

Straker Translations LingoTek Acquisition

21st January 2021



Disclosure Statement

This presentation is given on behalf of Straker Translations Limited ASX:STG (Company number NZ: 1008867 / AU: ARBN 628 707 399)

Information in this presentation:

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- Should be read in conjunction with, and is subject to, Straker's latest and prior interim and annual reports, including Straker's Interim Report for the period H1-FY21 ended 31 September 2020, 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
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All information in this presentation is current at 21 January 2021, unless otherwise stated.

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

Straker is purchasing US-based translation technology company Lingotek in a transformational acquisition. Lingotek had LTM revenues of NZ\$11.2m (US\$7.9m) for NZ\$9.1m(US\$6.47m) in a cash and stock deal.

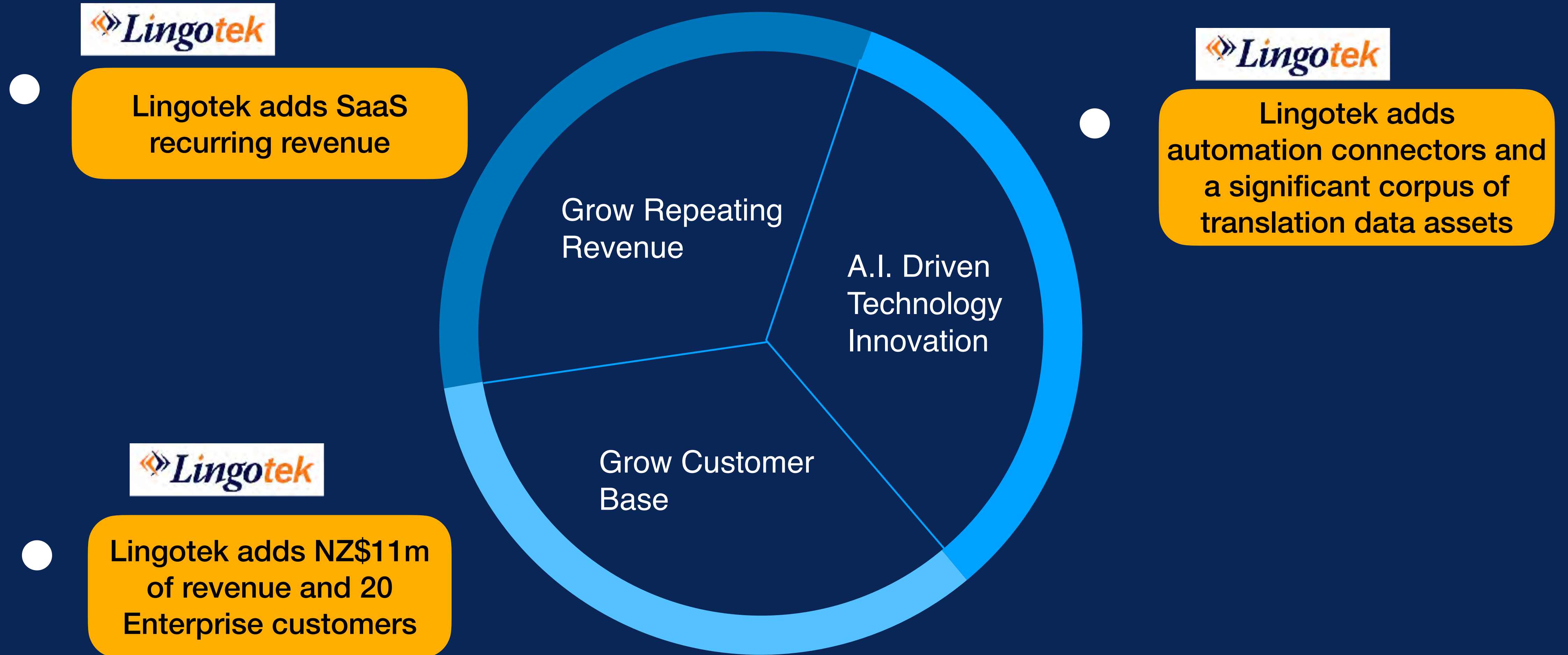
Why we are acquiring Lingotek

- Key connector technology saving significant time and resources in planned R&D, some connectors will be used by IBM as we ramp up
- Offer new enterprise translation relationships with major corporates
- Provide critical mass in the major US market
- Provide a SaaS revenue stream
- Materially grow Straker's revenue and is forecast to be break-even in FY22
- Combined we can get Lingotek technology utilised to its full potential

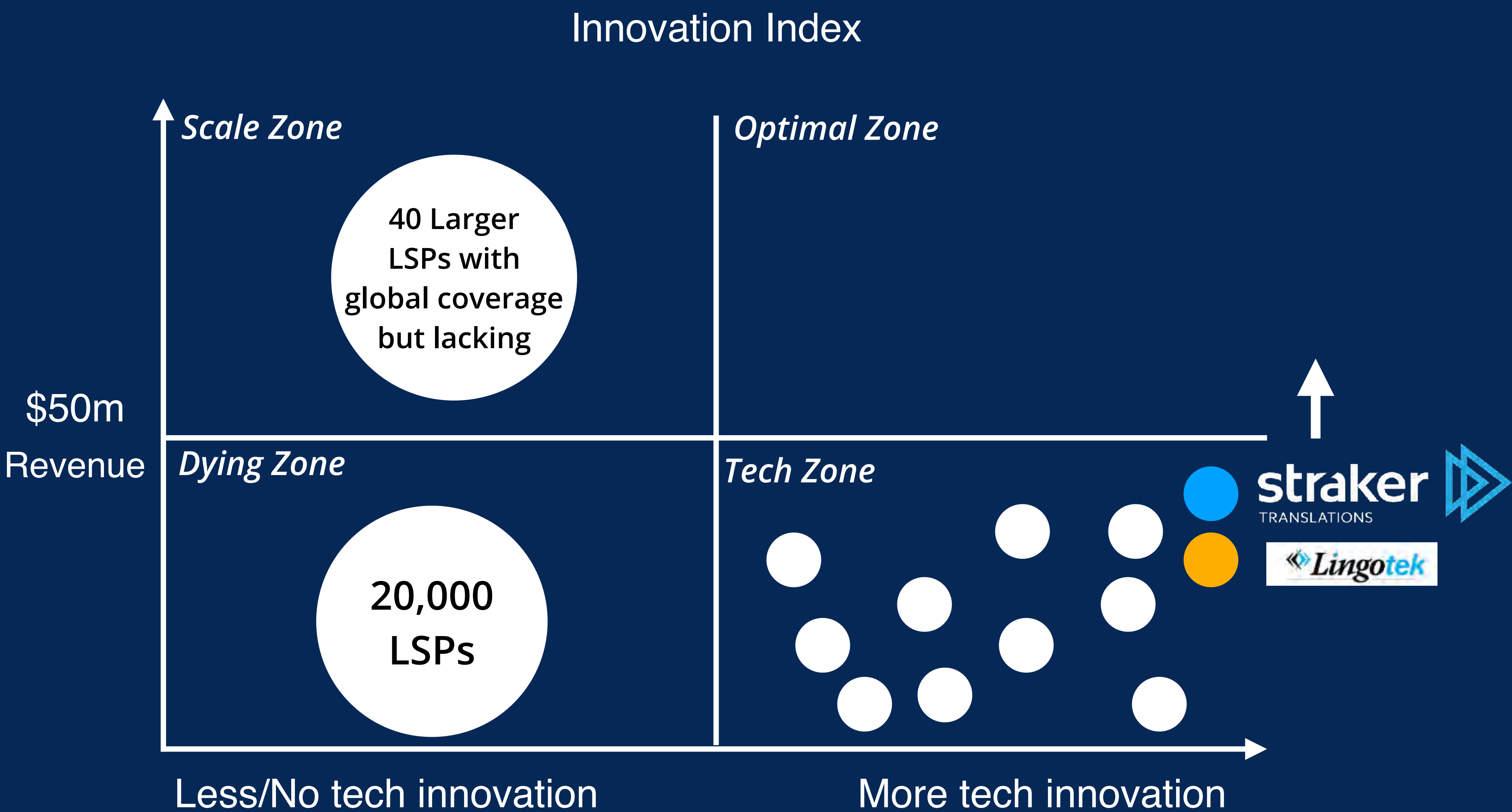
Acquisition Highlights

- ▶ Unconditional agreement to acquire the assets of Lingotek for NZ\$(US\$6.47m) effective 1st Feb 2021
- ▶ Brings 20 new Enterprise relationships into the Group including Nike, Acquia and Oracle
- ▶ LTM revenue of NZ \$11.2m, Lingotek will contribute two months earnings to Straker in FY21
- ▶ The acquisition is to be funded via:
 - NZ\$1.7m (US\$1.2m) placement to Lingotek vendors at AU\$1.59 per share
 - NZ\$7.4m (US\$5.27m) in debt
- ▶ SaaS contracted revenue is 40% of Lingotek revenue
- ▶ Expects the acquisition to be EBITDA break-even in FY22
- ▶ Key management staying on to drive SaaS and Platform business

Lingotek Acquisition continuing the Straker strategy of innovation and growth

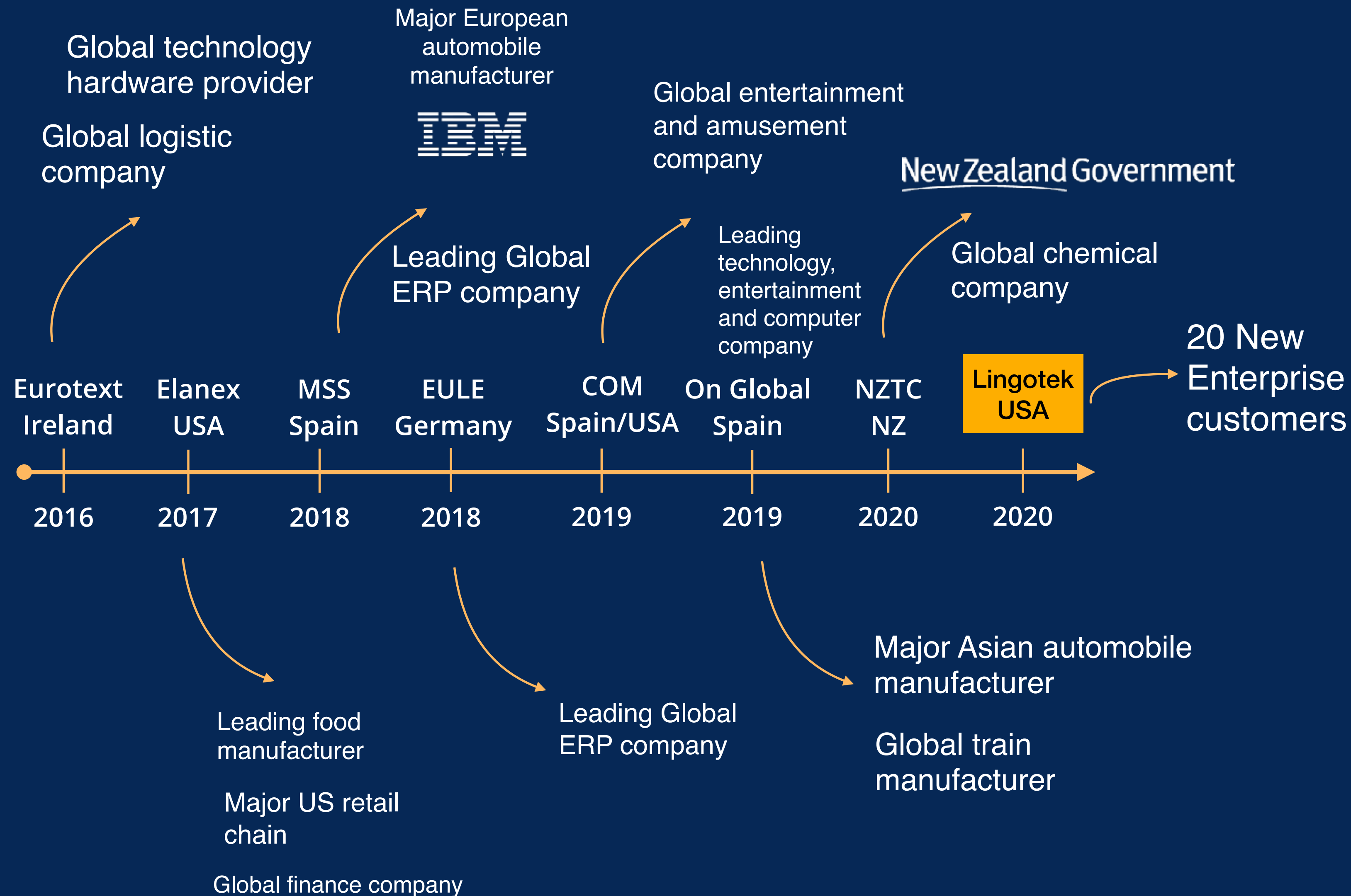


Lingotek and Straker combined drive us to more into the scale disrupter zone



Acquisitions driving enterprise growth

Lingotek is our 8th acquisition since 2016



- As we acquire companies we are gaining trusted supplier relationships with leading global companies and open doors to access more of the available customer wallet
- Most acquisitions have 5-10 major customers in this category
- It can take 12-24 months to work our way to a head office relationship where we change the nature of our supplier relationship from regional to global

Deal Metrics (\$USD)

Price

0.82x

The upfront price is
0.82x of revenue

\$6.47m

US\$6.47 million for
Lingotek, 19% paid in
STG stock

Revenue

\$7.9m

LTM revenue of US\$7.9m

\$3.2m

SaaS revenue

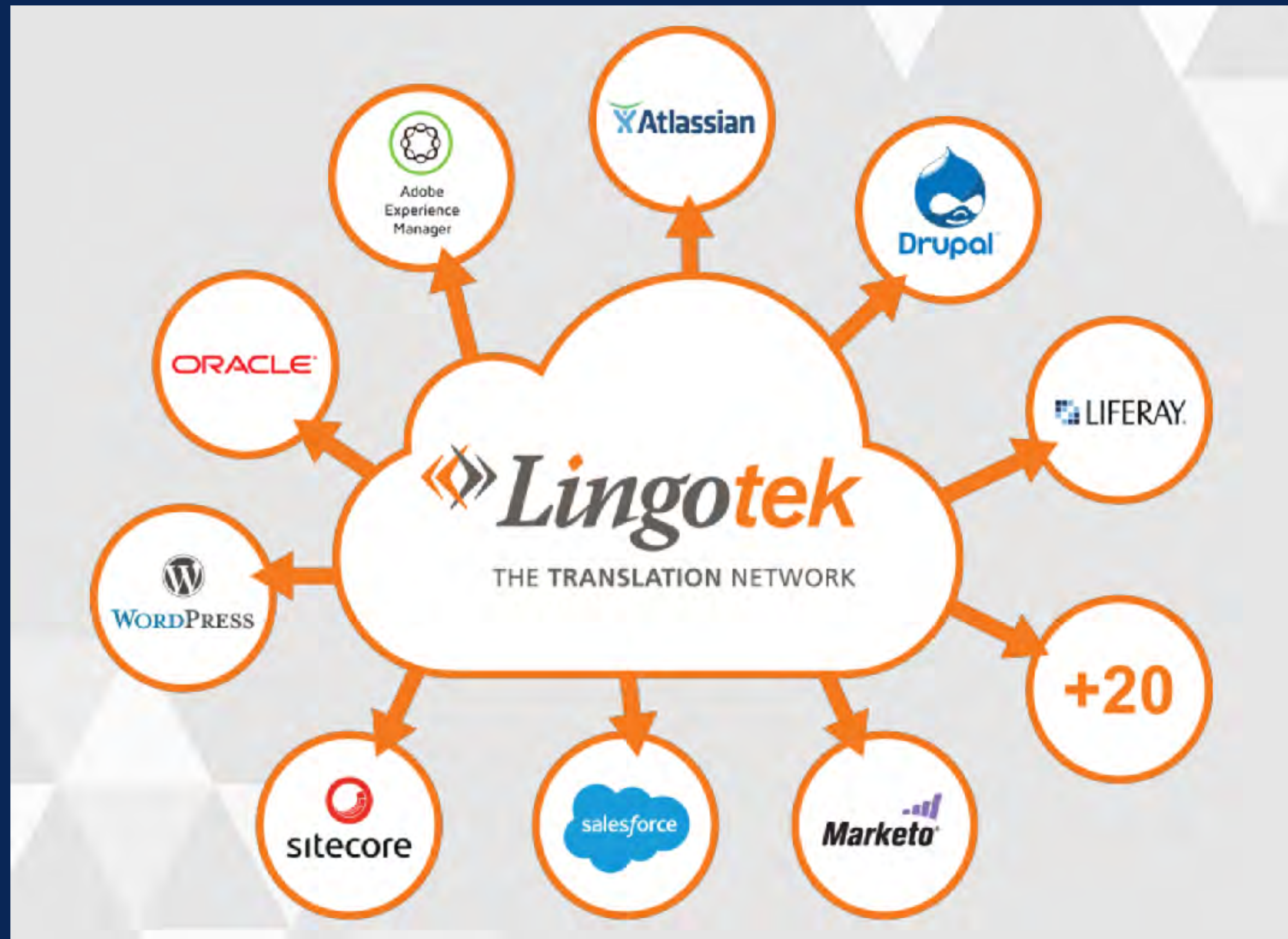
EBITDA

Lingotek expected to be
EBITDA break-even in FY22

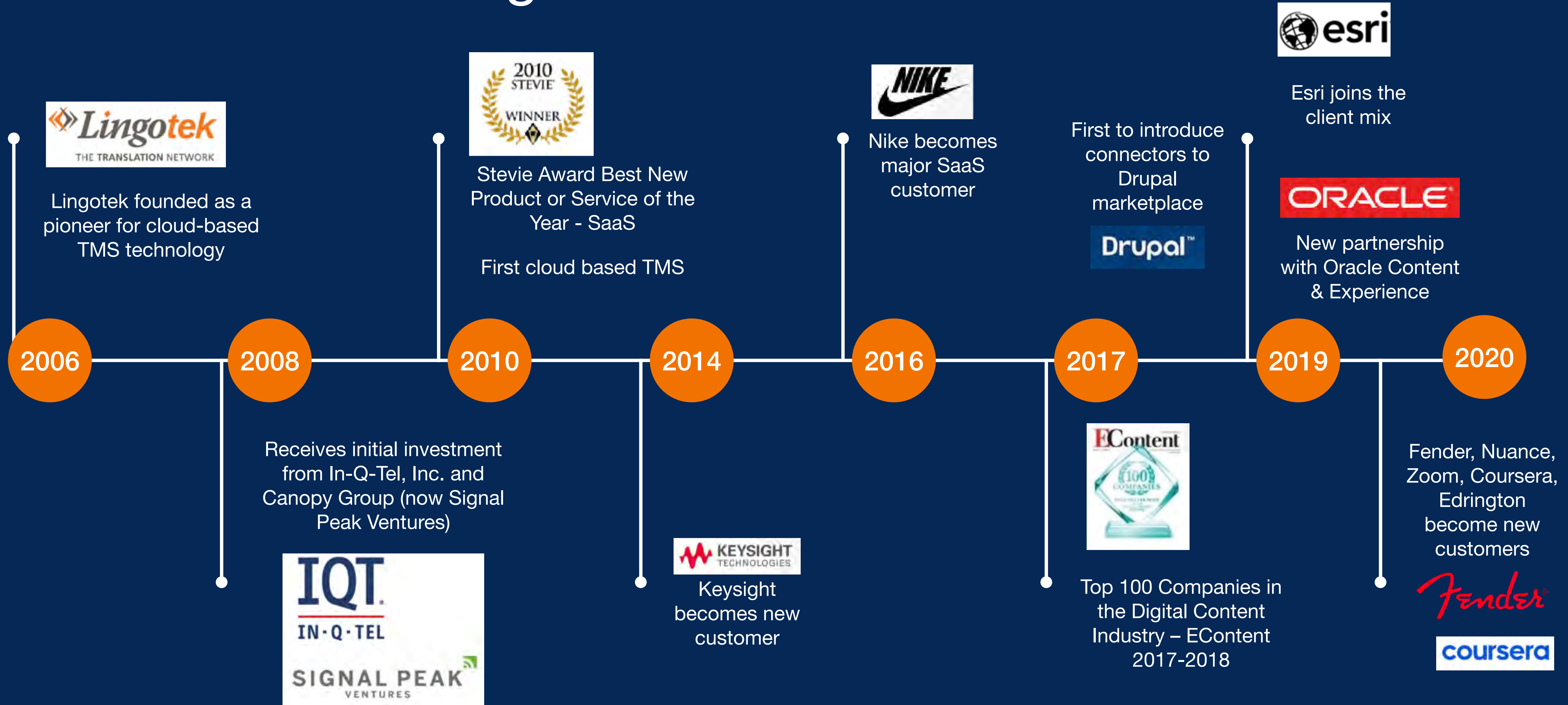
Earn-out
\$3.1m

Earn-out based on hitting
significant over-achievement of
revenue and consistent margins

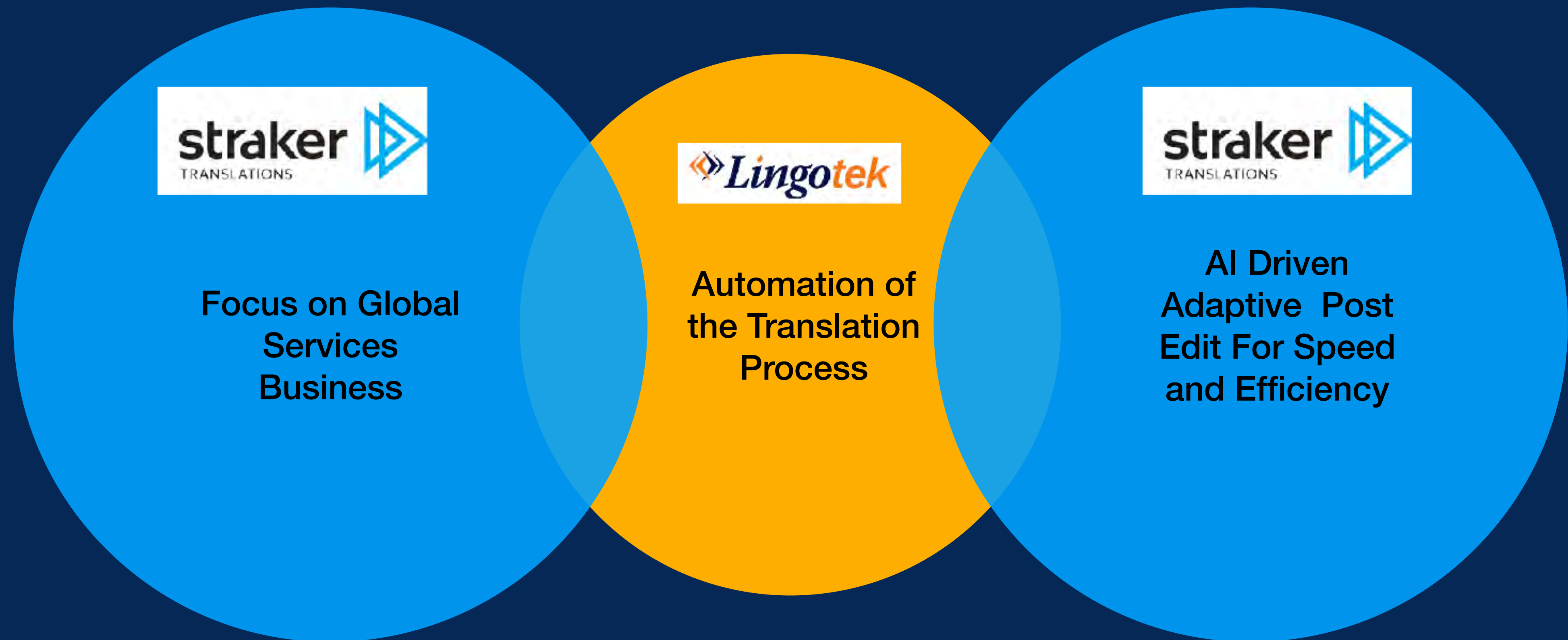
About Lingotek



Lingotek Historical Timeline



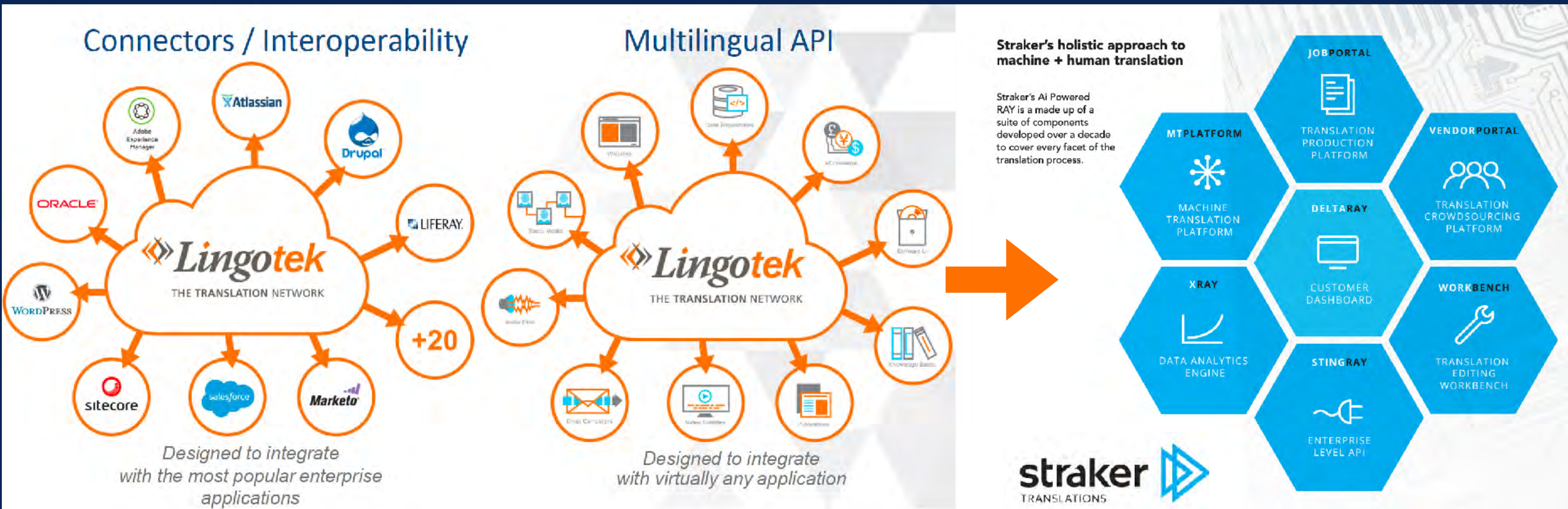
Lingotek Straker Synergies



Lingotek has had a focus on automation on ramps for content,
Straker has had a core focus on translator efficiency through
AI and a world leading global services infrastructure

Platform Synergies

The Lingotek Translation Platform and the Straker RAY platform have strong synergies that combined will be world leaders in A.I. driven translation technology



Lingotek's wide range of connectors and content on ramps will drive faster and greater volumes of content into RAY. Many of the connectors were on the RAY roadmap and will accelerate deployment of 'sticky' connectors into customers at scale.

Lingotek Management Team

Experienced management team to remain and drive the SaaS business unit



Jeff Labrum

CEO

- Lingotek founder; CFO and current CEO
- Previously, CFO and CEO of Chipper Snax, a manufacturing firm he led from inception to consolidation
- KPMG, Senior Accountant
- B.A., Accounting and MBA from the University of Utah



Nick Ramond

Chief Technology Officer

- 25 years of development experience in customer service, operations, and software development
- Previous key roles at Ghostery, Experticity, inContact (NICE inContact), and Wolters Kluwer
- B.A., Philosophy from Hamilton College



Brad Ross

Director of Product

- More than 10 years of product management experience at startups and public companies
- Previously lead Product Management at Identifix
- B.A., Business Management from Utah Valley University



Greg Larsen

Director of Revenue

- Responsible for aligning all revenue arms
- Previously at Qualtrics (now SAP Qualtrics) – part of record-breaking revenue growth of the company
- B.A. in Business Administration and Leadership from Southern Virginia University

Economic Benefits

- ▶ Forecast EBITDA break-even first full year post acquisition
- ▶ SaaS revenue acquired at a highly competitive multiple
- ▶ Access to major accounts with untapped customer wallet
- ▶ Ability to sell SaaS products through our global network
- ▶ Expedites deployment of popular content connectors increasing content on-ramps
- ▶ Consolidation efficiencies in US market and scale to be involved in more and larger significant tenders

Thank You

