



19 August 2015

Chairman's Address Delivered at the Serko Limited Annual Meeting 2015

Good afternoon and welcome to Serko's second Annual Meeting as a listed entity. I am Simon Botherway, Chairman of Serko.

On behalf of the Board, thank you for attending the 2015 Annual Meeting.

So, let me start by giving you my view on the last 12 months.

For the year ended 31 March 2015 we set out to build a comprehensive and scalable technology platform to support our growth ambitions and exploit the disruptive potential of Serko's market position within the corporate travel industry.

Our IPO in June 2014 allowed us to raise sufficient capital to properly invest in our internal capabilities and develop a range of innovative new products and capabilities, which have resulted in a compelling market proposition that we believe will deliver excellent results in the future.

Our business grew significantly, with top-line revenues increasing by 55% over the prior year. The bottom line result was in line with the prospective financial information (PFI) contained in the IPO Prospectus, however revenue was slightly lower than PFI mainly due to 'lower than expected' billable software customization and adverse FX movements.

Naturally both the Board and management have been disappointed with Serko's stock price performance since listing.

Looking forward, the business and the team is focused on remaining at the forefront of technological disruption and executing on a number of important opportunities. Darrin will walk you through these in detail later this afternoon. I'd encourage you to listen carefully to Darrin's description of the current structure of the corporate travel chain and how it might look in the future.

As a technology company with new products and an evolving business model, revenues are difficult to predict. As a board, we are conscious that there is a slowdown in corporate Australia, which is resulting in longer timeframes around decision-making and a further reduction in expected billable software customisation. In addition there have been delays in signing and implementing key significant supplier agreements. Accordingly whilst we expect

to have committed revenue worth more than \$7 million in the first half, due to revenue recognition rules some of this will not be recognised until the 2nd half of the year. We now anticipate that reported revenues for the 6 months ended Sept 2015 will be in the range of \$6.3 to \$7.0 million. However we have taken a conservative approach to our cost base and we anticipate cash reserves at the end of September to be in line with our PFI forecasts.

For the reasons I've outlined, we are currently targeting revenues at the bottom of our previous guidance range of \$16-18 million for the full year; and we remain confident of achieving profitability in the year ended March 2017. We do not anticipate requiring additional capital to fund our current business plan.

Your Board is focused on 3 key elements of Strategy:

- Grow our user base of registered active travellers,
- Increase the overall revenue per traveller across all booking components; and
- Retain our innovative and competitive edge.

I'll speak briefly about each of these core strategic objectives:

1. Grow our user base – this is the number of travellers that we have registered on our system. We intend to continue to drive organic growth through on-boarding new users in association with our travel agent partners across the region, while also looking for inorganic opportunities to acquire a broader and more extensive user base that we can monetize over time. We've made considerable head-way with this strategy with the acquisition of Arnold which accelerated the on-boarding of 500,000 travellers and associated transactions
2. Increasing the overall value we derive from each of the travellers on our platform - additional revenue lines such as subscriptions for mobile and supply-side revenue streams for hotel and taxi content are potentially significant developments. However the introduction of these additional revenue streams has proven to be complex both commercially and technologically and has taken longer to finalise than we had originally anticipated. Whilst this delay is disappointing and will negatively impact revenues this financial year, I am very pleased to say that we now have the agreements in place and the technology will launch in September. Darrin will talk about this in greater detail today. I encourage you to pay careful attention to Darrin's presentation as this component of strategy has very significant potential.
3. Maintain investment in our core products and expand their functionality - we must continue to offer a market-leading and compelling product suite to retain our competitive advantage. Our focus on Products & Innovation means that we have a dynamic product development program focussed on meeting evolving market demand whilst also expanding our feature set in order to meet and exceed our user expectations whilst increasing the total addressable market.

Other Board activities – A real focus on Risk Management

Managing the risks and opportunities associated with being a disrupter in a fast-changing industry is a challenging task. In any company with lots of market opportunities, there is a requirement to be disciplined with capital and other resources. The board plays a key role in

helping to assess both opportunities and risks with the aim of ensuring that those we select are well thought through and the associated risks are understood and mitigated.

New Health and Safety legislation, cyber security, intellectual property and an ever-changing best-practice governance landscape to name a few risks has kept your Board busy with the development, implementation and monitoring of a number of key policies.

Resource allocation was highlighted as a key risk factor at last year's Annual Meeting as we scaled the business. This is less of a factor this year now that we have achieved that scale and we are looking to hold our cost base at current levels.

In conclusion, we have a market-leading suite of products and we are now disrupting long established market structures with our introduction of new content and functionality to our customers.

We executed on our strategy of developing key industry partnerships and we are focused on penetrating both current and new market segments with our new product suite.

The Board is excited about the opportunities that lie ahead for Serko.

To each of you, thank you for sharing our vision.

ENDS