

## AUDITED FINANCIAL RESULTS FOR THE YEAR TO 31 MARCH 2023

## DISCIPLINED EXECUTION DRIVING STRONG GROWTH

SUMMARY FINANCIAL RESULTS<sup>1,2</sup>

- Total income \$48 million, up 154%
- Average revenue per booking \$9.56, up 65%
- Average revenue per completed room night €9.34, up 36%
- Online bookings of 4.1 million, up 93%
- Completed room nights on Booking.com for Business 1.5 million, up 381%
- EBITDAF loss of \$21.8 million, a 23% improvement
- Net loss after tax of \$30.5 million, a 15% improvement
- Cash and short-term deposits \$87.7 million
- Underlying average monthly cash burn \$2.7 million
- FY24 guidance for total income of \$63 million to \$70 million

*All dollar amounts are New Zealand dollars unless otherwise stated.*

Serko Limited (NZX & ASX: SKO) today released its financial results for the year to 31 March 2023, with total income up 154%, reflecting strong growth and performance. Total income of \$48 million was just ahead of the revised FY23 guidance range of \$42 million to \$47 million.

Serko Chief Executive and Co-Founder, Darrin Grafton, said: "Serko's result demonstrates strong growth driven by earlier investment decisions and disciplined execution."

Growth was underpinned by a significant increase in Booking.com for Business completed room nights of 381% and strategic decisions that allowed Serko to maximise the business travel recovery. Online bookings rose 93% to 4.1 million from 2.2 million.

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 result reflects our focus on cost discipline balanced with targeted investments for scale and growth. Total spend increased 34% for the period. As a percentage of total income, total spend decreased from 330% in FY22 to 174% in FY23 and cost growth reduced to 3% in the second half. EBITDAF losses of \$21.8 million and net losses after tax of \$30.5 million improved 23% and 15% respectively.

"We remain well capitalised with underlying average monthly cash burn reducing from \$3.3m to \$2.7m. Underlying average monthly cash burn in 2H23 was \$1.8 million."

## UNMANAGED TRAVEL

Mr Grafton said: "The significant growth in unmanaged travel is the result of the dedication and hard work of many and the strength of the partnership with Booking.com."

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<sup>1</sup> Comparative numbers are for the prior comparative period (FY22) unless otherwise stated..

<sup>2</sup> See notes to this release for definitions of non-GAAP financial measures used through-out this release.

"We have seen significant growth in Booking.com for Business completed room nights, up 381% to 1.5 million from 320,000 and underpinned by growth in the second half. At the end of the period, the number of active customers was 157,000 an increase of 144% on the previous year.

"Average Revenue per Completed Room Night (ARPCRN) for the service was €9.34, up 36% from €6.88.

Following the balance date, travel management company CWT has committed to supporting an expanded Booking.com for Business offering that will include discounted business travel rates, access to membership rewards from a variety of loyalty programs and complimentary 24/7 travel agent support.

Mr Grafton said: "This is an exciting move, bringing two of our partners together through our Zeno technology platform to give business travellers a connected trip experience with all the business booking features, rates and service they want at no cost."

## MANAGED TRAVEL

Mr Grafton said: "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 will continue to keep the market updated on material developments."

## 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.

Released for and on behalf of Serko Limited by:

Shane Sampson  
Chief Financial Officer

## INVESTOR CALL

Serko Chief Executive Darrin Grafton and Chief Financial Officer Shane Sampson will host a conference call and webcast at 11am (NZT) this morning to discuss the results.

Details of the call are available on [serko.com/investors](https://serko.com/investors). A webcast of the call can also be accessed at the following link: [https://event.webcasts.com/starthere.jsp?ei=1599337&tp\\_key=e978afbb21](https://event.webcasts.com/starthere.jsp?ei=1599337&tp_key=e978afbb21)

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## 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. Visit [www.serko.com](http://www.serko.com) for more information.

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### Important notes:

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. The Non-GAAP financial information included in this release has not been subject to review by the auditors.

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 to GAAP measures can be found in the Annual Report and 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.
- **Online Bookings** is a non-GAAP measure comprising the number of travel bookings made using Serko's Zeno and Serko Online platforms.
- **Total spend** is a non-GAAP measure comprising of operating expenses and capitalised development costs. It excludes depreciation and amortisation.
- **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. **Underlying cash burn** comprises underlying cash out flows.