



Q1 2021 Earnings Call Presentation

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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 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.

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 2021 Highlights

Business

- Appian unifies Low-code and Automation markets with emphasis on workflow
- Appian mobile usage surged by 19.7x over the past four quarters
- Won 61% more new logos in Q1 2021 than in Q1 2020

Revenue

- Cloud subscription revenue was \$39.1 million in Q1 2021, representing growth of 38% over Q1 2020
- Subscriptions revenue was \$63.8 million in Q1 2021, representing growth of 26% over Q1 2020
- Total revenue was \$88.9 million in Q1 2021, representing growth of 13% over Q1 2020

Retention

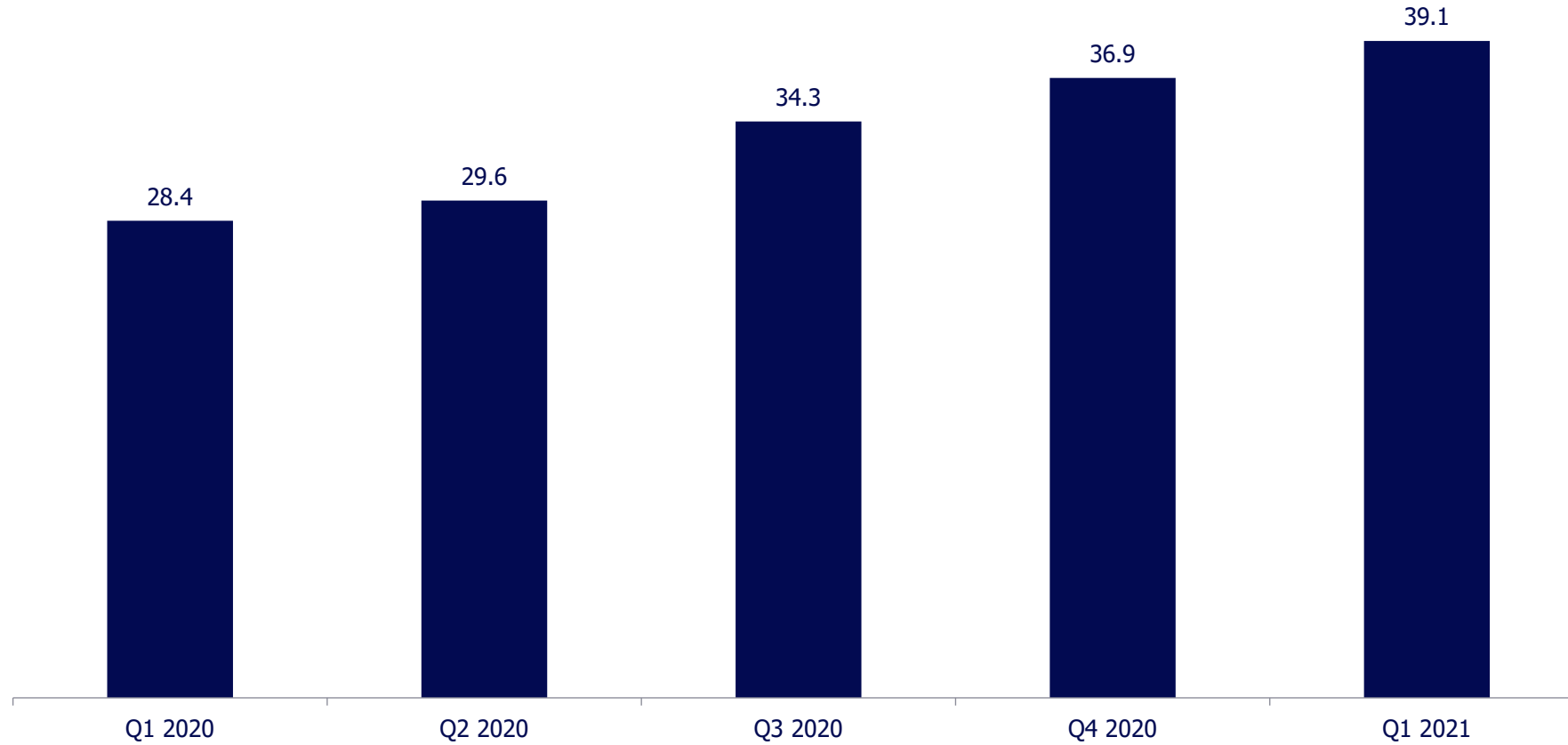
- Cloud subscription revenue retention rate was 118% as of March 31, 2021

Gross Margins*

- Subscriptions margin was 91%
- Professional services margin was 32%
- Overall gross margin was 75%

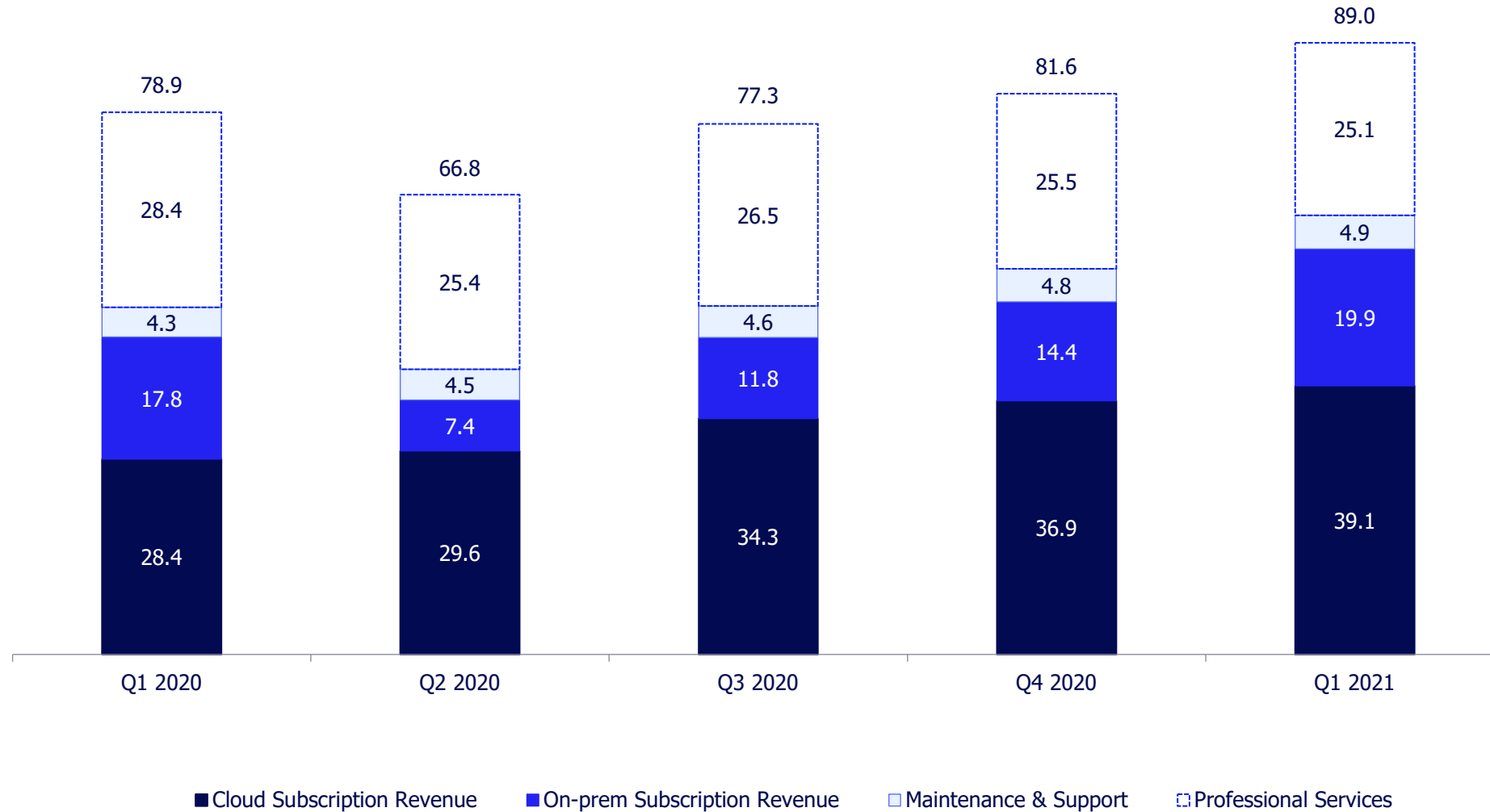
Cloud Subscription Revenue

(USD, in millions)



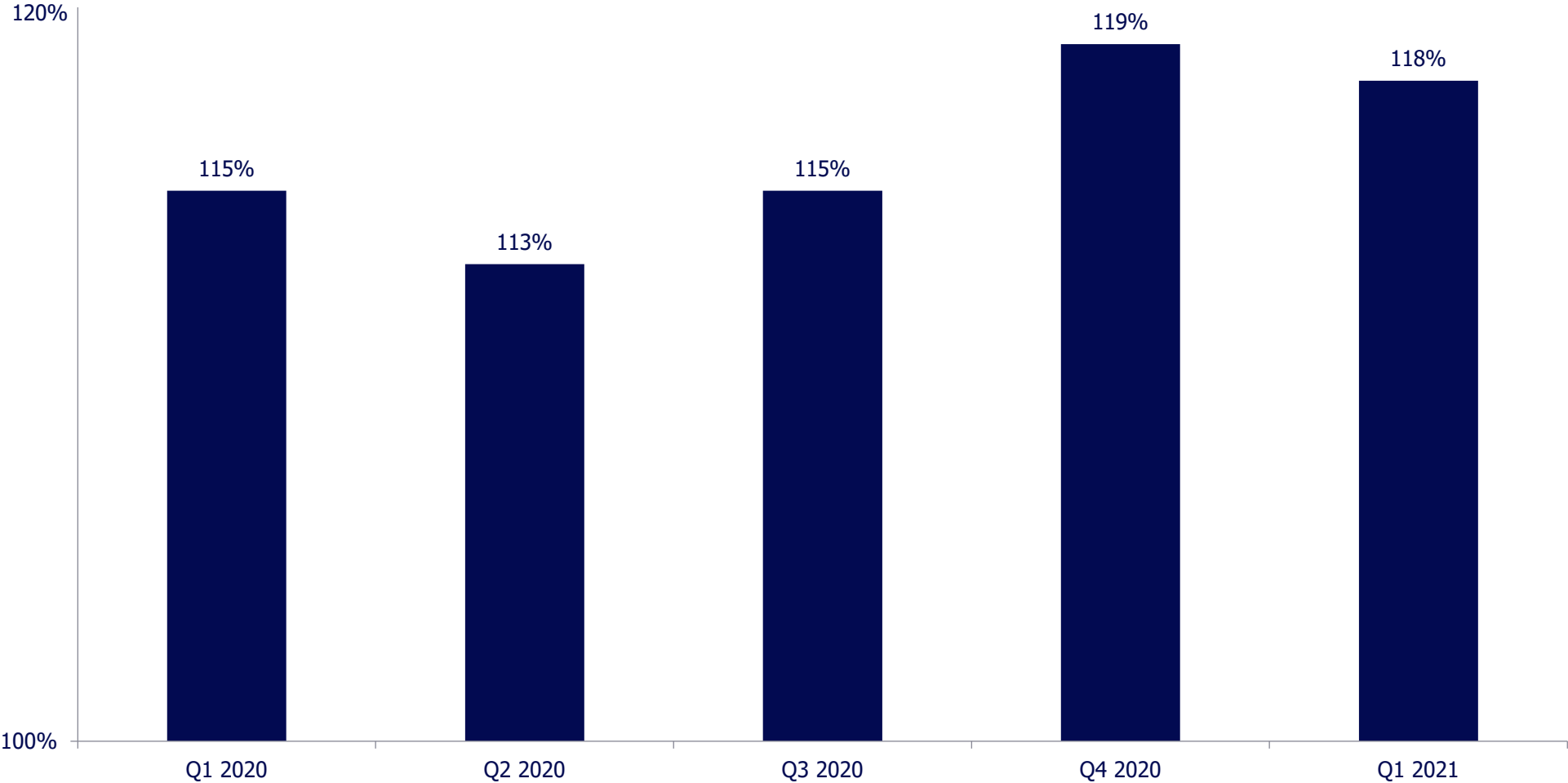
Total Revenue*

(USD, in millions)



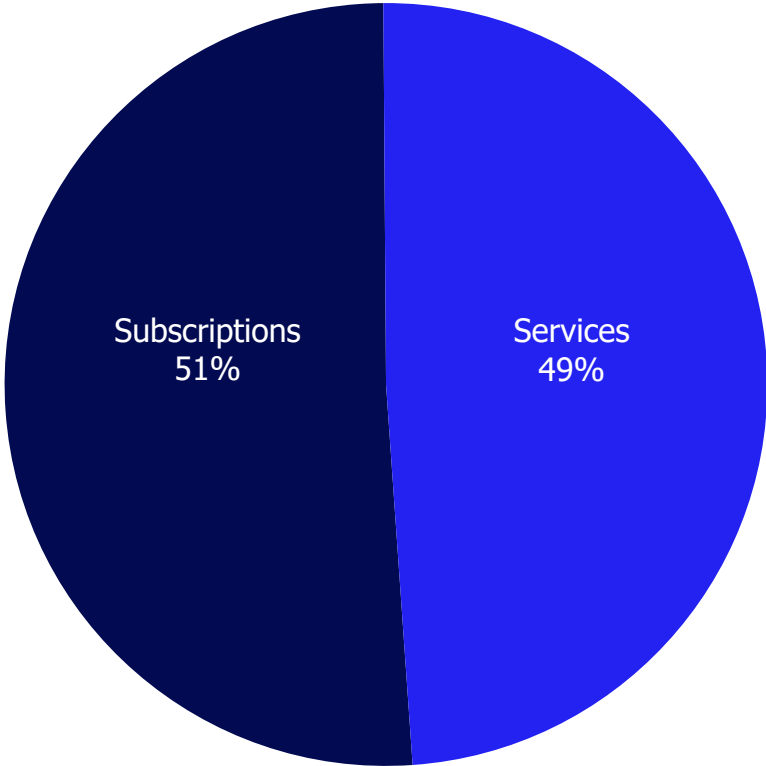
*Total revenue may not foot due to rounding

Cloud Subscription Revenue Retention

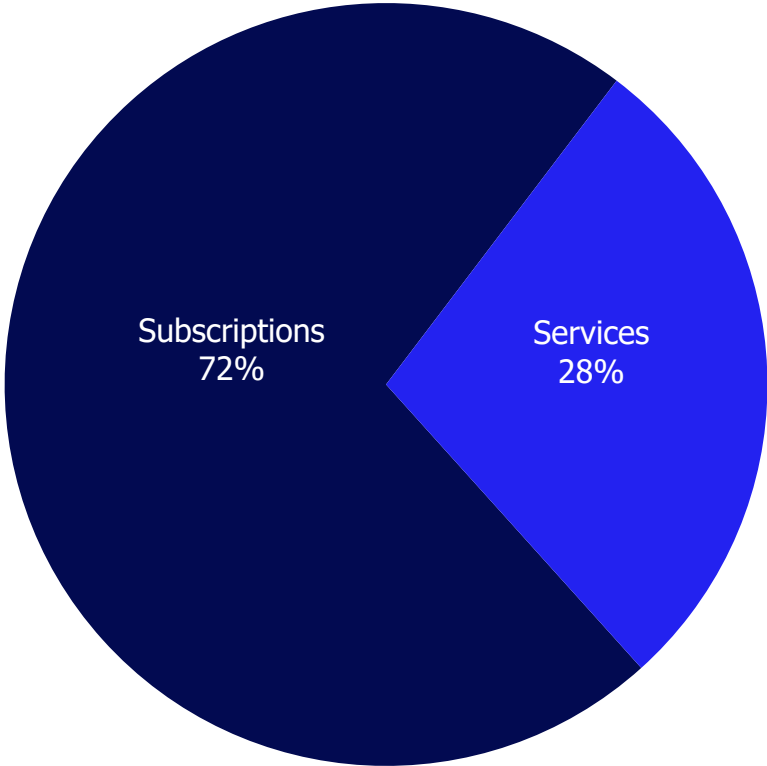


Mix of Subscriptions and Professional Services Revenue

IPO (Q2 2017)

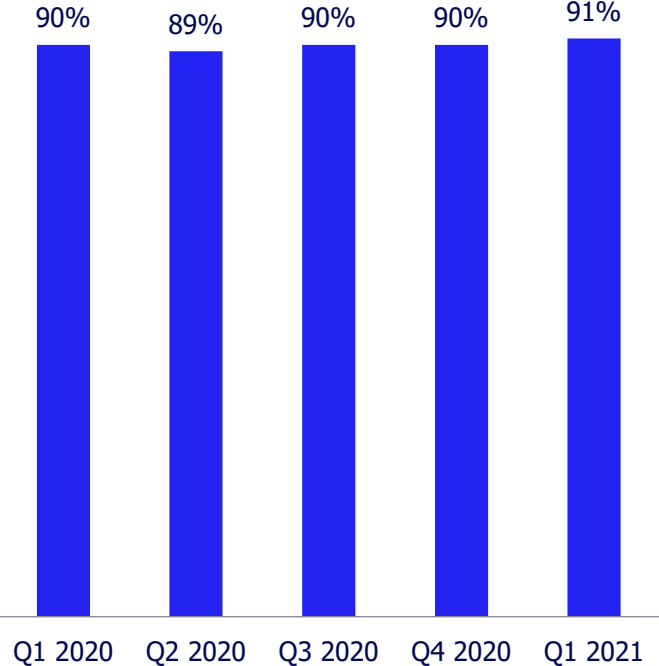


Q1 2021

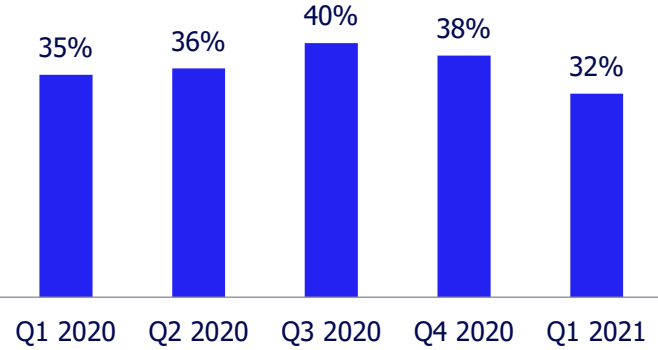


Gross Margins*

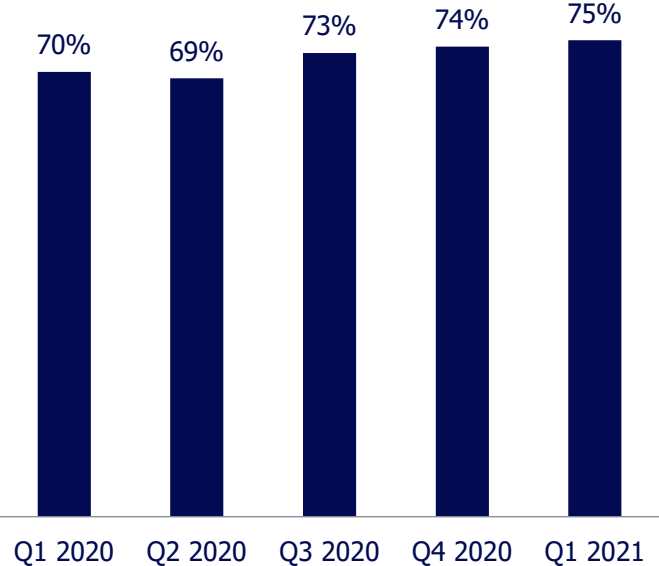
Subscriptions



Professional Services



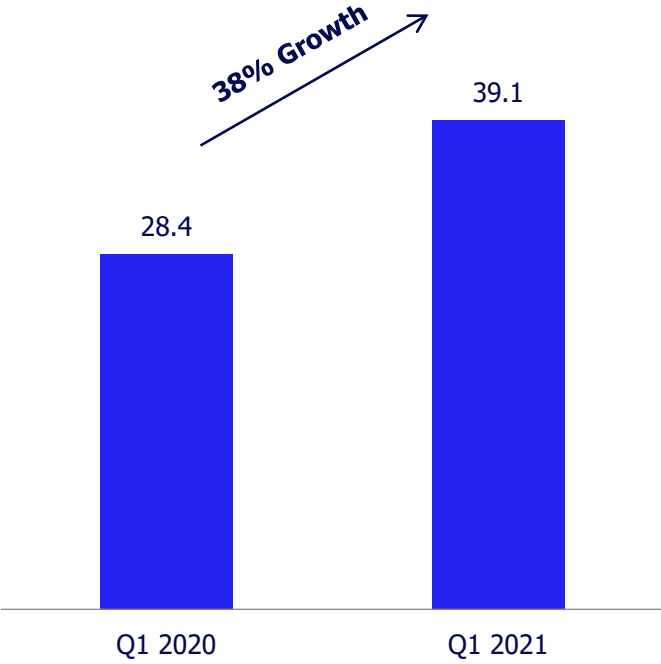
Overall



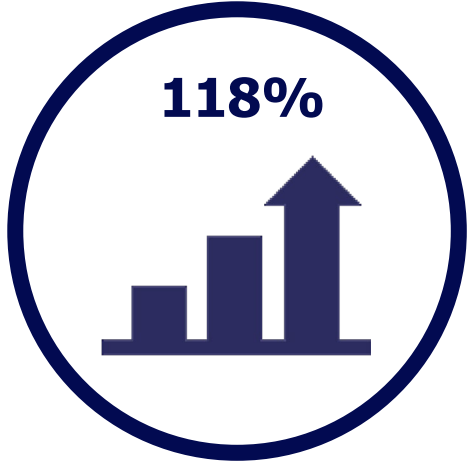
*Non-GAAP – Data excludes stock-based compensation expense

Q1 2021 Highlights

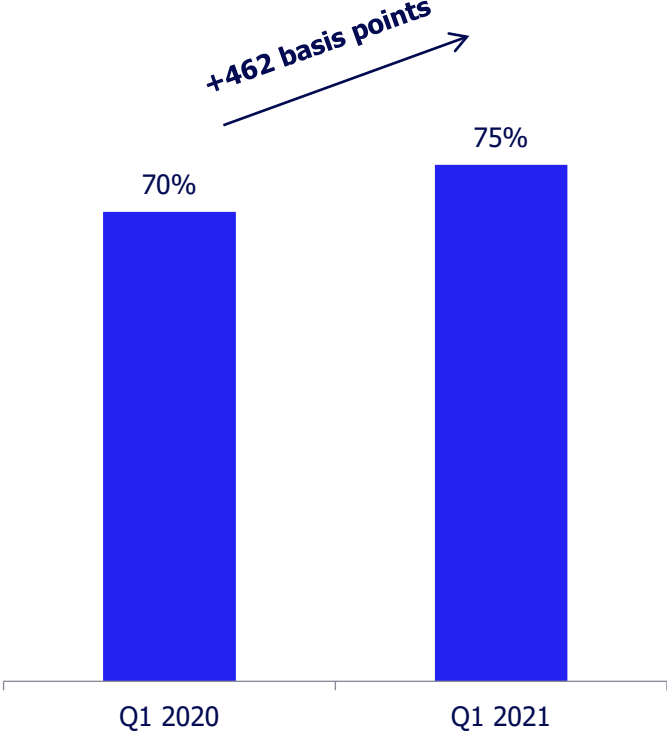
Cloud Subscription Revenue (\$MM)



Cloud Subscription Revenue Retention*



Overall Gross Margins**



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

Guidance

Given on May 6, 2021

(in millions, except for EPS)	Q2 2021			Full Year 2021		
Cloud Subscription Revenue	\$41.0	–	\$41.5	\$171.0	–	\$172.0
Cloud Subscription Revenue Growth YoY	39%	–	40%	32%	–	33%
Total Revenue	\$77.0	–	\$78.0	\$353.0	–	\$355.0
Total Revenue Increase YoY	15%	–	17%	16%	–	17%
Adjusted EBITDA Loss	\$(16.0)	–	\$(14.0)	\$(38.0)	–	\$(36.0)
Non-GAAP Loss per Share	\$(0.26)	–	\$(0.23)*	\$(0.68)	–	\$(0.65)**

*Based on 71.0 million basic and diluted weighted average common shares outstanding for Q2 2021

**Based on 71.2 million basic and diluted weighted average common shares outstanding for FY 2021

Appendix

Balance Sheet

\$ in thousands

	As of	
	March 31, 2021	December 31, 2020
	(unaudited)	
Assets		
Cash and cash equivalents	\$ 114,752	\$ 112,462
Short-term investments and marketable securities	118,012	109,826
Accounts receivable, net of allowance of \$1,400 as of each of March 31, 2021 and December 31, 2020	87,424	97,278
Deferred commissions, current	18,749	17,899
Prepaid expenses and other current assets	28,484	27,955
Property and equipment, net	34,682	35,404
Long-term investments	22,317	36,120
Goodwill	4,651	4,862
Intangible assets, net of accumulated amortization of \$513 and \$429 as of March 31, 2021 and December 31, 2020, respectively	1,566	1,744
Operating right-of-use assets	30,610	30,659
Deferred commissions, net of current portion	35,991	34,198
Other assets	3,357	4,114
Total assets	\$ 500,595	\$ 512,521
Liabilities and Stockholders' Equity		
Deferred revenue, current	107,893	116,256
Operating lease liabilities, current	7,664	6,923
Other current liabilities	31,399	32,709
Operating lease liabilities, net of current portion	50,572	51,194
Deferred revenue, net of current portion	2,698	3,886
Other non-current liabilities	4,809	4,948
Total liabilities	205,035	215,916
Stockholders' equity		
Common stock	7	7
Additional paid-in capital	479,017	470,498
Accumulated other comprehensive loss	(987)	(5,010)
Accumulated deficit	(182,477)	(168,890)
Total stockholders' equity	295,560	296,605
Total liabilities and stockholders' equity	\$ 500,595	\$ 512,521

Income Statement

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

	Three Months Ended March 31,	
	2021	2020
	(unaudited)	
Revenue		
SaaS (cloud) subscriptions	\$ 39,053	\$ 28,390
Term license (on prem) subscriptions	19,853	17,793
Maintenance and support	4,860	4,253
Total subscriptions revenue	63,766	50,436
Professional services	25,089	28,428
Total revenue	88,855	78,864
Cost of revenue		
Subscriptions	5,854	5,383
Professional services	17,675	18,736
Total cost of revenue	23,529	24,119
Gross profit	65,326	54,745
Operating expenses		
Sales and marketing	35,984	34,172
Research and development	20,690	16,038
General and administrative	19,142	13,141
Total operating expenses	75,816	63,351
Operating loss	(10,490)	(8,606)
Other expense		
Other expense, net	2,893	3,114
Interest expense	81	143
Total other expense	2,974	3,257
Loss before income taxes	(13,464)	(11,863)
Income tax expense (benefit)	123	(194)
Net loss	\$ (13,587)	\$ (11,669)
Net loss per share:		
Basic and diluted	\$ (0.19)	\$ (0.17)
Weighted average common shares outstanding:		
Basic and diluted	70,730,235	67,528,331

Stock-Based Compensation Expense

\$ in thousands

	Three Months Ended March 31,	
	2021	2020
	(unaudited)	
Cost of revenue		
Subscriptions	\$ 297	\$ 213
Professional services	641	212
Operating expenses		
Sales and marketing	1,108	753
Research and development	1,015	553
General and administrative	4,833	1,745
Total stock-based compensation expense	<u>\$ 7,894</u>	<u>\$ 3,476</u>

Reconciliation of GAAP measures to non-GAAP Measures

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

	Three Months Ended March 31,	
	2021	2020
	(unaudited)	
Reconciliation of non-GAAP operating loss:		
GAAP operating loss	\$ (10,490)	\$ (8,606)
Add back:		
Stock-based compensation expense	7,894	3,476
Litigation expenses	1,687	—
Non-GAAP operating loss	<u>\$ (909)</u>	<u>\$ (5,130)</u>
Reconciliation of non-GAAP net loss:		
GAAP net loss	\$ (13,587)	\$ (11,669)
Add back:		
Stock-based compensation expense	7,894	3,476
Litigation expenses	1,687	—
Loss on disposal of property and equipment	—	7
Non-GAAP net loss	<u>\$ (4,006)</u>	<u>\$ (8,186)</u>
GAAP net loss per share, basic and diluted	\$ (0.19)	\$ (0.17)
Non-GAAP weighted average shares used to compute net loss per share, basic and diluted	<u>70,730,235</u>	<u>67,528,331</u>
Non-GAAP net loss per share, basic and diluted	<u>\$ (0.06)</u>	<u>\$ (0.12)</u>
Reconciliation of adjusted EBITDA:		
GAAP net loss	\$ (13,587)	\$ (11,669)
Other expense, net	2,893	3,114
Interest expense	81	143
Income tax expense (benefit)	123	(194)
Depreciation and amortization expense	1,278	1,511
Stock-based compensation expense	7,894	3,476
Litigation expenses	1,687	—
Adjusted EBITDA	<u>\$ 369</u>	<u>\$ (3,619)</u>



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