



Appen Limited

Annual General Meeting

31 May 2019

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Chairman's welcome

Agenda

- Chairman's address
- CEO presentation
- Address from Nomination & Remuneration Chair
- Formal business and resolutions
- Morning tea

Board of directors

- Mr Chris Vonwiller Chairman
- Mr Bill Pulver Non-Executive Director
- Ms Robin Low Non-Executive Director
- Ms Deena Shiff Non-Executive Director
- Mr Mark Brayan Chief Executive Officer

Apology:

- Mr Steve Hasker Non-Executive Director

Chairman's address

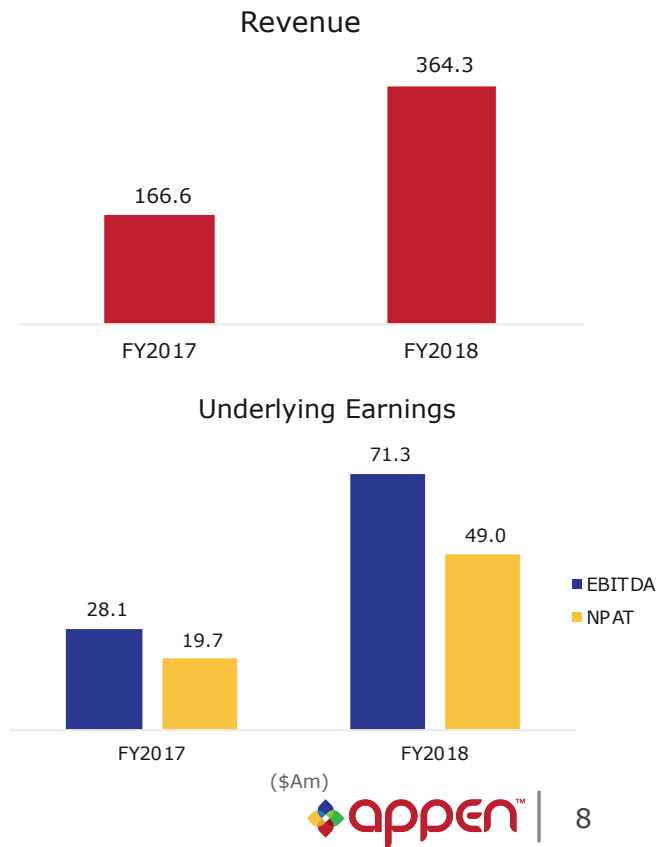
CEO's presentation

FY2018 highlights (A\$M)

Appen's strong growth continues

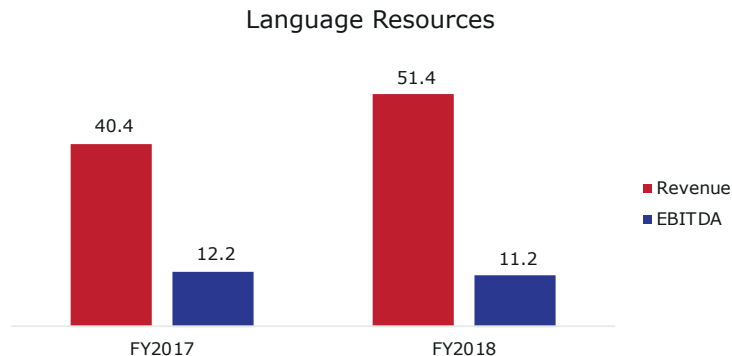
- Revenue up 119% to \$364.3M
- Underlying EBITDA of \$71.3M up 153%, statutory EBITDA up 206%¹
- Underlying EBITDA margins improved from 16.9% to 19.6%
- Underlying NPAT of \$49.0M up 148%, statutory NPAT of \$41.7M up 192%²
- Substantial 2H for Language Resources delivers record annual revenue
- High revenue growth and margin expansion for Content Relevance. Strong Q4 performance
- Leapforce integration virtually complete
- Strong cash conversion (92% of underlying EBITDA)
- Full year dividend of 8.0 cps, up 33% on 2018

1. Underlying EBITDA excludes transaction costs and share based payment expenses relating to the Leapforce acquisition.
2. Underlying NPAT excludes after tax impact of items relating to the Leapforce acquisition, including amortisation of identifiable assets, share based payment expenses in respect of contingent shares and transaction costs.



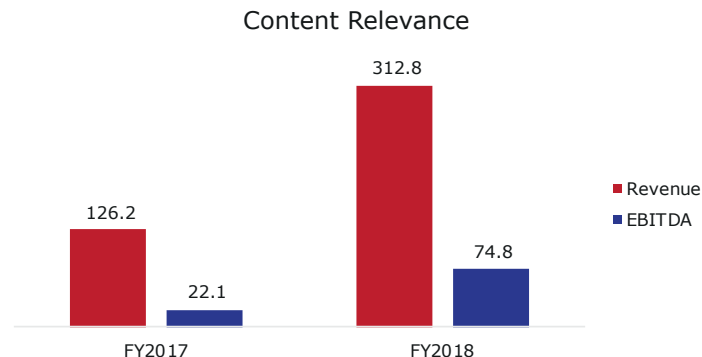
Strong divisional performance (A\$M)

Substantial 2H for Language Resource delivers record annual revenue



- Half on half revenue growth of 39%, from \$21.5M 1H to \$29.9M 2H, delivers record full year revenue result of \$51.4M, up 27% on FY2017
- Growth fueled by multiple tech sector projects
- Margins continue to be impacted by mix of work. Lower volumes of complex government work

High revenue growth and margin expansion for Content Relevance

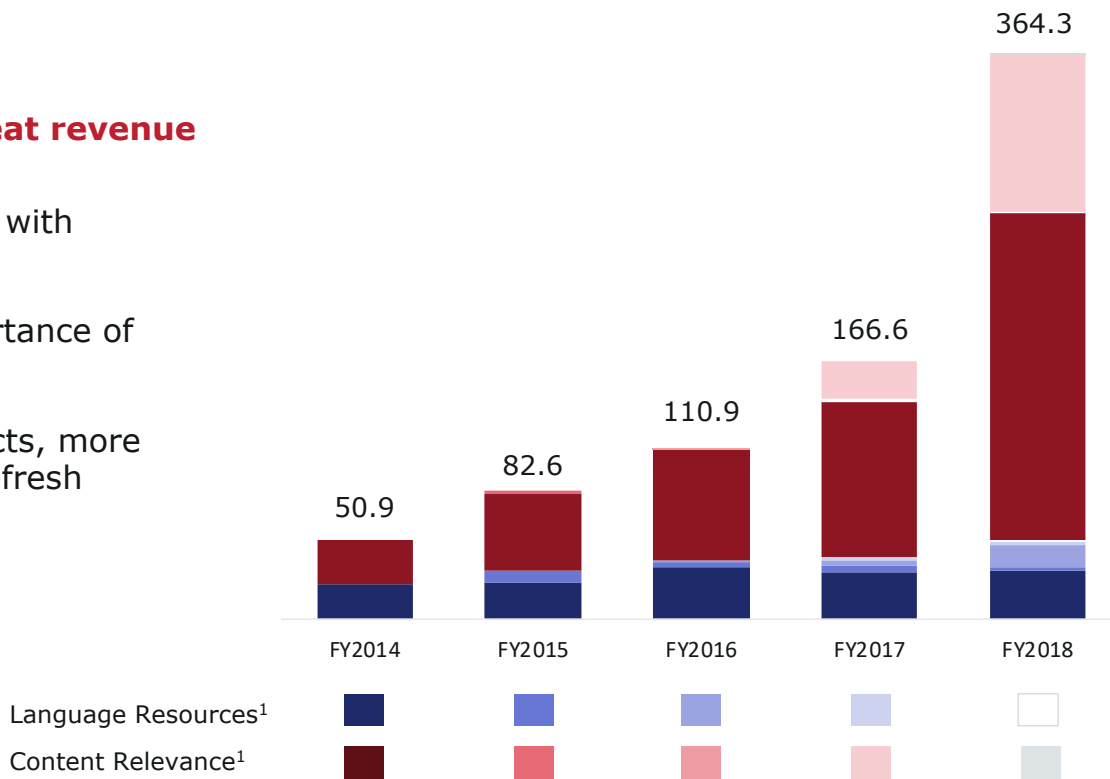


- Revenue growth of 148% driven by existing and new customer investments in AI
- Margin expansion from 17.6% to 23.9% from Leapforce and organic growth, and economies of scale
- Strong Q4 performance

High growth, long term customer relationships (A\$M)

Ongoing customer growth and repeat revenue

- New and existing customers growing with multiple projects
- Consistent growth underscores importance of data and quality of Appen's delivery
- Growth driven by data for new projects, more data for existing projects and data refresh



1. Chart shows revenue by customer cohort origination and successive revenue from those originating cohorts, for each division

Secure facilities

- Growing demand due to data privacy and commercial confidentiality
- Manila facility ISO 27001 certified
- Exeter facility ISO 27001, and ISO 9001 certified



Leapforce

- Integration virtually complete
- Increased automation and scalability for all operational processes under Appen Connect (prior Leapforce platform enhanced for all Appen projects)
- All Relevance projects now on Appen Connect
- Speech, Image and Video work on Appen Connect end Q2
- Efficiency savings of \$6M expected in 2019 from Leapforce integration



Additional growth initiatives

Customer-centric alignment

- LR and CR sales teams combined to unify customer engagement and support
- Operations teams combined under global Client Services team to improve scalability and quality of delivery
- Reporting to continue to be based on data type



China

- Largest AI market outside US
- Building out team, customer base and operations in Shanghai
- Providing Chinese language data to US customers
- Judicious investment
- 'Air gapped' tech and operations for data and IP security



Transformative acquisition



Leading global crowd

- Over 1m on-demand global crowd
- Covers 130 countries across 180 languages and dialects
- Delivered over 3 billion relevance data points and 500k hours of speech data
- Blue chip customer base, including eight of the world's top ten technology companies

Best in class SaaS platform

- Unique 'human-in-the-loop' platform capabilities transforming unstructured data into high quality training data
- 325m data points delivered in 2018
- Growing partner ecosystem with leading cloud providers including Google, Amazon, IBM and Microsoft
- Diversified customer base, including government contracts, providing recurring revenue

Integrated global data annotator

- Vertically integrated combination with global crowd solutions utilising advanced annotation platform
- Increased revenue growth, longer term margins and an accelerated path to sticky recurring revenues
- Optimal efficiency providing reliable and high quality data quickly
- End to end solution to serve growing need for labelled data

AI mimics human behaviour, typically two approaches

Humans provide the rules

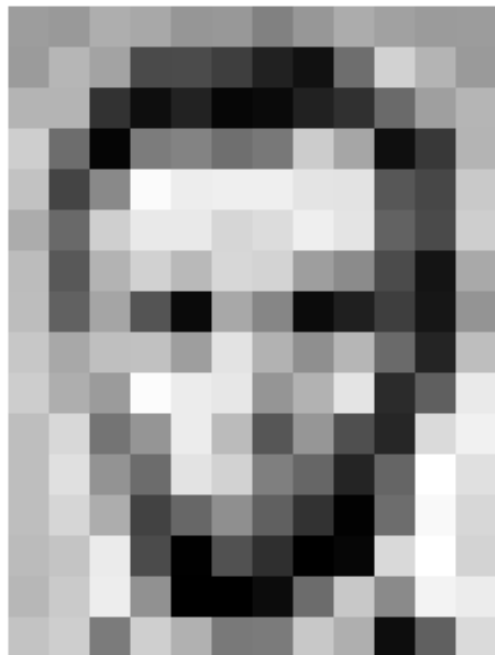


Humans provide examples



We support leading AI applications by providing 'examples' (aka training data)

To learn, computers are 'told' what data represents

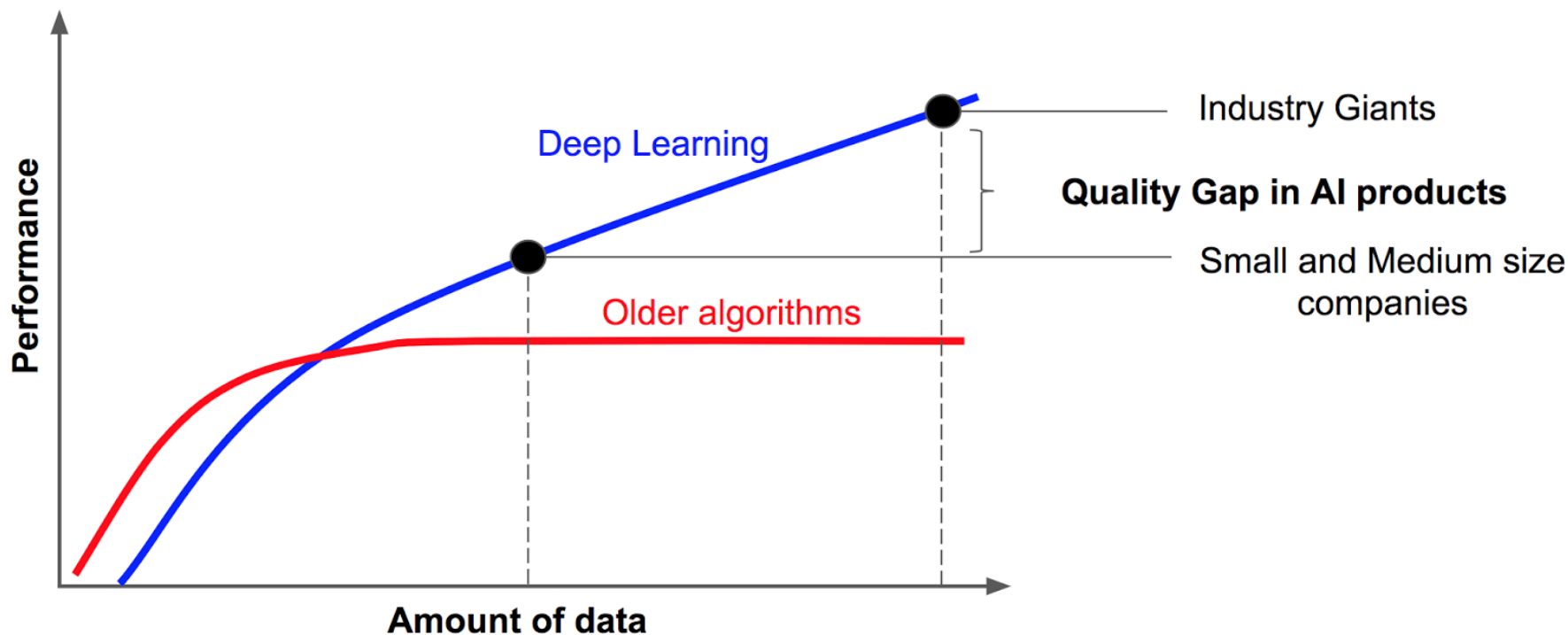


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155	182	163	74	75	62	33	17	110	210	180	154
180	180	50	14	34	6	10	33	48	106	159	181
206	109	5	124	131	111	120	204	166	15	56	180
194	68	137	251	237	239	239	228	227	87	71	201
172	106	207	233	233	214	220	239	228	98	74	206
188	88	179	209	185	215	211	158	139	75	20	169
189	97	165	84	10	168	134	11	31	62	22	148
199	168	191	193	158	227	178	143	182	106	36	190
205	174	155	252	236	231	149	178	228	43	95	234
190	216	116	149	236	187	85	150	79	38	218	241
190	224	147	108	227	210	127	102	36	101	255	224
190	214	173	66	103	143	96	50	2	109	249	215
187	196	235	75	1	81	47	0	6	217	255	211
183	202	237	145	0	0	12	108	200	138	243	236
195	206	123	207	177	121	123	200	175	13	96	218

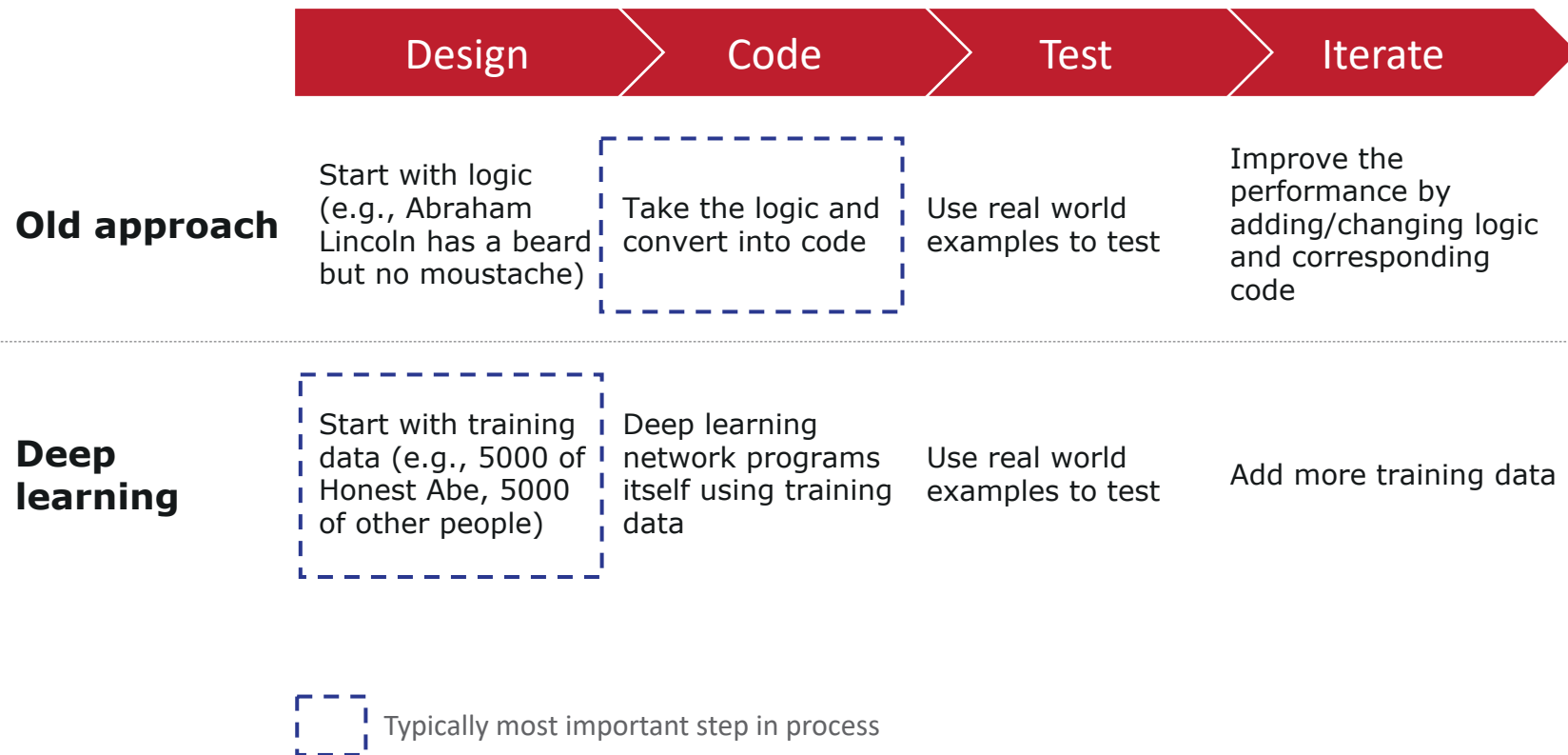
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This sequence of numbers is
an image of Abraham Lincoln

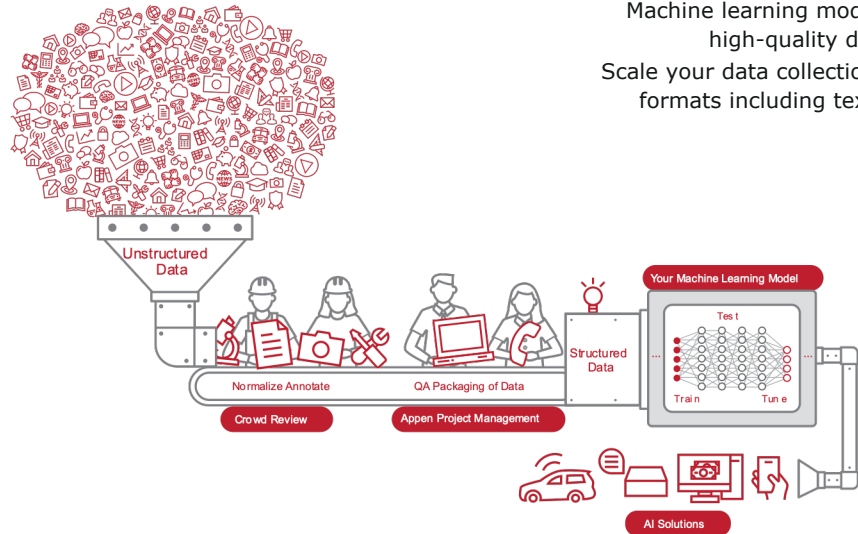
More training data = better performance



Training data is the 'product' when it comes to AI



Appen provides high-quality AI training data



Data Collection

Machine learning models require large volumes of high-quality data to be trained effectively. Scale your data collection efforts across multiple file formats including text, image, video and speech.



Data Annotation

Annotated data enables richer and more valuable machine learning-based products. Appen's curated crowd allows you to get the high-quality data you need to develop better products for your customers.

We focus on three main data types

Relevance

- Enhance on-site search, categorization, personalization and more
- Use cases include search, social media and eCommerce



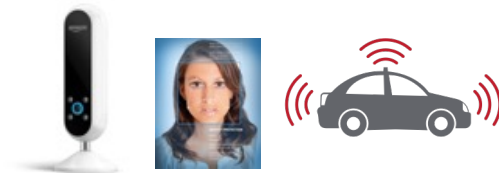
Speech & Natural Language

- Data for speech recognition, speech synthesis and natural language understanding
- Used for personal assistants, chatbots and in-vehicle speech systems



Image & Video

- Data collection and annotation for computer vision
- Use cases include driverless vehicles, surveillance, medical image diagnosis, etc.



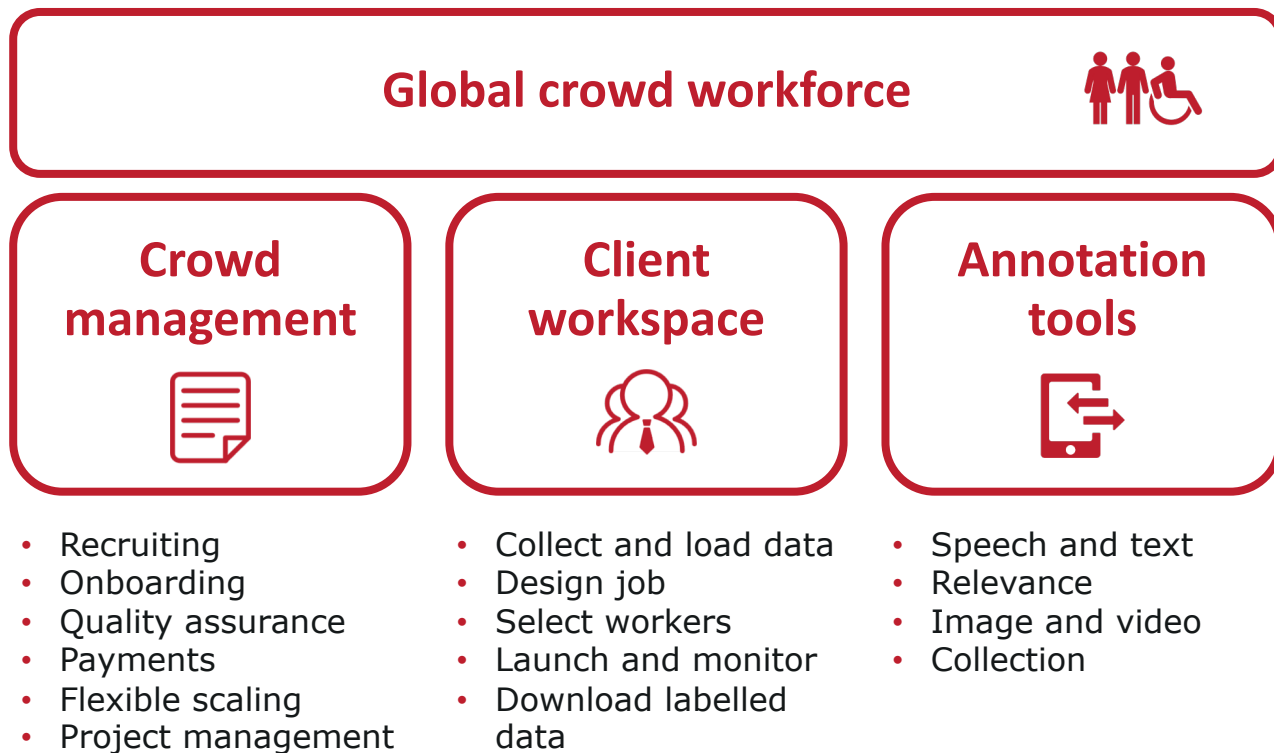
We deliver at scale

Scale >1m crowd, >10 billion data points to date

Diversity >180 languages, >130 countries, >70k locations

Social impact Access to 'Differently Abled' workforce

Leading technology to enable our crowd and customers



Appen is strongly positioned in a high growth market



Established Provider

Founded in **1996** with industry-leading work in speech solutions

Added **search relevance expertise in 2007**, working with leading tech companies

Strategic acquisitions over the past 3 years have positioned Appen to support client needs for **high levels of data security & large volumes of data**



Global Presence



Scalable Operations

600+ full-time staff worldwide

High staff engagement, **low** turnover

1+ million on-demand skilled annotators globally

Providing data for an **increasing range of AI** applications

Outlook

Appen is strongly positioned and continues to execute in a high growth market

Appen's core business is performing well and Figure Eight is meeting expectations

YTD revenue plus orders in hand including Figure Eight for delivery in 2019 ~\$270M at mid-May 2019

The Company's full year underlying EBITDA for the year ending Dec 31st 2019 including Figure Eight is currently forecast to be in the range \$85M - \$90M (at A\$1 = US\$0.74 May-Dec 2019)

Outlook susceptible to upside or downside from factors including timing of work from major customers and Australian dollar fluctuations.



Thank you

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