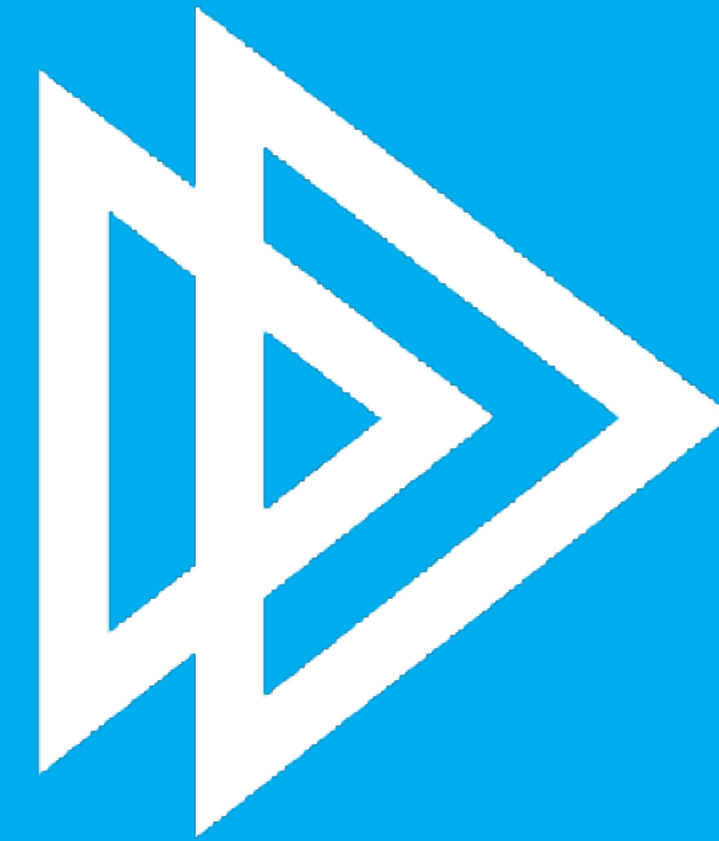


# Straker STG:ASX

H1 FY22 Presentation

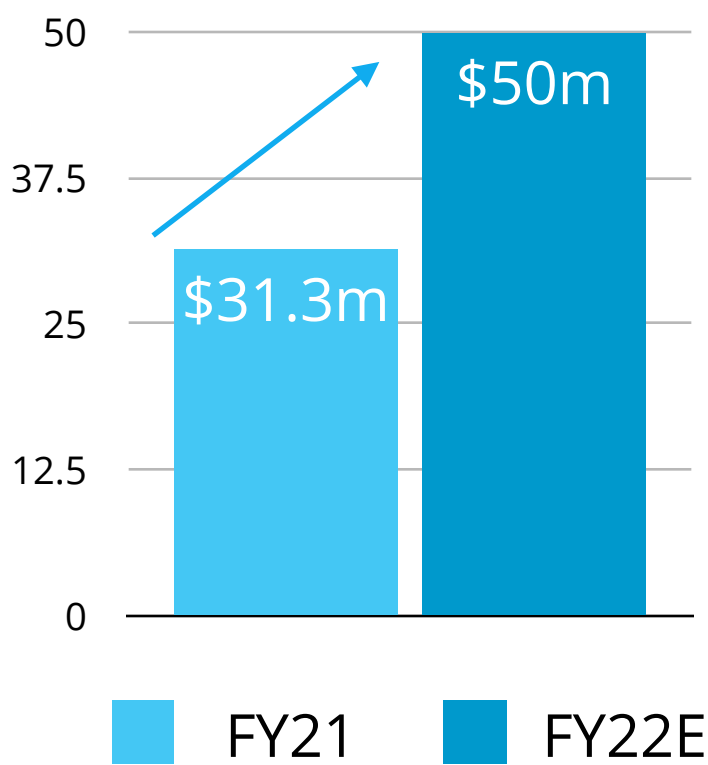
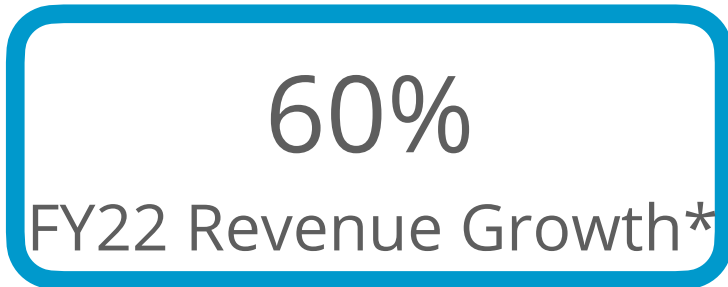
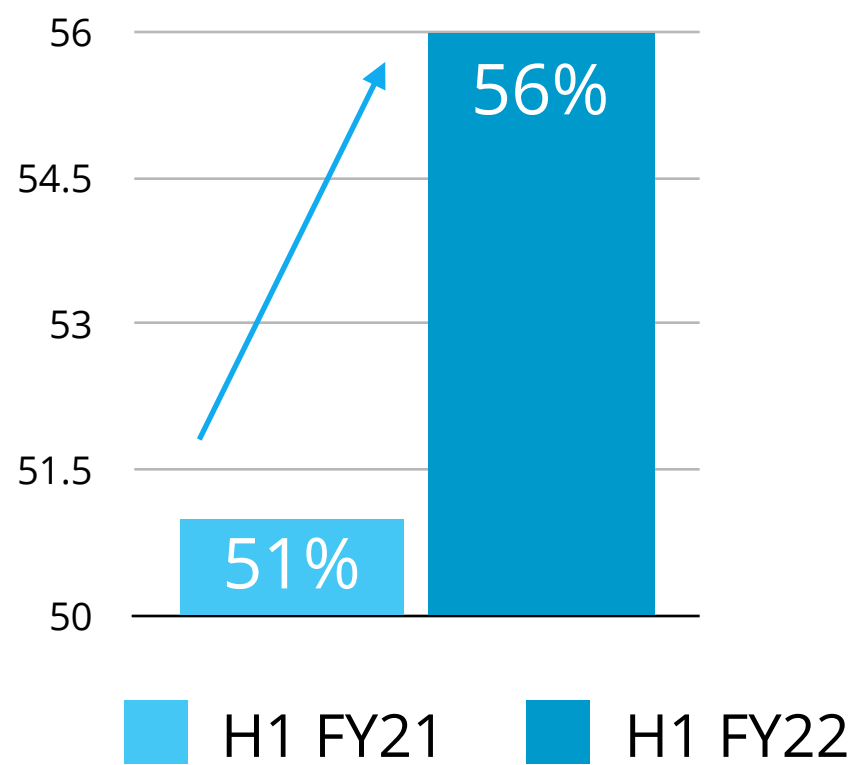
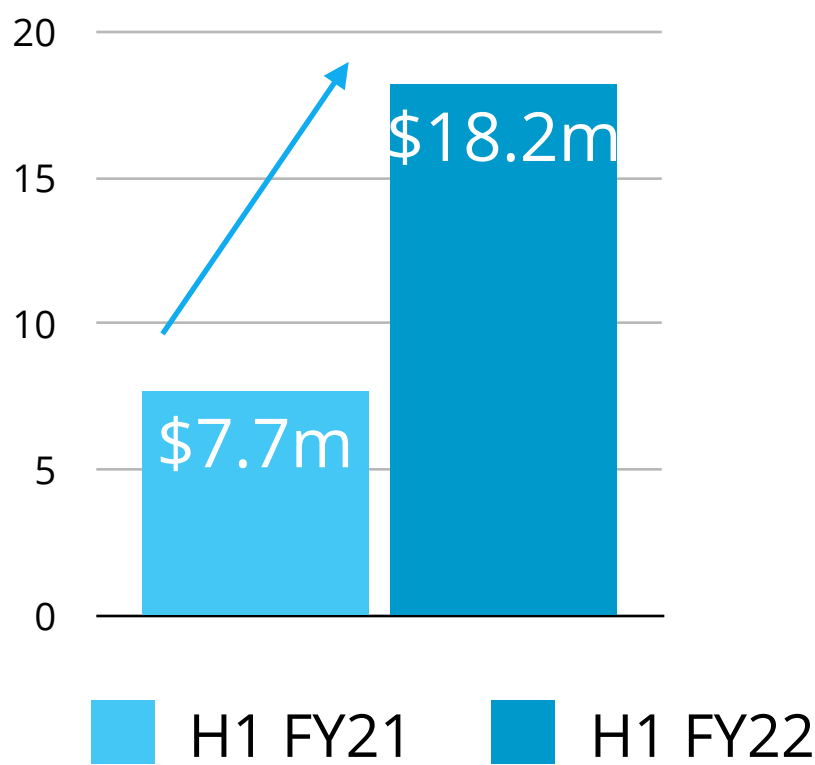
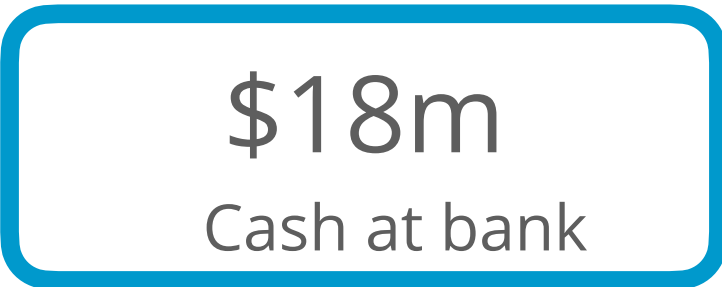
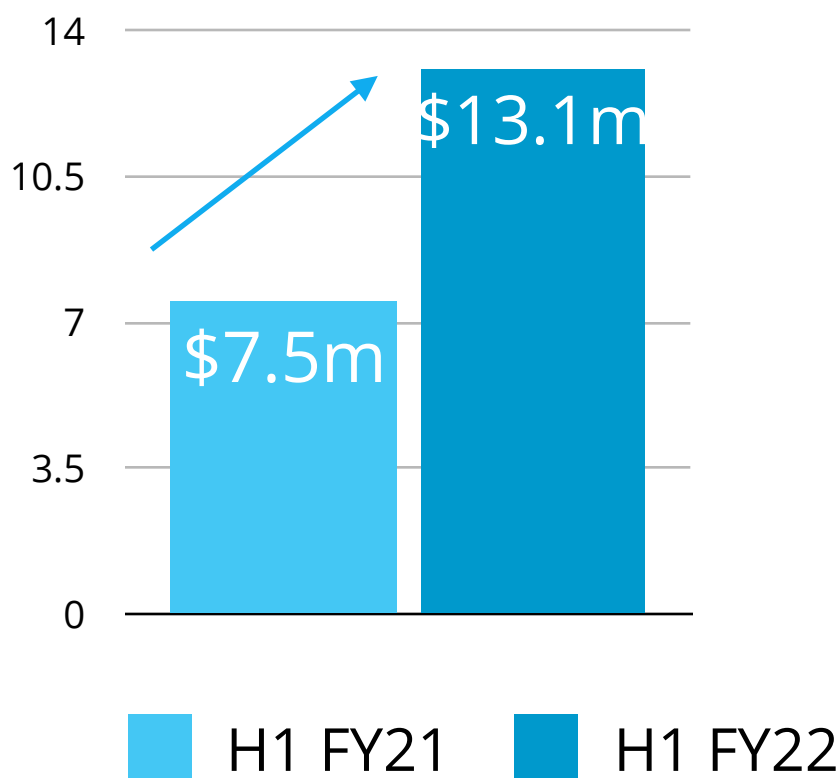
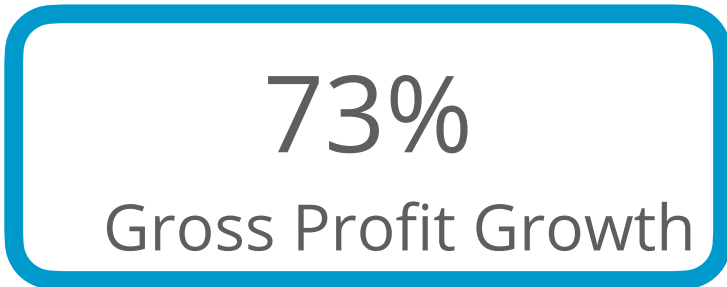
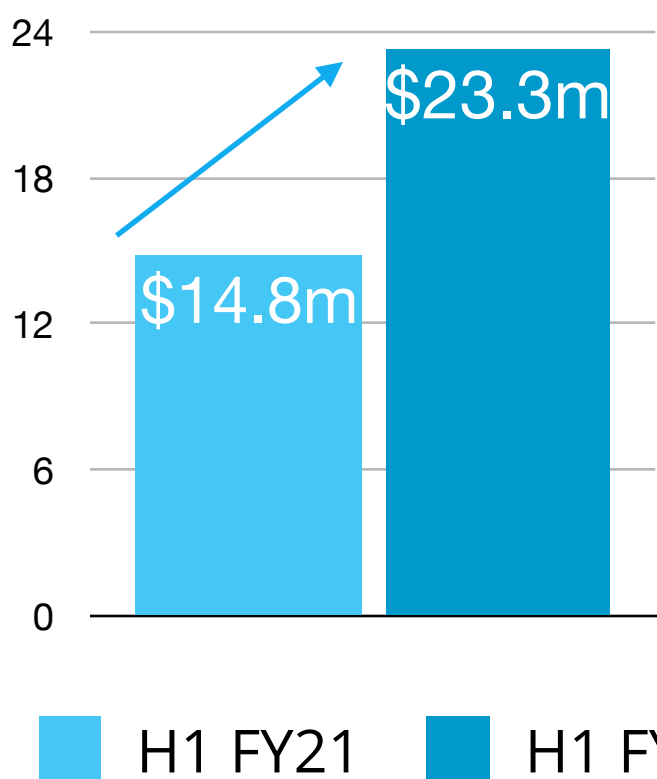
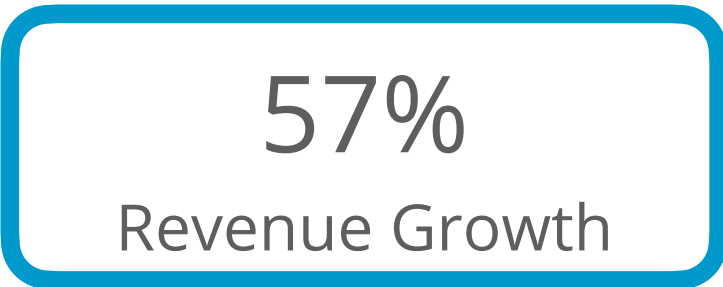
25 Nov 2021



# H1 Financial Highlights



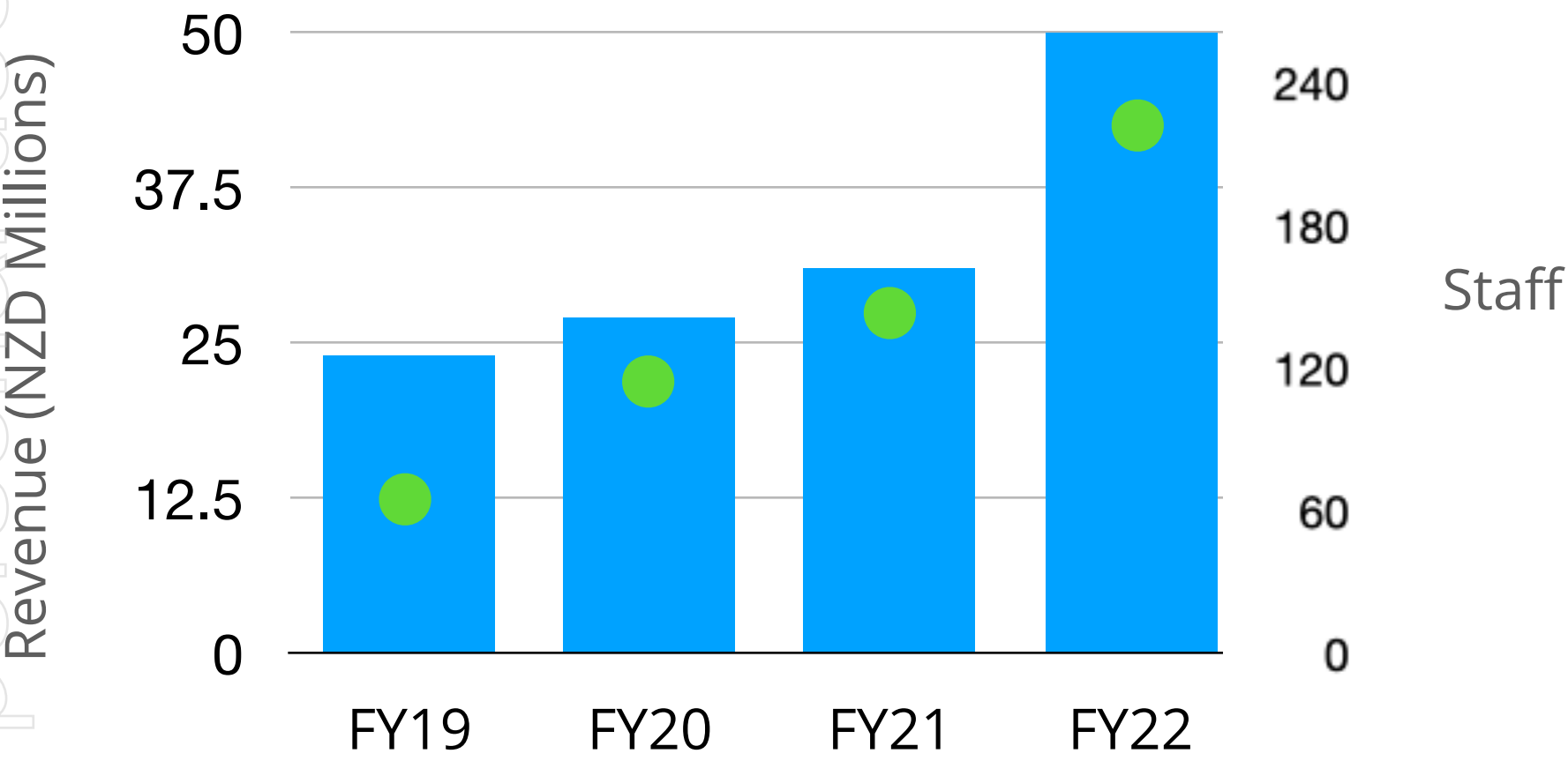
1H: A period of strong organic growth and margin expansion has set a strong platform as we head towards our aspirational \$100m revenue target



Growth & scale on par with the leading tech stocks on the ASX

\*guidance for FY22

Revenue and staff



- Historically staff numbers have risen in-line with revenue growth as we built to critical mass and to deliver a \$75m revenue business
- We are at inflection point where revenue can accelerate faster than headcount positively impacting margins
- Sales team has increased by 80% compared to the same period in the previous year and has built a significant pipeline of Enterprise leads set to be harvested
- Delivering efficiencies in our production team – sales on track to grow 60% to our guidance of \$50m for FY22E, and production team only forecast to grow by 17%

As we head towards our aspirational goal of \$100m in revenue we do not expect our headcount or operating costs to increase at the same rate as our revenue.



\* These are milestones for revenue - for clarity there are no dates attached to these milestones  
\*\* Staff numbers as modelled by Straker's management based on current and projected productivity metrics

To date Straker has made 8 successful acquisitions, when you take a portfolio approach and look at all 8 acquisitions in total the strategy has been a very successful one for growth and contribution back to the Group

16%

Revenue Growth

Revenue across all 8 acquisitions combined has increased by 16% compared to the total revenue at time of purchase

0.57x

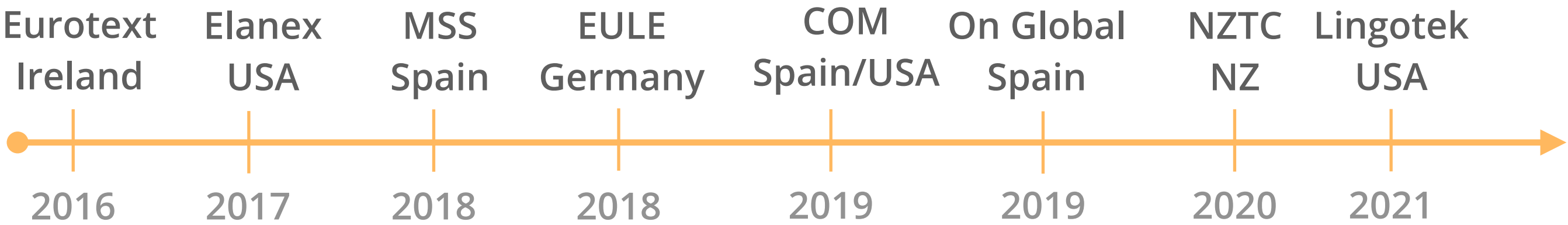
Revenue Multiple

0.57x revenue including earn-outs 15% lower than the headline rate at purchase of 0.67x revenue

270bp

Margin uplift

The translation margin has increased from 54.1% in FY21 to 56.8% in H1 FY22 (excludes Lingotek as still integrating)





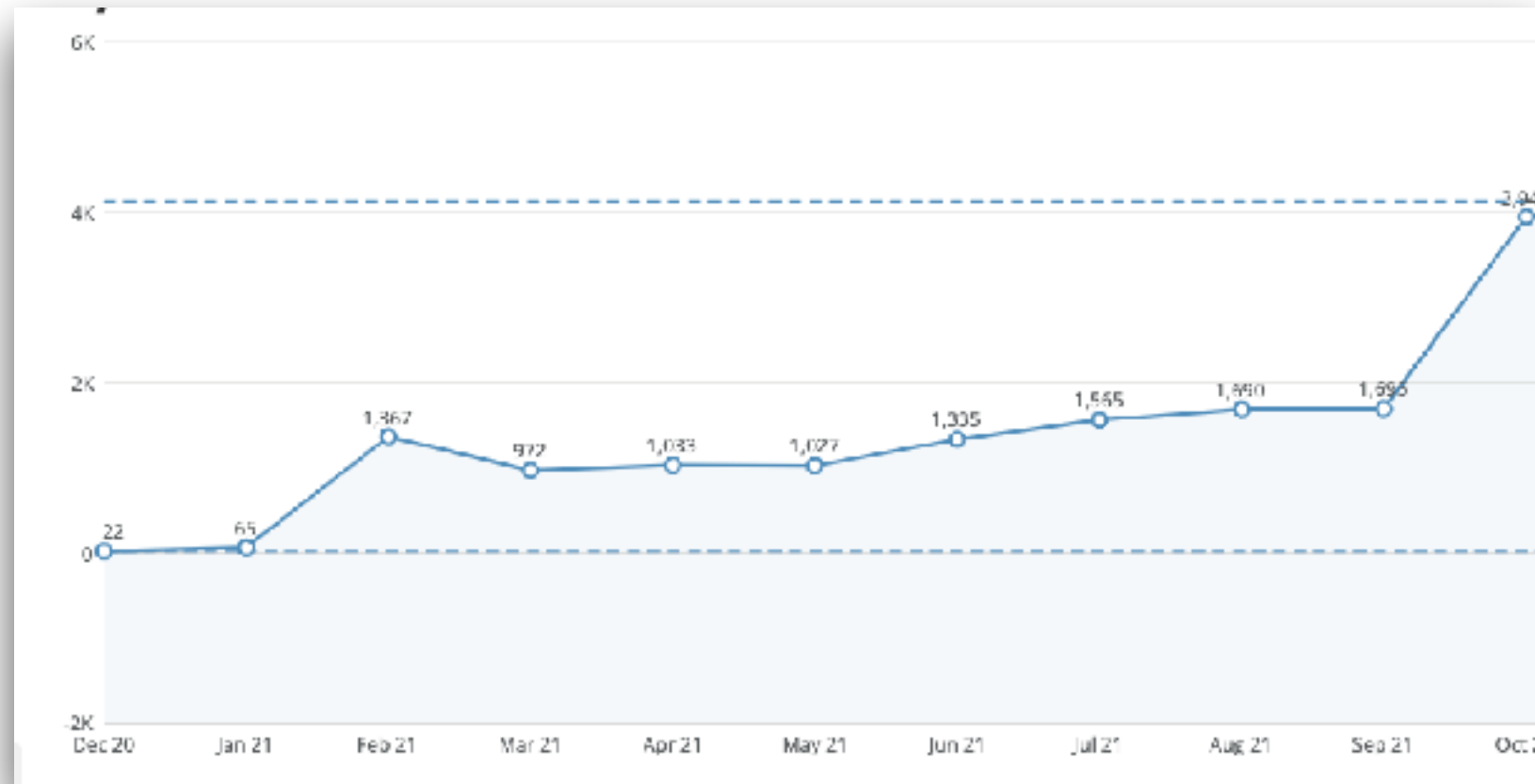
- The market remains very active for M&A and we are in advanced discussion with several opportunities.
- We remain confident we will close at least one more M&A this financial year and we have a strong balance sheet to support our negotiations.

## Our M&A Criteria

- Material revenue contribution towards achieving the \$100m aspirational target
- Transferable value underpinned by technology or key customer relationships
- Profitable
- EBITDA / Cashflow accretive
- Only acquire business at a discount to our own revenue multiple, consistent with historical prices paid on a revenue and EBITDA basis



The IBM global deal remains a major focus as we continue to onboard content.



In April we gave an indication of how we were tracking with regards to onboarding content in word volumes from IBM. You can see from our H1 results that the onboarding has been inline with this forecast.

We expect around 90% of IBM content to be onboarded by Dec

We have won our first project (worth around US\$500k for CY22) in JV with the IBM consulting division (outside of our standard contract with IBM)



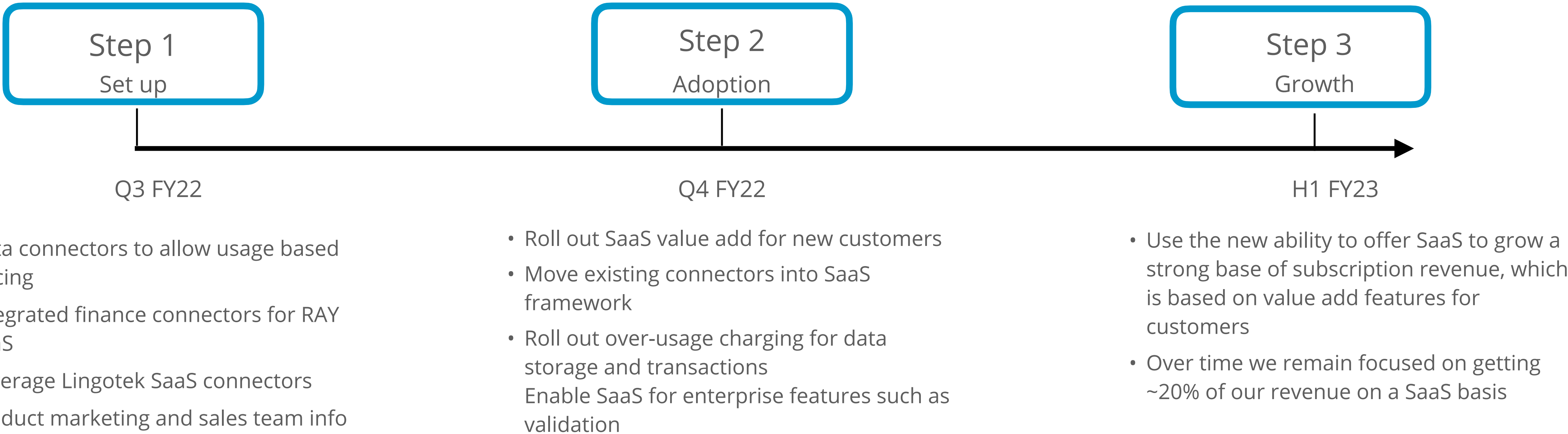
The link below is an interview done with IBM Globalisation Executive Lily Ryzebol who answers questions on the IBM/Straker partnership.

Lily talks about why IBM needed a leading technology enabled global supplier, the integration process and how IBM is leveraging Straker to make it faster and easier for IBM to reach their customer in any language

<https://www.strakertranslations.com/about-us/investors/announcements/hear-from-ibm-senior-director-lily-ryzebolhighlights-lily-ryzebol-senior-director-globalization-quality-and-announcements-at-ibm/>

We are continuing to work on our RAY SaaS project as reported in our September technology showcase. We have underlying SaaS revenue of \$5m through our Lingotek TMS platform and see an opportunity to grow our SaaS revenue though advanced features and usage based pricing in RAY.

Our aim for FY22 remains to get the systems in place to leverage features of RAY in a SaaS model, these include updates to our platform, changes in the way we store and access data and implementation of a new finance system which is now live.





	For the half-year ended 30-Sep 2021 \$'000	For the half-year ended 30-Sep 2020 \$'000
Revenue	23,325	14,805
<b>Gross margin</b>	<b>13,094</b>	<b>7,564</b>
<i>Gross margin %</i>	56.1%	51.1%
Other income	51	415
Depreciation & amortisation	-2,256	-658
Operating expenses excluding D&A	-14,190	-8,275
<b>Operating expenses</b>	<b>-16,446</b>	<b>-8,933</b>
<i>Percentage of operating revenue</i>	-70.5%	-60.3%
<b>Loss from trading operations</b>	<b>-3,301</b>	<b>-954</b>
<i>Percentage of operating revenue</i>	-14.2%	-6.4%
Amortisation of acquired intangibles	-1,092	-644
Acquisition & integration costs	-107	-165
<b>Operating loss before net finance expense and tax</b>	<b>-4,500</b>	<b>-1,763</b>
Net finance expense	-1,239	-842
<b>Loss before income tax</b>	<b>-5,739</b>	<b>-2,605</b>
<i>Percentage of operating revenue</i>	-24.6%	-17.6%
Income tax credit	241	108
<b>Net loss after tax</b>	<b>-5,498</b>	<b>-2,497</b>
EBITDA	-1,152	-461
Adjusted EBITDA	-1,045	40

- Revenue growth of 57% YOY (68% constant currency) driven by organic growth and the acquisition of Lingotek.
- Gross Margin % up 500 basis points, driven by continuing efficiencies in the translation process and the addition of higher margin subscription revenue from Lingotek.
- Increased depreciation and amortisation reflects that Lingotek has a technology solution where we amortise the capitalised development costs over it's useful life.
- High operating expenses reflect the addition of Lingotek and the increased investment in growth initiatives, including the onboarding of our major contract win with IBM.



# Financial Position

	30-Sep 2021 \$'000	31-Mar 2021 \$'000
Cash and cash equivalents	18,205	7,175
Trade receivables	8,633	5,752
Other assets and prepayments	3,382	3,074
<b>Total Current Assets</b>	<b>30,220</b>	<b>16,001</b>
Plant and equipment	348	335
Intangibles - software & acquired	27,302	28,799
Intangibles - right of use assets	438	653
<b>Total Non-current Assets</b>	<b>28,088</b>	<b>29,787</b>
Trade payables & accruals	6,774	5,626
Contract liability	5,594	5,234
Contingent & deferred consideration	953	1,435
Loans and borrowings	-	8,400
Other current liabilities	1,440	1,442
<b>Total Current Liabilities</b>	<b>14,761</b>	<b>22,137</b>
Contingent consideration	1,693	1,899
Lease liabilities	164	334
Deferred tax liability	1,098	1,357
<b>Total Non-current Liabilities</b>	<b>2,955</b>	<b>3,590</b>
<b>NET ASSETS</b>	<b>40,592</b>	<b>20,061</b>

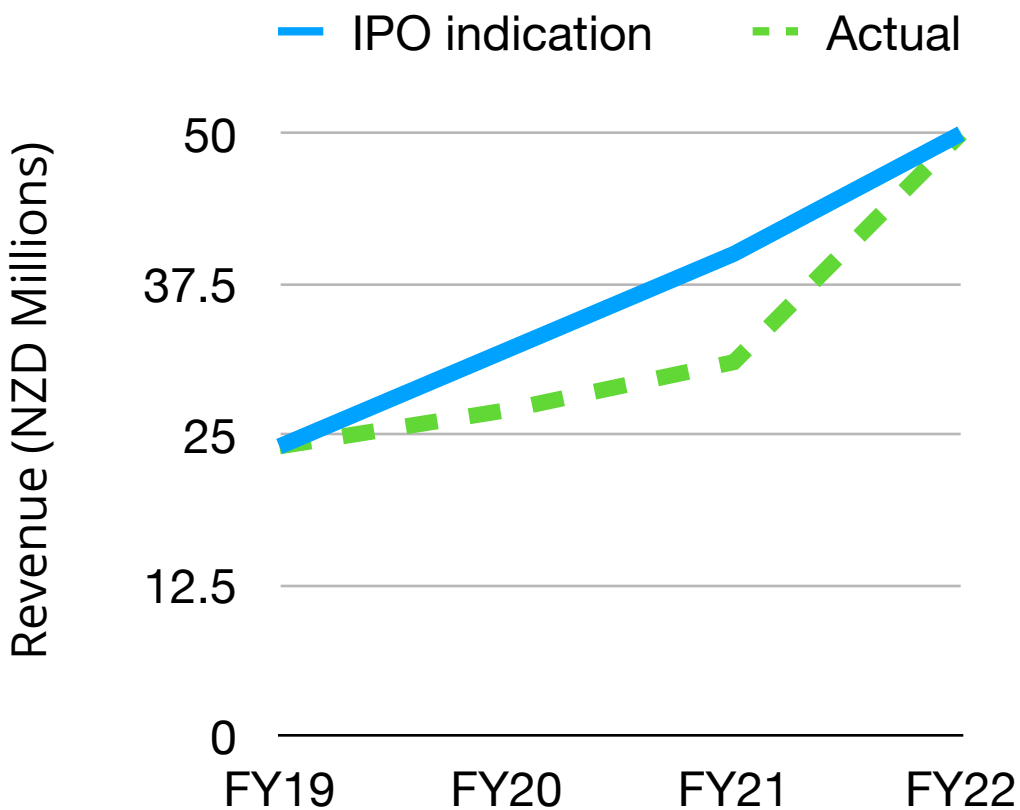
- Cash bolstered by capital raise in June of A\$25m (NZ\$25.8m net) less repayment of \$8.4m in loans.
- Trade receivables: Substantial growth in revenue and timing of customer payments increase receivables.
- Intangibles – SW & acquired: \$15.4m increase reflects purchase of Lingotek in February.
- Debt free following repayment of loans.
- Net effect of doubling net assets to \$40.6m

# Cash Flow

	For the half- year ended 30-Sep 2021 \$'000	For the half- year ended 30-Sep 2020 \$'000
Receipts from customers	20,260	14,725
Other operating cash flows	-23,578	-15,097
<b>Operating cash flow</b>	<b>-3,318</b>	<b>-372</b>
Capital investment	-1,355	-669
<b>Free cash flow</b>	<b>-4,673</b>	<b>-1,041</b>
Investment in acquisitions	-	-
<b>Investing cash flow</b>	<b>-1,355</b>	<b>-669</b>
Net Capital raise	25,831	-13
Interest paid	-688	-
Borrowing repayment	-8,400	-
Lease liability	-370	-260
Deferred consideration and contingent payments	-649	-1,907
<b>Net financing cash flow</b>	<b>15,724</b>	<b>-2,180</b>
<b>Net cash flow</b>	<b>11,051</b>	<b>-3,221</b>
Foreign exchange	-21	272
Opening bank balance	7,175	11,228
<b>Closing bank balance</b>	<b>18,205</b>	<b>7,735</b>

- Receipts from customers were up 38% to \$20.3m reflecting revenue growth and customer payment terms.
- Increased other operating cash outflows reflects an increased investment in on-boarding a major client (IBM), investment in sales and marketing initiatives, and the addition of Lingotek to the Group.
- Capital investment increase reflects the addition of Lingotek R&D spend.
- Net capital raise of \$25.8m reflects the A\$25m capital raise in June.
- \$8.4m in loans were repaid including \$688k in associated interest following the capital raise.
- \$649k paid following acquisitions achieving earn-out targets.

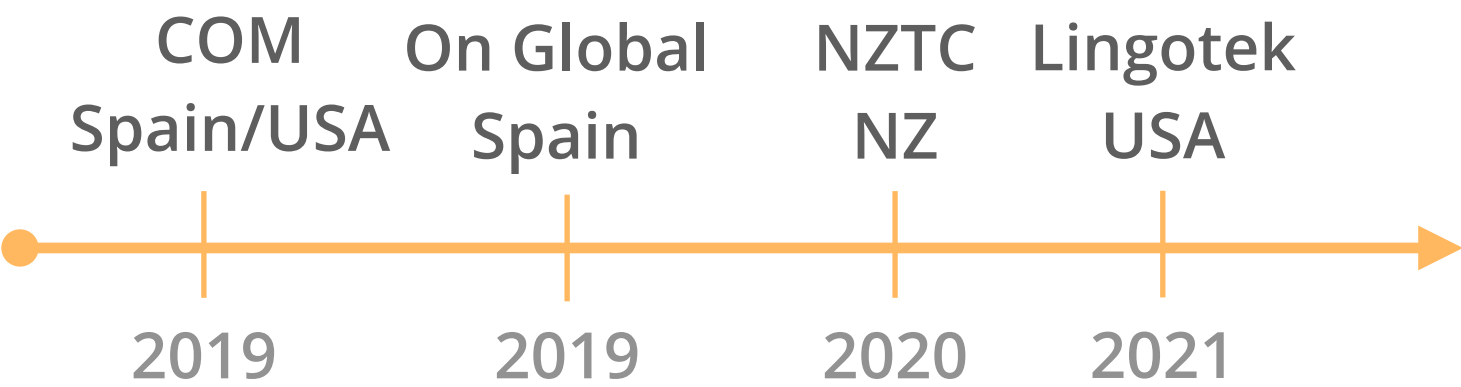
# Continued delivery on plans



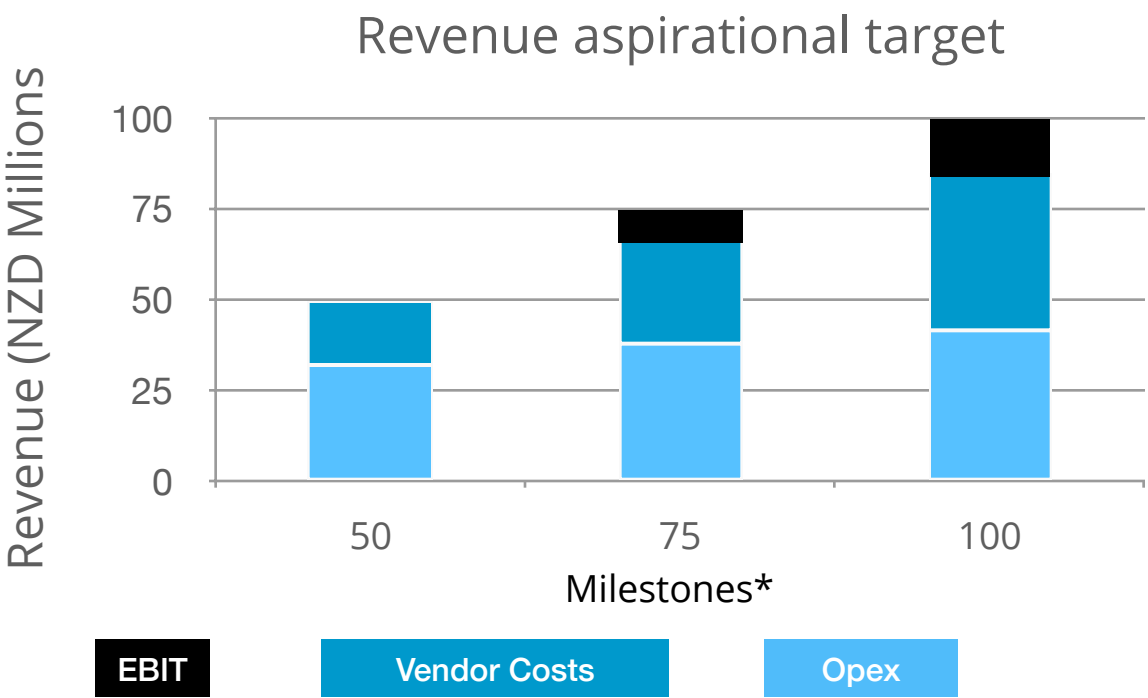
At our IPO in 2018 we indicated (without guidance) that we should be able to use the proceeds from the IPO to get to a \$50m run rate in revenue.



We stated in FY20 that our technology had reached a maturity where it was highly appealing to large Enterprise customers and announced in Q3 of that year a major global deal with IBM



At our IPO in 2018 we indicated the market was ripe for consolidation and we would continue to make acquisitions and get consolidation and margin benefits.



We have an aspirational goal to get to \$100m in revenue as this is a point where size and scale will deliver strong shareholder value

\* milestones for revenue with no timeline

# Q&A Session



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