



Market Release

15 November 2023

FY24 Half-Year Results Announcement for the period ended 30 September 2023

Serko Limited (NZX:SKO) today announced its unaudited financial results for the six month period ended 30 September 2023.

SUMMARY FINANCIAL RESULTS^{1,2}

- Total income of \$36.3m, up 87%
- Online bookings of 2.5 million, up 26%
- Completed room nights on Booking.com for Business of 1.3m, up 192%
- EBITDAF loss of \$0.8 million, a 96% improvement
- Net loss after tax of \$7.2 million, a 64% improvement
- Average monthly cash burn of \$0.6 million, an 84% improvement
- Increase to FY24 guidance for total income to \$67 million to \$74 million

All dollar amounts are New Zealand dollars, unless stated otherwise.

Please find attached the following documents containing additional information:

- Market Release
- Results Announcement (NZX Appendix 2)
- Half Year Financial Statements
- Investor Presentation

These documents will be made available on www.serko.com/investors.

Half-Year Results Call

The half-year results will be discussed on a conference call at 11.00am (NZT) today.

To participate in the call, dial one of the following numbers. The call confirmation code is **310788**.

Location	Phone Type	Phone Number
New Zealand	Tollfree/Freephone	0800 423 972
New Zealand, Auckland	Local	+64 (0)9 9133 624
Australia	Tollfree/Freephone	1 800 590 693
Australia, Sydney	Local	+61 (0)2 7250 5438
Hong Kong, Hong Kong	Local	+852 5803 0798
Singapore	Tollfree/Freephone	800 120 7297
United Kingdom	Tollfree/Freephone	0800 279 0424
United Kingdom, Local	Local	+44 (0)330 165 3646
United States/Canada	Tollfree/Freephone	800-289-0459

¹ Comparative numbers are for the prior comparative period (1H23) unless otherwise stated.

² See notes to this release for definitions of non-GAAP financial measures used the released materials.



The webcast link will be made available at www.serko.com/investors.

The interim results and a presentation will be released to the NZX and ASX prior to the call. Management discussion will be followed by a question and answer session.

There is no pre-registration required for the conference call.

Released for an on behalf of Serko Limited by:

Shane Sampson

Chief Financial Officer

ENDS

FURTHER INFORMATION

Investor relations

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Market Release

15 November 2023

Serko's unaudited financial results for the six months to 30 September 2023 Revenue growth and operational leverage underpin strong financial results

SUMMARY FINANCIAL RESULTS^{1,2}

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- Online bookings 2.5 million, up 26%
- Completed room nights on Booking.com for Business of 1.3m, up 192%
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- Net loss after tax of \$7.2 million, a 64% improvement
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- Increase to FY24 guidance for total income to \$67 million - \$74 million

All dollar amounts are New Zealand dollars, unless stated otherwise.

Serko Limited (NZX & ASX: SKO) today released its financial results for the six months to 30 September 2023, with total income up 87% to \$36.3 million, reflecting high revenue growth across managed and unmanaged travel.

Serko Chief Executive and Co-Founder, Darrin Grafton, said: "The first-half result reflects our focus on maximising growth from the travel recovery, materially growing revenue under the Booking.com for Business partnership and putting Serko on a clear path to profitability. We are executing according to our plans and are now strengthening the depth of our capability and building a scaled and globally competitive business.

"The first-half result also benefitted from a higher Average Revenue Per Booking, favourable foreign exchange rates and higher-than-expected business travel volumes in Australasia."

Higher revenue and limited cost growth in the period has led to an 84% reduction in average monthly cash burn from \$3.6m in 1H23 to \$0.6 million in 1H24.

EBITDAF losses were \$0.8m, down from a \$16.9 million EBITDAF loss, a 96% improvement.

UNMANAGED TRAVEL

Mr Grafton said: "The results being delivered under the Booking.com partnership reflect the continued focus of Serko and Booking.com teams and encouraging levels of customer demand.

"Completed room nights on Booking.com for Business rose 192% to 1.3 million from 454,000 in 1H23. When compared with 2H23, completed room nights on Booking.com for Business rose 22% in 1H24.

"Active customers using the Booking.com for Business platform have continued to increase, up 61% to approximately 176,000. Average Revenue per Completed Room Night was in line with 1H23 and up 12% on 2H23.

¹ Comparative numbers are for the prior comparative period (1H23) unless otherwise stated.

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



“During the half, content and servicing from CWT within our Zeno technology platform went live in the Booking.com for Business offering, increasing travel options and reducing friction for businesses.

“We are now focused on implementing further scaling strategies with Booking.com alongside the delivery of new features.”

MANAGED TRAVEL

Mr Grafton said: “Online bookings were up 14% in Australasia to two million, the result of continued strong growth and increased market share. Rio Tinto, one of the largest corporate travel accounts in Australia, went live on Zeno during the half via American Express Global Business Travel.

“We continue to see future growth in Australasia underpinned by high rates of customer retention.

“In North America, we are developing the market and delivering to our partners. We are executing on our plans including taking steps to activate additional customers, increasing the depth of our capability and undertaking targeted product development.”

OUTLOOK

Business travel demand is demonstrating resilience and Serko continues to anticipate revenue growth over the medium to long term.

Considering the growth in the first half, and second half seasonality, Serko revises its anticipated total income for the FY24 year upwards from \$63 million - \$70 million to \$67 million - \$74 million. Serko affirms its total spend guidance of \$86 million - \$90 million for FY24 and anticipates tracking towards the lower end of this spend range.

Serko is well capitalised with cash on hand of \$84.3 million (as at 30 September 2023), declining cash burn and no debt. Serko continues to be open to organic and inorganic investments and will consider opportunities that would advance strategic objectives.

Macroeconomic and geopolitical factors continue to be uncertain, which may impact future performance, including in the short term. Factors that could impact results include currency fluctuations, the impact of regional conflicts and changes in hotel room rates.

Serko retains its aspiration of \$100 million in total income in FY25. Serko remains committed to achieving positive cashflow for the FY25 financial year with appropriate cash reserves on hand at the point of breakeven.

ENDS

Released for an 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 in the covering announcement and a live webcast link is available at serko.com/investors.



FURTHER INFORMATION

Investor relations

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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.

- **Active customers (unmanaged)** is a non-GAAP measure comprising the number of customers who have made a booking in the preceding 12-month period.
- **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** is a non-GAAP measure comprising the gross unmanaged supplier commissions revenue per completed room night.
- **Cash on hand** is a non-GAAP measure comprising cash and short term investments.
- **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.
- **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 the number of employees (excluding casual workers) and contractors employed on the last day of the period.
- **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.
- **Product design and development expenditure** is 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 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 unusual items from a timing perspective.



RESULTS ANNOUNCEMENT

15 November 2023

Results for announcement to the market

Name of issuer	Serko Limited ("SKO")	
Reporting Period	6 months to 30 September 2023	
Previous Reporting Period	6 months to 30 September 2022	
Currency	New Zealand Dollars	
	Amount (000s)	Percentage change
Revenue from continuing operations	\$36,345	Up 87%
Total Revenue	\$36,345	Up 87%
Net profit/(loss) from continuing operations	(\$7,167)	Improvement of 64%
Total net profit/(loss)	(\$7,167)	Improvement of 64%
Interim/Final Dividend		
Amount per Quoted Equity Security	No dividends have been paid during the period and there is no intention to pay dividends while Serko pursues growth opportunities	
Imputed amount per Quoted Equity Security	Not applicable	
Record Date	Not applicable	
Dividend Payment Date	Not applicable	
	Current period	Prior comparable period
Net tangible assets per Quoted Equity Security	\$0.7343	\$0.8473
A brief explanation of any of the figures above necessary to enable the figures to be understood	Please refer to the market release and unaudited interim financial statements released in conjunction with this announcement. Pursuant to ASX listing rule 1.15.3, Serko Limited confirms that it continues to comply with the rules of its home exchange (NZX Main Board).	

Authority for this announcement	
Name of person authorised to make this announcement	Shane Sampson
Contact person for this announcement	Shane Sampson, CFO
Contact phone number	+64 9 884 5916
Contact email address	investor.relations@serko.com
Date of release through MAP	15 November 2023

Unaudited financial statements for the six months ended 30 September 2023 accompanying this announcement.

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 Incorporated in New Zealand ARBN 611 613 980

Financial Statements

For the six months ended 30 September 2023

serko

FY24 Interim Report

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Consolidated Statement of Comprehensive Income

For the six months ended 30 September 2023

	Notes	6 months Unaudited 30 Sep 2023 \$ (000)	6 months Unaudited 30 Sep 2022 \$ (000)	12 months Audited 31 Mar 2023 \$ (000)
Revenue	2	35,775	18,785	46,492
Other income	2	570	654	1,533
Total income		36,345	19,439	48,025
Remuneration and benefits		(25,844)	(26,313)	(49,329)
Other operating expenses		(11,255)	(10,029)	(20,450)
Amortisation and depreciation		(8,253)	(5,985)	(13,040)
Expenses from ordinary activities	3	(45,352)	(42,327)	(82,819)
Loss before finance items		(9,007)	(22,888)	(34,794)
Foreign exchange gains – net		192	2,302	1,737
Finance income		2,098	1,141	2,878
Finance expenses		(120)	(144)	(282)
Loss before income tax		(6,836)	(19,589)	(30,461)
Income tax expense		(331)	(144)	(79)
Net loss attributable to the shareholders of the company		(7,167)	(19,733)	(30,540)
Movement in foreign currency reserve		350	(840)	(440)
Total comprehensive loss for the period		(6,817)	(20,573)	(30,980)
Earnings per share				
Basic and diluted earnings/(loss) per share (dollars)	11	(0.06)	(0.17)	(0.26)

Consolidated Statement of Changes in Equity

For the six months ended 30 September 2023

6 months Unaudited 30 Sep 2023	Notes	Share capital \$ (000)	Share-based payment reserve \$ (000)	Foreign currency reserve \$ (000)	Accumulated losses \$ (000)	Total \$ (000)
Balance as at 1 April 2023		237,976	10,637	(676)	(122,007)	125,930
Net loss for the period		-	-	-	(7,167)	(7,167)
Other comprehensive loss*		-	-	350	-	350
Total comprehensive loss for the period		-	-	350	(7,167)	(6,817)
Transactions with owners						
Equity-settled share-based payments		6,267	(3,913)	-	-	2,354
Balance as at 30 September 2023	10	244,243	6,724	(326)	(129,174)	121,467
6 months Unaudited 30 Sep 2022						
Balance as at 1 April 2022		235,101	7,483	(236)	(91,467)	150,881
Net loss for the period		-	-	-	(19,733)	(19,733)
Other comprehensive loss*		-	-	(840)	-	(840)
Total comprehensive loss for the period		-	-	(840)	(19,733)	(20,573)
Transactions with owners						
Equity-settled share-based payments		2,741	743	-	-	3,484
Balance as at 30 September 2022		237,842	8,226	(1,076)	(111,200)	133,792
12 months Audited 31 Mar 2023						
As presented in the 31 March 2023 Annual Report						
Balance as at 1 April 2022		235,101	7,483	(236)	(91,467)	150,881
Net loss for the year		-	-	-	(30,540)	(30,540)
Other comprehensive loss*		-	-	(440)	-	(440)
Total comprehensive loss for the year		-	-	(440)	(30,540)	(30,980)
Transactions with owners						
Equity-settled share-based payments		2,875	3,154	-	-	6,029
Balance as at 31 March 2023	10	237,976	10,637	(676)	(122,007)	125,930

*Items in other comprehensive income may be reclassified to the income statement and are shown net of tax.

Consolidated Statement of Financial Position

As at 30 September 2023

	Notes	6 months Unaudited 30 Sep 2023 \$ (000)	6 months Unaudited 30 Sep 2022 \$ (000)	12 months Audited 31 Mar 2023 \$ (000)
Current assets				
Cash at bank		23,830	17,867	15,244
Short-term deposits		60,500	85,000	72,500
Receivables	4	15,996	13,208	13,691
Derivative financial instruments	5	596	-	144
Total current assets		100,922	116,075	101,579
Non-current assets				
Property, plant and equipment	6	3,119	3,855	3,946
Intangible assets	7	32,962	32,832	35,041
Deferred tax asset		393	224	350
Total non-current assets		36,474	36,911	39,337
Total assets		137,396	152,986	140,916
Current liabilities				
Trade and other payables	8	11,431	13,695	9,862
Deferred income		1,498	1,126	1,204
Lease liabilities	9	1,075	1,448	1,093
Derivative financial instruments	5	-	375	-
Income tax payable		155	347	83
Total current liabilities		14,159	16,991	12,242
Non-current liabilities				
Deferred income		222	895	727
Lease liabilities	9	1,548	1,308	2,017
Total non-current liabilities		1,770	2,203	2,744
Total liabilities		15,929	19,194	14,986
Equity				
Share capital	10	244,243	237,842	237,976
Share-based payment reserve	10	6,724	8,226	10,637
Foreign currency reserve		(326)	(1,076)	(676)
Accumulated losses		(129,174)	(111,200)	(122,007)
Total equity		121,467	133,792	125,930
Total equity and liabilities		137,396	152,986	140,916

For and on behalf of the Board of Directors, who authorise these financial statements for issue on 15 November 2023



Claudia Batten
Chair



Jan Dawson
Chair of Audit, Risk and Sustainability Committee

Consolidated Statement of Cash Flows

For the six months ended 30 September 2023

	Notes	6 months Unaudited 30 Sep 2023 \$ (000)	6 months Unaudited 30 Sep 2022 \$ (000)	12 months Audited 31 Mar 2023 \$ (000)
Cash flows from operating activities				
Receipts from customers		37,257	16,735	43,102
Interest received		944	38	2,170
Receipts from government grants - other		-	-	1,629
Taxation paid		(89)	(34)	(393)
Payments to suppliers and employees		(37,001)	(34,613)	(70,812)
Interest payments on lease liabilities		(95)	(51)	(223)
Net GST refunded		1,220	973	2,201
Net cash flows (used in)/from operating activities	12	2,236	(16,952)	(22,326)
Cash flows from investing activities				
Purchase of property, plant and equipment		(41)	(226)	(463)
Capitalised development costs and other intangible assets		(5,095)	(4,794)	(13,551)
Short-term deposits		12,000	5,000	17,500
Net cash flows (used in)/from investing activities		6,864	(20)	3,486
Cash flows from financing activities				
Issue of ordinary shares		-	28	21
Payment of lease liabilities		(518)	(464)	(951)
Net repayment of loans		-	(23)	(28)
Net cash flows (used in)/from financing activities		(518)	(459)	(958)
Net increase / (decrease) in total cash		8,582	(17,431)	(19,798)
Net foreign exchange difference		4	785	529
Cash and cash equivalents at beginning of period		15,244	34,513	34,513
Cash and cash equivalents at the end of the period		23,830	17,867	15,244
Cash and cash equivalents comprises the following:				
Cash at bank		23,830	17,867	15,244
		23,830	17,867	15,244

Notes to the Financial Statements

For the six months ended 30 September 2023

BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited interim consolidated financial statements ('Interim Financial Statements') of Serko Limited ('the Company') and subsidiaries ('the Group') were authorised for issue in accordance with a Board resolution.

a) Corporate Information

The Company is a limited liability company domiciled and incorporated in New Zealand under the Companies Act 1993 and is listed on the New Zealand Stock Exchange (NZX) and the Australian Securities Exchange (ASX) as an ASX Foreign Exempt Listing. Its registered office is at Unit 14d, 125 The Strand, Parnell, Auckland. The Interim Financial Statements have been prepared in accordance with the requirements of the Financial Markets Conduct Act 2013 and the Financial Reporting Act 2013.

The Group provides online business travel booking software solutions and is headquartered in Auckland, New Zealand.

b) Basis of preparation

These Interim Financial Statements have been prepared in accordance with generally accepted accounting practice in New Zealand (NZ GAAP) and comply with NZ IAS 34 *Interim Financial Reporting*. The unaudited interim financial statements have been prepared using the going concern assumption and are presented in thousands of New Zealand Dollars. The Company is a profit-oriented entity.

c) Accounting policies and disclosures

The Interim Financial Statements have been prepared using the same accounting policies and methods of computation as, and should be read in conjunction with, the financial statements and related notes included in the Group's annual report for the financial year ended 31 March 2023.

d) Sales tax

The Income Statement and the Statement of Cash Flows have been prepared so that all components are stated exclusive of sales tax, except where sales tax is not recoverable. All items in the Statement of Financial Position are stated net of sales tax with the exception of trade receivables and trade payables, which include sales tax payable. Sales tax includes Goods and Services Tax.

e) Application of new and revised standards, amendments and interpretations.

There are no new revised or amended IFRS Standards that have a material impact on the Group for the period. The accounting policies adopted are consistent with the prior period.

2 REVENUE AND OTHER INCOME

	6 months Unaudited	6 months Unaudited	12 months Audited
	30 Sep 2023	30 Sep 2022	31 Mar 2023
	\$ (000)	\$ (000)	\$ (000)
Revenue – transaction and usage fees:			
Travel platform booking revenue	9,573	8,438	16,283
Expense platform revenue	2,618	2,474	4,960
Supplier commissions revenue	22,681	7,211	23,363
Services revenue	740	494	1,555
Other revenue	163	168	331
Total revenue	35,775	18,785	46,492
Government grants	570	654	1,533
Total other income	570	654	1,533
Total revenue and other income	36,345	19,439	48,025
	6 months Unaudited	6 months Unaudited	12 months Audited
	30 Sep 2023	30 Sep 2022	31 Mar 2023
	\$ (000)	\$ (000)	\$ (000)
Geographic information			
Australia	10,174	9,102	18,130
New Zealand	1,576	1,179	2,480
US	1,634	1,589	3,015
Europe and Other	22,391	6,915	22,867
Total revenue	35,775	18,785	46,492

Serko reduces supplier commissions revenue by the amount of consideration payable to customers relating to jointly agreed marketing fees. For the six months ended 30 September 2023, consideration payable to customers was \$1,691,679 (30 September 2022: \$886,004; 31 March 2023: \$1,816,833).

3 EXPENSES

	6 months Unaudited	6 months Unaudited	12 months Audited
	30 Sep 2023	30 Sep 2022	31 Mar 2023
	\$ (000)	\$ (000)	\$ (000)
Operating loss before taxation includes the following expenses:			
Employee remuneration	22,159	21,652	37,995
Contributions to pension plans	1,052	851	4,688
Share-based payment expenses	2,354	3,462	6,008
Other remuneration and benefits	279	348	638
Total remuneration and benefits	25,844	26,313	49,329
Hosting expenses	3,812	3,242	6,638
Third party connection costs	1,149	949	1,889
Other platform related costs	1,457	870	1,918
Auditor remuneration and other assurance fees	103	127	268
Directors' fees	229	234	465
Movement of expected credit loss allowance on receivables	-	87	28
Bad debts written off / (recovered)	(113)	4	13
Rental and operating lease expenses	18	104	134
Professional fees	761	834	1,627
Computer licences	786	669	1,540
Insurance costs	558	484	986
Marketing expenses	700	922	1,610
Recruitment fees	211	267	567
Donations	3	-	11
Travel and entertainment	709	444	1,128
Other expenses	872	792	1,628
Total other operating expenses	11,255	10,029	20,450
Amortisation of intangibles	7,357	5,041	11,163
Depreciation	896	944	1,877
Total amortisation and depreciation	8,253	5,985	13,040
Expenses from ordinary activities	45,352	42,327	82,819

4 RECEIVABLES

	6 months Unaudited	6 months Unaudited	12 months Audited
	30 Sep 2023	30 Sep 2022	31 Mar 2023
	\$ (000)	\$ (000)	\$ (000)
Trade receivables	2,806	3,641	3,289
Expected credit loss provision	(39)	(283)	(220)
Trade receivables (net)	2,767	3,358	3,069
GST receivable	291	547	545
Sundry debtors	41	43	17
Contract assets	11,764	7,357	8,287
Prepayments	1,133	1,903	1,773
Total receivables	15,996	13,208	13,691

5 DERIVATIVE FINANCIAL INSTRUMENTS

The Group uses derivatives in the form of forward exchange contracts (FECs) to reduce the risk that movements in the exchange rate will affect the Group's New Zealand dollar cash flows. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The following table presents the Group's foreign currency forward exchange contracts measured at fair value:

	6 months Unaudited	6 months Unaudited	12 months Audited
	30 Sep 2023	30 Sep 2022	31 Mar 2023
	\$ (000)	\$ (000)	\$ (000)
Current:			
Foreign currency forward exchange contracts: asset/(liability)	596	(375)	144
Contractual amounts of forward exchange contracts outstanding were as follows:			
Foreign currency forward exchange contracts	55,927	23,530	38,806

Derivative financial instruments have been determined to be within level 2 of the fair value hierarchy. Foreign currency forward exchange contracts have been fair valued using published market foreign exchange rates and contract forward rates discounted at a rate that reflects the credit risk of the counterparties.

6 PROPERTY, PLANT AND EQUIPMENT

	6 months Unaudited 30 Sep 2023 \$ (000)	6 months Unaudited 30 Sep 2022 \$ (000)	12 months Audited 31 Mar 2023 \$ (000)
Opening balance	3,946	4,319	4,319
Additions	41	433	1,481
Disposals	-	-	(4)
Depreciation	(898)	(944)	(1,877)
Currency translation	30	47	27
Closing balance	3,119	3,855	3,946

7 INTANGIBLES

	6 months Unaudited 30 Sep 2023 \$ (000)	6 months Unaudited 30 Sep 2022 \$ (000)	12 months Audited 31 Mar 2023 \$ (000)
Opening balance	35,041	32,058	32,058
Additions	5,095	4,795	13,551
Amortisation	(7,357)	(5,041)	(11,163)
Currency translation	183	1,020	595
Closing balance	32,962	32,832	35,041

8 TRADE AND OTHER PAYABLES

	6 months Unaudited 30 Sep 2023 \$ (000)	6 months Unaudited 30 Sep 2022 \$ (000)	12 months Audited 31 Mar 2023 \$ (000)
Trade payables	794	1,776	2,311
Other payables	-	5,135	-
Accrued expenses	7,257	3,753	4,644
Annual leave accrual	3,380	3,031	2,907
Total trade and other payables	11,431	13,695	9,862
Disclosed as:			
Current	11,431	13,695	9,862
Non-Current	-	-	-
	11,431	13,695	9,862

9 LEASE LIABILITIES

Recognition and measurement of The Group's leasing activities

The Group leases property for fixed periods of between one and six years and some include extension options. These extension options are usually at the discretion of The Group and are included in the measurement of the lease asset if management intends to exercise the extension.

Lease liabilities include the net present value of fixed payments less any lease incentives receivable. The lease payments are discounted using the lessee's incremental borrowing rate, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

The amortisation of the discount applied on recognition of the lease liability is recognised as interest expense in the income statement.

Key movements relating to lease balances are presented below.

	6 months Unaudited 30 Sep 2023 \$ (000)	6 months Unaudited 30 Sep 2022 \$ (000)	12 months Audited 31 Mar 2023 \$ (000)
Opening Balance	3,110	2,977	2,977
Lease entered into / modified during the period	8	216	1,073
Principal repayments	(527)	(464)	(951)
Foreign exchange adjustment	33	27	11
Closing balance	2,623	2,756	3,110
Classified as:			
Current	1,075	1,448	1,093
Non-current	1,548	1,308	2,017
Closing balance	2,623	2,756	3,110

10 EQUITY

	6 months Unaudited	6 months Unaudited	12 months Audited	6 months Unaudited	6 months Unaudited	12 months Audited
	30 Sep 2023	30 Sep 2022	31 Mar 2023	30 Sep 2023	30 Sep 2022	31 Mar 2023
	\$ (000)	\$ (000)	\$ (000)	NO. OF SHARES (000)	NO. OF SHARES (000)	NO. OF SHARES (000)
Ordinary shares						
Balance at 1 April	237,976	235,101	235,101	120,443	119,921	119,921
Issue of shares pursuant to institutional capital placement	-	-	-	-	-	-
Transaction costs for issue of new shares	-	-	-	-	-	-
Issue of shares pursuant to US Options plan	-	21	21	-	8	8
Issue of shares pursuant to RSU scheme	6,267	2,720	2,854	1,349	494	514
Share capital	244,243	237,842	237,976	121,792	120,423	120,443
Share-based payment reserve						
Balance at 1 April	10,637	7,483	7,483			
RSUs expensed during the year	2,377	3,465	6,542			
Shares vested to employees via RSU scheme	(6,267)	(2,479)	(2,854)			
RSUs forfeited by employees	(29)	(256)	(516)			
Share-based payments - employee share options	6	13	(18)			
Share-based payment reserve	6,724	8,226	10,637			

11 EARNINGS PER SHARE

	6 months Unaudited	6 months Unaudited	12 months Audited
	30 Sep 2023	30 Sep 2022	31 Mar 2023
	\$ (000)	\$ (000)	\$ (000)
Loss attributable to ordinary equity holders of the parent			
Continuing operations	(7,167)	(19,733)	(30,540)
	(7,167)	(19,733)	(30,540)
	Number	Number	Number
Basic earnings per share			
Issued ordinary shares	121,792	120,423	120,443
Weighted average of issued ordinary shares	120,781	120,268	120,344
Adjusted for unallocated employee restricted share plan shares	(1,264)	(1,264)	(1,264)
Weighted average of issued ordinary shares outstanding	119,517	119,004	119,080
Basic and diluted earnings/(loss) per share (dollars)	(0.06)	(0.17)	(0.26)
	6 months Unaudited	6 months Unaudited	12 months Audited
	30 Sep 2023	30 Sep 2022	31 Mar 2023
	Cents	Cents	Cents
Net tangible assets per security	73.43	84.73	76.26

Net tangible assets per security is a non-GAAP measure and is provided for NZX reporting purposes. Net tangible assets per security is calculated as Total assets less Total liabilities less Intangible assets divided by the issued ordinary shares (excluding treasury shares).

12 RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES

	6 months Unaudited 30 Sep 2023 \$ (000)	6 months Unaudited 30 Sep 2022 \$ (000)	12 months Audited 31 Mar 2023 \$ (000)
Net loss after tax	(7,167)	(19,733)	(30,540)
Add non-cash items			
Amortisation	7,356	5,041	11,163
Depreciation	897	944	1,877
Deferred tax loss/(gain)	(43)	(149)	(275)
(Gain) / loss on foreign exchange transactions	(286)	(2,297)	(1,681)
Share-based compensation	2,354	3,450	6,008
	3,111	(12,744)	(13,448)
Add/(less) movements in working capital items			
(Increase) / decrease in receivables	(2,305)	(6,982)	(7,465)
Increase / (decrease) in payables	1,358	2,547	(1,376)
Increase / (decrease) in income tax	72	227	(37)
	(875)	(4,208)	(8,878)
Net cash flows used in operating activities	2,236	(16,952)	(22,326)

13 EVENTS AFTER BALANCE SHEET DATE

There were no significant events between the balance sheet date and the date these financial statements were authorised for issue.

14 CONTINGENT LIABILITIES

There were no contingent liabilities as at 30 September 2023 (30 September 2022: \$nil).

Company Directory

Serko is a company incorporated with limited liability under the New Zealand Companies Act 1993

New Zealand Companies Office registration number 1927488

Australian Registered Body Number (ARBN) 611 613 980

For investor relations queries contact: investor.relations@serko.com

Registered office

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Boardroom Pty Limited
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NSW, Australia

Principal Administration Office

New Zealand

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Sydney 2000
NSW, Australia
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Auckland 1010, New Zealand
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serko@linkmarketservices.co.nz

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Claudia Batten (Chair)
Jan Dawson
Darrin Grafton
Robert (Clyde) McConaghy
Robert (Bob) Shaw

Auditor

Deloitte Limited
Deloitte Centre
80 Queen Street
Auckland 1040, New Zealand
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Serko's ESG Report, which includes its Corporate Governance Statement, can be found at www.serko.com/investors.

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FY24 Interim Report · Serko Limited
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Financial Results

Unaudited financial results

for the half year ending 30 September 2023

serko



Disclaimer

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Comparative figures are for the prior comparative period (1H23) unless otherwise stated.



Contents

- 04** 1H FY24 Highlights
- 12** Strategic Priorities
- 18** Financial Update
- 27** Outlook



Darrin Grafton
CEO



Shane Sampson
CFO



1H FY24 Highlights

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



Strong progress and delivery on growth plans



Maximise
recovery,
deliver
unmanaged
revenue growth

FY23



Winning in
chosen markets

FY24



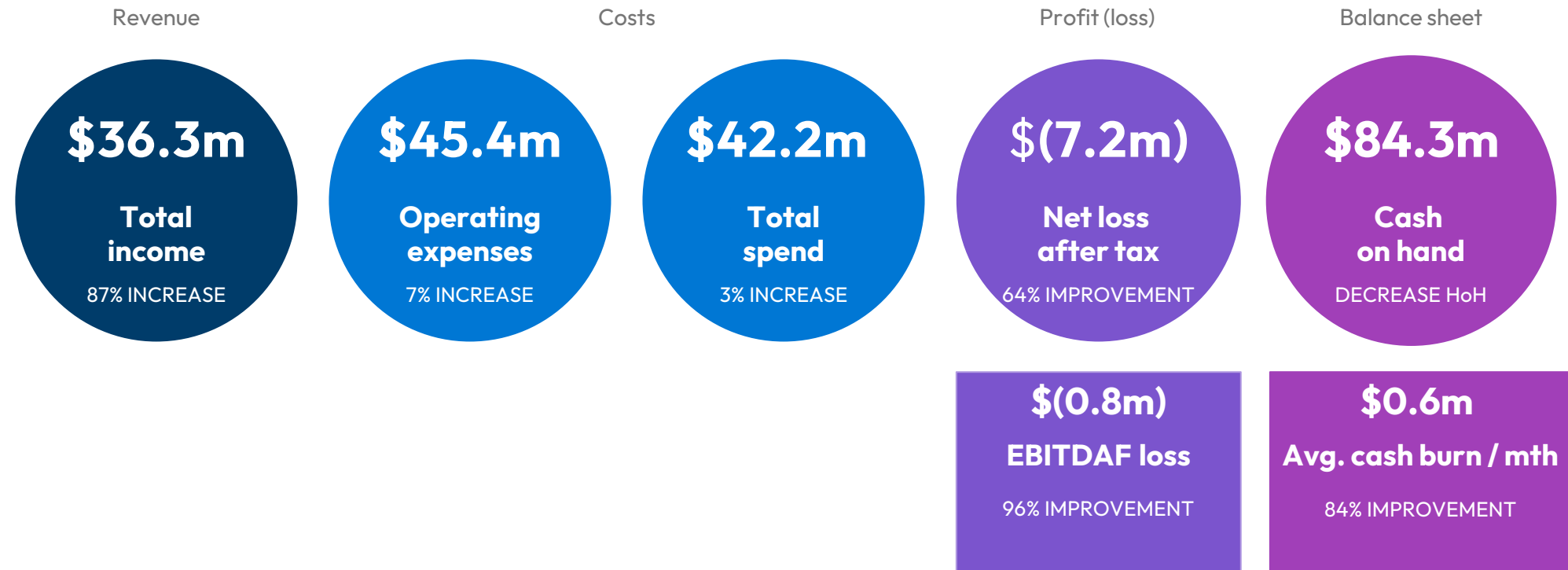
Global
scale and
operational
leverage



Building
globally-
competitive
business



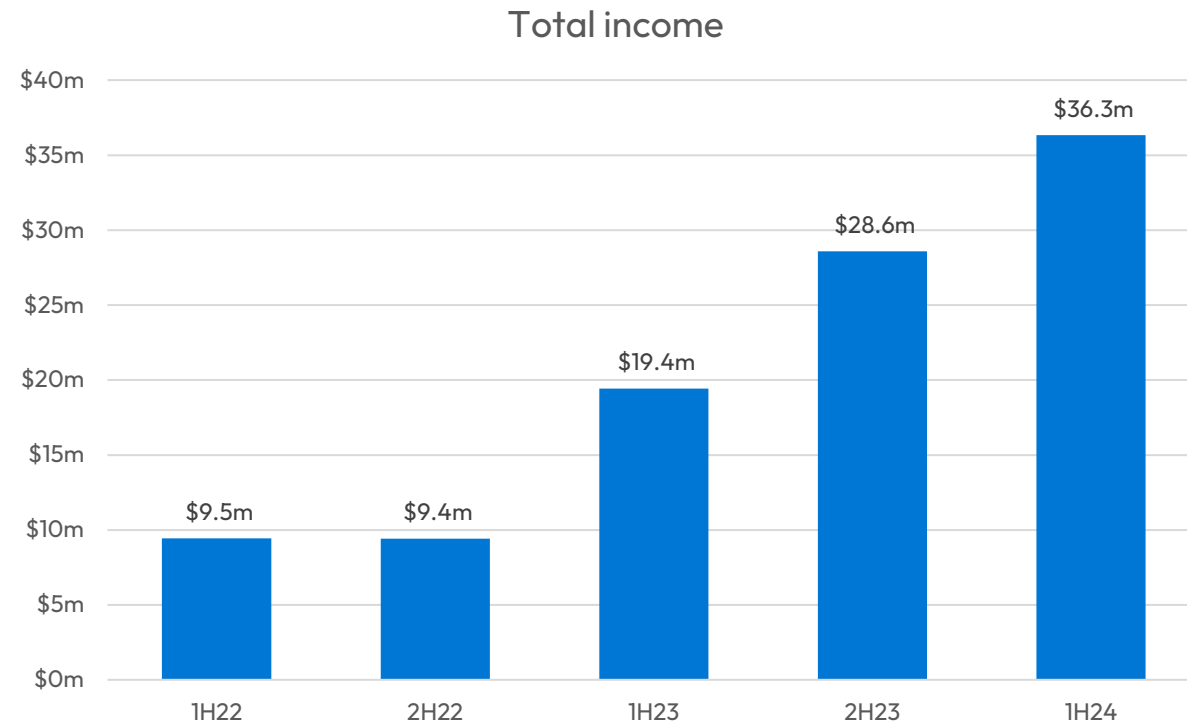
1H FY24: Revenue growth and operational leverage





Growth from unmanaged and managed travel

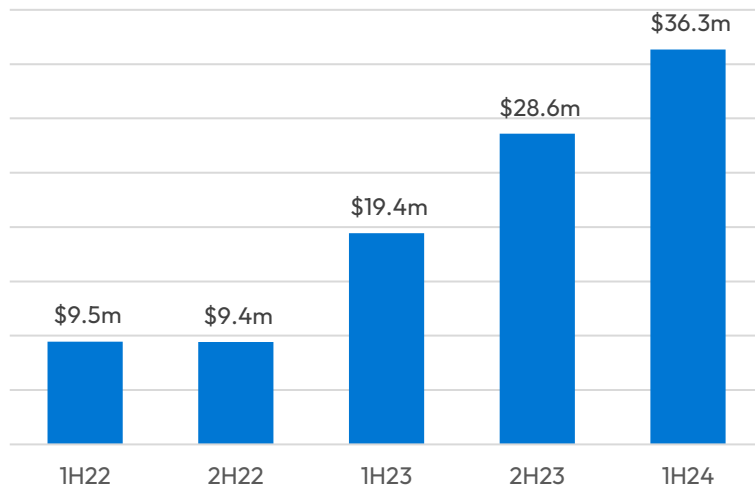
- Total 1H24 income of \$36.3m, up 87% on 1H23 and up 27% on 2H23
- Growth driven by progress of Booking.com for Business and increased volumes in Australasia
- First-half benefitted from higher ARPB, favorable foreign exchange rates and higher-than-expected business travel volumes in Australasia





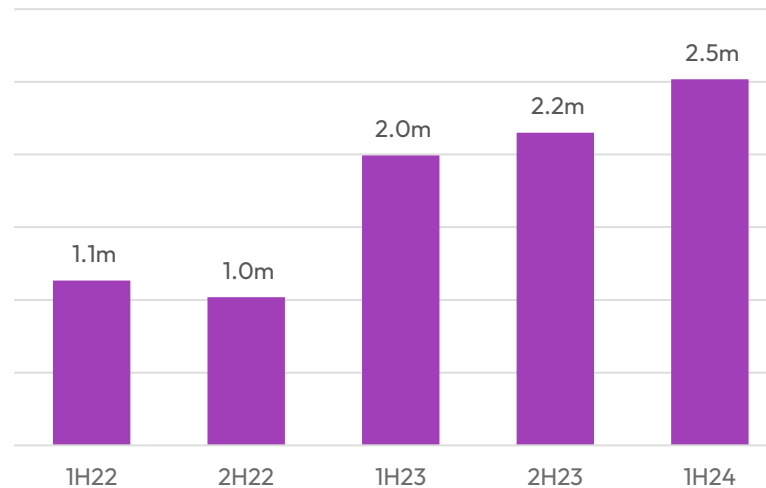
Focus on delivering sustainable growth

Total income



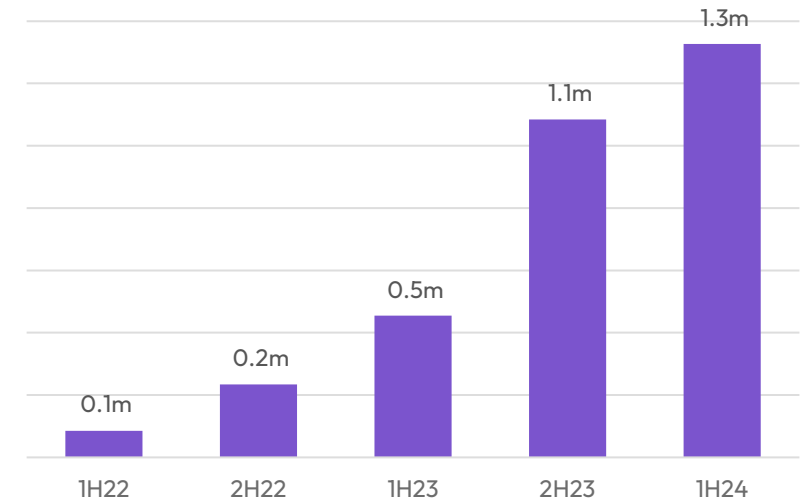
Up 87% on 1H23

Total online bookings*



Up 26% on 1H23

Completed room nights**



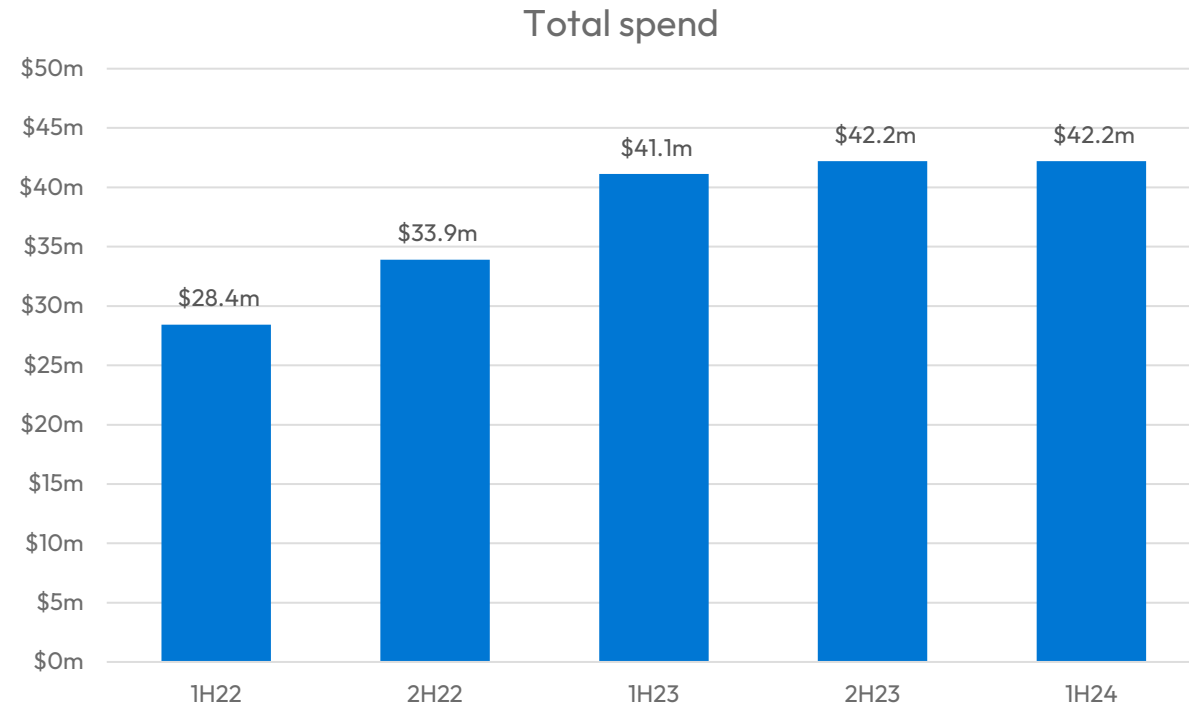
Up 192% on 1H23

* Total online booking figures include both unmanaged and managed bookings.
**Completed room nights only relate to revenue generating unmanaged travel bookings.



Increasing benefits from cost discipline

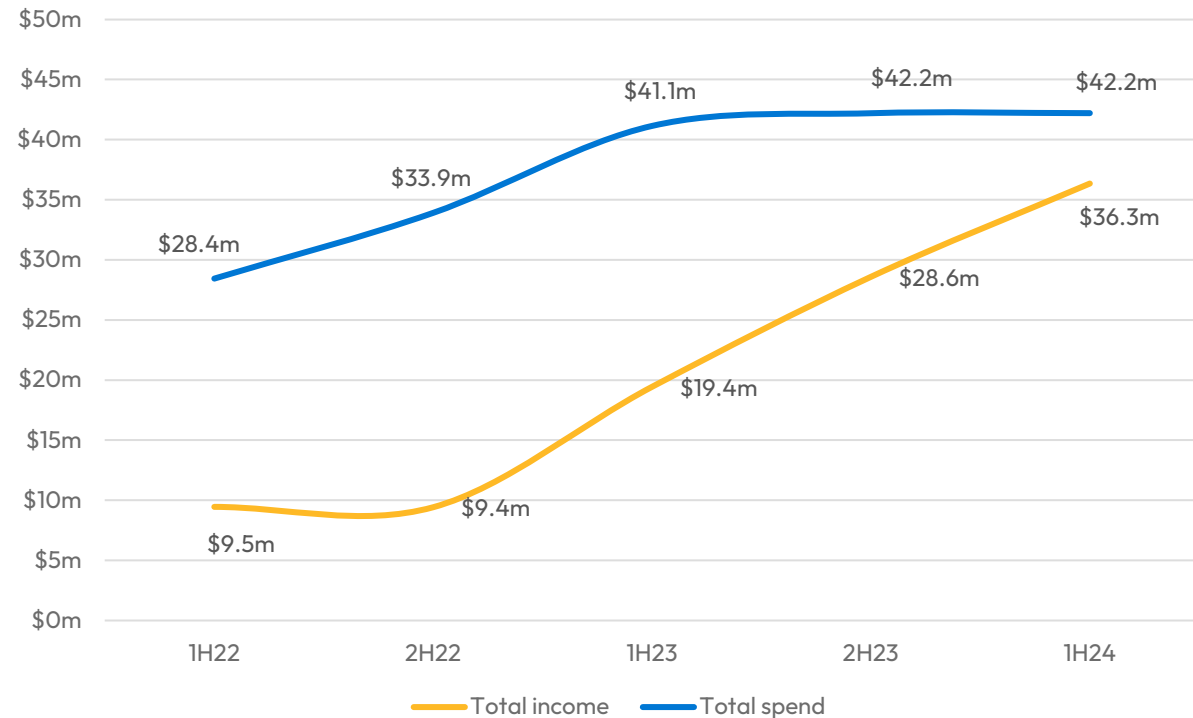
- Total spend of \$42.2m for 1H24
- Total spend growth was up 3% on 1H23 and in line with 2H23





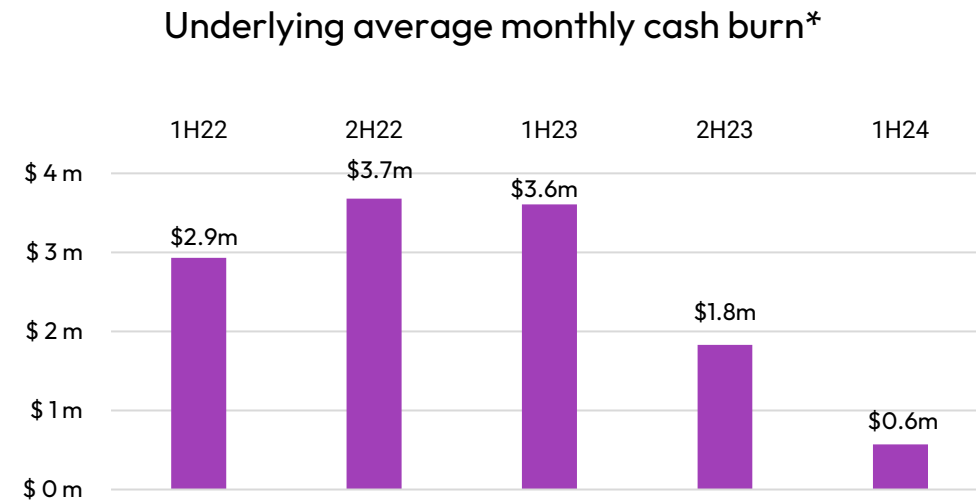
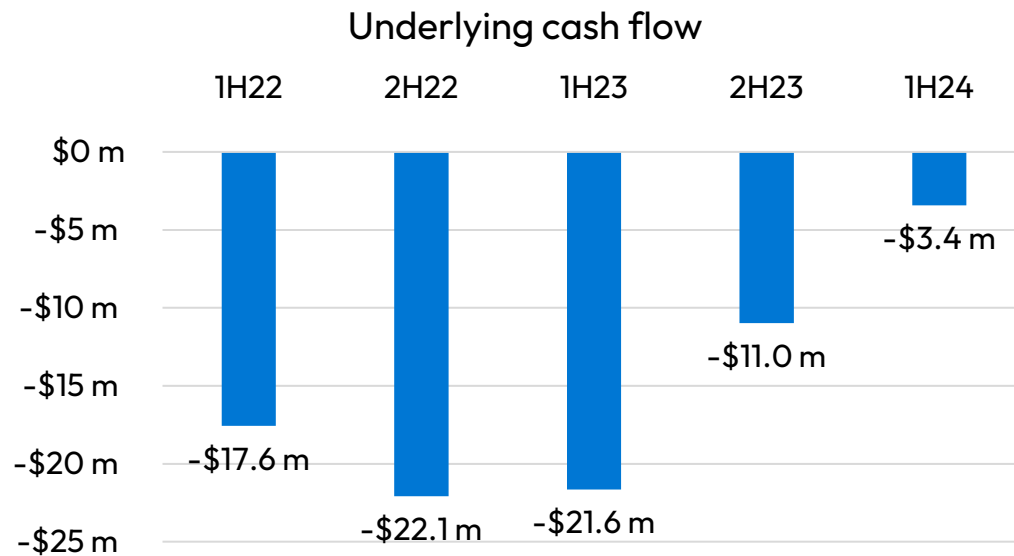
Total income growth exceeded cost growth

Total spend as a percentage of total income decreased from 212% in 1H23 to 116% in 1H24





Reduction in underlying average monthly cash burn



* 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.



Strategic Priorities



Progress against our strategic goals

3yr Strategic Goals	1 Customer success Deliver an exceptional customer experience (CX) through experimentation-driven development	2 Unmanaged revenue Establish significant market share in unmanaged travel market	3 Managed revenue Consistently grow market share in global managed travel market through TMC partnerships and inorganic growth	4 Marketplace and content Commercialise the connected trip experience through an open platform	5 Culture Develop a culture of engaged Serkodians aligned to our purpose, mission and values
FY24 Objectives	Build travel software that people love Engage and delight our customers through impactful data-driven products	Make booking for business easy Combine Serko's experience of what matters most to business travellers with the best of Booking.com	Unlock the US market Utilise our market leading A/NZ experience to improve the success of our US-based TMC's	Adopt next-gen tech foundations Continue development of our next-gen technology platform to optimise scale, cost and pace of innovation	The best place to do your best work An environment where you can do career defining work that delights our customers and partners



Strengthening our executive team



Joydip Das

Chief Product Officer

- Experience as a global product leader
- Until recently, Chief Product Officer of technology company Iress
- Formerly Vice President, Product at Salesforce.com and SAP
- Commenced October 2023



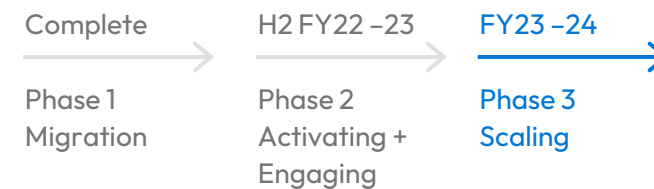
Liz Fraser

Chief Revenue Officer

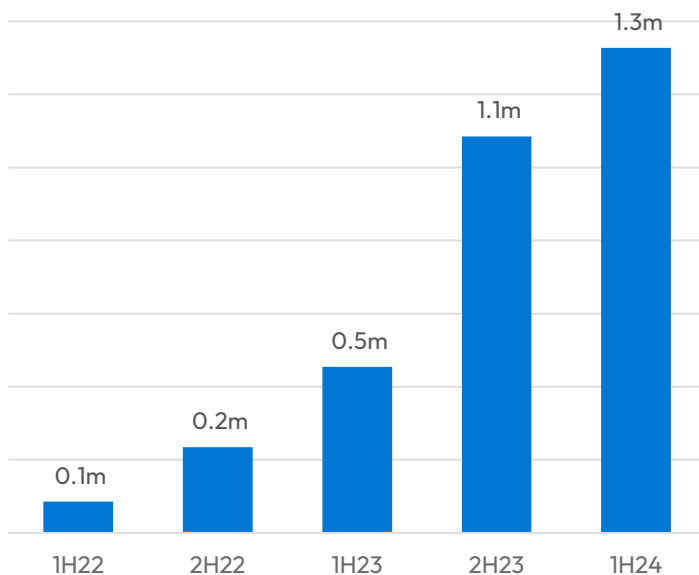
- Extensive experience driving revenue growth in travel and media sectors
- Experience includes senior leadership roles at TVNZ, Air New Zealand and MediaWorks
- Commences January 2024

2. Unmanaged revenue

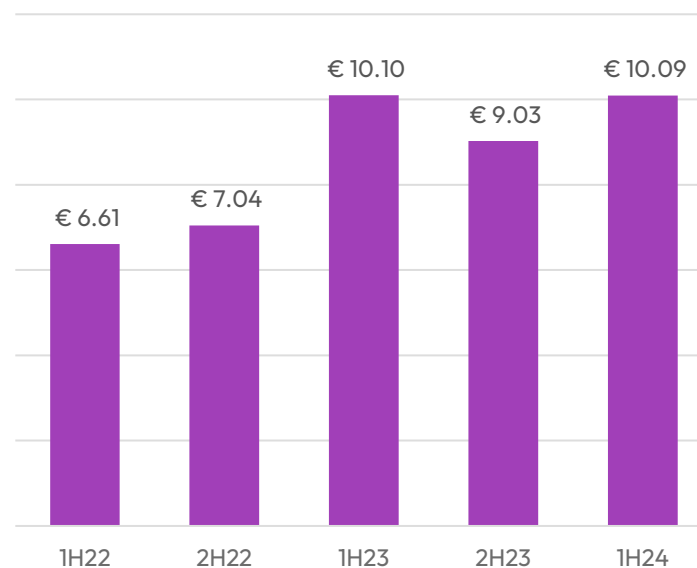
Continued delivery with Booking.com



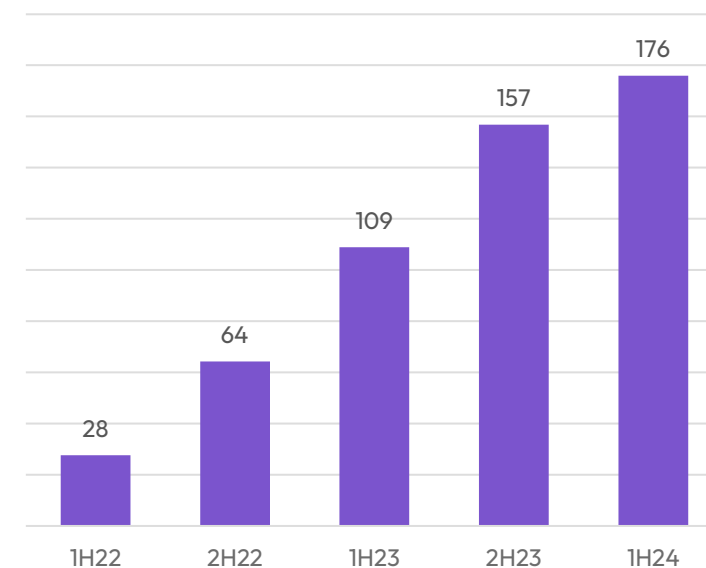
Completed room nights up **192%** on 1H23



Avg. revenue per completed room night in line with 1H23



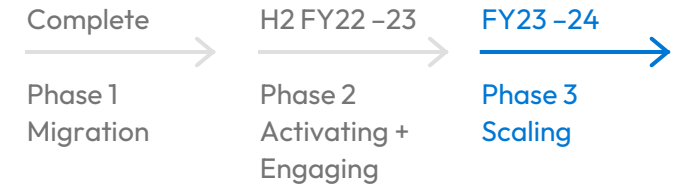
Active customers up **61%** on 1H23



2. Unmanaged revenue

Phase 3: Scaling

- We are now focused on implementing our scaling strategies with Booking.com alongside the delivery of new features.
- Scaling initiatives include bringing more of the features found in our Zeno platform into Booking.com for Business, along with new product offerings. These are supported by the strong technology foundations in place. Further product enhancements are scheduled to be released in the second half.
- During the half, content and servicing from CWT within the Zeno technology platform went live in the Booking for Business offering.
- We entered into a five-year agreement with Booking Holdings in October 2019 and will undertake formal renewal discussions at the appropriate time. We will keep the market appropriately informed.





3. Managed revenue

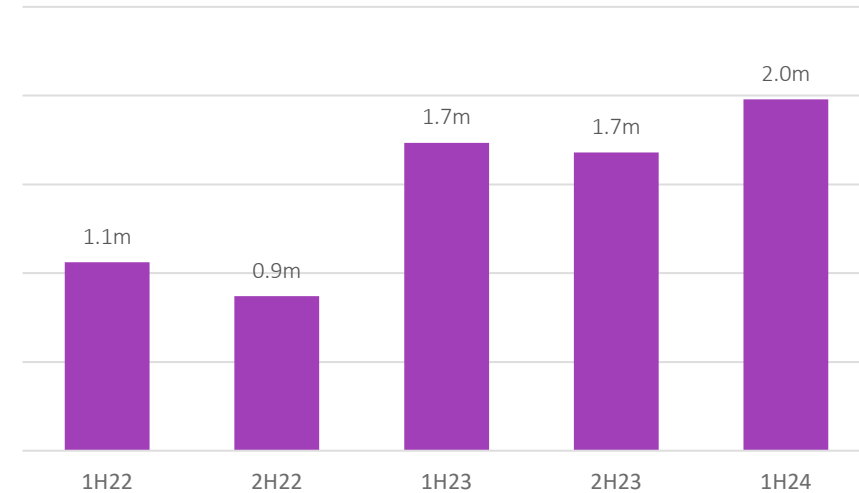
Australasia

- Online bookings were up 14% in Australia and New Zealand to 2 million, the result of continued strong growth and increased market share
- Driven by increased transaction volumes in Australasia and new customer wins. Rio Tinto, one of the largest corporate travel accounts in Australia went live on Zeno during the half via American Express Global Business Travel

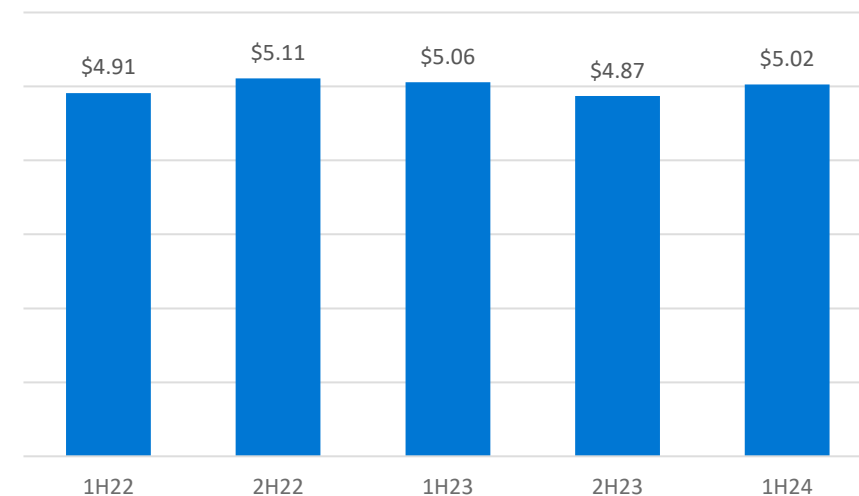
North America

- In North America, we continue to develop the market and deliver to our partners
- We are executing on our plans to increase customer activations and acquisitions, capability and targeted product development

Australasia Online bookings (millions)



Australasia ARPB





Financial Update

Unaudited financial results

for the half year ending 30 September 2023

Net profit summary / EBITDAF reconciliation

- Significant operating leverage achieved as revenue grew strongly
- Increasing interest rates have driven stronger interest income

Net Profit Summary EBITDAF Reconciliation	1H24 \$'m	1H23 \$'m	change \$'m	change %	FY23 \$'m
Revenue	35.8	18.8	17.0	90%	46.5
Other income	0.6	0.7	(0.1)	(13%)	1.5
Total income	36.3	19.4	16.9	87%	48.0
Operating expenses	(45.4)	(42.3)	(3.0)	7%	(82.8)
Percentage of revenue	(127%)	(225%)			(178%)
Foreign exchange gains/(losses)	0.2	2.3	(2.1)	(92%)	1.7
Net finance (expense)/income	2.0	1.0	1.0	98%	2.6
Net (loss) before tax	(6.8)	(19.6)	12.8	(65%)	(30.5)
Percentage of revenue	(19%)	(104%)			(66%)
Income tax expense	(0.3)	(0.1)	(0.2)	130%	(0.1)
Net (loss) after tax	(7.2)	(19.7)	12.6	(64%)	(30.5)
Percentage of revenue	(20%)	(105%)			(66%)
Deduct: net finance (expense)/income	(2.0)	(1.0)	(1.0)	98%	(2.6)
Add back: income tax	0.3	0.1	0.2	130%	0.1
Add back: depreciation and amortisation	8.3	6.0	2.3	38%	13.0
Add back: net foreign exchange (gains)/losses	(0.2)	(2.3)	2.1	(92%)	(1.7)
EBITDAF (loss)	(0.8)	(16.9)	16.1	(96%)	(21.8)
Percentage of revenue	(2%)	(90%)			(47%)

Revenue analysis

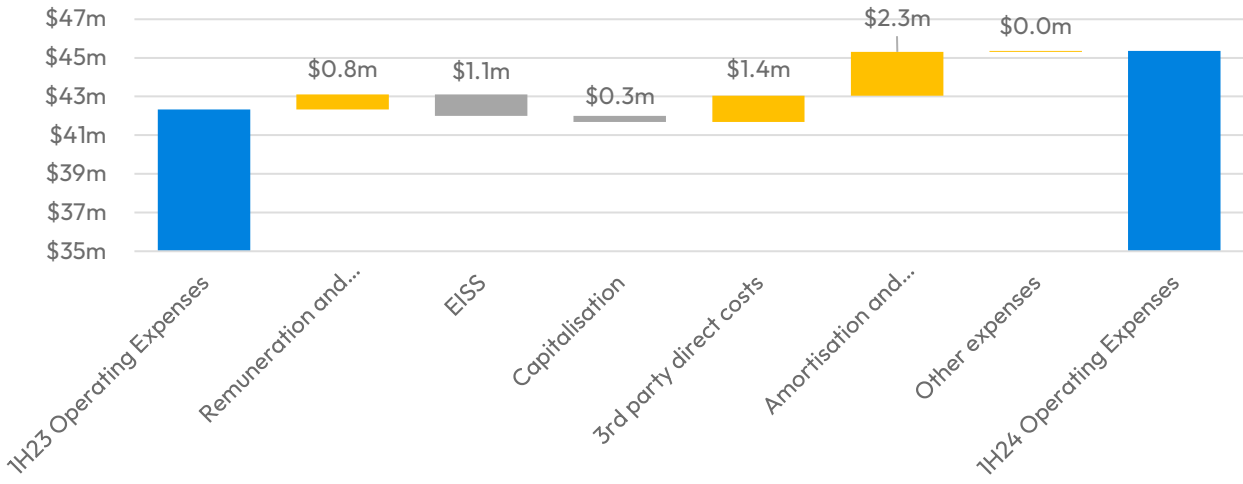
- Continued growth in the Booking for Business partnership drove an increase in revenue in the Supplier Commissions category and in the Europe and Other geography
- Recovery in travel volumes and market share gains drove increases in Travel platform revenue in the Australia and New Zealand geographies
- ARPB grew driven by the increased proportion of Booking.com for Business transactions
- ARPCRN was in line with 1H23 but up on FY23

Revenue and other Income by Type	1H24 \$'m	1H23 \$'m	change \$'m	change %	FY23 \$'m
Revenue – transaction and usage fees:					
Travel platform booking revenue	9.6	8.4	1.1	13%	16.3
Expense platform revenue	2.6	2.5	0.1	6%	5.0
Supplier commissions revenue	22.7	7.2	15.5	215%	23.4
Services revenue	0.7	0.5	0.2	50%	1.6
Other revenue	0.2	0.2	(0.0)	-3%	0.3
Other Income	0.6	0.7	(0.1)	-13%	1.5
Total revenue and other income	36.3	19.4	16.9	87%	48.0
Operating Revenue by Geography					
Australia	10.2	9.1	1.1	12%	18.1
New Zealand	1.6	1.2	0.4	34%	2.5
North America	1.6	1.6	0.0	3%	3.0
Europe and Other	22.4	6.9	15.5	224%	22.9
Total Revenue	35.8	18.8	17.0	90%	46.5
Total travel bookings (m)	2.9	2.3	0.6	27%	4.8
Online bookings (m)	2.5	2.0	0.5	26%	4.1
ARPB (travel related revenue only/online bookings)	\$12.88	\$7.85	\$5.03	64%	\$9.56
Average revenue per completed room night (ARPCRN)	€10.09	€10.10	(€0.01)	0%	€9.34

Operating Expenses 1H24 v 1H23

Operating expenses

- 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



Operating expenses	1H24 \$'m	1H23 \$'m	change \$'m	change %	FY23 \$'m
Total remuneration and benefits	25.8	26.3	(0.5)	(2%)	49.3
Percentage of revenue	72%	140%			106%
Third party direct costs	6.4	5.1	1.4	27%	10.4
Percentage of revenue	18%	27%			22%
Other operating expenses	4.8	5.0	(0.1)	(3%)	10.0
Percentage of revenue	14%	26%			22%
Total amortisation and depreciation	8.3	6.0	2.3	38%	13.0
Percentage of revenue	23%	32%			28%
Total Operating Expenses	45.4	42.3	3.0	7%	82.8
Percentage of revenue	127%	225%			178%

Note: A further breakdown of Operating Expenses can be found in Note 3 of the interim financial statements.

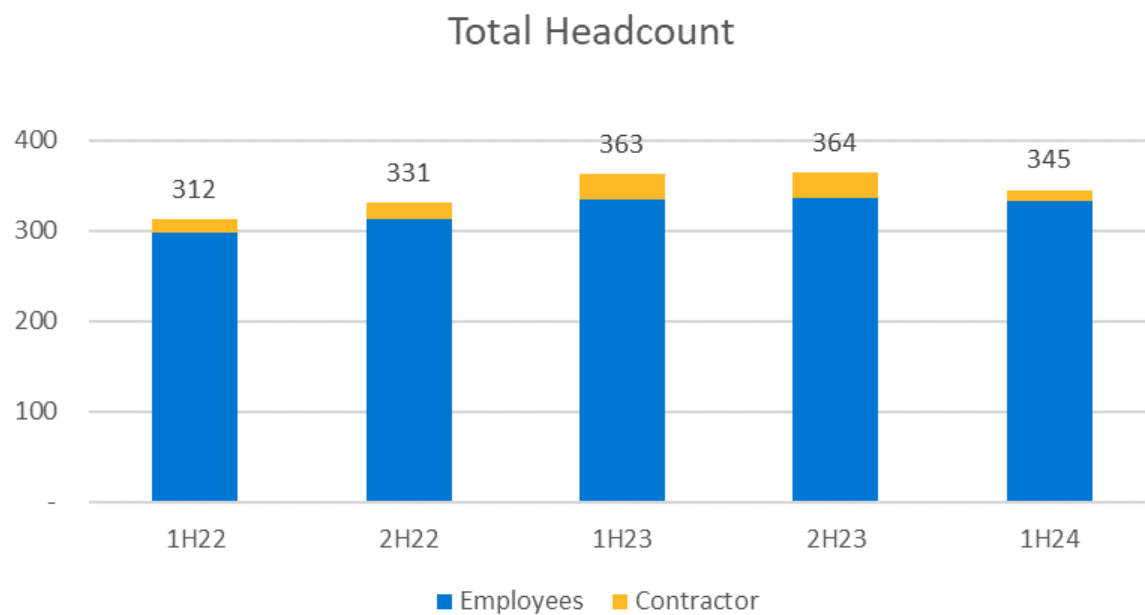
Total spend

- Total spend grew by only 3% with lower employee share scheme costs largely offsetting the increase in third party costs and increased employee remuneration expenses

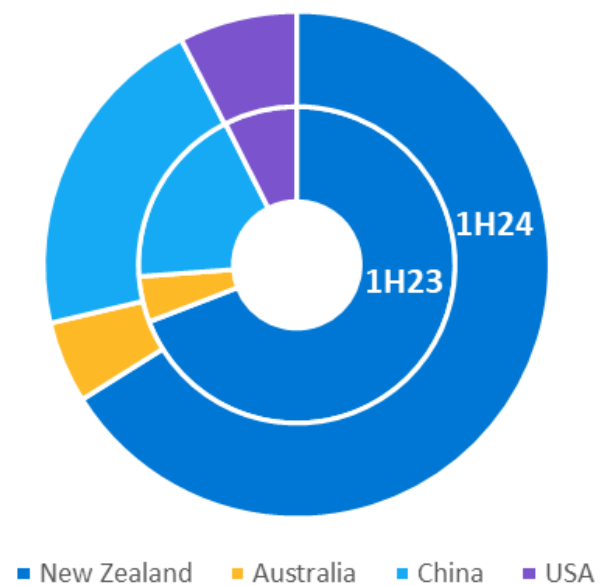
Total Spend	1H24	1H23	change	change	FY23
	\$'m	\$'m	\$'m	%	\$'m
Total Operating Expenses	45.4	42.3	3.0	7%	82.8
Add back: capitalised development	5.1	4.8	(0.3)	(6%)	13.6
Deduct: depreciation and amortisation	(8.3)	(6.0)	(2.3)	38%	(13.0)
Total Spend	42.2	41.1	1.1	3%	83.3
Percentage of revenue	118%	219%			179%



Total spend: 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
- PD&D expenditure grew in absolute terms but reduced as a proportion of revenue reflecting continued investment in our product and underlying technology and operating leverage on revenue growth

Product Design and Development Expenditure	1H24 \$'m	1H23 \$'m	Change \$'m	Change %	FY23 \$'m
Total Product Design & Development <i>Percentage of revenue</i>	21.3 60%	20.3 108%	1.0	5%	41.7 90%
Less: capitalised product development costs <i>Percentage of Product Design & Development costs</i>	(5.1) 24%	(5.5) 27%	0.4	(7%)	(13.6) 32%
Total Product Design & Development (excluding amortisation) <i>Percentage of revenue</i>	16.2 45%	14.8 79%	1.4	9%	28.2 61%
Add: Amortisation of capitalised development costs	7.4	5.0	2.3	46%	11.2
Total <i>Percentage of revenue</i>	23.6 66%	19.8 106%	3.7	19%	39.3 85%

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
- Serko achieved positive operating cash flows while continuing to invest in our product and underlying technologies

Adjusted Cash flow	1H24 \$'m	1H23 \$'m	Change \$'m	Change %	FY 23 \$'m
Adjusted cash flows from operating activities	1.7	(17.4)	19.2	(110%)	(19.2)
Adjusted cash flows from investing activities	(5.1)	(5.0)	(0.1)	2%	(14.0)
Adjusted cash flows from financing activities	-	0.0	(0.0)	(100%)	0.0
Net foreign exchange differences	0.0	0.8	(0.8)	(99%)	0.5
Underlying cash flow	(3.4)	(21.6)	18.2	(84%)	(32.6)
Average monthly underlying cashburn	(0.6)	(3.6)	3.0	(84%)	(2.7)
Cash, cash equivalents and short term deposits at beginning of year	87.7	124.5	(36.8)	(30%)	124.5
<u>Add back adjustments:</u>					
One-off payment relating to 2022 made in 2023	-	-	nm ¹	nm ¹	(4.1)
Reported Cash, cash equivalents and short term deposits at the end of the year	84.3	102.9	(18.5)	(18%)	87.7

¹ nm stands for not meaningful

Balance sheet

- Serko's balance sheet remains strong with cash and short term investments of \$84.3 million and no debt
- Receivables grew driven by increased revenue
- Payables declined relative to 30 September 2022 due to the repayment in 2H23 noted in the Underlying Cash Flow. Payables declined relative to 31 March 2023 reflecting the seasonal profile of payables

Balance Sheet	1H24	1H23	Change	Change	FY23
	\$'m	\$'m	\$'m	%	\$'m
Cash and Short Term Deposits	84.3	102.9	(18.5)	(18%)	87.7
Other Current Assets	16.6	13.2	3.4	26%	13.8
Intangibles	33.0	32.8	0.1	0%	35.0
Other Non Current Assets	3.5	4.1	(0.6)	(14%)	4.3
Total Assets	137.4	153.0	(15.6)	(10%)	140.9
Current Liabilities	14.2	17.0	(2.8)	(17%)	12.2
Non Current Liabilities	1.8	2.2	(0.4)	(20%)	2.7
Equity	121.5	133.8	(12.3)	(9%)	125.9
Total Liabilities and Equity	137.4	153.0	(15.6)	(10%)	140.9



Outlook

Outlook

Considering the growth in the first half, and second half seasonality, Serko revises its anticipated total income for the FY24 year upwards from \$63 million - \$70 million to \$67 million - \$74 million. Serko affirms its total spend guidance of \$86 million - \$90 million for FY24 and anticipates tracking towards the lower end of this spend range.

Serko is well capitalised with cash on hand of \$84.3 million (as at 30 September 2023), declining cash burn and no debt. Serko continues to be open to organic and inorganic investments and will consider opportunities that would advance strategic objectives.

Macroeconomic and geopolitical factors continue to be uncertain, which may impact future performance, including in the short term. Factors that could impact results include currency fluctuations, the impact of regional conflicts and changes in hotel room rates.

Serko retains its aspiration of \$100 million in total income in FY25. Serko remains committed to achieving positive cashflow for the FY25 financial year with appropriate cash reserves on hand at the point of breakeven.



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 throughout this Investor Presentation.

- **Active customers (unmanaged)** is a non-GAAP measure comprising the number of customers who have made a booking in the preceding 12-month period.
- **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** is a non-GAAP measure comprising the gross unmanaged supplier commissions revenue per completed room night.
- **Cash on hand** is a non-GAAP measure comprising cash and short term investments.
- **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.
- **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 the number of employees (excluding casual workers) and contractors employed on the last day of the period.
- **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.
- **Product design and development expenditure** is 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 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 unusual items from a timing perspective.



1H 24 results summary

	1H23	2H23	FY23	1H24	1H24 v 1H23	1H24 v 1H23 %	1H24 v 2H23 %
Financial (\$m)							
Total income	\$19.4m	\$28.6m	\$48.0m	\$36.3m	\$16.9m	87%	27%
Total spend	\$41.1m	\$42.2m	\$83.3m	\$42.2m	\$1.1m	3%	0%
EBITDAF loss	(\$16.9m)	(\$4.9m)	(\$21.8m)	(\$0.8m)	\$16.1m	(96%)	(84%)
Net loss after tax	(\$19.7m)	(\$10.8m)	(\$30.5m)	(\$7.2m)	\$12.6m	(64%)	(34%)
Average monthly cash burn	\$3.6m	\$2.5m	\$3.1m	\$0.6m	(\$3.0m)	(84%)	(77%)
Underlying average monthly cash burn	\$3.6m	\$1.8m	\$2.7m	\$0.6m	(\$3.0m)	(84%)	(69%)
Operational							
Online bookings (millions)	2.0m	2.2m	4.1m	2.5m	0.5m	26%	17%
Completed room nights (millions)	0.5m	1.1m	1.5m	1.3m	0.9m	192%	22%
ARPB	\$7.85	\$11.16	\$9.56	\$12.88	\$5.03	64%	15%
ARPCRN	€ 10.10	€ 9.03	€ 9.34	€ 10.09	(€ 0.01)	0%	12%
Active Customers (000)	109	157	157	176	67	61%	12%



2007

Founded



SKO

ASX & NZX



340+

Size of our team



5 offices

in New Zealand, USA,
Australia, China



7000+

Managed registered
companies



c. 600k

Unmanaged registered
companies

serko

Current as at 30 September 2023.

Thank you

serko