ASX ANNOUNCEMENT

28 August 2019

Chairman's Address to Annual Meeting on 28 August 2019

I am delighted to have this opportunity to address shareholders at the Company's first Annual Meeting since listing on the ASX in October 2018.

Straker has developed a language translation platform that has evolved over many years to become a world leader. Using sophisticated artificial intelligence technology to deliver translation services in multiple languages, the Company now has a global footprint in a market that is very large and which continues to grow.

The ASX listing was the highlight of FY19, setting the Company up for rapid international growth through the acquisition of net new capital of $16.8 million to fund the expansion of existing business operations, a programme of M&A activity, and the ongoing investment in its technology capability.

FY19 Financial Performance

On a pro-forma basis, the Company achieved its Prospectus forecasts for the 12 months ended 31 March 2019 with revenues for the year of $25.8 million, up 10.2% on FY18 and ahead of forecast by 3.7%.

The Adjusted EBITDA loss improved year-on-year by 69% to ($0.48 million). The EBIT loss also improved 34% year-on-year to ($1.4 million) (on an adjusted basis ($0.95 million)). Operating cash flow was up 31% on FY18.

On a statutory basis (which excludes the impact of the MSS, Eule and COM Translations acquisitions), revenues for the year ended 31 March 2019 were $24.6 million, up 44% on FY18 revenues of $17.1 million. The operating loss before acquisition and IPO costs improved 60% on FY18 to ($0.8 million). The operating loss before net finance income was ($4.02 million), which included the impact of the IPO, acquisition costs, amortisation of acquired intangibles and re-structuring costs.

The Company's strong performance in FY19 was driven by a combination of organic growth and the continued successful execution of its M&A programme, which saw MSS, Eule and COM Translations acquired during the year. All three of these companies are based in Europe, which is a current area of focus for the Company.

At year-end, the Company had $17.7 million in cash reserves and no other debt other than deferred consideration relating to acquisitions already made.

Growth Strategy

The Company has a five-point growth strategy:

- attracting new enterprise customers;
- increasing transactional revenue;
- integrating into key industry content platforms;
- increasing penetration of existing customers; and
- further acquisitions.

Organic Growth

Pursuit of this strategy has seen the Company's sales force increase to 20 people, all dedicated to achieving strong organic growth through expansion of the existing customer base, winning new business and integration with market-leading content platforms, such as Adobe, Magento and WordPress.

Geographically, Europe remains an immediate focus for the Company. The market is large and Straker now has substantial sales and production resources available for deployment across the region.

M&A Strategy

Straker operates in a highly fragmented industry characterised by a multitude of small, inefficient language service providers. This environment creates the opportunity for Straker to acquire such companies and quickly integrate them onto its RAY artificial intelligence translation platform, in so doing securing operating leverage that results in gross margin improvements.

The other key driver that underpins the Company's M&A strategy is the ability to secure key customer relationships that would otherwise be time consuming and expensive to acquire. The recent purchase of COM Translations by the Company is such an example, providing Straker with an entry point into the attractive audio-visual market.

Since balance date, Straker has completed the acquisition of On-Global Language Market S.L., a Spanish language services company based in the Basque Country. This acquisition strengthens the Company's position in the Spanish market and broadens Straker's presence in Spain to three cities (Barcelona, Madrid and Vitoria-Gasteiz).

The Company continues to engage in dialogue with M&A prospects and is currently in discussions with several language companies spread across Spain, the UK and the USA.

Leadership and Governance

The Company is fortunate to have an experienced and capable management team, most of whom are still based in New Zealand. This team is progressively being strengthened and enlarged as able managers join Straker from companies that have been acquired. This is having a particularly positive impact on the Company's European operations as a growing volume of business activity is centred in that region.

The management team is supported by an engaged Board with a diverse range of skills and experience, including M&A. I would like to express my thanks to my fellow Directors for their service during the past year and also record the Board's appreciation of management's efforts in a year where an IPO, three acquisitions and the achievement of Prospectus forecasts were all challenges accepted and successfully surmounted.

Technology Platform and Product Development

Straker's proprietary RAY technology platform is a key market differentiator for the Company and a vital, underpinning component of its growth programme.

The Company will continue to invest in platform enhancements, particularly in the area of machine learning, as such capability will enable the faster, more efficient processing of increasing volumes of business as Straker grows organically and by acquisition. So too will the investment in the Company's product roadmap accelerate, as integration, partnering and large customer opportunities arise.

Work volumes are already impressive. Last year, the Company translated a total of 52.4 million words and added a further 100 billion data points to the platform. Customers are expected to continue to seek faster, more sophisticated translation services as their requirements to serve global markets increase and the Company must be in a position to respond to these requirements with a fast, secure and scalable platform and product set.

Outlook

The Company's sales pipeline is stronger that it has ever been with new, larger corporate customers emerging as the business gains scale and brand recognition increases, albeit these more substantial deals take longer to close. As a result, organic growth is expected to remain strong.

Straker has now successfully concluded six M&A transactions over the last three years, demonstrating is capability to identify, close and then integrate these businesses into its own operations and secure operating leverage and gross margin improvements. All of these acquisitions have been in Europe and provide the Company with a prominent footprint in the European translation market that is now getting noticed and creating opportunities that would not have been available to the Company previously. M&A will remain a key element of Straker's growth strategy.

The Board is extremely pleased with the progress the Company has made since its listing on the ASX and I would particularly like to thank all staff for their untiring efforts. I would also like to thank

all shareholders for their support. The Directors are excited about the prospects for the business and look forward to you continuing the journey with us.

Phil Norman
Chairman

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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