

ASX ANNOUNCEMENT

24 August 2023

Straker Limited 2023 Annual General Meeting – Chair Address and CEO & Managing Director presentation

Attached are the Chair's address and the video link to the CEO & Managing Director presentation at the Annual Shareholder's Meeting held yesterday, Wednesday, 23 August 2023, at 02:00 pm Canberra, Melbourne and Sydney / 04.00pm NZST at the Company's Offices, Level 2, 49 Parkway Drive, Rosedale, Auckland 0632, New Zealand and virtually via Zoom.

This announcement has been approved by the Board of Straker Limited.

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About Straker Limited

Based in New Zealand, Straker Limited has established itself as a world leading AI data driven translation platform powering the global growth of businesses.

For more information visit: <https://www.straker.ai/>

CEO & Managing Directors Presentation

Here is the link to the CEO & Managing Director's Presentation (which includes the CFO's presentation):

<https://strakertranslations.wistia.com/medias/a2uxftxswg>

Chair's Address:

Before I talk in detail about our performance in fiscal year 2023, I would like to commend the dedication and commitment of the Straker team. Our staff, in offices around the world, are critical in delivering our vision to be the leading player in the language industry providing Ai driven technology solutions for all our customers. Their hard work has yielded strong results, both operationally and financially.

Market Conditions

Looking at the market conditions endured by the Language Service Provider industry, they can be fairly described this year as underwhelming, but still positive. The industry's growth rate slowed markedly in the face of uncertainty induced by events that now seem to have faded from the headlines: surging inflation, rapidly increasing interest rates, an energy crisis, geopolitical uncertainty in Eastern Europe, and widespread layoffs in the tech sector.

The combined effect of these unfavourable influences was to engender uncertainty in our customers resulting in a moderation of spending as they lowered order volumes and reduced the number of languages being localised. Our sense however, as we sit here today, is that this negative dynamic is starting to stabilise.

The other feature of the market place in fiscal year 2023 was the emergence of generative Artificial Intelligence, best exemplified by the November 2022 launch of 'Chat GPT'. AI has long been a feature of our industry, and more importantly, of Straker's own technology offering, however the 'sudden' emergence of 'ChatGPT' in particular has given more prominence to AI in the considerations of customers and investors, to a degree not previously experienced.

Straker unequivocally sees generative AI as an opportunity, whether this be in an expected surge in automated output that needs to be localised, revenue opportunities associated with this anticipated deluge of content, or in a heightened awareness amongst C suite executives at potential customers that they require a sophisticated localisation partner with expertise beyond the capabilities of the vast number of 'cottage industry' sized players that are still the hallmark of much of our industry. Grant Straker will elaborate further on these matters in his presentation.

Name Change

I would like to make a brief comment on our name change.

There is perhaps no better way to underscore our view on the dynamic state of the industry than the recent change in the Company's name to 'Straker'. Dropping the reference to 'Translation' may seem a modest modification, but to us it is very symbolic of the evolution of Straker's technology and its broadening applicability beyond our traditional business of localisation and translation into new, adjacent and fast growing markets such as the verification of AI driven content. By retaining the Straker name, however, we also ensure continuity of brand recognition with our existing clients.

Financial & Operational Performance

Straker's financial results in fiscal year 2023 reflect the tougher macro conditions I described early, and which were clearly beyond our control, but also management's emphatic, proactive response to control costs.

We continued to deliver growth this year, building on our reputation as a change maker in the international translations sector and consolidating our reputation as a globally capable technology led translations partner.

The Company delivered Revenue of \$59.4m in fiscal year 2023, a topline increase of 6% over prior year. All of this was organic as we did not close any acquisitions last year. Customers' restraint on spending increased as the year progressed, particularly affecting the second half of the year. Whilst Revenue was slightly below our revised guidance, in our view, this is a credible result from the Company in the context of both market conditions and the extraordinary 78% growth Straker recorded in the prior year.

In terms of profitability the Company closed the year strongly, as we enjoyed the simultaneous impact of materially expanded Gross Margins and the results of management's rigorous focus on costs. The Company handily exceeded its market guidance on the former and achieved a 27% reduction in the latter over the course of the year.

This positive dynamic culminated in a consecutive year of profitability with adjusted EBITDA of \$1.4m for the full year, materially higher than the prior year.

Our CFO, David Ingram, will go through the numbers in more detail during management's presentation immediately following my remarks.

Operational Results

Operationally, there were a number of areas of progress this year, not the least of which was the extension of our existing two year strategic translations agreement with IBM. Signed in November 2022 the new agreement runs for a further three years and now covers 'around the clock' translation of any combination of languages IBM might request.

From a product perspective, we developed and launched the Ray Language Cloud, the first frictionless Language Cloud product in the market, plus its integration with workplace super apps like Slack and Microsoft Teams. This aligns with our strategy "to be where the customer works", an approach designed to allow clients to order and manage translations within their normal workflow. IBM was our launch customer for this application, offering outstanding validation of its utility.

I would also bring to shareholders' attention the strong performance of Straker's most recently acquired business, IDEST, based in Europe. It outperformed market conditions and has continued to perform strongly in its second year of Straker ownership.

Strong Financial Position

Our Operating Cash Flow was \$1.4m in fiscal year 2023 which was a strong turnaround compared to an Operating Cash outflow of \$2.4m the prior year. In fiscal year 2023 the company saw a strong improvement in operating cash flow Half on Half and a general trend of improving Free Cash Flow on a Quarterly basis as the year progressed.

Assisted by this robust Cash Flow performance, Straker ended fiscal year 2023 in a strong financial position underpinned by a debt free balance sheet and positive operating cash flow. Cash at March 31, 2023 was \$12.5m and as recently announced in our quarterly activities report, continues at \$12.4M at 30th June 2023.

This balance sheet strength provides us significant financial flexibility when thinking about our capital management approach. We believe that our current capital strategy - i) to pursue organic growth; ii) to examine appropriate acquisition opportunities as they might arise; and iii) to continue to invest in research and development to deploy Straker's technology into new verticals and sales channels - will better position Straker for the years ahead.

Board Activities

I would now like to turn to developments with your Board, which continues to evolve.

Shareholders will note several changes, most obviously the retirement of Phil Norman as Chairman after eight and half years of valuable service to Straker. Whilst we had the chance at last year's AGM to thank Phil for this significant contribution to the Company, I did want to personally thank him for orchestrating such a seamless transition in Board leadership.

During the year, Paul Wilson, the representative of major shareholder Bailador Technology Investments, retired after seven and a half years of valuable service to the Company. His successor, James Johnstone has joined the Board as Non-Executive Director, representing Bailador. James has a long association with the Company having previously been a Board member prior to Straker's IPO in 2018.

I joined Straker as Non-Executive Chairman 12 months ago and am proud to have led several changes implemented by the Board to improve its operating structure and focus, including reconfiguring several Board committees, inaugurating the People and Culture Committee and increasing the frequency of meetings to help the needs of the organisation at large.

From our shareholders' perspective, amongst the most tangible and relevant change to highlight is the introduction of a new Share Ownership Policy. No longer will non-executive directors be granted any options, these are protected for the management team only. This policy also mandates that each Director acquires shares in Straker on market, within their initial three years of service, equivalent in value to their annual director fees. This kind of policy is not necessarily a common one particularly amongst small

companies but, as I noted in the Annual Report, this important initiative fosters alignment between the Board of Directors and all our shareholders which is often a key element in corporate success.

Acknowledgements

On behalf of the Board I would like to thank our CEO & Managing Director, Grant Straker, for his continued commitment, leadership and vision, as well as the highly talented and dedicated team he has assembled for their hard work in FY23.

I extend my thanks to my fellow Directors for their enthusiasm, dedication and counsel which are particularly valuable as Straker continues to grow in a dynamic industry yielding vast new opportunities.

And I would like to thank you, Straker's shareholders, for your continued support, and forbearance in the face of difficult share market conditions, especially since the end of FY23. Despite what might be seemingly implied by our current share price, we maintain our strong belief that our industry will continue to exhibit a steady trend of growth it has enjoyed for so many years and that Straker is very well positioned to participate in this and thrive with the tailwinds of AI.

I will now hand over to Grant for a more detailed discussion of current industry trends, particularly the opportunities we perceive from the impact of AI on our industry, as well some comments on our financial outlook.