

Q1 2025 Earnings Call Presentation

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The logo for Appian, featuring the word "appian" in a lowercase, sans-serif font. The letter "a" is positioned above the other letters, and the "p" is a stylized shape.

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 second quarter and full year 2025, 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.

Q1 2025 Highlights.

Profitability

- Q1 2025 adjusted EBITDA was \$16.8 million.

Revenue

- Cloud subscriptions revenue was \$99.8 million in Q1 2025, representing growth of 15% over Q1 2024.
- Subscriptions revenue was \$134.4 million in Q1 2025, representing growth of 14% over Q1 2024.
- Total revenue was \$166.4 million in Q1 2025, representing growth of 11% over Q1 2024.

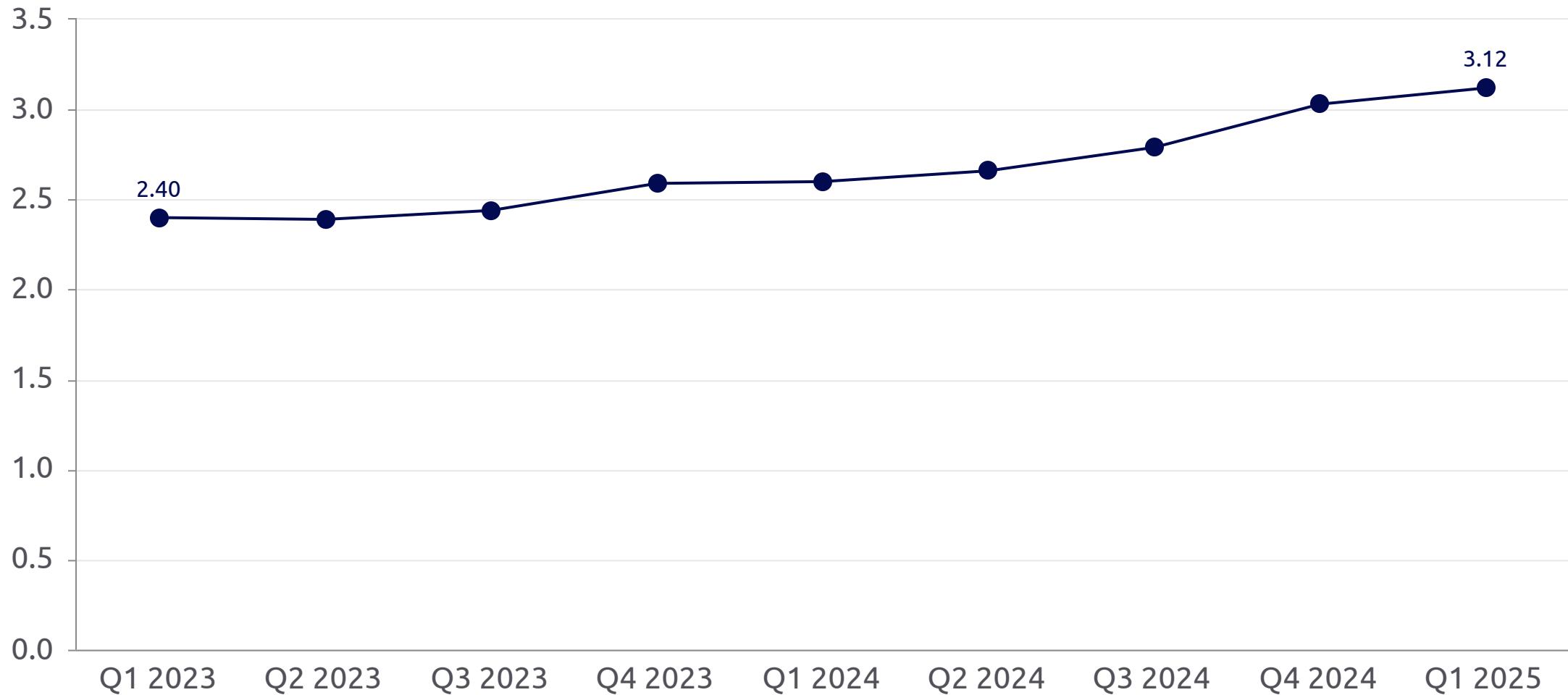
Retention

- Cloud subscriptions revenue retention rate was 112% as of March 31, 2025.

Non-GAAP Gross Margins*

- Subscriptions gross margin was 89%.
- Professional services gross margin was 30%.
- Overall gross margin was 78%.

GTM Productivity.



AI works best inside a Process

Process provides the tools and infrastructure required to **scale AI usage**.

Simplicity

Scalability

Structure

AI

Analytics

Data

Safety

Process tracks every AI action, making the **ROI of AI investments measurable**.

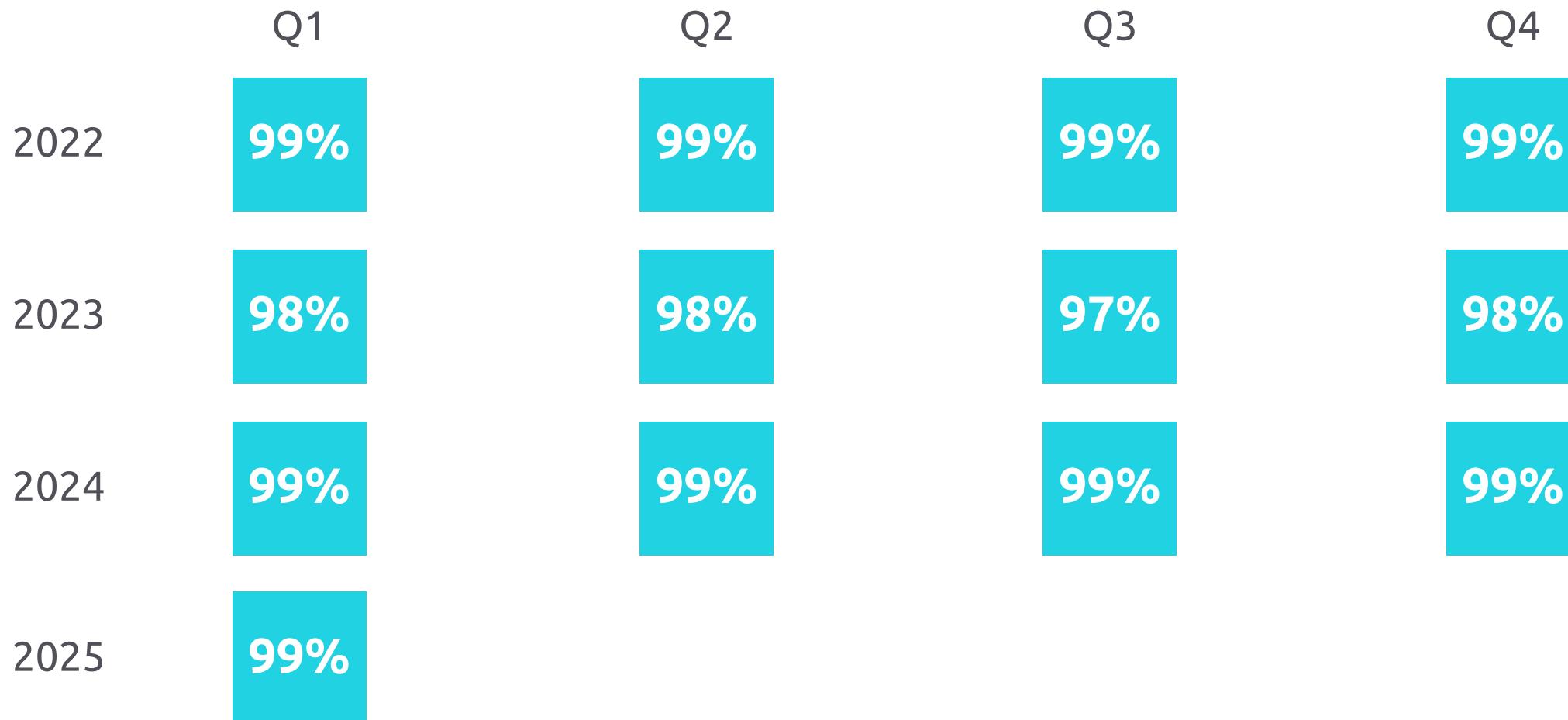
Launch AI in process with **just a few clicks**.

Process gives AI a goal, a team, **a flow of work**, exception handling, human oversight, and escalation paths.

Process provides access to the whole of **enterprise data** and regulates data access for privacy.

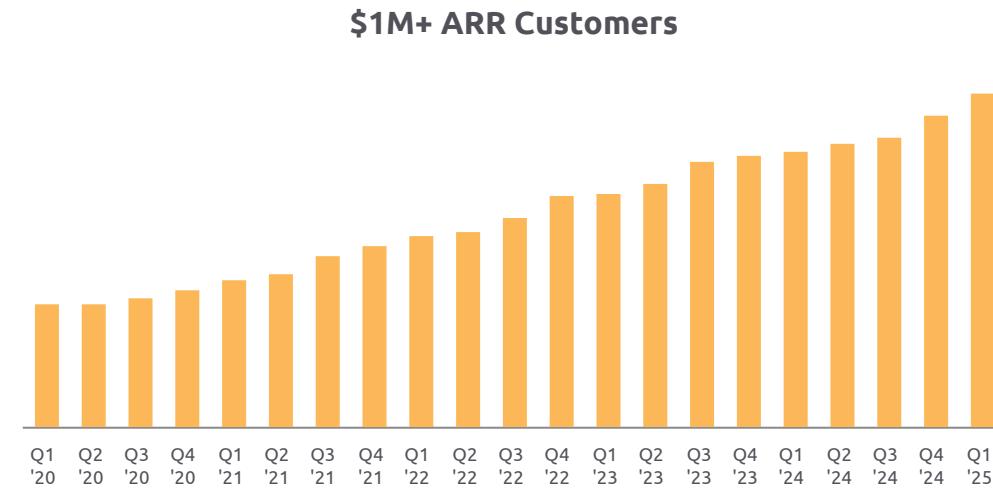
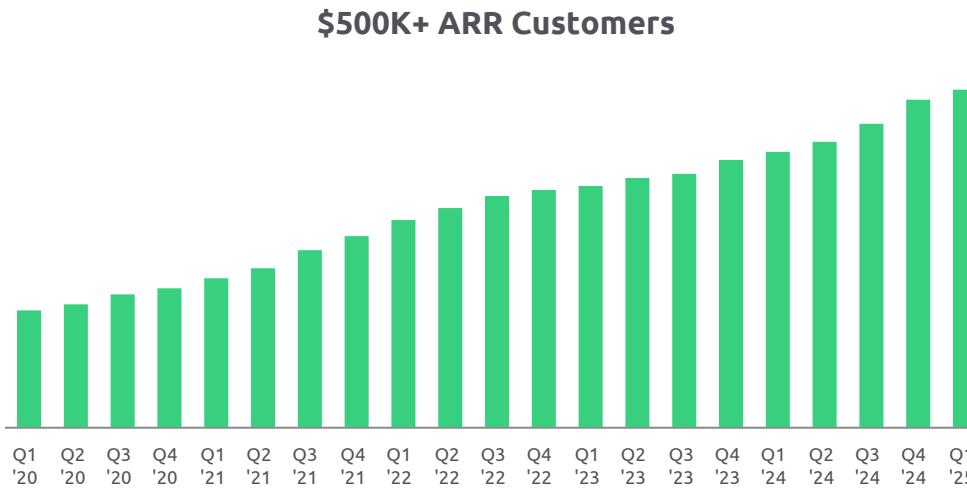
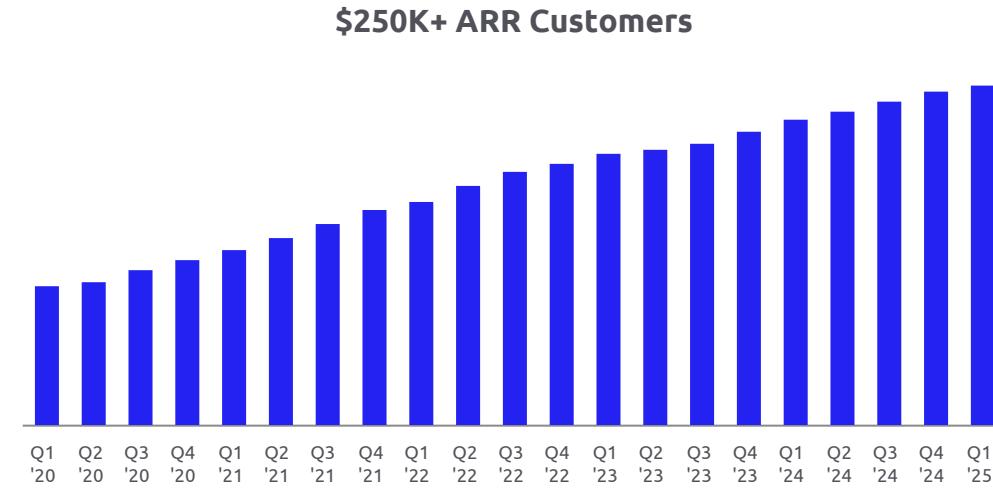
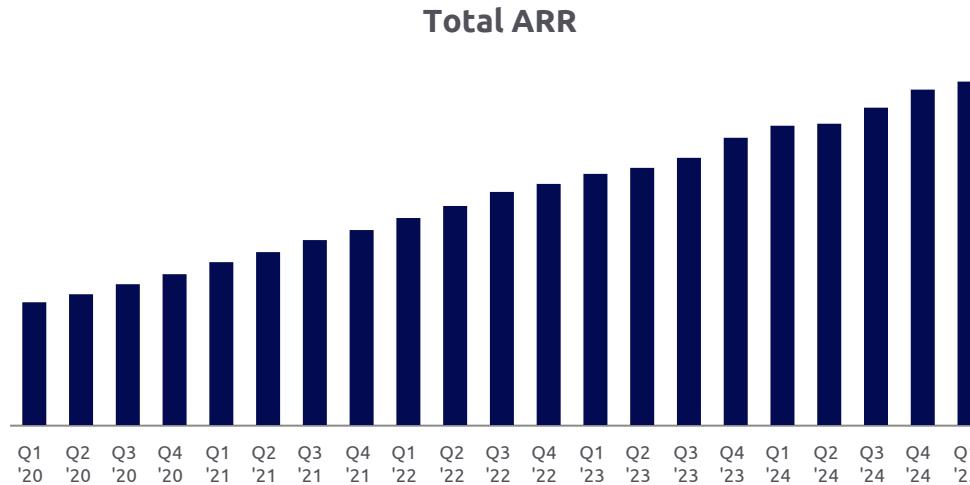
Process puts guardrails on AI agents. AI becomes **powerful and safe**.

Cloud Gross Renewal Rate.

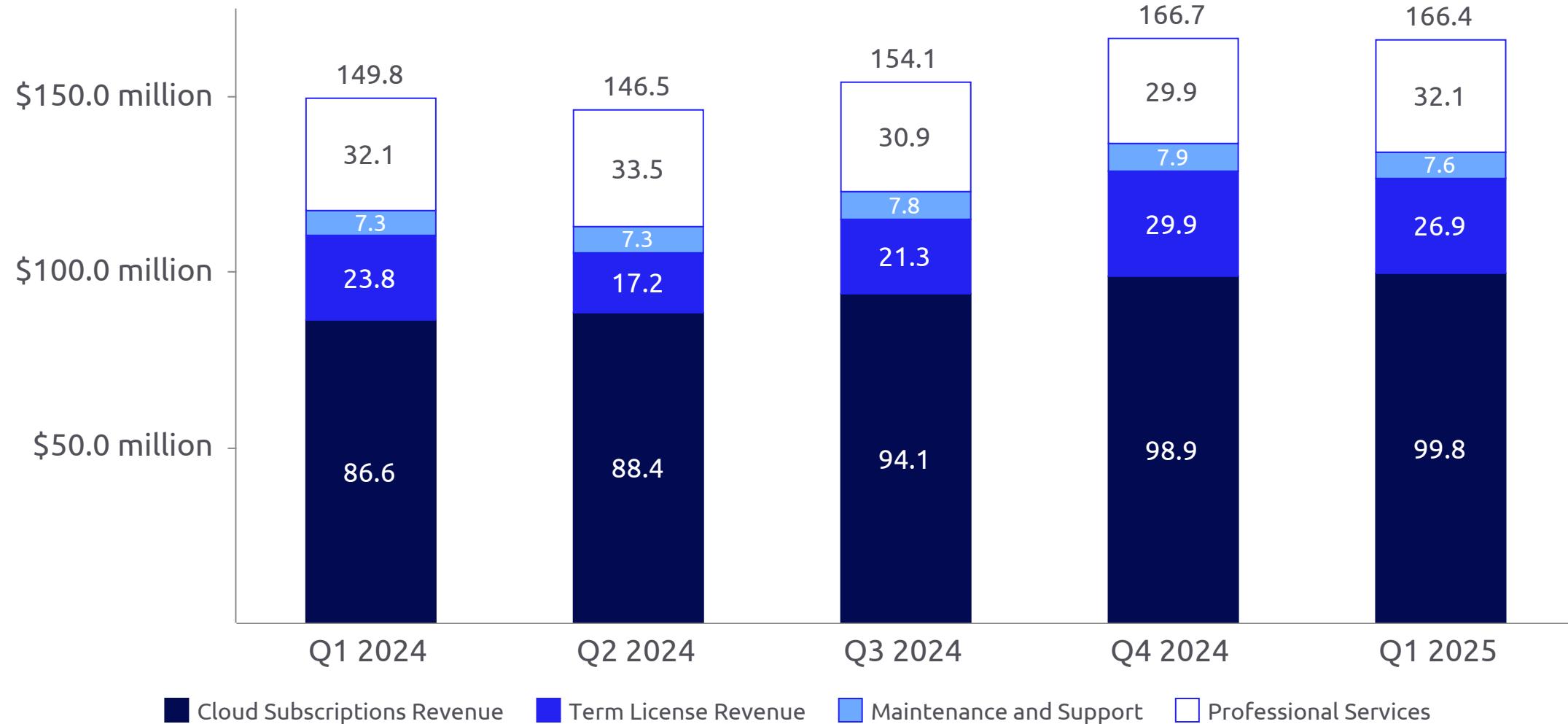


Calculated by dividing the aggregate recurring cloud subscriptions revenue in the current trailing 12-month period by the aggregate recurring cloud subscriptions revenue from the previous trailing 12-month period. The calculation includes the impact of customers that churned during the current trailing 12-month period but excludes the impact of price increases, upsells, and downsellss during the same period.

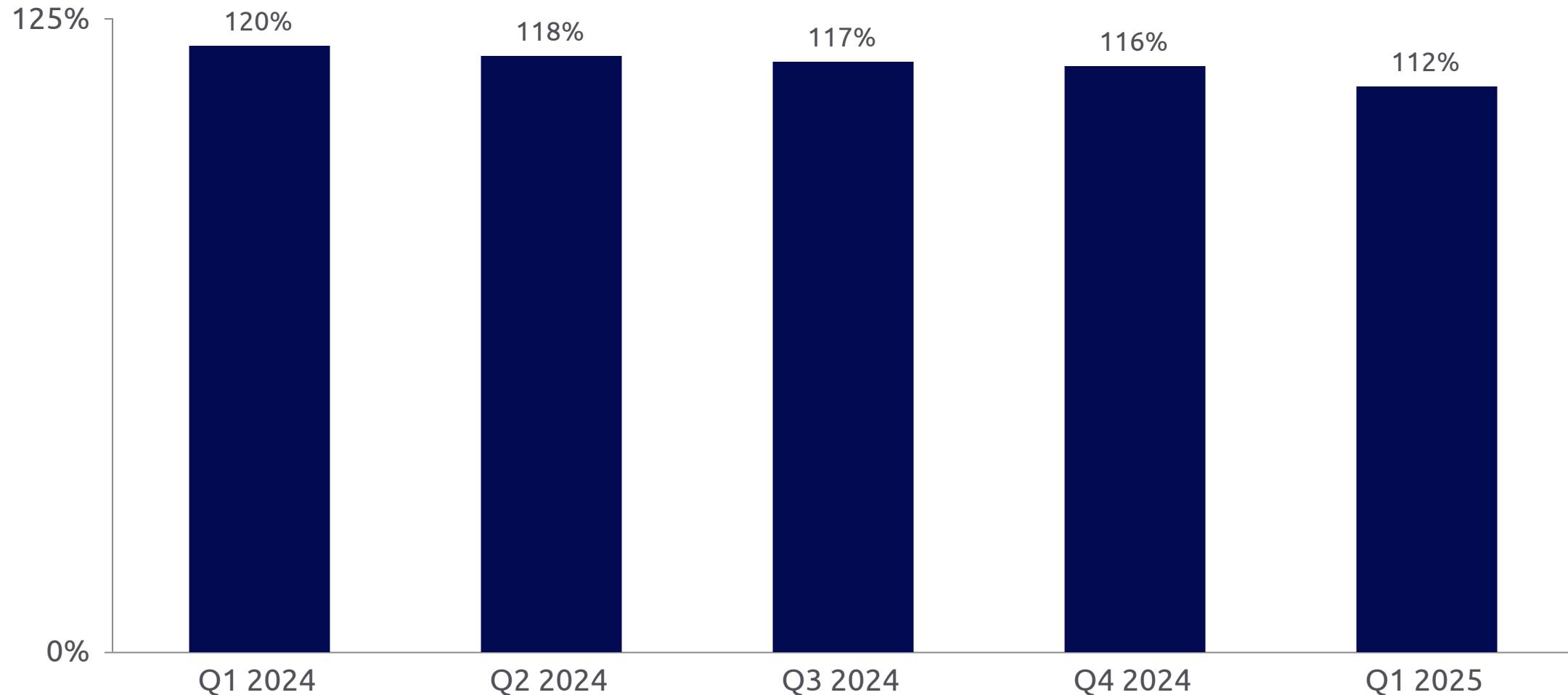
Annualized Recurring Revenue ("ARR").



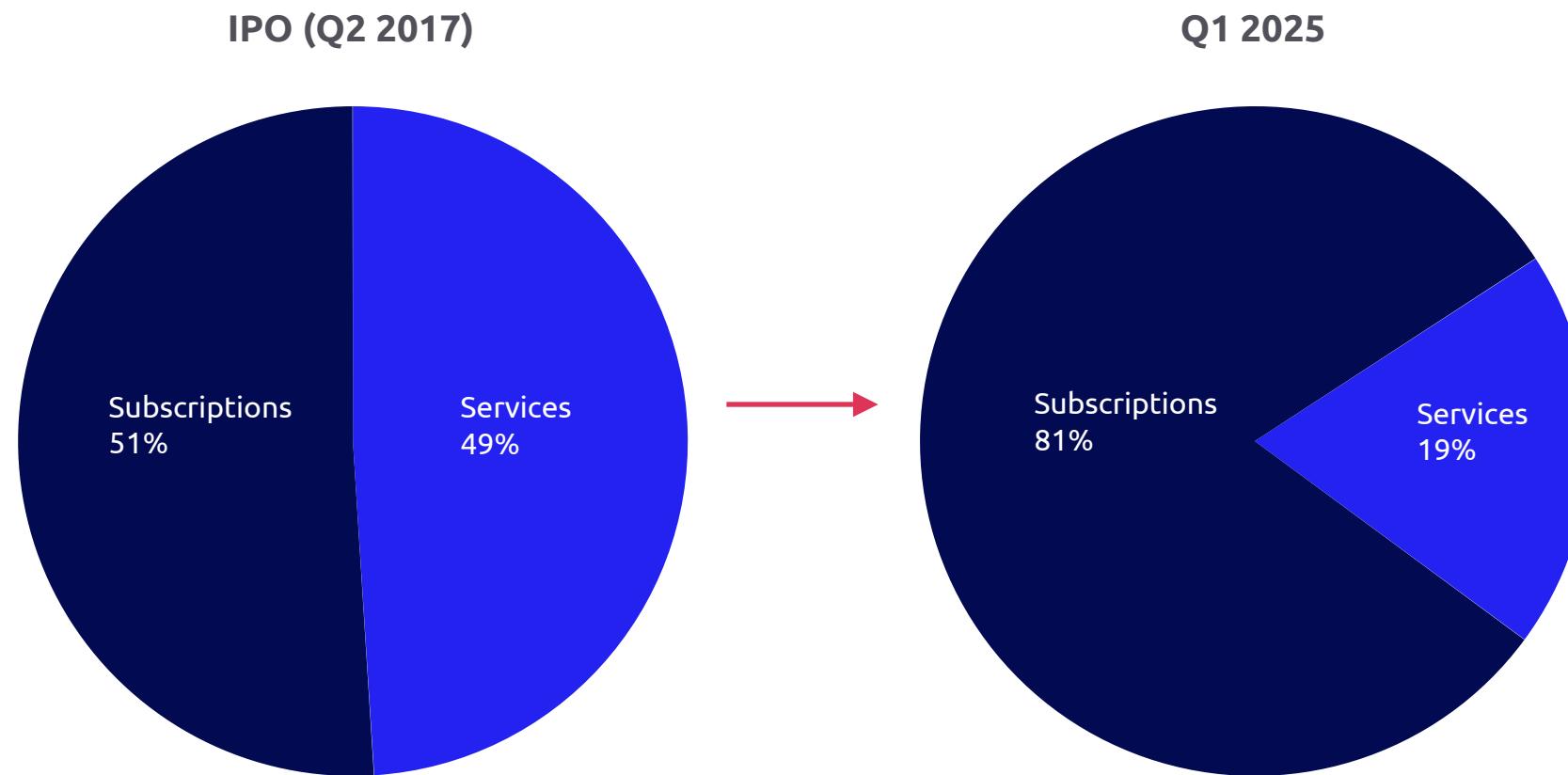
Total Revenue.*



Cloud Subscriptions Revenue Retention Rate.

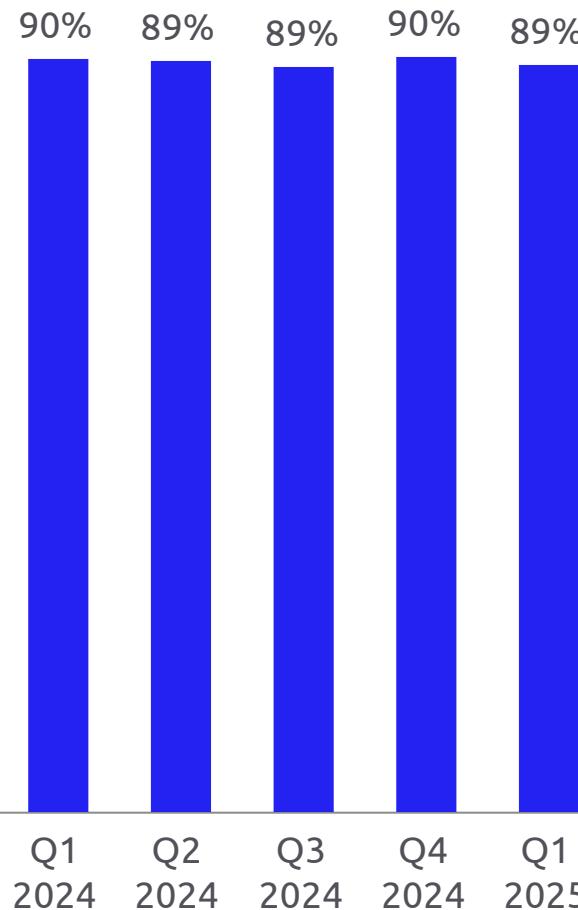


Subscriptions vs. Professional Services Revenues.

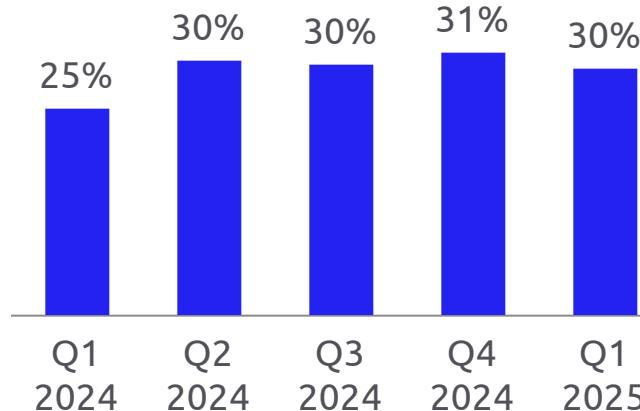


Non-GAAP Gross Margins.*

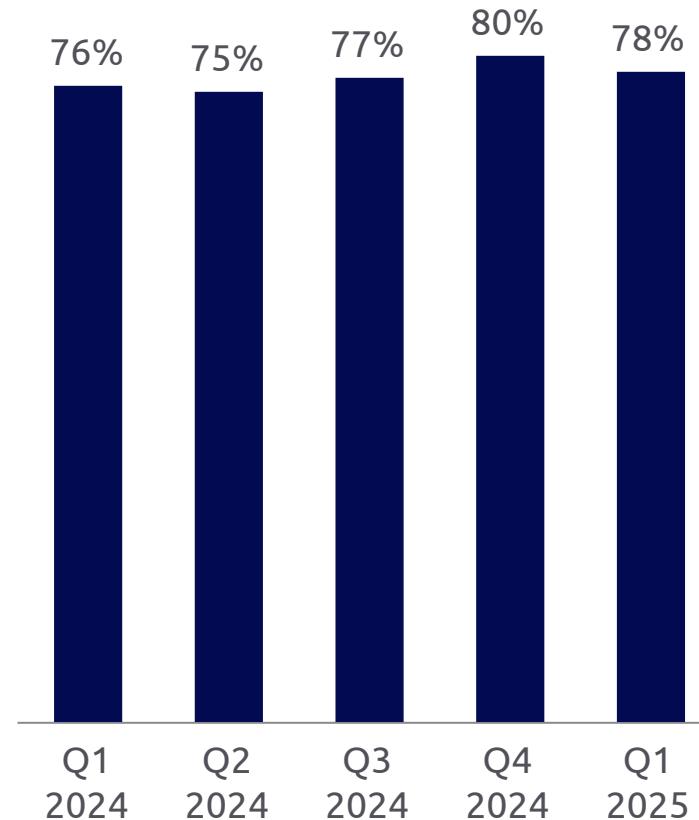
Subscriptions



Professional Services



Overall



Q1 2025 Summary.

Cloud Subscriptions Revenue

(USD, in millions)



Cloud Subscriptions Revenue Retention

As of March 31, 2025



Non-GAAP Overall Gross Margins*



Guidance.

Given on May 8, 2025

(in millions, except for EPS)	Q2 2025		Full Year 2025	
Cloud Subscriptions Revenue	\$101.0	–	\$103.0	\$419.0
Cloud Subscriptions Revenue Growth YoY	14%	–	16%	14%
Total Revenue	\$158.0	–	\$162.0	\$680.0
Total Revenue Increase YoY	8%	–	11%	10%
Adjusted EBITDA	\$(5.0)	–	\$(2.0)	\$40.0
Non-GAAP Diluted (Loss) Earnings per Share*	\$(0.15)	–	\$(0.11)	\$0.18
				\$0.26

Appendix

Balance Sheet.

\$ in thousands	As of	
	March 31, 2025 (unaudited)	December 31, 2024
Assets		
Cash and cash equivalents	\$ 134,982	\$ 118,552
Short-term investments and marketable securities	64,716	41,308
Accounts receivable, net of allowance	136,037	195,069
Deferred commissions, current	34,858	36,630
Prepaid expenses and other current assets	41,309	43,984
Property and equipment, net	36,330	37,109
Goodwill	26,546	25,555
Intangible assets, net of accumulated amortization	2,032	2,240
Right-of-use assets for operating leases	31,645	31,081
Deferred commissions, net of current portion	58,457	60,540
Other assets	25,987	28,971
Total assets	\$ 592,899	\$ 621,039
Liabilities and Stockholders' Deficit		
Accounts payable and accrued expenses	20,399	15,710
Accrued compensation and related benefits	26,487	34,223
Deferred revenue	258,582	281,760
Debt	9,598	9,598
Operating lease liabilities	12,798	12,378
Other current liabilities	2,518	1,087
Long-term debt	238,426	240,826
Non-current operating lease liabilities	51,518	52,189
Deferred revenue, non-current	3,944	5,477
Other non-current liabilities	374	431
Total liabilities	624,644	653,679
Stockholders' deficit		
Common stock	7	7
Additional paid-in capital	597,086	591,281
Accumulated other comprehensive loss	(15,507)	(11,774)
Accumulated deficit	(613,331)	(612,154)
Total stockholders' deficit	(31,745)	(32,640)
Total liabilities and stockholders' deficit	\$ 592,899	\$ 621,039

Income Statement.

\$ in thousands, except for per share data

	Three Months Ended March 31,	
	2025	2024
	(unaudited)	
Revenue		
Cloud subscriptions	\$ 99,826	\$ 86,603
Term license subscriptions	26,914	23,771
Maintenance and support	7,612	7,320
Total subscriptions revenue	<u>134,352</u>	<u>117,694</u>
Professional services	32,074	32,141
Total revenue	166,426	149,835
Cost of revenue		
Subscriptions	14,894	12,270
Professional services	24,024	25,727
Total cost of revenue	38,918	37,997
Gross profit	127,508	111,838
Operating expenses		
Sales and marketing	54,553	58,156
Research and development	39,517	39,771
General and administrative	34,272	33,446
Total operating expenses	128,342	131,373
Operating loss	(834)	(19,535)
Other non-operating (income) expense		
Other (income) expense, net	(5,716)	8,207
Interest expense	5,318	5,646
Total other non-operating (income) expense	(398)	13,853
Loss before income taxes	(436)	(33,388)
Income tax expense	741	(465)
Net loss	\$ (1,177)	\$ (32,923)
Net loss per share:		
Basic and diluted	\$ (0.02)	\$ (0.45)
Weighted average common shares outstanding:		
Basic and diluted	74,094	73,300

Stock-Based Compensation Expense.

\$ in thousands	Three Months Ended March 31,	
	2025	2024
	(unaudited)	
Cost of revenue		
Subscriptions	\$ 243	\$ 213
Professional services	1,407	1,578
Operating expenses		
Sales and marketing	2,188	2,527
Research and development	2,938	3,001
General and administrative	3,263	3,287
Total stock-based compensation expense	<u>\$ 10,039</u>	<u>\$ 10,606</u>

Reconciliation of GAAP to Non-GAAP Measures.

\$ in thousands

	GAAP Measure	Stock-Based Compensation	Litigation Expenses	JPI Amortization	Severance Costs	Lease Impairment and Lease-Related Charges	Unrealized Foreign Exchange Gains and Losses	Non-GAAP Measure
Three Months Ended March 31, 2025								
Subscriptions cost of revenue	\$ 14,894	\$ (243)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 14,651
Professional services cost of revenue	24,024	(1,407)	—	—	—	—	—	22,617
Total cost of revenue	38,918	(1,650)	—	—	—	—	—	37,268
Total operating expense	128,342	(8,389)	(1,712)	(3,084)	—	(312)	—	114,845
Operating (loss) income	(834)	10,039	1,712	3,084	—	312	—	14,313
Non-operating (income) expense	(5,716)	—	—	—	—	—	4,016	(1,700)
Income tax impact of above items	741	455	—	—	—	—	(267)	929
Net (loss) income	(1,177)	9,584	1,712	3,084	—	312	(3,749)	9,766
Net (loss) income per share, basic and diluted ^(a,b)	\$ (0.02)	\$ 0.13	\$ 0.02	\$ 0.04	\$ —	\$ —	\$ (0.05)	\$ 0.13
Three Months Ended March 31, 2024								
Subscriptions cost of revenue	\$ 12,270	\$ (213)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 12,057
Professional services cost of revenue	25,727	(1,578)	—	—	—	—	—	24,149
Total cost of revenue	37,997	(1,791)	—	—	—	—	—	36,206
Total operating expense	131,373	(8,815)	(742)	(4,504)	—	—	—	117,312
Operating (loss) income	(19,535)	10,606	742	4,504	—	—	—	(3,683)
Non-operating expense (income)	8,207	—	—	—	—	—	(11,848)	(3,641)
Income tax impact of above items	(465)	604	—	—	—	—	935	1,074
Net (loss) income	(32,923)	10,002	742	4,504	—	—	10,913	(6,762)
Net (loss) income per share, basic and diluted	\$ (0.45)	\$ 0.14	\$ 0.01	\$ 0.06	\$ —	\$ —	\$ 0.15	\$ (0.09)

^(a) Per share amounts do not foot due to rounding.

^(b) Accounts for the impact of 0.4 million shares of dilutive securities.

Reconciliation of GAAP to Non-GAAP Measures.

\$ in thousands	Three Months Ended March 31,	
	2025	2024
Reconciliation of adjusted EBITDA:		
GAAP net loss	\$ (1,177)	\$ (32,923)
Other (income) expense, net	(5,716)	8,207
Interest expense	5,318	5,646
Income tax expense (benefit)	741	(465)
Depreciation expense and amortization of intangible assets	2,446	2,361
Stock-based compensation expense	10,039	10,606
Litigation Expenses	1,712	742
JPI Amortization	3,084	4,504
Lease Impairment and Lease-Related Charges	312	—
Adjusted EBITDA	\$ 16,759	\$ (1,322)

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.

	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025
Reconciliation of non-GAAP overall gross margin:					
GAAP overall gross margin	74.6%	73.1%	75.9%	78.6%	76.6%
Add back:					
Non-GAAP adjustments to overall gross margin	1.2%	2.1%	1.0%	0.9%	1.0%
Non-GAAP overall gross margin	75.8%	75.2%	76.9%	79.5%	77.6%
Reconciliation of non-GAAP subscriptions gross margin:					
GAAP subscriptions gross margin	89.6%	88.3%	88.6%	89.9%	88.9%
Add back:					
Non-GAAP adjustments to subscriptions gross margin	0.2%	0.2%	0.1%	0.1%	0.2%
Non-GAAP subscriptions gross margin	89.8%	88.5%	88.7%	90.0%	89.1%
Reconciliation of non-GAAP professional services gross margin:					
GAAP professional services gross margin	20.0%	21.9%	25.6%	27.1%	25.1%
Add back:					
Non-GAAP adjustments to professional services gross margin	4.9%	8.5%	4.3%	4.3%	4.4%
Non-GAAP professional services gross margin	24.9%	30.4%	29.9%	31.4%	29.5%

Reconciliation of GAAP to Non-GAAP Measures.

The following table reconciles our GAAP sales and marketing expense to our non-GAAP sales and marketing expense. The non-GAAP adjustment represents adding back the impact of stock-based compensation expense and severance costs recorded to "Sales and marketing expense" within our consolidated income statements.

<i>in thousands</i>	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2024	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025
GAAP sales and marketing expense	45,916	56,166	54,912	63,270	63,090	62,581	55,667	61,043	58,156	66,592	50,865	55,272	54,553
Subtract:													
Sales and marketing stock compensation	1,788	2,266	2,667	2,431	2,445	2,772	3,245	2,380	2,527	1,997	1,746	1,930	2,188
Sales and marketing severance costs	—	—	—	—	3,731	1,006	—	—	—	3,937	—	—	—
Non-GAAP sales and marketing expense	44,128	53,900	52,245	60,839	56,914	58,803	52,422	58,663	55,629	60,658	49,119	53,342	52,365

appian
the process company