

Financial Results

Unaudited financial results

for the half year ending 30 September 2023

serko



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Non-GAAP financial information does not have a standardised meaning 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 auditors. Non-GAAP measures are used by management to monitor the business and are useful to provide investors to assess business performance.

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



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Darrin Grafton
CEO



Shane Sampson
CFO



1H FY24 Highlights

Refer to Appendix for definitions and descriptions of the non-GAAP measures used by management throughout this presentation.

Strong progress and delivery on growth plans



Maximise recovery, deliver unmanaged revenue growth

FY23



Winning in chosen markets

FY24



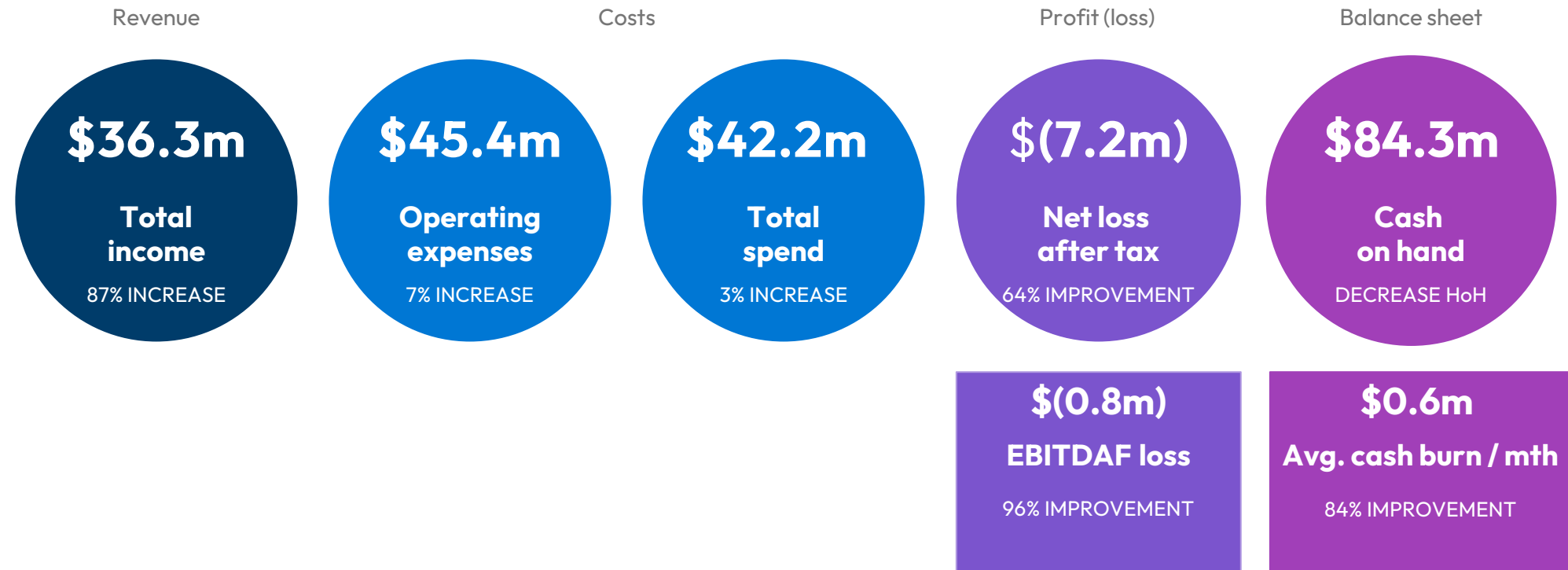
Global scale and operational leverage



Building globally-competitive business



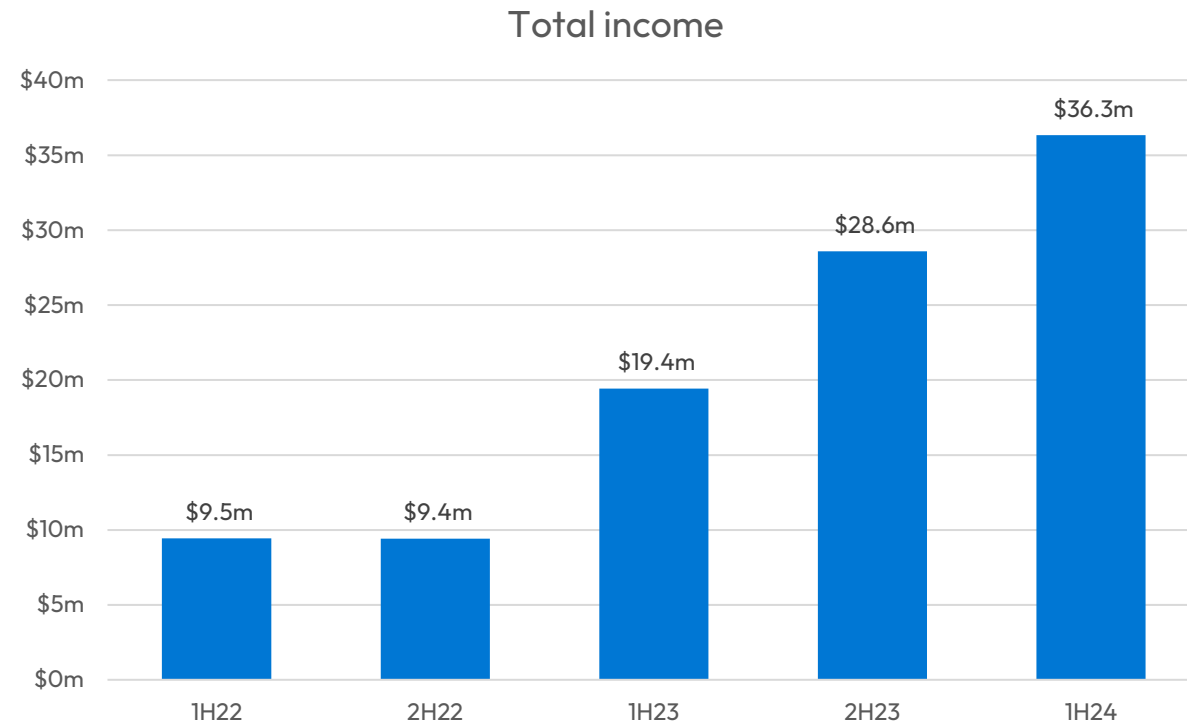
1H FY24: Revenue growth and operational leverage





Growth from unmanaged and managed travel

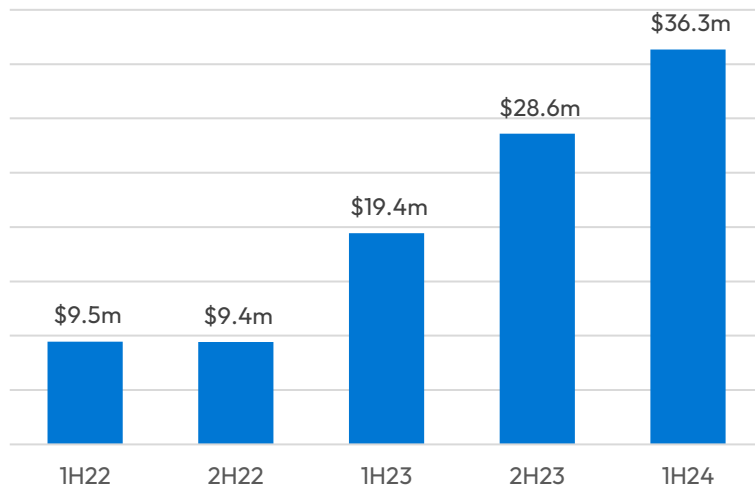
- Total 1H24 income of \$36.3m, up 87% on 1H23 and up 27% on 2H23
- Growth driven by progress of Booking.com for Business and increased volumes in Australasia
- First-half benefitted from higher ARPB, favorable foreign exchange rates and higher-than-expected business travel volumes in Australasia





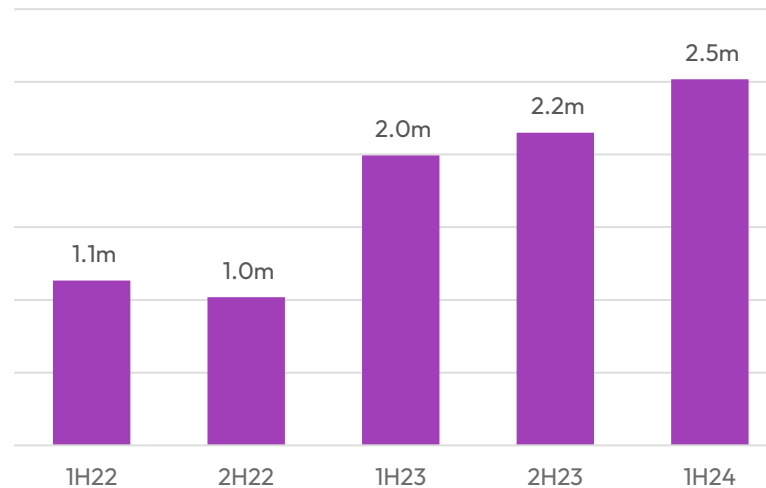
Focus on delivering sustainable growth

Total income



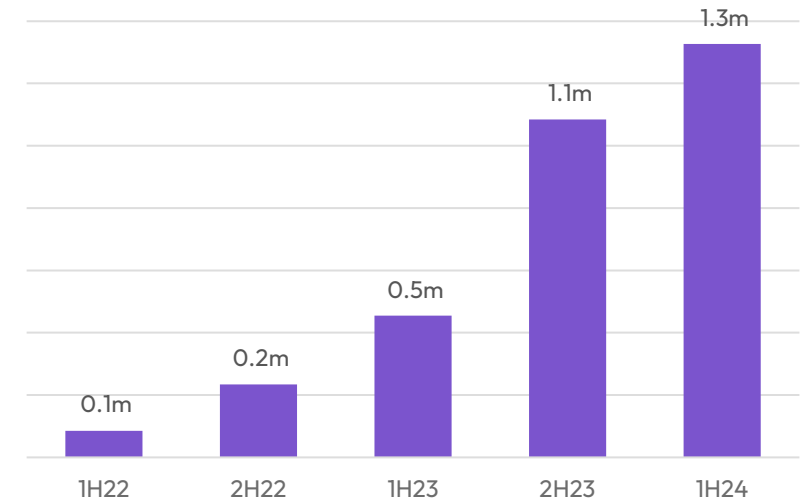
Up 87% on 1H23

Total online bookings*



Up 26% on 1H23

Completed room nights**



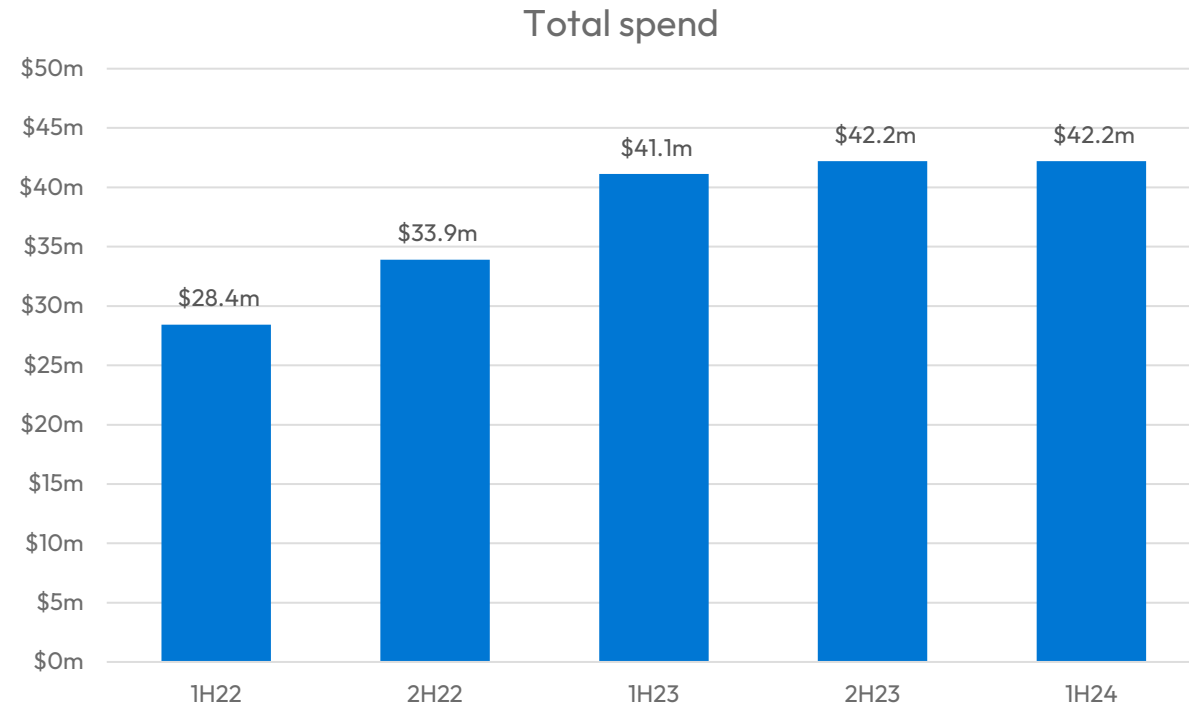
Up 192% on 1H23

* Total online booking figures include both unmanaged and managed bookings.
**Completed room nights only relate to revenue generating unmanaged travel bookings.



Increasing benefits from cost discipline

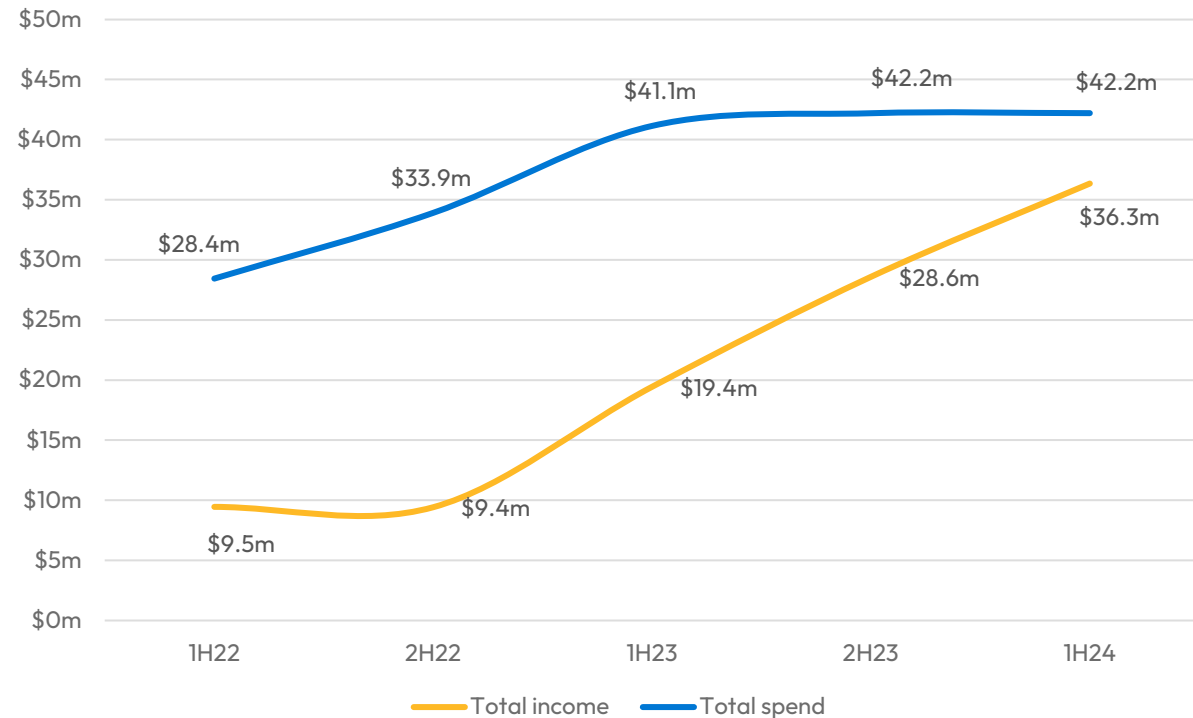
- Total spend of \$42.2m for 1H24
- Total spend growth was up 3% on 1H23 and in line with 2H23





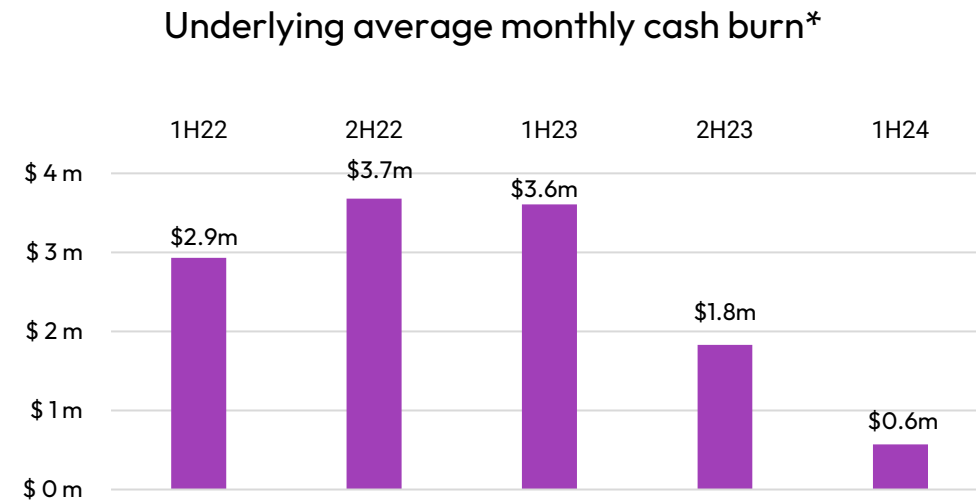
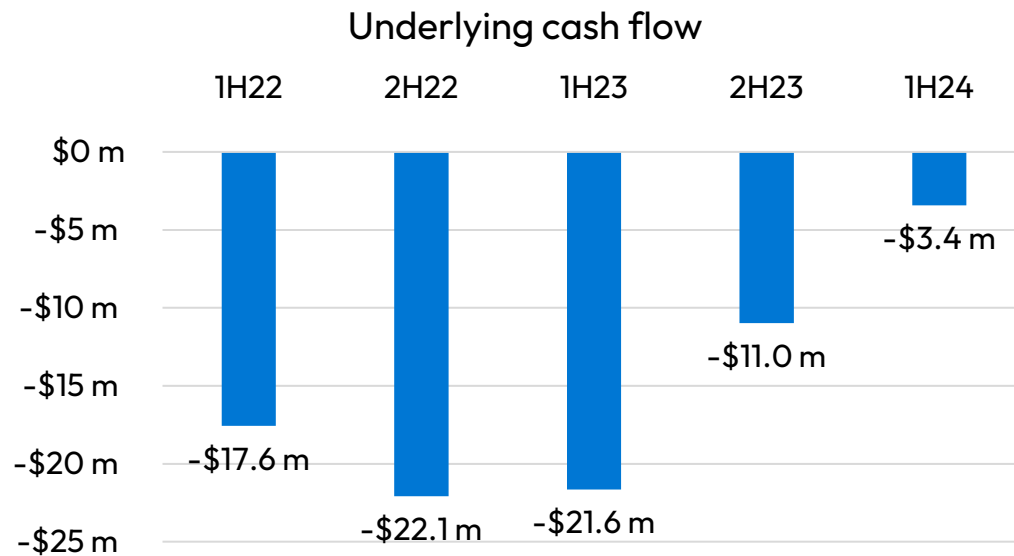
Total income growth exceeded cost growth

Total spend as a percentage of total income decreased from 212% in 1H23 to 116% in 1H24





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 2H23, that ordinarily would have been paid in 2H22 and relate to FY22.



Strategic Priorities



Progress against our strategic goals

3yr Strategic Goals	1 Customer success Deliver an exceptional customer experience (CX) through experimentation-driven development	2 Unmanaged revenue Establish significant market share in unmanaged travel market	3 Managed revenue Consistently grow market share in global managed travel market through TMC partnerships and inorganic growth	4 Marketplace and content Commercialise the connected trip experience through an open platform	5 Culture Develop a culture of engaged Serkodians aligned to our purpose, mission and values
FY24 Objectives	Build travel software that people love Engage and delight our customers through impactful data-driven products	Make booking for business easy Combine Serko's experience of what matters most to business travellers with the best of Booking.com	Unlock the US market Utilise our market leading A/NZ experience to improve the success of our US-based TMC's	Adopt next-gen tech foundations Continue development of our next-gen technology platform to optimise scale, cost and pace of innovation	The best place to do your best work An environment where you can do career defining work that delights our customers and partners



Strengthening our executive team



Joydip Das
Chief Product Officer

- Experience as a global product leader
- Until recently, Chief Product Officer of technology company Iress
- Formerly Vice President, Product at Salesforce.com and SAP
- Commenced October 2023

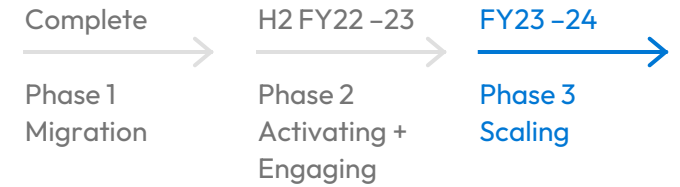


Liz Fraser
Chief Revenue Officer

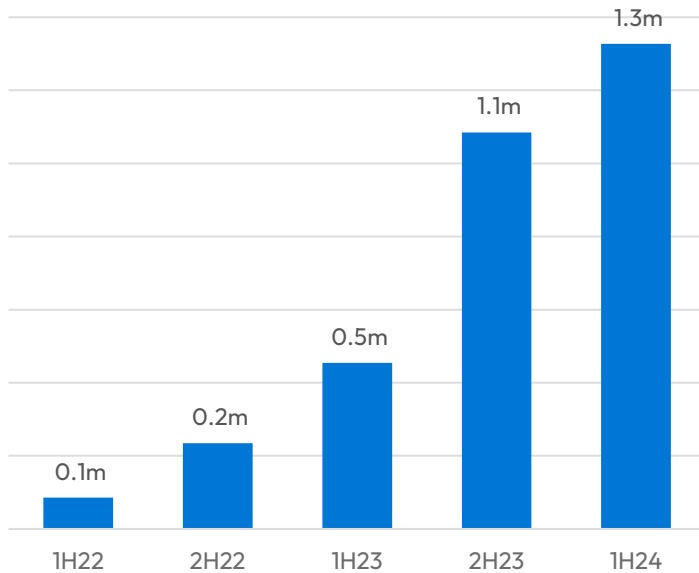
- Extensive experience driving revenue growth in travel and media sectors
- Experience includes senior leadership roles at TVNZ, Air New Zealand and MediaWorks
- Commences January 2024

2. Unmanaged revenue

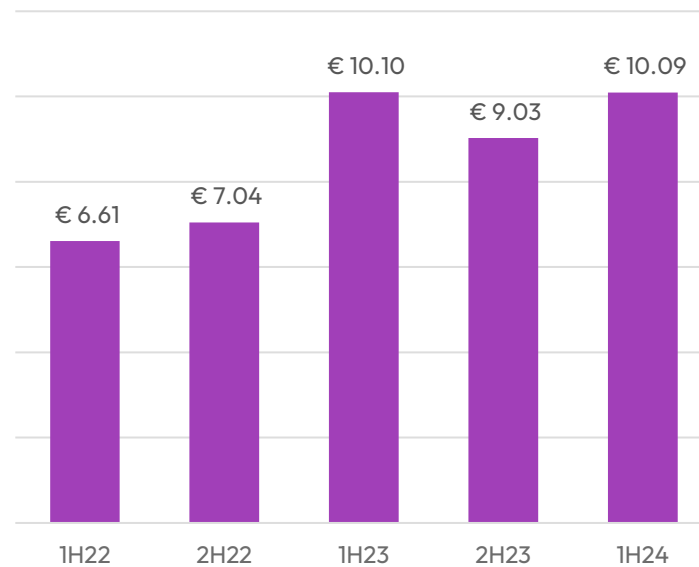
Continued delivery with Booking.com



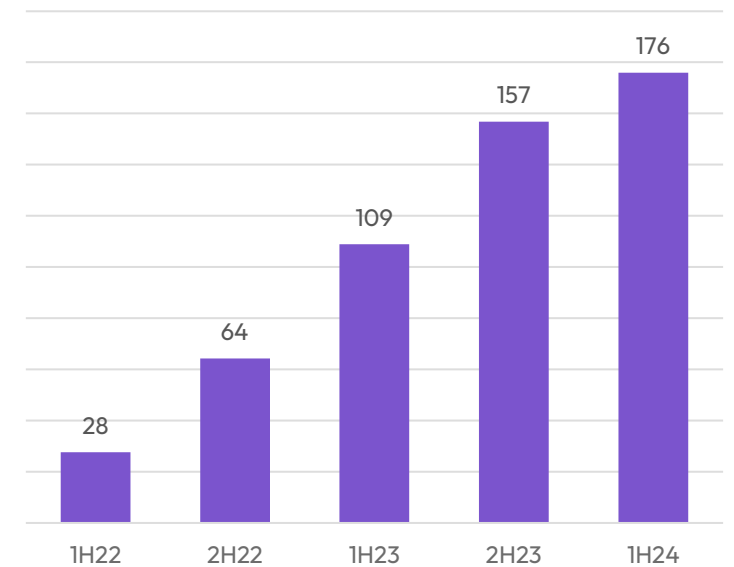
Completed room nights up **192%** on 1H23



Avg. revenue per completed room night in line with 1H23



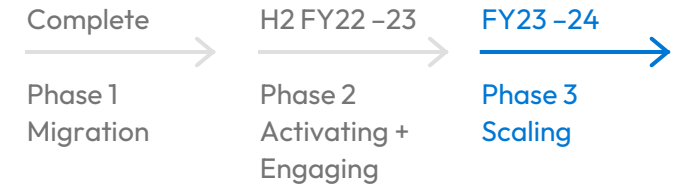
Active customers up **61%** on 1H23



2. Unmanaged revenue

Phase 3: Scaling

- We are now focused on implementing our scaling strategies with Booking.com alongside the delivery of new features.
- Scaling initiatives include bringing more of the features found in our Zeno platform into Booking.com for Business, along with new product offerings. These are supported by the strong technology foundations in place. Further product enhancements are scheduled to be released in the second half.
- During the half, content and servicing from CWT within the Zeno technology platform went live in the Booking for Business offering.
- We entered into a five-year agreement with Booking Holdings in October 2019 and will undertake formal renewal discussions at the appropriate time. We will keep the market appropriately informed.





3. Managed revenue

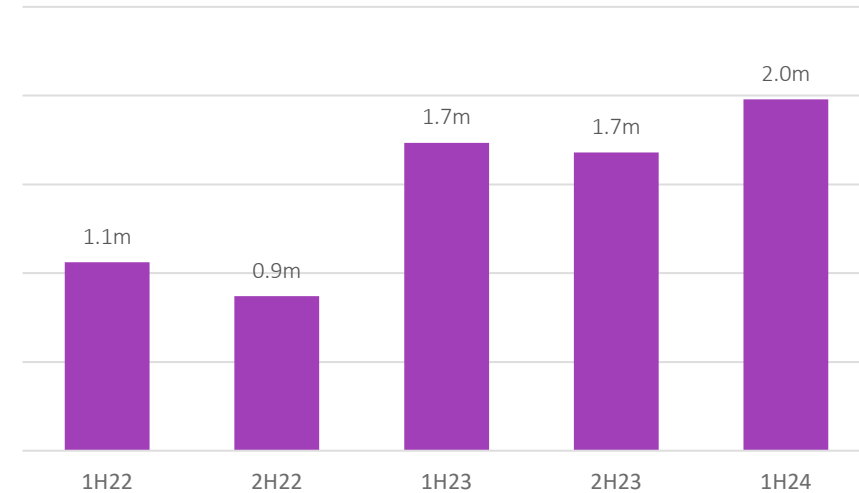
Australasia

- Online bookings were up 14% in Australia and New Zealand to 2 million, the result of continued strong growth and increased market share
- Driven by increased transaction volumes in Australasia and new customer wins. Rio Tinto, one of the largest corporate travel accounts in Australia went live on Zeno during the half via American Express Global Business Travel

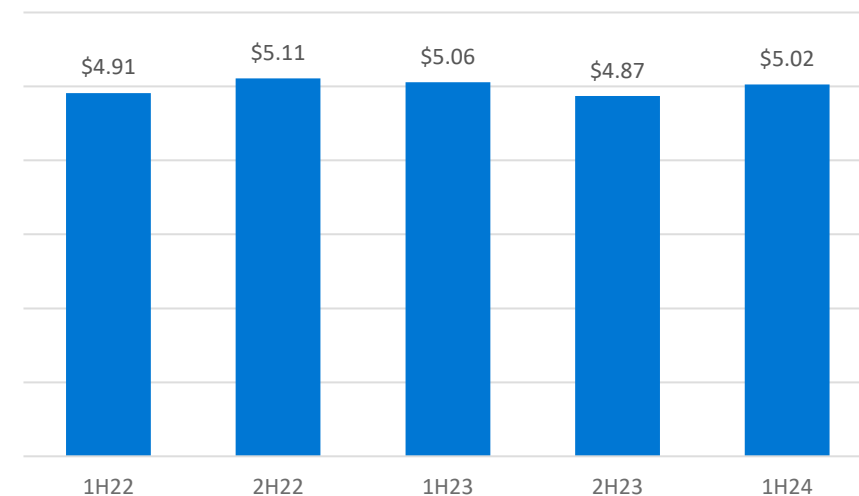
North America

- In North America, we continue to develop the market and deliver to our partners
- We are executing on our plans to increase customer activations and acquisitions, capability and targeted product development

Australasia Online bookings (millions)



Australasia ARPB





Financial Update

Unaudited financial results

for the half year ending 30 September 2023

Net profit summary / EBITDAF reconciliation

- Significant operating leverage achieved as revenue grew strongly
- Increasing interest rates have driven stronger interest income

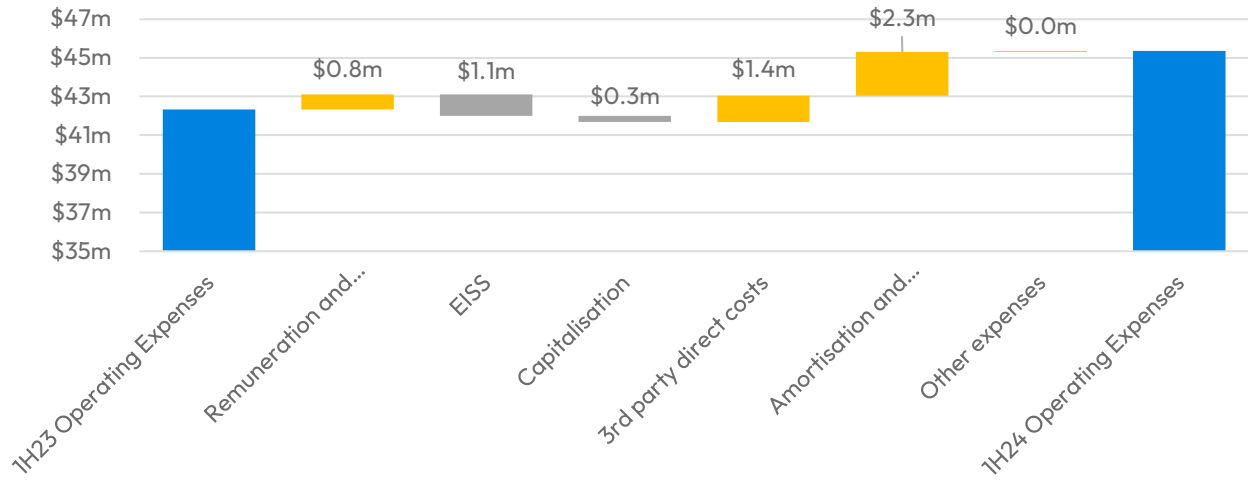
Net Profit Summary EBITDAF Reconciliation	1H24 \$'m	1H23 \$'m	change \$'m	change %	FY23 \$'m
Revenue	35.8	18.8	17.0	90%	46.5
Other income	0.6	0.7	(0.1)	(13%)	1.5
Total income	36.3	19.4	16.9	87%	48.0
Operating expenses	(45.4)	(42.3)	(3.0)	7%	(82.8)
Percentage of revenue	(127%)	(225%)			(178%)
Foreign exchange gains/(losses)	0.2	2.3	(2.1)	(92%)	1.7
Net finance (expense)/income	2.0	1.0	1.0	98%	2.6
Net (loss) before tax	(6.8)	(19.6)	12.8	(65%)	(30.5)
Percentage of revenue	(19%)	(104%)			(66%)
Income tax expense	(0.3)	(0.1)	(0.2)	130%	(0.1)
Net (loss) after tax	(7.2)	(19.7)	12.6	(64%)	(30.5)
Percentage of revenue	(20%)	(105%)			(66%)
Deduct: net finance (expense)/income	(2.0)	(1.0)	(1.0)	98%	(2.6)
Add back: income tax	0.3	0.1	0.2	130%	0.1
Add back: depreciation and amortisation	8.3	6.0	2.3	38%	13.0
Add back: net foreign exchange (gains)/losses	(0.2)	(2.3)	2.1	(92%)	(1.7)
EBITDAF (loss)	(0.8)	(16.9)	16.1	(96%)	(21.8)
Percentage of revenue	(2%)	(90%)			(47%)

Revenue analysis

- Continued growth in the Booking for Business partnership drove an increase in revenue in the Supplier Commissions category and in the Europe and Other geography
- Recovery in travel volumes and market share gains drove increases in Travel platform revenue in the Australia and New Zealand geographies
- ARPB grew driven by the increased proportion of Booking.com for Business transactions
- ARPCRN was in line with 1H23 but up on FY23

Revenue and other Income by Type	1H24 \$'m	1H23 \$'m	change \$'m	change %	FY23 \$'m
Revenue – transaction and usage fees:					
Travel platform booking revenue	9.6	8.4	1.1	13%	16.3
Expense platform revenue	2.6	2.5	0.1	6%	5.0
Supplier commissions revenue	22.7	7.2	15.5	215%	23.4
Services revenue	0.7	0.5	0.2	50%	1.6
Other revenue	0.2	0.2	(0.0)	-3%	0.3
Other Income	0.6	0.7	(0.1)	-13%	1.5
Total revenue and other income	36.3	19.4	16.9	87%	48.0
Operating Revenue by Geography					
Australia	10.2	9.1	1.1	12%	18.1
New Zealand	1.6	1.2	0.4	34%	2.5
North America	1.6	1.6	0.0	3%	3.0
Europe and Other	22.4	6.9	15.5	224%	22.9
Total Revenue	35.8	18.8	17.0	90%	46.5
Total travel bookings (m)	2.9	2.3	0.6	27%	4.8
Online bookings (m)	2.5	2.0	0.5	26%	4.1
ARPB (travel related revenue only/online bookings)	\$12.88	\$7.85	\$5.03	64%	\$9.56
Average revenue per completed room night (ARPCRN)	€10.09	€10.10	(€0.01)	0%	€9.34

Operating Expenses 1H24 v 1H23



Operating expenses

- Third party direct costs increased broadly in line with increased online travel booking volumes
- Amortisation has increased reflecting a higher proportion of intangibles being amortised over three years rather than five years

Operating expenses	1H24 \$'m	1H23 \$'m	change \$'m	change %	FY23 \$'m
Total remuneration and benefits	25.8	26.3	(0.5)	(2%)	49.3
Percentage of revenue	72%	140%			106%
Third party direct costs	6.4	5.1	1.4	27%	10.4
Percentage of revenue	18%	27%			22%
Other operating expenses	4.8	5.0	(0.1)	(3%)	10.0
Percentage of revenue	14%	26%			22%
Total amortisation and depreciation	8.3	6.0	2.3	38%	13.0
Percentage of revenue	23%	32%			28%
Total Operating Expenses	45.4	42.3	3.0	7%	82.8
Percentage of revenue	127%	225%			178%

Note: A further breakdown of Operating Expenses can be found in Note 3 of the interim financial statements.

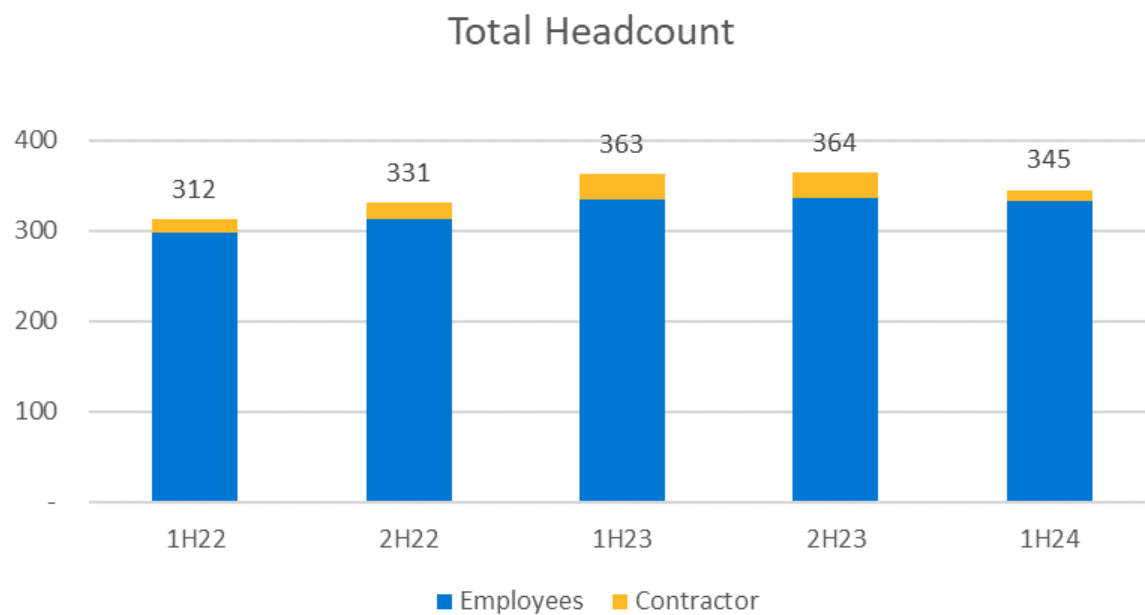
Total spend

- Total spend grew by only 3% with lower employee share scheme costs largely offsetting the increase in third party costs and increased employee remuneration expenses

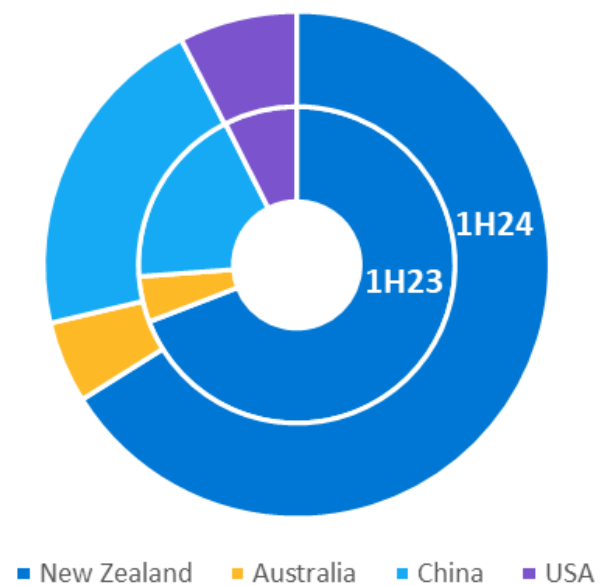
Total Spend	1H24	1H23	change	change	FY23
	\$'m	\$'m	\$'m	%	\$'m
Total Operating Expenses	45.4	42.3	3.0	7%	82.8
Add back: capitalised development	5.1	4.8	(0.3)	(6%)	13.6
Deduct: depreciation and amortisation	(8.3)	(6.0)	(2.3)	38%	(13.0)
Total Spend	42.2	41.1	1.1	3%	83.3
Percentage of revenue	118%	219%			179%



Total spend: Headcount



Geography of headcount



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
- PD&D expenditure grew in absolute terms but reduced as a proportion of revenue reflecting continued investment in our product and underlying technology and operating leverage on revenue growth

Product Design and Development Expenditure	1H24 \$'m	1H23 \$'m	Change \$'m	Change %	FY23 \$'m
Total Product Design & Development <i>Percentage of revenue</i>	21.3 60%	20.3 108%	1.0	5%	41.7 90%
Less: capitalised product development costs <i>Percentage of Product Design & Development costs</i>	(5.1) 24%	(5.5) 27%	0.4	(7%)	(13.6) 32%
Total Product Design & Development (excluding amortisation) <i>Percentage of revenue</i>	16.2 45%	14.8 79%	1.4	9%	28.2 61%
Add: Amortisation of capitalised development costs	7.4	5.0	2.3	46%	11.2
Total <i>Percentage of revenue</i>	23.6 66%	19.8 106%	3.7	19%	39.3 85%

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
- Serko achieved positive operating cash flows while continuing to invest in our product and underlying technologies

Adjusted Cash flow	1H24 \$'m	1H23 \$'m	Change \$'m	Change %	FY 23 \$'m
Adjusted cash flows from operating activities	1.7	(17.4)	19.2	(110%)	(19.2)
Adjusted cash flows from investing activities	(5.1)	(5.0)	(0.1)	2%	(14.0)
Adjusted cash flows from financing activities	-	0.0	(0.0)	(100%)	0.0
Net foreign exchange differences	0.0	0.8	(0.8)	(99%)	0.5
Underlying cash flow	(3.4)	(21.6)	18.2	(84%)	(32.6)
Average monthly underlying cashburn	(0.6)	(3.6)	3.0	(84%)	(2.7)
Cash, cash equivalents and short term deposits at beginning of year	87.7	124.5	(36.8)	(30%)	124.5
<u>Add back adjustments:</u>					
One-off payment relating to 2022 made in 2023	-	-	nm ¹	nm ¹	(4.1)
Reported Cash, cash equivalents and short term deposits at the end of the year	84.3	102.9	(18.5)	(18%)	87.7

¹ nm stands for not meaningful

Balance sheet

- Serko's balance sheet remains strong with cash and short term investments of \$84.3 million and no debt
- Receivables grew driven by increased revenue
- Payables declined relative to 30 September 2022 due to the repayment in 2H23 noted in the Underlying Cash Flow. Payables declined relative to 31 March 2023 reflecting the seasonal profile of payables

Balance Sheet	1H24	1H23	Change	Change	FY23
	\$'m	\$'m	\$'m	%	\$'m
Cash and Short Term Deposits	84.3	102.9	(18.5)	(18%)	87.7
Other Current Assets	16.6	13.2	3.4	26%	13.8
Intangibles	33.0	32.8	0.1	0%	35.0
Other Non Current Assets	3.5	4.1	(0.6)	(14%)	4.3
Total Assets	137.4	153.0	(15.6)	(10%)	140.9
Current Liabilities	14.2	17.0	(2.8)	(17%)	12.2
Non Current Liabilities	1.8	2.2	(0.4)	(20%)	2.7
Equity	121.5	133.8	(12.3)	(9%)	125.9
Total Liabilities and Equity	137.4	153.0	(15.6)	(10%)	140.9



Outlook

Outlook

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.



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 throughout 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 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.



1H 24 results summary

	1H23	2H23	FY23	1H24	1H24 v 1H23	1H24 v 1H23 %	1H24 v 2H23 %
Financial (\$m)							
Total income	\$19.4m	\$28.6m	\$48.0m	\$36.3m	\$16.9m	87%	27%
Total spend	\$41.1m	\$42.2m	\$83.3m	\$42.2m	\$1.1m	3%	0%
EBITDAF loss	(\$16.9m)	(\$4.9m)	(\$21.8m)	(\$0.8m)	\$16.1m	(96%)	(84%)
Net loss after tax	(\$19.7m)	(\$10.8m)	(\$30.5m)	(\$7.2m)	\$12.6m	(64%)	(34%)
Average monthly cash burn	\$3.6m	\$2.5m	\$3.1m	\$0.6m	(\$3.0m)	(84%)	(77%)
Underlying average monthly cash burn	\$3.6m	\$1.8m	\$2.7m	\$0.6m	(\$3.0m)	(84%)	(69%)
Operational							
Online bookings (millions)	2.0m	2.2m	4.1m	2.5m	0.5m	26%	17%
Completed room nights (millions)	0.5m	1.1m	1.5m	1.3m	0.9m	192%	22%
ARPB	\$7.85	\$11.16	\$9.56	\$12.88	\$5.03	64%	15%
ARPCRN	€ 10.10	€ 9.03	€ 9.34	€ 10.09	(€ 0.01)	0%	12%
Active Customers (000)	109	157	157	176	67	61%	12%



2007

Founded



SKO

ASX & NZX



340+

Size of our team



5 offices

in New Zealand, USA,
Australia, China



7000+

Managed registered
companies



c. 600k

Unmanaged registered
companies

serko

Current as at 30 September 2023.

Thank you

serko