

Welcome

AppFolio 2023 Investor Meeting

appfolio

Agenda

Powering the Future of the Real Estate Industry:
AppFolio Vision & Strategy



Shane Trigg
President & CEO

Differentiating to Win:
AppFolio Solutions



Will Moxley
Sr. Vice President, Product

20 Min Break

AppFolio “Day in the Life” Demo

Elevating our Customers:
Panel Discussion



Lisa Horner
Sr. Vice President, Marketing

Scaling the Business:
Financial Overview



Fay Sien Goon
CFO

Q&A

Safe Harbor Statement and Other Information

This presentation contains forward-looking statements within the meaning of federal securities laws, which statements involve substantial risks and uncertainties. Forward-looking statements made in this presentation 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, and prospects. In some cases, you can identify forward-looking statements by the use of words such as “may,” “will,” “should,” “might,” “expect,” “plan,” “anticipate,” “could,” “intend,” “target,” “project,” “contemplate,” “believe,” “estimate,” “predict,” “potential,” or “continue,” or the negative of these words or other similar terms or expressions that concern our expectations, strategy, plans, or intentions. Examples of forward-looking statements include, among others, statements made regarding future research and product development plans, future market conditions and size, growth in the size of our business and number of customers, strategic plans and objectives, business forecasts and plans, our future or assumed financial condition, results of operations and liquidity, trends affecting our business and industry, the competitive environment, responding to customer needs, and capital resource allocation plans.

Further information on the above and other risks that could cause our actual results to differ materially from our current expectations and projections can be found in our Annual Report on Form 10-K filed for the year ended December 31, 2022 and in our other Securities and Exchange Commission (“SEC”) filings, including our most recent Quarterly Report on Form 10-Q, which are available on our website at <https://ir.appfolioinc.com/> or the SEC’s website at www.sec.gov. We cannot guarantee that we will achieve the plans, intentions, or expectations disclosed in our forward-looking statements, and you should not place undue reliance on our forward-looking statements. Forward-looking statements represent our management’s beliefs and assumptions only as of the date of this presentation. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures, or investments we may make. We undertake no obligation, and do not intend, to update these forward-looking statements, to review or confirm analysts’ expectations, or to provide interim reports or updates on the progress of the current financial quarter.

The information in this presentation on new products, features, or functionality is intended solely to outline our general product direction. It is not a commitment to deliver any product, feature, or functionality; and our product direction may change at any time without notice. As such, the information may not be incorporated into any contract and purchases should not be contingent upon it.

Numbers in this presentation may be rounded for presentation purposes.

Statement Regarding Use of Non-GAAP Financial Measures

This presentation includes information about non-GAAP operating margin and free cash flow (collectively the “non-GAAP financial measures”). Our non-GAAP financial measures may not provide information that is directly comparable to that provided by other companies in our industry, as other companies may calculate non-GAAP financial results differently. In addition, there are limitations in using non-GAAP financial measures because non-GAAP financial measures are not prepared in accordance with GAAP and can exclude expenses that may have a material impact on our reported financial results. As such, non-GAAP financial measures should not be considered in isolation from, or as a substitute for, financial information prepared in accordance with GAAP. A reconciliation of the historical non-GAAP financial measures to their most directly comparable GAAP measures has been provided in the tables above. We encourage investors to review the reconciliation of these historical non-GAAP financial measures to their most directly comparable GAAP financial measures.

We use non-GAAP financial measures internally to assess and compare operating results across reporting periods, for internal budgeting and forecasting purposes, and to evaluate our financial performance. We believe these adjustments also provide useful supplemental information to investors and facilitate the analysis of our operating results and comparison of operating results across reporting periods.

Non-GAAP operating margin is defined as income (loss) from operations, less stock-based compensation, amortization of stock-based compensation capitalized in software development, and other non-recurring items.

Free cash flow is defined as net cash from operating activities, less purchases of property and equipment, capitalization of software development costs, payments for separation costs, lease termination payments and severance payments for workforce reduction. We use free cash flow to evaluate our generation of cash from operations that is available for purposes other than capital expenditures and capitalized software development costs. Additionally, we believe that information regarding free cash flow provides investors with a perspective on the cash available to fund ongoing operations, because we review cash flows generated from operations after taking into consideration capital expenditures and the capitalization of software development costs due to the fact that these expenditures are considered to be a necessary component of ongoing operations.



Shane Trigg
President & CEO

Powering the Future of the Real Estate Industry

AppFolio Vision & Strategy

appfolio

Consistent Revenue Growth*

\$231

2019

\$285

2020

\$359

2021

\$472

2022

\$610

2023**

+29%

YoY Revenue Growth

* Represents Real Estate revenue only

** \$610M is the full-year midpoint guidance provided on October 26, 2023

Our Go-to-Market Approach

01

Land

New customers through product innovation, AI differentiation, new property types, & a simple buying process

02

Expand

Our existing customer footprint through unit expansion

03

Grow

ARPU through upgrades, value-added services, & value capture

04

Extend

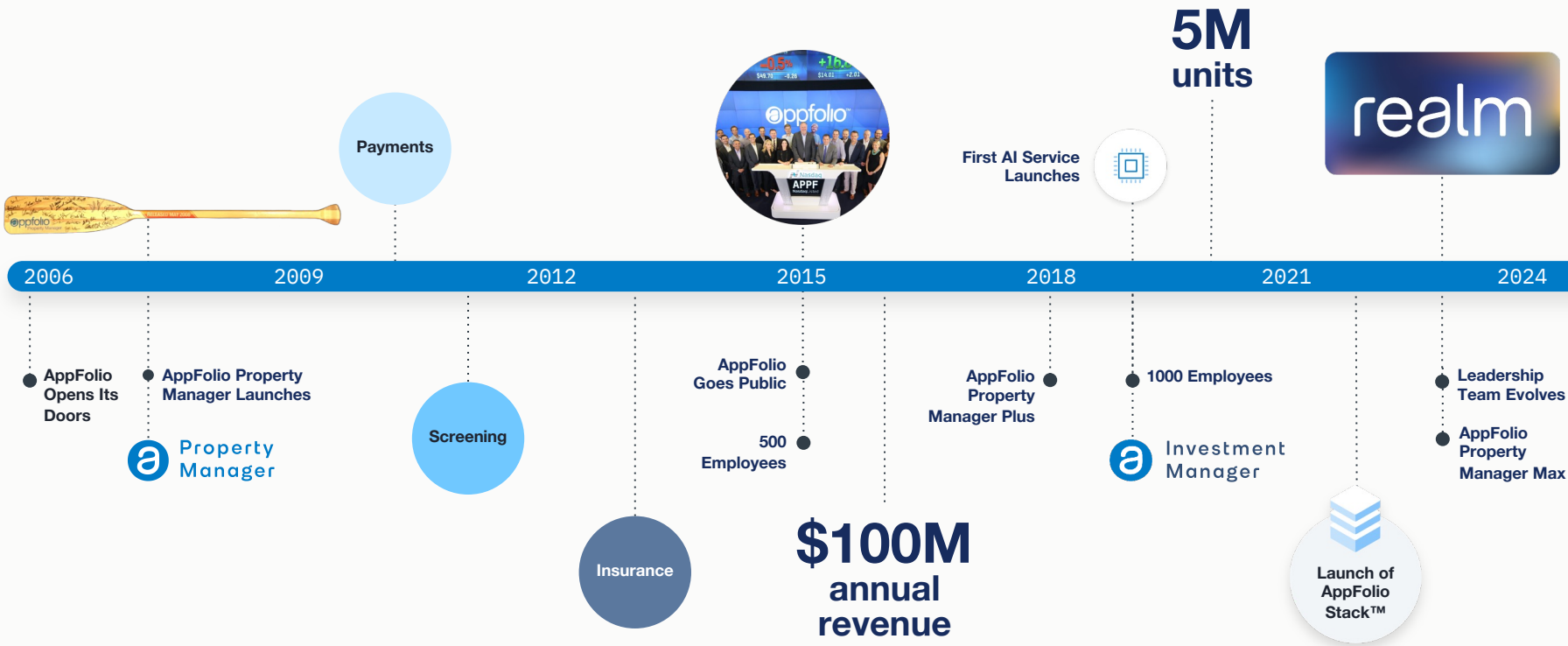
With AppFolio Stack™ app and solution partners, customization, & data insights

05

Retain

Customers through product innovation, ease of use, differentiated service, & a great customer experience

AppFolio: Growth & Innovation



Our *Values* Guide Our Business

- 01 **Simpler is better**
- 02 **Great, innovative products are key to a great business**
- 03 **Great people make a great company**
- 04 **Listening to customers is in our DNA**
- 05 **Small, focused teams keep us agile**
- 06 **We do the right thing; It's good for business**



Becoming a Healthier Company

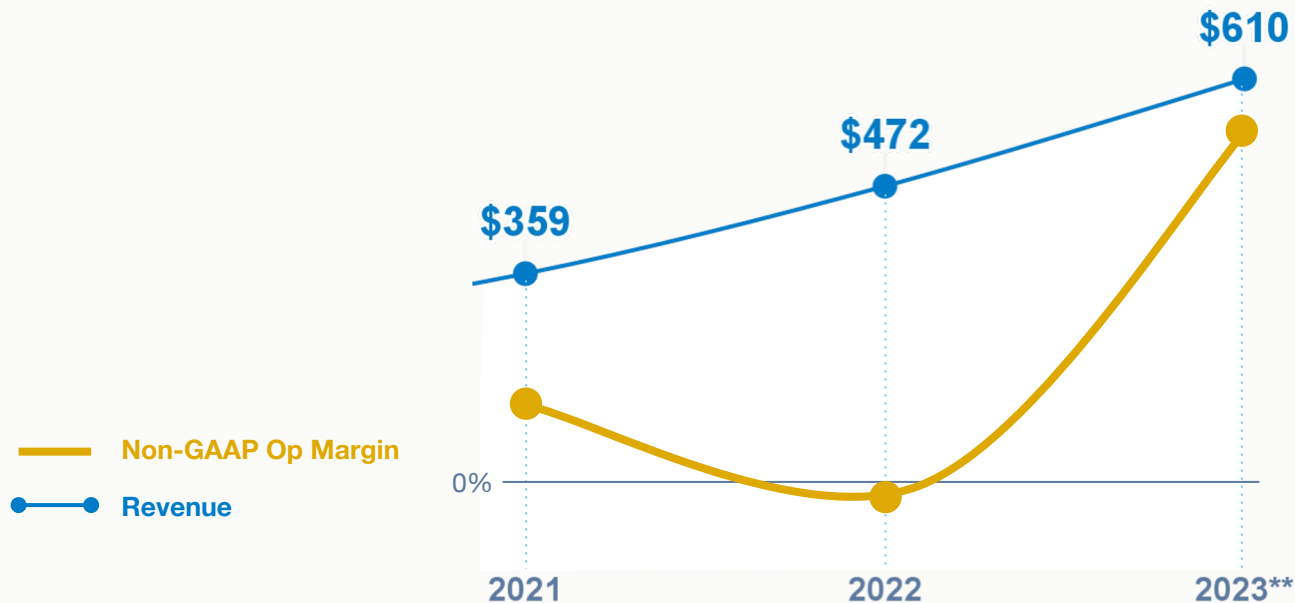
Q3 2023 RESULTS*

Non-GAAP
Operating Margin

16%

Non-GAAP
Free Cash Flow

20%



* Non-GAAP operating margin and free cash flow are non-GAAP financial measures. Refer to the Appendix for an explanation of non-GAAP financial measures, and why we believe these measures can be useful, as well as a reconciliation of non-GAAP financial measures to the most comparable GAAP measures, where applicable.

** \$610M is the full-year midpoint guidance provided on October 26, 2023.

One Vertical.

One AppFolio.

One Leadership Team.

“Simple, Clear, & Disciplined”

The AppFolio Leadership Team



Shane Trigg

President and Chief
Executive Officer
APPFOLIAN SINCE 2020



Fay Sien Goon

Chief Financial Officer
APPFOLIAN SINCE 2021



Matt Mazza

Chief Legal Officer
APPFOLIAN SINCE 2016



Elizabeth Barat

Chief People Officer
APPFOLIAN SINCE 2016



Matthew Baird

Senior Vice President,
Software Engineering
APPFOLIAN SINCE 2022



McLure Foote

Senior Vice President,
Sales
APPFOLIAN SINCE 2021



Lisa Horner

Senior Vice President,
Marketing
APPFOLIAN SINCE 2014



Will Moxley

Senior Vice President,
Product
APPFOLIAN SINCE 2021



Chris Womack

Senior Vice President,
Payments, Screening & Insurance
APPFOLIAN SINCE 2021



Vince Coley

Vice President,
Client Services
APPFOLIAN SINCE 2010



Leadership Principles

Happy, Growing Customers
Industry Leading Innovation
Exceptional Service
Growth & Profitability
People & Culture

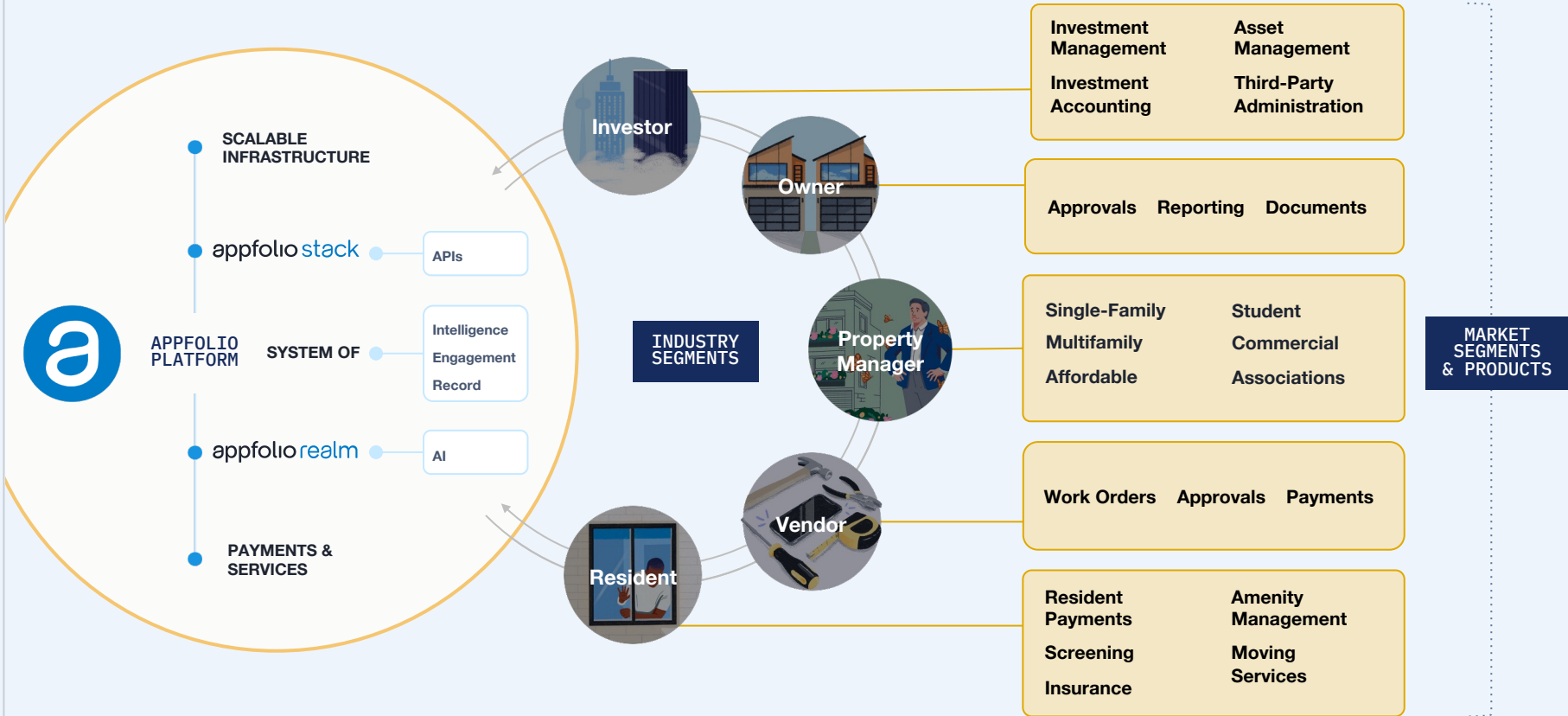
Vision

To power the future of the
real estate industry.

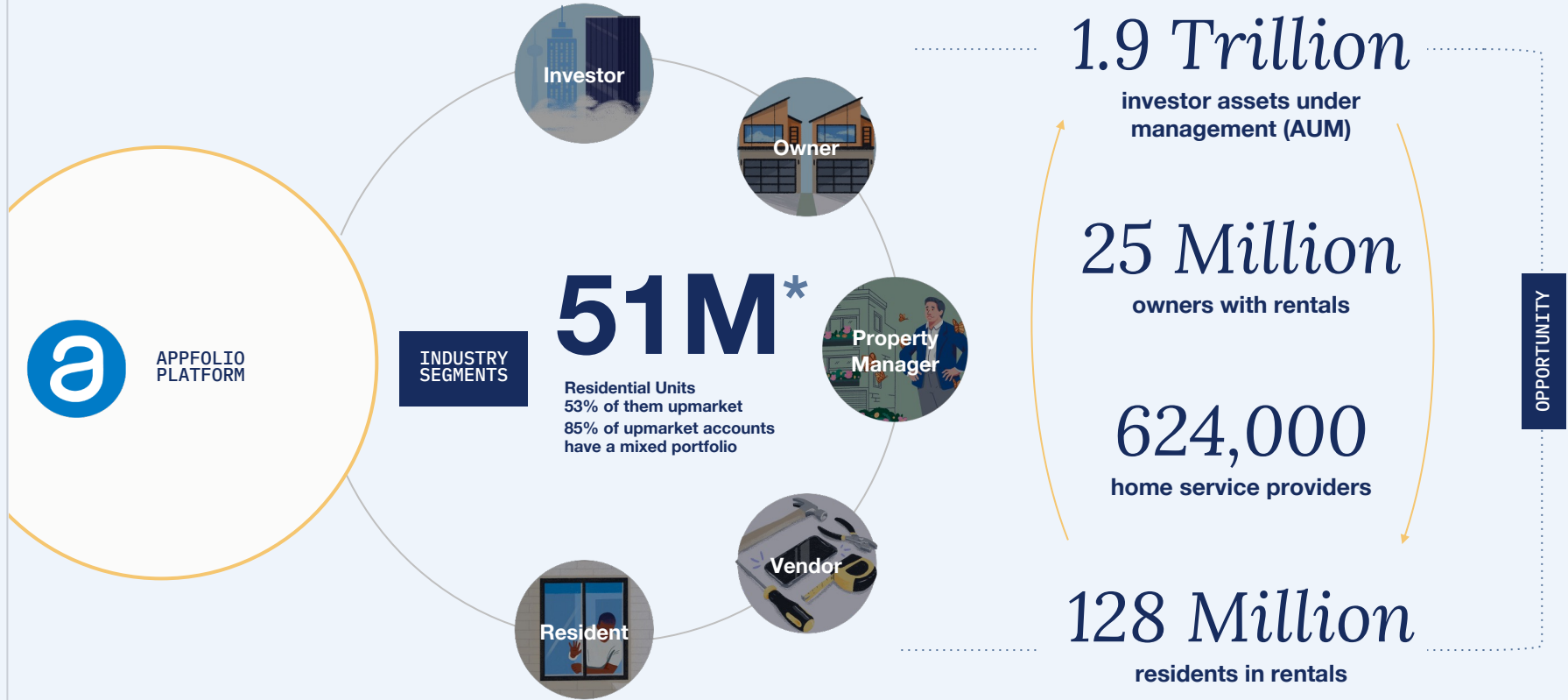
Mission

To build the platform where
the real estate industry comes
to do business.

The *platform* where real estate comes to do business



The platform where real estate comes to do business



*AppFolio estimate as of 2022

Sources: Census.gov, BLS.gov, McKinsey, AppFolio Analysis

Three-Year Strategy

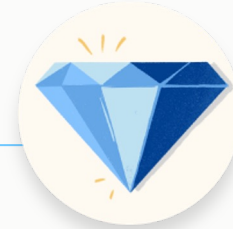
Growing Units, Revenue, & Margin



DIFFERENTIATE TO WIN

Innovation

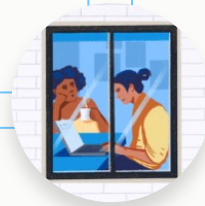
Mixed Portfolios



DELIVER VALUE EFFICIENTLY

Elevate the Customer

Scale the Business



GREAT PEOPLE & CULTURE



Will Moxley
Sr. Vice President,
Product

Differentiating to Win
AppFolio Solutions

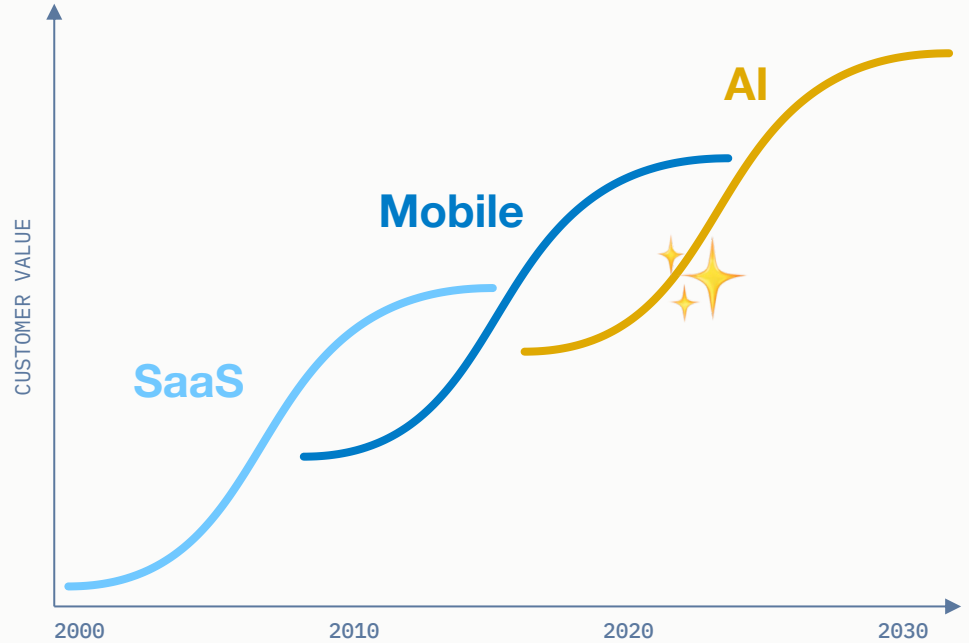
appfolio

Product Vision

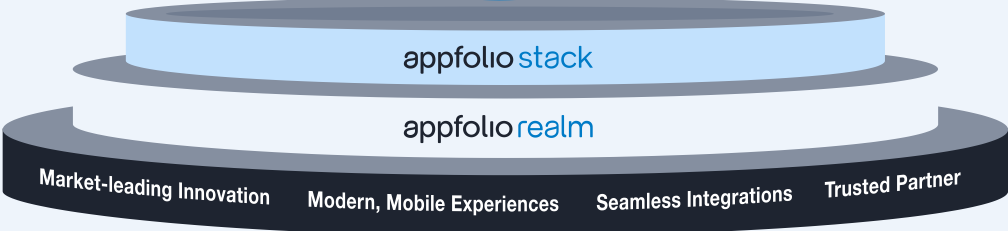
Create a world where choosing, living in, investing in, owning, and managing communities feels magical and effortless, freeing people to thrive.

The LLM revolution is the next wave of change.

AppFolio has prepared for *years* in anticipation of this moment.



One Powerful Platform



Top 3 Challenge for Property Managers?

76% say Operational Efficiency*

AppFolio *delivers*

Magical Productivity

We are the top AI innovator in Real Estate

8 solutions currently available

Patent for AI Leasing Assistant, Lisa

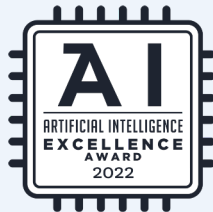
85% of customers use AppFolio's AI tools



realm·x



5 years of meaningful investments



property management industry's first-ever generative AI conversational interface

“The productivity increase we’ll see from generative AI will be huge. They’ll give our teams time back to invest in building relationships.”

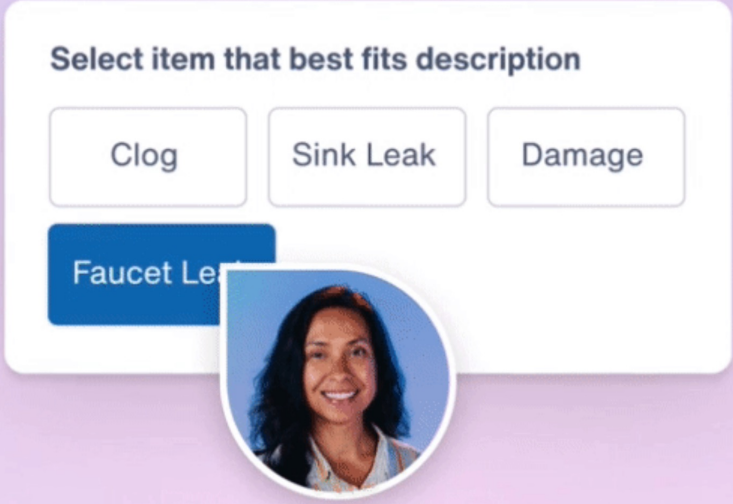


**NMHC
& NAA**

Sharon Wilson Geno
President, NMHC

Robert Pinnegar
President & CEO, NAA

Bringing *AI* innovation to all Customers



appfolio realm·x

Ask

How many leases are up for renewal at this property?

Tell

Draft a message welcoming new residents to the community

Teach

Create an automation for ...

How much more likely are unsatisfied renters
to be actively searching for a new home?

2x more likely*

AppFolio *delivers*

Effortless Experiences

Elevating & Scaling the Customer Experience



Differentiated **Service**

Channel Choice
Differentiated SLAs
Customer Success



Exceptional **Value**

Onboarding
Time to Value



Efficiencies & **Scale**

Self Service
Technology & AI
Solution Partners

A New Owner Experience



CASA
COMMUNITY ACCOUNTS SOFTWARE

Owner Dashboard

May 2023 [Customize](#)

Total Income ●	Total Expense ●	Your Disbursements ●	Your Contributions ●
\$3,700	\$447.40	\$6,450	\$3,000

Action Required

Lease for Unit A [Sign Lease](#)

Approve Work Order [View Work Order](#)

Most Recent Packet

[Download](#)

Rent Collected

25% Collected

\$570

Expenses

Property	Description	Cost
184 Livingston St, Unit A	Broken dishwasher	\$125
2 Arrowhead St, Unit C	Replace screens	\$52.40
36 Chaple St, Unit D	Carpet cleaning	\$300
		\$447.40

CASA
COMMUNITY ACCOUNTS SOFTWARE

Documents

Burger and Associates LLC [Submit Signed Form](#)

Set up your Signature

Your full name Initials

[Create Signature](#)

X Lease Signature Date

X Lease Signature Date

CASA
COMMUNITY ACCOUNTS SOFTWARE

Maintenance

Estimate Approvals

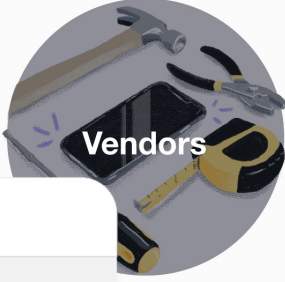
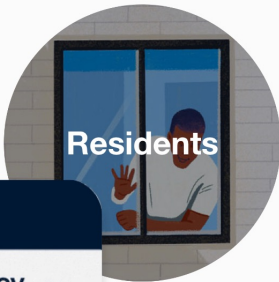
✓ **Work Order #156310-1** [View Details](#)

1309 Edinonton Ave, Roseville, CA 95661
Roof replacement

✓ **Work Order #156309-1** [View Details](#)

✓ **Work Order #156308-1** [View Details](#)

New Payment Options for Residents & Vendors



Flexible Rent

Payment Frequency

\$1,000

Payments/month

2nd payment date (First payment on 1st)

October

Su	M	T	W	Th	F	Sa
\$500 1	2	3	4	5	6	
7	8	9	10	11	12	13
14	\$500 16	17	18	19	20	
21	22	23	24	25	26	27
28	29	30				

Work Orders

Payment Preferences

Instant Pay

Enter debit card linked to bank for instant payment after client approval

Card Number

Name on Card

Month CVV

Bill Address

Top 3 *Challenge* for Property Managers?

61% say Revenue & Profit Growth*

AppFolio Supports
Rapid Growth

AppFolio Property Manager Plans

Core

An out of the box solution with one powerful platform to run any property management business.

- ✓ Property Accounting & Reports
- ✓ End-to-End Marketing & Leasing
- ✓ Work Order Management
- ✓ Inspections & Unit Turns
- ✓ Mobility & Convenience
- ✓ Portals & Communication
- ✓ Standard Support

\$1.40 Per Unit/Per Month

Plus

A configurable solution for growing businesses with complex portfolios looking to standardize processes.

- ✓ Everything in **Core**, and:
- ✓ Affordable Housing Capabilities
- ✓ Advanced Leasing Metrics
- ✓ Purchase Orders & Inventory Tracking
- ✓ AppFolio Stack™ Premium Integrations*
- ✓ Scale & Control
- ✓ Enhanced Support

* Also available as a value-added service

\$3.00 Per Unit/Per Month

35+ AppFolio Stack™ App Partners

Maintenance



Utility Management



Marketing & Leasing



Compliance



Smart Properties



Collections



Package Management



Affordable Housing

Unlocking mixed portfolios through support for LIHTC & HUD properties.

Program Overview

Wallaby Apartments

Property Overview

Total Units Occupied	Total Units Vacant	Total Units
1	4	5

Set Asides | Total Units | Select Units

HOME 80%	1	A-1
LIHTC 60%		A-1, A-3

Units

Unit	Bedrooms	Sq. Ft.	Set Asides
<input type="radio"/> A-1	2	900	HOME 80%
<input type="radio"/> A-2	1	900	
<input type="radio"/> A-3	3	900	
<input type="radio"/> A-4	1		
<input type="radio"/> A-5	2		

Save

TRACS Submission

Azul Townhomes

HUD SSO Login | Submit

Successful Submission to TRACS!

HAP Request

Voucher submission month: June 2023

Unit	Tenant	Effective Date	Subsidy Requested
B-7	Johnathan Smith	Move-in Certification	\$450
A-4	Colleen Jones	Move-in Certification	\$300

Helping Customers Scale *with Bulk Actions*

The Oaks Apartments

Bulk Pricing

Set Future Market Rate Set Effective Date

	Rooms	Current Market Rent	Advertised Rent	Future Market Rent	Effective Date
1Bath	1 bd / 1 ba	\$950	\$950	-	-
2Bed / 2Bath	2 bd / 2 ba	\$1,950	\$1,950	-	-
4Bed / 2Bath	4 bd / 2 ba	\$3,750	\$3,750	-	-

Easily update pricing across all units, unit types, and campaigns.

The Oaks Apartments

Bulk Lease Renewals

Renewal Package Settings Renewal Options Monthly Charges Prepare, Review, and Send

Select Tenants

Tenant	Unit/Bed	Renewal Package Document	Start Date	Deadline to Respond
<input type="radio"/> Fred Walker	Unit 67 / 2 bd	View Details	08/15/2024	09/30/2024
<input checked="" type="radio"/> Lynn C. Cook	Unit 14 / 1 bd	View Details	08/15/2024	09/30/2024
<input checked="" type="radio"/> Tom Jensen	Unit 92 / 1 bd	View Details	08/15/2024	09/30/2024
<input type="radio"/>				
<input type="radio"/>				
<input type="radio"/>				
<input checked="" type="radio"/>				

Prepare and send out lease renewals for a large number of residents from your properties at the same time.

The Oaks Apartments

Bulk Move Outs

Set Dates Move Out Credits Review and Finalize

Select Tenants

Tenant (4 selected)

- Jessica Monroe
- Mike Burros
-
-

Create Work Orders

Initial Inspection

- Painting
- Cleaning

Create Work Orders for 4

A single, centralized workflow to move out a large number of residents from your properties at the same time

Student Housing

ADDITIONAL STUDENT HOUSING FUNCTIONALITY COMING IN 2024.



AppFolio Property Manager Plans

Core

An out of the box solution with one powerful platform to run any property management business.

- ✓ Property Accounting & Reports
- ✓ End-to-End Marketing & Leasing
- ✓ Work Order Management
- ✓ Inspections & Unit Turns
- ✓ Mobility & Convenience
- ✓ Portals & Communication
- ✓ Standard Support

\$1.40 Per Unit/Per Month

Plus

A configurable solution for growing businesses with complex portfolios looking to standardize processes.

- ✓ Everything in **Core**, and:
- ✓ Affordable Housing Capabilities
- ✓ Advanced Leasing Metrics
- ✓ Purchase Orders & Inventory Tracking
- ✓ AppFolio Stack™ Premium Integrations*
- ✓ Scale & Control
- ✓ Enhanced Support

* Also available as a value-added service

\$3.00 Per Unit/Per Month

Max**

An enterprise solution for large operators that are focused on customization, data insights, and driving revenue.

- ✓ Everything in **Plus**, and:
- ✓ Leasing CRM*
- ✓ Leasing Signals*
- ✓ Custom Fields**
- ✓ Database API**
- ✓ Dedicated Customer Success Management

* Also available as a value-added service

** Available from January 2024

\$5.00 Per Unit/Per Month

Leasing CRM

Track leads from first contact to move-in, creating an actionable funnel for leasing agents and *powerful insights* for managers.

The screenshot displays the Leasing CRM interface. At the top, there is a blue header with the AppFolio logo and the word "Leasing". Below the header, the main title "Leasing CRM" is centered, with a "Customize" button on the right. A navigation bar contains four tabs: "Prospects" (highlighted in blue), "Showings", "Applications", and "Leases".

Below the tabs is a funnel visualization with four stages: "First Contacts" (8), "Responds" (5), "Follow Up Reminders" (4), and "Follow Ups" (5). Underneath the funnel are three filter sections: "Interest Received Date Range" set to "Last 7 days", "Search property or property group" with a search bar, and "Assigned to" set to "Ilene Munoz". There is also a toggle for "Actionable Leads".

The bottom section is a table of leads with columns for Name, Bulk Actions, Last contacted, Follow ups, and Latest interest. A profile picture of Ilene Munoz is shown in a circular inset. The table lists three leads: Stacie Lee (New Interest, 3 days ago, 1 follow up, 3 days ago latest interest), John Reef (New Interest), and Rene Moyers.

Name	Bulk Actions	Last contacted	Follow ups	Latest interest	
Stacie Lee	New Interest	3 days ago	1	3 days ago	Second Follow Up
John Reef	New Interest				First Follow Up
Rene Moyers					Second Follow Up

Leasing Signals

Leasing Signals

City Apartments

Suggested Price Changes

Property	Current Price	Suggested Price
The Canyon	\$1,250	\$1,350
The Mesa	\$1,310	\$1,400
The Phoenix	\$1,575	\$1,500

Occupancy Goal 98 %

Focus on meeting your occupancy goal:

Not at all Standard Very much

Focus on pricing your units similar to comparable units in the market?

Not at all Standard Very much

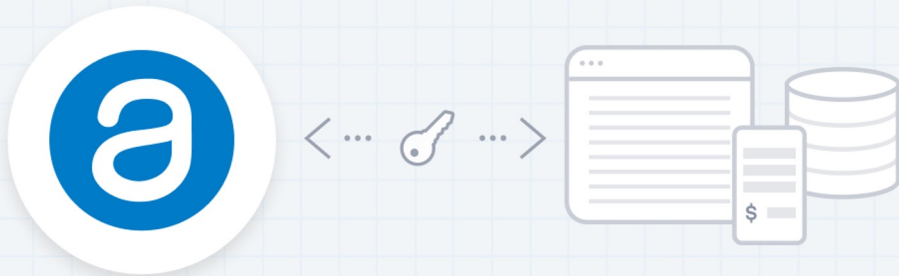
Apply Settings

Make thoughtful pricing decisions using your unique strategy and explainable pricing suggestions based on public data.

Database API*

Enable your team to build custom analytics, integrations, and data processes that are critical to operating and *growing* your business.

Database API



Custom Fields*

The screenshot shows the 'Custom Fields' configuration page in the AppFolio Property Manager Max interface. The page has a blue header with the AppFolio logo and the text 'AppFolio Property Manager Max'. Below the header, the title 'Custom Fields' is displayed on the left, and a 'Save' button is on the right. The main content area is divided into two columns. The left column contains three text input fields; the first one contains the text 'Has CEA insurance?'. The right column contains two dropdown menus. The top dropdown is set to 'Checkbox' and has a downward arrow. The bottom dropdown is also set to 'Checkbox' and has an upward arrow. Below the dropdowns, there are four options listed: 'Checkbox', 'Number', 'Date', and 'Text'. The 'Text' option is currently selected and highlighted in grey. At the bottom center of the form, there is a button labeled 'Add a custom field'.

Tailor your AppFolio database to match your business's specific workflows. *Easily capture, track, and report on the information you need, right at your fingertips.*



Accelerating the Pace of Innovation

- ✓ AppFolio Property Manager Plus
- ✓ AI Leasing Assistant, Lisa 
- ✓ AppFolio Investment Management
- ✓ LIHTC Low Income Housing Tax Credit


2019

- ✓ Virtual showings
- ✓ 3D virtual tours
- ✓ Income verification
- ✓ Intercompany transactions
- ✓ Leasing Metrics Dashboard - Plus
- ✓ Mailing Service - CA
- ✓ CheckAlt - CA





2020

- ✓ Smart Maintenance 
- ✓ Unit turn board
- ✓ Rental history verification
- ✓ Procurement
- ✓ Loan tracking
- ✓ FolioGuard™ Smart Ensure 
- ✓ Calendar - CA
- ✓ Cost centers - CA
- ✓ Multiple fund accounting - CA

2021

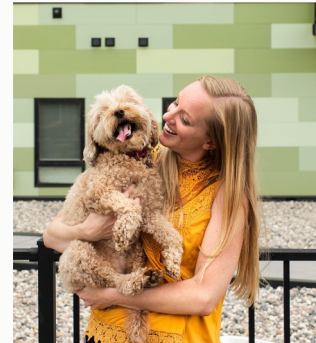
- ✓ FolioGuard Security Deposit Alternative
- ✓ Mobile & offline inspections
- ✓ Report Builder
- ✓ Bank Feed 
- ✓ PDF Leases
- ✓ Project budgeting
- ✓ Cost centers
- ✓ Security Deposit Return via eCheck
- ✓ Flexible screening
- ✓ AppFolio Stack™ - Plus
- ✓ Home Sale Docs integration - CA
- ✓ Bank transfers - CA
- ✓ Amenities - CA
- ✓ AppFolio Alpha™ - IM

2022

- ✓ AppFolio Realm 
- ✓ Leasing Signals 
- ✓ Leasing CRM
- ✓ AppFolio Stack™ Solution Partners
- ✓ New AppFolio Stack™ App Partners
- ✓ Comparative reporting in Report Builder
- ✓ Owner Experience
- ✓ Global Search user experience
- ✓ Progressive maintenance intake 
- ✓ AppFolio Academy & Certifications
- ✓ AppFolio Sites w/ AudioEye Accessibility
- ✓ Auto-generated marketing descriptions 
- ✓ SMS character increase & 2-way MMS
- ✓ Resident portal adoption enhancements
- ✓ Vendor Payment Preferences & Instant Pay
- ✓ Bulk actions move-outs, renewals, & pricing - Plus
- ✓ Affordable Housing Management - Plus
- ✓ Homeowner Delinquencies - CA
- ✓ Bulk Violations via Email - CA

 YTD 2023

Our customer innovation helps give people a place to call home



20:00 Break

Visit our AppFolio *“Day in the Life”* demo in Pacific Heights



Lisa Horner
SVP,
Marketing

Elevating Our Customer:
Panel Discussion

appfolio



Brian Bellew

Vice President, Operations

Max

Atlas Real Estate Group
Denver, CO
8,300 Units

Customer Since 2015

Single-Family, Multifamily, Commercial

- ✓ **Payments**
- ✓ **Screening**
- ✓ **FolioGuard**
- ✓ **Premium Leads**
- ✓ **Collections**
- ✓ **Smart Maintenance**
- ✓ **Stack Partners**



JC Castillo

President & CEO

Plus

IM

Velo Residential
San Francisco, CA
2,700 Units

Customer Since 2012

Multifamily

- ✓ Payments
- ✓ Screening
- ✓ FolioGuard
- ✓ Premium Leads
- ✓ Websites
- ✓ Collections
- ✓ Smart Maintenance
- ✓ AI Leasing Assistant, Lisa
- ✓ Leasing CRM
- ✓ Stack Partners



Kristy Lamb

Vice President

Plus

NP Dodge Management
Omaha, NE
4,500 Units

Customer Since 2019
Single-Family, Multifamily, Commercial
Community Associations

- ✓ **Payments**
- ✓ **Screening**
- ✓ **Affordable Housing**
- ✓ **Premium Leads**
- ✓ **Websites**



Jerry Tanaka

Chief Operating Officer

Plus

Redwood Property Investors
Oakland, CA
1,600 Units

Customer Since 2020
Single-Family, Multifamily, Commercial

- ✓ **Payments**
- ✓ **Screening**
- ✓ **Collections**
- ✓ **Income Verification**
- ✓ **Websites**
- ✓ **Premium Leads**
- ✓ **Stack Partners**

Tell us about your
business and top priorities
heading into 2024.

What are the biggest challenges you are looking to overcome in 2024, and how does AppFolio help?

Where do you see an opportunity
for your business to expand, and
how can AppFolio help?

What AppFolio Realm AI services are you already using, or looking to adopt, to better serve your customers? And what is the power of AI for your business over time?

Why do you continue to
choose AppFolio as your
long-term partner?

Q&A

AppFolio *Customer Panel*

Thank You,
AppFolio Customers!

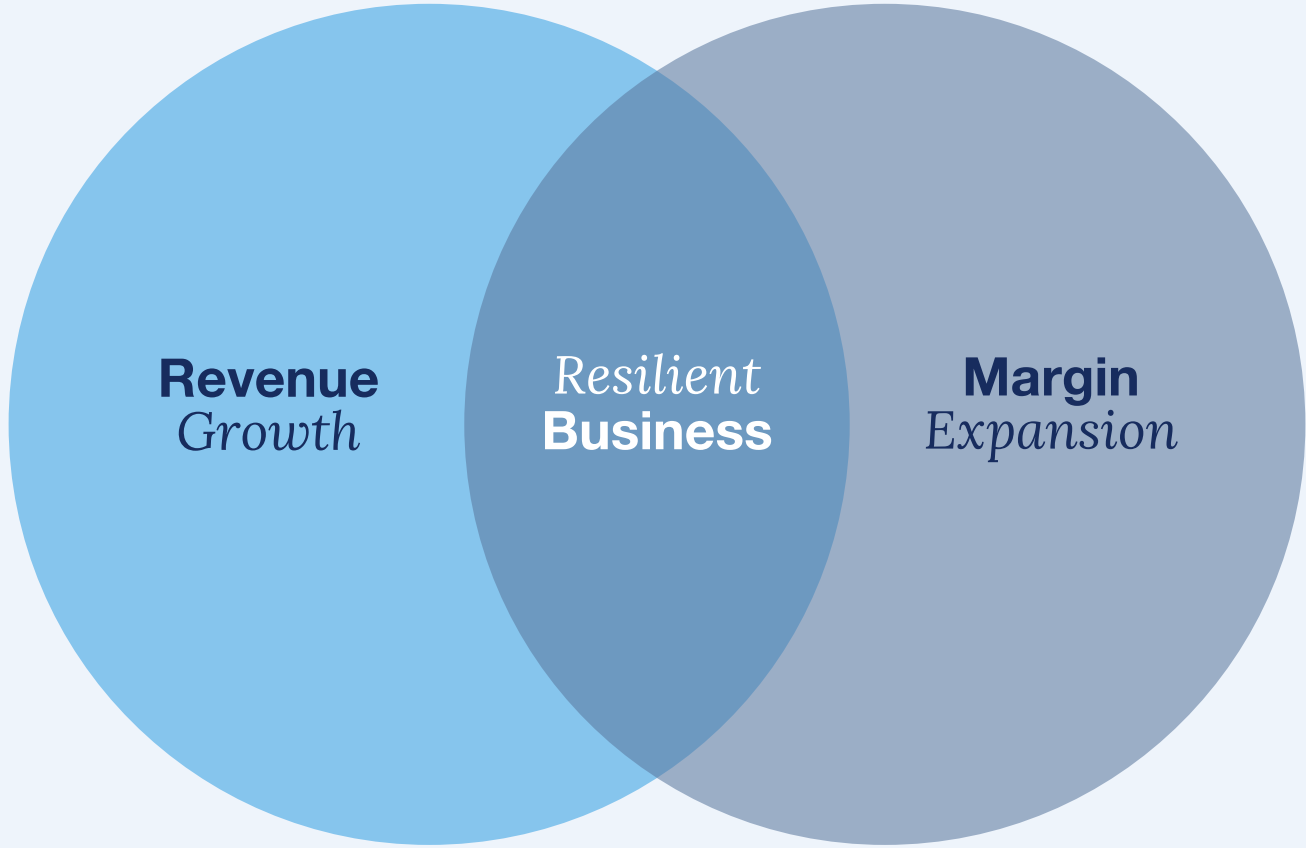


Fay Sien Goon
CFO

Scaling the Business: **Financial Overview**

appfolio

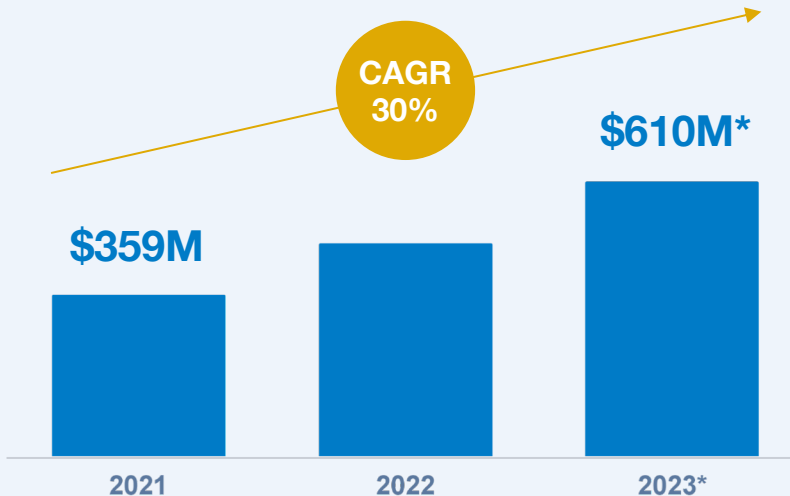
Focus Areas



Focus Areas



Consistently Growing Revenue



* \$610M is the full-year midpoint guidance provided on October 26, 2023

01

Land

New customers through product innovation, AI differentiation, new property types, & a simple buying process

02

Expand

Our existing customer footprint through unit expansion

03

Grow

ARPU through upgrades, value-added services, & value capture

04

Extend

With AppFolio Stack™ app and solution partners, customization, & data insights

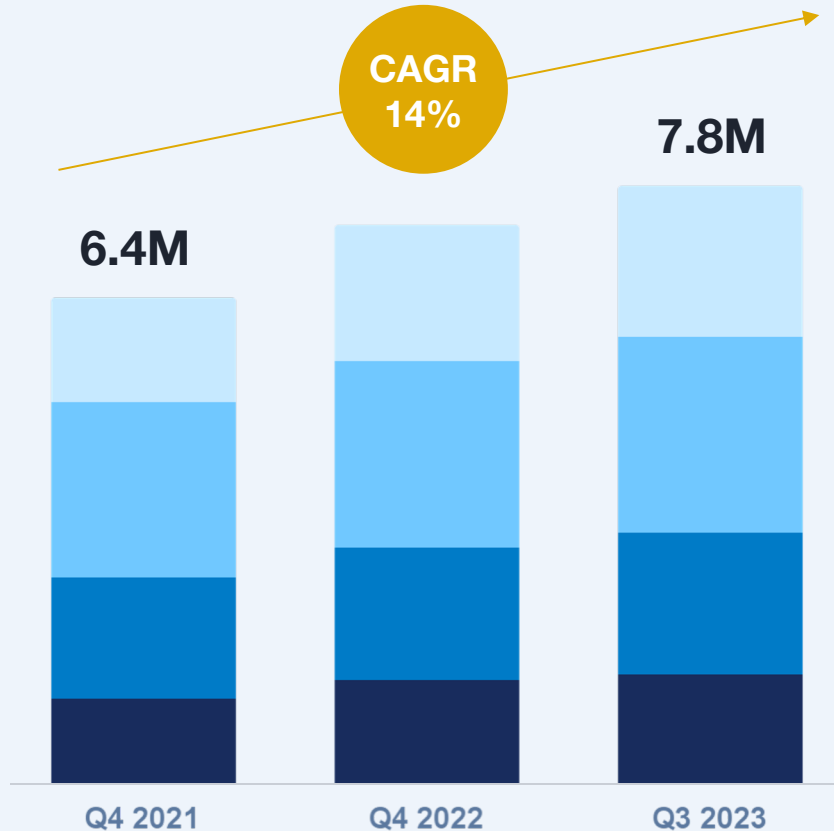
05

Retain

Customers through product innovation, ease of use, differentiated service, & a great customer experience

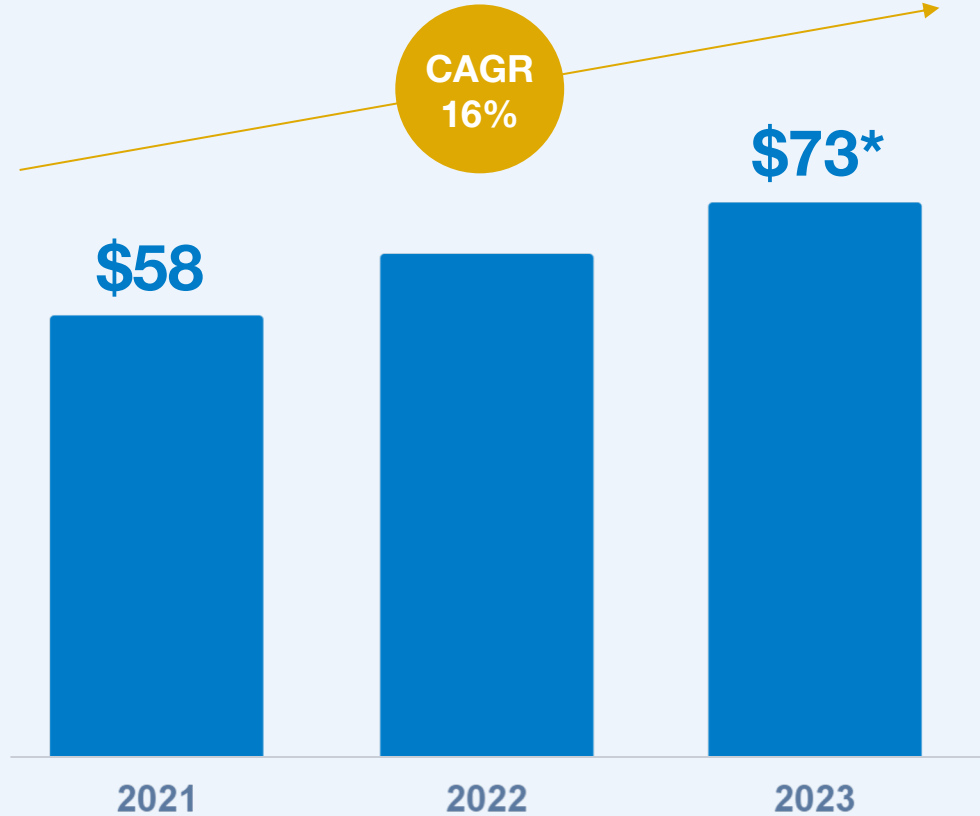
Expanding Unit Growth Focused on Residential Units

- Community Association Units
- Residential SMB 50-499 Units
- Residential Mid-Market 500-1,499 Units
- Residential Corporate 1,500+ Units



Growing ARPU

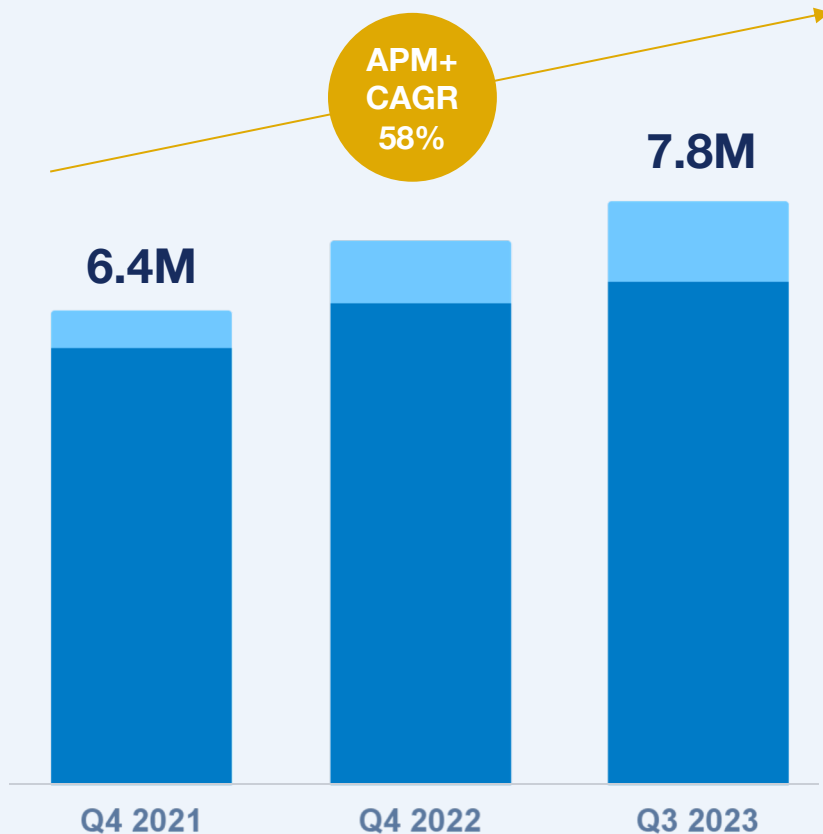
Faster Than Units



* ARPU is ~\$73 based on Q3-YTD annualized actual results.

Growing ARPU Through APM+ Upgrades

- Property Manager Plus Units
- Property Manager Core Units



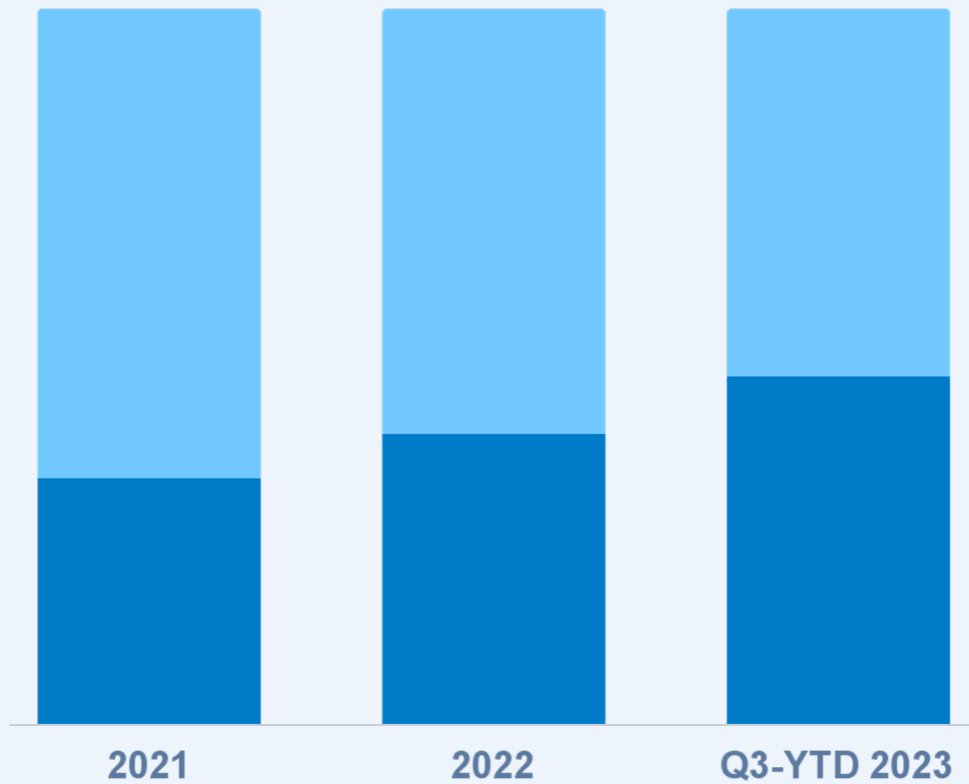
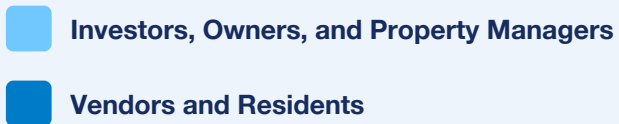
Long Runway for Future ARPU Growth



.....
Increased AppFolio Property Manager Plus adoption & Value Added Services usage
.....

* ARPU is ~\$73 based on Q3-YTD actual results.

Revenue from *Our Industry* Segments

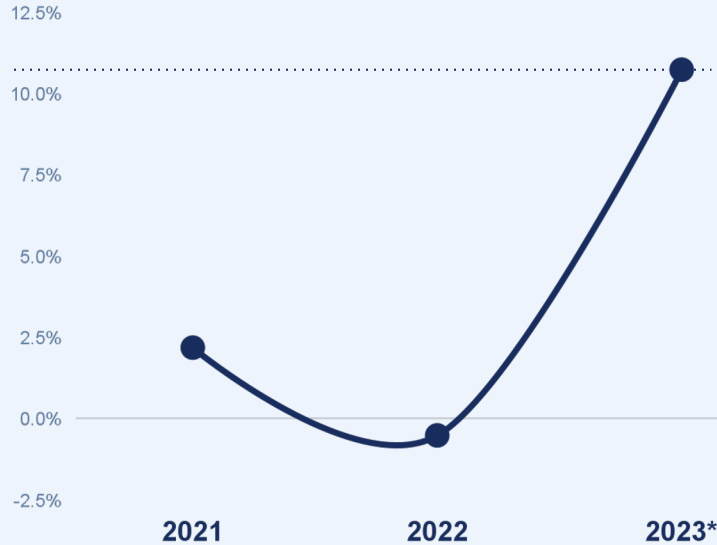


Focus Areas

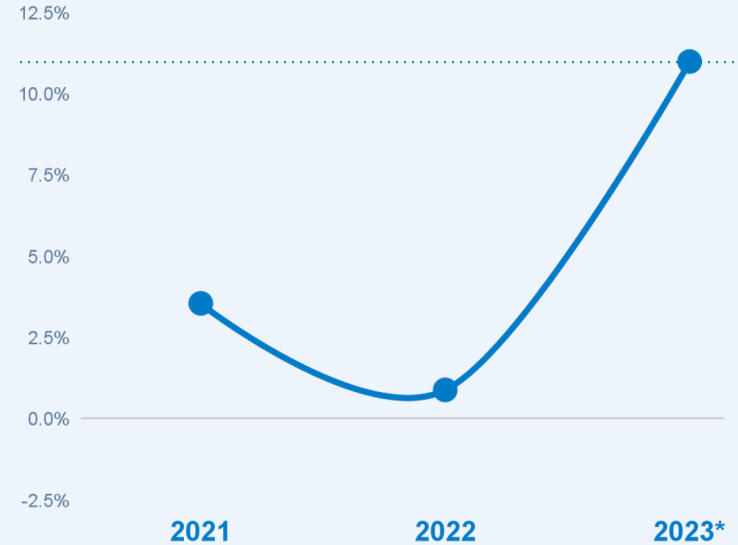


Expanding Future Profitability

Non-GAAP Operating Margin %



Non-GAAP Free Cash Flow %



* 2023 represents the full-year midpoint guidance provided on October 26, 2023. Non-GAAP operating margin and free cash flow are non-GAAP financial measures. Refer to the Appendix for an explanation of non-GAAP financial measures, and why we believe these measures can be useful, as well as a reconciliation of non-GAAP financial measures to the most comparable GAAP measures, where applicable.

Margin Expansion

**01**

**Prioritize Profitable
Growth**

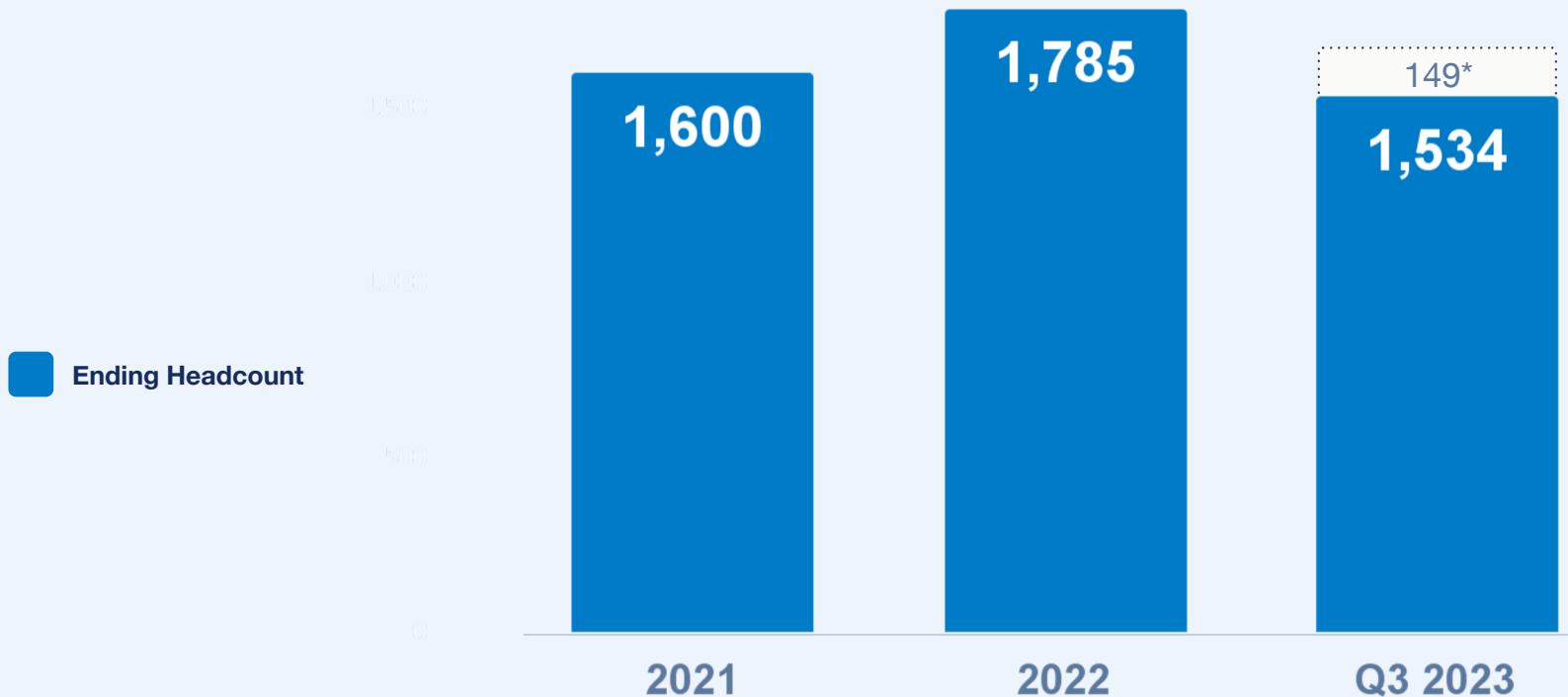
**02**

**Increase Pace
of Innovation**

**03**

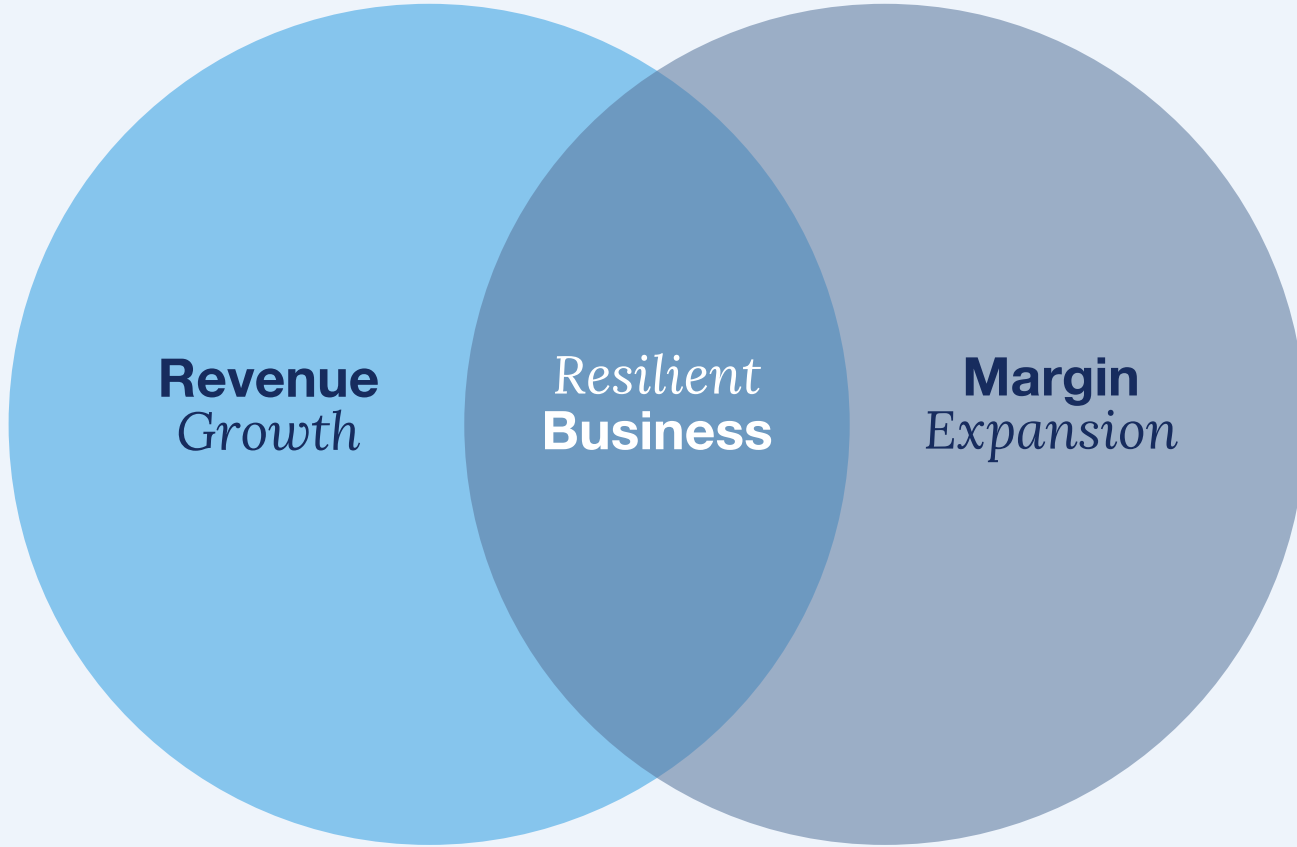
**Focus on Operational
Efficiency**

Aligning Structure to Strategy

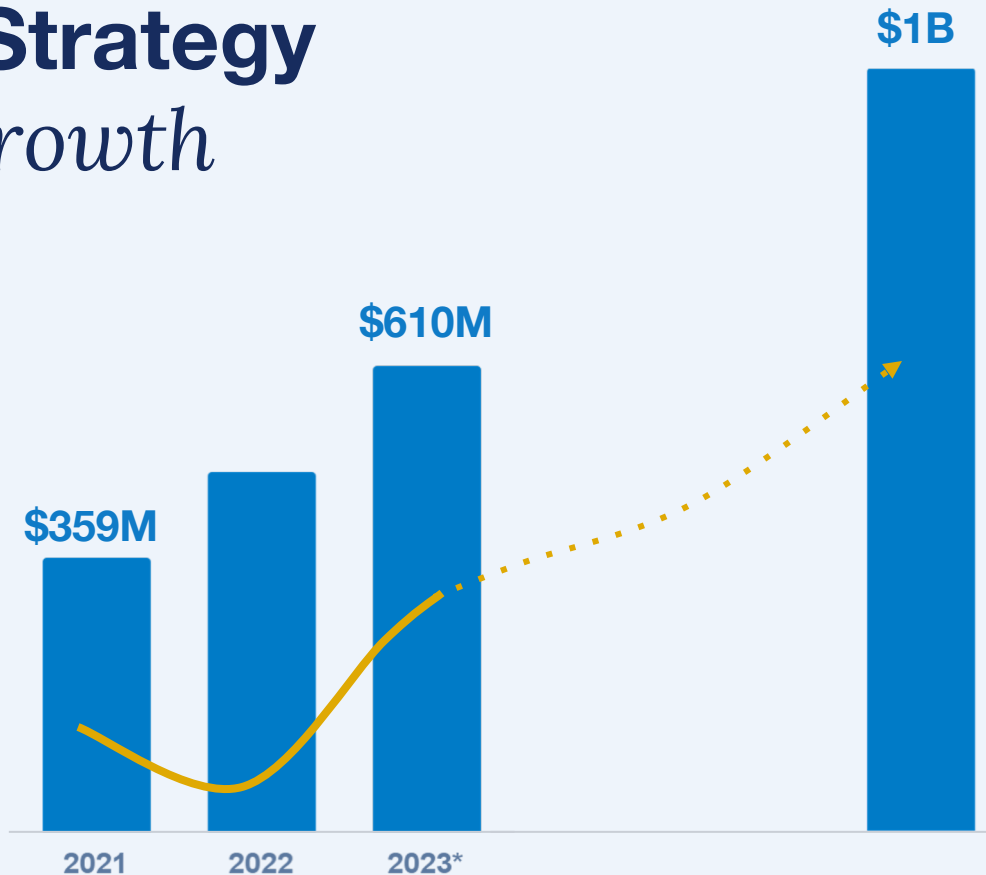
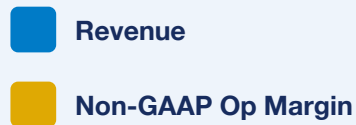


* 149 IS THE TOTAL HEADCOUNT REDUCTION IN FORCE AS COMMUNICATED ON AUGUST 17, 2023.

Focus Areas



Executing on Strategy of Profitable Growth



* 2023 represents the full-year midpoint guidance provided on October 26, 2023. Non-GAAP operating margin and free cash flow are non-GAAP financial measures. Refer to the Appendix for an explanation of non-GAAP financial measures, and why we believe these measures can be useful, as well as a reconciliation of non-GAAP financial measures to the most comparable GAAP measures, where applicable.

Framework for Long-Term *Growth*



**Happy, Growing
Customers**



**Innovation
& Service**



**Acquire
Customers**



**Expand Future
Profitability**

Operational Excellence

Q&A

Thank you!

Recorded session to be shared via ir.appfolioinc.com

appfolio

Appendix

Definitions of measures and metrics and why they matter

METRIC NAME	DEFINITION	WHY IT MATTERS
ARPU	Annualized average revenue per unit. Recurring revenue (Core revenue + Value added services revenue) divided by average ending active units on platform for the specified period.	Provides insight into how much revenue recognized, on average, from each unit in a given period.
Customers	Customers which have an entitlement to an APM Core or Plus subscription at the end of the specified period.	We believe that our ability to increase the number of property management customers under management is an indicator of our market penetration, the growth of our business, and our potential future business opportunities.
Operating Margin	Operating margin is defined as income (loss) from operations, less stock-based compensation, amortization of stock-based compensation capitalized in software development, and other non-recurring items.	Serves as a non-GAAP financial measure of profitability.
Free Cash Flow	Free cash flow is defined as net cash from operating activities, less purchases of property and equipment, capitalization of software development costs, and other non-recurring items.	Serves as a non-GAAP financial measure of profitability.
Residential Units	Includes single-family and multi-family rental units.	Demonstrates our market for AppFolio Property Management Solution products.
Community Associations Units	Includes condominium owners' associations who manage common structures with multiple units, such as apartments and townhomes and homeowner associations who oversee single-family homes in planned developments, usually made up of individual lots and homes.	Demonstrates our market for AppFolio Property Management Solution products.
Units	Number of ending active units under management which have an entitlement to an APM Core or Plus subscription at the end of the specified period.	We believe that our ability to increase the number of property management units under management is an indicator of our market penetration, the growth of our business, and our potential future business opportunities.

GAAP to Non-GAAP Reconciliation

OPERATING MARGIN	2021	2022	2023
GAAP income (loss) from operations	(3.3%)	(15.3%)	(1.5%)
Stock-based compensation expense as a percentage of revenue	4.3%	8.7%	8.6%
Amortization of stock-based compensation capitalized in software development costs as a percentage of revenue	0.5%	0.5%	0.4%
Legal costs and insurance recoveries as a percentage of revenue	1.3%	0.9%	— %
Impairment, net as a percentage of revenue	(0.5%)	4.7%	(0.7%)
Amortization of purchased intangibles as a percentage of revenue	— %	— %	0.4%
CEO separation costs payment as a percentage of revenue	— %	— %	1.9%
Gain on lease modification as a percentage of revenue	— %	— %	(0.7%)
Severance payments for workforce reduction as a percentage of revenue	— %	— %	1.7%
Non-GAAP operating margin	2.3 %	(0.5%)	10.8%

GAAP to Non-GAAP Reconciliation

FREE CASH FLOW MARGIN	2021	2022	2023
GAAP net cash provided by operating activities as a percentage of revenue	9.8%	5.4%	9.0%
Purchases of property and equipment as a percentage of revenue	(2.3%)	(1.4%)	(1.7%)
Capitalized software development costs as a percentage of revenue	(6.8%)	(3.1%)	(0.7%)
Non-recurring expenses paid related to the sale of MyCase as a percentage of revenue	2.2%	— %	— %
Legal costs and insurance recoveries as a percentage of revenue	0.7%	— %	— %
CEO separation costs payment as a percentage of revenue	— %	— %	3.4%
Partial lease termination payment as a percentage of revenue	— %	— %	(0.6%)
Severance payments for workforce reduction as a percentage of revenue	— %	— %	1.6%
Non-GAAP free cash flow margin	3.6%	0.9%	11.0%

Revenue by Industry

ALL NUMBERS DISPLAYED IN MILLIONS

INDUSTRY	2019	2020	2021	2022	2023^
Real Estate Revenue+	\$231	\$285	\$359	\$472	\$610
Legal Revenue*	25	25	-	-	-
Total Revenue	\$256	\$310	\$359	\$310	\$610

^ \$610M is the full-year midpoint guidance provided on October 26, 2023.

+ Includes revenue from AppFolio Property Management Solution and Investment Management Solution.

* Includes revenue from MyCase Solution, which was divested on September 30, 2020.