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ASX ANNOUNCEMENT – For Immediate Release

28 May 2019

STRAKER EXCEEDS ITS PROSPECTUS FY19 FORECASTS

- **Revenue of NZ$24.6 million; exceeded Prospectus forecast – up 44% YoY, with 12.6% organic growth**
- **Statutory Gross Margin of NZ$13.4 million; exceeded Prospectus forecast – up 44% YoY, reflecting the benefits from scale leverage as the RAY platform grows**
- **Trading loss from operations before amortisation of acquired intangibles, acquisition costs and IPO costs decreased by 60% YoY**
- **Operating cashflow improved by 14% YoY**
- **NZ$17.7 million cash at bank and no debt, strongly positions Straker to continue executing its successful growth strategy**

Straker Translations Limited (ASX: STG), a world-leading global AI data driven language translation platform powering the global growth of businesses, is pleased to announce its results for the 12 months ended 31 March 2019 (FY19).

Very strong performance in FY19 – exceeding Prospectus FY19 forecasts

The Company performed strongly during FY19, exceeding its Prospectus FY19 forecasts. Revenue was up 44% year-on-year to NZ$24.6 million, 44% above the previous reporting period and 4.7% above Prospectus forecast, reflecting organic growth from enterprise customers in EMEA and APAC, and from partial year earnings from acquisitions completed in FY19. New customer revenue grew by 14.2% year-on-year, and repeat revenue from the Company's existing customer base grew 53.3%.

Gross margin percentage was flat against the previous reporting period but on a constant currency basis, was up 0.4% to 55%, driven by the operating leverage gained through Straker's world-class RAY Artificial Intelligence (AI) platform. On a dollar basis, gross margin in FY19 was up 44% year-on-year to NZ$13.4 million from NZ$9.3 million, also exceeding the Prospectus FY19 forecast.

The higher revenue and margin, combined with a continued focus on cost control, produced a loss from trading operations before amortisation of acquired intangibles, acquisition of subsidiaries costs and IPO related costs of NZ$(0.8) million, a 60% decrease on the FY18 comparable loss of NZ$(2.0) million.

On a non-IFRS financial performance basis, Straker produced an Adjusted EBITDA of NZ$(0.16) million, an 89% decrease on FY18 and beating the Company's Prospectus forecast. Cost growth was lower than revenue growth as the benefits of scale flowed through the business following the successful acquisitions undertaken over the past two years.

The company's Adjusted EBIT, after adjusting for the impact of the IPO, acquisition costs, amortisation of acquired intangibles and restructuring costs, was NZ$(0.62) million, which was a 64% decrease on FY18 and ahead of the Prospectus FY19 forecast.

Operating cash outflow for the year was ahead of the Company's Prospectus forecast at NZ$(1.07) million and comparable to the previous reporting period of NZ$(1.24) million. The Company continues to be in a strong position to deliver on its M&A strategy and support organic growth, with NZ$17.7 million cash at bank and no debt at 31 March 2019.

Delivering what was promised

Over the last year, Straker has delivered on all key operational and technology milestones:

- Completed three strategic acquisitions – MSS, Eule and COM Translations
- Opened a Hong Kong office focused on the lucrative Asian legal market
- Expanded into the enterprise customer segment
- Released an updated version of the RAY platform
- Translated 52 million words and added 100 billion AI data points to the RAY platform

Commenting on FY19, CEO & Co-founder Grant Straker said:

"The past 12 months have been a very busy period for us. We completed our IPO, but did not lose our focus on the business, continuing to take advantage and deliver on the opportunities we saw. I am very pleased to see the continued growth of our RAY platform that delivers high margin revenue for us. Our hard work has resulted in an impressive year-on-year revenue growth and our customers are rewarding us with repeat revenue now reaching 83%.

"Our development of a structured process to identify, acquire and integrate business has been crucial for Straker's overall growth strategy. With two successful acquisitions completed in FY17 and a further three in FY19, we are now seeing the benefits of scale flowing through.

"The success of our growth strategy can be clearly seen in the 44% revenue growth we delivered in FY19, exceeding our Prospectus forecast. In fact, we exceeded Prospectus forecasts for FY19, and are well placed to continue our growth trajectory."

Benefiting from growing scale on RAY platform

Straker's focus on moving client work in those companies it has acquired over the last two years onto its proprietary RAY platform has been underpinning margin growth as production becomes more efficient through increased automation and the use of machine learning.

In FY19, 59% of all work was done via the RAY platform and during March and April that number increased to 71%.

Reflecting on a successful FY19 and the outlook for FY20, Mr Straker said:

"Our team has done a tremendous job over the last 12 months, delivering strong growth and substantial change, while exceeding the forecasts that were set out in our IPO Prospectus. We executed on our growth strategy, capturing the identified potential of a fragmented global language service industry where the top 100 service providers only account for 15% of the global market.

"EuroText and Elanex, our first two acquisitions, have both experienced substantial uplifts in their EBITDA margins following their integration onto Straker's AI powered RAY technology platform. We are excited by the potential uplift for our more recent acquisitions, MSS, Eule and COM Translations.

"Straker is well placed to continue its growth trajectory, with a full year of revenue and earnings to flow from MSS, Eule and COM Translations, additional M&A opportunities being pursued, attractive organic growth opportunities, and a strong balance sheet in place to support the growth opportunities we see across our business."

Investor call

An investor call regarding the Company's FY19 results will be held today at 10:30am Australia Eastern Time (12:30pm New Zealand Standard Time).

For those wishing to dial into the call, please dial your respective local number below and provide the conference ID 10000399 to the operator:

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AUSTRALIA TOLL-FREE	1 800 558 698
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About Straker Translations

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

Straker Translations has developed a hybrid translation platform that utilises a combination of AI, machine-learning and a crowd-sourced pool of freelance translators. The Company's cloud-based platform manages the end-to end translation process, leveraging AI, machine-learning (both inhouse and third party owned engines) to create a first draft translation and subsequently matching the customer's content with one or more of the approximately 13,000 crowd-sourced human freelance translators for refinement.

This process is managed using Straker's proprietary "RAY Translation Platform", which has been developed over eight years and is an enterprise grade, end-to-end, cloud-based platform. By leveraging machine translations and its big data assets, the RAY Translation Platform enables the delivery of faster and more accurate translations, lowering the time and cost to deliver versus traditional translation services. The platform can be integrated directly into customers' systems and consists of a customer dashboard, machine translation integration and modules for assisting and managing translators.

For more information visit: www.strakertranslations.com