

Straker Full Year FY2024

Investor Presentation

Disclosure Statement

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Information in this presentation:

- Is for general information purposes only, and is not an offer or invitation for purchase, or recommendation of securities in Straker Limited (Straker)
- Should be read in conjunction with, and is subject to, Straker's latest and prior interim and annual reports 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
- Includes statements relating to past performance, which should not be regarded as a reliable indicator of future performance
- May contain information from third parties believed to be reliable; however, no representations or warranties are made as to the accuracy or completeness of such information, and
- All information in this presentation is current at 31 March 2024, unless otherwise stated.
- All currency amounts are in NZ dollars, unless otherwise stated.

Agenda

01

Introduction &
Summary Results

02

Industry & Strategy

03

Financial Results

04

Q&A



Grant Straker
Co-founder and CEO



David Ingram
Chief Financial Officer



FY2024 at a glance

Delivered Strong Financial Performance

- Achieved \$4.5 million in Adj EBITDA
- Generated \$50 million in revenue despite challenging macroeconomic conditions
- Reduced operating expenses* by \$5.0 million, optimising resource allocation
- Achieved positive free cash flow of \$2.3m

Fostered Innovation and Positioned for Future Growth

- Launched AI VERIFY, an industry-leading approach to AI-based translation solutions
- Released Straker AI Cloud with integrated workplace apps removing the need for a TMS
- Build a platform to capitalize on AI opportunities and shift focus to translation as a utility
- Mainstream AI is a positive development for Straker

Matured Key Alliances and built new ones

- Strengthened strategic partnerships with IBM, Microsoft, Salesforce and Foxit

Financial Highlights

\$2.3m

Free Cash Flow

\$4.5m

Adj EBITDA
up from \$1.4m in PCP

63.8%

Gross Margins an
increase of 680bp

\$12.2m

Cash Balance down
from \$12.5m

\$50m

Revenue down 16%

\$7.9m

R&D Investment

FY2024 Strategic Achievements - AI Transformation

Cost Efficiency & Cash Generation

- High gross margins
- Reduction in OPEX
 - Positive EBITDA
- Generate free cash flow
- Maintain strong cash position

3 Areas of Strategic Focus

Digital Transformation & AI Investment

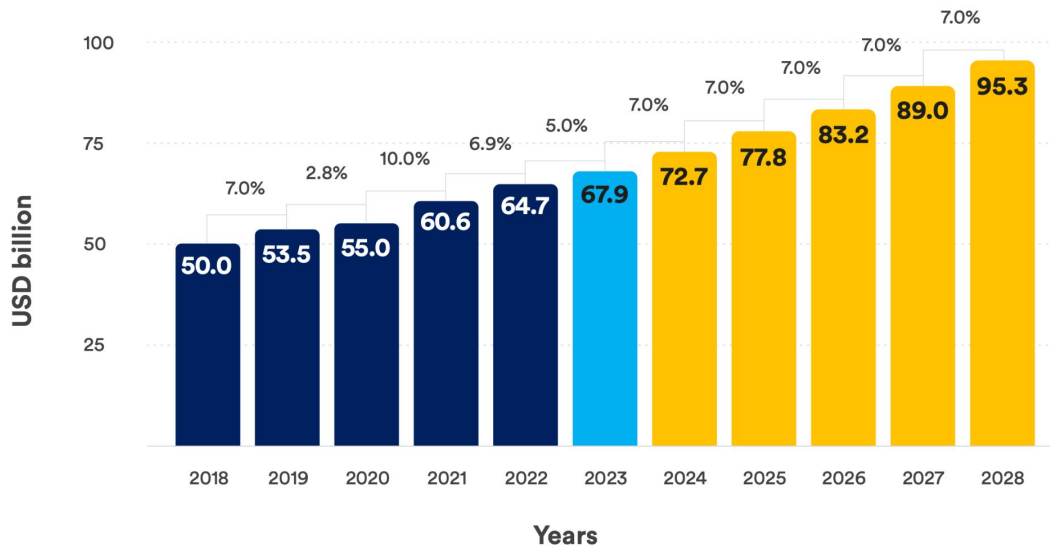
- Investment in AI R&D
- New AI SaaS platform
- Workplace Apps as TMS UX

Build Partnerships & Alliances

- IBM ecosystem
- Microsoft partnership
- Slack/Salesforce channel
- New platform partnerships



Industry - remains a \$70bn TAM open for disruption



Source: Nimdzi Top 100 Report 2024

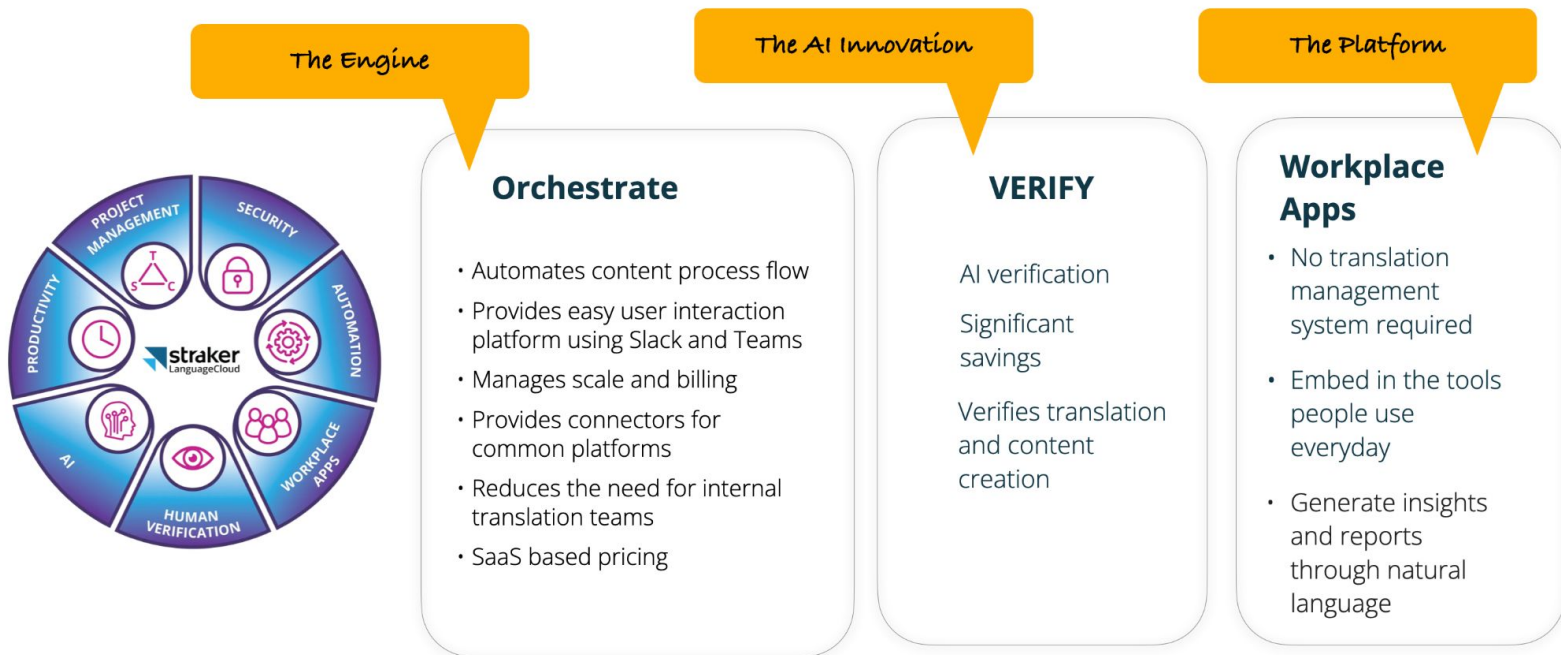
The nature of work may change but there will be **no lack of potential customers**

The industry is experiencing a significant shift from traditional processes to AI based solutions. **Straker is well-positioned** to capitalise on this shift.

Significant opportunity as AI creates an arms race and land grab



Product-Market Fit



Verify

straker
LanguageCloud

English

Avatar

Dashboard

Translate

Validate

Verify

Evaluation

Report

Connect

Settings

Project Reports 2023

Document: Annual Forecast.docx

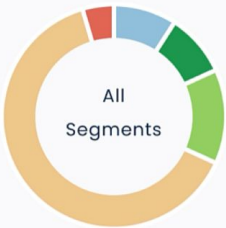
Target Language: Spanish

Overall Translation Quality: Acceptable

Annual Report.docx
1042 words
Spanish
Communication

Download translated documents

Segment Quality:



All Segments

Translation Memory	10%
Best	10%
Good	13%
Acceptable	64%
Bad	3%

Download Breakdown

Recommendation:

Based on the quality of your segments and your industry, we suggest that you verify with a **Translator**.

Estimated Cost: \$120-170

Request Post-Editing



AI quality assessment

The screenshot displays the Straker LanguageCloud interface. On the left is a dark blue sidebar with navigation options: Dashboard, Translate, Validate, Verify, Evaluation (highlighted), Report, Connect, and Settings. The top right of the interface shows a language selector set to 'English' and a user profile icon.

Content Quality

Die Umweltauswirkungen von Einwegplastik

In der modernen Ära hat sich die Verbreitung von Einwegplastik als drängendes Umweltproblem herausgestellt, mit bedeutenden Folgen für Ökosysteme, die Tierwelt und die menschliche Gesundheit. Einwegplastik, von Einkaufstüten über Strohhalme bis hin zu Lebensmittelverpackungen, ist für eine kurze Nutzungsdauer konzipiert, gefolgt von einer Entsorgung. Obwohl sie Bequemlichkeit bieten, ist ihre Umweltbelastung sowohl tiefgreifend als auch langanhaltend.

Umweltbelastung

Die Produktion von Einwegplastik basiert stark auf fossilen Brennstoffen, was zu Treibhausgasemissionen und globaler Erwärmung beiträgt. Einmal entsorgt, landen diese Kunststoffe oft auf Mülldeponien oder, schlimmer, in natürlichen Umgebungen. Der Zersetzungsprozess von Kunststoffen kann Hunderte bis Tausende von Jahren dauern, während dieser Zeit zerfallen sie in Mikroplastik – winzige Partikel, die sowohl aquatisches als auch terrestrisches Leben bedrohen.

Auswirkungen auf das Meeresleben

Insbesondere Meeresökosysteme sind anfällig. Es wird geschätzt, dass jährlich Millionen Tonnen Kunststoffe in die Ozeane gelangen, was zum Tod von Meerestieren führt, die sie verschlucken oder sich in ihnen verfangen. Mikroplastik wurde in den tiefsten Ozeangraben und den entlegensten Stränden gefunden, was das globale Ausmaß des Problems zeigt. Diese Mikroplastiken sind nicht nur eine direkte Bedrohung für das Meeresleben; sie gelangen auch über Meeresfrüchte in die menschliche Nahrungskette, mit unbekannten gesundheitlichen Auswirkungen.

Files
1/9 meeting notes.docx

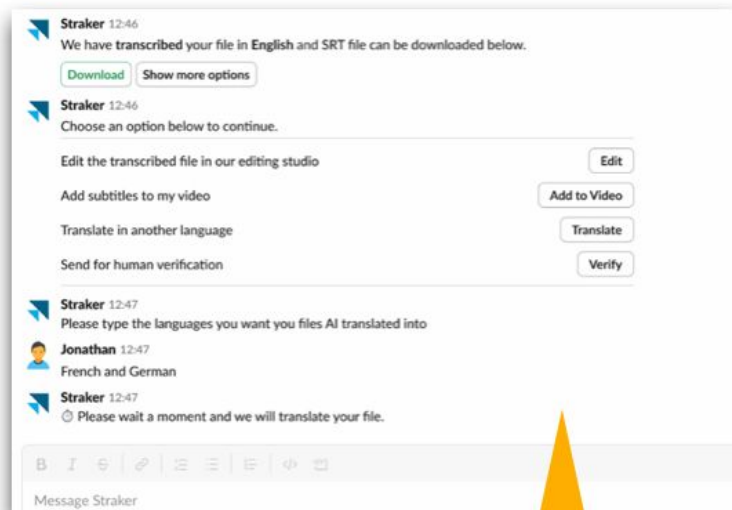
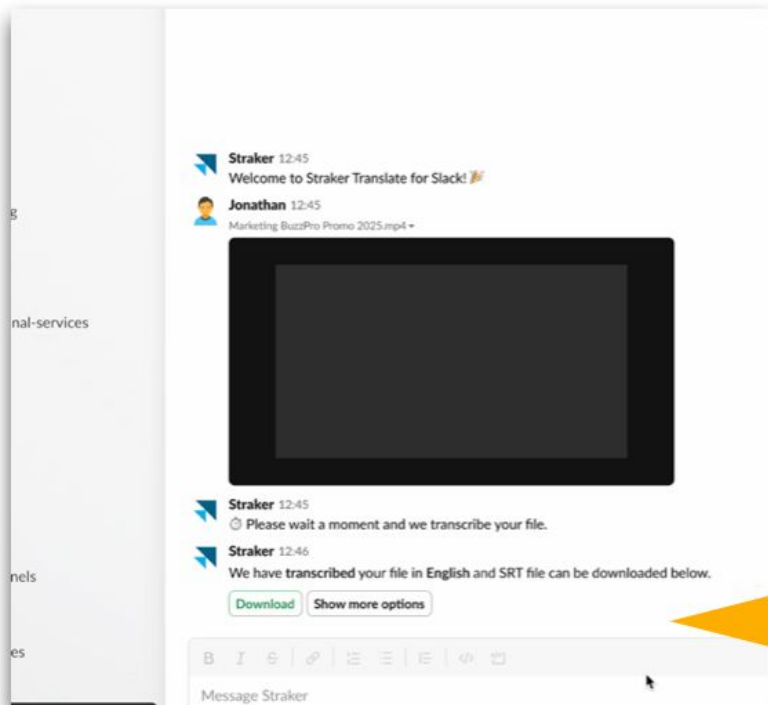
Languages
French
German

Quality Evaluation
Best

Legend:

- Translation Memory **29%**
- Best **40%**
- Good **10%**
- Acceptable **16%**
- Bad **5%**

Automatic Video Translation in Slack



Drop file and get instant transcription

option to translate and verify

Go to market - a new world of access to customers

Increased marketing to drive channel and ecosystem partner growth, new global marketing team and an experienced global sales team in place

AI VERIFY	Slack/Teams	Managed Services	Gap Pro	AI VERIFY Toolkit
AI and Business Conferences	Salesforce/Slack ecosystem	Direct approach at C level	Partnerships and ecosystems around Audits	Powerful API
Online Direct	Salesforce conferences		Large integrators	White label offering
Platforms	Microsoft partnership			Direct targeting platforms
IBM Ecosystem	IBM ecosystem			Tech conferences



Experienced, Stable and Invested Team

Executive proven at delivering on a growth playbook holding 13% of STG



Grant Straker

CEO and Co-Founder



Merryn Straker

Chief Operating Officer



Kim Andrews

Chief People Officer



Tamas Szoke

Chief Production Officer



David Ingram

Chief Financial Officer



David Sowerby

Chief Revenue Officer

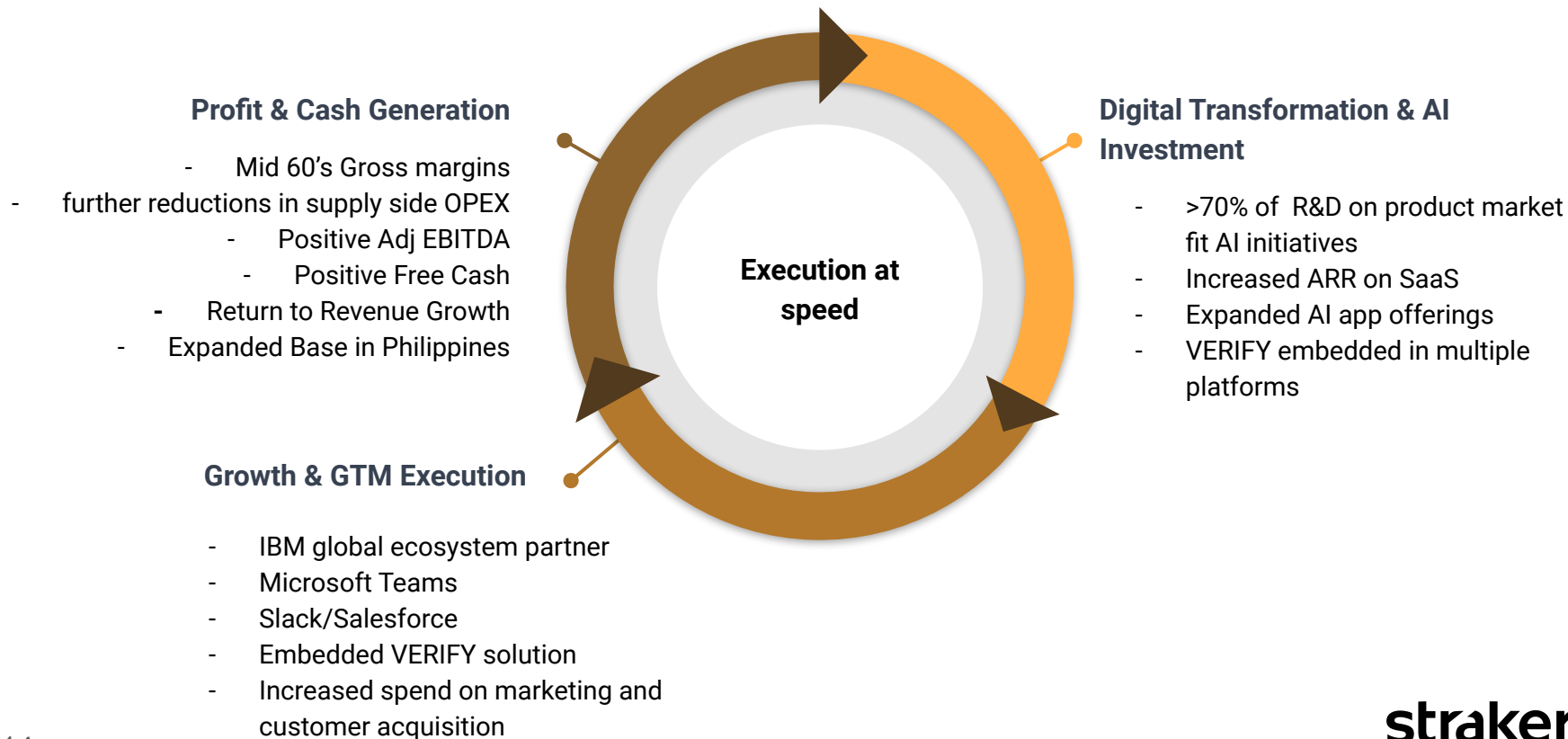


Indiver Nagpal

Chief Platform Officer

Average of 14 years years of exec
experience at Straker

FY2025 Strategic Focus and Targets



Value Drivers for industry transactions

EBITDA multiple	<8.0x	8.0x – 10.0x	>10.0x	
Quantitative factors				
Organic revenue CAGR	<5%	↔	>10%	⊘
Customer concentration (1-2 clients)	>20%	↔	<10%	✓
Gross margin	<40%	↔	>50%	✓
EBITDA margin	<10%	↔	>25%	▬
Revenue scale	< €20m (Bolt-on)	↔	> €60m (Platform)	▬
Qualitative factors				
Market positioning	Follower	↔	Leader	✓
Tech-enablement	Low	↔	High	✓
Geographic reach	Local	↔	Global	✓
Local office footprint	Light/ virtual	↔	Multiple offices	✓
Customer quality	SME	↔	Enterprise	✓
Customer perception	Low quality	↔	High quality	✓
Management team	Inexperienced	↔	Experienced	✓

Straker is pleased to provide the following expectations with respect to various key financial metrics for FY25:

- Revenue is expected to return to topline growth
- Gross Margin is expected to maintain mid-60%,
- Straker will continue to be Adjusted EBITDA profitable
- Straker will continue to generate Free Cash Flow
- Our new AI app product suite, 'AI Cloud' to contribute to our ARR base.

Financials

Income Statement

	2024	2023	Change
	\$'000	\$'000	%
Revenue	50,014	59,408	-16%
Gross profit	31,921	33,892	-6%
Gross margin %	63.8%	57.0%	12%
Other income	355	82	333%
Depreciation, amortisation, and impairment of non-financial assets	(9,599)	(6,787)	-41%
Operating expenses excluding D&A and impairment of non-financial assets	(28,022)	(33,050)	15%
Operating expenses	(37,621)	(39,837)	6%
Percentage of operating revenue	-75.2%	-67.1%	-12%
Operating loss before net finance expense	(5,345)	(5,863)	9%
Percentage of operating revenue	-10.7%	-9.9%	-8%
Net finance income	2,874	3,186	-10%
Loss before income tax	(2,471)	(2,677)	8%
Percentage of operating revenue	-4.9%	-4.5%	-10%
Income tax credit/(expense)	282	(80)	453%
Net loss after tax	(2,189)	(2,757)	21%

Earnings before interest, tax, depreciation and amortisation (EBITDA)

	2024	2023	Change
	\$'000	\$'000	%
Operating loss before net finance expense	(5,345)	(5,863)	-9%
Add:			
Depreciation, amortisation, and impairment of non-financial assets	9,599	6,787	41%
EBITDA	4,254	924	360%
EBITDA Margin	8.5%	1.6%	447%
Add:			
Acquisition & Restructure costs	245	504	-51%
Adjusted EBITDA	4,499	1,428	215%
Adjusted EBITDA margin	9.0%	2.4%	274%



Financial Position

		2024	2023
	Notes	\$'000	\$'000
Current assets			
Cash and cash equivalents		12,165	12,505
Trade receivables	10	8,664	9,715
Other assets and prepayments	11	2,307	4,049
Total current assets		23,136	26,269
Non-current assets			
Intangible assets	12	22,504	28,505
Plant and equipment		245	323
Right-of-use assets	17	1,032	1,246
Total non-current assets		23,781	30,074
Total assets		46,917	56,343
Current liabilities			
Trade payables		2,467	2,606
Sundry creditors and accruals	14	3,422	4,545
Contract liability	15	4,875	6,403
Employee benefits liability		746	812
Lease liabilities	17	574	438
Total current liabilities		12,084	14,804
Non-current liabilities			
Contingent consideration	16.2	-	1,711
Lease liabilities	17	641	1,031
Deferred tax liability	8	384	739
Total non-current liabilities		1,025	3,481
Total liabilities		13,109	18,285
Net assets		33,808	38,058
Equity			
Share Capital	18	66,774	68,804
Foreign currency translation reserve		(1,140)	(875)
Share option reserve	24	1,337	1,103
Accumulated losses		(33,163)	(30,974)
Total equity		33,808	38,058



Cash Flow

	2024	2023	Change
	\$'000	\$'000	%
Cash flows from operating activities			
Receipts from customers	52,190	62,037	-16%
Other operating cash flows	(47,142)	(60,609)	-22%
Operating cash flow	5,048	1,428	254%
Capital investment	(2,711)	(2,312)	17%
Free cash flow	2,337	(884)	-364%
Cash flow from financing activities			
Shares repurchased	(2,030)	-	n/a
Proceeds from issue of shares	-	8	-100%
Lease liability payments	(583)	(545)	7%
Deferred and contingent consideration payments	-	(1,703)	-100%
Net financing cash flow	(2,613)	(2,240)	17%
Net cash flow	(276)	(3,124)	-91%
Effect of exchange rate on foreign currency balances	(64)	498	-113%
Cash and cash equivalents at beginning of the period	12,505	15,131	-17%
Cash and cash equivalents at end of the period	12,165	12,505	-3%

Thank you