

ASX Announcement

28 August 2025

H1 FY25 results and FY25 outlook & guidance

Appen Limited (Appen) (ASX: APX), a global market leader in data for the Artificial Intelligence (AI) Lifecycle, is pleased to provide its half-year results for the six months ended 30 June 2025 (H1 FY25) as well as FY25 outlook and guidance.

H1 FY25 Highlights:

- Revenue of \$102.1 million, +2%¹ vs prior corresponding period (pcp)
- Improvement in underlying EBITDA² (before FX), narrowing to \$2.2 million loss
- Pleasing financial performance achieved in China business, reflected by:
 - 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 EBITDA² profitability
- Growth in China offset by ongoing volatility and dynamic nature of 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
- Strong cash balance with cash on hand as at 30 June 2025 of \$60.9 million (AUD 92.9 million³)
- Current FY25 guidance reaffirmed:
 - Revenue tracking towards low end of \$235 - \$260 million range; and
 - Positive full year underlying EBITDA²
- Investor webinar to be held today, 28 August 2025, at 10.00am AEST ([click here to register](#))

Commenting on the performance for the half, Appen's CEO & Managing Director Ryan Kolln said:

"Appen's first half delivered a strong result for our China business, exiting the period 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."

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

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

³ Converted at 30 June 2025 exchange rate of 0.655

"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. A recent project win with over \$10 million annual revenue potential reflects encouraging 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 EBITDA profitability."

Financial and Operating Performance

Group revenue

Group revenue increased 2% to \$102.1 million (excluding the impact of Google⁴). Including Google, revenue decreased 10%. Pleasingly, New Markets revenue increased 20% to \$59.6 million, reflecting strong growth in the China business of 67% versus pcp. The China business exited the quarter with an annualised run-rate for June exceeding \$100 million. 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.

During the half, the decrease in gross margin % reflects a change in customer and project mix, noting China margins are traditionally lower versus the rest of Group.

Financial performance

Underlying EBITDA improved slightly, notwithstanding lower revenue and gross margin. This performance was driven by \$4.0 million improvement versus H1 FY24 within New Markets underlying EBITDA. Specifically, this reflects a positive EBITDA contribution from the growing China business during the half. Overall, the Company continued to ensure prudent cost management throughout the half, further aiding group profitability.

Cash balance was \$60.9 million (AUD 92.9 million⁵) as at 30 June 2025, up \$6.1 million from December 2024, positively impacted by receipt of a \$10 million payment from a major customer in the first week of January 2025 versus December 2024 as scheduled.

⁴ Google terminated its global services agreement effective March 2024. Google revenue excluded from pcp analysis to provide a like-for-like comparison.

⁵ Converted at 30 June 2025 exchange rate of 0.655

Strategic and operational initiatives

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 half.

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.

In addition to this, US policy uncertainty has meant generating meaningful short-term revenue opportunities within the US Government division is challenging. In light of this, Appen has made the decision to wind back divisional investment, commencing H2 FY25. Specifically, it is anticipated this decision will also result in an additional annualised operational expense saving of approximately \$4 million, with the majority of this cost-out also executed by end of Q3 FY25, with the balance by the end of Q4 FY25.

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 range⁶; and
- Positive full year underlying EBITDA⁷.

⁶ As provided at the Company's Annual General Meeting in May 2025, updated at the Company's Q2 FY25 results in July 2025.

⁷ Underlying EBITDA excludes FX gains/losses, restructure costs, transaction costs, and acquisition-related and one-time share-based payment expense.

Investor webinar

The Company will host an investor webinar to discuss the results with Ryan Kolln, CEO & Managing Director and Justin Miles, CFO. The webinar will be hosted at 10.00am AEST today, Thursday, 28 August 2025. Register for the investor webinar via the link below:

https://us02web.zoom.us/webinar/register/WN_mxwKnmLsT_OfSz-SiJE4SA

Following the presentation, participants will have an opportunity to ask questions.

Authorised by the Board of Appen Limited.

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About Appen

Appen is a global market leader in data for the AI Lifecycle. With over 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 languages⁸, in over 200 countries⁹, as well as our AI data platform. Our products and services give leaders in technology, automotive, financial services, retail, healthcare, and governments the confidence to launch world-class AI products.

Founded in 1996, Appen has customers and offices globally.

⁸ Self-reported.

⁹ Self-reported, includes territories.