

Disclaimer

In this presentation, we may make statements related to our business that are forward-looking statements under federal securities laws and are made pursuant to the Safe Harbor provisions of the Private Securities Litigation Reform Act of 1995, including statements related to our financial results, trends and guidance for the third quarter of 2018, the benefits of our platform, industry and market trends, our go-to-market and growth strategy, our market opportunity and ability to expand our leadership position, our ability to maintain and upsell existing customers, and our ability to acquire new customers. The words “anticipate,” “continue,” “estimate,” “expect,” “intend,” “will” and similar expressions are intended to identify forward-looking statements or similar indications of future expectations. These statements reflect our views only as of today and should not be reflected upon as representing our views as of any subsequent date. These statements are subject to a variety of risks and uncertainties that could cause actual results to differ materially from expectations.

For a discussion of the material risks and other important factors that could affect our actual results, please refer to those contained in our 2017 10-K filing and our other periodic filings with SEC. These documents are available in the “Investors” relations section of our website at www.appian.com.

Additionally, non-GAAP financial measures will be shared. Please refer to the tables in our earnings release and the investor relations portion of our website for a reconciliation of these measures to their most directly comparable GAAP financial measure.

Business Highlights

- **Captured Nine \$1M+ TCV Deals**

- Seven multimillion-dollar deals were expansions with existing customers
- Two \$1M+ deals were with new customers
- Speed of deployment was a key differentiator in both new name and expansion deals

- **Customers choose Appian Cloud**

- Over 80% of license bookings were with Appian Cloud
- Leading global asset management firm will move entire Appian implementation from on-premises to Appian Cloud
- Top 5 investment bank expanded to Appian Cloud, making Appian one of their first Cloud service providers

- **Partners more impactful than before**

- 68% of new logos were influenced by partners compared to 50% in the year ago period

- **David Mitchell will become SVP, Worldwide Sales on January 1, 2019**

Financial Highlights

- **Revenue**

- Subscription Revenue was \$27.0MM in Q2 2018, growth of 36% over Q2 2017
- Total Revenue was \$59.9MM in Q2 2018, growth of 39% over Q2 2017

- **Retention**

- Net Revenue Retention Rate was 119% as of June 30, 2018

- **Gross Margins***

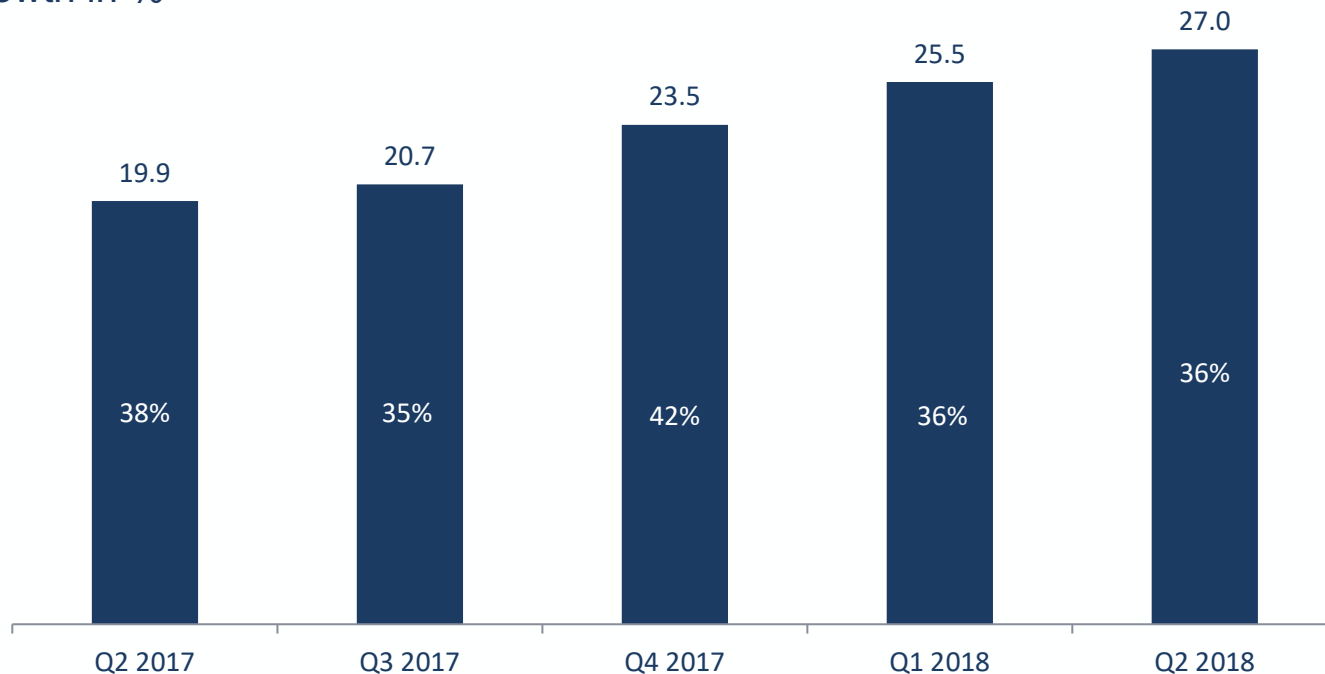
- Subscriptions, Software and Support Margin was 92%
- Professional Services Margin was 31%
- Overall Gross Margin was 64%

*Non-GAAP - Data does not include any stock-based compensation expense

Subscription Revenue

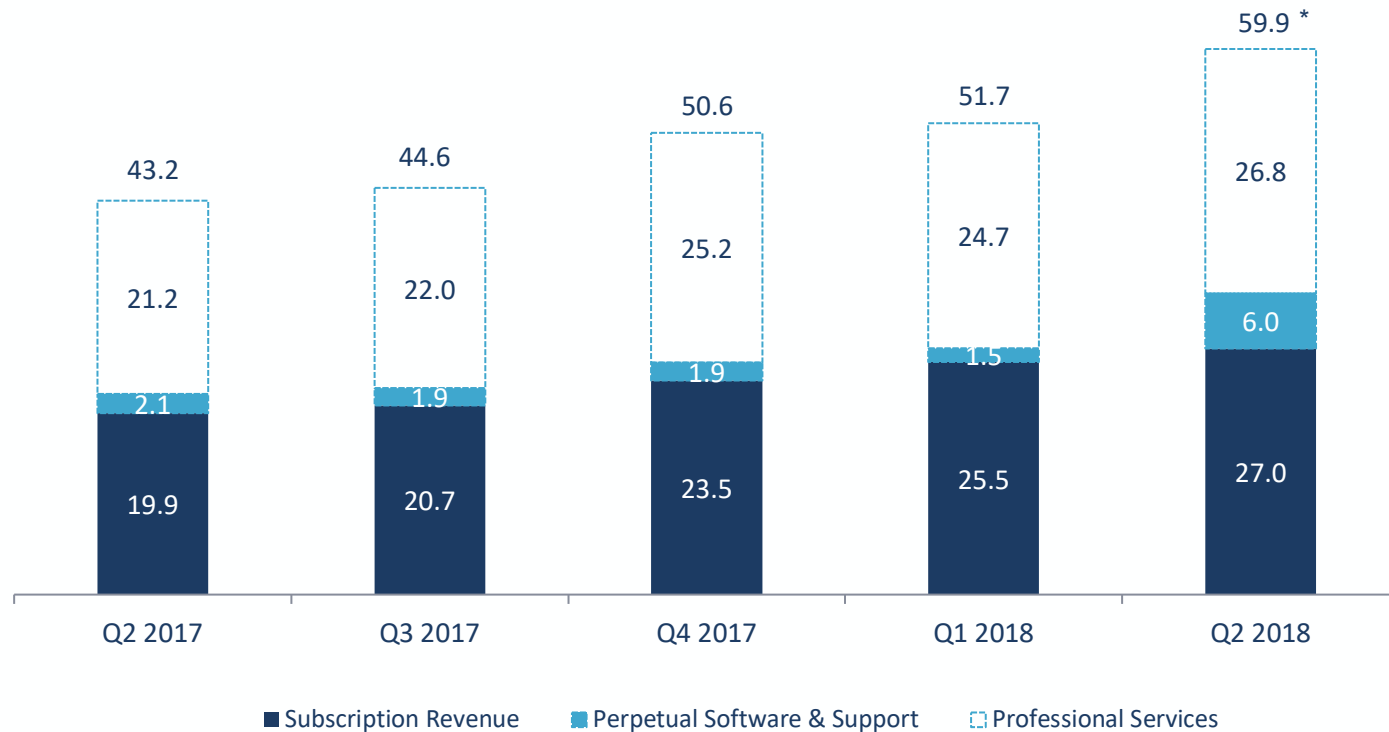
USD Millions

Y/Y Growth in %



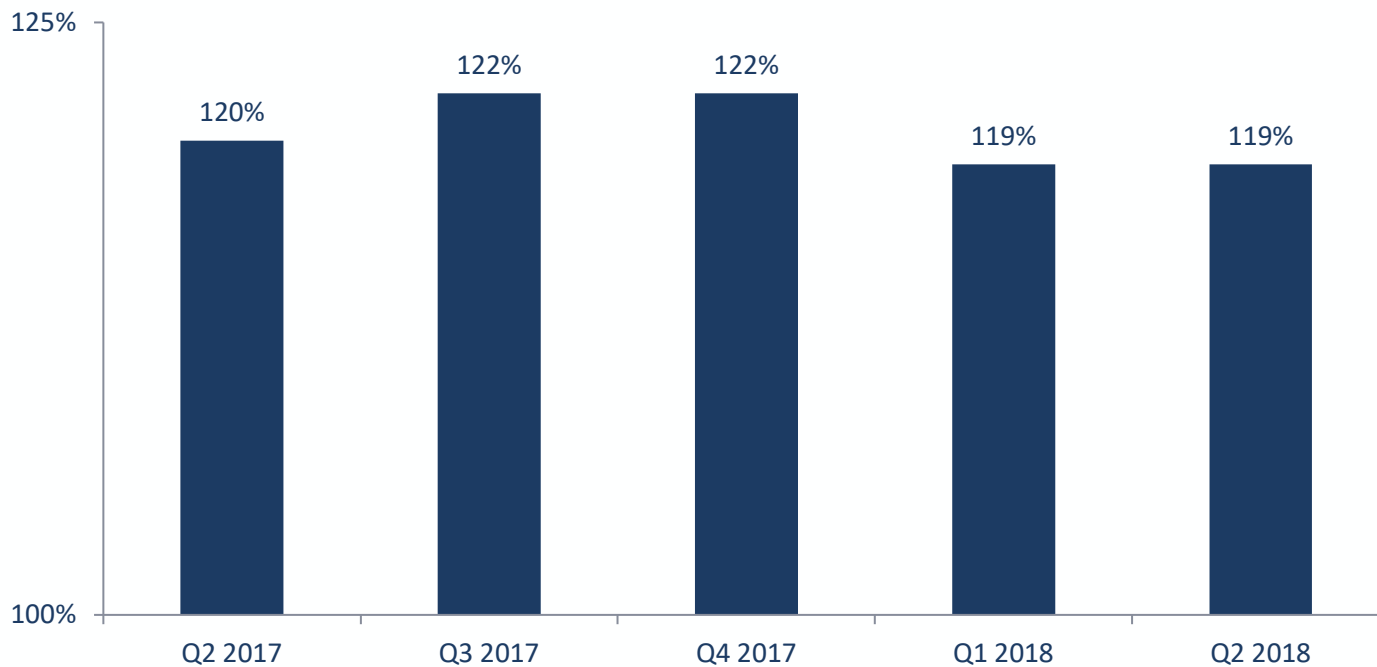
Total Revenue

USD Millions



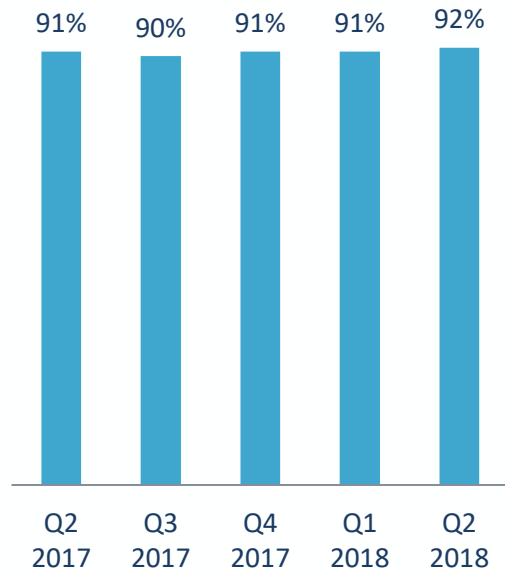
*May not foot due to rounding

Subscription Revenue Retention

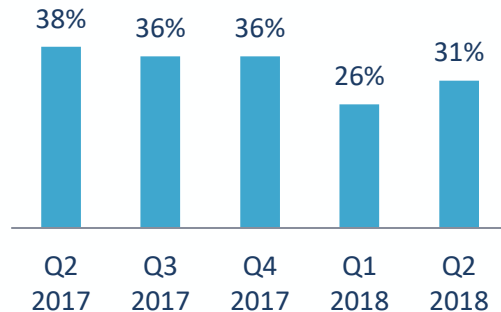


Gross Margins*

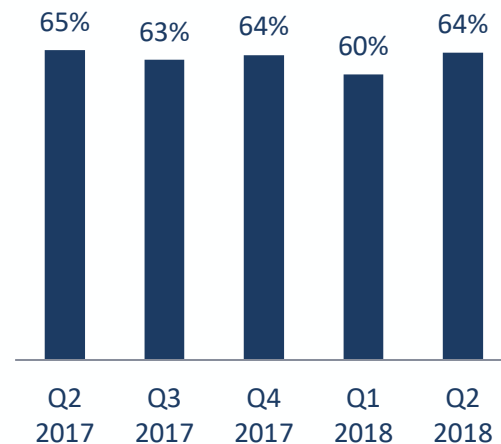
Subscriptions, Software, and Support



Professional Services



Overall



*Non-GAAP - Data does not include any stock-based compensation expense

Q2 2018 Highlights

Subscription Revenue (\$MM)

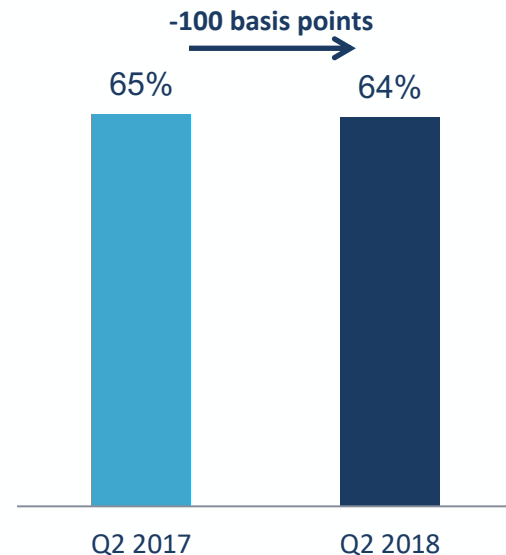


Subscription Revenue Retention*



*As of June 30, 2018

Overall Gross Margins**



**Non-GAAP - Data does not include any stock-based compensation expense

Guidance*

In \$ Millions except for EPS	Q3 2018	FY 2018
Subscription Revenue	27.7 – 27.9	110.5 – 110.9
Subscription Revenue Growth Y/Y	34% – 35%	34%
Total Revenue	49.6 – 49.8	213.8 – 215.3
Total Revenue Growth Y/Y	11% – 12%	21% – 22%
Non-GAAP Loss from Operations	(11.2) – (10.2)	(36.4) – (34.4)
Non-GAAP Loss per Share	(0.19) – (0.17) **	(0.63) – (0.60) ***

*Guidance given on August 2, 2018.

**Based on 61.8 million basic and diluted weighted average common shares outstanding for Q3 2018.

***Based on 61.6 million basic and diluted weighted average common shares outstanding for FY18.

Appendix

Balance Sheet

\$ in thousands

	As of June 30, 2018 (unaudited)	As of December 31, 2017
Assets		
Cash and cash equivalents	\$ 50,363	\$ 73,758
Accounts receivable, net of allowance of \$400	64,916	55,315
Other current assets	17,264	16,149
Property and equipment, net	3,208	2,663
Deferred commissions, net of current portion	13,665	12,376
Other assets	844	791
Total assets	\$ 150,260	\$ 161,052
Liabilities and Stockholders' Equity		
Deferred revenue, current	\$ 72,901	\$ 70,165
Other current liabilities	30,541	24,950
Deferred revenue, net of current portion	14,514	18,922
Other long-term liabilities	245	1,491
Total liabilities	118,201	115,528
Stockholders' equity		
Common stock	6	6
Additional paid-in capital	147,786	141,268
Accumulated other comprehensive income	976	439
Accumulated deficit	(116,709)	(96,189)
Total stockholders' equity	32,059	45,524
Total liabilities and stockholders' equity	\$ 150,260	\$ 161,052

Income Statement

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
	(unaudited)		(unaudited)	
Revenue:				
Subscriptions, software and support	\$ 33,047	\$ 22,012	\$ 59,999	\$ 43,456
Professional services	26,836	21,186	51,580	38,071
Total revenue	59,883	43,198	111,579	81,527
Cost of revenue:				
Subscriptions, software and support	2,824	2,488	5,452	4,550
Professional services	18,750	14,149	37,171	24,777
Total cost of revenue	21,574	16,637	42,623	29,327
Gross profit	38,309	26,561	68,956	52,200
Operating expenses:				
Sales and marketing	27,384	22,775	50,348	39,778
Research and development	10,785	9,971	20,655	17,271
General and administrative	8,425	8,635	16,485	13,484
Total operating expenses	46,594	41,381	87,488	70,533
Operating loss	(8,285)	(14,820)	(18,532)	(18,333)
Other expense (income):				
Other expense (income), net	2,593	(734)	1,675	(1,233)
Interest expense	54	197	67	453
Total other expense (income)	2,647	(537)	1,742	(780)
Net loss before income taxes	(10,932)	(14,283)	(20,274)	(17,553)
Income tax expense	35	176	246	301
Net loss	(10,967)	(14,459)	(20,520)	(17,854)
Accretion of dividends on convertible preferred stock	—	143	—	357
Net loss attributable to common stockholders	\$ (10,967)	\$ (14,602)	\$ (20,520)	\$ (18,211)
Net loss per share attributable to common stockholders:				
Basic and diluted	\$ (0.18)	\$ (0.34)	\$ (0.34)	\$ (0.47)
Weighted average common shares outstanding:				
Basic and diluted	61,401,466	42,800,875	61,127,516	38,561,349

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Reconciliation of Non-GAAP Measures (unaudited)

The following table presents a reconciliation of GAAP net loss to non-GAAP net loss for each of the periods indicated:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
<i>\$ in thousands, except for shares</i>				
Reconciliation of non-GAAP net loss:				
GAAP net loss	\$ (10,967)	\$ (14,459)	\$ (20,520)	\$ (17,854)
Add back:	-	-	-	-
Stock-based compensation expense	2,206	9,345	4,446	9,345
Change in fair value of warrant liability	-	341	-	341
Loss on extinguishment of debt	-	384	-	384
Non-GAAP net loss	<u>\$ (8,761)</u>	<u>\$ (4,389)</u>	<u>\$ (16,074)</u>	<u>\$ (7,784)</u>
GAAP net loss per share attributable to common stockholders, basic and diluted	\$ (0.18)	\$ (0.34)	\$ (0.34)	\$ (0.47)
Non-GAAP weighted average shares used to compute net loss per share attributable to common stockholders, basic and diluted	61,401,466	54,976,178	61,127,516	53,714,039
Non-GAAP net loss per share, basic and diluted	<u>\$ (0.14)</u>	<u>\$ (0.08)</u>	<u>\$ (0.26)</u>	<u>\$ (0.14)</u>

The following table presents a reconciliation of GAAP operating loss to non-GAAP operating loss for each of the periods indicated (unaudited):

<i>\$ in thousands, except for shares</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Reconciliation of non-GAAP operating loss:				
GAAP operating loss	\$ (8,285)	\$ (14,820)	\$ (18,532)	\$ (18,333)
Add back:				
Stock-based compensation expense	2,206	9,345	4,446	9,345
Non-GAAP operating loss	<u>\$ (6,079)</u>	<u>\$ (5,475)</u>	<u>\$ (14,086)</u>	<u>\$ (8,988)</u>

The following table presents a detail of the stock-based compensation expense for each of the periods indicated (unaudited):

<i>\$ in thousands</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Cost of revenue:				
Subscriptions, software and support	\$ 107	\$ 404	\$ 217	\$ 404
Professional services	203	984	423	984
Operating Expenses				
Sales and marketing	538	2,423	1,045	2,423
Research and development	342	2,202	733	2,202
General and administrative	1,016	3,332	2,028	3,332
Total stock-based compensation expense	<u>\$ 2,206</u>	<u>\$ 9,345</u>	<u>\$ 4,446</u>	<u>\$ 9,345</u>

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The Digital Transformation Platform™