H1 FY20 Results

22nd November 2019

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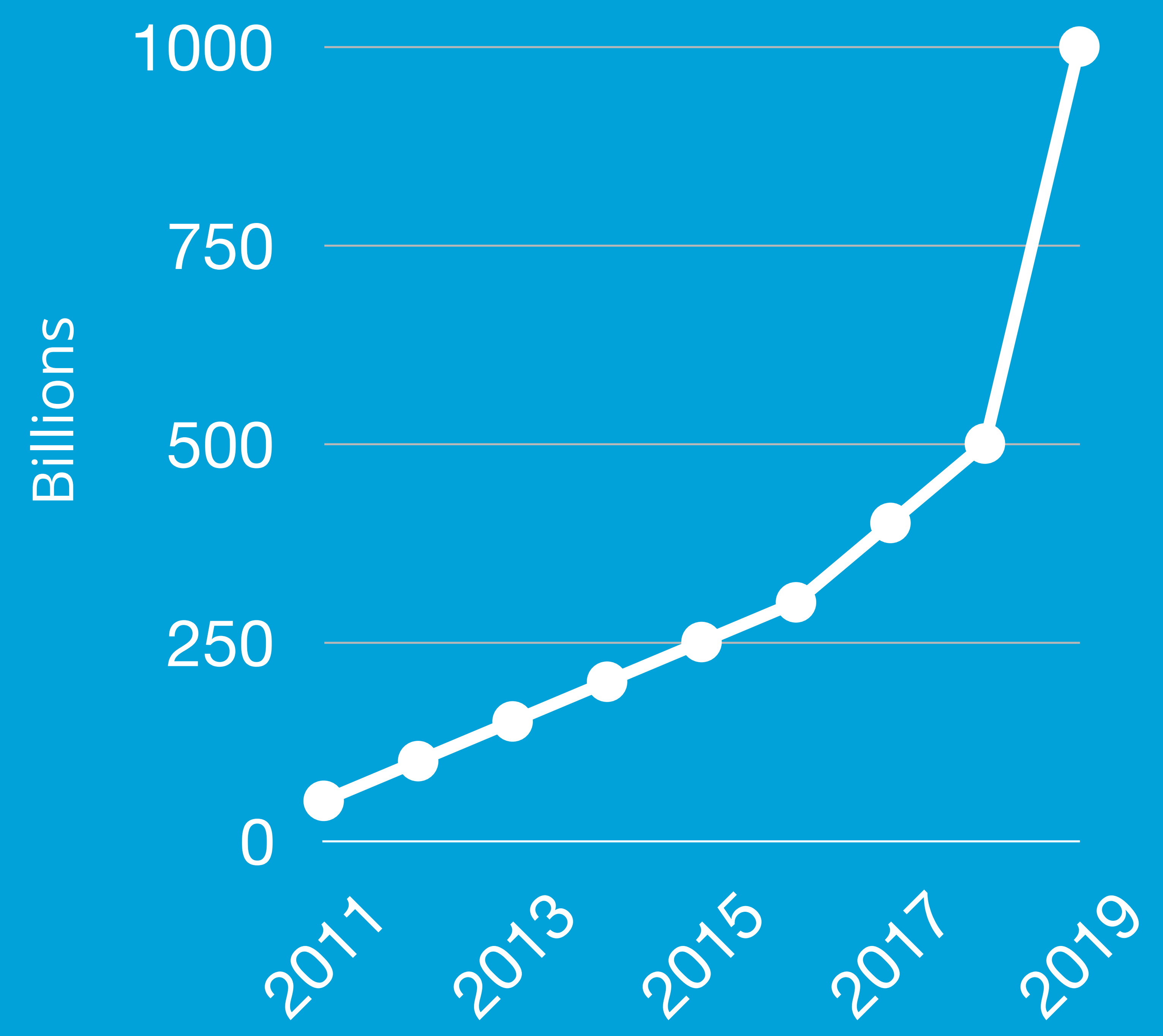
David Sowerby (Chief Revenue Officer) and Amaya Montoya (co-founder of On-Global) on a visit to an industrial customer in the Basque region of Spain

Building the future of global communication
using machines and humans together

Scaling our platform to $100m revenue

- Enterprise customer growth and further acquisitions, will support STG's pathway to $100m revenue within the next 3 years
- Proprietary RAY Ai platform provides STG with a unique competitive advantage in the $50bn global translation market
- Over the past 3 years we have acquired and successfully integrated 6 businesses onto our platform
- STG now supports 47 Enterprise customers and 2,348 business customers, including some of the world's leading companies and brands
- Substantial opportunity now exists to leverage our scalable platform and position within the Enterprise market to expedite our long term growth via a focus on aggressively growing Enterprise customers within a globally fragmented translation industry
- We have commenced this growth strategy in H1 FY20, and expect to see the benefits start to flow from H2 FY20

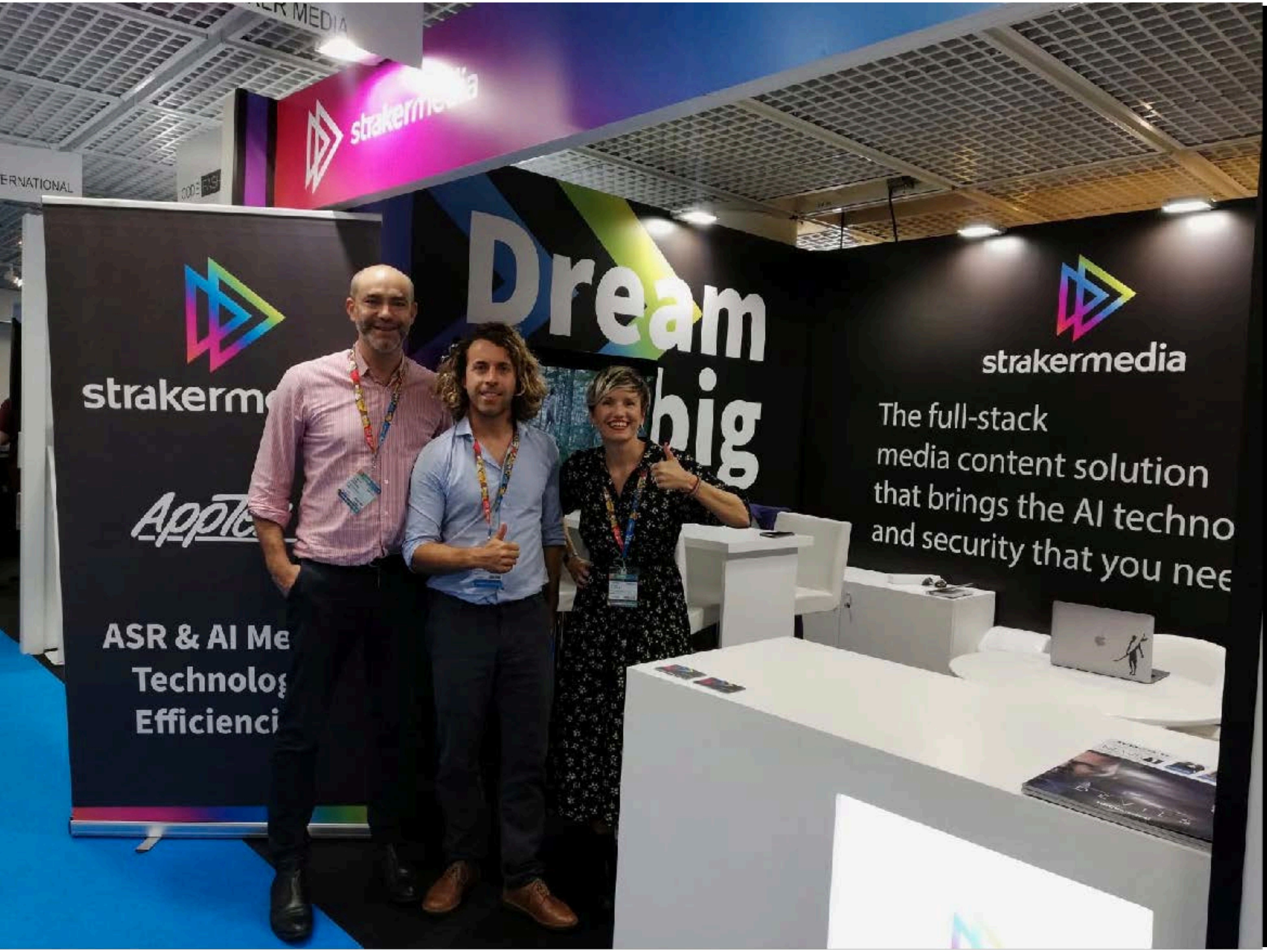
Data assets on the RAY Ai platform



Data drives machine learning and in H1 FY20 we more than doubled our data assets to more than 1,000 billion by importing large memory assets from acquired companies

H1 FY20 progress towards long term growth strategy

- Acquired On-Global to further penetrate attractive Spanish and European translation markets
- Entered into partnership with AppTek to provide a unique solution at scale for Media sector localisation, the fastest growing segment of the global translation industry
- Increasingly using our data-driven approach to win new Enterprise customers, especially around the market segment needing translation data within AI engines
- Business customers up 46% to 2,359, data points double to more than 1,000 billion
- Moving closer to positive operating cashflows



Strong balance sheet supports Straker's growth

Straker Media localisation team at MIPcon Cannes, France

Strategic growth plan underpins financial performance

13.3%
YoY Revenue Growth

($0.2m)
Adjusted EBITDA

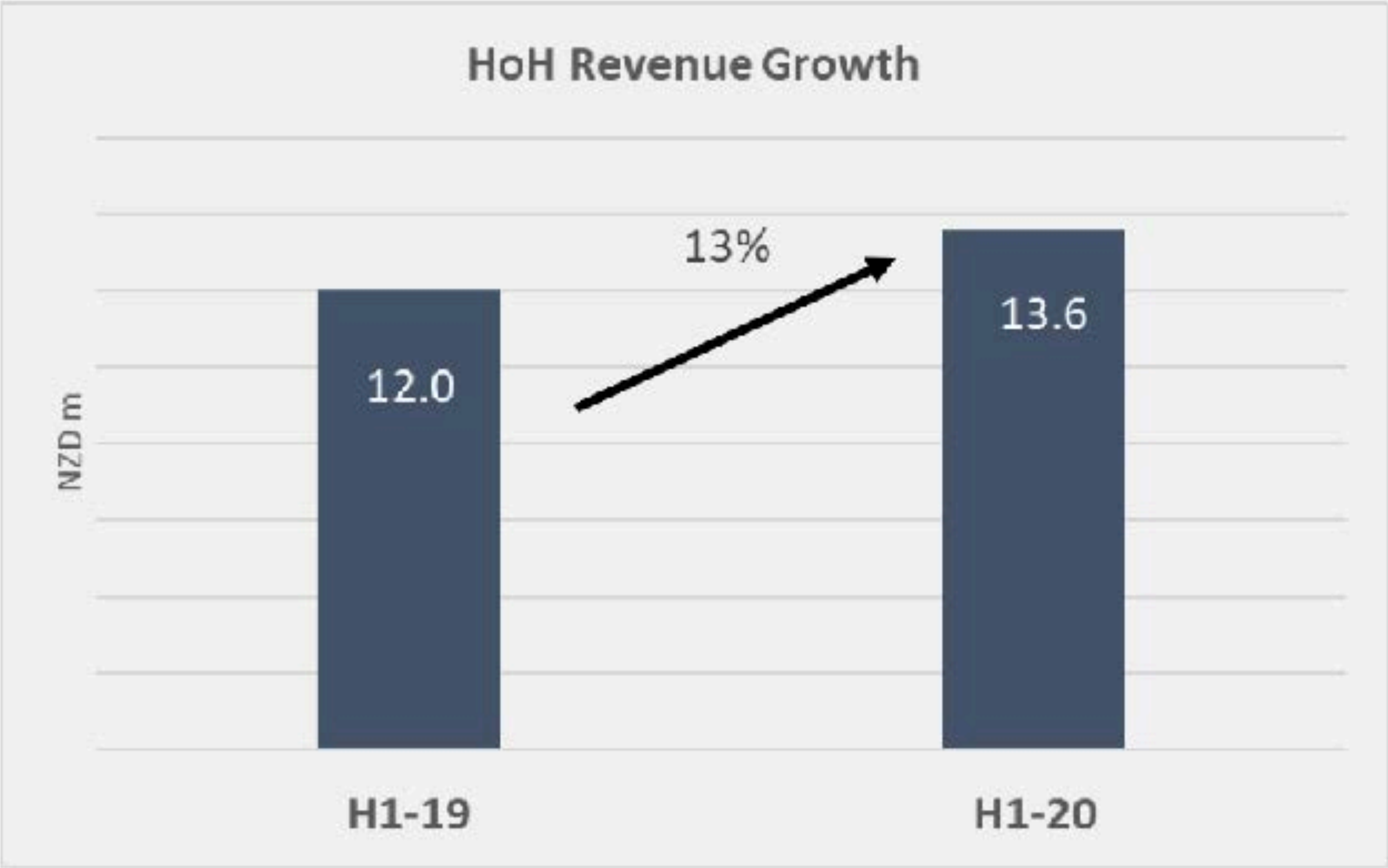
28%
Repeat Revenue Growth

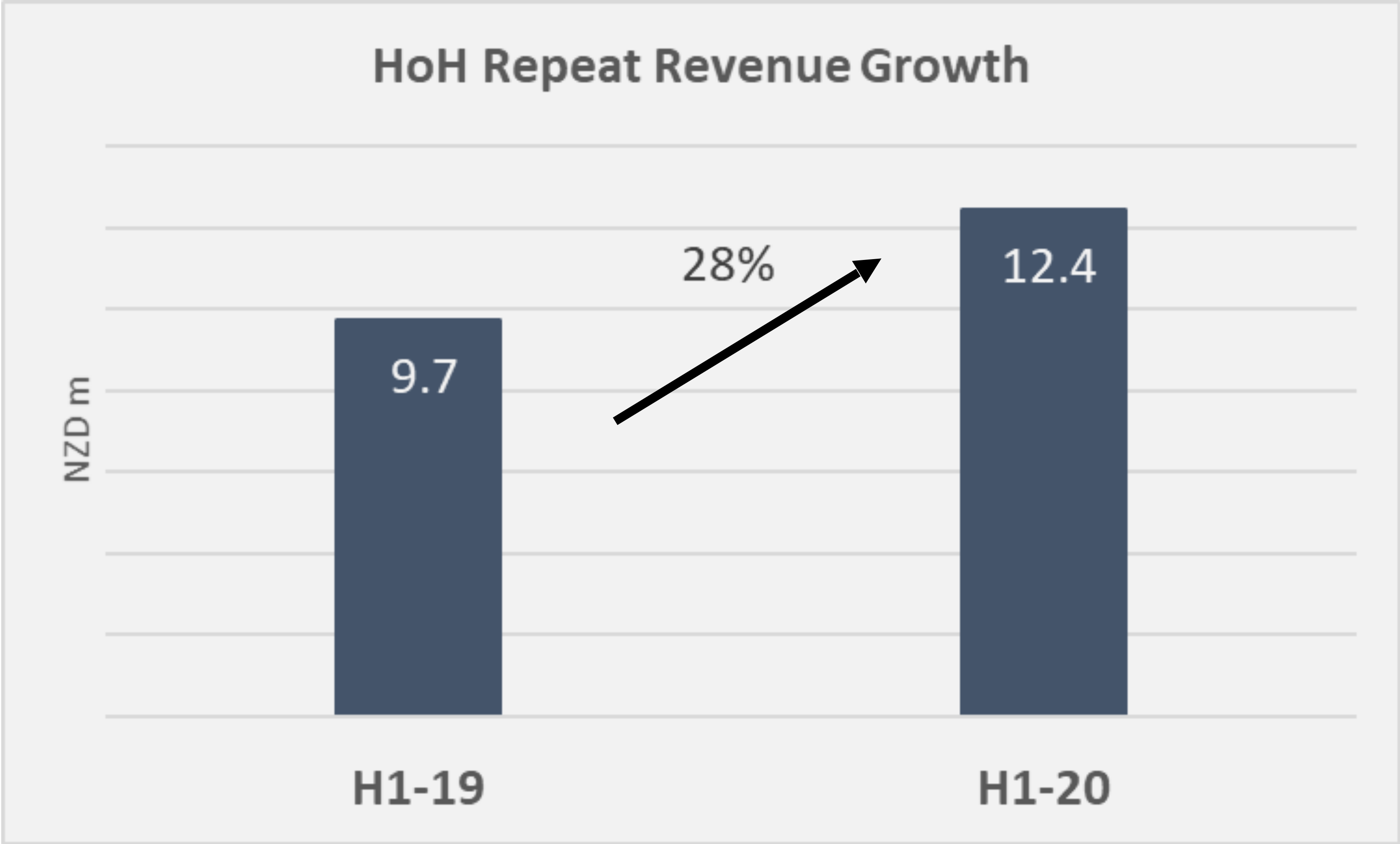
$13.6m
H1FY20 Revenue

92%
Revenue from Repeat customers

$14.0m
Cash at Bank

H1 FY20 revenue up 13.3% to $13.6m





- **Revenue growth in H1 FY20 reflects shift in focus to Enterprise customers to expedite long term growth**
- **Revenue was up 13.3% reflecting:**
  - Growth in core repeat business and increase in Media revenues
  - Addition of acquired revenues from COM (Media) and On-Global
  - Intentionally reduced revenue form “small” personal customers given sales & customer service focus on Enterprise customers
  - Reduced revenue from Deutsche Bank following the global downsizing of its Investment Banking division
  - Delays in closing larger enterprise pipeline expected in H2
- **Revenue from repeat customers increases to 92%**

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Financial performance reflects growth profile

H1-FY20 Performance

- Revenue grows to $13.6m
- Gross margin 54%, which includes the lower margin Media business. The Translation business running at 55% consistent with prior year
- Costs up by 17%, largely due to acquired contributions and $0.4m of additional listing costs, off-set by $0.26m operational benefits from the new IFRS-16 lease standard
- Adjusted EBITDA loss of ($0.24m) down on H1-19
- Adjusted EBIT loss of ($0.84m), which includes additional depreciation from the right of use asset related to leases

	Stat H1-FY20	Pre IFRS16	Stat H1 FY19	Stat ^ v H1 FY19
Revenue	**13.59**	**13.59**	**11.99**	**13.3%**
Gross Margin	7.39	7.39	6.63	11.5%
Gross Margin %	*54%*	*54%*	*55%*	*-0.9%*
Operating Costs	(7.66)	(7.92)	(6.54)	17.1%
Other Income / Costs	0.03	0.03	0.02	40.7%
Adjusted EBITDA	**(0.24)**	**(0.50)**	**0.11**	**-329.2%**
Adjusted EBITDA Margin %	*-1.8%*	*-3.7%*	*0.9%*	*-2.7%*
D&A	(0.59)	(0.34)	(0.21)	181.9%
Adjusted EBIT	**(0.84)**	**(0.84)**	**(0.10)**	**-704.3%**
Adjusted EBIT Margin %	*-6.2%*	*-6.2%*	*-0.9%*	*-5.3%*

	Stat H1-FY20	Pre IFRS16	Stat H1 FY19
Revenue growth	13%	13%	39%
Gross margin % (Translation)	55%	55%	55%
Selling & distribution spend as % of revenue	34%	34%	34%
General & administration spend as % of revenue	23%	25%	21%
Adjusted EBITDA margin %	-1.8%	-3.7%	0.9%
Days sales outstanding	67	67	75
Revenue from repeat customers %	92%	92%	81%

Notes:

1. Earnings adjusted for non recurring costs and amortisation on acquired intangibles.
2. Includes On Global for four months in H1-FY20
3. H1 FY20 includes the effect of the new lease standard IFRS16 where by $0.26m of lease costs shift from operating costs to depreciation and finance costs. H1 FY19 comparatives do not include this change.

Jobs running on the RAY Ai Platform yield a higher margin

Platform revenues make up 84% at a 55.5% margin and have grown by 19% half on half

Platform Revenue

NZD m	Revenue	Margin	H1 FY20 % On Platform	H1 FY19 % On Platform
Platform Translation	11.4	55.5%	**84%**	**80%**
Non Platform	2.2	48.7%	**16%**	**20%**
Total revenue	**13.6**	**54.4%**	**100%**	**100%**

Non Platform includes Media, Interpretation and acquired business not yet migrated to the Ray Platform

Underlying Operating Cashflow Stable HoH

H1-FY20 Cashflow

- Operating cash outflow ($1.0m) which includes restructuring costs. Underlying operating cash stable at ($0.98m)
- Straker continues to invest in the Ray platform, with 15% of total costs R&D related ($1.1m), and of this $0.6m is capitalized
- Key Development initiatives include new Media workbench, Translations workbench upgrade and the USA secure cluster

	Stat H1-FY20	Pre IFRS16	Stat H1 FY19	Stat ^ v H1 FY19
Adjusted EBITDA	**(0.24)**	**(0.50)**	**0.11**	**-329.2%**
Non-operating expenses	(0.30)	(0.30)	(0.06)	
Changes in working capital	(0.46)	(0.46)	(1.00)	
Operating cash flow	**(0.99)**	**(1.26)**	**(0.96)**	**-4.0%**
Payments for capitalised software development	(0.57)	(0.57)	(0.36)	
Payments for plant & equipment	(0.13)	(0.13)	(0.05)	
Free cash flow	**(1.69)**	**(1.96)**	**(1.37)**	**-23.6%**
Payments for acquisitions of subsidiaries	(1.748)	(1.748)	(2.42)	
Investing Cash Flow	**(1.75)**	**(1.75)**	**(2.42)**	**27.7%**
Net Proceeds from issue of shares	0.038	0.038	-	
IPO Costs	(0.16)	(0.16)	(0.46)	
Lease Liability Payments	(0.27)			
Payment of deferred consideration	(0.64)	(0.64)	(0.03)	
Financing Cash flow	**(1.03)**	**(0.76)**	**(0.49)**	**-111.4%**
Net cash flow	**(4.47)**	**(4.47)**	**(4.27)**	**-4.6%**

Strong balance sheet

- Working capital improvements through tighter receivables management
- Days of Sales Outstanding improving to 67 days on the back of strong cash collections, which were 98% of revenues
- No external debt other than conditional earnout liabilities related to acquired business' achieving revenue targets
- Closed with $14.0m in bank and continue to be in strong position to fund growth strategy

	Stat H1-FY20	Pre IFRS16 H1-FY20	Stat H1 FY19
Cash & cash equivalents	14.0	14.0	3.6
Trade receivables	4.9	4.9	5.7
Other current assets	1.1	1.1	2.0
Total Current Assets	**19.9**	**19.9**	**11.2**
Intangibles - SW & Acquired	12.7	12.7	8.7
Intangibles - Right of use assets	1.1	-	-
Non current assets	0.3	0.3	0.5
Total Non Current Assets	**14.2**	**13.0**	**9.2**
Trade payables and accruals	3.5	3.5	4.7
Deferred consideration	1.6	1.6	2.1
Lease Liabilities	0.3	-	-
Other current liabilities	0.4	0.4	0.6
Total Current Liabilities	**5.8**	**5.5**	**7.4**
Deferred consideration	0.6	0.6	1.4
Lease Liabilities	0.9	0.9	-
Deferred Tax	0.7	0.7	0.4
Total Non current liabilities	**2.1**	**2.1**	**1.4**
Net Assets	**26.2**	**25.4**	**11.6**
DSO	**67**	**67**	**75**

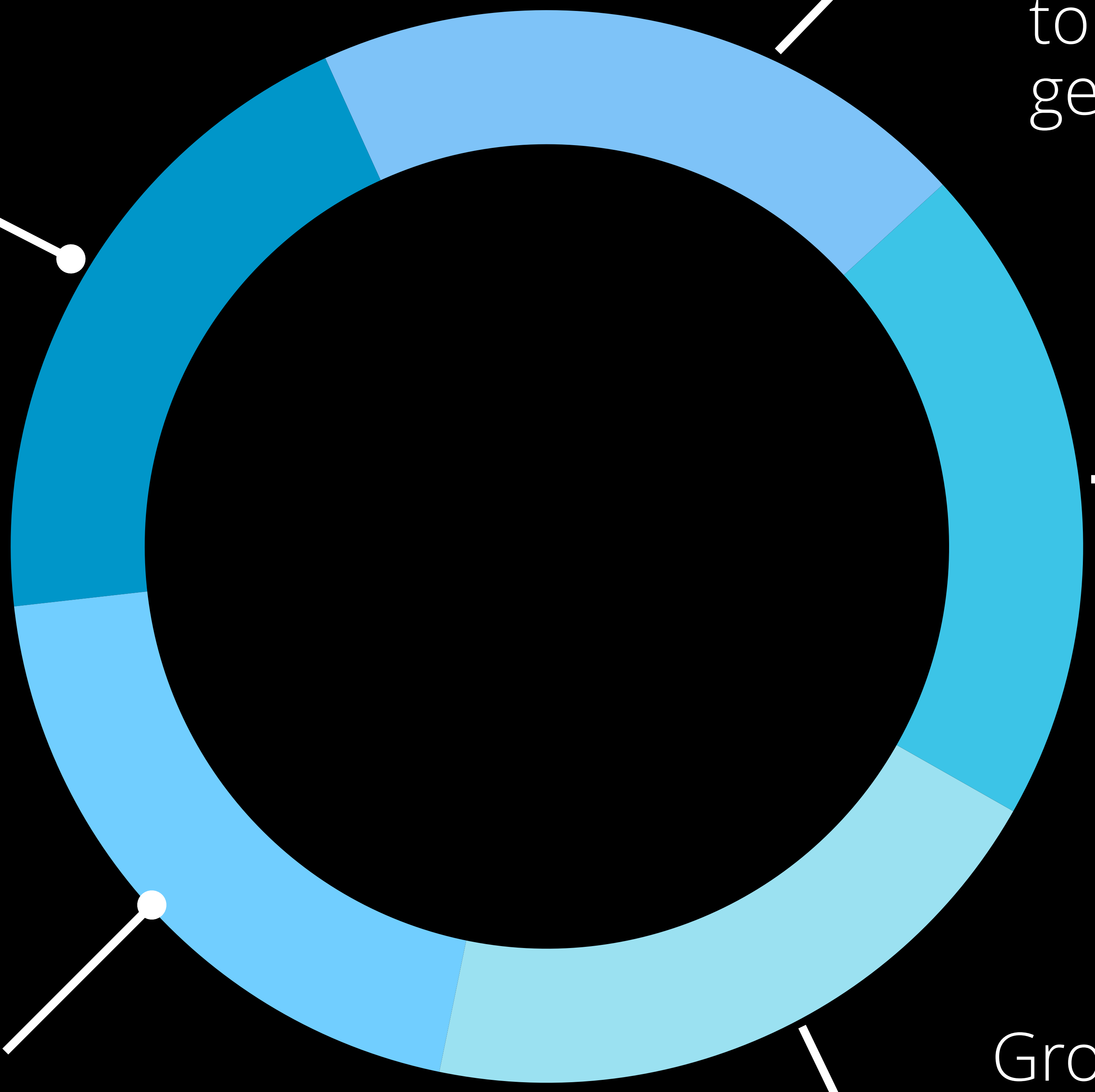
Financial Summary

- Continued revenue growth with revenue from repeat customers up to 92%
- Gross margins stable, above industry norm
- Investing for growth to achieve future growth strategy
- Stable cash flows
- Improved working capital
- Strong balance sheet to execute growth strategy

Ready to rapidly scale

Straker's European e-commerce localisation team presenting at a Magento conference in Germany

5 strategic growth areas



Enterprise

Grow enterprise customer base to rapidly scale platform and geographic footprint

Media

Grow in the fastest growing segment of the global translation industry

Acquisitions

Grow by building capabilities and presence in key countries and market segments

Connected Platforms

Grow by leveraging scalability of our proprietary RAY platform

Geographical

Grow geographical footprint while focusing on key markets

Enterprise Growth

As technology advances and large users of translation services need to find Enterprise -wide, easier, faster and more cost effective methods of translation leveraging A.I , our RAY Ai platform is highly appealing

2,359

1,605

Investment in marketing to raise awareness of RAY Ai as a total solution in the translation industry to Enterprise customers

Global programs to up-skill our Enterprise sales teams so we can grow using internal resources

The number of Business customer using our RAY Ai platform has increased **46%** since our IPO

Enterprise Sales people in each region

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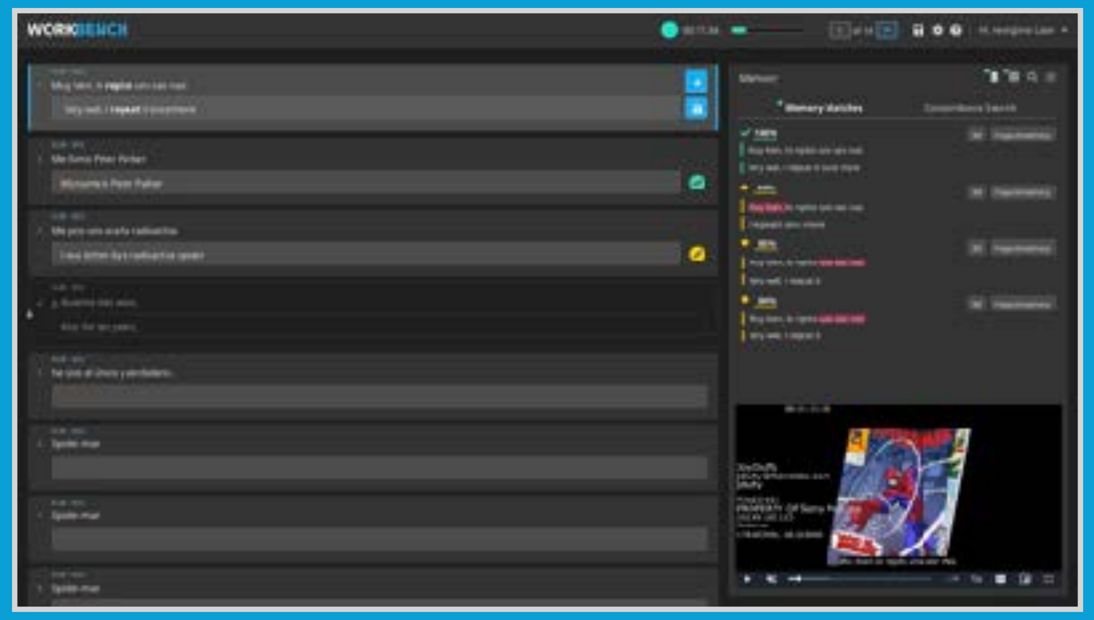
strakermedia

Media localisation is the fastest growing segment of the industry and most vendors have capacity constraints as content volumes expand. We have an aim to be the global leader in media localisation through our innovation initiatives



Significant R&D investment into the RAY media platform to lead the industry in media localisation innovation

We have partnered with appTek to fill technology gaps in the supply chain to automate production processes for scalability

Increased our Media sales team and setup an office in the heart of Hollywood

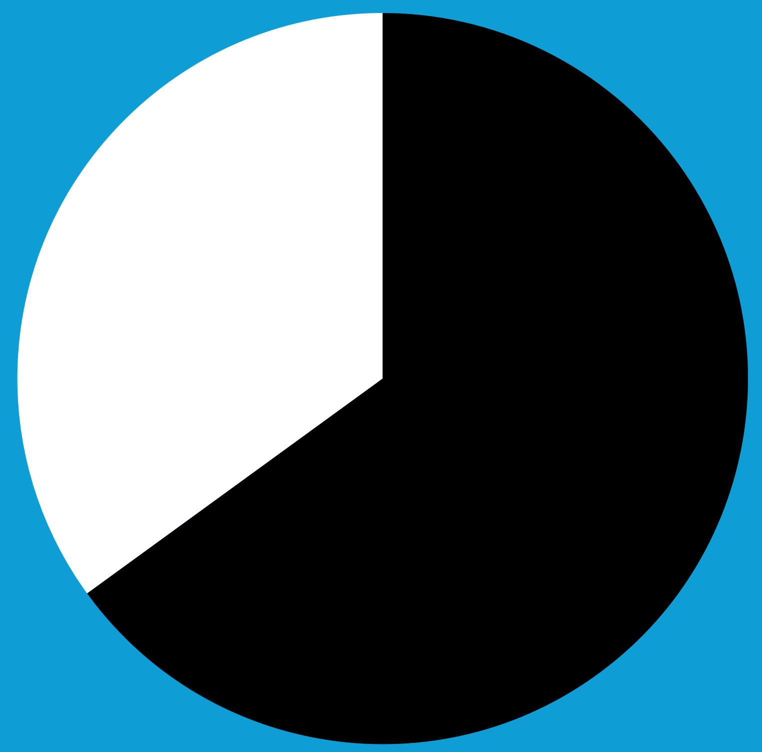
Acquisitions

We continue to have multiple advanced conversations with sellers in our core target markets for acquisition.

Regions where we are at a negotiation stage with potential sellers

Number of advanced negotiations in region

Market dynamics make M&A attractive. Ageing owners and technology disruption key drivers for change



Integration of acquired entities going to plan, 65% of all tasks completed

*due to the nature of some projects it is not possible to move all projects to RAY

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Connected Platforms / API

Connected revenue is sticky and there is significant growth opportunities as we embed ourselves inside platform communities.

19%

Platform
Revenue Growth

Strong half on half growth in platform customers

Our three main connected platforms are growing

We have 4 new enterprise customers now connected on our latest AEM connector

Key priorities for H2 FY20

Tirs Abril, European IT Support based in Barcelona, supports a human tower (3rd from top on left hand tower)

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Key priorities for H2 FY20

- Undertake at least 1 acquisition
- Increase Media segment annualised run-rate revenues
- Increase RAY implementations with Enterprise customers
- Increase number of platform connected customers
- R&D investment in media platform, appTek integration and platform connectors
- Sales enablement program roll out for enterprise global growth sales teams

Appendix

Statutory Financials

Reconciliation to IFRS Income Statement FY-19

- EBITDA loss of ($1.0m) includes acquisition costs and restructuring costs
- EBIT loss of ($2.04m) down -158% on prior year due to above plus increased D&A costs
- Net loss before tax of ($0.26m) after gaining $1.3m on FX gains and earnout liability write- off of $0.5m

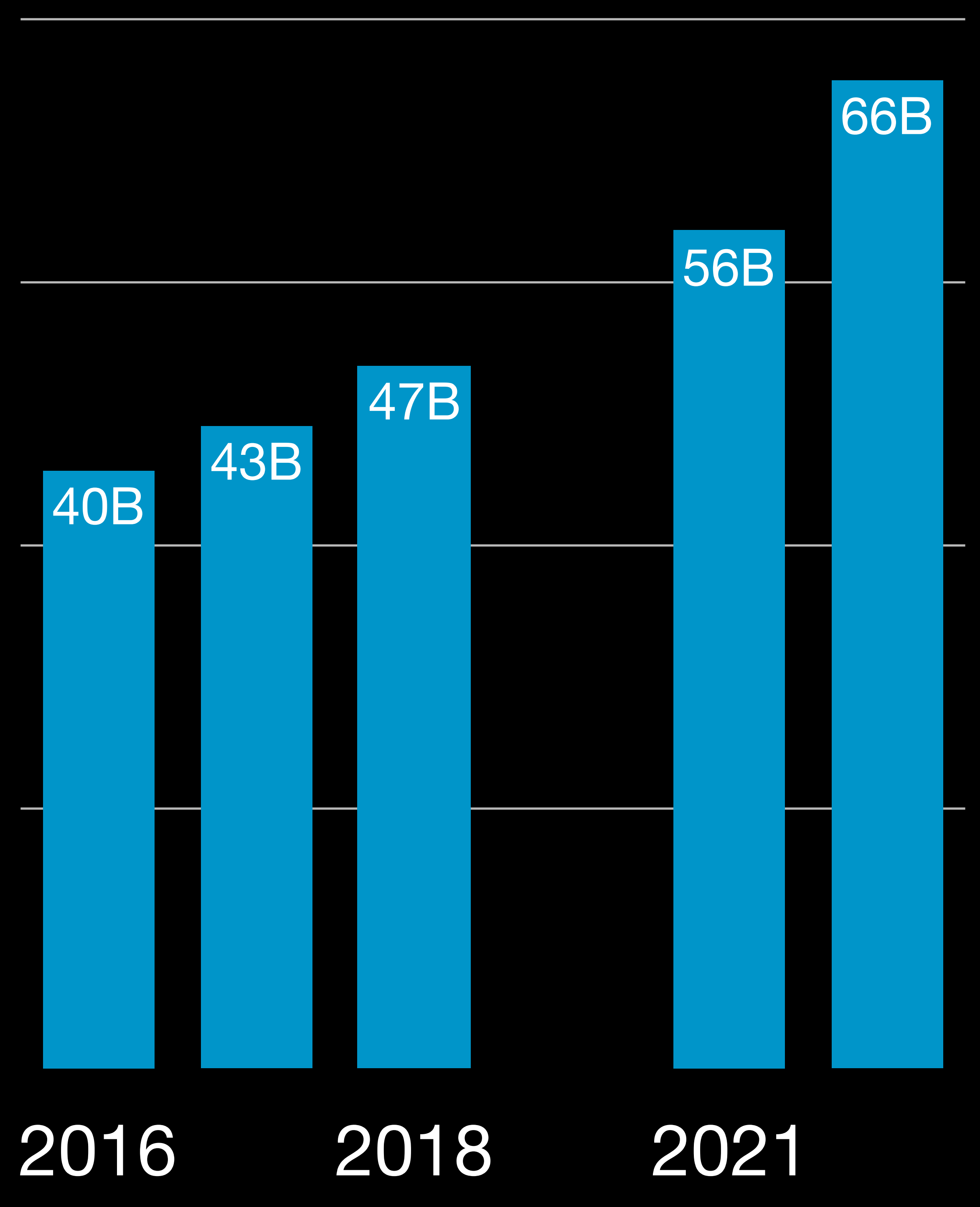
	Stat H1-FY20	Pre IFRS16 H1-FY20	Stat H1 FY19	Stat ^ v H1 FY19
Adjusted EBITDA	**(0.24)**	**(0.50)**	**0.11**	**329.2%**
Acquisition costs	(0.47)	(0.47)	(0.41)	
Non-operating	(0.30)	(0.30)	(0.06)	
EBITDA	**(1.01)**	**(1.26)**	**(0.37)**	**-172.5%**
EBITDA Margin %	*-7.4%*	*-9.3%*	*-3.1%*	*-4.3%*
D&A	(0.59)	(0.34)	(0.21)	
Amortisation on Acq Intangibles*	(0.44)	(0.44)	(0.21)	
EBIT	**(2.04)**	**(2.05)**	**(0.79)**	**-157.8%**
EBIT Margin %	*-15.0%*	*-15.1%*	*-6.6%*	*-8.4%*
Net Financing Costs	1.78	1.82	0.55	
PBT	**(0.26)**	**(0.23)**	**(0.24)**	**-7.2%**

Notes:

4. Includes amortisation on Com translations customer relationship assets

What is the opportunity with STG?

1 Huge Market Opportunity



2 Industry Leading Technology

- ✓ Market leading technology developed over 10 years
- ✓ Data-driven approach enabling use of A.I and automation
- ✓ Industry leading gross margins

3 Proven Growth Strategy

- ✓ Global channels to market established
- ✓ Offices in 10 countries
- ✓ Multiple growth strategies
- ✓ Organic and Acquisition growth

Market Opportunity

- Localisation enables trillions of dollars of global commerce
- Media content segment growing exponentially
- Fragmented industry with 20,000 vendors ripe for consolidation
- Data will drive success as machines need data for context
- Limitless horizon for growth
- 10 year head start building technology to disrupt the industry

What makes us unique in a US $50bn Industry

We use data to drive substantial benefits for our customers in ways the traditional translation providers cannot

Ai POWERED
RAY

We can do this as we have a unique platform built over 10 years that provides the competitive advantage of using professional humans and machines together in a highly efficient way

The benefits to customers and Straker from our platform

1

Translators go significantly faster

- takes less time
- costs less to provide the service

2

Production Efficiencies

- project managers handle more revenue per person
- less staff
- variable cost base with world leading crowd sourcing platform
- effective use of data

3

We simplify a complex process at scale

- data service
- API
- automation
- connectors
- Enterprise localisation management

Successfully acquiring and integrating strategic acquisitions

MSS

Enterprise customer access with larger footprint in Spanish market

Barcelona

COM

Key entry into the fast-growing audio visual market for localisation.

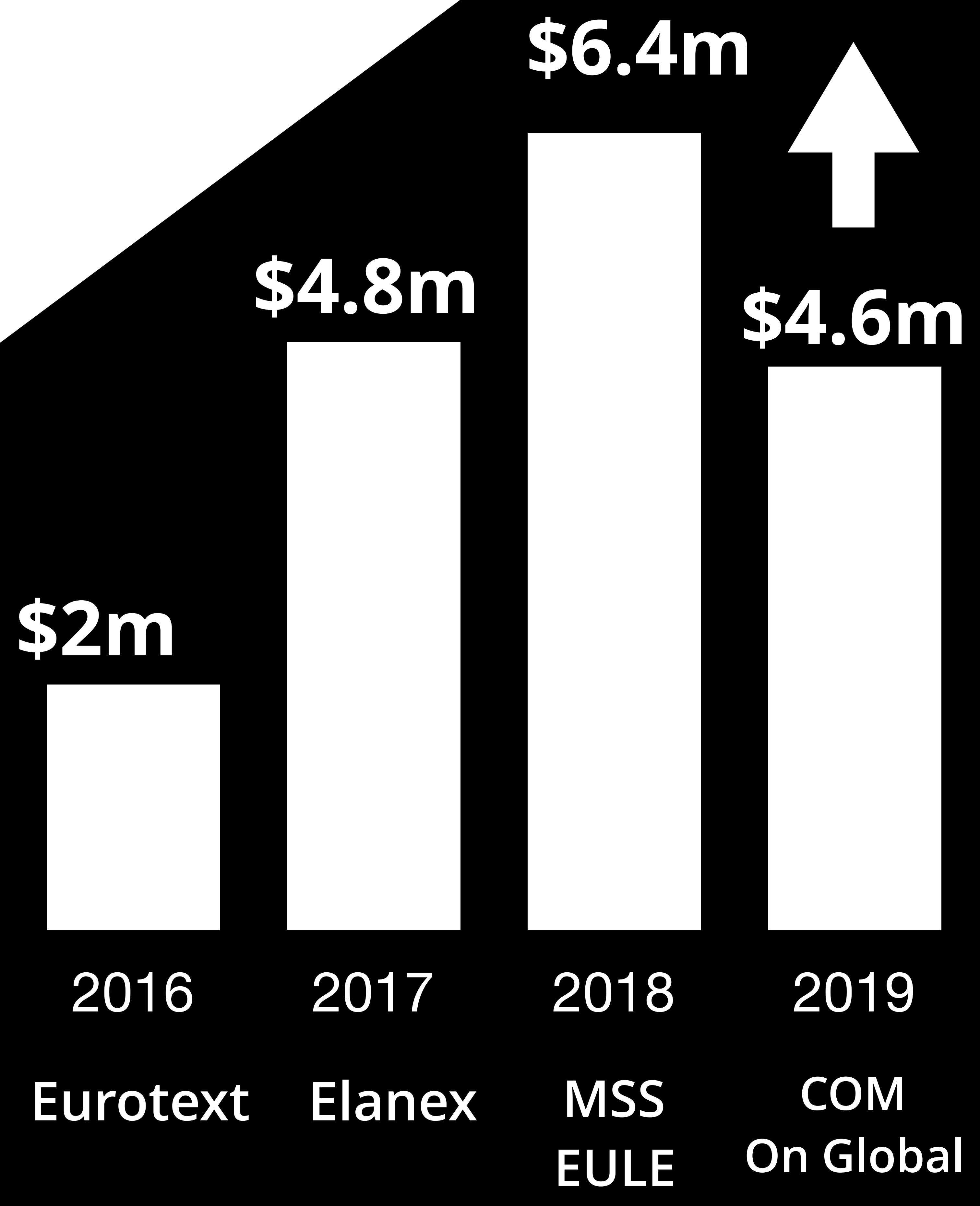
Madrid

EULE

Enterprise customer access with larger footprint into Europes largest market.

Kiel

Total annual revenue of acquired companies at the time of acquisition



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Board of Directors

Phil Norman
Independent Non-Executive Chairman

Grant Straker
Founder and Managing Director

Tim Williams
Independent Non-Executive Director

Katrina Johnson
Independent Non-Executive Director

Steve Donovan
Non-Executive Director

Paul Wilson
Non-Executive Director

Executive Team

Grant Straker
Founder and Managing Director

David Sowerby
Chief Revenue Officer

Haydn Marks
Chief Financial Officer

Indy Nagpal
Chief Technology Officer

Merryn Straker
Chief Operating Officer

Kim Andrews
Chief People Officer

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All information in this presentation is current at 22 November 2019, unless otherwise stated.

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

Questions

www.strakertranslations.com

CEO:
grant@strakergroup.com
Chairman:
phil.norman@strakergroup.com
Investor Relations:
ronn.bechler@marketeye.com.au