

# Financial Results

for the twelve months to 31 March 2023

serko



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Darrin Grafton  
CEO



Shane Sampson  
CFO



# FY23 Highlights

Refer to Appendix for definitions and descriptions of the non-GAAP measures used by management throughout this presentation. Comparative numbers are for the prior comparative period (FY22) unless otherwise stated.



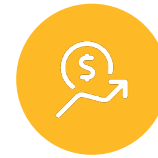
# Disciplined execution driving strong growth



Delivery on FY23  
growth plans



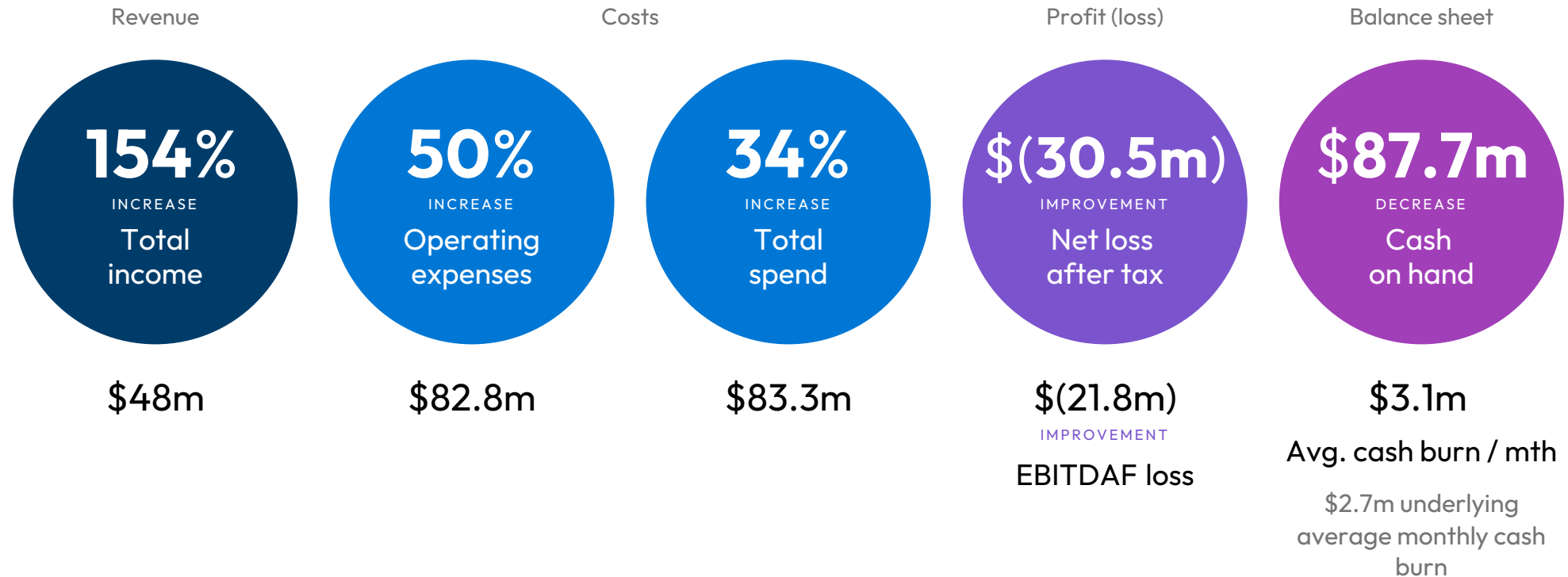
Investments and  
costs targeted



On track for FY25  
goals



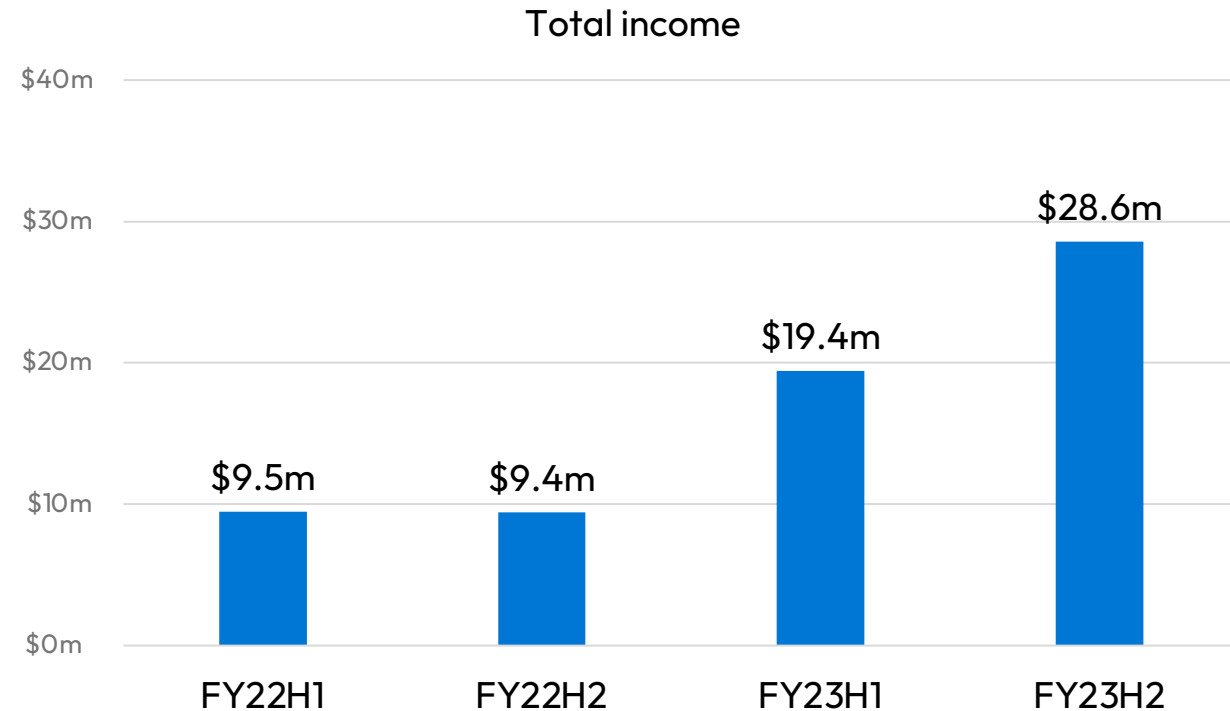
# Disciplined execution driving strong growth





# Total income has more than doubled on FY22

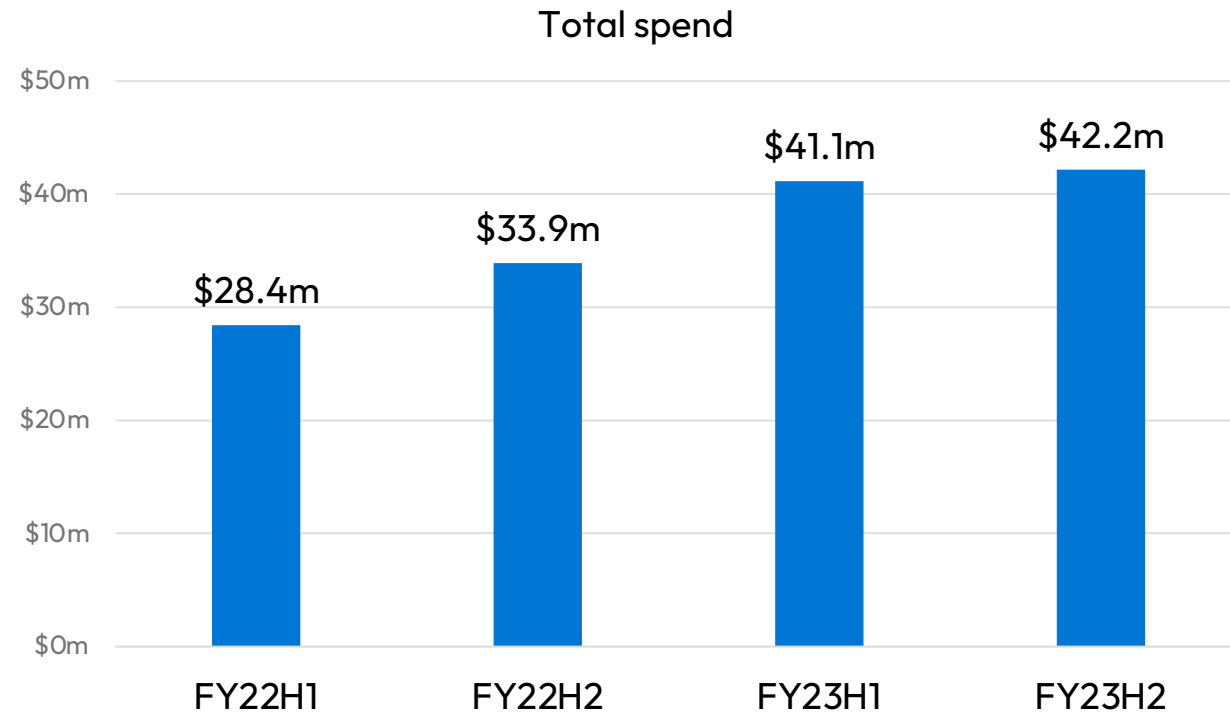
- Total FY23 income of \$48m, up 154%.
- Just ahead of the top of revised guidance range of \$42m–\$47m.
- Growth driven by significant progress of Booking.com for Business and managed travel recovery.





# Targeted investments delivering results

- Total spend of \$83.3m increased 34% for the period reflecting planned investments and higher booking volumes.
- Total spend growth fell to 3% in the second half.
- Underlying average monthly cash burn reduced from \$3.3m to \$2.7m. Underlying average monthly cash burn was \$1.8 million in 2H23.



Underlying cash burn is adjusted for one-off items such as: net funds from capital raise and payments made in FY23 H2, that ordinarily would have been paid in FY22 H2 and relate to FY22.

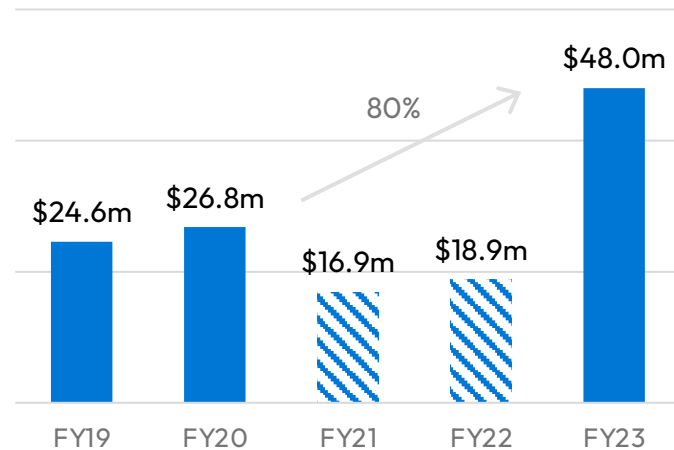




# Growth underpinned by strategic progress

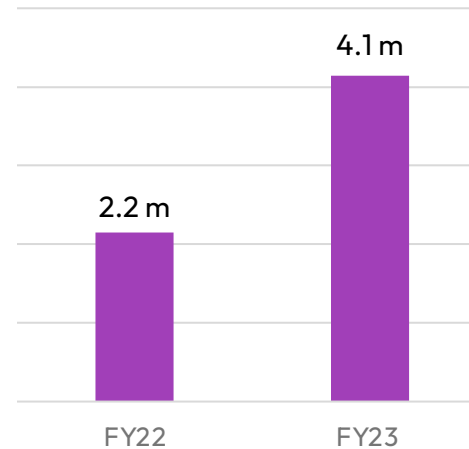
Total income

Covid-19 impact 



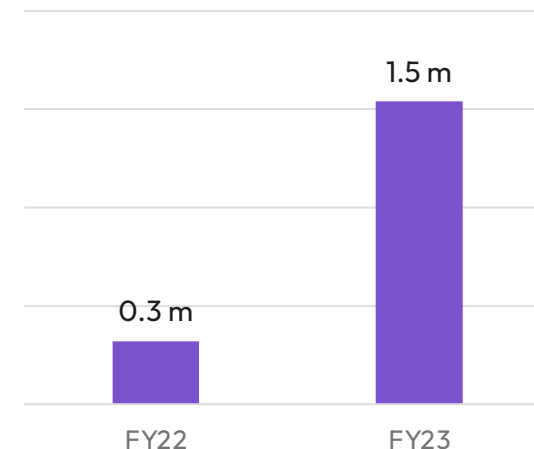
Total income up **79%** since FY20

Total online bookings



Total online bookings up **93%**

Completed room nights

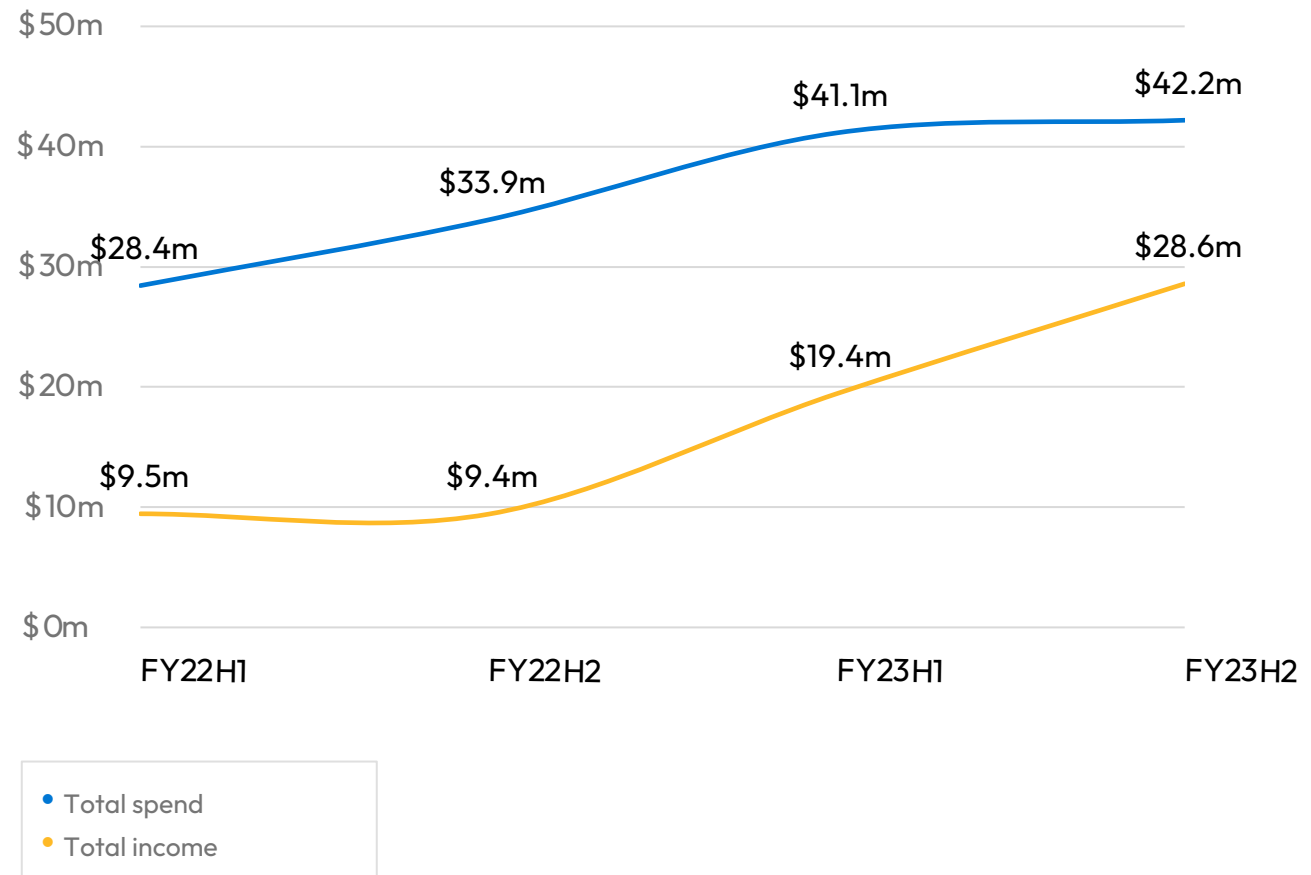


Completed room nights up **381%**



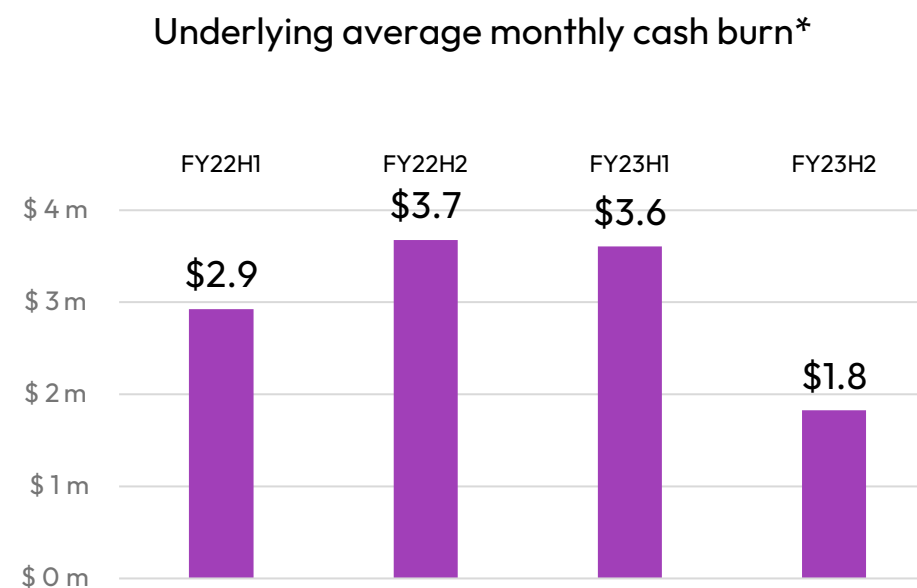
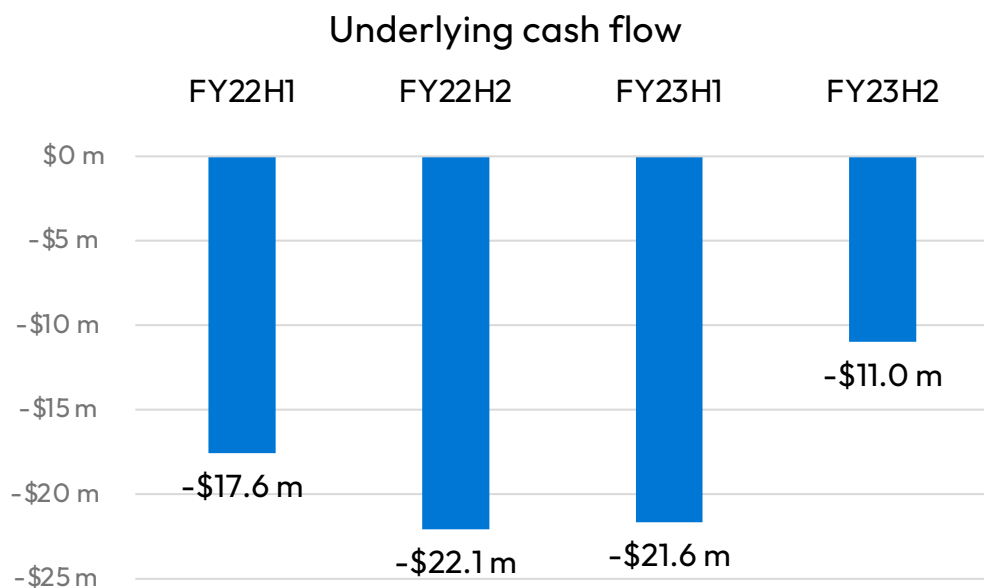
# Revenue growth materially exceeding cost growth

Total spend as a percentage of total income decreased from 330% in FY22 to 174% in FY23 and total spend growth reduced to 3% in the second half.





# Reduction in underlying average monthly cash burn



\* Underlying cash burn is adjusted for one-off items such as: net funds from capital raise and payments made in FY23 H2, that ordinarily would have been paid in FY22 H2 and relate to FY22.



# Strategic Priorities

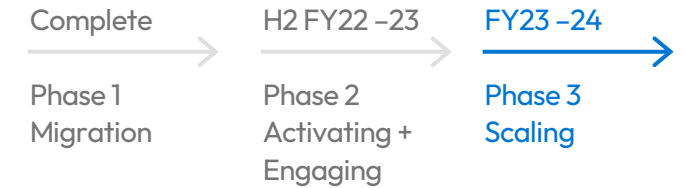


# Progress against our FY25 goals

3yr Strategic Goals	<b>1</b>	<b>Customer success</b> Deliver an exceptional customer experience (CX) through experimentation-driven development	<b>2</b>	<b>Unmanaged revenue</b> Establish significant market share in unmanaged travel market	<b>3</b>	<b>Managed revenue</b> Consistently grow market share in global managed travel market through TMC partnerships and inorganic growth	<b>4</b>	<b>Marketplace and content</b> Commercialise the connected trip experience through an open platform	<b>5</b>	<b>Culture</b> Develop a culture of engaged Serkodians aligned to our purpose, mission and values
	FY23 Objectives	<b>Product health foundations</b> Increase customer satisfaction by continuing to enhance the performance and usability of our products	<b>Conversion</b> Grow revenue from the unmanaged travel segment by focusing on customer conversion	<b>Retain and grow</b> Scale growth in North America and extend our leadership in the Australia and New Zealand markets	<b>Platform foundations</b> Build the marketplace foundations through technology enablement of open integration platform	<b>Organisational alignment</b> Maximise alignment across our teams and minimise friction for our customers to increase organisational efficiency				

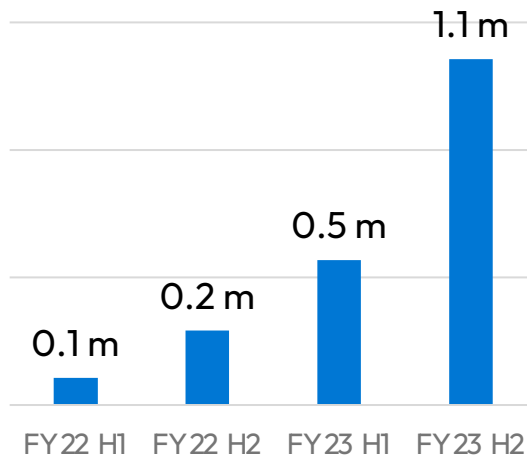
## 2. Unmanaged revenue

Material progress against our strategy with Booking.com



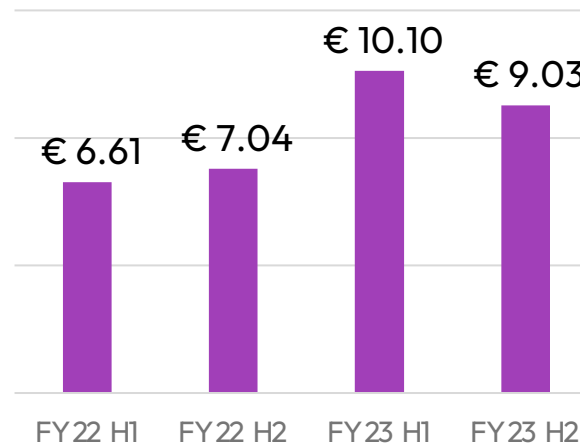
Completed room nights

up **381%** YoY,  
from 320k to 1.5m



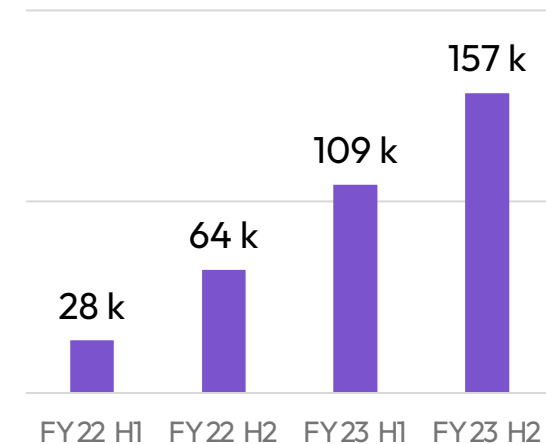
Avg. revenue per completed room night

up **36%** YoY



Active customers

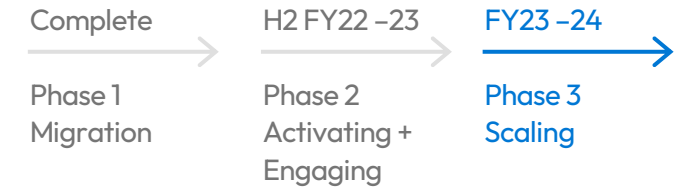
up **144%**



## 2. Unmanaged revenue

### Phase 3: Scaling

- Serko has built a new hotel shop experience that is highly scalable and cost efficient and has the performance characteristics of consumer eCommerce platforms
- In mid-January 2023 the first of two phases of the new hotel shop experience launched successfully
- The final phase of the hotel shop experience is scheduled to go live as we bring the new CWT content online
- The CWT partnership will provide additional hotel, flight and rental car content including loyalty programmes and servicing
- 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



We understand everyone has different travel preferences. For some it's important to maximize status and loyalty points when they travel, while others are more focused on finding the best deal for their trips. And when disruption happens, everybody values the ability to contact an agent any time of day or night to get support. With this partnership, Booking.com for Business customers will have all of this in one place, along with the tools to manage cost and duty of care with travel expert support wherever they are in the world 24/7.

[Joshua Wood](#)  
[Director of Booking.com for Business](#)  
[CWT media release • 11 May 2023](#)

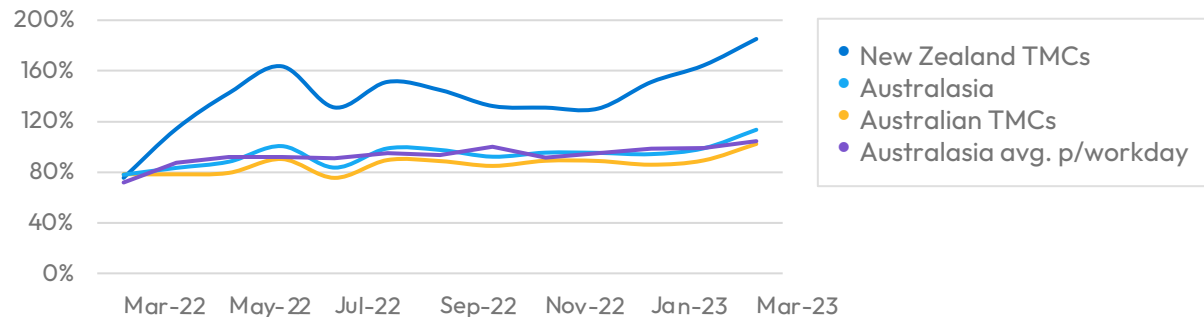


# 3. Managed revenue

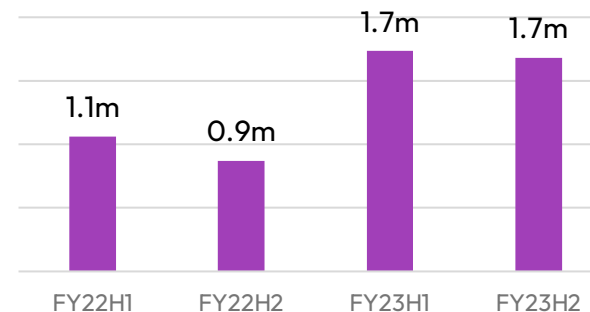
## Capitalising on business travel recovery

- Australasia online bookings up 77%.
- Average online bookings for Australasia were 89% of pre-pandemic levels. (New Zealand 136% of pre-pandemic levels land Australia 82%).
- Strategic progress in North America.

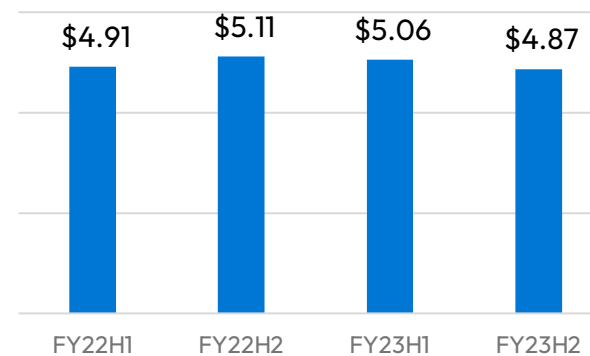
Australasia transactions as % of pre-pandemic levels\*



Australasia online bookings (millions)



Australasia ARPB



\* Percentages are measured against the same month in 2019 to reflect pre-pandemic volumes.



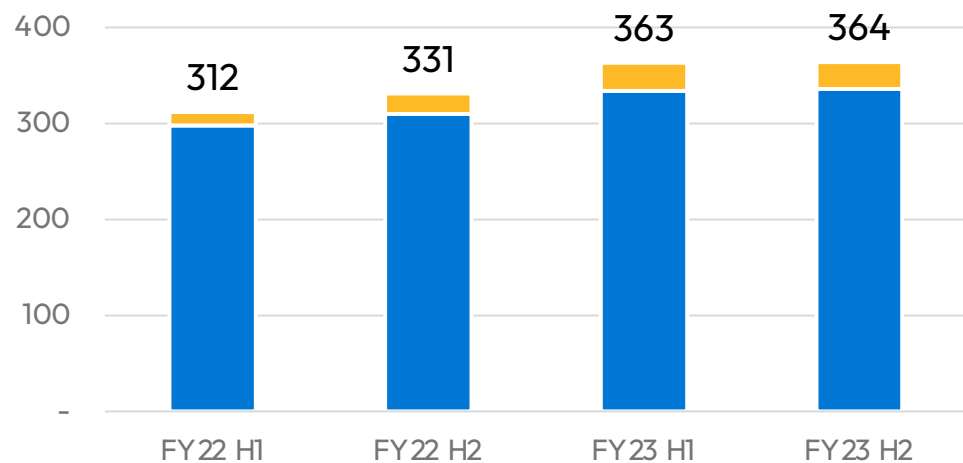


# 5. Culture

Targeted people investments to increase capability and scale

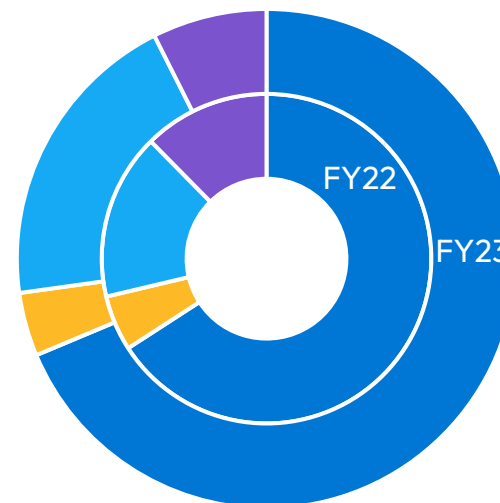
### Total Headcount

■ Employees ■ Contractors



### Geography of Headcount

■ New Zealand ■ Australia ■ China ■ USA





# Environmental, Social and Governance

Highlights demonstrating our commitment to building sustainable business



## Environment

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



# Financial Update

Audited financial results for the year ending 31 March 2023

# Net profit summary / EBITDAF reconciliation

- Achieving operating leverage as revenue grows
- Weaker New Zealand dollar drove forex gains
- Increasing interest rates and capital raise in late 2022 have driven stronger interest income

Net Profit Summary	2023	2022	Change	Change
EBITDAF Reconciliation	\$'m	\$'m	\$'m	%
Revenue	46.5	17.9	28.6	160%
Other income	1.5	1.0	0.5	50%
<b>Total income</b>	<b>48.0</b>	<b>18.9</b>	<b>29.2</b>	<b>154%</b>
Operating expenses	(82.8)	(55.1)	(27.8)	50%
Percentage of revenue	(178%)	(308%)		
Foreign exchange gains/(losses)	1.7	(0.0)	1.8	(5063%)
Net finance (expense)/income	2.6	0.6	2.0	349%
<b>Net (loss) before tax</b>	<b>(30.5)</b>	<b>(35.6)</b>	<b>5.2</b>	<b>(15%)</b>
Percentage of revenue	(66%)	(200%)		
Income tax expense	(0.1)	(0.3)	0.2	(75%)
<b>Net (loss) after tax</b>	<b>(30.5)</b>	<b>(36.0)</b>	<b>5.4</b>	<b>(15%)</b>
Percentage of revenue	(66%)	(201%)		
Deduct: net finance (expense)/income	(2.6)	(0.6)	(2.0)	349%
Add back: income tax	0.1	0.3	(0.2)	(75%)
Add back: depreciation and amortisation	13.0	8.0	5.0	62%
Add back: net foreign exchange (gains)/losses	(1.7)	0.0	(1.8)	(5063%)
<b>EBITDAF (loss)</b>	<b>(21.8)</b>	<b>(28.1)</b>	<b>6.4</b>	<b>23%</b>
Percentage of revenue	(47%)	(158%)		

# Revenue analysis

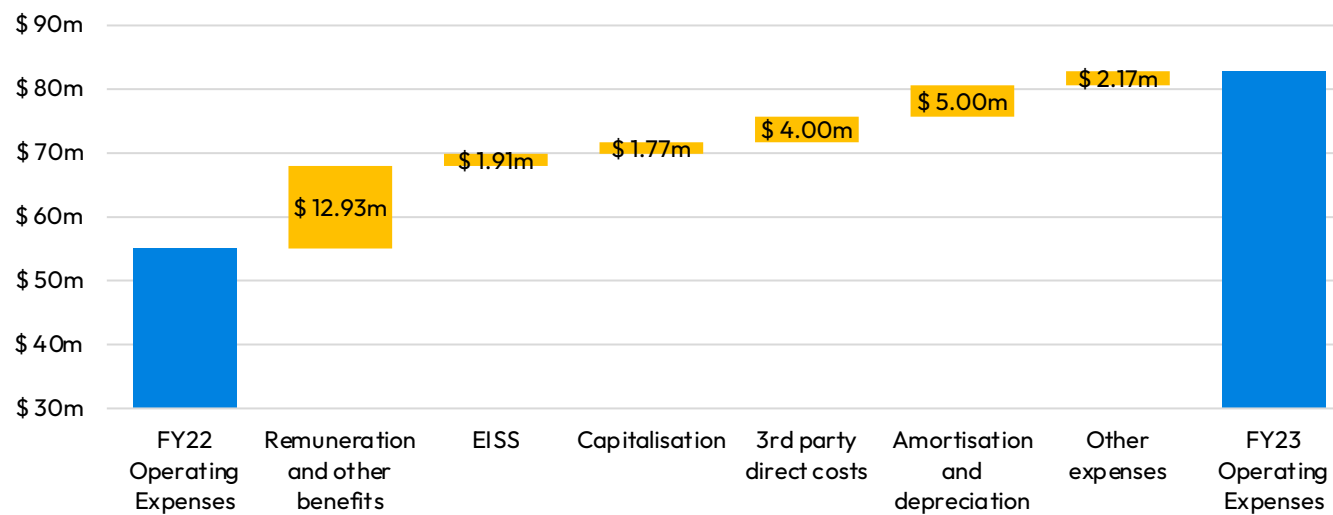
- Significant growth in the Booking for Business partnership drove an increase in revenue in the Supplier Commissions category and in the Europe and Other geography
- Partial Covid recovery and market share gains since FY19 drove increases in Travel platform and Expense revenue in the Australia and New Zealand geographies
- ARPB grew driven by the high ARPCRN and the increased proportion of Booking.com for Business transactions

Revenue and other Income by Type	2023 \$'m	2022 \$'m	Change \$'m	Change %
Revenue – transaction and usage fees:				
Travel platform booking revenue	16.3	9.0	7.2	80%
Expense platform revenue	5.0	4.0	0.9	23%
Supplier commissions revenue	23.4	3.4	19.9	578%
Services revenue	1.6	1.0	0.5	54%
Other revenue	0.3	0.3	0.0	3%
Other Income	1.5	1.0	0.5	50%
<b>Total income</b>	<b>48.0</b>	<b>18.9</b>	<b>29.2</b>	<b>154%</b>
<b>Revenue by Geography</b>				
Australia	18.1	10.7	7.4	70%
New Zealand	2.5	1.5	0.9	61%
North America	3.0	2.6	0.4	16%
Europe and Other	22.9	3.0	19.8	654%
<b>Total Revenue</b>	<b>46.5</b>	<b>17.9</b>	<b>28.6</b>	<b>160%</b>
Total travel bookings (000)	4.8	2.6	2.2	88%
Online bookings (000)	4.1	2.2	2.0	93%
ARPB (travel related revenue only/online bookings)	\$9.56	\$5.80	\$3.76	65%
Average revenue per completed room night (ARPCRN)	€9.34	€6.88	€2.46	36%

# Operating expenses

- Remuneration and benefits increased reflecting higher headcount and higher average cost per headcount and non cash items such as the employee share scheme and lower levels of capitalisation
- Third party direct costs increased reflecting higher booking volumes
- Amortisation has increased reflecting a number of projects being amortised over three years rather than five years

YoY change in Operating Expenses



Operating expenses	FY23 \$'m	FY22 \$'m	change \$'m	change %
Total remuneration and benefits	49.3	32.1	17.3	54%
Percentage of revenue	106%	180%		
Third party direct costs	10.4	6.5	4.0	61%
Percentage of revenue	22%	36%		
Other operating expenses	10.0	8.5	1.5	18%
Percentage of revenue	22%	47%		
Total amortisation and depreciation	13.0	8.0	5.0	62%
Percentage of revenue	28%	45%		
<b>Total Operating expenses</b>	<b>82.8</b>	<b>55.1</b>	<b>27.8</b>	<b>50%</b>
Percentage of revenue	178%	308%		

Note: A further breakdown of Operating Expenses can be found in Note 5 of the financial statements.

# Total spend

- Total spend grew by 34% relative to the prior year but only 3% from the first half to the second half as efficiency initiatives began to offset increased investment

<b>Total Spend</b>	<b>2023</b>	<b>2022</b>	change	change
	\$'m	\$'m	\$'m	%
<b>Expenses from ordinary activities</b>	<b>82.8</b>	<b>55.1</b>	<b>27.8</b>	<b>50%</b>
Add back: capitalised development	13.6	15.3	(1.8)	(12%)
Deduct: depreciation and amortisation	(13.0)	(8.0)	(5.0)	62%
<b>Total Spend</b>	<b>83.3</b>	<b>62.3</b>	<b>21.0</b>	<b>34%</b>
Percentage of revenue	179%	349%		

# Product design and development

- 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 expenses or capitalised as computer software development during the period plus amortisation of previously capitalised PD&D
- Growth in PD&D expenditure comprises approximately two thirds of the growth in operating expenses during the year and reflects strong investment into our product and underlying technology

Product Design and Development Expenditure	2023	2022	Change	Change
	\$'m	Reclassified <sup>1</sup> \$'m	\$'m	%
Total Product Design & Development	41.7	30.1	11.6	39%
Percentage of revenue	90%	169%		
Less: capitalised product development costs	(13.6)	(15.3)	1.8	(12%)
Percentage of Product Design & Development costs	32%	51%		
Total Product Design & Development (excluding amortisation)	28.2	14.8	13.4	90%
Percentage of revenue	61%	83%		
Add: Amortisation of capitalised development costs	11.2	6.4	4.8	75%
<b>Total Product Design and Development Expenditure</b>	<b>39.3</b>	<b>21.2</b>	<b>18.1</b>	<b>86%</b>
Percentage of revenue	85%	119%		

<sup>1</sup> We have recognised additional costs within the PD&D costs to provide a more comprehensive view. This does not impact the financial statements.



# Underlying cash flow

- Underlying cash flow is a proxy for Free Cash Flow and excludes movements between cash and short term investments, cash flows related to capital raises and unusual items from a timing perspective
- Unusual items related to duplicate customer receipts in FY22 which were repaid in FY23 and a payment relating to calendar 2021 paid in FY23

<b>Adjusted Cash flow</b>	<b>2023</b>	<b>2022</b>	<b>Change</b>	<b>Change</b>
	\$'m	\$'m	\$'m	%
Adjusted cash flows from operating activities	(19.2)	(23.7)	4.6	(19%)
Adjusted cash flows from investing activities	(14.0)	(16.1)	2.1	(13%)
Adjusted cash flows from financing activities	0.0	0.2	(0.2)	(90%)
Net foreign exchange differences	0.5	(0.0)	0.6	(2400%)
<b>Underlying Cash Flow</b>	<b>(32.6)</b>	<b>(39.6)</b>	<b>7.0</b>	<b>(18%)</b>
<b>Underlying average monthly cash burn</b>	<b>(2.7)</b>	<b>(3.3)</b>	<b>0.6</b>	<b>(18%)</b>
Cash, cash equivalents and short-term deposits at beginning of year	124.5	79.9	44.6	56%
<u>Add back adjustments:</u>				
One-off payment relating to 2022 made in 2023	(4.1)	4.1	nm <sup>1</sup>	nm <sup>1</sup>
Capital Raise (net funds received)	-	80.1	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>87.7</b>	<b>124.5</b>	<b>(36.8)</b>	<b>(30%)</b>

1 nm stands for not meaningful



# Balance sheet

- 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
- 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

<b>Balance Sheet</b>	<b>2023</b>	<b>2022</b>	<b>Change</b>	<b>Change</b>
	<b>\$'m</b>	<b>\$'m</b>	<b>\$'m</b>	<b>%</b>
Cash and Short Term Deposits	87.7	124.5	(36.8)	(30%)
Other Current Assets	13.8	6.2	7.6	122%
Intangibles	35.0	32.1	3.0	9%
Other Non Current Assets	4.3	4.4	(0.1)	(2%)
<b>Total Assets</b>	<b>140.9</b>	<b>167.2</b>	<b>(26.3)</b>	<b>(16%)</b>
Current Liabilities	12.2	13.3	(1.1)	(8%)
Non Current Liabilities	2.7	3.0	(0.3)	(9%)
Equity	125.9	150.9	(25.0)	(17%)
<b>Total Liabilities and Equity</b>	<b>140.9</b>	<b>167.2</b>	<b>(26.3)</b>	<b>(16%)</b>



# Outlook

# Outlook

- Serko has made significant progress towards its goals in FY23 as reported. 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.



# Q&A



# Appendix

# Definitions

Non-GAAP (generally accepted accounting practices) financial measures do not have standardised meanings prescribed by GAAP and therefore may not be comparable to similar financial information presented by other entities. Non-GAAP measures are used by management to monitor the business and are considered useful to provide information to investors to assess business performance. Reconciliation of non-GAAP financial measures to GAAP measures can be found within the Annual Report and this Investor Presentation.

- **Active customers (unmanaged)** is a non-GAAP measure comprising the number of customers who have made a booking in the preceding 12-month period.
- **Average Revenue Per Booking (ARPB)** is a non-GAAP measure. Serko uses this as a useful indicator of the revenue value per travel booking. ARPB for travel-related revenue is calculated as travel-related revenue divided by the total number of online bookings.
- **ARPCRN or Average Revenue per Completed Room Night** is a non-GAAP measure and comprising the gross unmanaged supplier commissions revenue per completed room night for revenue generating hotel transactions.
- **Cash on hand** is a non-GAAP measure comprising cash and short term investments.
- **Completed room nights** is a non-GAAP measure comprising the number of unmanaged hotel room nights which have been booked and the traveller has completed the stay at the hotel.
- **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 measurement.
- **Headcount** is a non-GAAP measure comprising of the number of employees (excluding casual workers) and contractors employed on the last day of the period.
- **Online Bookings** is a non-GAAP measure comprising the number of travel bookings made using Serko's Zeno and Serko Online platforms.
- **Operating expenses** is a non-GAAP measure comprising expenses excluding costs relating to taxation, interest, finance expenses and foreign exchange gains and losses.
- **Product design and development expenditure** is a non-GAAP measure representing the internal and external costs related to the design, development and maintenance of Serko's platforms, including costs within operating expenses and amortisation. It excludes capitalised development costs.
- **Total spend** is a non-GAAP measure comprising of operating expenses and capitalised development costs. It excludes depreciation and amortisation.
- **Total travel bookings** include both online and offline bookings. Offline bookings are system automated bookings.
- **Underlying cash flow** is a non-GAAP measure comprising cash flows excluding movements between cash and short term investments, cash flows related to capital raises and unusual items from a timing perspective.



# FY23 Results Summary

	1H22	2H22	FY22	1H23	2H23	FY23	FY23 v FY22 %
<b>Financial (\$m)</b>							
Total income	\$9.5m	\$9.4m	\$18.9m	\$19.4m	\$28.6m	<b>\$48m</b>	154%
Total spend	\$28.4m	\$33.9m	\$62.3m	\$41.1m	\$42.2m	<b>\$83.3m</b>	34%
EBITDAF	(\$12.4m)	(\$15.8m)	(\$28.2m)	(\$16.9m)	(\$4.9m)	<b>(\$21.8m)</b>	(23%)
Net loss after tax	(\$15.2m)	(\$20.8m)	(\$36.0m)	(\$19.7m)	(\$10.8m)	<b>(\$30.5m)</b>	(15%)
Average monthly cash burn	\$2.9m	\$3.0m	\$3.0m	\$3.6m	\$2.5m	<b>\$3.1m</b>	4%
Underlying average monthly cash burn (adjusted)	\$2.9m	\$3.7m	\$3.3m	\$3.6m	\$1.8m	<b>\$2.7m</b>	(18%)
<b>Operational</b>							
Online bookings (millions)	1.1m	1.0m	2.1m	2.0m	2.1m	<b>4.1m</b>	93%
Completed room nights (millions)	0.1m	0.2m	0.3m	0.4m	1.1m	<b>1.5m</b>	381%
ARPB	\$5.13	\$6.55	\$5.80	\$7.85	\$11.16	<b>\$9.56</b>	65%
ARPCRN	€6.61	€7.04	€6.88	€10.10	€9.03	<b>€9.34</b>	36%





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