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ASX and MEDIA RELEASE **25 November 2021**

RESULTS FOR THE SIX MONTHS TO 30 SEPTEMBER 2021

"Straker ups pace toward aspirational $100m Revenue target as business model begins to scale"

HALF YEAR FINANCIAL HIGHLIGHTS*

- Revenue rises 57.6% to a record $23.3 million, with acquisitions and organic growth adding annualised revenue of $17.0 million compared to 1HFY21
- Organic growth in constant currency accelerated to 27% vs 2HFY21
- Gross profit rises 73% to 13.1 million from $7.5 million. Gross Margins rise to 56% of revenue from 51% lifted by high-margin Software as a Service (SaaS) revenue from Lingotek and efficiencies from the Straker's RAY translation platform
- Strong balance sheet with cash on hand of $18.2 million and no debt
- FY22 guidance reaffirmed for revenue of greater than $50 million, an improvement of more than 60% year on year, and an increase in Gross Margin.

**Unless otherwise stated, all figures are in NZ$ and all comparative figures refer to the same period in the prior financial year.*

HALF YEAR OPERATING HIGHLIGHTS:

- Quantum of work delivered under IBM strategic translations contract ahead of expectations, now running at more than 10 million words a month across 90 languages, from 1 million words in January
- Integration of Lingotek progressing well
- Business scaled and has invested ahead of the curve to support revenue materially higher than the $50m current forecast.
- Technology team achieves ISO27001 information security certification and links Straker's systems with IBMs delivering operating efficiencies
- Advanced discussions with several potential bolt on acquisitions continue as Straker continues to drive the disruption and the consolidation of the localisation industry

Auckland, New Zealand – Straker Translations (ASX: STG), the leading AI technology-driven translations provider, today reports strong growth in revenue for the six months to September 30, 2021.

FINANCIAL RESULTS

Revenue for the half year to 30 September 2021 increased 57.6% to a record $23.3 million from $14.8 million at the same time a year ago.

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The increase was driven by the contribution of recent acquisitions, most notably the US-based translation provider Lingotek, and the benefits accruing from the strategic translation alliance with IBM struck in the second half of the prior financial year.

Gross profit rose to $13.1 million from $7.6 million representing 56% of revenue, up from 51% in pcp. The 500bp increase in margin reflects the scale benefits that come from Straker's RAY platform and the contribution of high-margin SaaS revenue from Lingotek.

Adjusted EBITDA was ($1 million) down from $0.04 million profit. This is due to the upfront investment made to meet the needs of the rapidly scaling IBM business and the scaling up our sales and marketing efforts to focus on further organic growth opportunities.

The company retains a strong balance sheet following the A$25 million highly successful capital raise in Q1. Cash reserves at Sept 30 were $18.2 million down from the $22.1 million at the end of the first quarter and $7.7 million at the same time a year ago. Straker is debt free.

STRATEGIC UPDATE

Straker Translations Chair Phil Norman said: "Straker's strategy to drive growth by gaining a greater share of the localisation spend from its broad network of global enterprise relationships and via acquisition is delivering strong results. We have grown our revenue rapidly as we have delivered on our strategy to be the technology led change maker in the global localisation sector.

"Our focus for the remainder of FY22 is to continue to drive organic growth particularly among the large enterprises that operate across multiple borders, increase our share of the translation spend among our existing customer base and leverage our technological leadership, strong balance sheet and global reach to drive sector consolidation."

Chief Executive and Co-Founder Grant Straker said: "I am immensely proud of our achievements in the last half year. The transformational deals we struck in the second half of the prior financial year – the acquisition of the US-based Lingotek and the strategic translation contract win with IBM – set us up for continued strong growth.

Practically, the agreements have driven a strong increase in group revenue, helped improve margins materially and have positioned us well to drive towards our target of $100 million in revenue.

"Indeed, compared to 1HFY21 we have added additional annualised revenues of $17 million driving us towards our full-year revenue guidance of $50 million.

"Since the start of the year translation volumes through our platform have surged. IBM content is now running at more than 10 million words a month up from 1 million in January and is ahead of expectations. We are also delivering translations in 90 different

languages up from just two in January and the 55 envisaged when we set this contract in motion.

"We have also delivered on our service commitments to IBM, with more than 80% of IBM's translation requests now being delivered directly to our systems.

"Our acquisition of Lingotek is delivering on the promise we saw. It has grown organically, with its revenue for the half year period up nearly 10% vs pcp when it was under different ownership. Lingotek has benefitted from new SaaS wins including the global electronics giant Panasonic, while also renewing its contract with the sports good giant Nike.

"In addition to consolidating our position in North America, Lingotek's translation connector technologies, which will allow translations to be delivered directly into customers' systems, and its SaaS capabilities offer significant latent value to Straker that we will continue to develop over the coming year.

"We have made good progress integrating the Lingotek and Straker teams. We are taking the best from both companies, delivering service improvements to all our customers.

"Aligned with our strategy to gain a greater share of our customers' translation spend and our focus on large enterprise customers, we are putting in place new sales and marketing strategies to drive deeper engagement with existing customers and build enduring relationships with new customers.

"We now believe we are at a scale to generate increasing sales with improving operating leverage having staffed key areas of the business to enable delivery of materially higher level of revenue.

"We are seeing a growing sales pipeline and are enjoying deeper engagement with new and prospective customers.

"These efforts have been bolstered by our success with IBM, which has validated the advantages of our technology and our transnational reach with a globally significant customer and a leader in AI technologies.

"The new enterprise approach means we must accept a longer sales cycle. But the potential value creation, as the IBM contract demonstrated, is significantly larger. Straker is in commercial discussions with a number of Enterprise clients at various stages of progress and we are hopeful of reporting the successes of these strategies in the coming quarters.

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RESEARCH AND DEVELOPMENT

"As we mentioned in our Quarterly update, our R&D team remain focussed on further integrating with IBM's systems and linking Lingotek's powerful suite of translation connectors with the RAY platform.

"The application programming interface (API) that allows IBM to directly link its systems to the RAY platform was deployed in October, replacing a patch work of legacy systems. The API has significantly accelerated the speed and efficiency of IBM translations, further contributing to margin improvements and service responsiveness.

"Our focus is now on increasing the automation of the workflow from IBM through to the RAY platform. A key aim is to bring our artificial intelligence capabilities to bear on tasks such as the selection of the best translators to correct initial machine translations.

"We have also deployed the first Lingotek translation connector that will give customers the choice to either link with the Ray translation platform or continue to use Lingotek's platform. This connector, for website software WordPress, is working well and we are now turning our attention to other connectors such as those that connect our clients' CRM and e-commerce platforms.

"We also continue work on building SaaS functionality into the RAY platform. The aim continues to be to offer our customers the benefits that come from subscription translation services, including high value features such as advanced connectors and our validation platform.

"Finally, during the half year our information infrastructure received the ISO27001 certification, the gold standard for information security. This accreditation is pivotal to our success in securing the support of the global enterprise customers we are targeting."

OUTLOOK

Straker is well positioned to continue its growth strategy. "We have market leading technology, a global footprint and offer our customers opportunities to automate and consolidate their global translation requirements with a single provider delivering significant productivity benefits and cost savings," Mr Straker said.

"Our successes with large enterprises such as IBM are providing a high-profile validation of these capabilities. We are confident that IBM's endorsement will, over time, bring more large enterprise accounts to Straker, especially as our new sales and marketing strategy gains traction, and power our organic growth.

"The US$55 billion localisation market in which we operate is highly fragmented with over 20,000 providers, the majority of which rely on outdated and cumbersome manual processing of translations. The sector is therefore ripe for the disruption our RAY platform delivers as well as consolidation.

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"With our strong balance sheet, we believe we can continue to be a change maker in the sector based on our strict valuation criteria. We continue to explore bolt-on acquisitions that will benefit from our technologies, extend our reach into key markets establish relationships with new global enterprise customers and offer opportunities to improve profitability under Straker ownership.

"We believe we are on track to deliver on our aspirational target of $100 million. We reaffirm our forecast for FY2022 Revenue to exceed $50 million with a Gross Margin exceeding the 53.4% recorded in the FY2021 year."

EARNINGS WEBINAR

Straker's H1 FY22 earnings webinar at 1.00pm AEDT/3:00pm NZDT on 25 November can be accessed by pre-registering at:

https://us02web.zoom.us/webinar/register/WN_h6Yq75ufTs2mzht_e-el2A

After registering, you will receive a confirmation email containing information about joining the webinar. Investors must pre-register to participate.

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

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About Straker Translations
Based in New Zealand Straker provides next generation language services supported by a state-of-the-art technology stack and robust AI layer to clients around the world. By combining the latest available technologies with linguistic expertise, Straker's solutions are scalable, cost-effective, and accurate. Through technical innovation and data analytics, Straker is a proven partner in future-proofing global communications.

For more information visit: www.strakertranslations.com