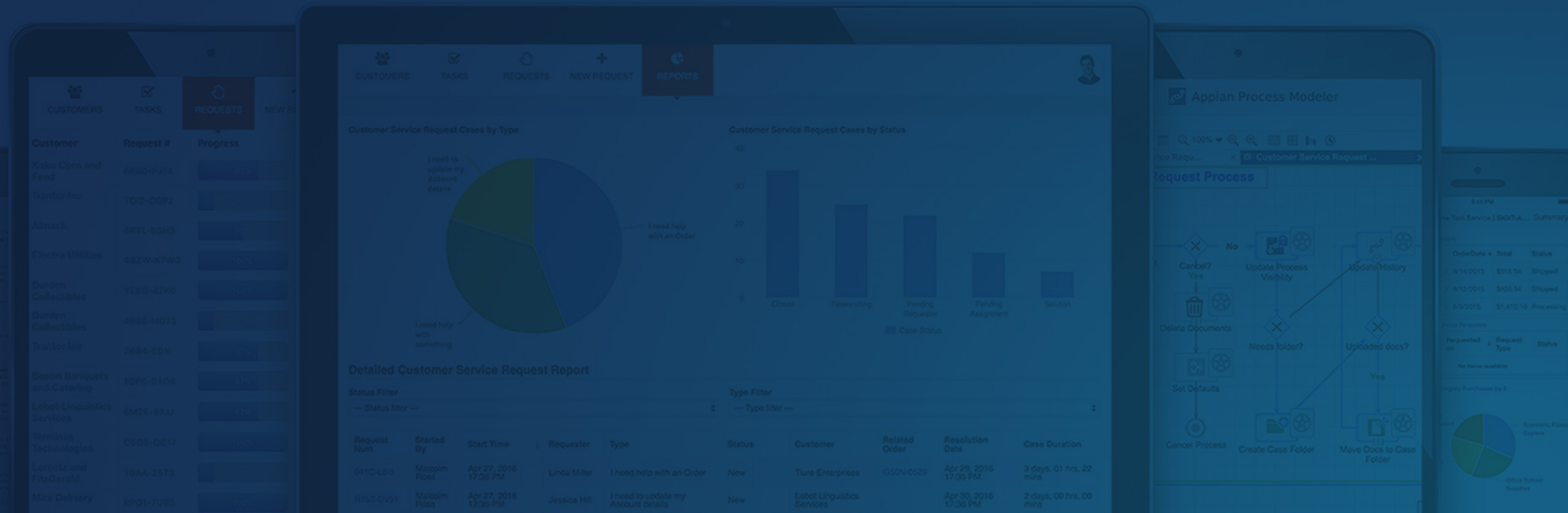


# Q1 2019 Earnings Call Presentation

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 second 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](http://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.

# Q1 2019 Highlights

- **Raised 2019 Subscription Revenue Guidance**

- Won seven-figure TCV deals at eight existing customers
- Partners contributed 63% of new logos in Q1 and delivered 61% sequential growth in TCV bookings
- Appian Guarantee shown to be a differentiator in competitive deals

- **Revenue**

- Subscription Revenue was \$33.6MM in Q1 2019, growth of 32% over Q1 2018
- Total Revenue was \$59.6MM in Q1 2019, growth of 15% over Q1 2018

- **Retention**

- Subscription Revenue Retention was 116% as of March 31, 2019

- **Gross Margins\***

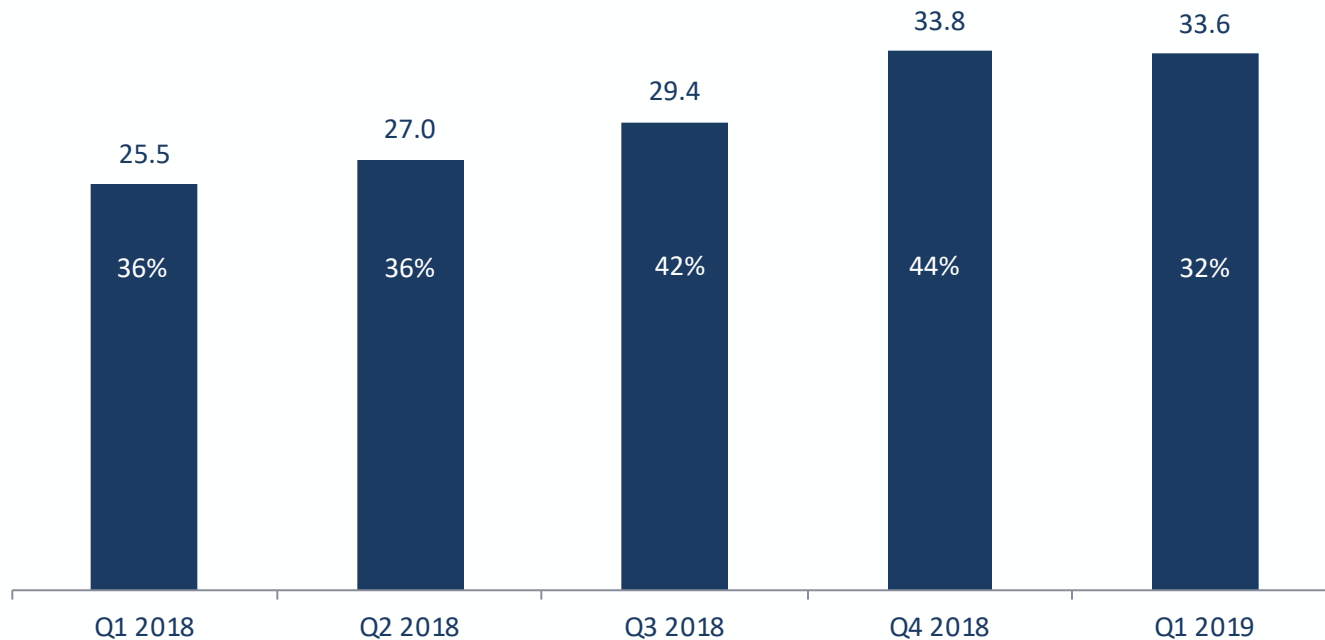
- Subscriptions, Software and Support Margin was 90%
- Professional Services Margin was 25%
- Overall Gross Margin was 63%

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

# Subscription Revenue

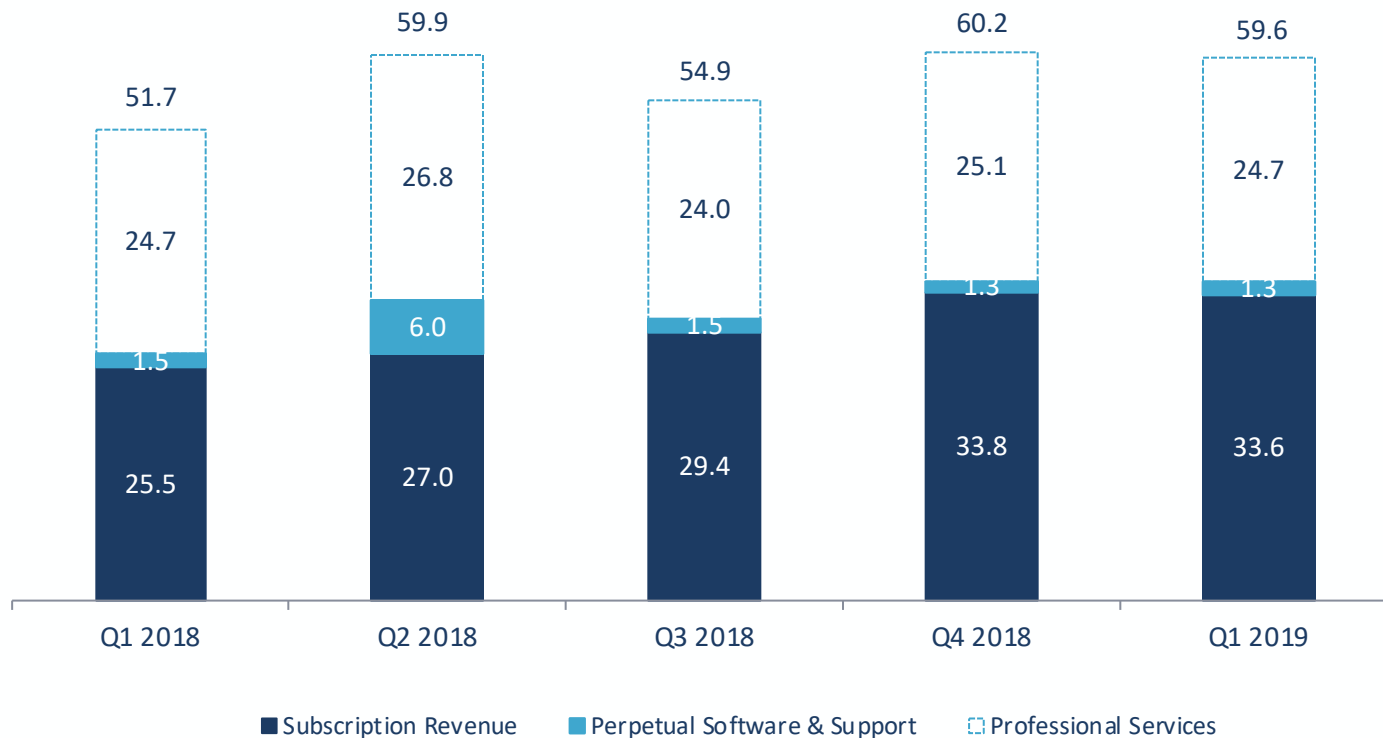
USD Millions

Y/Y Growth in %



# Total Revenue

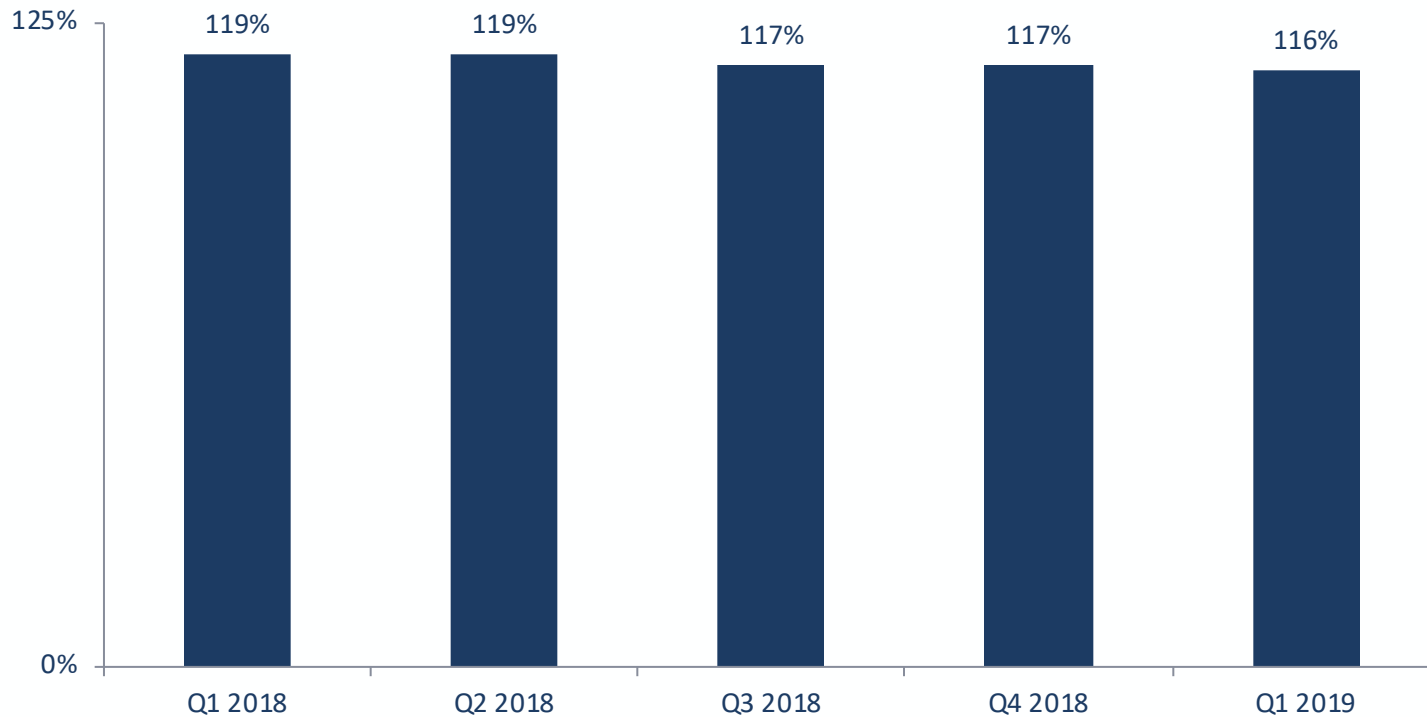
USD Millions



■ Subscription Revenue   ■ Perpetual Software & Support   □ Professional Services

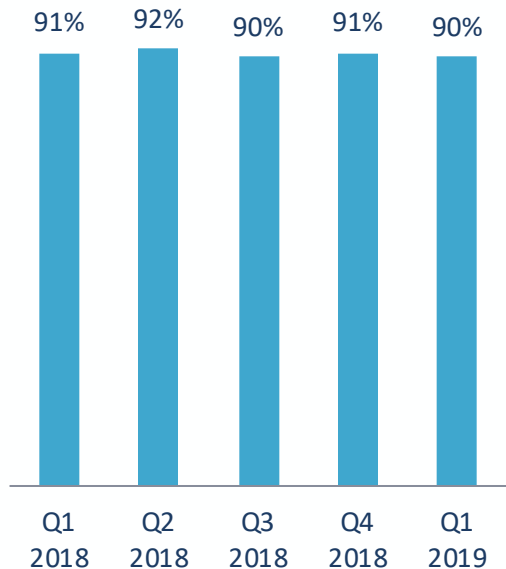
\*Total revenue may not foot due to rounding

# Subscription Revenue Retention

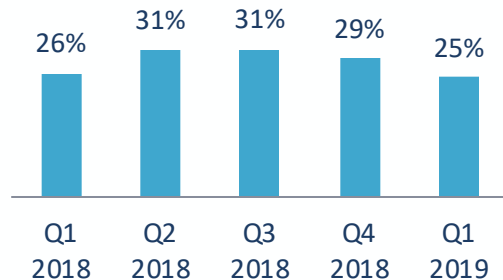


# Gross Margins\*

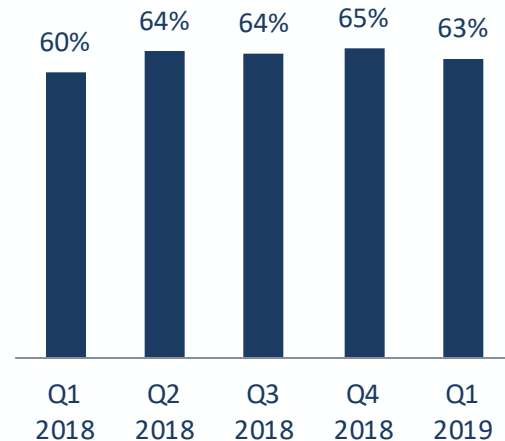
## Subscriptions, Software, and Support



## Professional Services



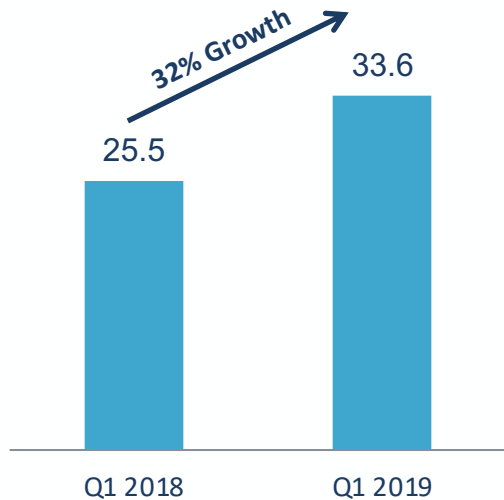
## Overall



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

# Q1 2019 Highlights

## Subscription Revenue (\$MM)

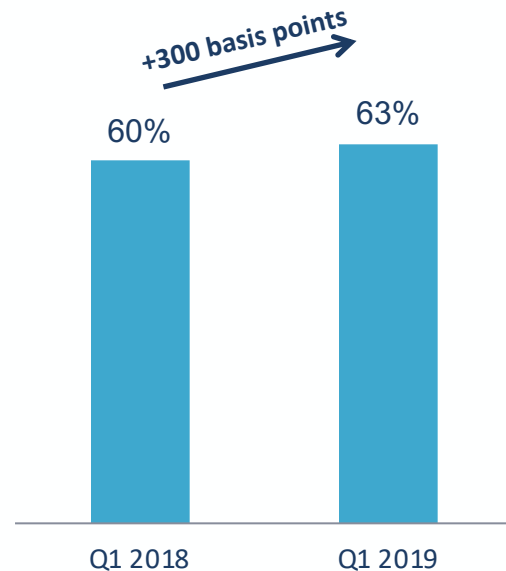


## Subscription Revenue Retention\*



\*As of March 31, 2019

## Overall Gross Margins\*\*



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



# Guidance\*

In \$ Millions except for EPS	Q2 2019	FY 2019
Subscription Revenue	36.5 – 36.7	150.5 – 152.0
Subscription Revenue Growth Y/Y	35% - 36%	30% - 31%
Total Revenue	63.3 – 63.8	255.0 – 258.0
Total Revenue Growth Y/Y	6% - 7%	13% - 14%
Non-GAAP Loss from Operations	(11.5) – (11.0)	(35.5) – (32.5)
Non-GAAP Loss per Share	(0.18) – (0.17)**	(0.55) – (0.50) ***

\*Guidance given on May 2, 2019

\*\*Based on 64.8 million basic and diluted weighted average common shares outstanding for Q2 2019

\*\*\*Based on 65.0 million basic and diluted weighted average common shares outstanding for FY19

# Appendix

# Balance Sheet

<i>\$ in thousands</i>	As of March 31, 2019 (unaudited)	As of December 31, 2018
<b>Assets</b>		
Cash and cash equivalents	\$ 75,353	\$ 94,930
Accounts receivable, net of allowance of \$600	81,012	79,383
Deferred commissions, current	15,095	14,020
Other current assets	20,262	21,293
Property and equipment, net	23,340	7,539
Deferred commissions, net of current portion	15,555	15,088
Other assets	890	927
<b>Total assets</b>	<b>\$ 231,507</b>	<b>\$ 233,180</b>
<b>Liabilities and Stockholders' Equity</b>		
Deferred revenue, current	\$ 100,065	\$ 95,523
Other current liabilities	32,854	32,878
Deferred revenue, net of current portion	14,990	16,145
Other long-term liabilities	19,305	15,442
<b>Total liabilities</b>	<b>167,214</b>	<b>159,988</b>
<b>Stockholders' equity</b>		
Common stock	6	6
Additional paid-in capital	226,582	218,284
Accumulated other comprehensive income	882	542
Accumulated deficit	(163,177)	(145,640)
<b>Total stockholders' equity</b>	<b>64,293</b>	<b>73,192</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 231,507</b>	<b>\$ 233,180</b>

# Income Statement

	<b>Three Months Ended March 31,</b>	
	<b>2019</b>	<b>2018</b>
	<b>(unaudited)</b>	
<i>\$ in thousands, except for shares</i>		
Revenue:		
Subscriptions, software and support	\$ 34,909	\$ 26,952
Professional services	24,670	24,744
<b>Total revenue</b>	<b>59,579</b>	<b>51,696</b>
Cost of revenue:		
Subscriptions, software and support	3,585	2,628
Professional services	20,481	18,421
<b>Total cost of revenue</b>	<b>24,066</b>	<b>21,049</b>
Gross profit	35,513	30,647
Operating expenses:		
Sales and marketing	29,945	22,964
Research and development	13,956	9,870
General and administrative	9,016	8,060
<b>Total operating expenses</b>	<b>52,917</b>	<b>40,894</b>
Operating loss	(17,404)	(10,247)
Other expense (income):		
Other income, net	(60)	(918)
Interest expense	71	13
<b>Total other expense (income)</b>	<b>11</b>	<b>(905)</b>
Loss before income taxes	(17,415)	(9,342)
Income tax expense	122	211
Net loss	(17,537)	(9,553)
Net loss per share attributable to common stockholders:		
Basic and diluted	\$ (0.27)	\$ (0.16)
Weighted average common shares outstanding:		
Basic and diluted	64,306,667	60,850,521

## 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:

<i>\$ in thousands, except for shares</i>	<b>Three Months Ended March 31,</b>	
	<b>2019</b>	<b>2018</b>
<b>Reconciliation of non-GAAP net loss:</b>		
GAAP net loss	\$ (17,537)	\$ (9,553)
Add back:		
Stock-based compensation expense	7,225	2,240
Non-GAAP net loss	<u>\$ (10,312)</u>	<u>\$ (7,313)</u>
GAAP net loss per share attributable to common stockholders, basic and diluted	\$ (0.27)	\$ (0.16)
Non-GAAP weighted average shares used to compute net loss per share attributable to common stockholders, basic and diluted	64,306,667	60,850,521
Non-GAAP net loss per share, basic and diluted	<u>\$ (0.16)</u>	<u>\$ (0.12)</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>	<b>Three Months Ended March 31,</b>	
	<b>2019</b>	<b>2018</b>
Reconciliation of non-GAAP operating loss:		
GAAP operating loss	\$ (17,404)	\$ (10,247)
Add back:		
Stock-based compensation expense	7,225	2,240
Non-GAAP operating loss	\$ (10,179)	\$ (8,007)

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

<i>\$ in thousands</i>	<b>Three Months Ended March 31,</b>	
	<b>2019</b>	<b>2018</b>
Cost of revenue:		
Subscriptions, software and support	\$ 154	\$ 110
Professional services	1,974	220
Operating Expenses		
Sales and marketing	2,381	507
Research and development	2,115	391
General and administrative	601	1,012
Total stock-based compensation expense	\$ 7,225	\$ 2,240

# 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	<b>Upfront</b>
SaaS/ Appian Cloud	Ratable	Ratable
Commissions	Deferred	Deferred

**Appian**