



# Q2 2021 Earnings Call Presentation

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**Mark Lynch, CFO**

# 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 and full year 2021, 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 2020 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](http://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.

# Q2 2021 Highlights

## **Business**

- Announced acquisition of a leading process mining company
- Partners roughly doubled their software bookings for 1H 2021, compared to 1H 2020

## **Revenue**

- Cloud subscription revenue was \$42.5 million in Q2 2021, representing growth of 44% over Q2 2020
- Subscriptions revenue was \$56.9 million in Q2 2021, representing growth of 37% over Q2 2020
- Total revenue was \$83.0 million in Q2 2021, representing growth of 24% over Q2 2020

## **Retention**

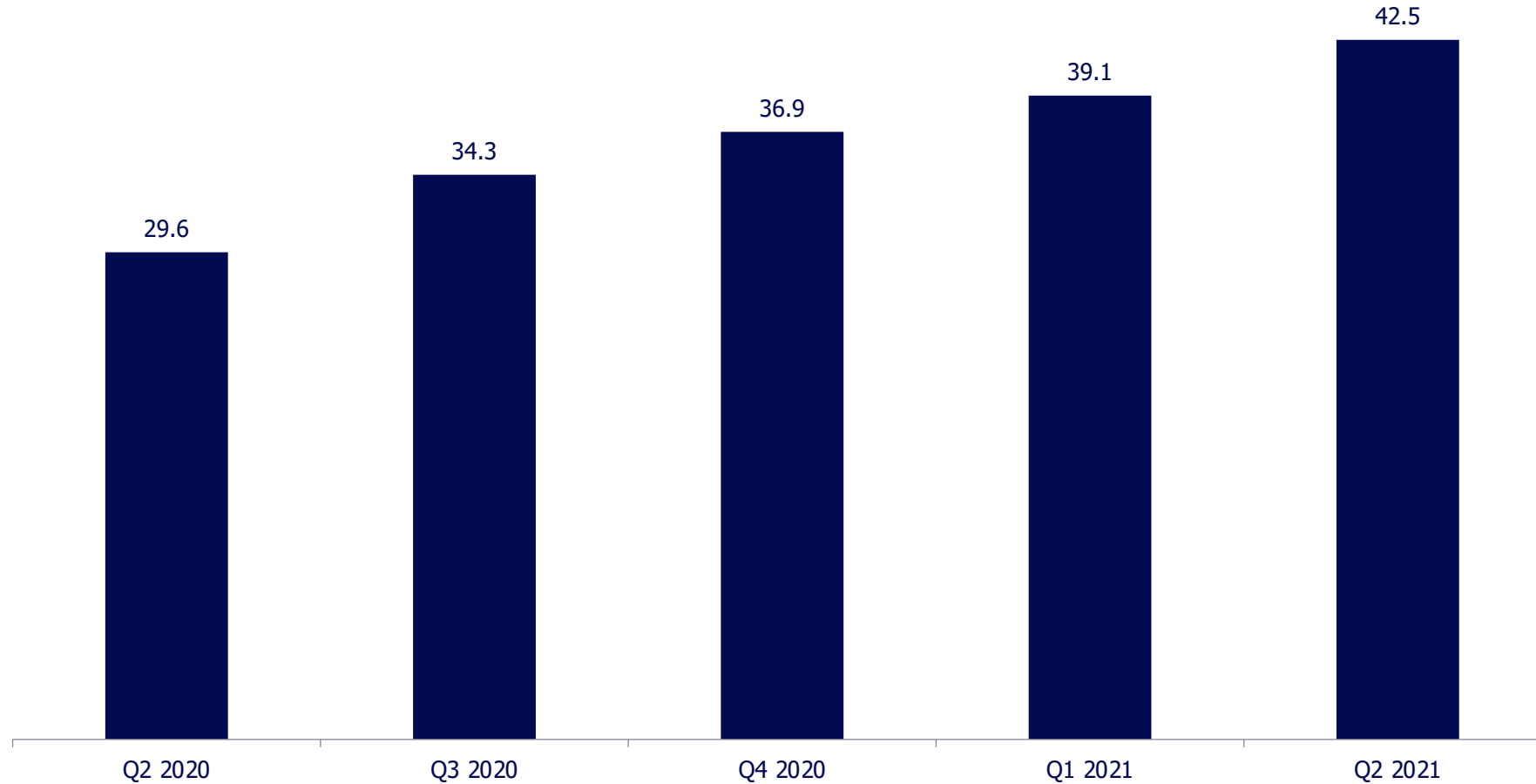
- Cloud subscription revenue retention rate was 121% as of June 30, 2021

## **Gross Margins\***

- Subscriptions margin was 88%
- Professional services margin was 30%
- Overall gross margin was 70%

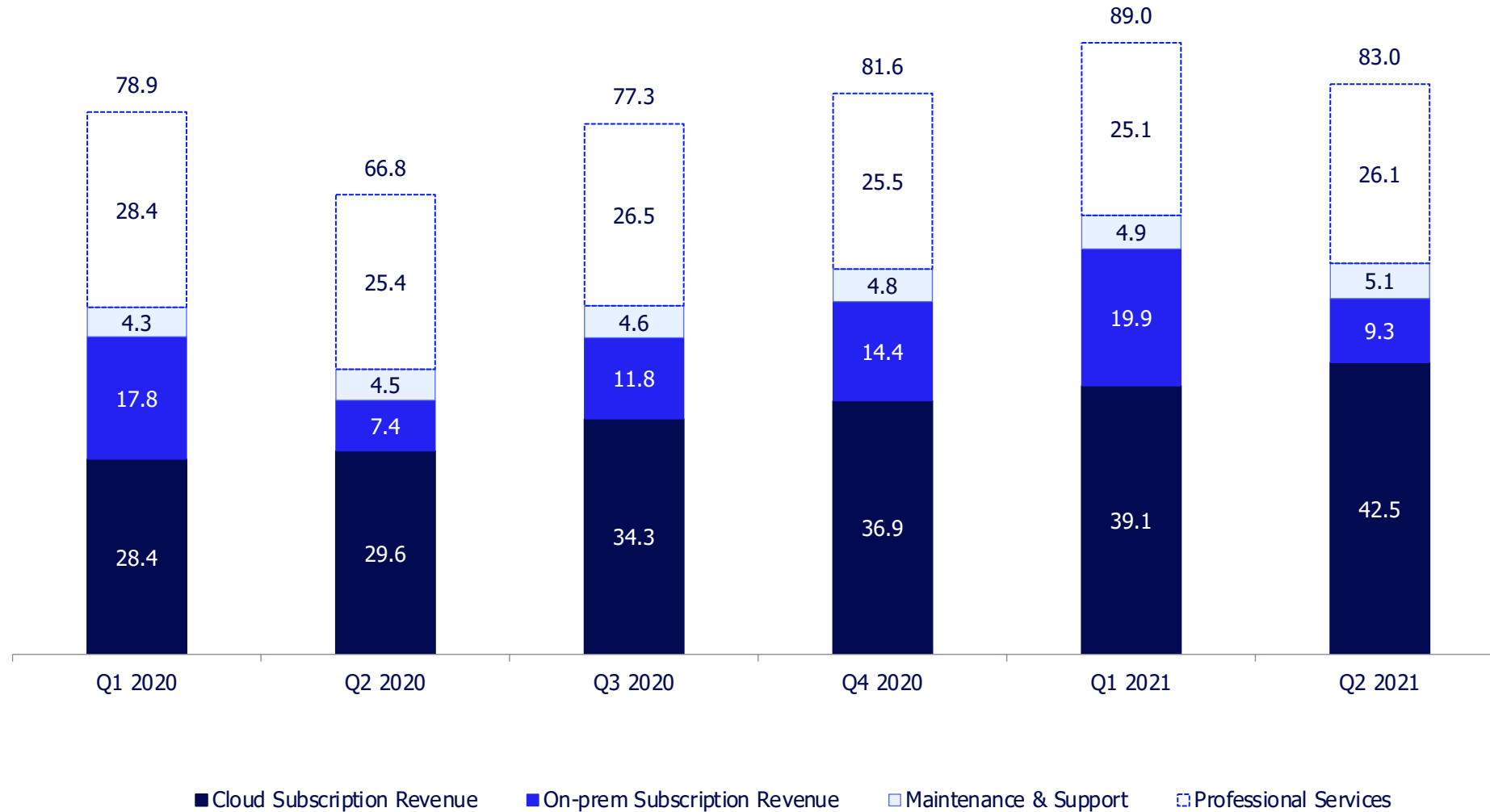
# Cloud Subscription Revenue

(USD, in millions)



# Total Revenue\*

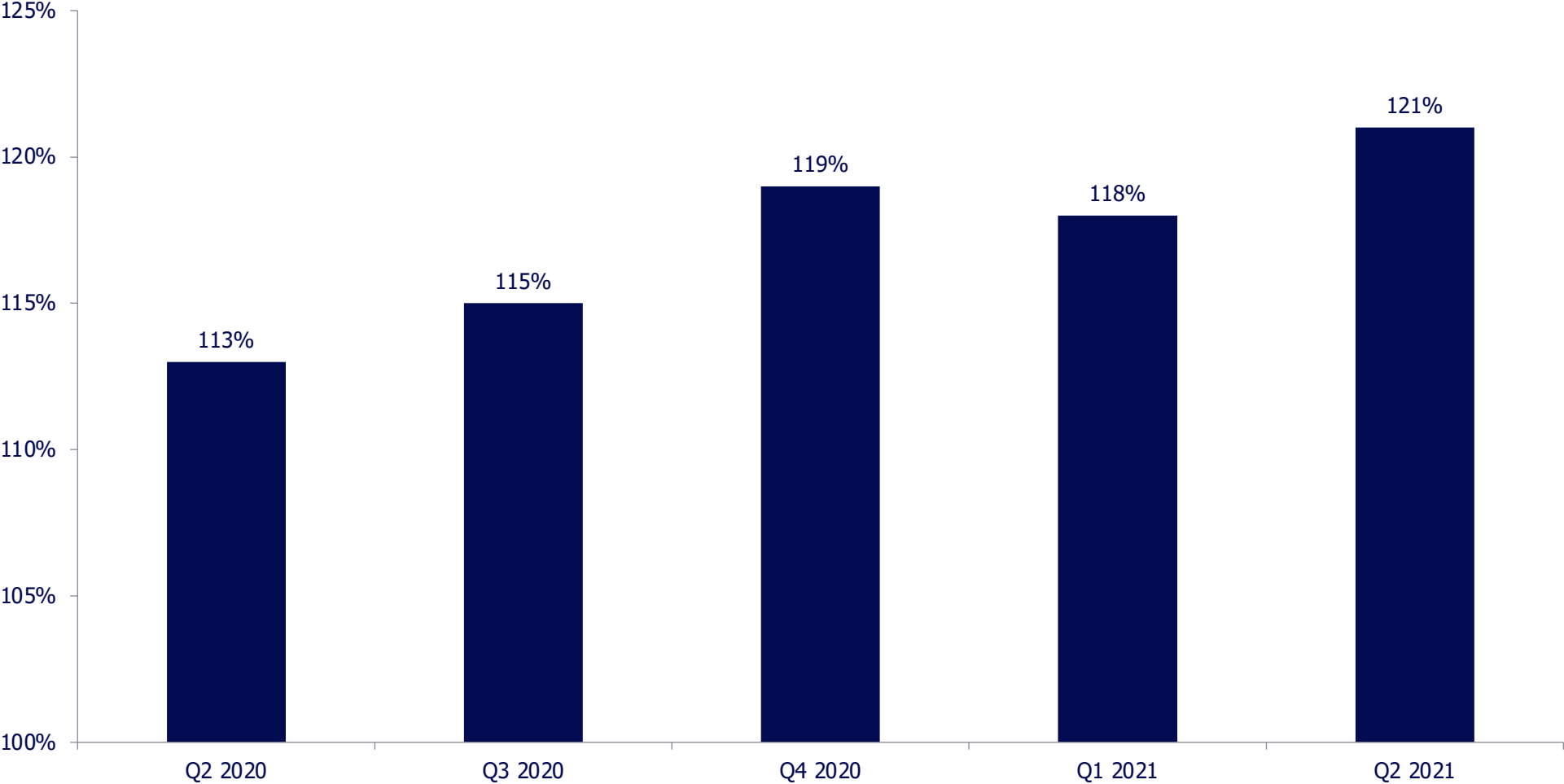
(USD, in millions)



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

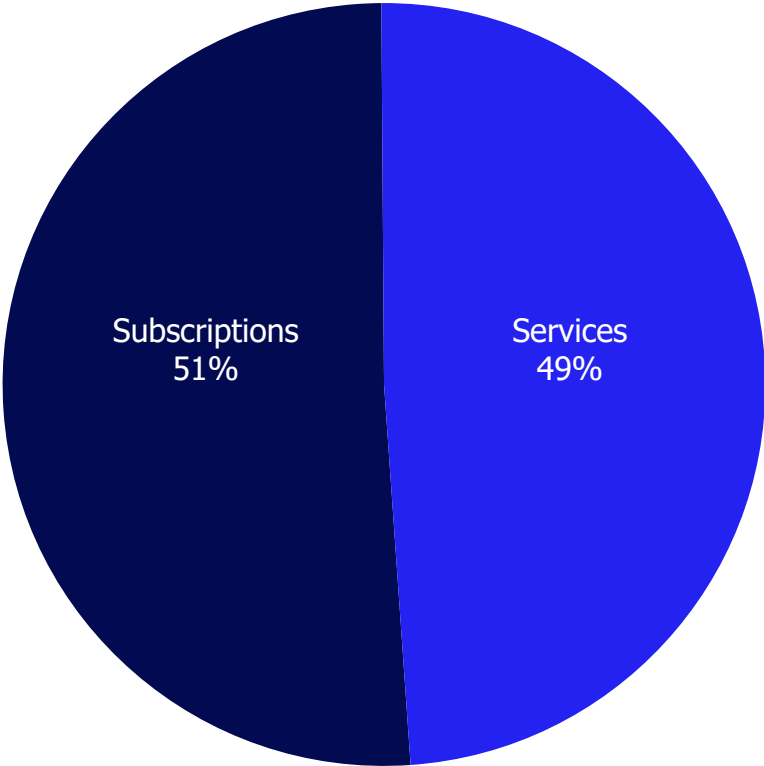
\*Total revenue may not foot due to rounding

# Cloud Subscription Revenue Retention

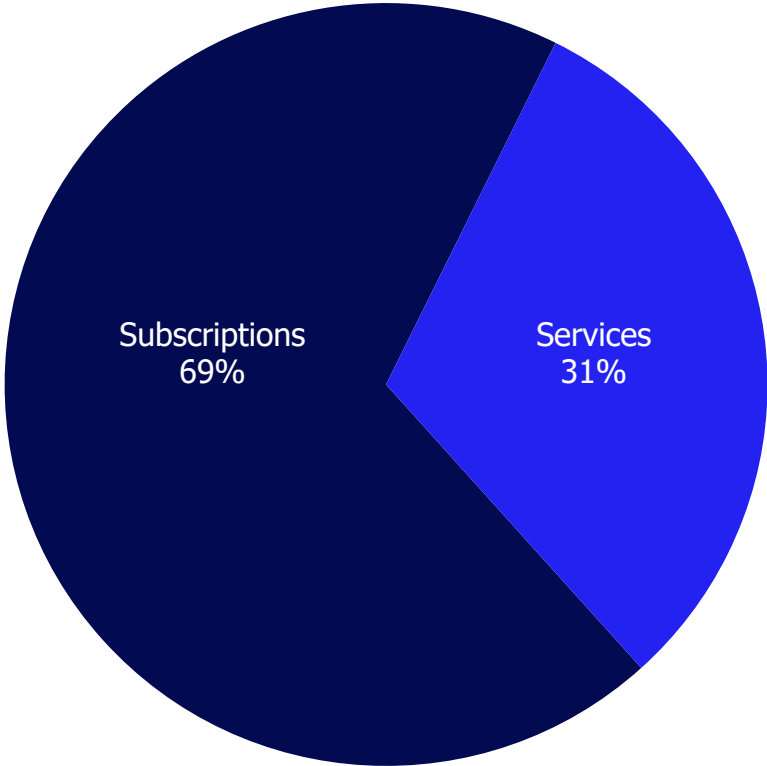


# Mix of Subscriptions and Professional Services Revenue

**IPO (Q2 2017)**

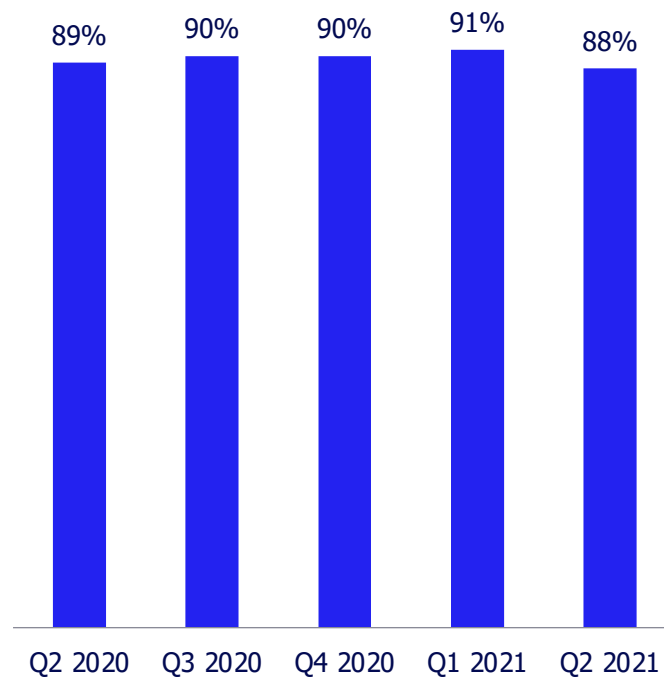


**Q2 2021**

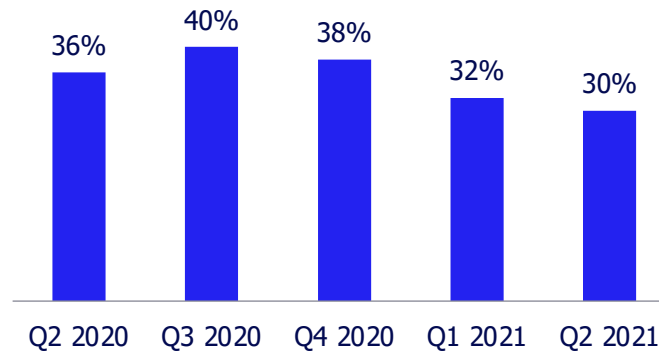


# Gross Margins\*

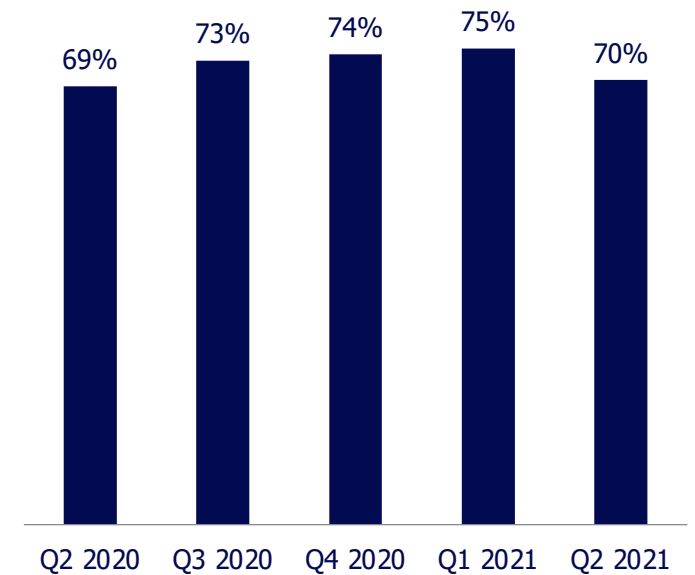
## Subscriptions



## Professional Services



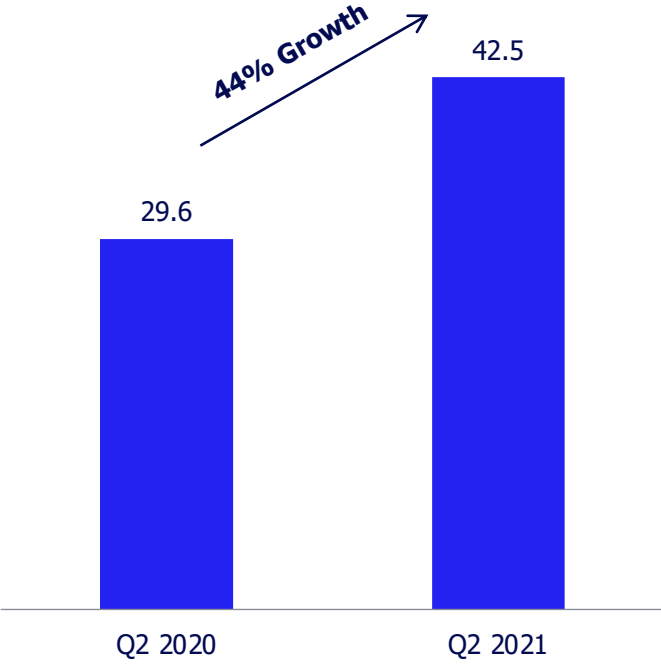
## Overall





# Q2 2021 Highlights

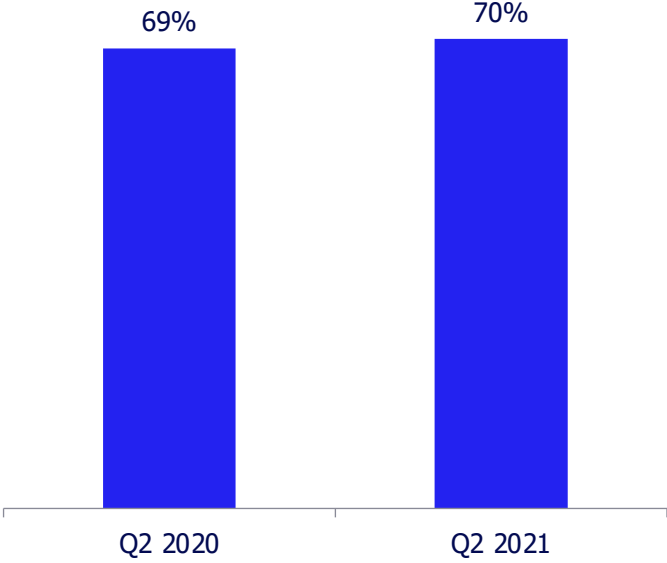
Cloud Subscription Revenue (\$MM)



Cloud Subscription Revenue Retention\*



Overall Gross Margins\*\*



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

\*As of June 30, 2021



# Guidance – Q3 2021

Given on August 5, 2021

(in millions, except for EPS)	Q3 2021		
Cloud Subscription Revenue	\$45.0	–	\$45.5
Cloud Subscription Revenue Growth YoY	31%	–	33%
Total Revenue	\$90.5	–	\$91.0
Total Revenue Increase YoY	17%	–	18%
Adjusted EBITDA Loss	\$(13.0)	–	\$(11.0)
Non-GAAP Loss per Share	\$(0.20)	–	(\$0.17)*

\*Based on 71.3 million basic and diluted weighted average common shares outstanding

# Guidance – Full Year 2021

Given on August 5, 2021

<b>(in millions, except for EPS)</b>	<b>Prior</b>			<b>Revised</b>		
Cloud Subscription Revenue	\$171.0	–	\$172.0	\$174.0	–	\$175.0
Cloud Subscription Revenue Growth YoY	32%	–	33%	35%		
Total Revenue	\$353.0	–	\$355.0	\$355.0	–	\$357.0
Total Revenue Increase YoY	16%	–	17%	17%		
Adjusted EBITDA Loss	\$(38.0)	–	\$(36.0)	\$(40.0)	–	\$(38.0)
Non-GAAP Loss per Share	\$(0.68)	–	\$(0.65)*	\$(0.68)	–	\$(0.65)**

\*Based on 71.2 million basic and diluted weighted average common shares outstanding

\*\*Based on 71.3 million basic and diluted weighted average common shares outstanding

# Appendix

# Balance Sheet

*\$ in thousands*

	<b>As of</b>	
	<b>June 30, 2021</b>	<b>December 31, 2020</b>
	<b>(unaudited)</b>	
<b>Assets</b>		
Cash and cash equivalents	\$ 131,279	\$ 112,462
Short-term investments and marketable securities	111,324	109,826
Accounts receivable, net of allowance of \$1,400 as of each of June 30, 2021 and December 31, 2020	82,301	97,278
Deferred commissions, current	20,162	17,899
Prepaid expenses and other current assets	28,074	27,955
Property and equipment, net	34,064	35,404
Long-term investments	7,048	36,120
Goodwill	4,707	4,862
Intangible assets, net of accumulated amortization of \$623 and \$429 as of June 30, 2021 and December 31, 2020, respectively	1,480	1,744
Operating right-of-use assets	30,528	30,659
Deferred commissions, net of current portion	39,275	34,198
Other assets	3,673	4,114
<b>Total assets</b>	<b>\$ 493,915</b>	<b>\$ 512,521</b>
<b>Liabilities and Stockholders' Equity</b>		
Deferred revenue, current	113,805	116,256
Operating lease liabilities, current	7,854	6,923
Other current liabilities	38,001	32,709
Operating lease liabilities, net of current portion	50,185	51,194
Deferred revenue, net of current portion	2,905	3,886
Other non-current liabilities	4,819	4,948
<b>Total liabilities</b>	<b>217,569</b>	<b>215,916</b>
<b>Stockholders' equity</b>		
Common stock	7	7
Additional paid-in capital	485,079	470,498
Accumulated other comprehensive loss	(2,438)	(5,010)
Accumulated deficit	(206,302)	(168,890)
<b>Total stockholders' equity</b>	<b>276,346</b>	<b>296,605</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 493,915</b>	<b>\$ 512,521</b>

# Income Statement

*\$ in thousands, except for share and per share data*

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
	(unaudited)		(unaudited)	
<b>Revenue</b>				
SaaS (cloud) subscriptions	\$ 42,486	\$ 29,580	\$ 81,539	\$ 57,970
Term license (on premises) subscriptions	9,323	7,379	29,176	25,172
Maintenance and support	5,137	4,459	9,997	8,712
Total subscriptions revenue	56,946	41,418	120,712	91,854
Professional services	26,053	25,357	51,142	53,785
<b>Total revenue</b>	<b>82,999</b>	<b>66,775</b>	<b>171,854</b>	<b>145,639</b>
<b>Cost of revenue</b>				
Subscriptions	6,860	4,701	12,714	10,084
Professional services	18,975	16,455	36,650	35,191
<b>Total cost of revenue</b>	<b>25,835</b>	<b>21,156</b>	<b>49,364</b>	<b>45,275</b>
<b>Gross profit</b>	<b>57,164</b>	<b>45,619</b>	<b>122,490</b>	<b>100,364</b>
<b>Operating expenses</b>				
Sales and marketing	40,520	29,086	76,504	63,258
Research and development	23,862	17,178	44,552	33,216
General and administrative	17,358	11,450	36,500	24,591
<b>Total operating expenses</b>	<b>81,740</b>	<b>57,714</b>	<b>157,556</b>	<b>121,065</b>
<b>Operating loss</b>	<b>(24,576)</b>	<b>(12,095)</b>	<b>(35,066)</b>	<b>(20,701)</b>
<b>Other (income) expense</b>				
Other (income) expense, net	(1,081)	(682)	1,812	2,432
Interest expense	80	128	161	271
<b>Total other (income) expense</b>	<b>(1,001)</b>	<b>(554)</b>	<b>1,973</b>	<b>2,703</b>
<b>Loss before income taxes</b>	<b>(23,575)</b>	<b>(11,541)</b>	<b>(37,039)</b>	<b>(23,404)</b>
Income tax expense	250	274	373	80
<b>Net loss</b>	<b>\$ (23,825)</b>	<b>\$ (11,815)</b>	<b>\$ (37,412)</b>	<b>\$ (23,484)</b>
Net loss per share:				
Basic and diluted	\$ (0.34)	\$ (0.17)	\$ (0.53)	\$ (0.35)
Weighted average common shares outstanding:				
Basic and diluted	70,952,917	68,369,823	70,842,263	67,949,270

# Stock-Based Compensation Expense

*\$ in thousands*

	<b>Three Months Ended June 30,</b>		<b>Six Months Ended June 30,</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>(unaudited)</b>		<b>(unaudited)</b>	
Cost of revenue				
Subscriptions	\$ 295	\$ 229	\$ 592	\$ 442
Professional services	865	317	1,506	529
Operating expenses				
Sales and marketing	1,197	657	2,305	1,410
Research and development	1,069	619	2,084	1,172
General and administrative	1,172	1,792	6,005	3,537
Total stock-based compensation expense	\$ 4,598	\$ 3,614	\$ 12,492	\$ 7,090

# Reconciliation of GAAP Measures to Non-GAAP Measures

*\$ in thousands, except for share and per share data*

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
	(unaudited)		(unaudited)	
<b>Reconciliation of non-GAAP operating loss:</b>				
GAAP operating loss	\$ (24,576)	\$ (12,095)	\$ (35,066)	\$ (20,701)
Add back:				
Stock-based compensation expense	4,598	3,614	12,492	7,090
Litigation expenses	2,353	—	4,040	—
<b>Non-GAAP operating loss</b>	<b>\$ (17,625)</b>	<b>\$ (8,481)</b>	<b>\$ (18,534)</b>	<b>\$ (13,611)</b>
<b>Reconciliation of non-GAAP operating loss:</b>				
GAAP net loss	\$ (23,825)	\$ (11,815)	\$ (37,412)	\$ (23,484)
Add back:				
Stock-based compensation expense	4,598	3,614	12,492	7,090
Litigation expenses	2,353	—	4,040	—
Loss on disposal of property and equipment	—	15	—	22
<b>Non-GAAP net loss</b>	<b>\$ (16,874)</b>	<b>\$ (8,186)</b>	<b>\$ (20,880)</b>	<b>\$ (16,372)</b>
GAAP net loss per share, basic and diluted	\$ (0.34)	\$ (0.17)	\$ (0.53)	\$ (0.35)
Non-GAAP weighted average shares used to compute net loss per share, basic and diluted	70,952,917	68,369,823	70,842,263	67,949,270
<b>Non-GAAP net loss per share, basic and diluted</b>	<b>\$ (0.24)</b>	<b>\$ (0.12)</b>	<b>\$ (0.29)</b>	<b>\$ (0.24)</b>
<b>Reconciliation of adjusted EBITDA:</b>				
GAAP net loss	\$ (23,825)	\$ (11,815)	\$ (37,412)	\$ (23,484)
Other (income) expense, net	(1,081)	(682)	1,812	2,432
Interest expense	80	128	161	271
Income tax expense	250	274	373	80
Depreciation and amortization expense	1,283	1,469	2,561	2,980
Stock-based compensation expense	4,598	3,614	12,492	7,090
Litigation expenses	2,353	—	4,040	—
<b>Adjusted EBITDA</b>	<b>\$ (16,342)</b>	<b>\$ (7,012)</b>	<b>\$ (15,973)</b>	<b>\$ (10,631)</b>





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