



Market Release

15 November 2023

Serko's unaudited financial results for the six months to 30 September 2023 Revenue growth and operational leverage underpin strong financial results

SUMMARY FINANCIAL RESULTS^{1,2}

- Total income of \$36.3m, up 87%
- Online bookings 2.5 million, up 26%
- Completed room nights on Booking.com for Business of 1.3m, up 192%
- EBITDAF loss of \$0.8 million, a 96% improvement
- Net loss after tax of \$7.2 million, a 64% improvement
- Average monthly cash burn of \$0.6 million, an 84% improvement
- Increase to FY24 guidance for total income to \$67 million - \$74 million

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

Serko Limited (NZX & ASX: SKO) today released its financial results for the six months to 30 September 2023, with total income up 87% to \$36.3 million, reflecting high revenue growth across managed and unmanaged travel.

Serko Chief Executive and Co-Founder, Darrin Grafton, said: "The first-half result reflects our focus on maximising growth from the travel recovery, materially growing revenue under the Booking.com for Business partnership and putting Serko on a clear path to profitability. We are executing according to our plans and are now strengthening the depth of our capability and building a scaled and globally competitive business.

"The first-half result also benefitted from a higher Average Revenue Per Booking, favourable foreign exchange rates and higher-than-expected business travel volumes in Australasia."

Higher revenue and limited cost growth in the period has led to an 84% reduction in average monthly cash burn from \$3.6m in 1H23 to \$0.6 million in 1H24.

EBITDAF losses were \$0.8m, down from a \$16.9 million EBITDAF loss, a 96% improvement.

UNMANAGED TRAVEL

Mr Grafton said: "The results being delivered under the Booking.com partnership reflect the continued focus of Serko and Booking.com teams and encouraging levels of customer demand.

"Completed room nights on Booking.com for Business rose 192% to 1.3 million from 454,000 in 1H23. When compared with 2H23, completed room nights on Booking.com for Business rose 22% in 1H24.

"Active customers using the Booking.com for Business platform have continued to increase, up 61% to approximately 176,000. Average Revenue per Completed Room Night was in line with 1H23 and up 12% on 2H23.

"During the half, content and servicing from CWT within our Zeno technology platform went live in the Booking.com for Business offering, increasing travel options and reducing friction for businesses.

¹ Comparative numbers are for the prior comparative period (1H23) unless otherwise stated.

² See notes to this release for definitions of non-GAAP financial measures used throughout this release.



“We are now focused on implementing further scaling strategies with Booking.com alongside the delivery of new features.”

MANAGED TRAVEL

Mr Grafton said: “Online bookings were up 14% in Australasia to two million, the result of continued strong growth and increased market share. Rio Tinto, one of the largest corporate travel accounts in Australia, went live on Zeno during the half via American Express Global Business Travel.

“We continue to see future growth in Australasia underpinned by high rates of customer retention.

“In North America, we are developing the market and delivering to our partners. We are executing on our plans including taking steps to activate additional customers, increasing the depth of our capability and undertaking targeted product development.”

OUTLOOK

Business travel demand is demonstrating resilience and Serko continues to anticipate revenue growth over the medium to long term.

Considering the growth in the first half, and second half seasonality, Serko revises its anticipated total income for the FY24 year upwards from \$63 million - \$70 million to \$67 million - \$74 million. Serko affirms its total spend guidance of \$86 million - \$90 million for FY24 and anticipates tracking towards the lower end of this spend range.

Serko is well capitalised with cash on hand of \$84.3 million (as at 30 September 2023), declining cash burn and no debt. Serko continues to be open to organic and inorganic investments and will consider opportunities that would advance strategic objectives.

Macroeconomic and geopolitical factors continue to be uncertain, which may impact future performance, including in the short term. Factors that could impact results include currency fluctuations, the impact of regional conflicts and changes in hotel room rates.

Serko retains its aspiration of \$100 million in total income in FY25. Serko remains committed to achieving positive cashflow for the FY25 financial year with appropriate cash reserves on hand at the point of breakeven.

ENDS

Released for an 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 in the covering announcement and a live webcast link is available at serko.com/investors.

FURTHER INFORMATION

Investor relations

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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 for more information.

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 Financial Statements 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 comprising the gross unmanaged supplier commissions revenue per completed room night.
- **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 revenue generating 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 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 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.