Chairman's Address AGM 29 May 2020

Dear Shareholders,

I am pleased to welcome you to this year's Annual General Meeting, held in virtual format due to the government restrictions on meetings. Thank you for your online participation and patience in these unusual circumstances.

As is plainly evident, Covid-19 is having a deep impact on many businesses. In Appen's case, as advised in our ASX announcement on April 15, our distributed working model is allowing us to adapt well to the challenges.

Our CEO Mark Brayan will provide a further update on the current business performance. I should note however that we entered this year with a very strong balance sheet and over $100 million in cash resources, which provided an excellent foundation to handle the pandemic.

Turning now to the review of 2019. We completed another year of profitable growth and strategic development for our company. Appen has maintained and strengthened its position in the rapidly developing and exciting field of machine learning and artificial intelligence.

Financial Performance
Our financial results for 2019 were strong. This performance reflects the benefits of scale, technology investment and productivity improvements which we have driven in our processes. The 2019 results incorporate the Figure Eight acquisition which was completed on 2019.

Here is a summary, together with the relative change from FY2018:
- Revenue grew to $536.0 million, an increase of 47%.
- Underlying EBITDA was $101.0 million, up 42%.
- Statutory EBITDA of $87.9 million (up 29%) reflects the impact of the transaction costs relating to Figure Eight transaction.
- We maintained our strong profitability on sales, with an underlying margin in FY2019 of 18.8%, a slight decrease on 19.6% in FY2018 due to the impact of Figure Eight losses. Underlying margin without Figure Eight was 21.5%.
- Underlying NPAT was $64.7 million, up 32%.

The board declared a final dividend of 5 cents per share. Together with the interim dividend of 4 cents per share paid last September, the total dividend payment for 2019 was 9 cents.

Strategy and Outlook
We operate in a dynamic industry which presents massive opportunities, and some challenges. We are investing to capitalise on the unique position which Appen has built in this most exciting sunrise industry.

Appen's strategy continues to be focused on the priorities outlined in previous reports to shareholders. This was further demonstrated in the Investor Technology Day presentation earlier this month. Our technology development has provided a truly integrated platform supporting crowd management, client workspace and annotation tools. The scale of our workflow and breadth of our software tools are arguably world leading.

At the same time, we have sought to broaden our revenue base by investing in sales and marketing to win new customers and expand into new geographies.

We are determined to invest and maintain our leadership position in one of the fastest growing fields of technology. In early 2019 we acquired San Francisco based company Figure Eight. Together with our acquisition of Leapforce in 2018, this has contributed efficiency and revenue diversity and strengthened our technology resources.

There are reasons to be positive about the future. The AI market is growing at 28%. Training data – Appen's core business – is at the core of building AI models. The deep learning techniques now widely used in developing applications require very large volumes of training data, and fundamentally the more data the better the outcome. Further, to maintain currency data typically needs to be refreshed, thereby creating further demand. One of our real differentiators is our ability to support all active modalities –search relevance, speech and language processing in over 180 languages, and LIDAR, image and video computer vision.

Our priority is to accelerate growth in new industry sectors beyond our traditional tech sector customers, for example government, and in new geographies.

Environmental and Social responsibility
Appen is a truly global company and we celebrate our diversity, as do our customers who value this as a core differentiator. Our work from home model provides a source of income to individuals that may otherwise find this difficult, including the disabled.

During 2019 we launched an initiative to develop future leaders to improve gender balance in our senior ranks. The board is committed to this initiative and diversity in general.

An important emerging characteristic of our industry is the societal impact of artificial intelligence, including ethical implications and privacy issues. We launched our Crowd Code of Ethics in 2019 to ensure fair pay and treatment for our at-home workers. We are also working with our customers to understand and address ethical issues around the development and deployment of AI, including the need for unbiased datasets.

The nature of our knowledge-based business results in a relatively low environmental footprint. The work-from-home model for our crowd workers reduces carbon impact, and we seek to use video- and phone conferencing to minimise travel. We are buying carbon credits to offset the impact of our air travel in 2019 and looking for other ways to reduce our carbon footprint in 2020.

Management and Employees
The exciting challenges of the AI/machine learning industry place enormous pressures on Appen's management. Our customers are sophisticated and demanding, and the pace of change is intense. Our management team, under Mark Brayan's leadership, continues to meet these challenges daily and maintain Appen's position at the front of the growth curve. At the

end of 2019 we had 781 employees, up 52% from the previous year. On behalf of the board, I thank our management group and all our staff for their contributions.

Our global workforce of more than one million skilled contractors is a key asset for Appen. They live in 130 countries and speak 180 languages, with cultural and ethnic diversity. They underpin our success – at no time more evident than in this difficult Covid-19 pandemic.

As a truly global company, we need to compete for talent in a highly competitive industry sector. We seek to remunerate managers fairly and competitively, with short-term and long-term incentive schemes aligned with long-term shareholder wealth.

The Appen board has a busy agenda and is engaged in all aspects of Appen's business. We need to ensure that the board has the optimal mix of experience and skills for this fast-moving industry. We are pleased that Vanessa Liu accepted our invitation to join the board in March. Vanessa is based in New York and brings highly relevant experience in US markets and the global technology sector.

I take this opportunity to thank my fellow directors for their contribution and am grateful for their support and commitment.

Thank you for your loyalty and support as shareholders. We value this highly and give you assurance of our continuing efforts to make our company even more successful.

Chris Vonwiller

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