FY2026 H1 Results

26 November 2025

ASX RELEASE

FINANCIAL RESULTS FOR THE HALF YEAR ENDING 30 SEPTEMBER 2025

FY26 H1 Straker reports continued profitability

AI-driven language and content services provider Straker Ltd (ASX: STG) today reports its FY26-H1 financial result with positive Adj EBITDA.

FINANCIAL HIGHLIGHTS[1]**:**

- **Revenue:** $19.3m, in line with full-year guidance
- **Gross Margin**: 66%, remaining elevated
- **Adjusted EBITDA**: $0.53 million, consistent with full-year guidance
- **Headcount:** Reduced by ~11% versus pcp and 5% versus FY25 year-end, reflecting ongoing operational efficiencies
- **Cash balance:** $8.7m and the Company remains debt free
- **Net operating cash:** outflow of $2.5 million, primarily reflecting timing of customer receipts and the refund of customer deposits; underlying operating cash flow was broadly neutral

OPERATING HIGHLIGHTS:

- Renewal and expansion of cornerstone contract with **IBM**, executed shortly after period end
- Creation of **Tiri**, Straker's proprietary Small Language Model (SLM), with commercialisation strategy well advanced in partnership with IBM
- Sustained investment in R&D to accelerate AI-driven innovation

COMMENTARY

Grant Straker, Co–Founder and Chief Executive Officer, said:

"This half delivered few surprises and aligned with the trajectory outlined in our full-year guidance at the AGM.

Our focus remains on managing costs, transitioning customers from our legacy Language Services business to next-generation AI products - led by our Verify platform - and capturing value from our proprietary technology.

A major highlight was the renewal and expansion of our strategic partnership with IBM, completed shortly after the half-year. A significant portion of the agreement transitions to AI token-based

[1] All figures are in NZ$ unless stated.

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billing, increasing the contribution of AI-related revenue. The partnership's scope has also broadened beyond localisation, recognising Straker's emerging leadership in Small Language Models—a capability we expect to play a more prominent role in our business going forward."

Revenue

Revenue for the half year was $19.3 million, down 15.3% on the prior corresponding period, reflecting softer market conditions but remaining consistent with full-year guidance of $38–$41 million.

Cash Receipts were $16.8 million, temporarily lower than reported revenue due to timing differences, including approximately $1.4 million in overdue customer payments received shortly after period end and a refund of $0.9m in customer deposits.

The Revenue decline primarily reflects:

- Reduced volume from a number of our customers on language service projects, particularly from Government clients, reflecting both budget and pricing pressure
- Efficiency gains, shared with the client, within the managed services division
- Customer attrition within the traditional Enterprise (TMS) product business

AI progress:
While uptake of the standalone Verify product has been slower than anticipated, the Company continues to advance its AI-first strategy through the integration of Verify and other AI capabilities directly into core production workflows. These initiatives are improving productivity and customer experience, laying the groundwork for monetisation as client use cases mature.

Swiftbridge also progressed toward commercialisation during the half, with pilot activity and customer interest building. While not expected to contribute materially in FY26, it remains a key component of our AI roadmap and is expected to play a growing role as adoption increases.

By geography:

- **North America** saw softer language-services demand due largely to attrition in TMS accounts. Excluding this impact, underlying activity across the region was stable, reflecting a solid core performance.
- **Europe** underperformed due to reduced Government volumes; however, recent contract wins, including a large European Union project announced in early November, position the region for recovery
- **APAC** revenue was modestly lower year-on-year, reflecting softer enterprise volumes and customer efficiency savings

Profitability

Gross Profit was $12.8 million, down 16% versus pcp, reflecting the revenue decline, though margins remained strong at 66%.

Despite lower revenue, Straker delivered a positive Adjusted EBITDA of $0.53 million, underpinned by continued opex discipline.

Headcount was reduced by ~11% versus pcp and 5% since FY25 year-end, primarily in the Production division. Geographic realignment further reduced costs, shifting resources toward more cost-effective Asia-Pacific operations.

The company's leaner cost base positions it to benefit disproportionately when top-line growth resumes.

Cash Flow and Balance Sheet

Operating Cash Flow was -$2.5 million, affected by lower revenue and cash collections of 87% of Revenue. The variation between Revenue and Cash Receipts is mainly attributable to the late receipt of approximately $1.4 million in customer payments that were collected shortly after period end and a refund of $0.9 million in customer deposits. Adjusting for these timing effects, underlying operating cash flow was broadly neutral for the half year.

While management focuses on cash generation, our commitment to R&D and investing in transformation remains strong, and this significantly contributed to the negative Free Cash Flow result this half.

The Company ended the half with $8.7 million in cash and no debt, maintaining a strong balance sheet to support its AI strategy.

AI Transformation

Straker remains focused on executing its AI-led growth strategy through:

- Scaling the Verify platform across enterprise and automation ecosystems
- Advancing SLM commercialisation through partnerships such as IBM
- Driving operational excellence through continued AI adoption, process automation, and disciplined cost management to sustain positive Adjusted EBITDA performance

Outlook

We reaffirm full-year FY26 guidance: revenue of $38–$41 million and positive Adjusted EBITDA.

For further detail on Straker's financial performance for the half year ending September 30, 2025, please refer to the Company's Interim Report released to the ASX today.

Straker's earnings webinar

Straker's management team will host a live webinar to present the FY26 H1 results at 11:00am AEDT on Wednesday, 26 November 2025. Pre-register at this link: https://strakergroup.zoom.us/webinar/register/WN_74HNcg8nSNuq510Ubf-TOw

Authorisation
This announcement has been authorised for release by the Board of Straker Limited.

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About Straker
Straker provides next generation language services supported by a state-of-the-art technology stack and robust AI layer to clients around the world. By combining the latest available technologies with linguistic expertise, Straker's solutions are scalable, cost-effective, and accurate. Through technical innovation and data analytics, Straker is a proven partner in future-proofing global communications.

For more information visit: www.straker.ai