

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 June 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
(State of incorporation or organization)

70 Castilian Drive
Santa Barbara, California
(Address of principal executive offices)

26-0359894
(I.R.S. Employer Identification No.)

93117
(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	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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 July 24, 2025, the number of shares of the registrant's Class A common stock outstanding was 22,871,704 and the number of shares of the registrant's Class B common stock outstanding was 12,981,324.

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FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q for the fiscal quarter ended June 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)

	June 30, 2025	December 31, 2024
Assets		
Current assets		
Cash and cash equivalents	\$ 73,478	\$ 42,504
Investment securities—current	54,088	235,745
Accounts receivable, net	32,543	24,346
Prepaid expenses and other current assets	37,026	32,807
Total current assets	197,135	335,402
Property and equipment, net	22,641	24,483
Operating lease right-of-use assets	16,464	17,472
Capitalized software development costs, net	12,414	15,429
Goodwill	96,410	96,410
Intangible assets, net	43,942	49,057
Deferred income taxes	90,095	76,910
Long-term investments	77,033	2,033
Other long-term assets	11,269	9,482
Total assets	\$ 567,403	\$ 626,678
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	\$ 3,254	\$ 2,378
Accrued employee expenses	25,784	30,157
Accrued expenses	18,103	14,658
Other current liabilities	20,448	16,087
Total current liabilities	67,589	63,280
Operating lease liabilities	35,180	37,476
Other liabilities	8,988	6,632
Total liabilities	111,757	107,388
Commitments and contingencies (Note 6)		
Stockholders' equity:		
Class A common stock	2	2
Class B common stock	2	2
Additional paid-in capital	270,782	254,821
Accumulated other comprehensive (loss) Income	(71)	173
Treasury stock	(172,480)	(25,756)
Retained earnings	357,411	290,048
Total stockholders' equity	455,646	519,290
Total liabilities and stockholders' equity	\$ 567,403	\$ 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 June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Revenue	\$ 235,575	\$ 197,375	\$ 453,277	\$ 384,805
Costs and operating expenses:				
Cost of revenue (exclusive of depreciation and amortization) ⁽¹⁾	83,827	69,601	163,325	134,247
Sales and marketing ⁽¹⁾	36,776	27,300	67,833	51,755
Research and product development ⁽¹⁾	46,674	39,522	90,432	77,417
General and administrative ⁽¹⁾	21,936	20,254	45,287	41,386
Depreciation and amortization	5,850	4,670	12,105	9,882
Total costs and operating expenses	195,063	161,347	378,982	314,687
Income from operations	40,512	36,028	74,295	70,118
Other (loss) income, net	(11)	—	45	—
Interest income, net	1,466	3,476	4,419	6,468
Income before provision for income taxes	41,967	39,504	78,759	76,586
Provision for income taxes	5,987	9,839	11,396	8,258
Net income	\$ 35,980	\$ 29,665	\$ 67,363	\$ 68,328
Net income per common share:				
Basic	\$ 1.00	\$ 0.82	\$ 1.87	\$ 1.89
Diluted	\$ 0.99	\$ 0.81	\$ 1.85	\$ 1.86
Weighted average common shares outstanding:				
Basic	35,922	36,241	36,111	36,164
Diluted	36,204	36,742	36,425	36,720

⁽¹⁾ Includes stock-based compensation expense as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Stock-based compensation expense included in costs and operating expenses:				
Cost of revenue (exclusive of depreciation and amortization)	\$ 1,419	\$ 1,175	\$ 2,706	\$ 2,135
Sales and marketing	3,045	1,703	5,893	3,213
Research and product development	8,176	6,472	15,107	12,154
General and administrative	5,659	5,444	10,964	10,766
Total stock-based compensation expense	\$ 18,299	\$ 14,794	\$ 34,670	\$ 28,268

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 June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Net income	\$ 35,980	\$ 29,665	\$ 67,363	\$ 68,328
Other comprehensive loss:				
Changes in unrealized losses on investment securities, net of tax	(37)	(69)	(244)	(283)
Comprehensive income	<u>\$ 35,943</u>	<u>\$ 29,596</u>	<u>\$ 67,119</u>	<u>\$ 68,045</u>

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

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					
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

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)

	Six Months Ended June 30,	
	2025	2024
Cash from operating activities		
Net income	\$ 67,363	\$ 68,328
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	12,105	9,881
Amortization of operating lease right-of-use assets	1,008	1,053
Amortization of costs capitalized to obtain revenue contracts	5,419	4,985
Deferred income taxes	(13,185)	—
Stock-based compensation, including as amortized	34,670	28,269
Other	(1,048)	(4,005)
Changes in operating assets and liabilities:		
Accounts receivable	(8,197)	(4,982)
Prepaid expenses and other assets	(11,426)	172
Accounts payable	852	437
Operating lease liabilities	(2,102)	(1,418)
Accrued expenses and other liabilities	5,649	(8,897)
Net cash provided by operating activities	91,108	93,823
Cash from investing activities		
Purchases of available-for-sale investments	(64,034)	(151,539)
Proceeds from sales of available-for-sale investments	202,662	—
Proceeds from maturities of available-for-sale investments	43,820	94,455
Purchases of property and equipment	(505)	(1,458)
Capitalization of software development costs	(1,478)	(2,529)
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	104,559	(61,071)
Cash from financing activities		
Proceeds from stock option exercises	128	3,898
Tax withholding for net share settlement	(19,098)	(26,520)
Purchase of common stock	(145,723)	—
Net cash used in financing activities	(164,693)	(22,622)
Net increase in cash, cash equivalents and restricted cash	30,974	10,130
Cash, cash equivalents and restricted cash		
Beginning of period	42,754	49,759
End of period	\$ 73,728	\$ 59,889
Cash, cash equivalents and restricted cash at end of period:		
Cash and cash equivalents	\$ 73,478	\$ 59,639
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	\$ 73,728	\$ 59,889

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

APPFOLIO, INC.

NOTES TO CONDENSED CONSOLIDATED UNAUDITED FINANCIAL 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 six months ended June 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 six months ended June 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 six months ended June 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 \$18.1 million and \$16.8 million as of June 30, 2025 and December 31, 2024, respectively, of which \$9.4 million and \$9.9 million, respectively, are included in *Prepaid expenses and other current assets* and \$8.7 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 \$2.7 million, and \$2.5 million for three months ended June 30, 2025 and 2024, respectively, and \$5.4 million, and \$5.0 million for the six months ended June 30, 2025 and 2024, respectively. For the six months ended June 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 June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Basic net income per share:				
Numerator				
Net income	\$ 35,980	\$ 29,665	\$ 67,363	\$ 68,328
Less: undistributed earnings to participating securities	—	3	—	8
Net income attributable to common stockholders	\$ 35,980	\$ 29,662	\$ 67,363	\$ 68,320
Denominator				
Weighted average common shares outstanding	35,922	36,244	36,111	36,168
Less: Weighted average unvested restricted shares subject to repurchase	—	3	—	4
Weighted average common shares outstanding; basic	35,922	36,241	36,111	36,164
Net income per common share; basic	\$ 1.00	\$ 0.82	\$ 1.87	\$ 1.89
Diluted net income per share:				
Numerator				
Net income attributable to common stockholders	\$ 35,980	\$ 29,662	\$ 67,363	\$ 68,320
Denominator				
Weighted average common shares outstanding; basic	35,922	36,241	36,111	36,164
Add: Weighted average dilutive options outstanding	31	41	35	75
Add: Weighted average dilutive restricted stock units outstanding	251	460	279	481
Weighted average common shares outstanding; diluted	36,204	36,742	36,425	36,720
Net income per common share; diluted	\$ 0.99	\$ 0.81	\$ 1.85	\$ 1.86

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 June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Restricted stock units	149	2	149	163
Total potentially dilutive securities	149	2	149	163

3. Investment Securities and Fair Value Measurements

Investment Securities

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

	June 30, 2025			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
U.S. government and agency securities	54,098	1	(11)	54,088
Total available-for-sale investment securities	\$ 54,098	\$ 1	\$ (11)	\$ 54,088

	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 June 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 June 30, 2025 or December 31, 2024.

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

	June 30, 2025		December 31, 2024	
	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
Due in one year or less	\$ 54,098	\$ 54,088	\$ 235,509	\$ 235,745
Total available-for-sale investment securities	\$ 54,098	\$ 54,088	\$ 235,509	\$ 235,745

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

	Six Months Ended June 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	\$ 43,820
Total	\$ 94	\$ (49)	\$ 202,662	\$ 43,820

	Six Months Ended June 30, 2024			
	Gross Realized Gains	Gross Realized Losses	Gross Proceeds from Sales	Gross Proceeds from Maturities
U.S. government and agency securities	—	—	—	94,455
Total	\$ —	\$ —	\$ —	\$ 94,455

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 June 30, 2025 and December 31, 2024 (in thousands):

	June 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 six months ended June 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 June 30, 2025 and December 31, 2024 by level within the fair value hierarchy (in thousands):

	June 30, 2025		
	Level 1	Level 2	Total Fair Value
Cash equivalents:			
Money market funds	\$ 47,917	\$ —	\$ 47,917
Available-for-sale investment securities:			
U.S. government and agency securities	—	54,088	54,088
Total	\$ 47,917	\$ 54,088	\$ 102,005

	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 June 30, 2025 and December 31, 2024, the balance of strategic investments was \$77.0 million and \$2.0 million, respectively.

4. Accrued Employee Expenses

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

	June 30, 2025	December 31, 2024
Accrued bonuses	\$ 14,745	\$ 17,092
Accrued payroll and other	11,039	13,065
Total accrued employee expenses	<u>\$ 25,784</u>	<u>\$ 30,157</u>

5. Other Current Liabilities

Other Current Liabilities consisted of the following (in thousands):

	June 30, 2025	December 31, 2024
Unearned premium liabilities	\$ 6,140	\$ 5,455
Insurance reserves	4,741	3,908
Operating lease liabilities-current	4,466	4,273
Other	5,101	2,451
Total other current liabilities	<u>\$ 20,448</u>	<u>\$ 16,087</u>

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.

For additional information for insurance reserves, refer to Note 6, *Commitments and Contingencies*.

6. 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 June 30, 2025 and December 31, 2024 was \$4.7 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 June 30, 2025 and December 31, 2024 are \$4.3 million and \$6.7 million, respectively, of deposits held with a third party related to requirements to maintain collateral for this insurance service.

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 inquiries, 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.

7. 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. We did not repurchase any shares of our Class A common stock under the 2019 Stock Repurchase Program during the three months ended June 30, 2024.

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 three months ended June 30, 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. As of June 30, 2025, the amount remaining available for repurchases under the 2025 Stock Repurchase Program was \$250.0 million.

8. Stock-Based Compensation

Restricted Stock Units

A summary of activity in connection with our restricted stock units ("RSUs") for the six months ended June 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	358	224.41
Vested	(216)	153.81
Forfeited	(47)	158.31
Unvested as of June 30, 2025	<u>880</u>	<u>\$ 187.79</u>

Unvested RSUs as of June 30, 2025 were composed of 0.8 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 June 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 vesting date. The actual number of shares to be issued 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 \$17.9 million and \$14.5 million for the three months ended June 30, 2025 and 2024, respectively, and \$33.9 million and \$27.5 million for the six months ended June 30, 2025 and 2024, respectively. As of June 30, 2025, the total estimated remaining stock-based compensation expense for the aforementioned RSUs and PSUs was \$130.1 million, which is expected to be recognized over a weighted average period of 2.4 years.

9. 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 six months ended June 30, 2025, we recorded income tax expense of \$6.0 million and \$11.4 million, representing an effective tax rate of 14.3% and 14.5%, 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 six months ended June 30, 2024, 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 changes in valuation allowance against deferred tax assets.

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 six months ended June 30, 2025, and we do not expect to have any significant changes to unrecognized tax benefits through the remainder of the year.

10. Revenue and Other Information

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Core solutions	\$ 52,473	\$ 44,024	\$ 101,986	\$ 86,944
Value Added Services	180,145	151,620	344,851	293,951
Other	2,957	1,731	6,440	3,910
Total revenue	<u>\$ 235,575</u>	<u>\$ 197,375</u>	<u>\$ 453,277</u>	<u>\$ 384,805</u>

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

11. Subsequent Event

On July 4, 2025, the One Big Beautiful Bill Act ("OBBBBA") 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 OBBA provisions to our income tax expense is not material and are currently in the process of evaluating the impact on our Consolidated Financial Statements.

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 8.9 million and 8.4 million property management units under management as of June 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 June 30, 2025 and 2024, we had 21,403 and 20,167 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 June 30,		Change		Six Months Ended June 30,		Change	
	2025	2024	Amount	%	2025	2024	Amount	%
	(dollars in thousands)							
Core solutions	\$ 52,473	\$ 44,024	\$ 8,449	19 %	\$ 101,986	\$ 86,944	\$ 15,042	17 %
Value Added Services	180,145	151,620	28,525	19 %	344,851	293,951	50,900	17 %
Other	2,957	1,731	1,226	71 %	6,440	3,910	2,530	65 %
Total revenue	<u>\$ 235,575</u>	<u>\$ 197,375</u>	<u>\$ 38,200</u>	19 %	<u>\$ 453,277</u>	<u>\$ 384,805</u>	<u>\$ 68,472</u>	18 %

The increase in revenue for the three and six months ended June 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 six month periods ended June 30, 2025, we also experienced growth of 6% 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 June 30,		Change		Six Months Ended June 30,		Change	
	2025	2024	Amount	%	2025	2024	Amount	%
	(dollars in thousands)							
Cost of revenue (exclusive of depreciation and amortization)	\$ 83,827	\$ 69,601	\$ 14,226	20 %	\$ 163,325	\$ 134,247	\$ 29,078	22 %
Percentage of revenue	35.6 %	35.3 %			36.0 %	34.9 %		
Stock-based compensation, included above	\$ 1,419	\$ 1,175	\$ 244	21 %	\$ 2,706	\$ 2,135	\$ 571	27 %
Percentage of revenue	0.6 %	0.6 %			0.6 %	0.6 %		

Cost of revenue (exclusive of depreciation and amortization) increased for the three and six months ended June 30, 2025, compared to the same periods in the prior year. The increase was primarily driven by higher third-party service provider costs of \$13.0 million and \$25.9 million, respectively, due to increased adoption and usage of our Value Added Services.

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 June 30,		Change		Six Months Ended June 30,		Change	
	2025	2024	Amount	%	2025	2024	Amount	%
	(dollars in thousands)							
Sales and marketing	\$ 36,776	\$ 27,300	\$ 9,476	35 %	\$ 67,833	\$ 51,755	\$ 16,078	31 %
Percentage of revenue	15.6 %	13.8 %			15.0 %	13.4 %		
Stock-based compensation, included above	\$ 3,045	\$ 1,703	\$ 1,342	79 %	\$ 5,893	\$ 3,213	\$ 2,680	83 %
Percentage of revenue	1.3 %	0.9 %			1.3 %	0.8 %		

Sales and marketing expense increased for the three and six months ended June 30, 2025, compared to the same periods in the prior year. The increase was primarily due to a \$5.2 million and \$9.3 million increase in personnel-related costs, including stock-based and performance-based compensation, to support growth in the business, combined with a \$2.0 million and \$2.7 million increase in advertising and promotion expense due to increased targeted go-to-market investment, for the respective three and six-month periods.

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

Research and Product Development

	Three Months Ended June 30,		Change		Six Months Ended June 30,		Change	
	2025	2024	Amount	%	2025	2024	Amount	%
	(dollars in thousands)							
Research and product development	\$ 46,674	\$ 39,522	\$ 7,152	18 %	\$ 90,432	\$ 77,417	\$ 13,015	17 %
Percentage of revenue	19.8 %	20.0 %			20.0 %	20.1 %		
Stock-based compensation, included above	\$ 8,176	\$ 6,472	\$ 1,704	26 %	\$ 15,107	\$ 12,154	\$ 2,953	24 %
Percentage of revenue	3.5 %	3.3 %			3.3 %	3.2 %		

Research and product development expense increased for the three and six months ended June 30, 2025, compared to the same periods in the prior year. The increase was primarily due to a \$5.5 million and \$9.2 million increase in personnel-related costs, including stock-based and performance-based compensation, net of capitalized software development costs driven by headcount growth, combined with a \$0.8 million and \$1.3 million increase in software license fees, for the respective three and six-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 June 30,		Change		Six Months Ended June 30,		Change	
	2025	2024	Amount	%	2025	2024	Amount	%
	(dollars in thousands)							
General and administrative	\$ 21,936	\$ 20,254	\$ 1,682	8 %	\$ 45,287	\$ 41,386	\$ 3,901	9 %
Percentage of revenue	9.3 %	10.3 %			10.0 %	10.8 %		
Stock-based compensation, included above	\$ 5,659	\$ 5,444	\$ 215	4 %	\$ 10,964	\$ 10,766	\$ 198	2 %
Percentage of revenue	2.4 %	2.8 %			2.4 %	2.8 %		

General and administrative expense increased for the three and six months ended June 30, 2025, compared to the same periods in the prior year. The increase was primarily due to a \$3.2 million and \$6.0 million increase in personnel-related costs, including stock-based and performance-based compensation, driven by headcount growth, for the respective three and six-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 June 30,		Change		Six Months Ended June 30,		Change	
	2025	2024	Amount	%	2025	2024	Amount	%
	(dollars in thousands)							
Depreciation and amortization	\$ 5,850	\$ 4,670	\$ 1,180	25 %	\$ 12,105	\$ 9,882	\$ 2,223	22 %
Percentage of revenue	2.5 %	2.4 %			2.7 %	2.6 %		

Depreciation and amortization expense for the three and six months ended June 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 June 30,		Change		Six Months Ended June 30,		Change	
	2025	2024	Amount	%	2025	2024	Amount	%
	(dollars in thousands)							
Interest income, net	\$ 1,466	\$ 3,476	\$ (2,010)	(58)%	\$ 4,419	\$ 6,468	\$ (2,049)	(32)%
Percentage of revenue	0.6 %	1.8 %			1.0 %	1.7 %		

Interest income for the three and six months ended June 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 June 30,		Change		Six Months Ended June 30,		Change	
	2025	2024	Amount	%	2025	2024	Amount	%
	(dollars in thousands)							
Income before provision for income taxes	\$ 41,967	\$ 39,504	\$ 2,463	6 %	\$ 78,759	\$ 76,586	\$ 2,173	3%
Provision for (benefit from) income taxes	\$ 5,987	\$ 9,839	\$ (3,852)	(39)%	\$ 11,396	\$ 8,258	\$ 3,138	38%
Effective tax rate	14.3 %	24.9 %			14.5 %	10.8 %		

For the three and six months ended June 30, 2025, we recorded income tax expense of \$6.0 million and \$11.4 million, representing an effective tax rate of 14.3% and 14.5%, 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 six months ended June 30, 2024, 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 changes in valuation allowance against deferred tax assets.

The decrease in our effective tax rate for the three months ended June 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 research & development tax credits. The increase in our effective tax rate for the six months ended June 30, 2025, as compared to the same period in 2024, is primarily attributable to a decrease in excess tax benefits from stock-based compensation and changes in valuation allowance.

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 in the process of evaluating the impact on our Condensed Consolidated Financial Statements.

Liquidity and Capital Resources

Our principal sources of liquidity continue to be cash, cash equivalents, and investment securities totaling \$127.6 million, as well as cash flows generated from our operations. We have financed our operations primarily through cash generated from operations. 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.

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 7, Share Repurchase Program, of our Condensed Consolidated Financial Statements and Part 2, Item 2, "Unregistered Sales of Equity Securities and Use of Proceeds" of this Quarterly Report.

Cash Flows

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

	Six Months Ended June 30,	
	2025	2024
Net cash provided by operating activities	\$ 91,108	\$ 93,823
Net cash provided by (used in) investing activities	104,559	(61,071)
Net cash used in financing activities	(164,693)	(22,622)
Net increase in cash, cash equivalents and restricted cash	\$ 30,974	\$ 10,130

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 decrease in cash provided by operating activities for the six months ended June 30, 2025, compared to the same period in the prior year, was primarily due to a higher increase in operating expenditures related to personnel-related costs.

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 six months ended June 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.

The net increase in cash used in financing activities for the six months ended June 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 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 June 30, 2025, we had \$54.1 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. As of June 30, 2025, a hypothetical 100 basis point decrease in interest rates would have resulted in an increase in the fair value of our investment securities of approximately \$0.1 million and a hypothetical 100 basis point increase in interest rates would have resulted in a decrease in the fair value of our investment securities of approximately \$0.1 million. This estimate is based on a sensitivity model which measures an instant change in interest rates by 100 basis points at June 30, 2025.

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 6, *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 factor 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 1A of our 2024 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.

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 2. Unregistered Sales of Equity Securities and Use of Proceeds

The table below summarizes our repurchases of our Class A common stock during the three months ended June 30, 2025.

Period	Total Number of Shares Repurchased ⁽¹⁾ (in thousands)	Average Price Paid Per Share ⁽²⁾	Total Number of Shares Purchased as Part of the Publicly Announced Plans or Programs (in thousands)	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (in millions)
April 1, 2025 to April 30, 2025	119	\$ 201.23	119	\$ 276.0
May 1, 2025 to May 31, 2025	125	\$ 208.15	125	\$ 250.0
June 1, 2025 to June 30, 2025	—	—	—	\$ 250.0
Total	244	\$ 204.77	244	

⁽¹⁾ On April 23, 2025, our Board authorized the repurchase of up to \$300.0 million of shares of our Class A common stock pursuant to the 2025 Stock Repurchase Program. The 2025 Stock Repurchase Program has no expiration date and can be modified, suspended, or terminated at any time and for any reason. For more information regarding the 2025 Stock Repurchase Program, refer to Note 7, Share Repurchase Program, of our Condensed Consolidated Financial Statements and Part I, Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources" of this Quarterly Report.

⁽²⁾ Average price paid per share includes costs associated with the repurchases.

Item 5. Other Information

(a)

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

Appointment of Chief Financial Officer

On July 30, 2025 (the "Effective Date"), the Board of Directors of the Company (the "Board") appointed Tim Eaton, 37, as the Chief Financial Officer of the Company. Mr. Eaton previously served as the Company's Interim Chief Financial Officer from October 2024 until the Effective Date, the Company's Principle Accounting Officer from January 2025 until the Effective Date (see "Appointment of Principle Accounting Officer" below), the Company's Chief of Staff to the CEO from 2022 until October 2024, and in various other leadership roles within the Company since 2020. Prior to joining the Company, Mr. Eaton worked in a variety of financial, strategic, and operational positions at Visa, Google, and Goldman Sachs. Mr. Eaton holds an M.B.A in finance and entrepreneurship from the Wharton School at the University of Pennsylvania and a B.S. in business management from Brigham Young University, and is a CFA charterholder.

There are no arrangements or understandings between Mr. Eaton and any other person pursuant to which he was selected to serve as the Chief Financial Officer. There are no family relationships between Mr. Eaton and any director, executive officer, or person nominated or chosen by the Company to become a director or executive officer. There are no transactions involving Mr. Eaton that are required to be reported pursuant to Item 404(a) of Regulation S-K.

In connection with his appointment as the Chief Financial Officer, Mr. Eaton entered into an employment agreement with the Company, dated as of July 30, 2025 (the "Employment Agreement"). The Employment Agreement provides for "at-will" employment and sets forth the terms and conditions of Mr. Eaton's employment. Pursuant to the Employment Agreement, Mr. Eaton will be entitled to receive, among other things: (1) an annual base salary of \$400,000; (2) an annual bonus opportunity under the Company's corporate bonus plan equal to 60% of his annual base salary at target; (3) a one-time, cash

spot bonus equal to \$71,250; and (4) a one-time promotional equity award under the AppFolio, Inc. 2025 Omnibus Incentive Plan (the "Incentive Plan") with an aggregate value of approximately \$2,500,000 at target on the date of grant, which award will be allocated as a mix of 50% time-based restricted stock units and 50% performance-based restricted stock units. Pursuant to the Employment Agreement, Mr. Eaton will also be eligible for annual equity awards, subject to Board approval.

The Employment Agreement also provides the following severance benefits upon certain specified termination events.

Termination Without Cause or Resignation for Good Reason. If the Company terminates Mr. Eaton's employment without "cause" or he resigns for "good reason," (as each term is defined in the Employment Agreement), he will be entitled to receive: (1) nine months of base salary continuation; (2) payment of any earned but unpaid annual bonus in respect of the prior completed fiscal year; (3) a pro-rated portion of the annual bonus for the fiscal year in which such termination occurs based on the number of days Mr. Eaton was employed by the Company during such fiscal year and the achievement of the applicable performance goals determined by the Board based on forecasted results (but not greater than target-level performance); and (4) up to nine months of COBRA premiums. Payment of such amounts is conditioned upon the effectiveness of a general release of claims in favor of the Company and continuing compliance with certain restrictive covenants.

Death or Disability. If Mr. Eaton's employment is terminated due to his death or "disability" (as defined in the Employment Agreement), he (or his estate) will be entitled to receive: (1) a lump sum payment in an amount equal to six months of his then current base salary; and (2) the equity award treatment described in the following paragraph.

With respect to each outstanding time-based equity award held by Mr. Eaton as of the date of his termination, the portion of such award that would have vested had he remained with the Company for an additional 12 months will accelerate upon such termination. With respect to each outstanding performance-based equity award held by Mr. Eaton as of the date of termination, a pro-rated portion of such award will accelerate upon termination based on the number of days Mr. Eaton was employed by the Company during the applicable performance period and the achievement of the applicable performance goals determined by the Board based on forecasted results (but not greater than target-level performance).

Termination in Connection with Change in Control. If the Company terminates Mr. Eaton's employment without "cause" or he resigns for "good reason" on or within 12 months following the consummation of a "corporate transaction" (as defined in the Incentive Plan) then, in addition to the severance benefits described above, all outstanding equity awards held by Mr. Eaton as of the date of termination will accelerate upon such termination. The Employment Agreement also provides that if the outstanding equity awards held by Mr. Eaton immediately prior to the consummation of a "corporate transaction" are not assumed or substituted for value upon such "corporate transaction," such equity awards will accelerate immediately prior to such "corporate transaction" (with the level of performance achievement of the applicable performance goals determined by the Board based on forecasted results (but not greater than target-level performance)). Payments of such amounts is conditioned upon the effectiveness of a general release of claims in favor of the Company and continuing compliance with certain restrictive covenants.

The foregoing summary of the Employment Agreement is qualified in its entirety by reference to the full text of the Employment Agreement, which is filed as Exhibit 10.1 to this Quarterly Report and incorporated by reference.

Appointment of Principal Accounting Officer

On July 30, 2025, the Board appointed Don Rigler, 60, as the Company's Principal Accounting Officer to succeed Mr. Eaton in that position. Mr. Rigler has served as the Company's Vice President of Accounting since March 2025. Prior to joining the Company, Mr. Rigler held various finance leadership roles at Salesforce, Inc., including as Vice President, Automation and Cloud Enterprise Resource Planning from April 2022 to May 2024, Vice President, M&A Finance from June 2020 to April 2022, Vice President of Finance Technology Transformation from February 2018 to June 2020, and Americas Controller from November 2010 to February 2018. Mr. Rigler holds a B.B.A. from Texas Tech University and a M.B.A. from Southern Methodist University.

There are no arrangements or understandings between Mr. Rigler and any other person pursuant to which he was selected to serve as the Principal Accounting Officer. There are no family relationships between Mr. Rigler and any director, executive officer, or person nominated or chosen by the Company to become a director or executive officer. There are no transactions involving Mr. Rigler that are required to be reported pursuant to Item 404(a) of Regulation S-K.

(c)

During the three months ended June 30, 2025, no director or officer adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each such term is defined in Item 408(a) of Regulation S-K.

Item 6. Exhibits

Exhibit Number	Description of Document
10.1	Employment Agreement, dated July 30, 2025, between the Registrant and Tim Eaton
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: July 31, 2025

By: /s/ Shane Trigg
Shane Trigg
Chief Executive Officer
(Principal Executive Officer)

Date: July 31, 2025

By: /s/ Tim Eaton
Tim Eaton
Chief Financial Officer
(Principal Financial Officer)

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this “Agreement”) is entered into as of July 30, 2025, by and between AppFolio, Inc., a Delaware corporation (the “Company”), and Tim Eaton (the “Executive”), and shall be effective as of the Effective Date (as defined below). Unless otherwise defined within the Agreement, capitalized terms used in this Agreement are defined in Section 12 hereof.

WITNESSETH

WHEREAS, the Executive and the Company are parties to that certain Offer Letter, dated as of December 9, 2021 (the “Prior Agreement”); and

WHEREAS, the Company desires to continue to employ the Executive, with the new title of Chief Financial Officer (the “CEO”) of the Company, and the Executive desires to continue to be employed by the Company, in each case, pursuant to the terms and conditions set forth in this Agreement, which shall supersede the prior agreement in its entirety as of the Effective Date.

NOW, THEREFORE, in consideration of the promises and the covenants set forth in this Agreement and for other valuable consideration, the parties to this Agreement hereby agree as follows:

1. Employment Term. The Company agrees to continue to employ the Executive, and the Executive agrees to continue to be so employed, in each case, pursuant to the terms and conditions set forth in this Agreement, commencing as of July 30, 2025 (such date, the “Effective Date”), and continuing until terminated in accordance with Sections 8 and 9 hereof. For the avoidance of doubt, the Company and the Executive agree that the Executive will continue to be an “at-will” employee, and that the Executive’s employment hereunder may be terminated at any time for any reason or no reason in accordance with the terms of Sections 8 and 9 hereof. The period of time between the Effective Date and the termination of the Executive’s employment with the Company shall hereinafter be referred to as the “Employment Term.”

2. Position and Duties.

(a) During the Employment Term, the Executive will serve as the CFO of the Company, reporting directly to the Chief Executive Officer of the Company (the “CEO”). In this capacity, the Executive will have the duties, authorities and responsibilities as are consistent with such position, and such additional duties as from time to time may be assigned to the Executive by the CEO. The Executive shall perform such duties and responsibilities diligently and efficiently and in accordance with the reasonable directions of the CEO. The Executive hereby agrees to serve as an officer of any direct or indirect subsidiary or affiliate of the Company upon request by the CEO for no additional consideration.

(b) During the Employment Term, the Executive shall devote all of the Executive’s business time, energy, business judgment, knowledge and skill, and the

Executive's best efforts, to the performance of the Executive's duties with the Company. Notwithstanding the foregoing or anything to the contrary set forth herein, during the Employment Term the Executive may: (i) with the prior written consent of the Board of Directors of the Company (the "Board"), which may be granted or withheld in its sole discretion, serve on the boards of directors of non-profit organizations and, in a manner consistent with the Company's applicable policies and procedures and practices, other for-profit companies, (ii) participate in charitable, civic, educational, professional, community or industry affairs, and/or (iii) manage the Executive's passive personal investments; provided, that, in each case of the foregoing clauses (i)-(iii), so long as such activities do not, individually or in the aggregate, (A) interfere or conflict with the Executive's duties under this Agreement, (B) violate the terms of this Agreement, or (C) create a potential business or fiduciary conflict.

(c) During the Employment Term, the Executive's principal place of employment with the Company shall be the Goleta, California office hub, subject to the Company's hybrid work model, as it may be amended in the Company's sole discretion from time to time; provided, that the Executive understands and agrees that the Executive may be required to travel from time to time for business purposes, subject to the Executive's applicable travel policies.

3. Base Salary. During the Employment Term, the Company will pay the Executive a base salary at an annual rate of \$400,000, in accordance with the Company's regular payroll practices (the "Base Salary"). The Base Salary shall be subject to annual review by the Board (or a committee thereof), and shall be subject to adjustment by the Board (or a committee thereof) from time to time in its sole discretion.

4. Annual Bonus. Commencing with fiscal year 2025, and for each fiscal year of the Company completed during the Employment Term thereafter, the Executive will be eligible to receive an annual bonus with an annual target bonus opportunity equal to sixty percent (60%) of the Executive's Base Salary, pursuant to the Company's Corporate Bonus Program (each annual bonus, an "Annual Bonus"). Any Annual Bonus payable hereunder shall be subject to the Board's (or a committee thereof) approval and the Executive's execution of the applicable participation agreement under the Corporate Bonus Program. Any Annual Bonus payable hereunder will be subject to the terms and conditions of this Section 4 and the applicable plan documents, and shall be paid to the Executive in the fiscal year immediately following the fiscal year to which such Annual Bonus relates, subject to the Executive's continued employment with the Company through the applicable payment date.

5. Spot Bonus. The Company will pay the Executive a one-time spot bonus equal to \$71,250 (the "Spot Bonus"), paid in one lump sum on the first regularly scheduled payroll date following the Effective Date subject to Executive's continued employment through the applicable payment date.

6. Equity Awards. During the Employment Term, the Executive shall be eligible to receive incentive equity awards under the AppFolio, Inc. 2025 Omnibus Incentive Plan, as it may be amended, restated or otherwise modified from time to time

(the “Incentive Plan”). Any such awards granted to the Executive under the Incentive Plan shall be in such amounts and on such terms and conditions as the Board (or a committee thereof) will determine from time to time, and will be subject to and governed by the terms and conditions of the Incentive Plan and the applicable award agreements evidencing such awards.

(a) **Promotional Equity Award.** Subject to approval by the Board (or a committee thereof), as soon as practicable after following the Effective Date, Executive shall be granted a Promotional Equity Award with an aggregate value of \$2,500,000. The Promotional Equity Award will be allocated as a mix of fifty percent (50%) time-based Restricted Stock Units (“RSUs”) (as defined below) and fifty percent (50%) performance-based Restricted Stock Units (“PRSUs”) (also as defined below). These equity awards, in each case, are subject to and governed by the terms and conditions (including, but not limited to, the applicable vesting and forfeiture terms) set forth in the applicable award agreements and the Incentive Plan.

(i) **Time-Vesting Award.** An award of RSUs with an initial aggregate award value of approximately \$1,250,000 on the date of grant, which will vest in accordance with the applicable award agreement, subject to the terms and conditions of the Incentive Plan.

(ii) **Performance-Vesting Award.** An award of PRSUs with an initial aggregate target award value of approximately \$1,250,000 on the date of grant, which will vest based on the achievement of certain performance metrics to be set forth in the applicable award agreement, subject to the terms and conditions of the Incentive Plan.

(b) **Annual Awards.** Subject to approval by the Board (or a committee thereof), Executive is also eligible for annual equity grants in 2025 and beyond. For fiscal year 2025, Executive was granted an annual equity award with an aggregate approximate value of \$850,000 on the date of grant at target. Such award, and any subsequent annual equity awards granted to the Executive, shall be subject to and governed by the terms and conditions (including, but not limited to, the applicable vesting and forfeiture terms) set forth in the applicable award agreements and the Incentive Plan and will be payable in accordance with the Company’s standard practices.

7. **Employee Benefits.**

(a) **Benefits.** During the Employment Term, the Executive will be eligible to participate in any employee benefit plans and programs offered by the Company to other similarly situated executives of the Company, subject to satisfying the applicable eligibility requirements, except to the extent such plans are duplicative of the benefits otherwise provided under this Agreement. For the avoidance of doubt, the Company shall have the right to terminate, amend or modify any such plan or program at any time.

(b) **Vacation.** During the Employment Term, the Executive shall be entitled to paid vacation time pursuant to the Company’s paid time off policies and

procedures applicable to other similarly situated executives of the Company (which, for the avoidance of doubt, the Company shall have the right to terminate, amend or modify at any time). Executive shall take the needs of the business into account when scheduling and taking paid time off.

(c) **Business Expenses.** The Company will reimburse the Executive for all reasonable and necessary out-of-pocket business-related expenses actually incurred by the Executive in connection with the performance of the Executive's duties under this Agreement, subject to the presentation of reasonable substantiation and documentation as the Company may specify from time to time, and in accordance with the Company's applicable expense reimbursement policies in effect from time to time.

8. Termination. The Executive's employment with the Company shall terminate on the first of the following to occur:

(a) **Disability.** Immediately upon written notice by the Company to the Executive of a termination due to Disability.

(b) **Death.** Automatically upon the date of death of the Executive.

(c) **Cause.** Immediately upon written notice by the Company to the Executive of a termination for Cause, subject to the notice and cure periods set forth in Section 12(b) below.

(d) **Without Cause.** Immediately upon written notice by the Company to the Executive of a termination without Cause (other than due to death or Disability).

(e) **Good Reason.** Upon written notice by the Executive to the Company of a termination for Good Reason, subject to the notice and cure periods set forth in Section 12(f) below.

(f) **Without Good Reason.** Upon thirty (30) days' prior written notice by the Executive to the Company of the Executive's voluntary termination of employment without Good Reason (which the Company may, in its sole discretion, make effective earlier than any notice date for no consideration therefor).

9. Consequences Of Termination.

(a) **Death; Disability.** In the event that the Executive's employment with the Company is terminated due to Executive's death or Disability, the Company shall pay to the Executive or the Executive's estate, as the case may be: (i) the Accrued Benefits (as defined in Section 12 below), (ii) an amount equal to six (6) months of the Executive's then-current monthly Base Salary, payable within thirty (30) days following termination, and (iii) the Executive's outstanding equity awards as of such termination date shall vest in accordance with the Equity Award Treatment (as defined in Section 12, below). Notwithstanding the foregoing, all rights and obligations to the Accrued Benefits

shall be subject to state and federal laws governing disabilities and leaves of absence, as well as the Company's applicable policies.

(b) Termination for Cause or Voluntary Termination by Executive Without Good Reason. If the Executive's employment is terminated: (i) by the Company for Cause, or (ii) by the Executive for any reason other than due to Executive's death, Disability or a resignation for Good Reason, then the Company shall pay to the Executive the Accrued Benefits.

(c) Termination Without Cause or Resignation for Good Reason. If (x) the Executive's employment is terminated by the Company without Cause (excluding due to Executive's death or Disability) or (y) the Executive resigns for Good Reason, in each case, the Company shall pay or provide the Executive with the Accrued Benefits and, subject to the Executive's continued compliance with Sections 10 and 11 hereof, the following separation benefits (collectively, the "Severance Benefits"):

(i) an amount equal to the Executive's then-current monthly Base Salary, payable in accordance with the Company's normal payroll practices for a period of nine (9) months following such date of termination;

(ii) a pro-rated portion of the Executive's Annual Bonus for the fiscal year in which such date of termination occurs, with such pro-rated portion determined based on the number of days the Executive was employed by the Company during such fiscal year, and the achievement of the applicable performance goals determined by the Board (or a committee thereof) at the time of such termination based on forecasted results (but no greater than target-level performance), payable on the pay date regularly scheduled for such bonus payments for similarly situated executives.

(iii) subject to the Executive's timely election of continuation coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"), the Company will either directly pay or reimburse, at its option, the Executive for the monthly COBRA premium to be paid by the Executive for the Executive and the Executive's dependents for continued participation in the Company's group health plan (to the extent permitted under applicable law and the terms of such plan) for a period of nine (9) months; provided, that the Company may modify the continuation coverage contemplated by the foregoing to the extent necessary to avoid the imposition of any excise taxes on the Company for failure to comply with the nondiscrimination requirements of the Patient Protection and Affordable Care Act of 2010, as amended, and/or the Health Care and Education Reconciliation Act of 2010, as amended (to the extent applicable); provided, further, that in the event the Executive obtains other employment that offers group health benefits, such continuation coverage will immediately cease. The Executive hereby agrees to notify the Company as soon as possible in the event that the Executive has health insurance made available to the Executive from another source.

Notwithstanding the foregoing or anything to the contrary set forth herein, subject to Section 23(b) hereof, any payments contemplated by this Section 9(c) scheduled to

occur pursuant to the foregoing during the first sixty (60) days following such date of termination will not be paid until the first regularly scheduled pay period following the sixtieth (60th) day following such date of termination, and will include payment of any amount that was otherwise scheduled to be paid prior thereto.

(d) **Corporate Transaction.** In addition to the payments described in Sections 9(c)(i), (ii), (iii), and subject to the Executive's continued compliance with Sections 10 and 11 of this Agreement, if the Executive's employment by the Company (or its successor) is terminated by the Company (or its successor) other than for Cause or the Executive resigns for Good Reason on or within twelve (12) months following the consummation of a Corporate Transaction (as defined in the Incentive Plan), all outstanding equity awards held by the Executive as of the applicable termination date shall accelerate and become fully-vested effective as of immediately prior to such termination. In addition, if the outstanding equity awards held by the Executive as of immediately prior to the consummation of a Corporate Transaction are not assumed or substituted for value upon such Corporate Transaction, such equity awards shall accelerate and become fully-vested effective as of immediately prior to such Corporate Transaction, with the level of performance achievement of the applicable performance goals determined by the Board based on forecasted results (but no greater than target-level performance).

(e) **Resignation From All Other Positions.** Upon any termination of the Executive's employment with the Company, the Executive will promptly resign, and will be deemed to have automatically resigned, from all positions, if any, that the Executive holds as a member of the Board (including any committees), officer, director, manager or fiduciary of the Company or any of its affiliates or subsidiaries. The Executive will take all actions reasonably requested by the Company to give effect to this Section 9(e).

(f) **Exclusive Remedy.** The amounts payable to the Executive following termination of Executive's employment with the Company pursuant to Sections 8 and 9 of this Agreement shall be in full and complete satisfaction of the Executive's rights under this Agreement and, except as otherwise may be provided in this Agreement or any other agreement between the Executive and the Company and its affiliates, any other claims that the Executive may have in respect of the Executive's employment with the Company or any of its affiliates. The Executive acknowledges that such amounts are fair and reasonable and are the Executive's sole and exclusive remedy, in lieu of all other remedies at law or in equity, with respect to the termination of the Executive's employment or any breach of this Agreement.

10. Release; Continued Compliance. Notwithstanding anything to the contrary set forth herein, the Severance Benefits shall only be payable if the Executive timely executes, delivers to the Company, and does not revoke, a general release of claims in favor of the Company in substantially the form attached hereto as Exhibit A. Such release must be executed and delivered and no longer subject to revocation, if applicable, to the Company within sixty (60) days following the date of the Executive's termination of employment. During such time that the Executive is receiving the Severance Benefits, if (a) the Company determines that grounds constituting Cause

existed before Executive's termination, or (b) the Executive breaches any of the restrictive covenants set forth in the Restrictive Covenant Agreement (as defined below), the Executive's right to receive the Severance Benefits will immediately cease and be forfeited, and any previously paid Severance Benefits shall be required to be repaid by Executive to the Company within thirty (30) days of such date of determination or breach, as applicable.

11. Restrictive Covenants. The Executive hereby acknowledges and agrees that as a material inducement for the Company to enter into this Agreement, the Executive hereby expressly reaffirms, acknowledges and agrees to continue to abide by that certain Fair Competition and Proprietary Information Protection Agreement, by and between the Executive and the Company, dated as of September 27, 2024 (the "Restrictive Covenant Agreement"), the provisions of which are hereby incorporated herein by reference. The provisions of the Restrictive Covenant Agreement shall survive any termination of this Agreement or the Executive's termination of employment with the Company hereunder. The Executive hereby acknowledges and agrees that the terms and conditions set forth in the Restrictive Covenant Agreement are material terms of Executive's employment relationship with the Company, and that the Company would not employ Executive but for Executive's compliance with the terms and conditions set forth in the Restrictive Covenant Agreement.

12. Certain Defined Terms. For purposes of this Agreement, the following terms have the meanings set forth below:

(a) "Accrued Benefits" means: (i) any accrued but unpaid Base Salary through the date of the Executive's termination of employment with the Company; (ii) reimbursement of any unreimbursed business expenses actually incurred by Executive through such date of termination, in accordance with Section 7(c) hereof; and (iii) all other accrued but unpaid payments, benefits or fringe benefits to which the Executive shall be entitled under the terms of any applicable compensation or benefit arrangement (excluding any severance payments or benefits). Notwithstanding anything to the contrary, any amounts due under the foregoing prongs (i)-(iii) will be paid to Executive within thirty (30) days following such date of termination, or such earlier date as may be required by applicable law.

(b) "Cause" means the Executive's: (i) theft, dishonesty, misconduct, or falsification of any employment or Company records, (ii) act or omission that has a material detrimental effect on the reputation or business of the Company or any of its subsidiaries or affiliates; (iii) conviction (including any plea of guilty or no contest) for any felony, or for any criminal act that materially impairs the Executive's ability to perform the Executive's duties to the Company; (iv) material breach of any agreement between the Executive and the Company or any of its subsidiaries or affiliates; (v) material violation of any material Company policy; or (vi) the Executive's willful failure to perform, or willful misconduct or gross negligence in the performance of, the Executive's duties to the Company or the Executive's willful or grossly negligent failure to follow the lawful directives of the Board or any executive to which the Executive reports (other than as a result of death or Disability), provided, that "Cause" shall only

mean and apply to conduct described at subsections (iv), (v), and (vi) above, for which the Company first tenders written notice to the Executive within thirty (30) days of the Company's becoming aware of the initial occurrence of such Cause event setting forth in reasonable detail the circumstances alleged to give rise to Cause, and the Executive fails to cure the condition within thirty (30) days after receiving such written notice, except that such opportunity to cure will not apply if the conduct is not susceptible to cure or if there are habitual or repeated breaches by the Executive. The meaning of Cause provided in this section of the Agreement is in lieu of, and supersedes and replaces any definition of cause provided for in the Incentive Plan, or any other agreement relating to the Executive's rights to receive compensation or benefits.

(c) "Corporate Transaction" has the meanings set forth in the Company's Incentive Plan, as may be amended from time to time.

(d) "Disability" or "Disabled" means the Executive becomes "disabled" or suffers from a "disability" as defined in Section 409A, or in any successor regulation, as determined by the Board in good faith.

(e) "Equity Award Treatment" means (i) with respect to each outstanding equity award held by the Executive as of the applicable termination date that vests solely based on the Executive's continued employment with the Company (each a "Time-Vesting Award"), the portion of such Time-Vesting Award that would have vested had the Executive remained employed with the Company for an additional twelve (12) months will accelerate and become vested effective as of immediately prior to such termination; and (ii) with respect to each outstanding equity award held by the Executive as of the applicable termination date that vests (in whole or in part) based on achievement of applicable performance goals (each a "Performance-Vesting Award"), a pro-rated portion of such Performance-Vesting Award will accelerate and become vested effective as of immediately prior to such termination, with such pro-rated portion determined based on the number of days the Executive was employed by the Company during the applicable performance period for the Performance-Vesting Award, and achievement of the applicable performance goals determined by the Board at the time of such termination based on forecasted results (but no greater than target-level performance).

(f) "Good Reason" means, without the Executive's prior written consent: (i) a material reduction in the Executive's Base Salary (other than a reduction pertaining to all similarly situated executives of the Company); (ii) a material diminution of the Executive's duties and responsibilities inconsistent with the Executive's position with the Company; (iii) a material breach by the Company of this Agreement or any other material written agreement with the Company; or (iv) any change in the Executive's reporting structure such that the Executive no longer reports to the CEO; provided, that "Good Reason" shall only exist if the Executive tenders written notice to the Company within thirty (30) days of becoming aware of the initial occurrence of such Good Reason event setting forth in reasonable detail the circumstances alleged to give rise to Good Reason, the Company fails to cure the condition within thirty (30) days after receiving such written objection notice, and the Executive gives notice of resignation from employment within thirty (30) days after the end of such cure period.

(g) “RSUs” means restricted stock units covering a number of shares of Class A common stock of the Company that may be settled in cash and/or by issuance of shares of Class A common stock of the Company.

(h) “PRSUs” means a performance-based restricted stock unit covering a share that may be settled in cash and/or by issuance of a share.

(i) “Section 409A” means Section 409A of the Internal Revenue Code and the regulations and guidance promulgated under the Internal Revenue Code.

13. No Assignments. This Agreement is personal to each of the parties. Except as provided below, no party may assign or delegate any rights or obligations under this Agreement without first obtaining the written consent of the other party. The Company may assign this Agreement to any successor to all or substantially all of its business or assets.

14. Notice. All communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given (a) on the date of delivery, if delivered by hand, (b) on the date of transmission, if delivered by electronic mail, or (c) on the first business day following the date of deposit, if delivered by guaranteed overnight delivery service:

If to the Executive:

At the address (or to the email address) shown in the books and records of the Company.

If to the Company:

70 Castilian Drive
Santa Barbara, CA 93117
Attention: legalintake@appfolio.com

or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

15. Interpretation. The section headings used in this Agreement are included solely for convenience and shall not affect, or be used in connection with, the interpretation of this Agreement. In the event of any inconsistency between the terms of this Agreement and any form, award, plan or policy of the Company, the terms of this Agreement shall govern and control.

16. Severability. The provisions of this Agreement shall be deemed severable. The invalidity or unenforceability of any provision of this Agreement in any jurisdiction shall not affect the validity, legality or enforceability of the remainder of this Agreement in such jurisdiction or the validity, legality or enforceability of any provision of this Agreement in any other jurisdiction, it being intended that all rights and

obligations of the parties shall be enforceable to the fullest extent permitted by applicable law.

17. Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

18. Whistleblower Protection; Trade Secrets. Notwithstanding anything to the contrary set forth herein, no provision of this Agreement will be interpreted so as to impede the Executive (or any other individual) from (i) making any disclosure of relevant and necessary information or documents in any action, investigation or proceeding relating to this Agreement, or as required by law or legal process, including with respect to possible violations of law, (ii) participating, cooperating or testifying in any action, investigation or proceeding with, or providing information to, any governmental agency, legislative body or any self-regulatory organization, including, but not limited to, the Department of Justice, the Securities and Exchange Commission, the Congress and any agency Inspector General, (iii) accepting any U.S. Securities and Exchange Commission awards, (iv) discussing or disclosing information about unlawful acts in the workplace, such as harassment or discrimination or any other conduct that the Executive has reason to believe is unlawful, or (v) making other disclosures under the whistleblower provisions of federal, state or local law or regulation. In addition, nothing in this Agreement or any other agreement or policy of the Company prohibits or restricts the Executive from initiating communications with, or responding to any inquiry from, any administrative, governmental, regulatory or supervisory authority regarding any good faith concerns about possible violations of law or regulation. The Executive does not need the prior authorization of the Company to make any such reports or disclosures, and the Executive will not be required to notify the Company and/or Employer that such reports or disclosures have been made. 18 U.S.C. § 1833(b) provides: “An individual shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that—(A) is made—(I) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (II) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.” Nothing in this Agreement is intended to conflict with 18 U.S.C. § 1833(b) or create liability for disclosures of trade secrets that are expressly allowed by 18 U.S.C. § 1833(b). Accordingly, the Executive has the right to disclose in confidence trade secrets to federal, state, and local government officials, or to an attorney, for the sole purpose of reporting or investigating a suspected violation of law. The Executive also has the right to disclose trade secrets in a document filed in a lawsuit or other proceeding, but only if the filing is made under seal and protected from public disclosure.

19. Arbitration. Any dispute or controversy arising under or in connection with this Agreement or the Executive’s employment with the Company shall be settled exclusively by arbitration, conducted before a single arbitrator in Santa Barbara, California in accordance with the JAMS Employment Rules and Procedures then in effect (available at www.jamsdr.com). The decision of the arbitrator will be final and binding upon the parties. Judgment may be entered on the arbitrator’s award in any court having

jurisdiction. In connection with any such arbitration and regardless of outcome, (a) each party shall pay all of its own costs and expenses, including, without limitation, its own legal fees and expenses, and (b) the arbitration costs shall be borne by the Company. Nothing herein shall require the arbitration of claims that cannot be subject to mandatory arbitration under applicable law.

20. Governing Law. This Agreement, the rights and obligations of the parties, and all claims or disputes relating thereto, shall be governed by and construed in accordance with the laws of the State of California (without regard to its choice of law provisions).

21. Miscellaneous. No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by the Executive and such officer or director as may be designated by the Board. No waiver by either party at any time of any breach by the other party of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. This Agreement, together with all exhibits attached to this Agreement, sets forth the entire agreement of the parties in respect of the subject matter contained in this Agreement and supersedes any and all prior agreements or understandings between the Executive and the Company with respect to the subject matter of this Agreement. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not expressly set forth in this Agreement. In the event of any inconsistency between the terms of this Agreement and any equity award, the terms of this Agreement shall govern and control.

22. Representations. The Executive represents and warrants to the Company that: (a) the Executive has the legal right to enter into this Agreement and to perform all of the obligations on the Executive's part to be performed under this Agreement; and (b) the Executive is not a party to any agreement or understanding, written or oral, and is not subject to any restriction, which, in either case, could prevent or impair the Executive from entering into this Agreement or performing the Executive's duties and obligations under this Agreement. The Executive expressly acknowledges and agrees that the Executive is strictly prohibited from using or disclosing any confidential information belonging to any prior employer or other third party in the course of performing services for the Company, and the Executive promises that the Executive shall not do so.

23. Tax Matters.

(a) **Withholding.** The Company may withhold from any and all amounts payable under this Agreement or otherwise such federal, state and local taxes as may be required to be withheld pursuant to any applicable law or regulation.

(b) **Section 409A Compliance.**

(i) The intent of the parties is that payments and benefits under this Agreement comply with, or are exempt from, Section 409A. Accordingly, to the maximum extent permitted, this Agreement shall be interpreted to be in compliance therewith or exempt therefrom. In no event whatsoever shall the Company or any of its subsidiaries or affiliates be liable for any additional tax, interest or penalty that may be imposed on the Executive by Section 409A or damages for failing to comply with Section 409A.

(ii) A termination of employment shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of any amounts or benefits upon or following a termination of employment unless such termination is also a "separation from service" within the meaning of Section 409A. For purposes of any such provision of this Agreement, references to a "termination," "termination of employment" or like terms shall mean "separation from service." Notwithstanding anything to the contrary in this Agreement, if the Executive is deemed on the date of termination to be a "specified employee" within the meaning of that term under Section 409A, then with regard to any payment or the provision of any benefit that is considered deferred compensation under Section 409A payable on account of a "separation from service," such payment or benefit shall not be made or provided until the date which is the earlier of (A) the expiration of the six (6)-month period measured from the date of such "separation from service" of the Executive, and (B) the date of the Executive's death, to the extent required under Section 409A. Upon the expiration of the foregoing delay period, all payments and benefits delayed pursuant to this Section 23(b)(ii) (whether they would have otherwise been payable in a single sum or in installments in the absence of such delay) shall be paid or reimbursed to the Executive in a lump sum, and any remaining payments and benefits due under this Agreement shall be paid or provided in accordance with the normal payment dates specified for them herein.

(iii) To the extent that reimbursements or other in-kind benefits under this Agreement constitute "nonqualified deferred compensation" for purposes of Section 409A, (A) all expenses or other reimbursements under this Agreement shall be made on or prior to the last day of the taxable year following the taxable year in which such expenses were incurred by the Executive, (B) any right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit, and (C) no such reimbursement, expenses eligible for reimbursement, or in-kind benefits provided in any taxable year shall in any way affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year.

(iv) For purposes of Section 409A, the Executive's right to receive any installment payments pursuant to this Agreement shall be treated as a right to receive a series of separate and distinct payments. Whenever a payment under this Agreement specifies a payment period with reference to a number of days, the actual date of payment within the specified period shall be within the sole discretion of the Company.

(v) Notwithstanding any other provision of this Agreement to the contrary, in no event shall any payment under this Agreement that constitutes "nonqualified deferred compensation" for purposes of Section 409A be subject to offset by any other amount unless otherwise permitted by Section 409A.

(vi) Notwithstanding any other provision in this Agreement to the contrary, to the extent that any payment hereunder constitutes "deferred compensation" within the meaning of Section 409A, then each such payment which is conditioned upon the Executive's execution of a release and which is to be paid or provided during a designated period that begins in one taxable year and ends in a second taxable year shall be paid or provided in the later of the two taxable years.

24. Clawback. Notwithstanding anything to the contrary set forth herein or in any other agreement between the Executive and the Company, the Executive hereby acknowledges and agrees that this Agreement shall in all events be subject to (a) any right that the Company may have under any Company clawback policy or any other agreement or arrangement with the Executive, and (b) any right or obligation that the Company may have regarding the clawback of "incentive-based compensation" under Section 10D of the Securities Exchange Act of 1934, as amended, any applicable rules and regulations promulgated thereunder from time to time by the U.S. Securities and Exchange Commission, the listing standards of any national securities exchange or association on which the Company's securities are listed, or any other applicable law. In addition, the Executive acknowledges that the Executive is aware of Section 304 ("Forfeiture of Certain Bonuses and Profits") of the Sarbanes-Oxley Act of 2002 and the right of the Company to be reimbursed for certain payments to the Executive in compliance therewith.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

APPFOLIO, INC.

Signed by:
By: Elizabeth Barat
09001F0E1D544F...

Name: Elizabeth Barat

Title: Chief People Officer

EXECUTIVE

Signed by:
Timothy Mathias Eaton
6145DBE760004A7...

Tim Eaton

Exhibit A

GENERAL RELEASE

I, [NAME], in consideration of and subject to the performance by AppFolio, Inc. a Delaware corporation (together with its subsidiaries, the "Company") of its obligations under that Employment Agreement, dated as of _____ (the "Agreement"), do hereby release and forever discharge as of the date hereof the Company and its respective affiliates and all present, former and future managers, directors, officers, employees, successors and assigns of the Company and its subsidiaries and affiliates and direct or indirect owners (collectively, the "Released Parties") to the extent provided in this general release (this "General Release"). The Released Parties are intended to be third-party beneficiaries of this General Release, and this General Release may be enforced by each of them in accordance with the terms hereof in respect of the rights granted to such Released Parties hereunder. Any capitalized terms used herein but not otherwise defined shall have the meanings given to them in the Agreement.

1. My employment or service with the Company and its affiliates terminated as of _____, and I hereby resign from any position as an officer, member of the board of managers or directors (as applicable) or fiduciary of the Company or its affiliates (or reaffirm any such resignation that may have already occurred). I understand that the Severance Benefits represent, in part, consideration for signing this General Release and are not salary, wages or benefits to which I was already entitled. I understand and agree that I will not receive the Severance Benefits unless I execute this General Release and do not revoke this General Release within the time period permitted hereafter. I understand and agree that such payments and benefits are subject to my continued compliance with the Restrictive Covenant, which (as noted below) expressly survive my termination of employment and the execution of this General Release. Such payments and benefits will not be considered compensation for purposes of any employee benefit plan, program, policy or arrangement maintained or hereafter established by the Company or its affiliates.
2. Except as provided in paragraphs 5 and 6 below and except for the provisions of the Agreement which expressly survive the termination of my employment with the Company, I knowingly and voluntarily (for myself, my heirs, executors, administrators and assigns) release and forever discharge the Company and the other Released Parties from any and all claims, suits, controversies, actions, causes of action, cross-claims, counterclaims, demands, debts, compensatory damages, liquidated damages, punitive or exemplary damages, other damages, claims for costs and attorneys' fees, or liabilities of any nature whatsoever in law and in equity, both past and present (through the date that this General Release becomes effective and enforceable) and whether known or unknown, suspected, or claimed against the Company or any of the Released Parties which I, my spouse, or any of my heirs, executors, administrators or assigns, may have, which arise out of or are connected with my employment with, or my separation or termination from, the Company (including, but not limited to, any allegation, claim or violation, arising under: Title VII of the Civil Rights Act of 1964, as amended; the Civil Rights Act of 1991; the Age Discrimination in Employment Act of 1967, as amended

(including the Older Workers Benefit Protection Act); the Equal Pay Act of 1963, as amended; the Americans with Disabilities Act of 1990; the Family and Medical Leave Act of 1993; the Worker Adjustment Retraining and Notification Act; the Employee Retirement Income Security Act of 1974; any applicable Executive Order Programs; the Fair Labor Standards Act; or their state or local counterparts; or under any other federal, state or local civil or human rights law, or under any other local, state, or federal law, regulation or ordinance; or under any public policy, contract or tort, or under common law; or arising under any policies, practices or procedures of the Company; or any claim for wrongful discharge, breach of contract, infliction of emotional distress, defamation; or any claim for costs, fees, or other expenses, including attorneys' fees incurred in these matters) (all of the foregoing collectively referred to herein as the "Claims").

3. The released claims described in paragraph 2 hereof include all such claims, whether known or unknown by me. Therefore, I waive the effect of California Civil Code Section 1542 and any other analogous provision of applicable law of any jurisdiction. Section 1542 states:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY."

4. I represent that I have made no assignment or transfer of any right, claim, demand, cause of action, or other matter covered by paragraph 2 above.
5. I agree that this General Release does not waive or release any rights or claims that I may have under the Age Discrimination in Employment Act of 1967 which arise after the date I execute this General Release. I acknowledge and agree that my separation from employment with the Company in compliance with the terms of the Agreement shall not serve as the basis for any claim or action (including, without limitation, any claim under the Age Discrimination in Employment Act of 1967).
6. I agree that I hereby waive all rights to sue or obtain equitable, remedial or punitive relief from any or all Released Parties of any kind whatsoever in respect of any Claim, including, without limitation, reinstatement, back pay, front pay, and any form of injunctive relief. Notwithstanding the above, I further acknowledge that I am not waiving and am not being required to waive any right that cannot be waived under law, including the right to file an administrative charge or participate in an administrative investigation or proceeding; provided, however, that subject to paragraph 7 below, I hereby disclaim and waive any right to share or participate in any monetary award resulting from the prosecution of such charge or investigation or proceeding. Additionally, I am not waiving (i) any right to the Accrued Benefits or any severance benefits to which I am entitled under the Agreement, (ii) any claim relating to directors' and officers' liability insurance coverage or any right of indemnification under the Company's organizational documents or otherwise, or (iii) my rights as an equity or security holder in the Company or its affiliates.

7. Notwithstanding the foregoing or anything to the contrary set forth herein, no provision of this General Release will be interpreted so as to impede me (or any other individual) from (i) making any disclosure of relevant and necessary information or documents in any action, investigation or proceeding relating to this General Release, or as required by law or legal process, including with respect to possible violations of law, (ii) participating, cooperating or testifying in any action, investigation or proceeding with, or providing information to, any governmental agency, legislative body or any self-regulatory organization, including, but not limited to, the Department of Justice, the Securities and Exchange Commission, the Congress and any agency Inspector General, (iii) accepting any U.S. Securities and Exchange Commission awards, (iv) discussing or disclosing information about unlawful acts in the workplace, such as harassment or discrimination or any other conduct that I have reason to believe is unlawful, or (v) making other disclosures under the whistleblower provisions of federal, state or local law or regulation. In addition, nothing in this General Release, the Agreement or any other agreement or policy of the Company prohibits or restricts me from initiating communications with, or responding to any inquiry from, any administrative, governmental, regulatory or supervisory authority regarding any good faith concerns about possible violations of law or regulation. I do not need the prior authorization of the Company to make any such reports or disclosures, and I will not be required to notify the Company that such reports or disclosures have been made.
8. In signing this General Release, I acknowledge and intend that it shall be effective as a bar to each and every one of the Claims hereinabove mentioned or implied. I expressly consent that this General Release shall be given full force and effect according to each and all of its express terms and provisions, including those relating to unknown and unsuspected Claims (notwithstanding any state or local statute that expressly limits the effectiveness of a general release of unknown, unsuspected and unanticipated Claims), if any, as well as those relating to any other Claims hereinabove mentioned or implied. I acknowledge and agree that this waiver is an essential and material term of this General Release and that without such waiver the Company would not have agreed to the terms of the Agreement. I further agree that in the event I should bring a Claim seeking damages against the Company, or in the event I should seek to recover against the Company in any Claim brought by a governmental agency on my behalf, this General Release shall serve as a complete defense to such Claims to the maximum extent permitted by law. I further agree that I am not aware of any pending claim of the type described in paragraph 2 above as of the execution of this General Release.
9. I agree that neither this General Release, nor the furnishing of the consideration for this General Release, shall be deemed or construed at any time to be an admission by the Company, any Released Party or myself of any improper or unlawful conduct.
10. I agree that if I violate this General Release by suing the Company or the other Released Parties, I will pay all costs and expenses of defending against the suit incurred by the Released Parties, including reasonable attorneys' fees.
11. Subject to paragraph 7 above, any nondisclosure provision in this General Release does not prohibit or restrict me (or my attorney) from responding to any inquiry about this

General Release or its underlying facts and circumstances by the Securities and Exchange Commission (SEC), the Financial Industry Regulatory Authority (FINRA), any other self regulatory organization or any governmental entity.

12. I hereby acknowledge that the Restrictive Covenant shall survive as applicable therein my execution of this General Release.
13. I represent that I am not aware of any claim by me other than the claims that are released by this General Release. I acknowledge that I may hereafter discover claims or facts in addition to or different than those which I now know or believe to exist with respect to the subject matter of the release set forth in paragraph 2 above and which, if known or suspected at the time of entering into this General Release, may have materially affected this General Release and my decision to enter into it.
14. Notwithstanding anything in this General Release to the contrary, this General Release shall not relinquish, diminish, or in any way affect any rights or claims arising out of any breach by the Company or by any Released Party of the Agreement after the date hereof.
15. Whenever possible, each provision of this General Release shall be interpreted in, such manner as to be effective and valid under applicable law, but if any provision of this General Release is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or any other jurisdiction, but this General Release shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.

BY SIGNING THIS GENERAL RELEASE, I REPRESENT AND AGREE THAT:

1. I HAVE READ IT CAREFULLY;
2. I UNDERSTAND ALL OF ITS TERMS AND KNOW THAT I AM GIVING UP IMPORTANT RIGHTS, INCLUDING BUT NOT LIMITED TO, RIGHTS UNDER THE AGE DISCRIMINATION IN EMPLOYMENT ACT OF 1967, AS AMENDED, TITLE VII OF THE CIVIL RIGHTS ACT OF 1964, AS AMENDED; THE EQUAL PAY ACT OF 1963, THE AMERICANS WITH DISABILITIES ACT OF 1990; AND THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED;
3. I VOLUNTARILY CONSENT TO EVERYTHING IN IT;
4. I HAVE BEEN ADVISED TO CONSULT WITH AN ATTORNEY BEFORE EXECUTING IT AND I HAVE DONE SO OR, AFTER CAREFUL READING AND CONSIDERATION, I HAVE CHOSEN NOT TO DO SO OF MY OWN VOLITION;
5. I HAVE HAD AT LEAST **[TWENTY-ONE (21) DAYS] / [FORTY-FIVE (45) DAYS]** FROM THE DATE OF MY RECEIPT OF THIS RELEASE TO CONSIDER IT, AND THE CHANGES MADE SINCE MY RECEIPT OF THIS

RELEASE ARE NOT MATERIAL OR WERE MADE AT MY REQUEST AND WILL NOT SUCH REQUIRED CONSIDERATION PERIOD;

6. I UNDERSTAND THAT I HAVE **SEVEN (7) DAYS** AFTER THE EXECUTION OF THIS RELEASE TO REVOKE IT AND THAT THIS RELEASE SHALL NOT BECOME EFFECTIVE OR ENFORCEABLE UNTIL THE REVOCATION PERIOD HAS EXPIRED;
7. I HAVE SIGNED THIS GENERAL RELEASE KNOWINGLY AND VOLUNTARILY AND WITH THE ADVICE OF ANY COUNSEL RETAINED TO ADVISE ME WITH RESPECT TO IT; AND
8. I AGREE THAT THE PROVISIONS OF THIS GENERAL RELEASE MAY NOT BE AMENDED, WAIVED, CHANGED OR MODIFIED EXCEPT BY AN INSTRUMENT IN WRITING SIGNED BY AN AUTHORIZED REPRESENTATIVE OF THE COMPANY AND BY ME.

SIGNED: _____

DATED: _____

**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: July 31, 2025

/s/ Shane Trigg
Shane Trigg
Chief Executive Officer

**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: July 31, 2025

/s/ Tim Eaton

Tim Eaton
Chief Financial Officer

**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 June 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: July 31, 2025

By: /s/ Shane Trigg
Shane Trigg
President and Chief Executive Officer

I, Tim Eaton, Interim 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: July 31, 2025

By: /s/ Tim Eaton
Tim Eaton
Chief Financial Officer