



## Market Release

28 October 2024

Unaudited financial results for six months to 30 September 2024<sup>1,2</sup>

## Serko delivers positive EBITDAF and cash flow in 1H24 and shows acceleration of total income into 2H24

- Total income \$42.7 million, up 18% on 1H24
- FY25 total income guidance for current business affirmed

Financial results (unaudited) <sup>3</sup>	NZD	change 1H24	change 2H24
Total income	\$42.7m	18%	23%
Total spend	\$44.3m	5%	6%
Operating expenses	\$50.6m	12%	14%
EBITDAF	\$1.0m	+\$1.7m	+\$1.8
Net loss after tax	\$5.1m	\$2.1m improvement	\$3.6m improvement
Free Cash Flow	\$1.3m	+\$4.7m	+\$5.0m
Adjusted Free Cash Flow	\$2.3m	+\$5.8m	+\$6.0m

### Result reflects committed delivery to growth objectives

Serko Chief Executive and Co-Founder, Darrin Grafton, said: “Our first half result demonstrates our ability to deliver on our commitments and achieve our goals. Total income growth, which accelerated in the second quarter, was underpinned by increased customer acquisition and higher volumes in unmanaged travel. Total income was up 18% on 1H24 and up 23% on 2H24.

“We are particularly pleased with the positive trajectory of Booking.com for Business under our long-term partnership. This follows the successful execution of plans to drive higher volumes, including increased customer acquisition. Completed room nights on Booking.com for Business were 1.6 million, up 17% on 1H24 and up 29% on 2H24. Average Revenue per Completed Room Night was €10.00, down 1% on 1H24 and up 7% on 2H24.

<sup>1</sup> Comparative numbers are for the prior comparative period (1H24) unless otherwise stated. All dollar amounts are New Zealand dollars, unless otherwise stated.

<sup>2</sup> See notes to this release for definitions of non-GAAP financial measures used in the released materials.

"In Australasia, volumes continued to increase. Online bookings were up 8% on 1H24 in Australia and New Zealand to 2.1 million, and up 14% on 2H24.

"We have also seen increased average revenue per booking across Serko, up 16% on the first half of 2024."

### **Serko achieves positive free cash flow**

"Serko achieved positive free cash flow of \$1.3 million an improvement of \$5.0 million on 2H24. Adjusted free cash flow was \$2.3 million, an improvement of \$6.0 million on 2H24.

"This is an important milestone for Serko, reflecting the disciplines in place to achieve material improvements in revenue without growing our underlying total spend. These outcomes reflect a sustained shift in how Serko operates and demonstrates our readiness to pursue new growth horizons.

"Total spend as a percentage of total income decreased from 116% to 104%, reflecting consistent improvements in operational efficiency. Volume and inflation-related costs were successfully offset by efficiency initiatives. A 5% increase in total spend primarily reflected acquisition-related-costs.

"We maintain a strong balance sheet with \$82 million cash on hand at 30 September and a cash-generative core business."

### **North American expansion and global product and technology investment**

Additional announcements have been released today on Serko's North American expansion plans and global product and technology investment programme.

### **FY25 Outlook**

Serko affirms its total income guidance from its FY24 results announced in May 2024, anticipating total income to be in the range of \$85 million to \$92 million for FY25. This does not take into account any expected revenue from the acquisition of GetThere as announced today.

Based on current growth trends, and ongoing execution of plans, Serko anticipates continued acceleration of Booking.com for Business revenues in the second half.

Serko's current business is on track to deliver positive free cash flow for FY25. However, Serko no longer expects to be cashflow positive for FY25 when including the acquisition and accelerated investment announced today.

Risks to the achievement of Serko's FY25 goals include the timing of delivery of initiatives and the timing and scale of subsequent benefits, currency and ARPCRN movements, and geopolitical and macro-economic factors.

Approved for release by the Board of Serko.

## **FURTHER INFORMATION**

### **Investor relations**

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## Important Notes

### Non-GAAP 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.

- **ARPB or Average Revenue Per Booking** is a non-GAAP measure. Serko uses this as a useful indicator of the revenue value per online 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 comprises the gross unmanaged supplier commissions revenue per completed room night for revenue generating hotel transactions.
- **Australasia:** New Zealand and Australia.
- **Cash on hand** is a non-GAAP measure comprising cash and short-term investments.
- **CRN or 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.
- **Free Cash Flow** is a non-GAAP measure comprising GAAP cash flows excluding movements between cash and short-term investments and cash flows related to capital raises.
- **Adjusted Free Cash Flow** is a non-GAAP measure comprising of free cash flow adjusted for exceptional items from the perspective of timing or nature.
- **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.
- **Total Spend** is a non-GAAP measure comprising of operating expenses and capitalised development costs. It excludes depreciation and amortisation.