

## ASX Announcement

28 August 2025

### Appendix 4D and Interim Financial Report

In accordance with ASX Listing Rule 4.2A, Appen Limited (Appen) (ASX:APX) provides the attached Appendix 4D and Interim Financial Report for the half-year ended 30 June 2025.

**Authorised for release by the Board of Appen Limited.**

#### For further information, please contact:

Investor Relations

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#### About Appen

Appen is a global market leader in data for the AI Lifecycle. With over 29 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<sup>1</sup>, in over 200 countries<sup>2</sup>, 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.

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<sup>1</sup> Self-reported.

<sup>2</sup> Self-reported, includes territories.

**Appen Limited**  
**Appendix 4D**  
**Results for announcement to the market**



**Company details**

Name of entity:	Appen Limited
ASX code:	APX
ABN:	60 138 878 298
<b>Reporting period:</b>	<b>For the half-year ended 30 June 2025</b>
Corresponding period:	For the half-year ended 30 June 2024

All monetary references in this Appendix 4D and the attached Interim Report for the half-year ended 30 June 2025, are references in US Dollars (\$ or US\$), unless otherwise stated.

**Results for announcement to the market**

**Half-year ended 30 June 2025**

			<b>\$000</b>
Revenue and other income from ordinary activities	down	9.2% to	103,192
Loss from ordinary activities after tax attributable to the Group	increased	8.5% to	(19,263)
Loss for the period attributable to the owners of the Group	increased	8.5% to	(19,263)

**Dividends**

To ensure appropriate allocation of capital, the Directors have determined not to pay an interim dividend for the half-year ended 30 June 2025.

There is no current dividend reinvestment plan in place.

**Net tangible assets**

	<b>Reporting period Cents</b>	<b>Corresponding period Cents</b>
Net tangible assets per ordinary security	27.79	19.47

Additional information supporting the Appendix 4D disclosures can be found in the Interim Report for the half-year ended 30 June 2025 attached, which has been reviewed by KPMG.

**Appen Limited**

**ABN 60 138 878 298**

**Interim Report - 30 June 2025**

**Appen Limited**  
**Interim Report for the half-year ended 30 June 2025**  
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Directors	Richard Freudenstein - Chairman Ryan Kolln - Chief Executive Officer (CEO) and Managing Director Stuart Davis Steve Hasker Vanessa Liu Robin Low Lynn Mickleburgh Mini Peiris (resigned on 16 May 2025)
Registered office	Level 6, 9 Help Street Chatswood NSW 2067 +61 2 9468 6300 <a href="http://www.appen.com">www.appen.com</a>
Company secretary	Carl Middlehurst
Investor relations	<a href="mailto:investorrelations@appen.com">investorrelations@appen.com</a> <a href="http://www.appen.com/investors">www.appen.com/investors</a>
Shareholder enquiries	MUFG Corporate Markets Locked Bag A14 Sydney South NSW 1235 +61 1300 554 474 <a href="mailto:support@cm.mpms.mufg.com">support@cm.mpms.mufg.com</a> <a href="http://au.investorcentre.mpms.mufg.com">au.investorcentre.mpms.mufg.com</a>
Auditor	KPMG Tower Three International Towers Sydney 300 Barangaroo Avenue Sydney NSW 2000
Stock exchange listing	Appen Limited shares are listed on the Australian Securities Exchange (ASX code: <b>APX</b> )

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the "Group" or "Appen") consisting of Appen Limited (referred to hereafter as the "Company" or "parent entity") and the entities it controlled at the end of, or during, the half-year ended 30 June 2025 ("half-year" or "period").

### Directors

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

Richard Freudenstein - Chairman  
Ryan Kolln - Chief Executive Officer (CEO) and Managing Director  
Stuart Davis  
Steve Hasker  
Vanessa Liu  
Robin Low  
Lynn Mickleburgh  
Mini Peiris (resigned on 16 May 2025)

### Principal activities

Appen is a global market leader in data for the AI Lifecycle. With over 29 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<sup>1</sup>, in over 200 countries<sup>2</sup>, 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.

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;
- **China:** Responsible for capturing share in the China market;
- **Government:** Responsible for serving the emerging AI needs of Government.

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<sup>1</sup> Self-reported.

<sup>2</sup> Self-reported, includes territories.

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 29 years. This enables Appen to deliver a full set of AI data services for deep-learning and generative AI for enterprise customers.

#### **Operating and financial review (OFR)**

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

	Half-year ended 30 June 2025 \$000	Half-year ended 30 June 2024 \$000	Change %
Global Services revenue	42,431	63,595	(33.3%)
New Markets revenue	59,641	49,832	19.7%
Other income	1,120	244	359.0%
<b>Total sales revenue and other income from principal activities</b>	<b>103,192</b>	<b>113,671</b>	<b>(9.2%)</b>
<b>Underlying net loss after tax (NPAT)<sup>1</sup></b>	<b>(12,240)</b>	<b>(11,815)</b>	<b>(3.6%)</b>
<i>Less underlying adjustments (net of tax)</i>			
Amortisation of acquisition-related identifiable intangible assets	(6,266)	(3,072)	
Restructure costs	(705)	(1,991)	
Transaction costs	(46)	(137)	
Acquisition-related and one-time share-based payments	(6)	(738)	
<b>Statutory NPAT</b>	<b>(19,263)</b>	<b>(17,753)</b>	<b>(8.5%)</b>
<i>Add: tax (benefit) / expense</i>	<i>(21)</i>	<i>15</i>	
<i>Add: net interest (income) / expense</i>	<i>(33)</i>	<i>228</i>	
<b>EBIT<sup>2</sup></b>	<b>(19,317)</b>	<b>(17,510)</b>	<b>(10.3%)</b>
<i>Add: depreciation and amortisation</i>	<i>15,511</i>	<i>11,293</i>	
<b>Statutory EBITDA<sup>3</sup></b>	<b>(3,806)</b>	<b>(6,217)</b>	<b>38.8%</b>
<i>Add: underlying adjustments</i>			
Restructure costs	903	2,673	
Transaction costs	66	193	
Acquisition-related and one-time share-based payments	6	738	
<b>Underlying EBITDA<sup>1</sup></b>	<b>(2,831)</b>	<b>(2,613)</b>	<b>(8.3%)</b>
Statutory diluted earnings per share (cents)	(7.31)	(8.06)	
Underlying diluted earnings per share (cents)	(4.65)	(5.37)	
% Statutory EBITDA/sales revenue	(3.7%)	(5.5%)	
% Underlying EBITDA/sales revenue	(2.7%)	(2.3%)	

<sup>1</sup> Underlying results are a non-IFRS measure used by management to assess the performance of the business and have been calculated from statutory measures. Non-IFRS measures have not been subject to audit. Underlying EBITDA excludes restructure costs, transaction costs, and acquisition-related and one-time share-based payments expense.

<sup>2</sup> EBIT is defined as earnings before interest and tax.

<sup>3</sup> EBITDA is EBIT before depreciation and amortisation.



### Overview

Appen delivered \$102.1 million operating revenue in H1 2025. Excluding Google, this was a 2% increase from H1 2024. The China business unit achieved strong revenue growth with a 67% increase to \$42.2 million from \$25.4 million from H1 2024. The strong growth from China was offset by the remainder of the business, impacted by short-term volatility due to the dynamic nature of the US AI market.

Notwithstanding the volatility and dynamic nature of the US AI market, the execution of Appen's near-term strategy will be the enabler in capturing growth.

### Financial performance highlights

- **Group revenue and other income** decreased 9.2% to \$103.2 million (H1 2024: \$113.7 million). Excluding Google, increased 2.9% to \$103.2 million (H1 2024: \$100.3 million).
- **Operating revenue** decreased 10.0% to \$102.1 million (H1 2024: \$113.4 million). Excluding Google, increased 2.0% to \$102.1 million (H1 2024: \$100.0 million).
- **Global services revenue** decreased 33.3% to \$42.4 million (H1 2024: \$63.6 million). Excluding Google, decreased 15.5% to \$42.4 million (H1 2024: \$50.2 million).
- **New Markets revenue** increased 19.7% to \$59.6 million (H1 2024: \$49.8 million).
- **Underlying EBITDA** (before the impact of foreign exchange losses) improved by \$0.1 million to \$2.2 million loss (H1 2024: loss of \$2.3 million).
- **Underlying EBITDA** (including the impact of foreign exchange losses) decreased by \$0.2 million to \$2.8 million loss (H1 2024: loss of \$2.6 million).
- **Underlying net loss after tax** increased by \$0.4 million to \$12.2 million (H1 2024: loss of \$11.8 million).
- **Statutory net loss after tax** increased by \$1.5 million to \$19.3 million (H1 2024: loss of \$17.8 million).
- **Cash balance** as at 30 June 2025 was \$60.9 million and the Group has no debt.
- **Nil dividend** to ensure appropriate allocation of capital.

### Group revenue and customer diversification

Group operating revenue decreased 10.0% to \$102.1 million (H1 2024: \$113.4 million). Excluding Google, operating revenue improved by a modest 2.0% to \$102.1 million (H1 2024: \$100.0 million). The increase reflects strong growth from the China business unit offset by the remainder of the business that was impacted by short-term volatility due to the dynamic nature of the US AI market.

Revenue from New Markets (excluding Global product) represented 51.3% of total revenue, up from 34.3% in H1 2024. During the half, approximately 71.4% (H1 2024: 68.5%) of the Group's revenue was derived from the top five customers.

Excluding Google, generative AI related revenue represented 24.2% of total revenue, up from 14.7% in H1 2024.

### Revenue by operating divisions

**Global Services** revenue decreased 33.3% to \$42.4 million (H1 2024: \$63.6 million), reflecting the impact of the Google contract termination in Q1 2024 and the short-term volatility due to the dynamic nature of the US AI market. Excluding Google, revenue decreased 15.5% to \$42.4 million (H1 2024: \$50.2 million).

**New Markets** revenue increased 19.7% to \$59.6 million (H1 2024: \$49.8 million), driven by strong growth from the China business unit.

### Within New Markets

- China revenue increased 67.0% to \$42.2 million, with annualised revenue run rate exceeding \$100 million in June. Growth was driven by continued traction in generative AI opportunities, with China continuing to support leading LLM model builders. China remains focused on growth and strengthening its position as the leading AI data company in China.

- Global Product revenue decreased 32.9% to \$7.3 million, primarily due to the short-term volatility of the US AI market impacting the timing of large volume short duration LLM projects.
- Enterprise and Government revenue decreased 25.7% to \$10.1 million, driven by lower volumes within existing projects and uncertain timing around new generative AI related spend in Enterprise. Within the Government business unit, the unpredictable political environment in the US has meant that generating meaningful revenue opportunities in the short term is challenging.

### **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 H1 2025 (excluding amortisation) decreased 7.8% to \$9.5 million and represented 9.3% of revenue (H1 2024: \$10.3 million, 9.1% of revenue).

### **Underlying financial performance**

Underlying earnings before interest, tax, depreciation, and amortisation (EBITDA) reduced by \$0.2 million to (\$2.8 million) (H1 2024: (\$2.6 million)).

Before the impact of foreign exchange losses, underlying EBITDA improved by \$0.1 million to (\$2.2 million) (H1 2024 (\$2.3 million)).

Cost of sales, which is predominantly crowd expenses was up as a percentage of revenue at 63.0% compared to 62.3% for H1 2024. This was driven by the customer and project mix.

Operating expenses (excluding share-based payments, transaction costs, restructuring costs, depreciation and amortisation) for H1 2025 decreased 8.3% compared to H1 2024. The decrease reflects prudent cost management.

The Global Services segment reported EBITDA of \$2.1 million down 68.7% from \$6.7 million in H1 2024. The decrease was due to revenue and gross margin impact of the Google contract termination in Q1 2024, and the short-term volatility of the US AI market impacting spend from Global customers.

The New Markets segment EBITDA improved by 49.4% to (\$4.0 million) (H1 2024: (\$7.9 million)). The improvement reflects strong China revenue growth and EBITDA profitability for H1 2025.

Underlying net loss after tax was (\$12.2 million) compared to (\$11.8 million) in H1 2024.

Statutory net loss after tax of (\$19.3 million) (1H 2024: loss of \$17.8 million) includes one-off \$3.3 million accelerated amortisation of intangible assets relating to the Quadrant acquisition, and \$0.7 million restructure costs.

Appen continues to focus on prudent cost management and realising cost efficiencies from the near-term technology innovation and automation strategy.

### **Balance sheet**

Cash balance increased by \$6.1 million to \$60.9 million at 30 June 2025 (31 December 2024: \$54.8 million).

Trade and other receivables were \$34.1 million at 30 June 2025 (31 December 2024: \$46.7 million) and the decrease was primarily driven by timing of collections.

Current liabilities were \$42.3 million at 30 June 2025 (31 December 2024: \$43.9 million), the decrease primarily due to timing of trade creditor payments.

Net assets decreased to \$96.9 million (31 December 2024: \$114.3 million).

**Strategy and focus**

Appen's near-term strategy focuses on delivering improved data quality and speed (unit economics), further bolstering Appen's core business and greater revenue diversification. Elements of the strategy include:

- Enhanced focus on LLM growth
- Operational efficiency & automation
- Accelerate technology innovation
- Grow our team
- Evolve data workforce
- Prudent cost management

**Dividends**

To ensure appropriate allocation of capital, the Directors have determined not to pay an interim dividend for the half-year ended 30 June 2025.

**Matters subsequent to the end of the half-year**

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

**Auditor's Independence declaration**

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

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

On behalf of the Directors



Richard Freudenstein  
Chairman

28 August 2025  
Sydney



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

To the Directors of Appen Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Appen Limited for the half-year ended 30 June 2025 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

Julie Cleary

*Partner*

Sydney

28 August 2025

**Appen Limited**  
**Consolidated statement of profit or loss and**  
**other comprehensive income**  
**For the half-year ended 30 June 2025**

**Appen**

	Note	30 Jun 25 \$000	30 Jun 24 \$000
<b>Revenue</b>			
Revenue from contract with customers	5	102,072	113,427
Other income		720	68
Interest income		400	176
<b>Expenses</b>			
Crowd service costs		(51,218)	(65,412)
Project employee expenses		(13,058)	(5,244)
Employee expenses		(25,546)	(28,198)
Recruitment costs		(1,207)	(1,011)
Professional fees		(2,635)	(3,062)
Information technology costs		(6,403)	(6,554)
Communication and travel expenses		(1,116)	(966)
Other expenses		(3,506)	(4,297)
Depreciation and amortisation	6	(15,511)	(11,293)
Share-based payments expense	6	(259)	(1,746)
Net foreign exchange loss		(681)	(356)
Transaction costs	6	(66)	(193)
Restructure costs		(903)	(2,673)
Finance costs	6	(367)	(404)
<b>Loss before income tax</b>		<b>(19,284)</b>	<b>(17,738)</b>
Income tax benefit / (expense)		21	(15)
<b>Loss after income tax for the period attributable to the owners of the Group</b>		<b>(19,263)</b>	<b>(17,753)</b>
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Loss on fair valued investment		(1,019)	-
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		2,558	(1,030)
Other comprehensive income / (expense) for the period, net of tax		1,539	(1,030)
<b>Total comprehensive loss for the period attributable to the owners of the Group</b>		<b>(17,724)</b>	<b>(18,783)</b>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	13	(7.31)	(8.06)
Diluted earnings per share	13	(7.31)	(8.06)

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

**Appen Limited**  
**Consolidated statement of financial position**  
**As at 30 June 2025**

**Appen**

	Note	30 Jun 25 \$000	31 Dec 24 \$000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		60,865	54,809
Trade and other receivables	7	34,109	46,719
Contract assets	8	15,566	19,717
Inventory		619	672
Prepayments and other assets		3,506	4,864
Income tax receivables		2,689	2,394
<b>Total current assets</b>		<b>117,354</b>	<b>129,175</b>
<b>Non-current assets</b>			
Prepayments and other assets		899	1,220
Investments	11	500	1,432
Intangible assets	9	23,224	30,175
Property, plant and equipment		2,546	2,190
Right of use assets	10	3,748	4,090
Deferred tax assets		2,438	2,309
<b>Total non-current assets</b>		<b>33,355</b>	<b>41,416</b>
<b>Total assets</b>		<b>150,709</b>	<b>170,591</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		24,618	28,194
Provisions		2,282	1,797
Contract liabilities		11,902	10,287
Lease liabilities	10	3,525	3,583
<b>Total current liabilities</b>		<b>42,327</b>	<b>43,861</b>
<b>Non-current liabilities</b>			
Trade and other payables		62	-
Provisions		313	320
Lease liabilities	10	6,368	7,457
Deferred tax liabilities		4,788	4,637
<b>Total non-current liabilities</b>		<b>11,531</b>	<b>12,414</b>
<b>Total liabilities</b>		<b>53,858</b>	<b>56,275</b>
<b>Net assets</b>		<b>96,851</b>	<b>114,316</b>
<b>Equity</b>			
Issued capital	12	366,714	366,714
Reserves		130,573	128,775
Accumulated losses		(400,436)	(381,173)
<b>Total equity</b>		<b>96,851</b>	<b>114,316</b>

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

**Appen Limited**  
**Consolidated statement of changes in equity**  
**For the half-year ended 30 June 2025**

**Appen**

	Issued capital \$000	Reserves \$000	Accumulated losses \$000	Total equity \$000
<b>Balance at 1 January 2025</b>	<b>366,714</b>	<b>128,775</b>	<b>(381,173)</b>	<b>114,316</b>
Loss after income tax expense for the period	-	-	(19,263)	(19,263)
Other comprehensive income, net of tax	-	1,539	-	1,539
Total comprehensive loss for the period	-	1,539	(19,263)	(17,724)
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments	-	259	-	259
<b>Balance at 30 June 2025</b>	<b>366,714</b>	<b>130,573</b>	<b>(400,436)</b>	<b>96,851</b>
	Issued capital \$000	Reserves \$000	Accumulated losses \$000	Total equity \$000
<b>Balance at 1 January 2024</b>	<b>320,435</b>	<b>133,526</b>	<b>(361,164)</b>	<b>92,797</b>
Loss after income tax expense for the period	-	-	(17,753)	(17,753)
Other comprehensive expense, net of tax	-	(1,030)	-	(1,030)
Total comprehensive loss for the period	-	(1,030)	(17,753)	(18,783)
<i>Transactions with owners in their capacity as owners:</i>				
Issue of ordinary shares, net of transaction costs	3,750	-	-	3,750
Share-based payments	-	1,746	-	1,746
<b>Balance at 30 June 2024</b>	<b>324,185</b>	<b>134,242</b>	<b>(378,917)</b>	<b>79,510</b>

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

**Appen Limited**  
**Consolidated statement of cash flows**  
**For the half-year ended 30 June 2025**



	30 Jun 25 \$ 000	30 Jun 24 \$ 000
<b>Cash flows from operating activities</b>		
Receipts from customers (GST inclusive)	122,119	123,343
Payments to suppliers and employees (GST inclusive)	(109,230)	(112,669)
Interest received	400	176
Interest and other finance costs paid	(5)	(11)
Income tax (paid) / received	(131)	601
<b>Net cash from operating activities</b>	<b>13,153</b>	<b>11,440</b>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(893)	(655)
Payments for intangibles	(6,413)	(5,687)
Transaction costs	-	(193)
<b>Net cash used in investing activities</b>	<b>(7,306)</b>	<b>(6,535)</b>
<b>Cash flows from financing activities</b>		
Lease payments	(2,397)	(2,129)
<b>Net cash used in financing activities</b>	<b>(2,397)</b>	<b>(2,129)</b>
Net increase in cash and cash equivalents	3,450	2,776
Cash and cash equivalents at the beginning of the year	54,809	32,152
Effect of foreign exchange rate changes	2,606	(256)
<b>Cash and cash equivalents at the end of the financial half-year</b>	<b>60,865</b>	<b>34,672</b>

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



**Note 1. General information**

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

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

Level 6  
9 Help Street  
Chatswood NSW 2067

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

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 28 August 2025.

**Note 2. Material accounting policies**

These general purpose financial statements for the interim half-year reporting period ended 30 June 2025 have been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

This half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and outlook of the Group as the full-year annual report. It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 31 December 2024 and considered together with any public announcements made by the Group during the half-year to 30 June 2025, in accordance with the continuous disclosure requirements of the ASX Listing Rules and the *Corporations Act 2001*. The accounting policies are consistent with those of the previous financial year and corresponding interim financial period, unless stated otherwise.

***New or amended Accounting Standards and Interpretations adopted***

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

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

***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 half-year ended 30 June 2025 of \$19,263,000 (year to 31 December 2024: \$20,009,000). The Group has net assets of \$96,851,000 (31 December 2024 \$114,316,000) and net current assets of \$75,027,000 (31 December 2024 \$85,314,000).

Cash and cash equivalents at 30 June 2025 were \$60,865,000 (31 December 2024 \$54,809,000). Operating cash inflow for the half-year was \$13,153,000 (year to 31 December 2024 outflow \$664,000).

Investing cash outflow (including product development costs) for the half-year was \$7,306,000 (year to 31 December 2024 \$13,081,000). Financing cash outflow for the half-year was \$2,397,000 (year to 31 December 2024 inflow \$37,739,000).

There are no debt facilities in place.

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.

Management have prepared 18-month cashflow forecasts underpinning the basis of preparation as a going concern.

Based on the cashflow forecasts and the available liquidity, 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 accordingly consider that the Group's financial statements should be prepared on a going concern basis.

### **Note 3. Critical accounting judgements, estimates and assumptions**

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

#### *Share-based payment transactions*

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

#### *Capitalisation of product development costs*

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

### **Note 4. Operating segments**

#### *Identification of operating and reportable operating segments*

Appen'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.

**Appen Limited**  
**Notes to the consolidated financial statements**  
**For the half-year ended 30 June 2025**



**Note 4. Operating segments - continued**

*Segment information*

The following tables show revenue and EBITDA for the reportable segments for the half-year ended 30 June 2025 and 30 June 2024.

<b>30 June 2025</b>	<b>Global Services \$000</b>	<b>New Markets \$000</b>	<b>Corporate unallocated \$000</b>	<b>Total \$000</b>
<b>Revenue</b>	42,431	59,641	-	102,072
Other income	-	336	384	720
Interest	-	-	400	400
<b>Total revenue and other income</b>	<b>42,431</b>	<b>59,977</b>	<b>784</b>	<b>103,192</b>
<b>Segment EBITDA</b>	<b>2,105</b>	<b>(4,007)</b>	<b>-</b>	<b>(1,902)</b>
Share-based payment - employees				(253)
Foreign exchange losses				(676)
<b>Group underlying EBITDA</b>				<b>(2,831)</b>
Depreciation and amortisation				(15,511)
Net interest income				33
Restructure costs				(903)
Acquisition-related share-based payments				(6)
Transaction costs				(66)
<b>Loss before income tax</b>				<b>(19,284)</b>
Income tax benefit				21
<b>Loss after income tax</b>				<b>(19,263)</b>

  

<b>30 June 2024</b>	<b>Global Services \$000</b>	<b>New Markets \$000</b>	<b>Corporate unallocated \$000</b>	<b>Total \$000</b>
<b>Revenue</b>	63,595	49,832	-	113,427
Other income	-	56	12	68
Interest	-	-	176	176
<b>Total revenue and other income</b>	<b>63,595</b>	<b>49,888</b>	<b>188</b>	<b>113,671</b>
<b>Segment EBITDA</b>	<b>6,663</b>	<b>(7,912)</b>	<b>-</b>	<b>(1,249)</b>
Share-based payment - employees				(1,008)
Foreign exchange losses				(356)
<b>Group underlying EBITDA</b>				<b>(2,613)</b>
Depreciation and amortisation				(11,293)
Net interest expense				(228)
Restructure costs				(2,673)
Acquisition-related and one-time share-based payments				(738)
Transaction costs				(193)
<b>Loss before income tax</b>				<b>(17,738)</b>
Income tax expense				(15)
<b>Loss after income tax</b>				<b>(17,753)</b>

**Note 4. Operating segments - continued**

Geographical information	Revenue		Non-current assets	
	30 Jun 25 \$000	30 Jun 24 \$000	30 Jun 25 \$000	31 Dec 24 \$000
Australia	4,867	5,472	3,938	7,351
United States of America	51,871	77,656	18,393	21,452
Other countries	45,334	30,299	11,024	12,613
<b>Total</b>	<b>102,072</b>	<b>113,427</b>	<b>33,355</b>	<b>41,416</b>

Geographical information is represented based on the location of the legal entities who possess the ownership of the assets and the customer contracts.

**Note 5. Revenue**

	30 Jun 25 \$000	30 Jun 24 \$000
Revenue from contract with customers	102,072	113,427

*Disaggregation of revenue*

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

30 June 2025	Global Services \$000	New Markets \$000	Corporate unallocated \$000	Total \$000
Global customers	42,431	7,298	-	49,729
New Markets customers	-	52,343	-	52,343
<b>Total revenue</b>	<b>42,431</b>	<b>59,641</b>	<b>-</b>	<b>102,072</b>

30 June 2024	Global Services \$000	New Markets \$000	Corporate unallocated \$000	Total \$000
Global customers	63,595	10,877	-	74,472
New Markets customers	-	38,955	-	38,955
<b>Total revenue</b>	<b>63,595</b>	<b>49,832</b>	<b>-</b>	<b>113,427</b>

**Note 6. Expenses**

	30 Jun 25 \$000	30 Jun 24 \$000
<b>Depreciation and amortisation:</b>		
<b><i>Depreciation</i></b>		
Plant and equipment	577	918
Right of use assets	1,117	862
<b>Depreciation sub-total</b>	<b>1,694</b>	<b>1,780</b>
<b><i>Amortisation</i></b>		
Systems and software	98	106
Capitalised product development	5,912	5,022
Other intangibles	136	100
<b>Amortisation sub-total</b>	<b>6,146</b>	<b>5,228</b>
<b><i>Amortisation - acquisition-related</i></b>		
Capitalised product development	7,625	4,235
Brand	46	50
<b>Amortisation - acquisition-related sub-total</b>	<b>7,671</b>	<b>4,285</b>
<b>Total depreciation and amortisation</b>	<b>15,511</b>	<b>11,293</b>
<b>Finance costs</b>		
Interest and finance charges paid/payable on lease liabilities	362	393
Other interest and finance charges paid/payable	5	11
<b>Finance costs expensed</b>	<b>367</b>	<b>404</b>
<b><i>Share-based payments</i></b>		
Share-based payment in respect of Appen performance rights	253	1,008
Share-based payment in respect of acquisition and one-time sign-on arrangement <sup>1</sup>	6	738
<b>Total share-based payments expense</b>	<b>259</b>	<b>1,746</b>
<b>Transaction costs</b>		
Non-capitalised equity raising fees and charges	66	-
Other transaction costs	-	193
<b>Total transaction costs</b>	<b>66</b>	<b>193</b>

<sup>1</sup> Prior period comparative 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 7. Current assets - Trade and other receivables**

	30 Jun 25 \$000	31 Dec 24 \$000
Trade receivables	33,140	46,817
Provision for expected credit loss	(1,074)	(1,453)
Net trade receivables	32,066	45,364
Other receivables	825	430
GST/VAT receivable	1,218	925
<b>Total trade and other receivables</b>	<b>34,109</b>	<b>46,719</b>

**Note 8. Current assets - contract assets**

	30 Jun 25 \$000	31 Dec 24 \$000
<b>Contract assets</b>	<b>15,566</b>	<b>19,717</b>

	<i>Movement during the period:</i>	
<b>Balance at the beginning of the period</b>	<b>19,717</b>	<b>15,536</b>
Contract asset recognised	50,966	35,011
Subsequent release to billing and receivables for the half-year	(55,485)	(35,876)
Foreign currency translation	(368)	(311)
<b>Balance at 30 June</b>	<b>15,566</b>	<b>14,360</b>
Contract asset recognised		49,441
Subsequent release to billing and receivables for the half-year		(44,121)
Foreign currency translation		37
<b>Balance at 31 December</b>		<b>19,717</b>

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 billings issued are in advance of revenue recognition, a contract liability is recognised.

**Note 9. Intangible assets**

	System and software \$000	Product development \$000	Brand \$000	Other intangibles \$000	Total \$000
<b>Balance at 1 Jan 2024</b>					
Cost	2,856	151,068	1,089	2,340	157,353
Accumulated amortisation and impairment	(2,277)	(113,369)	(825)	(1,012)	(117,483)
<b>Net carrying value</b>	<b>579</b>	<b>37,699</b>	<b>264</b>	<b>1,328</b>	<b>39,870</b>
Additions	11	11,309	-	-	11,320
Amortisation	(113)	(19,964)	(93)	(257)	(20,427)
Foreign exchange translation	-	(498)	(23)	(67)	(588)
<b>Balance at 31 Dec 2024</b>					
Cost	2,783	161,311	1,045	2,184	167,323
Accumulated amortisation and impairment	(2,306)	(132,765)	(897)	(1,180)	(137,148)
<b>Net carrying value</b>	<b>477</b>	<b>28,546</b>	<b>148</b>	<b>1,004</b>	<b>30,175</b>
Additions	108	6,139	-	320	6,567
Amortisation	(98)	(13,537)	(46)	(136)	(13,817)
Foreign exchange translation	3	256	8	32	299
<b>Balance at 30 Jun 2025</b>					
Cost	2,884	168,104	1,070	2,573	174,631
Accumulated amortisation and impairment	(2,394)	(146,700)	(960)	(1,353)	(151,407)
<b>Net carrying value</b>	<b>490</b>	<b>21,404</b>	<b>110</b>	<b>1,220</b>	<b>23,224</b>

**Note 10. Right of use assets and lease liabilities**

<b>Right of use assets</b>	<b>30 Jun 25</b>	<b>31 Dec 24</b>
	<b>\$000</b>	<b>\$000</b>
Cost	28,180	26,890
Accumulated amortisation and impairment	(24,432)	(22,800)
<b>Right of use assets - net carrying value</b>	<b>3,748</b>	<b>4,090</b>

  

<b>Lease liabilities</b>	<b>30 Jun 24</b>	<b>31 Dec 24</b>
	<b>\$000</b>	<b>\$000</b>
Current lease liabilities	3,525	3,583
Non-current lease liabilities	6,368	7,457
<b>Total lease liabilities</b>	<b>9,893</b>	<b>11,040</b>

**Note 11. Non-current assets - investments**

At 30 June 2025, the Group's investments in Mindtech and Reka are carried at fair value as follows:

<b>Investment</b>	<b>Country of incorporation</b>	<b>Fair value</b>	
		<b>30 Jun 25</b>	<b>31 Dec 24</b>
		<b>\$000</b>	<b>\$000</b>
Mindtech	UK	-	932
Reka	USA	500	500
<b>Total fair value</b>		<b>500</b>	<b>1,432</b>

During the period, ManTech was placed into administration with a low probability of cash recovery. Accordingly, the fair value of this investment is nil.



**Note 12. Equity - issued capital**

	# of shares		\$ 000	
	30 Jun 25	31 Dec 24	30 Jun 25	31 Dec 24
Ordinary shares - fully paid	264,902,700	260,735,154	366,714	366,714

*Movements in ordinary share capital*

Details	Date	# of shares	\$000
Balance as at	31 December 2024	260,735,154	366,714
Issue of shares on exercise of performance rights	11 February 2025	421,503	-
Issue of shares on exercise of performance rights	27 February 2025	3,094,318	-
Issue of shares on exercise of performance rights	14 May 2025	651,725	-
Balance as at	30 June 2025	264,902,700	366,714

**Note 13. Earnings per share**

	30 Jun 25 \$000	30 Jun 24 \$000
Loss after income tax attributable to the owners of the Group	(19,263)	(17,753)

	Number	Number
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share	263,345,271	220,140,255
Adjustments for calculation of diluted earnings per share:		
Rights over ordinary shares	<sup>1</sup>	<sup>1</sup>
Weighted average number of ordinary shares used in calculating diluted earnings per share	263,345,271	220,140,255

	Cents	Cents
Basic earnings per share	(7.31)	(8.06)
Diluted earnings per share	(7.31)	(8.06)

<sup>1</sup> While there are unvested performance rights at 30 June 2025 and 30 June 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.

**Note 14. 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.

**Appen Limited**  
**Directors' declaration**  
**For the half-year ended 30 June 2025**

**Appen**

In the Directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, Australian Accounting Standard AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2025 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

On behalf of the Directors



Richard Freudenstein  
Director

28 August 2025  
Sydney

# Independent Auditor's Review Report

To the shareholders of Appen Limited

## Conclusion

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

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

- giving a true and fair view of the *Group's* financial position as at 30 June 2025 and of its performance for the Interim Period ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The *Interim Financial Report* comprises:

- Consolidated statement of financial position as at 30 June 2025
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity and Consolidated statement of cash flows for the Interim Period ended on that date
- Notes 1 to 14 comprising material accounting policies and other explanatory information; and
- The Directors' Declaration.

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

The *Interim Period* is the six months ended on 30 June 2025.

## Basis for Conclusion

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

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



### Responsibilities of the Directors for the Interim Financial Report

The Directors of the Company are responsible for:

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

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

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Interim Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2025 and its performance for the Interim Period ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

KPMG

Julie Cleary

*Partner*

Sydney

28 August 2025