



Q1 2022 Earnings Call Presentation

Matt Calkins, Founder & CEO

Mark Matheos, 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 and full year 2022, the impact of COVID-19 on our business and on the global economy, including the emergence of new variant strains of COVID-19, 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 2021 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.

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.

Q1 2022 business highlights.

Appian hosted our annual conference, Appian World.

Buyers choose Appian.

- Buyers selected Appian as a "Customers' Choice" once again, according to Gartner Peer Insights.
- Appian is the only "Customers' Choice" for large and mid-size organizations and companies in North America, Europe, Africa, and the Middle East, all of the last two years.
- Appian's gross renewal rate was 99% in Q1 2022, consistent with previous quarters.

Appian made several product advancements.

- Launched a new financial services solution, the Appian Connected 'Know Your Customer' (KYC) solution.
- Became the 15th company in the world to gain a Provisional Authorization at Impact Level 5 (IL5).
- Launched Appian Portals to capture external use cases.

Q1 2022 financial highlights.

Revenue

- Cloud subscription revenue was \$53.4 million in Q1 2022, representing growth of 37% over Q1 2021
- Subscriptions revenue was \$83.7 million in Q1 2022, representing growth of 31% over Q1 2021
- Total revenue was \$114.3 million in Q1 2022, representing growth of 29% over Q1 2021

Retention

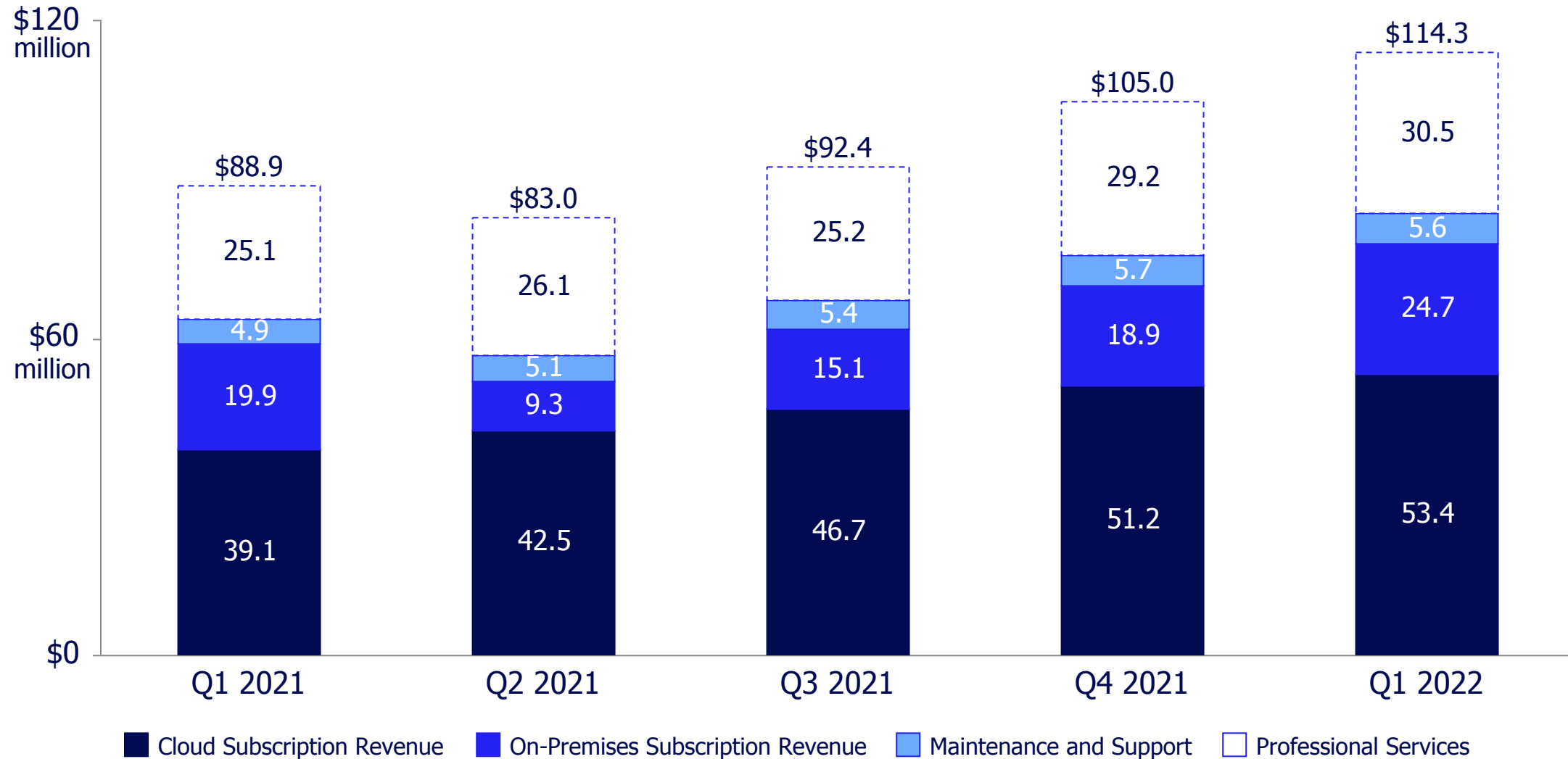
- Cloud subscription revenue retention rate was 117% as of March 31, 2022

Gross Margins*

- Subscriptions gross margin was 90%
- Professional services gross margin was 29%
- Overall gross margin was 74%

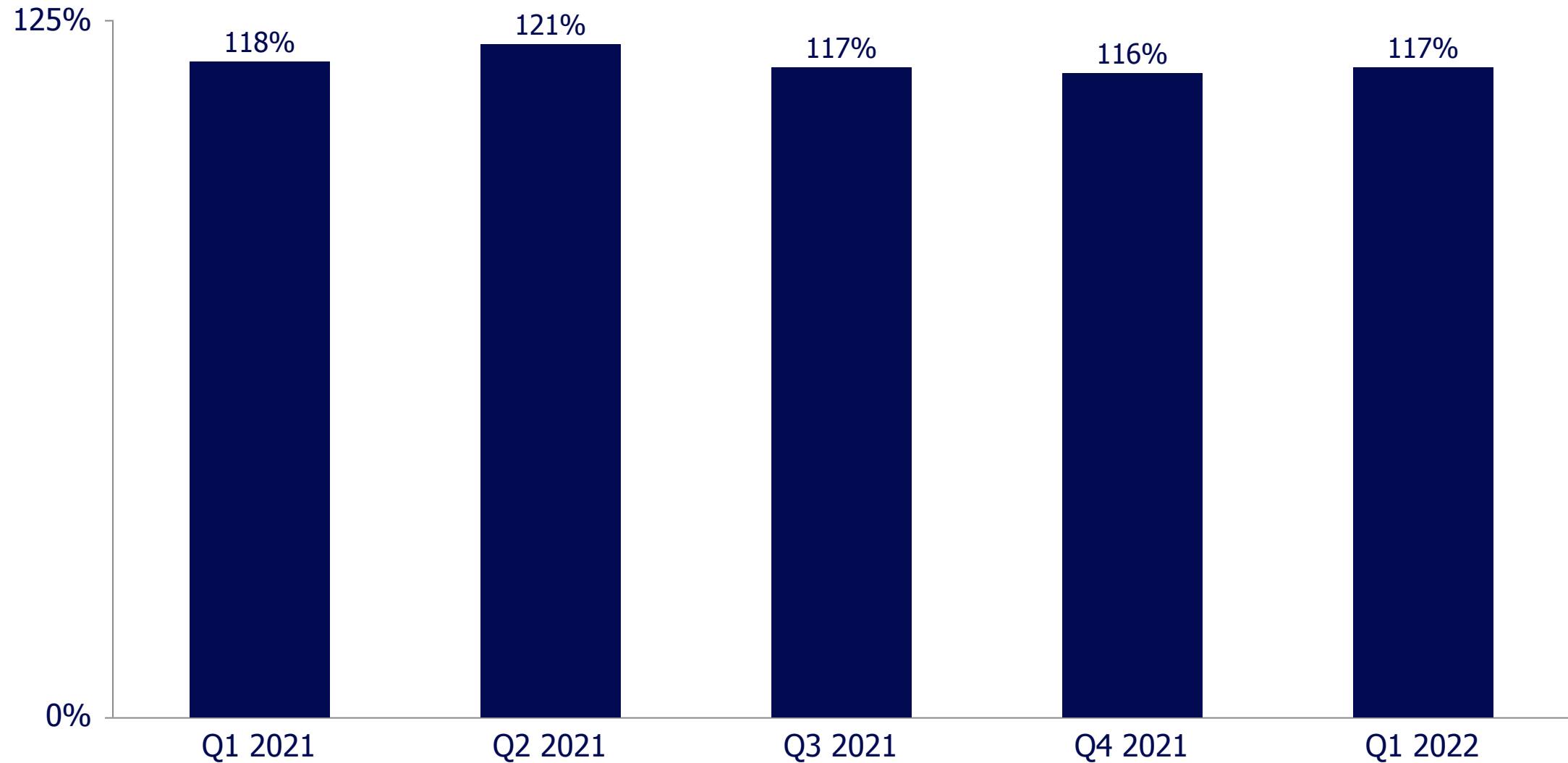
*Non-GAAP - Data excludes stock-based compensation expense

Total revenue - past 5 quarters.*

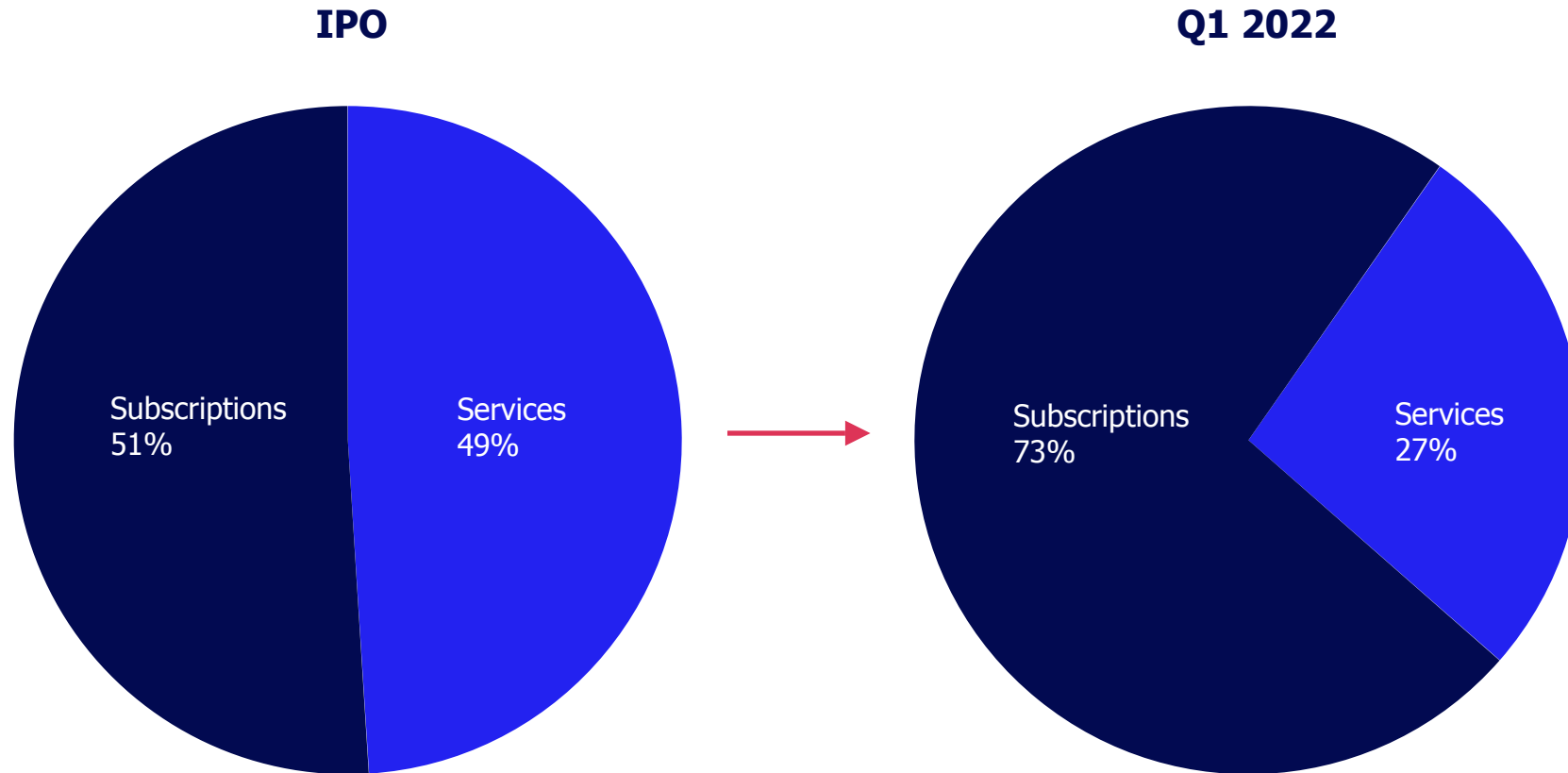


*Total revenue may not foot due to rounding

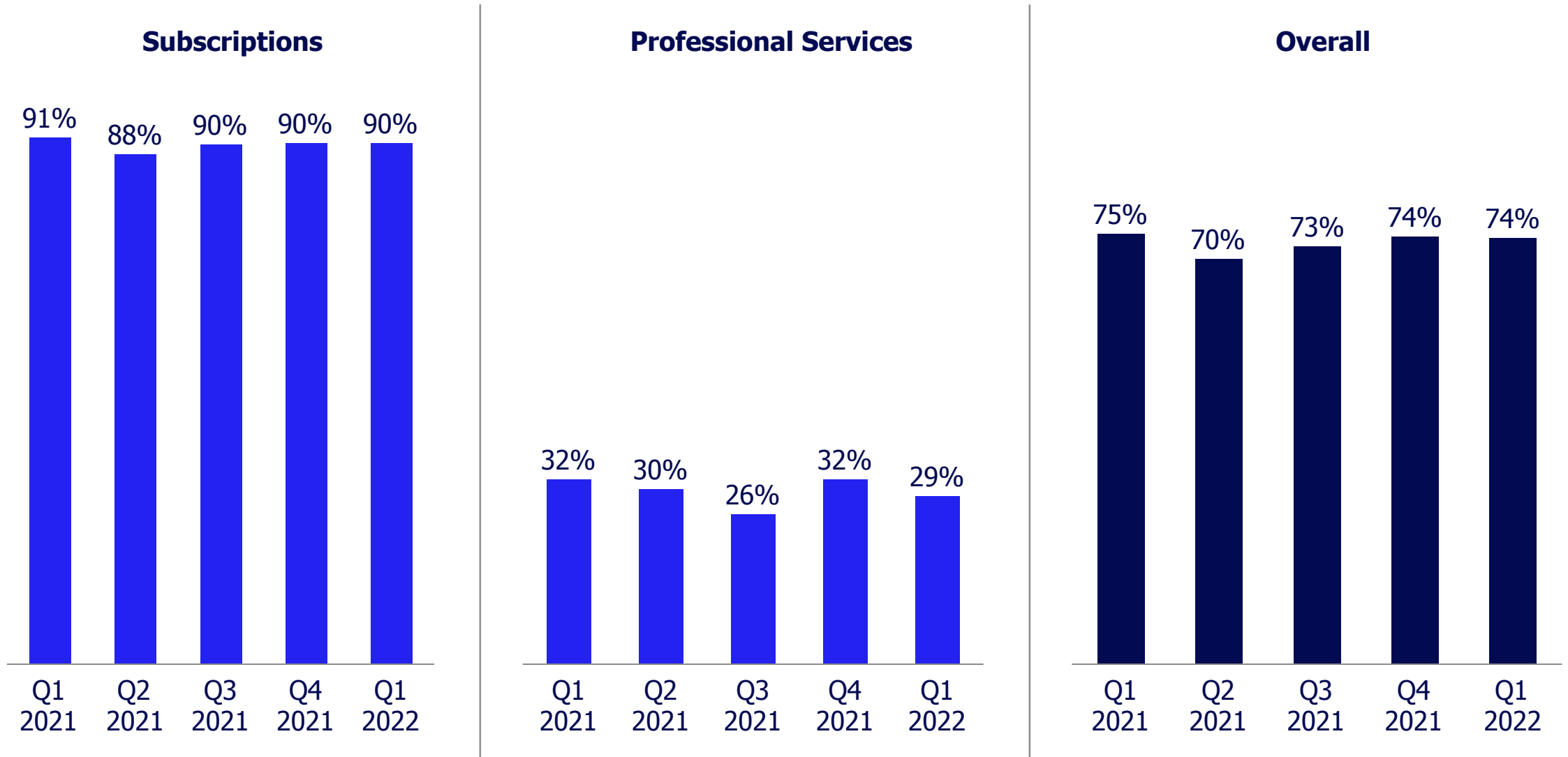
Cloud subscription revenue retention.



Subscriptions vs. Professional Services revenue.



Gross margins.*

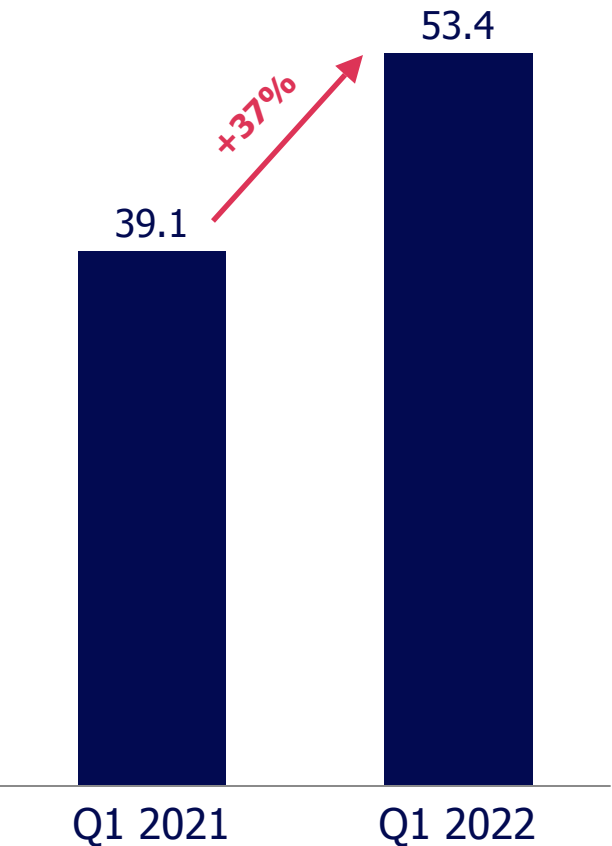


*Non-GAAP - Data excludes stock-based compensation expense

Q1 2022 summary.

Cloud Subscription Revenue

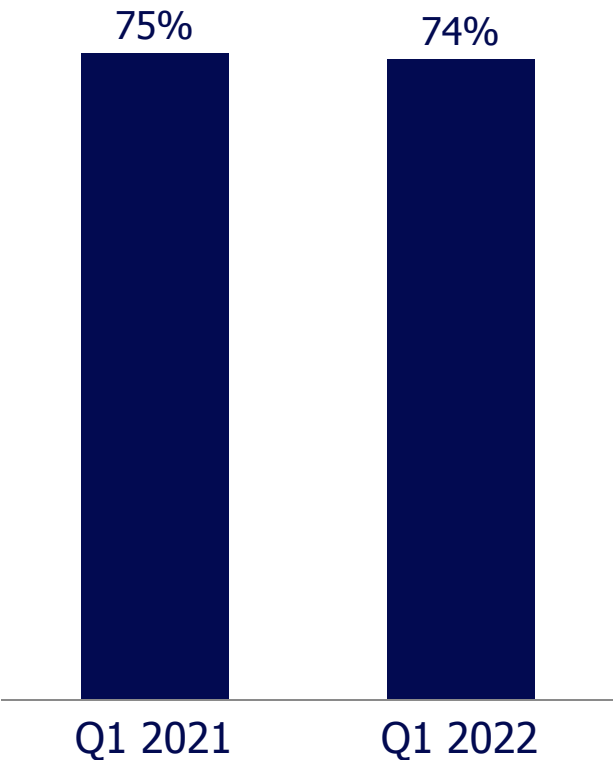
(USD, in millions)



Cloud Subscription Revenue Retention*



Overall Gross Margins**



*As of March 31, 2022

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

Guidance.

Given on May 5, 2022

(in millions, except for EPS)	Q2 2022			Full Year 2022		
Cloud Subscription Revenue	\$55.8	–	\$56.3	\$236.0	–	\$238.0
Cloud Subscription Revenue Growth YoY	31%	–	32%	32%	–	33%
Total Revenue	\$102.8	–	\$104.8	\$453.0	–	\$457.0
Total Revenue Increase YoY	24%	–	26%	23%	–	24%
Adjusted EBITDA Loss	\$(25.0)	–	\$(22.0)	\$(53.0)	–	\$(50.0)
Non-GAAP Loss per Share*	\$(0.37)	–	\$(0.33)	\$(0.82)	–	\$(0.77)

Appendix

Balance sheet.

\$ in thousands

	As of	
	March 31, 2022 (unaudited)	December 31, 2021
Assets		
Cash and cash equivalents	\$ 106,795	\$ 100,796
Short-term investments and marketable securities	53,438	55,179
Accounts receivable, net of allowance of \$1,402 and \$1,400 as of March 31, 2022 and December 31, 2021, respectively	121,630	130,049
Deferred commissions, current	25,670	24,668
Prepaid expenses and other current assets	30,354	26,781
Restricted cash, current	776	791
Property and equipment, net of accumulated depreciation of \$15,473 and \$14,106 as of March 31, 2022 and December 31, 2021, respectively	38,526	36,913
Long-term investments	8,184	12,044
Goodwill	27,271	27,795
Intangible assets, net of accumulated amortization of \$1,630 and \$1,260 as of March 31, 2022 and December 31, 2021, respectively	6,615	7,144
Operating right-of-use assets	27,556	27,897
Deferred commissions, net of current portion	49,398	49,017
Restricted cash, net of current portion	2,328	2,373
Other assets	3,972	3,072
Total assets	\$ 502,513	\$ 504,519
Liabilities and Stockholders' Equity		
Deferred revenue, current	146,227	150,169
Operating lease liabilities, current	8,135	8,110
Other current liabilities	52,068	57,442
Operating lease liabilities, net of current portion	47,964	48,784
Deferred revenue, net of current portion	1,888	2,430
Other non-current liabilities	3,475	3,667
Total liabilities	259,757	270,602
Stockholders' equity		
Common stock	7	7
Additional paid-in capital	528,475	497,128
Accumulated other comprehensive loss	(5,041)	(5,687)
Accumulated deficit	(280,685)	(257,531)
Total stockholders' equity	242,756	233,917
Total liabilities and stockholders' equity	\$ 502,513	\$ 504,519

Income statement.

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

	Three Months Ended March 31,	
	2022	2021
	(unaudited)	
Revenue		
SaaS (cloud) subscriptions	\$ 53,379	\$ 39,053
Term license (on prem) subscriptions	24,707	19,853
Maintenance and support	5,634	4,860
Total subscriptions revenue	83,720	63,766
Professional services	30,546	25,089
Total revenue	114,266	88,855
Cost of revenue		
Subscriptions	8,206	5,854
Professional services	22,710	17,675
Total cost of revenue	30,916	23,529
Gross profit	83,350	65,326
Operating expenses		
Sales and marketing	45,916	35,984
Research and development	29,839	20,690
General and administrative	31,461	19,142
Total operating expenses	107,216	75,816
Operating loss	(23,866)	(10,490)
Other expense		
Other expense, net	787	2,893
Interest expense	74	81
Total other expense	861	2,974
Loss before income taxes	(24,727)	(13,464)
Income tax (benefit) expense	(1,573)	123
Net loss	\$ (23,154)	\$ (13,587)
Net loss per share:		
Basic and diluted	\$ (0.32)	\$ (0.19)
Weighted average common shares outstanding:		
Basic and diluted	72,216,870	70,730,235

Stock-based compensation expense.

\$ in thousands

	Three Months Ended March 31,	
	2022	2021
	(unaudited)	
Cost of revenue:		
Subscriptions	\$ 179	\$ 297
Professional services	1,057	641
Operating expenses:		
Sales and marketing	1,788	1,108
Research and development	2,314	1,015
General and administrative	1,605	4,833
Total stock-based compensation expense	<u>\$ 6,943</u>	<u>\$ 7,894</u>

Reconciliation of GAAP to Non-GAAP measures.

	Three Months Ended March 31,	
	2022	2021
	(unaudited)	
\$ in thousands, except for shares and per share data		
Reconciliation of non-GAAP operating loss:		
GAAP operating loss	\$ (23,866)	\$ (10,490)
Add back:		
Stock-based compensation expense	6,943	7,894
Litigation expenses	11,792	1,687
Non-GAAP operating loss	<u>\$ (5,131)</u>	<u>\$ (909)</u>
Reconciliation of non-GAAP net loss:		
GAAP net loss	\$ (23,154)	\$ (13,587)
Add back:		
Stock-based compensation expense	6,943	7,894
Litigation expenses	11,792	1,687
Non-GAAP net loss	<u>\$ (4,419)</u>	<u>\$ (4,006)</u>
GAAP net loss per share, basic and diluted	\$ (0.32)	\$ (0.19)
Non-GAAP weighted average shares used to compute net loss per share, basic and diluted	<u>72,216,870</u>	<u>70,730,235</u>
Non-GAAP net loss per share, basic and diluted	<u>\$ (0.06)</u>	<u>\$ (0.06)</u>
Reconciliation of adjusted EBITDA:		
GAAP net loss	\$ (23,154)	\$ (13,587)
Other expense, net	787	2,893
Interest expense	74	81
Income tax (benefit) expense	(1,573)	123
Depreciation and amortization	1,773	1,278
Stock-based compensation expense	6,943	7,894
Litigation expenses	11,792	1,687
Adjusted EBITDA	<u>\$ (3,358)</u>	<u>\$ 369</u>

The Appian logo is displayed in large, dark, three-dimensional letters mounted on the upper part of a glass-clad building. The building's facade is composed of a grid of glass panels, and the sky in the background is a clear, deep blue.

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A leader in low-code.