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## **ASX ANNOUNCEMENT**

30 October 2019

# **Straker Translation's growth trajectory continues in Q2 FY2020**

## **Key highlights from Q2 FY2020**

- Cash inflows of NZ\$7.3 million, up 15% on Q2 FY2019, and up 19% on Q1 FY2020
- Operating net cash outflow improved 57% to NZ\$(0.3) million; excluding \$0.27 million of restructuring costs, the business would have been close to cash breakeven
- Partnership with AppTek signed, supporting further growth in attractive Media market segment
- Strong pipeline of new business underpinned by advanced discussions with several large global enterprises
- Progressing further M&A opportunities
- Cash balance of NZ\$14.0 million, and no debt, keeps the Company in a strong position to progress its 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 September 2019 (Q2 FY2020).

## **Reflecting on progress achieved in Q2 FY2020, CEO & Co-Founder of Straker Translations, Grant Straker said:**

*"The benefits from our growth strategy were evident in our second quarter performance, with continued growth in cash inflows moving the Company closer to cash breakeven, reflecting the successful integration of acquisitions made over the past 12 months and our growing pipeline of new business opportunities, including further progress with potential enterprise clients.*

*In addition, we continue to execute our five-point growth strategy and are in advanced discussions with two acquisition opportunities that will build on our large and recognisable position in the global translations market.*

*Our partnership with AppTek is key to continue to develop our position in the Media segment, as it furthers our ability to win new business. The AppTek partnership, coupled with our recent acquisition of COM Translations, increases our competitive advantage in this segment enabling increased levels of automation to speed up speech-to-text, transcription and text-to-screen services for our customers. Media localisation continues to be the fastest growing segment of the global translation industry and we are executing on our strategic plan to become a major global force in this segment.”*

### **Growth underpinned by larger corporate customers and platform connectivity opportunities**

Straker Translations continues to successfully progress its evolution to also servicing the large enterprise / corporate segment of the market, with a dedicated global sales team. While lead times are longer, the size of the opportunities are multiples larger, and the Company is confident that the current opportunities will deliver strong revenue growth in H2 FY2020 and beyond.

The benefits of this organic growth focus on the enterprise segment are already being seen, with Straker Translations being selected as one of the preferred vendors for a major global enterprise. This customer has indicated that Straker Translations is one of five preferred vendors and can expect revenue to increase from that customer by 5x as multiple old vendor agreements end on their side.

Currently, Straker Translations has its largest ever pipeline of new business opportunities, given the focus on large enterprise clients.

Following Straker Translations’ acquisitions of three language translation businesses in Spain, the Company is now a significant participant in the European translation market. This market position is being leveraged in market segments experiencing strong growth, such as Media, Financial Services and Technology.

### **AppTek Media partnership**

Straker Translations signed an agreement with AppTek on 18 October 2019. AppTek is a world-leader in the next generation AI and machine learning technologies for automatic speech recognition, neural machine translations, and natural language solutions. This partnership will integrate AppTek’s technology onto Straker Translations’ state-of-the-art RAY AI platform, improving the speed, automation and accuracy of the platform, and delivering enhanced commercial outcomes for customers of both AppTek and Straker.

### **M&A growth opportunities**

Following Straker Translations’ recent successful acquisitions and integrations, the Company continues to progress discussions with several value accretive opportunities. Straker Translations is in advanced discussions with two opportunities based in Europe, and the Company is hopeful that at least one opportunity will be undertaken prior to the end of this calendar year.

With M&A a key global growth opportunity for Straker Translations, and a successful track record to date, the Company continues to seek opportunities, while making sure they are aligned to its growth strategy and are earnings and value accretive for shareholders.

## Reducing cash outflows and strong capital position supporting growth

Straker Translations' unaudited cash collections were up 15% to NZ\$7.3 million for the quarter (Q2 FY2019: NZ\$6.4 million). Cash collections were 19% higher than Q1 FY2020 due to the timing of customer payments from projects that closed in late June.

Operating net cash outflow for the quarter of NZ\$(0.3) million, compared to an outflow of NZ\$(0.8) million in Q2 FY2019. This reflected increased collections from the underlying business and contribution from the recent On-Global acquisition. It should also be noted, that \$0.27 million of operating costs in Q2 FY2020 related to re-structuring the business as a result of integrating acquisitions, and without these costs the Company would have been close to cash breakeven for the quarter.

Straker Translations continued to increase its investment in platform and technology development, with NZ\$0.5 million invested in capital development during the quarter.

After a small positive foreign exchange revaluation of NZ\$0.2 million, the business closed Q2 FY2020 with a cash balance of NZ\$14.0 million, and no debt, supporting the Company in continuing to progress its successful growth strategy.

## H1 FY2020 – Results release and investor conference call

Straker Translations intends to release its H1 FY2020 results prior to market open on 22 November 2019. Grant Straker (CEO & Co-founder) and Haydn Marks (CFO) will host an investor conference call regarding the Company's H1 results on the day, at 9:30am AEDT/11:30am NZDT.

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

<https://s1.c-conf.com/diamondpass/straker-10002545-invite.html>

Alternatively, at the time of the call, dial your respective local number below and provide the conference ID 10002545 to the operator:

AUSTRALIA TOLL/INTERNATIONAL	+61 2 9007 3187
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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](http://www.strakertranslations.com)