

23 FEBRUARY, 2018

H1 FY18 Investor Presentation

Chris Brennan, CEO

Rod Garrett, CFO

Agenda

1	H1 FY18 Financial Highlights
2	Growing Our Customer ARR Base
3	H1 FY18 Operating Improvements
4	New Business Strategy Overview
5	Financial Update
6	Summary
7	Questions & Answers



H1 FY18 Financial Highlights Compared to H1 FY17

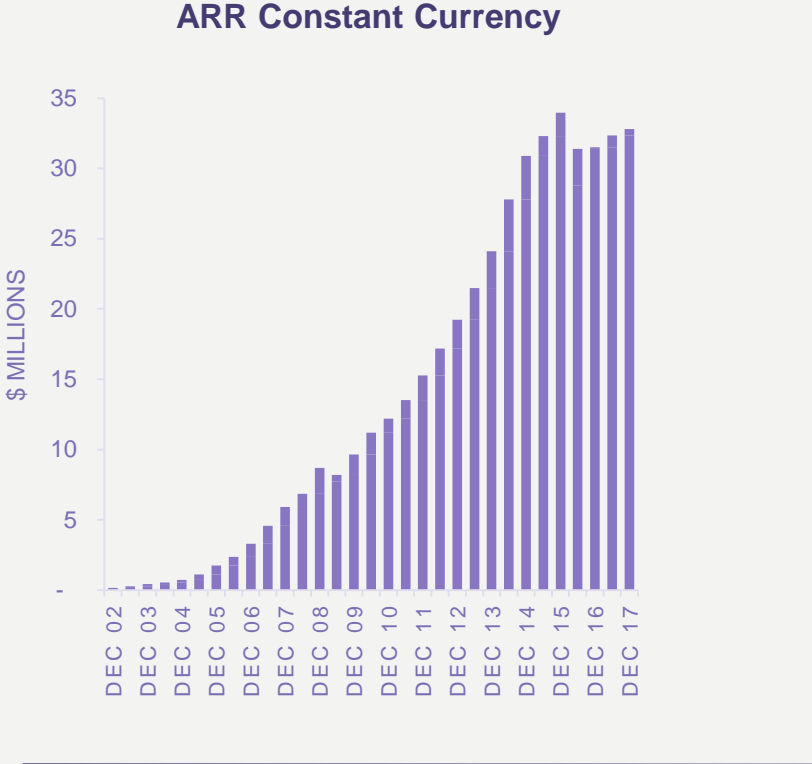
1. ARR¹ increased to \$32.8m
 - Highest ARR in two years; 4.1% increase year on year constant currency
2. Total Operating Revenue increased to \$16.5m
 - 6.9% increase over the same six-month period one year ago
3. Profit Before Tax \$1.2m
 - Increase of \$2.4m over same six-month period one year ago
 - Record achievement, first profit since NZX listing
4. Cash inflow of \$793k
 - \$1.5m improvement over six-month period one year ago
5. Increased cash balance to \$6.4m
6. Net Revenue Retention² of 97%
 - Increased from 83% 12 months ago

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 (NRR) rate is the current ARR value in percentage terms of the customers SLI had 12 months ago. Our previous measure of customer retention "Customer Retention by Value" was 86% at 31 December 2017 up from 84% at 31 December 2016. The key difference between the two methods is that the NRR includes customer growth during the period.

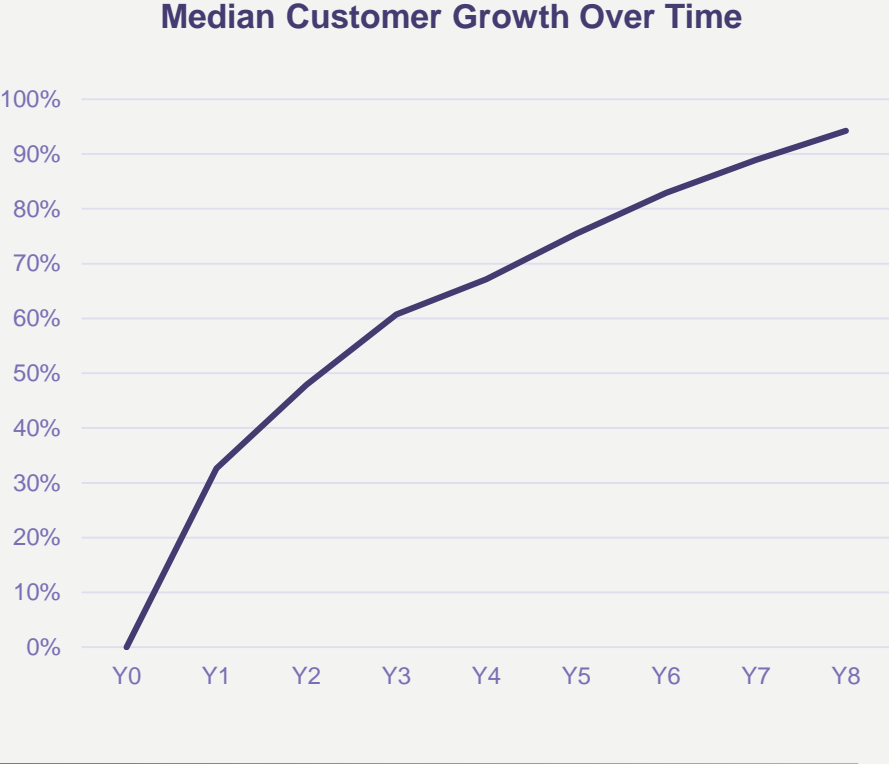


Growing Our Customer ARR Base



Average ARR of all customers at 31 Dec 2017

\$66,400



Average ARR of new customers for previous 6 months

\$39,300



Growing Our Customer ARR Base

Maximising customer value through long customer relationships and product upsells

Net Revenue Retention Rate

96.6% Dec-17

82.7% Dec-16

Customer Retention Rate by Value

86.1% Dec-17

83.5% Dec-16

Attach Rates by Product

PRODUCT	DECEMBER '17
Learning Search	100%
Site Champion	34%
Learning Recommendations	23%
Learning Navigation	18%
Mobile	9%
Landing Page Creator	6%



H1 FY18 Operating Improvements

1. Aligned sales and marketing costs to ARR – improved cost of customer acquisition
2. ARR increase drove higher operating revenue
3. Optimised product sales to new and current customers
4. Net Revenue Retention rate improved
5. Cash increased by managing spend to performance



New Business Strategy Overview

1

Four Key Pillars

2

Product Positioning

3

Total Addressable Market

4

Timing









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
 - 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



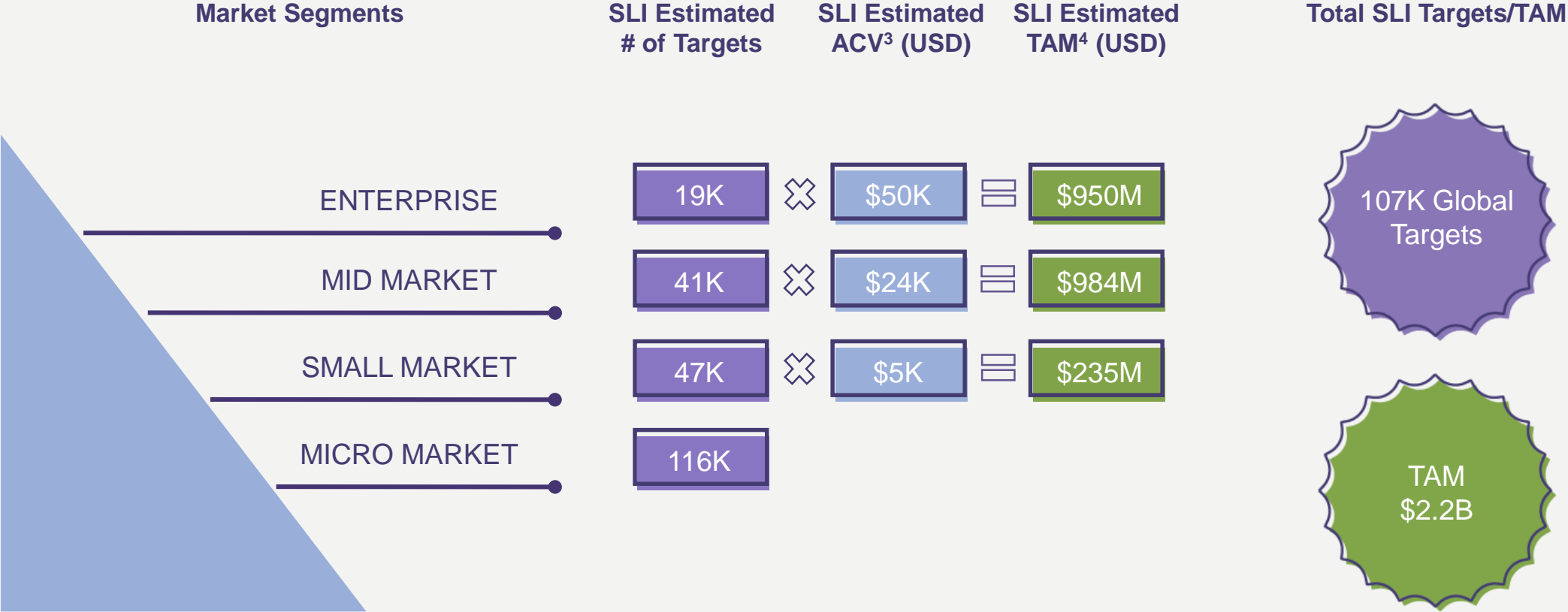
Product Positioning, New Self-Service Products Planned

PRODUCT POSITIONING

MARKET SEGMENT	PREVIOUS MODEL		NEW BUSINESS MODEL	
	Managed Service	API	Plug-Ins	
Enterprise				
Mid Market				
Small Market				
Micro Market				



Significant Target Addressable Market Opportunity, including Expansion to the Small Market



³ ACV: Annual Contract Value
⁴ TAM: Total Addressable Market

TAM expands by \$235M to \$2,169M USD

RJMetrics reports there are 110K e-commerce sites generating revenue of meaningful scale

Timing

1. Previous expectations for product release H2 FY18
2. Reprioritisation of resource given
 - General Data Protection Regulations (GDPR)
 - Market input on product requirements
3. Current plan for product release now H1 FY19
 - Pending market validation



Financial Update



Rod Garrett, CFO



Income Statement — NZD 000

	6 months	6 months
	31 Dec 17	31 Dec 16
ARR (constant currency)	32,811	31,510
Operating revenue	16,548	15,482
Other income	210	273
Total revenue	16,758	15,755
Delivery costs	4,234	3,965
Sales costs	1,696	2,948
Marketing costs	1,756	2,478
R&D costs	2,700	2,158
General and admin costs	5,194	5,456
Total costs	15,580	17,005
Profit / (Loss) before tax	1,178	(1,250)
Gross margin	74.4%	74.4%



Cashflow — NZD 000

	6 months	6 months
	31 Dec 17	31 Dec 16
Receipts from customers	16,396	15,499
Payments made to suppliers and employees	(15,608)	(16,473)
Other net cash flows from operating activities	156	405
Other cash flows (capex)	(151)	(184)
Net cash inflow / (outflow)	793	(753)
Opening cash balance	5,646	6,765
Closing cash balance	6,439	6,012



Summary

- **H1: Very Good Overall Financial Performance**

- **H2: Further Validation and Preparation of the New Self-Service API**

- **H2: Continue Customer Retention Performance**

- **H2: Moderate Investment to the New Business Plan**

- **H2: Expecting Neutral to Positive Cashflow in the Short Term**

- **H2: Prepare for GDPR**



Q&A

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Appendix

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ARR by Region — NZD 000

ARR by region at constant currency	Dec-17	Jun-17	Dec-16	YOY	6 mth
Total ARR	32,811	32,351	31,510	4%	1%
North America	17,709	17,911	17,905	-1%	-1%
United Kingdom	7,920	7,621	7,322	8%	4%
Asia Pacific	6,244	5,680	5,113	22%	10%
South America	938	1,139	1,171	-20%	-18%

ARR by region at reported currency	Dec-17	Jun-17	Dec-16	YOY	6 mth
Total ARR	32,811	31,093	31,147	5%	6%
North America	17,709	17,128	18,058	-2%	3%
United Kingdom	7,920	7,149	6,815	16%	11%
Asia Pacific	6,244	5,521	4,906	27%	13%
South America	938	1,295	1,368	-31%	-28%

