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ASX ANNOUNCEMENT

28 May 2021

2021 ANNUAL GENERAL MEETING – CEO’S PRESENTATION

Appen Limited (**Appen**) (ASX: APX) provides the attached CEO’s presentation to be delivered at today’s Annual General Meeting commencing at 10.00am AEST.

The webcast of the AGM can be viewed at: www.agmlive.link/APX21.

Authorised for release by the Board.

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About Appen

Appen collects and labels images, text, speech, audio, video, and other data used to build and continuously improve the world’s most innovative artificial intelligence systems. Our expertise includes having a global crowd of over 1 million skilled contractors who speak over 235 languages, in over 70,000 locations and 170 countries, and the industry’s most advanced AI-assisted data annotation platform. Our reliable training data gives leaders in technology, automotive, financial services, retail, healthcare, and governments the confidence to deploy world-class AI products. Founded in 1996, Appen has customers and offices globally.



Appen Limited

Annual General Meeting
CEO Presentation

Disclaimer

The forward-looking statements included in these materials involve subjective judgement and analysis and are subject to significant uncertainties, risks, contingencies, many of which are outside the control of, and are unknown to Appen Limited. In particular, they speak only as of the date of these materials, they are based on particular events, conditions or circumstances stated in the materials, they assume the success of Appen Limited's business strategies, and they are subject to significant regulatory, business, competitive, currency and economic uncertainties and risks.

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Information in this presentation should be read in conjunction with Appen's latest and prior interim and annual reports, and Appen's announcements via the ASX.



Artificial intelligence...

Appen makes AI work in the real world by delivering high-quality training data at scale.

Our clients include the world's largest technology companies, global leaders in automotive, financial services, retail, healthcare, and government agencies.

...informed by Appen.

Solid growth maintained in FY20

A\$	FY2020	vs FY2019
Group revenue	\$599.9M	+12%
Relevance	\$538.2M	+15%
Speech & Image	\$61.2M	-10%
Underlying EBITDA ¹	\$108.6M	+8%
Underlying EBITDA margin	18.1%	vs 18.8%
Dividend per share	10.0c	+11%

1. Underlying EBITDA excludes transaction costs, acquisition related share based payment expenses and fair value adjustments (consideration adjustments) for the Figure Eight acquisition.

High growth and performance in 1H20

Moderated in 2H20 due to strong Australian dollar and COVID-19 impacts including:

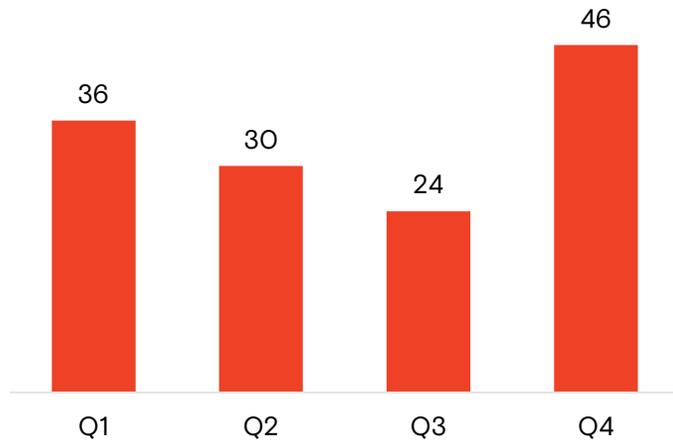
- impact of lower digital ad revenue and uncertain outlook on customer spend
- deferral and reprioritisation of projects
- restricted face-to-face sales and customer engagement

Strong balance sheet – A\$78M in cash and no debt as at 31 December 2020

Final dividend of 5.5cps and interim dividend of 4.5cps, both 50% franked

New customer and project wins strengthen our position

Customer wins



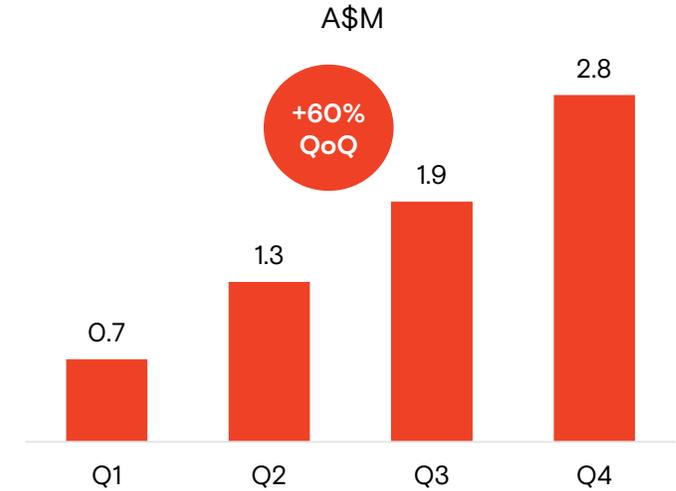
- 136 new customers in 2020
- Multiple industries, geographies, data modalities and use cases
- Growth enabled by sales and marketing investment and annotation platform capabilities

Project wins



- 34% increase in projects with existing major customers
- Customer use of our annotation platform is growing, enabling more data types and use cases, tighter integration and greater retention
- Capabilities aligned with customers' new product development priorities

China revenue

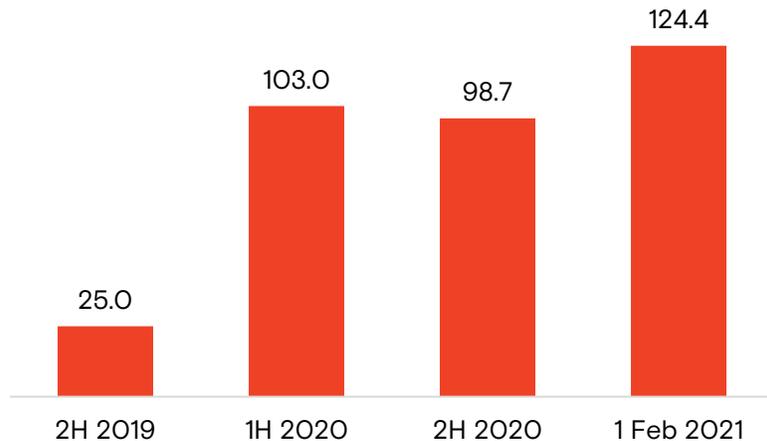


- China revenue growth 60% quarter on quarter
- Customers include major Chinese technology players plus autonomous vehicle, health and education companies

Ongoing growth in committed revenue

Annual contract value (ACV)

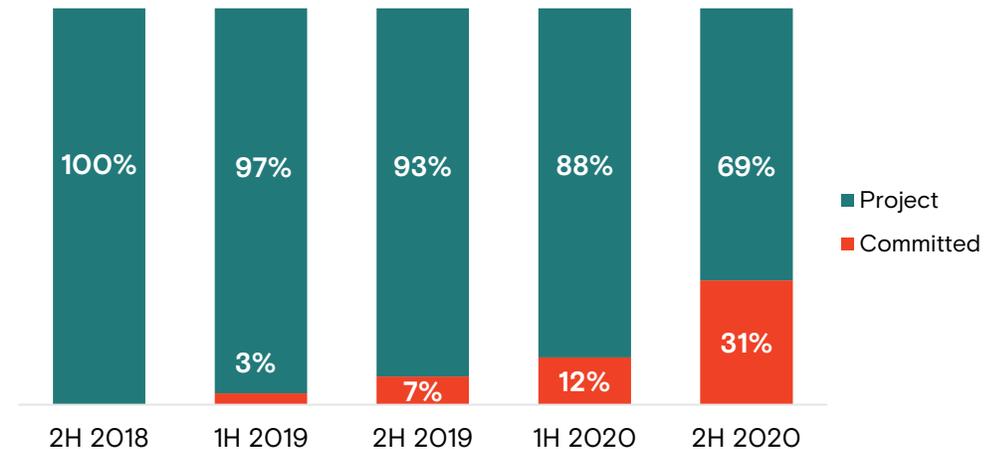
At end of period
US\$M



- 399% increase in ACV to US\$124.4M (1 Feb 21 v 2H19)
- Increase underpinned by expansion of enterprise-wide platform agreement with existing major customer
- Some smaller customers continued to be impacted by COVID-19 in 2H20

Revenue by type

A\$M

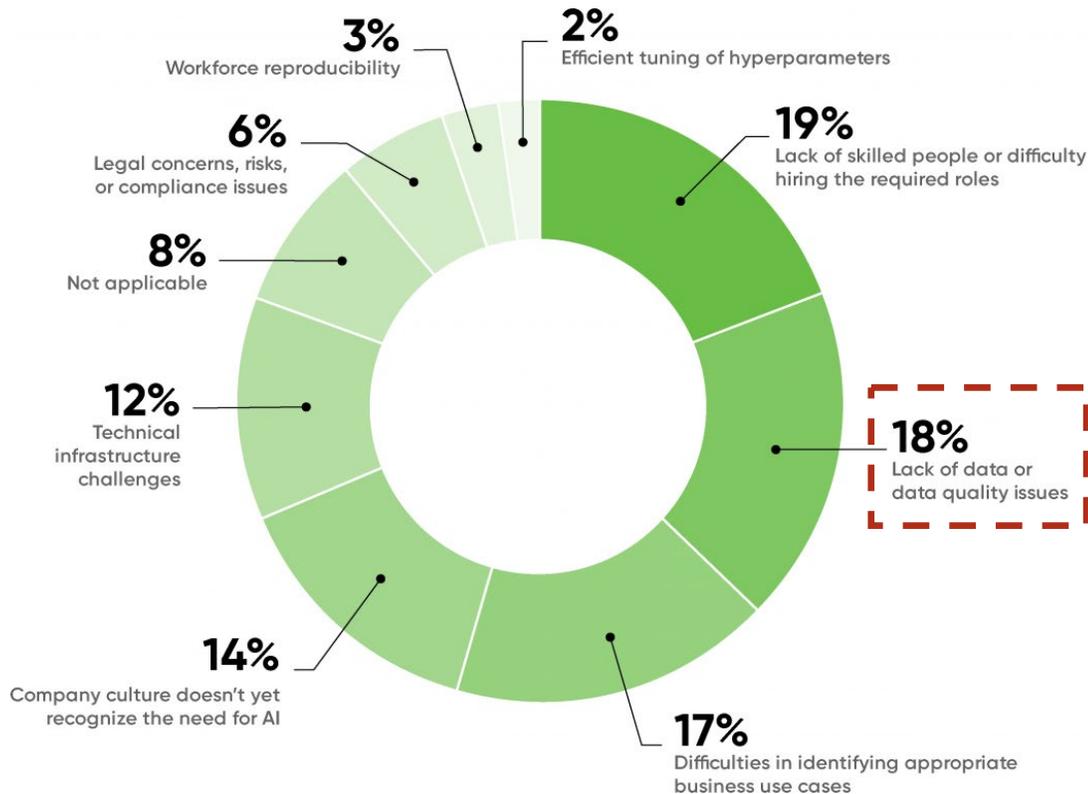


- 343% increase in committed revenue (2H20 v 2H19)
- A\$92.0M of committed revenue in 2H20, 31% of total – up from A\$36.3M in 1H20, 12% of total

Data remains a major obstacle for AI

In a recent survey, 18% of respondents see lack of data or data quality as the major bottleneck to AI

Many AI practitioners spend most of their time collecting and preparing data



*“... Airbnb have discovered that nearly **70% of the time a data scientist spends** developing machine learning models – is not doing the actual modelling, but **collecting data and feature engineering.**”*

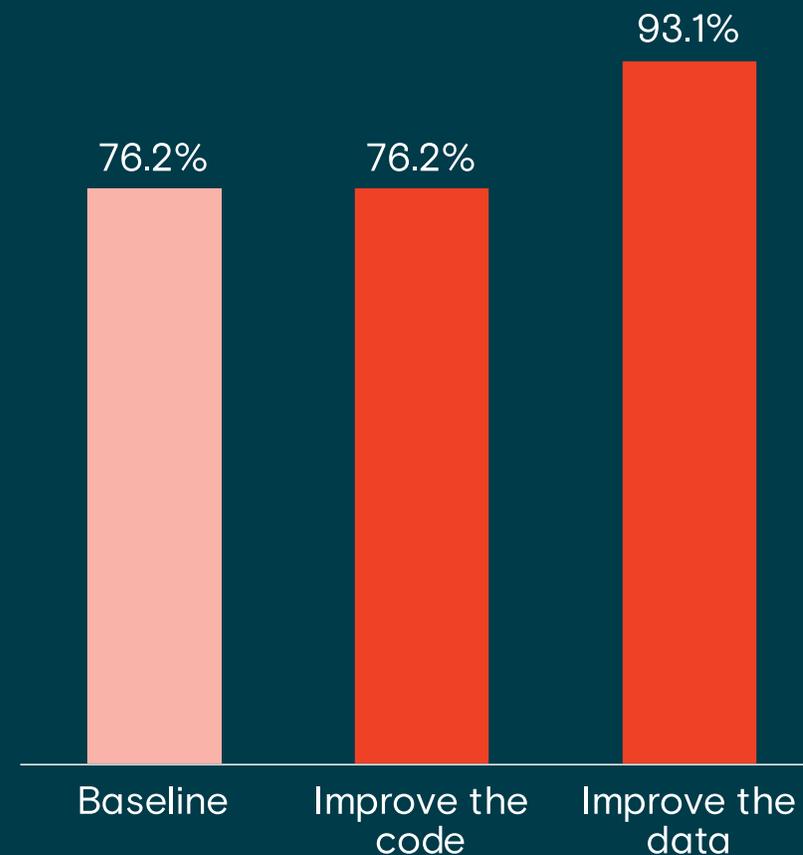
<https://read.hyperright.com/ml-powered-accommodation-hunt-airbnb-approach/>

O'Reilly: AI Adoption in the Enterprise 2021. Survey n = 3,574



Shift from “model-centric” to “data-centric” AI

Steel defect detection model



Automation critical to the labelling process



Pre-labelling

- AI performs an initial 'best guess' of the annotation
- Crowd workers check and correct the pre-label (if required)
- Significantly reduces annotation time



Speed labelling

- AI models that assist crowd workers by automating slow and/or manual tasks
- Works similar to an auto-complete function
- Significantly reduces annotation time



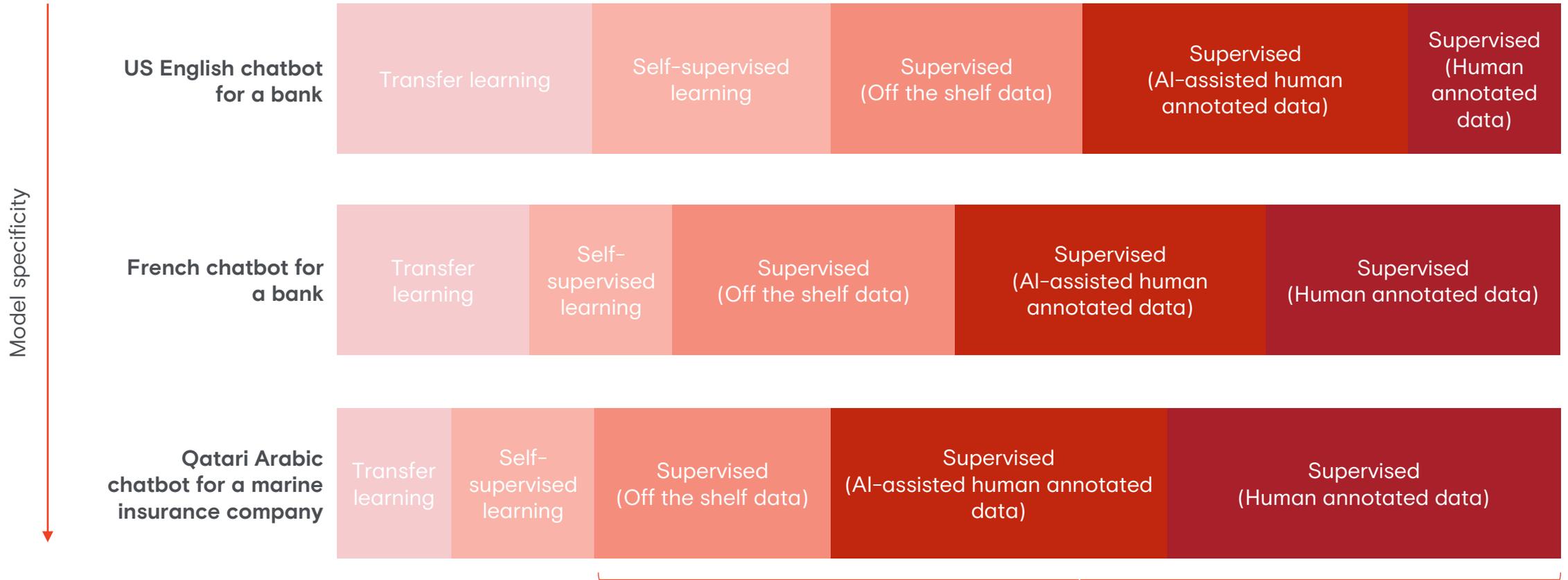
Smart Validators

- AI models that verify crowd output before they are submitted
- Crowd get notified if input is not within expected thresholds
- Improves data quality and overall worker performance

Appen's product suite includes many automation features

Real-world models typically use a combination of data-sources and techniques

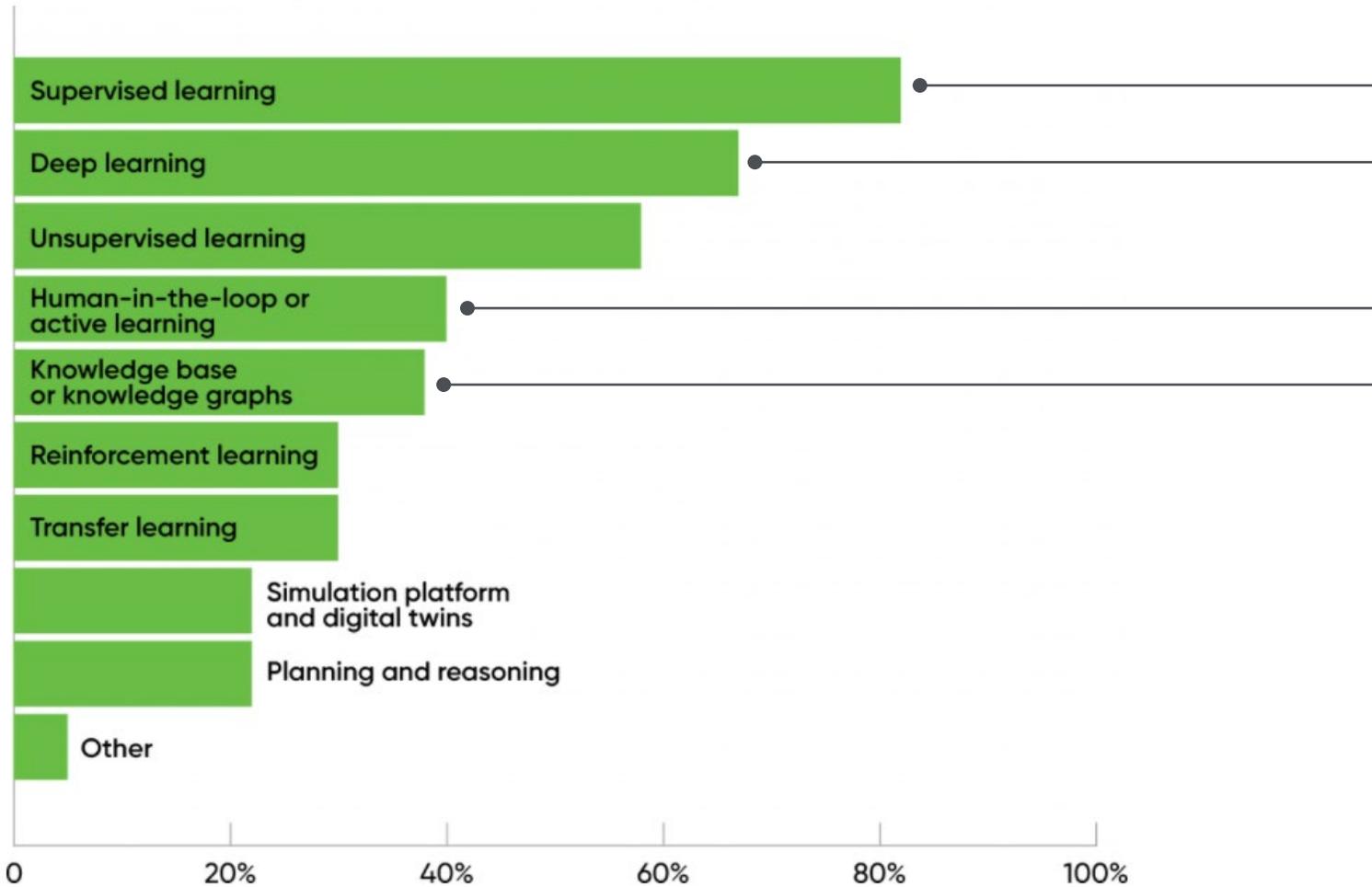
Contribution from different model/data approaches (Illustrative)



Appen AI training data solutions

Popular AI techniques rely on human involvement

AI technologies used in mature practices



Techniques that typically require some level of human annotation and/or preparation

Source: O'Reilly: AI Adoption in the Enterprise 2021. Survey n = 3,574

Appen continues to evolve

	From	To
Data type	Language data	AI data
Delivery model	Service led	Product led
Revenue	Project based	Committed
Customer	Concentration	Diversification
Org structure	Functional alignment	Customer alignment
Reporting	Data modality, AUD	Strategy led, USD

Our areas of focus

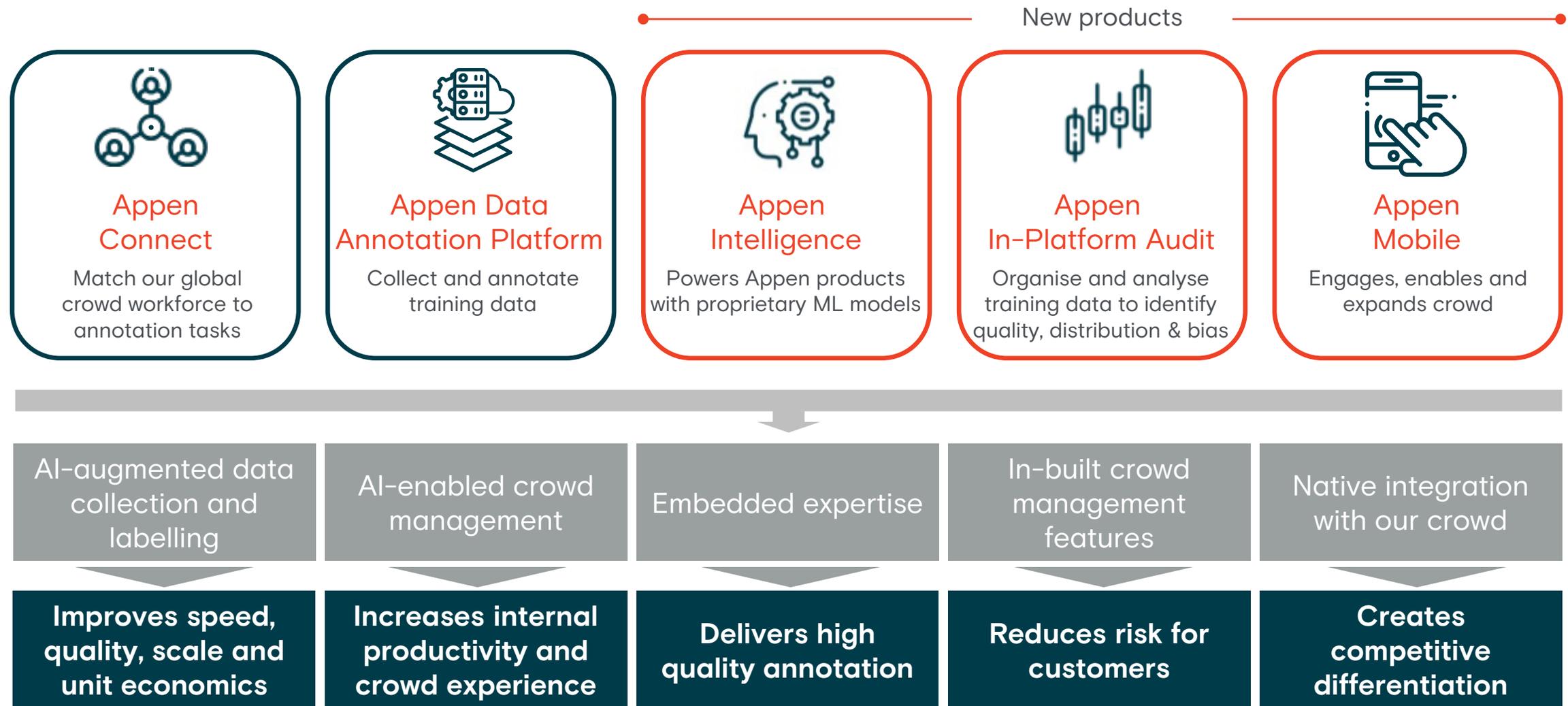
Product Led

Our future is product led, enabling us to deliver high-quality training data, faster, at larger scale, with improved unit economics, and is a foundation for future capabilities

Customer Centric

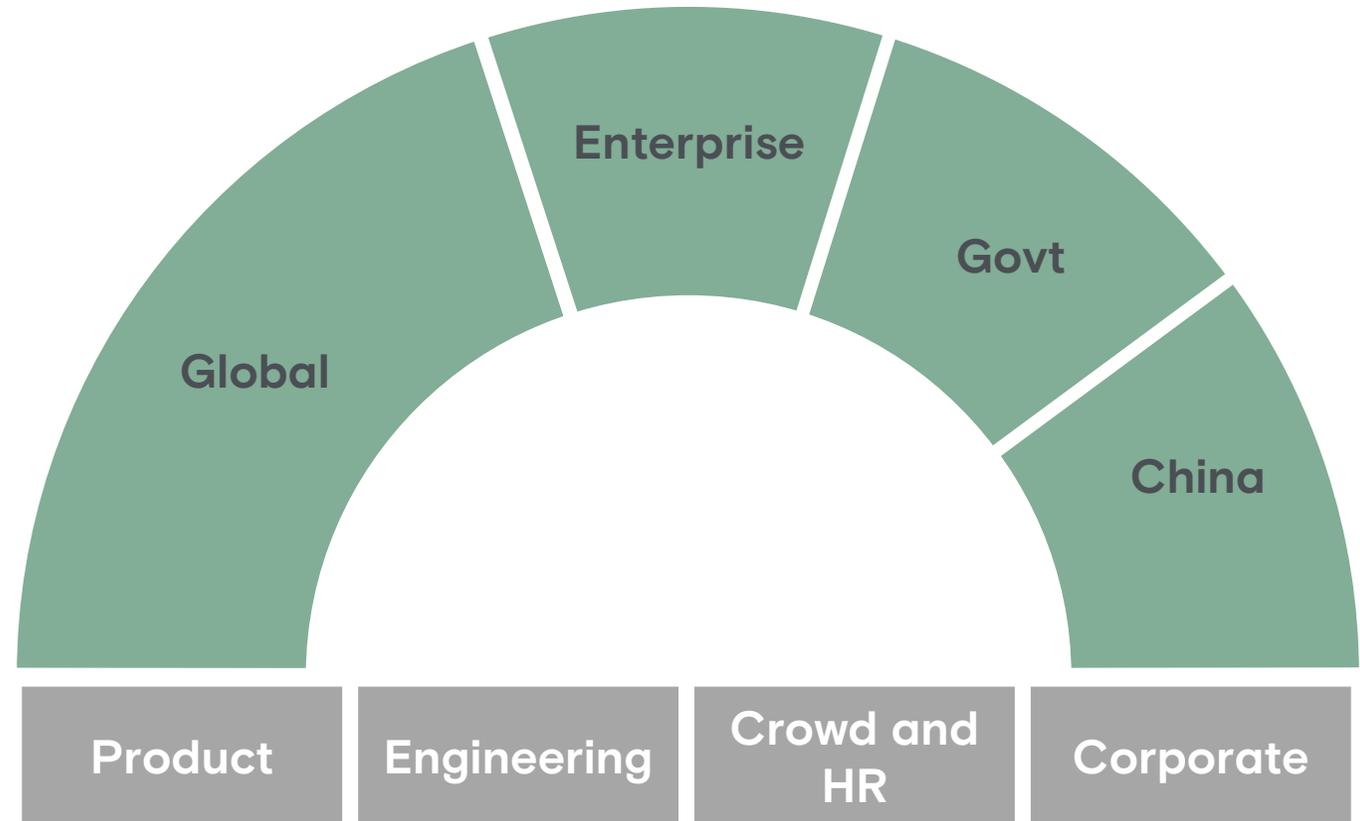
We are aligning our operations to better support the needs of our target customer cohorts

Appen's high value product suite

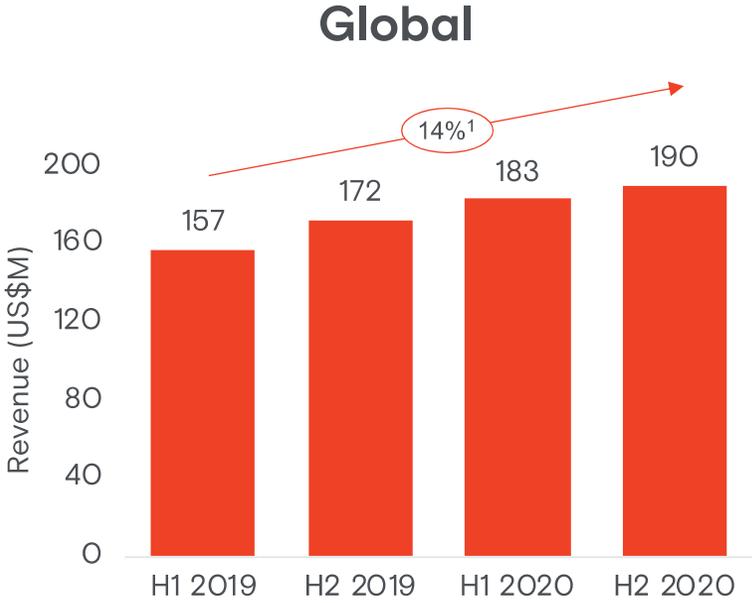


Customer-centric org structure

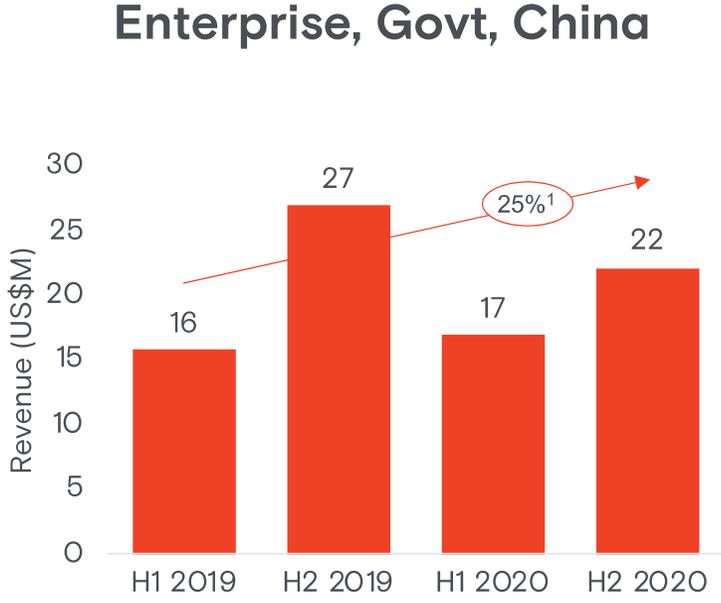
- Four customer focused business units with end-to-end operational and P&L accountability
- Respond quickly to changing customer needs and market trends
- We are optimising resources to align with the new operating model and technology-driven productivity benefits
- Reduced delivery resource requirements will deliver benefits from 2H21



Revenue by customer-focused business units



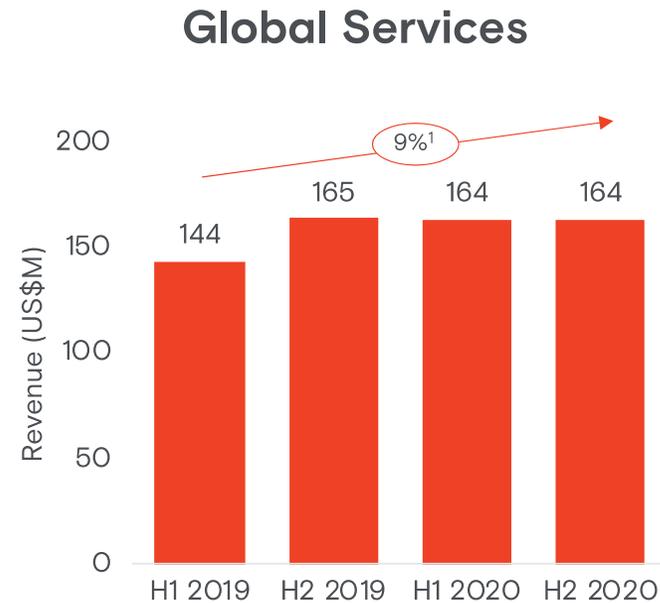
Global customers deliver solid growth underpinned by large programs



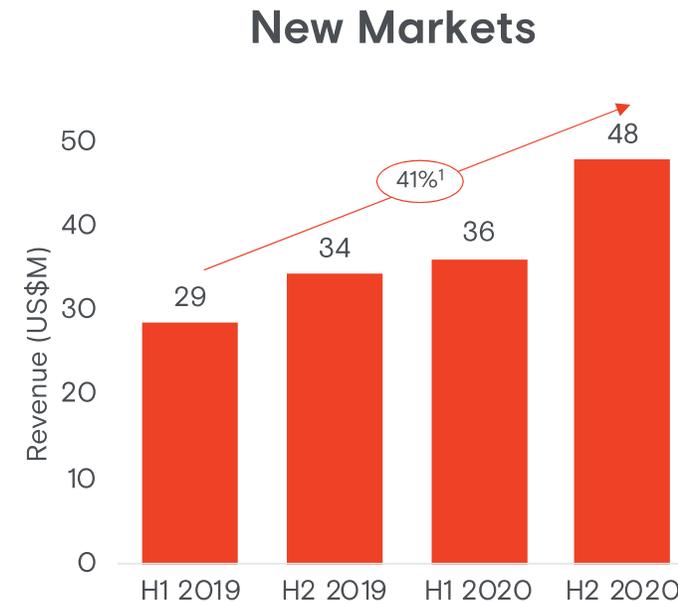
Enterprise, Government and China provide high growth and will improve customer distribution over time

Note: All figures in US\$M. 1. Annualised CAGR from H1 2019 to H2 2020.

Segmenting by offering shows very high growth in New Markets



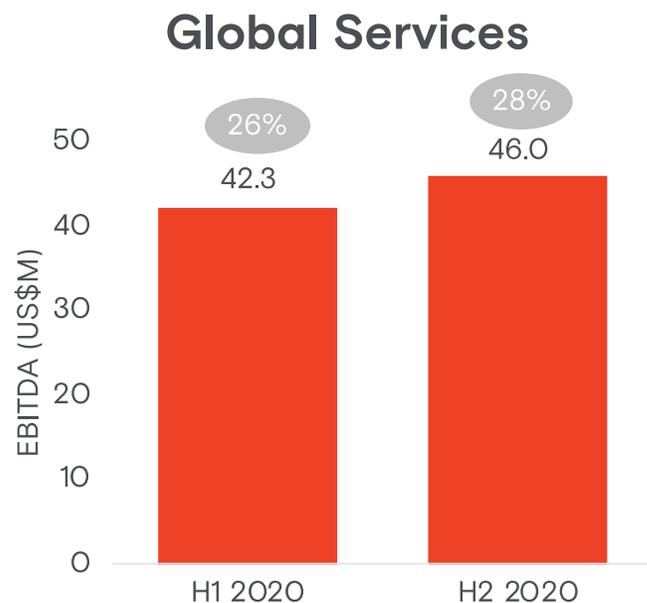
Services provided to leading US tech companies utilising their data annotation tools



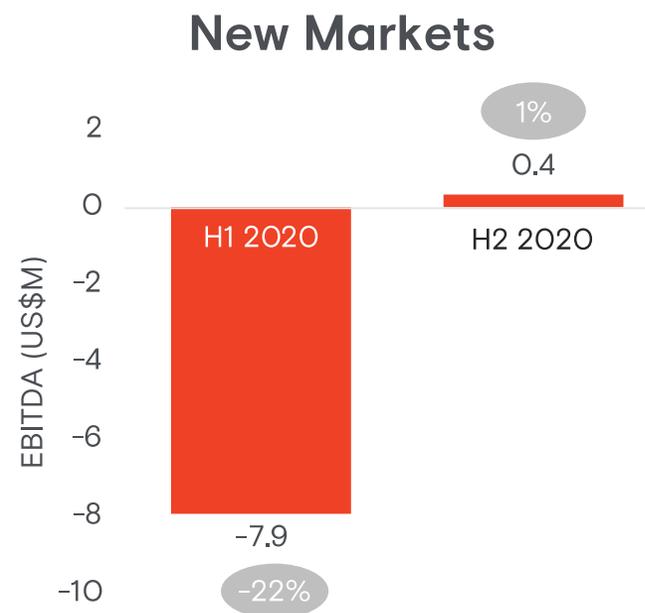
Revenue from leading US tech companies through Appen products and Enterprise, Government and China

Note: All figures in US\$M. 1. Annualised CAGR from H1 2019 to H2 2020.

Solid earnings from Global Services supports New Markets growth



Global Services provides solid earnings with margin expansion through scale and technology



Ongoing investments into New Markets to drive growth

EBITDA %

Note: All figures in US\$M. EBITDA includes all corporate costs excluding share-based payment and FX gains and losses.

2021 revenue growth outlook

- **Global Services** skewed to H2; full-year mid to high single-digit growth
- **New Markets** expected growth circa 25%, in line with broader AI market

Resource optimisation

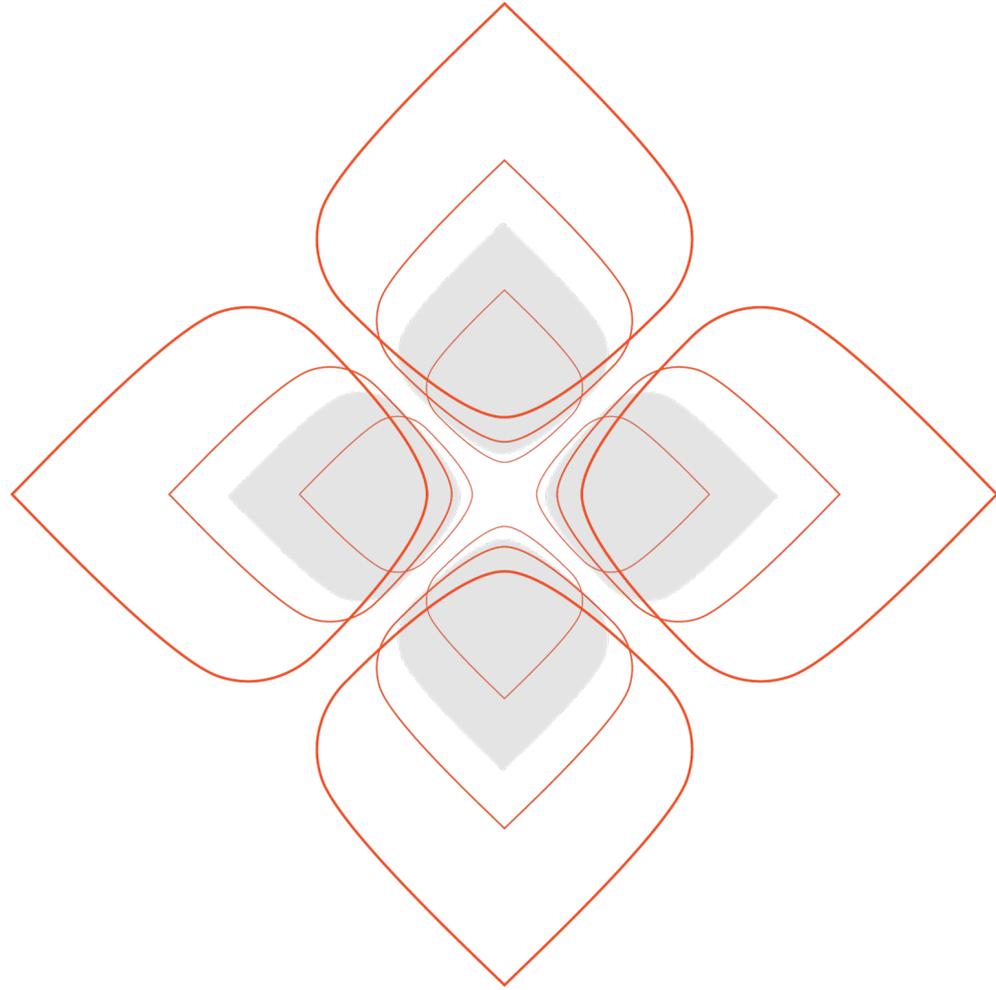
- Restructure and tech-enabled productivity allow resource optimisation, mainly in delivery resources
- Restructuring costs in H1 2021, partial benefits to be realised in H2 2021
- Full year gross cost savings (before reinvestment) of US\$15M expected in 2022

Trading update

- Year-to-date revenue plus orders in hand of ~US\$260M¹ at end of April 2021, consistent with prior methodology²
- Heavy weighting to underlying EBITDA in 2H21 due to:
 - Key projects that were delayed in late 2020 are returning with a skew to delivery in 2H21
 - 1H21 cost base reflects full year cost of 2020 hiring
 - Resource optimisation benefits to flow 2H21
- Full year underlying EBITDA guidance of US\$83M – US\$90M is maintained

1. ~AU\$340M at AUD/USD FX rate of 77c. 2. Year-to-date revenue and orders in hand at the same time in 2020 was approximately US\$240 million.

Appen is accelerating
its transformation into
an AI powered provider
of AI data and solutions



Thank you

