



Q1 2020 Earnings Call Presentation

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Appian

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 second quarter of 2020, the impact of COVID-19 on our business and on the global economy, 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 2019 10-K filing and our other periodic filings with SEC. These documents are available in the Investors 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 Investors section of our website for a reconciliation of these measures to their most directly comparable GAAP financial measure.

Q1 2020 Business Highlights

Companies are using Appian to respond to the COVID-19 crisis

- Hundreds downloaded Appian's COVID-19 Response Management application
- Leading healthcare providers using Appian to manage clinical trials and to protect healthcare workers and patients
- Leading banks are using Appian to process loan requests for the US Paycheck Protection Program

Appian became the first vendor to natively offer full-stack automation

- Became the only vendor to offer the ability to orchestrate bots, AI, and people in a workflow on a single platform
- Acquired a leading Robotic Process Automation company
- Released a fully integrated version of our low-code automation platform with native RPA
- Remained an open platform, allowing customers to integrate best-in-class software with their Appian applications

Appian hired new executive talent

- Eric Cross as Chief Revenue Officer
- Pavel Zamudio as Senior Vice President of Customer Success

Q1 2020 Financial Highlights

Revenue

- Cloud Subscription Revenue was \$28.4m in Q1 2020, growth of 33% over Q1 2019
- Subscriptions Revenue was \$50.4 million in Q1 2020, growth of 46% over Q1 2019
- Total Revenue was \$78.9m in Q1 2020, growth of 31% over Q1 2019

Retention

- Cloud Subscription Revenue Retention Rate was 115% as of March 31, 2020, consistent with 115% as of December 31, 2019

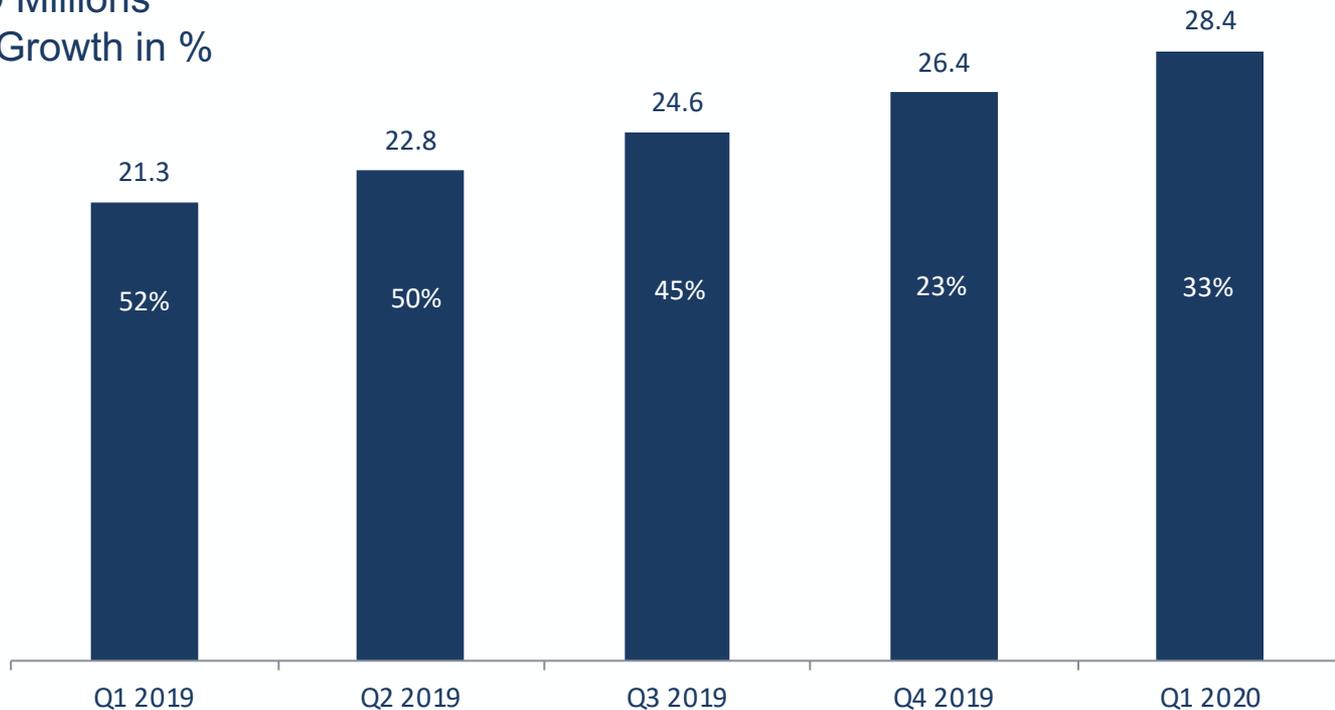
Gross Margins*

- Subscriptions Margin was 90%
- Professional Services Margin was 35%
- Overall Gross Margin was 70%

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

Cloud Subscription Revenue

USD Millions
Y/Y Growth in %



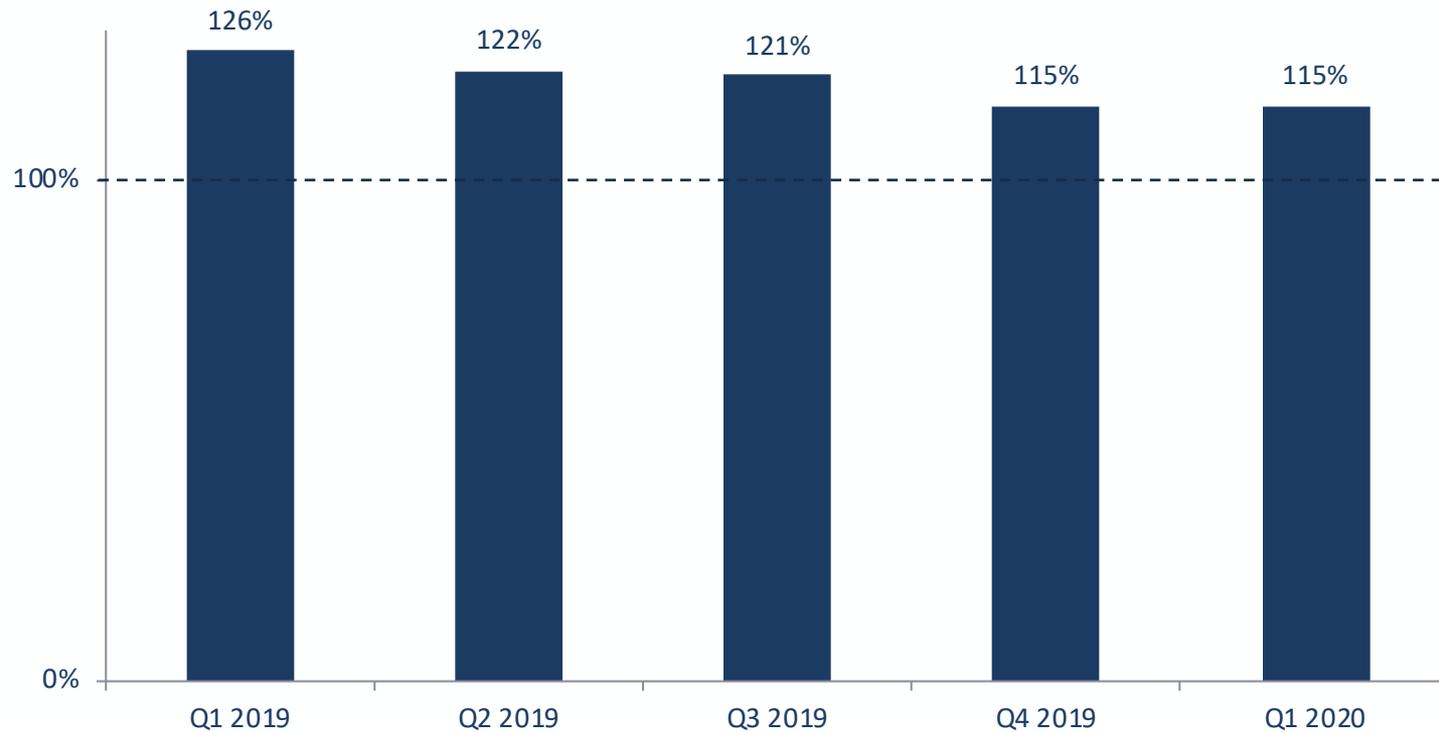
Total Revenue

USD Millions



■ Cloud Subscription Revenue ■ On-prem Subscription Revenue ■ Maintenance & Support ■ Professional Services

Cloud Subscription Revenue Retention

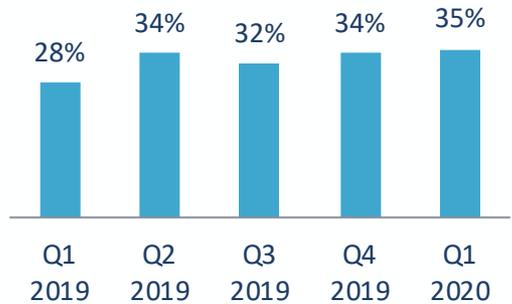


Gross Margins*

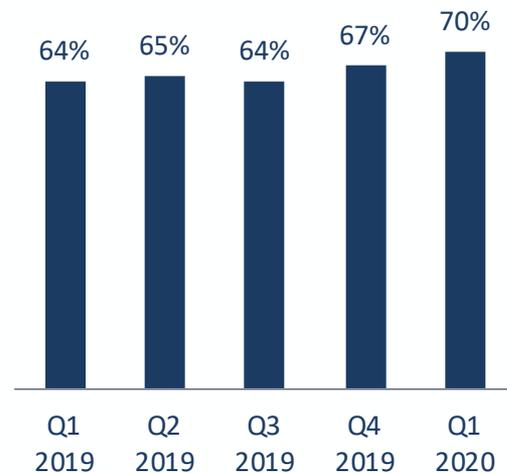
Subscriptions



Professional Services



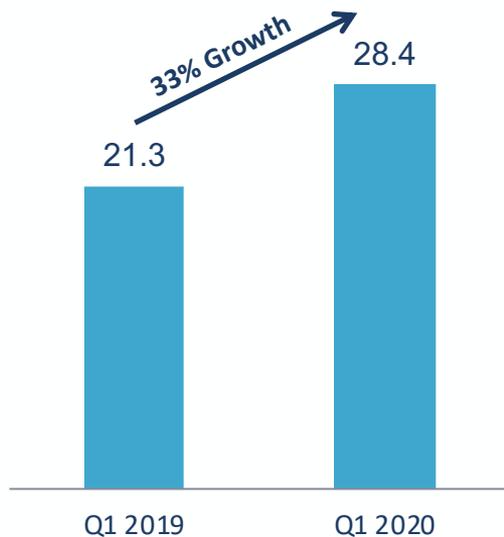
Overall



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

Q1 2020 Highlights

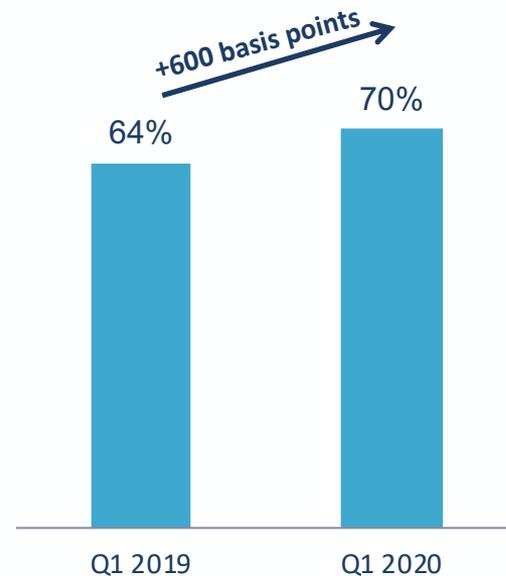
Cloud Subscription Revenue (\$MM)



Cloud Subscription Revenue Retention*



Overall Gross Margins**



*As of March 31, 2020

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

Guidance

Given on May 7, 2020

In \$ Millions except for EPS	Q2 2020
Cloud Subscription Revenue	28.4 – 28.7
Cloud Subscription Revenue Growth Y/Y	25% – 26%
Total Revenue ¹	60.0 – 61.0
Total Revenue Decrease Y/Y	(8)% – (7)%
Adjusted EBITDA Loss	(16.0) – (14.0)
Non-GAAP Loss per Share	(0.26) – (0.23) ²

(1) In the first quarter of 2020, we recognized approximately \$4 million of on-premises term license subscriptions revenue associated with deals that closed during the first quarter of 2020 that we had expected to close in the second quarter of 2020 when we provided our first quarter 2020 guidance in February 2020.

(2) Based on 67.7 million basic and diluted weighted average common shares outstanding for Q2 2020

Appendix

Balance Sheet

<i>\$ in thousands</i>	As of March 31, 2020 (unaudited)	As of December 31, 2019
Assets		
Cash and cash equivalents	\$ 149,163	\$ 159,755
Accounts receivable, net of allowance of \$800 and 600 as of March 31, 2020 and December 31, 2019, respectively	65,153	70,408
Deferred commissions, current	14,686	14,543
Prepaid expenses and other current assets	26,469	32,955
Property and equipment, net	38,325	39,554
Goodwill	4,348	-
Intangible assets, net of accumulated amortization of \$96 as of March 31, 2020	1,847	-
Operating right-of-use asset	23,340	24,205
Deferred commissions, net of current portion	28,311	28,979
Other assets	7,820	1,086
Total assets	\$ 359,462	\$ 371,485
Liabilities and Stockholders' Equity		
Deferred revenue, current	\$ 81,279	\$ 82,201
Operating lease liability, current	3,755	3,836
Finance lease liability, current	1,466	1,447
Other current liabilities	22,350	24,796
Operating lease liability, net of current	44,778	44,416
Finance lease liability, net of current	1,998	2,375
Deferred revenue, net of current portion	5,684	7,139
Other long-term liabilities	421	38
Total liabilities	161,731	166,248
Stockholders' equity		
Common stock	6	6
Additional paid-in capital	345,075	340,929
Accumulated other comprehensive loss	(268)	(285)
Accumulated deficit	(147,082)	(135,413)
Total stockholders' equity	197,731	205,237
Total liabilities and stockholders' equity	\$ 359,462	\$ 371,485

Income Statement

	Three Months Ended March 31,	
	2020	2019
	(unaudited)	
<i>\$ in thousands, except for shares</i>		
Revenue:		
SaaS (cloud) subscriptions	\$ 28,390	\$ 21,278
Term license (on prem) subscriptions	17,793	9,557
Maintenance and support	4,253	3,722
Total subscriptions revenue	50,436	34,557
Professional services	28,428	25,747
Total revenue	78,864	60,304
Cost of revenue:		
Subscriptions	5,383	3,585
Professional services	18,736	20,481
Total cost of revenue	24,119	24,066
Gross profit	54,745	36,238
Operating expenses:		
Sales and marketing	34,172	28,591
Research and development	16,038	13,956
General and administrative	13,141	9,016
Total operating expenses	63,351	51,563
Operating loss	(8,606)	(15,325)
Other expense (income):		
Other expense (income), net	3,114	(302)
Interest expense	143	71
Total other expense (income)	3,257	(231)
Loss before income taxes	(11,863)	(15,094)
Income tax (benefit) expense	(194)	122
Net loss	\$ (11,669)	\$ (15,216)
Net loss per share attributable to common stockholders:		
Basic and diluted	\$ (0.17)	\$ (0.24)
Weighted average common shares outstanding:		
Basic and diluted	67,528,331	64,306,667

Reconciliation of Non-GAAP Measures

	Three Months Ended March 31,	
	2020	2019
<i>\$ in thousands, except for shares</i>		
Reconciliation of non-GAAP operating loss:		
GAAP operating loss	\$ (8,606)	\$ (15,325)
Add back:		
Stock-based compensation expense	3,476	7,225
Non-GAAP operating loss	<u>\$ (5,130)</u>	<u>\$ (8,100)</u>
<i>\$ in thousands, except for shares</i>		
Reconciliation of non-GAAP net loss:		
GAAP net loss	\$ (11,669)	\$ (15,216)
Add back:		
Stock-based compensation expense	3,476	7,225
Loss on disposal of asset	7	-
Non-GAAP net loss	<u>\$ (8,186)</u>	<u>\$ (7,991)</u>
GAAP net loss per share attributable to common stockholders, basic and diluted	\$ (0.17)	\$ (0.24)
Non-GAAP weighted average shares used to compute net loss per share attributable to common stockholders, basic and diluted	67,528,331	64,306,667
Non-GAAP net loss per share, basic and diluted	<u>\$ (0.12)</u>	<u>\$ (0.12)</u>
Reconciliation of adjusted EBITDA:		
GAAP net loss	\$ (11,669)	\$ (15,216)
Other expense (income), net	3,114	(302)
Interest expense	143	71
Income tax (benefit) expense	(194)	122
Depreciation and amortization expense	1,511	798
Stock-based compensation expense	3,476	7,225
Adjusted EBITDA	<u>\$ (3,619)</u>	<u>\$ (7,302)</u>

Stock-Based Compensation Expense

<i>\$ in thousands</i>	Three Months Ended March 31,	
	2020	2019
Cost of revenue:		
Subscriptions	\$ 213	\$ 154
Professional services	212	1,974
Operating Expenses		
Sales and marketing	753	2,381
Research and development	553	2,115
General and administrative	1,745	601
Total stock-based compensation expense	\$ 3,476	\$ 7,225

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