Annual
Report
2023

serko

This Annual Report is dated 17 May 2023 and is signed on behalf of the Board of Directors (Board) of Serko Limited by Claudia Batten, Chair, and Darrin Grafton, Chief Executive Officer (CEO).

Claudia Batten
Chair

Darrin Grafton
Chief Executive Officer

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We bring people together

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

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

About Serko

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

For more information, visit serko.com

At a glance

After a year that saw significant growth in Booking.com for Business and Australasian booking volumes recovering to pre-pandemic levels Serko is achieving significant operating leverage and is well positioned for further growth

$48m

Total income

$87.7m

Cash and short-term deposits

1.5m

Completed room nights

($30.5m)

Net loss after tax

93%

Increase in online booking transactions

($21.8m)

EBITDAF* Loss

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

Dear fellow shareholders,

Serko's achievements in the past year reflect the dedication of a talented team and the benefits from prior investments. We completed the year with a sense of accomplishment and are more focused than ever on building a globally competitive business.

At the start of 2023, we undertook to maximise the business travel recovery and deliver significant growth under the Booking.com for Business partnership. We have achieved both, in an often complex and uncertain external environment.

What we've achieved also demonstrates an evolution in how we operate. This includes investing in the right capability and technology expertise to be poised to win in our chosen markets and to increase global scale and operational efficiency.

Key highlights

- Serko's total income for the FY23 year is 79% higher than for FY20, the financial year immediately prior to the pandemic and Serko's previously highest year for revenue.
- The number of online bookings rose 93% year on year to 4.1 million from 2.2 million.
- Booking.com for Business completed room nights were up 381%, and underpinned by growth in the second half.
- The number of online bookings were up 77% in Australasia year on year to 89% of pre-pandemic levels.

Unmanaged travel

Unmanaged travel demonstrated significant growth in 2023 through the Booking.com for Business platform. The progress we have made to date is testament to the collaborative partnership between the teams at Serko and Booking.com.

We have seen significant growth in completed room nights, driven by the Booking.com for Business partnership, up 381% to 1.5 million from 320,000. In the second half, completed room nights increased to over 1 million. Average Revenue per Completed Room Night (ARPCRN) for the service was €9.34, up 36% from €6.88.

In May 2023, travel management company and North American-headquartered Serko partner CWT announced it had entered into an agreement with Booking.com for Business to support an expanded Booking.com for Business offering. This brings two of our key partners together to deliver new and exciting content for business customers across the world.

The launch of this expanded offering is another step forward in Serko's strategy to bring the best of business travel to Booking.com for Business and is the culmination of many months of planning by Serko, CWT and Booking.com.

Managed travel

Our managed travel segment remains an important part of our strategy and focus. It is made up of our established markets in Australia and New Zealand and the newer North American market. In these markets we partner with travel resellers (TMCs) to deliver online travel and expense management services to medium and large organisations.

The recovery in business travel in Australia and New Zealand has been strong, with online bookings up 77%. In Australasia, average online bookings for the year were 89% of pre-pandemic levels. In New Zealand, volumes were 136% of pre-pandemic levels and in Australia this was 82%.

In North America, we have continued to make progress and build our strategic position. We signed additional reseller agreements and we have continued to develop technology to support NDC, a data standard that allows airlines to evolve how they personalise and sell inventory. We have also launched new updates to our expense technology within the market and we are piloting some innovations in this space with key customers.

Financial performance and funding

Our FY23 focus was to build a global scaled business, underpinned by appropriate cost discipline. We continue to make strategic investments to grow the company profitably.

Total income increased 154% to $48 million reflecting business travel recovery and Booking.com for Business growth.

Total income was well ahead of the guidance provided at the start of FY23 of approximately doubling revenue. We closed FY23 just ahead of our revised FY23 guidance range of $42 million to $47 million.

Total spend increased 34% to $83.3 million. Total spend as a percentage of revenue decreased from 349% in FY22 to 179% in FY23 and cost growth reduced to 3% in the second half.

Both EBITDAF loss and net losses after tax improved in the FY23 year. EBITDAF losses were $21.8 million, an improvement of 23% and net losses after tax were $30.5 million, an improvement of 15%.

We remain well capitalised, with average underlying monthly cash burn reducing from $3.3m to $2.7m. Underlying average monthly cash burn in 2H23 was $1.8 million.

Our priorities and how we will deliver

We are firmly focused on the execution of our growth priorities in managed and unmanaged travel and ensuring that growth is sustainable and profitable.

We are also focused on how we achieve this, ensuring we have the right international expertise across all disciplines. We are increasingly using an experimentation-based approach to product development, evident most recently in our work on the Booking.com for Business platform.

This approach is underpinned by data-driven decision-making and a systems approach across the entire organisation.

Building a sustainable business

We have steadily advanced our sustainability journey over the past year and have reported solid progress across environment, social and governance categories. We are committed to continuously improving what we focus on regarding sustainability and how we measure, manage and report on it. We encourage you to read the ESG Report released with this Annual Report.

Outlook

Serko has made significant progress towards its goals as reported in FY23. Business travel demand is tracking strongly and Serko is well positioned to deliver increased scale and operational efficiency.

Serko confirms its aspiration of $100m in Total Income in FY25.

Serko is well capitalised with cash of $88m and no debt. Underlying monthly cash burn peaked in 1H23 and Serko is committed to achieving positive cashflow for the FY25 financial year with appropriate cash reserves on hand at the point of breakeven.

Serko anticipates full year total income of between $63m and $70m for FY24 based on current trends including the continued business travel recovery, growth in active customers in Booking.com for Business, a strong Euro:NZD exchange rate and current average revenue per completed room night. There are a number of initiatives which have the potential to drive further revenue growth, however, the timing and therefore the impact on FY24 revenues is uncertain.

Serko anticipates total spend of between $86m and $90m based on its current investment plans and anticipated efficiency gains partially offset by higher volume related costs.

Guidance remains subject to ongoing risks including geo-political and macro-economic risks.

Annual Meeting

We are pleased to invite you to our annual meeting of shareholders at 2pm (NZT) on Wednesday, 28 June 2023. It is currently intended that shareholders will be able to attend the meeting physically in Auckland or virtually online. Other details relating to the Annual Meeting will be advised in the Notice of Meeting, which will be sent in due course.

Thank you

Thank you to our shareholders. Your commitment has meant we have been able to continue to invest to maximise opportunities - and we are seeing the benefits of this. Our commitment to you is that we are 100% focused on executing on our strategy and to building a globally competitive, profitable business.

To our valued customers and partners, thank you for your support. We love what we do and it's our privilege to deliver technology that supports your people and your business.

Our greatest thanks is to the great people at Serko. You stepped up to another level this year and our work continues. Thank you for striving for excellence.

Claudia Batten
Chair

Darrin Grafton
CEO & Co-founder

Our Board of Directors

Claudia Batten

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

Claudia has been a founding member of two highly successful entrepreneurial ventures. The first venture was Massive Incorporated, a network for advertising in video games. Massive was sold to Microsoft in 2006. In 2009 she co-founded Victors & Spoils ('V&S'), the first advertising agency built on the principles of crowdsourcing. V&S was majority acquired by French holding company Havas Worldwide in 2011. Claudia is a strong supporter of the New Zealand start-up scene as an active mentor and adviser. She is also a director of Air New Zealand and Vista Group. Claudia holds an LLB (Hons) and BCA from Victoria University (Wellington).

Jan Dawson

Independent Non-executive Director, New Zealand
Appointed on 18 August 2021, elected August 2022

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

Darrin Grafton

Executive Director, Chief Executive Officer & Co-founder
Appointed 5 April 2007, re-elected August 2022

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

Clyde McConaghy

Independent Non-executive Director, Australia
Appointed 30 April 2014, re-elected August 2022

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

Bob Shaw

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

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

Our Executive Team

Charlie Nowaczek
Chief Operating Officer (COO)

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

Duanne O'Brien
Chief Technology Officer

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

Shane Sampson
Chief Financial Officer (CFO)

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

Rachael Satherley
Chief People Officer

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

Murray Warner
SVP Managed Travel

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

Nick Whitehead
Chief Marketing Officer

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

Our strategy

Our Purpose

We bring people together

Our Vision + Mission

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

3 yr Strategic Goals

1

Customer success

Deliver an exceptional customer experience (CX) through experimentation

2

Unmanaged revenue

Establish significant market share in the unmanaged travel market

FY24 Objectives

Build travel software that people love

Engage and delight our customers through data-driven product improvement that has the most impact

Make booking for business easier

Combine Serko's experience of what matters most to business travellers with the best of Booking.com

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

3

Managed revenue

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

Unleash the US market

Our whole team taking our market-leading A/NZ experience to improve the success of our US-based TMC partners

4

Marketplace and content

Commercialise connected trip experience through an open platform

Adopt next generation technology foundations

Continue the build of our next-gen technology platform to optimise scale, cost and pace of innovation

5

Culture

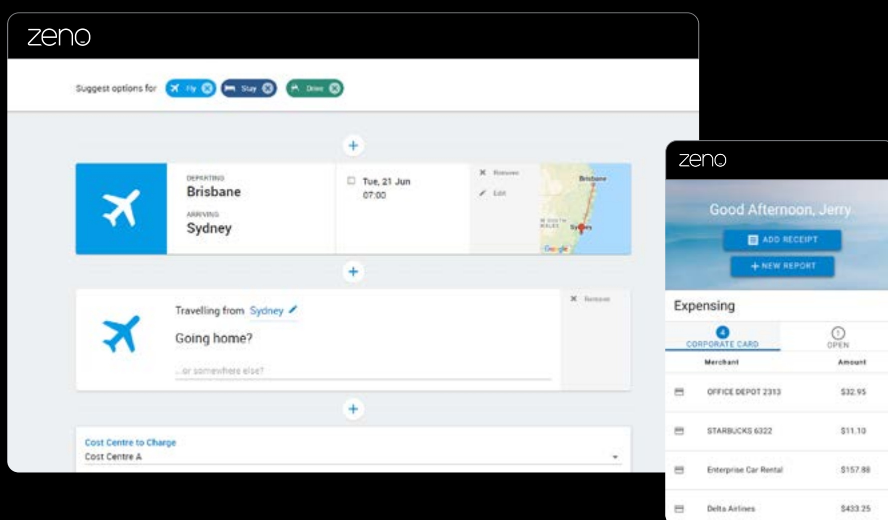
Create a culture of engaged Serkodians aligned to our purpose, mission and values

The best place to do your work

An environment where you can do career defining work, that delights our customers and partners

Our products

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



Zeno Travel

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

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

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

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

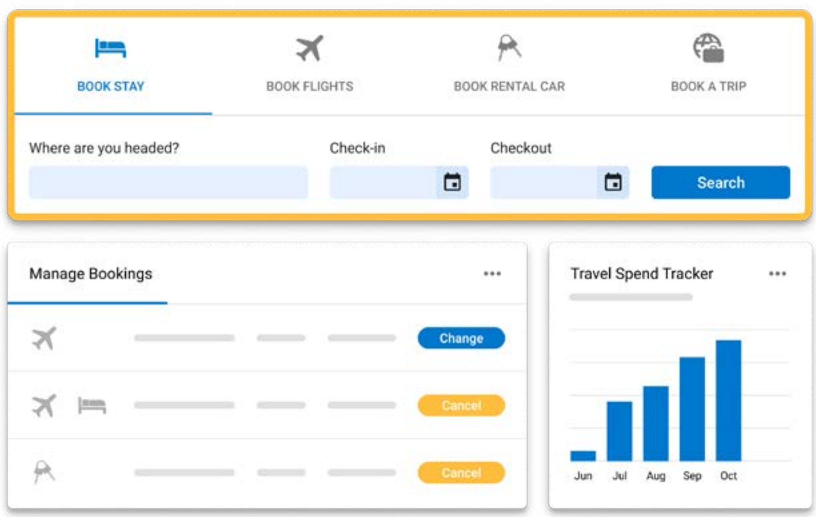
Zeno Expense

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

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

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

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



Booking.com for Business · Powered by Zeno

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

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

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

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

Building sustainable long-term business growth

We believe strong ESG practices give Serko its social licence to operate, as well as creating long-term value for our business.

Building sustainability in our business

Sustainability is embedded in our approach to long-term value creation. Here are the key drivers of our sustainability strategy:

01

Being a brand you can count on — trusted by our employees, customers, investors and partners

02

Powering our people — to do amazing work that drives our business and sustainability goals

03

Continuously innovating — to adapt to rapid environmental changes and deliver sustainable and innovative products to our customers

Serko's 2023 ESG Report available now at www.serko.com/investors

Assisting our customers to make sustainable business decisions

As an office-based technology business with relatively low scope 1 and 2 carbon emissions, we see our greatest area of influence is supporting our customers to make informed decisions when booking travel. Serko's vision for supporting efficient business travel with Mission Zero is built around four principles:

Real-time data

Serko is collaborating with its partners to enable Zeno users to measure the impact of their flights in real-time.

Informed choice

Travel programs can be designed to minimise environmental impact, not just financial cost. The most efficient flight routes, cabin classes and vehicle types can be identified at the point of purchase to drive more sustainable buying behaviour. Mission Zero also offers 'sustainability badges', that allow Booking. com users to search for accommodation that meets certain sustainability criteria.

Impact visibility

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

Net Zero impact

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

Management commentary

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

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

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

Business results

($30.5m)

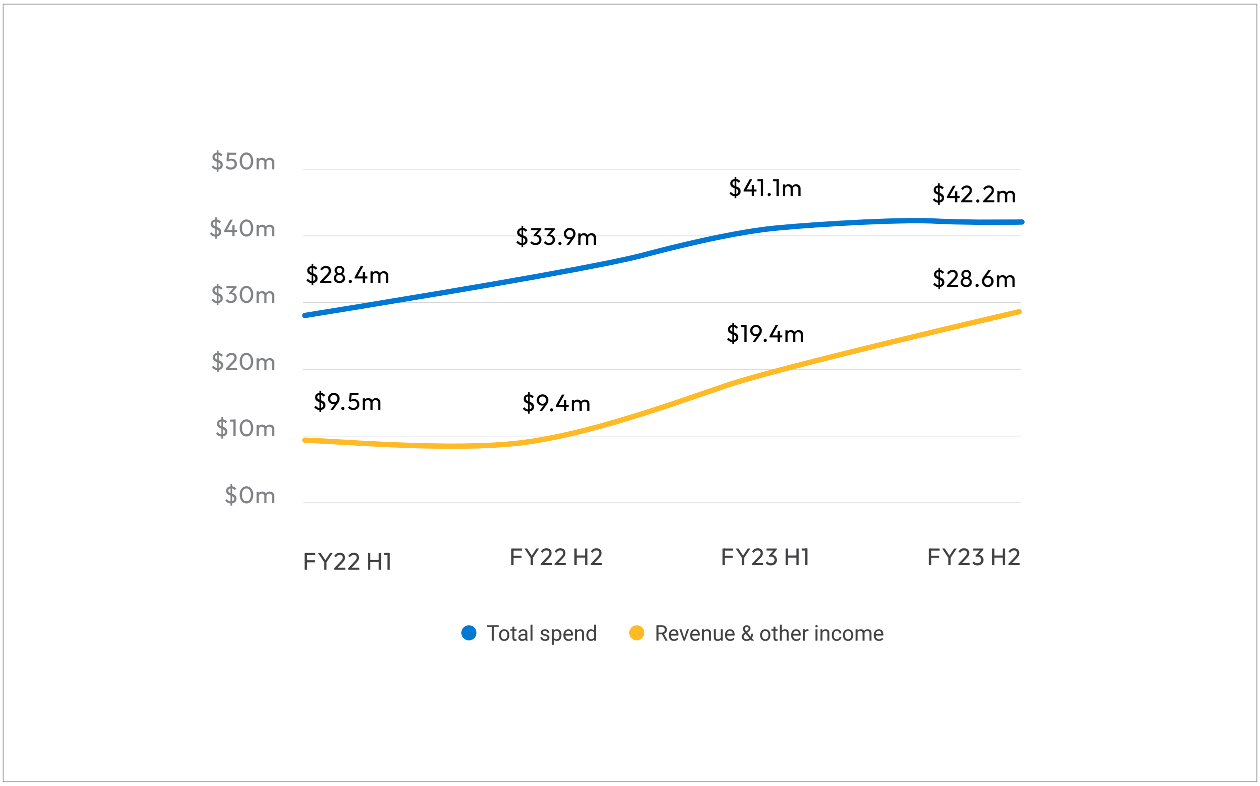
Net loss before tax

Year ended 31 March	2023	2022	Change	%
	$ (000)	$ (000)	$ (000)	
Revenue	46,492	17,855	28,637	160%
Other income	1,533	1,019	514	50%
Total income	**48,025**	**18,874**	**29,151**	**154%**
Operating expenses	(82,819)	(55,057)	(27,762)	50%
Percentage of revenue	(178%)	(308%)		
Foreign exchange gains/(losses)	1,737	(35)	1,772	(5063%)
Net finance (expense)/income	2,596	578	2,018	349%
Net (loss) before tax	**(30,461)**	**(35,640)**	**5,179**	**(15%)**
Percentage of revenue	(66%)	(200%)		
Income tax expense	(79)	(319)	240	(75%)
Net (loss) after tax	**(30,540)**	**(35,959)**	**5,419**	**(15%)**
Percentage of revenue	(66%)	(201%)		

Revenue increased 160% to $46.5 million primarily due to significant growth in Booking.com for Business and business travel recovery. Total income for the year to 31 March 2023 increased 154% to $48 million. Operating costs increased by 50% to $82.8 million, as the Group continued to scale to drive future growth opportunities. Serko recorded a net loss result after tax of $30.5 million, an improvement of 15% against the prior year net loss of $36.0 million.

The Group recognised $1.5 million in other income (primarily grants), an increase of $0.5 million or 50% from the prior year. Other income primarily comprised of the research and development tax credit (RDTI). Grant income in relation to RDTI of $1.6 million was claimed, while a portion was treated as deferred income as the costs to which the grants related had been capitalised. This deferred income will be recognised in future years over the useful lives of the related assets.

Foreign exchange gains resulted in a favorable variance of $1.7 million compared to prior year, this is due to a weaker New Zealand Dollar against both the Euro and United States Dollar. Net finance income increased 349% to $2.6 million primarily reflecting increased interest earned on increased short-term investments.



Growth in Total Income continued to be strong in the second half of the financial year while growth in Total Spend declined to 3% relative to the first half as Serko largely completed scaling and implemented some initial efficiency initiatives. Serko is achieving operating leverage as revenue continues to grow. Total spend is a non GAAP measure which Serko uses internally to measure spend before the impacts of capitalisation and amortisation. In software businesses the nature of the projects being worked on can result in significant differences in the proportion of product design and delivery costs capitalised. We consider that Total Spend is a more useful measure of the cost base of the business as it removes the volatility which can occur as a result of capitalisation decisions.

EBITDAF

($21.8m)

EBITDAF Loss

Year ended 31 March	2023	2022	Change	%
	$ (000)	$ (000)	$ (000)	
Net (loss) after tax	**(30,540)**	**(35,959)**	**5,419**	**15%**
Deduct: net finance (expense)/income	(2,596)	(578)	(2,018)	349%
Add back: income tax	79	319	(240)	(75%)
Add back: depreciation and amortisation	13,040	8,038	5,002	62%
Add back: net foreign exchange (gains)/losses	(1,737)	35	(1,772)	(5063%)
EBITDAF (loss)	**(21,754)**	**(28,145)**	**6,391**	**23%**
Percentage of revenue	(47%)	(158%)		

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

EBITDAF improved by $6.4 million from a loss of $28.1 million to a loss of $21.8 million reflecting increased Total Income partially offset by increased expenditure.

Depreciation and amortisation increased by $5 million over the prior year primarily reflecting an increase in the average balance of computer software assets over the prior year. Depreciation includes right-of-use assets (leased premises) under IFRS-16 (Leases) adoption of $1.1 million (FY22 $0.9 million).

Revenue and other income (total income)

$48.0m

Total income

Year ended 31 March	2023	2022	Change	%
	$ (000)	$ (000)	$ (000)	
Revenue – transaction and usage fees:				
Travel platform booking revenue	16,283	9,042	7,241	80%
Expense platform revenue	4,960	4,039	921	23%
Supplier commissions revenue	23,363	3,447	19,916	578%
Services revenue	1,555	1,007	548	54%
Other revenue	331	320	11	3%
Other Income	1,533	1,019	514	50%
Total income	**48,025**	**18,874**	**29,151**	**154%**
Total travel bookings (000)	**4,804**	**2,556**	**2,248**	**88%**
Online bookings (000)	**4,146**	**2,153**	**1,993**	**93%**
ARPB (travel related revenue only/online bookings)	**$9.56**	**$5.80**	**$3.76**	**65%**
Average revenue per completed room night (ARPCRN)	**€9.34**	**€6.88**	**€2.46**	**36%**

Travel related revenue includes travel platform booking revenue and supplier commissions revenue.
Total income includes revenue from customers and other income such as grants but excludes finance income.

Total income increased by 154% to $48.0 million.

Travel platform revenue increased by 80% to $16.3 million. Expense platform revenue, which includes fixed components to pricing, increased by $0.9 million.

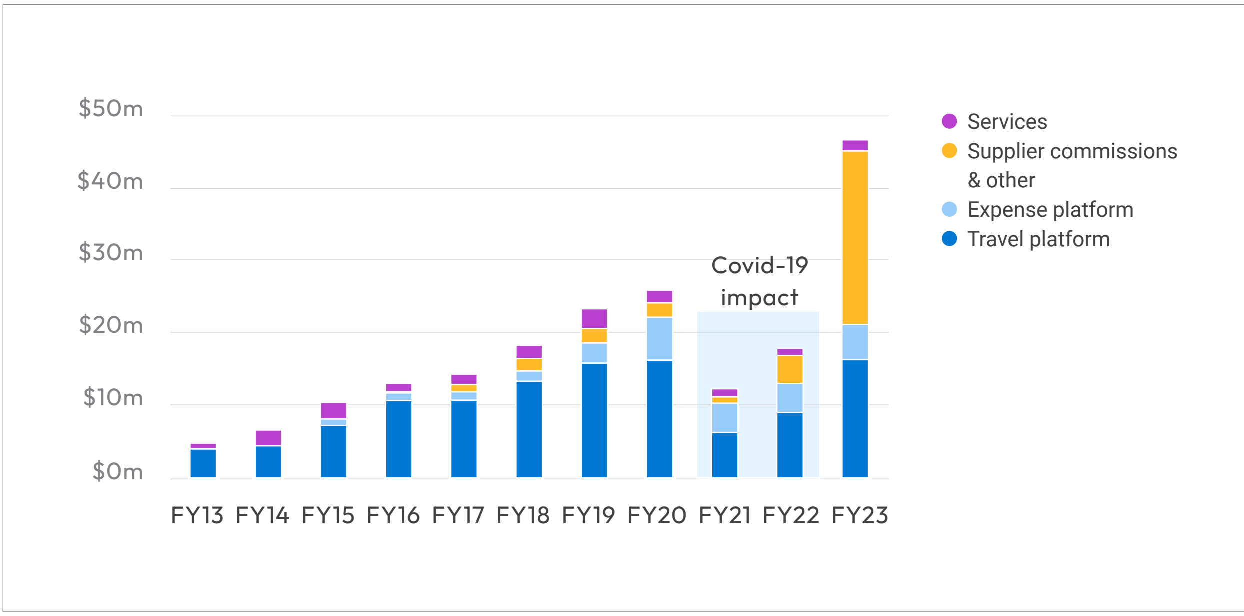
Supplier commissions revenue increased by $19.9 million (578%) to $23.4 million reflecting growth in revenue from Booking.com for Business. Supplier commissions revenue is recognised net of consideration payable to customers of $1.8 million (2022: $0.9 million).

Services revenue increased by 54% to $1.6 million, while other revenues was flat at $0.3 million.

Total travel platform bookings by volume increased 88% over the prior year. Total travel bookings during FY23 were 4.8 million. Total travel bookings include 0.6 million Offline bookings (system automated bookings) that don't contribute significantly to revenue or are bundled into the 'Online' booking rate. Online bookings for the year increased 94% to 4.2 million.

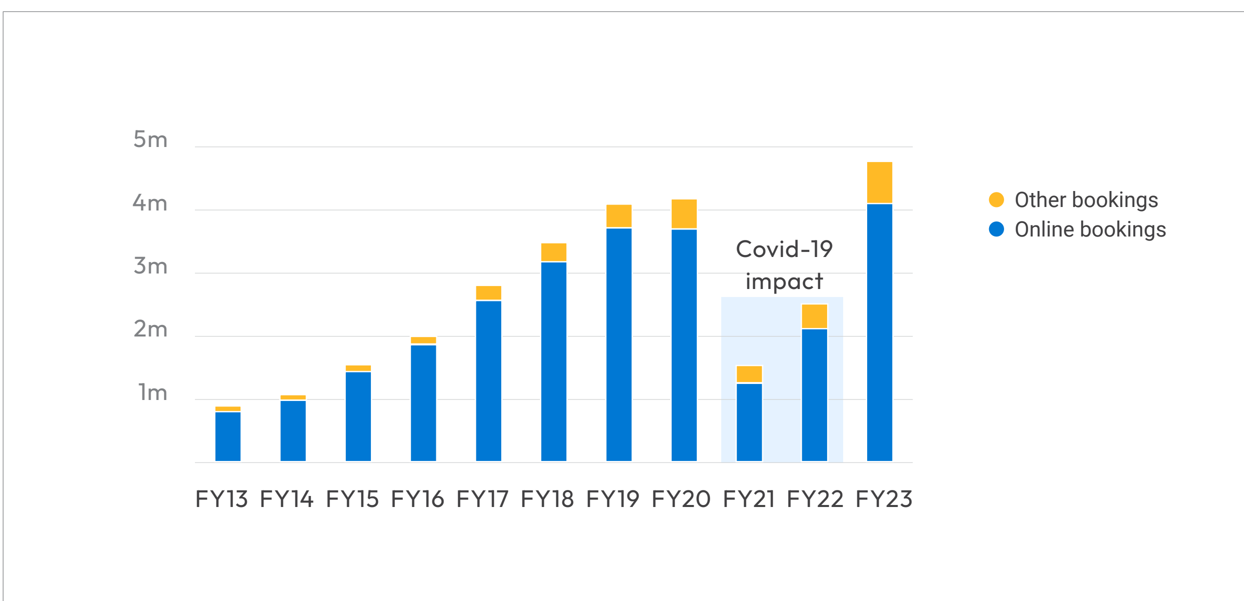
Average Revenue Per Booking (ARPB) for travel-related revenue (Travel platform and supplier commissions) increased during the year by 65% to $9.56 from $5.36 based on Online bookings and driven by a higher Average Revenue per Completed Room Night (ARPCRN) and the increased proportion of Booking.com for Business bookings.

Long Term Revenue Trends



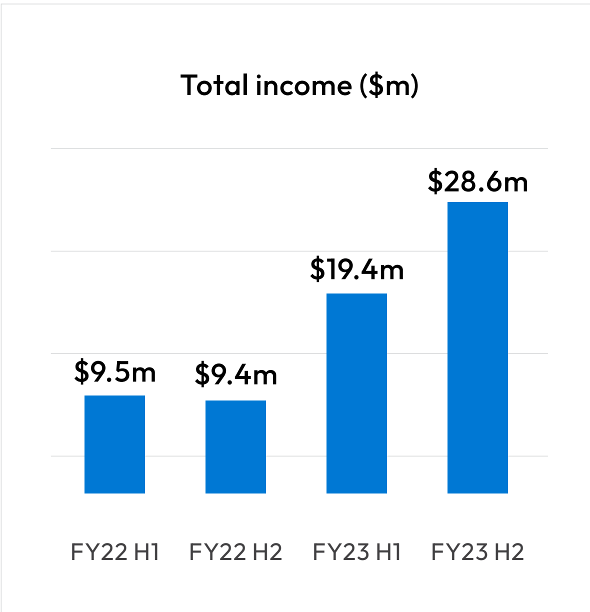
Revenue increased by 80% relative to FY20, the last year unaffected by Covid and the previous highest revenue year for Serko.

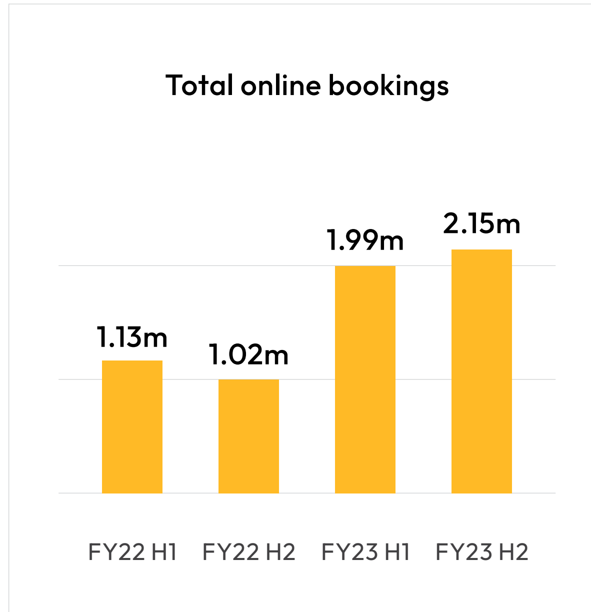
Booking volumes[1]



1 Booking volumes are total volumes and include Offline Bookings, which can be either bundled into a price per Online booking or at an additional price, as these are primarily automated bookings but processed through the booking tool.

Recent Revenue Trends



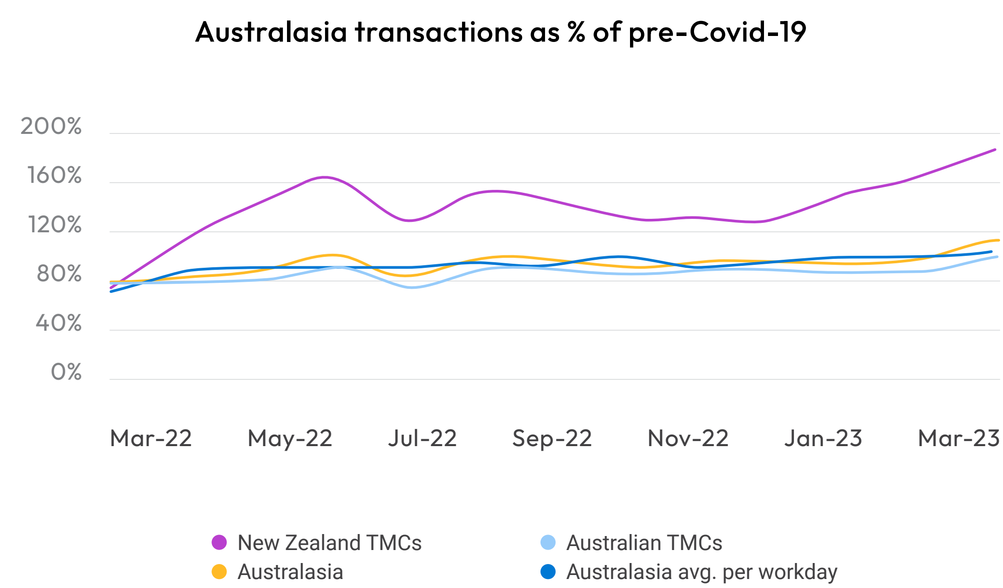


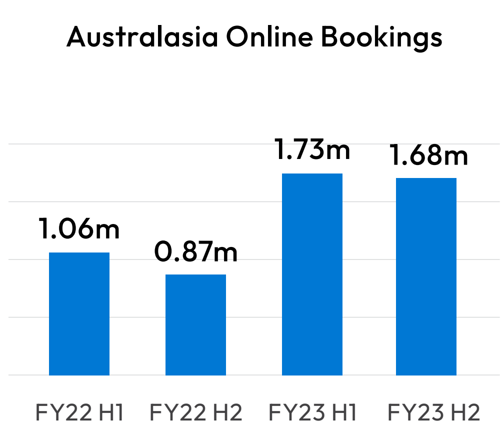
Total income grew strongly in FY23 with an increase in total income of $9.2 million or 47% from the first half to the second half. The growth in the second half was driven by increased Active Customers on Booking.com for Business as business travel recovered and by a full six months of using the Booking.com hotel shop experience as communicated at the Annual Shareholder Meeting in August 2022.

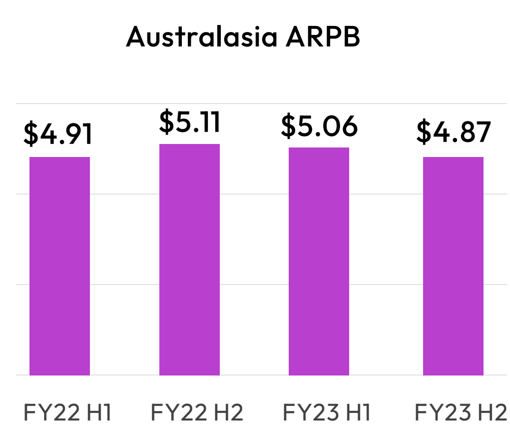
Unmanaged revenue

Unmanaged revenue relates to Booking.com for Business and primarily comprises Supplier commissions revenue from hotel bookings. The ARPCRN is impacted by the price of the hotel room and the commission rate for that hotel. Revenue is recognised on the date the hotel stay is completed. Bookings can be for multiple rooms and Serko does not receive revenue in relation to bookings which are subsequently cancelled. Serko therefore focuses on Completed Room Nights (CRN) and Average Revenue per Completed Room Night (ARPCRN) as key metrics unlike in Managed where bookings and ARPB are the key metrics. Completed room nights are higher than the number of bookings so that ARPB is higher than the ARPCRN.

Managed revenue







Travel volumes in Australia and New Zealand continued to recover throughout the 2023 financial year with online bookings growing 77% relative to FY22. Over the year total bookings in Australasia were 89% of 2019 levels, the last pre-pandemic calendar year. New Zealand was at 136% of 2019 levels reflecting the onboarding of a major New Zealand TMC during 2019 and Australia was at 82% of 2019 levels reflecting business travel having not fully recovered. March volumes were strong, partly driven by the relative number of work days in March 2023 relative to March 2019 and partly to the continued recovery across the year.

Revenue by geography

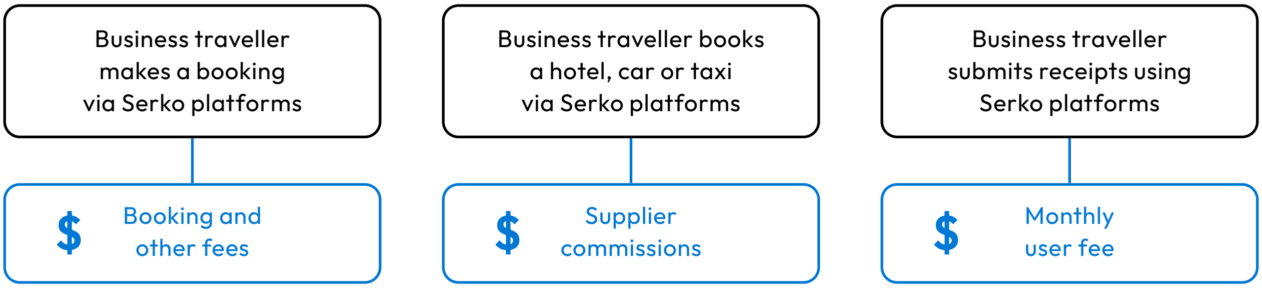
Year ended 31 March	2023	2022	Change	%
	$ (000)	$ (000)	$ (000)	
Australia	18,130	10,686	7,444	70%
New Zealand	2,480	1,539	941	61%
North America	3,015	2,597	418	16%
Europe and Other	22,867	3,033	19,834	654%
Total Revenue	**46,492**	**17,855**	**28,637**	**160%**

Serko earned 39% (FY22: 60%) of revenue from Australia and 5% (FY22: 9%) from New Zealand sources, with New Zealand-sourced income up 61% and Australian-sourced income up 70% over the prior year.

North American revenue increased by 16% but declined as a proportion of total revenue (FY23: 6%, FY22: 15%) due to the growth in Europe and Other.

Europe and Other revenue increased by 654% to $22.9 million driven by growth in revenue from the Booking.com for Business partnership.

How Serko makes money



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

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

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

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

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

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

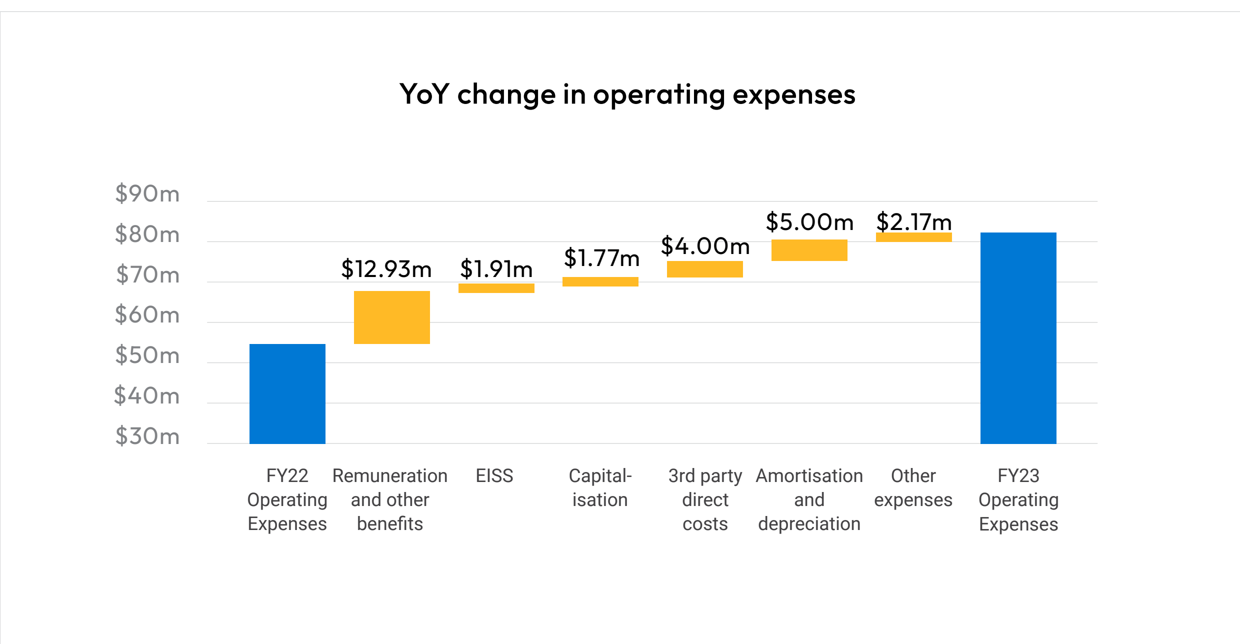
Other income historically has been primarily government grants for research and development projects and international growth grants. With the change of R&D grants to a tax credit regime, Serko no longer receives research and development grants and instead receives research and development tax incentives (RDTI).

Operating Expenses

Operating Expenses	FY23	FY22	change	change
	$'000	$'000	$'000	%
Total remuneration and benefits	49,329	32,074	17,255	54%
Percentage of revenue	106%	180%		
Third party direct costs	10,445	6,483	3,962	61%
Percentage of revenue	22%	36%		
Other operating expenses	10,005	8,462	1,543	18%
Percentage of revenue	22%	47%		
Total amortisation and depreciation	13,040	8,038	5,002	62%
Percentage of revenue	28%	45%		
Total Operating Expense	**82,819**	**55,057**	**27,762**	**50%**
Percentage of revenue	178%	308%		

Operating expenses grew by 50% to $82.8 million but declined as a percentage of revenue from 308% to 178% as revenue grew and operating leverage was achieved.

Operating expense growth included growth in non-cash items including: amortisation and depreciation and the Employee Incentive Share Scheme (EISS). The table below shows the year on year (YoY) change in total operating expenses.

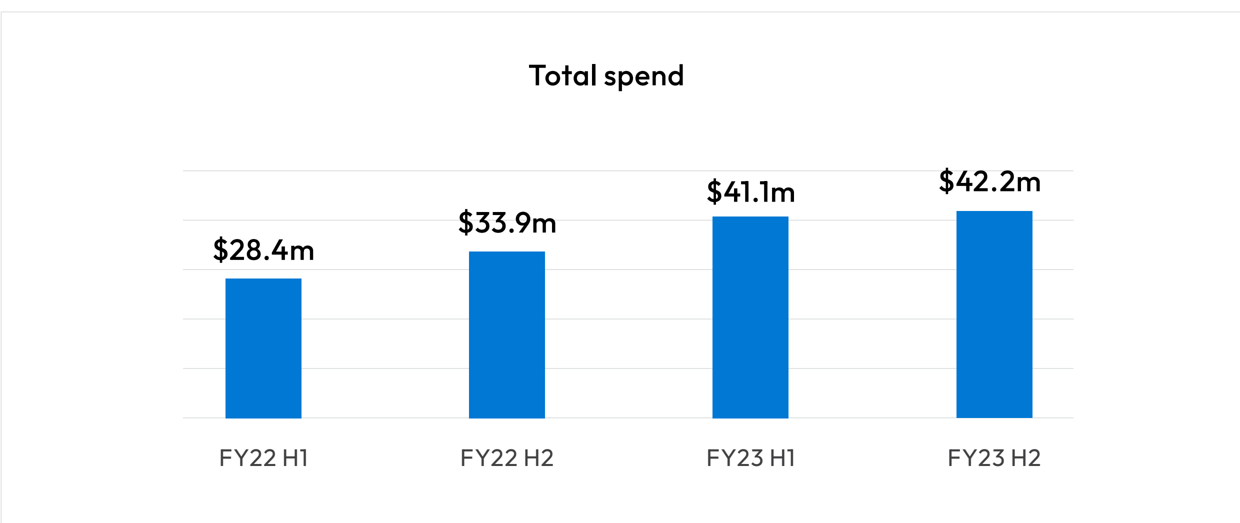


Total Spend	2023	2022	change $'m	change %
Expenses from ordinary activities	**82,819**	**55,057**	**27,762**	**50%**
Add back: capitalised development	13,551	15,320	(1,769)	(12%)
Deduct: depreciation and amortisation	(13,040)	(8,038)	(5,002)	62%
Total Spend	**83,330**	**62,339**	**20,991**	**34%**
Percentage of revenue	179%	349%		

As noted above Total Spend is a non GAAP measure which Serko uses internally to measure spend before the impacts of capitalisation and amortisation. In software businesses the nature of the projects being worked on can result in significant differences in the proportion of product design and delivery costs capitalised. We consider that total spend is a more useful measure of the cost base of the business as it removes the volatility which can occur as a result of capitalisation decisions.

Total spend for the year increased from $62.3 million to $83.3 million (34% increase). This is due to the scaling of operations to accommodate the revenue growth. Total spend as a percentage of revenue however, decreased from 349% in FY22 to 179% in FY23.

Operating expense growth included growth in non-cash items including: amortisation and depreciation and the Employee Incentive Share Scheme (EISS).



Growth in Total Spend from the first half to the second half declined to 3%. Serko has been scaling the business to support revenue growth and has largely reached the scale required to achieve its revenue targets. The majority of Serko's Total Spend relates to remuneration and benefits and has grown as headcount has increased. In the second half Serko continued to invest in new growth and cost efficiency initiatives but these were partly funded from efficiency gains rather than new spending.

Product design and development (PD&D) costs

Year ended 31 March	2023 $ (000)	2022 $ (000)	Change $ (000)	%
Total Product Design & Development	41,735	30,121	11,614	39%
Percentage of revenue	90%	169%		
Less: capitalised product development costs	(13,551)	(15,320)	1,769	(12%)
Percentage of Product Design & Development costs	32%	51%		
Total Product Design & Development (excluding amortisation)	**28,184**	**14,801**	**13,383**	**90%**
Percentage of revenue	61%	83%		
Add: Amortisation of capitalised development costs	11,163	6,386	4,777	75%
Total	**39,347**	**21,187**	**18,160**	**86%**
Percentage of revenue	85%	119%		

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

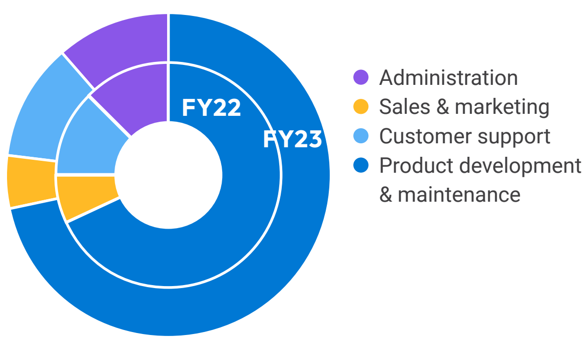
Total PD&D costs increased by 39% to $41.7 million reflecting increased average PD&D headcount. As a percentage of revenue PD&D costs reduced by 79 percentage points to 90%. Capitalised PD&D costs decreased by 12% to $13.6 million due to less spend on capitalisable projects.

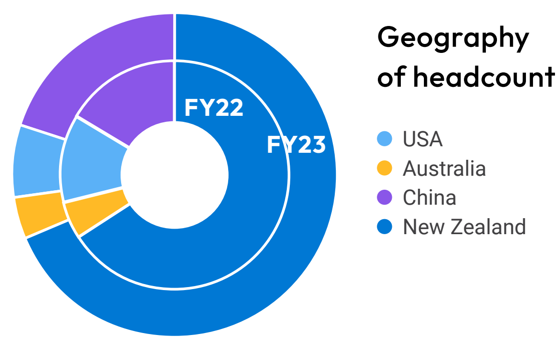
Headcount and average revenue per headcount

By function:

Year ended 31 March	2023	2022	Change	%
Product development and maintenance	261	226	35	15%
Sales and marketing	20	23	(3)	(13%)
Customer support	42	41	1	2%
Administration	41	41	—	—
Total headcount at end of the year	**364**	**331**	**31**	**10%**
Average income per headcount (NZD $000)	**138**	**61**	**77**	**126%**

Headcount increased from 331 at 31 March 2022 to 364 at 31 March 2023, a 10% increase. The majority of the increase in headcount was in Product Development and maintenance.





By Region:

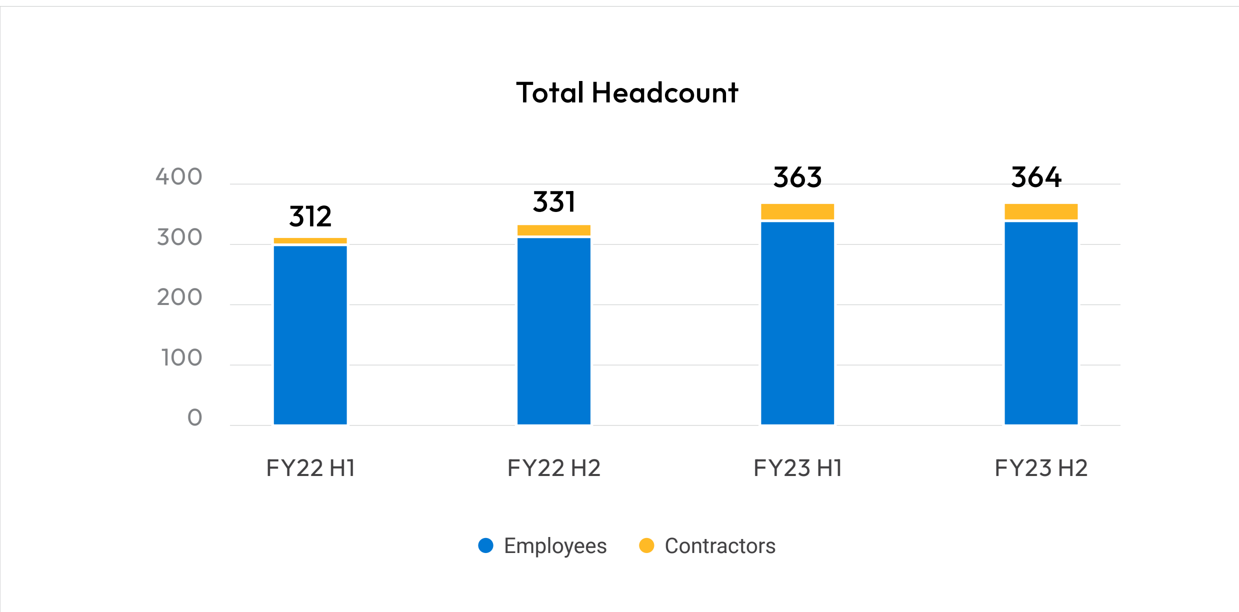
Year ended 31 March	2023	2022	Change	%
New Zealand	250	218	32	15%
Australia	15	18	(3)	(17%)
United States	27	41	(14)	(34%)
China	72	54	18	33%
Total headcount at end of the year	**364**	**331**	**33**	**10%**

Headcount growth was in the New Zealand and China offices. In the United States Serko's US expense product design and development team was scaled down on completion of a major product release.

By Employment type:

Year ended 31 March	2023	2022	Change	%
Permanent staff	336	312	24	8%
Contractors	28	19	9	47%
Total headcount at end of the year	**364**	**331**	**33**	**10%**

Serko increased the number of contractors to support key product development initiatives while retaining the flexibility to reduce resourcing once those initiatives are complete.



After significant headcount growth in prior halves in the second half of FY23 headcount growth was minimal as Serko reached its targeted resourcing level.

Underlying cash flows

Year ended 31 March	2023	2022	Change	%
	$ (000)	$ (000)	$ (000)	
Adjusted cash flows from operating activities	(19,156)	(23,731)	4,575	(19%)
Adjusted cash flows from investing activities	(14,014)	(16,094)	2,080	(13%)
Adjusted cash flows from financing activities	21	200	(179)	(90%)
Net foreign exchange differences	529	(23)	552	(2400%)
Underlying cash flow	**(32,620)**	**(39,648)**	**7,028**	**(18%)**
Average monthly underlying cash burn	(2,718)	(3,304)	586	(18%)
Cash, cash equivalents and short-term deposits at beginning of year	124,513	79,919	44,594	56%
Add back adjustments:				
One-off payment relating to 2022 made in 2023	(4,149)	4,149	nm[1]	nm[1]
Capital Raise (net funds received)	—	80,093	nm[1]	nm[1]
Reported Cash, cash equivalents and short term deposits at the end of the year	**87,744**	**124,513**	**(36,769)**	**(30%)**

nm[1] stands for not meaningful

The table above reconciles Underlying Cash Flows to the Cash flow Statement in the Financial Statements. Underlying cash flow is cash flows adjusted for items which are technically cash flows but do not reflect the operating cash requirements of the business such as: net flows between cash and short term investments and net funds from capital raise. We have also made adjustments for payments paid in FY23 that would ordinarily been paid in FY22 and relate to FY22.

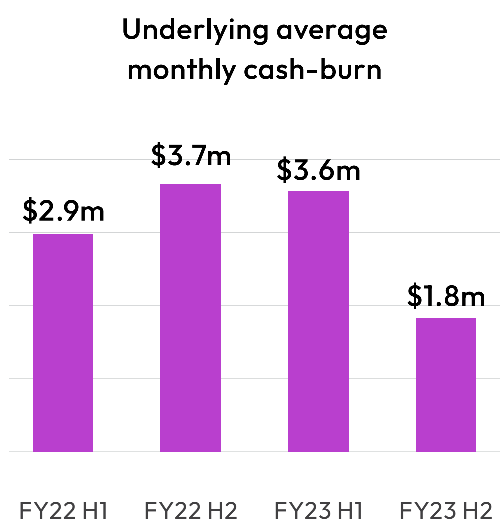
Cash flows from operating activities decreased from a net outflow of $23.7m to a net outflow of $19.2m which is as a result of increased receipts from customers due to increased revenue.

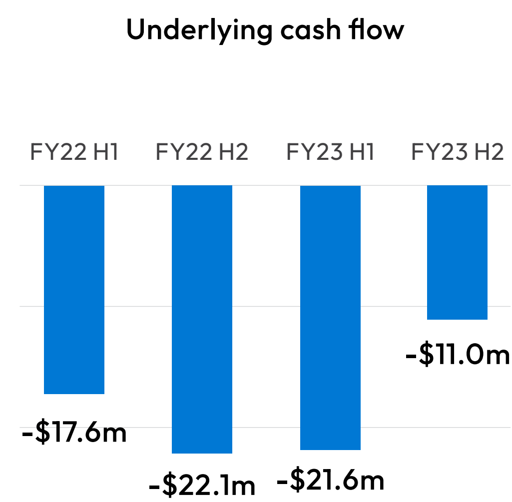
Cash flows from investing activities, includes cash outflows for property, plant and equipment and intangibles. The decrease in outflow is reflective of the decrease in capitalised internal development, effectively increasing the reported cash flows from operating activities.

Financing cash flows for the year includes receipts for share options exercised by employees.

Total underlying cash burn for the year decreased from $39.6 million to $33.1 million representing a 18% reduction in cash burn. The underlying average monthly cash burn decreased from $3.3 million to $2.7 million, a 18% decrease in average outflow per month.

Cash balances and short-term deposits decreased 30% to $87.7 million as at 31 March 2023, a $36.8 million reduction.





Looking across the last four halves underlying cash flows peaked at $22.1 million in the six months to 31 March 2022 ($3.7 million average monthly cash burn) and has declined to $11.0 million in the second half of FY23 ($1.8 million average monthly cash burn) reflecting strong operating leverage as revenue has grown.

Statement of Financial Position

Balance Sheet	2023	2022	Change	Change
	$'m	$'m	$'m	%
Cash and Short Term Deposits	87,744	124,513	(36,769)	(30%)
Other Current Assets	13,835	6,226	7,609	122%
Intangibles	35,041	32,058	2,983	9%
Other Non Current Assets	4,296	4,394	(98)	(2%)
Total Assets	**140,916**	**167,191**	**(26,275)**	**(16%)**
Current Liabilities	12,242	13,300	(1,058)	(8%)
Non Current Liabilities	2,744	3,010	(266)	(9%)
Equity	125,930	150,881	(24,951)	(17%)
Total Liabilities and Equity	**140,916**	**167,191**	**(26,275)**	**(16%)**

Serko's balance sheet remains strong with cash and short-term investments of $87.7 million and no debt. Receivables grew strongly driven by increased revenue while payables declined due to the repayment noted in the Underlying Cash Flow commentary, partially offset by higher expenses in the March 2023 quarter relative to the March 2022 quarter.

Financial Statements

For the year ending 31 March 2023

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The directors of Serko Limited are pleased to present the financial statements for Serko Limited and its subsidiaries (the Group) for the year ended 31 March 2023 to shareholders.

The directors are responsible for presenting financial statements in accordance with New Zealand law and generally accepted accounting practice, which fairly present the financial position of the Group as at 31 March 2023 and the results of its operations and cash flows for the year ended on that date.

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

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

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

The financial statements are signed on behalf of the Board of Directors on 17 May 2023 by:

Claudia Batten
Chair

Jan Dawson
Chair of Audit, Risk and Sustainability Committee

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2023

	Notes	31 Mar 2023	31 Mar 2022
		$ (000)	$ (000)
Revenue	4	46,492	17,855
Other income	4	1,533	1,019
Total income		**48,025**	**18,874**
Remuneration and benefits		(49,329)	(32,074)
Other operating expenses		(20,450)	(14,945)
Amortisation and depreciation		(13,040)	(8,038)
Expenses from ordinary activities	5	**(82,819)**	**(55,057)**
Loss before finance items		**(34,794)**	**(36,183)**
Foreign exchange gains/(losses) – net		1,737	(35)
Finance income	5	2,878	696
Finance expenses	5	(282)	(118)
Loss before income tax		**(30,461)**	**(35,640)**
Income tax expense	6	(79)	(319)
Net loss attributable to the shareholders of the company		**(30,540)**	**(35,959)**
Movement in foreign currency reserve		(440)	(57)
Total comprehensive loss for the period		**(30,980)**	**(36,016)**
Earnings per share			
Basic and diluted earnings/(loss) per share (dollars)	17	(0.26)	(0.33)

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2023

	Notes	Share capital	Share-based payment reserve	Foreign currency reserve	Accumulated losses	Total
		$ (000)	$ (000)	$ (000)	$ (000)	$ (000)
Balance as at 1 April 2022		**235,101**	**7,483**	**(236)**	**(91,467)**	**150,881**
Net loss for the year		-	-	-	(30,540)	(30,540)
Other comprehensive loss*		-	-	(440)	-	(440)
Total comprehensive loss for the year		**-**	**-**	**(440)**	**(30,540)**	**(30,980)**
Transactions with owners						
Equity-settled share-based payments		2,875	3,154	-	-	6,029
Balance as at 31 March 2023	16	**237,976**	**10,637**	**(676)**	**(122,007)**	**125,930**
Balance as at 1 April 2021		**153,706**	**4,509**	**(179)**	**(55,508)**	**102,528**
Net loss for the year		-	-	-	(35,959)	(35,959)
Other comprehensive loss*		-	-	(57)	-	(57)
Total comprehensive loss for the year		**-**	**-**	**(57)**	**(35,959)**	**(36,016)**
Transactions with owners						
Issue of share capital		83,281	-	-	-	83,281
Cost of equity issued		(3,188)	-	-	-	(3,188)
Equity-settled share-based payments		1,055	2,929	-	-	3,984
Shares vested with employees via Restricted Share Plan		-	95	-	-	95
Shares forfeited by employees via Restricted Share Plan		-	(3)	-	-	(3)
Non-executive director's settlement of non-recourse loan		247	(47)	-	-	200
Balance as at 31 March 2022	16	**235,101**	**7,483**	**(236)**	**(91,467)**	**150,881**

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

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

As at 31 March 2023

	Notes	31 Mar 2023	31 Mar 2022
		$ (000)	$ (000)
Current assets			
Cash at bank and on hand	11	15,244	34,513
Short-term deposits	11	72,500	90,000
Receivables	7	13,691	6,226
Derivative financial instruments	8	144	–
Total current assets		**101,579**	**130,739**
Non-current assets			
Property, plant and equipment	9	3,946	4,319
Intangible assets	10	35,041	32,058
Deferred tax asset	6	350	75
Total non-current assets		**39,337**	**36,452**
Total assets		**140,916**	**167,191**
Current liabilities			
Trade and other payables	12	9,862	11,308
Deferred income	14	1,204	1,008
Interest-bearing loans and borrowings	15	–	28
Lease liabilities	13	1,093	820
Derivative financial instruments	8	–	16
Income tax payable		83	120
Total current liabilities		**12,242**	**13,300**
Non-current liabilities			
Deferred income	14	727	853
Lease liabilities	13	2,017	2,157
Total non-current liabilities		**2,744**	**3,010**
Total liabilities		**14,986**	**16,310**
Equity			
Share capital	16	237,976	235,101
Share-based payment reserve	16	10,637	7,483
Foreign currency reserve		(676)	(236)
Accumulated losses		(122,007)	(91,467)
Total equity		**125,930**	**150,881**
Total equity and liabilities		**140,916**	**167,191**

For and on behalf of the Board of Directors, who authorise these financial statements for issue on 17 May 2023

Claudia Batten
Chair

Jan Dawson
Chair of Audit, Risk and Sustainability Committee

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

As at 31 March 2023

	Notes	31 Mar 2023	31 Mar 2022
		$ (000)	$ (000)
Cash flows from operating activities			
Receipts from customers		43,102	22,878
Receipts from government grants - Covid-19 subsidies		—	962
Interest received		2,170	228
Receipts from government grants - other		1,629	856
Taxation paid		(393)	(44)
Payments to suppliers and employees		(70,812)	(43,637)
Interest payments on lease liabilities		(223)	(69)
Net GST refunded		2,201	370
Net cash flows (used in)/from operating activities	20	**(22,326)**	**(18,456)**
Cash flows from investing activities			
Purchase of property, plant and equipment		(463)	(774)
Capitalised development costs and other intangible assets		(13,551)	(15,320)
Short-term deposits		17,500	(45,000)
Net cash flows (used in)/from investing activities		**3,486**	**(61,094)**
Cash flows from financing activities			
Issue of ordinary shares		21	83,281
Cost of new share issue		—	(3,188)
Payment of lease liabilities		(951)	(1,064)
Non-executive directors non-recourse loan		—	200
Net repayment of loans		(28)	(62)
Net cash flows (used in)/from financing activities		**(958)**	**79,167**
Net decrease in total cash		(19,798)	(383)
Net foreign exchange difference		529	(23)
Cash and cash equivalents at beginning of period		34,513	34,919
Cash and cash equivalents at the end of the period		**15,244**	**34,513**
Cash and cash equivalents comprises the following:			
Cash at bank and on hand	11	15,244	34,513
		15,244	**34,513**

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the year ended 31 March 2023

1. CORPORATE INFORMATION

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

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

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

2. BASIS OF ACCOUNTING

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

a) Basis of preparation

The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand (NZ GAAP) and the requirements of the Financial Markets Conduct Act 2013. The financial statements comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards, as appropriate for profit-oriented entities. Other than where described below, or in the notes, the consolidated financial statements have been prepared using the historical cost convention.

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

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

b) Going Concern

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

- Cash reserves (Cash at bank and Short-term deposits) at 31 March 2023 of $87.7 million provides a sufficient level of headroom to help support the business for at least the next 12 months; and
- Average monthly cash burn for the year was $3.1 million, while the second half average was $2.5 million.

c) Basis of consolidation

The Group financial statements incorporate the financial statements of the Company and entities controlled by the Company. Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has the rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

Subsidiaries are consolidated from the date the Company obtains control. They are de-consolidated from the date that control is lost. The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The consideration transferred for an acquisition is measured as the fair value of the assets transferred by the Group, equity instruments issued, and liabilities incurred or assumed, by the Group at the date of exchange. Costs directly attributable to the acquisition are recognised in the income statement. At the acquisition date the identifiable assets acquired and the liabilities assumed are recognised at their fair value.

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

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

Intra-Group transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated. Accounting policies of subsidiaries are consistent with the policies adopted by the Group.

d) Foreign currency translation

i) Functional and presentation currency

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

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

- Serko is NZX listed and has raised capital in New Zealand dollars;
- Serko generates revenue in multiple currencies; and
- New Zealand dollars are the primary currency for labour, operating cost and capital expenditure.

ii) Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at balance date.

Non-monetary items measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year end of exchange rates for monetary assets and liabilities denominated in foreign currencies, are recognised in the profit and loss.

iii) Foreign currency translation reserve (FCTR)

Serko translates the results of its foreign operations from their functional currencies to the presentation currency using the closing exchange rate at balance date for assets and liabilities and the average monthly exchange rates for income and expenses. The difference arising from the translation of the statement of financial position at the closing rates and the statement of comprehensive income at the average rates is recognised in other comprehensive income and accumulated within the foreign currency translation reserve within the statement of changes in equity.

e) Sales tax

The Income Statement and the Statement of Cash Flows have been prepared so that all components are stated exclusive of sales tax, except where sales tax is not recoverable. All items in the Statement of Financial Position are stated net of sales tax with the exception of trade receivables and trade payables, which include sales tax payable. Sales tax includes Goods and Services Tax.

f) Application of new and revised standards, amendments and interpretations.

There are no new revised or amended IFRS Standards that have a material impact on the Group for the year. The accounting policies adopted are consistent with the prior year.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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

The significant judgements, estimates, and assumptions made by management in the preparation of these financial statements are outlined within the financial statement notes to which they relate. A summary of these judgements is as follows:

- Capitalised development costs (note 10)
- Impairment of intangible assets (note 10)
- Revenue (note 4)

4. REVENUE AND OTHER INCOME

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

a) Revenue from transaction and usage fees

Revenue from transaction and usage fees include travel platform booking revenue, expense platform revenue and supplier commission revenue.

Revenue from travel platform bookings is recorded at the time the travel bookings are processed through Serko's platforms. The revenue generated is derived from numerous customer contracts that feature diverse pricing structures including transactional and usage fees with varying triggers for recognising revenue. Some contracts have fixed minimum booking volume arrangements. These commitments typically cover the duration of the agreement and extend across multiple financial reporting periods, and revenue is recognised over the period of volume commitment. Serko records revenue from its portfolio of contracts with reference to actual transactions, forecast transactions and minimum contracted commitments. Management exercises judgement to estimate future transaction volumes in order to determine projected revenue and accrued and defer revenue accordingly. For contracts without fixed consideration, we have applied the 'as invoiced' basis of recognition.

Expense platform revenue is earned over a month, however we have applied the practical expedient by recognising revenue at a point in time. Revenue is recognised on an active user basis at the end of each month.

Supplier commission revenue, predominantly from hotel bookings, is recognised when the performance obligation is fulfilled, which is when the reservation has been completed (completed stay). Management exercises judgement to estimate the amount of accrued commissions due at reporting date due to the timing of commissions received from partners.

b) Revenue from services

Revenue from services is generated from installation or other chargeable work orders and is recognised upon completion of the contract or services.

4. REVENUE AND OTHER INCOME (continued)

c) Contract assets

Contract assets primarily relate to accrued supplier commissions revenue (refer note 7).

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

d) Contract liabilities

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

	Notes	2023	2022
		$ (000)	$ (000)
Revenue – transaction and usage fees:			
Travel platform booking revenue		16,283	9,042
Expense platform revenue		4,960	4,039
Supplier commissions revenue		23,363	3,447
Services revenue		1,555	1,007
Other revenue		331	320
Total revenue		**46,492**	**17,855**
Government grants	14	1,533	1,006
Other		-	13
Total other income		**1,533**	**1,019**
Total income		**48,025**	**18,874**

	2023	2022
	$ (000)	$ (000)
Geographic information		
Australia	18,130	10,686
New Zealand	2,480	1,539
US	3,015	2,597
Europe and Other	22,867	3,033
Total revenue	**46,492**	**17,855**

4. REVENUE AND OTHER INCOME (continued)

The Board and Executive team monitor the results of the Group's operations as a whole for the purpose of making decisions about resource allocation and performance assessment and therefore the Board has determined the Group is a single reportable operating segment. As required under NZ IFRS 8 Serko is required to report on major customers making up more than 10% of the revenue for the year. Under this disclosure Serko advises that two customers (2022: three) had revenue more than 10% of the revenue for the Group. These customers accounted for $33,268,500 of the revenue for the year ended 31 March 2023 (2022: $9,335,635).

Serko reduces supplier commissions revenue by the amount of consideration payable to customers relating to jointly agreed marketing fees. For the year ended 31 March 2023, consideration payable to customers was $1,816,833 (2022: $911,000).

5. EXPENSES

	2023	2022
	$ (000)	$ (000)
Operating loss before taxation includes the following expenses:		
Employee remuneration	37,995	26,059
Contributions to pension plans	4,688	1,303
Share-based payment expenses	6,008	4,095
Other remuneration and benefits	638	617
Total remuneration and benefits	**49,329**	**32,074**
Hosting expenses	6,638	4,932
Third party connection costs	1,889	894
Other platform related costs	1,918	657
Auditor remuneration and other assurance fees	268	275
Directors' fees*	465	493
Movement of expected credit loss allowance on receivables	28	(23)
Bad debts written off	13	195
Rental and operating lease expenses	134	172
Professional fees	1,627	1,618
Computer licences	1,540	1,306
Insurance costs	986	705
Marketing expenses	1,610	1,536
Recruitment fees	567	365
Donations	11	1
Travel and entertainment	1,128	308
Other expenses	1,628	1,511
Total other operating expenses	**20,450**	**14,945**
Amortisation on intangibles	11,163	6,386
Depreciation	1,877	1,652
Total amortisation and depreciation	**13,040**	**8,038**
Expenses from ordinary activities	**82,819**	**55,057**

* Directors' fees include $18,000 (2022: $25,000) earned by a director of subsidiary, Serko India Private Limited.

5. EXPENSES (continued)

	2023 $ (000)	2022 $ (000)
Finance income and expenses includes:		
Finance income		
Interest received	2,877	695
Dividends received	1	1
Total finance income	**2,878**	**696**
Finance expenses		
Interest expense on lease liabilities	(223)	(69)
Other finance expenses	(59)	(49)
Total finance expenses	**(282)**	**(118)**
Total finance income and expenses	**2,596**	**578**

Auditor remuneration

	2023 $ (000)	2022 $ (000)
Amounts for services performed by Deloitte Limited:		
Audit of financial statements	238	267
Tax services	-	-
Other assurance services*	30	8
Total audit fees	**268**	**275**

* Other assurance services relate to the Greenhouse Gas Emissions Inventory assurance review in the current year and the review of the Group's compliance with Callaghan Innovation Grant requirements in prior year.

6. INCOME TAX

Income tax expense comprises of current and deferred tax movements.

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

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

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

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

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

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

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

	2023	**2022**
	$ (000)	$ (000)
Current income tax		
Current income tax charge	509	419
Adjustments in respect of income tax	(144)	(141)
	365	**278**
Deferred income tax		
Origination and reversal of temporary differences	(286)	41
Income tax expense/(benefit) reported in the statement of comprehensive income	**79**	**319**

6. INCOME TAX (continued)

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

	2023 $ (000)	2022 $ (000)
Accounting loss before income tax	(30,461)	(35,640)
At the statutory income tax rate of 28% (2022:28%)	(8,529)	(9,979)
Non-deductible items	4,728	2,658
Adjustments in respect of income tax	(144)	(141)
Foreign taxes	224	460
Tax losses and temporary differences unrecognised	4,196	7,650
Effect of tax on overseas subsidiaries at different rate	(396)	(329)
Income tax (benefit)/expense	79	319
At effective income tax rate of:	-0.3%	-0.9%

Deferred income tax at 31 March relates to the following:

	2023		2022	
	Statement of financial position $ (000)	**Statement of comprehensive income** $ (000)	**Statement of financial position** $ (000)	**Statement of comprehensive income** $ (000)
Deferred income tax liabilities recognised				
Intangibles	(19)	65	(72)	(19)
Deferred income tax asset recognised				
Intangibles and non-current assets*	3	2	—	—
Employee entitlements	185	38	147	(22)
Bonus provision	181	181	—	—
Net deferred tax asset recognised	**350**	**286**	**75**	**(41)**
Deferred income tax liabilities not recognised				
Intangibles	—	22	(22)	8
Deferred income tax asset not recognised				
Intangibles and non-current assets*	132	90	43	(52)
Provision for expected credit loss	60	11	48	(12)
Employee entitlements	528	72	456	131
Bonus provision	450	72	378	(155)
Share based payments	1,592	(49)	1,641	1,115
Capital expenditure - patents	1	—	2	(177)
Deferred income tax asset not recognised	**2,763**	**218**	**2,546**	**858**

6. INCOME TAX (continued)

Unrecognised tax losses carried forward include $98.6m (2022: $74.8m) relating to New Zealand and $10.8m (2022: $7.9m) relating to foreign jurisdictions.

The New Zealand group has a history of tax losses which do not expire. Given the current uncertainty that exists, no recognition of New Zealand temporary or tax loss assets has occurred.

7. RECEIVABLES

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

Collectability of receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. In accordance with NZ IFRS 9: Financial instruments, trade receivables are assessed for impairment and an expected credit loss (ECL) provision made based on lifetime expected credit losses. The ECL model considers various aspects of credit risk within a risk matrix, considering history of debtor write off, ageing of invoices, country, market and product risk.

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

	2023	**2022**
	$ (000)	**$ (000)**
Trade receivables	3,289	2,354
Expected credit loss provision	(220)	(192)
Trade receivables (net)	**3,069**	**2,162**
GST receivable	545	312
Sundry debtors	17	66
Contract assets	8,287	2,373
Prepayments	1,773	1,313
Total receivables	**13,691**	**6,226**
Foreign currency risk		
The carrying amounts of the group's receivables are denominated in the following currencies:		
New Zealand dollars	2,636	2,702
Australian dollars	2,509	1,716
US dollars	376	430
Other	6,397	65
	11,918	**4,913**

		Total	**0-30 days**	**31-60 days**	**61-90 days**	**91+ days**
		$ (000)	$ (000)	$ (000)	$ (000)	$ (000)
At 31 March the ageing analysis of receivables was as follows:						
2023	Trade receivables	11,576	7,963	3,015	71	527
2022	Trade receivables	4,727	3,445	923	86	273

7. RECEIVABLES (continued)

Allowance for impairment loss – Trade receivables

Group trade receivables over 60 days were $598,000 (2022: $359,000). An ECL provision of $220,000 (2022: $192,000) has been made, resulting in a movement for the period of $28,000. Additionally within the ECL provision, the Group recognises a specific allowance of individual receivables if there is objective evidence of credit impairment or non-collectability.

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

Movement in ECL provision during the year was as follows:

	2023 $ (000)	2022 $ (000)
Balance at 1 April 2022	192	215
Bad Debts written off	(13)	(195)
Expected credit loss provision	41	172
Balance at 31 March 2023	**220**	**192**

8. FINANCIAL INSTRUMENTS

Derivative financial instruments

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

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

	2023 $ (000)	2022 $ (000)
Current:		
Foreign currency forward exchange contracts: asset/(liability)	144	(16)
Contractual amounts of forward exchange contracts outstanding were as follows:		
Foreign currency forward exchange contracts	38,806	2,853

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

9. PROPERTY, PLANT AND EQUIPMENT

All items of property, plant and equipment are recorded at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset.

The following estimates have been used:

- Leasehold improvements - Term of lease (16.7% - 25%)
- Furniture and fittings - 10% - 13.5%
- Computer equipment - 17.5% - 48%
- Right-of-use asset - Term of lease

	Leasehold improvement	Furniture & fittings	Computer equipment	Right-of-use asset*	Total
	$ (000)	$ (000)	$ (000)	$ (000)	$ (000)
2023					
Cost or valuation					
Balance at 1 April 2022	609	870	2,574	5,086	9,139
Additions	7	85	371	1,018	1,481
Disposals	-	(6)	(28)	(379)	(413)
Currency translation	1	3	31	48	83
Balance at 31 March 2023	**617**	**952**	**2,948**	**5,773**	**10,290**
Depreciation					
Balance at 1 April 2022	477	421	1,680	2,242	4,820
Depreciation expense	69	86	608	1,114	1,877
Disposals	-	(2)	(28)	(379)	(409)
Currency translation	(3)	-	26	33	56
Balance at 31 March 2023	**543**	**505**	**2,286**	**3,010**	**6,344**
Net carrying amount	**74**	**447**	**662**	**2,763**	**3,946**
2022					
Cost or valuation					
Balance at 1 April 2021	608	827	1,846	3,091	6,372
Additions	-	42	732	2,628	3,402
Disposals	-	-	(9)	(641)	(650)
Currency translation	1	1	5	8	15
Balance at 31 March 2022	**609**	**870**	**2,574**	**5,086**	**9,139**
Depreciation					
Balance at 1 April 2021	345	337	1,163	1,958	3,803
Depreciation expense	130	84	520	918	1,652
Disposals	-	-	(9)	(641)	(650)
Currency translation	2	-	6	7	15
Balance at 31 March 2022	**477**	**421**	**1,680**	**2,242**	**4,820**
Net carrying amount	**132**	**449**	**894**	**2,844**	**4,319**

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

9. PROPERTY, PLANT AND EQUIPMENT (continued)

a) Impairment

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

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

b) Disposal

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

10. INTANGIBLES

Intangible assets consist of both internally generated intangible assets such as capitalised expenditure for software development, and externally generated intangible assets such as trademarks, intellectual property and goodwill upon acquisition.

Key judgements on the capitalisation of development costs

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

Software assets in the current year relate to the continued development of the Group's Booking.com integration with Zeno. The group capitalises software development costs based on direct costs associated with the project and a proportion of employee costs that directly relate to the software development project. Computer software development costs recognised as assets are amortised over their estimated useful lives and tested for impairment whenever there is an indication that the intangible asset may be impaired. Intangible assets under development and not yet completed at balance date are recorded as capital work in progress.

Other expenditures that do not meet the above criteria are recognised as expenses as they are incurred. This includes research costs and costs associated with maintaining internal computer software programs.

Amortisation and Impairment of non-financial assets

Amortisation is recognised as an expense in the income statement. The estimated useful lives are as follows:

- Goodwill and Other intangible assets (indefinite useful life, not amortised but tested annually for impairment);
- Intellectual property (finite, amortised on 5 years straight-line basis); and
- Computer software (finite, amortised between 3 and 5 years on a straight-line basis).

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

10. INTANGIBLES (continued)

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

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

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

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

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

The recoverable amount of the cash-generating unit is determined from a value-in-use calculation that uses a discounted cash flow analysis. The key assumptions for the value-in-use calculation are those regarding the discount rate, growth rates and forecast financial performance and cash flows.

Management estimates the discount rate using rates that reflect current market assumptions of the time value of money and risk specific to the cash-generating unit. The growth rates are based on management's best estimate. Forecast revenues, direct and indirect costs, are based on historical experience/past practices and expectations of future changes in the markets the Group operates in and services.

Key judgements and estimates — impairment considerations

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

- Cash flow projections across a five-year forecast period;
- The assumptions with the greatest impact on impairment testing are as follows:
  - The retention of and continued growth in revenues from key customers.
  - A pre tax discount rate of 16.6% (2022: 15.6%), equivalent to a post tax weighted average cost of capital of 13.4% (2022: 12.2%)
  - The Discount factor is applied using a mid-year convention; and
  - Terminal growth rate of 3% (2022: 2%).

In assessing the sensitivity of the forecasts to changes in assumptions, an analysis in key underlying assumptions was performed and applied to the weighted average scenario. This included reducing the estimated revenue in the fifth year by 20%, reducing the terminal growth rate by 3% and increasing the discount rate by 2%. These reasonably possible changes in assumptions did not result in any impairment.

10. INTANGIBLES (continued)

	Goodwill $ (000)	Intellectual property $ (000)	Other intangible assets $ (000)	Development work in progress $ (000)	Computer software $ (000)	Total $ (000)
2023						
Cost						
Balance at 1 April 2022	1,336	1,409	78	6,275	36,774	45,872
Additions	–	–	–	13,551	–	13,551
Transfer of cost	–	–	–	(15,448)	15,448	–
Currency translation	185	194	–	–	416	795
Balance at 31 March 2023	**1,521**	**1,603**	**78**	**4,378**	**52,638**	**60,218**
Amortisation and impairment						
Balance at 1 April 2022	–	928	–	–	12,886	13,814
Amortisation	–	321	–	–	10,842	11,163
Currency translation	–	114	–	–	86	200
Balance at 31 March 2023	**–**	**1,363**	**–**	**–**	**23,814**	**25,177**
Net carrying amount	**1,521**	**240**	**78**	**4,378**	**28,824**	**35,041**
2022						
Cost						
Balance at 1 April 2021	1,445	1,524	78	1,345	26,368	30,760
Additions	–	–	–	15,320	–	15,320
Transfer of cost	–	–	–	(10,433)	10,433	–
Currency translation	(109)	(115)	–	43	(27)	(208)
Balance at 31 March 2022	**1,336**	**1,409**	**78**	**6,275**	**36,774**	**45,872**
Amortisation and impairment						
Balance at 1 April 2021	–	668	–	–	6,788	7,456
Amortisation	–	286	–	–	6,100	6,386
Currency translation	–	(26)	–	–	(2)	(28)
Balance at 31 March 2022	**–**	**928**	**–**	**–**	**12,886**	**13,814**
Net carrying amount	**1,336**	**481**	**78**	**6,275**	**23,888**	**32,058**

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

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

	2023	2022
	$ (000)	$ (000)
Cash at bank – New Zealand dollar balances	6,338	27,323
Cash at bank – foreign currency balances	8,906	7,190
Cash at bank and on hand	**15,244**	**34,513**
The carrying amounts of the group's cash at bank and on hand are denominated in the following currencies:		
New Zealand dollars	6,338	27,323
Australian dollars	602	661
Chinese Yuan	1,330	896
US dollars	5,857	2,552
European Euros	1,117	3,081
	15,244	**34,513**
Short term deposits	**72,500**	**90,000**

Cash includes USD$1 million (2022: USD$1.5 million) of restricted cash in the form of a minimum bank balance required in the US to provide same-day clearance for expense reimbursement services.

Short-term deposits of $72.5 million (2022: $90 million) represent term deposits with a maturity period of more than 90 days, but less than one year. Short-term deposits are all New Zealand dollars denominated.

12. TRADE AND OTHER PAYABLES

Trade and other payables

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

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

12. TRADE AND OTHER PAYABLES (continued)

Employee benefits

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

	2023 $ (000)	2022 $ (000)
Trade payables	2,311	1,945
Other payables	–	3,376
Accrued expenses	4,644	3,628
Annual leave accrual	2,907	2,359
Total trade and other payables	**9,862**	**11,308**
Disclosed as:		
Current	9,862	11,308
Non-current	–	–
	9,862	**11,308**
Foreign currency risk		
The carrying amounts of the group's payables are denominated in the following currencies:		
New Zealand dollars	7,416	9,112
Australian dollars	716	654
US dollars	1,133	1,393
Other	597	149
	9,862	**11,308**

13. LEASE LIABILITIES

Recognition and measurement of Serko leasing activities

The Group leases property for fixed periods of between one and six years and some include extension options. These extension options are usually at the discretion of The Group and are included in the measurement of the lease asset if management concludes it is reasonably certain that the extension will be exercised.

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.

13. LEASE LIABILITIES (continued)

Low value and short term leases are expensed to the income statement. These include leases on property of $78,744 (2022: $172 000) that are short term in nature.

Key movements relating to lease balances are presented below:

	2023 $ (000)	2022 $ (000)
Balance at 1 April 2022	2,977	1,407
Leases entered into during the period	1,073	2,628
Principal repayments	(951)	(1,064)
Foreign exchange adjustment	11	6
Closing balance	**3,110**	**2,977**
Classified as:		
Current	1,093	820
Non-current	2,017	2,157
Closing balance	**3,110**	**2,977**
Maturity analysis - contractual undiscounted cash flows:		
Less than 1 year	1,263	1,023
Later than 1 year and not later than 2 years	1,142	962
Later than 2 years and not later than 5 years	1,017	1,365
Total undiscounted lease liabilities at 31 March	**3,422**	**3,350**

14. GOVERNMENT GRANTS AND DEFERRED INCOME

Deferred income is presented in the table below:

	2023 $ (000)	2022 $ (000)
Opening deferred income	1,861	-
Covid-19 government subsidies	(151)	377
Research and development tax credit (RDTI)	293	994
Contract liabilities	(72)	490
Closing deferred income	**1,931**	**1,861**
Deferred income disclosed as:		
Current	1,204	1,008
Non-current	727	853
	1,931	**1,861**

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

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

14. GOVERNMENT GRANTS AND DEFERRED INCOME (continued)

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

Income relating to grants is presented in table below:

	2023 $ (000)	2022 $ (000)
During the year, the Group claimed the following grants:		
Covid-19 government subsidies	–	969
Research and development tax credit (RDTI)	1,589	1,337
Other government grants	86	76
Total compensation	**1,675**	**2,382**
Income recognised		
Covid-19 government subsidies	151	587
Research and development tax credit (RDTI)	1,296	343
Other government grants	86	76
Total income recognised	**1,533**	**1,006**

15. INTEREST-BEARING LOANS AND BORROWINGS

	2023 $ (000)	2022 $ (000)
Current		
Leasehold fitout loan	–	28
	–	**28**
Non-current		
Leasehold fitout loan	–	–
	–	–
Total Interest-bearing loans and borrowings	–	**28**

16. EQUITY

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

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

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

- In respect of the Restricted Share Plan (RSP), the Group allocated nil shares (2022: nil). Unallocated shares are 1,263,865 (2022: 1,263,865); and
- In respect of Restricted Share Units (RSU), the Group allocated 1,168,329 (2022: 801,984).

	2023	2022	2023 Number of shares	2022 Number of shares
	$ (000)	$ (000)	(000)	(000)
Ordinary shares				
Balance at 1 April	235,101	153,706	119,921	107,822
Issue of shares pursuant to institutional capital placement	-	75,000	-	10,638
Issue of shares pursuant to Share Purchase Plan (SPP) placement	-	8,281	-	1,209
Transaction costs for issue of new shares	-	(3,188)	-	-
Non-executive director's settlement of non-recourse loan	-	247	-	-
Issue of shares pursuant to US Options plan	21	4	8	1
Issue of shares pursuant to RSU scheme	2,854	1,051	514	251
Share capital at 31 March	**237,976**	**235,101**	**120,443**	**119,921**
Share-based payment reserve				
Balance at 1 April	7,483	4,509		
RSUs expensed during the year	6,542	4,051		
Shares vested to employees via RSU scheme	(2,854)	(1,051)		
RSUs forfeited by employees	(516)	(108)		
Shares vested to employees via RSP	-	95		
Shares forfeited by employees via RSP	-	(3)		
Non-executive director's settlement of non-recourse loan	-	(47)		
Share-based payments - employee share options	(18)	37		
Share-based payment reserve at 31 March	**10,637**	**7,483**		

17. EARNINGS PER SHARE (EPS)

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

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

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

	2023 $ (000)	2022 $ (000)
Loss attributable to ordinary equity holders of the parent		
Continuing operations	(30,540)	(35,959)
	(30,540)	**(35,959)**

	Notes	2023 Number (000)	2022 Number (000)
Basic earnings per share			
Issued ordinary shares	16	120,443	119,921
Weighted average of issued ordinary shares		120,344	111,839
Adjusted for unallocated employee restricted share plan shares		(1,264)	(1,264)
Weighted average of issued ordinary shares outstanding		**119,080**	**110,575**
Basic and diluted earnings/(loss) per share (dollars)		**(0.26)**	**(0.33)**

	2023 Cents	2022 Cents
Net tangible assets per security	76.26	100.14

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

18. SHARE-BASED PAYMENTS

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

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

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

Employee Restricted Share Plan

The employee Restricted Share Plan has been superseded by the Restricted Share Units scheme. There are no future plans to allocate the shares held by the trustee.

	2023	2022
	Number of shares	**Number of shares**
Unvested shares at 1 April	–	343,880
Forfeited during the year	–	(1,081)
Vested during the year	–	(342,799)
Unvested shares at 31 March - allocated to employees	–	–
Ageing of unvested shares		
Vest within one year	–	–
Ageing of unvested shares at 31 March - allocated to employees	**–**	**–**
Unallocated shares - held by trustee	**1,263,865**	**1,263,865**

Employee Restricted Share Units scheme (RSUs)

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

Vesting conditions are based on:

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

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

18. SHARE-BASED PAYMENTS (continued)

	2023 Weighted average price NZ$	2023 Number of RSUs	2022 Weighted average price NZ$	2022 Number of RSUs
Outstanding at 1 April		1,997,222		1,514,291
Allocated to employees during the year	4.45	1,168,329	6.79	801,984
Cancelled during the year	4.91	(271,968)	5.70	(68,114)
Vested during the year	5.55	(514,588)	4.19	(250,939)
Outstanding at 31 March		**2,378,995**		**1,997,222**

Employee incentive share options scheme

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

Options are conditional on the completion of the necessary years of service (the vesting period) as appropriate to that tranche. The options are considered graded equity instruments that vest in tranches over two to five years from the grant date. No options can be exercised later than five years from grant date. There were 21 holders of options at 31 March 2023 (2022: 37).

The Group has no legal or constructive obligation to repurchase or settle the options in cash. Movements in the number of options outstanding and their related weighted average exercise prices are as follows:

	2023 Weighted average exercise price ($)	2023 Options	2022 Weighted average exercise price ($)	2022 Options
Outstanding at 1 April		148,309		168,667
Cancelled during the year	3.63	(45,497)	3.61	(19,365)
Exercised during the year	2.68	(7,838)	3.32	(993)
Outstanding at 31 March		**94,974**		**148,309**

Options outstanding at 31 March fall within the following ranges:

Granted	Expiry date	Grant price (NZ$)	2023 Options	2022 Options
2018-19	2023-24	2.68-3.32	24,324	56,521
2019-20	2023-24	3.95-4.49	40,930	42,750
2020-21	2023-24	4.80	29,720	49,038
			94,974	**148,309**

19. RELATED PARTIES

The Group has related party relationships with its controlled entities and with key management personnel.

a. Subsidiaries

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

		% Equity interest
	Principal activity	**2023**
Serko Australia Pty Limited	Sales and marketing	100%
Serko Trustee Limited	Trustee	100%
Serko India Private Limited	Non-trading	100%
Serko Investments Limited	Non-trading	100%
Foshan Sige Information Technology Limited	Research and development services	100%
Serko Inc	Sales and marketing	100%
InterplX Inc	Expense management	100%

b. Transactions with related parties

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

c. Key management remuneration*

	2023	2022
	$ (000)	$ (000)
Non-executive directors' remuneration	465	468
Salary and other short-term benefits	4,251	3,595
Share-based payments	3,377	2,093
Total compensation	**8,093**	**6,156**

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

d. Terms and conditions of transactions with related parties

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

For the year ended 31 March 2023 the Group has not made any allowance for impairment loss relating to amounts owed by related parties (2022: $nil). An impairment assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates, to determine whether there is objective evidence that a related party receivable is impaired. When such objective evidence exists, the Group recognises an allowance for the impairment loss.

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

	2023 $ (000)	2022 $ (000)
Net loss after tax	(30,540)	(35,959)
Add non-cash items		
Amortisation	11,163	6,386
Depreciation	1,877	1,652
Deferred tax loss/(gain)	(275)	41
Loss on foreign exchange transactions	(1,681)	27
Share-based compensation	6,008	4,076
	(13,448)	**(23,777)**
Add/(less) movements in working capital items		
(Increase)/decrease in receivables	(7,465)	(833)
Increase/(decrease) in income tax payable	(37)	127
(Decrease)/increase in trade and other payables	(1,376)	6,027
	(8,878)	**5,321**
Net cash flow used in operating activities	**(22,326)**	**(18,456)**

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

Financial assets:

Cash at bank and on hand, short term deposits and receivables are financial assets measured at amortised cost. When financial assets are recognised initially they are measured at fair value plus directly attributable transaction costs.

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Financial liabilities:

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

The effective interest method calculates the amortised cost of a financial liability and allocates the interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or, where appropriate, a shorter period to the net carrying amount of the liability. Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

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

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

a) Risk exposures and responses

i) Interest rate risk

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

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

ii) Liquidity and interest rate risk

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

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

	Weighted average effective interest rate %	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
		$ (000)	$ (000)	$ (000)	$ (000)	$ (000)	$ (000)
Group - 2023							
Trade and other payables	0%	9,862	9,862	–	–	–	–
Lease liability	10%	3,423	616	648	1,142	1,017	–
		13,285	**10,478**	**648**	**1,142**	**1,017**	–
Group - 2022							
Trade and other payables	0%	11,308	11,308	–	–	–	–
Leasehold fitout loan	8%	28	28	–	–	–	–
Lease liability	8%	3,350	548	475	962	1,365	–
		14,686	**11,884**	**475**	**962**	**1,365**	–

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

b) Currency risk

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

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

The following table summarises the sensitivity to foreign currency exchange rate movements.
A sensitivity of +/- 20% (2022: +/-15%) has been selected owing to exchange rate volatility observed.

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

		Foreign currency risk			
		+20%		-20%	
	Carrying amount	Post-tax profit	Equity	Post-tax profit	Equity
	$ (000)	$ (000)	$ (000)	$ (000)	$ (000)
2023					
Foreign exchange balances					
Cash at bank	8,906	1,069	1,069	(1,603)	(1,603)
Trade receivables	9,282	1,114	1,114	(1,671)	(1,671)
Trade payables	(2,445)	(293)	(293)	440	440
Net exposure	**15,743**	**1,890**	**1,890**	**(2,834)**	**(2,834)**
2022		**+15%**		**-15%**	
Foreign exchange balances	**Carrying amount**	**Post-tax profit**	**Equity**	**Post-tax profit**	**Equity**
Cash at bank	7,190	675	675	(914)	(914)
Trade receivables	2,211	288	288	(390)	(390)
Trade payables	(2,196)	(206)	(206)	279	279
Net exposure	**7,205**	**757**	**757**	**(1,025)**	**(1,025)**

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

c) Credit risk

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

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

The Group monitors and manages the exposure to credit risk by ensuring customers have an appropriate credit history.

The credit risk associated with Expense customers is small owing to the inherently low transaction value and the distribution over a large number of customers.

The Group's other largest concentration of credit risk is with one customer, with $6,359,074 receivable at 31 March 2023 (2022:$988,000).

At reporting date the Group's cash and short-term deposits were held in several banks with the following distribution: Two banks held 34% each and the remaining 32% were held in other banks (2022: 53% held with one bank and 47% in other banks). A total of 92% of cash is held by New Zealand and Australian banks with a credit rating of at least 'AA-'. The Group has no other concentrations of credit risk.

d) Fair value

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

22. EVENTS AFTER BALANCE SHEET DATE

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

23. CONTINGENT LIABILITIES

There were no contingent liabilities at balance date (2022: $nil).

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Independent Auditor’s Report

To the Shareholders of Serko Limited

Opinion

We have audited the consolidated financial statements of Serko Limited and its subsidiaries (the ‘Group’), which comprise the consolidated statement of financial position as at 31 March 2023, and the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements, on pages 36 to 66 present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2023, and its consolidated financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (‘NZ IFRS’) and International Financial Reporting Standards (‘IFRS’).

Basis for opinion

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

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

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

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

Audit materiality

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

We determined materiality for the Group financial statements as a whole to be $1,500,000.

Key audit matters

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

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Key audit matter	How our audit addressed the key audit matter
Revenue Recognition Included within total revenue of $46.5 million is travel booking platform revenue ($16.3 million) and supplier commissions revenue ($23.4 million), as set out in note 4 'Revenue and other income'. The recognition of revenue is a key audit matter due to the significance of revenue to the financial statements and judgements involved in determining the timing of revenue recognition. • Travel platform booking revenue is derived from multiple customer contracts that contain different pricing schedules and varying revenue recognition triggers. Complexity exists because customer contracts can include transactional and usage fees (sometimes with minimum contracted commitments), establishment and installation fees, and chargeable work orders, which impact on the allocation of revenue across different goods and services. The group must exercise judgement to determine accrued or deferred revenue accordingly, dependent on estimated future transaction volumes impacting the timing of when revenue is recognised. • Supplier commissions revenue is predominantly from hotel bookings. It is recognised net of performance marketing fees, and is not recognised until a reservation has been completed. Judgement is required to estimate the amount of accrued commissions as at the reporting date.	For travel platform booking revenue: • We evaluated the systems, processes and controls in place to recognise revenue. • We engaged our Information Technology specialists to test the IT environment in which bookings occur and interfaces with the general ledger. • We recalculated travel platform booking revenue recognised for a sample of material customers by reconciling transactions recorded in the relevant IT systems to the general ledger and validating pricing inputs to invoices and signed customer contracts. • We considered the application of NZ IFRS 15: Revenue from Contracts with Customers for new and material contracts or significant variations to contracts entered into during the year. For supplier commissions revenue: • We built an understanding of how bookings data is obtained from third party systems, what activities are undertaken by the Group to validate the information received, and how the information flows through to the Group's general ledger. • We reconciled underlying transactional data to cash subsequently received. • We obtained a third party confirmation of total commissions paid to the Group for the period (net of marketing fees), and assessed the Group's estimate of accrued revenue by challenging the inputs within management's calculation. We tested samples of manual journal entries recorded outside of normal business processes by profiling for unusual revenue impacting journals.
Capitalisation of software development including impairment considerations The Group capitalises costs for internally developed work in progress and transfers those to software upon completion of the project. In the current year the Group capitalised costs of $13.6 million and transferred $15.4 million of work in progress to software assets, as set out in note 10 'Intangibles'. $4.4 million of development work in progress has been recognised as at balance date. **Capitalisation of software development** As a Software as a Service ("SaaS") provider, the Group incurs significant expenditure in developing and enhancing software products. Judgement is required to determine whether the recognition criteria under NZ IAS 38 Intangible Assets have been met in order to capitalise the applicable costs of development. This includes considering whether the costs are directly attributable to the development of an asset, and	**Capitalisation of software development** We evaluated the nature of expenditure, the stage of product development, and how the Group distinguishes expenditure between research, development and maintenance costs. We assessed the Group's processes and controls for recording time spent on products and the allocation between research or software development to be capitalised under NZ IAS 38. We tested a sample of additions to evaluate whether the recognition criteria under NZ IAS 38 have been met. **Impairment assessment** We considered existing software for technical obsolescence, by ensuring appropriate revenues exist for those products and corroborating with management whether features or product enhancements previously capitalised are still in use. We challenged the key assumptions within the cash flow

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Key audit matter	How our audit addressed the key audit matter
whether the Group can demonstrate that the asset is in the development stage. This includes demonstrating the technical feasibility of completing the intangible asset so that it will be available for use, the Group's intention to complete the asset, how the asset will generate future economic benefits, the viability of resources to complete the asset development and the ability of the Group to reliably measure the expenditure attributable to the intangible asset. **Impairment assessment** The Group must also assess each period whether there are any indications that the software development assets are impaired and must perform impairment testing on any capitalised development costs for which there are indicators of impairment, or which relate to software that is not yet available for use. The recoverable amount of the group's cash-generating unit is sensitive to assumptions around the retention of and continued growth in revenue from key customers, as well as to the terminal growth rate and discount rate applied in the discounted cash flow model. We have included capitalisation and impairment considerations of software development as a key audit matter due to the level of judgement required.	forecasts by considering historical cashflows, our understanding of the business strategy and other relevant external information. We used our internal valuation specialists to assist in evaluating the assumptions used in the Group's discounted cash flow model, specifically the discount rate and terminal growth rates used, to support the carrying value of assets as at 31 March 2023. We performed sensitivity analysis over key drivers in the Group's impairment model, particularly assumptions around forecast travel bookings and volume growth on Booking for Business platform.

Other information

The directors are responsible on behalf of the Group for the other information. The other information comprises the information in the Annual Report that accompanies the consolidated financial statements and the audit report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and consider whether it is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If so, we are required to report that fact. We have nothing to report in this regard.

Directors' responsibilities for the consolidated financial statements

The directors are responsible on behalf of the Group for the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS and IFRS, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible on behalf of the Group for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located on the External Reporting Board's website at:

https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-1

This description forms part of our auditor's report.

Restriction on use

This report is made solely to the Company's shareholders, as a body. Our audit has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Deloitte Limited

Paul Seller
Partner
for Deloitte Limited
Auckland, New Zealand
17 May 2023

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PRAC Committee Chair's Letter

As Chair of Serko's People, Remuneration and Culture Committee (PRAC Committee), I am pleased to present to you Serko's first comprehensive Remuneration Report, covering the financial year ended 31 March 2023.

To better enable our shareholders to understand how we reward our executives and employees, and how our remuneration practices are aligned with our business strategy and performance, we have sought to provide greater transparency through enhanced disclosures this year. We trust shareholders will find the additional information useful.

At Serko we have always believed that a well-designed and flexible remuneration framework is crucial to attracting, retaining and motivating our top talent to deliver our growth strategy. Equally, it must ensure our employees' interests are aligned with the long-term success of our company and delivering value to shareholders.

We are pleased with the significant progress we have made over the past two years in redesigning, embedding and enhancing our approach to total rewards, creating a solid foundation for remuneration to reinforce performance as we deliver on our 3-year strategic objectives.

Serko's remuneration practices over the past few years were redesigned to align with practices across the technology industry, placing a major focus on attraction and retention of key talent as we faced unprecedented challenges due to the pandemic and seized unprecedented commercial alliances.

In FY23, we introduced a range of enhancements to align incentives more closely with delivery of strategic objectives and generation of long-term shareholder value. This included the introduction of a more comprehensive performance scorecard against which execution of strategic objectives was measured. These measures comprised minimum, target and maximum thresholds and saw the introduction of revenue and cash reserve performance gateways.

Other areas of focus for the year included:

- Driving Serko's strategic OKRs (Objectives and Key Results) across the business to support focused execution and prioritisation.
- Embedding Serko's career level framework, thereby ensuring a strong foundation for benchmarking, analysis and reward decisions.
- Ensuring a data driven approach to remuneration reviews, using external Radford/AON benchmarking and consistent methodology to differentiate performance.
- Publishing our first Pay and Gender Equity Statement and registering on the New Zealand 'Mind the Gap' Registry.
- Enhancing our leave and wellness entitlements, including introducing broader parental leave benefits with gender neutral application.

Remuneration Outlook

In response to the changing macro-economic environment, and as travel revenue returns to post-Covid-19 levels, the PRAC Committee has spent the latter part of the financial year reviewing the current remuneration framework to ensure it remains fit for purpose. In doing so, we have reviewed the Executive Team's (including the CEO's) remuneration structure, with a particular focus on incentive structure and market benchmarking. This review has been undertaken with the assistance of independent remuneration consultants, AON and Guerdon Associates. The information obtained from these reviews has been used to inform Serko's FY24 remuneration policy.

As a result, our aim over the next two years is to:

1. Ensure a broader and more informed assessment to ensure our remuneration remains in line with industry trends and the macroeconomic environment.
2. Structure at-risk long-term incentives for Executives with increased alignment to improved shareholder returns, as well as tenure, which has been a prime retention method in the past.

The Board has made the considered decision not to increase the CEO's base salary. The proportions allocated to short term and EISS long term remuneration are also not anticipated to change. The CEO's long-term EISS incentive will adapt to reflect measures relating to an increase in shareholder return.

We are keen to engage in ongoing dialogue with shareholders to understand their perspectives on our remuneration practices. Should you have any questions, you can contact me directly at RemChair@Serko.com.

Clyde McConaghy
Chair • People, Remuneration and Culture Committee

Governance

The PRAC Committee is responsible for annually reviewing Serko's remuneration policies and framework and recommending any changes to the Board. The PRAC Committee is tasked with ensuring the remuneration framework is transparent, fair and reasonable for employees and shareholders.

The PRAC Committee is also responsible for making recommendations to the Board in relation to the remuneration of the Chief Executive Officer (CEO) and of the company's executives (in consultation with the CEO). Company-wide performance measures and targets that relate to incentives are reviewed annually by the PRAC Committee and approved by the Board.

The Board retains ultimate responsibility for approving Serko's remuneration frameworks, setting criteria for, and evaluating the performance of the CEO and approving his remuneration.

The current members of the PRAC Committee are Clyde McConaghy (Chair), Jan Dawson and Claudia Batten. All members are independent, non-executive directors. For more information on the role and responsibilities of the Board and PRAC Committee with respect to remuneration practices, see our latest ESG Report — Governance Section.

Remuneration Strategy & Framework

Serko's Purpose is to bring people together. This Purpose is underpinned by our vision and mission, and by our strategic goals and annual objectives (summarised on page 10 of this Annual Report). Serko's remuneration strategy and framework is designed to attract and retain high-calibre talent who are empowered to deliver against these strategic goals and objectives, and to create long-term shareholder value.

Serko's Remuneration Policy outlines the remuneration principles that apply to all employees to ensure remuneration practices within Serko are fair and equitable and there is a clear link between remuneration and employee and company performance. The Remuneration Policy separately outlines principles to apply to director remuneration. The Remuneration Policy is available on the investor section of the company's website in the Corporate Governance Manual.

Serko's remuneration framework and policy reflects the following principles:

Remuneration Principles	The Principle Explained
Organisational alignment	Clear alignment with Serko's Mission, Vision, Values, and Strategy
Valued by employees	Supports the attraction, retention and engagement of employees
Clear	Clearly understood by employees and other stakeholders
Fair, competitive & equitable	Equitable and flexible. Appropriately competitive with the market and within an organisational context
Rewards performance	Recognises company and individual performance and differentiates reward for individuals achieving high performance
Shareholder alignment	Recognises company performance and the creation of long-term shareholder value

Each year, the PRAC Committee conducts a review of Serko's Remuneration Policy to assess whether any changes are required to ensure it continues to deliver a remuneration structure and levels that are consistent with the policy principles.

Remuneration Structure & Policy

Serko's remuneration framework is applied to all employees. Its global banding structure ensures roles are mapped into specific bands with broadly equivalent work scope and complexity. Pay ranges for each band are determined based on local benchmarking of market rates.

Total remuneration at Serko includes a mix of fixed remuneration and variable at-risk remuneration, delivered via Serko's incentive programmes. The proportion of at-risk remuneration increases with the seniority of employees. Variable at-risk components are tied to company performance, as well as individual performance. This approach is designed to support the policy of 'pay for performance' and to ensure alignment to shareholder value over the short and longer term.

Company and individual short-term objectives are agreed annually. The PRAC Committee reviews performance against the company objectives following the release of the results for the first six months of the financial year and again at year end.

Every employee, including the CEO, has regular performance reviews and is subject to a formal annual performance review. The annual review is measured against agreed key performance targets, both financial and non-financial. During the year ended 31 March 2023, performance reviews took place in accordance with that process.

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

Remuneration Benchmarking

The PRAC Committee reviews Serko's Remuneration Policy on a regular basis to ensure it remains fit for purpose and continues to support delivery of Serko's strategic objectives and shareholder value.

During FY23, a comprehensive review was undertaken of executive remuneration. To assist with this review, the Board engaged external independent remuneration consultants, Guerdon Associates and AON.

Guerdon Associates was engaged to provide feedback on the executive incentive remuneration structure. Aon was engaged to undertake independent executive remuneration benchmarking, and also to provide benchmark data for remuneration at all levels of the organisation.

Each remuneration consultant signed a declaration attesting to their independence when carrying out their review and reported to the Chair of the PRAC Committee during the review.

The following table summarises each component of employee remuneration offered at Serko:

Component	Summary	Link to Strategy and Performance
Fixed Remuneration	• Base salary • Benefits: Including employer retirement contributions (e.g. Kiwisaver and Australian Superannuation).	• Based on individual skills, experience, accountabilities, and performance. • Benchmarked to the median of the market in Serko's respective locations. • Reviewed annually based on market data, internal benchmark relativities and performance criteria.
Short Term Incentive (STI) *At risk*	• Discretionary at-risk cash payment with targets set as a percentage of base salary. • Eligible to selected roles – primarily Executive and Senior Leadership Teams. *Additional terms of the scheme are detailed on page 80*	• Designed to reward performance of annual financial and strategic objectives for the respective financial year, creating alignment with shareholder value creation. • Rewards the achievement of company and individual performance
Equity-based / Long Term Incentive Scheme (LTI) *At risk*	• Equity-based award in the form of Restricted Share Units (RSUs) that convert into Serko shares at vesting. • At-risk with targets set as a percentage of base salary. • Eligible to all permanent employees in New Zealand, Australia and the United States *Additional terms of the scheme are detailed on page 80*	• Designed to retain key people to support delivery of multi-year strategy, and align rewards with longer-term shareholder value. • The RSU awards are performance-based, having gateways that must be met before a grant is made. • Rewards the achievement of company and individual performance
Sales Incentive Plans *At risk*	• Discretionary cash-based payment linked directly to sales/business development performance targets. • Eligible to select sales roles.	• Designed to support the delivery of Serko's revenue and customer-base growth

In addition to offering RSUs, Serko has historically also offered employees equity incentives in the form of Restricted Shares and Options (in the US only). The Restricted Share Plan has subsequently been grandfathered and no restricted shares were allocated during the current financial period. No employees currently have unvested Restricted Shares allocated to them. Similarly, no new Options were offered to US employees during the period, with RSUs being offered in their place. The number of Options currently on issue is detailed in the Governance and Disclosures section of this Annual Report.

Incentive Schemes – Key Terms

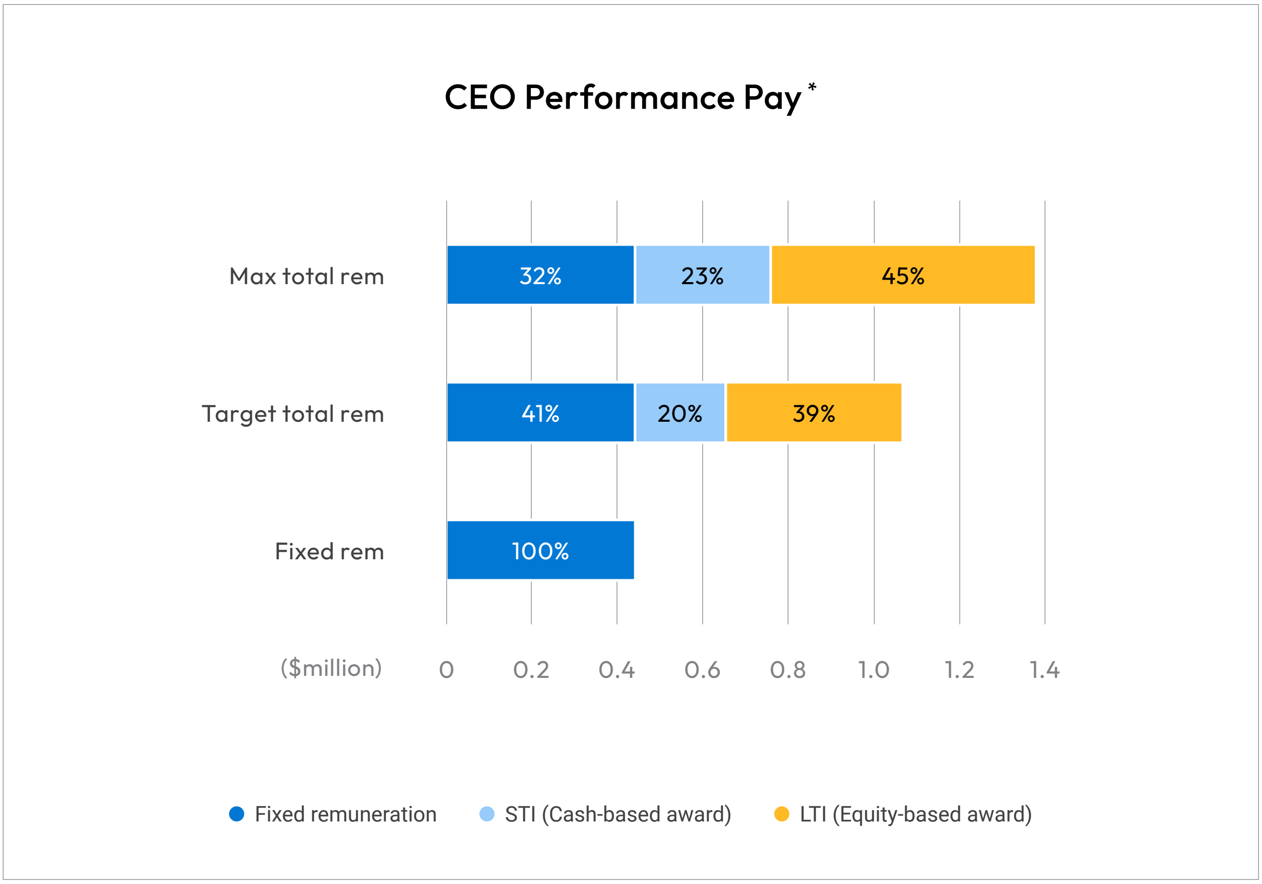
	Short-Term Incentive	**Equity-Based Long-Term Incentive**
Purpose	Designed to reward performance of annual financial and strategic objectives for the respective financial year	Designed to align rewards with longer-term shareholder value and retain key staff to support delivery of multi-year strategy.
Eligibility	Eligible to selected roles only – primarily Executive and Senior Leadership Teams.	All permanent employees in New Zealand, Australia and the United States*. Since Serko's inception, the Founders have been committed to supporting all employees (where possible) to own shares in the Company. This is achieved by the majority of employees being eligible for Equity-Based LTI as a % of base remuneration.
Pay Vehicle	Cash-based payment with target incentive based on pre-determined, % of base salary.	Award of restricted share units with a target % of base salary.
Performance Criteria	Rewards the achievement of company performance based on a company scorecard of metrics (measuring "what" outcomes are achieved) including longer-term strategic deliverables. Includes individual performance objectives and measures (measuring "what" outcomes are achieved and "how" those outcomes are achieved).	
Vesting Criteria	Annual cash payment following achievement of company and individual performance criteria.	Three-year vesting period following the end of the respective financial year with a vesting schedule of one third each year.
	No incentive to be paid/awarded if minimum gross revenue and cash reserve performance gateways are not met. Vesting is subject to meeting threshold performance hurdles based on the financial and strategic metrics detailed in the table on page 83.	
Board Discretion	The Board retains broad discretion in relation to the STI & LTI schemes.	
Termination	Unless Board discretion is exercised, if a participant is no longer employed at the time of payment, they will not be eligible under the Scheme.	Unless Board discretion is exercised, if a participant ceases employment with the Company, any unvested awards will be forfeited.
Malus/ Clawback	Payment of any incentive under the Scheme is at the absolute discretion of the Board.	The RSU Scheme Rules permit the Board to exercise discretion to clawback an award or require repayment of the net proceeds of shares sold, in the event of fraud, dishonesty or breach of other obligations (including a material misstatement of financial information). This provision is designed to ensure no unfair benefit is obtained by any participant.
Capital Event		The Board has discretion to adjust awards to account for capital changes to obtain an equitable outcome for participants. The Board also retains broad discretion to determine the treatment of unvested awards in the event of a change of control.
Economic Risk		No director or employee is permitted to enter into financial products or arrangements that operate to limit the economic risk of their vested or unvested entitlements.

* In limited circumstances outside of these countries, cash-based incentives are offered in place of equity-based incentives due to the regulatory complexity of offering securities into that jurisdiction.

CEO Remuneration

This section describes the remuneration received by the CEO, Darrin Grafton, who is also an Executive Director of Serko. Darrin Grafton receives remuneration and other benefits in his capacity as Chief Executive Officer in line with the Remuneration Policy outlined above and, accordingly, does not receive directors' fees. No termination payments are payable to the CEO in the event of serious misconduct. As noted above, the RSU Scheme Rules enable clawback of awards/net proceeds of sale of shares in the event of misconduct.

The table below shows the CEO's target and maximum total remuneration for FY23:



* The CEO has a STI gross annual target of 50% of the base salary following each financial year, up to a maximum of 75% of base salary if outperformance occurs in both company performance and individual measures; and a LTI target value of 100% of the base salary remuneration. Maximum value is 150% of target value if outperformance occurs in both company performance and individual measures.

The tables below (and accompanying notes) set out the total remuneration and value of other benefits received by the Serko CEO during the financial period ended 31 March 2023:

Base salary [1]	Taxable benefits [2]	Subtotal	Pay for performance			Total remuneration
			STI [3]	EISS / LTI [4]	Subtotal	
$432,482	$11,186	$443,668	$100,375	$177,459 in the form of 43,817 restricted share units	$277,834	$721,502

1 Base salary includes employer contributions towards KiwiSaver at 3%. CEO Darrin Grafton also received a carpark and life insurance, which do not have individually allocated values.

2 Taxable benefits include health insurance.

3 The short-term incentive stated was earned in FY22 and paid in FY23.

4 Equity-based incentives previously granted to the CEO that vested during the financial period. Refer to table below for more detail. Represents the NZX closing price of SKO (Serko) ordinary shares on the day of vesting, multiplied by the number of securities vested. Vesting was settled via the issue of new shares.

The tables below (and accompanying notes) set out the total remuneration and value of other benefits earned by the Serko CEO relating to the financial period ended 31 March 2023. Some of this remuneration will be paid in FY24:

Base salary [1]	Taxable benefits [2]	Subtotal	Pay for performance			Total remuneration
			STI [3]	EISS / LTI [4]	Subtotal	
$432,482	$11,186	$443,668	$193,200 (92% of STI target)	$336,000 in the form of restricted share units to be issued (80% of LTI target)	$529,200	$972,868

1 Base salary includes employer contributions towards KiwiSaver at 3%. CEO Darrin Grafton also received a carpark and life insurance, which do not have individually allocated values.

2 Taxable benefits include health insurance.

3 The short-term incentive stated was earned in FY23 and will be paid in FY24.

4 An equity-based incentive is intended to be granted in May 2023 for non-cash consideration. The restricted share units will vest at one third a year over three years after the allocation date. The value stated is the gross amount earned. The number of securities to be issued will be calculated based on the 20-day volume weighted average price of Serko (SKO) shares on NZX at the time of grant.

The following equity-based incentives previously granted to the CEO vested during the financial period ended 31 March 2023:

Form of equity	Grant Year	Grant Amount	Vested in FY23	Value on vesting [1]	Remaining unvested	Final vesting year
Restricted share units	Financial Year 2020	31,899	31,899	$129,191	–	2023
Restricted share units	Financial Year 2021 [3]	50,145	–	–	45,063	2024
Restricted share units	Financial Year 2022 [2]	35,752	11,918	$48,268	23,834	2024
Restricted share units	Financial Year 2023 [2]	65,320	–	–	65,320	2025
Total			**43,817**	**$177,459**		

1 Represents the NZX closing price of SKO (Serko) ordinary shares on the day of vesting, multiplied by the number of securities vested. Vesting was settled via the issue of new shares.

2 Note that grants made in FY22 (relating to FY21 performance) and onwards, had the new vesting schedule of one third per year over 3 years.

3 The FY21 grant relating to FY20 performance had a 3-year vesting period, which is due to vest in May 2023 and therefore no restricted share units vested during the year. 5,082 restricted share units had a shorter vesting period (and vested in December 2020). These restricted share units were granted as part of a Covid-related salary sacrifice scheme implemented in early 2020.

FY23 CEO Performance Metrics and Outcomes

The CEO's performance-based remuneration components are assessed annually based on individual performance and company performance against a performance scorecard, comprising financial and strategic measures. Individual key performance metrics were set by the Board at the beginning of the year for the CEO. These related to qualitative supporting initiatives required to successfully execute against Serko's strategic objectives.

The company measures applied for FY23 were as follows:

Serko Scorecard	Financial Metrics	Key Strategic Objectives		
Strategic goal FY23-FY25	Revenue	Customer Success	Platform Optimisation*	Culture
FY23 OKR summary	Establish significant market share in the unmanaged travel market. Consistently grow the market share in the global managed travel market	Deliver an exceptional customer experience through experimentation	Optimise Serko technology platform	Organisational alignment & engagement
Target measurement[1]	Gross revenue increase (based on audited financial statements)	Customer Satisfaction (CSAT) score	Modernisation of legacy technology	Employee engagement
Equity-based LTI weighting	40%	60%		
STI weighting	60%	40%		
FY23 result	Target exceeded	Slightly below target, threshold achieved		

* Previously Marketplace and Content

1 Each measure has a defined threshold, target and stretch/maximum target. Achievement below the threshold results in 0% outcome for that component. No STI or LTI is payable if minimum annual gross revenue and cash reserve targets are not met. These gateway targets were met for FY23.

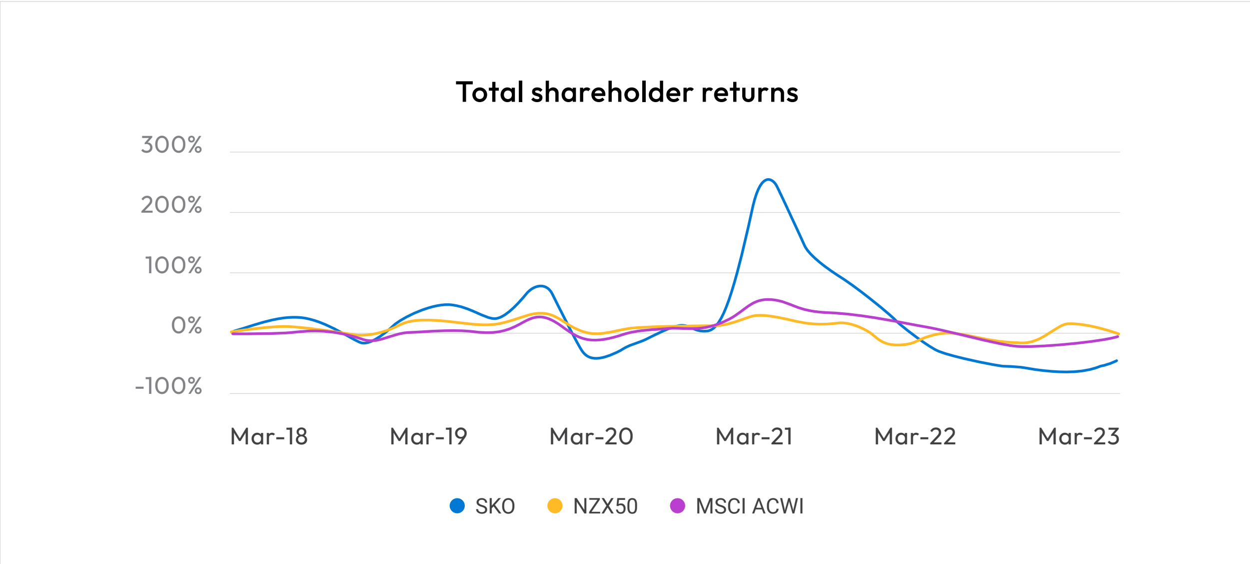
The overall results for FY23 were determined to be:

- 92% for STI company performance against objectives.
- 80% for LTI company performance against objectives.

These calculations are used to determine the Company multiplier applied when assessing incentive performance outcomes. When assessing the performance outcomes against the pre-agreed objectives and target measures, the Board gave particular attention to the incentive outcomes in a year where the share price had declined materially.

CEO Pay Relative to Performance

Serko's Total Shareholder Returns (TSR) over the last five years, as at 31 March, are shown below, along with incentive payments and equity grants awarded against on-target performance.



Metric	2023 ($000)	2022 ($000)	Change ($000)	Change %
Total income	$48,025	18,874	$29,151	▲ 154%
NPAT	-$30,540	-$35,959	$5,419	▲ -15%
Market capitalisation	$287,859	$558,832	-$270,973	▼ -48%
Underlying average monthly cash-burn [1]	$2,718	$3,304	-$586	▲ -18%

1 Cash-burn is adjusted for one-off items, such as net funds from capital raise and payments made in FY23 that ordinarily would have been paid in FY22.

CEO Remuneration (actual as a % of target) over five-year period

	Total Remuneration	% STI awarded against on-target performance	STI Performance Period	% LTI awarded against on-target performance	Span to LTI Performance Periods
FY23	$972,868	92%	FY23	80%	
FY22	$722,898	50%	FY22	75%	May 2022 to May 2025
FY21	$690,568	50%	FY21	73%	Aug 2021 to May 2024
FY20 [1]	$598,841	0%	FY20	56%	Sept 2020 to May 2023
FY19	$556,734	29%	FY19	36%	July 2019 to May 2022

1 There were no STI pay-outs awarded for FY20 due to the impacts of Covid-19.

Employee Remuneration

The table below shows the number of employees and former employees of Serko and its subsidiaries, not being directors of Serko, who, in their capacity as employees, received remuneration and other benefits during the year ended 31 March 2023 totalling at least NZ$100,000.

The remuneration of employees paid outside of New Zealand has been converted into New Zealand dollars as at 31 March 2023. No employee appointed as a director of a subsidiary company of Serko receives any remuneration or other benefits for acting in that capacity.

The table below includes base salaries, short-term incentives, contributions to pension plans and vested or exercised equity-based payments. The table does not include equity-based incentives that have been granted and have not yet vested.

Remuneration range (NZD)	Number of employees whose remuneration includes vested share-based payments [1]	Total number of employees in range
$100,000 - $110,000	9	25
$110,000 - $120,000	4	16
$120,000 - $130,000	5	17
$130,000 - $140,000	14	28
$140,000 - $150,000	7	15
$150,000 - $160,000	13	23
$160,000 - $170,000	11	19
$170,000 - $180,000	9	13
$180,000 - $190,000	8	10
$190,000 - $200,000	2	4
$210,000 - $220,000	5	5
$220,000 - $230,000	6	6
$230,000 - $240,000	1	2
$240,000 - $250,000	2	2
$250,000 - $260,000	1	1
$260,000 - $270,000	3	3
$270,000 - $280,000	1	1
$290,000 - $300,000	1	1
$300,000 - $310,000	1	1
$320,000 - $330,000	1	1
$340,000 - $350,000	1	1
$380,000 - $390,000	1	1
$390,000 - $400,000	2	2
$430,000 - $440,000	1	1
$450,000 - $460,000	1	1
$480,000 - $490,000	1	1
$490,000 - $500,000	1	1
$600,000 - $610,000	1	1
$680,000 - $690,000	1	1
$890,000 - $900,000	1	1
Total number of employees and former employees	**115**	**204**

1 Specifies total number of employees within the range whose remuneration includes equity-based payments that have vested during the period. Table excludes the executive directors' remuneration.

Pay Equity

We are committed to ensuring we pay our people fairly and we are continually reviewing our practices to check we have the right policies and processes in place to ensure pay equity for our people. Serko's Pay and Gender Equity Statement can be viewed at www.serko.com/careers.

We support the New Zealand Mind The Gap reporting initiative. When benchmarked to the median market remuneration (based on career levels), the median remuneration difference for males and females is less than 1%[1] when comparing roles of comparable scope and complexity. As of 31 March 2023, Serko's overall global gender pay gap is 12%[2]. This is impacted by distribution of females and males at different levels across the organisation. We are committed to maintaining pay equity across all roles at Serko.

For more information on Serko's broader diversity and inclusion initiatives, see our latest ESG Report, located at www.serko.com/investors.

1 Based on comparative ratio positioning to remuneration mid points for salaries by career level.

2 This figure represents the straight mean for base salaries, converted to NZD. Analysis includes all permanent employees and represents full time equivalent salaries.

Executive Director Remuneration

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

Darrin Grafton's remuneration and other benefits are detailed on page 82.

Remuneration for Chief Strategy Officer

During the period ended 31 March 2023, the CSO's variable remuneration components were based on Company and individual performance against the scorecard detailed on page 83.

The tables below (and accompanying notes) set out the total remuneration and value of other benefits received by Serko's CSO during the financial period ended 31 March 2023:

Base salary [1]	**Taxable benefits** [2]	**Subtotal**	**Pay for performance**			**Total remuneration**
			STI [3]	EISS / LTI [4]	Subtotal	
$295,013	$9,144	$304,157	$72,519	$76,436 in the form of 18,873 restricted share units	$148,955	$453,112

1 CSO Bob Shaw also received a carpark and life insurance, which do not have individually allocated values.

2 Taxable benefits include health insurance.

3 The short-term incentive stated was earned in FY22 and paid in FY23.

4 Equity-based incentives previously granted to the CSO that vested during the financial period. Represents the NZX closing price of SKO (Serko) ordinary shares on the day of vesting, multiplied by the number of securities vested. Vesting was settled via the issue of new shares.

The tables below (and accompanying notes) set out the total remuneration and value of other benefits earned by Bob Shaw relating to the financial period ended 31 March 2023. Some of this remuneration will be paid in FY24:

Base salary [1]	**Taxable benefits** [2]	**Subtotal**	**Pay for performance**			**Total remuneration**
			STI [3]	EISS [4]	Subtotal	
$295,013	$9,144	$304,157	$122,544	$213,120 in the form of restricted share units to be issued	$335,664	$639,821

1 CSO Bob Shaw also received a carpark and life insurance, which do not have individually allocated values.

2 Taxable benefits include health insurance.

3 The short-term incentive stated was earned in FY23 and will be paid in FY24.

4 An equity-based incentive is intended to be granted in May 2023 for non-cash consideration. The restricted share units will vest at one third a year over three years after the allocation date. The value stated is the gross amount earned. The number of securities to be issued will be calculated based on the 20-day volume weighted average price of Serko (SKO) shares on NZX at the time of grant.

Non-Executive Director Remuneration

The fees paid to non-executive directors are structured to reflect the global nature and complexity of Serko's business, and the time commitment and level of governance required by the Serko Board. In August 2021, Serko's shareholders approved a total cap of NZ$600,000 per annum for non-executive directors' fees for the purposes of the NZX Listing Rules.

The Board has agreed that there will be no change to the directors' fees paid in FY24. Accordingly, the following fixed annual fees will apply to all non-executive directors for the year ending 31 March 2024:

	Position	Fees per annum (AUD)
Board of Directors	Chair Non-executive directors	140,000 95,000
Audit, Risk & Sustainability Committee	Committee Chair Committee Member	20,000 9,000
People, Remuneration & Culture Committee	Committee Chair Committee Member	20,000 9,000

Periodically, by exception, non-executive directors receive special exertion fees for ad hoc committee meetings attended (for example, in relation to capital raisings or merger and acquisition (M&A) activity). Where special fees are paid, they are required to fall within the shareholder-approved fee cap. No special fees were paid during FY23.

Non-executive directors received the following directors' fees, remuneration and other benefits from the Company in the year ended 31 March 2023:

	Remuneration and value of other benefits received [1]			
Name of director	**Non-executive directors' Board fees**	**Audit, Risk & Sustainability Committee fees**	**People, Remuneration & Culture Committee fees**	**Total remuneration**
Claudia Batten	$153,880 *	$9,892	$9,892	$173,665
Clyde McConaghy	$104,396	$9,890	$21,978 *	$136,264
Jan Dawson	$104,729	$22,048 *	$9,922	$136,699
Total	**$363,005**	**$41,831**	**$41,792**	**$446,628**

* Indicates Chair of the Board/Committee.

1 The figures shown are gross amounts, which have been converted into NZD from AUD and exclude GST (where applicable).

In addition to directors' fees, Serko meets costs incurred by non-executive directors that are incidental to the performance of their duties. This includes paying the costs of directors' travel. As these costs are incurred by Serko to enable directors to perform their duties, no value is attributable to them as benefits to directors for the purposes of the above table.

The non-executive directors do not receive any performance-based remuneration to ensure incentives do not conflict with their obligations to bring independent judgement to matters before the Board. However, it is Serko's policy to encourage directors to hold shares in the company to increase alignment with shareholder interests. Director shareholdings are disclosed in the Corporate Governance & Disclosures section of this Annual Report.

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

Corporate Governance & Disclosures

Corporate Governance & Disclosures

For the year ended 31 March 2023

Introduction

The Board and management of Serko Limited (Serko or the Company) are committed to ensuring that Serko maintains best practice corporate governance and adheres to the highest ethical standards.

The Board has considered the applicable versions of the NZX Listing Rules and a number of corporate governance recommendations when establishing its governance framework, including the NZX Corporate Governance Code dated 1 April 2023 (NZX Code) and the Fourth Edition of the Australian Securities Exchange (ASX) Corporate Governance Council Principles and Recommendations.

The NZX Listing Rules require Serko to formally report its compliance against the recommendations contained in the NZX Code. Serko's implementation of these recommendations is set out in Serko's Corporate Governance Statement, which is included in its 2023 ESG Report and can be found on the investor centre of the Company's website. Go to: serko.com/investors.

The Board considers that Serko's corporate governance structures, practices and processes have followed all of the recommendations in the NZX Code during the financial year ended 31 March 2023 and as at the date of this Report. For the purposes of Recommendation 3.4, the Board has determined that the whole Board will carry out the functions of a nomination committee owing to the small size of the Board.

Serko's governance charters and policies can also be found on the investor centre of the Company's website. Serko's corporate governance charters and policies have been approved by the Board and are regularly reviewed by the Board and amended (as appropriate) to reflect developments in corporate governance practices and/or changes to relevant recommendations.

Stock Exchange Listings

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

Serko is incorporated in New Zealand.

Overview of Serko's Governance Structure

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

The Board currently comprises an independent non-executive Chair, two independent non-executive directors and two executive directors, as detailed on page 8 of this Annual Report. These directors held office throughout the financial year ended 31 March 2023.

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

- Audit, Risk and Sustainability Committee (formerly the Audit and Risk Committee) – The current members of the Committee are Jan Dawson (Chair), Clyde McConaghy and Claudia Batten. All members are independent, non-executive directors. Their qualifications and experience are set out under Board of Directors on page 8 of this Annual Report; and
- People, Remuneration and Culture Committee – The current members of the Committee are Clyde McConaghy (Chair), Jan Dawson and Claudia Batten. All members are independent, non-executive directors. Their qualifications and experience are set out under Board of Directors on page 8 of this Annual Report.

The role of the nomination committee is currently, and was throughout the financial period ending 31 March 2023, carried out by the full Board owing to the small size of the Board.

During the financial year the Board appointed a Technology Advisory Committee comprising one Board director, two independent expert advisers, the Serko Chief Technology Officer and the Serko Head of Product. The Committee assists the Board in its oversight of Serko's technology strategy and the use of technology in executing Serko's overall business strategy. It also supports the Audit, Risk and Sustainability Committee in providing oversight of technology risks. The Technology Advisory Committee meets on an ad hoc basis and reports to the Board after each meeting.

Diversity

The respective numbers and proportions of men and women at various levels within the Serko workforce as at 31 March 2022 and 31 March 2023 are set out in the table below:

Female		**2023**		**2022**
	no.	**%**	**no.**	**%**
All directors	2	40%	2	40%
Non-executive directors	2	67%	2	67%
Officers[1]	2	20%	2	20%
Senior employees [2]	5	29%	13	52%
All workforce	129	38%	129	41%

Male		**2023**		**2022**
	no.	**%**	**no.**	**%**
All directors	3	60%	3	60%
Non-executive directors	1	33%	1	33%
Officers [1]	8	80%	8	80%
Senior employees [2]	12	71%	12	48%
All workforce	207	62%	183	59%

1. Officers are considered to be the Chief Executive Officer and his direct reports (the Executive Team). Note that Chief Executive Officer, Darrin Grafton, and Chief of Strategy, Bob Shaw, are included in both the number of directors and officers reported.
2. Direct reports to the Executive Team with managerial responsibilities.

Our Diversity and Inclusion Policy articulates our commitment to achieving diversity in the skills, attributes and experience of Serko's Board members, management and staff across a broad range of criteria (including but not limited to, culture, gender and age). The Board as a whole is responsible for overseeing and implementing the Diversity and Inclusion Policy but has delegated to the People, Remuneration and Culture Committee the responsibility to develop, recommend and assess measurable objectives to the Board that are designed to adhere to Serko's Diversity and Inclusion Policy.

The Board's evaluation of Serko's performance and progress to date against measurable objectives is set out in the latest ESG Report, which can be found on the investor centre of the Company's website.

Board and Committee Attendance

The table below shows the Board and Committee meeting attendance during the year ended 31 March 2023:

Directors also met for several additional special meetings and to undertake strategic planning for the business outside of scheduled Board and Committee meetings.

Director attendance	Board	Audit, Risk & Sustainability Committee	People, Remuneration & Culture Committee
Claudia Batten	12/12	4/4	4/4
Jan Dawson	12/12	4/4	4/4
Darrin Grafton	12/12	*	*
Clyde McConaghy	12/12	4/4	4/4
Bob Shaw	12/12	*	*

Key: Attended meeting / eligible to attend meeting
*Indicates the director is not a member of the Committee (although they may have been in attendance for these meetings).

Director Independence

The Board currently comprises five directors – being the two co-founders and executive directors, Darrin Grafton and Bob Shaw; and three non-executive directors – Claudia Batten, Jan Dawson and Clyde McConaghy.

The Board has determined, based on information provided by directors regarding their interests, which has been evaluated against the criteria in the Board Charter, that as at 31 March 2023 and the date of this Annual Report, Claudia Batten, Jan Dawson and Clyde McConaghy are independent directors. In doing so, the Board has considered the relevance of Claudia's and Clyde's tenure on their ability to bring an independent view to decisions in relation to Serko. The Board considers that both directors continue to bring independence of judgement when carrying out their director duties. Of relevance to this decision is the fact that Claudia took over as Chair of the Board in 2020 and Clyde has led different Board Committees during his time on the Board. More information about the Board's plan to refresh the Board is outlined in Serko's latest ESG Report.

The Board has also determined that Darrin Grafton and Bob Shaw are not independent directors owing to also being executives and major shareholders in Serko.

Director Interest Disclosures

There were no disclosures of interests pursuant to section 140(1) of the Companies Act 1993 recorded in Serko's Interests Register during the financial year ended 31 March 2023.

Directors have given general notices disclosing interests pursuant to section 140(2) of the Companies Act 1993. All of those interests, and any changes to interests notified and recorded in Serko's Interests Register during the financial year ended 31 March 2023 and subsequently, are set out below:

Director	Entity	Relationship
Claudia Batten	Broadli Inc Serko Inc [1] Westpac New Zealand Limited Vista Group Limited Air New Zealand Limited Wonderful Investments Limited	Ceased to be Director Director Ceased to be Board Adviser Director Director Appointed Director
Darrin Grafton	Financial Equities Limited Grafton-Howe No.2 Trust InterplX Inc [1] Serko Australia Pty Limited [1] Serko Inc [1] Serko India Private Limited [1] Serko Investments Limited [1] Travelog World for Windows Pty. Limited	Director / Shareholder Trustee / Beneficiary Director Director Director Director Director Director
Clyde McConaghy	Optima Boards Neuroscience Research Australia Mindgardens Neuroscience Network	Director Director Ceased to be Director
Bob Shaw	Financial Equities Limited Ripon Trust Serko Australia Pty Limited [1] Serko India Private Limited [1] Serko Investments Limited [1] Travelog World for Windows Pty. Limited	Director / Shareholder Trustee / Beneficiary Director Director Director Director
Jan Dawson	Ports of Auckland Limited Meridian LTI Trustee Limited Meridian Energy Limited Jan Dawson Limited AIG Insurance New Zealand Limited	Director/Chair Ceased to be Director Ceased to be Director Director Ceased to be Director

1. Serko subsidiary as detailed on page 100.

Director Interest Disclosures continued...

In accordance with section 148(2) of the Companies Act 1993, directors disclosed the following acquisitions or disposals of relevant interests in Serko ordinary shares during the financial year ended 31 March 2023:

Name	Nature of relevant interest	Number of securities acquired/ (disposed)	Consideration paid/ received [4]	Date of acquisition/ disposal
Claudia Batten	On market automated sale by the custodian under the Non-Executive Director Fixed Trading Plan to settle administration fees arising in relation to the administration and management of the Plan (following completion of the term of the Plan) [1]	(128.44)	$479.10	5-Jul-22
	On market automated sale by the custodian under the Non-Executive Director Fixed Trading Plan to settle administration fees arising in relation to the administration and management of the Plan (following completion of the term of the Plan) [1]	(129.63)	$379.82	1-Nov-22
	On market automated sale by the custodian under the Non-Executive Director Fixed Trading Plan to settle administration fees arising in relation to the administration and management of the Plan (following completion of the term of the Plan) [1]	(113.18)	$267.09	2-Mar-23
Darrin Grafton	Registered holder and beneficial owner of ordinary shares issued upon vesting of restricted shares units pursuant to the Serko Employee Long Term Incentive Scheme	43,817 [2]	Nil / Services	20-May-22
	Indirect interest in ordinary shares issued upon vesting of restricted share units pursuant to the Serko Employee Long Term Incentive Scheme, by virtue of a personal relationship with the registered holder	1,089 [2,3]	Nil / Services	20-May-22
	Legal holder of unlisted restricted share units granted under the Serko Employee Long Term Incentive Scheme	65,320 [2]	Nil / Services	30-May-22
	Indirect interest in unlisted restricted share units granted under Serko Employee Long Term Incentive Scheme	1,430 [2,3]	Nil / Services	30-May-22
	Registered holder and beneficial owner of shares acquired on-market	17,000 [4]	$39,772.20	21-Dec-22
Bob Shaw	Registered holder and beneficial owner of ordinary shares issued upon vesting of restricted shares units pursuant to the Serko Employee Long Term Incentive Scheme.	18,873 [2]	Nil / Services	20-May-22
	Legal holder of unlisted restricted share units granted under the Serko Employee Long Term Incentive Scheme	47,192 [2]	Nil / Services	30-May-22
	Registered holder and beneficial owner of shares acquired on-market	21,250 [4]	$49,717.01	21-Dec-22

1. As described in the Company's FY22 ESG Report (available in the investor centre of Serko's website), the Non-executive Director Fixed Trading Plan is now grand-fathered. Shares held under this Plan may not be disposed of while the holder remains a director of Serko.
2. These shares are subject to a deed restricting exercise of any voting rights attached to the shares/any shares issued upon vesting.
3. By virtue of Darrin Grafton's personal relationship, he is implied to have the power to exercise, or to control the exercise of, any right to vote attached to these shares by virtue of a personal relationship with the beneficial holder of these shares (Donna Bailey). These shares are subject to a deed restricting exercise of voting rights attached to the shares.
4. The consideration for on-market trades is stated as the market price paid, excluding fees and taxes.

Director Interest Disclosures continued...

In accordance with the NZX Listing Rules, as at 31 March 2023, directors had a relevant interest (as defined in the Financial Markets Conduct Act 2013) in Serko shares as follows:

Name	Relevant interest	Percentage
Darrin Grafton [1]	12,300,651	10.21%
Bob Shaw [2]	9,232,883	7.67%
Clyde McConaghy [3]	182,909	0.15%
Claudia Batten [4]	125,505.90	0.10%
Jan Dawson	0	0.00%

1. The relevant interest includes: 10,884,629 ordinary shares held via a trust in which the director is a trustee and beneficiary; 186,123 ordinary shares held directly; and an indirect interest in 1,229,899 ordinary shares by virtue of a personal relationship with the beneficial holder of these shares. Darrin Grafton is also the registered holder and beneficial owner of 134,217 unlisted restricted share units allocated pursuant to the Serko Employee Incentive Share Scheme and has an indirect interest in 3,044 unlisted restricted share units by virtue of a personal relationship with the beneficial owner.
2. The relevant interest includes: 9,151,250 shares held via a trust in which the director is a trustee and beneficiary and 81,633 ordinary shares held directly. Bob Shaw is also the registered holder and beneficial owner of 86,857 unlisted restricted share units allocated pursuant to the Serko Employee Incentive Share Scheme.
3. 181,818 ordinary shares are held via a trust in which the director is a trustee and beneficiary.
4. 42,051.90 ordinary shares are held in custody pursuant to the now grand-fathered, Serko Non-executive Director Fixed Trading Plan.

For the purposes of section 161 of the Companies Act 1993, the following entries were made in the Interests Register in relation to the payment of remuneration and other benefits to directors:

Date of disclosure	Director	Particulars of Board authorisation
27-May-22	Bob Shaw Darrin Grafton	The payment of remuneration and the provision of other benefits by the Company to the executive directors on the terms detailed in the Board minutes dated 17 May 2022 and on the grounds set out in the corresponding directors' certificate.

For the purposes of section 162 of the Companies Act 1993, an entry was made in the Interests Register in relation to insurance effected for directors and officers of Serko in relation to any act or omission in their capacity as directors.

There were no new entries made in the subsidiary company Interests Registers during the financial reporting period.

Shareholding Information

As at 31 March 2023 there were 120,443,023 Serko ordinary shares on issue, each conferring on the registered holder the right to vote on any resolution at a meeting of shareholders. These shares were held as follows:

Size of shareholding	Number of holders	%	Number of ordinary shares	%
1 - 1,000	1,543	48.04	671,001	0.56
1,001 - 5,000	1,088	33.87	2,627,247	2.18
5,001 - 10,000	274	8.53	2,074,735	1.72
10,001 - 50,000	218	6.79	4,547,385	3.78
50,001 - 100,000	35	1.09	2,529,458	2.10
100,001 and over	54	1.68	107,993,197	89.66
Total [1]		**100**		**100**

1. Includes 1,263,865 ordinary shares with restrictive conditions held by Serko Trustee Limited (all unallocated) pursuant to the now grand-fathered Serko Restricted Share Plan (detailed in previous Annual Reports available on the investor centre of Serko's website). The last tranche of allocated restricted shares vested during FY22. Restricted shares, when allocated, have voting rights attached, which are exercised on behalf of a beneficial holder by the Trustee at the direction of the beneficial holder.

As at 31 March 2023, the following securities were on issue:

- 1,263,865 ordinary shares with restrictive conditions held by Serko Trustee Limited (all unallocated) pursuant to the now grand-fathered Serko Restricted Share Plan. The last tranche of allocated restricted shares vested during FY22;
- 21 participants holding a total of 94,974 options pursuant to the Serko (US) Share Incentive Plan; and
- 182 participants holding a total of 2,378,995 restricted share units pursuant to the Serko Employee Long Term Incentive Scheme (ANZ) and Serko Employee Share Incentive Plan (US).

Further information on these incentive plans is contained in the Notes to the financial statements and the Remuneration Report included in this Annual Report.

Shareholding Information continued...

Set out below are details of the 20 largest shareholders of Serko as at 31 March 2023:

	Shareholder [1]	Number of ordinary shares held	%
1	TEA Custodians Limited	16,861,520	14.0
2	Darrin Grafton & Geoffrey Robertson Ashley Hosking	10,884,629	9.04
3	Robert James Shaw & Michael John Moore	9,151,250	7.6
4	Custodial Services Limited	6,263,875	5.2
5	BNP Paribas Nominees NZ Limited Bpss40	6,244,545	5.18
6	Accident Compensation Corporation	5,500,075	4.57
7	Coronado Pte Limited	5,406,431	4.49
8	Hobson Wealth Custodian Limited	4,187,552	3.48
9	HSBC Nominees (New Zealand) Limited	3,969,085	3.3
10	Citibank Nominees (NZ) Ltd	3,706,171	3.08
11	Premier Nominees Limited	3,564,709	2.96
12	New Zealand Superannuation Fund Nominees Limited	2,707,126	2.25
13	New Zealand Depository Nominee	2,215,520	1.84
14	JPMORGAN Chase Bank	1,936,531	1.61
15	National Nominees New Zealand Limited	1,883,150	1.56
16	PT Booster Investments Nominees Limited	1,741,201	1.45
17	NZ Permanent Trustees Ltd Grp Invstmnt Fund No 20	1,393,970	1.16
18	FNZ Custodians Limited	1,298,383	1.08
19	Serko Trustee Limited	1,263,865	1.05
20	Donna Bailey	1,217,594	1.01

1. The shareholding of New Zealand Central Securities Depository Limited (custodian for members trading through NZClear) has been reallocated to the applicable members.

Shareholding Information continued...

According to Serko records and disclosures made to Serko under the Financial Markets Conduct Act 2013, the following persons were substantial product holders as at 31 March 2023:

Substantial product holder	Number of ordinary shares in which relevant interest is held	% of class held at balance date [6]
Harbour Asset Management Limited [1]	13,558,824 [4]	11.257%
Darrin Grafton	12,300,651 [5]	10.213%
Geoffrey Hosking [2]	10,884,629 [5]	9.037%
Fisher Funds Management Limited	10,636,309 [4]	8.831%
Robert (Bob) Shaw	9,232,883 [5]	7.666%
Michael Moore [3]	9,151,250 [5]	7.598%
Jarden Securities Limited [1]	982,231 [4]	0.816%

1. Harbour Asset Management Limited and Jarden Securities Limited file joint substantial product holder notices.
2. Geoffrey Hosking is a trustee of the Grafton-Howe No. 2 Family Trust, of which Darrin Grafton is a trustee and a beneficiary.
3. Michael Moore is a trustee of the Ripon Trust, of which Robert Shaw is a trustee and a beneficiary.
4. Based on last substantial product holder notice filed prior to 31 March 2023.
5. Based on Serko's records and on the last substantial product holder notice filed prior to 31 March 2023.
6. Based on issued share capital of 120,443,023 as at 31 March 2023.

Subsidiary Company Directors

With the below exception, directors of Serko's subsidiaries do not receive any remuneration or other benefits in respect of their appointments. The remuneration and other benefits of any such directors who are employees of the group totalling $100,000 or more during the year ended 31 March 2023 are included in the relevant bandings for remuneration disclosed on page 85 of this Annual Report.

Serko has agreed to pay Yogita Chadha NZ$18,000 per year in relation to acting as a director of Serko India Private Limited. During the financial year ended 31 March 2023, she earned, and was paid, NZ$18,000 during the year.

The following persons held office as directors of subsidiary companies as at 31 March 2023:

Subsidiary	Directors
Foshan Sige Information Technology Limited (China) [1]	Rob Wright (Legal Representative) Mark Xu (Supervisor)
InterplX Inc. (US)	Darrin Grafton Tony D'Astolfo
Serko Australia Pty Limited (Australia)	Darrin Grafton Bob Shaw Murray Warner
Serko Inc (US)	Darrin Grafton Claudia Batten
Serko India Private Limited (India)	Darrin Grafton Bob Shaw Yogita Chadha
Serko Investments Limited (New Zealand)	Darrin Grafton Bob Shaw
Serko Trustee Limited (New Zealand) [2]	Sarah Miller Rachael Satherley

1. Gerard Nielson retired during the year and Mr Wright was appointed in his place.
2. Sarah Miller retired and Shane Sampson was appointed in her place on 1 April 2023.

Regulatory Matters

No NZX waivers were granted or relied on by the Company during the financial year.

Donations

Refer to the Notes to the Financial Statements for any donations made via the Serko Group during FY23. Serko does not make any political donations.

Credit Rating

Serko does not presently have an external credit rating status.

Distributions / Dividends

There were no dividends or distributions paid to shareholders during the financial period. Dividends and other distributions with respect to the shares are only made at the discretion of the Serko Board. Serko is a growth technology company and is not intending to pay a dividend for FY24.

Glossary

ANZ: Australia and New Zealand

ARPB: Average Revenue Per Booking

Asia Pacific: Vietnam, Thailand, Taiwan, Sri Lanka, South Korea, South Africa, Singapore, Philippines, Pakistan, New Zealand, Malaysia, Japan, Indonesia, India, Hong Kong, China, Bangladesh and Australia for the purposes of this Annual Report

ASX: ASX Limited, also known as the Australian Securities Exchange

ATMR: ATMR (Annualised Transactional Monthly Revenue) is a non-GAAP measure. It is based on the monthly transactions and average revenue per booking (for its Travel platform revenue) and monthly user charges (for its Expense platform revenue) annualised

AUD or A$: Australian dollars

Australasia: New Zealand and Australia for the purposes of this Annual Report

Booking.com for Business: A global online travel booking offering targeting small to medium sized companies with Booking.com for Business branding powered by Zeno

BBZ: An abbreviation of Booking.com for Business (see above)

Board or Board of Directors: The board of directors of Serko

Cloud or cloud-based: Cloud computing is when the software and associated data is hosted outside the customer's premises and delivered over a network or the Internet as a service, which allows immediate access to the software

Company or Serko: Serko Limited, a New Zealand incorporated company

EBITDAF (refer page 19**):** EBITDAF is a non-GAAP measure representing Earnings Before the deduction of costs relating to Interest, Taxation, Depreciation, Amortisation, Impairment, Foreign Exchange gains/losses and Fair value remeasurements

ESG: Environmental Social Governance

FTE: Full-time equivalent

FX: Foreign exchange

FY: Financial year ended, or ending, on 31 March (unless otherwise stated)

GST: Goods and Services Tax

IFRS: International Financial Reporting Standards

Independent Directors: Claudia Batten, Clyde McConaghy and Jan Dawson

IPO: Initial Public Offering

Listing: The date Serko shares started trading on the NZX Main Board, 24 June 2014

NDC or New Distribution Capability: A data exchange format for airlines to create and distribute relevant offers to the customer regardless of the distribution channel

NORAM: North America

NZ: New Zealand

NZD or NZ$: New Zealand dollars

NZ GAAP or GAAP: New Zealand Generally Accepted Accounting Practice

NZ IFRS or IFRS: New Zealand equivalents to International Financial Reporting Standards

NZX: NZX Limited, also known as the New Zealand Stock Exchange

NZX Listing Rules or Listing Rules: The Listing Rules applying to the NZX Main Board as amended from time to time

NZX Main Board: The New Zealand main board equity security market operated by NZX

R&D: Research and Development expenditure

SaaS: Software-as-a-service

Serko Expense Management: Serko's online expense management solution that enables the capture and processing of corporate credit cards and out-of-pocket claims

Serko Mobile: Serko's mobile app for iPhones and Android devices that gives users access to information and travel booking functionality on their mobile devices

Serko Online: Serko's legacy cloud-based online travel booking solution for large organisations

SME: Small and medium enterprise

TMC, Travel Agency or Travel Management Company: A travel management company that provides specialised travel-related services to corporate customers

USD or US$: United States dollars

Zeno: Serko's premium cloud-based online travel booking platform

Zeno Expense: Serko's Expense management solution

$: All figures are in New Zealand dollars, unless otherwise stated

Company Directory

Serko is a company incorporated with limited liability under
the New Zealand Companies Act 1993

New Zealand Companies Office registration number 1927488
Australian Registered Body Number (ARBN) 611 613 980
For investor relations queries contact: investor.relations@serko.com

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Directors

Claudia Batten (Chair)
Jan Dawson
Darrin Grafton
Robert (Clyde) McConaghy
Robert (Bob) Shaw

Auditor

Deloitte Limited
Deloitte Centre
80 Queen Street
Auckland 1040, New Zealand
+64 9 303 0700

Serko's ESG Report, which includes its Corporate Governance Statement,
can be found at www.serko.com/investors.

Key Dates

28 Jun 2023
Annual Shareholders' Meeting

30 Sep 2023
Half-Year End

Nov 2023
Half-year Results Announced

31 Mar 2024
Financial-Year End

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