



# Investor Supplemental FY23-Q2

December 7, 2022

# 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 in our filings with the Securities and Exchange Commission, including our Quarterly Reports on Form 10-Q for the fiscal quarters ended July 31, 2022 and, when available, October 31, 2022, 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 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.

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

# FY23-Q2 Highlights

Subscription  
Revenue

**26%**

YoY<sup>1</sup> Growth

Operating  
Margin

**(24)%**

15 Point YoY  
Improvement

Customer  
Growth

**16%**

YoY Customer  
Growth

cRPO<sup>2</sup>

**\$164M**

Current RPO<sup>2</sup>

Attractive  
Margins

**77%**

Non-GAAP  
Gross Margin

(1) FY23-Q2 QTD vs FY22-Q2 QTD

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

(3) Percentages are rounded for presentation purposes

# Customer Success



# C3 AI Partner Model Success

Google Cloud

aws

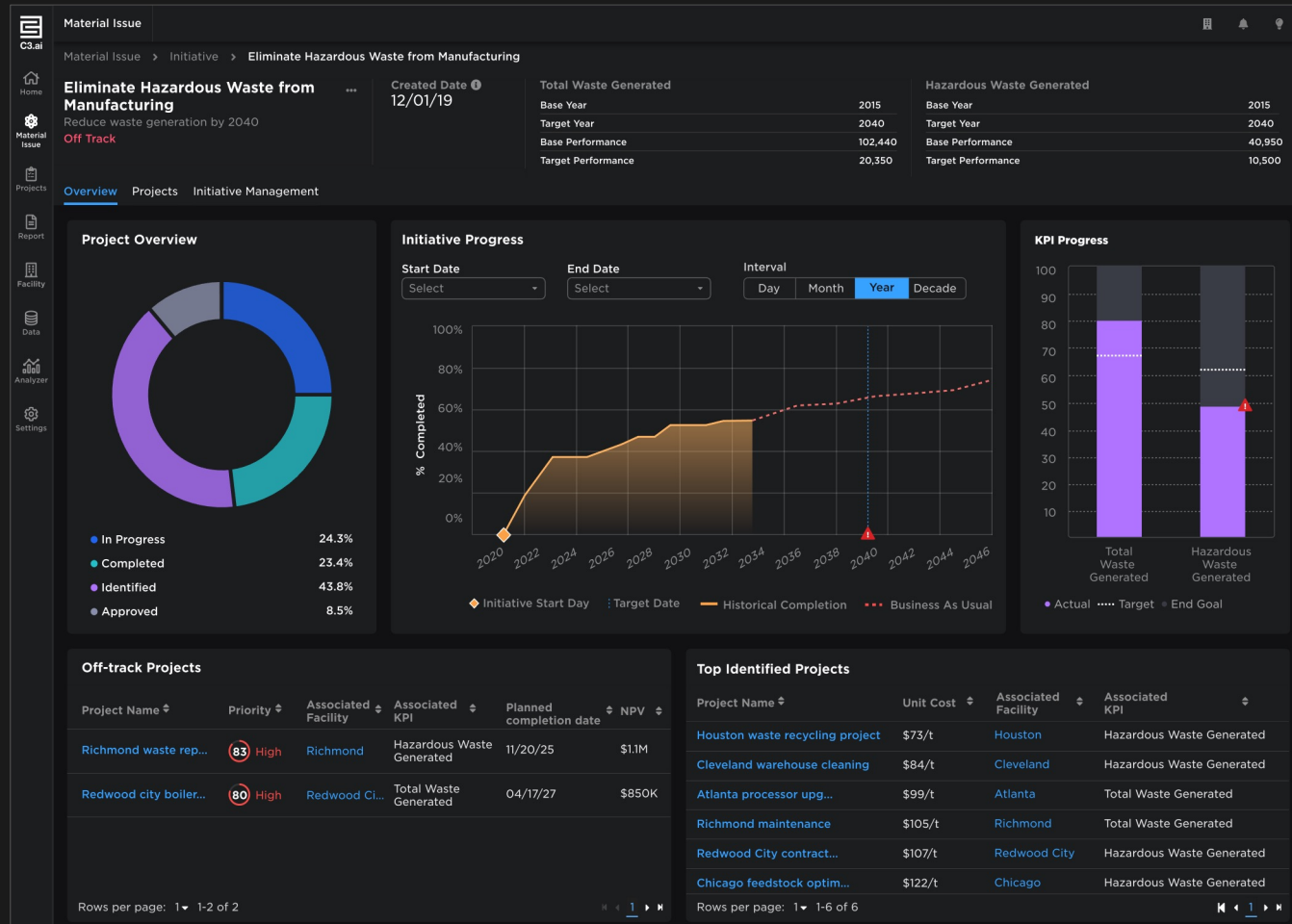
Microsoft

Baker Hughes

Booz | Allen | Hamilton

# New Product Enhancements

# Launched C3 AI ESG



Harnesses AI and ML to enable companies to monitor ESG (environmental, social, and governance) performance, capture opportunities, and accelerate initiatives to meet ESG goals

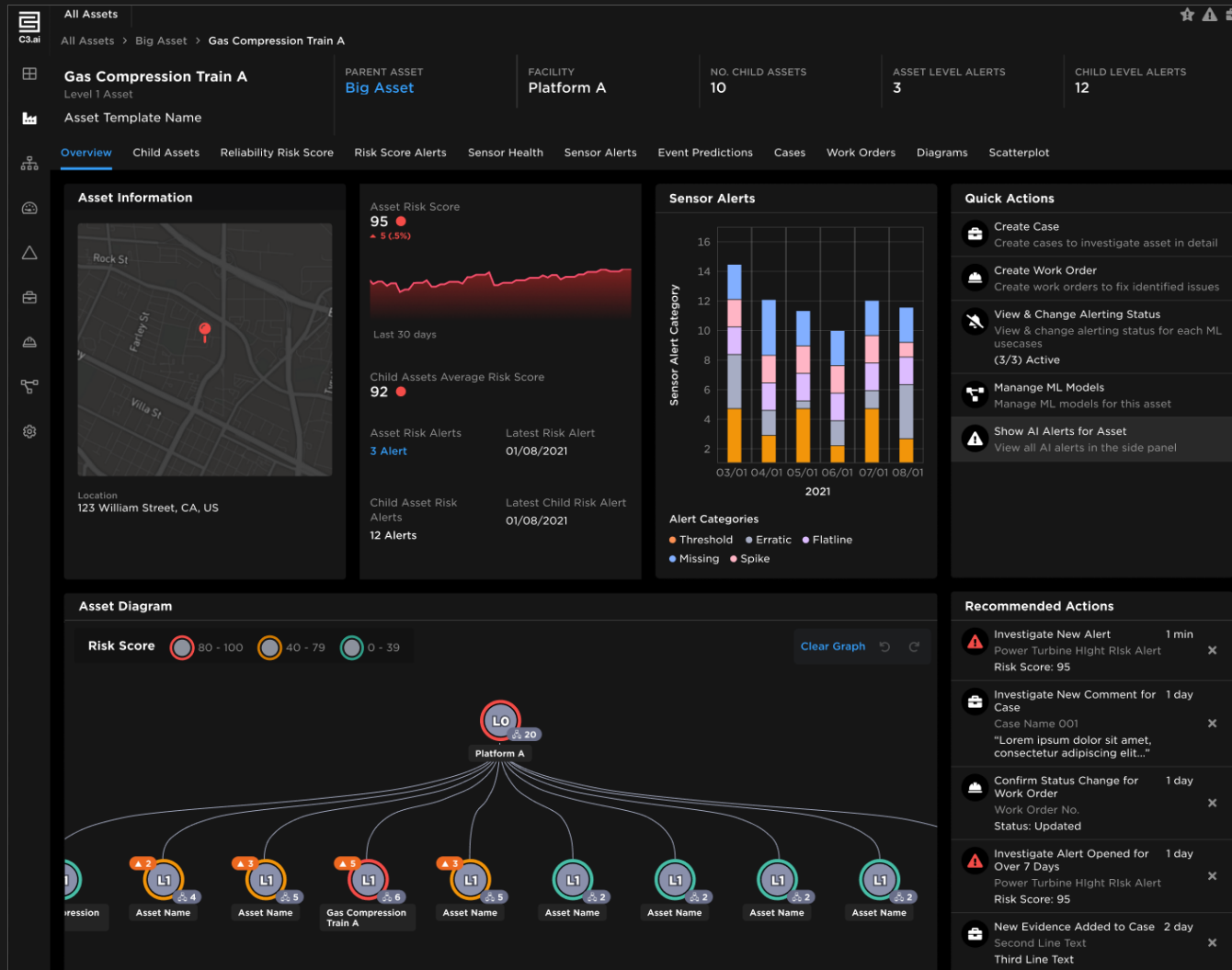
Reduces the time required to gather, manage, and analyze disparate ESG data

Automates reporting to key ESG standards and increases accuracy and auditability of data reported

Allows companies to identify ESG risks and align ESG strategy to stakeholder priorities in real time using natural language processing



# New Release of C3 AI Reliability



## C3 AI Reliability

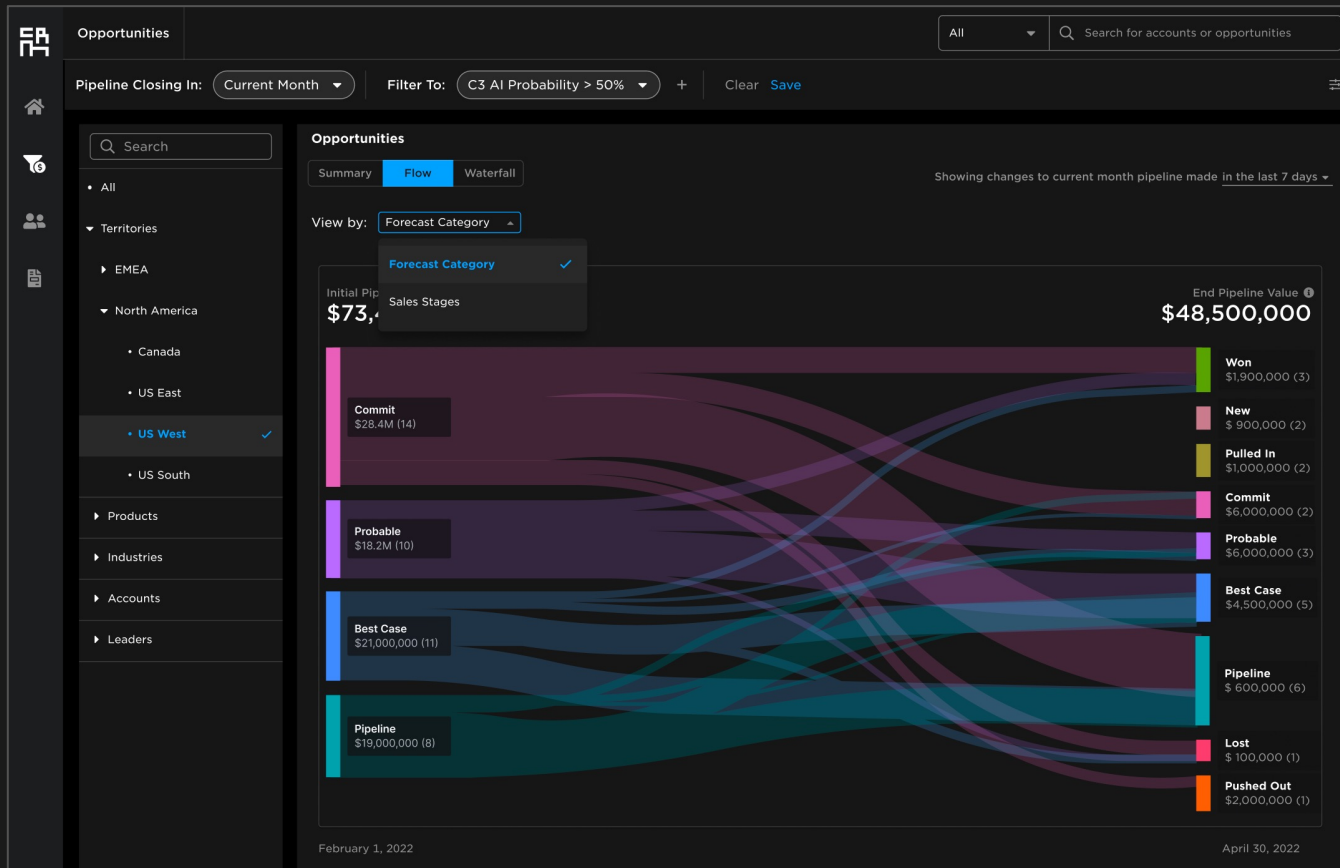
Enhanced Reliability user experience and analytics for more intuitive, expanded insights

Enhanced Reliability ML Pipelines to accelerate model scale-out, DS experience, and alert management

Introduced standardized front- and back-end packages to accelerate configuration of any C3 AI application:

- Machine Learning Model Operations front- and back-end
- ML Model Monitoring APIs to detect drift
- Alert-case-notification workflow

# Major New Release of C3 AI CRM



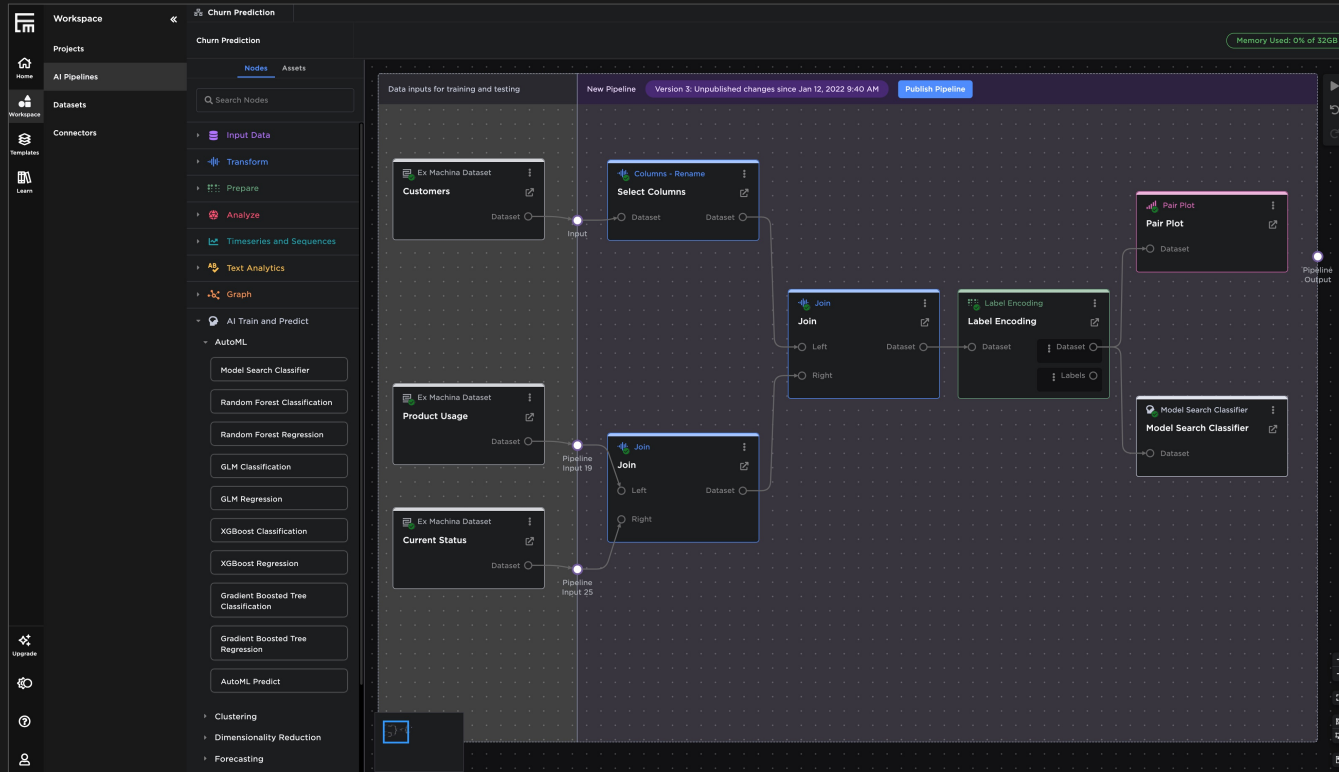
Manage forecasts and analyze pipeline generation and progression for any organizational hierarchy, overlay, or fiscal cadence

Configure and operate C3 AI CRM with a rich, self-service admin portal

Key Features include:

- Multi-hierarchy and multi-cadence forecasting
- Sales Pipeline Analytics
- Admin Portal
- Filtering, navigational, and workflow improvements

# Announced New Functionality & Pricing for C3 AI Ex Machina



## C3 AI Ex Machina

Complete analytics, machine learning,  
and data visualization

Connect easily to any data source including Snowflake,  
Databricks, BigQuery, & more

Process & prep data fast on a distributed engine

Train AI / ML models without code using AutoML

New Pricing: consumption-based pricing— \$0.55 per  
vCPU-Hour

# Guidance

	FY23-Q3	FY23	FY24
Total Revenue	\$63 – \$65 million	\$255 – \$270 million	~\$340+
YoY Growth %	(10)% – (7)%	1% – 7%	~30%+
Non-GAAP Loss from Operations	(\$29) – (\$25) million	(\$98) – (\$85) 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.

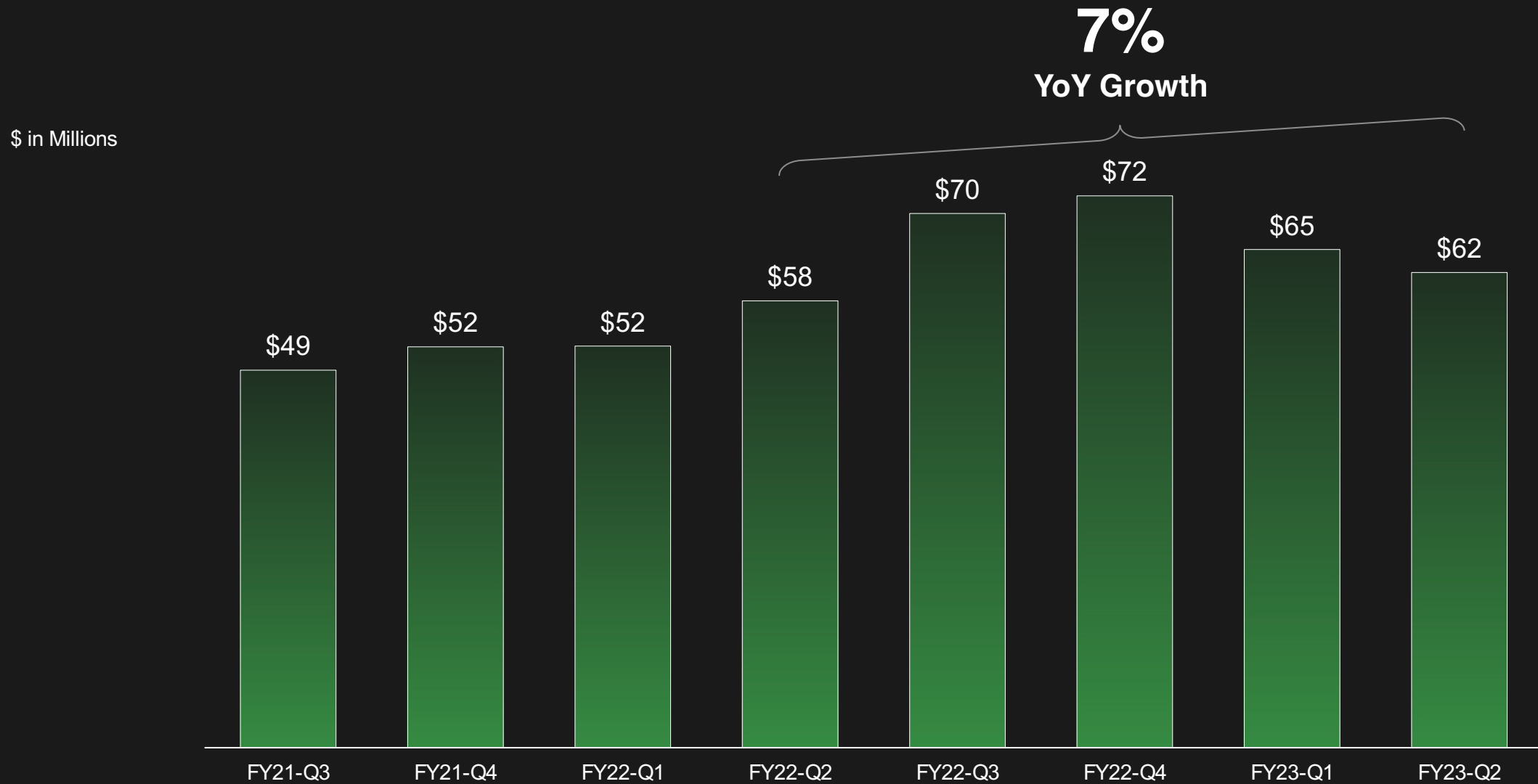
# Finance Update

# FY23-Q2 Summary Financial Results

	FY23-Q2	% Change Y/Y	
Revenue	\$62.4 million	+7%	⬆️
Subscription Revenue	\$59.5 million	+26%	⬆️
Non-GAAP Gross Profit	\$47.8 million	+5%	⬆️
Remaining Performance Obligations (“RPO”)	\$417.3 million	(10)%	
Non-GAAP RPO	\$453.5 million	(14)%	
Non-GAAP Gross Margin	77%	(1)%	
Free Cash Flow	(\$77.0) million	Not Meaningful	
Free Cash Flow adjusted for new C3 AI HQ	(\$54.3) million	Not Meaningful	

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.

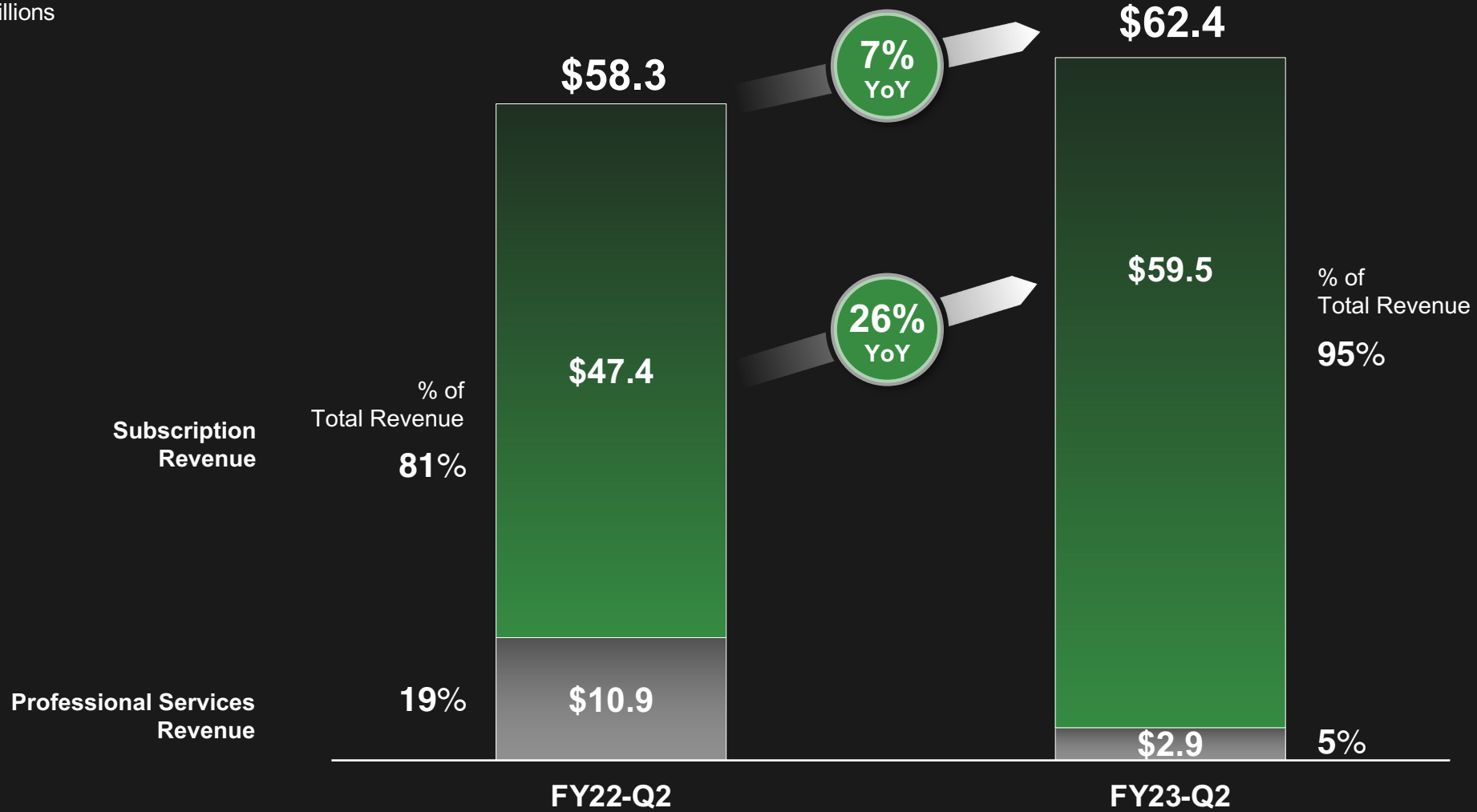
# Quarterly Total Revenue: FY21-Q3 to FY23-Q2



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

# Total Revenue Mix

\$ in Millions

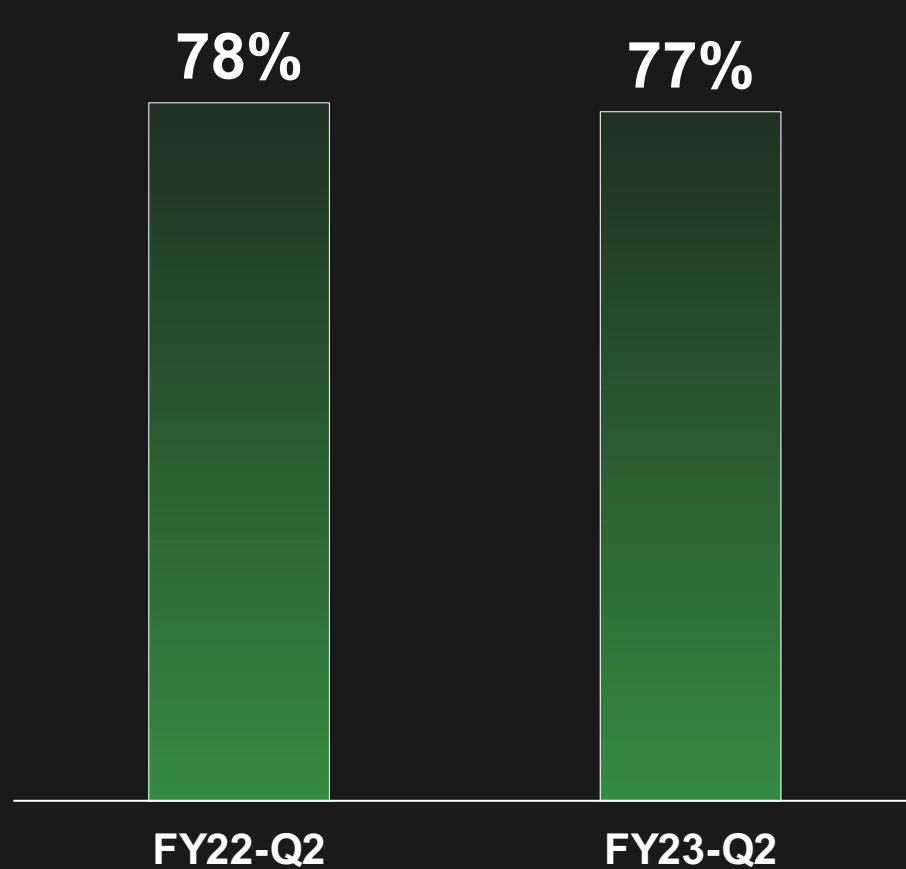


Note: Numbers and percentages are rounded for presentation purposes.

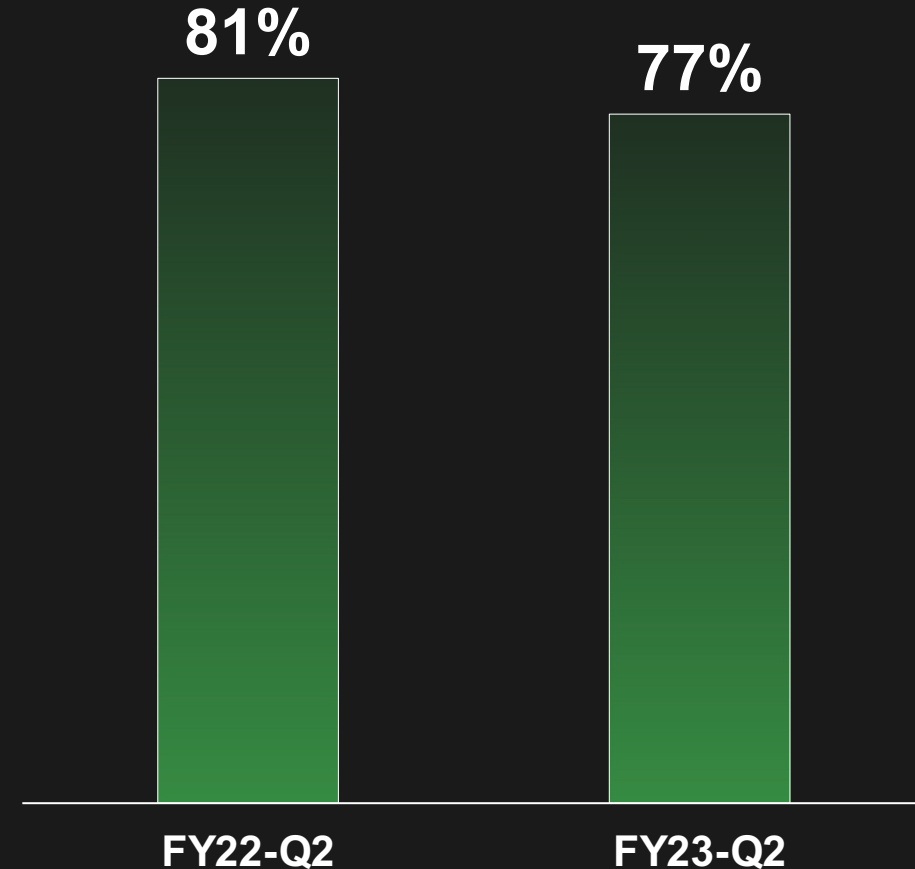


# Non-GAAP Gross Margin

## Non-GAAP Total Gross Margin



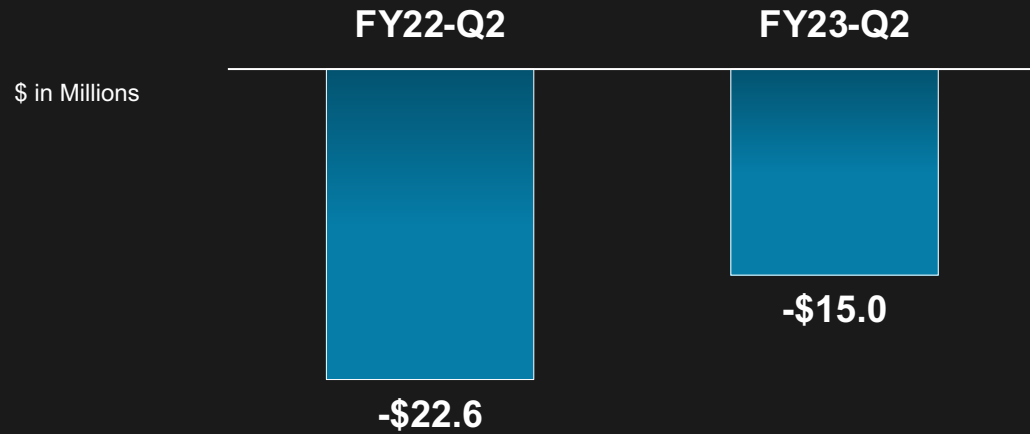
## Non-GAAP Subscription Gross Margin



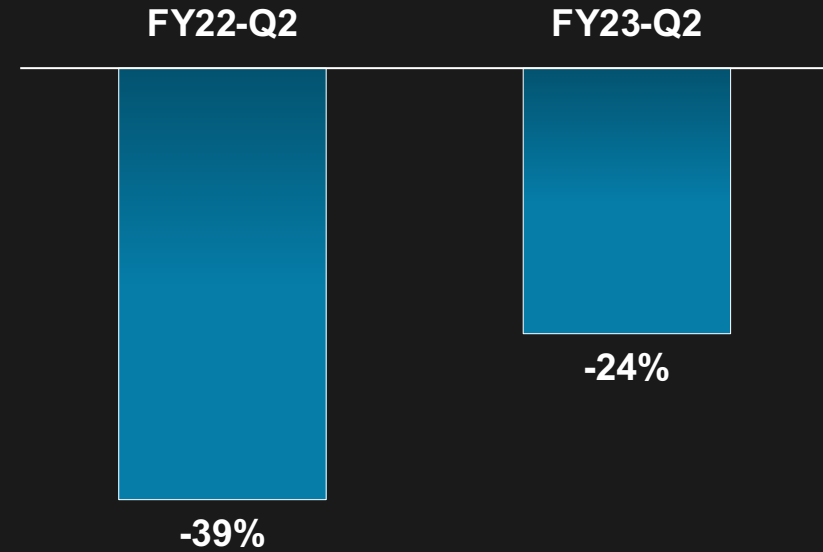
Note: Non-GAAP subscription and total gross margin are non-GAAP financial measures. Refer to the Appendix for a reconciliation of these non-GAAP financial measures to the most directly comparable GAAP measures. Percentages are rounded for presentation purposes.

# Non-GAAP Operating Income and Margin

## Non-GAAP Operating Income



## Non-GAAP Operating Margin



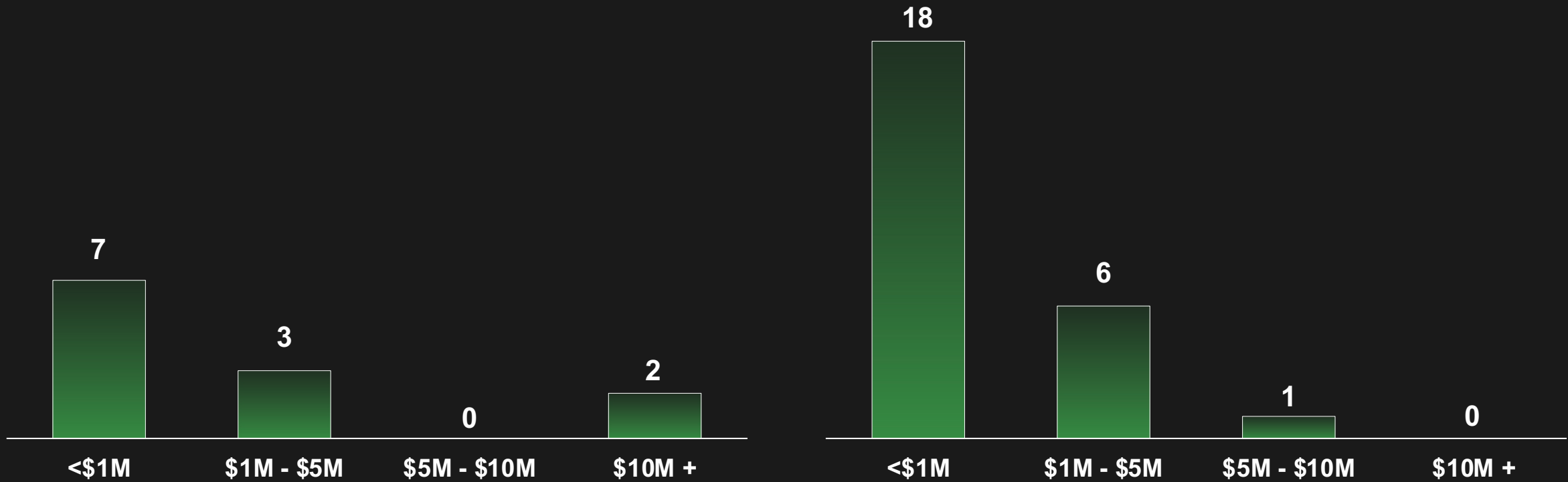
Note: Non-GAAP operating income and non-GAAP operating margin, are non-GAAP financial measures. Refer to the Appendix for reconciliations of these non-GAAP financial measures to the most directly comparable GAAP measures. Numbers and percentages are rounded for presentation purposes.

# Deal Bands

\$ in Millions

FY22-Q2

FY23-Q2



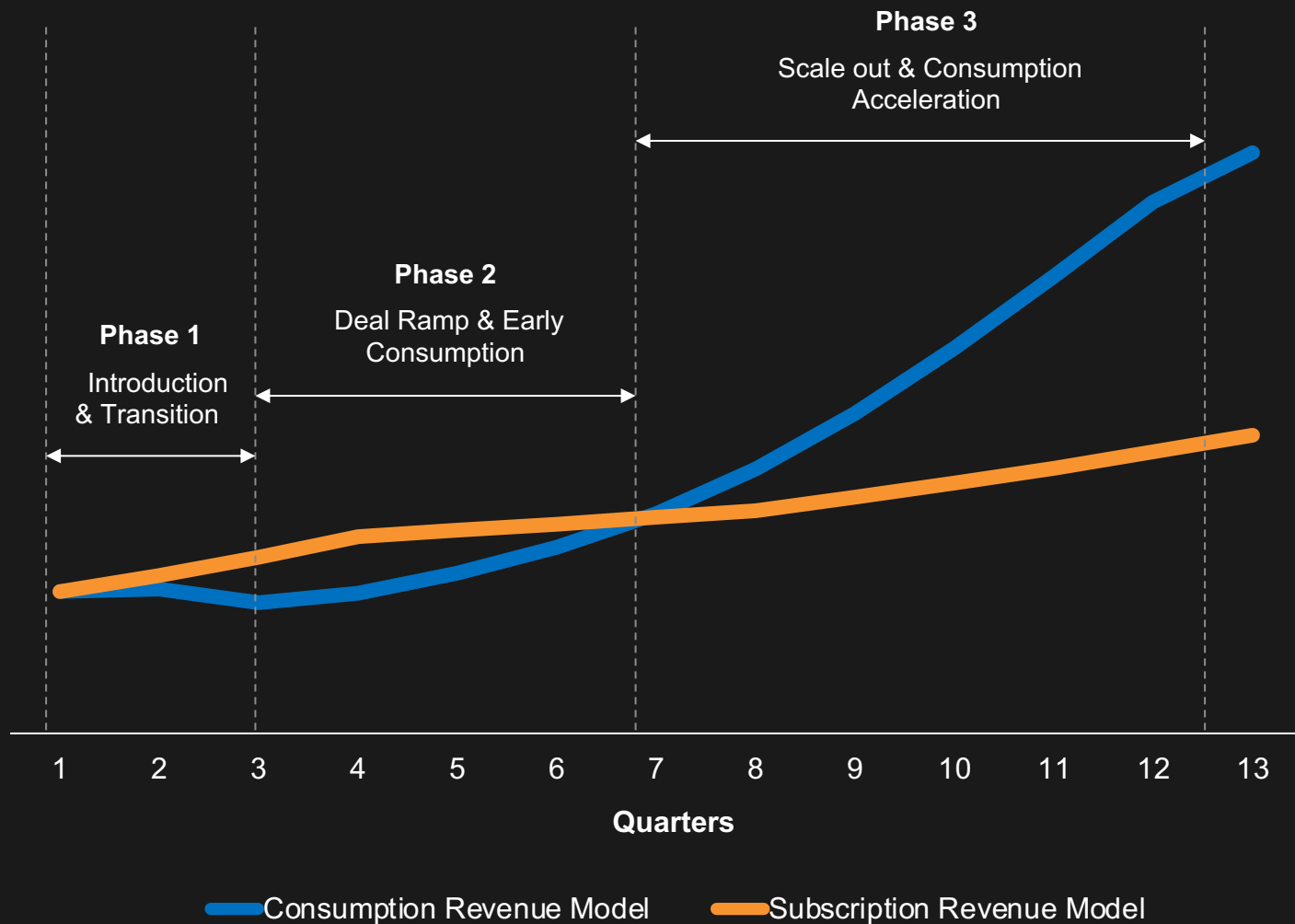
Average TCV

\$19.0 M

\$0.8 M

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

# 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)

# C3 AI Investment Thesis



Huge Addressable Market of \$596 Billion by 2025<sup>1</sup>



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

<sup>1</sup> Source: IDC's Worldwide Semiannual Artificial Intelligence Tracker, 2H20

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

# Appendix

# Income Statement

	Three Months Ended									
	October 31, 2020	January 31, 2021	April 30, 2021	July 31, 2021	October 31, 2021	January 31, 2022	April 30, 2022	July 31, 2022	October 31, 2022	
Revenue										
Subscription	\$ 35,854	\$ 42,699	\$ 43,118	\$ 46,122	\$ 47,408	\$ 57,084	\$ 56,302	\$ 57,026	\$ 59,508	
Professional services	5,487	6,410	9,166	6,284	10,855	12,689	16,015	8,282	2,900	
Total Revenue	41,341	49,109	52,284	52,406	58,263	69,773	72,317	65,308	62,408	
Cost of revenue										
Subscription (1)(2)	7,084	7,023	8,621	9,213	11,392	12,275	12,958	14,092	19,165	
Professional services (1)(2)	2,997	5,203	3,091	3,812	4,579	5,079	4,405	4,314	1,587	
Total cost of revenue	10,081	12,226	11,712	13,025	15,971	17,354	17,363	18,406	20,752	
Gross profit	31,260	36,883	40,572	39,381	42,292	52,419	54,954	46,902	41,656	
Operating expenses										
Sales and marketing (1)(2)	22,088	28,450	32,093	36,822	46,166	43,146	47,450	42,987	44,936	
Research and development (1)(2)	16,134	18,748	20,711	26,712	36,523	40,931	46,378	55,877	50,051	
General and administrative (1)(2)	7,562	8,184	11,676	12,364	15,279	15,748	17,649	21,247	18,635	
Total operating expenses	45,784	55,382	64,480	75,898	97,968	99,825	111,477	120,111	113,622	
Loss from operations	(14,524)	(18,499)	(23,908)	(36,517)	(55,676)	(47,406)	(56,523)	(73,209)	(71,966)	
Interest income	288	129	258	345	322	410	750	2,538	4,224	
Other (expense) income, net	(578)	1,721	(152)	(899)	(1,372)	7,742	(2,452)	(1,021)	(945)	
Net income (loss) before provision for income taxes	(14,814)	(16,649)	(23,802)	(37,071)	(56,726)	(39,254)	(58,225)	(71,692)	(68,687)	
Provision for income taxes	130	203	248	388	13	193	195	179	163	
Net income (loss)	\$ (14,944)	\$ (16,852)	\$ (24,050)	\$ (37,459)	\$ (56,739)	\$ (39,447)	\$ (58,420)	\$ (71,871)	\$ (68,850)	

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

	Three months ended									
	October 31, 2020	January 31, 2021	April 30, 2021	July 31, 2021	October 31, 2021	January 31, 2022	April 30, 2022	July 31, 2022	October 31, 2022	
Cost of subscription	\$ 159	\$ 214	\$ 271	\$ 821	\$ 2,364	\$ 2,639	\$ 2,814	\$ 4,272	\$ 5,486	
Cost of professional services	89	164	76	602	685	704	719	1,071	479	
Sales and marketing	2190	2790	3,245	6,135	13,555	8,850	11,804	16,779	19,080	
Research and development	648	846	997	2,758	10,256	12,846	13,340	25,217	23,905	
General and administrative	2115	2575	2,881	3,596	5,680	6,322	6,951	9,291	7,063	
Total stock-based compensation expense	\$ 5,201	\$ 6,589	\$ 7,470	\$ 13,912	\$ 32,540	\$ 31,361	\$ 35,628	\$ 56,630	\$ 56,013	

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

	Three months ended									
	October 31, 2020	January 31, 2021	April 30, 2021	July 31, 2021	October 31, 2021	January 31, 2022	April 30, 2022	July 31, 2022	October 31, 2022	
Cost of subscription	\$ —	\$ —	\$ 30	\$ —	\$ —	\$ 7	\$ 35	\$ 286	\$ 170	
Cost of professional services	—	—	3	65	—	1	6	100	16	
Sales and marketing	—	—	338	301	215	202	42	530	356	
Research and development	—	—	353	182	217	38	72	943	386	
General and administrative	—	—	271	307	151	108	23	183	63	
Total employer payroll tax expense	\$ —	\$ —	\$ 995	\$ 855	\$ 583	\$ 356	\$ 178	\$ 2042	\$ 991	



# GAAP to Non-GAAP Reconciliations

	Three Months Ended									
	October 31, 2020	January 31, 2021	April 30, 2021	July 31, 2021	October 31, 2021	January 31, 2022	April 30, 2022	July 31, 2022	October 31, 2022	
Subscription revenue	\$ 35,854	\$ 42,699	\$ 43,118	\$ 46,122	\$ 47,408	\$ 57,084	\$ 56,302	\$ 57,026	\$ 59,508	
Professional services revenue	5,487	6,410	9,166	6,284	10,855	12,689	16,015	8,282	2,900	
Total Revenue	41,341	49,109	52,284	52,406	58,263	69,773	72,317	65,308	62,408	
GAAP cost of subscription revenue	7,084	7,023	8,621	9,213	11,392	12,275	12,958	14,092	19,165	
Stock-based compensation	159	214	271	821	2,364	2,639	2,814	4,272	5,486	
Employer payroll tax expense related to employee stock-based compensation	—	—	30	—	—	7	35	286	170	
Non-GAAP cost of subscription revenue	6,925	6,809	8,320	8,392	9,028	9,629	10,109	9,534	13,509	
GAAP cost of professional services revenue	2,997	5,203	3,091	3,812	4,579	5,079	4,405	4,314	1,587	
Stock-based compensation	89	164	76	602	685	704	719	1,071	479	
Employer payroll tax expense related to employee stock-based compensation	—	—	3	65	—	1	6	100	16	
Non-GAAP cost of professional services revenue	2,908	5,039	3,012	3,145	3,894	4,374	3,680	3,143	1,092	
GAAP sales and marketing expense	22,088	28,450	32,093	36,822	46,166	43,146	47,450	42,987	44,936	
Stock-based compensation	2,190	2,790	3,245	6,135	13,555	8,850	11,804	16,779	19,080	
Employer payroll tax expense related to employee stock-based compensation	—	—	338	301	215	202	42	530	356	
Non-GAAP sales and marketing expense	19,898	25,660	28,510	30,386	32,396	34,094	35,604	25,678	25,500	
GAAP research and development expense	16,134	18,748	20,711	26,712	36,523	40,931	46,378	55,877	50,051	
Stock-based compensation	648	846	997	2,758	10,256	12,846	13,340	25,217	23,905	
Employer payroll tax expense related to employee stock-based compensation	—	—	353	182	217	38	72	943	386	
Non-GAAP research and development expense	15,486	17,902	19,361	23,772	26,050	28,047	32,966	29,717	25,760	
GAAP general and administrative expense	7,562	8,184	11,676	12,364	15,279	15,748	17,649	21,247	18,635	
Stock-based compensation	2,115	2,575	2,881	3,596	5,680	6,322	6,951	9,291	7,063	
Employer payroll tax expense related to employee stock-based compensation	—	—	271	307	151	108	23	183	63	
Non-GAAP general and administrative expense	5,447	5,609	8,524	8,461	9,448	9,318	10,675	11,773	11,509	
Gross profit on a GAAP basis	\$ 31,260	\$ 36,883	\$ 40,572	\$ 39,381	\$ 42,292	\$ 52,419	\$ 54,954	\$ 46,902	\$ 41,656	
Stock-based compensation	248	378	347	1,423	3,049	3,343	3,533	5,343	5,965	
Employer payroll tax expense related to employee stock-based compensation	—	—	33	65	—	8	41	386	186	
Gross profit on a non-GAAP basis	31,508	37,261	40,952	40,869	45,341	55,770	58,528	52,631	47,807	
Gross margin on a GAAP basis	76 %	75 %	78 %	75 %	73 %	75 %	76 %	72 %	67 %	
Gross margin on a non-GAAP basis	76 %	76 %	78 %	78 %	78 %	80 %	81 %	81 %	77 %	
Loss from operations on a GAAP basis	(14,524)	(18,499)	(23,908)	(36,517)	(55,676)	(47,406)	(56,523)	(73,209)	(71,966)	
Stock-based compensation expense	5,201	6,589	7,470	13,912	32,540	31,361	35,628	56,630	56,013	
Employer payroll tax expense related to employee stock-based compensation	—	—	995	855	583	356	178	2,042	991	
Loss from operations on a non-GAAP basis	\$ (9,323)	\$ (11,910)	\$ (15,443)	\$ (21,750)	\$ (22,553)	\$ (15,689)	\$ (20,717)	\$ (14,537)	\$ (14,962)	
Operating margin on a GAAP basis	-35 %	-38 %	-46 %	-70 %	-96 %	-68 %	-78 %	-112 %	-115 %	
Operating margin on a non-GAAP basis	-23 %	-24 %	-30 %	-42 %	-39 %	-22 %	-29 %	-22 %	-24 %	
RPO	\$ 267,352	\$ 247,451	\$ 293,836	\$ 290,613	\$ 465,526	\$ 469,276	\$ 477,421	\$ 458,209	\$ 417,320	
Cancellable amount of contract value	37,119	48,405	51,252	66,638	63,766	67,454	39,396	38,626	36,229	
Non-GAAP RPO	\$ 304,471	\$ 295,856	\$ 345,088	\$ 357,251	\$ 529,292	\$ 536,730	\$ 516,817	\$ 496,835	\$ 453,549	

# Other Metrics

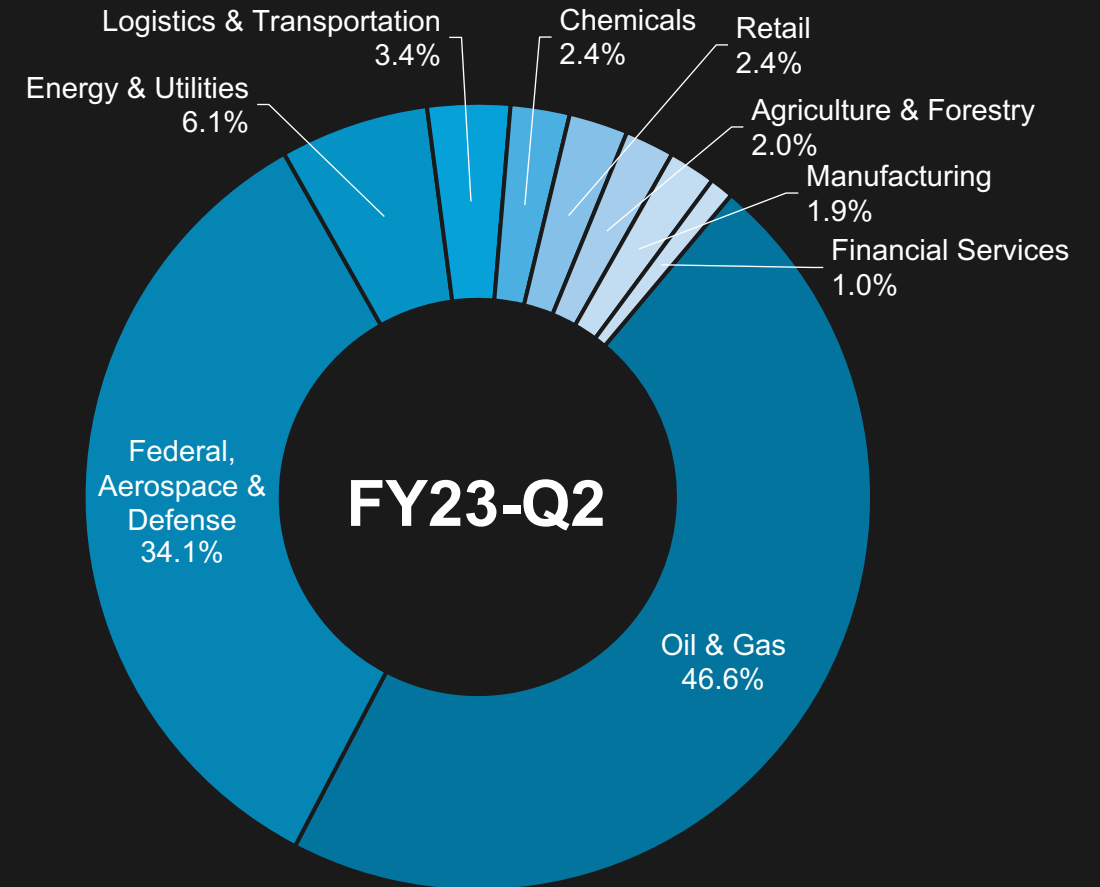
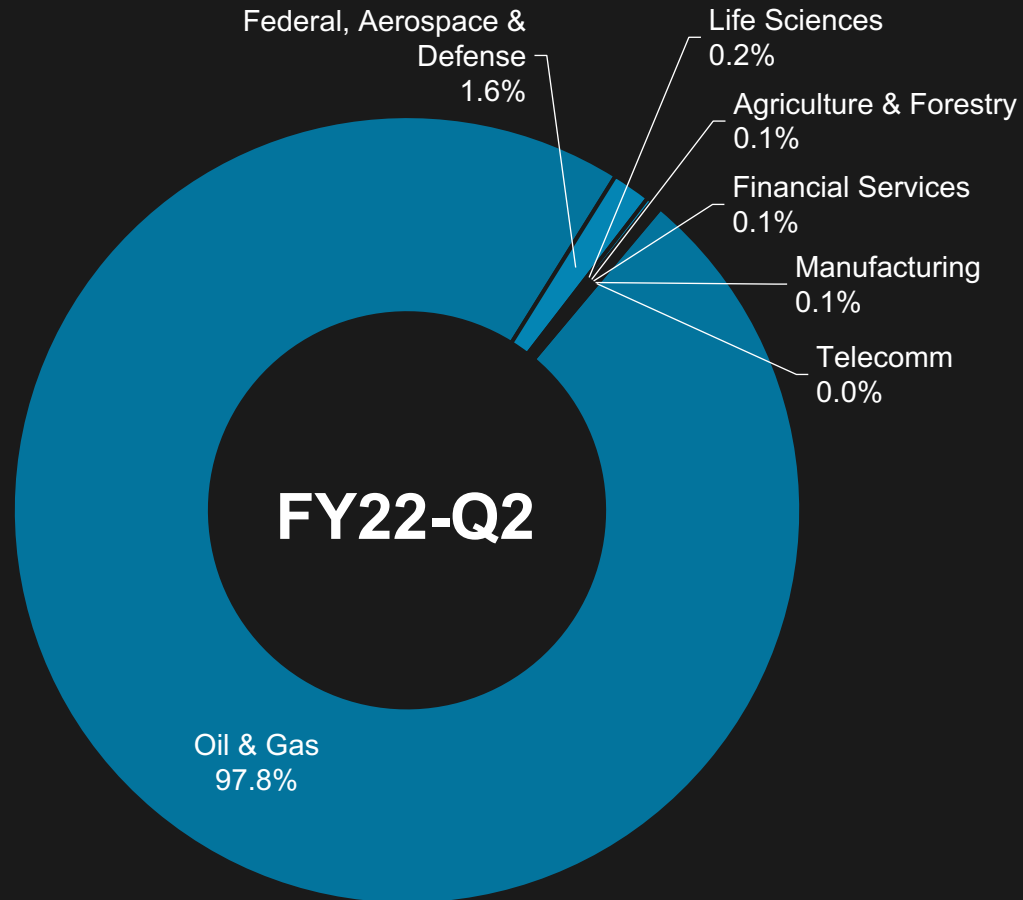
	October 31, 2021	January 31, 2022	April 30, 2022	July 31, 2022	October 31, 2022
Customer Count	203	218	223	228	236

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

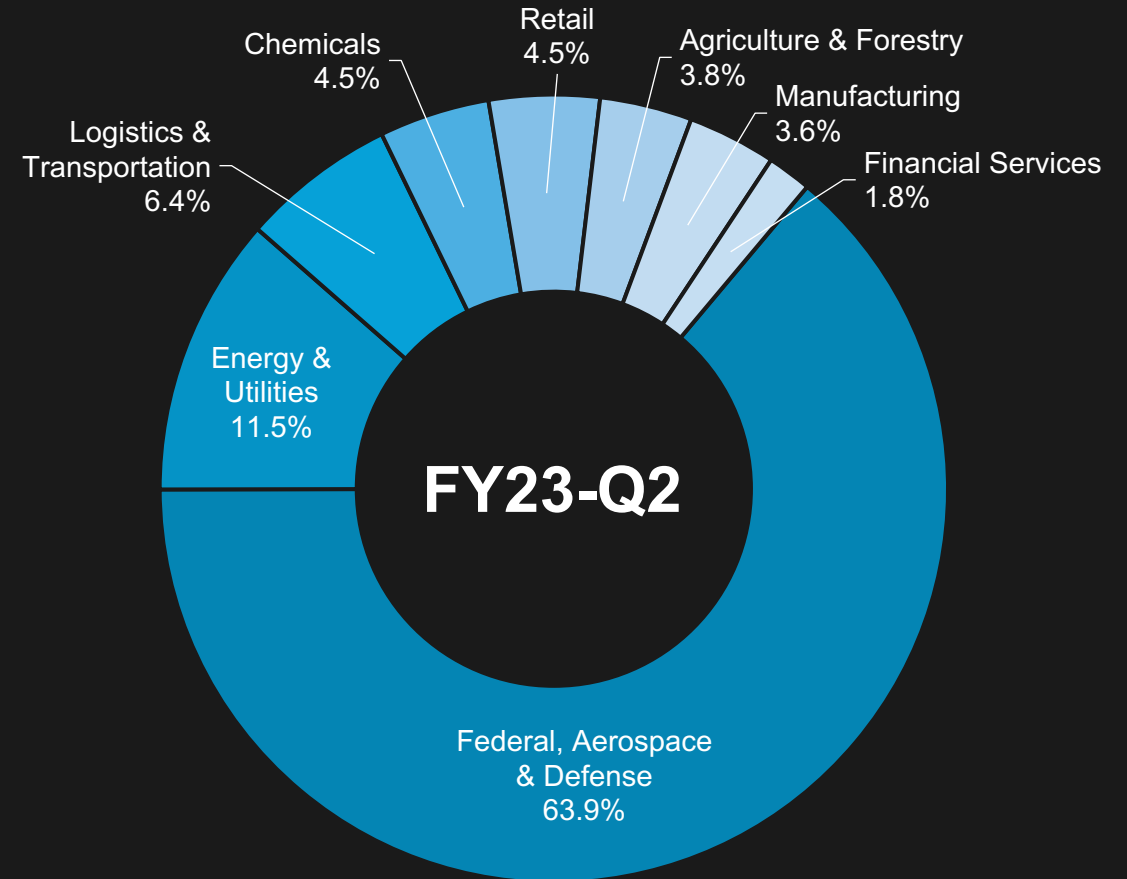
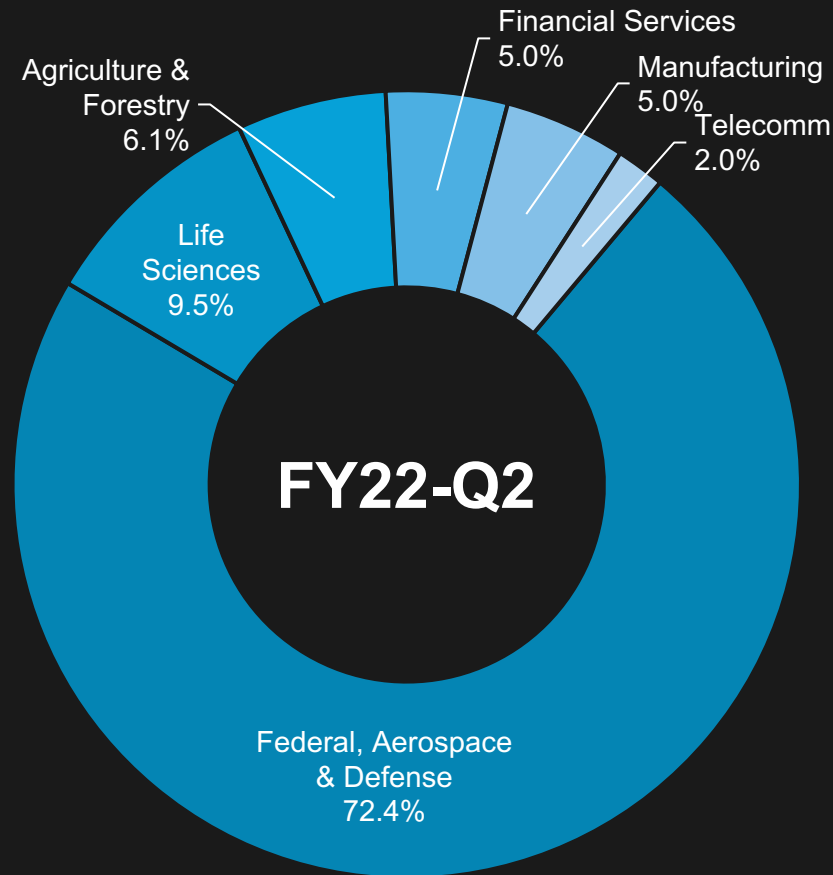
- Revenue expected to be recognized from remaining performance obligations was approximately \$417.3 million as of October 31, 2022 of which \$164.5 million is expected to be recognized over the next 12 months and the remainder thereafter.
- Our RPO related to Baker Hughes, which includes both direct subscriptions and reseller arrangements, is \$184.9 million.

# Booking Diversity by Industry



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

# Booking Diversity by Industry (excluding Oil and Gas)



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

