

The AI Blueprint

H1 Results & The \$28M IBM Partnership:
Proving the New Model for AI-Driven Growth



Grant Straker
Co-founder and CEO

Today's Narrative

- The H1 Context: A Strategic, Planned Pivot
- Our "Small Language Model Factory": Our R&D Push on Specialised AI
- The \$28M Blueprint: The IBM Partnership Validation
- The New Model: Our Path to High-Margin, Scalable Growth

Navigating the "Transition Period"

The Old System (Legacy Services)

The "old world" of translation. Predictable, but slow, low-margin, scales with headcount, and is being actively disrupted by general AI.

The New Tailwind (AI - Native)

The "new world" we are built for. Fast, scalable, high-margin, and scales with compute. This is our future with IBM and watsonx.

Our H1 results reflect our investment in crossing this channel. We are successfully navigating into the new AI landscape.

H1 Results in Context

\$ 0.5m
Adjusted EBITDA

\$ 8.7m
Cash / Zero Debt

A Planned Transition

Our H1 FY26 performance reflects the next stage of this pivot:

- Deliberately focused transitioning customers from legacy to AI platform, although the revenue may be lower
- R&D investment focused on our Tiri & Verify AI platform.
- Putting in place the new building blocks for our new revenue foundation

We are funding this transition from a position of strength.

Our R&D : The "Small Language Model (SLM) Factory"



General LLMs (The Hype)

Good for general tasks, but expensive, slow, and a commodity. A "jack-of-all-trades".



Specialised Small Language Models (Our Focus)

What enterprises **actually** need.
Fast, cost-effective, secure, and "expert" at one job.



Our Moat (Tiri Platform)

Our Tiri platform is an "SLM Factory" to build, train, and deploy high-value, human-verified AI models and Applications

Market Validation: SLMs are the Future

**Large Language Models Get All the Hype,
but Small Models Do the Real Work.**

— The Wall Street Journal, October 31,
2025

The market is confirming our strategy. Enterprises need specialised, efficient, and secure AI agents, not just giant "jack-of-all-trades" models. This is precisely what our "SLM Factory" is built to deliver.

Foundation Success: \$28m+ IBM AI+ Partnership Together Today with IBM

This isn't just a win—it's confirmation of our strategy and technology. It's the first product from our SLM Factory. IBM have the notion of AI plus, so AI first then what you add on top - this is exactly the focus at Straker.

- ✓ **From Vendor to Partner:** We are co-developing specialised SLMs for IBM's watsonx platform.
- ✓ Access to new channels through IBM's extensive ecosystems and platforms
- ✓ **From Provider to Embedded:** Our tech is now in the **IBM Ecosystem**, giving us low-cost distribution.

Key App Update

VERIFY

- ✓ Integrated features like terminology focused on more enterprise customers
- ✓ 6 customers looking at customer models and Verify combined
- ✓ Our tech is now in the **IBM Ecosystem**, including looking at deploying Verify in the IBM Orchestrate Catalog

SWIFTBRIDGE

- ✓ December event week with IBM at their Innovation Centre in Tokyo with expanded product features
- ✓ Progressed toward commercialisation during the half, with pilot activity and customer interest building.
- ✓ Video features (so text and video market releases can be translated) as was a key feature request

A Bright Future

-  **Technology Validated:** Small Language Model "factory" (Tiri) proven at the highest enterprise level (IBM watsonx)
-  **Business Model Validated:** \$28m+, 3-year revenue foundation
-  **Distribution Validated:** Embedded in a global AI hyperscaler's ecosystem, creating a path for low-cost, scalable growth

Answering the Hard Questions

What are our future margins?

We are moving from a **services margin** to a **software (SaaS) margin**.

The old model scales with headcount. The new model scales with compute, designed for high, scalable, recurring-revenue margins.

What is the transition timeline?

The 3-year, \$28M IBM deal is our transition timeline.

H1 FY26 was the start of the pivot with IBM signed. We are now building on this AI-first foundation, with the contract commencing Jan 1, 2026.

Our Path Forward: Replicating the Blueprint



Phase 2 (Now)

Execute & Deliver: Flawless execution of the IBM SLM and AI App co-development.

Phase 1 (2025)

Build foundation- people, technology and early products

Phase 3 (2026+)

Scale the "SLM Factory": Build new, high-value SLM agents for other key verticals. IBM watsonx catalog (e.g., Legal, Finance).

Why Straker, Why Now?

✓ **Strategic Pivot:** FY26 investing in a planned, high value transition.

✓ **Validated Investment on SLMs & AI apps:** R&D validated by market (WSJ*) and customers (IBM).

✓ **AI Blueprint Live:** \$28m+, 3-year, high-margin AI blueprint

*wall street Journal <https://www.wsj.com/tech/ai/large-language-models-get-all-the-hype-but-small-models-do-the-real-work-225d3145?mod=e2tw>

Financial Results



DAVID INGRAM
Chief Financial Officer

Financial Performance

	2025	2024	Change	
Six months ended 30 September	\$'000	\$'000	\$'000	%
Revenue	19,263	22,737	(3,474)	-15%
Cost of sale	(6,465)	(7,466)	1,001	13%
Gross profit	12,798	15,271	(2,473)	-16%
Gross margin %	66.4%	67.2%	-0.7%	-1.0%
Other income	420	0	420	nm
Capitalised software development	1,127	892	235	26%
Underlying operating expenses*	(13,814)	(14,492)	678	5%
Percentage of operating revenue	71.7%	63.7%	8.0%	13.0%
Adjusted EBITDA	531	1,671	(1,140)	-68%
Percentage of operating revenue	2.8%	7.3%	-4.6%	-62.0%
Acquisition & Restructure costs	(40)	(120)	80	67%
EBITDA	491	1,551	(1,060)	-68%
Percentage of operating revenue	2.5%	6.8%	-4.3%	-63.0%
Amortisation of software development	(1,202)	(1,075)	(127)	-12%
Depreciation, and amortisation of right-to-use assets	(282)	(316)	34	11%
Amortisation of acquired assets	-	(2,234)	2,234	100%
Impairment losses	-	(2,231)	2,231	100%
Net finance expense	(296)	(1,338)	1,042	78%
Loss before income tax	(1,289)	(5,643)	4,354	77%
Income tax credit	14	315	(301)	-96%
Net loss after tax	(1,275)	(5,328)	4,053	76%

*Underlying operating expenses are excluding depreciation, amortisation, acquisition & restructure costs, and impairment losses

Financial Performance (H1 FY26 vs H1 FY25)

- Revenue -15% due to softer LS demand and TMS attrition; in line with full-year guidance
- Gross Margin steady at 66%, reflecting continued production efficiency

Operating Cost Discipline

- Underlying opex ↓ 5%, demonstrating ongoing efficiency and automation benefits
- Opex % of revenue ↑, driven by lower revenue base, not cost expansion
- Capitalised development +26%, supporting Verify and Tiri SLM roadmap

Profitability

- Adjusted EBITDA +\$0.53m – continued profitability despite revenue pressure
- EBITDA margin impacted by lower volumes and timing of Verify monetisation
- Acquisition/restructure costs materially lower vs pcg

Lower Non-Cash Charges

- No impairments or acquired-intangible amortisation this period
- Higher software amortisation reflects increased AI investment cycle

Statutory Result

- Net loss improved 76%, driven by cost discipline and stable FX
- Finance expense materially lower, due to reduced remeasurement losses

Revenue Bridge

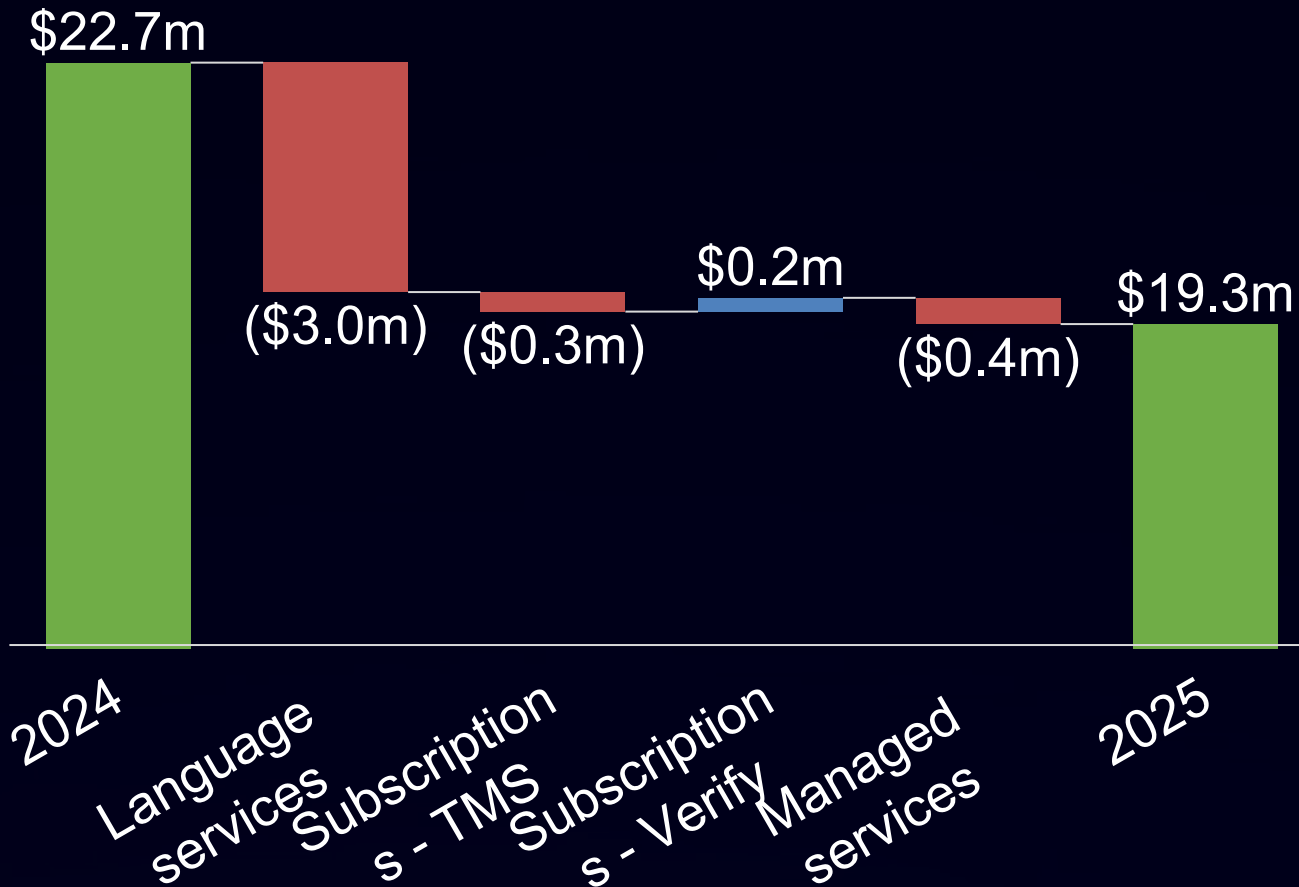


Chart might not add through due to rounding

- **Revenue** down 15% YoY, primarily reflecting softer language-services demand.
- **Language Services** –\$3.0m, driven by lower volumes from Government clients and general market softness.
- **TMS Subscription revenue** –\$0.3m, reflecting ongoing attrition in traditional Enterprise (TMS) accounts.
- **Verify subscription revenue** +\$0.2m, showing early progress in AI product monetisation.
- **Managed Services** –\$0.4m, mainly due to efficiency gains shared with customer.
- **Overall revenue** of \$19.3m aligns with full-year guidance, despite a challenging demand environment.

Progress on key metrics

Movement in EBITDA margin %¹

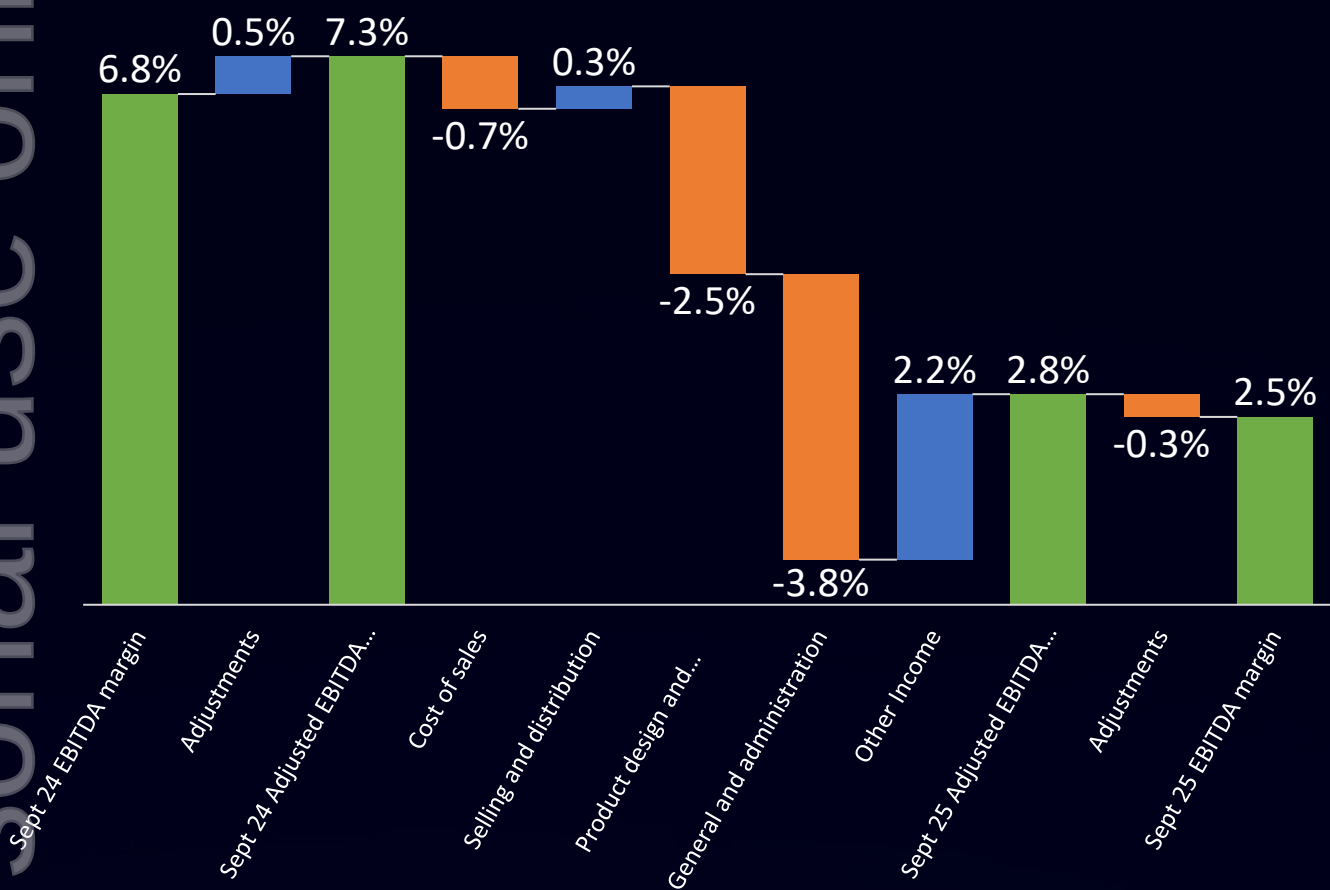
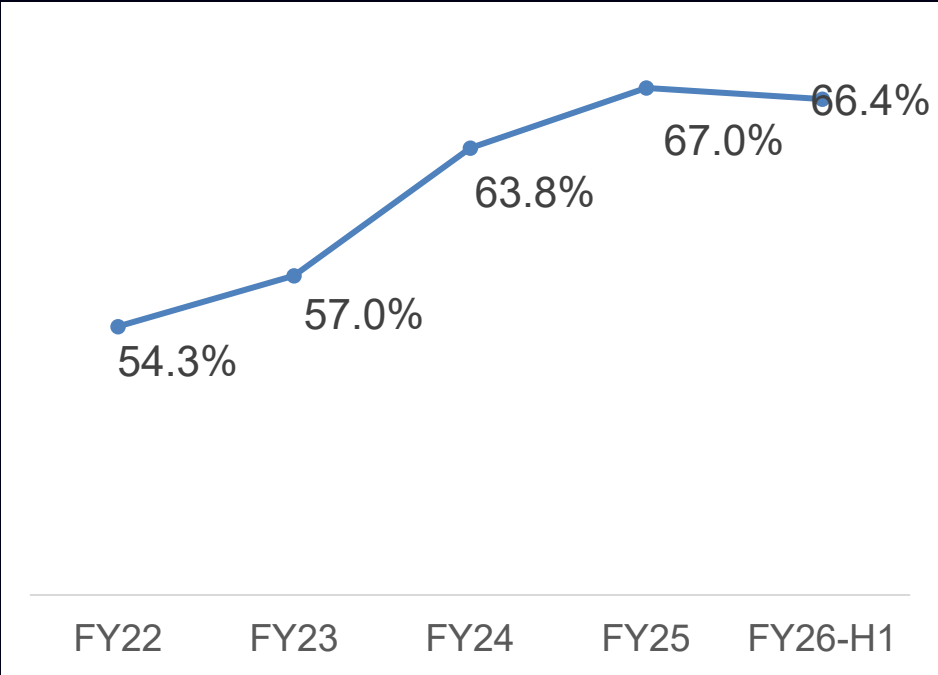


Chart might not add through due to rounding

Gross Margin %



Resilient balance sheet

	2024	2025	Δ YOY
	\$'000	\$'000	\$'000
Cash and cash equivalents	12,915	8,654	(4,261)
Working Capital	13,374	12,714	(660)

- \$8.7m cash balance; debt-free balance sheet maintained
- Cash movement primarily reflects timing of customer receipts and deposit refunds
- Working capital broadly stable and aligned with revenue levels
- Balance sheet supports continued investment in AI roadmap

Outlook

\$38–\$41 million revenue and positive Adjusted EBITDA.

Q&A

Grant Straker, CEO

grant@straker.ai | www.straker.ai | ASX:STG

Disclosure statement

This presentation contains general information about Straker Ltd. and its activities as of 24 November 2025. The information is provided in summary form and does not purport to be complete. It is not intended to be relied upon as advice to investors or potential investors and does not take into account your personal circumstances or financial situation. Investors should conduct their own independent research and obtain professional advice before making any investment decisions.

This presentation may contain forward-looking statements. These statements are based on management's current expectations and beliefs and are subject to a number of risks and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. Straker Ltd. does not undertake to update or revise any forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this presentation, other than as required by applicable law and ASX Listing Rules.

While the information contained in this presentation has been prepared in good faith, neither Straker Ltd. nor its directors, officers, employees or agents give any representation or warranty, express or implied, as to the accuracy, reliability, or completeness of the information.

This presentation is not an offer or invitation for subscription or purchase of securities or other financial products. It has been prepared in compliance with the ASX Listing Rules.

All figures in NZD unless otherwise stated.

FY26 refers to the financial year April 1 2025 to March 31 2026.