



# Q2 2020 Earnings Call Presentation

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**Appian**

## 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 2020, 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 2019 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.

# Q2 2020 Business Highlights

## Positive momentum

- Nearly doubled new logo wins compared to Q2 2019
- Sales cycles were faster than historical average
- Tripled customer, prospect, and partner attendance at Appian World user conference compared to 2019

## New solutions: Workforce Safety and Appian CampusPass™

- Enterprises and higher education institutions are using these solutions to reopen safely during pandemic
- 76% of the organizations who purchased these solutions are new Appian customers
- Deployments include a top-10 automaker, a top-5 pharmaceutical company, top -10 global sport brand, & a preeminent university

## Strengthening partner ecosystem, life sciences industry, and Architect Services offering

- Partners contributed more than 70% of new logos during Q2 2020
- Partner deals closed 22% faster in Q2 2020 than in 2019
- Life Sciences nearly tripled its software bookings compared to Q2 last year
- Architect Services customers doubled compared to Q1 2020

# Q2 2020 Financial Highlights

## Revenue

- Cloud Subscription Revenue was \$29.6m in Q2 2020, growth of 30% over Q2 2019
- Subscriptions Revenue was \$41.4 million in Q2 2020, growth of 12% over Q2 2019
- Total Revenue was \$66.8m in Q2 2020, growth of 2% over Q2 2019

## Retention

- Cloud Subscription Revenue Retention Rate was 113% as of June 30, 2020
- Gross renewal rate was 98% as of June 30, 2020

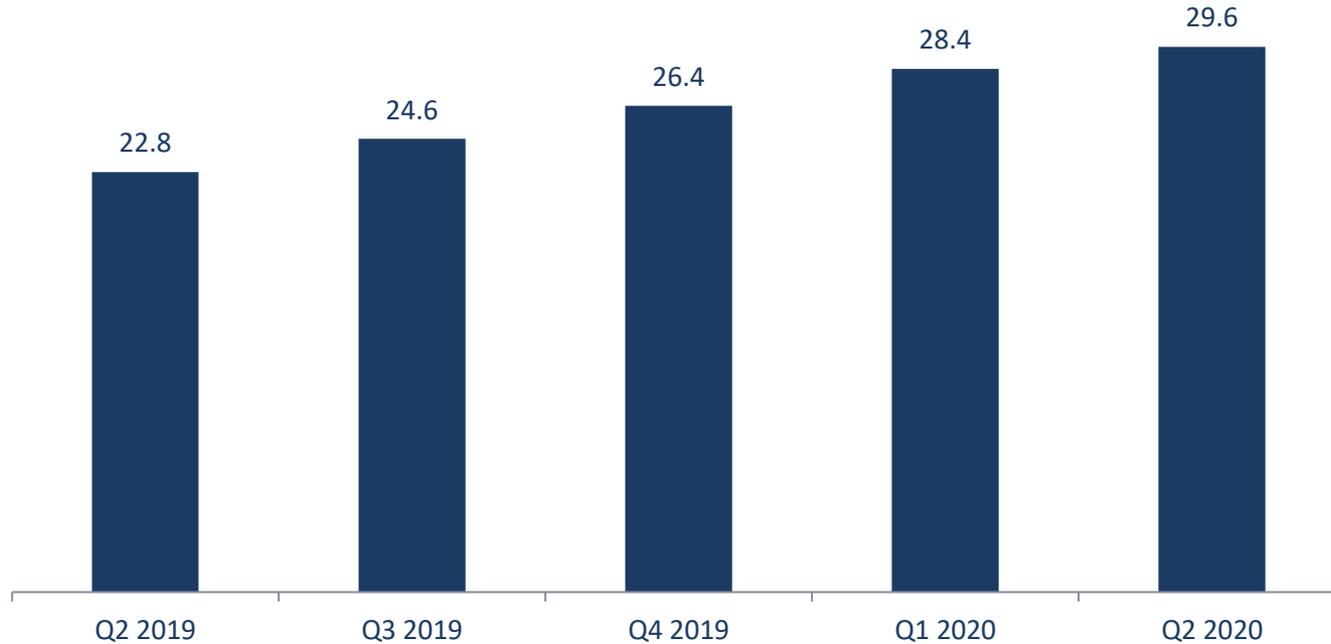
## Gross Margins\*

- Subscriptions Margin was 89%
- Professional Services Margin was 36%
- Overall Gross Margin was 69%

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

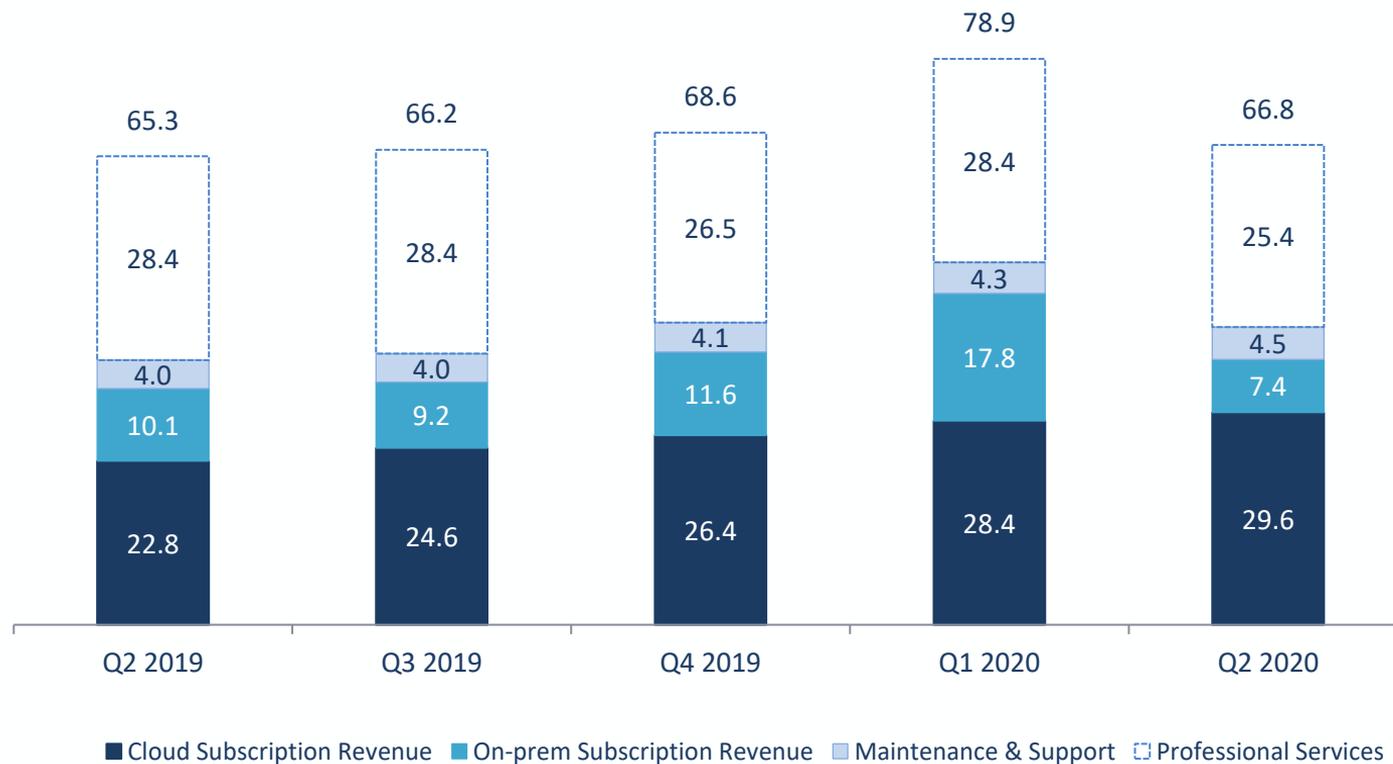
# Cloud Subscription Revenue

USD Millions



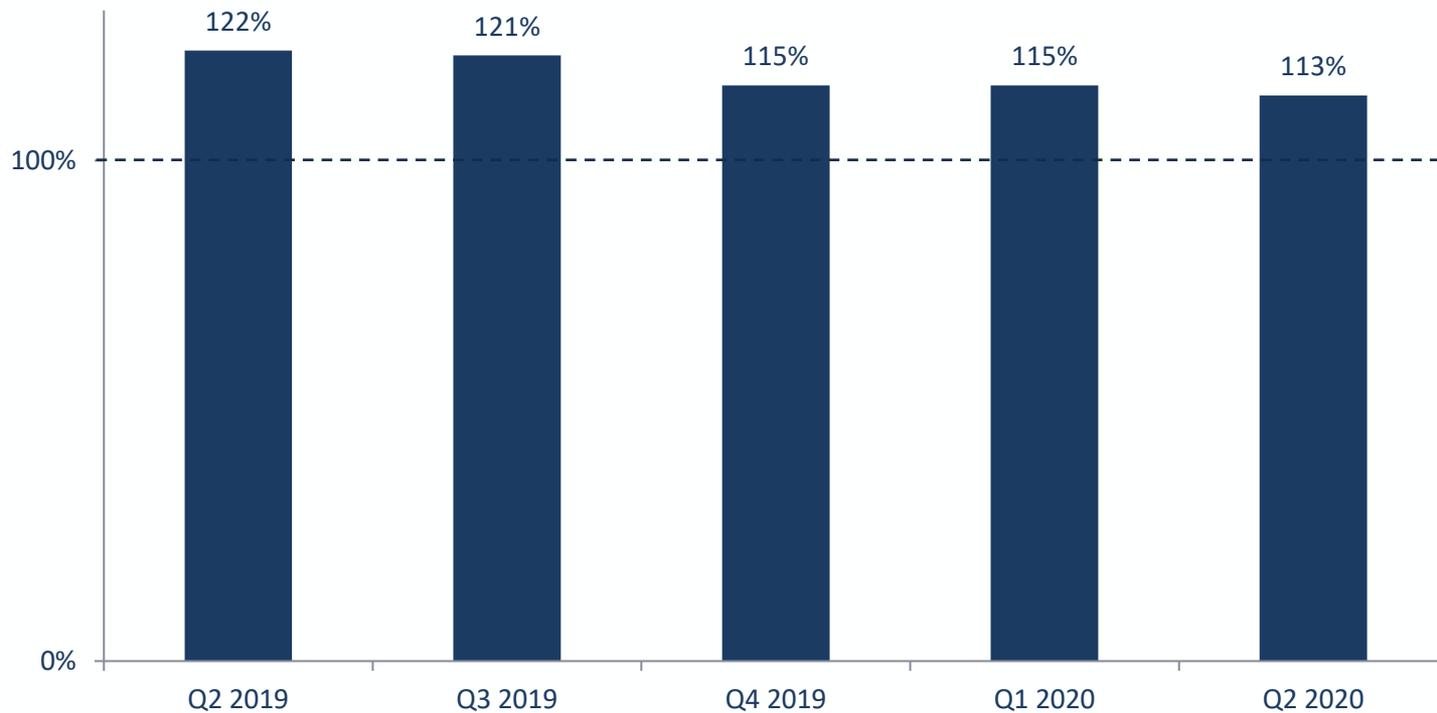
# Total Revenue\*

USD Millions



\*Total revenue may not foot due to rounding

# Cloud Subscription Revenue Retention



# Gross Margins\*

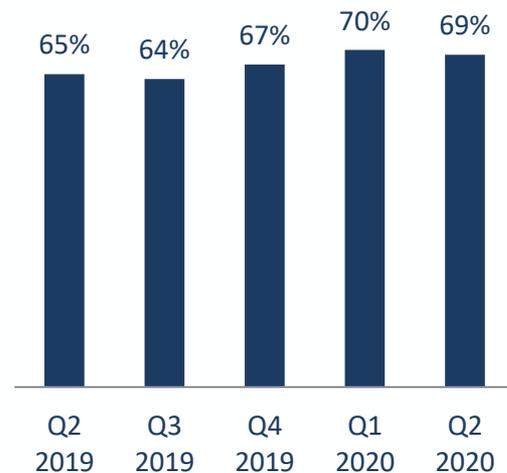
## Subscriptions



## Professional Services



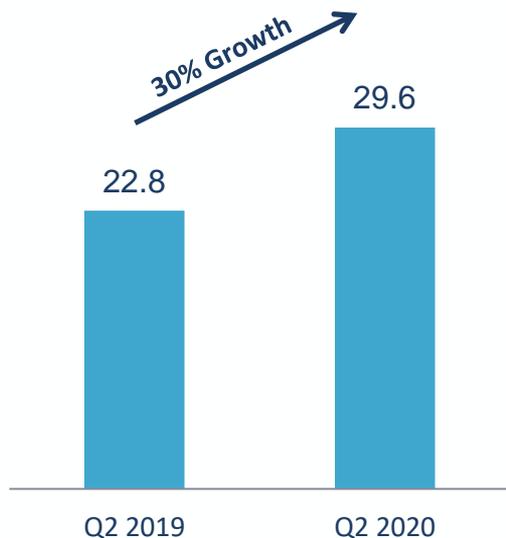
## Overall



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

# Q2 2020 Highlights

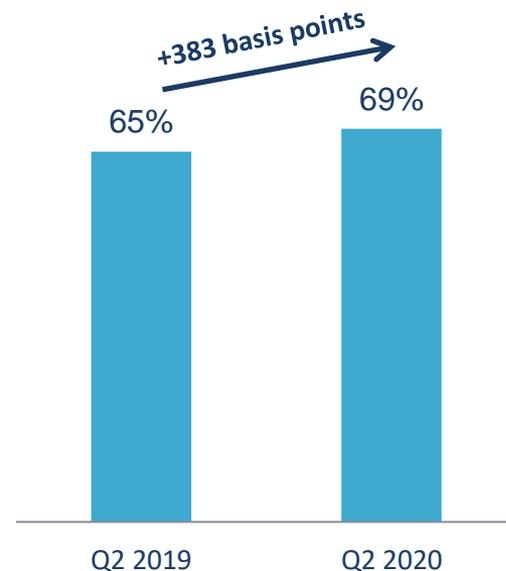
## Cloud Subscription Revenue (\$MM)



## Cloud Subscription Revenue Retention\*



## Overall Gross Margins\*\*



\*As of June 30, 2020

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

# Guidance

Given on August 6, 2020

In \$ Millions except for EPS	Q3 2020
Cloud Subscription Revenue	31.4 – 31.9
Cloud Subscription Revenue Growth Y/Y	28% – 30%
Total Revenue	70.5 – 71.5
Total Revenue Increase Y/Y	7% – 8%
Adjusted EBITDA Loss	(11.0) – (10.0)
Non-GAAP Loss per Share	(0.18) – (0.16) <sup>*</sup>

<sup>\*</sup>Based on 70.0 million basic and diluted weighted average common shares outstanding for Q3 2020

# Appendix

# Balance Sheet

	As of June 30, 2020 <u>(unaudited)</u>	As of December 31, 2019 <u></u>
<i>\$ in thousands</i>		
<b>Assets</b>		
Cash and cash equivalents	\$ 256,146	\$ 159,755
Accounts receivable, net of allowance of \$800 and \$600 as of June 30, 2020 and December 31, 2019, respectively	71,853	70,408
Deferred commissions, current	15,122	14,543
Prepaid expenses and other current assets	26,289	32,955
Property and equipment, net	37,437	39,554
Goodwill	4,443	—
Intangible assets, net of accumulated amortization of \$196 as of June 30, 2020	1,790	—
Operating right-of-use asset	23,156	24,205
Deferred commissions, net of current portion	28,694	28,979
Other assets	6,430	1,086
<b>Total assets</b>	<b><u>\$ 471,360</u></b>	<b><u>\$ 371,485</u></b>
<b>Liabilities and Stockholders' Equity</b>		
Deferred revenue, current	\$ 87,550	\$ 82,201
Operating lease liability, current	5,427	3,836
Finance lease liability, current	1,549	1,447
Other current liabilities	25,210	24,796
Operating lease liability, net of current portion	44,142	44,416
Finance lease liability, net of current portion	1,556	2,375
Deferred revenue, net of current portion	4,595	7,139
Other non-current liabilities	2,529	38
<b>Total liabilities</b>	<b><u>172,558</u></b>	<b><u>166,248</u></b>
<b>Stockholders' equity</b>		
Common stock	7	6
Additional paid-in capital	458,174	340,929
Accumulated other comprehensive loss	(482)	(285)
Accumulated deficit	(158,897)	(135,413)
<b>Total stockholders' equity</b>	<b><u>298,802</u></b>	<b><u>205,237</u></b>
<b>Total liabilities and stockholders' equity</b>	<b><u>\$ 471,360</u></b>	<b><u>\$ 371,485</u></b>

# Income Statement

\$ in thousands, except for shares

## Revenue:

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
	(unaudited)		(unaudited)	
SaaS (cloud) subscriptions	\$ 29,580	\$ 22,796	\$ 57,970	\$ 44,074
Term license (on prem) subscriptions	7,379	10,103	25,172	19,660
Maintenance and support	4,459	3,961	8,712	7,683
Total subscriptions revenue	41,418	36,860	91,854	71,417
Professional services	25,357	28,415	53,785	54,162
Total revenue	66,775	65,275	145,639	125,579
Cost of revenue:				
Subscriptions	4,701	4,036	10,084	7,621
Professional services	16,455	19,015	35,191	39,496
Total cost of revenue	21,156	23,051	45,275	47,117
Gross Profit	45,619	42,224	100,364	78,462
Operating expenses:				
Sales and marketing	29,086	29,992	63,258	58,583
Research and development	17,178	12,765	33,216	26,721
General and administrative	11,450	9,261	24,591	18,277
Total operating expenses	57,714	52,018	121,065	103,581
Operating loss	(12,095)	(9,794)	(20,701)	(25,119)
Other (income) expense:				
Other (income) expense, net	(682)	(79)	2,432	(381)
Interest expense	128	69	271	140
Total other (income) expense	(554)	(10)	2,703	(241)
Loss before income taxes	(11,541)	(9,784)	(23,404)	(24,878)
Income tax expense	274	267	80	389
Net loss	\$ (11,815)	\$ (10,051)	\$ (23,484)	\$ (25,267)
Net loss per share attributable to common stockholders:				
Basic and diluted	\$ (0.17)	\$ (0.16)	\$ (0.35)	\$ (0.39)
Weighted average common shares outstanding				
Basic and diluted	68,369,823	64,753,044	67,949,270	64,531,089

# Reconciliation of Non-GAAP Measures

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
	(unaudited)		(unaudited)	
<i>\$ in thousands, except for shares</i>				
Reconciliation of non-GAAP operating loss:				
GAAP operating loss	\$ (12,095)	\$ (9,794)	\$ (20,701)	\$ (25,119)
Add back:				
Stock-based compensation expense	3,614	2,689	7,090	9,914
Non-GAAP operating loss	\$ (8,481)	\$ (7,105)	\$ (13,611)	\$ (15,205)
Reconciliation of non-GAAP net loss:				
GAAP net loss	\$ (11,815)	\$ (10,051)	\$ (23,484)	\$ (25,267)
Add back:				
Stock-based compensation expense	3,614	2,689	7,090	9,914
Loss on disposal of property and equipment	15	145	22	145
Non-GAAP net loss	\$ (8,186)	\$ (7,217)	\$ (16,372)	\$ (15,208)
GAAP net loss per share, basic and diluted	\$ (0.17)	\$ (0.16)	\$ (0.35)	\$ (0.39)
Non-GAAP weighted average shares used to compute net loss per share, basic and diluted	68,369,823	64,753,044	67,949,270	64,531,089
Non-GAAP net loss per share, basic and diluted	\$ (0.12)	\$ (0.11)	\$ (0.24)	\$ (0.24)
Reconciliation of adjusted EBITDA				
GAAP net loss	\$ (11,815)	\$ (10,051)	\$ (23,484)	\$ (25,267)
Other (income) expense, net	(682)	(79)	2,432	(381)
Interest expense	128	69	271	140
Income tax expense	274	267	80	389
Depreciation and amortization expense	1,469	1,135	2,980	1,933
Stock-based compensation expense	3,614	2,689	7,090	9,914
Adjusted EBITDA	\$ (7,012)	\$ (5,970)	\$ (10,631)	\$ (13,272)

# Stock-Based Compensation Expense

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
	(unaudited)		(unaudited)	
<i>\$ in thousands</i>				
Cost of revenue:				
Subscriptions	\$ 229	\$ 161	\$ 442	\$ 315
Professional services	317	244	529	2,218
Operating expenses:				
Sales and marketing	657	814	1,410	3,195
Research and development	619	435	1,172	2,550
General and administrative	1,792	1,035	3,537	1,636
Total stock-based compensation expense	\$ 3,614	\$ 2,689	\$ 7,090	\$ 9,914

**Appian**