

ASX ANNOUNCEMENT

19 May 2021

BUSINESS AND TRADING UPDATE PRESENTATION

Appen Limited (**Appen**) (ASX:APX) will be holding an investor and analyst conference call and an audio webcast at 11.00am AEST on Wednesday 19 May 2021. It was be hosted by Mark Brayan, CEO and Kevin Levine, CFO.

Register for the conference call: <https://s1.c-conf.com/diamondpass/10014117-m2nbd4.html>

Join the audio webcast: <http://www.openbriefing.com/OB/4252.aspx>

A replay will be made available after the event on Appen's [Investor Centre](#).

Please find attached the presentation to be delivered to investors and analysts this morning on the conference call and audio webcast.

Authorised for release by the Board of Appen Limited.

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Business and trading update

May 2021

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Appen Limited disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements in these materials to reflect any change in expectations in relation to any forward-looking statements or any change in events, conditions or circumstances on which any such statement is based. You should monitor any announcements by the company lodged with the ASX. Nothing in these materials shall under any circumstances create an implication that there has been no change in the affairs of Appen Limited since the date of these materials. Organisation structure is subject to change.

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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.

All amounts are in USD unless otherwise stated.

Agenda

- Evolution from services to product
- Enhanced segment reporting
- Trading update

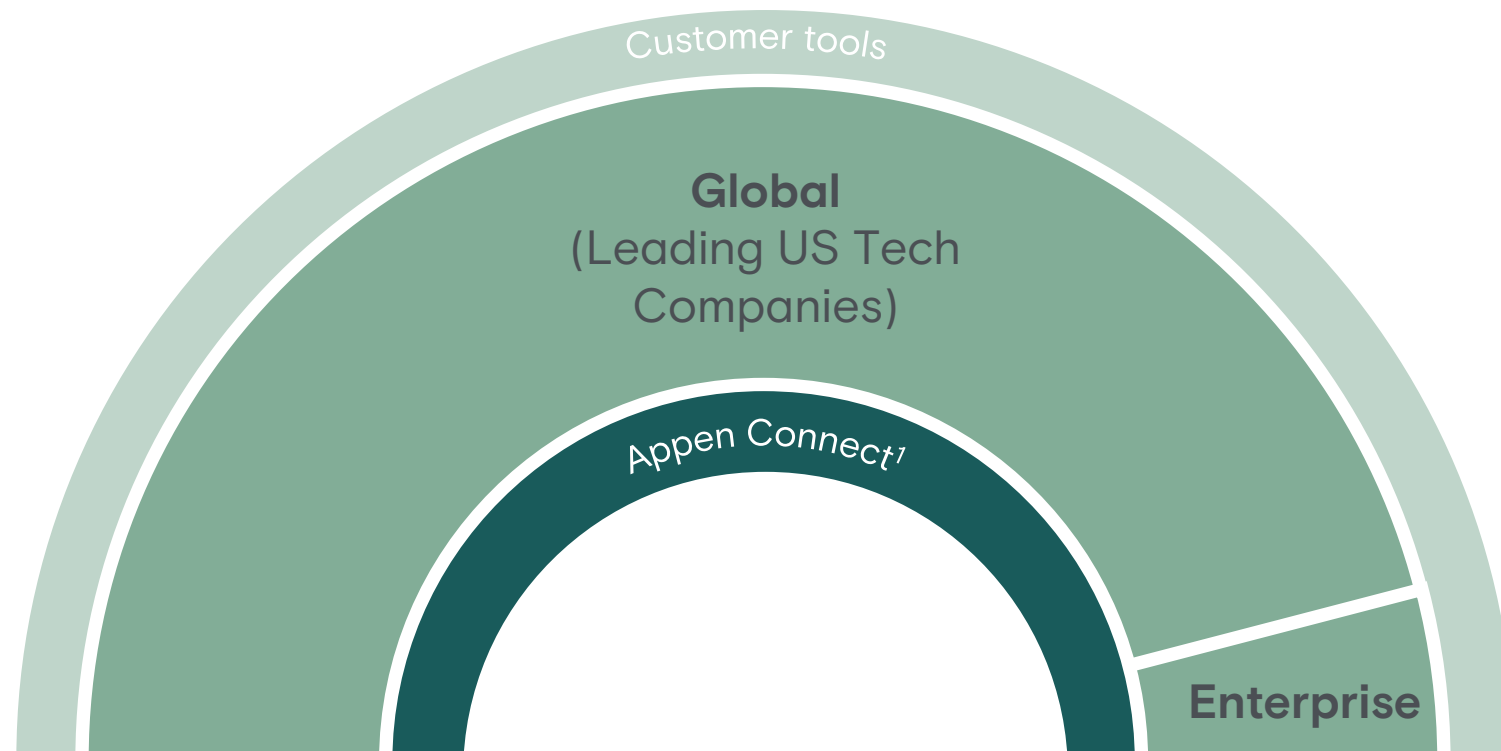
Appen continues to evolve

	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

Phase 1: Dominate the AI data annotation services market

Leading provider of AI data annotation services

- Acquired Butler Hill 2010
- Acquired Leapforce 2017



1. Appen Connect included in Leapforce acquisition. Built on existing capabilities to manage crowd workforce.

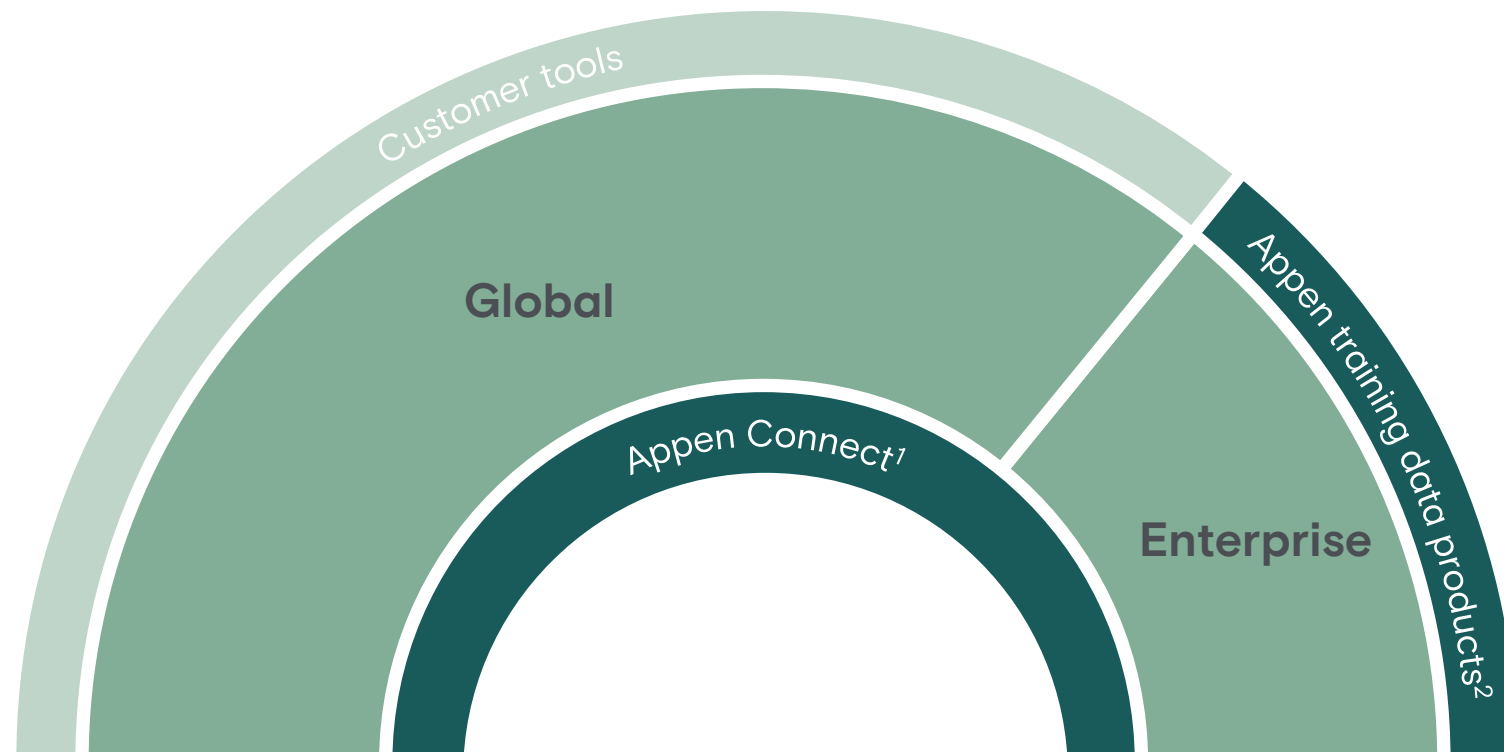
Phase 2: Build leading data annotation products

Leading provider of AI data annotation services

- Acquired Butler Hill 2010
- Acquired Leapforce 2017

Acquired market leading technology platforms and tools

- Acquired Figure Eight 2019
- Ongoing product investment
- New Enterprise customer base



1. Appen Connect included in Leapforce acquisition. Built on existing capabilities to manage crowd workforce. 2. Appen training data products include Figure Eight annotation platform and tools.

Phase 3: Product led expansion

Leading provider of AI data annotation services

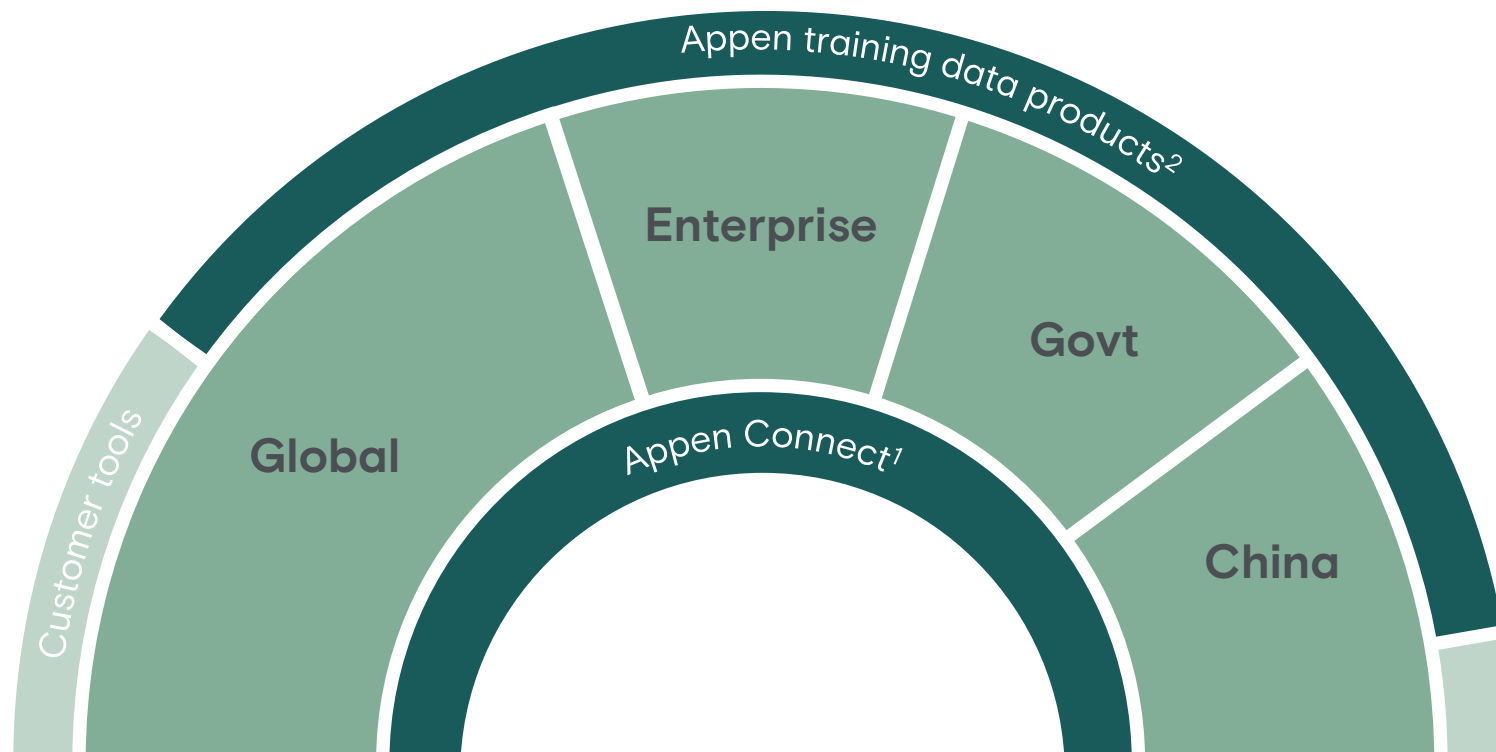
- Acquired Butler Hill 2010
- Acquired Leapforce 2017

Acquired market leading technology platforms and tools

- Acquired Figure Eight 2019
- Ongoing product investment
- New Enterprise customer base

Expanded into new customer and market segments

- Increased sales and marketing
- China and Govt BUs established
- Global customers on Appen products



1. Appen Connect included in Leapforce acquisition. Built on existing capabilities to manage crowd workforce. 2. Appen training data products include Figure Eight annotation platform and tools.

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

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

Our product suite is a foundation of the business



Appen Connect

Match our global crowd workforce to annotation tasks

- Assigns tasks to our global workforce of 1m+ working in 170+ countries and 235 languages
- Pays 70k+ crowd workers per month
- Quality management and fraud detection



Appen Data Annotation Platform

Collect and annotate training data

- Full suite of data collection and annotation tools
- AI-enabled/automation capabilities
- Ability to support complex, multi-step annotations
- Wide array of data security options



Appen Intelligence

Empower Appen products with proprietary machine learning models

- Over 20 proprietary models to improve crowd productivity and data labelling quality
- Used extensively to automate internal crowd management tasks



Appen In-Platform Audit

Organise and analyse training data to identify quality, distribution & bias

- Enables our customers to navigate and troubleshoot training data



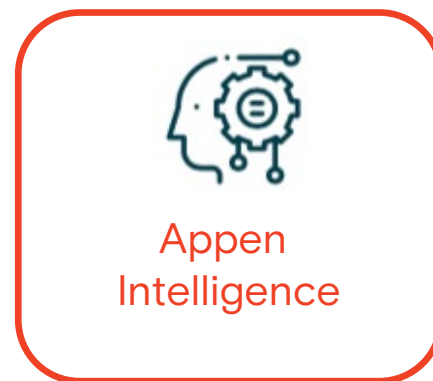
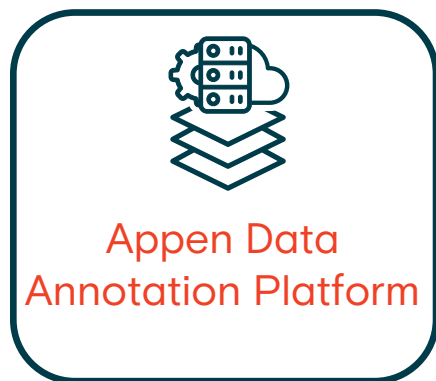
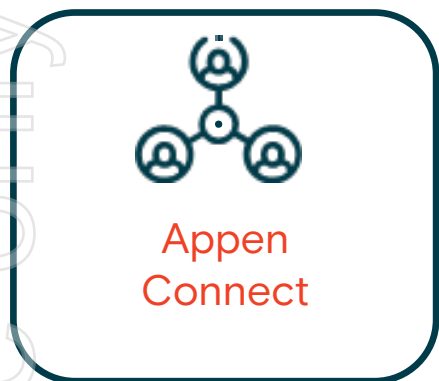
Appen Mobile

Engages, enables and expands crowd

- Simple and intuitive user experience
- Crowd can interact with Appen anywhere and anytime
- Reaches people who don't have access to a desktop or prefer mobile
- Enables location-based data collection

New products

Value created from our products



New products

AI-augmented data collection and labelling improves speed, quality, scale and unit economics

AI-enabled crowd management increases internal productivity and crowd experience

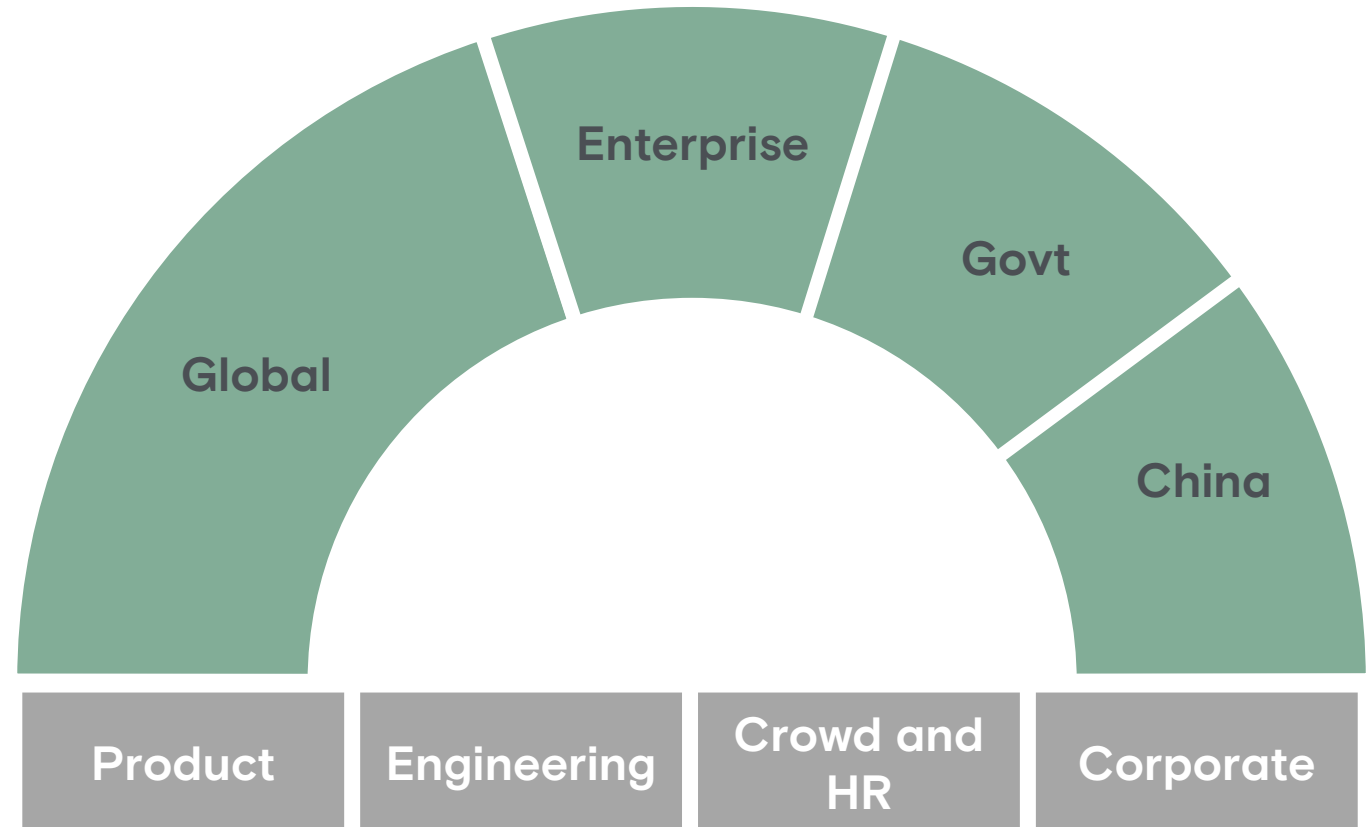
Embedded expertise delivers high quality annotation

In-built crowd management features create low risk approach for customers

Native integration with our large crowd creates competitive differentiation

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



We are aligning our
segment reporting to
our product-focused
strategy



New reporting segments: Global Services and New Markets



Global Services

- Services provided to leading US tech companies utilising their data annotation tools
- Includes large relevance programs
- Appen Connect is critical to provide crowd resources at scale
- Potential to utilise Appen training data products

New Markets

- New Markets reflects progress against our Product Led strategy, includes Global customer revenue through Appen products and Enterprise, Government and China
- Our products are delivering growth today
 - 300+ customers currently use our products, including our global customers
 - Wide variety of industries and use cases
- We continue to focus on automating internal and crowd processes to deliver larger volumes of higher-quality training data with improved unit economics

Reporting change to USD commencing with 2021 interim result

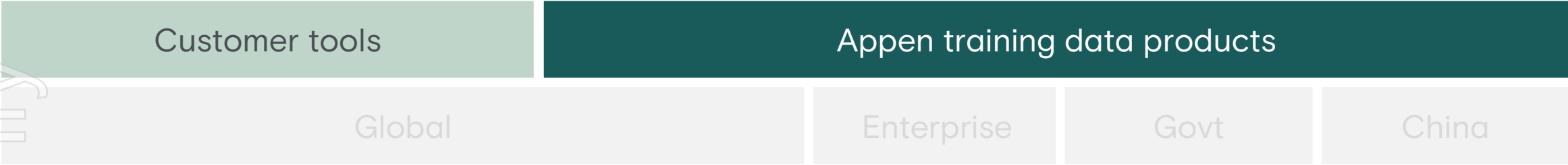
- Reflects business, >90% of revenue and assets are in US dollars
- Removes volatility in translation of US\$ into A\$
- Enables easier comparison of performance over time

Restated 2020 P&L in US dollars

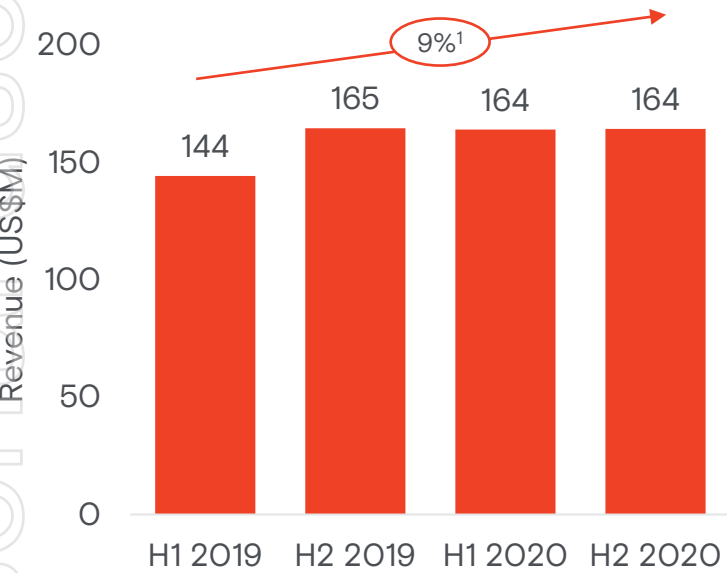
US\$	FY2020	vs FY2019
Group revenue	\$413.0M	+11%
Global Services	\$328.1M	+6%
New Markets	\$84.5M	+34%
Underlying EBITDA ¹	\$75.4M	+8%
Underlying EBITDA margin	18.3%	vs 18.9%

Note: See the Appendices to the ASX Announcement dated 19 May 2021 for the new segment reporting and restatement of historical financial information in US dollars. 1. Underlying EBITDA excludes transaction costs, acquisition related share-based payment expenses and fair value adjustments (consideration adjustments) for the Figure Eight acquisition.

Segment revenue by service and product led offering

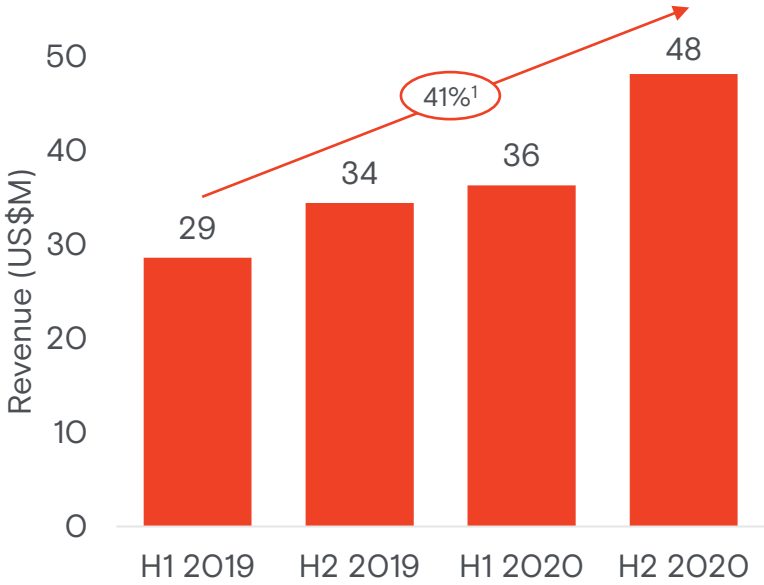


Global Services



New Markets

Includes Global customer revenue through Appen products and Enterprise, Govt, and China



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

New Markets revenue breakdown

Customer tools

Global

Appen training data products

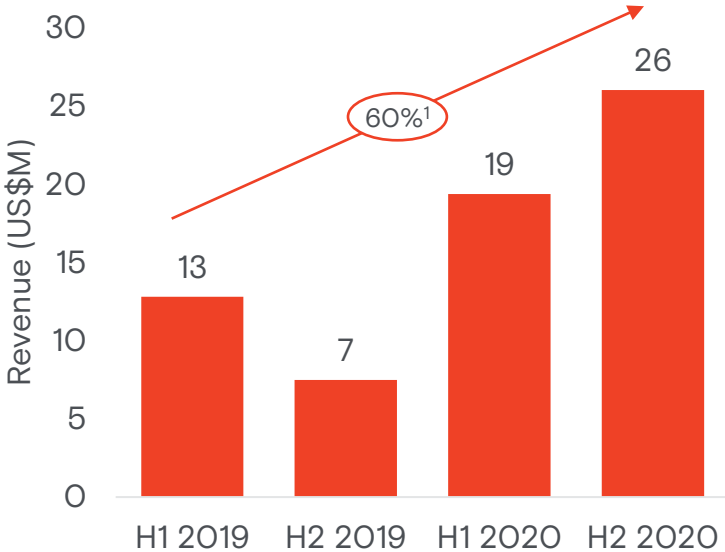
Global

Enterprise

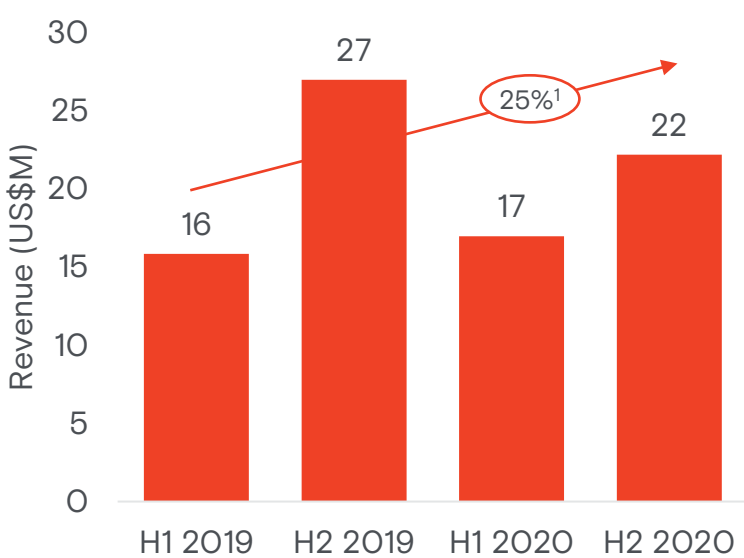
Govt

China

Global Product

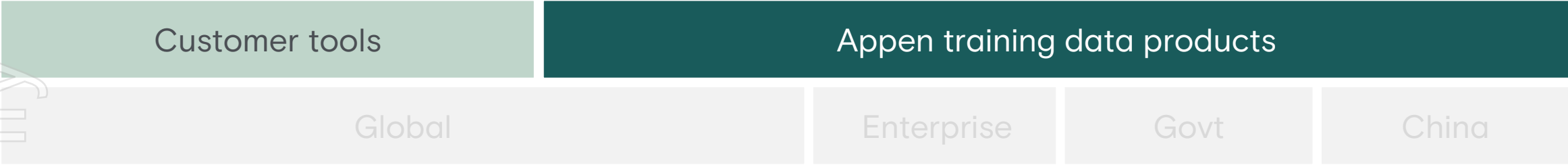


Enterprise, China, Govt

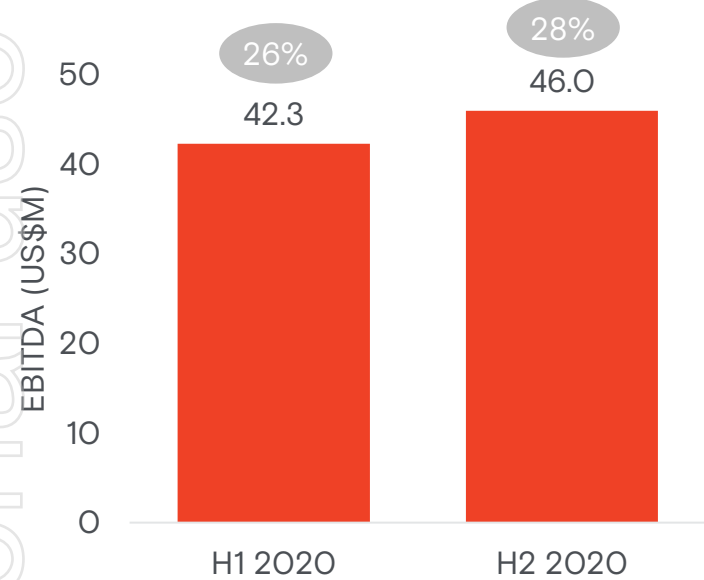


Note: All figures revenue in US\$M. 1. Annual CAGR from H1 2019 to H2 2020.

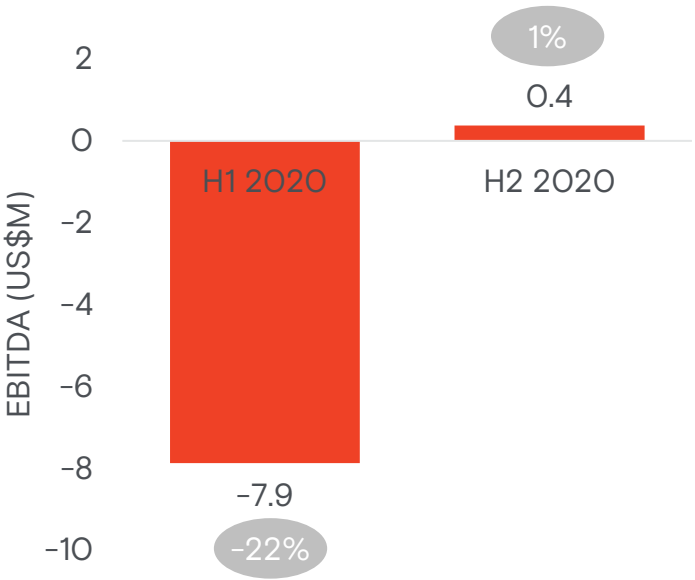
Segment EBITDA by service and product led offering



Global Services

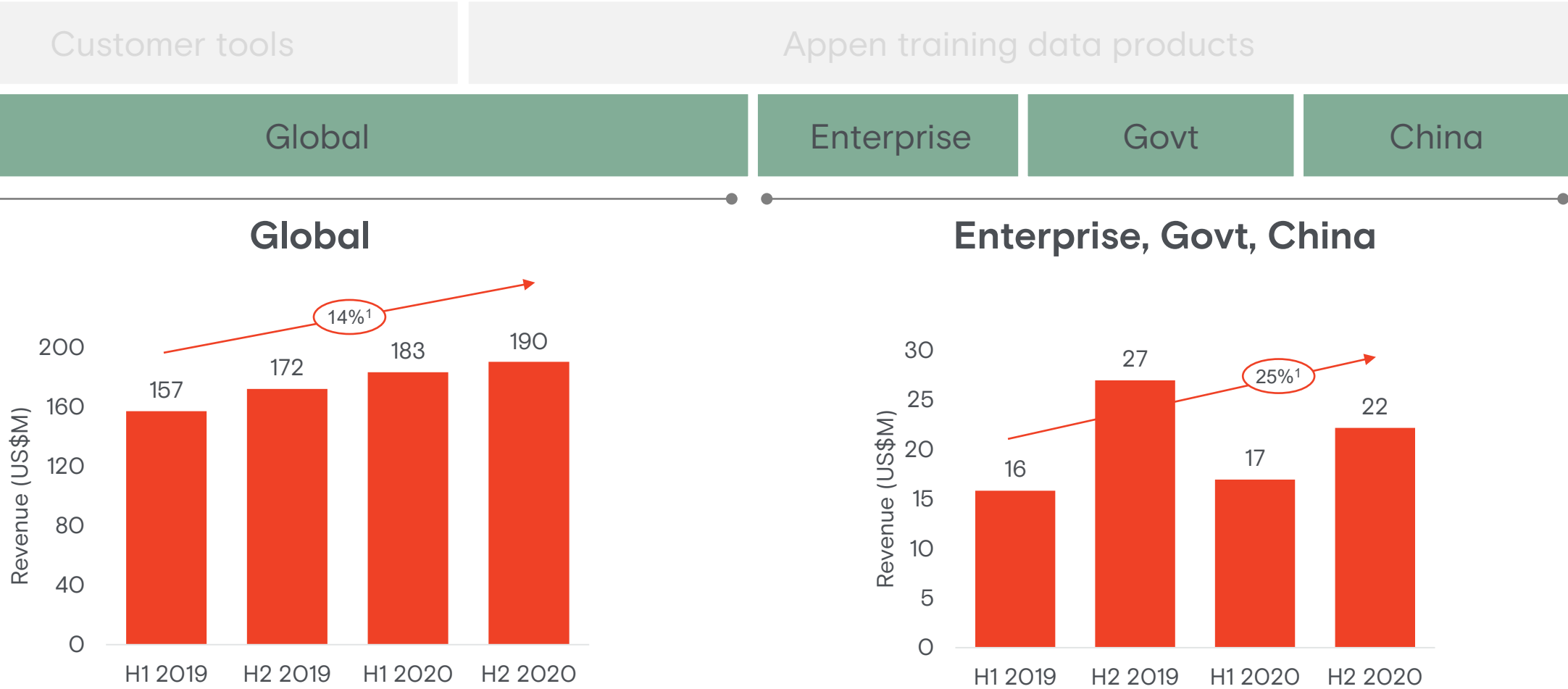


New Markets



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

Revenue by customer-focused business units



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

2021 outlook

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

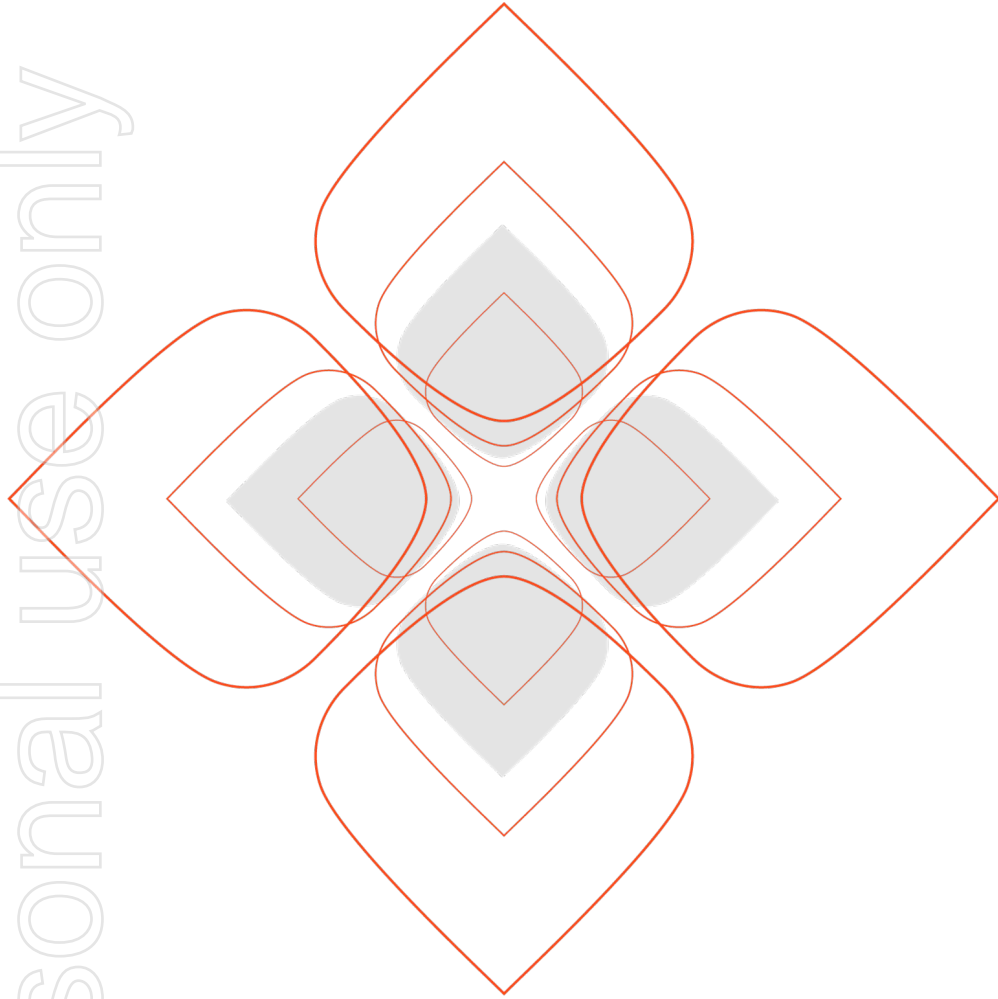
Resource optimisation

- 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.



Questions

