

Market Release

3 April 2020

Market Update

Serko confirms strong cash balance position and signals tight cost management

Serko Limited (NZX/ASX:SKO) announced today:

- Business travel disruption arising as a result of Covid-19 has significantly impacted travel transactional revenue however Serko is in a strong cash balance position following its capital raising in October 2019:
 - Serko's cash balance remains strong at \$42 million (as at 31 March 2020).
 - Serko has no exposure to refunds or credits for cancelled or postponed travel.
 - Cost reduction initiatives are in place targeting an average cash burn rate of no more than \$2 million per month through to the end of FY21.
 - Modeling for FY21 has been prepared with the conservative assumption that travel restrictions remain in place.
- Serko has implemented an immediate cost reduction program that removed non-essential expenditure and scaled down operating expenses, such as cost of sales and hosting, in proportion to reduced customer activity and lower transaction volumes. Serko continues to review all costs and will make additional cuts and reductions where possible.
- Serko will retain its core development teams but has achieved cost savings through a reduction of external contractors and rationalisation of non-essential staff. Government subsidy programs in New Zealand, Australia and the United States are being pursued to support employee salary costs.
- Serko is utilising the travel shutdown period to further strengthen its core technology and expects to be well positioned for global growth when business travel resumes.
- Through this period Serko is retaining a strong focus on the safety and wellbeing of its people. Serko's team has adapted well to remote working with minimal disruption to working practices.
- Serko presently does not have any debt facilities and does not consider it is necessary to obtain any debt funding.

- Full Year Results for the period ended 31 March 2020 will take longer than normal to finalise given the unprecedented economic situation. A revised date for the Full Year Results Announcement will be provided in the coming weeks.

For and on behalf of Serko Limited by the Board

Ends

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About Serko

Serko is a leading travel and expense technology solution, used by over 6,000 corporate entities and Travel Management Companies who combined book more than A\$6bn of travel a year through Serko's platforms.

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 and the Australian Stock Exchange (NZX:SKO). Serko employs more than 250 people worldwide, with its HQ in New Zealand, and offices across Australia, China, and the U.S.

Visit <https://www.serko.com/> for more information