

# AppFolio Fourth Quarter and Full Year 2025 Earnings Call

January 29, 2026

## Prepared Remarks

### Lori Barker, Investor Relations

Thank you. Good afternoon, everyone. I'm Lori Barker, Investor Relations for AppFolio, and I'd like to thank you for joining us today as we report AppFolio's Fourth Quarter and Full Year 2025 financial results. With me on the call today are Shane Trigg, AppFolio's President and CEO and Tim Eaton, AppFolio's CFO. This call is simultaneously being webcast on the Investor Relations section of our website at [appfolioinc.com](http://appfolioinc.com).

Before we get started, I would like to remind everyone of AppFolio's safe harbor policy. Comments made during this conference call and webcast contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and are subject to risks and uncertainties.

Any statement that refers to expectations, projections, or other characterizations of future events, including financial projections, future market conditions, business performance, or future product enhancements or development, is a forward-looking statement. AppFolio's actual future results could differ materially from those expressed in such forward-looking statements for any reason, including those listed in our SEC filings.

AppFolio assumes no obligation to update any such forward-looking statements except as required by law.

For greater detail about risks and uncertainties, please see our SEC filings, including our Form 10-K for the fiscal year ended December 31, 2024, which was filed with the SEC on February 6, 2025.

In addition, this call includes non-GAAP financial measures. Reconciliations of these non-GAAP financial measures with the most directly comparable GAAP measures are included in our fourth quarter earnings release posted on the Investor Relations section of our website.

With that, I will turn the call over to Shane Trigg. Shane, please go ahead.

## **Shane Trigg, President and Chief Executive Officer**

Thanks, Lori, and welcome to everyone joining us today.

Our fourth quarter caps off a year of AI-powered innovation and accelerating unit growth at AppFolio. Fourth quarter revenue reached \$248 million dollars, a 22% year-over-year increase, while non-GAAP operating margin was 24.9%. For the full year, revenue was \$951 million dollars, representing 20% year-over-year growth, and non-GAAP operating margin was 24.7%. Our focus on new business grew our units on platform to 9.4 million.

Our strong financial performance earned us recognition on Forbes' America's Most Successful Mid-Cap Companies and Time Magazine's America's Growth Leaders. While these accolades are never the primary goal, they validate our strategy and the momentum we have as a business.

As we look ahead, our new Property Management Benchmark Report suggests professionals are entering 2026 with confidence. While 81% of managers feel positive and 77% expect to increase unit counts – up from 65% a year ago – this optimism is tempered by a persistent performance gap. Rising operating costs and pressure on occupancy rates continue to challenge the bottom line.

Operators are turning to technology, but half of AI users in the industry report they cannot yet rely on the AI features embedded in their core property management systems. By contrast, 98% of AppFolio customers are already actively using one or more AI capabilities included in our Performance Platform.

A drive to unlock better performance is shaping how operators approach technology. 45% of survey respondents say they plan to consolidate their software solutions – underscoring the value of a unified platform that reduces fragmentation and delivers a cohesive experience.

AppFolio is uniquely positioned to lead this transition. Our AI-native Performance Platform reimagines the traditional PMS by unifying the systems of record, action, and growth. By embedding agentic AI directly into daily operations, we enable our customers to evolve from property managers to performance managers.

To maximize this opportunity, we organize our efforts around our three strategic durable pillars, starting with Differentiate to Win. This pillar defines how we leverage our unique value to secure our advantage and – more importantly – the advantage of our customers. Last quarter at FUTURE, our flagship industry event, we introduced our first three Realm-X Performers. With Performers, we’ve moved beyond traditional automation to agentic, goal-driven AI that transforms the performance of our customers’ business.

Demand for our agentic AI capabilities has translated into rapid adoption across the platform, with the transition from Smart Maintenance to Realm-X Maintenance Performer largely complete and Leasing Performer seeing accelerated adoption that outpaces our previous generation of leasing tools.

Because these tools are built directly into the workflows they rely on, customers can rapidly realize performance gains. We continue to introduce new workflows through Realm-X Flows that allow customers to codify and automate more aspects of their business, such as Rent Recovery.

As we expand the capabilities of AppFolio Stack, we’re bringing partners directly into the user experience – allowing Realm-X Flows to trigger actions within integrations, such as our new rent recovery partner Genesis. By supporting these integrations, our system of action becomes a single pane of glass where customers can manage complex operations and partner integrations in one place, ensuring they never have to leave AppFolio to get the experiences and value they expect.

An example of this orchestration in practice is AppFolio customer, Advanced Management Company, which is reshaping their workflows and achieving exceptional outcomes across 12,000 multifamily units throughout Southern California. Since switching to AppFolio in 2023, they’ve adopted many of our AI-native features – from Realm-X Messages and Flows to FolioGuard Smart Ensure and FolioScreen Trusted Renter – and are currently in the process of implementing our Leasing Performer across their entire property portfolio.

According to Danielle Holloway McCarthy, President: “Before, we were relying on nine separate systems to manage our properties, which made it impossible to deliver a truly seamless resident experience. AppFolio’s AI-native platform changed all of that. By consolidating our data and automating our core workflows, we freed up our teams to focus instead on creating meaningful connections with our residents. With a unified system, we’re not just improving productivity – we’re building an environment where everyone can thrive.”

This focus on thriving through technology leads directly into our second strategic pillar: Deliver Performance Efficiently. We continue to win in the market – expanding the value we deliver to our existing customers while effectively capturing new market share. In fact, in the second half of 2025 alone, we added over 500,000 units to our platform. Adoption of our premium tiers, Plus and Max, has exceeded 25% – which speaks to our growing success with both SMB and upmarket customers.

At the same time, we're extending the power of AppFolio through our system of growth, helping property managers grow and protect their business, while giving their residents and investors access to services within one unified experience. With Resident Onboarding Lift, co-created with Second Nature, we've delivered a seamless move-in experience that activates resident services and drives new revenue opportunities. Our newest service within Resident Onboarding Lift is Group Rate Internet, allowing property managers to offer their residents fully managed, high-speed Internet at an attractive rate.

Resident Onboarding Lift and our other products and services connect back to one goal: delivering measurable performance for our customers. We recently asked new customers who switched to AppFolio about their experience. 96% said switching to AppFolio has improved their overall business performance. 94% said AppFolio has improved resident satisfaction.

Outcomes like these directly contribute to strengthening our position as the preferred platform in real estate. AppFolio has been named the overall leader on the G2 grid – recognition based on the feedback of our customers and their firsthand experiences with our platform. We make sure customers can grow their businesses alongside AppFolio, because we win when our customers win.

Our third strategic pillar is Great People and Culture. Our vision is to power the future of real estate, and our people are the catalyst that makes this possible. Earlier this month, we presented AppFolio's strategic priorities to our employees at AppFolio Kickoff 2026, and acknowledged the start of our 20th year in business. During the event, we had a chance to hear from AppFolio customers about the impact our technology has on their businesses and lives.

One of those customers, Joe Remson, President of Charlotte-based TR Lawing Realty, managing nearly 3,000 units on Plus, had this to say: "We could not do what we do without AppFolio. The reliable platform, with its support, innovativeness, and ability to make our lives easier, truly allows us to do our jobs, be more professional, productive, and transparent, and provide the five-star customer service our owners and residents expect."

Joe's experience is a powerful reminder of why we do what we do. At the end of the day, the innovation we deliver is in service of customers like him – and it's the dedication of our great people and culture that brings our deep customer partnerships to life.

2026 marks another defining moment for AppFolio. When I joined in 2020, we set a goal to reach \$1 billion in revenue; this year, we're poised to hit that milestone. It's a testament to what's possible when we stay focused on our customers, deliver industry-leading innovation, and maintain operational discipline. With the right vision, strategy, and team in place, we'll continue to inspire customers to choose and grow with us.

I'll now turn the call over to Tim for more details on AppFolio's financial results.

# Tim Eaton, Chief Financial Officer

Thank you, Shane.

We ended 2025 on a high note, rounding out a successful year marked by strong revenue and unit growth. We are well-positioned to continue delivering customer performance through our investments in areas such as AI and the resident experience.

I'm pleased to report in the fourth quarter, we delivered revenue of \$248 million dollars, growing 22 percent year-over-year. Full year revenue was \$951 million dollars, 20 percent growth year-over-year.

Core revenue, which we are renaming to Subscription Services revenue going forward, was \$56 million dollars in the fourth quarter, a 17 percent year-over-year increase, driven by winning new customers, growth in total units under management, and more customers choosing our Plus and Max premium tiers. At the end of the quarter, we managed approximately 9.4 million units from 22,096 customers, compared to 8.7 million units from 20,784 customers a year ago. This represents an 8 percent increase in units and a 6 percent increase in customers. For the full year, Subscription Services revenue was \$211 million dollars, representing 17 percent growth year-over-year.

Fourth quarter revenue from Value Added Services grew 20 percent year-over-year to \$185 million dollars. This increase reflects greater use and adoption of our FolioGuard risk mitigation services, FolioScreen offerings, and online payments, as well as growth in units under management. Resident Onboarding Lift through our Second Nature Partnership and LiveEasy are also beginning to contribute to Value Added Services. Full year Value Added Services revenue was \$722 million dollars, representing 19 percent growth year-over-year.

In the fourth quarter, non-GAAP operating margin was 24.9 percent compared to 20.2 percent last year. Full year non-GAAP operating margin was 24.7 percent compared to 25.2 percent last year. This full year decline was primarily due to the performance levels we attained under our 2025 corporate incentive plan, which resulted in an additional expense of \$15 million, or 1.6% percent of revenue. Excluding the impact of this over attainment, full year non-GAAP operating margin was 26.3 percent of revenue.

Cost of Revenue (exclusive of depreciation and amortization) in the fourth quarter was 36 percent of revenue compared to 37 percent last year. For the full year, cost of revenue increased from 35 percent to 36 percent, driven primarily by payments mix, additional data center spend to support our customers' growing usage of our AI product capabilities, and the additional expense from the 2025 bonus plan over attainment.

As a percent of revenue, in the fourth quarter, combined Sales and Marketing, R&D and G&A expense was 38 percent compared to 41 percent last year. For the full year, scale and operational efficiencies

offset the impact of the bonus plan over attainment and operating expenses as a percent of revenue were 38 percent, comparable to 2024.

We exited the quarter with 1,702 employees, an increase of 4 percent from the fourth quarter of 2024. This reflects growth in most functional areas as we continue to invest in innovation and sales capacity.

Now turning to our 2026 financial outlook,

Our 2026 guidance for annual revenue is \$1.100 to \$1.120 billion dollars, for a full year mid-point growth rate of 17 percent, fueled by adoption of our premium tier offerings, growth in new business units, and increasing adoption of our products and services, including AI-native Performers and new resident services. We anticipate 2026 revenue seasonality to be mostly consistent with 2025.

We expect to deliver non-GAAP operating margin between 25.5% and 27.5%. Cost of Revenue, exclusive of depreciation and amortization, is expected to be relatively flat as a percentage of revenue compared to 2025. Diluted weighted average shares outstanding is anticipated to be between 36 and 37 million for the full year.

I am proud of our 2025 results, made possible by the relentless focus on innovation and execution by our team. We are acquiring, growing, and retaining customers, and our investments in AI and the resident experience are translating into meaningful performance outcomes for our customers. We are well-positioned for success in 2026 as we continue to deliver on our mission of building the platform where real estate comes to do business.

Thanks to all of you for your support and interest in AppFolio.

Operator, this concludes today's call.