

## 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 2020
<b>PREVIOUS PERIOD:</b>	FOR THE YEAR ENDED 31 MARCH 2019

### RESULTS FOR ANNOUNCEMENT TO THE MARKET

Straker Translations Limited (Straker), a New Zealand incorporated company, is pleased to provide this Preliminary Final Report for its financial year ended 31 March 2020.

#### Statutory Results Summary

				NZ\$ '000
Revenue from ordinary activities	Up	13%	to	27,736
Loss before tax	Down	40%	to	(2,712)
Loss after tax attributable to members	Down	42%	to	(2,522)

#### Commentary on results for the reporting period

The Company's financial results for the 12 months ended 31 March 2020 (FY20) reflect the strategic targeting of sales of more translation services to Enterprise customers, as well as its expansion into the Media market through its previous acquisition of COM Translations Online SL and launch of the RAY Media platform.

Revenue was up 13% year-on-year to NZ\$27.7 million, reflecting growth from both Enterprise customers in EMEA and the Media business, and from part-year revenues from acquisitions completed in FY20.

Gross margin, which included Media business, was up 0.2% to 54.8% against the previous reporting period. The translation related gross margin, excluding Media work, was up 0.5% year-on-year to 55.2%, driven by the operating leverage gained through Straker's world-class RAY Artificial Intelligence (Ai) platform. On a dollar basis, gross margin was up 13% year-on-year to NZ\$15.2 million.

Operating costs of NZ\$17.6 million were up 23% on FY19 due to the cost base brought on from acquired businesses, increases in depreciation and amortisation costs (excluding customer relationship assets), business re-structuring costs to lower the future cost base, additional compliance costs and other expenses related to growing the business.

The higher revenue and margin, combined with an increase in operating costs, produced a loss from trading operations before amortisation of acquired intangibles, acquisition and integration costs and impairment of intangible assets of NZ\$(2.4) million; an increase on the FY19 comparable loss of NZ\$(0.8) million.

On a non-IFRS financial performance basis<sup>1</sup>, Straker produced an Adjusted EBITDA<sup>1</sup> loss of NZ\$(0.58) million, an increase of NZ\$(0.4) million on FY19. The change reflected the Company's shift in strategic focus to attract Enterprise customers, while investing in research and development to expand its footprint in the Media industry and bearing the additional costs of being a listed company, offset by the effects of the new IFRS 16 lease standard.

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

The Company impaired \$0.8 million of goodwill related to the Group's subsidiary, Elanex, as a result of a current banking customer closing its investment banking arm, which Straker provided translation services for, as well as the likely impacts of COVID-19 on this part of the business.

The loss before income tax was NZ\$(\$2.7) million, which was a 40% improvement on the FY19 loss of NZ\$(\$4.5) million.

The Company's Adjusted EBIT<sup>1</sup>, after adjusting for the impact of the impairment of intangible assets, acquisition and integration costs, amortisation of acquired intangibles and re-structuring costs, was NZ\$(1.8) million, which was up 199% on FY19.

The loss after income tax from continuing operations was NZ\$(2.5) million, which was a \$1.8 million improvement on FY19.

Operating cash outflow for the year was NZ\$(1.6) million, which was up 55% on FY19 due to the operating performance, increased re-structuring costs, offset by improvements in the working capital position.

The Company is in a strong position to weather the effects of COVID-19, support organic growth and deliver on its M&A strategy, with NZ\$11.2 million cash at bank and no debt as at 31 March 2020, other than the deferred and contingent consideration in respect of acquisitions and lease liabilities recognised under IFRS 16. Refer to note 2(c)(i) of the consolidated financial statements for Management's assessment of the impact of the COVID-19 pandemic.

Basic earnings per share has improved by 56% from a loss of (10.95c) per share to a loss of (4.77c) per share. Diluted earnings per share has improved by 40% from a loss of (7.87c) per share to a loss of (4.73c) per share. Certain share options have a dilutive effect on earnings per share.

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

	FY-20	FY-19
<b>Adjusted EBITDA</b>	<b>(0.58)</b>	<b>(0.16)</b>
Acquisition expenses	(0.77)	(0.59)
Non-operating expenses	(0.53)	(2.12)
<b>EBITDA</b>	<b>(1.89)</b>	<b>(2.88)</b>
Depreciation & amortisation	(1.26)	(0.46)
Amortisation of acquired intangibles	(1.15)	(0.68)
Impairment of Intangible assets	(0.80)	-
<b>Operating loss before net finance income</b>	<b>(5.10)</b>	<b>(4.02)</b>

	FY-20	FY-19
<b>Operating loss before net finance income</b>	<b>(5.10)</b>	<b>(4.02)</b>
Acquisition expenses	0.77	0.59
Non-operating expenses	0.53	2.12
Amortisation of acquired intangibles	1.15	0.68
Impairment of intangible assets	0.80	-
<b>Adjusted EBIT</b>	<b>(1.84)</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.

	2019		%		2020
	NZ\$'000		change		NZ\$'000
Revenue from continuing operations	24,594	Up	12.8	% to	<b>27,736</b>
Loss after income tax from continuing operations	(4,329)	Down	41.7	% to	<b>(2,522)</b>
The Group had no discontinued operations					
Net loss for the period attributable to members	(4,329)	Down	41.7	% to	<b>(2,522)</b>

### Dividends per Share

	Amount per share	Franked amount per share at ...% tax
Final	0 Cents	0 Cents
Interim	0 Cents	0 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 decrease in the loss after tax of NZ\$(1.8) million includes changes in the following expenses:

	2019	2020
	NZ\$'000	NZ\$'000
Net Investment in R&D	(1,088)	(1,280)
Listed company costs	(284)	(829)
Re-structuring costs	(118)	(497)
Depreciation and amortisation	(410)	(694)
Net Foreign exchange variances	(874)	1,958
IPO costs	(1,953)	-
Impairment of Intangible assets	-	(799)
Acquisition and integration of subsidiaries costs	(593)	(772)
Amortisation of acquired intangibles	(682)	(1,155)

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

	2019	2020
	\$	\$
Net tangible assets per ordinary share	0.31	0.19

## Control Gained Over Entities During the Period

Name of entity	<i>On Global Language Services Centre SL</i>	<i>The New Zealand Translation Centre Limited</i>
	\$'000	\$'000
Date control acquired, i.e. date from which profit/(loss) has been calculated	1 Jun 2019	1 Feb 2020
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\$85	NZ\$ 222

## 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 audited financial statements for the year ended 31 March 2020, which contains:

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