



# Q3 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 fourth 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.

# Q3 2021 Highlights

## Business

- Appian unifies process mining, workflow, and automation
- Appian's Government Acquisition Management (GAM) suite shows success

## Revenue

- Cloud subscription revenue was \$46.7 million in Q3 2021, representing growth of 36% over Q3 2020
- Subscriptions revenue was \$67.2 million in Q3 2021, representing growth of 32% over Q3 2020
- Total revenue was \$92.4 million in Q3 2021, representing growth of 20% over Q3 2020

## Retention

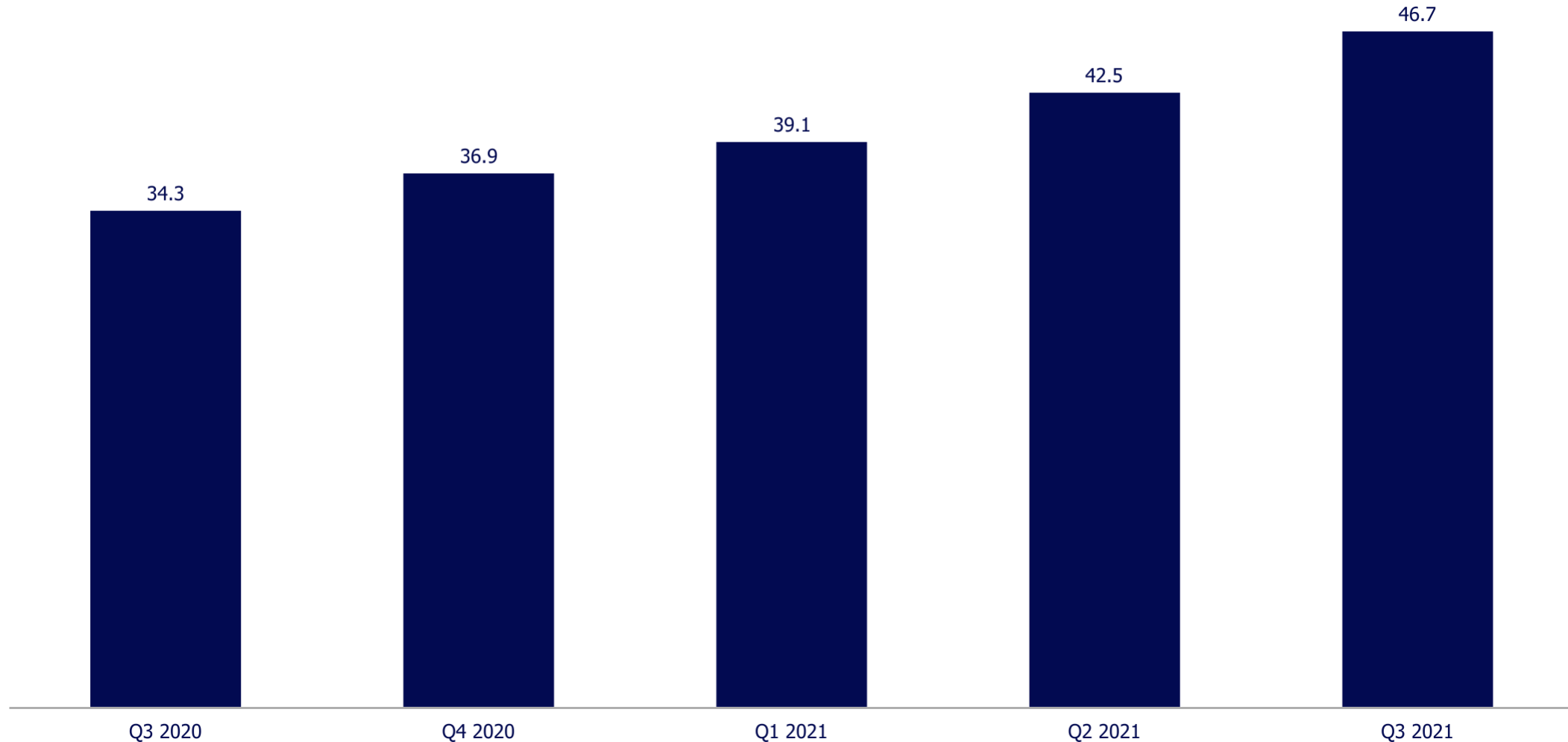
- Cloud subscription revenue retention rate was 117% as of September 30, 2021

## Gross Margins\*

- Subscriptions gross margin was 90%
- Professional services gross margin was 26%
- Overall gross margin was 73%

# Cloud Subscription Revenue

(USD, in millions)



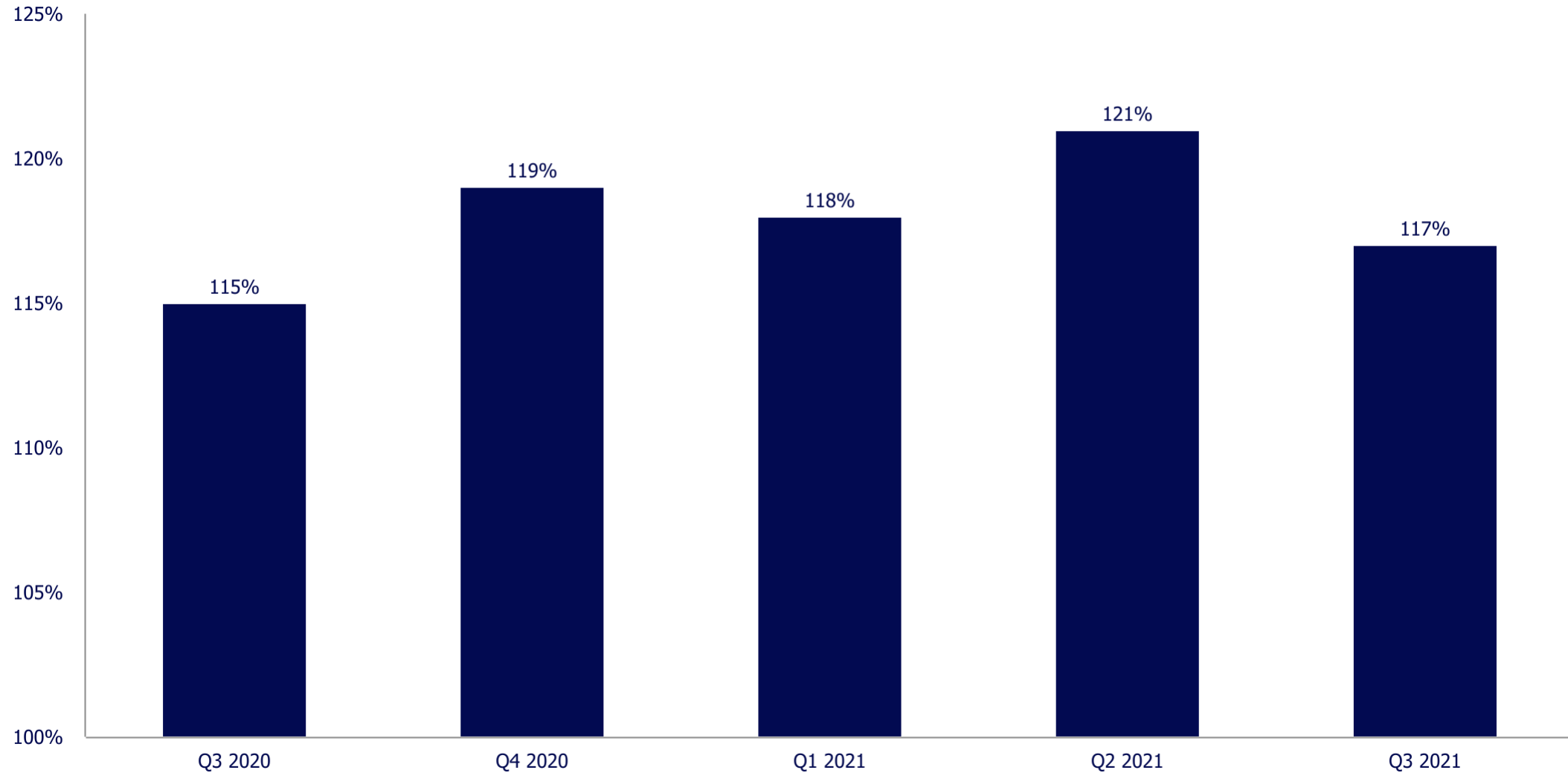
# Total Revenue\*

(USD, in millions)

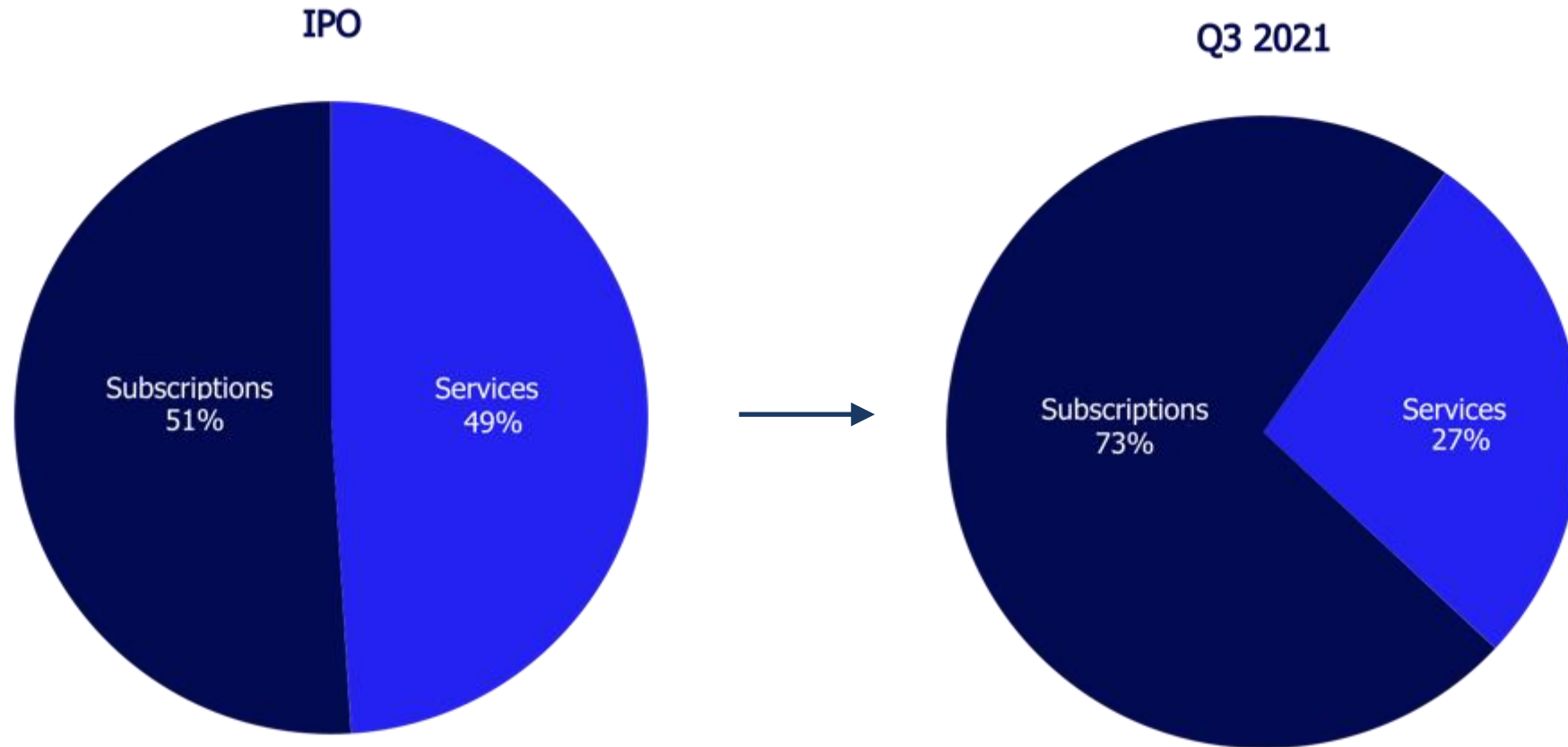


\*Total revenue may not foot due to rounding.

# Cloud Subscription Revenue Retention

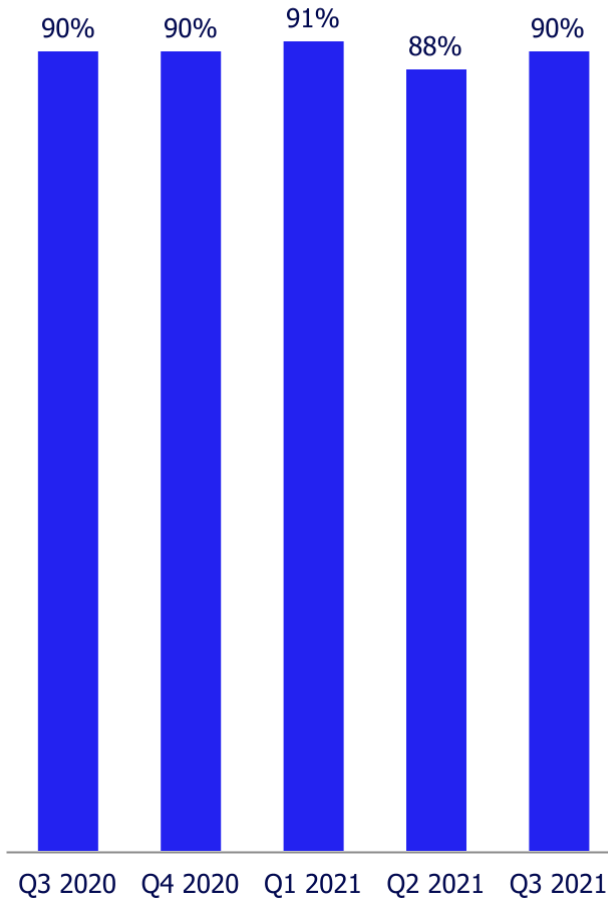


# Subscriptions vs. Professional Services Revenue

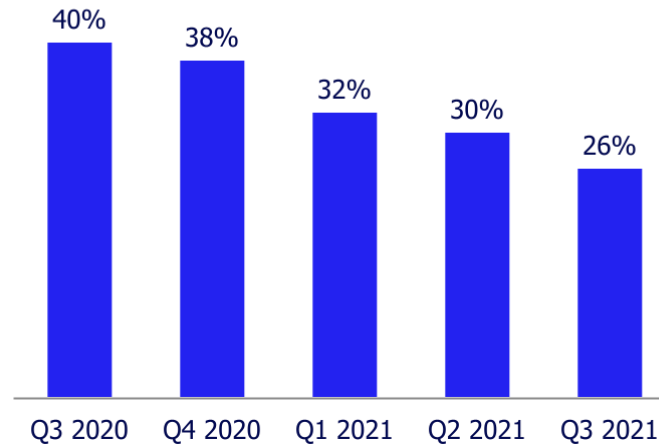


# Gross Margins\*

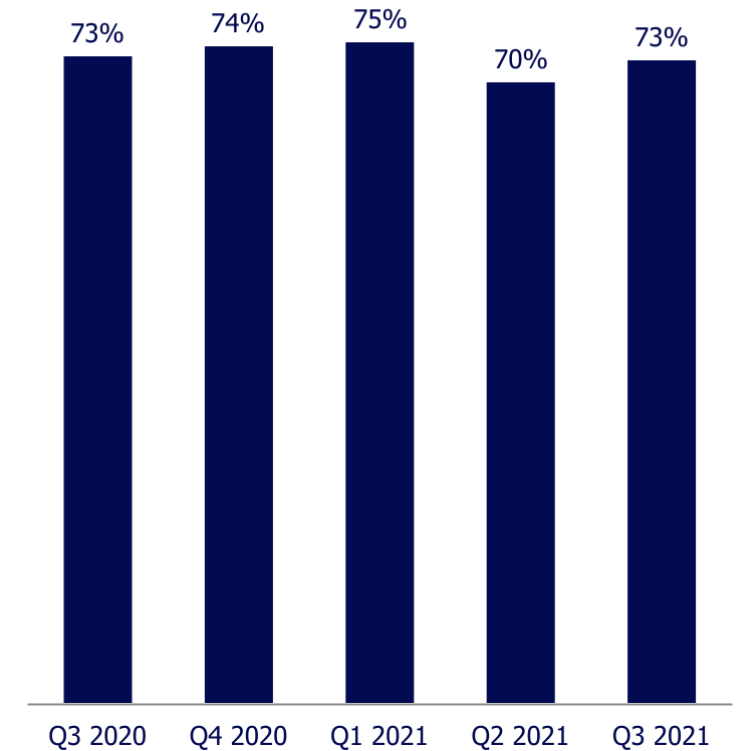
## Subscriptions



## Professional Services



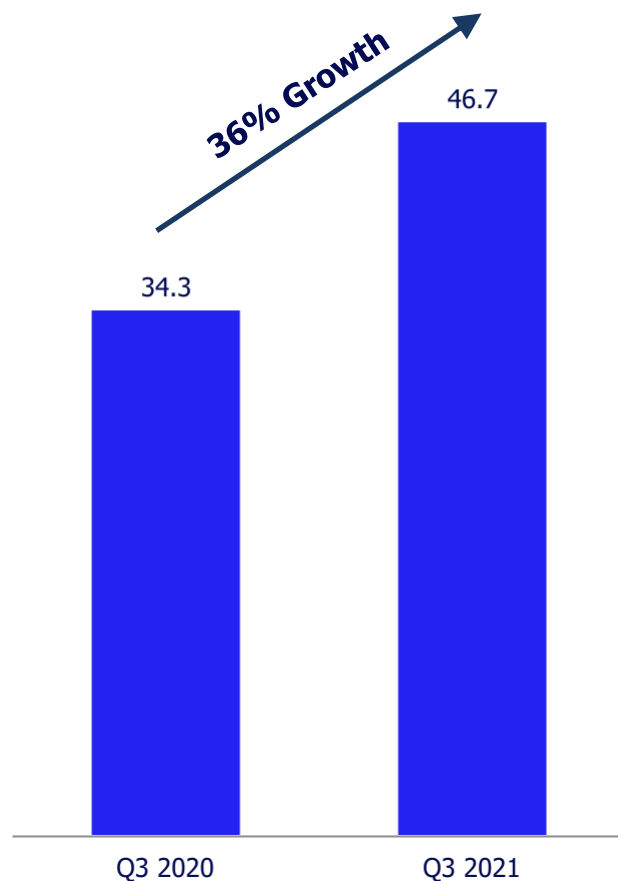
## Overall





# Q3 2021 Highlights

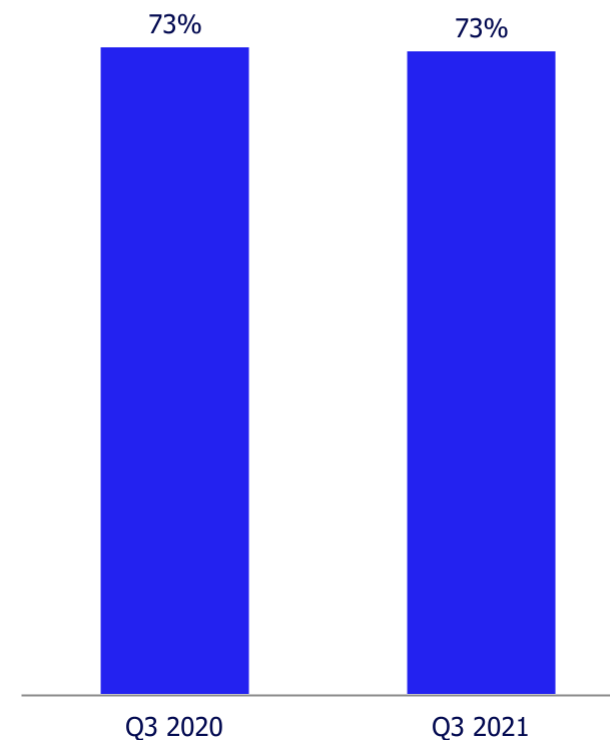
Cloud Subscription  
Revenue (\$MM)



Cloud Subscription Revenue  
Retention\*



Overall Gross Margins\*\*



\*As of September 30, 2021

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

# Guidance

Given on November 4, 2021

| (in millions, except for EPS)         | Q4 2021  |   |          | Full Year 2021 |   |          |
|---------------------------------------|----------|---|----------|----------------|---|----------|
| Cloud Subscription Revenue            | \$48.8   | – | \$49.3   | \$177.0        | – | \$177.5  |
| Cloud Subscription Revenue Growth YoY | 32%      | – | 33%      | 37%            |   |          |
| Total Revenue                         | \$95.0   | – | \$95.5   | \$359.3        | – | \$359.8  |
| Total Revenue Increase YoY            | 16%      | – | 17%      | 18%            |   |          |
| Adjusted EBITDA Loss                  | \$(15.0) | – | \$(13.0) | \$(43.0)       | – | \$(41.0) |
| Non-GAAP Loss per Share*              | \$(0.24) | – | \$(0.21) | \$(0.75)       | – | \$(0.73) |

\*Based on 71.2 million and 71.1 million basic and diluted weighted average common shares outstanding for Q4 2021 and FY 2021, respectively.

# Appendix

# Balance Sheet

*\$ in thousands*

|  | As of                             |                   |
|--|-----------------------------------|-------------------|
|  | September 30, 2021<br>(unaudited) | December 31, 2020 |
| <b>Assets</b>  |                                   |                   |
| Cash and cash equivalents  | \$ 127,122                        | \$ 112,462        |
| Short-term investments and marketable securities   | 61,384                            | 109,826           |
| Accounts receivable, net of allowance of \$1,400 as of each of September 30, 2021 and December 31, 2020                            | 110,223                           | 97,278            |
| Deferred commissions, current  | 21,632                            | 17,899            |
| Prepaid expenses and other current assets  | 26,208                            | 27,955            |
| Property and equipment, net  | 34,280                            | 35,404            |
| Long-term investments  | —                                 | 36,120            |
| Goodwill   | 27,414                            | 4,862             |
| Intangible assets, net of accumulated amortization of \$902 and \$429 as of September 30, 2021 and December 31, 2020, respectively | 8,527                             | 1,744             |
| Operating right-of-use assets  | 29,218                            | 30,659            |
| Deferred commissions, net of current portion   | 42,035                            | 34,198            |
| Restricted cash, non-current   | 3,240                             | —                 |
| Other assets   | 3,087                             | 4,114             |
| <b>Total assets</b>  | <b>\$ 494,370</b>                 | <b>\$ 512,521</b> |
| <b>Liabilities and Stockholders' Equity</b>  |                                   |                   |
| Deferred revenue, current  | 122,833                           | 116,256           |
| Operating lease liabilities, current   | 6,606                             | 6,923             |
| Other current liabilities  | 48,981                            | 32,709            |
| Operating lease liabilities, net of current portion  | 49,592                            | 51,194            |
| Deferred revenue, net of current portion   | 2,041                             | 3,886             |
| Other non-current liabilities  | 7,841                             | 4,948             |
| <b>Total liabilities</b>   | <b>237,894</b>                    | <b>215,916</b>    |
| <b>Stockholders' equity</b>  |                                   |                   |
| Common stock   | 7                                 | 7                 |
| Additional paid-in capital   | 490,565                           | 470,498           |
| Accumulated other comprehensive loss   | (2,410)                           | (5,010)           |
| Accumulated deficit  | (231,686)                         | (168,890)         |
| <b>Total stockholders' equity</b>  | <b>256,476</b>                    | <b>296,605</b>    |
| <b>Total liabilities and stockholders' equity</b>  | <b>\$ 494,370</b>                 | <b>\$ 512,521</b> |

# Income Statement

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

|   | Three Months Ended September 30, |            | Nine Months Ended September 30, |             |
|---|----------------------------------|------------|---------------------------------|-------------|
|   | 2021                             | 2020       | 2021                            | 2020        |
|   | (unaudited)                      |            | (unaudited)                     |             |
| <b>Revenue</b>                              |                                  |            |                                 |             |
| SaaS (cloud) subscriptions                  | \$ 46,699                        | \$ 34,312  | \$ 128,238                      | \$ 92,282   |
| Term license (on prem) subscriptions        | 15,114                           | 11,830     | 44,290                          | 37,002      |
| Maintenance and support                     | 5,427                            | 4,618      | 15,424                          | 13,330      |
| Total subscriptions revenue                 | 67,240                           | 50,760     | 187,952                         | 142,614     |
| Professional services                       | 25,177                           | 26,544     | 76,319                          | 80,329      |
| <b>Total revenue</b>                        | 92,417                           | 77,304     | 264,271                         | 222,943     |
| <b>Cost of revenue</b>                      |                                  |            |                                 |             |
| Subscriptions                               | 7,092                            | 5,101      | 19,806                          | 15,185      |
| Professional services                       | 19,415                           | 16,450     | 56,065                          | 51,641      |
| <b>Total cost of revenue</b>                | 26,507                           | 21,551     | 75,871                          | 66,826      |
| <b>Gross profit</b>                         | 65,910                           | 55,753     | 188,400                         | 156,117     |
| <b>Operating expenses</b>                   |                                  |            |                                 |             |
| Sales and marketing                         | 42,071                           | 31,633     | 118,575                         | 94,891      |
| Research and development                    | 26,510                           | 18,150     | 71,062                          | 51,366      |
| General and administrative                  | 20,226                           | 13,485     | 56,726                          | 38,076      |
| <b>Total operating expenses</b>             | 88,807                           | 63,268     | 246,363                         | 184,333     |
| <b>Operating loss</b>                       | (22,897)                         | (7,515)    | (57,963)                        | (28,216)    |
| <b>Other expense (income)</b>               |                                  |            |                                 |             |
| Other expense (income), net                 | 2,329                            | (4,277)    | 4,141                           | (1,845)     |
| Interest expense                            | 72                               | 119        | 233                             | 390         |
| <b>Total other expense (income)</b>         | 2,401                            | (4,158)    | 4,374                           | (1,455)     |
| <b>Loss before income taxes</b>             | (25,298)                         | (3,357)    | (62,337)                        | (26,761)    |
| Income tax expense                          | 86                               | 255        | 459                             | 335         |
| <b>Net loss</b>                             | \$ (25,384)                      | \$ (3,612) | \$ (62,796)                     | \$ (27,096) |
| Net loss per share:                         |                                  |            |                                 |             |
| Basic and diluted                           | \$ (0.36)                        | \$ (0.05)  | \$ (0.89)                       | \$ (0.39)   |
| Weighted average common shares outstanding: |                                  |            |                                 |             |
| Basic and diluted                           | 71,118,881                       | 69,923,553 | 70,935,585                      | 68,611,994  |

# Stock-Based Compensation Expense

| <i>\$ in thousands</i>                 | Three Months Ended September 30, |                 | Nine Months Ended September 30, |                  |
|--|----------------------------------|-----------------|---------------------------------|------------------|
|  | 2021                             | 2020            | 2021                            | 2020             |
|  | (unaudited)                      |                 | (unaudited)                     |                  |
| Cost of revenue:                       |                                  |                 |                                 |                  |
| Subscriptions                          | \$ 381                           | \$ 236          | \$ 973                          | \$ 678           |
| Professional services                  | 777                              | 406             | 2,283                           | 935              |
| Operating expenses:                    |                                  |                 |                                 |                  |
| Sales and marketing                    | 1,448                            | 427             | 3,753                           | 1,837            |
| Research and development               | 1,263                            | 669             | 3,347                           | 1,841            |
| General and administrative             | 1,331                            | 1,840           | 7,336                           | 5,377            |
| Total stock-based compensation expense | <u>\$ 5,200</u>                  | <u>\$ 3,578</u> | <u>\$ 17,692</u>                | <u>\$ 10,668</u> |

# Reconciliation of GAAP Measures to Non-GAAP Measures

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

|  | Three Months Ended September 30, |            | Nine Months Ended September 30, |             |
|--|----------------------------------|------------|---------------------------------|-------------|
| <i>\$ in thousands, except for shares and per share data</i>                           | 2021                             | 2020       | 2021                            | 2020        |
|  | (unaudited)                      |            | (unaudited)                     |             |
| Reconciliation of non-GAAP operating loss:   |                                  |            |                                 |             |
| GAAP operating loss  | \$ (22,897)                      | \$ (7,515) | \$ (57,963)                     | \$ (28,216) |
| Add back:  |                                  |            |                                 |             |
| Stock-based compensation expense   | 5,200                            | 3,578      | 17,692                          | 10,668      |
| Litigation expenses  | 4,230                            | —          | 8,270                           | —           |
| Non-GAAP operating loss  | \$ (13,467)                      | \$ (3,937) | \$ (32,001)                     | \$ (17,548) |
| Reconciliation of non-GAAP net loss:   |                                  |            |                                 |             |
| GAAP net loss  | \$ (25,384)                      | \$ (3,612) | \$ (62,796)                     | \$ (27,096) |
| Add back:  |                                  |            |                                 |             |
| Stock-based compensation expense   | 5,200                            | 3,578      | 17,692                          | 10,668      |
| Litigation expenses  | 4,230                            | —          | 8,270                           | —           |
| Loss on disposal of property and equipment   | 78                               | —          | 78                              | 22          |
| Non-GAAP net loss  | \$ (15,876)                      | \$ (34)    | \$ (36,756)                     | \$ (16,406) |
| GAAP net loss per share, basic and diluted   | \$ (0.36)                        | \$ (0.05)  | \$ (0.89)                       | \$ (0.39)   |
| Non-GAAP weighted average shares used to compute net loss per share, basic and diluted | 71,118,881                       | 69,923,553 | 70,935,585                      | 68,611,994  |
| Non-GAAP net loss per share, basic and diluted   | \$ (0.22)                        | \$ (0.00)  | \$ (0.52)                       | \$ (0.24)   |
| Reconciliation of adjusted EBITDA:   |                                  |            |                                 |             |
| GAAP net loss  | \$ (25,384)                      | \$ (3,612) | \$ (62,796)                     | \$ (27,096) |
| Other expense (income), net  | 2,329                            | (4,277)    | 4,141                           | (1,845)     |
| Interest expense   | 72                               | 119        | 233                             | 390         |
| Income tax expense   | 86                               | 255        | 459                             | 335         |
| Depreciation and amortization expense  | 1,510                            | 1,505      | 4,071                           | 4,485       |
| Stock-based compensation expense   | 5,200                            | 3,578      | 17,692                          | 10,668      |
| Litigation expenses  | 4,230                            | —          | 8,270                           | —           |
| Adjusted EBITDA  | \$ (11,957)                      | \$ (2,432) | \$ (27,930)                     | \$ (13,063) |



A low-angle, upward-looking perspective of several modern skyscrapers with glass facades, set against a clear blue sky. The buildings are arranged in a way that creates a sense of height and architectural scale. The image has a blue color cast.

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