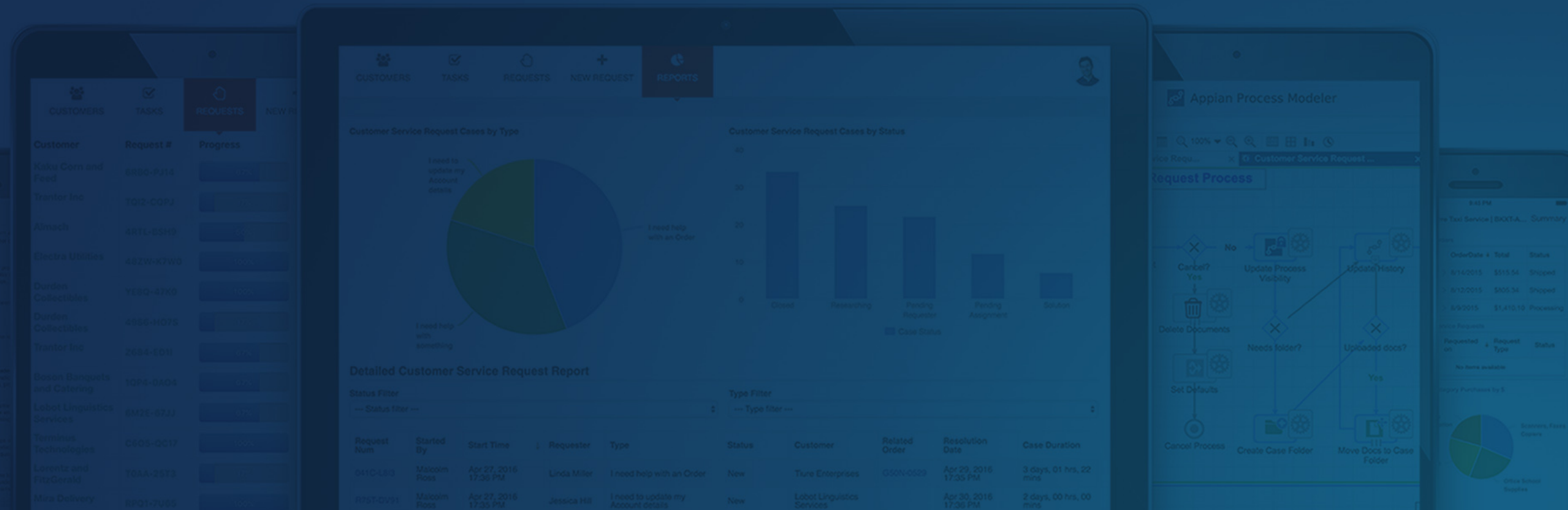




Q4 2018 & FY 2018 Earnings Call Presentation

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 first 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.

Q4 and Full Year 2018 Business Highlights

- **Increased value on a per customer basis in 2018**
 - Grew the number of seven-figure ARR customers by 58% over 2017
 - Increased total revenue per customer to an all-time high of \$520k per customer
 - Added 87 net new subscription customers and their initial ACV was strong
- **Solid European growth in 2018**
 - Increased subscription revenue by 74% and total revenue by 52%
 - Added 38 new customers
- **Partners influenced more deals than ever in 2018**
 - Helped obtain about half of new logos
 - Assisted with a third of the customers who ordered more than a million dollars of software in 2018
- **Committed to partner success and customer outcomes**
 - A-Scores program simplified and relaunched in Q4 2018
 - Architect Services offering launched in Q4 2018

Q4 2018 Financial Highlights

- **Revenue**

- Subscription Revenue was \$33.8m in Q4 2018, growth of 44% over Q4 2017
- Total Revenue was \$60.2m in Q4 2018, growth of 19% over Q4 2017

- **Retention**

- Subscription Revenue Retention was 117% as of December 31, 2018

- **Gross Margins***

- Subscriptions, Software and Support Margin was 91%
- Professional Services Margin was 29%
- Overall Gross Margin was 65%

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

Full Year 2018 Financial Highlights

- **Revenue**

- Subscription Revenue was \$115.7m in 2018, growth of 40% over 2017
- Total Revenue was \$226.7m in 2018, growth of 28% over 2017

- **Retention**

- Subscription Revenue Retention was 117% as of December 31, 2018

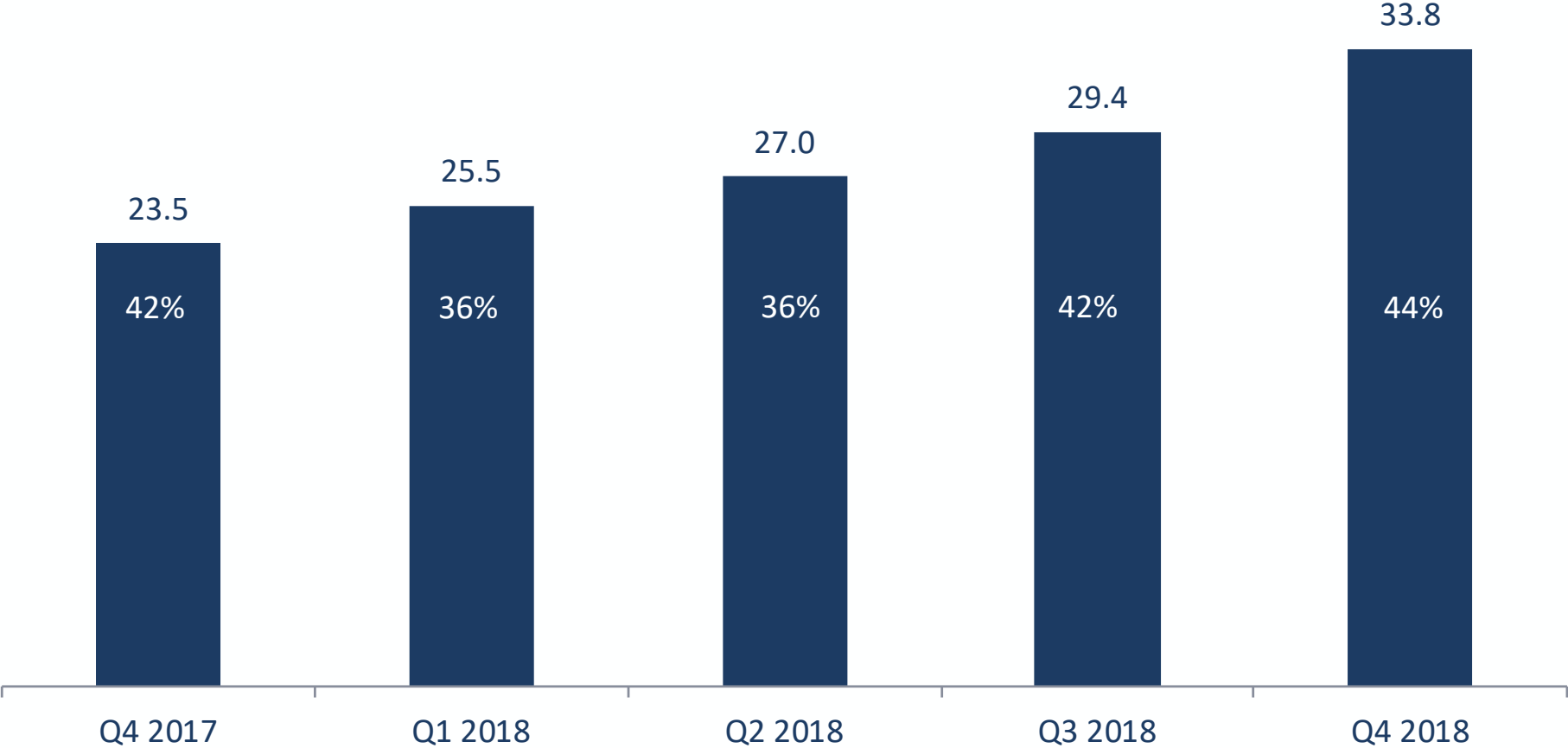
- **Gross Margins***

- Subscriptions, Software and Support Margin was 91%
- Professional Services Margin was 29%
- Overall Gross Margin was 64%

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

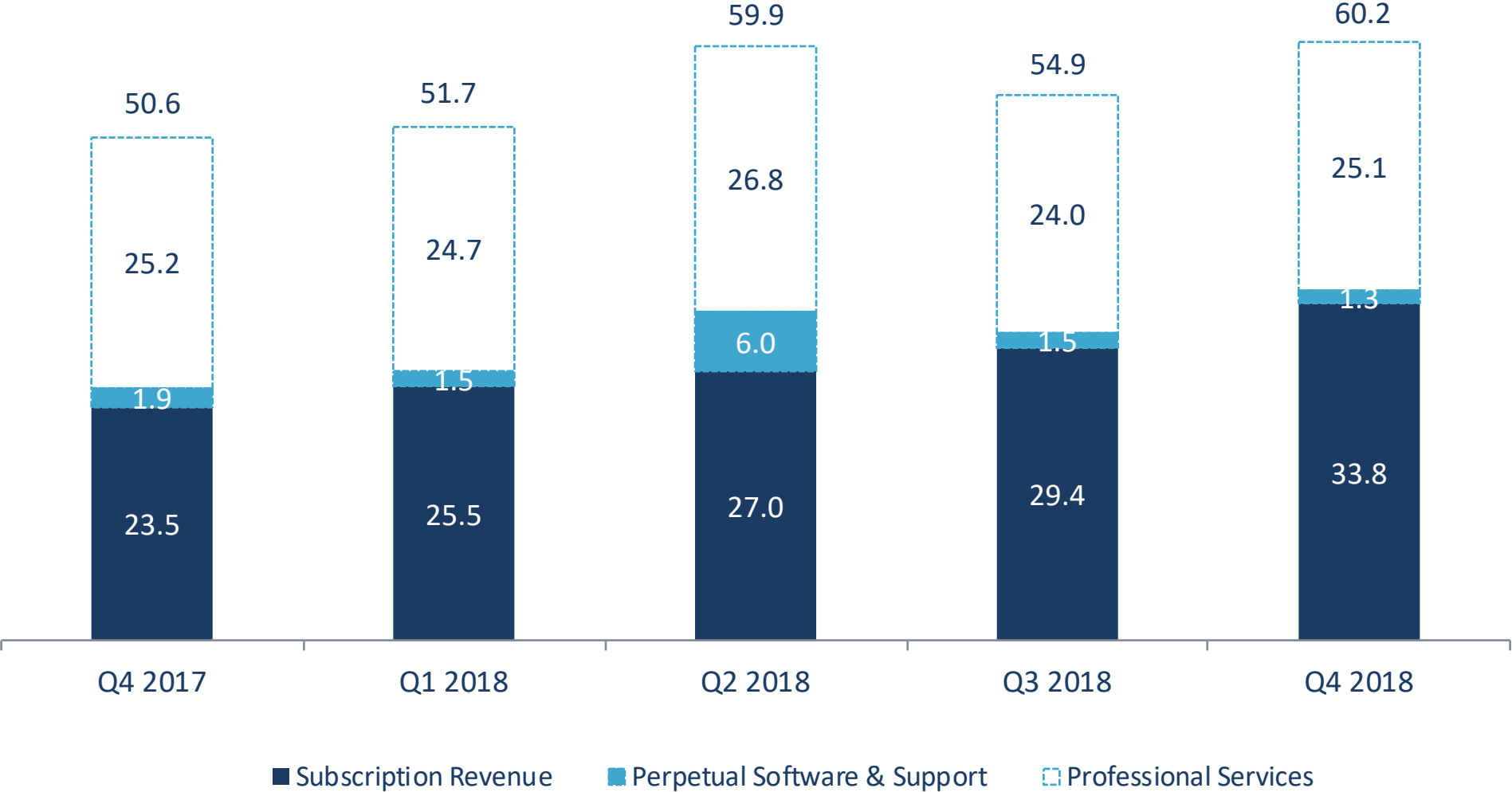
Subscription Revenue

USD Millions
Y/Y Growth in %



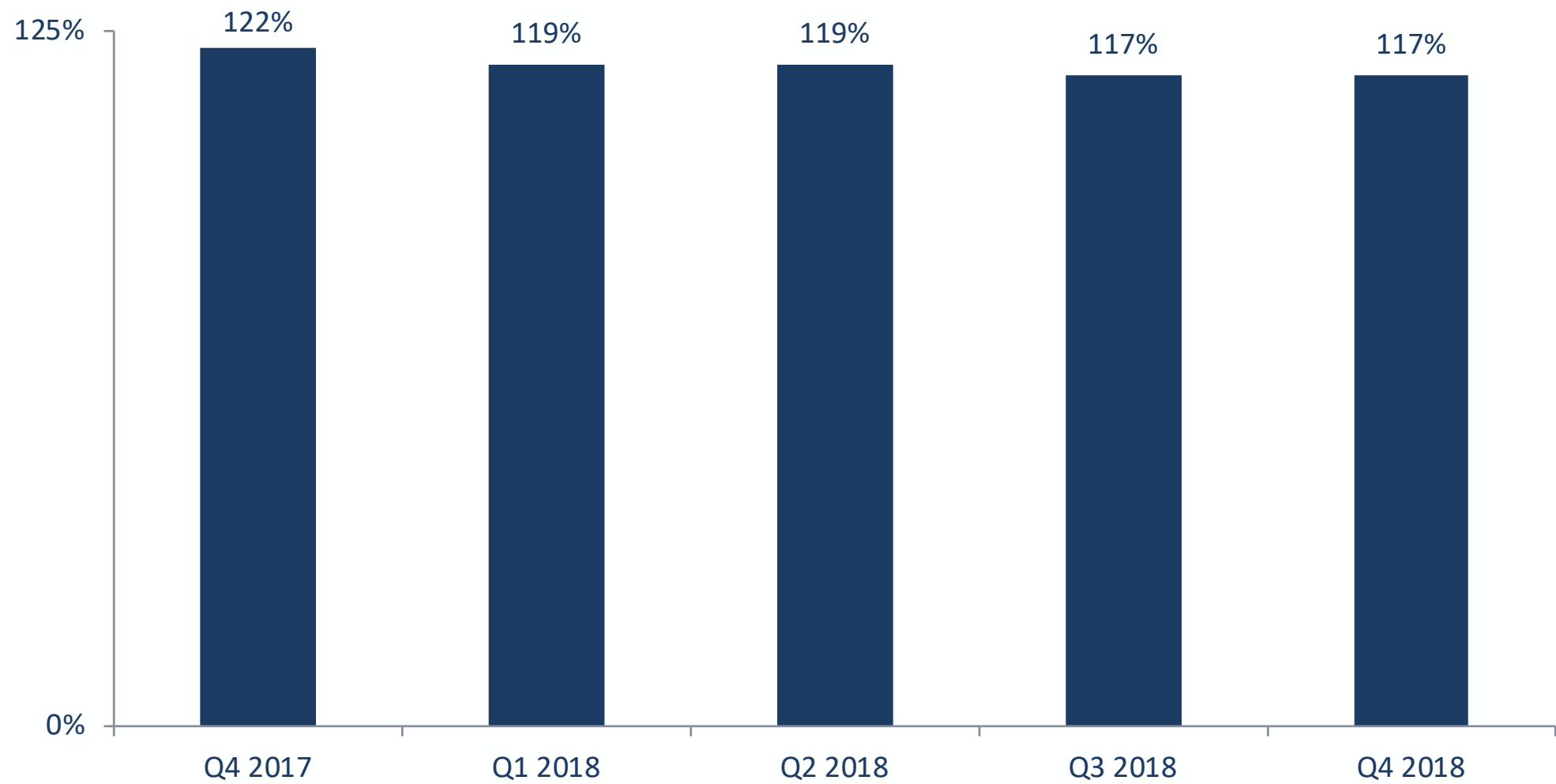
Total Revenue

USD Millions



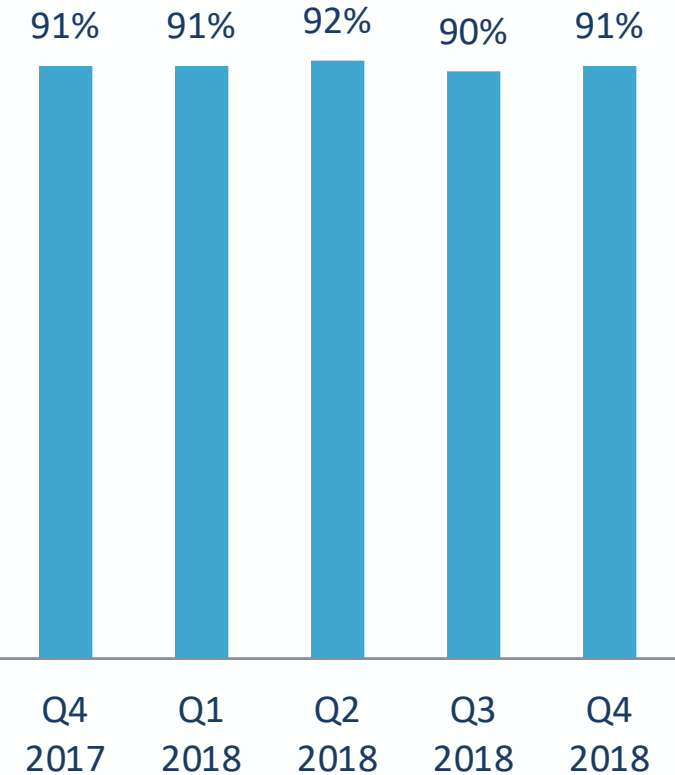
*Total revenue may not foot due to rounding

Subscription Revenue Retention

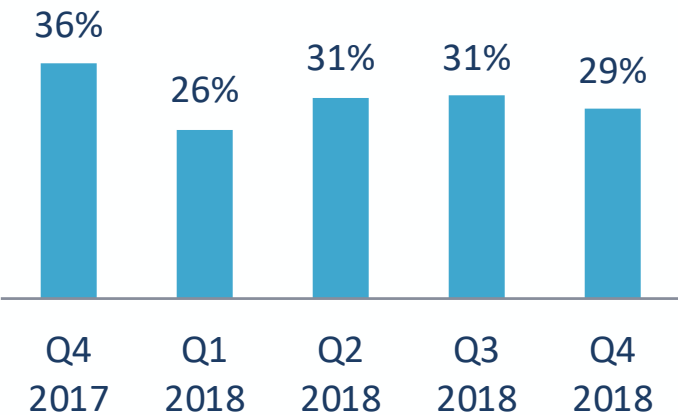


Gross Margins*

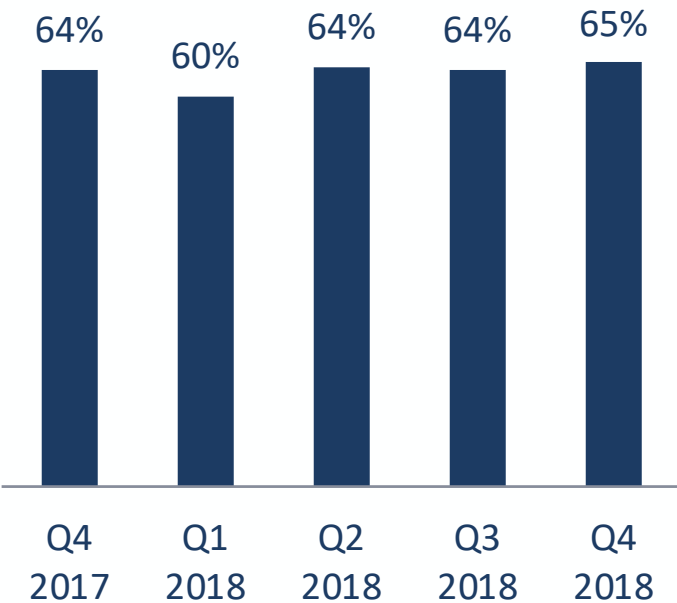
Subscriptions, Software,
and Support



Professional
Services



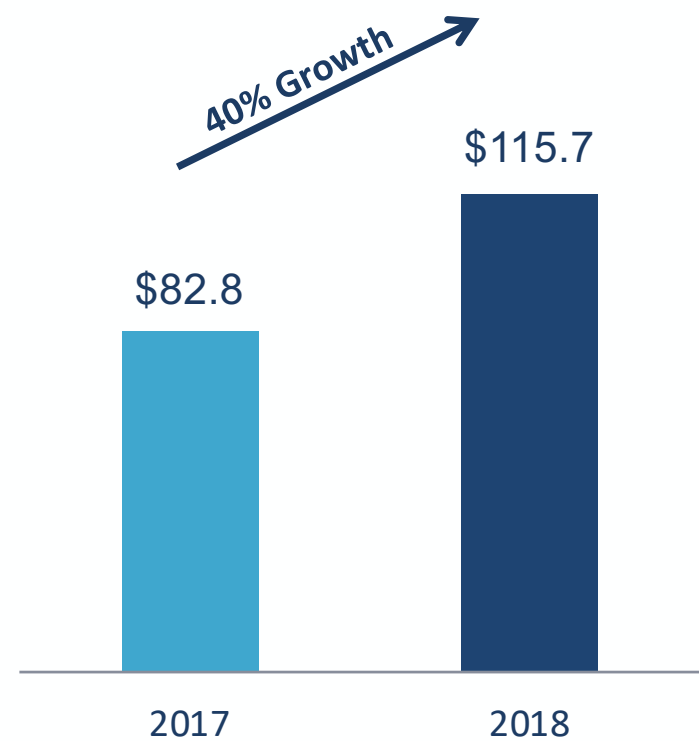
Overall



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

Full Year 2018 Highlights

Subscription Revenue (\$MM)

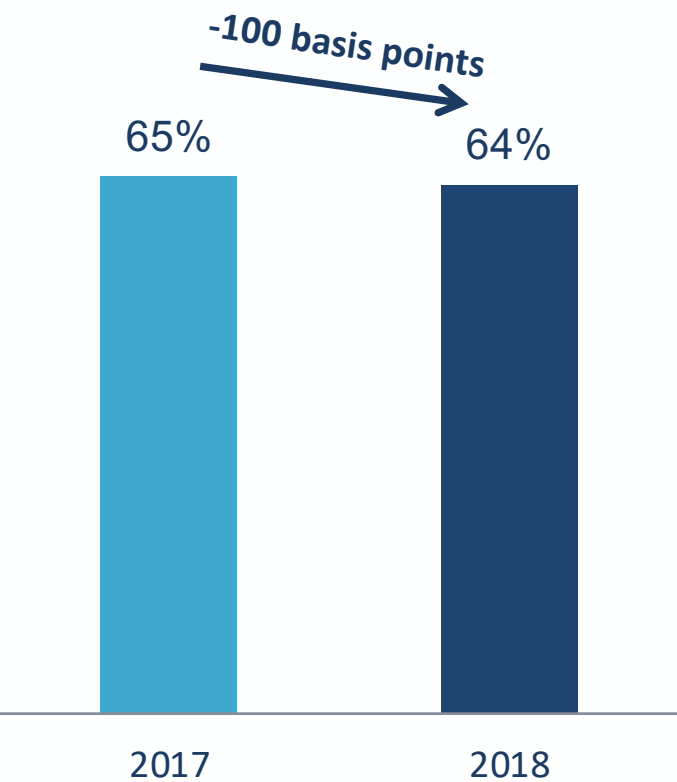


Subscription Revenue Retention*



*As of December 31, 2018

Overall Gross Margins**



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

Guidance*

In \$ Millions except for EPS	Q1 2019	FY 2019
Subscription Revenue	33.3 – 33.6	148.0 – 150.0
Subscription Revenue Growth Y/Y	31% – 32%	28% - 30%
Total Revenue	59.5 – 59.8	258.5 – 262.5
Total Revenue Growth Y/Y	15% - 16%	14% - 16%
Non-GAAP Loss from Operations	(10.5) – (10.0)	(29.5) – (27.5)
Non-GAAP Loss per Share	(0.17) – (0.16) **	(0.46) – (0.42) ***

*Guidance given on February 21, 2019

**Based on 64.3 million basic and diluted weighted average common shares outstanding for Q1 2019

***Based on 65.1 million basic and diluted weighted average common shares outstanding for FY19

Appendix

Balance Sheet

\$ in thousands

	As of December 31, 2018	As of December 31, 2017
Assets		
Cash and cash equivalents	\$ 94,930	\$ 73,758
Accounts receivable, net of allowance of \$600 and \$400 at December 31, 2018 and 2017, respectively	79,383	55,315
Deferred commissions, current	14,020	9,117
Other current assets	21,293	7,032
Property and equipment, net	7,539	2,663
Deferred commissions, net of current portion	15,088	12,376
Other assets	927	791
Total assets	\$ 233,180	\$ 161,052
Liabilities and Stockholders' Equity		
Deferred revenue, current	\$ 95,523	\$ 70,165
Other current liabilities	32,878	24,950
Deferred revenue, net of current portion	16,145	18,922
Other long-term liabilities	15,442	1,491
Total liabilities	159,988	115,528
Stockholders' equity		
Common stock	6	6
Additional paid-in capital	218,284	141,268
Accumulated other comprehensive income	542	439
Accumulated deficit	(145,640)	(96,189)
Total stockholders' equity	73,192	45,524
Total liabilities and stockholders' equity	\$ 233,180	\$ 161,052

Income Statement

	Three Months Ended December 31,		Year Ended December 31,	
	2018	2017	2018	2017
	(unaudited)			
\$ in thousands, except for shares				
Revenue:				
Subscriptions, software and support	\$ 35,108	\$ 25,398	\$ 126,012	\$ 91,514
Professional services	25,108	25,164	100,731	85,223
Total revenue	60,216	50,562	226,743	176,737
Cost of revenue:				
Subscriptions, software and support	3,284	2,488	11,997	9,379
Professional services	18,926	16,169	72,928	55,218
Total cost of revenue	22,210	18,657	84,925	64,597
Gross profit	38,006	31,905	141,818	112,140
Operating expenses:				
Sales and marketing	30,177	22,463	105,992	81,966
Research and development	12,332	8,968	44,724	34,835
General and administrative	8,799	7,429	37,821	27,150
Total operating expenses	51,308	38,860	188,537	143,951
Operating loss	(13,302)	(6,955)	(46,719)	(31,811)
Other expense (income):				
Other expense (income), net	510	(380)	2,295	(2,038)
Interest expense	64	22	198	473
Total other expense (income)	574	(358)	2,493	(1,565)
Loss before income taxes	(13,876)	(6,597)	(49,212)	(30,246)
Income tax expense	27	272	239	761
Net loss	(13,903)	(6,869)	(49,451)	(31,007)
Accretion of dividends on convertible preferred stock	—	—	—	357
Net loss attributable to common stockholders	\$ (13,903)	\$ (6,869)	\$ (49,451)	\$ (31,364)
Net loss per share attributable to common stockholders:				
Basic and diluted	\$ (0.22)	\$ (0.11)	\$ (0.80)	\$ (0.63)
Weighted average common shares outstanding:				
Basic and diluted	63,793,704	60,434,368	62,140,684	49,529,833

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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 December 31,		Year Ended December 31,	
	2018	2017	2018	2017
<i>\$ in thousands, except for shares</i>				
Reconciliation of non-GAAP net loss:				
GAAP net loss	\$ (13,903)	\$ (6,869)	\$ (49,451)	\$ (31,007)
Add back:				
Stock-based compensation expense	4,807	2,057	16,054	12,976
Change in fair value of warrant liability	—	—	—	341
Loss on extinguishment of debt	—	—	—	384
Gain on disposal of asset	—	—	(4)	—
Non-GAAP net loss	<u>\$ (9,096)</u>	<u>\$ (4,812)</u>	<u>\$ (33,401)</u>	<u>\$ (17,306)</u>
GAAP net loss per share attributable to common stockholders, basic and diluted	\$ (0.22)	\$ (0.11)	\$ (0.80)	\$ (0.63)
Non-GAAP weighted average shares used to compute net loss per share attributable to common stockholders, basic and diluted	63,793,704	60,434,368	62,140,684	57,043,906
Non-GAAP net loss per share, basic and diluted	<u>\$ (0.14)</u>	<u>\$ (0.08)</u>	<u>\$ (0.54)</u>	<u>\$ (0.30)</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 December 31,		Year Ended December 31,	
	2018	2017	2018	2017
Reconciliation of non-GAAP operating loss:				
GAAP operating loss	\$ (13,302)	\$ (6,955)	\$ (46,719)	\$ (31,811)
Add back:				
Stock-based compensation expense	4,807	2,057	16,054	12,976
Non-GAAP operating loss	\$ (8,495)	\$ (4,898)	\$ (30,665)	\$ (18,835)

The following table presents a detail of the stock-based compensation expense for each of the periods indicated:

<i>\$ in thousands</i>	Three Months Ended December 31,		Year Ended December 31,	
	2018	2017	2018	2017
	(unaudited)			
Cost of revenue:				
Subscriptions, software and support	\$ 159	\$ 91	\$ 514	\$ 575
Professional services	1,072	169	1,717	1,295
Operating Expenses				
Sales and marketing	1,692	451	3,473	3,233
Research and development	1,310	364	2,416	2,822
General and administrative	574	982	7,934	5,051
Total stock-based compensation expense	\$ 4,807	\$ 2,057	\$ 16,054	\$ 12,976

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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