



Market Release

30 April 2024

Serko signs five-year partnership renewal with Booking.com

- Significant milestone for Serko's growth ambitions
- Five-year term from April 2024 to March 2029
- Serko provides unaudited FY24 trading update ahead of audited full-year results

Serko Limited (NZX & ASX: SKO) today announces it has signed a five-year contract with Booking.com to continue their successful partnership.

Both Booking.com and Serko remain committed to scaling Booking.com for Business, providing an easy-to-use business travel platform for businesses and business travellers globally.

Serko Chief Executive Officer and Co-Founder, Darrin Grafton, said: "This renewal is a significant milestone for Serko – providing a strong foundation for future global growth and scale. It reflects the successful execution of the partnership to date and the strength of the opportunities ahead. The progress made has directly driven material revenue growth for Serko under the partnership's revenue sharing model.

"Together we have completed a substantial migration of existing users, seen registered companies exceed 600,000 and completed room nights increase 65% in the past financial year. We are excited about continuing to scale this solution with Booking for Business for the benefit of businesses and business travellers globally."

Booking.com Director of Business Travel, Joshua Wood, said: "Booking.com for Business reflects the quality of innovation and focus of the teams at Serko and Booking.com over many years. We are delighted that our partnership with Serko has renewed and are looking forward to the opportunities ahead."

Under the revised revenue share arrangement, the revenue share will continue at the same ratio for current volumes with a new tiered system for higher incremental volumes. The introduction of this model allows for significant volume growth at the current commission levels, providing a solid base for profitability. This also allows future volume growth on commercial terms that mutually incentivise and benefit both parties.

With the exception of the revised revenue share, the commercial terms are largely unchanged. Further information regarding the contract renewal terms is included in the Appendix to this release.

Unaudited FY24 total income above mid-point of revised guidance

Serko is providing a trading update for unaudited FY24 total income and select supporting metrics in advance of audited results, given the material nature of the Booking.com partnership announcement. All FY24 results provided are subject to potential adjustments as Serko completes its year end and audit processes and audited financial results will be provided at Serko's FY24 results on 28 May 2024.

In particular, for the twelve months to 31 March 2024:

- Total income was approximately \$71 million, including approximately \$2 million of Other Income. Total income is estimated to be up 48% on FY23 and above the middle of the revised guidance range provided at half year results in November (revised from \$63m-\$70m to \$67m-\$74m).
- Completed room nights on Booking.com for Business were 2.5 million, up 65% on the prior year.
- Average Revenue per Completed Room Night was €9.74, up 4% on the prior year.



Second half revenue was lower than expected mainly driven by slower growth in CRNs than projected, unanticipated seasonality in ARPCRN and a decline in the Euro:NZD exchange rate since guidance was updated in November 2023.

In November 2023, Serko indicated that total spend was tracking to the lower end of the range of guidance of \$86 million to \$90 million. Serko confirms that the unaudited draft total spend is consistent with its statement in November.

Mr Grafton said: "This is a strong overall result for Serko, delivering total income above the mid-point of upwards revised guidance in challenging macro-economic conditions. We enter FY25 in a solid position, with positive trading conditions, a renewed partnership with Booking.com and our team focused on executing for the opportunities ahead."

ENDS

Released for and on behalf of Serko Limited by Darrin Grafton, Chief Executive Officer.

FURTHER INFORMATION

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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.

ARPCRN or Average Revenue per Completed Room Night is a non-GAAP measure comprising the gross unmanaged supplier commissions revenue per completed room night.

CRN or 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.



APPENDIX – FURTHER INFORMATION ON KEY TERMS

Key terms of the partnership with Booking.com B.V. include:

- a five year renewal term from 1 April 2024
- a revised revenue share model with volume tiers
- a notice period of 12 months for mutual termination for convenience
- continued non-exclusive arrangement

Revised revenue share model with volume tiers

Based on the current ratio of CRNs to completed bookings we do not anticipate a meaningful impact on the current commission rate of 50% below 4.3 million CRNs per year. The blended commission rate would be approximately 40% at 6 million CRNs per year and approximately 32% at 8.6 million CRNs per year. At the lowest commission tier the commission rate would still be expected to produce an acceptable gross margin on incremental CRNs.

Continued non-exclusive arrangement

Serko is currently the sole platform provider for Booking.com for Business. The contract is a non-exclusive arrangement which allows for Booking.com to redirect traffic to other third-party technology platforms during the term of the Agreement, subject to agreed conditions.

Investor rights

Preferential investor rights granted to Booking Holdings Inc. as disclosed on 24 October 2019 have also been extended.