ASX Release
28 August 2023

Appendix 4D and Interim Financial Report

In accordance with ASX Listing Rule 4.2A, Appen Limited (**Appen**) (ASX:APX) provides the attached Appendix 4D and Interim Financial Report for the half-year ended 30 June 2023.

Authorised for release by the Board of Appen Limited.

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About Appen

Appen is a global market 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.

Appen Limited

Appendix 4D
Results for announcement to the market

Company details

Name of entity:	Appen Limited
ASX code:	APX
ABN:	60 138 878 298
Reporting period:	**For the half-year ended 30 June 2023**
Corresponding period:	For the half-year ended 30 June 2022

All monetary references in this Appendix 4D and the attached Interim Report for the half-year ended 30 June 2023, are references in US Dollars ($ or US$), unless otherwise stated.

Results for announcement to the market

Half-year ended 30 June 2023

				$000
Revenue and other income from ordinary activities	down	23.7%	to	139,501
Loss from ordinary activities after tax attributable to the owners of Appen Limited	up	362.5%	to	(43,311)
Loss for the half-year attributable to the owners of Appen Limited	up	362.5%	to	(43,311)

Dividends

Given the half-year performance and to ensure appropriate allocation of capital, the Directors have determined not to pay an interim dividend for the half-year ended 30 June 2023.

There is no current dividend reinvestment plan in place.

There was no dividend paid in the FY22 year.

Net tangible assets

	Reporting period Cents	Corresponding period Cents
Net tangible assets per ordinary security	25.71	48.62

Additional information supporting the Appendix 4D disclosures can be found in the Interim Report for the half-year ended 30 June 2023, which is attached and has been reviewed by KPMG.

Appen Limited

ABN 60 138 878 298

Interim Report - 30 June 2023

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Corporate directory
For the half-year ended 30 June 2023

Directors	Richard Freudenstein - Chairman Armughan Ahmad – Chief Executive Officer (CEO), President and Managing Director (appointed CEO & President 9 January 2023 and appointed Managing Director 25 January 2023) Stuart Davis Stephen Hasker Vanessa Liu Robin Low Lynn Mickleburgh Mini Peiris
Registered office	Level 6, 9 Help Street Chatswood NSW 2067 +61 2 9468 6300 www.appen.com
Company secretary	Carl Middlehurst
Investor relations	Rosalie Duff +61 2 9468 6300 investorrelations@appen.com www.appen.com/investors
Shareholder enquiries	Link Market Services Locked Bag A14 Sydney South NSW 1235 +61 1300 554 474 registrars@linkmarketservices.com.au www.linkmarketservices.com.au
Auditor	KPMG Tower Three International Towers Sydney 300 Barangaroo Avenue Sydney NSW 2000
Stock exchange listing	Appen Limited shares are listed on the Australian Securities Exchange (ASX code: **APX**)

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the "Group" or "Appen") consisting of Appen Limited (referred to hereafter as the "Company" or "parent entity") and the entities it controlled at the end of, or during, the half-year ended 30 June 2023 ("half-year" or "period").

Directors

The following persons were Directors of Appen Limited during the whole of the half-year and up to the date of this report, unless otherwise stated:

Richard Freudenstein - Chairman
Armughan Ahmad – CEO, President and Managing Director (appointed CEO & President 9 January 2023 and appointed Managing Director 25 January 2023)
Stuart Davis
Stephen Hasker
Vanessa Liu
Robin Low
Lynn Mickleburgh
Mini Peiris

Change in Chief Financial Officer

Justin Miles was appointed Deputy Chief Financial Officer on 26 June 2023.

Kevin Levine was Chief Financial Officer until 1 May 2023. Kevin Levine was replaced by Helen Johnson on 1 May 2023 who resigned for personal reasons effective 31 July 2023. Kevin Levine remains with the business until 1 September 2023 in an advisory capacity.

Principal activities

Appen is a global leader in providing data services for deep learning and generative artificial intelligence (AI) systems. With over 28 years' of experience in data sourcing, data annotation, and model evaluation by humans, Appen enables many of the world's largest technology and Fortune 500 customers globally to launch innovative AI systems.

Our expertise includes a global crowd of more than one 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.

Appen was founded in 1996 and listed on the Australian Securities Exchange on 7 January 2015.

Appen has customers and offices globally.

Appen has evolved significantly since 1996 and particularly in the last six years, from being a language data service provider to become a leading provider of deep learning and generative AI data and tools. Appen has five customer-facing business units, each with financial and customer responsibility, as follows:

• **Global:** responsible for delivery of high-quality deep learning and generative AI data services and products for to our five largest US global technology customers;

• **Enterprise:** responsible for leveraging our product suite and AI-driven automation to efficiently grow revenue outside of Global customers to serve new customers as they invest in AI;

• **Government:** responsible for serving the emerging AI needs of Government;

• **China:** responsible for capturing share in the high growth market in China; and

• **Quadrant:** in September 2021, Appen acquired Quadrant Global Pte Ltd ("Quadrant"), a global leader in mobile location and Point-of-Interest (POI) data, thus expanding our addressable market, product offering and data annotation capabilities.

Appen has the following two operating and reporting segments.

Global Services: represents the services that Appen provides to its five major US technology customers (Global customers) using the customers' data annotation platforms and tools. The majority of projects comprise large, at-scale deep learning (model evaluation) programs, and rely on Appen's crowd workforce to complete the work, thus reducing the need for Appen's Global customers to employ a large and diverse ongoing workforce; and

New Markets: represents Appen's high growth markets, product-led and data services growth strategy. It comprises Global customer revenue through Appen's data annotation platform and tools (Global Product), and the Enterprise, Government and China business units. New Markets also includes revenue derived using Quadrant's geolocation and POI data capabilities. New Markets customers benefit from our high-quality data collection, annotation and evaluation products, coupled with the provision of at-scale crowd management with Appen Connect and Appen's considerable expertise and knowhow built up over the last 28 years. This enables Appen to deliver a full set of AI data services for deep-learning and generative AI for enterprise customers.

Operating and financial review (OFR)

The following table summarises the Group's financial results for the current and prior period and provides a reconciliation between our statutory and underlying results.

	Half year ended 30 June 2023 $000	Half-year ended 30 June 2022 $000	Change %
Global Services revenue	**100,088**	137,812	(27.4%)
New Markets revenue	**38,851**	45,033	(13.7%)
Other income	**562**	84	
Total sales revenue and other income from principal activities	**139,501**	182,929	(23.7%)
Underlying net loss after tax (NPAT)[1]	**(34,209)**	(3,794)	(801.7%)
Less underlying adjustments (net of tax)			
Restructure costs	**(4,525)**	-	
Transaction costs	**(273)**	(210)	
Amortisation of acquisition-related identifiable intangible assets	**(3,067)**	(4,953)	
Deemed interest on earn-out liability[2]	**(222)**	(154)	
Acquisition-related and one-time[3] share-based payments	**(1,015)**	(25)	
Losses on inventory	**-**	(228)	
Statutory NPAT	**(43,311)**	(9,364)	(362.5%)
Add/(less): tax expense/(benefit)	**59**	(2,415)	
Add: net interest expense	**423**	504	
Add: deemed interest on earn-out liability[2]	**317**	217	
EBIT[4]	**(42,512)**	(11,058)	(284.4%)
Add: depreciation and amortisation	**16,761**	18,925	
Statutory EBITDA[5]	**(25,751)**	7,867	(427.3%)
Add: underlying adjustments			
Restructure costs	**6,276**	-	
Transaction costs	**388**	299	
Acquisition-related and one-time[3] share-based payments	**1,015**	25	
Inventory losses	**-**	275	
Underlying EBITDA[1]	**(18,072)**	8,466	(313.5%)
Statutory diluted earnings per share (cents)	**(33.63)**	(7.59)	
Underlying diluted earnings per share (cents)	**(26.57)**	(3.08)	
% Statutory EBITDA/sales revenue	**(18.5%)**	4.3%	
% Underlying EBITDA/sales revenue	**(13.0%)**	4.6%	

1 Underlying results are a non-IFRS measure used by management to assess the performance of the business and have been calculated from statutory measures. Non-IFRS measures have not been subject to audit. Underlying EBITDA excludes restructure costs, transaction costs, acquisition-related and one-time share-based payments, and for the prior period, inventory losses.
2 Contingent liability with respect to the Quadrant acquisition which will settle no later than 29 February 2024, subject to Quadrant attaining revenue milestones.
3 Mr Ahmad's one-off sign-on bonus, in receipt of bonuses forgone and is intended to replace a portion of the bonus payments that Mr Ahmad would have received from his previous employer had he not ceased employment.
4 EBIT is defined as earnings before interest and tax.
5 EBITDA is EBIT before depreciation and amortisation.

Summary

Appen's 1H FY23 financial results reflect the challenging external operating and macroeconomic conditions that have led to a broader technology market slowdown. Against this backdrop management are focused on what is within their control and have adopted a greater level of operational rigour across the Group and implementation of a strategy refresh.

Summary of our 1H FY23 financial results:

- **Group** revenue and other income decreased 23.7% to $139,501,000 (30 June 2022: $182,929,000).
- **Global services** revenue decreased 27.4% to $100,088,000 (30 June 2022: $137,821,000).
- **New Markets** revenue decreased 13.7% to $38,851,000 (30 June 2022: $45,033,000).
- **New Markets** revenue (excluding global product) decreased 4.6% to $32,787,000 (30 June 2022: $34,387,000).
- **Underlying EBITDA** (before the impact of foreign exchange gains and losses) of ($15,747,000) (30 June 2022: $9,579,000).
- **Underlying EBITDA** (including the impact of foreign exchange gains and losses) of ($18,072,000) (30 June 2022: $8,466,000).
- **Underlying net loss after tax** of ($34,209,000) (30 June 2022: ($3,794,000).
- **Statutory net loss after tax** of ($43,311,000) (30 June 2022: ($9,364,000).
- **Cash balance** of $55,157,000 at 30 June 2023 and no debt.
- **Nil dividend** to ensure appropriate allocation of capital.

Operating performance

Group revenue and customer diversification

Group revenue decreased 23.7% to $139,501,000 (30 June 2022: $182,929,000), reflecting a lower contribution from the Global division and New Markets as our customers optimise their spend, cut costs and evaluate their AI strategies. Revenue from non-Global customers (Enterprise, Government, China and Quadrant) represented 23.6% of total Group revenue, up from 18.8% in 1H FY22. This half, model testing and relevance work represented 76.0% of Group revenue, compared to 75.9% in 1H FY22.

Revenue by operating division

Global Services revenue decreased 27.4% to $100,088,000 (30 June 2022: $137,821,000) and was impacted by a reduction in spend from Global customers due to the ongoing challenging external operating and macroeconomic conditions. Despite challenging conditions, Global Services won 45 new projects (albeit at a lower level when compared to 99 in 1H22), including a large project related to categorisation of videos to train models and annotation work associated with multi-cultural avatar creation.

New Markets revenue decreased 13.7% to $38,851,000 (30 June 2022: $45,033,000), primarily impacted by lower Global Product revenue. Excluding Global Product, the reduction in New Markets revenue was more modest at 4.6% to $32,787,000 (30 June 2022: $34,387,000), primarily impacted by a lower contribution from China.

Within **New Markets**, Global Product revenue declined 43.0% to $6,064,000. This was due to our customers reducing their spend for project work performed on our platform. Volumes were lower as a small number of large projects were discontinued or reduced in scope.

New Markets secured 89 new client wins. The Enterprise team secured 22 new client wins which included search relevance, taxonomy and annotation work for a US online e-commerce platform. Enterprise also secured an extension and expansion for in-cabin data collection for a global car manufacturer. The average deal size signed was $106,000, up 16.5% from the average deal size of $91,000 in H1 FY22.

China revenue decreased 15.2% to $15,282,000 primarily due to lower volumes as the protracted impact of the COVID-19 pandemic which occurred in 2H FY22 continued into the first half, as well as challenging external macroeconomic conditions.

Despite the ongoing impacts of COVID-19 on sales and staffing levels, China, Japan and Korea secured 50 new clients, which included LLM projects, projects with large tech and leading automobile companies, and a project with a large multinational conglomerate.

China remained focused on growth and maintaining its position as a leading AI data company with the release of two new platforms, 1) an LLM Data Training platform, and 2) a SaaS Annotation platform. The China business continues to support 10 of the leading auto companies, the top 10 internet companies and the top four mobile companies.

Leveraging off the success and infrastructure support in China, our presence in Japan and Korea continues to grow, with leading tech, auto and multinational companies among our customers.

Quadrant posted good revenue growth from a relatively small base. This primarily reflects an increase in data subscriptions contracts. Quadrant also secured 17 new clients wins.

Government recorded good revenue growth, albeit from a small base. This primarily reflects the delivery of large contract won in FY22.

Underlying financial performance
Underlying earnings before interest, tax, depreciation, and amortisation (EBITDA) was ($18,072,000) (30 June 2022: $8,466,000).

Before the impact of foreign exchange gains or losses, underlying EBITDA was ($15,747,000) (30 June 2022: $9,579,000).

Reduction in underlying EBITDA is due to reduced revenue and gross margin, and a proportionally higher cost base versus FY22.

Cost of sales, which is comprised of payments to our crowd workers was stable as a percentage of revenue at 59.7% compared to 59.9% for 1H FY22.

Operating expenses for 1H FY23 (expenses excluding crowd labelling services, share-based payments, depreciation and amortisation, transaction costs, finance costs, restructure costs) increased 9.5% or $6,096,000 compared to 1H FY22. The increase predominately reflects higher employee expenses due to greater number of in-house project employees to meet customer requirements, impact of 2H FY22 hires, write back of provision no longer required in 1H FY22, and hiring of new executive leaders to execute strategy refresh.

A cost reduction program is being implemented and is expected to deliver $46,000,000 of annualised cost savings, with the first full year impact expected to be achieved in FY24. As expected, there were no material cost savings flowing into 1H FY23.

One-off restructure costs of $6,276,000 includes costs associated with implementation of the cost reduction program announced in May of approximately $5,000,000. The remaining balance relates to one-off costs associated with changes to the leadership team to align with the strategy refresh and turn around focus.

The Global Services segment reported EBITDA of $8,711,000 down 66.8% from $26,243,000 in 1H FY22, mainly due to reduction in spend from Global customers due to the ongoing challenging external operating and macroeconomic conditions, and a proportionally higher cost base coming out of FY22.

Global Services EBITDA margin of 8.7% primarily impacted by lower revenue on core high margin projects, and a proportionally higher cost base coming out of FY22.

The New Markets segment reported EBITDA of ($21,771,000) compared to EBITDA of ($15,564,000) in 1H FY22, mainly due to a reduction in spend from Global customers using the Appen platform and tools, a lower contribution from China, increased costs to support Quadrant growth and a proportionally higher cost base coming out of FY22.

Underlying net loss after tax was ($34,209,000) compared to ($3,794,000), predominately due to the factors noted above and 1H FY22 included income tax benefit of $2,415,000 compared to minor income tax expense in 1H FY23.

Statutory net loss after tax of ($43,311,000), includes one-off restructure costs of $5,000,000 related to the cost reduction program and one-off costs of $1,300,000 relating to changes to the leadership team to align with the strategy refresh and turn around focus.

Product development and engineering
Technology plays a critical role in Appen's business and underpins our ability to deliver large scale data requirements for our customers.

Investment in product development in 1H FY23 (excluding amortisation) increased 10% to $20,473,000 and represented 14.7% of revenue (1H FY22: $18,622,000 representing 10.2% of revenue) and reflects continued focus on improving the customer and crowd experience, the development of LLM and annotation platforms in China and the launch of the Compass.

The increased investment in product development as a percentage of revenue is primarily due to the unexpected reduction in revenue. Product development is subject to the cost reduction program with majority of savings to flow through in FY24.

Balance sheet
Our balance sheet has no debt, and net assets at 30 June 2023 of $146,691,000 (31 December 2022: $147,986,000).

Trade and other receivables were $40,701,000 lower at 30 June 2023 relative to 31 December 2022 due to lower revenue volumes.

Current liabilities were $12,487,000 higher at 30 June 2023 relative to 31 December 2022, mainly due to classification of Quadrant earnout liability as current from non-current given payable within the next twelve months (subject to performance metrics). The earn out can be settled in cash or shares.

Our cash balance increased by $31,728,000 to $55,157,000 at 30 June 2023 from $23,429,000 at 31 December 2022. This includes net proceeds of $38,232,000 from the equity raising during the period, partially offset by lower trading performance and one-off costs associated with cost reduction program.

On 5 April, Appen completed the extension agreement for its debt facility of A$20,000,000. The facility expires on 3 January 2024. The facility is undrawn at 30 June 2023.

During the period, Appen completed an equity raising that raised gross proceeds of $39,850,585 (A$59,500,003) through the issue of 32,162,164 shares.

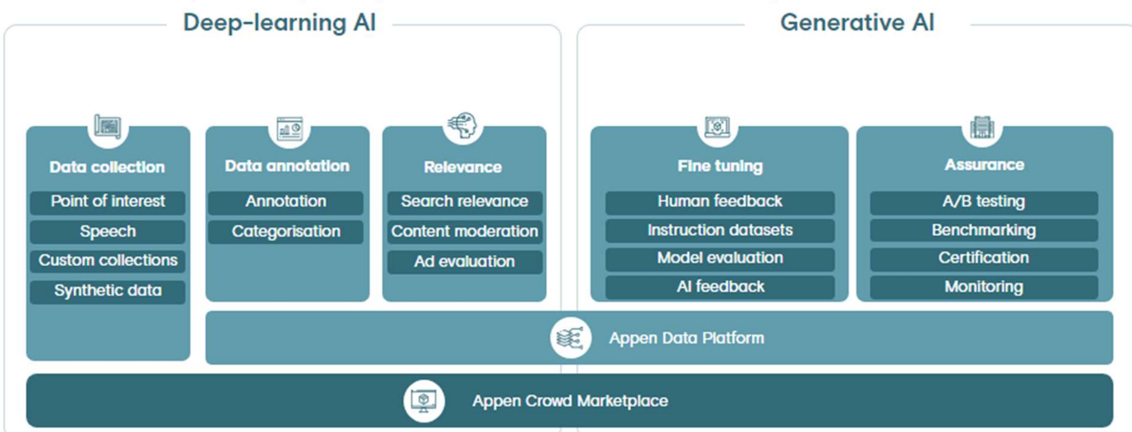
Cost reduction program and strategy refresh
On 10 May 2023, Appen launched a cost reduction program and announced a strategy refresh as follows:

Cost reduction program
In keeping with Appen's renewed focused on operational rigour, the Group announced that it expects to deliver $46,000,000 of annualised costs savings, with the first full year impact expected to be achieved in FY24.

At the end of 1H FY23, approximately 63% or $28,900,000 of the annualised cost savings target had been achieved. The remaining $17,100,000 of previously identified savings is planned for 2H FY23.

The cost saving initiatives were identified as part of a strategic review and are expected to have no material impact on Appen's ability to generate revenue. Going forward, costs will be managed in line with the revenue opportunity and market conditions.

Strategy refresh – long term growth and revenue diversification
Appen plays a key role in powering both deep learning applications and generative AI. Today, most of the company's revenue comes from deep learning projects, specifically in model testing and relevance work. This half, Appen re-positioned itself to take advantage of its full growth potential and to capture all available opportunities in the generative AI space. Appen has a comparative advantage over its competitors by using its 28 years of experience in crowd-based data collection, annotation and model evaluation and adapt this expertise to generative AI. Appen's growth vision captures a full set of AI data services for deep learning and generative AI as illustrated in diagram 1.



Our growth vision is to move beyond AI data into industry vertical AI solutions and expand our addressable market, which will help to diversify our customer base, deliver margin improvement, increase revenue visibility and deliver strong return on investment.

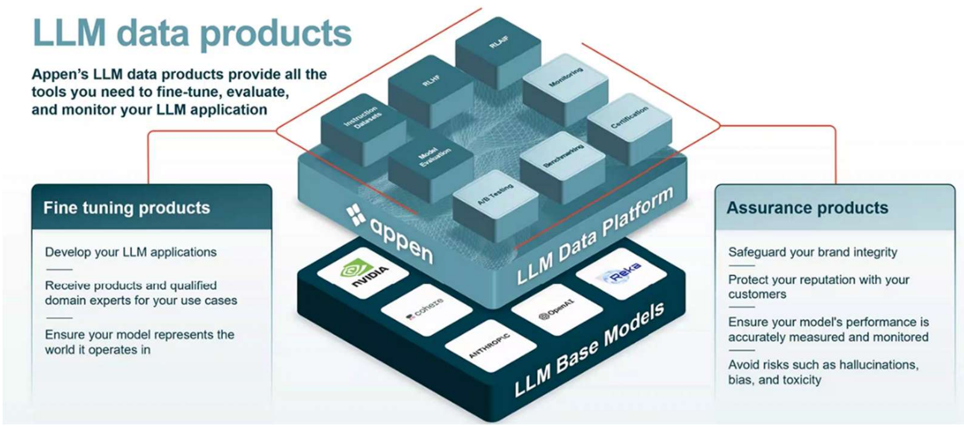
Generative AI will create a significant growth opportunity for Appen, and with the market expected to grow from $8 billion in 2021 to $111 billion in 2030[1]. Generative AI is expected to be driven by adoption by both technology and non-technology companies, presenting Appen with a significant opportunity to diversify its revenue as enterprise companies develop and adopt generative AI.

Generative AI will require human feedback in the loop for base models to perform at levels comparable to humans and to minimise hallucinations, bias and toxicity and many base models will not work out-of-the-box and fine tuning and evaluation is required as well as real customer interactions. In addition, new approaches are needed for model evaluation particularly when measuring against risk and compliance guidelines.

In 1H FY23 Appen launched a new set of Large Language Models (LLMs) products that provide a comprehensive data platform for enterprise customers to generate meaningful value when they build and integrate generative AI models in their organisations, and include:

- **Fine tuning** – allows models to understand and respond to their intended context, whilst limiting their ability to respond outside the intended context, allowing enterprises to be able to customise their models from Nvidia, OpenAI, Cohere, Google, Anthropic, Reka and open-sourced channels.
- **Assurance – models** must be continually monitored to ensure that performance is maintained and to identify and correct any negative customer experiences, mitigating the risk of hallucinations, bias and toxicity.

[1] Acumen Research (December 2022)



Appen is also focused on increasing its channels to market and is collaborating with Nvidia, Reka and other professional service providers. This provides important access to enterprise customers and will enable Appen to reach more clients.

Appen has made strong early progress and has multiple projects underway that relate to generative AI model development and evaluation, for both large tech and enterprise customers.

Equity raising

On 16 May 2023, the Company announced a A$60 million equity raising comprising a placement of shares (Placement) to institutional investors and a 1:6 pro-rata non-renounceable rights offer (rights offer) to eligible shareholders. The purpose of this equity raising was to provide the necessary funds to support the Company's strategic refresh and return to profitability, via the implementation of its cost reduction program, and investment in the next phase of AI growth.

Together, the Placement and Rights Offer raised gross proceeds of A$59.5 million ($39.9 million) through the issue of 32,162,164 additional shares.

Dividends

Given the half-year performance and to ensure appropriate allocation of capital, the Directors have determined not to pay an interim dividend for the half-year ended 30 June 2023.

Matters subsequent to the end of the half-year

The Directors are not aware of any other matter or circumstance not otherwise dealt with in this report that has significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial periods.

Rounding of amounts

The Company is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors Reports) Instrument 2016/191* (Corporations Instrument), issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Instrument to the nearest thousand US dollars, or in certain cases, the nearest US dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this Directors' report.

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the *Corporations Act 2001.*

On behalf of the Directors

____
Richard Freudenstein
Chairman

28 August 2023
Sydney

KPMG

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Appen Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Appen Limited for the half-year ended 30 June 2023 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

Cameron Slapp

Partner

Sydney

28 August 2023

Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 30 June 2023

	Note	Group 30 June 2023 $000	Group 30 June 2022 $000
Services revenue	5	138,939	182,845
Interest income calculated using the effective interest method		131	13
Other income		431	71
Net foreign exchange loss		(2,325)	(1,113)
Expenses			
Crowd labelling services		(82,961)	(109,526)
Employee expenses		(50,095)	(45,496)
Depreciation and amortisation	6	(16,761)	(18,925)
Professional fees		(4,747)	(4,170)
Rent and occupancy expenses		(972)	(486)
Communication and travel expenses		(1,596)	(1,302)
Transaction costs	6	(388)	(299)
Recruitment costs		(2,307)	(2,238)
Information technology costs		(6,600)	(5,828)
Other expenses		(4,226)	(4,927)
Finance costs	6	(554)	(517)
Deemed interest on earn-out liability	6	(317)	(217)
Share-based payments	6	(2,628)	336
Restructure costs		(6,276)	-
Loss before income tax (expense)/benefit		(43,252)	(11,779)
Income tax (expense)/benefit		(59)	2,415
Loss after income tax (expense)/benefit for the half-year attributable to the owners of Appen Limited		(43,311)	(9,364)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		965	(2,488)
Other comprehensive loss for the half-year, net of tax		965	(2,488)
Total comprehensive loss for the half-year attributable to the owners of Appen Limited		(42,346)	(11,852)
		Cents	**Cents**
Basic earnings per share	16	(33.63)	(7.59)
Diluted earnings per share	16	(33.63)	(7.59)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Consolidated statement of financial position
As at 30 June 2023

	Note	30 June 23 $000	31 Dec 22 $000
Assets			
Current assets			
Cash and cash equivalents		55,157	23,429
Trade and other receivables	7	43,190	64,282
Contract assets	8	10,839	30,448
Derivatives		192	262
Income tax refund due		1,147	2,492
Prepayments		6,395	3,112
Inventory		1,366	649
Total current assets		118,286	124,674
Non-current assets			
Property, plant and equipment		3,250	3,726
Right-of-use assets	9	12,885	9,061
Intangibles	10	106,415	109,560
Investments	11	3,032	2,418
Deferred tax		2,926	5,078
Sundry receivables		367	424
Total non-current assets		128,875	130,267
Total assets		247,161	254,941
Liabilities			
Current liabilities			
Trade and other payables		36,877	39,740
Contract liabilities		14,306	18,737
Earn-out liability	13	19,448	-
Lease liabilities	12	3,583	3,152
Employee benefits		3,299	3,390
Other liabilities		64	71
Total current liabilities		77,577	65,090
Non-current liabilities			
Borrowings		-	-
Lease liabilities	12	10,602	7,025
Deferred tax		11,888	15,270
Employee benefits		403	439
Earn-out liability	13	-	19,131
Total non-current liabilities		22,893	41,865
Total liabilities		100,470	106,955
Net assets		146,691	147,986
Equity			
Issued capital	14	301,340	262,917
Reserves		131,747	128,154
Accumulated losses		(286,396)	(243,085)
Total equity		146,691	147,986

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Consolidated statement of changes in equity
For the half-year ended 30 June 2023

Group	Issued capital $000	Reserves $000	Accumulated losses $000	Total equity $000
Balance at 1 January 2023	262,917	128,154	(243,085)	147,986
Loss after income tax expense for the half-year	-	-	(43,311)	(43,311)
Other comprehensive income for the half-year, net of tax	-	965	-	965
Total comprehensive income for the half-year	-	965	(43,311)	(42,346)
Transactions with owners in their capacity as owners:				
Issue of ordinary shares, net of transaction costs (note 14)	38,423	-	-	38,423
Share-based payments (note 6)	-	2,628	-	2,628
Balance at 30 June 2023	301,340	131,747	(286,396)	146,691

Group	Issued capital $000	Reserves $000	Accumulated losses $000	Total equity $000
Balance at 1 January 2022	262,917	132,972	(4,017)	391,872
Loss after income tax benefit for the half-year	-	-	(9,364)	(9,364)
Other comprehensive loss for the half-year, net of tax	-	(2,488)	-	(2,488)
Total comprehensive income for the half-year	-	(2,488)	(9,364)	(11,852)
Transactions with owners in their capacity as owners:				
Share-based payments (note 6)	-	(336)	-	(336)
Dividends paid (note 15)	-	(5,019)	-	(5,019)
Balance at 30 June 2022	262,917	125,129	(13,381)	374,665

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Consolidated statement of cash flows
For the half-year ended 30 June 2023

	Note	Group 30 June 2023 $000	Group 30 June 2022 $000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		175,123	207,021
Payments to suppliers and employees (inclusive of GST)		(166,150)	(189,098)
		8,973	17,923
Interest received		131	13
Interest paid		(2)	(214)
Income taxes received/(paid)		614	(631)
Net cash from operating activities		9,716	17,091
Cash flows from investing activities			
Payment for acquisition of investments	11	(500)	(2,633)
Transaction costs		(318)	(299)
Payments for intangibles	10	(10,959)	(10,940)
Payments for property, plant and equipment		(582)	(912)
Net cash used in investing activities		(12,359)	(14,784)
Cash flows from financing activities			
Net proceeds from the issue of shares in relation to the equity raising	14	38,232	-
Repayment of lease liabilities		(1,956)	(2,156)
Dividends paid	15	-	(5,019)
Net cash from/(used in) financing activities		36,276	(7,175)
Net increase/(decrease) in cash and cash equivalents		33,633	(4,868)
Cash and cash equivalents at the beginning of the financial half-year		23,429	47,878
Effects of exchange rate changes on cash and cash equivalents		(1,905)	(837)
Cash and cash equivalents at the end of the financial half-year		55,157	42,173

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The financial statements cover Appen Limited as a Group consisting of Appen Limited (the 'Company') and the entities it controlled at the end of, or during, the half-year (collectively referred to as the 'Group'). The financial statements are presented in US dollars, which is the Group's presentation currency.

Appen Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 6
9 Help Street
Chatswood NSW 2067

A description of the nature of the Group's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 28 August 2023.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 30 June 2023 have been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

This half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and outlook of the Group as the full-year annual report. It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 31 December 2022 and considered together with any public announcements made by the Group during the half-year to 30 June 2023, in accordance with the continuous disclosure requirements of the ASX Listing Rules and the *Corporations Act 2001*. The accounting policies are consistent with those of the previous financial year and corresponding interim financial period, unless stated otherwise.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new, revised or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Note 3. Critical accounting judgements, estimates and assumptions

Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, that management believes to be reasonable under the circumstances. The judgements, estimates and assumptions that may cause an adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets
The Group assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets for each cash-generating unit at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Share-based payment transactions
The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. At each reporting date, management reviews the number of performance rights that are expected to vest, based on the likelihood of fulfilling the performance-based vesting conditions.

Capitalisation of product development costs
The Group uses a degree of judgement in order to determine if product development costs satisfy the recognition and measurement criteria to be capitalised as an asset in accordance with AASB 138 *Intangible Assets.* This includes the use of Appen's project management system to tag each project undertaken by the engineering team, as either new feature development or maintenance.

Note 4. Operating segments

Identification of operating and reportable operating segments
Appen operating and reportable operating segments are aligned to market opportunities and customer needs. The operating segments are:

- The Global Services segment: which represents the services the Group provides to our five major US technology customers using their data annotation platforms and tools.

- The New Markets segment: which represents our product-led businesses, including the work we do for our Global customers using Appen's annotation products, and our Enterprise, Government, China and Quadrant businesses.

These operating segments are based on the internal reports that are provided to the CEO in his capacity as the Chief Operating Decision Maker (CODM) of the Appen Group, in order to assess performance and growth of the business and to determine where to allocate resources. The CODM reviews a set of financial reports which covers EBITDA (earnings before interest, tax, depreciation and amortisation), underlying EBITDA, revenue and operating segment reports on a monthly basis. The accounting policies adopted for internal reporting to the CEO/CODM are consistent with those adopted in this financial report.

Note 4. Operating segments (continued)

Major customers
During the half-year ended 30 June 2023, approximately 77.1% (30 June 2022: 81.4%) of the Group's revenue was derived from sales to the largest five customers.

Segment information
The following tables show revenue and EBITDA for the reportable segments for the half-year ended 30 June 2023 and 30 June 2022.

30 June 2023

	Global Services $000	New Markets $000	Corporate (Unallocated) $000	Total $000
Revenue	100,088	38,851	-	138,939
Interest	-	-	131	131
Other income	-	-	431	431
Total revenue & other income	100,088	38,851	562	139,501
Segment EBITDA	8,711	(21,771)	-	(13,060)
Share-based payment – employees (see note 6)				(1,613)
Investment in transformation benefits				(1,074)
Foreign exchange loss				(2,325)
Group underlying EBITDA				(18,072)
Depreciation and amortisation				(16,761)
Transaction costs				(388)
Restructure costs				(6,276)
Deemed interest on earn-out liability				(317)
Net interest expense				(423)
Acquisition-related and one-time share-based payments (see note 6)				(1,015)
Loss before income tax				(43,252)
Income tax expense				(59)
Loss after income tax benefit				(43,311)

Note 4. Operating segments (continued)

30 June 2022

	Global Services $000	New Markets $000	Corporate (Unallocated) $000	Total $000
Revenue	137,812	45,033	-	182,845
Interest	-	-	13	13
Other income	-	-	71	71
Total revenue & other income	137,812	45,033	84	182,929
Segment EBITDA	26,243	(15,564)	-	10,679
Cloud computing costs				(28)
Share-based payment – employees				361
Investment in transformation benefits				(1,433)
Foreign exchange loss				(1,113)
Group underlying EBITDA				8,466
Depreciation and amortisation				(18,925)
Deemed interest on earn-out liability				(217)
Net interest expense				(504)
Transaction costs				(299)
Loss on cryptocurrency				(275)
Acquisition-related share-based payments				(25)
Loss before income tax				(11,779)
Income tax benefit				2,415
Loss after income tax expense				9,364

Geographical information

	Revenue		Geographical non-current assets	
	30 June 2023 $000	30 June 2022 $000	30 June 2023 $000	31 Dec 2022 $000
Australia	3,771	1,936	8,954	10,178
United States	115,800	159,524	99,985	96,661
Other countries	19,368	21,385	16,643	17,926
	138,939	182,845	125,582	124,765

Note 5. Revenue

	30 June 2023 $000	30 June 2022 $000
Services revenue	138,939	182,845

Disaggregation of services revenue

Services revenue is disaggregated by the type of service and whether the revenue is derived from use of our products and tools (New Markets) or the customers' platform (Global Services).

30 June 2023

	Global customers $000	New Markets customers $000	Corporate (Unallocated) $000	Total $000
Revenue – Global Services segment	100,088	-	-	100,088
Revenue – New Markets segment	6,064	32,787	-	38,851
Total revenue	106,152	32,787	-	138,939

30 June 2022

	Global customers $000	New Markets customers $000	Corporate (Unallocated) $000	Total $000
Revenue – Global Services segment	137,812	-	-	137,812
Revenue – New Markets segment	10,646	34,387	-	45,033
Total revenue	148,458	34,387	-	182,845

Note 6. Expenses

	30 June 2023 $000	30 June 2022 $000
Loss before income tax includes the following specific expenses:		
Depreciation		
Leasehold improvements	208	372
Fixtures and fittings	57	73
Computer equipment	748	618
Audio equipment	7	10
Motor Vehicle	17	-
Right-of-use assets	1,888	2,662
Total depreciation	2,925	3,735
Amortisation		
Systems implementation	24	26
Product development	9,302	8,196
Other intangibles	206	108
Amortisation - sub-total	9,532	8,330
Amortisation – acquisition-related		
Product development	4,253	4,647
Brand	51	79
Customer relationships	-	2,134
Amortisation - acquisition related sub-total	4,304	6,860
Total depreciation and amortisation	16,761	18,925

Note 6. Expenses (continued)

	30 June 2023 $000	30 June 2022 $000
Finance costs		
Interest and finance charges paid/payable on borrowings	276	214
Interest and finance charges paid/payable on lease liabilities	278	303
	554	517
Deemed interest on Quadrant earn-out liability	317	217
Finance costs expensed	871	734
Share-based payments		
Share-based payment in respect of Appen performance rights	1,613	(361)
Share-based payment in respect of the Quadrant acquisition and one-time sign-on[1] arrangement	1,015	25
Total share-based payments expense/(reversal)	2,628	(336)

[1] Includes Mr Ahmad's one-off sign-on bonus, in receipt of bonuses forgone and is intended to replace a portion of the bonus payments that Mr Ahmad would have received from his previous employer had he not ceased employment.

Transaction costs		
Non-capitalised equity raising fees and charges	327	-
Other transaction costs	61	299
Total transaction costs	388	299

Note 7. Current assets - trade and other receivables

	30 June 2023 $000	31 Dec 2022 $000
Trade receivables	39,445	61,407
Less: Allowance for expected credit losses	(260)	(288)
	39,185	61,119
Other receivables	3,393	2,375
GST/VAT receivable	612	788
	43,190	64,282

Note 7. Current assets - trade and other receivables (continued)

The balance of trade receivables at 31 December 2022 was higher than 30 June 2023, due to higher invoicing volumes in the final two months of Q4FY22 compared to Q2FY23. This increase was partially offset by billing milestones or billing periods for certain customers being met at 30 June 2023, compared to 31 December 2022. These relevant invoices at 31 December 2022, were classified as contract assets (refer to note 8 below).

Note 8. Current assets - contract assets

	Group	
	30 June 2023 $000	31 Dec 2022 $000
Current assets		
Contract assets	10,839	30,448

Reconciliation

Reconciliation of the written down values at the beginning and end of the current period and previous financial year is set out below:

Balance at 1 January	30,448	10,471
Subsequently invoiced and transferred to receivables - reversal	(30,448)	(10,471)
Accrued revenue recognized – 30 June	10,839	30,334
Balance at 30 June	10,839[1]	30,334
Subsequently invoiced and transferred to receivables - reversal		(30,334)
Accrued revenue recognised – 31 December		30,448[1]

1 Relates to services completed that the Group is yet to receive an unconditional right to the amount due, as the relevant invoices in respect of the completed work are pending satisfaction of the customer's billing milestones or billing period. The lower contract assets balance at 30 June 2023 relates to the fact that (i) Q2FY23 volumes and work was lower than Q4FY22 and (ii) for many invoices, the last day of the billing period aligned with the 30 June 2023 reporting period, and hence these invoices are reflected as part of trade receivables (refer to note 7).

Note 9. Non-current assets - right-of-use assets

	30 June 2023 $000	31 Dec 2022 $000
Right-of-use	25,293	19,689
Exchange differences	(196)	(304)
Less: Accumulated depreciation	(12,212)	(10,324)
	12,885	9,061

Note 10. Non-current assets - intangibles

	30 June 2023 $000	31 Dec 2022 $000
Goodwill - at cost	53,114	242,051
Less: Impairment	-	(188,937)
	53,114	53,114
Systems implementation - at cost	1,626	1,515
Exchange differences	61	(1)
Less: Accumulated amortisation	(1,394)	(1,370)
	293	144
Product development - at cost	144,382	133,689
Exchange differences	(444)	(180)
Less: Accumulated amortisation	(93,548)	(79,993)
	50,390	53,516
Customer relationships - at cost	20,663	36,052
Less: Accumulated amortisation	(20,663)	(20,669)
Less: Impairment	-	(15,383)
	-	-
Brand - at cost	1,094	1,094
Exchange differences	(67)	(56)
Less: Accumulated amortisation	(720)	(669)
	307	369
Customer contracts - at cost	2,353	2,372
Less: Accumulated amortisation	(2,353)	(2,372)
	-	-
Other intangibles - at cost	3,551	3,396
Exchange differences	(144)	(83)
Less: Accumulated amortisation	(1,096)	(890)
Less: Impairment	-	(6)
	2,311	2,417
	106,415	109,560

Note 10. Non-current assets – intangibles (continued)

Reconciliations
Reconciliations of the written down values for the year ending 31 December 2022 and the half-year ending 30 June 2023 are set out below:

Group	Goodwill $000	Systems implement-ation $000	Product develop-ment $000	Customer relation-ships $000	Brand $000	Other intangibles $000	Total $000
Balance at 31 December 2021	**241,817**	**222**	**59,743**	**15,102**	**494**	**1,452**	**318,830**
Additions	-	-	23,431	4,552	-	1,461	29,444
Exchange differences	234	(2)	(143)	-	(56)	(67)	(34)
Amortisation expense	-	(76)	(29,515)	(4,271)	(69)	(423)	(34,354)
Impairment expense	(188,937)	-	-	(15,383)	-	(6)	(204,326)
Balance at 31 December 2022	53,114	144	53,516	-	369	2,417	109,560
Additions	-	111	10,693[1]	-	-	155	10,959
Exchange differences	-	62	(264)	-	(11)	(55)	(268)
Amortisation expense	-	(24)	(13,555)	-	(51)	(206)	(13,836)
Balance at 30 June 2023	**53,114**	**293**	**50,390**	**-**	**307**	**2,311**	**106,415**

[1] The additions in product development during the reporting period relates to continued investment by Appen, associated with the addition of new products and features, to drive revenue growth, scale and cost efficiency and increase our addressable market.

Note 11. Non-current assets – investments

During the period, the Group invested $0.5m in exchange for a minority interest stake in Reka AI, Inc. (Reka), an AI model start-up specialising in the development of customised and powerful AI models for enterprise customers.

During the prior period, the Group invested GBP2.0m in exchange for a minority interest stake in Mindtech Global Limited ("Mindtech"), a provider of synthetic data to create privacy-compliant edge cases.

At 30 June 2023, the Group's investment in Reka and Mindtech are carried at fair value.

Entity	Country of incorporation	Fair value at 30 June 2023 $000	Fair value at 31 Dec 2022 $000
Reka	United States	500	-
Mindtech	England	2,532	2,418

The breakdown of the fair value investment is summarised in the section below.

	30 June 2023 $000	31 Dec 2022 $000
Opening balance	2,418	-
Investments during the year	500	2,633
Foreign exchange movement on Mindtech investment	114	(215)
Fair value at 30 June 2023	3,032	2,418

Note 12. Lease liabilities

	30 June 2023 $000	31 Dec 2022 $000
Current liability	3,583	3,152
Non-current liability	10,602	7,025
	14,185	10,177

Note 13. Earn-out liability

	30 June 2023 $000	31 Dec 2022 $000
Current liability	19,448	-
Non-current liability	-	19,131
	19,448	19,131

The movement of this balance is represented below:

	30 June 2023 $000	31 Dec 2022 $000
Opening balance	19,131	18,359
Movement - Deemed interest on earn-out liability	317	772
	19,448	19,131

Note 14. Equity – issued capital

	30 June 2023 Shares	31 Dec 2022 Shares	30 June 2023 $000	31 Dec 2022 $000
Ordinary shares - fully paid	156,644,558	123,446,356	301,340	262,917

Movements in ordinary share capital

Details	**Date**	**Shares**	**US$000**
Opening balance	1 January 2023	123,446,356	262,917
Shares issued on exercise of performance rights	27 Feb 2023	872,705	-
Shares issued on completion of institutional placement and entitlement offer (i)	26 May 2023	16,204,125	19,867
Shares issued on completion of retail entitlement offer (ii)	14 June 2023	15,958,039	19,984
Share issue transaction costs, net of tax (iii)			(1,428)
Shares issued on exercise of performance rights	23 June 2023	23,197	-
Shares issued on exercise of performance rights	30 June 2023	140,136	-
Balance	30 June 2023	156,644,558	301,340

Note 14. Equity – issued capital (continued)

(i) Placement of 11,442,320 ordinary shares to institutional investors, and allocation of 4,761,805 shares at A$1.85 per share together raising gross proceeds of A$29,977,631 ($19,866,896).

(ii) 1:6 accelerated non-renounceable entitlement offer, which resulted in the allocation of 15,958,039 shares at A$1.85 per share raising gross proceeds of A$29,522,372 ($19,983,690).

(iii) The Company incurred fees and charges associated with the above equity raising as follows:

	30 June 2023 $000	30 Jun 2022 $000
Costs associated with the equity raising	2,040	-
Deferred tax	(612)	-
Costs associated with the equity raising, net of tax	1,428	-

Note 15. Equity – dividends

Dividends paid during the half-year were as follows:

	30 June 2023 $000	30 June 2022 $000
2022 final dividend of $nil (2022: 2021 final dividend of AU 5.5 cents per share)	-	5,019

Note 16. Earnings per share

	Group 30 June 2023 $000	Group 30 June 2022 $000
Loss after income tax attributable to the owners of Appen Limited	(43,311)	(9,364)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share	128,767,772	123,295,924
Adjustments for calculation of diluted earnings per share:		
Performance rights	-[1]	-[1]
Weighted average number of ordinary shares used in calculating diluted earnings per share	128,767,772	123,295,924
	Cents	**Cents**
Basic earnings per share	(33.63)	(7.59)
Diluted earnings per share	(33.63)	(7.59)

[1] While there are unvested performance rights at 30 June 2023 and 30 June 2022, potential ordinary shares are antidilutive when their conversion to ordinary shares would increase earnings per share or decrease loss per share. The calculation of diluted earnings per share does not assume exercise of the performance rights, or issue of potential ordinary shares that would have an antidilutive effect on earnings per share.

Note 17. Events after the reporting period

The Directors are not aware of any other matter or circumstance not otherwise dealt with in this report that has significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial periods.

In the Directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, Australian Accounting Standard AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;

- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the financial half-year ended on that date; and

- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors made pursuant to section 303(5)(a) of the *Corporations Act 2001*.

On behalf of the Directors

____
Richard Freudenstein
Director

28 August 2023
Sydney

Independent Auditor's Review Report

To the shareholders of Appen Limited

Report on the Interim Financial Report

Conclusion

We have reviewed the accompanying ***Interim Financial Report*** of Appen Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Financial Report of Appen Limited does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the ***Group's*** financial position as at 30 June 2023 and of its performance for the Interim Period ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The ***Interim Financial Report*** comprises:

- Consolidated statement of financial position as at 30 June 2023;
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity and Consolidated statement of cash flows for the Interim Period ended on that date;
- Notes 1 to 18 comprising a summary of significant accounting policies and other explanatory information; and
- The Directors' Declaration.

The ***Group*** comprises Appen Limited (the Company) and the entities it controlled at the Interim Period end or from time to time during the Interim Period.

The Interim Period is the six months ended on 30 June 2023.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the code.

Responsibilities of the Directors for the Interim Financial Report

The Directors of the Company are responsible for:

- the preparation of the Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- such internal control as the Directors determine is necessary to enable the preparation of the Interim Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Interim Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2023 and its performance for the Interim Period ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of an Interim Period Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

KPMG

KPMG

Cameron Slapp

Partner

Sydney

28 August 2023