

ASX Announcement

30 October 2025

Q3 FY25 Quarterly Activity Report and Appendix 4C

Appen Limited (Appen) (ASX: APX), a global market leader in data for the Artificial Intelligence (AI) Lifecycle, is pleased to provide this activity report and Appendix 4C for the quarter ended 30 September 2025 (Q3 FY25). Unless noted otherwise, all figures are presented in US\$ and January 2025 to September 2025 are based on unaudited management accounts.

Q3 FY25 Highlights:

- **Revenue of \$55.3 million, +2% vs prior corresponding period (pcp)**
- **Underlying EBITDA¹ (before FX) of \$1.0 million, in line with pcp, and a \$1.6 million improvement on the prior quarter**
- **Ongoing pleasing quarterly performance achieved in China business, reflected by:**
 - Quarterly revenue of \$28.6 million, +81% vs pcp;
 - Annualised revenue run-rate exceeding \$115 million in September; and
 - Expansion of quarterly underlying EBITDA¹ to \$3.3 million, the sixth consecutive quarter of standalone underlying EBITDA¹ profitability
- **Previously announced project win with \$10 million+ annual revenue potential successfully transitioned from pilot to full production during Q3 FY25**
- **Growth in China offset by ongoing volatility and dynamic nature of US AI market**
- **Continued progress made against planned technology innovation and automation strategy, delivering further annualised cost efficiencies**
 - Approximately \$7 million of \$10 million planned annualised cost out has been executed, with the balance targeted by end of Q4 FY25
- **Strong cash balance as at 30 September 2025 of \$50.9 million (AUD 77.1 million²)**
- **Current FY25 guidance reaffirmed:**
 - **Revenue tracking towards low end of \$235 - \$260 million range; and**
 - **Positive full year underlying EBITDA¹**

¹ Underlying EBITDA excludes restructure costs, transaction costs, and acquisition-related and one-time share-based payment expense.

² Converted at 30 September 2025 exchange rate of 0.66

Commenting on the performance for the quarter, Appen's CEO & Managing Director Ryan Kolln said, "Q3 was another strong quarter for our China business, exiting the quarter with an annualised revenue run-rate growing to over \$115 million – a pleasing result. In addition to the significant revenue growth, the China business improved its underlying EBITDA profitability on the previous quarter by \$1.2 million, reflecting operating leverage as the business continues to scale."

"The remainder of our business has continued to be impacted by volatility due to the dynamic nature of the US AI market. Notwithstanding this, we remain confident the market opportunity remains strong. Appen has been executing against its strategy, resulting in deepened customer relationships and breaking into new accounts, during the quarter. The successful transition of a recent \$10 million plus revenue opportunity from pilot to full production is an example of this progress."

"As the market continues to evolve, the companies best positioned to deliver trusted, scalable data will be those that shape the next generation of AI development. That's where Appen has a unique and powerful role to play."

"With a strong balance sheet and a dedication to delivering quality data at speed we are well positioned for sustained profitable growth. We maintain our focus on revenue growth and ongoing underlying EBITDA profitability."

Financial and Operating Performance³

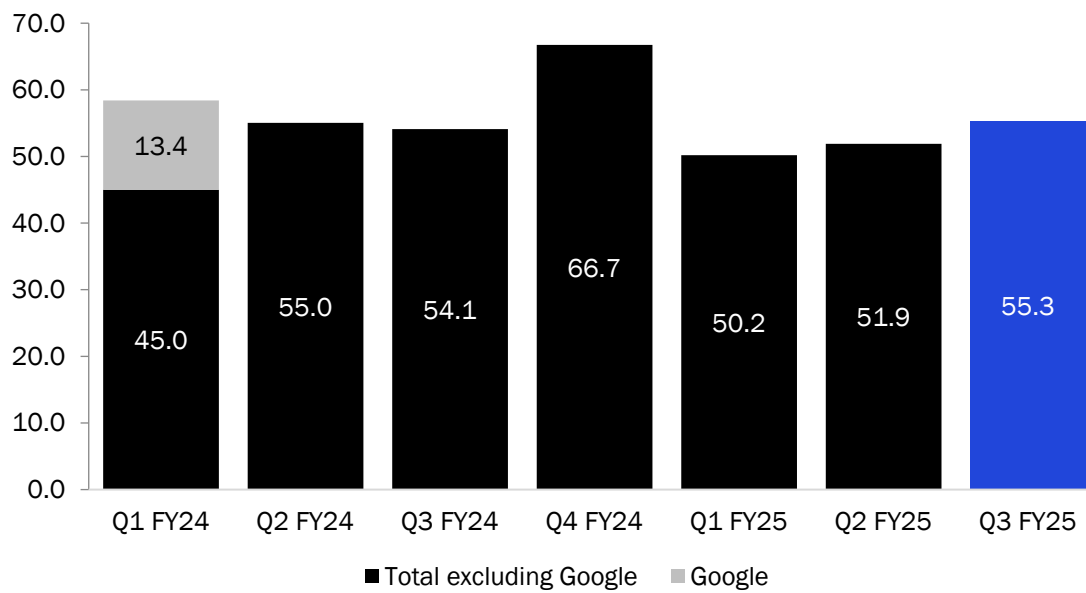
Summary

	Q3 FY25	Q3 FY24	YoY change	YTD FY25	YTD FY24	YoY change
Revenue (excl Google)	55.3	54.1	2%	157.3	154.2	2%
Revenue	55.3	54.1	2%	157.3	167.5	-6%
Gross Margin % ⁴	39.2%	41.2%	-2.0 pp	37.8%	38.8%	-1.0 pp
Underlying EBITDA (before FX)	1.0	1.0	-	-1.2	-1.2	-

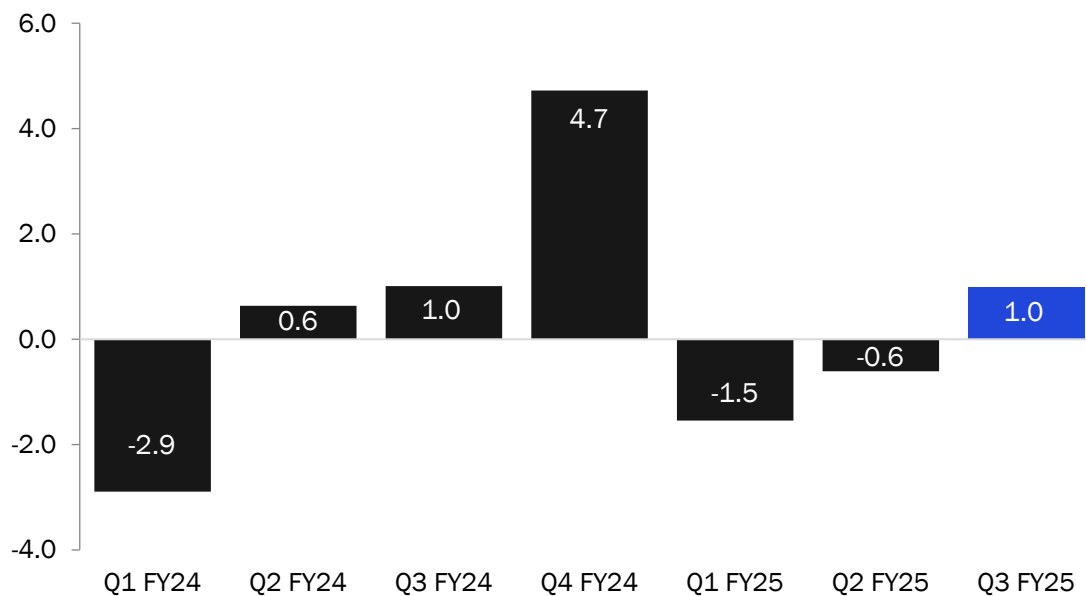
³ Numbers presented may not add due to rounding. Percentages presented are actual and not calculated on rounded US\$ m.

⁴ Gross margin refers to revenue less crowd expenses.

Group Revenue



Group Underlying EBITDA (before FX)

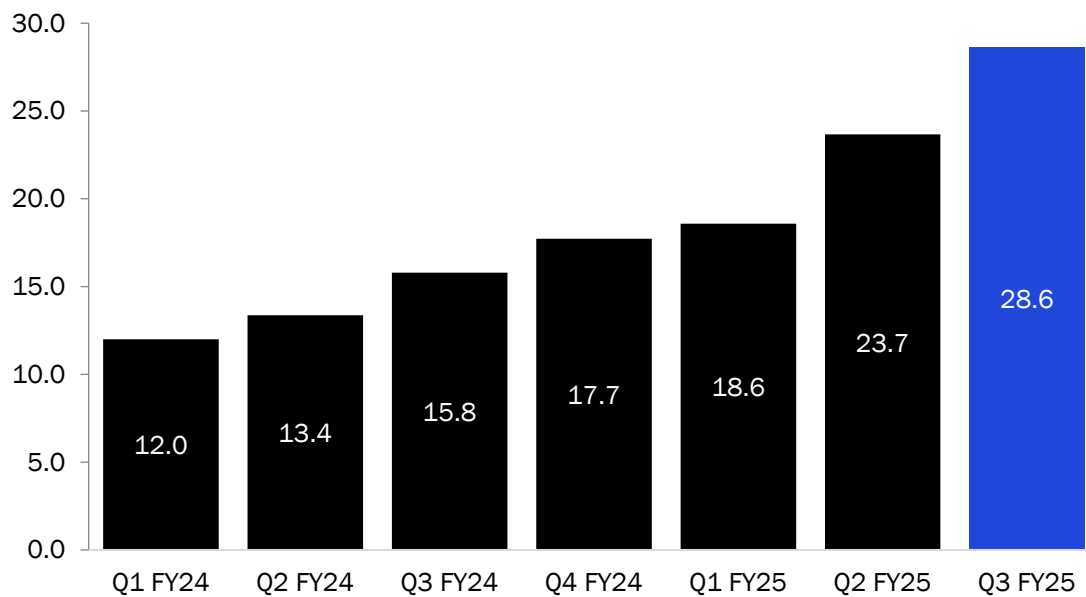


Notes related to financial and operating performance

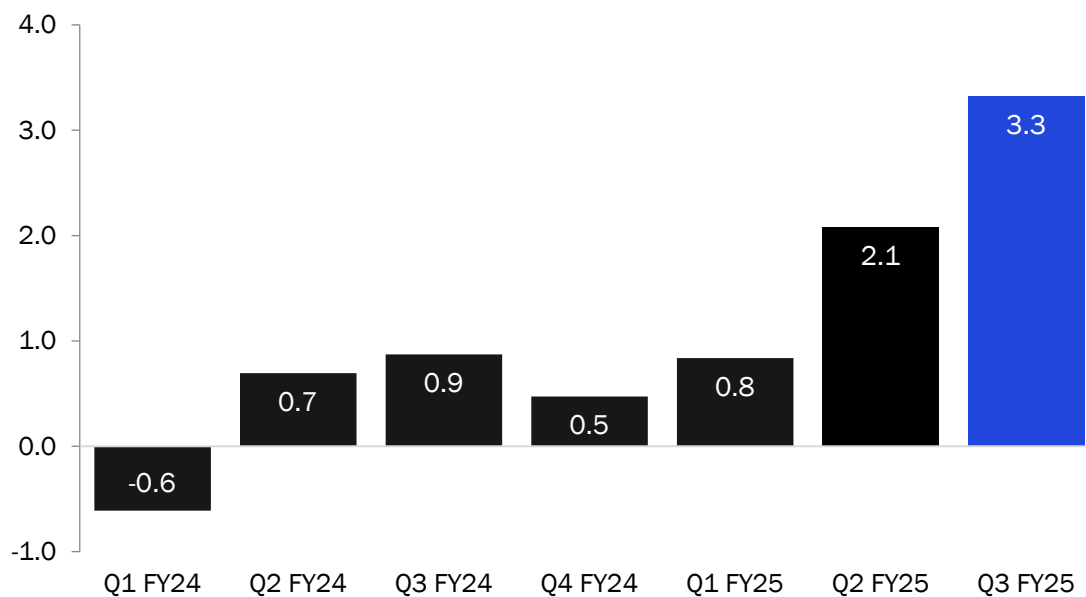
China Business

Appen's China business continued to perform well during the quarter, delivering strong revenue growth (+ 81% vs pcp). The China business exited the quarter with an annualised run-rate for September exceeding \$115 million. Additionally, it achieved standalone underlying EBITDA profitability in Q3 – its sixth consecutive quarter, and a \$1.2 million improvement on the prior quarter.

China Group Revenue



China Group Underlying EBITDA (before FX)



Other Businesses

The strong growth of the China business was offset by the ongoing volatility and dynamic nature of the US AI market, including uncertainty in relation to timing and volumes for large LLM projects.

The Company remains focussed on continued execution against its near term strategy, including increased technical expertise in the go-to-market and delivery teams. The Company has made further progress in each of these areas during the quarter.

The previously announced project win with \$10 million+ annual revenue potential successfully transitioned from pilot to full production towards the end of Q3 FY25.

Execution of Appen's previously announced ~\$10 million annualised cost efficiencies is going to plan with approximately \$7 million now complete and the balance to be executed by the end of Q4 FY25. These cost benefits were enabled by execution of Appen's near-term strategy of capturing efficiencies through technology innovation and automation. Importantly, these efficiencies are net of talent upgrades required to increase technical expertise.

As also previously announced, due to US policy uncertainty, Appen made the decision to wind back investment in the US Government division. This will result in additional annualised operational expense savings of approximately \$4 million. The majority of this cost-out was executed in Q3 FY25, with the balance expected to be out by the end of Q4 FY25. This is in addition to the \$10 million annualised cost-out as mentioned above.

Guidance

Appen remains confident in its long-term revenue opportunity, including previously provided longer-term targets.

As it relates to the balance of FY25, there remains limited visibility relating to specific timing and volumes of large LLM projects.

Considering this, Appen reaffirms its current FY25 guidance of:

- Revenue towards the low end of the \$235 million to \$260 million range; and
- Positive full year underlying EBITDA.

Notes related to cash balance

Cash on hand as at 30 September 2025 was \$50.9 million, down \$10.0 million from \$60.9 million at 30 June 2025.

Net cash used in operating activities was \$4.9 million for the quarter, compared to \$3.5 million used in operating activities in Q2 FY25. Q3 includes large supplier payments for annual contracts as well as one-off payments relating to execution of cost efficiency plan. Year to date cash from operating activities was \$8.3 million.

Staff costs includes employed direct project workers (crowd expenses). This amount was \$7.7 million for the quarter, up from \$6.9 million in Q2 FY25. The increase aligns with revenue growth for projects requiring employed project workers.

Net cash used in investing activities was \$4.4 million for the quarter, a small increase compared to Q2 FY25 driven by expansion of facilities for the China business. \$3.0 million outflow in relation to intellectual property refers to capitalised investment in product development.

Appendix 4C item 6.1 includes \$0.3 million aggregate payments to the CEO and Managing Director and Independent Directors. All amounts paid were in their capacity as Executive and Independent Directors.

Authorised by a duly appointed sub-committee of 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 languages⁵, in over 200 countries⁶, 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.

⁵ Self-reported.

⁶ Self-reported, includes territories.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Appen Limited

ABN

60 138 878 298

Quarter ended ("current quarter")

30 September 2025

Consolidated statement of cash flows	Current quarter \$US'000	Year to date (9 months) \$US'000
1. Cash flows from operating activities		
1.1 Receipts from customers	50,982	173,101
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(26,074)	(82,682)
(c) advertising and marketing	(316)	(1,040)
(d) leased assets	-	-
(e) staff costs	(20,841)	(63,524)
(f) administration and corporate costs	(10,531)	(19,746)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	243	643
1.5 Interest and other costs of finance paid	(2)	(7)
1.6 Income taxes (paid) / received	1,653	1,522
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(4,886)	8,267
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(1,415)	(2,308)
(d) investments	-	-
(e) intellectual property	(2,974)	(9,387)
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (9 months) \$US'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other – transaction costs	-	-
2.6	Net cash from / (used in) investing activities	(4,389)	(11,695)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other – leases	(1,119)	(3,516)
3.10	Net cash from / (used in) financing activities	(1,119)	(3,516)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	60,865	54,809
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(4,886)	8,267
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(4,389)	(11,695)

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (9 months) \$US'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(1,119)	(3,516)
4.5	Effect of movement in exchange rates on cash held	441	3,047
4.6	Cash and cash equivalents at end of period	50,912	50,912

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$US'000	Previous quarter \$US'000
5.1	Bank balances	34,558	33,219
5.2	Call deposits	16,354	27,646
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	50,912	60,865

6.	Payments to related parties of the entity and their associates	Current quarter \$US'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1 – Directors' remuneration	295
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$US'000	Amount drawn at quarter end \$US'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at quarter end		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8.	Estimated cash available for future operating activities	\$US'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(4,886)
8.2	Cash and cash equivalents at quarter end (item 4.6)	50,912
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	50,912
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	10
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>		
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer:	
8.6.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer:	
8.6.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	Answer:	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>		

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 30 October 2025

Authorised by a duly appointed sub-committee of the Board of Appen Limited.

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.