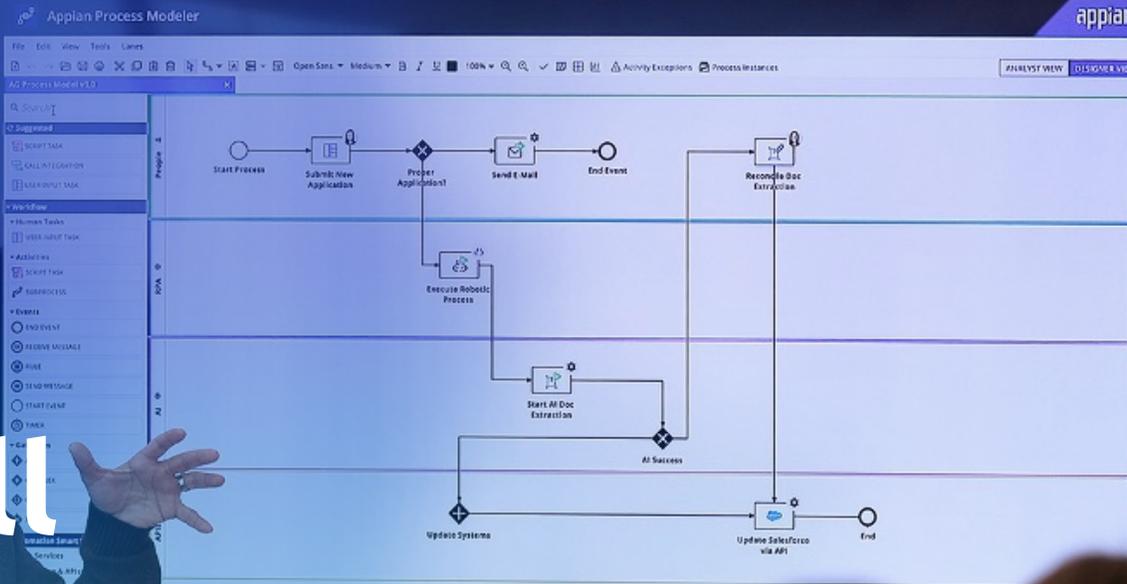


Q4 2023 Earnings Call Presentation

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 first 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.

Q4 2023 Highlights.

Revenue

- Cloud subscription revenue was \$83.1 million in Q4 2023, representing growth of 26% over Q4 2022.
- Subscriptions revenue was \$115.8 million in Q4 2023, representing growth of 24% over Q4 2022.
- Total revenue was \$145.3 million in Q4 2023, representing growth of 16% over Q4 2022.

Retention

- Cloud subscription revenue retention rate was 119% as of December 31, 2023.

Non-GAAP Gross Margins*

- Subscriptions gross margin was 91%.
- Professional services gross margin was 26%.
- Overall gross margin was 78%.

Full Year 2023 Highlights.

Revenue

- Cloud subscription revenue was \$304.5 million in 2023, representing growth of 29% over 2022.
- Subscriptions revenue was \$412.3 million in 2023, representing growth of 21% over 2022.
- Total revenue was \$545.4 million in 2023, representing growth of 17% over 2022.

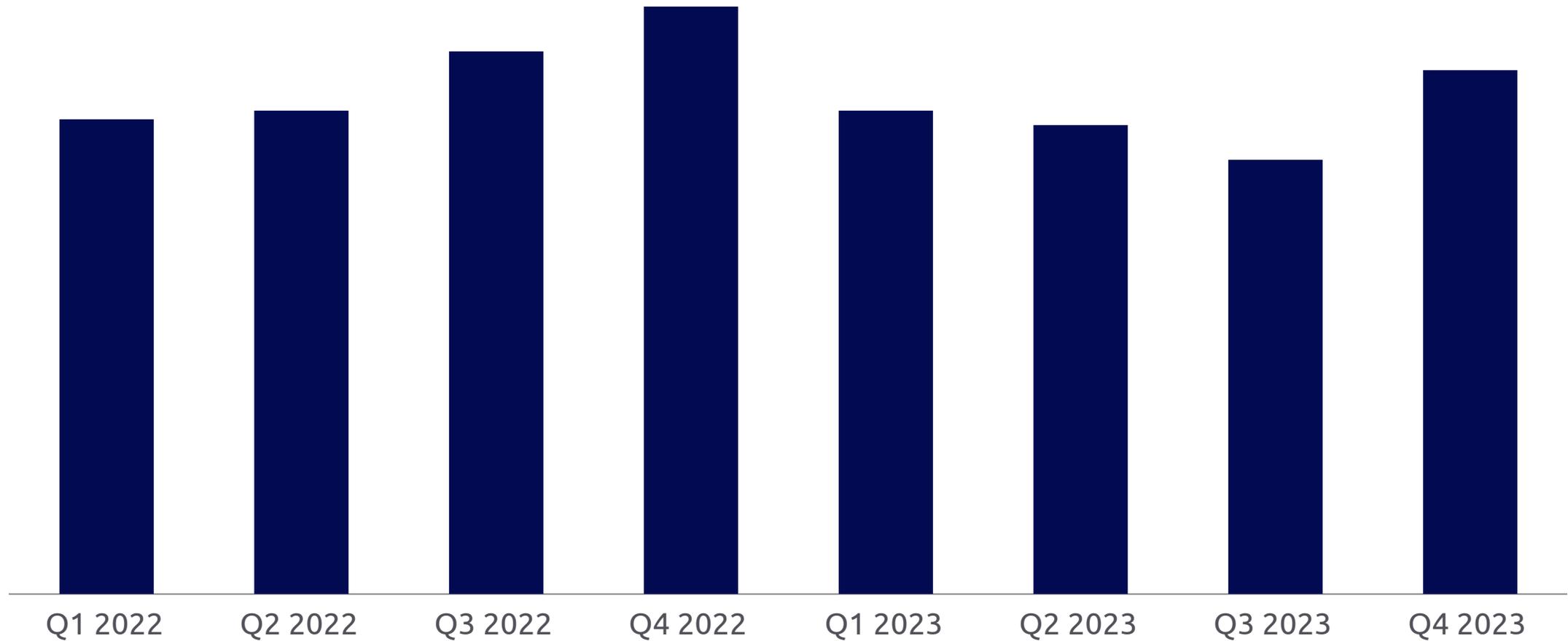
Retention

- Cloud subscription revenue retention rate was 119% as of December 31, 2023.

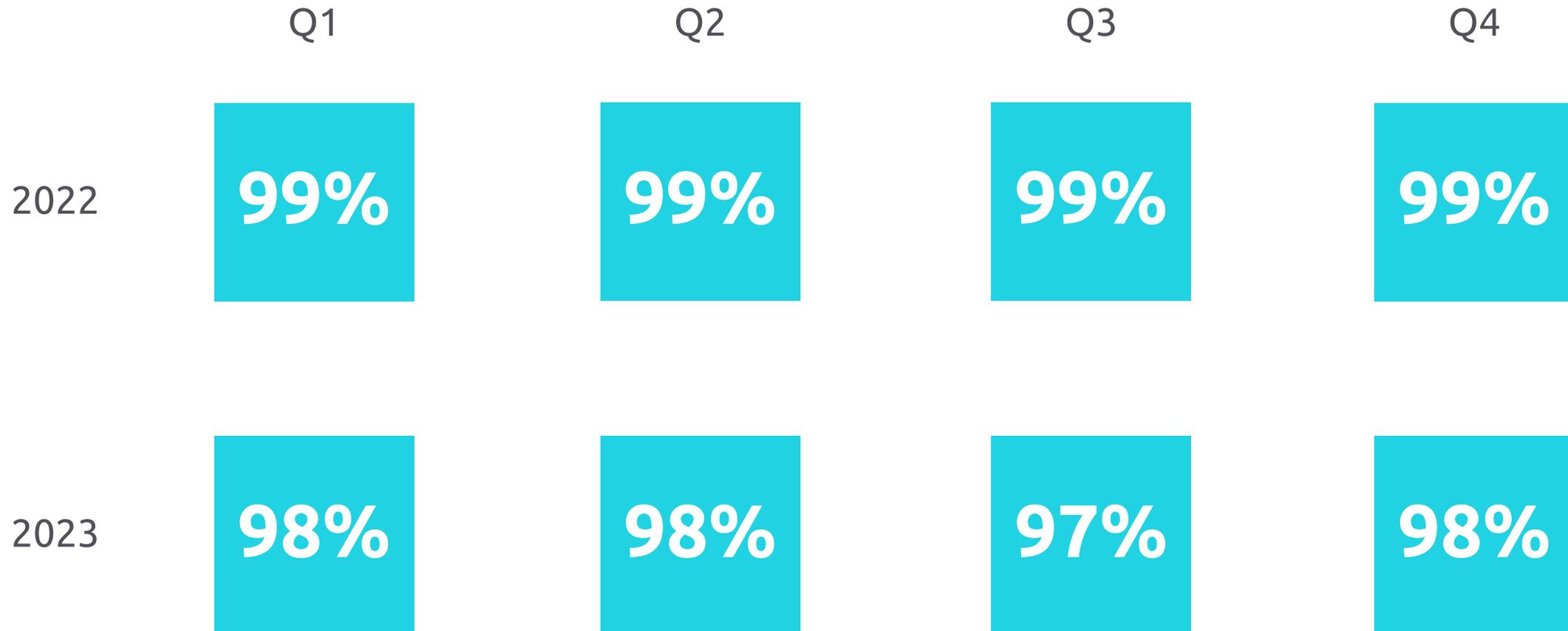
Non-GAAP Gross Margins*

- Subscriptions gross margin was 90%.
- Professional services gross margin was 30%.
- Overall gross margin was 75%.

Days Sales Outstanding ("DSO").

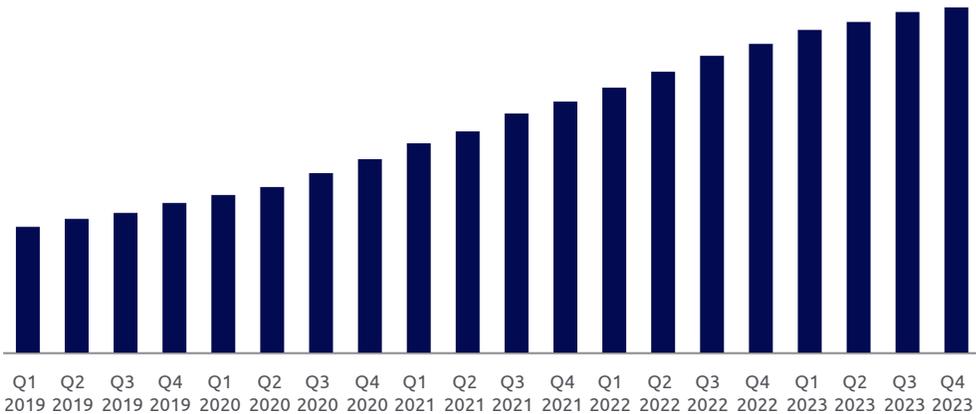


Cloud Gross Renewal Rate.

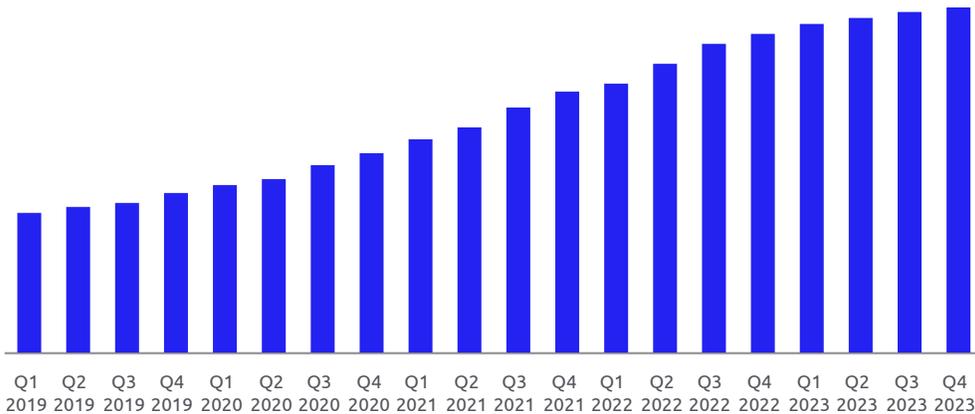


Annualized Recurring Revenue ("ARR").

Total ARR



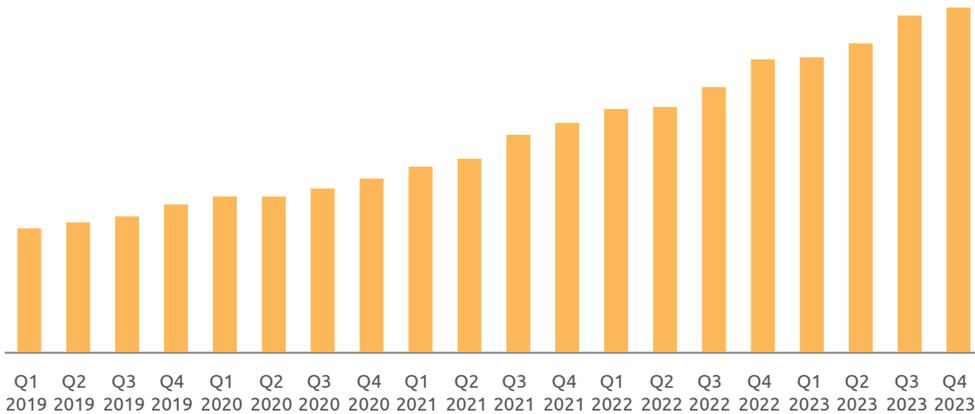
\$250K+ ARR Customers



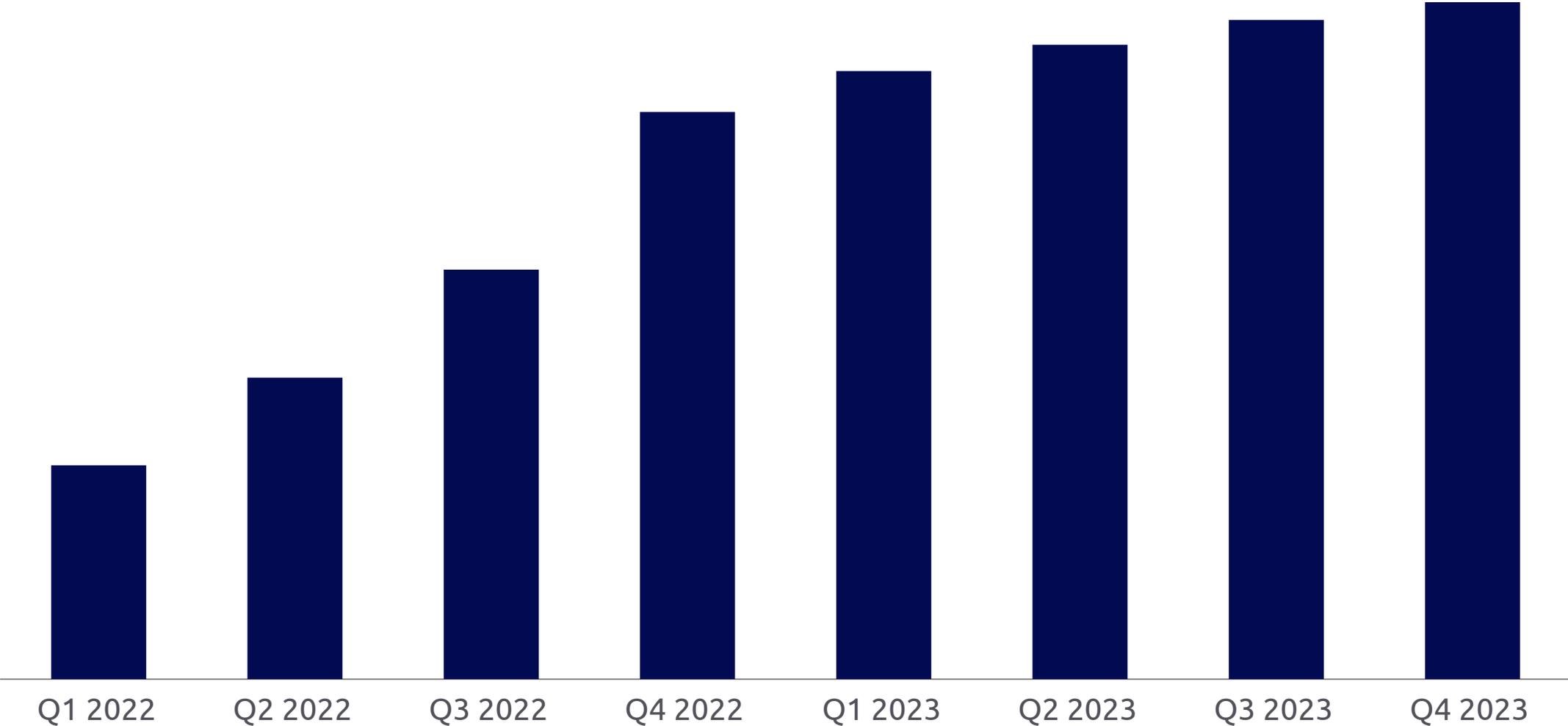
\$500K+ ARR Customers



\$1M+ ARR Customers

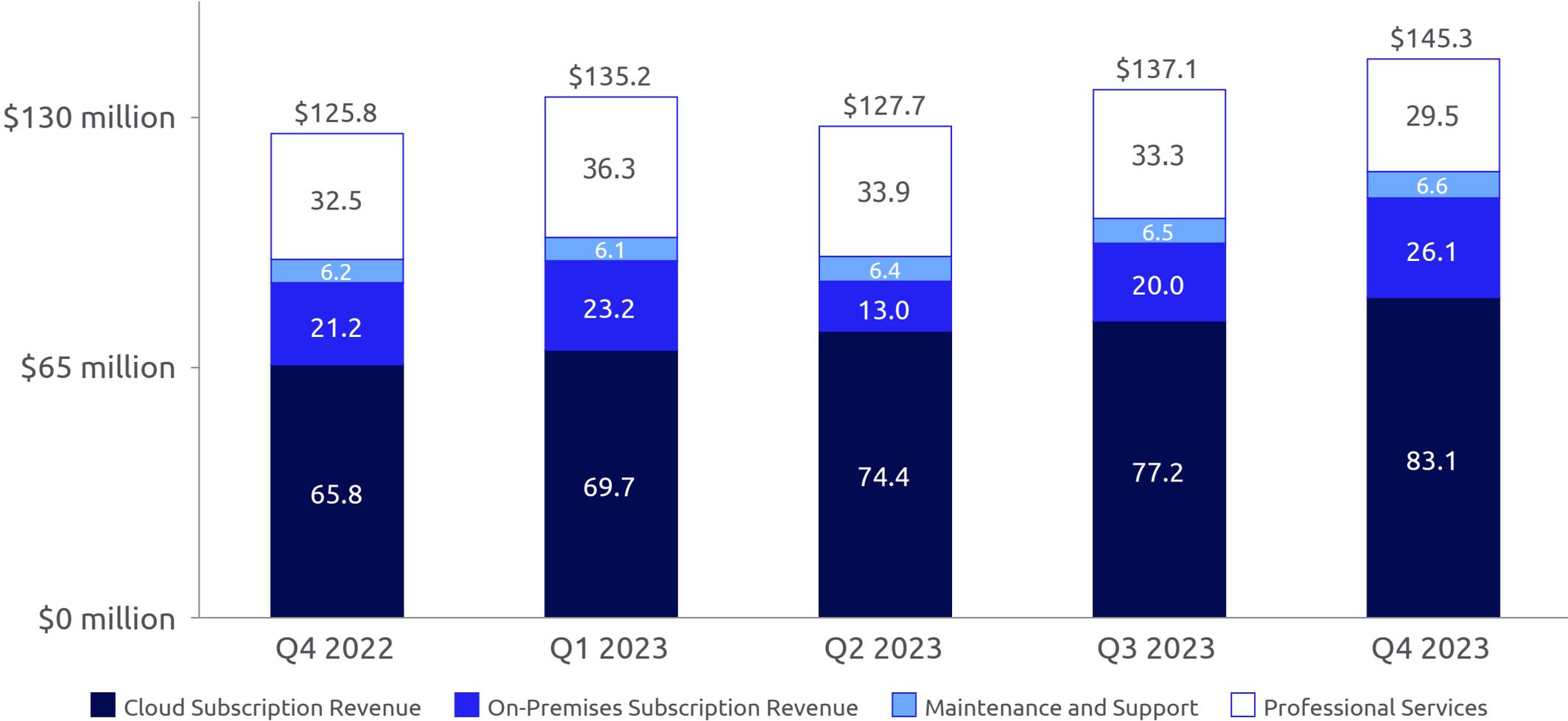


Appian Community Members.



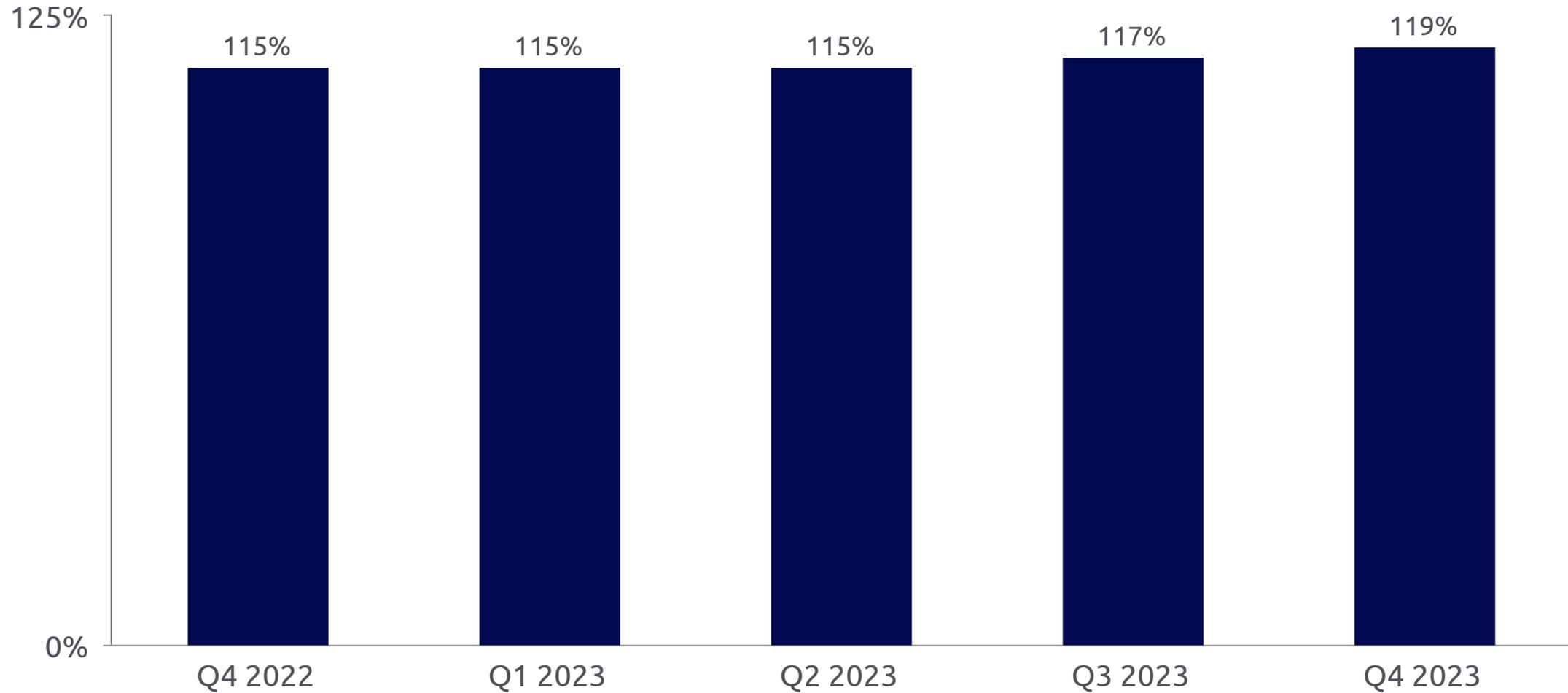
Defined as individuals with an Appian Community profile.

Total Revenue.*



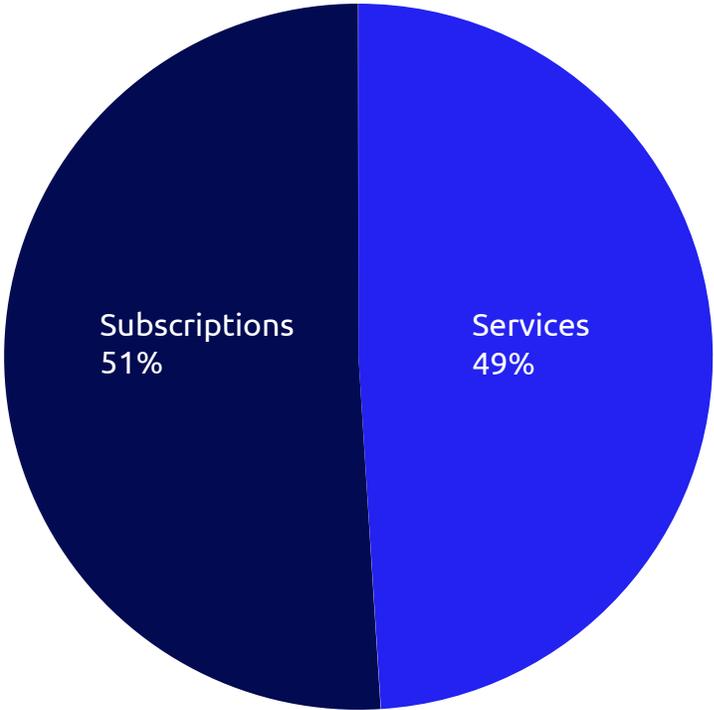
* Reported in millions. Totals may not foot due to rounding.

Cloud Subscription Revenue Retention Rate.*

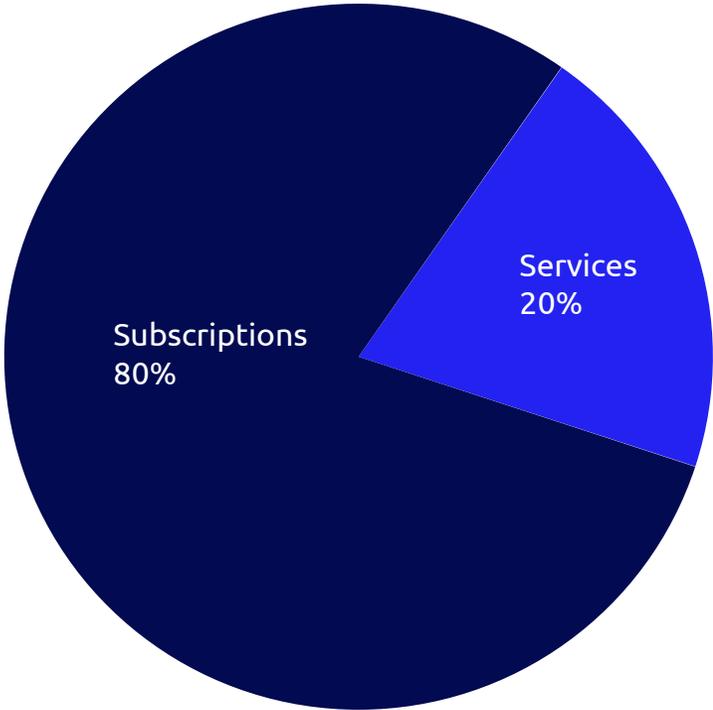


Subscriptions vs. Professional Services Revenues.

IPO (Q2 2017)

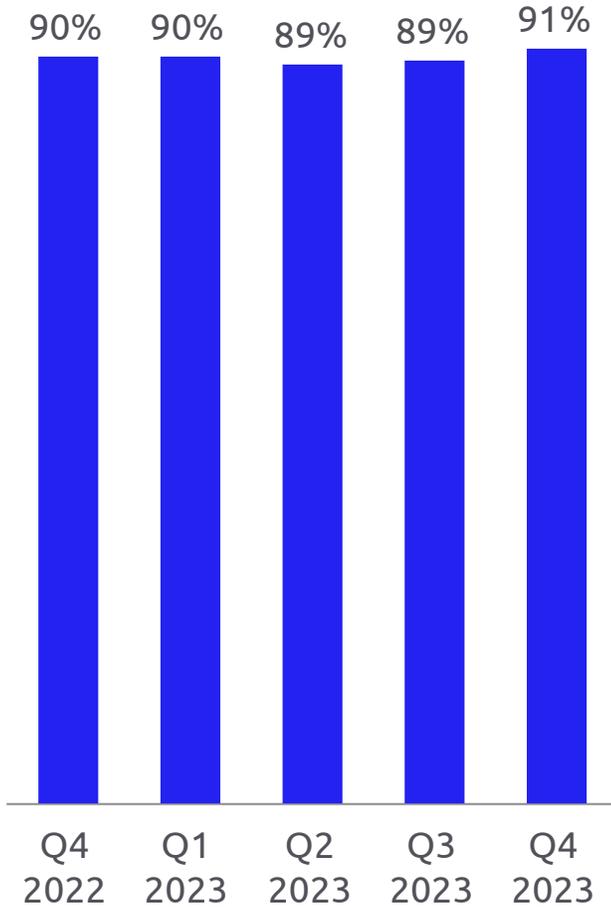


Q4 2023

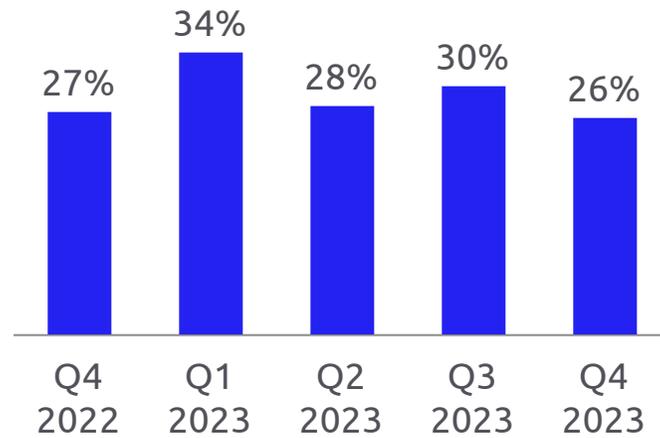


Non-GAAP Gross Margins.*

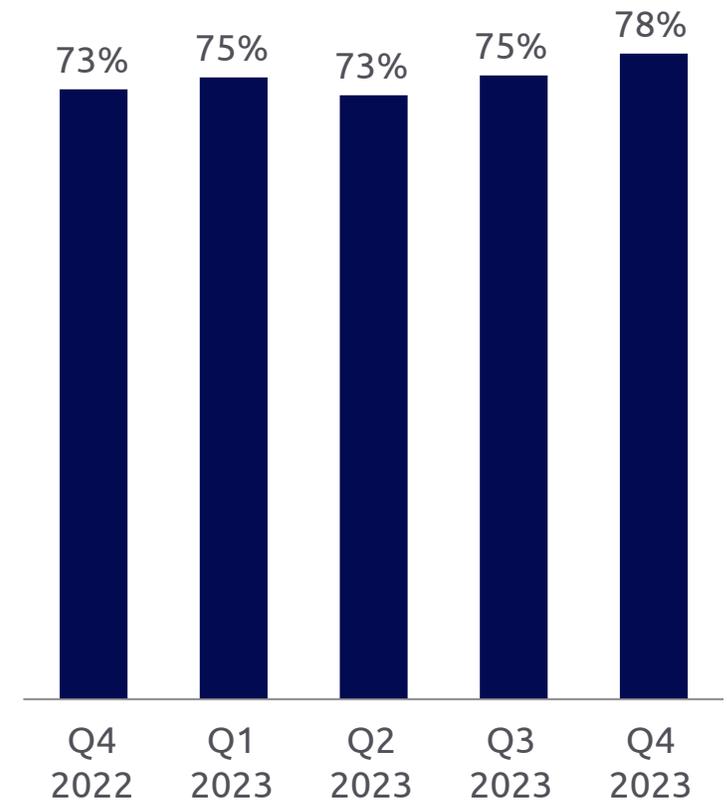
Subscriptions



Professional Services



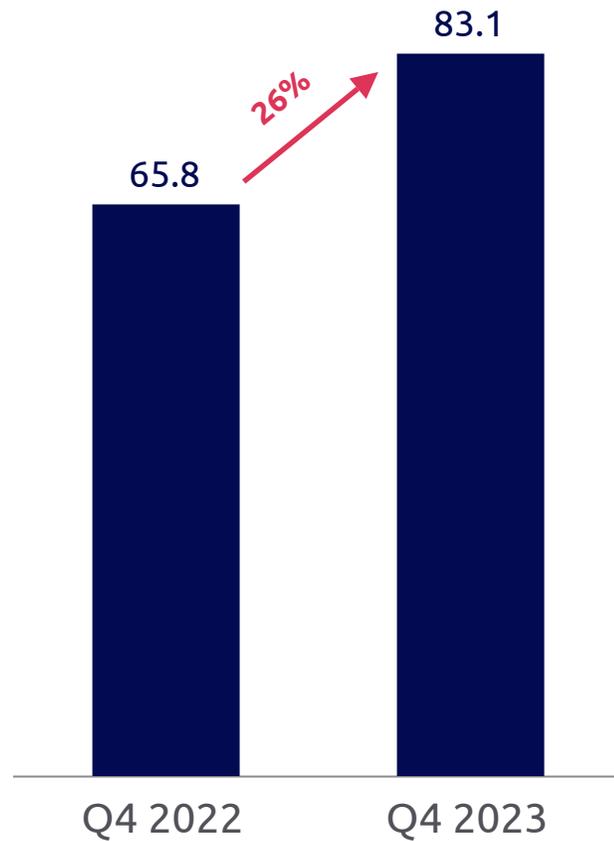
Overall



Q4 2023 Summary.*

Cloud Subscription Revenue

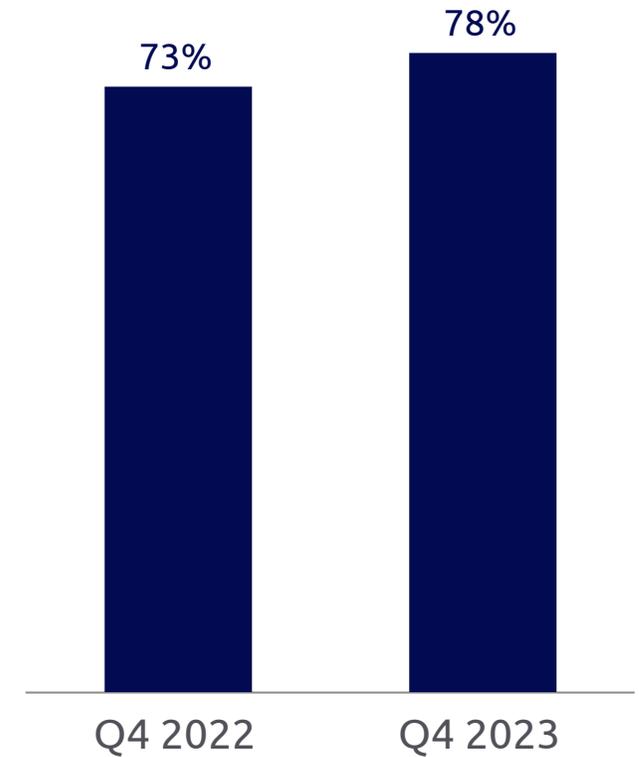
(USD, in millions)



Cloud Subscription Revenue Retention*



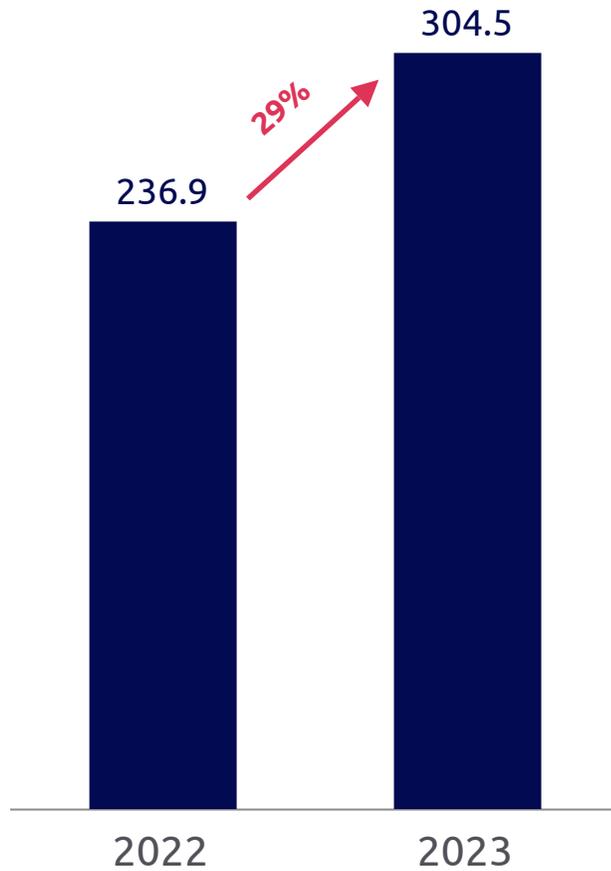
Non-GAAP Overall Gross Margins**



Full Year 2023 Summary.*

Cloud Subscription Revenue

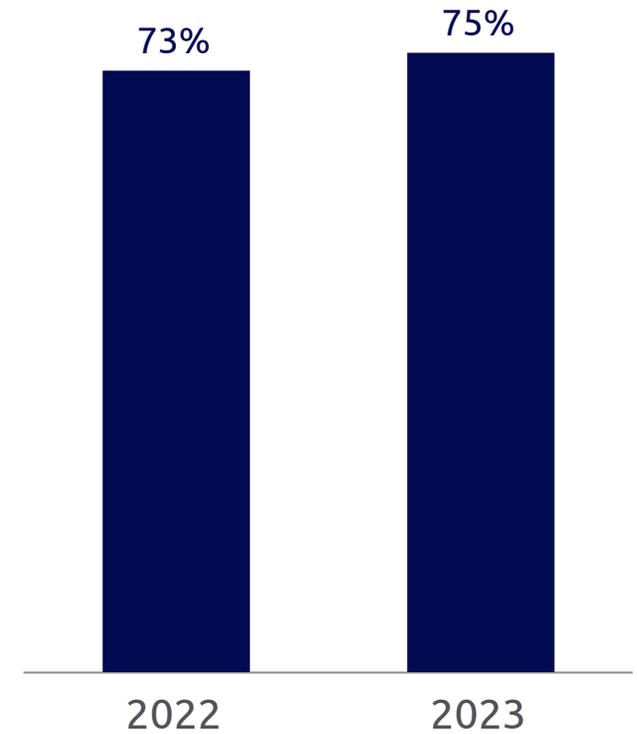
(USD, in millions)



Cloud Subscription Revenue Retention*



Non-GAAP Overall Gross Margins**



Guidance.

Given on February 15, 2024

(in millions, except for EPS)	Q1 2024			Full Year 2024		
Cloud Subscription Revenue	\$84.0	–	\$86.0	\$364.0	–	\$366.0
Cloud Subscription Revenue Growth YoY	21%	–	23%	20%		
Total Revenue	\$148.0	–	\$150.0	\$615.0	–	\$617.0
Total Revenue Increase YoY	9%	–	11%	13%		
Adjusted EBITDA Loss	\$(9.0)	–	\$(5.0)	\$(25.0)	–	\$(20.0)
Non-GAAP Loss per Share*	\$(0.21)	–	\$(0.16)	\$(0.73)	–	\$(0.66)

Appendix

Balance Sheet.

\$ in thousands

	As of	
	December 31, 2023	December 31, 2022
Assets		
Cash and cash equivalents	\$ 149,351	\$ 148,132
Short-term investments and marketable securities	9,653	47,863
Accounts receivable, net of allowance	171,561	165,964
Deferred commissions, current	34,261	30,196
Prepaid expenses and other current assets	49,529	28,093
Restricted cash, current	—	2,249
Property and equipment, net	42,682	41,855
Goodwill	27,106	26,349
Intangible assets, net of accumulated amortization	3,889	5,251
Right-of-use assets for operating leases	39,975	37,248
Deferred commissions, net of current portion	59,764	55,788
Other assets	39,732	5,226
Total assets	\$ 627,503	\$ 594,214
Liabilities and Stockholders' Equity		
Accounts payable and accrued expenses	17,220	20,224
Accrued compensation and related benefits	38,003	40,718
Deferred revenue	235,992	194,768
Debt	66,368	2,740
Operating lease liabilities	11,698	8,681
Other current liabilities	1,891	3,121
Long-term debt	140,221	115,379
Non-current operating lease liabilities	59,067	57,225
Deferred revenue, non-current	4,700	5,556
Deferred tax liabilities	2	102
Total liabilities	575,162	448,514
Stockholders' equity		
Common stock	7	7
Additional paid-in capital	595,781	561,390
Accumulated other comprehensive loss	(23,555)	(7,246)
Accumulated deficit	(519,892)	(408,451)
Total stockholders' equity	52,341	145,700
Total liabilities and stockholders' equity	\$ 627,503	\$ 594,214

Income Statement.

\$ in thousands, except for per share data

	Three Months Ended December 31,		Year Ended December 31,	
	2023	2022	2023	2022
	<i>(unaudited)</i>			
Revenue				
Cloud subscriptions	\$ 83,100	\$ 65,839	\$ 304,481	\$ 236,922
Term license subscriptions	26,106	21,210	82,282	79,753
Maintenance and support	6,577	6,195	25,574	23,477
Total subscriptions revenue	115,783	93,244	412,337	340,152
Professional services	29,536	32,542	133,026	127,839
Total revenue	145,319	125,786	545,363	467,991
Cost of revenue				
Subscriptions	11,071	9,942	43,563	36,005
Professional services	23,244	25,289	99,759	97,301
Total cost of revenue	34,315	35,231	143,322	133,306
Gross profit	111,004	90,555	402,041	334,685
Operating expenses				
Sales and marketing	61,043	63,270	242,381	220,374
Research and development	34,596	37,808	153,098	139,210
General and administrative	32,193	30,097	114,535	120,111
Total operating expenses	127,832	131,175	510,014	479,695
Operating loss	(16,828)	(40,620)	(107,973)	(145,010)
Other non-operating (income) expense, net				
Other (income) expense, net	(12,966)	(9,271)	(17,603)	3,545
Interest expense	5,072	1,451	17,862	1,673
Total other non-operating (income) expense	(7,894)	(7,820)	259	5,218
Loss before income taxes	(8,934)	(32,800)	(108,232)	(150,228)
Income tax expense	1,072	1,617	3,209	692
Net loss	\$ (10,006)	\$ (34,417)	\$ (111,441)	\$ (150,920)
Net loss per share:				
Basic and diluted	\$ (0.14)	\$ (0.47)	\$ (1.52)	\$ (2.08)
Weighted average common shares outstanding:				
Basic and diluted	73,310	72,703	73,102	72,455

Stock-Based Compensation Expense.

<i>\$ in thousands</i>	<u>Three Months Ended December 31,</u>		<u>Year Ended December 31,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	<i>(unaudited)</i>			
Cost of revenue				
Subscriptions	\$ 212	\$ 284	\$ 925	\$ 996
Professional services	1,457	1,521	6,055	5,309
Operating expenses				
Sales and marketing	2,380	2,431	10,842	9,152
Research and development	3,020	3,692	12,486	12,523
General and administrative	3,103	3,475	13,079	10,850
Total stock-based compensation expense	<u>\$ 10,172</u>	<u>\$ 11,403</u>	<u>\$ 43,387</u>	<u>\$ 38,830</u>

Reconciliation of GAAP to Non-GAAP Measures.

\$ in thousands

	GAAP Measure	Stock-Based Compensation	Litigation Expense	JPI Amortization	Severance Costs	Non-GAAP Measure
Three Months Ended December 31, 2023						
Subscriptions cost of revenue	\$ 11,071	\$ (212)	\$ —	\$ —	\$ —	\$ 10,859
Professional services cost of revenue	23,244	(1,457)	—	—	—	21,787
Total cost of revenue	34,315	(1,669)	—	—	—	32,646
Total operating expenses	127,832	(8,503)	(708)	(4,553)	—	114,068
Operating loss	(16,828)	10,172	708	4,553	—	(1,395)
Income tax expense	1,072	571	—	—	—	1,643
Net income	(10,006)	9,601	708	4,553	—	4,856
Net income per share, basic ^(a)	\$ (0.14)	\$ 0.13	\$ 0.01	\$ 0.06	\$ —	\$ 0.07
Net income per share, diluted	\$ (0.14)	\$ 0.13	\$ 0.01	\$ 0.06	\$ —	\$ 0.06
Year Ended December 31, 2023						
Subscriptions cost of revenue	\$ 43,563	\$ (925)	\$ —	\$ —	\$ (30)	\$ 42,608
Professional services cost of revenue	99,759	(6,055)	—	—	(158)	93,546
Total cost of revenue	143,322	(6,980)	—	—	(188)	136,154
Total operating expenses	510,014	(36,407)	2,064	(6,038)	(6,111)	463,522
Operating loss	(107,973)	43,387	(2,064)	6,038	6,299	(54,313)
Income tax expense	3,209	1,302	—	—	139	4,650
Net loss	(111,441)	42,085	(2,064)	6,038	6,160	(59,222)
Net loss per share, basic and diluted	\$ (1.52)	\$ 0.58	\$ (0.03)	\$ 0.08	\$ 0.08	\$ (0.81)

Reconciliation of GAAP to Non-GAAP Measures.

\$ in thousands

	GAAP Measure	Stock-Based Compensation	Litigation Expense	Non-GAAP Measure
Three Months Ended December 31, 2022				
Subscriptions cost of revenue	\$ 9,942	\$ (284)	\$ —	\$ 9,658
Professional services cost of revenue	25,289	(1,521)	—	23,768
Total cost of revenue	35,231	(1,805)	—	33,426
Total operating expenses	131,175	(9,598)	(2,453)	119,124
Operating loss	(40,620)	11,403	2,453	(26,764)
Net loss	(34,417)	11,403	2,453	(20,561)
Net loss per share, basic and diluted	\$ (0.47)	\$ 0.16	\$ 0.03	\$ (0.28)
Year Ended December 31, 2022				
Subscriptions cost of revenue	\$ 36,005	\$ (996)	\$ —	\$ 35,009
Professional services cost of revenue	97,301	(5,309)	—	91,992
Total cost of revenue	133,306	(6,305)	—	127,001
Total operating expenses	479,695	(32,525)	(22,886)	424,284
Operating loss	(145,010)	38,830	22,886	(83,294)
Net loss	(150,920)	38,830	22,886	(89,204)
Net loss per share, basic and diluted	\$ (2.08)	\$ 0.54	\$ 0.32	\$ (1.23)

Reconciliation of GAAP to Non-GAAP Measures.

\$ in thousands

	Three Months Ended December 31,		Year ended December 31,	
	2023	2022	2023	2022
Reconciliation of adjusted EBITDA:				
GAAP net loss	(10,006)	(34,417)	(111,441)	(150,920)
Other (income) expense, net	(12,966)	(9,271)	(17,603)	3,545
Interest expense	5,072	1,451	17,862	1,673
Income tax expense	1,072	1,617	3,209	692
Depreciation expense and amortization of intangible assets	2,427	1,965	9,473	7,297
Stock-based compensation expense	10,172	11,403	43,387	38,830
Litigation Expense	708	2,453	(2,064)	22,886
JPI Amortization	4,553	—	6,038	—
Severance Costs	—	—	6,299	—
Adjusted EBITDA	<u>\$ 1,032</u>	<u>\$ (24,799)</u>	<u>\$ (44,840)</u>	<u>\$ (75,997)</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.

	<u>Q1 2023</u>	<u>Q2 2023</u>	<u>Q3 2023</u>	<u>Q4 2023</u>	<u>FY 2023</u>	<u>Q4 2022</u>	<u>FY 2022</u>
Reconciliation of non-GAAP overall gross margin:							
GAAP overall gross margin	73.3%	71.2%	73.7%	76.4%	73.7%	72.0%	71.5%
Add back:							
Non-GAAP adjustments to overall gross margin	1.5%	1.3%	1.3%	1.1%	1.3%	1.4%	1.4%
Non-GAAP overall gross margin	74.8%	72.5%	75.0%	77.5%	75.0%	73.4%	72.9%
Reconciliation of non-GAAP subscriptions gross margin:							
GAAP subscriptions gross margin	89.4%	88.5%	89.1%	90.4%	89.4%	89.4%	89.4%
Add back:							
Non-GAAP adjustments to subscriptions gross margin	0.3%	0.3%	0.3%	0.2%	0.3%	0.2%	0.3%
Non-GAAP subscriptions gross margin	89.7%	88.8%	89.4%	90.6%	89.7%	89.6%	89.7%
Reconciliation of non-GAAP professional services gross margin:							
GAAP professional services gross margin	29.3%	23.2%	25.5%	21.3%	25.0%	22.3%	23.9%
Add back:							
Non-GAAP adjustments to professional services gross margin	4.7%	4.4%	4.6%	4.9%	4.6%	4.7%	4.1%
Non-GAAP professional services gross margin	34.0%	27.6%	30.1%	26.2%	29.6%	27.0%	28.0%

A person is seen from the side, working on a laptop. The laptop screen displays a dashboard with various data visualizations. The dashboard includes a 'Total invoice' of 16,604,076, an 'Avg. invoice volume' of 5,464, and an 'Avg. cycle time' of 2 w, 1 d. There is also a 'No. of closed cases' of 1,706. The dashboard features a bar chart titled 'Invoice volume vs number of cases', a line chart titled 'Cycle Time', and a flowchart titled 'Top five variants'. The background is a blurred office setting with a water bottle on the desk. A blue grid pattern is overlaid on the bottom half of the image.

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