FY2025 Results

27 May 2025

ASX RELEASE

AUDITED FINANCIAL RESULTS FOR THE YEAR TO 31 MARCH 2025

FY25 Straker reports record EBITDA

AI-driven language and content services provider Straker Ltd (ASX: STG) today reports its FY25 financial result with Revenue at the top end of guidance range.

FINANCIAL HIGHLIGHTS[1]**:**

- Revenue of $44.9m, at the top end of the guidance range of $43-45m.
- Gross Margin (GM) of 67%, well ahead of guidance and up over 300bp versus the prior corresponding period (pcp).
- Operating Cash Flow of $3.4m.
- EBITDA profitable, yet again, and the 4th consecutive year of positive Adj. EBITDA[2].
- Adj. EBITDA of $4.8m, and a record for Straker.
- Free Cash Flow[3] (FCF) of $1.2m.
- FCF contributed to growing cash balance of $12.9m, or $0.20 per Straker share, and the Company remains debt free.

OPERATING HIGHLIGHTS:

- Inaugural contribution of AI subscription revenue, derived from token billing initiative, of over $1m.
- SwiftBridge AI, our AI-powered fintech solution for listed company regulatory compliance, developed with IBM, launched in Japan at year end.
- Partnership announced with Foxit, a leading provider of innovative PDF solutions, to integrate Straker's AI-powered translation technology into the Foxit ecosystem.
- Continued efficiency gains with headcount down at year end by 15% versus pcp and 6% versus the H1 FY25, driven primarily by lower Production segment.

Grant Straker, Co–Founder and Chief Executive Officer, said: "Straker has delivered strongly on the guidance we gave the market in November 2024. Revenue was at the at the top end of the guidance range and our profitability was strong. Gross Margins remained well above the pcp, at

[1] All figures are in NZ$ unless stated.
[2] Adj. EBITDA excludes non-recurring acquisition, integration and other non-operating costs. Non-operating costs include costs of restructuring activities
[3] Free Cash Flow is defined as Operating Cash Flow less Investing Cash Flow

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67%, and Adj. EBITDA of $4.8m was the highest in Straker's history. We have kept our focus on costs and improving our revenue mix towards recurring revenue. We expect this to continue to positively impact in FY26 as we enjoy the full year impact of AI Verify and other initiatives including launch of Swiftbridge and strategic partnerships.

Revenue

Revenue for the year was $44.9m, down 10.3% but cash receipts were slightly higher at $45.6m. The Revenue result was at the top end of the guidance range of $43-$45m.

The lower result in FY25 was overwhelmingly due to a decline in 'legacy' Language Services in the EMEA region, attributable primarily to a drop in IDEST's Language Services Revenue. Also contributing to the lower Revenue was a 20% decline in the North American segment. Geographically, our global reach offered diversity benefits, however. APAC grew by over 20%, underpinned by stable Language Services Revenue as well as exceptional growth in Managed Services in particular, and Subscriptions.

The Company continues to focus on the transition from Language Services revenue to higher margin, recurring and more purely AI-driven revenue sources such as AI Verify and, more recently, Swiftbridge. Language Services Revenue overall declined by 24% but was offset by slightly higher Subscription Revenue and a standout result in the Managed Services segment. This segment's Revenue more than doubled compared to FY24, however, we do not expect this pace of growth to be repeated.

In FY25 the 'legacy' Language Services revenue represented 68% of Revenue verses 81% in the pcp. The Company expects this trend to continue.

Profitability

Gross Profit was $30m, down 6% versus the pcp with continued improvement in Gross Margin (GM) offsetting the decline in revenue. The GM improved over 300 basis points to 67% for the year, compared to the guidance for GM of at least equal to FY24's result. The improvement in GM has been driven by technology gains, the integration of acquired businesses onto Straker's technology platform as well as, more recently, rapid growth in the high margin MS business line.

The FY25 Result continued to benefit from management's strong focus on costs, which saw major reductions in Production opex, down 17% and Sales opex, down 12%. The overall decline in FTE headcount continued, falling by 15% over the year. Again, the largest tranche of this reduction was in the Production Dept where headcount fell 32% and has more than halved in the last 2 years.

Contrary to the lower Revenue, Adj. EBITDA was particularly strong at $4.8m up 5.6% versus FY24 and delivered above guidance. This is the 4th consecutive year of Adj. EBITDA profitability for Straker and the best Adj. EBITDA result in the Company's history.

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Despite the improved Adj. EBITDA, lower revenue in FY25 continues, however, to mask the true extent of the positive impact of the opex reductions on Straker's profitability, with most of the savings being made in terms of fixed costs. The Company continues to believe that as top-line strength returns the full benefit of the cost reductions will become even more apparent as the business' cost base has been configured to support materially higher revenues.

Cash Flow and Balance Sheet

Operating Cash Flow was $3.4m for the year, versus $5.0m in the pcp, impacted by the lower revenue and cash collections of 102% of Revenue, below FY24's 104%. Management remains highly focused on cash generation and $1.2m of Free Cash Flow was delivered, albeit lower than the pcp due to lower Operating Cash Flow.

The cash flow performance, as well as favourable FX movements, added incrementally to the Company's consistently robust balance sheet. The closing cash balance of $12.9m was approximately $1m higher that at the Half Year and versus FY24. The Company remains debt free and the net cash position, equivalent to $0.20 per share, leaves Straker well placed to respond to opportunities as they arise.

At its H1 FY25 result Straker announced a $2.23m write down of the IDEST business. Due to the non-renewal of contracts, including with Nike, the Board has further resolved to write down fully the goodwill associated with the acquisitions of the Lingotek and Elanex businesses, both located in the US. The total write-down in FY25 is $6.8m. The write-down is a non-cash item, negatively impacting Profit before Tax.

For further detail on Straker's financial performance in the year to March 31, 2025, please refer to the Company's Annual Report released to the ASX today.

Straker's earnings webinar

Straker's management team will host a live webinar to present the FY25 results at 10:00am AEST on Tuesday, 27 May 2025. Pre-register at this link:
https://strakergroup.zoom.us/webinar/register/WN_Jz53L8xJQdWe8JKACSpNWg

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