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FY21 INTERIM RESULTS PRESENTATION

18 NOVEMBER 2020

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- Interim results are unaudited.

The background is a high-angle, blue-tinted aerial photograph of a city skyline, featuring numerous skyscrapers. Two large, white, curved lines are overlaid on the image: one starts from the top right and curves downwards towards the center, and the other starts from the bottom left and curves upwards towards the center.

CEO Welcome

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AGENDA

CEO Welcome

Financial
Highlights

Strategic
Updates

Outlook
Statement



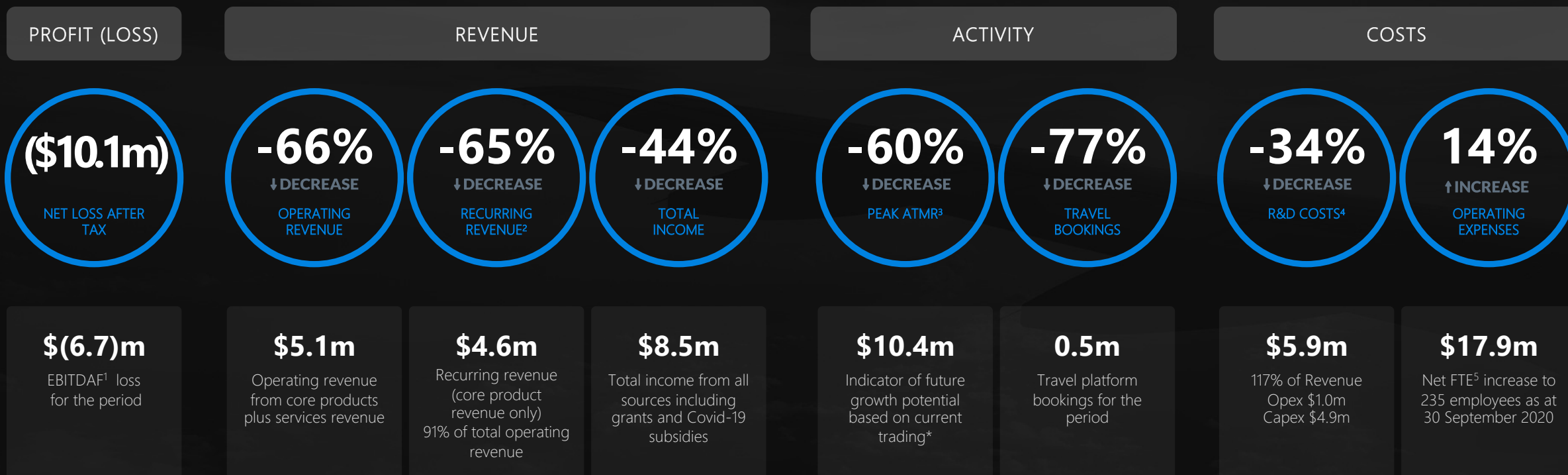
FY21 H1 Financial Highlights

The FY21 Half Year Results to 30 September 2020 are unaudited. The half year results have been prepared in accordance with New Zealand equivalents to International Financial Reporting Standards. All other accounting policies have been applied on a consistent basis with those used in previous years. For further information refer to Serko's FY20 Annual Report.

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PERFORMANCE DASHBOARD – Half Year FY21

FY21 (H1) VS FY20 (H1) - Unaudited



Notes 1 – 5: Refer to Appendix for definitions.

*The impact COVID-19 is having on the current operating environment means ATMR is a less reliable indicator of future growth potential than it was pre-COVID but this measure has been included for comparability with previous periods.

NET PROFIT SUMMARY/ EBITDAF RECONCILIATION

- Operating Revenue of \$5.1m down 66% due to Covid-19 impacts.
- Other income includes Grants of which \$3.0m relates to Covid-19 government subsidies received.
- EBITDAF loss of \$(6.7)m.
- Net loss for the period of \$(10.1)m.

Net Profit Summary EBITDAF Reconciliation	H1 FY21 6 months \$'000	H1 FY20 6 months \$'000	change \$'000	change %	FY20 12 months \$'000
Operating Revenue	5,061	14,671	(9,610)	-66%	25,869
Other income (including Grants)	3,472	541	2,931	542%	922
Total income	8,533	15,212	(6,679)	-44%	26,791
Operating expenses <i>Percentage of operating revenue</i>	(17,850) -353%	(15,651) -107%	(2,199)	14%	(37,092) -143%
Net finance income (losses)	(710)	(375)	(335)	-89%	975
Net profit before tax <i>Percentage of operating revenue</i>	(10,027) -198%	(814) -6%	(9,213)	-1132%	(9,326) -36%
Income tax expense	(84)	(52)	(32)	-62%	(38)
Net profit (loss)	(10,111)	(866)	(9,245)	-1068%	(9,364)
Add back: income tax expense	84	52	32	62%	38
Add back: net finance losses	710	375	335	89%	(975)
Add back: depreciation and amortisation	2,619	1,248	1,371	110%	3,156
Add back: fair value measurement ¹	-	585	(585)	n/a	1,056
EBITDAF	(6,698)	1,394	(8,092)	-581%	(6,089)
EBITDAF margin	-132%	10%			-24%

¹ Fair value remeasurement of contingent consideration on deferred consideration for InterplX acquisition added to EBITDA as non-cash expense

REVENUE ANALYSIS

- Recurring product revenue down 65%.
- Travel platform revenue down 77% primarily due to reduced bookings, which were also down 77%.
- Expense revenue down 33%.
- Content commission down 75%.
- Services revenue down 67%.
- Average Revenue per Booking (ARPB) for the period was up 49% due to Expense platform revenue being less affected than travel.

Revenue and Other Income by Type

	H1 FY21 6 months \$'000	H1 FY20 6 months \$'000	change \$'000	change %	FY20 12 months \$'000
Travel platform revenue	2,159	9,243	(7,084)	-77%	16,307
Expense platform revenue	2,013	2,991	(978)	-33%	5,831
Content commissions	210	837	(627)	-75%	1,427
Other revenue	225	242	(17)	-7%	485
Recurring product revenue	4,607	13,313	(8,706)	-65%	24,050
Recurring revenue % operating revenue	91%	91%			93%
Services revenue	454	1,358	(904)	-67%	1,819
Total operating revenue	5,061	14,671	(9,610)	-66%	25,869
Government grants – Covid subsidies	3,023	-	3,023	100%	-
Government grants – Other	449	541	(92)	-17%	922
Total other income	3,472	541	2,931	542%	922
Total revenue and other income	8,533	15,212	(6,679)	-44%	26,791

Operating Revenue by Geography

Australia	3,359	10,366	(7,007)	-68%	18,218
New Zealand	377	1,376	(999)	-73%	2,465
North America	1,231	2,712	(1,481)	-55%	4,823
Other	94	217	(123)	-57%	363
Total operating revenue	5,061	14,671	(9,610)	-66%	25,869

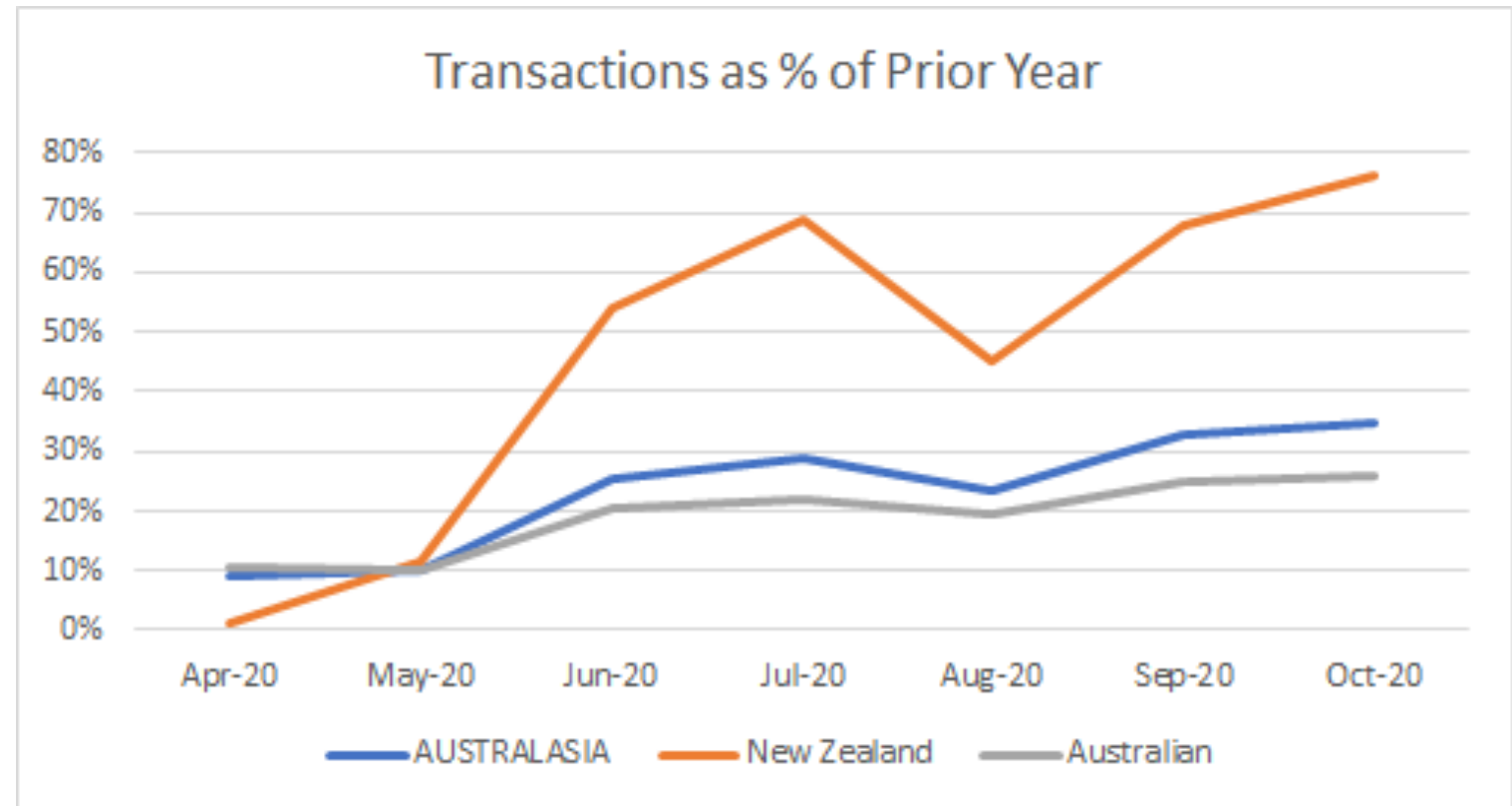
Travel bookings (000)

ARPB (Recurring revenue/Travel bookings)

Travel bookings (000)	523	2,246	(1,723)	-77%	4,214
ARPB (Recurring revenue/Travel bookings)	8.81	5.93	2.88	49%	5.71

TRANSACTION ANALYSIS - AUSTRALASIA

- Travel bookings as % of prior year were 33% for the month of September (23% for the six month period). For October this further improved to 35%.
- New Zealand bookings for September was 68% and 76% for October.
- Australian bookings for September was 25% and 26% for October.



OPERATING EXPENSES

- Operating costs as a comparison to the first half of last year increased primarily as a result of increased remuneration and benefits (R&B) up 46%, mainly due to increased headcount.
- R&B for H2 FY20 was \$11.7m versus \$11.2m for H1 FY21.
- Headcount increased to 235 at 30 September 2020 up from 208 at 30 September 2019.
- R&B costs includes contractor costs, which were reduced during the period, some of which were converted to employees at a lower cost.
- R&B also included non-cash share-based payments of \$1.4m in the current period.
- Administration costs include \$2.6m of non-cash amortisation and depreciation, up from \$1.2m in the prior year.

Operating Expenses	H1 FY21 6 months \$000	H1 FY20 6 months \$000	change \$000	change %	FY20 12 months \$000
Selling and marketing	913	1,223	(310)	-25%	2,989
Hosting	1,230	1,835	(605)	-33%	3,362
Remuneration and benefits	11,213	7,709	3,504	46%	19,419
Administration	4,494	4,299	195	5%	10,266
Fair value remeasurement on contingent consideration	-	585	(585)	-100%	1,056
Total Operating Expense	17,850	15,651	2,199	14%	37,092
Percentage of Operating Revenue	353%	107%			143%
Number of Employees at period end	235	208	27	13%	233

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

RESEARCH & DEVELOPMENT

- Total R&D costs decreased by \$3m over prior period.
- Net product development costs expensed, including amortisation of previously capitalised development, was 17% less than the prior period.

R&D Costs – Expensed	H1 FY21 6 months \$000	H1 FY20 6 months \$000	change \$000	change %	FY20 12 months \$000
Total R&D costs (including amounts capitalised)	5,898	8,921	(3,023)	-34%	13,606
Percentage of operating revenue	117%	61%			53%
Less: capitalised product development costs	(4,898)	(6,376)	1,478	23%	(11,013)
Percentage of R&D costs	83%	72%			81%
Research costs (excluding amortisation of amounts previously capitalised)	1,000	2,545	(1,545)	-61%	2,593
Percentage of operating revenue	20%	17%			10%
Less: Government grants relating to research	(450)	(408)	(42)	-10%	(683)
Add: Amortisation of capitalised development costs	1,746	631	1,115	177%	1,705
Net product development costs expensed	2,296	2,768	(472)	-17%	3,615
Percentage of operating revenue	45%	19%			14%

The background is a high-angle, blue-tinted aerial photograph of a city skyline, featuring numerous skyscrapers and dense urban development. Two large, white, curved lines are overlaid on the image: one starts from the top right and curves downwards towards the center, and the other starts from the bottom left and curves upwards towards the center.

Strategic Updates

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FOUNDATIONS OF THE PATH TO \$100 MILLION REVENUE



Sustain and Grow ANZ

Invest in content &
capability to capitalize
on the return to travel



North America

Activate this market
through multiple
channels



Booking.com for Business

Bring the power of
Zeno to a global
market



ACCELERATING TO EXECUTE ON THE OPPORTUNITIES OF A CHANGING BUSINESS TRAVEL MARKET

CRISES BRING OPPORTUNITY

The COVID-19 pandemic is a rare event that is reshaping parts of the business travel industry, impacting both the suppliers of business travel content and services and the needs of the business traveller.

FUELLED FOR GROWTH

Serko's recent \$67.5 million capital raise (\$65 million net of advisor fees) was completed to prepare for growth opportunities arising from changes to the travel industry.

STRATEGICALLY POSITIONED

Serko's priority is to ensure it has the resource and capacity to execute on its strategic priorities, positioning the company for growth when business travel normalises.

AUSTRALASIA MARKET UPDATE

DOMESTIC FOCUS

Approximately 93% of Serko's revenues come from domestic bookings in Australia and New Zealand which are not reliant on the re-opening of International borders.

RETURN TO TRAVEL

Lifting of travel restrictions in New Zealand saw a rapid return to over 75% of pre-Covid activity.

We are hopeful Australia will follow a similar pattern as interstate restrictions are progressively lifted.

ZENO ACCELERATION

The percentage of transactions occurring on Zeno product were 38% of total transactions for September 2020, up from 25% of total transactions at the end of March 2020.



NORTH AMERICA MARKET UPDATE

NORTH AMERICA READY

We have continued to tailor North American content and integrations that helped Serko win and launch ZS Associates, our largest customer to date in this market.

INCREASED DISTRIBUTION

Since 31 March 2020, we have added four new TMC resellers in North America (bringing the total to nine). These are now in the activation and launch process.

ZENO EXPENSE LAUNCHED

The new Zeno Expense offering has been launched with corporate customers now activated and a reseller partnership with buying group Omnia Partners signed.



BOOKING.COM UPDATE



SCALING TO THE OPPORTUNITY

Serko and Booking.com are working together to bring a best-in-class business travel tool to customers globally and Serko is progressively scaling-up to achieve this.

PILOT CUSTOMERS ARE LIVE

The Booking.com for Business platform powered by Zeno is now live with pilot programs implemented across the United Kingdom, Ireland and Germany.

ENTRY INTO NEW GLOBAL MARKETS

Customers will be able to sign-up to the new Booking.com for Business platform powered by Zeno as the product is made available in additional markets.

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Outlook Statement

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FY21 OUTLOOK

- Serko is well positioned for growth when trading conditions improve and the business travel industry starts to recover.
- Timing, however, remains uncertain. As a result, we are unable to forecast our likely operating revenue for the 2021 financial year with any certainty.
- Serko continues to assume in its forecasts that travel volumes will be in the range of 40-70% of pre-COVID levels by March 2021 (based on the trends noted on Slide 9). The extent of travel restrictions in place within Australia and New Zealand will be determinative of where, within this range, actual travel volumes fall.
- As at 30 September 2020, Serko had net cash and cash equivalents of \$31.5 million. Following the recent capital raising, Serko presently has over \$90 million of cash on hand, positioning Serko well for an anticipated travel market recovery.
- Serko is targeting an average monthly cash burn of between \$2 million and \$4 million during the remainder of FY21 and through to FY22, dependent on travel resumption and achievement of key performance metrics (including the Booking.com opportunity and NORAM customer onboarding).

The background is a high-angle, aerial photograph of a city skyline, likely New York City, with numerous skyscrapers and buildings. The entire image is overlaid with a semi-transparent blue filter. Two large, white, curved lines are drawn across the image: one starts from the top right and curves down towards the bottom right, and another starts from the bottom left and curves upwards. The text 'Q&A' is positioned on the left side of the image.

Q&A

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Appendices:

Company Snapshot
Definitions

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ABOUT SERKO

FOUNDED IN 2007



Innovative Solutions

Serko is a technology company focused on innovative solutions that address the challenges of corporate travel and expense management. The majority of Serko's revenue comes from Travel Management Companies (TMCs) ("Resellers"), who provide our online travel booking (OBT) solution to their corporate customers. Serko also sells Expense management solutions to corporate customers directly.



Market Leader

Serko is a leading supplier of travel technology solutions for TMCs in Australasia and is now expanding into Northern Hemisphere markets with multiple signed reseller agreements in North America and a global agreement with ATPi and Booking.com.



NZX/ASX Listed

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

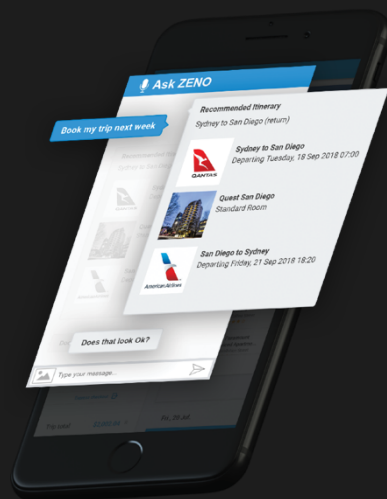
Serko employs around 235 people worldwide with its HQ in New Zealand, and offices across Australia, the U.S. and China.

SERKO PRODUCTS



Zeno Travel

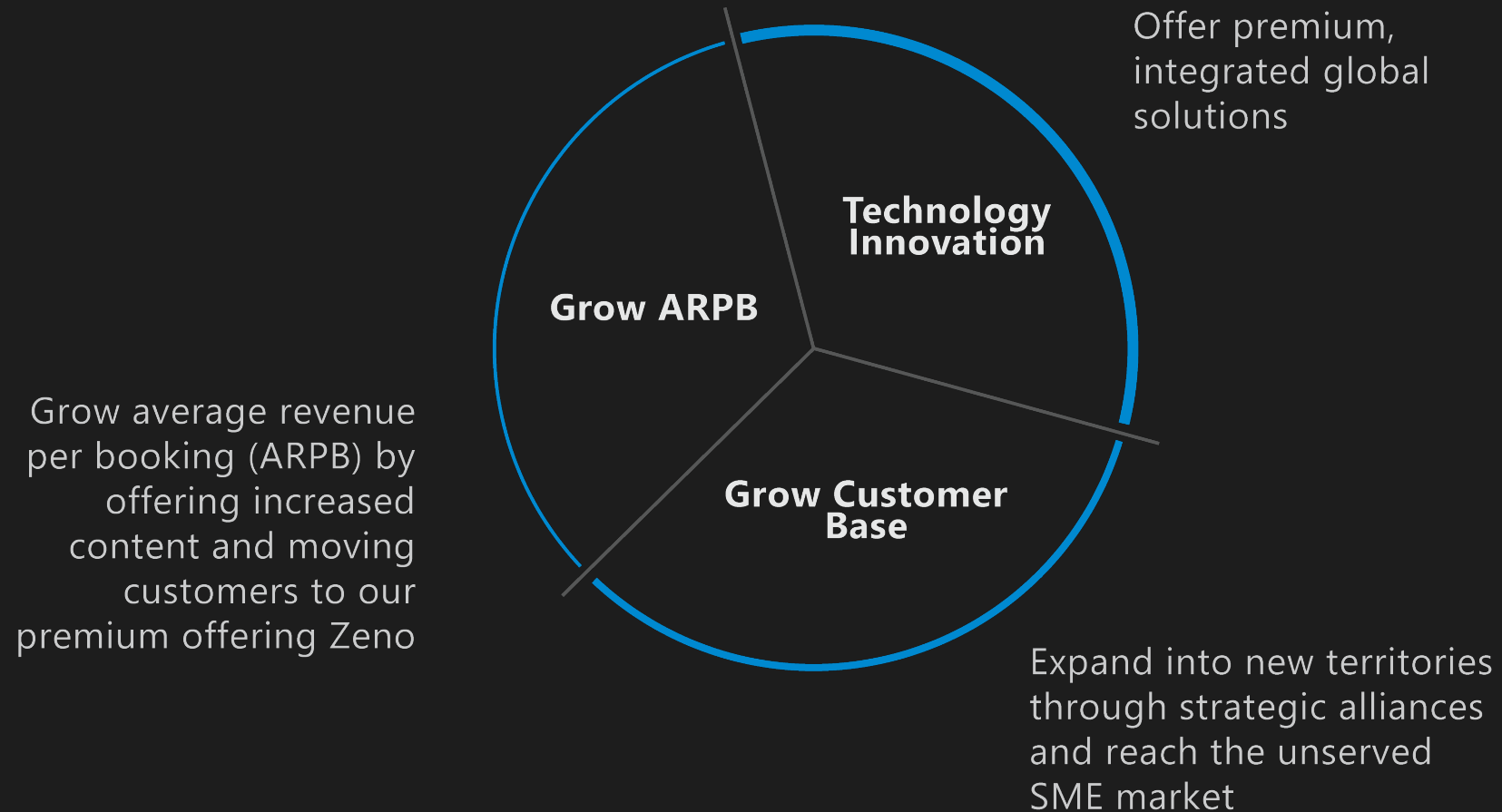
Zeno Travel is an Online Booking Tool (OBT) that corporate travellers use to book flights, trains, hotels, rental cars and airport transfers in line with their corporate travel policies.



Zeno Expense

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

SERKO STRATEGY



COMMERCIAL MODEL

Year Ended 31 March	2020
	\$000
Travel platform booking revenue	16,307
Expense platform revenue	5,831
Supplier commissions revenue	1,427
Other revenue	485
Recurring Product Revenue	24,050
Percentage of total revenue	93%
Services revenue	1,819
Total Revenue	25,869

Corporate traveller makes a booking via Serko Online/Zeno

\$

Booking and other fees

Serko charges the TMCs a fee per booking (which varies based on volume).

Traveller submits receipts using Serko Expense/Zeno

\$

Monthly user fee

Serko Expense customers pay a fee based on the number of active users each month directly to Serko.

Traveller books hotel or taxi via Serko Online/Zeno

\$

Supplier commission

Serko also generates revenue through commissions on hotels, rental cars, airport transfers and other travel providers that are booked through its platform.

Traveller downloads and uses Serko Mobile

\$

Mobile subscription

Serko earns other miscellaneous revenue such as mobile licenses.

Additional Services

\$

Services Revenue

Paid customisation, marketplace integration or implementation assistance.

PERFORMANCE DASHBOARD – FY20

FY20 VS FY19

PROFIT (LOSS)

(\$9.4m)

NET LOSS AFTER TAX

\$(6.1m)

EBITDAF ¹ loss

REVENUE

11%

↑ INCREASE

OPERATING REVENUE

\$25.9m

Operating revenue from core products plus services revenue

16%

↑ INCREASE

RECURRING REVENUE ²

\$24.1m

Recurring revenue (core product revenue only)
93% of total operating revenue

9%

↑ INCREASE

TOTAL INCOME

\$26.8m

Total income from all sources including grants

ACTIVITY

6%

↑ INCREASE

PEAK ATMR ³

\$27.5m*

Indicator of future growth potential based on current trading

2%

↑ INCREASE

TRAVEL BOOKINGS

4.2m

Travel platform bookings for the period

COSTS

48%

↑ INCREASE

R&D COSTS ⁴

\$13.6m

53% of Revenue
Opex \$2.6m
Capex \$11.0m

59%

↑ INCREASE

OPERATING EXPENSES

\$37.1m

Net FTE ⁵ increase in the period of 60 to 233 employees

Notes 1 – 5: Refer to Appendix for definitions.

*Note: ATMR has subsequently reduced materially as a result of Covid-19

HISTORIC MEASURES for financial years (31 March)

Selected Operational Metrics	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Total revenue growth (%)	27%	39%	55%	27%	9%#	28%	28%	11%#
Revenue growth – Travel Platforms (%)	41%	12%	62%	49%	8%	23%	20%	2%
Total travel booking transactions (000s)	987	1,107	1,588	2,407	2,913	3,526	4,138	4,214
Online booking transactions ¹ (000s)	821	1,011	1,468	2,262	2,673	3,207	3,743	3,724
Online transaction growth (%)	35%	23%	45%	54%	18%	20%	17%	-1%
Recurring product revenue as % total revenue	84%	71%	80%	93%	91%	90%	89%	93%
Operating costs ² (% change)	35%	62%	105%	13%	(10%)	(5%)	29%	59%
Employees (number at end of year - FTE)	47	87	133	127	108	106	173	233
Average revenue per FTE (NZD\$000)	119	100	94	101	122	170	167	121
Research & development costs - expense and capex (NZD\$000)	2,340	3,387	5,762	6,268	5,836	4,906	9,165	13,606
Peak annualised transactional monthly revenue (ATMR) (NZD\$m)	*	*	*	11.2	15.3	18.4	26.0	27.5

1 – Online bookings exclude Offline and Custom bookings (system generated bookings) which are included in Online booking pricing or at a reduced rate

2 – Operating costs are Operating Expenses excluding depreciation and amortisation and fair value remeasurements of contingent consideration

* – indicates not previously measured or reported

– FY17 revenue was affected by adverse foreign exchange rates; FY20 revenue was affected by Covid-19 pandemic

DEFINITIONS

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



Thank you

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