

Powering the



AI
life
cycle

Appen Limited

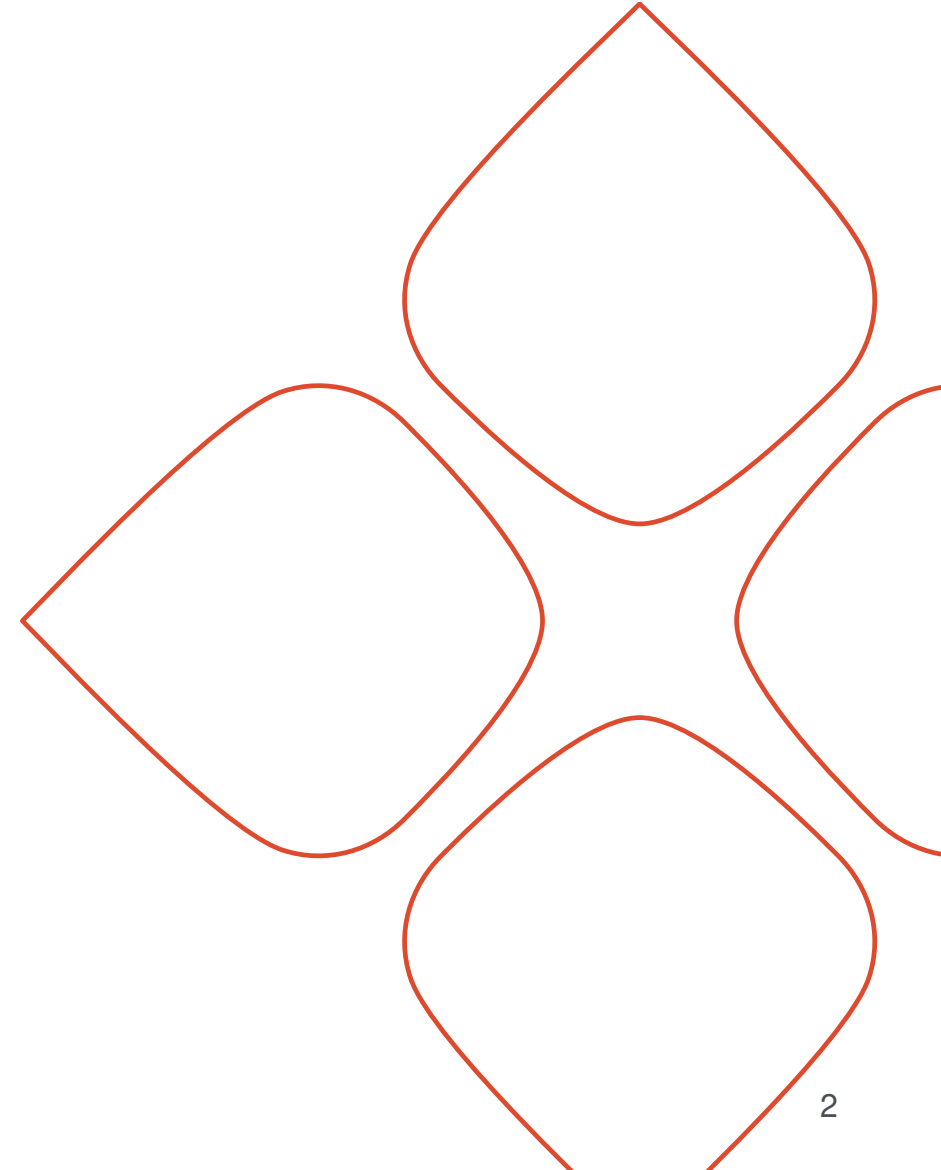
Annual General Meeting

27 May 2022



Chair's welcome

Mr Richard Freudenstein



Board of Directors



**Richard
Freudenstein**

Chair



**Robin
Low**

Non-executive
Director



**Deena
Shiff**

Non-executive
Director



**Stuart
Davis**

Non-executive
Director



**Steve
Hasker**

Non-executive
Director



**Vanessa
Liu**

Non-executive
Director



**Mark
Brayan**

Chief Executive
Officer

Ask a question or make a comment

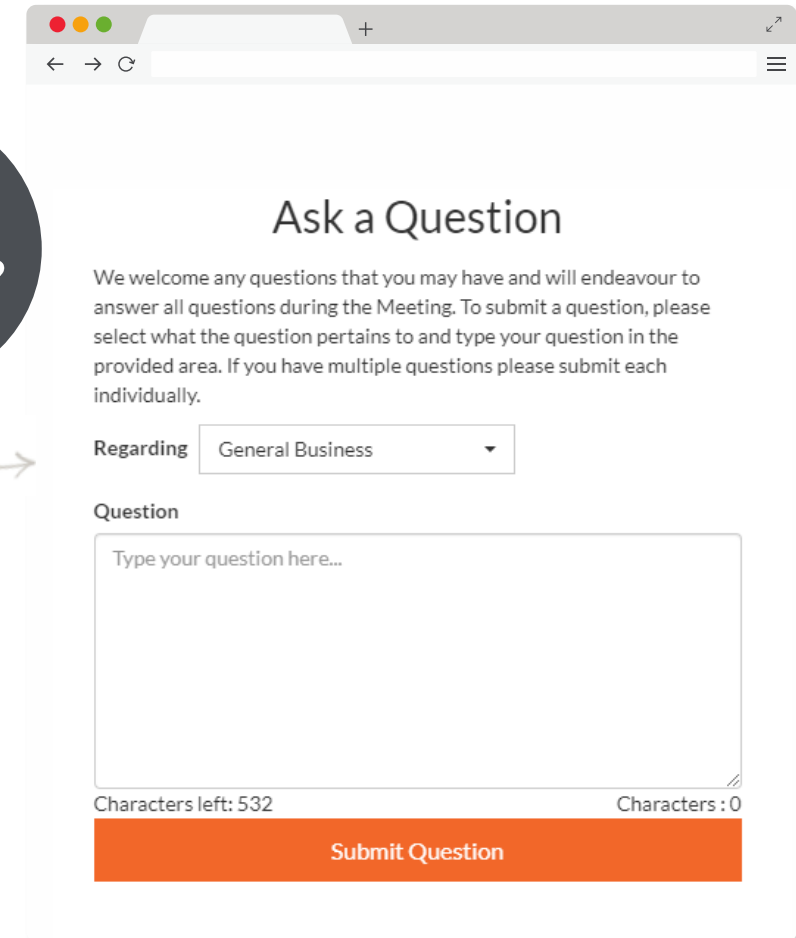
Only Shareholders and Proxyholders are able to ask questions

Click on **“Ask a Question”**

Select **“General Business”** or a specific resolution

Type in your question and click **“Submit”**

Comments on resolutions can also be submitted through **“Ask a Question”**



Ask a Question

We welcome any questions that you may have and will endeavour to answer all questions during the Meeting. To submit a question, please select what the question pertains to and type your question in the provided area. If you have multiple questions please submit each individually.

Regarding

Question

Type your question here...

Characters left: 532 Characters : 0

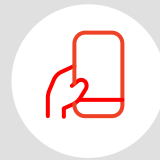
Submit Question

Ask a question or make a comment

Shareholders must **register for a unique PIN** to ask live questions during AGM

If you don't have a PIN call
Link's 1800 990 363 Helpline

Only questions or comments pertaining to the AGM and specific resolution will be addressed



Call **'Questions Line'** on **1800 798 067**



Dial *1

A teleconference moderator will introduce you at the **right time**



The moderator will request your unique **PIN**



When your line is **unmuted** **ask your question** or **make a comment**



On your keypad to ask a question

1. Chair's address
2. CEO's address and trading performance update
3. General business questions
4. Formal business and resolutions, including address from the People and Culture Committee Chair



Chair's address

Mr Richard Freudenstein

Board renewal and governance



**Richard
Freudenstein**

Chair



**Stuart
Davis**

Non-executive Director



**Vanessa
Liu**

Non-executive Director

Four strategic pillars



Grow

revenue and diversify

Drive growth in target customer segments



Automate

crowd and labelling processes

Leverage AI and ML in our labelling operations to improve the productivity of our crowd



Expand

our product offering

Expand our TAM by adding new products and capabilities – e.g., Quadrant and synthetic data



Evolve

how we do business

Improve the scalability and productivity of our GTM and project delivery

- **Board representatives consulted with stakeholders** to understand their concerns which lead to last year's strike
- **Stakeholder feedback** reflected in changes to Appen's executive remuneration framework effective 1 January 2022
- **Non-financial measures included in STI scorecard** namely crowd NPS, customer NPS and employee engagement
- **STI vesting levels realigned** to provide a fair level of reward for commensurate effort
- **One-year deferral plan** introduced for 25% of the CEO's STI
- **Differentiated LTI remuneration structures** consider local market remuneration practices
- **Re-testing removed** from the LTI scheme

FY21 highlights¹



\$477M	Record revenue in FY21
\$78.9M	FY21 EBITDA Before FX Impact
40%	Annualised revenue growth since 2016
32%	Global Services growth 2H21 on 1H21
422%	Revenue growth in China in FY21
10.0¢	Dividend (A cents per share)
\$47.9M	Significant cash balance at 31 December 2021

1. All dollar amounts are in US dollars, unless otherwise stated

Crowd

Impact sourcing

Creating opportunities for people in developing countries

Crowd Code of Ethics

- Fair pay
- Privacy and confidentiality
- Inclusion
- Communication
- Crowd voice
- Wellbeing

People

38%

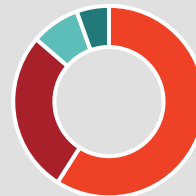
female representation amongst senior leadership

50%

female representation on our Board

Global and diverse employee base

2021 Employee Distribution



■ Asia Pacific ■ USA ■ Australia ■ UK / Europe

Environment

Scope 1 and 2

GHG emissions inventory completed

Net Zero Emissions

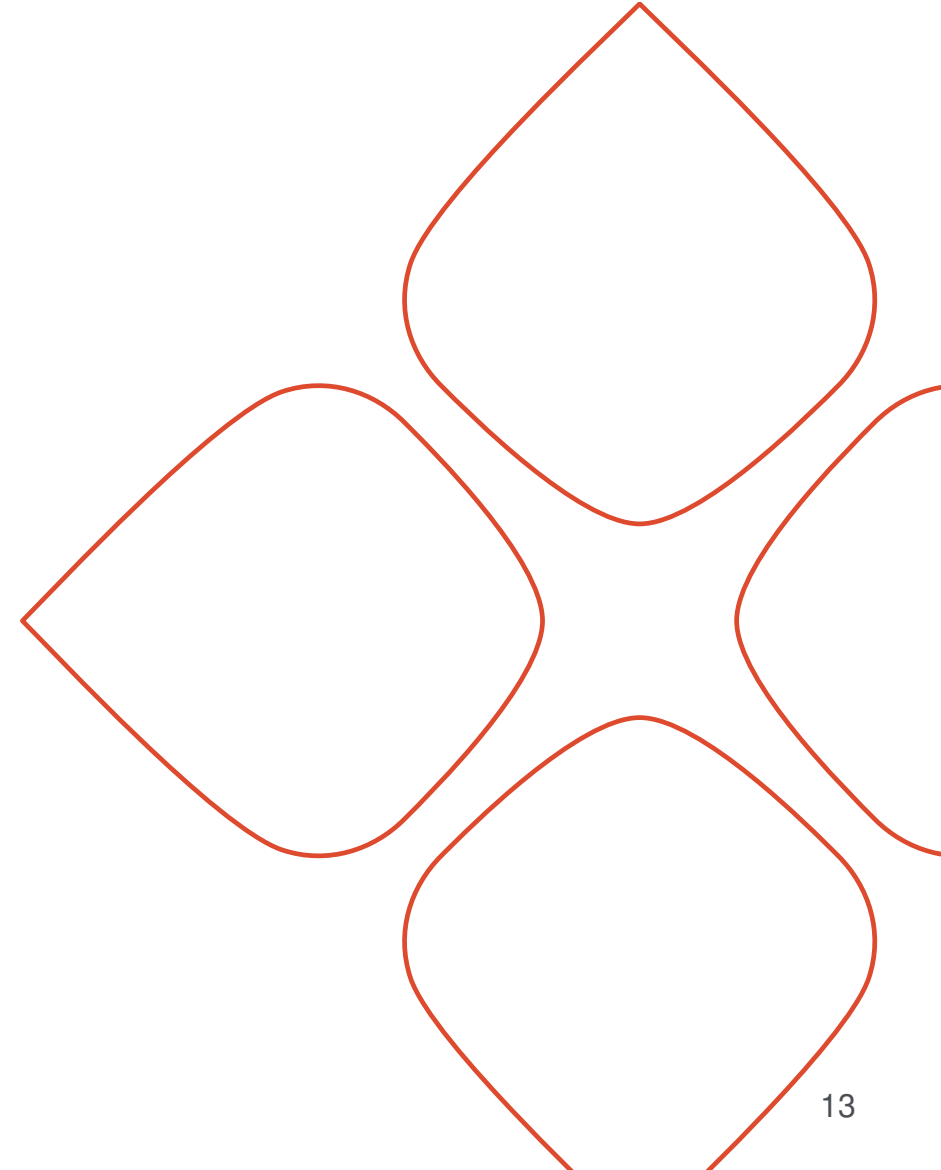
Pathway to be set in 2022



CEO's

address & trading
performance update

Mr Mark Brayan

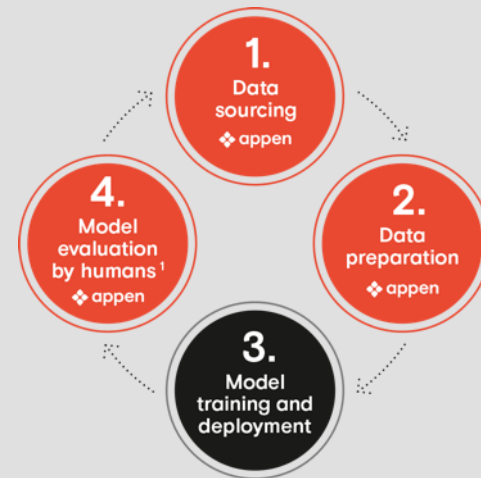


AI is accelerating

AI will be a ubiquitous and
omni-use technology¹

If companies don't
embrace AI, they will quite
simply be left behind¹

AI relies on training data

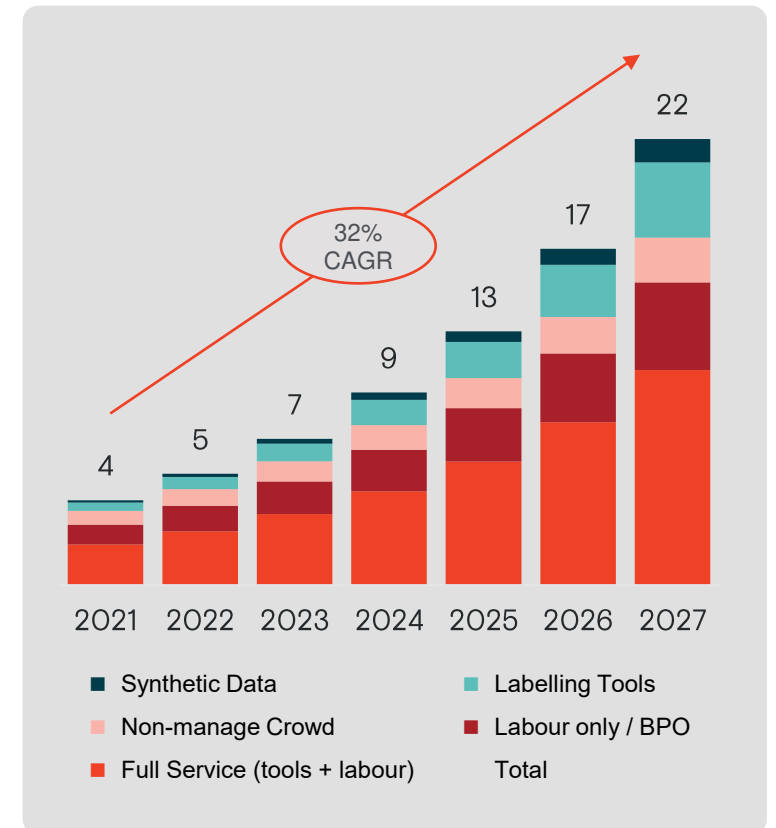


“If 80 percent of our work is data preparation, then ensuring data quality is the most important work of a machine learning team”

Andrew Ng²

Growing need for training data

Data labelling market forecast (US\$B)³

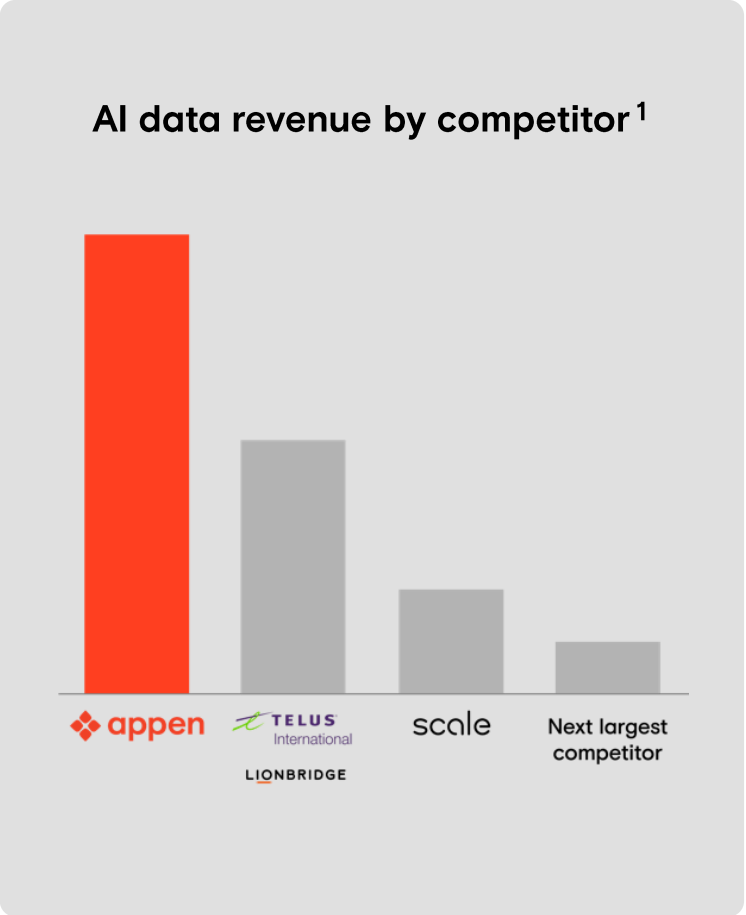


1. Reimagining the Future of Business and Tech with Kai-Fu Lee <https://www.bcg.com/publications/2021/how-artificial-intelligence-will-reshape-the-future-of-business>
2. People and Data (6 April 2021)
3. Cognilytica Research Snapshot: Data Labelling Markets (December 2021)

Growth Strategy and Long-Term Goals



Appen is the market leader



We are transforming our business

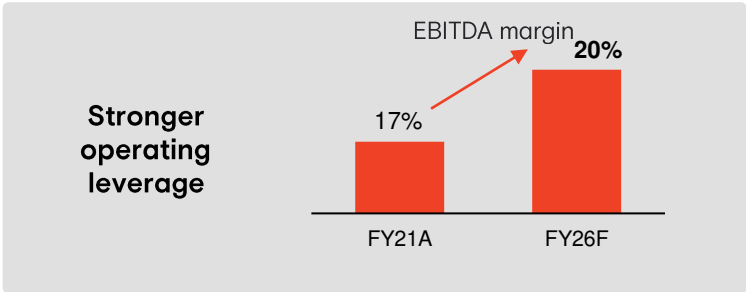
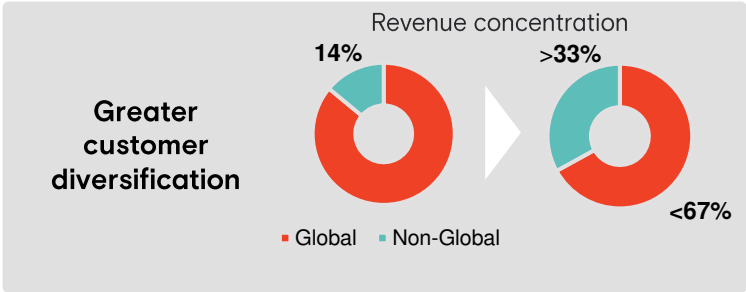
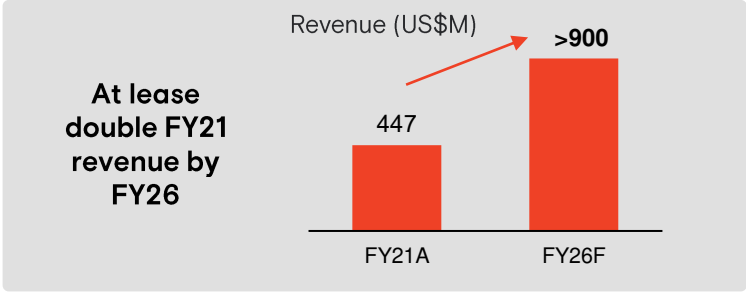
Grow
revenue and diversify customers

Automate
crowd and labelling processes

Expand
our product offering

Evolve
how we do business

Long term goals



1. Lionbridge revenue source from Telus International IPO and other statements, Scale AI revenue estimated from public announcements related to funding rounds

High-quality management team



Mark Brayan

CEO

25+ years of industry experience
7+ years at Aero



Keven Levine

CFO

25+ years of industry experience
6+ years at Aero



Andrea Clayton

Chief People Officer

20+ years of industry experience
2+ months at Aero



Wilson Pang

CTO

17+ years of industry experience
3+ years at Aero



Sujatha Sagiraju

Chief Product Officer

20+ years of industry experience
7+ months at Aero



Eric de Cavaignac

Chief Transformation Officer

25+ years of industry experience
5+ months at Aero



Tom Sharkey

SVP and General Manager Global

25+ years of industry experience
3+ years at Aero



Jen Cole

SVP and General Enterprise Manager

22+ years of industry experience
5+ months at Aero



Roc Tian

SVP and General Manager China & JK

20+ years of industry experience
2+ years at Aero



David Poirier

President Figure Eight Federal



Mike Davie

SVP and General Manager Quadrant

16+ years of industry experience
1+ years at Aero

Financial highlights



US\$	FY21	vs FY20
Group revenue	\$447.3M	+8%
Global Services ¹	\$344.7M	+5%
New Markets ²	\$102.5M	+21%
Underlying EBITDA ³ (before FX)	\$78.9M	+12%
Underlying EBITDA margin (before FX)	17.6%	vs 17.1%
Underlying EBITDA (after FX)	\$77.7M	+3%
Underlying EBITDA margin (after FX)	17.4%	vs 18.3%
Dividend per share (A cents)	10.0c	Flat

1. Revenue from major US technology customers (Global customers) through their platforms
2. Revenue from Global Product (Global customers using the Appen platform and tools) and Enterprise, China, Government and Quadrant customers
3. Underlying EBITDA excludes restructure costs, transaction costs, cloud computing costs and acquisition-related share-based payment expenses, and for FY20, the earnout adjustment relating to the Figure Eight acquisition

Record full year revenue performance driven by strong 2H Global Services contribution and uplift in New Markets

- **Global services revenue** reflects second half revenue growth of 32% on the first half of FY21
- **New Markets revenue** driven by 422% increase in revenue in China

Underlying EBITDA before FX up 12%, driven by revenue growth and gross margin expansion in 2H

Strong balance sheet – \$48M in cash and no debt as at 31 December 2021

Final dividend A\$ 5.5 cents per share, flat on FY20

Trading performance update

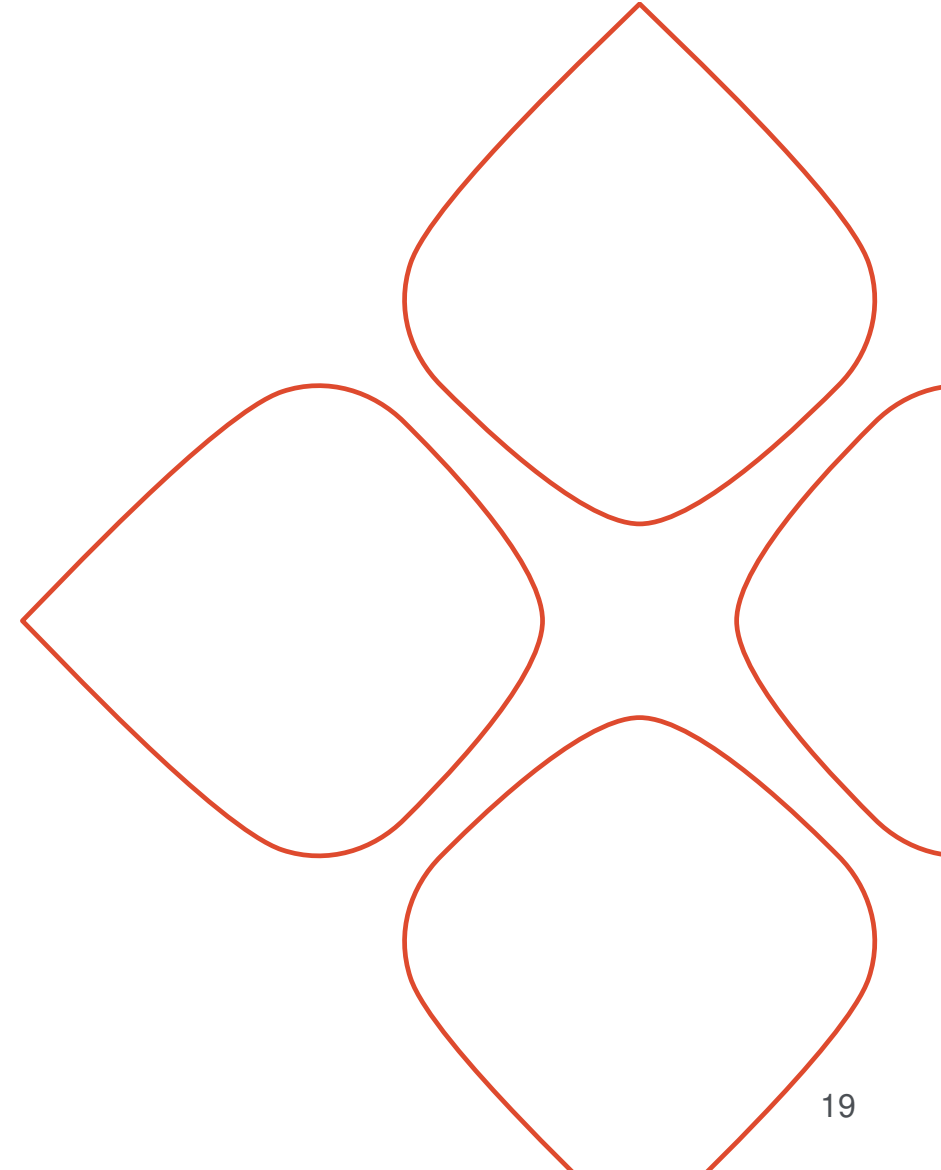


- **YTD revenue plus orders in hand** for delivery in FY22 is approximately US\$297 million¹ as at 30 April 2022, up approximately 14% compared to US\$260 million at the end of April 2021
- **FY22 revenue** expected to exhibit a greater revenue skew to 2H FY22 than FY21, supported by the strong level of current orders in hand
- **First half FY22 EBITDA** expected to be materially lower than pcp due to
 - lower than expected revenue
 - investment in the transformation office, product and technology; and
 - lower share-based payment expenses in pcp
- **FY22 EBITDA** to be significantly weighted to 2H reflecting the revenue skew and fixed cost operating leverage
- **Solid EBITDA to cash flow conversion** and **free cash flow**
- Appen remains committed to its **growth strategy and achieving long-term objectives** and confident of its prospects in the high-growth AI market

1. Consistent with prior year methodology and timing used for the update provided at the Annual General Meeting in May 2021.

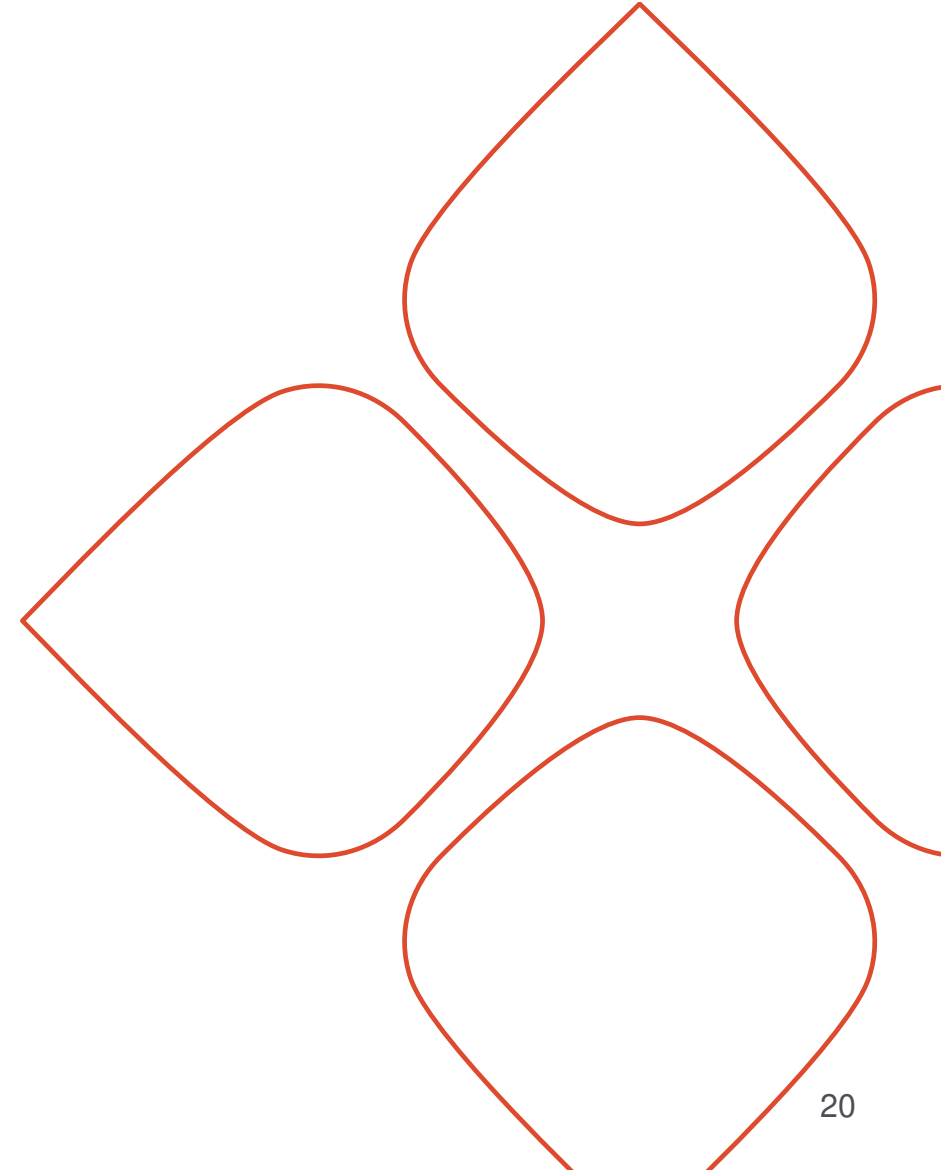
General

business
questions



Formal

business
of the meeting



Electronic voting

Lodging your votes:

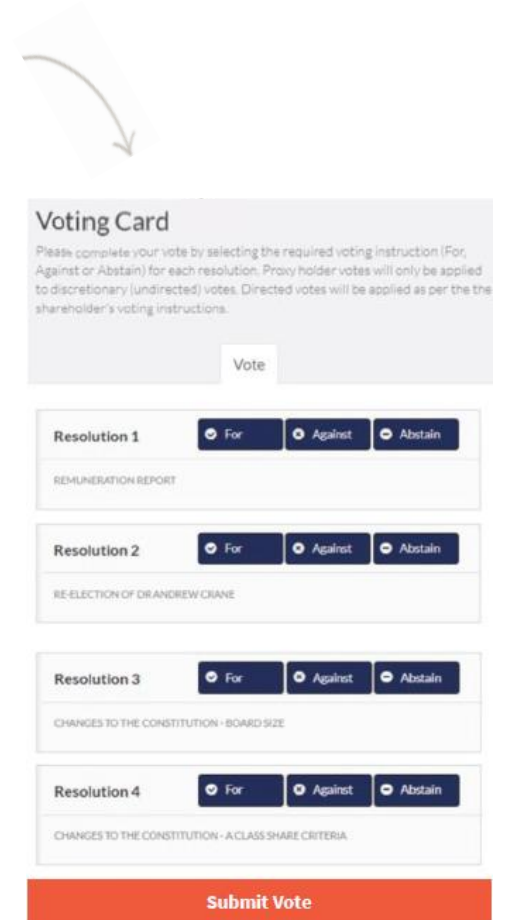
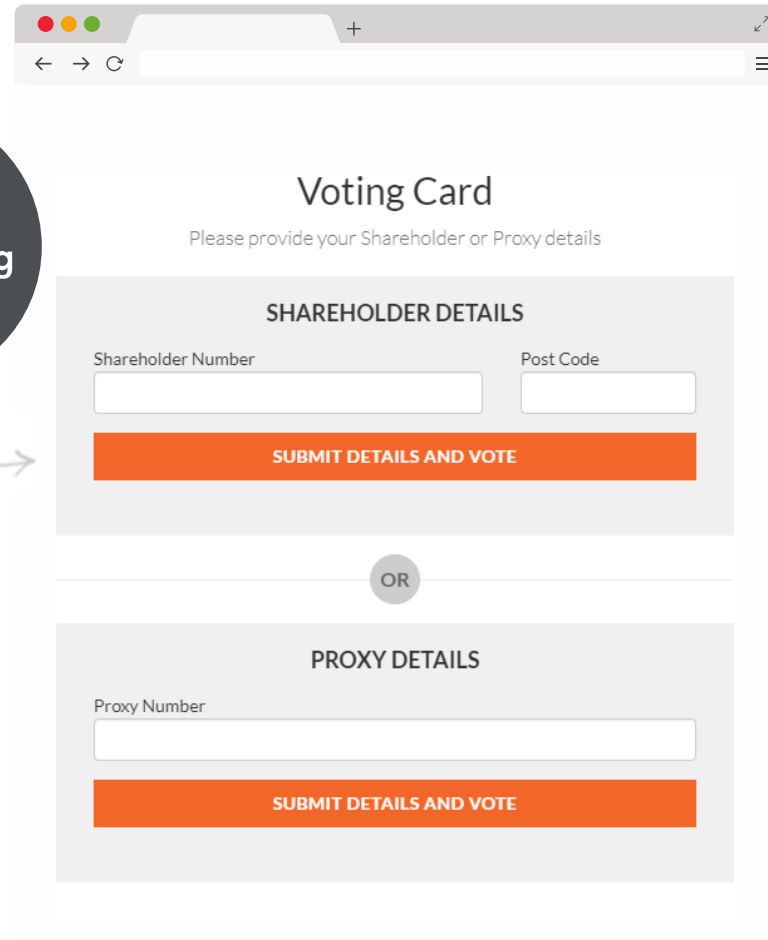
Click **“Get a Voting Card”**
top and bottom of platform)

Enter your SRN/HIN or Proxy Number
and Postcode

Click **“Submit Details and Vote”**

Fill out your voting card for each
item of business

Click **“Submit Vote”**



Help Number **1800 990 363**

“To receive and consider the Financial Report, the Directors’ Report and the Auditor’s Report of the Company for the financial year ended 31 December 2021.





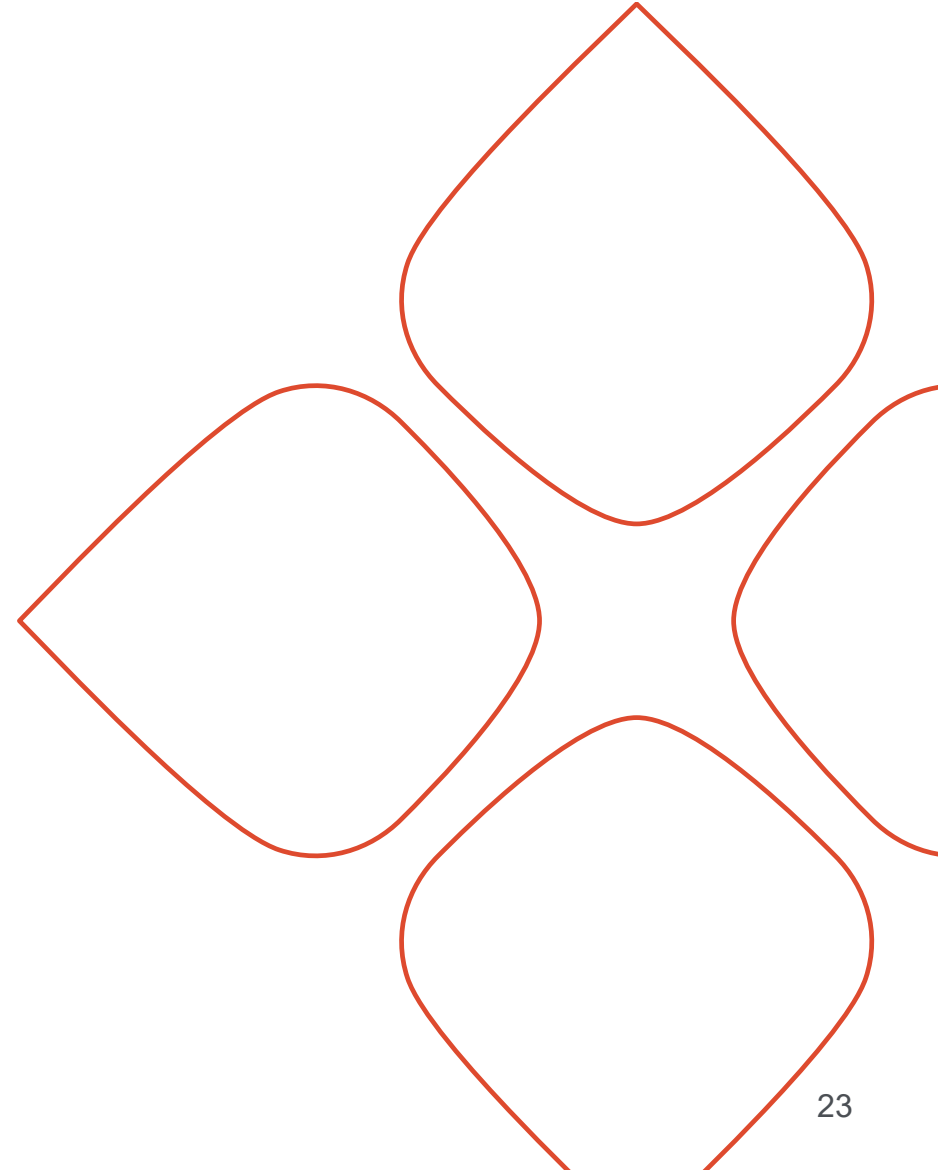
Address by the

People

& Culture

Committee Chair

Mr Steve Hasker



Item 2: Remuneration Report

Key remuneration outcomes for FY21

- CEO did not receive any increase to his fixed remuneration
- CEO and CFO did not receive any STI award
- For LTI awards
 - all tranches of the 2018 Executive and 2018 Special LTI awards and, for US executives, tranche 2 of the 2019 Executive LTI award were tested following the end of 2020 and vested in full, as the performance and service conditions were met
 - for the 2020 LTI (tranche 1 and 2) and 2021 (tranche 1) awards, the relevant performance condition of 20% growth in underlying basic earnings per share was not met. Shareholders should note that for these to vest in the future, significantly more challenging growth targets need to be met – being growth in underlying basic earnings per share of 44% over two years, or 73% growth in underlying basic earnings per share over three years.
- Non-executive director fees paid in FY21 were well below the A\$1.4 million limit approved at the 2021 AGM

Item 2: Remuneration Report

Key elements of Appen's 2022 executive remuneration framework

- Revenue growth and revenue diversification are included in STI; and revenue growth is included in LTI
- The STI structure now includes
 - three new non-financial measures being customer and crowd net promoter score, and employee engagement
 - revised vesting schedules to ensure alignment with shareholder experience and provide fair reward for commensurate effort
 - deferral plan for the CEO with 25% of his STI deferred into equity for one year
- LTI structure based on the location of each executive
 - For Australian KMP the scheme is 100% hurdle-based with all LTI vesting at year three, subject to hurdle achievement and tenure, with no re-testing. Hurdles equally weighted to growth in underlying basic earnings per share and growth in group revenue
 - For other executives, half of the LTI is based on performance and half will be time-based. The time-based component will be subject to service only and aligns with US market practice where equity grants are granted subject with no performance hurdles
- The Board maintains overarching discretion in assessing performance to ensure that revenue targets are achieved in a sustainable manner and balanced against profitability

Item 2: Remuneration Report

To consider and, if thought fit, to pass the following
as an advisory resolution of the Company:

*“To adopt the Remuneration Report for
the year ended 31 December 2021”.*



Item 2: Remuneration Report



“To adopt the Remuneration Report for the year ended 31 December 2021”.

Proxy results

Proxy Voting			Direct Voting		Total Voting		
For	Open	Against	For	Against	For	Open	Against
35,320,920	210,038	1,781,794	435,261	402,577	35,756,181	210,038	2,184,371
92.58%	0.55%	4.67%	1.14%	1.06%	93.72%	0.55%	5.73%

Item 3: Election of Mr Richard Freudenstein

To consider and, if thought fit, to pass the following
as an ordinary resolution of the Company:

“That Mr Richard Freudenstein, being a director who was appointed by the Board on 12 August 2021 and whose appointment as a director expires at the conclusion of the Annual General Meeting of the Company in accordance with clause 67.2 of the Company’s Constitution and being eligible, offers himself for election, be elected as a director of the Company.”

Item 3: Election of Mr Richard Freudenstein



“That Mr Richard Freudenstein, being a director who was appointed by the Board on 12 August 2021 and whose appointment as a director expires at the conclusion of the Annual General Meeting of the Company in accordance with clause 67.2 of the Company’s Constitution and being eligible, offers himself for election, be elected as a director of the Company.”

Proxy results

Proxy Voting			Direct Voting		Total Voting		
For	Open	Against	For	Against	For	Open	Against
36,920,180	210,927	967,279	9,729,295	113,957	46,649,475	210,927	1,081,236
77.01%	0.44%	2.02%	20.29%	0.24%	97.30%	0.44%	2.26%

Item 4: Election of Mr Stuart Davis

To consider and, if thought fit, to pass the following as an ordinary resolution of the Company:

“That Mr Stuart Davis, being a director who was appointed by the Board on 29 March 2022 and whose appointment as a director expires at the conclusion of the Annual General Meeting of the Company in accordance with clause 67.2 of the Company’s Constitution and being eligible, offers himself for election, be elected as a director of the Company.”

Item 4: Election of Mr Stuart Davis



“That Mr Stuart Davis, being a director who was appointed by the Board on 29 March 2022 and whose appointment as a director expires at the conclusion of the Annual General Meeting of the Company in accordance with clause 67.2 of the Company’s Constitution and being eligible, offers himself for election, be elected as a director of the Company.”

Proxy results

Proxy Voting			Direct Voting		Total Voting		
For	Open	Against	For	Against	For	Open	Against
37,727,475	210,597	164,414	9,719,434	123,818	47,446,909	210,597	288,232
78.69%	0.44%	0.34%	20.27%	0.26%	98.96%	0.44%	0.60%

Item 5: Re-election of Ms Vanessa Liu

To consider and, if thought fit, to pass the following
as an ordinary resolution of the Company:

“That Ms Vanessa Liu, being a director who is retiring in accordance with clause 68 of the Company’s Constitution and ASX Listing Rule 14.4, and being eligible, offers herself for re-election, be re-elected as a director of the Company”.



Item 5: Re-election of Ms Vanessa Liu



“That Ms Vanessa Liu, being a director who is retiring in accordance with clause 68 of the Company’s Constitution and ASX Listing Rule 14.4, and being eligible, offers herself for re-election, be re-elected as a director of the Company.”

Proxy results

Proxy Voting			Direct Voting		Total Voting		
For	Open	Against	For	Against	For	Open	Against
36,376,353	217,338	1,513,074	9,720,847	187,944	46,097,200	217,338	1,701,018
75.76%	0.45%	3.15%	20.25%	0.39%	96.01%	0.45%	3.54%

Item 6: Grant of performance rights to Mr Mark Brayan

To consider and, if thought fit, to pass the following as an ordinary resolution of the Company:

“That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, Shareholders approve the grant and issue of 187,500 Performance Rights to Mr Mark Brayan, the Chief Executive Officer and Managing Director of the Company, and the subsequent issue of Shares on the vesting of such Performance Rights, on the basis set out in the Explanatory Notes to this Notice of Meeting”.

Item 6: Grant of performance rights to Mr Mark Brayan



“That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, Shareholders approve the grant and issue of 187,500 Performance Rights to Mr Mark Brayan, the Chief Executive Officer and Managing Director of the Company, and the subsequent issue of Shares on the vesting of such Performance Rights, on the basis set out in the Explanatory Notes to this Notice of Meeting.”

Proxy results

Proxy Voting			Direct Voting		Total Voting		
For	Open	Against	For	Against	For	Open	Against
36,487,954	205,731	832,013	9,431,270	477,140	45,919,224	205,731	1,309,153
76.92%	0.43%	1.75%	19.88%	1.01%	96.80%	0.43%	2.76%

Item 7: Amendments to Constitution

To consider and, if thought fit, pass the following as a special resolution of the Company:

“That, the Constitution of the Company are amended in the manner set out in the Explanatory Memorandum with effect from the close of the Meeting”.



Item 7: Amendments to Constitution



“That, the Constitution of the Company are amended in the manner set out in the Explanatory Memorandum with effect from the close of the Meeting.”

Proxy results

Proxy Voting			Direct Voting		Total Voting		
For	Open	Against	For	Against	For	Open	Against
37,834,640	211,594	32,591	9,662,769	166,423	47,497,409	211,594	199,014
78.97%	0.44%	0.07%	20.17%	0.35%	99.14%	0.44%	0.42%

Item 8: Renewal of Proportional Takeover Provision

To consider and, if thought fit, pass the following as
a special resolution of the Company:

“That, the proportional takeover provision in Clause 36 of the Company’s amended Constitution be renewed for a period of three years commencing from the date of the Meeting”.



Item 8: Renewal of Proportional Takeover Provision



“That, the proportional takeover provision in Clause 36 of the Company’s amended Constitution be renewed for a period of three years commencing from the date of the Meeting.”

Proxy results

Proxy Voting			Direct Voting		Total Voting		
For	Open	Against	For	Against	For	Open	Against
37,631,575	219,198	245,934	9,715,083	117,618	47,346,658	219,198	363,552
78.51%	0.46%	0.51%	20.27%	0.25%	98.78%	0.46%	0.76%

Item 9: Spill Resolution – Conditional Resolution

That, subject to and conditional on at least 25% of the votes cast on the resolution proposed in Item 2 (Remuneration Report) being cast against the adoption of the Remuneration Report:

- a) an extraordinary general meeting of the Company (Spill Meeting) be held within 90 days after the passing of this resolution;*
- b) all of the Directors of the Company in office at the time when the Board resolution to make the Directors' Report for the financial year ended 31 December 2021 was passed (other than the Managing Director), and who remain Directors at the time of the Spill Meeting, cease to hold office immediately before the end of the Spill Meeting; and*
- c) resolutions to appoint persons to offices that will be vacated immediately before the end of the Spill Meeting be put to the vote of Shareholders at the Spill Meeting.*

Item 9: Spill Resolution – Conditional Resolution



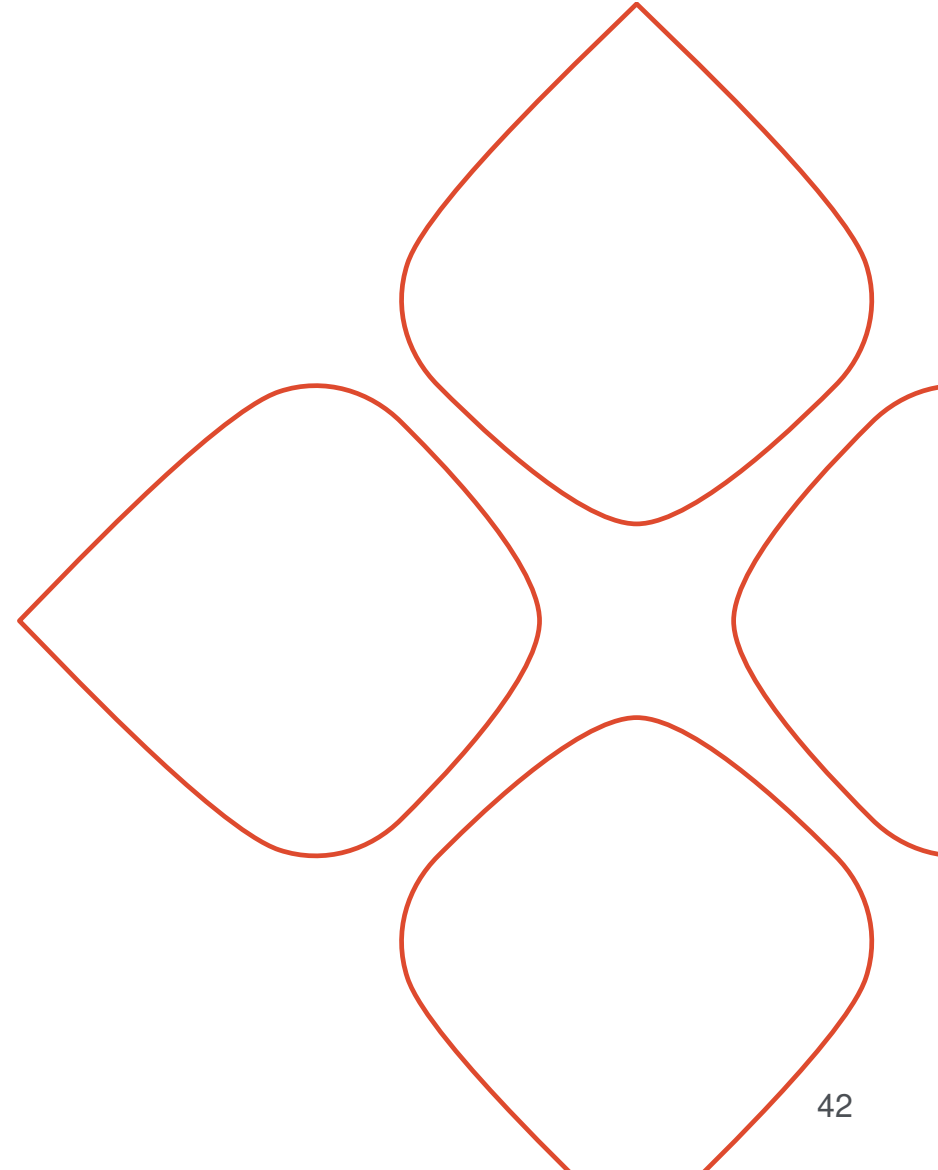
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- a) an extraordinary general meeting of the Company (Spill Meeting) be held within 90 days after the passing of this resolution;*
- b) all of the Directors of the Company in office at the time when the Board resolution to make the Directors' Report for the financial year ended 31 December 2021 was passed (other than the Managing Director), and who remain Directors at the time of the Spill Meeting, cease to hold office immediately before the end of the Spill Meeting; and*
- c) resolutions to appoint persons to offices that will be vacated immediately before the end of the Spill Meeting be put to the vote of Shareholders at the Spill Meeting*

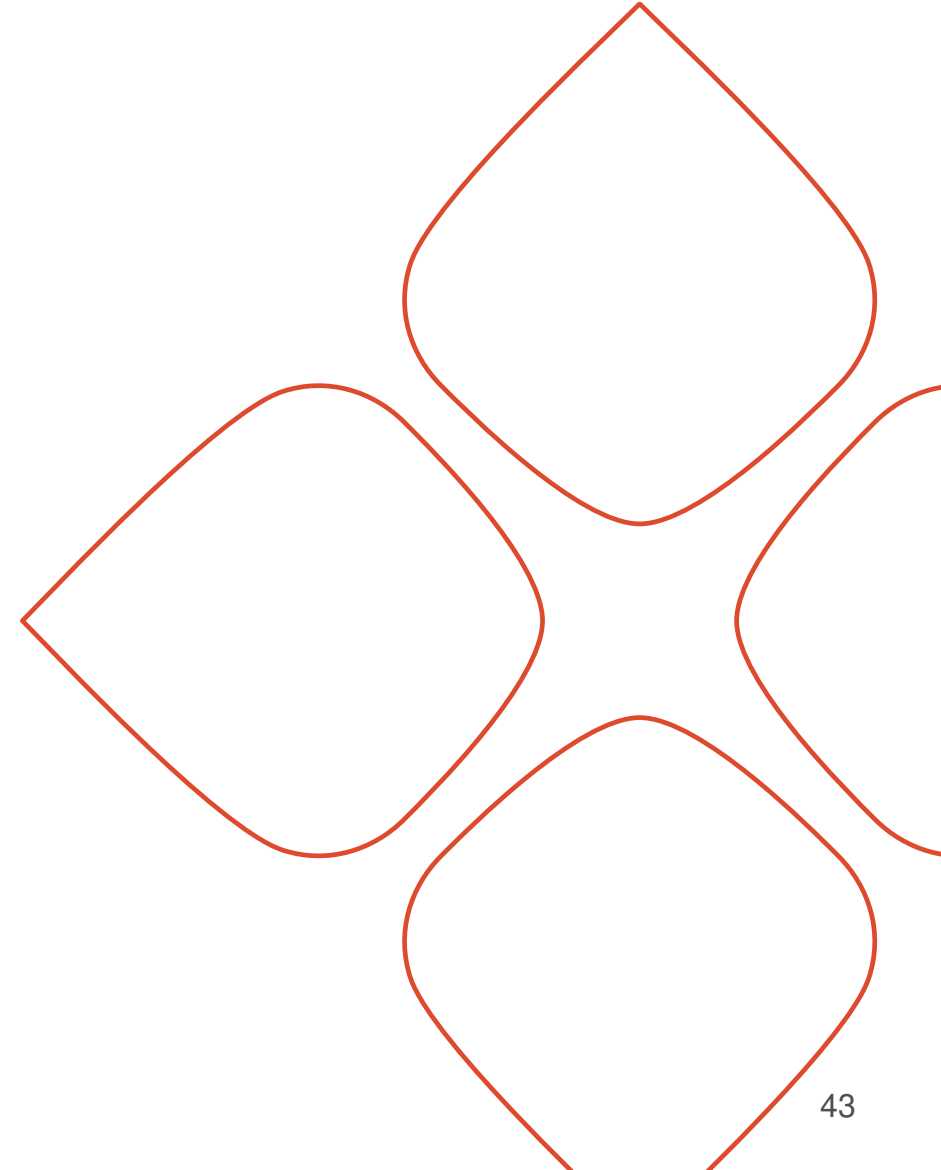
Proxy results

Proxy Voting			Direct Voting		Total Voting		
For	Open	Against	For	Against	For	Open	Against
244,482	219,289	36,679,459	435,035	398,483	679,517	219,289	37,077,942
0.64%	0.58%	96.58%	1.15%	1.05%	1.79%	0.58%	97.63%

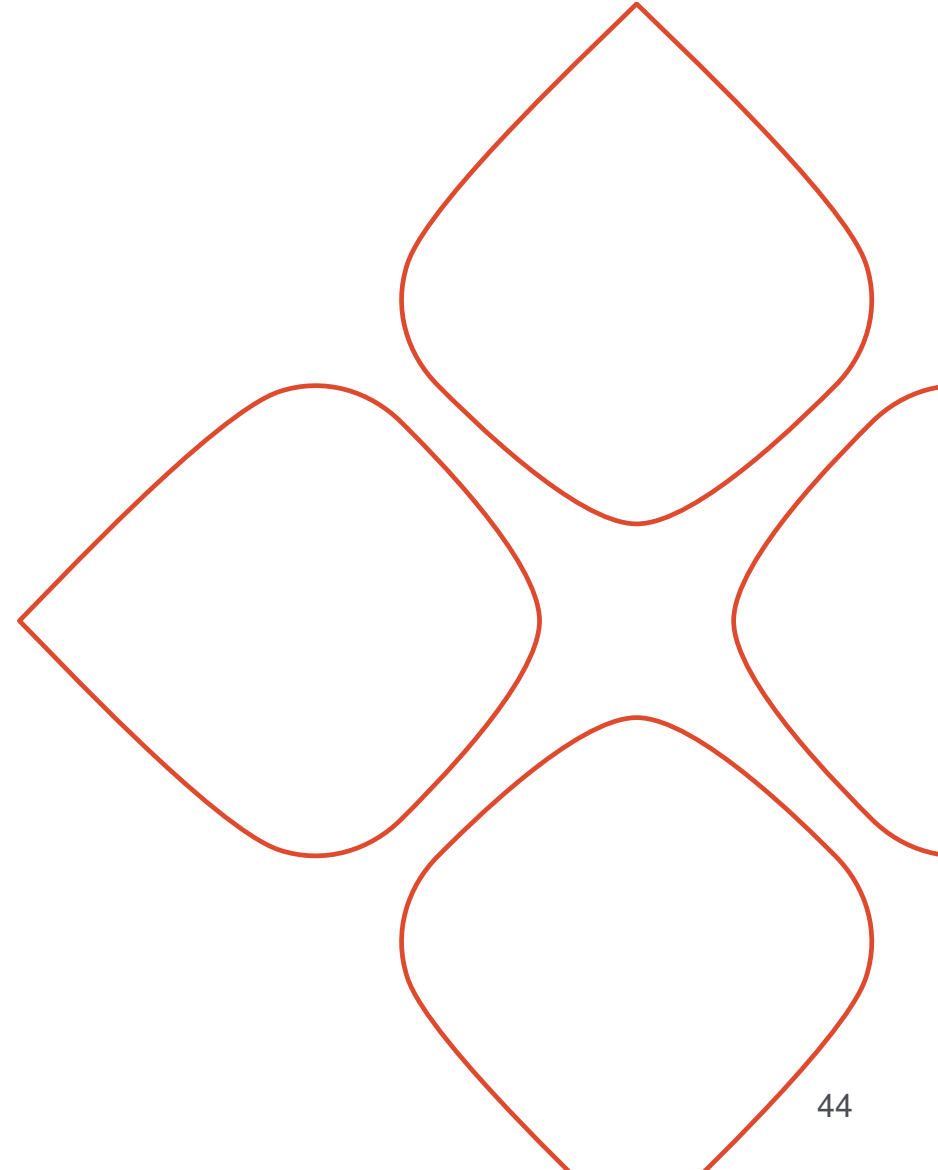
Voting



Any further
Questions?



Close of meeting



A close-up photograph of a man with short dark hair, a mustache, and glasses, wearing a dark green button-down shirt. He is smiling broadly and holding a smartphone to his ear with his right hand, appearing to be in a conversation. The background is a blurred outdoor setting.

**Thank
you**
for your attendance