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2019 Annual Meeting Straker Translations (ASX.STG)

28 August 2019
CEO Presentation

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

Ai POWERED
RAY

Delivering what we promised

Key operational achievements

- Acquired three strategic bolt-on businesses
- Completed IPO, raising $20m (gross proceeds) for growth initiatives
- Setup Hong Kong Office focused on lucrative Asian Legal market
- Using our unique technology advantage to push into enterprise customers
- Exceeded Prospectus FY19 forecasts

Key technology achievements

- Built new platform connectors including Magento where we now have the industry leading plugin
- RAY translator workbench version 4 released
- New translator workbench using A.I. driven translator selection
- 100 Billion new A.I. data points collected

Exceeded Prospectus FY19 forecasts

44%
YoY revenue growth

($0.48m)
Proforma adjusted EBITDA

83%
Repeat Revenue

$25.8m
Proforma revenues

$17.7m
Cash at bank

12.6%
Organic revenue growth

52.4m
Words Translated

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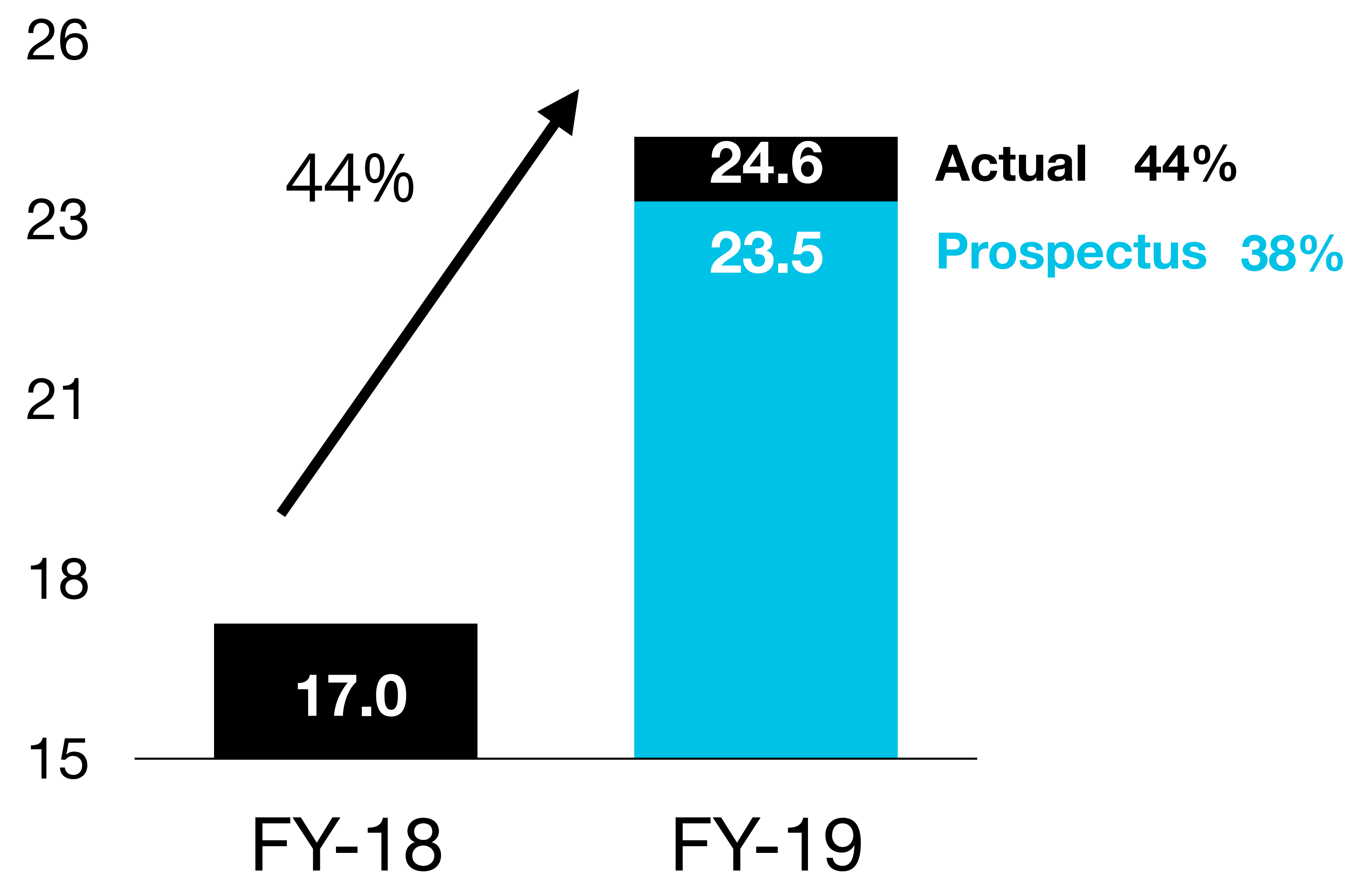
DELIVERING STRONG GROWTH

44% YOY Revenue Growth (NZ $m)



YoY revenue growth of 44%, driven both strong organically and by acquisition contributions

54%

Repeat Revenue Growth

55%

Gross Margins

Up 0.4% on a constant currency basis

Adjusted EBITDA margin of -0.6% with adjusted EBITDA loss improving by 89% on FY-18

14%

Operating Cashflow improves by 14% YoY

Note: Based on statutory results

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Successfully acquiring and integrating strategic acquisitions

MSS

Enterprise customer access with larger footprint in Spanish market with easy integration given location to Straker team in Barcelona.

Barcelona

EULE

Enterprise customer access with larger footprint into Europes largest market.

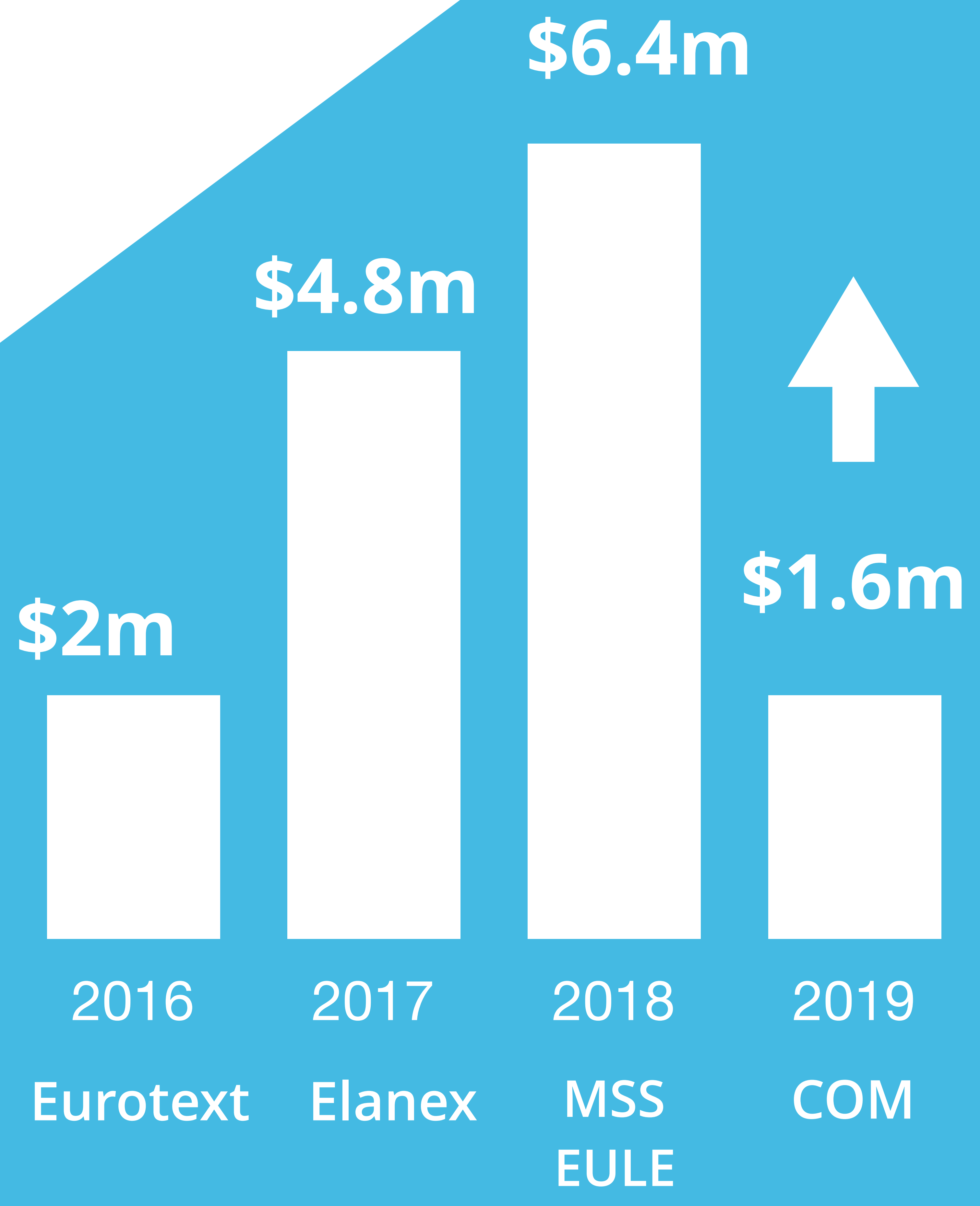
Kiel

COM

Key entry into the fast-growing audio visual market for localisation. Access to major media companies in US/Europe

Madrid

Total Revenue of acquired companies per calendar year



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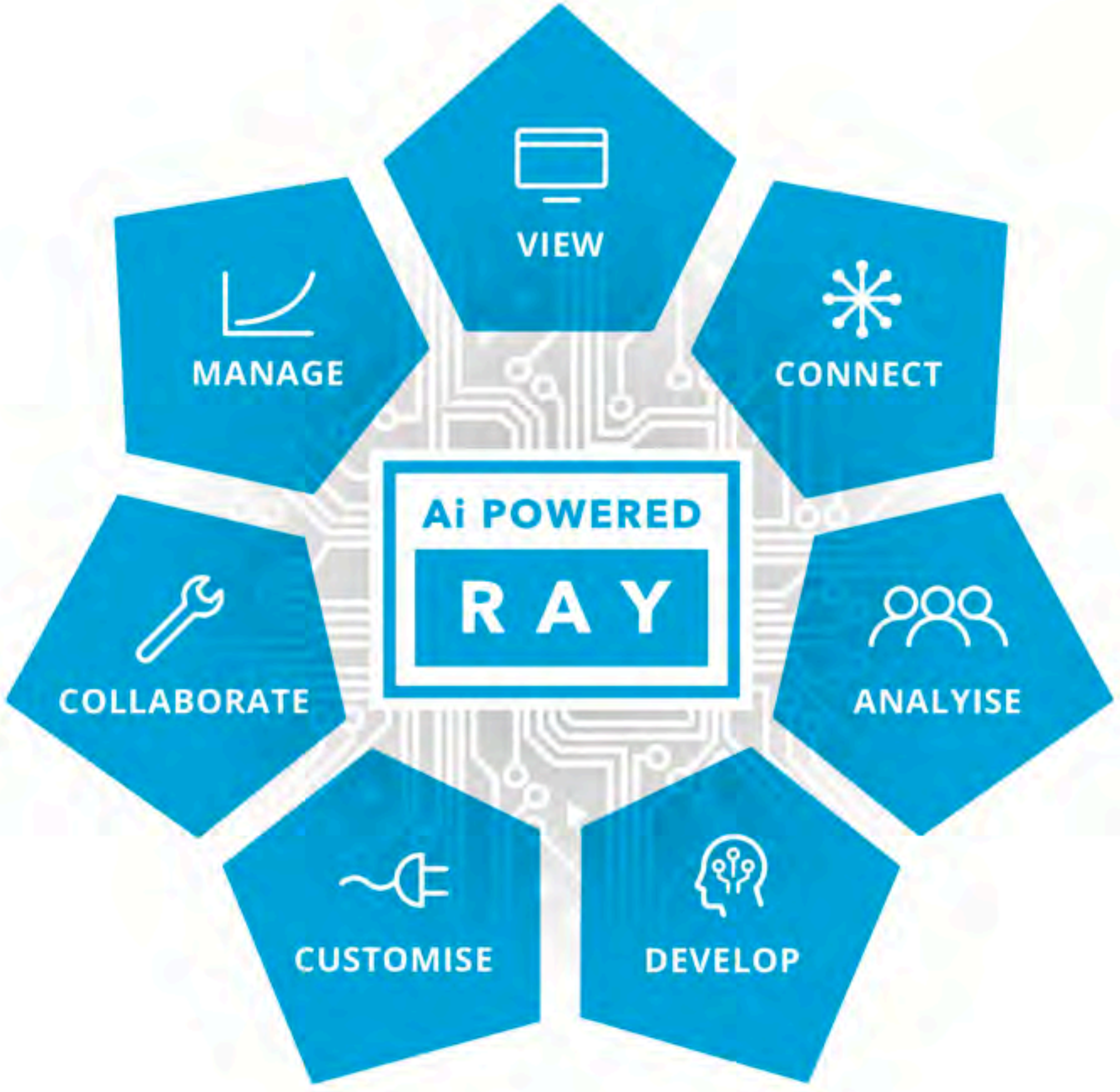
Well placed to continue growth trajectory

OUR ADVANTAGE THROUGH PROPRIETARY RAY PLATFORM



WHAT WE DO

Straker helps leading technology companies streamline and scale the ability to communicate across regions

Straker helps major finance institutions deliver quarterly market reports in multiple languages

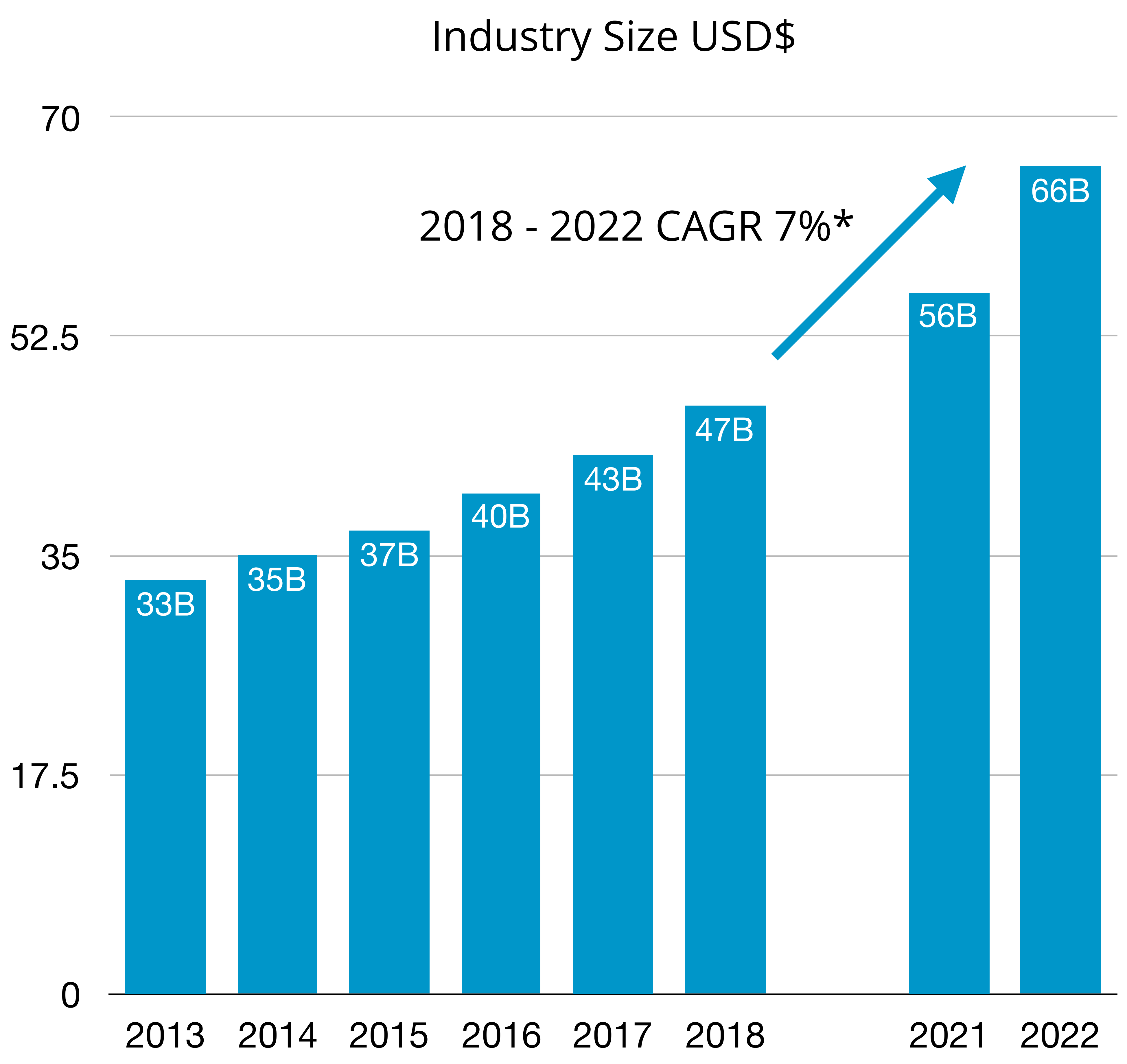
Straker works with major e-commerce providers to localise their product websites into multiple languages

Straker enables global media companies to provide content in multiple languages across multiple platforms

Straker provides leading global manufacturers with the ability to easily push out new products into multiple markets

Straker enables thousands of SME's to cost-effectively cross border trade without language as a barrier

THE INDUSTRY THAT WE OPERATE IN



The translation industry facilitates trillions of dollars of global trade annually

The industry is changing and this is aligning with our business model

- More need for an A.I driven hybrid translation process due to the advantages in speed and cost
- Data becoming more valuable
- Media the fastest growing segment
- Legacy providers a long way behind in adapting to the fast change

*nimdzi 2018 Language services market analysis

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HUGE POTENTIAL IN OUR EXISTING CUSTOMER BASE

We estimate that the total budget across five of our major customers for localisation to be around **US$300-500m**. We currently get only a portion of this and are focused on building out our networks and connections across multiple divisions in each of these companies.

- Global Media Company
- Global eCommerce Company
- Global Media/ Hardware/Software Company
- Global Tech Services Company
- Global Tech Software company

- Three of these customers have setup or acquired media streaming services with large requirements for localisation
- They need centralised continuous localisation processes which is where our RAY platforms offers the ideal solution
- They also have large A.I departments with requirements for data training and language learning which we are now starting to engage over.
- Huge opportunities with the customers of these organisations
- Created a global growth sales team to work on extending our footprint into these types of organisations

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INVESTING IN GROWTH

We recognise the need to continually invest in growth and to get operating leverage from our technology.

- Our goal is to have our investment in people split 28% Technology, 28% Sales and 28% Production with the rest of the spend being Admin staff.
- This will ensure we are always focused on having a strong technology section that is building technology to keep our production teams highly efficient through the use of automation.
- We started this process in mid 2019 and have moved production people cost down from 43.5% to 38.7% and technology spend from 15.7% to 18.7% of our wages bill.

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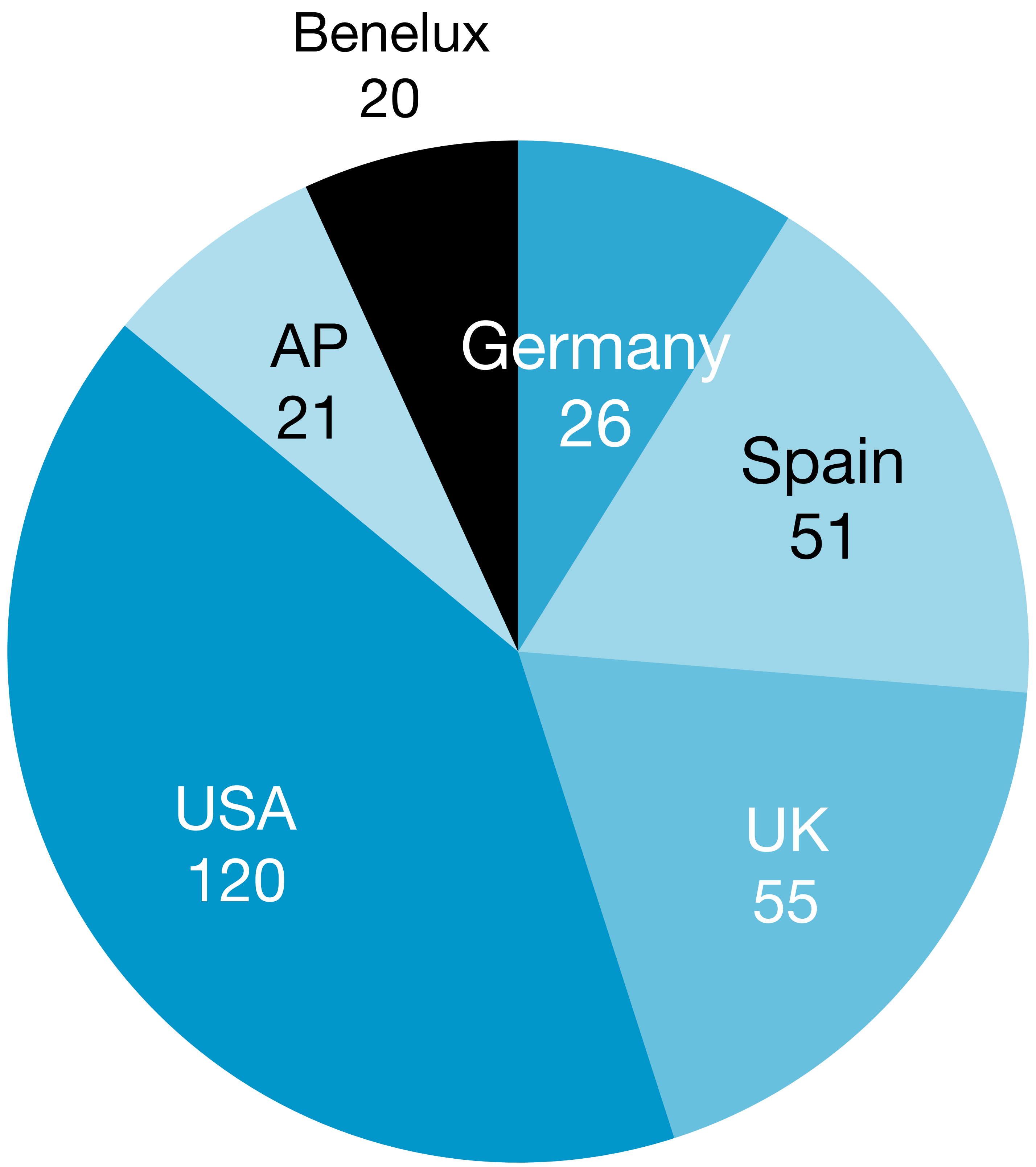
ACQUISITION STRATEGY

The focus of our acquisition strategy is on Asia Pacific (specifically Japan and Australasia), USA, Spain, DACH region, Benelux and the UK. In all these regions (outside of Benelux) we have well functioning business units making integration easier and faster which will have the flow effect of getting operating leverage from our technology earlier.



- We estimate the total revenue of all the acquisition targets we have identified and validated as being around $1.5bn
- Revenue range of target companies between $3-15m
- Majority of targets being below the $10m revenue range
- Focus still on companies doing majority of translation
- Some potential in profitable audio-visual localisation related companies
- At the advanced stages with several opportunities

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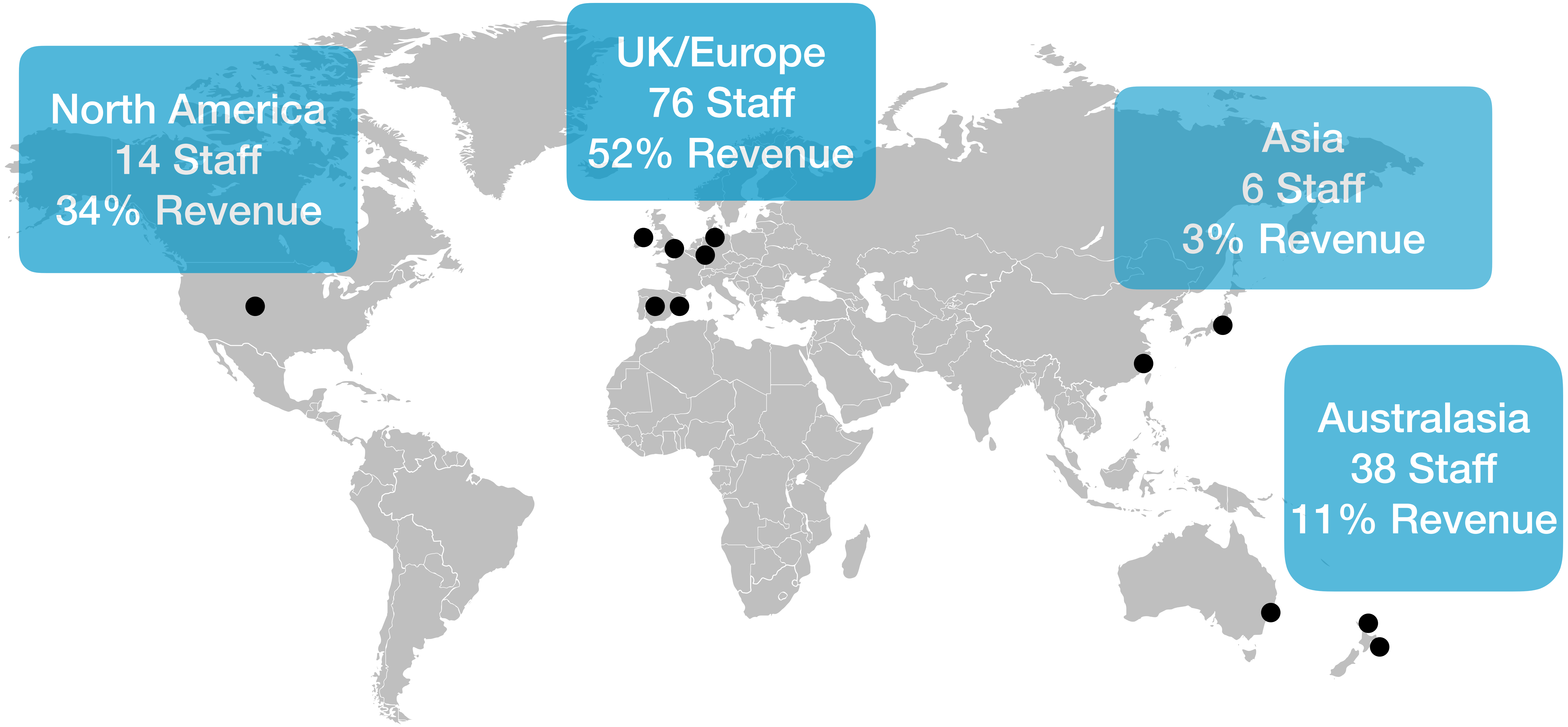
WHAT SUCCESS HAS PROVEN

In 2011 we were the first company to develop a data driven approach to translation.

We have redefined how the translation process works and aligned it to the business requirements of today

- Industry High Gross Margins
- Unique solutions for world leading companies
- Variable cost base and efficient use of capital
- solutions that give us tight relationships with customers
- 83% of revenue is repeat customers

WHERE WE DO IT



Straker Group Revenue by region
post COM acquisition

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Outlook

- On track to complete further acquisitions
- Integration of existing acquisitions on track
- Pursuing business partnerships in aligned markets
- Global growth enterprise sales team active
- Investing in R&D in aligned business growth areas

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Questions

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