

31 May 2022

ASX RELEASE

AUDITED FINANCIAL RESULTS FOR THE YEAR TO 31 MARCH 2022

Straker delivers on strategy as FY22 revenue grows 78.5%

AUCKLAND, 31 May 2022 – Straker Translations (ASX: STG) today reports its results for the 2022 financial year showing an acceleration in momentum as its reputation as a globally capable technology-led translations partner has grown.

Today, after announcing its second consecutive quarter of positive Adjusted EBITDA, Straker is looking to extend that record of earnings accretive growth by continuing to execute on its strategy of gaining a greater share of the localisation spend from its broad network of global enterprise relationships and bringing new customers to the business.

HIGHLIGHTS¹

- Revenue rises 78.5% to \$55.9 million from \$31.3 million in the prior year lifted by strong organic growth and acquisitions and ahead of guidance
- Adjusted EBITDA profit of \$1.2 million for the second half of the financial year, positive \$0.2 million for the full year, compared to a \$0.2 million loss in the prior year
- Strong balance sheet, with cash of \$15.1 million and no debt following A\$25 million capital raising in Q1 FY2022
- Acquired Belgium's IDEST Communication, a company specialising in translations for international institutions
- Translation volumes from the IBM strategic partnership continue to grow in-line with expectations, system integration mostly completed and new partnership opportunities developing
- Strong enterprise pipeline driven by customers looking for technology-led solutions for localisation
- Forecasting revenue growth of 20% and positive Adjusted EBITDA for the year to 31 March 2023.

Grant Straker, Co-founder and Chief Executive said: "The 2022 financial year has been one of significant achievement, especially when considered against the ongoing professional and

¹ All figures are in NZ\$ unless stated.

personal challenges of the COVID-19 pandemic and the global economic disruption it has caused.

“We cemented our strategic alliance we struck with IBM towards the end of the prior financial year, and this has delivered a steady rise in translation volumes and revenue.

“The partnership has validated our ability to scale quickly to meet the demands of a global customer. It has also highlighted our global reach and technological capabilities with the myriad of global enterprises looking to consolidate their translation needs with a single provider.

“Our position was further strengthened in the third quarter of the financial year, when we acquired the Belgian-based IDEST Communication, a move that is aligned with our strategy to be a leader in the consolidation of the global translation sector.

“The acquisition has delivered relationships with key multilateral governance organisations such as the United Nations and the European Union and offers us the synergistic benefits that will come with the integration of our RAY Ai-powered translation platform.

“Meanwhile, the US-based Lingotek, acquired in the fourth quarter of the prior financial year, has made its first full year contribution to the group, and is delivering results ahead of expectations.

“Finally, we have continued to leverage our technological advantage, furthering our strategy to become the translation ecosystem of choice for global enterprises. Key achievements in the past year have included delivering on our service commitments to IBM, automating workflow and driving improvements in productivity.

“All of this has translated into improved financial performance,” Mr Straker said.

FINANCIAL PERFORMANCE

Annual revenue increased 78.5% to \$55.9 million from \$31.3 million in the same period a year ago, a result that was ahead of guidance for above \$50 million.

The increase reflected the strong organic growth particularly among the global enterprises that have the most to gain from the company's global reach and technological leadership.

Sales also benefited from new investment into sales and marketing and new strategies to drive deeper engagement with enterprise clients. These efforts assisted with key customer wins such as the global electronics giant Panasonic and the sports goods giant Nike.

Adjusted EBITDA turned positive in the second half of the year and delivered a full year result of positive \$0.2 million, an increase of 194% on the prior year's result of \$0.2 million adjusted EBITDA loss. The transition reflects Straker's determination to deliver profitable growth.

Gross profit rose to \$30.4 million from \$16.7 million, with gross margins for the year 54.3%, up on the prior year's 53.4%. The increase reflected the ongoing technology gains offset by dilution caused by lower margin revenue from IDEST before they are transitioned on to our platform and the onboarding of IBM.

Mr Straker said the company was determined to drive incremental productivity improvements, recognising that such changes can deliver a significant uplift in earnings, given the company's scale.

"We see immediate potential to drive margin improvements as we continue to integrate IDEST and other acquisitions and transition these businesses to the RAY translation platform," Mr Straker said.

Straker remains well funded. The company has seen a strong rise in operating cashflows to positive cash flows of \$1 million in the second half of the year. Our A\$25 million capital raising in the first quarter of the financial year further strengthened our balance sheet and we ended the year with cash and cash equivalents at \$15.1 million.

OUTLOOK

"Straker is well positioned for the new financial year to deliver on its strategic goals and establish the company as the translation ecosystem for global enterprises," Mr Straker said.

"With the easing of COVID-restrictions and the virus becoming endemic, we expect to convert the growing recognition of our global reach and capabilities into deeper engagement with existing customers and the conversion of this interest into further sales and increased revenues.

"The next three years present huge opportunities. We are targeting profitable revenue growth of 20% for the new financial year, with a gross margin exceeding the 54% recorded in the most recent financial year.

"We look forward to updating shareholders at our annual meeting in August."

For further detail on Straker's financial performance in the year to 31 March 2022 please refer to the company's Annual Report released to the ASX today and the management commentary on pages 24 to 31 in particular.

Zoom Presentation

Straker management will host a Zoom presentation including a Q&A session on the Company's FY22 results.

When: Tuesday May 31, 2022 11:00 AM Canberra, Melbourne, Sydney

Topic: Straker FY22 Full Year Results Presentation

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Register in advance for this webinar:

https://strakertranslations.zoom.us/webinar/register/WN_WI6oAjYUTN-wQP3QGQmxTQ

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.

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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

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