



## AppFolio, Inc. Announces Second Quarter 2021 Financial Results

August 9, 2021

SANTA BARBARA, Calif., Aug. 09, 2021 (GLOBE NEWSWIRE) -- AppFolio, Inc. (NASDAQ: APPF) ("AppFolio" or the "Company"), a leading provider of cloud-based business software solutions, services, and data analytics to the real estate market, today announced its financial results for the second quarter ended June 30, 2021.

AppFolio's operating results for the second quarter of 2021 are summarized in the tables accompanying this press release. The Company nevertheless urges investors to read its Annual Report on Form 10-K, which was filed with the Securities and Exchange Commission (the "SEC") on March 1, 2021, as well as its more detailed second quarter 2021 results that will be included in the Company's Quarterly Report on Form 10-Q, which will be filed with the SEC today. These periodic report filings, together with other documents the Company files with the SEC from time to time, will be accessible on AppFolio's website, <http://ir.appfolioinc.com>. The limited information that follows in this press release is not adequate for making an informed investment judgment.

### Financial Outlook

Based on information available as of August 9, 2021, AppFolio's outlook for fiscal year 2021 follows:

- Full year revenue is expected to be in the range of \$350 million to \$355 million.
- Diluted weighted average shares are expected to be approximately 36 million for the full year.

### Conference Call Information

As previously announced, the Company will host a conference call today, August 9, 2021, at 1:30 p.m. Pacific Time, 4:30 p.m. Eastern Time, to discuss its financial results. Participants who wish to dial into the conference call please register in advance at <http://www.directeventreg.com/registration/event/2995293>. After registering, a confirmation email will be sent, including dial-in details and a unique code for entry. Registration will be open through the start of the live call.

Following the conference call, a replay will be available at (800) 585-8367 (domestic) or (416) 621-4642 (international). The replay passcode is 2995293. An archived webcast of this conference call will also be available on AppFolio's Investor Relations website at <http://ir.appfolioinc.com>.

### About AppFolio, Inc.

AppFolio provides innovative software, services and data analytics to the real estate industry. Our cloud-based business management solutions are designed to enable our customers to digitally transform their businesses, address critical business operations and enable exceptional customer service. Today our core solutions include AppFolio Property Manager, AppFolio Property Manager PLUS, and AppFolio Investment Management. In addition, the Company offers a variety of Value+ services that are designed to enhance, automate and streamline essential processes and workflows for our customers. AppFolio was founded in 2006 and is headquartered in Santa Barbara, CA. Learn more at [www.appfolioinc.com](http://www.appfolioinc.com).

Investor Relations Contact: [ir@appfolio.com](mailto:ir@appfolio.com)

### Forward-Looking Statements

This press release contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which statements are subject to considerable risks and uncertainties. Forward-looking statements include all statements that are not statements of historical fact contained in this press release, and can be identified by words such as "anticipates," "believes," "could," "estimates," "expects," "intends," "may," "plans," "potential," "predicts," "projects," "seeks," "should," "will," "would" or similar expressions and the negatives of those expressions. In particular, forward-looking statements contained in this press release relate to the Company's future or assumed revenues and weighted-average outstanding shares, as well as its future growth and success.

Forward-looking statements represent AppFolio's current beliefs and assumptions based on information currently available. Forward-looking statements involve numerous known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Some of the risks and uncertainties that may cause the Company's actual results to materially differ from those expressed or implied by these forward-looking statements are described in the section entitled "Risk Factors" in AppFolio's Quarterly Report on Form 10-Q for the quarter ended June 30, 2021, which will be filed with the SEC today, as well as in the Company's other filings with the SEC. You should read this press release with the understanding that the Company's actual future results may be materially different from the results expressed or implied by these forward looking statements.

Except as required by applicable law or the rules of the NASDAQ Global Market, AppFolio assumes no obligation to update any forward-looking statements publicly, or to update the reasons actual results could differ materially from those anticipated in these forward-looking statements, even if new information becomes available in the future.

**(UNAUDITED)**  
(in thousands, except par values)

|  | <b>June 30,<br/>2021</b> | <b>December 31,<br/>2020</b> |
|--|--------------------------|------------------------------|
| <b>Assets</b>  |                          |                              |
| Current assets   |                          |                              |
| Cash and cash equivalents  | \$ 48,610                | \$ 140,263                   |
| Investment securities—current  | 102,978                  | 28,256                       |
| Accounts receivable, net   | 14,973                   | 10,057                       |
| Prepaid expenses and other current assets  | 23,306                   | 20,777                       |
| Total current assets   | 189,867                  | 199,353                      |
| Investment securities—noncurrent   | 11,541                   | 6,770                        |
| Property and equipment, net  | 27,324                   | 26,439                       |
| Operating lease right-of-use assets  | 40,983                   | 30,561                       |
| Capitalized software development costs, net  | 39,225                   | 35,459                       |
| Goodwill   | 56,147                   | 56,147                       |
| Intangible assets, net   | 14,017                   | 16,357                       |
| Deferred income taxes—noncurrent   | 12,774                   | 12,181                       |
| Other long-term assets   | 7,194                    | 6,213                        |
| Total assets   | \$ 399,072               | \$ 389,480                   |
| <b>Liabilities and Stockholders' Equity</b>  |                          |                              |
| Current liabilities  |                          |                              |
| Accounts payable   | \$ 2,411                 | \$ 1,040                     |
| Accrued employee expenses—current  | 27,504                   | 18,888                       |
| Accrued expenses   | 11,403                   | 14,069                       |
| Deferred revenue   | 3,205                    | 2,262                        |
| Income tax payable   | 66                       | 9,095                        |
| Other current liabilities  | 4,196                    | 4,451                        |
| Total current liabilities  | 48,785                   | 49,805                       |
| Accrued employee expenses—noncurrent   | 968                      | —                            |
| Operating lease liabilities  | 53,936                   | 40,146                       |
| Deferred income taxes—noncurrent   | 8,116                    | 13,609                       |
| Total liabilities  | 111,805                  | 103,560                      |
| Stockholders' equity:  |                          |                              |
| Preferred stock, \$0.0001 par value, 25,000 shares authorized and no shares issued and outstanding as of June 30, 2021 and December 31, 2020   | —                        | —                            |
| Class A common stock, \$0.0001 par value, 250,000 shares authorized as of June 30, 2021 and December 31, 2020; 19,408 and 19,148 shares issued as of June 30, 2021 and December 31, 2020, respectively; 18,989 and 18,729 shares outstanding as of June 30, 2020 and December 31, 2020, respectively | 2                        | 2                            |
| Class B common stock, \$0.0001 par value, 50,000 shares authorized as of June 30, 2021 and December 31, 2020; 15,621 and 15,659 shares issued and outstanding as of June 30, 2021 and December 31, 2020, respectively  | 2                        | 2                            |
| Additional paid-in capital   | 160,160                  | 161,247                      |
| Accumulated other comprehensive (loss) income  | (10)                     | 56                           |
| Treasury stock, at cost, 419 shares of Class A common stock as of June 30, 2021 and December 31, 2020  | (25,756)                 | (25,756)                     |
| Retained earnings  | 152,869                  | 150,369                      |
| Total stockholders' equity   | 287,267                  | 285,920                      |
| Total liabilities and stockholders' equity   | \$ 399,072               | \$ 389,480                   |

**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
**(UNAUDITED)**

(in thousands, except per share amounts)

| <b>Three Months Ended<br/>June 30,</b> |             | <b>Six Months Ended<br/>June 30,</b> |             |
|--|-------------|--------------------------------------|-------------|
| <b>2021</b>                            | <b>2020</b> | <b>2021</b>                          | <b>2020</b> |

|  |    |        |    |          |    |         |    |          |
|--|----|--------|----|----------|----|---------|----|----------|
| Revenue  | \$ | 89,040 | \$ | 81,043   | \$ | 167,961 | \$ | 153,538  |
| Costs and operating expenses:                                |    |        |    |          |    |         |    |          |
| Cost of revenue (exclusive of depreciation and amortization) |    | 32,819 |    | 27,411   |    | 66,117  |    | 56,372   |
| Sales and marketing  |    | 17,714 |    | 13,717   |    | 33,893  |    | 28,223   |
| Research and product development                             |    | 15,506 |    | 12,128   |    | 29,889  |    | 23,340   |
| General and administrative                                   |    | 14,206 |    | 14,785   |    | 27,567  |    | 23,357   |
| Depreciation and amortization                                |    | 7,649  |    | 6,657    |    | 15,018  |    | 13,071   |
| Total costs and operating expenses                           |    | 87,894 |    | 74,698   |    | 172,484 |    | 144,363  |
| Income (loss) from operations                                |    | 1,146  |    | 6,345    |    | (4,523) |    | 9,175    |
| Other income (loss), net                                     |    | 496    |    | (10)     |    | 1,058   |    | 12       |
| Interest income (expense), net                               |    | 55     |    | (562)    |    | 108     |    | (1,056)  |
| Income (loss) before benefit from income taxes               |    | 1,697  |    | 5,773    |    | (3,357) |    | 8,131    |
| Benefit from income taxes                                    |    | (324)  |    | (13,484) |    | (5,857) |    | (13,109) |
| Net income   | \$ | 2,021  | \$ | 19,257   | \$ | 2,500   | \$ | 21,240   |
| Net income per common share:                                 |    |        |    |          |    |         |    |          |
| Basic  | \$ | 0.06   | \$ | 0.56     | \$ | 0.07    | \$ | 0.62     |
| Diluted  | \$ | 0.06   | \$ | 0.54     | \$ | 0.07    | \$ | 0.60     |
| Weighted average common shares outstanding:                  |    |        |    |          |    |         |    |          |
| Basic  |    | 34,548 |    | 34,254   |    | 34,479  |    | 34,214   |
| Diluted  |    | 35,674 |    | 35,614   |    | 35,697  |    | 35,647   |

### Stock-Based Compensation Expense

(in thousands)

|  | Three Months Ended<br>June 30, |       | Six Months Ended<br>June 30, |       |    |       |    |       |
|--|--------------------------------|-------|------------------------------|-------|----|-------|----|-------|
|  | 2021                           | 2020  | 2021                         | 2020  |    |       |    |       |
| Costs and operating expenses:                                |                                |       |                              |       |    |       |    |       |
| Cost of revenue (exclusive of depreciation and amortization) | \$                             | 463   | \$                           | 520   | \$ | 934   | \$ | 646   |
| Sales and marketing  |                                | 447   |                              | 477   |    | 849   |    | 702   |
| Research and product development                             |                                | 1,214 |                              | 580   |    | 2,071 |    | 874   |
| General and administrative                                   |                                | 1,090 |                              | 1,176 |    | 2,136 |    | 1,490 |
| Total stock-based compensation expense                       | \$                             | 3,214 | \$                           | 2,753 | \$ | 5,990 | \$ | 3,712 |

### CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(UNAUDITED)

(in thousands)

|   | Three Months Ended<br>June 30, |         | Six Months Ended<br>June 30, |          |    |         |    |          |
|---|--------------------------------|---------|------------------------------|----------|----|---------|----|----------|
|   | 2021                           | 2020    | 2021                         | 2020     |    |         |    |          |
| <b>Cash from operating activities</b>   |                                |         |                              |          |    |         |    |          |
| Net income  | \$                             | 2,021   | \$                           | 19,257   | \$ | 2,500   | \$ | 21,240   |
| Adjustments to reconcile net income to net cash provided by operating activities: |                                |         |                              |          |    |         |    |          |
| Depreciation and amortization   |                                | 7,649   |                              | 6,657    |    | 15,018  |    | 13,071   |
| Amortization of operating lease right-of-use assets                               |                                | 737     |                              | 1,018    |    | 1,399   |    | 2,071    |
| Deferred income taxes   |                                | (363)   |                              | (13,499) |    | (6,086) |    | (13,137) |
| Stock-based compensation  |                                | 3,214   |                              | 2,753    |    | 5,990   |    | 3,712    |
| Other   |                                | (422)   |                              | 8        |    | (579)   |    | (30)     |
| Changes in operating assets and liabilities:                                      |                                |         |                              |          |    |         |    |          |
| Accounts receivable   |                                | (2,111) |                              | (3,520)  |    | (4,007) |    | (5,136)  |
| Prepaid expenses and other current assets   |                                | (2,218) |                              | 2,530    |    | (2,171) |    | (292)    |
| Other assets  |                                | (579)   |                              | 41       |    | (982)   |    | (107)    |

|  |           |           |           |           |
|--|-----------|-----------|-----------|-----------|
| Accounts payable   | 431       | 555       | 1,301     | 193       |
| Accrued employee expenses—current  | 6,910     | 6,144     | 7,638     | 717       |
| Accrued expenses   | 757       | 3,808     | (3,047)   | 4,534     |
| Deferred revenue   | (266)     | (161)     | 33        | 532       |
| Income tax payable   | (2,535)   | —         | (9,029)   | —         |
| Other current liabilities  | (280)     | —         | 30        | 100       |
| Accrued employee expenses—noncurrent                                     | (204)     | (422)     | 968       | —         |
| Operating lease liabilities  | 2,357     | (876)     | 1,685     | (92)      |
| Net cash provided by operating activities                                | 15,098    | 24,293    | 10,661    | 27,376    |
| <b>Cash from investing activities</b>                                    |           |           |           |           |
| Purchases of available-for-sale investments                              | (49,282)  | (12,740)  | (148,293) | (13,389)  |
| Proceeds from sales of available-for-sale investments                    | 24,299    | —         | 42,198    | 13,942    |
| Proceeds from maturities of available-for-sale investments               | 25,750    | 500       | 26,750    | 7,750     |
| Purchases of property, equipment and intangible assets                   | (1,866)   | (6,314)   | (2,804)   | (14,306)  |
| Capitalization of software development costs                             | (5,771)   | (5,887)   | (11,911)  | (12,709)  |
| Net cash used in investing activities                                    | (6,870)   | (24,441)  | (94,060)  | (18,712)  |
| <b>Cash from financing activities</b>                                    |           |           |           |           |
| Proceeds from stock option exercises                                     | 546       | 232       | 646       | 329       |
| Tax withholding for net share settlement                                 | (4,908)   | (3,232)   | (8,900)   | (9,690)   |
| Payment of contingent consideration                                      | —         | —         | —         | (5,977)   |
| Proceeds from issuance of debt   | —         | 753       | —         | 50,190    |
| Principal payments on debt   | —         | (1,069)   | —         | (1,818)   |
| Purchase of treasury stock   | —         | —         | —         | (4,194)   |
| Net cash (used in) provided by financing activities                      | (4,362)   | (3,316)   | (8,254)   | 28,840    |
| Net increase (decrease) in cash and cash equivalents and restricted cash | 3,866     | (3,464)   | (91,653)  | 37,504    |
| <b>Cash, cash equivalents and restricted cash</b>                        |           |           |           |           |
| Beginning of period  | 45,180    | 57,215    | 140,699   | 16,247    |
| End of period  | \$ 49,046 | \$ 53,751 | \$ 49,046 | \$ 53,751 |

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Source: AppFolio, Inc.