Q2 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 third quarter and full year 2021, 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 2020 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.
Q2 2021 Highlights

Business
• Announced acquisition of a leading process mining company
• Partners roughly doubled their software bookings for 1H 2021, compared to 1H 2020

Revenue
• Cloud subscription revenue was $42.5 million in Q2 2021, representing growth of 44% over Q2 2020
• Subscriptions revenue was $56.9 million in Q2 2021, representing growth of 37% over Q2 2020
• Total revenue was $83.0 million in Q2 2021, representing growth of 24% over Q2 2020

Retention
• Cloud subscription revenue retention rate was 121% as of June 30, 2021

Gross Margins*
• Subscriptions margin was 88%
• Professional services margin was 30%
• Overall gross margin was 70%

*Non-GAAP – Data excludes stock-based compensation expense
Cloud Subscription Revenue
(USD, in millions)
Total Revenue*  
(USD, in millions)

*Total revenue may not foot due to rounding
Cloud Subscription Revenue Retention

- Q2 2020: 113%
- Q3 2020: 115%
- Q4 2020: 119%
- Q1 2021: 118%
- Q2 2021: 121%
Mix of Subscriptions and Professional Services Revenue

IPO (Q2 2017)
- Subscriptions: 51%
- Services: 49%

Q2 2021
- Subscriptions: 69%
- Services: 31%
Gross Margins*

**Subscriptions**
- Q2 2020: 89%
- Q3 2020: 90%
- Q4 2020: 90%
- Q1 2021: 91%
- Q2 2021: 88%

**Professional Services**
- Q2 2020: 36%
- Q3 2020: 40%
- Q4 2020: 38%
- Q1 2021: 32%
- Q2 2021: 30%

**Overall**
- Q2 2020: 69%
- Q3 2020: 73%
- Q4 2020: 74%
- Q1 2021: 75%
- Q2 2021: 70%

*Non-GAAP – Data excludes stock-based compensation expense*
Q2 2021 Highlights

Cloud Subscription Revenue ($MM)

Q2 2020: 29.6
Q2 2021: 42.5

44% Growth

Cloud Subscription Revenue Retention*

Overall Gross Margins**

Q2 2020
Q2 2021

69%
70%

121%

*As of June 30, 2021

**Non-GAAP – Data does not include any stock-based compensation expense
## Guidance – Q3 2021

Given on August 5, 2021

<table>
<thead>
<tr>
<th>(in millions, except for EPS)</th>
<th>Q3 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cloud Subscription Revenue</td>
<td>$45.0    – $45.5</td>
</tr>
<tr>
<td>Cloud Subscription Revenue Growth YoY</td>
<td>31%      – 33%</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>$90.5    – $91.0</td>
</tr>
<tr>
<td>Total Revenue Increase YoY</td>
<td>17%      – 18%</td>
</tr>
<tr>
<td>Adjusted EBITDA Loss</td>
<td>$(13.0)  – $(11.0)</td>
</tr>
<tr>
<td>Non-GAAP Loss per Share</td>
<td>$(0.20)  – (0.17)*</td>
</tr>
</tbody>
</table>

*Based on 71.3 million basic and diluted weighted average common shares outstanding*
## Guidance – Full Year 2021
Given on August 5, 2021

<table>
<thead>
<tr>
<th>(in millions, except for EPS)</th>
<th>Prior</th>
<th>Revised</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cloud Subscription Revenue</td>
<td>$171.0 – $172.0</td>
<td>$174.0 – $175.0</td>
</tr>
<tr>
<td>Cloud Subscription Revenue Growth YoY</td>
<td>32% – 33%</td>
<td>35%</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>$353.0 – $355.0</td>
<td>$355.0 – $357.0</td>
</tr>
<tr>
<td>Total Revenue Increase YoY</td>
<td>16% – 17%</td>
<td>17%</td>
</tr>
<tr>
<td>Adjusted EBITDA Loss</td>
<td>$(38.0) – $(36.0)</td>
<td>$(40.0) – ($38.0)</td>
</tr>
<tr>
<td>Non-GAAP Loss per Share</td>
<td>$(0.68) – $(0.65)*</td>
<td>$(0.68) – ($0.65)**</td>
</tr>
</tbody>
</table>

*Based on 71.2 million basic and diluted weighted average common shares outstanding
**Based on 71.3 million basic and diluted weighted average common shares outstanding
Appendix
## Balance Sheet

<table>
<thead>
<tr>
<th>$ in thousands</th>
<th>As of June 30, 2021</th>
<th>As of December 31, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$131,279</td>
<td>$112,462</td>
</tr>
<tr>
<td>Short-term investments and marketable securities</td>
<td>111,324</td>
<td>109,826</td>
</tr>
<tr>
<td>Accounts receivable, net of allowance of $1,400 as of each of June 30, 2021 and December 31, 2020</td>
<td>82,301</td>
<td>97,278</td>
</tr>
<tr>
<td>Deferred commissions, current</td>
<td>20,162</td>
<td>17,899</td>
</tr>
<tr>
<td>Prepaid expenses and other current assets</td>
<td>28,074</td>
<td>27,955</td>
</tr>
<tr>
<td>Property and equipment, net</td>
<td>34,064</td>
<td>35,404</td>
</tr>
<tr>
<td>Long-term investments</td>
<td>7,048</td>
<td>36,120</td>
</tr>
<tr>
<td>Goodwill</td>
<td>4,707</td>
<td>4,862</td>
</tr>
<tr>
<td>Intangible assets, net of accumulated amortization of $623 and $429 as of June 30, 2021 and December 31, 2020, respectively</td>
<td>1,480</td>
<td>1,744</td>
</tr>
<tr>
<td>Operating right-of-use assets</td>
<td>30,528</td>
<td>30,659</td>
</tr>
<tr>
<td>Deferred commissions, net of current portion</td>
<td>39,275</td>
<td>34,198</td>
</tr>
<tr>
<td>Other assets</td>
<td>3,673</td>
<td>4,114</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$493,915</td>
<td>$512,521</td>
</tr>
<tr>
<td><strong>Liabilities and Stockholders’ Equity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred revenue, current</td>
<td>113,805</td>
<td>116,256</td>
</tr>
<tr>
<td>Operating lease liabilities, current</td>
<td>7,854</td>
<td>6,923</td>
</tr>
<tr>
<td>Other current liabilities</td>
<td>38,001</td>
<td>32,709</td>
</tr>
<tr>
<td>Operating lease liabilities, net of current portion</td>
<td>50,185</td>
<td>51,194</td>
</tr>
<tr>
<td>Deferred revenue, net of current portion</td>
<td>2,905</td>
<td>3,886</td>
</tr>
<tr>
<td>Other non-current liabilities</td>
<td>4,819</td>
<td>4,948</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>217,569</td>
<td>215,916</td>
</tr>
<tr>
<td><strong>Stockholders’ equity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Common stock</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>Additional paid-in capital</td>
<td>485,079</td>
<td>470,498</td>
</tr>
<tr>
<td>Accumulated other comprehensive loss</td>
<td>(2,438)</td>
<td>(5,010)</td>
</tr>
<tr>
<td>Accumulated deficit</td>
<td>(206,302)</td>
<td>(168,890)</td>
</tr>
<tr>
<td><strong>Total stockholders’ equity</strong></td>
<td>276,346</td>
<td>296,605</td>
</tr>
<tr>
<td><strong>Total liabilities and stockholders’ equity</strong></td>
<td>$493,915</td>
<td>$512,521</td>
</tr>
</tbody>
</table>
Revenue

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended June 30, 2021 (unaudited)</th>
<th>Six Months Ended June 30, 2021 (unaudited)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020</td>
<td>2020</td>
</tr>
<tr>
<td>SaaS (cloud) subscriptions</td>
<td>$42,486</td>
<td>$81,539</td>
</tr>
<tr>
<td>Term license (on premises) subscriptions</td>
<td>9,323</td>
<td>29,176</td>
</tr>
<tr>
<td>Maintenance and support</td>
<td>5,137</td>
<td>9,997</td>
</tr>
<tr>
<td><strong>Total subscriptions revenue</strong></td>
<td><strong>56,946</strong></td>
<td><strong>120,712</strong></td>
</tr>
<tr>
<td>Professional services</td>
<td>26,053</td>
<td>51,142</td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td><strong>82,999</strong></td>
<td><strong>171,854</strong></td>
</tr>
</tbody>
</table>

Cost of revenue

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended June 30, 2021 (unaudited)</th>
<th>Six Months Ended June 30, 2021 (unaudited)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020</td>
<td>2020</td>
</tr>
<tr>
<td>Subscriptions</td>
<td>6,860</td>
<td>12,714</td>
</tr>
<tr>
<td>Professional services</td>
<td>18,975</td>
<td>36,650</td>
</tr>
<tr>
<td><strong>Total cost of revenue</strong></td>
<td><strong>25,835</strong></td>
<td><strong>49,364</strong></td>
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</tbody>
</table>

Gross profit

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended June 30, 2021 (unaudited)</th>
<th>Six Months Ended June 30, 2021 (unaudited)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020</td>
<td>2020</td>
</tr>
<tr>
<td>Sales and marketing</td>
<td>40,520</td>
<td>76,504</td>
</tr>
<tr>
<td>Research and development</td>
<td>23,862</td>
<td>44,552</td>
</tr>
<tr>
<td>General and administrative</td>
<td>17,358</td>
<td>36,500</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td><strong>81,740</strong></td>
<td><strong>157,556</strong></td>
</tr>
</tbody>
</table>

Operating loss

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended June 30, 2021 (unaudited)</th>
<th>Six Months Ended June 30, 2021 (unaudited)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020</td>
<td>2020</td>
</tr>
<tr>
<td>Other (income) expense</td>
<td>(1,081)</td>
<td>1,812</td>
</tr>
<tr>
<td>Interest expense</td>
<td>80</td>
<td>161</td>
</tr>
<tr>
<td><strong>Total other (income) expense</strong></td>
<td><strong>(1,001)</strong></td>
<td><strong>2,703</strong></td>
</tr>
</tbody>
</table>

Loss before income taxes

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended June 30, 2021 (unaudited)</th>
<th>Six Months Ended June 30, 2021 (unaudited)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020</td>
<td>2020</td>
</tr>
<tr>
<td><strong>Loss before income taxes</strong></td>
<td><strong>(23,575)</strong></td>
<td><strong>(37,039)</strong></td>
</tr>
</tbody>
</table>

Income tax expense

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended June 30, 2021 (unaudited)</th>
<th>Six Months Ended June 30, 2021 (unaudited)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020</td>
<td>2020</td>
</tr>
<tr>
<td><strong>Net loss</strong></td>
<td><strong>(23,825)</strong></td>
<td><strong>(37,412)</strong></td>
</tr>
</tbody>
</table>

Net loss per share:

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended June 30, 2021 (unaudited)</th>
<th>Six Months Ended June 30, 2021 (unaudited)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020</td>
<td>2020</td>
</tr>
<tr>
<td>Basic and diluted</td>
<td>(0.34)</td>
<td>(0.53)</td>
</tr>
</tbody>
</table>

Weighted average common shares outstanding:

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended June 30, 2021 (unaudited)</th>
<th>Six Months Ended June 30, 2021 (unaudited)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020</td>
<td>2020</td>
</tr>
<tr>
<td>Basic and diluted</td>
<td>70,952,917</td>
<td>70,842,263</td>
</tr>
</tbody>
</table>
# Stock-Based Compensation Expense

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(unaudited)</td>
<td>(unaudited)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of revenue</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subscriptions</td>
<td>$ 295</td>
<td>$ 229</td>
<td>$ 592</td>
<td>$ 442</td>
</tr>
<tr>
<td>Professional services</td>
<td>865</td>
<td>317</td>
<td>1,506</td>
<td>529</td>
</tr>
<tr>
<td>Operating expenses</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales and marketing</td>
<td>1,197</td>
<td>657</td>
<td>2,305</td>
<td>1,410</td>
</tr>
<tr>
<td>Research and development</td>
<td>1,069</td>
<td>619</td>
<td>2,084</td>
<td>1,172</td>
</tr>
<tr>
<td>General and administrative</td>
<td>1,172</td>
<td>1,792</td>
<td>6,005</td>
<td>3,537</td>
</tr>
<tr>
<td>Total stock-based compensation expense</td>
<td>$ 4,598</td>
<td>$ 3,614</td>
<td>$ 12,492</td>
<td>$ 7,090</td>
</tr>
</tbody>
</table>
Reconciliation of GAAP Measures to Non-GAAP Measures

$ in thousands, except for share and per share data

<table>
<thead>
<tr>
<th>reconciliation of non-GAAP operating loss:</th>
<th>Three Months Ended June 30,</th>
<th>Six Months Ended June 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2021 (unaudited)</td>
<td>2020 (unaudited)</td>
</tr>
<tr>
<td>GAAP operating loss</td>
<td>$ (24,576)</td>
<td>$ (12,095)</td>
</tr>
<tr>
<td>Add back:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stock-based compensation expense</td>
<td>$ 4,598</td>
<td>$ 3,614</td>
</tr>
<tr>
<td>Litigation expenses</td>
<td>$ 2,353</td>
<td></td>
</tr>
<tr>
<td>Non-GAAP operating loss</td>
<td>$ (17,625)</td>
<td>$ (8,481)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>reconciliation of non-GAAP operating loss:</th>
<th>Three Months Ended June 30,</th>
<th>Six Months Ended June 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2021 (unaudited)</td>
<td>2020 (unaudited)</td>
</tr>
<tr>
<td>GAAP net loss</td>
<td>$ (23,825)</td>
<td>$ (11,815)</td>
</tr>
<tr>
<td>Add back:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stock-based compensation expense</td>
<td>$ 4,598</td>
<td>$ 3,614</td>
</tr>
<tr>
<td>Litigation expenses</td>
<td>$ 2,353</td>
<td></td>
</tr>
<tr>
<td>Loss on disposal of property and equipment</td>
<td></td>
<td>15</td>
</tr>
<tr>
<td>Non-GAAP net loss</td>
<td>$ (16,874)</td>
<td>$ (8,186)</td>
</tr>
</tbody>
</table>

GAAP net loss per share, basic and diluted

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended June 30,</th>
<th>Six Months Ended June 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2021 (unaudited)</td>
<td>2020 (unaudited)</td>
</tr>
<tr>
<td>GAAP net loss per share, basic and diluted</td>
<td>$ (0.34)</td>
<td>$ (0.17)</td>
</tr>
<tr>
<td>Non-GAAP weighted average shares used to compute net loss per share, basic and diluted</td>
<td>$ 70,952,917</td>
<td>$ 68,369,823</td>
</tr>
</tbody>
</table>

Non-GAAP net loss per share, basic and diluted

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended June 30,</th>
<th>Six Months Ended June 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2021 (unaudited)</td>
<td>2020 (unaudited)</td>
</tr>
<tr>
<td>GAAP net loss</td>
<td>$ (23,825)</td>
<td>$ (11,815)</td>
</tr>
<tr>
<td>Other (income) expense, net</td>
<td>(1,081)</td>
<td>(682)</td>
</tr>
<tr>
<td>Interest expense</td>
<td>80</td>
<td>128</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>250</td>
<td>274</td>
</tr>
<tr>
<td>Depreciation and amortization expense</td>
<td>1,283</td>
<td>1,469</td>
</tr>
<tr>
<td>Stock-based compensation expense</td>
<td>4,598</td>
<td>3,614</td>
</tr>
<tr>
<td>Litigation expenses</td>
<td>2,353</td>
<td></td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>$ (16,342)</td>
<td>$ (7,012)</td>
</tr>
</tbody>
</table>