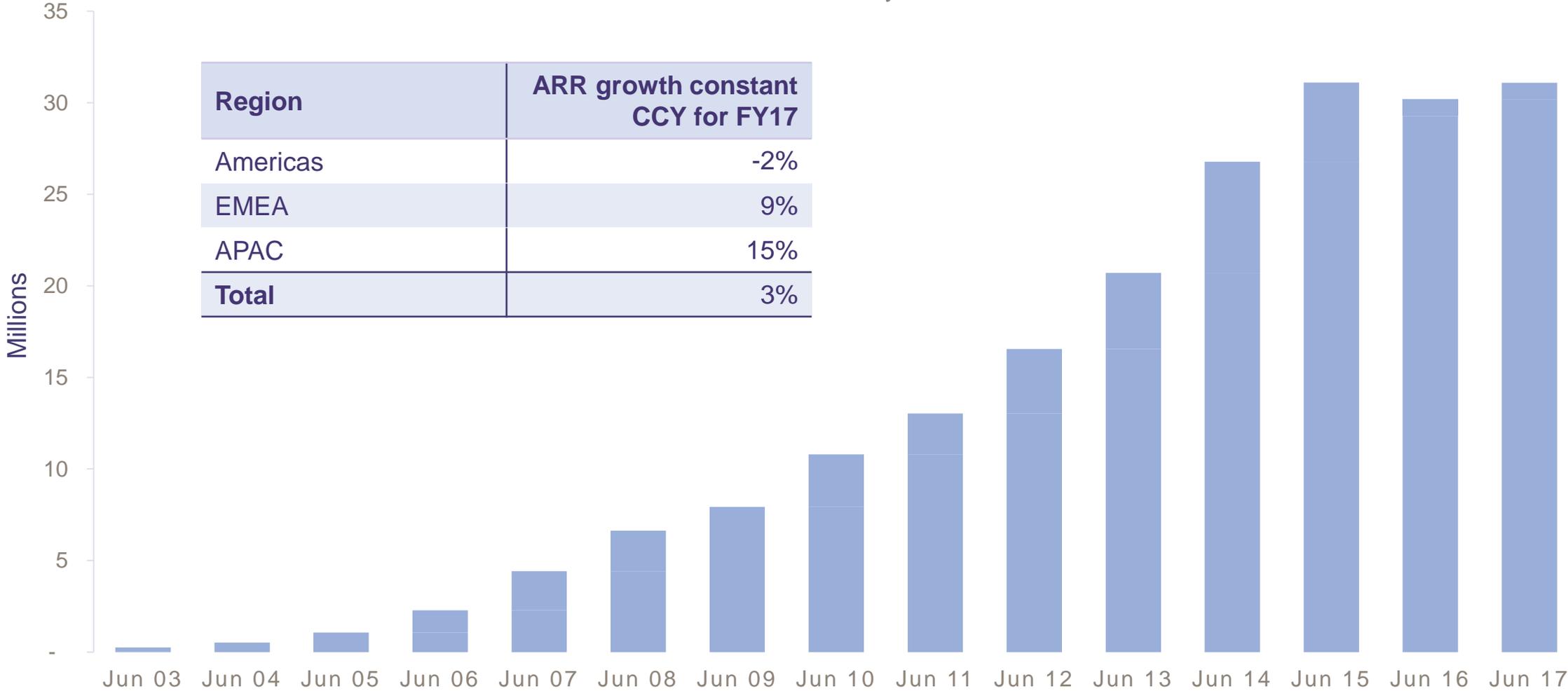
# ARR Growth Improving, But Still too Low

- 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



Region	ARR growth constant CCY for FY17
Americas	-2%
EMEA	9%
APAC	15%
<b>Total</b>	<b>3%</b>



# 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 cashflow and existing cash balances**



## 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%



## Cashflow—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>



## Key Focus for this Financial Year

1	New product development supporting new strategy
2	Existing customer retention
3	Continue upselling to existing customers
4	Drive the new communities strategy, starting with global integrators
5	Ready with new systems to support the new business model



**Q & A**



## Appendix 1 - ARR

ARR by region at constant currency	Jun-17	Jun-16	YOY
Total ARR	31,093	30,186	3%
North America	17,128	17,526	-2%
United Kingdom	7,149	6,545	9%
Asia Pacific	5,521	4,789	15%
South America	1,295	1,326	-2%

ARR by region at reported currency	Jun-17	Jun-16	YOY
Total ARR	31,093	31,191	0%
North America	17,128	18,083	-5%
United Kingdom	7,149	6,953	3%
Asia Pacific	5,521	4,787	15%
South America	1,295	1,368	-5%



# Appendix 2 - Net Revenue Retention Rate

METHOD FOR CALCULATING RETENTION RATE<sup>4</sup>

Changing to a commonly used method to better reflect our retention rate.

Represents the value of the customers we had 12 months ago, includes

- Lost customers
- Increases
- Reductions

	FY14	FY15	FY16	FY17
Net Revenue Retention rate (new)	101%	90%	86%	93%
Retention rate by value (old)	90%	87%	84%	86%

4. "Net revenue retention is the "macro" metric that most companies track and public SaaS companies report": <http://www.saas-capital.com/blog/essential-saas-metrics-revenue-retention-fundamentals>

