ASX Release
26 February 2025

Annual Report

Appen Limited (**Appen**) (ASX:APX) is pleased to release its Annual Report for the year ended 31 December 2024.

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 28 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 500 languages[1], in over 200 countries[2], as well as our advanced AI data 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.

[1] Self-reported.
[2] Self-reported, includes territories.

Appen

2024 Annual Report

Contents

Appen Limited
ABN 60 138 878 298

All amounts in this report are in United States (US) dollars unless otherwise stated.

About this report

This Annual Report combines our financial and non-financial performance, linking environmental, social and governance matters to our strategy and business performance. In preparing our Annual Report, we have used the International Integrated Reporting Council (IIRC) Framework, the Sustainability Accounting Standards Board (SASB) and the Task Force on Climate-related Financial Disclosures (TCFD) to guide our disclosures on how Appen creates value for shareholders and which topics are most material to our business. Underlying results are alternative measures to those recommended under International Financial Reporting Standards (IFRS) and are used by management to assess the underlying performance of the business. Underlying results have been derived from statutory measures contained in the financial statements but have not been subject to audit. A reconciliation between statutory and underlying results is detailed on page 32 of this report.

Sustainable Development goals

We support the United Nations' Sustainable Development Goals (SDGs), and by doing our part to contribute to the success of the SDGs we believe we can help contribute to a more sustainable future. On page 127 we have identified five SDGs as priority SDGs where we believe we can best contribute.

Reporting currency

Appen reports its financial results in United States (US) dollars.

Forward-looking statements

This report contains forward-looking statements. These statements involve subjective judgement and analysis and are subject to significant uncertainties, risks, and contingencies, many of which are outside the control of Appen. In particular, they speak only as of the date of this report, they are based on particular events, conditions or circumstances stated in the materials, they assume the success of Appen's business strategies, and they are subject to significant regulatory, business, competitive, currency and economic uncertainties and risks. Except as required by applicable regulations or by law, Appen does not undertake to publicly update or review any forward-looking statements, whether as a result of new information or future events. Past performance cannot be relied on as a guide to future performance.

Material issues

A matter is considered material if senior management and the board believe it could significantly impact the value created and delivered in the short, medium, and long term. We identify and capture material issues through stakeholder engagement and our annual risk and materiality assessment. The outcome of these processes and our material issues are described on page 126.

Operating and Financial Review

The sections of this report from pages 6 to 45 titled the Chair message, CEO message, How we create value, Identifying and managing risk and Our approach to governance, comprise our Operating and financial review (OFR), and form part of the Directors' report.

Real world AI

transforming the lives of
our customers and crowd

About Appen

Appen is a global market leader in data with expertise in deep learning and generative AI. With almost three decades of experience in data sourcing, data annotation, and model evaluation by humans, Appen specialises in developing high-quality data that enable the training, fine-tuning, and deployment of world-class AI models and applications.

Our expertise includes a global crowd of more than 1 million skilled contractors who speak over 500 languages[1], in over 200 countries[2], with over 100 domain specialisations, and our advanced AI-assisted data annotation platform. Our products and services serve over 80% of the world's leading LLM foundation model builders and cutting-edge AI industry applications of traditional AI and machine learning models and generative AI applications.

In 2024, Appen continued its focus on capturing growth in the generative AI space, successfully expanding from our traditional market to capture new opportunities in generative AI. Appen's growth vision captures a full set of AI data services for deep learning and generative AI, enabling expansion of our addressable market and deliver a strong return on investment.

Appen AI data solutions support

AI Solutions

Personalized recommendations	News Feed Evaluation	Content Moderation	Autonomous Vehicles	Audio & Speech Models	Multimodal Generative AI
Product Cataloguing	Content Relevance	Sentiment Analysis	Computer Vision Models	Multimodal AI Models	Enterprise LLM Customization
Ad Relevance	Search Engines	Metaverse AR/VR	Translation & Localization	LLM Foundation Models	Enterprise LLM Red Teaming

Core AI lifestyle services

Data Sourcing
- Custom Data Collection
- Off-the-shelf or Prelabeled Datasets

Data Preparation
- Data Annotation (Traditional AI/ML,Relevance)
- Supervised Fine Tuning (General, Multilingual, Domain-Specific)
- Human Preference Ranking (RLHF/DPO)

Model Evaluation
- Model Evaluation
- A/B Testing
- Benchmarking
- Red Teaming
- Application and User Testing

Platform capabilities

LLM & Generative
AI Chat Feedback (Model API)
Model Mate
AI Detector
GenAI Evaluation & A/B Testing

Data Annotation
Text, Audio, Image, Video, Document
Multimodal Data

Quality Assurance & Workflow Management
Test Questions
Validators
Quality & Productivity Monitoring & Dashboards
Custom Quality Assurance Workflows

Language

English, German, Spanish, French, Hindi, Mandarin, Portuguese, Japanese, 500+ Others

Global delivery models

Appen CrowdGen Platform | Appen Secure Workplace | Client Internal Teams

1 Self-reported.
2 Self-reported, includes territories.

Our purpose

We unlock the power of 'AI for good'
to build a better world

Our values

Customer obsessed

We believe our customer relationships are the ultimate differentiator and the foundation of our success.

Action oriented

We take decisive action, fast pace and make informed decisions quickly to drive progress and achieve results.

Courage to innovate

We have the courage to innovate and foster breakthrough thinking and make it our engine for growth, success, and progress.

Winning together

We foster teamwork and collaboration, celebrate each other's success, and work together towards common goals.

2024 at a glance

FINANCIAL

Revenue (US$M)	Adjusted revenue[1]	Underlying EBITDA
$234.3M	$220.9M	$7.8M
↓ 14.2% from $273.0M in FY23	↑ 16.0% from $190.4M in FY23	compared to $(24.5)M in FY23

Underlying EBITDA excluding FX	Underlying NPAT	Statutory NPAT
$3.5M	$(10.5)M	$(20.0)M
compared to $(20.4)M in FY23	compared to $(52.8)M in FY23	compared to $(118.1)M in FY23

CUSTOMERS

57
Customer NPS
↑ from 35 in FY23

26
LLM model builders as customers

80%
World's leading LLM foundation model builders as customers

1 Excludes the impact of Google contract termination.

OUR PEOPLE

79%
Employee engagement
↑ from 75%

50%
Female representation amongst our board

23%
Female representation amongst our senior leadership

OUR CROWD, SOCIAL & ENVIRONMENT

33
Crowd NPS
↑ from 27

Global
Ethical and Modern Slavery Policy

Ethical AI
through our crowd code of ethics

Crowd experience
Improving with technology upgrades

Signatory to the
UN Global Compact

Net Zero
by 2030

TECHNOLOGY

$19.6M
in product development

99.9%
uptime across all platforms

ISO 27001
certifications upgraded to latest edition

Returning to profitable growth

2024 was a pivotal year for Appen, driven by generative AI as a key growth engine. Disciplined cost management and sharpened focus on execution have resulted in improved growth and profitability throughout the year. With a positive market outlook and a strong foundation, Appen is ready to seize future opportunities and deliver long-term value for shareholders.

Improved financials through FY24

For the 2024 financial year, Appen announced a Statutory Loss of ($20.0) million, an improvement of $98.1 million compared to the prior year.

Total operating revenue declined 14.2% to $234.3 million and Appen recorded underlying EBITDA (before foreign exchange) of $3.5 million, compared to a loss of ($20.4) million in the prior year.

Revenue was significantly impacted by the loss of Google in Q1. Non-Google revenue in 2024 grew 16.0% compared to the prior year. Appen experienced strong growth in H2 with non-Google revenue for H2 up 36.1% compared to H2 2023.

Pleasingly, China annual revenue grew 70.7% to $58.9 million, largely due to generative AI opportunities.

Global Product experienced strong growth due to Global customers utilising Appen's software platform (ADAP). Revenue grew 221.9% to $31.3 million compared to 2023.

Appen remained focused on maintaining adequate balance sheet flexibility. In support of working capital requirements, Appen raised ~A$65 million during the year. A$50 million fully underwritten institutional placement completed on 14 October 2024, and A$15 million Share Purchase Plan completed on 7 November 2024.

At the end of the year, Appen had $54.8 million (equivalent to A$88.3 million)[1] in cash.

Once again, the Board made the decision not to declare an interim or final dividend in 2024 to ensure an appropriate allocation of capital.

1 31 December 2024 exchange rate AUD/USD 0.6204.

Significant progress to reset Appen

Throughout 2024, Appen was highly focused on resetting the business to achieve profitability.

In response to Google's decision to terminate its global services contract by 19 March 2024, Appen reduced the cost base by $13.5 million.

At the beginning of 2023, we began a transformation process to reset Appen to better capture the growth in generative AI and improve performance of our core business. This included a new strategy to deliver long term growth and revenue diversification along with a $60 million cost reduction program.

Some of the key areas identified for improvement included a leadership and strategy refresh, operational improvements to project delivery and crowd management and strengthening of Appen's sales and marketing functions.

We remain committed to sizing our cost base in line with our revenue opportunity.

Change in leadership

On 5 February 2024, we appointed Ryan Kolln as our new CEO and Managing Director. In his first year as CEO, Ryan has led Appen to capitalise on the generative AI market opportunity while delivering improved financial results. His focus on operational excellence and cost controls have been instrumental to the performance of the business.

Board governance

There have been no changes to the Board in 2024. Vanessa Liu and Robin Low were re-elected to the Appen Board by shareholders at our AGM held in May 2024.

Executive remuneration

Appen's short-term incentive (STI) scorecard for key management personnel represents a combination of financial and non-financial metrics.

Appen will always regard its financial performance as paramount. Given the 2024 focus on resetting the business to achieve profitability, the STI weighting for the financial performance metrics increased to 80% from 70%. Non-financial metrics reflect Appen's focus on its customers, crowd and people and are assigned an STI weighting of 20%.

The 2024 STI equates to 85.9% of the maximum payable, with all measures above the minimum payout threshold.

I would encourage shareholders to read the remuneration report, commencing on page 55.

Sustainable operations

Our commitment to our stakeholders including our crowd, our customers and people remain as strong as ever.

We recognise the value of crowd and the benefit it provides to our customers. This year we undertook a significant digital transformation to improve our underlying crowd management platform. Crowd NPS improved due to the platform and increasing earning opportunities as our business grew throughout the year.

The high ethical treatment of our crowd remains a key priority. We stand by our commitment to the crowd as defined in our Crowd Code of Conduct, and our Global Ethical Sourcing and Modern Slavery Policy.

Promoting a diverse and inclusive culture across all aspects of Appen's business has been a long-held priority. In 2024 Appen achieved 57% female representation among its employees. We maintained female representation of 50% among directors, and female representation among the senior leadership team increased to 23% from 22%.

Appen remains committed to supporting international initiatives to transition to net zero emissions. We have completed our initial Net Zero Roadmap and have committed to net zero by 2030. We continue to work towards assurance for our emissions data and remain committed to the Science Based Target initiative.

Closing

We are pleased with the progress made throughout 2024 to reset the business and return to profitable growth.

There is significant opportunity for Appen, largely driven by the potential of generative AI opportunities.

Our constant focus remains on improving the company's performance and delivering better returns for shareholders. We thank shareholders for their ongoing support.

RICHARD FREUDENSTEIN
Non-executive Chair

Positioned for sustained growth

2024 has been a transformative year for both Appen and the AI ecosystem we serve. Through our focus on operational efficiency, innovation, and data quality fundamentals, we have strengthened our business and are well positioned for sustained growth.

Market Opportunity: The Generative AI Revolution

Generative AI marks a once-in-a-generation paradigm shift. Machines are evolving from simple search and retrieval capabilities to demonstrating deep understanding and creative generation. The applications are vast and powerful, ranging from personalised customer experiences to complex content creation. At the heart of this revolution lies high-quality data – a critical foundation that we provide. This is an incredibly exciting time, and we are honoured to play such a pivotal role in shaping this transformative future.

2024: Challenges and Resilience

The past few years have tested Appen's resilience. We faced reduced spending from a major customer and experienced the financial impact of Google's decision to terminate their contract in early 2024. These challenges required radical changes to our business, including disciplined cost management. We took decisive steps to streamline operations, significantly reduce expenses, and improve financial efficiency. At the same time, we maintained our commitment to prioritising data quality and building a team capable of delivering excellence.

Our efforts paid off. In 2024, we successfully passed several rigorous customer assessments for generative AI projects. We also reached new benchmarks in data quality for our traditional work with a major customer. By shifting our go-to-market strategy to prioritise LLM model builders – the primary drivers of market spending – we grew revenue and positioned ourselves to capture significant growth opportunities.

Innovation with Impact

Innovation remains the cornerstone of our success. This year, we enhanced our technology platform to meet the evolving needs of generative AI. Notable improvements included the onboarding of domain experts and significant advancements to our AI Data Platform (ADAP). These updates allowed us to tackle the sophisticated demands of generative AI projects with precision and efficiency. ADAP has become a cornerstone of our strategy, enabling scalable, accurate, and timely delivery of complex data tasks.

2024 Outcomes: Growth Amidst Change

Our full-year operating revenue for 2024 was $234.3 million, reflecting a decline of 14.2% compared to 2023, inclusive of Google's departure. However, when excluding Google, revenue grew 16.0% year-over-year.

Quarterly performance showed consistent improvement, with Q3 and Q4 revenue (excluding Google) increasing 34.6% and 37.2% respectively compared to the prior year. Generative AI projects emerged as a key growth driver, contributing 35% of total revenue in Q4, up from 9% in Q1.

At the divisional level, our Global division (excluding Google) and China were standout performers. Revenue from Global increased 14.6%, while China achieved a breakout year with revenue reaching $58.9 million – an impressive 70.7% growth over 2023. We solidified our position as the largest AI data company in China, with run-rate revenue nearly double that of our nearest competitors.

Alongside revenue growth, we achieved significant cost optimisation. Compared to 2023, employee expenses[1] were reduced by 29.2%, and all other expenses[2] were reduced by 19.6%. This combination of top-line growth and disciplined cost management led to a turnaround in profitability.
We improved underlying EBITDA (before foreign exchange) from a loss of $20.4 million in 2023 to a gain of $3.5 million in 2024, with quarterly profitability throughout the year rising from a $2.9 million loss in Q1 to a $4.7 million gain in Q4.

Strengthening Our Balance Sheet

In October 2024, we raised ~ A$65 million in capital to bolster our balance sheet and provide additional liquidity to fund working capital. This capital infusion brought our year-end cash balance to $54.8 million (equivalent to A$88.3 million)[3], ensuring we are well-positioned to pursue growth opportunities and navigate market dynamics.

Strategic Focus for 2025

As we look to 2025, our focus remains clear: delivering high-quality data that powers cutting-edge AI models. Customers are increasingly demanding faster turnaround times and higher-quality data, which requires seamless integration of our project delivery teams, advanced technology platforms, and skilled crowd workforce.

Key strategic priorities include:

- **Target Customer Segments:** Our efforts will centre on providing high quality data for companies building or utilising leading AI models. The market segments we address will remain the same as 2024, focusing on US hyperscalers, China, government entities, and other technology enabled enterprises.
- **Technology Evolution:** Continuing to advance ADAP to meet the sophisticated requirements of generative AI projects, while enhancing our crowd management platform to support faster ramp times and specialised expertise. Technology is key to our delivery operations, this is a major focus for 2025, however we will maintain our current spend.
- **Operational AI:** Leveraging AI within our operations to drive efficiency in quality assessment, workforce onboarding, and support functions.
- **Talent Development:** Investing in our people by fostering growth and attracting new talent to meet the evolving demands of the AI landscape.
- **Financial discipline:** Continued cost control remains a high priority to deliver profitable growth.

Looking Ahead

2024 was a pivotal year for Appen. Amid challenges, we demonstrated resilience, adaptability, and an unwavering commitment to excellence. As we move into 2025, I am confident in our ability to build on this momentum, drive growth, and deliver exceptional value to our stakeholders.

RYAN KOLLN
CEO and Managing Director

1 Employee expenses per management reporting. Excludes direct project workers included in gross margin calculation (i.e. crowd expenses).
2 All other expenses excludes non-cash share based payment expense but all other expenses included in underlying EBITDA before FX.
3 31 December 2024 exchange rate AUD/USD 0.6204.

How we create value

Value Driver	Principal risks	How we deliver value
Technology, processes systems	→ Investment in technology, innovation and transformation → Compliance with security, privacy and other data regulations	→ Through our technology and innovative solutions, we look to streamline and automate processes so we can deliver AI training data at scale → Our engineering, privacy, and cyber security teams work to ensure that data availability targets are met, and data is protected and secure
Global crowd	→ Crowd conditions → Crowd supply meets customer demand	→ We are committed to treating our crowd fairly in accordance with our Crowd Code of Ethics → Whistleblower and Speak Up Policy is available to support crowd grievances → Our Impact Sourcing strategy provides jobs to people who have limited prospects for secure employment
Social and environment	→ Compliance with legal, statutory and ethical obligations → Environmental, social and governance (ESG) risks and performance	→ We are taking steps to reduce the impact of our operations on the environment → Our platform removes traditional barriers to work and increases global participation and representation in the development of emerging technologies → We are committed to achieving fair AI and creating responsible AI standards
Customer and brand	→ Changing customer strategy and needs → Ability to execute on operational requirements	→ We deliver high-quality data at speed for our customers and provide a superior customer experience → Our LLM capabilities provide solutions for customers across the core AI data lifecycle (data sourcing, data preparation, model evaluation) → Constantly monitoring relevant market and customer trends to meet the evolving needs of customers
Our people	→ Talent strategy and employee value proposition → Managing a culture of growth through change	→ By focusing on making Appen a great place to work and creating a culture where our people can thrive, grow and feel valued → Investing in our people and HR systems to build a workforce for the future and optimise the employee experience → Embedding diversity principles across our business via our Diversity and Inclusion policy
Financial	→ Strategic direction of the business → Financial sustainability	→ We aim to grow the business and to deliver increased revenue and earnings to support returns for shareholders → Capture the potential of generative AI

To deliver on our purpose and unlock the power of 'AI for good' to build a better world we draw our technology, scale and flexibility of our Crowd and deep expertise. We offer our customers highly flexible offerings – from fully tailored solutions to pre-labelled datasets and LLM solutions. We have a strong track record of AI deployment across many data types and a proven ability to meet production needs that achieve high benchmarks for data quality. The outcomes delivered for each value driver determines our ability to create value for our stakeholders – including Our Crowd, Our customers, Our people, shareholders, and the community more broadly. Even though we conduct our work with an innovative mindset and embrace new ways of doing things, our decisions are always supported by a disciplined approach to governance and risk management. We support the United Nations' Sustainable Development Goals (SDGs). By doing our part to contribute to the success of these goals we believe we can help contribute to a more sustainable future and create value for our stakeholders. We have identified the following six core priority SDGs where we believe we can best contribute.

Creating and measuring value	SDGs
→ Invested $19.6 million in technology and systems, including enhancements to ADAP and a new crowd management platform (CrowdGen) to support LLM products, and better support our crowd and customers → Further development of China MatrixGo platform releasing many new features enhancing the capabilities of annotation tools, and improved user experience and crowd management → Met or exceeded 99.9% uptime across all our platforms → Maintained certification for ISO 27001 and SOC 2, including upgrading to latest ISO 27001 certifications	9 Industry, innovation and infrastructure Pages 12–14
→ We provided flexible, work-from-home opportunities to our global crowd of one million+ contractors → We help make AI ethical and fair through our Crowd Code of Ethics → Enhanced crowd experience with the launch of CrowdGen a next-generation crowd management platform → Prioritisation of health and wellbeing via wellness resources, counselling services, and flexible work options	8 Decent work and economic growth 10 Reduced inequalities Pages 15–21
→ Continued disclosure of scopes 1,2 and 3 and commenced work on assuring the data → Continued implementation of our Net Zero Roadmap and working towards net zero emissions across operations by 2030 → Reporting on progress against United Nations Global Compact commitments	8 Decent work and economic growth 10 Reduced inequalities 13 Climate action Pages 15–21
→ Improved customer satisfaction with a significant uplift in our Net Promoter Score → Enhanced the customer experience through the launch of many new ADAP features → We demonstrated leadership in promoting responsible and ethical AI which helps to enhance our brand	8 Decent work and economic growth 9 Industry, innovation and infrastructure Pages 22–24
→ We have a target of 30% female representation of women in senior management positions and on the board. We exceeded this target at board level → Continue to respond to employee feedback to drive future engagement scores higher	5 Gender equality 8 Decent work and economic growth Pages 25–27
→ Completed an equity raising in Q4 2024 to provide additional liquidity to fund working capital → Returned to EBITDA profitability in H1 2024 → Decided not to declare a dividend to ensure an appropriate allocation of capital	8 Decent work and economic growth Pages 28–32

Technology processes, systems

Appen's technology processes and systems deliver AI training data at scale. We leverage advanced tools and methodologies to source, prepare, and evaluate data, ensuring the highest quality datasets for our clients. With the ability to support large language model (LLM) capabilities we are at the forefront of generative AI, providing our customers with the resources they need to fine-tune their AI models and achieve optimal performance.

$19.6M
in product development

99.9%
uptime met or exceeded across all platforms

Priority SDG

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Our comprehensive range of technology products and data services encompasses both deep learning and generative AI. This includes four major platforms 1) CrowdGen, the interface for our crowd workers to apply for tasks, 2) Mercury, the backend for all our crowd management tasks, 3) AI Data Platform (ADAP), a solution that allows internal teams and external customers to design and manage human annotation projects, and 4) China MatrixGo[1], the bespoke annotation platform to provide specialised services for the Chinese market.

Global Services, Global Product, Enterprise, Government			China
CrowdGen Crowd Platform	**AI Data Annotation Platform (ADAP)**	**AI Data Solutions**	**China Platform & Services**
Sourcing and recruitment	Data collection and annotation	LLM & Generative AI Data Solutions (SFT, RLHF, Evaluation, Red Teaming)	MatrixGo and Generative AI data annotation platform
Qualification and smart matching	LLM & Generative AI workflows (fine-tuning and evaluation)	AI training data (data collection, data annotation, off-the-shelf datasets)	AI data services for China markets
Crowd Payments	AI automation tools		Off-the-shelf datasets
Crowd support			

1 Previously known as China A9.

Product development

In FY24 we undertook a major replatform of our core crowd management software, called Appen Connect. Appen Connect was introduced through the acquisition of Leapforce, and while it provided significant benefits to the business, the technology was built using legacy architecture and was inhibiting our ability to make rapid improvements, including automations.

In September we launched our new crowd management platform that consists of two deeply integrated components.

The first is CrowdGen. This is the interface that our crowd workers use to interact with Appen to assess available work, apply for projects, and manage their accounts including payments.

The second is Mercury. This is the backend system that we use internally to set up projects and manage our crowd workforce. The evolution to Mercury enables us to significantly improve the level of automation in our project management approach, and provides better insights into our workforce, leading to improved outcomes for our customers.

For CrowdGen and Mercury, we utilised best of breed software across the ecosystem to improve the return on investment in our software development resources and ensure access to the latest innovations.

Our AI Data Platform (ADAP) is the software we use to set up and administer project tasks. It is also the interface for our crowd workers to work on projects. We use ADAP for our managed service projects, and is also offered as a SaaS platform.

With the growth of generative AI related projects in FY24, we saw a significant increase in the volume of work utilising our ADAP platform. Revenue from Global Product, representing projects from our large Global customers that utilise ADAP, increased to $31.3 million in FY24, a 221.9% increase on FY23. Customers selected ADAP over internal annotation tools for the ability to rapidly set up and customise annotation tasks.

We released many new ADAP features in FY24 to support generative AI related projects, including:

- AI Detector that improves data quality by identifying non-human generated content, specifically where contributors are using LLMs to generate responses.
- Retrieval-augmented generation (RAG) capabilities that cover end-to-end data requirements for preparing data and evaluating performance.
- AI Chat Feedback enhancements, that allows connections with third-party endpoints directly from inside an ADAP project, to run a multi turns live conversation with a model, and to evaluate and live-correct completions.

Appen China released many new MatrixGo features in FY24, with a focus on enhancing the capabilities of the annotation tools, improving user experience and crowd management, and boosting data processing efficiency through algorithms. New features and enhancements include:

- MatrixGo Instant Messaging System, that allows project managers and annotators to interact in real time. It can handle one million transactions per second (TPS) in message throughput and supports dynamic scaling. The system is integrated into the MatrixGo platform and is accessible via web and mobile.
- Self-Operated Crowd Module, that groups contributors based on language, skills, and project experience. It fosters talent development through dedicated project managers and continuous project opportunities, increasing platform loyalty and work enthusiasm.
- Point Cloud 2.0, that supports very dense point cloud data with hundreds of millions of points per frame and supports various annotation tasks on 4D data. This reinforces our leadership in the computer vision point cloud annotation field.
- Automated Data Annotation Loop, that combines pre-annotated foundation models with project-level fine-tuning. It boosts 2D annotation efficiency by up to five times and improves 3D annotation efficiency by around 25%.
- Audio Classification Model, that can identify noise, music, speaker age and gender across multiple languages, providing a powerful tool for quality screening and feature extraction in the production of audio datasets.

Investment in product development

In FY24, investment in product development (excluding amortisation) decreased 43.3% to $19.6 million and represented 8.4% of revenue (2023: $34.6 million or 12.7% of revenue).

Managing and protecting data

At Appen, we manage and protect massive amounts of data in line with security, privacy, and regulatory requirements. We recognise the critical importance of meeting our customers' expectations and fulfilling contractual obligations related to data security. Additionally, we remain vigilant against the increasing risk of cyber security attacks, continuously adopting industry best practices to safeguard our systems, data, and customer trust.

System and data security

Managing data security is an essential and a core competency of our business. Our approach is comprehensive and involves people, processes, and technology.
As a minimum we adhere to industry recognised standards, such as the International Organisation for Standardisation (ISO) and National Institute of Standards and Technology (NIST) and implement global best practices.

Mandatory security awareness and privacy training is provided to all employees on annual basis. We also conduct regular synthetic phishing tests to promote employee awareness of the threats and their responsibilities in managing data security. These tests also provide an indication as to the effectiveness of our training programs.

We provide customers with a range of secure technology solutions. Our SaaS customers can maintain their data in their environment and do not need to physically move it to our environment. For maximum data security, our software can be deployed in the customers' air-gapped environment or private cloud and provides flexibility to cater to client's expectations.

Customers with even higher data security requirements can use one of our ISO 27001-certified secure facilities in the Philippines, the UK, and China. In FY24, we successfully upgraded our ISO 27001 certifications to the most recent edition (ISO 27001:2022).

Data privacy

Our engineering, security and privacy teams work closely together to ensure that data privacy is integrated into our systems. We also work to comply with specific data privacy requirements in the markets in which we operate, including the California Consumer Privacy Act, the Philippines and Australian Privacy Acts, and the EU/UK General Data Protection Regulation. Mandatory data privacy training is provided to all employees on an annual basis.

In FY24, there was one non-material security incident involving and limited to Quadrant, a subsidiary of Appen. We promptly identified the root cause and resolved it following established protocols. Additional safeguards were implemented to further strengthen our security posture, reinforcing our commitment to protecting our customers.

Platform availability, reliability and resilience

Platform availability, reliability and resilience is a key focus of our engineering teams. The team works to strict system availability targets and ensures that our systems can safely scale in response to changes in demand. In FY24, we continued to meet or exceed 99.9%[1] uptime across all our platforms.

Cyber security

Our cyber security risk management framework is based on internationally recognised NIST standards and is structured to identify, detect, protect against, respond and recover to cyber security threats.

Security penetration testing is conducted annually by third-party specialists. Our operational facilities are ISO 27001:2022 certified, and our ADAP and CrowdGen (Mercury) platforms are SOC 2 Type 2 attested. Additionally, our UK and China facilities hold ISO 9001 certifications, and our UK facility is Cyber Essentials Plus certified, meeting UK requirements. Appen also has Payment Card Industry (PCI) compliance for its ADAP platform. Our IT security policies and standards are adhering to ISO 27001 controls and the incident response procedure is aligned with the NIST CSF (Cyber security Framework). We conduct incident response tabletop exercises annually.

We have adopted a practice of engaging third-party cyber security maturity assessments for our organisation every two years. The latest assessment, conducted by PwC in FY24, demonstrated consistent improvement in our scores, which exceed the industry benchmark for organisations of similar size and scope. The results of this review continue to form the program of works to further mature Appen's cyber security capability.

Appen has cyber security insurance in place.

Data encryption is in place when data is at rest and in transit for critical systems as per SAL (Secure Algorithm List). We have centralised access controls via SSO (Single Sign On) and MFA (Multi Factor Authentication) for additional layers of protection. Security logs from our critical systems are captured and monitored in a SIEM (Security Information and Event Management) tool.

We also have top tier network, perimeter, and end point security tools protecting the assets and monitoring inbound and outbound network traffic. Privileged access and vendor security reviews are conducted as per our standards.

FY25 focus

Appen is committed to innovation and excellence. We remain focused on continuing to enhance the crowd experience to foster a more engaging environment, advancing our ADAP and MatrixGo platforms to support the evolving generative AI market, and strengthening our deep learning capabilities. We also remain dedicated to further automating processes through AI-driven productivity enhancements.
Cyber security continues to be a key priority. We are advancing our cyber security maturity through dedicated programs, as well as prioritising data classification and loss prevention projects.

1 Based on report from third-party website monitoring company, StatusCake.

Crowd, social and environment

Ethical AI

through our Crowd code of ethics

33

Crowd NPS

↑ 6 points from 27 FY23

Priority SDG

8 DECENT WORK AND ECONOMIC GROWTH

10 REDUCED INEQUALITIES

At Appen, our commitment to creating a positive social and environmental impact is a cornerstone of our mission to enable responsible and inclusive AI development. In 2024, we made significant strides in supporting our global crowd and embedding sustainability into our operations.

Governance

Our social and environmental frameworks remain underpinned by a steadfast commitment to high standards of corporate governance, ensuring transparency, accountability, and sustainability in all facets of our operations. The Board of Directors provides strategic oversight, while management ensures operational alignment with these principles.

Responsibilities of the Board of Directors:

- Evaluating the environmental and social impacts of our business activities and decisions.
- Setting and monitoring adherence to social and environmental standards that align with global best practices.
- Overseeing the management of risks and opportunities related to climate change, biodiversity, and environmental sustainability.
- Approving climate-related disclosures, ensuring transparency and alignment with emerging regulatory requirements.
- Tracking progress against defined goals and targets for climate, social, and governance-related issues.

Audit and Risk Management Committee:

- Integrating environmental, social, and governance (ESG) considerations into the company's broader risk framework.
- Reviewing quarterly risk reports to ensure effective management of climate-related and environmental risks.
- Supporting the identification and mitigation of emerging risks, such as supply chain vulnerabilities and compliance gaps in ESG areas.
- Providing recommendations to the Board for continuous improvement in governance and risk oversight.

Good Business Practice

- Good business practice at Appen is defined by ethical leadership, integrity, and responsible decision-making. These principles guide how we interact with stakeholders, manage our workforce, and deliver services to customers.

Code of Conduct and Ethical Standards

- Our Code of Conduct outlines the minimum standards for ethical behaviour, emphasising fairness, respect, and accountability. It applies to all employees, contractors, and business partners.

Anti-Corruption and Anti-Bribery

- Our Anti-Corruption and Anti-Bribery Policy reinforces a zero-tolerance approach to bribery and corruption.
- Strictly prohibits the use of corporate funds for political donations or advocacy unrelated to our core mission.
- Mandatory annual compliance training ensures employees are aware of their responsibilities. In FY24, 90% of employees completed this training, compared to 95% in FY23.

UN Global Compact and Ethical Sourcing

As a proud signatory of the United Nations Global Compact (UNGC), we continue to embed its ten principles on human rights, labor, environment, and anti-corruption into our strategies and operations. We have also completed our first Communication on Progress during the year.

- Human Rights: Conducted risk-based supplier reviews, focusing on compliance with our Global Ethical Sourcing and Modern Slavery Policy.
- Labour: Set diversity targets, including 30% female representation in senior management roles.
- Environment: Advanced our net-zero emissions roadmap, maintaining flat emissions despite the opening of new facilities.
- Anti-Corruption: Continued to support our whistleblower hotline that enables anonymous reporting.

Training and Accountability

To drive accountability across all levels of the organisation:

- Short-term incentives for senior leadership are directly linked to compliance metrics, including training completion rates and ESG performance.
- Mandatory ethical sourcing training for key procurement and supply chain staff.

Empowering Contributors Through Economic Opportunities

Human involvement is not just a stage in AI development – it is its foundation. Keeping humans in the loop ensures that AI systems remain aligned with human values, helping to minimise hallucinations, bias, and toxicity. By embedding diverse human perspectives at every stage of the AI lifecycle, we aim to create systems that augment human potential, solving complex challenges and unlocking opportunities for positive societal impact.

In 2024, we connected over 1 million contributors in 170 countries with projects spanning 20 domains, creating a truly borderless workforce. For almost 50% of our contributors in the US, this work served as a primary source of income, helping contributors support their families, fund education, or invest in their future goals.

A significant portion of our contributor base resides in emerging markets, where access to remote work opportunities is critical.

Crowd Engagement

In FY24, our Crowd Net Promoter Score (NPS) increased to 33 from 27, reflecting the resilience of our contributor community and the impact of our targeted improvements. This growth comes despite challenges associated with the rollout of our new contributor platform, CrowdGen, and demonstrates the crowd's trust in our efforts to enhance their experience.

Key Highlights of NPS Feedback

Contributors highlighted areas where we can further enhance their experience:

- **Project availability and relevance:** Continued focus on increasing and better matching contributors to suitable projects is essential.
- **System challenges:** Initial issues with the new system caused some frustration, particularly around transparency and ease of use.
- **Support and communication:** Contributors appreciated ongoing updates but expressed a desire for faster resolution of queries.

Enhanced Contributor Systems and Support

In FY24, we launched CrowdGen a next-generation platform designed to address contributors' concerns and deliver a superior experience. The new system focuses on creating a seamless, efficient, and transparent environment for contributors, addressing pain points highlighted in past feedback. Key features include:

- **Better project matching:** Contributors are now matched to projects more effectively based on their skills, experience, and preferences. This improvement ensures that individuals have access to more relevant opportunities, increasing satisfaction and engagement.
- **Streamlined user experience:** CrowdGen simplifies onboarding, qualification processes, and project participation, reducing friction and saving contributors' time.
- **Expanded payment options:** Offering flexible, transparent payment methods tailored to contributors' preferences. New features allow contributors to track payments with greater visibility, providing details such as hours worked, project breakdowns, and estimated timelines for fund availability.

Prioritising Contributor Health and Well-Being

In recognition of the challenges that come with gig work, we have implemented several initiatives to support the mental, emotional, and physical health of our contributors:

- Wellness resources: We expanded access to wellness programs, including monthly newsletters with tips on resilience, mental health, and stress management.
- Counselling services: Contributors working on sensitive or high-risk projects, such as content moderation, were provided with on-demand access to counselling and wellness services to safeguard their mental health.
- Flexible work options: By encouraging project structures that accommodate varying schedules, we empowered contributors to balance work with personal responsibilities.

Modern Slavery and respect for Human Rights

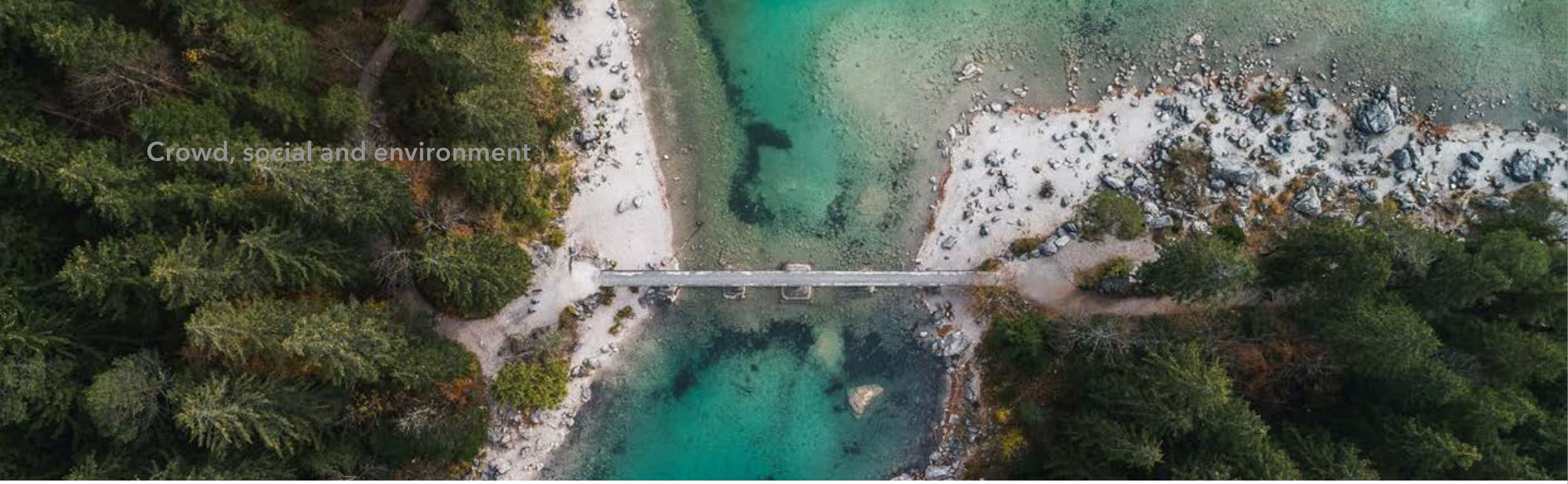
At Appen, we believe that any form of modern slavery and human rights abuse is unacceptable, and we are committed to playing a proactive role in eradicating these practices. Our commitment is detailed in our Global Ethical Sourcing and Modern Slavery Policy, which outlines our expectations for ethical behaviour across all levels of our supply chain.

This policy reinforces our zero-tolerance stance on forced labor and prioritises fair employment practices, safe working conditions, freedom of association, non-discrimination, and robust whistleblower protections.

Championing Fair Labor Practices

The well-being and dignity of our contributors are at the forefront of our efforts to improve the gig economy. Key milestones in 2024 included:

- **Minimum wage commitment:**
  We ensured that all contributors were paid at least the local minimum wage equivalent. This commitment reflects our dedication to promoting fair pay and reducing financial uncertainty.
- **Enhanced payment options:**
  We introduced a suite of payment methods, including direct bank transfers, gift cards, and local payout systems, giving contributors greater flexibility and control over how they receive their earnings.
- **Collaborative advocacy:**
  Our partnerships with organisations like Fairwork and PAI have allowed us to contribute to global conversations on ethical labor practices and help set new benchmarks for fairness in the gig economy.



Environmental footprint

Our environmental and climate commitments are outlined in our Environment Position Statement (EPS). This statement reaffirms our dedication to engaging external stakeholders, such as suppliers, clients, and contractors, to reduce our environmental impact. It also ensures transparency in our progress and establishes a governance structure to oversee the management of environmental risks and compliance.

Given the relatively small environmental footprint of our direct operations, our focus remains on minimising the impact of our offices, facilities, travel, and data centre usage by:

- Reducing electricity consumption and increasing the use of renewable energy
- Optimising data centre requirements by collaborating with a cloud provider committed to 100% renewable energy
- Reducing water consumption and waste generation while increasing recycling and reprocessing of used technology equipment
- Minimising travel through enhanced digital collaboration tools
- Partnering with suppliers to pursue sustainable procurement solutions.

Climate change

We acknowledge the significant risks posed by climate change and are committed to supporting the global transition to net-zero emissions. Our alignment with the Science Based Target initiative (SBTi) reflects our pledge to limit global warming to 1.5°C. We have developed a Net Zero Emissions Roadmap to provide actionable pathways toward achieving our targets.

The roadmap, approved by management, includes funding (excluding offsets) and will be applied across the business, focusing on sustainable energy use, operational efficiency, and targeted supplier engagement.

Strategy

Our Net Zero Carbon Roadmap outlines key strategic actions to achieve net-zero emissions by 2030 for our broader value chain.

These actions include:

- Sustainable office design and operational efficiency
- Better energy management and sourcing renewable energy
- Partner engagement to achieve shared net-zero goals
- Procuring carbon offsets aligned with our values, providing additional social and economic benefits beyond carbon reductions.

Our offset strategy includes:

- Current and forecasted greenhouse gas emissions for Appen
- Scenario modelling and budget planning for offsets
- Criteria for selecting carbon offsets to align with our company values and sustainability objectives.

Progress

We have continued the implementation of our net zero strategy this year and achieved the following:

1. **Renewable energy**
   - Signed 'green' electricity contract for our corporate office in Australia
2. **Energy efficiency**
   - Finalised installation of LED lightings in our Philippines' offices
3. **Sustainable office design**
   - Applied sustainable design specifications to new office locations
   - Closed underutilised office spaces to reduce emissions
4. **Carbon offsets**
   - Procured carbon offsets to offset our business travel emissions
   - Commenced discussions with customers on best offset strategies to align with their goals

Risk management

We assess climate risks through our risk management framework, aligned with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Climate risks are incorporated into our Risk Appetite Statement and monitored across all levels of governance, including the Board.

In 2024, we conducted a scenario analysis of physical risks affecting our global offices to identify vulnerabilities and inform mitigation strategies. Further details can be found in the section 'TCFD-based Scenario Analysis.'

Metrics and targets

Our 2024 GHG emissions inventory was completed in accordance with the GHG Protocol, categorising emissions into scopes 1, 2, and 3. While direct operations account for a portion of emissions, the majority stem from our supply chain, including contractors and suppliers.

Source	2024 tCO_2e	2023 tCO_2e
Scope 1 Natural gas	**283**	309
Scope 2 Electricity – Location-Based	**1,945**	1,631
Scope 2 Electricity – Market-Based	**1,990**	1,637
Scope 3	**12,509**	13,515
Total Scope 1, 2 & 3 Emissions	**14,737**	15,455

The reporting boundary for scope 1 and 2 includes all offices globally occupied by Appen employees. Office spaces leased exclusively for the delivery of specific projects on a short-term basis and offices that were operational for less than six months in the reporting period have been excluded from this boundary.

Further details of our GHG inventory, including category breakdown for scope 3 and emissions by geography can be found in Appendix page 130 of the annual report.

Outlook

While we are proud of the progress made in 2024, we know there is much more to be done. Our priorities for 2025 include:

1. **Improving Advocacy:** We will strengthen our efforts to amplify contributor voices, ensuring they have a say in shaping the future of the platform.
2. **Advancing Fairness:** Building on our partnerships with industry bodies, we will continue to advocate for ethical.
3. **Supporting Innovation:** By investing in new technologies and platform features, we will create a more seamless, rewarding experience for contributors and customers alike.
4. **Expanding Carbon Offset Strategy:** Finalising and implementing our offset strategy, ensuring carbon credits are sourced from projects that align with our company values and deliver social and economic benefits beyond emissions reductions.

Analysis of risks and opportunities

Our updated analysis indicates significant opportunities and manageable risks associated with climate change impacts. While the dispersed nature of our operations, suppliers, and customers mitigates certain physical risks, emerging challenges such as evolving customer expectations and regulatory landscapes require ongoing attention.

		Potential Impact	Response
Transition risks	Policy and legal	Customers increasingly expect suppliers to demonstrate environmentally responsible practices and net-zero commitments within their supply chains.	We address these risks by further enhancing energy-efficient operations and reporting on our carbon footprint transparently. Additionally, we align with customer sustainability programs to mutually advance climate goals.
Physical risks	Acute	Offices in regions prone to extreme weather events, such as floods, heatwaves, and wildfires, are at risk of disruptions and damage.	Short-term disruptions are mitigated by leveraging remote working capabilities with minimal business impact. Business continuity and disaster recovery plans are regularly updated, factoring in the increasing frequency and severity of weather events.
Opportunities	Resource efficiency	Transitioning to resource-efficient processes offers long-term cost reductions, employee satisfaction, and enhanced customer value.	We are expanding energy and water efficiency programs across all sites and continuously reviewing operations to identify further efficiency gains.
	Energy source	Utilising lower-emission energy sources reduces exposure to fossil fuel price volatility, potential carbon pricing changes, and enhances reputation.	We are scaling our use of renewable energy across operations, focusing on solar, wind, and hydroelectric sources to meet sustainability commitments.
	Products and services	AI innovations that reduce emissions and optimise resource allocation increase demand for high-quality training data.	We anticipate sustained demand for our AI data services, driven by the need for training models supporting climate-focused technologies.

TCFD-based scenario analysis

We have conducted an updated desktop scenario analysis of the potential physical risks associated with climate change across Appen's global offices. This analysis utilised two scenarios from the Intergovernmental Panel on Climate Change (IPCC):

- Low emissions scenario (RCP 4.5): Represents a 2°C warming scenario.
- High emissions scenario (RCP 8.5): Represents a 4°C warming scenario.

Physical Risks Assessed

For each office location, the following risks were analysed under both scenarios:

- **Fires:** Risk of bushfires and wildfires driven by hotter and drier climates.
- **Heatwaves:** Increased frequency and severity of prolonged high temperatures.
- **Drought:** Reduced rainfall and water scarcity due to changing climate patterns.
- **Flooding:** Higher risk of floods from more intense storms and storm surges.
- **Inundation:** Rising sea levels threatening low-lying areas.

Business Impacts Identified

Key risks included:

- Property damage and potential safety concerns.
- Increased operational costs due to resource scarcity or infrastructure repair.
- Disruptions to supply chains and customer delivery commitments.

Scenario Analysis Outcomes

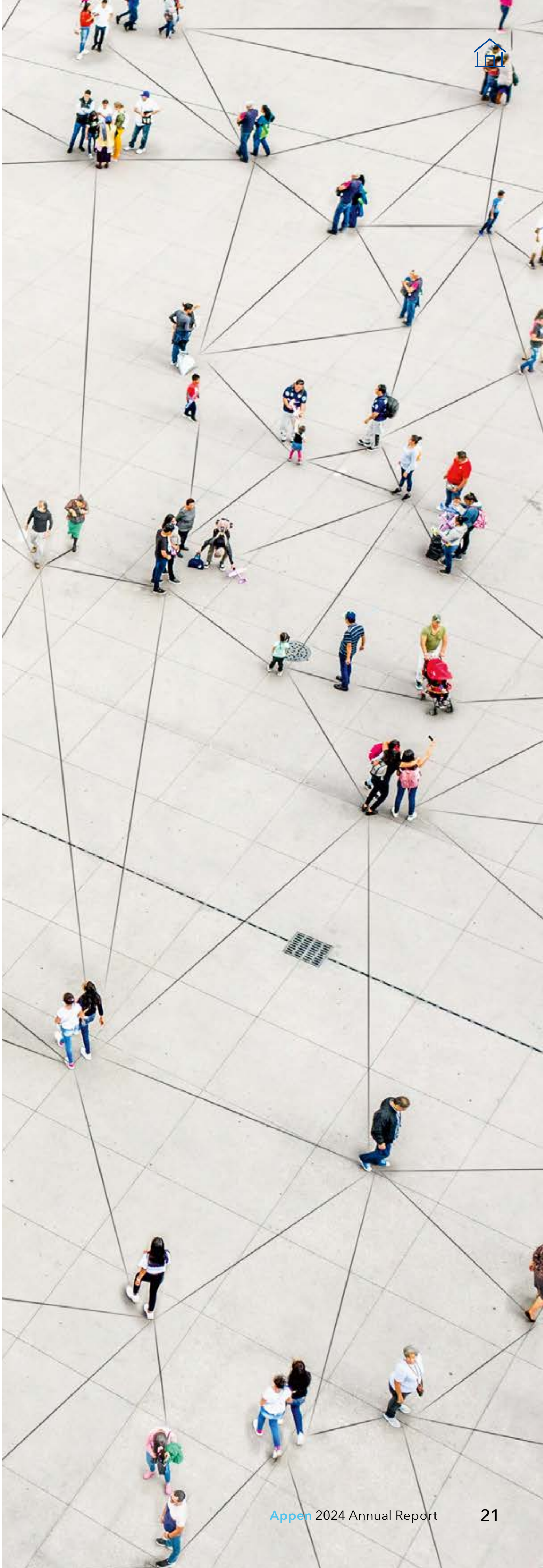
Our analysis shows that heatwaves and drought pose the greatest risk to our global office network, particularly in a high emissions scenario (RCP 8.5).

Mitigation and Adaptation Initiatives

In response, we have implemented and expanded the following measures:

- Energy Efficiency: Installation of LED lighting and efficient HVAC systems in high-risk locations.
- Water Conservation: Deployment of water-efficient plumbing fixtures to mitigate drought-related risks.
- Renewable Energy: Accelerating the transition to renewable energy sources, such as solar and wind, for onsite and offsite energy requirements.
- Disaster Preparedness: Enhancing business continuity and disaster recovery plans to address site-specific risks, including flooding and heatwaves.

By incorporating scenario analysis into our risk management framework, we continue to align our operations with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations and ensure resilience against evolving climate risks.



Customer and brand

At Appen, our focus is to deliver great outcomes and experiences for our customers. As a global market leader and trusted partner, we provide high quality, human centric data to promote responsible and ethical AI.

57
Customer NPS
↑ 22 points from 35 in FY23

80%
World's leading LLM foundation model builders as customers

26
LLM model builders as customers

Priority SDG

Delivering value for customers

Since 1996, we have powered innovative AI applications for global brands including Microsoft, Amazon, Pinterest, Salesforce, Oracle, Adobe and BestBuy. Appen has cultivated trusted partnerships and earned a reputation based on our ability to provide unbiased, high quality, and globally representative data. As the demand for AI continues to grow, we remain committed to our core belief that humans are at the heart of its success.

Our focus is helping our customers improve the performance of their models to create stronger, smarter, and more efficient AI systems for our customers and to help shape a future where human intellect and machine learning seamlessly collaborate.

We believe that the success of our customers lies in their ability to leverage data effectively. Our high-quality human-annotated datasets are essential in training and validating AI algorithms, ultimately leading to more accurate and reliable results.

AI can be a powerful tool for positive change in the world. The work we do for our customers is impactful and we are committed to using our expertise and resources to support initiatives that use AI for social good. From partnering with organisations focused on environmental conservation to supporting projects that promote diversity and inclusion, we are dedicated to making a difference through AI. Our customers value our unwavering focus to promote responsible and ethical AI.

Net promoter score

Our key customer satisfaction measurement tool is Net Promoter Score (NPS). We seek feedback from our customers on a bi-annual basis and monitor NPS across our Global, Enterprise and China clients.

This year customer NPS was 57, compared with 35 in FY23. This score was above target and reflected a high level of customer satisfaction with Appen's service offerings and project delivery. Customers saw improvements in operational excellence with more streamlined processes to deliver higher quality project outcomes. As model iterations evolved rapidly, there was an increased level of partnership between Appen and our customers, with speed and agility the priority.

High-quality data for Large Language Models (LLMs)

As generative AI adoption grows, Appen continues to enhance our LLM solutions for foundation model builders and organisations adopting LLMs. These include pre-training data, fine-tuning data to enhance model performance in post-training, benchmarking and evaluation data to provide insights into model performance, and red teaming for safety assurance. Collectively, these help companies build more complex and high-performing LLMs that provide helpful, harmless, and honest responses while reducing bias and toxicity.

In FY23, our projects included curating prompt-response datasets for fine-tuning, preference annotation and ranking to train LLMs with human feedback, evaluation and benchmarking of generative AI model outputs, and human testing with live model interactions.

In FY24, we continued these programs of work and completed increasingly complex projects. Notable examples included multi-step reasoning capabilities and tasks requiring deep domain expertise in programming, coding, STEM, and other domains. In addition, our customers expanded the multilingual capabilities of LLMs in 70+ languages with large programs of work with demographically diverse crowds to address challenges with language and cultural nuances. As models shifted from text-based to multimodal, we also delivered projects involving multimodal data across text, image, documents, audio, and video.

As more models reach deployment, addressing the challenge related to the safety of model outputs is more important than ever. In FY24 we expanded our capabilities to conduct systematic and structured testing of models before deployment. By leveraging a curated crowd of our AI training specialists, we help customers conduct a full assessment of model performance and safety. This includes identifying problems like misinformation, privacy leaks, irrelevant content, bias, or toxic content. Our tooling allows real-time multi-turn scenario-based testing, comparison of multiple models, and analysis across key metrics, providing invaluable insights for ensuring the safety of models before deployment.

Growing and diversifying our customer base

Appen is truly a global business and supports companies that are at the forefront of AI. Our customers include global technology companies, software business that incorporate AI models into their core products, generative AI model builders and enterprise companies that are adopting AI in their products and operations.

In FY24, our top five customers accounted for 67.3% of revenue, down from 74.8% in FY23. Revenue from New Markets (excluding Global Product) accounted for 36.2% of revenue, up from 26.3% in FY23.

This year, Appen delivered multiple projects related to generative AI model development and evaluation, for leading model builders, large tech and enterprise customers. These included expansions with existing customers. Generative AI projects included human feedback for general LLMs, specialised domain training data such as code annotation and generation, and multimodal training data for video generation.

Generative AI revenue [1] significantly increased in FY24, up 601% and accounted for 22% of revenue in FY24 up from 4% in FY23. Many projects are delivered using Appen's AI Data Platform (ADAP). Appen is currently working with 26 LLM model builders globally.

Taking the industry to new heights

Beyond contributing to the technical growth of the AI industry, Appen plays a significant role in ensuring responsible AI practices. Our dedication to ethical considerations is apparent in every aspect of our work, from strict adherence to privacy and security protocols to regular reviews and updates of our policies.

By instilling these ethical standards throughout the AI lifecycle, we help create a framework within the industry that prioritises responsible AI use. This commitment ensures that the AI technologies we enable are not only advanced but also respect user privacy and promote fairness. We remain dedicated to shaping a future towards positive and ethical progress of AI.

In addition to supporting customers directly, we provide industry information and resources that monitor trends and developments in AI. In FY24, Appen released its State of AI Report, partnering with The Harris Poll to deliver the research. The report surveyed over 500 IT decision-makers, revealing that while the adoption of AI technologies continues to grow, progress is being hindered by a shortage of accurate, high-quality data. The report found that with the increasing complexity of AI use cases, data management has become the leading challenge. Companies report a 10% rise in bottlenecks related to sourcing, cleaning, and annotating data, a 9% drop in data accuracy, and a 7% increase in data availability challenges.

Appen's research also uncovered the importance of human oversight and custom data collection. 97% of respondents agree that data diversity, bias reduction, and scalability are vital components for building AI models. Custom data collection remains the top method for sourcing AI training data.

The report can be accessed on the web:
2024 State of AI Report (appen.com).

1 Excludes Google.

Case Study: Training an LLM Image Generator for Graphics Design in 20+ Languages

Introduction

A leading graphic design software company created a multimodal AI model to generate original images from text prompts serving 20+ languages. To ensure these AI-generated images met high standards of visual quality and cultural relevance, they partnered with Appen to evaluate the AI-generated images and ensure successful alignment with user expectations. Appen supported the company in expanding their model capabilities to 20+ languages and producing high-quality AI-generated images across diverse cultural contexts.

Challenge

The generated designs were assessed based on over 15 different criteria to arrive at a final rating, which included cultural relevance to the localized prompts, as well as the format and style of the images. The complexity of this project arose from the need to accurately evaluate prompts covering 20+ different countries and languages, ensuring that all design outputs were appropriate and effective in their respective cultural contexts.

Solution

Appen executed a two-step approach to address this challenge with the LLM image generator:

1. Prompt Localization

Appen's network of native-language translators localized the prompts from English into 20+ languages, applying cultural expertise to ensure accurate adaptation. Beyond direct translation, this phase also required transcreation in cases where certain cultural events or visual elements needed adaptation to better resonate with the local audience. This process was essential in capturing culturally specific celebrations, symbols, and habits to ensure the prompts accurately reflected each target language's unique characteristics.

2. Design Evaluation

In the second phase, Appen's expert reviewers evaluated each LLM-generated image against a set of detailed criteria including cultural relevance, adherence to prompt instructions, design style, and format. The English version of each prompt also underwent evaluation, serving as a benchmark to ensure consistency across 20+ languages. By providing clear and consistent feedback on each image, Appen enabled the client to refine their model and improve the quality of the AI-generated designs.

Results

Through this detailed, culturally sensitive evaluation approach, Appen helped the client achieve high-quality, culturally relevant graphic outputs that met user expectations. By refining the AI model's ability to produce contextually appropriate designs, Appen's collaboration ensured an improved user experience for this global design software application, enhancing user satisfaction and product engagement across a diverse, international audience.

FY25 focus

In a dynamic and fast-paced AI market, new opportunities are endless. As AI adoption accelerates, Appen's role as a provider of high-quality, human-sourced data is more critical than ever. Appen will continue to leverage its position as a global leader in high-quality data to deliver great outcomes for its customers. In FY25, we will continue to build on our expertise in generative AI projects and evolve our offerings, including multilingual and domain-specific datasets, through advancements to our annotation platform and automating processes through AI-based initiatives to enhance quality and optimise productivity. From advancing multilingual AI to supporting agentic systems and multimodal innovations, Appen will continue to drive meaningful progress in the development of cutting-edge AI systems.

Our people

Every day, our people strive to unlock the power of AI for Good to build a better world. Our aim is to support their ability to do so, by providing continuous learning, empowerment and autonomy and an inclusive work culture to allow them to perform at their best.

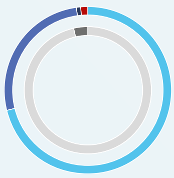
1,171
Employees
↑ from 1,037 in FY23

79%
Employee engagement
↑ from 75% in FY23

Priority SDG

Global and diverse work force

As of 31 December 2024, we had 835 full time equivalent employees (FTE), 313 fixed term, 8 casual employees, and 15 interns. Full time employees total 1,130 and part time employees total 41.

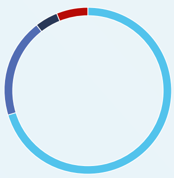


1,171 employees

Permanent	835
Fixed term	313
Casual	8
Interns	15
Full time	1,130
Part time	41

2024 employee distribution

Appen's people are based in North America, Asia Pacific, UK, Europe, and Australia.

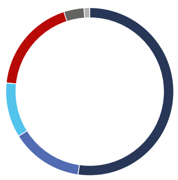


1,171 employees

Asia Pacific	824
North America	224
Australia/NZ	52
UK/Europe	71

Occupational profile

Our people have deep industry expertise, particularly in the areas of project delivery, crowd management and engineering. We have developed specialised industry capabilities which we embed into our products and processes. We also rely on deep domain expertise in the areas of large language models, linguistics, machine learning, data science and computer science. AI is fast paced and dynamic, and with rise of generative AI we recognise that ongoing upskilling and reskilling is required to meet and exceed stakeholder expectations.

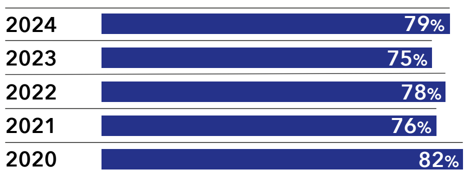


Delivery	613
Product, technology and engineering	163
Corporate	125
Crowd	212
Revenue, solutions and marketing	45
Executive	13

Employee engagement[1]

We recognise that an engaged and high performing team is essential for the success of our business. To ensure we are listening and responding to our people, we conduct bi-annual engagement surveys followed up with action plans. We continue to receive good employee participation rates that allow us to leverage insights to drive further improvements.

In 2024 our average engagement score was 79%, up from 75% in the prior year. The increase reflects the focus on employee communication, specifically providing clear, transparent and regular updates from the CEO and senior leaders.



Cost reduction and the impact on our people

Following the decision by Google to terminate its global services contract, Appen reacted quickly to reduce costs. Unfortunately, this impacted approximately 100 of our valued people, and they exited Appen during H1 FY24. The impacted employees were directly and indirectly associated with the delivery of Google projects.

1 Measures the likelihood of employees (including those in PEOs) referring a friend or colleague to Appen based on their employee experience. The scale is a 5-point Likert resulting in 1–2 Detractor, 3 Passive and 4–5 Promoter. NPS is calculated by subtracting the % of total detractors from the % of total promoters. Survey results are provided by Workday Peakon.

2 Based on HR report for all employees (excluding casuals and interns) generated by Workday.

Commitment to diversity and inclusion

At Appen, we strive to create a diverse and inclusive workforce that drives better performance and represents the communities we serve. We value the strength of a global team and celebrate the unique perspectives, experiences, and backgrounds our people bring. Our diversity and inclusion policy supports inclusive practices and focuses on increasing gender and ethnic diversity across our employees, senior management, and board.

The Board has continued to set a target of 30% female representation at all senior leadership levels. Female representation at the executive team and senior vice president (SVP) level has increased from the prior year however will continue to be a focus in FY25 as we prioritise our efforts towards talent management and Executive succession planning.

As of 31 December, women represented:

	% female[2]	
	2024	**2023**
Overall workforce	**57**	55
Board director	**50**	50
Executive team/SVP	**23**	22
Vice President	**57**	35
Senior Director	**36**	47
Director	**50**	40
Manager	**56**	61

Training and development

In FY24, our employees averaged 2 hours of training per month via Appen University, with a total training time of 29,280 hours[1].

Our courses focused on building knowledge about AI and large language models, along with leading teams and team management.

Working ethically

Our people are required to complete mandatory annual training in critical areas such as data privacy, security awareness and sexual harassment. Our Business Ethics training which sets out employees' obligations to act honestly and ethically is also mandatory for all employees and contractors. In FY24, we achieved an 90% completion rate for our Business Ethics and Code of Conduct training[2].

Impact through inclusion and volunteering

This year, our Employee Service Committee (ESC) team led impactful initiatives that celebrated diversity, promoted employee well-being, and strengthened our commitment to giving back.

We hosted TedChat sessions on topics such as emotional intelligence, mental health, and leadership, fostering meaningful conversations and professional growth across the organisation. Our health and wellness programs included the annual flu vaccination drive, our inaugural fitness challenge, and the Steptember activity, which encouraged physical activity while supporting disability-focused causes.

Key highlights included the Biggest Morning Tea fundraiser, where employees came together to support cancer research, and our Community Outreach Program in the Philippines, which brought meaningful support to local communities. These efforts exemplify our dedication to creating a positive impact beyond the workplace.

Diversity and inclusion remained at the heart of our initiatives, with celebrations like Women's Month, Pride Month, and National Disability Week fostering awareness and belonging. Cultural and community-building events, such as Flores de Mayo and Juneteenth, strengthened employee engagement and connection.

A standout initiative this year was our partnership with Na'amal, through which employees mentored refugees and underrepresented communities in Ethiopia and Kenya. This program provided vital guidance and support for mentees as they developed digital skills and pursued remote work opportunities.

Through these programs and more, the ESC team has continued to inspire connection, growth, and meaningful impact, reflecting our shared commitment to making a difference.

FY25 focus

We remain focused on creating an environment where our employees can thrive, grow, and contribute to Appen's success. In 2025, our emphasis will be on creating additional learning opportunities including investing in leadership development, and enhancing our overall employee experience.

1 Data from Appen University.
2 Data from Appen University, excludes China employees.

Financial

Appen's financial results reflect a transformative year for the company. A strong focus on cost and operational efficiency whilst capturing revenue growth enabled Appen to achieve its cash EBITDA profitability objective in early H1 2024. Appen is now well positioned for profitable growth.

US$M (unless stated otherwise)	FY24	FY23	Change
Group revenue and other income	235.7	274.2	-14.0%
Operating revenue	234.3	273.0	-14.2%
Adjusted operating revenue [1]	220.9	190.4	16.0%
Gross Margin % [2]	39.3%	36.3%	3.0pp
Underlying EBITDA [3]	7.8	(24.5)	nm%
Underlying EBITDA [3] before FX	3.5	(20.4)	nm%
Underlying NPAT [4]	(10.5)	(52.8)	nm%
Statutory NPAT [5]	(20.0)	(118.1)	nm%
Dividend cents per share	Nil	Nil	

Financial performance summary

Appen's financial performance was impacted by the termination of the Google contract which ended on 19 March 2024. Following the loss of the contract, a $13.5 million incremental cost out program was announced and was fully executed by the end of H1 FY24.

With disciplined cost management, streamlined operations, and strong a focus on data quality and speed, Appen returned to EBITDA profitability in H2 FY24.

A summary of Appen's financial performance for FY24 is as follows:

- **Operating revenue** decreased 14.2% to $234.3 million, reflecting the loss of the Google contract. Excluding the impact of Google, operating revenue grew 16.0% to $220.9 million.
- **Global Services revenue** down 38.3% to $118.1 million. Excluding the impact of Google, down 3.9% to $104.7 million.
- **New Market revenue** grew 42.6% to $116.2 million, driven by strong growth in China and Global Product.
- **China** finished the year strongly with Q4 revenue of $17.7 million representing a quarterly record and quarter on quarter growth across all four quarters.
- **Product development investment (excluding amortisation)** decreased 43.3% to $19.6 million and represented 8.4% of revenue.
- **Underlying EBITDA** (before the impact of foreign exchange losses) increased $23.9 million to $3.5 million due to revenue growth, and cost out programs executed in FY24 and FY23.

Priority SDG

8 DECENT WORK AND ECONOMIC GROWTH

1 Excludes the impact of Google contract termination.
2 Gross margin refers to revenue less crowd expenses.
3 Underlying EBITDA excludes impairment loss, earn-out adjustment, restructure costs, transaction costs, and acquisition-related and one-time share-based payment expense.
4 Underlying NPAT excludes after tax impact of impairment loss, earn-out adjustment, restructure costs, transaction costs, acquisition-related and one-time share-based payment expense, amortisation of acquisition related intangibles, and deemed interest on earn-out liability.
5 FY23 includes non-cash impairment of $69.2 million.

- **Underlying EBITDA** (including the impact of foreign exchange gains and losses) increased $32.3 million to $7.8 million.
- **Underlying net loss after tax** improved by $42.3 million to $10.5 million from an underlying net loss of $52.8 million in FY23. The improvement was driven by revenue growth, and cost out programs executed in FY24 and FY23.
- **Statutory net loss after tax** improved by $98.1 million to $20.0 million from a net loss of $118.1 million in FY23. FY23 includes a non-cash impairment charge of $69.2 million.
- **No dividend** was paid to ensure appropriate allocation of capital.
- **Cash balance** of $54.8 million at 31 December 2024 and no debt.

Operating revenue

Group operating revenue decreased 14.2% to $234.3 million, reflecting the loss of the Google contract. Excluding the impact of Google, operating revenue grew 16.0% to $220.9 million, largely driven by generative AI related projects within our Global and China divisions.

In FY24, generative AI related work represented 22% of group revenue[1], compared to 4% in FY23.

On 22 January 2024, Appen advised that it had received notification from a material customer, Google LLC, that as part of a strategic review process it was terminating its global inbound services contract with Appen. All Google projects ceased on or before 19 March 2024.

Appen's FY24 revenue from Google was $13.4 million compared to $82.8 million in FY23. Group revenue, excluding Google was $220.9 million, compared to $190.2 million in FY23.

Revenue by operating division

Global Services revenue decreased 38.3% to $118.1 million (FY23: $191.5 million) and was impacted by the Google contract termination. Excluding the impact of Google, revenue decreased 3.9% to $104.7 million (FY23: $108.9 million).

The small decrease excluding the impact of Google reflects a continuation of the stabilisation of the revenue in H2 FY23 following the declines experienced H1 FY23. Compared to H2 FY23, H1 FY24 increased 5.9% to $50.8 million and H2 FY24 increased 7.7% to $54.5 million.

Growth within our Global customers is primarily driven by generative AI related projects. For these projects we saw a significant increase in the volume of work utilising our AI Data Platform (ADAP). This growth is reported in the New Markets segment.

New Markets revenue increased 42.6% to $116.2 million, driven by strong growth in China and Global Product. Second half revenue from New Markets grew 55.6% to $66.4 million from $42.6 million in H2 FY23.

Global Product revenue increased 221.9% to $31.3 million due to growth in generative AI related projects. These projects utilised our AI Data Platform (ADAP). Customers selected ADAP over internal annotation tools for the ability to rapidly setup and customise annotation tasks.

China which includes Japan and Korea grew 70.7% to $58.9 million compared to $34.5 million in FY23. The business grew quarter on quarter throughout FY24 and finished the year strongly, delivering a record Q4 revenue performance of $17.7 million. Growth in China was largely driven by continued traction in generative AI related projects, with China continuing to support leading LLM model builders. Growth came from expansion within existing large technology customers as well as new customer wins.

China remained focused on growth and maintaining its position as a leading AI data company.

Enterprise and Government revenue combined decreased 30.2% to $26.0 million compared to $37.3 million in FY23. Enterprise was impacted lower volumes within existing large projects. Government revenue was impact by limited opportunities during FY24 given awards are generally linked to infrequent government budget cycles.

Further detail can be found in the Customer and Brand value driver on page 22.

1 Excludes Google.

Product development

Technology continues to play 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 FY24 (excluding amortisation) decreased 43.3% to $19.6 million and represented 8.4% of revenue (FY23: $34.6 million or 12.7% of revenue).

While the quantum of our product development spend was lower in FY24, we remain committed to the development of industry-leading products and tools. For more information on these initiatives see the Technology processes and systems value driver on page 12.

Amortisation of product development was $11.8 million down from $19.7 million in FY23. The decrease predominately reflects lower spend in relation to product development in FY24 and FY23.

Underlying financial performance

Underlying earnings before interest, tax, depreciation, and amortisation (EBITDA) was $7.8 million, a $32.3 million improvement from ($24.5 million) in FY23. Before the impact of foreign exchange gains or losses, underlying EBITDA was $3.5 million, a $23.9 million improvement from ($20.4 million) in FY23. The significant improvement was driven by revenue growth, and cost out programs executed in FY24 and FY23.

Crowd expenses was down as a percentage of revenue at 60.7% compared to 63.7% for FY23. This is primarily due to a change in customer and project mix, resulting in improved gross margin [1] (FY24: 39.3%, FY23: 36.3%).

Employee expenses [2], excluding direct project workers (included in crowd expense) decreased 29.2% to $55.1 million from $77.8 million in FY23. All other expenses [3] for FY24 decreased 19.6% to $30.3 million compared to $37.6 million in FY23. The decrease in employee and other expenses reflects the benefit of the cost reduction programs completed over the course of FY23 and FY24.

The Global Services segment reported EBITDA of $14.7 million down 15.8% from $17.5 million in FY23. Despite the loss of the Google contract, the impact on EBITDA was minimised due to improved gross margins and cost out programs executed during FY24.

The New Markets segment EBITDA improved by $24.6 million to ($8.1 million) compared to EBITDA of ($32.7 million) in FY23. The improvement reflects revenue growth and improved gross margin in both China and Global Product.

Underlying net loss after tax improved by $42.3 million to ($10.5 million) compared to ($52.8 million) in FY23. Increase predominately due to the factors noted above as well as lower depreciation and amortisation in FY24 compared to FY23.

Statutory net loss after tax improved by $98.1 million to ($20.0 million) and includes one-off restructure costs of $3.0 million associated with the implementation of the cost reduction program and a leadership refresh implemented during FY24. Included in FY23 is non-cash impairment of $69.2 million in relation to the Global Services cash generating unit.

Cost reduction program

In response to the loss of the Google contract, the Group announced and delivered a $13.5 million [4] cost savings program that was executed in H1 FY24. The initiatives completed enabled Appen to achieve its cash EBITDA profitability objective in H2 FY24.

Balance Sheet

Net assets at 31 December 2024 were $114.3 million (31 December 2023: $92.8 million). The increase in net assets was a result of equity raised in H2 FY24, offset by trading performance during the year.

Trade and other receivables combined with contract assets were $0.9 million higher at 31 December 2024 compared to 31 December 2023 due to the timing of customer receipts.

Current liabilities were $3.8 million lower at 31 December 2024 compared to 31 December 2023. The decrease was mainly due to finalisation of the Quadrant earnout liability, settled via the issue of ordinary shares in January 2024.

Cash balance increased by $22.7 million to $54.8 million at 31 December 2024 from $32.2 million at 31 December 2023. The balance includes net proceeds of $42.1 million from the issuance of shares during the period. The cash balance as at 31 December 2024 was impacted by foreign exchange, working capital requirements from a strong Q4 FY24 as well as timing of customer receipts, with $10.0 million received from a major customer on 4 January 2025 versus last week of December as scheduled.

In H2 FY24, Appen raised ~A$65 million equity. A$50 million fully underwritten institutional placement completed on 14 October 2024, and A$15 million Share Purchase Plan completed on 7 November 2024. Net proceeds of $42.1 million through the issue of 33,854,167 shares.

1 Gross margin refers to revenue less crowd expenses.
2 Employee expenses per management reporting. Excludes direct project workers included in gross margin calculation (i.e. crowd expenses).
3 All other expenses excludes non-cash share based payment expense but all other expenses included in underlying EBITDA before FX.
4 $13.5 million annualised cash opex savings (comparing June 2024 vs January 2024 planned opex. Cash opex refers to opex included in underlying EBITDA calculation, adding platform development capitalised from the profit and loss, less non-cash share-based payments expense.

Growth strategy and FY25 priorities

Appen plays a key role in powering both deep learning applications and generative AI.

Appen's strategy remains focused on delivering high-quality data that powers cutting-edge AI models. Customers are increasingly demanding faster turnaround times and higher-quality data, which requires the seamless integration of our project delivery teams, advanced technology platforms, and skilled crowd workforce.

Appen's AI data services for deep learning and generative AI is illustrated on page 2 in the About Appen section.

Appen is focused on the following to support its customers and deliver profitable growth.

1. **Target Customer Segments:** Appen's efforts will centre on providing high quality data for companies building or utilising leading AI models. The market segments we address will remain the same as FY24, focusing on US hyperscalers, China, government entities, and other technology enabled enterprises.
2. **Technology Evolution:** Continue to advance ADAP to meet the sophisticated requirements of generative AI projects, while enhancing our crowd management platform to support faster ramp times and specialised expertise. Technology is key to our delivery operations.
3. **Operational AI:** Leveraging AI within our operations to drive efficiency in quality assessment, workforce onboarding, and support functions.
4. **Talent Development:** Investing in our people by fostering growth and attracting new talent to meet the evolving demands of the AI landscape.
5. **Financial discipline:** Continued cost control remains a high priority to deliver profitable growth.

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

	Year ended 31 December 2024 $ 000	Year ended 31 December 2023 $ 000	Change
Global Services revenue	**118,093**	191,533	(38.3%)
New Markets revenue	**116,192**	81,479	42.6%
Other income	**1,420**	1,153	
Total sales revenue and other income from principal activities	**235,705**	274,165	(14.0%)
Underlying net loss after tax (NPAT)[1]	**(10,546)**	(52,810)	nm%
(Less)/add underlying adjustments (net of tax)			
Impairment loss	**-**	(61,663)	
Amortisation of acquisition-related identifiable Intangible assets	**(6,140)**	(6,158)	
Earn-out adjustment	**-**	11,196	
Restructure costs	**(2,273)**	(6,515)	
Transaction costs	**(166)**	(380)	
Deemed interest on earn-out liability[2]	**-**	(248)	
Acquisition-related and one-time share-based payments	**(884)**	(1,501)	
Statutory NPAT	**(20,009)**	(118,079)	nm%
Add/less: tax expense/(benefit)	**16**	(6,870)	
Add: net interest expense	**335**	805	
Add: deemed interest on earn-out liability[2]	**-**	354	
EBIT[3]	**(19,658)**	(123,790)	nm%
Add: depreciation and amortisation	**23,320**	35,147	
Statutory EBITDA[4]	**3,662**	(88,643)	nm%
Add/(less): underlying adjustments			
Impairment loss	**-**	69,182	
Earn-out adjustment	**-**	(15,994)	
Restructure costs	**3,039**	8,967	
Transaction costs	**234**	542	
Acquisition-related and one-time share-based payments	**884**	1,501	
Underlying EBITDA[1]	**7,819**	(24,445)	nm%
Statutory diluted earnings per share (cents)	**(8.74)**	(83.10)	
Underlying diluted earnings per share (cents)	**(4.61)**	(37.17)	
% Statutory EBITDA/revenue	**1.6%**	(32.3%)	
% Underlying EBITDA/revenue	**3.3%**	(8.9%)	

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 impairment loss, restructure costs, transaction costs, earn-out adjustment, inventory losses and acquisition-related and one-time share-based payments expense.
2 Liability with respect to the Quadrant acquisition which settled in January 2024 via the issue of ordinary shares.
3 EBIT is defined as earnings before interest and tax.
4 EBITDA is EBIT before depreciation and amortisation.

Identifying and managing risks

Embedding robust risk management practices is critical to achieving a balance between risk and reward in the dynamic, high-growth market we operate in. Our approach ensures that strategic innovation and business growth are grounded in a thoughtful evaluation of potential risks, supported by comprehensive mitigation strategies. By integrating risk management into all levels of the business, we enable sustainable value creation while safeguarding our long-term operational resilience.

Risk appetite

Our defined risk appetite is designed to enable agile, informed decision-making while supporting innovation and sustainable growth. At a category level, our risk appetite provides clear boundaries to guide daily operations and ensure alignment with strategic priorities. This framework is reviewed annually during our strategic planning session and approved by the Board, ensuring it remains consistent with our evolving goals and external market dynamics.

Risk culture

Risk management is deeply integrated into our strategic planning and day-to-day operations. This approach fosters a culture of transparency, accountability, and proactive decision-making, reinforced by our company values. Our risk culture is supported by the Code of Conduct, comprehensive policies, and regular training programs. By implementing practical, cost-effective controls, we empower teams to make decisions that align with our risk appetite while driving operational excellence.

Key changes in our principal risks

Each year, we reassess our principal risks as part of the strategic planning process to ensure alignment with our strategic priorities and value drivers. This process was undertaken alongside our materiality assessment to ensure alignment with stakeholder expectations. Principal risks are evaluated for year-on-year movement, capturing shifts driven by internal changes or external market forces. This year's reassessment highlighted a continued focus on risks related to Generative AI, contributor wellbeing, and geopolitical and economic uncertainty, reflecting the broader operating environment.

Emerging risks

Emerging risks represent uncertainties that are not yet fully understood but could significantly impact our business in the future. Through horizon scanning and annual strategic reviews, we monitor these risks and assess their potential implications. External sources, such as the World Economic Forum Global Risk Report, provide valuable context to inform our understanding. Once these risks are better defined, they are integrated into our principal risk reporting to ensure they are addressed within our broader risk management framework. Examples include the ethical and operational implications of Generative AI and the evolving regulatory landscape for data privacy and security.

Governance

Risk is inherent in doing business, and effective risk management remains a cornerstone of our corporate governance framework. Our approach empowers the business to pursue opportunities while maintaining oversight and accountability. By embedding risk assessment into our governance processes, we ensure decisions are supported by sound judgement, enabling us to remain innovative without compromising the integrity of our operations. This foundation is bolstered by ongoing reviews of our governance practices to align with evolving business needs and market conditions.

Ultimate responsibility

Board through the Audit & Risk Management Committee

- Provides oversight of risk management and culture which contributes to the ability to achieve strategic objectives.
- Approve the risk management framework.
- Approve the risk appetite statement and subsequent addressing of escalated risk appetite triggers.
- Have oversight of strategic and related ESG risks (including climate related risks and impacts).

Oversight

Executive and Senior Leadership Team

- Responsible for the implementation of the risk management framework and risk aware culture within their teams.
- Assess, manage and monitor risk profiles for identified strategic risks.
- Identify where risk appetite statement triggers may be met and further escalation is required.
- Promote a positive and appropriate attitude towards risk management and ensure employees are aware of their responsibilities.
- Attest that key risks in their area have been identified and managed through controls and mitigants on a bi-annual basis.

Ownership

Operational management

- Identify, prioritise, assess and monitor risks which may arise in the business operations.
- Implement and comply with all controls, policies and procedures within their area of responsibility, including devising and implementing controls to address identified operational risks.

Monitoring and partnering

Risk management function

- Defines the risk management process to be followed by the business (including risk appetite).
- Reviews and challenges the strategic and operational risks ensuring controls identified are operating, and tracks closure of items.
- Facilitates risk process, collating risk registers and consolidating the strategic risk register.

A summary of our principal risks, and how these have changed during the year, mitigation strategies and related trends are detailed in the following tables.

This reflects the risks identified by the Board for the year ended 31 December 2024. The risk landscape is continually evolving and we regularly monitor and identify risks on a proactive basis. This means the risk register and associated strategies are not exhaustive and are reflective of efforts at a set point in time.

Key: ↑ Increase ↓ Decrease = Stable

Principal risk	Mitigation	Value Driver
Business model		
Strategic direction of business The AI market continues to evolve at a rapid pace, with client needs and end-user expectations frequently reshaped by technological advancements, regulatory developments, and competitive pressures. Demand for services is influenced by emerging AI technologies such as generative AI, alongside global economic and geopolitical challenges. **Incorporated emerging risk:** Geoeconomic confrontations **↓ Change** While this risk has shown fluctuations throughout the year due to macroeconomic and geopolitical developments, the overall risk has decreased compared to the prior year. This reflects the operationalisation of our revised strategy under new leadership and ongoing alignment with market needs.	• We maintain a dedicated strategy team tasked with monitoring AI and technology markets, insights which are then actively used to inform our technology roadmap. and go-to-market strategies, ensuring relevance and competitiveness. • We continuously assess opportunities for market expansion and technological diversification to enhance our existing offerings and mitigate risks from over reliance on specific segments. • Macroeconomic and geopolitical risks are integrated into our strategic planning processes, with scenario analyses conducted to address potential political or economic uncertainties in key markets and geographies.	Customer and brand Global crowd Technology, processes, systems Financial

Principal risk	Mitigation	Value Driver
Market demand and competition In an increasingly competitive landscape, some areas of our business face pressure from niche and low-cost providers offering specialised services. The profile of customer projects continues to evolve, with growing emphasis on generative AI and complex data solutions, requiring us to adapt quickly to stay competitive and relevant. **= Change** The risk associated with market demand and competition has remained stable compared to the prior year. While there has been rapid expansion of the generative AI sector, where new entrants and cost-driven providers have intensified competition, we have been able to position ourselves strongly to capitalise on the growth in the sector.	• We continue to monitor new entrants and investments in the data annotation and AI sectors to stay ahead of emerging competitors. This includes assessing the strategies and offerings of niche providers and low-cost operators to identify potential threats and opportunities. • Through targeted investments in account management, we aim to deepen relationships with existing customers, fostering long-term partnerships that prioritise collaboration and shared success. • We are increasing investments in automation, AI-driven annotation tools, and advanced quality assurance capabilities to differentiate our offerings. These advancements enable us to meet the growing demand for high-quality, scalable data services in generative AI.	Customer and brand Technology, processes, systems Financial
Changing customer strategy and needs A significant portion of revenue continues to come from a few large global technology companies, whose AI training data requirements represent a substantial percentage of our business. These customers can rapidly shift their spending priorities, which creates unpredictability in our revenue streams. This dynamic requires us to remain highly adaptive and aligned with their evolving strategies. **↑ Change** This risk has increased due to heightened competition and rapid advancements in AI technologies like generative AI. However, it is stabilising as our efforts to diversify our client base, deepen relationships with key customers, and develop tailored product offerings have started to mitigate the immediate impacts.	• Maintain proactive communication and collaboration with our largest customers, enabling us to anticipate shifts in their strategies and respond effectively to changing priorities. • By closely analysing regulatory, technological, and market trends, we can better understand potential headwinds for our clients and tailor our offerings to align with their future needs. • Our continued investment in product development ensures we can adapt to evolving customer requirements. This includes enhancing solutions for generative AI applications and offering scalable, high-quality data services. • Incorporating customer NPS targets into executive STI plans ensures that customer satisfaction remains a core priority across the organisation.	Customer and brand Technology, processes, systems

Key: ↑ Increase ↓ Decrease = Stable

Principal risk	Mitigation	Value Driver

Ability to execute on operational requirements

The dynamic nature of the AI industry requires us to maintain agility and operational excellence to meet client expectations. Customers expect seamless delivery of increasingly complex projects, often with rapid turnaround times, while relying on our ability to adapt to their evolving requirements.

= Change

While the fast-moving nature of the sector remains a constant challenge, we have maintained stability in our ability to execute operationally. Our focus on refining internal processes, streamlining our delivery model, and enhancing client satisfaction measures, such as the NPS program, has allowed us to keep pace with customer demands effectively.

Mitigation

- Dedicated quick response teams remain in place for major clients, ensuring we can address their rapidly evolving needs with minimal disruption. These teams are trained to operate in high-pressure scenarios, maintaining service quality and delivery timelines.
- The refinement of our customer NPS program has provided clearer insights into operational gaps and opportunities for improvement. These insights are used to inform process adjustments, resource allocation, and client-focused initiatives.
- Investments in workflow automation and AI-driven project management tools have enabled us to handle complex client projects more efficiently while maintaining delivery standards.
- Client feedback is incorporated into operational reviews to ensure continuous improvement and alignment with customer requirements. This approach strengthens execution capabilities while maintaining high satisfaction levels.

Value Driver

Technology, processes, systems

Customer and brand

Global crowd

Resilient operational model

The loss of critical data, physical facilities, or key employees could significantly disrupt operations, impact customer deliverables, and damage our revenue and reputation. As our reliance on internal tools and proprietary systems grows, the potential consequences of system failures or security breaches become more pronounced, amplifying the importance of operational resilience.

↑ Change

This risk has increased over the past year due to the company's increasing reliance on internal tools and technology to support operations and deliverables. While this dependence enhances efficiency and scalability, it also heightens vulnerability to system failures, outages, or security breaches.

Mitigation

- We store critical data on enterprise-grade, cloud-based servers with duplication and redundancy measures to ensure minimal disruption in the event of a system failure.
- Our engineering team prioritises resilience in the development and maintenance of internal tools, ensuring systems are robust and capable of withstanding disruptions.
- We have strengthened our business continuity and disaster recovery plans to address risks related to physical sites and critical systems. These plans are regularly updated to reflect operational dependencies on internal tools.
- Our flexible work-from-home model for data annotators continues to provide operational resilience by mitigating risks related to physical site disruptions.

Value Driver

Customer and brand

Technology, processes, systems

Social and environment

Principal risk	Mitigation	Value Driver
People		
Talent strategy and employee value proposition Our business depends on a highly skilled workforce to drive growth and innovation. The ability to attract, develop, and retain top talent with specialised skills remains critical to achieving our business objectives. Maintaining a compelling employee value proposition is essential in a competitive talent market. **↓ Change** This risk has decreased compared to the prior year, driven by greater stability in leadership and organisational structure, which has enhanced alignment across teams and strengthened employee engagement.	• Our Human Resources team continues to collaborate closely with the business to ensure skills and capabilities align with our strategic objectives. This includes ongoing refinement of employee goal setting and accountability processes to drive alignment and performance. • Programs introduced in response to employee feedback – including flexible work arrangements and enhanced career development opportunities – have strengthened our employee value proposition. • We regularly benchmark our total rewards packages, including compensation, benefits, and development opportunities, to ensure competitiveness within the industry. • Improved stability in leadership and organisational structure has provided employees with clarity and direction, fostering greater trust and engagement.	Appen employees Social and environment
Managing a culture of growth through change Our business's future resilience depends on successfully embedding a large-scale restructure program. Employee buy-in and alignment with the organisation's direction are critical for fostering engagement and sustaining a culture of innovation, adaptability, and performance through ongoing change. **↓ Change** This risk has decreased due to greater stability achieved following the restructuring efforts in prior years. Clear communication and an increased focus in clear communication which has contributed to higher levels of trust and engagement among the workforce.	• Transparent and consistent communication continues to be central to our approach, providing employees with a clear understanding of the organisation's direction and the rationale behind changes. Town halls, regular updates, and feedback sessions are used to maintain an open dialogue. • We conduct pulse surveys and engagement check-ins to identify pain points, address concerns proactively, and ensure that employees feel supported and valued throughout the change process. • Additional support, such as access to wellness resources and confidential assistance programs, is available to help employees navigate change both professionally and personally.	Appen employees Technology, processes, systems

Key: ↑ Increase ↓ Decrease = Stable

Principal risk	Mitigation	Value Driver
Technology and innovation		
Investment in technology, innovation and transformation Automation, and staying competitive. As customer expectations evolve, the ability to deliver high-quality, scalable solutions is critical. The recent release of CrowdGen and the organisation's increasing reliance on proprietary technology have elevated the importance of ensuring sustained investment and strategic oversight. **↑ Change** This risk has increased due to the release of new products that heighten operational reliance on proprietary technology and the need to maintain pace with a rapidly changing AI landscape. While these advancements position the business for long-term growth, they also introduce higher dependencies on the success of our engineering and technology teams to deliver robust, scalable, and reliable systems.	• Agile methodologies are employed across engineering projects to ensure resources are allocated effectively, priorities are clear, and investments align with strategic objectives. Oversight mechanisms are in place to track progress and ensure timely delivery. • Comprehensive risk assessments are conducted at key project milestones to identify and mitigate potential issues early in the development cycle, minimising disruptions to product timelines. • Customer insights and feedback are used to refine our technology roadmaps, ensuring product development aligns with client needs and expectations. • We actively monitor emerging technologies, such as generative AI, to incorporate relevant advancements into our offerings and maintain a leadership position in the market.	Technology, processes, systems Customer and brand
Protection of intellectual property With an increasingly product-led strategy, protecting intellectual property (IP) is critical to ensuring the delivery of innovative outcomes for customers. Strong IP protection measures safeguard our competitive advantage, maintain customer trust, and secure long-term value from our technology investments. **↓ Change** This risk has decreased compared to the prior year, reflecting the increased alignment between technology development and protection strategies. Improved organisational awareness around IP protection, has reduced vulnerabilities. Continued investments in segmented access controls and market-specific brand protections further strengthen our position.	• Our dedicated IP Committee continues to evaluate new technologies through invention disclosures, ensuring alignment with product strategies. This includes implementing appropriate protection mechanisms such as patents, copyrights, trade secrets, and defensive publications to secure innovations effectively. • Core technologies are segmented geographically, limiting access to sensitive IP based on location and role, thereby mitigating risks of unauthorised exposure or misuse. • Efforts to protect our brands in relevant markets continue, ensuring trademarks are registered and upheld in key regions to maintain our market presence.	Technology, processes, systems

Principal risk	Mitigation	Value Driver

Crowd

Crowd conditions

Independent contractors form the backbone of our operations, contributing directly to our competitive advantage and customer value proposition. The ability to attract and retain skilled contributors is critical to delivering high-quality outcomes for customers. However, the evolving nature of work requests, combined with regional legislative changes and shifts in contractor expectations, has added complexity to maintaining consistent conditions.

↑ Change

This risk has increased due to growing complexity in the types of projects being requested, requiring heightened attention to contributor conditions. Factors such as more sensitive or challenging content types and broader global shifts in employment legislation have compounded the need for rigorous standards and proactive engagement with our contractor base.

Mitigation

- Our Crowd Code of Ethics establishes clear standards for working conditions, going beyond legal minimums toensure ethical and fair treatment of all contractors. This code is regularly reviewed to reflect evolving expectations and best practices.
- We actively engage with customers and other industry bodies to promote the value of fair work practices, encouraging them to integrate these principles into their procurement processes. This collaborative approach helps ensure consistent contractor conditions across the value chain.
- Including crowd NPS targets in executive short-term incentive (STI) plans ensures that contractor satisfaction remains a strategic priority at the highest levels of the organisation.
- Additional wellness programs and resources have been introduced to support contractors working on more sensitive or challenging projects, helping to mitigate the impact of potentially harmful content.

Value Driver

Global crowd

Customer and brand

Crowd supply meets customer demand

Our business model is dependent on providing customers with access to a diverse and skilled global crowd. As project complexity continues to increase, maintaining a reliable supply of contributors with the required expertise across various regions and industries is essential for fulfilling customer needs and delivering high-quality outcomes.

= Change

This risk remains stable as the challenges associated with sourcing contributors for increasingly complex projects were identified in the prior year. While the trend toward more demanding customer requirements has persisted, the mitigations implemented have allowed us to maintain a steady supply of skilled contractors.

Mitigation

- New strategies have been introduced to address contractor integrity, ensuring that customers have access to a pool of reliable and high-quality contributors. This includes verification measures and performance monitoring.
- Upskilling initiatives have been developed to equip contributors with the skills needed for complex projects, ensuring the supply chain aligns with evolving customer demands.
- Investments in platform scalability and usability support an improved experience for contractors, encouraging sustained participation and accessibility to more specialised contributors.

Value Driver

Global crowd

Customer and brand

Key: ↑ Increase ↓ Decrease = Stable

Principal risk	Mitigation	Value Driver
Data management		
Compliance with security, privacy and other data regulations As part of our operations, we manage significant volumes of sensitive data, including personal information, which necessitates robust security and privacy measures. With regulatory landscapes evolving rapidly and the increasing sophistication of cyber threats, ensuring compliance with global data regulations remains critical to safeguarding our operations and reputation. **↑ Change** This risk has increased due to the rapid introduction of stricter data privacy laws in key markets, heightened scrutiny of cross-border data transfers, and the complexity of managing compliance across multiple jurisdictions. Additionally, the sophistication and frequency of cyberattacks continue to rise, necessitating more advanced measures to protect data integrity.	• We continue to embed security and privacy requirements into our systems and product offerings, ensuring collaboration between engineering and privacy teams to address regulatory and operational risks proactively. • Our dedicated information security team monitors emerging risks and collaborates with external advisors to stay ahead of new threats. This includes horizon scanning for new cyberattack vectors and assessing the implications of regulatory updates. • We have maintained ISO 27001 and SOC 2 certifications and expanded compliance with ISO 27701 to include our China business. These certifications reinforce our commitment to adhering to global security standards. • Comprehensive training programs ensure employees are well-versed in their privacy and security obligations. Policies and procedures are regularly reviewed and updated to reflect emerging risks and regulatory changes. • Privacy and data security remain standing agenda items for our Audit and Risk Management Committee, ensuring continuous oversight at the highest levels.	Technology, processes, systems Customer and brand
Emerging cyber security issues As custodians of sensitive customer and contributor information, we face a growing threat landscape characterised by increasingly sophisticated cyberattacks. These threats heighten the risk of data breaches or service disruptions, which could negatively impact customers and damage our reputation. Staying ahead of emerging risks requires continuous vigilance and the adoption of advanced protective measures. **↑ Change** This risk has increased slightly due to the escalation in the frequency and sophistication of cyberattacks globally. The rise in targeted attacks against organisations managing sensitive data underscores the importance of maintaining a robust cybersecurity posture.	• Our cybersecurity risk management framework is implemented across the organisation, deploying a multi-layered approach to identify, protect, detect, and respond to cybersecurity risks. This includes maintaining ISO 27001 and SOC 2 certifications as a testament to our robust security practices. • Regular audits, penetration testing, and simulated incident exercises ensure the strength of our control environment. Independent security experts conduct maturity assessments and provide prioritised recommendations, which are implemented to address vulnerabilities effectively. • Employees undergo annual training on cybersecurity responsibilities and threats, complemented by regular phishing simulations to enhance awareness and reduce susceptibility to attacks. • We are progressing toward implementing a zero-trust architecture to strengthen access controls, ensuring that users and systems are verified at every interaction.	Technology, processes, systems Customer and brand

Principal risk	Mitigation	Value Driver
Support		
Financial sustainability Operating in a global market exposes us to financial risks, including foreign exchange fluctuations, debt market changes, and evolving tax obligations. As a publicly listed entity, we are committed to protecting shareholder capital and ensuring sustainable earnings to maintain stakeholder confidence. **↓ Change** This risk has decreased compared to the prior year due to successful capital-raising initiatives and increased revenue, which have strengthened our financial position and provided greater flexibility to navigate market challenges.	• Our operational model naturally hedges foreign exchange risk by matching revenue currencies with associated service costs, reducing exposure to currency fluctuations. • Regular scenario planning and external landscape monitoring enable us to respond proactively to changes, such as shifts in tax rates or other regulatory requirements, ensuring compliance and adaptability. • Investments in operational efficiencies, including automation and process improvements, ensure profitability and cost containment while supporting sustainable earnings.	Financial Appen employees
Compliance with legal, statutory and ethical obligations We are committed to meeting our legal and statutory obligations while fostering trust and transparency through the dissemination and embedding of responsible AI practices. As the regulatory landscape evolves, compliance remains critical to maintaining operational integrity and supporting ethical standards across our business and partnerships. **Incorporated emerging risk:** Responsible AI **= Change** This risk remains stable, reflecting consistent efforts to enhance governance and compliance capabilities across the business. However, the complexity of global legal and ethical standards requires ongoing vigilance and investment in compliance capabilities.	• We conduct regular reviews of our material obligations to ensure controls, governance, and oversight mechanisms remain robust and adapt to new legal and ethical requirements. • Collaborations with industry organisations to support the development and implementation of responsible AI standards, reinforcing trust and value in AI for businesses and the broader community. • Regular compliance audits, supplemented by independent reviews, ensure adherence to statutory and ethical obligations while identifying areas for improvement. • Engagement with customers, partners, and regulators helps to align expectations, foster transparency, and ensure that compliance efforts reflect broader stakeholder priorities.	Social and environment Financial Appen employees

Key: ↑ Increase ↓ Decrease = Stable

Principal risk	Mitigation	Value Driver
Environmental, social and governance (ESG) risks and performance The increasing emphasis on sustainability and corporate responsibility from investors, regulators, and customers makes effective ESG performance a critical priority. Meeting evolving stakeholder expectations and regulatory requirements, while ensuring alignment with global sustainability standards, is vital to preserving trust, enhancing market competitiveness, and mitigating potential reputational and financial risks. **Incorporated emerging risk:** Climate change = **Change** This risk remains stable as our existing commitments and initiatives, including our Net Zero Roadmap and alignment with the Science Based Target Initiative (SBTi), provide a solid foundation.	• As a signatory to the United Nations Global Compact, we are committed to embedding its ten principles related to human rights, labour, environment, and anti-corruption into our business practices, reinforcing our alignment with global sustainability standards. • We have developed and implemented an initial Net Zero Roadmap, with a commitment to achieve net zero by 2030. This roadmap includes actionable plans to reduce emissions, improve energy efficiency, and explore renewable energy solutions. • Our participation in the Science Based Target Initiative (SBTi) and reporting in accordance with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations demonstrate our commitment to measurable, science-based approaches to climate action and transparency in climate-related risks and opportunities.	Social and environment

Our approach to governance

Appen's governance policies and practices are consistent with the 4th edition of the ASX Corporate Governance Council's Principles and Recommendations (ASX Corporate Governance Principles) throughout the year.

Governance framework

Our governance framework ensures accountability, both of the Board and senior management. To clarify the roles and responsibilities of directors and management and to assist the Board in discharging its responsibilities, the Board operates under a formal Charter which sets out the functions reserved to the Board and provides for the delegation of functions to Board Committees and to senior management.

The Board is responsible for demonstrating leadership, defining the company's purpose, establishing strategic objectives, approving our values and the Code of Conduct, and oversight of the management of the company.

The Board has established two standing Committees which assist with the execution of its responsibilities. The Audit and Risk Management Committee and the People and Culture Committee.

2024 areas of governance focus

Key areas of governance focus and activities undertaken by the Board, its Committees and management during 2024 included:

Strategic and financial performance

- conducted a Board and executive strategy review to focus Appen's options for future growth considering the external operating and technology environment.

Our people

- reviewed our organisational structures within each business unit and functional areas with a focus on reducing organisation layers to improve operational efficiency.
- strengthened Appen's executive team.

Oversight of financial and capital management

- completed a fully underwritten ~A$50 million institutional placement on 14 October 2024 along with a ~A$15M share purchase plan completed on 7 November 2024 to bolster the balance sheet and provide additional liquidity to fund working capital.
- to ensure an appropriate allocation of capital, the Board determined not to pay any dividends.

Compliance and risk management

- internal audit program – reviewed and assessed processes across key operational areas, including a review of our cyber security maturity.
- to ensure an appropriate allocation of capital, the Board determined not to pay any dividends.

Ethics and responsible decision making

- partnered with our key customers to establish projects to identify and monitor our impact on social impact activities.
- published an updated Modern Slavery Statement, outlining the steps taken to mitigate risks of forced labor and exploitation within the supply chain.

Global crowd

- continued focus on upholding the Crowd Code of Ethics, reinforcing fairness, integrity, and responsible practices in our partnerships with the global crowd.
- delivered significant enhancements to our platform, including new user experiences tailored to feedback from contributors to better support their engagement and performance.
- strengthened partnerships with organisations such as Na'amal, Generation, and Konexio, opening new opportunities for underserved populations, including refugee communities, to access work.
- introduced contractor wellness programs to support crowd contributors engaged in sensitive work, aligning with trust and safety priorities.

Social and environment

- continued disclosure of greenhouse gas emissions scopes 1, 2 and 3 and achieved limited assurance of the data.
- continued implementation of Net Zero Roadmap and working towards net zero across operations by 2030.
- continued tracking performance against United Nations Global Compact commitments, aligning with principles for human rights, labor, environment, and anti corruption.

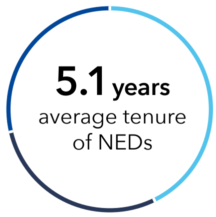
Skill	Description	Skill level
Strategy	Experience in defining strategic objectives, assessing business plans and driving execution. Ability to think strategically and identify and critically assess opportunities and threats and develop effective strategies in the context of changing market conditions.	
Finance	Understanding the financial drivers of the business, experience in financial accounting and reporting, tax, corporate finance and internal financial controls.	
Risk	Experience in the identification, monitoring and management of material financial and non-financial risks, the oversight of compliance frameworks and controls, and the ability to identify and oversee mitigation strategies for emerging risk and compliance issues in the organisation.	
Industry experience	Experience and broad understanding of the application of language technology, machine learning, artificial intelligence and specifically AI, including market drivers, risks and trends and encompassing policies, competitors, end users, regulatory policy and frameworks.	
Customer/Client	Experience developing customer/client strategy and delivering customer/client outcomes.	
Capital markets	Expertise in considering and implementing efficient capital management including alternative capital sources and distributions, yields and markets.	
Corporate transactions	Experience in assessing and completing complex business transactions, including mergers, acquisitions, divestments, capital management, major projects and business integration.	
People and culture management	Board Committee or senior executive equivalent experience relating to people management and human resources, corporate culture, diversity and inclusion, and remuneration issues of a global organisation.	
Governance	Knowledge and experience in best practice governance structures, policies and processes.	
Technology and innovation	Experience and expertise in identifying, assessing, implementing and leveraging digital technologies and other innovations.	
Data and security	Understanding the use of data and the risks associated with data security, cyber and privacy.	
International business experience	Experience in international business, trade and/or investment at a senior executive level and exposure to global markets and a range of different political, regulatory, and business environments.	
ESG	Expertise in the areas of environment, social and governance (ESG), and the ability to advise the Company of required policies, actions and disclosures on these matters.	

■ High competency and experience ■ Medium competency and experience

Board diversity

Male	50.0%
Female	50.0%

Non-executive director tenure

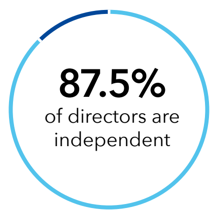


0–1 year	0.0%
1-3 years	43.0%
3-5 years	28.5%
5+ years	28.5%

International business experience

High	87.5%
Medium	12.5%

Director independence



Independent	87.5%
CEO	12.5%

Board of Directors

Richard Freudenstein

BEc, LLB (Hons)

Non-executive Chair

Appointed:
Chair on 28 October and joined as non-executive Director on 12 August 2021

Board Committee:
Member of the People and Culture Committee

Richard was appointed Chair in October 2021 and has been a non-executive director since August 2021. Richard is a director of Coles Group Limited (ASX: COL), REA Group Ltd (ASX: REA) and Cricket Australia. Previously, he was Chairman of REA Group Ltd. He is a former director of Ten Network Holdings Ltd (ASX: TEN), Foxtel and Astro Malaysia Holdings Berhad. Richard has extensive experience as a media executive in Australia and overseas. He was previously the Chief Executive Officer (CEO) at Foxtel (2011-2016), CEO of The Australian newspaper and News Digital Media at News Ltd (2006–2010) and Chief Operating Officer (COO) at British Sky Broadcasting (2000–2006). He is currently Deputy Chancellor and Fellow of the Senate at the University of Sydney. Richard has a Bachelor of Laws (Hons) and a Bachelor of Economics from the University of Sydney.

Steve Hasker

BCom, MBA, MIA, ACAA

Independent non-executive Director

Appointed:
7 April 2015

Board Committee:
Chair of the People and Culture Committee

Steve has extensive experience as a CEO, COO and Advisor in the US. Steve has been President and CEO of Thomson Reuters since March 2020. He was a Senior Advisor to private equity firm TPG Capital (2019–2020) and CEO of CAA Global, a TPG Capital portfolio company (2018–2019). At Nielsen Holdings PLC, he served as Global President and COO (2015–2017) and President, Global Products (2009–2014). Steve was a partner with McKinsey (1998–2009). Before that, he spent five years in several financial roles in the U.S. and other countries.

Robin Low

BCom, FCA, FAICD

Independent non-executive Director

Appointed:
30 October 2014

Board Committee:
Chair of the Audit and Risk Management Committee

Robin has extensive finance, risk and business experience from her 28-year career at PricewaterhouseCoopers, where she was a partner specialising in assurance and risk, mainly in financial services. She was previously deputy chair of the Auditing and Assurance Standards Board. Robin is an experienced non-executive director and is currently on the board of Articore Limited (ASX: ATG). Her previous ASX board roles include AUB Group Limited (ASX:AUB), CSG Limited (ASX: CSV), IPH Limited (ASX:IPH) and Marley Spoon SE (ASX: MMM). Robin is also a director of the Guide Dogs NSW/ACT and the Sax Institute, a member of Anacacia's Business Advisory Council and she is a member of the Audit Committee for the University of NSW. Robin has a Bachelor of Commerce from the University of New South Wales and is a Fellow of the Institute of Chartered Accountants Australia and New Zealand and a Fellow of the Australian Institute of Company Directors.

Vanessa Liu

AB Psychology (magna cum laude with highest honors); JD (cum laude)

Independent non-executive Director

Appointed:
27 March 2020

Board Committee:
Member of the Audit and Risk Management Committee

Vanessa has deep expertise of emerging technology trends and enterprise uptake of artificial intelligence, especially in the U.S. market. She is the Founder and CEO of SaaS technology company Sugarwork and is a non-executive director of Goodman Group (ASX: GMG). Most recently she was the Vice President of SAP.iO, the early-stage venture arm of SAP. Prior, Vanessa was the Chief Operating Officer at Trigger Media Group, a digital media incubator. Before that, Vanessa was Associate Partner at McKinsey & Company's Media and Entertainment Practice, where she served clients in media and high-tech sectors on issues of digital media strategy, emerging market strategy, growth and innovation. Vanessa graduated magna cum laude with an AB in Psychology from Harvard University and cum laude with a JD from Harvard Law School. She serves as a member of the Board of Overseers of Harvard University.

Stuart Davis

LLB

Independent non-executive Director

Appointed:
30 March 2022

Board Committee:
Member of the Audit and Risk Management Committee

Stuart is a director of NEXTDC Limited (ASX: NXT) and Chair of the Remuneration Committee, a non-executive director of Bank of South Pacific Limited and PayPal Australia Ltd where he serves as Chair of the Risk Committee at both companies. He has more than 30 years' experience as an international banker with the HSBC Group where he was CEO, HSBC India (2009-2012), CEO and Executive Director for HSBC Bank Australia Limited (2002-2009) and CEO HSBC Taiwan (1999-2002). He was a member of the Australian Bankers Association from 2002-2009 and Deputy Chair from 2006-2009. Stuart holds a LLB from Adelaide University and is a Graduate of the Australian Institute of Company Directors.

Lynn Mickleburgh

BSc (Hons) in Mathematics, MBA

Independent non-executive Director

Appointed:
29 July 2022

Board Committee:
Member of the People and Culture Committee

Lynn has experience as an ASX non-executive director, a board advisor and transformational leader of both Fortune 500 companies and high-growth SaaS companies. Lynn is a former non-executive Director of ASX listed Altium Limited (ASX: ALU), where she chaired the HR Committee and served on the Audit and Risk Committee. Previously, she was Head of Business Optimisation at Atlassian Inc, VP Finance at Citrix Systems and held various global and operational roles at Adobe Systems and Apple Computer. She holds a Bachelor of Science in Mathematics and an MBA in Business Management.

Mini Peiris

BSc

Independent non-executive Director

Appointed:
4 November 2022

Board Committee:
Member of the People and Culture Committee

Mini is a go-to-market advisor for high-growth SaaS companies within the portfolio of Scale Venture Partners and is Chief Marketing Officer (CMO) of Nintex, a global leader in intelligent automation and application generation. Prior to that, she was the CMO at Doma (NYSE: DOMA), Elementum (a Lightspeed company) and Ambra Health (acquired by Hg's Interlerad). Mini spent 12+ years at cloud-pioneer company NetSuite (NYSE: N), from its early stages through to its IPO and beyond. She helped drive product growth as VP of Product Management, then went on to lead a global team as VP Worldwide Marketing that delivered go-to-market scale from US$100 million to almost US$1 bullion in revenue. She holds a Bachelor of Science from the University of Michigan.

Executive team

Corporate Services

Ryan Kolln
CEO & Managing Director

Joined: October 2018
MBA, B.Eng (Electrical)

Ryan brings over 20 years of global experience in technology and telecommunications, along with a deep understanding of Appen's business and the AI industry. His professional career began as an engineer, with a focus on mobile network data engineering in Australia, Asia and North America.

On completion of an MBA from New York University, Ryan joined The Boston Consulting Group (BCG) in 2011 as a strategy consultant. During his time at BCG he specialised in technology and telecommunications and gained deep strategy expertise across a variety of growth and operational topics.

Joining Appen AI in 2018 as VP of Corporate Development, he led strategic acquisitions like Figure Eight and Quadrant, and supported the establishment of the China and Federal divisions. Successive promotions culminated in his appointment as CEO & Managing Director in February 2024.

Justin Miles
Chief Financial Officer

Joined: March 2016
GradDipCA (Chartered Accounting)
B. Bus (Accounting)

Justin is responsible for the finance and corporate functions of the company. He brings over 20 years of experience, including extensive exposure to listed companies within the technology and services sectors. He has a passion for supporting fast paced organisations through periods of growth and change.

Joining Appen in 2016 he has a deep understanding of Appen's business. With over 5 years as Vice President Finance, he established the finance structure, systems, and processes that scaled, supported exceptional growth, and successfully executed several finance integrations.

Justin was promoted to Interim Chief Financial Officer in August 2023 and was officially appointed Chief Financial Officer in February 2024. Prior to joining Appen, Justin was Group Financial Controller at Rubicor Group Ltd (ASX: RUB) one of the largest networks of specialist recruitment businesses in Australia. Justin holds a Bachelor of Business (Accounting) and is a member of Chartered Accountants Australia and New Zealand.

Helen Attia

Joined: November 2024

Chief People Officer

MCom (Human Resources), BASc

Helen joined Appen in November 2024 and is focused on creating a people strategy that supports Appen's strategic objectives and creating an environment where our people can be their best. Helen brings over 20 years of Human Resources experience from global organisations primarily in the technology and software sector. With a passion for Talent Management and Organisational Development, Helen enjoys supporting organisations through periods of growth and change. Helen holds a Master of Commerce from the University of NSW and an Applied Science degree from the University of Sydney.

Kim Stagg

Joined: August 2022

Chief Product and Technology Officer

PhD (Hydrogeology and Computer Science)

Kim Stagg is the Chief Product and Technology Officer at Appen, bringing over 20 years of experience in AI-first strategies, B2B/B2C SaaS, and product leadership across a variety of industries. With deep expertise in product innovation, execution, and operational efficiencies, Kim has successfully led large-scale product transformations that have driven global business growth. Prior to Appen, Kim held senior leadership positions including Vice President of Product at Appen, Chief Technology Officer at Antea Group, and Chief Product Officer at iEHS.

Kim holds a PhD in Hydrogeology and Computer Science from the University of Birmingham.

Eric de Cavaignac

Joined: November 2021

Chief Transformation Officer and GM crowd

MBA (Beta Gamma Sigma, Dean's List), BA (Hons)

Eric is responsible for driving programs to scale operations and delivery, and support revenue growth. He brings more than 25 years of experience in partnering with investors and management to transform businesses, and to deliver lasting growth and profit improvement.

Before joining Appen, Eric worked across several industries, including technology, media, telecommunications, ecommerce, health, financial services and luxury, where he helped drive digital transformation, international expansion, strategic M&A, and business restructuring. Eric has worked in New York, London, and Sydney including 10 years as an advisor with McKinsey running a strategy and capital advisory business, and a number of executive positions reporting to the CEO of multinational companies executing a turnaround or transformation.

Si Chen

Joined: April 2023

VP, Strategy & Marketing

BCom (Actuarial Studies / Finance)

Si is the VP, Strategy & Marketing at Appen. Si brings extensive experience in technology leadership roles and her areas of expertise include traditional AI/ML models, generative AI, multimodal AI systems, intelligent robotics, and AI industry solutions. Prior to joining Appen, Si held leadership positions as Head of Strategy, Partnerships & Operations at Tencent AI & Robotics Lab, and Head of Strategy & Business Development at AWS China. Si holds a Bachelor of Commerce from the University of New South Wales.

Corporate Services (*continued*)

Carl Middlehurst

Joined: February 2019

General Counsel and Company Secretary

BSc (Hons) Biochemistry, LLB

Carl Middlehurst is the General Counsel and Company Secretary of Appen Limited. Prior to joining Appen Carl was the General Counsel and Company Secretary and the executive responsible for commercialisation and new ventures at NICTA (now Data61) and was also responsible for the HR function.

Carl was an observer/director for several early-stage companies. He was formerly at Sun Microsystems in Australia and in Silicon Valley. At Sun, Carl had both legal and business roles (covering trademarks, APAC and managing an emerging market fund). Prior to Sun, Carl was at a pharma company and a medical device startup, The Salk Institute in La Jolla and at Baker & McKenzie (in Sydney and San Diego).

Carl was an Adjunct Professor at Santa Clara University Law School where he taught Internet and Privacy law. Prior to becoming a lawyer Carl was a research biochemist and was published in a number of scientific journals.

Sales and delivery

Brian Haskett

Joined: March 2023

SVP Client management and operations

MBA (Information Technology), BSc

Brian oversees client relationships, account strategy, and business operations, ensuring high client satisfaction and fostering continued growth. With extensive experience in technology services and consulting, Brian is a seasoned professional adept at guiding major enterprises toward technological innovation.

Commencing his career as a software engineer, he later moved into global executive leadership positions at large technology firms, including IBM, CA Technologies, and Ciber (now HTC). Before assuming the role of SVP, Brian held the position of Vice President and General Manager at Appen where he collaborated with global AI technology leaders, contributing to the advancement of machine learning-based products in areas such as deep learning, generative AI, and large language models.

Roc Tian

Joined: August 2019

SVP and General Manager, China, Japan and Korea

PhD (Computer Software), MA (Computer Applications)

Roc comes to Appen with more than 20 years of sales, consulting, and management experience from Fortune 100 companies. He is responsible for Appen's business strategy, sales, marketing, delivery, operations and government relationships in China, Japan and Korea.

Most recently, Roc was senior partner of IBM GBS where he led the client services, public sector and enterprise application service lines across the mainland China, Hong Kong and Taiwan markets with remarkable business performance and achievements. Before that, Roc was also a core leader responsible for the growth of IBM's global delivery centre in China from 4,000 to more than 10,000 people.

Prior to IBM, Roc was a business quality director for HP's global delivery centre in China and a key leader responsible for helping HP grow from a start-up to more than 3,000 people across China. Roc was also the founder and CTO of a technology start-up that grew to more than 100 people.

Helen Giddings

Joined: August 2020

VP Client delivery

BA (Psychology)

Helen leads the delivery teams across all accounts, excluding Appen's largest client. Her focus and passion is the development of deep client relationships, high quality delivery and driving growth. Prior to joining Appen, Helen was Director at Pureprofile, an online market research company. She led delivery teams in multiple countries and successfully supported new products and growth. Her focus was data quality and developing a high level of understanding of all areas of the business. Helen previously worked at Sony Business Europe heading up marketing and e-services with responsibility for all websites and marketing of broadcast products and services.

Robert Page

Joined: April 2012

VP Client delivery, strategic accounts

BA (Hons)

Robert leads the delivery team for our largest client and is responsible for the overall account strategy and operations. Robert is an industry expert with more than a decade of experience in driving Appen teams to delivery excellence. During this time, he has overseen the delivery of hundreds of successful, diverse projects for Appen's customers. He has a deep understanding of the evolving needs of clients and flawless project execution. He has a track record of scaling opportunities and driving meaningful cost efficiencies, while navigating the constantly changing landscape of the technology industry.

Directors' report

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 year ended 31 December 2024.

Directors

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

Richard Freudenstein – Chairman
Ryan Kolln – Chief Executive Officer (CEO) and Managing Director (appointed 5 February 2024)
Stuart Davis
Steve Hasker
Vanessa Liu
Robin Low
Lynn Mickleburgh
Mini Peiris
Armughan Ahmad – Chief Executive Officer (CEO), President and Managing Director (all appointments ceased 5 February 2024)

Directors' meetings

Details of Board and Committee meetings held during the year and individual directors' attendance at these meetings is summarised as follows:

	Board		Audit and Risk Management Committee		People and Culture Committee	
	A	B	A	B	A	B
Richard Freudenstein	11	11	–	–	3	3
Ryan Kolln [1]	8	8	–	–	–	–
Stuart Davis	11	9	6	6	–	–
Steve Hasker	11	9	–	–	3	3
Vanessa Liu	11	11	6	6	–	–
Robin Low	11	11	6	6	–	–
Lynn Mickleburgh	11	10	–	–	3	3
Mini Peiris	11	8	–	–	3	2
Armughan Ahmad [1]	2	1	–	–	–	–

A: Meetings eligible to attend.
B: Meetings attended.
1 Armughan Ahmad resigned on 5 February 2024. Ryan Kolln was appointed as CEO and Managing Director on 5 February 2024.

Company Secretary

Carl Middlehurst continues to act as the Company Secretary for Appen.

Changes in Chief Financial Officer

Justin Miles was appointed Chief Financial Officer on 27 February 2024. Prior to the appointment Justin acted as Interim Chief Financial Officer from 1 August 2023.

Principal activities

Appen is a global market leader in data for the AI Lifecycle. With over 28 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 500 languages[1], in over 200 countries[2], as well as our AI data 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 currently has four customer-facing business units as follows:

- **Global:** Responsible for delivery of high-quality deep learning and generative AI data services and products for large global technology customers;
- **Enterprise:** Responsible for leveraging our product suite and AI-driven automation to grow revenue outside of Global customers to serve new customers as they invest in AI. Quadrant was fully integrated into the Enterprise business unit from 1 January 2024;
- **Government:** Responsible for serving the emerging AI needs of Government; and
- **China:** Responsible for capturing share in the growing China market.

Appen has the following two operating and reporting segments:

- **Global Services:** represents the services that Appen provides to our 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 customers benefit from our high-quality data collection, annotation and evaluation products, coupled with the provision of at-scale crowd management 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.

Significant changes in state of affairs

Other than those outlined in the Directors' report, there have been no other significant changes in the state of affairs of the Group during the year.

Matters subsequent to the end of the 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.

Likely developments and expected results of operations

The Group continues to focus on profitability and remains committed to sizing its cost base in line with the revenue opportunity. Appen's strategy and FY25 priorities can be found in the financial value driver on page 31.

Environmental regulations

The Group is not subject to any significant environmental regulation under Australian Commonwealth or State Law.

The Board believes that the Group has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they may apply to the Group during the period covered by this report.

1 Self-reported.
2 Self-reported, includes territories.

Indemnity and insurance of officers

The Company has indemnified the current and former directors and executives of the Company and its controlled entities for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the current and former directors and executives of the Company and its controlled entities against a liability to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability covered and the amount of the premium.

Executives include all the key management personnel as defined in the remuneration report as well as their direct reports.

Indemnity and insurance of auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditors of the Company or any related entity against a liability incurred by the auditor.

During the year, the Company did not pay a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Auditor’s independence declaration and non-audit services

The Directors have received the auditor’s independence declaration, as included on page 72 of the report.

During the year, KPMG China performed certain non-audit services in relation to Appen China subsidiaries’ domestic transfer pricing. Remunerations paid or payable to KPMG services are outlined in Note 31 to the financial statements.

The Directors are satisfied that the provision of non-audit services during the financial year by the auditor (or another person or firm on the auditor’s behalf), is compatible with the general standard of independence for auditors imposed by the *Corporation Act 2001*.

Verification and assurance

In recognition of the important role that corporate reporting plays in communicating with our investors and other stakeholders, the Board has formalised process to verify the integrity of our periodic corporate reports, which includes the Directors’ report.

The approach adopted, to ensure that the report is materially accurate, balanced and provide our investors with appropriate information, are as follows:

- Information about how we create value, identifying and managing risk, our approach to governance, and the remuneration report were prepared by management in consultation with the Board. The content of this report is guided by regulatory requirements and our interactions with investors and other stakeholders throughout the year, which helps us to understand what matters most to our investors and what information should be included in the Directors’ report.
- The information in the report has been derived from the Group’s internal records and has been through an internal verification process.

Rounding off amounts

The Group is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the ‘rounding off’ of amounts in the Directors’ report. Amounts in the Directors’ report have been rounded off in accordance with the instrument to the nearest thousand US dollars, or in certain cases, to the nearest US dollar.

Remuneration report

Dear Shareholder

On behalf of Appen's People and Culture Committee, I am pleased to present our audited Remuneration Report for the year ended 31 December 2024.

Key Management Personnel (KMP) changes in FY24 and prior to the reporting date

On 5 February 2024, Appen announced the appointment of Ryan Kolln, formerly the Chief Operating Officer (COO) as CEO and Managing Director. Armughan Ahmad stepped down from this role and from that date ceased to be a KMP. The FY24 Remuneration Report reports on Armughan Ahmad's remuneration arrangements during the time he was CEO and, Ryan Kolln's remuneration arrangement for his role as CEO, with his actual remuneration combined for his time in each KMP role during the year.

On 27 February Justin Miles commenced as Chief Financial Officer (CFO) having previously been interim CFO from 1 August 2023.

Further details of Armughan Ahmad's termination arrangements and Ryan Kolln's incoming CEO remuneration arrangements can be found on page 67.

2024 performance

FY24 was a transformative year for Appen.

Financial performance was impacted by the loss of the Google contract in Q1 FY24. Following the loss of the contract, a $13.5 million incremental cost out program was announced and was fully executed by the end of H1 FY24.

Pleasingly operating revenue, excluding the impact of Google, increased 16.0% to $220.9 million, primarily driven by generative AI related projects. Including the impact of Google, revenue decreased 14.2% to $234.3 million.

Underlying EBITDA (excluding foreign exchange) improved by $23.9 million to $3.5 million due to revenue growth (excluding Google) and disciplined cost management. Appen reached its target of returning to EBITDA profitability in early H2 FY24.

In addition to improved performance, Appen completed a ~A$50 million fully underwritten institutional placement in October 2024, and a ~A$15 million Share Purchase Plan in November 2024.

2024 remuneration outcomes

A summary of remuneration outcomes for FY24 is as follows:

Short-term incentive (STI) outcomes

An assessment of the FY24 STI scorecard resulted in KMPs achieving 85.9% of target:

- All financial measures were above the minimum payout thresholds with revenue (30% weighting) being 96% of target and EBITDA (50% weighting) being 90% of target.
- All non-financial measures met or exceeded targets with customer NPS (10% weighting) at 118% of target, crowd NPS (5% weighting) at 150% of target, and employee engagement (5% weighting) at 100% of target.

The STI achievement reflects the improved financial performance of Appen, and the continued focus and improved outcome for our customers, crowd, and people.

No STI was paid to former CEO Armughan Ahmad.

Long-term incentive (LTI) outcomes

Legacy grants awarded with respect to previous roles held by current KMP were tested during FY24.

With respect to 2021 annual award (tranches 1–3), the relevant performance condition of 20% UBEPS growth has not been met in FY24.

With respect to 2022 annual awards (tranche 2) and 2023 annual awards (tranche 1), the relevant service conditions were met in FY24.

Further details of these outcomes can be found on page 61.

Non-executive director fees

Non-executive director fees remained unchanged in FY24, and no change is proposed for FY25.

Looking ahead

Appen remains firmly focused on its long-term growth strategy and we believe our remuneration framework remains fit for purpose. Our aim is to continue to align our remuneration structure, framework, and outcomes with sustainable shareholder value creation, while attracting and retaining talent in the highly competitive North American and Australian technology markets.

The Board is committed to an ongoing review of executive remuneration arrangements and strategic direction of the Company. To facilitate this ongoing review, we will engage with proxy advisors, shareholders, and their representatives on matters related to remuneration and welcome feedback on all aspects of our approach.

Yours sincerely

Stephen Hasker
Chair of the People and Culture Committee

Key management personnel

Key Management Personnel (KMP) are defined as persons having authority and responsibility for planning, directing, and controlling the activities of the Company and the Group. KMP comprise the directors of the Company and executives of the Company and the Group.

The current names and titles of KMP are set out below.

NAME	POSITION	TERM AS KMP
Non-Executive KMP:		
Richard Freudenstein	Independent director and non-executive Chair	Full year
Stuart Davis	Independent non-executive director	Full year
Stephen Hasker	Independent non-executive director	Full year
Vanessa Liu	Independent non-executive director	Full year
Robin Low	Independent non-executive director	Full year
Lynn Mickleburgh	Independent non-executive director	Full year
Mini Peiris	Independent non-executive director	Full year
Executive KMP:		
Ryan Kolln [1] (United States)	Chief Executive Officer (CEO) and Managing Director	Full year
Justin Miles [2] (Australia)	Chief Financial Officer (CFO)	Full year
Previous KMP:		
Armughan Ahmad [3] (Canada)	Former Chief Executive Officer (former CEO) and Managing Director	Part year

1 Ryan Kolln commenced as CEO and Managing Director on 5 February 2024 having previously held the Chief Operating Officer role. Since commencing as CEO, Ryan Kolln relocated from Canada to the United States.

2 Justin Miles previously held the Interim CFO role from 1 August 2023 and was officially appointed CFO on 27 February 2024.

3 Armughan Ahmad stepped down as CEO and Managing Director on 5 February 2024 and ceased to be a KMP from this date. Details of Armughan Ahmad's exit arrangements can be found on page 67 under executive KMP service contracts.

Remuneration report

for the year ended 31 December 2024

Remuneration snapshot

Our remuneration framework has been designed to motivate our people to deliver and achieve the company's annual business plans and long-term growth objectives and strategy.

Our goal is to ensure that the level and composition of remuneration aligns with shareholder interests and allows Appen to compete in some of the tightest markets in the world and attract and retain high-performing talent in the highly competitive technology sector.

Remuneration principles

Heavy weighting to performance-based pay

Align the KMP remuneration outcomes to our short and long-term strategy, which is underpinned by, and dependent upon, strong financial and non-financial success.

Alignment to creation of long-term shareholder value

Ensure employees think and act like long-term owners through performance-based pay, challenging targets, and equity.

Fair and competitive to attract and retain top talent globally

Independently benchmarked against industry peers to ensure that remuneration is appropriate in each of the global markets in which Appen operates and competes with for talent.

Reinforce responsible business practice

Formalised policy providing for Board discretion in relation to malus and clawback of both STI and LTI.

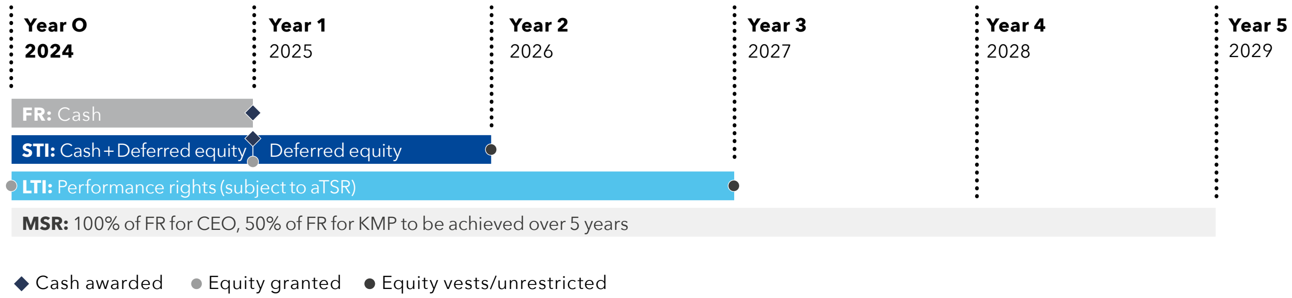
Simple and clear

Transparency on metrics, targets, assessment, and outcomes.

Executive remuneration structure

The diagram below shows the vesting timeline for all remuneration payable to CEO[1] and CFO. Noting only the CEO receives STI deferred equity.

Vesting timeline



1 STI deferral is applicable to CEO only.

Remuneration report
for the year ended 31 December 2024

Overview of remuneration elements

Total fixed remuneration (FR)

Objective
Provide market competitive base salary and benefits commensurate with skills and experience to attract the best people around the world to design to lead the delivery of our growth strategy.

Current year approach
Cash salary, superannuation, and additional benefits. Additional benefits are in the form of Canadian Registered Retirement Saving Plan (RRSP) and insurance benefits provided to US and Canadian-based executives.

Alignment to strategy
Fixed remuneration reflects:

- the scope of the executive's role;
- the executive's skills, experience and qualifications; and,
- individual performance.

Short-term incentive (STI)

Objective
STI are performance-based incentives designed to reward executives (and employees) to deliver and outperform key financial and non-financial metrics to lead to sustainable, superior returns for shareholders.

Current year approach
STI is delivered in the form of an annual cash bonus payment to all eligible employees, other than the CEO where 25% of any STI earned will be deferred into equity with a holding lock of one year.

Target and maximum opportunities are as follows (respectively):

- CEO: 100% of base salary, 150% of base salary
- CFO: 75% of base salary, 112.5% of base salary

The Group STI scorecard which is assessed over a 12-month period, comprises of the following measures:

- Revenue (30%),
- EBITDA (50%),
- Customer net promoter score (NPS) (10%),
- Crowd NPS (5%), and
- Employee engagement (5%).

Alignment to strategy
The Group scorecard measures directly align to our long-term growth strategy by focusing on revenue and earnings growth, delighted customers and crowd workers, and fully engaged employees. Each of these components, both financial and non-financial, are essential for Appen to deliver sustainable growth and superior returns for shareholders.

Long-term incentive (LTI)

Objective
LTI incentivises the achievement of long-term sustainable growth in earnings and shareholder value, designed to strongly align with long-term shareholder wealth creation, and supports the attraction and retention of high performing executives.

Current year approach
LTI is a form of equity-based compensation that is awarded in the form of performance rights.

Individual opportunities are as follows:

- CEO: 250% of base salary
- CFO: 150% of base salary

LTI is subject to Absolute Total Shareholder Return (aTSR) targets over a three-year performance period.

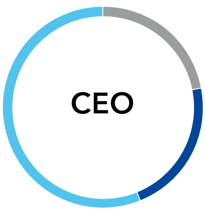
Alignment to strategy
The aTSR metric focuses directly on delivering shareholder return and growth in value to shareholders, aligning executives' interests with shareholders' and ensuring a focus on sustained value creation. Further, aTSR provides a comprehensive and transparent gauge of our overall financial performance, encouraging executives to prioritise strategic decisions that contribute to the company's long-term success.

Remuneration report

for the year ended 31 December 2024

Remuneration mix

Target remuneration mix presented below for each executive comprises of total fixed remuneration, target STI opportunity and total LTI opportunity.



Base Salary	22%
STI	22%
LTI	56%

Base Salary	31%
STI	24%
LTI	45%

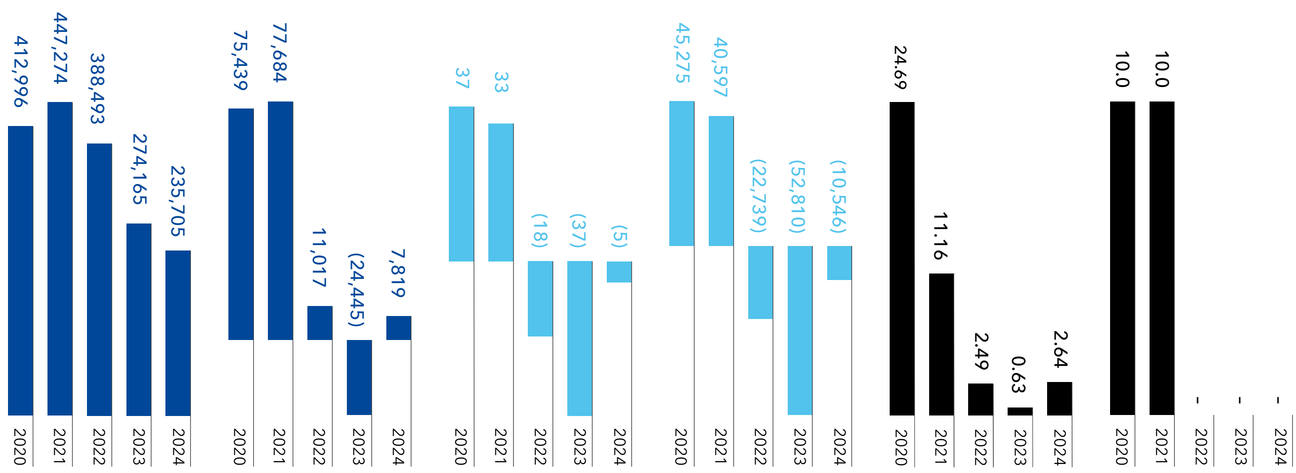
FY24 performance and remuneration outcomes

Appen's five-year performance

One of the key principles of the Company's remuneration framework is to align executive remuneration outcomes with the Company's performance and shareholder returns.

Short-term incentive measures | **Long-term incentive measures** | **Shareholder returns**

Revenue	Underlying EBITDA	Underlying basic EPS	Underlying NPAT	Share price at 31 Dec	Dividend (full year)
(US$'000)	(US$'000)	(US¢ per share)	(US$'000)	(A$)	(A¢ per share)



FY24 STI Group scorecard and assessment

The below table provides an overview of the performance of executive KMP against pre-defined threshold, target and stretch performance hurdles associated with each financial and non-financial STI scorecard metric.

Metric and weighting	Performance vs. target	% of target opportunity achieved	Commentary
Financial			
EBITDA (50%)	Threshold Target Stretch  40% 100% 200%	45.7%	Group underlying EBITDA, excluding FX was up $23.9 million to $3.5 million compared to ($20.4 million) in FY23. Targets were set after the loss of the Google contract in Q1 2024 to ensure focus on cost out programs, tight cost control, and return to EBITDA profitability. Minimum achievement threshold set at a lower rate of 40% compared to 90% in previous years, to ensure focus on turnaround efforts and profitability. However, stretch target increased to 200% compared to 120% in previous years.
Revenue (30%)	Threshold Target Stretch  94% 100% 110%	20.2%	Excluding the impact of the Google contract, operating revenue grew 16.0% to $234.3 million. Including the impact of the Google contract, revenue decreased 14.2%. Targets were set after the loss of the Google contract in Q1 2024 to ensure focus on capturing revenue growth outside of Google. Minimum achievement threshold set at a higher rate of 94% compared to 90% in previous years, however stretch target decreased to 110% compared to 120% in previous year to ensure focus on profitable growth (with EBITDA stretch increased to 200%).
Non financial			
Customer NPS (10%)	Threshold Target  90% 100%	10%	Customer NPS was 118% of target and reflected a high level of customer satisfaction with Appen's service offerings and project delivery. Customers saw improvements in operational excellence with more streamlined processes to deliver higher quality project outcomes. Non-financial measures capped at 100%.
Crowd NPS (5%)	Threshold Target  90% 100%	5%	Crowd NPS was 150% of target and reflected the resilience of our contributor community and the impact of Appen's targeted improvements to the contributor experience. Non-financial measures capped at 100%.
Employee engagement (5%)	Threshold Target  90% 100%	5%	Employee engagement was 100% of target. Employee engagement rating was the highest it has been since FY2020 and reflects the focus on employee communication, specifically providing clear, transparent and regular updates from the CEO and Senior Leaders. Non-financial measures capped at 100%.
Final scorecard outcome		**85.9%**	

STI outcomes

The STI amounts earned and associated achievement and payout percentages are disclosed in the table below:

Executive KMP		Currency	Fixed remuneration[4]	STI target % of fixed remuneration %	STI target $	% STI earned as a % of target %	% STI earned as a % of maximum %	Total STI earned $	Total STI deferred $
Ryan Kolln[1]	**2024**	**USD**	**583,036**	**100%**	**566,441**	**85.9%**	**57.3%**	**486,612**	**121,653**
	2023	CAD	165,240	50%	82,620	15.9%	10.6%	13,137	–
Justin Miles[2]	**2024**	**AUD**	**528,510**	**75%**	**396,383**	**85.9%**	**57.3%**	**340,493**	**–**
	2023	AUD	231,333	40%	92,533	15.9%	10.6%	14,713	–
Armughan Ahmad[3]	**2024**	**CAD**	**74,815**	**N/A**	**N/A**	**–**	**–**	**–**	**–**
	2023	CAD	700,895	100%	700,895	0%	0%	–	–

1 Commenced in role on 5 February 2024, having previously been the Chief Operating Officer (COO) since 2023. STI target % was 50% during time as COO before increasing to 100% as CEO.

2 Commenced in role on 27 February 2024, having previously been the Interim CFO from August 2023.

3 Armughan Ahmad stepped down as CEO and Managing Director on 5 February 2024. FR has been pro-rated for the period he was KMP. The Board exercised discretion and did not award any STI to Armughan Ahmad for 2023. Armughan Ahmad was not entitled to STI for 2024.

4 Fixed remuneration for Ryan Kolln has been converted for 2024 using actual rates used during his time in Canada. This differs to other tables which are converted at average rates consistent with accounting policy.

LTI outcomes

Annual LTI grant

Legacy annual grants awarded with respect to previous roles held by current KMP were tested during FY24.

Plan	Tranche	Performance measurement	Vesting date	Vesting condition achieved?	# of rights[1]	# Vested	# Forfeited	% Forfeited
Ryan Kolln								
2021 LTI	1–3	20% UBEPS	27 Feb 24	No	6,163	–	6,163	100%
2022 LTI	2	Service only	1 Jan 24	Yes	4,134	4,134	–	–
2023 Exec	1	Service only	1 Jan 24	Yes	33,895	33,895	–	–
2023 Exec	1	Service only	1 Jan 24	Yes	31,269	31,269	–	–
Justin Miles								
2021 LTI	1–3	20% UBEPS	27 Feb 24	No	5,570	–	5,570	100%
2022 LTI	2	Service only	1 Jan 24	Yes	3,425	3,425	–	–
2023 Exec	1	Service only	1 Jan 24	Yes	21,887	21,887	–	–

1 Number of rights unvested and held at the beginning of the year.

Other Awards

Legacy retention and one-time grants awarded with respect to previous roles held by current KMP were tested during FY24.

Plan	Tranche	Performance measurement	Vesting date	Vesting condition achieved?	# of rights[1]	# Vested	# Forfeited	% Forfeited
Ryan Kolln								
2021 Retention	2	Service only	1 Jan 24	Yes	6,578	6,578	–	–
2023 One-time	1	Service only	1 Jan 24	Yes	101,686	101,686	–	–
Justin Miles								
2021 Retention	2	Service only	1 Jan 24	Yes	5,945	5,945	–	–
2023 Retention	1	Service only	1 Jan 24	Yes	121,669	121,669	–	–

1 Number of rights unvested and held at the beginning of the year.

2024 LTI grant

The grant of performance rights to the CEO was approved by shareholders at the Annual General Meeting on 24 May 2024. Vesting is 100% weighted to absolute TSR, to be tested on 31 December 2026.The CFO award is aligned to the CEO, with the same performance measures applied. Further details of this plan are provided on page 65.

	Grant date	Performance measurement	Performance target	Performance target measurement date	Target achieved	Vesting condition	Vesting date	# of rights granted	Value per right at grant date (AUD)	Fair value at grant date (AUD)
Ryan Kolln										
	5 Feb 24	aTSR	190% (50%) 320% (100%)	31 Dec 26	Pending	Employed at 1 Jan 2027	Release of 26 results	7,049,667	0.27	1,903,410
Justin Miles										
	15 Jul 24	aTSR	190% (50%) 320% (100%)	31 Dec 26	Pending	Employed at 1 Jan 2027	Release of 26 results	1,363,636	0.50	681,818

Actual remuneration for executive KMP

The table below details the actual remuneration that was received by current and former executive KMP for FY24 and FY23. The remuneration is disclosed in the currency each KMP receives their remuneration. This table differs to the statutory remuneration table on page 68 which is prepared in accordance with accounting standards. The STI amount (if any) is the amount earned in recognition of performance for that year, including any relevant deferred portion. The LTI value at vesting date is the value of shares issued during the year as a result of the vesting of performance rights issued in prior years.

			Fixed			Variable			
Executive KMP		Currency	Cash salary $	Super-annuation[4] $	Termination payments $	STI $	LTI Value at vesting date $	Total value $	LTI value at grant date $
Ryan Kolln[1]	**2024**	**USD**	**594,771**	**-**	**-**	**486,612**	**66,779**	**1,148,162**	**1,255,872**
	2023	CAD	165,240	–	–	13,137	8,342	186,719	25,322
Justin Miles[2]	**2024**	**AUD**	**499,845**	**28,665**	**-**	**340,493**	**87,168**	**956,171**	**681,818**
	2023	AUD	219,917	11,416	–	14,713	14,898	260,944	89,144
Previous executive KMP									
Armughan Ahmad[3]	**2024**	**CAD**	**74,815**	**3,741**	**805,500**	**-**	**371,122**	**1,255,178**	**-**
	2023	CAD	700,895	7,027	–	–	581,389	1,289,311	663,379

1 Commenced in role on 5 February 2024, having previously been the Chief Operating Officer from 2023. 2024 STI includes $121,653 deferred into equity with a holding lock of one year.

2 Commenced in role on 27 February 2024, having previously been the Interim CFO from1 August 2023.

3 Armughan Ahmad stepped down as CEO and Managing Director on 5 February 2024 and ceased to be a KMP from this date. Details of Armughan Ahmad's exit arrangements can be found on page 67 under executive KMP service contracts.

4 Superannuation contributions for Australian executive KMP and retirement benefits (RRSP) for Canadian Executive KMP.

Actual remuneration for executive KMP

Total fixed remuneration (FR)

Fixed remuneration is benchmarked against North American technology companies, and similarly sized ASX-listed companies on an annual basis. Fixed remuneration is intended to be positioned below the median of peers, with greater emphasis on at-risk pay-for-performance. There is no guarantee of an annual increase in fixed remuneration.

FY24 short-term incentive (STI) key terms

STI plan overview	
Description	Appen's STI plan is a performance-based incentive designed for executives (and eligible employees) to deliver and outperform against key financial and non-financial metrics to lead to sustainable, superior returns for shareholders.
Eligibility	The CEO and CFO, and certain other employees at the invitation of the CEO are eligible to participate in the STI plan on annual basis.
Performance period	1 January 2024 to 31 December 2024.
STI opportunity	**Target:** • CEO: 100% of base salary • CFO: 75% of base salary **Maximum:** • CEO: 150% of base salary • CFO: 112.5% of base salary
Delivery	STI is delivered in the form of an annual cash bonus payment to all employees, other than the CEO where 25% of any STI earned will be deferred into equity with a holding lock of one year.
Performance measures	Performance is assessed against targets determined under our STI Group Scorecard which comprises of 80% financial measures and 20% non-financial measures. For the 2024 STI, the Group Scorecard measures were as follows: • EBITDA (50%), • Revenue (30%), • Customer net promoter score (NPS) (10%), • Crowd NPS (5%), and • Employee engagement (5%). Each of these components, both financial and non-financial, are essential for Appen to deliver sustainable growth and superior returns for shareholders. In addition, eligible employees are expected to fulfil fundamental leadership responsibilities in their roles (Good Citizen Requirements). These fundamental leadership responsibilities include setting goals (OKRs), providing feedback, measuring performance and ensure completion of compliance training not just for themselves, but also for those who they manage.

STI plan overview

Vesting schedule	**Payment for financial measures** 2024 was a pivotal year or Appen. Achievement thresholds for financial measured were adjusted to ensure a focus on both revenue growth and returning to EBITDA profitability.

EBITDA (50% of STI)

Achievement – % against target	Actual award – % of target payout
Below 40%	Nil
40%	50%
100%	100%
200% or more	162.5%

Revenue (30% of STI)

Achievement – % against target	Actual award – % of target payout
Below 94%	Nil
94%	50%
100%	100%
110% or more	162.5%

Non-financial measures (20% of STI)

Below 90%	Nil
90%	50%
100% or more	100%

Assessment of outcomes	Fixed remuneration x target incentive x Group scorecard = STI outcome With the exception of his own performance, performance assessments are undertaken by the CEO who retains the discretion to pay or not pay any part of the STI. Performance assessment and payment for the CEO is subject to Board approval. Employees under a formal performance improvement plan or any formal disciplinary procedure will have discretion applied and receive zero STI award. Any noncompliance with the Good Citizen Requirements will delay payment until they are fulfilled. Any delay in excess of 90 days past the performance period end date will result in the forfeiture of any STI payment.
Board discretion	The Board has discretion to adjust the level of STI (to zero) to prevent any inappropriate outcomes, for example, relative to the shareholder experience.

FY24 long-term incentive (LTI) key terms

LTI plan overview	
Description	Appen's LTI plan is a form of equity-based compensation awarded in the form of performance rights. The LTI plan is designed to incentivise and challenge senior management to achieve long-term sustainable growth in earnings and shareholder value. It also supports the retention of high performing executives.
Eligibility	The CEO and CFO, and select other executives are eligible to participate in the LTI plan on annual basis.
LTI opportunity	• CEO: 250% of base salary • CFO: 150% of base salary
Vesting Conditions	Vesting of performance-based rights is subject to the extent to which the Absolute Total Shareholder Return performance condition (Absolute TSR Condition) is satisfied, as described below. In addition, vesting is subject to continued employment with the Company. TSR measures the growth in the price of shares (modified to account for capital adjustments where appropriate) together with the value of the dividends over the performance period, assuming that all those dividends are re-invested into new shares. Vesting (if any) of rights subject to the Absolute TSR Condition will be determined with reference to the Company's TSR performance over the performance period as follows:

Absolute TSR over the performance period	% of rights subject to the Absolute TSR Condition that vest
TSR is below 190%	0%
TSR is 190%	50%
TSR is between 190% and 320%	Pro-rata straight line vesting between 50% and 100%
TSR is greater than or equal to 320%	100%

	Note: select non-KMP executives are currently on a different LTI plan which may include alternative performance conditions and timelines.
Performance period	Performance rights may vest at the end of the three-year vesting period subject to the achievement of the performance and continuing employment hurdles specified above.
Board discretion	The Board maintains absolute discretion to adjust LTI and all performance-based remuneration that has not been realised or vested if the Board considers that such remuneration would be an unfair or inappropriate benefit to an executive. The Board has absolute discretion to reduce, cancel, or clawback the performance-based remuneration to an executive. For example, this can include such circumstances as: • making a material misstatement or omission in the group financial statements • if the employee acts fraudulently or engages in misconduct, or • any other circumstance that the Board determines in good faith to have resulted in an unfair or inappropriate benefit to the Executive. The Board also has discretion to ensure that the targets are achieved in the right way, and factors like acquisitions may be adjusted for if it unjustly boosts one or more of the financial metrics associated with the STI or LTI.
Leaver provisions	Unless the Board determines otherwise, where an employee leaves due to voluntary resignation, mutual separation or termination for cause (including gross misconduct), all unvested rights will automatically lapse on cessation. Subject to Board approval, where employment leaves for any other reason (including redundancy, disability, retirement or death) a pro-rata number of unvested rights will remain 'on-foot' and vest on the original vesting date (with the service condition deemed to be met).

Remuneration report

for the year ended 31 December 2024

Remuneration governance

The People and Culture Committee is responsible for developing, monitoring and assessing the remuneration strategy, policies and practices, with a focus on our strategic human resources objectives, including the well-being of our employees and culture.

The number of Committee meetings and attendance by members during the reporting period is set out in the Meetings of directors' section on page 52.

The following diagram shows Appen's remuneration decision making process.

Corporate Governance Statement

Corporate Governance Statement

Further information about the People and Culture Committee is set out in the Corporate Governance Statement. The Statement is available at: appen.com/investors/corporate-governance/

Securities trading policy

KMP (both executive and non-executive directors) must not enter into transactions in associated products that operate to limit the economic risk of security holdings in the Company. A copy of the Company's Securities Dealing Policy is available at appen.com/investors/corporate-governance/

Independent remuneration advisors

Periodically, the Board and the People and Culture Committee seeks input from external and independent remuneration advisors who can provide industry benchmarks, peer comparison information and specific local knowledge of country-specific remuneration practices.

External advice is used as a guide only and is not a substitute for the Board and People and Culture Committee's thorough consideration of the relevant remuneration matter.

Board

Approves and has oversight of Appen's remuneration policy.
Final approval of performance targets and remuneration outcomes for the CEO.

People and Culture Committee

Oversees the application of the remuneration framework and policies, with a focus on Appen's human resource strategy. Make remuneration recommendations for KMP to the Board.

Audit Committee

Advises the People and Culture Committee of material risk issues, behaviours and/or compliance breaches.

Executive team

Proposes executive appointments, succession plans, policies, remuneration structures and outcomes to the People and Culture Committee for review and approval, or recommendation to the Board as required.

Independent external advisors

Insights and information is sought from independent external advisors as required to ensure the People and Culture Committee is appropriately informed.

Minimum shareholding requirement (MSR)

The Board has adopted a Minimum Shareholding Policy to assist in aligning the interests of all directors and executive KMP with our shareholders. The MSR requirements for KMP are as follows:

KMP	MSR	Period as KMP	Compliance
Non-executive directors	100% of annual pre-tax base fees	3 years	All Board members are compliant
CEO	100% of fixed remuneration	5 years	To be assessed Feb 2029
Other executives	50% of fixed remuneration	5 years	To be assessed Aug 2028

The value of such shares is based on their price at the time of acquisition. Any deferred STI for the CEO counts towards the achievement of MSR. Once the requirement has been met, directors are considered compliant even if there are subsequent changes in the share price.

Directors and executive KMP are compliant where Appen securities are held either by them personally or by a related party. Refer to page 69 for further details regarding current securities held by KMP.

Service contracts

Remuneration and other terms of employment for KMP are formalised in service contracts. All executive KMP service contracts provide for immediate termination in the event of serious misconduct. There are no guaranteed base pay increases in any executive service contracts.

Details of the other key terms are as follows:

Executive KMP	Role	Contract term	Annual salary review	Notice period by either party
Ryan Kolln	CEO and Managing Director (from 5 February 2024)	No fixed term	1 March	12 months
Justin Miles	CFO (from 27 February 2024)	No fixed term	1 March	6 months
Armughan Ahmad	Former CEO, President, and Managing Director (to 5 February 2024)	No fixed term	1 March	12 months

Incoming arrangements for Ryan Kolln (new CEO)

On 5 February 2024, Appen announced the appointment of Ryan Kolln as CEO and Managing Director. Ryan Kolln's remuneration arrangements, as previously disclosed to the market are as follows:

- Base salary of US$600,000.
- Target STI of 100% of base salary with a stretch opportunity of 150%.
- Target LTI of 250% of base salary which vest over a three-year performance period.

Outgoing arrangements for Armughan Ahmad (former CEO)

Armughan Ahmad was appointed as CEO, President and Managing Director on 15 December 2022, and commenced in the role on 9 January 2023. Armughan Ahmad stepped down from his role as CEO, President and Managing Director on 5 February 2024 and ceased to be a KMP from that date.

Armughan Ahmad's remuneration arrangements for the time that he was CEO are set out below. Armughan Ahmad's LTI grant, and sign-on bonus were approved by shareholders at Appen's 2023 Annual General Meeting:

- Base salary of US$600,000.
- Target STI of 100% of base salary with a stretch opportunity of 150%.
- LTI equity grant valued at US$5,000,000.
- Sign-on bonus, designed to replace a portion of Armughan Ahmad's incentives forgone with his previous employer valued at US$2,000,000, vesting in equal monthly tranches over two years.

As disclosed in the 2023 remuneration report, Armughan Ahmad received his statutory entitlements and payment in lieu of notice (12 months). Armughan Ahmad's LTI grant was forfeited upon his termination. The Board exercised its discretion and no STI was awarded to Armughan Ahmad. However, Armughan Ahmad's sign-on bonus remained on-foot with the final tranche vesting in January 2025 in accordance with the terms of his contract.

Non-executive director fees

Non-executive director remuneration reflects the Company's desire to attract, motivate, and retain experienced directors and to ensure their active participation in advocating for the interests of shareholders, in areas such as strategy, corporate governance, remuneration, compliance, risk, and ESG. The size of the remuneration pool that can be paid to non-executive directors is governed by resolutions passed at the Annual General Meeting of shareholders.

The total non-executive director remuneration pool in 2024 was A$1,400,000 per annum, unchanged from 2022 when the Board last approved an uplift.

The Company aims to provide a level of remuneration for non-executive directors comparable with its general industry peer group. Non-executive directors receive a fee for Board membership and for service as Chair of Board Committees. No additional payment is made for being a member of Board Committees. All fees are inclusive of superannuation if applicable.

Role	Fee 2024 A$
Board Chair	$240,000
Non-executive director	$120,000
Audit and Risk Management Committee Chair	$20,000
People and Culture Committee Chair	$20,000

All non-executive directors are remunerated by way of Board and Committee fees. These fees reflect the workload associated with a complex global business and the governance oversight required to implement our long-term growth objective and key strategic pillars and to oversee the business transformation process. Non-executive directors do not receive any short-term or long-term incentive.

Statutory disclosures

Statutory remuneration for KMP

The tables below detail the statutory accounting expense of all remuneration-related items for executive KMP and non-executive Directors. All figures are presented in US dollars, which is Appen's presentational currency. The 12-month average AUD/USD exchange rates used were 0.6598 for 2024 and 0.6647 for 2023. The 12-month average CAD/USD exchange rates used were 0.73018 for 2024 and 0.7412 for 2023.

The values for equity-settled LTI remuneration were measured at grant date in accordance with AASB2 Share-based Payments and represent the current year amortisation of the fair value of the rights over the vesting period. Certain statutory LTI figures are negative due to the true-up adjustment of share-based payments expense in relation share rights that did not vest or are not expected to vest.

		Fixed				Variable		
Executive KMP		Cash salary $	Super-annuation $	Leave entitlements[4] $	Termination payments $	STI $	LTI $	Total value $
Ryan Kolln[1]	**2024**	**594,771**	**-**	**-**	**-**	**486,612**	**422,037**	**1,503,420**
	2023	122,482	–	8,202	–	9,737	423,467	563,888
Justin Miles[2]	**2024**	**329,799**	**18,914**	**18,189**	**-**	**224,657**	**158,955**	**750,514**
	2023	146,173	7,588	8,266	–	9,779	174,438	346,244
Previous executive KMP								
Armughan Ahmad[3]	**2024**	**54,628**	**2,732**	**-**	**588,160**	**-**	**(166,038)**	**479,482**
	2023	571,413	5,208	41,206	–	–	1,979,102	2,596,929

1 Ryan Kolln commenced as CEO and Managing Director on 5 February 2024 having previously held the Chief Operating Officer role. 2024 STI includes $121,653 deferred into equity with a holding lock of one year.

2 Justin Miles previously held the Interim CFO role from 1 August 2023 and was officially appointed CFO on 27 February 2024.

3 Armughan Ahmad stepped down as CEO and Managing Director on 5 February 2024 and ceased to be a KMP from this date. Details of Armughan Ahmad's exit arrangement can be found on page 67 under executive KMP service contracts.

4 Leave entitlements include annual and long-service leave entitlements accrued but not taken during the year.

Remuneration report

for the year ended 31 December 2024

Director	2024 Fees $	2024 Superannuation $	2024 Total $	2023 Fees $	2023 Superannuation $	2023 Total $
Richard Freudenstein	**158,352**	**-**	**158,352**	159,522	–	159,522
Stuart Davis	**79,176**	**-**	**79,176**	79,761	–	79,761
Stephen Hasker	**92,372**	**-**	**92,372**	93,054	–	93,054
Vanessa Liu	**79,176**	**-**	**79,176**	79,761	–	79,761
Robin Low	**92,372**	**-**	**92,372**	90,749	2,305	93,054
Lynn Mickleburgh	**79,176**	**-**	**79,176**	79,761	–	79,761
Mini Peiris	**79,176**	**-**	**79,176**	72,295	–	72,295
	659,800	**-**	**659,800**	654,903	2,305	657,208

All non-executive directors provided services for the full year in both 2024 and 2023. Certain variances year-on-year are due to FX translation from Australian dollars to US dollars.

Securities holdings of executive KMP

The number of securities holdings by executive KMP during the performance period is listed below:

Executive KMP	Number of performance rights held	Number of ordinary shares held (direct and indirect)
Ryan Kolln	7,493,714	194,201
Justin Miles	1,608,179	188,502

Performance rights holdings of executive KMP

The movement during the reporting period of performance rights held by executive KMP is as follows:

Name	Plan	Held at 1 January 2024	Granted during the year	Exercised during the year	Forfeited	Forfeited %	Held at 31 December 2024	Vested during the year
Ryan Kolln	2021	19,319	–	(13,156)	(6,163)	100%	–	(6,578)
	2022	20,672	–	(4,134)	–	–	16,538	(4,134)
	2023	594,359	–	(166,850)	–	–	427,509	(166,850)
	2024	**-**	**7,049,667**	**-**	**-**		**7,049,667**	**-**
		634,350	**7,049,667**	**(184,140)**	**(6,163)**		**7,493,714**	**(177,562)**
Justin Miles	2021	11,515	–	(5,945)	(5,570)	100%	–	(5,945)
	2022	17,127	–	(3,425)	–	–	13,702	(3,425)
	2023	374,397	–	(143,556)	–	–	230,841	(143,556)
	2024	**-**	**1,363,636**	**-**	**-**		**1,363,636**	**-**
		403,039	**1,363,636**	**(152,926)**	**(5,570)**		**1,608,179**	**(152,926)**
Previous executive KMP								
Armughan Ahmad	2023	3,601,501	–	(600,249)	(2,770,387)	82%	230,865	(600,249)
	2024	**-**	**-**	**-**	**-**		**-**	**-**
		3,601,501	**-**	**(600,249)**	**(2,770,387)**		**230,865**	**(600,249)**

Performance rights vesting table

The performance details relating to the rights exercised during the year, are shown in the table below:

Grant date	Tranche	Measurement	Target	Measurement Date	Condition	Vesting date
Ryan Kolln						
1-Jan-22	1	Service only	N/A	N/A	Employed at 1 Jan 23	1 Jan 23
1-Jan-22	2	Service only	N/A	N/A	Employed at 1 Jan 24	1 Jan 24
22-Mar-22	2	Service only	N/A	N/A	Employed at 1 Jan 24	1 Jan 24
1-Mar-23	1	Service only	N/A	N/A	Employed at 1 Jan 24	1 Jan 24
24-May-23	1	Service only	N/A	N/A	Employed at 1 Jan 24	1 Jan 24
24-May-23	1	Service only	N/A	N/A	Employed at 1 Jan 24	1 Jan 24
Justin Miles						
1-Jan-22	2	Service only	N/A	N/A	Employed at 1 Jan 24	1 Jan 24
22-Mar-22	2	Service only	N/A	N/A	Employed at 1 Jan 24	1 Jan 24
26-Sep-23	1	Service only	N/A	N/A	Employed at 1 Jan 24	1 Jan 24
26-Sep-23	1	Service only	N/A	N/A	Employed at 1 Jan 24	1 Jan 24

Performance rights exercised during the year by executive KMP

The rights exercised during the year relate to vesting of the relevant plans as detailed above, upon the successful achievement of the relevant performance and employment hurdles.

Executive KMP	Number of rights exercised	Value of rights at grant date (US$)	Value of rights at exercise date (US$)
Ryan Kolln	**184,140**	**$245,908**	**$59,750**
Justin Miles	**152,926**	**$116,504**	**$47,423**

Unvested performance rights held by executive KMP

The number of unvested performance rights held by executive KMP at 31 December 2024 are:

Plan	Ryan Kolln	Justin Miles
2022	16,538	13,702
2023	427,509	230,841
2024	**7,049,667**	**1,363,636**
	7,493,714	**1,608,179**

KMP shareholdings

KMP	1 January 2024	Purchased/ exercised during the year	Sold during the year	Ceased to be KMP	31 December 2024
Non-Executive KMP					
Richard Freudenstein	66,847	–	–	–	**66,847**
Stuart Davis	72,830	15,625	–	–	**88,455**
Stephen Hasker	58,333	–	–	–	**58,333**
Vanessa Liu	25,200	–	–	–	**25,200**
Robin Low	257,051	15,625	–	–	**272,676**
Lynn Mickleburgh	–	300,000	–	–	**300,000**
Mini Peiris	–	–	–	–	**-**
Executive KMP					
Ryan Kolln	10,061	184,140	**-**	**-**	**194,201**
Justin Miles	35,576	152,926	–	–	**188,502**
Previous KMP					
Armughan Ahmad	277,041	–	–	(277,041)	**-**
	802,939	**668,316**	**-**	**(277,041)**	**1,194,214**

Richard Freudenstein
Non-executive Chair

26 February 2025
Sydney

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

to the directors of Appen Limited

KPMG

I declare that, to the best of my knowledge and belief, in relation to the audit of Appen Limited for the financial year ended 31 December 2024 there have been:

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

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

KPMG

KPMG

Cameron Slapp
Partner

Sydney

26 February 2025

Contents

Financial report

Consolidated statement of profit or loss and other comprehensive income

for the year ended 31 December 2024

	Note	2024 $ 000	2023 $ 000
Revenue			
Revenue from contract with customers	4	**234,285**	273,012
Other income		**938**	782
Interest income		**482**	371
Expenses			
Crowd service costs		**(126,933)**	(168,099)
Employee expenses	5	**(70,427)**	(83,525)
Recruitment costs		**(2,045)**	(3,642)
Professional fees		**(5,676)**	(9,278)
Information technology costs		**(12,882)**	(12,592)
Communication and travel expenses		**(1,904)**	(3,044)
Other expenses		**(8,689)**	(9,837)
Depreciation and amortisation	5, 12-14	**(23,320)**	(35,147)
Share-based payments expense	5	**(4,077)**	(5,691)
Net foreign exchange gain/(loss)		**4,345**	(4,032)
Transaction costs	5	**(234)**	(542)
Restructure costs		**(3,039)**	(8,967)
Finance costs	5	**(817)**	(1,176)
Deemed interest on earn-out liability	5	**-**	(354)
Earn-out adjustment		**-**	15,994
Impairment of non-financial assets		**-**	(69,182)
Loss before income tax		**(19,993)**	(124,949)
Income tax (expense)/benefit	7	**(16)**	6,870
Loss after income tax for the year attributable to the owners of the Group		**(20,009)**	(118,079)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Unrealised loss on fair valued investment		**-**	(1,600)
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation		**(8,828)**	1,281
Other comprehensive income for the period, net of tax		**(8,828)**	(319)
Total comprehensive loss for the period attributable to the owners of the Group		**(28,837)**	(118,398)

		Cents	Cents
Basic earnings per share	6	**(8.74)**	(83.10)
Diluted earnings per share	6	**(8.74)**	(83.10)

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

Consolidated statement of financial position

as at 31 December 2024

	Note	2024 $ 000	2023 $ 000
Assets			
Current assets			
Cash and cash equivalents	9	**54,809**	32,152
Trade and other receivables	10	**46,719**	49,933
Contract assets	11	**19,717**	15,536
Inventory		**672**	1,069
Prepayments and other assets		**4,864**	5,813
Income tax receivables		**2,394**	2,144
Derivative financial instruments	19	**-**	104
Total current assets		**129,175**	106,751
Non-current assets			
Prepayments and other assets		**1,220**	30
Investments	20	**1,432**	1,446
Intangible assets	12	**30,175**	39,870
Property, plant and equipment	13	**2,190**	1,475
Right of use assets	14	**4,090**	3,095
Deferred tax assets	7	**2,309**	2,491
Total non-current assets		**41,416**	48,407
Total assets		**170,591**	155,158
Liabilities			
Current liabilities			
Trade and other payables	15	**28,194**	27,232
Provisions	16	**1,797**	2,407
Contract liabilities	17	**10,287**	11,142
Lease liabilities	14	**3,583**	3,125
Earn-out liability	18	**-**	3,750
Total current liabilities		**43,861**	47,656
Non-current liabilities			
Provisions	16	**320**	306
Lease liabilities	14	**7,457**	9,309
Deferred tax liabilities	7	**4,637**	5,090
Total non-current liabilities		**12,414**	14,705
Total liabilities		**56,275**	62,361
Net assets		**114,316**	92,797
Equity			
Issued capital	23	**366,714**	320,435
Reserves	23	**128,775**	133,526
Accumulated losses	23	**(381,173)**	(361,164)
Total equity		**114,316**	92,797

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

Consolidated statement of changes in equity

for the year ended 31 December 2024

	Equity attributable to owners of the Group			
	Issued capital $000	Reserves $000	Accumulated losses $000	Total equity $000
Balance at 1 January 2024	**320,435**	**133,526**	**(361,164)**	**92,797**
Loss after income tax for the period	**-**	**-**	**(20,009)**	**(20,009)**
Other comprehensive expense, net of tax	**-**	**(8,828)**	**-**	**(8,828)**
Total comprehensive loss for the period	**-**	**(8,828)**	**(20,009)**	**(28,837)**
Transactions with owners in their capacity as owners:				
Issue of ordinary shares, net of transaction costs	**46,279**	**-**	**-**	**46,279**
Share-based payments	**-**	**4,077**	**-**	**4,077**
Balance at 31 December 2024	**366,714**	**128,775**	**(381,173)**	**114,316**
Balance at 1 January 2023	262,917	128,154	(243,085)	147,986
Loss after income tax for the period	–	–	(118,079)	(118,079)
Other comprehensive expense, net of tax	–	(319)	–	(319)
Total comprehensive loss for the period	–	(319)	(118,079)	(118,398)
Transactions with owners in their capacity as owners:				
Issue of ordinary shares, net of transaction costs	57,518	–	–	57,518
Share-based payments	–	5,691	–	5,691
Balance at 31 December 2023	320,435	133,526	(361,164)	92,797

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

Consolidated statement of cash flows

for the year ended 31 December 2024

	Note	2024 $ 000	2023 $ 000
Cash flows from operating activities			
Receipts from customers (GST inclusive)		**231,475**	294,551
Payments to suppliers and employees (GST inclusive)		**(232,538)**	(317,952)
Interest received		**482**	371
Interest and other finance costs paid		**(15)**	(435)
Income tax (paid)/received		**(68)**	526
Net cash used in operating activities	8	**(664)**	(22,939)
Cash flows from investing activities			
Payments for property, plant and equipment		**(1,790)**	(1,808)
Payments for intangibles		**(11,057)**	(18,045)
Payments for investment		**-**	(500)
Transaction costs		**(234)**	(542)
Net cash used in investing activities		**(13,081)**	(20,895)
Cash flows from financing activities			
Lease payments	14	**(4,398)**	(4,763)
Proceeds from borrowings		**-**	4,000
Repayment of borrowings		**-**	(4,000)
Net proceeds from issuance of shares		**42,137**	57,437
Net cash from financing activities		**37,739**	52,674
Net increase in cash and cash equivalents		**23,994**	8,840
Cash and cash equivalents at the beginning of the year		**32,152**	23,429
Effect of foreign exchange rate changes		**(1,337)**	(117)
Cash and cash equivalents at the end of the year	9	**54,809**	32,152

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

Notes to the consolidated financial statements

for the year ended 31 December 2024

About this report

Note 1. General information

The financial statements cover Appen Limited as a Group consisting of Appen Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in United States (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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 26 February 2025.

Note 2. Basis of preparation

Statement of compliance

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB).

Basis of consolidation

The financial statements include the assets and liabilities of all subsidiaries in the Group as at 31 December 2024 and the results for all subsidiaries for the year ended 31 December 2024. Inter-entity transactions, with, or between subsidiaries have been eliminated in full on consolidation.

The consolidated financial statements provide comparative information in respect of the previous period.

Basis of measurement

The financial statements have been prepared on a accruals basis and are based on the historical cost convention, except for, derivative financial instruments, investments, earn-out contingent consideration and share-based payments which are measured at fair value.

Going concern

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

The Group incurred a loss after tax for the year ended 31 December 2024 of $20,009,000 (31 December 2023: $118,079,000). The Group incurred a loss after tax for H2 2024 of $2,256,000 an improvement on H1 2024 loss after tax of $17,753,000. The Group has net assets of $114,316,000 (31 December 2023: $92,797,000) and net current assets of $85,314,000 (31 December 2023 $59,095,000).

Cash and cash equivalents at 31 December 2024 were $54,809,000 (31 December 2023: $32,152,000). Operating cash outflow for the year was $664,000 (31 December 2023 outflow $22,939,000). Investing cash outflow (including product development costs) for the year was $13,081,000 (31 December 2023 outflow $20,895,000). Financing cash inflow for the year was $37,739,000 (31 December 2023 inflow $52,674,000).

Note 2. Basis of preparation (continued)

Following the expiry of the $A10,000,000 debt facility on 3 January 2024, there are no debt facilities in place.

In response to the termination of the services contract with a material customer, Google LLC in March 2024, Appen implemented and executed measures to reduce its cost base.

Appen successfully completed a A$50 million fully underwritten institutional placement on 14 October 2024, and a A$15 million Share Purchase Plan raising on 7 November 2024. The equity was raised to provide additional liquidity to fund working capital, and provide greater flexibility to pursue generative AI related opportunities.

Management have prepared 24-month cashflow forecasts underpinning the basis of preparation as a going concern. The forecasts are based on current available information and forecasting improved financial performance as a result of the implementation of the cost savings measures and continued revenue growth from its New Markets segment.

The going concern basis presumes that the Group will continue to fulfil all obligations as and when they fall due for the foreseeable future and that the realisation of assets and settlement of liabilities will occur in the normal course of business.

After consideration of the Group's financial position subsequent to the capital raise and the Board reviewed cashflow forecasts noted above, the directors of Appen consider that the Group will continue to fulfil all obligations as and when they fall due for the foreseeable future and that the Group's financial statements should be prepared on a going concern basis.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where the assumptions and estimates are significant to the financial statements are disclosed in the relevant note.

- Note 7. Income tax
- Note 9. Trade and other receivables
- Note 12. Intangible assets

Parent entity information

In accordance with the *Corporations Act 2001*, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in Note 26.

Change in accounting policies

Material accounting policies adopted in the preparation of these financial statements are disclosed in the relevant notes. The accounting policies adopted are consistent with those of the previous years.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification. An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or it does not have the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

New, revised or amended Accounting Standards

The Group has assessed and determined that there are no new or amended accounting standards applicable for the first time for the 31 December 2024 financial report, that materially affects the Group's accounting policies or any of the amounts recognised in the financial statements.

Notes to the consolidated financial statements

for the year ended 31 December 2024

Group performance

Note 3. Segment information

Identification of operating and reportable operating segments

Appen's 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 major US technology customers using their data annotation platforms and tools.
- **The New Markets segment:** which represents our product-led businesses, using Appen's products and tools conducting work for our Global customers, as well as Enterprise, Government and China 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.

Major customers

During the year ended 31 December 2024, approximately 67.3% (2023: 74.8%) of the Group's revenue was derived from sales to the top five customers.

Segment results

The following tables show revenue and EBITDA for the reportable segments for the year ended 31 December 2024 and 31 December 2023.

	Global Services	New Markets	Corporate unallocated	Total
31 December 2024	**\$ 000**	**\$ 000**	**\$ 000**	**\$ 000**
Revenue	**118,093**	**116,192**	**-**	**234,285**
Other income	**-**	**557**	**381**	**938**
Interest	**-**	**-**	**482**	**482**
Total revenue and other income	**118,093**	**116,749**	**863**	**235,705**
Segment EBITDA	**14,749**	**(8,101)**		**6,648**
Share-based payment – employees				**(3,193)**
Foreign exchange gains				**4,364**
Group underlying EBITDA				**7,819**
Depreciation and amortisation				**(23,320)**
Net interest expense				**(335)**
Restructure costs				**(3,039)**
Acquisition-related and one-time share-based payments				**(884)**
Transaction costs				**(234)**
Loss before income tax				**(19,993)**

Note 3. Segment information (continued)

31 December 2023	Global Services $ 000	New Markets $ 000	Corporate unallocated $ 000	Total $ 000
Revenue	191,533	81,479	–	273,012
Other income	–	742	40	782
Interest	–	–	371	371
Total revenue and other income	191,533	82,221	411	274,165
Segment EBITDA	17,512	(32,729)		(15,217)
Share-based payment - employees				(4,190)
Transformation investment				(1,067)
Foreign exchange losses				(3,971)
Group underlying EBITDA				(24,445)
Depreciation and amortisation				(35,147)
Net interest expense				(805)
Restructure costs				(8,967)
Acquisition-related and one-time share-based payments				(1,501)
Deemed interest on earn-out liability				(354)
Earn-out adjustment				15,994
Transaction costs				(542)
Impairment loss				(69,182)
Loss before income tax				(124,949)

Geographical information

	Revenue		Non-current assets	
	2024 $ 000	2023 $ 000	2024 $ 000	2023 $ 000
Australia	**19,513**	13,471	**7,351**	9,767
United States of America	**146,485**	215,584	**21,452**	28,678
Other countries	**68,287**	43,957	**12,613**	9,962
Total	**234,285**	273,012	**41,416**	48,407

Geographical information is represented based on the location of the legal entities who possess the ownership of the assets and the customer contracts. The prior period information has been reclassified to conform with this representation and enable comparability.

Note 4. Revenue

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

	Global Services	New Markets	Corporate unallocated	Total
31 December 2024	**$ 000**	**$ 000**	**$ 000**	**$ 000**
Global customers	**118,093**	**31,292**	**–**	**149,385**
New Markets customers	**–**	**84,900**	**–**	**84,900**
Total revenue	**118,093**	**116,192**	**–**	**234,285**
31 December 2023				
Global customers	191,533	9,721	–	201,254
New Markets customers	–	71,758	–	71,758
Total revenue	191,533	81,479	–	273,012

Accounting policy

Revenue from contracts with customers

Revenue is recognised when control of the goods or services is transferred to the customer and the contract performance obligation is satisfied.

Appen derives most of its revenue from two distinct performance obligations, being:

- providing platform and tools for subscription customers for a specified period of time; and
- delivering collected, annotated and evaluated data.

Revenue is recognised over time as the customer receives and uses the services, and as the required data is delivered and accepted by the customer. Stage of completion method is applied where transactions involving the rendering of services is determined by reference to the services performed to date as a percentage of total services to be performed.

The amount of revenue recognised is based on the sales prices specified in the contract net of discounts, rebates and refunds, which are variable consideration involving a degree of estimation. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. There is no significant financing component and the credit terms are primarily between 30 to 60 days.

Contact assets and liabilities

The Group recognises unbilled revenue as contract assets as disclosed in Note 11 and deferred revenue as contract liabilities as disclosed in Note 17.

Other income

Other income primarily relates to China business obtained government subsidies and is recognised at the time of completion or over period when service is provided and satisfies the performance obligation.

Interest income

Interest income is recognised on a time proportion basis, by reference to the principal outstanding and the effective interest rate applicable, which is the rate that discounts estimated future cash receipts through the expected life of the financial asset to the assets' net carrying value.

Notes to the consolidated financial statements

for the year ended 31 December 2024

Note 5. Expenses

Loss before income tax includes the following specific expenses:

Depreciation and amortisation	2024 $ 000	2023 $ 000
Depreciation		
Leasehold improvements	**391**	389
Fixtures and fittings	**35**	54
Computer and audio equipment	**619**	1,484
Motor vehicles	**-**	35
Right of use assets	**1,848**	4,301
Depreciation subtotal	**2,893**	6,263
Amortisation		
Systems and software	**113**	163
Capitalised product development	**11,846**	19,776
Other intangibles	**257**	324
Amortisation subtotal	**12,216**	20,263
Amortisation – acquisition-related		
Capitalised product development	**8,118**	8,516
Brand	**93**	105
Amortisation - acquisition-related subtotal	**8,211**	8,621
Total depreciation and amortisation	**23,320**	35,147
Finance costs		
Interest and finance charges paid/payable on borrowings	**15**	435
Interest and finance charges paid/payable on lease liabilities	**802**	741
Interest and finance charges subtotal	**817**	1,176
Deemed interest on earn-out liability	**-**	354
Total finance costs	**817**	1,530
Share-based payments expense		
Share-based payment in respect of Appen performance rights	**3,193**	4,190
Share-based payment in respect of the Quadrant acquisition and one-time sign-on arrangement[1]	**884**	1,501
Total share-based payments expense	**4,077**	5,691
Transaction costs		
Non-capitalised equity raising costs	**41**	481
Other transaction costs	**193**	61
Total transaction costs	**234**	542
Employee expenses		
Defined contribution superannuation expense	**5,621**	6,090
Employee expenses	**64,806**	77,435
Total employee expenses	**70,427**	83,525

1 Includes former CEO one-off sign-on bonus, in receipt of bonuses forgone and was intended to replace a portion of the bonus payments that the former CEO would have received from his previous employer had he not ceased employment.

Note 5. Expenses (continued)

Accounting policy

Depreciation expense

Depreciation is calculated on a straight-line basis to write-off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives.

Amortisation expense

Amortisation is calculated to write-off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives and is recognised in profit or loss. Goodwill is not amortised.

Finance costs

All finance costs are expensed in the period in which they are incurred.

Share-based payments expense

All share-based payments are expensed over the relevant vesting period. The share-based payments expense is based on expected targets and hurdles.

Employee expenses

Includes all short-term employee benefits (wages, paid leave and any non-monetary benefits), post-employment benefits and other long-term or termination employee benefits.

Note 6. Earnings per share and dividends

	2024 $ 000	2023 $ 000
Loss after income tax	**(20,009)**	(118,079)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	**228,916,641**	142,087,928
Adjustments for calculation of diluted earnings per share:		
Rights over ordinary shares	–[1]	–
Weighted average number of ordinary shares used in calculating diluted earnings per share	**228,916,641**	142,087,928

	Cent	Cent
Basic earnings per share	**(8.74)**	(83.10)
Diluted earnings per share	**(8.74)**	(83.10)

1 Whilst there are unvested performance rights at 31 December 2024, 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.

No dividends have been declared or paid during the year.

Accounting policy

Basic earnings per share is calculated by dividing the profit or loss attributable to the owners of the Group excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share adjusts the basic earnings per share to take into account the after tax effect of interest and other financing costs associated with dilutive positive ordinary shares and the weighted average number of shares assumed to have been issued for consideration in relation to dilutive potential ordinary shares.

Note 7. Income tax

	2024 $ 000	2023 $ 000
Income tax expense/(benefit)		
Current tax (benefit)/expense	**(254)**	432
Deferred tax expense/(benefit)	**131**	(5,206)
Adjustment recognised for prior periods – current tax	**139**	(665)
Adjustment recognised for prior periods – deferred tax	**-**	(1,431)
Income tax expense/(benefit)	**16**	(6,870)
Deferred tax included in income tax expense/(benefit) comprises:		
Decrease in deferred tax assets	**288**	3,523
Decrease in deferred tax liabilities	**(158)**	(10,160)
Deferred tax - origination and reversal of temporary differences	**130**	(6,637)
Numerical reconciliation of income tax benefit and tax at the statutory rate		
Loss before income tax expense	**(19,993)**	(124,949)
Tax at the statutory tax rate of 30%	**(5,998)**	(37,485)
Tax effect amounts which are not deductible/(taxable) in calculating taxable (loss)/income:		
Impairment loss	**(81)**	12,485
Share-based payments	**-**	472
Deferred tax adjustments	**5,901**	21,562
Non-assessable purchase price adjustments on prior acquisitions	**-**	(4,773)
Sundry items and exchange differences	**(67)**	-
Adjustment recognised for prior periods	**139**	(2,096)
Difference in overseas tax rates	**122**	2,965
Income tax expense/(benefit)	**16**	(6,870)

	2024 $000	2023 $000
Deferred tax assets		
Deferred tax asset comprises temporary differences attributable to:		
Amount recognised in profit or loss:		
Lease liabilities	**129**	13
Revenue received in advance	**(641)**	5
Employee benefits	**591**	388
Accrued expenses	**76**	112
Other expenses and exchange differences	**2,154**	1,973
Deferred tax assets	**2,309**	2,491
Movement:		
Opening balance	**2,491**	5,078
Debited to profit or loss	**(288)**	(3,523)
Additions through capital raising	**336**	1,019
Foreign exchange differences	**(230)**	(83)
Closing balance	**2,309**	2,491

Note 7. Income tax (continued)

	2024 $ 000	2023 $ 000
Deferred tax liability		
Deferred tax liability comprises temporary differences attributable to:		
Amount recognised in profit or loss:		
Intangible assets	**6,960**	10,061
Property, plant and equipment	**-**	(541)
Right of use assets	**32**	(1,694)
Lease liabilities	**(525)**	(689)
Revenue received in advance	**1,203**	1,203
Employee benefits	**(2,405)**	(2,243)
Other expenses and exchange differences	**(628)**	(1,007)
Deferred tax liability	**4,637**	5,090
Movement		
Opening balance	**5,090**	15,270
Debited to profit or loss	**(158)**	(10,160)
Foreign exchange differences	**(295)**	(20)
Closing balance	**4,637**	**5,090**

China tax losses to be applied in future periods amount to $32 million, of which none have been recognised as a deferred tax asset. US tax losses to be applied in future periods amounts to $96 million, of which none have been recognised as a deferred tax asset.

Accounting policy

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously. Appen Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

Note 7. Income tax (continued)

Critical accounting judgements, estimates and assumptions – uncertain tax positions

The Group is subject to tax in numerous jurisdictions. Significant judgement is required in determining the provision for income tax. There are certain transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for any anticipated tax audit issues based on the Group's current understanding of the application of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact on the current and deferred tax positions in the period that such a determination is made.

Recoverability of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and net losses only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group. Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Notes to the consolidated financial statements

for the year ended 31 December 2024

Note 8. Reconciliation of loss after income tax to net cash from operating activities

	Note	2024 $ 000	2023 $ 000
Loss after income tax for the year		**(20,009)**	(118,079)
Add back/(deduct):			
Income tax expense/(benefit)	7	**16**	(6,870)
Depreciation and amortisation	5	**23,320**	35,147
Finance costs	5	**817**	1,176
Impairment of non-financial assets		**-**	69,182
Share-based payments expense	5	**4,077**	5,691
Gain on disposal of non-financial assets		**(222)**	(39)
Deemed interest on earn-out liability		**-**	354
Earn-out adjustment		**-**	(15,994)
Transaction costs	5	**234**	542
Loss on inventory revaluation		**-**	669
Effect of foreign exchange rate changes		**(7,122)**	1,805
Other non-cash items		**-**	(202)
Change in operating assets and liabilities:			
(Increase) / decrease in:			
Trade and other receivables and contract assets		**(967)**	29,261
Inventory		**135**	(420)
Prepayments and other assets		**(137)**	(2,307)
Increase / (decrease) in:			
Trade and other payables		**713**	(14,599)
Provisions		**(596)**	(1,187)
Contract liabilities		**(855)**	(7,595)
Income tax received (net)		**(68)**	526
Net cash used in operating activities		**(664)**	(22,939)

Cash flows are presented on a gross basis unless otherwise specified. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority are presented as operating cash flows.

Group core assets and liabilities

Note 9. Cash and cash equivalents

	2024 $ 000	2023 $ 000
Cash on hand and at bank	**54,809**	32,152
Total cash and cash equivalents	**54,809**	32,152

Accounting policy

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Note 10. Trade and other receivables

	2024 $ 000	2023 $ 000
Current assets		
Trade receivables	**46,817**	47,869
Provision for expected credit loss	**(1,453)**	(152)
Net trade receivables	**45,364**	47,717
Other receivables	**430**	1,580
GST/VAT receivable	**925**	636
Total trade and other receivables	**46,719**	49,933

Ageing of trade receivables		Days past due			
$000	**Current**	**< 3 months**	**3 - 6 months**	**> 6 months**	**Total**
As at 31 December 2024					
Gross carrying amount	**32,999**	**10,618**	**758**	**2,442**	**46,817**
Provision for expected credit loss	**-**	**-**	**-**	**(1,453)**	**(1,453)**
As at 31 December 2023					
Gross carrying amount	33,969	12,524	628	748	47,869
Provision for expected credit loss	-	-	-	(152)	(152)

Movement in the provision for expected credit loss:

	2024 $ 000	2023 $ 000
Balance at the beginning of the period	**152**	288
Increase in provision	**1,325**	188
Charged to profit or loss	**(24)**	(324)
Balance at the end of the period	**1,453**	152

Note 10. Trade and other receivables (continued)

Accounting policy

Trade receivables are initially recognised at fair value. Trade receivables are generally due for settlement within 30–60 days. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms.

Management is of the view that past models and historical experience may not represent current expectations, and greater reliance is placed on up-to-date information about the circumstances about each debtor.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Other receivables are recognised at amortised cost, less any provision for impairment.

Critical accounting judgements, estimates and assumptions – expected credit losses

The provision for expected credit losses assessment requires a degree of estimation and judgement, based on review and circumstances of each amount overdue including recent sales experience and historical collection rates and forward-looking information that is available.

Note 11. Contract assets

	2024 $ 000	2023 $ 000
Current assets		
Contract assets	**19,717**	15,536
Movement during the period:		
Balance at the beginning of the period	**15,536**	30,448
Contract asset recognised	**84,452**	64,461
Subsequent release to billing and receivables for the year	**(79,998)**	(79,311)
Foreign currency translation	**(273)**	(62)
Balance at the end of the period	**19,717**	15,536

Accounting policy

Revenue is recognised at the amount to which the Group has the right to invoice based on the contract price and completed performance obligations. Where revenue recognised is in advance of billings (due to timing differences in the Group reporting period and customer billing cycle), a contract asset is recognised; and where cash received or billing issued are in advance of revenue recognition, a contract liability is recognised.

Note 12. Intangible assets

	Goodwill $ 000	System and software $ 000	Capitalised product development $ 000	Brand and customer relationship $ 000	Other intangibles $ 000	Total $ 000
Balance at 1 January 2024						
Cost	**242,051**	**2,856**	**151,068**	**1,089**	**2,340**	**399,404**
Accumulated depreciation and impairment	**(242,051)**	**(2,277)**	**(113,369)**	**(825)**	**(1,012)**	**(359,534)**
Net carrying value at 1 January 2024	**-**	**579**	**37,699**	**264**	**1,328**	**39,870**
Additions	**-**	**11**	**11,309**	**-**	**-**	**11,320**
Amortisation	**-**	**(113)**	**(19,964)**	**(93)**	**(257)**	**(20,427)**
Foreign exchange translation	**-**	**-**	**(498)**	**(23)**	**(67)**	**(588)**
Balance at 31 December 2024						
Cost	**242,051**	**2,783**	**161,311**	**1,045**	**2,184**	**409,374**
Accumulated amortisation and impairment	**(242,051)**	**(2,306)**	**(132,765)**	**(897)**	**(1,180)**	**(379,199)**
Net carrying value at 31 December 2024	**-**	**477**	**28,546**	**148**	**1,004**	**30,175**
Balance at 1 January 2023						
Net carrying value	53,114	994	53,516	369	1,567	109,560
Additions	-	173	17,825	-	159	18,157
Disposals	-	(6)	-	-	-	(6)
Impairment	(53,114)	(399)	(5,264)	-	(74)	(58,851)
Transfers / reclassification	-	43	(43)	-	-	-
Amortisation	-	(163)	(28,292)	(105)	(324)	(28,884)
Foreign exchange translation	-	(63)	(43)	-	-	(106)
Balance at 31 December 2023						
Net carrying value	-	579	37,699	264	1,328	39,870

Management's impairment assessment

At each reporting period, an assessment of the carrying value of non-current assets is performed. AASB 136: *Impairment of Assets*, requires an entity to perform a detailed recoverable amount assessment for an asset when any of the following impairment indicators are present:

- There are observable indications that an asset's value has declined during the period more than that which would be expected as a result of the passage of time or normal use;
- Technological, market, economic, or legal environment in which the entity operates has changed or will change with adverse impact on the entity;
- Market interest rates or other market rates of return on investments have increased during the period and are likely to have an impact on discount rates;
- Carrying amount of the net assets of the entity is more than its market capitalisation;
- Evidence that assets are obsolete or physically damaged;
- Significant changes with an adverse impact on the entity have taken place during the period impacting the manner or extent to which an asset is used or expected to be used (restructure etc); or
- Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

Note 12. Intangible assets (continued)

In addition to the above, Goodwill and indefinite life intangible assets (whether in-use or not ready for-use) must be tested, at least annually, for impairment.

For the year ended 31 December 2024, management assessed that the Group continued to have 3 Cash Generating Units (CGUs), Global Services, New Markets (ex. China) and China, on the basis of:

- How cashflows are identified and measured; and
- How resources are allocated and performance are measured, consistent with Appen's long-term strategy of revenue and customer diversification.

For the year ended 31 December 2024, management has not identified any indicators of impairment.

Critical accounting judgements, estimates and assumptions

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.

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.

Note 12. Intangible assets (continued)

Accounting policy

Systems and software

Significant costs on systems implementation are deferred and amortised on a straight-line basis over the period of their expected useful life, being the finite life of 7 years. Configuration costs associated with the implementation of cloud-based ERP systems are expensed as incurred.

Acquired software or software on perpetual license are capitalised and amortised on a straight-line basis over its useful life.

Product development

Expenditure on research activities is recognised as an expense when incurred.

Product development costs are capitalised at the direct costs incurred and amortised on a straight-line basis over the period of their expected useful life being 3 to 7 years. Amortisation starts at the time that the technology is activated and is used either internally or externally. The capitalised costs include directly attributable costs relating to product development, and costs relating to employment of the engineering team, product hosting services, external consultants and IT software and hardware.

Development costs are capitalised when the Group can demonstrate all of the followings:

- the technical feasibility of completing the asset so that it is available for use or sale;
- the intention to complete the asset and use or sell it;
- the ability to use or sell it;
- how the asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the asset; and
- the ability to measure reliably the expenditure attributable to the asset during its development.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Brand

Brand names acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit. This includes the acquisition of the Quadrant brand name which has been estimated to have a finite life of 5 years.

Other intangibles

Other intangible assets primarily consist of licenses and databases. Costs in relation to other intangibles are capitalised as an asset and amortised on a straight-line basis over the period of their expected useful life being 3–5 years.

Off-the-shelf databases are internally generated intangibles and are capitalised only if they meet all of the criteria stated in the accounting policy section with respect to the accounting policy associated with development costs. Costs are capitalised at the direct costs incurred and amortised on a straight-line basis over the period of their expected useful life of 7 years. Amortisation starts at the time that the database is available for use or sale to external customers.

Note 13. Property, plant and equipment

	Leasehold improvements $ 000	Fixtures and fittings $ 000	Computer and Audio equipment $ 000	Motor vehicles $ 000	Total $ 000
Balance at 1 January 2024					
Cost	**4,845**	**1,383**	**9,178**	**50**	**15,456**
Accumulated depreciation	**(4,360)**	**(1,267)**	**(8,304)**	**(50)**	**(13,981)**
Net carrying value at 1 January 2024	**485**	**116**	**874**	**–**	**1,475**
Additions	**791**	**206**	**793**	**–**	**1,790**
Disposals	**–**	**–**	**(1)**	**–**	**(1)**
Depreciation	**(391)**	**(35)**	**(619)**	**–**	**(1,045)**
Foreign exchange translation	**(2)**	**(2)**	**(25)**	**–**	**(29)**
Balance at 31 December 2024					
Cost	**4,833**	**1,042**	**9,053**	**48**	**14,976**
Accumulated depreciation and impairment	**(3,950)**	**(757)**	**(8,031)**	**(48)**	**(12,786)**
Net carrying value at 31 December 2024	**883**	**285**	**1,022**	**–**	**2,190**
Balance at 1 January 2023					
Net carrying value	656	258	2,777	35	3,726
Additions	738	180	890	–	1,808
Disposals	–	–	(66)	–	(66)
Impairment	(514)	(275)	(1,215)	–	(2,004)
Transfer/reclassification	5	8	(13)	–	–
Depreciation	(389)	(54)	(1,484)	(35)	(1,962)
Foreign exchange translation	(11)	(1)	(15)	–	(27)
Balance at 31 December 2023					
Net carrying value	485	116	874	–	1,475

Accounting policy

Each class of property, plant and equipment is carried at cost or fair value, less any accumulated depreciation or impairment losses. The assets' depreciation methods, residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. The depreciation rates used for each class of depreciable assets are:

Leasehold improvements	Over the lease term up to 8 years
Fixture and fittings	3-13 years
Computer and audio equipment	1-4 years
Motor vehicles	3-5 years

Any gain or loss on disposal of an item of plant and equipment is recognised in the consolidated statement of profit or loss.

Note 14. Right of use assets and lease liabilities

	2024 $ 000	2023 $ 000
Right of use assets		
Balance at the beginning of the period	**3,095**	9,061
Additions	**2,960**	8,403
Disposals	**-**	(1,488)
Impairment	**-**	(8,319)
Depreciation	**(1,848)**	(4,301)
Remeasurement	**-**	(251)
Foreign exchange translation	**(117)**	(10)
Balance at the end of the period	**4,090**	3,095

	2024 $000	2023 $000
Lease liabilities		
Balance at the beginning of the period	**12,434**	10,177
Additions	**2,960**	8,403
Accretion of interest	**802**	741
Payment of interest	**(802)**	(637)
Payment of principal	**(3,596)**	(4,126)
Disposals	**-**	(1,658)
Remeasurement	**(239)**	(453)
Foreign exchange translation	**(519)**	(13)
Balance at the end of the period	**11,040**	12,434
Current lease liabilities	**3,583**	3,125
Non-current lease liabilities	**7,457**	9,309

The undiscounted lease liabilities' maturity is analysed in Note 24. Financial risk management.

Accounting policy

The Group's leases primarily comprise commercial offices and car park facilities, where the Group is the lessee and has right to control the use of the identified lease assets. A right-of-use asset is recognised at the commencement date of a lease and is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received. Depreciation is charged on a straight-line basis over the term of the lease and recorded in profit or loss.

Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities. Options to extend leases are assessed for reasonable certainty in assessing the term of the lease to charge the depreciation expense.

Short-term leases are those with a lease term of 12 months or less. The Group has elected to take exemptions under AASB 16 and has not recognised the right of use assets or lease liabilities for these leases. Lease payments for these exempted leases are expensed in profit or loss, on a straight-line basis over the lease term.

Lease liabilities are recognised at the lease commencement date and are initially measured at the present value of future lease payments using incremental borrowing rate or borrowing rate relevant for the jurisdiction of the lease, at the commencement date. Interest accretion on lease liabilities are recorded in the profit or loss. Lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period incurred.

Notes to the consolidated financial statements

for the year ended 31 December 2024

Note 15. Trade and other payables

	2024 $ 000	2023 $ 000
Current liabilities		
Trade payables	**14,083**	13,573
Other payables and accrued expenses	**14,111**	13,659
Total trade and other payables	**28,194**	27,232

Maturity analysis of trade and other payables are disclosed in Note 24. Financial risk management.

Accounting policy

Trade and other payable represent liabilities in relation to goods and services rendered to the Group but not yet paid by the balance sheet date. They are measured at amortised cost and undiscounted due to their short-term nature. The amounts are unsecured and usually paid within agreed payment terms.

Note 16. Provisions

	2024 $ 000	2023 $ 000
Current liabilities		
Employee benefits	**1,797**	2,407
Total current provisions	**1,797**	2,407
Non-current liabilities		
Employee benefits	**258**	238
Other provisions	**62**	68
Total non-current provisions	**320**	306
Total provisions	**2,117**	2,713

Employee benefits primarily comprise accrued annual leave and long service leave.

Note 16. Provisions (continued)

Accounting policy

Short-term employee benefits

These are expected to be settled wholly within 12 months after the employees render the related service and include wages, salaries and sick leave. These are measured at the undiscounted amounts expected to be paid when the obligation is settled.

Long-term employee benefits

Long-term employee benefits are measured at the present value of the expected future payments to be made to employees. When such benefits not expected to be settled within 12 months after balance date it is presented as non-current.

Expected future payments incorporate anticipated future wage and salary levels, duration of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that have maturity dates that approximate the terms of the obligations. Any re-measurements for changes in assumptions of obligations for long-term employee benefits are recognised in profit or loss in the periods for which the changes occur.

Other provision

This relates to office lease makegood provision. The amount recognised as a provision is the best estimate of the consideration required to settle.

Note 17. Contract liabilities

	2024 $ 000	2023 $ 000
Current liabilities		
Invoices issued/deposits received in advance	**10,287**	11,142

Contract liabilities are expected to be recognised as revenue in future periods as follows:

	2024 $ 000	2023 $ 000
Within 3 months	**4,276**	4,340
Over 3 months	**6,011**	6,802
Total	**10,287**	11,142

Accounting policy

Contract liabilities represent the Group's obligations to render services to a customer and reflects the value of advance payments made by customers who have been invoiced for services that will be provided in the future and are recognised when the customer pays consideration or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Group has transferred the services to a customer.

The Group does not disclose further qualitative information related to remaining performance obligations, as they are either part of a contract that has an original expected duration of one year or less; or the associated revenue is recognised in the amount of which the Group has a right to invoice.

Investment, capital and risk management

Note 18. Earn-out liability

	2024 $ 000	2023 $ 000
Current earn-out liability	-	3,750
Total earn-out liability	-	3,750

Movement during the year:

	2024 $ 000	2023 $ 000
Balance at the beginning of the period	**3,750**	19,131
Deemed interest	-	354
Earn-out adjustment (including foreign currency translation)	-	(15,735)
Earn-out settlement	**(3,750)**	-
Balance at the end of the period	-	3,750

The earn-out liability relates to the acquisition of Quadrant in September 2021. The liability was fully settled in January 2024 via the issue of 7,774,816 fully paid ordinary shares.

Note 19. Derivative financial instruments

	2024 $ 000	2023 $ 000
Current assets		
Forward foreign exchange contract	-	104

The Group used forward foreign exchange contract to manage its exposure to foreign currency exchange risks. Derivatives were exclusively used for hedging purposes, i.e. not as trading or other speculative instruments.

The Group no longer hedges using derivatives given the changes to the cost base over the last two years. Natural hedging is largely in place. The final forward contract was closed out in June 2024.

Accounting policy

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Further details are disclosed in Note. 21. Fair value measurement and Note 24. Financial risk management.

Note 20. Investments

The Group continued to hold its minority interests in the following investments:

- Mindtech Global Limited ("Mindtech"), a provider of synthetic data to create privacy-compliant edge cases; and
- Reka AI, Inc. ("Reka"), an AI model start-up specialising in the development of customised and powerful AI models for enterprise customers.

These investments are carried at fair value as at 31 December.

			Fair value	
			2024	2023
Investments	Country of incorporation	Elected accounting method	$ 000	$ 000
Mindtech	UK	FVOCI	**932**	946
Reka	USA	FVOCI	**500**	500
Total			**1,432**	1,446

Based on the best available information, management considered the fair value of both investments remained unchanged as at 31 December 2024, with the reduction in Mindtech due to foreign exchange translation.

Accounting policy

AASB 9 *Financial Instruments* allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Management has applied this election with respect to both investments. Any future dividends in respect of this investment that are a return on investment will be recognised in profit or loss and there is no impairment on disposal of the investment.

Note 21. Fair value measurement

The following tables outlined the Group's assets and liabilities, measured and disclosed at fair value, using the three-level hierarchy based on the lowest level of input that is significant to the entire fair value measurement, being:

- Level 1: inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3: inputs are unobservable inputs for the asset or liability.

There were no transfers between categories for recurring fair value measurements during the year.

	Level 1 $ 000	Level 2 $ 000	Level 3 $ 000	Total $ 000
31 December 2024				
Assets				
Forward foreign exchange contracts	-	-	-	-
Investments	-	-	1,432	1,432
Total assets	-	-	**1,432**	**1,432**
Liabilities				
Earn-out liability	-	-	-	-
Total liabilities	-	-	-	-

Note 21. Fair value measurement (continued)

	Level 1 $ 000	Level 2 $ 000	Level 3 $ 000	Total $ 000
31 December 2023				
Assets				
Forward foreign exchange contracts	–	104	–	104
Investments	–	–	1,446	1,446
Total assets	–	104	1,446	1,550
Liabilities				
Earn-out liability	–	–	3,750	3,750
Total liabilities	–	–	3,750	3,750

Accounting policy

When an asset or liability is measured at fair value, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, and assumes the transaction will take place either in a principal or advantageous market.

Assets and liabilities measured at fair value are classified into the three levels discussed above. External valuers may be used for recurring and non-recurring fair value measurements when internal expertise is not available or the amount is material.

Note 22. Borrowings

The Group has no outstanding borrowings as at year end.

Facilities	2024 Used at reporting date $ 000	2024 Unused at reporting date $ 000	2023 Used at reporting date $ 000	2023 Unused at reporting date $ 000
Facility A (Senior debt)	-	-	–	–
Facility B (Working capital)	-	-	–	6,818
Facility C (Acquisition funding)	-	-	–	–
Total facilities	-	-	–	6,818

Facility A and Facility B expired during 2023. Facility B was resized from A$20 million to $A10 million during 2023 and expired on 3 January 2024. Following the expiry of Facility B, there are no debt facilities in place.

Accounting policy

Loans and other borrowings are initially recognised at fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Note 23. Equity

Issued capital

	2024		2023	
Balance as at 31 December	**# of shares**	**$000**	**# of shares**	**$000**
Ordinary shares - fully paid	**260,735,154**	**366,714**	211,467,054	320,435

Movement in ordinary share capital:

Details	Date	# of shares	$ 000
Balance as at	**31 December 2023**	**211,467,054**	**320,435**
Issue of shares – Quadrant earn-out settlement	19 January 2024	**7,774,816**	**3,750**
Issue of shares – exercise of performance rights	18 March 2024	**2,094,641**	**-**
Issue of shares – exercise of performance rights	21 March 2024	**376,742**	**-**
Issue of shares – exercise of performance rights	3 May 2024	**666,925**	**-**
Issue of shares – exercise of performance rights	13 May 2024	**46,173**	**-**
Issue of shares – exercise of performance rights	13 June 2024	**46,173**	**-**
Issue of shares – exercise of performance rights	26 June 2024	**529,119**	**-**
Issue of shares – exercise of performance rights	5 September 2024	**92,346**	**-**
Issue of shares – exercise of performance rights	30 September 2024	**1,195,400**	**-**
Issue of shares – institutional placement	17 October 2024	**26,041,667**	**32,524**
Issue of shares – conversion of warrants [1]	18 October 2024	**2,591,598**	**-**
Issue of shares – share purchase plan	8 November 2024	**7,812,500**	**10,005**
Balance as at	**31 December 2024**	**260,735,154**	**366,714**

1 Warrants related to the Quadrant acquisition and subsequent earn-out.

Note 23. Equity (continued)

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital. On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back

There is no current on-market share buy-back.

Capital risk management

Capital is regarded as total equity, as recognised in the statement of financial position. Net debt is calculated as total borrowings less cash and cash equivalents.

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders, as well as to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to improve liquidity.

The capital risk management policy remains unchanged from the prior year.

Accounting policy

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Reserves

	2024 $ 000	2023 $ 000
Common control reserve	**(1,307)**	(1,307)
Foreign currency translation reserve	**(15,566)**	(6,738)
Share-based payments reserve	**38,979**	34,902
Profit reserve	**104,667**	104,667
Other reserves	**2,002**	2,002
Total reserves	**128,775**	133,526

Movement in each category of reserves are as follows:

Note 23. Equity (continued)

	Common control reserve $ 000	Foreign currency translation reserve $ 000	Share-based payments reserve $ 000	Profits reserve $ 000	Other reserves $ 000	Total $ 000
Balance at 1 January 2024	**(1,307)**	**(6,738)**	**34,902**	**104,667**	**2,002**	**133,526**
Foreign currency translation	**-**	**(8,828)**	**-**	**-**	**-**	**(8,828)**
Share-based payments	**-**	**-**	**4,077**	**-**	**-**	**4,077**
Balance at 31 December 2024	**(1,307)**	**(15,566)**	**38,979**	**104,667**	**2,002**	**128,775**
Balance at 1 January 2023	(1,307)	(8,019)	29,211	106,267	2,002	128,154
Foreign currency translation	-	1,281	-	-	-	1,281
Unrealised loss on investment	-	-	-	(1,600)	-	(1,600)
Share-based payments	-	-	5,691	-	-	5,691
Balance at 31 December 2023	**(1,307)**	**(6,738)**	**34,902**	**104,667**	**2,002**	**133,526**

Common control reserve

The reserve represents the difference between the consideration transferred by the Company for the acquisition of commonly controlled entities and the existing book value of those entities immediately prior to the acquisition.

Foreign currency translation reserve

The reserve is used to recognise exchange differences arising from translation of the financial statements of foreign operations to US dollars.

Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees as part of their remuneration.

Profits reserve

The Profits reserve represents current year profits transferred to a reserve to quarantine these profits from being appropriated against present or prior year losses. Any profits are available for the payment of future dividends.

Other reserves

This reserve represents the equity settled portion of contingent consideration together with any capital raising expenses that are allocated to equity, in connection with the acquisition of Butler Hill.

Accumulated losses

	2024 $ 000	2023 $ 000
Accumulated losses at the beginning of the period	**(361,164)**	(243,085)
Loss after income tax for the period	**(20,009)**	(118,079)
Accumulated losses at the end of the period	**(381,173)**	(361,164)

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Note 24. Financial risk management

The key financial risks faced by the Group are market risks (including foreign currency exchange risk, price risks and interest rate risk), credit risks and liquidity risk.

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group regularly reviews these risks and related policies to manage the use of financial instruments in mitigating the overall risk exposures to an acceptable level, as summarised below.

Risk	Exposure	Measurement	Management
Market risk – Foreign currency exchange	• Non-USD payments to suppliers • Non-USD receipts from customers	Cash flow forecast and sensitivity analysis	• Economic hedges • Treasury foreign exchange hedging policy
Credit risk	• Cash at bank • Trade and other receivables • Derivative contracts	Ageing analysis and sensitivity analysis	• Customer and supplier due diligence policies • Treasury policy over financial instrument counterpart's credit rating
Liquidity risk	• Borrowings • Lease liabilities • Trade payables and other liabilities	Cash flow forecast and sensitivity analysis	• Regular cash flow forecast • Cash and credit facility management • Maintain funding flexibility

The Chief Financial Officer retains overall responsibility for management of financial risks for the Group under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits.

Market risk

Foreign currency exchange

The Group's exposure is limited considering majority of the Group's revenue and assets are denominated in US dollars (USD), the same as its reporting currency. The Group still has certain transactions in foreign currencies, principally in relation to corporate head office costs and ASX listing associated costs in Australian Dollars (AUD).

Where appropriate, the Group utilises forward foreign exchange contract to mitigate such risks. And as outlined in Note 19. Derivative financial instruments, the Group has stopped extending its derivative contracts upon expiry in 2024, given the limited exposure remained.

Note 24. Financial risk management (continued)

The period-end average exchange rates and reporting date exchange rates applied were as follows:

Group applied foreign exchange rates	Average rate 2024	Average rate 2023	Reporting date rate 2024	Reporting date rate 2023
United States Dollars				
Australian Dollars	**1.5156**	1.5070	**1.6120**	1.4666
United Kingdom Pound Sterling	**0.7824**	0.8019	**0.7978**	0.7854
European Economic and Monetary Union Euro	**0.9242**	0.9236	**0.9628**	0.9060
Hong Kong Dollars	**7.8025**	7.8306	**7.7660**	7.8081
Philippine Pesos	**57.2091**	55.5477	**58.1564**	55.1700
Chinese Yuan	**7.1855**	7.0825	**7.2995**	7.0698
Japanese Yen	**151.3088**	141.3700	**156.8135**	140.9900
Singapore Dollars	**1.3359**	1.3418	**1.3627**	1.3192
Korean Won	**1,375.5**	1,305.4	**1,473.8**	1,293.1
Indian Rupee	**83.6610**	82.5800	**85.6018**	83.04
Canadian Dollars	**1.3695**	1.3493	**1.4373**	1.3247
Vietnamese Dong	**25,125.6**	N/A	**25,481.6**	N/A

Foreign exchange risk recognises financial assets and financial liabilities denominated in a currency that is not the US dollar and the risk is measured using sensitivity analysis.

The carrying amount of the Group's foreign currency denominated financial assets and financial liabilities at reporting date were as follows, excluding intangible and fixed assets, intercompany and other non-monetary balances.

	Financial assets 2024 $000	Financial assets 2023 $000	Financial liabilities 2024 $000	Financial liabilities 2023 $000
Australian Dollars	**15,802**	8,477	**704**	199
United Kingdom Pound Sterling	**1,008**	1,814	**106**	197
European Economic and Monetary Union Euro	**1,116**	1,541	**–**	–
Hong Kong Dollars	**–**	–	**13**	13
Philippine Pesos	**636**	678	**319**	236
Chinese Yuan	**16,276**	13,823	**5,866**	4,861
Japanese Yen	**1,504**	1,999	**123**	198
Singapore Dollars	**148**	319	**–**	–
Korean Won	**1,766**	398	**48**	27
Indian Rupee	**885**	137	**–**	181
Canadian Dollars	**651**	191	**–**	–
Vietnamese Dong	**188**	–	**14**	–
Total	**39,980**	29,377	**7,193**	5,912

Note 24. Financial risk management (continued)

Based on the above exposure, had the US dollar weakened by 10% or strengthened by 10% against these foreign currencies with all other variables held constant, the impact on the Group's profit/loss before tax for the year (excluding translation difference for consolidation purpose) and on the Group's equity would have been as follows:

		USD strengthened		USD weakened	
2024	**change %**	**Effect on profit before tax $000**	**Equity $000**	**Effect on profit before tax $000**	**Equity $000**
Australian Dollars	**10%**	**-**	**(1,510)**	**-**	**1,510**
United Kingdom Pound Sterling	**10%**	**(6)**	**(90)**	**6**	**90**
European Economic Monetary Union Euro	**10%**	**(62)**	**(112)**	**62**	**112**
Hong Kong Dollars	**10%**	**-**	**1**	**-**	**(1)**
Philippine Pesos	**10%**	**-**	**(32)**	**-**	**32**
Chinese Yuan	**10%**	**-**	**(1,041)**	**-**	**1,041**
Japanese Yen	**10%**	**(6)**	**(138)**	**6**	**138**
Singapore Dollars	**10%**	**(15)**	**(15)**	**15**	**15**
Korean Won	**10%**	**-**	**(157)**	**-**	**157**
Indian Rupee	**10%**	**-**	**(54)**	**-**	**54**
Canadian Dollars	**10%**	**-**	**(65)**	**-**	**65**
Vietnamese Dong	**10%**	**-**	**(17)**	**-**	**17**
Total		**(89)**	**(3,230)**	**89**	**3,230**

2023					
Australian Dollars	10%	-	(828)	-	828
United Kingdom Pound Sterling	10%	(21)	(162)	21	162
European Economic Monetary Union Euro	10%	(16)	(154)	16	154
Hong Kong Dollars	10%	-	1	-	(1)
Philippine Pesos	10%	-	(44)	-	44
Chinese Yuan	10%	-	(896)	-	896
Japanese Yen	10%	(7)	(180)	7	180
Singapore Dollars	10%	(31)	(32)	31	32
Korean Won	10%	-	(35)	-	35
Indian Rupee	10%	-	4	-	(4)
Canadian Dollars	10%	-	(19)	-	19
Total		(75)	(2,345)	75	2,345

The percentage change is the expected overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations taking into consideration movements over the last 12 months each year and the spot rate at each reporting date.

Price risk

The Group holds an insignificant amount of cryptocurrency assets which, prima facie, may be subject to price risk. Cryptocurrency was part of the acquired Quadrant's business operations, as it was used to pay geolancers and some suppliers, as it allowed real-time settlement and micropayments with no incremental fees.

Cryptocurrency assets are classified as inventory and valued in these financial statements at the lower of cost and net realisable value.

Interest rate risk

The Group has limited interest rate risk exposure as it no longer hold any long-term borrowings.

Note 24. Financial risk management (continued)

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The Group obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Group does not hold any collateral.

Generally, trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan and a failure to make contractual payments for a period greater than one year.

Liquidity risk

Liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

As at 31 December 2024, the Group held cash and cash equivalents of $54.8 million (2023: $32.2 million).

Maturity of financial liabilities are summarised below, based on the contractual undiscounted cash flows. Balances due within 1 year equal their carrying values considering the discounting impact is insignificant.

	Contractual maturities					
2024 $000	**< 1 year**	**1-2 years**	**2- 5 years**	**> 5 years**	**Total cash flows**	**Total carrying value**
Non-derivatives						
Non-interest bearing						
Trade payables	**14,083**	**-**	**-**	**-**	**14,083**	**14,083**
Other payables	**14,111**	**-**	**-**	**-**	**14,111**	**14,111**
Interest-bearing - fixed rate						
Lease liability [1]	**3,794**	**3,147**	**4,748**	**-**	**11,689**	**11,040**
Total non-derivatives	**31,988**	**3,147**	**4,748**	**-**	**39,883**	**39,234**

	Contractual maturities					
2023 $000	**< 1 year**	**1-2 years**	**2- 5 years**	**> 5 years**	**Total cash flows**	**Total carrying value**
Non-derivatives						
Non-interest bearing						
Trade payables	13,573	-	-	-	13,573	13,573
Other payables	13,659	-	-	-	13,659	13,659
Interest-bearing - fixed rate						
Lease liability [1]	3,323	2,636	7,519	522	14,000	12,434
Total non-derivatives	30,555	2,636	7,519	522	41,232	39,666

1 Includes interest, weighted average at 5.87% (2023: 6.24%).

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Other information

Note 25. Contingent liabilities

The Group has provided security for bank guarantees regarding contractual obligations on commercial real estate leases. The total amount is A$134,000 as at 31 December 2024 (2023: A$134,000).

The Company is a party to the Deed of Cross Guarantee entered into with various Group entities. The operation of the Deed of Cross Guarantee has the effect of joining the Company as a guarantor to the Group's commitments and contingencies. Further details are disclosed in Note 28. Deed of cross guarantee.

Note 26. Parent entity information

The Group's parent entity is Appen Limited, and its supplementary information are as follows:

Statement of profit or loss

	2024 $ 000	2023 $ 000
Profit/(loss) after income tax	**(24,523)**	**(4,388)**

Statement of financial position

	2024 $ 000	2023 $ 000
Total current assets	**13,960**	2,848
Total assets	**114,544**	122,745
Total current liabilities	**230**	1,468
Total liabilities	**230**	1,468
Net assets	**114,314**	**121,277**
Equity		
Issued capital	**366,714**	320,435
Translation reserve	**(125,973)**	(89,220)
Share-based payments reserve	**38,979**	34,902
Profits reserve	**(39,659)**	(43,616)
Other reserves	**2,002**	2,002
Accumulated losses	**(127,749)**	(103,226)
Total equity	**114,314**	**121,277**

The accounting policies of the parent entity are consistent with those of the Group, except for that investments in subsidiaries are measured at cost in the parent entity.

The parent entity had a deed of cross guarantee in relation to the debtors of its subsidiaries in the prior year and as at 31 December 2024. Further information are disclosed in Note 28. Deed of cross guarantee.

The parent entity had no contingent liabilities and no significant capital commitments as at 31 December 2024.

Note 27. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 2. Basis of preparation.

		Interest %	
Entity	**Country of incorporation**	**2024**	**2023**
Appen AI Pty Ltd	Australia	**100%**	100%
Appen Financial Services Pty Ltd	Australia	**100%**	100%
Appen AI Inc [1]	United States of America	**100%**	100%
Crowdgen, Inc. [3]	United States of America	**100%**	100%
RaterLabs Inc.	United States of America	**100%**	100%
Figure Eight Technologies Inc.	United States of America	**100%**	100%
Figure Eight Federal LLC	United States of America	**100%**	100%
Appen AI Europe Limited [1]	Ireland	**100%**	100%
Appen (UK) Limited [1]	United Kingdom	**100%**	100%
Mendip Media Group Limited	United Kingdom	**100%**	100%
Appen Data Technology (Shanghai) Co. Ltd	China	**100%**	100%
Beijing Appen Technology Co., Ltd [4]	China	**100%**	100%
Appen Technology (Wuxi) Co. Ltd	China	**100%**	100%
Appen Data Technology (Chongqing) Co., Ltd.	China	**100%**	100%
Appen Data Technology (Huainan) Co. Ltd [2]	China	**100%**	N/A
Appen Butler Hill Limited [1]	Hong Kong	**100%**	100%
Appen Limited Korea [1]	Korea	**100%**	100%
Appen Japan Pty Ltd [1]	Japan	**100%**	100%
Quadrant Pte Ltd [1]	Singapore	**100%**	100%
Quadrant Protocol Ltd	British Virgin Islands	**100%**	100%
Appen Canada Limited [1]	Canada	**100%**	100%
Appen AI India Private Limited [1]	India	**100%**	100%
APPEN VIET NAM CO.,LTD [1,2]	Vietnam	**100%**	N/A

1 Wholly owned subsidiaries of Appen AI Pty Ltd.
2 Newly incorporated legal entities in 2024.
3 Entity name changed from Leapforce, Inc. to Crowdgen, Inc. on 11 November 2024.
4 100% Ownership transferred to Appen Data Technology (Shanghai) Co. Ltd in August 2024.

Note 27. Subsidiaries (continued)

Accounting policy

The consolidated financial report incorporates all of the assets, liabilities and results of Appen Limited and all of the subsidiaries. Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date control is obtained by the Group. Acquisition of subsidiaries are accounted for using the acquisition method of accounting. A change in ownership interest without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised as directly attributable to the parent.

The consolidation of a subsidiary is discontinued from the date control ceases. When the Group loses control over a subsidiary, it de-recognises the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost. Intercompany transactions, balances and unrealised gains or losses on transactions between Group members/subsidiaries are fully eliminated on consolidation. Accounting policies of subsidiaries are regularly reviewed and adjusted where necessary to ensure uniformity of the accounting policies adopted by the Group.

Note 28. Deed of Cross Guarantee

The following subsidiaries together with the parent entity are parties to a Deed of Cross Guarantee under which each party has guaranteed to pay any deficiency in the event of the winding up of any of the members in the Closed Group. By entering into the Deed, the wholly-owned entities have been relieved from the requirement to prepare a financial report and directors' report under ASIC Corporations (Wholly-owned companies) Instrument 2016/785.

- Appen AI Pty Ltd
- Appen Financial Services Pty Ltd

Note 28. Deed of Cross Guarantee (continued)

The consolidated statement of profit or loss and financial positions of the entities that are members of the Closed Group is as follows:

Statement of profit or loss and other comprehensive income

	2024 $ 000	2023 $ 000
Revenue	**17,836**	43,883
Expenses		
Crowd service costs	**(1,520)**	(3,765)
Employee expenses	**(12,970)**	(17,818)
Recruitment costs	**(286)**	(754)
Professional fees	**(1,532)**	(2,288)
Information technology costs	**(1,301)**	(1,591)
Communication and travel expenses	**(693)**	(1,020)
Other expenses	**(5,382)**	(7,343)
Depreciation and amortisation	**(1,751)**	(3,508)
Share-based payments expense	**(1,094)**	(1,578)
Net foreign exchange gain/(loss)	**5,249**	(2,873)
Transaction costs	**(134)**	(519)
Restructure costs	**(207)**	(1,959)
Finance costs	**(255)**	(660)
Deemed interest on earn-out liability	**-**	(354)
Earn-out adjustment	**-**	15,994
Impairment	**-**	(4,079)
Profit/(loss) before income tax	**(4,040)**	9,768
Income tax expense	**(3)**	(37)
Profit/(loss) after income tax	**(4,043)**	9,731
Other comprehensive income/(expense)		
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation	**(16,446)**	6,530
Other comprehensive income for the period, net of tax	**(16,446)**	6,530
Total comprehensive profit/(loss) for the period	**(20,489)**	16,261

Note 28. Deed of Cross Guarantee (continued)

Statement of financial position

	2024 $ 000	2023 $ 000
Assets		
Current assets		
Cash and cash equivalents	**44,475**	2,842
Trade and other receivables	**9,665**	3,788
Contract assets	**6,245**	3,774
Inventory	**1,069**	1,069
Prepayments and other assets	**2,013**	2,768
Income tax receivables	**2,153**	1,760
Derivative financial instruments	**-**	104
Total current assets	**65,620**	16,105
Non-current assets		
Prepayments and other assets	**232**	14
Intangible assets	**5,011**	7,251
Plant and equipment	**233**	157
Lease right of use assets	**-**	756
Deferred tax assets	**6,647**	7,251
Investments	**3,095**	3,095
Intercompany transactions	**121,798**	148,523
Total non-current assets	**137,016**	167,047
Total assets	**202,636**	183,152
Liabilities		
Current liabilities		
Trade and other payables	**3,520**	4,254
Provisions	**741**	777
Contract liabilities	**5,032**	4,698
Lease liabilities	**901**	966
Total current liabilities	**10,194**	10,695
Non-current liabilities		
Trade and other payables	**320**	306
Lease liabilities	**2,201**	3,453
Earn-out liability	**-**	3,750
Deferred tax liabilities	**2,694**	3,511
Total non-current liabilities	**5,215**	11,020
Total liabilities	**15,409**	21,715
Net assets	**187,227**	161,437
Equity		
Issued capital	**366,714**	320,435
Reserves and retained earnings	**(179,487)**	(158,998)
Total equity	**187,227**	**161,437**

Note 29. Related party transactions

Parent entities
Appen Limited is the parent entity. Supplementary information of the parent entity is disclosed in Note 26.

Subsidiaries
Interests in subsidiaries are set out in Note 27.

Key management personnel compensation
The aggregate remuneration received/receivable by the Directors and other key management personnel of the Group is as follows:

	2024 $	2023 $
Short-term benefits	**2,390,705**	1,750,025
Post-employment benefits	**21,646**	21,195
Termination payments	**588,160**	259,535
Long-term benefits	**18,189**	78,973
Share-based payments	**414,954**	2,634,705
Total compensation	**3,433,654**	**4,744,433**

Loans to/from related parties
There were no formal loans to or from related parties during the year or the prior year.

Note 30. Share-based payments

The Group provides benefits to employees (including key management personnel) of the Group through share-based incentives. Employees are paid for their services or incentivised for their performance in part through shares or rights over shares. These share-based payments are settled via equity and the expense arising from these transactions is recorded and disclosed in the consolidated statement of profit or loss.

Performance rights – Long-term incentive plan
Appen has an established employee performance rights plan, designated to provide an incentive to senior managers and above (including executive directors) to deliver long-term shareholder returns. Under the plan, participants are granted performance rights which only vest if certain performance conditions are met.

LTI for executive KMP is 100% performance and service hurdle-based which aligns with Australian market practice. Vesting is subject to Absolute Total Shareholder Return (aTSR) targets over a three-year performance period. Further details can be found in the remuneration report.

LTI for other executives is tailored to the North American market and the vesting is 50% time-based and 50% performance based over a two-year period.

Note 30. Share-based payments (continued)

The vesting levels for the achievement of targets are summarised as follows:

Absolute TSR[1] over the performance period	% of Rights that vest
TSR is below 190%	Nil
TSR is 190%	50%
TSR is between 190% and 320%	Pro-rata straight line vesting between 50% and 100%
TSR is greater than or equal to 320%	100%

1 Absolute Total Shareholder Return (ATSR) is defined as growth in the price of shares (modified to account for capital adjustments where appropriate) together with the value of the dividends over the performance period, assuming that all those dividends are re-invested into new shares. ATSR is measured over the three-year vesting period.

LTI is also granted to non-executive employees on a discretionary basis and the vesting is dependent on continued employment with the Group.

The rights are granted on various dates in a year, based on a specified monetary value to each recipient and a share price at the time the offer is determined. There was no exercise price applicable and no expiry date applicable upon granting the rights.

The fair value of rights is deemed to be the function of the number of rights granted and the share price at grant date. The fair value is then recognised in consolidated statement of profit or loss over time, to match to each employee's vesting hurdles. Upon cessation of employment, unvested rights are forfeited and the expense recognised in prior periods in respect of forfeited rights is credited to the consolidated statement of profit or loss.

The following tables set out an overview of all performance rights granted under the existing plans:

Year ended 31 December 2024 Plans and number of rights	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
2019	723	–	–	–	723
2020	16,603	–	(2,816)	(4,855)	8,932
2021	403,188	–	(238,739)	(136,922)	27,527
2022	925,051	–	(355,473)	(192,508)	377,070
2023	11,919,817	2,598,175	(3,740,651)	(5,838,560)	4,938,781
2024	–	21,682,936	(336,839)	(1,373,949)	19,972,148
	13,265,382	**24,281,111**	**(4,674,518)**	**(7,546,794)**	**25,325,181**

Year-ended 31 December 2023 Plans and number of rights					
2019	121,459	–	(2,640)	(118,096)	723
2020	227,448	–	(72,117)	(138,728)	16,603
2021	583,641	–	(16,266)	(164,187)	403,188
2022	3,830,336	–	(921,818)	(1,983,467)	925,051
2023	–	18,346,408	(277,041)	(6,149,550)	11,919,817
	4,762,884	**18,346,408**	**(1,289,882)**	**(8,554,028)**	**13,265,382**

The weighted average remaining contractual life of performance rights outstanding at the end of the financial year was 1.33 years (2023:1.33 years).

The total share-based payment expense recognised in 2024 was $4.1 million (2023: $5.7 million).

Note 30. Share-based payments (continued)

Accounting policy

The grant date fair value of equity-settled share-based payment arrangements granted to employees is generally recognised as an expense, with a corresponding increase in equity – share-based payment reserve, over the vesting period of the awards.

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects the extent to which the vesting period has expired and the proportion of the awards that are expected to ultimately vest.

No expense is recognised for awards that do not ultimately vest due to a non-market performance condition not being met. The expense is recognised in full if the awards do not vest (or are not exercised) due to a market performance condition not being met.

For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and accrual outcomes.

Note 31. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by KPMG, the auditor of the Company, and its network firms:

	2024 $	2023 $
Audit and review services		
Audit or review of the financial statements – Group	**295,622**	365,435
Audit of the financial statements – controlled entities	**26,600**	25,145
Total audit services	**322,222**	390,580
Other services		
Tax compliance services – transfer pricing	**28,231**	86,262
Other assurance services	**5,655**	238,395
Total non-audit services	**33,886**	324,657
Total audit and non-audit services	**356,108**	715,237

Note 32. 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.

Consolidated entity disclosure statement

as at 31 December 2024

Entity	Body corporate, partnership or trust	Country of incorporation	% of capital held	Australian or Foreign tax resident	Jurisdiction for Foreign tax resident
Appen Limited	Body Corporate	Australia	N/A	Australian	N/A
Appen AI Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Appen Financial Services Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Appen AI Inc	Body Corporate	USA	100%	Foreign	USA
Crowdgen, Inc	Body Corporate	USA	100%	Foreign	USA
RaterLabs Inc.	Body Corporate	USA	100%	Foreign	USA
Figure Eight Technologies Inc.	Body Corporate	USA	100%	Foreign	USA
Figure Eight Federal LLC	Body Corporate	USA	100%	Foreign	USA
Appen AI Europe Limited	Body Corporate	Ireland	100%	Foreign	Ireland
Appen (UK) Limited	Body Corporate	UK	100%	Foreign	UK
Mendip Media Group Limited	Body Corporate	UK	100%	Foreign	UK
Appen Data Technology (Shanghai) Co. Ltd	Body Corporate	China	100%	Foreign	China
Beijing Appen Technology Co., Ltd	Body Corporate	China	100%	Foreign	China
Appen Technology (Wuxi) Co. Ltd	Body Corporate	China	100%	Foreign	China
Appen Data Technology (Chongqing) Co., Ltd.	Body Corporate	China	100%	Foreign	China
Appen Data Technology (Huainan) Co. Ltd	Body Corporate	China	100%	Foreign	China
Appen Butler Hill Limited	Body Corporate	Hong Kong	100%	Foreign	Hong Kong
Appen Limited Korea	Body Corporate	Korea	100%	Foreign	Korea
Appen Japan Pty Ltd	Body Corporate	Japan	100%	Foreign	Japan
Quadrant Pte Ltd	Body Corporate	Singapore	100%	Foreign	Singapore
Quadrant Protocol Ltd	Body Corporate	British Virgin Islands	100%	Foreign	British Virgin Islands
Appen Canada Limited	Body Corporate	Canada	100%	Foreign	Canada
Appen AI India Private Limited	Body Corporate	India	100%	Foreign	India
APPEN VIET NAM CO.,LTD	Body Corporate	Vietnam	100%	Foreign	Vietnam

Basis of preparation

This consolidated entity disclosure statement (CEDS) has been prepared in accordance with the *Corporations Act 2001* and includes information for each entity that was part of the consolidated entity as at the end of the financial year in accordance with AASB 10 *Consolidated Financial Statements*.

Determination of tax residency

Section 295 (3A)(vi) of the *Corporation Act 2001* defines tax residency as having the meaning in the *Income Tax Assessment Act 1997*. The determination of tax residency involves judgement as there are different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

In determining tax residency, the consolidated entity has applied the following interpretations:

- **Australian tax residency**
  The consolidated entity has applied current legislation and judicial precedent, including having regard to the Tax Commissioner's public guidance in *Tax Ruling TR 2018/5*.
- **Foreign tax residency**
  Where necessary, the consolidated entity has used independent tax advisers in foreign jurisdictions to assist in its determination of tax residency to ensure applicable foreign tax legislation has been complied with.

Branches (permanent establishments)

Foreign branches of Australian subsidiaries are not separate level entities and therefore do not have a separate residency for Australian tax purposes. Generally, the Australian subsidiary that the branch is a part of will be the relevant tax resident, rather than the branch operations.

Additional disclosures on the tax status of Australian subsidiaries having a foreign branch with a taxable presence in that jurisdiction have been provided where relevant.

Directors' declaration

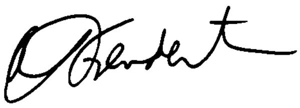
In the Directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2024 and of its performance for the financial year ended on that date;
- the consolidated entity disclosure statement as at 31 December 2024 is true and correct;
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 28 to the financial statements.

The directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.

On behalf of the Directors



Richard Freudenstein
Director

26 February 2025

Independent auditor's report

to the shareholders of Appen Limited

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of Appen Limited (the Company).

In our opinion, the accompanying Financial Report of the Company gives a true and fair view, including of the ***Group***'s financial position as at 31 December 2024 and of its financial performance for the year then ended, in accordance with the *Corporations Act 2001*, in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Consolidated statement of financial position as at 31 December 2024
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended
- Consolidated entity disclosure statement and accompanying basis of preparation as at 31 December 2024
- Notes, including material accounting policies
- Directors' Declaration.

The ***Group*** consists of the Company and the entities it controlled at the year end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with 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 Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

This matter was addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Recognition of revenue from contracts with customers ($234.3m)

Refer to Notes 4 and 11 to the Financial Report

The key audit matter

The Group derives the majority of its revenue from providing platform and tools to subscription customers for a specified period of time, and delivering collected, annotated and evaluated data.

The Group's policy is to recognise this revenue over time using the stage of completion method, as the customer receives and uses the services, and as the required data is delivered and accepted by the customer.

Recognition of revenue from contracts with customers is considered to be a key audit matter due to:

- The significance of revenue to the Group's financial statements; and
- The high volume of contracts spanning the year end requiring the Group to make manual adjustments to recognise revenue and related contract assets and liabilities.

This resulted in significant audit effort for us to assess the revenue recorded by the Group in its financial statements, and the basis for manual adjustments made, in particular to revenue and contract assets, which may be prone to a greater risk of error at the year end.

How the matter was addressed in our audit

Our procedures included:

- We assessed the appropriateness of the Group's accounting policies for revenue recognition against the requirements of the accounting standards and our understanding of the business.
- We obtained an understanding of and tested key internal controls related to the recognition of revenue, such as Management's review and approval of invoices and contracts and Management's review of stage of completion for revenue recognition.
- We tested a sample of revenue transactions recorded by the Group throughout the year.

  We checked the:

  - existence of the underlying arrangement to signed contracts with customers; and
  - stage of completion and amount of revenue recognised to customer acknowledgements of the services provided and data delivered (customer acknowledgements).
- We tested a sample of revenue transactions recognised by the Group either side of the year end (including manual adjustments), to underlying records such as, customer acknowledgements to check revenue was recognised in the period when the service was provided and data accepted by the customer.
- We tested a sample of contract assets recorded by the Group at year end, including manual adjustments to recognise contract assets, to underlying records such as customer acknowledgements to check revenue was recognised in the period when the service was provided and data accepted by the customer.
- We evaluated the adequacy of disclosures in the financial report using our understanding obtained from our testing and against the requirements of the accounting standards.

Independent auditor's report

to the shareholders of Appen Limited

Other Information

Other Information is financial and non-financial information in Appen Limited's annual report which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Group, and in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*
- implementing necessary internal control to enable the preparation of a Financial Report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Group, and that is free from material misstatement, whether due to fraud or error
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: https://www.auasb.gov.au/media/bwvjcgre/ar1_2024.pdf

This description forms part of our Auditor's Report.

Independent auditor's report

to the shareholders of Appen Limited

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Appen Limited for the year ended 31 December 2024, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in pages 55 to 71 of the Directors' report for the year ended 31 December 2024.

Our responsibility is to express an opinion as to whether the Remuneration Report complies in all material respects with *Section 300A* of the *Corporations Act 2001*, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

Cameron Slapp
Partner

Sydney
26 February 2025

Additional information

Additional information required under ASX Listing Rule 4.10 and not shown elsewhere in this Annual Report is as follows. The information is current as at 31 January 2025.

Distribution of shareholders

The distribution of issued capital is as follows:

Size of holding	Number of shareholders	Ordinary shares	% of issued capital
100,001 and over	204	164,981,507	63.28
10,001 to 100,000	2,019	55,827,450	21.41
5,001 to 10,000	1,832	13,663,584	5.24
1,001 to 5,000	7,856	18,965,586	7.27
1 to 1,000	24,483	7,297,027	2.80
Total	**36,394**	**260,735,154**	**100.00**

Distribution of performance rights holders

The distribution of unquoted performance rights on issue is as follows:

Size of holding	Number of holders	Unquoted performance rights	% of total rights
100,001 and over	22	21,657,619	86.95
10,001 to 100,000	93	2,824,835	11.34
5,001 to 10,000	42	275,341	1.11
1,001 to 5,000	40	130,614	0.52
1 to 1,000	48	18,523	0.08
Total	**245**	**24,906,932**	**100.00**

The performance rights on issue are unquoted and have been issued under our employee incentive scheme.

Less than marketable parcels of ordinary shares

There are 11,631 shareholders with unmarketable parcels, holding 891,055 shares.

Additional information

Twenty largest shareholders

The names of the twenty largest shareholders of quoted equity securities are as follows:

		Ordinary shares	
		Number held	% of issued capital
1	CITICORP NOMINEES PTY LIMITED	19,642,438	7.53
2	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	17,160,629	6.58
3	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	15,519,784	5.95
4	MR LINPING FU	10,000,000	3.84
5	C & J VONWILLER PTY LTD <VONWILLER FAMILY A/C>	8,600,827	3.30
6	BNP PARIBAS NOMS (NZ) LTD	6,943,217	2.66
7	BNP PARIBAS NOMS PTY LTD	4,632,901	1.78
8	MATTHEW WONG INVESTMENTS (AUS) PTY LTD <MATTHEW WONG INV (AUS) F A/C>	3,961,110	1.52
9	PACIFIC CUSTODIANS PTY LIMITED APX PLANS CTRL A/C	3,741,675	1.44
10	MORGAN STANLEY AUSTRALIA SECURITIES (NOMINEE) PTY LIMITED	3,578,735	1.37
11	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT>	3,520,088	1.35
12	PENG CHENG INVESTMENT PTY LTD <PENG CHENG INVESTMENT A/C>	3,315,625	1.27
13	WARBONT NOMINEES PTY LTD <UNPAID ENTREPOT A/C>	3,292,649	1.26
14	MS BO XU	3,006,576	1.15
15	BNP PARIBAS NOMINEES PTY LTD <CLEARSTREAM>	2,433,704	0.93
16	ASB NOMINEES LIMITED <145608 A/C>	2,287,888	0.88
17	BNP PARIBAS NOMINEES PTY LTD <BARCLAYS>	2,134,245	0.82
18	QY LONG RIVER PTY LTD	2,106,326	0.81
19	MS HUA LU	1,961,042	0.75
20	MR GUOXIN HU	1,450,000	0.56
		119,289,459	**45.75**
Remaining quoted equity securities		**141,445,695**	**54.25**
Total quoted equity securities		**260,735,154**	**100.00**

Unquoted equity securities

The Company had the following unquoted securities on issue as at 31 January 2025:

	Number on issue	Number of holders
Performance rights	24,906,932	245

Additional information

Substantial shareholders

The names of the substantial shareholders as disclosed in notices submitted to the ASX as at 31 January 2025 are:

	Ordinary shares	
Shareholder	**Number held**	**% of issued capital**
C & J VONWILLER PTY LTD	8,600,827	3.30

Restricted securities

The Company had no restricted securities on issue as at 31 January 2025.

Voting rights

In accordance with the Constitution each member present at a meeting whether in person, or by proxy, or by power of attorney, or a duly authorised representative in the case of a corporate member, shall have one vote on a show of hands, and one vote for each fully paid ordinary share, on a poll.

Holders of performance rights have no voting rights.

On-market buy-backs

There is no current on-market buy-back in relation to the Company's securities.

Materiality assessment

This year, our materiality assessment followed a robust three-step process to ensure alignment with strategic objectives and evolving business priorities.

Identify	We identified material issues by examining Appen's economic, operational, and societal impacts, alongside associated risks. This process incorporated: 1 Emerging and existing strategic challenges: Including technology advancements like generative AI and evolving workforce dynamics. 2 Market signals: Trends and developments in policy and other market factors impacting Appen's operations and reputation. 3 Risk landscape evolution: Assessment of key and emerging risks critical to sustaining business resilience. 4 Stakeholder insights: Feedback from contributors, customers, investors, and internal teams captured through ongoing engagement.
Evaluate	We evaluate each material issue based on its importance to Appen's business and to our stakeholders. We typically engage with each stakeholder group during the year through many forums such as face-to-face and virtual meetings, surveys and by responding to queries and concerns. Through this process we have identified 28 material issues on which we report. We have also identified and reported on other important issues and risks that are of interest to our stakeholders.
Review and report	Our risk, trust, and safety team, senior management, and the Board reviewed the material issues to ensure alignment with our business strategy and risk management framework. Material issues guide our reporting and are embedded into our operational measures, allowing us to track progress and drive results across our six value drivers. Additionally, identified risks are integrated into relevant risk registers, ensuring a proactive approach to both opportunity capture and risk mitigation.

Value driver	2024 material issues	Associated risk	Page reference
Technology, processes and systems	• Data security and governance • Cyber security • Technology innovation • Protection of intellectual property • Managing technology disruptions and business continuity • Platform availability • Ethical and responsible deployment of Generative AI	• Investment in technology innovation and transformation • Compliance with security privacy and other data regulations	12–14
Our people	• Culture and engagement • Diversity, equity and inclusion • Talent attraction and retention • Wellbeing and safety • Workplace training and development	• Talent strategy and employee value proposition	25–27
Customer and brand	• Customer experience and satisfaction • Innovative customer solutions • Customer concentration • Crowd integrity	• Changing customer strategy and needs • Ability to execute on operational requirements • Crowd supply meets customer demand	22–24
Financial	• Sustainable earnings • Ongoing customer demand for data • Evolution of the AI market	• Strategic direction of business: – Capture potential of generative AI	28–32
Crowd, social and environment	• Fair pay, treatment and wellbeing • Crowd diversity and inclusion • Responsible AI • Environmental impact and climate change • Corporate Governance • Corporate citizenship and reputation • Labour and Human rights • Supply chain management • Wellbeing of crowd workers on high-risk projects, including content moderation	• Crowd conditions • Compliance with legal, statutory and ethical obligations • Environmental, social and governance (ESG) risks and performance	15–21

Prioritised United Nations Sustainable Development Goals

Sustainable Development Goals (SDGs)	Playing our part
9 Industry innovation and infrastructure	Our services support technology development, research and innovation across the globe, many of which are used to increase access to technology in developing countries.
8 Decent work and economic growth	Our work from anywhere model provides income generating opportunities for individuals whose personal circumstances make it difficult for them to access traditional employment. For many communities, the ability to access digital work through our platform has unlocked a new world of possibilities for economic development, skills training, and the ability to participate in the digital economy.
10 Reduced inequalities	We believe in digital equality through responsible AI practices. By ensuring training data is representative of the real world this reduces the potential for technology to introduce further bias and discrimination to underrepresented and marginalised communities. Our diverse global crowd is fundamental to ensuring this and we continue to invest in research to ensure that our crowd reflects the real world.
5 Gender equality	We believe in opportunities for all and embed this in our day-to-day practices as guided by our Diversity Policy. We have a 50% gender balance across our board and targeting an increase to female representation in our senior management team.
13 Climate action	We believe we can help drive the global net zero agenda by playing our part and have committed to the following: • Net zero across our operations and supply chain by 2030 • Becoming a signatory to the SBTi

Non-financial data metrics

People

Employee Engagement[1]

	2021	2022	2023	2024
Score (%)	76	78	75	**79**

1 Measures the likelihood of full time permanent employees (including those in PEOs) referring a friend or colleague to Appen based on their employee experience. The scale is a 5 point Likert resulting in 1–2 Detractor, 3 Passive and 4–5 Promoter. NPS is calculated by subtracting the % of total detractors from the % of total promoters. Survey results are provided by Workday Peakon.

Training hours[1]

	2021	2022	2023	2024
Total training hours	32,527	41,665	35,156	**29,280**

1 Data from Appen University.

Mandatory training completion rates[1]

	2021	2022	2023	2024
Compliance courses (%)	91	91	95	**90**

1 Data from Appen University.

Employee demographics – gender[1]

	2021	2022	2023	2024
Female				
Overall workforce (%)	58	57	55	**57**
Board director (%)	50	50	50	**50**
Executive Team/SVP (%)	30	30	22	**23**
Vice President (%)	28	32	35	**57**
Senior Director (%)	53	63	47	**36**
Director (%)	41	45	40	**50**
Manager (%)	60	57	61	**56**
Male				
Overall workforce (%)	42	43	45	**43**
Board director (%)	50	50	50	**50**
Executive Team/SVP (%)	70	70	78	**77**
Vice President (%)	72	68	65	**43**
Senior Director (%)	47	37	53	**64**
Director (%)	59	55	60	**50**
Manager (%)	40	43	39	**44**

1 HR report for all employees generated from Workday. Refer to link www.appen.com/about-us for Board of directors.

Non-financial data metrics

Employee demographics – ethnicity [1]

US Only

Breakdown	2023 Share of total workforce (%)	2023 Share in all mgmt. positions (%)	2024 Share of total workforce (%)	2024 Share in all mgmt. positions (%)
Asian	18.1	13.2	**10.2**	**18.6**
Black or African American	0.6	0.0	**4.6**	**3.4**
Hispanic or Latino	3.6	4.0	**3.7**	**6.8**
White	59.5	65.7	**57.9**	**52.5**
Indigenous or Native	0.0	0.0	**0.5**	**0.0**
Other	4.8	6.6	**5.6**	**8.5**
Not disclosed	13.4	10.5	**17.6**	**10.2**

All regions

Breakdown	2023 Share of total workforce (%)	2023 Share in all mgmt. positions (%)	2024 Share of total workforce (%)	2024 Share in all mgmt. positions (%)
Asian	41.5	37.9	**36.7**	**39.1**
Black or African American	0.1	0.0	**1.2**	**0.7**
Hispanic or Latino	1.1	1.0	**1.3**	**1.3**
White	19.5	21.2	**20.7**	**15.8**
Indigenous or Native	0.0	0.0	**0.1**	**0.0**
Other	1.6	2.2	**2.2**	**2.6**
Not disclosed	36.2	37.7	**37.8**	**40.5**

1 HR report for all permanent employees generated from Workday.

Crowd

Crowd NPS [1]

	2021	2022	2023	2024
Score (%)	40	31	27	**33**

1 Measures the likelihood of crowd contractors to recommend Appen to a friend or colleague, according to a scale of 1–10 where 10 means extremely likely (0–6 Detractor, 7–8 Passive, 9–10 Promoter). NPS is calculated by subtracting the % of total detractors from the % of total promoters. Scores can range from -100 to +100. Source: Cascade Insights.

Customer

Customer NPS [1]

	2021	2022	2023	2024
Score (%)	Not disclosed	22	35	**57**

1 Measures the likelihood of Customer to recommend Appen to a friend or colleague, according to a scale of 1–10 where 10 means extremely likely (0–6 Detractor, 7–8 Passive, 9–10 Promoter). NPS is calculated by subtracting the % of total detractors from the % of total promoters. Scores can range from -100 to +100. Source: ChurnZero.

Non-financial data metrics

Environment

Geographic distribution of emissions (Scope 1 and 2)[1,2]

	Gas (MWh)	Electricity (MWh)	Electricity -renewable (MWh)	Scope 1 tCO_2e	Scope 2 tCO_2e	Scope 2 (location based) tCO_2e
Australia	–	–	52.0	–	–	37.9
US and Canada	120.0	210.3	–	21.8	44.6	39.9
China, Japan and Vietnam	1,406.7	1,064.6	–	254.9	892.5	892.5
UK	35.6	26.9	65.5	6.5	1.8	13.6
India	–	174.6	–	–	173.0	173.0
Philippines	–	1,309.4	–	–	832.8	832.8
Total	1,562.3	2,785.8	90.6	283.2	1,944.7	1,989.7

1 Greenhouse Gas (GHG) emissions for scope 1 and 2 are calculated based on the GHG Protocol.
2 Electricity and Gas consumptions are based on utility bills (if available) or estimation by leased floor area.

Scope 3[1]

Category	Description	Emissions
Category 1 – Purchased goods and services[2]	Suppliers and Crowd contractors	9,511
Category 5 – Waste generated in operations[3]	Disposal and treatment of waste generated in the company's operations	46
Category 6 – Business travel[4]	Business flights and accommodation	403
Category 7 – Employee commuting[5]	Employees commuting between their homes and their worksites and employees working from home	1,608
Category 8 – Upstream leased assets[6]	Emissions associated with leases such as lifecycle emissions for construction of a leased building	921
Category 11 – Use of sold products[7]	End use of goods and services sold	20

1 Scope 3 categories and GHG emissions are calculated based on GHG Protocol Scope 3 value chain reporting.
2 Estimated emissions based on supplier spend data and crowd contractors' work hours in 2024.
3 Estimated waste generation based on employee attendance in 2024.
4 Based on business travel information retrieved from travel agency Egencia, Navan and credit card bookings. Estimated emissions are calculated using web-based calculators for flight (provided by International Civil Aviation Organisation (ICAO)) and hotel (provided by Greenview).
5 Based on employee attendance in 2024.
6 Lifecycle lease emissions based on annual lease principle payment over the life of the leased assets.
7 Based on carbon footprint report from Amazon Web Service, our third-party cloud service provider.

Technology

	2021	2022	2023	2024
Data privacy breaches (number)[1]	0	0	0	**1**
System availability[2] (%)	99.9	99.9	99.9	**99.9**

1 Based on report from Appen legal team. 2024, one non-material security incident involving and limited to Quadrant, a subsidiary of Appen.
2 Based on report from third-party website monitoring company, StatusCake.

Governance

	2021 $	2022 $	2023 $	2024 $
Political donations[1]	0	0	0	**0**

1 Based on financial data from Workday.

Social

Philanthropic donations[1]

	2021 $	2022 $	2023 $	2024 $
Matched Contributions	Not disclosed	25,953	9,393	**442**
Campaigns	Not disclosed	18,628	8,093	**442**

1 Based on Employee Services Committee (ESC) donation report.

Corporate directory

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Stock exchange listing

Appen Limited shares are listed on the Australian Securities Exchange (ASX code: APX)

Corporate Governance Statement

www.appen.com/investors/corporate-governance

Appen