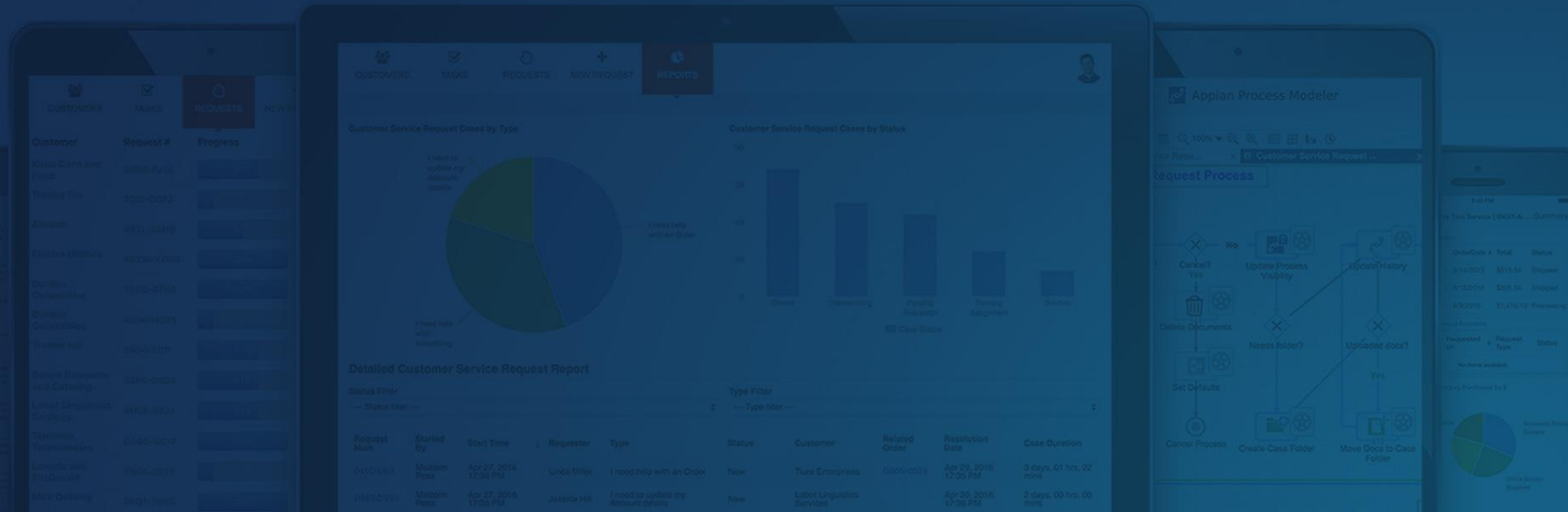


Q2 2019 Earnings Call Presentation

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 third 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.

Q2 2019 Business Highlights

- **Theme of Appian World was ‘Low-code has arrived’**
 - 75% more reporters attended this year than last
 - 68 articles published globally, including multiple articles in Forbes and ComputerWorld
 - IDC study found that Appian customers break even in 7 months and attain 509% ROI over 5 years
 - Appian platform allows for a different (and likely better) approach for solutions
- **Raised 2019 Subscription Revenue Guidance**
 - Partners contributed 67% of new logos in Q2 and these deals closed more than a third faster than non-partner deals
 - Appian Guarantee differentiating us for large complex projects
- **Moved Appian Headquarters to Tysons, VA**
 - Better location with a higher profile
 - Paying less per square foot rent than before

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

Q2 2019 Financial Highlights

- **Revenue**

- Subscription Revenue was \$38.0m in Q2 2019, growth of 41% over Q2 2018
- Total Revenue was \$66.9 in Q2 2019, growth of 12% over Q2 2018

- **Retention**

- Subscription Revenue Retention was 117% as of June 30, 2019

- **Gross Margins***

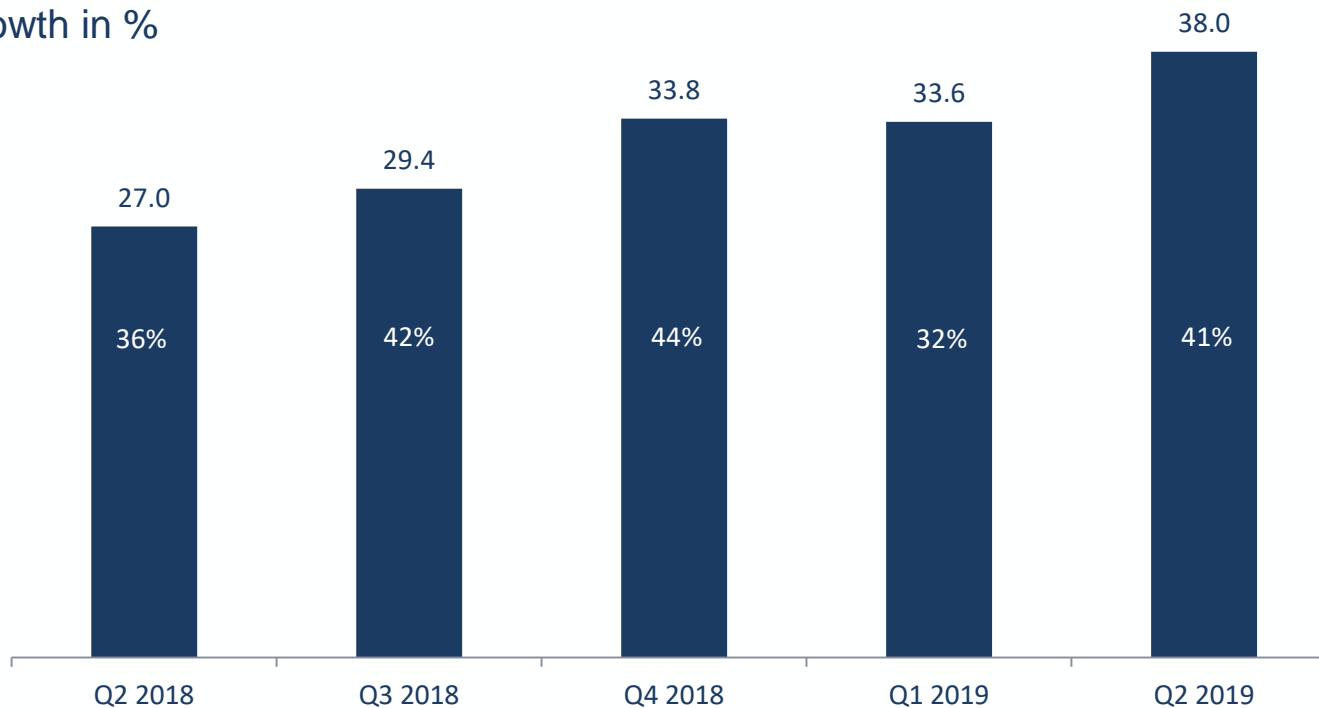
- Subscriptions, Software and Support Margin was 90%
- Professional Services Margin was 32%
- Overall Gross Margin was 66%

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

Subscription Revenue

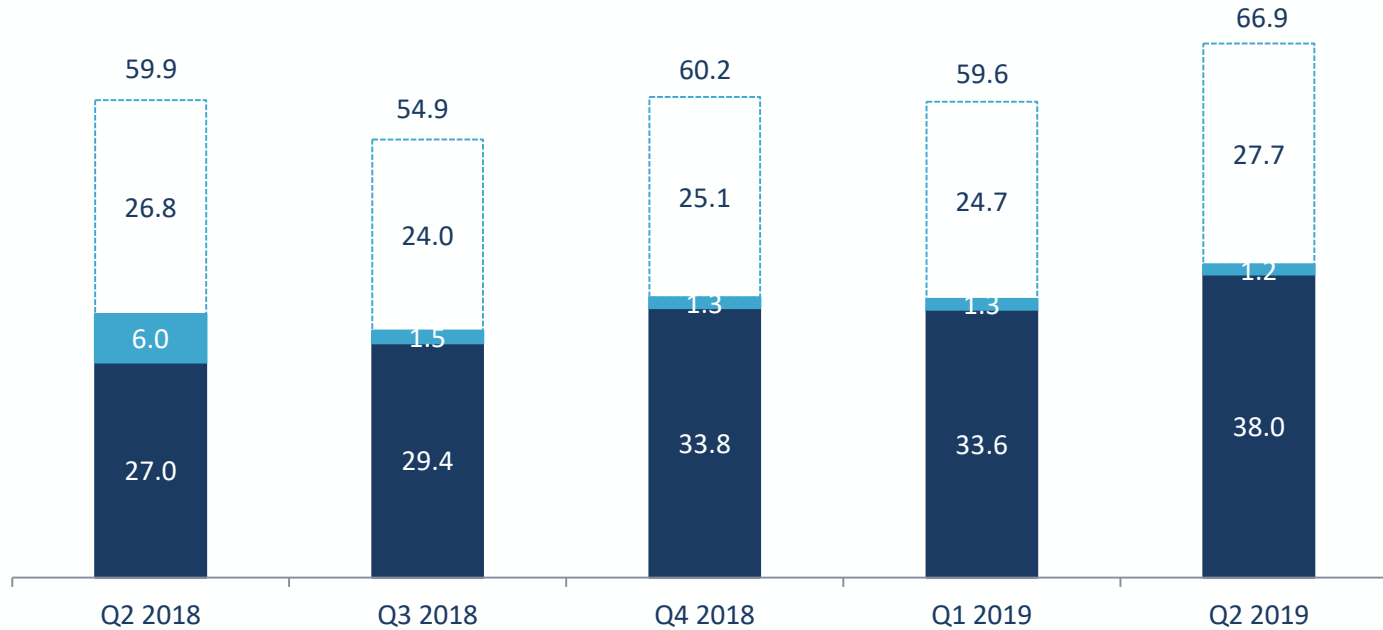
USD Millions

Y/Y Growth in %



Total Revenue

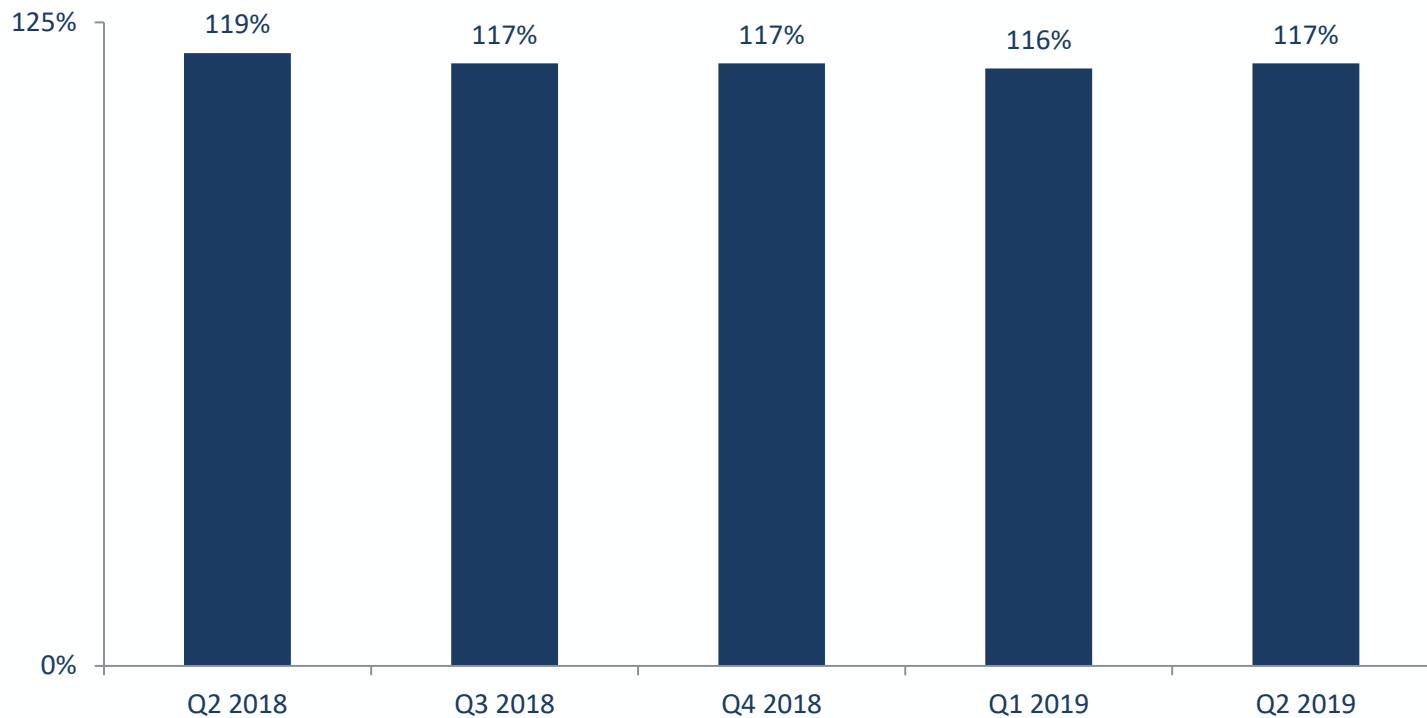
USD Millions



■ Subscription Revenue ■ Perpetual Software & Support ■ Professional Services

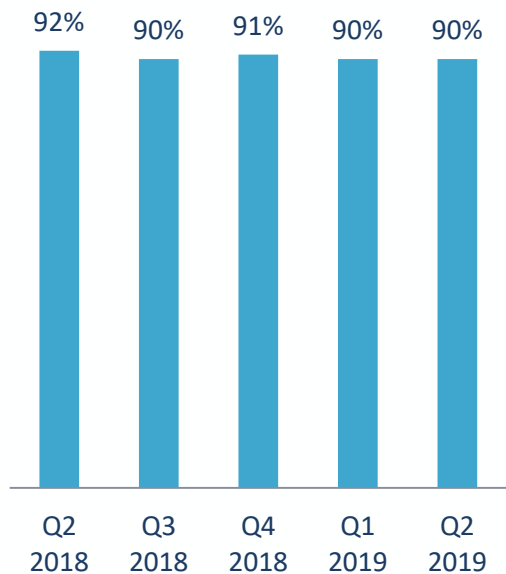
*Total revenue may not foot due to rounding

Subscription Revenue Retention

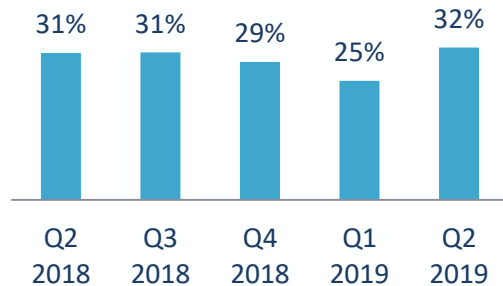


Gross Margins*

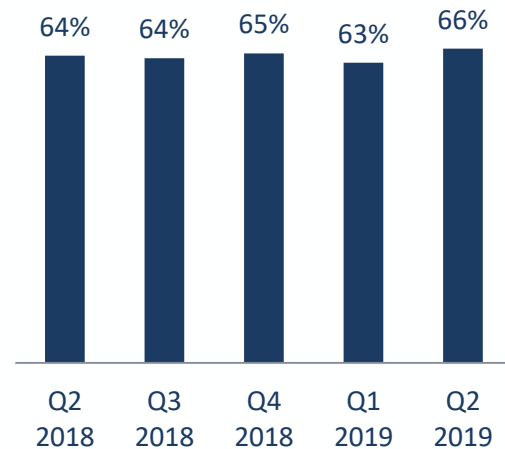
Subscriptions, Software, and Support



Professional Services



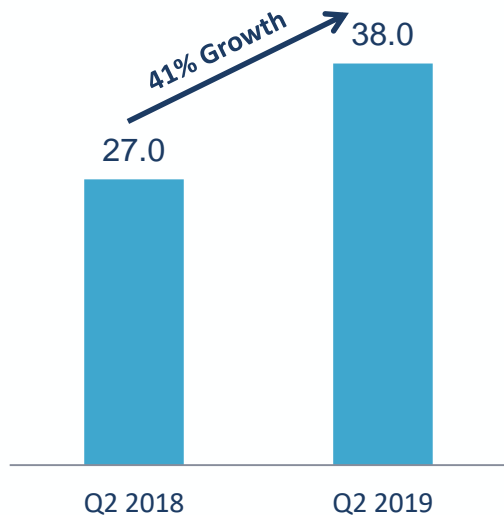
Overall



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

Q2 2019 Highlights

Subscription Revenue (\$MM)

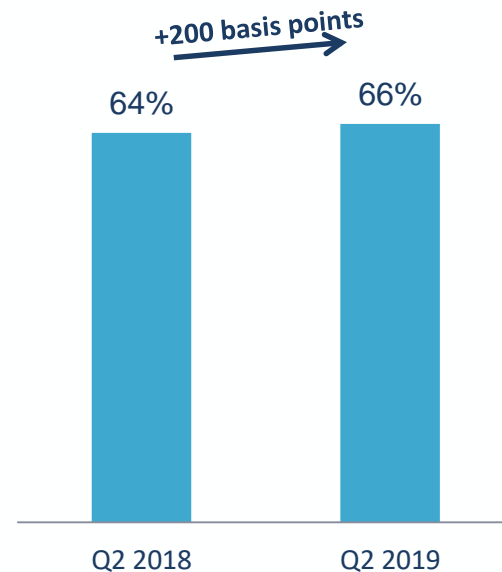


Subscription Revenue Retention*



*As of June 30, 2019

Overall Gross Margins**



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

Guidance*

In \$ Millions except for EPS	Q3 2019	FY 2019
Subscription Revenue	38.8 – 39.0	153.0 – 154.0
Subscription Revenue Growth Y/Y	32% - 33%	32% - 33%
Total Revenue	65.0 – 65.5	260.5 – 262.5
Total Revenue Growth Y/Y	18% - 19%	15% - 16%
Non-GAAP Loss from Operations	(10.0) – (9.5)	(35.0) – (33.0)
Non-GAAP Loss per Share	(0.16) – (0.15)**	(0.55) – (0.51) ***

*Guidance given on August 8, 2019

**Based on 65.0 million basic and diluted weighted average common shares outstanding for Q3 2019

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

Appendix

Balance Sheet

\$ in thousands

	As of June 30, 2019 <u>(unaudited)</u>	As of December 31, 2018
Assets		
Cash and cash equivalents	\$ 81,101	\$ 94,930
Accounts receivable, net of allowance of \$600	70,381	79,383
Deferred commissions, current	17,492	14,020
Other current assets	7,707	21,293
Property and equipment, net	36,823	7,539
Deferred commissions, net of current portion	13,897	15,088
Other assets	1,030	927
Total assets	<u>\$ 228,431</u>	<u>\$ 233,180</u>
Liabilities and Stockholders' Equity		
Deferred revenue, current	\$ 97,556	\$ 95,523
Other current liabilities	35,832	32,878
Deferred rent, net of current portion	20,150	15,400
Deferred revenue, net of current portion	14,597	16,145
Other long-term liabilities	2,524	42
Total liabilities	<u>170,659</u>	<u>159,988</u>
Stockholders' equity		
Common stock	6	6
Additional paid-in capital	230,185	218,284
Accumulated other comprehensive income	152	542
Accumulated deficit	(172,571)	(145,640)
Total stockholders' equity	<u>57,772</u>	<u>73,192</u>
Total liabilities and stockholders' equity	<u>\$ 228,431</u>	<u>\$ 233,180</u>

Income Statement

\$ in thousands, except for shares

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
	(unaudited)		(unaudited)	
Revenue:				
Subscriptions, software and support	\$ 39,259	\$ 33,047	\$ 74,168	\$ 59,999
Professional services	27,652	26,836	52,322	51,580
Total revenue	66,911	59,883	126,490	111,579
Cost of revenue:				
Subscriptions, software and support	4,036	2,824	7,621	5,452
Professional services	19,015	18,750	39,496	37,171
Total cost of revenue	23,051	21,574	47,117	42,623
Gross profit	43,860	38,309	79,373	68,956
Operating expenses:				
Sales and marketing	31,148	27,384	61,093	50,348
Research and development	12,765	10,785	26,721	20,655
General and administrative	9,261	8,425	18,277	16,485
Total operating expenses	53,174	46,594	106,091	87,488
Operating loss	(9,314)	(8,285)	(26,718)	(18,532)
Other (income) expense :				
Other (income) expense, net	(256)	2,593	(316)	1,675
Interest expense	69	54	140	67
Total other (income) expense	(187)	2,647	(176)	1,742
Loss before income taxes	(9,127)	(10,932)	(26,542)	(20,274)
Income tax expense	267	35	389	246
Net loss	(9,394)	(10,967)	(26,931)	(20,520)
Net loss per share attributable to common stockholders:				
Basic and diluted	\$ (0.15)	\$ (0.18)	\$ (0.42)	\$ (0.34)
Weighted average common shares outstanding:				
Basic and diluted	64,753,044	61,401,466	64,531,089	61,127,516

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:

\$ in thousands, except for shares

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Reconciliation of non-GAAP net loss:				
GAAP net loss	\$ (9,394)	\$ (10,967)	\$ (26,931)	\$ (20,520)
Add back:				
Stock-based compensation expense	2,689	2,206	9,914	4,446
Loss on disposal of asset	145	-	145	-
Non-GAAP net loss	<u>\$ (6,560)</u>	<u>\$ (8,761)</u>	<u>\$ (16,872)</u>	<u>\$ (16,074)</u>
GAAP net loss per share attributable to common stockholders, basic and diluted	\$ (0.15)	\$ (0.18)	\$ (0.42)	\$ (0.34)
Non-GAAP weighted average shares used to compute net loss per share attributable to common stockholders, basic and diluted	64,753,044	61,401,466	64,531,089	61,127,516
Non-GAAP net loss per share, basic and diluted	<u>\$ (0.10)</u>	<u>\$ (0.14)</u>	<u>\$ (0.26)</u>	<u>\$ (0.26)</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 June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Reconciliation of non-GAAP operating loss:				
GAAP operating loss	\$ (9,314)	\$ (8,285)	\$ (26,718)	\$ (18,532)
Add back:				
Stock-based compensation expense	2,689	2,206	9,914	4,446
Non-GAAP operating loss	\$ (6,625)	\$ (6,079)	\$ (16,804)	\$ (14,086)

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

<i>\$ in thousands</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Cost of revenue:				
Subscriptions, software and support	\$ 161	\$ 107	\$ 315	\$ 217
Professional services	244	203	2,218	423
Operating Expenses				
Sales and marketing	814	538	3,195	1,045
Research and development	435	342	2,550	733
General and administrative	1,035	1,016	1,636	2,028
Total stock-based compensation expense	\$ 2,689	\$ 2,206	\$ 9,914	\$ 4,446

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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