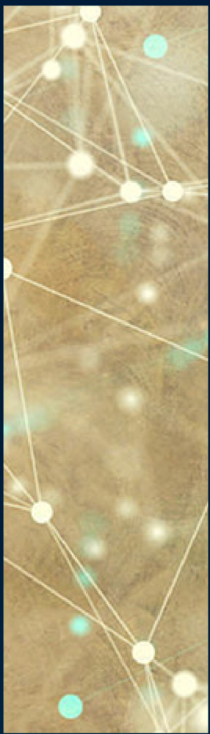
2025

INTERIM REPORT

ASX : STG
STRAKER



About Straker

Straker provides next generation language services supported by a state of the art technology stack and robust AI layers 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.

Straker is a world leading AI data driven language translation platform powering the global growth of businesses

Contents

Highlights

$1.7m
Operating Cash

$1.7m
Adj EBITDA

67.2%
Gross Margins an increase of 640bp

$11.9m
Cash Balance

Straker at a glance

- Leading AI driven language services provider globally; **more than 9,000 customers** across the globe
- **A best-in-class technology platform** combining generative AI and human-in-the-loop processes to ensure world leading content verification and superior customer productivity
- An emerging suite of Enterprise grade products, leveraging our technology platform to underpin future growth
- 170 staff in **offices across 10 countries**
- Revenue diversified across Europe, USA and Asia Pacific
- Well funded, **debt free balance sheet** to fund an ongoing commitment to Research and Development
- **95%** of revenue is 'repeating' and a growing proportion of **recurring revenues**

Chair and Chief Executive's Review

Linda Jenkinson
Chair

Grant Straker
Chief Executive Officer

> *The translation industry continues to be a cornerstone of global commerce, enabling businesses to connect with diverse markets, drive international growth, and unlock new revenue opportunities through seamless communication.*

Dear shareholders,

The Board of Straker is pleased to report to Shareholders on its financial results for the six months to September 30, 2024, characterised, yet again, by improved margins, solid cash flow and a robust, debt free balance sheet with $11.95m of cash, or approximately 19c per share of cash backing.

Financial Results

Revenue for the six months to 30 September 2024 was $22.7m, down 11% versus the prior corresponding period. Compared to H2 FY24, however, the Revenue decline decelerated to a more moderate 7%. Cash collections remained excellent with Cash Receipts of $24m, 105% of Revenue, a testament to the quality of our customer base.

Chair and Chief Executive's Review

Continued

We are yet to see synchronised growth across the business as some customer uncertainty with respect to the impact of AI on their localisation needs remains a feature. Thus, throughout the period we continued to see variable trends across geographies and business lines. On the positive side, APAC, our biggest geographical segment, had one of its biggest Half Years in several reporting periods, up over 20% versus the prior corresponding period. The Managed Services business' track record of growth continues, up 17% sequentially versus the immediate preceding Half. Offsetting this, North America experienced slower market conditions, whilst the EMEA region was the key contributor to the Revenue decline in the period.

Momentum is beginning to build for our growing suite of AI driven applications. Growing this Revenue is one of our core objectives for FY25 and beyond. Shifting more of our revenue from 'Repeat' to 'Recurring' sources enhances the predictability of our revenue and is supportive of strong margins.

A standout feature of Straker's recent financial results has been very robust Gross Margin (GM) and this result was no different. Our GM remained at record levels at just over 67%, for H1 FY25, up 640 basis points versus the previous corresponding period.

Overall operating expenses, excluding capitalised development, impairment, and depreciation and amortisation, was $14.6m, down ~5% compared to the $15.4m reported in the prior comparative period. A reduction in Production costs was the main contributor. Over the period Straker has continued to reduce headcount in the Production segment, as well as overall staffing levels, to sustainably reduce the cost base of the business. Resourcing in the Production business has nearly halved since FY23 and dropped 24% this half versus the prior corresponding period. Overall headcount declined 12% this Half versus the H1 FY24 which will enhance our operating leverage going forward.

Assisted by strong Cash Receipts, Operating Cash Flow in H1 FY25 was $1.67m, up 17% versus the immediate preceding Half but down compared to this time last year.

Straker's balance sheet remains healthy and debt free. The FX impact on overseas balances saw cash remain essentially flat at $11.95m.

Summary and Outlook

The company remains optimistic in its long-term outlook and the commercial opportunity presented by generative AI. We look forward to an acceleration in customers' demand for AI driven localisation solutions.

FY25 will be negatively impacted, however, by the non-renewal of two low-margin contracts with European Union institutions. Thus, the Company expects to report a decline in Revenue for the Full Year to a range of $43-45 million, compared to $50m Revenue delivered in FY24 and Revenue of $22.7m reported in H1 FY25.

With the ongoing rollout of our AI-powered solutions and the operating leverage it creates internally, Straker maintains an optimistic outlook for ongoing profitability. We expect Gross Margin (GM) to remain at least as strong as the 63.8% reported in FY24, our highest annual GM to date. We continue to expect to be Adjusted EBITDA positive. However, if Revenue trends toward the lower end of guidance, we anticipate operating cash flow may drop slightly below breakeven due to our commitment to a well-funded go-to-market strategy of our new product lines as well as our investment in AI agents to generate further sustainable reductions in operating expenses elsewhere in the business.

Chair and Chief Executive's Review

Continued

We continue to expect our new and growing product suite of solutions will enable us to better serve our customers, capitalise on the growing demand for AI-driven translation technology and underpin a more profitable business for the future.

We wish all our shareholders well for the upcoming festive season and a productive start to the new year.

Linda Jenkinson
Chair

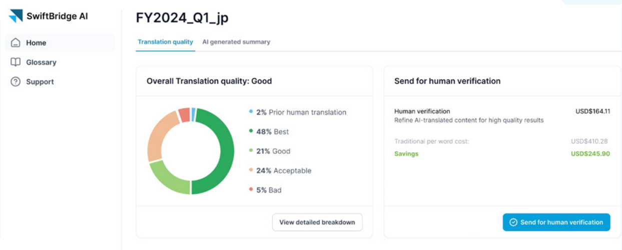
Grant Straker
Chief Executive Officer

AI Lift Off Successful, Next Target Escape Velocity

As we reach the midpoint of the year, I'm pleased to report that our strategy is gaining momentum. Our new AI products and platform have launched successfully, and the market has responded positively to our innovative solutions.

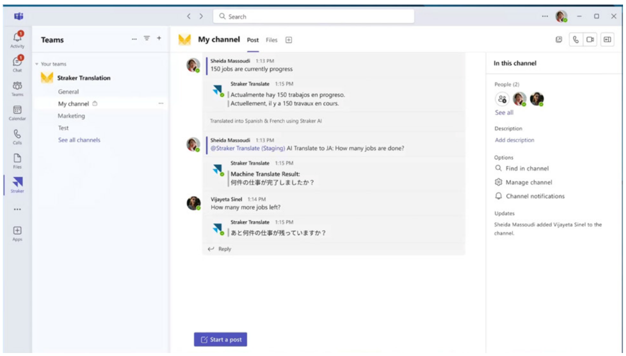
The AI landscape has developed rapidly, and we believe that AI will make base level expertise ubiquitous in a range of areas including translation. As this happens human insights and verification of AI generated content will be a vital cog in the AI process and eco-system.

Our development focus areas are centered around Verify, which continues to prove its value in validating AI-generated content. We're also excited about the opportunities arising from verticals like Swiftbridge, platforms, and workplace apps which all use Verify as a base.

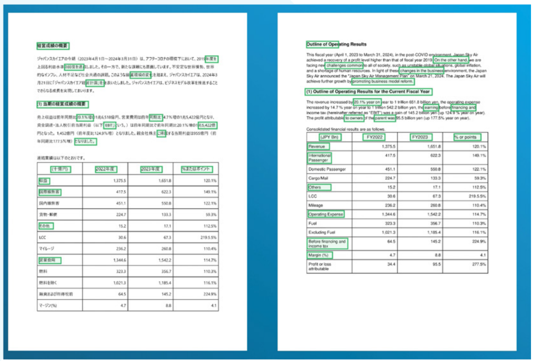


Platforms – we are seeing hundreds of platforms embed Large Language Model based translation into their workflows, these platforms often have thousands of users and we see these platforms as ideal customer for Verify API. Our first platform customer is Foxit, a company with 700 million users, which has given us a live use case to develop our API solution.

Workplace Apps – we have invested into workplace apps like Slack and Teams as a replacement for traditional and expensive Translation Management Systems (TMS). IBM use our Slack plugin in place of TMS and have around 9,000 employees using the system.



Swiftbridge – this is our AI fintech solution for listed companies that want their market releases in multiple languages. We have built and trained models to understand market releases and also built validation models for numbers and formatting to ensure accuracy. The product is being launched for companies on the Tokyo Stock Exchange in Q4 FY25, driven by regulation requiring listed Japanese businesses to make market releases available in English.



In the first half of the year, we've made significant progress in all these areas. Our new AI products have generated revenue, and our token billing engine is now live, providing a unique pricing model that benefits our customers.

Looking ahead, our next target is escape velocity – achieving a critical mass of adoption that propels us forward. We're committed to driving demand through strategic partnerships for platforms and workplace apps.

As we move into the second half of the year, we are confident that our strategy will continue to deliver results. Our team remains focused on executing our plan, and we are excited about the opportunities ahead.

IFRS to Non-IFRS Reconciliation

To ensure that the presentation of results reflects the underlying performance of the business, the Straker Group publishes its key metrics on a non-IFRS basis as well as on an IFRS basis. For transparency purposes, Straker also publishes a full reconciliation between IFRS and non-IFRS measures. IFRS refers to NZ IFRS.

Adjusted EBITDA (a non-GAAP financial measure) is provided as Straker believes it provides useful information for readers to understand and analyse the underlying business performance. Adjusted EBITDA is calculated by adding back one-off restructure or acquisition costs to EBITDA.

Earnings before Interest, Tax, Depreciation and Amortisation ("EBITDA")

	2024	2023	Change
Six months ended 30 September	**$'000**	**$'000**	**%**
Operating loss before net finance income	(4,305)	(3,119)	-38%
Add:			
Depreciation, amortisation, and impairment of non-financial assets	5,856	4,798	22%
EBITDA	**1,551**	**1,679**	**-8%**
EBITDA Margin	6.8%	6.6%	3%
Add:			
Acquisition & restructure costs	120	(8)	1600%
Adjusted EBITDA	**1,671**	**1,671**	**0%**
Adjusted EBITDA margin	7.3%	6.5%	12%

Interim Financial Statements

Independent Auditor's Review Report

BDO AUCKLAND

INDEPENDENT REVIEW REPORT

TO THE SHAREHOLDERS OF STRAKER LIMITED

Report on the Condensed Interim Consolidated Financial Statements

Conclusion

We have reviewed the accompanying condensed interim consolidated financial statements for the six month period of Straker Limited and its controlled entities (collectively, the "Group"), which comprise the consolidated statement of financial position as at 30 September 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of movements in equity and consolidated statement of cash flows for the period ended on that date, and selected explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that these condensed interim consolidated financial statements of the Group do not present fairly, in all material respects the financial position of the Group as at 30 September 2024 and of its financial performance and its cash flows for the six month period ended on that date, in accordance with NZ IAS 34 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting*.

Basis of Conclusion

We conducted our review in accordance with NZ SRE 2410 (Revised) *Review of Financial Statements Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Condensed Interim Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the relevant ethical requirements in New Zealand relating to the audit of the annual financial statements, and we have fulfilled our other ethical responsibilities in accordance with these ethical requirements.

Our firm carries out other assignments for the Group in the areas of taxation advice and taxation compliance services. The firm has no other relationship with, or interests in, the Group.

Directors' Responsibilities for the Condensed Interim Consolidated Financial Statements

The Directors of the Group are responsible for the preparation and fair presentation of the condensed interim consolidated financial statements in accordance with NZ IAS 34 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting* and for such internal control as they determine is necessary to enable the preparation and fair presentation of the condensed interim consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Condensed Interim Consolidated Financial Statements

Our responsibility is to express a conclusion on the condensed interim consolidated financial statements based on our review. NZ SRE 2410 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the condensed interim consolidated financial statements, taken as a whole, are not prepared in all material respects, in accordance with NZ IAS 34 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting*.

A review of the condensed interim consolidated financial statements in accordance with NZ SRE 2410 (Revised) is a limited assurance engagement. We perform procedures, consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand) and consequently does not enable us to obtain assurance that we might identify in an audit. Accordingly, we do not express an audit opinion on those the condensed interim consolidated financial statements.

The engagement partner on the review resulting in this independent auditor's review report is Mark Nicholson.

BDO AUCKLAND

BDO Auckland
Auckland
New Zealand
26 November 2024

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the half-year ended 30 September 2024

Six months ended 30 September	Notes	2024 $'000	2023 $'000
Revenue	3	22,737	25,526
Cost of sales	4	(7,466)	(10,012)
Gross profit		**15,271**	**15,514**
Operating expenses			
Selling and distribution		(7,123)	(7,590)
Product design and development		(4,052)	(4,156)
General and administration		(6,170)	(5,590)
Impairment losses	7	(2,231)	(1,410)
Total operating expenses	4	**(19,576)**	**(18,746)**
Other income		-	113
Loss before net finance income		**(4,305)**	**(3,119)**
Finance income		145	2,350
Finance expense		(1,483)	(221)
Net finance income	5	**(1,338)**	**2,129**
Loss before income tax		**(5,643)**	**(990)**
Income tax credit		315	65
Loss for the year after tax attributable to shareholders		**(5,328)**	**(925)**
Other comprehensive income			
Items that may be reclassified to profit or loss, net of tax			
Foreign currency translation differences		936	(308)
Total comprehensive income for the year attributable to shareholders		**(4,392)**	**(1,233)**
Earnings per share for the period			
Basic and diluted earnings per share (cents)	6	(8.28)	(1.36)

The above statement should be read in conjunction with the notes to and forming part of the financial statements.

Consolidated Statement of Financial Position

as at 30 September 2024

	Notes	At 30 September 2024 $'000	At 31 March 2024 $'000
Current assets			
Cash and cash equivalents		11,947	12,165
Trade receivables		6,741	8,664
Other assets and prepayments		2,456	2,307
Total current assets		**21,144**	**23,136**
Non-current assets			
Intangible assets	7	18,039	22,504
Plant and equipment		235	245
Right-of-use assets		744	1,032
Total non-current assets		**19,018**	**23,781**
Total assets		**40,162**	**46,917**
Current liabilities			
Trade payables		1,661	2,467
Sundry creditors and accruals		3,064	3,422
Contract liability		4,279	4,875
Employee benefits liability		696	746
Lease liabilities		545	574
Total current liabilities		**10,245**	**12,084**
Non-current liabilities			
Lease liabilities		345	641
Deferred tax liability		66	384
Total non-current liabilities		**411**	**1,025**
Total liabilities		**10,656**	**13,109**
Net assets		**29,506**	**33,808**
Equity			
Share Capital		66,774	66,774
Foreign currency translation reserve		(204)	(1,140)
Share option reserve		1,427	1,337
Accumulated losses		(38,491)	(33,163)
Total equity		**29,506**	**33,808**

The above statement should be read in conjunction with the notes to and forming part of the financial statements.

Consolidated Statement of Changes to Equity

for the half-year ended 30 September 2024

	Share Capital	Accumulated Losses	Share Option Reserve	Foreign Currency Translation Reserve	Total Equity
Six months ended 30 September 2024	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Balance 1 April 2024	**66,774**	**(33,163)**	**1,337**	**(1,140)**	**33,808**
Loss for the six months	-	(5,328)	-	-	(5,328)
Foreign currency translation differences	-	-	-	936	936
Total comprehensive income for the half-year	**-**	**(5,328)**	**-**	**936**	**(4,392)**
Transactions with owners in their capacity as owners					
Share option cost	-	-	90	-	90
Balance 30 September 2024	**66,774**	**(38,491)**	**1,427**	**(204)**	**(29,506)**

Six months ended 30 September 2023	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Balance 1 April 2023	**68,804**	**(30,974)**	**1,103**	**(875)**	**38,058**
Loss for the six months	-	(925)	-	-	(925)
Foreign currency translation differences	-	-	-	(308)	(308)
Total comprehensive income for the half-year	**-**	**(925)**	**-**	**(308)**	**(1,233)**
Transactions with owners in their capacity as owners					
Share option cost	-	-	142	-	142
Balance 30 September 2023	**68,804**	**(31,899)**	**1,245**	**(1,183)**	**36,967**

The above statement should be read in conjunction with the notes to and forming part of the financial statements.

Consolidated Statement of Cash Flows

for the half-year ended 30 September 2024

Six months ended 30 September	Notes	2024 $'000	2023 $'000
Cash flows from operating activities			
Receipts from customers		23,968	27,892
Government grants and tax incentives		186	317
Interest received		145	135
Payments to suppliers and employees		(22,627)	(24,730)
Net cash from / (used) in operating activities	8	**1,672**	**3,614**
Cash flow from investing activities			
Payments for capitalised software development		(892)	(1,487)
Payments for plant & equipment		(54)	(26)
Net cash used in investing activities		**(946)**	**(1,513)**
Cash flow from financing activities			
Lease liability payments		(317)	(288)
Net cash used in financing activities		**(317)**	**(288)**
Net increase in cash and cash equivalents		**409**	**1,813**
Effect of exchange rate on foreign currency balances		(627)	12
Cash and cash equivalents at beginning of the period		**12,165**	**12,505**
Cash and cash equivalents at end of the period		**11,947**	**14,330**

The above statement should be read in conjunction with the notes to and forming part of the financial statements.

Notes to and forming part of the Condensed Interim Financial Report

for the half-year ended 30 September 2024

1. Basis of preparation

These condensed interim consolidated financial statements of Straker Limited (the "Company") and its subsidiaries (together the "Group") for the half-year ended 30 September 2024 have been prepared in accordance with the requirements of NZ IAS 34 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting*. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the audited 2024 Annual Report. For the purposes of complying with generally accepted accounting practice in New Zealand, the Group is a for-profit entity.

The condensed interim consolidated financial statements are presented in New Zealand dollars, rounded to the nearest thousand.

The Company is registered in New Zealand under the Companies Act 1993 and listed on the Australian Securities Exchange. The Company is domiciled in New Zealand.

The unaudited condensed interim consolidated financial statements for the Group for the six months ended 30 September were authorised for issue on 26 November 2024 by the Board of Directors.

There is no effect of seasonality or cyclicality of interim operations.

a. Accounting policies

The preparation of condensed interim consolidated financial statements in compliance with NZ IAS 34 and IAS 34 requires the use of certain critical accounting estimates.

Straker Limited has applied the same accounting policies and methods of computation in its condensed interim consolidated financial statements as in its 2024 annual financial statements.

The condensed interim consolidated financial statements have been prepared on a historical cost basis, except as noted in the accounting policies to the 2024 Annual Report.

b. New standards, interpretations and amendments effective from 1 April 2024

There are a number of standards, amendments to standards, and interpretations which have been issued that are effective for the six months ended 30 September 2024. These amendments have no effect on the measurement or presentation of any items in the consolidated financial statements of the Group but affect the disclosures of the Group.

The Group has not adopted, and currently does not anticipate adopting, any standards prior to their effective dates.

c. Use of estimates and judgements

The preparation of the financial statements in conformity with NZ IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Notes to and forming part of the Condensed Interim Financial Report

for the half-year ended 30 September 2024

2. Segment reporting

The Group provides translation services to its clients.

The Group's operating segments are each of the Company and its subsidiaries, and these are grouped as territories by geographical region as reportable segments as there are regional managers responsible for the performance of the Group entities within their territories. The geographical regions are Asia Pacific (APAC), Europe, Middle East and Africa (EMEA) and North America (NAM).

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker has been identified as the management team including the Board of Directors, Chief Executive Officer, Chief Operating Officer and the Chief Financial Officer.

Segment financial performance is evaluated based on profit or loss and is measured consistently with profit or loss in the condensed interim consolidated financial statements.

Inter-segment sales are minimal.

Reports provided to the chief operating decision maker do not identify assets and liabilities per segment. Assets and liabilities are instead presented on a consolidated basis as they are throughout this half-year report. Also, the Group's financing (including finance costs and finance income), amortisation of intangible assets, acquisition and integration costs and income taxes are managed on a Group basis and are not provided to the chief operating decision makers at the operating segment level.

	APAC	EMEA	NAM	TOTAL
Six months ended 30 September 2024	**$'000**	**$'000**	**$'000**	**$'000**
Income				
Language services	8,010	3,900	3,982	15,892
Subscriptions	451	368	1,948	2,767
Managed services	4,078	-	-	4,078
Total income	**12,539**	**4,268**	**5,930**	**22,737**
Expenses	(15,009)	(5,705)	(6,328)	(27,042)
Segment contribution	**(2,470)**	**(1,437)**	**(398)**	**(4.305)**
Six months ended 30 September 2023				
Income				
Language services	9,431	7,655	4,861	21,947
Subscriptions	3	27	2,812	2,842
Managed services	737	-	-	737
Other income	113	-	-	113
Total income	**10,284**	**7,682**	**7,673**	**25,639**
Expenses	(12,370)	(8,564)	(7,824)	(28,758)
Segment contribution	**(2,086)**	**(882)**	**(151)**	**(3,119)**

Notes to and forming part of the Condensed Interim Financial Report

for the half-year ended 30 September 2024

Reconciliation from segment contribution to net profit/(loss) before income tax

	2024	2023
Six months ended 30 September	**$'000**	**$'000**
Segment contribution	(4,305)	(3,119)
Net finance (expense)/income	(1,361)	2,129
Net profit/(loss) before income tax	**(5,643)**	**(990)**

3. Revenue

Types of goods and services	**2024**	**2023**
Six months ended 30 September	**$'000**	**$'000**
Language services	15,892	21,947
Subscriptions	2,767	2,842
Managed services	4,078	737
Revenue from contracts with customers	**22,737**	**25,526**

Language services revenue comprises translation and localisation services recognised over time.

Subscription revenue arises from contracts for software platform access, support services, and, for our AI product, token-based usage. Revenue is recognised on an over time basis over the contract period, or, in the case of tokens, based on actual usage at a point in time.

Managed services revenue comprises fees charged for translation request management and infrastructure services recognised over time.

Revenue disaggregation by segment is disclosed in Note 2.

Notes to and forming part of the Condensed Interim Financial Report

for the half-year ended 30 September 2024

4. Expenses

Six months ended 30 September	Notes	2024 $'000	2023 $'000
Cost of sales and operating expenses			
Advertising and marketing		510	231
Employee entitlements		9,406	10,654
Capitalised software development	7	(892)	(1,487)
Recruitment and other personnel costs		415	466
Superannuation contributions		208	204
Share option expenses		90	142
Consultants and contractors		8,857	10,831
Bad debts written off/(recovered)		57	(41)
Communication, insurance and office administration		263	381
Computer equipment and software		811	804
Platform costs		830	764
Short term and low value leases		32	109
Travel-related costs		479	280
Other operating expenses		-	630
Acquisition and restructure costs		120	(8)
Total cost of sales and operating expenses excl. depreciation, amortisation and impairment losses		**21,186**	**23,960**

Depreciation, amortisation, and impairment of non-financial assets			
Amortisation of customer relationship	7	692	703
Amortisation of software development	7	1,075	872
Amortisation of acquired software	7	1,542	1,529
Amortisation of right of use assets		258	213
Depreciation of plant and equipment		58	71
Impairment losses	7	2,231	1,410
Total depreciation, amortisation, and impairment of non-financial assets		**5,856**	**4,798**
Total cost of sales and operating expenses		**27,042**	**28,758**

Notes to and forming part of the Condensed Interim Financial Report

for the half-year ended 30 September 2024

5. Net finance income and expenses

Six months ended 30 September	2024 $'000	2023 $'000
Finance income		
Interest received on financial assets at amortised cost	145	135
Foreign exchange gain	-	898
Gain on fair value adjustment to contingent consideration liability	-	1,317
Total finance income	**145**	**2,350**
Finance expense		
Interest expense on leases	(25)	(33)
Imputed interest on contingent consideration liability	-	(188)
Foreign exchange loss	(1,458)	-
Total finance expense	**(1,483)**	**(221)**
Net finance income	**(1,338)**	**2,129**

During the period, the Group reported a foreign exchange loss of $1,458m (2023: $0.898m profit) of which $1.317m (2023: $0.882m profit) is unrealised and predominately arising on the revaluation of inter-company loans. Weakening of the Euro and the United States Dollar against the New Zealand Dollar has significantly contributed to unrealised losses during the period.

6. Earnings per share

Earnings per share has been calculated based on shares issued at the respective measurement dates. Share options are considered anti-dilutive as the Group is loss making and are thus not taken into account in the calculation of diluted earnings per share.

Six months ended 30 September	2024	2023
Numerator	**$'000**	**$'000**
Profit/(loss) for the year after tax ("N")	(5,328)	(925)
Denominator	**'000**	**'000**
Weighted average number of ordinary shares used in basic EPS ("D1")	64,339	67,839
	Cents	**Cents**
Basic and diluted earnings per share (N/D1 x 100)	(8.28)	(1.36)

Notes to and forming part of the Condensed Interim Financial Report

for the half-year ended 30 September 2024

7. Intangible assets

	Notes	Software development $'000	Acquired software $'000	Customer relationship $'000	Goodwill $'000	Total $'000
Six months ended 30 September 2024						
Opening net book value		6,349	2,186	1,404	12,565	22,504
Additions in the year		892	-	-	-	892
Amortisation expense	4	(1,075)	(1,542)	(692)	-	(3,309)
Impairments	4	-	-	(483)	(1,748)	(2,231)
Foreign exchange adjustment		(160)	336	7	-	183
Closing net book value		**6,006**	**980**	**236**	**10,817**	**18,039**
At 30 September 2024						
Cost		13,240	12,083	10,507	16,041	51,871
Accumulated amortisation and impairment		(7,234)	(11,103)	(10,271)	(5,224)	(33,832)
Closing net book value		**6,006**	**980**	**236**	**10,817**	**18,039**
At 31 March 2024						
Cost		12,609	12,328	10,597	16,041	51,575
Accumulated amortisation and impairment		(6,260)	(10,142)	(9,193)	(3,476)	(29,071)
Closing net book value		**6,349**	**2,186**	**1,404**	**12,565**	**22,504**

Cash generating units (CGU)

The allocation of goodwill to the CGUs at 30 September 2024 is as follows:

	Notes	Europe[1] $'000	IDEST[2] $'000	NAM[3] $'000	NZ[4] $'000	Total $'000
Six months ended 30 September 2024						
Opening net book value		2,971	1,748	5,127	2,719	12,565
Impairment	4	-	(1,748)	-	-	(1,748)
Closing net book value		**2,971**	**-**	**5,127**	**2,719**	**10,817**
Segment	2	EMEA	EMEA	NAM	APAC	

Notes to and forming part of the Condensed Interim Financial Report

for the half-year ended 30 September 2024

	Notes	Europe[1]	IDEST[2]	NAM[3]	Lingotek[5]	NZ[4]	Total
		$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Year ended 31 March 2024							
Opening net book value		2,971	4,425	1,990	3,137	2,719	15,242
Reorganisation		-	-	3,137	(3,137)	-	-
Impairment		-	(2,677)	-	-	-	(2,677)
Closing net book value		**2,971**	**1,748**	**5,127**	**-**	**2,719**	**12,565**
Segment	2	EMEA	EMEA	NAM	NAM	APAC	

[1] Europe – made up of subsidiaries located in Europe, excluding IDEST which is separately identified
[2] IDEST – made up of IDEST, a Belgium subsidiary
[3] NAM – made up of North American subsidiaries
[4] NZ – made up of the NZ entity
[5] Lingotek - made up of Lingotek, a USA subsidiary merged into NAM CGU following a business reorganisation at the conclusion of Lingotek's earn-out period

Impairment considerations

IDEST was acquired by Straker in January 2022, as a supplier of contracted translation services principally for European institutions. During the six months to 30 September 2024, expected sales growth was not delivered, impacted by the non-renewal of two low-margin contracts with European Union institutions.

In view of the recent performance and the uncertainties around the strategic value of provision of translation services via mandated customer technology, management considered a full impairment of the $2.23m carrying value of these acquired assets was appropriate to recognise at 30 September 2024. The $2.23m impairment includes $1.75m in goodwill and $0.48m of intangible assets.

At present there is a pipeline of potential opportunities within the IDEST customer base, which Straker will continue to target.

The Group tested whether goodwill has suffered any impairment, by comparing the carrying amount of each CGU to its recoverable amount and determined that no impairment for the other CGU's was required.

8. Reconciliation of operating cash flows

Six months ended 30 September	2024 $'000	2023 $'000
Net loss after tax for the year	(5,328)	(925)
Adjusted for:		
Non-cash items		
Amortisation of capitalised software development	1,075	872
Amortisation of acquired software	1,542	1,529
Amortisation of acquired intangibles	692	703
Amortisation of right of use assets	258	213
Depreciation of plant and equipment	58	71
Impairment (recovery)/loss on trade receivables	(375)	167
Impairment loss on intangibles	2,231	1,410
Imputed interest on deferred consideration liability	-	188
Fair value of contingent consideration liability on acquisition	-	(1,317)
Share options	90	142
Taxation	(320)	(197)
Foreign currency loss/(gain)	1,458	(882)
Non-operating activity items		
Interest on lease liabilities	25	33
Impact of changes in working capital items		
Movement in debtors, prepayments and other debtors	1,538	1,514
Movement in creditors, accruals and other payables	(1,200)	(4)
Movement in tax provisions	(72)	97
Net cash flow from operating activities	**1,672**	**3,614**

9. Financial instruments

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods

The principal financial instruments used by the Group, from which financial instrument risk arises, include cash and cash equivalents, trade receivables, trade payables, accruals and translator costs accruals and contract liabilities. The carrying value of these financial instruments is a reasonable approximation of their fair value.

The Group manages their exposure to key financial risks, including credit risk, interest risk, liquidity risk and foreign exchange risk in accordance with the Group's financial risk management policies. The objective of these policies is to support the delivery of the Group's financial targets whilst protecting future financial security.

The Board reviews and agrees policies for managing each of these risks and these financial assets and liabilities are all held at amortised cost.

10. Events after the reporting date

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

Directors' Declaration

The unaudited interim financial statements of Straker Limited and its subsidiaries ('the Group') for the six months ended 30 September 2024 were authorised for issue on 26 November 2024 in accordance with a resolution of the directors. In accordance with ASX Listing Rule 4.2A.2A, the directors declare that, as at that date, and in the directors' opinion:

1. there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable; and

2. the relevant interim financial statements and notes comply with accepted accounting standards in New Zealand.

For and on behalf of the Board.

Linda Jenkinson
Chair
26 November 2024

Grant Straker
Chief Executive Officer
26 November 2024

Directory

Company Numbers	New Zealand 1008867 Australia 628 707 399
Registered office	New Zealand Level 2, 49 Parkway Drive Rosedale, Auckland 0632 Australia C/o Boardroom Pty Limited Level 8 210 George Street Sydney, NSW 2000
Head Office Address and Principal Place of Business	Level 2, 49 Parkway Drive Rosedale Auckland 0632 New Zealand
Directors	Linda Jenkinson (Chair) (appointed 01 July 2024) Grant Straker (Managing Director and Chief Executive Officer) Stephen Donovan James Johnstone Amanda Cribb Steven Bayliss Heith Mackay- Cruise (Chair) (resigned 01 July 2024)

Auditor	BDO Auckland
Share Registrar	Link Market Services Limited Level 12 680 George Street Sydney, NSW 2000 Australia Phone: +61 2 8280 7100
Stock Exchange	Straker's shares are listed on the Australian Securities Exchange (ASX code: STG)
Company website	www.straker.ai

ASX : STG
STRAKER