

ASX ANNOUNCEMENT – For Immediate Release

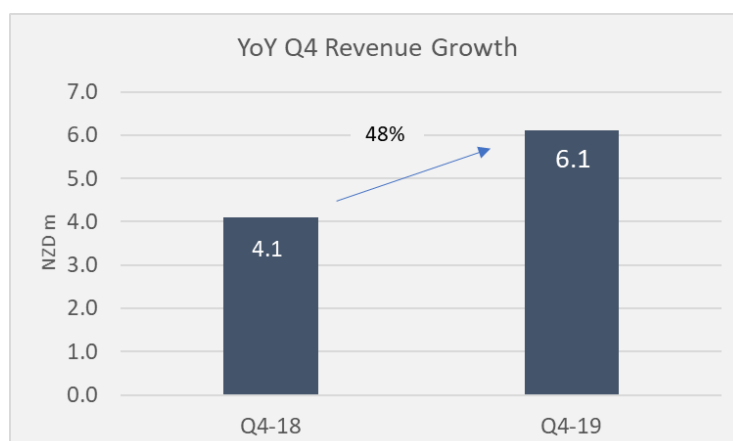
29 April 2019

Straker continues to successfully execute on its growth strategy

- *Acquired COM Translations, a strategic acquisition that expanded Straker Translations' capabilities into the media and AV market, grew its global footprint and client base*
- *Quarterly Group revenue (unaudited) of NZ\$6.1 million, up 48% on Q4 FY2018*
- *Cash outflow of NZ\$(0.4) million; ex COM Translations, underlying operating cash outflow was NZ\$(63)k compared to NZ\$0.1 million inflow in Q4 FY2018*
- *On track to achieve Prospectus FY2019 forecasts*

Straker Translations Limited (ASX:STG), a world leading global 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 31 March 2019 (Q4 FY2019).

Strong growth in quarterly revenue (unaudited) – up 48% to NZ\$6.1 million



Reflecting on Q4 FY2019, Grant Straker CEO & Co-Founder of Straker Translations said:

“Our clear five-point growth strategy continues to cement Straker Translations as a world leading global AI data driven language translation platform. Repeat business is continuing to grow at a very good pace, and we are on target to achieve our Prospectus forecasts for FY2019.

“We continue to actively seek out global opportunities to buy strategically aligned translations businesses and further expand our capabilities and client base. The acquisition of COM Translations is consistent with that strategy, being a logical extension as it supported Straker Translations’ immediate expansion into the media and audio-visual markets, while also growing our portfolio of global blue-chip clients and supporting strong cross-sell opportunities.

“Straker Translations is a truly global company with a leading AI data driven technology platform. The growth we have experienced since IPO and the exciting opportunities we are executing on, reflect both the unique technology we have built as well as the dedication and hard work of our fantastic global team.”

Successfully integrating strategic acquisitions

As a part of Straker Translation’s five-point growth strategy, the Company is continuously looking for opportunities to acquire sound businesses in the translations services sector that will bolt on to its unique AI data driven platform.

Over the last year, Straker Translations successfully integrated EuroText and Elanex. Under Straker Translations’ ownership, EuroText’s EBITDA margin has improved from 8% in FY2017 to a forecast 23% in FY2019. At the same time, Elanex’s negative 6% EBITDA margin in FY2017 was turned around to a positive forecast of 14% in FY2019.

By leveraging efficiency gains and improved economics from Straker Translations’ proprietary AI data driven platform in a fragmented industry, the Company is able to improve margins as businesses are successfully integrated onto its platform.

Acquisition of COM Translations

On 25 February, Straker Translations acquired COM Translations, adding media and audio-visual translations to the Company’s global capabilities. This acquisition was a direct bolt-on to Straker Translation’s core capabilities in document content translations, providing a significant opportunity to grow revenues with COM Translations’ global blue-chip content and media companies allowing for cross-selling of services. This acquisition is forecast to be EPS accretive from its first full financial year (FY2020).

COM Translations, headquartered in Madrid and with an office in Los Angeles, translates media assets into over 50 language pairs and has translated over 1,400 movies, 7,400 episodes and 800,000 subtitle minutes.

Leveraging Straker Translations’ unique AI data driven platform with COM Translations’ extensive content and client base will accelerate growth for both companies. Operational synergies that will increase profit margins have been identified in combining COM Translations’ production centre in Madrid with Straker Translations’ production centre in Barcelona. COM’s founder, Carlos Garcia, continues to stay on in the business in a business development capacity.

Strong cash position

Straker Translations reported unaudited cash collections of NZ\$6.3 million for the quarter, up 36% compared to Q4 FY2018, taking the FY2019 cash collections to NZ\$23.9 million. Cash collections continue to be driven by both organic growth and the successful integration of strategic acquisitions.

Operating net cash outflow of NZ\$(0.4) million for the quarter compared to a net inflow of NZ\$0.1 million in Q4 FY2018, largely reflecting the repayment of COM Translations' legacy creditors.

Excluding COM Translations, the underlying business generated a small operating cash outflow of NZ\$(63)k, compared to a NZ\$0.1 million inflow generated in Q4 FY2018.

The business increased investment in R&D and continued to evaluate potential strategic acquisition opportunities.

During Q4 FY2019, NZ\$1.0 million of deferred consideration was paid on previously acquired businesses and a further NZ\$0.7 million related to repayment of COM Translation's long-term debt.

After foreign exchange revaluations of negative NZ\$(0.1) million, the business closed Q4 FY2019 with a cash balance of NZ\$17.7 million, putting the Company in a strong position to continue progressing its successful growth strategy.

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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

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/11

Name of entity: Straker Translations Limited

ABN: 628 707 399

Quarter ended ("current quarter")

Consolidated statement of cash flows		Current quarter (Q4 Mar-19) \$NZD'000	Year to date (12 months) \$NZD'000
1. Cash flows from operating activities			
1.1	Receipts from customers	6,284,200	23,930,740
1.2	Payments for		
	(a) research and development		
	(b) product manufacturing and operating costs	(2,972,785)	(11,563,769)
	(c) advertising and marketing	(375,597)	(1,624,540)
	(d) leased assets	(135,949)	(497,843)
	(e) staff costs	(1,942,982)	(7,847,163)
	(f) administration and corporate costs	(1,330,208)	(3,618,371)
1.3	Dividends received (see note 3)		
1.4	Interest received	37,531	104,091
1.5	Interest and other costs of finance paid	5,090	(1,987)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives		
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	(430,700)	(1,118,842)

2. Cash flows from investing activities			
2.1	Payments to acquire:		
	(a) property, plant and equipment	(19,568)	(81,829)
	(b) businesses (see item 10)	(33,134)	(2,191,048)
	(c) investments		
	(d) intellectual property	(211,300)	(740,035)
	(e) other non-current assets		
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment		
	(b) businesses (see item 10)		
	(c) investments		
	(d) intellectual property		
	(e) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)	(72,491)	(556,810)
2.6	Net cash from / (used in) investing activities	(336,493)	(3,569,722)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	23,162,682
3.2 Proceeds from issue of convertible notes		
3.3 Proceeds from exercise of share options		
3.4 Transaction costs related to issues of shares, convertible notes or options	45,844	(3,229,352)
3.5 Proceeds from borrowings	300,070	300,070
3.6 Repayment of borrowings	(1,656,485)	(1,873,799)
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Other (Share sell-down)	-	(3,088,798)
3.10 Net cash from / (used in) financing activities	(1,310,570)	15,270,804

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	19,824,559	7,823,853
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(430,700)	(1,118,842)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(336,493)	(3,569,722)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(1,310,570)	15,270,804
Consolidated statement of cash flows	Current quarter (Q4 Mar-19)	Year to date (12 months)
	\$NZD'000	\$NZD'000
4.5 Effect of movement in exchange rates on cash held	(77,483)	(736,781)
4.6 Cash and cash equivalents at end of quarter	17,669,313	17,669,312
5. Reconciliation of cash and cash equivalents at the end of the quarter (as	Current quarter (Q4 Mar-19)	Previous quarter
	\$NZD'000	\$A'000
5.1 Bank balances	17,668,673	12,836,591
5.2 Call deposits		6,986,747
5.3 Bank overdrafts		
5.4 Other (cash)	639	1,221
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	17,669,312	19,824,559

6. Payments to directors of the entity and their associates	Current quarter \$NZD'000
6.1 Aggregate amount of payments to these parties included in item 1.2	152,583
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	


7. Payments to related entities of the entity and their associates	Current quarter \$NZD'000
7.1 Aggregate amount of payments to these parties included in item 1.2	
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8. Financing facilities available Add notes as necessary for an understanding of the position	Total facility amount at quarter end	Amount drawn at quarter end
		\$NZD'000
8.1 Loan facilities		
8.2 Credit standby arrangements		
8.3 Other (please specify)		
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

9. Estimated cash outflows for next quarter	\$NZD'000	
9.1 Research and development	(205,000)	
9.2 Product manufacturing and operating costs	(3,192,000)	
9.3 Advertising and marketing	(452,000)	
9.4 Leased assets	(147,949)	
9.5 Staff costs	(2,298,000)	
9.6 Administration and corporate costs	(1,103,000)	
9.7 Other (provide details if material)		
9.8 Total estimated cash outflows	(7,397,949)	
10. Acquisitions and disposals of business entities (items 2.1)	Acquisitions	Disposals
10.1 Name of entity	Com Translations S.L.	
10.2 Place of incorporation or registration	Spain	
10.3 Consideration for acquisition or disposal	33,134	
10.4 Total net assets	(894,789)	
10.5 Nature of business	Media and audio-visual translations	

Compliance statement

- This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- This statement gives a true and fair view of the matters disclosed.

Sign here: 
(Director/Company secretary)

Date: 29/04/2019

Print name: Phil Norman

Notes

- The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
- If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
- Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.