

## Market Release

18 May 2022

# FY22 Full Year Results Announcement

## AUDITED FINANCIAL RESULTS FOR THE YEAR TO 31 MARCH 2022

Serko Limited (NZX & ASX: SKO), a leader in travel and expense management for business, today announces results for the year to 31 March 2022, showing the company benefiting from an ongoing recovery in international travel markets and the advancement of its partnership with global travel giant Booking.com.

### Summary Financial Results:

- Total income (revenue and other income) increased 12% to \$18.9 million
- Segment revenue<sup>1</sup> was \$19.8 million, a 17% increase on the prior year and above the midpoint of our revenue guidance of \$18.5 million and \$20.5 million
- Online travel booking volumes rose 67% to 2.15 million, boosted by the easing of COVID travel restrictions and new Booking.com for Business transactions
- Booking.com for Business added an additional 54,000 new registered companies, taking the total to more than 420,000 net new registered companies, while room booking volumes grew to 39,000 in March 2022
- Average revenue per booking (ARPB) for travel-related revenue increased during the year by 8% to \$5.80, driven primarily by the strong average revenue per completed room booking of over \$20 for Booking.com for Business.
- Net losses after tax increased by 22% to \$36.0 million reflecting investment to develop the significant opportunities Serko sees in international markets. EBITDAF<sup>2</sup> losses increased 26% to \$28.1 million from \$22.3 million
- Average monthly cash burn for the 6 months to 31 March 2022 was \$3.0 million, lower than our guidance of close to \$4 million, partly reflecting additional non-recurring payments from customers.
- Cash and cash equivalents at 31 March 2022 were \$124.5 million, lifted by the \$83.3 million capital raising (\$80.1 million net of costs) undertaken towards the end of 2021
- Serko expects revenue to approximately double from the prior year and plans to increase our rate of investment into our products and markets in line with revenue projections.

*All dollar amounts are New Zealand dollars unless otherwise stated*

Please find attached the following documents containing additional information:

- Market Release
- Results Announcement (NZX Appendix 2)
- Investor Presentation
- Annual Report

<sup>1</sup> Segment revenue is a non-GAAP measure representing Total Income before it is reduced to reflect consideration payable to customers. In the period, consideration payable to customers comprised Serko's share of jointly agreed marketing expenses. See note 4 of the Financial Statements for a reconciliation to Total income.

<sup>2</sup> See notes in the accompanying Market Release (dated same date) for definitions of non-GAAP financial measures referenced, including EBITDAF.

- ESG Report (including Corporate Governance Statement)

These documents will also be made available on: [www.serko.com/investor-centre/](http://www.serko.com/investor-centre/)

## Earnings Call

The full-year results will be discussed on a conference call at 11.30am (NZT) today:

To participate in the call dial one of the following numbers 5- 10 minutes prior to the call start time. The call confirmation code is 696244.

| Location              | Phone Type         | Phone Number        |
|-----------------------|--------------------|---------------------|
| New Zealand           | Tollfree/Freephone | 0800 423 972        |
| New Zealand, Auckland | Local              | +64 (0)9 9133 624   |
| Australia             | Tollfree/Freephone | 1 800 590 693       |
| Australia, Sydney     | Local              | +61 (0)2 7250 5438  |
| Singapore             | Tollfree/Freephone | 800 120 7297        |
| Singapore, Singapore  | Local              | +65 6703 6913       |
| Hong Kong, Hong Kong  | Local              | +852 3008 1533      |
| United States/Canada  | Tollfree/Freephone | 800-289-0459        |
| United Kingdom        | Tollfree/Freephone | 0800 358 6374       |
| United Kingdom        | Local              | +44 (0)330 165 3646 |

For and on behalf of Serko by Shane Sampson.

ENDS

Released for and on behalf of Serko Limited by:

Shane Sampson  
Chief Financial Officer

For further information:

Investor relations:

Shane Sampson  
Chief Financial Officer, Serko

+64 9 884 5916

[Investor.relations@serko.com](mailto:Investor.relations@serko.com)

## SERKO REPORTS GROWTH AS TRAVEL RECOVERY BUILDS

### SUMMARY FINANCIAL RESULTS

- Total income (revenue and other income) increased 12% to \$18.9 million
- Segment revenue<sup>1</sup> was \$19.8 million, a 17% increase on the prior year and above the midpoint of our revenue guidance of \$18.5 million and \$20.5 million
- Online travel booking volumes rose 67% to 2.15 million, boosted by the easing of COVID travel restrictions and new Booking.com for Business transactions
- Booking.com for Business added an additional 54,000 new registered companies, taking the total to more than 420,000 net new registered companies, while room booking volumes grew to 39,000 in March 2022
- Average revenue per booking (ARPB) for travel-related revenue increased during the year by 8% to \$5.80, driven primarily by the strong average revenue per completed room booking of over \$20 for Booking.com for Business.
- Net losses after tax increased by 22% to \$36.0 million reflecting investment to develop the significant opportunities Serko sees in international markets. EBITDAF<sup>2</sup> losses increased 26% to \$28.1 million from \$22.3 million
- Average monthly cash burn for the 6 months to 31 March 2022 was \$3.0 million, lower than our guidance of close to \$4 million, partly reflecting additional non-recurring payments from customers.
- Cash and cash equivalents at 31 March 2022 were \$124.5 million, lifted by the \$83.3 million capital raising (\$80.1 million net of costs) undertaken towards the end of 2021
- Serko expects revenue to approximately double from the prior year and plans to increase our rate of investment into our products and markets in line with revenue projections.

*All dollar amounts are New Zealand dollars unless otherwise stated*

Serko Limited (NZX & ASX: SKO), a leader in travel and expense management for business, today announces results for the year to 31 March 2022, showing the company benefiting from an ongoing recovery in international travel markets and the advancement of its partnership with global travel giant Booking.com.

Online travel bookings across all segments for the 2022 financial year increased 67% year on year to 2.15 million from 1.29 million, with 1.95 million travel bookings in our Managed Travel segment (Australasia and North America). The total also includes 0.21 million bookings from the platform for small and medium-sized businesses that we have developed with Booking.com (our Unmanaged Travel segment).

By the end of the financial year, Australasian booking volumes had recovered to 78% of March 2019 (pre-COVID) levels as the market emerged from Omicron. Serko is also seeing the recovery trend continue through April 2022 with Australasian transactions at 83% of April 2019 numbers.

Booking.com for Business booking volumes have also recovered and for the month of March 2022 reached, 39,000, a 42% increase on the October 2021 figure. This growth has also continued into the first month of the new financial year.

<sup>1</sup> Segment revenue is a non-GAAP measure representing Total Income before it is reduced to reflect consideration payable to customers. In the period, consideration payable to customers comprised Serko's share of jointly agreed marketing expenses. See note 4 of the Financial Statements for a reconciliation to Total income.

<sup>2</sup> See notes to this release for definitions of non-GAAP financial measures, including EBITDAF.

For personal use only

The strong growth from Booking.com for Business follows the successful onboarding of more than 420,000 net new Booking.com for Business registered companies during the year.

Finally, in North America we are also seeing a travel recovery and continuing signs that we can realise the potential we see for Serko in this market. By way of example, the international payments company Visa has selected Zeno as its corporate booking tool and is now live in North and South America and the Asia Pacific region. Zeno was also named a 'Globally Preferred Booking Tool' by our travel reseller partner CWT, one of the top three global Travel Management Companies.

Serko Chief Executive and Co-Founder Darrin Grafton said "Our focus over the past year has been to position the business to catch the wave of the global travel recovery. It is therefore pleasing to report that the recovery has commenced and that the investments we have made are starting to deliver a return.

"The 2022 financial year has been one of careful cost management while investing for the recovery of the business travel market. Our priorities across Serko for the 2022 financial year were to support our Australian and New Zealand business, invest heavily into our travel platform for small and medium-sized businesses in partnership with Booking.com, and develop the North American market.

"We are pleased with the progress that we have made."

#### FINANCIAL PERFORMANCE AND FUNDING

Serko's financial performance, although showing a significant improvement in revenue relative to the prior year, continues to reflect the impact of the pandemic and our investments in our products to drive the Booking.com for Business opportunity and to position ourselves for the recovery of global business travel.

Total income increased by 12% to \$18.9 million. Revenue grew by 44% to \$17.9 million but this was partially offset by government grant revenue down 77% to \$1.0 million.

Segment revenue was \$19.8 million, a 17% increase on the prior year and above the midpoint of our revenue guidance of \$18.5 million and \$20.5 million. Revenue growth was driven by a partial business travel recovery in Australasia over the previous financial year, a strong contribution from Booking.com for Business and a modest increase in revenue from North American markets. These gains were diluted by the lockdown and travel restrictions in New Zealand through the third and fourth quarters of the financial year.

Average revenue per booking (ARPB) for travel-related revenue increased during the year by 8% to \$5.80, driven primarily by the strong average revenue per completed room booking of over \$20 for Booking.com for Business.

EBITDAF losses increased 26% to \$28.1 million from \$22.3 million in the same period a year ago, with the rise reflecting an increase in operating expenses as we scaled up and invested for future growth. Net losses after tax increased 22% to \$36.0 million from \$29.4 million.

Serko remains well funded as a result of the \$83.3 million capital raising (\$80.1 million net of costs) undertaken towards the end of 2021. Cash and cash equivalents at 31 March 2022 were \$124.5 million, an increase of 56% or \$44.6 million on the prior year end. Cash burn over the year was \$35.5 million, an average of \$3.0 million per month. Average monthly cash burn for the 6 months to 31 March 2022 was \$3.0 million, lower than our guidance of close to \$4 million, partly reflecting additional non-recurring payments from customers.

#### OUTLOOK

Two years on from the onset of the COVID related global travel restrictions, it is gratifying to see the strong recovery, both in Australasia and the new markets we are pursuing, Mr Grafton said.

“Transaction volumes in April 2022 show the recovery of business travel has been sustained into the new financial year, reflecting a return to travel. That said, we cannot be complacent about the ongoing risks, including geo-political uncertainty, the potential resurgence of COVID and additionally the structural changes to the travel market that have occurred through the pandemic.

“Nevertheless, the proof points of the current market continue to give us confidence about our prospects for the year to 31 March 2023 and we expect revenue to approximately double from the prior year.

“The disruption of the last two years has sharpened our focus on building upon the strengths of our technology and carefully targeting new market segments.

“We plan to increase our rate of investment into our products and markets to support future growth in line with revenue projections over the six months to 30 September 2022. However, we are tightly focused on execution and the application of capital to directly drive the outcomes related to both our strategy and shareholder return while maintaining prudent cash management practices.

“We continue to negotiate the potential acquisition of a travel technology business. There is no certainty that this acquisition will proceed, and we will update the market as appropriate. The potential acquisition would be earnings accretive and assist Serko to accelerate the execution of its strategic priorities. The total consideration payable is expected to be primarily payable in scrip with a smaller cash component. It is likely that a significant portion of the total consideration would be deferred and performance based.

“We thank shareholders for their ongoing support and look forward to providing an update at our annual shareholders meeting in August,” Mr Grafton concluded.

Released for and on behalf of Serko Limited by:

Shane Sampson  
Chief Financial Officer

For further information:

**Investor relations:**

Shane Sampson  
Chief Financial Officer  
+64 9 884 5916  
[investor.relations@serko.com](mailto:investor.relations@serko.com)

**Media:**

Richard Inder  
The Project  
+64 21 645 643  
[richard@theproject.co.nz](mailto:richard@theproject.co.nz)

**ABOUT SERKO**

Serko is a leader in online travel booking and expense management for the business travel market. Zeno is Serko’s next generation travel management application, using intelligent technology, predictive workflows, and a global travel marketplace to transform business travel across the entire journey. Listed on the New Zealand Stock Exchange Main Board (NZX: SKO) and Australian Securities Exchange (ASX: SKO), Serko is headquartered in New Zealand, with offices across Australia, China, and the United States. Visit [www.serko.com](http://www.serko.com) for more information.

---

For personal use only

### Important notes:

Non-GAAP (generally accepted accounting practices) financial measures do not have standardised meanings prescribed by GAAP and therefore may not be comparable to similar financial information presented by other entities. The Non-GAAP financial information included in this release has not been subject to review by the auditors.

Non-GAAP measures are used by management to monitor the business and are considered useful to provide information to investors to assess business performance. Reconciliation of non-GAAP to GAAP measures can be found in the Management Commentary within the Annual Report dated 18 May 2022.

- **Travel related revenue** is a non-GAAP measure comprising travel platform booking revenue and supplier commissions revenue, as set out in note 4 to the Financial Statements.
- **Average Revenue Per Booking (ARPB)** is a non-GAAP measure. Serko uses this as a useful indicator of the revenue value per travel booking. ARPB for travel-related revenue is calculated as travel-related revenue divided by the total number of online bookings.
- **Segment revenue** is a non-GAAP measure representing Total Income before it is reduced to reflect consideration payable to customers. In the period, consideration payable to customers comprised Serko's share of jointly agreed marketing expenses. See note 4 of the Financial Statements for a reconciliation to Total income.
- **Operating expenses** is a non-GAAP measure comprising expenses excluding costs relating to taxation, interest, depreciation, amortisation, finance expenses and foreign exchange gains and losses.
- **EBITDAF** is a non-GAAP measure representing Earnings Before the deduction of costs relating to Interest, Taxation, Depreciation, Amortisation, Foreign Currency (Gains)/Losses and Fair value measurement. See the Management Commentary in the Annual Report for a reconciliation to Net loss after tax.

For personal use only

## RESULTS ANNOUNCEMENT

18 May 2022

Results for announcement to the market

| Name of issuer   | Serko Limited ("SKO")  |                         |
|--|--|-------------------------|
| Reporting Period   | 31 March 2022  |                         |
| Previous Reporting Period  | 31 March 2021  |                         |
| Currency   | New Zealand Dollars  |                         |
|  | Amount (000s)  | Percentage change       |
| Revenue from continuing operations   | \$18,874   | Up 12%                  |
| Total Revenue  | \$18,874   | Up 12%                  |
| Net profit/(loss) from continuing operations   | (\$35,959)   | Increase of 22%         |
| Total net profit/(loss)  | (\$35,959)   | Increase of 22%         |
| Interim/Final Dividend   |  |                         |
| Amount per Quoted Equity Security  | No dividends have been paid during the period and there is no intention to pay dividends while Serko pursues growth opportunities  |                         |
| Imputed amount per Quoted Equity Security  | Not applicable   |                         |
| Record Date  | Not applicable   |                         |
| Dividend Payment Date  | Not applicable   |                         |
|  | Current period   | Prior comparable period |
| Net tangible assets per Quoted Equity Security   | 100.14 cents   | 74.59 cents             |
| A brief explanation of any of the figures above necessary to enable the figures to be understood | <p>Please refer to the market release and annual report released in conjunction with this announcement.</p> <p>Pursuant to ASX listing rule 1.15.3, Serko Limited confirms that it continues to comply with the rules of its home exchange (NZX Main Board).</p> |                         |

For personal use only

| Authority for this announcement                     |                              |
|---|------------------------------|
| Name of person authorised to make this announcement | Shane Sampson                |
| Contact person for this announcement                | Shane Sampson, CFO           |
| Contact phone number                                | +64 9 884 5916               |
| Contact email address                               | investor.relations@serko.com |
| Date of release through MAP                         | 18/05/2022                   |

Audited financial statements for the period ended 31 March 2022 accompany this announcement.

Serko Limited, Saatchi Building, Unit 14D 125 The Strand, Parnell, Auckland, New Zealand  
PO Box 47-638, Ponsonby, T: +64 9 309 4754, F: +64 9 377 0545, investor.relations@serko.com  
Incorporated in New Zealand ARBN 611 613 980

For personal use only

# serko

---

Financial Results for the year to 31 March 2022

Investor Presentation 18 May 2022

serko

# DISCLAIMER

- This presentation has been prepared by Serko Limited. All information is current at the date of this presentation, unless stated otherwise. All currency amounts are in NZ dollars unless stated otherwise.
- Information in this presentation
  - is for general information purposes only, and does not constitute, or contain, an offer or invitation for subscription, purchase, or recommendation of securities in Serko Limited for the purposes of the Financial Markets Conduct Act 2013 or otherwise, or constitute legal, financial, tax, financial product, or investment advice;
  - should be read in conjunction with, and is subject to Serko's Financial Statements and Annual Reports, market releases and information published on Serko's website ([www.serko.com](http://www.serko.com));
  - includes forward-looking statements about Serko and the environment in which Serko operates, which are subject to uncertainties and contingencies outside Serko's control – Serko's actual results or performance may differ materially from these statements, particularly as a result of the impacts of Covid-19;
  - includes statements relating to past performance information for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance;
  - may contain information from third-parties believed to be reliable, however, no representations or warranties are made as to the accuracy or completeness of such information.
- Non-GAAP financial information does not have a standardised meaning prescribed by GAAP and therefore may not be comparable to similar financial information presented by other entities. The non-GAAP financial information included in this release has not been subject to review by auditors. Non-GAAP measures are used by management to monitor the business and are useful to provide investors to access business performance.

# CONTENTS

FY 22 Highlights

---

Strategic Priorities

---

Financial Update

---

Outlook

---

For personal use only

# FY22 Highlights

# FY22: EMERGING FROM COVID WITH A GLOBAL PLATFORM

SERKO INVESTMENT AHEAD OF THE RECOVERY POSITIONS US WELL FOR GROWTH

## Booking.com



Delivered a travel platform to a global giant from a standing start, onboarding 420,000+ registered companies.



Monthly room nights booked rose to 39k for March, up 42% from October.



Collaborating with Booking.com to drive customer acquisition and conversion.

## Managed travel



Recovery is evident with travel patterns improving at the end of Q4 FY22.



Demonstrated resilience in Australia and New Zealand through retention and market share growth in the face of recurrent travel shutdowns.



North America is showing validation of our approach with marquee Travel Management Company (TMC) partners and corporate buyers selecting Zeno.

## Capability and capacity



Successfully retaining and recruiting talent to build capacity across our product and technology functions in a COVID constrained market.



\$83 million capital raising allowed us to look beyond the travel market turmoil.

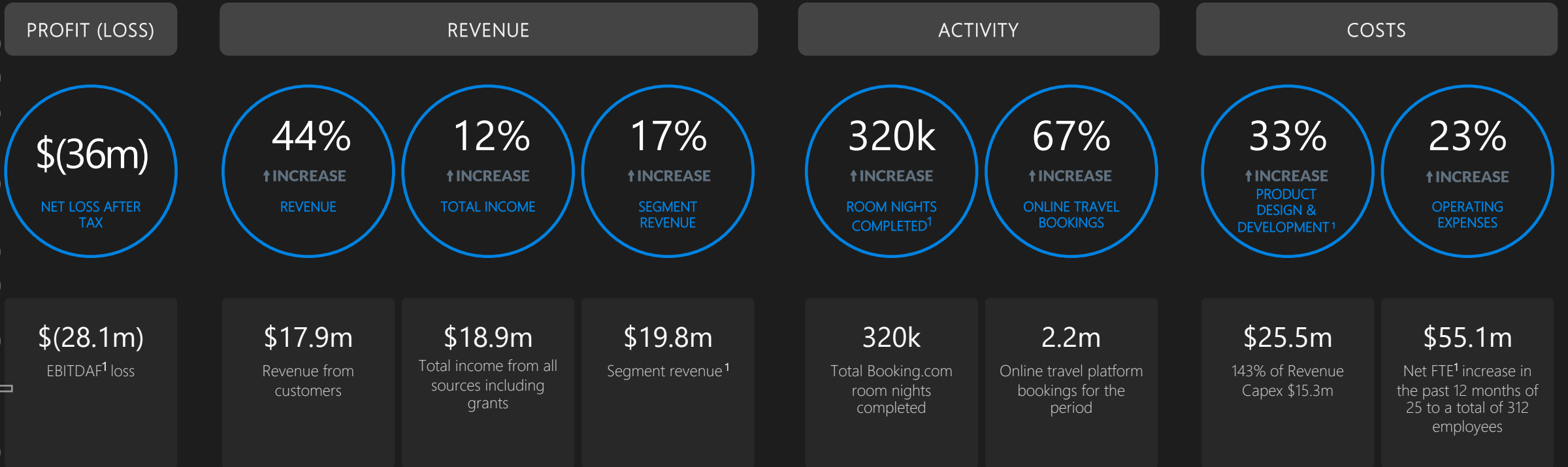


Cash burn averages \$3.0 million per month.

# FY22: WEATHERING THE PANDEMIC, INVESTING FOR GROWTH

## PERFORMANCE COMPARED TO PRIOR COMPARABLE PERIOD

For personal use only



<sup>1</sup>Refer to Appendix for definitions and descriptions of the non-GAAP measures used by management.

# SERKO'S STRATEGIC PRIORITIES FY23 -> FY25

## 3 YEAR STRATEGIC GOALS

1

CUSTOMER SUCCESS

Deliver an exceptional CX through experimentation driven development.

2

UNMANAGED REVENUE

Establish significant market share in the unmanaged travel market through our partnership with Booking.com.

3

MANAGED REVENUE

Consistently grow market share in the global managed travel market through TMC partnerships and inorganic growth.

4

MARKETPLACE & CONTENT

Commercialise the connected trip experience through an open platform.

5

CULTURE

Grow a culture of engaged Serkodians who uphold our corporate values.

## 1

## CUSTOMER SUCCESS

FRICTIONLESS BUSINESS TRAVEL THROUGH AN EXCEPTIONAL CUSTOMER EXPERIENCE

- Serko's product teams are focused on increasing customer satisfaction by continuing to enhance the performance and usability of our products.
- Booking.com is providing us with access to the learnings and insights of one of the largest online travel retailers in the world.
- With the support of our Booking.com partnership, Serko's product organisation is transitioning to an experiment-led approach built on data-driven decision making.
- A focus on delivering enhancements to reduce friction based on customer feedback has included multi-room bookings, express search and enhanced room imagery, which are delivering improvements in customer outcomes.

+

NEW BOOKING

BOOK STAY

BOOK FLIGHTS / TRAINS

BOOK A TRIP

Destination

Where would you like to stay?

Check-in

Wed, 18 May

Check-out

Thu, 19 May

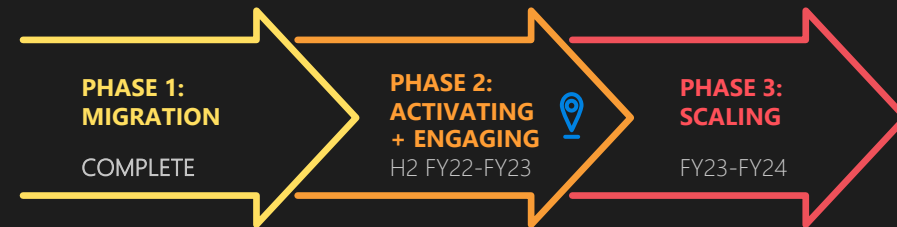
1 room

SEARCH

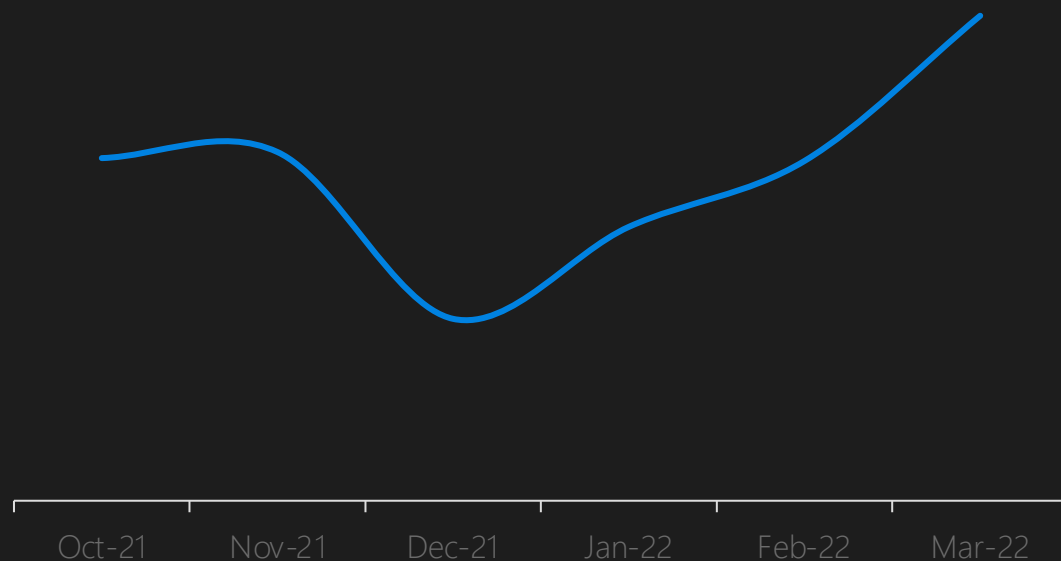
2

# UNMANAGED REVENUE

BOOKING.COM LAUNCH A SIGNIFICANT ACHIEVEMENT



Booking.com for Business Rooms Booked



420K+

Registered Booking.com for Business companies<sup>1</sup>

> \$20

Average revenue per completed booking.

39K

Rooms booked in March 2022 up 42% from October 2021.

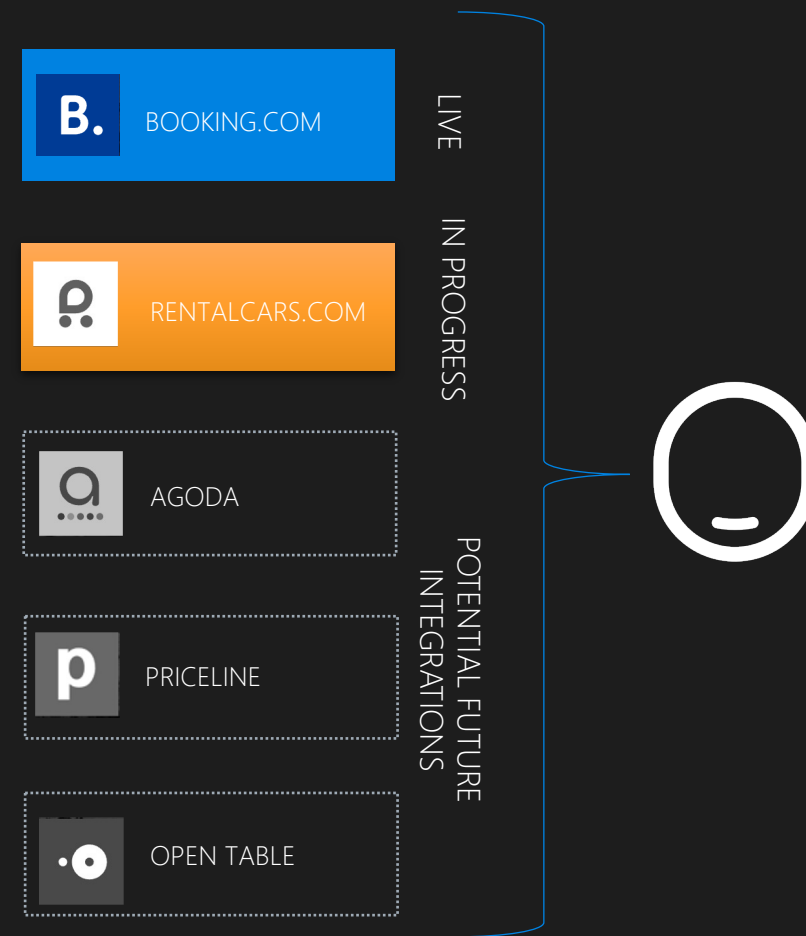
<sup>1</sup>We expect SME business booking behaviors will be different from our enterprise customers. It is uncertain when, and how often, migrated (also referred to as activated) customers and new sign-ups will transact, particularly during COVID-affected periods and as a result of intermittent travel needs of SME's. There is no guarantee that migrated/activated customers, or new sign-ups, will make bookings in the current financial period or at all.

# 2

## UNMANAGED REVENUE

### PRODUCT INVESTMENT FOCUS ON CUSTOMER CONVERSION

- Serko’s product and technology teams are collaborating closely with their Booking.com counterparts, with Booking.com resourcing a dedicated team to support the partnership.
- Focused investment for growth in FY22 and FY23:
  - Expanding the connected trip offering with additional content including rail, rental cars, airlines and partnership offerings with 3<sup>rd</sup> party business tools.
  - Air travel now able to be booked through the Booking.com for Business platform in 31 countries including Australia.
  - Increasing customer conversion through UI functionality enhancements.
  - Targeted digital marketing to drive customer acquisition.



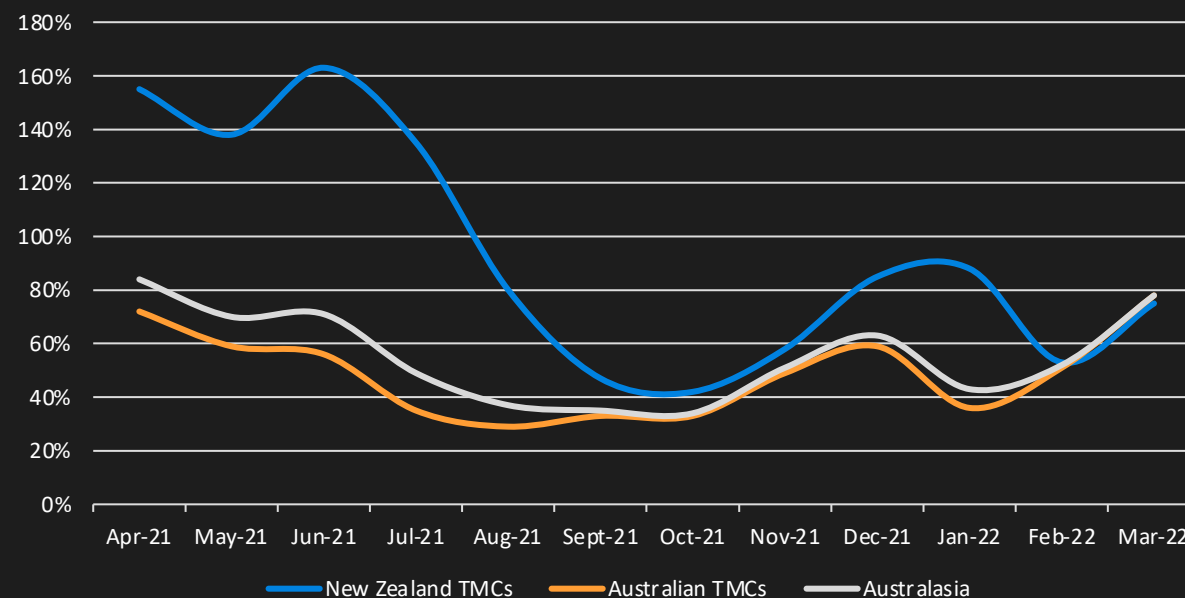
3

# MANAGED REVENUE

## RECOVERY GAINING MOMENTUM ACROSS ALL MARKETS

- Australasia is seeing a steady recovery, ending March 2022 at 78% of pre-COVID volumes after a year of volatility reflecting virus outbreaks.
- Serko has retained key customers and won new enterprise customers during the pandemic-affected period, achieving 62% adoption across the ASX 50.
- North American travel market is recovering, and we are seeing signs of Zeno gaining traction in market.
- Zeno has been selected as a globally preferred online booking tool by CWT.
- VISA selected Zeno as its corporate booking tool and is now live via CWT across North and South America and the Asia Pacific region.\*\*

Australasia transactions as % of pre-COVID-19\*



\*Percentages are measured against the same month in 2019 to reflect pre-Covid-19 volumes.

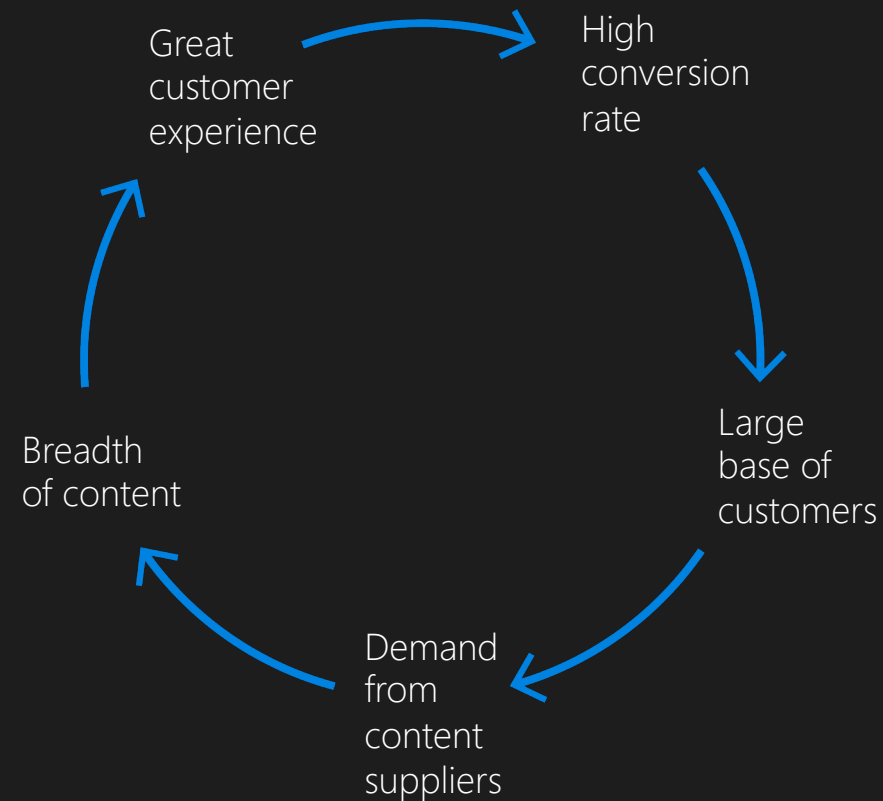
\*\*The agreement between Serko and CWT is not expected to have a material impact on Serko’s current financial year.

4

# PLATFORM AND CONTENT

## INVESTING IN MARKETPLACE FOUNDATIONS

- Serko is investing in the marketplace foundations to create an open platform with a content hub that enables third party supply partners to connect at scale.
- In FY22 we progressively expanded the content offerings across multiple markets, including the introduction of flights and DB Rail in Booking.com for Business.
- We rolled out product innovations through specialist provider integrations including: destination health & safety and arrival requirements information, and e-Visa capabilities.
- In alignment with Serko's ESG focus we launched integrated environmental impact and carbon offset for flights and sustainable property flags.



5

## CULTURE

### GROWING A CULTURE THAT ATTRACTS AND RETAINS TALENT

- Serko seeks to employ the best people and empower them to do their best work.
- We are focused on offering a holistic employee experience across the key areas of organisational culture; working environments; personal and career development; remuneration and benefits; and employee health, safety and wellbeing.
- Key initiatives:
  - Diversity policy 40:40:20 (men, women, any gender) target across the business by 2023
  - Review of processes for bias including hiring, promotion and annual performance
  - New inclusive benefits programme recognising parents, well-being, flexible working
  - Annual employee survey and monthly pulse checks
  - Rigorous health & safety management through the pandemic
- We continue to enhance our environmental, social and governance program, with a keen focus on climate change reporting.
- Serko is actively exploring initiatives to make a positive impact in the community, including working with Booking.com to assist the UNHCR with accommodation support for refugees displaced by the war.



For personal use only

# Financial Update and Outlook

AUDITED FINANCIAL RESULTS FOR THE YEAR TO 31 MARCH 2022

## NET PROFIT SUMMARY/ EBITDAF RECONCILIATION

- Revenue of \$17.9m is up 44% from FY21 as travel volumes partially recovered from COVID effects.
- Total income of \$18.9m is up 12% from FY21.
- EBITDAF loss of \$28.1m is \$5.8m more than the previous year with the increase in Operating expenses, partially offset by higher total income.
- Net loss after tax for the period was \$36m.

| <b>Net Profit Summary<br/>EBITDA Reconciliation</b> | <b>FY22<br/>\$'000</b> | <b>FY21<br/>\$'000</b> | <b>change<br/>\$'000</b> | <b>change<br/>%</b> |
|---|------------------------|------------------------|--------------------------|---------------------|
| Revenue   | 17,855                 | 12,420                 | 5,435                    | 44%                 |
| Other income (including Grants)                     | 1,019                  | 4,476                  | (3,457)                  | -77%                |
| Total income  | 18,874                 | 16,896                 | 1,978                    | 12%                 |
| Operating expenses                                  | (55,057)               | (44,854)               | (10,203)                 | 23%                 |
| <i>Percentage of revenue</i>                        | <i>-308%</i>           | <i>-361%</i>           |                          |                     |
| Foreign exchange gains/(losses)                     | (35)                   | (1,337)                | 1,302                    | -97%                |
| Net finance (expense)/income                        | 578                    | 247                    | 331                      | 134%                |
| Net (loss) before tax                               | (35,640)               | (29,048)               | (6,592)                  | -23%                |
| <i>Percentage of revenue</i>                        | <i>-200%</i>           | <i>-234%</i>           |                          |                     |
| Income tax benefit/(expense)                        | (319)                  | (341)                  | 22                       | -6%                 |
| Net (loss) after tax                                | (35,959)               | (29,389)               | (6,570)                  | -22%                |
| Deduct: net finance (expense)/income                | (578)                  | (247)                  | (331)                    | 134%                |
| Add back: income tax                                | 319                    | 341                    | (22)                     | -6%                 |
| Add back: depreciation and amortisation             | 8,038                  | 5,633                  | 2,405                    | 43%                 |
| Add back: net foreign exchange (gains)/losses       | 35                     | 1,337                  | (1,302)                  | -97%                |
| EBITDAF (loss)                                      | (28,145)               | (22,325)               | (5,820)                  | 26%                 |
| <i>EBITDAF (loss) margin</i>                        | <i>-158%</i>           | <i>-180%</i>           |                          |                     |

## REVENUE ANALYSIS

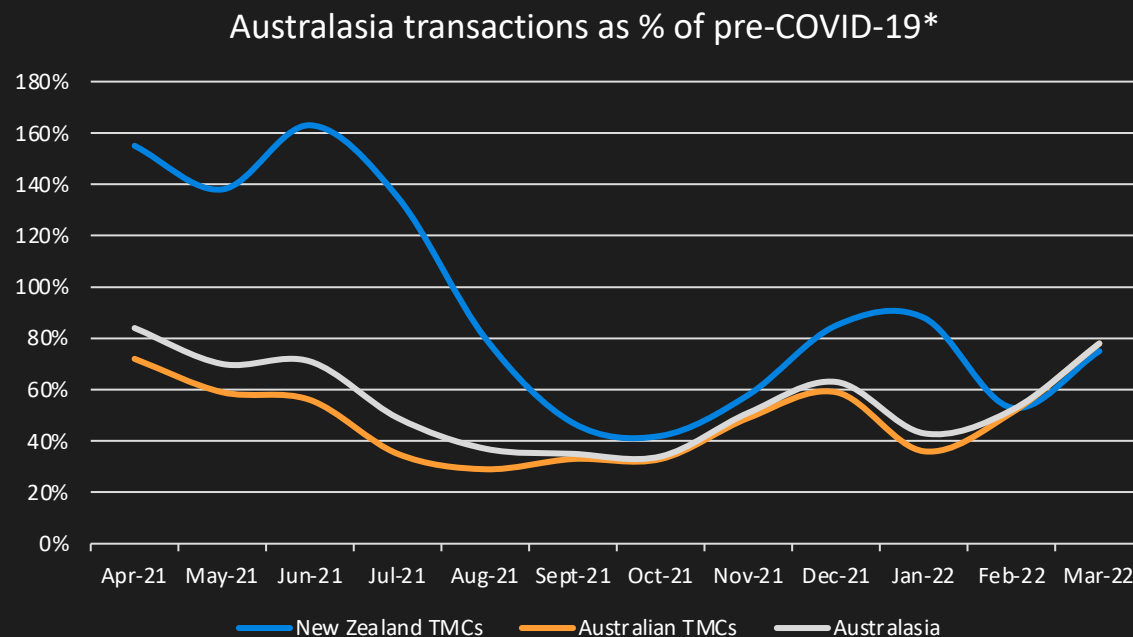
- Segment revenue<sup>1</sup> increased 17% to \$19.8m, above the midpoint of guidance.
- Travel platform revenue increased by 42% to \$9m.
- Supplier commissions before consideration payable increased 710% to \$4.4m reflecting increased travel volumes and growth in revenue from Booking.com for Business.
- After deducting consideration payable to customers, supplier commissions revenue increased 541% to \$3.5m.
- ARPB for recurring revenue decreased by 11% to \$7.83 due to the weighting of Expense revenue decreasing as travel booking volumes and revenues grew faster.
- Average Revenue per Booking (ARPB) for travel-related revenue (travel platform and supplier commissions) increased by 8% to \$5.80.

| <b>Revenue and Other Income<br/>by Type</b>               | <b>FY22</b><br>\$'000 | <b>FY21</b><br>\$'000 | change<br>\$'000 | change<br>% |
|---|-----------------------|-----------------------|------------------|-------------|
| Revenue – transaction and usage fees:                     |                       |                       |                  |             |
| Travel platform booking revenue                           | 9,042                 | 6,354                 | 2,688            | 42%         |
| Expense platform revenue                                  | 4,039                 | 3,997                 | 42               | 1%          |
| Supplier commissions revenue                              | 4,358                 | 538                   | 3,820            | 710%        |
| Services revenue  | 1,007                 | 1,145                 | (138)            | -12%        |
| Other revenue   | 320                   | 386                   | (66)             | -17%        |
| Other Income  | 1,019                 | 4,476                 | (3,457)          | -77%        |
| Segment revenue   | 19,785                | 16,896                | 2,889            | 17%         |
| Consideration payable to customers                        | (911)                 | -                     | (911)            | n/a         |
| Total revenue and other income in accordance with NZ GAAP | 18,874                | 16,896                | 1,978            | 12%         |
| <b>Operating Revenue by Geography</b>                     |                       |                       |                  |             |
| Australia   | 10,686                | 7,520                 | 3,166            | 42%         |
| New Zealand   | 1,539                 | 2,154                 | (615)            | -29%        |
| North America   | 2,597                 | 2,369                 | 228              | 10%         |
| Europe and Other  | 3,033                 | 377                   | 2,656            | 705%        |
| Total Revenue   | 17,855                | 12,420                | 5,435            | 44%         |
| Total travel bookings (000)                               | 2,556                 | 1,566                 | 990              | 63%         |
| Online bookings (000)                                     | 2,153                 | 1,287                 | 866              | 67%         |
| ARPB (travel related revenue only/online bookings)        | \$5.80                | \$5.36                | \$0.44           | 8%          |
| ARPB (recurring revenue/online bookings)                  | \$7.83                | \$8.76                | (\$0.93)         | -11%        |

<sup>1</sup> Refer to Appendix for definitions and descriptions of the non-GAAP measures used by management.

## TRANSACTION ANALYSIS - ANZ

- New Zealand travel booking volumes peaked in June 2021 at 163% of 2019 volumes reflecting both travel recovery and increased market share in New Zealand before further lockdowns and travel restrictions began to impact from August 2021.
- In Australia, travel booking volumes recovered to 72% of 2019 volume before further lockdowns caused volumes to fall, hitting a low of 29% of 2019 levels in August 2021.
- With high vaccination levels and significant reductions in COVID related restrictions, travel volumes in March 2022 recovered to 78% of 2019 levels in Australia and to 75% of 2019 levels in New Zealand.



\*Percentages are measured against the same month in 2019 to reflect pre-Covid-19 volumes.

## OPERATING EXPENSES

- Total operating expenses increased 23% to \$55.1m as Serko invested for future growth.
- Selling and marketing expenses increased 50% to \$3.1m driven by increased transaction volumes and further investment in marketing initiatives.
- Hosting expenses increased 82% to \$4.9m driven by increase in online booking volumes of 67% during the year and additional infrastructure to support the Booking.com for Business migration.
- Remuneration and benefits increased by 9% owing to increased average headcount and increase in compensation per employee.
- Administration expenses increased to \$6.9m of which \$1.6m is professional fees relating to potential acquisition and consultancy services to support the design and development of a new mobile app.

| <b>Operating Expenses</b>                | <b>FY22</b>   | <b>FY21</b>   | <b>change</b> | <b>change</b> |
|--|---------------|---------------|---------------|---------------|
|  | <b>\$'000</b> | <b>\$'000</b> | <b>\$'000</b> | <b>%</b>      |
| Total selling and marketing expenses     | 3,087         | 2,056         | 1,031         | 50%           |
| Hosting expenses                         | 4,932         | 2,710         | 2,222         | 82%           |
| Total remuneration and benefits          | 32,074        | 29,527        | 2,547         | 9%            |
| Total administration expenses            | 6,926         | 4,928         | 1,998         | 41%           |
| Total amortisation and depreciation      | 8,038         | 5,633         | 2,405         | 43%           |
| Total Operating Expense                  | 55,057        | 44,854        | 10,203        | 23%           |
| Percentage of revenue                    | 308%          | 361%          |               |               |
| <b>Number of employees at period end</b> | 312           | 287           | 25            | 9%            |

Note: A further breakdown of Operating Expenses can be found in Note 5 of the financial statements.

## PRODUCT DESIGN AND DEVELOPMENT

- Total PD&D costs increased by 33% to \$25.5m reflecting increased average PD&D headcount as Serko invested in its products to support future revenue growth.
- Product design and development (PD&D) costs is a non-GAAP measure<sup>1</sup> representing the internal and external costs related to PD&D that have been included in operating expenses or capitalised as computer software development during the period.
- Capitalised PD&D costs increased by 112% to \$15.3m reflecting the increased total PD&D costs and an increase in the proportion of PD&D costs capitalised to 60%.

| <b>Product Design and Development Expenditure</b>           | <b>FY22</b>   | <b>FY21</b>   | <b>change</b> | <b>change</b> |
|---|---------------|---------------|---------------|---------------|
|   | <b>\$'000</b> | <b>\$'000</b> | <b>\$'000</b> | <b>%</b>      |
| Total Product Design & Development                          | 25,548        | 19,203        | 6,345         | 33%           |
| Percentage of revenue                                       | 143%          | 155%          |               |               |
| Less: capitalised product development costs                 | (15,320)      | (7,231)       | (8,089)       | 112%          |
| Percentage of Product Design & Development costs            | 60%           | 38%           |               |               |
| Total Product Design & Development (excluding amortisation) | 10,228        | 11,972        | (1,744)       | -15%          |
| Percentage of revenue                                       | 57%           | 96%           |               |               |
| Add: Amortisation of capitalised development costs          | 6,386         | 3,909         | 2,477         | 63%           |
| Total   | 16,614        | 15,881        | 733           | 5%            |
| Percentage of revenue                                       | 93%           | 128%          |               |               |

<sup>1</sup> Refer to Appendix for definitions and descriptions of the non-GAAP measures used by management.

## BALANCE SHEET

- Cash balances and Short-term deposits increased 56% to \$124.5m as at 31 March 2022.
- Excluding funds from the capital raise, net cash burn for the year was \$35.5m, an average of \$3m per month.
- In the six months to 31 March 2022 average monthly cash burn was \$3m, lower than planned.
- Part of the lower than planned cash burn was due to additional payments from customers which are expected to reverse in the year to 31 March 2023 and are included in current liabilities.
- Other current assets increased by 15% reflecting anticipated government grant income.
- Non current liabilities increased 620% as a result of new premises leases entered into during the period and deferred income.

| <b>Balance Sheet</b>                | <b>FY22</b>    | <b>FY21</b>    | <b>change</b> | <b>change</b> |
|-------------------------------------|----------------|----------------|---------------|---------------|
|                                     | <b>\$'000</b>  | <b>\$'000</b>  | <b>\$'000</b> | <b>%</b>      |
| Cash and Short-Term Deposits        | 124,513        | 79,919         | 44,594        | 56%           |
| Other Current Assets                | 6,226          | 5,400          | 826           | 15%           |
| Intangibles                         | 32,058         | 23,304         | 8,754         | 38%           |
| Other Non Current Assets            | 4,394          | 2,686          | 1,708         | 64%           |
| <b>Total Assets</b>                 | <b>167,191</b> | <b>111,309</b> | <b>55,882</b> | <b>50%</b>    |
| Current Liabilities                 | 13,300         | 8,363          | 4,937         | 59%           |
| Non Current Liabilities             | 3,010          | 418            | 2,592         | 620%          |
| Equity                              | 150,881        | 102,528        | 48,353        | 47%           |
| <b>Total Liabilities and Equity</b> | <b>167,191</b> | <b>111,309</b> | <b>55,882</b> | <b>50%</b>    |

## OUTLOOK

- We are gratified to see the strong recovery both in Australasian markets and the new markets we are pursuing. Australasian transactions through April show the post-COVID recovery has been sustained into the new financial year with booking volumes in April 2022 at 83% of April 2019 levels.
- We believe our aspiration of reaching \$100 million revenue in the mid-term remains achievable. This revenue target has been delayed during this COVID-affected year, and impacts from the pandemic and other factors continue to make it challenging to determine the timing of realisation of revenues from these opportunities.
- We continue to negotiate the potential acquisition of a travel technology business. There is no certainty that this acquisition will proceed, and we will update the market as appropriate. The potential acquisition would be earnings accretive and assist Serko to accelerate the execution of its strategic priorities. The total consideration is expected to be primarily payable in scrip with a smaller cash component. It is likely that a significant portion of the total consideration would be deferred and performance-based.
- The strong recovery from COVID in business travel markets together with our partnership with Booking.com gives us confidence that revenue for the year to 31 March 2023 will approximately double from the prior year.
- We plan to increase our rate of investment into our products and markets over the six months to 30 September 2022 to support future growth.
- We are tightly focused on execution and the application of capital to directly drive the outcomes related to both our strategy and shareholder return.

For personal use only

# serko

---

Financial Results for the year to 31 March 2022

Investor Presentation 18 May 2022

## Q&A

serko

# Appendix

Company snapshot, risks and definitions

# ABOUT SERKO

FOUNDED IN 2007



## Innovative Solutions

Serko is a technology company focused on innovative solutions that address the challenges of corporate travel and expense management. Serko's revenue comes from Travel Management Companies (TMCs), who provide our online travel booking solution to their corporate customers, and from direct corporate travel bookings on Booking.com for Business which is powered by our technology. Serko also sells Expense management solutions to corporate customers directly.



## Market Leader

Serko is a leading supplier of travel technology solutions for TMCs in Australasia and is now expanding into Northern Hemisphere markets with multiple reseller partners in North America and a global offering for small to medium sized business through the Booking.com for Business platform.



## NZX/ASX Listed

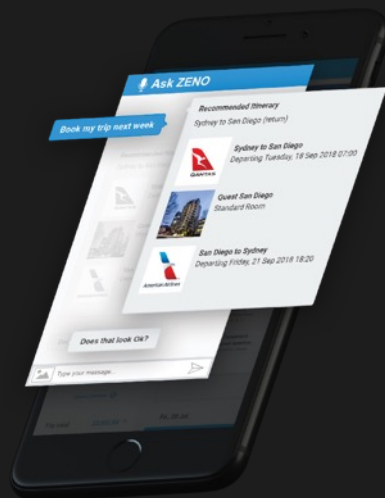
Serko listed on the New Zealand stock exchange in June 2014. In June 2018, Serko listed as a foreign exempt listing on the Australian Securities Exchange. Serko trades under the ticker 'SKO' on both exchanges.

Serko employs around 360 people worldwide with its HQ in New Zealand, and offices across Australia, the U.S. and China

# SERKO PRODUCTS

## Zeno Travel

Zeno Travel is an Online Booking Tool (OBT) that corporate travellers use to book flights, trains, hotels, rental cars and airport transfers in line with their corporate travel policies.



## Zeno Expense

Zeno Expense automates the process of corporate card and out-of-pocket expense submission, reconciliation and reimbursement.

## DEFINITIONS

Non-GAAP (generally accepted accounting practices) financial measures do not have standardised meanings prescribed by GAAP and therefore may not be comparable to similar financial information presented by other entities. Non-GAAP measures are used by management to monitor the business and are considered useful to provide information to investors to assess business performance. Reconciliation of non-GAAP financial measures to GAAP measures can be found within the Annual Report dated 18 May 2022.

- ARPB (Average Revenue Per Booking) is a non-GAAP measure. Serko uses this as a useful indicator of the revenue value per travel booking. ARPB for travel-related revenue is calculated as travel-related revenue divided by the total number of online bookings. ARPB for recurring revenue is calculated as revenue from customers less services revenue divided by the total number of online bookings.
- Total travel bookings include both online and offline bookings. Offline bookings are system automated bookings.
- Segment revenue (a non-GAAP measure) is Total revenue and other income before deducting consideration payable to customers.
- Total operating revenue (a non-GAAP measure) is revenue excluding income from grants and finance income; total income includes grants.
- Product design and development costs is a non-GAAP measure representing the internal and external costs related to the design, development and maintenance of Serko's platforms that are included within operating expenses or capitalised but excludes amortisation.
- Operating expenses is a non-GAAP measure comprising expenses excluding costs relating to taxation, interest, depreciation, amortisation, finance expenses and foreign exchange gains and losses.
- EBITDAF is a non-GAAP measure representing Earnings Before the deduction of costs relating to Interest, Taxation, Depreciation, Amortisation, Foreign Currency (Gains)/Losses and Fair value measurement. See slide 15 for a reconciliation to Net loss after tax.
- FTE = Full time equivalent employee.

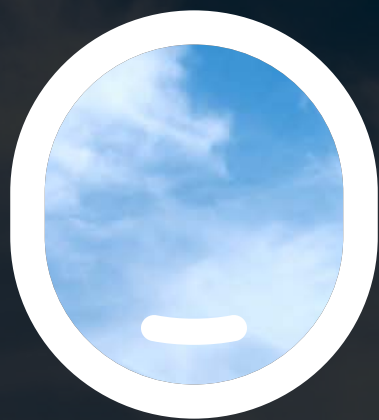
For personal use only

Thank you

serko

For personal use only

serko



ESG REPORT 2022

For personal use only

# WE BRING PEOPLE TOGETHER

**Serko believes in the power of being face-to-face. Our purpose is to bring people together. Our vision is a connected, frictionless travel experience.**

**To deliver that, we're building the world's leading business travel marketplace — connecting business travellers everywhere with the content, information and services they need at every stage of the journey.**


For personal use only



For personal use only

# WORKING TOWARDS A SUSTAINABLE FUTURE

For personal use only

A woman with short dark hair, wearing red-rimmed glasses, a white collared shirt, a dark tie, and a grey vest, is walking on a wooden pier. The background shows a body of water and a cloudy sky at dusk or dawn. A street lamp is visible on the pier behind her.

**We are committed to doing what  
is right for our business, people,  
customers and communities.  
This will drive our long-term value.**



The United Nations (UN) Sustainable Development Goals (SDGs) are a set of global initiatives set by the UN for everyone to contribute to.

For Serko, the SDGs provide a way for us to show which areas of sustainability we are directly contributing to and how our initiatives relate to a larger vision for positive change. The UN SDGs relevant to Serko and our actions are as follows:

### People



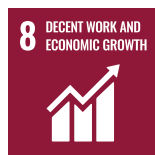
Health & Safety Policies



Training & intern programmes



Diversity & inclusion policies



Remuneration policies



Diversity & inclusion policies

### Customers



Industry recognition for innovation



Privacy & security policies

### Community



Sponsorships & donations



Environmental practices

# ESG Report 2022

This *Environmental, Social and Governance (ESG) Report*, which incorporates Serko's Corporate Governance Statement, was approved by the Board of Serko Limited on 18 May 2022 and is accurate as at that date. The Board does not undertake any obligation to revise this Report to reflect events or circumstances after 18 May 2022 (other than in accordance with the continuous disclosure requirements of the applicable Listing Rules).

|                             |    |
|-----------------------------|----|
| Sustainable Business Growth | 2  |
| ESG Governance              | 3  |
| Our Strategy                | 4  |
| Performance Reporting       |    |
| Environmental               | 6  |
| Social                      | 12 |
| Governance                  | 22 |
| Risk Management             | 37 |

# Building sustainable long-term business growth

We believe strong ESG practices give Serko its social licence to operate, as well as creating long-term value. Here's how:



# ESG Governance

At Serko, our commitment to ESG is company wide. Ownership starts at our Board and flows through the entire organisation. This framework summarises the roles and responsibilities for the oversight, planning and delivery of ESG programmes and practices at Serko.



**The Board** approves ESG vision and strategy and oversees risk management

**Board committees** oversee the relevant aspects of the ESG programme and report to the Board

**The Executive Steering Committee** oversees, prioritises, resources and champions the ESG projects that comprise the programme and ensures alignment with Serko's strategy and value drivers

**Project Delivery Teams** do the planning and execution of the projects that contribute to the ESG programme and help advance the company towards its ESG goals

For personal use only

# Our Strategy

**Our Purpose**

**We bring people together**

**Our Vision + Mission**

**To create a connected, frictionless travel experience by building the world's leading business travel marketplace**

**3 yr Strategic Goals**

**1**

**Customer success**

Deliver exceptional customer experience (CX) through experimentation-driven development

**2**

**Unmanaged revenue**

Establish significant market share in unmanaged travel market

**FY23 Objectives**

---

**Product health foundations**

Increase customer satisfaction by continuing to enhance the performance and usability of our products

---

**Conversion**

Grow revenue from the unmanaged travel segment by focusing on customer conversion



Our strategy provides our stakeholders – employees, customers, end users, partners, suppliers, shareholders and others – with a clear sense of what drives us, where we are heading and how we will create long-term value.

3

### Managed revenue

Consistently grow market share in global managed travel market through TMC partnerships and inorganic growth

### Retain and grow

Scale growth in North America and extend our leadership in the Australia and New Zealand markets

4

### Marketplace and content

Commercialise connected trip experience through an open platform

### Platform foundations

Build the marketplace foundations through technology enablement of an open integration platform

5

### Culture

Grow a culture of engaged Serkodians aligned to our purpose, mission and values

### Organisational alignment

Maximise alignment across our teams and minimise friction for our customers to increase organisational efficiency

For personal use only

# ENVIRONMENTAL



As a technology company Serko operates in an online, office-based environment. With our operational model, Serko's direct environmental footprint is relatively small and made up largely from third-party data centres, office energy consumption, employee travel and from the typical consumables of a technology business. We believe that the biggest environmental impact we can have is in two core areas:

- Understanding and reducing our own carbon footprint
- Assisting our customers to make smart sustainable business decisions.

## 1. UNDERSTANDING AND REDUCING OUR OWN CARBON FOOTPRINT

### UNDERSTANDING OUR OWN CARBON FOOTPRINT

Serko's goal is to become carbon neutral for our operations by offsetting 100% of our unavoidable operational emissions, after measuring and reducing all avoidable consumption. We have initiated this process by engaging an external consultant to calculate our carbon emissions from FY22. This will be a greenhouse gas (GHG) inventory assurance review in accordance with the International Standards on Assurance Engagements (NZ) 3000: Assurance Engagements Other than Audits or Reviews of Historical Financial Information ('ISAE (NZ) 3000') and the related ISAE 3410: Assurance Engagements on Greenhouse Gas Statements.

## REDUCING OUR CARBON FOOTPRINT

Over the past financial year, we have continued to look at ways to progressively reduce Serko's carbon footprint. With most of our operational emissions generated from energy consumption (through our office spaces and data centres) and employee travel (mainly air), we have focused first on these areas as opportunities to reduce our impact. Initiatives in place (or in the process of being implemented) include:

### Energy consumption

- Wherever possible, we host information technology (IT) and platform services in the cloud, lowering our on-premise energy consumption. Our cloud services platform partner, Microsoft Azure, has been carbon neutral since 2012. We are working with Microsoft to optimise how we use our technology infrastructure, including offsetting our energy usage through Microsoft's pathway to carbon negative by 2030<sup>1</sup>. We use Microsoft's Emissions Impact Dashboard to view and measure our emissions from data centre usage.
- We have appointed a new energy provider for our New Zealand offices that generates 100% renewable energy sources. Under this arrangement, we will be issued with Renewable Energy Certificates for our energy consumption.

### Employee travel

- Due to Covid-19 related travel restrictions, there was limited employee travel during the FY22 financial period. As travel recovers, we will bring carbon considerations to all travel decisions, and offset where travel is deemed necessary. At the end of 2021, we partnered with Tasman Environmental Markets (TEM) to integrate BlueHalo, a technology solution that enables travellers and businesses to offset their travel. Serko will use this solution to offset internal employee travel emissions. We are also offering this service to our customers.
- We see the benefit of reduced carbon emissions associated with a reduction of employees commuting. As such, we actively manage flexibility for our employees to work from home for part of the work week.

### Reducing waste

- We are committed to a reduction in waste and single-use items. Our efforts to reduce, reuse and recycle include the following initiatives:
  - reusing IT equipment and parts where possible and donating IT equipment to charitable organisations (see page 20 about our donation initiative with the Salvation Army);
  - reinforcing smart environmental choices within the corporate culture, particularly in procurement and entertainment decision-making in the business;
  - recycling and composting; and minimising the use of disposable coffee cups and single-use water bottles, where possible.

<sup>1</sup> For more information on the steps Microsoft Azure is undertaking to continue to improve its environmental impact see <https://azure.microsoft.com/en-au/global-infrastructure/sustainability/#carbon-benefits>

## TCFD REPORTING

We are currently assessing our readiness to start reporting against the upcoming climate-related disclosure requirements in line with the Taskforce on Climate-related Financial Disclosures (TCFD) framework. Those requirements, currently being developed by the New Zealand External Reporting Board, will be mandatory for Serko to report against from the FY23 reporting period.

In next year's ESG report, we will provide information about Serko's climate-related risks and opportunities, how they affect us, and in turn how our operations affect climate change. We will also identify and report the key metrics associated with our material climate impacts.

Serko recognises that the improved transparency of our climate-related information will enable us to better manage our risks, inform our climate change strategy and help build long-term organisational value.

## 2. ASSISTING OUR CUSTOMERS TO MAKE SUSTAINABLE BUSINESS DECISIONS

As a company providing a travel booking platform that is used by thousands of organisations around the world to book millions of trips, we play a role in helping reduce the environmental impact of our customers' activity. By providing insight into travel-related emissions and environmental impact at point of sale and enabling corporate travellers to offset their carbon emissions, our travel booking platform can shape user behaviour to prefer lower impact options and develop more sustainable travel programs. See page 10-11 for more details on how we assist our customers to make sustainable business decisions.



# Mission Zero

## Assisting business travellers to minimise their environmental impacts

Mission Zero, launched in our Zeno booking platform in 2021, allows our customers to actively reduce the environmental impact of their travel activity.

Mission Zero empowers business travellers to choose environmentally friendly booking options by providing carbon offset data for flights, highlighting lower emission rental car options and enabling customers to select a targeted environmental programme to offset emissions.

We have partnered with **Tasman Environmental Markets (TEM)** to integrate BlueHalo®, an end-to-end technology solution that enables Zeno to calculate and offset the emissions of a flight. TEM's ability to provide granular, dynamic carbon offset data based on choice of fare gives our customers the ability to build a robust carbon offset program for their businesses.

**Serko's vision for supporting efficient business travel with Mission Zero is built around four principles:**

### 1. Real-time data

Serko is collaborating with its partners to enable Zeno users to measure the impact of their entire trips in real-time, including flights, accommodation and rental car options.

### 2. Informed choice

Travel programs can be designed to minimise environmental impact, not just financial cost. The most efficient flight routes, cabin classes and vehicle types can be identified at the point of purchase to drive more sustainable buying behaviour.

### 3. Impact visibility

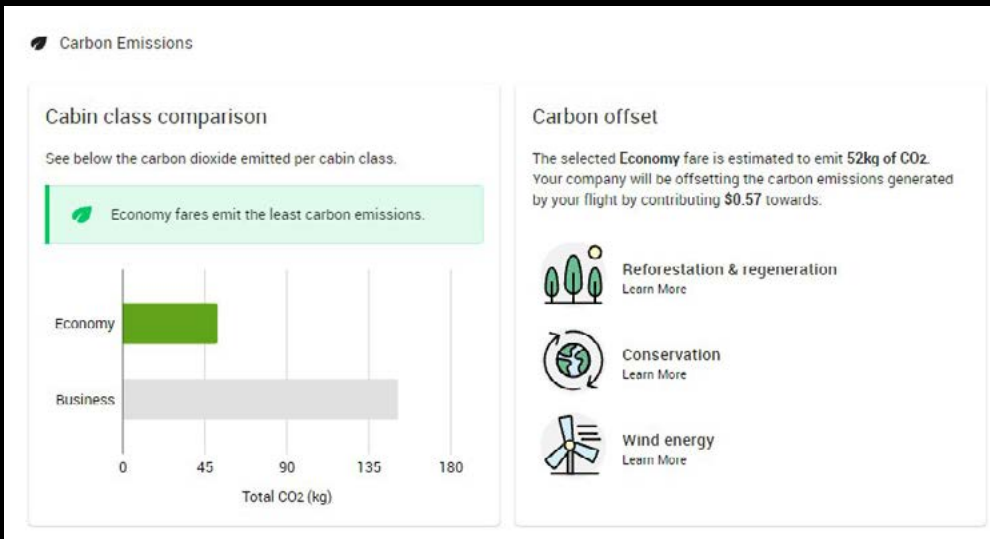
By providing complete visibility of a business travel program's environmental impacts, Zeno enables organisations to make policy choices that get their travellers where they need to go, while treading as lightly as possible.

### 4. Net Zero impact

Through our partnership with TEM, Mission Zero offers organisations a measurable and credible way to offset their greenhouse emissions by investing in carefully chosen carbon offset projects that deliver social and economic benefits to communities, as well as emissions reduction.

Mission Zero also recently introduced 'sustainability badges', which allow Booking.com users to search for accommodation that meets certain sustainability criteria.

For personal use only



Zeno calculates the carbon emission and offset data for each flight and provides the option to offset to a portfolio of high impact projects.

## Rental car in Sydney

Suggested (9)
Map (42)
List (3)

Pick-up: Sydney | Wcd, 24th Nov | 10:00

Drop-off: Sydney | Fri, 26th Nov | 14:00

1 traveller, 1 car VIEW ALL DEPOT HOURS

Chains | Classes | Categories | Transmissions | **Hybrid** | Sort by: Price

|  |   |   |   |
|--|---|---|---|
|  | <p><b>Toyota Camry Hy Or S...</b><br/>4 door</p> <ul style="list-style-type: none"> <li>⊕ Automatic</li> <li>⊕ Hybrid</li> <li>⊗ Air Conditioning</li> </ul>  | <ul style="list-style-type: none"> <li>★ Preferred rate</li> <li>🌱 Unlimited Mileage</li> </ul> | <p><b>Budget</b></p> <p><b>\$154.92</b> /day<br/><small>est. \$194.81/day</small></p> <p><a href="#">SELECT</a></p> |
|  | <p><b>Toyota Camry Hybrid</b><br/>4 door</p> <ul style="list-style-type: none"> <li>⊕ Automatic</li> <li>⊕ Hybrid</li> <li>⊗ Air Conditioning</li> </ul>      | <ul style="list-style-type: none"> <li>★ Preferred rate</li> <li>🌱 Unlimited Mileage</li> </ul> | <p><b>AVIS</b></p> <p><b>\$157.97</b> /day<br/><small>est. \$198.48/day</small></p> <p><a href="#">SELECT</a></p>   |
|  | <p><b>SUV Intermediate (Hy...</b><br/>SUV</p> <ul style="list-style-type: none"> <li>⊕ Automatic 4WD</li> <li>⊕ Hybrid</li> <li>⊗ Air Conditioning</li> </ul> | <ul style="list-style-type: none"> <li>★ Preferred rate</li> <li>🌱 Unlimited Mileage</li> </ul> | <p><b>Hertz</b></p> <p><b>\$181.19</b> /day<br/><small>est. \$231.73/day</small></p> <p><a href="#">SELECT</a></p>  |

Preferencing of lower emission rental cars in the Zeno booking flow

For personal use only

# SOCIAL



# Team Serko

For personal use only

Serko seeks to attract, motivate and retain talented and diverse people and empower them to do their best work. We offer an inclusive environment and culture that allows people to show up authentically, have their ideas heard, reach their potential and have fun along the way.

We provide a connected employee experience underpinned by a clear company purpose and vision and our strong values, developed from and tested against the diversity of perspectives that make up Serko.

## OUR PURPOSE AND VALUES

Our purpose, or 'why we exist' is simple, and that is to bring people together.

Our mission describes 'what we do', which is to create a connected, frictionless travel experience.

Together, these two statements provide our stakeholders – employees, customers, end users, partners, suppliers, shareholders and others – with a very clear sense of what drives us and where we are heading.

Our values reflect who we are as a company, the way we work together as a team and the way we interact with our customers and partners. Our values show up in the decisions we make, who we hire, how we develop and reward and how we lead our teams.

Serkodians tell us that they have a strong sense of belonging, through participation in our surveys. More than 80% consistently agree that they are proud to work for Serko and that they would recommend Serko as a great place to work. Our teams also have a clear understanding of how their work contributes to the achievement of Serko's business objectives and feel that their leaders role model Serko's values to others.

## OUR VALUES

### MASTERY

Serkodians continuously strive to become masters of what they do

### AUTONOMY

Serkodians are able to work independently and make decisions for themselves for the benefits of our customers

### PASSION

Serkodians are passionate about what they do and what Serko does

### INTEGRITY

Serkodians are honest, respectful of others, deliver on their commitments to each other and our customers and make ethical business decisions

### SUCCESS

Serkodians strive toward their goals to ensure Serko reaches its goals

### FAMILY

Serkodians are valued as part of the Serko team working together to do the right thing for each other and our customers, and partners

### FUN

We value humour, laughter and enjoying our time at Serko



## DIVERSITY & INCLUSION

At Serko, we believe that creating an inclusive work environment strengthens our ability to serve our customers, attract top talent and achieve our business objectives. We are proud to be an equal opportunities employer and value the benefits that our team of many individuals with diverse skills, values, backgrounds, ethnicities and experiences bring to our business.

Our Diversity and Inclusion Policy articulates our commitment to achieving diversity in the skills, attributes and experience of Serko's Board members, management and staff across a broad range of criteria (including but not limited to, culture, gender, sexual orientation and age).

### **Our key principles are:**

- We're committed to attracting diverse talent and equitable hiring practices.
- We're committed to equal pay for equal work.
- We use data to ensure we can identify and mitigate unconscious bias in our decision-making
- We actively support flexible, hybrid and remote ways of working.

We set measurable objectives to reinforce our commitment to diversity, with progress against these objectives regularly monitored and reported through to the Board. Here are some ways we are seeking to create an inclusive work environment against the objectives:



For personal use only

**Key objectives to FY23**

**Progress this year (FY22):**

Achievement of gender diversity target 40:40:20 (see page 16)

- We actively seek to attract and hire diverse talent, which in FY22 has led to 50% of hires being female
- Our progress on gender diversity numbers is provided on page 16

Increase conscious awareness focus on behavioural Inclusion: inclusive mindsets, skillsets and relationships

- An inclusive benefits programme was launched in FY22 with:
  - parental benefits that provide enhanced leave and return-to-work entitlements regardless of gender identity
  - resources to support wellbeing and mental health including Mindfulness Training and an additional 'Serko Mission You' paid wellbeing day
  - flexible working arrangements that provide employees with choice
- We provide unconscious bias training for all people leaders to help leaders realise how the unconscious shapes our everyday decisions and actions. A rollout of unconscious bias training for all employees is planned for FY23
- Key people processes are reviewed for bias, including hiring, promotions, annual performance review and total reward decisions. This includes:
  - establishing a new Career Level framework for structured comparison
  - integrating unconscious bias micro training for all major people processes
  - using data and analysis to identify and mitigate unconscious bias (focused on gender in FY22) in our decision-making
- We celebrate cultural events, such as Māori Language Week, Martin Luther King Day, Chinese New Year, Diwali, Pride, and International Women's Day
- We are investing in Business Resource Groups with the first being 'Women in Technology' in FY22. We plan to expand these in FY23

Define, communicate and report against Inclusion and Diversity Objectives with engagement from Executive team

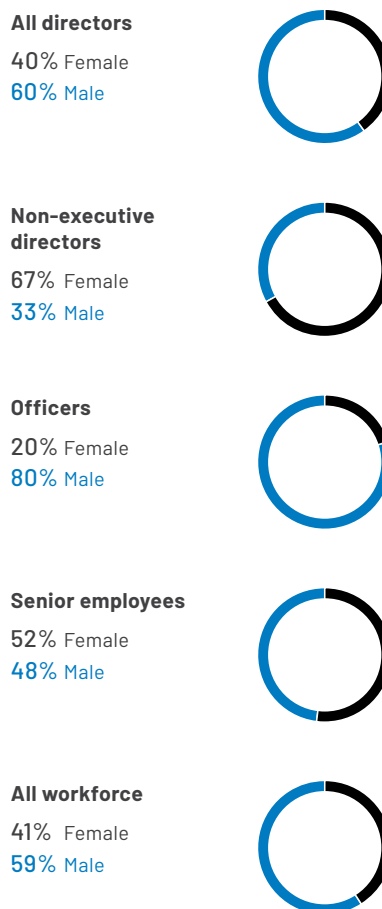
- We actively listen to the voice of employees to better understand how well we are doing to create an inclusive work environment where everyone has equal opportunity and their voices are heard (see page 17)

## GENDER DIVERSITY PROGRESS

In March 2021, the Board introduced a new gender diversity target of 40:40:20<sup>2</sup> to be achieved by 2023 across a) overall employees; b) non-executive directors; c) executive roles and d) people leadership roles. At the end of FY22 we are pleased to report positive progress across most groups, while noting there is further work to do in two key areas – executive and people leader roles. However, it is also encouraging to note that more than 50% of roles reporting directly to executives are held by women or non-binary and more than 50% of new recruits are also from those groups.

Serko employees represent more than 20 different nationalities. We embrace this diversity and view it as critical for encouraging awareness of cultural experiences and breadth of innovative thinking as we expand into different markets. Serkodians range in age from early 20s to mid-60s, with the spread peaking in the late-30s. In FY22, we continued measuring employee’s sense of inclusion and belonging, with positive results showing that employees generally feel respected, their point of view is listened to and that they are able to have a fair balance of work and home life.

## Gender diversity of employees by group



<sup>2</sup> 40:40:20 represents the following definitions: 40% female/women (she/her/hers); 40% male/men (he/him/his); 20% unspecified to allow for flexibility and to recognise that gender is not binary (they/their/them). Achievement of the target is defined by female representation of  $\geq 40\%$ .

---

## Listening to the voice of our employees keeps us on track



Preserving and evolving our culture as we grow is a priority for Serko. We believe that putting the voice of our employees first through Serko's active listening strategy is critical to our success.

This year, in addition to our annual employee engagement survey, we introduced monthly pulse surveys, which enable us to listen to how our teams are feeling about a range of areas, with a focus in FY23 on Engagement, Alignment, Leadership, Learning and Development and Wellbeing in the working environment.

These check-ins provide real-time feedback and allow real-time adjustment. The strong participation rates (around two-thirds of Serkodians participate in every check-in) are also an indicator of the high levels of engagement, as well as enabling us to be confident in our data. Our deep-dive annual engagement survey allows us to track our progress over a longer period, using a consistent group of indicators.

## REMUNERATION AND REWARD

To ensure Serko has the right foundations in place as we scale, over the past year we have made significant progress in redesigning our approach to reward and development. We aim to attract, motivate, retain and reward highly skilled talent necessary for achievement of our long-term business objectives. We support a pay-for-performance culture where employees are rewarded for individual and overall company success.

**We highlight the following initiatives and their benefits below.**

- Career Level Framework: implementation of this framework has created a strong foundation for benchmarking and analysis moving forward, including enabling 'like-for-like' comparisons from a Pay Equity perspective.
- Defined Career Pathways: the creation of clear career pathways provides more transparency and facilitates internal mobility by identifying opportunities for employees in other roles at Serko – creating an internal market for talent and linking that back to learning and development opportunities.
- Remuneration review processes:
  - Comprehensive analysis in preparation for the Remuneration Review, including Pay Equity review, with targeted allocations for specific roles, where required
  - Introduction of consistent starting methodology for remuneration reviews, taking into consideration performance and position in remuneration bands
  - Post-review cross-checks to ensure equitable application.

- Benefits Enhancements: for leave and wellness entitlements globally, including the implementation of enhanced Parental Leave Benefits with gender neutral application.

With the foundations now in place, the focus in the coming year is on enhancing ways of working and development opportunities as we grow.

## EMPLOYEE HEALTH, SAFETY & WELLBEING

During FY22, the Covid-19 pandemic had a significant impact on the lives of our employees. Serko's Board and management have accordingly sought to establish leading practices appropriate for an online, office-based employer, which promotes a safe and healthy working environment for everyone working in, or interacting with, our business.

We have continued to ensure rigorous health and safety practices throughout the pandemic, which included making swift decisions to close offices, providing personal protective equipment and encouraging social distancing and high levels of hygiene practices when offices did reopen. With the sustained impacts of Covid-19 in FY22 we have increased focus on the wellbeing and mental health of all Serkadians.

In December 2021, we introduced to our New Zealand team our COVID-19 Pandemic Vaccination Policy, which aimed to best protect the health, safety and wellbeing of our people in the workplace. The Policy was developed taking into consideration employee feedback, a health and safety risk assessment, as well as government direction and scientific evidence demonstrating the effectiveness of the vaccine. The policy required employees working in our office

For personal use only

environment to be vaccinated, with the option to continue working from home should they choose either not to be vaccinated or not to disclose their vaccination status. Employee feedback during this period was that the Policy made them feel secure in the knowledge that they were less likely to contract the illness at work. The Policy was retired in April 2022 in alignment with the timing of the New Zealand government changes to vaccination passes.

We continue to operate a policy of a 'symptom free' workplace, requiring any people demonstrating signs or symptoms of any transmissible illness to stay at home. To assist employees who have contracted Covid-19, we have introduced a special Covid-19 leave allowance of up to ten days paid leave, which enables our people to safely rest and recover from their illness without concern that their income will be affected.

We are continuing to use lessons learned during the pandemic to further improve our flexible working practices and to encourage increased levels of employee wellbeing.

During the FY22 financial year there was no time lost due to workplace accidents or incidents (LTIFR=0) meeting our zero-harm target.

## MENTAL HEALTH AND WELLBEING

Serko's commitment to investment in the wellbeing of our people continues to be reflected in positive employee feedback and engagement, despite the ongoing impacts of Covid-19. More than 85% consistently agree that 'Serko demonstrates care for the health and wellbeing of its people'.

In FY22, we have emphasised mental health and wellbeing initiatives, which encourage our teams to prioritise their own wellbeing, with the full support of Serko. The focus for FY22 has been on utilising the science of mindfulness, building healthy habits and testing new ways of working, led by the following initiatives:

- Partnership with BlueSkyMinds to deliver Mindfulness training for employees, with a FY22 focus on the science of habits and how to build healthy habits to manage in uncertainty.
- Introduction of Mission You employee wellbeing days in the second half of FY22, designed to consciously disconnect from work and take a day dedicated to restorative activities to reconnect with oneself.
- Continued investment in testing new ways of working, including options to provide greater employee flexibility, including different hybrid and remote working approaches. 'No meetings days' are being tested in FY23 to ensure our teams have time for focused, uninterrupted working time each week.
- Expansion of Serko's outsourced Employee Assistance Programme (EAP), including extending usage to families of employees impacted by global events including the war in Ukraine.

Our employee wellbeing is critical to our sustained success. We are planning to continue investing in this programme in FY23, as well as additional initiatives aimed at helping employees to focus the mind from distraction and improve their ability to manage demands and to create healthy levels of stress.

# Community

At Serko, we believe in the power of supporting the communities in which we live and operate. As we scale, we are continuing to look at the ways that we can support for-purpose (non-profit) groups and our communities to make a difference to improve community wellbeing or assist with education. The following examples highlight some of the great work being done by our team and our partners.

## SUPPORTING UNDER-REPRESENTED GROUPS

During the year, Serko's IT team began a partnership with the Salvation Army's reintegration services to redistribute laptops the team has upgraded or replaced. The Reintegration Services team works with hundreds of people each year across New Zealand who have limited support and possessions. They are assisted with one-on-one support to help them settle back into the community with accommodation, transport, health support and employment/training opportunities.

The Salvation Army tells us that for this group, access to computers makes an enormous difference, giving access to greater learning opportunities, enabling connections with a wider support network and driving self-empowerment for producing their own documents, such as a CV. The first computers were shipped in April 2022.

## BACKING NEW ZEALAND'S WORLD CHAMPION ROBOTICS TEAM

In 2021 Serko became a sponsor of End Game, a world champion robotics team that competes in the global BattleBots series. The team, who originated from the Auckland University Robotics Association, comprises seven members who together contribute around 50,000 hours each year to build and compete at the highest level in their field. This is a fitting partnership with fellow tech innovators who are equally passionate about what they do.

Serko has supported the team with a combination of funding for the team to travel and defend their world title in the 2021 competition in Las Vegas, and 'hands-on' support to help the team develop its brand to become a financially sustainable operation. See the team at [endgamebattlebot.com](https://endgamebattlebot.com).



For personal use only

### **VOLUNTEERING IN THE COMMUNITY**

In FY22, our Board and Management announced the Serko ‘Day of Community’ which will launch in FY23. This initiative has been developed following consultation with employees and people leaders about how we can positively impact our local communities, and support the wellbeing of our teams.

The ‘Day of Community’ provides each employee with a paid day off to undertake an activity they believe will make a difference in the communities in which they live and work across New Zealand, Australia, United States and China. We look forward to reporting our peoples’ great work in FY23.

### **SERKO AND BOOKING.COM PARTNERSHIP ASSISTS UKRAINE HUMANITARIAN EFFORTS**

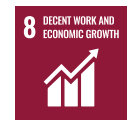
Booking.com has been leading an initiative to support non-government organisations (NGOs) that are working tirelessly with those impacted by the war in Ukraine.

With multiple NGOs assisting with the humanitarian relief efforts in Eastern Europe, Booking.com has partnered with accommodation providers to provide free or significantly discounted rooms. Serko has worked closely with the Booking.com team to set up Booking.com for Business to enable the display and booking of these rooms and supported the onboarding of NGOs in the region.

In addition, Serko made a donation to the Red Cross Ukraine appeal on behalf of our people and encouraged our worldwide team to contribute as well.

For personal use only

# GOVERNANCE



For personal use only

Serko's Board and management are very committed to ensuring the company maintains best practice corporate governance and adheres to the highest ethical standards.

When establishing its governance framework, the Board has considered the NZX Listing Rules as well as a range of corporate governance recommendations, including the current NZX Corporate Governance Code dated 10 December 2020 (NZX Code) and the Fourth Edition of the Australian Securities Exchange (ASX) Corporate Governance Council Principles and Recommendations.

The NZX Listing Rules require Serko to formally report its compliance against the recommendations contained in the NZX Code. Serko's implementation of these recommendations is set out in this *Corporate Governance Statement*. The Board considers that Serko's corporate governance structures, practices and processes have followed all recommendations in the NZX Code during the financial year ended 31 March 2022, with the exception that it chose to undertake a capital raising via a placement and retail offer (refer to NZX Code recommendation 8.4) during the financial period.

Serko's governance charters and policies can be found in the Company's Corporate Governance Manual on the investor centre of the company's website. Go to: [www.serko.com/investors](http://www.serko.com/investors). Our corporate governance charters and policies have been approved and regularly reviewed by the Board and are amended to reflect developments in corporate governance practices and updates to the NZX Code.

This statement is current as at 18 May 2022 and has been approved by the Board. This Report has undergone a verification process by management, with the oversight of the Board.

## STOCK EXCHANGE LISTINGS

Serko is listed on the New Zealand Stock Exchange (NZX Main Board) and on the Australian Securities Exchange (ASX) as an ASX Foreign Exempt Listing. As an ASX Foreign Exempt Listing, Serko needs to comply with the NZX Listing Rules (other than as waived by NZX) but does not need to comply with the vast majority of the ASX Listing Rule obligations.

Serko is incorporated in New Zealand.

## OVERVIEW OF SERKO'S GOVERNANCE STRUCTURE

The Serko Board has been appointed by shareholders to protect and enhance the company's long-term value and to act in the best interests of Serko and its shareholders. The Board is the ultimate decision-making body of the company and is responsible for Serko's corporate governance. The role and responsibilities of the Board are set out in the Board Charter, which can be found on the investor centre of the company's website.

The Board currently comprises an independent non-executive Chair, two independent non-executive directors and two executive directors, as detailed on the investor centre of the company's website and in the latest Annual Report.

The Board has established two standing Board Committees to assist in the execution of the Board's responsibilities:

- Audit and Risk Committee; and
- People, Remuneration and Culture Committee (formerly the Remuneration and Nominations Committee)

The role of the nomination committee is currently carried out by the full Board. This role was previously carried out by the Remuneration and Nominations Committee, which was superseded by the People, Remuneration and Culture Committee during FY22.

## Code of Ethical Behaviour

Directors should set high standards of ethical behaviour, model this behaviour and hold management accountable for these standards being followed throughout the organisation.

### ETHICAL DEALINGS

The Board recognises that high ethical standards and behaviours are central to good corporate governance and has implemented a Code of Ethics (Code), Whistleblowing Policy and Anti-Bribery & Corruption Policy to guide the behaviour of its directors and employees.

Serko's Code of Ethics, Whistleblowing Policy and Anti-Bribery & Corruption Policy are each available on the investor section of the company's website in the Company's Corporate Governance Manual.

#### Code of Ethics

Serko's Code of Ethics outlines how Serko people, such as directors, employees and contractors, are expected to conduct their professional lives. They are expected to behave and make decisions that meet Serko's business goals that are consistent with our values, policies and legal obligations.

Serko's Code of Ethics is available to all employees on the company's intranet and forms part of the induction process for new employees and directors.

The Code of Ethics covers matters such as acting in accordance with Serko's Values (see page 13 of this Report), ensuring conflicts of interest do not interfere with Serko's best interests, not accepting gifts or personal benefits that may compromise or influence business decisions, using Serko property and information for legitimate and authorised purposes and maintaining appropriate security and confidentiality of information entrusted to employees in their roles. It also requires Serko people to be familiar with, and comply with, all relevant laws and

policies, including our delegated authority framework, and to report on any wrongdoing. Serko management must provide the Board with all necessary information to fulfil its duties, including any information relating to material breaches of the Code of Ethics. In addition, the Code outlines additional director responsibilities.

The Board reviews the Code annually and expects any incidents arising under it to be brought to directors' attention immediately.

Serko's employees are reminded via staff-wide communications of their obligations to comply with and report any concerns they have about compliance with the company's Code of Ethics, other policies or legal obligations.

#### Whistleblowing

A stand-alone Whistleblowing Policy, which is overseen and monitored by the Board, exists to support the application of the Code and define the process for raising concerns about actual, suspected or anticipated wrongdoings within the Serko Group.

While employees may choose to raise concerns about wrongdoing with managers or executives, employees can raise concerns and report dishonesty or unethical behaviour via an independent external Whistleblower hotline. A designated email address, accessible only by non-executive directors, is also available for staff to confidentially raise any concerns they may have.

#### Anti-Bribery and Corruption

Serko's Anti-Bribery and Corruption Policy reflects the company's commitment to conducting its business in an honest and ethical manner. We take a zero-tolerance approach to bribery and corruption and are committed to acting professionally, fairly and with integrity in all business dealings and relationships. A gift register has been established to record the receipt of gifts above prescribed limits, along with a process for approving whether gifts can be retained.

The company is not aware of any instances of corruption or of incidents in which employees were dismissed or disciplined for corruption during FY22.

## Modern slavery

While Serko is not a reporting entity under Australia's Modern Slavery Act 2018, we believe we are able to mitigate the risks of modern slavery in our operations through our approach to corporate governance. We strive for a culture where employees are committed to doing the right thing, using company policies (such as the Code of Ethics) to help inform and determine what the right thing is and to feel safe raising the alarm if they have concerns.

As a listed company, Serko adheres to the best practice recommendations determined by the NZX and ASX, and all Serko operations are overseen by executives based in New Zealand, Australia and the United States.

The majority of Serko's employees (including contractors) are located in New Zealand, Australia and the United States (84% of employees). These countries are considered to have a low prevalence of modern slavery and governments that take strong action against it.<sup>3</sup> Serko employs a small number of people in China (16% of employees). Serko's China operations are overseen by New Zealand-based executives. Serko does not have any personnel in conflict zones.

Each of our offices share centralised, New Zealand-based financial, legal and company secretarial functions. The recruitment and remuneration processes for our directly employed workforce are subject to Serko's risk management systems and, as a software company, our workforce tends to be skilled labour. We don't engage in financing or lending activities that might support modern slavery. Given the visibility we have over our operations, we consider our modern slavery and human trafficking risk to be low.

The majority of goods and services we buy relate to information and communications technology (ICT), marketing, professional services and facilities-related goods and services for the Serko Group. The majority of our direct suppliers are located in New Zealand (54%), Australia (23%) and the United States (16%).

These geographies have a low prevalence of modern slavery and governments that take strong action against it.<sup>3</sup> Based on our knowledge of our direct supply chain, we consider our direct supply chain modern slavery and human trafficking risk to be low.

Serko does not have any direct supply chain exposure to the Russian-Ukraine conflict and does not source any key intellectual property or other items directly from the conflict zones. We do not have full visibility over our indirect, extended supply chains. However, we haven't been made aware of any human trafficking or modern slavery allegations against any of our direct or indirect suppliers. If we are made aware of an allegation, we will take appropriate action and ensure that it is reported to the relevant authorities.

## SECURITIES TRADING

Serko is committed to complying with legal and statutory requirements with respect to ensuring that directors and employees do not trade Serko securities while in possession of inside information.

Serko's Securities Trading Policy and Guidelines apply to all directors, officers, employees and contractors of Serko and its subsidiaries. This Policy seeks to ensure that those subject to the Policy do not trade in Serko securities if they hold undisclosed price-sensitive information. The Policy sets out additional rules, which includes the requirement to seek company consent before trading, and prescribes certain black-out periods during which trading is prohibited.

Compliance with the Securities Trading Policy is monitored through the consent process, through education and via notification by Serko's share registrar when any director or senior manager trades in Serko securities. All trading by directors and senior managers (as defined by the Financial Markets Conduct Act 2013) is required to be reported to NZX and recorded in Serko's securities trading registers.

<sup>3</sup> Walk Free 2018 Global Slavery Index, available from <https://www.globalslaveryindex.org/resources/downloads/>

## Board Composition & Performance

To ensure an effective Board, there should be a balance of independence, skills, knowledge, experience and perspectives.

### ROLE OF THE BOARD

The Board is elected by shareholders to govern Serko in the interests of its shareholders and to protect and enhance the value of Serko's assets. The Board is responsible for corporate governance and Serko's overall strategic direction and is the overall and final body responsible for all decision-making within Serko. The Board Charter describes the Board's roles and responsibilities and regulates internal Board procedure.

The Board has delegated a number of its responsibilities to Board committees. The role of each committee is described below.

To enhance efficiency, remain agile and ensure decision-making occurs at the right level, the Board has also delegated to the Chief Executive Officer the day-to-day leadership and management of Serko. The Chief Executive Officer has formally delegated certain authorities to his direct reports within set limits. The Board regularly monitors and reviews management's performance in the execution of its delegated responsibilities and the appropriateness of its Delegation of Authority Policy.

During the financial year, the Board met for 12 regularly scheduled meetings. Directors also met regularly, and often at short notice, for additional special meetings and to undertake strategic planning for the business, manage Covid-19-related risks and oversee the capital raising and mergers and acquisitions (M&A) activity undertaken.

Board and committee meeting attendance during the year ended 31 March 2022 is set out in the latest Annual Report.

### BOARD DIVERSITY, SIZE AND COMPOSITION

The size of the Board is determined by the Board from time to time, in accordance with the limitations prescribed in the NZX Listing Rules and in accordance with the provisions of Serko's Constitution and the Board Charter.

As at 31 March 2022, the Board comprised five directors – being the two co-founders and executive directors, Darrin Grafton and Robert Shaw, and three independent non-executive directors – Jan Dawson, Claudia Batten and Clyde McConaghy. During FY22, there was a change of directors with Jan Dawson's appointment, following Simon Botherway's retirement from the Board. A biography of each director can be found on the investor section of the company's website and in the latest Annual Report.

The Board is currently responsible for assessing the Board's size and composition, a role that was previously undertaken by the Remuneration and Nominations Committee (which was superseded by the People, Remuneration and Culture Committee during FY22).

When considering candidates to act as a director, the Board will consider factors it deems appropriate, including the diversity of background, experience and qualifications of the candidate. When appointing directors, the Board undertakes appropriate background checks.

The Board's broader commitment to diversity includes building diversity of thought within the Board. The current Board has a broad range of experience and skills, both locally and internationally, that are appropriate to meet its objectives. Serko is proud to have a part-Māori cofounder who sits on the Board, along with two female directors, including the Chair.

To assist in maintaining an appropriate mix of experience, the Board has developed a comprehensive skills matrix. Areas of expertise and experience that have been identified as particularly relevant to governing Serko's business include, among other skills:

- Innovation, entrepreneurship and partnership;
- Digital business and high-growth technology;
- International travel industry knowledge;
- Scaling companies internationally;
- Marketing, sales and channel management in core markets;
- Governance, legal and compliance;
- Strategy and operations;
- Finance, accounting and risk management;
- Capital markets; and
- Public company director experience.

The Board regularly reviews its skills matrix as part of its succession planning and considers the appropriate mix of skills required to govern Serko as its strategy evolves and Serko expands internationally. The Board plans to appoint a new, fourth, non-executive director to the Board in 2022 to add additional skills to support Serko's international scaling efforts.

The average tenure of non-executive directors is currently five years. A refresh of the Board has started with Simon Botherway's retirement and the appointment of Jan Dawson (appointed 18 August 2021) during FY22. The other two non-executive directors, Claudia Batten and Clyde McConaghy, have each been in office for 8 years. During their tenure, Clyde and Claudia have held various roles leading different committees and with Claudia taking over as Board Chair in 2020.

## **BOARD APPOINTMENT, TRAINING AND EVALUATION**

The procedure for the appointment and removal of directors is ultimately governed by the company's Constitution and relevant NZX Listing Rules. A director is appointed by ordinary resolution of the shareholders although the Board may fill a casual vacancy. Every director appointed by the Board must submit himself or herself for reappointment by shareholders at the next annual meeting following his or her appointment. Directors are subject to the rotation requirements set out in the NZX Listing Rules.

At the time of appointment, each new director signs a comprehensive letter of appointment setting out the terms of their appointment, including their duties and expectations in the role. Each director also receives a copy of Serko's Corporate Governance Manual (comprising all of Serko's core governance documents) and is introduced to the business through a tailored induction programme. All directors are regularly updated on relevant industry and company issues and are expected to undertake training to remain current on how to best perform their duties as directors of Serko. During the Board's annual evaluation process, training needs are considered to assist directors to remain upskilled on the business, industry and legislative developments.

All directors have access to senior management to discuss issues or obtain information on specific areas or items to be considered at Board meetings and each director actively utilises this access to support the company and its executives.

The Board, Board committees and each director have the right to seek independent professional advice at Serko's expense to assist them in carrying out their responsibilities.

The Board undertakes a regular review of its own and its committees' performance. This is to ensure it has the right composition and appropriate skills, qualifications, experience and background to effectively govern Serko and to monitor Serko's performance in the interests of shareholders. During the financial period ended 31 March 2022, performance reviews took place in accordance with that process and it was agreed the role of the nominations committee would be assumed by the full Board and the Remuneration and Nominations Committee would be reconstituted as the People, Remuneration and Culture Committee.

## **INDEPENDENCE OF DIRECTORS**

The majority of Serko's directors are independent. The criteria for assessing the independence of directors are set out in the company's NZX Code and the Board Charter. Generally, a director is considered to be independent if that director is not an employee of Serko and if the director has no direct or indirect interest or relationship that could reasonably influence or be perceived to influence, in a material way, the director's decisions in relation to Serko.

The Board has determined that each of the non-executive directors are independent directors for the purposes of the NZX Listing Rules and in accordance with the Board Charter criteria.

The Board will review any determination it makes on a director's independence, on becoming aware of any new information that may affect that director's independence. For this purpose, directors are required to ensure they immediately advise Serko of any new or changed relationship that may affect their independence or result in a conflict of interest.

The Board supports the separation of the role of Chair and Chief Executive Officer. The current Chair has been elected by the Board from the independent directors, in accordance with the terms of the Board Charter. The Chair's role is to manage and provide leadership to the Board and to facilitate the Board's interface with the Chief Executive Officer.

### CONFLICTS OF INTEREST

The Board is conscious of its obligations to ensure that directors avoid conflicts of interest (both real and perceived) between their duty to Serko and their own interests. The Board Charter outlines the Board's policy on conflicts of interest. Serko maintains an interests' register in which relevant disclosures of interest and securities dealings by the directors are recorded.

### COMPANY SECRETARY

The Company Secretary, who is also the General Counsel, is responsible for supporting the effectiveness of the Board by ensuring that its policies and procedures are followed and for coordinating the completion and dispatch of the Board agendas and papers. The Company Secretary is directly accountable to the Board, via the Chair, on all governance matters.

### DIVERSITY & INCLUSION

Serko has a Diversity and Inclusion Policy that reflects its commitment to achieving diversity in the skills, attributes and experience of its directors, executives and employees across a broad range of criteria

(including but not limited to, culture, gender and age). The Board as a whole is responsible for overseeing and implementing the Diversity and Inclusion Policy but has delegated to the People, Remuneration and Culture Committee the responsibility to develop and to recommend measurable objectives to the Board that are designed to adhere to the Policy. See pages 14-15 of this Report for further information regarding Serko's Diversity and Inclusion Policy and practices and the Board's assessment of Serko's progress towards achieving its diversity objectives.

## Board Committees

The Board should use committees where this will enhance its effectiveness in key areas, while still retaining Board responsibility.

The Board uses committees to deal with issues requiring detailed consideration, thereby enhancing the efficiency and effectiveness of the Board. However, the Board retains ultimate responsibility for the functions of its committees and determines each committee's roles and responsibilities.

The current standing committees of the Board are:

- Audit and Risk Committee; and
- People, Remuneration and Culture Committee (formerly the Remuneration and Nomination Committee).

Details of the roles and responsibilities of these committees are described in their respective charters and summarised below. From time to time the Board may constitute an ad hoc committee to deal with a particular issue that requires specialised knowledge and experience.

- The role of the Nomination Committee is currently carried out by the full Board. This role was previously carried out by the Remuneration and Nominations Committee, which was superseded by the People, Remuneration and Culture Committee during FY22.

## AUDIT AND RISK COMMITTEE

The primary function of the Audit and Risk Committee is to assist the Board in fulfilling its oversight responsibilities relating to Serko's risk management and internal control framework, the integrity of its financial reporting and its auditing processes.

Under the Audit and Risk Committee Charter, the Committee must be comprised of a minimum of three members who are each non-executive directors, the majority of whom are also independent directors and at least one director with an accounting or financial background. Further, the Chair of the Committee is required to be independent and not also be the Chair of the Board. The Chair of the Committee is not permitted to have been an audit partner or senior manager at Serko's external audit firm within the past three years.

The current members of the Committee are Jan Dawson (Chair), Clyde McConaghy and Claudia Batten. All members are independent, non-executive directors. Their qualifications and experience are set out in the latest Annual Report. Jan Dawson, who is a financial expert, replaced Simon Botherway following his retirement from the Board.

## PEOPLE, REMUNERATION AND CULTURE COMMITTEE

During FY22, it was agreed the role of the Nomination Committee would be assumed by the full Board and the Remuneration and Nominations Committee would be reconstituted as the People, Remuneration and Culture Committee.

The primary function of the People, Remuneration and Culture Committee is to oversee remuneration and people-related policies and practices at Serko, oversee executive succession planning and make recommendations to the Board on Serko's culture and employee wellbeing. The Committee is also tasked with annually monitoring and evaluating the company's performance with respect to its Diversity and Inclusion Policy.

Under the People, Remuneration and Culture Committee Charter, the Committee must be comprised of a minimum of three members, all of whom are independent directors. The Chair of the Committee is required to be independent and may not also be the Chair of the Board.

The current members of the Committee are Clyde McConaghy (Chair), Jan Dawson and Claudia Batten. All members are independent, non-executive directors. Their qualifications and experience are set out in the latest Annual Report.

## TAKEOVER RESPONSE GUIDELINES

Serko's independent directors have received comprehensive legal advice on their directors' duties, and the process to be followed, in the event of a takeover offer. The Board has formally adopted this advice as the guidelines to be applied in the event of a takeover offer.

## Reporting & Disclosure

The Board should demand integrity in financial and non-financial reporting and in the timeliness and balance of corporate disclosures.

Serko is committed to the promotion of investor confidence by ensuring that the trading of company shares takes place in an efficient, competitive and informed market. The Board is tasked with ensuring the integrity of financial and non-financial reporting to shareholders.

## MARKET DISCLOSURE POLICY

Serko has adopted a Market Disclosure Policy that guides the Company's compliance with the continuous disclosure requirements of the NZX Main Board. In addition, directors and management consider at each Board meeting whether there are any issues that have arisen that require disclosure to the market.

Serko has established a Disclosure Committee whose role it is to determine whether information is 'material information' and whether the material information is required to be released to the NZX and ASX. The Disclosure Committee comprises the Board Chair, the Audit and Risk Committee Chair, the Chief Executive Officer, the Chief Financial Officer and the General Counsel.

The Disclosure Committee is governed by the Market Disclosure Policy and is responsible for implementing that Policy.

### GOVERNANCE POLICIES & PROCEDURES

Serko's governance charters and policies can be found on the investor centre of the company's website in the Corporate Governance Manual.

### FINANCIAL REPORTING

The Board is responsible for ensuring the integrity of its financial reporting. The Audit and Risk Committee closely monitors financial reporting risks in relation to the preparation of the financial statements. The Audit and Risk Committee, with the assistance of management, also works to ensure that the financial statements are founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

As part of this process, the Chief Executive Officer and Chief Financial Officer are required to state in writing to the Board that, to the best of their knowledge, the company's financial reports:

- Present a true and fair view of the company's financial condition and operational results;
- Are prepared in accordance with the relevant accounting standards; and
- Are founded on a sound system of risk management and internal control that is operating effectively.

### NON-FINANCIAL REPORTING

To assist shareholders to make meaningful investment decisions, in addition to reporting historical statutory financial information, Serko is committed to providing shareholders with a balanced and understandable assessment of its performance, business model, strategic objectives and progress against meeting those objectives at each earnings announcement and in its full-year reports.

Serko is committed to developing long-term value creation. As part of this commitment, Serko's Board is focused on delivering a sustainable future for its business, people, customers, partners and communities by doing what is right.

To demonstrate this, Serko has chosen to report against the UN Sustainable Development Goals (SDGs), which are a set of global initiatives set by the United Nations for everyone to contribute to. For Serko, the SDGs are a way to see which areas of sustainability it is directly contributing to and how they relate to a larger vision for positive change. Information about Serko's ESG initiatives are set out in this Report.

### Remuneration

The remuneration of directors and executives should be transparent, fair and reasonable.

Serko is committed to remunerating its non-executive directors, executive directors and employees fairly, transparently and reasonably.

### NON-EXECUTIVE DIRECTOR REMUNERATION

In August 2021, Serko's shareholders approved a total cap of NZ\$600,000 per annum for non-executive directors' fees for the purposes of the NZX Listing Rules, providing flexibility for Serko to appoint an additional (fourth) non-executive director in the future as part of the Board's succession plans and to provide headroom to pay ad hoc special fees to directors for services outside of their usual duties for Serko.

The fixed annual fees to apply to all non-executive directors during FY23, and actual fees paid to non-executive directors during FY22, are set out in Serko's latest Annual Report.

The non-executive directors do not receive any performance-based remuneration to ensure incentives do not conflict with their obligations to bring independent judgement to matters before the Board. However, it is Serko's policy to encourage directors to hold shares in the company, and their shareholdings are disclosed in the Annual Report.

The non-executive directors are entitled to be reimbursed for all reasonable travel, accommodation and other expenses incurred by them in connection with their attendance at Board or shareholder meetings or otherwise in connection with Serko's business. These expenses were minimal during the financial year because of the inability of overseas directors to travel as a result of Covid-19-related travel restrictions.

No retirement benefits will be paid to other non-executive directors on their retirement unless required under legislation.

In 2017, a fixed trading plan (Plan) was established in accordance with section 260 of the Financial Markets Conduct Act 2013 to enable non-executive directors to invest a portion of their annual directors' fees in Serko shares on a monthly basis and over a fixed term of three years (Term). The Term expired on 1 January 2021. Under the Plan, an independent broker automatically applied the designated fees to the monthly acquisition of shares on-market during the Term. Once a non-executive director has entered the Plan, they have no ability to influence share trading decisions and no ability to withdraw from the Plan before the end of the Term. Further, the directors are not permitted to trade any shares acquired under the Plan for the duration of their tenure as directors of Serko (except in the event of a takeover). Ms Batten was a participant in the Plan until it expired and continues to hold shares under the Plan.

In addition to the remuneration detailed above, at the time of the initial public offering (IPO) in June 2014, the Board introduced (with the approval of Serko's existing shareholders) a loan facility for the independent directors, which enabled them to acquire a specified number of Serko shares at the time of the IPO (Director Loan Shares). Mr McConaghy repaid his loan during the FY22 financial year. There are no remaining loan facilities in place for any Serko director.

## REMUNERATION POLICY

The purpose of Serko's Remuneration Policy is to outline the remuneration principles that apply to all directors and employees to ensure remuneration practices within Serko are fair and appropriate and there is a clear link between remuneration and employee performance.

As a global technology organisation, Serko's long-term success is dependent on the ability to attract and retain high-calibre talent. Serko's remuneration approach is designed to support the company to attract and retain this talent to achieve our strategic objectives and create shareholder value.

Serko's Remuneration Policy is guided by the following principles for remuneration practice:

- Clear alignment with Serko's values, culture and corporate strategy;
- Support the attraction, retention and engagement of employees;
- Clearly understood by employees;
- Equitable and flexible;
- Appropriately competitive with the market and within an organisational context;
- Recognise individual performance, rewarding individuals for achieving high performance; and
- Recognise company performance and the creation of shareholder value.

The Remuneration Policy is available on the investor section of the company's website in the Corporate Governance Manual.

Serko's remuneration framework includes a mix of the following fixed and variable components:

- Fixed remuneration, which includes base salary and employer KiwiSaver (or overseas equivalent) contributions (where relevant);
- A discretionary short-term incentive (STI) may be offered for executive, senior leadership and selected other roles, at the discretion of the Chief Executive Officer (or the Board in the Chief Executive Officer's and Chief Strategy Officer's case). Serko's STI is based on achievement against company and individual performance objectives;
- A discretionary sales/business development incentive plan (SIP) may be offered to sales and business development staff, at the discretion of the Chief Executive Officer. The structure of such incentives is approved by the Board. The SIP is designed to incentivise sales and business development staff to meet or exceed sales/business development targets;
- An Employee Incentive Share Scheme (EISS) may be offered, as approved by the Board. Serko's EISS schemes are designed to:
  - Attract and retain key people within the business;
  - Align remuneration with long-term shareholder value; and
  - Reward the achievement of company and individual performance based on a company scorecard and individual OKRs (Objectives and Key Results).

Company-wide performance measures and targets that relate to incentives are reviewed annually by the People, Remuneration and Culture Committee and approved by the Board.

Serko's Employee Incentive Share Schemes offer participants a future right to acquire Serko shares in the form of restricted share units. Restricted share units vest within three years after the allocation date. No director or employee is permitted to enter into

financial products or arrangements that operate to limit the economic risk of their vested or unvested entitlements.

In addition, Serko may offer benefits that have a monetary benefit to employees but are not considered part of remuneration.

Each year a review is carried out to benchmark salaries against the market, and remuneration is reviewed accordingly.

The People, Remuneration and Culture Committee is responsible for overseeing the remuneration of the company's executives in consultation with the Chief Executive Officer. Executives are subject to regular performance reviews by the Chief Executive Officer who meets with each executive to discuss their performance, as measured against agreed key performance targets (both financial and non-financial). During the year ended 31 March 2022, performance reviews took place in accordance with that process.

## EXECUTIVE DIRECTOR REMUNERATION

The executive directors, Darrin Grafton and Bob Shaw, receive remuneration and other benefits in their respective executive roles as Chief Executive Officer and Chief Strategy Officer and, accordingly, do not receive directors' fees. Their remuneration packages are set by the Board to reflect the scope and complexity of each role, with reference to comparative market data.

Darrin Grafton and Bob Shaw's remuneration comprises a fixed base salary, a short-term incentive up to a maximum target value of 50% of their base salary and participation in the Employee Incentive Share Scheme (EISS) up to a maximum target value of 100% of their base salary. The total remuneration and value of other benefits earned by, or paid to, each executive director during, and in respect of, the financial period ended 31 March 2022 is included in the latest Annual Report. This remuneration composition will carry forward into FY23.

Darrin Grafton's and Bob Shaw's fixed and variable remuneration components are assessed annually based on company and individual performance against a performance scorecard financial and strategic OKR (Objective and Key Result) measures. An overview of this performance criteria is set out in the latest Annual Report.

The executive directors' performance is reviewed by the Board annually. Following the financial period ended 31 March 2022, performance reviews took place in accordance with that process.

No termination payments are payable to the executive directors in the event of serious misconduct.

## Risk Management

Directors should have a sound understanding of the material risks faced by the issuer and how to manage them. The Board should regularly verify that the issuer has appropriate processes that identify and manage potential and material risks.

Serko is committed to proactively and consistently managing risk to:

- Enhance and protect Serko's value by delivering on its commitments and meeting stakeholders' expectations;
- Allow Serko to pursue opportunities in an informed way and aligned with the Board's risk appetite; and
- Ensure a safe and secure environment for Serko's people (employees and contractors), partners and customers.

Serko's Risk Management Policy is included in the Corporate Governance Manual published on its website. Serko has designed and implemented a comprehensive risk management framework for oversight and management of financial and non-financial business risks, as well as related internal compliance systems.

The Board has ultimate responsibility for Serko's risk management and internal control system, setting the 'tone at the top' with regards to risk culture. The Audit and Risk Committee, under delegation from the Board and in conjunction with management, regularly reports to the Board on the effectiveness of the company's management of its material business risks and whether the risk management framework and systems of internal compliance and control are operating effectively and efficiently in all material respects.

The Audit and Risk Committee conducts at least quarterly reviews of Serko's risk management framework, risk appetite and principal risks, to satisfy itself that the company's approach to risk continues to be sound. A comprehensive review of Serko's risk management framework and capabilities was conducted in early 2022 by an external consultant, and the Audit and Risk Committee will oversee the implementation of the recommendations resulting from the review.

Further details on Serko's risks and risk management processes are detailed on pages 37-41 of this Report.

## Auditors

The Board should ensure the quality and independence of the external audit process.

### EXTERNAL AUDITOR INDEPENDENCE

Serko has an External Audit Independence Policy that requires, and sets out the criteria for, the external auditor to be independent. The Policy recognises the importance of the Board's role in facilitating frank dialogue among the Audit and Risk Committee, the auditor and management.

The Policy prescribes the services that can and cannot be undertaken by the external auditor, which are designed to ensure that services provided by Serko's external auditor are not perceived as conflicting with its independent role.

The Policy requires that the key audit partner is changed at least every five years so that no such persons shall be engaged in an audit of Serko for more

than five consecutive years. In addition, three years must expire between the rotation of an audit partner and that partner's next engagement by Serko. The key audit partner is due for rotation in respect of the FY23 audit, in accordance with this Policy and the NZX Listing Rules.

The Audit and Risk Committee Charter requires the Committee to facilitate the continuing independence of the external auditor by assessing the external auditor's independence and qualifications and overseeing and monitoring its performance. This involves monitoring all aspects of the external audit, including the appointment of the auditor, the nature and scope of its audit and reviewing the auditor's service delivery plan. In carrying out these responsibilities the Audit and Risk Committee meets regularly with the auditor without executive directors or management present, and the key audit partner has direct contact with the Chair of the Audit and Risk Committee.

The auditor is restricted in the non-audit work it may perform, as detailed in Serko's External Audit Independence Policy. For further details on the audit fees paid and work undertaken during the period, refer to the latest Annual Report. The Audit and Risk Committee regularly monitors the ratio of fees for audit to non-audit work.

### INTERNAL AUDIT FUNCTION

While Serko has an internal auditor to oversee Serko's data security processes, Serko does not have a dedicated internal audit function. Instead, internal controls are managed on a day-to-day basis predominantly by the finance, legal and security teams. Compliance with certain internal controls is reviewed annually by Serko's auditor. The Board, finance, legal and security teams regularly consider how Serko can improve its internal audit and risk management practices during Serko's annual governance review, quarterly risk reviews, preparation of interim and full-year financial statements and following Serko's annual audit. The Audit and Risk Committee oversee these reviews and the controls Serko has in place to manage risk.

## Shareholder Rights & Relations

The Board should respect the rights of shareholders and foster constructive relationships with shareholders that encourage them to engage with the issuer.

### INFORMATION FOR SHAREHOLDERS

Serko is committed to maintaining a full and open dialogue with its shareholders (and other interested stakeholders). The company has in place an investor relations programme to facilitate effective two-way communications with shareholders.

The aim of the company's communications programme is to provide shareholders with information about the company and to enable them to actively engage with the company and exercise their rights as shareholders in an informed manner.

The company facilitates communications with shareholders through written and electronic communications and by facilitating shareholder access to directors, management and the company's auditor.

The company provides shareholders with communications through the following channels:

- The investor section of the company's website;
- Full-year reporting and half-year results;
- The annual shareholders' meeting;
- Regular disclosures on company performance and news via stock exchange online disclosure platforms; and
- Disclosure of presentations provided to analysts and investors during regular briefings.

Serko's website is an important part of the company's shareholder communications strategy. Included on the website is a range of information relevant to shareholders and others concerning the operation of the company. Serko has prepared and published on its website this ESG Report, which outlines its governance practices.

Shareholders may, at any time, direct questions or requests for information to directors or management through Serko's website or by sending emails to [investor.relations@serko.com](mailto:investor.relations@serko.com).

Serko provides shareholders with the option to receive communications from, and send communications to, the company and its share registrar electronically. The majority of Serko shareholders have elected to receive electronic communications.

### SHAREHOLDER VOTING RIGHTS

In accordance with the Companies Act 1993, Serko's Constitution and the NZX Listing Rules, Serko refers major decisions that may change the nature of Serko to shareholders for approval.

Serko conducts voting at its shareholder meetings by way of polls, reflecting the principle of one share, one vote. Further information on shareholder voting rights is set out in Serko's Constitution.

### ANNUAL SHAREHOLDERS' MEETING

Serko's 2022 Annual Shareholders' Meeting will be held in August 2022. The meeting is intended to be conducted as a hybrid meeting, enabling shareholders to attend in person (subject to any Covid-19 restrictions) or participate in the meeting virtually. A hybrid meeting is considered to provide the broadest opportunity for shareholder engagement with the company. Shareholders will be given an opportunity at the meeting to ask questions and comment on relevant matters. In addition, Serko's auditor, Deloitte, will be available to answer any questions about its audit report. A Notice of Meeting will be sent to shareholders in advance of the meeting.

### ADDITIONAL EQUITY CAPITAL

As previously announced, Serko undertook an underwritten placement to raise approximately NZ\$75 million via an issue of new shares in November 2021 (the Placement). The Placement price of NZ\$7.05 per share was determined via a bookbuild.

The Placement was followed by a non-underwritten retail offer (Retail Offer) that raised approximately NZ\$8.3 million from the issue of new shares issued to existing shareholders (together with the Placement, the Capital Raising).

The equity raised by the issue of new shares under the Capital Raising is intended to enable Serko to continue to execute on its global growth strategy.

Of the approximately 10.6 million shares issued under the Placement, approximately 3.8 million were issued to new investors and approximately 6.8 million were issued to existing shareholders. Serko determined the respective allocations of investors by applying the following key objectives and criteria:

- Serko used best efforts to allocate to existing eligible shareholders, who bid for up to their pro-rata share in placement shares under the Placement, their full bid; and
- For the remaining shares under the Placement, bids from existing shareholders received preferential treatment, and a limited number of bids were accepted by select new investors with investment strategies that Serko believes are aligned with its business.

As far as Serko is aware, there were no significant exceptions or deviations from those objectives and criteria. Existing shareholders who did not participate in the Placement were able to participate in the Retail Offer.

In particular, the Retail Offer permitted each eligible shareholder to apply for up to NZ\$50,000 / A\$46,500 of new shares at an issue price of \$6.85 per share, being the five-day volume weighted average price of Serko shares traded on the NZX during the last five days of the Retail Offer period. The issue of shares under the Retail Offer was undertaken, in New Zealand, pursuant to NZX Listing Rules 4.3.1 (in respect of the first \$15,000 of new shares offered to eligible shareholders) and 4.5 (in respect of the additional \$35,000 of new shares offered to eligible shareholders), and,

in Australia, in accordance with the relief granted under ASIC Instrument 21-0975 (ASIC Relief) and ASIC Corporations (Share and Interest Purchase Plans) Instrument 2019/547 as amended by the ASIC Instrument 21-0975 (ASIC Relief).

All applications under the Retail Offer were accepted in full and no scaling was undertaken, allowing all existing shareholders who chose to participate in the Retail Offer to be allocated their full desired issue amount.

The Board determined, having received advice on options for the structure of the Capital Raise, to undertake the Capital Raising by way of the Placement and Retail Offer for these reasons:

- The Placement and Retail Offer could be, and was, sized and structured in such a way as to enable almost all shareholders to apply for at least their pro rata shareholding in Serko;
- By utilising the increased Retail Offer cap to enable shareholders to apply for up to NZ\$50,000 / A\$46,500 worth of shares in the Retail Offer and by electing to allow for oversubscriptions, approximately 97% of shareholders had the ability to maintain their respective pro rata shareholdings. Serko expects that shareholders with holdings greater than this amount would likely have been able to participate in the Placement either directly as an institution or indirectly through retail broker firms;
- The Retail Offer enabled smaller shareholders to participate in the equity raising at a price no higher than the Placement Price but with the benefit of having a longer offer period to consider participation.

For personal use only

# RISK MANAGEMENT

## RISK MANAGEMENT

Serko is committed to proactively and consistently managing risk to:

- Enhance and protect Serko's value by delivering on our commitments and meeting stakeholders' expectations;
- Allow Serko to pursue opportunities in an informed way and aligned with the Board's risk appetite; and
- Ensure a safe and secure environment for Serko people (employees and contractors), partners and customers.

Serko's Risk Management Policy is included in Serko's Corporate Governance Manual (published on Serko's website).

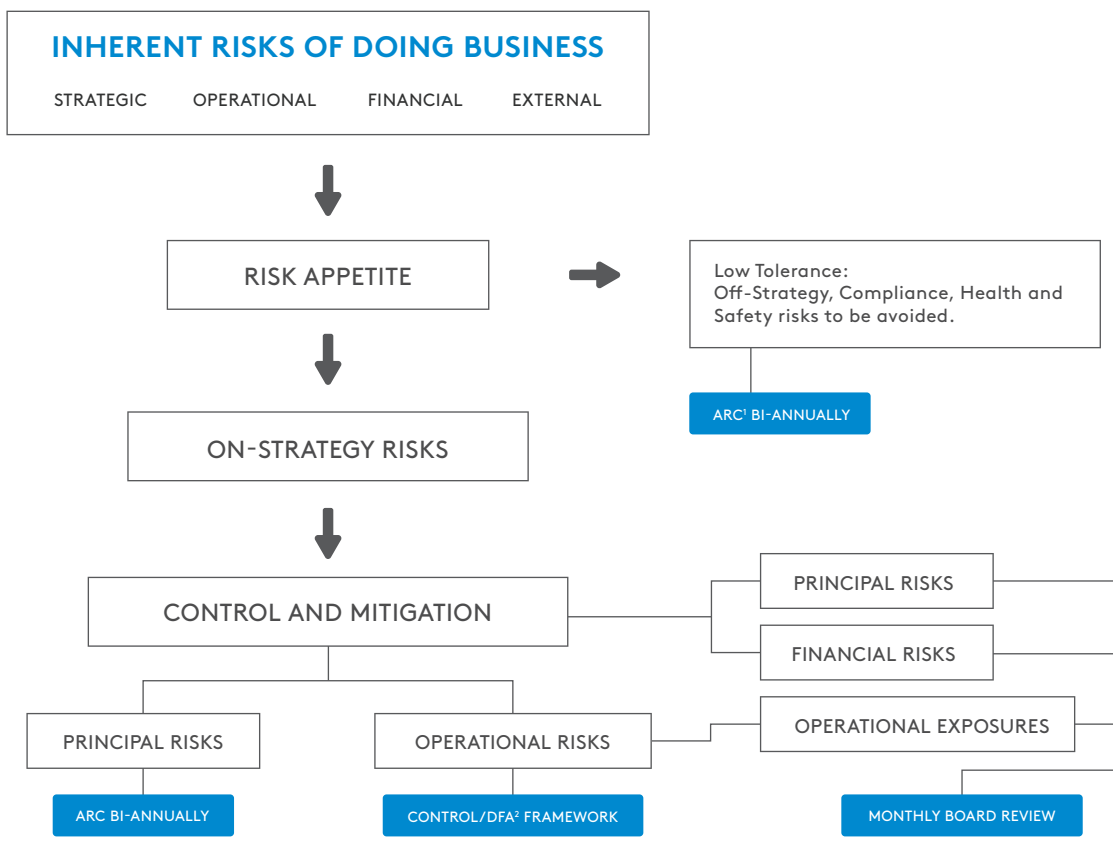
## RISK MANAGEMENT FRAMEWORK

Serko has designed and implemented a risk management framework for the oversight and management of financial and non-financial business risks, as well as related internal compliance systems that are designed to:

- Optimise the return to, and protect the interests of, stakeholders;
- Safeguard the company's assets and maintain its reputation;
- Improve the company's operating performance;
- Fulfil the company's strategic objectives; and
- Manage the risks associated with Serko's operations.

In 2020–2021, the material change in operating environment due to Covid-19 caused Serko to reassess many of its principal risks and increase their risk ratings. Consequently, the Board significantly increased its monitoring of principal risks during 2021 and continued that enhanced level of monitoring throughout the financial year ending on 31 March 2022. As the pandemic continues to impact the travel industry globally, Serko will continue to take a cautious approach to managing and monitoring related business risks. A comprehensive review of Serko's risk management framework and capabilities was conducted in early 2022 and the Audit and Risk Committee will oversee the implementation of the recommendations resulting from the review. The Audit and Risk Committee meets quarterly to consider risks that could prevent Serko from achieving its strategic goals.

Serko has in place mitigation strategies for managing its key risks within Board-defined tolerances based on the approved risk appetite statement. In addition to its mitigation strategies, Serko maintains comprehensive insurance coverage.



1 Audit and Risk Committee  
2 Delegated Financial Authority

**PRINCIPAL BUSINESS RISKS:**

The following table highlights some of the key business risks for Serko and the mitigation activities that are in place or planned. Each of these risks, if realised, could impact Serko’s ability to achieve planned revenues or to execute on its strategy:

| RISKS   | MITIGATION STRATEGIES  |
|---|--|
| <p><b>Impact of global events:</b> As a travel technology provider, Serko faces exposure to changes in demand for business travel services due to a variety of global events that could impact the travel industry. Significantly weakened global conditions, as a result of the pandemic, geo-political instabilities or other events, could harm our business and financial condition</p>           | <ul style="list-style-type: none"> <li>• Alternative operating models in place targeting different traveller types, across multiple markets</li> <li>• Monitoring key trends in global and regional travel</li> <li>• Expanding offering to different content channels and alternative, more sustainable modes of transportation (e.g. rail)</li> <li>• Maintaining sufficient capital reserves</li> </ul>   |
| <p><b>Platform stability and data security:</b> Serko faces exposure to hacking, cyber-attack or similar due to its online software hosting, Cloud/SaaS services revenue model and role as a data processor. Serko may also suffer loss of service as the result of failure or unplanned outage of IT hosting providers due to its online software hosting and Cloud/SaaS services revenue model.</p> | <ul style="list-style-type: none"> <li>• Business continuity and disaster recovery planning</li> <li>• Continuous platform monitoring and incident response process</li> <li>• Platform modernisation and openisation initiative</li> <li>• Payment Card Industry Data Security Standard (PCI DSS) compliance and regular audits</li> <li>• Data security awareness training for all Serko employees</li> <li>• Governance and oversight by the Audit &amp; Risk Committee and maturity assessment programme</li> <li>• Dedicated Chief Information Security Officer and Security Team to manage data security risks on a daily basis</li> <li>• External parties for independent testing as appropriate</li> <li>• Incident management programme</li> <li>• Implementation of ISO programme in progress</li> <li>• Serko hosts its data in Microsoft Azure data centres in several geographic locations. All locations have the same security practices and procedures in place to protect Serko’s and our customers’ information.</li> </ul> |
| <p><b>Attracting and retaining skilled employees:</b> Serko’s business strategy requires us to attract and retain highly skilled talent in a competitive labour market globally. Covid-19 has had a significant impact on the supply of talent and this is resulting in increased mobility of talent globally.</p>  | <ul style="list-style-type: none"> <li>• Focus on building strong sustainable pipelines of internal and external talent for critical or hard to fill roles</li> <li>• Identification of critical talent, execution of stay interviews and retention planning</li> <li>• Increased focus on career development pathways and learning and development opportunities for our teams</li> <li>• Review of our total reward structure to ensure we remain competitive with the technology market</li> <li>• Succession planning for senior leadership roles and critical or hard to find roles</li> </ul>  |
| <p><b>Competition and new technologies:</b> Serko continues to face exposure to a variety of new and existing competitors in new and established markets. New technologies could alter the existing value chain for travel and expense, disrupting existing flows, processes, players and/or underlying technology that Serko’s business is based on.</p>   | <ul style="list-style-type: none"> <li>• A culture of continuous innovation</li> <li>• Systems in place for monitoring and responding to competitor and market activity</li> <li>• Continued development of strategic partnerships</li> <li>• Developing an acquisition strategy to gain greater control of value chain</li> </ul>   |



For personal use only

| RISKS  | MITIGATIONS  |
|--|--|
| <p><b>Access to capital:</b> Serko's rapid growth in key markets and the lingering effect of the Covid-19 pandemic continue to impact Serko's ability to forecast revenues with precision. Prudent capital management is essential. Serko's expansion into new markets introduces many treasury complexities and also requires careful capital management practices to ensure that the level of investment in development work is appropriate and that Serko can continue to fund its operations.</p>                            | <ul style="list-style-type: none"> <li>• Use of scenario planning in conjunction with forecasting and budgeting processes with strict capital management targets</li> <li>• Governance oversight of capital allocation and investment by the board</li> <li>• Monthly treasury and capital management reporting to the board</li> <li>• Strong investor relations programme</li> </ul>   |
| <p><b>Key customer relationships:</b> Serko relies on the strength of its reseller relationships for its core online booking tool business.</p>  | <ul style="list-style-type: none"> <li>• Developing unmanaged travel offering and different content offerings</li> <li>• Continuing to pursue global reseller relationships in new geographies to reduce concentration risk</li> <li>• Investing in Customer Advisory Group workshops to develop community engagement with key customers</li> <li>• Developing Serko's channel partner program to support sales and operational enablement for strong and healthy reseller partnerships</li> </ul> |
| <p><b>Health and Safety:</b> Serko has historically had a low risk of serious health and safety workplace incidents due to the nature of its business. During a global pandemic, however, the safety of our people, their mental health and the risk of physical illness can all be impacted.</p>  | <ul style="list-style-type: none"> <li>• Dedicated programs to support employee wellbeing, including flexible work arrangements and wellness</li> <li>• Regular pulse and listening surveys</li> <li>• Pandemic policies that are regularly reviewed to adapt to the changing health &amp; safety risks presented by pandemics</li> </ul>  |
| <p><b>Operational risks associated with global expansion:</b> Serko has operations in NZ, Australia, China, USA and UK. As Serko grows in these markets and expands globally, the complexity of its business increases, as will a range of associated operational and compliance risks.</p>  | <ul style="list-style-type: none"> <li>• Strategic initiatives aligned top-down with operating plans and OKRs to regularly measure progress</li> <li>• Enhanced risk management framework and processes</li> <li>• Detailed privacy risk assessment to be completed in 2022</li> <li>• Privacy obligations assessments for new markets</li> </ul>  |
| <p><b>Emerging Risks</b></p>   |  |
| <p><b>Environmental risks (including risks associated with climate change):</b> Environmental disasters or catastrophic events and the impact of such events on the travel industry or on the global economy could have negative effects on our business, partners, suppliers and customers. Those events could include impacts of climate change, including the increased likelihood of extreme weather events and longer-term impacts like the predicted risk in global sea levels.</p>  | <ul style="list-style-type: none"> <li>• Development of a comprehensive ESG programme</li> <li>• Development of a roadmap underway to align with the Task Force on Climate-related Financial Disclosures (TCFD) XRB guidelines for climate reporting.</li> <li>• Carbon emissions reduction assurance programme underway</li> <li>• Offering sustainability tools to assist our customers to manage their carbon emissions and climate related risks</li> </ul>                                    |
| <p><b>Data privacy:</b> Serko's business involves the collection, use and processing of personal data. The global data privacy landscape is complex and evolving. As Serko's business expands with new products and into additional markets, Serko will become subject to additional data privacy regulations. The failure to protect personal data and comply with data privacy regulations could result in financial penalties, operational inefficiencies, intervention by regulators and negative impacts to reputation.</p> | <ul style="list-style-type: none"> <li>• Detailed privacy risk assessment to be completed in 2022</li> <li>• Privacy obligations assessments for new markets</li> <li>• Data security initiatives and protections as referred to above</li> </ul>  |

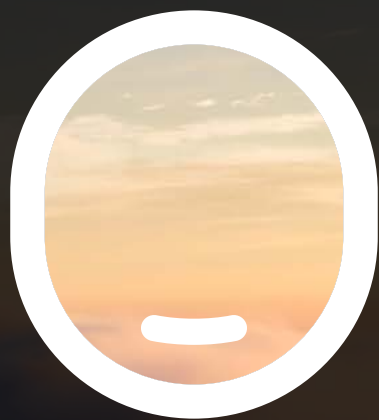
For personal use only

serko

Serko Environmental, Social & Governance Report 2022  
[www.serko.com](http://www.serko.com)

For personal use only

serko



ANNUAL REPORT 2022

For personal use only

This Annual Report is dated 18 May 2022 and is signed on behalf of the Board of Directors (Board) of Serko Limited by Claudia Batten, Chair, and Darrin Grafton, Chief Executive Officer (CEO).



**CLAUDIA BATTEN**  
CHAIR



**DARRIN GRAFTON**  
CHIEF EXECUTIVE OFFICER

# Contents

|                                    |    |
|------------------------------------|----|
| Serko at a Glance                  | 2  |
| Chair & CEO Letter                 | 4  |
| Our Leadership                     | 8  |
| Our Strategy                       | 10 |
| Our Products                       | 12 |
| Sustainable Business Growth        | 14 |
| Mission Zero                       | 15 |
| Management Commentary              | 16 |
| Financial Statements               | 30 |
| Independent Auditor's Report       | 70 |
| Corporate Governance & Disclosures | 74 |
| Glossary                           | 89 |
| Company Directory                  | 90 |

## We bring people together

Serko believes in the power of being face-to-face. Our purpose is to bring people together. Our vision is a connected, frictionless travel experience.

To deliver that, we're building the world's leading business travel marketplace – connecting business travellers everywhere with the content, information and services they need at every stage of the journey.

## About Serko

Serko is a leader in online travel booking and expense management for the business travel market. Zeno is Serko's next generation travel management application, using intelligent technology, predictive workflows and a global travel marketplace to transform business travel across the entire journey. Listed on the New Zealand Stock Exchange Main Board (NZX:SKO) and Australian Securities Exchange (ASX:SKO) Serko is headquartered in New Zealand, with offices across Australia, China and the United States.

Visit [www.serko.com](http://www.serko.com) for more information.

## At a glance

As travel volumes partially recovered from the effects of Covid-19 and revenue from the Booking.com for Business Partnership grew, Serko continued to scale for future growth.

**\$18.9m**

TOTAL INCOME

**\$124.5m**

CASH AND SHORT-TERM DEPOSITS

**\$19.8m**

SEGMENT REVENUE

**(\$36m)**

NET LOSS AFTER TAX

**63%**

INCREASE IN BOOKING  
TRANSACTIONS

**(\$28.1m)**

EBITDAF LOSS

EBITDAF is a non-GAAP (Generally Accepted Accounting Principle) measure representing Earnings Before the deduction of costs relating to Interest, Taxation, Depreciation, Amortisation, Foreign Currency (Gains)/Losses and Fair value remeasurement of contingent consideration. Segment revenue is a non-GAAP measure reflecting Total Revenue and Other Income before deduction of consideration payable to customers. See note 4 of the Financial Statements for a reconciliation to Total Income.

For personal use only



# Dear fellow shareholders,

Serko's focus over the past year has been to position the business to catch the wave of the global travel recovery. It is therefore pleasing to report that the recovery has commenced and that the investments we have made are starting to deliver a return.

The 2022 financial year has been one of careful cost management while investing for the recovery of the business travel market. This has required us to prioritise where we invested, while also fuelling the company for growth.

Our priorities across Serko for the FY22 financial year were to support our Australian and New Zealand business, invest heavily into our travel platform for small and medium-sized businesses in partnership with Booking.com and develop the North American market.

## KEY HIGHLIGHTS

- The number of online travel bookings across all segments for the 2022 financial year increased 67% year on year to 2.15 million from 1.29 million, with 1.95 million travel bookings in our Managed Travel segment (Australasia and North America) and 0.21 million bookings in the Unmanaged Travel segment (Booking.com for Business).
- By the end of the financial year, Australasian booking volumes had recovered to 78% of March 2019 (pre-COVID) levels as the market emerged from Omicron. We are seeing the recovery trend continue through April 2022 with Australasian transactions at 83% of April 2019 numbers.
- Booking.com for Business booking volumes have also recovered and in April 2022 we saw continued growth in rooms booked.

## UNMANAGED TRAVEL

Our biggest investment was in the new Unmanaged Travel segment, with the opportunity presented to us by Booking.com to launch a new Booking.com for Business platform, powered by Zeno, for its business customer base. This was a significant engineering challenge with an accelerated schedule to support the successful onboarding of 420,000 net new Booking.com for Business customers registered onto the new platform<sup>1</sup> during the year.

With the migration achieved, our focus was the enhancement of the customer experience to support customer acquisition and conversion ahead of market growth. The platform is now available in more than 190 countries across nine different languages, with flights on offer in a number of these regions.

Following a dip between October 2021 and January 2022, owing to seasonality and the impacts of Omicron, bookings increased with 39,000 rooms booked in March 2022, a 42% increase on the October 2021 figure.

## MANAGED TRAVEL

We have also made solid progress in the customer segment we call Managed Travel.

This segment encompasses the newer North American market and the core Australian and New Zealand business where we support our travel reseller partners to deliver online travel and expense management services to many of the region's most significant businesses.

In the face of the significant challenges of the pandemic, the Australia and New Zealand business has performed exceptionally well. Not only have we retained the majority of our customers through the pandemic we have also grown our market share. With the virus now becoming endemic and travel restrictions easing we are seeing a strong recovery in business travel on our platforms in these markets.

<sup>1</sup> We expect SME business booking behaviors will be different from our enterprise customers. It is uncertain when, and how often, migrated customers and new sign-ups will transact, particularly during COVID-affected periods and as a result of intermittent travel needs of SME's. There is no guarantee that migrated/activated customers, or new sign-ups, will make bookings in the current financial period or at all.

Our progress in Managed Travel in North America has been more muted but it is important to acknowledge that we launched into this market not long before the unprecedented travel downturn.

North America is showing a travel recovery and continuing signs that we can realise the potential we see for Serko. Visa selected Zeno as its corporate booking tool and is now live in North and South America and the Asia Pacific region, and Zeno was also named a 'Globally Preferred Booking Tool' by our travel reseller partner CWT, one of the top three global -Travel Management Companies.

While we are still in the early stages of establishing our presence in North America, we remain optimistic about our ability to realise the opportunities that we see in this market.

#### FINANCIAL PERFORMANCE AND FUNDING

Our financial performance, although showing a significant improvement in revenue relative to the prior year, continues to reflect the impact of the pandemic and our investments in our products to drive the Booking.com for Business opportunity and to position ourselves for the recovery of global business travel.

Total income increased by 12% to \$18.9 million. Revenue grew by 44% to \$17.9 million but this was partially offset by government grant revenue down 77% to \$1.0 million.

Segment revenue<sup>2</sup> was \$19.8 million, a 17% increase on the prior year and above the midpoint of our revenue guidance of \$18.5 million and \$20.5 million. Revenue growth was driven by a partial business travel recovery in Australasia over the previous financial year, a strong contribution from Booking.com for Business and a modest increase in revenue from North American markets. These gains were diluted by the lockdown and travel restrictions in New Zealand through the third and fourth quarters of the financial year.

Average revenue per booking (ARPB) for travel-related revenue increased during the year by 8% to \$5.80, driven primarily by the strong average revenue per completed room booking of over \$20 for Booking.com for Business.

EBITDAF losses increased 26% to \$28.1 million from \$22.3 million in the same period a year ago, with the rise reflecting an increase in operating expenses as we scaled up and invested for future growth. Net losses after tax increased 22% to \$36.0 million from \$29.4 million.

Serko remains well funded as a result of the \$83.3 million capital raising (\$80.1 million net of costs) undertaken towards the end of 2021. Cash and cash equivalents at 31 March 2022 were \$124.5 million, an increase of 56% or \$44.6 million on the prior year end. Cash burn over the year was \$35.5 million, an average of \$3.0 million per month. Average monthly cash burn for the 6 months to 31 March 2022 was \$3.0 million, lower than our guidance of close to \$4 million, partly reflecting additional non-recurring payments from customers.

#### OUR PRIORITIES

We have identified five strategic priorities for the next three financial years that we believe will drive the Company towards its aspiration of \$100 million in annual revenue.

Our first priority is to deliver an exceptional customer experience. We know that customer satisfaction will underpin customer acquisition and conversion, and given the scale of the Booking.com opportunity and our vision to deliver a frictionless travel offering in both the unmanaged and managed travel spaces this is a crucial investment area for us in FY23.

Our second priority is to drive growth in Unmanaged Travel with Booking.com for Business. We are collaborating with Booking.com to use its data driven approach to focus investment in the platform and content to deliver increased customer conversion and acquisition.

Our third priority is to extend our leadership in Managed Travel within the Australasian markets and drive growth into North America in partnership with travel resellers and by building on the nascent efforts with direct customers.

Our fourth priority is to build the foundations of our business travel marketplace vision; an open platform with a content hub that enables the scalable connection of additional supply partners. Over the last year we have expanded content

<sup>2</sup> Segment revenue (a non-GAAP measure) is Total Income before it is reduced to reflect consideration payable to customers. In the period, consideration payable to customers comprised Serko's share of jointly agreed marketing expenses. See note 4 of the Financial Statements for a reconciliation to Total Income.

offerings across multiple markets, including flight and other content into Booking.com for Business. In alignment with Serko's environmental, social and governance (ESG) principles we launched integrated environmental impact and carbon offsets for flights, among other initiatives.

Our fifth priority is to continue to grow our culture of engaged, innovative and customer-obsessed Serkodians. In many respects, this is, and always has been, our top priority. Our people supported the Company through the pandemic and are as excited as we are about the return of business travel. On behalf of all Serko shareholders, we thank the team for their continuing commitment and effort.

Our team is the heart of all our customer-led innovation; they are the reason our customers are deeply loyal to Serko, and they are core champions of our evolving programmes to ensure that material environmental, social and governance matters are integrated into our strategy. We were proud this year to be part of the Booking.com and United Nations initiative to support the refugee crisis in Eastern Europe.

Further details of these and other initiatives are included in our latest ESG report, which is available on the investor section of our website.

## OUTLOOK

Two years on from the onset of COVID-related global travel restrictions, it is gratifying to see the strong recovery, both in Australasia and the new markets we are pursuing. Transaction volumes in April 2022 show the recovery of business travel has been sustained into the new financial year.

That said, we cannot be complacent about the ongoing risks, including geo-political uncertainty, the potential resurgence of COVID and additionally the structural changes to the travel market that have occurred through the pandemic.

Nevertheless, the proof points of the current market continue to give us confidence about our prospects for the year to 31 March 2023 and we expect revenue to approximately double from the prior year.

The disruption of the last two years has sharpened our focus on building upon the strengths of our technology and carefully targeting new market segments.

We plan to increase our rate of investment into our products and markets in line with revenue projections over the six months to 30 September 2022 to support future growth. However, we are tightly focused on execution and the application of capital to directly drive the outcomes related to both our strategy and shareholder return while maintaining prudent cash management practices.

We continue to negotiate the potential acquisition of a travel technology business. There is no certainty that this acquisition will proceed, and we will update the market as appropriate. The potential acquisition would be earnings accretive and assist Serko to accelerate the execution of its strategic priorities. The total consideration payable is expected to be primarily payable in scrip with a smaller cash component. It is likely that a significant portion of the total consideration would be deferred and performance based.

We thank shareholders for their ongoing support and look forward to providing an update at our annual shareholders meeting in August.



**CLAUDIA BATTEN**  
CHAIR



**DARRIN GRAFTON**  
CEO & CO-FOUNDER

# Our Board of Directors



## **Claudia Batten**

**Independent Non-executive Director, Chair, New Zealand**  
**Appointed 30 April 2014, re-elected August 2020**

Claudia has been a founding member of two highly successful entrepreneurial ventures and is a strong supporter of the New Zealand start-up scene as an active mentor and adviser. She is a director of Air New Zealand and Vista Group and is also the digital adviser to the Board of Westpac New Zealand. Claudia returned from the United States to live in New Zealand in June 2021. She holds an LLB (Hons) and BCA from Victoria University (Wellington).



## **Jan Dawson**

**Independent Non-executive Director, New Zealand**  
**Appointed on 18 August 2021**

Jan is Chair of Ports of Auckland Limited and a director of Meridian Energy Limited. She is a member of the University of Auckland Council and the Capital Investment Committee of the National Health Board. Jan was previously Chair of Westpac New Zealand, Deputy Chair for Air New Zealand, and director of Beca and AIG NZ. She was a partner of KPMG for 30 years and the Chair and Chief Executive of KPMG New Zealand from 2006 until 2011. She holds a Bachelor of Commerce from the University of Auckland and is a fellow of the New Zealand Institute of Chartered Accountants and a fellow of the Institute of Directors in New Zealand.



## **Darrin Grafton**

**Executive Director, Chief Executive Officer & Co-Founder**  
**Appointed 5 April 2007, elected August 2019**

Darrin has more than 30 years' experience in travel technology and is a recognised industry innovator, previously named as one of the top 25 most influential executives in the travel industry by the BTN Group. Darrin has held directorships and senior management positions across a number of private and public companies, including the Gullivers Travel Group. In 2021 Darrin was awarded the INFNZ Leadership Award and has previously been awarded the NZX Hi-Tech Entrepreneur Award. He is a member of the Institute of IT Professionals NZ and the Institute of Directors NZ.



## **Clyde McConaghy**

**Independent Non-executive Director, Australia**  
**Appointed 30 April 2014, re-elected August 2019**

Clyde is based in Australia. He is the founder of Optima Boards, providing independent director and advisory services to public, private, family office and charitable entities around the world. Clyde has worked in publishing, media, online and technology sectors, living in the UK, Germany, China and Australia. He is a director of Neuroscience Research Australia and MindGardens and holds a BBus (University of South Australia), as well as an MBA from Cranfield University (UK). Clyde is a fellow of the Australian Institute of Company Directors.



## **Bob Shaw**

**Executive Director, Chief Strategy Officer & Co-Founder**  
**Appointed 5 April 2007, re-elected August 2021**

Bob has been involved in transforming the travel industry since 1987, collaborating with the world's leading airlines, travel agencies and global distribution systems. He has held a number of directorships and senior management positions in various high-profile ventures, including Gullivers Travel Group and Interactive Technologies. Bob has been a past finalist for the EY Entrepreneur of the Year Award. He is a member of the Institute of IT Professionals NZ, the Institute of Directors NZ/Australia and NZCDP.

# Our Executive Team



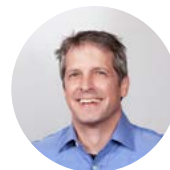
**Tony D'Astolfo**  
Senior Vice President, NORAM

Tony is a 35-year travel industry veteran, with rich expertise in travel and technology and a passion for moving the industry forward. His career includes senior leadership positions at Deem, Phocuswright, GroundLink, Sabre/GetThere and United Airlines. Tony is a long-time member of GBTA and ACTE and a former member of the board of directors of both ACTE and WINiT for Women.



**Sarah Miller**  
General Counsel & Company Secretary

Sarah has over 20 years' experience leading in-house legal functions for dual-listed entities, consulting to a range of companies on capital markets and M&A (mergers and acquisitions) transactions, providing governance advice and working for major law firms in New Zealand and the UK.



**Charlie Nowaczek**  
Chief Operating Officer (COO)

Charlie has over 25 years' experience as an operations executive and management adviser, specialising in business transformation and operational excellence. Over the last decade he has been COO for a number of technology start-ups in the US and Canada.



**Duanne O'Brien**  
Chief Technology Officer

Duanne is a technology leader with over 25 years' experience, specialising in building global enterprise SaaS (software as a service) platforms. Duanne leads the largest of our global teams, designing, building and running Serko's platforms and products.



**Shane Sampson**  
Chief Financial Officer (CFO)

Shane joined Serko with over 30 years' experience in finance and commercial leadership roles at Vector, Spark and Pulse Energy and most recently as the CFO of PushPay. Shane has a BCA and LLB (Hons) from Victoria University of Wellington and is a member of Chartered Accountants Australia and New Zealand.



**Rachael Satherley**  
Chief People Officer

Rachael has 20 years of experience in people leadership roles across Europe, North America and Asia-Pacific, most recently with Expedia Group. She has a passion for unlocking individual, team and organisational potential through transformation.



**Murray Warner**  
Head of Australasian Market

Murray has 20 years' experience working with cloud software technology, building new sales and revenue operations. He has previously held several senior management positions with Concur Technologies, an SAP company, across Asia-Pacific, Europe and North America.



**Nick Whitehead**  
Chief Marketing Officer

Nick has a 20-year track record of commercialising technology through the development of effective go-to-market strategies and leads Serko's global marketing and communications function.

For personal use only

# Our Strategy

**Our Purpose**

**We bring people together**

**Our Vision + Mission**

**To create a connected, frictionless travel experience by building the world's leading business travel marketplace**

**3 yr Strategic Goals**

**1**

**Customer success**

Deliver exceptional customer experience (CX) through experimentation-driven development

**2**

**Unmanaged revenue**

Establish significant market share in unmanaged travel market

**FY23 Objectives**

---

**Product health foundations**

Increase customer satisfaction by continuing to enhance the performance and usability of our products

---

**Conversion**

Grow revenue from the unmanaged travel segment by focusing on customer conversion

3

### Managed revenue

Consistently grow market share in global managed travel market through TMC partnerships and inorganic growth

### Retain and grow

Scale growth in North America and extend our leadership in the Australia and New Zealand markets

4

### Marketplace and content

Commercialise connected trip experience through an open platform

### Platform foundations

Build the marketplace foundations through technology enablement of an open integration platform

5

### Culture

Grow a culture of engaged Serkodians aligned to our purpose, mission and values

### Organisational alignment

Maximise alignment across our teams and minimise friction for customers to increase organisational efficiency

---

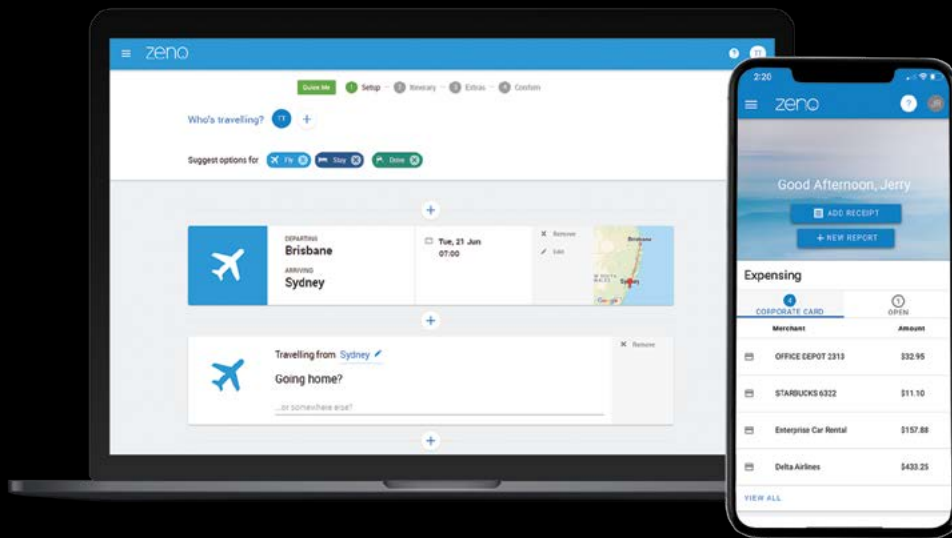
Our strategy provides our stakeholders with a clear sense of what drives us, where we are heading and how we will create long-term value.

For personal use only

## Our products



Zeno is an integrated travel and expense platform that is revolutionising the world of corporate travel and expense management globally.



### Zeno Travel

Zeno Travel is an Online Booking Tool (OBT) that is used by corporate travellers to book flights, trains, hotels, rental cars and airport transfers in line with their corporate travel policies.

This provides the oversight and control that travel managers need to ensure that spend is effectively managed, with the ease of use and personalised experience that encourages corporate travellers to use the OBT and avoid travel program 'leakage' to supplier websites or leisure travel retailers.

Zeno achieves this with an intuitive interface that makes booking business travel super simple, intelligent technology that provides personalised itinerary recommendations based on traveller preferences and a global marketplace that allows travellers to connect with preferred suppliers at every stage of the journey.

---

*Serko generates revenue through corporate customers paying a booking fee per transaction and through supplier commission.*

### Zeno Expense

Zeno Expense automates the process of corporate card and out-of-pocket expense submission, reconciliation and reimbursement. Employees capture receipts via the mobile app, or email receipts directly to Zeno, add a description or cost centre if needed and submit for approval there and then. To make it even simpler, Zeno also offers automated integrations with providers such as Uber for Business.

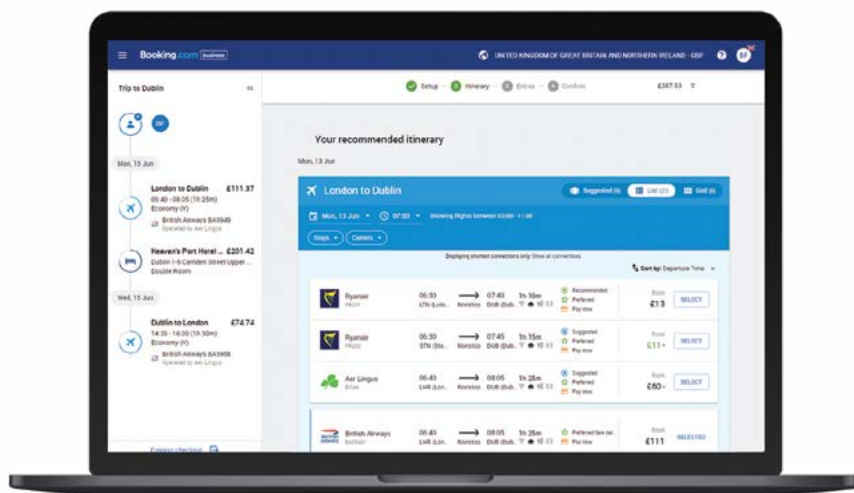
Zeno's intelligent technology proactively identifies and manages out-of-policy claims, preventing expense claim fraud and dramatically streamlining the expense administration function.

Zeno also provides managers and finance teams with a full suite of analysis tools that help them to run their travel and expense budgets more effectively, identify problem areas and optimise expense policies.

---

*Serko generates revenue through corporate customers paying a fee per active user or per expense report submitted.*

# Booking.com **business**



## Booking.com for Business · Powered by Zeno

In 2019 Booking Holdings extended its partnership with Serko to enable Booking.com to resell the Zeno platform white-labelled under the Booking.com for Business brand, with a commercial partnership based on a revenue share model between Booking.com and Serko.

Dedicated teams at both companies worked together to bring to market an initial product that went live in the UK and Ireland in May 2020 ahead of a global roll out that began in early 2021. The platform is now available in local language versions across more than 190 countries.


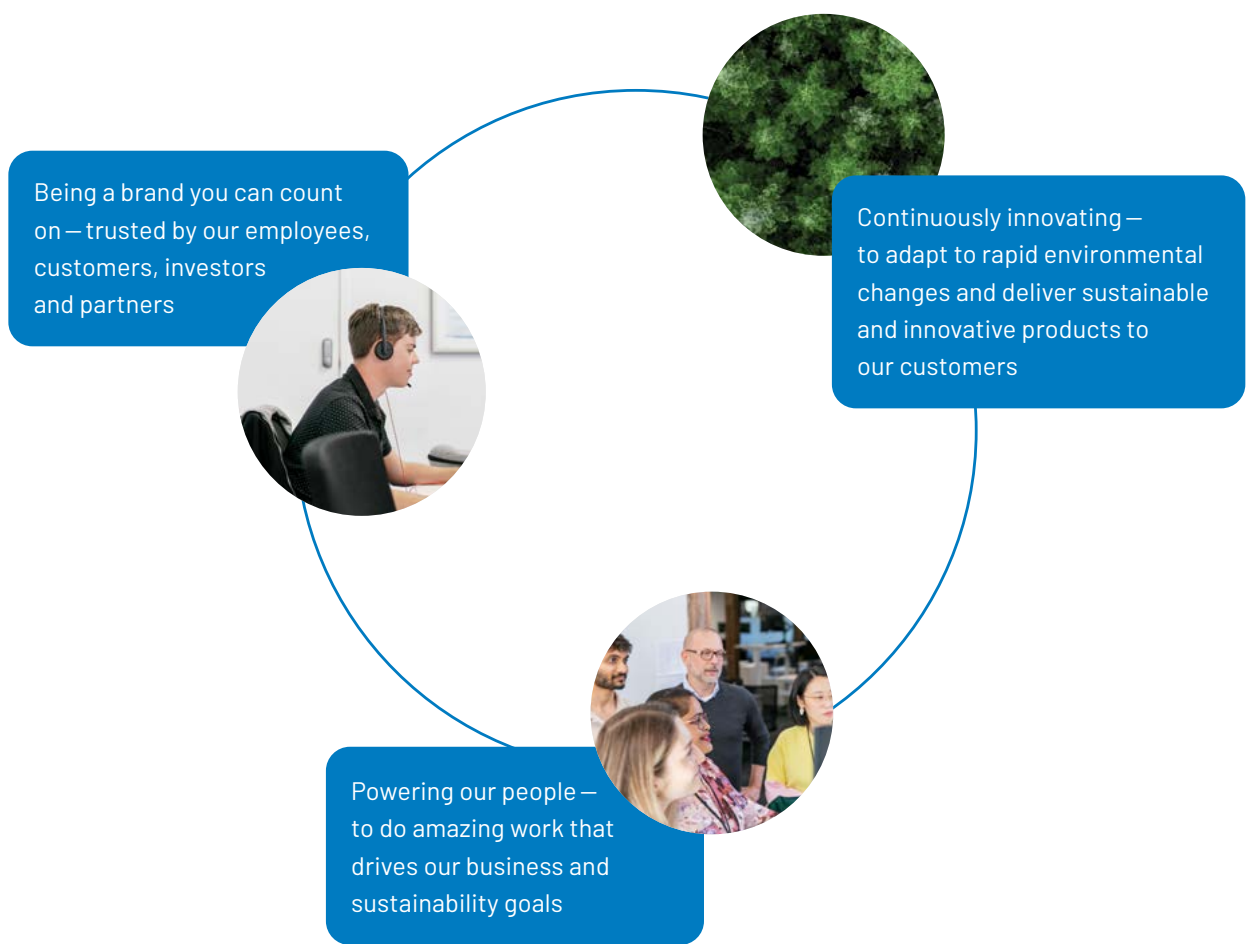
The new Booking.com for Business platform powered by Zeno aims to provide a one-stop-shop for all business travel needs, helping save time and money and making life easier for business travellers and their administration teams alike. In addition to Booking.com accommodation content, we are continuing to build a global connected trip offer, including flights and rail content in selected countries.

---

*Serko generates revenue through supplier commission from travel bookings completed through Booking.com for Business.*

# Building sustainable long-term business growth

We believe strong ESG practices give Serko its social licence to operate, as well as creating long-term value. Here's how:



**Serko's 2022 ESG Report available now**

[READ THE REPORT](#)



# Mission Zero

## Assisting business travellers to minimise their environmental impacts

Mission Zero, launched in our Zeno booking platform in 2021, allows our customers to actively reduce the environmental impact of their travel activity.

Mission Zero empowers business travellers to choose environmentally friendly booking options by providing carbon offset data for flights, highlighting lower emission rental car options and enabling customers to select a targeted environmental programme to offset emissions.

We have partnered with **Tasman Environmental Markets (TEM)** to integrate BlueHalo®, an end-to-end technology solution that enables Zeno to calculate and offset the emissions of a flight. TEM's ability to provide granular, dynamic carbon offset data based on choice of fare gives our customers the ability to build a robust carbon offset program for their businesses.

**Serko's vision for supporting efficient business travel with Mission Zero is built around four principles:**

### 1. Real-time data

Serko is collaborating with its partners to enable Zeno users to measure the impact of their entire trips in real-time, including flights, accommodation and rental car options.

### 2. Informed choice

Travel programs can be designed to minimise environmental impact, not just financial cost. The most efficient flight routes, cabin classes and vehicle types can be identified at the point of purchase to drive more sustainable buying behaviour.

### 3. Impact visibility

By providing complete visibility of a business travel program's environmental impacts, Zeno enables organisations to make policy choices that get their travellers where they need to go, while treading as lightly as possible.

### 4. Net Zero impact

Through our partnership with TEM, Mission Zero offers organisations a measurable and credible way to offset their greenhouse emissions by investing in carefully chosen carbon offset projects that deliver social and economic benefits to communities, as well as emissions reduction.

Mission Zero also recently introduced 'sustainability badges', which allow Booking.com users to search for accommodation that meets certain sustainability criteria.

# MANAGEMENT COMMENTARY

Please read the following commentary with the financial statements and the related notes in this report. Some parts of this commentary include information regarding the plans and strategy for the business and include forward-looking statements that involve risks and uncertainties.

Actual results and the timing of certain events may differ materially from future results expressed or implied by the forward-looking statements contained in the following commentary. All amounts are presented in New Zealand dollars (NZD), except where indicated. All references to a year are the financial year ended 31 March, unless otherwise stated.

Non-GAAP (generally accepted accounting practice) measures have been included, as we believe they provide useful information for readers to assist in understanding Serko's financial performance. Non-GAAP financial measures do not have standardised meanings and should not be viewed in isolation or considered as substitutes for measures reported in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS). These measures have not been independently audited or reviewed.

**(\$36m)**

NET LOSS AFTER TAX

## BUSINESS RESULTS

| Year ended 31 March             | 2022            | 2021            | Change         | %           |
|---------------------------------|-----------------|-----------------|----------------|-------------|
|                                 | \$ (000)        | \$ (000)        | \$ (000)       |             |
| Revenue                         | 17,855          | 12,420          | 5,435          | 44%         |
| Other income                    | 1,019           | 4,476           | (3,457)        | -77%        |
| <b>Total income</b>             | <b>18,874</b>   | <b>16,896</b>   | <b>1,978</b>   | <b>12%</b>  |
| Operating expenses              | (55,057)        | (44,854)        | (10,203)       | -23%        |
| Percentage of revenue           | -308%           | -361%           |                |             |
| Foreign exchange gains/(losses) | (35)            | (1,337)         | 1,302          | -97%        |
| Net finance (expense)/income    | 578             | 247             | 331            | 134%        |
| <b>Net (loss) before tax</b>    | <b>(35,640)</b> | <b>(29,048)</b> | <b>(6,592)</b> | <b>-23%</b> |
| Percentage of revenue           | -200%           | -234%           |                |             |
| Income tax benefit/(expense)    | (319)           | (341)           | 22             | 6%          |
| <b>Net (loss) after tax</b>     | <b>(35,959)</b> | <b>(29,389)</b> | <b>(6,570)</b> | <b>-22%</b> |
| Percentage of revenue           | -201%           | -237%           |                |             |

Revenue increased 44% to \$17.9 million as travel volumes partially recovered from Covid-19 effects. Total income for the year to 31 March 2022 increased 12% to \$18.9 million. Operating costs increased by 23% to \$55.1 million, as the Company continued to scale to drive future growth opportunities. Serko recorded a net loss result after tax of \$36.0 million, an increase of 22% against the prior year net loss of \$29.4 million.

The Group recognised \$1.0 million in other income (primarily grants), a decrease of \$3.5m or 77% from the prior year. Other income primarily comprised Covid-19 subsidies and the new research and development tax credit (RDTI). Covid-19 subsidy income of \$0.6m was down from \$3.4m partially offsetting the increased revenue as the travel market partially recovered. In the prior year, other income included \$0.9m of Callaghan Innovation grants which were replaced by \$0.3 million of RDTI in the current year. Grant income of \$1.4 million was claimed but was treated as deferred income as the costs to which the grants related had been capitalised. This deferred income will be recognised in future years over the useful lives of the related assets.

Foreign exchange losses decreased 97% to \$0.0 million. Net finance income increased 134% to \$0.6m primarily reflecting interest on the higher short-term investments as a result of the capital raises in late 2021.

(\$28m)

EBITDAF LOSS

#### EBITDAF

| Year ended 31 March                            | 2022            | 2021            | Change         | %           |
|--|-----------------|-----------------|----------------|-------------|
|  | \$ (000)        | \$ (000)        | \$ (000)       |             |
| <b>Net (loss) after tax</b>                    | (35,959)        | (29,389)        | (6,570)        | -22%        |
| Deduct: net finance (expense)/income           | (578)           | (247)           | (331)          | 134%        |
| Add back: income tax                           | 319             | 341             | (22)           | -6%         |
| Add back: depreciation and amortisation        | 8,038           | 5,633           | 2,405          | 43%         |
| Add back: net foreign exchange (gains)/ losses | 35              | 1,337           | (1,302)        | -97%        |
| <b>EBITDAF (loss)</b>                          | <b>(28,145)</b> | <b>(22,325)</b> | <b>(5,820)</b> | <b>-26%</b> |
| Percentage of revenue                          | -158%           | -180%           |                |             |

EBITDAF is a non-GAAP measure representing Earnings Before the deduction of costs relating to Interest, Taxation, Depreciation, Amortisation, Foreign Currency (Gains)/Losses and Fair value remeasurement.

EBITDAF declined by \$5.8 million from a loss of \$22.3 million to a loss of \$28.1 million reflecting increased operating expenses partially offset by higher Total Income.

Depreciation and amortisation increased by \$2.4 million over the prior year primarily reflecting an increase in the average balance of computer software assets over the prior year. Depreciation includes right-of-use assets (leased premises) under IFRS-16 (*Leases*) adoption of \$0.9 million (FY21 \$1.1 million).

Movements from foreign exchange rates resulted in losses of \$0.0 million for the year compared to losses of \$1.3 million in the prior year.

For personal use only

# 17%

SEGMENT REVENUE

# 12%

TOTAL REVENUE  
AND OTHER INCOME

## SEGMENT REVENUE AND ACTIVITY

| Year ended 31 March  | 2022          | 2021          | Change        | %           |
|--|---------------|---------------|---------------|-------------|
|  | \$ (000)      | \$ (000)      | \$ (000)      |             |
| Revenue – transaction and usage fees:                            |               |               |               |             |
| Travel platform booking revenue                                  | 9,042         | 6,354         | 2,688         | 42%         |
| Expense platform revenue   | 4,039         | 3,997         | 42            | 1%          |
| Supplier commissions revenue                                     | 4,358         | 538           | 3,820         | 710%        |
| Services revenue   | 1,007         | 1,145         | (138)         | -12%        |
| Other revenue  | 320           | 386           | (66)          | -17%        |
| Other Income   | 1,019         | 4,476         | (3,457)       | -77%        |
| <b>Segment revenue</b>   | <b>19,785</b> | <b>16,896</b> | <b>2,889</b>  | <b>17%</b>  |
| Consideration payable to customers                               | (911)         | -             | (911)         |             |
| <b>Total revenue and other income in accordance with NZ GAAP</b> | <b>18,874</b> | <b>16,896</b> | <b>1,978</b>  | <b>12%</b>  |
| <b>Total travel bookings (000)</b>                               | <b>2,556</b>  | <b>1,566</b>  | <b>990</b>    | <b>63%</b>  |
| <b>Online bookings (000)</b>                                     | <b>2,153</b>  | <b>1,287</b>  | <b>866</b>    | <b>67%</b>  |
| <b>ARPB (travel related revenue only/online bookings)</b>        | <b>5.80</b>   | <b>5.36</b>   | <b>0.44</b>   | <b>8%</b>   |
| <b>ARPB (recurring revenue/online bookings)</b>                  | <b>7.83</b>   | <b>8.76</b>   | <b>(0.93)</b> | <b>-11%</b> |

Travel related revenue includes travel platform booking revenue and supplier commissions revenue.

Recurring revenue (a non-GAAP measure) is the revenue from customers excluding services revenue and other income.

Segment revenue (a non-GAAP measure) is Total Income before it is reduced to reflect consideration payable to customers. In the period, consideration payable to customers comprised Serko's share of jointly agreed marketing expenses.

Total income includes revenue from customers and other income such as grants but excludes finance income.

Total income increased by 12% to \$18.9 million. Segment revenue increased 17% to \$19.8 million.

Travel platform revenue increased by 42% to \$9.0 million. Expense platform revenue, which includes fixed components to pricing, was flat at \$4.0 million.

Supplier commissions before consideration payable increased by \$3.8 million (710%) to \$4.4 million reflecting increased travel volumes and growth in revenue from Booking.com for Business. After deducting consideration payable to customers supplier commissions revenue increased by 541% to \$3.5 million.

Services revenue declined by 12% to \$1.0 million, while other revenues declined by 17% to \$0.3 million.

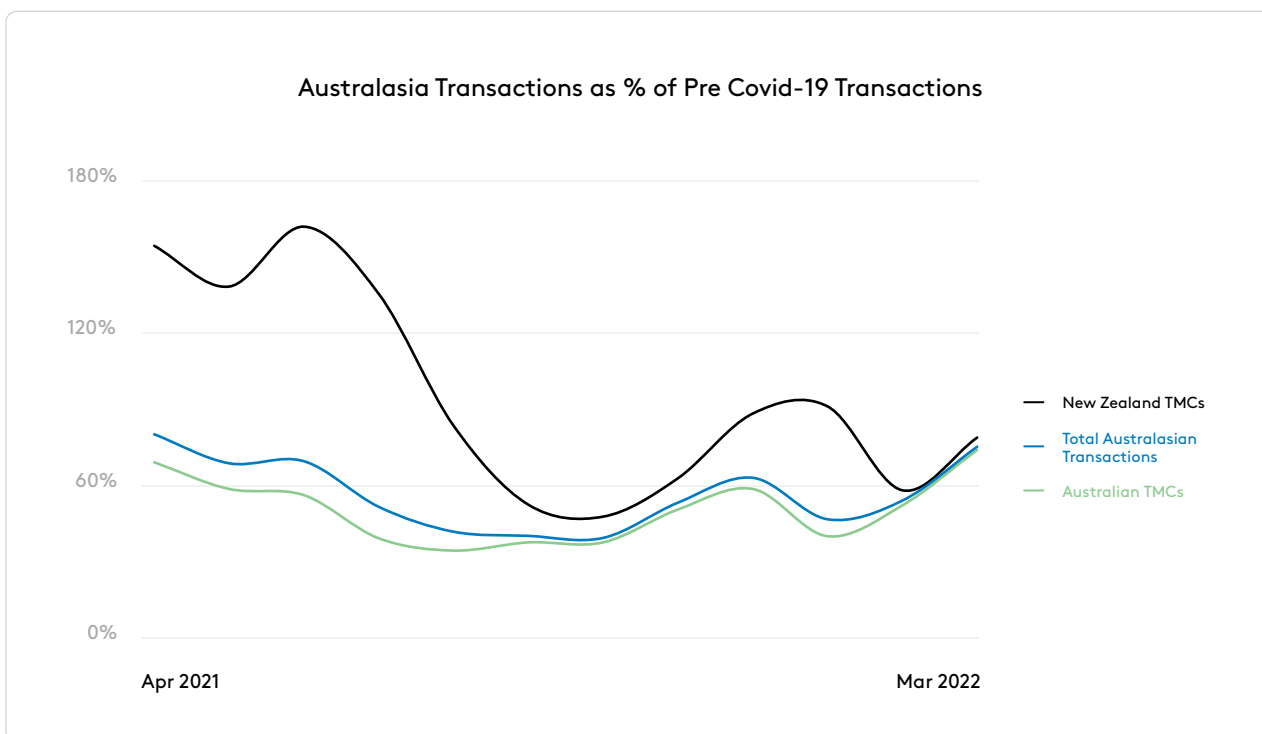
Recurring product revenue was up 49% to \$16.8 million reflecting partial recovery in travel volumes from the effects of Covid-19 and growth in revenue from Booking.com for business.

Consideration payable to customers was \$0.9 million (FY21: \$0.0 million) and comprised Serko's share of jointly agreed marketing expenses incurred by customers. As required by NZ IFRS 15 Serko reduces revenue by the amount of consideration payable to customers.

For personal use only

In the fourth quarter of the 2020 financial year, the Covid-19 pandemic became widespread, significantly affecting booking volumes and materially impacting Serko’s performance over the 2021 financial year. Responses to the pandemic worldwide, including lockdowns and the suspension of all non-essential travel, had a material adverse effect on booking transactions made on Serko’s online travel booking platforms, which generate the majority of Serko’s revenue. In order to assess the impacts of Covid-19 on booking volumes Serko benchmarks volumes against the equivalent month in 2019. We measure total Australasia and New Zealand volumes but also separate out Australia and New Zealand as Covid-19 impacts varied in each country.

Travel volumes in Australia and New Zealand began to recover in early calendar 2021 and the recovery continued into the start of the financial year to 31 March 2022. New Zealand volumes peaked in June 2021 at 163% of 2019 volumes reflecting both travel recovery and increased market share in New Zealand before further lockdowns and travel restrictions began to impact from August 2021. In Australia volumes recovered to 72% of 2019 before further lockdowns caused volumes to fall hitting a low of 29% of 2019 levels in August 2021. With high vaccination levels and significant reductions in Covid-19 related restrictions travel volumes in March 2022 recovered to 78% of 2019 levels in Australia and to 75% of 2019 levels in New Zealand.



Under NZ IFRS-15 (Revenue from Contracts) Serko records revenue from its portfolio of contracts with reference to actual transactions, forecast transactions and minimum contracted commitments. With Covid-19 impacting the entire travel industry, Serko agreed to a number of changes to contracts, including changes to schedules of contracted minimum revenue. This had the effect of reducing the revenue that Serko recorded.

During the year Serko migrated 390,000 Booking.com customers to the Zeno powered Booking for Business platform. A further 54,000 new signups to the platform occurred over the year. The Booking.com for Business revenues are primarily from European countries where booking volumes have been impacted by Covid-19 and to a lesser extent bookings have been impacted by the Russian invasion of Ukraine since February. Revenue from Booking.com for Business primarily comprises Supplier commissions revenue from hotel bookings and revenue is recognised on the date the hotel stay is completed. This results in a portion of revenue being recognised in months after the month of booking. After an initial peak in room nights completed in October 2021 we saw a dip as a result of Covid-19 and normal seasonal lows over Christmas and New Year. Room nights completed have grown strongly since that date, despite the Russian invasion of Ukraine, reaching 51,442 in March 2022. Booking growth was even stronger, however many of the March 2022 bookings will be completed in the financial year to 31 March 2023. The average revenue per completed room night (ARPCRN) for the year to 31 March 2022 was €6.93. Bookings can be for multiple rooms and room nights are higher than the number of rooms booked so that average revenue per completed booking is higher than the ARPCRN. The ARPCRN is impacted by the price of the hotel room.

63% ▲

TRAVEL PLATFORM  
BOOKINGS

8% ▲

TRAVEL ARPB

#### ACTIVITY

Travel platform bookings by volume increased 63% over the prior year. Total travel bookings during FY22 were 2.56 million. Total travel bookings include 0.40 million Offline bookings (system automated bookings) that don't contribute significantly to revenue or are bundled into the 'Online' booking rate. Online bookings for the year increased 67% to 2.15 million.

Average Revenue Per Booking (ARPB) for travel-related revenue (Travel platform and supplier commissions) increased during the year by 8% to \$5.80 from \$5.36 based on Online bookings and was largely related to increases in pricing for the Zeno platform. ARPB for recurring revenue (total recurring revenue divided by Online bookings) at \$7.83 declined by 11% from \$8.76 in the prior year. Recurring revenue includes Expense platform revenue which has a higher average value and therefore as Travel platform bookings increased the ARPB declines due to the lower weighting of Expense platform revenue within the calculation. Expense platform revenue was not as adversely affected as Travel platform revenue by Covid-19.

For personal use only

## REVENUE BY GEOGRAPHY

| Year ended 31 March  | 2022          | 2021          | Change       | %          |
|----------------------|---------------|---------------|--------------|------------|
|                      | \$ (000)      | \$ (000)      | \$ (000)     |            |
| Australia            | 10,686        | 7,520         | 3,166        | 42%        |
| New Zealand          | 1,539         | 2,154         | (615)        | -29%       |
| North America        | 2,597         | 2,369         | 228          | 10%        |
| Europe and Other     | 3,033         | 377           | 2,656        | 705%       |
| <b>Total Revenue</b> | <b>17,855</b> | <b>12,420</b> | <b>5,435</b> | <b>44%</b> |

Serko earned 60% (FY21: 61%) of revenue from Australia and 9% (FY21: 17%) from New Zealand sources, with New Zealand-sourced income down 29% and Australian-sourced income up 42% over the prior year. Both Australia and New Zealand have been adversely affected by Covid-19 travel restrictions but in Australia the impact was lower than in FY21.

North American revenue increased by 10% but declined as a proportion of total revenue due to the growth in Australia and Europe and Other.

Europe and Other revenue increased by 705% to \$3.0 million driven by growth in revenues from the Booking.com partnership. Europe and Other revenue before consideration payable to customers, which is a non-GAAP measure, has increased by 946% to \$3.9m. Consideration payable to customers was \$0.9m (FY21: nil).

For personal use only

## HOW SERKO MAKES MONEY



Serko's main source of revenue is Travel platform revenue from Serko Online and Zeno however Supplier commissions revenue is growing.

Travel platform revenue is made up of transaction fees, ancillary service fees and contracted minimum payments (where applicable) and is stated net of volume-related rebates and discounts. Travel platform revenue is generally recognised at the time a booking is made.

Serko also earns commission income on a portion of bookings when corporates opt to book Serko-sourced hotel and other traveller-related services. Serko is paid directly from the suppliers of these services, therefore income from this source through its platforms is included in supplier commissions. The Booking.com for Business platform provided in partnership with Booking.com is a free service with Booking.com receiving commissions from suppliers, primarily hotels. The commissions earned through this platform are recognised under supplier commissions. Supplier commission revenue is recognised at the time the relevant stay is completed as bookings which are cancelled do not result in revenue.

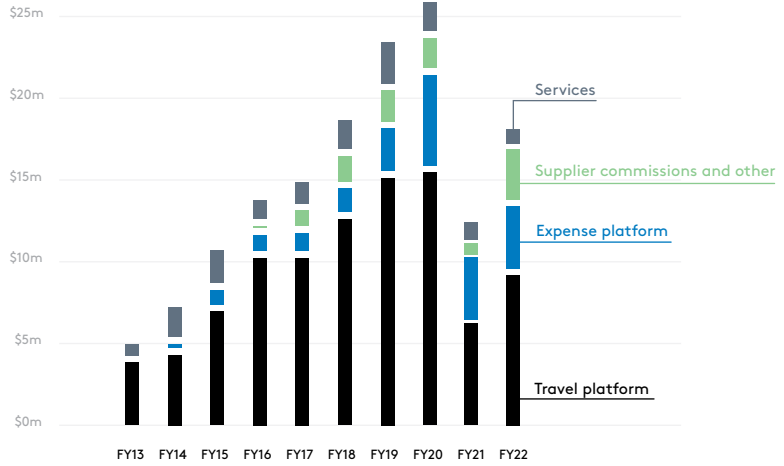
Serko also earns income from its expense management platform Serko Expense, which allows registered users of corporate customers to process travel and expense claims for accounting and reimbursement. Revenues are derived from a combination of fees for active users, registered users and reports processed.

Other revenue includes income from Serko Mobile licence fees and other miscellaneous revenues.

Services revenue is derived from installation service and customised software development undertaken on behalf of the TMCs. It also includes the fees charged to develop connections to third party systems wanting to integrate with Serko's platforms. The basis of charging can vary depending on the contractual terms with the customer, which may specify time and materials, capped or fixed pricing.

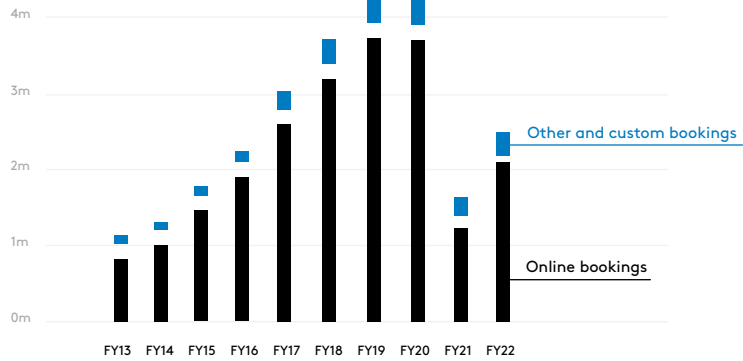
Other income historically has been primarily government grants for research and development projects and international growth grants. However, in FY21 and FY22, Serko received government grants related to Covid-19 subsidies. With the change of R&D grants to a tax credit regime, Serko no longer receives research and development grants and instead receives research and development tax incentives (RDTI).

## Revenue trend



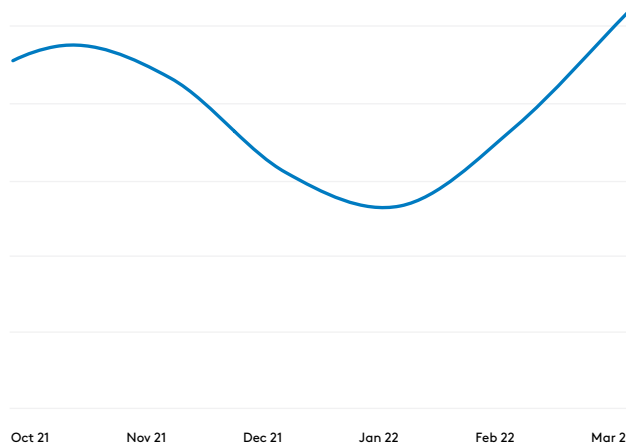
## Booking trend<sup>1</sup>

Travel platform booking trend over the last 9 years



## Room nights completed

Booking.com for Business platform



<sup>1</sup> Booking volumes are total volumes and include Offline and Custom Bookings, which can be either bundled into a price per Online booking or at a reduced rate, as these are primarily automated bookings but processed through the booking tool.

# 23% ▲

OPERATING EXPENSES

## OPERATING EXPENSES

| Year ended 31 March   | 2022          | 2021          | Change        | %          |
|---|---------------|---------------|---------------|------------|
|   | \$ (000)      | \$ (000)      | \$ (000)      |            |
| Marketing expenses  | 1,536         | 1,054         | 482           | 46%        |
| Third party connection costs  | 894           | 535           | 359           | 67%        |
| Other selling costs   | 657           | 467           | 190           | 41%        |
| <b>Total selling and marketing expenses</b>                               | <b>3,087</b>  | <b>2,056</b>  | <b>1,031</b>  | <b>50%</b> |
| <b>Hosting expenses</b>   | <b>4,932</b>  | <b>2,710</b>  | <b>2,222</b>  | <b>82%</b> |
| Employee remuneration   | 26,059        | 25,083        | 976           | 4%         |
| Contribution to pension plans   | 1,303         | 880           | 423           | 48%        |
| Share-based payment expenses  | 4,095         | 3,184         | 911           | 29%        |
| Other remuneration and benefits   | 617           | 380           | 237           | 62%        |
| <b>Total remuneration and benefits</b>                                    | <b>32,074</b> | <b>29,527</b> | <b>2,547</b>  | <b>9%</b>  |
| Auditor remuneration and other assurance fees                             | 275           | 171           | 104           | 61%        |
| Directors' fees   | 493           | 402           | 91            | 23%        |
| Movement of expected credit loss allowance on receivables                 | (23)          | (19)          | (4)           | 21%        |
| Bad debts written off   | 195           | 63            | 132           | 210%       |
| Rental and operating lease expenses                                       | 172           | 102           | 70            | 69%        |
| Professional fees   | 1,618         | 851           | 767           | 90%        |
| Computer licences   | 1,306         | 1,148         | 158           | 14%        |
| Insurance costs   | 705           | 438           | 267           | 61%        |
| Recruitment fees  | 365           | 536           | (171)         | -32%       |
| Donations   | 1             | -             | 1             | n/a        |
| Other administration expenses   | 1,819         | 1,236         | 583           | 47%        |
| <b>Total administration expenses</b>                                      | <b>6,926</b>  | <b>4,928</b>  | <b>1,998</b>  | <b>41%</b> |
| Amortisation of intangibles   | 6,386         | 3,909         | 2,477         | 63%        |
| Depreciation  | 1,652         | 1,724         | (72)          | -4%        |
| <b>Total amortisation and depreciation</b>                                | <b>8,038</b>  | <b>5,633</b>  | <b>2,405</b>  | <b>43%</b> |
| <b>Total operating expenses excluding foreign exchange gains/(losses)</b> | <b>55,057</b> | <b>44,854</b> | <b>10,203</b> | <b>23%</b> |
| Percentage of revenue   | 308%          | 361%          |               |            |

Selling and marketing expenses comprise all the direct costs of sales that are not people or salary related.

Remuneration and benefits are the total costs of employees and contractors engaged within the business during the financial year, including gross salary, additional payroll taxes, superannuation and KiwiSaver, bonuses, commissions and the value of any share-based remuneration or awards.

Other administration expenses include listed market costs, training, travel and other miscellaneous office costs.

Total operating expenses increased 23% to \$55.1 million.

Selling and marketing expenses increased 50% to \$3.1 million. Third party connection costs grew 67% in line with the growth in the number of online bookings. As travel recovered we increased marketing expenses by 46% to help drive customer growth.

Hosting costs increased 82% to \$4.9 million primarily driven by the increase in online booking volumes of 67% and costs of maintaining elevated hosting capacity relative to actual requirements. We maintained elevated levels of hosting capacity to ensure resiliency as we undertook the successful migration of Booking for Business customers to our platform and to ensure capacity was available as travel booking volumes in Australia and New Zealand rebounded.

Remuneration and benefits (R&B) increased by 9% to \$32.1 million owing to the increased average head count relative to the prior year and increased compensation per employee. As at 31 March 2022 Serko had 312 employees, an increase of 9% from 31 March 2021. Share-based payments increased 29% to \$4.1 million reflecting new employees joining the scheme and the impacts of the expansion of the long-term incentive scheme to most employees in the prior year.

Administration costs grew 41% to \$6.9 million. Within administration costs, professional fees increased by 90% to \$1.6 million with the increase primarily driven by professional fees relating to a potential acquisition and consulting services to support the design and development of a new mobile app.

Amortisation increased by 63% to \$6.4 million primarily reflecting an increase in the average balance of computer software assets relative to the prior year.

# 33% ▲

INCREASE TOTAL  
PD&D COSTS

## PRODUCT DESIGN AND DEVELOPMENT (PD&D) COSTS

| Year ended 31 March  | 2022          | 2021          | Change         | %           |
|--|---------------|---------------|----------------|-------------|
|  | \$ (000)      | \$ (000)      | \$ (000)       |             |
| <b>Total Product Design &amp; Development</b>                          | <b>25,548</b> | <b>19,203</b> | <b>6,345</b>   | <b>33%</b>  |
| Percentage of revenue  | 143%          | 155%          |                |             |
| Less: capitalised product development costs                            | (15,320)      | (7,231)       | (8,089)        | 112%        |
| Percentage of Product Design & Development costs                       | 60%           | 38%           |                |             |
| <b>Total Product Design &amp; Development (excluding amortisation)</b> | <b>10,228</b> | <b>11,972</b> | <b>(1,744)</b> | <b>-15%</b> |
| Percentage of revenue  | 57%           | 96%           |                |             |
| Add: Amortisation of capitalised development costs                     | 6,386         | 3,909         | 2,477          | 63%         |
| <b>Total</b>   | <b>16,614</b> | <b>15,881</b> | <b>733</b>     | <b>5%</b>   |
| Percentage of revenue  | 93%           | 128%          |                |             |

Product design and development (PD&D) costs is a non-GAAP measure representing the internal and external costs related to PD&D that have been included in operating costs or capitalised as computer software development during the period. PD&D includes all activities related to the design, development and maintenance of Serko's product but excludes operating costs such as Hosting expenses. PD&D expenses include employee and contractor remuneration related to these activities.

Total PD&D costs increased by 33% to \$25.5 million reflecting increased average PD&D headcount. As a percentage of revenue PD&D costs reduced by 12 percentage points to 143%. Capitalised PD&D costs increased by 112% to \$15.3 million reflecting the increased Total PD&D costs and an increase in the proportion of PD&D costs capitalised to 60%.

For personal use only

9% ▲

INCREASE  
FTE

#### EMPLOYEES AND AVERAGE REVENUE PER FTE

| Year ended 31 March                                    | 2022       | 2021       | Change      | %           |
|--|------------|------------|-------------|-------------|
| Product development and maintenance                    | 216        | 193        | 23          | 12%         |
| Sales and marketing                                    | 14         | 16         | (2)         | -13%        |
| Customer support                                       | 45         | 48         | (3)         | -6%         |
| Administration   | 37         | 30         | 7           | 23%         |
| <b>Total employee numbers at end of the year (FTE)</b> | <b>312</b> | <b>287</b> | <b>25</b>   | <b>9%</b>   |
| <b>Average revenue per FTE (NZD \$000)</b>             | <b>49</b>  | <b>67</b>  | <b>(18)</b> | <b>-27%</b> |

Serko's staff numbers increased by a net 25 during the year to 312 full-time equivalent (FTE) staff, an increase of 9%. By country at 31 March 2022 Serko had 200 staff based in New Zealand, 18 in Australia, 53 in China and 41 in the US. The increase in staff is primarily in product development and reflects the investment Serko is making in its product to drive growth in the Northern Hemisphere markets.

For personal use only

# 56% ▲

INCREASE  
CASH & SHORT TERM  
DEPOSITS

For personal use only

## CASH FLOWS

| Year ended 31 March                               | 2022            | 2021            | Change         | %           |
|---|-----------------|-----------------|----------------|-------------|
|   | \$ (000)        | \$ (000)        | \$ (000)       |             |
| Receipts from customers                           | 22,878          | 15,542          | 7,336          | 47%         |
| Grant income receipts                             | 1,818           | 4,280           | (2,462)        | -58%        |
| Other operating cash flows                        | (43,152)        | (37,864)        | (5,288)        | 14%         |
| <b>Total cash flows from operating activities</b> | <b>(18,456)</b> | <b>(18,042)</b> | <b>(414)</b>   | <b>2%</b>   |
| Short term deposits                               | (45,000)        | (45,000)        | -              | n/a         |
| Other Investing cash flows                        | (16,094)        | (7,790)         | (8,304)        | 107%        |
| <b>Total cash flows from investing activities</b> | <b>(61,094)</b> | <b>(52,790)</b> | <b>(8,304)</b> | <b>16%</b>  |
| Financing cash flows                              | 79,167          | 63,927          | 15,240         | 24%         |
| <b>Total net cash flows</b>                       | <b>(383)</b>    | <b>(6,905)</b>  | <b>6,522</b>   | <b>-94%</b> |
| Net foreign exchange differences                  | (23)            | (567)           | 544            | -96%        |
| <b>Closing cash and cash equivalents balances</b> | <b>34,513</b>   | <b>34,919</b>   | <b>(406)</b>   | <b>-1%</b>  |
| Short-term deposits                               | 90,000          | 45,000          | 45,000         | 100%        |
| <b>Cash and short-term deposits</b>               | <b>124,513</b>  | <b>79,919</b>   | <b>44,594</b>  | <b>56%</b>  |

Receipts from customers grew by 47% to \$22.9 million reflecting revenue growth and additional payments from customers. Grant income receipts declined 58% to \$1.8m reflecting lower Covid-19 subsidies. Other operating cash outflows increased by 14% to \$43.2 million reflecting increases in operating expenses. Net operating cash outflows for the year increased 2% to \$18.5 million.

Other investing cash flows, which include cash outflows for property, plant and equipment and intangibles, reflecting capitalised internal development, increased 107% to \$16.1 million. During the year \$45 million was placed on short term deposits bringing total short-term deposits to 31 March 2022 to \$90 million.

Financing cash flows of \$79.2 million primarily comprised capital raised during the year of \$83.3 million. Capital was raised through a fully underwritten placement of \$75 million in November 2021 and \$8.3 million in a retail offer completed in December 2021. Net of costs of the capital raise of \$3.2 million Serko raised a net \$80.1 million from the capital raises.

Cash balances and short-term deposits increased 56% to \$124.5 million as at 31 March 2022. Excluding funds from the capital raise, net cash burn for the year was \$35.5 million, an average of \$3.0 million per month.

Prior to the capital raise, Serko targeted an average cash burn of \$2 – 4 million per month. Following the capital raise, Serko continued to invest in scaling the business and the planned cash burn was close to \$4 million per month. The second-half cash burn, excluding net funds from the capital raise, was \$3.0 million average per month, lower than the planned, in part due to additional payments from customers which are expected to reverse in the financial year to 31 March 2023.

# FINANCIAL STATEMENTS

## CONTENTS

|  |         |
|--|---------|
| Consolidated statement of comprehensive income | 32      |
| Consolidated statement of changes in equity    | 33      |
| Consolidated statement of financial position   | 34      |
| Consolidated statement of cash flows           | 35      |
| Notes to the financial statements              | 36 - 69 |
| Independent auditor's report                   | 70 - 73 |

The directors of Serko Limited are pleased to present the financial statements for Serko Limited and its subsidiaries (the Group) for the year ended 31 March 2022 to shareholders.

The directors are responsible for presenting financial statements in accordance with New Zealand law and generally accepted accounting practice, which fairly present the financial position of the Group as at 31 March 2022 and the results of its operations and cash flows for the year ended on that date.

The directors consider the financial statements of the Group have been prepared using accounting policies that have been consistently applied and supported by reasonable judgements and estimates and that all relevant financial reporting and accounting standards have been followed.

The directors believe that proper accounting records have been kept that enable, with reasonable accuracy, the determination of the financial position of the Group and facilitate compliance of the financial statements with the Companies Act 1993, NZX Listing Rules, Financial Reporting Act 2013 and the Financial Markets Conduct Act 2013.

The directors consider they have taken adequate steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities. Internal control procedures are also considered to be sufficient to provide a reasonable assurance as to the integrity and reliability of the financial statements.

The financial statements are signed on behalf of the Board of Directors on 18 May 2022 by:



**CLAUDIA BATTEN**  
CHAIR



**JAN DAWSON**  
CHAIR OF AUDIT AND RISK COMMITTEE

# Consolidated Statement of Comprehensive Income

For the year ended 31 March 2022

|   | Notes    | 2022            | 2021            |
|---|----------|-----------------|-----------------|
|   |          | \$ (000)        | \$ (000)        |
| Revenue   | 4        | 17,855          | 12,420          |
| Other income  | 4        | 1,019           | 4,476           |
| <b>Total income</b>   |          | <b>18,874</b>   | <b>16,896</b>   |
| Operating Expenses  |          |                 |                 |
| Selling and marketing expenses                                  |          | (3,087)         | (2,056)         |
| Hosting expenses  |          | (4,932)         | (2,710)         |
| Remuneration and benefits                                       |          | (32,074)        | (29,527)        |
| Administration expenses   |          | (6,926)         | (4,928)         |
| Amortisation and depreciation                                   |          | (8,038)         | (5,633)         |
| <b>Total operating expenses</b>                                 | <b>5</b> | <b>(55,057)</b> | <b>(44,854)</b> |
| <b>Loss before finance items</b>                                |          | <b>(36,183)</b> | <b>(27,958)</b> |
| Foreign exchange gains/(losses) – net                           |          | (35)            | (1,337)         |
| Finance income  | 5        | 696             | 380             |
| Finance expenses  | 5        | (118)           | (133)           |
| <b>Loss before income tax</b>                                   |          | <b>(35,640)</b> | <b>(29,048)</b> |
| Income tax expense  | 6        | (319)           | (341)           |
| <b>Net loss attributable to the shareholders of the company</b> |          | <b>(35,959)</b> | <b>(29,389)</b> |
| Movement in foreign currency reserve                            |          | (57)            | 43              |
| <b>Total comprehensive loss for the year</b>                    |          | <b>(36,016)</b> | <b>(29,346)</b> |
| Earnings per share  |          |                 |                 |
| Basic and diluted earnings/(loss) per share (dollars)           | 17       | (0.33)          | (0.30)          |

The accompanying notes form part of these financial statements.

# Consolidated Statement of Changes in Equity

For the year ended 31 March 2022

|  | Notes     | Share capital  | Share-based payment reserve | Foreign currency reserve | Accumulated losses | Total           |
|--|-----------|----------------|-----------------------------|--------------------------|--------------------|-----------------|
|  |           | \$(000)        | \$(000)                     | \$(000)                  | \$(000)            | \$(000)         |
| Balance as at 1 April 2021                               |           | 153,706        | 4,509                       | (179)                    | (55,508)           | 102,528         |
| Net loss for the year                                    |           | -              | -                           | -                        | (35,959)           | (35,959)        |
| Other comprehensive loss*                                |           | -              | -                           | (57)                     | -                  | (57)            |
| <b>Total comprehensive loss for the year</b>             |           | <b>-</b>       | <b>-</b>                    | <b>(57)</b>              | <b>(35,959)</b>    | <b>(36,016)</b> |
| Transactions with owners                                 |           |                |                             |                          |                    |                 |
| Issue of share capital                                   |           | 83,281         | -                           | -                        | -                  | 83,281          |
| Cost of equity issued                                    |           | (3,188)        | -                           | -                        | -                  | (3,188)         |
| Equity-settled share-based payments                      |           | 1,055          | 2,929                       | -                        | -                  | 3,984           |
| Shares vested with employees via Restricted Share Plan   |           | -              | 95                          | -                        | -                  | 95              |
| Shares forfeited by employees via Restricted Share Plan  |           | -              | (3)                         | -                        | -                  | (3)             |
| Non-executive director's settlement of non-recourse loan |           | 247            | (47)                        | -                        | -                  | 200             |
| <b>Balance as at 31 March 2022</b>                       | <b>16</b> | <b>235,101</b> | <b>7,483</b>                | <b>(236)</b>             | <b>(91,467)</b>    | <b>150,881</b>  |
| Balance as at 1 April 2020                               |           | 87,751         | 2,374                       | (222)                    | (26,119)           | 63,784          |
| Net loss for the year                                    |           | -              | -                           | -                        | (29,389)           | (29,389)        |
| Other comprehensive income*                              |           | -              | -                           | 43                       | -                  | 43              |
| <b>Total comprehensive income/(loss) for the year</b>    |           | <b>-</b>       | <b>-</b>                    | <b>43</b>                | <b>(29,389)</b>    | <b>(29,346)</b> |
| Transactions with owners                                 |           |                |                             |                          |                    |                 |
| Issue of share capital                                   |           | 67,500         | -                           | -                        | -                  | 67,500          |
| Cost of equity issued                                    |           | (2,541)        | -                           | -                        | -                  | (2,541)         |
| Equity-settled share-based payments                      |           | 684            | 1,807                       | -                        | -                  | 2,491           |
| Shares vested with employees                             |           | -              | 391                         | -                        | -                  | 391             |
| Shares forfeited by employees                            |           | -              | (13)                        | -                        | -                  | (13)            |
| Non-executive directors' settlement of non-recourse loan |           | 303            | (50)                        | -                        | -                  | 253             |
| Shares issued in respect of directors' services          |           | 9              | -                           | -                        | -                  | 9               |
| <b>Balance as at 31 March 2021</b>                       | <b>16</b> | <b>153,706</b> | <b>4,509</b>                | <b>(179)</b>             | <b>(55,508)</b>    | <b>102,528</b>  |

\*Items in other comprehensive income may be reclassified to the income statement and are shown net of tax.

The accompanying notes form part of these financial statements.

# Consolidated Statement of Financial Position

As at 31 March 2022

|                                       | Notes | 2022<br>\$(000) | 2021<br>\$(000) |
|---------------------------------------|-------|-----------------|-----------------|
| <b>Current assets</b>                 |       |                 |                 |
| Cash at bank and on hand              | 11    | 34,513          | 34,919          |
| Short-term deposits                   | 11    | 90,000          | 45,000          |
| Receivables                           | 7     | 6,226           | 5,393           |
| Income tax receivable                 |       | -               | 7               |
| <b>Total current assets</b>           |       | <b>130,739</b>  | <b>85,319</b>   |
| <b>Non-current assets</b>             |       |                 |                 |
| Property, plant and equipment         | 9     | 4,319           | 2,569           |
| Intangible assets                     | 10    | 32,058          | 23,304          |
| Deferred tax asset                    | 6     | 75              | 117             |
| <b>Total non-current assets</b>       |       | <b>36,452</b>   | <b>25,990</b>   |
| <b>Total assets</b>                   |       | <b>167,191</b>  | <b>111,309</b>  |
| <b>Current liabilities</b>            |       |                 |                 |
| Trade and other payables              | 12    | 11,308          | 7,142           |
| Deferred income                       | 14    | 1,008           | -               |
| Interest-bearing loans and borrowings | 15    | 28              | 62              |
| Lease liabilities                     | 13    | 820             | 1,017           |
| Derivative financial instruments      | 8     | 16              | 142             |
| Income tax payable                    |       | 120             | -               |
| <b>Total current liabilities</b>      |       | <b>13,300</b>   | <b>8,363</b>    |
| <b>Non-current liabilities</b>        |       |                 |                 |
| Deferred income                       | 14    | 853             | -               |
| Interest-bearing loans and borrowings | 15    | -               | 28              |
| Lease liabilities                     | 13    | 2,157           | 390             |
| <b>Total non-current liabilities</b>  |       | <b>3,010</b>    | <b>418</b>      |
| <b>Total liabilities</b>              |       | <b>16,310</b>   | <b>8,781</b>    |
| <b>Equity</b>                         |       |                 |                 |
| Share capital                         | 16    | 235,101         | 153,706         |
| Share-based payment reserve           | 16    | 7,483           | 4,509           |
| Foreign currency reserve              |       | (236)           | (179)           |
| Accumulated losses                    |       | (91,467)        | (55,508)        |
| <b>Total equity</b>                   |       | <b>150,881</b>  | <b>102,528</b>  |
| <b>Total equity and liabilities</b>   |       | <b>167,191</b>  | <b>111,309</b>  |

For and on behalf of the Board of Directors, who authorise these financial statements for issue on 18 May 2022

 **CLAUDIA BATTEN**  
CHAIR

 **JAN DAWSON**  
CHAIR OF AUDIT AND RISK COMMITTEE

The accompanying notes form part of these financial statements.

# Consolidated Statement of Cash Flows

For the year ended 31 March 2022

|   | Notes     | 2022            | 2021            |
|---|-----------|-----------------|-----------------|
|   |           | \$ (000)        | \$ (000)        |
| Cash flows from operating activities                      |           |                 |                 |
| Receipts from customers                                   |           | 22,878          | 15,542          |
| Receipts from government grants - Covid-19 subsidies      |           | 962             | 3,268           |
| Interest received   |           | 228             | 349             |
| Receipts from other grants                                |           | 856             | 1,012           |
| Taxation paid   |           | (44)            | (253)           |
| Payments to suppliers and employees                       |           | (43,637)        | (38,406)        |
| Interest payments on lease liabilities                    |           | (69)            | (87)            |
| Net GST refunded  |           | 370             | 533             |
| <b>Net cash flows used in operating activities</b>        | <b>20</b> | <b>(18,456)</b> | <b>(18,042)</b> |
| Cash flows from investing activities                      |           |                 |                 |
| Purchase of property, plant and equipment                 |           | (774)           | (559)           |
| Capitalised development costs and other intangible assets |           | (15,320)        | (7,231)         |
| Short-term deposits                                       |           | (45,000)        | (45,000)        |
| <b>Net cash flows used in investing activities</b>        |           | <b>(61,094)</b> | <b>(52,790)</b> |
| Cash flows from financing activities                      |           |                 |                 |
| Issue of ordinary shares                                  |           | 83,281          | 67,544          |
| Cost of new share issue                                   |           | (3,188)         | (2,541)         |
| Payment of lease liabilities                              |           | (1,064)         | (1,266)         |
| Non-executive directors non-recourse loan                 |           | 200             | 250             |
| Net repayment of loans                                    |           | (62)            | (60)            |
| <b>Net cash flows from financing activities</b>           |           | <b>79,167</b>   | <b>63,927</b>   |
| Net decrease in total cash                                |           | (383)           | (6,905)         |
| Net foreign exchange difference                           |           | (23)            | (567)           |
| Cash and cash equivalents at beginning of period          |           | 34,919          | 42,391          |
| <b>Cash and cash equivalents at the end of the period</b> |           | <b>34,513</b>   | <b>34,919</b>   |
| Cash and cash equivalents comprises the following:        |           |                 |                 |
| Cash at bank and on hand                                  | 11        | 34,513          | 34,919          |
|   |           | <b>34,513</b>   | <b>34,919</b>   |

The accompanying notes form part of these financial statements.

# Notes to the Financial Statements

For the year ended 31 March 2022

## 1 CORPORATE INFORMATION

The financial statements of Serko Limited ('the Company' or 'Serko') and subsidiaries ('the Group') were authorised for issue in accordance with a Board resolution.

The Company is a limited liability company domiciled and incorporated in New Zealand under the Companies Act 1993 and is listed on the New Zealand Stock Exchange (NZX) and the Australian Securities Exchange (ASX) as an ASX Foreign Exempt Listing. Its registered office is at Unit 14d, 125 The Strand, Parnell, Auckland.

The Group provides online business travel booking software solutions and is headquartered in Auckland, New Zealand.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out in the respective notes and in this note. These policies have been consistently applied to all the years presented, unless otherwise stated.

### a) Basis of preparation

The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand (NZ GAAP) and the requirements of the Financial Markets Conduct Act 2013. The financial statements have been prepared on a historical cost basis, modified by the revaluation of certain assets and liabilities as identified in specific accounting policies.

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars unless stated otherwise.

The financial statements provide comparative information in respect of the previous period.

### b) Going concern

The Board has considered the ability of the Group to continue to operate as a Going Concern for at least the next 12 months from the date the financial statements are authorised for issue. It is the conclusion of the Board that the Group will continue to operate as a going concern and the financial statements have been prepared on that basis.

In reaching their conclusion the Board has considered the following factors:

- Cash reserves (Cash at bank and Term Deposits) at 31 March 2022 of \$124.5 million provides a sufficient level of headroom to help support the business for at least the next 12 months; and
- Over the second half of the financial year, average monthly cash burn was \$3.0 million.

### c) Statement of compliance

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice. They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards, as appropriate for profit-oriented entities.

### d) Application of new and revised standards, amendments and interpretations

There are no new revised or amended IFRS Standards that are applicable to the Group for the year. The accounting policies adopted are consistent with the prior year.

### e) Basis of consolidation

The consolidated financial statements comprise the financial statements of Serko Limited and its subsidiaries as at and for the year ended 31 March each year.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Continued

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group ceases control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

A change in the ownership interest of a subsidiary, without a cease of control, is accounted for as an equity transaction. If the Group ceases control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interests;
- Derecognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss; and
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. The acquisition method of accounting involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, liabilities assumed and any non-controlling interest in the acquiree. The identifiable assets acquired and liabilities assumed are measured at their acquisition date fair values. Acquisition-related costs are expensed as incurred and recognised in profit or loss.

The difference between the above items and the fair value of the consideration is recorded as either goodwill or gain on bargain purchase. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Goodwill is tested annually for impairment, or immediately if events or changes in circumstances indicate that it might be impaired and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed.

Any gain on bargain purchase is recognised immediately on acquisition to profit and loss.

Inter-company transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated.

Non-controlling interests are allocated their share of comprehensive income after tax in the statement of comprehensive income and are presented within equity in the consolidated statement of financial position, separately from the equity of the owners of the parent.

### f) Foreign currency translation

#### i) Functional and presentation currency

Items included in these financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). These financial statements are presented in New Zealand dollars, which is the Group's presentation currency and the parent's functional currency.

Key factors supporting the determination that New Zealand dollars are the parent's functional currency are:

Serko is NZX listed and has raised capital in New Zealand dollars;

Serko generates revenue in multiple currencies; and

New Zealand dollars are the primary currency for labour, operating cost and capital expenditure.

#### ii) Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at balance date. Non-monetary items measured in terms of historical cost in a foreign currency are translated using the exchange

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Continued

rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year end of exchange rates for monetary assets and liabilities denominated in foreign currencies, are recognised in profit or loss.

### iii) Foreign Currency Translation Reserve

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into currency units using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

### g) Financial instruments

Cash at bank and on hand, short term deposits and receivables are financial assets measured at amortised cost. When financial assets are recognised initially they are measured at fair value plus directly attributable transaction costs. The Group determines the classification of its financial assets on initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year end.

Derivative financial instruments are recognised at fair value through profit or loss.

### i) Amortised cost

Financial assets measured at amortised cost are those held within a business model whose objective is to hold financial assets to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. Such assets are subsequently carried at amortised cost using the effective interest method. Expected credit loss movements are recognised in profit or loss when the contract assets and liabilities are derecognised or impaired, as well as through the amortisation process.

### ii) Financial liabilities

Financial liabilities are classified as 'other financial liabilities'. Other financial liabilities, including interest-bearing loans and borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method calculates the amortised cost of a financial liability and allocates the interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or, where appropriate, a shorter period to the net carrying amount of the liability.

Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

### iii) Impairment of financial assets

The Group recognises a loss allowance for expected credit losses (ECL) on investments in debt instruments that are measured at amortised cost or at fair value through comprehensive income, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current, as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Special consideration has been given to ECL in light of the economic impact of Covid-19 throughout the travel industry and the capacity of our customers to meet their obligations to us.

For all other financial instruments the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Continued

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and/or there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings or, in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner.

### h) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. A qualifying asset is one that takes 12 months or longer to prepare for its intended use or sale. Other borrowing costs are expensed when incurred.

### i) Other taxes

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST) except where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable. All receivables and payables are stated GST inclusive.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

### j) Comparatives

Certain comparative amounts have been reclassified to conform to the current year's presentation. The definition of Key management (note 19 (c)) has been redefined from 'Chief Executive Officer and Chief Strategy Officer, the executive management team and their direct reports' to 'Serko's board of directors, the Chief Executive Officer and direct reports'.

## 3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires the Group to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures.

In the process of applying the Group's accounting policies, the following judgements have been applied, which have an effect on the amounts recognised in the consolidated financial statements.

### a) Covid-19 pandemic

The Covid-19 pandemic has again disrupted the travel industry during the current financial year, however Serko has taken this as an opportunity to invest for growth in the business. During the past year we have rolled-out our Zeno platform globally in partnership with Booking.com, laying solid foundations for growth as business travel resumes. Since February 2022 we have seen positive transaction growth, especially in Australia, as well as consistently increasing volumes from Booking.com for Business during the final quarter of the current financial year. The impact of the pandemic on current year revenue has had an impact on judgements around future forecast revenue and costs.

### b) Revenue recognition (note 4)

Some customer agreements contain annual minimum transaction volume commitments. These are normally for the period of the agreement and span multiple financial reporting periods. Based on this, the Company needs to make a judgement about estimated future transaction volumes to determine forecast related revenue for each financial reporting period.

### c) Development costs (note 10)

Development costs of a project are capitalised in accordance with the accounting policy. Initial capitalisation of costs is based on the Group's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project and the expected period of benefits.

### d) Amortisation of Intangible assets (note 10)

The technology landscape is constantly changing and evolving and as such has required Serko to evaluate the useful life of internally developed software (computer software). Based on current product development and accounting principles we have assessed a useful life for computer software assets of between 3 and 5 years (FY21: 5 years).

**e) Impairment (note 10 – Intangibles)**

The Group reviews the carrying value of intangible and non-financial assets on an annual basis, in particular, goodwill, computer software and development work in progress. Consideration is placed on a number of factors, depending on the specific asset in question, which may include discounted cash flow forecasts, the ability to continue to generate discrete cash flow and returns, any changes or anticipated changes in the business or product circumstances and the nature of the events that originally gave rise to the recognition of any non-financial assets. The Group has considered reduced travel owing to Covid-19 and made various assumptions and estimates relating to the expected recovery profile of travel in various geographies and its impact on Serko's activities.

**4 REVENUE & OTHER INCOME**

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the entity will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. Revenue is disclosed net of credit notes, rebates and discounts.

**a) Revenue from transaction and usage fees**

Revenue from transaction and usage fees is recorded at the time of travel or expense transactions processed through Serko's platforms. Contracts that have fixed minimum booking volume arrangements are recognised over the period of volume commitment. For contracts without fixed consideration we have applied the 'as invoiced' basis. Serko records revenue from its portfolio of contracts with reference to actual transactions, forecast transactions and minimum contracted commitments. Owing to Covid-19 impacting the entire travel industry, Serko has agreed to a number of changes to contracts with customers, including changes to schedules of contracted minimum revenue. This has had the effect of reducing the revenue that Serko expected to record in the current year.

Serko Expense revenue is invoiced monthly on an active user basis and revenue is recognised at a point in time.

Supplier commission revenue, predominantly from hotel bookings, is recognised when the performance obligation is fulfilled, which is when the reservation has been completed (completed stay).

**b) Revenue from services**

Revenue from a contract to provide services is recognised by reference to the completion of the contract or services completed at balance date.

**c) Contract assets**

Contract assets primarily relate to accrued revenue for contractual minimum guarantees (refer note 7). The contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. Contract modifications arising from changes in pricing minimum guaranteed volumes are assessed on an individual basis and are accounted for prospectively, rather than adjusting the revenue for already satisfied performance obligations.

**d) Contract liabilities**

If payments received exceed the revenue recognised to date, a contract liability is recognised for the difference (refer note 14).

#### 4 REVENUE & OTHER INCOME Continued

|                                       | Notes | 2022<br>\$(000) | 2021<br>\$(000) |
|---------------------------------------|-------|-----------------|-----------------|
| Revenue – transaction and usage fees: |       |                 |                 |
| Travel platform booking revenue       |       | 9,042           | 6,354           |
| Expense platform revenue              |       | 4,039           | 3,997           |
| Supplier commissions revenue          |       | 3,447           | 538             |
| Services revenue                      |       | 1,007           | 1,145           |
| Other revenue                         |       | 320             | 386             |
| <b>Total revenue</b>                  |       | <b>17,855</b>   | <b>12,420</b>   |
| Government grants                     |       |                 |                 |
| Government grants                     | 14    | 1,006           | 4,382           |
| Other                                 |       | 13              | 94              |
| <b>Total other income</b>             |       | <b>1,019</b>    | <b>4,476</b>    |
| <b>Total revenue and other income</b> |       | <b>18,874</b>   | <b>16,896</b>   |

|                        | 2022<br>\$(000) | 2021<br>\$(000) |
|------------------------|-----------------|-----------------|
| Geographic information |                 |                 |
| Australia              | 10,686          | 7,520           |
| New Zealand            | 1,539           | 2,154           |
| US                     | 2,597           | 2,369           |
| Europe and Other       | 3,033           | 377             |
| <b>Total revenue</b>   | <b>17,855</b>   | <b>12,420</b>   |

For personal use only

#### 4 REVENUE & OTHER INCOME Continued

##### Segment revenue

The Board and Executive team monitors the results of the Group's operations as a whole for the purpose of making decisions about resource allocation and performance assessment and therefore the Board has determined the Group is a single reportable operating segment. This reporting segment is predominantly made up of revenue generated from transaction and usage fees, which includes Travel platform bookings, supplier commissions and Expense revenue. As required under NZ IFRS 8 Serko is required to report on major customers making up more than 10% of the revenue for the year. Under this disclosure Serko advises that three customers (2021: two) had revenue more than 10% of the revenue for the Group. These customers accounted for \$9,335,635 of the revenue for the year ended 31 March 2022 (2021: \$5,076,192).

Serko evaluates the performance of the operating segment based on revenue before consideration payable to customers.

As required by IFRS 15 Serko reduces revenue by the amount of consideration payable to customers. In the period the consideration payable to customers comprised Serko's share of jointly agreed marketing expenses. The marketing expenses are not set by reference to the amount of revenue received from the customer.

| Notes  | 2022<br>\$(000) | 2021<br>\$(000) |
|--|-----------------|-----------------|
| Revenue – transaction and usage fees:                            |                 |                 |
| Travel platform booking revenue                                  | 9,042           | 6,354           |
| Expense platform revenue   | 4,039           | 3,997           |
| Supplier commissions revenue                                     | 4,358           | 538             |
| Services revenue   | 1,007           | 1,145           |
| Other revenue  | 320             | 386             |
| Other income   | 1,019           | 4,476           |
| <b>Segment revenue</b>   | <b>19,785</b>   | <b>16,896</b>   |
| Consideration payable to customers                               | (911)           | -               |
| <b>Total revenue and other income in accordance with NZ GAAP</b> | <b>18,874</b>   | <b>16,896</b>   |

## 5 EXPENSES

|   | 2022          | 2021          |
|---|---------------|---------------|
|   | \$ (000)      | \$ (000)      |
| Operating loss before taxation includes the following expenses: |               |               |
| Marketing expenses  | 1,536         | 1,054         |
| Third party connection costs                                    | 894           | 535           |
| Other selling costs   | 657           | 467           |
| <b>Total selling and marketing expenses</b>                     | <b>3,087</b>  | <b>2,056</b>  |
| <b>Hosting expenses</b>   | <b>4,932</b>  | <b>2,710</b>  |
| Employee remuneration   | 26,059        | 25,083        |
| Contributions to pension plans                                  | 1,303         | 880           |
| Share-based payment expenses                                    | 4,095         | 3,184         |
| Other remuneration and benefits                                 | 617           | 380           |
| <b>Total remuneration and benefits</b>                          | <b>32,074</b> | <b>29,527</b> |
| Auditor remuneration and other assurance fees                   | 275           | 171           |
| Directors' fees*  | 493           | 402           |
| Movement of expected credit loss allowance on receivables       | (23)          | (19)          |
| Bad debts written off   | 195           | 63            |
| Rental and operating lease expenses                             | 172           | 102           |
| Professional fees   | 1,618         | 851           |
| Computer licences   | 1,306         | 1,148         |
| Insurance costs   | 705           | 438           |
| Recruitment fees  | 365           | 536           |
| Donations   | 1             | -             |
| Other administration expenses                                   | 1,819         | 1,236         |
| <b>Total administration expenses</b>                            | <b>6,926</b>  | <b>4,928</b>  |
| Amortisation on intangibles                                     | 6,386         | 3,909         |
| Depreciation  | 1,652         | 1,724         |
| <b>Total amortisation and depreciation</b>                      | <b>8,038</b>  | <b>5,633</b>  |
| <b>Expenses from ordinary activities</b>                        | <b>55,057</b> | <b>44,854</b> |

\*Directors' fees include \$25,000 earned by a director of subsidiary, Serko India Private Limited.

## 5 EXPENSES Continued

|  | 2022         | 2021         |
|--|--------------|--------------|
|  | \$ (000)     | \$ (000)     |
| Finance income and expenses includes:    |              |              |
| Finance income                           |              |              |
| Interest received                        | 695          | 379          |
| Dividends received                       | 1            | 1            |
| <b>Total finance income</b>              | <b>696</b>   | <b>380</b>   |
| Finance expenses                         |              |              |
| Interest expense on lease liabilities    | (69)         | (87)         |
| Other finance expenses                   | (49)         | (46)         |
| <b>Total finance expenses</b>            | <b>(118)</b> | <b>(133)</b> |
| <b>Total finance income and expenses</b> | <b>578</b>   | <b>247</b>   |

### Auditor remuneration

|   | 2022       | 2021       |
|---|------------|------------|
|   | \$ (000)   | \$ (000)   |
| Amounts for services performed by Deloitte Limited: |            |            |
| Audit of financial statements                       | 267        | 147        |
| Tax services  | -          | 17         |
| Other assurance services*                           | 8          | 7          |
| <b>Total audit fees</b>                             | <b>275</b> | <b>171</b> |

\*Other assurance services relate to review of the Group's compliance with Callaghan Innovation Grant requirements.

## 6 INCOME TAX

Tax assets and liabilities for the current period are measured at the amount expected to be recovered from, or paid to, the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amounts are those that are enacted or substantively enacted in the jurisdictions in which the Group operates at the reporting date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of comprehensive income. Management periodically evaluates positions taken in the tax returns, with respect to situations in which applicable tax regulations are subject to interpretation, and establishes provisions where appropriate.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- Where the entity has unrecognised losses sufficient to cover the deferred income tax liability; and
- For a deferred income tax liability arising from the initial recognition of goodwill; and
- Where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognised for all deductible temporary differences and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) relevant to the appropriate tax jurisdiction, that have been enacted or substantively enacted at the balance date.

|   | 2022       | 2021       |
|---|------------|------------|
|   | \$ (000)   | \$ (000)   |
| Current income tax  |            |            |
| Current income tax charge   | 419        | 225        |
| Adjustments in respect of income tax  | (141)      | (17)       |
|   | <b>278</b> | <b>208</b> |
| Deferred income tax   |            |            |
| Origination and reversal of temporary differences                                     | 41         | 133        |
| <b>Income tax expense/(benefit) reported in the statement of comprehensive income</b> | <b>319</b> | <b>341</b> |

## 6 INCOME TAX Continued

The prima facie tax payable on profit before income tax is reconciled to the income tax expense as follows:

|  | 2022       | 2021       |
|--|------------|------------|
|  | \$ (000)   | \$ (000)   |
| Accounting loss before income tax                        | (35,640)   | (29,048)   |
| At the statutory income tax rate of 28% (2021:28%)       | (9,979)    | (8,133)    |
| Non-deductible items                                     | 2,617      | 3,108      |
| Adjustments in respect of income tax                     | (141)      | (17)       |
| Foreign taxes  | 460        | 358        |
| Tax losses and temporary differences unrecognised        | 7,650      | 5,174      |
| Effect of tax on overseas subsidiaries at different rate | (329)      | (149)      |
| <b>Income tax (benefit)/expense</b>                      | <b>278</b> | <b>341</b> |
| At effective income tax rate of:                         | -0.8%      | -1.2%      |

Deferred income tax at 31 March relates to the following:

|   | 2022                                  |   | 2021                                  |   |
|---|---------------------------------------|---|---------------------------------------|---|
|   | Statement<br>of financial<br>position | Statement of<br>comprehensive<br>income | Statement<br>of financial<br>position | Statement of<br>comprehensive<br>income |
|   | \$ (000)                              | \$ (000)                                | \$ (000)                              | \$ (000)                                |
| Deferred income tax liabilities recognised      |                                       |   |                                       |   |
| Intangibles                                     | (72)                                  | (19)                                    | (53)                                  | 267                                     |
| Deferred income tax asset recognised            |                                       |   |                                       |   |
| Intangibles and non-current assets*             | -                                     | -                                       | -                                     | (106)                                   |
| Employee entitlements                           | 147                                   | (22)                                    | 170                                   | (180)                                   |
| Bonus provision                                 | -                                     | -                                       | -                                     | (8)                                     |
| Share-based payments                            | -                                     | -                                       | -                                     | (41)                                    |
| <b>Net deferred tax asset recognised</b>        | <b>75</b>                             | <b>(41)</b>                             | <b>117</b>                            | <b>(68)</b>                             |
| <b>Deferred income tax asset not recognised</b> | <b>2,546</b>                          | <b>-</b>                                | <b>1,688</b>                          | <b>483</b>                              |

\*Net of lease liabilities.

Unrecognised tax losses carried forward include \$74.5m (2021: \$44m) relating to New Zealand and \$7.2m (2021: \$3.6m) relating to foreign jurisdictions.

The New Zealand group has a history of tax losses. Given the current uncertainty that exists, no recognition of New Zealand temporary or tax loss assets has occurred.

## 7 RECEIVABLES

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Collectibility of receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. Trade receivables are assessed for impairment and an expected credit loss (ECL) provision made based on lifetime expected credit losses. The ECL model considers various aspects of credit risk within a risk matrix, considering history of debtor write off, ageing of invoices, country, market and product risk.

Serko has also made decisions with respect to ECL that reflect the prevailing level of uncertainty in the travel industry and the impact of Covid-19 on our customers' businesses and their capacity to pay.

The impairment, and any subsequent movement, including recovery, is recognised in the statement of comprehensive income.

|  | 2022         | 2021         |
|--|--------------|--------------|
|  | \$(000)      | \$(000)      |
| Trade receivables  | 2,354        | 2,852        |
| Expected credit loss provision   | (192)        | (215)        |
| <b>Trade receivables (net)</b>   | <b>2,162</b> | <b>2,637</b> |
| GST receivable   | 312          | 130          |
| Sundry debtors   | 66           | 777          |
| Contract assets  | 2,373        | 1,037        |
| Prepayments  | 1,313        | 800          |
| Funds held in trust  | -            | 12           |
| <b>Total receivables</b>   | <b>6,226</b> | <b>5,393</b> |
| <b>Foreign currency risk</b>   |              |              |
| The carrying amounts of the group's receivables are denominated in the following currencies: |              |              |
| New Zealand dollars  | 2,702        | 2,082        |
| Australian dollars   | 1,716        | 2,091        |
| US dollars   | 430          | 402          |
| Other  | 65           | 18           |
|  | <b>4,913</b> | <b>4,593</b> |

|  | Total   | 0-30 days | 31-60 days | 61-90 days | 91+ days |
|--|---------|-----------|------------|------------|----------|
|  | \$(000) | \$(000)   | \$(000)    | \$(000)    | \$(000)  |

At 31 March the ageing analysis of receivables was as follows:

|      |                   |       |       |     |    |     |
|------|-------------------|-------|-------|-----|----|-----|
| 2022 | Trade receivables | 2,354 | 1,654 | 341 | 86 | 273 |
| 2021 | Trade receivables | 2,852 | 1,641 | 803 | 68 | 340 |

## 7 RECEIVABLES Continued

### Allowance for impairment loss – Trade receivables

Group trade receivables over 60 days were \$359,000 (2021: \$408,000). This balance of \$359,000 has been assessed as part of Covid-19's impact on the recovery of trade receivables. An ECL provision of \$192,000 (2021: \$215,000) has been made as required under NZ IFRS 9 resulting in a movement for the period of \$23,000. Additionally, the Group recognises an allowance of individual receivables if there is objective evidence of credit impairment or non-collectability.

Trade receivables are non-interest bearing and are generally on 30 - 60-day terms. Serko has historically low levels of impairment on trade receivables.

Movement in ECL provision during the year was as follows:

|                                 | 2022       | 2021       |
|---------------------------------|------------|------------|
|                                 | \$ (000)   | \$ (000)   |
| Balance at 1 April 2021         | 215        | 237        |
| Bad Debts written off           | (195)      | (63)       |
| Expected credit loss provision  | 172        | 41         |
| <b>Balance at 31 March 2022</b> | <b>192</b> | <b>215</b> |

## 8 FINANCIAL INSTRUMENTS

### Derivative financial instruments

The Group uses derivatives in the form of forward exchange contracts (FECs) to reduce the risk that movements in the exchange rate will affect the Group's New Zealand dollar cash flows. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The following table presents the Group's foreign currency forward exchange contracts measured at fair value:

|  | 2022     | 2021     |
|--|----------|----------|
|  | \$ (000) | \$ (000) |
| Current:   |          |          |
| Foreign currency forward exchange contracts (liability)                        | (16)     | (142)    |
| Contractual amounts of forward exchange contracts outstanding were as follows: |          |          |
| Foreign currency forward exchange contracts                                    | 2,853    | 5,031    |

Derivative financial instruments have been determined to be within level 2 of the fair value hierarchy. Foreign currency forward exchange contracts have been fair valued using published market foreign exchange rates and contract forward rates discounted at rates that reflect the credit risk of the counterparties.

## 9 PROPERTY, PLANT AND EQUIPMENT

All items of property, plant and equipment are recorded at cost less accumulated depreciation and impairment. Initial cost includes purchase consideration and those costs attributable to bringing the asset to the location and condition necessary for its intended use. Where an item is self-constructed, its construction cost includes the cost of materials, direct labour and an appropriate proportion of production overheads.

Subsequent expenditure relating to an item of property, plant and equipment is added to its gross carrying amount when such expenditure either increases the future economic benefits beyond its existing service potential or is necessarily incurred to enable future economic benefits to be obtained and if that expenditure would have been included in the initial cost of the item had it been incurred at that time. The carrying amount of any replaced part is derecognised.

All other repairs and maintenance expenditure is recognised in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset. The residual value of assets is reviewed and adjusted, if appropriate, at each balance date.

The following estimates have been used:

- Leasehold improvements - Term of lease (7% - 16.7%)
- Furniture and fittings - 10% - 13.5%
- Computer equipment - 17.5% - 48%
- Right-of-use asset - Term of lease

### a) Impairment

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amounts.

### b) Disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

9 PROPERTY, PLANT AND EQUIPMENT Continued

|                                 | Leasehold<br>improvement | Furniture &<br>fittings | Computer<br>equipment | Right-of-use<br>asset* | Total        |
|---------------------------------|--------------------------|-------------------------|-----------------------|------------------------|--------------|
|                                 | \$(000)                  | \$(000)                 | \$(000)               | \$(000)                | \$(000)      |
| <b>2022</b>                     |                          |                         |                       |                        |              |
| Cost or valuation               |                          |                         |                       |                        |              |
| Balance at 1 April 2021         | 608                      | 827                     | 1,846                 | 3,091                  | 6,372        |
| Additions                       | -                        | 42                      | 732                   | 2,628                  | 3,402        |
| Disposals                       | -                        | -                       | (9)                   | (641)                  | (650)        |
| Currency translation            | 1                        | 1                       | 5                     | 8                      | 15           |
| <b>Balance at 31 March 2022</b> | <b>609</b>               | <b>870</b>              | <b>2,574</b>          | <b>5,086</b>           | <b>9,139</b> |
| Depreciation                    |                          |                         |                       |                        |              |
| Balance at 1 April 2021         | 345                      | 337                     | 1,163                 | 1,958                  | 3,803        |
| Depreciation expense            | 130                      | 84                      | 520                   | 918                    | 1,652        |
| Disposals                       | -                        | -                       | (9)                   | (641)                  | (650)        |
| Currency translation            | 2                        | -                       | 6                     | 7                      | 15           |
| <b>Balance at 31 March 2022</b> | <b>477</b>               | <b>421</b>              | <b>1,680</b>          | <b>2,242</b>           | <b>4,820</b> |
| <b>Net carrying amount</b>      | <b>132</b>               | <b>449</b>              | <b>894</b>            | <b>2,844</b>           | <b>4,319</b> |
| <b>2021</b>                     |                          |                         |                       |                        |              |
| Cost or valuation               |                          |                         |                       |                        |              |
| Balance at 1 April 2020         | 610                      | 814                     | 1,390                 | 2,901                  | 5,715        |
| Additions                       | -                        | 31                      | 528                   | 362                    | 921          |
| Disposals                       | -                        | -                       | (13)                  | (117)                  | (130)        |
| Currency translation            | (2)                      | (18)                    | (59)                  | (55)                   | (134)        |
| <b>Balance at 31 March 2021</b> | <b>608</b>               | <b>827</b>              | <b>1,846</b>          | <b>3,091</b>           | <b>6,372</b> |
| Depreciation                    |                          |                         |                       |                        |              |
| Balance at 1 April 2020         | 218                      | 298                     | 838                   | 979                    | 2,333        |
| Depreciation expense            | 122                      | 76                      | 388                   | 1,138                  | 1,724        |
| Disposals                       | -                        | -                       | (13)                  | (117)                  | (130)        |
| Currency translation            | 5                        | (37)                    | (50)                  | (42)                   | (124)        |
| <b>Balance at 31 March 2021</b> | <b>345</b>               | <b>337</b>              | <b>1,163</b>          | <b>1,958</b>           | <b>3,803</b> |
| <b>Net carrying amount</b>      | <b>263</b>               | <b>490</b>              | <b>683</b>            | <b>1,133</b>           | <b>2,569</b> |

\*Right-of-use assets relate to premises leases.

## 10 INTANGIBLES

Intangible assets acquired separately or in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Costs related to internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over useful lives and tested for their impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset, are accounted for prospectively by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in profit or loss.

Intangible assets with indefinite useful lives are tested for impairment annually at the cash-generating unit level. Such intangibles are not amortised. An intangible asset with an indefinite useful life is reviewed at each reporting period to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and is thus accounted for on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

A summary of the policies applied to the Group's intangible assets is as follows:

- Goodwill and Other intangible assets (indefinite useful life, tested annually for impairment);
- Intellectual property (finite, amortised on 5 years straight-line basis); and
- Computer software (finite, amortised between 3 and 5 years on a straight-line basis).

### Research and development

Research and maintenance costs are expensed as incurred. An intangible asset arising from development expenditure on an internal project is recognised only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset. Also considered is how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to reliably measure the expenditure attributable to the intangible asset during its development. Following initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and impairment losses. Any expenditure capitalised is amortised over the period of expected benefit from the related project.

Intangible assets under development at balance date are recorded as capital work in progress and are not subject to amortisation.

### Impairment of non-financial assets

Intangible assets that have indefinite useful lives or are not yet completed are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell, and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units ('CGUs')). Non-financial assets, including development work in progress and computer software, are assessed for impairment at a Group level under one reporting segment.

Non-financial assets, other than goodwill that suffered impairment, are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

## 10 INTANGIBLES Continued

The recoverable amount of the cash-generating unit is determined from a value-in-use calculation that uses a discounted cash flow analysis. The key assumptions for the value-in-use calculation are those regarding the discount rate, growth rates and forecast financial performance and cash flows. Management estimates the discount rate using rates that reflect current market assumptions of the time value of money and risk specific to the cash-generating unit. The growth rates are based on management's best estimate. Forecast revenues, direct and indirect costs, are based on historical experience/past practices and expectations of future changes in the markets the Group operates in and services.

Domestic and international air travel is susceptible to travel restrictions owing to Covid-19. Serko is at the rapid growth stage in new markets. Consequently, there is uncertainty relating to Serko's forecast cash flows. Serko experienced a significant reduction in travel bookings and Serko Expense platform system use in the year ending 31 March 2022 relative to 2019 levels (pre-Covid-19). The ongoing impacts may continue to affect travel. Serko's forecasts are based on the information available to the Group at the time of preparing these financial statements and were arrived at with reference to various data sources, including airlines, the International Air Transport Association ('IATA'), external management consultancy reports and TMC resellers.

Serko's estimates of travel recovery and growth rates remain uncertain and dependent on a number of factors with respect to Covid-19, including timing of return to domestic travel, border controls for international travel and public demand and behaviour with respect to travel and airline scheduling. The longer-term effects of Covid-19 on Serko's business remain uncertain as the potential impacts of the pandemic continue to evolve.

In undertaking an impairment review of the cash-generating unit the following assumptions were used in the impairment model:

- Cash flow projections across a five-year forecast period;
- The assumptions with the greatest impact on impairment testing are as follows:
  - The Australian and New Zealand travel industry recovers to 80% of 2019 levels over FY23 and recovers fully in FY25;
  - A combination of product enhancements and Covid recovery drives strong volume growth on the Booking for Business platform over the five year period; and
  - Northern Hemisphere travel markets are assumed to return to 2019 levels in FY25.
- A pre tax discount rate of 15.6%, equivalent to a post tax weighted average cost of capital of 12.2% (FY21: 13.8%)
- The Discount factor is applied using a mid-year convention; and
- Terminal growth rate of 2% (FY21: 2%).

In assessing the sensitivity of the forecasts to errors in assumptions, an analysis in key underlying assumptions was performed and applied to the weighted average scenario. This included reducing the estimated revenue in the fifth year by 20%, reducing the terminal growth rate by 2% and increasing the discount rate by 1%. These reasonably possible changes in assumptions did not result in any impairment.

10 INTANGIBLES Continued

|                                 | Goodwill     | Intellectual property | Other intangible assets | Development work in progress | Computer software | Total         |
|---------------------------------|--------------|-----------------------|-------------------------|------------------------------|-------------------|---------------|
|                                 | \$ (000)     | \$ (000)              | \$ (000)                | \$ (000)                     | \$ (000)          | \$ (000)      |
| <b>2022</b>                     |              |                       |                         |                              |                   |               |
| Cost                            |              |                       |                         |                              |                   |               |
| Balance at 1 April 2021         | 1,445        | 1,524                 | 78                      | 1,345                        | 26,368            | 30,760        |
| Additions                       | -            | -                     | -                       | 15,320                       | -                 | 15,320        |
| Transfer of cost                | -            | -                     | -                       | (10,433)                     | 10,433            | -             |
| Currency translation            | (109)        | (115)                 | -                       | 43                           | (27)              | (208)         |
| <b>Balance at 31 March 2022</b> | <b>1,336</b> | <b>1,409</b>          | <b>78</b>               | <b>6,275</b>                 | <b>36,774</b>     | <b>45,872</b> |
| Amortisation and impairment     |              |                       |                         |                              |                   |               |
| Balance at 1 April 2021         | -            | 668                   | -                       | -                            | 6,788             | 7,456         |
| Amortisation                    | -            | 286                   | -                       | -                            | 6,100             | 6,386         |
| Currency translation            | -            | (26)                  | -                       | -                            | (2)               | (28)          |
| <b>Balance at 31 March 2022</b> | <b>-</b>     | <b>928</b>            | <b>-</b>                | <b>-</b>                     | <b>12,886</b>     | <b>13,814</b> |
| <b>Net carrying amount</b>      | <b>1,336</b> | <b>481</b>            | <b>78</b>               | <b>6,275</b>                 | <b>23,888</b>     | <b>32,058</b> |
| <b>2021</b>                     |              |                       |                         |                              |                   |               |
| Cost                            |              |                       |                         |                              |                   |               |
| Balance at 1 April 2020         | 1,522        | 1,714                 | 78                      | 4,564                        | 15,954            | 23,832        |
| Additions                       | -            | -                     | -                       | 7,231                        | -                 | 7,231         |
| Transfer of cost                | -            | -                     | -                       | (10,408)                     | 10,408            | -             |
| Currency translation            | (77)         | (190)                 | -                       | (42)                         | 6                 | (303)         |
| <b>Balance at 31 March 2021</b> | <b>1,445</b> | <b>1,524</b>          | <b>78</b>               | <b>1,345</b>                 | <b>26,368</b>     | <b>30,760</b> |
| Amortisation and impairment     |              |                       |                         |                              |                   |               |
| Balance at 1 April 2020         | -            | 482                   | -                       | -                            | 3,240             | 3,722         |
| Amortisation                    | -            | 301                   | -                       | -                            | 3,608             | 3,909         |
| Currency translation            | -            | (115)                 | -                       | -                            | (60)              | (175)         |
| <b>Balance at 31 March 2021</b> | <b>-</b>     | <b>668</b>            | <b>-</b>                | <b>-</b>                     | <b>6,788</b>      | <b>7,456</b>  |
| <b>Net carrying amount</b>      | <b>1,445</b> | <b>856</b>            | <b>78</b>               | <b>1,345</b>                 | <b>19,580</b>     | <b>23,304</b> |

## 11 CASH AT BANK AND ON HAND AND SHORT-TERM DEPOSITS

Cash in the statement of financial position comprise cash at bank, and on hand, short-term highly liquid investments with an original maturity of three months or less.

|   | 2022          | 2021          |
|---|---------------|---------------|
|   | \$(000)       | \$(000)       |
| Cash at bank - New Zealand dollar balances  | 27,323        | 28,842        |
| Cash at bank - foreign currency balances  | 7,190         | 6,077         |
| <b>Cash at bank and on hand</b>   | <b>34,513</b> | <b>34,919</b> |
| The carrying amounts of the group's cash at bank and on hand are denominated in the following currencies: |               |               |
| New Zealand dollars   | 27,323        | 28,842        |
| Australian dollars  | 661           | 3,224         |
| Chinese Yuan  | 896           | 523           |
| US dollars  | 2,552         | 2,330         |
| European Euros  | 3,081         | -             |
|   | <b>34,513</b> | <b>34,919</b> |
| <b>Short term deposits</b>  | <b>90,000</b> | <b>45,000</b> |

Cash includes USD\$1.5 million of restricted cash in the form of a minimum bank balance required in the US to provide same-day clearance for expense reimbursement services.

The Group has an indemnity guarantee over the Australian leased property of \$108,000.

Short-term deposits of \$90 million (2021: \$45 million) represent term deposits with a maturity period of more than 90 days, but less than one year. Short-term deposits are all New Zealand dollars denominated.

## 12 TRADE AND OTHER PAYABLES

### Employee benefits

Liabilities for wages and salaries, including non-monetary benefits, long-service leave and annual leave expected to be settled within 12 months of the reporting date, are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

### Trade and other payables

Trade and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

The average credit period on trade payables is approximately 30 days.

|                                       | 2022          | 2021         |
|---------------------------------------|---------------|--------------|
|                                       | \$(000)       | \$(000)      |
| Trade payables                        | 1,945         | 1,772        |
| Other payables                        | 3,376         | -            |
| Accrued expenses                      | 3,628         | 3,549        |
| Annual leave accrual                  | 2,359         | 1,821        |
| <b>Total trade and other payables</b> | <b>11,308</b> | <b>7,142</b> |
| Disclosed as:                         |               |              |
| Current                               | 11,308        | 7,142        |
| Non-current                           | -             | -            |
|                                       | <b>11,308</b> | <b>7,142</b> |

### 13 LEASE LIABILITIES

#### Recognition and measurement of Serko leasing activities

The Group leases property for fixed periods of between one and six years and some include extension options. These extension options are usually at the discretion of The Group and are included in the measurement of the lease asset if management intends to exercise the extension.

Lease liabilities include the net present value of fixed payments less any lease incentives receivable. The lease payments are discounted using the lessee's incremental borrowing rate, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

The amortisation of the discount applied on recognition of the lease liability is recognised as interest expense in the income statement.

Key movements relating to lease balances are presented below.

|  | 2022         | 2021         |
|--|--------------|--------------|
|  | \$ (000)     | \$ (000)     |
| Balance at 1 April 2021                                  | 1,407        | 2,345        |
| Leases entered into during the period                    | 2,628        | 362          |
| Principal repayments                                     | (1,064)      | (1,266)      |
| Foreign exchange adjustment                              | 6            | (34)         |
| <b>Closing balance</b>                                   | <b>2,977</b> | <b>1,407</b> |
| Classified as:   |              |              |
| Current  | 820          | 1,017        |
| Non-current  | 2,157        | 390          |
| <b>Closing balance</b>                                   | <b>2,977</b> | <b>1,407</b> |
| Maturity analysis - contractual undiscounted cash flows: |              |              |
| Less than 1 year   | 1,023        | 1,061        |
| Later than 1 year and not later than 2 years             | 962          | 410          |
| Later than 2 years and not later than 5 years            | 1,365        | -            |
| <b>Total undiscounted lease liabilities at 31 March</b>  | <b>3,350</b> | <b>1,471</b> |

## 14 GOVERNMENT GRANTS AND DEFERRED INCOME

Deferred income is presented in the table below:

|  | 2022           | 2021    |
|--|----------------|---------|
|  | \$(000)        | \$(000) |
| <b>Opening deferred income</b>             | -              | -       |
| Covid-19 government subsidies              | (377)          | -       |
| Research and development tax credit (RDTI) | (994)          | -       |
| Contract liabilities                       | (490)          | -       |
| <b>Closing deferred income</b>             | <b>(1,861)</b> | -       |
| Deferred income disclosed as:              |                |         |
| Current                                    | (1,008)        | -       |
| Non-current                                | (853)          | -       |
|  | <b>(1,861)</b> | -       |

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

The Research and development tax credit is recognised as income as it is expected to be recognised in cash.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. As some grants relate to costs capitalised to depreciable assets, amounts are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Income relating to grants is presented in the table below:

|   | 2022         | 2021         |
|---|--------------|--------------|
|   | \$(000)      | \$(000)      |
| <b>During the year, the Group claimed the following grants:</b> |              |              |
| Covid-19 government subsidies                                   | 969          | 3,437        |
| Research and development tax credit (RDTI)                      | 1,337        | -            |
| Callaghan R&D grant   | -            | 930          |
| Other government grants   | 76           | 15           |
| <b>Total compensation</b>                                       | <b>2,382</b> | <b>4,382</b> |
| <b>Income recognised</b>  |              |              |
| Covid-19 government subsidies                                   | 587          | 3,437        |
| Research and development tax credit (RDTI)                      | 343          | -            |
| Callaghan R&D grant   | -            | 930          |
| Other government grants   | 76           | 15           |
| <b>Total income recognised</b>                                  | <b>1,006</b> | <b>4,382</b> |

15 INTEREST-BEARING LOANS AND BORROWINGS

|  | 2022      | 2021      |
|--|-----------|-----------|
|  | \$ (000)  | \$ (000)  |
| Current  |           |           |
| Leasehold fitout loan                              | 28        | 62        |
|  | <b>28</b> | <b>62</b> |
| Non-current  |           |           |
| Leasehold fitout loan                              | -         | 28        |
|  | -         | <b>28</b> |
| <b>Total Interest-bearing loans and borrowings</b> | <b>28</b> | <b>90</b> |

For personal use only

## 16 EQUITY

Ordinary share capital is recognised at the fair value of the consideration received. Transaction costs relating to the listing of new ordinary shares and the simultaneous sale and listing of existing shares are allocated to those transactions on a proportional basis.

Transaction costs relating to the sale and listing of existing shares are not considered costs of an equity instrument as no equity instrument is issued and, consequently, costs are recognised as an expense in the statement of comprehensive income when incurred. Transaction costs relating to the issue of new share capital are recognised directly in equity as a reduction of the share proceeds received.

During the year the Group allocated the following restricted shares to Serko employees (refer to note 18):

- In respect of the Restricted Share Plan (RSP), the Group allocated nil shares (2021: nil). Unallocated shares are 1,263,865 (2021: 1,262,784); and
- In respect of Restricted Share Units (RSU), the Group allocated 801,984 (2021: 1,220,061).

|   | 2022           | 2021           | 2022                      | 2021                      |
|---|----------------|----------------|---------------------------|---------------------------|
|   | \$ (000)       | \$ (000)       | Number of shares<br>(000) | Number of shares<br>(000) |
| <b>Ordinary shares</b>  |                |                |                           |                           |
| Balance at 1 April  | 153,706        | 87,751         | 107,822                   | 92,739                    |
| Issue of shares pursuant to institutional capital placement     | 75,000         | 47,500         | 10,638                    | 10,439                    |
| Issue of shares pursuant to Share Purchase Plan (SPP) placement | 8,281          | 20,000         | 1,209                     | 4,396                     |
| Transaction costs for issue of new shares                       | (3,188)        | (2,541)        | -                         | -                         |
| Non-executive director's settlement of non-recourse loan        | 247            | 303            | -                         | -                         |
| Issue of shares pursuant to US Options plan                     | 4              | 57             | 1                         | 16                        |
| Issue of shares pursuant to RSU scheme                          | 1,051          | 627            | 251                       | 229                       |
| Issue of shares in respect of director services                 | -              | 9              | -                         | 3                         |
| <b>Share capital at 31 March</b>                                | <b>235,101</b> | <b>153,706</b> | <b>119,921</b>            | <b>107,822</b>            |
| <b>Share-based payment reserve</b>                              |                |                |                           |                           |
| Balance at 1 April  | 4,509          | 2,374          |                           |                           |
| RSUs allocated to employees                                     | 4,051          | 2,397          |                           |                           |
| Shares vested to employees via RSU scheme                       | (1,051)        | (596)          |                           |                           |
| RSUs forfeited by employees                                     | (108)          | (46)           |                           |                           |
| Shares vested to employees via RSP                              | 95             | 391            |                           |                           |
| Shares forfeited by employees via RSP                           | (3)            | (13)           |                           |                           |
| Non-executive director's settlement of non-recourse loan        | (47)           | (50)           |                           |                           |
| Share-based payments - employee share options                   | 37             | 52             |                           |                           |
| <b>Share-based payment reserve at 31 March</b>                  | <b>7,483</b>   | <b>4,509</b>   |                           |                           |

## 17 EARNINGS PER SHARE (EPS)

Basic EPS amounts are calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit / (loss) attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year, plus the weighted average number of shares that would be issued on conversion of all of the dilutive potential ordinary shares into ordinary shares. Potential ordinary shares are treated as dilutive when their conversion to ordinary shares would decrease EPS or increase the loss per share.

The following reflects the income and share data used in the basic and diluted EPS computations:

|  | 2022            | 2021            |
|--|-----------------|-----------------|
|  | \$ (000)        | \$ (000)        |
| Loss attributable to ordinary equity holders of the parent |                 |                 |
| Continuing operations                                      | (35,959)        | (29,389)        |
|  | <b>(35,959)</b> | <b>(29,389)</b> |

|  | Notes | 2022           | 2021          |
|--|-------|----------------|---------------|
|  |       | Number         | Number        |
|  |       | (000)          | (000)         |
| <b>Basic earnings per share</b>                                |       |                |               |
| Issued ordinary shares   | 16    | 119,921        | 107,822       |
| Weighted average of issued ordinary shares                     |       | 111,839        | 99,659        |
| Adjusted for unallocated employee restricted share plan shares |       | (1,264)        | (1,607)       |
| <b>Weighted average of issued ordinary shares outstanding</b>  |       | <b>110,575</b> | <b>98,052</b> |
| <b>Basic and diluted earnings/(loss) per share (dollars)</b>   |       | <b>(0.33)</b>  | <b>(0.30)</b> |

|                                  | 2022   | 2021  |
|----------------------------------|--------|-------|
|                                  | Cents  | Cents |
| Net tangible assets per security | 100.14 | 74.59 |

Net tangible assets per security is a non-GAAP measure and is provided for NZX reporting purposes. Net tangible assets per security is calculated as Total assets less Total liabilities less Intangible assets divided by the issued ordinary shares (excluding treasury shares) as at 31 March.

## 18 SHARE-BASED PAYMENTS

Employees of the Group receive remuneration at the Board's discretion in the form of share-based payment transactions, where services are provided as consideration for the receipt of equity instruments.

The cost of share-based payment transactions are recognised, together with a corresponding increase in equity, over the period in which the service conditions are fulfilled. The cumulative expense recognised for share-based transactions at each reporting date, until the vesting date, reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit for a period represents the movement in cumulative expenses recognised at the beginning and end of that period.

No cumulative expense is recognised for awards that do not ultimately vest except where vesting is conditional upon a market condition.

### Employee Restricted Share Plan

The Serko Limited Employee Restricted Share Plan (RSP) was introduced for selected executives and employees of the Group but has been superseded by the Restricted Share Units scheme (RSUs). There were no new shares granted under the RSP during the year. Under the RSP, ordinary shares in Serko Limited are issued to a trustee, Serko Trustee Limited, a wholly-owned subsidiary, and allocated to participants, on grant date, using funds lent to them by the Company.

Under the RSP, shares are beneficially owned by the participants. The length of retention period before the shares vest is between one and three years. If the individual is still employed by the Group at the end of this specific period, the employee is awarded a cash bonus that must be used to repay the loan and shares are then transferred to the employee. The Group has no legal or constructive obligation to repurchase the shares or settle the RSP for cash.

The number of shares awarded pursuant to the RSP does not equal the number of shares created for the scheme, as the scheme had an allocated pool of shares upon set up and forfeited shares are held in the trust and reissued.

|   | 2022             | 2021             |
|---|------------------|------------------|
|   | Number of shares | Number of shares |
| Unvested shares at 1 April  | 343,880          | 662,292          |
| Forfeited during the year   | (1,081)          | (5,937)          |
| Vested during the year  | (342,799)        | (312,475)        |
| <b>Unvested shares at 31 March - allocated to employees</b>           | <b>-</b>         | <b>343,880</b>   |
| <i>Ageing of unvested shares</i>                                      |                  |                  |
| Vest within one year  | -                | 343,880          |
| <b>Ageing of unvested shares at 31 March - allocated to employees</b> | <b>-</b>         | <b>343,880</b>   |
| <b>Unallocated shares - held by trustee</b>                           | <b>1,263,865</b> | <b>1,262,784</b> |

## 18 SHARE-BASED PAYMENTS Continued

### Employee Restricted Share Units scheme (RSUs)

The Serko Limited Employee Restricted Share Units scheme (RSUs) was introduced to replace the RSP. Under the RSUs, ordinary shares in Serko Limited are allocated to employees at grant date with a zero-exercise price and will be taxable to the employee in the income year when the awards vest.

Vesting conditions are based on:

- Continued employment at vesting date and/or;
- Performance hurdles, such as performance against revenue targets.

The weighted average grant date fair value of RSUs issued during the year was determined by either the volume weighted average price (VWAP) of shares traded in the previous 20 trading days preceding the date of grant or closing price the day before issue.

|  | 2022                        | 2022             | 2021                        | 2021             |
|--|-----------------------------|------------------|-----------------------------|------------------|
|  | Weighted average price NZ\$ | Number of RSUs   | Weighted average price NZ\$ | Number of RSUs   |
| Outstanding at 1 April                 |                             | 1,514,291        |                             | 590,617          |
| Allocated to employees during the year | 6.79                        | 801,984          | 3.99                        | 1,220,061        |
| Cancelled during the year              | 5.7                         | (68,114)         | 3.08                        | (67,764)         |
| Vested during the year                 | 4.19                        | (250,939)        | 2.74                        | (228,623)        |
| <b>Outstanding at 31 March</b>         |                             | <b>1,997,222</b> |                             | <b>1,514,291</b> |

### Employee incentive share options scheme

There were no options granted during the year, as this scheme has been replaced with employees now receiving RSUs.

Options are conditional on the completion of the necessary years of service (the vesting period) as appropriate to that tranche. The options are considered graded equity instruments that vest in tranches over two to five years from the grant date. No options can be exercised later than five years from grant date. There were 37 holders of options at 31 March 2022 (2021: 41).

The Group has no legal or constructive obligation to repurchase or settle the options in cash.

Movements in the number of options outstanding and their related weighted average exercise prices are as follows:

|                                      | 2022                                 | 2022           | 2021                                 | 2021           |
|--------------------------------------|--------------------------------------|----------------|--------------------------------------|----------------|
|                                      | Weighted average exercise price (\$) | Options        | Weighted average exercise price (\$) | Options        |
| Outstanding at 1 April               | -                                    | 168,667        | -                                    | 128,287        |
| Granted to employees during the year | -                                    | -              | 4.80                                 | 59,619         |
| Cancelled during the year            | 3.61                                 | (19,365)       | 4.80                                 | (3,109)        |
| Exercised during the year            | 3.32                                 | (993)          | 2.68                                 | (16,130)       |
| <b>Outstanding at 31 March</b>       |                                      | <b>148,309</b> |                                      | <b>168,667</b> |

## 18 SHARE-BASED PAYMENTS Continued

Options outstanding at 31 March fall within the following ranges:

| Granted | Expiry date | Grant price<br>(NZ\$) | 2022           | 2021           |
|---------|-------------|-----------------------|----------------|----------------|
|         |             |                       | Options        | Options        |
| 2018-19 | 2023-24     | 2.68-3.32             | 56,521         | 67,988         |
| 2019-20 | 2023-24     | 3.95-4.49             | 42,750         | 43,707         |
| 2020-21 | 2023-24     | 4.80                  | 49,038         | 56,973         |
|         |             |                       | <b>148,309</b> | <b>168,668</b> |

### Non-executive director shares

The Group's non-executive directors were granted shares in 2014 that are to be settled by way of a non-recourse loan. The non-recourse loans were due for repayment on 30 June 2020, following an extension to the previous loan due 30 June 2017. The loan extension was valued using the Black-Scholes model, with the incremental fair value recognised in the profit and loss.

During the year Mr McConaghy's loan was settled following an extension to 30 June 2021.

For personal use only

## 19 RELATED PARTIES

### a) Subsidiaries

The consolidated financial statements include the financial statements of Serko Limited and subsidiaries as listed in the following table:

|  | Principal activity                | % Equity interest<br>2022 |
|--|-----------------------------------|---------------------------|
| Serko Australia Pty Limited                | Sales and marketing               | 100%                      |
| Serko Trustee Limited                      | Trustee                           | 100%                      |
| Serko India Private Limited                | Non-trading                       | 100%                      |
| Serko Investments Limited                  | Non-trading                       | 100%                      |
| Foshan Sige Information Technology Limited | Research and development services | 100%                      |
| Serko Inc                                  | Sales and marketing               | 100%                      |
| InterplX Inc                               | Expense management                | 100%                      |

### b) Transactions with related parties

There were no transactions with related parties for the year other than key management remuneration.

### c) Key management remuneration\*

|                                       | 2022<br>\$(000) | 2021<br>\$(000) |
|---------------------------------------|-----------------|-----------------|
|                                       |                 | Restated*       |
| Non-executive director's remuneration | 468             | 367             |
| Salary and other short-term benefits  | 3,595           | 3,217           |
| Share-based payments                  | 2,093           | 1,902           |
| <b>Total compensation</b>             | <b>6,156</b>    | <b>5,486</b>    |

\* Key management personnel includes Serko's board of directors, the Chief Executive Officer and direct reports. Share-based payments represent the value movement in the unvested share-based payments granted that will vest in future years.

### d) Terms and conditions of transactions with related parties

Outstanding balances at year end are unsecured and settlement occurs in cash.

For the year ended 31 March 2022 the Group has not made any allowance for impairment loss relating to amounts owed by related parties (2021: \$nil). An impairment assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates, to determine whether there is objective evidence that a related party receivable is impaired. When such objective evidence exists, the Group recognises an allowance for the impairment loss.

## 20 RECONCILIATION OF OPERATING PROFIT TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

|  | 2022            | 2021            |
|--|-----------------|-----------------|
|  | \$ (000)        | \$ (000)        |
| Net loss after tax                                   | (35,959)        | (29,389)        |
| <b>Add non-cash items</b>                            |                 |                 |
| Amortisation   | 6,386           | 3,909           |
| Depreciation   | 1,652           | 1,724           |
| Deferred tax loss                                    | 41              | 133             |
| Loss on foreign exchange transactions                | 27              | 1,372           |
| Share-based compensation - directors' fees           | -               | 9               |
| Share-based compensation                             | 4,076           | 2,869           |
|  | <b>(23,777)</b> | <b>(19,373)</b> |
| <b>Add/(less) movements in working capital items</b> |                 |                 |
| (Increase)/decrease in receivables                   | (833)           | 1,185           |
| (Increase)/decrease in income tax receivable         | 127             | 77              |
| Increase in trade and other payables                 | 6,027           | 69              |
|  | <b>5,321</b>    | <b>1,331</b>    |
| <b>Net cash flow used in operating activities</b>    | <b>(18,456)</b> | <b>(18,042)</b> |

For personal use only

## 21 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash at bank and on hand, short-term deposits, derivatives, receivables, payables and loans.

The Group manages its exposure to key financial risks, including currency risk, in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets whilst protecting future financial security.

Group capital consists of share capital and retained earnings. To maintain or adjust the capital structure, the Group may adjust amounts of dividends paid to shareholders, return capital to shareholders, issue new shares or amend capital spending plans.

The main risks arising from the Group's financial instruments are foreign currency, interest, credit and liquidity risk. The Group uses different methods to measure and manage the different types of risks to which it is exposed. These include monitoring levels of exposure to foreign exchange risk and assessments of market forecasts for foreign exchange. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk. Liquidity risk is monitored through the development of future rolling cash flow forecasts.

The Board reviews and agrees policies for managing each of these risks as summarised below.

### a) Risk exposures and responses

#### i) Interest rate risk

At balance date this year and prior year, the Group did not have any financial liabilities exposed to variable interest rate risk.

Excess funds over the forecasted requirements for the 12-month period following year end are invested in short-term deposits with a mixture of maturity dates to manage interest rate risk and liquidity risks.

#### ii) Liquidity and interest rate risk

Liquidity risk represents the Group's ability to meet its financial obligations on time. In terms of managing its liquidity risk, the Group holds sufficient cash reserves to meet its obligations arising from its financial liabilities.

## 21 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES Continued

The following table sets out the contractual cash flows for all non-derivative financial liabilities settled on a gross cash flow basis:

|                          | Weighted<br>average<br>effective<br>interest rate % | Contractual<br>cash flows<br>\$(000) | 6 months<br>or less<br>\$(000) | 6-12<br>months<br>\$(000) | 1-2 years<br>\$(000) | 2-5 years<br>\$(000) | More than 5<br>years<br>\$(000) |
|--------------------------|---|--------------------------------------|--------------------------------|---------------------------|----------------------|----------------------|---------------------------------|
| <b>Group - 2022</b>      |   |                                      |                                |                           |                      |                      |                                 |
| Trade and other payables | 0%  | 11,308                               | 11,308                         | -                         | -                    | -                    | -                               |
| Leasehold fitout loan    | 8%  | 28                                   | 28                             | -                         | -                    | -                    | -                               |
| Lease liability          | 8%  | 3,350                                | 548                            | 475                       | 962                  | 1,365                | -                               |
|                          |   | <b>14,686</b>                        | <b>11,884</b>                  | <b>475</b>                | <b>962</b>           | <b>1,365</b>         | <b>-</b>                        |
| <b>Group - 2021</b>      |   |                                      |                                |                           |                      |                      |                                 |
| Trade and other payables | 0%  | 7,142                                | 7,142                          | -                         | -                    | -                    | -                               |
| Leasehold fitout loan    | 8%  | 90                                   | 31                             | 31                        | 28                   | -                    | -                               |
| Lease liability          | 7%  | 1,471                                | 531                            | 531                       | 409                  | -                    | -                               |
|                          |   | <b>8,703</b>                         | <b>7,704</b>                   | <b>562</b>                | <b>437</b>           | <b>-</b>             | <b>-</b>                        |

### b) Currency risk

The Group has exposure to foreign exchange risk as a result of transactions denominated in foreign currencies. The risk specifically relates to the variability of foreign exchange rates for the currencies the Group trades in and the impact this has on the Group's financial results. The majority of the Group's expenditure occurring in New Zealand dollars, however, sales to overseas customers are transacted in Euros, Australian dollars and US dollars.

Refer to notes 7 (receivables), 11 (cash at bank and on hand and short-term deposits) and 12 (trade and other payables) for further details on the Group's foreign currency denominated accounts receivable, accounts payable and cash and short-term deposit balances.

## 21 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES Continued

The following table summarises the sensitivity to foreign currency exchange rate movements. A sensitivity of +/- 15% (2021: +/- 15%) has been selected owing to exchange rate volatility observed:

The sensitivity table below is excluding the impact of foreign exchange contracts:

|                                  | Foreign currency risk |                 |            |                 |                |
|----------------------------------|-----------------------|-----------------|------------|-----------------|----------------|
|                                  | Carrying amount       | +15%            | -15%       |                 | Equity         |
|                                  |                       | Post-tax profit | Equity     | Post-tax profit |                |
|                                  | \$ (000)              | \$ (000)        | \$ (000)   | \$ (000)        | \$ (000)       |
| <b>2022</b>                      |                       |                 |            |                 |                |
| <i>Foreign exchange balances</i> |                       |                 |            |                 |                |
| Cash at bank                     | 7,190                 | 675             | 675        | (914)           | (914)          |
| Trade receivables                | 2,211                 | 288             | 288        | (390)           | (390)          |
| Trade payables                   | (2,196)               | (206)           | (206)      | 279             | 279            |
| <b>Net exposure</b>              | <b>7,205</b>          | <b>757</b>      | <b>757</b> | <b>(1,025)</b>  | <b>(1,025)</b> |
| <b>2021</b>                      |                       |                 |            |                 |                |
| <i>Foreign exchange balances</i> |                       |                 |            |                 |                |
| Cash at bank                     | 6,077                 | 571             | 571        | (772)           | (772)          |
| Trade receivables                | 2,511                 | 252             | 252        | (341)           | (341)          |
| Trade payables                   | (1,467)               | (138)           | (138)      | 186             | 186            |
| <b>Net exposure</b>              | <b>7,121</b>          | <b>685</b>      | <b>685</b> | <b>(927)</b>    | <b>(927)</b>   |

### c) Credit risk

Credit risk arises from the financial assets of the Group, which comprise cash at bank and on hand, short-term deposits, receivables and contract assets. The Group's exposure to credit risk arises from potential default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is addressed in each applicable note.

The Group does not hold any credit derivatives to offset its credit exposure.

The Group monitors and manages the exposure to credit risk by ensuring customers have an appropriate credit history. The credit risk associated with Expense customers is small owing to the inherently low transaction value and the distribution over a large number of customers.

At reporting date the Group held 53% of cash and short-term deposits with one bank and 47% in other banks (2021: 96% held with one bank). The Group has no other concentrations of credit risk.

### d) Fair value

The Board considers that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair value.

**22 EVENTS AFTER BALANCE SHEET DATE**

There were no significant events between the balance sheet date and the date these financial statements were authorised for issue.

**23 CONTINGENT LIABILITIES**

There were no contingent liabilities at balance date (2021: \$nil).

## Independent Auditor's Report

### To the Shareholders of Serko Limited

#### OPINION

We have audited the consolidated financial statements of Serko Limited and its subsidiaries (the 'Group'), which comprise the consolidated statement of financial position as at 31 March 2022, and the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements, on pages 32 to 69, present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2022, and its consolidated financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards ('NZ IFRS') and International Financial Reporting Standards ('IFRS').

#### BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ('ISAs') and International Standards on Auditing (New Zealand) ('ISAs (NZ)'). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Other than in our capacity as auditor and the provision of assurance services, we have no relationship with or interests in the Company or any of its subsidiaries, except that partners and employees of our firm may deal with the Company and its subsidiaries on normal terms within the ordinary course of trading activities of the business of the Company and its subsidiaries.

#### AUDIT MATERIALITY

We consider materiality primarily in terms of the magnitude of misstatement in the financial statements of the Group that in our judgement would make it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced (the 'quantitative' materiality). In addition, we also assess whether other matters that come to our attention during the audit would in our judgement change or influence the decisions of such a person (the 'qualitative' materiality). We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

We determined materiality for the Group financial statements as a whole to be \$1,300,000.

#### KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

---

**Key audit matter**

**How our audit addressed the key audit matter**

---

**REVENUE RECOGNITION**

The Group has reported total revenue of \$17.9 million, as set out in note 4 'Revenue and other income'.

Revenue is based on multiple customer contracts that contain different pricing schedules and varying revenue recognition triggers. Complexity exists because of the specific nature of each customer contract, which can include transactional and usage fees, establishment and installation fees, and chargeable work orders.

Management judgement is required to estimate revenue recognition where cash flows do not align to contract performance obligations, in particular when minimum transaction volume commitments have period end dates that do not align to the financial year end.

The recognition of revenue is a key audit matter due to the significance of revenue to the financial statements and the specific nature of individual customer contracts.

We considered the ongoing impact of NZ IFRS 15: *Revenue from Contracts with Customers* for new and material contracts or significant variations entered into during the year.

We evaluated the systems, processes and controls in place over the major operating revenue streams.

We engaged our Information Technology specialists to test the IT environment in which bookings occur and interfaces with the general ledger.

We recalculated revenue recognised for a sample of material customers by reconciling transactions recorded in the relevant IT systems to the general ledger and validating pricing inputs to invoices and signed customer contracts.

We tested samples of manual journal entries recorded outside of normal business processes by profiling for unusual revenue impacting journals.

We assessed key judgements adopted by the Group in recognising revenue including the timing and disclosure of revenue net of credit notes, rebates and discounts and the extent that forecast volumes are impacted by Covid-19.

---

**Key audit matter****How our audit addressed the key audit matter**

---

**CAPITALISATION OF SOFTWARE DEVELOPMENT INCLUDING IMPAIRMENT CONSIDERATIONS**

The Group capitalised \$10.4 million in relation to software development, as set out in note 10 'Intangibles'. Development work in progress is \$6.3 million at balance date.

**Capitalisation of software development**

As a Software as a Service ("SaaS") provider, the Group incurs significant expenditure in developing and enhancing software products.

Judgement is required to determine whether the recognition criteria under NZ IAS 38 *Intangible Assets* have been met in order to capitalise the applicable costs of development.

This includes considering whether the costs are directly attributable to the development of an asset, and whether the Group can demonstrate that the asset is in the development stage. This includes demonstrating the technical feasibility of completing the intangible asset so that it will be available for use, the Group's intention to complete the asset, how the asset will generate future economic benefits, the viability of resources to complete the asset development and the ability of the Group to reliably measure the expenditure attributable to the intangible asset.

**Impairment assessment**

The Group must also assess each period whether there are any indications that the software development assets are impaired and must perform impairment testing on any capitalised development costs for which there are indicators of impairment or which relate to software that is not yet available for use.

Serkos estimates of travel recovery and growth rates remain uncertain and dependent on a number of factors with respect to Covid-19, including timing of the recovery of domestic and international travel and public demand and behavior with respect to travel and airline scheduling.

Cashflows are sensitive to Australia, New Zealand and the Northern Hemisphere travel markets recovering fully in FY25, and strong volume growth on the Booking for Business platform over the five year period.

We have included capitalisation and impairment considerations of software development as a key audit matter due to the level of judgement required.

**Capitalisation of software development**

We evaluated the nature of expenditure, the stage of product development, and how the Group distinguishes expenditure between research, development and maintenance costs.

We assessed the Group's processes and controls for recording time spent on products and the allocation between research or software development to be capitalised under NZ IAS 38.

We tested a sample of additions to evaluate whether the recognition criteria under NZ IAS 38 have been met.

**Impairment assessment**

We considered existing software for technical obsolescence, by ensuring appropriate revenues exist for those products and corroborating with management whether features or product enhancements previously capitalised are still in use.

We challenged the key assumptions within the cash flow forecasts by considering historical cashflows, our understanding of the business strategy and other relevant external information.

We used our internal valuation specialists to assist in evaluating the assumptions used in the Group's discounted cash flow model, specifically the discount rate and terminal growth rates used, to support the carrying value of assets as at 31 March 2022.

We performed a sensitivity analysis over key drivers in the Group's impairment model, particularly assumptions around forecast travel bookings and volume growth on Booking for Business platform.

For personal use only

## OTHER INFORMATION

The directors are responsible on behalf of the Group for the other information. The other information comprises the information in the Annual Report that accompanies the consolidated financial statements and the audit report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and consider whether it is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If so, we are required to report that fact. We have nothing to report in this regard.

## DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible on behalf of the Group for the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS and IFRS, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible on behalf of the Group for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located on the External Reporting Board's website at:

<https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-1>

This description forms part of our auditor's report.

## RESTRICTION ON USE

This report is made solely to the Company's shareholders, as a body. Our audit has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.



**Bryce Henderson, Partner  
for Deloitte Limited**

Auckland, New Zealand  
18 May 2022

# Corporate Governance & Disclosures

For the year ended 31 March 2022

## INTRODUCTION

The Board and management of Serko Limited (Serko or the Company) are very committed to ensuring that Serko maintains best practice corporate governance and adheres to the highest ethical standards.

The Board has considered the NZX Listing Rules and a number of corporate governance recommendations when establishing its governance framework, including the current NZX Corporate Governance Code dated 10 December 2020 (NZX Code) and the Fourth Edition of the Australian Securities Exchange (ASX) Corporate Governance Council Principles and Recommendations.

The NZX Listing Rules require Serko to formally report its compliance against the recommendations contained in the NZX Code. Serko's implementation of these recommendations is set out in Serko's Corporate Governance Statement, which is included in its *ESG Report* and can be found on the investor centre of the Company's website. Go to: [www.serko.com/investors](http://www.serko.com/investors).

The Board considers that Serko's corporate governance structures, practices and processes have followed all of the recommendations in the NZX Code during the financial year ended 31 March 2022, except that it chose to undertake a capital raising via a placement and share purchase plan (refer to NZX Code recommendation 8.4) during the financial year ended 31 March 2022. See the *ESG Report* located on the investor centre of the Company's website for more information on the capital raising structure utilised during the financial year.

Serko's governance charters and policies can also be found on the investor centre of the Company's website. Serko's corporate governance charters and policies have been approved by the Board and are regularly reviewed by the Board and amended (as appropriate) to reflect developments in corporate governance practices and/or changes to relevant recommendations.

## STOCK EXCHANGE LISTINGS

Serko is listed on the New Zealand Stock Exchange (NZX Main Board) and on the Australian Securities Exchange (ASX) as an ASX Foreign Exempt Listing. As an ASX Foreign Exempt Listing, Serko needs to comply with the NZX Listing Rules (other than as waived by NZX) but does not need to comply with the vast majority of the ASX Listing Rule obligations.

Serko is incorporated in New Zealand.

## OVERVIEW OF SERKO'S GOVERNANCE STRUCTURE

The Serko Board has been appointed by shareholders to protect and enhance the long-term value of Serko and to act in the best interests of Serko and its shareholders. The Board is the ultimate decision-making body of the Company and is responsible for the corporate governance of the Company. The role and responsibilities of the Board are set out in the Board Charter, which can be found in the Company Corporate Governance Manual on the investor centre of the Company's website.

The Board currently comprises an independent non-executive Chair, two independent non-executive directors and two executive directors, as detailed on page 8 of this Annual Report. These directors held office throughout the financial year ended 31 March 2022 with one change occurring, Simon Botherway retiring and Jan Dawson being appointed.

The Board has established two standing Board Committees to assist in the execution of the Board's responsibilities:

- Audit and Risk Committee – The current members of the Committee are Jan Dawson (Chair), Clyde McConaghy and Claudia Batten. All members are independent, non-executive directors. Their qualifications and experience are set out under Board of Directors in this Annual Report; and
- People, Remuneration and Culture Committee (formerly the Remuneration and Nominations Committee) – The current members of the Committee are Clyde McConaghy (Chair), Jan Dawson and Claudia Batten. All members are independent, non-executive directors. Their qualifications and experience are set out under Board of Directors in this Annual Report.

The role of the Nomination Committee is currently carried out by the full Board. This role was previously carried out by the Remuneration and Nominations Committee, which was superseded by the People, Remuneration and Culture Committee during FY22.

## NON-EXECUTIVE DIRECTOR REMUNERATION

In 2021, Serko's shareholders approved a total cap of NZD\$600,000 per annum for non-executive directors' fees for the purposes of the NZX Listing Rules, providing flexibility for Serko to appoint an additional (fourth) non-executive director in the future as part of the Board's succession plans and to provide headroom to pay ad hoc special fees to directors for services outside of their usual duties for Serko.

The Board has agreed that the following fixed annual fees will apply to all non-executive directors for the year ending 31 March 2023, notwithstanding the increase to the aggregate amount available to pay non-executives. The FY23 fees are the same as that paid for the majority of FY22:

|   | Position                | Fees per annum (AUD) |
|---|-------------------------|----------------------|
| <b>Board of Directors</b>                           | Chair                   | 140,000              |
|   | Non-executive directors | 95,000               |
| <b>Audit &amp; Risk Committee</b>                   | Committee Chair         | 20,000               |
|   | Committee Member        | 9,000                |
| <b>People, Remuneration &amp; Culture Committee</b> | Committee Chair         | 20,000               |
|   | Committee Member        | 9,000                |

Non-executive directors received the following directors' fees, remuneration and other benefits from the Company in the year ended 31 March 2022:

| Name of director | Remuneration and value of other benefits received <sup>1</sup> |                             |   |                                       | Total remuneration |
|------------------|--|-----------------------------|---|---------------------------------------|--------------------|
|                  | Non-executive directors' Board fees <sup>2</sup>               | Audit & Risk Committee fees | People, Remuneration & Culture Committee fees | Shares and other payments or benefits |                    |
| Claudia Batten   | \$162,029*   | \$9,452                     | \$9,452                                       | -                                     | \$180,932          |
| Clyde McConaghy  | \$112,757  | \$9,392                     | \$20,871*                                     | -                                     | \$143,020          |
| Jan Dawson       | \$77,059   | \$13,065*                   | \$5,879                                       | -                                     | \$96,003           |
| Simon Botherway  | \$41,292   | \$5,322*                    | \$1,652                                       | -                                     | \$48,266           |
| <b>TOTAL</b>     | <b>\$393,137</b>   | <b>\$37,231</b>             | <b>\$37,853</b>                               | <b>-</b>                              | <b>\$468,220</b>   |

\* Indicates Chair of the Board/Committee. Jan Dawson took over the role of Audit & Risk Committee Chair from Simon Botherway in August 2021.

1 The figures shown are gross amounts, which have been converted into NZD from AUD and exclude GST (where applicable).

2 Fees include special fees of NZ\$15,000 paid to each non-executive director for ad hoc committee meetings held during the year in respect of the capital raising undertaken, mergers and acquisitions (M&A) activity and to manage Covid-19-related risks.

In addition to directors' fees, Serko meets costs incurred by non-executive directors that are incidental to the performance of their duties. This includes paying the costs of directors' travel. As these costs are incurred by Serko to enable directors to perform their duties. No value is attributable to them as benefits to directors for the purposes of the above table.

More information about remuneration payable to directors is set out in Serko's Corporate Governance Statement, which is included in the *ESG Report* located on the investor centre of the Company's website.

## EXECUTIVE DIRECTOR REMUNERATION

The executive directors, Darrin Grafton and Bob Shaw, receive remuneration and other benefits in their respective executive roles as Chief Executive Officer and Chief Strategy Officer and, accordingly, do not receive directors' fees. Their remuneration packages are set by the Board to reflect the scope and complexity of each role, with reference to comparative market data.

Darrin Grafton and Bob Shaw's remuneration comprises a fixed base salary and a short-term incentive up to a maximum target value of 50% of their base salaries. They each also take part in the Employee Incentive Share Scheme (EISS) up to a maximum target value of 100% of their base salaries. This remuneration composition will carry forward into FY23.

During the period ended 31 March 2022, both Darrin Grafton and Bob Shaw's variable remuneration components were based on Company and individual performance against a scorecard, including both financial and strategic OKR (Objective and Key Result) measures relating to:

- Delivery of operational value drivers linked to Serko's strategy;
- Delivering shareholder value;
- Development of an extensible technology platform;
- Meeting performance targets in respect of customer satisfaction and retention; and
- Maintaining a positive culture and safe working environment.

A scorecard based on similar criteria will be applied for assessing the performance and incentive outcomes of the executive directors in FY23.

## EXECUTIVE DIRECTOR REMUNERATION Continued

The tables below (and accompanying notes) set out the total remuneration and value of other benefits earned by, or paid to, each executive director of Serko during, and in respect of, the financial period ended 31 March 2022:

|                | Base salary <sup>1</sup> | Pay for performance    |   |           | Total remuneration |
|----------------|--------------------------|------------------------|---|-----------|--------------------|
|                |                          | STI & other            | EISS  | Subtotal  |                    |
| Darrin Grafton | \$412,208                | \$117,616 <sup>2</sup> | \$259,559 in the form of 35,752 restricted share units <sup>4</sup> | \$377,175 | \$789,383          |
| Bob Shaw       | \$281,931                | \$72,519 <sup>3</sup>  | \$113,299 in the form of 15,606 restricted share units <sup>4</sup> | \$185,818 | \$467,749          |

1 Base salary includes employer contributions towards KiwiSaver at 3% (if applicable). The executive directors also receive carparks and life insurance, which do not have individually allocated values.

2 The short-term incentive and other bonuses stated was earned in FY22, of which \$100,375 will be paid in FY23. Darrin Grafton's potential short-term incentive payment for FY22 was \$200,750. A short-term incentive of \$90,125 was earned in FY21 and paid in FY22.

3 The short-term incentive and other bonuses stated was earned in FY22 and will be paid in FY23. Bob Shaw's potential short-term incentive payment for FY22 was \$145,037.50. A short-term incentive of \$35,406 was earned in FY21 and paid in FY22.

4 An equity-based incentive was granted in August 2021 for non-cash consideration, following partial achievement of performance targets based on FY21 performance. The restricted share units will vest at one third a year over three years after the allocation date. The value stated is the gross amount earned and is calculated based on the 20-day volume weighted average price of Serko (SKO) shares on NZX at the time of grant.

The following equity-based incentives previously granted to the executive directors vested during the financial period ended 31 March 2022:

| Director       | Grant year          | Securities        | Performance period    | Shares vested | Value on vesting <sup>1</sup> |
|----------------|---------------------|-------------------|-----------------------|---------------|-------------------------------|
| Darrin Grafton | Financial Year 2019 | Restricted shares | July 2018 - July 2021 | 43,252        | \$328,715.20                  |
| Bob Shaw       | Financial Year 2019 | Restricted shares | July 2018 - July 2021 | 24,921        | \$189,399.60                  |

1 Represents the NZX closing price of SKO (Serko) ordinary shares on the day prior to the vesting date, multiplied by the number of securities vested.

## EMPLOYEE REMUNERATION

The table below shows the number of employees and former employees of Serko and its subsidiaries, not being directors (including executive directors) of Serko, who, in their capacity as employees, received remuneration and other benefits during the year ended 31 March 2022 totalling at least NZ\$100,000.

The remuneration of those employees paid outside of New Zealand has been converted into New Zealand dollars. No employee appointed as a director of a subsidiary company of Serko receives any remuneration or other benefits for acting in that capacity.

The table below includes base salaries, short-term incentives, contributions to pension plans and vested or exercised equity-based payments. The table does not include equity-based incentives that have been granted and have not yet vested.

| Remuneration range (NZD)                              | Number of employees whose remuneration includes vested share-based payments <sup>1</sup> | Total number of employees in range |
|---|--|------------------------------------|
| \$100,000 - \$110,000                                 | 1  | 20                                 |
| \$110,000 - \$120,000                                 | 1  | 21                                 |
| \$120,000 - \$130,000                                 | 5  | 15                                 |
| \$130,000 - \$140,000                                 | 2  | 19                                 |
| \$140,000 - \$150,000                                 | 2  | 17                                 |
| \$150,000 - \$160,000                                 | 2  | 15                                 |
| \$160,000 - \$170,000                                 | 1  | 12                                 |
| \$170,000 - \$180,000                                 | 3  | 11                                 |
| \$180,000 - \$190,000                                 | 0  | 3                                  |
| \$190,000 - \$200,000                                 | 1  | 6                                  |
| \$200,000 - \$210,000                                 | 0  | 3                                  |
| \$210,000 - \$220,000                                 | 1  | 3                                  |
| \$220,000 - \$230,000                                 | 1  | 3                                  |
| \$230,000 - \$240,000                                 | 0  | 2                                  |
| \$240,000 - \$250,000                                 | 1  | 3                                  |
| \$250,000 - \$260,000                                 | 1  | 2                                  |
| \$260,000 - \$270,000                                 | 1  | 5                                  |
| \$270,000 - \$280,000                                 | 1  | 1                                  |
| \$280,000 - \$290,000                                 | 1  | 1                                  |
| \$360,000 - \$370,000                                 | 0  | 2                                  |
| \$390,000 - \$400,000                                 | 1  | 1                                  |
| \$400,000 - \$410,000                                 | 0  | 1                                  |
| \$540,000 - \$550,000                                 | 2  | 2                                  |
| \$610,000 - \$620,000                                 | 1  | 1                                  |
| \$880,000 - \$890,000                                 | 1  | 1                                  |
| \$890,000 - \$900,000                                 | 1  | 1                                  |
| \$1,190,000 - \$1,200,000                             | 1  | 1                                  |
| <b>Total number of employees and former employees</b> | <b>32</b>  | <b>172</b>                         |

<sup>1</sup> Specifies total number of employees within the range whose remuneration includes equity-based payments that have vested during the period.

## DIVERSITY

The respective numbers and proportions of men and women at various levels within the Serko workforce as at 31 March 2021 and 31 March 2022 are set out in the table below:

| Female                        | 2022 |     | 2021 |     |
|-------------------------------|------|-----|------|-----|
|                               | no.  | %   | no.  | %   |
| All directors                 | 2    | 40% | 1    | 20% |
| Non-executive directors       | 2    | 67% | 1    | 33% |
| Officers <sup>1</sup>         | 2    | 20% | 3    | 30% |
| Senior employees <sup>2</sup> | 13   | 52% | 4    | 19% |
| All workforce <sup>3</sup>    | 129  | 41% | 108  | 36% |

| Male                          | 2022 |     | 2021 |     |
|-------------------------------|------|-----|------|-----|
|                               | no.  | %   | no.  | %   |
| All directors                 | 3    | 60% | 4    | 80% |
| Non-executive directors       | 1    | 33% | 2    | 67% |
| Officers <sup>1</sup>         | 8    | 80% | 7    | 70% |
| Senior employees <sup>2</sup> | 12   | 48% | 17   | 81% |
| All workforce <sup>3</sup>    | 183  | 59% | 189  | 64% |

1 Officers are considered to be the Chief Executive Officer and his direct reports (the Executive Team). Note that Chief Executive Officer, Darrin Grafton, and Chief of Strategy, Bob Shaw, are included in both the number of directors and officers reported.

2 Direct reports to the Executive Team with managerial responsibilities.

3 Reclassified to all workforce. Prior year figures are restated.

Our Diversity and Inclusion Policy articulates our commitment to achieving diversity in the skills, attributes and experience of Serko's Board members, management and staff across a broad range of criteria (including but not limited to, culture, gender and age). The Board as a whole is responsible for overseeing and implementing the Diversity and Inclusion Policy but has delegated to the Remuneration, People and Culture Committee the responsibility to develop, recommend and assess measurable objectives to the Board that are designed to adhere to Serko's Diversity and Inclusion Policy.

Progress to date against measurable objectives is set out in the latest *ESG Report*, which can be found on the investor centre of the Company's website.

## BOARD AND COMMITTEE ATTENDANCE

The table below shows the Board and Committee meeting attendance during the year ended 31 March 2022:

| Director attendance <sup>1</sup> | Board | Audit & Risk Committee | People, Remuneration & Culture Committee |
|----------------------------------|-------|------------------------|--|
| Claudia Batten                   | 12/12 | 7/7                    | 4/4                                      |
| Simon Botherway                  | 5/5   | 4/4                    | 2/2                                      |
| Jan Dawson                       | 7/7   | 3/3                    | 2/2                                      |
| Darrin Grafton                   | 12/12 | *                      | *  |
| Clyde McConaghy                  | 12/12 | 7/7                    | 4/4                                      |
| Bob Shaw                         | 12/12 | *                      | *  |

Key: Attended meeting / eligible to attend meeting

\*Indicates the director is not a member of the Committee (although they may have been in attendance for these meetings).

1. Simon Botherway retired from the Board, and Jan Dawson was appointed to the Board, part way through the year on 18 August 2021.

In addition, during the year directors participated in 21 additional Special Board Meetings and Board Sub-Committee meetings primarily associated with the 2021 capital raising, M&A activity and managing risks associated with the Covid-19 pandemic.

## DIRECTOR INDEPENDENCE

The Board currently comprises five directors – being the two co-founders and executive directors, Darrin Grafton and Bob Shaw, and three non-executive directors – Claudia Batten, Jan Dawson and Clyde McConaghy.

The Board has determined, based on information provided by directors regarding their interests, which has been evaluated against the criteria in the Board Charter, that as at 31 March 2022 and the date of this Annual Report, Claudia Batten, Jan Dawson and Clyde McConaghy are independent directors. The Board has also determined that Darrin Grafton and Bob Shaw are not independent directors owing to also being executives and major shareholders in Serko.

## DIRECTOR INTEREST DISCLOSURES

There were no disclosures of interests pursuant to section 140(1) of the Companies Act 1993 recorded in Serko's Interests Register during the financial year ended 31 March 2022.

Directors have given general notices disclosing interests pursuant to section 140(2) of the Companies Act 1993. All of those interests, and any changes to interests notified and recorded in Serko's Interests Register during the financial year ended 31 March 2022 and subsequently, are set out below:

| Director <sup>3</sup> | Entity  | Relationship  |
|-----------------------|---|---|
| Claudia Batten        | AIDER International Limited<br>Broadli Inc<br>Serko Inc <sup>1</sup><br>Westpac New Zealand Limited<br>Vista Group Limited<br>Air New Zealand Limited   | Ceased to be Adviser<br>Director<br>Director<br>Board Adviser<br>Director<br>Appointed Director                         |
| Darrin Grafton        | Financial Equities Limited<br>Grafton-Howe No.2 Trust<br>InterpIX Inc <sup>1</sup><br>Serko Australia Pty Limited <sup>1</sup><br>Serko Inc <sup>1</sup><br>Serko India Private Limited <sup>1</sup><br>Serko Investments Limited <sup>1</sup><br>Travelog World for Windows Pty. Limited | Director / Shareholder<br>Trustee / Beneficiary<br>Director<br>Director<br>Director<br>Director<br>Director<br>Director |
| Clyde McConaghy       | Chapman Eastway Pty Limited<br>Optima Boards  | Ceased to be Chair (Advisory Board)<br>Director   |
| Bob Shaw              | Financial Equities Limited<br>Ripon Trust<br>Serko Australia Pty Limited <sup>1</sup><br>Serko India Private Limited <sup>1</sup><br>Serko Investments Limited <sup>1</sup><br>Travelog World for Windows Pty. Limited  | Director / Shareholder<br>Trustee / Beneficiary<br>Director<br>Director<br>Director<br>Director                         |
| Jan Dawson            | Ports of Auckland Limited<br>Meridian LTI Trustee Limited<br>Meridian Energy Limited<br>Jan Dawson Limited<br>AIG Insurance New Zealand Limited <sup>2</sup>  | Director<br>Director<br>Director<br>Director<br>Director  |

1 Serko subsidiary as detailed on page 87.

2 Ceased 1 April 2022 (after financial year end)

3 Simon Botherway was a director until 18 August 2021. During the financial year he recorded in the Interests Register that he had ceased his role as a Guardian of the New Zealand Super Fund.

## DIRECTOR INTEREST DISCLOSURES Continued

In accordance with section 148(2) of the Companies Act 1993, directors disclosed the following acquisitions or disposals of relevant interests in Serko ordinary shares during the financial year ended 31 March 2022:

| Name                  | Nature of relevant interest  | Number of securities acquired/(disposed) | Consideration paid/received <sup>4</sup> | Date of acquisition/disposal |
|-----------------------|--|--|--|------------------------------|
| <b>Claudia Batten</b> | On-market automated sale by the custodian under the Non-Executive Director Fixed Trading Plan to settle administration fees arising in relation to the administration and management of the Plan (following completion of the term of the Plan) <sup>1</sup> | (111.84)                                 | \$779.55                                 | 1-Apr-21                     |
|                       |  | (124.26)                                 | \$989.08                                 | 2-Sep-21                     |
|                       |  | (115.11)                                 | \$613.83                                 | 1-Jan-22                     |
| <b>Darrin Grafton</b> | Registered holder and beneficial interest in ordinary shares issued upon vesting of restricted shares pursuant to the Serko Limited Employee Restricted Share Plan   | 43,252 <sup>2</sup>                      | Nil / Services                           | 6-Jul-21                     |
|                       | Indirect interest in ordinary shares issued upon vesting of restricted shares pursuant to the Serko Limited Employee Restricted Share Plan, by virtue of a personal relationship with the registered holder  | 1,125 <sup>2,3</sup>                     | Nil / Services                           | 6-Jul-21                     |
|                       | Beneficial interest in unlisted restricted share units granted under the Serko Long Term Incentive Plan  | 35,752 <sup>2</sup>                      | Nil / Services                           | 16-Aug-21                    |
|                       | Indirect interest in unlisted restricted share units granted under the Serko Long Term Incentive Plan, by virtue of a personal relationship with the registered holder   | 979 <sup>2,3</sup>                       | Nil / Services                           | 16-Aug-21                    |
| <b>Bob Shaw</b>       | Registered holder and beneficial interest in ordinary shares issued upon vesting of restricted shares pursuant to the Serko Limited Employee Restricted Share Plan   | 24,921 <sup>2</sup>                      | Nil / Services                           | 6-Jul-21                     |
|                       | Beneficial interest in unlisted restricted share units granted pursuant to the Serko Long Term Incentive Plan  | 15,606 <sup>2</sup>                      | Nil / Services                           | 16-Aug-21                    |

<sup>1</sup> For more details on the now grand-fathered Non-executive Director Fixed Trading Plan refer to Serko's Corporate Governance Statement in the *ESG Report* on the investor centre of Serko's website. These shares may not be disposed of while the holder remains a director of Serko.

<sup>2</sup> These shares are subject to a deed restricting exercise of any voting rights attached to the shares/any shares issued upon vesting.

<sup>3</sup> By virtue of Darrin Grafton's personal relationship, he is implied to have the power to exercise, or to control the exercise of, any right to vote attached to these shares by virtue of a personal relationship with the beneficial holder of these shares (Donna Bailey). These shares are subject to a deed restricting exercise of voting rights attached to the shares.

<sup>4</sup> The consideration for on-market trades is stated as the market price paid, excluding fees and taxes.

## DIRECTOR INTEREST DISCLOSURES Continued

In accordance with the NZX Listing Rules, as at 31 March 2022, directors had a relevant interest (as defined in the Financial Markets Conduct Act 2013) in Serko shares as follows:

| Name                         | Relevant interest | Percentage |
|------------------------------|-------------------|------------|
| Darrin Grafton <sup>1</sup>  | 12,238,745        | 10.21%     |
| Bob Shaw <sup>2</sup>        | 9,192,760         | 7.67%      |
| Jan Dawson                   | 0                 | 0.00%      |
| Clyde McConaghy <sup>3</sup> | 182,909           | 0.15%      |
| Claudia Batten <sup>4</sup>  | 125,877.15        | 0.10%      |

1 The relevant interest includes: 10,867,629 ordinary shares held via a trust in which the director is a trustee and beneficiary; 142,306 ordinary shares held directly; and an indirect interest in 1,228,810 ordinary shares by virtue of a personal relationship with the beneficial holder of these shares.

Darrin Grafton is also the registered holder and beneficial owner of 112,714 unlisted restricted share units allocated pursuant to the Employee Incentive Share Scheme and has an indirect interest in 2,703 unlisted restricted share units by virtue of a personal relationship with the beneficial owner.

2 The relevant interest includes: 9,130,000 shares held via a trust in which the director is a trustee and beneficiary and 62,760 ordinary shares held directly.

Bob Shaw is also the registered holder and beneficial owner of 58,538 unlisted restricted share units allocated pursuant to the Employee Incentive Share Scheme.

3 181,818 ordinary shares are held via a trust in which the director is a trustee and beneficiary.

4 42,423.15 ordinary shares are held in custody pursuant to the Serko Non-executive Director Fixed Trading Plan.

## DIRECTOR INTEREST DISCLOSURES Continued

For the purposes of section 161 of the Companies Act 1993, the following entries were made in the Interests Register in relation to the payment of remuneration and other benefits to directors:

| Date of disclosure | Director   | Particulars of Board authorisation  |
|--------------------|--|---|
| 18-May-21          | Simon Botherway<br>Claudia Batten<br>Clyde McConaghy | The payment of remuneration and the provision of other benefits by the Company to the non-executive directors on the terms detailed in the Board minutes dated 18 May 2021 and on the grounds set out in the corresponding directors' certificate.  |
| 8-Aug-21           | Jan Dawson   | The payment of remuneration and provision of other benefits by the Company to a newly appointed non-executive director on the terms detailed in the Board Resolutions dated 8 August 2021 and on the grounds set out in the corresponding directors' certificate.   |
| 13-Aug-21          | Bob Shaw<br>Darrin Grafton                           | The payment of remuneration and the provision of other benefits (the granting of long term incentives) by the Company to the executive directors on the terms set out in the resolution dated 13 August 2021, in accordance with the terms of the Serko Employee Restricted Share Scheme documentation, and on the grounds set out in the corresponding directors' certificate. |
| 27-Jan-22          | Claudia Batten<br>Clyde McConaghy<br>Jan Dawson      | The payment of remuneration (in the form of Special Fees) by the Company to the non-executive directors on the terms detailed in the Board Resolution dated 27 January 2021 and on the grounds set out in the corresponding directors' certificate.   |

For the purposes of section 162 of the Companies Act 1993, an entry was made in the Interests Register in relation to insurance effected for directors and officers of Serko in relation to any act or omission in their capacity as directors.

There were no entries made in the subsidiary company Interests Registers during the financial reporting period.

## SHAREHOLDING INFORMATION

As at 30 April 2022 there were 119,920,597 Serko ordinary shares on issue, each conferring on the registered holder the right to vote on any resolution at a meeting of shareholders. These shares were held as follows:

| Size of shareholding     | Number of holders | %          | Number of ordinary shares | %          |
|--------------------------|-------------------|------------|---------------------------|------------|
| 1 - 1,000                | 1,600             | 48.69      | 711,471                   | 0.59       |
| 1,001 - 5,000            | 1,128             | 34.33      | 2,698,435                 | 2.25       |
| 5,001 - 10,000           | 269               | 8.19       | 2,013,351                 | 1.68       |
| 10,001 - 50,000          | 206               | 6.27       | 4,374,793                 | 3.65       |
| 50,001 - 100,000         | 32                | 0.97       | 2,373,188                 | 1.98       |
| 100,001 and over         | 51                | 1.55       | 107,749,359               | 89.85      |
| <b>TOTAL<sup>1</sup></b> |                   | <b>100</b> |                           | <b>100</b> |

<sup>1</sup> Includes 1,263,865 ordinary shares with restrictive conditions held by Serko Trustee Limited (all unallocated) pursuant to the Serko Restricted Share Plan. The last tranche of allocated restricted shares vested during FY22. Restricted shares, when allocated, have voting rights attached, which are exercised on behalf of a beneficial holder by the Trustee at the direction of the beneficial holder.

## SHAREHOLDING INFORMATION Continued

As at 30 April 2022, the following securities were on issue:

- 1,263,865 ordinary shares with restrictive conditions held by Serko Trustee Limited (all unallocated) pursuant to the Serko Restricted Share Plan. The last tranche of allocated restricted shares vested during FY22;
- 38 participants holding a total of 148,309 options pursuant to the Serko (US) Share Incentive Plan; and
- 184 participants holding a total of 1,997,219 restricted share units pursuant to the Serko Employee Long Term Incentive Scheme (ANZ) and Serko Employee Share Incentive Plan (US).

Further information on these incentive plans is contained in note 19 to the financial statements and in Serko's *ESG Report*, which can be found on the investor centre of the Company's website. Go to: [www.serko.com/investors](http://www.serko.com/investors).

Set out below are details of the 20 largest shareholders of Serko as at 30 April 2022:

|    | Shareholder <sup>1</sup>                           | Number of ordinary shares held | %    |
|----|--|--------------------------------|------|
| 1  | TEA Custodians Limited                             | 13,914,355                     | 11.6 |
| 2  | Darrin Grafton & Geoffrey Robertson Ashley Hosking | 10,867,629                     | 9.06 |
| 3  | Robert James Shaw & Michael John Moore             | 9,130,000                      | 7.61 |
| 4  | HSBC Custody Nominees (Australia) Limited          | 6,291,342                      | 5.25 |
| 5  | Citibank Nominees (NZ) Ltd                         | 6,022,532                      | 5.02 |
| 6  | Coronado Pte Limited                               | 5,406,431                      | 4.51 |
| 7  | Custodial Services Limited                         | 4,933,129                      | 4.11 |
| 8  | Hobson Wealth Custodian Limited                    | 3,982,206                      | 3.32 |
| 9  | Premier Nominees Limited                           | 3,364,709                      | 2.81 |
| 10 | HSBC Nominees (New Zealand) Limited                | 2,949,047                      | 2.46 |
| 11 | Accident Compensation Corporation                  | 2,838,221                      | 2.37 |
| 12 | BNP Paribas Nominees NZ Limited Bpss40             | 2,703,175                      | 2.25 |
| 13 | JPMORGAN Chase Bank                                | 2,684,921                      | 2.24 |
| 14 | New Zealand Superannuation Fund Nominees Limited   | 2,043,023                      | 1.7  |
| 15 | Citicorp Nominees Pty Limited                      | 1,962,629                      | 1.64 |
| 16 | Pt Booster Investments Nominees Limited            | 1,902,646                      | 1.59 |
| 17 | New Zealand Depository Nominee                     | 1,860,078                      | 1.55 |
| 18 | National Nominees New Zealand Limited              | 1,594,317                      | 1.33 |
| 19 | HSBC Nominees (New Zealand) Limited                | 1,472,310                      | 1.23 |
| 20 | FNZ Custodians Limited                             | 1,457,316                      | 1.22 |

<sup>1</sup> The shareholding of New Zealand Central Securities Depository Limited (custodian for members trading through NZClear) has been reallocated to the applicable members.

## SHAREHOLDING INFORMATION

According to Serko records and notices given to Serko under the Financial Markets Conduct Act 2013, the following persons were substantial product holders as at 31 March 2022. As at the balance date (31 March 2022) there were 119,920,597 Serko ordinary shares on issue:

| Substantial product holder                    | Number of ordinary shares in which relevant interest is held | % of class held at balance date <sup>4</sup> |
|---|--|--|
| Darrin Grafton                                | 12,238,745 <sup>2</sup>                                      | 10.21%                                       |
| Geoffrey Hosking                              | 10,867,629 <sup>2</sup>                                      | 9.06%  |
| Robert Shaw                                   | 9,192,760 <sup>2</sup>                                       | 7.67%  |
| Michael Moore                                 | 9,130,000 <sup>2</sup>                                       | 7.61%  |
| Harbour Asset Management Limited <sup>1</sup> | 10,768,197 <sup>3</sup>                                      | 8.98%  |
| Fisher Funds Management Limited               | 9,304,964 <sup>3</sup>                                       | 7.76%  |
| Jarden Securities Limited <sup>1</sup>        | 1,038,798 <sup>3</sup>                                       | 0.87%  |

1 Harbour Asset Management Limited and Jarden Securities Limited (formerly First NZ Capital Group Limited) file joint substantial product holder notices.

2 Based on Serko's records and on the last substantial product holder notice filed prior to 31 March 2022.

3 Based on last substantial product holder notice filed prior to 31 March 2022.

4 Based on issued share capital of 119,920,597 as at 31 March 2022.

For personal use only

## SUBSIDIARY COMPANY DIRECTORS

With the below exception, directors of Serko's subsidiaries do not receive any remuneration or other benefits in respect of their appointments. The remuneration and other benefits of any such directors who are employees of the group totalling \$100,000 or more during the year ended 31 March 2022 are included in the relevant bandings for remuneration disclosed on page 78 of this Annual Report.

Serko has agreed to pay Yogita Chadha NZ\$25,000 per year in relation to acting as a director of Serko India Private Limited. During the financial year ended 31 March 2022, she earned, and was paid, NZ\$25,000 during the year.

The following persons held office as directors of subsidiary companies as at 31 March 2022:

| Subsidiary   | Directors                                   |
|--|---|
| Foshan Sige Information Technology Limited (China)   | Gerard Nielsen                              |
| InterplX Inc. (US)                                   | Darrin Grafton<br>Tony D'Astolfo            |
| Serko Australia Pty Limited (Australia) <sup>1</sup> | Darrin Grafton<br>Bob Shaw<br>Murray Warner |
| Serko Inc (US)                                       | Darrin Grafton<br>Claudia Batten            |
| Serko India Private Limited (India)                  | Darrin Grafton<br>Bob Shaw<br>Yogita Chadha |
| Serko Investments Limited (New Zealand)              | Darrin Grafton<br>Bob Shaw                  |
| Serko Trustee Limited (New Zealand) <sup>2</sup>     | Sarah Miller<br>Rachael Satherley           |

1 J Challis retired and M Warner was appointed to Serko Australia Pty Limited on 8 September 2021.

2 S Putt and F Rockel retired and S Miller and R Satherley were appointed to Serko Trustee Limited on 31 May 2021.

#### **REGULATORY MATTERS**

No NZX waivers were relied on during the financial year. Refer to the *ESG Report* for ASIC relief obtained during the financial year in respect of the capital raising undertaken in 2021.

#### **DONATIONS**

Refer to the Notes to the Financial Statements and *ESG Report* for any donations made during FY22.

#### **CREDIT RATING**

Serko does not presently have an external credit rating status.

#### **DISTRIBUTIONS / DIVIDENDS**

There were no dividends or distributions paid to shareholders during the financial period.

Dividends and other distributions with respect to the shares are only made at the discretion of the Serko Board. Serko is a growth technology company and is not intending to pay a dividend for FY23.

# Glossary

**ANZ:** Australia and New Zealand

**ARPB:** Average Revenue Per Booking

**Asia Pacific:** Vietnam, Thailand, Taiwan, Sri Lanka, South Korea, South Africa, Singapore, Philippines, Pakistan, New Zealand, Malaysia, Japan, Indonesia, India, Hong Kong, China, Bangladesh and Australia for the purposes of this Annual Report

**ASX:** ASX Limited, also known as the Australian Securities Exchange

**ATMR:** ATMR (Annualised Transactional Monthly Revenue) is a non-GAAP measure. It is based on the monthly transactions and average revenue per booking (for its Travel platform revenue) and monthly user charges (for its Expense platform revenue) annualised

**AUD or A\$:** Australian dollars

**Australasia:** New Zealand and Australia for the purposes of this Annual Report

**Booking.com for Business:** A global online travel booking offering targeting small to medium sized companies with Booking.com for Business branding powered by Zeno

**BBZ:** An abbreviation of Booking.com for Business (see above)

**Board or Board of Directors:** The board of directors of Serko

**Cloud or cloud-based:** Cloud computing is when the software and associated data is hosted outside the customer's premises and delivered over a network or the Internet as a service, which allows immediate access to the software

**Company or Serko:** Serko Limited, a New Zealand incorporated company

**EBITDAF (refer page 18):** EBITDAF is a non-GAAP measure representing Earnings Before the deduction of costs relating to Interest, Taxation, Depreciation, Amortisation, Impairment, Foreign Exchange gains/losses and Fair value remeasurements

**ESG:** Environmental Social Governance

**FTE:** Full-time equivalent

**FX:** Foreign exchange

**FY:** Financial year ended, or ending, on 31 March (unless otherwise stated)

**GST:** Goods and Services Tax

**IFRS:** International Financial Reporting Standards

**Independent Directors:** Claudia Batten, Clyde McConaghy and Jan Dawson

**IPO:** Initial Public Offering

**Listing:** The date Serko shares started trading on the NZX Main Board, 24 June 2014

**NDC or New Distribution Capability:** A data exchange format for airlines to create and distribute relevant offers to the customer regardless of the distribution channel

**NORAM:** North America

**NZ:** New Zealand

**NZD or NZ\$:** New Zealand dollars

**NZ GAAP or GAAP:** New Zealand Generally Accepted Accounting Practice

**NZ IFRS or IFRS:** New Zealand equivalents to International Financial Reporting Standards

**NZX:** NZX Limited, also known as the New Zealand Stock Exchange

**NZX Listing Rules or Listing Rules:** The Listing Rules applying to the NZX Main Board as amended from time to time

**NZX Main Board:** The New Zealand main board equity security market operated by NZX

**R&D:** Research and Development expenditure

**SaaS:** Software-as-a-service

**Serko Expense Management:** Serko's online expense management solution that enables the capture and processing of corporate credit cards and out-of-pocket claims

**Serko Mobile:** Serko's mobile app for iPhones and Android devices that gives users access to information and travel booking functionality on their mobile devices

**Serko Online:** Serko's legacy cloud-based online travel booking solution for large organisations

**SME:** Small and medium enterprise

**TMC, Travel Agency or Travel Management Company:** A travel management company that provides specialised travel-related services to corporate customers

**USD or US\$:** United States dollars

**Zeno:** Serko's premium cloud-based online travel booking platform

**Zeno Expense:** Serko's Expense management solution

**\$:** All figures are in New Zealand dollars, unless otherwise stated

# Company Directory

Serko is a company incorporated with limited liability under the New Zealand Companies Act 1993  
 New Zealand Companies Office registration number 1927488  
 Australian Registered Body Number (ARBN) 611 613 980  
 For investor relations queries contact: [investor.relations@serko.com](mailto:investor.relations@serko.com)

---

## REGISTERED OFFICE

### New Zealand

Saatchi Building  
 Level 1, 125 The Strand  
 Parnell, 1010  
 +64 9 309 4754

### Australia

Boardroom Pty Limited  
 Level 12, 225 George Street  
 Sydney 2000  
 NSW, Australia

---

## PRINCIPAL ADMINISTRATION OFFICE

### New Zealand

Saatchi Building  
 Level 1, 125 The Strand  
 Parnell, 1010  
 +64 9 309 4754

### Australia

Level 8, 75 Elizabeth Street  
 Sydney 2000  
 NSW, Australia  
 +61 2 9435 0380

---

## SHARE REGISTRAR

### New Zealand

Link Market Services Limited  
 Level 30, PwC Tower  
 15 Customs Street West  
 Auckland 1010, New Zealand  
 +64 9 375 5998  
[serko@linkmarketservices.co.nz](mailto:serko@linkmarketservices.co.nz)

### Australia

Link Market Services Limited  
 Level 12, 680 George Street  
 Sydney 2000  
 NSW, Australia  
 +61 1300 554 474

---

## DIRECTORS

Claudia Batten (Chair)  
 Jan Dawson  
 Robert (Clyde) McConaghy  
 Darrin Grafton  
 Robert (Bob) Shaw

## AUDITOR

Deloitte Limited  
 Deloitte Centre  
 80 Queen Street  
 Auckland 1040, New Zealand  
 +64 9 303 0700

---

Serko's ESG Report, which includes its Corporate Governance Statement, can be found at [www.serko.com/investors](http://www.serko.com/investors).

## Key Dates

**31 AUG 2022**

Annual Shareholders' Meeting

**30 SEP 2022**

Half-Year End

**NOV 2022**

Half-year Results Announced

**31 MAR 2023**

Financial-Year End

For personal use only

serko

Annual Report 2022 · Serko Limited  
serko.com