



Investor Supplemental FY22-Q3

March 2, 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 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 October 31, 2021 and, when available, January 31, 2022, 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-Q3 Highlights

Solid Top Line Performance

Revenue

\$69.8M

+42% YoY growth - strongest and largest quarter in our history

Strong Fundamentals

GAAP RPO

+90%

Non-GAAP RPO

+81%

Grew total RPO and non-BH RPO YoY – multiple large transactions

Customers – Scaling and Diversifying

218

+82% YoY growth – 15 different industries

Solid Balance Sheet With Over

\$1B

in cash and investments

Record Breaking Performance

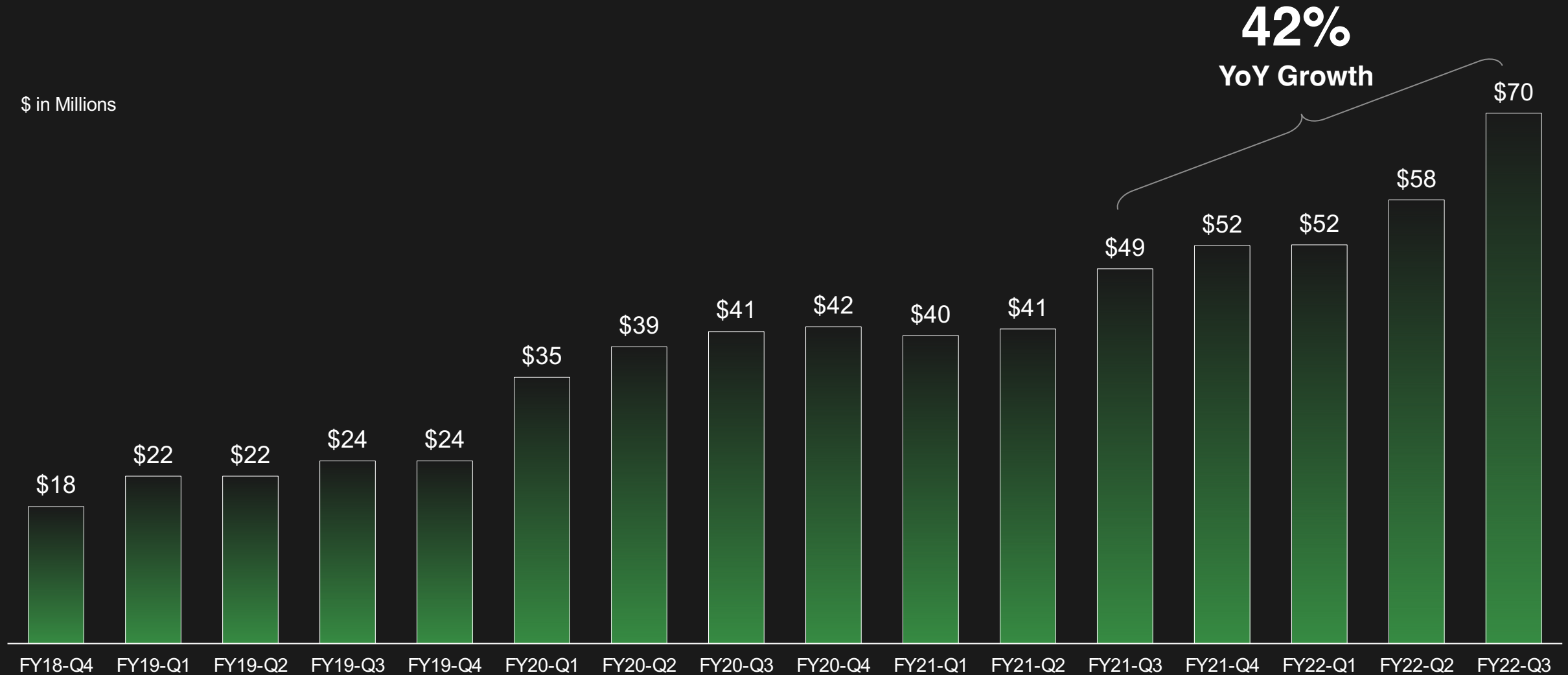
FY22-Q3 Summary Financial Results

	FY22-Q3	% Change Y/Y
Revenue	\$69.8 million	+42% 
Subscription Revenue	\$57.1 million	+34% 
Non-GAAP Gross Profit	\$55.8 million	+50% 
Remaining Performance Obligations (“RPO”)	\$469.3 million	+90% 
Non-GAAP RPO	\$536.7 million	+81% 

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: FY18-Q4 to FY22-Q3

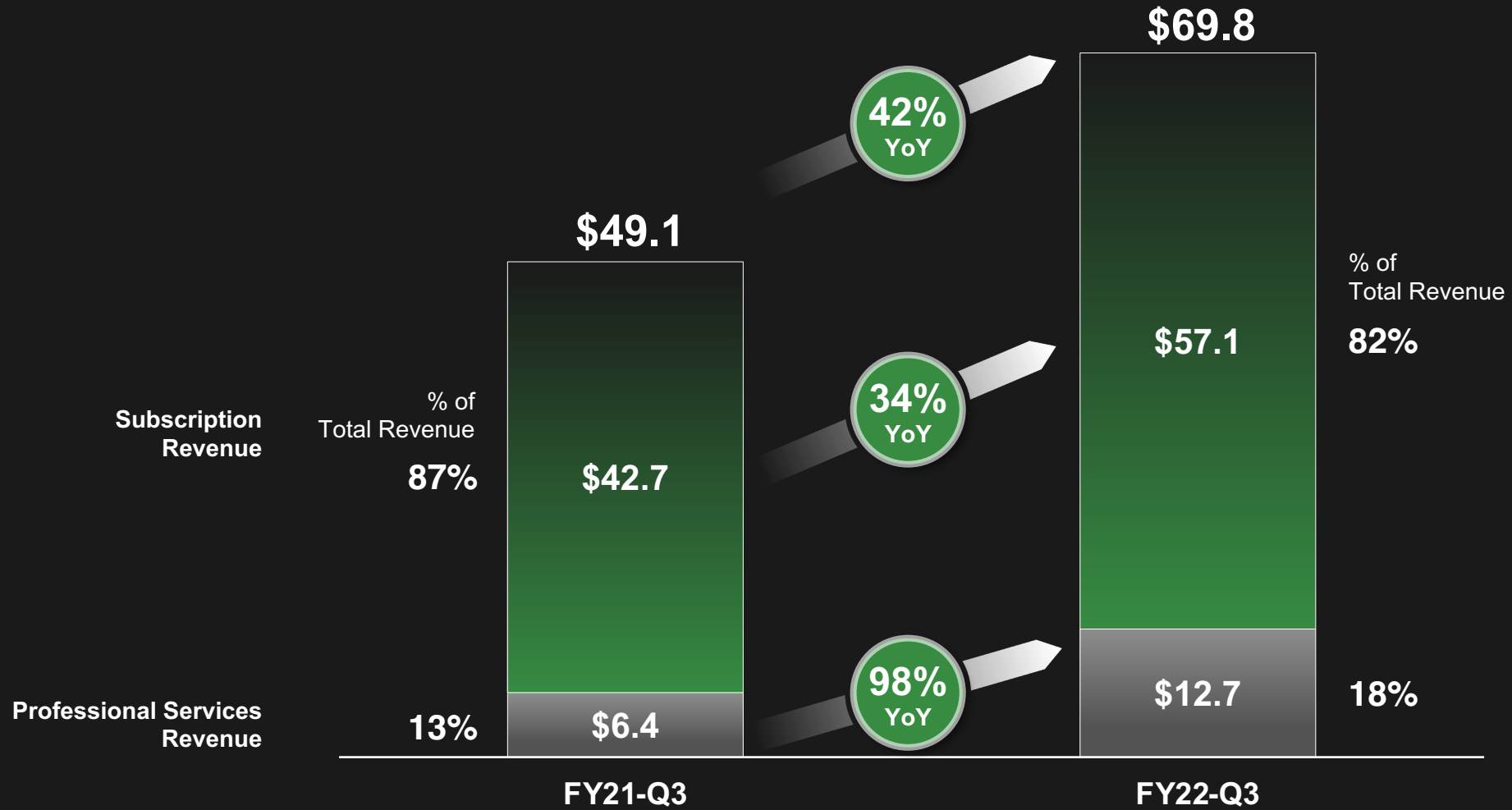
\$ in Millions



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

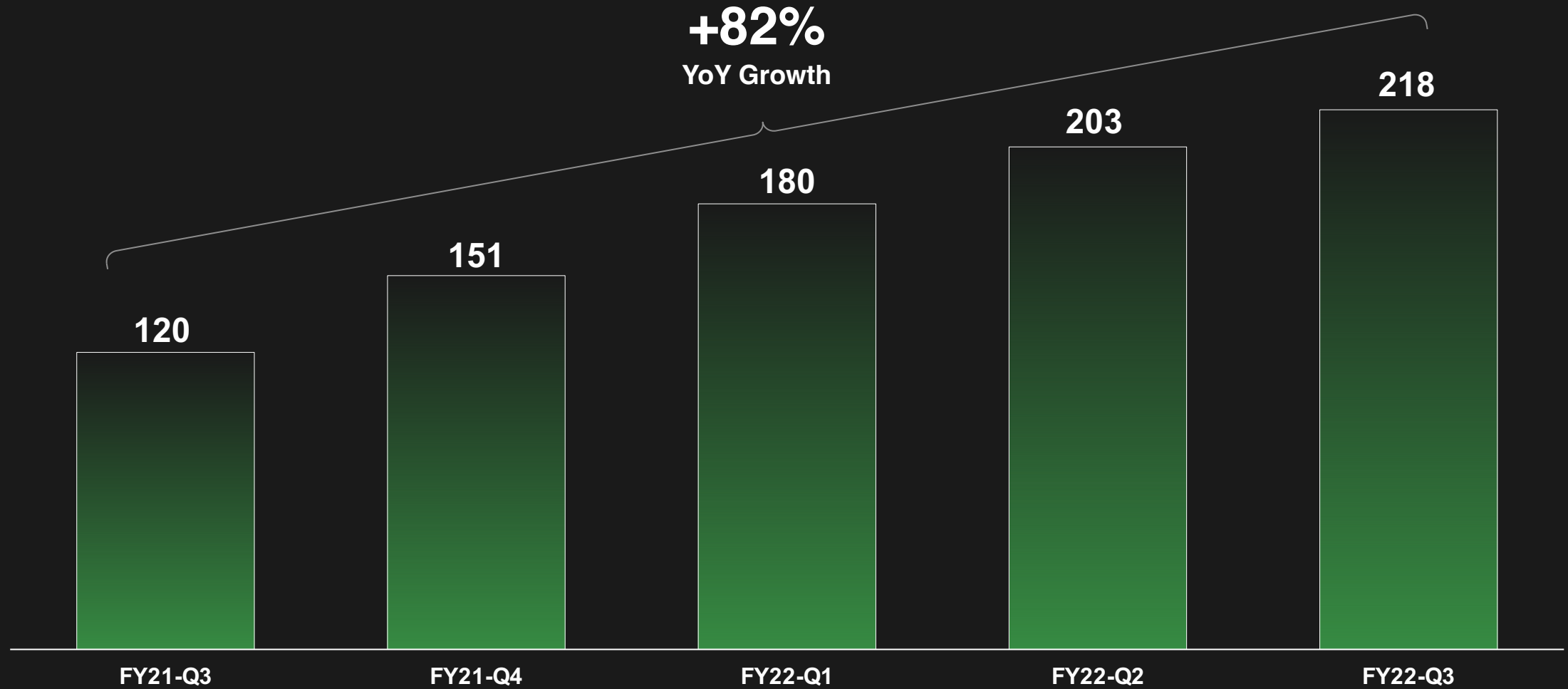
Total Revenue Mix

\$ in Millions



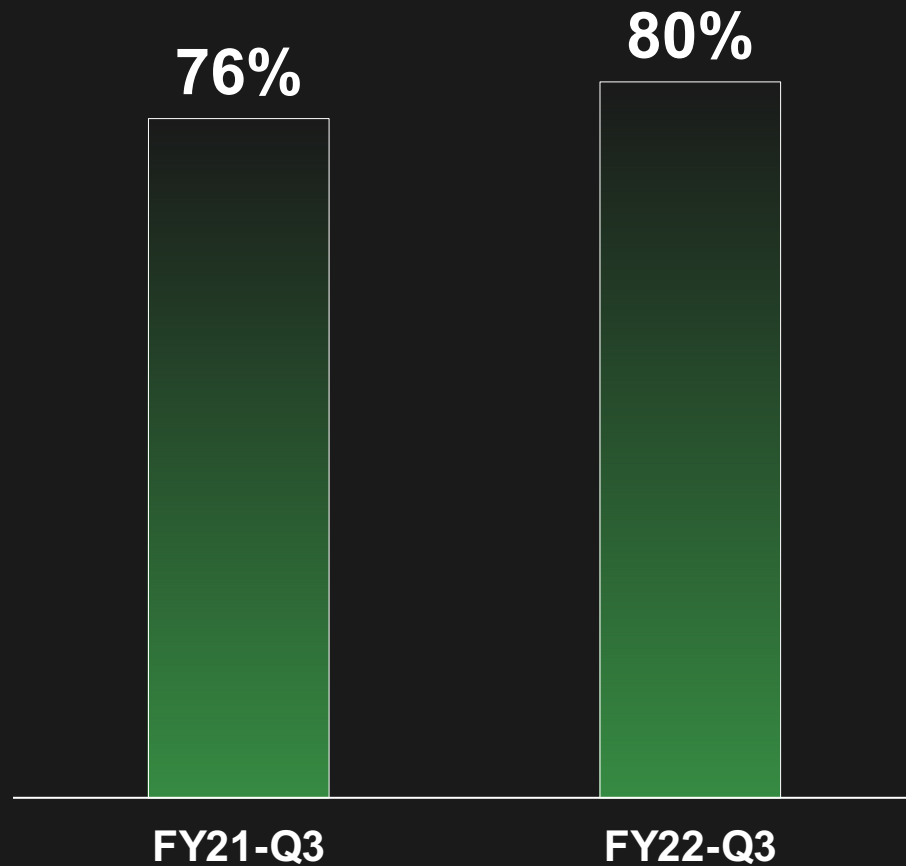
Note: Numbers are rounded for presentation purposes.

Customer Count

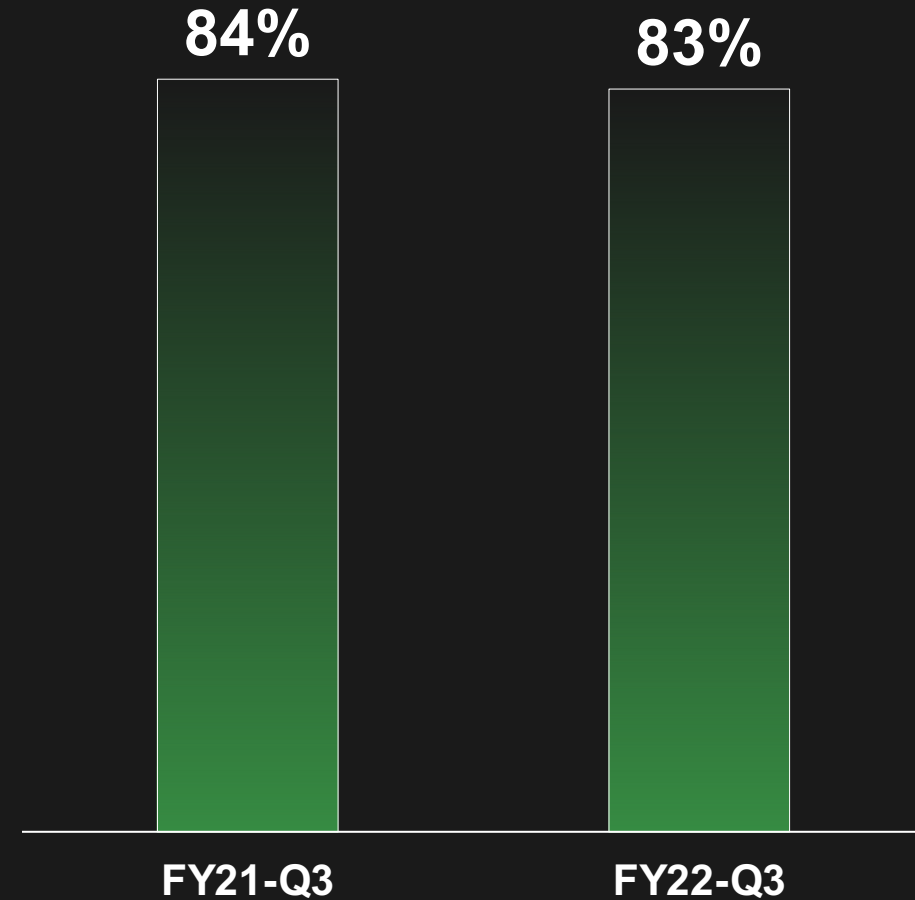


Non-GAAP Gross Margin

Non-GAAP Total Gross Margin



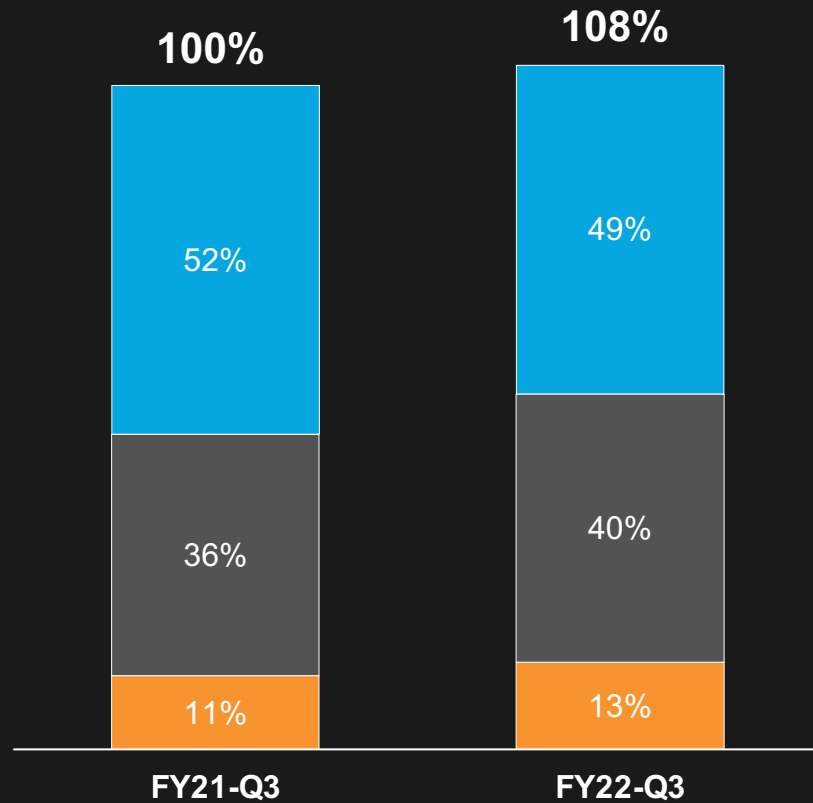
Non-GAAP Subscription Gross Margin



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.

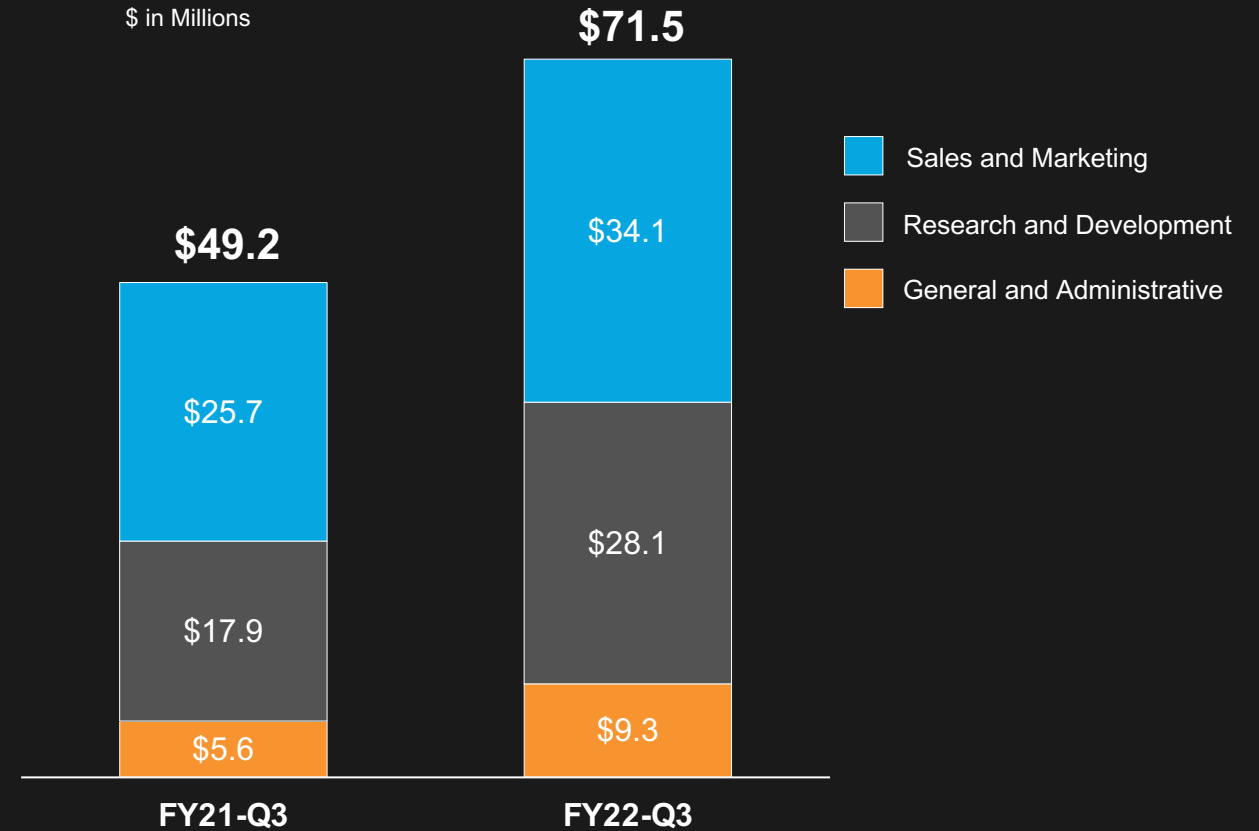
Non-GAAP Operating Expenses

Non-GAAP Operating Expenses as a % of Revenue



Non-GAAP Operating Expenses

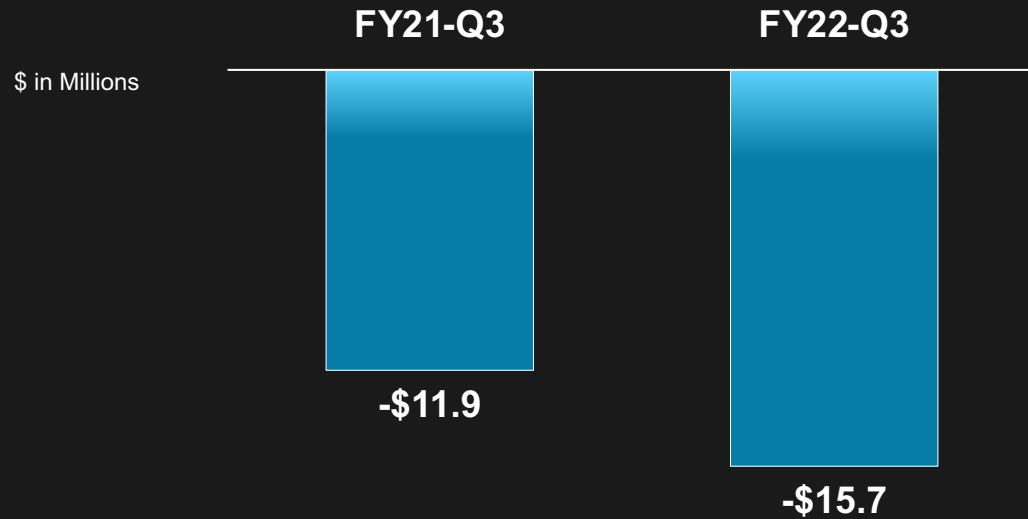
\$ in Millions



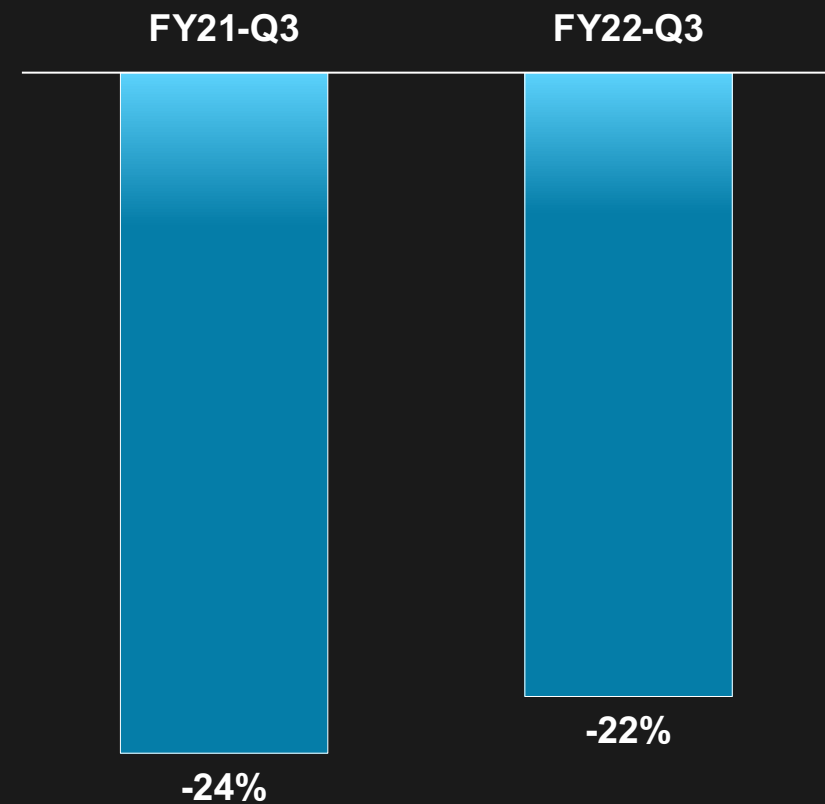
Note: Non-GAAP operating expenses, sales and marketing expenses, research and development expenses, and general and administrative expenses are non-GAAP financial measures. Refer to the Appendix for a reconciliation of these non-GAAP financial measures to the most directly comparable GAAP measures. Numbers 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-Q4	FY22
Total Revenue	\$71 – \$72 million	\$251 – \$252 million
YoY Growth %	36% – 38%	37% – 38%
Non-GAAP Loss from Operations	(\$34) – (\$30) million	(\$94) – (\$90) 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.

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Gaining Momentum in Federal

Department of Defense Awards C3 AI \$500 Million Agreement



Five-year Production-Other Transaction Agreement with the U.S. Department of Defense (DoD)

Accelerates the adoption of the C3 AI Suite and C3 AI defense and intelligence applications like those currently in use at the U.S. Air Force, Space Command, RSO, F35 JPO, DISA, and others

C3 AI defense and intelligence applications accelerate their transformation towards large-scale deployments of increasingly vital artificial intelligence capabilities

“The new Agreement has a DoD-wide scope, accelerating research projects in simulation and modelling and production deployments for operations and sustainment,...We are thrilled to have been selected for these important initiatives and look forward to expanding our work and finding new ways to better serve the U.S. federal government.”

Thomas M. Siebel
CEO, C3 AI

Defense Authorization Act 2022

On December 27, 2021, President Biden signed the National Defense Authorization Act (NDAA) for Fiscal Year 2022 into law. The NDAA is an annual bill that Congress passes specifying the budget, expenditures, and policies of the U.S. Department of Defense (DOD).

Modification of the Joint Common Foundation Program (Title II, Sec. 227)

This provision:

- requires the secretary of defense to modify the Joint Common Foundation program conducted by the Joint Artificial Intelligence Center (JAIC) to allow DOD components to contract more easily with leading AI companies.
- simplified acquisitions will support the rapid development of AI applications and capabilities.
- includes improving access of eligible commercial AI companies to federal contracts, such as the use of specific federal acquisition processes that encourage market solutions.



Global Energy Industry Veteran Joins Board of Directors



Lisa A. Davis

Member, C3 AI Board of Directors

Ms. Davis has served as a member of our board of directors since December 2021. From August 2014 to March 2020, Ms. Davis served as a member of the Managing Board for Siemens AG, the largest industrial manufacturing company in Europe, with responsibility as CEO for Siemens Gas and Power, which includes Power Generation, Power Services, Oil and Gas, Transmission and New Fuels, and operates in over 80 countries. During her tenure at Siemens, she also served as Chair and Chief Executive Officer of Siemens Corporation USA and as a member of the Board of Directors of Siemens Gamesa Renewable Energy SA.

From 2012 to August 2014, Ms. Davis served as Executive Vice President, Strategy, Portfolio & Alternative Energy of Royal Dutch Shell, UK. Prior to that, Ms. Davis served in various capacities and leadership positions with Royal Dutch Shell, Texaco USA and Exxon Corporation in upstream and downstream operations and project development.

Ms. Davis currently serves as a member of the board of directors of Penske Automotive Group, an international transportation services company; Kosmos Energy Limited, an international E&P company; Air Products and Chemicals, an international industrial gasses product and project company; and Phillips 66, an international downstream oil and gas company. Ms. Davis previously served on the board of directors of Spectris plc, an industrial productivity enhancement products company.

Ms. Davis holds a B.S. in Chemical Engineering from the University of California, Berkeley.

Stock Repurchase Program

- In December 2021, the Company's Board of Directors authorized a stock repurchase program of up to \$100 million of C3 AI's class A common stock over the next 18 months.
- Under the program, purchases can be made from time to time using a variety of methods, including open market purchases, all in compliance with the rules of the Securities and Exchange Commission and other applicable legal requirements.
- As of the end of FY22-Q3, C3 AI had \$1.02 billion in cash, cash equivalents, and investments on the balance sheet.

Note: The timing and number of shares actually purchased under the program will depend on market conditions and applicable legal requirements, among other factors.



Appendix

Income Statement

	Three Months Ended							
	April 30, 2020	July 31, 2020	October 31, 2020	January 31, 2021	April 30, 2021	July 31, 2021	October 31, 2021	January 31, 2022
Revenue								
Subscription	\$ 36,767	\$ 35,695	\$ 35,854	\$ 42,699	\$ 43,118	\$ 46,122	\$ 47,408	\$ 57,084
Professional services	4,851	4,788	5,487	6,410	9,166	6,284	10,855	12,689
Total Revenue	41,618	40,483	41,341	49,109	52,284	52,406	58,263	69,773
Cost of revenue								
Subscription (1)(2)	7,986	8,587	7,084	7,023	8,621	9,213	11,392	12,275
Professional services (1)(2)	1,523	1,912	2,997	5,203	3,091	3,812	4,579	5,079
Total cost of revenue	9,509	10,499	10,081	12,226	11,712	13,025	15,971	17,354
Gross profit	32,109	29,984	31,260	36,883	40,572	39,381	42,292	52,419
Operating expenses								
Sales and marketing (1)(2)	34,589	14,358	22,088	28,450	32,093	36,822	46,166	43,146
Research and development (1)(2)	17,426	13,264	16,134	18,748	20,711	26,712	36,523	40,931
General and administrative (1)(2)	10,313	5,687	7,562	8,184	11,676	12,364	15,279	15,748
Total operating expenses	62,328	33,309	45,784	55,382	64,480	75,898	97,968	99,825
Loss from operations	(30,219)	(3,325)	(14,524)	(18,499)	(23,908)	(36,517)	(55,676)	(47,406)
Interest income	1,136	580	288	129	258	345	322	410
Other (expense) income, net	(1,254)	3,018	(578)	1,721	(152)	(899)	(1,372)	7,742
Net income (loss) before provision for income taxes	(30,337)	273	(14,814)	(16,649)	(23,802)	(37,071)	(56,726)	(39,254)
Provision for income taxes	97	123	130	203	248	388	13	193
Net income (loss)	\$ (30,434)	\$ 150	\$ (14,944)	\$ (16,852)	\$ (24,050)	\$ (37,459)	\$ (56,739)	\$ (39,447)

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

	Three months ended							
	April 30, 2020	July 31, 2020	October 31, 2020	January 31, 2021	April 30, 2021	July 31, 2021	October 31, 2021	January 31, 2022
Cost of subscription	\$ 124	\$ 184	\$ 159	\$ 214	\$ 271	\$ 821	\$ 2,364	\$ 2,639
Cost of professional services	29	48	89	164	76	602	685	704
Sales and marketing	1,180	855	2,190	2,790	3,245	6,135	13,555	8,850
Research and development	313	458	648	846	997	2,758	10,256	12,846
General and administrative	1,240	935	2,115	2,575	2,881	3,596	5,680	6,322
Total stock-based compensation expense	\$ 2,886	\$ 2,480	\$ 5,201	\$ 6,589	\$ 7,470	\$ 13,912	\$ 32,540	\$ 31,361

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

	Three months ended							
	April 30, 2020	July 31, 2020	October 31, 2020	January 31, 2021	April 30, 2021	July 31, 2021	October 31, 2021	January 31, 2022
Cost of subscription	\$ —	\$ —	\$ —	\$ —	\$ 30	\$ —	\$ —	\$ 7
Cost of professional services	—	—	—	—	3	65	—	1
Sales and marketing	—	—	—	—	338	301	215	202
Research and development	—	—	—	—	353	182	217	38
General and administrative	—	—	—	—	271	307	151	108
Total employer payroll tax expense	\$ —	\$ —	\$ —	\$ —	\$ 995	\$ 855	\$ 583	\$ 356

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	January 31, 2022	
Subscription revenue	\$ 34,629	\$ 36,767	\$ 35,695	\$ 35,854	\$ 42,699	\$ 43,118	\$ 46,122	\$ 47,408	\$ 57,084	
Professional services revenue	6,654	4,851	4,788	5,487	6,410	9,166	6,284	10,855	12,689	
Total Revenue	41,283	41,618	40,483	41,341	49,109	52,284	52,406	58,263	69,773	
GAAP cost of subscription revenue	8,862	7,987	8,587	7,084	7,023	8,621	9,213	11,392	12,275	
Stock-based compensation	104	124	184	159	214	271	821	2,364	2,639	
Employer payroll tax expense related to employee stock-based compensation	—	—	—	—	—	30	—	—	7	
Non-GAAP cost of subscription revenue	8,758	7,863	8,403	6,925	6,809	8,320	8,392	9,028	9,629	
GAAP cost of professional services revenue	2,069	1,523	1,912	2,997	5,203	3,091	3,812	4,579	5,079	
Stock-based compensation	30	29	48	89	164	76	602	685	704	
Employer payroll tax expense related to employee stock-based compensation	—	—	—	—	—	3	65	—	1	
Non-GAAP cost of professional services revenue	2,039	1,494	1,864	2,908	5,039	3,012	3,145	3,894	4,374	
GAAP sales and marketing expense	23,162	34,588	14,358	22,088	28,450	32,093	36,822	46,166	43,146	
Stock-based compensation	613	1,180	855	2,190	2,790	3,245	6,135	13,555	8,850	
Employer payroll tax expense related to employee stock-based compensation	—	—	—	—	—	338	301	215	202	
Non-GAAP sales and marketing expense	22,549	33,408	13,503	19,898	25,660	28,510	30,386	32,396	34,094	
GAAP research and development expense	12,331	17,426	13,264	16,134	18,748	20,711	26,712	36,523	40,931	
Stock-based compensation	308	313	458	648	846	997	2,758	10,256	12,846	
Employer payroll tax expense related to employee stock-based compensation	—	—	—	—	—	353	182	217	38	
Non-GAAP research and development expense	12,023	17,113	12,806	15,486	17,902	19,361	23,772	26,050	28,047	
GAAP general and administrative expense	5,291	10,313	5,687	7,562	8,184	11,676	12,364	15,279	15,748	
Stock-based compensation	1,006	1,240	935	2,115	2,575	2,881	3,596	5,680	6,322	
Employer payroll tax expense related to employee stock-based compensation	—	—	—	—	—	271	307	151	108	
Non-GAAP general and administrative expense	4,285	9,073	4,752	5,447	5,609	8,524	8,461	9,448	9,318	
Gross profit on a GAAP basis	\$ 30,352	\$ 32,108	\$ 29,984	\$ 31,260	\$ 36,883	\$ 40,572	\$ 39,381	\$ 42,292	\$ 52,419	
Stock-based compensation	134	153	232	248	378	347	1,423	3,049	3,343	
Employer payroll tax expense related to employee stock-based compensation	—	—	—	—	—	33	65	—	8	
Gross profit on a non-GAAP basis	30,486	32,261	30,216	31,508	37,261	40,952	40,869	45,341	55,770	
Gross margin on a GAAP basis	74%	77%	74%	76%	75%	78%	75%	73%	75%	
Gross margin on a non-GAAP basis	74%	78%	75%	76%	76%	78%	78%	78%	80%	
Loss from operations on a GAAP basis	(10,432)	(30,219)	(3,325)	(14,524)	(18,499)	(23,908)	(36,517)	(55,676)	(47,406)	
Stock-based compensation expense	2,061	2,886	2,480	5,201	6,589	7,470	13,912	32,540	31,361	
Employer payroll tax expense related to employee stock-based compensation	—	—	—	—	—	995	855	583	356	
Loss from operations on a non-GAAP basis	\$ (8,371)	\$ (27,333)	\$ (845)	\$ (9,323)	\$ (11,910)	\$ (15,443)	\$ (21,750)	\$ (22,553)	\$ (15,689)	
Operating margin on a GAAP basis	-25%	-73%	-8%	-35%	-38%	-46%	-70%	-96%	-68%	
Operating margin on a non-GAAP basis	-20%	-66%	-2%	-23%	-24%	-30%	-42%	-39%	-22%	
RPO	\$ 262,693	\$ 239,742	\$ 275,082	\$ 267,352	\$ 247,451	\$ 293,836	\$ 290,613	\$ 465,526	\$ 469,276	
Cancelable amount of contract value	10,997	7,183	4,393	37,119	48,405	51,252	66,638	63,766	67,454	
Non-GAAP RPO	\$ 273,690	\$ 246,925	\$ 279,475	\$ 304,471	\$ 295,856	\$ 345,088	\$ 357,251	\$ 529,292	\$ 536,730	