

RESULTS FOR THE 12 MONTHS TO 30 JUNE 2018

## SLI Systems posts first full year profit

**CHRISTCHURCH, New Zealand – August 28, 2018**, SLI Systems (SLI.NZ), a leader in cloud-based search solutions, today reports its first full year profit as it saves costs amid the transition to its new self-service product strategy.

Net profit before tax for the year to 30 June 2018 rose to \$4.1m, a \$5.7m turnaround from the \$1.6m loss in the previous 12-month period. Annual operating revenue increased 7% to \$33.8m from \$31.5m, benefiting from exchange rate gains and some non-recurring revenues.

Constant currency Annualised Recurring Revenue<sup>1</sup> (ARR) at \$33.6m was materially in line with the prior year and is up 8% on the NZD ARR reported at 30 June 2017 as a result of exchange rate gains.

Cash inflow rose to \$3.5m compared to an outflow of \$1.1m in the same period last financial year, resulting in an ending cash balance of \$9.1m, up from \$5.6m at the same time last year.

Chairman Greg Cross said: “SLI has delivered its first full year profit as a listed company and strong positive cash flows, while continuing to position itself for the future with the development of new self-service software-as-a-service (SaaS) search solutions.

“It is of great comfort to the board to see SLI building up cash reserves. They will give the company the resources to implement a longer-term strategy once the initial product development programme is complete.”

SLI Chief Executive Chris Brennan said: “We are making good progress unbundling our cloud-based SaaS solutions from the professional services we provide our customers. We are on track to release the new product in the current financial year.” The release date is slightly later than originally expected and reflects conflicting priorities, including the EU General Data Protection Regulation requirements and the complexity of the shift to the new strategy.

“We are pleased with the progress we have made building the financial strength of the company and making good our commitment not to seek new equity from investors. We are achieving this by scaling back spending on sales and marketing and closely aligning any expenditure not linked with new product development to our immediate growth expectations and customer retention.”

However, Mr Brennan reiterated that the company was in transition and referred to the uncertainty of short term future profit levels. Mr Brennan said: “The company is focussed on delivering its new product range and our goals are long term growth in high margin recurring revenue rather than short to medium term profit.

---

<sup>1</sup> 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.

“Our global markets remain strong and we believe our product strategy will see the company benefit from these market trends.

“We remain very excited about the markets in which we compete, our financial success in FY18, our new product and business strategy and our ability to compete successfully in the very large and lucrative global e-commerce market. We are proud of our accomplishments and they directly reflect the considerable effort of the entire team. Thanks to this effort, SLI remains a leader in the SaaS search market.”

SLI will provide an update on its outlook for the remainder of the financial year at its annual meeting in November 2018.

Contact:

Chris Brennan

CEO, SLI Systems

+64 3 961 3252

[Chris.Brennan@sli-systems.com](mailto:Chris.Brennan@sli-systems.com)

Richard Inder

The Project

+64 21 645 643

[investor.relations@sli-systems.com](mailto:investor.relations@sli-systems.com)

### **About SLI Systems**

SLI Systems (SLI.NZ) accelerates e-commerce for the world’s top retailers by converting shoppers into buyers, maximising order values and generating more traffic. The SLI Product Discovery Suite™ uses sophisticated machine learning to predict what each shopper is most likely to buy right now, and includes solutions for improving site search, navigation, mobile, merchandising, recommendations and SEO. The SLI Commerce Console™ organises key sales insight and tuning capabilities into one easy-to-use control centre. For 17 years, established brands have trusted SLI Systems to deliver innovative features, knowledgeable service, and reliable SaaS-based infrastructure, that delights customers and increases revenue. SLI Systems operates on five continents, supports 20 languages, and is a leader among cloud-based site search providers to U.S. Internet Retailer Top 1000 retailers. For more information, visit [www.sli-systems.com](http://www.sli-systems.com).