

## ASX Announcement

30 July 2025

### Q2 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 June 2025 (Q2 FY25). Unless noted otherwise, all figures are presented in US\$ and January 2025 to June 2025 are based on unaudited management accounts.

#### Q2 FY25 Highlights:

- **Revenue of \$51.9 million, -6% vs prior corresponding period (pcp), +3% vs Q1 FY25**
  - H1 FY25 revenue (excl. Google<sup>1</sup>) of \$102.1 million, +2% vs pcp
- **Pleasing financial performance achieved in China business, reflected by:**
  - Q2 FY25 revenue of \$23.7 million, +77% vs pcp (H1 FY25 revenue of \$42.2 million, +67% vs pcp);
  - Annualised revenue run-rate exceeding \$100 million in June; and
  - Fifth consecutive quarter of standalone underlying EBITDA<sup>2</sup> profitability
- **Growth in China was offset by ongoing volatility and dynamic nature of the US AI market**
- **Next phase of technology innovation and automation strategy with ~\$10 million annualised cost efficiencies identified in non-China business**
  - ~70% to be executed by end of Q3 FY25, remainder by end of Q4 FY25
- **Healthy cash balance remains with cash on hand as at 30 June 2025 of \$60.9 million**
- **FY25 revenue guidance: tracking towards low end of \$235 million to \$260 million range**

Commenting on the performance for the quarter, Appen's CEO & Managing Director Ryan Kolln said, "Q2 was a strong quarter for our China business, exiting the quarter with an annualised revenue run-rate over \$100 million – a pleasing result and milestone. In addition to the significant revenue growth, the China business achieved underlying EBITDA profitability for both Q1 and Q2."

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<sup>1</sup> Google terminated its global services agreement effective March 2024. Google revenue excluded from pcp analysis to provide a like-for-like comparison.

<sup>2</sup> Underlying EBITDA excludes restructure costs, transaction costs, and acquisition-related and one-time share-based payment expense.

*“The remainder of our business was impacted by short-term volatility due to the dynamic nature of the US AI market. Notwithstanding this, we remain confident the market opportunity remains strong, and the execution of our near-term strategy will be the enabler in capturing growth throughout the remainder of FY25 and into FY26. 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.”*

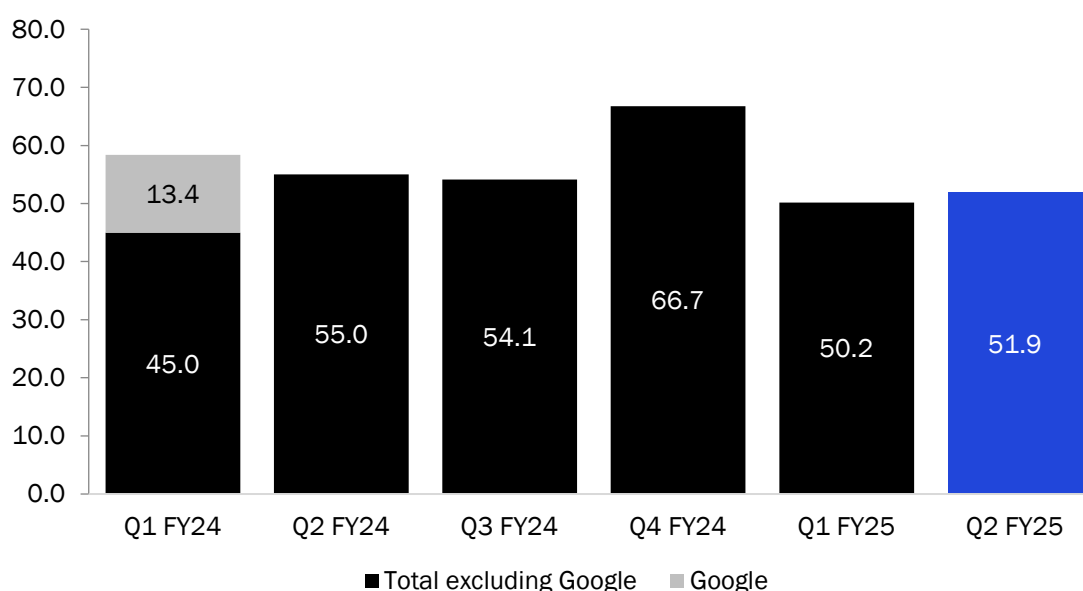
*“With a strong balance sheet and a dedication to delivering quality data at speed we are well positioned for sustained profitable growth. We maintain our focus on revenue growth and ongoing EBITDA profitability.”*

## Financial and Operating Performance<sup>3</sup>

### Summary

	Q2 FY25	Q2 FY24	YoY change	H1 FY25	H1 FY24	YoY change
Revenue	51.9	55.0	-6%	102.1	113.4	-10%
Revenue (excl Google)	51.9	55.0	-6%	102.1	100.0	2%
Gross Margin % <sup>4</sup>	36.6%	37.6%	1.0 pp	37.0%	37.7%	-0.7 pp
Underlying EBITDA (before FX)	-0.6	0.6	nm	-2.2	-2.3	nm

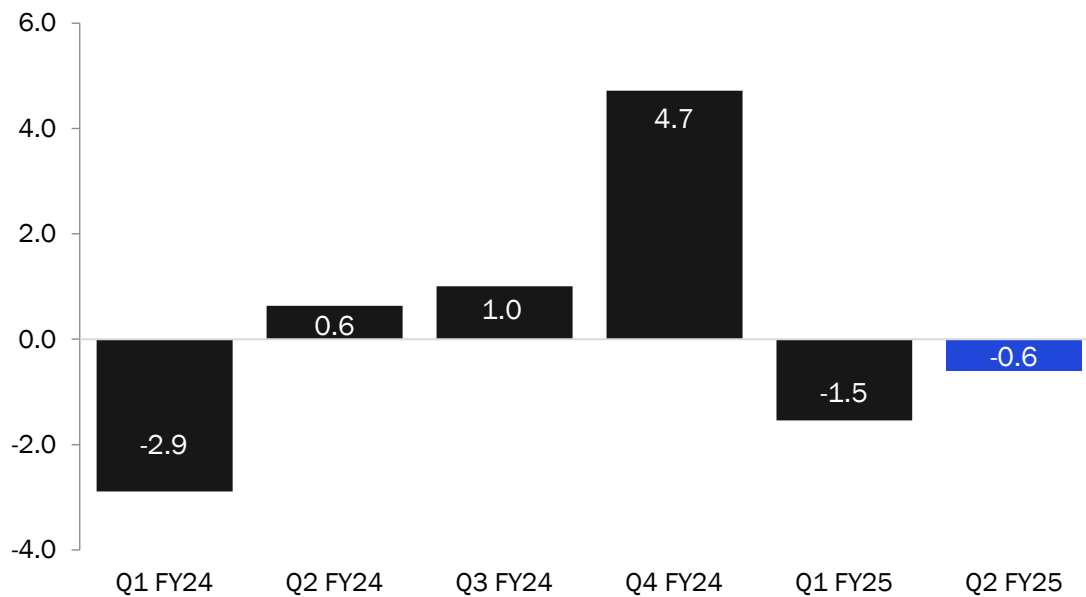
### Group Revenue



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

<sup>4</sup> Gross margin refers to revenue less crowd expenses.

## Group Underlying EBITDA (before FX)

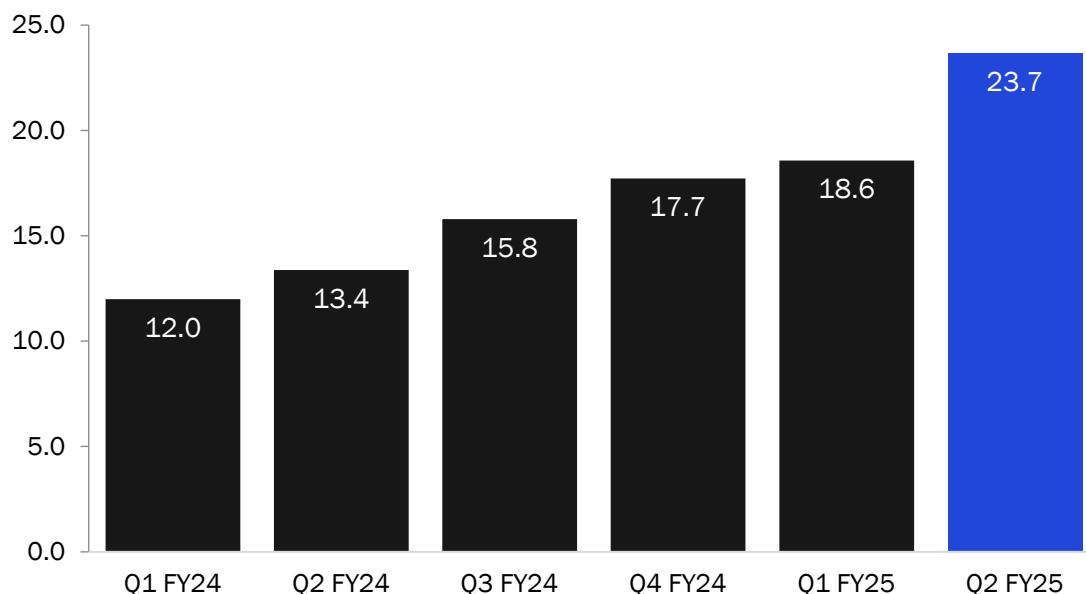


## Notes related to financial and operating performance

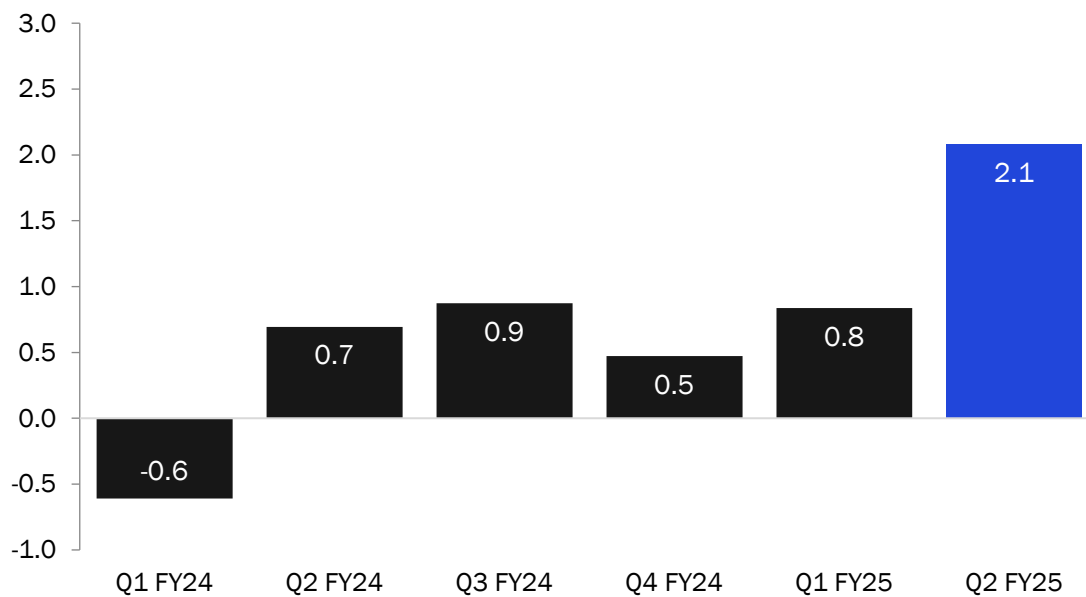
### China Business

Appen's China business continued to perform well during the quarter, delivering strong revenue growth (+ 77% vs pc). The China business exited the quarter with an annualised run-rate for June exceeding \$100 million. Additionally, it achieved standalone underlying EBITDA profitability in Q2 – its fifth consecutive 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 timing for large LLM projects to resume. However, recent industry consolidation has reinforced high-quality data as foundational to the future of AI.

For Appen to capture the market opportunity, 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 continued progress in each of these areas during the quarter.

Appen's previously announced near-term strategy of capturing efficiencies through technology innovation and automation has identified approximately \$10 million in incremental annualised cost efficiencies. These will be executed over the remainder of FY25, with ~70% planned by the end of Q3 FY25 and the balance by the end of Q4 FY25. Importantly, these efficiencies are net of talent upgrades required to increase technical expertise.

The unpredictable political environment in the US has also meant that generating meaningful revenue opportunities in the short term for the US Government division is challenging. In light of this, the Company's continued investment in this division is under review.

## Guidance

FY25 revenue is currently tracking towards the low end of the \$235 million to \$260 million range provided at the Company's Annual General Meeting in May 2025. In addition to limited visibility relating to specific timing for the resumption of large LLM projects, recent US policy uncertainty has also reduced the likelihood of generating meaningful short-term Government revenue.

Outside of this, the Company remains confident in its long term revenue opportunity and its previously provided longer-term targets have not changed.

## Notes related to cash balance

Cash on hand as at 30 June 2025 was \$60.9 million, down \$7.0 million from \$67.9 million at 31 March 2025.

Net cash used in operating activities was \$3.5 million for the quarter, compared to \$16.6 million from operating activities in Q1 FY25. As highlighted in the prior quarterly announcement, cash from operating activities was impacted by annual payments made in Q2 FY25. Year to date cash from operating activities was \$13.2 million.

Staff costs includes employed direct project workers (crowd expenses). This amount was \$6.9 million for the quarter, up from \$6.2 million in Q1 FY25. The increase aligns with revenue growth for projects requiring employed project workers. In addition, Q2 FY25 includes annual FY24 short term incentive payments of approximately \$4.4 million.

Net cash used in investing activities was \$4.2 million for the quarter, a \$1.1 million increase compared to Q1 FY24. \$3.6 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.**

**For further information, please contact:**

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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<sup>5</sup>, in over 200 countries<sup>6</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>5</sup> Self-reported.

<sup>6</sup> 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 June 2025

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$US'000</b>	<b>Year to date (6 months) \$US'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	53,658	122,119
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(28,118)	(56,608)
(c) advertising and marketing	(428)	(724)
(d) leased assets	-	-
(e) staff costs	(23,791)	(42,683)
(f) administration and corporate costs	(4,896)	(9,215)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	210	400
1.5 Interest and other costs of finance paid	(3)	(5)
1.6 Income taxes (paid) / received	(113)	(131)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(3,481)</b>	<b>13,153</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(599)	(893)
(d) investments	-	-
(e) intellectual property	(3,635)	(6,413)
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (6 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	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(4,234)</b>	<b>(7,306)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
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	(1,348)	(2,397)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(1,348)</b>	<b>(2,397)</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	67,951	54,809
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(3,481)	13,153
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(4,234)	(7,306)



Consolidated statement of cash flows		Current quarter \$US'000	Year to date (6 months) \$US'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(1,348)	(2,397)
4.5	Effect of movement in exchange rates on cash held	1,977	2,606
4.6	<b>Cash and cash equivalents at end of period</b>	<b>60,865</b>	<b>60,865</b>

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	33,219	48,674
5.2	Call deposits	27,646	19,277
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>60,865</b>	<b>67,951</b>

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	328
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>		

<b>7.</b>	<b>Financing facilities</b> <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>	<b>Total facility amount at quarter end \$US'000</b>	<b>Amount drawn at quarter end \$US'000</b>
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	<b>Total financing facilities</b>	-	-
7.5	<b>Unused financing facilities available at quarter end</b>		-
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.		

<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$US'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(3,481)
8.2	Cash and cash equivalents at quarter end (item 4.6)	60,865
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	60,865
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	<b>17</b>
<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 July 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.