



<b>Company</b>	Appen Limited
<b>Code</b>	APX
<b>Meeting</b>	AGM
<b>Date</b>	Friday, 27 May 2022
<b>Venue</b>	Hybrid meeting at Sydney Hilton and online
<b>Monitor</b>	Peter Gregory assisted by Orlene McKinlay

<b>Number attendees at meeting</b>	17 shareholders attended the meeting and 32 shareholders participated online.
<b>Number of holdings represented by ASA</b>	46 shareholders.
<b>Value of proxies</b>	\$673,000
<b>Number of shares represented by ASA</b>	103,000
<b>Market capitalisation</b>	\$704m – on day of meeting.
<b>Were proxies voted?</b>	Yes, on a poll.
<b>Pre-AGM Meeting?</b>	Yes, with chair Richard Freudenstein and Rosalie Duff - Investor Relations.

## Appen transformation – the proof of the pudding will be in the eating.

There were 4 themes of the meeting

- 1. Telus offer.** The Chair, Richard Freudenstein, described uncertainty surrounding this indicative, non-binding offer, saying the Board had sought to engage with Telus and work towards an improved offer. Telus, without explanation, withdrew its offer and Appen continues to focus on strategy and capturing strong market growth. Telus is the owner of Lionbridge, a key competitor of Appen, and the Chair was clear that no non-public information was disclosed to Telus.
- 2. Disappointing results and the way forward.** The disappointment of shareholders was acknowledged by the Chair and this topic generated several critical questions from individual shareholders, including one who asked for the resignation of the board and management. The Chair responded to these describing the transformation process that Appen was going through and his confident optimism for the future of the company.

ASA sought explanation of what would drive improved outcomes. We heard about the product development for internal use to improve efficiency of service delivery and improve

margins; the role and revenue models of products for DIY customers; the continued investment in technology to expand product offerings in response to customer demands and to anticipate market opportunities; the strategy for growing revenue outside of Appen's traditional global customers; and the importance of having right team in place to drive strategy implementation. Will these strategies deliver on shareholder expectations? Only time will tell!

- 3. Risks** While Appen's risk plan is comprehensive, we asked where the greatest risks lie. CEO Mark Brayan shared his concerns of staying ahead of customer requirements; protecting customer data and cyber security; and retaining talent in a globally competitive environment.
- 4. Remuneration review.** Following the FY20 strike the board has worked to improve its remuneration plan to retain talent in a highly competitive global market while also meeting shareholder expectations. As outlined in our VI this includes an expanded set of STI metrics, and we asked about the alignment of these targets to the FY26 objectives. With the critical new market customers revenue, it was stated that the target would align with market growth. However, subsequent calculations by ASA show that would result in missing this FY26 target by approx. 18%. The process for determining non-financial targets was described as using the current position as a baseline and set challenging 5-year growth targets from that baseline. The specific non-financial targets were not disclosed.

Appen has not provided a good outcome for shareholders over the past two years. The meeting recognised this and made commitments to the implementation of strategies to secure a better future for Appen and its shareholders. It is imperative that the new board is supportive of management and while also being assiduous in overseeing implementation and demanding of expected outcomes.