

UNAUDITED FINANCIAL RESULTS FOR THE SIX MONTHS TO 30 SEPTEMBER 2022

RESULT REFLECTS FOCUS ON RECOVERY AND GROWTH

SUMMARY FINANCIAL RESULTS^{1,2}

- Total income \$19.4 million, up 106%
- Segment revenue \$20.3 million, up 106%
- Average revenue per booking \$7.85, up 54%
- Total travel booking volumes 2.3 million, up 73%
- Completed room nights on Booking.com for Business 454,000, up 432%
- EBITDAF \$16.9 million, an increase of 44%
- Net losses after tax \$19.7 million, an increase of 30%
- Cash and short-term deposits \$102.9 million
- Average monthly cash burn \$3.6 million
- Serko targeting return to cashflow positive during FY25
- FY23 revenue guidance affirmed.

All dollar amounts are New Zealand dollars unless otherwise stated

Serko Limited (NZX & ASX: SKO) today released its first half 2023 financial results, which demonstrate the benefits from the ongoing business travel recovery and its investment decisions made during the pandemic. Serko has also seen strong growth in completed room nights under its partnership with Booking.com following changes made during the period.

Serko Chief Executive and Co-Founder, Darrin Grafton, said: "The half-year result reflects our earlier decisions and investments to maximise opportunities during the business travel recovery and achieve new growth. Total income and segment revenue both increased 106%.

"Strong first-half revenue was underpinned by the recovery in Australia and New Zealand and a significant uplift in Booking.com for Business completed room nights. Total travel booking volumes rose 73% to 2.3 million from 1.3 million and online travel bookings increased 75% to 2 million from 1.1 million.

"EBITDAF losses increased by 44% to \$16.9 million from \$11.8 million and net losses after tax increased by 30% to \$19.7 million from \$15.2 million. This is in line with our expectations and reflects planned operating expenditure.

"Product design and development costs totalled \$19.8 million during the period (\$10.4 million in 1H FY22) net of capitalisation of \$5.5 million (\$7.2 million in 1H FY22).

"Our cash position at the end of the half was \$102.9 million. This will enable us to invest for future growth, supported by our improving revenue position. Our net cash burn averaged \$3.6 million per month for the half year, in line with our expectations.

"In the second half, we will continue to focus on disciplined delivery to achieve our goals for FY23 and beyond. This will include planned and focused product and development expenditure to achieve benefits in the short and longer-term."

¹ Comparative numbers are for the prior comparative period (H1 FY22) unless otherwise stated. Certain comparative numbers have been reclassified see note 1 of the Financial Statements for details.

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

MANAGED TRAVEL

Mr Grafton said: "We have seen continued strong demand and recovery for business travel in Australia and New Zealand. We have also won new business, which will provide further revenue growth following the completion of onboarding. In these important markets, we are focused on continuing to understand the changing needs of our travel management partners and travel customers to enable us to deliver exceptional products and technology.

"For the Australasian region as a whole, average volumes in the first quarter were 91% of pre-COVID 19 levels and 93% in the second quarter.

"In New Zealand, volumes at the end of September were 145% of pre-COVID levels, averaging 142% for the half year. This was an increase from 47% of pre-COVID levels at the end of September 2021, a period following the imposition of strict lockdowns in August 2021.

"In Australia, volumes at the end of September were 89% of pre-COVID levels, averaging 84% for the half year. This was an increase of 32 percentage points from the average over the six months to 30 September 2021 of 52%.

"North America remains a strategic focus for Serko. As outlined at the annual meeting, the North American market is a long-term opportunity and Serko is working closely with its key travel management partners to grow the market."

UNMANAGED TRAVEL

Mr Grafton said: "We have seen a strong increase in Booking.com for Business completed room nights during the first half, assisted by the changes implemented during the period. We remain focused on working with Booking.com to achieve continued growth in conversions and revenue. Completed room nights increased to 454,000 from 85,000, an increase of 432%. Average Revenue per Completed Room Night (ARPCRN) for the service was €10.10 over the half year, up from €6.61 over the six months to 30 September 2021.

"We are on track with delivery of a new hotel shop experience for Booking.com for Business customers as communicated at the recent annual meeting. We continue to make strong progress towards our joint objectives. Both teams are working closely together to develop the technology and insights for the success of the partnership.

"The number of businesses registered on Booking.com for Business continued to increase during the period to 484,000 at 30 September 2022, up from 420,000 in May 2022."

OUTLOOK

Serko's first half total income exceeded the full year to 31 March 2022 with a strong exit rate from the half. Serko notes that historically second half revenue is lower than the first half.

Serko is affirming its FY23 guidance of approximately doubling FY22 revenue.

Guidance remains subject to ongoing risks including geo-political and macro-economic uncertainty and the potential resurgence of COVID.

Serko has significant cash reserves and is tightly managing investment levels with a focus on moving towards profitability and cashflow breakeven. It is Serko's intention, based on current market conditions, to

return to a cashflow positive position during the FY25 financial year with appropriate cash reserves on hand at the point of breakeven.

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. A webcast of the call can also be accessed at the following link:

https://event.webcasts.com/starthere.jsp?ei=1579420&tp_key=e4c650ec1b

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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.

- **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** (a non-GAAP measure) is the supplier commissions revenue per completed room night for revenue generating hotel transactions.
- **Completed room nights** is a non-GAAP measure comprising the number of 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. See the Investor Presentation for a reconciliation to Net loss after tax.
- **Operating expenses** is a non-GAAP measure comprising expenses excluding costs relating to taxation, interest, depreciation, amortisation, finance expenses and foreign exchange gains and losses.
- **Product design and development costs** is a non-GAAP measure representing the internal and external costs related to the design, development and maintenance of Serko's platforms that are included within operating expenses or capitalised but excludes amortisation.
- **Segment revenue** is a non-GAAP measure representing Total Income before it is reduced to reflect consideration payable to customers. In the period, consideration payable to customers comprised Serko's share of jointly agreed marketing expenses. See note 2 of the Financial Statements for a reconciliation to Total income.
- **Travel related revenue** is a non-GAAP measure comprising travel platform booking revenue and supplier commissions revenue, as set out in note 2 to the Financial Statements.
- **Total travel bookings** include both online and offline bookings. Offline bookings are system automated bookings.