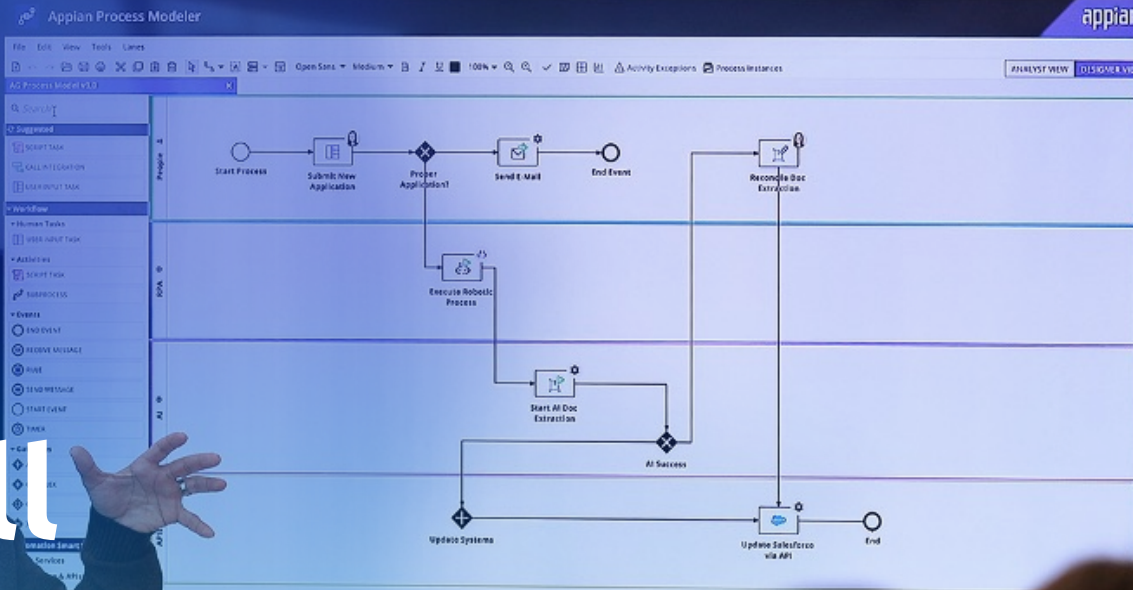


# Q3 2024 Earnings Call Presentation

**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 fourth quarter and full year 2024, the impact of macroeconomic changes, 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,” “plan,” 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 our most recent annual report on Form 10-K, quarterly reports on Form 10-Q, and other filings with the SEC. These documents are also available on our investor section of our website.

Additionally, non-GAAP financial measures will be shared. Refer to the tables included within this presentation as well as in our earnings release and the Investors section of our website for a reconciliation of these measures to their most directly comparable GAAP financial measures.

# Q3 2024 Highlights

## Profitability

- Q3 2024 adjusted EBITDA was positive \$10.8 million.
- Now projecting positive adjusted EBITDA for the full year 2024.

## Revenue

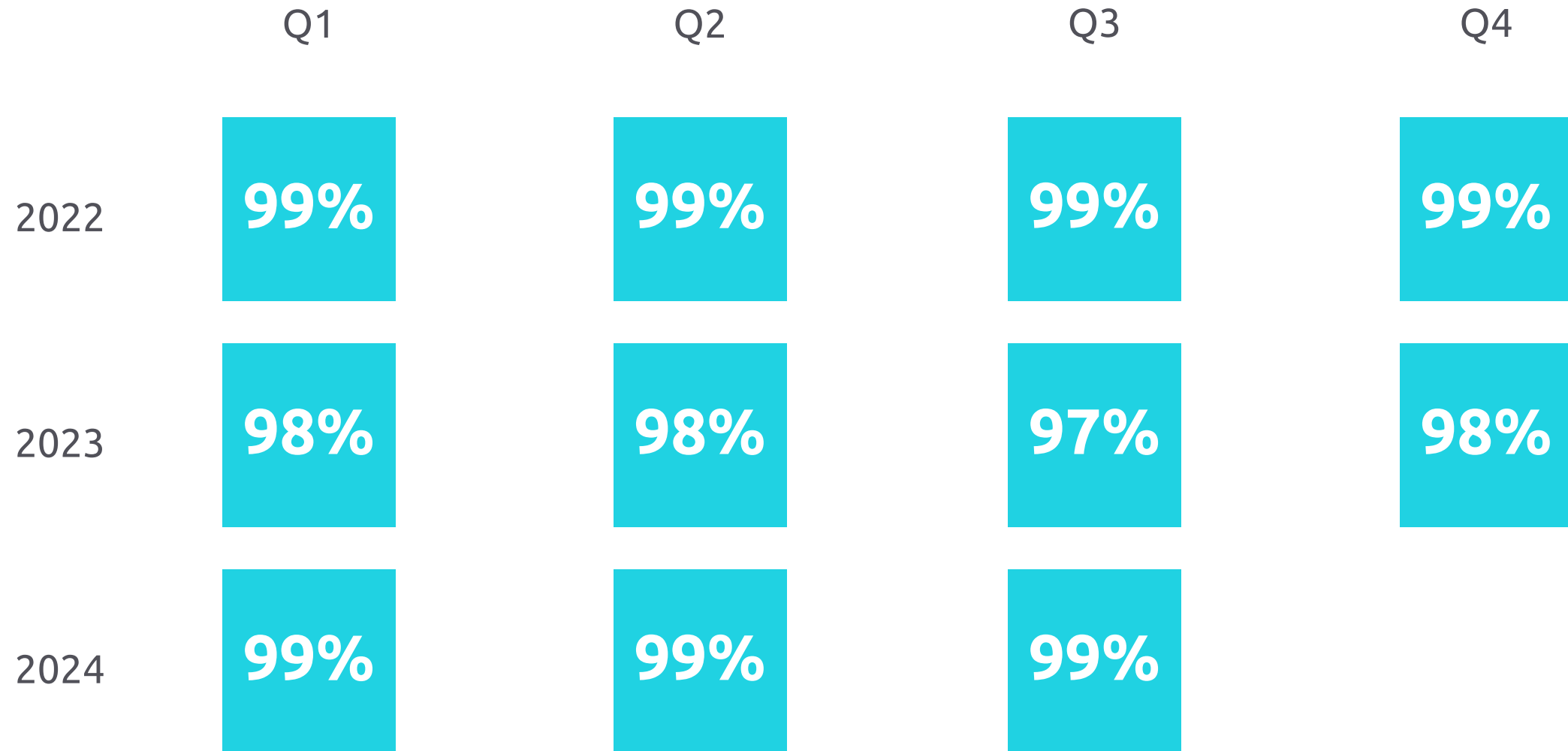
- Cloud subscription revenue was \$94.1 million in Q3 2024, representing growth of 22% over Q3 2023.
- Subscriptions revenue was \$123.1 million in Q3 2024, representing growth of 19% over Q3 2023.
- Total revenue was \$154.1 million in Q3 2024, representing growth of 12% over Q3 2023.
- Subscriptions : Services ratio hits 4:1, highest in Appian history.

## Non-GAAP Gross Margins\*

- Overall gross margin was 77%, close to historic highs.

\* Margin calculation excludes stock-based compensation expense and severance costs. Refer to the Reconciliation of GAAP to Non-GAAP Measures in the Appendix.

# Cloud Gross Renewal Rate



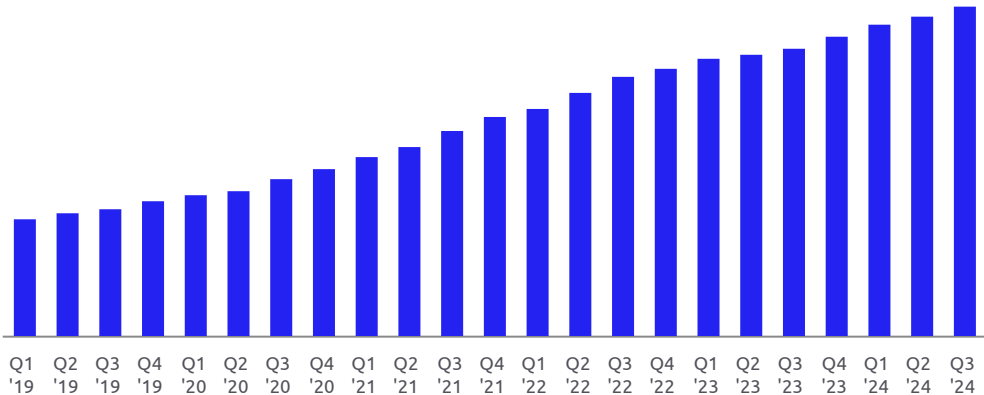
Calculated as the the percentage of recurring cloud subscription revenue retained from existing customers for the previous trailing 12-month period.

# Annualized Recurring Revenue ("ARR")

Total ARR



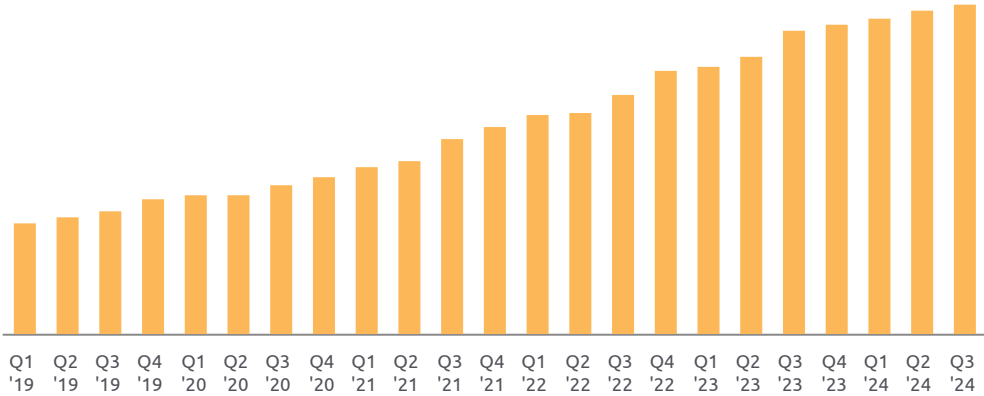
\$250K+ ARR Customers



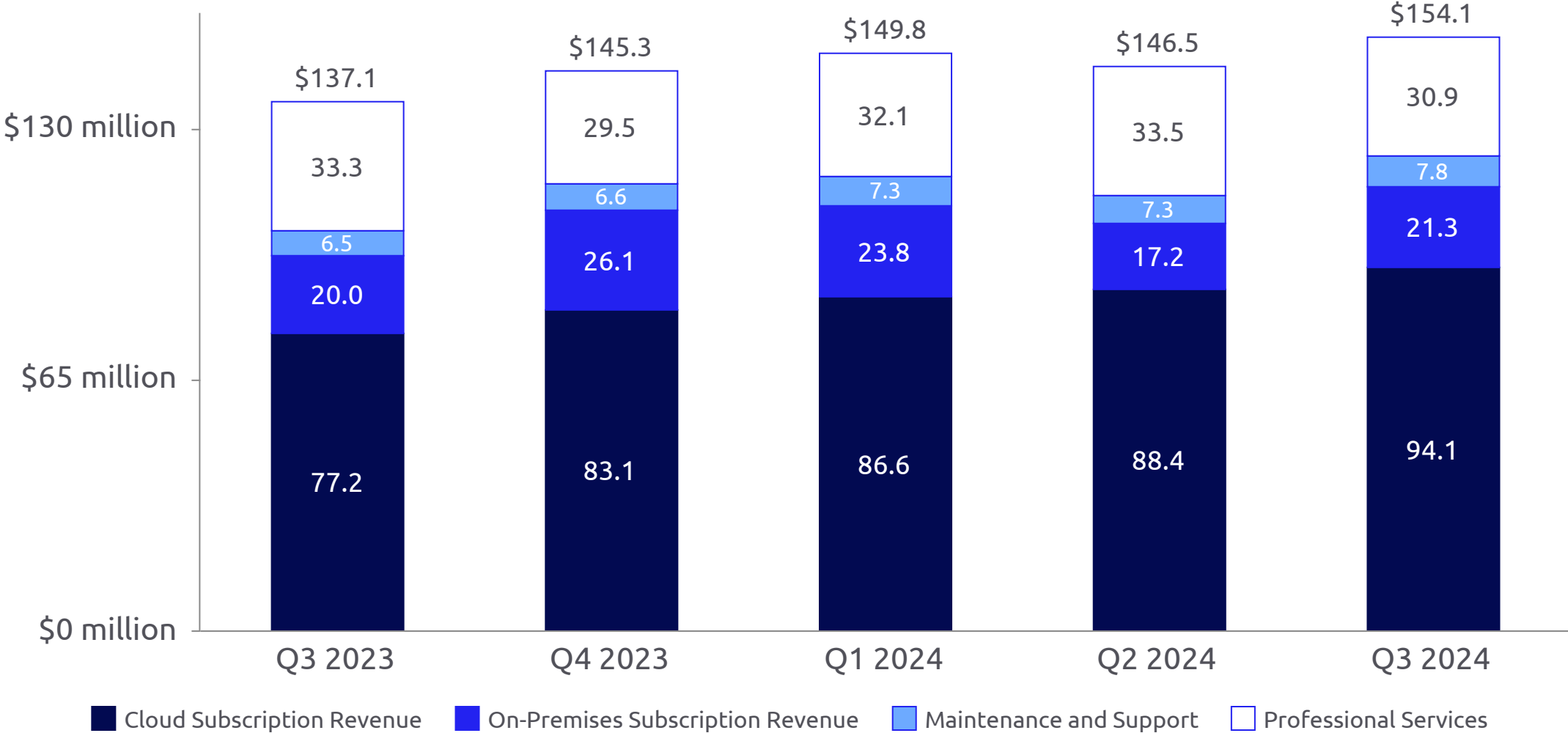
\$500K+ ARR Customers



\$1M+ ARR Customers

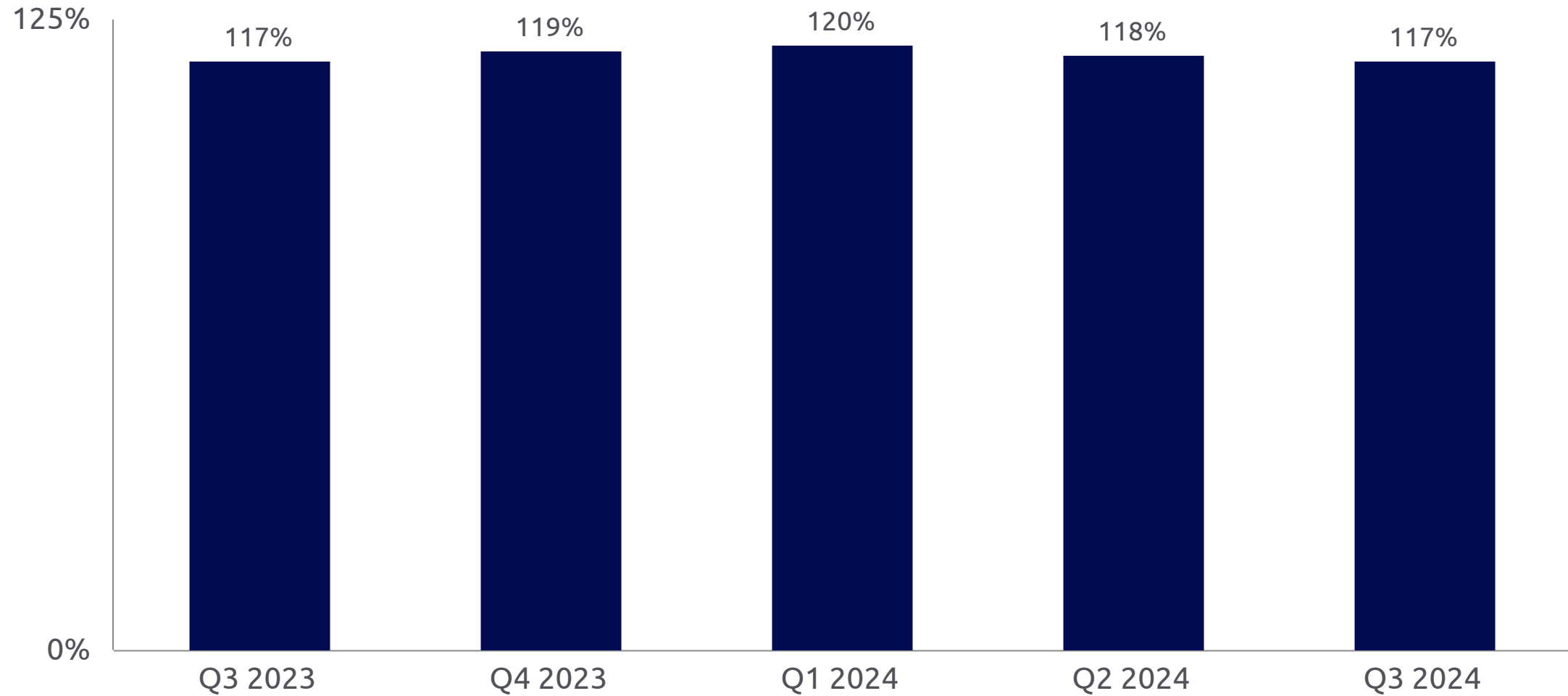


# Total Revenue\*



\* Reported in millions. Totals may not foot due to rounding.

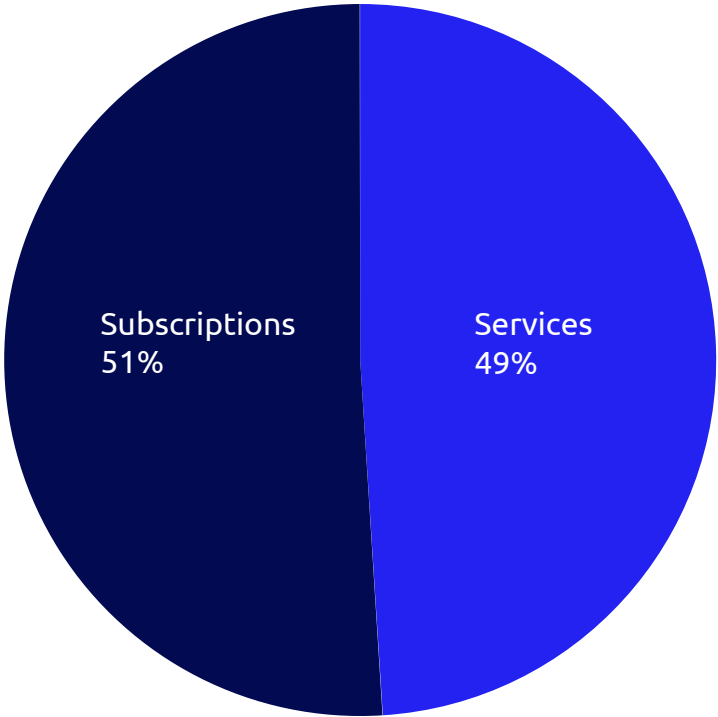
# Cloud Subscription Revenue Retention Rate\*



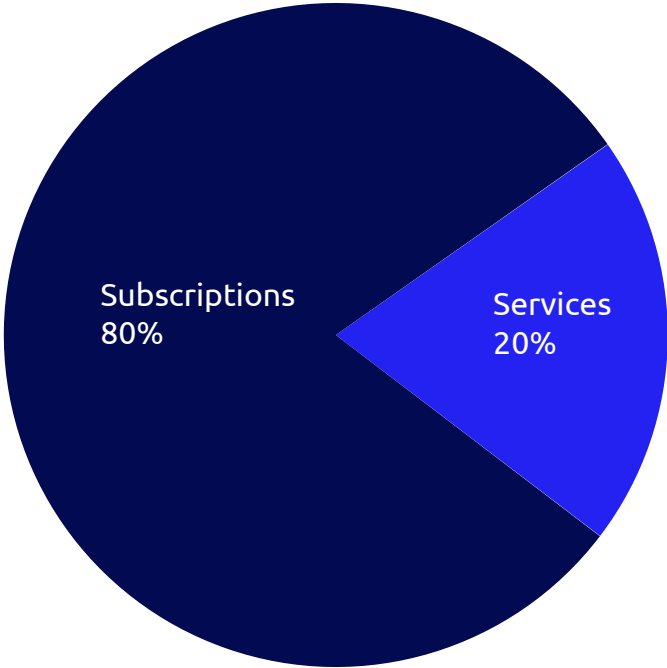
\* Calculated by dividing the aggregate recurring cloud subscription revenue in the current trailing 12-month period by the aggregate recurring cloud subscription revenue from the previous trailing 12-month period.

# Subscriptions vs. Professional Services Revenues

IPO (Q2 2017)

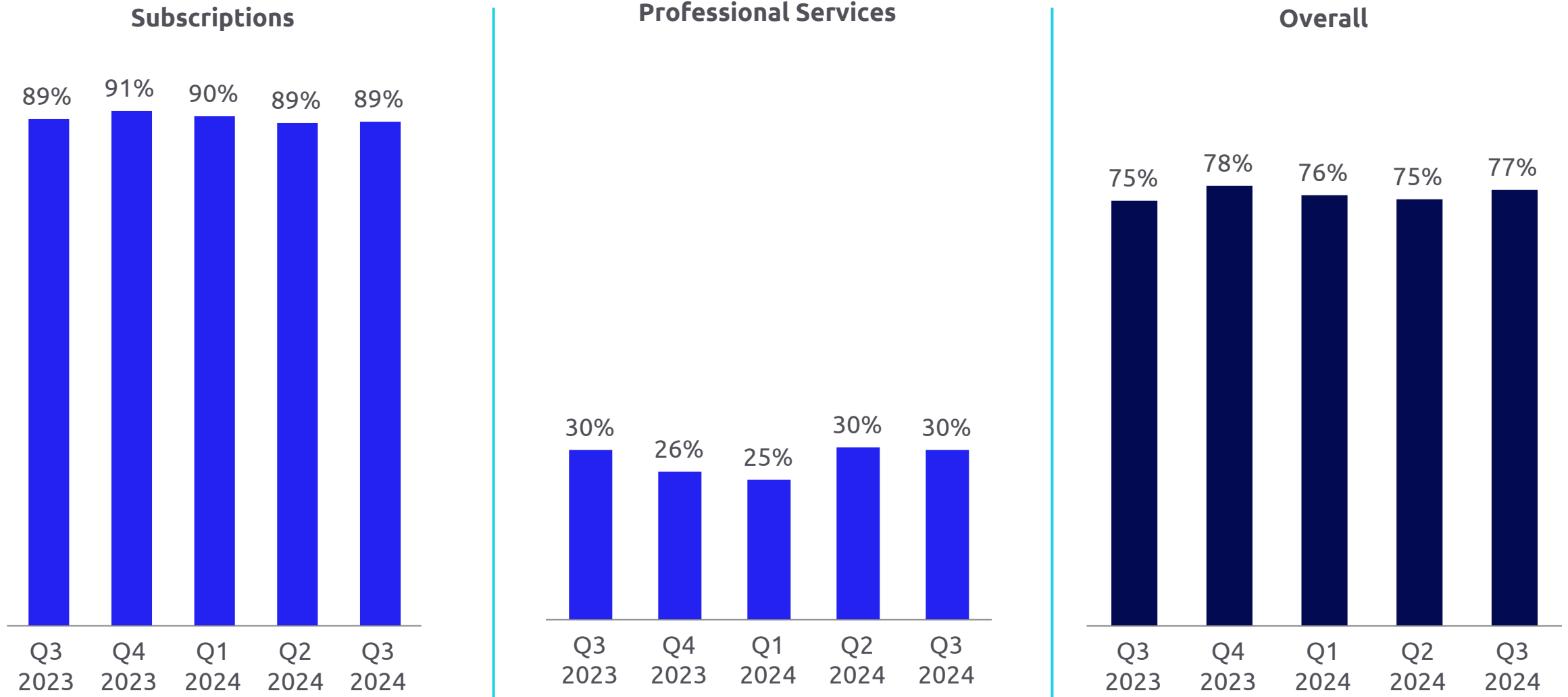


Q3 2024





# Non-GAAP Gross Margins\*

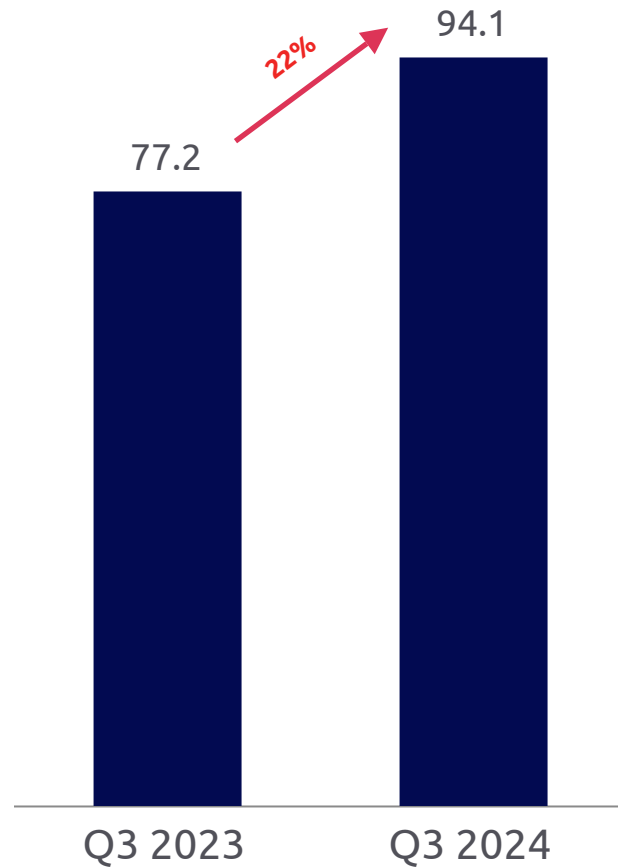


\* Margin calculation excludes stock-based compensation expense and severance costs. Refer to the Reconciliation of GAAP to Non-GAAP Measures in the Appendix.

# Q3 2024 Summary

## Cloud Subscription Revenue

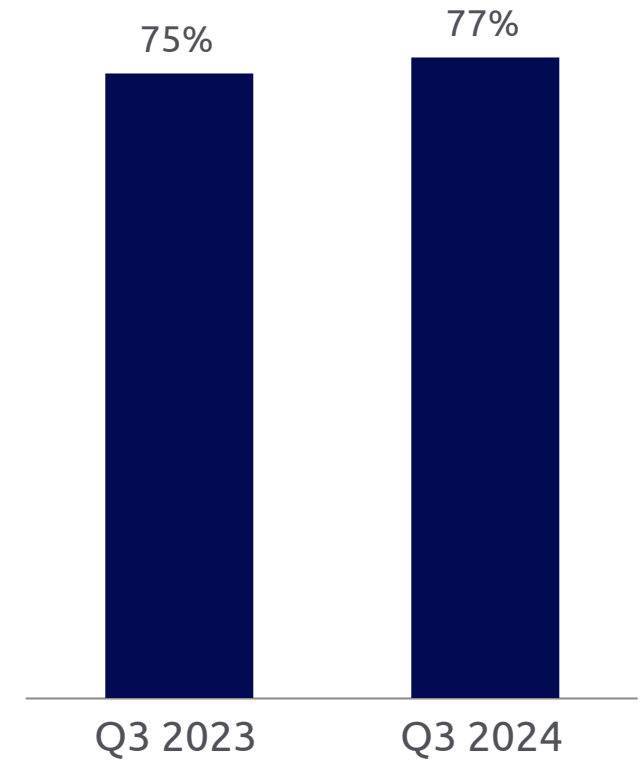
(USD, in millions)



## Cloud Subscription Revenue Retention\*



## Non-GAAP Overall Gross Margins\*\*



\* As of September 30, 2024

\*\* Data excludes stock-based compensation expense and severance costs. Refer to the Reconciliation of GAAP to Non-GAAP Measures in the Appendix.

# Guidance

Given on November 7, 2024

(in millions, except for EPS)	Q4 2024			Full Year 2024		
Cloud Subscription Revenue	\$95.0	–	\$97.0	\$364.0	–	\$366.0
Cloud Subscription Revenue Growth YoY	14%	–	17%	20%		
Total Revenue	\$163.5	–	\$165.5	\$613.0	–	\$615.0
Total Revenue Increase YoY	13%	–	14%	12%	–	13%
Adjusted EBITDA Loss	\$6.0	–	\$8.0	\$5.0	–	\$7.0
Non-GAAP Loss per Share*	\$(0.03)	–	breakeven	\$(0.38)	–	\$(0.35)

\* Based on estimated 74.0 million and 73.0 million basic and diluted weighted average common shares outstanding for Q4 and FY 2024, respectively.

# Appendix

# Balance Sheet

\$ in thousands

	As of	
	September 30, 2024 <i>(unaudited)</i>	December 31, 2023
<b>Assets</b>		
Cash and cash equivalents	\$ 99,193	\$ 149,351
Short-term investments and marketable securities	40,798	9,653
Accounts receivable, net of allowance	140,213	171,561
Deferred commissions, current	34,785	34,261
Prepaid expenses and other current assets	45,483	49,529
Property and equipment, net	39,190	42,682
Goodwill	27,462	27,106
Intangible assets, net of accumulated amortization	2,790	3,889
Right-of-use assets for operating leases	32,231	39,975
Deferred commissions, net of current portion	54,576	59,764
Other assets	33,192	39,732
<b>Total assets</b>	<b>\$ 549,913</b>	<b>\$ 627,503</b>
<b>Liabilities and Stockholders' Equity</b>		
Accounts payable and accrued expenses	18,238	17,220
Accrued compensation and related benefits	31,171	38,003
Deferred revenue	224,199	235,992
Debt	9,598	66,368
Operating lease liabilities	12,470	11,698
Other current liabilities	2,798	1,891
Long-term debt	243,225	140,221
Non-current operating lease liabilities	54,270	59,067
Deferred revenue, non-current	3,370	4,700
Other non-current liabilities	375	2
<b>Total liabilities</b>	<b>599,714</b>	<b>575,162</b>
<b>Stockholders' equity</b>		
Common stock	7	7
Additional paid-in capital	614,204	595,781
Accumulated other comprehensive loss	(22,809)	(23,555)
Accumulated deficit	(598,507)	(519,892)
Treasury stock	(42,696)	—
<b>Total stockholders' (deficit) equity</b>	<b>(49,801)</b>	<b>52,341</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 549,913</b>	<b>\$ 627,503</b>

# Income Statement

\$ in thousands, except for per share data

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	<i>(unaudited)</i>			
<b>Revenue</b>				
Cloud subscriptions	\$ 94,075	\$ 77,247	\$ 269,106	\$ 221,381
Term license subscriptions	21,265	20,026	62,263	56,176
Maintenance and support	7,781	6,530	22,420	18,997
Total subscriptions revenue	123,121	103,803	353,789	296,554
Professional services	30,931	33,291	96,548	103,490
<b>Total revenue</b>	<b>154,052</b>	<b>137,094</b>	<b>450,337</b>	<b>400,044</b>
<b>Cost of revenue</b>				
Subscriptions	14,082	11,265	39,614	32,492
Professional services	23,002	24,804	74,880	76,515
<b>Total cost of revenue</b>	<b>37,084</b>	<b>36,069</b>	<b>114,494</b>	<b>109,007</b>
<b>Gross profit</b>	<b>116,968</b>	<b>101,025</b>	<b>335,843</b>	<b>291,037</b>
<b>Operating expenses</b>				
Sales and marketing	50,865	55,667	175,613	181,338
Research and development	38,572	37,135	117,789	118,502
General and administrative	34,688	23,440	108,327	82,342
<b>Total operating expenses</b>	<b>124,125</b>	<b>116,242</b>	<b>401,729</b>	<b>382,182</b>
<b>Operating loss</b>	<b>(7,157)</b>	<b>(15,217)</b>	<b>(65,886)</b>	<b>(91,145)</b>
<b>Other non-operating expense, net</b>				
Other (income) expense, net	(12,544)	1,939	(5,882)	(4,637)
Interest expense	6,168	4,917	17,921	12,790
<b>Total other non-operating expense</b>	<b>(6,376)</b>	<b>6,856</b>	<b>12,039</b>	<b>8,153</b>
<b>Loss before income taxes</b>	<b>(781)</b>	<b>(22,073)</b>	<b>(77,925)</b>	<b>(99,298)</b>
Income tax (benefit) expense	1,319	178	690	2,137
<b>Net loss</b>	<b>\$ (2,100)</b>	<b>\$ (22,251)</b>	<b>\$ (78,615)</b>	<b>\$ (101,435)</b>
Net loss per share:				
Basic and diluted	\$ (0.03)	\$ (0.30)	\$ (1.08)	\$ (1.39)
Weighted average common shares outstanding:				
Basic and diluted	72,396	73,178	72,664	73,032

# Stock-Based Compensation Expense

<i>\$ in thousands</i>	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
	<i>(unaudited)</i>			
Cost of revenue				
Subscriptions	\$ 211	\$ 211	\$ 641	\$ 713
Professional services	1,325	1,535	4,364	4,598
Operating expenses				
Sales and marketing	1,746	3,245	6,270	8,462
Research and development	2,939	2,930	8,859	9,466
General and administrative	3,284	3,090	9,877	9,976
Total stock-based compensation expense	<u>\$ 9,505</u>	<u>\$ 11,011</u>	<u>\$ 30,011</u>	<u>\$ 33,215</u>

# Reconciliation of GAAP to Non-GAAP Measures

unaudited, \$ in thousands

	GAAP Measure	Stock-Based Compensation	Litigation Expense	JPI Amortization	Severance Costs	Lease Impairment and Lease-Related Charges	Short-Swing Profit Payment	Non-GAAP Measure
<b>Three Months Ended September 30, 2024</b>								
Subscriptions cost of revenue	\$ 14,082	\$ (211)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 13,871
Professional services cost of revenue	23,002	(1,325)	—	—	—	—	—	21,677
Total cost of revenue	37,084	(1,536)	—	—	—	—	—	35,548
Total operating expenses	124,125	(7,969)	(1,979)	(3,635)	—	(324)	—	110,218
Operating (loss) income	(7,157)	9,505	1,979	3,635	—	324	—	8,286
Income tax (benefit) expense	1,319	117	—	—	—	—	—	1,436
Net (loss) income	(2,100)	9,388	1,979	3,635	—	324	(1,799)	11,427
Net (loss) income per share, basic	\$ (0.03)	\$ 0.13	\$ 0.03	\$ 0.05	\$ —	\$ —	\$ (0.02)	\$ 0.16
Net (loss) income per share, diluted <sup>(a)</sup>	\$ (0.03)	\$ 0.13	\$ 0.03	\$ 0.05	\$ —	\$ —	\$ (0.02)	\$ 0.15

unaudited, \$ in thousands

	GAAP Measure	Stock-Based Compensation	Litigation Expense	JPI Amortization	Severance Costs	Non-GAAP Measure
<b>Three Months Ended September 30, 2023</b>						
Subscriptions cost of revenue	\$ 11,265	\$ (211)	\$ —	\$ —	\$ —	\$ 11,054
Professional services cost of revenue	24,804	(1,535)	—	—	—	23,269
Total cost of revenue	36,069	(1,746)	—	—	—	34,323
Total operating expenses	116,242	(9,265)	4,961	(1,485)	—	110,453
Operating (loss) income	(15,217)	11,011	(4,961)	1,485	—	(7,682)
Income tax expense	178	88	—	—	—	266
Net (loss) income	(22,251)	11,099	(4,961)	1,485	—	(14,628)
Net (loss) income per share, basic and diluted	\$ (0.30)	\$ 0.15	\$ (0.07)	\$ 0.02	\$ —	\$ (0.20)

<sup>(a)</sup> Per share amounts do not foot due to rounding.



# Reconciliation of GAAP to Non-GAAP Measures

unaudited, \$ in thousands

	GAAP Measure	Stock-Based Compensation	Litigation Expense	JPI Amortization	Severance Costs	Lease Impairment and Lease-Related Charges	Short-Swing Profit Payment	Non-GAAP Measure
<b>Nine Months Ended September 30, 2024</b>								
Subscriptions cost of revenue	\$ 39,614	\$ (641)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 38,973
Professional services cost of revenue	74,880	(4,364)	—	—	(1,398)	—	—	69,118
Total cost of revenue	114,494	(5,005)	—	—	(1,398)	—	—	108,091
Total operating expenses	401,729	(25,006)	(3,442)	(12,643)	(4,136)	(5,786)	—	350,716
Operating (loss) income	(65,886)	30,011	3,442	12,643	5,534	5,786	—	(8,470)
Income tax expense	690	1,258	—	—	1,096	—	—	3,044
Net (loss) income	(78,615)	28,753	3,442	12,643	4,438	5,786	(1,799)	(25,352)
Net (loss) income per share, basic and diluted <sup>(a)</sup>	\$ (1.08)	\$ 0.40	\$ 0.05	\$ 0.17	\$ 0.06	\$ 0.08	\$ (0.02)	\$ (0.35)

unaudited, \$ in thousands

	GAAP Measure	Stock-Based Compensation	Litigation Expense	JPI Amortization	Severance Costs	Non-GAAP Measure
<b>Nine Months Ended September 30, 2023</b>						
Subscriptions cost of revenue	\$ 32,492	\$ (713)	\$ —	\$ —	\$ (30)	\$ 31,749
Professional services cost of revenue	76,515	(4,598)	—	—	(158)	71,759
Total cost of revenue	109,007	(5,311)	—	—	(188)	103,508
Total operating expenses	382,182	(27,904)	2,772	(1,485)	(6,111)	349,454
Operating (loss) income	(91,145)	33,215	(2,772)	1,485	6,299	(52,918)
Income tax expense	2,137	731	—	—	139	3,007
Net (loss) income	(101,435)	33,946	(2,772)	1,485	6,438	(62,338)
Net (loss) income per share, basic and diluted	\$ (1.39)	\$ 0.46	\$ (0.04)	\$ 0.02	\$ 0.09	\$ (0.86)

<sup>(a)</sup> Per share amounts do not foot due to rounding.

# Reconciliation of GAAP to Non-GAAP Measures

unaudited, \$ in thousands

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
<b>Reconciliation of adjusted EBITDA:</b>				
GAAP net loss	\$ (2,100)	\$ (22,251)	\$ (78,615)	\$ (101,435)
Other (income) expense, net	(12,544)	1,939	(5,882)	(4,637)
Interest expense	6,168	4,917	17,921	12,790
Income tax (benefit) expense	1,319	178	690	2,137
Depreciation expense and amortization of intangible assets	2,562	2,340	7,503	7,046
Stock-based compensation expense	9,505	11,011	30,011	33,215
Litigation Expense	1,979	(4,961)	3,442	(2,772)
JPI Amortization	3,635	1,485	12,643	1,485
Severance Costs	—	—	5,534	6,299
Lease Impairment and Lease-Related Charges	324	—	5,786	—
Adjusted EBITDA	<u>\$ 10,848</u>	<u>\$ (5,342)</u>	<u>\$ (967)</u>	<u>\$ (45,872)</u>

# Reconciliation of GAAP to Non-GAAP Measures

The following table reconciles our GAAP gross margin percentage to our non-GAAP gross margin percentage for our overall, subscriptions, and professional services margins. The non-GAAP adjustment represents adding back the margin impact of stock-based compensation expense and severance costs recorded to "Cost of revenue" within our consolidated income statements.

<i>unaudited</i>	<u>Q3 2023</u>	<u>Q4 2023</u>	<u>Q1 2024</u>	<u>Q2 2024</u>	<u>Q3 2024</u>
<b>Reconciliation of non-GAAP overall gross margin:</b>					
GAAP overall gross margin	73.7%	76.4%	74.6%	73.1%	75.9%
Add back:					
Non-GAAP adjustments to overall gross margin	1.3%	1.1%	1.2%	2.1%	1.0%
Non-GAAP overall gross margin	75.0%	77.5%	75.8%	75.2%	76.9%
<b>Reconciliation of non-GAAP subscriptions gross margin:</b>					
GAAP subscriptions gross margin	89.1%	90.4%	89.6%	88.3%	88.6%
Add back:					
Non-GAAP adjustments to subscriptions gross margin	0.3%	0.2%	0.2%	0.2%	0.1%
Non-GAAP subscriptions gross margin	89.4%	90.6%	89.8%	88.5%	88.7%
<b>Reconciliation of non-GAAP professional services gross margin:</b>					
GAAP professional services gross margin	25.5%	21.3%	20.0%	21.9%	25.6%
Add back:					
Non-GAAP adjustments to professional services gross margin	4.6%	4.9%	4.9%	8.5%	4.3%
Non-GAAP professional services gross margin	30.1%	26.2%	24.9%	30.4%	29.9%

