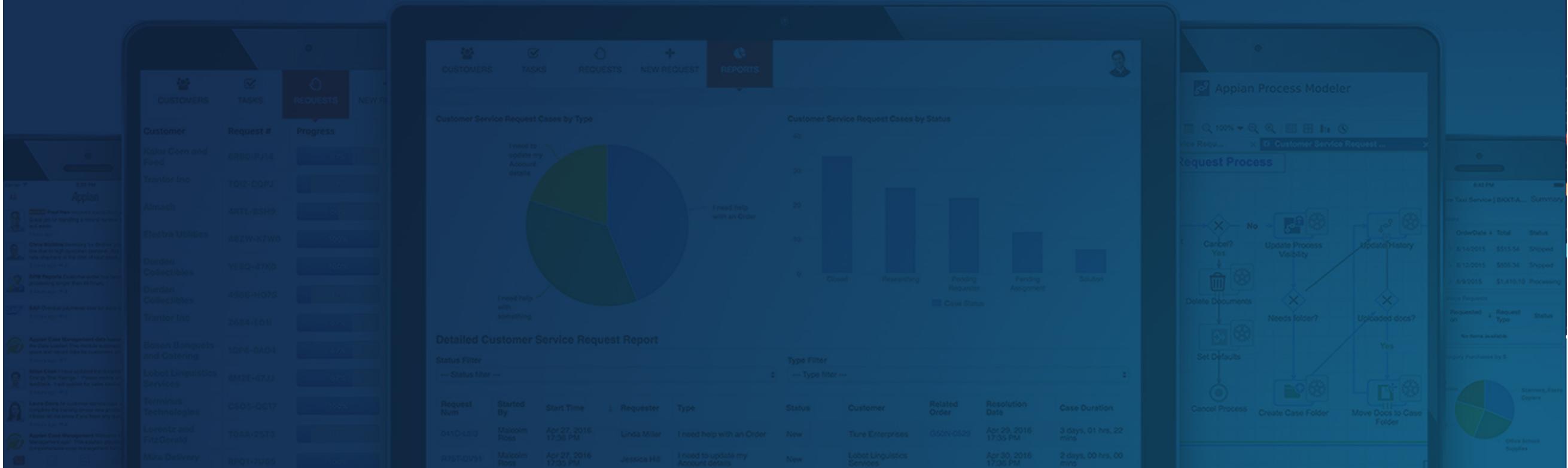




# Q2 2017 Earnings Call Presentation

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 2017, 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 the final prospectus related to our initial public offering and our other periodic filings with SEC. These documents are available in the “Investors” relations 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 investor relations portion of our website for a reconciliation of these measures to their most directly comparable GAAP financial measure.

# Q2 2017 Business Highlights

- **Initial Public Offering**

- 6,250,000 shares of its Class A common stock at a public offering price of \$12.00 per share on May 24, 2017. In addition, the underwriters exercised their 30-day option to purchase an additional 937,500 shares of Class A common stock at the initial public offering price for total net proceeds of \$77.8 million after deducting underwriting discounts and commissions and offering expenses.

- **Notable Deals**

- Acquired one of the top five Spanish banks, one of the fastest growing banks in the middle east, and one of the top 20 mutual fund companies as customers.
- Closed million dollar expansion deals at one of the world's top five defense contractors, one of the top five largest investment banks, one of the five largest pharmaceutical companies.

- **Leveraging the Channel and Optimizing Sales Process**

- Half of newly acquired customers were influenced by partners.
- Established two programs to increase lead generation and reduce friction in our sales cycle. First we launched a free online trials program giving prospects the ability to provision a custom Appian experience on our Cloud on-demand. Second, we published pricing on our website.

- **Technology Leadership**

- Named a leader in Digital Process Automation Software by Forrester Research Inc. Appian received the highest scores possible for the Low/No Code, Product Strategy, Pricing, and Ease of Implementation categories.
- Announced a new product offering with [Blue Prism](#), a leading provider of Robotic Process Automation software. Robotic Process Automation (or RPA) is one of the most demanded technologies for use in complement with Appian.

# Q2 2017 Financial Highlights

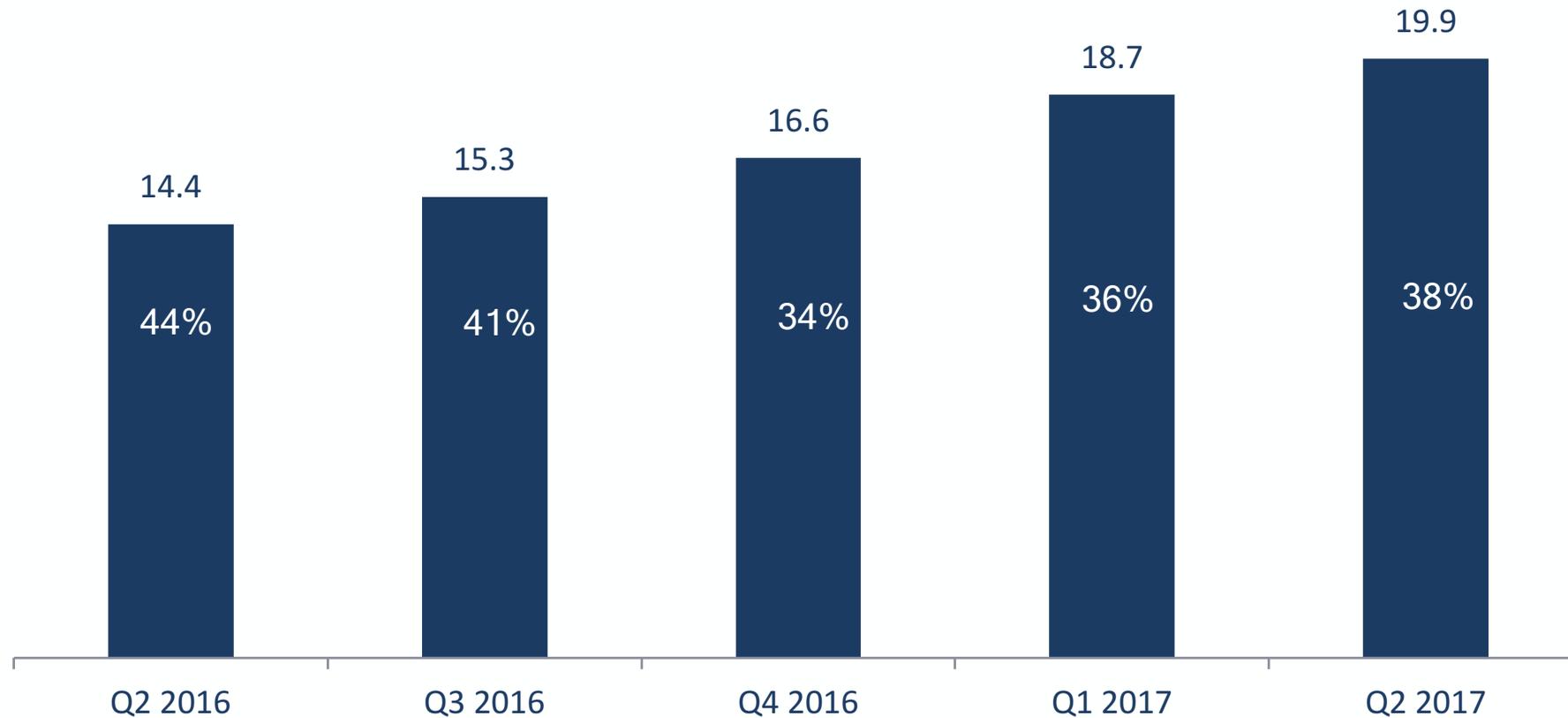
- **Revenue**
  - Subscription Revenue grew 38% year-over-year to \$19.9MM.
  - Total Revenue grew 33% year-over-year to \$43MM.
- **Retention**
  - Net Revenue Retention Rate was 120%.
- **Non-GAAP Gross Margins\***
  - Subscriptions, Software and Support Margin was 91%.
  - Professional Services Margin was 38%.
  - Total Gross Margin grew 700 basis points year-over-year to 65%.

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

# Subscription Revenue

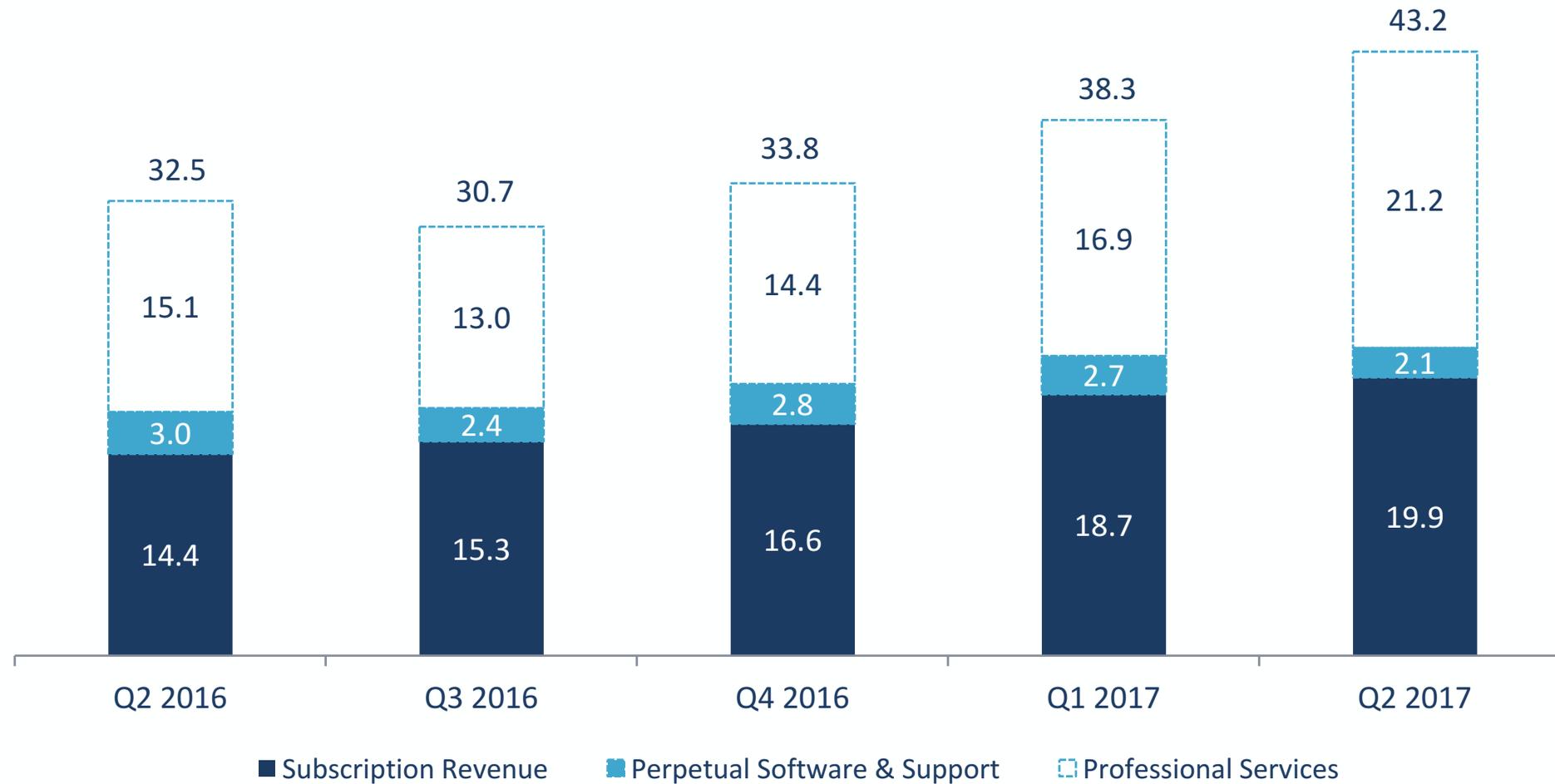
USD Millions

Y/Y growth rates in %

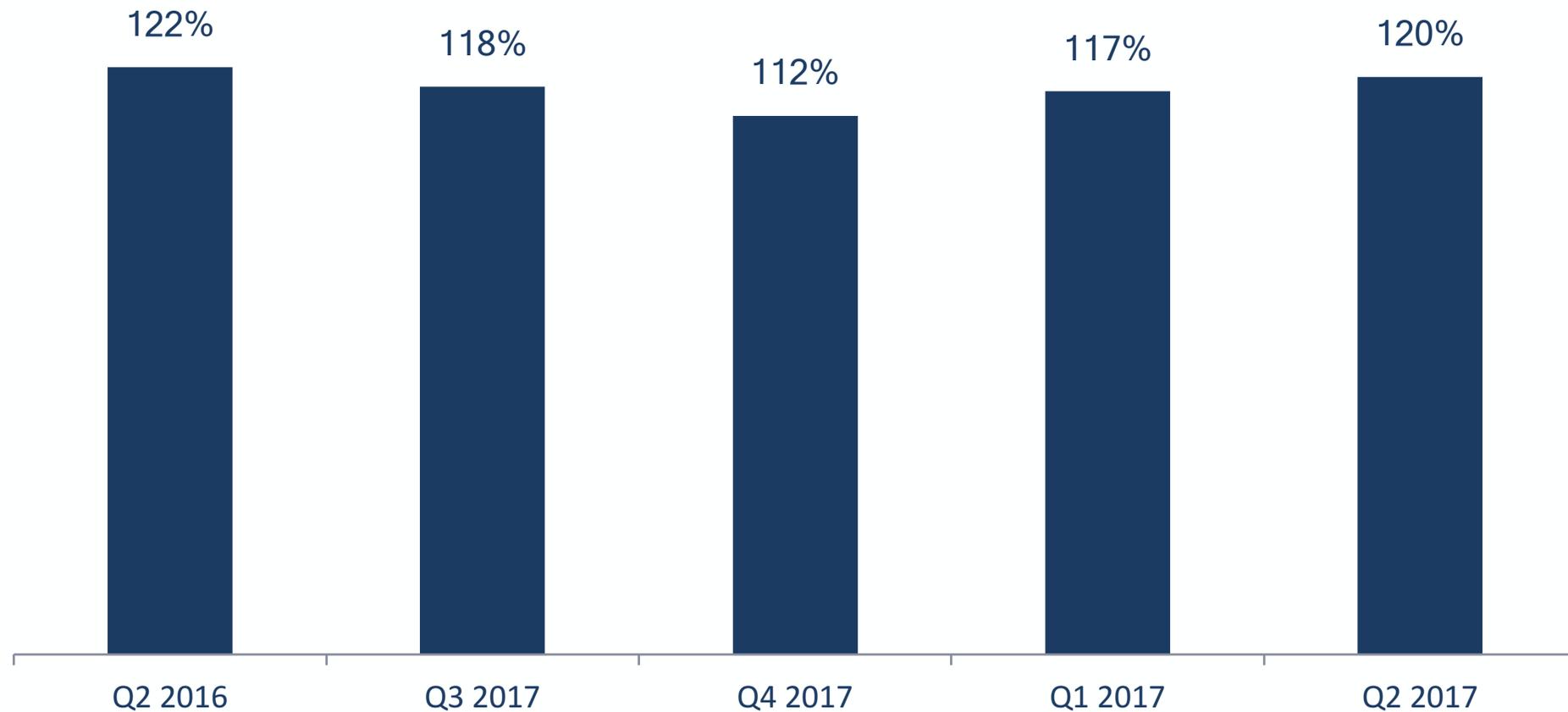


# Total Revenue

USD Millions

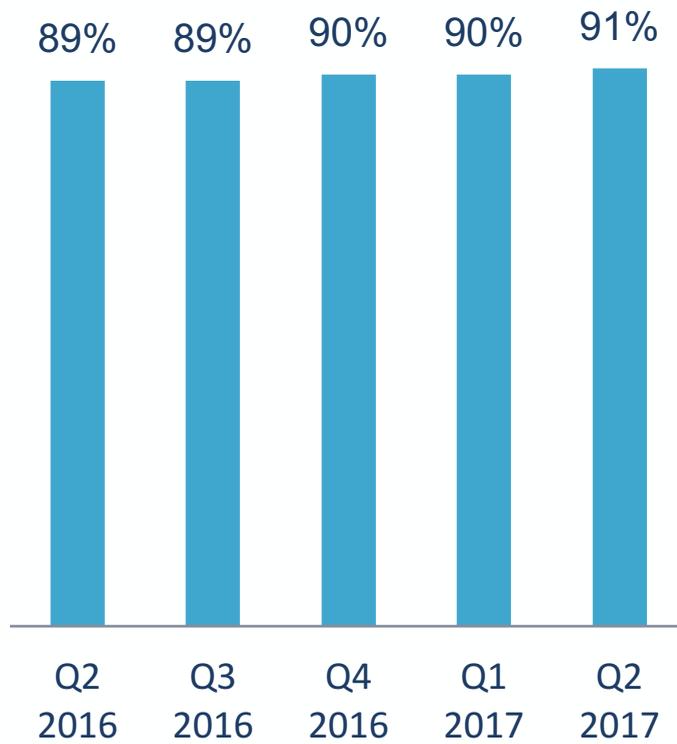


# Subscription Revenue Retention



# Margins\*

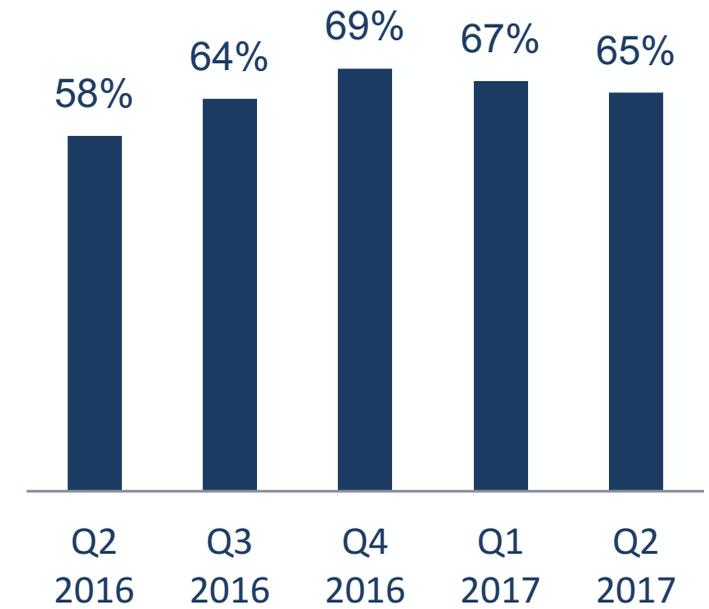
## Subscriptions, Software, and Support



## Professional Services



## Overall



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

# 1H 2017 Highlights

## Subscription Revenue (\$MM)

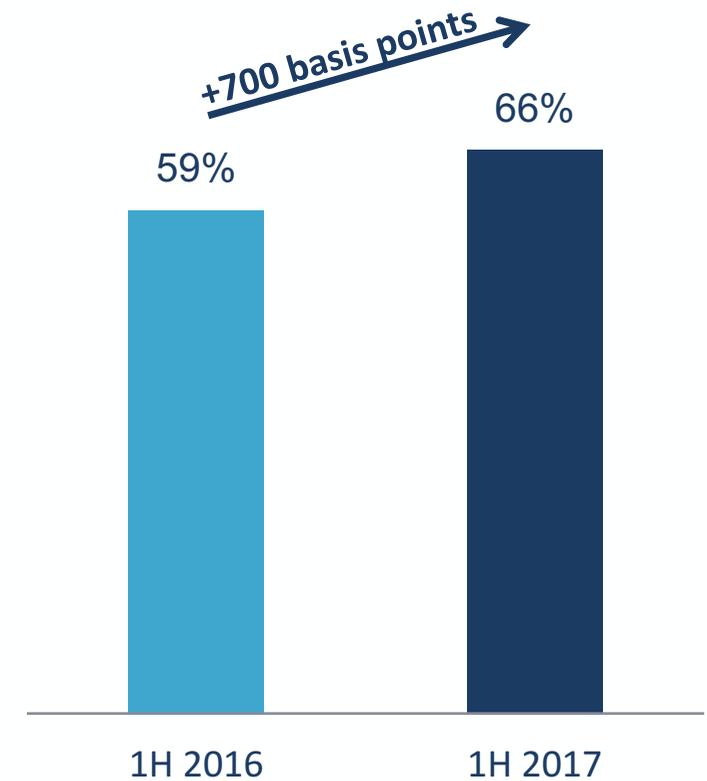


## Subscription Revenue Retention\*



\*As of June 30, 2017

## Overall Margins\*\*



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

# Guidance\*

| In \$ Millions except for EPS   | Q3 2017         | FY 2017         |
|---------------------------------|-----------------|-----------------|
| Subscription Revenue            | 20.1 – 20.3     | 80.4 – 80.8     |
| Subscription Revenue Growth Y/Y | 31% - 33%       | 34% - 35%       |
| Total Revenue                   | 40.4 – 41.1     | 162.3 – 163.5   |
| Total Revenue Growth Y/Y        | 32% - 34%       | 22% – 23%       |
| Non-GAAP Loss from Operations   | (9.6) – (9.1)   | (28.4) – (27.4) |
| Non-GAAP Loss per Share**       | (0.16) – (0.15) | (0.48) – (0.46) |

\*Guidance given on August 3, 2017.

\*\*Based on 60.2 million shares (basic and diluted) for Q317 and 57.5 million shares (basic and diluted) for FY17.

# Appendix

# Balance Sheet

|  | As of<br>June 30,<br>2017<br><u>(unaudited)</u> | As of<br>December 31,<br>2016 |
|--|---|-------------------------------|
| <b>Assets</b>  |   |                               |
| Cash and cash equivalents  | \$ 77,654                                       | \$ 31,143                     |
| Accounts receivable, net of allowance of \$400   | 46,956  | 46,814                        |
| Other current assets   | 13,002  | 10,427                        |
| Property and equipment, net  | 2,872   | 3,101                         |
| Deferred commissions, net of current portion   | 11,775  | 10,860                        |
| Other assets   | 408   | 393                           |
| <b>Total assets</b>  | <u>\$ 152,667</u>                               | <u>\$ 102,738</u>             |
| <b>Liabilities, Convertible Preferred Stock and Stockholders' Equity (Deficit)</b>       |   |                               |
| Deferred revenue, current  | \$ 55,597                                       | \$ 52,000                     |
| Current portion of long-term debt  | —   | 6,111                         |
| Other current liabilities  | 24,205  | 17,908                        |
| Long-term debt, net of current portion   | —   | 13,889                        |
| Deferred revenue, net of current portion   | 17,209  | 18,108                        |
| Other long-term liabilities  | 1,771   | 2,799                         |
| <b>Total liabilities</b>   | <u>98,782</u>                                   | <u>110,815</u>                |
| <b>Convertible preferred stock</b>   | —   | 55,415                        |
| <b>Stockholders' equity (deficit)</b>  |   |                               |
| Common Stock   | 6   | 3                             |
| Additional paid-in capital   | 136,981   | —                             |
| Accumulated other comprehensive (loss) income  | (66)  | 1,330                         |
| Accumulated deficit  | (83,036)  | (64,825)                      |
| <b>Total stockholders' equity (deficit)</b>  | <u>53,885</u>                                   | <u>(63,492)</u>               |
| <b>Total liabilities, convertible preferred stock and stockholders' equity (deficit)</b> | <u>\$ 152,667</u>                               | <u>\$ 102,738</u>             |

# Income Statement

|   | Three Months Ended June 30, |            | Six Months Ended June 30, |            |
|---|-----------------------------|------------|---------------------------|------------|
|   | 2017                        | 2016       | 2017                      | 2016       |
| Revenue:  |                             |            |                           |            |
| Subscriptions, software and support                     | \$ 22,012                   | \$ 17,320  | \$ 43,456                 | \$ 32,938  |
| Professional services                                   | 21,186                      | 15,147     | 38,071                    | 35,493     |
| Total revenue   | 43,198                      | 32,467     | 81,527                    | 68,431     |
| Cost of revenue:  |                             |            |                           |            |
| Subscriptions, software and support                     | 2,488                       | 1,836      | 4,550                     | 3,618      |
| Professional services                                   | 14,149                      | 11,723     | 24,777                    | 24,701     |
| Total cost of revenue                                   | 16,637                      | 13,559     | 29,327                    | 28,319     |
| Gross profit  | 26,561                      | 18,908     | 52,200                    | 40,112     |
| Operating expenses:                                     |                             |            |                           |            |
| Sales and marketing                                     | 22,775                      | 13,831     | 39,778                    | 24,997     |
| Research and development                                | 9,971                       | 5,296      | 17,271                    | 10,223     |
| General and administrative                              | 8,635                       | 4,318      | 13,484                    | 8,248      |
| Total operating expenses                                | 41,381                      | 23,445     | 70,533                    | 43,468     |
| Operating loss  | (14,820)                    | (4,537)    | (18,333)                  | (3,356)    |
| Other (income) expense:                                 |                             |            |                           |            |
| Other (income) expense, net                             | (734)                       | 733        | (1,233)                   | 196        |
| Interest expense  | 197                         | 241        | 453                       | 483        |
| Total other (income) expense                            | (537)                       | 974        | (780)                     | 679        |
| Net loss before income taxes                            | (14,283)                    | (5,511)    | (17,553)                  | (4,035)    |
| Income tax expense (benefit)                            | 176                         | (1,217)    | 301                       | (496)      |
| Net loss  | (14,459)                    | (4,294)    | (17,854)                  | (3,539)    |
| Accretion of dividends on convertible preferred stock   | 143                         | 214        | 357                       | 428        |
| Net loss attributable to common stockholders            | \$ (14,602)                 | \$ (4,508) | \$ (18,211)               | \$ (3,967) |
| Net loss per share attributable to common stockholders: |                             |            |                           |            |
| Basic and diluted                                       | \$ (0.34)                   | \$ (0.13)  | \$ (0.47)                 | \$ (0.12)  |
| Weighted average common shares outstanding:             |                             |            |                           |            |
| Basic and diluted                                       | 42,800,875                  | 34,274,718 | 38,561,349                | 34,274,718 |

## 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:

|  | <u>Three Months Ended June 30,</u> |                   | <u>Six Months Ended June 30,</u> |                   |
|--|------------------------------------|-------------------|----------------------------------|-------------------|
|  | <u>2017</u>                        | <u>2016</u>       | <u>2017</u>                      | <u>2016</u>       |
| GAAP net loss  | \$ (14,459)                        | \$ (4,294)        | \$ (17,854)                      | \$ (3,539)        |
| Add back:  |                                    |                   |                                  |                   |
| Stock-based compensation expense   | 9,345                              | —                 | 9,345                            | —                 |
| Change in fair value of warrant liability  | 341                                | 200               | 341                              | 200               |
| Loss on extinguishment of debt   | 384                                | —                 | 384                              | —                 |
| Non-GAAP net loss  | <u>\$ (4,389)</u>                  | <u>\$ (4,094)</u> | <u>\$ (7,784)</u>                | <u>\$ (3,339)</u> |
| GAAP net loss per share attributable to common stockholders, basic and diluted   | \$ (0.34)                          | \$ (0.13)         | \$ (0.47)                        | \$ (0.12)         |
| Non-GAAP weighted average shares used to compute net loss per share attributable to common stockholders, basic and diluted | 54,976,178                         | 52,437,876        | 53,714,039                       | 52,437,876        |
| Non-GAAP net loss per share, basic and diluted   | <u>\$ (0.08)</u>                   | <u>\$ (0.08)</u>  | <u>\$ (0.14)</u>                 | <u>\$ (0.06)</u>  |

The following table presents a reconciliation of GAAP operating loss to non-GAAP operating loss for each of the periods indicated:

|                                  | <u>Three Months Ended June 30,</u> |                   | <u>Six Months Ended June 30,</u> |                   |
|----------------------------------|------------------------------------|-------------------|----------------------------------|-------------------|
|                                  | <u>2017</u>                        | <u>2016</u>       | <u>2017</u>                      | <u>2016</u>       |
| GAAP operating loss              | \$ (14,820)                        | \$ (4,537)        | \$ (18,333)                      | \$ (3,356)        |
| Add back:                        |                                    |                   |                                  |                   |
| Stock-based compensation expense | 9,345                              | —                 | 9,345                            | —                 |
| Non-GAAP operating loss          | <u>\$ (5,475)</u>                  | <u>\$ (4,537)</u> | <u>\$ (8,988)</u>                | <u>\$ (3,356)</u> |

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

|  | <u>Three Months Ended June 30,</u> |             | <u>Six Months Ended June 30,</u> |             |
|--|------------------------------------|-------------|----------------------------------|-------------|
|  | <u>2017</u>                        | <u>2016</u> | <u>2017</u>                      | <u>2016</u> |
| Cost of revenue:                       |                                    |             |                                  |             |
| Subscriptions, software and support    | \$ 404                             | \$ —        | \$ 404                           | \$ —        |
| Professional services                  | 984                                | —           | 984                              | —           |
| Sales and marketing                    | 2,423                              | —           | 2,423                            | —           |
| Research and development               | 2,202                              | —           | 2,202                            | —           |
| General and administrative             | 3,332                              | —           | 3,332                            | —           |
| Total stock-based compensation expense | <u>\$ 9,345</u>                    | <u>\$ —</u> | <u>\$ 9,345</u>                  | <u>\$ —</u> |

# Appian

The Digital Transformation Platform™