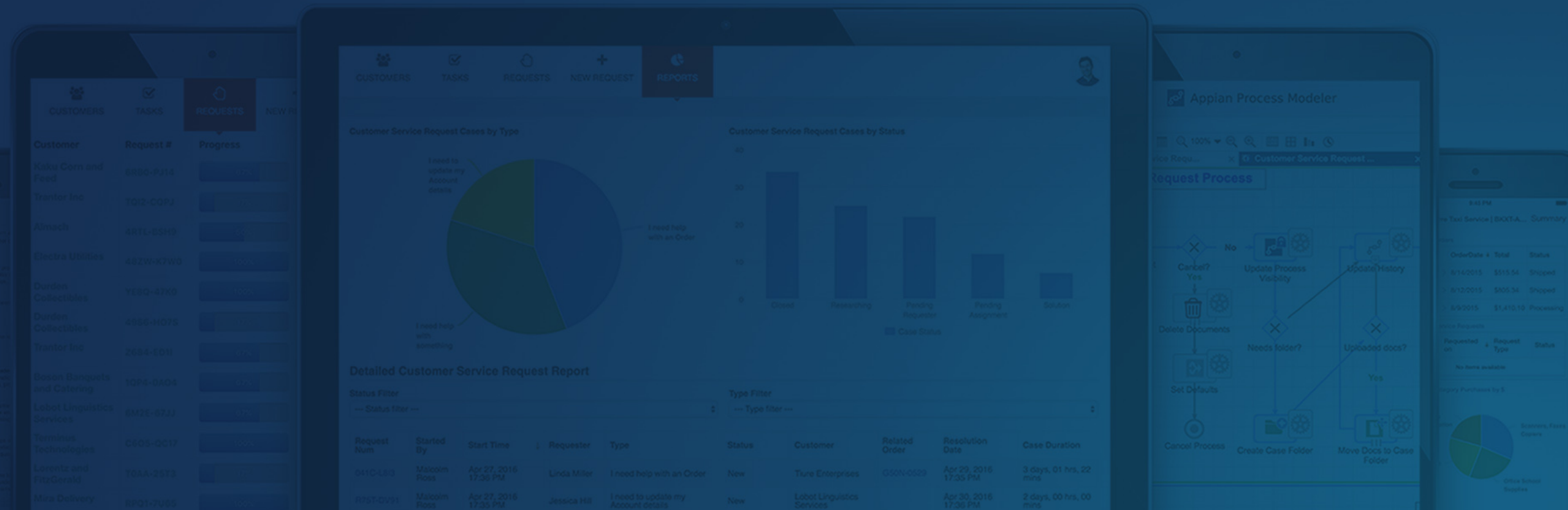




Q3 2019 Earnings Call Presentation

Matt Calkins, Founder & CEO
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 fourth quarter of 2019 and full year 2019, 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 2018 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.

Q3 2019 Highlights

- **Business Highlights**

- European territory grew subscription revenue 65% compared to Q3 2019 and contributed a third of new logos in the quarter
- Financial Services remains our largest industry with 48% subscription revenue growth compared to Q3 2018
- US Federal is our second largest territory with 50% subscription revenue growth compared to Q3 2018
- Partners doubled new logo contributions compared to Q3 2018

- **Revenue**

- Subscription Revenue was \$40.4m in Q3 2019, growth of 38% over Q3 2018
- Total Revenue was \$69.4 in Q3 2019, growth of 26% over Q3 2018
- Subscription Revenue Retention was 119% as of September 30, 2019

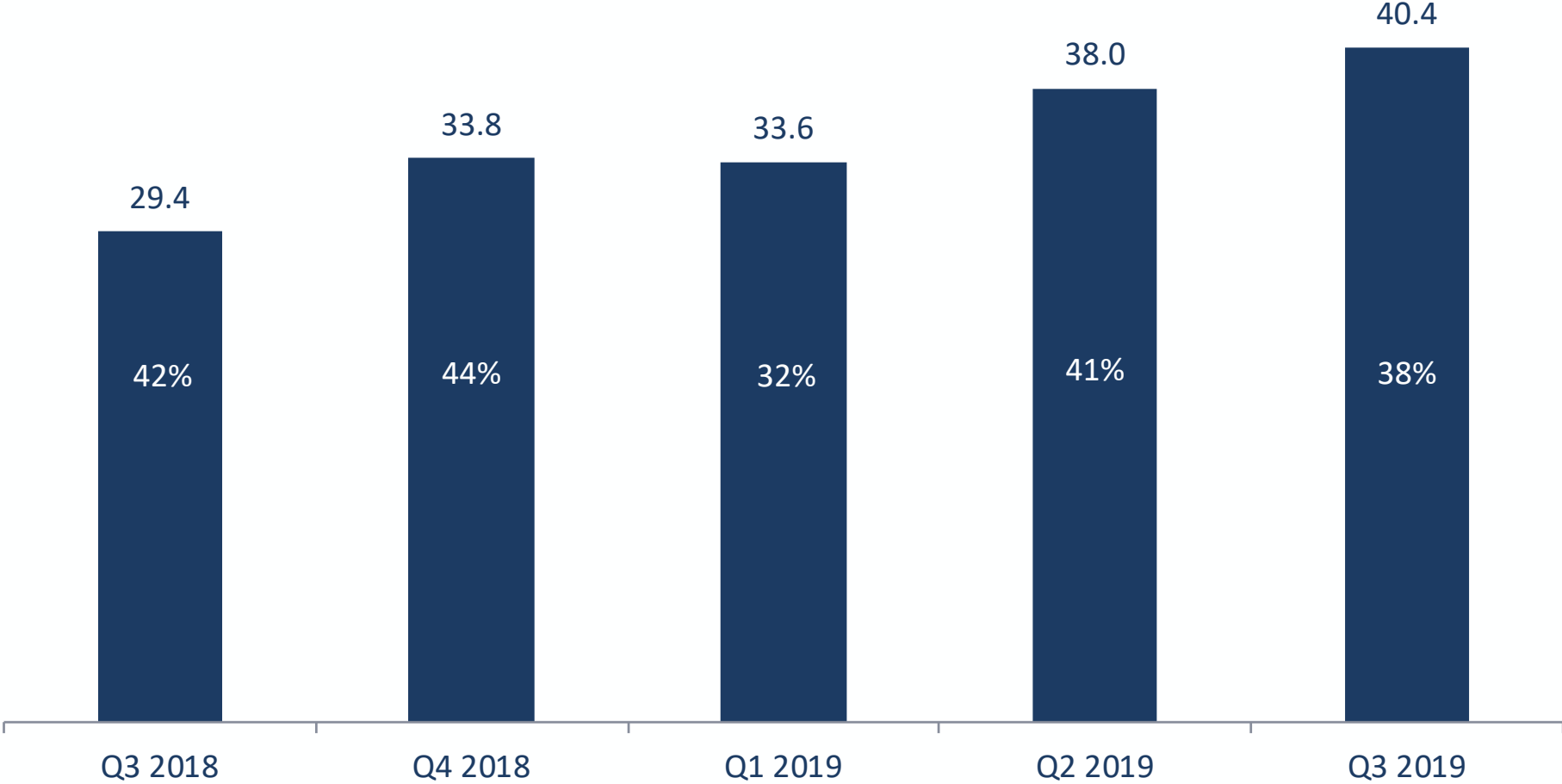
- **Gross Margins***

- Subscriptions, Software and Support Margin was 90%
- Professional Services Margin was 31%
- Overall Gross Margin was 66%

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

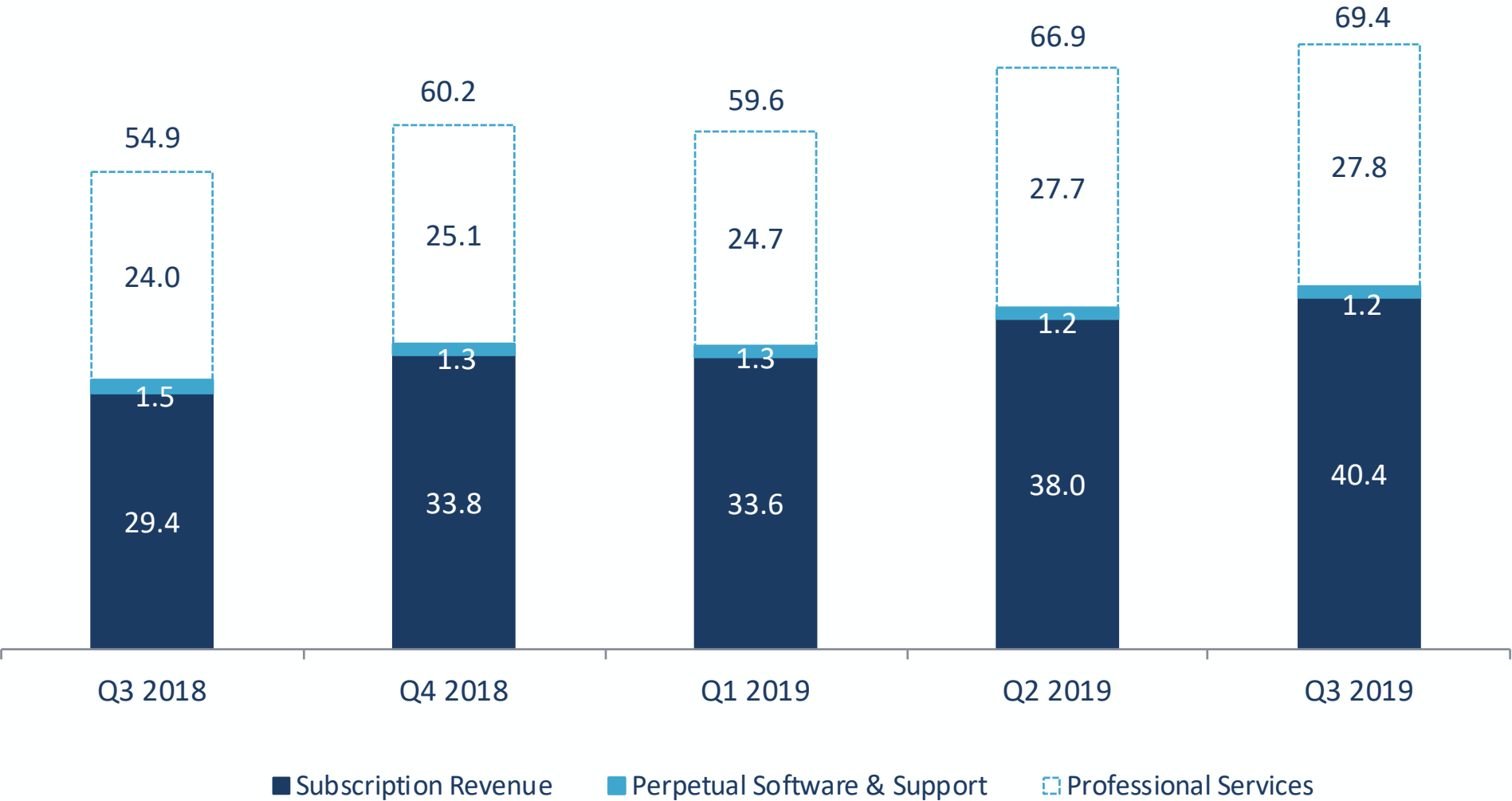
Subscription Revenue

USD Millions
Y/Y Growth in %



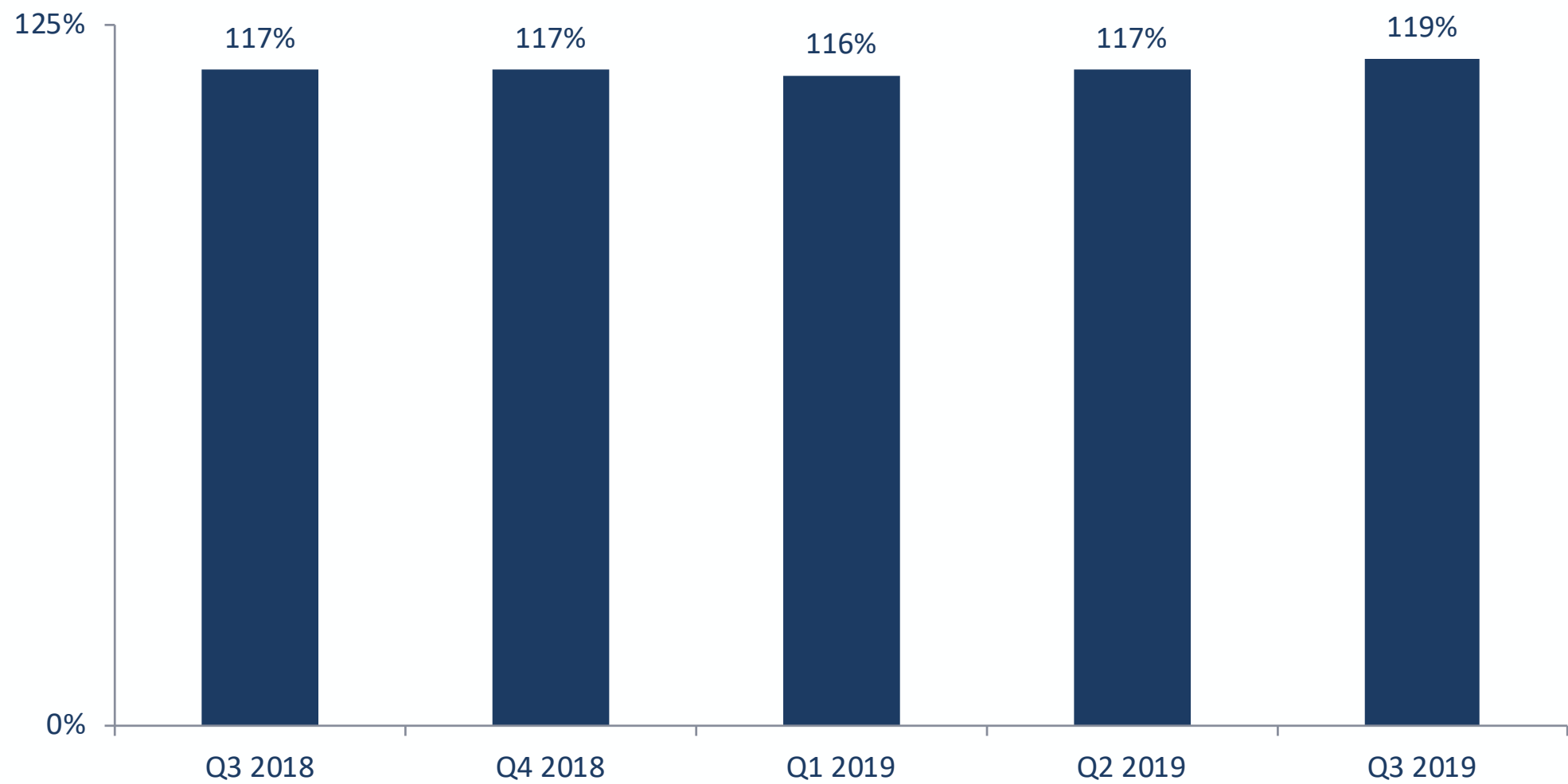
Total Revenue

USD Millions



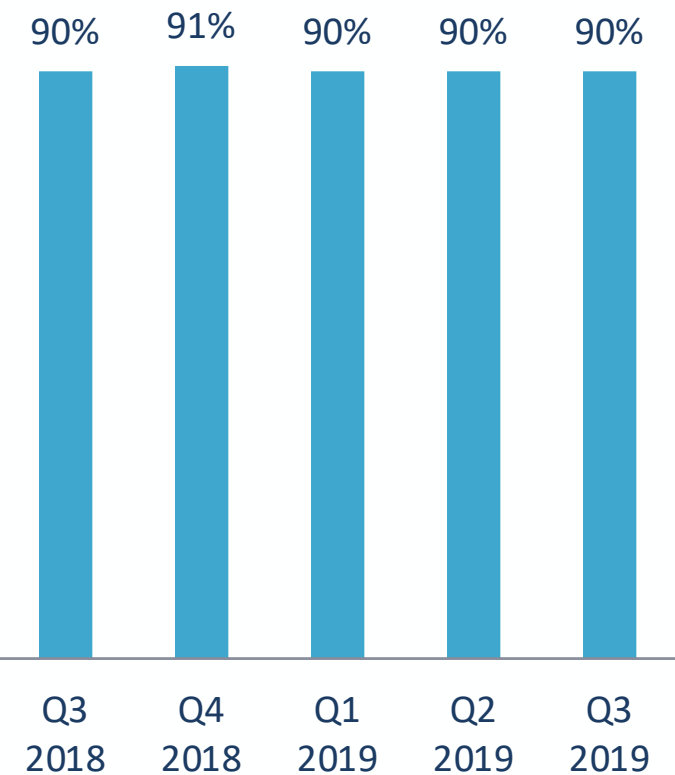
*Total revenue may not foot due to rounding

Subscription Revenue Retention

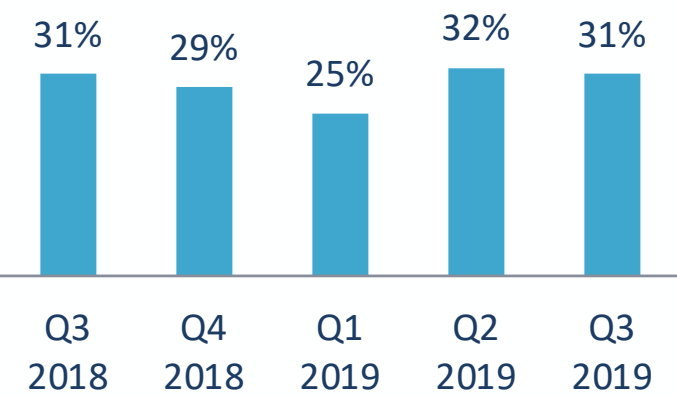


Gross Margins*

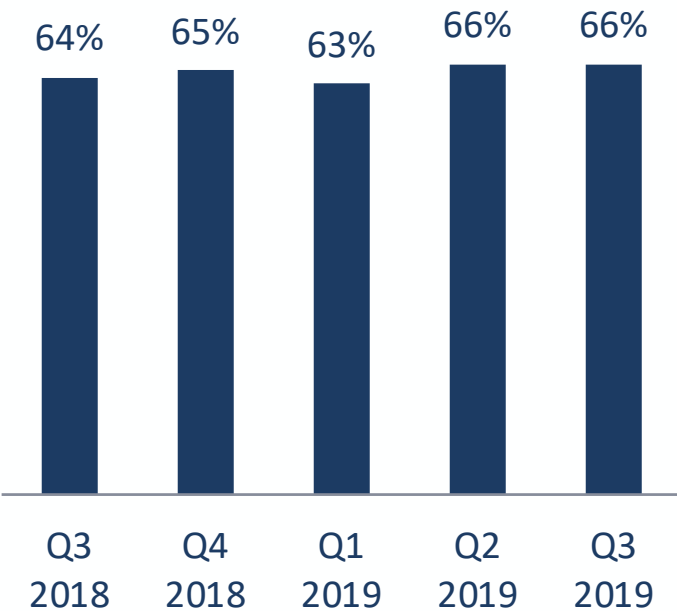
Subscriptions, Software,
and Support



Professional
Services



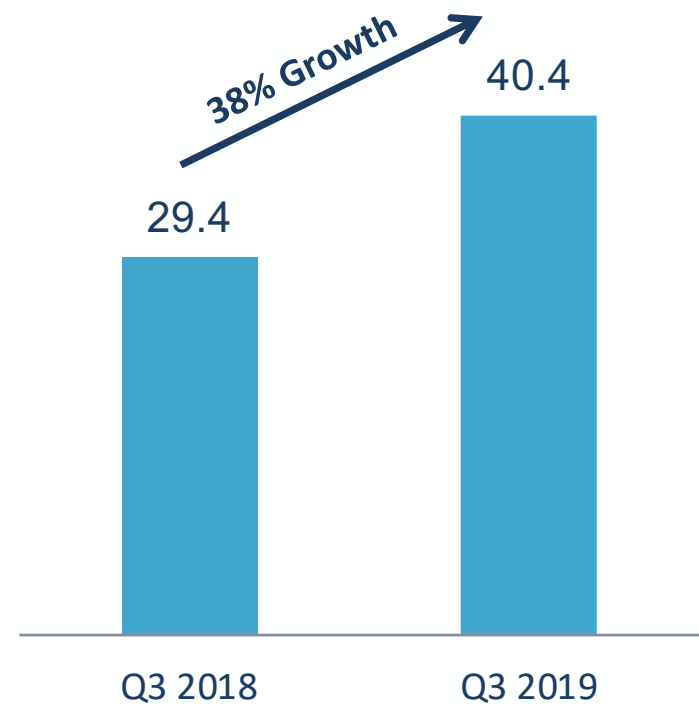
Overall



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

Q3 2019 Highlights

Subscription Revenue (\$MM)

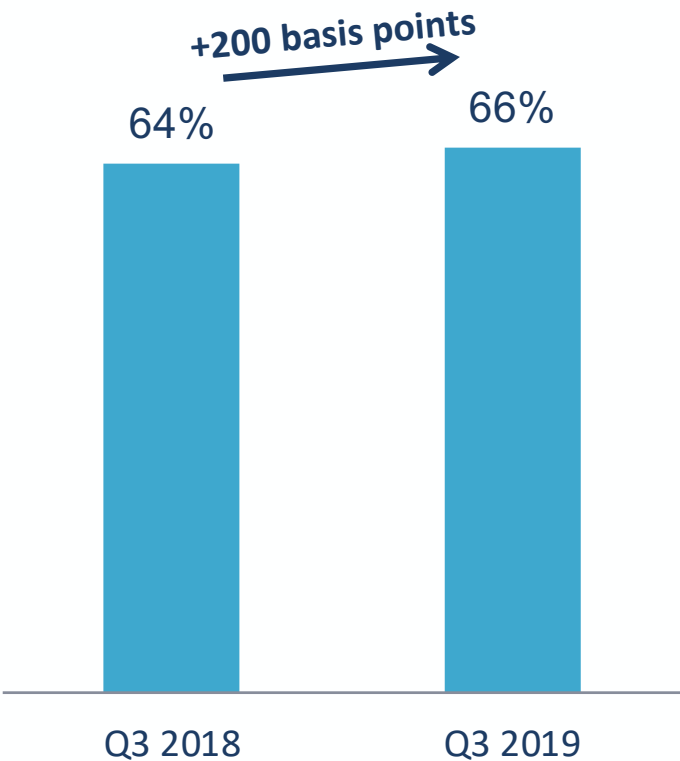


Subscription Revenue Retention*



*As of September 30, 2019

Overall Gross Margins**



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

Guidance*

| In \$ Millions except for EPS | Q4 2019 | FY 2019 |
|---------------------------------|-------------------|---------------------|
| Subscription Revenue | 42.0 – 42.5 | 154.0 – 154.5 |
| Subscription Revenue Growth Y/Y | 24% - 26% | 33% - 34% |
| Total Revenue | 69.1 – 70.1 | 265.0 – 266.0 |
| Total Revenue Growth Y/Y | 15% - 16% | 17% |
| Non-GAAP Loss from Operations | (10.0) – (9.5) | (35.0) – (33.0) |
| Non-GAAP Loss per Share | (0.15) – (0.14)** | (0.57) – (0.54) *** |

*Guidance given on October 31, 2019

**Based on 67.3 million basic and diluted weighted average common shares outstanding for Q4 2019

***Based on 65.5 million basic and diluted weighted average common shares outstanding for FY19

Appendix

Balance Sheet

| | As of September 30, 2019 (unaudited) | As of December 31, 2018 |
|---|---|-------------------------------|
| <i>\$ in thousands</i> | | |
| Assets | | |
| Cash and cash equivalents | \$ 165,554 | \$ 94,930 |
| Accounts receivable, net of allowance of \$600 | 70,792 | 79,383 |
| Deferred commissions, current | 18,468 | 14,020 |
| Other current assets | 10,200 | 21,293 |
| Property and equipment, net | 40,023 | 7,539 |
| Deferred commissions, net of current portion | 13,069 | 15,088 |
| Other assets | 1,121 | 927 |
| Total assets | \$ 319,227 | \$ 233,180 |
| Liabilities and Stockholders' Equity | | |
| Deferred revenue, current | \$ 100,497 | \$ 95,523 |
| Other current liabilities | 28,186 | 32,878 |
| Deferred rent, net of current portion | 21,280 | 15,400 |
| Deferred revenue, net of current portion | 13,557 | 16,145 |
| Other long-term liabilities | 2,899 | 42 |
| Total liabilities | 166,419 | 159,988 |
| Stockholders' equity | | |
| Common stock | 6 | 6 |
| Additional paid-in capital | 336,694 | 218,284 |
| Accumulated other comprehensive income | 1,106 | 542 |
| Accumulated deficit | (184,998) | (145,640) |
| Total stockholders' equity | 152,808 | 73,192 |
| Total liabilities and stockholders' equity | \$ 319,227 | \$ 233,180 |

Income Statement

\$ in thousands, except for shares

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|----------------------------------|------------|---------------------------------|------------|
| | 2019 | 2018 | 2019 | 2018 |
| | (unaudited) | | (unaudited) | |
| Revenue: | | | | |
| Subscriptions, software and support | \$ 41,599 | \$ 30,905 | \$ 115,767 | \$ 90,904 |
| Professional services | 27,788 | 24,043 | 80,110 | 75,623 |
| Total revenue | 69,387 | 54,948 | 195,877 | 166,527 |
| Cost of revenue: | | | | |
| Subscriptions, software and support | 4,484 | 3,261 | 12,105 | 8,713 |
| Professional services | 19,467 | 16,831 | 58,963 | 54,002 |
| Total cost of revenue | 23,951 | 20,092 | 71,068 | 62,715 |
| Gross profit | 45,436 | 34,856 | 124,809 | 103,812 |
| Operating expenses: | | | | |
| Sales and marketing | 28,858 | 25,467 | 89,951 | 75,815 |
| Research and development | 15,697 | 11,737 | 42,418 | 32,392 |
| General and administrative | 11,191 | 12,537 | 29,468 | 29,022 |
| Total operating expenses | 55,746 | 49,741 | 161,837 | 137,229 |
| Operating loss | (10,310) | (14,885) | (37,028) | (33,417) |
| Other expense : | | | | |
| Other expense, net | 2,016 | 110 | 1,700 | 1,785 |
| Interest expense | 96 | 67 | 236 | 134 |
| Total other expense | 2,112 | 177 | 1,936 | 1,919 |
| Loss before income taxes | (12,422) | (15,062) | (38,964) | (35,336) |
| Income tax expense (benefit) | 5 | (34) | 394 | 212 |
| Net loss | (12,427) | (15,028) | (39,358) | (35,548) |
| Net loss per share attributable to common stockholders: | | | | |
| Basic and diluted | \$ (0.19) | \$ (0.24) | \$ (0.61) | \$ (0.58) |
| Weighted average common shares outstanding: | | | | |
| Basic and diluted | 65,508,113 | 62,480,927 | 64,860,342 | 61,583,610 |

Appian Corporation

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 September 30, | | Nine Months Ended September 30, | |
|--|----------------------------------|-------------------|---------------------------------|--------------------|
| | 2019 | 2018 | 2019 | 2018 |
| <i>\$ in thousands, except for shares</i> | | | | |
| Reconciliation of non-GAAP net loss: | | | | |
| GAAP net loss | \$ (12,427) | \$ (15,028) | \$ (39,358) | \$ (35,548) |
| Add back: | | | | |
| Stock-based compensation expense | 3,141 | 6,801 | 13,055 | 11,247 |
| Loss (gain) on disposal of asset | 1 | (4) | 146 | (4) |
| Non-GAAP net loss | <u>\$ (9,285)</u> | <u>\$ (8,231)</u> | <u>\$ (26,157)</u> | <u>\$ (24,305)</u> |
| GAAP net loss per share attributable to common stockholders, basic and diluted | \$ (0.19) | \$ (0.24) | \$ (0.61) | \$ (0.58) |
| Non-GAAP weighted average shares used to compute net loss per share attributable to common stockholders, basic and diluted | 65,508,113 | 62,480,927 | 64,860,342 | 61,583,610 |
| Non-GAAP net loss per share, basic and diluted | <u>\$ (0.14)</u> | <u>\$ (0.13)</u> | <u>\$ (0.40)</u> | <u>\$ (0.39)</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 September 30, | | Nine Months Ended September 30, | |
|--|----------------------------------|-------------|---------------------------------|-------------|
| | 2019 | 2018 | 2019 | 2018 |
| Reconciliation of non-GAAP operating loss: | | | | |
| GAAP operating loss | \$ (10,310) | \$ (14,885) | \$ (37,028) | \$ (33,417) |
| Add back: | | | | |
| Stock-based compensation expense | 3,141 | 6,801 | 13,055 | 11,247 |
| Non-GAAP operating loss | \$ (7,169) | \$ (8,084) | \$ (23,973) | \$ (22,170) |

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 September 30, | | Nine Months Ended September 30, | |
|--|----------------------------------|----------|---------------------------------|-----------|
| | 2019 | 2018 | 2019 | 2018 |
| Cost of revenue: | | | | |
| Subscriptions, software and support | \$ 147 | \$ 138 | \$ 462 | \$ 355 |
| Professional services | 243 | 222 | 2,461 | 645 |
| Operating Expenses | | | | |
| Sales and marketing | 776 | 736 | 3,971 | 1,781 |
| Research and development | 433 | 373 | 2,983 | 1,106 |
| General and administrative | 1,542 | 5,332 | 3,178 | 7,360 |
| Total stock-based compensation expense | \$ 3,141 | \$ 6,801 | \$ 13,055 | \$ 11,247 |

ASC 606 – What is Changing?

We will adopt a modified retrospective approach effective in the 2019 10-K filing.

| | Current Treatment | Under ASC 606 |
|--------------------------|-------------------|----------------|
| Perpetual License | Upfront | Upfront |
| On-Premises Term License | Ratable | Upfront |
| SaaS/ Appian Cloud | Ratable | Ratable |
| Commissions | Deferred | Deferred |

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