# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

# FORM 10-Q

(Mark one)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2025.

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ________ to ________.

Commission File Number 001-37468

# AppFolio, Inc.
***(Exact name of registrant as specified in its charter)***

| | |
|---|---|
| **Delaware** | **26-0359894** |
| ***(State of incorporation or organization)*** | ***(I.R.S. Employer Identification No.)*** |
| **70 Castilian Drive**<br>**Santa Barbara, California** | **93117** |
| ***(Address of principal executive offices)*** | ***(Zip Code)*** |

**(805) 364-6093**

***(Registrant's telephone number, including area code)***

**N/A**

***(Former name, former address and former fiscal year, if changed since last report)***

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading Symbol | Name of each exchange on which registered |
|---|---|---|
| Class A common stock, $0.0001 par value | APPF | NASDAQ Global Market |

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

| | | | |
|---|---|---|---|
| Large accelerated filer | ☒ | Accelerated filer | ☐ |
| Non-accelerated filer | ☐ | Smaller reporting company | ☐ |
| | | Emerging growth company | ☐ |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of October 23, 2025, the number of shares of the registrant's Class A common stock outstanding was 23,073,192 and the number of shares of the registrant's Class B common stock outstanding was 12,848,178.

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## FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2025 (this "Quarterly Report"), contains forward-looking statements within the meaning of the federal securities laws, including the Private Securities Litigation Reform Act of 1995 (the “PSLRA”), which statements involve substantial risks and uncertainties. The forward-looking statements made in this Quarterly Report are intended to qualify for the protection of the safe harbor provided by the PSLRA and are based primarily on our current expectations and projections about future events and trends that we believe may affect our business, financial condition, operating results, cash flows and/or prospects. Forward-looking statements include all statements that are not statements of historical fact. Forward-looking statements can also be identified by words such as “may,” “will,” “should,” “might,” “expects,” “plans,” “anticipates,” “could,” “intends,” “target,” “projects,” “contemplates,” “believes,” “estimates,” “predicts,” “potential,” “future,” or “continue,” or the negative of these words or other similar terms or expressions. Examples of forward-looking statements include, among others, statements regarding changes in the competitive environment, responding to customer needs, research and product development plans, future products and services, growth in the size of our business and number of customers, strategic plans and objectives, the benefits or performance of our strategic investments, business forecasts and plans, our future or assumed financial condition, results of operations and liquidity, trends affecting our business and industry, capital needs and financing plans, capital resource allocation plans, share repurchase plans, and commitments and contingencies, including with respect to the outcome of legal proceedings or regulatory matters. We cannot assure you that the results, events, and circumstances reflected in the forward-looking statements will be achieved or occur, and actual results, events, or circumstances could differ materially from those described in the forward-looking statements. The outcome of the events described in these forward-looking statements is subject to risks, uncertainties, and other factors, including those risks, uncertainties and other factors described in the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Risk Factors" in this Quarterly Report and "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2024 (our "Annual Report"), as well as in the other reports we file with the Securities and Exchange Commission (the "SEC"). You should read this Quarterly Report, and the other documents we file with the SEC, with the understanding that our actual future results may be materially different from the results expressed or implied by these forward-looking statements. As such, you should not rely upon forward-looking statements as predictions of future events. Any forward-looking statement made by us in this Quarterly Report is based only on information currently available to us and speaks only as of the date on which it is made. We undertake no obligation to update any forward-looking statements made in this Quarterly Report to reflect events or circumstances after the date of this Quarterly Report or to reflect new information or the occurrence of unanticipated events, except as required by law.

## PART I. FINANCIAL INFORMATION

### Item 1. Condensed Consolidated Financial Statements

**APPFOLIO, INC.**
**CONDENSED CONSOLIDATED BALANCE SHEETS**
**(UNAUDITED)**
**(in thousands)**

| | September 30, 2025 | December 31, 2024 |
|---|---|---|
| **Assets** | | |
| Current assets | | |
| Cash and cash equivalents | $ 76,093 | $ 42,504 |
| Investment securities—current | 124,056 | 235,745 |
| Accounts receivable, net | 34,346 | 24,346 |
| Prepaid expenses and other current assets | 68,269 | 32,807 |
| **Total current assets** | 302,764 | 335,402 |
| Property and equipment, net | 22,901 | 24,483 |
| Operating lease right-of-use assets | 16,620 | 17,472 |
| Capitalized software development costs, net | 11,679 | 15,429 |
| Goodwill | 96,410 | 96,410 |
| Intangible assets, net | 41,384 | 49,057 |
| Deferred income taxes | 59,792 | 76,910 |
| Long-term investments | 77,033 | 2,033 |
| Other long-term assets | 11,882 | 9,482 |
| **Total assets** | $ 640,465 | $ 626,678 |
| **Liabilities and Stockholders' Equity** | | |
| Current liabilities | | |
| Accounts payable | $ 4,112 | $ 2,378 |
| Accrued employee expenses | 52,321 | 30,157 |
| Accrued expenses | 19,224 | 14,658 |
| Other current liabilities | 24,775 | 16,087 |
| **Total current liabilities** | 100,432 | 63,280 |
| Operating lease liabilities | 34,533 | 37,476 |
| Other liabilities | 6,632 | 6,632 |
| **Total liabilities** | 141,597 | 107,388 |
| Commitments and contingencies (Note 6) | | |
| Stockholders' equity: | | |
| Class A common stock | 3 | 2 |
| Class B common stock | 1 | 2 |
| Additional paid-in capital | 280,361 | 254,821 |
| Accumulated other comprehensive (loss) Income | (74) | 173 |
| Treasury stock | (172,480) | (25,756) |
| Retained earnings | 391,057 | 290,048 |
| **Total stockholders' equity** | 498,868 | 519,290 |
| **Total liabilities and stockholders' equity** | $ 640,465 | $ 626,678 |

The accompanying Notes to Condensed Consolidated Financial Statements are an integral part of these statements.

**APPFOLIO, INC.**
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**
**(UNAUDITED)**
**(in thousands, except per share amounts)**

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 |
| Revenue | $ 249,353 | $ 205,733 | $ 702,630 | $ 590,538 |
| Costs and operating expenses: | | | | |
| Cost of revenue (exclusive of depreciation and amortization)[1] | 91,476 | 71,631 | 254,801 | 205,878 |
| Sales and marketing[1] | 35,912 | 25,406 | 103,745 | 77,161 |
| Research and product development[1] | 54,037 | 40,662 | 144,469 | 118,079 |
| General and administrative[1] | 27,446 | 21,139 | 72,733 | 62,525 |
| Depreciation and amortization | 5,436 | 4,327 | 17,541 | 14,209 |
| Total costs and operating expenses | 214,307 | 163,165 | 593,289 | 477,852 |
| Income from operations | 35,046 | 42,568 | 109,341 | 112,686 |
| Other (loss) income, net | (4) | — | 41 | — |
| Interest income, net | 1,690 | 4,014 | 6,109 | 10,482 |
| Income before provision for income taxes | 36,732 | 46,582 | 115,491 | 123,168 |
| Provision for income taxes | 3,086 | 13,576 | 14,482 | 21,834 |
| Net income | $ 33,646 | $ 33,006 | $ 101,009 | $ 101,334 |
| | | | | |
| Net income per common share: | | | | |
| Basic | $ 0.94 | $ 0.91 | $ 2.80 | $ 2.80 |
| Diluted | $ 0.93 | $ 0.90 | $ 2.78 | $ 2.76 |
| Weighted average common shares outstanding: | | | | |
| Basic | 35,889 | 36,306 | 36,036 | 36,211 |
| Diluted | 36,259 | 36,756 | 36,368 | 36,752 |

[1] Includes stock-based compensation expense as follows:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 |
| Stock-based compensation expense included in costs and operating expenses: | | | | |
| Cost of revenue (exclusive of depreciation and amortization) | $ 1,241 | $ 1,126 | $ 3,947 | $ 3,261 |
| Sales and marketing | 3,443 | 2,071 | 9,336 | 5,284 |
| Research and product development | 9,076 | 7,471 | 24,182 | 19,625 |
| General and administrative | 7,033 | 5,367 | 17,998 | 16,133 |
| Total stock-based compensation expense | $ 20,793 | $ 16,035 | $ 55,463 | $ 44,303 |

The accompanying Notes to Condensed Consolidated Financial Statements are an integral part of these statements.

## APPFOLIO, INC.
## CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
## (UNAUDITED)
## (in thousands)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 |
| Net income | $ 33,646 | $ 33,006 | $ 101,009 | $ 101,334 |
| Other comprehensive loss: | | | | |
| Changes in unrealized losses on investment securities, net of tax | (3) | 659 | (247) | 376 |
| Comprehensive income | $ 33,643 | $ 33,665 | $ 100,762 | $ 101,710 |

The accompanying Notes to Condensed Consolidated Financial Statements are an integral part of these statements.

# APPFOLIO, INC.
## CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
## (UNAUDITED)
## (in thousands)

| | Common Stock Class A | | Common Stock Class B | | Additional Paid-in Capital | Accumulated Other Comprehensive Income (Loss) | Treasury Stock | Retained Earnings | Total |
|---|---|---|---|---|---|---|---|---|---|
| | Shares | Amount | Shares | Amount | | | | | |
| **Balance at December 31, 2024** | 23,241 | $ 2 | 13,163 | $ 2 | $ 254,821 | $ 173 | $ (25,756) | $ 290,048 | $ 519,290 |
| Exercise of stock options | 1 | — | — | — | 11 | — | — | — | 11 |
| Stock-based compensation | — | — | — | — | 16,483 | — | — | — | 16,483 |
| Vesting of restricted stock units, net of shares withheld for taxes | 60 | — | — | — | (9,078) | — | — | — | (9,078) |
| Conversion of Class B common stock to Class A common stock | 182 | — | (182) | — | — | — | — | — | — |
| Repurchase on common stock | (445) | — | — | — | — | — | (95,763) | — | (95,763) |
| Other comprehensive loss | — | — | — | — | — | (207) | — | — | (207) |
| Net Income | — | — | — | — | — | — | — | 31,383 | 31,383 |
| **Balance at March 31, 2025** | 23,039 | $ 2 | 12,981 | $ 2 | $ 262,237 | $ (34) | $ (121,519) | $ 321,431 | $ 462,119 |
| Exercise of stock options | 8 | — | — | — | 117 | — | — | — | 117 |
| Stock based compensation | — | — | — | — | 18,448 | — | — | — | 18,448 |
| Vesting of restricted stock units, net of shares withheld for taxes | 68 | — | — | — | (10,020) | — | — | — | (10,020) |
| Conversion of Class B common stock to Class A common stock | — | — | — | — | — | — | — | — | — |
| Repurchase of common stock | (244) | — | — | — | — | — | (50,961) | — | (50,961) |
| Other comprehensive loss | — | — | — | — | — | (37) | — | — | (37) |
| Net Income | — | — | — | — | — | — | — | 35,980 | 35,980 |
| **Balance at June 30, 2025** | 22,871 | $ 2 | 12,981 | $ 2 | $ 270,782 | $ (71) | $ (172,480) | $ 357,411 | $ 455,646 |
| Exercise of stock options and issuance of common stock under the Employee Stock Purchase Plan | 4 | — | — | — | 953 | — | — | — | 953 |
| Stock based compensation | — | — | — | — | 20,958 | — | — | — | 20,958 |
| Vesting of restricted stock units, net of shares withheld for taxes | 64 | — | — | — | (12,332) | — | — | — | (12,332) |
| Conversion of Class B common stock to Class A common stock | 133 | 1 | (133) | (1) | — | — | — | — | — |
| Other comprehensive loss | — | — | — | — | — | (3) | — | — | (3) |
| Net Income | — | — | — | — | — | — | — | 33,646 | 33,646 |
| **Balance at September 30, 2025** | 23,072 | $ 3 | 12,848 | $ 1 | $ 280,361 | $ (74) | $ (172,480) | $ 391,057 | $ 498,868 |

The accompanying Notes to Condensed Consolidated Financial Statements are an integral part of these statements.

| | Common Stock Class A | | Common Stock Class B | | Additional Paid-in Capital | Accumulated Other Comprehensive Income (Loss) | Treasury Stock | Retained Earnings | Total |
|---|---|---|---|---|---|---|---|---|---|
| | Shares | Amount | Shares | Amount | | | | | |
| **Balance at December 31, 2023** | 21,749 | $ 2 | 14,116 | $ 2 | $ 236,985 | $ 99 | $ (25,756) | $ 85,980 | $ 297,312 |
| Exercise of stock options | 244 | — | — | — | 3,874 | — | — | — | 3,874 |
| Stock-based compensation | — | — | — | — | 13,646 | — | — | — | 13,646 |
| Vesting of restricted stock units, net of shares withheld for taxes | 89 | — | — | — | (14,086) | — | — | — | (14,086) |
| Conversion of Class B common stock to Class A common stock | 199 | — | (199) | — | — | — | — | — | — |
| Other comprehensive loss | — | — | — | — | — | (214) | — | — | (214) |
| Net Income | — | — | — | — | — | — | — | 38,663 | 38,663 |
| **Balance at March 31, 2024** | 22,281 | $ 2 | 13,917 | $ 2 | $ 240,419 | $ (115) | $ (25,756) | $ 124,643 | $ 339,195 |
| Exercise of stock options | 3 | — | — | — | 25 | — | — | — | 25 |
| Stock based compensation | — | — | — | — | 15,032 | — | — | — | 15,032 |
| Vesting of restricted stock units, net of shares withheld for taxes | 71 | — | — | — | (12,436) | — | — | — | (12,436) |
| Conversion of Class B common stock to Class A common stock | 644 | — | (644) | — | — | — | — | — | — |
| Other comprehensive loss | — | — | — | — | — | (69) | — | — | (69) |
| Net Income | — | — | — | — | — | — | — | 29,665 | 29,665 |
| **Balance at June 30, 2024** | 22,999 | $ 2 | 13,273 | $ 2 | $ 243,040 | $ (184) | $ (25,756) | $ 154,308 | $ 371,412 |
| Exercise of stock options | 3 | — | — | — | 14 | — | — | — | 14 |
| Stock based compensation | — | — | — | — | 16,315 | — | — | — | 16,315 |
| Vesting of restricted stock units, net of shares withheld for taxes | 57 | — | — | — | (8,579) | — | — | — | (8,579) |
| Conversion of Class B common stock to Class A common stock | 20 | — | (20) | — | — | — | — | — | — |
| Other comprehensive income | — | — | — | — | — | 659 | — | — | 659 |
| Net Income | — | — | — | — | — | — | — | 33,006 | 33,006 |
| **Balance at September 30, 2024** | 23,079 | $ 2 | 13,253 | $ 2 | $ 250,790 | $ 475 | $ (25,756) | $ 187,314 | $ 412,827 |

The accompanying Notes to Condensed Consolidated Financial Statements are an integral part of these statements.

**APPFOLIO, INC.**

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

**(UNAUDITED)**

**(in thousands)**

| | Nine Months Ended September 30, 2025 | Nine Months Ended September 30, 2024 |
|---|---|---|
| **Cash from operating activities** | | |
| Net income | $ 101,009 | $ 101,334 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 17,541 | 14,207 |
| Amortization of operating lease right-of-use assets | 1,525 | 1,541 |
| Amortization of costs capitalized to obtain revenue contracts | 8,187 | 7,471 |
| Deferred income taxes | 17,118 | — |
| Stock-based compensation, including as amortized | 55,463 | 44,304 |
| Other | (1,281) | (6,146) |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | (10,000) | (4,872) |
| Prepaid expenses and other assets | (15,677) | (6,360) |
| Accounts payable | 1,746 | (291) |
| Operating lease liabilities | (3,177) | (3,196) |
| Accrued expenses and other liabilities | 4,661 | 3,601 |
| Net cash provided by operating activities | 177,115 | 151,593 |
| **Cash from investing activities** | | |
| Purchases of available-for-sale investments | (166,575) | (265,319) |
| Proceeds from sales of available-for-sale investments | 202,662 | — |
| Proceeds from maturities of available-for-sale investments | 76,620 | 163,755 |
| Purchases of property and equipment | (1,841) | (1,821) |
| Capitalization of software development costs | (2,414) | (4,112) |
| Purchases of long-term investments | (75,000) | — |
| Cash paid in business acquisition, net of cash acquired | (906) | — |
| Net cash provided by (used in) investing activities | 32,546 | (107,497) |
| **Cash from financing activities** | | |
| Proceeds from stock option exercises | 130 | 3,913 |
| Tax withholding for net share settlement | (31,430) | (35,101) |
| Proceeds from the issuance of common stock under the Employee Stock Purchase Plan | 951 | — |
| Purchase of common stock | (145,723) | — |
| Net cash used in financing activities | (176,072) | (31,188) |
| Net increase in cash, cash equivalents and restricted cash | 33,589 | 12,908 |
| **Cash, cash equivalents and restricted cash** | | |
| Beginning of period | 42,754 | 49,759 |
| End of period | $ 76,343 | $ 62,667 |
| **Cash, cash equivalents and restricted cash at end of period:** | | |
| Cash and cash equivalents | $ 76,093 | $ 62,417 |
| Restricted cash included in prepaid expenses and other current assets | 250 | 250 |
| Total cash, cash equivalents and restricted cash shown in the consolidated statements of cash flows | $ 76,343 | $ 62,667 |

The accompanying Notes to Condensed Consolidated Financial Statements are an integral part of these statements.

## 1. Nature of Business

AppFolio, Inc. ("we," "us" or "our") is a technology leader powering the future of the real estate industry. We provide a cloud-based platform on which our customers operate their businesses. Our services enable our customers to connect communities, increase operational efficiency, deliver exceptional customer experiences, and improve financial and operational performance.

## 2. Summary of Significant Accounting Policies

***Basis of Presentation and Significant Accounting Policies***

The accompanying unaudited Condensed Consolidated Financial Statements were prepared in accordance with accounting principles generally accepted in the United States ("GAAP") for interim financial information. Certain information and disclosures normally included in consolidated financial statements prepared in accordance with GAAP have been condensed or omitted. Accordingly, these Condensed Consolidated Financial Statements should be read in conjunction with our audited consolidated financial statements and the related notes included in our Annual Report, which was filed with the SEC on February 6, 2025. The year-end condensed balance sheet was derived from our audited consolidated financial statements. Our unaudited interim Condensed Consolidated Financial Statements include, in the opinion of management, all adjustments, consisting of normal and recurring items, necessary for the fair statement of our Condensed Consolidated Financial Statements. The operating results for the nine months ended September 30, 2025 are not necessarily indicative of the results expected for the full year ending December 31, 2025.

***Reclassification***

We reclassified certain amounts in our Condensed Consolidated Statements of Cash Flows within the cash flows from operating activities section in the prior year to conform to the current year's presentation. We also reclassified long-term investments from other long-term assets in our Condensed Consolidated Balance Sheets in the prior year to conform to the current year's presentation,

***Use of Estimates***

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the dates of the financial statements, and the reported amounts of revenue, expenses, other income, and provision for income taxes during the reporting period. Assets and liabilities which are subject to judgment and use of estimates include the fair value of assets and liabilities assumed in business combinations, the fair value of financial instruments, the fair value of privately-held strategic investments, useful lives of property and equipment and intangible assets, capitalized software development costs, incremental borrowing rate applied in lease accounting, impairment of goodwill and long-lived assets, the period of benefit associated with deferred costs, stock-based compensation, income taxes, and contingencies. Actual results could differ from those estimates and any such differences may have a material impact on our Consolidated Financial Statements.

***Strategic Investments***

Our strategic investments consist of non-marketable equity investments in privately-held companies in which we do not have a controlling interest or significant influence. We record these strategic investments as *long-term investments* in our Condensed Consolidated Balance Sheets. We have elected to apply the measurement alternative for equity investments in privately-held companies that do not have readily determinable fair values, measuring them at cost, less any impairment, plus or minus adjustments resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. An impairment loss is recorded when an event or circumstance indicates a decline in value has occurred.

In determining the estimated fair value of our strategic investments in privately held companies, we use the most recent and available data. Valuations of privately held securities are inherently complex due to the lack of readily available market data and require the use of judgment. The determination of whether an orderly transaction is for an identical or similar investment requires use of significant judgment. In our evaluation, we consider factors such as differences in the rights and preferences of the investments and the extent to which those differences would affect the fair values of those investments. Our impairment analysis encompasses an assessment of both qualitative and quantitative factors including the investee's financial metrics, market acceptance of the investee's product or technology, general market conditions and liquidity considerations.

***Segment Information***

Our chief operating decision maker ("CODM"), the Chief Executive Officer, allocates resources and assesses financial performance based upon discrete financial information at the consolidated level. There are no segment managers who are held accountable by our CODM, or anyone else, for operations, operating results and planning for levels or components below the consolidated unit level. Accordingly, we have determined that we operate as a single operating and reportable segment.

Our CODM uses consolidated net income (loss) as the sole measure of segment profit or loss. Significant segment expenses include cost of revenue (excluding depreciation and amortization), sales and marketing, research and product development, general and administrative expenses, and depreciation and amortization. For expenses incurred during the nine months ended September 30, 2025 and 2024, refer to our Condensed Consolidated Statements of Operations. Stock-based compensation expense is also recognized as a significant segment expense. Details regarding this expense for the nine months ended September 30, 2025 and 2024 was included in the parenthetical note to the respective Condensed Consolidated Statements of Operations.

***Deferred Costs***

Deferred costs, which primarily consist of sales commissions, are considered incremental and recoverable costs of obtaining a contract with a customer. These costs are deferred and then amortized on a straight-line basis over a period of benefit that we have determined to be three years. We typically do not pay commissions for contract renewals. We determined the period of benefit by taking into consideration our customer contract term, the useful life of our internal-use software, average customer life, and other factors. Amortization expense for deferred costs is included within sales and marketing expense in the accompanying Condensed Consolidated Statements of Operations.

Deferred costs were $19.6 million and $16.8 million as of September 30, 2025 and December 31, 2024, respectively, of which $9.9 million and $9.9 million, respectively, are included in *Prepaid expenses and other current assets* and $9.7 million and $6.9 million, respectively, are included in *Other long-term assets* in the accompanying Condensed Consolidated Balance Sheets. Amortization expense for deferred costs was $2.8 million, and $2.5 million for three months ended September 30, 2025 and 2024, respectively, and $8.2 million, and $7.5 million for the nine months ended September 30, 2025 and 2024, respectively. For the nine months ended September 30, 2025 and 2024, no impairments were identified in relation to the costs capitalized for the periods presented.

***Net Income per Common Share***

Net income per common share was the same for shares of our Class A and Class B common stock because they are entitled to the same liquidation and dividend rights and are therefore combined in the table below. The following table sets forth the computation of basic and diluted net income per common share (in thousands):

| | Three Months Ended September 30, 2025 | Three Months Ended September 30, 2024 | Nine Months Ended September 30, 2025 | Nine Months Ended September 30, 2024 |
|---|---|---|---|---|
| **Basic net income per share:** | | | | |
| **Numerator** | | | | |
| Net income | $ 33,646 | $ 33,006 | $ 101,009 | $ 101,334 |
| Less: undistributed earnings to participating securities | — | — | — | 8 |
| Net income attributable to common stockholders | $ 33,646 | $ 33,006 | $ 101,009 | $ 101,326 |
| **Denominator** | | | — | — |
| Weighted average common shares outstanding | 35,889 | 36,306 | 36,036 | 36,214 |
| Less: Weighted average unvested restricted shares subject to repurchase | — | — | — | 3 |
| Weighted average common shares outstanding; basic | 35,889 | 36,306 | 36,036 | 36,211 |
| **Net income per common share; basic** | $ 0.94 | $ 0.91 | $ 2.80 | $ 2.80 |
| **Diluted net income per share:** | | | | |
| **Numerator** | | | | |
| Net income attributable to common stockholders | $ 33,646 | $ 33,006 | $ 101,009 | $ 101,326 |
| **Denominator** | | | | |
| Weighted average common shares outstanding; basic | 35,889 | 36,306 | 36,036 | 36,211 |
| Add: Weighted average dilutive options outstanding | 48 | 41 | 39 | 64 |
| Add: Weighted average dilutive restricted stock units outstanding | 322 | 409 | 293 | 477 |
| Weighted average common shares outstanding; diluted | 36,259 | 36,756 | 36,368 | 36,752 |
| **Net income per common share; diluted** | $ 0.93 | $ 0.90 | $ 2.78 | $ 2.76 |

Potentially dilutive securities that are not included in the calculation of diluted net income per share because doing so would be antidilutive are as follows (in thousands):

| | Three Months Ended September 30, 2025 | Three Months Ended September 30, 2024 | Nine Months Ended September 30, 2025 | Nine Months Ended September 30, 2024 |
|---|---|---|---|---|
| Restricted stock units | 2 | 4 | 2 | 17 |
| **Total potentially dilutive securities** | 2 | 4 | 2 | 17 |

***Recent Accounting Pronouncements Not Yet Adopted***

In December 2023, the Financial Accounting Standards Board ("FASB") issued ASU 2023-09, *Improvements to Income Tax Disclosures*, which requires that an entity, on an annual basis, disclose additional income tax information, primarily related to the rate at which reconciliation and income taxes are paid. The amendment in ASU 2023-09 is intended to enhance the transparency and decision usefulness of income tax disclosures. The guidance will be applied on a prospective basis with the option to apply the standard retrospectively and is effective for calendar year-end public business entities in the 2025 annual period and in 2026 for interim periods with early adoption permitted. We plan to adopt the standard in our fiscal year 2025 annual financial statements, and we expect the adoption of the standard will impact certain of our income tax disclosures.

In November 2024, FASB issued ASU 2024-03, *Disaggregation of Income Statement Expense.* The new standard requires additional disclosures about specific types of expenses included in the expense captions presented on the face of income statements as well as disclosures about selling expenses. The guidance applies prospectively with the option to apply the standard retrospectively and is effective for calendar year-end public business entities in the 2027 annual period and in 2028 for interim periods with early adoption permitted. We are currently evaluating the impact of ASU 2024-03 on our Consolidated Financial Statements.

In July 2025, the FASB issued ASU 2025-05, Measurement of Credit Losses for Accounts Receivable and Contract Assets, which amends ASC 326-202 to provide a practical expedient (for all entities) and an accounting policy election (for all entities, other than public business entities, that elect the practical expedient) related to the estimation of expected credit losses for current accounts receivable and current contract assets that arise from transactions accounted for under ASC 606. The guidance will be applied on a prospective basis and is effective for calendar year-end public business entities in the 2026 annual period and its interim periods, with early adoption permitted. We plan to adopt the standard from January 1, 2026, and we expect the adoption of the standard will not have any material impact on our financial statements.

In September 2025, the FASB issued ASU 2025-06, Targeted Improvements to the Accounting for Internal-Use Software, to modernize the accounting guidance for the costs to develop software for internal use. The new guidance amends the existing standard that refers to various stages of a software development project to align better with current software development methods, such as agile programming. The new guidance will be effective for calendar year-end public business entities in the 2028 annual period. The guidance can be applied on a fully prospective basis, a modified basis for in-process projects, or a full retrospective basis. We are currently evaluating the impact of this ASU on our Consolidated Financial Statements.

## 3. Investment Securities and Fair Value Measurements

***Investment Securities***

Investment securities classified as available-for-sale consisted of the following as of September 30, 2025 and December 31, 2024 (in thousands):

| | September 30, 2025 | | | |
|---|---|---|---|---|
| | Amortized Cost | Gross Unrealized Gains | Gross Unrealized Losses | Estimated Fair Value |
| U.S. government and agency securities | 124,068 | 19 | (31) | 124,056 |
| Total available-for-sale investment securities | $ 124,068 | $ 19 | $ (31) | $ 124,056 |

| | December 31, 2024 | | | |
|---|---|---|---|---|
| | Amortized Cost | Gross Unrealized Gains | Gross Unrealized Losses | Estimated Fair Value |
| U.S. government and agency securities | 235,509 | 261 | (25) | 235,745 |
| Total available-for-sale investment securities | $ 235,509 | $ 261 | $ (25) | $ 235,745 |

As of September 30, 2025, the decline in fair value below amortized cost basis was not considered other than temporary as it is more likely than not we will hold the securities until maturity or recovery of the cost basis. No allowance for credit losses for available-for-sale investment securities was recorded as of September 30, 2025 or December 31, 2024.

The fair values of available-for-sale investment securities, by remaining contractual maturity, are as follows (in thousands):

| | September 30, 2025 | | December 31, 2024 | |
|---|---|---|---|---|
| | Amortized Cost | Estimated Fair Value | Amortized Cost | Estimated Fair Value |
| Due in one year or less | $ 124,068 | $ 124,056 | $ 235,509 | $ 235,745 |
| Total available-for-sale investment securities | $ 124,068 | $ 124,056 | $ 235,509 | $ 235,745 |

During the nine months ended September 30, 2025 and 2024, we had sales and maturities of investment securities, as follows (in thousands):

| | Nine Months Ended September 30, 2025 | | | |
|---|---|---|---|---|
| | Gross Realized Gains | Gross Realized Losses | Gross Proceeds from Sales | Gross Proceeds from Maturities |
| U.S. government and agency securities | $ 94 | $ (49) | $ 202,662 | $ 76,620 |
| Total | $ 94 | $ (49) | $ 202,662 | $ 76,620 |

| | Nine Months Ended September 30, 2024 | | | |
|---|---|---|---|---|
| | Gross Realized Gains | Gross Realized Losses | Gross Proceeds from Sales | Gross Proceeds from Maturities |
| U.S. government and agency securities | — | — | — | 163,755 |
| Total | $ — | $ — | $ — | $ 163,755 |

The tables above do not include our strategic investments of non-marketable equity investments in privately-held companies, which are recorded in *long-term investments* in our Condensed Consolidated Balance Sheets. These strategic investments consist of the following as of September 30, 2025 and December 31, 2024 (in thousands):

| | September 30, 2025 | December 31, 2024 |
|---|---|---|
| Second Nature | $ 75,000 | $ — |
| Others | 2,033 | 2,033 |
| Total long-term investments | $ 77,033 | $ 2,033 |

In April 2025, we purchased a minority, non-controlling equity interest in Second Nature Holdings, L.P. ("Second Nature") for $75.0 million, paid with cash on hand. We determined that we do not have significant influence over Second Nature, and our investment in Second Nature has been classified as an investment in equity securities without readily determinable fair value.

There were no realized or unrealized gains or losses from remeasurement of investments in equity securities under the measurement alternative for the nine months ended September 30, 2025 and 2024.

***Fair Value Measurements***

*Recurring Fair Value Measurements*

The following tables present our financial assets and liabilities measured at fair value on a recurring basis as of September 30, 2025 and December 31, 2024 by level within the fair value hierarchy (in thousands):

| | September 30, 2025 | | |
|---|---|---|---|
| | Level 1 | Level 2 | Total Fair Value |
| Cash equivalents: | | | |
| Money market funds | $ 54,074 | $ — | $ 54,074 |
| Available-for-sale investment securities: | | | |
| U.S. government and agency securities | — | 124,056 | 124,056 |
| Total | $ 54,074 | $ 124,056 | $ 178,130 |

| | December 31, 2024 | | |
|---|---|---|---|
| | Level 1 | Level 2 | Total Fair Value |
| Cash equivalents: | | | |
| Money market funds | $ 25,167 | $ — | $ 25,167 |
| Available-for-sale investment securities: | | | |
| U.S. government and agency securities | — | 235,745 | 235,745 |
| Total | $ 25,167 | $ 235,745 | $ 260,912 |

The carrying amounts of cash and cash equivalents, restricted cash, accounts receivable, accounts payable and accrued liabilities approximate their fair value because of the short maturity of these items.

Fair value for our Level 1 investment securities is based on market prices for identical assets. Our Level 2 securities were priced by a pricing vendor. The pricing vendor utilizes the most recent observable market information in pricing these securities or, if specific prices are not available for these securities, other observable inputs like market transactions involving comparable securities are used.

*Strategic Investments Measured and Recorded at Fair Value on a Non-Recurring Basis*

Strategic investments primarily include equity investments in privately-held companies, which do not have a readily determinable fair value. Strategic investments are classified as Level 3 in the fair value hierarchy, as their nonrecurring fair value measurements may include observable and unobservable inputs. As of September 30, 2025 and December 31, 2024, the balance of strategic investments was $77.0 million and $2.0 million, respectively.

## 4. Other Balance Sheet Components

### Prepaid expenses and other current assets

Prepaid expenses and other current assets consisted of the following (in thousands):

| | September 30, 2025 | December 31, 2024 |
|---|---|---|
| Income tax receivable[(1)] | $ 31,460 | $ 1,089 |
| Prepaid expenses | 19,668 | 12,430 |
| Deferred commissions[(2)] | 9,936 | 9,898 |
| Deposits for insurance services[(3)] | 4,592 | 6,668 |
| Other | 2,613 | 2,722 |
| Total Prepaid expenses and other current assets | $ 68,269 | $ 32,807 |

[(1)]For additional information on income tax, refer to Note 8, *Income Taxes*.

[(2)]For additional information on deferred commissions, refer to Deferred Costs in Note 2, *Summary of Significant Accounting Policies*.

[(3)]For additional information on deposits held with a third party related to requirements to maintain collateral for insurance services, refer to "Legal Liability to Landlord Insurance" in Note 5, *Commitments and Contingencies*.

### Accrued Employee Expenses

Accrued employee expenses consisted of the following (in thousands):

| | September 30, 2025 | December 31, 2024 |
|---|---|---|
| Accrued bonuses | $ 34,571 | $ 17,092 |
| Accrued payroll and other | 17,750 | 13,065 |
| Total accrued employee expenses | $ 52,321 | $ 30,157 |

### Other Current Liabilities

Other current liabilities consisted of the following (in thousands):

| | September 30, 2025 | December 31, 2024 |
|---|---|---|
| Unearned premium liabilities | $ 6,869 | $ 5,455 |
| Insurance reserves[(1)] | 5,682 | 3,908 |
| Operating lease liabilities-current | 4,713 | 4,273 |
| Other | 7,511 | 2,451 |
| Total other current liabilities | $ 24,775 | $ 16,087 |

Unearned premium liabilities are the refundable portion of commissions received in connection with the sale of renters insurance policies to residents through AppFolio Insurance Services, Inc., our wholly owned subsidiary. In the event a resident cancels their renters insurance policy prior to the end of such policy, we may be required to refund a pro rata portion of the commission paid on such policy.

[(1)]For additional information on insurance reserves, refer to "Legal Liability to Landlord Insurance" in Note 5, *Commitments and Contingencies*.

## 5. Commitments and Contingencies

***Legal Liability to Landlord Insurance***

We have a wholly owned subsidiary, Terra Mar Insurance Company, Inc., which was established in connection with reinsuring liability to landlord insurance policies offered to our customers by our third-party service provider. We assume a 100% quota share of the liability to landlord insurance policies placed with our customers by our third-party service provider. We accrue for reported claims, and include an estimate of losses incurred but not reported by our property manager customers, in cost of revenue because we bear the risk related to all such claims. Our estimated liability for reported claims and incurred but not reported claims as of September 30, 2025 and December 31, 2024 was $5.7 million and $3.9 million, respectively, and is included in *Other current liabilities* on our Condensed Consolidated Balance Sheets.

Included in *Prepaid expenses and other current assets* as of September 30, 2025 and December 31, 2024 are $4.6 million and $6.7 million, respectively, of deposits held with a third party related to requirements to maintain collateral for this insurance service.

***Credit Facility***

On September 30, 2025, we entered into a credit agreement by and among AppFolio, Inc., certain of our subsidiaries as guarantors, the lender(s) party thereto, and PNC Bank, National Association, in its capacity as Administrative Agent, Swingline Loan Lender and Issuing Lender (the "Credit Facility").

The Credit Facility provides for a $150.0 million senior secured revolving credit facility, including sublimits of $25.0 million for letters of credit and $25.0 million for swingline loans, and is scheduled to mature on September 30, 2030. We may, subject to customary conditions and consent of the applicable lenders, increase the revolving commitment or incur term loans thereunder (capped at amounts specified in the Credit Facility) or extend the maturity date of the Credit Facility.

Borrowings under the Credit Facility bear interest at variable rates based, at our option, on Term Secured Overnight Financing Rate Data ("SOFR"), Daily Simple SOFR, or a Base Rate, plus an applicable margin (ranging from 125.0 to 200.00 basis points in the case of Term SOFR and Daily Simple SOFR and 25.0 to 100.00 basis points in the case of the Base Rate) determined by our Consolidated Net Leverage Ratio, all as defined in the Credit Facility. We also pay a quarterly commitment fee (ranging from 15.0 to 30.0 basis points depending on our Consolidated Net Leverage Ratio) on unused amounts, as well as customary letter of credit and agency fees.

The obligations under the Credit Facility are guaranteed by certain of our subsidiaries and secured by a first-priority security interest in substantially all of our and our guarantors' personal property, subject to customary exclusions and exceptions. The Credit Facility includes customary representations, warranties, and affirmative and negative covenants, including a financial covenant requiring maintenance of a Consolidated Net Leverage Ratio. The negative covenants include, among other things, restrictions on our and our subsidiaries' ability to incur indebtedness and liens, make investments, pay dividends or distributions or repurchase equity interests, merge, consolidate or otherwise dispose of assets, enter into transactions with affiliates, and prepay, redeem, purchase or otherwise retire junior indebtedness, all subject to certain exceptions.

As of September 30, 2025, there were no outstanding borrowings under the Credit Facility, and we were in compliance with the covenants under the Credit Facility.

***Legal Proceedings***

From time to time, we are involved in various investigative inquiries, legal proceedings and disputes arising from or related to matters incident to the ordinary course of our business activities, including actions with respect to intellectual property, employment, labor, regulatory and contractual matters. Although the ultimate outcome of such investigative inquiries, legal proceedings and other disputes cannot be predicted with certainty, we do not believe that any such investigative inquires, legal proceedings and other disputes, if determined adversely to us, would, individually or taken together, have a material adverse effect on our business, operating results, financial condition or cash flows.

***Indemnification***

In the ordinary course of business, we may provide indemnification of varying scope and terms to customers, business partners, investors, directors, officers, and other parties with respect to certain matters, including, but not limited to, losses arising out of our breach of any applicable agreements, intellectual property infringement claims made by third parties, and other liabilities relating to or arising from our services or our acts or omissions. These indemnification provisions may survive termination of the underlying agreement and the maximum potential amount of future payments we could be required to make under these indemnification provisions may not be subject to maximum loss clauses and is indeterminable. We have not incurred any costs as a result of such indemnification obligations and have not recorded any liabilities related to such obligations in the Condensed Consolidated Financial Statements.

**6. Share Repurchase Program**

On February 20, 2019, our Board of Directors (our "Board") authorized a $100.0 million share repurchase program (the "2019 Stock Repurchase Program") relating to our outstanding shares of Class A common stock. Under the 2019 Stock Repurchase Program, we were authorized to repurchase shares of our Class A common stock from time to time in open market purchases or privately negotiated transactions. The 2019 Stock Repurchase Program did not obligate us to repurchase any minimum dollar amount or number of shares, did not have an expiration date, and it could have been modified, suspended or terminated at any time and for any reason.

During the first quarter of 2025, we repurchased 445,311 shares of our Class A common stock through open market repurchases under the 2019 Stock Repurchase Program at an average purchase price of $215.05 per share, inclusive of broker commissions, for an aggregate repurchase price of $95.8 million which was recorded as a reduction to stockholders' equity. As a result of the repurchases, we substantially exhausted the remaining shares available for purchase under the 2019 Stock Repurchase Program, and it has terminated.

On April 23, 2025, our Board authorized a $300.0 million share repurchase program (the "2025 Stock Repurchase Program") relating to our outstanding shares of Class A common stock. Under the 2025 Stock Repurchase Program, we are authorized to repurchase shares of our Class A common stock from time to time in open market purchases or privately negotiated transactions. The 2025 Stock Repurchase Program does not obligate us to repurchase any minimum dollar amount or number of shares, has no expiration date, and can be modified, suspended or terminated at any time and for any reason. The timing and actual number of shares repurchased will depend on a variety of factors, including price, corporate and legal requirements, market conditions and other factors. During the second quarter of 2025, we repurchased 243,987 shares of our Class A common stock through open market repurchases under the 2025 Stock Repurchase Program at an average purchase price of $204.77 per share, inclusive of broker commissions, for an aggregate repurchase price of $50.0 million which was recorded as a reduction to stockholders' equity.

During the three months ended September 30, 2025, we did not repurchase any shares of our Class A common stock under the 2025 Stock Repurchase Program. As of September 30, 2025, the amount remaining available for repurchases under the 2025 Stock Repurchase Program was $250.0 million.

**7. Stock-Based Compensation**

***Restricted Stock Units***

A summary of activity in connection with our restricted stock units ("RSUs") for the nine months ended September 30, 2025, is as follows (number of shares in thousands):

| | Number of Shares | Weighted Average Grant Date Fair Value per Share |
|---|---|---|
| Unvested as of December 31, 2024 | 785 | $ 159.98 |
| Granted | 382 | 225.92 |
| Vested | (324) | 155.28 |
| Forfeited | (62) | 166.03 |
| Unvested as of September 30, 2025 | 781 | $ 193.70 |

Unvested RSUs as of September 30, 2025 were composed of 0.7 million RSUs with only service conditions and 0.1 million performance share units ("PSUs") with both service conditions and performance conditions. RSUs granted with only service conditions generally vest over a four-year period, assuming continued employment through the applicable vesting date. The number of PSUs granted, as included in the above table, assumes achievement of the performance metrics at 100% of the performance target. The unvested PSUs as of September 30, 2025, are subject to vesting based on the achievement of pre-established performance metrics for the year ending December 31, 2025 and will vest over a three year period, assuming continued employment through each applicable vesting date. The actual number of shares to be granted at the end of the performance period will range from 0% to 171% of the target number of shares depending on achievement relative to the performance metrics over the applicable period.

We recognized stock-based compensation expense for the RSUs and PSUs of $20.5 million and $15.9 million for the three months ended September 30, 2025 and 2024, respectively, and $54.4 million and $43.4 million for the nine months ended September 30, 2025 and 2024, respectively. As of September 30, 2025, the total estimated remaining stock-based compensation expense for the aforementioned RSUs and PSUs was $120.9 million, which is expected to be recognized over a weighted average period of 2.2 years.

## 8. Income Taxes

We calculate our provision for income taxes on a quarterly basis by applying an estimated annual effective tax rate to income (loss) from operations and by calculating the tax effect of discrete items recognized during the quarter.

For the three and nine months ended September 30, 2025, we recorded income tax expense of $3.1 million and $14.5 million, representing an effective tax rate of 8.4% and 12.5%, respectively. Our effective tax rate differs from the U.S. federal statutory rate of 21% primarily due to excess tax benefits from stock-based compensation and research and development tax credits, partially offset by state income taxes and non-deductible officers' compensation. For the three and nine months ended September 30, 2024, our effective tax rate differs from the U.S. federal statutory rate of 21% primarily due to changes in valuation allowance against deferred tax assets and excess tax benefits from stock-based compensation.

We assess our ability to realize our deferred tax assets on a quarterly basis and we establish a valuation allowance if it is more-likely-than-not that some portion of deferred tax assets will not be realized. We weigh all available positive and negative evidence, including our earnings history and results of recent operations, scheduled reversals of deferred tax liabilities, projected future taxable income and tax planning strategies. During the three months ended December 31, 2024, we assessed all available evidence and determined that there was sufficient positive evidence to overcome the negative evidence, including our past and current financial results, growth demonstrated in our top-line performance, as well as projected profitability. Accordingly, we determined it is more likely than not that the deferred tax assets will be realized and we released our valuation allowance at December 31, 2024.

There were no material changes to our unrecognized tax benefits during the three and nine months ended September 30, 2025, and we do not expect to have any significant changes to unrecognized tax benefits through the remainder of the year.

On July 4, 2025, the One Big Beautiful Bill Act ("OBBBA") was signed into law. Included in this legislation are provisions that allow for the immediate expensing of domestic United States research and development expenses, immediate expensing of certain capital expenditures, and other changes to the U.S. taxation of profits derived from foreign operations. We believe the impact of the relevant OBBBA provisions to our income tax expense is not material and are currently expecting a favorable impact on our cash flows. We will continue to monitor and assess the impact of OBBBA on our Condensed Consolidated Financial Statements.

## 9. Revenue and Other Information

The following table presents our revenue categories for the three and nine months ended September 30, 2025 and 2024 (in thousands):

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 |
| Core solutions | $ 53,752 | $ 46,030 | $ 155,738 | $ 132,974 |
| Value Added Services | 192,092 | 157,726 | 536,943 | 451,677 |
| Other | 3,509 | 1,977 | 9,949 | 5,887 |
| Total revenue | $ 249,353 | $ 205,733 | $ 702,630 | $ 590,538 |

Our revenue is generated primarily from customers in the United States. Our property and equipment is primarily located in the United States.

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

*The following discussion and analysis of our financial condition, results of operations and liquidity should be read together with our Condensed Consolidated Financial Statements and the related notes included elsewhere in this Quarterly Report and in our Annual Report.*

### Overview

We are a technology leader powering the future of the real estate industry. We provide a cloud-based platform on which our customers operate their businesses. We help our customers navigate an increasingly interconnected and growing network of stakeholders in their business ecosystems, including property managers, property investors, potential residents, residents, and vendors. We also provide key functionality related to critical transactions across the real estate lifecycle, including screening potential residents, sending and receiving payments, and providing insurance-related risk mitigation services. Our services enable our customers to connect communities, increase operational efficiency, deliver exceptional customer experiences, and improve financial and operational performance.

***Property management units under management***. We believe that our ability to increase our number of property management units under management is an indicator of our market penetration, growth, and potential future business opportunities. We define property management units under management as active or committed units under management at the period end date. We had 9.1 million and 8.5 million property management units under management as of September 30, 2025 and 2024, respectively.

### Key Components of Results of Operations

***Revenue***

Our core solutions and certain of our Value Added Services are offered on a subscription basis. The subscription fees for our core solutions vary by property type and are designed to scale with the size of our customers' businesses. We recognize revenue for subscription-based services on a straight-line basis over the contract term beginning on the date that our service is made available. We generally invoice monthly or, to a lesser extent, annually in advance of a subscription period.

We also offer certain Value Added Services, which are not covered by our subscription fees, on a per-use basis. Usage-based fees are charged either as a percentage of the transaction amount (e.g., for certain of our electronic payment services) or on a flat fee per transaction basis generally with no minimum usage commitments (e.g., for our tenant screening and risk mitigation services). We recognize revenue for usage-based services in the period the service is rendered. Our payments services fees are recorded gross of any interchange and payment processing related fees. We generally invoice our usage-based services on a monthly basis or collect the fee at the time of service. A significant majority of our Value Added Services revenue comes from the use of our electronic payment services, tenant screening services, and risk mitigation services.

In addition, we charge our customers for assistance onboarding onto our core solutions and for certain other non-recurring services. We generally invoice for these other services in advance of the services being completed and recognize revenue in the period the service is rendered. We also generate revenue from the legacy customers of businesses we acquire that provide standalone services outside of our platform. Revenue derived from these services is recorded in *Other revenue.* As of September 30, 2025 and 2024, we had 21,759 and 20,403 property management customers, respectively.

***Costs and Operating Expenses***

*Cost of Revenue (Exclusive of Depreciation and Amortization)*. Many of our Value Added Services are facilitated by third-party service providers. Cost of revenue paid to these third-party service providers includes, without limitation, the cost of electronic interchange and payment processing-related services to support our payments services, the cost of credit reporting services for our tenant screening services, and various costs associated with our risk mitigation service providers. These third-party costs vary both in amount and as a percentage of revenue for each Value Added Service offering. Cost of revenue also includes personnel-related costs for our employees focused on customer service and the support of our operations (including salaries, cash bonuses, benefits, and stock-based compensation), platform infrastructure costs (such as data center operations and hosting-related costs), and allocated shared and other costs. Cost of revenue excludes depreciation of property and equipment, amortization of capitalized software development costs and amortization of intangible assets.

*Sales and Marketing.* Sales and marketing expense consists of personnel-related costs for our employees focused on sales and marketing (including salaries, sales commissions, cash bonuses, benefits, and stock-based compensation), costs associated with sales and marketing activities, and allocated shared and other costs. Marketing activities include advertising, online lead generation, lead nurturing, customer and industry events, and the creation of industry-related content and collateral.

We focus our sales and marketing efforts on generating awareness of our software solutions, creating sales leads, establishing and promoting our brands, and cultivating an educated community of successful and vocal customers.

*Research and Product Development.* Research and product development expense consists of personnel-related costs for our employees focused on research and product development (including salaries, cash bonuses, benefits, and stock-based compensation), fees for third-party development resources, and allocated shared and other costs. Our research and product development efforts are focused on expanding functionality and the ease of use of our existing software solutions by adding new core functionality, Value Added Services and other improvements, as well as developing new products and services. We capitalize our software development costs that meet the criteria for capitalization. Amortization of capitalized software development costs is included in depreciation and amortization expense.

*General and Administrative.* General and administrative expense consists of personnel-related costs for employees in our executive, finance, information technology, human resources, legal, compliance, and administrative organizations (including salaries, cash bonuses, benefits, and stock-based compensation). In addition, general and administrative expense includes fees for third-party professional services (including audit, legal, compliance, and tax services), regulatory fees, other corporate expenses, impairment of long-lived assets, gains on lease modifications, and allocated shared and other costs.

*Depreciation and Amortization.* Depreciation and amortization expense includes depreciation of property and equipment, amortization of capitalized software development costs, and amortization of intangible assets. We depreciate or amortize property and equipment, software development costs, and intangible assets over their expected useful lives on a straight-line basis, which approximates the pattern in which the economic benefits of the assets are consumed.

*Interest Income, Net.* Interest income, net includes interest earned on investment securities, amortization and accretion of the premium and discounts paid from the purchase of investment securities, and interest earned on cash deposited in our bank accounts.

*Provision for income taxes.* Provision for income taxes consists of federal and state income taxes in the United States.

**Results of Operations**

***Revenue***

| | Three Months Ended September 30, | | Change | | Nine Months Ended September 30, | | Change | |
|---|---|---|---|---|---|---|---|---|
| | 2025 | 2024 | Amount | % | 2025 | 2024 | Amount | % |
| | (dollars in thousands) | | | | | | | |
| Core solutions | $ 53,752 | $ 46,030 | $ 7,722 | 17 % | $ 155,738 | $ 132,974 | $ 22,764 | 17 % |
| Value Added Services | 192,092 | 157,726 | 34,366 | 22 % | 536,943 | 451,677 | 85,266 | 19 % |
| Other | 3,509 | 1,977 | 1,532 | 77 % | 9,949 | 5,887 | 4,062 | 69 % |
| Total revenue | $ 249,353 | $ 205,733 | $ 43,620 | 21 % | $ 702,630 | $ 590,538 | $ 112,092 | 19 % |

The increase in revenue for the three and nine months ended September 30, 2025, compared to the same periods in the prior year, was primarily attributable to an increase in the usage of our payments, tenant screening, and risk mitigation services. During the three and nine month periods ended September 30, 2025, we also experienced growth of 7% in the number of property management units under management compared to the same period in the prior year, which drove growth in users of our subscription and usage-based services.

Our payment services experienced increased usage during the comparative periods as residents and property managers transacted more business online.

We expect total revenue for the year ending December 31, 2025 to increase compared to the year ended December 31, 2024 as we continue to add new customers and property management units under management, along with increased adoption and usage of our Value Added Services.

### *Cost of Revenue (Exclusive of Depreciation and Amortization)*

| | Three Months Ended September 30, | | Change | | Nine Months Ended September 30, | | Change | |
|---|---|---|---|---|---|---|---|---|
| | 2025 | 2024 | Amount | % | 2025 | 2024 | Amount | % |
| | (dollars in thousands) | | | | | | | |
| Cost of revenue (exclusive of depreciation and amortization) | $ 91,476 | $ 71,631 | $ 19,845 | 28 % | $ 254,801 | $ 205,878 | $ 48,923 | 24 % |
| Percentage of revenue | 36.7 % | 34.8 % | | | 36.3 % | 34.9 % | | |
| Stock-based compensation, included above | $ 1,241 | $ 1,126 | $ 115 | 10 % | $ 3,947 | $ 3,261 | $ 686 | 21 % |
| Percentage of revenue | 0.5 % | 0.5 % | | | 0.6 % | 0.6 % | | |

Cost of revenue (exclusive of depreciation and amortization) increased for the three and nine months ended September 30, 2025, compared to the same periods in the prior year. The increase was primarily driven by higher third-party service provider costs of $15.4 million and $41.3 million, respectively, due to increased adoption and usage of our Value Added Services, combined with a $3.4 million and $4.6 million increase in personnel-related costs, including stock-based and performance-based compensation, to support growth in the business, for the respective three and nine-month periods.

We expect cost of revenue (exclusive of depreciation and amortization) for the year ending December 31, 2025, to stay relatively flat as a percentage of revenue compared to the year ended December 31, 2024.

### *Sales and Marketing*

| | Three Months Ended September 30, | | Change | | Nine Months Ended September 30, | | Change | |
|---|---|---|---|---|---|---|---|---|
| | 2025 | 2024 | Amount | % | 2025 | 2024 | Amount | % |
| | (dollars in thousands) | | | | | | | |
| Sales and marketing | $ 35,912 | $ 25,406 | $ 10,506 | 41 % | $ 103,745 | $ 77,161 | $ 26,584 | 34 % |
| Percentage of revenue | 14.4 % | 12.3 % | | | 14.8 % | 13.1 % | | |
| Stock-based compensation, included above | $ 3,443 | $ 2,071 | $ 1,372 | 66 % | $ 9,336 | $ 5,284 | $ 4,052 | 77 % |
| Percentage of revenue | 1.4 % | 1.0 % | | | 1.3 % | 0.9 % | | |

Sales and marketing expense increased for the three and nine months ended September 30, 2025, compared to the same periods in the prior year. The increase was primarily due to a $8.1 million and $17.4 million increase in personnel-related costs, including stock-based and performance-based compensation, to support growth in the business, combined with a $1.1 million and $3.8 million increase in advertising and promotion expense due to increased targeted go-to-market investment, for the respective three and nine-month periods.

We expect sales and marketing expense for the year ending December 31, 2025 to slightly increase as a percentage of revenue compared to the year ended December 31, 2024.

### *Research and Product Development*

| | Three Months Ended September 30, | | Change | | Nine Months Ended September 30, | | Change | |
|---|---|---|---|---|---|---|---|---|
| | 2025 | 2024 | Amount | % | 2025 | 2024 | Amount | % |
| | (dollars in thousands) | | | | | | | |
| Research and product development | $ 54,037 | $ 40,662 | $ 13,375 | 33 % | $ 144,469 | $ 118,079 | $ 26,390 | 22 % |
| Percentage of revenue | 21.7 % | 19.8 % | | | 20.6 % | 20.0 % | | |
| Stock-based compensation, included above | $ 9,076 | $ 7,471 | $ 1,605 | 21 % | $ 24,182 | $ 19,625 | $ 4,557 | 23 % |
| Percentage of revenue | 3.6 % | 3.6 % | | | 3.4 % | 3.3 % | | |

Research and product development expense increased for the three and nine months ended September 30, 2025, compared to the same periods in the prior year. The increase was primarily due to a $11.1 million and $20.3 million increase in personnel-related costs, including stock-based and performance-based compensation, net of capitalized software development costs driven by headcount growth, for the respective three and nine-month periods.

We expect research and product development expenses for the year ending December 31, 2025 to stay relatively flat as a percentage of revenue compared to the year ended December 31, 2024.

***General and Administrative***

| | Three Months Ended September 30, | | Change | | Nine Months Ended September 30, | | Change | |
|---|---|---|---|---|---|---|---|---|
| | 2025 | 2024 | Amount | % | 2025 | 2024 | Amount | % |
| | (dollars in thousands) | | | | | | | |
| General and administrative | $ 27,446 | $ 21,139 | $ 6,307 | 30 % | $ 72,733 | $ 62,525 | $ 10,208 | 16 % |
| Percentage of revenue | 11.0 % | 10.3 % | | | 10.4 % | 10.6 % | | |
| Stock-based compensation, included above | $ 7,033 | $ 5,367 | $ 1,666 | 31 % | $ 17,998 | $ 16,133 | $ 1,865 | 12 % |
| Percentage of revenue | 2.8 % | 2.6 % | | | 2.6 % | 2.7 % | | |

General and administrative expense increased for the three and nine months ended September 30, 2025, compared to the same periods in the prior year. The increase was primarily due to a $7.4 million and $13.4 million increase in personnel-related costs, including stock-based and performance-based compensation, driven by headcount growth, for the respective three and nine-month periods.

We expect general and administrative expenses for the year ending December 31, 2025 to stay relatively flat as a percentage of revenue compared to the year ended December 31, 2024.

***Depreciation and Amortization***

| | Three Months Ended September 30, | | Change | | Nine Months Ended September 30, | | Change | |
|---|---|---|---|---|---|---|---|---|
| | 2025 | 2024 | Amount | % | 2025 | 2024 | Amount | % |
| | (dollars in thousands) | | | | | | | |
| Depreciation and amortization | $ 5,436 | $ 4,327 | $ 1,109 | 26 % | $ 17,541 | $ 14,209 | $ 3,332 | 23 % |
| Percentage of revenue | 2.2 % | 2.1 % | | | 2.5 % | 2.4 % | | |

Depreciation and amortization expense for the three and nine months ended September 30, 2025 increased, compared to the same periods in the prior year, primarily due to amortization of the intangible assets recognized from the acquisition of Move EZ, Inc. in the fourth quarter of 2024.

We expect depreciation and amortization expenses for the year ending December 31, 2025 to stay relatively flat as a percentage of revenue compared to the year ended December 31, 2024.

***Interest Income, Net***

| | Three Months Ended September 30, | | Change | | Nine Months Ended September 30, | | Change | |
|---|---|---|---|---|---|---|---|---|
| | 2025 | 2024 | Amount | % | 2025 | 2024 | Amount | % |
| | (dollars in thousands) | | | | | | | |
| Interest income, net | $ 1,690 | $ 4,014 | $ (2,324) | (58)% | $ 6,109 | $ 10,482 | $ (4,373) | (42)% |
| Percentage of revenue | 0.7 % | 2.0 % | | | 0.9 % | 1.8 % | | |

Interest income for the three and nine months ended September 30, 2025 decreased, compared to the same periods in the prior year, primarily due to the sale of available-for-sale investment securities and lower interest rates.

### *Provision for income taxes*

| | Three Months Ended September 30, | | Change | | Nine Months Ended September 30, | | Change | |
|---|---|---|---|---|---|---|---|---|
| | 2025 | 2024 | Amount | % | 2025 | 2024 | Amount | % |
| | (dollars in thousands) | | | | | | | |
| Income before provision for income taxes | $ 36,732 | $ 46,582 | $ (9,850) | (21)% | $ 115,491 | $ 123,168 | $ (7,677) | (6)% |
| Provision for income taxes | $ 3,086 | $ 13,576 | $ (10,490) | (77)% | $ 14,482 | $ 21,834 | $ (7,352) | (34)% |
| Effective tax rate | 8.4 % | 29.1 % | | | 12.5 % | 17.7 % | | |

For the three and nine months ended September 30, 2025, we recorded income tax expense of $3.1 million and $14.5 million, representing an effective tax rate of 8.4% and 12.5%, respectively. Our effective tax rate differs from the U.S. federal statutory rate of 21% primarily due to excess tax benefits from stock-based compensation and research & development tax credits, partially offset by state income taxes and non-deductible officers' compensation. For the three and nine months ended September 30, 2024, our effective tax rate differs from the U.S. federal statutory rate of 21% primarily due to changes in valuation allowance against deferred tax assets and excess tax benefits from stock-based compensation.

The decrease in our effective tax rate for the three months ended September 30, 2025, as compared to the same period in 2024, is primarily due to a valuation allowance released at December 31, 2024 and an increase in tax benefits from stock-based compensation and research & development tax credits. The decrease in our effective tax rate for the nine months ended September 30, 2025, as compared to the same period in 2024, is primarily attributable to changes in valuation allowance and increase in tax benefits from research & development tax credits partially offset by a decrease in excess tax benefits from stock-based compensation.

On July 4, 2025, the One Big Beautiful Bill Act ("OBBBA") was signed into law. Included in this legislation are provisions that allow for the immediate expensing of domestic United States research and development expenses, immediate expensing of certain capital expenditures, and other changes to the U.S. taxation of profits derived from foreign operations. We believe the impact of the relevant OBBBA provisions to our income tax expense is not material and are currently expect a favorable impact to our cash flows. We will continue to monitor and assess the impact of OBBBA on our Condensed Consolidated Financial Statements.

## Liquidity and Capital Resources

Our principal sources of liquidity continue to be cash, cash equivalents, and investment securities, as well as cash flows generated from our operations. As of September 30, 2025, we had $200.1 million in cash, cash equivalents, and investment securities. We have financed our operations primarily through cash generated from operations.

In addition, to optimize our capital structure, on September 30, 2025, we entered into the Credit Facility which provides for a $150.0 million senior secured revolving credit facility, including sublimits of $25.0 million for letters of credit and $25.0 million for swingline loans, and is scheduled to mature on September 30, 2030. As of September 30, 2025, we had no outstanding borrowings under the Credit Facility, and were in compliance with the covenants under the Credit Facility. For more information regarding the Credit Facility, refer to "Credit Facility" in Note 5, *Commitments and Contingencies*, of our Condensed Consolidated Financial Statements.

We believe that our existing cash and cash equivalents, investment securities, and cash generated from operating activities will be sufficient to meet our working capital and capital expenditure requirements for at least the next twelve months. The available borrowing capacity under the Credit Facility provides us additional liquidity and financial flexibility.

### *Capital Requirements*

Our future capital requirements depend on many factors, including continued market acceptance of our software solutions; changes in the number of our customers and adoption and utilization of our Value Added Services by new and existing customers; the timing and extent of the introduction of new core functionality, products and Value Added Services; and the timing and extent of our investments across our organization.

We have in the past entered into, and may in the future enter into, arrangements to acquire or invest in new technologies or markets. We may, as a result of those arrangements or the general expansion of our business, be required to seek additional equity or debt financing, which may not be available on terms favorable to us or at all, impacting our ability to compete successfully, which would harm our business, results of operations, and financial condition.

During the first quarter of 2025, we substantially exhausted the shares remaining available for purchase under the 2019 Stock Repurchase Program. On April 23, 2025, our Board authorized the repurchase of up to $300.0 million of shares of our Class A common stock from time to time pursuant to the 2025 Stock Repurchase Program. For more information regarding our repurchases under the 2019 Stock Repurchase Program and the 2025 Stock Repurchase Program, refer to Note 6, Share Repurchase Program, of our Condensed Consolidated Financial Statements of this Quarterly Report.

***Cash Flows***

The following table summarizes our cash flows for the periods indicated (in thousands):

| | Nine Months Ended September 30, | |
|---|---|---|
| | 2025 | 2024 |
| Net cash provided by operating activities | $ 177,115 | $ 151,593 |
| Net cash provided by (used in) investing activities | 32,546 | (107,497) |
| Net cash used in financing activities | (176,072) | (31,188) |
| Net increase in cash, cash equivalents and restricted cash | $ 33,589 | $ 12,908 |

***Operating Activities***

Our primary source of operating cash inflows is cash collected from our customers in connection with their use of our core solutions and Value Added Services. Our primary uses of cash from operating activities are for personnel-related expenditures and third-party costs incurred to support the delivery of our software solutions.

The net increase in cash provided by operating activities for the nine months ended September 30, 2025, compared to the same period in the prior year, was primarily due to higher cash collections from customers relative to the increase in operating expenditures.

***Investing Activities***

Cash provided by (used in) investing activities is generally composed of the cash paid in purchases of investment securities, maturities and sales of investment securities, purchases of property and equipment, business acquisition, net of cash acquired, and additions to capitalized software development.

The net increase in cash provided by (used in) investing activities for the nine months ended September 30, 2025, compared to the same period in the prior year, was primarily due to higher sales and maturities of investment securities, and lower purchases of available-for-sale investment securities, which was partially offset by cash paid for purchasing our strategic investment in Second Nature. For additional information, see Note 3. Investment Securities and Fair Value Measurements, of our Condensed Consolidated Financial Statements.

***Financing Activities***

Cash used in financing activities is generally composed of net share settlements for employee tax withholdings associated with the vesting of equity awards and repurchases of our Class A common stock offset by proceeds from the exercise of stock options and issuance of common stock under the employee stock purchase plan.

The net increase in cash used in financing activities for the nine months ended September 30, 2025, compared to the same period in the prior year, was primarily due to repurchases of our Class A common stock.

**Critical Accounting Policies and Estimates**

Our Condensed Consolidated Financial Statements and the related notes are prepared in accordance with GAAP. The preparation of our Condensed Consolidated Financial Statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the dates of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

There have been no material changes to our critical accounting policies and estimates described in our Annual Report that have had a material impact on our Condensed Consolidated Financial Statements and related notes, except the critical accounting policies and estimates for Strategic Investments, which are disclosed in Note 2, Summary of Significant Accounting Policies of our Condensed Consolidated Financial Statements.

## Item 3. Quantitative and Qualitative Disclosures about Market Risk

***Interest Rate Risk***

*Investment Securities*

As of September 30, 2025, we had $124.1 million of investment securities consisting of United States government and agency securities. The primary objective of investing in securities is to support our liquidity and capital needs. We did not purchase these investments for trading or speculative purposes and have not used any derivative financial instruments to manage our interest rate risk exposure.

Our investment securities are exposed to market risk due to interest rate fluctuations. While fluctuations in interest rates do not impact our interest income from our investment securities as all of these securities have fixed interest rates, changes in interest rates may impact the fair value of the investment securities. Since our investment securities are held as available for sale, all changes in fair value impact our other comprehensive (loss) income unless an investment security is considered impaired in which case changes in fair value are reported in other expense. Due to the relatively short-term nature of our investment portfolio, a hypothetical 100 basis point change in interest rates would not have a material effect on the fair value of our portfolio for the periods presented.

## Item 4. Controls and Procedures

***Evaluation of Disclosure Controls and Procedures***

Our management, with the supervision and participation of our principal executive officer and principal financial officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this Quarterly Report. Based on this evaluation, our principal executive officer and principal financial officer concluded that, as of the end of the period covered by this Quarterly Report, our disclosure controls and procedures were designed at the reasonable assurance level and were effective to provide reasonable assurance that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

***Changes in Internal Control over Financial Reporting***

There were no changes in our internal control over financial reporting identified in connection with the evaluation required by Rule 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the period covered by this Quarterly Report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II. OTHER INFORMATION

### Item 1. Legal Proceedings

For information regarding legal proceedings, refer to Note 5, *Commitments and Contingencies* of our Condensed Consolidated Financial Statements.

### Item 1A. Risk Factors

An investment in our Class A common stock involves risks. Before making an investment decision, you should carefully consider all of the information in this Quarterly Report, including in the section entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the Condensed Consolidated Financial Statements and related notes. In addition, you should carefully consider the risks and uncertainties described in the section entitled “Risk Factors” in our Annual Report, which was filed with the SEC on February 6, 2025, as supplemented by the additional risk factors below. If any of the identified risks are realized, our business, financial condition, operating results and prospects could be materially and adversely affected. In that case, the trading price of our Class A common stock may decline. In addition, other risks of which we are currently unaware, or which we do not currently view as material, could have a material adverse effect on our business, financial condition, and operating results. As of the date of this Quarterly Report, there have been no material changes to the risk factors previously disclosed under the section entitled "Risk Factors" in Part I, Item IA of our Annual Report, with the exception of the following:

**Risks Related to Our Financial Results**

***We are subject to risks associated with our strategic investments, including partial or complete loss of invested capital. Changes in the fair value of our strategic investments could negatively impact our business, financial condition and results of operations.***

Our strategic investments consist of non-marketable equity investments in privately-held companies in which we do not have a controlling interest or significant influence. We make these investments to further our strategic objectives and support key business initiatives. However, these investments are inherently risky, and there can be no assurance that we will achieve the anticipated benefits of these investments or realize a return on them or be able to dispose of them on favorable terms or at all. Consequently, we could lose all or part of our invested capital.

We record these strategic investments as long-term investments in our Condensed Consolidated Balance Sheets. We have elected to apply the measurement alternative for equity investments in privately-held companies that do not have readily determinable fair values, measuring them at cost, less any impairment, plus or minus adjustments resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. An impairment loss is recorded when an event or circumstance indicates a decline in value has occurred.

In determining the estimated fair value of these strategic investments, we use the most recent and available data. Valuations of privately held securities are inherently complex due to the lack of readily available market data and require the use of judgment. The determination of whether an orderly transaction is for an identical or similar investment requires use of significant judgment. In our evaluation, we consider factors such as differences in the rights and preferences of the investments and the extent to which those differences would affect the fair values of those investments. Our impairment analysis encompasses an assessment of both qualitative and quantitative factors, including the investee’s financial metrics, market acceptance of the investee’s product or technology, general market conditions and liquidity considerations. We record all fair value adjustments of these strategic investments through our Condensed Consolidated Statement of Operations. As a result, we may experience additional volatility to our statement of operations due to the valuation and timing of observable price changes or impairments of our strategic investments.

Changes in the fair value of these strategic investments or partial or complete loss of our invested capital could be material to our financial statements and negatively impact our business, financial condition and results of operations.

**Our revolving Credit Facility provides the lender with a first-priority security interest in substantially all of our and our subsidiary guarantors’ personal property, and contains covenants which may limit our operational flexibility and otherwise adversely affect our financial condition and/or results of operations.**

Our revolving Credit Facility contains a number of covenants that restrict our and our subsidiaries’ ability to, among other things, incur indebtedness and liens, make investments, pay dividends or distributions or repurchase equity interests, merge, consolidate or otherwise dispose of assets, enter into transactions with affiliates, and prepay, redeem, purchase, or otherwise retire junior indebtedness, all subject to certain exceptions**.** We are also required to maintain a Consolidated Net Leverage Ratio (as defined in the Credit Facility) not greater than a specified level. These covenants could limit our operational flexibility and ability to exploit business opportunities.

A failure by us to comply with the covenants or payment requirements, or the occurrence of other events specified in the Credit Facility, could result in an event of default under the Credit Facility, which would give the lender(s) the right to terminate the commitments to provide loans and extensions of credit and to declare all borrowings outstanding, together with accrued and unpaid interest and fees, to be immediately due and payable. In addition, the lender would have the right to proceed against the collateral in which we granted a security interest to the lender, which consists of substantially all of our and our subsidiary guarantors' personal property.

**Risks Related to Our Class A Common Stock**

***Share repurchases could increase the volatility of the trading price of our common stock and diminish our cash reserves, and we cannot guarantee that our share repurchase program will enhance long-term stockholder value.***

On April 23, 2025, our Board authorized the repurchase of up to $300.0 million of our Class A common stock pursuant to the 2025 Stock Repurchase Program. The 2025 Stock Repurchase Program does not obligate us to repurchase any minimum dollar amount or number of shares, has no expiration date, and can be modified, terminated or suspended at any time. Repurchases of shares of our Class A common stock could affect the trading price of our Class A common stock and increase volatility of such securities. Similarly, the future announcement of the modification, suspension or termination of the 2025 Stock Repurchase Program, or our decision not to utilize the full authorized repurchase amount under the 2025 Stock Repurchase Program, could result in a decrease in the trading price of our Class A common stock. In addition, the 2025 Stock Repurchase Program could have the impact of reducing our cash reserves, which may impact our ability to finance our growth, fund working capital, strategic acquisitions or business opportunities, and other general corporate purposes and execute our strategic plan. Although the 2025 Stock Repurchase Program is intended to enhance long-term stockholder value, there can be no assurance that it will do so because the trading price of our Class A common stock may decline below the levels at which we repurchased our shares and short-term stock price fluctuations could reduce the effectiveness of the 2025 Stock Repurchase Program.

**Item 5. Other Information**

On August 14, 2025, Shane Trigg, our Chief Executive Officer and a member of our Board, adopted a Rule 10b5-1 trading arrangement providing for the sale between November 17, 2025 and November 19, 2026 of an indeterminate number of shares of our Class A common stock received by Mr. Trigg in connection with the vesting in between November 10, 2025 and November 10, 2026 of certain restricted stock units and performance share units held by Mr. Trigg. The actual number of shares of Class A common stock will depend on the vesting of the restrictive stock units and performance share units and the number of shares withheld to satisfy tax withholding obligations. Mr. Trigg's trading plan was entered into during an open trading window and is intended to satisfy the affirmative defense of Rule 10b5-1(c) under the Exchange Act.

## Item 6. Exhibits

| Exhibit Number | Description of Document |
|---|---|
| 10.1 | Revolving Credit Facility Agreement |
| 31.1 | Certification of Chief Executive Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) promulgated under the Securities Exchange Act of 1934, as amended |
| 31.2 | Certification of Principal Financial Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) promulgated under the Securities Exchange Act of 1934, as amended |
| 32.1* | Certifications of Chief Executive Officer and Principal Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |
| 101.INS | Inline XBRL Instance Document |
| 101.SCH | Inline XBRL Taxonomy Extension Schema Document |
| 101.CAL | Inline XBRL Taxonomy Extension Calculation Linkbase Document |
| 101.DEF | Inline XBRL Taxonomy Extension Definition Linkbase Document |
| 101.LAB | Inline XBRL Taxonomy Extension Label Linkbase Document |
| 101.PRE | Inline XBRL Taxonomy Extension Presentation Linkbase Document |
| 104 | Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101) |

* The certifications attached as Exhibit 32.1 accompany this Quarterly Report pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, and shall not be deemed "filed" by the registrant for purposes of Section 18 of the Exchange Act, and are not to be incorporated by reference into any of the registrant's filings under the Securities Act or the Exchange Act, whether made before or after the date of this Quarterly Report, irrespective of any general incorporation language contained in any such filing.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

AppFolio, Inc.

| | | | |
|---|---|---|---|
| Date: | October 30, 2025 | By: | /s/ Shane Trigg<br>Shane Trigg<br>Chief Executive Officer<br>(Principal Executive Officer) |
| Date: | October 30, 2025 | By: | /s/ Tim Eaton<br>Tim Eaton<br>Chief Financial Officer<br>(Principal Financial Officer) |

**EXHIBIT 31.1**

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Shane Trigg, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of AppFolio, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: October 30, 2025

/s/ Shane Trigg
Shane Trigg
Chief Executive Officer

**EXHIBIT 31.2**

**CERTIFICATION OF CHIEF FINANCIAL OFFICER**
**PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Tim Eaton, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of AppFolio, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: October 30, 2025

/s/ Tim Eaton
Tim Eaton
Chief Financial Officer

**EXHIBIT 32.1**

**CERTIFICATIONS OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

The following certifications are hereby made in connection with the Quarterly Report on Form 10-Q of AppFolio, Inc. (the "Company") for the period ended September 30, 2025, as filed with the Securities and Exchange Commission on the date hereof (the "Report"):

I, Shane Trigg, President and Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge, (i) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods presented.

| | | | |
|---|---|---|---|
| Date: | October 30, 2025 | By: | /s/ Shane Trigg |
| | | | Shane Trigg |
| | | | President and Chief Executive Officer |

I, Tim Eaton, Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge, (i) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods presented.

| | | | |
|---|---|---|---|
| Date: | October 30, 2025 | By: | /s/ Tim Eaton |
| | | | Tim Eaton |
| | | | Chief Financial Officer |