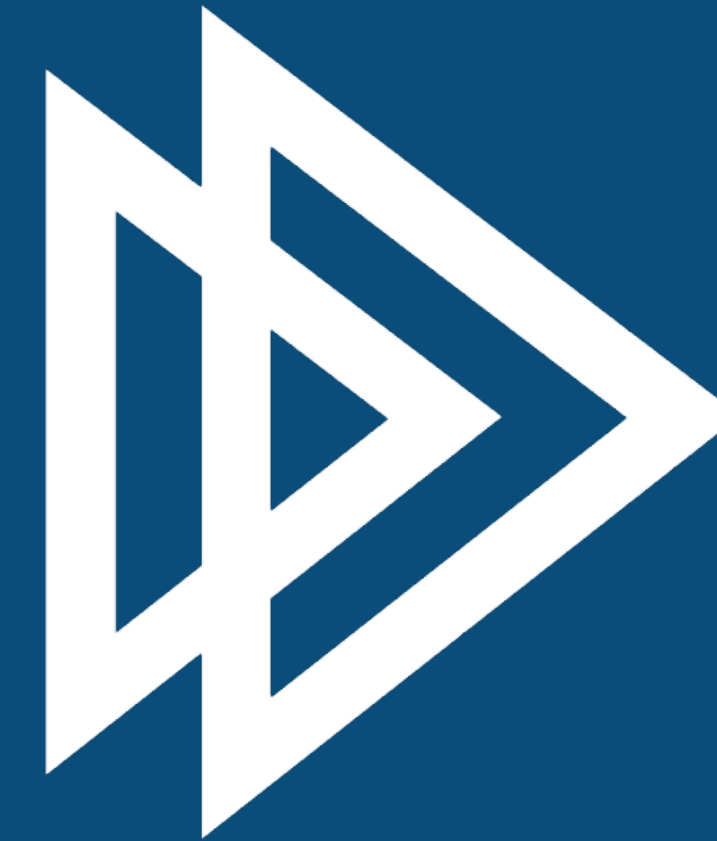


# Straker Translations

4C Q4-FY23



As a AI language tech pioneer Straker is very well positioned to be a leading player as AI continues to disrupt the language industry

As a top 100 player, with unique technology and global services reach, we are able to deliver an AI enhanced human-in-the-loop platform at scale to meet the changing needs of the market



**Grant Straker**  
Chief Executive Officer



**David Ingram**  
Chief Financial Officer

## 4C Highlights

**\$1.7M**  
**Positive Free Cash Flow**

**\$1m**  
**Adj EBITDA**

**>60%**  
**Record High Gross Margins**

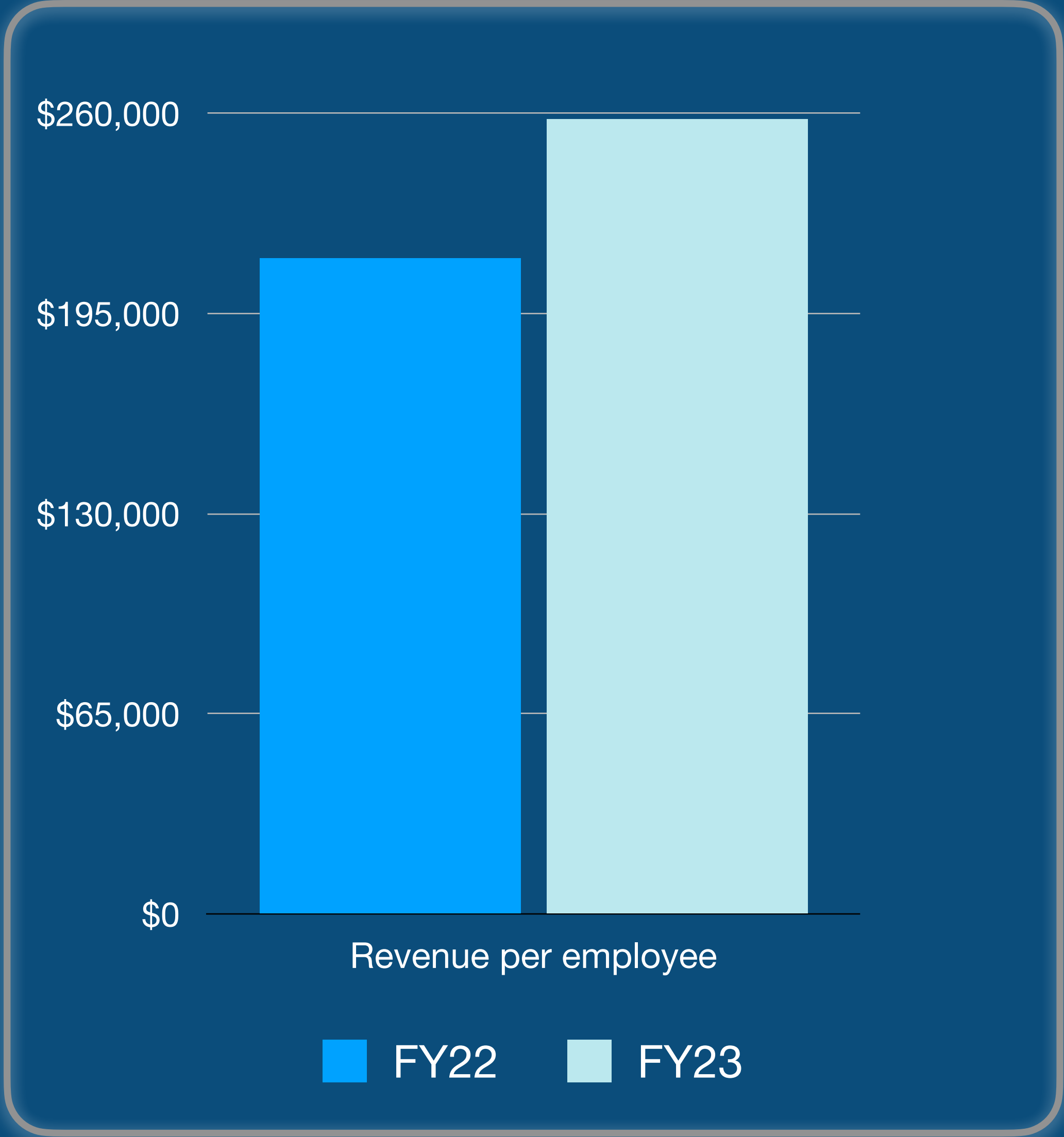
**\$12.5m**  
**Cash at bank (up \$1.7m)**

**\$2.6m**  
**Reduced Quarterly Opex v  
Q1**

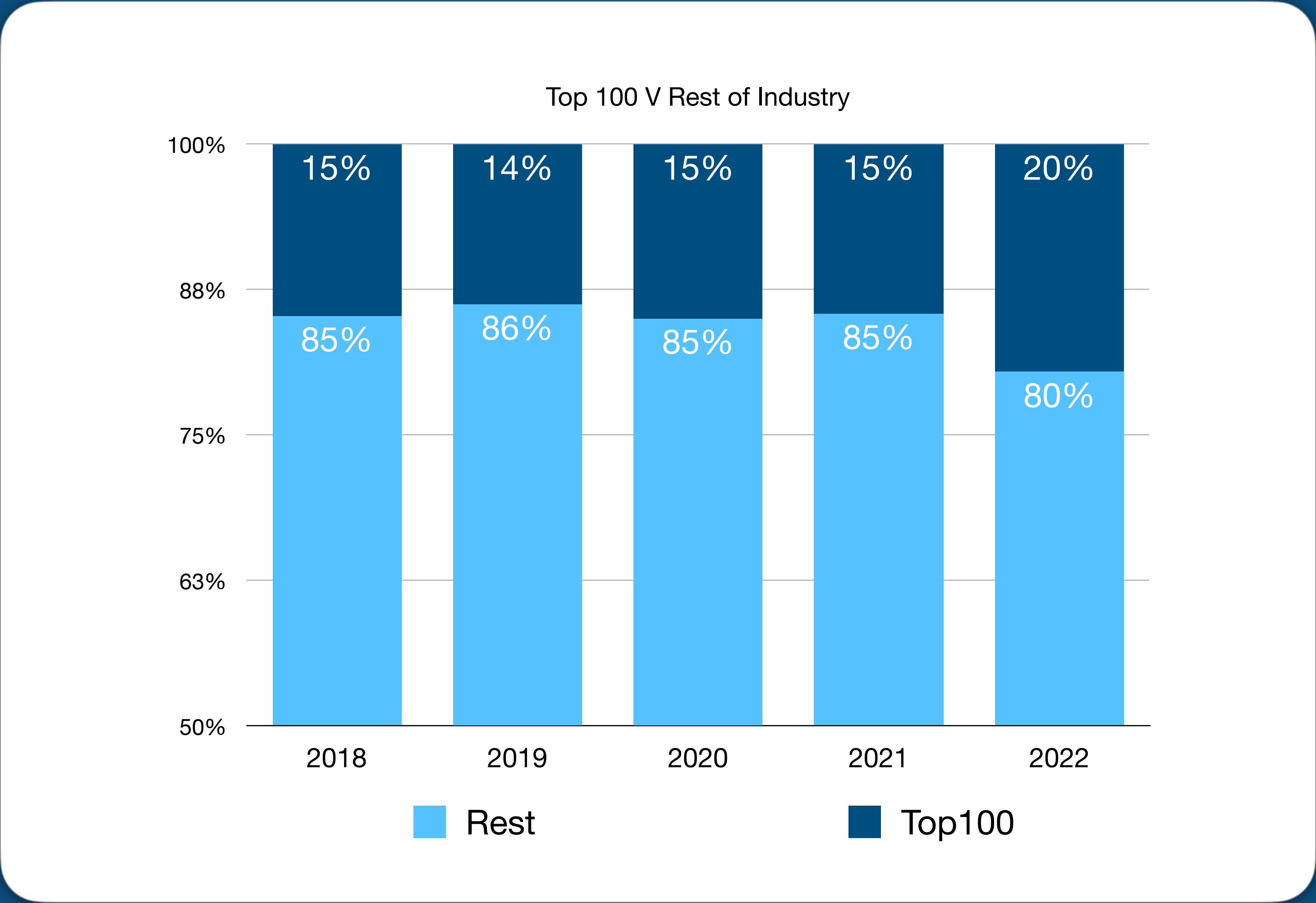
**\$62m**  
**Year to date receipts from  
customers**

Cash generating, stable revenue and investing in  
new and significant opportunities

Opex Reductions



# Industry Consolidation Underway



\*Nimdzi Industry Reports 2017-2022

# How generative AI Is changing the language industry

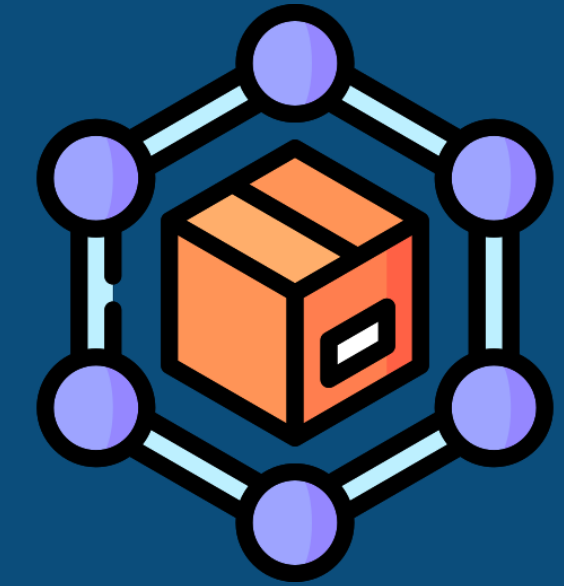
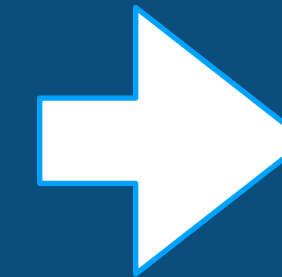
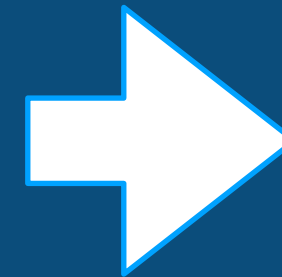
Forecast Impact of Generative AI on the industry

Our  
market  
focus 

		2022	2023	Impact
1	Raw Machine Translation	~2,000 billion words/day <b>2% market</b>	~3,000 billion words/day <b>2.9% market</b>	Long term distruption
2	Enhanced Machine Translation	2bn words/day <b>0.7% market</b>	10bn words/day <b>2.5% market</b>	
3	Human + Machine	0.6bn words/day <b>41% market</b>	0.8bn words/day <b>47% market</b>	Sustained Innovation
4	Manual Human	0.45bn words/day <b>51% market</b>	0.35bn words/day <b>39% market</b>	
5	Transcreation	0.05bn words/day <b>5% market</b>	0.16bn words/day <b>8% market</b>	Immediate massive disruption

*\*data is estimated by Konstantin Dranch -  
language industry researcher*

## Organic channels for growth now open



It has traditionally been difficult to get customers to switch to more efficient translation methods

That meant we pursued an acquisition strategy to acquire customers and get consolidation benefits

With customers now actively looking for AI driven solutions we believe a cost effective organic strategy is a better option

Embedding deeply into vertical channels  
Push into market verticals and technology verticals





### Easy

- Automation into systems
- Easy sign up
- Workplace apps, no need for another portal
- All languages and functions
- One stop shop (translations, transcreation, interpreting, media)



### Secure

- Closed loop AI enhanced systems
- Overarching security layer
- Secure human-in-the-loop process



### Powerful

- Scalable
- Full power for AI enhanced human in the loop quality
- Deep integration into customer systems
- Project management
- Vendor management
- 20,000+ human translator pool
- 100+ languages





### market leaders in the Language Cloud category

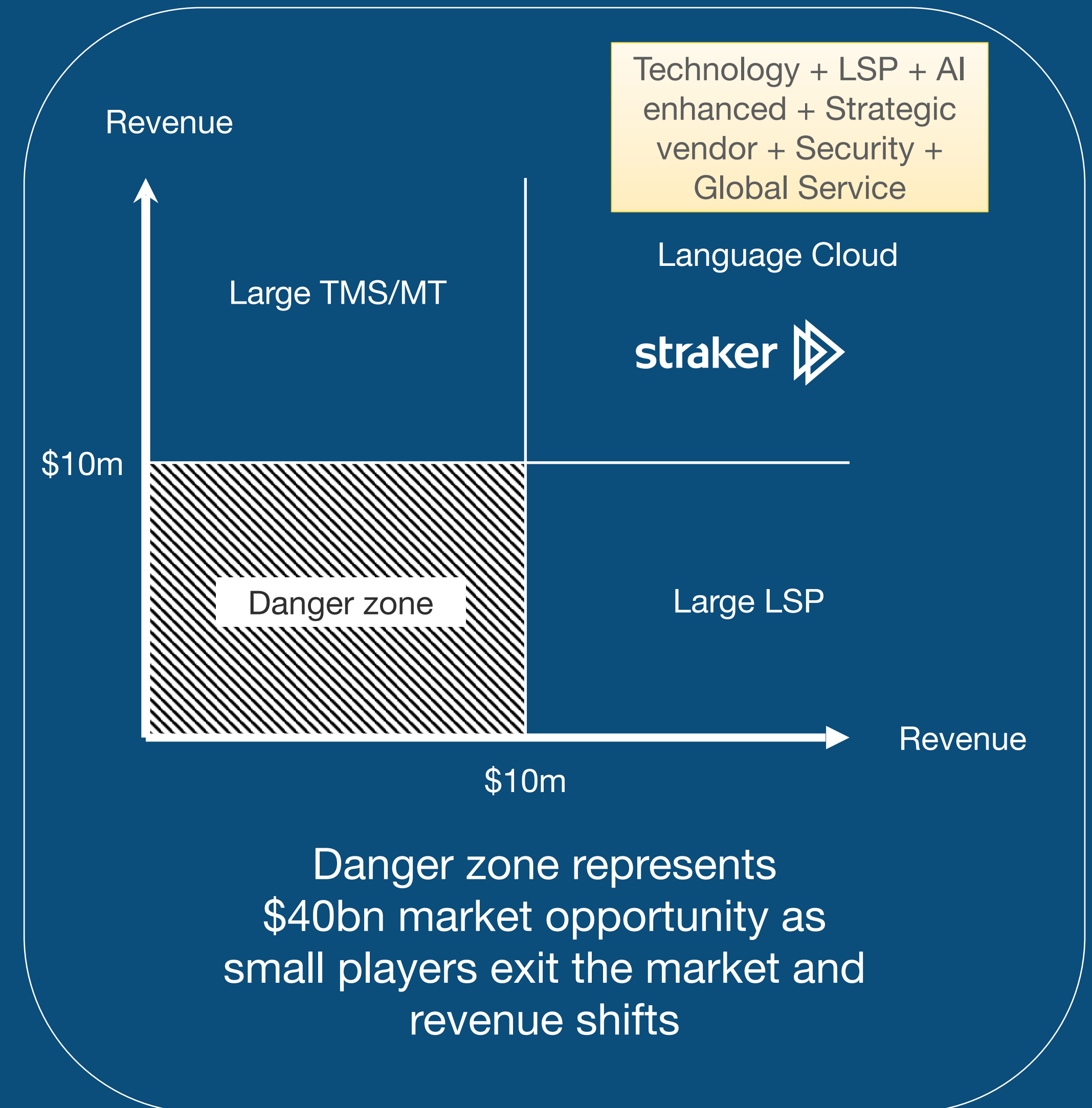
Enterprise customers are looking for

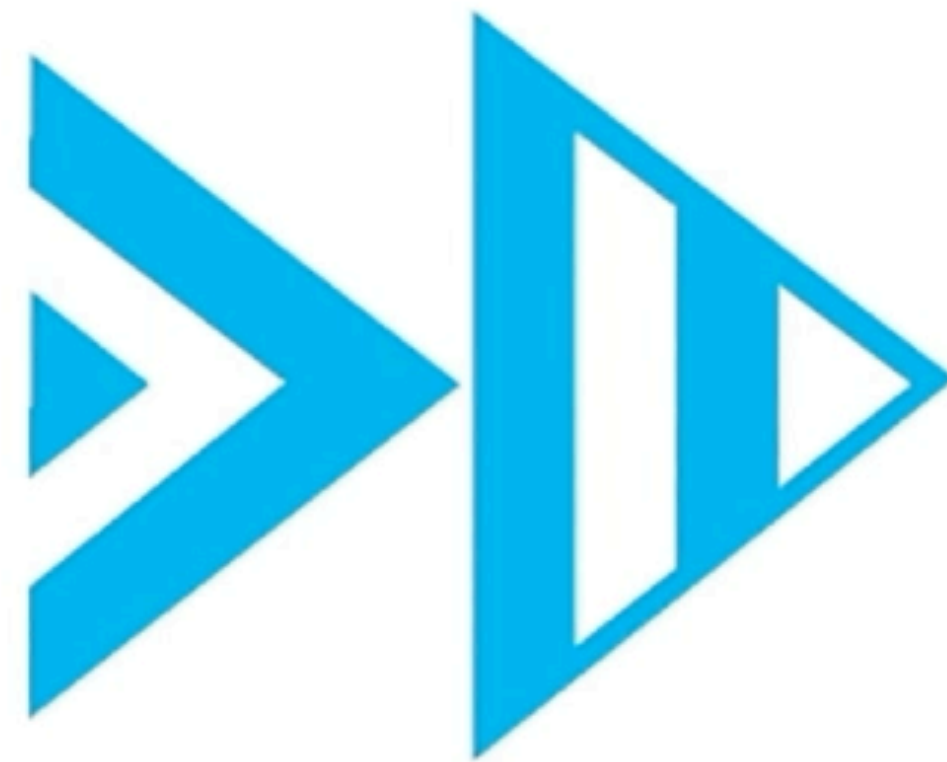
- a strategic, technology based supplier
- can deliver multiple languages,
- productivity based pricing,
- technology hooks and security layers
- workplace apps to lower costs and simplify the translation process



### Industry shift opportunity

With the industry already starting to consolidate, opex tightening for many organisations, and the latest wave of generative AI bringing more awareness of its power, there is a significant opportunity to win new business as customers look for Language Cloud solutions





WORKBENCH

HVACandRefrigerationAirFiltersAirFilterPads1.xlsx

1

Introduction

Introducción

44

2

Server Resource Management (SRM)

Q

→

Gestión de Recursos del Servidor (GRS)

44

3

Formatting SRM dump data

4

Format an SVC, stand-alone, or SYSMDUMP dump with the VERBEXIT SRMDATA subcommand to produce diagnostic reports about SRM.

5

z/OS MVS IPCS Commands gives the syntax of the VERBEXIT SRMDATA subcommand and z/OS MVS IPCS User's Guide explains how to use the SRMDATA option of the IPCS dialog.

6

The report is divided into the following sections; each section shows an example a VERBEXIT SRMDATA report.

7

A header

Un encabezado

44

RAY AI

Rephrase

More Creative

Shorten

More formal

Less formal

↶ Revert

RAY AI Suggestion #1

Server Resource Management (SRM)

↻

Apply

✓

RAY AI Suggestion #2

Administración de Recursos del Servidor (ARS)

↻

Apply

✓

RAY AI Suggestion #3

Manejo de Recursos del Servidor (MRS)

↻

Apply

✓

↻ Regenerate

New Business Wins In Q4

Region	Client	Estimated Annual Revenue	Estimated Full Annual Potential
EMEA	Babcock	\$100k	\$1m
EMEA	Jacobs Foundation	\$500k	\$500k
ASIA	Waven-Alpha Inc	TBA	TBA
North America	Agropor	\$500k	\$1m
North America	Medical Council of Canada	\$350k	\$350k

All revenue estimates are indicative only

### Revenue up 6% to \$59.4m

- We had a very strong 1st quarter, the 4th quarter is traditionally quieter, and this was exacerbated by the current economic conditions.
- March revenue showed a good rebound, up 23% on the previous 2 months.
- We have had no significant client losses and continue to get some good wins.

### Gross Margins hit record

- Gross Margin for FY23 increased from 54% to 57%.
- Q4 record 61% margin.
- Helped by Product Improvements, Automation, and continued Acquisition Synergies.

### Adjusted EBITDA

- We have managed to tightly control costs and delivered an improved profit in FY23 of \$1.4m vs \$200k last year.
- Q4 profit of \$1m as Q3 cost savings take effect.
- 15% decrease in headcount and associated salary costs.
- We continue our level of investment in R&D

### Cash Flow

- Met goal of being Free Cash Flow positive with \$1.7m for the quarter.
- Operating cash flow was positive \$2.1m for the quarter; \$1.4m for the year.
- Strong collections and reduction in costs key drivers.





Maximising the Existing Business

- Focus on Opex
- Price increases
- Alternative models (paas)
- Winning more customer wallet
- Increasing margins
- Switch to LanguageCloud



Growth Initiatives

- Slack apps
- Vertical markets
- AI validation opportunities
- Teams apps
- Corporate media
- Intelligence platform

## Key Takeaways

Introduction of PaaS base in Q1

Focus on AI enhanced R&D

Stable, free-cash generating company

Organic over acquisitive growth

Significantly reduced opex run-rate

\$62m  
Year to date receipts from customers



# Q&A

# DISCLOSURE STATEMENT



This presentation is given on behalf of Straker Translations Limited ASX:STG (Company number NZ: 1008867 / AU: ARBN 628 707 399)

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- Is for general information purposes only, and is not an offer or invitation for purchase, or recommendation of securities in Straker Translations Limited (Straker)
- Should be read in conjunction with, and is subject to, Straker's latest and prior interim and annual reports, including Straker's Appendix 4E Preliminary Final Report for the period ended 31 March 2023, and Straker's market releases on the ASX
- Includes forward-looking statements about Straker and the environment in which Straker operates, which are subject to uncertainties and contingencies outside of Straker's control - Straker's actual results or performance may differ materially from these statements
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All information in this presentation is current at 31 March 2023, unless otherwise stated.

All currency amounts are in NZ dollars, unless otherwise stated.