



ASX Announcement

13 February 2023

Appen expects non-cash asset impairment charge

Appen Limited (ASX: APX) today announced that following a review of the value of cash generating units (CGU) and its assets in accordance with the relevant accounting standards, the Company expects to recognise a non-cash, pre-tax impairment charge of \$204.3 million in its financial results for the year ended 31 December 2022, scheduled to be released to the market on 27 February 2023.

The non-cash impairment charge reflects the impairment of goodwill and certain intangibles associated with the New Markets (excluding China) CGU, comprising the Global Product, Enterprise, Government and Quadrant business units. The carrying value of non-Goodwill intangibles attributable to the New Markets CGU is expected to be reduced by \$15.4 million and the carrying value of Goodwill is expected to be reduced by \$188.9 million.

The assessment of the carrying value of Appen's New Markets (excluding China) CGU reflects Appen's FY22 financial performance. There remains high conviction in the future growth prospects of the New Markets (excluding China) business, however given the FY22 performance, future revenue growth assumptions have been reduced to reflect lower growth rates, resulting in an impairment loss.

The impairment charge is non-cash related and is a non-operating item. Therefore, underlying EBITDA and underlying NPAT is not impacted. Additionally, there are no covenant related impacts or change in the Company's ability to draw on its debt facilities.

The review confirms that there are no indicators of impairment and significant headroom remains in our larger, more established Global Services CGU.

Appen expects to report FY22 revenue at the higher end of the guidance range of US\$375 million to US\$395 million as announced to the market on 6 October 2022.

Appen also expects to report FY22 EBITDA (before any FX impact) at the low end of the guidance range of US\$13 million to US\$18 million as announced to the market on 6 October 2022.

Appen's full year 2022 results remain unaudited and are subject to Board review and approval as well as completion of the external audit.

Authorised by the Board of Appen Limited.

For further information, please contact:

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About Appen

Appen is the global leader in data for the AI Lifecycle. With over 25 years of experience in data sourcing, data annotation, and model evaluation by humans, we enable organisations to launch the world's most innovative artificial intelligence systems.

Our expertise includes a global crowd of more than 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 products and services give leaders in technology, automotive, financial services, retail, healthcare, and governments the confidence to launch world-class AI products.

Founded in 1996, Appen has customers and offices globally.