H1 FY25 results

28 August 2025

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All amounts are in US$M unless stated otherwise.

Some amounts may not add due to rounding.

Underlying results referenced in these materials are a non-IFRS measures used by management to assess the performance of the business and are calculated from statutory measures. Non-IFRS measures are not subject to audit.

Agenda

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H1 2025 Results Overview

Ryan Kolln

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H1 FY25 highlights

$102.1 million revenue in H1 FY25

- 2% growth on H1 FY24 (ex Google)
- 24% of group revenue from generative AI-related projects[1] in H1 FY25

China breakout growth ongoing

- Strong revenue growth continued, up 67% on H1 FY24
- Exited the half with an annualised run-rate for June exceeding $100 million

Core business turnaround continues

- Deepening customer relationships, including breaking into target accounts
- Strong strategy execution
- Recent wins, including a project with $10m+ annual revenue potential

Technology strategy delivering benefits

- ~$10m annualised cost efficiencies identified in non-China business
- ~70% to be executed by end of Q3 FY25, remainder by end of Q4 FY25

Strong market tailwinds for Appen's differentiation

- Growing demand for data types where Appen excels, including multi-lingual and model evaluation
- Strong demand from China clients expanding internationally

Strong cash balance remains

- Cash on hand as at 30 June 2025 of $60.9 million (AUD 92.9 million[2])

1. H1 FY24 excludes Google
2. Converted at 30 June 2025 exchange rate of 0.655

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Financial performance

Justin Miles

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H1 FY25 snapshot

	H1 FY25	H1 FY24	Change
Revenue (excluding Google[1])	**102.1**	100.0	2%
New Markets revenue	**59.6**	49.8	20%
Global Services revenue	**42.4**	63.6	(33%)
Revenue	**102.1**	113.4	(10%)
Gross Margin[2]%	**37.0%**	37.7%	-0.7 pp
Underlying EBITDA[3] before FX	**(2.2)**	(2.3)	nm

Commentary

- Revenue increased 2% to $102.1m (excluding the impact of Google[1]). Including Google, revenue decreased 10%
- New Markets revenue increased 20% to $59.6m and reflects strong growth in the China business of 67% vs pcp
- The remainder of the New Markets segment was impacted by short-term volatility due to the dynamic nature of the US AI market
- Global Services was also impacted by short-term volatility due to the dynamic nature of the US AI market as well as the termination of the Google contract in H1 FY24
- Decrease in gross margin % reflects a change in customer and project mix. China margins traditionally lower versus rest of Group
- EBITDA improvement despite lower gross margin due to prudent cost management

1. Google terminated its global services agreement effective March 2024. Google revenue excluded from pcp analysis to provide a like-for-like comparison.
2. Gross margin refers to revenue less crowd expenses.
3. Underlying EBITDA excludes restructure costs, transaction costs, and acquisition-related and one-time share-based payment expense.

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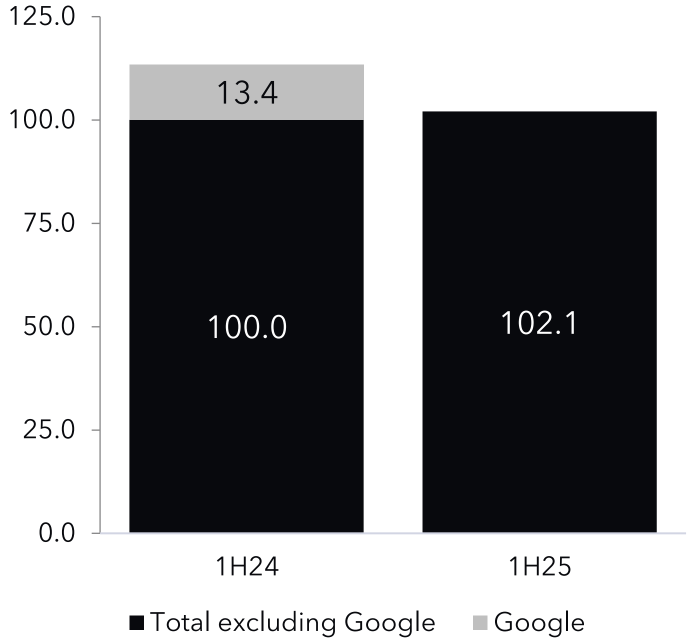
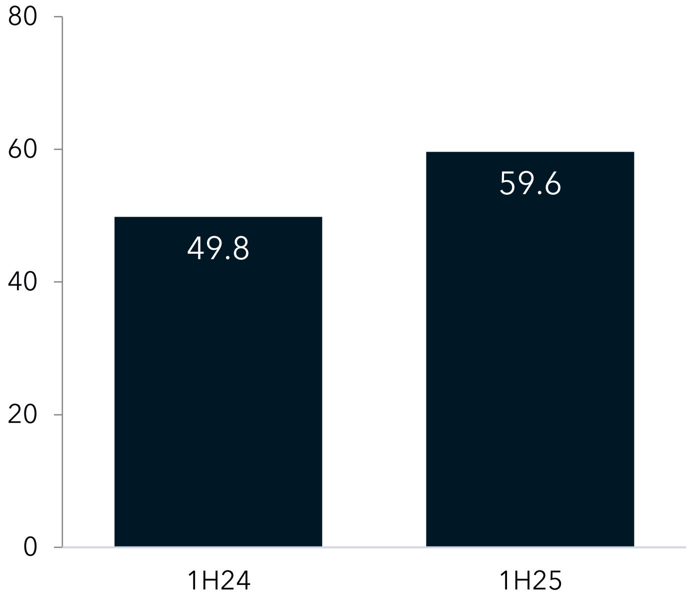
Revenue

Group



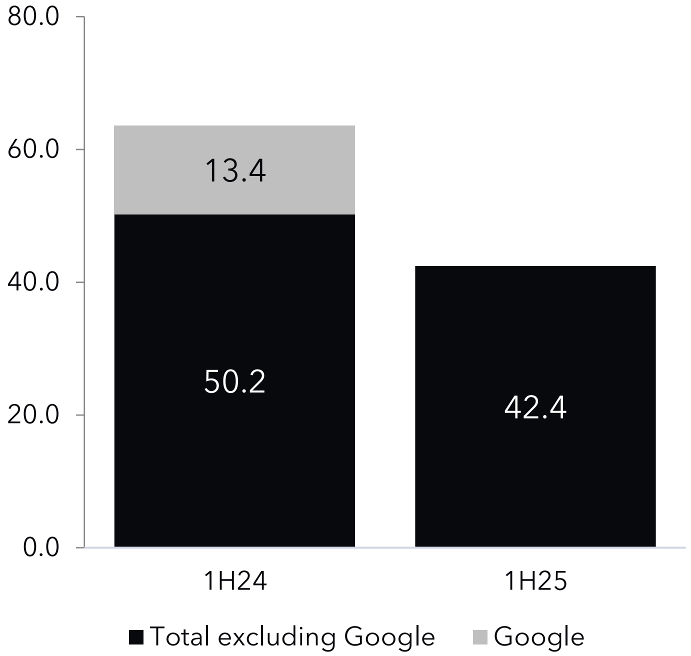
- Excluding Google, revenue up 2%. Including Google, revenue down 10% on H1 FY24
- Strong China growth offset by remainder of business impacted short-term volatility
- Historical impact of termination of Google contract in Q1 FY24

New markets



- Revenue up 20% on H1 FY24
- Strong China growth of 67% vs pcp
- Remainder of segment impacted by short-term volatility due to the dynamic nature of the US AI market

Global services



- Excluding Google, decrease of 15%. Including Google, revenue down 33% on H1 FY24
- Revenue impacted by short-term volatility due to dynamic nature of the US AI market
- Historical impact of termination of Google contract in Q1 FY24

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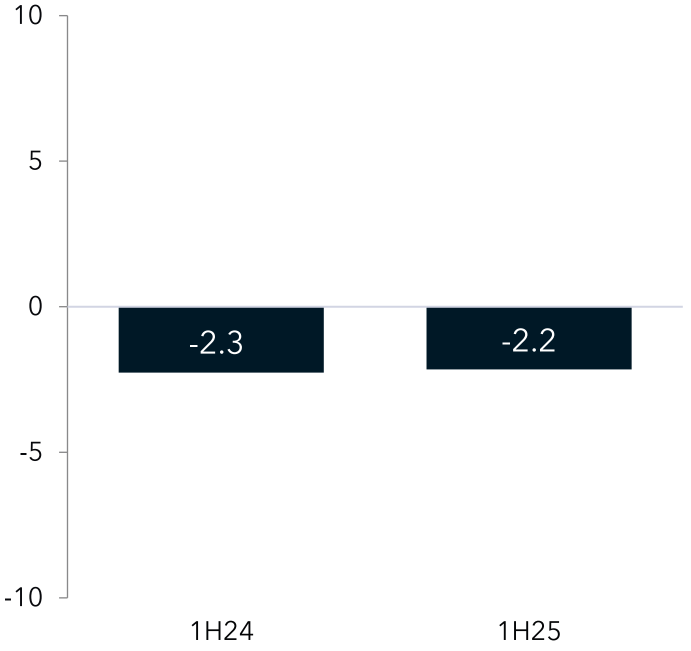
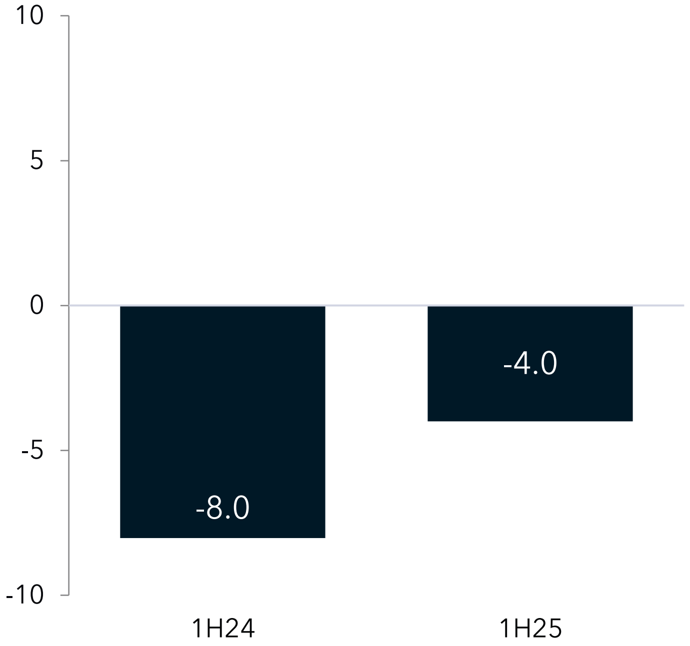
Underlying EBITDA[1] (before FX)

Group



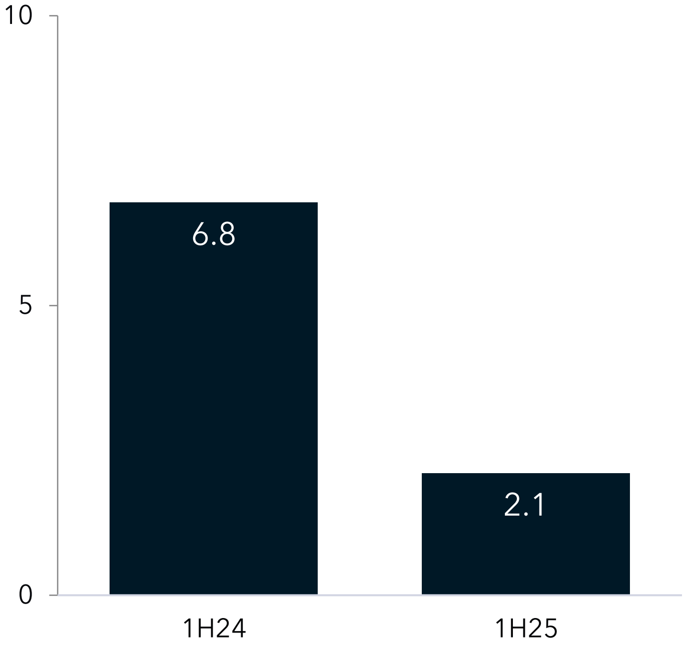
- $0.1m improvement on H1 FY24
- Notwithstanding lower revenue and gross margin, slight improvement due to prudent cost management

New markets



- $4.0m improvement on H1 FY24
- Improvement reflects a positive EBITDA contribution from the China business

Global services

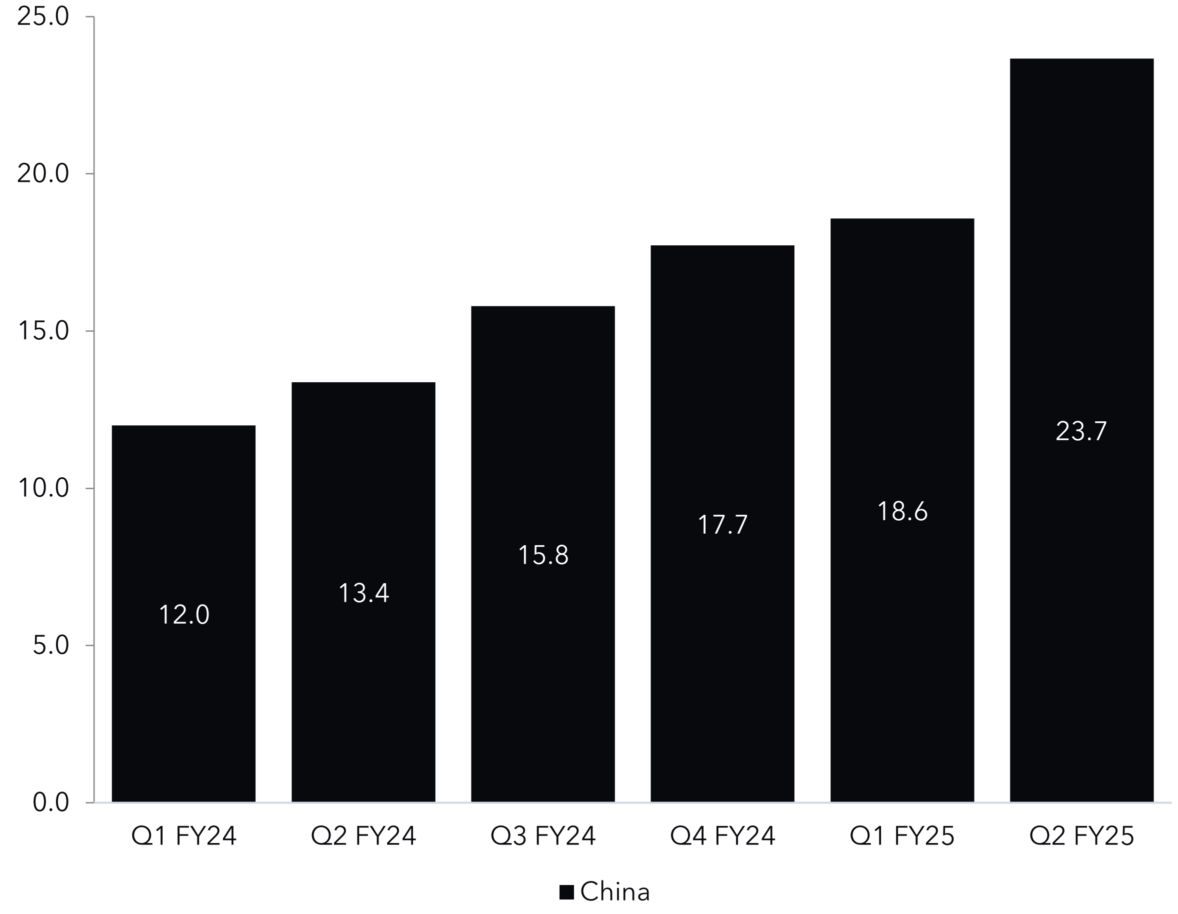


- $4.7m decrease on H1 FY24
- Decrease driven by lower revenue and gross margin with short-term volatility due to the dynamic nature of the US AI market

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

Strong China revenue growth continues

China revenue



Commentary

- Strong revenue growth continued during the half, up 67% on H1 FY24
- Exited the half with an annualised run-rate for June exceeding $100 million
- China business has a more predicable revenue profile compared to the remainder of the business due to the engagement and delivery model
- China customers include leading LLM model builders, along with leading technology and auto customers
- Revenue opportunities in both China domestically as well as China customers expanding internationally

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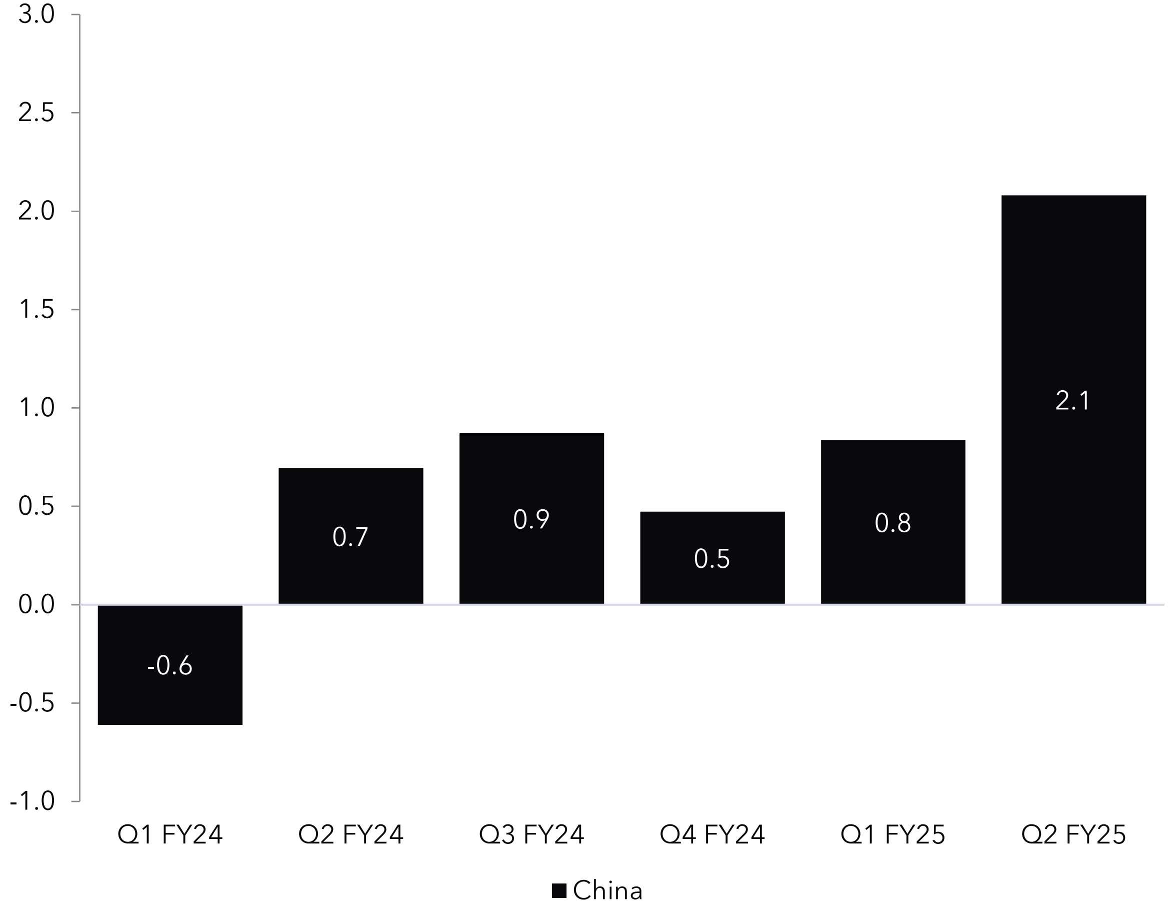
Positive contribution to EBITDA from China

China underlying EBITDA



Commentary

- China contributed $2.9m underlying EBITDA to H1 FY25, a $2.8m improvement compared to H1 FY24
- Q2 FY25 was the fifth consecutive quarter of China EBITDA profitability
- Margin improvement plan in place with a focus on higher gross margin revenue opportunities and scalable operations

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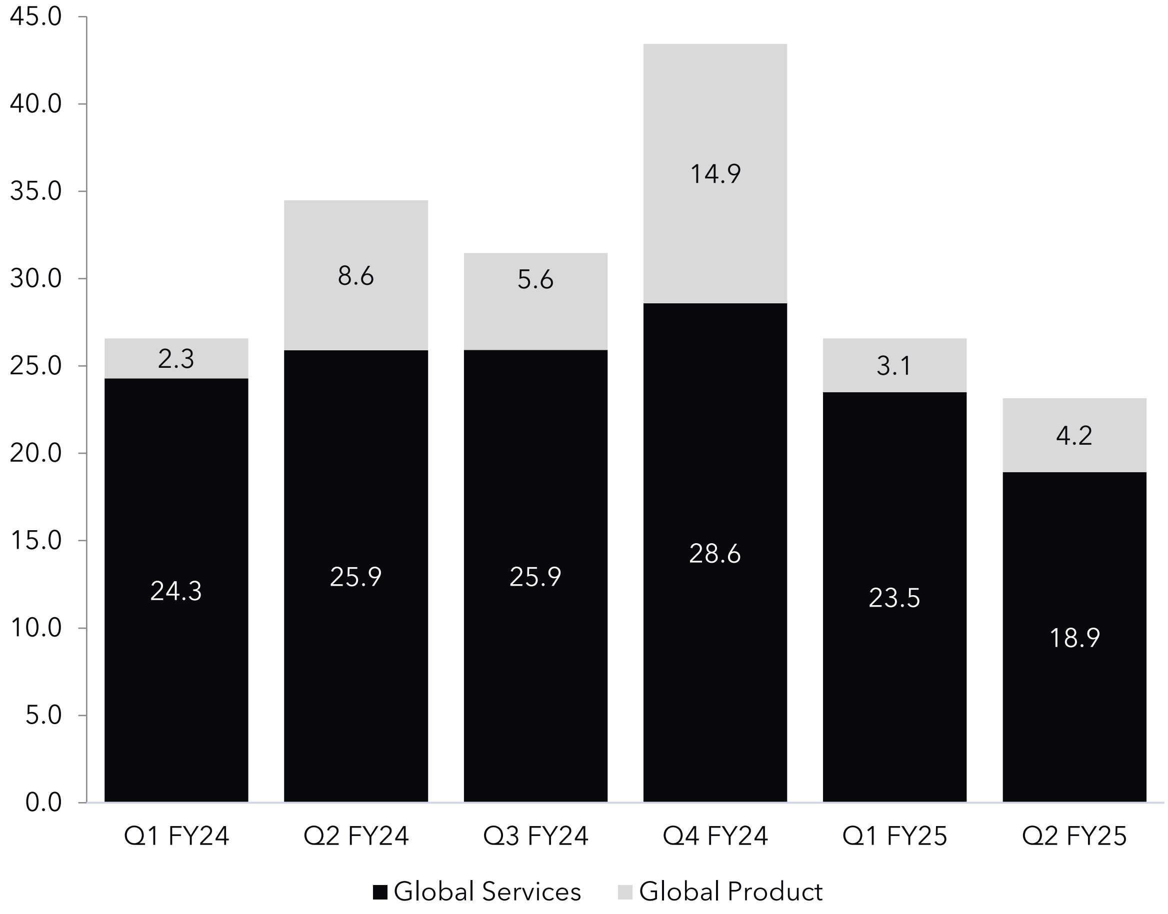
Global revenue impacted by short-term volatility

Global revenue excluding Google



Commentary

- Global revenue impacted by short-term volatility due to the dynamic nature of the US AI market
- Customer relationships and conviction in revenue opportunity remains strong going into H2 FY25. However, timing uncertain in relation to the resumption of large volume LLM projects
- Customer LLM teams are planning and going through multiple reorgansiations, leading to timing delays in project awards
- Quality metrics with largest customer at all time highs, positioning Appen well to capture future work
- Continue to win new projects, albeit volume of data currently lower versus H1 FY24
- Recent wins, including a project with $10m+ annual revenue potential

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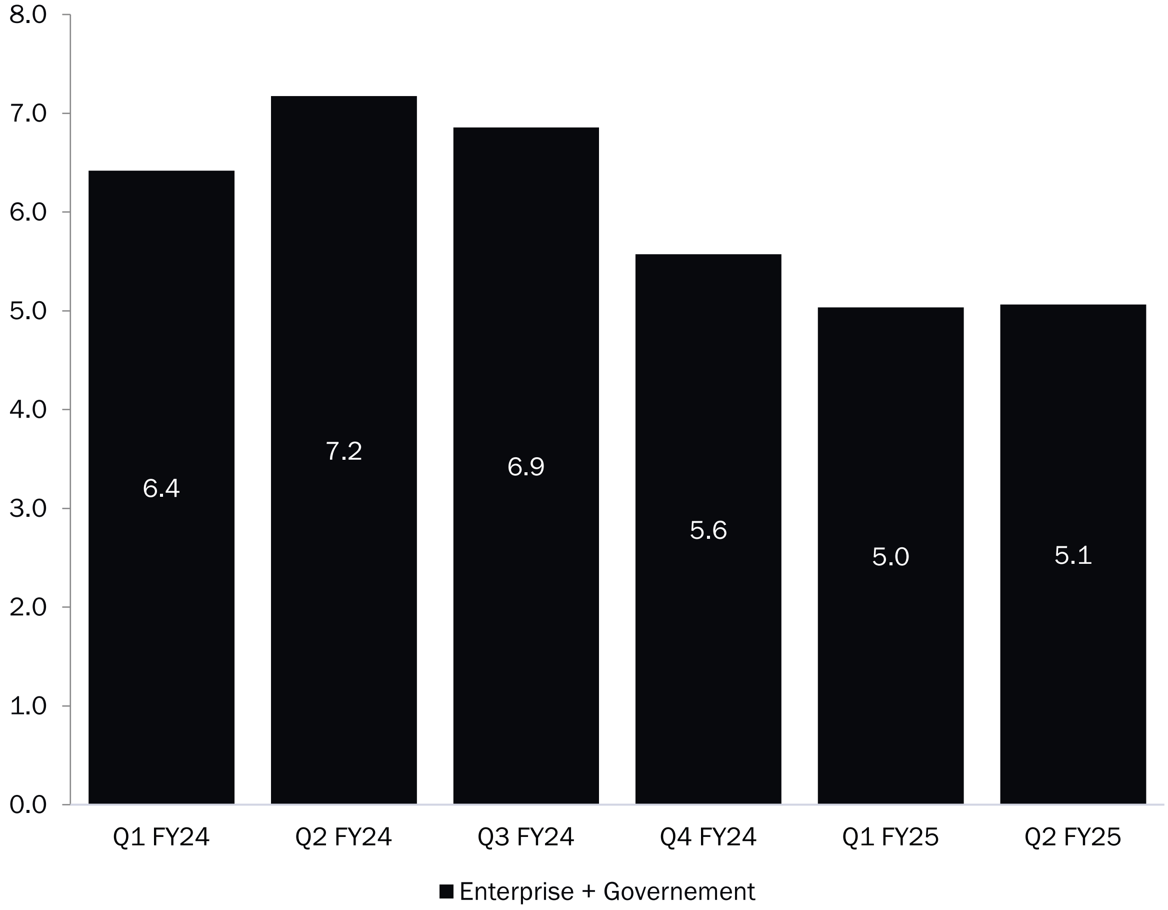
Conviction in revenue opportunity remains for Enterprise

Enterprise, Government revenue



Commentary

- Decrease in revenue driven by lower volumes within existing large Enterprise projects, including some projects coming to an end
- Healthy Enterprise pipeline and conviction remains in the revenue opportunity, although timing of revenue conversion remains unclear
- US policy uncertainty has meant generating meaningful short-term revenue opportunities within the US Government division is challenging
- In light of this, decision made to wind back divisional investment, commencing H2 FY25. Annualised opex saving of ~$4m with majority of cost-out executed by end of Q3 FY25, balance by the end of Q4 FY25
- The reduction in Government investment does not have a material impact on existing revenue

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Profit and loss summary

	H1 FY25	H1 FY24	Change
Revenue	102.1	113.4	(10%)
Gross Margin[1]%	37.0%	37.7%	-0.7 pp
Employee expenses [2]	25.5	28.2	(9%)
Share-based payments expense [3]	0.3	1.0	(75%)
Other expenses [4]	14.2	15.8	(11%)
Underlying EBITDA [5]	(2.8)	(2.6)	nm
Underlying EBITDA [5] before FX	(2.2)	(2.3)	nm
Underlying NPAT [6]	(12.2)	(11.8)	nm
Statutory NPAT	(19.3)	(17.8)	nm

1. Gross margin refers to revenue less crowd expenses.
2. Employee expenses excludes direct project workers included in gross margin calculation (i.e. crowd expenses).
3. Non-cash expense. Excludes acquisition-related and one-time share-based payment expense.
4. All other expenses included in underlying EBITDA before FX.
5. Underlying EBITDA excludes restructure costs, transaction costs, and acquisition-related and one-time share-based payment expense.
6. Underlying NPAT excludes after tax impact of restructure costs, transaction costs, acquisition-related and one-time share-based payment expense, and amortisation of acquisition related intangibles

Commentary

- Revenue decreased 10% to $102.1m, reflecting termination of Google contract in Q1 FY24
- Decrease in gross margin % reflects a change in customer and project mix, noting China margins traditionally lower than the rest of Group
- 11% decrease in expenses predominately due to prudent cost management
- Slight underlying EBITDA (before FX) improvement despite lower gross margin due to prudent cost management
- Statutory NPAT includes accelerated amortisation charge of $3.3m due to a reduction in the useful life of acquired platform

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Cash flow summary

	H1 FY25	H1 FY24
Receipts	122.1	123.3
Payments and other	(109.2)	(112.7)
Cash flow from operations before interest and tax	**12.9**	**10.6**
Net interest	0.4	0.2
Taxes	(0.1)	0.6
Net cash from operating activities	**13.2**	**11.4**
Cash flows – investing activities	(7.3)	(6.5)
Cash flows – financing activities	(2.4)	(2.1)
Net cash flow for the period	**3.5**	**2.8**
Opening cash balance	54.8	32.1
FX impact	2.6	(0.2)
Closing cash balance	**60.9**	**34.7**

Cash flow reconciliation

	H1 FY25	H1 FY24
Underlying EBITDA	(2.8)	(2.6)
Net working capital	15.7	13.2
Cash flow from operations before interest and tax	**12.9**	**10.6**
Underlying EBITDA cash conversion	nm%	nm%

Commentary

- Cash balance of $60.9m (AUD 92.9m[1]), up $6.1m from December 2024
- Cash flow from operations of $12.9m, positively impacted by the receipt of a payment from a major customer in the first week of January 2025 versus December 2024 as scheduled
- Cash used in investing activities $0.8m higher compared to H1 FY24, due to higher investment in product development and new facilities for the China division
- Cash used in financing activities $0.3m higher compared to H1 FY24 due to lease payments for new facilities for the China division
- Cash used to fund operations and capex

1.Converted at 30 June 2025 exchange rate of 0.655

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Strategy & operational update

Ryan Kolln

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Appen sees three critical areas for long-term success

Expert-led approach to sales and marketing

- Appen customers are at the forefront of AI model development
- Building deep relationships with customers requires a highly technical approach to sales and marketing
- Appen is enhancing the technical expertise of our go-to-market team

Evolved data offerings

- The data needs of customers is evolving rapidly as AI advances
- Appen continues to refine data offerings to meet customer needs
- Appen's highly flexible underlying technology infrastructure is critical for success

Technology enabled efficiencies

- Creating high quality data increasingly relies on a highly automated workflow
- AI enabled workforce management is proving to deliver improved quality
- Appen continues to invest in its platform development as a key differentiator

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Scalable and flexible technology underpins Appen's operations

Proprietary technology platforms that enable high quality data at scale

Appen AI data consultants

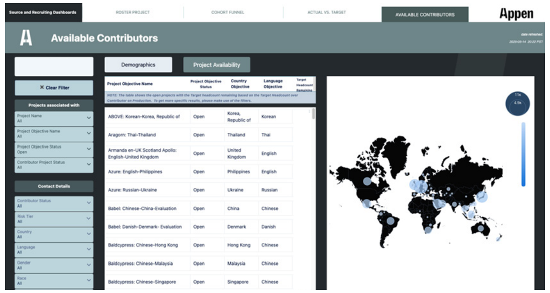
Team of experts to manage AI data projects

Highly consultative engagement with clients

Leverages 20+ years of expertise

Mercury

Crowd and project management platform

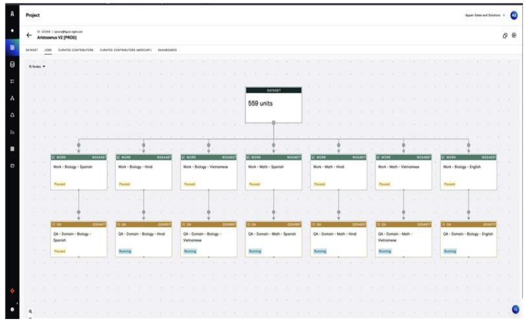


Setup and management of workforce assignment to projects

AI based automations for contributor project assignment and management

ADAP + MatrixGo[1]

Data annotation platform



Configuration of annotation tasks

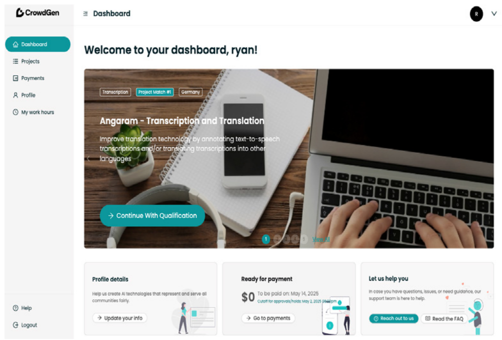
Interface for contributors to complete tasks

Built-in AI quality assurance

Offered as a SaaS platform and is used for Appen managed projects

CrowdGen

Crowd onboarding and interface



Primary interface for Appen contributors

Highly automated approach to assess applicants

1. Previously known as China A9.

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Near-term strategy execution

Phase 1 of Appen's 12-month strategy focusses on delivering improved data quality and speed (unit economics), further bolstering Appen's core business and greater revenue diversification

Enhanced focus on LLM growth

- More technical expertise in GTM team ✓
- Marketing strategy focussed on technical thought leadership ✓

Operational efficiency & automation

- Next phase of automations in our platforms ✓
- LLM agents in support operations ✓

Accelerate technology innovation

- LLMs utilised throughout software development lifecycle ✓
- Rapid innovation prototyping ✓

Grow our team

- Increased technical expertise in project delivery teams ✓
- Expansion of technical and operations resources in India and Philippines ✓

Evolve data workforce

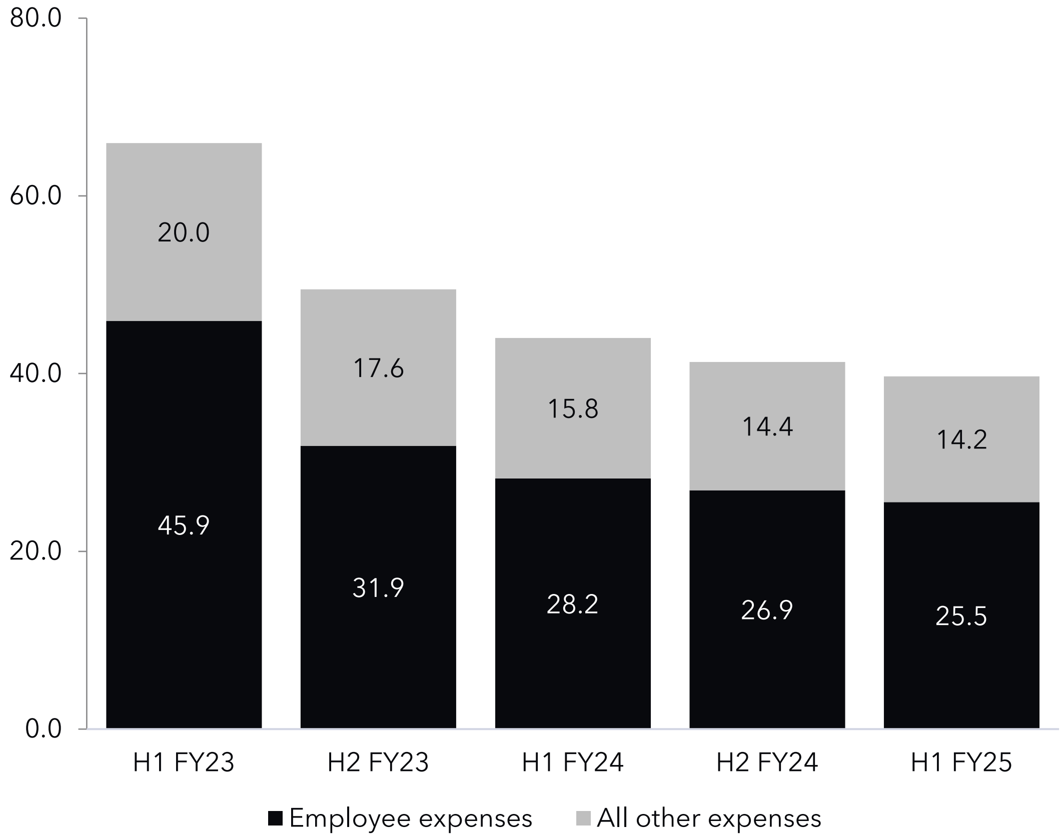
- LLM interviewer to assess new contributor quality ✓
- Enhanced AI matching of crowd to tasks ✓

Prudent cost management

- Productivity benefit captured through automations ✓
- Leveraging AI to maintain cost base while scaling ✓

Focused technology roadmap is driving cost efficiency

Opex[1,2]



Commentary

- Our technology roadmap continues to deliver operational efficiencies in the business
- Approximately $10 million in incremental annualised cost efficiencies identified and will be executed over the remainder of FY25
- ~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
- There has been no operational impact of cost out executed to date
- In addition to the above $10 million, a wind back of investment in the US Government division will result in further annualised opex savings of ~$4m. The majority will be executed by the end of Q3 FY25, with balance by the end of Q4 FY25

1. Excludes share-based payment expense and direct project workers included in gross margin calculation (i.e. crowd expenses).
2. All other expenses included in underlying EBITDA before FX.

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FY25 outlook & guidance

Ryan Kolln

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FY25 outlook & 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 is limited visibility relating to specific timing for the resumption of large LLM projects. In addition, recent US policy uncertainty has reduced the likelihood of generating meaningful short-term Government revenue, resulting in reduced divisional investment.

Considering this, Appen reaffirms its current FY25 guidance of:

Revenue towards the low end of the $235 million to $260 million range[1]; and

Positive full year underlying EBITDA[2].

1. As provided at the Company's Annual General Meeting in May 2025, updated at the Company's Q2 FY25 results in July 2025.
2. Underlying EBITDA excludes FX gains/losses, restructure costs, transaction costs, and acquisition-related and one-time share-based payment expense.

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Appendix

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Appen reporting structure

Global Services	New Markets
Services provided to leading US tech companies utilising their platform	New Markets reflects progress against our product led strategy Includes Global Product (Global customer revenue through Appen products), Enterprise, China, and Government. All project types and data modalities

Global	Enterprise	Government	China
Leading US tech companies, including Amazon and Microsoft	Covering North America, EMEA and SEA	Federal agencies	China, Japan and Korea

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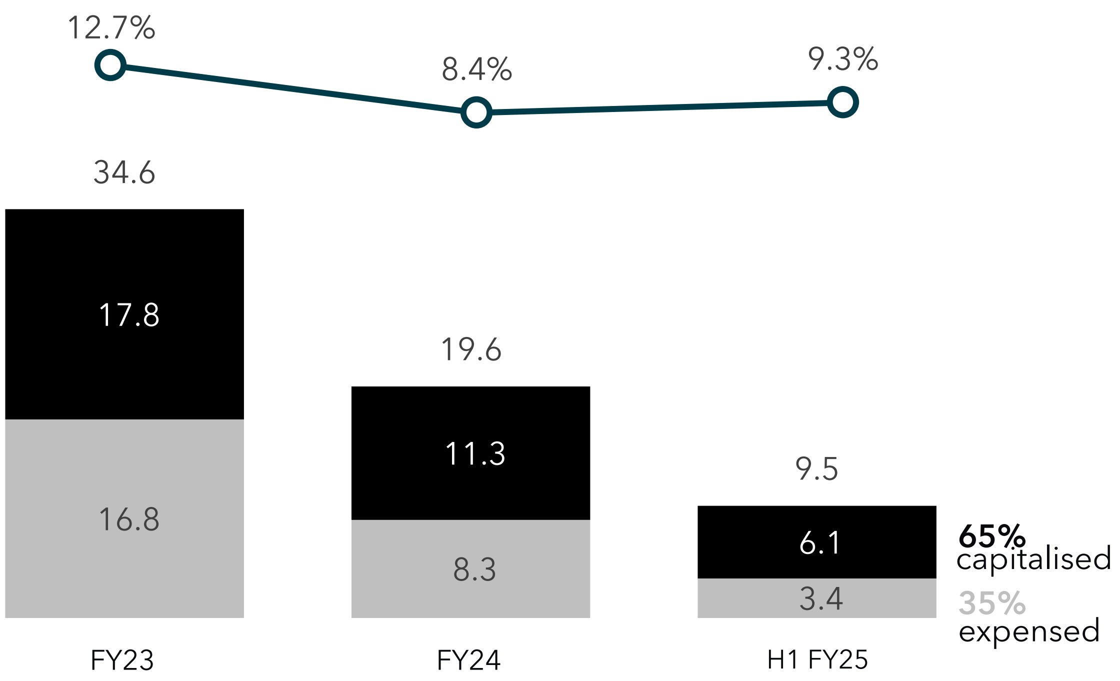
Investment in product development

Investment in product development[1]

Product development (exc. amortisation) as a % of revenue



Commentary

- $9.5m investment in product development during H1 FY25
- ~65% of spend capitalised, up on FY24 due to increased effort on development vs. maintenance during the period. 9.3% of revenue reinvested in product development
- Full year investment in product development expected to be contained within existing product and engineering spend
- While the quantum of product development is now lower than historical levels, Appen remains committed to the development of industry-leading products and tools to deliver high quality data for our customers, including supporting generative AI

1. **Product development relates to investment in engineering to ensure our AI data platform and tools support our clients and their use cases, drive efficiencies and scale. These amounts exclude amortization expense.**

Reconciliation between statutory and underlying results

	Half-year ended 30-Jun-25 $000	Half-year ended 30-Jun-24 $000	Change
Underlying net loss after tax (NPAT)[1]	(12,240)	(11,815)	nm%
Less underlying adjustments (net of tax)			
Amortisation of acquisition-related identifiable intangible assets	(6,266)	(3,072)	
Restructure costs	(705)	(1,991)	
Transaction costs	(45)	(137)	
Acquisition-related and one-time[2] share-based payments	(6)	(738)	
Statutory NPAT	(19,263)	(17,753)	nm%
Add/(less): tax expense/benefit	(21)	15	
Add: net interest expense	(33)	228	
EBIT[3]	(19,317)	(17,510)	nm%
Add: depreciation and amortisation	15,511	11,293	
Statutory EBITDA[4]	(3,806)	(6,217)	nm%
Add: underlying adjustments			
Restructure costs	903	2,673	
Transaction costs	66	193	
Acquisition-related and one-time[3] share-based payments	6	738	
Underlying EBITDA[1]	(2,831)	(2,613)	nm%
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%)	

1. Underlying results are a non-IFRS measure used by management to assess the performance of the business and have been calculated from statutory measures. Non-IFRS measures have not been subject to audit. Underlying EBITDA excludes restructure costs, transaction costs, and acquisition-related and one-time share-based payments expense.
2. 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.
3. EBIT is defined as earnings before interest and tax.
4. EBITDA is EBIT before depreciation and amortisation.

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Balance sheet

	Jun 2025	Dec 2024
Cash	60.9	54.8
Receivables	34.1	46.7
Contract assets	15.6	19.7
Other current assets	6.8	8.0
Non-current assets	33.3	41.4
Total assets	**150.7**	**170.6**
Current liabilities	42.3	43.9
Non-current liabilities	11.5	12.4
Total liabilities	**53.8**	**56.3**
Net Assets	**96.9**	**114.3**
Total equity	**96.9**	**114.3**

Commentary

- Cash balance of $60.9m (AUD 92.9m[1]) , up $6.1m from December 2024. Balance positively impacted by receipt of a $10m payment from a major customer in the first week of January 2025 versus December 2024 as scheduled
- Receivables and contract assets combined decreased $16.7m due to $10m noted above as well as lower revenue Q2 FY25 compared to Q4 FY24
- Non-current assets decreased primarily due to amortisation of platform at higher rate than new investment in product development, and $3.3m accelerated amortisation in relation to acquired platform
- Current liabilities $1.6m lower due to decrease in payables offset by an increase in contract liabilities
- Non-current liabilities $0.9m lower due to a decrease in lease liabilities

1. Converted at 30 June 2025 exchange rate of 0.655

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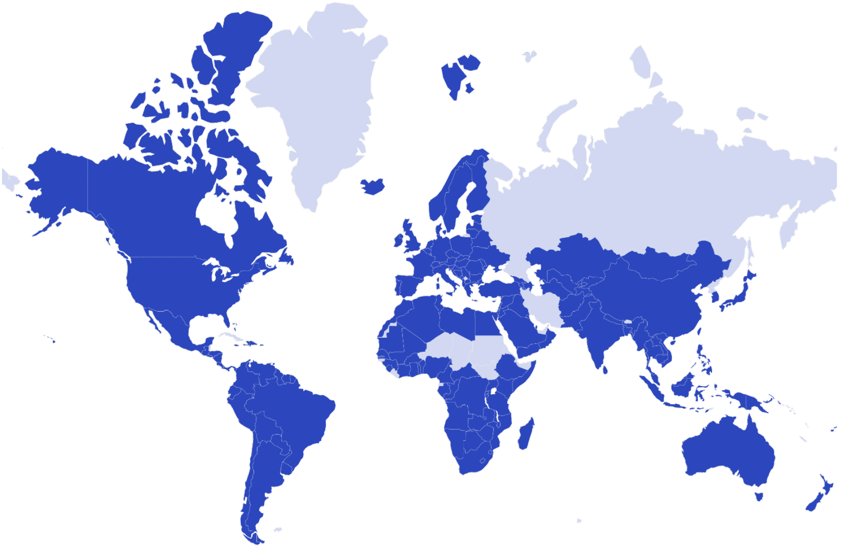
Appen global workforce



1M+
people

50M+
people hours on platform

500+
languages

100+
domain specific capabilities

7
secure facility options

100+
countries

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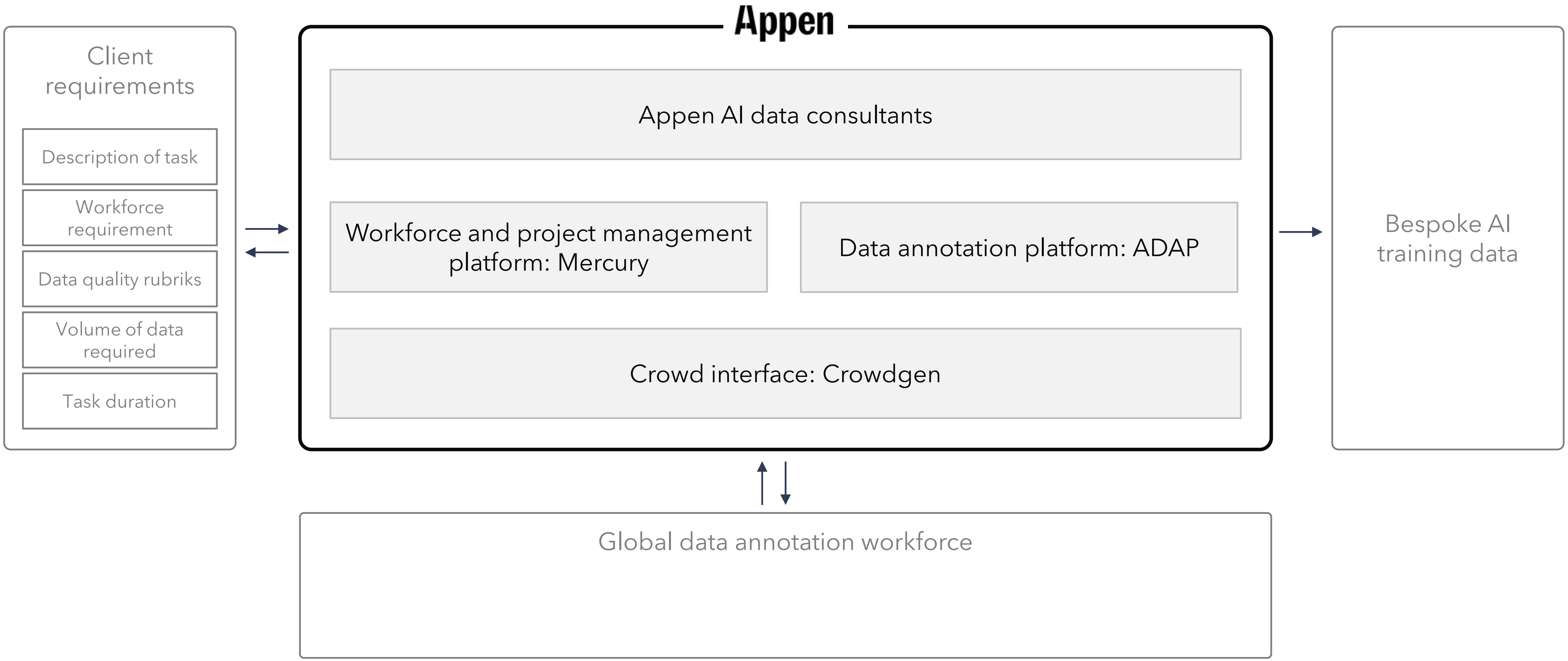
Appen creates bespoke AI training data for leading model builders



Examples of how Appen supports its customers

Social media
- Ad evaluations
- Misinformation categorization
- AR/VR & wearable device data

Foundation model builders
- Evaluation of LLM responses
- Domain specific model reasoning
- Agentic AI training data

AI first companies
- Image annotation
- Embodied AI agents (robotics)
- Multimodal data annotation

Ecommerce
- Product classification
- Customer support chatbot data
- Multi-modal data analysis

Enterprise SaaS
- Evaluation of LLM responses
- Multimodal data annotation
- Audio data for speech recognition

Automotive
- 3D Lidar annotation
- In-cabin image data collection
- Data for speech recognition

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Thank you