

Market Release

24 November 2021

Serko's unaudited financial results for the half year to 30 September 2021 and launch of its \$85m capital raise

SUMMARY FINANCIAL RESULTS^{1,2,3}

- Total operating revenue increased 81% to \$9.2 million from \$5.1 million, while total income increased 16% to \$9.9 million from \$8.5 million.
- Total travel booking volumes rose 157% to 1.3 million from 0.5 million, lifted by limited lockdowns in Australia and New Zealand during the first quarter, and new Booking.com for Business transactions.
- Booking.com for Business migration completed, with over 300,000 business customers now on the new Zeno-powered platform. Average transactions have grown during the period and in September 2021 were generally in the range of 1,000 and 1,500 per weekday, despite ongoing COVID-19 related restrictions in the primary markets.
- Average revenue per booking (ARPB⁴) for the managed business was \$7.38 compared to \$8.76 during the full-year FY21 period due to a change in revenue mix. Booking.com for Business platform-related ARPB in September 2021 was just below NZ\$20.
- Net losses after tax increased by 50% to \$15.2 million from \$10.1 million reflecting the planned increase in expenditure to capitalise on the significant opportunities for Serko's expansion into international markets.
- EBITDA losses increased 76% to \$11.8 million from \$6.7 million.
- Net cash burn averaged \$2.9 million per month for the half year, within the \$2 million to \$4 million guidance range.
- Cash and short-term deposits on 30 September 2021 totalled \$62.3 million, down from \$79.9 million on 31 March 2021.

Serko (NZX & ASX:SKO), a leader in travel and expense management for business, today announces financial results for the half year to 30 September 2021 showing the company investing for the global opportunities emerging as travel markets recover from COVID-19.

It also announces the launch of a \$85 million capital raise to continue to execute on its global growth strategy. Serko plans to raise the capital via the issuance of ordinary shares in Serko by way of a NZ\$75 million fully underwritten placement and a NZ\$10 million non-underwritten retail offer.

The funds raised will be used to: continue to invest for growth into the unmanaged travel segment through our Booking.com for Business partnership; accelerate the development of our global marketplace strategy, and pursue opportunities for inorganic global expansion.

Further details of the capital raising are covered in the investor presentation and the associated documentation released to the NZX and ASX today.

FINANCIAL RESULTS

¹ All dollar amounts are New Zealand dollars (NZ\$) unless otherwise stated

² Comparative numbers are for the prior comparative period (H1 FY21) unless otherwise stated.

³ Non-GAAP measures used in this release are defined at the end of this release.

⁴ ARPB is a blended rate and includes all recurring revenue divided by online bookings.

In sharp contrast to the same period a year ago when COVID-19 disruptions to travel markets in Australasia peaked, limited lockdowns in the first quarter of this year, together with a contribution from Booking.com for Business, has resulted in total operating revenue of \$9.2m, an 81% increase compared to 1H FY21.

However, the gains were tempered by the impact of COVID-19 on other markets, as well as the strict lockdowns experienced during the second quarter in New Zealand and Australia.

Total travel bookings on Serko's platform rose 157% to 1.3 million from 0.5 million in the same period a year ago, lifted by more limited lockdowns in Australia and New Zealand during the first quarter, and new Booking.com for Business transactions.

With increased travel during the period, the proportion of travel platform versus expense management revenue has changed compared to FY21. This resulted in a lower average revenue per booking (ARPB⁵) for the managed business of \$7.38 compared to \$8.76 during the full-year FY21. Booking.com for Business platform-related ARPB in September was just below \$20, this has subsequently increased to over \$20 during October.

Product design and development costs totalled \$13.4 million during the period (\$8.9 million in 1H FY21), of which \$7.0 million was capitalised (\$4.9 million in 1H FY21).

EBITDA losses increased 76% to \$11.8 million from \$6.7 million, reflecting a slow return to travel globally, combined with a continued and deliberate increase in investment in our platform and markets ahead of the eventual market recovery. Net losses after tax increased 50% to \$15.2 million from \$10.1 million.

Serko ended the period with cash and short-term deposits of \$62.3 million, down on the \$79.9 million at 31 March 2021. The cash burn over the six-month period averaged \$2.9 million per month, within the \$2 million to \$4 million guidance range. This reflects continued prudent cash management, balancing investing for opportunity while managing for uncertainty.

Further detail on the company's financial performance for the six-month period is covered in an accompanying presentation and the unaudited half year financial statements released to the ASX and NZX today.

AUSTRALIA AND NEW ZEALAND

Serko continued to win new customers and occupy a strong market position in Australasia during the period.

The number of Australasian corporates transacting in the peak month during the period, May 2021, was 5,249 compared to the low of 3,443 in September 2021. Prior to COVID-19, over 6,800 corporates were transacting on Serko's platform. Serko's reseller partners have continued to transition customers on to the Zeno platform, with Serko securing increased transaction fees as part of the migration arrangements. Zeno adoption has increased from 53% of active corporate customers in September 2020 to 67% in September 2021 and migrations are expected to continue over the next 12 months.

⁵ ARPB is a blended rate and includes all recurring revenue divided by online bookings.

Up until the imposition of the latest lockdown in mid-August, the New Zealand market was performing very well. In the first quarter travel volume in New Zealand was 151% of pre-COVID-19 levels, peaking at over 160% in June 2021. With strict lockdowns reimposed in mid-August, volumes in New Zealand at the end of September were 47% of pre-COVID-19 levels, averaging 117% for the half year.

The recovery in Australia was more tempered due to more extensive lockdowns, reaching a high of 72% of pre-COVID-19 levels in April 2021, with an average over the half year of 46%.

For the Australasian region as a whole, average volume in the first quarter was 74% of pre-COVID-19 levels and 40% in the second quarter.

NORTH AMERICA

The validation phase in North America is now complete, and the Zeno brand has a presence in market that is driving pipeline growth. Serko is experiencing an uplift in inbound enquiries, with multiple requests to participate in RFPs by Fortune 500 companies. Serko is currently in discussions with several large global US corporations about providing the Zeno platform for use by employees globally.⁶

Transaction volumes averaged more than 10% monthly growth from May 2021 to September 2021, despite the ongoing pandemic-related travel restrictions. Serko has 10 resellers signed, with active customers transacting across six of these partners, although volume remains at low levels.

BOOKING.COM FOR BUSINESS

We are delighted with the accelerated progress we have made on our partnership with Booking.com. The new Booking.com for Business offering in the unmanaged travel space is available in nine languages across 180 markets, providing accommodation options, with flights and rail content progressively being added.

We successfully completed the migration of over 300,000 Booking.com for Business customers onto the new Zeno powered platform, with over 30,000 new sign-ups onto the platform since launch.⁷ As announced to the market previously, the migration phase was extended by two months to the end of September to accommodate the transfer of remaining customers during a period of pandemic-related disruption but was overall delivered on a significantly accelerated timeline.

We've been pleased to see transactions grow from a zero base to a range of between 1,000 and 1,500 transactions per weekday, despite ongoing COVID-related restrictions in primary markets.

This migration completed Phase 1 of our journey with Booking.com to become a leading digital travel platform for small and medium sized businesses in the unmanaged travel space. The foundations of the new platform are in place, and Serko and Booking.com are now looking to expeditiously undertake the next phase of the roll-out to maximise and capture revenue opportunities, and grow transactions, as global business travel recovers.

⁶ There is no guarantee that these inbound enquiries and RFPs will result in a signed agreement on the terms currently envisaged or at all.

⁷ We expect SME business booking behaviours 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 beyond.

Through the initial migration phase, we believe we have captured less than 10% of the pre-COVID opportunity, presenting exciting growth opportunities for Serko as global business travel recovers and planned investment is made into additional product functionality and content.

STRATEGIC UPDATE

Serko Chair Claudia Batten said: "The COVID-19 pandemic is a rare event that is reshaping the business travel industry landscape, impacting both the suppliers of travel content and services and the evolving needs of business travel buyers.

"This shift is giving rise to consolidation and disruption within the market, and as business travel returns over the coming years, we believe there will be a handful of players who will have an outsized opportunity through the recovery.

"Serko is positioning itself to be a player of global standing that is able to take advantage of these opportunities. We are continuing to invest in the global growth opportunities being presented, notwithstanding the ongoing headwinds of COVID, in the confidence that business travel will resume.

"We have continued to guide Serko through the COVID pandemic, focused clearly on the opportunities that lie ahead. While all our markets are still weathering the pandemic, we have delivered results well ahead of the same period a year ago, when virus-related disruptions to travel markets were at their peak, particularly in the Australasia markets, which still contribute the majority of our revenue.

"In the unmanaged travel sector, we successfully completed the migration of the Booking.com for Business customer base in September 2021.

"We are also making progress laying the foundations for growth in North American managed travel markets and are in discussions with several large entities to expand our presence in that region.

"In Australasia, activity on our travel booking platforms is still well below pre-COVID-19 levels, but Serko continues to occupy a strong market position in this region.

"We have achieved this while operating within the clear capital management framework we established at the start of the pandemic, balancing investment to take advantage of the opportunities we see, while managing for uncertainty."

Serko Chief Executive and Co-Founder Darrin Grafton said: "We are poised for growth out of this pandemic and the investment to date has proven our ability to grow from a regional leader to a truly global player. Our focus is now on scaling the business to activate the opportunities we have ahead of us.

"The significant progress we have made is underpinned by a dedicated team that have stayed focussed on the strategy and execution needed in a very complex environment. We have invested in the foundational work that enabled us to commence our global strategy.

"We have built a platform that has scaled to handle thousands of customers migrating onto the platform every day and maintained and built a system that has scaled with the demands to date.

"This project has required a huge effort from the Serko and Booking.com teams during a time where the teams often had to work remotely.

"We continue to advance our vision of the 'connected trip' with enhancements to our product and the addition of new content. These include tools that allow businesses to deliver on their sustainability commitments and better discharge the duty of care they owe to their travellers, such as informing them of COVID-19 protection measures."

OUTLOOK

"Despite the ongoing disruption that is being seen in international travel markets, we remain very excited about the opportunities we see and remain confident in the return to business travel over time. We believe our target of reaching \$100 million revenue in the mid-term remains achievable, but this revenue target has continued to be delayed as a result of the pandemic," Darrin Grafton said.

"The disruptions to global business travel arising from the pandemic and other factors continues to make it challenging to determine the timing of realisation of revenues from these opportunities.

"Earlier in the year, when lockdowns in Australia and New Zealand were lifted, domestic travel activity resumed quickly, and we therefore expect to see similar trends play out in these markets as we reach high vaccination levels and following the adoption of a 'live with' policy. We have already seen an uplift as a result of the recent easing of travel restrictions within Australia, with transactions in the first half of November averaging over 52% of pre-COVID levels.

"We are in discussions to actively establish growth in North America and, while sales cycles tend to be relatively slow in this market, we believe the market continues to provide a significant growth opportunity over time and as business travel resumes.

"We are excited to embark on the next phase of the multi-year journey to activate and engage Booking.com for Business customers as they return to travel, and to fully realise the potential of the partnership with Booking.com.

"Serko anticipates full-year revenue and other income of between \$21 million and \$25 million. This outlook assumes a general reduction of domestic travel restrictions within Australia and New Zealand and no significant lockdowns in Europe or North America. The assumptions underlying these expectations are subject to variation and are detailed in the accompanying investor presentation. At the lower end of the revenue range average monthly cash burn in the six months to 31 March 2022 is expected to average close to \$4.0 million as investment is accelerated.

"As announced today, we are raising capital to allow us to invest to capture the growth opportunities we continue to see in each market and realise our vision of transforming from an online booking tool into a global marketplace, while retaining a prudent cash buffer to protect against a slower than expected COVID-19 recovery and other uncertainties."

ENDS

Released for and on behalf of Serko Limited by:
Shane Sampson
Chief Financial Officer

Serko Chief Executive Darrin Grafton and Chief Financial Officer Shane Sampson will this morning host conference call and webcast at 11.30 am NZT to discuss the capital raising and the results for the half year.

Details of the call are available on serko.com/investors. A webcast of the call can also be accessed at the following link:

https://event.webcasts.com/starthere.jsp?ei=1503170&tp_key=fab313a1a2

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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 for more information.

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 useful to provide information to investors to assess business performance. A reconciliation of Net Profit to EBITDA can be found in the Investor Presentation dated the same date as this announcement.

- **Total operating revenue** (a non-GAAP measure) is revenue excluding income from grants and finance income; **total income includes grants**.
- **Average Revenue Per Booking** (ARPB) is a non-GAAP measure. Serko uses this as a useful indicator of the revenue value per travel booking. It is calculated by taking total Recurring product revenue divided by the total number of online bookings.
- **Recurring product revenue** is a non-GAAP measure. Recurring revenue is derived from transactions and usage of Serko products by contracted customers. It excludes revenues from customised software development (services revenue).
- **Product design and development costs** is a non-GAAP measure representing the internal and external costs related to research, development, design and maintenance of software, both expensed and capitalised but excluding depreciation and amortisation.
- **Operating costs** is a non-GAAP measure which excludes costs relating to taxation, interest, depreciation, and amortisation charges.
- **Total travel bookings** include both online and offline transactions unless otherwise stated.
- **EBITDA** is a non-GAAP measure representing Earnings Before the deduction of costs relating to Interest, Taxation, Depreciation and Amortisation.

All dollar amounts are New Zealand dollars (NZ\$) unless otherwise stated.

RESULTS ANNOUNCEMENT

24 November 2021

Results for announcement to the market

Name of issuer	Serko Limited ("SKO")	
Reporting Period	6 months to 30 September 2021	
Previous Reporting Period	6 months to 30 September 2020	
Currency	New Zealand Dollars	
	Amount (000s)	Percentage change
Revenue from continuing operations	\$9,878	Up 16%
Total Revenue	\$9,878	Up 16%
Net profit/(loss) from continuing operations	(\$15,163)	Increase of 50%
Total net profit/(loss)	(\$15,163)	Increase of 50%
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	57.68 cents	34.50 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 unaudited interim financial statements 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>	

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	24/11/2021

Unaudited financial statements for the six months ended 30 September 2021 accompany this announcement.

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Interim results for the half year to 30 September 2021 and \$85m Capital Raising
Investor Presentation – 24 November 2021

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- placement to selected investors (Placement); and
- retail offer to Serko's existing shareholders with an address either in New Zealand or Australia (Retail Offer),

under clause 19 of Schedule 1 of the Financial Markets Conduct Act 2013 (together, the Offer).

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Executive Summary

- The COVID-19 pandemic is a rare event that is reshaping the business travel industry landscape, impacting both the suppliers of travel content and services and the evolving needs of business travel buyers.
- This shift is giving rise to consolidation and disruption within the market, and as business travel returns over the coming years, we believe there will be only a handful of players who will have an outsized opportunity through the recovery.
- Serko is positioning itself to be a player of global standing that is able to take advantage of these opportunities. We intend to continue investing in the global growth opportunities being presented, notwithstanding the ongoing head-winds of COVID, in the confidence that business travel will resume.
- 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. We are at the early stages of our journey to globalize as we realise our vision of a business travel marketplace and have only just started to capture the opportunities of our partnership with Booking.com and the North American market.
- We are raising capital to:
 - Invest for growth into the unmanaged travel segment through our Booking.com for Business partnership;
 - Accelerate the development of our global marketplace strategy; and
 - Pursue opportunities for inorganic global expansion.
- The money raised is intended to ensure Serko retains sufficient capital resilience to pursue these opportunities in the event that business travel takes longer to recover than is currently anticipated.

Executing Into Our Global Strategy

SERKO HAS INVESTED FOR GROWTH AGAINST THE HEAD-WINDS OF COVID

PROGRESS SINCE OCTOBER 2020

Booking.com



Delivered a self-service solution to on-board customers to book and manage accommodation with a **connected trip offering** including flights available in select countries and rail content expected to be available in 2H22.



Completed an accelerated migration of 300,000+ existing Booking.com for Business customers onto the Zeno platform.



Transitioned **from migration to activation** phase with multiple product enhancements to support the needs of unmanaged SME business travellers.



From a zero base **grew to a range of between 1,000 – 1,500 bookings per weekday** despite ongoing COVID related restrictions in primary markets.

North America



Moved beyond market validation and now positioned for growth. Seeing an increase in market engagement through inbound enquiries and RFPs¹.



Added two new TMC resellers and now have a total of ten across US and Canada, with six active and producing transactions albeit at low levels due to COVID.²



Launched a refreshed version of Zeno Expense to complement Zeno Travel and position Serko as an innovative alternative to existing travel & expense solutions in North America.

Australia / New Zealand



Demonstrated resilience through **strong customer retention** in the face of recurrent travel shutdowns.



Continued to deliver market growth with **NZ volumes up over 160%** on 2019 volumes in June 2021, before lockdowns imposed.



Continued customer migration from Serko Online, with **67% of customers currently booking on Zeno**.³

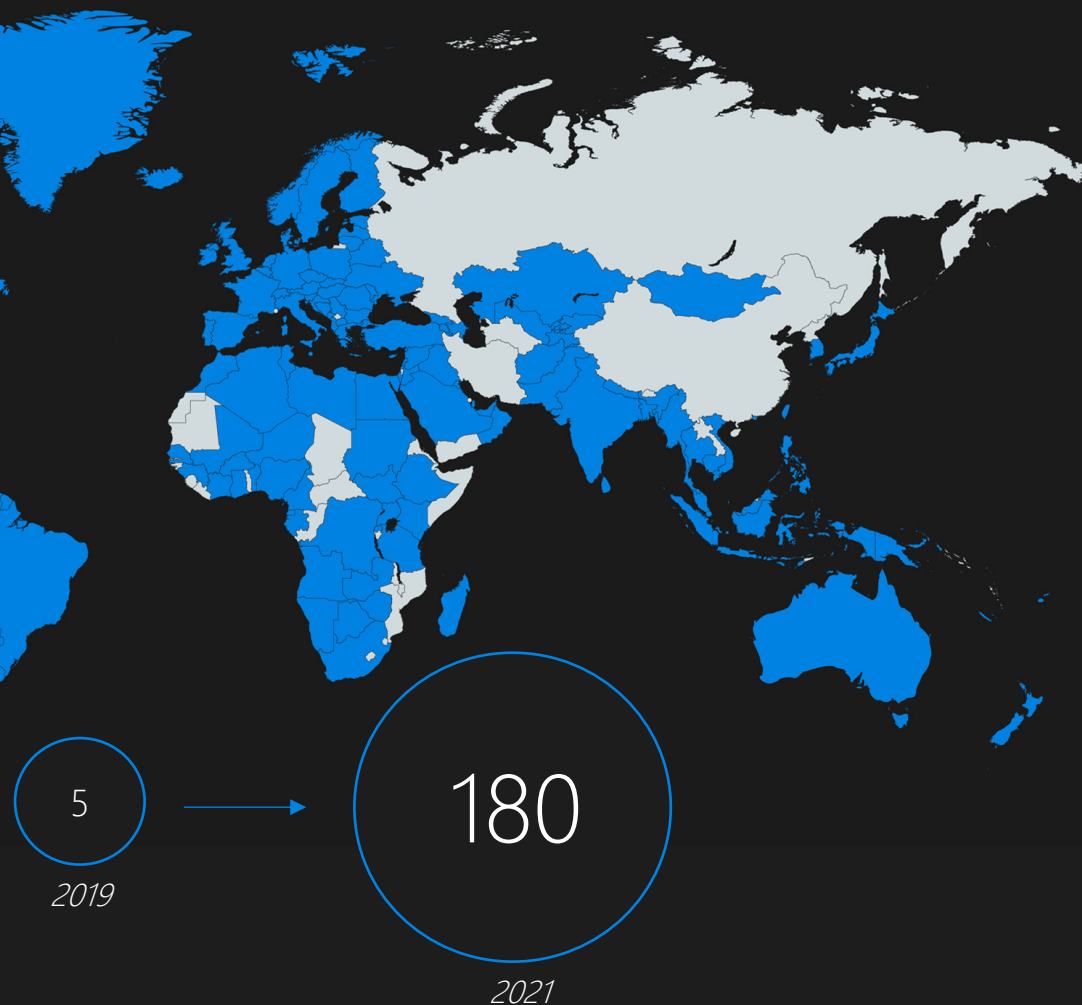
¹ There is no guarantee that these inbound enquiries and RFPs will result in a signed agreement on the terms currently envisaged or at all.

² One reseller terminated its contract with Serko during the period following acquisition by a competitor.

³ As at 31 October 2021.

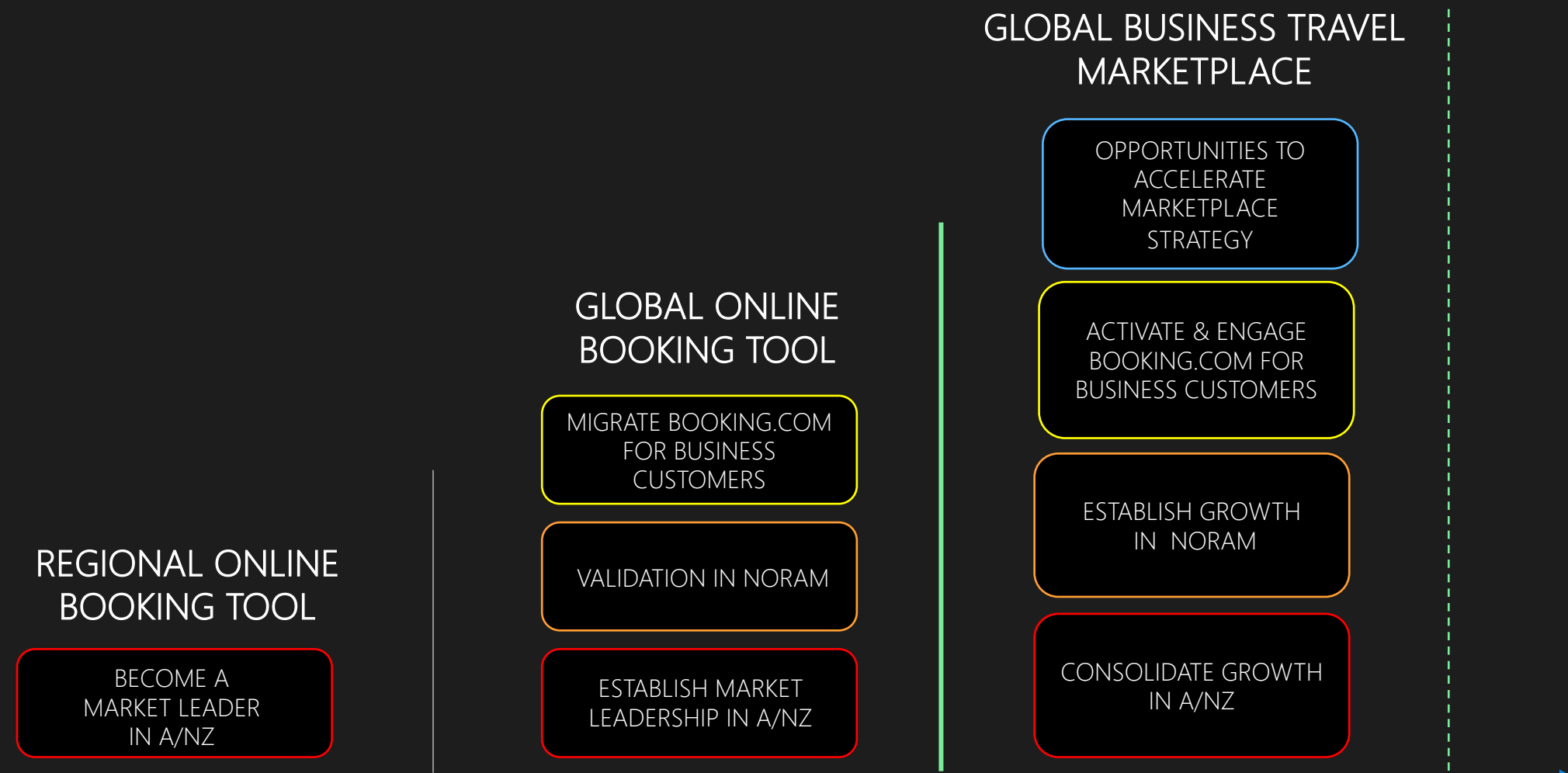
OUR GROWTH OPPORTUNITY HAS GLOBAL SCALE

THE ZENO TRAVEL PLATFORM IS NOW AVAILABLE IN 180 COUNTRIES



- In 2019, Zeno Travel was available in English and Te Reo Māori, primarily distributed across Australia and New Zealand with nascent market entry in North America and the UK.
- 2021 was the year that redefined Serko's global ambition, with investment in growth allowing us to expand to a total of 9 languages available in 180 countries via our partnership with Booking.com.
- Serko is on a journey to solve the challenges of business travel globally, through partnerships with channel partners that have strong bases of business travel customers.

SERKO IS NOW POISED TO ENTER THE NEXT PHASE OF GROWTH



A / NZ = Australia & New Zealand
NORAM = North America

We are
here

WE ARE BUILDING A GLOBAL BUSINESS TRAVEL MARKETPLACE BY BRINGING THE WORLD'S TRAVEL SUPPLIERS AND TRAVEL BUYERS TOGETHER

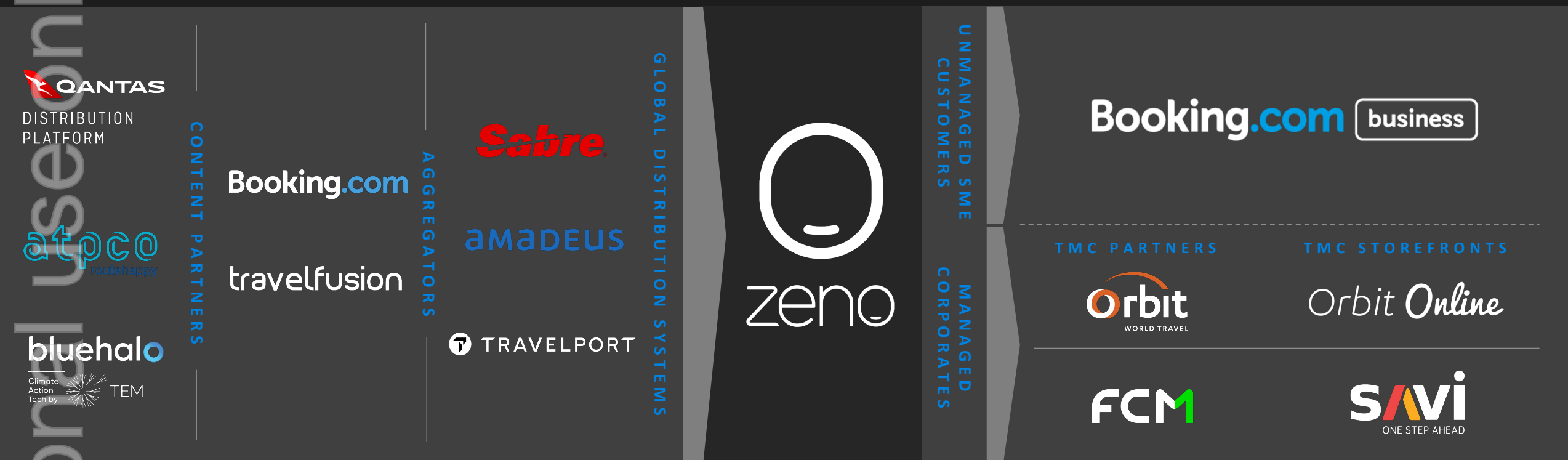


¹These content and service offerings are planned or in development.

THROUGH A SINGLE PLATFORM TO SERVE MULTIPLE CUSTOMER SEGMENTS

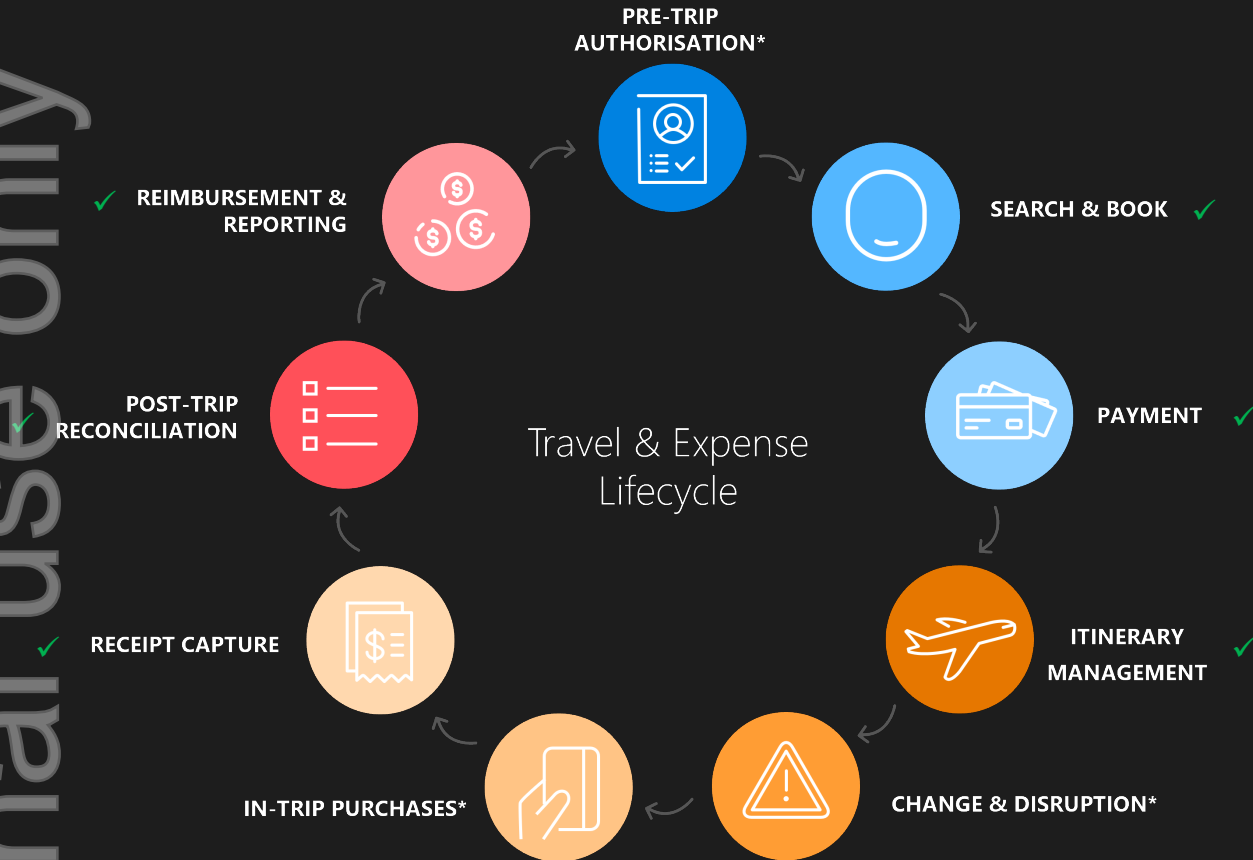
The world's **travel content**

The world's **business travel buyers**



NB: These are representations of content suppliers and partners, not an exhaustive list of available providers.

SERKO IS SOLVING THE FRICTION OF THE BUSINESS TRAVEL LIFECYCLE



- From pre-trip approval through in-trip purchasing to post-trip reporting, the current reality is that business travellers are required to interact with a multitude of disconnected systems, providers and data.
- These challenges are generally consistent across the spectrum of small business (unmanaged) and large corporate and enterprise travellers (managed travel).
- Serko's vision of a business travel marketplace that supports a connected trip aims to reduce this friction through an integrated application encompassing travel, expense and payment.

**These content and service offerings are planned or in development.*

Strategic Priorities

Our plan on a page

OUR VISION

The reinvention of business travel retailing with the world's first business travel marketplace.

OUR MISSION

We're on a mission to connect the world's business travellers with the universe of travel suppliers, providing travel buyers with the content, information and services they need at every stage of the journey to create a connected trip.

STRATEGIC SUMMARY

Leverage our strength in A/NZ to expand into international markets through strategic alliances that enable the business model transformation from an Online Booking Tool to a B2B Marketplace.

OUR 5 STRATEGIC PILLARS

1

BOOKING.COM

Become the leading digital business travel platform for SMEs in partnership with Booking.com.

2

NORAM

Drive into North America scaling growth in Managed TMCs and Global Corporates.

3

A/NZ

Expand A/NZ customer base through continued investment in product innovation.

4

BUILD OUT THE MARKETPLACE MODEL

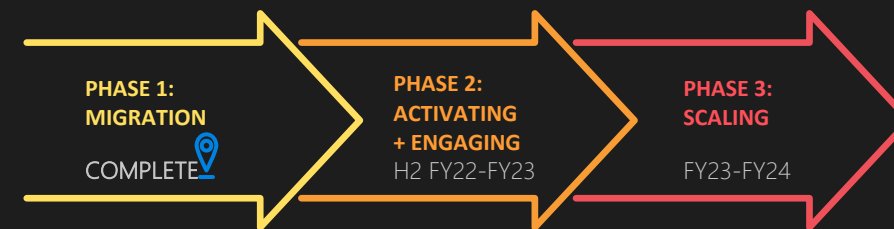
Scale the technology and data platform to enable connectivity to a broader range of partners to deliver a connected trip offering in all markets.

5

BUILD TEAM SERKO TO ENABLE SCALE-UP

Attract, acquire and develop talent to create the organisation foundations for a successful scale-up with global coverage.

1 BOOKING.COM FOR BUSINESS MIGRATION



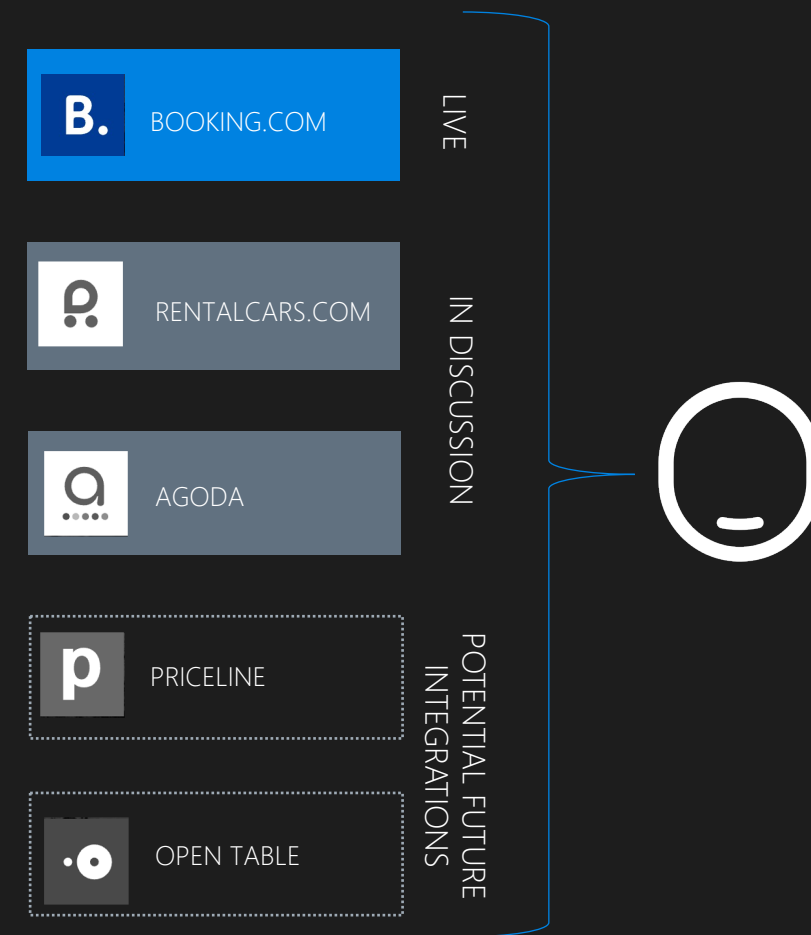
- Mission to become the leading digital travel platform for small and medium sized businesses in the unmanaged travel space.
- Successfully completed the migration of Booking.com for Business customers onto the new Zeno powered platform, having migrated over 300,000 existing customers onto the platform, with >30,000 new sign-ups onto the platform since launch.¹ As announced to the market previously, the migration phase was extended two months to the end of September to accommodate the transfer of remaining customers during a period of pandemic related disruption.
- From a zero base grew to a range of between 1,000 and 1,500 transactions per week-day in October despite ongoing COVID related restrictions in primary markets. Average Revenue per Booking in October was above the NZ\$20 target we have previously communicated to the market.
- The foundations of the new platform are in place, and Serko and Booking.com are now looking to expeditiously undertake the next phase of the roll-out to maximise and capture revenue opportunities as global business travel recovers.

¹ We expect SME business booking behaviours 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.

1 ACTIVATING & ENGAGING BOOKING.COM FOR BUSINESS



- Through the initial migration phase we believe we have captured under 10% of the pre-COVID opportunity and the journey to more fully realise the opportunity through our multi-year plan has begun.
- In addition to the uplift that we expect from industry forecasts of business travel recovery, we are also bringing forward our investment in product and content to unlock further upside from this opportunity.
- Key focus areas for attention and investment as we move into the next phase include:
 - Activating the existing base** of migrated customers by increasing conversion rates through enhancements to the user experience that reinforce the business tool value proposition, and launch of a mobile app offering to capture what has become an increasingly significant booking channel over the past 18 months.
 - Growing the base of SME customers** through investment in content to support a more complete connected trip offering, expanded servicing options to address additional customer segments and expansion to regions that require complex language sets.



2 ESTABLISHING GROWTH IN NORTH AMERICA



- Validation phase in North America is complete, and the Zeno brand now has a presence in market that is driving pipeline growth.
- Focus is now on scaling growth over a multi year period through two market channels:
 1. TMC resellers:
 - Serko now has 10 TMC resellers signed, with active customers transacting across 6 of these partners.
 - Transaction volumes have averaged more than 10% monthly growth from May 2021 to September 2021 despite ongoing pandemic related travel restrictions, although remain at low levels.
 - Activated additional expense channel partner through OMNIA Partners.
 2. Direct to Corporate and White Label Deals:
 - Uplift in inbound enquiries with multiple requests to participate in RFPs for Fortune 500 companies. Currently in discussions with several large global US corporations about providing the Zeno platform for use by employees globally.¹
 - Requests to white label the Zeno platform to non-TMC resellers who have existing business travel customers.¹

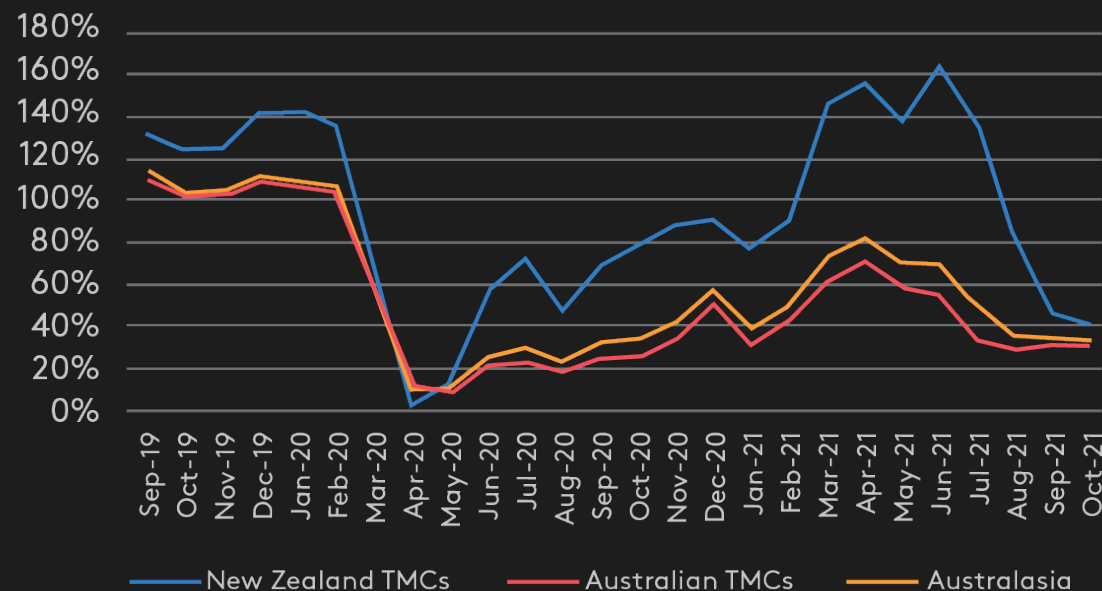
¹ There is no guarantee that these negotiations will result in a signed agreement on the terms currently envisaged or at all.

3

CONSOLIDATING OUR LEADERSHIP IN A/NZ MANAGED TRAVEL

- The majority of Serko's revenues come from domestic bookings in Australia and New Zealand. Serko continues to occupy a strong market position in Australasia, providing corporate travel content to a large share of managed travel customers in the region.
- Despite the pandemic, Serko's customer base has demonstrated resilience, winning new enterprise customers and achieving 60% adoption across the ASX 50 which should position Serko well when business travel returns.
- Serko's reseller partners have continued to transition customers on to Zeno, with Serko securing increased transaction fees as part of migration arrangements. Zeno adoption has increased from 53% of corporate customers in September 2020 to 67% in September 2021, and migrations are expected to continue over the next 12 months.

Australasia transactions as % of Prior Year*



* From September 2019 to February 2021 numbers are against the same month in the prior year. From March 2021 onwards transactions are measured against the same month in 2019 to reflect pre-Covid-19 volumes.

4

ESTABLISHING OUR GLOBAL OFFERING THROUGH ZENO

TRANSFORMING FROM AN ONLINE BOOKING TOOL INTO A MARKETPLACE ECOSYSTEM PLATFORM

- Building out our connected trip vision is a core focus for Serko, creating an open platform with a content hub that enables the scalable connection of additional supply partners.
- Progressively integrating new content within each market such as air, rail, car rentals and ground transport; activating Booking Holdings' content brands (e.g. Agoda, Rentalcars.com) and bringing additional content brands to the platform (e.g. rail providers).
- Continued product innovation with the vision to reduce the friction inherent in business travel and deliver additional customer benefits through value added content includes:
 - COVID-19 health & safety and arrival requirements information from specialist providers.
 - Risk Management to ensure travellers and companies are informed of destination risk with appropriate approval workflows.¹
 - Integrated environmental impact and carbon offset.¹
 - Enhanced corporate travel policy compliance.¹
 - NDC airline content.
- Support the end-to-end travel buyer journey through further integration of expense management into a single business travel application.



¹Integration of these capabilities into the Zeno platform is either in development or planned.

5

BUILDING TEAM SERKO TO ENABLE SCALE-UP

INVESTING IN THE PEOPLE , BUSINESS PROCESSES AND TECHNOLOGY FOUNDATIONS

- Serko is focused on developing our employee experience to engage and retain a global, diverse workforce in a competitive talent landscape and aligning our people to organisational objectives through OKRs¹.
- Developing our operational model to support the transition to a marketplace platform encompassing organisational design to scale and building robust leadership to amplify our capability and expertise.
- Building a next generation data platform by investing in the people and technology to enable advanced analytics, machine learning and AI to support an enhanced in-trip customer experience (e.g. proactive disruption management) and intelligent customer preferencing.
- Establishing a centre of excellence to design, build and run content connectors for Serko and 3rd parties to plug and play additional content partners cost-effectively at scale.
- Ensuring Serko stays current with developments in payment and verification technology and continuing investment and certification in ISO27001 compliance and SOC2 assessment.



Serko is shortlisted for the 2021 AFR Best Places to Work List

¹OKRs refer to Objectives and Key Results.

ESG: SERKO LAUNCHES MISSION ZERO



Mission Zero

- In October 2021 Serko announced the launch of Mission Zero. As a company providing travel-related booking tools that are used by thousands of organisations around the world to book millions of trips, we recognised we could play a key role in helping reduce the environmental impact of our customers' activity. By providing insight into travel-related CO2 emissions and environmental impact at point of sale, and enabling corporates to integrate the offset of their travellers' carbon footprints into the booking, the Mission Zero capabilities can shape user behaviour to preference lower impact options and develop more sustainable travel programs.
- While we can have our biggest impact through the way we serve our customers, we also want to have a big impact as a global corporate citizen. We aim to achieve this through:
 1. Focusing on long-term growth and business sustainability;
 2. Applying best practice governance and risk management procedures;
 3. Cultivating an inclusive workplace of diverse and engaged staff; and
 4. Enabling environmentally sustainable choices through technology.

UPDATE ON M&A ACTIVITY

- As part of its growth strategy Serko regularly assesses potential strategic acquisitions which would accelerate realisation of its strategic goals, particularly the global marketplace strategy.
- Serko is currently in negotiations regarding the potential acquisition of a global travel technology business. Serko anticipates that the total consideration payable for the acquisition, primarily in scrip, would be between NZD\$50m and \$75m. There would be a smaller cash component. It is likely that a significant portion of the total consideration would be deferred and performance-based.
- No definitive transaction documents have been signed in respect of the potential acquisition and Serko's due diligence is not complete. Consistent with Serko's rigorous approach to assessing potential acquisitions, a transaction will only proceed if the strategic business case is proven out, due diligence is successfully completed, and binding terms that meet Serko's investment criteria can be agreed.
- There is therefore no certainty that this acquisition will proceed, and Serko will update the market if and when definitive transaction documents are signed.
- If the potential acquisition was to proceed, the earliest would be in Q1 2022.

Financial Update and Outlook

UNAUDITED FINANCIAL RESULTS FOR THE HALF YEAR TO 30 SEPTEMBER 2021

1HFY22: WEATHERING THE PANDEMIC, INVESTING FOR GROWTH

PERFORMANCE COMPARED TO PRIOR COMPARABLE PERIOD

PROFIT (LOSS)

(15.2m)

NET LOSS AFTER TAX

\$(11.8m)

EBITDA ¹ loss

REVENUE

81%

↑ INCREASE

OPERATING REVENUE

\$9.2m

Operating revenue from core products plus services revenue

81%

↑ INCREASE

RECURRING REVENUE ²

\$8.4m

Recurring revenue (core product revenue only)
91% of total operating revenue

16%

↑ INCREASE

TOTAL INCOME

\$9.9m

Total income from all sources including grants

ACTIVITY

95%

↑ INCREASE

PEAK ATMR ³

\$20.3m

Indicator of future growth potential based on current trading

157%

↑ INCREASE

TRAVEL BOOKINGS ⁴

1.3m

Travel platform bookings for the period

COSTS

52%

↑ INCREASE

PRODUCT DESIGN & DEVELOPMENT ⁵

\$13.4m

147% of Revenue
Capex \$7m

42%

↑ INCREASE

OPERATING EXPENSES

\$25.3m

Net FTE ⁶ increase in the past 12 months of 60 to a total of 295 employees

Notes 1-6: Refer to Appendix for definitions and descriptions of the non-GAAP measures used by management.

NET PROFIT SUMMARY/ EBITDA RECONCILIATION

- Operating Revenue of \$9.2m is up 81% from H1 FY21 (when COVID-19 disruptions to Australasia travel markets had peaked).
- Other income includes Grants of which \$0.6m relates to COVID-19 government subsidies recognised in income.
- EBITDA loss of \$(11.8m) is \$(5.1m) more than the previous year with the increase in Operating expenses more than offsetting revenue improvements, representing the deliberate increase in investment in our platform and markets.
- Net loss for the period was \$(15.2m).

Net Profit Summary EBITDA Reconciliation	H1 FY22 6 months \$'000	H1 FY21 6 months \$'000	change \$'000	change %	FY21 12 months \$'000
Revenue	9,150	5,061	4,089	81%	12,420
Other income (including Grants)	728	3,472	(2,744)	-79%	4,476
Total income	9,878	8,533	1,345	16%	16,896
Operating expenses	(25,301)	(17,850)	(7,451)	42%	(44,854)
Percentage of operating revenue	-277%	-353%			-361%
Foreign exchange gains/(losses)	154	(552)	706	-128%	(1,337)
Net finance income/(expense)	106	(158)	264	-167%	247
Net profit /loss) before tax	(15,163)	(10,027)	(5,136)	51%	(29,048)
Percentage of operating revenue	-166%	-198%			-234%
Income tax expense	-	(84)	84	-100%	(341)
Net loss after tax	(15,163)	(10,111)	(5,052)	50%	(29,389)
Add back: net interest and dividend income	(106)	158	(264)	-167%	(247)
Add back: income tax	-	84	(84)	-100%	341
Add back: depreciation and amortisation	3,663	2,619	1,044	40%	5,633
Add back: net foreign exchange (gains)/losses	(154)	552	(706)	-128%	1,337
EBITDA	(11,760)	(6,698)	(5,062)	-76%	(22,325)
EBITDA margin	-129%	-132%			-180%

REVENUE ANALYSIS

- Recurring product revenue is up 81%.
- Travel platform revenue is up 170% primarily due to increased travel compared to H1 FY21.
- Content commissions is up 94% reflecting increased volume.
- Average Revenue per Booking (ARPB) (based on total recurring revenue/online bookings) for the period was \$7.38, down 31% from \$10.76¹ during the same period last year and \$8.76 for the full year. The decrease is a result in the change of the proportion of travel revenue vs expense management between the periods.

Revenue and Other Income by Type

	H1 FY22 6 months \$'000	H1 FY21 6 months \$'000	change \$'000	change %	FY21 12 months \$'000
Travel platform revenue	5,826	2,159	3,667	170%	6,354
Expense platform revenue	1,966	2,013	(47)	-2%	3,997
Content commissions	408	210	198	94%	538
Other revenue	159	225	(66)	-29%	386
Recurring product revenue	8,359	4,607	3,752	81%	11,275
Recurring revenue % operating revenue	91%	91%			91%
Services revenue	791	454	337	74%	1,145
Total operating revenue	9,150	5,061	4,089	81%	12,420
Government grants	723	3,023	(2,300)	-76%	4,382
Sundry income	5	449	(444)	-99%	94
Total other income	728	3,472	(2,744)	-79%	4,476
Total revenue and other income	9,878	8,533	1,345	16%	16,896

Operating Revenue by Geography

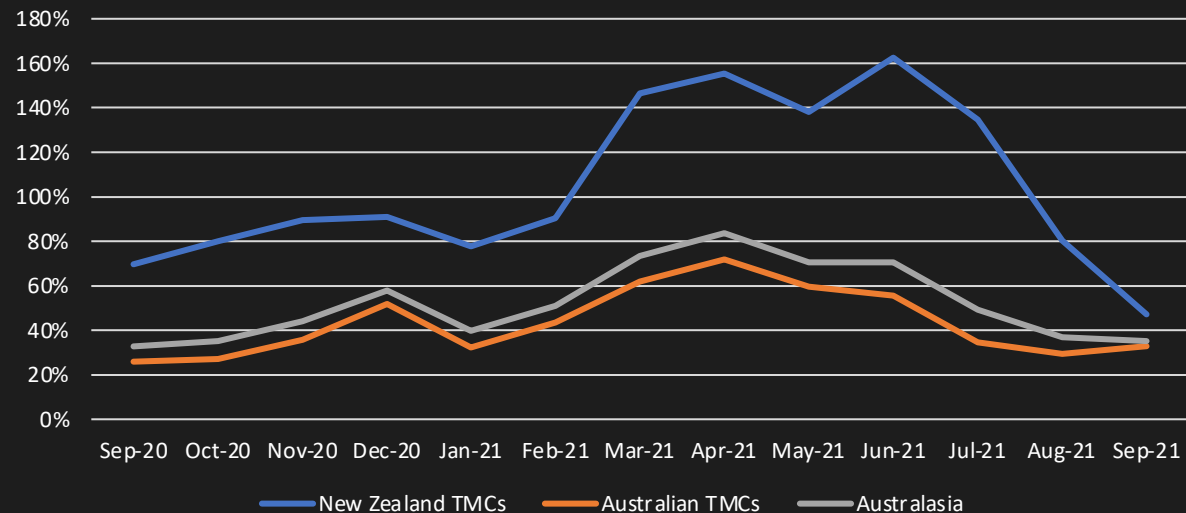
Australia	5,614	3,359	2,255	67%	7,520
New Zealand	1,045	377	668	177%	2,154
North America	1,342	1,231	111	9%	2,369
Other	1,149	94	1,055	1122%	377
Total operating revenue	9,150	5,061	4,089	81%	12,420
Total travel bookings (000)	1,345	523	822	157%	1,566
Online bookings (000)	1,133	428	705	165%	1,287
ARPB (recurring revenue/online bookings) ¹	\$7.38	\$10.76	(\$3.38)	-31%	\$8.76
ARPB (travel related revenue only/online bookings)	\$5.50	\$5.54	(\$0.04)	-0.7%	\$5.36

¹ In the 1H FY21 report Serko disclosed Recurring revenue/online + offline bookings of \$8.80. At 1H FY22, ARPB is shown as Recurring revenue /online bookings only which is consistent with the FY21 full year disclosure.

TRANSACTION ANALYSIS - A/ NZ

- In the first quarter, NZ booking volumes averaged 151% of pre-COVID-19 levels; peaking in June at over 160%.
- In Australia, the first quarter recovery was slower, averaging at 62% of pre-COVID-19 levels and peaking at 72% in April 2021.
- The peak average for all of Australasia was 84%, averaging 74% in the first quarter.
- With extended travel restrictions starting in late June in Australia and August in NZ, transaction volume in 1H FY22 compared to pre-COVID-19 in NZ was 117% (a low of 47%) and 46% in Australia (low of 29%).
- In September 2021, NZ bookings were 47%, and Australian bookings 33%, of pre-COVID-19 levels.
- In Australia transactions in the first half of November 2021 are averaging 52% of pre-COVID-19 levels.

Australasia transactions as % of pre-COVID-19*



* From September 2020 to February 2021 numbers are against the same month in the prior year. From March 2021 onward transactions are measured against the same month in 2019 to reflect pre-Covid-19 volumes.

OPERATING EXPENSES

- Operating expenses increased compared to H1 FY21 in all categories with higher activity and increased remuneration and benefits (R&B) which increased 33%, with increased headcount.
- R&B before capitalisation was \$21.8m in H1 FY22 compared to \$16.1m in H1 FY21.
- Headcount increased to 295 at 30 September 2021 up from 235 at 30 September 2020 and 287 at 31 March 2021.

Operating Expenses	H1 FY22 6 months \$000	H1 FY21 6 months \$000	change \$000	change %	FY21 12 months \$000
Selling and marketing	1,903	913	990	108%	2,056
Hosting	2,269	1,230	1,039	84%	2,710
Remuneration and benefits	14,878	11,213	3,665	33%	29,527
Administration	2,588	1,875	713	38%	4,928
Amortisation and Depreciation	3,663	2,619	1,044	40%	5,633
Total Operating Expense	25,301	17,850	7,451	42%	44,854
Percentage of Operating Revenue	277%	353%			361%
Number of Employees at period end	295	235	60	33%	287

Note: A further breakdown of Operating Expenses can be found in Note 3 of the financial statements.

PRODUCT DESIGN AND DEVELOPMENT

- Product design and development costs is a non-GAAP measure representing the internal and external costs related to research, development, design and maintenance of software, both expensed and capitalised but excluding depreciation and amortisation.
- This incorporates research and development costs previously disclosed but provides a wider view of all Product Design and Development expenditure.
- During the period, Serko invested \$4.6m more in product design and development than the comparative period.
- 52% of these costs were included as capitalised product development costs (55% in the comparative period).
- Taking into account amortisation of previously capitalised development costs, the total impact on Comprehensive Income in the period was \$9.3m (\$5.7m in H1 FY21).

Product Design and Development Expenditure	H1 FY22 6 months \$'000	H1 FY21 6 months \$'000	change \$'000	change %	FY21 12 months \$'000
Total Product Design & Development	13,442	8,861	4,581	52%	19,203
Percentage of operating revenue	147%	175%			155%
Less: capitalised product development costs	(6,951)	(4,898)	(2,053)	42%	(7,231)
Percentage of Product Design & Development costs	52%	55%			38%
Total Product Design & Development (excluding amortisation)	6,491	3,963	2,528	64%	11,972
Percentage of operating revenue	71%	78%			96%
Add: Amortisation of capitalised development costs	2,852	1,746	1,106	63%	3,909
Total	9,343	5,709	3,634	64%	15,881
Percentage of operating revenue	102%	113%			128%

BALANCE SHEET

- Average monthly cash burn in the half year was \$2.9m, below the midpoint of the guidance of \$2m - \$4m.
- Cash and Short-term deposits reduced by \$17.6m since 31 March 2021.
- Other current assets increased by \$1.1m since 31 March 2021 reflecting anticipated government grant income and BBZ receivable.
- Intangible assets increased by \$4.0m since 31 March 2021 reflecting capital product development costs of \$7.0m less amortisation of \$2.9m.

Balance Sheet	H1 FY22 30 Sep 21 \$000	H1 FY21 30 Sep 20 \$000	change \$000	change %	FY21 31 Mar 21 \$000
Cash and Short-term deposits	62,346	31,504	30,842	98%	79,919
Other current assets	6,464	4,071	2,393	59%	5,400
Intangible Assets	27,343	23,089	4,254	18%	23,304
Other non-current assets	2,471	2,778	-307	-11%	2,686
Total assets	98,624	61,442	37,182	61%	111,309
Current liabilities	8,857	5,671	3,186	56%	8,363
Non-current liabilities	832	707	125	18%	418
Equity	88,935	55,064	33,871	62%	102,528
Total equity and liabilities	98,624	61,442	37,182	61%	111,309

FY22 OUTLOOK

- Serko continues to see strong growth opportunities and we believe our target 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 are raising capital to allow us to invest to capture the growth opportunities while retaining a prudent cash buffer to guard against potential ongoing impacts of COVID-19 and other uncertainties.
- Serko anticipates full year revenue and other income of between \$21m and \$25m. This outlook assumes a general reduction of domestic travel restrictions within Australia and New Zealand and no significant lockdowns in Europe or North America.
- The upper end of the FY22 range assumes:
 - A/NZ transaction volumes in the December quarter at 50% of 2019 levels rising in the March quarter to 75% of 2019 levels as lockdown restrictions lift.
 - Booking.com for Business revenues grow from current levels through to March 2022 as enhancements are made to the offering with a similar COVID-19 rebound as that assumed for A/NZ.
- The lower end of the range assumes:
 - A/NZ transaction volumes in the December quarter at 50% of 2019 levels rising to only 60% of 2019 levels in the March quarter.
 - Limited growth in Booking.com for Business revenues with increasing COVID impacts offsetting the impact of new feature enhancements to the offering.
 - At the lower end of the revenue range average monthly cash burn in the six months to 31 March 2022 is expected to be close to \$4.0 million as investment is accelerated.
- In the second half Serko does not expect to be eligible for New Zealand government wage subsidies due to the growth in revenue from Booking.com for Business.

Capital Raising Overview

USE OF PROCEEDS

1. Investing for growth with Booking.com for Business (~35%)

- Following the successful migration of Booking.com business customers onto the new Zeno powered Booking.com for Business platform, Serko will undertake targeted investment to optimise customer engagement and extend the offering across global markets to maximise the potential of the opportunity.
- This second acceleration phase includes expanding new content such as air, rail and car rentals within target regions as well as investing in mobile and user experience enhancements to optimize delivery of the content, thereby extending the connected trip offering.
- As we move to increase both the languages and features available, we believe we will create broader global appeal to scale up our platform allowing for an increasing focus on new customer acquisition through targeted marketing activity and strategic partnerships.

2. Develop global marketplace strategy (~40%)

- Drive the strategy to transform to a distributed marketplace, creating an ecosystem of travel content suppliers and business travel market segments connected through the Zeno platform.
- Expand sales and support capacity for increased demand of customer and reseller onboarding to drive volume across all markets, particularly in North America, as global deals we are in the process of negotiating progress¹.
- Continue to scale up the technology and data powering our platform, as well as Serko's operational capabilities to execute around the globe.

3. Inorganic acceleration of global expansion opportunities (~25%)

- Fund potential acquisition opportunities aligned to strategy, if and when they arise. In this respect, Serko has an active M&A strategy, and is assessing opportunities that would enable it to expand global volume and content efficiently to support acceleration of our marketplace strategy.

Serko will use current cash on hand of approximately \$62m to maintain a prudent working capital buffer and preserve a high level of balance sheet flexibility, in acknowledgement of the ongoing risks presented by COVID-19 and other uncertainties.

¹ There is no guarantee that these negotiations will result in a signed agreement on the terms currently envisaged or at all.

CAPITAL RAISING OVERVIEW

Offer size	<ul style="list-style-type: none"> - NZ\$85 million¹ equity raising, comprising: <ul style="list-style-type: none"> - NZ\$75 million fully underwritten Placement - NZ\$10 million non-underwritten Retail Offer <p>together representing approximately 11.2% of Serko's currently issued capital²</p>
Issue price	<ul style="list-style-type: none"> - New shares to be offered under the Placement at a price to be determined via a book build process today (subject to a floor price of NZ\$7.05 per share), representing: <ul style="list-style-type: none"> - 10.2% discount to the last close (NZ\$7.85); and - 11.0% discount to the 5-day VWAP of NZ\$7.92 prior to announcement - The Australian dollar Placement price will be determined using the AUD/NZD exchange rate as at 3.00pm (NZT) on 24 November 2021 - New shares from the Retail Offer will be priced at the lower of the Placement price or the 5-day VWAP over the last five days of the Retail Offer period
Retail Offer	<ul style="list-style-type: none"> - Serko is offering up to NZ\$10 million of newly issued ordinary shares to Serko's eligible existing shareholders resident in Australia and New Zealand (up to a maximum of NZ\$50,000/A\$46,500 per shareholder) under a Retail Offer - Serko, at its discretion, has the ability to accept Retail Offer oversubscriptions
Ranking	<ul style="list-style-type: none"> - The new shares to be issued under both the Placement and Retail Offer will rank equally in all respects with Serko's existing ordinary shares from allotment
Arranging	<ul style="list-style-type: none"> - Craigs Investment Partners and Cameron Partners are acting as Joint Arrangers, and Craigs Investment Partners and Ord Minnett are acting as Bookrunners and Underwriters

¹The Serko board reserves the right to vary the size of the placement based on the size, quality and price level of investor demand.

²At the underwritten floor price of NZ\$7.05 per share.

TIMELINE

Offer announcement

Wednesday, 24 November 2021

Placement

Conduct placement

Wednesday, 24 November 2021

Trading halt on NZX and ASX

Wednesday, 24 November 2021

Announce completion and resume trading

Thursday, 25 November 2021

Settlement on the ASX

Tuesday, 30 November 2021

Settlement on the NZX

Wednesday, 1 December 2021

Allotment and trading of shares on NZX and ASX

Wednesday, 1 December 2021

Retail Offer

Retail Offer Record Date

Tuesday, 23 November 2021

Retail Offer Opens

Tuesday, 30 November 2021

Retail Offer Closes

Tuesday, 14 December 2021

Settlement on the ASX

Monday, 20 December 2021

Settlement on the NZX

Tuesday, 21 December 2021

Allotment of shares on NZX and ASX

Tuesday, 21 December 2021

Trading of shares on NZX

Tuesday, 21 December 2021

Trading of shares on ASX

Wednesday, 22 December 2021

QUESTIONS



Company Snapshot and Key Risks

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. The majority of Serko's revenue comes from Travel Management Companies (TMCs) ("Resellers"), who provide our online travel booking (OB) solution to their corporate customers. 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 signed reseller agreements in North America and a global agreement to power an upgraded Booking.com for Business offering.



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.

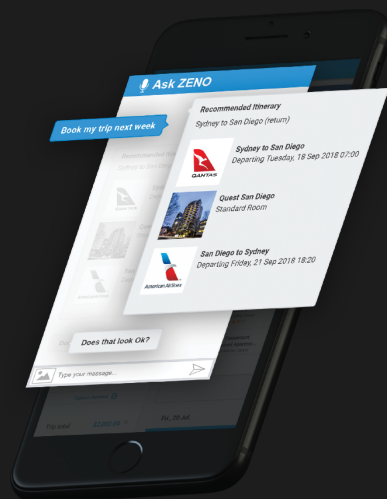
Serko employs around 300 people worldwide with its HQ in New Zealand, and offices across Australia, the U.S. and China

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.

KEY RISKS

Like any investment, there are risks associated with an investment in Serko shares. Before investing in Serko, you should be aware that an investment in Serko has a number of risks, some of which are specific to Serko and some of which relate to listed securities generally, and many of which are beyond the control of Serko. Additionally, some risks may be unknown and other risks, currently believed to be immaterial, could turn out to be material. Whilst the section below aims to highlight some of the key risks, it is not exhaustive.

Investors should be aware that the spread of COVID-19 and the actions taken in response by governments in New Zealand and other countries, including border controls and travel restrictions, and the resulting effects on the global economy have had, and are likely to continue to have, a material adverse effect on Serko, its financial performance and position, liquidity, financial condition and results of operations. It is also likely that there will be further unforeseen negative impacts from the COVID-19 pandemic, of an as-yet unknown magnitude and duration. It is not currently clear when these negative impacts will begin to abate. Serko will continue to respond to the challenges facing it, but there is no certainty as to the severity or likelihood of such unforeseen impacts arising nor whether any mitigating action can be taken or will be effective.

Before deciding whether to invest in Serko shares, you must make your own assessment of the risks associated with the investment, including the inherent uncertainties due to the impact of COVID-19 noted above, and consider whether such an investment is suitable for you having regard to all other Serko continuous disclosure announcements and publicly available information, and consult your financial adviser and other professional advisers.

Travel industry disruption and the impact of COVID-19

Serko's operating and financial performance is dependent on the health of the travel industry generally. A decline in the domestic and/or international travel industry, whether as the result of a particular event (such as a war, terrorist attack, outbreak of disease epidemic/pandemic or a natural disaster, such as earthquakes or volcanic ash clouds), economic conditions (such as a decrease in consumer and business demand), or any other factors would have a material adverse effect on Serko's operating and financial performance.

The events relating to COVID-19 have resulted in unprecedented restrictions on domestic and international travel, major reductions in airline capacity and general disruption to the tourism industry. The extent of the effects of the COVID-19 outbreak on Serko's business, results of operations, cash flows and growth prospects is highly uncertain and will ultimately depend on future developments. These include, but are not limited to, the severity, extent and duration of the global pandemic and its impact on the travel industry and consumer spending more broadly; actions taken by national, state and local governments to contain the disease or treat its impact, including travel restrictions and bans, required closures of non-essential businesses, vaccination levels and aid and economic stimulus efforts, the speed and extent of the recovery across the broader travel ecosystem; short-term and long-term changes in travel patterns, including business travel; and the duration, timing and severity of the impact on customer spending, including the economic recession resulting from the pandemic. There is no certainty that demand for Serko's services will normalise to a level existing prior to the impact of COVID-19 (or how long such normalisation could take), even once the domestic and international travel restrictions are lifted.

KEY RISKS (continued)

Global travel trends generally

Serko's revenue is highly dependent on transaction volumes in the global travel industry, particularly air travel transaction volumes. Serko's revenue is largely tied to travel suppliers' transaction volumes booked via the Serko platform rather than to the unit pricing for travel products booked (e.g. airplane tickets or hotel rooms). This revenue is generally not contractually committed to recur annually under Serko's agreements with its travel suppliers and as a result, is highly dependent on the health of the global travel industry. Serko's revenue is therefore highly susceptible to declines in or disruptions to business travel that may be caused by factors entirely out of Serko's control. It is currently unclear what the medium to long-term impact of the COVID-19 pandemic will be on the level of demand for business and other travel. Various other factors may cause temporary or sustained disruption to leisure and business travel. The impact these disruptions would have on Serko's business depend on the magnitude and duration of such disruption. Such factors include, amongst others, an increased focus on the environmental impact of travel, which may include travelers electing not to fly (and instead traveling via rail or other ground travel) as a result of an increased global focus on reducing carbon emissions. To the extent that there is a sustained decline in business travel that continues after the government restrictions and other short-term factors impacting global business travel have been lifted, whether due to lingering health and safety concerns, changes in attitudes towards business travel, the increased use of alternatives such as video conferencing, or for other reasons, this could have a materially adverse impact on Serko's financial performance.

Booking.com for Business platform

Serko's current revenue forecast includes expected revenue generation from the Zeno powered Booking.com for Business platform ("BBZ") and the anticipated growth of the BBZ platform's use in the business travel marketplace. Serko is currently looking to expeditiously undertake the next stage of the roll-out of BBZ to maximise and capture revenue opportunities as global business travel recovers. Despite this, BBZ is a new product offering and as such, any revenue forecasts are sufficiently uncertain. In addition to the extent and pace of global business travel recovery as noted above, there are also risks in growing the BBZ platform that the costs of the roll-out are higher than forecast, uptake and growth less than forecast, and that revenues do not materialize as anticipated. The market for the services Serko offers, including BBZ, is increasingly and intensely competitive. Serko faces increased competition in the business travel booking solutions space, including by other corporate travel management service providers. Some of these competitors may have more financial resources, greater name recognition, well-established client bases, differentiated business models or a broader global presence than Serko, which may make it difficult for Serko to retain or attract new corporate travel clients in this next phase of the BBZ roll-out, which may result in BBZ revenues being less than forecast.

KEY RISKS (continued)

Competitor risks / reseller relationships

Serko competes globally with both online and traditional travel reservation and related services. The markets for the services Serko offers is intensely competitive, constantly evolving and subject to rapid change, and current and new competitors can launch new services at a relatively low cost. Serko also competes with certain companies that it does business with, including some of its travel partners and related parties. Travel service providers, including airlines, hotel chains and rental car companies with which Serko conducts business, compete with Serko in online channels to drive consumers to their own platforms in lieu of third-party distributors such as Serko. Further, the consolidation of Serko's competitors and travel partners may affect Serko's relative competitiveness and its travel partner relationships. Travel technology is rapidly evolving as travel suppliers seek new or improved means of accessing their customers and increasing value. Serko must continue to innovate and evolve to respond to the changing needs of travel suppliers and meet intense competition. As travel suppliers adopt innovative solutions that function across channels, Serko's operating results could suffer if it does not foresee the need for new products or services to meet competition. In addition, Serko's competitors are constantly evolving, including increasing their product and service offerings through organic research and development or through strategic acquisitions. As a result, Serko must continue to invest significant resources in research and development in order to continually improve the speed, accuracy and comprehensiveness of our services and Serko may be required to make changes to its technology platforms or increase its investment in technology, increase marketing, adjust prices or business models and take other actions, which could affect Serko's financial performance and liquidity.

Key person risk

Serko's operating and financial success is dependent upon the experience of its directors, key senior management and staff generally. The loss of any personnel, as well as high staff turnover could cause disruption to the conduct of Serko's business in the short term and negatively affect Serko's operating and financial performance. Serko is dependent on the continuing service of its directors as well as other key executives. The loss of key executives or the delay in their replacement, or the inability to attract key executives with the requisite skills and experience, could materially and adversely affect Serko's ability to implement its business strategies. Serko's success also depends on the continued efforts and ability to hire and retain skilled travel and other professionals (including, for example, information technology, business development, product management, sales and finance professionals) with the requisite industry and/or technical experience. The dynamic and rapid changes in the travel industry requires Serko's skilled professionals to keep abreast of changing industry standards and trends to adapt to the changing requirements and business environment. Competition to attract such skilled professionals and personnel is intense and there is no assurance that Serko will be successful in retaining or attracting skilled professionals and the lack of availability of such skills may materially and adversely affect operations, performance and reputation of Serko.

KEY RISKS (continued)

Information technology and cybersecurity risk

Serko relies on the performance, reliability and availability of its information technology, communication and other business systems. Any damage or interruption to, or failure of, Serko's key systems may result in significant disruptions to Serko's business. Any failures of, or malicious attacks on, Serko's business systems, a breach of Serko's cybersecurity measures or any other compromise to the security of data (including any personal information / data) held by Serko may similarly impact both Serko's business and its reputation. Financial penalties for data breaches can be significant, which if levied on Serko could have an adverse effect on the reputation and the financial performance of Serko.

General economic conditions

Serko's operating and financial performance is influenced by a variety of general economic and business conditions in New Zealand and overseas. A prolonged deterioration in general economic conditions, including a decrease in consumer and business demand, would likely have a material adverse effect on Serko's business or financial condition (or both). This risk is heightened in the current uncertain economic environment.

In light of recent New Zealand and global macroeconomic events, including but not limited to the global impact of COVID-19, it is possible that New Zealand and Australia will experience an economic downturn of uncertain severity and duration which is likely to affect spending on travel by businesses and the operating and financial performance of Serko. Furthermore, containment measures implemented in response to COVID-19 are expected to result in significant and prolonged dislocation to economies globally, including in many of the markets in which Serko operates, which could affect spending on travel in those markets, which would in turn impact on the operating and financial performance of Serko.

Market volatility of Serko's shares

Any investment in equity capital carries general risks. Serko's shares are currently listed on NZX and ASX and are subject to the usual market-related forces which impact on Serko's share price. There can be no assurance that trading in the shares following the offer will not result in the share price trading at levels below the price paid by investors in the offer. The equity markets have in recent times been subject to pronounced volatility due to the continuing impacts of COVID-19. There is no certainty that this recent volatility will not continue or worsen, which could have a materially adverse impact on the market price of Serko's shares.

Factors such as the risk factors disclosed in this presentation as well as other factors could cause the market price of Serko's shares to decline or to materially fluctuate. It also is possible that new market risks may develop as a result of the New Zealand or Australian markets experiencing extreme stress, or due to existing risks (including the impacts of COVID-19) manifesting themselves in ways that are not currently foreseeable.

A weakening in the New Zealand dollar as against other currencies will cause the value of the shares to decline in any portfolio which is denominated in a currency other than New Zealand dollars.

Appendix:

Foreign Selling Restrictions

FOREIGN SELLING RESTRICTIONS

International Offer Restrictions

This document does not constitute an offer of ordinary shares (New Shares) of Serko in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside New Zealand except to the extent permitted below.

Australia

This document and the offer of New Shares under the Placement is only made available in Australia to persons to whom a disclosure document is not required to be given under Chapter 6D of the Australian Corporations Act 2001 (Cth) (Australian Corporations Act). This document is not a prospectus, product disclosure statement or any other form of formal “disclosure document” for the purposes of the Australian Corporations Act, and is not required to, and does not, contain all the information which would be required in a disclosure document under the Australian Corporations Act. If you are in Australia, this document is made available to you provided you are a person to whom an offer of securities can be made without a disclosure document such as a professional investor, sophisticated investor or wholesale client for the purposes of Chapter 6D of the Australian Corporations Act. This document has not been lodged or registered with the Australian Securities and Investments Commission. The persons referred to in this document may not hold Australian financial services licences and may not be licensed to provide financial product advice in relation to securities. No “cooling-off” regime will apply to an acquisition of any interest in Serko. This document does not take into account the investment objectives, financial situation or needs of any particular person. Accordingly, before making any investment decision in relation to this document, you should assess whether the acquisition of any interest in Serko is appropriate in light of your own financial circumstances or seek professional advice.

If you acquire the New Shares under the Placement in Australia then you:

- represent and warrant that you are a wholesale client; and
- represent and warrant that you are a professional or sophisticated investor;
- agree not to sell or offer for sale any New Shares issued under the Placement in Australia within 12 months from the date of their issue under the Placement, except in circumstances where:
 - disclosure to investors would not be required under Chapter 6D of the Australian Corporations Act; or
 - such sale or offer is made pursuant to a disclosure document which complies with Chapter 6D or Chapter of the Australian Corporations Act.

FOREIGN SELLING RESTRICTIONS

Hong Kong

WARNING: The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the Placement. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice. This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap.32, Laws of Hong Kong) (the "C(WUMP)O"), nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, (i) the New Shares may not be offered or sold in Hong Kong by means of this document or any other document other than (a) to "professional investors" as defined in the SFO and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the C(WUMP)O or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and (ii) no person shall issue or possess for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the New Shares which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the New Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO. No person allotted New Shares may sell, or offer to sell, such shares in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such shares.

Singapore

This document and any other materials relating to the New Shares has not been and will not be registered as a prospectus with the Monetary Authority of Singapore ("MAS"). Accordingly, the New Shares may not be offered or sold or made the subject of an invitation for subscription or purchase, nor may this document or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the New Shares be circulated or distributed, whether directly or indirectly, to any person in Singapore other than (i) to an "institutional investor" or an "accredited investor" pursuant to the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), in accordance with the conditions of any other applicable provision (including resale restrictions) of the SFA. Notification under Section 309B(1)(c) of the SFA - in connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 (the "CMP Regulations 2018") of Singapore, Serko has determined the classification of the New Shares as prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

FOREIGN SELLING RESTRICTIONS

Switzerland

This document is not intended to constitute an offer or solicitation to purchase or invest in the New Shares described herein. The New Shares may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland but may be offered to individually approached professional investors as defined in Article 4 of the Swiss Financial Services Act ("FinSA") and no application has been or will be made to admit the New Shares to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this document nor any other offering or marketing material relating to the New Shares constitutes a prospectus compliant with the requirements of Article 652a or 1156 of the Swiss Code of Obligations or the listing rules of SIX Exchange Regulation or pursuant to the FinSA for a public offering of the New Shares and neither this document nor any other offering or marketing material relating to the New Shares may be distributed or otherwise made publicly available in, into or from Switzerland.

Neither this document nor any other offering or marketing material relating to the offering of the New Shares has been or will be filed with or approved by any Swiss regulatory authority or any review body. This document is personal to the recipient only and not for general circulation in Switzerland.

United Kingdom

Neither this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the New Shares. This document is issued on a confidential basis to "qualified investors" (within the meaning of Section 86(7) of the FSMA) in the United Kingdom, and the New Shares may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to Section 86(1) of the FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom. Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which Section 21(1) of the FSMA does not apply to Serko. In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this document relates are available only to, and any offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

FOREIGN SELLING RESTRICTIONS

United States

This document may not be distributed or released in the United States. This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or in any other jurisdiction in which such an offer would be illegal or impermissible. The New Shares have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold, directly or indirectly, in the United States unless they have been registered under the U.S. Securities Act (which Serko has no obligation or intention to do or procure) or are offered and sold in a transaction exempt from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and other applicable securities laws.

DEFINITIONS

- Peak ATMR (Annualised Transactional Monthly Revenue) is a non-GAAP measure. Serko uses this as an indicator of recurring revenues from Serko products. It is calculated by annualising the combination travel and expense platform monthly revenues for the most recent non-seasonal month. The travel platform revenue is annualised by taking the monthly online booking transactions divided by the number of weekdays for that month multiplied by the average ARPB and multiplied by 260 days. The expense platform revenue is based on the monthly revenue from active users multiplied by 12 months. The impacts COVID-19 is having on the current operating environment means ATMR is a less reliable indicator of future growth potential than it was pre-COVID.
- ARPB (Average Revenue Per Booking) is a non-GAAP measure. Serko uses this as a useful indicator of the revenue value per travel booking. It is calculated by taking total Recurring Product Revenue divided by the total number of online bookings.
- Total travel bookings include both online and offline transactions unless otherwise stated.
- Total operating revenue (a non-GAAP measure) is revenue excluding income from grants and finance income; total income includes grants.
- Recurring product revenue is a non-GAAP measure. Recurring revenue is derived from transactions and usage of Serko products by contracted customers. It excludes revenues from customised software development (services revenue).
- Product design and development costs is a non-GAAP measure representing the internal and external costs related to research, development, design and maintenance of software, both expensed and capitalised but excluding depreciation and amortisation.
- Operating costs is a non-GAAP measure which excludes costs relating to taxation, interest, depreciation, and amortisation charges.
- EBITDA is a non-GAAP measure representing Earnings Before the deduction of costs relating to Interest, Taxation, Depreciation and Amortisation.
- FTE = Full time equivalent employee.

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Thank you

serko

For personal use only

FINANCIAL STATEMENTS

For the six month period ended
30 September 2021

serko

FY22 Interim Report

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Consolidated Statement of Comprehensive Income

For the six months ended 30 September 2021

	Notes	6 months Unaudited 30 Sep 2021 \$(000)	6 months Unaudited 30 Sep 2020 \$(000)	12 months Audited 31 Mar 2021 \$(000)
Revenue	2	9,150	5,061	12,420
Other income	2	728	3,472	4,476
Total income		9,878	8,533	16,896
Operating Expenses				
Selling and marketing expenses		(1,903)	(913)	(2,056)
Hosting expenses		(2,269)	(1,230)	(2,710)
Remuneration and benefits		(14,878)	(11,213)	(29,527)
Administration expenses		(2,588)	(1,875)	(4,928)
Amortisation and depreciation		(3,663)	(2,619)	(5,633)
Total operating expenses	3	(25,301)	(17,850)	(44,854)
Foreign exchange gains/(losses) - net		154	(552)	(1,337)
Finance income		163	157	380
Finance expenses		(57)	(315)	(133)
Loss before income tax		(15,163)	(10,027)	(29,048)
Income tax expense		-	(84)	(341)
Net loss attributable to the shareholders of the company		(15,163)	(10,111)	(29,389)
Movement in foreign currency reserve		(162)	42	43
Total comprehensive loss for the period		(15,325)	(10,069)	(29,346)
Earnings per share				
Basic profit per share	11	(\$0.14)	(\$0.11)	(\$0.30)
Diluted profit per share	11	(\$0.14)	(\$0.11)	(\$0.29)

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

For the six months ended 30 September 2021

	Notes	Share capital \$(000)	Share-based payment reserve \$(000)	Foreign currency reserve \$(000)	Accumulated losses \$(000)	Total \$(000)
Balance as at 1 April 2021		153,706	4,509	(179)	(55,508)	102,528
Net loss for the period		-	-	-	(15,163)	(15,163)
Other comprehensive income/(loss)*		-	-	(162)	-	(162)
Total comprehensive income/(loss) for the period		-	-	(162)	(15,163)	(15,325)
Transactions with owners						
Shares allocated to employees		901	1,533	-	-	2,434
Shares vested to employees		-	(920)	-	-	(920)
Shares forfeited from employees		-	(18)	-	-	(18)
Share-based payments – employee share options		4	32	-	-	36
Non-executive directors' settlement of non-recourse loan		247	(47)	-	-	200
Balance as at 30 September 2021	10	154,858	5,089	(341)	(70,671)	88,935
Balance as at 1 April 2020		87,751	2,374	(222)	(26,119)	63,784
Net loss for the period		-	-	-	(10,111)	(10,111)
Other comprehensive income/(loss)*		-	-	42	-	42
Total comprehensive income/(loss) for the period		-	-	42	(10,111)	(10,069)
Transactions with owners						
Shares allocated to employees		40	1,280	-	-	1,320
Shares forfeited from employees		-	(37)	-	-	(37)
Share-based payments – employee share options		35	22	-	-	57
Shares issued in respect of directors' services		9	-	-	-	9
Balance as at 30 September 2020		87,835	3,639	(180)	(36,230)	55,064
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/(loss)*		-	-	43	-	43
Total comprehensive income/(loss) for the year		-	-	43	(29,389)	(29,346)
Transactions with owners						
Issue of share capital		67,500	-	-	-	67,500
Cost of equity issued		(2,541)	-	-	-	(2,541)
Shares forfeited from employees		-	(13)	-	-	(13)
Shares vested from employees		-	391	-	-	391
Equity-settled share-based payments		684	1,807	-	-	2,491
Non-executive directors' settlement of non-recourse loan		303	(50)	-	-	253
Shares issued in respect of directors' services		9	-	-	-	9
Balance as at 31 March 2021		153,706	4,509	(179)	(55,508)	102,528

*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 30 September 2021

	Notes	6 months Unaudited 30 Sep 2021 \$(000)	6 months Unaudited 30 Sep 2020 \$(000)	12 months Audited 31 Mar 2021 \$(000)
Current assets				
Cash at bank and on hand		52,346	31,504	34,919
Short-term deposits		10,000	-	45,000
Receivables	4	6,298	4,017	5,393
Income tax receivable		13	54	7
Derivative financial instruments	5	153	-	-
Total current assets		68,810	35,575	85,319
Non-current assets				
Property, plant and equipment	6	2,360	2,537	2,569
Intangible assets	7	27,343	23,089	23,304
Deferred tax asset		111	241	117
Total non-current assets		29,814	25,867	25,990
Total assets		98,624	61,442	111,309
Current liabilities				
Trade and other payables	8	7,900	4,372	7,142
Interest-bearing loans and borrowings		63	61	62
Lease liabilities	9	894	1,002	1,017
Derivative financial instruments	5	-	236	142
Total current liabilities		8,857	5,671	8,363
Non-current liabilities				
Trade and other payables	8	662	-	-
Interest-bearing loans and borrowings		-	60	28
Lease liabilities	9	170	647	390
Total non-current liabilities		832	707	418
Total liabilities		9,689	6,378	8,781
Equity				
Share capital	10	154,858	87,832	153,706
Share-based payment reserve	10	5,089	3,639	4,509
Foreign currency reserve		(341)	(179)	(179)
Accumulated losses		(70,671)	(36,228)	(55,508)
Total equity		88,935	55,064	102,528
Total equity and liabilities		98,624	61,442	111,309

For and on behalf of the Board of Directors, who authorise these financial statements for issue on 24 November 2021



CLAUDIA BATTEN
CHAIRPERSON



DARRIN GRAFTON
CEO

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

For the six months ended 30 September 2021

	Notes	6 months Unaudited 30 Sep 2021 \$(000)	6 months Unaudited 30 Sep 2020 \$(000)	12 months Audited 31 Mar 2021 \$(000)
Cash flows from operating activities				
Receipts from customers		9,957	7,878	15,542
Receipts from government grants - Covid-19 subsidies		511	-	3,268
Interest received		188	157	349
Receipts from other grants		795	3,023	1,012
Taxation refunded/(paid)		26	(57)	(253)
Payments to suppliers and employees		(21,673)	(16,603)	(38,406)
Interest payments		(28)	(52)	(87)
Net GST refunded		403	336	533
Net cash flows used in operating activities	12	(9,821)	(5,318)	(18,042)
Cash flows from investing activities				
Purchase of property, plant and equipment		(372)	(64)	(559)
Capitalised development costs and other intangible assets		(6,951)	(4,898)	(7,231)
Short-term deposits		35,000	-	(45,000)
Net cash flows from/(used in) investing activities		27,677	(4,962)	(52,790)
Cash flows from financing activities				
Issue of ordinary shares		3	35	67,544
Cost of new share issue		-	(3)	(2,541)
Payment of lease liabilities		(509)	(646)	(1,266)
Non-executive directors non-recourse loan		200	-	250
Net repayment of loans		(27)	(29)	(60)
Net cash flows (used in)/from financing activities		(333)	(643)	63,927
Net increase/(decrease) in total cash		17,523	(10,923)	(6,905)
Net foreign exchange difference		(96)	36	(567)
Cash and cash equivalents at beginning of period		34,919	42,391	42,391
Cash and cash equivalents at the end of the period		52,346	31,504	34,919
Cash and cash equivalents comprises the following:				
Cash at bank and on hand		52,346	31,504	34,919
		52,346	31,504	34,919

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the six months ended 30 September 2021

1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited interim consolidated financial statements ('Interim Financial Statements') of Serko Limited ('the Company') and subsidiaries ('the Group') were authorised for issue in accordance with a Board resolution.

a) Corporate Information

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 Company is an FMC Reporting Entity under the Financial Markets Conduct Act 2013 and the Financial Reporting Act 2013.

The Group is involved in the provision of computer software solutions for corporate travel and expense management. The Group is headquartered in Auckland, New Zealand.

b) Basis of preparation

These Interim Financial Statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice and comply with the requirements of International Accounting Standard (IAS) 34 Interim Financial Reporting and with New Zealand Equivalent to International Accounting Standard (IAS) 34 Interim Financial Reporting. The unaudited interim financial statements have been prepared using the going concern assumption and are presented in thousands of New Zealand Dollars. The Company is a profit-oriented entity.

c) Accounting policies and disclosures

The Interim Financial Statements have been prepared using the same accounting policies and methods of computation as, and should be read in conjunction with, the financial statements and related notes included in the Group's annual report for the financial year ended 31 March 2021.

d) Comparatives

Certain comparative expenses have been reclassified in the prior period Interim Financial Statements to conform to the current interim report presentation which is consistent with the classifications adopted in the audited Financial Statements for the year to 31 March 2021. Depreciation and Amortisation has been reclassified from Administration expenses and shown separately in the statement of comprehensive income. Foreign exchange gains/losses are shown separately in the statement of comprehensive income rather than included in Finance income/expenses.

2 REVENUE AND OTHER INCOME

	6 months Unaudited 30 Sep 2021 \$(000)	6 months Unaudited 30 Sep 2020 \$(000)	12 months Audited 31 Mar 2021 \$(000)
Revenue – transaction and usage fees:			
Travel platform booking revenue	5,826	2,159	6,354
Expense platform revenue	1,966	2,013	3,997
Supplier commissions revenue	408	210	538
Services revenue	791	454	1,145
Other revenue	159	225	386
Total revenue	9,150	5,061	12,420
Government grants – Covid-19 subsidies	614	3,023	3,437
Government grants – other	109	449	945
Other Covid-19 subsidies	5	-	94
Total other income	728	3,472	4,476
Total revenue and other income	9,878	8,533	16,896

	6 months Unaudited 30 Sep 2021 \$(000)	6 months Unaudited 30 Sep 2020 \$(000)	12 months Audited 31 Mar 2021 \$(000)
Geographic information			
Australia	5,614	3,359	7,520
New Zealand	1,045	377	2,154
US	1,342	1,231	2,369
Other	1,149	94	377
Total revenue	9,150	5,061	12,420

Government grants and subsidies

Revenue is recognised once the criteria of the grant application is met. When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs it is intended to compensate.

In the current period, the Group recognised \$886,000 of wage subsidies from various governments (30 September 2020: \$3,023,000) of which \$614,000 was included in Other Income (30 September 2020: \$3,023,000) and \$272,000 in Deferred Revenue (30 September 2020: \$nil). The Group also recognised \$720,000 (30 September 2020: \$nil) related to the New Zealand Research & Development Tax Incentive of which \$109,000 has been recognised in Other Income and \$611,000 in Deferred Revenue. In the prior period, the Group recognised \$449,000 of grants from Callaghan Innovation in New Zealand.

3 EXPENSES

	6 months Unaudited 30 Sep 2021 \$ (000)	6 months Unaudited 30 Sep 2020 \$ (000)	12 months Audited 31 Mar 2021 \$ (000)
Operating profit before taxation includes the following expenses:			
Marketing expenses	638	499	1,054
Third party connection costs	431	150	535
Other selling costs	834	264	467
Total selling and marketing expenses	1,903	913	2,056
Hosting expenses	2,269	1,230	2,710
Employee remuneration	12,725	8,927	25,083
Contributions to pension plans	357	665	880
Share-based payment expenses	1,525	1,420	3,184
Other remuneration and benefits	271	201	380
Total remuneration and benefits	14,878	11,213	29,527
Auditor remuneration	152	83	171
Directors' fees	218	182	402
Movement of expected credit loss allowance on receivables	56	(16)	(19)
Bad debts written off	53	(49)	63
Rental and operating lease expenses	43	2	102
Professional fees	180	346	851
Computer licences	578	455	1,148
Other administration expenses	1,308	872	2,210
Total administration expenses	2,588	1,875	4,928
Amortisation of intangibles	2,852	1,746	3,909
Depreciation	811	873	1,724
Total amortisation and depreciation	3,663	2,619	5,633
Expenses from ordinary activities	25,301	17,850	44,854

4 RECEIVABLES

	6 months Unaudited 30 Sep 2021 \$(000)	6 months Unaudited 30 Sep 2020 \$(000)	12 months Audited 31 Mar 2021 \$(000)
Trade receivables	2,054	1,960	2,852
Expected credit loss provision	(130)	(172)	(215)
Trade receivables (net)	1,924	1,788	2,637
GST receivable	262	139	130
Sundry debtors	36	19	777
Contract assets	2,370	1,333	1,037
Prepayments	1,706	726	800
Funds held in trust	-	12	12
Total receivables	6,298	4,017	5,393

5 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:

	6 months Unaudited 30 Sep 2021 \$(000)	6 months Unaudited 30 Sep 2020 \$(000)	12 months Audited 31 Mar 2021 \$(000)
Current:			
Foreign currency forward exchange contracts	153	(236)	(142)
Contractual amounts of forward exchange contracts outstanding were as follows:			
Foreign currency forward exchange contracts	6,607	8,315	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 a rate that reflects the credit risk of the counterparties.

6 PROPERTY, PLANT AND EQUIPMENT

	6 months Unaudited 30 Sep 2021 \$ (000)	6 months Unaudited 30 Sep 2020 \$ (000)	12 months Audited 31 Mar 2021 \$ (000)
Opening balance	2,568	3,382	3,382
Additions	598	64	921
Depreciation	(811)	(873)	(1,724)
Currency translation	5	(36)	(10)
Closing balance	2,360	2,537	2,569

7 INTANGIBLES

	6 months Unaudited 30 Sep 2021 \$ (000)	6 months Unaudited 30 Sep 2020 \$ (000)	12 months Audited 31 Mar 2021 \$ (000)
Opening balance	23,304	20,110	20,110
Additions	6,951	4,898	7,231
Amortisation	(2,852)	(1,746)	(3,909)
Currency translation	(60)	(173)	(128)
Closing balance	27,343	23,089	23,304

8 TRADE AND OTHER PAYABLES

	6 months Unaudited 30 Sep 2021 \$ (000)	6 months Unaudited 30 Sep 2020 \$ (000)	12 months Audited 31 Mar 2021 \$ (000)
Trade payables	1,580	969	1,772
Accrued expenses	3,388	1,761	3,549
Deferred revenue	928	-	-
Annual leave accrual	2,666	1,642	1,821
Total trade and other payables	8,562	4,372	7,142
Disclosed as:			
Current	7,900	4,372	7,142
Non-Current	662	-	-
	8,562	4,372	7,142

9 LEASE LIABILITIES

Recognition and measurement of The Group's 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.

	6 months Unaudited 30 Sep 2021 \$ (000)	6 months Unaudited 30 Sep 2020 \$ (000)	12 months Audited 31 Mar 2021 \$ (000)
Opening Balance	1,407	2,345	2,345
Leases entered into during the period	226	-	362
Principal repayments	(570)	(669)	(1,266)
Currency translation	1	(27)	(34)
Closing balance	1,064	1,649	1,407
Classified as:			
Current	894	1,002	1,017
Non-current	170	647	390
Closing balance	1,064	1,649	1,407

10 EQUITY

	6 months Unaudited 30 Sep 2021 \$(000)	6 months Unaudited 30 Sep 2020 \$(000)	12 months Audited 31 Mar 2021 \$(000)	6 months Unaudited 30 Sep 2021 NUMBER OF SHARES (000)	6 months Unaudited 30 Sep 2020 NUMBER OF SHARES (000)	12 months Audited 31 Mar 2021 NUMBER OF SHARES (000)
Ordinary shares						
Share capital at the beginning of the year	153,706	87,751	87,751	107,822	92,739	92,739
Issue of shares pursuant to institutional capital placement	-	-	47,500	-	-	10,439
Issue of shares pursuant to Share Purchase Plan (SPP) placement	-	-	20,000	-	-	4,396
Transaction costs for issue of new shares	-	(3)	(2,541)	-	-	-
Issue of shares pursuant to Restricted Share Units (RSU) scheme	901	40	627	215	10	229
Issue of shares pursuant to US Options plan	4	35	57	1	13	16
Non-executive directors' settlement of non-recourse loan	247	-	303	-	-	-
Issue of shares in respect of directors' services	-	9	9	-	3	3
Share capital	154,858	87,832	153,706	108,038	92,765	107,822
Share-based payment reserve						
Balance at 1 April	4,509	2,374	2,374			
Shares allocated to employees	1,533	1,287	2,788			
Shares vested from employees	(920)	(7)	(596)			
Shares forfeited from employees	(18)	(37)	(59)			
Share-based payments - employee share options	32	22	52			
Non-executive directors' settlement of non-recourse loan	(47)	-	(50)			
Share-based payment reserve	5,089	3,639	4,509			

11 EARNINGS PER SHARE (EPS)

	6 months Unaudited	6 months Unaudited	12 months Audited
	30 Sep 2021	30 Sep 2020	31 Mar 2021
	\$ (000)	\$ (000)	\$ (000)
Loss attributable to ordinary equity holders of the parent			
Continuing operations	(15,163)	(10,111)	(29,389)
	(15,163)	(10,111)	(29,389)
	Number	Number	Number
Basic earnings per share			
Issued ordinary shares at the end of the period	108,038	92,765	107,822
Weighted average of issued ordinary shares at the end of the period	107,889	91,158	90,820
Adjusted for employee restricted share plan shares	106,599	89,551	98,053
Basic earnings per share (dollars) - weighted average	(0.14)	(0.11)	(0.30)
Diluted earnings per share			
Weighted average of issued ordinary shares at the end of the period	106,599	92,746	98,053
Weighted average of issued ordinary shares for diluted earnings per share	108,630	92,746	99,735
Diluted earnings per share (dollars) - weighted average	(0.14)	(0.11)	(0.29)

	6 months Unaudited	6 months Unaudited	12 months Audited
	30 Sep 2021	30 Sep 2020	31 Mar 2021
	Cents	Cents	Cents
Net tangible assets per security	57.68	34.50	74.59

12 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	6 months Unaudited 30 Sep 2021 \$(000)	6 months Unaudited 30 Sep 2020 \$(000)	12 months Audited 31 Mar 2021 \$(000)
Net loss after tax	(15,163)	(10,111)	(29,389)
Add non-cash items			
Amortisation	2,852	1,746	3,909
Depreciation	811	873	1,724
Deferred tax liability	-	9	133
(Gain) / Loss on foreign exchange transactions	(355)	1,096	1,372
Share-based compensation	1,525	1,265	2,878
	(10,330)	(5,122)	(19,373)
Add/(less) movements in working capital items			
(Increase) / decrease in receivables	(905)	2,561	1,185
Increase / (decrease) in trade and other payables	1,420	(2,702)	77
(Decrease) / increase in income tax	(6)	(55)	69
	509	(196)	1,331
Net cash flows used in operating activities	(9,821)	(5,318)	(18,042)

13 EVENTS AFTER BALANCE SHEET DATE

On 23 November 2021 the Board authorised the launch of a capital raising via a \$75 million fully underwritten placement and a \$10 million offer to retail investors.

14 CONTINGENT LIABILITIES

There were no contingent liabilities as at 30 September 2021 (30 September 2020: \$nil).

Company Directory

serko

Serko is a company incorporated with limited liability under the New Zealand Companies Act 1993
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Simon Botherway (retired 18 August 2021)
Jan Dawson (appointed 18 August 2021)
Robert (Clyde) McConaghy
Darrin Grafton
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