



Q4 2021 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 and full year 2022, 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 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.

Q4 2021 financial highlights.

Revenue

- Cloud subscription revenue was \$51.2 million in Q4 2021, representing growth of 39% over Q4 2020
- Subscriptions revenue was \$75.8 million in Q4 2021, representing growth of 35% over Q4 2020
- Total revenue was \$105.0 million in Q4 2021, representing growth of 29% over Q4 2020

Retention

- Cloud subscription revenue retention rate was 116% as of December 31, 2021

Gross Margins*

- Subscriptions gross margin was 90%
- Professional services gross margin was 32%
- Overall gross margin was 74%

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

Full year 2021 financial highlights.

Revenue

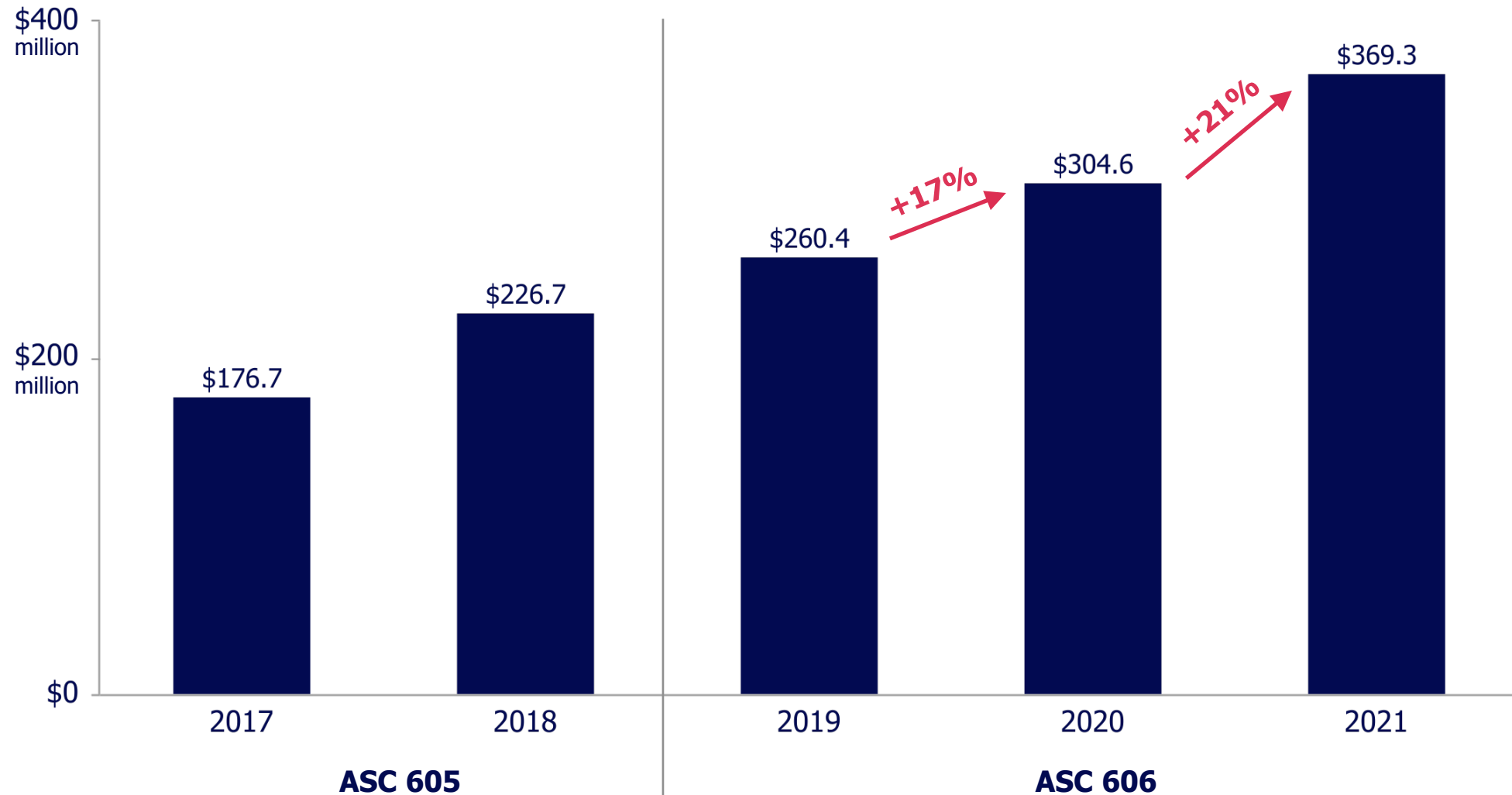
- Cloud subscription revenue was \$179.4 million in 2021, representing growth of 39% over 2020
- Subscriptions revenue was \$263.7 million in 2021, representing growth of 33% over 2020
- Total revenue was \$369.3 million in 2021, representing growth of 21% over 2020

Gross Margins*

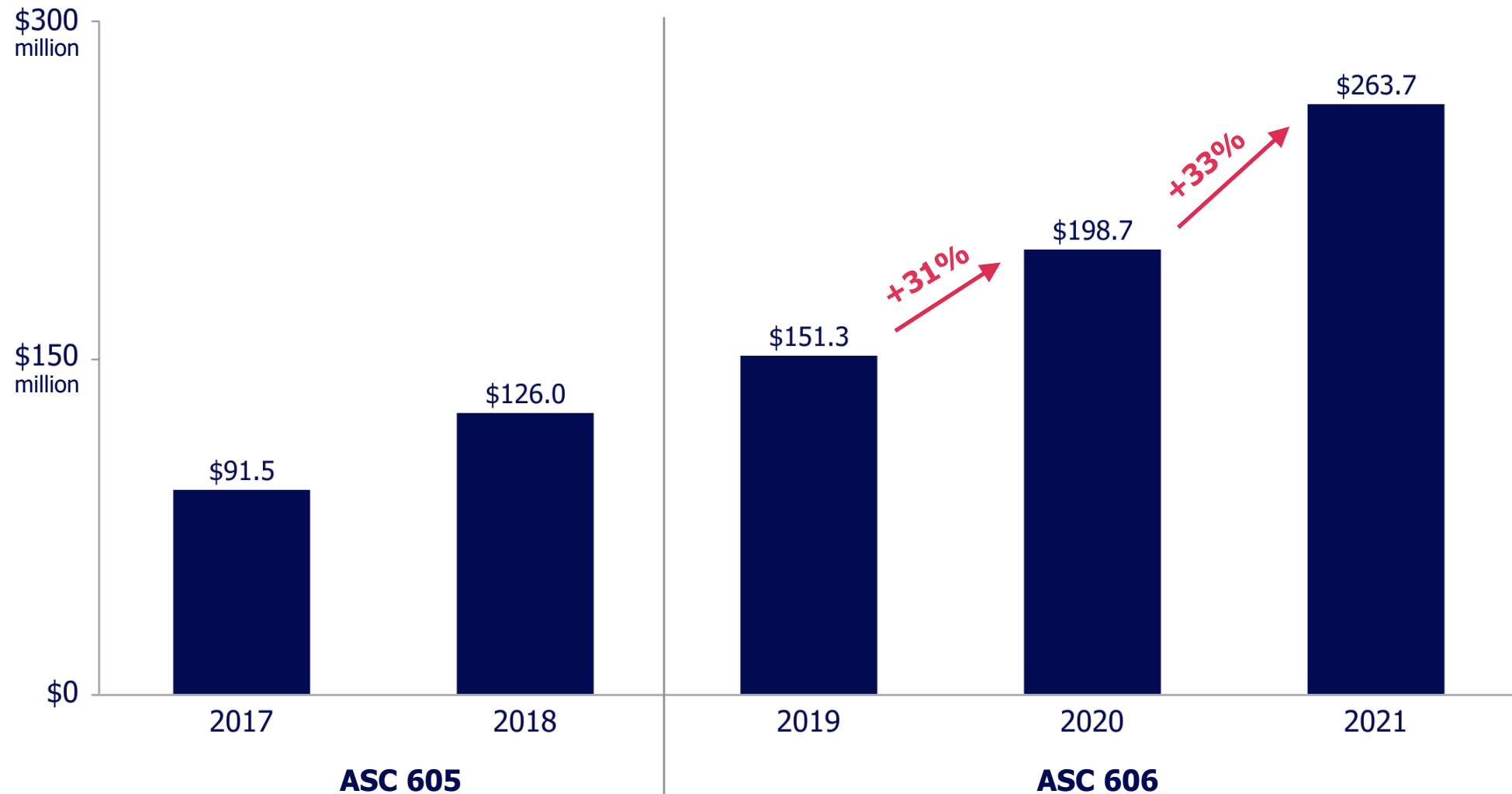
- Subscriptions gross margin was 90%
- Professional services gross margin was 30%
- Overall gross margin was 73%

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

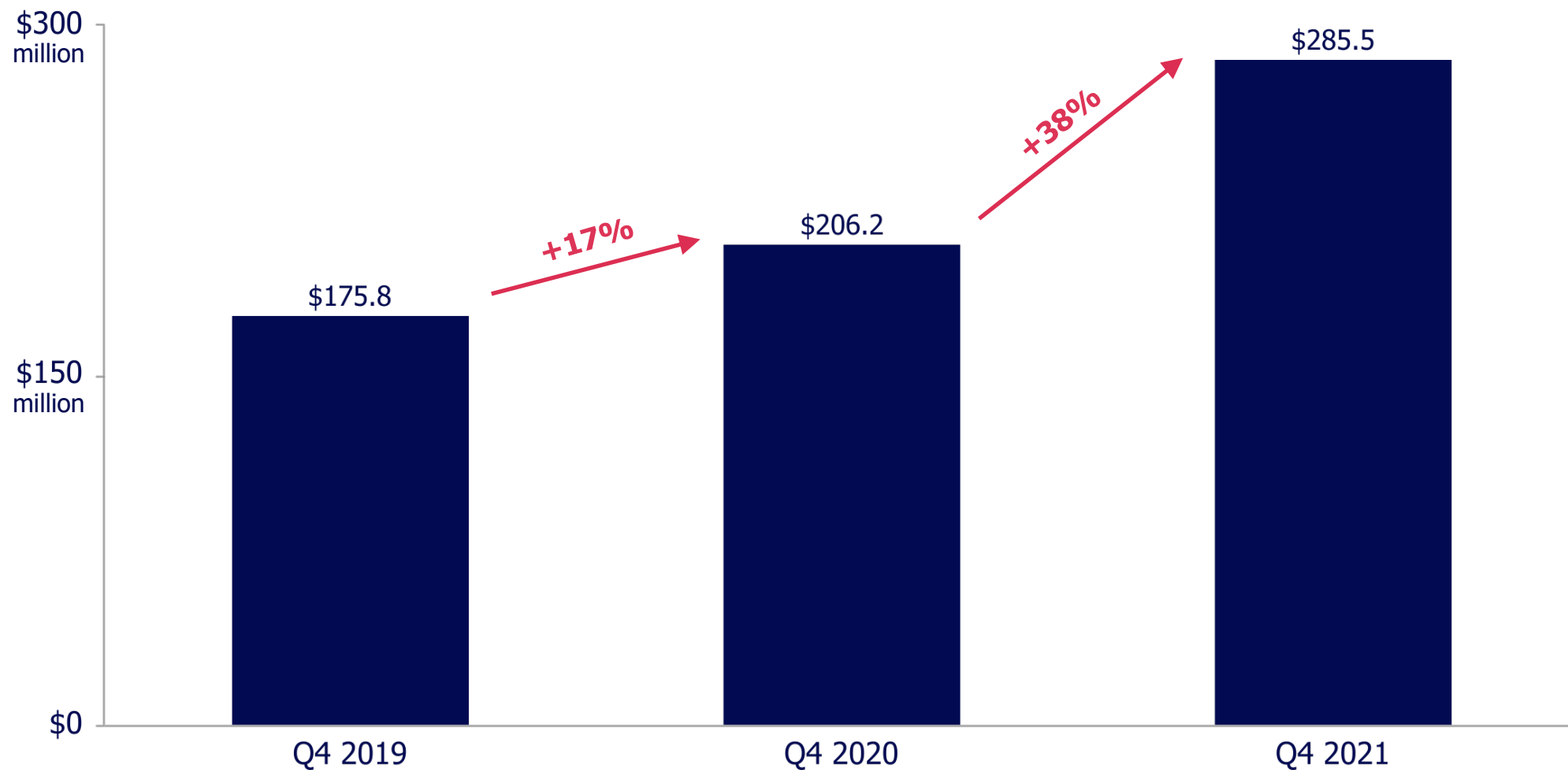
Total revenue.



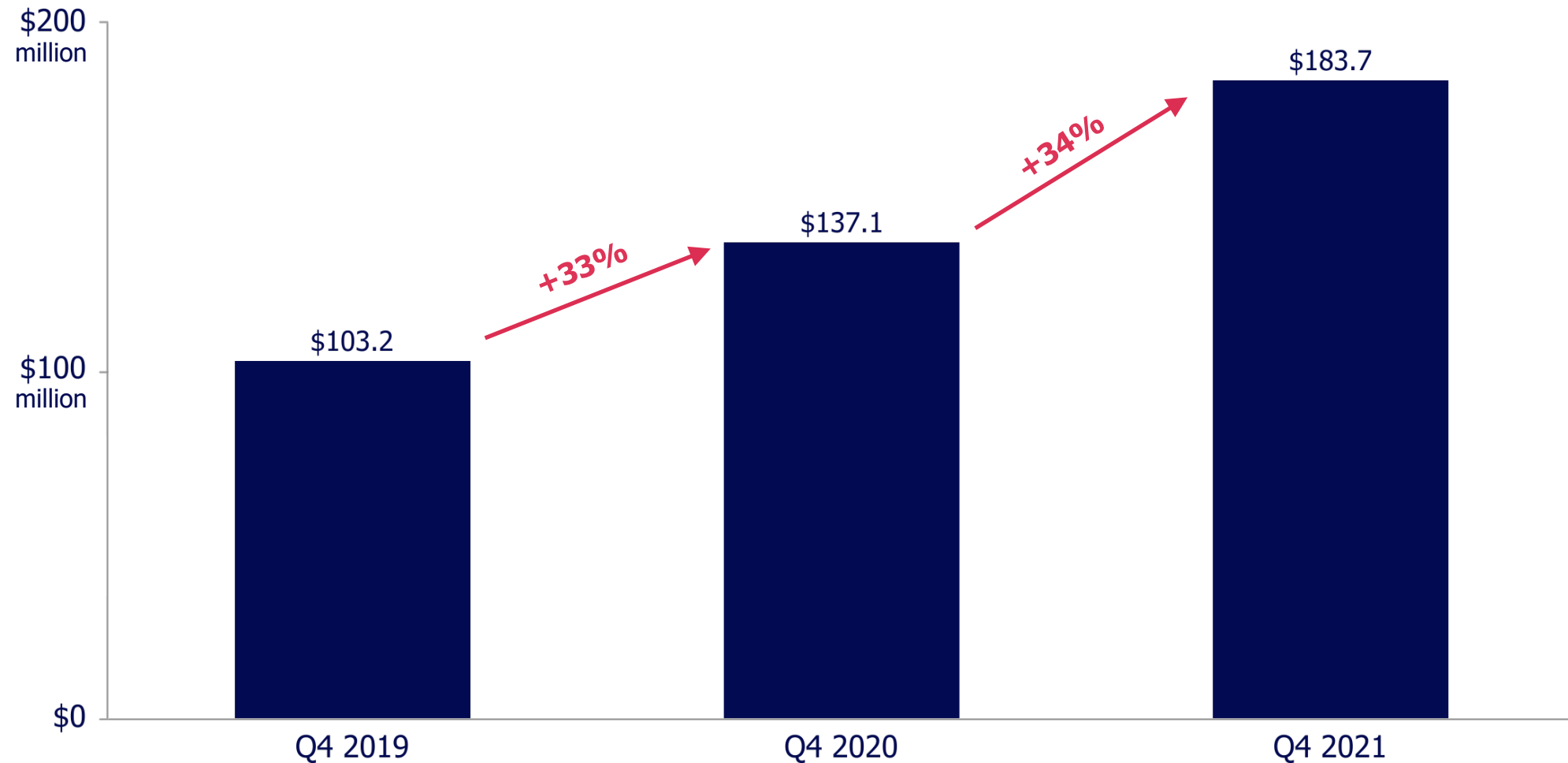
Subscriptions revenue.



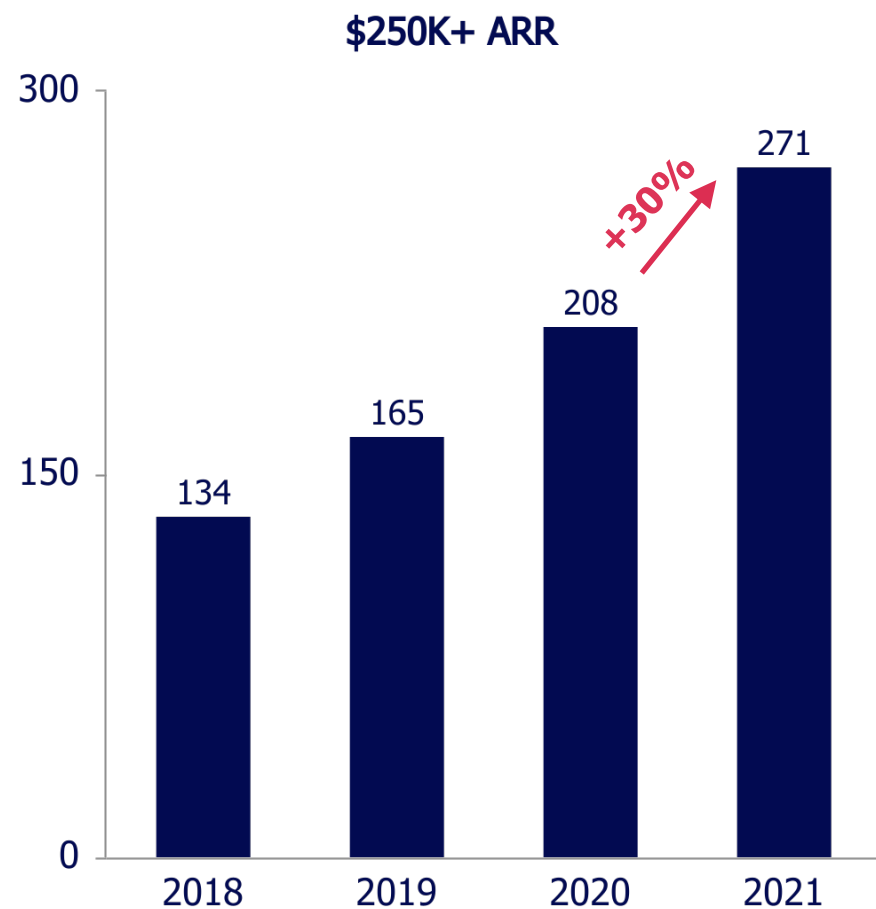
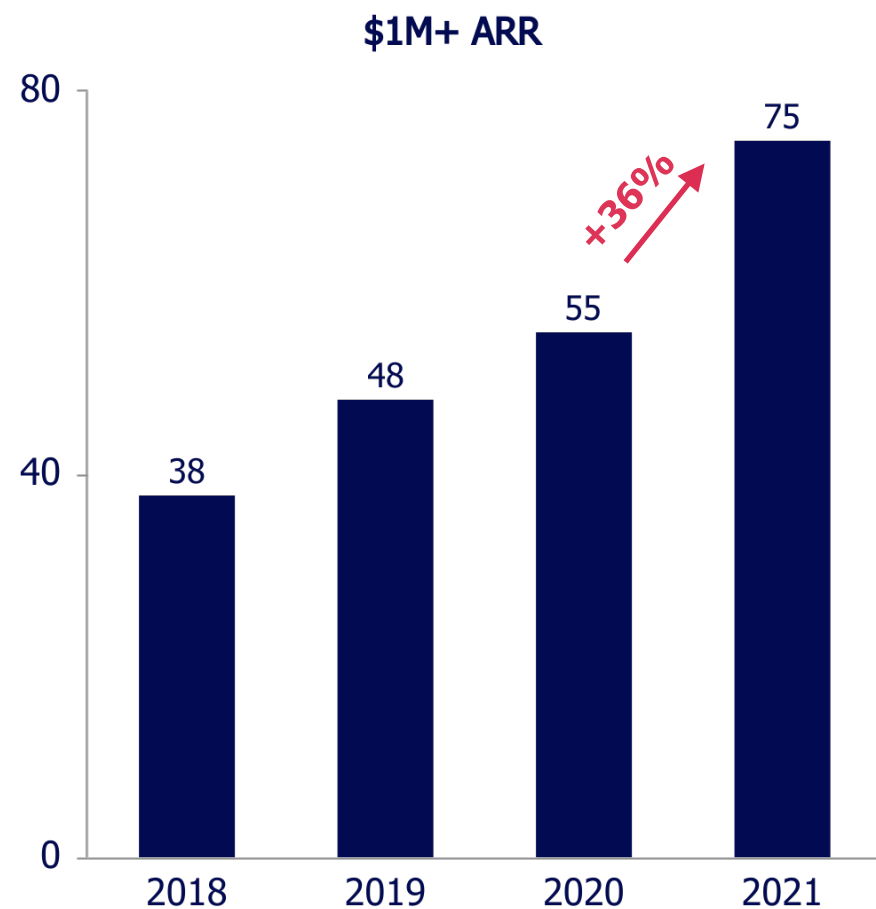
Total RPO.



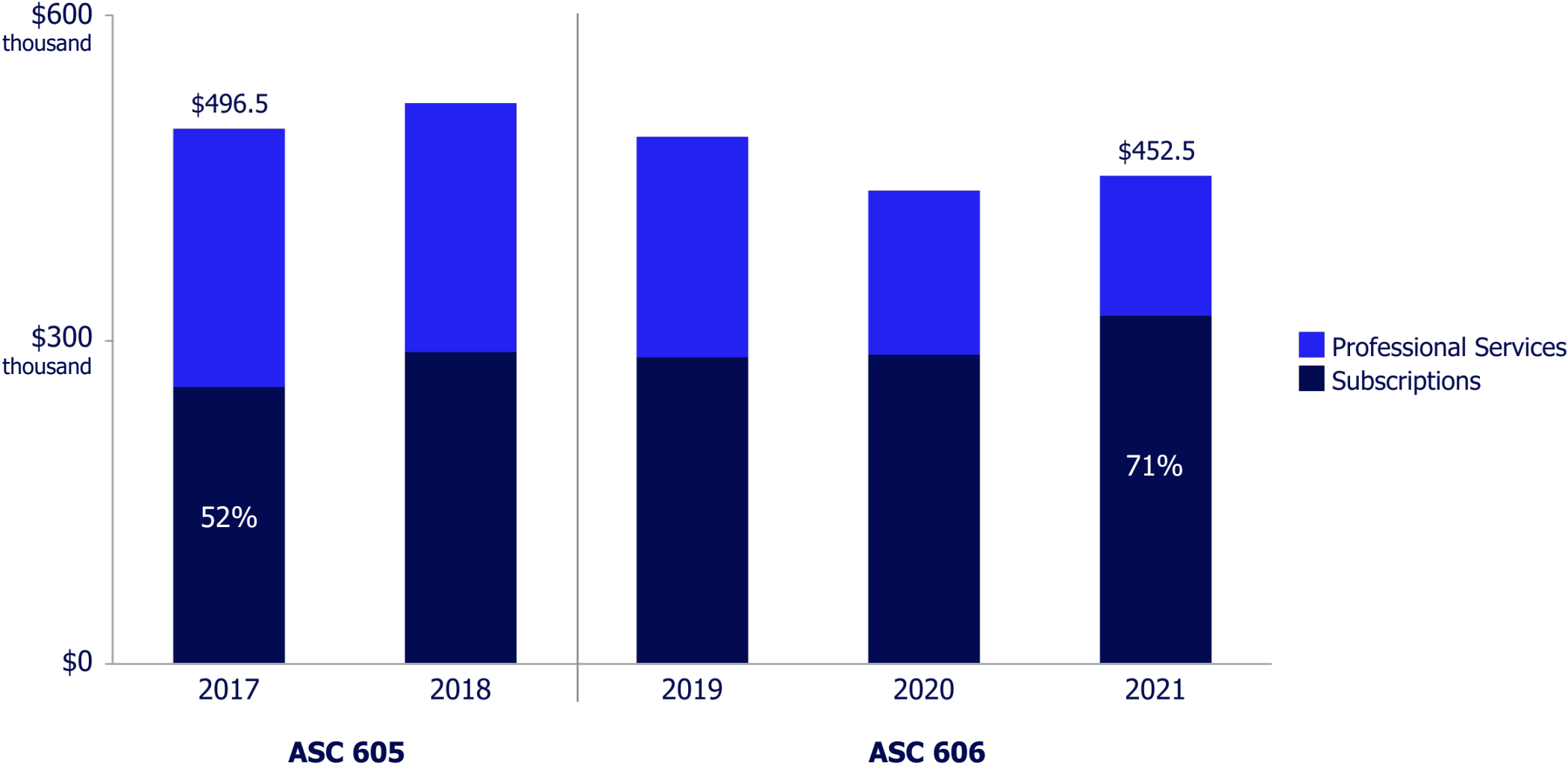
Current Subscriptions RPO.



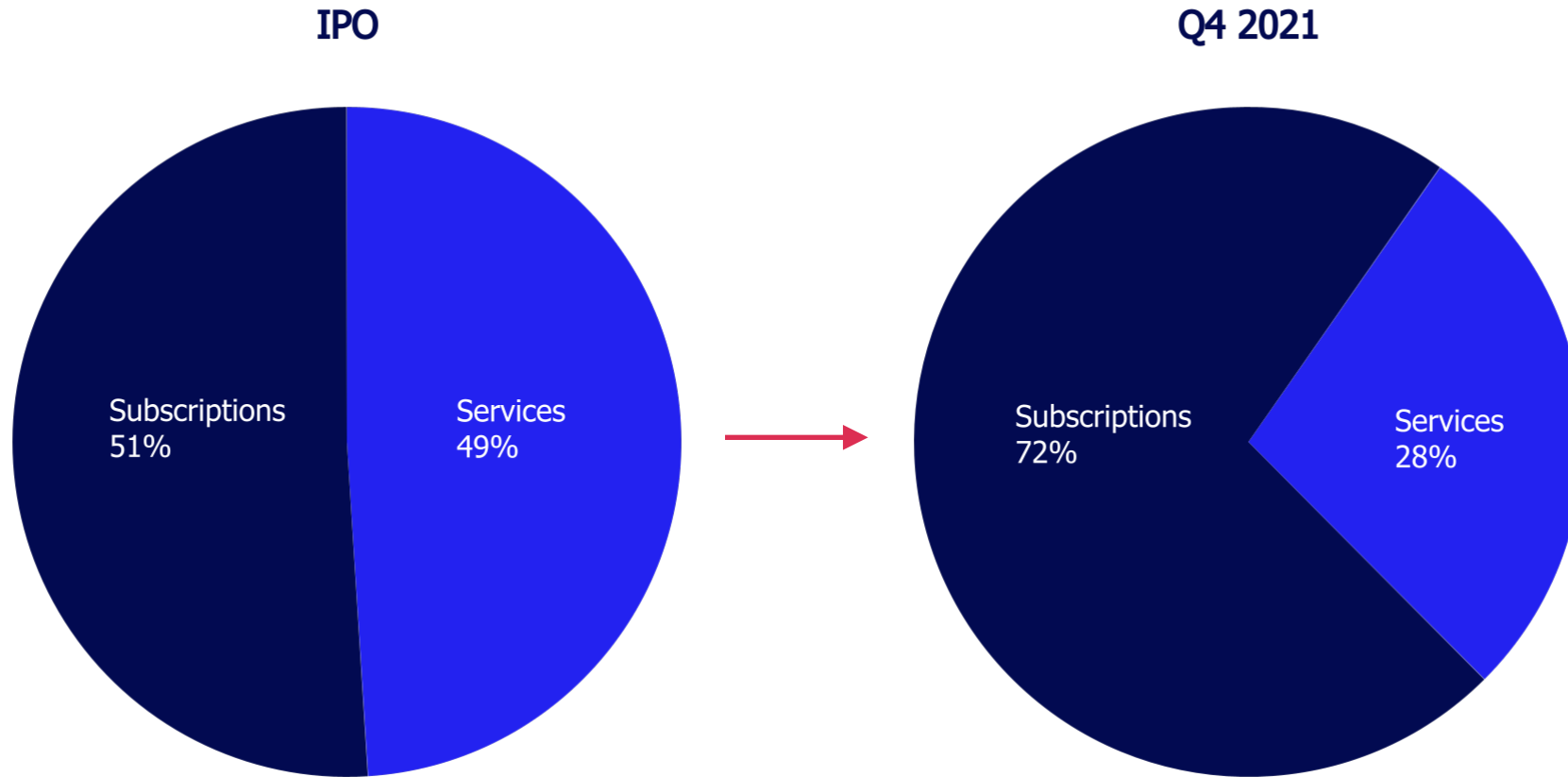
Number of big customers.



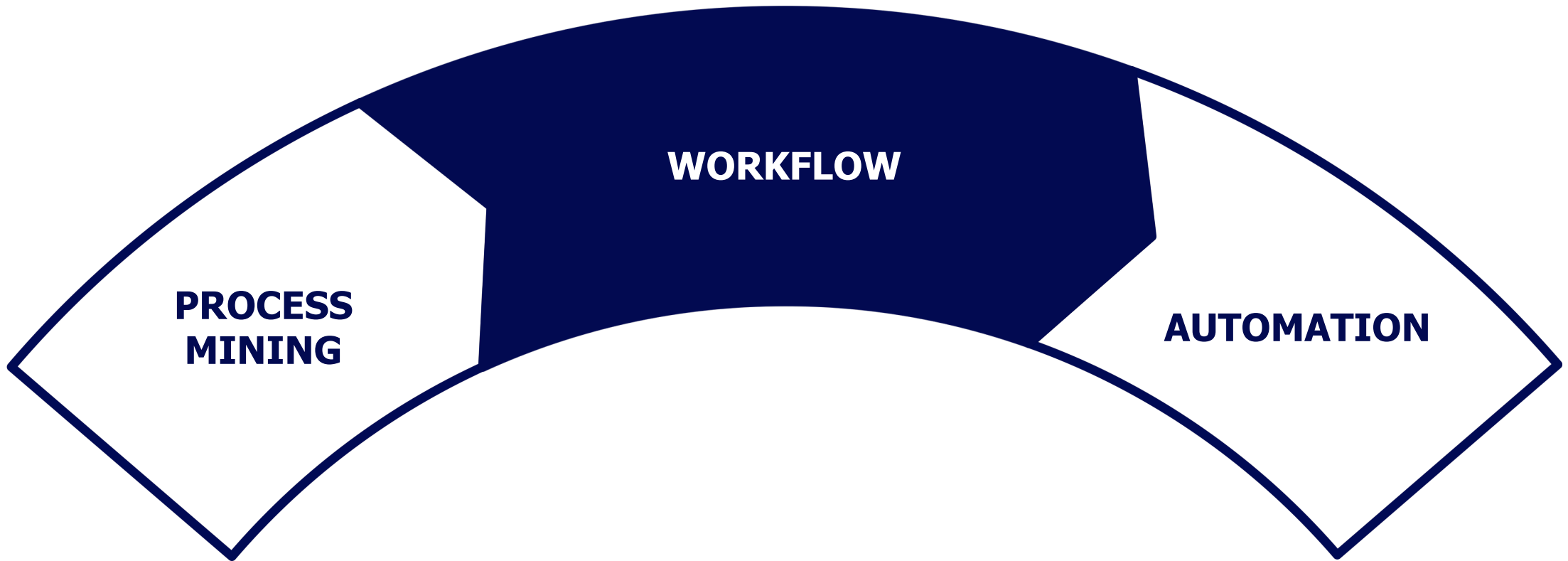
Revenue per customer.



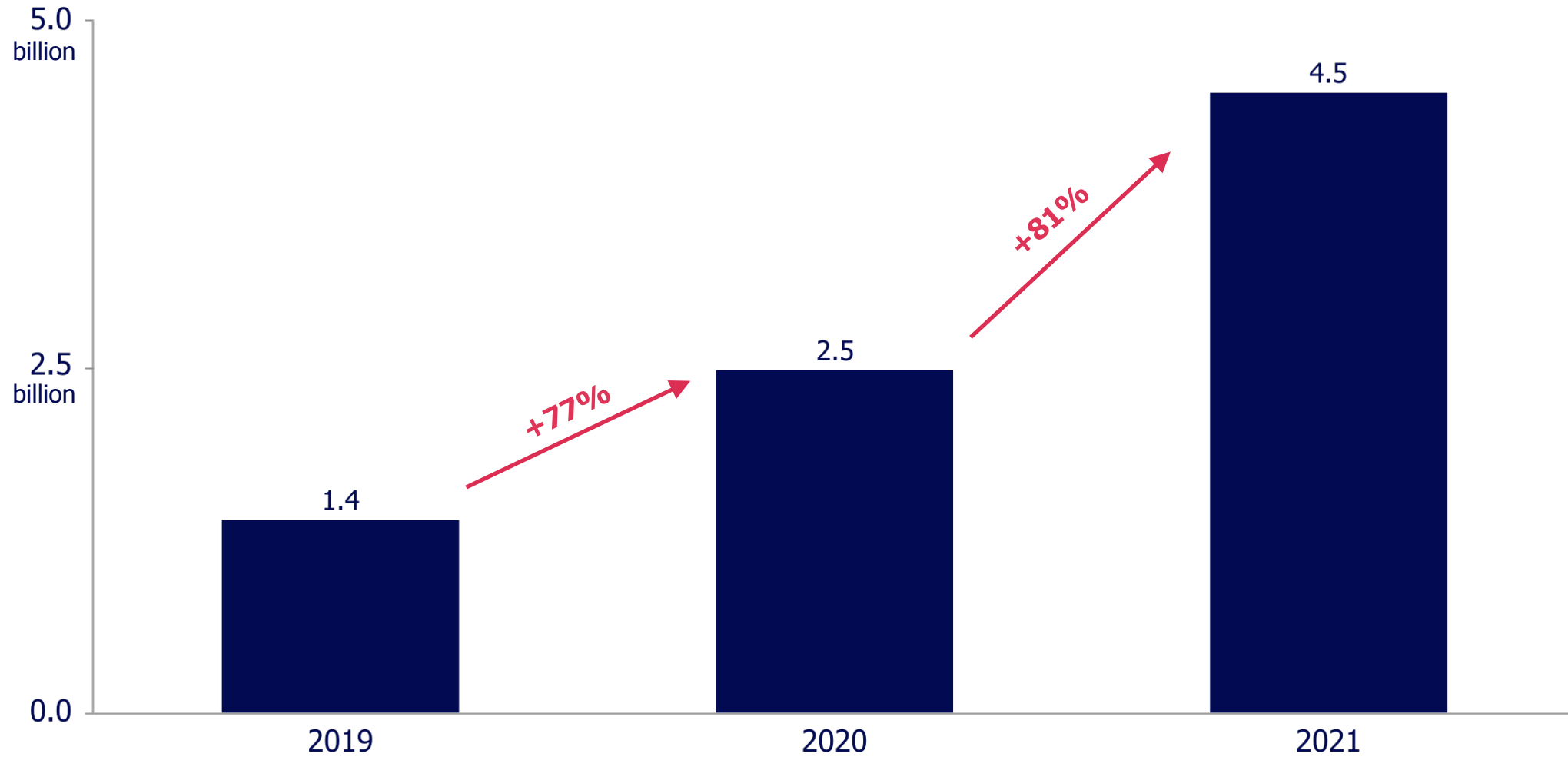
Subscriptions vs. Professional Services revenue.



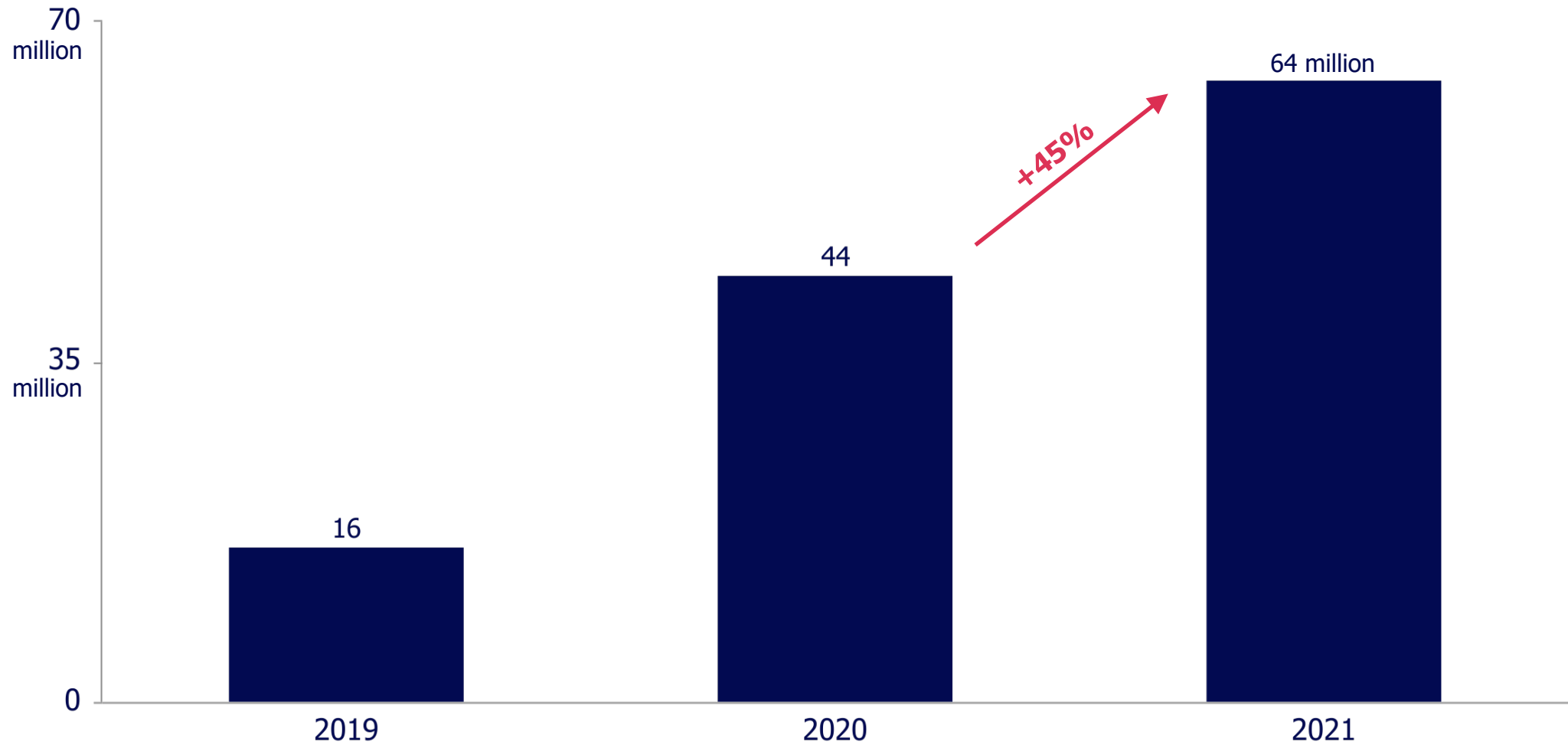
Our Low-code Platform.



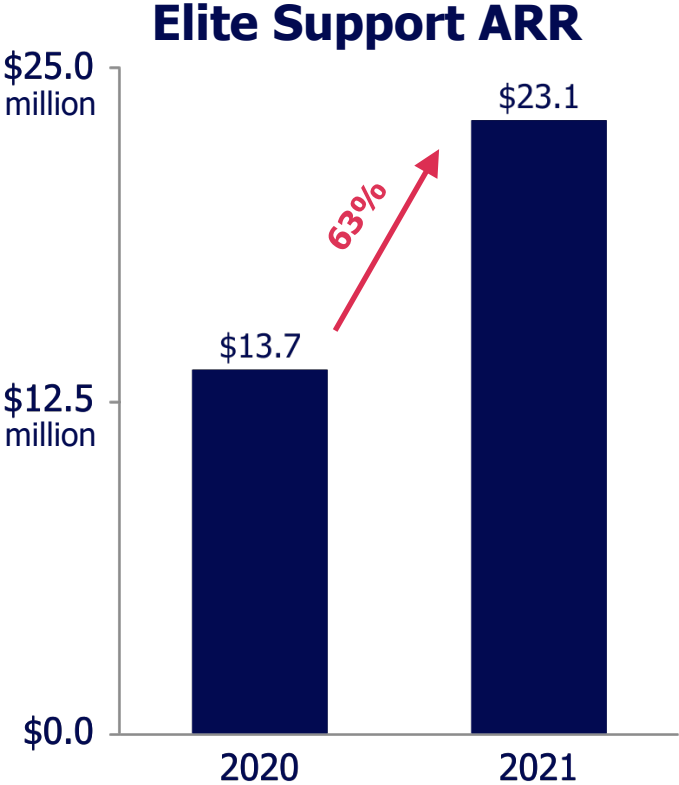
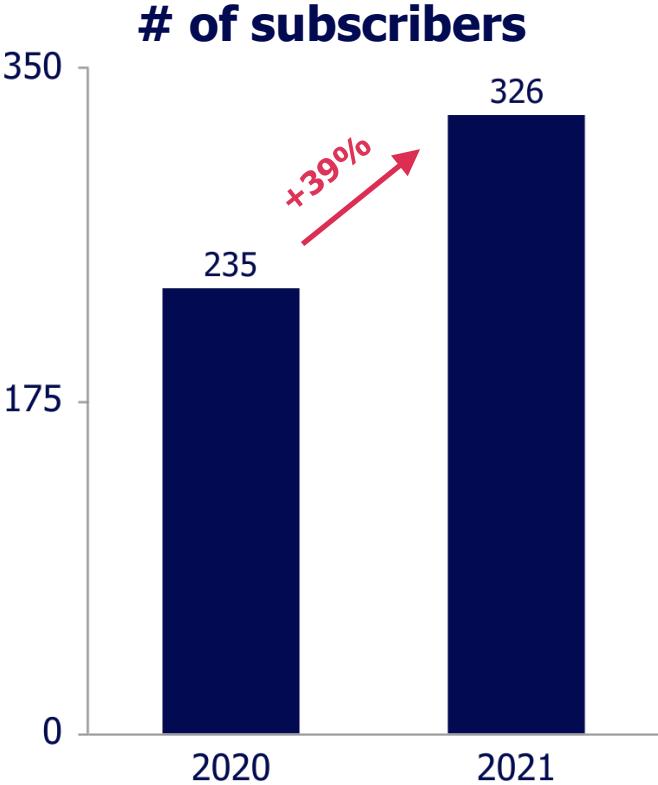
Number of workflows.



Number of logins.



Elite Support participation.



Happy customers and growing ecosystem in 2021.

Top

Customer Reviews

Gartner Peer Insights
TrustRadius
G2

98%

Cloud Subscription
Renewal Rate

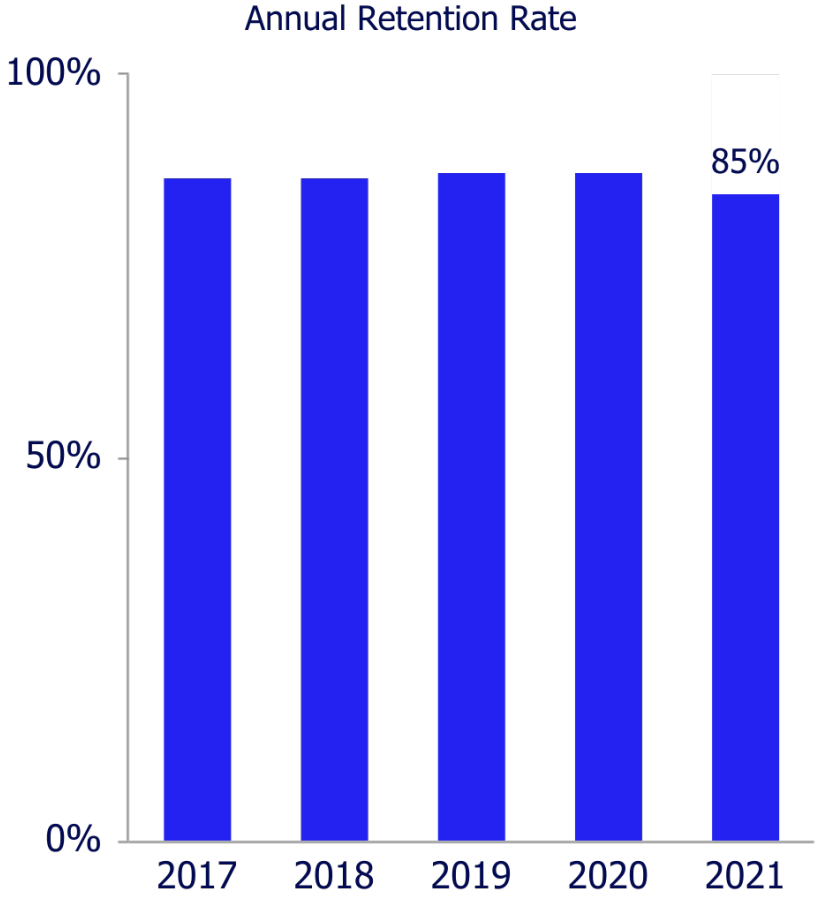
80%

Partner Practitioner
Growth

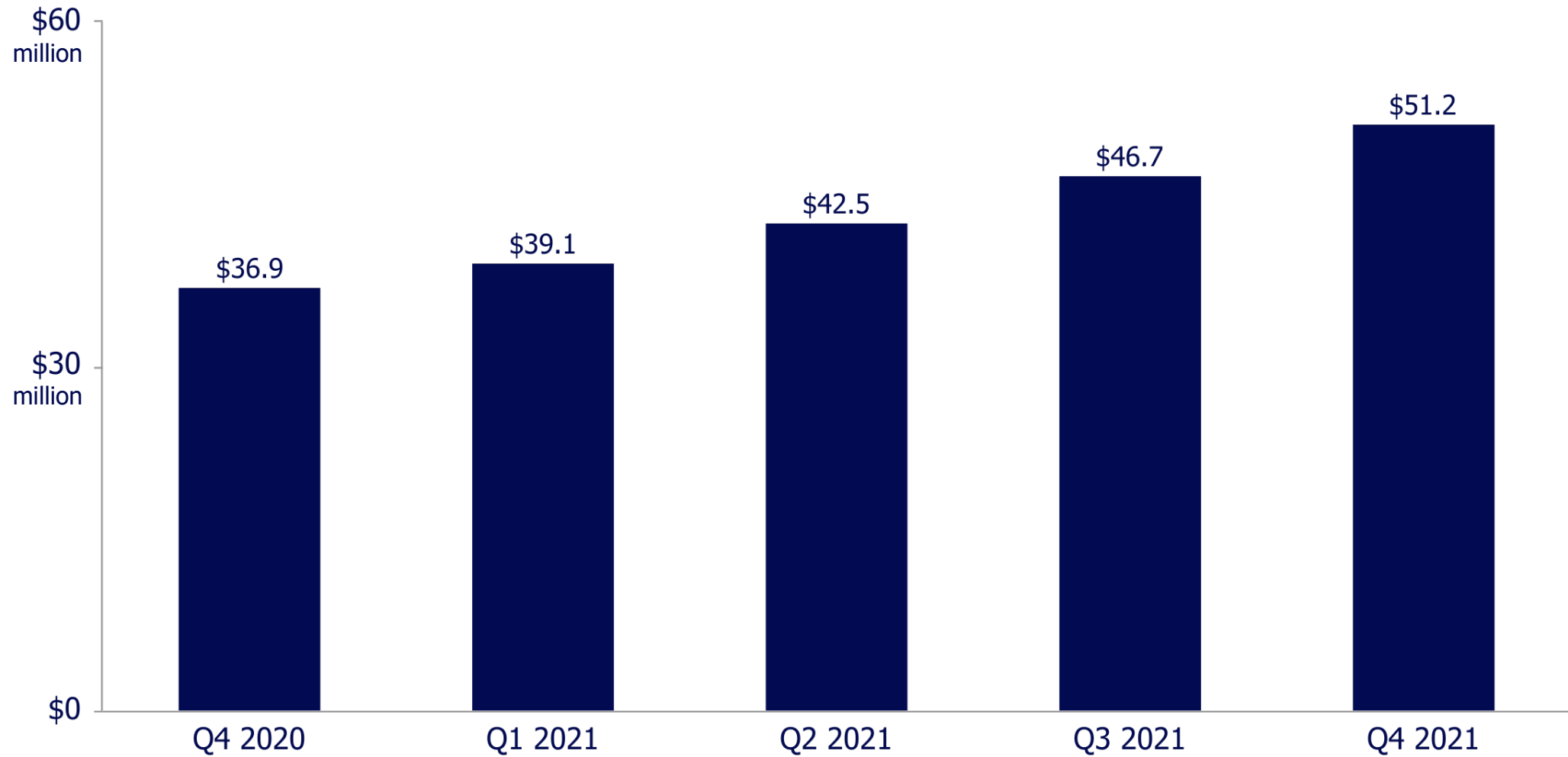
2.1x

Community
Member Growth

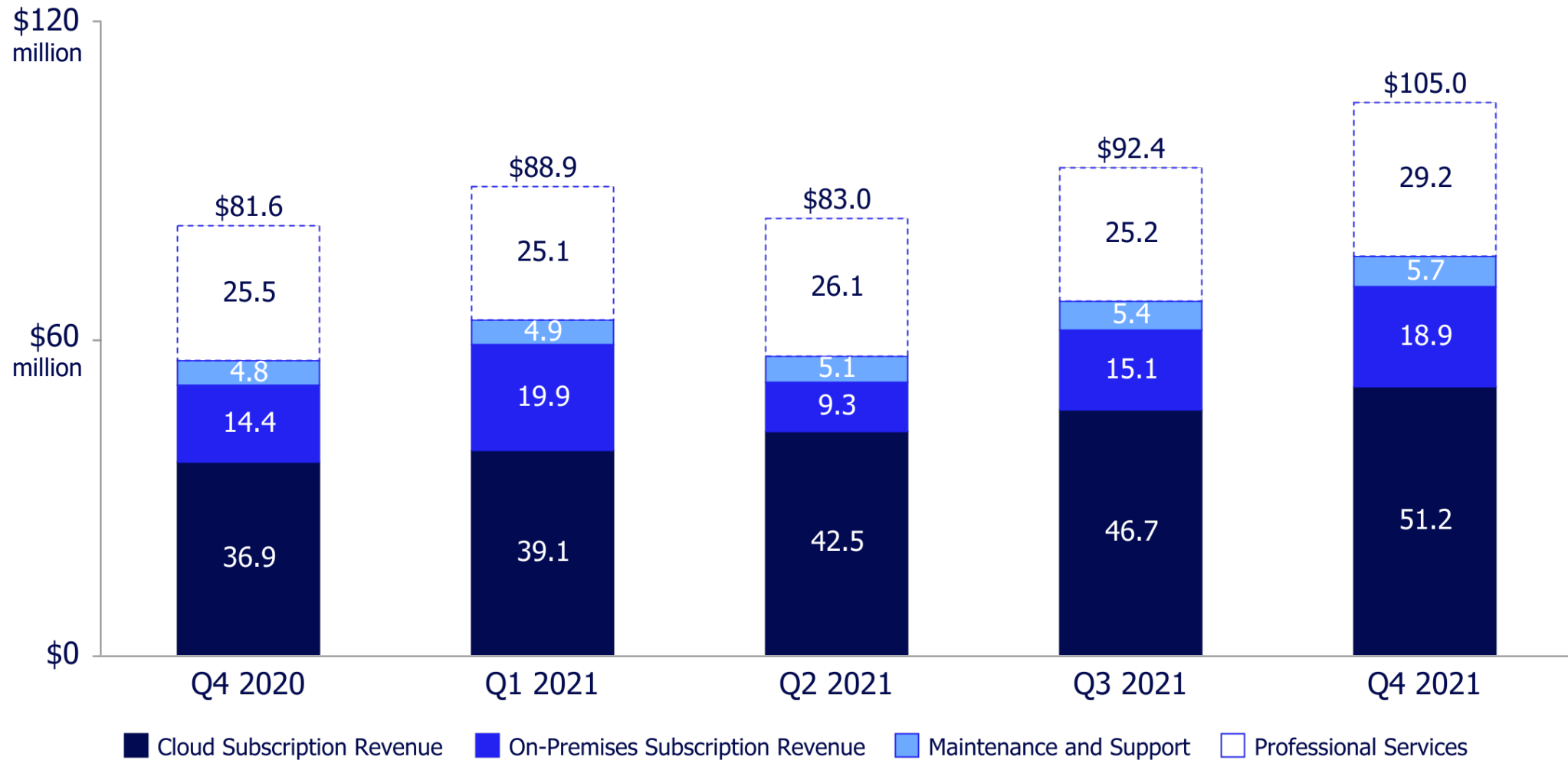
Happy employees.



Cloud subscription revenue.

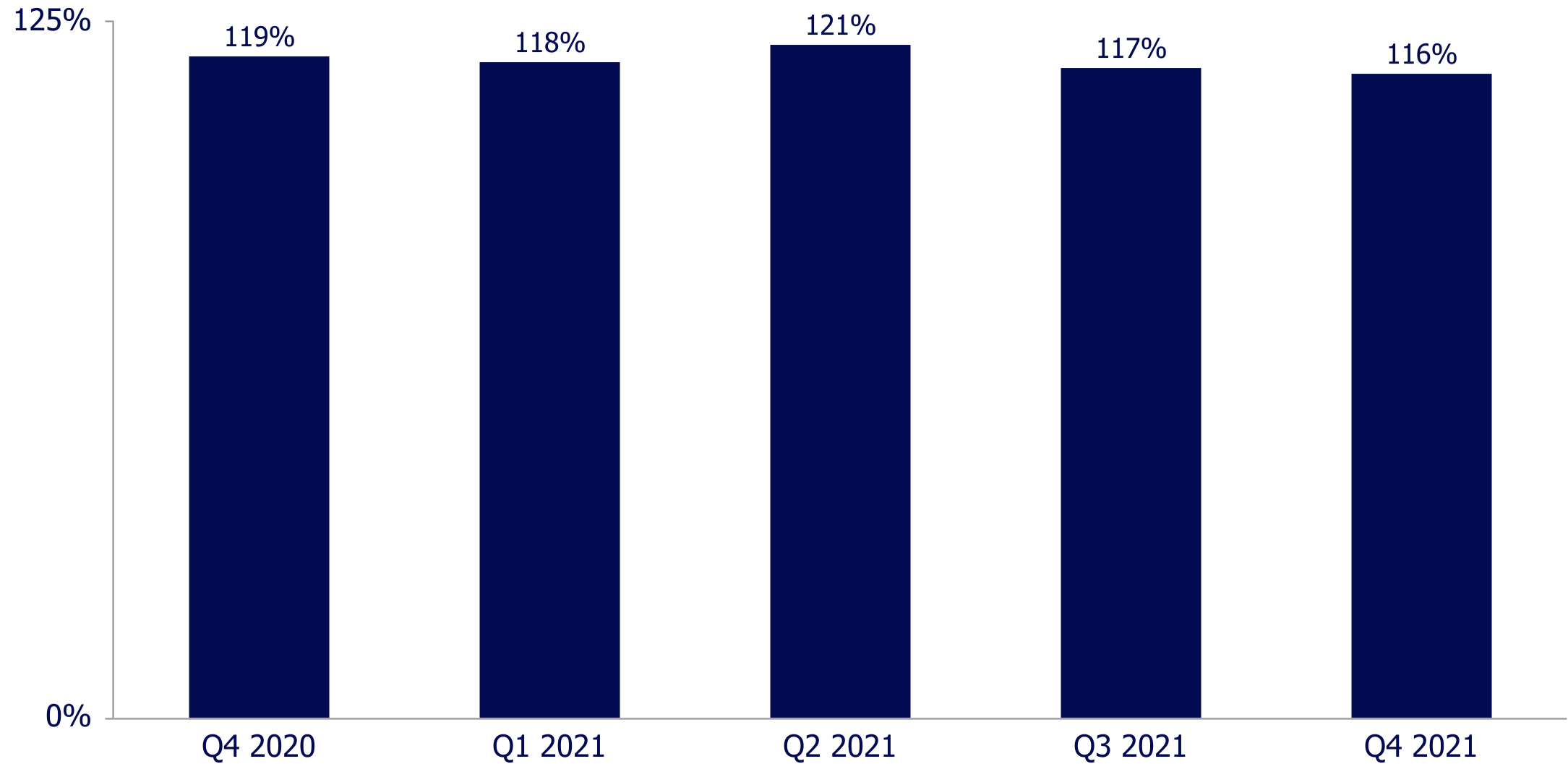


Total revenue - past 5 quarters.*

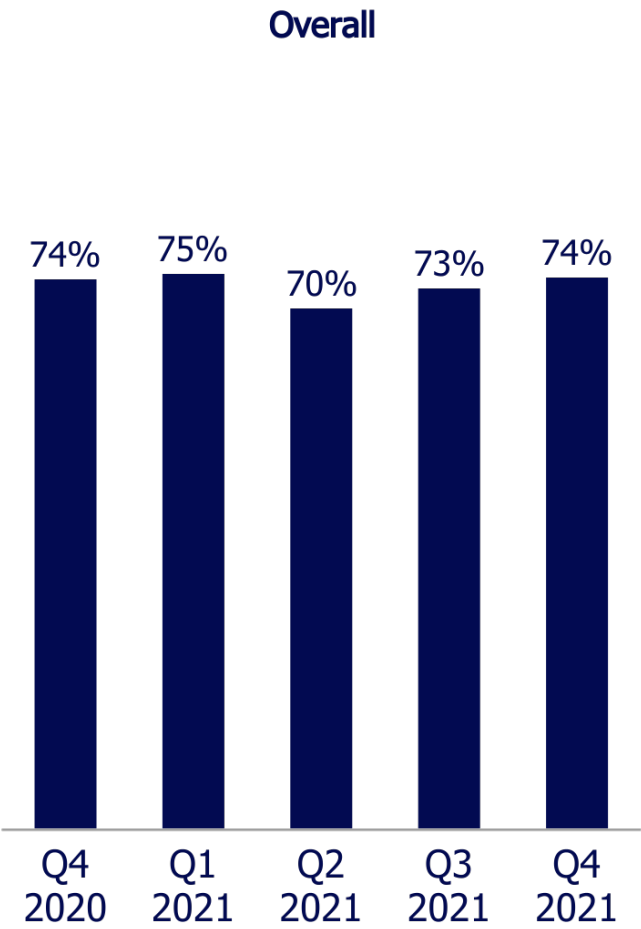
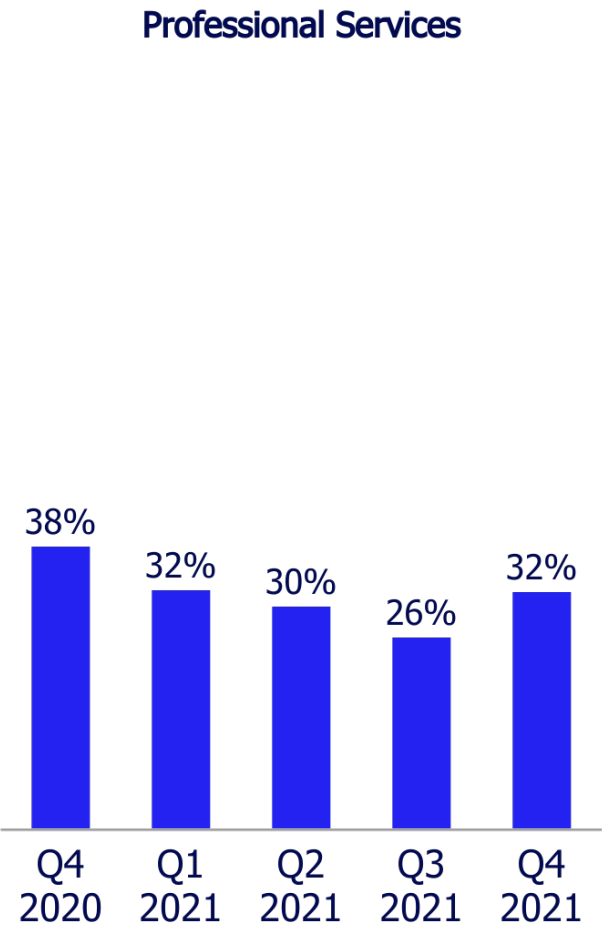
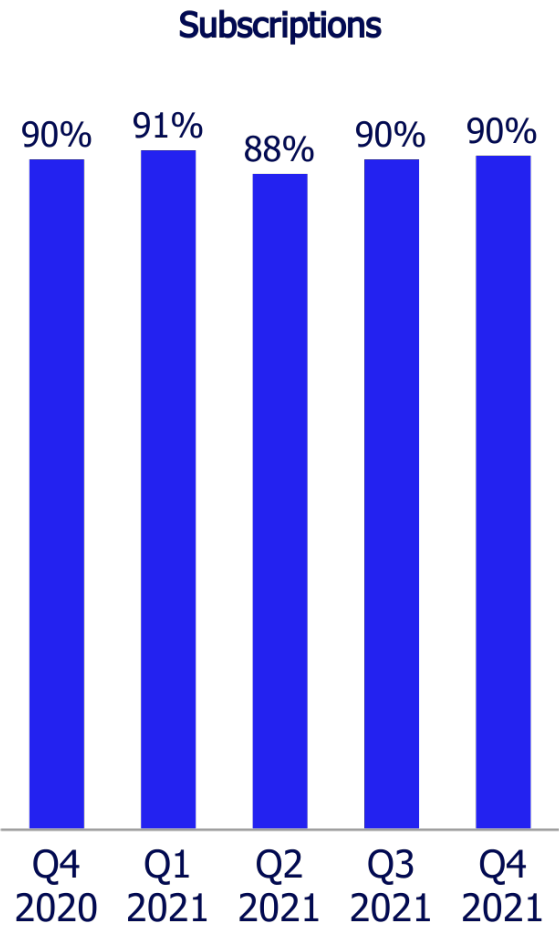


*Total revenue may not foot due to rounding

Cloud subscription revenue retention.

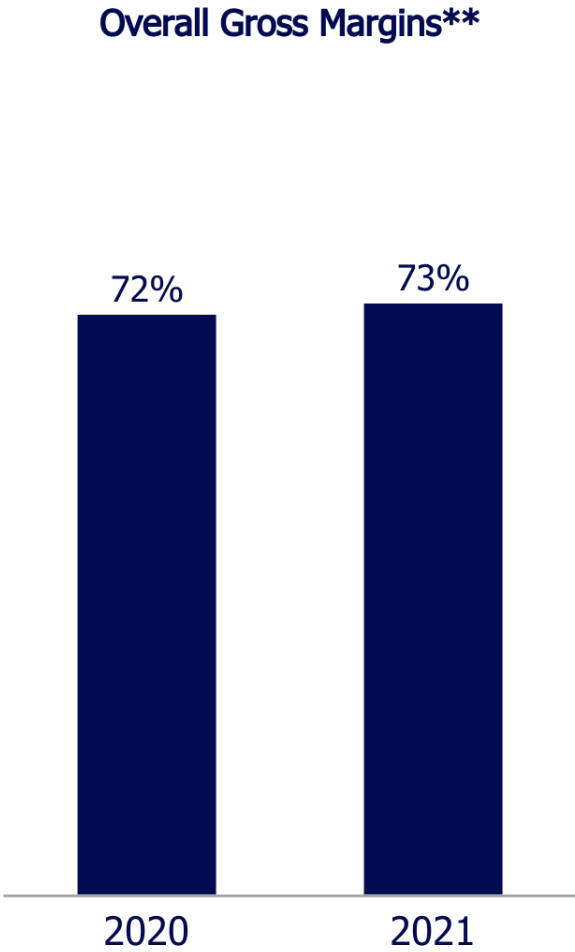
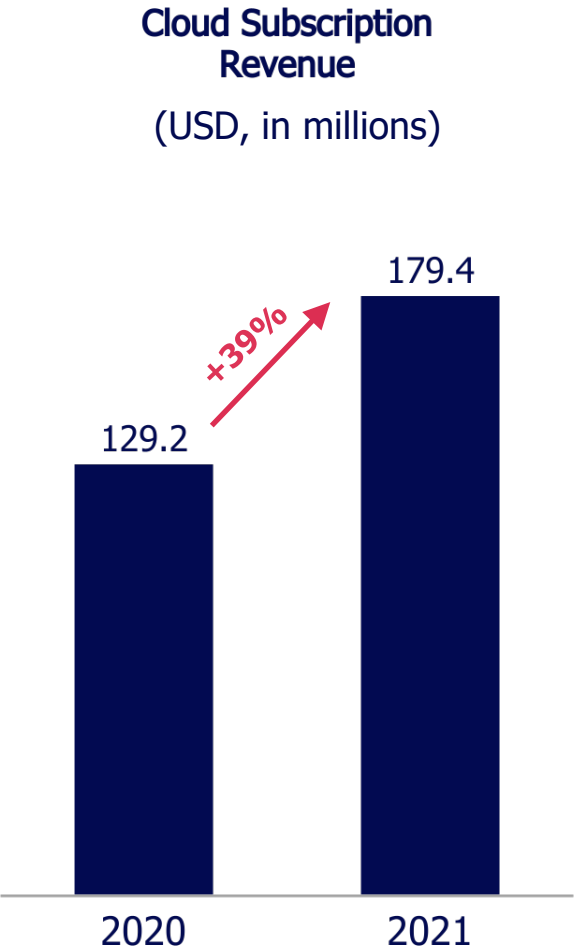


Gross margins.*



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

Full year 2021 highlights.



*As of December 31, 2021

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

Guidance.

Given on February 17, 2022

(in millions, except for EPS)	Q1 2022			Full Year 2022		
Cloud Subscription Revenue	\$52.1	–	\$52.6	\$234.0	–	\$236.0
Cloud Subscription Revenue Growth YoY	33%	–	35%	30%	–	32%
Total Revenue	\$106.0	–	\$108.0	\$444.0	–	\$446.0
Total Revenue Increase YoY	19%	–	22%	20%	–	21%
Adjusted EBITDA Loss	\$(9.0)	–	\$(7.0)	\$(53.0)	–	\$(51.0)
Non-GAAP Loss per Share*	\$(0.15)	–	\$(0.12)	\$(0.83)	–	\$(0.80)

Appendix

Balance sheet.

\$ in thousands

	As of	
	December 31, 2021	December 31, 2020
Assets		
Cash and cash equivalents	\$ 100,796	\$ 112,462
Short-term investments and marketable securities	55,179	109,826
Accounts receivable, net of allowance of \$1,400 as of each of December 31, 2021 and December 31, 2020	130,049	97,278
Deferred commissions, current	24,668	17,899
Prepaid expenses and other current assets	26,781	27,955
Restricted cash, current	791	—
Property and equipment, net	36,913	35,404
Long-term investments	12,044	36,120
Goodwill	27,795	4,862
Intangible assets, net of accumulated amortization of \$1,260 and \$429 as of December 31, 2021 and December 31, 2020, respectively.	7,144	1,744
Operating right-of-use assets	27,897	30,659
Deferred commissions, net of current portion	49,017	34,198
Restricted cash, net of current portion	2,373	—
Other assets	3,072	4,114
Total assets	\$ 504,519	\$ 512,521
Liabilities and Stockholders' Equity		
Deferred revenue, current	150,169	116,256
Operating lease liabilities, current	8,110	6,923
Other current liabilities	57,442	32,709
Operating lease liabilities, net of current portion	48,784	51,194
Deferred revenue, net of current portion	2,430	3,886
Other non-current liabilities	3,667	4,948
Total liabilities	270,602	215,916
Stockholders' equity		
Common stock	7	7
Additional paid-in capital	497,128	470,498
Accumulated other comprehensive loss	(5,687)	(5,010)
Accumulated deficit	(257,531)	(168,890)
Total stockholders' equity	233,917	296,605
Total liabilities and stockholders' equity	\$ 504,519	\$ 512,521

Income statement.

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

	Three Months Ended December 31,		Year Ended December 31,	
	2021	2020	2021	2020
	(unaudited)			
Revenue				
SaaS (cloud) subscriptions	\$ 51,177	\$ 36,937	\$ 179,415	\$ 129,219
Term license (on prem) subscriptions	18,913	14,413	63,203	51,415
Maintenance and support	5,696	4,746	21,120	18,076
Total subscriptions revenue	75,786	56,096	263,738	198,710
Professional services	29,202	25,534	105,521	105,863
Total revenue	104,988	81,630	369,259	304,573
Cost of revenue				
Subscriptions	7,524	5,641	27,330	20,826
Professional services	20,698	16,299	76,763	67,940
Total cost of revenue	28,222	21,940	104,093	88,766
Gross profit	76,766	59,690	265,166	215,807
Operating expenses				
Sales and marketing	49,277	35,425	167,852	130,316
Research and development	26,455	18,875	97,517	70,241
General and administrative	26,978	15,076	83,704	53,152
Total operating expenses	102,710	69,376	349,073	253,709
Operating loss	(25,944)	(9,686)	(83,907)	(37,902)
Other (income) expense				
Other (income) expense, net	(557)	(3,941)	3,584	(5,786)
Interest expense	139	88	372	478
Total other (income) expense	(418)	(3,853)	3,956	(5,308)
Loss before income taxes	(25,526)	(5,833)	(87,863)	(32,594)
Income tax expense	319	548	778	883
Net loss	\$ (25,845)	\$ (6,381)	\$ (88,641)	\$ (33,477)
Net loss per share:				
Basic and diluted	\$ (0.36)	\$ (0.09)	\$ (1.25)	\$ (0.48)
Weighted average common shares outstanding:				
Basic and diluted	71,333,582	70,362,387	71,036,490	69,050,565

Stock-based compensation expense.

<i>\$ in thousands</i>	Three Months Ended December 31,		Year Ended December 31,	
	2021	2020	2021	2020
	(unaudited)			
Cost of revenue:				
Subscriptions	\$ 226	\$ 265	\$ 1,199	\$ 943
Professional services	848	542	3,131	1,477
Operating expenses:				
Sales and marketing	1,673	984	5,426	2,821
Research and development	1,877	877	5,224	2,718
General and administrative	1,528	1,943	8,864	7,320
Total stock-based compensation expense	<u>\$ 6,152</u>	<u>\$ 4,611</u>	<u>\$ 23,844</u>	<u>\$ 15,279</u>

Reconciliation of GAAP to Non-GAAP measures.

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

	Three Months Ended December 31,		Year Ended December 31,	
	2021	2020	2021	2020
	(unaudited)			
Reconciliation of non-GAAP operating loss:				
GAAP operating loss	\$ (25,944)	\$ (9,686)	\$ (83,907)	\$ (37,902)
Add back:				
Stock-based compensation expense	6,152	4,611	23,844	15,279
Litigation expenses	8,130	—	16,400	—
Non-GAAP operating loss	\$ (11,662)	\$ (5,075)	\$ (43,663)	\$ (22,623)
Reconciliation of non-GAAP net loss:				
GAAP net loss	\$ (25,845)	\$ (6,381)	\$ (88,641)	\$ (33,477)
Add back:				
Stock-based compensation expense	6,152	4,611	23,844	15,279
Litigation expenses	8,130	—	16,400	—
Loss on disposal of property and equipment	1	—	79	22
Non-GAAP net loss	\$ (11,562)	\$ (1,770)	\$ (48,318)	\$ (18,176)
GAAP net loss per share, basic and diluted	\$ (0.36)	\$ (0.09)	\$ (1.25)	\$ (0.48)
Non-GAAP weighted average shares used to compute net loss per share, basic and diluted	71,333,582	70,362,387	71,036,490	69,050,565
Non-GAAP net loss per share, basic and diluted	\$ (0.16)	\$ (0.03)	\$ (0.68)	\$ (0.26)
Reconciliation of adjusted EBITDA:				
GAAP net loss	\$ (25,845)	\$ (6,381)	\$ (88,641)	\$ (33,477)
Other (income) expense, net	(557)	(3,941)	3,584	(5,786)
Interest expense	139	88	372	478
Income tax expense	319	548	778	883
Depreciation and amortization expense	1,672	1,366	5,743	5,851
Stock-based compensation expense	6,152	4,611	23,844	15,279
Litigation expenses	8,130	—	16,400	—
Adjusted EBITDA	\$ (9,990)	\$ (3,709)	\$ (37,920)	\$ (16,772)

A low-angle, upward-looking shot of a modern glass skyscraper against a clear blue sky. The building's facade is composed of large glass panels reflecting the sky. At the top of the building, the word "appian" is displayed in large, dark, three-dimensional letters. In the center of the image, the word "appian" is written in a large, white, sans-serif font, overlaid on the building's facade.

appian

A leader in low-code.