



<b>Company</b>	Appen
<b>Code</b>	APX
<b>Meeting</b>	AGM
<b>Date</b>	31 May 2019
<b>Venue</b>	KPMG level 38 Tower 3 Barangaroo Sydney
<b>Monitor</b>	Mary Curran assisted by Orlene McKinlay

<b>Number attendees at meeting</b>	TBA
<b>Number of holdings represented by ASA</b>	<b>47</b>
<b>Value of proxies</b>	\$5.8m
<b>Number of shares represented by ASA</b>	1.1m (equivalent to 5th largest holder)
<b>Market capitalisation</b>	\$3.2bn
<b>Were proxies voted?</b>	Yes, on a poll
<b>Pre AGM Meeting?</b>	Yes, with Chair, Chris Vonwiller and Non Executive Director, William Pulver.

### No room at App Inn

There was standing room only at the Appen AGM. Both shareholders and guests had come to better understand the company's growth strategy and how it would continue to increase its global business.

It was the first time ASA monitored Appen and the company kindly agreed to video the meeting.

[The Chair and founder Chris Vonwiller summarised the company results](#) and how it continues to grow its profits, declaring a positive outlook for 2019 with a \$40m cash balance. He celebrated the company's commitment to Environmental, Social and Governance (ESG), diversity of the workforce and identified the difficulties of the competitive IT industry for attracting and retaining talent. He reiterated the need for speed to complete the Figure Eight acquisition and reasoned why retail shareholders were offered a small proportion of the capital raising as it was not underwritten. There are no plans for a dividend reinvestment plan.

The [CEO, Mark Bryant provided an overview](#) of the company's technology and gave a live demonstration of how training data is used to drive AI algorithms. Examples being, emergency flooding, facial recognition (he used Abraham Lincoln), driverless vehicles, elephants with and without tusks and how expense accounts can be streamlined, among others. He noted the

repeatability of revenue and training still needing humans, thereby remaining a high growth market and having 8 of the top 10 tech companies as clients.

There were numerous questions from the floor, including from ASA. These included questions re the global crowd, how does Appen employ the disabled, and the churn rate on the more tedious tasks (15%). Appen gives 'the crowd' the ability to work from home and to work flexible hours and is continually recruiting. He explained that the China business operates as stand-alone to ensure data privacy and intellectual property. He mentioned the secure facilities in Manila (Philippines) and Exeter (UK) being ISO27001 certified.

We questioned the auditor with regard to the revenue recognition going forward due to the subscription nature of Figure Eight and he said they were already looking at that. With regard to the remuneration report, ASA asked for the actual key management personnel (KMP) pay as well as the statutory to be published which the company said it would consider. A shareholder questioned the use of the underlying EPS for the CEO incentives, the reply was that the company did not wish to stifle acquisition and the auditor stated he was mindful of the differences.

The vote [FOR the Remuneration Report was just over 92%](#) but lower for the Performance Rights grant to MD & CEO at 68.54% ie 31.46% AGAINST.

All directors spoke to their election and the resolutions were passed in the 90's. Following the formal part of the meeting, the CEO noted that the share price had fallen 6.6% on the day of the AGM (prior day close was \$27.88). He blamed a miscommunication with an analyst and that the \$6 million of investment saved by the Figure Eight acquisition had instead been repurposed. As at 6 June share price had regained some of the lost ground to be \$26.71.