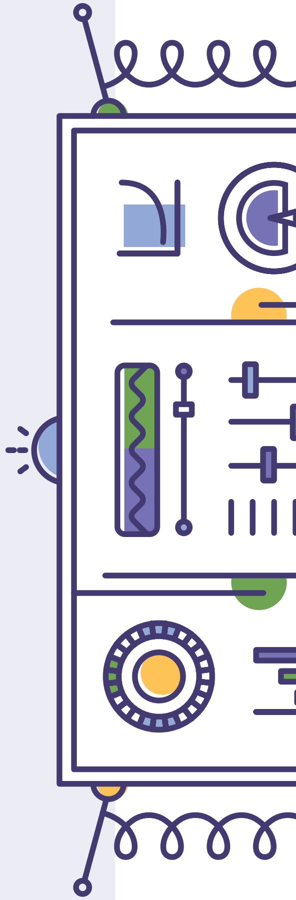
SLI SYSTEMS
THE E-COMMERCE ACCELERATOR



Interim Report
31 December 2017

Contents

Summary

ARR[2] of
$32.8m
up 4.1% constant currency

6 month cash inflow of
$793k
- compared to an outflow of $753k

Operating revenue of
$16.5m
for 6 months **- up 6.9%**

Gross margin of
74%

NRR[3] of
97%
up from 83%

Cash of
$6.4m

1. All comparative results above are compared to 31 December 2016.

2. 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.

3. 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 amounts is that the NRR includes customer growth during the period.

Chairman’s / Chief Executive’s Report

Chairman Address

Dear Shareholders,

As **the leader in the SaaS (Software as a Service) search market**, SLI is once again boldly leading the market by shifting its core business plan to meet the ever-changing needs of the very large global e-commerce market. As described before, we initiated a new product strategy over the past year and one half to strip back the underlying economics that will now enable a completely different go-to-market strategy. This seminal change will result in a more competitive strategy, aimed at restoring a high rate of profitable growth with significant differentiation and the ability to address a larger market.

The global markets for our products has never been stronger. According to eMarketer estimates, in 2017, retail e-commerce sales worldwide reached $2.304 trillion, a 24.8% increase over the previous year*. E-commerce continues to demonstrate key dynamics fueling growth as digital marketing as well as online and mobile search and sales growth continues to emphasise the shift from traditional brick-and-mortar retail with baby boomers and Gen X shoppers. Global economies, for the most part, remain strong, fueling consumer buying and e-commerce growth. In particular, a robust U.S. economy, further stimulated by tax reforms, set up an environment for further expansion.

As announced at fiscal year-end 2017, the company embarked upon a **self-service product strategy**. Significant efforts have occurred to align the business to pursue the new strategy, while continuing to sell and service customers and markets with its current products. Contracts for most new customers have now unbundled SaaS and our professional services allowing us to better manage our service business. While most of the heavy lifting is occurring with our product and development teams in New Zealand, the remainder of the company is rapidly making plans to execute on the new business model when the new products are available, expected earliest in the first half of next fiscal year.

Most importantly, we are nearing completion of the functional designs required for our first new self-service API product release and our development teams are actively working to complete a preliminary limited release of the products for market validation with partners and customers. We envision there will be two self-service products to address different segments of the market. Our first release will address mostly the mid-market and enterprise, with some overlap to the small market. The second self-service plug-in products will more appropriately address the small market and will be launched in the second half of next fiscal year. Both projects are moderately later than we planned, but the need to prioritise the development of the

*eMarketer Retail, January 29, 2018, *Mobile Is Driving Retail Ecommerce Sales Worldwide*

Global Data Protection Regulations, GDPR, has become a meaningful development time consumption. The GDPR aims primarily to give control back to citizens and residents over their personal data and to provide that those collecting data are taking appropriate measures to safeguard personal information. It also aims to simplify the regulatory environment for international business by unifying the regulation within the EU and widely assumed to be requested by U.S. customers for their vendors to comply as well. Since SLI does capture personal online shopper information of our customers, prioritising this initiative will ensure our ability to meet the needs of our customers and prospects.

With our new strategy, **the field of competition** and the way that we compete will be quite different. In many cases the same competitors will continue to compete, but the way the new SLI self-service products can be sold and implemented will be very different. Through an open-systems approach, customers are no longer dependent upon proprietary services from SLI to perform implementation and support. Prospects and customers may choose to utilise their existing IT resources or hire integrators or developers who will have the capability to provide the services previously only available through SLI. In most cases, the integrators or developers have pre-existing working arrangements having performed services for the prospects and therefore moves the sale and the on-going relationship closer to the customer. We do not believe any one, or significant competitor has attempted this offering that has our same level of product specialisation in e-commerce.

"With our new strategy, the field of competition and the way that we compete will be quite different."

Our overall business performance and cash position for the first half of fiscal 18 has been very good. With the challenges of pivoting the business and managing ongoing performance, I am pleased to report the team has delivered growth in ARR, total operating revenue, positive cash flows and profits. This bolsters our confidence in the technology, the team and our ability to operate and execute on the new business strategy without the need for additional capital.

The board and I are confident that we have **the right team** in place to lead and deliver on the new strategy. We are currently searching for a new Chief Marketing Officer to lead our new marketing strategy and hope to have that complete in the second half. We believe our talented global employees possess the skills and are enthusiastic and motivated to deliver on the new strategy.

Within this sea of change, our vision has never been clearer on what we need to achieve in order to propel SLI to its next level of success. It is a very exciting time for the board and the company as we make measurable progress on the milestones that will deliver the products and ultimately restore growth and extend our leadership. We look forward to sharing our progress and successes as this new exciting journey continues.

CEO Address

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As discussed, SLI faced a crossroads decision to disrupt our previous path in order to reinvent ourselves and to make our products more relevant to the market. The question of building shareholder value is not always about focusing on short-term profits. Instead, focusing on short-term profits can oppose a strategy to create sustainable business growth. In the company's history, there was a time that the product relevance was high, top of etailer's priorities and with few competitors. We realised the need for change and developed a vision for where we need to go based upon a bold and innovative approach to essentially redefine our product and our entire go-to-market strategy. At the time we made that decision, and today, we believe that disrupting ourselves to make our product more relevant was, and is, essentially the only way to return sustainable growth and build shareholder value.

Our operating performance continues to provide the means to rebuild ourselves and deliver the vision we have outlined. In order to achieve that goal, we intentionally decreased costs in marketing and sales where our cost of customer acquisition was simply unsustainable. We continued to invest in customer success while increasing investments in product development. The reduced spend rate re-allocates cash and allows us to build the new products, systems and the new organisation essential to our success.

The Future

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To become more relevant to the market, we believe the future is based upon four key principles.

Transforming from proprietary closed systems to open systems.
Moving our new self-service products from our captive private-cloud service to deploy and operate an open-platform, public-cloud service, with common application program interfaces, (APIs), allows independent skilled technologists, or no technologists in one set of new products, to implement without the need for SLI services. This is the cornerstone to our ability to scale rapidly and to scale globally.

Increase the cadence of innovation.
The key drivers in innovation will be in artificial intelligence or using data to predict or anticipate the intentions of potential buyers in "the moment" or to "inspire a moment" based upon historical behaviours. While SLI was a pioneer in e-commerce machine learning we needed to reinvent ourselves again in this area and did so during the past year. The leverage of data and data-driven solutions coupled with extraordinary analytics increases awareness and knowledge of specific customers, which leads to unprecedented capabilities to personalise a customer experience. The data collected will be made available to our customers and partners who can further work to extract significant performance value. This is the way that the market is and will continue to change. Searching from mobile devices has increased significantly. The use of voice interface from mobile devices, home-automation devices, both normal and self-driven automobiles, delivered by companies like Amazon, Alphabet, Apple, and many others, is developing quickly as opposed to traditional text interface. This is an example of why our underlying technology is so relevant to the market, but underscores our need

to increase our cadence of new innovation to meet the needs of an emerging market. Freeing up development requirements based upon propriety closed systems leverages our ability to focus on key competencies in e-commerce innovation. There remains no doubt that the e-commerce market we serve will require the underlying technologies we deliver today, but those technologies must advance quickly and continuously.

Reduce the cost of delivery.
As a managed service offering, our SaaS from our private cloud data centres, is much more expensive than the ability to deliver from a public cloud system. Therefore, with the new self-service products, we have already seen the ability to achieve significant cost reductions while maintaining performance and enhancing security. We have discovered that, depending upon the geography, the level of competition can be significant. While differentiated with superior products today, many prospects chose "good enough" at lesser costs despite the superior value that SLI delivers. With our new model, we can deliver both superior performance and at lower cost, the ultimate driver of growth.

Transform the sale of our products from primarily direct sales to third-party partnerships.
Partnerships will include OEM (Original Equipment Manufacturers), resellers, integrators and developers. This community has been quite active in working with e-commerce companies for decades. As it relates to integrators and developers, many of them maintain direct daily interactions with their customers, the e-commerce B2B and B2C sites, as they have implemented many of the enabling technologies such as the e-commerce platforms. Our vision is to educate and activate this community to become SLI advocates, thereby, making it clearer to the market, customers and prospects, the superiority of the user experience utilising SLI products as opposed to the simple functionality built into the e-commerce platforms and compared to the field of competitors, both of which we believe to be inferior solutions. Beyond getting closer to customers and prospects, we extend our partnerships and we also extend our global reach to scale more effectively than ever before.

Performance Discussion

We understand growth for any company is vital. For a SaaS company, that is a factor of winning new customers and retaining existing customers. I mentioned earlier, we reduced our spending rate in sales and marketing as we understood our prior levels were too costly and did not meet economic standards of performance. In comparison to the six months to 31 December 2016, we have decreased our sales and marketing spending by $1,974K. As a result, our rate of customer acquisition and new ARR is much more aligned to our spending rates. We have increased our investment in development by $542K compared to the comparable six-month period as superior technology and expanded scope of development enables the remaining strategy, and we are maintaining our investment in global customer success.

At a macro level, we have performed well to increase our ARR by $1,301K over the past twelve months, or 4.1% on a constant currency basis. We achieved total operating revenues of $16,548K, an increase of $1,066K or 6.9% with increases in each of our

Learning Search Suite and Site Champion products. We produced profits before tax of $1,178K, 7% of total revenues, and delivered positive cash flows of $793K for the half, an increase of $1,546K from our prior six-month cash outflow of $753K. While pleased about this performance, we will continue to invest in the new business strategy, which is currently concentrated in product development, and to prepare to deliver on the new go-to-market strategy following market validation of product readiness.

With the reduced sales and marketing spending, we expected a modestly slower rate of new customer acquisition. For the half, we won 26 new accounts at an average ARR value of approximately $39,300. During the period, we experienced a loss of 42 customers, at an average ARR value of $53,800, resulting in a net customer decrease of 16 customers. One primary reason for customer loss is related to re-platforming at 27% by loss value, which also represents the highest average ARR value. We have seen some modest success in the half with a new offering to customers to retain them as they re-platform, and expect to continue to work on this and other initiatives to retain customers. Another major reason for loss is competition at 24% by loss value, with the majority occurring in the North American division where we continue to see a greater number of competitors. Our overall Net Revenue Retention rate for the half increased to 96.6% compared to 82.7% in the prior comparable period.

The purpose of our pivot to the new self-service product strategy is designed to produce better results in the combination of new customer acquisition and in customer retention rates. We strongly believe the combination of the four key principles outlined above will enable us to offer a more relevant solution to the market and address the primary reasons for customer loss. The flexibility of offering customers a full self-service solution offers unprecedented capability for SLI to work directly with accounts or through third-parties, who already have relations with these accounts, to continue working with the product through re-platforming and to offer stronger value propositions in the strength of new pricing capabilities.

Our high rate of customer retention demonstrates that customers are quite satisfied with our products and services, as also indicated by our customer satisfaction surveys, and many continue to exhibit growth in their respective businesses, which is reflected in the additional products and services they purchase from SLI. While our performance in sales to existing customers remains strong, we see significant opportunity to increase the attach rates, number of customers with multiple products, which we believe will continue to fuel growth in both the short and long term. This is a powerful component of our business, as from the time that we acquire new customers our experience is growth in their ARR value by 67% in the initial four years.

We will continue to sell our current product and services and focus on customer retention, however, we recognise the future is all about a successful launch and transition to the new self-service products and the new business model.

Summary

It is an extremely exciting time for the company. First and foremost, I am very proud of our employees who have rallied behind the new business strategy and are doing so very well to execute on both our current business and to aggressively work to deliver the key early milestones related to the successful launch of the new business strategy. The business results for the past six months are favorable relative to our expected operating plans, which strengthens our cash position and supports greater protection against future execution. Tremendous amounts of progress have been made as it relates to the new products and preparations necessary to support a successful launch. The scope of work involved to reinvent ourselves cannot be underestimated, but I am pleased at how quickly we have pivoted our focus. I am very pleased with the support from the employees, the dedication and hard work invested, the excitement of our future and, while limited, the positive responses from external sources relating to the new strategy. There is as much in front of us as that which is behind us, and our cadence of work remains quite strong, but much is yet to learn, evolve and complete. We look forward to sharing more information as we continue to make greater progress. We remain firmly convicted that this strategy will extend our success as the leader in the SaaS search market, open a new chapter characterised by high new product growth rates, improved customer retention, and most importantly, sustainable, scalable, profitable growth and shareholder value.

Greg Cross
Chairman

Chris Brennan
Chief Executive Officer

Innovation Built for E-commerce

SLI continues to give online retailers more control over their shoppers' experiences. Highlights from the first half of the fiscal year include:

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More Control for Merchandisers

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Without any IT involvement or engineering, retailers now have the power to quickly change which facets are displayed on their entire site or for a given search term or navigation selection.

Deeper Visibility into Shoppers' Search Behaviour

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SLI's new analytics gives retailers the power to make better business decisions. New features include a breakout of mobile and desktop behaviour, phrase trends and searches that result in a high exit rate from the site.

Meaningful Results for Retailers

Glue Store Focuses on Customer Experience with SLI's Personalisation Powered by Artificial Intelligence (AI)

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Glue Store, a leading Australian and international cutting-edge fashion retailer, strengthened its partnership with SLI with the adoption of real-time personalisation.

"Previously, a customer looking at a unisex brand would be shown a range spanning menswear and womenswear, based on popularity and click-through rates. Today, SLI's technology learns from our customer's actions and we're able to personalise what we display based on what we learn about our users – for example, their gender. Our online customers are mostly female shoppers, so unisex pages often prioritised womenswear. Now that we can quickly identify male shoppers, the pages are significantly more relevant. This is a huge win for us in our objective to reduce the number of steps customers must take in order to find what they're looking for."

– Alex Elsey, Online Content Manager, Glue Store

Restaurantware Serves Up 2x E-commerce Conversion Using SLI Systems

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Restaurantware, a leading manufacturer in trendsetting and eco-friendly wholesale tableware, increased its conversion rate to more than 5%, up from 2%, since the company began using SLI in May 2017.

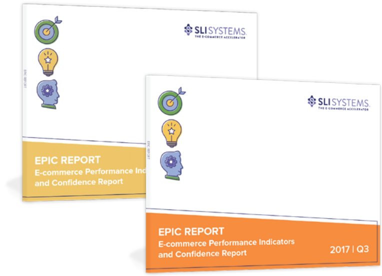
"Our website search function was terrible. No one, including myself, could find the products they were looking for. Users were consistently getting irrelevant search results or results were delivered in an incomplete manner. We interviewed other retailers and found SLI was considered the best search solution. SLI has an excellent professional services team, who knew exactly what we needed, which made implementation go smoothly and swiftly."

– Jamil Bouchareb, CEO, Restaurantware

Leading with Original Research

SLI released its second and third editions of the **E-commerce Performance Indicators and Confidence (EPIC) Report** in the first half of the fiscal year. The EPIC Report includes findings from an in-depth survey of more than 200 retail professionals worldwide.

Hot topics included retailers' thoughts on AI and Amazon. SLI's original research was cited 25 times in retail publications in the United States, Australia and the United Kingdom.



AI's Impact on E-commerce

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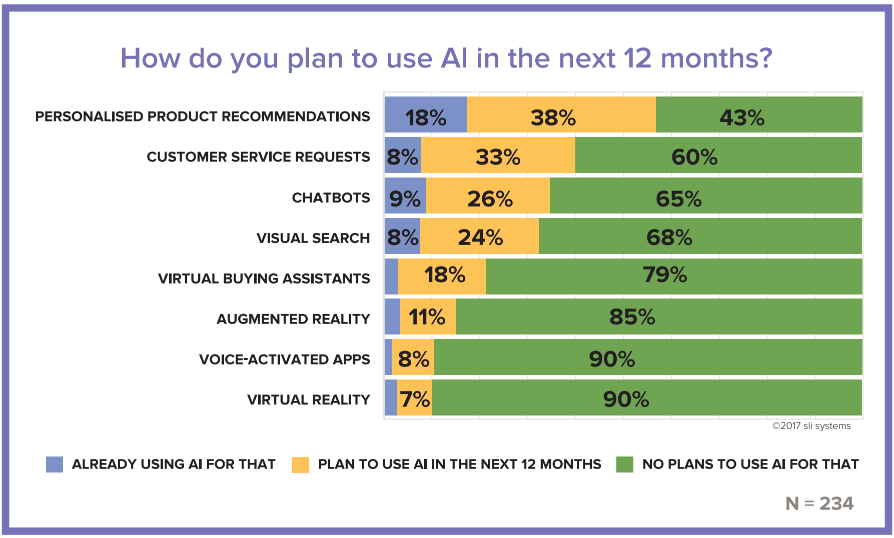
More than half surveyed (54%) reported their company either uses or plans to add AI in the future, with the largest group of these respondents (20%) expecting to add AI within the next 12 months. The most popular applications for AI in e-commerce are Personalised Product Recommendations, Customer Service Requests and Chatbots.



Financial Statements

Consolidated Statement of Comprehensive Income

For the six months ended 31 December 2017

	Unaudited 6 months ended 31 Dec 2017 $'000	Unaudited 6 months ended 31 Dec 2016 $'000	Audited 12 months ended 30 Jun 2017 $'000
Operating revenue	16,548	15,482	31,546
Government grants received and receivable	207	248	489
Total revenue and other income	**16,755**	**15,730**	**32,035**
Operating expenses	(6,154)	(6,714)	(13,089)
Employee entitlements	(9,426)	(10,291)	(20,542)
Operating profit / (loss) before finance income	**1,175**	**(1,275)**	**(1,596)**
Finance income	3	25	27
Net finance income	**3**	**25**	**27**
Profit / (loss) before tax	**1,178**	**(1,250)**	**(1,569)**
Income tax (expense)	(42)	(33)	(284)
Profit / (loss) for the period	**1,136**	**(1,283)**	**(1,853)**
Other comprehensive income recycled through profit and loss			
Currency translation movement	109	(102)	(87)
Total comprehensive profit / (loss) for the period attributable to the shareholders of the company	**1,245**	**(1,385)**	**(1,940)**

	Unaudited 31 Dec 2017	Unaudited 31 Dec 2016	Audited 30 Jun 2017
Profit / (loss) per share			
Basic and diluted profit / (loss) per share	$0.018	($0.021)	($0.030)

The accompanying notes form part of, and should be read in conjunction with, these financial statements.

Consolidated Statement of Changes in Equity

For the six months ended 31 December 2017

Unaudited	Share Capital	Share Option Reserve	Translation Reserve	Accumulated Losses	Total Equity
	$'000	$'000	$'000	$'000	$'000
Opening balance at 1 July 2017	**18,771**	**2,091**	**(124)**	**(16,130)**	**4,608**
Profit for the period	-	-	-	1,136	1,136
Currency translation movement	-	-	109	-	109
Total comprehensive profit / (loss) for the period	**-**	**-**	**109**	**1,136**	**1,245**
Transactions with owners					
Share options & share appreciation rights					
- exercised during period	-	-	-	-	-
- expense for the period	-	29	-	-	29
- expired / forfeited for the period	-	(398)	-	398	-
Balance at 31 December 2017	**18,771**	**1,722**	**(15)**	**(14,596)**	**5,882**

Unaudited	Share Capital	Share Option Reserve	Translation Reserve	Accumulated Losses	Total Equity
	$'000	$'000	$'000	$'000	$'000
Opening balance at 1 July 2016	**18,771**	**1,848**	**(37)**	**(14,797)**	**5,785**
(Loss) for the period	-	-	-	(1,283)	(1,283)
Currency translation movement	-	-	(102)	-	(102)
Total comprehensive profit / (loss) for the period	**-**	**-**	**(102)**	**(1,283)**	**(1,385)**
Transactions with owners					
Share options & share appreciation rights					
- exercised during period	-	-	-	-	-
- expense for the period	-	484	-	-	484
- expired / forfeited for the period	-	(368)	-	368	-
Balance at 31 December 2016	**18,771**	**1,964**	**(139)**	**(15,712)**	**4,884**

The accompanying notes form part of, and should be read in conjunction with, these financial statements.

Consolidated Balance Sheet

As at 31 December 2017

	Unaudited 31 Dec 2017 $'000	Unaudited 31 Dec 2016 $'000	Audited 30 Jun 2017 $'000
ASSETS			
Current assets			
Cash and cash equivalents	6,439	6,012	5,646
Trade and other receivables	6,671	5,795	6,341
Total current assets	**13,110**	**11,807**	**11,987**
Non-current assets			
Deferred tax assets	468	675	468
Property, plant and equipment	1,149	1,208	1,202
Intangible assets	114	182	139
Total non-current assets	**1,731**	**2,065**	**1,809**
Total assets	**14,841**	**13,872**	**13,796**
LIABILITIES			
Current liabilities			
Taxation payable	90	53	51
Trade and other payables	7,012	6,850	7,480
Employee benefits	1,815	2,051	1,612
Total current liabilities	**8,917**	**8,954**	**9,143**
Non-current liabilities			
Employee benefits	25	21	28
Deferred tax liabilities	17	13	17
Total non-current liabilities	**42**	**34**	**45**
Total liabilities	**8,959**	**8,988**	**9,188**
Net assets	**5,882**	**4,884**	**4,608**
EQUITY			
Share capital	18,771	18,771	18,771
Reserves	1,707	1,825	1,967
Accumulated losses	(14,596)	(15,712)	(16,130)
Total equity	**5,882**	**4,884**	**4,608**

	Unaudited 31 Dec 2017	Unaudited 31 Dec 2016	Audited 30 Jun 2017
Net tangible asset backing per ordinary security	$0.09	$0.08	$0.07

The accompanying notes form part of, and should be read in conjunction with, these financial statements.

Consolidated Statement of Cash Flows

For the six months ended 31 December 2017

	NOTE	Unaudited 6 months ended 31 Dec 2017 $'000	Unaudited 6 months ended 31 Dec 2016 $'000	Audited 12 months ended 30 Jun 2017 $'000
Cash flows from operating activities				
Cash was provided from:				
Receipts from customers		16,396	15,499	31,724
Interest received		5	23	25
Net GST (paid) / received		(89)	71	146
Government grants		244	325	332
Cash was applied to:				
Payments made to suppliers and employees		(15,608)	(16,473)	(32,965)
Income tax (paid)		(4)	(14)	(54)
Net cash inflow / (outflow) from operating activities	**3**	**944**	**(569)**	**(792)**
Cash flows from investing activities				
Cash was provided from / applied to:				
Purchase of property, plant and equipment		(150)	(47)	(194)
Sale of property, plant and equipment		2	2	6
Purchase of intangibles		(3)	(139)	(139)
Net cash (outflow) from investing activities		**(151)**	**(184)**	**(327)**
Cash flows from financing activities				
Cash was provided from:				
Cash received from share options exercised		-	-	-
Net cash inflow from financing activities		**-**	**-**	**-**
Net increase / (decrease) in cash and cash equivalents		**793**	**(753)**	**(1,119)**
Cash and cash equivalents at the beginning of the period		5,646	6,765	6,765
Cash and cash equivalents at the end of the period		**6,439**	**6,012**	**5,646**

The accompanying notes form part of, and should be read in conjunction with, these financial statements.

Notes to the Financial Statements

1. General Information

SLI Systems Limited (the Company, SLI) and its subsidiaries S.L.I. Systems, Inc., SLI Systems (UK) Limited and SLI Systems (Japan) K.K (together the Group) provide site search and navigation technologies to connect site visitors with products on e-commerce websites. The Group has operations in New Zealand, the United States, Australia, the United Kingdom and Japan.

The consolidated financial statements for the Group for the period ended 31 December 2017 were authorised for issue in accordance with a resolution of the Directors on 23 February 2018.

2. Basis of preparation

The Group consists of profit-oriented companies and the condensed consolidated interim financial information for the six months ended 31 December 2017 has been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). These financial statements comply with NZ IAS 34 'Interim Financial Reporting' and with International Accounting Standard 34 (IAS 34). The condensed consolidated interim financial information should be read in conjunction with the audited annual financial statements for the year ended 30 June 2017, which have been prepared in accordance with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS).

The basis of preparation and the accounting policies used in the preparation of the interim financial statements are consistent with those of the audited annual financial statements of SLI Systems Limited and its subsidiaries for the year ended 30 June 2017.

3. Reconciliation from the net profit / (loss) after tax to the net cash from operating activities

	Unaudited 6 months ended 31 Dec	Unaudited 6 months ended 31 Dec	Audited 12 months ended 30 Jun
	2017 $'000	2016 $'000	2017 $'000
Net profit / (loss) after tax	1,136	(1,283)	(1,853)
Adjustments			
Depreciation	105	147	295
Amortisation	28	22	65
Gain / (loss) on currency translation movement	101	(96)	(80)
Loss on disposal of assets	105	-	-
Share options and share appreciation rights expense	29	484	763
Changes in working capital items			
(Increase) in trade receivables, income in advance and prepayments	(72)	(56)	(196)
(Decrease) / increase in trade payables and accruals	(534)	208	(47)
Decrease / (increase) in GST	8	(14)	33
Decrease in tax	38	19	228
Net cash inflow / (outflow) from operating activities	**944**	**(569)**	**(792)**

4. Share Appreciation Rights

Share Appreciation Rights (SARs), a share based payment plan, were developed as a Long Term Incentive plan for key executives and senior management and provides the company with the flexibility to settle any share appreciation in cash or shares. An appropriate Long Term Incentive plan is critical to attracting and retaining key talent.

Conditional SARs

In the six months to 31 December 2017, SLI granted 1,038,000 SARs at a weighted average exercise price NZ $0.25 cents that vest and become exercisable as of the one year anniversary after the grant date. The SARs can only be exercised on the appropriate anniversary date or some other date as agreed by the Board, and if they are not exercised they will terminate after the expiry of the relevant exercise date.

Notes to the Financial Statements

The SARs include non-market performance obligations that will determine the percentage of SARs that will be eligible to vest. The Board will at its discretion determine if the performance obligations have been satisfied. All performance obligations will have been determined as satisfied or not by November 2018. For the purposes of determining the fair value the assumed achievement of non-market performance obligations is 100%.

5. Segment reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenue and incur expenses, whose operating results are regularly reviewed by the entity's chief operating decision-maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the Group, has been identified as the CEO.

The Group currently operates in one business segment providing website search services in New Zealand, United States, Australia, the United Kingdom, Brazil and Japan. Discrete financial information is not produced on a geographical basis and the operating results are reviewed on a group basis.

6. US Tax reform

On 22 December 2017, the US Government signed into law extensive changes to the US tax system. These changes are known as the 'Tax Cuts and Jobs Act' (the 2017 Act).
As at the date of signing these accounts the impact on the financial statements has been determined as minimal. A full impact assessment will be completed for the year-end.

7. Subsequent events

There have been no material subsequent events after 31 December 2017.

Board and Management

Board

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Greg Cross
Independent Chairman

Chris Brennan
Managing Director

Dr Shaun Ryan
Non-Executive Director and Co-Founder

Steven Marder
Non-Executive Director and Co-Founder

Matthew Houtman
Non-Executive Director
(resigned 28 February 2018)

Sarah Smith
Independent Director

Andrew Lark
Independent Director

Management

–

Chris Brennan
Chief Executive Officer

Rod Garrett
Chief Financial Officer

Dr Wayne Munro
Chief Technology Officer and Co-Founder

Dr Blair Cassidy
Chief Product Officer

Michael Grantham
Chief Information Officer and Co-Founder

Directory

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Investor Calendar

Year End

–

30 June 2018

Full-year Results Announcement

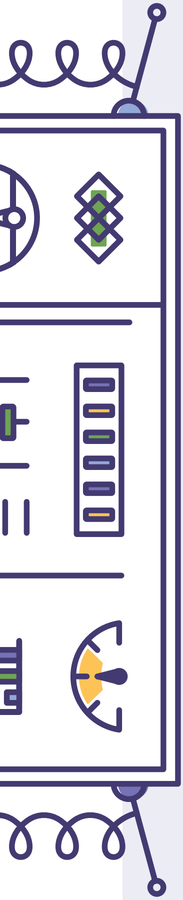
–

August 2018

Annual Meeting

–

November 2018



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