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ASX and MEDIA RELEASE **29th April 2021**

STRAKER REPORTS A QUARTER OF CONTINUED GROWTH

Q4 FY2021 HIGHLIGHTS[1]:

- Unaudited revenue of $9.0m for the March Qtr 2021 up 19% sequentially versus Dec Qtr (21% in constant currency[2]);
- Unaudited revenue for FY21 rose 13% to $31.3 million from $27.7 million in the same period a year ago (15% in constant currency). On a proforma basis[3] unaudited revenue exceeds $41 million for FY21;
- Lingotek acquisition contributed $1.9 million in the first two months since acquisition;
- New SaaS win with Panasonic signing up to the Lingotek-Straker SaaS platform in Q4;
- IBM strategic alliance goes live, driving a surge in translation and product development activity and ramping up as expected;
- Revenue growth moderated by the seasonal slowdown and European COVID-19 lockdowns, but a rebound became apparent in March and continues into current Quarter;
- Gross margins improved to 57.8% in Q4, helped by Lingotek SaaS revenue (42% of Lingotek revenue), while the integration of RAY platform in H2 FY22 promises further margin improvements;
- Operating cash inflow of $18k for the quarter, slightly down from a $40K inflow in the third quarter; and
- Net Outflow of cash of $313k for the quarter, with cash reserves of $7.175 million.

Auckland, New Zealand – Straker Translations (ASX: STG), a leading technology-driven translations provider today reports strong progress towards the realisation of the opportunities emerging from its recent acquisition of the US-based Lingotek and the strategic alliance with IBM.

For the March Quarter Straker reports unaudited revenue of $9.0 million, up 18% on the $7.6 million of the same period a year ago.

The gains reflect a two-month $1.9 million contribution from Lingotek, of which 42% is software as a service (SaaS) revenue. It also reflects a ramp up in content delivered to IBM as part of the strategic alliance that went live at the start of the quarter. However, the gains were offset by the traditional

[1] All figures are in NZ$
[2] Constant currency comparisons are based on average exchange rates for the corresponding prior period.
[3] Includes Lingotek revenue for the year to the end of March 2021.

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seasonal holiday slowdown in January and the impact of renewed COVID-19 lockdowns in Europe. A rebound in sales became apparent in March and continues into the current Quarter.

Unaudited total revenue for the 2021 financial year was $31.3 million, a 13% improvement on the prior year's $27.7 million. Including a full year contribution from Lingotek, unaudited proforma revenues have risen to $41.2 million, a 49% improvement on the prior year.

In addition to the Lingotek and IBM gains the increase in annual revenue also reflects the contributions of Wellington's NZTC, acquired last year, and a growing recognition among enterprise customers of Straker's global reach and the benefits of its Ai-Powered RAY translation platform.

The increase in revenue has been accompanied by strong improvements in gross margins for the quarter to 57.8%, with the high-margin Lingotek SaaS revenue making a strong contribution to the uplift. SaaS revenue now represents ~12% of total proforma revenue and increasing SaaS revenue contribution in the future is a key priority for Straker. The ongoing integration of Ai-Powered RAY into NZTC as well as a continued focus on managing costs also contributed.

CEO and Co-Founder Grant Straker said: "After the intense activity of the third quarter, a period when we negotiated the IBM alliance and the Lingotek acquisition, we have turned our focus onto executing on the enormous opportunities that have emerged from these transformational agreements.

"We are seeing a significant ramp up in content delivered to IBM since the alliance went live in January. March content volumes are 60% ahead of the content we delivered to IBM in February and we have seen no letup in this growth since the end of the quarter. We expect the positive revenue impact from the IBM alliance to become more apparent in the current and future Quarters.

"The alliance has validated the advantages of our technology with a globally significant user of translation services. The partnership with IBM – a leader in AI technologies – will also drive the evolution of the RAY platform and extend our leadership in the translation sector.

"Meanwhile, Lingotek is delivering on our expectations. It significantly builds out our presence in the US and adds more than $11 million in incremental annual revenue. It establishes new relationships with multi-national enterprises such as Oracle, Nike and Acquia, all of whom are major consumers of translation services.

"During the quarter, our confidence in the business was further validated as we won Panasonic as a subscription translation customer in Europe. We have begun to integrate our Ai-Powered RAY platform into Lingotek and expect this to further drive margin improvements in the second half of the current financial year.

Research and development

With the completion of the IBM alliance and the Lingotek acquisition, the team pivoted in the fourth quarter to development work that links Lingotek connectors and IBM's systems with the RAY platform.

With IBM the first step has been to develop an application programming interface (API) that allows IBM to directly link its systems to the RAY platform, ensuring that a multitude of IBM applications involved in translations work seamlessly with RAY. The API is the first stage in the work programme which over the longer term will seek to put all IBM translations through the RAY translation API.

A key rationale for the Lingotek acquisition was its broad suite of translation connectors. The development team is now turning its focus to making sure these connectors can interface with the RAY platform, giving customers the choice to transition to RAY or continue to use Lingotek's own translation management system.

Finally, we are also turning our attention to investing in building more SaaS features in the RAY platform. The aim is to offer our customers the benefits that come from subscription translation services, including high value features such as advanced connectors and our validation platform which is a high demand premium feature.

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Cash flows and funding

Total cash outflow for the quarter was $313K bringing total cash outflow for the year to $3.6 million. This represents a significant improvement on the prior year's cash outflow of $6.4 million.

The outcome reflected a continued resilient operating performance in the face of the challenges of adverse currency movements and the COVID-19 pandemic.

Operating cash inflows for the quarter were $18K. A pleasing result considering an increase in expenditure to support the roll-out of IBM. This compares with the $40k positive operating cashflow in the third quarter and the outflow of $44k in the second quarter.

The improvement reflected the ongoing benefits that come from the synergies of recent acquisitions, tighter management of creditors and a resilient performance across the group's broader operations.

Financing cashflows benefited from an $8 million loan from shareholders to fund the Lingotek acquisition. Investing cashflows included $7.2 million to acquire Lingotek.

Cash reserves at the end of the period stood at $7.2 million down slightly on the $7.3 million at the end of the third quarter and $7.7 million at the end of the second.

"We are looking back on the last quarter of the 2021 financial year with considerable satisfaction," Mr Straker said.

"We have begun to take steps towards the vision we have for both IBM and Lingotek and we are seeing that vision being validated through the onboarding of new customers at Lingotek and the rapidly growing demand for our solutions we are seeing from IBM,

"At the same time the broader Straker Translations family of operations continues to perform, facing up to the ongoing challenges of COVID-19 and leveraging our technological leadership to take advantage of the ongoing transformation of the global translation sector.

"We look forward to providing a further update when we release our audited financial results for the year to 31 March 2021 in May."

Related party transactions

An amount of NZ$99,000 was paid to Directors in fees during Q4 FY2021, NZ$18,000 was paid to a Director in relation to consulting services provided. A further NZ$24,000 was paid to an entity associated with a Director, as part of a commitment fee for a loan facility taken out in Q4 FY2021 plus interest of $37,000.

Zoom Presentation

Straker management will host a Zoom presentation including a Q&A session on this quarterly cashflow update.

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When: Apr 29, 2021 01:00 PM Canberra, Melbourne, Sydney

Topic: Straker Translations (STG) 4C - Q4FY21

Register in advance for this webinar:

https://us02web.zoom.us/webinar/register/WN_nvHec0tvSnuHeqhs24TnBg

After registering, you will receive a confirmation email containing information about joining the webinar.

Authorisation
This announcement has been authorised for release by the Board of Straker Translations Limited.

Investor Newsletter
Straker Translations has a periodic investor newsletter covering the latest news and events for investors. You can sign up for the newsletter on the investor section of our website

https://www.strakertranslations.com/about-us/investors/investor-sign-up/

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About Straker Translations
Based in New Zealand, Straker Translations has established itself as a world leading AI data SaaS and services 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 cash flow report for entities subject to Listing Rule 4.7B

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Name of entity	
Straker Translations Limited	
ABN	**Quarter ended ("current quarter")**
628 707 399	Q4 31 March 2021

Consolidated statement of cash flows	Current quarter $NZD'000	Year to date (12 months) $NZD'000
1. Cash flows from operating activities		
1.1 Receipts from customers	9,014	31,444
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(3,638)	(15,084)
(c) advertising and marketing	(211)	(784)
(d) leased assets	(7)	(20)
(e) staff costs	(3,877)	(12,015)
(f) administration and corporate costs	(1,048)	(3,768)
1.3 Dividends received (see note 3)		
1.4 Interest received	6	19
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid		
1.7 Government grants and tax incentives	32	403
1.8 Other (provide details if material)		
Acquisition/integration payments	(253)	(509)
1.9 Net cash from / (used in) operating activities	**18**	**(314)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	(7,202)	(7,202)
	(c) property, plant and equipment	(132)	(226)
	(d) investments		
	(e) intellectual property	(567)	(1,497)
	(f) other non-current assets		
2.2	Proceeds from disposal of:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment	29	29
	(d) investments		
	(e) intellectual property		
	(f) 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)		
2.6	**Net cash from / (used in) investing activities**	**(7,872)**	**(8,896)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options	35	124
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(11)	(51)
3.5	Proceeds from borrowings	8,000	8,400
3.6	Repayment of borrowings	(30)	(1,937)
3.7	Transaction costs related to loans and borrowings	(328)	(444)
3.8	Dividends paid		
3.9	Other (provide details if material)		
	Lease Payments	(125)	(462)
3.10	**Net cash from / (used in) financing activities**	**7,541**	**5,630**

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4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	7,335	11,228
4.2	Net cash from / (used in) operating activities (item 1.9 above)	18	(314)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(7,872)	(8,896)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	7,541	5,630
4.5	Effect of movement in exchange rates on cash held	153	(473)
4.6	**Cash and cash equivalents at end of period**	**7,175**	**7,175**

5.	**Reconciliation of cash and cash equivalents** at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	**Current quarter $NZD'000**	**Previous quarter $NZD'000**
5.1	Bank balances	7,175	7,317
5.2	Call deposits	-	18
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**7,175**	**7,335**

6.	**Payments to related parties of the entity and their associates**	**Current quarter $NZD'000**
6.1	Aggregate amount of payments to related parties and their associates included in item 1	117
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

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7. Financing facilities *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	Total facility amount at quarter end $NZD'000	Amount drawn at quarter end $NZD'000
7.1 Loan facilities	8,400	8,400
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	**8,400**	**8,400**

7.5 Unused financing facilities available at quarter end	**-**

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

1) NZ$400k unsecured NZ government loan for up to 10 years to support planned R&D activity, interest free if paid back within the first year, otherwise 3% p.a.
2) The following loan facilities were entered into in January 2021 to help fund the acquisition of Lingotek Inc.:
i) A secured simple 12 month term facility of NZ$6.5m provided by a syndicate of high-net-worth investors, with an interest rate of 10.5% p.a.;
ii) A unsecured simple 12 month term facility of NZ$1.5m provided by an entity associated with Steve Donovan, a Straker non-executive director, with an interest rate of 11.50% p.a.

8. Estimated cash available for future operating activities		$NZD'000
8.1	Net cash from / (used in) operating activities (Item 1.9)	18
8.2	Cash and cash equivalents at quarter end (Item 4.6)	7,175
8.3	Unused finance facilities available at quarter end (Item 7.5)	-
8.4	Total available funding (Item 8.2 + Item 8.3)	7,175
8.5	**Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**	N/A

Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

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Compliance statement

1. This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2. This statement gives a true and fair view of the matters disclosed.

Date: 29-Apr-21

Authorised by: By the Board
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow 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 cash flow 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.

3. 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.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

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