

## APPENDIX 4E

### PRELIMINARY FINAL REPORT

<b>NAME OF ENTITY:</b>	STRAKER TRANSLATIONS LIMITED
<b>ARBN:</b>	628 707 399
<b>REPORTING PERIOD:</b>	FOR THE YEAR ENDED 31 MARCH 2019
<b>PREVIOUS PERIOD:</b>	FOR THE YEAR ENDED 31 MARCH 2018

### RESULTS FOR ANNOUNCEMENT TO THE MARKET

The 31 March 2019 preliminary final report is the first report since Straker Translations Limited (Straker), a New Zealand incorporated company, listed on the ASX on 22 October 2018.

#### Statutory Results Summary

				<b>NZ\$ '000</b>
Revenue from ordinary activities	Up	44%	to	24,594
Loss before tax	Up	-176%	to	(4,484)
Loss after tax attributable to members	Up	-184%	to	(4,329)

#### Commentary on results for the reporting period

The Company performed strongly during the 2019 financial year. Revenue was up 44% year-on-year to NZ\$24.6 million, 44% above the previous reporting period and 4.7% above the Prospectus forecast, reflecting organic growth from enterprise customers in EMEA and APAC, and from partial year earnings from acquisitions completed in FY19.

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\$9.291 million.

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, an improvement on the FY18 comparable loss of NZ\$(2.0) million.

On a non-IFRS financial performance basis<sup>1</sup>, Straker produced an Adjusted EBITDA<sup>1</sup> of NZ\$(0.16) million, an improvement of 89% 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<sup>1</sup>, after adjusting for the impact of the IPO, acquisition costs, amortisation of acquired intangibles and restructuring costs, was NZ\$(0.62) million, which was up 64.3% on FY18 and ahead of the Prospectus forecast.

<sup>1</sup> Non-IFRS financial performance measure. Refer to page 2 for reconciliation and explanation to IFRS financial information.

The loss after income tax from continuing operations was NZ\$(4.33) million, which was up by NZ\$2.8 million on FY18 due to the impact of the IPO and increases in acquisition costs and amortisation charges of acquired intangibles.

New customer revenue grew by 14.2% year-on-year, and repeat revenue from the Company's existing customer base grew 53.3%.

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 other than the deferred and contingent consideration in respect of acquisitions.

Basic earnings per share has improved by 82% from a loss of (59.43c) per share to a loss of (10.95c) per share. Diluted earnings per share has improved by 79% from a loss of (37.06c) per share to a loss of (7.87c) per share. Certain share options and preference shares have a dilutive effect on earnings per share.

#### IFRS to non-IFRS Reconciliation (NZD \$ millions)

	FY-18	FY-19
<b>Adjusted EBITDA</b>	<b>(1.43)</b>	<b>(0.16)</b>
Acquisition expenses	(0.20)	(0.59)
Non-operating expenses	(0.24)	(2.12)
<b>EBITDA</b>	<b>(1.86)</b>	<b>(2.88)</b>
Depreciation & amortisation	(0.31)	(0.46)
Amortisation of acquired intangibles	(0.38)	(0.68)
<b>Operating loss before net finance income</b>	<b>(2.54)</b>	<b>(4.02)</b>

	FY-18	FY-19
<b>Operating loss before net finance income</b>	<b>(2.54)</b>	<b>(4.02)</b>
Acquisition expenses	0.20	0.59
Non-operating expenses	0.24	2.12
Amortisation of acquired intangibles	0.38	0.68
<b>Adjusted EBIT</b>	<b>(1.73)</b>	<b>(0.62)</b>

IFRS vs non-IFRS. To ensure that the presentation of results reflects the underlying performance of the business, Straker Translations Group publishes its key metrics on a non-IFRS basis as well as on an IFRS basis. For transparency purposes, Straker also publishes full reconciliations between IFRS and non-IFRS measures. IFRS refers to NZ IFRS.

Repeat business is revenue from repeat customers (customers who have previously placed an order with Straker, many of whom are enterprise in nature).

Non-operating costs include costs of re-structuring activities, IPO costs and other non-recurring consulting costs.

The non-IFRS measures have not been independently audited or reviewed.

## RESULTS FOR ANNOUNCEMENT TO THE MARKET

The information is presented in New Zealand dollars, rounded to the nearest thousand (NZ\$'000).

The information contained is based on financial statements which have been audited.

	<b>2018</b>		<b>%</b>		<b>2019</b>
	<b>NZ\$'000</b>		<b>change</b>		<b>NZ\$'000</b>
Revenue from continuing operations	17,027	Up	<b>44.4</b>	% to	<b>24,594</b>
Loss after income tax from continuing operations	1,524	Up	<b>184.1</b>	% to	<b>4,329</b>
The Group had no discontinued operations					
Net loss for the period attributable to members	1,524	Up	<b>184.1</b>	% to	<b>4,329</b>

### Dividends per Share

	<b>Amount per share</b>	<b>Franked amount per share at ...% tax</b>
Final	<b>0</b> cents	<b>0</b> cents
Interim	<b>0</b> cents	<b>0</b> cents

Record date for determining entitlements to dividends *n/a*

***The Group does not intend to declare dividends while pursuing its growth strategy.***

### Explanations

The increase in the loss after tax of NZ\$(2.8) million is mainly attributable to increases in the following expenses:

	<b>2018</b>	<b>2019</b>
	<b>NZ\$'000</b>	<b>NZ\$'000</b>
IPO costs	-	1,953
Acquisition of subsidiaries costs	195	593
Amortisation of acquired intangibles	376	682
	<b>571</b>	<b>3,228</b>

## NET TANGIBLE ASSETS PER ORDINARY SHARE (NTA backing)

	2018	2019
	\$	\$
Net tangible assets per ordinary share	2.39	0.31

## Control Gained Over Entities During the Period

Name of entity	<i>Management System Solutions SL</i>	<i>Eule Lokalisierung GmbH</i>	<i>COM Translations Online SL</i>
Date control acquired, i.e. date from which profit/(loss) has been calculated	1 June 2018	1 July 2018	1 March 2019
Profit/(loss) after income tax of the subsidiary (or group of entities) during the current period <i>since the date on which control was acquired</i>	NZ\$230,000	\$NZ41,000	NZ\$(7,000)

## ACCOUNTING STANDARDS

Information contained in this Appendix 4E has been prepared in accordance with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS").

## AUDITED FINANCIAL STATEMENTS

Accompanying this Appendix 4E is the Straker Translations Limited consolidated financial statements for the year ended 31 March 2019, which contains:

- Consolidation statement of profit or loss and other comprehensive income
- Consolidated statement changes in equity
- Consolidated statement of financial statements
- Consolidated statement of cash flows