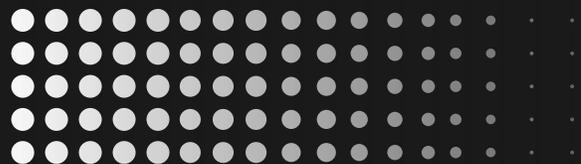




# Investor Supplemental FY22-Q2

December 1, 2021



# Disclaimer

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements contained in this presentation other than statements of historical facts, including the business strategy, plans, and objectives for future operations of C3.ai, Inc. and its subsidiaries (“we,” “us,” or “our”), and our financial outlook, are forward-looking statements. The words “anticipate,” “believe,” “continue,” “estimate,” “expect,” “intend,” “may,” “will” and similar expressions are intended to identify forward-looking statements. We have based these forward-looking statements largely on our current expectations and projections about future events and trends that we believe may affect our financial condition, results of operations, business strategy, short-term and long-term business operations and objectives, and financial needs. These forward-looking statements are subject to a number of risks and uncertainties. Some of these risks are described in greater detail under the heading “Risk Factors” in the Quarterly Reports on Form 10-Q that we have filed with the Securities and Exchange Commission (the “SEC”) for the quarter ended July 31, 2021 and, when available, October 31, 2021, although new and unanticipated risks may arise. The future events and trends discussed in this presentation may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance, achievements, or events and circumstances reflected in the forward-looking statements will occur. Except to the extent required by law, we do not undertake to update any of these forward-looking statements after the date of this presentation to conform these statements to actual results or revised expectations.

This presentation also contains estimates and other statistical data made by independent parties and by us relating to market size and growth and other data about our industry. This data involves a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates. Neither we nor any other person makes any representation as to the accuracy or completeness of such data or undertakes any obligation to update such data after the date of this presentation. In addition, projections, assumptions, and estimates of our future performance and the future performance of the markets in which we operate are necessarily subject to a high degree of uncertainty and risk.

In addition to the financials presented in accordance with U.S. generally accepted accounting principles (“GAAP”), this presentation includes non-GAAP financial information. We believe that non-GAAP financial information, when taken collectively with financial information presented in accordance with GAAP, may be helpful to investors because it provides consistency and comparability with past financial performance. There are a number of limitations related to the use of non-GAAP financial metrics versus their nearest GAAP equivalents. For example, other companies may calculate non-GAAP metrics differently or may use other metrics to evaluate their performance, all of which could reduce the usefulness of our non-GAAP financial metrics as tools for comparison. We urge you to review the non-GAAP financial information with the financial information presented in accordance with GAAP, and not to rely on any single financial measure to evaluate our business.

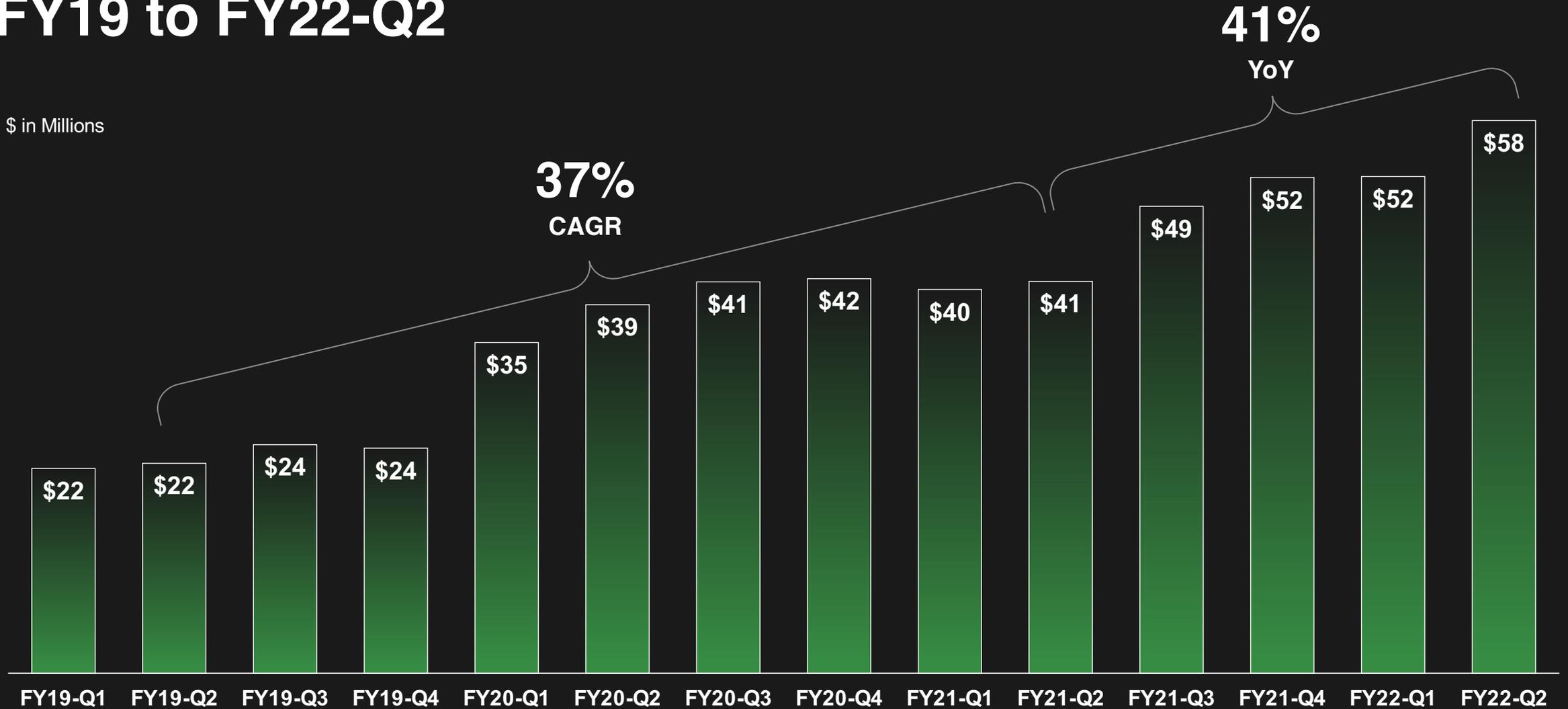
# FY22-Q2 Summary Financial Results

	FY22-Q2	% Change Y/Y
Revenue	\$58.3 million	+41% 
Subscription Revenue	\$47.4 million	+32% 
Gross Profit	\$42.3 million	+35% 
Remaining Performance Obligations (“RPO”)	\$465.5 million	+74% 
Non-GAAP RPO	\$529.3 million	+74% 

Note: Non-GAAP RPO is a non-GAAP financial measure defined as our GAAP RPO plus associated cancellable contracted backlog. Refer to the Appendix for a reconciliation of this non-GAAP financial measure to the most directly comparable GAAP measure. Numbers are rounded for presentation purposes.

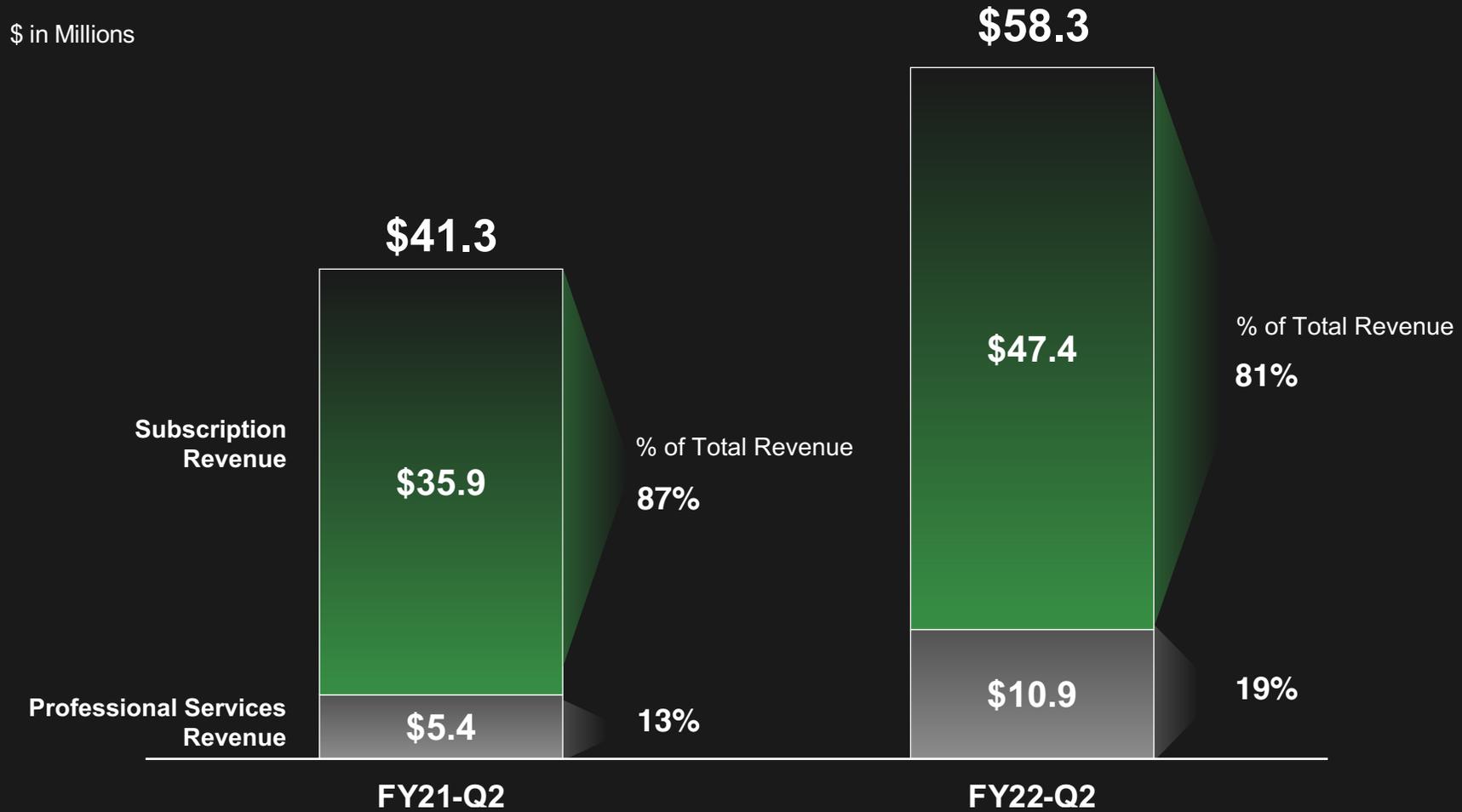
# Quarterly Total Revenue: FY19 to FY22-Q2

\$ in Millions



Note: Fiscal year ends April 30. Numbers are rounded for presentation purposes.

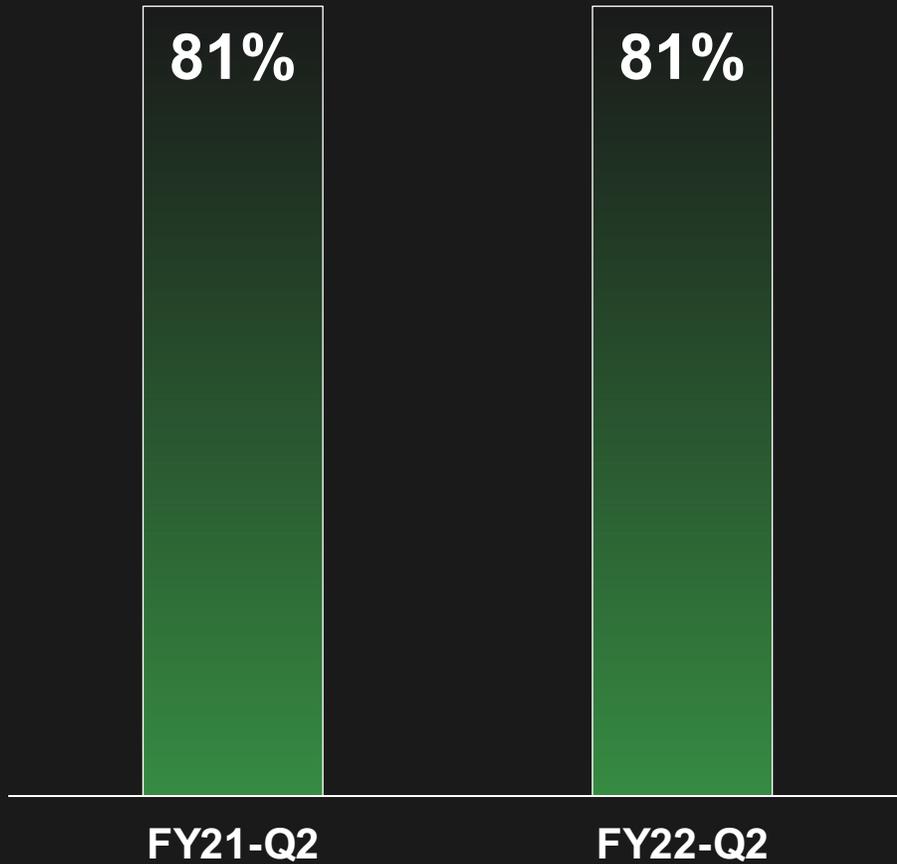
# Total Revenue Mix



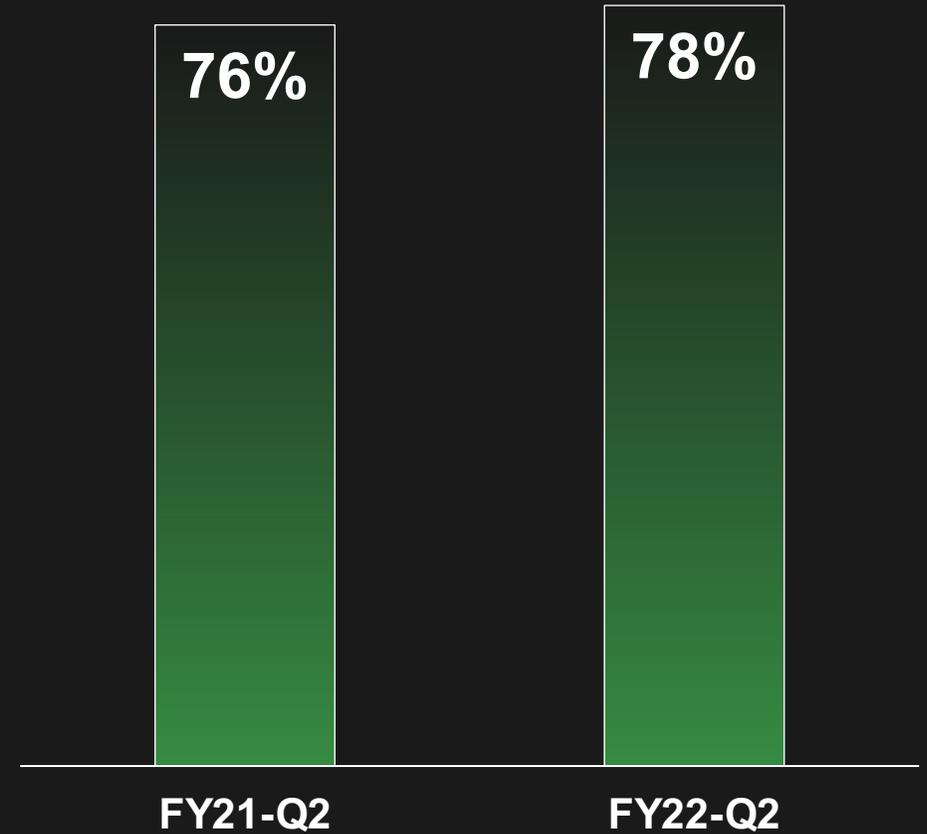
Note: Numbers are rounded for presentation purposes.

# Non-GAAP Gross Margin

## Non-GAAP Subscription Gross Margin



## Non-GAAP Total Gross Margin

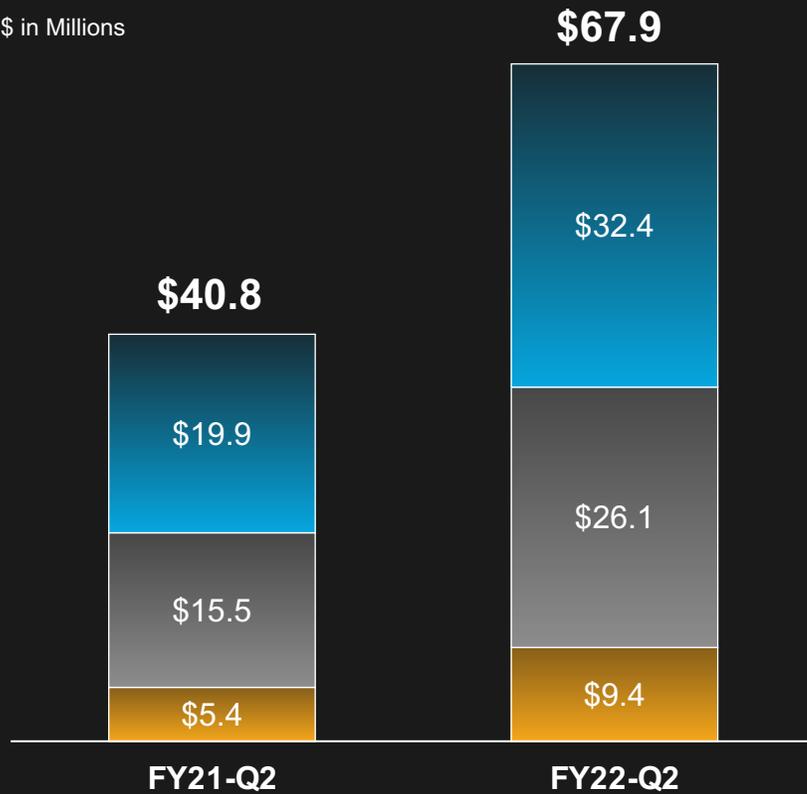


Note: Non-GAAP subscription and total gross margin are non-GAAP financial measures. Refer to the Appendix for a reconciliation of these non-GAAP financial measures to the most directly comparable GAAP measures.

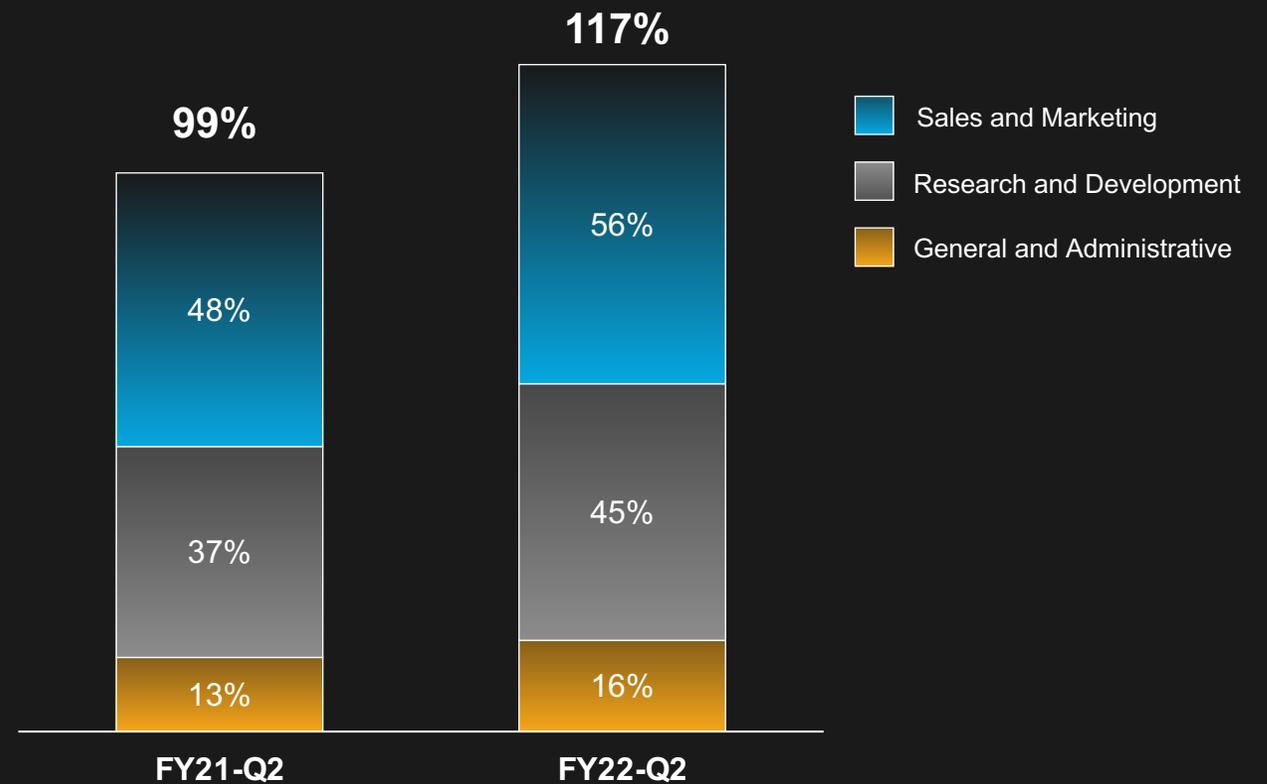
# Non-GAAP Operating Expenses

## Non-GAAP Operating Expenses

\$ in Millions



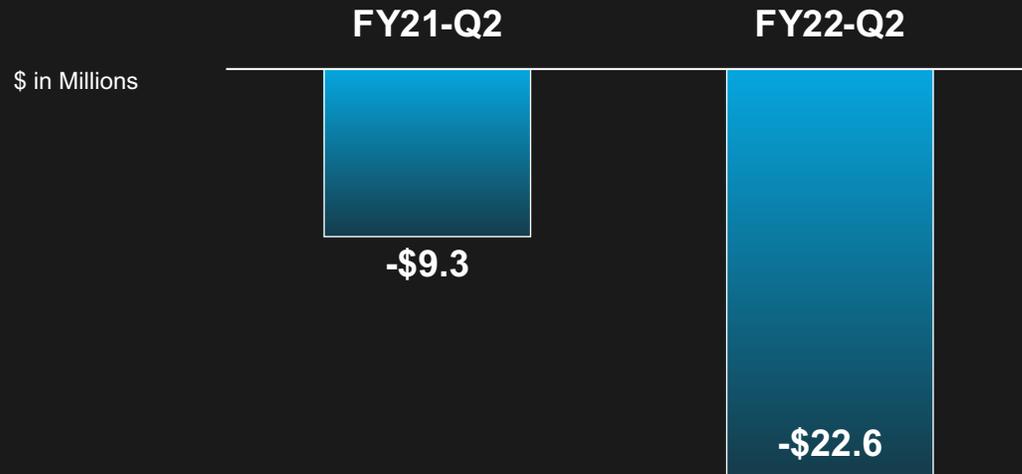
## Non-GAAP Operating Expenses as a % of Revenue



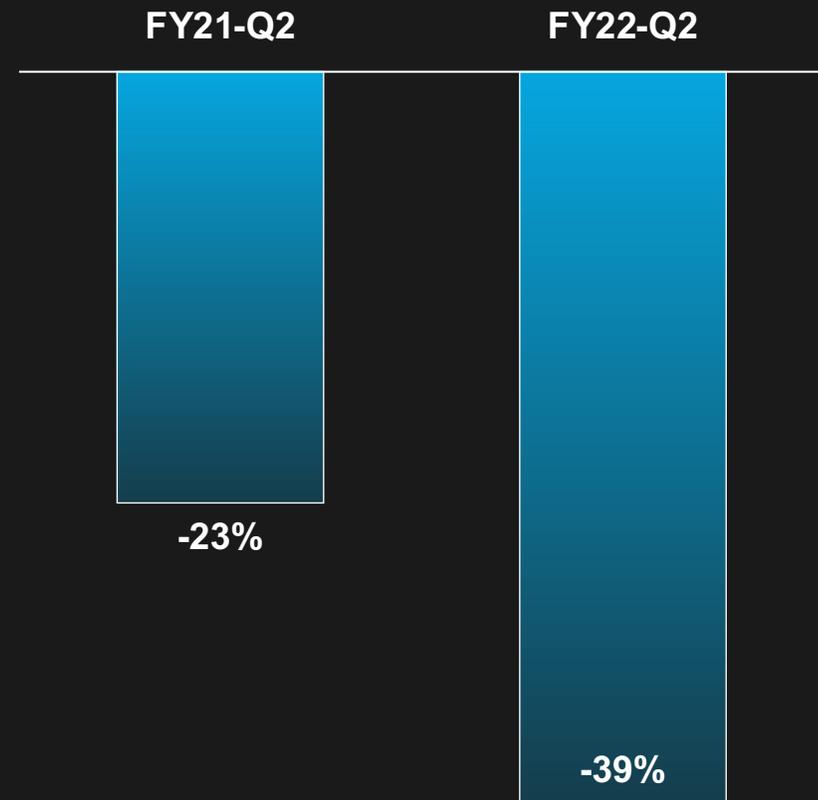
Note: Non-GAAP operating expenses, sales and marketing expenses, research and development expenses, and general and administrative expenses are non-GAAP financial measures. Refer to the Appendix for a reconciliation of these non-GAAP financial measures to the most directly comparable GAAP measures. Numbers are rounded for presentation purposes.

# Non-GAAP Operating Income and Margin

## Non-GAAP Operating Income



## Non-GAAP Operating Margin

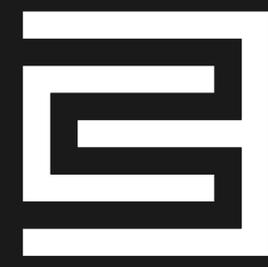


Note: Non-GAAP operating income and non-GAAP operating margin, are non-GAAP financial measures. Refer to the Appendix for reconciliations of these non-GAAP financial measures to the most directly comparable GAAP measures. Numbers are rounded for presentation purposes.

# Guidance

	FY22-Q3	FY22
Total Revenue	\$66 – \$68 million	\$248 – \$251 million
YoY Growth %	34% – 38%	35% – 37%
Non-GAAP Loss from Operations	(\$30) – (\$26) million	(\$108) – (\$100) million

Our guidance includes GAAP and non-GAAP financial measures. A reconciliation of non-GAAP guidance measures to corresponding GAAP measures is not available on a forward-looking basis without unreasonable effort due to the uncertainty regarding, and the potential variability of, expenses that may be incurred in the future. Stock-based compensation expense-related charges, including employer payroll tax-related items on employee stock transactions, are impacted by the timing of employee stock transactions, the future fair market value of our common stock, and our future hiring and retention needs, all of which are difficult to predict and subject to constant change. We have provided a reconciliation of GAAP to non-GAAP financial measures in the financial statement tables for our historical non-GAAP results included in this presentation. Our fiscal year ends April 30, and numbers are rounded for presentation purposes.



**C3.ai**

# Appendix

# Income Statement

	Three months ended							
	January 31, 2020	April 30, 2020	July 31, 2020	October 31, 2020	January 31, 2021	April 30, 2021	July 31, 2021	October 31, 2021
<b>Revenue</b>								
Subscription	\$ 34,629	\$ 36,767	\$ 35,695	\$ 35,854	\$ 42,699	\$ 43,118	\$ 46,122	\$ 47,408
Professional services	6,654	4,851	4,788	5,487	6,410	9,166	6,284	10,855
<b>Total Revenue</b>	<b>41,283</b>	<b>41,618</b>	<b>40,483</b>	<b>41,341</b>	<b>49,109</b>	<b>52,284</b>	<b>52,406</b>	<b>58,263</b>
<b>Cost of revenue</b>								
Subscription (1)(2)	8,862	7,986	8,587	7,084	7,023	8,621	9,213	11,392
Professional services (1)(2)	2,069	1,523	1,912	2,997	5,203	3,091	3,812	4,579
<b>Total cost of revenue</b>	<b>10,931</b>	<b>9,509</b>	<b>10,499</b>	<b>10,081</b>	<b>12,226</b>	<b>11,712</b>	<b>13,025</b>	<b>15,971</b>
<b>Gross profit</b>	<b>30,352</b>	<b>32,109</b>	<b>29,984</b>	<b>31,260</b>	<b>36,883</b>	<b>40,572</b>	<b>39,381</b>	<b>42,292</b>
<b>Operating expenses</b>								
Sales and marketing (1)(2)	23,162	34,589	14,358	22,088	28,450	32,093	36,822	46,166
Research and development (1)(2)	12,331	17,426	13,264	16,134	18,748	20,711	26,712	36,523
General and administrative (1)(2)	5,291	10,313	5,687	7,562	8,184	11,676	12,364	15,279
<b>Total operating expenses</b>	<b>40,784</b>	<b>62,328</b>	<b>33,309</b>	<b>45,784</b>	<b>55,382</b>	<b>64,480</b>	<b>75,898</b>	<b>97,968</b>
<b>Loss from operations</b>	<b>(10,432)</b>	<b>(30,219)</b>	<b>(3,325)</b>	<b>(14,524)</b>	<b>(18,499)</b>	<b>(23,908)</b>	<b>(36,517)</b>	<b>(55,676)</b>
Interest income	1,136	1,136	580	288	129	258	345	322
Other (expense) income, net	(402)	(1,254)	3,018	(578)	1,721	(152)	(899)	(1,372)
<b>Net income (loss) before provision for income taxes</b>	<b>(9,698)</b>	<b>(30,337)</b>	<b>273</b>	<b>(14,814)</b>	<b>(16,649)</b>	<b>(23,802)</b>	<b>(37,071)</b>	<b>(56,726)</b>
Provision for income taxes	98	97	123	130	203	248	388	13
<b>Net income (loss)</b>	<b>\$ (9,796)</b>	<b>\$ (30,434)</b>	<b>\$ 150</b>	<b>\$ (14,944)</b>	<b>\$ (16,852)</b>	<b>\$ (24,050)</b>	<b>\$ (37,459)</b>	<b>\$ (56,739)</b>

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

	Three months ended							
	January 31, 2020	April 30, 2020	July 31, 2020	October 31, 2020	January 31, 2021	April 30, 2021	July 31, 2021	October 31, 2021
Cost of subscription	\$ 104	\$ 124	\$ 184	\$ 159	\$ 214	\$ 271	\$ 821	\$ 2,364
Cost of professional services	30	29	48	89	164	76	602	685
Sales and marketing	613	1,180	855	2,190	2,790	3,245	6,135	13,555
Research and development	308	313	458	648	846	997	2,758	10,256
General and administrative	1,006	1,240	935	2,115	2,575	2,881	3,596	5,680
<b>Total stock-based compensation expense</b>	<b>\$ 2,061</b>	<b>\$ 2,886</b>	<b>\$ 2,480</b>	<b>\$ 5,201</b>	<b>\$ 6,589</b>	<b>\$ 7,470</b>	<b>\$ 13,912</b>	<b>\$ 32,540</b>

(2) Includes employer payroll tax expense related to stock-based compensation as follows:

	Three months ended							
	January 31, 2020	April 30, 2020	July 31, 2020	October 31, 2020	January 31, 2021	April 30, 2021	July 31, 2021	October 31, 2021
Cost of subscription	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 30	\$ —	\$ —
Cost of professional services	—	—	—	—	—	3	65	—
Sales and marketing	—	—	—	—	—	338	301	215
Research and development	—	—	—	—	—	353	182	217
General and administrative	—	—	—	—	—	271	307	151
<b>Total employer payroll tax expense</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 995</b>	<b>\$ 855</b>	<b>\$ 583</b>

# GAAP to Non-GAAP Reconciliations

	Three months ended							
	January 31, 2020	April 30, 2020	July 31, 2020	October 31, 2020	January 31, 2021	April 30, 2021	July 31, 2021	October 31, 2021
Subscription revenue	\$ 34,629	\$ 36,767	\$ 35,695	\$ 35,854	\$ 42,699	\$ 43,118	\$ 46,122	\$ 47,408
Professional services revenue	6,654	4,851	4,788	5,487	6,410	9,166	6,284	10,855
<b>Total Revenue</b>	<b>41,283</b>	<b>41,618</b>	<b>40,483</b>	<b>41,341</b>	<b>49,109</b>	<b>52,284</b>	<b>52,406</b>	<b>58,263</b>
GAAP cost of subscription revenue	8,862	7,987	8,587	7,084	7,023	8,621	9,213	11,392
Stock-based compensation	104	124	184	159	214	271	821	2,364
Employer payroll tax expense related to employee stock-based compensation	—	—	—	—	—	30	—	—
Non-GAAP cost of subscription revenue	8,758	7,863	8,403	6,925	6,809	8,320	8,392	9,028
GAAP cost of professional services revenue	2,069	1,523	1,912	2,997	5,203	3,091	3,812	4,579
Stock-based compensation	30	29	48	89	164	76	602	685
Employer payroll tax expense related to employee stock-based compensation	—	—	—	—	—	3	65	—
Non-GAAP cost of professional services revenue	2,039	1,494	1,864	2,908	5,039	3,012	3,145	3,894
GAAP sales and marketing expense	23,162	34,588	14,358	22,088	28,450	32,093	36,822	46,166
Stock-based compensation	613	1,180	855	2,190	2,790	3,245	6,135	13,555
Employer payroll tax expense related to employee stock-based compensation	—	—	—	—	—	338	301	215
Non-GAAP sales and marketing expense	22,549	33,408	13,503	19,898	25,660	28,510	30,386	32,396
GAAP research and development expense	12,331	17,426	13,264	16,134	18,748	20,711	26,712	36,523
Stock-based compensation	308	313	458	648	846	997	2,758	10,256
Employer payroll tax expense related to employee stock-based compensation	—	—	—	—	—	353	182	217
Non-GAAP research and development expense	12,023	17,113	12,806	15,486	17,902	19,361	23,772	26,050
GAAP general and administrative expense	5,291	10,313	5,687	7,562	8,184	11,676	12,364	15,279
Stock-based compensation	1,006	1,240	935	2,115	2,575	2,881	3,596	5,680
Employer payroll tax expense related to employee stock-based compensation	—	—	—	—	—	271	307	151
Non-GAAP general and administrative expense	4,285	9,073	4,752	5,447	5,609	8,524	8,461	9,448
Gross profit on a GAAP basis	\$ 30,352	\$ 32,108	\$ 29,984	\$ 31,260	\$ 36,883	\$ 40,572	\$ 39,381	\$ 42,292
Stock-based compensation	134	153	232	248	378	347	1,423	3,049
Employer payroll tax expense related to employee stock-based compensation	—	—	—	—	—	33	65	—
Gross profit on a non-GAAP basis	30,486	32,261	30,216	31,508	37,261	40,952	40,869	45,341
Gross margin on a GAAP basis	74%	77%	74%	76%	75%	78%	75%	73%
Gross margin on a non-GAAP basis	74%	78%	75%	76%	76%	78%	78%	78%
Loss from operations on a GAAP basis	(10,432)	(30,219)	(3,325)	(14,524)	(18,499)	(23,908)	(36,517)	(55,676)
Stock-based compensation expense	2,061	2,886	2,480	5,201	6,589	7,470	13,912	32,540
Employer payroll tax expense related to employee stock-based compensation	—	—	—	—	—	995	855	583
Loss from operations on a non-GAAP basis	\$ (8,371)	\$ (27,333)	\$ (845)	\$ (9,323)	\$ 11,910	\$ (15,443)	\$ (21,750)	\$ (22,553)
Operating margin on a GAAP basis	-25%	-73%	-8%	-35%	-38%	-46%	-70%	-96%
Operating margin on a non-GAAP basis	-20%	-66%	-2%	-23%	-24%	-30%	-42%	-39%
RPO	\$ 262,693	\$ 239,742	\$ 275,082	\$ 267,352	\$ 247,451	\$ 293,836	\$ 290,613	\$ 465,526
Cancelable amount of contract value	10,997	7,183	4,393	37,119	48,405	51,252	66,638	63,766
Non-GAAP RPO	\$ 273,690	\$ 246,925	\$ 279,475	\$ 304,471	\$ 295,856	\$ 345,088	\$ 357,251	\$ 529,292