

Financial Results

for the 12 months to 31 March 2024

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 (FY23) unless otherwise stated.



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Darrin Grafton
CEO



Shane Sampson
CFO



CEO Overview

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



Successful FY24 execution delivering benefits



Booking.com for
Business growth

Partnership renewed for
further five years*



Strengthened
market position

Retention and new
growth in Australasia



Delivering
operational leverage

On track for cashflow
positive in FY25



Enhanced executive
and expertise

Strengthened executive
capability to support scale

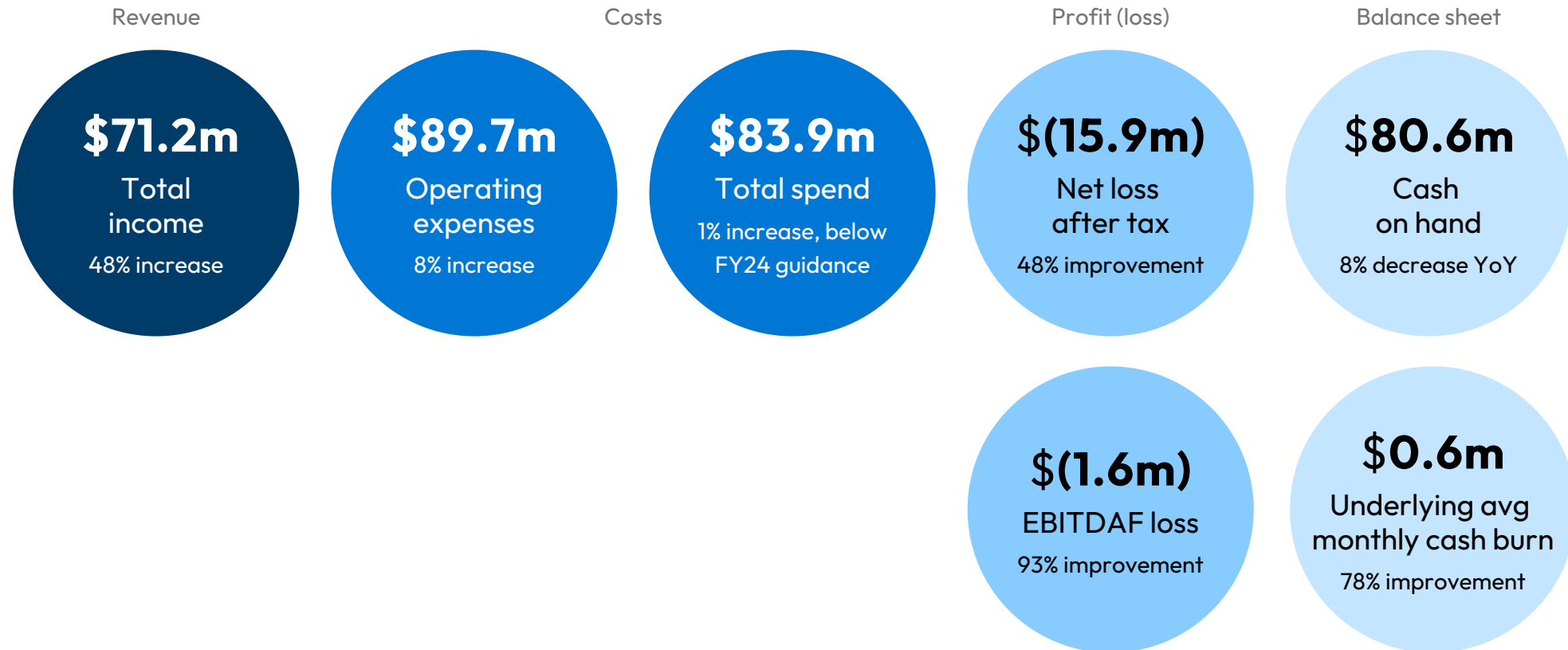
Realising the growth opportunity

A sustained shift in how Serko operates

* Renewed April 2024.



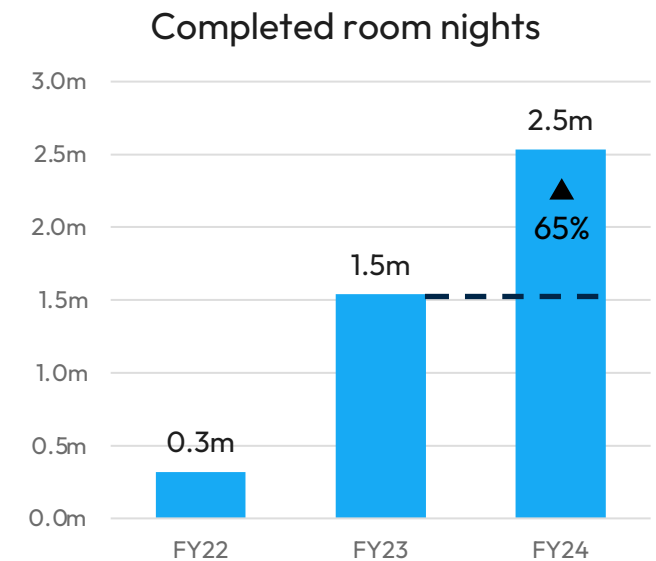
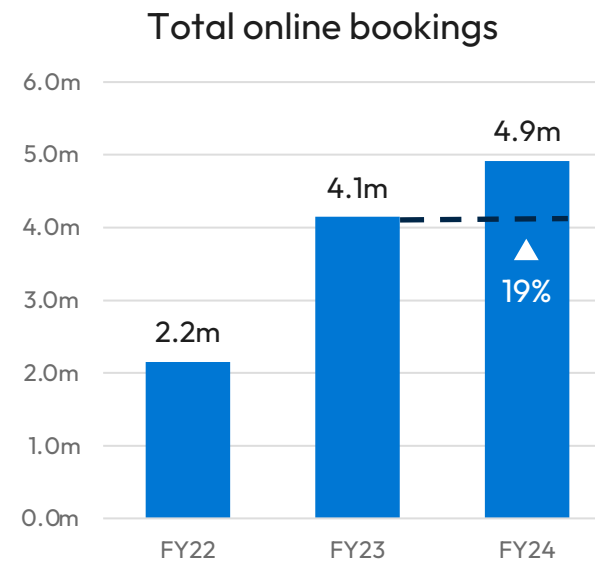
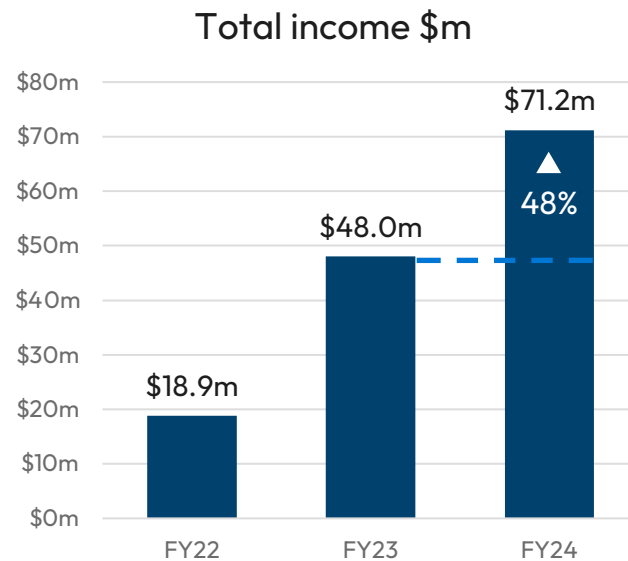
Strong performance, on track for FY25 cashflow positive





Delivering consistent year-on-year growth

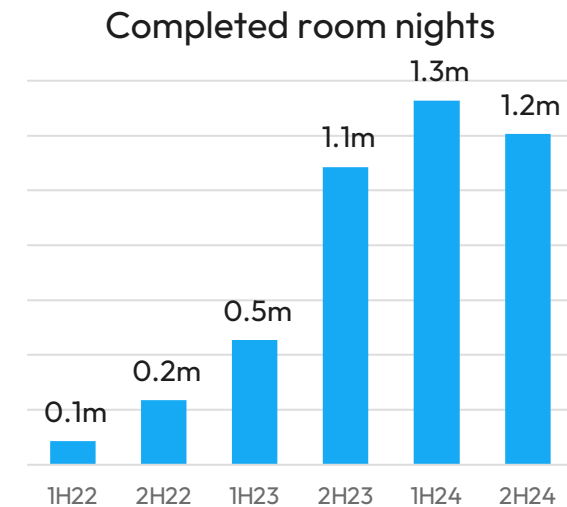
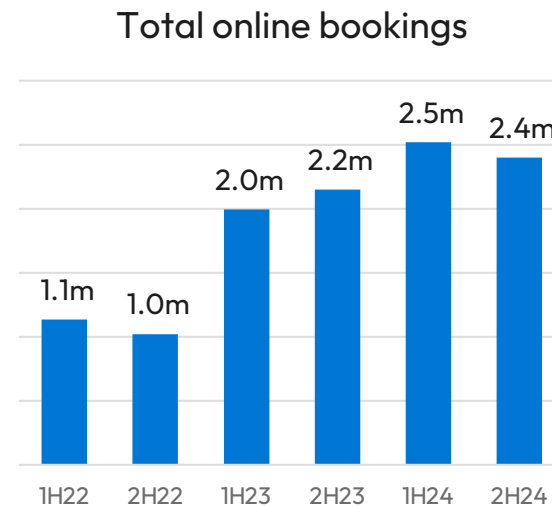
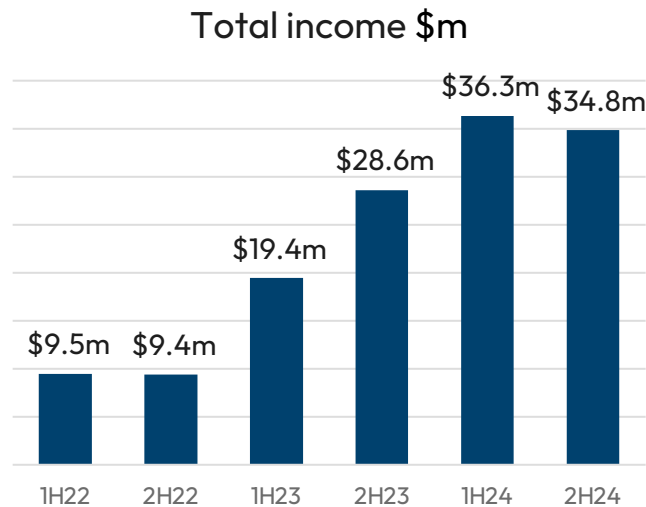
- Growth driven by progress of Booking.com for Business and strengthened Australasian performance.
- Total income above the middle of the upwards revised guidance range provided in November.





Annual growth driven by strong first half

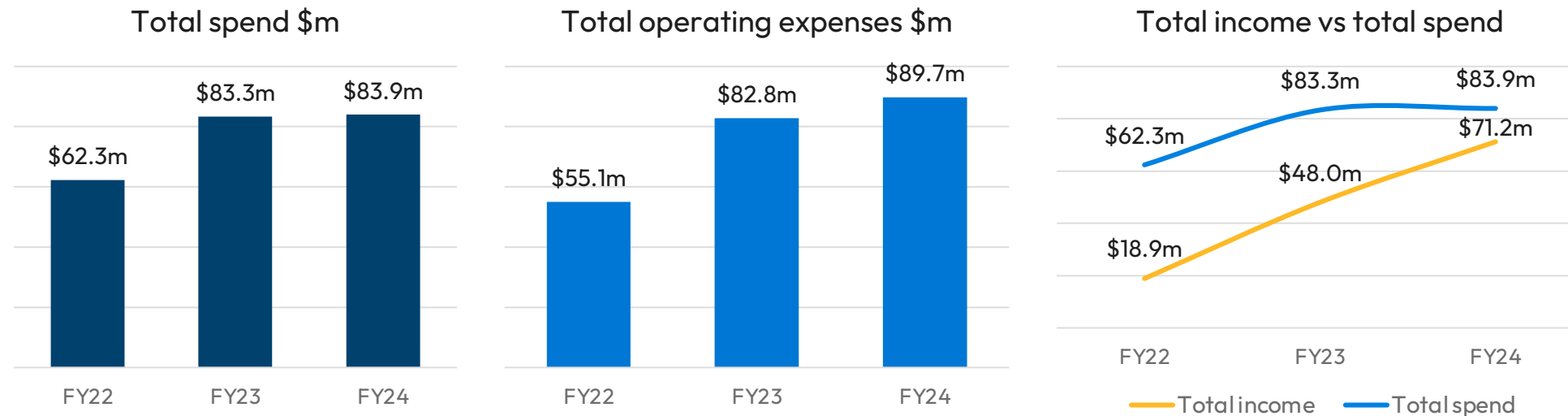
- The first half benefitted from higher ARPB, favourable foreign exchange rates and higher-than-expected business travel volumes in Australasia.
- Second half revenue was lower than expected mainly driven by slower growth in completed room nights than projected, unanticipated seasonality in ARPCRN and a decline in the Euro:NZD exchange rate since guidance was updated in November 2023.





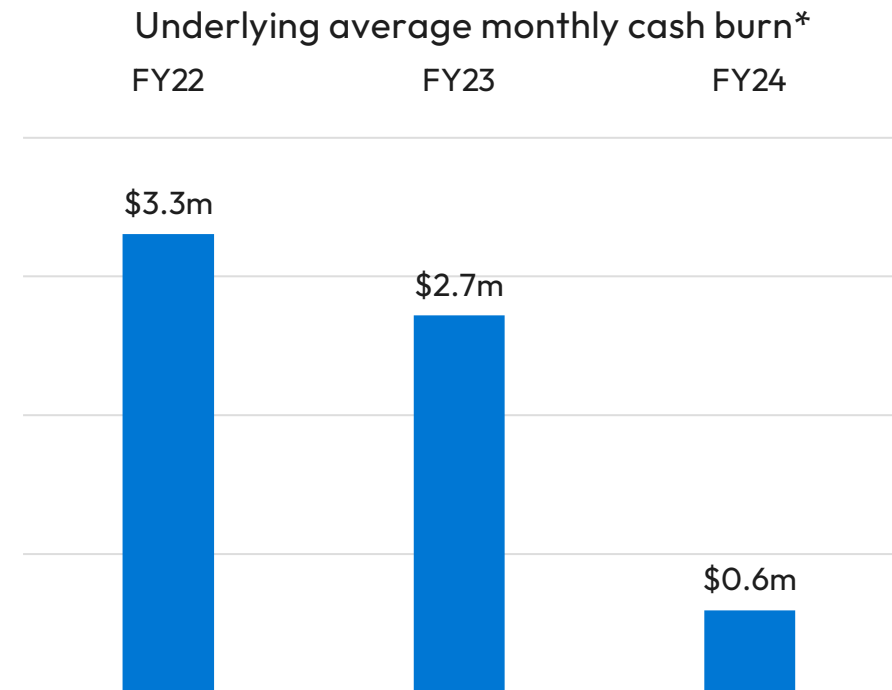
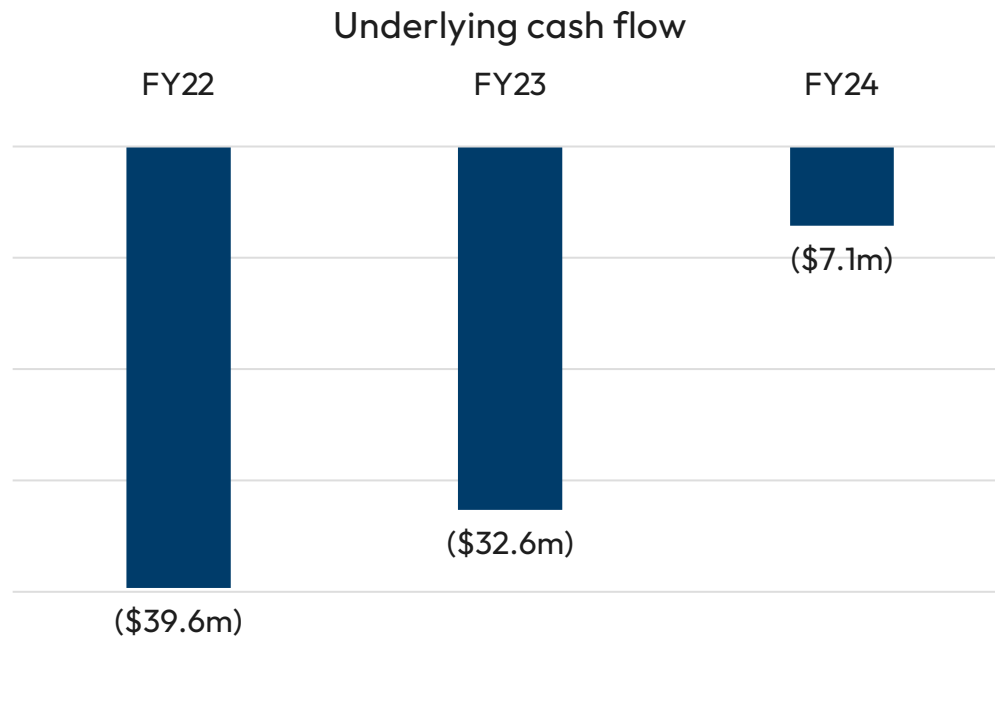
Sustainable, scalable growth remains critical focus

- Total spend of \$83.9m, up 1% on FY23 and below the FY24 guidance range of \$86 million to \$90 million.
- Total operating expenses, up 8% on FY23, reflecting an increase in amortisation and depreciation along with increased hosting and other operating expenses.
- Total spend as a percentage of total income has decreased from 174% in FY23 to 118% in FY24, a 56% year-on-year improvement. From FY22 to FY24 the total spend percentage of total income has decreased by 212%.





On track for positive cashflow for FY25



* 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.



Progress on strategy



Progress on our strategic priorities

FY24
Business
Highlights

Experimentation benefits

\$4.3 million* annualised net revenue following successful product experimentations

Booking.com delivery and growth

65% increase in Completed Room Nights; renewal of partnership (in April 2024)

Australasian market leadership

Strengthened market position with 13% increase in online bookings

Technology and product innovation

Strengthened product capabilities and integrations with continued enhancement of our technology platform

High employee engagement

Employee engagement increased to 78%, from 72% in FY23

----- **Scaled and globally competitive business** -----

FY23 – 25
Strategic
Goals

Customer success

Deliver an exceptional customer experience (CX) through experimentation-driven development

Unmanaged revenue

Establish significant market share in unmanaged travel market

Managed revenue

Consistently grow market share in global managed travel market through TMC partnerships and inorganic growth

Marketplace and content

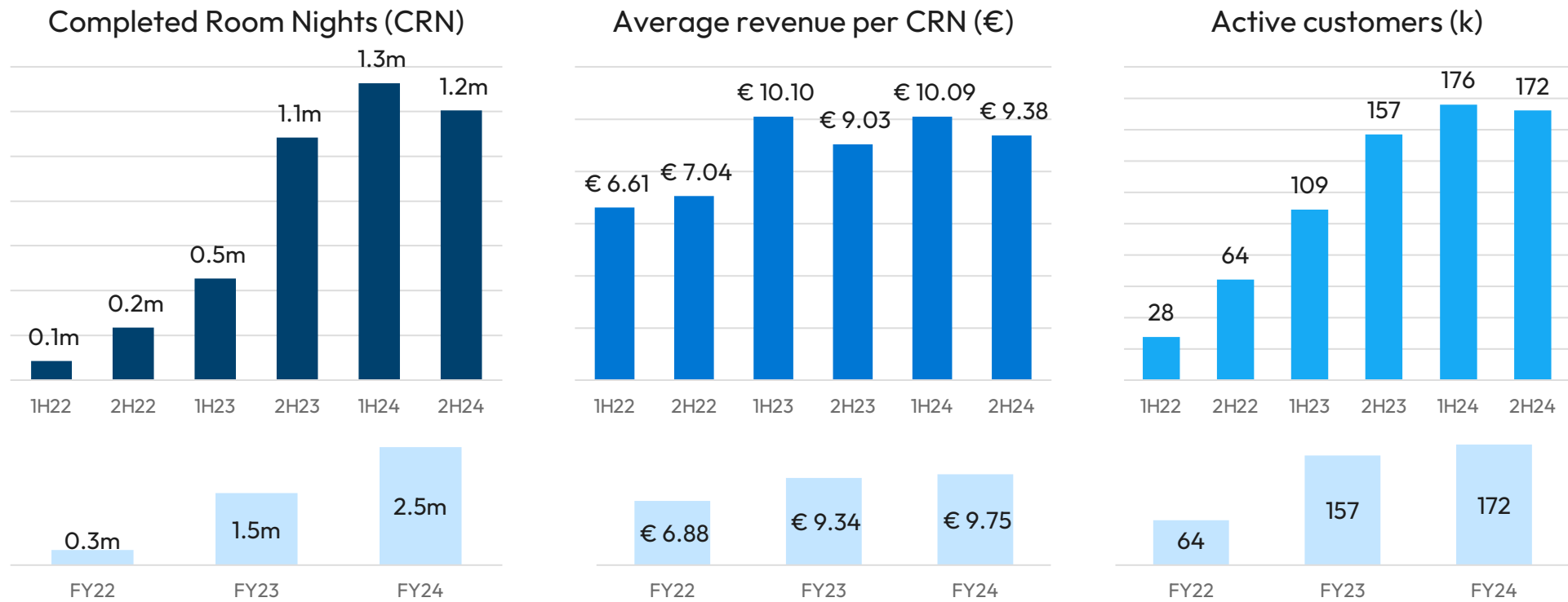
Commercialise the connected trip experience through an open platform

Culture

Develop a culture of engaged Serkodians aligned to our purpose, mission and values

* Estimate based on AB testing results in FY24 extrapolated for a full year using an average \$ booking rate

Upward trend with strong first half



Progress underpinned by innovation and execution

Examples of features rolled out in FY24

Jun 2023

Content and servicing

Partnered with CWT to extend content offering, provide access to exclusive, loyalty earning rates and offer 24/7 support

Jun 2023

Room selection

Intuitive room selection experience that enables users to make better purchase decisions

Oct 2023

Travel tracking

Integration with real-time tool, Traxo, for enhanced traveller safety

Nov 2023

Travel receipts

Streamlined expense reimbursement process

Dec 2023

Hotel budgets

Spend control to drive compliance with company's travel policy

Mar 2024

Personalised stay

Search experience optimised for repeat travel



May 2024

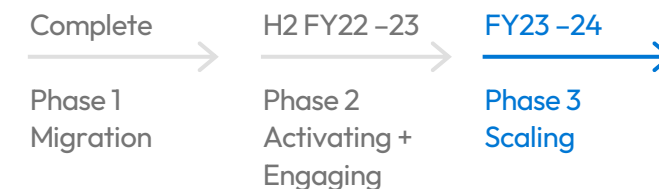
Booking.com for Business named Travel Innovation of the Year



Oct 2023

Booking.com for Business named Best self-booking tool

Booking.com for Business plans



Foundation complete. Plans to increase growth being activated

Customer acquisition growth

- Testing new online marketing channels
- Developing product features that expand our addressable audience.

Active customer growth

- A combination of experimentally developed improvements to the B4B user interface, and
- Development of new features that help businesses efficiently administer their travel spend and safeguard their workforce.

Volume growth

- Enriching the B4B value proposition through a marketplace of discounted ancillary services
- Testing incentives and loyalty, as mechanisms to drive higher purchase frequency, and
- Improving post booking experience to drive higher retention rates.

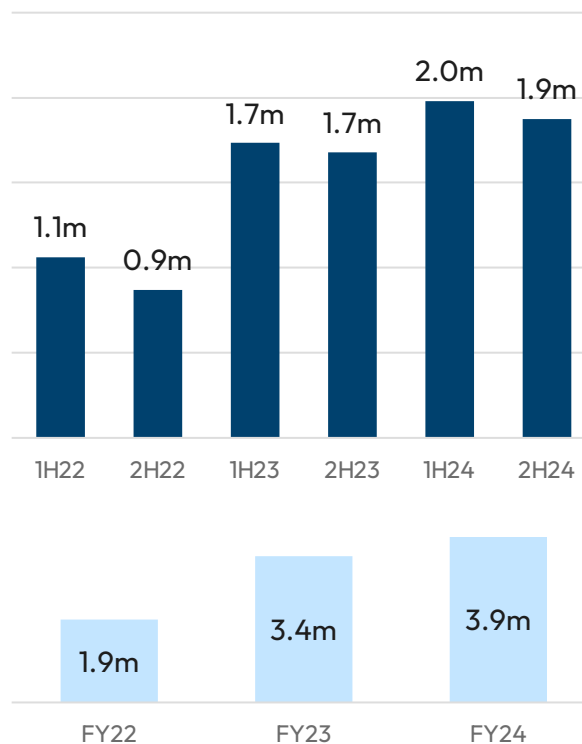


Strengthened market position in Australasia

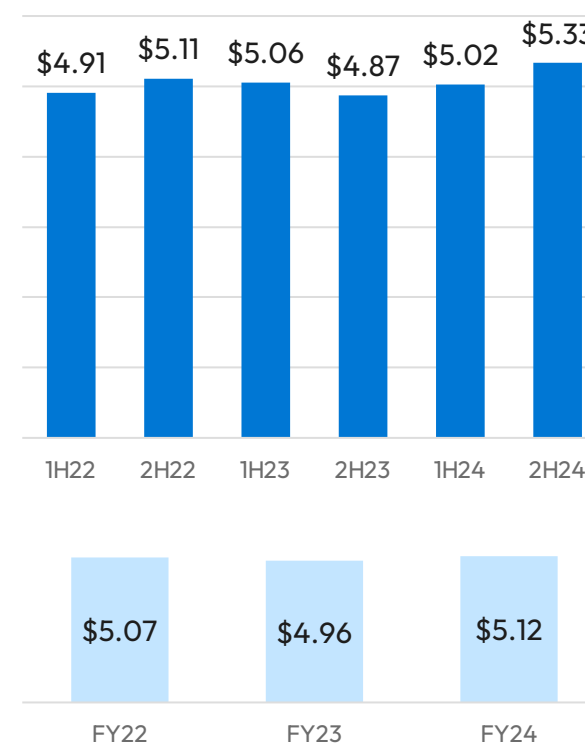
Online bookings up 13% in Australia and New Zealand

- Online bookings were up 13% in Australia and New Zealand to 3.9 million, the result of increased transaction volumes in Australasia and new customer wins.
- Rio Tinto, one of the largest Australian corporate travel accounts went live on Zeno during the first half via American Express Global Business Travel.

Australasia online bookings (m)



Australasia ARPB (\$)



Continued strengthening of Zeno offer

Examples of features rolled out in FY24

Jul 2023

Vehicle selection

Allows customers within the resources and mining industry to book specific vehicles online

Sep 2023

Online changes

Empowers travel bookers to get instant pricing for flight changes, without contacting their travel agent

Nov 2023

Airline aggregator

Enables the sourcing of airlines through a single platform

Jan 2024

Hotel shopping

Enhances hotel and shopping experience for travel to regional destinations

Apr 2024 (post balance date)

Sabre NDC integration

Provides efficiency benefits to corporations, bookers and TMCs by accessing range of airline offers through Zeno

Progress on sustainability practices



Environment

- Completion of our inaugural mandatory Climate-Related Disclosures under the Aotearoa New Zealand Climate Standard reporting framework
- Improved carbon intensity performance from 11.68 to 9.82 (tCO₂e of GHG emissions per \$m of total income)



Social

- New Guiding Principles introduced to guide our behaviours, decisions and actions
- High employee engagement, up from 72% in FY23 to 78% in FY24
- Internal appointments for new or existing roles increased to 29%, up from 17% last year
- Serkodians invested 1,800 hours of their time in our 'Day of Community'
- Achieved Advanced GenderTick accreditation
- Maintained a less than 1% median remuneration difference between males and females when comparing roles of comparable scope and complexity



Governance

- Improved capability in our board and executive team
- Refreshed executive remuneration structure
- Strengthened risk management practices through the business
- Materiality assessment completed, identifying areas that matter most to our stakeholders and the business
- Strengthened stakeholder engagement



Serko's 2024 ESG Report available now at www.serko.com/investors



Financial Update

Audited financial results for the 12 months to 31 March 2024

Net profit summary / EBITDAF reconciliation

- Continuing to achieve operating leverage as revenue grows.
- Weaker New Zealand dollar drove foreign exchange losses on forward exchange contracts used to provide an economic hedge for revenue.
- High interest rates drove stronger interest income.

Net Profit Summary EBITDAF Reconciliation	2024 \$'m	2023 \$'m	change \$'m	change %
Revenue	68.8	46.5	22.3	48%
Other income	2.4	1.5	0.9	58%
Total income	71.2	48.0	23.2	48%
Operating expenses	(89.7)	(82.8)	(6.9)	(8%)
Percentage of revenue	(130%)	(178%)		
Foreign exchange gains/(losses)	(1.1)	1.7	(2.8)	(162%)
Net finance (expense)/income	3.9	2.6	1.4	52%
Net (loss) before tax	(15.7)	(30.5)	14.8	49%
Percentage of revenue	(23%)	(66%)		
Income tax expense	(0.2)	(0.1)	(0.1)	(144%)
Net (loss) after tax	(15.9)	(30.5)	14.7	(48%)
Percentage of revenue	(23%)	(66%)		
Deduct: net finance (expense)/income	(3.9)	(2.6)	(1.4)	(52%)
Add back: income tax	0.2	0.1	0.1	144%
Add back: depreciation and amortisation	17.0	13.0	3.9	30%
Add back: net foreign exchange (gains)/losses	1.1	(1.7)	2.8	162%
EBITDAF (loss)	(1.6)	(21.8)	20.2	93%
Percentage of revenue	(2%)	(47%)		

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 and New Zealand business travel volumes and new customer wins.
- ARPB grew driven by the increased proportion of Booking.com for Business transactions.

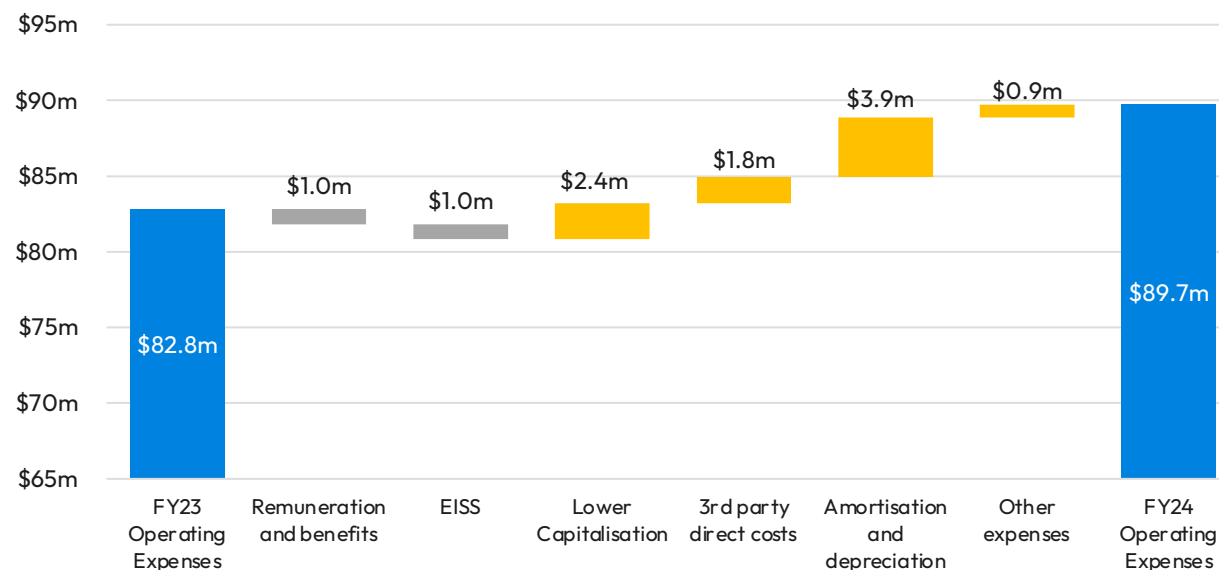
Revenue and other Income by Type	2024 \$'m	2023 \$'m	change \$'m	change %
Revenue – transaction and usage fees:				
Travel platform booking revenue	19.2	16.3	2.9	18%
Expense platform revenue	5.3	5.0	0.3	7%
Supplier commissions revenue	42.9	23.4	19.6	84%
Services revenue	1.0	1.6	(0.6)	(36%)
Other revenue	0.3	0.3	-	(2%)
Other Income	2.4	1.5	0.9	58%
Total revenue and other income	71.2	48.0	23.2	48%
Operating Revenue by Geography				
Australia	20.6	18.1	2.4	13%
New Zealand	3.0	2.5	0.5	20%
North America	3.0	3.0	-	(1%)
Europe and Other	42.2	22.9	19.4	85%
Total Revenue	68.8	46.5	22.3	48%
Total travel bookings (m)	5.9	4.8	1.1	23%
Online bookings (m)	4.9	4.1	0.8	19%
ARPB (travel related revenue only/online bookings)	\$12.71	\$9.56	\$3.15	33%
Average revenue per completed room night (ARPCRN)	€9.75	€9.34	€0.41	4%

Operating expenses

- Serko has maintained cost control for FY24 while continuing to drive the business towards its growth objectives.
- Total remuneration and benefits were flat reflecting lower remuneration and benefits and EISS costs largely offset by lower capitalisation of development resource.
- 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.

Note: A further breakdown of Operating Expenses can be found in note 5 of the financial statements.

Operating Expenses FY24 v FY23



Operating expenses	2024	2023	change	change
	\$'m	\$'m	\$'m	%
Total remuneration and benefits	49.4	49.3	0.1	-
Percentage of revenue	72%	106%		
Third party direct costs	12.2	10.4	1.8	17%
Percentage of revenue	18%	22%		
Other operating expenses	11.1	10.0	1.1	11%
Percentage of revenue	16%	22%		
Total amortisation and depreciation	17.0	13.0	3.9	30%
Percentage of revenue	25%	28%		
Total Operating Expense	89.7	82.8	6.9	8%
Percentage of revenue	130%	178%		

Total spend

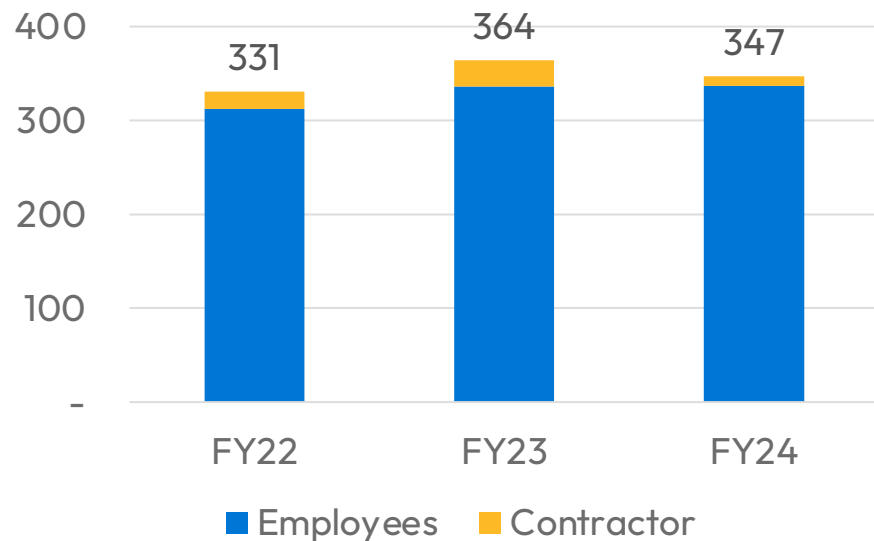
- Total Spend for the year was held almost flat, increasing to \$83.9 million from \$83.3 million (1% increase).
- Increases in Other operating expenses and Third party direct costs were largely offset by lower remuneration and benefits and EISS costs.

Total Spend	2024	2023	change	change
	\$'m	\$'m	\$'m	%
Expenses from ordinary activities	89.7	82.8	6.9	8%
Add back: capitalised development	11.2	13.6	(2.4)	(17%)
Deduct: depreciation and amortisation	(17.0)	(13.0)	(3.9)	(30%)
Total Spend	83.9	83.3	0.6	1%
Percentage of revenue	122%	179%		

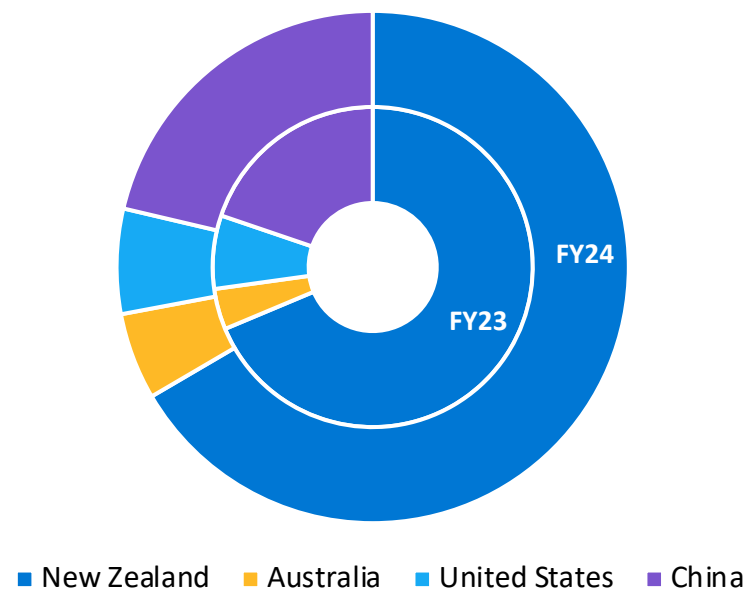


Headcount

Total 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.
- Total PD&D expenditure decreased slightly driven by reductions in contractors as Serko completed several major projects.

Product Design and Development Expenditure	2024	2023	Change	Change
	\$'m	\$'m	\$'m	%
Total Product Design & Development Percentage of revenue	40.7 59%	41.7 90%	(1.0)	(2%)
Less: capitalised product development costs Percentage of Product Design & Development costs	(11.2) 28%	(13.6) 33%	2.4	17%
Total Product Design & Development (excluding amortisation) Percentage of revenue	29.5 43%	28.2 61%	1.3	5%
Add: Amortisation of capitalised development costs	15.3	11.2	4.2	37%
Total Percentage of revenue	44.8 65%	39.3 85%	5.5	14%

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.
- Underlying cash flow has improved as Serko achieves operational leverage on strong revenue growth.

Adjusted Cash flow	2024	2023	Change	Change
	\$'m	\$'m	\$'m	%
Adjusted cash flows from operating activities	4.7	(19.2)	23.9	125%
Adjusted cash flows from investing activities	(11.4)	(14.0)	2.6	18%
Adjusted cash flows from financing activities	-	-	-	-
Net foreign exchange differences	(0.4)	0.5	(0.9)	(178%)
Underlying cash flow	(7.1)	(32.6)	25.5	78%
Average monthly underlying cash burn	(0.6)	(2.7)	2.1	78%
Cash, cash equivalents and short-term deposits at beginning of year	87.7	124.5	(36.8)	(30%)
<u>Add back adjustments:</u>				
One-off payment relating to 2022 made in 2023	-	(4.1)	4.1	100%
Reported Cash, cash equivalents and short-term deposits at the end of the year	80.6	87.7	(7.1)	(8%)



Balance sheet

- Serko's balance sheet remains strong with cash and short-term investments of \$80.6 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	2024	2023	Change	Change
	\$'m	\$'m	\$'m	%
Cash and Short Term Deposits	80.6	87.7	(7.1)	(8%)
Other Current Assets	14.8	13.8	0.9	7%
Intangibles	31.1	35.0	(3.9)	(11%)
Other Non Current Assets	3.6	4.3	(0.7)	(16%)
Total Assets	130.1	140.9	(10.8)	(8%)
Current Liabilities	13.3	12.2	1.1	9%
Non Current Liabilities	1.1	2.7	(1.7)	(61%)
Equity	115.7	125.9	(10.2)	(8%)
Total Liabilities and Equity	130.1	140.9	(10.8)	(8%)



Outlook

Outlook

Serko anticipates demand for business travel in its key markets to remain strong.

Serko expects new unmanaged customer acquisition and activation initiatives to drive increased volumes and total income during the FY25 year, weighted to the second half. Serko also anticipates growth at FY24 levels in its Australasian business.

For the FY25 year, Serko anticipates total income in the range of \$85m-\$92m.

In line with previous statements, Serko expects to be cashflow positive for FY25.

With \$80.6 million cash on hand at 31 March 2024 and no debt, Serko is well positioned to consider organic and inorganic investments where these would advance strategic objectives.

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



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 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 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 and comprises the gross unmanaged supplier commissions revenue per completed room night for revenue generating hotel transactions.
- **Australasia:** New Zealand and Australia
- **Carbon Intensity** is a non-GAAP measure comprising the total Serko Greenhouse Gas emissions in (tonnes of CO₂ emitted in the period) relative to the Total Income (\$m) earned by Serko over the same period.
- **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.

Definitions (continued)

- **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 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 Product 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.
- **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 exceptional items from a timing perspective.
- **Unmanaged customers** is a non-GAAP term referring companies who make online bookings through Serko's Booking.com for Business platform.



FY24 results summary

	1H23	2H23	FY23	1H24	2H24	FY24	FY24 v FY23 %
Financial (\$m)							
Total income	\$19.4m	\$28.6m	\$48.0m	\$36.3m	\$34.8m	\$71.2m	48%
Total operating expenses	\$42.3m	\$40.5m	\$82.8m	\$45.3m	\$44.4m	\$89.7m	8%
Total spend	\$41.1m	\$42.2m	\$83.3m	\$42.2m	\$41.8m	\$83.9m	1%
EBITDAF gain/(loss)	(\$16.9m)	(\$4.9m)	(\$21.8m)	(\$0.8m)	(\$0.8m)	(\$1.6m)	93%
Net gain/(loss) after tax	(\$19.7m)	(\$10.8m)	(\$30.5m)	(\$7.2m)	(\$8.7m)	(\$15.9m)	48%
Average monthly cash burn	\$3.6m	\$2.5m	\$3.1m	\$0.6m	\$0.6m	\$0.6m	(81%)
Underlying average monthly cash burn	\$3.6m	\$1.8m	\$2.7m	\$0.6m	\$0.6m	\$0.6m	(78%)
Operational							
Online bookings (millions)	2.0m	2.2m	4.1m	2.5m	2.4m	4.9m	19%
Completed room nights (millions)	0.5m	1.1m	1.5m	1.3m	1.2m	2.5m	65%
ARPB	\$7.85	\$11.16	\$9.56	\$12.88	\$12.53	\$12.71	33%
ARPCRN	€10.10	€9.03	€9.34	€10.09	€9.38	€9.75	4%
Active Customers (000)	109	157	157	176	172	172	10%



180+

countries with
active users



4.9 million+

trips booked
annually



640,000+

registered customers
across the globe



2007

founded



5 offices

over New Zealand,
USA, Australia, China



340+

size of our team

serko

Thank you

serko