

**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

Management commentary  
(no financial statements)

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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](https://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

3yr  
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

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**Build travel software  
that people love**

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

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**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

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### 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

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### 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

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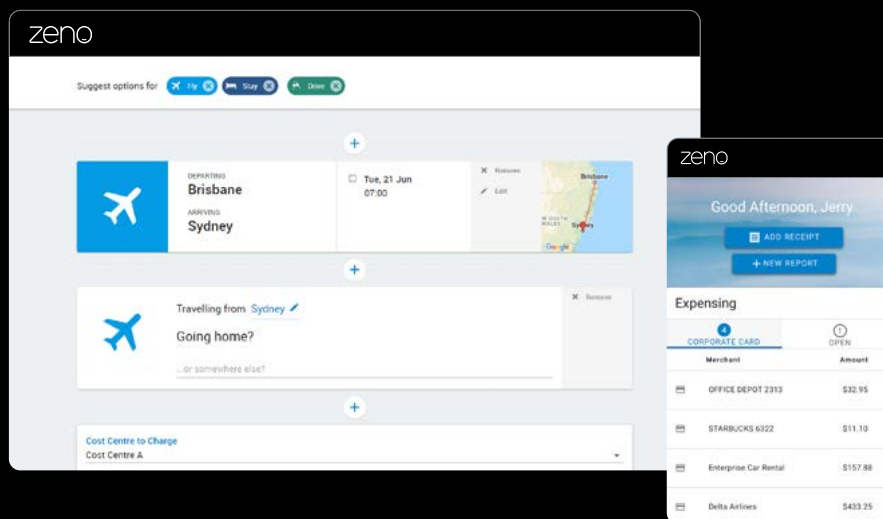
### The best place to do your work

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

# Our products

## zeno

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

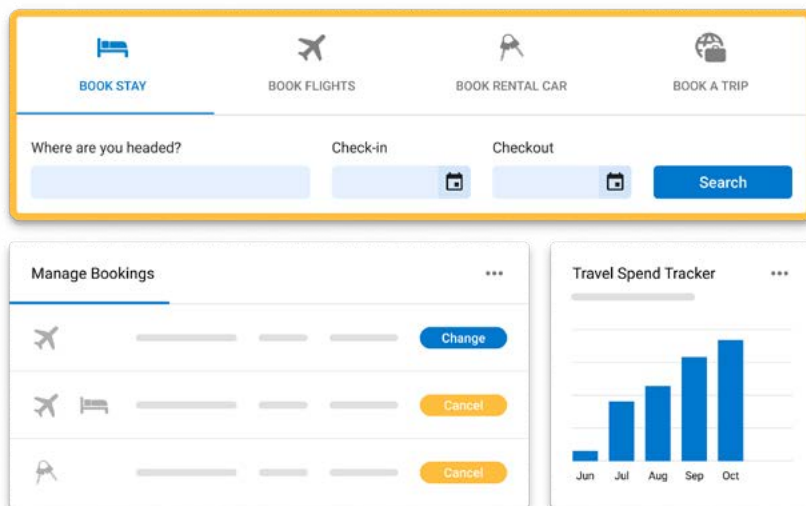
Zeno Expense automates the process of corporate card and out-of-pocket expense submission, reconciliation and reimbursement. Employees capture receipts via the mobile app, or email receipts directly to Zeno, add a description or cost centre if needed and submit for approval there and then. To make it 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 business



## Booking.com for Business · Powered by Zeno

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

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



## 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](http://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)

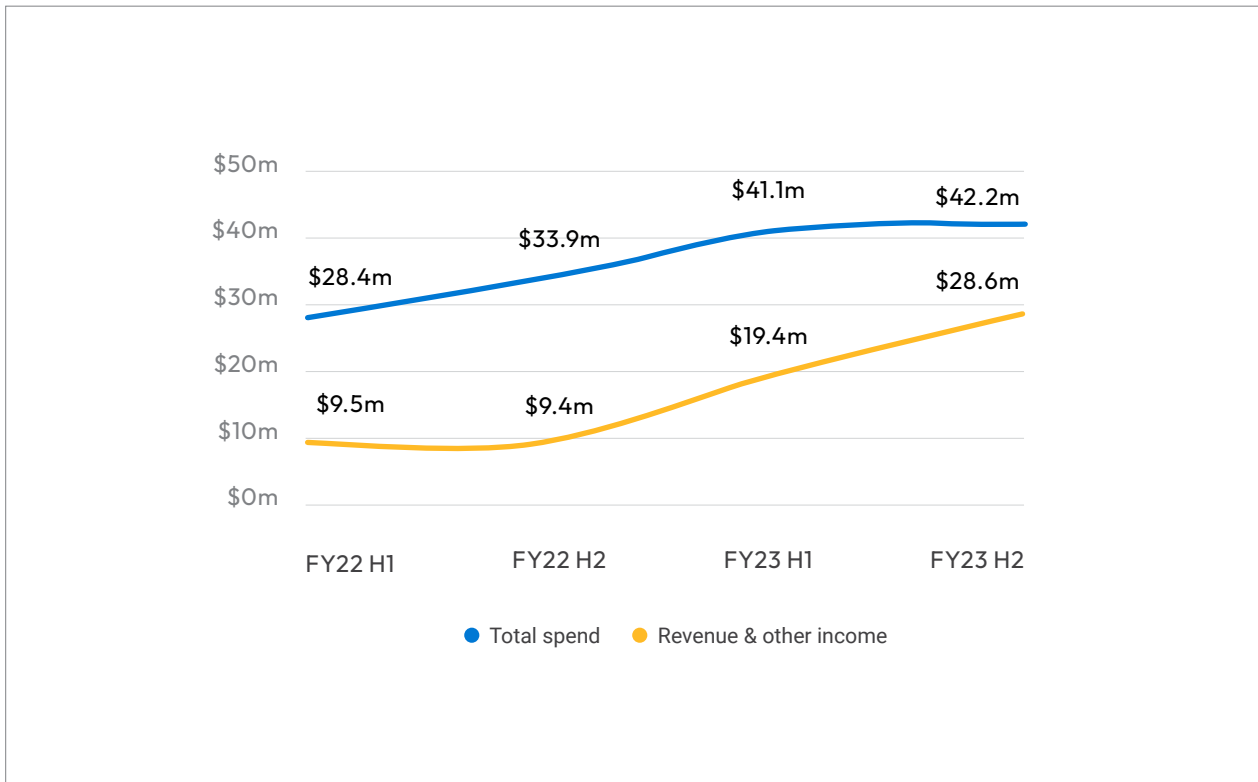
### Net loss before tax

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%
<b>Total income</b>	<b>48,025</b>	<b>18,874</b>	<b>29,151</b>	<b>154%</b>
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%
<b>Net (loss) before tax</b>	<b>(30,461)</b>	<b>(35,640)</b>	<b>5,179</b>	<b>(15%)</b>
Percentage of revenue	(66%)	(200%)		
Income tax expense	(79)	(319)	240	(75%)
<b>Net (loss) after tax</b>	<b>(30,540)</b>	<b>(35,959)</b>	<b>5,419</b>	<b>(15%)</b>
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)	
<b>Net (loss) after tax</b>	<b>(30,540)</b>	<b>(35,959)</b>	<b>5,419</b>	<b>15%</b>
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%)
<b>EBITDAF (loss)</b>	<b>(21,754)</b>	<b>(28,145)</b>	<b>6,391</b>	<b>23%</b>
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%
<b>Total income</b>	<b>48,025</b>	<b>18,874</b>	<b>29,151</b>	<b>154%</b>
<b>Total travel bookings (000)</b>	<b>4,804</b>	<b>2,556</b>	<b>2,248</b>	<b>88%</b>
<b>Online bookings (000)</b>	<b>4,146</b>	<b>2,153</b>	<b>1,993</b>	<b>93%</b>
<b>ARPB (travel related revenue only/online bookings)</b>	<b>\$9.56</b>	<b>\$5.80</b>	<b>\$3.76</b>	<b>65%</b>
<b>Average revenue per completed room night (ARPCRN)</b>	<b>€9.34</b>	<b>€6.88</b>	<b>€2.46</b>	<b>36%</b>

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.

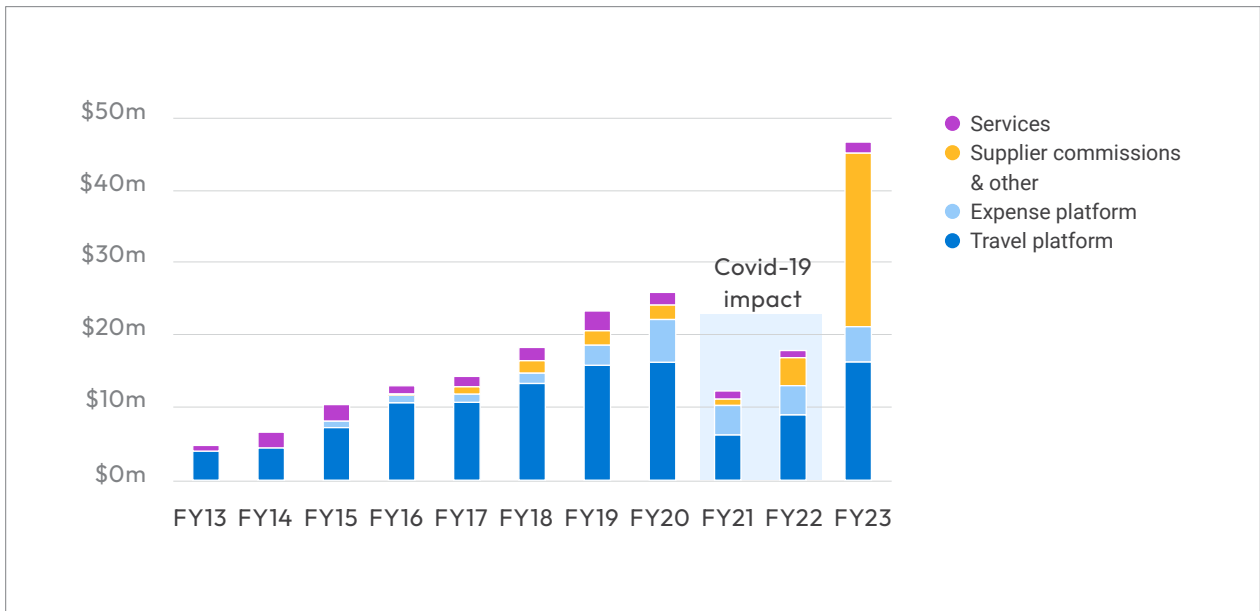
Supplier commissions revenue increased by \$19.9 million (578%) to \$23.4 million reflecting growth in revenue from Booking.com for Business. Supplier commissions revenue is recognised net of consideration payable to customers of \$1.8 million (2022: \$0.9 million).

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.

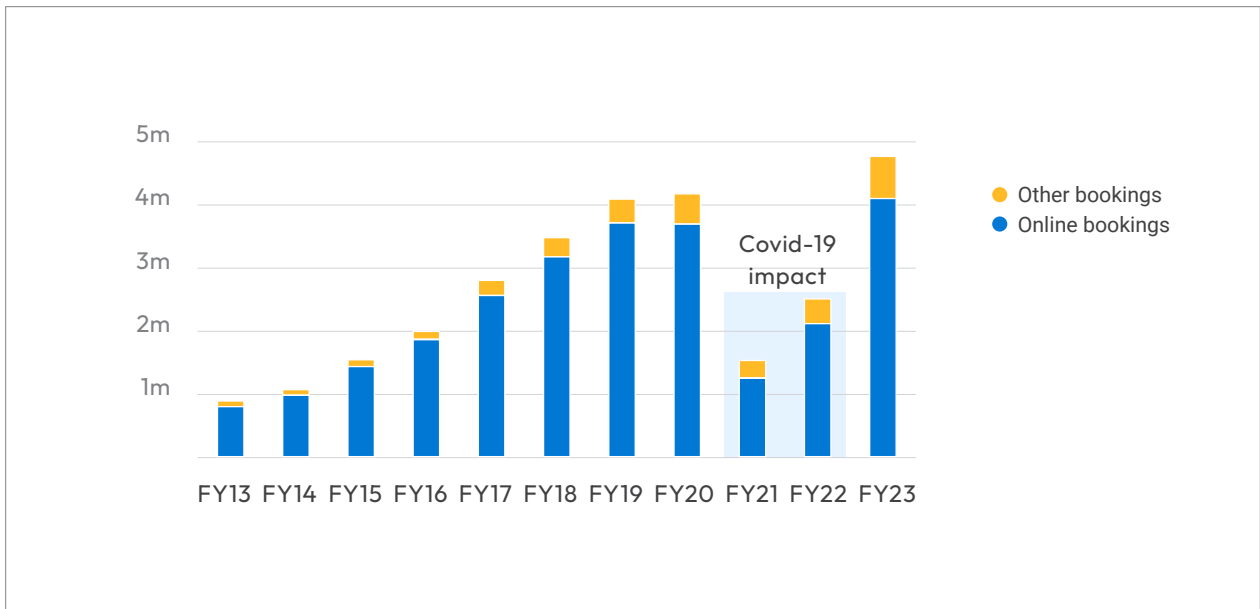
Average Revenue Per Booking (ARPB) for travel-related revenue (Travel platform and supplier commissions) increased during the year by 65% to \$9.56 from \$5.36 based on Online bookings and driven by a higher Average Revenue per Completed Room Night (ARPCRN) and the increased proportion of Booking.com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

## Long Term Revenue Trends



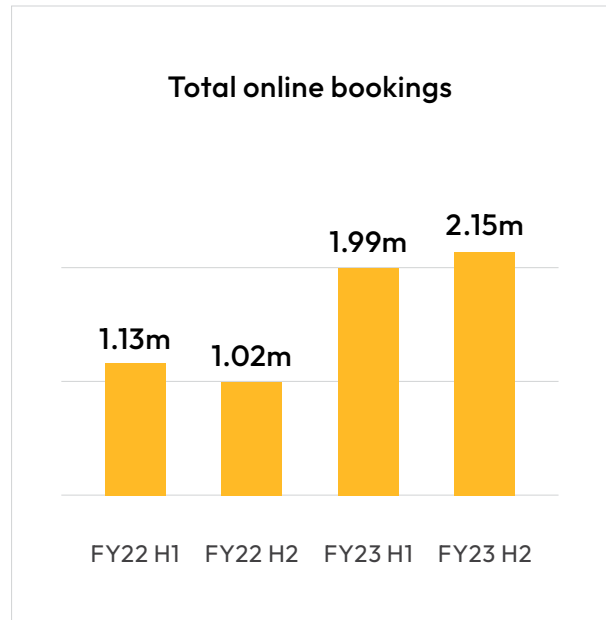
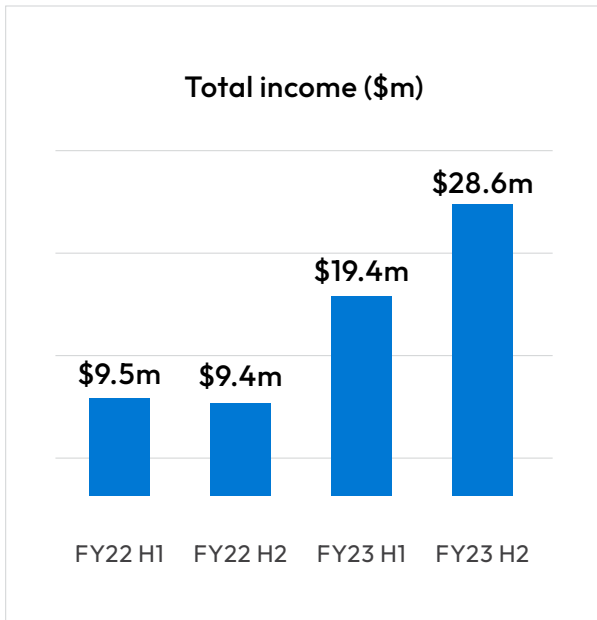
Revenue increased by 80% relative to FY20, the last year unaffected by Covid and the previous highest revenue year for Serko.

## Booking volumes<sup>1</sup>



<sup>1</sup> 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.

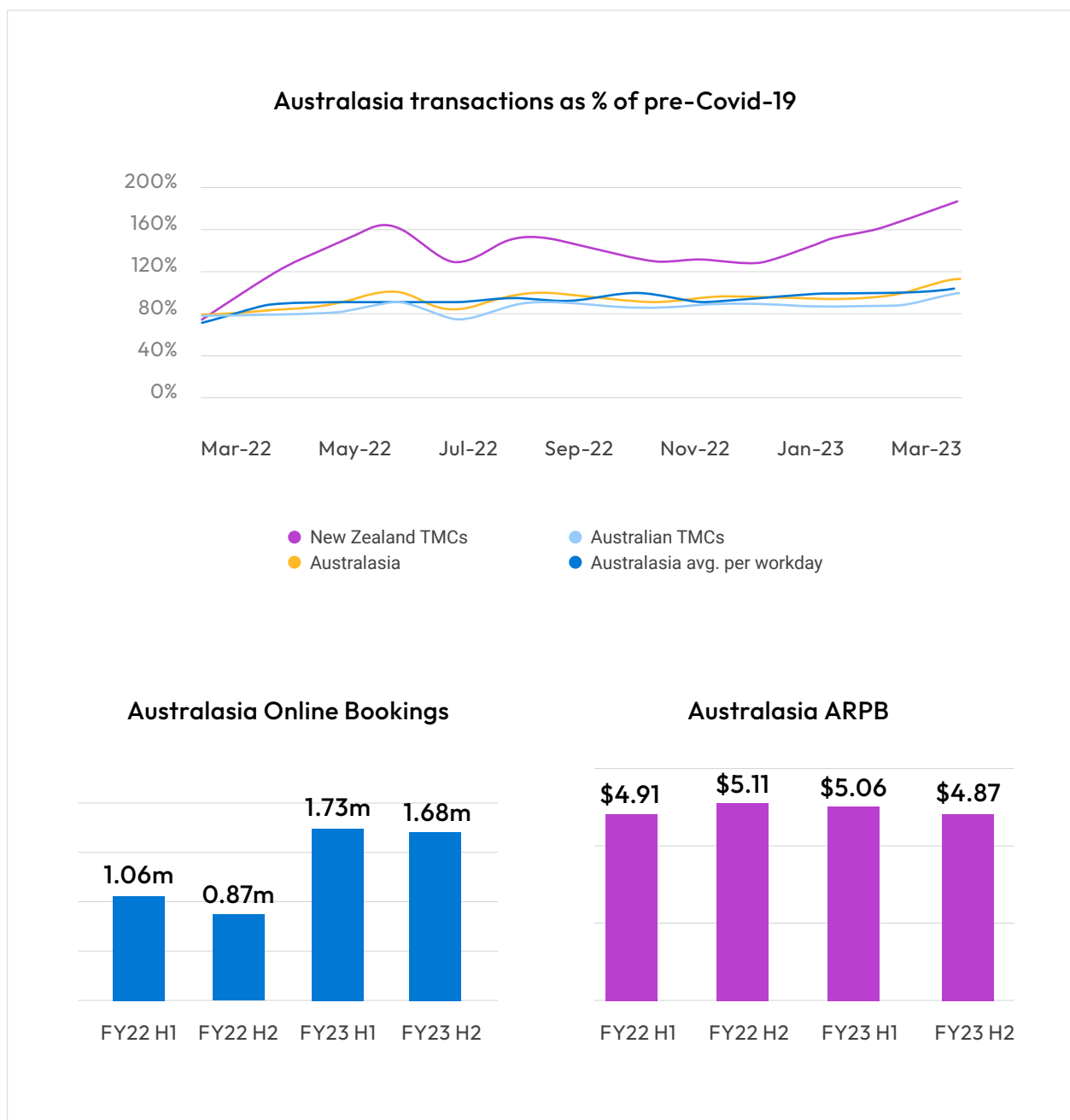


## Unmanaged revenue



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

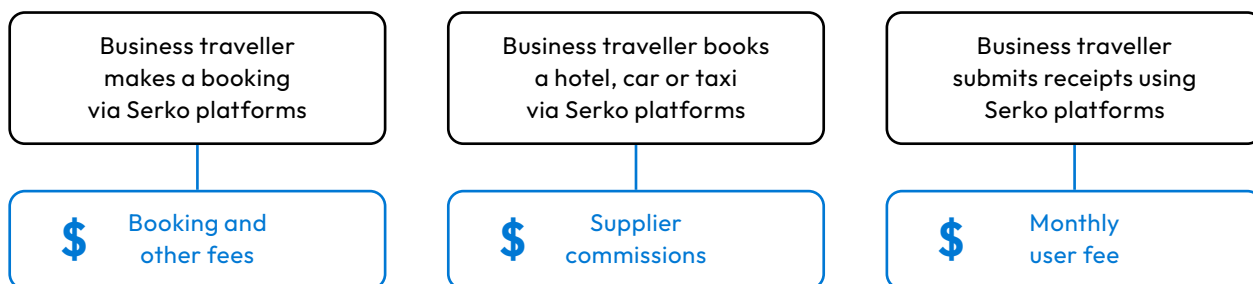
Year ended 31 March	2023	2022	Change	%
	\$ (000)	\$ (000)	\$ (000)	
Australia	18,130	10,686	7,444	70%
New Zealand	2,480	1,539	941	61%
North America	3,015	2,597	418	16%
Europe and Other	22,867	3,033	19,834	654%
<b>Total Revenue</b>	<b>46,492</b>	<b>17,855</b>	<b>28,637</b>	<b>160%</b>

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.

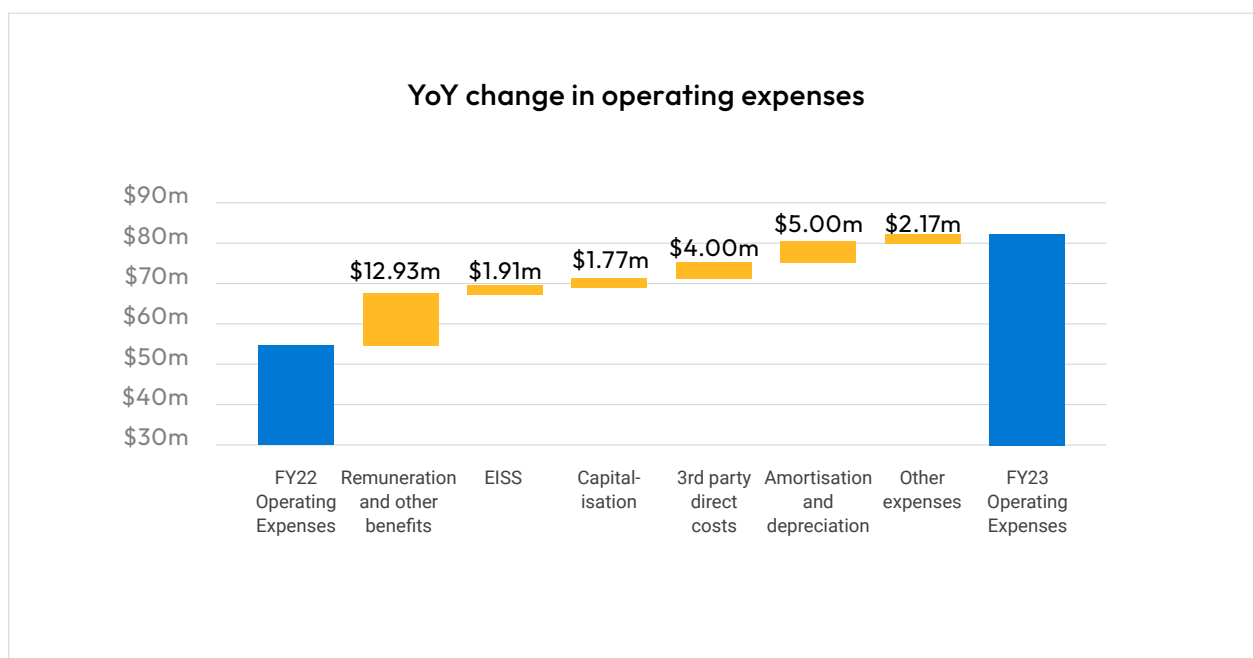
Other income historically has been primarily government grants for research and development projects and international growth grants. With the change of R&D grants to a tax credit regime, Serko no longer receives research and development grants and instead receives research and development tax incentives (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%		
<b>Total Operating Expense</b>	<b>82,819</b>	<b>55,057</b>	<b>27,762</b>	<b>50%</b>
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.

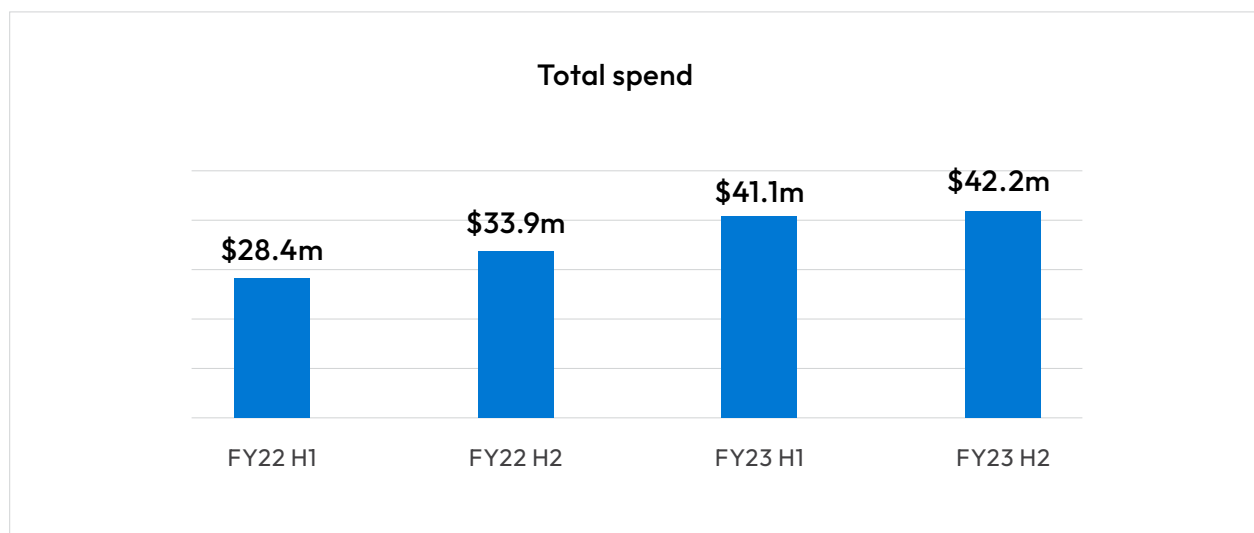


Total Spend	2023	2022	change \$'m	change %
<b>Expenses from ordinary activities</b>	<b>82,819</b>	<b>55,057</b>	<b>27,762</b>	<b>50%</b>
Add back: capitalised development	13,551	15,320	(1,769)	(12%)
Deduct: depreciation and amortisation	(13,040)	(8,038)	(5,002)	62%
<b>Total Spend</b>	<b>83,330</b>	<b>62,339</b>	<b>20,991</b>	<b>34%</b>
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	2022	Change	%
	\$ (000)	\$ (000)	\$ (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%		
<b>Total Product Design &amp; Development (excluding amortisation)</b>	<b>28,184</b>	<b>14,801</b>	<b>13,383</b>	<b>90%</b>
Percentage of revenue	61%	83%		
Add: Amortisation of capitalised development costs	11,163	6,386	4,777	75%
<b>Total</b>	<b>39,347</b>	<b>21,187</b>	<b>18,160</b>	<b>86%</b>
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.

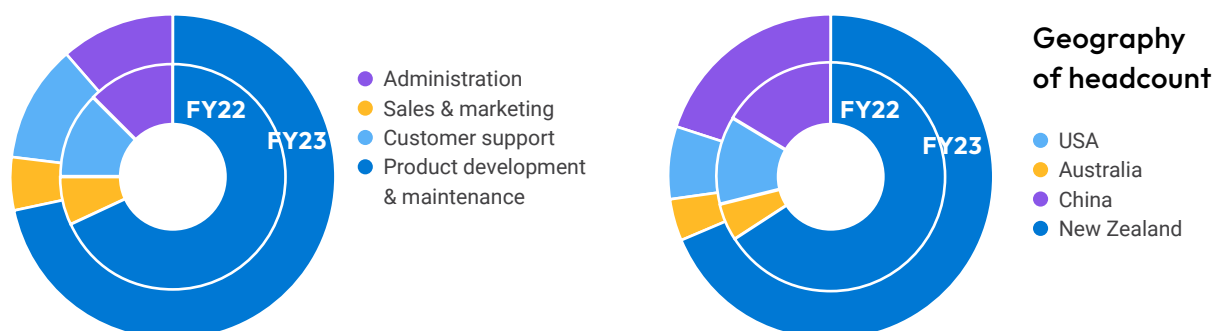
Total PD&D costs increased by 39% to \$41.7 million reflecting increased average PD&D headcount. As a percentage of revenue PD&D costs reduced by 79 percentage points to 90%. Capitalised PD&D costs decreased by 12% to \$13.6 million due to less spend on capitalisable projects.

## 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	—	—
<b>Total headcount at end of the year</b>	<b>364</b>	<b>331</b>	<b>31</b>	<b>10%</b>
<b>Average income per headcount (NZD \$000)</b>	<b>138</b>	<b>61</b>	<b>77</b>	<b>126%</b>

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%
<b>Total headcount at end of the year</b>	<b>364</b>	<b>331</b>	<b>33</b>	<b>10%</b>

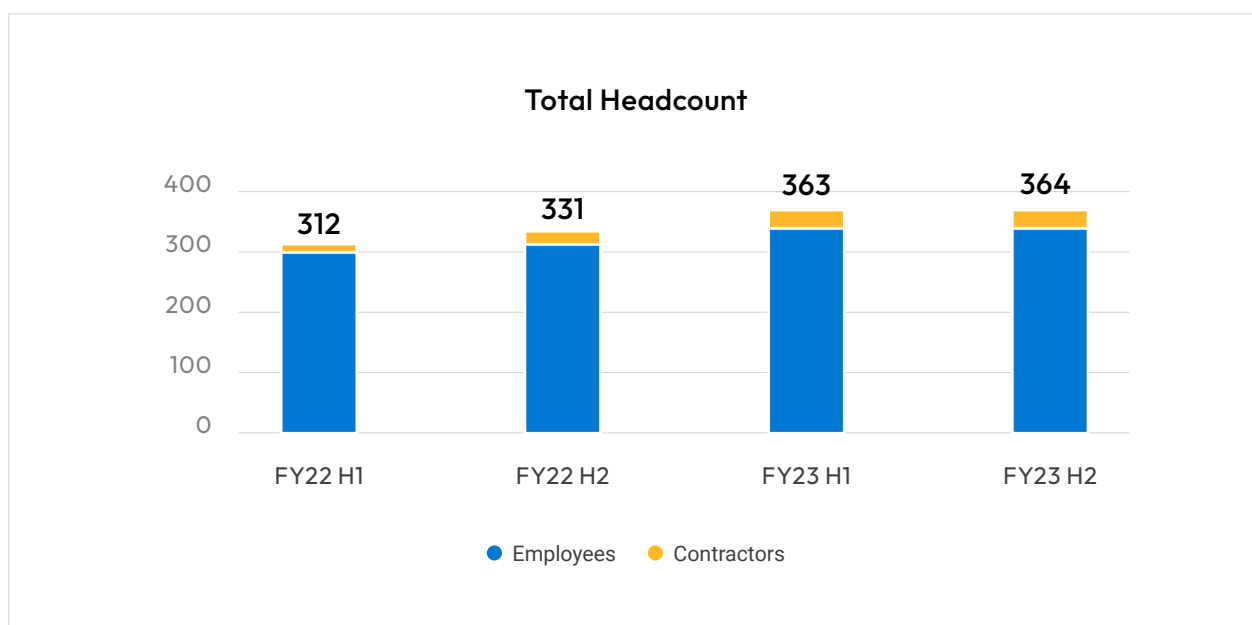
Headcount growth was in the New Zealand and China offices. In the United States Serko's US expense product design and development team was scaled down on completion of a major product release.



By Employment type:

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

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%)
<b>Underlying cash flow</b>	<b>(32,620)</b>	<b>(39,648)</b>	<b>7,028</b>	<b>(18%)</b>
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 <sup>1</sup>	nm <sup>1</sup>
Capital Raise (net funds received)	—	80,093	nm <sup>1</sup>	nm <sup>1</sup>
<b>Reported Cash, cash equivalents and short term deposits at the end of the year</b>	<b>87,744</b>	<b>124,513</b>	<b>(36,769)</b>	<b>(30%)</b>

nm<sup>1</sup> 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.

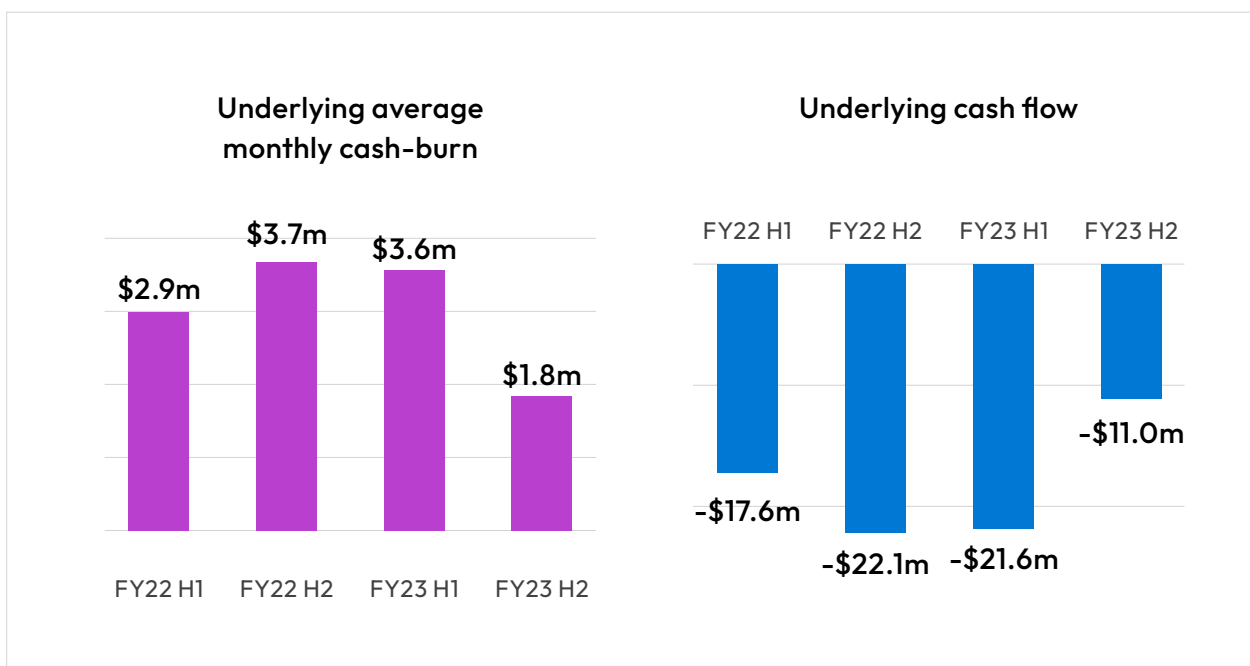
Cash flows from operating activities decreased from a net outflow of \$23.7m to a net outflow of \$19.2m which is as a result of increased receipts from customers due to increased revenue.

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.

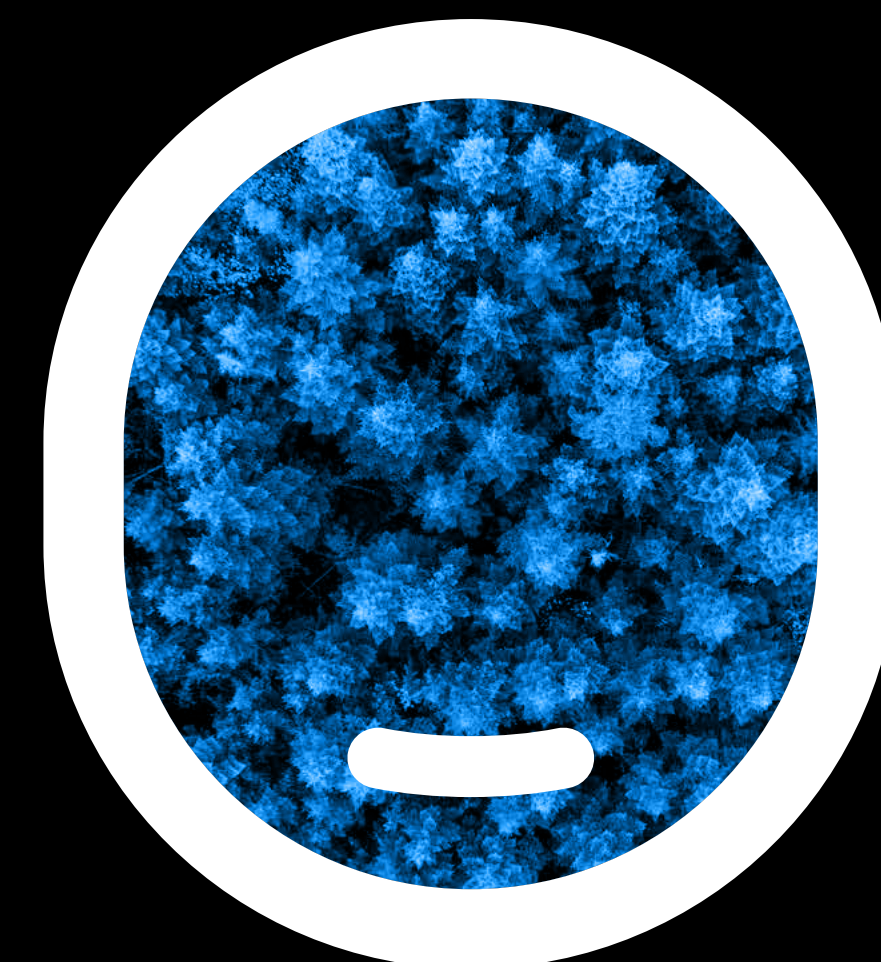
## Statement of Financial Position

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%)
<b>Total Assets</b>	<b>140,916</b>	<b>167,191</b>	<b>(26,275)</b>	<b>(16%)</b>
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%)
<b>Total Liabilities and Equity</b>	<b>140,916</b>	<b>167,191</b>	<b>(26,275)</b>	<b>(16%)</b>

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.

# ESG Report

Serko 2023



# 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.



# Working towards a **sustainable** future

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

# Sustainable development goals

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

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



## Customers



Industry Recognition for Innovation



Privacy & Security Policies

## Community



Sponsorships & Donations



Environmental Practices

## People



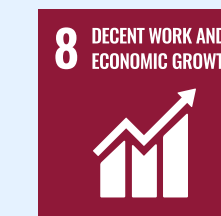
Health & Safety Policies



Training & Intern Programmes



Diversity & Inclusion Policies



Remuneration Policies



Diversity & Inclusion Policies

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This Environmental, Social and Governance (ESG) Report, which incorporates Serko's Corporate Governance Statement, was approved by the Board of Serko Limited on 17 May 2023 and is accurate as at that date. The Board does not undertake any obligation to revise this Report to reflect events or circumstances after 17 May 2023 (other than in accordance with the continuous disclosure requirements of the applicable Listing Rules).



# 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.

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## 01

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



### 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:

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## 02

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

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## 03

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

# ESG Governance

## Understanding our material issues

**As part of our commitment to sustainability, we are currently working with internal and external stakeholders to identify and assess the most important issues for us to measure, manage and report on.**

We have developed a set of draft material issues from a review of internal and external input information, including current trends, peer analysis, industry reports and reporting frameworks, along with internal policy, procedure and reporting information. In the first half of FY24 we will engage with our stakeholders, senior managers and staff to determine and rate our material ESG topics.

In next year's Report, we look forward to sharing with our stakeholders the outcomes of this process, including our most material topics and their relative importance to internal and external stakeholders. These topics will guide us in focusing our efforts to improve our sustainability strategy and manage our risks.

# ESG Governance

## Roles and responsibilities

While our commitment to ESG is companywide, governance is important to keep us on target. Ownership starts at our Board and flows through the entire organisation. Here are the various roles and responsibilities for the oversight, planning and delivery of ESG programmes and practices at Serko.



### The Board

The Board has ultimate responsibility for overseeing Serko's strategy and performance, including environmental, social and governance (ESG) issues.



### Audit, Risk & Sustainability Committee

The Audit, Risk & Sustainability Committee has been delegated oversight over sustainability matters relevant to the business, including climate disclosure, risk management and reporting requirements.



### ESG Steering Group (ESG SteerCo)

The ESG Steering Committee oversees the delivery and championing of the ESG roadmap, including Serko's climate roadmap (via a sub-group).



### ESG Working Groups

ESG working groups (including the Climate Disclosure Working Group) – comprise cross-functional teams who plan and execute against the projects that contribute to the ESG programme and help advance the company towards its ESG goals.

Our Purpose

# We bring people together

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.

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

3

## Managed revenue

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

4

## Marketplace and content

Commercialise connected trip experience through an open platform

5

## Culture

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

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

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

## Unleash the US market

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

## Adopt next generation technology foundations

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

## The best place to do your work

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

# A year of solid progress

We have steadily advanced our sustainability journey over the past year and are pleased to report solid progress in the following detailed sections of this Report. Here is a summary of our key areas of focus and improvement.



## Environment

Improving our understanding of our carbon footprint — completing our first GHG inventories

Readying ourselves for mandatory climate reporting — providing a roadmap and FY23 progress report



## Social

Introducing our new Community Investment Programme

Having our inaugural Community day for employees to give back to their communities

Publishing our first Pay and Gender Equity Statement and registering on the New Zealand 'Mind the Gap' Registry

Comprehensively reviewing and improving disclosure of our executive remuneration

Increasing our leave and wellness entitlements, including introducing broader parental leave benefits with gender neutral application



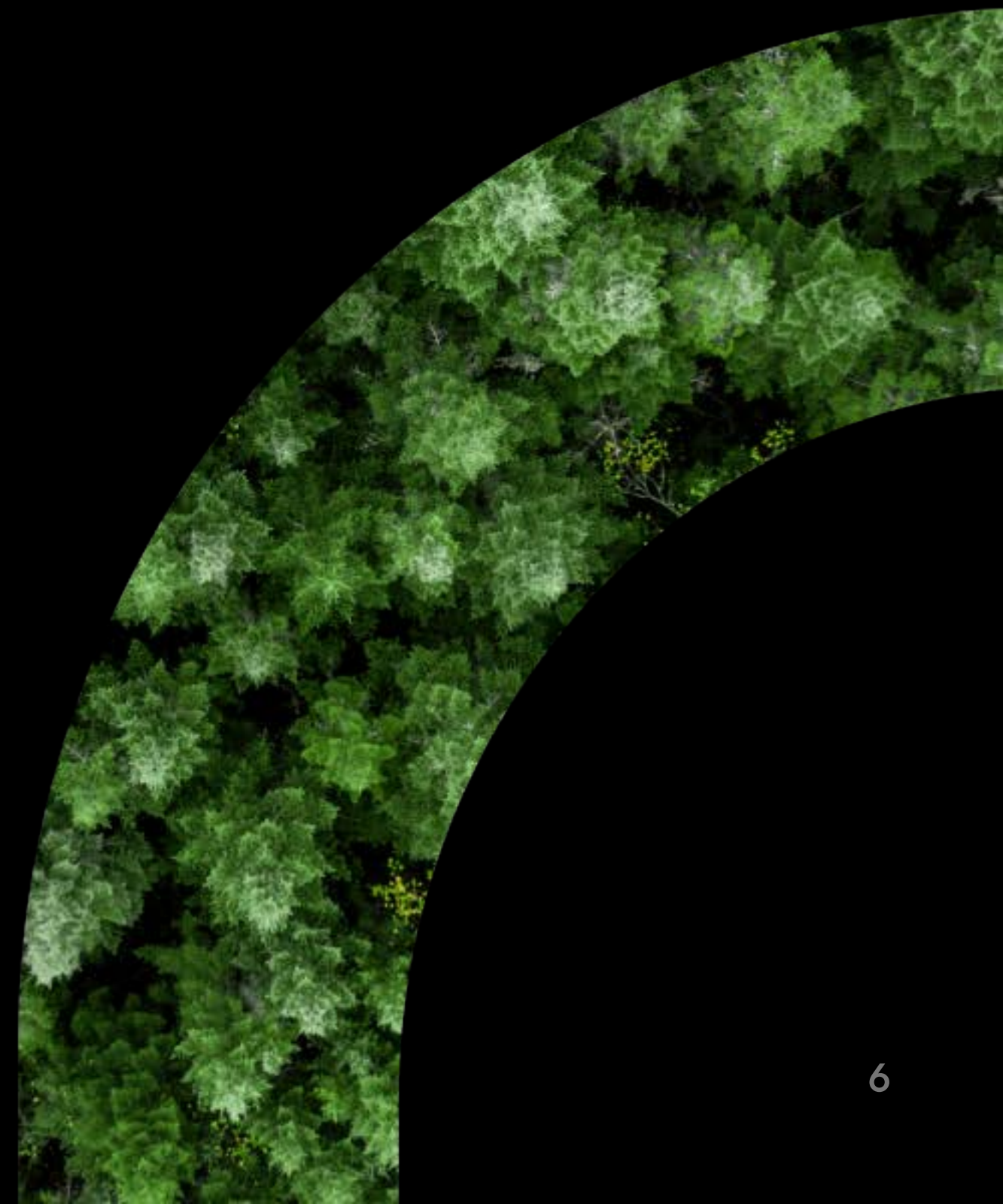
## Governance

Continuing to enhance our business ethics programme, including introduction of Modern Slavery Policy and statement

Continuing to improve our risk management framework, including climate risk

Establishing our new Data Governance Group and Technology Advisory Committee to provide oversight and guidance on data and technology-related matters

# Environment



# Our approach to climate change and the environment

As a technology company, Serko operates in an online, office-based environment. Accordingly, our direct environmental footprint is relatively small and made up largely from third-party data centres, office energy consumption, employee travel and from the typical consumables of a technology business.

We believe the biggest environmental impact we can have is in two core areas:

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## 01

Understanding and reducing our own carbon footprint

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## 02

Assisting our customers to make smart, sustainable business decisions



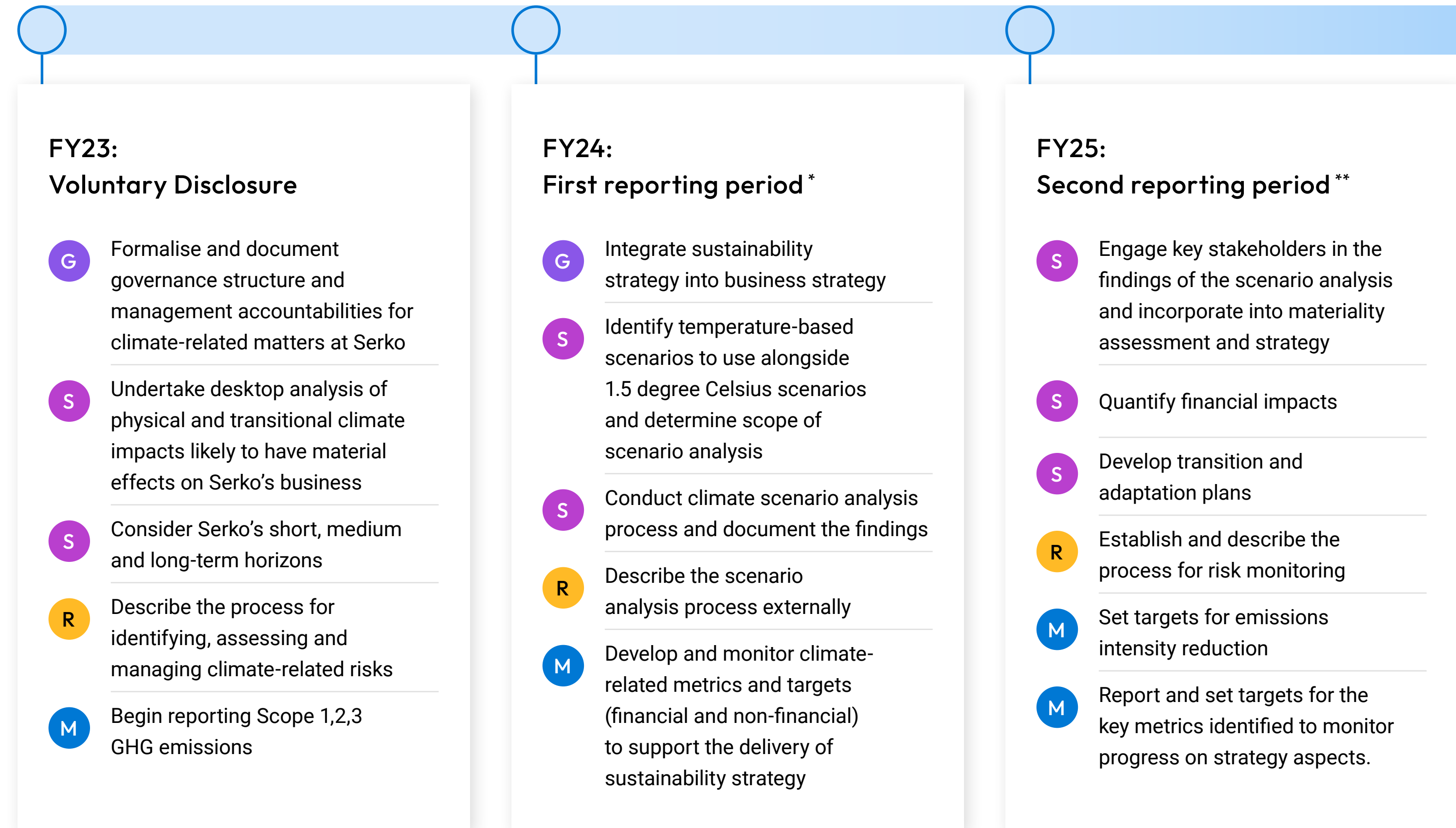
# Understanding and reducing our own carbon footprint

We have made steady progress in better understanding our own carbon footprint as we ready ourselves to begin mandatory climate reporting next year. The Aotearoa New Zealand Climate Standards (NZ Climate Standards) form the basis for the climate-related disclosure framework in New Zealand and largely follow the Task Force on Climate-related Financial Disclosures (TCFD) framework.

We are still early in our climate reporting journey, but we are committed to improving our reporting over time. This roadmap summarises our journey so far and our focus areas for FY24 and FY25.

## Serko's FY23 – 25 NZ Climate-related Disclosure Roadmap

● Governance ● Strategy ● Risk management ● Metrics and targets



\* with some Year 1 exemptions

\*\* with some Year 2 exemptions



# FY23 Progress

The following is our current assessment of our progress against the NZ Climate Standards as we work towards mandatory disclosure in FY24. This year we are voluntarily providing updates against the four thematic areas (Governance, Risk Management, Strategy and Metrics & Targets) included in the Standards to inform shareholders where we are at on our journey.

We recognise that to be effective, our sustainability strategy needs to be integrated into our business strategy, and this work will progress into FY24.

## Governance

The Serko Board has ultimate responsibility for overseeing Serko's strategy and performance, including environmental, social and governance (ESG) issues.

The Board has delegated to the Audit, Risk & Sustainability Committee oversight over sustainability matters relevant to the business. In doing so, the Committee is required to ensure Serko has an effective sustainability strategy, has appropriate processes in place to deliver against that strategy and meets climate disclosure risk management and reporting requirements. The Committee is also responsible for oversight of Serko's enterprise risk management.

The Committee meets quarterly to review execution against the sustainability strategy (presented by the ESG SteerCo), oversee risk

management and approve the engagement of appropriate external experts to support Serko on its climate disclosure journey.

An Executive-level ESG Steering Committee has been established to oversee the delivery and championing of the ESG roadmap, including Serko's climate roadmap. The ESG SteerCo meets monthly (or more frequently when required) to consider the climate roadmap and makes day-to-day decisions within delegated authority limits. The ESG SteerCo is supported by cross-functional specialists (the Climate Disclosure Working Group) from across the business who manage the day-to-day implementation of Serko's climate roadmap, manage climate-related risks and execute against climate-related opportunities.

Climate-related risks are managed within Serko's enterprise risk management framework, which is described in more detail on [page 55](#) of this Report. Enhancements to our travel booking platform to support customers make travel choices that minimise their environmental impact are led by our Product Team and follow standard product development processes.

See our [ESG Governance summary](#) for more details about how we manage governance of our whole ESG workplan.

## Risk Management

In the past year we have made significant progress in better understanding the risks and opportunities of climate change on our business. This has included:

- Executive Team members and climate working group members engaged in a tailored session with our climate consultants, EY, to identify climate-related risks and opportunities. This followed surveying a range of internal stakeholders from within the business and undertaking external benchmarking to collect a broad range of data points to inform the analysis.
- Development of a short-list of grouped risks (set out in the following table) following additional management and Board workshops to assess the potential impact of the long-list of risk factors on Serko's business. It is intended these risks will be used as an input into our materiality assessment and scenario analysis to be undertaken in FY24.
- Inclusion of climate-related risks in Serko's enterprise risk management framework. Serko's key risks are reviewed quarterly by the Audit, Risk & Sustainability Committee and all identified risks are allocated to individual Executives to monitor and manage on a day-to-day basis.

- Consideration of the time horizons applicable for defining Short, Medium and Long-Term risk horizons for Serko. These have been indicatively determined as Short (0–2 years), Medium (2–5 years) and Long (5–10 years) to align with Serko's planning horizons and capital deployment plans. Serko's primary assets are technology and customer relationships. Serko amortises internally developed software over 3–5 years and key customer relationships are typically not reflected in the financial statements but are long term.

In FY24 we intend to build on this work, including:

- Applying a sustainability lens over our major strategic planning and decision-making, as well as our capital expenditure and operating costs.
- Ensuring climate-related risks are fully incorporated into the risk management framework and receive the appropriate level of oversight and management.
- Assessing the materiality of our key risks and undertaking greater analysis of the impact of those risk factors.

## Grouped climate risks thought to be most relevant to Serko's business:

Climate risk type	Nature of risk and description
<b>Transitional</b> <i>Risks resulting from the economic, regulatory, social, technological and legal responses to climate change.</i>	Reduced travel demand due to changes in consumer preferences owing to growing awareness of carbon emissions and/or policy changes resulting in: <ul style="list-style-type: none"> <li>• Increased demand for more sustainable travel options</li> <li>• Decision to travel less often</li> </ul>
	Inability to meet customer demands for more sustainable choices/data
	Increased reputational, regulatory and litigation risks from failing to meet climate-related regulations and meet Serko's own climate-related goals
<b>Physical</b> <i>Risks resulting from climate change itself, including via temperature, rainfall, storms, extreme events and sea level rise.</i>	Carbon pricing increases impacting travel costs, and therefore demand, and also impacting supply chain costs
	Extreme weather events cause supply chain disruption and impacts to business continuity resulting in: <ul style="list-style-type: none"> <li>• Increased costs (e.g. cost of maintaining data centre (electricity and water scarcity), freight costs)</li> <li>• Impacts on network resilience – power and water outages</li> <li>• Increased insurance costs</li> </ul>
	Extreme weather events and/or infectious diseases disrupt travel and wider network resulting in reduced travel demand. Factors may include: <ul style="list-style-type: none"> <li>• Increasing sea levels impact airports</li> <li>• Route changes as a result of extreme regional climate changes</li> <li>• Pandemics</li> </ul>

## Strategy

Our [climate roadmap](#), which has been approved by the Board, will be integrated more fully into Serko’s company strategy in FY24. In accordance with our roadmap, a key focus of our FY24 workplan will be the strategy pillar, including conducting scenario analysis to explore more fully our climate-related risks and opportunities and their impact on the resilience of our business model and strategy.

## Metrics & Targets

We have spent the last 12 months preparing our first GHG inventories for FY22 & FY23. This has enabled us to better understand our emissions and the extent of our impact on the environment. We will use this information to make informed choices and, where possible, seek to reduce emissions on an intensity basis as we continue to expand our operations internationally.

Serko will use FY23 as its baseline year for assessing appropriate metrics and targets for managing our carbon emissions. This is due to the impacts of covid-19 on business activities, such as travel, in FY22.

During FY24, we will focus on identifying the appropriate metrics and targets to use to measure and manage Serko’s climate-related risks and opportunities.

## Greenhouse Gas Inventory

The following information relating to Serko’s Greenhouse Gas Inventory should be read in conjunction with the published Greenhouse Gas Inventory Report – see [www.serko.com/investors](http://www.serko.com/investors).

Serko has prepared its GHG inventories for FY22 & FY23 in accordance with the requirements of the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard and ISO 14064:2018-1 standard.

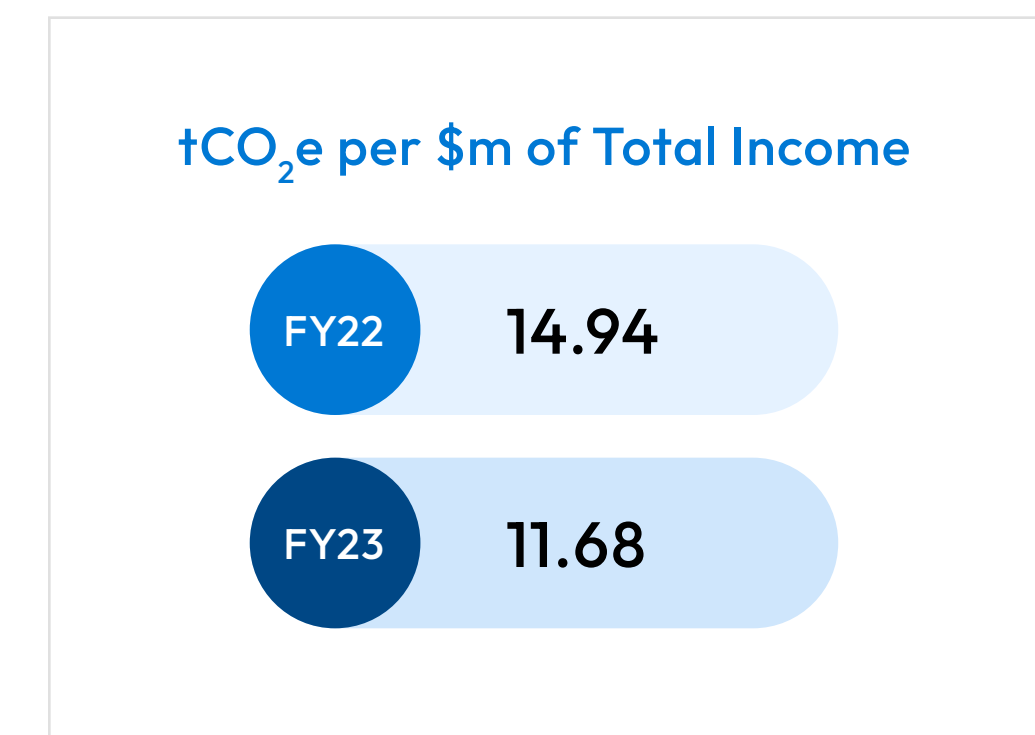
An operational control approach was used to account for emissions. Given the current structure of the Serko Group, the financial control approach is likely to have resulted in a similar boundary and thus a similar emissions inventory result.

Greenhouse gas emissions results were calculated using the Ministry for the Environment Detailed Greenhouse Gas Reporting 2023 Guidelines for most emissions. The United States Environmental Protection 2023 GHG Emissions Hub was used for calculation of emissions associated with emissions sources in the United States. For power use associated with the offices in Australia and China, data from carbonfootprint.com was used.

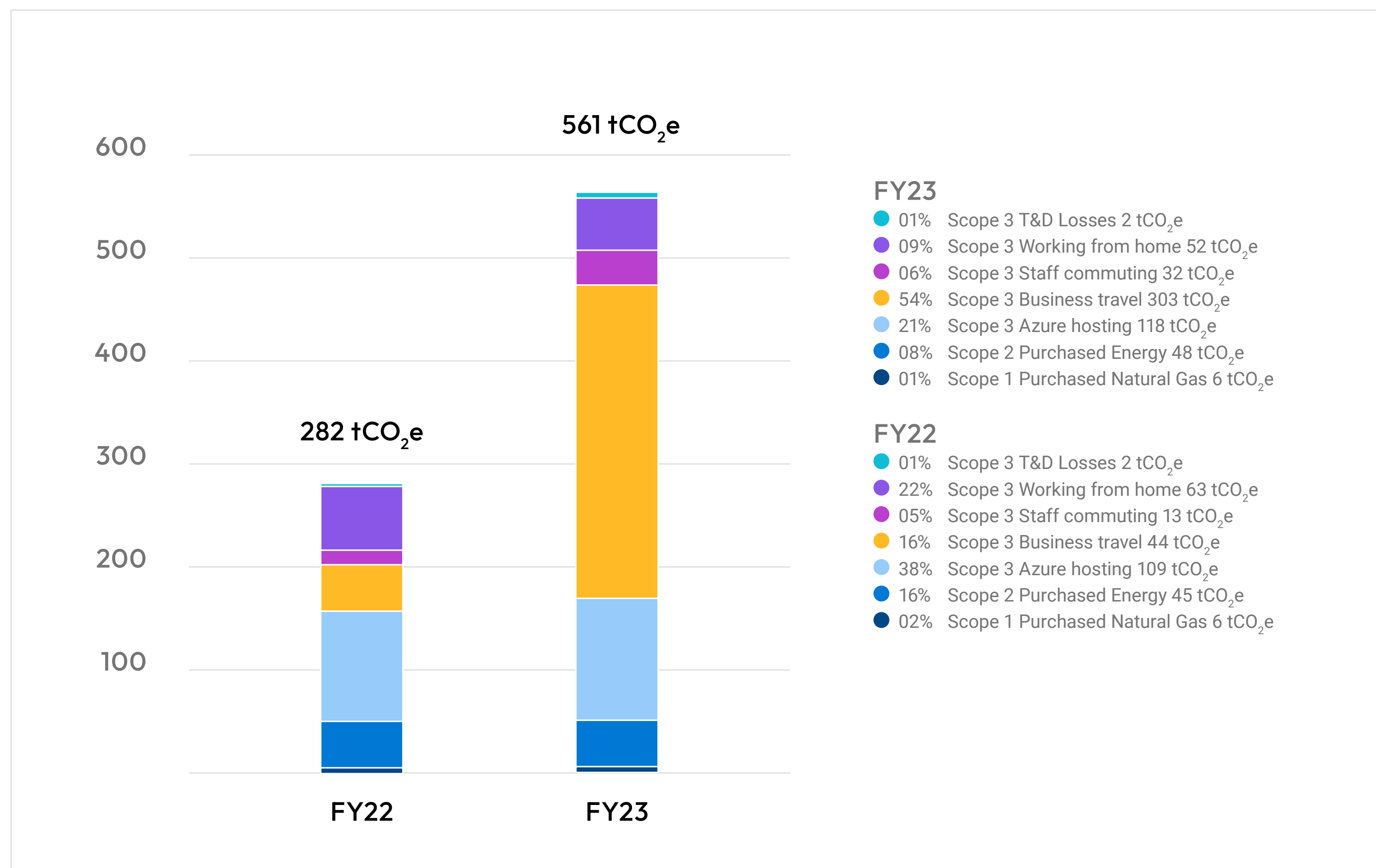
Our GHG inventory has been limited assurance reviewed by Deloitte (for FY23) and EY (for FY22) against the Greenhouse Gas Protocol in accordance with the International Standards on Assurance Engagements (NZ) 3000: Assurance Engagements Other than Audits or Reviews of Historical Financial Information (‘ISAE (NZ) 3000’) and the related ISAE 3410: Assurance Engagements on Greenhouse Gas Statements.

Our Greenhouse Gas emissions as an intensity of Total Income has reduced from FY22 to FY23. This is a result of revenue growth and return to normal business activities, including business travel.

Table 1: Intensity of Greenhouse Gas emissions per Total Income NZD\$m



Serko's location based GHG emissions for FY22 and FY23: <sup>1,2</sup>



The differential in emissions between FY22 and FY23 is largely attributable to employee business travel normalising following a covid-affected period where low levels of business travel were undertaken. As with many technology businesses, our Scope 3 (supply chain) emissions dominate our baseline footprint, comprising 90% of our total emissions.

The Scope 3 emissions included in the graph include upstream emissions only. Downstream emissions are not included as Serko is not the supplier of travel for customers who book via our online travel platform. However, as a company providing a travel booking platform that is used by thousands of organisations around the world, we have an important role to play in helping reduce the environmental impact of our customers' activity. This can be achieved over time by providing insight into travel-related emissions and environmental impact at point of sale and enabling corporate travellers to offset their carbon emissions. In doing so, our travel booking platform can help to shape user behaviour to encourage lower impact options and develop more sustainable travel programs.

1 The Upstream Scope 3 subcategories included are subcategory 1 (purchased goods and services), 3 (Fuel- and energy-related activities), 6 (Business travel) and 7 (Employee Commuting).

Categories 2 (Capital goods), 4 (Upstream transportation and distribution) and 5 (waste generated in operations) are considered de minimus and have been excluded. Serko has no leased assets (category 8).

2 As defined in the NZ Climate Standards, Scope 1 are Direct GHG emissions from sources owned or controlled by the entity. Scope 2 are Indirect GHG emissions from consumption of purchased electricity, heat, or steam. Scope 3 represent other indirect GHG emissions not covered in Scope 2 that occur in the value chain of the reporting entity, including upstream and downstream GHG emissions. As defined in the NZ Climate Standards, Scope 3 categories are purchased goods and services, capital goods, fuel-related and energy-related activities, upstream transportation and distribution, waste generated in operations, business travel, employee commuting, upstream leased assets, downstream transportation and distribution, processing of sold products, use of sold products, end-of-life treatment of sold products, downstream leased assets, franchises, and investments.

## Reducing Our Carbon Footprint

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

### Energy consumption

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

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

### Employee travel

- We bring carbon considerations to carbon decisions. At the end of 2021, we partnered with Tasman Environmental Markets (TEM) to integrate BlueHalo, a technology solution that facilitates carbon reporting and the offset of travel for mutual customers. Serko intends to offset its internal travel employee emissions under a TEM portfolio.
- We see the benefit of reduced carbon emissions associated with a reduction of employees commuting. As such, we actively manage flexibility for our employees to work from home for part of the work week.

### Circular Economy

As an office-based technology business, Serko's water usage and waste creation are minimal. We are co-located in office spaces that makes accurately measuring our water usage and waste difficult, however, we remain committed to reduction in waste and single use items. Our efforts to reduce, reuse and recycle include the following initiatives:

- recycling pieces of IT equipment and parts by donating them to IT equipment recycling companies with a sustainability focus and to the Salvation Army to support reuse of IT equipment.
- reinforcing smart environmental choices within the corporate culture, particularly in procurement and entertainment decision making in the business.
- recycling and composting; and minimising the use of disposable coffee cups and single-use water bottles, where possible.

# 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.

# Social





## Team Serko

Our vision for Team Serko is to bring our people together to do career-defining work, which ultimately delights our customers and partners across the world.

We aim to provide Serkodians with a connected employee experience which is underpinned by a clear company purpose and vision and our strong values. These cornerstones of our company are developed from, and tested against, the diversity of perspectives that make up Serko.



# Driving strong engagement

We work hard to ensure that [our purpose and mission](#) are well understood by our stakeholders – employees, customers, end users, partners, suppliers, shareholders and others – and provide a very clear sense of what drives us and where we are heading.

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

We track how Serkodians are feeling about the company, alignment, leadership, their own development and wellbeing. Our monthly pulse survey provides regular feedback and allow real-time adjustments. High levels of participation (around two-thirds of Serkodians participate in every check-in) are in themselves a strong indicator of engagement, as well as allowing us to be confident in our data.

Our twice-yearly wider engagement survey also allows us to track progress using a consistent set of indicators over a longer period.

We are pleased with our progress. In March 2023, we saw a significant improvement in Serkodians' alignment with our purpose and mission (87% favourable v 77% March 2022); and understanding of how Serko is tracking against its goals (86% favourable v 47% favourable March 2022).

Serkodians also tell us that they have a strong sense of belonging, with more than 80% consistently agreeing that they are proud to work for Serko and 84% agreeing that they would recommend Serko as a great place to work.



# Our values



## Mastery

Serkodians continuously strive to become masters of what they do



## Autonomy

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



## Integrity

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



## Passion

Serkodians are passionate about what they do and what Serko does



## Success

Serkodians strive toward their goals to ensure Serko reaches its goals



## Family

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



## Fun

We value humour, laughter and enjoying our time at Serko

# Diversity and inclusion

We take pride in offering an inclusive culture and environment that allows people to show up authentically, have their ideas heard, reach their potential and have fun along the way.

This environment allows us to serve our customers well, attract top talent and achieve our business objectives. We are proud to be an equal opportunities employer.

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

## Our key principles

01

We're committed to attracting diverse talent and equitable hiring practices.

02

We're committed to equal pay for equal work.

03

We use data to ensure we can identify and mitigate unconscious bias in our decision-making.

04

We actively support flexible, hybrid and remote ways of working.

Watch our video to find out more about a day in the life at Serko



We set measurable objectives that reflect our commitment to diversity and report progress against these objectives regularly to the Board. The following table shows our progress to date and the many initiatives in place to ensure an inclusive work environment.

## Key objectives FY24

## Achievements / initiatives in place (FY23):

Gender diversity target 40:40:20

*In progress*

- We actively seek to attract and hire diverse talent.
- Our progress on gender diversity numbers is provided on [page 21](#)

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

*In progress*

- [Serko Pay and Gender Equity statement](#) published in FY23, articulating:
  - our commitment to Pay Equity
  - published data on median remuneration gender difference (less than 1%) and overall global gender difference (females lower by 12%) ([page 23](#))
  - our support of the New Zealand Mind the Gap reporting initiative
- Investment in leadership development programme, using ‘Women Rising’ to support leadership development as Serkodians make their next career step
- Investment in allyship training using ‘Women Rising’ programme to promote allyship in the workplace. Internally run programmes on allyship are planned for FY24
- An inclusive employee benefits programme, including:
  - parental benefits with enhanced leave and return-to-work entitlements, regardless of gender identity
  - resources to support employee wellbeing and mental health ([pages 32–33](#))
  - 2023 flexible working policy that provides employees with the flexibility to work from home for up to three days a week ([page 23](#))
- Unconscious bias training integrated into key practices, such as annual review and promotion for all employees in FY23
- People processes reviewed and adjusted to address unconscious bias in key areas such as hiring, promotions, annual performance review and total reward decisions. Changes include:
  - a Career Level framework for structured comparison
  - integrating unconscious bias micro training for all major people processes
  - using data and analysis to identify and mitigate unconscious bias (focused on gender in FY23) in our decision-making
- Celebration of cultural events, such as Sign Language Week, Māori Language Week, Martin Luther King Day, Chinese New Year, Diwali, Pride, and International Women’s Day
- Continued investment in Business Resource Groups, including ‘Women in Technology’

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

*Achieved*

- Regular reporting to Executive and Board
- Monthly check-ins, enabling active listening to the voice of employees and better understanding of how well we are doing on criteria of inclusion, equal opportunity and listening to employees

# A diverse workforce

We greatly value the diverse thinking, skills, values, backgrounds, ethnicities and experiences that our team members bring to the business and have accordingly increased our disclosure of that diversity.

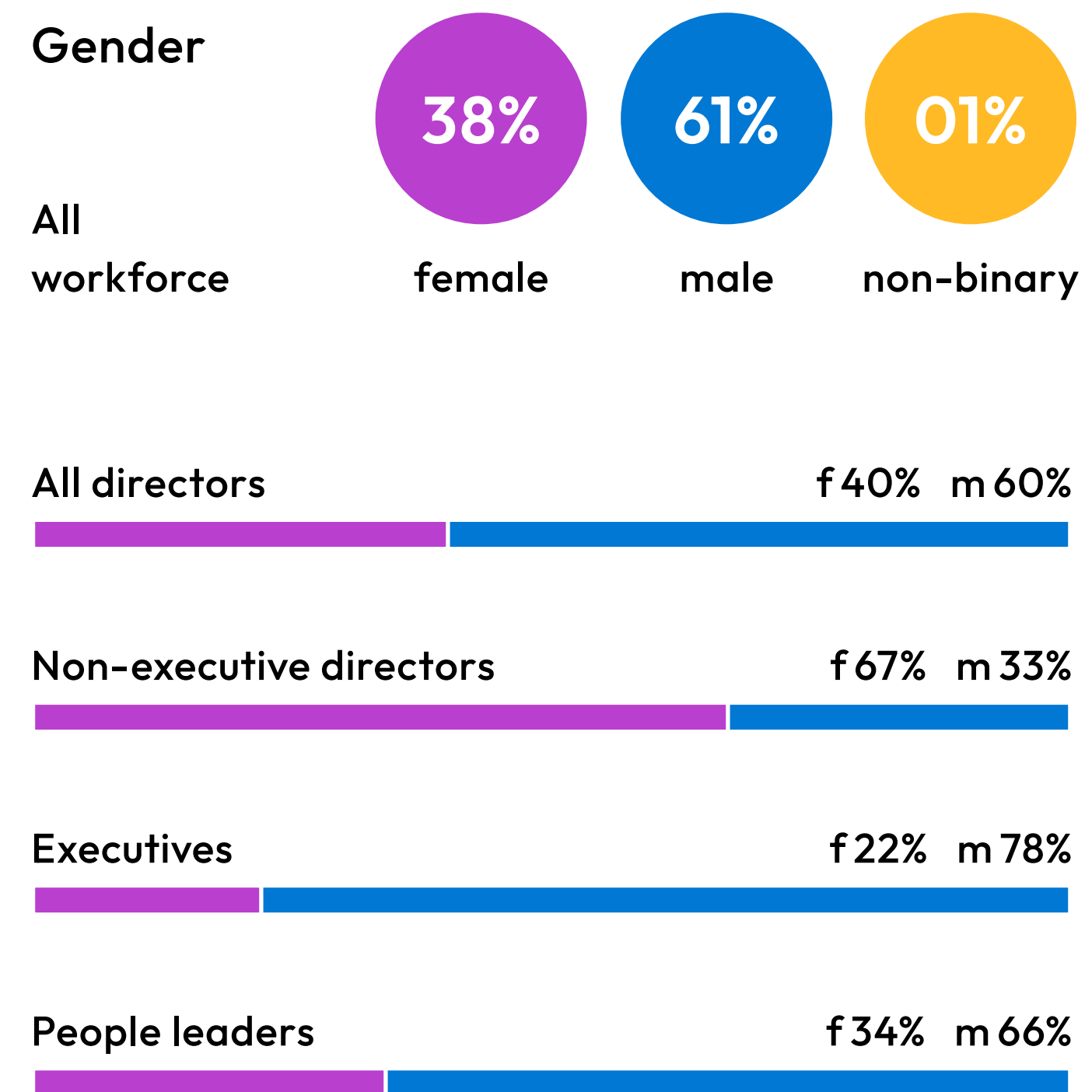
In March 2021, Serko's Board introduced a new gender diversity target of 40:40:20<sup>1</sup> to be achieved by the end of FY24<sup>2</sup> across a) the Board; b) overall employees; c) non-executive directors; d) executives and e) people leaders, with achievement of the target defined by having more than 40% female representation.

At the end of FY23, while we maintained 40% female representation at Board level, our overall female representation at Serko had reduced slightly from 41% to 38%, due to expanded hiring in technology roles, which still have high non-female representation. While gaps remain in executive and people leader roles, we are encouraged that female people leaders have increased steadily to 34%, compared to 28% in 2021.

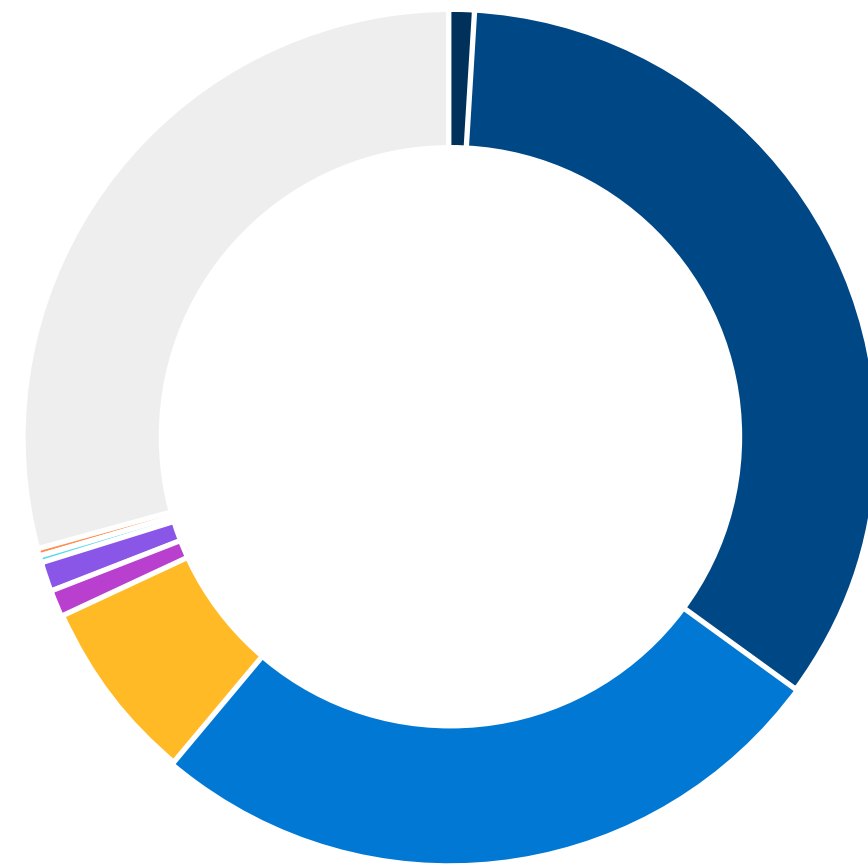
<sup>1</sup> 40:40:20 represents the following definitions: 40% female/women (she/her/hers); 40% male/men (he/him/his); 20% unspecified to allow for flexibility and to recognise that gender is not binary (they/their/them).

<sup>2</sup> Historically stated as 2023 calendar year

## Employee diversity by group

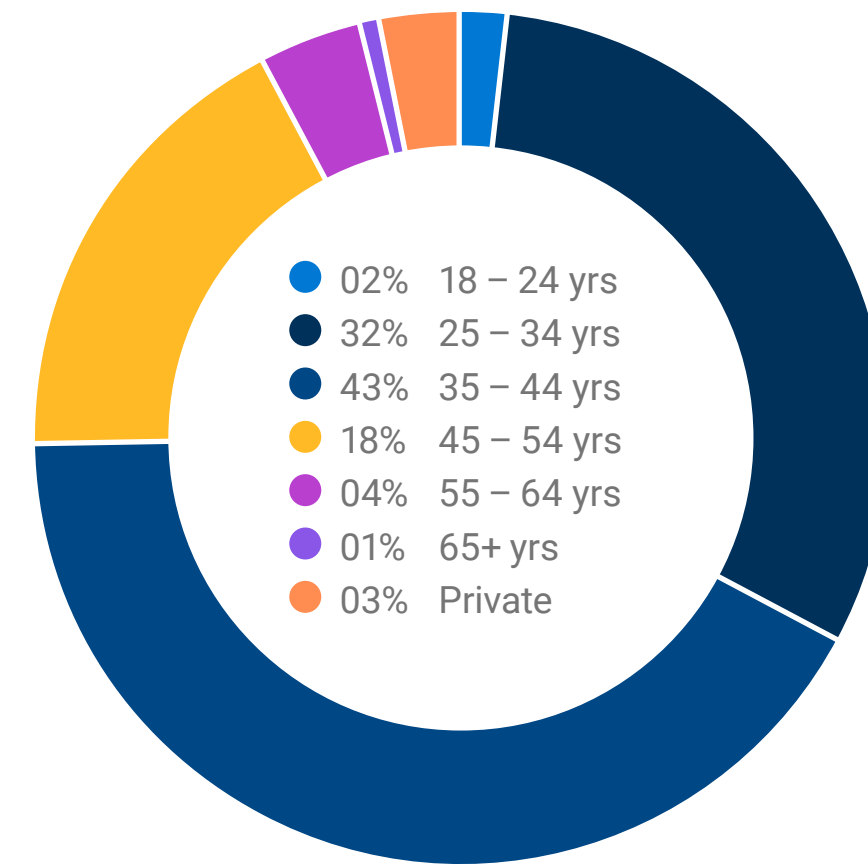


## Ethnic representation



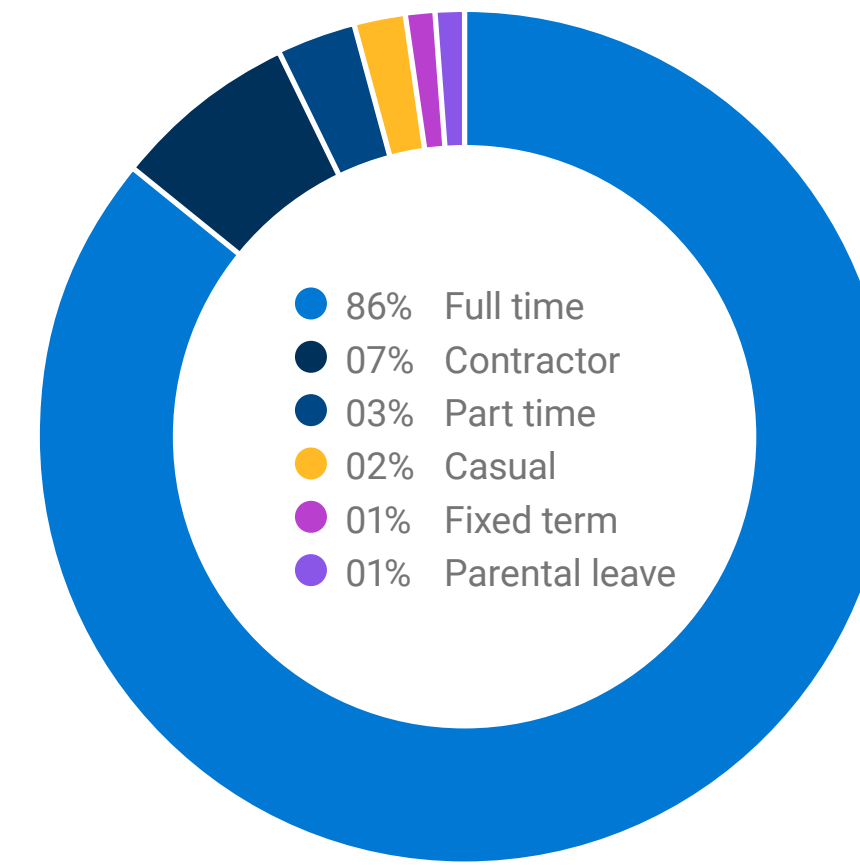
- 01% African
- 34% Asian
- 26% European / Caucasian
- 07% Indian
- 01% Latin American
- 01% Māori
- 0.3% Other
- 0.3% Pacific Peoples
- 29% Prefer not to say

## Age range



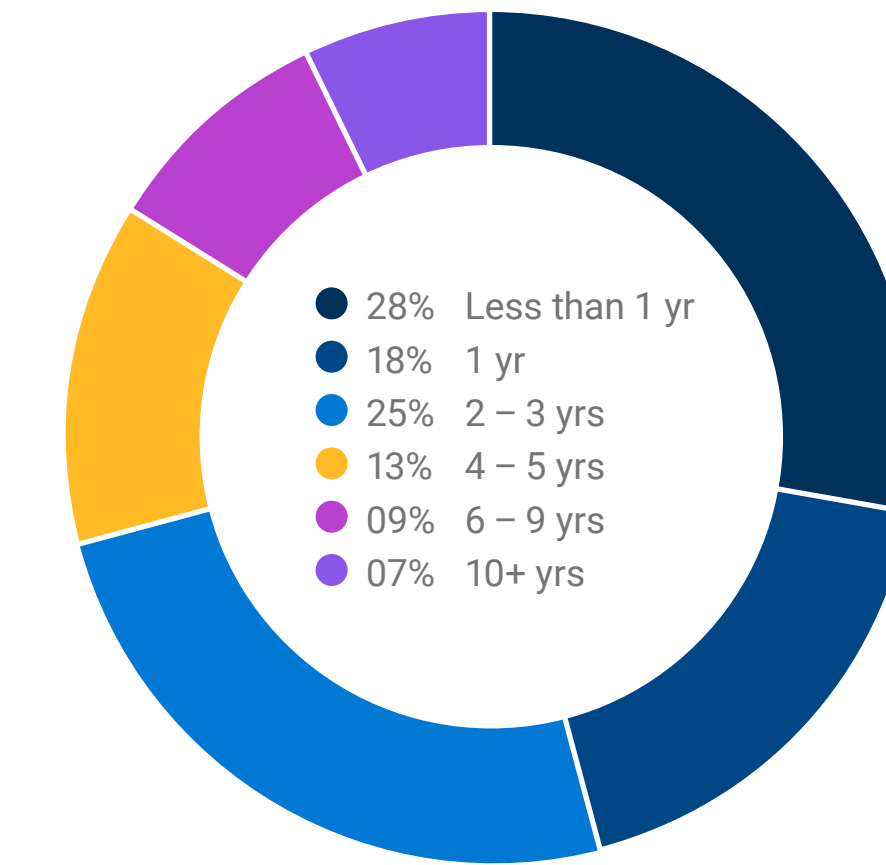
As shown, our ethnic representation is broadly balanced, and we are proud to have more than 17 nationalities represented at Serko. Serkodians also have a strong mix of age and experience, ranging in age from early 20s to mid-60s, with most employees in the 35–44 group.

## Workforce composition



With our total workforce increasing by 7% in FY23 as we scaled up, the average tenure of employees has reduced overall with 28% of Serkodians now having a tenure of less than a year. On the other hand, the numbers of longer-serving employees remain firm with 29% of Serkodians with more than four years at the company. Voluntary turnover reduced slightly from 21% in FY22 to 19% in FY23.

## Length of service



In FY23, we continued measuring the sense of inclusion and belonging of Serkodians. We were pleased to see ongoing improvement, with 90% of employees agreeing that they feel respected and valued by teammates; 91% agreeing that their point of view is listened to; and 88% agreeing that their team has a climate in which diverse perspectives are listened to.

# Remuneration and work practices

This year we completed a two-year redesign of our approach to reward and development. This framework ensures Serko has the right foundations in place to attract, motivate, retain and reward the highly skilled talent we need to achieve our long-term business objectives.

Our focus was in two key areas: completion of our remuneration review including our [Pay and Gender Equity Statement](#); and enhancing our ways of working, including our Flexible Work Policy.

## Pay for performance

We support a pay-for-performance culture where employees are rewarded for individual and overall company success. Detailed information is provided in the Remuneration Report contained in the latest [Annual Report](#).

We are committed to equal pay for equal work and are continually reviewing our practices to ensure pay equity for our people. Our [Pay and Gender Equity Statement](#) sets out our key practices, as well as disclosing our pay equity status. As at March 2023, our median market remuneration gap (based on like-for-like job type and career levels) was less than 1%; and our overall gender pay gap was 12%.

## Flexible working practices

Our teams consistently say they operate best with flexibility and choice in the design of the work week rhythm, with aligned ways of working.

They also tell us that different types of work are better suited to different environments – sometimes working alone without distraction; and at other times working collaboratively in person.

In recognising that these things may have a different impact on our Serkodians, we introduced a formal Flexible Work Policy, which outlines employees' work, security and compliance expectations, regardless of where they do their work (at the office, at home or hybrid).

The policy aims to provide context and alignment in ways of flexible working at Serko. With 86% of Serkodians being full time employees, this flexibility is critical. It includes location and time flexibility and emphasises that the needs of individuals, teams and the business will be equally considered when deciding about, and reviewing, flexible working arrangements. In our annual survey, 90% of employees noted that they felt genuinely supported to make use of flexible working arrangements.



# Development and career pathways

**At Serko we believe in creating an internal talent market where our employees can unlock their potential through the power of internal mobility. To support this in FY23, we have focused on establishing career pathways for Serkodians which encourage internal mobility, by identifying new career opportunities (lateral or promotions).**

We are proud of the work we have done in the technology space to ensure those career pathways include both management and individual contributor pathways into the most senior positions, recognising the influence and importance of deep technical expertise and talent at Serko.

We are currently establishing learning pathways linked to our career pathways with direct on-the-job learning and application. These learning pathways are being developed through the power of Udemy platform (with access to over 5,000 training courses) that was rolled out to all employees in Q4 of FY23. Since February we have seen 86% of employees activate their licenses and over 330 hours of learning time completed in March.

As a result, we have seen a significant shift in our monthly pulse survey score for 'I have access to the learning and development I need to do my job well', which improved from 62% favorable in March 2022 to 85% favorable in March 2023.

Over the past year, as we have scaled up as an organisation, we have created many new positions, advertised both internally and externally. We were pleased to achieve an internal promotion rate to open positions of 17% – our aim is to increase this to 30% in FY24 through clearly defined career pathways.

Additionally, a focus for this year tied to diversity and inclusion, was providing leadership development to women at Serko. This resulted in the Sponsorship of six women on the Women Rising Programme and one allyship seat in FY23.



# Stories from our people

At Serko we believe in the power of bringing people together. We take our roles in that journey seriously, bringing our authentic selves to work to solve challenging business travel problems through the power of technology and deliver great customer outcomes.

Across our business, we have many different teams — including Product, Tech and Customer Services — who all play a critical part in that journey. In these stories, some of our team members tell us why they find working at Serko interesting and what being a Serkodian means to them.

# Anne Bilek

## Senior Principal Engineer

### What attracted you to Serko – what was the interesting challenge?

I joined Serko at the beginning of 2020 as a contractor bringing a range of experiences from different businesses. I was tasked to lead a SWAT team to improve a critical priority in page transition performance. Making that improvement exposed many opportunities for other improvements, and the impact of those opportunities led me to join Serko as a Principal Engineer.

### What has been your career journey at Serko?

In my three years at Serko, I've gone from a senior consultant to Principal Engineer and now Senior Principal Engineer. In these roles I work with our senior architecture, product and business leaders on our product and tech strategy, as well as being able to influence alignment across our wider group to build reliable, scalable and commercially differentiated user experiences.

This progression was an unexpected (but welcome!) side benefit of digging deep on a narrow problem – “pulling a thread” and being able to have an impact.

### What have been your development opportunities? How does it keep you interested and learning?

Before Serko, I had never really considered “technical leadership” as a viable path because it seemed to require stepping into management – something I was uninterested in pursuing. But through the Principal and Senior Principal roles, Serko has offered me a path as an individual to contribute to high-level decision-making, to influence and build an engineering culture that drives strong business outcomes, and to coach and mentor the next generation. This excites me.



Anne's journey recognises the important role deep technical leadership plays at Serko.

### What makes being a Serkodian special to you?

At Serko we are solving challenging business travel problems through the power of technology, and that means breaking things down and building them back up until they are even better. There are so many opportunities for improvement and there is also a will for improvement at all levels of the organisation.

Providing clear paths for managers and individual contributors in technical leadership is critical for our success. Personally, I really feel like I have a chance to help Serko succeed and there are the right career paths at every level for people like me to make that impact.



# Fiona McCaffrey

## Business Analyst Team Lead

### What attracted you to Serko – what was the interesting challenge?

I've seen first-hand how challenging it can be for businesses and business travellers to manage travel effectively. As a former tour guide, and with a background in IT, I knew I could bring those insights and experiences to Serko to add value. I was excited about the prospect of working as part of a team that is passionate about making a difference and pushing the boundaries of what's possible.

### What has been your career journey at Serko?

I joined Serko as a Business Analyst in 2021, working closely with a variety of stakeholders, including Booking.com for Business, our Product Managers and engineering teams to define what's needed to deliver exceptional customer value. A year later I was promoted to Senior Business Analyst and then selected as BA Team Lead. This has given me the

opportunity to take on new challenges and new responsibilities, including coaching and mentoring others.

### What have been your development opportunities? How does it keep you interested and learning?

This year Serko sponsored me on Women Rising, a leadership development programme. So far my favourite module has been Radical Confidence, explaining how I can be my authentic self and leverage my strengths to really step into a growth mindset – not as scary as it sounds!

The opportunity to unlock my potential and that of others around me is a major drawcard. I'm excited to network with others and build strong connections that will help me grow both personally and professionally. I am fortunate to work alongside some of the best talent in the industry.



Fiona's journey recognises how the right support can unlock the potential of our people.

### What makes being a Serkodian special to you?

As a woman in tech and a member of the LGBTQ+ community, I know first-hand the importance of feeling a sense of belonging in the workplace. Being a Serkodian for me is more than just a workplace. Being a Serkodian means I feel valued, supported and fulfilled.

Serko is somewhere I can bring my whole self to work and make meaningful impacts on real-world problems with an amazing community of passionate team members. Plus our Auckland office is dog friendly. That's pretty special to me as well.



# Adam Northgrave

## Head of Customer Success

### What attracted you to Serko – what was the interesting challenge?

Over 12 years ago I returned to New Zealand from the UK with a background in the travel industry and bespoke reservation software. I found Serko – a travel technology company with big global ambitions – which I thought was a great fit and a place where my experience could contribute to its growth.

### What has been your career journey at Serko?

Over the years, through inhouse coaching, I have had opportunities to use my skills and work across many different teams, solving new and exciting problems. I moved from the implementations team, where I had developed people leadership and project management skills, through to new Product offerings and then expansion into North America, which took me back into Client Services.

Nowadays I'm part of Serko's Leadership Team, heading up Customer Success, which means focusing on increasing self-sufficiency amongst our partners while ensuring exceptional customer experience.

### What have been your development opportunities? How does it keep you interested and learning?

Working at Serko has given me opportunities I didn't anticipate and allowed me to test myself in ways I did not expect. Throughout my time at Serko, there's always been new challenges and opportunities for growth, I've had to learn and apply new skills, which has kept me interested and on my toes!



Adam's journey recognises the infinite opportunities available to talented people as Serko evolves.

### What makes being a Serkodian special to you?

Growing with the company from a tech start-up to Hi-Tech company of the year and becoming an NZX50 company has been incredibly special. We have audacious goals to smash, and that's what keeps me excited.

I also feel privileged to work with such a passionate and dedicated group of people – we've forged incredible friendships and we support one another in times of need. That's special.



# Developing the next generation of tech talent

**At Serko we are building our base to bring in new ideas and develop the next generation of tech talent.**

**Our Intern Programme has grown over the past few years, and this year we hired a diverse group of eight technology students (four female, four male, three mature students) through the award-winning Summer of Tech.**

The 10-week programme gave our interns first-hand product development experience. Supported by a cross-functional team of professionals from Engineering, Product and Design, the interns worked together to research and solve a real-world problem, and shared their progress through fortnightly Company Demos.

In addition, they met with an executive weekly, and each intern was partnered with two mentors – some former interns themselves. It wrapped up with a special team-building day including more than 30 Serkodians who had mentored and supported the team over the 10 weeks. The programme also provided our staff

opportunities to build important mentoring and leadership skills by coaching and guiding these early-career experiences.

Going forward into FY24, we will continue to develop the intern programme with an aim to connect this to a graduate hiring programme and continue to invest in building future talent in the technology industry.



“

**There are so many people at Serko who provided support and guidance throughout my journey there, and I am thankful for each and every one of them. Serko is an amazing place to learn and grow as a Software Engineer, and I feel honoured to have been a part of this incredible community.**

Kinzi Ceolin • 2022 intern





“

**The amount of support was amazing. The interns got all the help they sought, and always had their questions/needs answered. The support is arguably what made this internship standout as it felt like so much effort was put into helping the interns and making this programme great!**

Craig Lim • 2022 intern

# Employee health, safety and wellbeing

**At Serko we are committed to engaging our people in promoting a safe and healthy working environment for everyone working in, or interacting with, our business.**

Our Health and Safety policy is reviewed annually and the Board reviews progress against our Health and Safety objectives at every Board meeting. With the majority of our workforce being in professional services, and primarily sedentary roles, we have identified our key critical health and safety hazards as being mental wellbeing/stress (see section following) and sedentary workstation-bound roles. To mitigate working environment-related risk this year we have:

- Increased the number of standing desks available to people who are office-based.

- Introduced ergonomic equipment such as balance boards and yoga balls to help engage employees' muscles while standing or sitting while working.
- Asked in our monthly pulse surveys for instances of unhealthy stress that may be occurring.
- Monitored and promoted our EAP (Employee Assistance Programme) programme to assist those that may have personal or work-related troubles.
- Assessed individual needs before employees join to ensure they have safe workstation setups.
- Continually identified, assessed and controlled possible risks to the health and safety of people that may arise in the workplace.
- Provided training to raise awareness of potential hazards and involved our people in health and safety decisions that affect them.

1 LTIFR – Lost Time to Injury Frequency Rate is calculated as: # of individuals who lost time to a workplace incident divided by total number of hours available x 1,000,000

2 LTIIR – Lost Time to Injury Incident Rate is # of individuals who lost time as a proportion of average number of employees per year – per 100 employees.

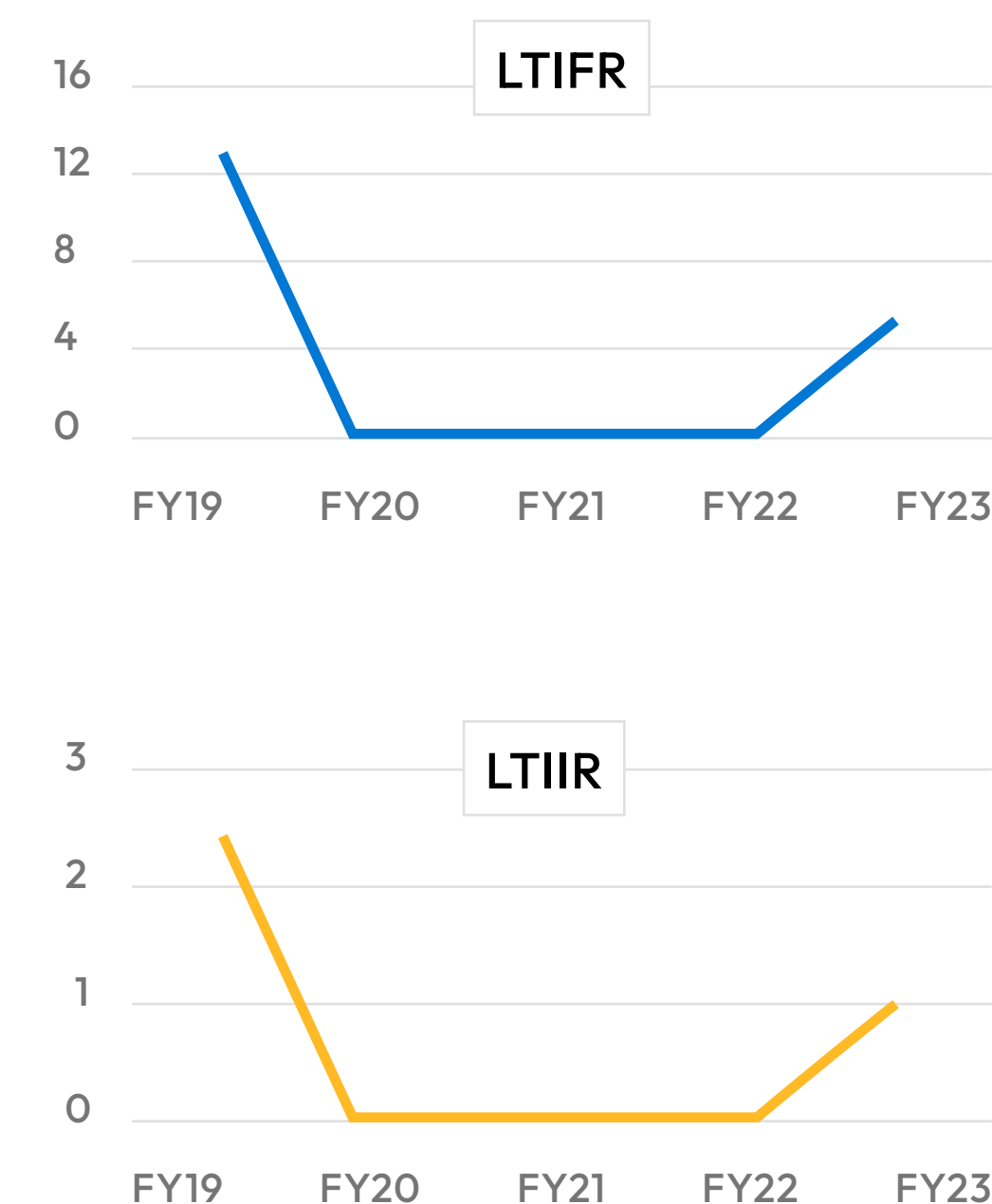
- Proactively found opportunities to improve the health and wellbeing of people at Serko, to align with Serko's culture and ensure that we keep this activity fun and exciting.
- Recognised excellence in health, safety and wellness innovation by our people.

## Measuring our performance

Our health and safety target is simple – zero harm. We measure our overall health and safety performance against two key metrics – Lost Time Injury Frequency Rate (LTIFR <sup>1</sup>) and Lost Time Injury Incident Rate (LTIIR <sup>2</sup>). These respectively measure the rate of LTIs per million hours worked and per number of employees. The graphs below show our five-year performance for these measures.

We are proud to have achieved no lost time injuries (LTIs) over the past three financial years, however, this year we did not achieve that goal due to two minor car accidents that

required employee checkups. Because of our relatively small employee base, this resulted in an LTIFR score of 4.6 incidents per million hours worked.





# Mental health and wellbeing

**At Serko the health, safety and wellbeing (physical and mental) of our teams is something we continuously think about and measure. Our aim is to create the right conditions where employees have the support and the tools they need to thrive. This includes managing day-to-day pressures to a healthy level of stress, the opportunity to do their best work, and where they can be an ‘architect’ of their own performance and wellbeing.**

Our established mental health and wellbeing programme is founded on the following guiding principles:

- Our employees are the architect of their own wellbeing.
- Wellbeing supports the whole person: Mind, Body and Heart.
- Our initiatives are evidence-based, and we aim to measure the impact.
- It is aligned with Serko’s values.

Serkodians are encouraged to prioritise their own wellbeing with our full support.

This year we strengthened our focus on using the science of mindfulness, building healthy habits and testing new ways of working, led by the following initiatives:

- Delivering employee education on the science of healthy habits to understand pressure and stress and the impacts on the body.

- Mindfulness training in partnership with BlueSkyMinds, with a focus on ensuring our employees feel equipped to effectively manage day-to-day demands through healthy habits.
- Continuing our Mission You employee wellbeing day available to all Serkodians, encouraging them to consciously disconnect from work and take a day dedicated to restorative activities to reconnect with themselves.
- Continued investment in new ways of working, including flexible working practices ([see page 23](#)), and individual teams testing meeting-free time blocks to focus.
- Continued investment in employee benefits, including Mission You, Serko’s outsourced Employee Assistance Programme (EAP), life insurance and new to FY23 Day of Community, discounted healthcare and discounted gym memberships.

Our primary measure of success is what Serkodians tell us through the pulse survey and EAP reporting. We have been pleased to receive positive employee feedback and high levels of engagement, with 87% favourable that ‘Serko demonstrates care for the health and wellbeing of its people’ and 70% favourable that they ‘feel equipped to effectively manage the day-to-day demands and pressures’ (up 5% from the same time last year in March).

# Community



# Community

We believe that the power of bringing people together includes supporting the communities in which we live and operate. We are doing this in many ways — by giving back ourselves, contributing financially or repurposing used equipment.

Giving back to the communities we operate in is incredibly important to us and is why we launched the Serko Day of Community in September 2022.

Each Serkodian is given a day to spend time working on local community initiatives that are meaningful to them. This year our global team across Australia, New Zealand, China and the United States got stuck into social and environmental programmes within their regions.

This year we gave an estimated 1,100 hours back in a meaningful and highly valued investment for our teams and communities. We will continue with this programme in FY24 and look forward to deepening the relationships built through this day, including with DeadlyScience as outlined on [page 38](#).



In New Zealand our teams packed nearly 1,000 lunches for kids with Eat My Lunch; planted hundreds of trees with Habitat Restoration Heroes and Motuihe Project; filled dozens of bags with environmental waste with Sustainable Coastlines; packed countless food parcels for Fair Food NZ and Auckland City Mission and served up plenty of goodness to people in need with Everybody Eats.





Our Australian teams worked with DeadlyScience ([see more page 38](#)).



In China we collected and donated clothing to the local church community.

And in the United States we worked with Feed My Starving Children to pack lifesaving nutritious meals to send to children.



# Investing in our communities

Serko's investment in community initiatives is proportionate to our size, and our budget in any financial year is NZD 100 per team member per annum (based on headcount at the start of the year).

When deciding which initiatives to support, we are guided by the principles set out in our Community Investment Policy. These principles are focused on ensuring our investments are:

01

**Aligned with our purpose** of bringing people together, particularly initiatives focused on developing people with opportunities they would not otherwise be able to access

02

**Directly impacting our communities**, particularly with programmes that help contribute to a strong and thriving ecosystem

03

**Meaningful to our people**, where there is a strong connection to Team Serko and the geographies we operate in

04

**Less is more**, focused on a small number of initiatives with strategic partnerships and investments in things that are important to us

The following page shows our most recent community investment



# Creating Deadly Learners

**We are excited to have become a community partner for DeadlyScience, an Australian charity that provides STEM resources to remote and indigenous schools and communities.**

DeadlyScience is the brainchild of Australian Corey Tutt, who wanted to address a critical lack of resources for teaching STEM (Science, Technology, Engineering and Mathematics) subjects in remote and indigenous schools. Since its inception, DeadlyScience has worked with nearly 200 communities, providing more than 25,000 books, 10,000 Lego kits, 700 telescopes and many other STEM resources.

Our focus is to assist with the DeadlyLearners programme, which aims to help Aboriginal and Torres Strait Islander students (years 3–9) in regional and remote schools. The programme makes available STEM professionals to help teachers to deliver syllabus topics and 'bring to life' their area of specialty. As many of the STEM professionals are indigenous, this also helps inspire students towards a STEM career on the basis that 'if you can see it, you can be it'.

Our first year of funding will provide around 400 students with exposure to high quality STEM learning sessions and, we hope, inspire young people towards a STEM career. We look forward to seeing the outcomes of this support.

[deadlyscience.org.au](https://deadlyscience.org.au)



# Governance

# Governance

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

When establishing our governance framework, the Board has considered the latest version of the NZX Listing Rules, as well as a range of corporate governance recommendations, 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. Our implementation of these recommendations is set out in this Corporate Governance Statement. The Board considers that Serko's corporate governance structures,

practices and processes have followed all recommendations in the NZX Code during the financial year ended 31 March 2023. For the purposes of Recommendation 3.4, the Board has determined that the whole Board will carry out the functions of a nominations committee owing to the small size of the Board. Refer to the section entitled 'Board Committees' in this ESG Report for more information.

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

This statement is current as at 17 May 2023 and has been approved by the Board. This Report has undergone a verification process by management, with the oversight of the Board.

## Stock Exchange Listings

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

## Overview of Serko's Governance Structure

The Serko Board has been appointed by shareholders to protect and enhance the company's long-term value and to act in the best interests of Serko and its shareholders. The Board is our ultimate decision-making body and is responsible for Serko's corporate governance. The role and responsibilities of the Board are set out in the Board Charter, which can be found in our [Corporate Governance Manual](#).

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

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

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

The role of the nomination committee is currently carried out by the full Board due to the small size of the Board.



# Ethical Standards

The Board recognises that high ethical standards and behaviours are central to good corporate governance. Serko has previously implemented a Code of Ethics, Whistleblowing Policy and Anti-Bribery & Corruption Policy to guide the behaviour of our directors and employees. More recently we have also adopted a [Modern Slavery Policy](#).

## Code of Ethics

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

Serko's Code of Ethics is available to all employees on the company's intranet and sent to every new employee and director to acknowledge they have read as part of their induction process. Our employees are reminded via staff-wide communications of their obligations to comply with, and report any concerns they have about, compliance with the company's Code of Ethics, other policies or legal obligations.

The Code of Ethics covers matters such as acting in accordance with Serko's Values ([see page 18](#) of this Report), ensuring conflicts of interest do not interfere with Serko's best

interests, not accepting gifts or personal benefits that may compromise or influence business decisions, using Serko property and information for legitimate and authorised purposes, and maintaining appropriate security and confidentiality of information entrusted to employees in their roles. It also requires Serko people to be familiar with, and comply with, all relevant laws and policies, including our delegated authority framework, and to report on any wrongdoing. Serko management must provide the Board with all necessary information to fulfil its duties, including any information relating to material breaches of the Code of Ethics. In addition, the Code of Ethics outlines additional director responsibilities.

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

## Whistleblowing Policy

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

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

## Anti-bribery and Corruption Policy

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

Serko is not aware of any instances of corruption or of incidents in which employees were dismissed or disciplined for corruption during FY23.

## Modern Slavery Policy

Serko is committed to taking reasonable steps to identify and address the risk of slavery and human trafficking across our business operations and supply chain. While Serko is not a reporting entity under Australia's Modern Slavery Act, we have voluntarily adopted a [Modern Slavery Policy](#). Additionally, Serko has prepared its first Modern Slavery Statement covering the FY23 financial year. The Modern Slavery Statement is intended to outline Serko's approach and commitment to preventing and addressing modern slavery risks within our organisation and value chain globally. This Statement is available on the investor section of the company's website.

We currently consider there is a low risk of modern slavery occurring through Serko's direct operations and value chain as a result of the type of business Serko operates and the regions we, and our suppliers, operate in. However, more work is required to better understand our indirect supply chain risks. For more information, see the Modern Slavery Statement on the investor section of [Serko's website](#).

## Securities Trading Policy

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

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

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

## Other business ethics initiatives underway

Further initiatives proposed to be introduced as part of enhancements to our business ethics programme include rolling out a Business Partner Code of Conduct. This will communicate Serko's expectations in relation to ethical and other behaviour to our partners. To support compliance with Serko's business ethics compliance programme and to better understand and manage Serko's supply chain risks, we are also enhancing our partner onboarding processes and implementing increased due diligence screening on counterparties.

# Board Composition & Performance

## Role of the Board

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

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

To enhance efficiency, remain agile and ensure decision-making occurs at the right level, the Board has also delegated to the Chief Executive Officer the day-to-day leadership and management of Serko.

The Chief Executive Officer has formally delegated certain authorities to his direct reports within set limits. The Board regularly monitors and reviews management's performance in the execution of its delegated responsibilities and the appropriateness of its Delegation of Authority Policy.

During the financial year, the Board met for 12 regularly scheduled meetings. Directors also met periodically, for several additional special meetings and to undertake strategic planning for the business.

Board and committee meeting attendance during the year ended 31 March 2023 is set out in the latest Annual Report.

## Board diversity, size and composition

As at 31 March 2023, the Board comprised five directors – being the two co-founders and executive directors, Darrin Grafton and Robert (Bob) Shaw; and three independent non-executive directors – Jan Dawson, Claudia Batten and Clyde McConaghy. A biography of each director can be found on the investor section of the [company's website](#) and in the latest Annual Report. Serko is proud to have a part-Māori co-founder who sits on the Board, along with two female directors, including the Chair.

The Board is responsible for making recommendations relating to the Board's size and composition, in accordance with the limitations prescribed in the NZX Listing Rules and the provisions of Serko's Constitution and the Board Charter.

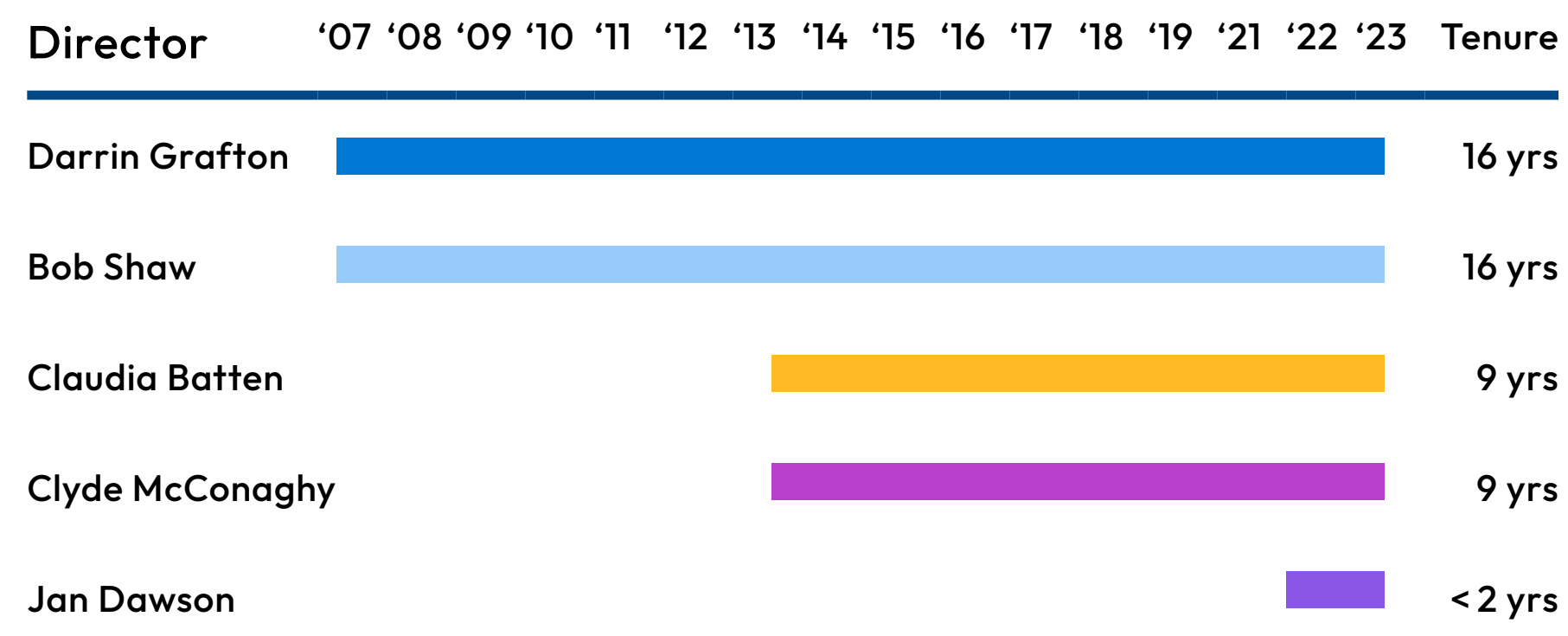
When considering candidates to act as a director, the Board will consider factors it deems appropriate, including the diversity

of background, experience and qualifications of the candidate. When appointing directors, the Board undertakes appropriate 'fit and proper' checks.

The Board regularly reviews its skills matrix as part of its succession planning and considers the appropriate mix of skills required to govern Serko as its strategy evolves and Serko expands internationally. A refresh of the Board commenced in FY22 with the retirement of Simon Botherway and appointment of Jan Dawson. During FY23, to continue to enhance the governance oversight of the business, the Board established a Technology Advisory Committee to provide additional oversight of Serko's technology strategy. The Board also appointed two additional board advisers to support Serko's international scaling efforts. As part of its ongoing succession plan, the Board intends to appoint a fourth, independent non-executive director to the Board during 2023.

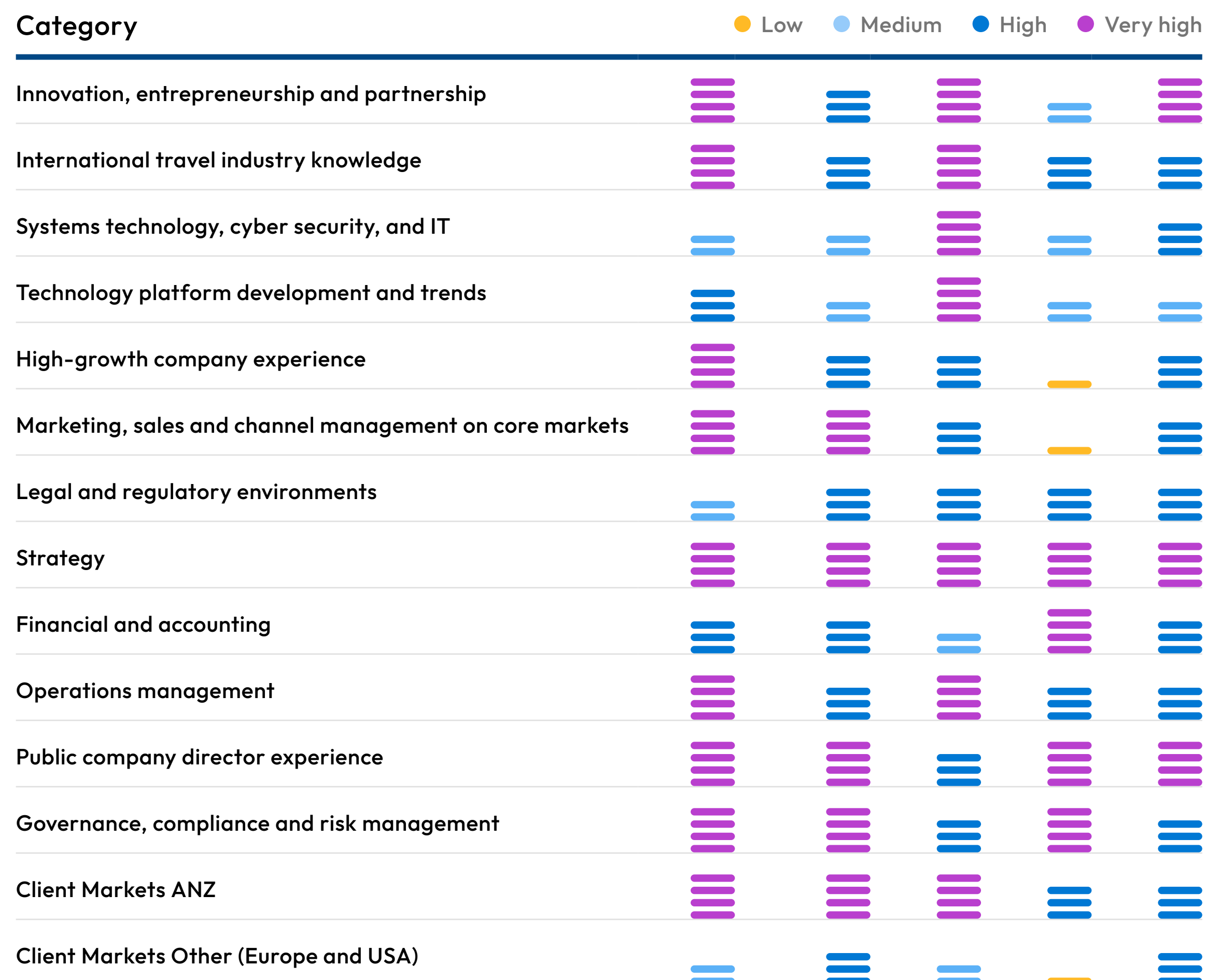
## Board tenure

The average tenure of non-executive directors is currently 6.5 years and the average tenure of all directors is 10.5 years.



## Board skills matrix

Areas of expertise and experience that have been identified as particularly relevant to governing Serko's business include, among other skills:



## Board appointment, training and evaluation

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

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

considered to assist directors to remain upskilled on the business, industry and legislative developments.

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

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

The Board, with support from Committee Chairs, undertakes a regular review of its own and its committees' performance. This is to ensure it has the right composition and appropriate skills, qualifications, experience and background to effectively govern Serko and to monitor Serko's performance in the interests of shareholders. During the financial period ended 31 March 2023, performance reviews took place in accordance with that process.

## Independence of directors

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

The Board has determined that each of the non-executive directors is an independent director for the purposes of the NZX Listing Rules and in accordance with the Board Charter criteria. 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. As detailed above, the Board is actively working on a succession plan to refresh the Board.

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

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

## Conflicts of interest

The Board is conscious of its obligations to ensure that directors avoid conflicts of interest (both real and perceived) between their duty to Serko and their own interests. The Board Charter outlines the Board's policy on conflicts of interest. Serko maintains an interests' register in which relevant disclosures of interest and securities dealings by the directors are recorded. In addition, the Board has developed a Charter to govern the establishment and functioning of an Independent Committee to be formed, as and when required, to respond to activity determined to cause some directors to be conflicted. The Independent Committee is not a standing committee of the Board.

## Company Secretary

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

## Diversity & Inclusion Policy

Serko has a [Diversity and Inclusion Policy](#) that reflects its commitment to achieving diversity in the skills, attributes and experience of our directors, executives and employees across a broad range of criteria (including but not limited to, culture, gender and age). The Board as a whole is responsible for overseeing and implementing the Diversity and Inclusion Policy but has delegated to the People, Remuneration and Culture Committee the responsibility to develop and to recommend measurable objectives to the Board that are designed to adhere to the Policy. See [pages 19–22](#) of this Report for further information regarding Serko's Diversity and Inclusion Policy and practices, and the Board's assessment of Serko's progress towards achieving its diversity objectives. We are proud to have met our goal of achieving 40(female):40(male):20 diversity split on our Board.

# Board Committees

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

The current standing committees of the Board are:

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**01** Audit, Risk and Sustainability Committee

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**02** People, Remuneration and Culture Committee

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

The role of the Nomination Committee is currently, and was throughout the financial period ending 31 March 2022, 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.

## Audit, Risk and Sustainability Committee

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

In carrying out its risk management functions, the Committee is specifically responsible for oversight of information security risk practices. The Board receives regular updates from Serko's Chief Information Security Officer on information security threats, risks and mitigation plans.

The Board has also recently extended the Committee's responsibilities to provide formal oversight over sustainability matters relevant to the business. In doing so, the Committee is required to ensure Serko has an effective sustainability strategy, appropriate processes in place to deliver against that strategy and meets climate disclosure risk management and reporting requirements.

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

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

## People, Remuneration and Culture Committee

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

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

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

## Takeover Response Guidelines

Serko's Takeover Protocol and Independent Committee Charter sets out the procedure to be followed in the event Serko was to receive a takeover offer. This procedure was last reviewed in 2022. The Independent Committee is not a standing committee of the Board and will be formed only as and when required to respond to a takeover offer that causes some directors to be conflicted.



# Reporting & Disclosure

Serko is committed to the promotion of investor confidence by ensuring that the trading of company shares takes place in an efficient, competitive and informed market. The Board is tasked with ensuring the integrity of financial and non-financial reporting to shareholders. During the financial year, we have focused on readying Serko for climate disclosure reporting and enhancing other non-financial reporting. A comprehensive ESG programme is being implemented to support these initiatives, which is overseen quarterly by the Audit, Risk and Sustainability Committee.

## Market Disclosure Policy

Our [Market Disclosure Policy](#) guides Serko's compliance with the continuous disclosure requirements of the NZX Main Board. In addition, directors and management consider at each Board meeting whether there are any issues that have arisen that require disclosure to the market.

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

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

## Financial Reporting

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

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

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

## Non-financial Reporting

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

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

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

# Remuneration

Serko is committed to remunerating its non-executive directors, executive directors and employees fairly, transparently and reasonably. Our remuneration practices are detailed in the Remuneration Report included in the latest [Annual Report](#).

# Risk Management

Serko is committed to proactively and consistently managing risk to:

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

Serko's [Risk Management Policy](#) is included in the Corporate Governance Manual published on its website. We have a comprehensive risk management framework for the oversight and management of financial and non-financial business risks, as well as related internal compliance systems.

The Board has ultimate responsibility for Serko's risk management and internal control system, setting the 'tone at the top' with regards to our risk culture. The Audit, Risk and Sustainability Committee, under

delegation from the Board and in conjunction with management, regularly reports to the Board on the effectiveness of the company's management of its material business risks and whether the risk management framework and systems of internal compliance and control are operating effectively and efficiently in all material respects.

The Audit, Risk and Sustainability Committee conducts at least quarterly reviews of Serko's risk management framework, risk appetite and principal risks, to satisfy itself that the company's approach to risk continues to be sound. A comprehensive review of Serko's risk management framework and capabilities was conducted in FY22, with continued enhancements implemented during FY23.

Further details on Serko's risks and risk management processes are detailed on [pages 54–58](#) of this Report.

# Auditors

## External Auditor Independence

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

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

The Policy requires that the key audit partner is changed at least every five years so that no such persons shall be engaged in an audit of Serko for more than five consecutive years. In addition, three years must expire between the rotation of an audit partner and that partner's

next engagement by Serko. In accordance with this Policy and the NZX Listing Rules, the key audit partner rotated at the end of the FY22 audit. Serko last changed its audit firm in 2017.

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

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

The lead audit partner will be present at Serko's Annual Shareholder Meeting to answer questions from shareholders in relation to the audit.

## Internal Audit

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

# Shareholder Rights & Relations

## Information for Shareholders

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

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

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

We provide shareholders with communications through the following channels:

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

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

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

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

## Shareholder protections and voting rights

All ordinary shares on issue have the same voting rights, each conferring on the registered holder an equal right to vote on any resolution at a meeting of shareholders.

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

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

Serko did not raise any capital during the period.

## Annual Shareholders' Meeting

Serko's 2023 Annual Shareholders' Meeting is intended to be conducted as a hybrid meeting, enabling shareholders to attend in person or participate in the meeting virtually. A hybrid meeting is considered to provide the broadest opportunity for shareholder engagement with the company.

Shareholders will be given an opportunity at the meeting to ask questions and comment on relevant matters. In addition, Serko's lead audit partner from Deloitte will attend the meeting and will be available to answer any questions about its Audit Report. A Notice of Meeting will be sent to shareholders in advance of the meeting.

# Risk Management

# Risk Management

Serko is committed to proactively and consistently managing risk to:

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

## Risk management framework

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

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

A comprehensive review of Serko's risk management framework and capabilities was conducted in FY22, with continued enhancements implemented during FY23. The Audit, Risk and Sustainability Committee continues to oversee the implementation of the recommendations resulting from the review and the ongoing programme of work to continue to enhance risk management practices throughout the organisation.

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

# Principal business risks

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

## Risks

### Impact of global events

As a travel technology provider, Serko faces significant exposure to changes in demand for business travel services due to a variety of global events that could impact the travel industry. Significantly weakened global conditions, as a result of the pandemic, geo-political instabilities or other events, could harm our business and financial condition.

## Mitigation Strategies

- Alternative operating models in place targeting different traveller types, across multiple markets
- Monitoring key trends in global and regional travel
- Expanding our offering to different content channels and alternative, more sustainable modes of transportation
- Maintaining sufficient capital reserves

### Platform stability and data security

Serko faces significant exposure to hacking, cyber-attack or similar due to its online software hosting, Cloud/SaaS services revenue model and role as a data processor. Serko may also suffer loss of service as the result of failure or unplanned outage of IT hosting providers due to its online software hosting and Cloud/SaaS services revenue model.

- Business continuity and disaster recovery planning
- Continuous platform monitoring and incident response process
- Platform modernisation and openisation initiative
- Payment Card Industry Data Security Standard (PCI DSS) compliance and regular audits
- Data security awareness training for all Serko employees
- Governance and oversight by the Audit, Risk and Sustainability Committee and maturity assessment programme
- Dedicated Chief Information Security Officer and Security Team to manage data security risks on a daily basis
- External parties for independent testing as appropriate
- Incident management programme
- Serko hosts its data in Microsoft Azure data centres in several geographic locations. All locations have the same security practices and procedures in place to protect Serko's and our customers' information
- Developers educated on NIST (National Institute of Standards and Technology) secure coding methodology
- Code scanned prior to production release for coding vulnerabilities
- Vulnerability management employed across code libraries



## Principal business risks (continued)

### Risks

#### Attracting and retaining skilled employees

Serko's business strategy requires us to attract and retain highly skilled talent in a competitive labour market globally. Coming out of Covid-19 restrictions we anticipate seeing employees look to explore global career opportunities. This may impact the flow of talent both into and out of New Zealand and, therefore, Serko.

#### Competition and new technologies

Serko continues to face exposure to a variety of new and existing competitors in new and established markets. New technologies could alter the existing value chain for travel and expense, disrupting existing flows, processes, players and/or underlying technology that Serko's business is based on.

#### Access to capital

Serko's growth in key markets and changing market conditions continue to impact Serko's ability to forecast revenues with precision. Prudent capital management is essential. Serko's expansion into new markets introduces many treasury complexities and also requires careful capital management practices to ensure that the level of investment in development work is appropriate and that Serko can continue to fund its operations.

#### Key customer and partner relationships

Serko relies on the strength of its relationship with Booking.com for its unmanaged travel offering and its reseller relationships for its core online booking tool business.

### Mitigation Strategies

- Focus on building strong sustainable pipelines of internal and external talent for critical or hard-to-fill roles
- Identification of critical talent, execution of stay interviews and retention planning
- Increased focus on career development pathways and learning and development opportunities for our teams
- Review of our total reward structure to ensure we remain competitive with the technology market
- Succession planning for Senior Leadership roles and critical or hard-to-fill roles

- A culture of continuous innovation
- Systems in place for monitoring and responding to competitive threats
- Continued development of strategic partnerships

- Use of scenario planning in conjunction with forecasting and budgeting processes with strict capital management targets
- Governance oversight of capital allocation and investment by the Board
- Monthly treasury and capital management reporting to the Board
- Strong investor relations programme

- Developing unmanaged travel offering and different content offerings
- Programmes to incorporate customer feedback into product design and prioritisation
- Product health monitoring and quality controls for product development and release
- Continued investment into portfolio and program management and monitoring capabilities
- Continuing to pursue global reseller relationships in new geographies to reduce concentration risk, with continued investment in direct go-to-market sales
- Investing in Customer Advisory Group workshops to develop community engagement with key customers
- Developing Serko's channel partner programme to support sales and operational enablement for strong and healthy reseller partnerships

# Principal business risks (continued)

Risks

## Health and safety

The covid-19 years had Serko’s Health, Safety and Wellbeing focus on enabling the workforce through flexible and remote working practices. As people are now returning in high numbers to regular office-based work, our focus has shifted to ensuring safety when bringing people together through offering ergonomic workstation options, wellbeing workshops and a zero tolerance for bringing illness to work.<sup>1</sup>

## Operational risks associated with global expansion

Serko has operations in New Zealand, Australia, China, USA and UK. As Serko grows in these markets and expands globally, the complexity of its business increases, as will a range of associated operational and compliance risks.

## Environmental risks (including risks associated with climate change)

Environmental disasters or catastrophic events and the impact of such events on the travel industry or on the global economy could have negative effects on our business, partners, suppliers and customers. Those events could include impacts of climate change, including the increased likelihood of extreme weather events and longer-term impacts like the predicted rise in global sea levels.

## Data privacy

Serko’s business involves the collection, use and processing of personal data. The global data privacy landscape is complex and evolving. As Serko’s business expands with new products and into additional markets, Serko will become subject to additional data privacy regulations. The failure to protect personal data and comply with data privacy regulations could result in financial penalties, operational inefficiencies, intervention by regulators and negative impacts to reputation.

Mitigation Strategies

- Dedicated programmes to support employee wellbeing, including flexible work arrangements and wellness
- Regular pulse and listening surveys
- Pandemic policies that are regularly reviewed to adapt to the changing health and safety risks presented by pandemics

- Strategic initiatives aligned top-down with operating plans and OKRs (objectives and key results) to regularly measure progress
- Enhanced risk management framework and processes
- A comprehensive risk assessment of global expansion has been completed
- Enhanced privacy risk assessment processes implemented during FY23 with a commitment to complete privacy obligation assessments for all new markets

- Detailed climate-related risk analysis completed. Risks identified are to be managed through our risk management framework.
- A roadmap has been developed to meet climate disclosure requirements in FY24
- Carbon emissions inventory prepared and assurance reviewed to inform opportunities to reduce Serko’s carbon footprint over time
- Offering sustainability tools to assist our customers to assist them to manage their carbon emissions and climate-related risks

- Establishment of Data Governance Group to provide oversight and guidance on specified data-related matters; review and implement new and improved processes for data-related work streams and projects
- Further embedding a privacy culture within the business and roll out of additional training
- Enhanced privacy processes implemented during FY23
- Privacy obligations assessments for new markets
- Data security initiatives and protections as referred to above

<sup>1</sup> For more information on how Serko manages its Health & Safety risks, refer to the Social section of this ESG Report.

serko

[serko.com](https://serko.com)

Serko Environmental, Social & Governance Report 2023

Management commentary  
(no financial statements)

# 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
<b>Total income</b>		<b>48,025</b>	<b>18,874</b>
Remuneration and benefits		(49,329)	(32,074)
Other operating expenses		(20,450)	(14,945)
Amortisation and depreciation		(13,040)	(8,038)
<b>Expenses from ordinary activities</b>	5	<b>(82,819)</b>	<b>(55,057)</b>
<b>Loss before finance items</b>		<b>(34,794)</b>	<b>(36,183)</b>
Foreign exchange gains/(losses) – net		1,737	(35)
Finance income	5	2,878	696
Finance expenses	5	(282)	(118)
<b>Loss before income tax</b>		<b>(30,461)</b>	<b>(35,640)</b>
Income tax expense	6	(79)	(319)
<b>Net loss attributable to the shareholders of the company</b>		<b>(30,540)</b>	<b>(35,959)</b>
Movement in foreign currency reserve		(440)	(57)
<b>Total comprehensive loss for the period</b>		<b>(30,980)</b>	<b>(36,016)</b>
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 \$ (000)	Share-based payment reserve \$ (000)	Foreign currency reserve \$ (000)	Accumulated losses \$ (000)	Total \$ (000)
<b>Balance as at 1 April 2022</b>		<b>235,101</b>	<b>7,483</b>	<b>(236)</b>	<b>(91,467)</b>	<b>150,881</b>
Net loss for the year		-	-	-	(30,540)	(30,540)
Other comprehensive loss*		-	-	(440)	-	(440)
<b>Total comprehensive loss for the year</b>		<b>-</b>	<b>-</b>	<b>(440)</b>	<b>(30,540)</b>	<b>(30,980)</b>
Transactions with owners						
Equity-settled share-based payments		2,875	3,154	-	-	6,029
<b>Balance as at 31 March 2023</b>	16	<b>237,976</b>	<b>10,637</b>	<b>(676)</b>	<b>(122,007)</b>	<b>125,930</b>
<b>Balance as at 1 April 2021</b>		<b>153,706</b>	<b>4,509</b>	<b>(179)</b>	<b>(55,508)</b>	<b>102,528</b>
Net loss for the year		-	-	-	(35,959)	(35,959)
Other comprehensive loss*		-	-	(57)	-	(57)
<b>Total comprehensive loss for the year</b>		<b>-</b>	<b>-</b>	<b>(57)</b>	<b>(35,959)</b>	<b>(36,016)</b>
Transactions with owners						
Issue of share capital		83,281	-	-	-	83,281
Cost of equity issued		(3,188)	-	-	-	(3,188)
Equity-settled share-based payments		1,055	2,929	-	-	3,984
Shares vested with employees via Restricted Share Plan		-	95	-	-	95
Shares forfeited by employees via Restricted Share Plan		-	(3)	-	-	(3)
Non-executive director's settlement of non-recourse loan		247	(47)	-	-	200
<b>Balance as at 31 March 2022</b>	16	<b>235,101</b>	<b>7,483</b>	<b>(236)</b>	<b>(91,467)</b>	<b>150,881</b>

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

The accompanying notes form part of these financial statements.

# Consolidated Statement of Financial Position

As at 31 March 2023

	Notes	31 Mar 2023 \$ (000)	31 Mar 2022 \$ (000)
<b>Current assets</b>			
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	–
<b>Total current assets</b>		<b>101,579</b>	<b>130,739</b>
<b>Non-current assets</b>			
Property, plant and equipment	9	3,946	4,319
Intangible assets	10	35,041	32,058
Deferred tax asset	6	350	75
<b>Total non-current assets</b>		<b>39,337</b>	<b>36,452</b>
<b>Total assets</b>		<b>140,916</b>	<b>167,191</b>
<b>Current liabilities</b>			
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
<b>Total current liabilities</b>		<b>12,242</b>	<b>13,300</b>
<b>Non-current liabilities</b>			
Deferred income	14	727	853
Lease liabilities	13	2,017	2,157
<b>Total non-current liabilities</b>		<b>2,744</b>	<b>3,010</b>
<b>Total liabilities</b>		<b>14,986</b>	<b>16,310</b>
<b>Equity</b>			
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)
<b>Total equity</b>		<b>125,930</b>	<b>150,881</b>
<b>Total equity and liabilities</b>		<b>140,916</b>	<b>167,191</b>

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
<b>Net cash flows (used in)/from operating activities</b>	20	<b>(22,326)</b>	<b>(18,456)</b>
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)
<b>Net cash flows (used in)/from investing activities</b>		<b>3,486</b>	<b>(61,094)</b>
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)
<b>Net cash flows (used in)/from financing activities</b>		<b>(958)</b>	<b>79,167</b>
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
<b>Cash and cash equivalents at the end of the period</b>		<b>15,244</b>	<b>34,513</b>
Cash and cash equivalents comprises the following:			
Cash at bank and on hand	11	15,244	34,513
		<b>15,244</b>	<b>34,513</b>

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
<b>Total revenue</b>		<b>46,492</b>	<b>17,855</b>
Government grants	14	1,533	1,006
Other		-	13
<b>Total other income</b>		<b>1,533</b>	<b>1,019</b>
<b>Total income</b>		<b>48,025</b>	<b>18,874</b>

	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
<b>Total revenue</b>	<b>46,492</b>	<b>17,855</b>

#### 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
<b>Total remuneration and benefits</b>	<b>49,329</b>	<b>32,074</b>
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
<b>Total other operating expenses</b>	<b>20,450</b>	<b>14,945</b>
Amortisation on intangibles	11,163	6,386
Depreciation	1,877	1,652
<b>Total amortisation and depreciation</b>	<b>13,040</b>	<b>8,038</b>
<b>Expenses from ordinary activities</b>	<b>82,819</b>	<b>55,057</b>

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

## 5. EXPENSES (continued)

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

### Auditor remuneration

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

\* 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)
	<b>365</b>	<b>278</b>
Deferred income tax		
Origination and reversal of temporary differences	(286)	41
<b>Income tax expense/(benefit) reported in the statement of comprehensive income</b>	<b>79</b>	<b>319</b>



## 6. INCOME TAX (continued)

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

	2023	2022
	\$ (000)	\$ (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	Statement of comprehensive income	Statement of financial position	Statement of comprehensive income
	\$ (000)	\$ (000)	\$ (000)	\$ (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	–	–
<b>Net deferred tax asset recognised</b>	<b>350</b>	<b>286</b>	<b>75</b>	<b>(41)</b>
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)
<b>Deferred income tax asset not recognised</b>	<b>2,763</b>	<b>218</b>	<b>2,546</b>	<b>858</b>

## 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)
<b>Trade receivables (net)</b>	<b>3,069</b>	<b>2,162</b>
GST receivable	545	312
Sundry debtors	17	66
Contract assets	8,287	2,373
Prepayments	1,773	1,313
<b>Total receivables</b>	<b>13,691</b>	<b>6,226</b>
<b>Foreign currency risk</b>		
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
	<b>11,918</b>	<b>4,913</b>

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

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

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

## 8. FINANCIAL INSTRUMENTS

### Derivative financial instruments

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

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

	2023	2022
	\$ (000)	\$ (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
<b>Balance at 31 March 2023</b>	<b>617</b>	<b>952</b>	<b>2,948</b>	<b>5,773</b>	<b>10,290</b>
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
<b>Balance at 31 March 2023</b>	<b>543</b>	<b>505</b>	<b>2,286</b>	<b>3,010</b>	<b>6,344</b>
<b>Net carrying amount</b>	<b>74</b>	<b>447</b>	<b>662</b>	<b>2,763</b>	<b>3,946</b>
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
<b>Balance at 31 March 2022</b>	<b>609</b>	<b>870</b>	<b>2,574</b>	<b>5,086</b>	<b>9,139</b>
Depreciation					
Balance at 1 April 2021	345	337	1,163	1,958	3,803
Depreciation expense	130	84	520	918	1,652
Disposals	-	-	(9)	(641)	(650)
Currency translation	2	-	6	7	15
<b>Balance at 31 March 2022</b>	<b>477</b>	<b>421</b>	<b>1,680</b>	<b>2,242</b>	<b>4,820</b>
<b>Net carrying amount</b>	<b>132</b>	<b>449</b>	<b>894</b>	<b>2,844</b>	<b>4,319</b>

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

## 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
<b>Cash at bank and on hand</b>	<b>15,244</b>	<b>34,513</b>
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
	<b>15,244</b>	<b>34,513</b>
<b>Short term deposits</b>	<b>72,500</b>	<b>90,000</b>

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	2022
	\$ (000)	\$ (000)
Trade payables	2,311	1,945
Other payables	–	3,376
Accrued expenses	4,644	3,628
Annual leave accrual	2,907	2,359
<b>Total trade and other payables</b>	<b>9,862</b>	<b>11,308</b>
Disclosed as:		
Current	9,862	11,308
Non-current	–	–
	<b>9,862</b>	<b>11,308</b>
<b>Foreign currency risk</b>		
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
	<b>9,862</b>	<b>11,308</b>

## 13. LEASE LIABILITIES

### Recognition and measurement of Serko leasing activities

The Group leases property for fixed periods of between one and six years and some include extension options. These extension options are usually at the discretion of The Group and are included in the measurement of the lease asset if management 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	2022
	\$ (000)	\$ (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
<b>Closing balance</b>	<b>3,110</b>	<b>2,977</b>
Classified as:		
Current	1,093	820
Non-current	2,017	2,157
<b>Closing balance</b>	<b>3,110</b>	<b>2,977</b>
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
<b>Total undiscounted lease liabilities at 31 March</b>	<b>3,422</b>	<b>3,350</b>

### 14. GOVERNMENT GRANTS AND DEFERRED INCOME

Deferred income is presented in the table below:

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

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

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

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

#### 15. INTEREST-BEARING LOANS AND BORROWINGS

	2023	2022
	\$ (000)	\$ (000)
<i>Current</i>		
Leasehold fitout loan	—	28
	—	<b>28</b>
<i>Non-current</i>		
Leasehold fitout loan	—	—
	—	—
<b>Total interest-bearing loans and borrowings</b>	<b>—</b>	<b>28</b>

## 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	2022
	\$ (000)	\$ (000)	Number of shares (000)	Number of shares (000)
<b>Ordinary shares</b>				
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
<b>Share capital at 31 March</b>	<b>237,976</b>	<b>235,101</b>	<b>120,443</b>	<b>119,921</b>
<b>Share-based payment reserve</b>				
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		
<b>Share-based payment reserve at 31 March</b>	<b>10,637</b>	<b>7,483</b>		

## 17. EARNINGS PER SHARE (EPS)

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

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

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

	2023	2022
	\$ (000)	\$ (000)
<b>Loss attributable to ordinary equity holders of the parent</b>		
Continuing operations	(30,540)	(35,959)
	<b>(30,540)</b>	<b>(35,959)</b>

	Notes	2023	2022
		Number (000)	Number (000)
<b>Basic earnings per share</b>			
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)
<b>Weighted average of issued ordinary shares outstanding</b>		<b>119,080</b>	<b>110,575</b>
<b>Basic and diluted earnings/(loss) per share (dollars)</b>		<b>(0.26)</b>	<b>(0.33)</b>

	2023	2022
	Cents	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	—	—
<i>Ageing of unvested shares</i>		
Vest within one year	—	—
<b>Ageing of unvested shares at 31 March - allocated to employees</b>	—	—
<b>Unallocated shares - held by trustee</b>	<b>1,263,865</b>	<b>1,263,865</b>

### 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	2023	2022	2022
	Weighted average price NZ\$	Number of RSUs	Weighted average price NZ\$	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)
<b>Outstanding at 31 March</b>		<b>2,378,995</b>		<b>1,997,222</b>

### Employee incentive share options scheme

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

Options are conditional on the completion of the necessary years of service (the vesting period) as appropriate to that tranche. The options are considered graded equity instruments that vest in tranches over two to five years from the grant date. No options can be exercised later than five years from grant date. There were 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	2023	2022	2022
	Weighted average exercise price (\$)	Options	Weighted average exercise price (\$)	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)
<b>Outstanding at 31 March</b>		<b>94,974</b>		<b>148,309</b>

Options outstanding at 31 March fall within the following ranges:

			2023	2022
Granted	Expiry date	Grant price (NZ\$)	Options	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
			<b>94,974</b>	<b>148,309</b>

## 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
<b>Total compensation</b>	<b>8,093</b>	<b>6,156</b>

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

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

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

For the year ended 31 March 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	2022
	\$ (000)	\$ (000)
Net loss after tax	(30,540)	(35,959)
<b>Add non-cash items</b>		
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
	<b>(13,448)</b>	<b>(23,777)</b>
<b>Add/(less) movements in working capital items</b>		
(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
	<b>(8,878)</b>	<b>5,321</b>
<b>Net cash flow used in operating activities</b>	<b>(22,326)</b>	<b>(18,456)</b>

## 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 \$ (000)	6 months or less \$ (000)	6-12 months \$ (000)	1-2 years \$ (000)	2-5 years \$ (000)	More than 5 years \$ (000)
<b>Group - 2023</b>							
Trade and other payables	0%	9,862	9,862	—	—	—	—
Lease liability	10%	3,423	616	648	1,142	1,017	—
		<b>13,285</b>	<b>10,478</b>	<b>648</b>	<b>1,142</b>	<b>1,017</b>	<b>—</b>
<b>Group - 2022</b>							
Trade and other payables	0%	11,308	11,308	—	—	—	—
Leasehold fitout loan	8%	28	28	—	—	—	—
Lease liability	8%	3,350	548	475	962	1,365	—
		<b>14,686</b>	<b>11,884</b>	<b>475</b>	<b>962</b>	<b>1,365</b>	<b>—</b>

## 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				
	Carrying amount	+20% Post-tax profit	Equity	-20% Post-tax profit	Equity
	\$ (000)	\$ (000)	\$ (000)	\$ (000)	\$ (000)
<b>2023</b>					
<i>Foreign exchange balances</i>					
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
<b>Net exposure</b>	<b>15,743</b>	<b>1,890</b>	<b>1,890</b>	<b>(2,834)</b>	<b>(2,834)</b>
<b>2022</b>		+15%		-15%	
<b>Foreign exchange balances</b>	<b>Carrying amount</b>	<b>Post-tax profit</b>	<b>Equity</b>	<b>Post-tax profit</b>	<b>Equity</b>
Cash at bank	7,190	675	675	(914)	(914)
Trade receivables	2,211	288	288	(390)	(390)
Trade payables	(2,196)	(206)	(206)	279	279
<b>Net exposure</b>	<b>7,205</b>	<b>757</b>	<b>757</b>	<b>(1,025)</b>	<b>(1,025)</b>

## 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).



## 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.

## 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

Key audit matter	How our audit addressed the key audit matter
<p>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.</p> <p><b>Impairment assessment</b></p> <p>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.</p> <p>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.</p> <p>We have included capitalisation and impairment considerations of software development as a key audit matter due to the level of judgement required.</p>	<p>forecasts by considering historical cashflows, our understanding of the business strategy and other relevant external information.</p> <p>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.</p> <p>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.</p>
<p><b>Other information</b></p>	<p>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.</p> <p>Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.</p> <p>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.</p>
<p><b>Directors' responsibilities for the consolidated financial statements</b></p>	<p>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.</p> <p>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.</p>
<p><b>Auditor's responsibilities for the audit of the consolidated financial statements</b></p>	<p>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</p>



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



# Remuneration Report

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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](mailto: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

	<b>Organisational alignment</b>	Clear alignment with Serko's Mission, Vision, Values, and Strategy
	<b>Valued by employees</b>	Supports the attraction, retention and engagement of employees
	<b>Clear</b>	Clearly understood by employees and other stakeholders
	<b>Fair, competitive &amp; equitable</b>	Equitable and flexible. Appropriately competitive with the market and within an organisational context
	<b>Rewards performance</b>	Recognises company and individual performance and differentiates reward for individuals achieving high performance
	<b>Shareholder alignment</b>	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	<ul style="list-style-type: none"> <li>• Base salary</li> <li>• Benefits: Including employer retirement contributions (e.g. Kiwisaver and Australian Superannuation).</li> </ul>	<ul style="list-style-type: none"> <li>• Based on individual skills, experience, accountabilities, and performance.</li> <li>• Benchmarked to the median of the market in Serko's respective locations.</li> <li>• Reviewed annually based on market data, internal benchmark relativities and performance criteria.</li> </ul>
Short Term Incentive (STI) <i>At risk</i>	<ul style="list-style-type: none"> <li>• Discretionary at-risk cash payment with targets set as a percentage of base salary.</li> <li>• Eligible to selected roles – primarily Executive and Senior Leadership Teams.</li> </ul> <p><i>Additional terms of the scheme are detailed on page 80</i></p>	<ul style="list-style-type: none"> <li>• Designed to reward performance of annual financial and strategic objectives for the respective financial year, creating alignment with shareholder value creation.</li> <li>• Rewards the achievement of company and individual performance</li> </ul>
Equity-based / Long Term Incentive Scheme (LTI) <i>At risk</i>	<ul style="list-style-type: none"> <li>• Equity-based award in the form of Restricted Share Units (RSUs) that convert into Serko shares at vesting.</li> <li>• At-risk with targets set as a percentage of base salary.</li> <li>• Eligible to all permanent employees in New Zealand, Australia and the United States</li> </ul> <p><i>Additional terms of the scheme are detailed on page 80</i></p>	<ul style="list-style-type: none"> <li>• Designed to retain key people to support delivery of multi-year strategy, and align rewards with longer-term shareholder value.</li> <li>• The RSU awards are performance-based, having gateways that must be met before a grant is made.</li> <li>• Rewards the achievement of company and individual performance</li> </ul>
Sales Incentive Plans <i>At risk</i>	<ul style="list-style-type: none"> <li>• Discretionary cash-based payment linked directly to sales/business development performance targets.</li> <li>• Eligible to select sales roles.</li> </ul>	<ul style="list-style-type: none"> <li>• Designed to support the delivery of Serko's revenue and customer-base growth</li> </ul>

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

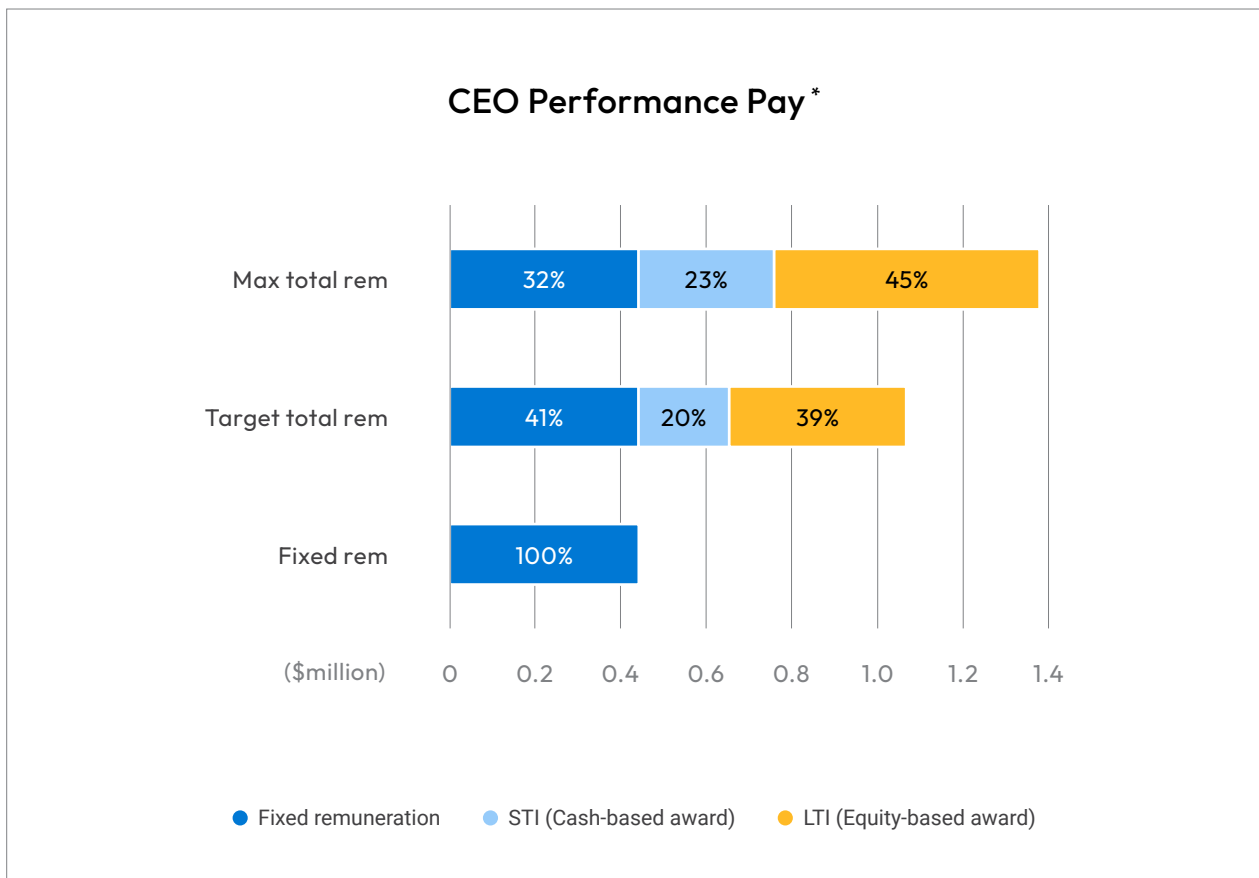
	Short-Term Incentive	Equity-Based Long-Term Incentive
<b>Purpose</b>	Designed to reward performance of annual financial and strategic objectives for the respective financial year	Designed to align rewards with longer-term shareholder value and retain key staff to support delivery of multi-year strategy.
<b>Eligibility</b>	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.
<b>Pay Vehicle</b>	Cash-based payment with target incentive based on pre-determined, % of base salary.	Award of restricted share units with a target % of base salary.
<b>Performance Criteria</b>	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).	
<b>Vesting Criteria</b>	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.	
<b>Board Discretion</b>	The Board retains broad discretion in relation to the STI & LTI schemes.	
<b>Termination</b>	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.
<b>Malus/ Clawback</b>	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.
<b>Capital Event</b>		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.
<b>Economic Risk</b>		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 <sup>1</sup>	Taxable benefits <sup>2</sup>	Subtotal	Pay for performance			Total remuneration
			STI <sup>3</sup>	EISS / LTI <sup>4</sup>	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 <sup>1</sup>	Taxable benefits <sup>2</sup>	Subtotal	Pay for performance			Total remuneration
			STI <sup>3</sup>	EISS / LTI <sup>4</sup>	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 <sup>1</sup>	Remaining unvested	Final vesting year
Restricted share units	Financial Year 2020	31,899	31,899	\$129,191	—	2023
Restricted share units	Financial Year 2021 <sup>3</sup>	50,145	—	—	45,063	2024
Restricted share units	Financial Year 2022 <sup>2</sup>	35,752	11,918	\$48,268	23,834	2024
Restricted share units	Financial Year 2023 <sup>2</sup>	65,320	—	—	65,320	2025
<b>Total</b>			<b>43,817</b>	<b>\$177,459</b>		

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	
	Revenue	Customer Success	Platform Optimisation*	Culture
<b>Strategic goal FY23-FY25</b>				
<b>FY23 OKR summary</b>	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
<b>Target measurement<sup>1</sup></b>	Gross revenue increase (based on audited financial statements)	Customer Satisfaction (CSAT) score	Modernisation of legacy technology	Employee engagement
<b>Equity-based LTI weighting</b>	<b>40%</b>		<b>60%</b>	
<b>STI weighting</b>	<b>60%</b>		<b>40%</b>	
<b>FY23 result</b>	Target exceeded	Slightly below target, threshold achieved		

\* Previously Marketplace and Content

<sup>1</sup> 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.

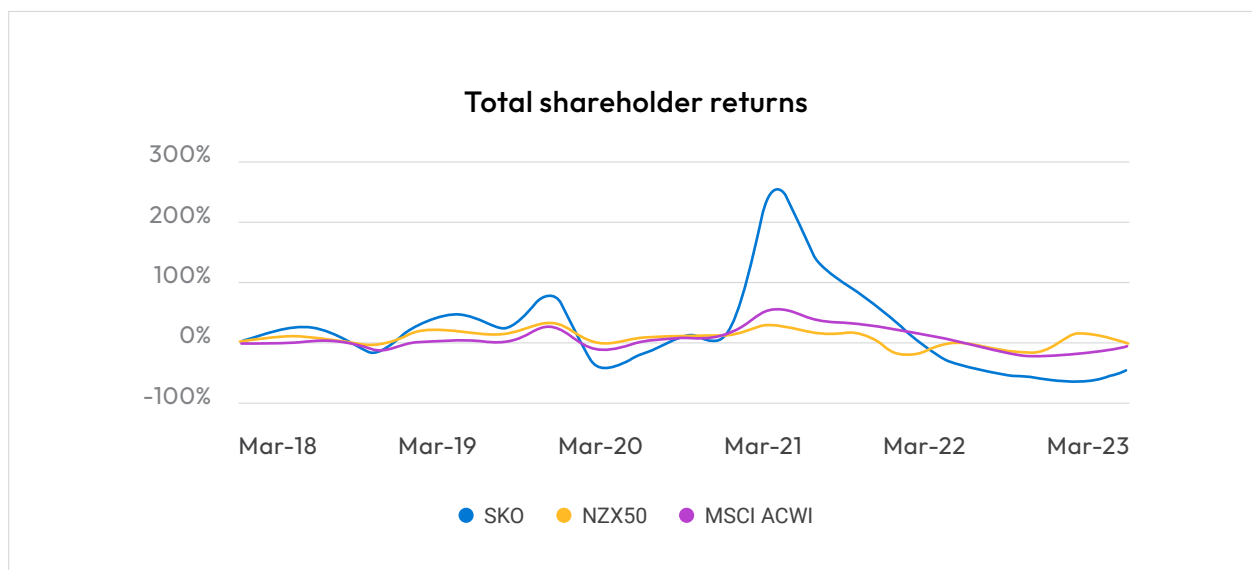
The overall results for FY23 were determined to be:

- 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 <sup>1</sup>	\$2,718	\$3,304	-\$586	▲ -18%

<sup>1</sup> 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 <sup>1</sup>	\$598,841	0%	FY20	56%	Sept 2020 to May 2023
FY19	\$556,734	29%	FY19	36%	July 2019 to May 2022

<sup>1</sup> 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 <sup>1</sup>	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
<b>Total number of employees and former employees</b>	<b>115</b>	<b>204</b>

<sup>1</sup> 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](http://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%<sup>1</sup> when comparing roles of comparable scope and complexity. As of 31 March 2023, Serko's overall global gender pay gap is 12%<sup>2</sup>. 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](http://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 <sup>1</sup>	Taxable benefits <sup>2</sup>	Subtotal	Pay for performance			Total remuneration
			STI <sup>3</sup>	EISS / LTI <sup>4</sup>	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 <sup>1</sup>	Taxable benefits <sup>2</sup>	Subtotal	Pay for performance			Total remuneration
			STI <sup>3</sup>	EISS <sup>4</sup>	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	140,000
	Non-executive directors	95,000
Audit, Risk & Sustainability Committee	Committee Chair	20,000
	Committee Member	9,000
People, Remuneration & Culture Committee	Committee Chair	20,000
	Committee Member	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:

Name of director	Remuneration and value of other benefits received <sup>1</sup>			Total remuneration
	Non-executive directors' Board fees	Audit, Risk & Sustainability Committee fees	People, Remuneration & Culture Committee fees	
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
<b>Total</b>	<b>\$363,005</b>	<b>\$41,831</b>	<b>\$41,792</b>	<b>\$446,628</b>

\* Indicates Chair of the Board/Committee.

<sup>1</sup> 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](https://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 <sup>1</sup>	2	20%	2	20%
Senior employees <sup>2</sup>	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 <sup>1</sup>	8	80%	8	80%
Senior employees <sup>2</sup>	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 <sup>1</sup> 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 <sup>1</sup> Serko Australia Pty Limited <sup>1</sup> Serko Inc <sup>1</sup> Serko India Private Limited <sup>1</sup> Serko Investments Limited <sup>1</sup> 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 <sup>1</sup> Serko India Private Limited <sup>1</sup> Serko Investments Limited <sup>1</sup> 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 <sup>4</sup>	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) <sup>1</sup>	(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) <sup>1</sup>	(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) <sup>1</sup>	(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 <sup>2</sup>	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 <sup>2,3</sup>	Nil / Services	20-May-22
	Legal holder of unlisted restricted share units granted under the Serko Employee Long Term Incentive Scheme	65,320 <sup>2</sup>	Nil / Services	30-May-22
	Indirect interest in unlisted restricted share units granted under Serko Employee Long Term Incentive Scheme	1,430 <sup>2,3</sup>	Nil / Services	30-May-22
	Registered holder and beneficial owner of shares acquired on-market	17,000 <sup>4</sup>	\$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 <sup>2</sup>	Nil / Services	20-May-22
	Legal holder of unlisted restricted share units granted under the Serko Employee Long Term Incentive Scheme	47,192 <sup>2</sup>	Nil / Services	30-May-22
	Registered holder and beneficial owner of shares acquired on-market	21,250 <sup>4</sup>	\$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 <sup>1</sup>	12,300,651	10.21%
Bob Shaw <sup>2</sup>	9,232,883	7.67%
Clyde McConaghy <sup>3</sup>	182,909	0.15%
Claudia Batten <sup>4</sup>	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
<b>Total</b> <sup>1</sup>		<b>100</b>		<b>100</b>

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 <sup>1</sup>	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 <sup>6</sup>
Harbour Asset Management Limited <sup>1</sup>	13,558,824 <sup>4</sup>	11.257%
Darrin Grafton	12,300,651 <sup>5</sup>	10.213%
Geoffrey Hosking <sup>2</sup>	10,884,629 <sup>5</sup>	9.037%
Fisher Funds Management Limited	10,636,309 <sup>4</sup>	8.831%
Robert (Bob) Shaw	9,232,883 <sup>5</sup>	7.666%
Michael Moore <sup>3</sup>	9,151,250 <sup>5</sup>	7.598%
Jarden Securities Limited <sup>1</sup>	982,231 <sup>4</sup>	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) <sup>1</sup>	Rob Wright (Legal Representative) Mark Xu (Supervisor)
InterpIX 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) <sup>2</sup>	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](mailto:investor.relations@serko.com)

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## Registered office

### New Zealand

Saatchi Building  
Level 1, 125 The Strand  
Parnell, 1010  
+64 9 309 4754

### Australia

Boardroom Pty Limited  
Level 12, 225 George Street  
Sydney 2000  
NSW, Australia

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## Principal Administration Office

### New Zealand

Saatchi Building  
Level 1, 125 The Strand  
Parnell, 1010  
+64 9 309 4754

### Australia

Level 8, 75 Elizabeth Street  
Sydney 2000  
NSW, Australia  
+61 2 9435 0380

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## Share Registrar

### New Zealand

Link Market Services Limited  
Level 30, PwC Tower  
15 Customs Street West  
Auckland 1010, New Zealand  
+64 9 375 5998  
[serko@linkmarketservices.co.nz](mailto:serko@linkmarketservices.co.nz)

### Australia

Link Market Services Limited  
Level 12, 680 George Street  
Sydney 2000  
NSW, Australia  
+61 1300 554 474

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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

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Serko's ESG Report, which includes its Corporate Governance Statement, can be found at [www.serko.com/investors](http://www.serko.com/investors).

# Key Dates

**28 Jun 2023**

Annual Shareholders' Meeting

**30 Sep 2023**

Half-Year End

**Nov 2023**

Half-year Results Announced

**31 Mar 2024**

Financial-Year End

serko

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[serko.com](https://www.serko.com)

Management commentary  
(no financial statements)