



Q4 2022 Earnings Call Presentation

Matt Calkins, Founder & CEO

Mark Matheos, CFO

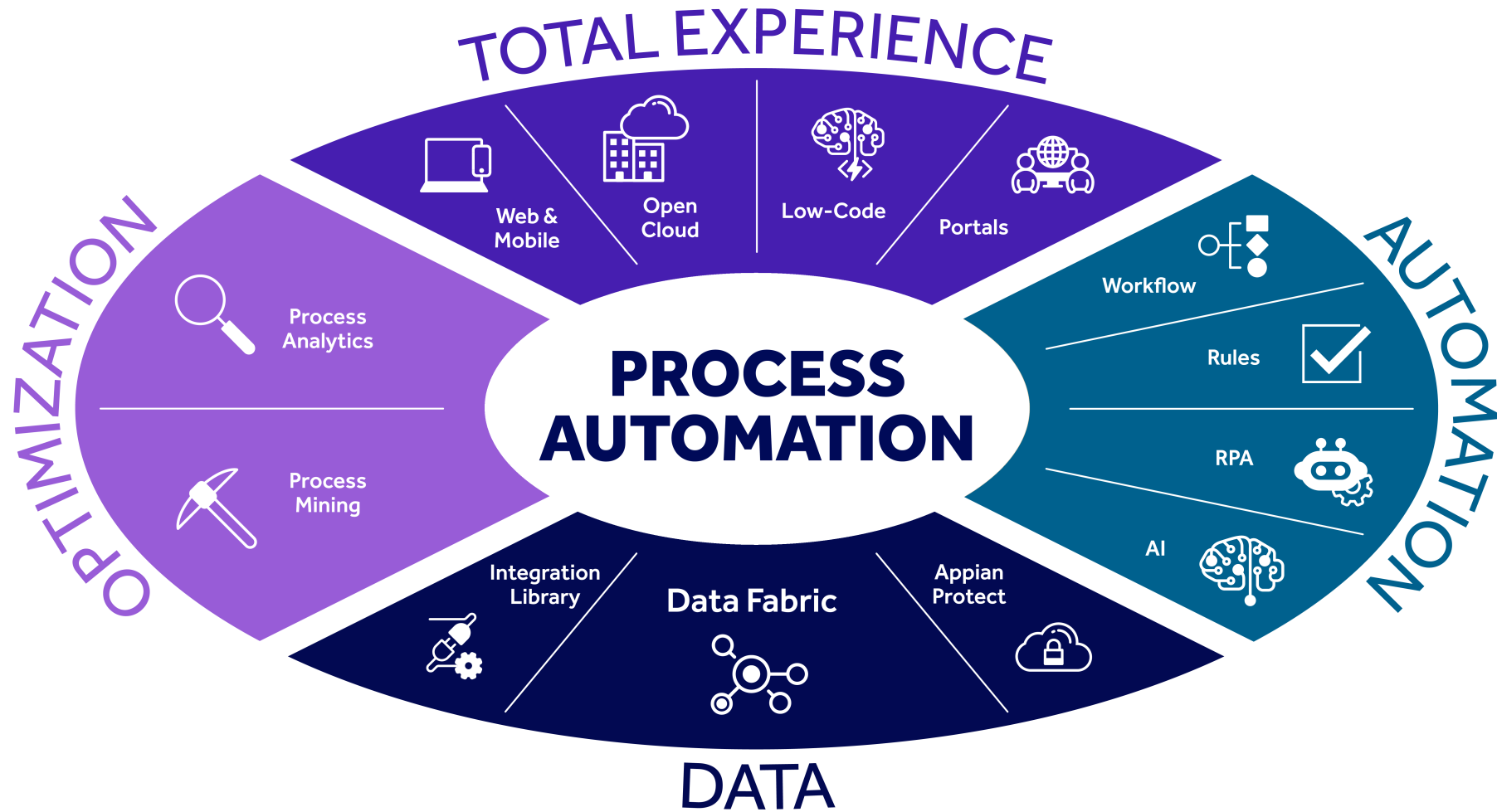
Disclaimer.

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 first quarter and full year 2023, the impact of macroeconomic changes, 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,” “plan,” 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.

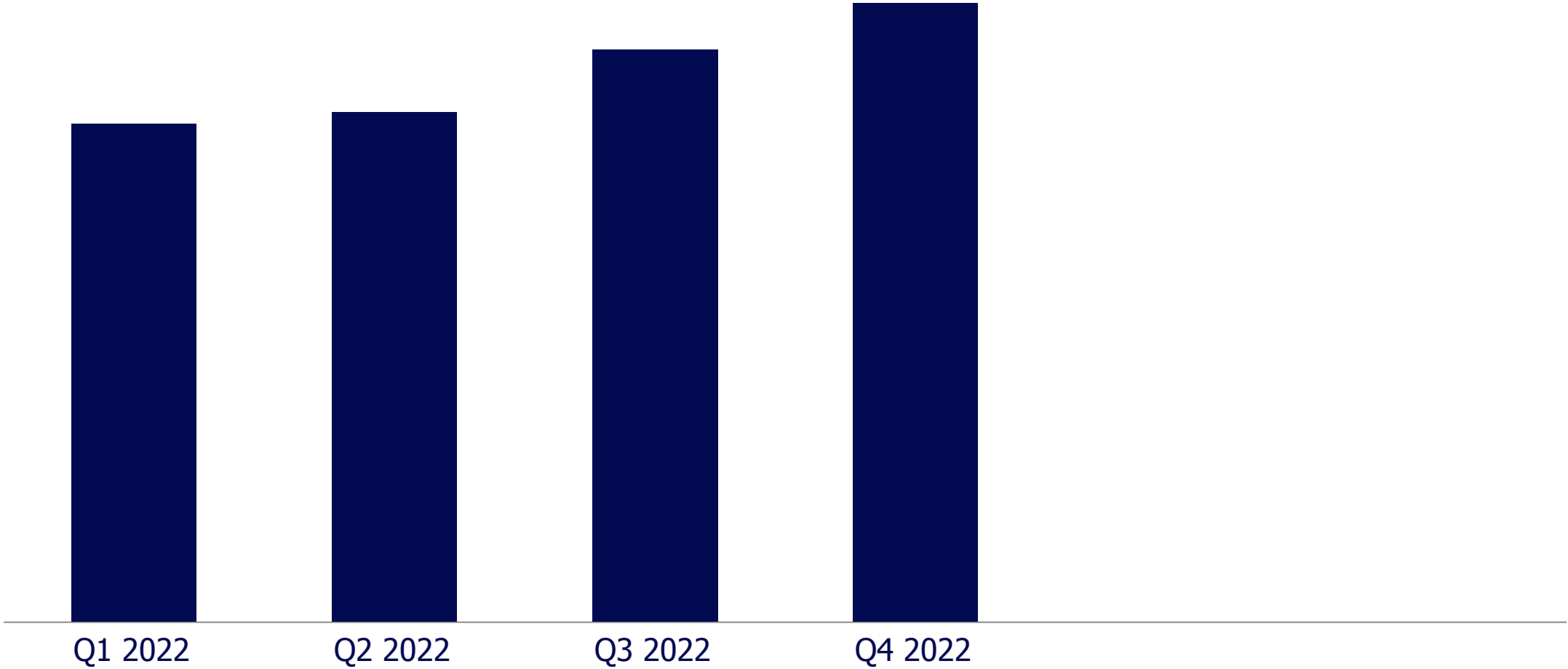
For a discussion of the material risks and other important factors that could affect our actual results, please refer to those contained in our 2022 10-K filing and our other periodic filings with SEC. These documents are available in the Investors section of our website at www.appian.com.

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.

The Appian Platform.

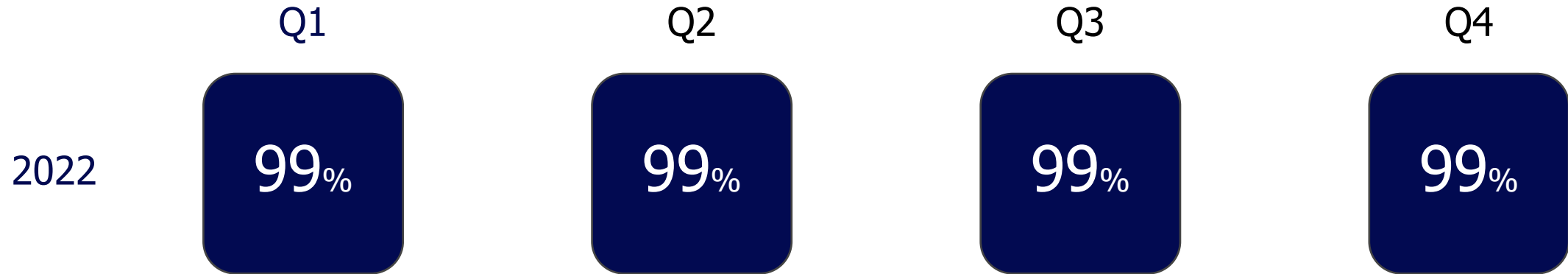


Days Sales Outstanding.



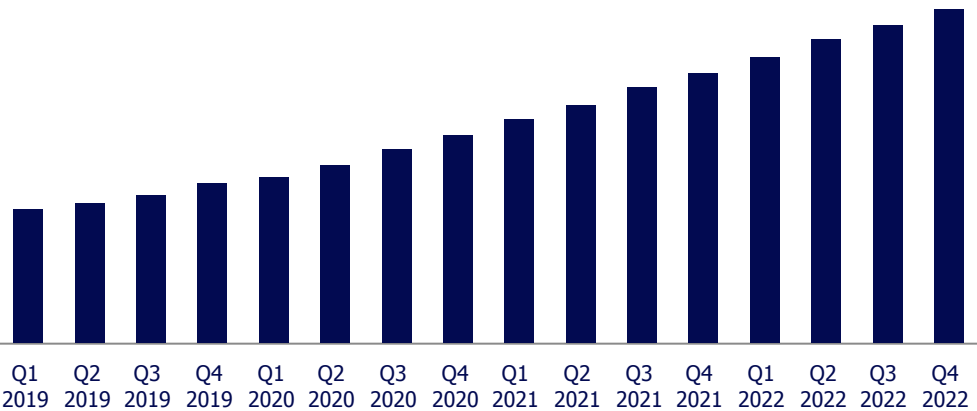
Calculated as the average accounts receivable balance for the period divided by total revenue.

Cloud Gross Renewal Rate.

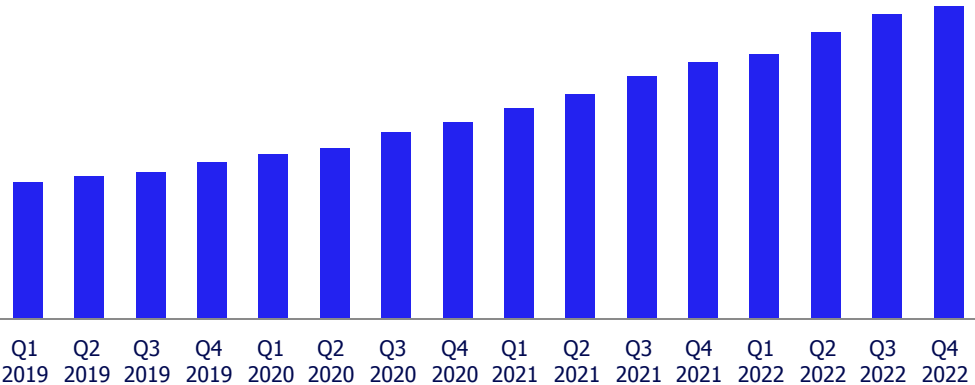


Annualized Recurring Revenue (ARR).

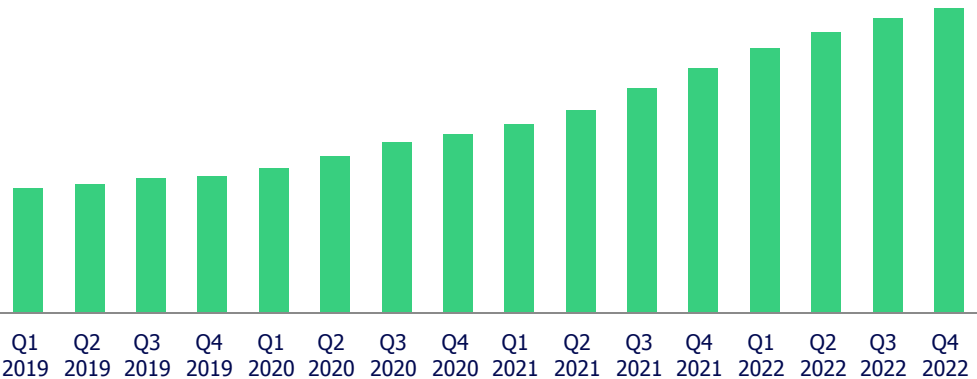
Total ARR



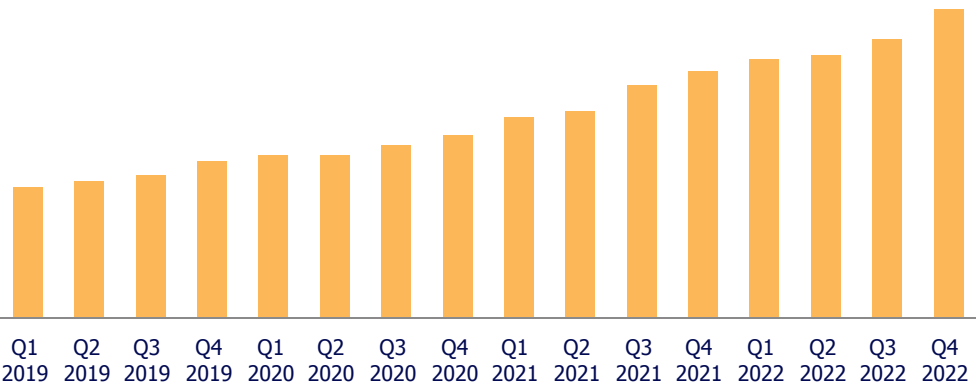
\$250K+ ARR Customers



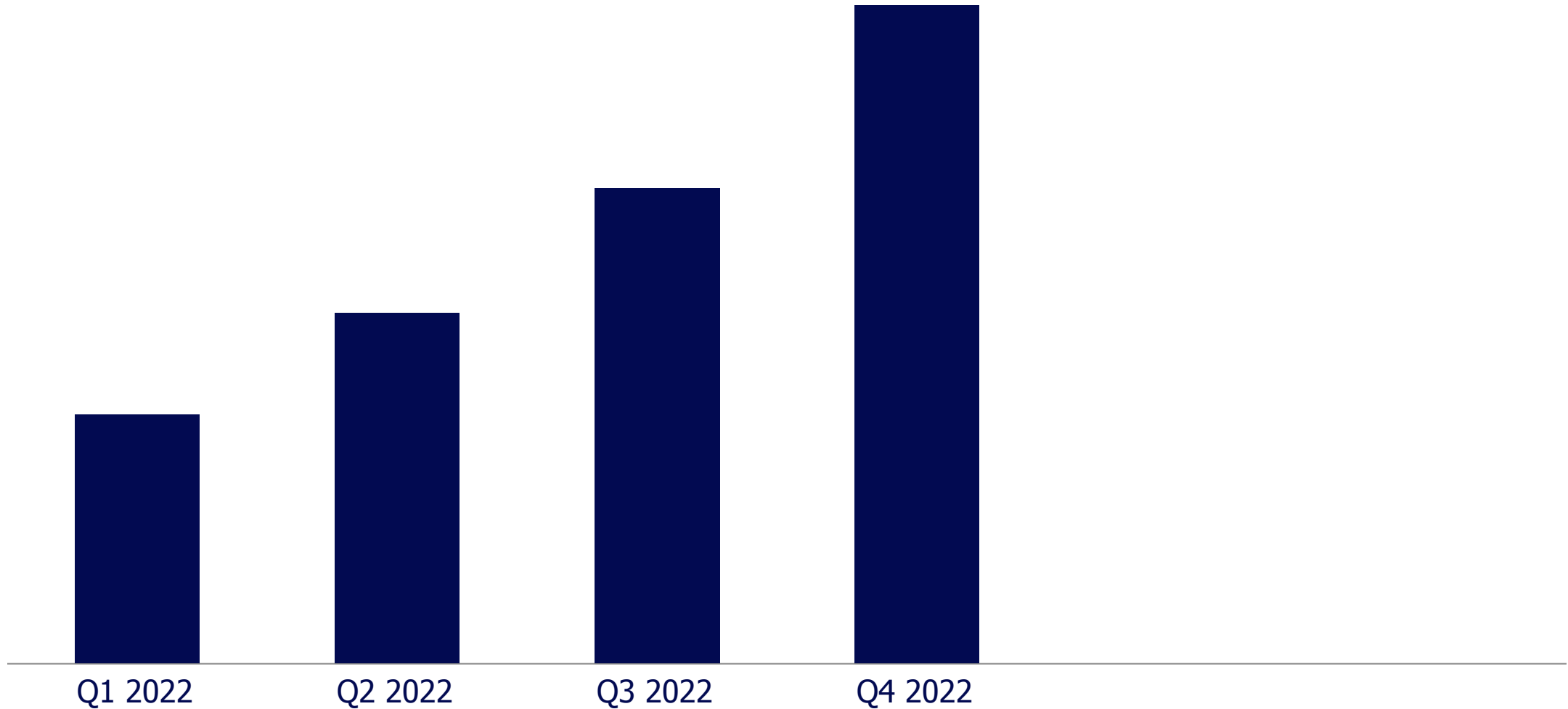
\$500K+ ARR Customers



\$1M+ ARR Customers

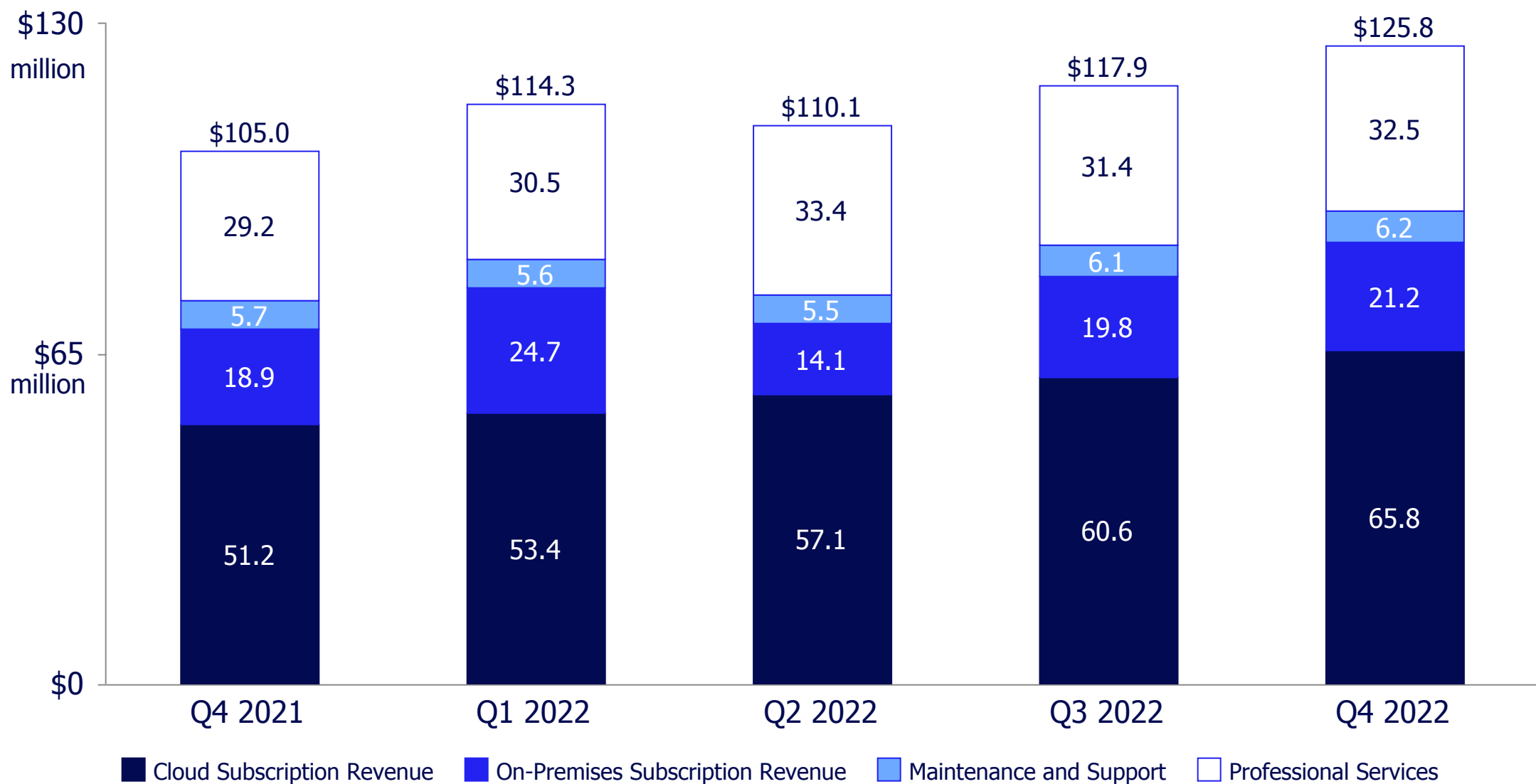


Appian Community members.



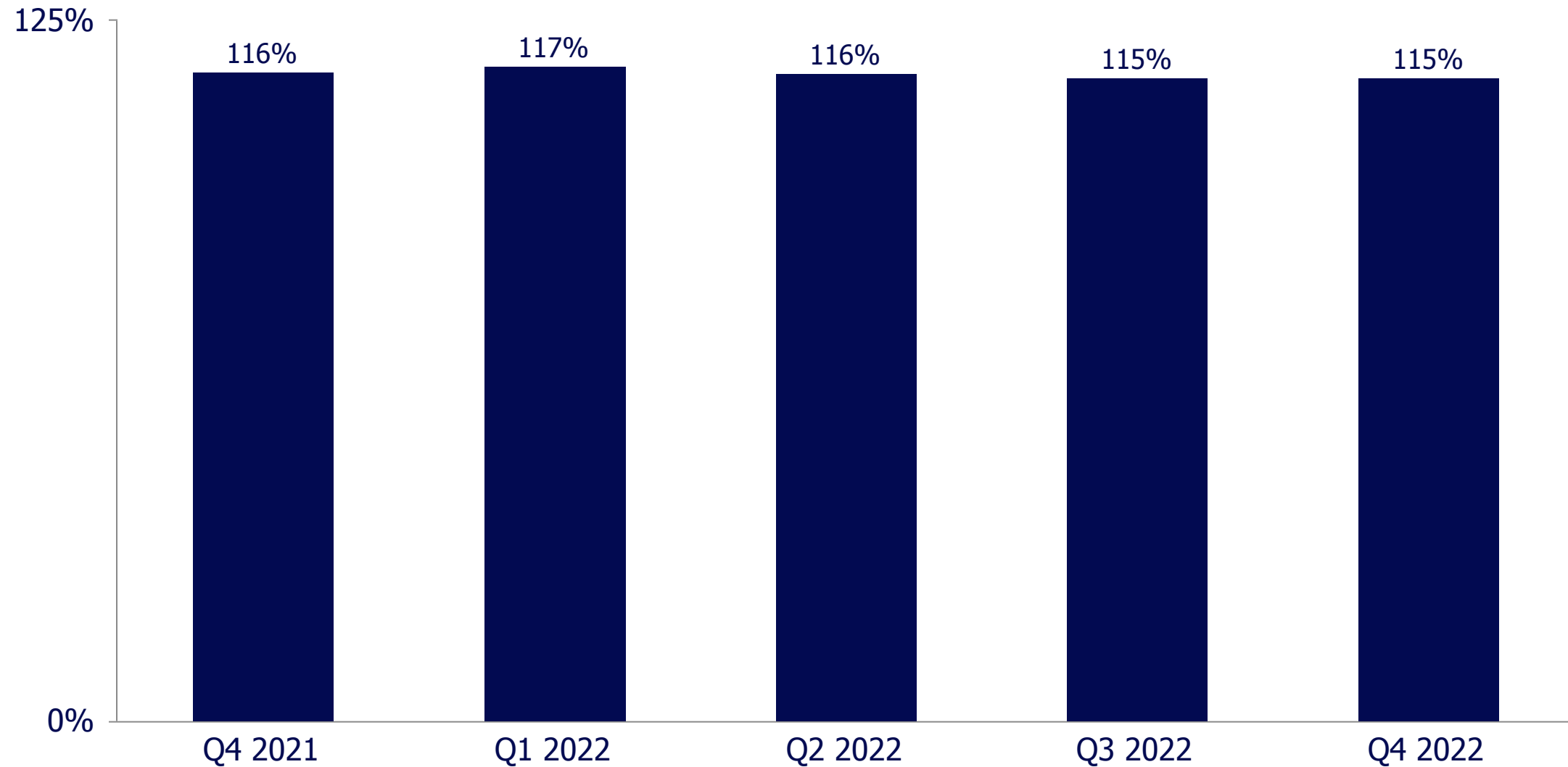
Community members are individuals with an Appian Community profile.

Total Revenue.*

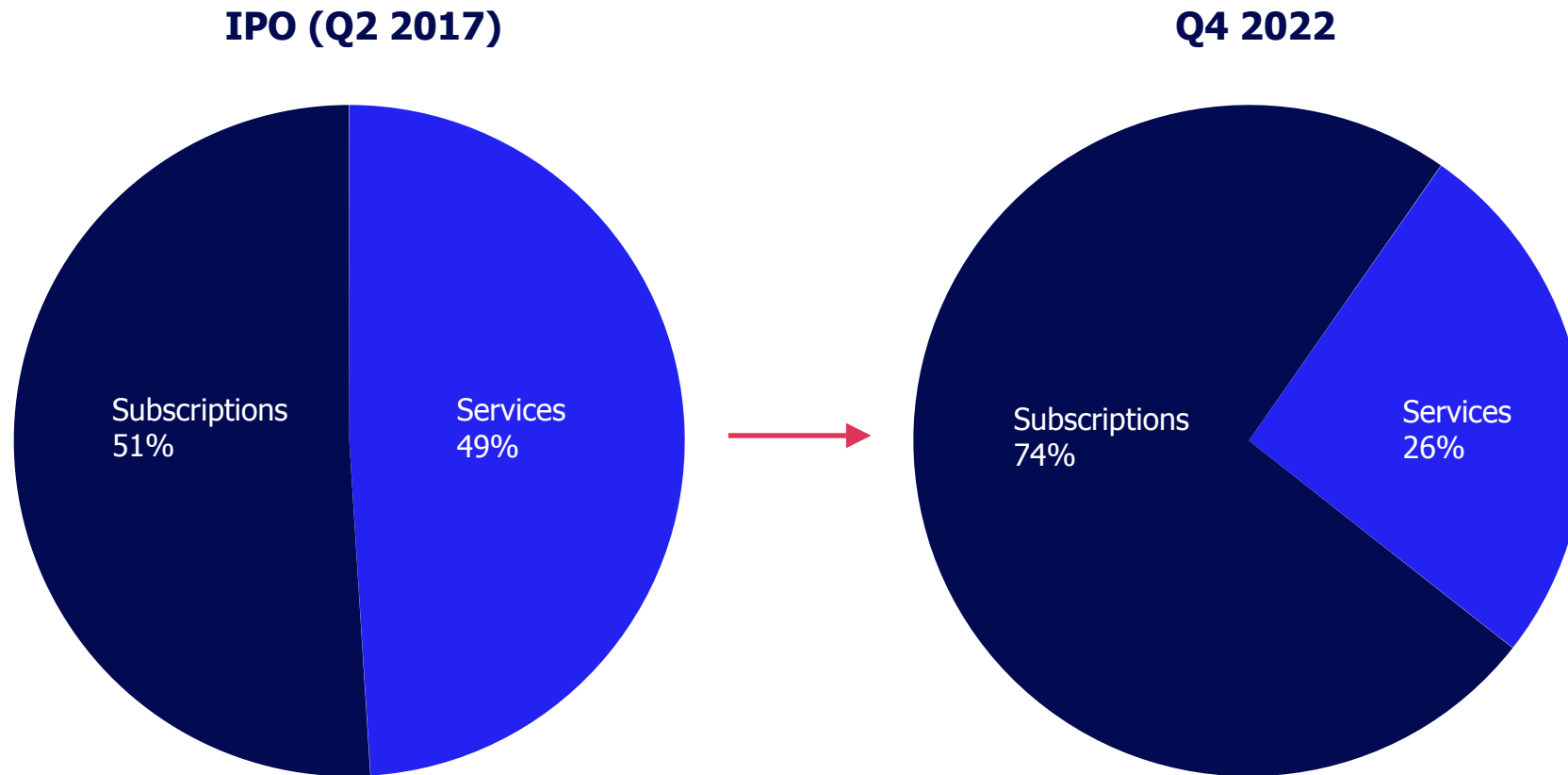


*Total revenue is reported in millions and may not foot due to rounding

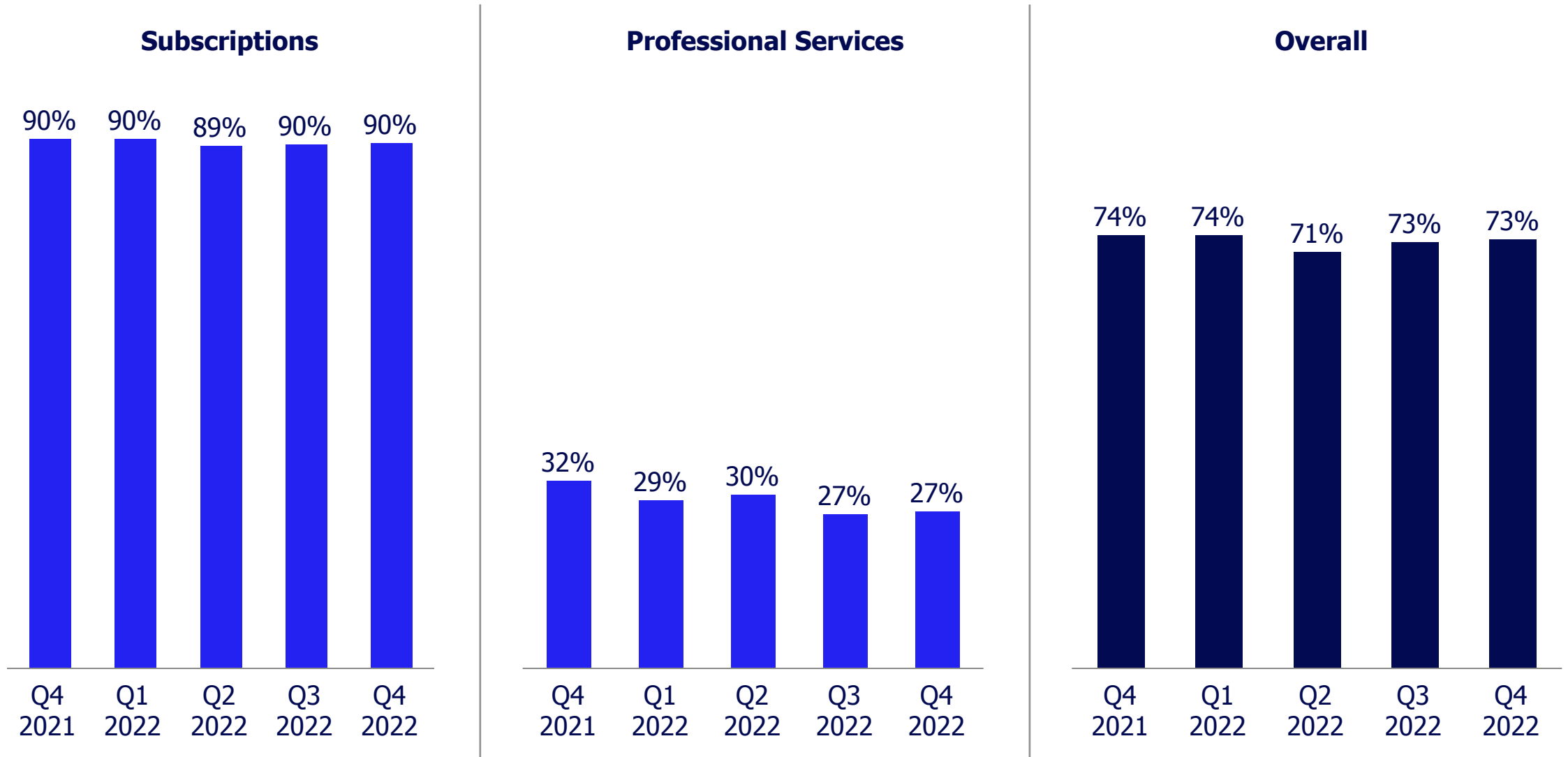
Cloud Subscription Revenue Retention.



Subscriptions vs. Professional Services revenue.



Gross margins.*

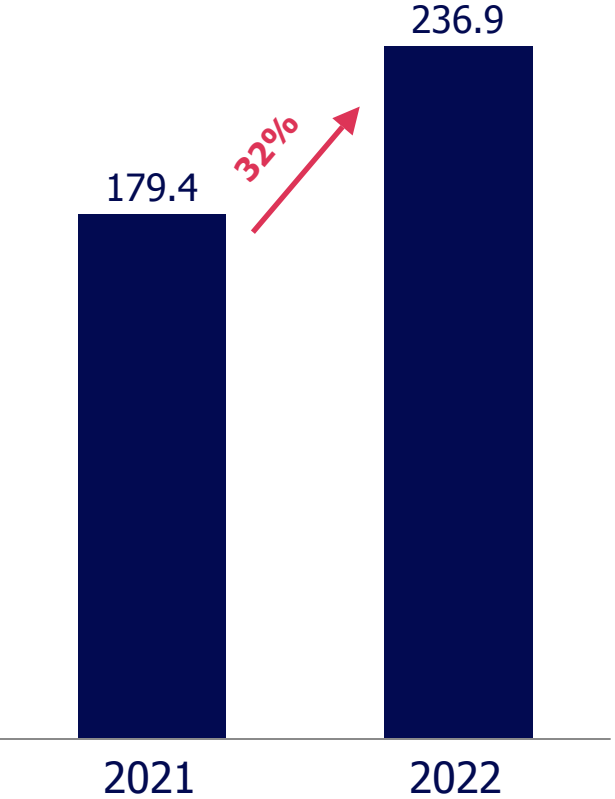


*Non-GAAP - Data excludes stock-based compensation expense. Refer to the reconciliation of GAAP to non-GAAP measures in the Appendix.

Full Year 2022 summary.

Cloud Subscription Revenue

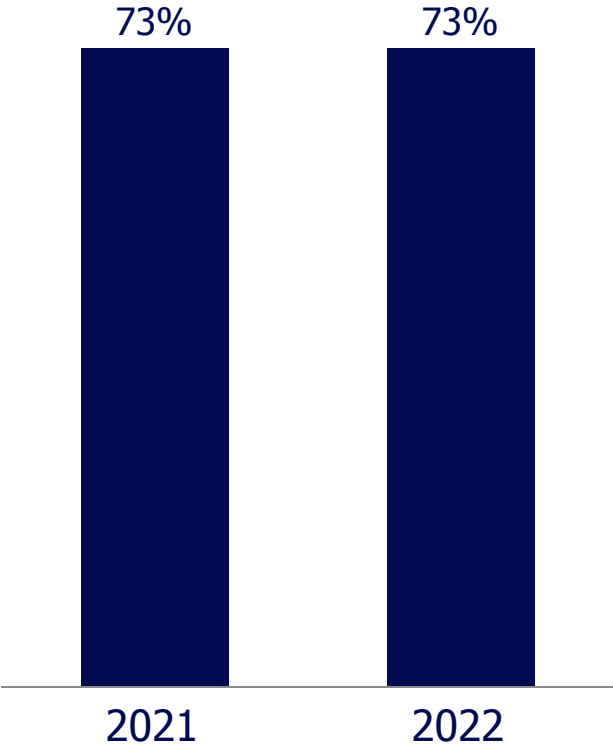
(USD, in millions)



Cloud Subscription Revenue Retention*



Overall Gross Margins**



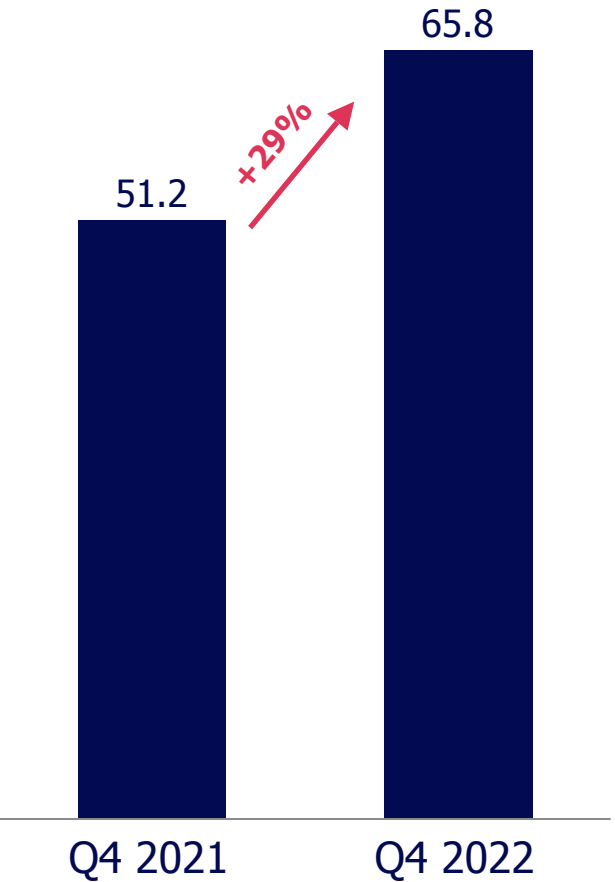
*As of December 31, 2022

**Non-GAAP - Data excludes stock-based compensation expense. Refer to the reconciliation of GAAP to non-GAAP measures in the Appendix.

Q4 2022 summary.

Cloud Subscription Revenue

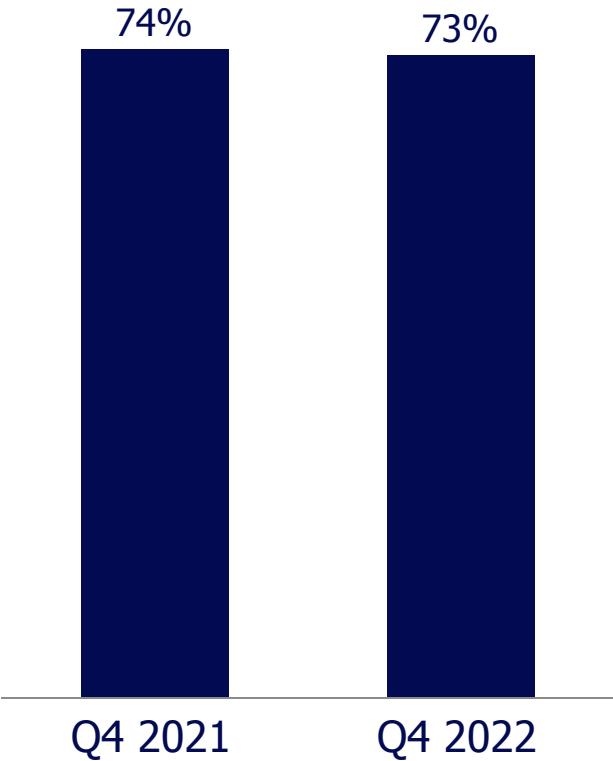
(USD, in millions)



Cloud Subscription Revenue Retention*



Overall Gross Margins**



*As of December 31, 2022

**Non-GAAP - Data excludes stock-based compensation expense. Refer to the reconciliation of GAAP to non-GAAP measures in the Appendix.

Guidance.

Given on February 16, 2023

| (in millions, except for EPS) | Q1 2023 | | | Full Year 2023 | | |
|---------------------------------------|----------|---|----------|----------------|---|----------|
| Cloud Subscription Revenue | \$67.0 | – | \$69.0 | \$294.0 | – | \$296.0 |
| Cloud Subscription Revenue Growth YoY | 26% | – | 29% | 24% | – | 25% |
| Total Revenue | \$130.0 | – | \$132.0 | \$530.0 | – | \$535.0 |
| Total Revenue Increase YoY | 14% | – | 16% | 13% | – | 14% |
| Adjusted EBITDA Loss | \$(21.0) | – | \$(17.0) | \$(75.0) | – | \$(70.0) |
| Non-GAAP Loss per Share* | \$(0.33) | – | \$(0.27) | \$(1.14) | – | \$(1.07) |

Appendix

Balance sheet.

\$ in thousands

| | As of | |
|--|-------------------|-------------------|
| | December 31, 2022 | December 31, 2021 |
| Assets | | |
| Cash and cash equivalents | \$ 148,132 | \$ 100,796 |
| Short-term investments and marketable securities | 47,863 | 55,179 |
| Accounts receivable, net of allowance | 165,964 | 130,049 |
| Deferred commissions, current | 30,196 | 24,668 |
| Prepaid expenses and other current assets | 28,093 | 26,781 |
| Restricted cash, current | 2,249 | 791 |
| Property and equipment, net | 41,855 | 36,913 |
| Long-term investments | — | 12,044 |
| Goodwill | 26,349 | 27,795 |
| Intangible assets, net of accumulated amortization | 5,251 | 7,144 |
| Operating right-of-use assets | 37,248 | 27,897 |
| Deferred commissions, net of current portion | 55,788 | 49,017 |
| Restricted cash, net of current portion | — | 2,373 |
| Other assets | 5,226 | 3,072 |
| Total assets | \$ 594,214 | \$ 504,519 |
| Liabilities and Stockholders' Equity | | |
| Deferred revenue, current | 194,768 | 150,169 |
| Debt, current | 2,740 | — |
| Operating lease liabilities, current | 8,681 | 8,110 |
| Other current liabilities | 64,063 | 57,442 |
| Long-term debt | 115,379 | — |
| Operating lease liabilities, net of current | 57,225 | 48,784 |
| Deferred revenue, net of current | 5,556 | 2,430 |
| Other non-current liabilities | 102 | 3,667 |
| Total liabilities | 448,514 | 270,602 |
| Stockholders' equity | | |
| Common stock | 7 | 7 |
| Additional paid-in capital | 561,390 | 497,128 |
| Accumulated other comprehensive loss | (7,246) | (5,687) |
| Accumulated deficit | (408,451) | (257,531) |
| Total stockholders' equity | 145,700 | 233,917 |
| Total liabilities and stockholders' equity | \$ 594,214 | \$ 504,519 |

Income statement.

\$ in thousands, except for per share data

| | Three Months Ended December 31, | | Year Ended December 31, | |
|---|---------------------------------|-------------|-------------------------|-------------|
| | 2022 | 2021 | 2022 | 2021 |
| Revenue | | | | |
| Cloud subscriptions | \$ 65,839 | \$ 51,177 | \$ 236,922 | \$ 179,415 |
| Term license (on prem) subscriptions | 21,210 | 18,913 | 79,753 | 63,203 |
| Maintenance and support | 6,195 | 5,696 | 23,477 | 21,120 |
| Total subscriptions revenue | 93,244 | 75,786 | 340,152 | 263,738 |
| Professional services | 32,542 | 29,202 | 127,839 | 105,521 |
| Total revenue | 125,786 | 104,988 | 467,991 | 369,259 |
| Cost of revenue | | | | |
| Subscriptions | 9,942 | 7,524 | 36,005 | 27,330 |
| Professional services | 25,289 | 20,698 | 97,301 | 76,763 |
| Total cost of revenue | 35,231 | 28,222 | 133,306 | 104,093 |
| Gross profit | 90,555 | 76,766 | 334,685 | 265,166 |
| Operating expenses | | | | |
| Sales and marketing | 63,270 | 49,277 | 220,374 | 167,852 |
| Research and development | 37,808 | 26,455 | 139,210 | 97,517 |
| General and administrative | 30,097 | 26,978 | 120,111 | 83,704 |
| Total operating expenses | 131,175 | 102,710 | 479,695 | 349,073 |
| Operating loss | (40,620) | (25,944) | (145,010) | (83,907) |
| Other non-operating expense | | | | |
| Other expense, net | (9,271) | (557) | 3,545 | 3,584 |
| Interest expense | 1,451 | 139 | 1,673 | 372 |
| Total other non-operating expense | (7,820) | (418) | 5,218 | 3,956 |
| Loss before income taxes | (32,800) | (25,526) | (150,228) | (87,863) |
| Income tax expense (benefit) | 1,617 | 319 | 692 | 778 |
| Net loss | \$ (34,417) | \$ (25,845) | \$ (150,920) | \$ (88,641) |
| Net loss per share: | | | | |
| Basic and diluted | \$ (0.47) | \$ (0.36) | \$ (2.08) | \$ (1.25) |
| Weighted average common shares outstanding: | | | | |
| Basic and diluted | 72,702,745 | 71,334,000 | 72,455,175 | 71,036,490 |

Stock-based compensation expense.

| \$ in thousands | Three Months Ended December 31, | | Year Ended December 31, | |
|--|---------------------------------|-----------------|-------------------------|------------------|
| | 2022 | 2021 | 2022 | 2021 |
| Cost of revenue: | | | | |
| Subscriptions | \$ 284 | \$ 226 | \$ 996 | \$ 1,199 |
| Professional services | 1,521 | 848 | 5,309 | 3,131 |
| Operating expenses: | | | | |
| Sales and marketing | 2,431 | 1,673 | 9,152 | 5,426 |
| Research and development | 3,692 | 1,877 | 12,523 | 5,224 |
| General and administrative | 3,475 | 1,528 | 10,850 | 8,864 |
| Total stock-based compensation expense | <u>\$ 11,403</u> | <u>\$ 6,152</u> | <u>\$ 38,830</u> | <u>\$ 23,844</u> |

Reconciliation of GAAP to non-GAAP measures.

\$ in thousands, except for per share data

| | Three Months Ended December 31, | | Year Ended December 31, | |
|--|---------------------------------|--------------------|-------------------------|--------------------|
| | 2022 | 2021 | 2022 | 2021 |
| | (unaudited) | | (unaudited) | |
| Reconciliation of non-GAAP operating loss: | | | | |
| GAAP operating loss | \$ (40,620) | \$ (25,944) | \$ (145,010) | \$ (83,907) |
| Add back: | | | | |
| Stock-based compensation expense | 11,403 | 6,152 | 38,830 | 23,844 |
| Litigation expenses | 2,453 | 8,130 | 22,886 | 16,400 |
| Non-GAAP operating loss | <u>\$ (26,764)</u> | <u>\$ (11,662)</u> | <u>\$ (83,294)</u> | <u>\$ (43,663)</u> |
| Reconciliation of non-GAAP net loss: | | | | |
| GAAP net loss | \$ (34,417) | \$ (25,845) | \$ (150,920) | \$ (88,641) |
| Add back: | | | | |
| Stock-based compensation expense | 11,403 | 6,152 | 38,830 | 23,844 |
| Litigation expenses | 2,453 | 8,130 | 22,886 | 16,400 |
| Loss on disposal of property and equipment | 3 | 1 | 3 | 79 |
| Non-GAAP net loss | <u>\$ (20,558)</u> | <u>\$ (11,562)</u> | <u>\$ (89,201)</u> | <u>\$ (48,318)</u> |
| GAAP net loss per share, basic and diluted | \$ (0.47) | \$ (0.36) | \$ (2.08) | \$ (1.25) |
| Non-GAAP weighted average shares used to compute net loss per share, basic and diluted | 72,703 | 71,334 | 72,455 | 71,036 |
| Non-GAAP net loss per share, basic and diluted | <u>\$ (0.28)</u> | <u>\$ (0.16)</u> | <u>\$ (1.23)</u> | <u>\$ (0.68)</u> |
| Reconciliation of adjusted EBITDA: | | | | |
| GAAP net loss | \$ (34,417) | \$ (25,845) | \$ (150,920) | \$ (88,641) |
| Other expense, net | (9,271) | (557) | 3,545 | 3,584 |
| Interest expense | 1,451 | 139 | 1,673 | 372 |
| Income tax expense (benefit) | 1,617 | 319 | 692 | 778 |
| Depreciation and amortization | 1,965 | 1,672 | 7,297 | 5,743 |
| Stock-based compensation expense | 11,403 | 6,152 | 38,830 | 23,844 |
| Litigation expenses | 2,453 | 8,130 | 22,886 | 16,400 |
| Adjusted EBITDA | <u>\$ (24,799)</u> | <u>\$ (9,990)</u> | <u>\$ (75,997)</u> | <u>\$ (37,920)</u> |

Reconciliation of GAAP to non-GAAP measures (cont).

The following table reconciles our GAAP gross margin percentage to our non-GAAP gross margin percentage for our overall, subscriptions, and professional services margins. The non-GAAP adjustment represents adding back the margin impact of stock-based compensation expense recorded to "Cost of revenue" within our consolidated income statements.

| | <u>Q4 2021</u> | <u>Q1 2022</u> | <u>Q2 2022</u> | <u>Q3 2022</u> | <u>Q4 2022</u> |
|---|----------------|----------------|----------------|----------------|----------------|
| Reconciliation of non-GAAP overall gross margin: | | | | | |
| GAAP overall gross margin | 73.1% | 72.9% | 69.8% | 71.4% | 72.0% |
| Add back: | | | | | |
| Non-GAAP adjustments to overall gross margin | 1.0% | 1.0% | 1.4% | 1.4% | 1.4% |
| Non-GAAP overall gross margin | 74.1% | 73.9% | 71.2% | 72.8% | 73.4% |
| Reconciliation of non-GAAP subscriptions gross margin: | | | | | |
| GAAP subscriptions gross margin | 90.1% | 90.2% | 88.9% | 89.2% | 89.4% |
| Add back: | | | | | |
| Non-GAAP adjustments to subscriptions gross margin | 0.3% | 0.2% | 0.3% | 0.4% | 0.2% |
| Non-GAAP subscriptions gross margin | 90.4% | 90.4% | 89.2% | 89.6% | 89.6% |
| Reconciliation of non-GAAP professional services gross margin: | | | | | |
| GAAP professional services gross margin | 29.1% | 25.4% | 25.8% | 22.0% | 22.3% |
| Add back: | | | | | |
| Non-GAAP adjustments to professional services gross margin | 2.9% | 3.4% | 4.0% | 4.5% | 4.7% |
| Non-GAAP professional services gross margin | 32.0% | 28.8% | 29.8% | 26.5% | 27.0% |

The Appian logo is displayed in large, dark, three-dimensional letters on the upper right portion of a modern glass skyscraper. The building's facade is composed of a grid of glass panels, and the sky in the background is a clear, deep blue.

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A leader in low-code.