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ASX ANNOUNCEMENT

26 August 2021

Appen to acquire leading location data provider Quadrant

Appen Limited (ASX: APX) today announces the acquisition of Quadrant, a global leader in mobile location and Point-of-Interest (POI) data. This acquisition expands the breadth of Appen's data capabilities and product offering for existing customers and opens new growth opportunities in the global location intelligence market.

Founded in 2014, Quadrant provides mobile location data, POI data, and data compliance services that enable enterprise customers to perform location analytics and derive location-based intelligence. Quadrant's proprietary Geolancer platform provides authentic, accurate, and up-to-date POI data, manually verified on the ground by crowd workers. For location and mobility data, Quadrant has over 450 million unique devices seen per month in nearly every country, with delivery frequency as low as 5-minute intervals. Quadrant's data collection application includes a blockchain enabled data privacy consent management platform that tracks consent to use, store, manage, and share data.

The global location intelligence market was valued at US$11.9 billion in 2020 and is expected to grow at a 14% CAGR, reaching ~US$29.8 billion in 2027[1]. Use cases for location data include mapping, supply chain and delivery, and online retail.

Quadrant and Appen's unified business will be strongly positioned to deliver high-quality data to organisations that rely on geolocation for their business. Quadrant's Geolancer product, delivering accurate, up-to-date, and manually verified POI data, will expand its global reach and scale by tapping into Appen's global crowd of over one million workers in over 170 countries. With the acquisition, we expect Geolancer to become the market-leading POI platform.

To acquire 100% of the share capital of Quadrant, Appen will make an upfront cash payment of US$25 million and a potential additional payment of up to US$20 million in Appen shares to be issued upon achieving revenue milestones in 2022 and 2023. The upfront cash payment will be funded from existing cash reserves and the transaction is expected to close in September 2021.

Quadrant's founder and CEO, Mike Davie, will join the Appen team and report directly to Appen's CEO Mark Brayan.

Appen intends to increase investment in Quadrant's product and market expansion for the remainder of 2021 and in 2022 to further accelerate growth and expects this will reduce Appen's FY21 underlying EBITDA by approximately US$2 million.

[1] Research and Markets Global Location Intelligence Industry (2020 to 2027)

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"The acquisition of Quadrant enables Appen to increase our addressable market and to expand our product and service offering to our customers to include more mobile location and POI data capabilities," said Mark Brayan, Appen's Chief Executive Officer. "We already have the broadest AI training data offering in the industry, and we see an opportunity to grow in the mobile location and POI data space. With Quadrant's Geolancer and our global crowd, we will be strongly positioned to serve our customers' scale, speed and quality requirements."

The release of this announcement was authorised by the Board of Appen Limited.

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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.