

CHAIRMAN'S ADDRESS AGM 18 May 2018

Dear Shareholders

I am pleased to report that in FY2017 Appen continued its record of outstanding growth. Here are the key figures.

Revenue grew by 50%, from \$111.0 million in FY2016 to \$166.6 million.

The Underlying EBITDA (excluding the Leapforce transaction cost) increased by 62% to \$28.1 million. After transaction costs of \$5.9 million, the Statutory EBITDA was \$22.2 million.

Our Underlying EBITDA margins continued to improve, from 15.6% in 2016 to 16.9% in FY2017

The Underlying Net Profit After Tax (NPAT) reached \$19.7 million, 86% up on the FY2016 NPAT of \$10.6 million. Statutory NPAT (after transaction costs) was \$14.3 million.

Appen maintained a strong balance sheet, with end-year cash of \$24.0 million

We paid dividends totalling 6 cents per share.

A highlight of 2017 was the acquisition of Leapforce, completed last December. We are making good progress with the integration of the Appen and Leapforce systems, processes and people. This will take the remainder of this year to complete, but ultimately the Leapforce transaction will deliver many benefits for Appen, including attractive technology, scale in our resources and operations, and the addition of customer projects where previously we had a relatively low presence.

Appen's continuing growth of course brings its challenges. However, our investments in people, systems and facilities are accommodating the growth and delivering improvements in cost and productivity. As mentioned above, there was a material improvement in our operating margins in 2017.

In relation to our operations, we have now completed the construction and initial staffing of our new operating centre to support processing of customers' secure data. This large facility is in addition to our existing government security-accredited facilities in the UK which we acquired in 2016.

The speed of evolution of the industry however means that our customers are continually requiring us to innovate, scale, be agile and flexible, and be cost-competitive.

We continue to be optimistic about our growth prospects, and we are on-track for another record year in revenue and earnings. Our CEO Mark Brayan will speak further about this in his presentation shortly. I would note however that the adoption of Artificial Intelligence and Machine Learning has gained spectacular global momentum, and Appen is now positioned as one of the world's largest providers of secure data to support this technology. There could scarcely be a more exciting set of customers than those we currently support in the technology, government and automotive sectors.

Our objective is to broaden our sources of revenue to cover new customer segments and geographies, consistent with the widening adoption of AI. We will invest carefully and selectively towards this end.

I acknowledge the contributions of our management and staff. They have responded impressively to the pressures of growth and the requirements of our customers, which in turn include some of the most sophisticated and demanding technology corporations in the world. We have increased our professional staff numbers to 414 as at May 2018, along with our global crowd workforce which now exceeds one million. A strong positive has been the addition of Daren Jackson and his team from Leapforce.

To support our growth, Appen will continue to add leadership resources, particularly in technology and business development. It is important to note however that the global demand for well-credentialed people in the disciplines related to AI is intense, and therefore we need to be competitive to recruit and retain talent. The board has sought to implement reward structures which are globally competitive but at the same time ensure that long term incentives are closely aligned with shareholder wealth creation.

I thank my board colleagues. They are active and engaged, and bring a strong depth in industry knowledge, corporate governance, and strategic and operational experience. I value their contributions.

Finally, thank you shareholders for your ongoing support. Many of you have travelled this journey with Appen since our ASX listing in 2015. We value your loyalty and trust.

Sincerely

Chris Vonwiller