

## ASX ANNOUNCEMENT

# Revised Outlook Statement for FY24 and CEO Conference Presentation

**AUCKLAND, 14 March 2024** – Straker Limited (ASX: STG, Straker or Company) has updated its FY24 guidance for revenue, with the revised guidance as follows:

- Revenue is now expected to decline by double digit percentage vs FY23;
- Gross Margin expected to improve versus FY23's 57%; and
- Operating Cash Flow and EBITDA to be positive for FY24.

The Company remains optimistic on its long-term outlook and the commercial opportunity presented by generative AI. It will provide further context to the outlook when it releases its FY24 financial results in May 2024.

### Coffee Microcaps Conference

Attached is the presentation by the CEO of Straker at the Coffee Microcaps Conference in Sydney later today.

### Authorisation

This announcement has been authorised for release by the Chairman and CEO of Straker Limited.

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### About Straker

Straker provides AI-driven localisation and content process automation, with human-in-the-loop verification to more than 10,000 customers. Our flagship SaaS based product – LanguageCloud, provides an AI co-pilot for translation, expert human verification, more than 100 system connectors and natural language interfaces through Slack and Teams.

For more information visit: [www.straker.ai](http://www.straker.ai)

### Straker (STG)

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# STRAKER ASX.STG

Coffee Microcaps Sydney  
14 March 2024

## **Global Tech Leader in AI & Automation**

- Straker is a leading provider of AI-powered technology solutions.
- We operate globally, specializing in AI/Machine Learning, automation, and localization.
- Our innovative solutions leverage a human-in-the-loop approach with AI co-pilot assistance.
- We target the massive \$70 billion language industry.

## **Key Investor Takeaways:**

- Strong market position in a high-growth industry.
- Unique combination of AI and human expertise.
- Scalable SaaS model with global reach.

"During an industry downturn, you can either be a follower and react to the changing landscape, or you can be a leader and shape it." - Reed Hastings, co-founder and CEO of Netflix.

"While most of our Industry think customers still want video tapes(or are only setup for video tapes), we are focused on streaming"  
Grant Straker CEO of Straker

- ◆ NZ tech company - listed 2018
- ◆ ~\$50m Revenue FY24 (f)
- ◆ \$29m market cap
- ◆ \$13m\* in the bank with no debt
- ◆ Cash flow positive
- ◆ EBITDA positive (\$3m Q3 YTD)
- ◆ Completed AUD \$1.9m share buy back in Q3/4
- ◆ Unique AI technology base
- ◆ Global partnerships with IBM/Salesforce
- ◆ 200 staff across 10 countries
- ◆ Diverse & global customer base Major contracts in place
- ◆ Top 10 shareholders own 70%
- ◆ \$9m/year into R&D
- ◆ 62% gross margins

We now expect a double-digit percentage decline in Revenue on FY23. Pleasingly, Gross Margin in FY24 is now expected to improve over FY23 rather than remain flat and we continue to expect to deliver positive Operating Cash Flow and EBITDA for FY24.



# Who we do it for



25 Leading customers  
(60% revenue)



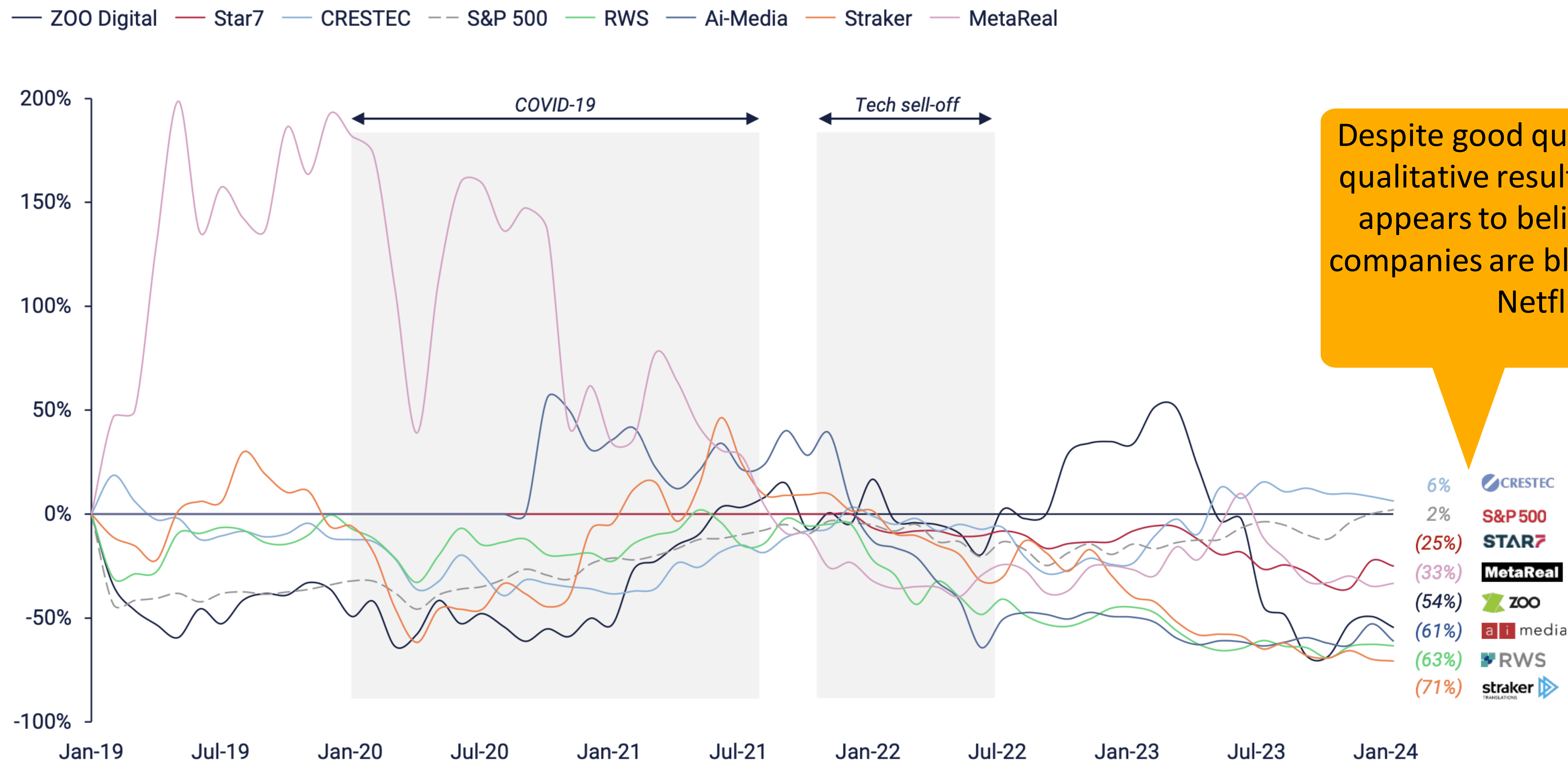
300+ Enterprise customers  
(34% Revenue)



8,000 +  
SME/Transactional customers  
(6% revenue)



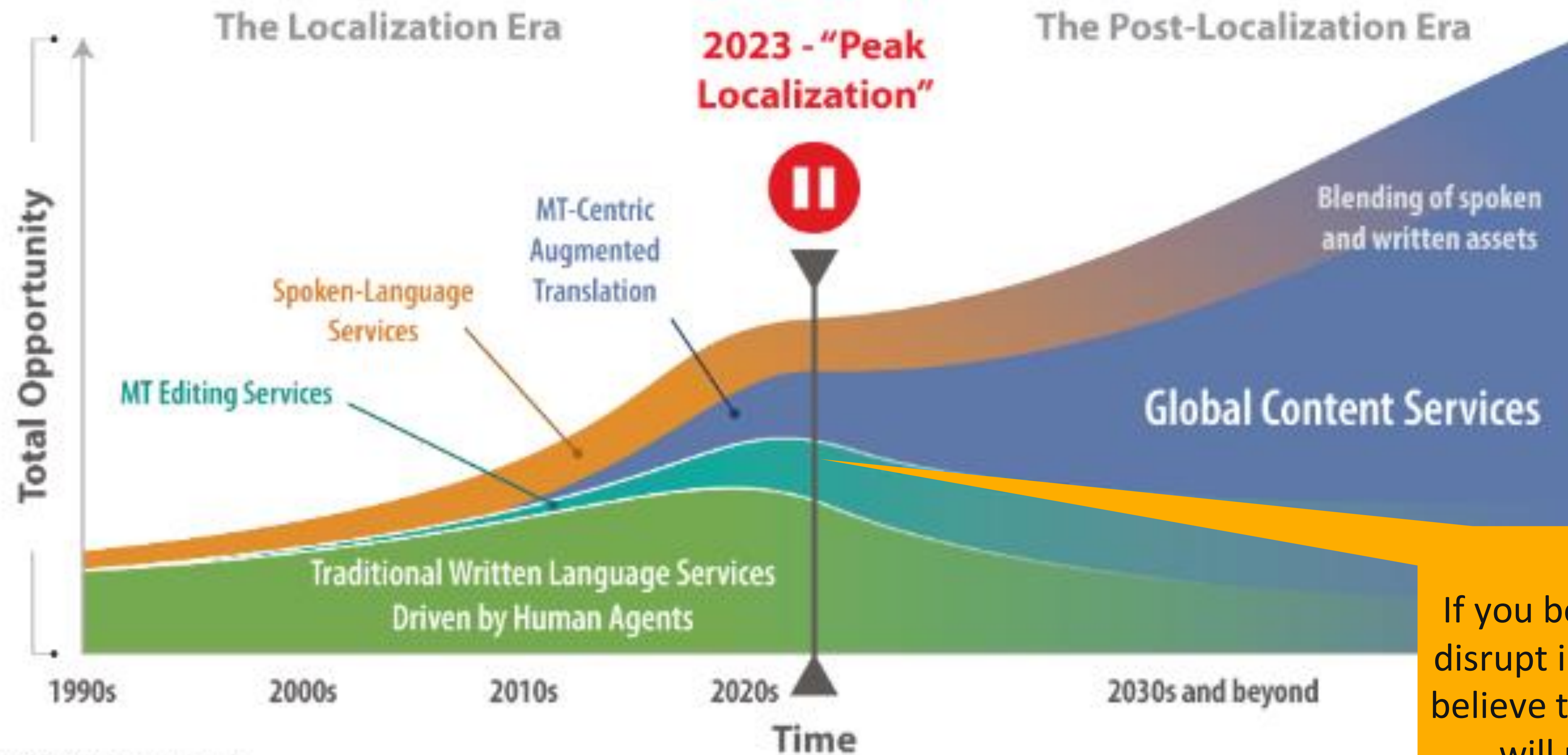
Share price performance in the last five years (in % change)



Despite good quantitative and qualitative results, the market appears to believe all these companies are blockbuster, not Netflix?



# \$70bn Industry at critical pivot point due to AI disruption



© CSA Research

If you believe AI is going to disrupt industries, you must believe that some industries will reduce with the productivity gains from AI



What does AI mean for the industry?

- ◆ Industry will consolidate as the traditional market reduces
- ◆ AI translation process will become prevalent including direct content creation
- ◆ Translation will become a utility through automation
- ◆ Margins will increase as more technology is used
- ◆ Companies will move away from internal teams managing the process
- ◆ Pricing models will change from volume or time, to token & time

## The Engine



### LC Orchestrate

- Automates content process flow
- Provides easy user interaction platform using Slack and Teams
- Manages scale and billing
- Provides connectors for common platforms
- Reduces the need for internal translation teams
- SaaS based pricing

## The AI Innovation

### VERIFY

- AI verification
- Significant savings
- Verifies translation and content creation

## The Platform

### Workplace Apps

- No translation management system required
- Embed in the tools people use everyday
- Generate insights and reports through natural language

## The Utility



### Connectors

Enjoy efficiency with more than 20 pre-built connectors for common content systems such as Adobe InDesign, Drupal and many others.

### AI COMPLIANCE

Our VERIFY engine can be used to conduct advanced Gap Analysis using AI. Need to see if your policies and procedures map to an ISO standard - use our Compliance Tool to save days of work

## Useful tools

### AI Fact-checking

Not sure if your AI Generated content is accurate or making things up? Use our AI Fact Checking engine (web or API) to fact-check your AI Generated content.

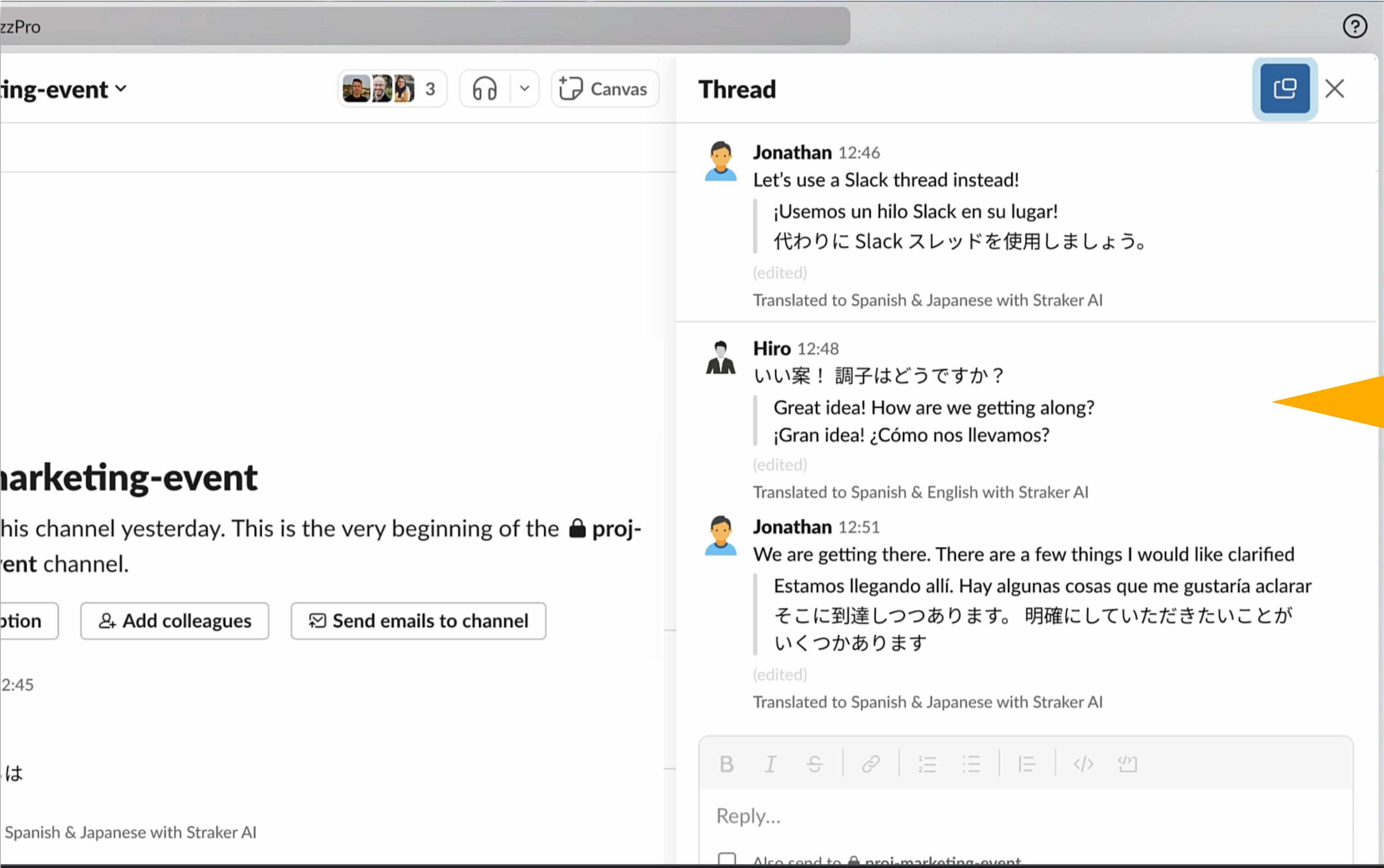
## The Adjacency



- ✓ **TRANSLATE SLACK MESSAGES IN 100+ LANGUAGES**
- ✓ **AI TRANSLATE FILES INSTANTLY**
- ✓ **CUT TRADITIONAL TRANSLATION COSTS BY UP TO 90%**
- ✓ **HUMAN EXPERT VERIFICATION**
- ✓ **SECURELY MANAGE EVERYTHING WITHIN SLACK & SALESFORCE**

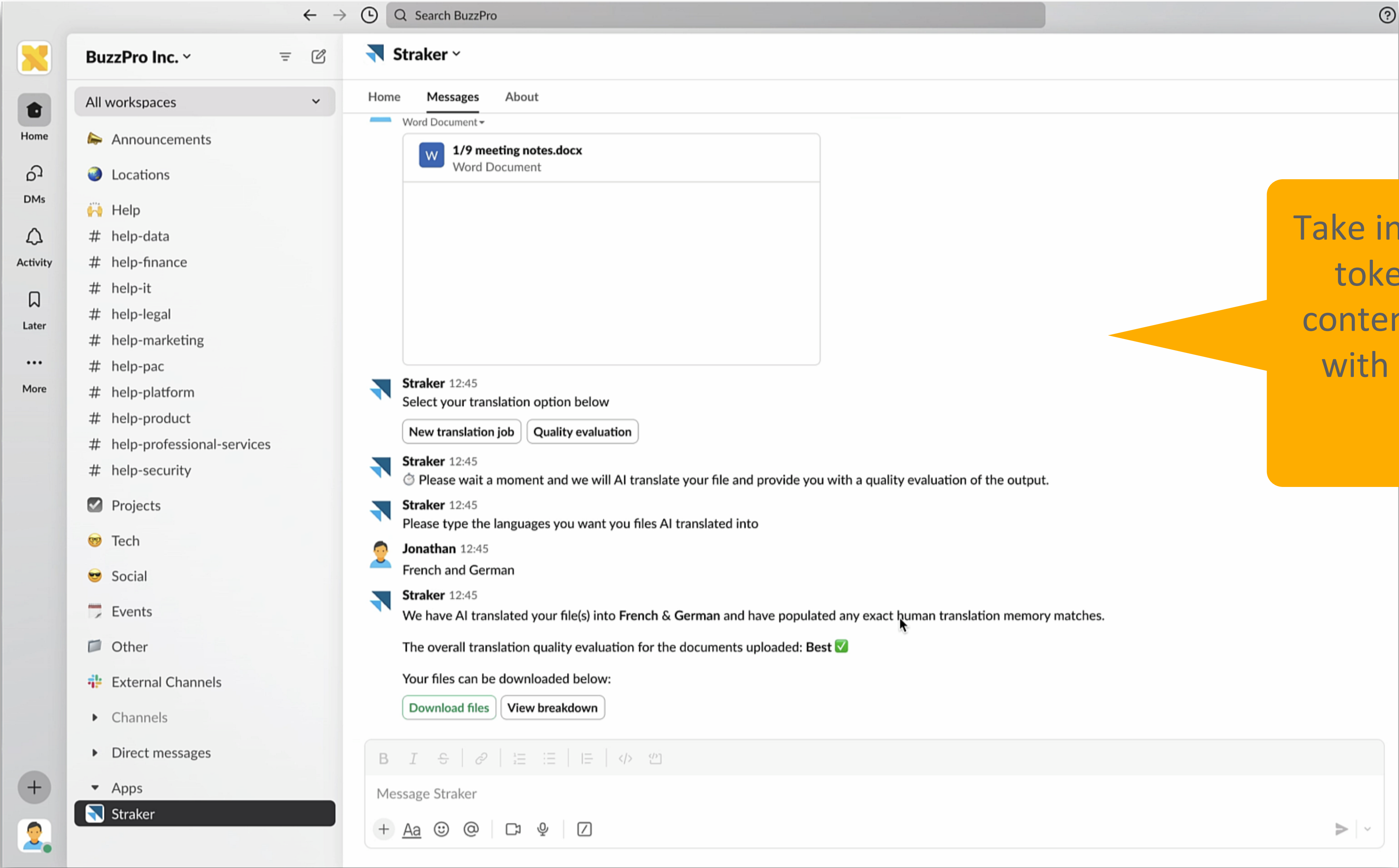


# Multi-threaded, multi-language conversations in workplace apps



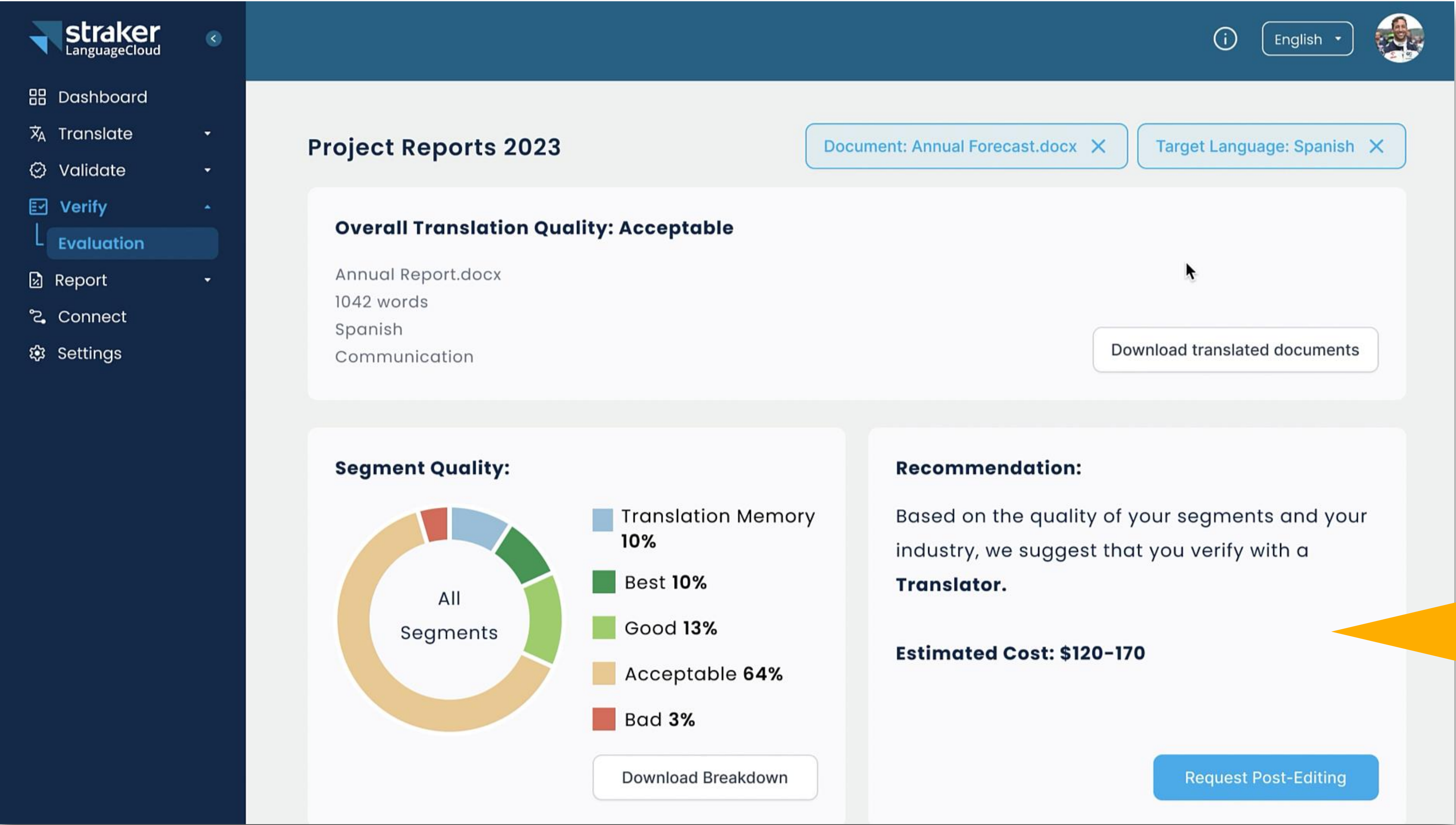
Pricing based on  
AI token usage,  
not volume

# Instant document translation, with quality evaluation



Take instant translation with token-based pricing for content, or send for human with hourly based expert review





Machine recommends a human review based on document usage

straker

LanguageCloud

Dashboard

Translate

Validate

Verify


Evaluation

Report

Connect

Settings

English



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 Ozeangräben 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.

Translation Memory 29%

Best 40%

Good 10%

Acceptable 16%

Bad 5%

Files


1/9 meeting notes.docx

Languages

French

German

Quality Evaluation

Best 



Straker

12:45

Welcome to Straker Translate for Slack! 🎉

Jonathan

12:45

Marketing BuzzPro Promo 2025.mp4 ▾

Straker

12:45

⌚ Please wait a moment and we transcribe your file.

Straker

12:46

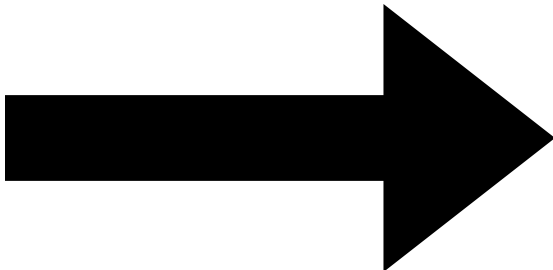
We have transcribed your file in **English** and SRT file can be downloaded below.

Download

Show more options

B I ⌂ 🔗 ⌵ ⌶ ⌷ ⌸ ⌹ ⌺ ⌻ ⌼ ⌽ ⌾ ⌿

Message Straker



Straker

12:46

We have transcribed your file in **English** and SRT file can be downloaded below.

Download

Show more options

Straker

12:46

Choose an option below to continue.

Edit the transcribed file in our editing studio

Add subtitles to my video

Translate in another language

Send for human verification

Edit

Add to Video

Translate

Verify

Straker

12:47

Please type the languages you want you files AI translated into

Jonathan

12:47

French and German

Straker

12:47

⌚ Please wait a moment and we will translate your file.

B I ⌂ 🔗 ⌵ ⌶ ⌷ ⌸ ⌹ ⌺ ⌻ ⌼ ⌽ ⌾ ⌿

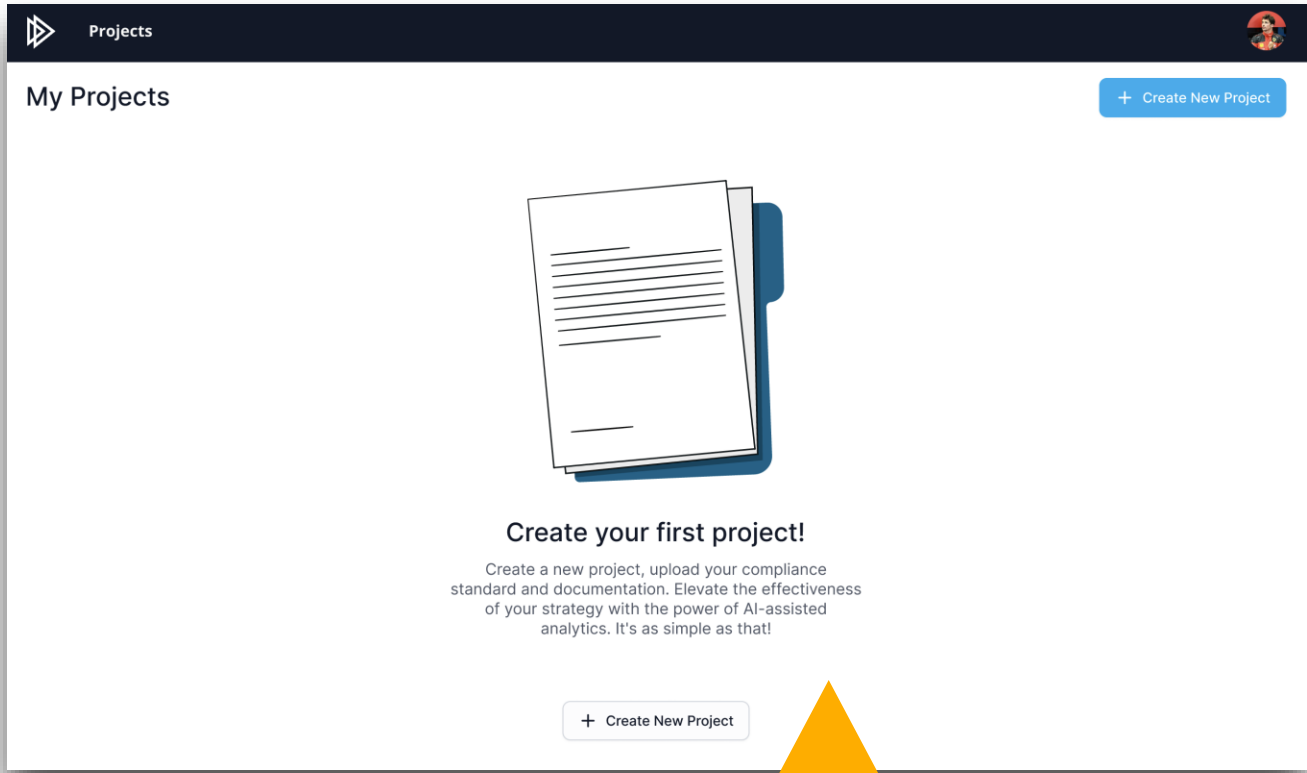
Message Straker

Drop file and get Instant transcription

Option to translate and verify



# AI compliance gap analysis in multiple languages



1 Create a project

**Project created**  
Please enter a name and description for this project.

Project name

Description (optional)

Cancel Next

2. Pick type of project

**Upload compliance standard**  
Upload the document that outlines policies, procedures, and controls

Click to upload or drag and drop

Selected 1 file

ISO 9001-2015.pdf

Cancel Next

3. Upload standard

**Upload compliance documentation or records**  
Upload documentation that meets the compliance standard.

Click to upload or drag and drop

Uploaded 28 documents

- PLAN01 Business Continuity Plan.docx
- POLICY001 Employment Policy.docx
- POLICY002 Recruitment & Selection Policy.docx
- POLICY003 Health and Safety Policy.docx
- POLICY004 Mobile & Personal Device Policy.docx

Cancel Generate Report

4. Upload internal docs

# AI compliance gap analysis in multiple languages

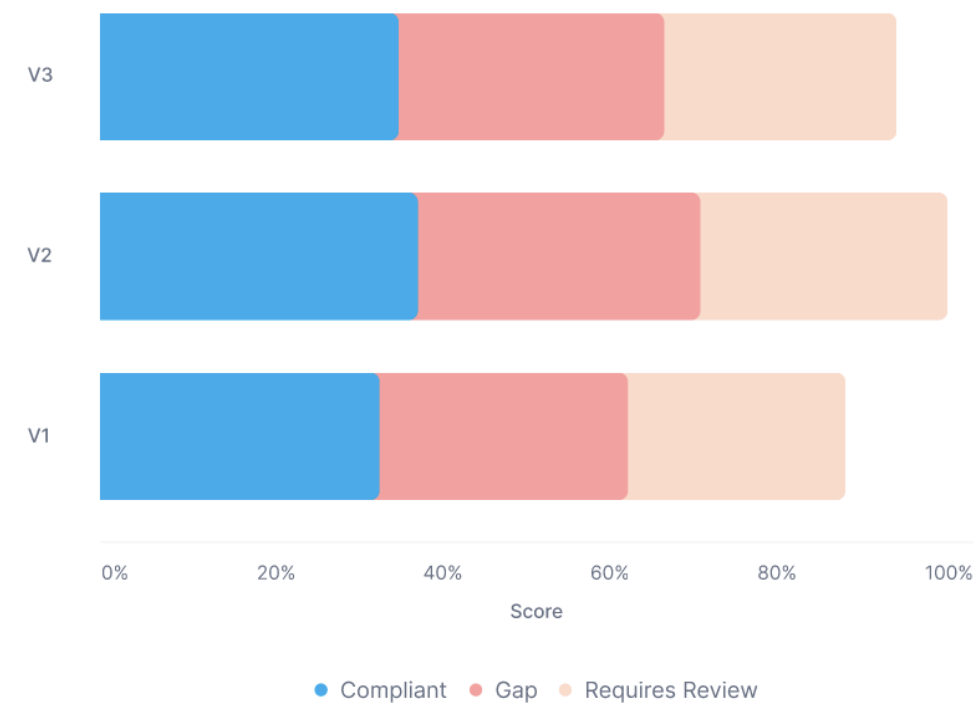


## ISO 9001:2015 – 2025 Company Audit

Dashboard Latest Report Previous Reports Files Activity

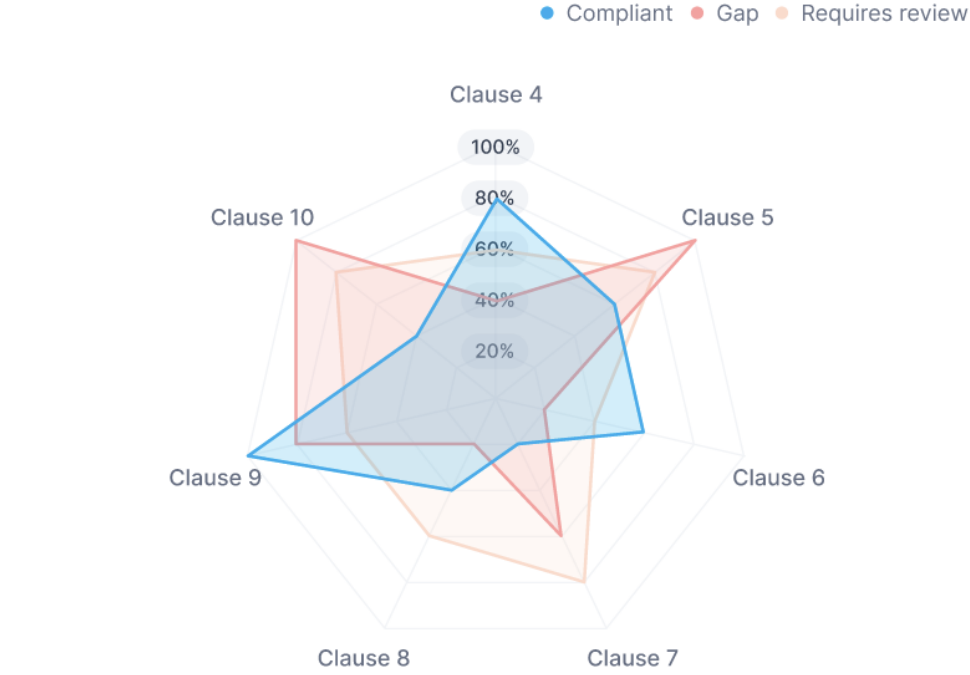
### Report Improvement

Gap Analysis



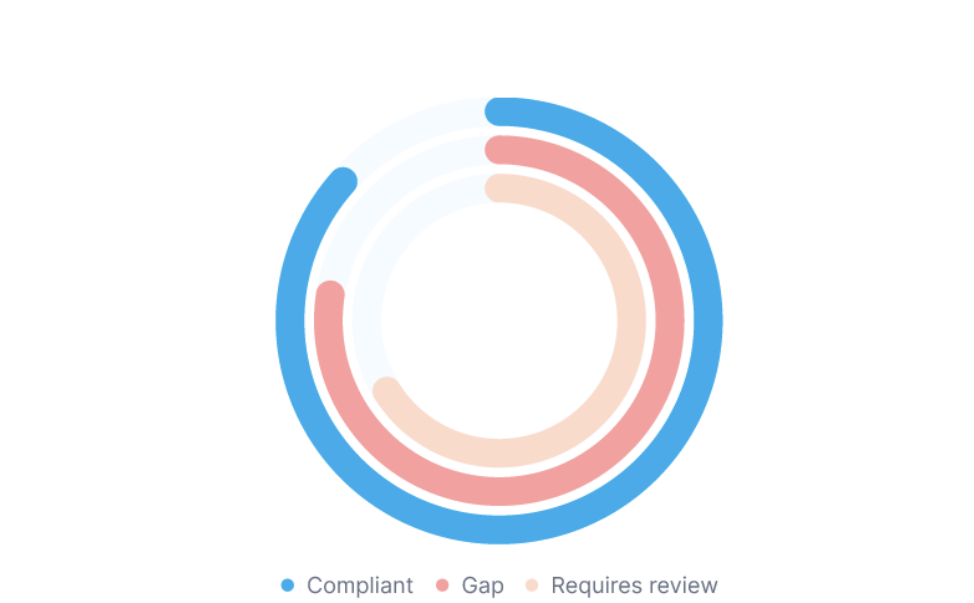
### Radar chart

Gap Analysis



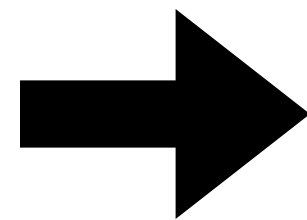
### Overall Evaluation – Latest Report

Gap Analysis



### Gap Overview – Latest Report

Clause	Issue	Action
Section 4.1	The organization has not considered the needs and expectations of relevant interested parties (stakeholders), such as customers and supplier. They have only outlined employees and regulatory bodies, which can influence the QMS objectives and outcomes.	↗
Section 4.4	The organization has not established, applied, or maintained criteria and methods needed to ensure the effective operation and control of these processes.	↗
Section 5.2	There are insufficient mechanisms for obtaining and using customer feedback to drive improvement.	↗



## ISO 9001:2015 – 2025 Company Audit

Dashboard Latest Report Previous Reports Files Activity

Document Name	Score	Version	Q Search	
Compliance Section	Extract	Evaluation	Document Name	Version
<p>Section 1.1</p> <p>The organisation shall determine external and internal issues that are relevant to its purpose and its strategic direction and that affect its ability to achieve the intended results) of its quality management system.</p>	<p>The organization conducts a systematic analysis to identify both external and internal factors that bear significance to its mission, strategic objectives, and the effective functioning of its quality management system. This process involves assessing elements that could influence the organization's ability to achieve its intended outcomes. External issues may include market trends, regulatory changes, or technological advancements, while internal issues might encompass organizational culture, resource availability, or process efficiency.</p>	<p>Needs Revision</p>	<p>PLAN01 Business Continuity Plan.docx</p>	<p>V2</p>
<p>Section 2.3</p> <p>Top management shall demonstrate leadership and commitment to the ISMS by establishing an information security policy and assigning responsibilities for its implementation.</p>	<p>The information security policy is effectively communicated to all relevant stakeholders within the organization. This ensures that everyone is aware of the organization's commitment to information security and understands their role in its implementation.</p>	<p>Needs Revision</p>	<p>PLAN01 Business Continuity Plan.docx</p>	<p>V1</p>
<p>Section 2.5</p> <p>The organization shall implement the information security controls and processes identified to manage and mitigate information security risks effectively.</p>	<p>The effectiveness of implemented controls is regularly tested through simulations, audits, and evaluations. This ongoing assessment helps identify areas for improvement and ensures that the controls remain effective against evolving threats.</p>	<p>Needs Revision</p>	<p>PLAN01 Business Continuity Plan.docx</p>	<p>V1</p>
<p>Section 4.7</p> <p>The organization shall monitor, measure, analyze, and evaluate the performance of the ISMS, including internal audits and management reviews.</p>	<p>In adherence to this clause, our organization has established a robust framework for monitoring, measuring, analyzing, and evaluating the performance of our Information Security Management System (ISMS). Regular internal audits are conducted to systematically review the implementation of information security controls and processes. These audits, performed by qualified personnel, assess the effectiveness of our ISMS in mitigating risks and ensuring compliance with established policies. Additionally, management reviews are conducted at planned intervals to scrutinize the overall performance of the ISMS. These reviews involve an examination of key performance indicators, incident reports, and feedback from relevant stakeholders. The insights gained from monitoring activities and internal audits are carefully analyzed to identify areas for improvement, allowing us to continuously enhance the effectiveness of our ISMS and adapt to evolving information security challenges.</p>	<p>Needs Revision</p>	<p>PLAN01 Business Continuity Plan.docx</p>	<p>V1</p>

## Value drivers – Language service providers

EBITDA multiple	<8.0x	8.0x – 10.0x	>10.0x
<b>Quantitative factors</b>			
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)
<b>Qualitative factors</b>			
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



- ✓ Industry leading technology aligned to AI industry changes in \$70bn industry
- ✓ Large global enterprise customer and partner base to drive channel growth
- ✓ Generating cash and investing \$9m/year into R&D
- ✓ Experienced and consistent management team with global sales and delivery teams
- ✓ Significant opportunity as customer behaviour change drives the industry shift
- ✓ Valuable AI, data and human-in-the-loop technology assets
- ✓ SaaS based token pricing models can deliver higher margins

## **Global Tech Leader in AI & Automation**

- Straker is a leading provider of AI-powered technology solutions.
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- Our innovative solutions leverage a human-in-the-loop approach with AI co-pilot assistance.
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