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ASX ANNOUNCEMENT

29 July 2019

Straker's growth trajectory continues in Q1 FY2020

Key highlights from Q1 FY2020

- 38% growth in cash inflows to NZ\$6.1 million
- Successfully integrated COM Translations' sales and finance functions in a relatively short period of time
- Acquisition of On-Global expanded Straker's European footprint, and is immediately EBITDA accretive
- Increasing investment in technology and team resources to support accelerated growth
- M&A pipeline continuing to grow
- Cash balance of NZ\$15.1 million, and no debt, keeping the Company in a strong position to progress its exciting and successful growth strategy.

Straker Translations Limited (ASX: STG), a world leading AI data-driven language translation platform powering the global growth of businesses, is pleased to provide this quarterly business update alongside its Appendix 4C (Quarterly Cashflow Report) for the quarter ended 30 June 2019 (Q1 FY2020).

Reflecting on Q1 FY2020, Grant Straker CEO & Co-Founder of Straker Translations said:

"The first quarter was a very busy one for our business, as we looked to consolidate the achievements of the prior 12 months. Our clear five-point growth strategy continues to cement Straker Translations as a world leading global AI data-driven language translation platform, while underpinning the Company's growth trajectory.

"Our ability to win new business while successfully integrating the businesses we have acquired, reinforces our growth strategy and ability to generate increasing returns for our shareholders. In addition, the combination of our current, largest ever, pipeline of corporate sales opportunities, combined with our ability to acquire strategically compelling profitable companies and leverage their integration benefits, puts us in a strong position to deliver on our growth aspirations."

Organic growth underpinned by larger corporate customers and STG's largest ever pipeline

Straker's organic growth strategy to move into larger corporate customers off the back of its technology offering through RAY is progressing well.

Q1 FY2020 was a transitional phase, where the global sales team had more of a focus on these opportunities. We anticipate seeing the benefit of the sales initiatives in Q1 flow into H2 in the context of added revenue.

Currently, Straker has its largest ever corporate pipeline. Following our acquisitions of three language translations businesses in Spain, we are now a significant participant in the European translation market and appearing on more vendor lists for large companies. To leverage this opportunity, we have invested in setting up a new global enterprise sales team that is focused on using our technology advantage to win significant global sales deals.

Successfully integrated COM Translations in a relatively short period of time

Following its acquisition, COM Translations was quickly and successfully integrated into Straker. The company has been re-branded to Straker Media to improve the ability to cross-sell and support growth in the audio-visual market, which is currently our fastest growing market segment.

COM Translations has opened up a number of significant opportunities – organic and inorganic – in the fast-growing audio-visual and media localisation markets and is out-performing our expectations for that business.

Acquisition of On-Global further expands Straker's European footprint and accelerates growth

On 17 June 2019, Straker acquired Spanish translation company On-Global Language Marketing S.L. (On-Global) in a combined cash and share deal valued at NZ\$2.25 million with additional earn-out potential.

On-Global, headquartered in Vitoria-Gasteiz in the Basque Country and with an office in Barcelona, is a specialised language services company operating in two regions that are among the most industrial and hi-tech areas in Europe. With 14 employees, On-Global provides translation and technical writing services, transcriptions, website and software localisation, interpreting services, consultancy and document management.

On-Global was a strategically compelling acquisition, extending Straker's presence in the NZ\$500 million Spanish market. On-Global adds new strategic customers onto Straker's high margin RAY technology platform, supports further operational synergies across Straker's European operations, and provides upselling opportunities across On-Global's existing enterprise customer base that have demonstrated a need for Straker's rapid and accurate document translations. Generating NZ\$3.0 million revenue, the acquisition of On-Global is immediately EBITDA accretive.

M&A pipeline continuing to grow

Following Straker's recent successful acquisitions, there has been a noticeable increase in the number of opportunities and advanced conversations around M&A off the back of increased direct engagement with specific targets (rather than through brokers). The Company is currently in advanced conversations with several acquisition opportunities in Spain, UK and USA.

Strong cash position

Straker Translations reported unaudited cash collections of NZ\$6.1 million for the quarter, up 38% compared to Q1 FY2019 (NZ\$4.4 million). Cash collections were lower than anticipated due to the timing of customer payments that have since been received in early July.

Operating net cash outflow for the quarter of NZ\$(0.7) million, compared to an outflow of NZ\$(0.1) million in Q1 FY2019. This reflected the timing of customer receipts, listing costs, additional variable costs paid out for over-achievement of FY2019 sales targets, prepaying full year expenses and re-structuring costs to support the business integrations undertaken (the benefits from which are expected to flow from the current quarter).

Straker continued to increase its investment in platform and technology development, evaluation of potential strategy acquisition opportunities and the payment of final IPO related costs.

On top of investment in organic growth initiatives, Straker continues to execute on its successful M&A strategy, paying a net upfront amount of NZ\$0.74 million for On-Global as well as other acquisition related costs of NZ\$0.27 million. In addition, Straker paid NZ\$0.68 million in relation to deferred consideration on previously acquired businesses.

After a small positive foreign exchange revaluation of NZ\$0.3 million, the business closed Q1 FY2020 with a cash balance of NZ\$15.1 million, and no debt, keeping the Company in a strong position to continue progressing its exciting and successful growth strategy.

Quarterly update – investor conference call

Grant Straker (CEO & Co-founder) and Haydn Marks (CFO) will host an investor conference call regarding the Company's quarterly update today, at 9:30am AET/11:30am NZT.

For those wishing to dial into the call, please register for the call through the following link:

<https://s1.c-conf.com/DiamondPass/straker-10001448-invite.html>

Alternatively, at the time of the call, dial your respective local number below and provide the conference ID 10001448 to the operator:

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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