

# Financial Results

Unaudited financial results  
for the half year ending 30 September 2024

serko



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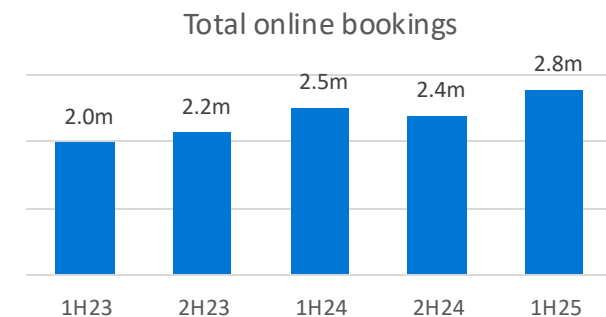
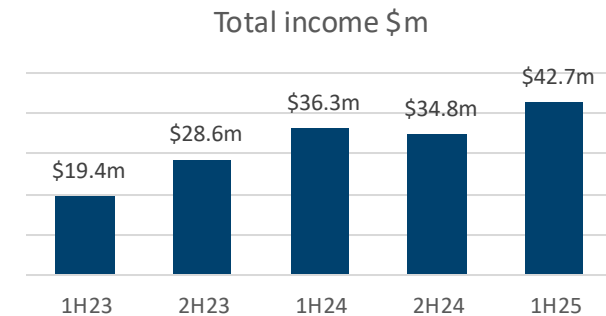
Comparative figures are for the prior comparative period (1H24) unless otherwise stated.



# Accelerating Serko's growth trajectory

Booking.com for Business acceleration in the second quarter

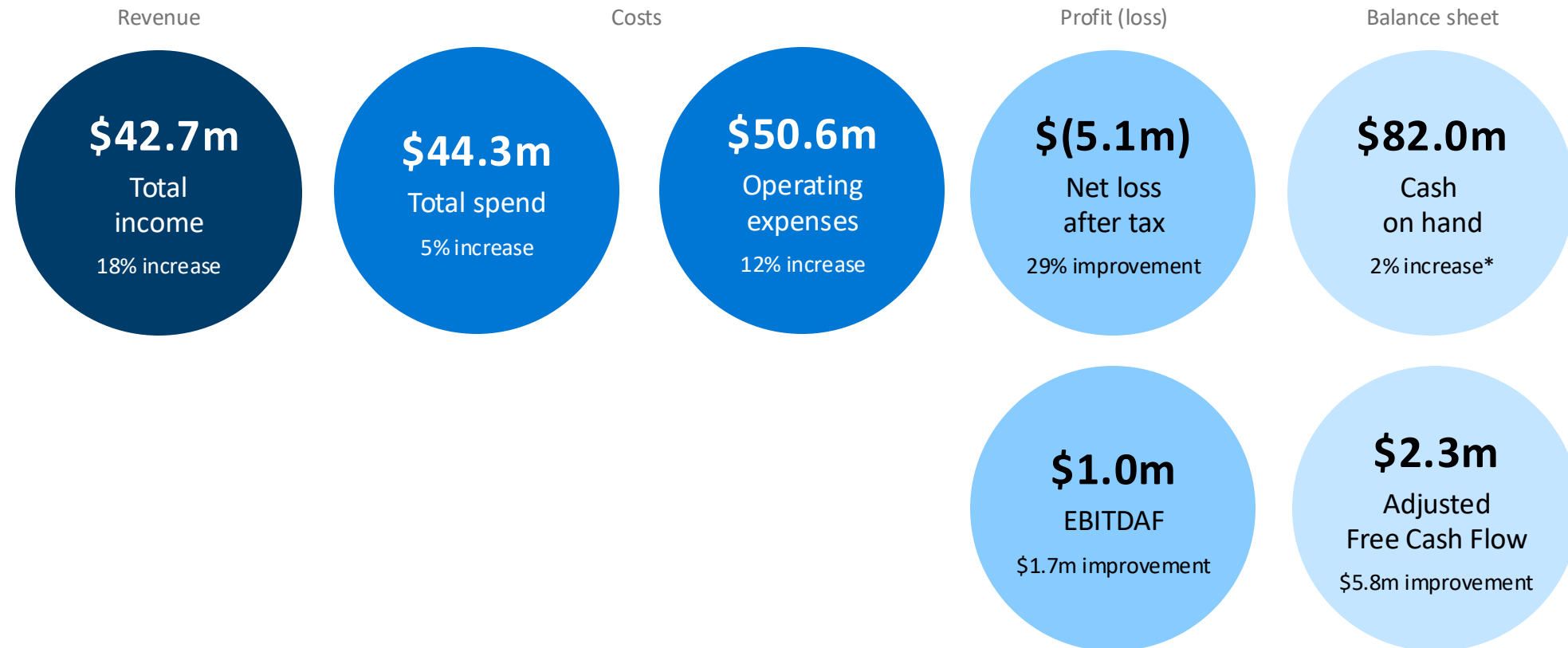
Total income growth	Up 18% to \$42.7m, with total online bookings up 11%
Booking.com for Business	Acceleration in completed room nights up 17%
Efficiency and scale	Total spend as a percentage of total income decreased from 116% to 104%





# Delivery of positive EBITDAF and cash flow in 1H

Results deliver to our objective of scaled growth and operational efficiency



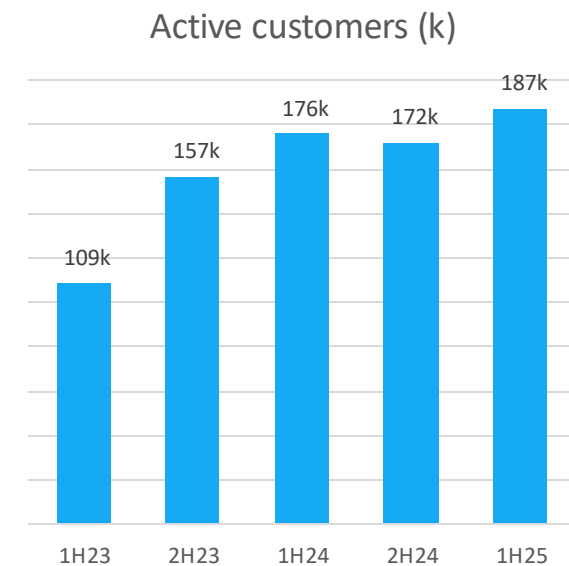
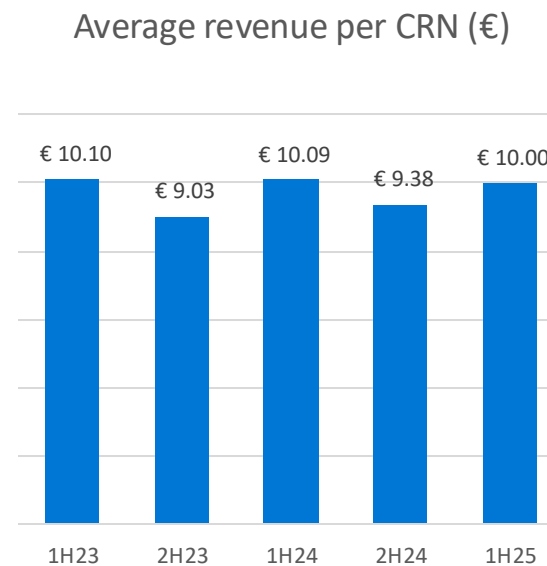
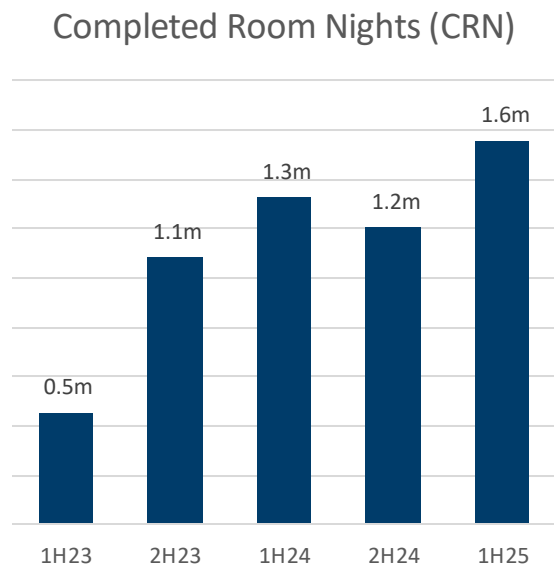
Refer to Appendix for definitions and descriptions of the non-GAAP measures used by management throughout this presentation

\* Compared to balance as at 31 March 2024

# Booking.com for Business plans delivering results

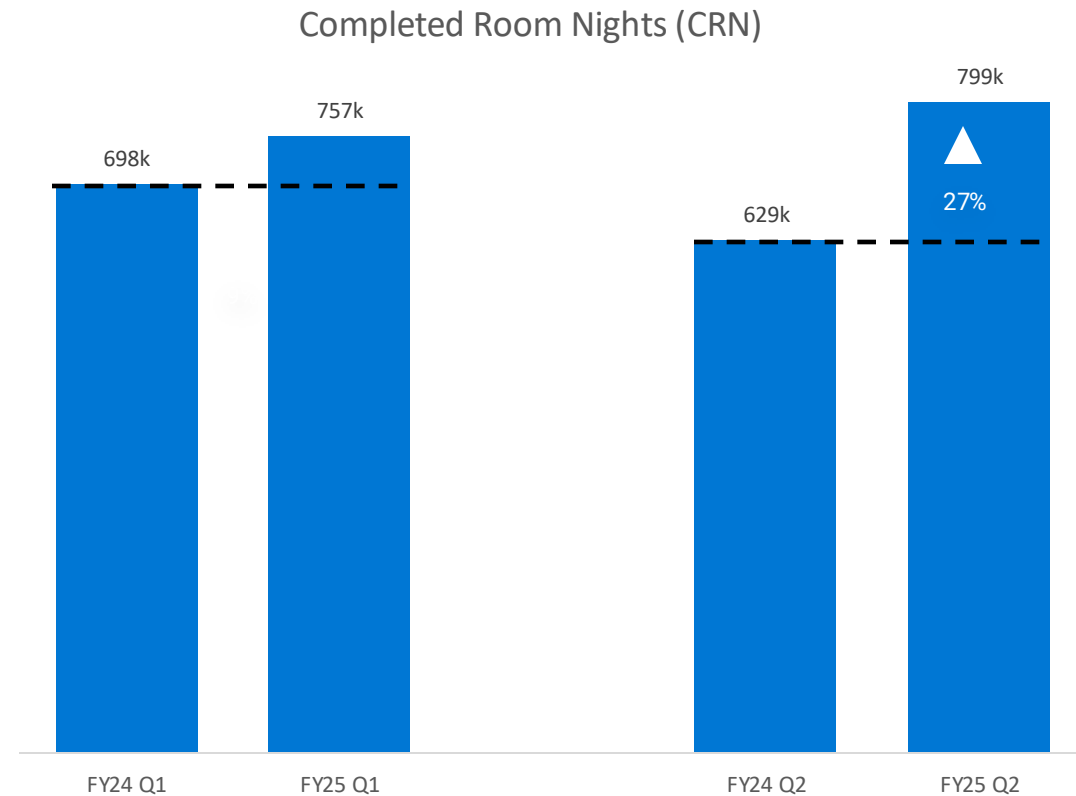
## Volume growth follows targeted customer acquisition

- Completed room nights on Booking.com for Business were 1.6 million, up 17% on 1H24 and up 29% on 2H24
- Increases in Booking.com for Business metrics reflect close collaboration with Booking.com on scaling initiatives



# Completed room nights accelerated in Q2

- Serko saw an acceleration in growth versus PCP in the September quarter with CRNs up 27% over the quarter
- Customer acquisition increased in the quarter, and we saw higher levels of engagement with the platform from existing customers
- Serko launched the new Booking.com for Business dashboard in June
- Serko's experimentation framework continues to be a critical lever for optimising our platform and driving innovation. This data driven approach allows us to quickly test, validate and prioritise the most impactful features and has driven incremental CRNs over the half

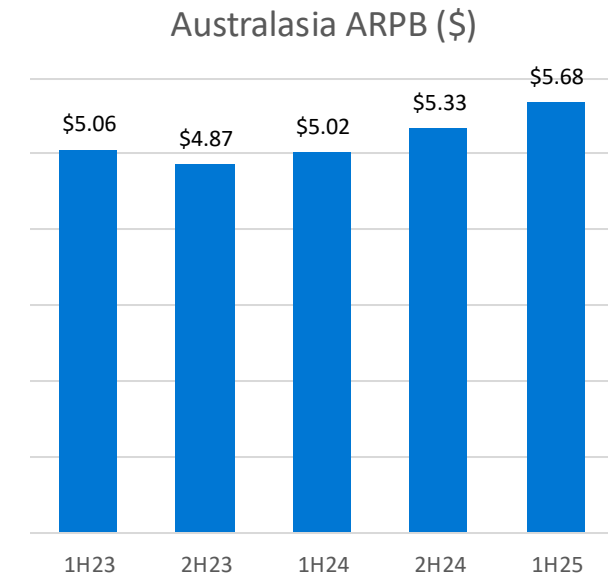
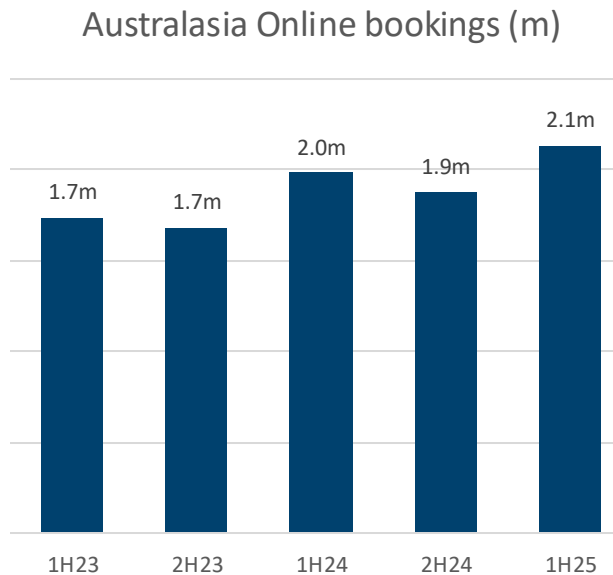




# Strong performance in Australasia

Online bookings up 8% in Australia and New Zealand

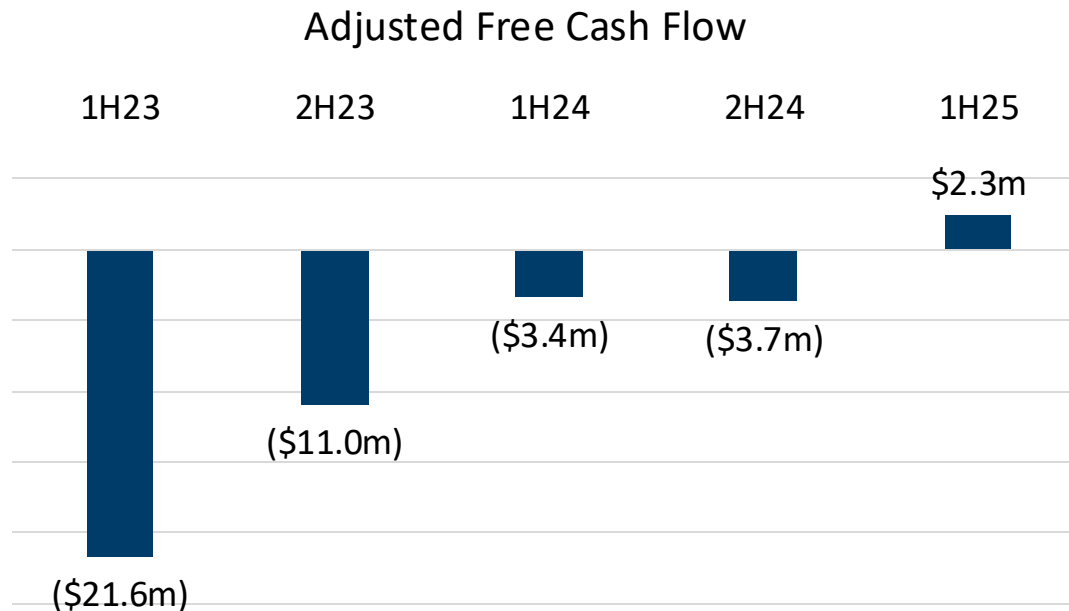
- Online bookings were up 8% on 1H24 in Australia and New Zealand to 2.1 million.
- The combination of increased volume and higher ARPB drove ANZ travel revenue up 18%.





# We delivered positive free cash flow for the period

This achievement reflects disciplined execution delivering continued operating leverage with total income growth far outpacing total spend growth



- Serko achieved positive free cash flow of \$1.3m, a \$5.0m improvement on 2H24
- Adjusted Free Cash Flow was \$2.3m, a \$6.0m improvement on 2H24

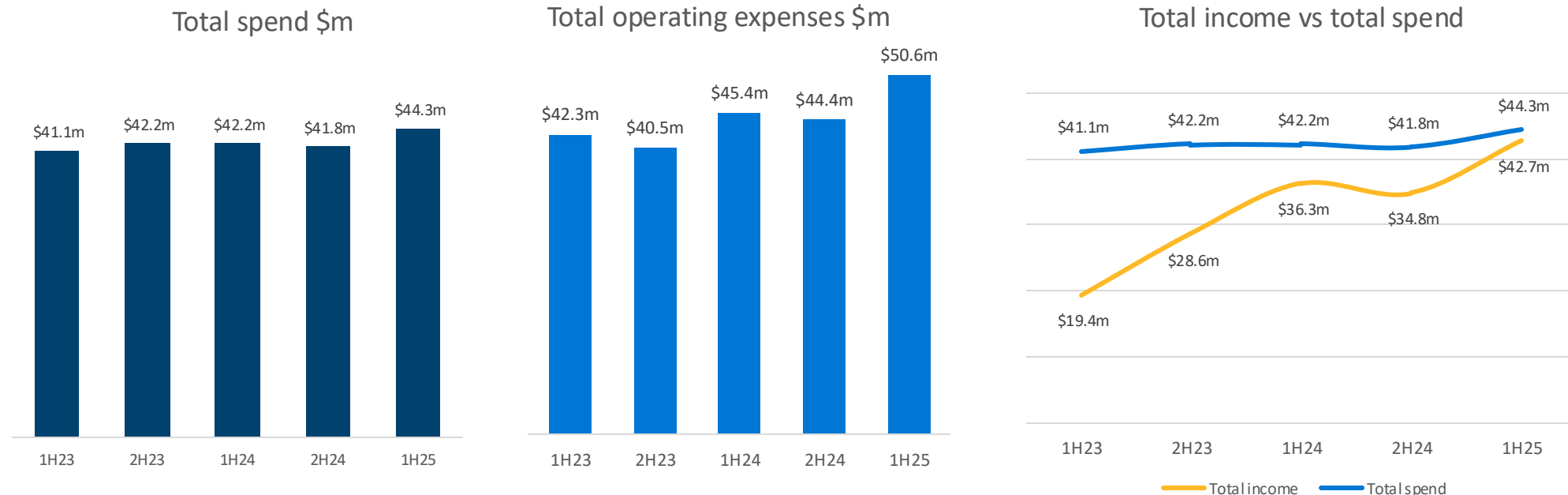




# We have consistently improved operational efficiency

Total spend as a percentage of total income decreased from 116% to 104%

- Total spend of \$44.3m was up 5%. A 5% increase in total spend primarily reflected acquisition-related costs with volume and inflation-related costs offset by efficiency initiatives.
- Total operating expenses, up 12% on 1H24, reflecting lower capitalisation, higher amortisation and transaction costs.





# Financial Update

Unaudited financial results for the six months to 30 September 2024

# Net profit summary / EBITDAF reconciliation

- Continuing to achieve operating leverage as revenue grows
- Stronger New Zealand dollar drove foreign exchange gain on forward exchange contracts used to provide an economic hedge for revenue

Net Profit Summary EBITDAF Reconciliation	1H25 \$'m	1H24 \$'m	change \$'m	change %	2024 \$'m
Revenue	41.5	35.8	5.7	16%	68.8
Other income	1.3	0.6	0.7	122%	2.4
<b>Total income</b>	<b>42.7</b>	<b>36.3</b>	<b>6.4</b>	<b>18%</b>	<b>71.2</b>
Operating expenses	(50.6)	(45.4)	(5.3)	12%	(89.7)
Percentage of revenue	(122%)	(127%)			(131%)
Net exchange gains/(losses)	1.4	0.2	1.2	632%	(1.1)
Net finance income/(expense)	1.9	2.0	(0.1)	(5%)	3.9
<b>Net (loss) before tax</b>	<b>(4.6)</b>	<b>(6.8)</b>	<b>2.2</b>	<b>(32%)</b>	<b>(15.7)</b>
Percentage of revenue	(11%)	(19%)			(23%)
Income tax expense	(0.5)	(0.3)	0.2	48%	(0.2)
<b>Net (loss) after tax</b>	<b>(5.1)</b>	<b>(7.2)</b>	<b>2.1</b>	<b>(29%)</b>	<b>(15.9)</b>
Percentage of revenue	(12%)	(20%)			(23%)
Deduct: net finance (income)/expense	(1.9)	(2.0)	0.1	(5%)	(3.9)
Add back: income tax	0.5	0.3	0.2	48%	0.2
Add back: depreciation and amortisation	8.9	8.3	0.6	8%	17.0
Add back: net exchange (gains)/losses	(1.4)	(0.2)	(1.2)	(632%)	1.1
<b>EBITDAF (loss)</b>	<b>1.0</b>	<b>(0.8)</b>	<b>1.7</b>	<b>(229%)</b>	<b>(1.6)</b>
Percentage of revenue	2%	(2%)			(2%)

# Revenue analysis

- Booking.com for Business partnership continues to drive growth in the Supplier Commissions category and the Europe and Other geography
- Travel platform booking revenue grew driven by increased Australian business travel volumes partially offset by a weaker NZ market and a higher ARPB in ANZ
- ARPB grew driven by the increased proportion of Booking.com for Business transactions

Revenue and other Income by Type	1H25 \$'m	1H24 \$'m	change \$'m	change %	2024 \$'m
Revenue – transaction and usage fees:					
Travel platform booking revenue	11.7	9.6	2.2	23%	19.2
Expense platform revenue	2.7	2.6	0.1	2%	5.3
Supplier commissions revenue	26.4	22.7	3.7	16%	42.9
Services revenue	0.5	0.7	(0.2)	(33%)	1.0
Other revenue	0.2	0.2	-	-	0.3
Other Income	1.3	0.6	0.7	122%	2.4
<b>Total revenue and other income</b>	<b>42.7</b>	<b>36.3</b>	<b>6.4</b>	<b>18%</b>	<b>71.2</b>
<b>Operating Revenue by Geography</b>					
Australia	12.4	10.2	2.2	22%	20.6
New Zealand	1.5	1.6	(0.1)	(7%)	3.0
North America	1.3	1.6	(0.3)	(18%)	3.0
Europe and Other	26.3	22.4	3.9	17%	42.2
<b>Total Revenue</b>	<b>41.5</b>	<b>35.8</b>	<b>5.7</b>	<b>16%</b>	<b>68.8</b>
Total travel bookings (m)	3.4	2.9	0.4	15%	5.9
Online bookings (m)	2.8	2.5	0.3	11%	4.9
ARPB (travel related revenue only/online bookings)	\$14.89	\$12.88	\$2.01	16%	\$12.71
Average revenue per completed room night (ARPCRN)	€10.00	€10.09	(€0.09)	(1%)	€9.75



# Total spend

## Increases driven by one-off acquisition-related costs

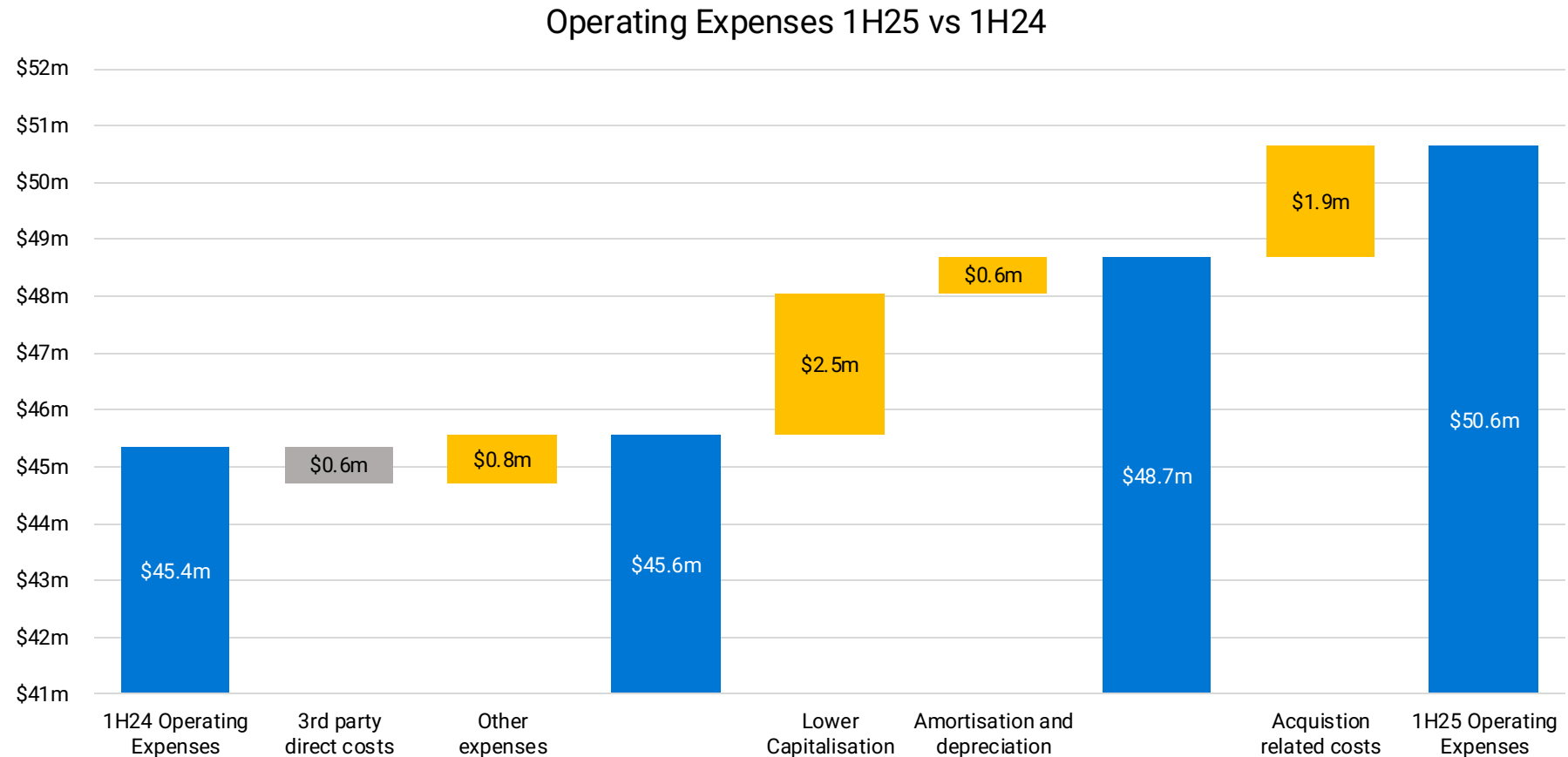
- Total spend for the half increased by \$2.2m, due to acquisition related expenditure for the US expansion plan
- Despite volume growth of 11% third party direct costs reduced driven by efficiency initiatives
- Wage inflation was offset by reduced headcount as organizational efficiency and effectiveness initiatives were delivered
- The ability to strongly grow total income while holding total spend reflects the strong unit economics of Serko's business and the operating leverage that can be delivered as we continue to scale

<b>Total Spend</b>	<b>1H25</b>	<b>1H24</b>	<b>change</b>	<b>change</b>	<b>2024</b>
	\$'m	\$'m	\$'m	%	\$'m
<b>Operating Expenses</b>	<b>50.6</b>	<b>45.4</b>	<b>5.3</b>	<b>12%</b>	<b>89.7</b>
Add back: capitalised development	2.6	5.1	(2.5)	(49%)	11.2
Deduct: depreciation and amortisation	(8.9)	(8.3)	(0.6)	8%	(17.0)
<b>Total Spend</b>	<b>44.3</b>	<b>42.2</b>	<b>2.2</b>	<b>5%</b>	<b>83.9</b>
Percentage of revenue	107%	118%			122%



# Operating expenses

Driven by lower capitalisation and acquisition-related costs





# Operating expenses

Cost control has been a continued focus including successful efficiency initiatives

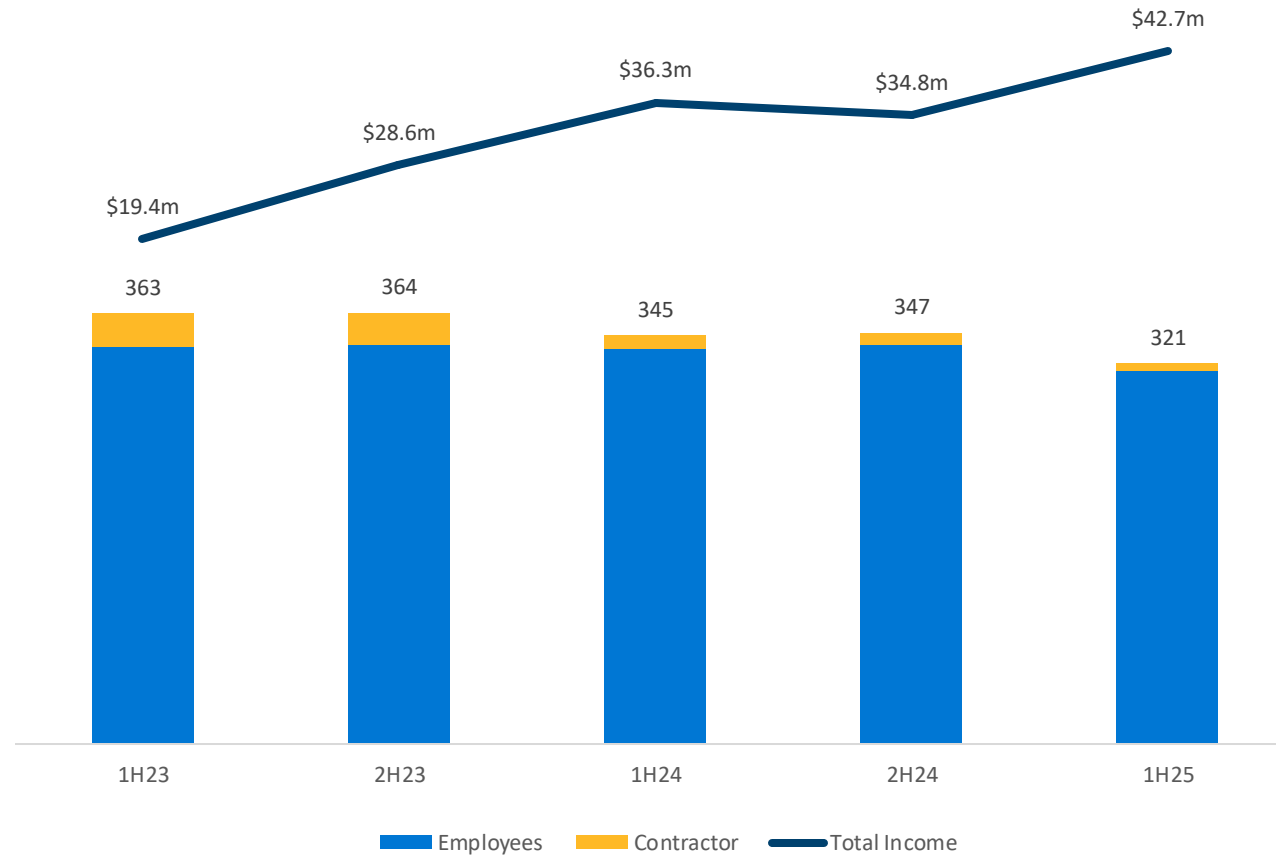
- Lower capitalisation of development has increased operating expenses from 1H24 without increased cash spend
- Third party direct costs reduced due to the focus on rationalisation of hosting services, despite increased booking volumes
- Amortisation has increased reflecting a higher proportion of intangibles being amortised over three years rather than five years
- Transaction costs incurred for US expansion plan including due diligence, valuation and planning were \$1.9m of the increase in other operating expenses

Operating expenses	1H25	1H24	change	change	2024
	\$'m	\$'m	\$'m	%	\$'m
Total remuneration and benefits	28.5	25.8	2.7	10%	49.4
Percentage of revenue	69%	72%			72%
Third party direct costs	5.8	6.4	(0.6)	(10%)	12.2
Percentage of revenue	14%	18%			18%
Other operating expenses	7.5	4.8	2.6	54%	11.1
Percentage of revenue	18%	14%			16%
Total amortisation and depreciation	8.9	8.3	0.6	8%	17.0
Percentage of revenue	21%	23%			25%
<b>Total Operating Expenses</b>	<b>50.6</b>	<b>45.4</b>	<b>5.3</b>	<b>12%</b>	<b>89.7</b>
Percentage of revenue	122%	127%			131%



# Total income growth with lower headcount

We have delivered material productivity improvements





# Product design and development

Slight decrease in contractor expenditure as projects completed

- 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
- Total PD&D expenditure decreased slightly driven by headcount reductions as Serko delivered efficiency and effectiveness initiatives

Product Design and Development Expenditure	1H25	1H24	Change	Change	2024
	\$'m	\$'m	\$'m	%	\$'m
Total Product Design & Development <i>Percentage of revenue</i>	20.4 49%	21.3 60%	(0.9)	(4%)	40.7 59%
Less: capitalised product development costs <i>Percentage of Product Design &amp; Development costs</i>	(2.6) 13%	(5.1) 24%	2.5	(49%)	(11.2) (27%)
Total Product Design & Development (excluding amortisation) <i>Percentage of revenue</i>	17.8 43%	16.2 45%	1.6	10%	29.5 43%
Add: Amortisation of capitalised development costs	8.2	7.4	0.8	12%	15.3
<b>Total</b> <i>Percentage of revenue</i>	<b>26.0</b> 63%	<b>23.6</b> 66%	<b>2.4</b>	<b>10%</b>	<b>44.8</b> 65%

# Free cash flow

We achieved free cash flow for 1H25 of \$1.3 million

- Free cash flow excludes movements between cash and short term investments, cash flows related to capital raises and unusual items from a timing perspective
- Underlying cash flow has improved as Serko achieves operational leverage on strong revenue growth
- Payment related to the acquisition were \$1.0m and adjusted free cash flow was \$2.3m, a \$5.8m improvement

Free cash flow	1H25 \$'m	1H24 \$'m	Change \$'m	Change %	2024 \$'m
<b>Movement in cash</b>	<b>7.8</b>	<b>8.6</b>	<b>(0.8)</b>	<b>(9%)</b>	<b>(1.1)</b>
Cash movements from short-term deposits	(6.5)	(12.0)	5.5	(46%)	(6.0)
<b>Free cash flow</b>	<b>1.3</b>	<b>(3.4)</b>	<b>4.7</b>	<b>(139%)</b>	<b>(7.1)</b>
<u>Add back adjustments:</u>					
Payments relating to acquisition related costs	1.0	-	1.0	nm <sup>1</sup>	-
<b>Adjusted free cash flow</b>	<b>2.3</b>	<b>(3.4)</b>	<b>5.8</b>	<b>(169%)</b>	<b>(7.1)</b>
<b>Average monthly adjusted free cash flow</b>	<b>0.4</b>	<b>(0.6)</b>	<b>1.0</b>	<b>(169%)</b>	<b>(0.6)</b>
Cash, cash equivalents and short-term deposits at beginning of year	80.6	87.7	(7.1)	(8%)	87.7
<b>Reported Cash, cash equivalents and short-term deposits at the end of the year</b>	<b>82.0</b>	<b>84.3</b>	<b>(2.4)</b>	<b>(3%)</b>	<b>80.6</b>

1 nm stands for not meaningful



# Balance sheet

We have a strong balance sheet with total cash in hand of \$82.0 million

- Serko's balance sheet remains strong with cash and short-term investments of \$82.0 million and no debt
- Intangibles decreased as the Group's software assets are amortised at a greater rate than capitalisation of internal development

Balance Sheet	1H25	1H24	Change	Change	2024
	\$'m	\$'m	\$'m	%	\$'m
Cash and Short Term Deposits	82.0	84.3	(2.4)	(3%)	80.6
Other Current Assets	16.8	16.6	0.2	1%	14.8
Intangibles	25.1	33.0	(7.9)	(24%)	31.1
Other Non Current Assets	2.9	3.5	(0.6)	(18%)	3.6
<b>Total Assets</b>	<b>126.7</b>	<b>137.4</b>	<b>(10.7)</b>	<b>(8%)</b>	<b>130.1</b>
Current Liabilities	13.6	14.2	(0.6)	(4%)	13.3
Non Current Liabilities	0.6	1.8	(1.2)	(67%)	1.1
Equity	112.5	121.5	(8.9)	(7%)	115.7
<b>Total Liabilities and Equity</b>	<b>126.7</b>	<b>137.4</b>	<b>(10.7)</b>	<b>(8%)</b>	<b>130.1</b>



# Outlook

# 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.



# 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 this Investor Presentation.

- **Active customers (unmanaged)** is a non-GAAP measure comprising the number of companies who have made a booking in the preceding 12-month period.
- **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.



## Definitions (continued)

- **Headcount** is a non-GAAP measure comprising of the number of employees (excluding casual workers and employees on maternity leave) and contractors employed on the last day of the period.
- **Managed customers** is a non-GAAP term referring to companies that make online bookings through travel management companies.
- **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.
- **PD&D or Production design and development costs** are 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 of 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.
- **Unmanaged customers** is a non-GAAP term referring companies who make online bookings through Serko's Booking.com for Business platform.





# 1H25 results summary

	1H24	2H24	FY24	1H25	1H25 v 1H24	1H25 v 1H24 %	1H25 v 2H24 %
<b>Financial (\$m)</b>							
Total income	\$36.3m	\$34.8m	<b>\$71.2m</b>	\$42.7m	\$6.4m	18%	23%
Total operating expenses	\$45.4m	\$44.4m	<b>\$89.7m</b>	\$50.6m	\$5.3m	12%	14%
Total spend	\$42.2m	\$41.8m	<b>\$83.9m</b>	\$44.3m	\$2.2m	5%	6%
EBITDAF gain/(loss)	(\$0.8m)	(\$0.8m)	<b>(\$1.6m)</b>	\$1.0m	\$1.7m	(229%)	(218%)
Net gain/(loss) after tax	(\$7.2m)	(\$8.7m)	<b>(\$15.9m)</b>	(\$5.1m)	\$2.1m	(29%)	(41%)
Free Cash Flow	(\$3.4m)	(\$3.7m)	<b>(\$7.1m)</b>	\$1.3m	\$4.7m	(139%)	(136%)
Adjusted Free Cash Flow	(\$3.4m)	(\$3.7m)	<b>(\$7.1m)</b>	\$2.3m	\$5.8m	(169%)	(164%)
<b>Operational</b>							
Online bookings (millions)	2.5m	2.4m	<b>4.9m</b>	2.8m	0.3m	11%	16%
Completed room nights (millions)	1.3m	1.2m	<b>2.5m</b>	1.6m	0.2m	17%	29%
ARPB	\$12.88	\$12.53	<b>\$12.71</b>	\$14.89	\$2.02	16%	19%
ARPCRN	€ 10.09	€ 9.38	<b>€ 9.75</b>	€ 10.00	(€ 0.09)	(1%)	7%
Active Customers (000)	176	172	<b>172</b>	187	11	6%	9%