



Investor Supplemental FY23-Q3

March 2, 2023

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, including difficulties in evaluating our prospects and future results of operations given our limited operating history, our dependence on a limited number of existing customers that account for a substantial portion of our revenue, our ability to attract new customers and retain existing customers, market awareness and acceptance of enterprise AI solutions in general and our products in particular, and our history of operating losses. Some of these risks are described in greater detail in our filings with the Securities and Exchange Commission, including our Annual Report on Form 10-K for the fiscal year ended April 30, 2022, and other filings and reports we make with the Securities and Exchange Commission from time to time, including our Quarterly Reports on Form 10-Q for the fiscal quarters ended July 31, 2022, October 31, 2022 and, when available, January 31, 2023, although new and unanticipated risks may arise. The future events and trends discussed in this press release 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 press release 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.

 **C3.ai This is Enterprise AI.**

FY23-Q3 Highlights

Deal Growth

35%

YoY¹ Growth

Non-GAAP net
loss per share

\$(0.06)

14% YoY
Improvement

Customer
Growth

8%

YoY Customer
Growth

cRPO²

\$176M

7% QoQ increase

Attractive
Margins

76%

Non-GAAP
Gross Margin

(1) FY23-Q3 QTD vs FY22-Q3 QTD

(2) Current RPO (cRPO) refers to the revenue expected to be recognized from remaining performance obligations over the next 12 months

(3) Percentages are rounded for presentation purposes

C3 AI Partner Model Success with Cloud

Google Cloud

- Further expanded partnership to ensure any C3 AI is available to customers on the GCP Marketplace
- The combined sales team identified 291 enterprise opportunities, and are engaged in licensing discussions with over 100
- Closed 8 deals with new customers
- C3 AI solutions are optimized to run in the Google Cloud environment



- Expanded and renewed go-to-market partnership
- AWS funded an enhancement to the C3 AI Law Enforcement application for AWS
- AWS and C3 AI together are pursuing 75 new opportunities, of which 41 are highly qualified
- Closed 6 new agreements



- Jointly closed deals with a global US Energy company, and a European Technology company

C3 AI Partner Model Success with Global System Integrators

Booz | Allen | Hamilton

- Established strategic partnership for Government, Defense, and Intelligence sector
- Joint go-to-market effort with C3 AI Platform and pre-built suites
- Closed first joint deal with the CDAO
- C3 AI and Booz Allen are actively pursuing six highly qualified large opportunities

accenture

- Renewed partnership
- Joint development of product innovation, design and development
- Cross trained sales teams
- Closed two deals and identified new opportunities in the Consumer Packaged Goods and Oil & Gas sectors



- Agreement to address UK Healthcare Industry needs

Peraton

- Agreement to address modernization of the Veterans Administration

C3 AI Partner Model Success with Industry

Baker Hughes 

ExxonMobil

lyondellbasell



قطر غاز
QATARGAS

YOKOGAWA 

Braskem 



- Strategic partnership expanded with Baker Hughes
- Closed 87 contracts in the Oil & Gas and Chemical industry
- Closed deals worth over \$650 million in bookings and recognized over \$350 million in revenue through Q3 FY 23

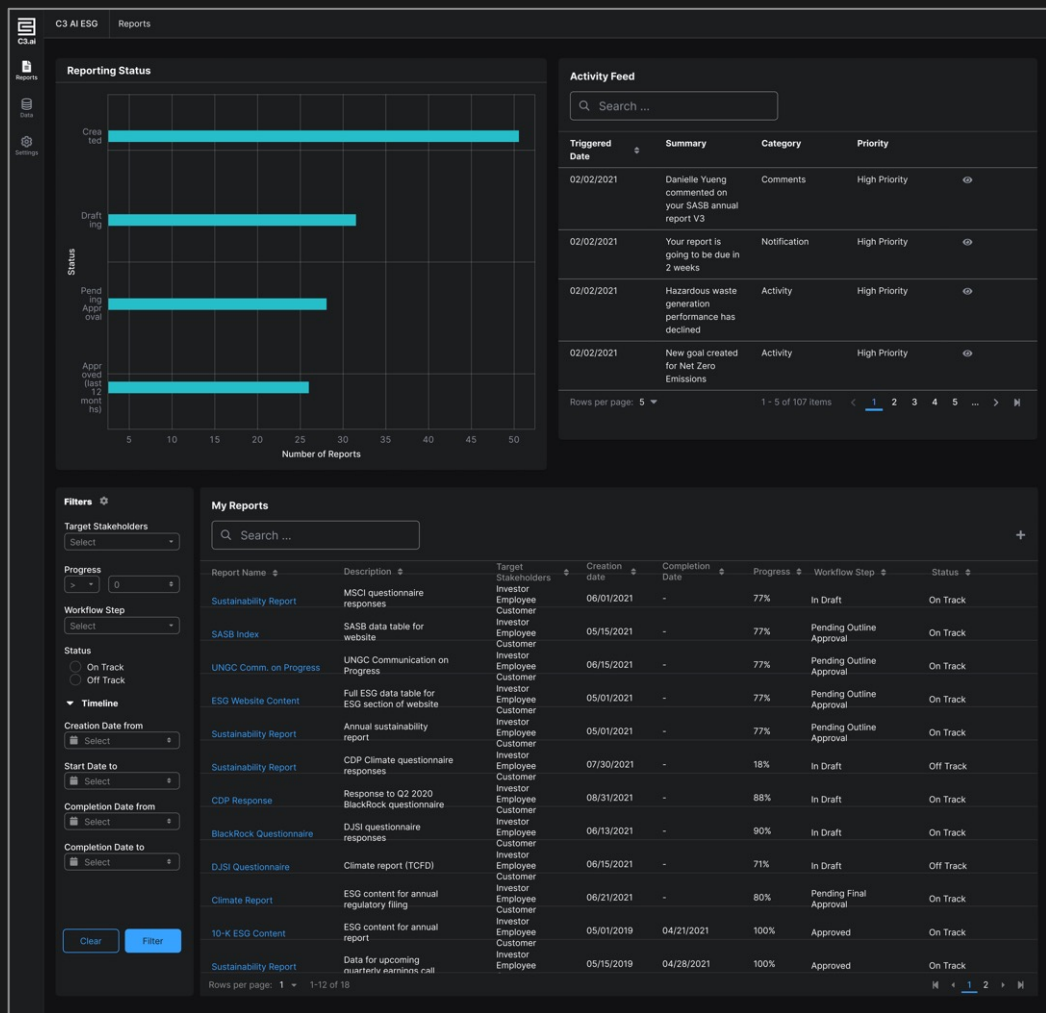
New Products and Enhancements

Launched Generative AI Product Suite



- The C3 Generative AI Product Suite embeds advanced transformer models with C3 AI's pre-built AI applications accelerating customers' ability to leverage these models across their value chains
- C3 Generative AI for Enterprise Search provides enterprise users with a transformative user experience using a natural language interface to rapidly locate, retrieve, and present all relevant data across the entire corpus of an enterprise's information systems
- The product is available as standalone suite and within all C3 AI Applications across supply chain, reliability, CRM, ESG, and others
- A demo is available at <https://c3.ai/products/c3-generative-ai-product-suite/#crm-demo>

ESG Reporting and Data Auditing



C3 AI ESG

- Part of the C3 AI Sustainability Suite which includes C3 AI ESG
- C3 AI ESG provides a single source of truth for all matters of materiality related to ESG – aggregated and synthesized from the many ERP, supply chain, procurement, SCADA, CRM, HR, and other enterprise systems installed at an enterprise – all tracked at the asset, division, and corporate level
- According to Verdantix, ESG presents a \$16 billion addressable market in 2027 and the enthusiasm with which this product is being received suggests that it will be a substantial contributor to growth at C3 AI
- Customers include EY, Shell, and Baker Hughes
- A demo is available at <https://c3.ai/products/c3-ai-esg/#esg-demo>

C3 AI Leadership

Global Energy Industry Veteran Joins Board of Directors



KR Sridhar, PhD

Member, C3 AI Board of Directors

Mr. Sridhar has served as a member of our board of directors since February 2023. Mr. Sridhar serves as Founder and Chairman, Chief Executive Officer of Bloom Energy Corporation. Prior to founding Bloom Energy, K.R. Sridhar was Director of the Space Technologies Laboratory (STL) at the University of Arizona where he was also a professor of Aerospace and Mechanical Engineering. Under his leadership, STL won several nationally competitive contracts to conduct research and development for Mars exploration and flight experiments to Mars. KR has served as an advisor to NASA and has led major consortia of industry, academia, and national labs.

His work for the NASA Mars program to convert Martian atmospheric gases to oxygen for propulsion and life support was recognized by Fortune Magazine, where he was cited as “one of the top five futurists inventing tomorrow, today.” As one of the early pioneers in green tech, KR also serves as a strategic limited partner at Kleiner Perkins Caufield & Byers and as a special advisor to New Enterprise Associates. He has also served on many technical committees, panels and advisory boards and has several publications and patents. KR received his bachelor’s degree in Mechanical Engineering with Honors from the University of Madras (now called NIT, Trichy), India, as well as his master’s degree in Nuclear Engineering and PhD in Mechanical Engineering from the University of Illinois, Urbana-Champaign.

Royal Marines General Sir Gordon Messenger Joins C3 AI Advisory Board



General Sir Gordon Messenger KCB DSO* OBE

Member, C3 AI Advisory Board

General Messenger has served as a member of our Advisory board since January 2023. General Messenger recently retired and had served as Vice Chief of the Defense Staff of the British Armed Forces from 2016 to 2019.

Since joining the Royal Marines in 1983, General Messenger has held numerous commands including operational deployments to Kosovo, Afghanistan, and Iraq. From 2010 to 2012, he served as Chief of Staff (Operations) at the Permanent Joint Headquarters where he oversaw conduct and capability of UK overseas operations. In 2013, he was named Deputy Commander of NATO's Allied Land Command in Izmir, Turkey and in 2014 he became Deputy Chief of Defense Staff, Military Strategy and Operations.

Guidance

	FY23-Q4	FY23
Total Revenue	\$70 – \$72 million	\$264 – \$266 million
YoY Growth %	(3)% – (0.4)%	4% – 5%
Non-GAAP Loss from Operations	(\$24) – (\$28) million	(\$69) – (\$73) 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.

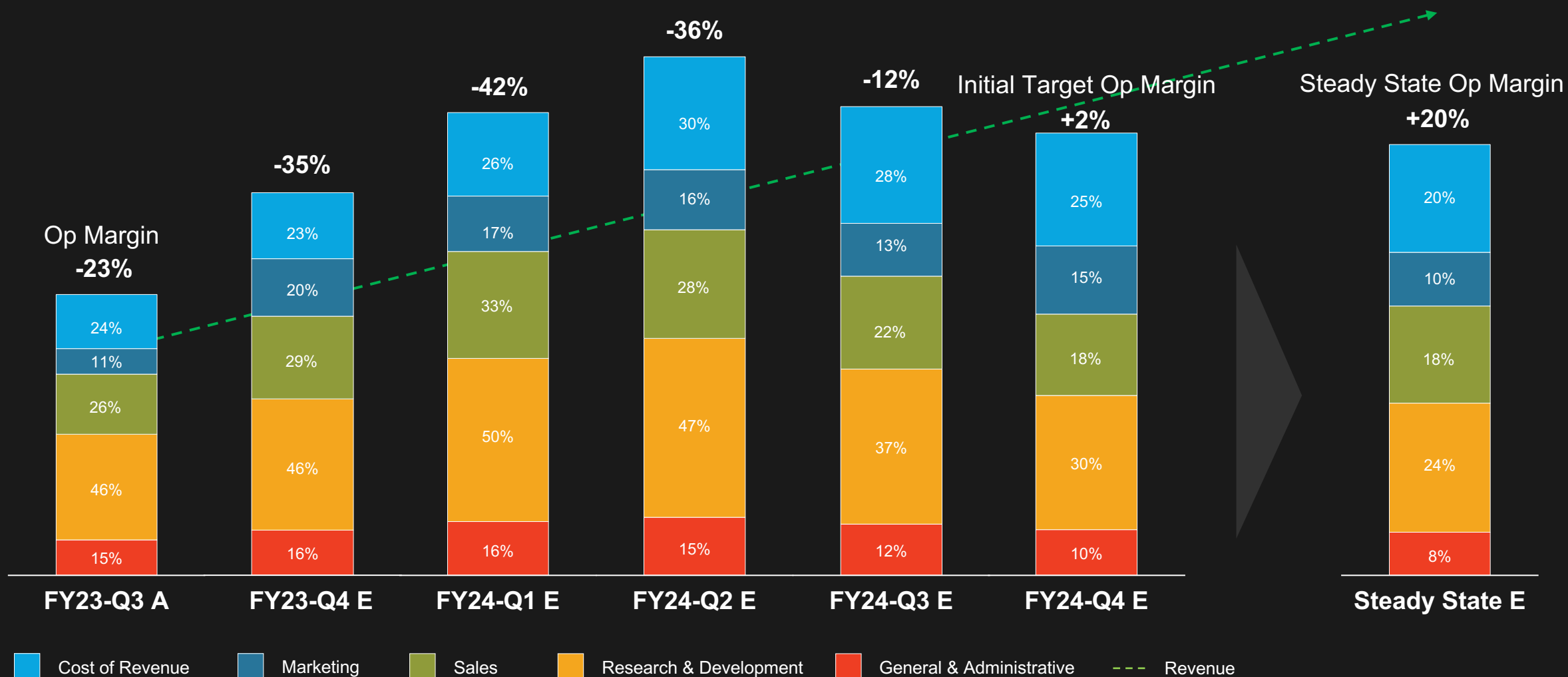
Finance Update

FY23-Q3 Summary Financial Results

	FY23-Q3
Revenue	\$66.7 million
Subscription Revenue	\$57.0 million
Non-GAAP Gross Profit	\$51.0 million
Remaining Performance Obligations (“RPO”)	\$403.2 million
Non-GAAP RPO	\$436.3 million
Non-GAAP Gross Margin	76%
Free Cash Flow	(\$71.7) million
Free Cash Flow adjusted for new C3 AI HQ	(\$52.3) million

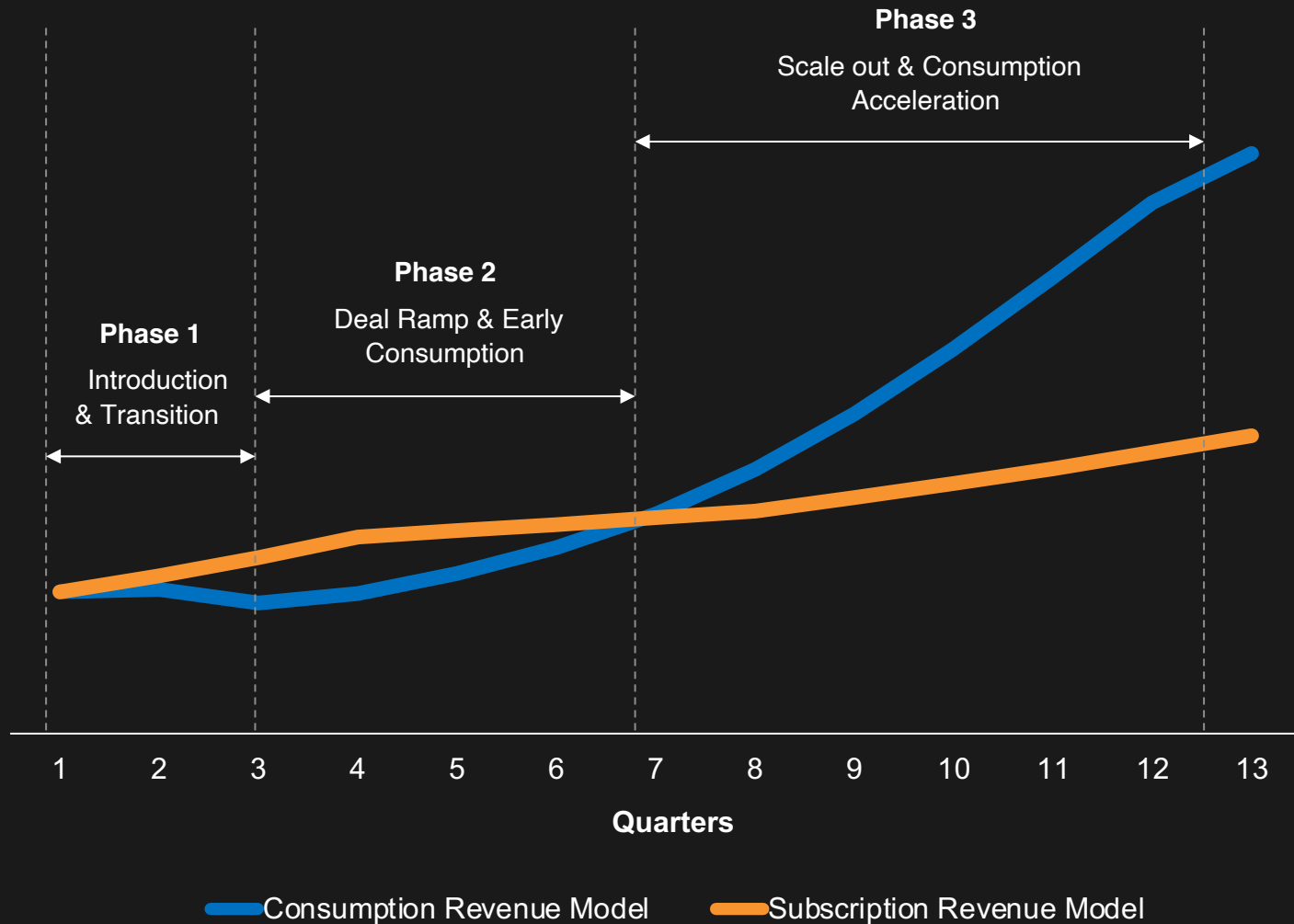
Note: Non-GAAP Gross Profit, Non-GAAP RPO, Free cash flow and Free cash flow adjusted for new C3 AI HQ are non-GAAP financial measures. Non-GAAP RPO is defined as our GAAP RPO plus associated cancellable contracted backlog. Refer to the Appendix for a reconciliation of this non-GAAP financial measure to the most directly comparable GAAP measure. Numbers and percentages are rounded for presentation purposes.

Detailed Path to Profitability – Non-GAAP Operating Margin



Note: Non-GAAP cost of revenue, 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 and percentages are rounded for presentation purposes. Chart not to scale.
A = Actual; E = Estimate

Consumption Based Revenue Transition



Phase 1 – Introduction & Transition

- First pilots started along with trials
- Pilots have a lower TCV and higher initial investment costs
- Revenue growth flattens and gross margin compresses

Phase 2 – Deal Ramp & Early Consumption

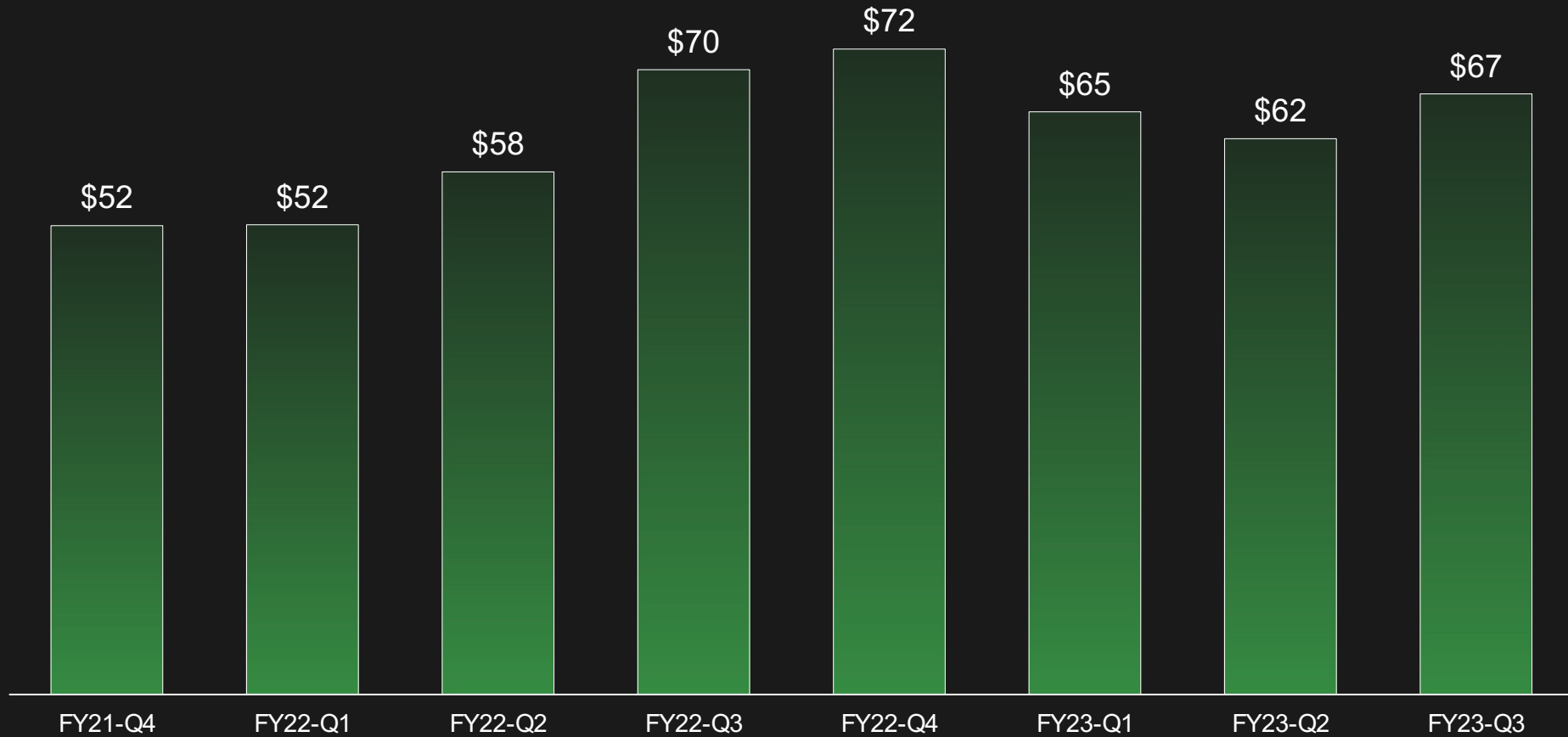
- Increased number of pilots and more customers convert to consumption
- Revenue decline bottoms
- Total revenue growth and gross margin improve

Phase 3 – Scale out & Consumption Acceleration

- Larger number of customers have converted to consumption
- Revenue growth accelerates and gross margin trends toward pre-transition level (high 70s)

Quarterly Total Revenue: FY21-Q4 to FY23-Q3

\$ in Millions



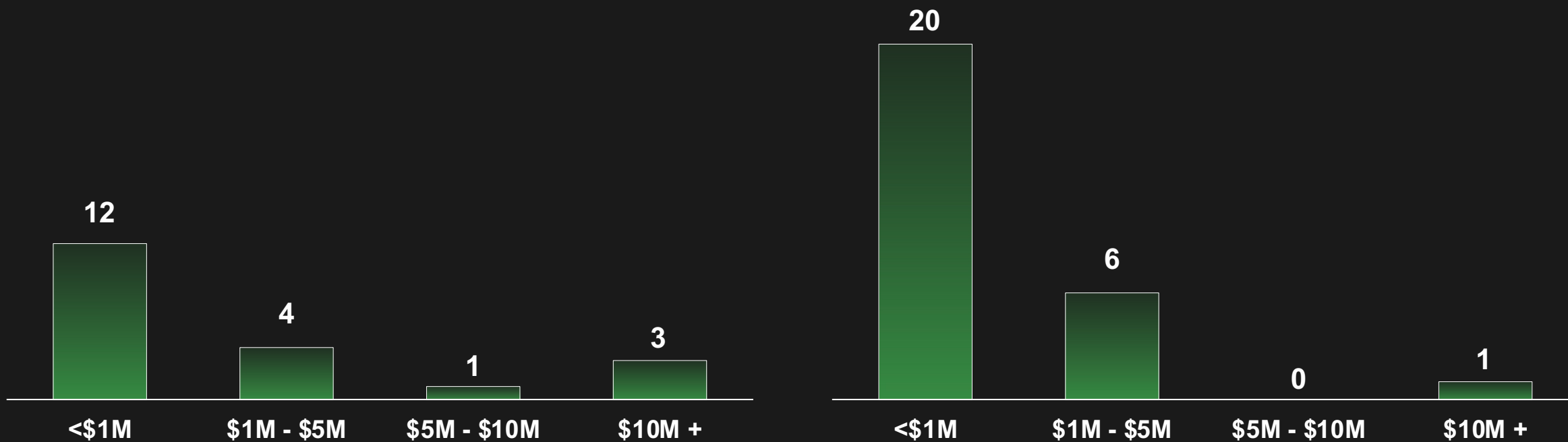
Note: Fiscal year ends April 30. Numbers are rounded for presentation purposes.

Deal Bands

\$ in Millions

FY22-Q3

FY23-Q3



Average TCV

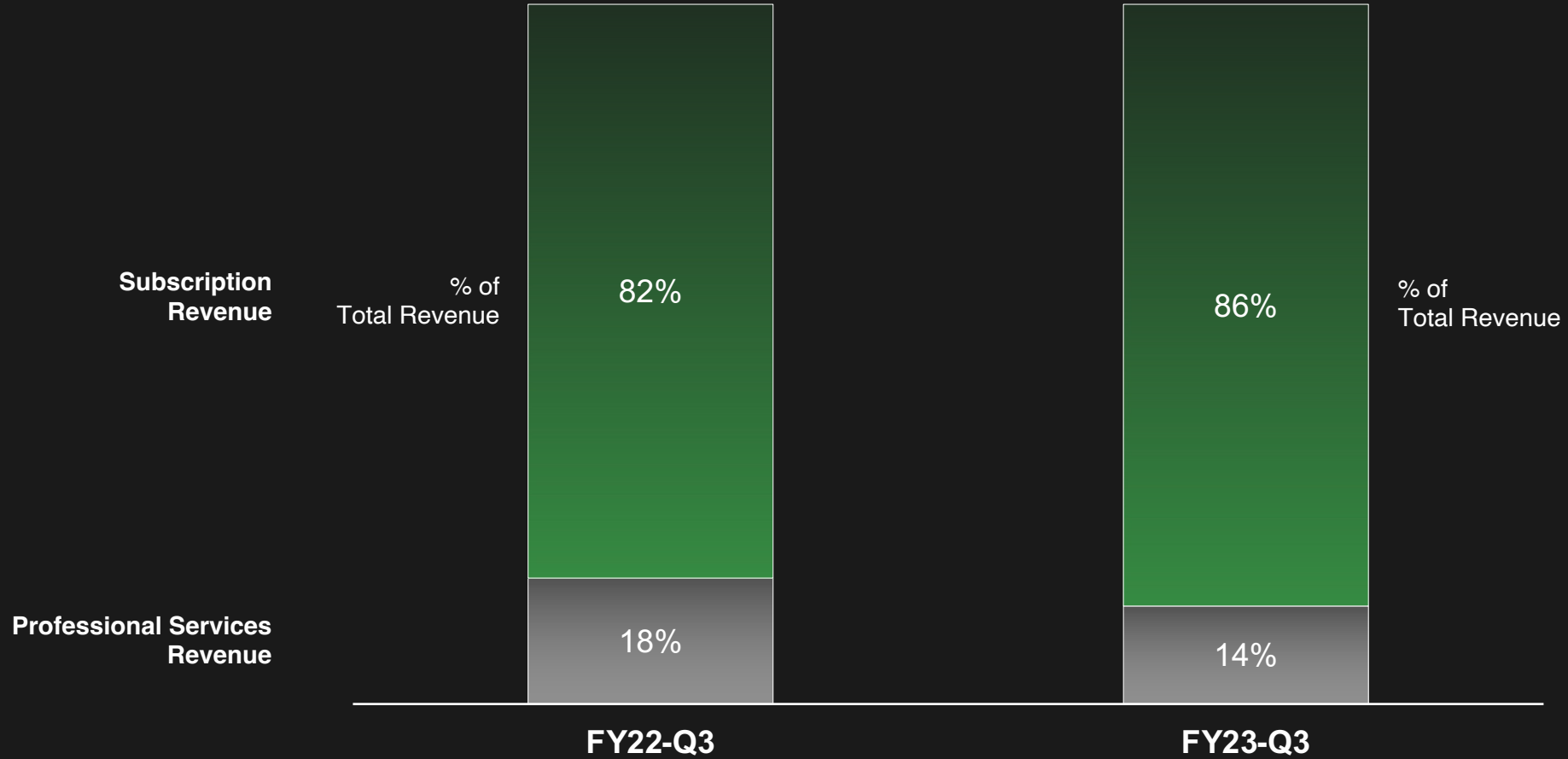
\$5.6 M

\$1.9 M

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

Total Revenue Mix

\$ in Millions



Note: Numbers and percentages are rounded for presentation purposes.

Non-GAAP Gross Margin

Non-GAAP Total Gross Margin

76%



FY23-Q3

Non-GAAP Subscription Gross Margin

74%

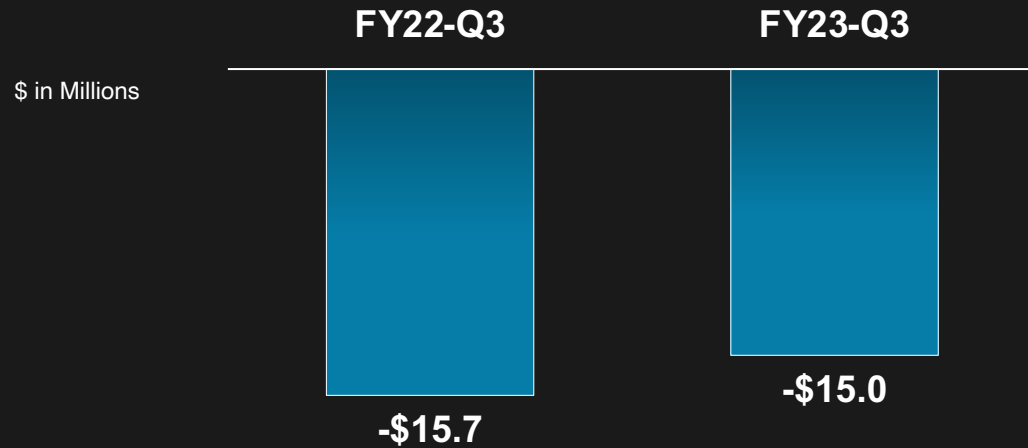


FY23-Q3

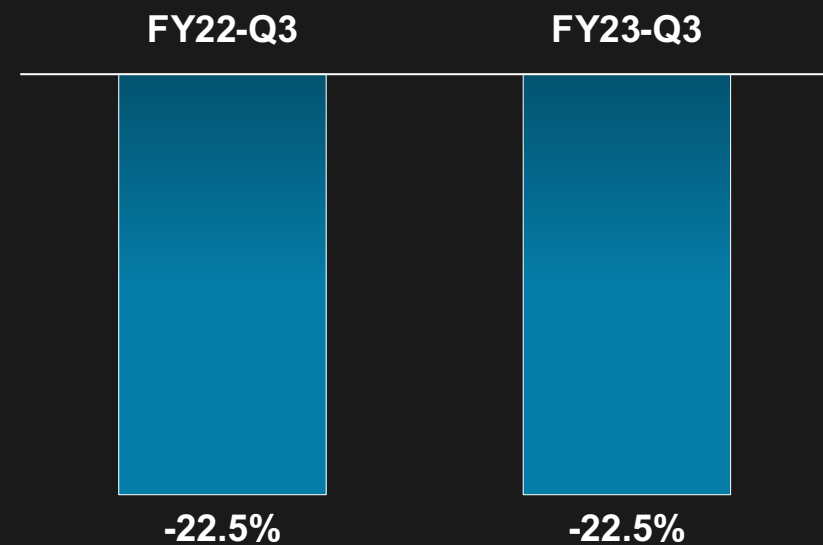
Note: Non-GAAP subscription and total gross margin are non-GAAP financial measures. Refer to the Appendix for a reconciliation of these non-GAAP financial measures to the most directly comparable GAAP measures. Percentages are rounded for presentation purposes.

Non-GAAP Operating Income and Margin

Non-GAAP Operating Income

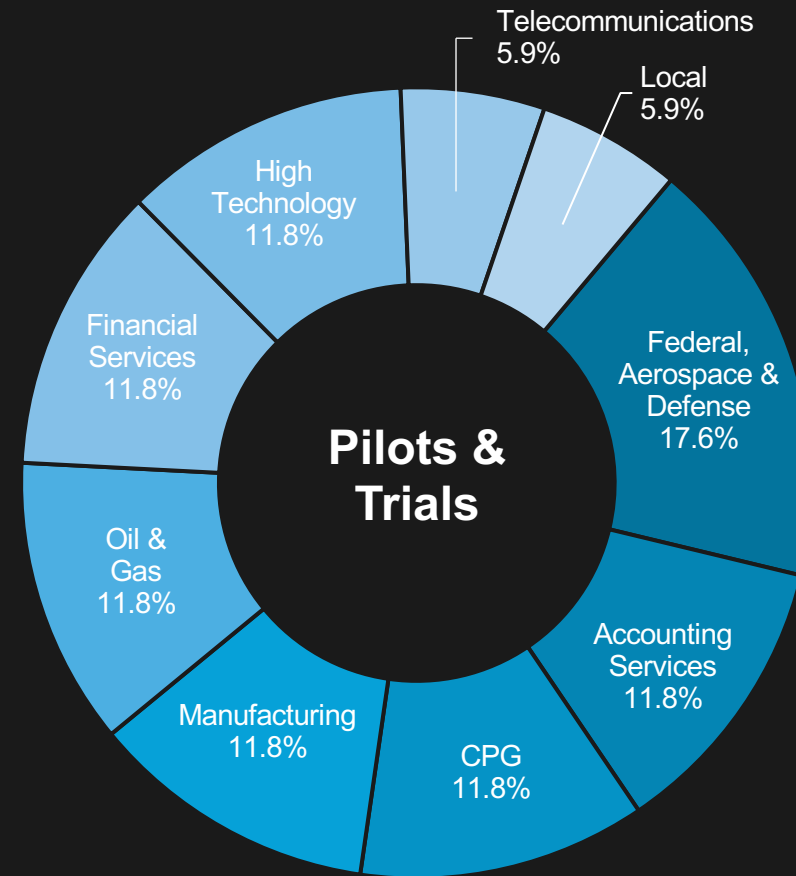
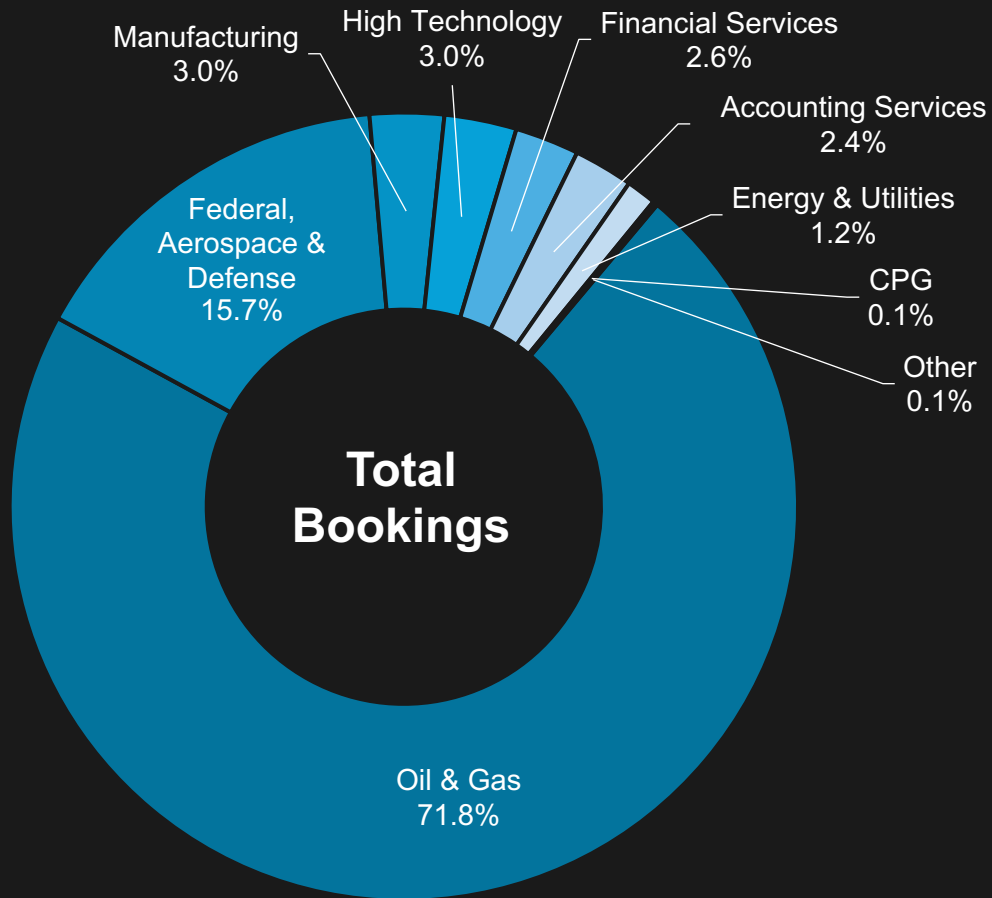


Non-GAAP Operating Margin



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 and percentages are rounded for presentation purposes.

Diversity by Industry FY23-Q3



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

C3 AI Investment Thesis



Huge Addressable Market of \$791.5 Billion by 2026¹



First-mover Advantage



Patented Enterprise AI Application Platform



Substantial Market Partner Ecosystem



Recognized AI Market Leadership



Proven Track Record of Success



Veteran Disciplined Management Team




High-Performance Corporate Culture



Excellence in Execution

¹ Source: IDC Worldwide Artificial Intelligence Software Forecast, 2022

 **C3.ai This is Enterprise AI.**

Appendix

Income Statement

	Three Months Ended							
	April 30, 2021	July 31, 2021	October 31, 2021	January 31, 2022	April 30, 2022	July 31, 2022	October 31, 2022	January 31, 2023
Revenue								
Subscription	\$ 43,118	\$ 46,122	\$ 47,408	\$ 57,084	\$ 56,302	\$ 57,026	\$ 59,508	\$ 57,043
Professional services	9,166	6,284	10,855	12,689	16,015	8,282	2,900	9,626
Total Revenue	52,284	52,406	58,263	69,773	72,317	65,308	62,408	66,669
Cost of revenue								
Subscription (1)(2)	8,621	9,213	11,392	12,275	12,958	14,092	19,165	21,294
Professional services (1)(2)	3,091	3,812	4,579	5,079	4,405	4,314	1,587	977
Total cost of revenue	11,712	13,025	15,971	17,354	17,363	18,406	20,752	22,271
Gross profit	40,572	39,381	42,292	52,419	54,954	46,902	41,656	44,398
Operating expenses								
Sales and marketing (1)(2)	32,093	36,822	46,166	43,146	47,450	42,987	44,936	43,497
Research and development (1)(2)	20,711	26,712	36,523	40,931	46,378	55,877	50,051	55,051
General and administrative (1)(2)	11,676	12,364	15,279	15,748	17,649	21,247	18,635	17,888
Total operating expenses	64,480	75,898	97,968	99,825	111,477	120,111	113,622	116,436
Loss from operations	(23,908)	(36,517)	(55,676)	(47,406)	(56,523)	(73,209)	(71,966)	(72,038)
Interest income	258	345	322	410	750	2,538	4,224	6,987
Other (expense) income, net	(152)	(899)	(1,372)	7,742	(2,452)	(1,021)	(945)	2,032
Net income (loss) before provision for income taxes	(23,802)	(37,071)	(56,726)	(39,254)	(58,225)	(71,692)	(68,687)	(63,019)
Provision for income taxes	248	388	13	193	195	179	163	143
Net income (loss)	\$ (24,050)	\$ (37,459)	\$ (56,739)	\$ (39,447)	\$ (58,420)	\$ (71,871)	\$ (68,850)	\$ (63,162)

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

	Three months ended							
	April 30, 2021	July 31, 2021	October 31, 2021	January 31, 2022	April 30, 2022	July 31, 2022	October 31, 2022	January 31, 2023
Cost of subscription	\$ 271	\$ 821	\$ 2,364	\$ 2,639	\$ 2,814	\$ 4,272	\$ 5,486	\$ 5,996
Cost of professional services	76	602	685	704	719	1,071	479	361
Sales and marketing	3,245	6,135	13,555	8,850	11,804	16,779	19,080	18,316
Research and development	997	2,758	10,256	12,846	13,340	25,217	23,905	23,646
General and administrative	2,881	3,596	5,680	6,322	6,951	9,291	7,063	7,512
Total stock-based compensation expense	\$ 7,470	\$ 13,912	\$ 32,540	\$ 31,361	\$ 35,628	\$ 56,630	\$ 56,013	\$ 55,831

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

	Three months ended							
	April 30, 2021	July 31, 2021	October 31, 2021	January 31, 2022	April 30, 2022	July 31, 2022	October 31, 2022	January 31, 2023
Cost of subscription	\$ 30	\$ —	\$ —	\$ 7	\$ 35	\$ 286	\$ 170	\$ 190
Cost of professional services	3	65	—	1	6	100	16	11
Sales and marketing	338	301	215	202	42	530	356	277
Research and development	353	182	217	38	72	943	386	618
General and administrative	271	307	151	108	23	183	63	79
Total employer payroll tax expense	\$ 995	\$ 855	\$ 583	\$ 356	\$ 178	\$ 2042	\$ 991	\$ 1175

GAAP to Non-GAAP Reconciliations

	Three Months Ended								
	April 30, 2021	July 31, 2021	October 31, 2021	January 31, 2022	April 30, 2022	July 31, 2022	October 31, 2022	January 31, 2023	
Subscription revenue	\$ 43,118	\$ 46,122	\$ 47,408	\$ 57,084	\$ 56,302	\$ 57,026	\$ 59,508	\$ 57,043	
Professional services revenue	9,166	6,284	10,855	12,689	16,015	8,282	2,900	9,626	
Total Revenue	52,284	52,406	58,263	69,773	72,317	65,308	62,408	66,669	
GAAP cost of subscription revenue	8,621	9,213	11,392	12,275	12,958	14,092	19,165	21,294	
Stock-based compensation	271	821	2,364	2,639	2,814	4,272	5,486	5,996	
Employer payroll tax expense related to employee stock-based compensation	30	—	—	7	35	286	170	190	
Non-GAAP cost of subscription revenue	8,320	8,392	9,028	9,629	10,109	9,534	13,509	15,108	
GAAP cost of professional services revenue	3,091	3,812	4,579	5,079	4,405	4,314	1,587	977	
Stock-based compensation	76	602	685	704	719	1,071	479	361	
Employer payroll tax expense related to employee stock-based compensation	3	65	—	1	6	100	16	11	
Non-GAAP cost of professional services revenue	3,012	3,145	3,894	4,374	3,680	3,143	1,092	605	
GAAP sales and marketing expense	32,093	36,822	46,166	43,146	47,450	42,987	44,936	43,497	
Stock-based compensation	3,245	6,135	13,555	8,850	11,804	16,779	19,080	18,316	
Employer payroll tax expense related to employee stock-based compensation	338	301	215	202	42	530	356	277	
Non-GAAP sales and marketing expense	28,510	30,386	32,396	34,094	35,604	25,678	25,500	24,904	
GAAP research and development expense	20,711	26,712	36,523	40,931	46,378	55,877	50,051	55,051	
Stock-based compensation	997	2,758	10,256	12,846	13,340	25,217	23,905	23,646	
Employer payroll tax expense related to employee stock-based compensation	353	182	217	38	72	943	386	618	
Non-GAAP research and development expense	19,361	23,772	26,050	28,047	32,966	29,717	25,760	30,787	
GAAP general and administrative expense	11,676	12,364	15,279	15,748	17,649	21,247	18,635	17,888	
Stock-based compensation	2,881	3,596	5,680	6,322	6,951	9,291	7,063	7,512	
Employer payroll tax expense related to employee stock-based compensation	271	307	151	108	23	183	63	79	
Non-GAAP general and administrative expense	8,524	8,461	9,448	9,318	10,675	11,773	11,509	10,297	
Gross profit on a GAAP basis	\$ 40,572	\$ 39,381	\$ 42,292	\$ 52,419	\$ 54,954	\$ 46,902	\$ 41,656	\$ 44,398	
Stock-based compensation	347	1,423	3,049	3,343	3,533	5,343	5,965	6,357	
Employer payroll tax expense related to employee stock-based compensation	33	65	—	8	41	386	186	201	
Gross profit on a non-GAAP basis	40,952	40,869	45,341	55,770	58,528	52,631	47,807	50,956	
Gross margin on a GAAP basis	78 %	75 %	73 %	75 %	76 %	72 %	67 %	67 %	
Gross margin on a non-GAAP basis	78 %	78 %	78 %	80 %	81 %	81 %	77 %	76 %	
Loss from operations on a GAAP basis	(23,908)	(36,517)	(55,676)	(47,406)	(56,523)	(73,209)	(71,966)	(72,038)	
Stock-based compensation expense	7,470	13,912	32,540	31,361	35,628	56,630	56,013	55,831	
Employer payroll tax expense related to employee stock-based compensation	995	855	583	356	178	2,042	991	1,175	
Loss from operations on a non-GAAP basis	\$ (15,443)	\$ (21,750)	\$ (22,553)	\$ (15,689)	\$ (20,717)	\$ (14,537)	\$ (14,962)	\$ (15,032)	
Operating margin on a GAAP basis	-46 %	-70 %	-96 %	-68 %	-78 %	-112 %	-115 %	-108 %	
Operating margin on a non-GAAP basis	-30 %	-42 %	-39 %	-22 %	-29 %	-22 %	-24 %	-23 %	
RPO	\$ 293,836	\$ 290,613	\$ 465,526	\$ 469,276	\$ 477,421	\$ 458,209	\$ 417,320	\$ 403,159	
Cancelable amount of contract value	51,252	66,638	63,766	67,454	39,396	38,626	36,229	33,171	
Non-GAAP RPO	\$ 345,088	\$ 357,251	\$ 529,292	\$ 536,730	\$ 516,817	\$ 496,835	\$ 453,549	\$ 436,330	

Other Metrics

	January 31, 2022	April 30, 2022	July 31, 2022	October 31, 2022	January 31, 2023
Customer Count	218	223	228	236	236

We count as a Customer each distinct division, department, business unit, or group within a Customer-Entity that uses our product(s). In situations where our Customer (or Customer-Entity) has developed software using our C3 AI Platform or developed derivative works of our C3 AI Applications and has sold that software or service to its end customer(s), we also include such end customers in our Customer count. In addition, where our software is sold to a third-party under a reseller arrangement, we include the end customer of such arrangement in our Customer count. We only count Customers for which there is revenue in the period through a Customer-Entity contract. We exclude free trials from both our Customer counts.

Current RPO and BH related RPO

- Revenue expected to be recognized from remaining performance obligations was approximately \$403.2 million as of January 31, 2023 of which \$176.3 million is expected to be recognized over the next 12 months and the remainder thereafter.
- Our RPO related to Baker Hughes, which includes both direct subscriptions and reseller arrangements, is \$188.8 million.

