



Appian: Judge Rejects Pegasystems Motion to Overturn \$2 Billion Jury Verdict

September 16, 2022

Pegasystems to pay Appian additional \$23.6 million in legal fees for willful and malicious misappropriation of trade secrets

MCLEAN, Va., Sept. 16, 2022 /PRNewswire/ -- Appian (NASDAQ: APPN) announced today that the Circuit Court for Fairfax County, Virginia entered a final judgment awarding it \$2.036 billion in damages from Pegasystems Inc. (NASDAQ: PEGA) for trade secret misappropriation. The Court also entered final judgment on the jury's verdict that Pegasystems violated the Virginia Computer Crimes Act. Appian had brought the case to trial in March 2022 to ensure the protection of its proprietary intellectual property, including its trade secrets, and received the jury's verdict after a 7 week trial on May 9, 2022. As a result of the jury's finding of willful and malicious appropriation of Appian's trade secrets, the Court also ordered Pegasystems to pay Appian \$23.6 million in attorney's fees associated with the case. Finally, the Court ordered Pegasystems to pay Appian statutory post-judgment interest on the judgment at an annual rate of 6%, or approximately \$122 million per year.



Final judgement awards Appian \$2.036 billion in damages from Pegasystems Inc. for trade secret misappropriation.

"We are pleased that the Court rejected Pegasystems' efforts to throw out the jury's verdict," stated Christopher Winters, General Counsel at Appian. "We think that the jury's verdict was sound, and the Court's rulings at trial were well founded. Appian only asked for damages representing Pegasystems' unjust enrichment at Appian's expense, which was supported by expert witness testimony including from a retired Gartner analyst. We did not seek or receive punitive damages. We will now move to the appellate phase of the litigation, where we are confident that we will prevail as well."

During the seven-week trial, Appian presented evidence that Pegasystems hired an employee of a government contractor (the "Contractor"), to provide Pegasystems with access to Appian's software as a part of an effort to learn how to better compete against Appian. In hiring the Contractor, Pegasystems instructed its third-party contracting service to recruit someone who was not "loyal" to Appian. Appian put forward evidence that the Contractor passed trade secret information to Pegasystems to enable its employees to build competitive features and train Pegasystems' sales team to better compete against Appian. During the proceedings, Alan Trefler, Pegasystems' Founder and CEO, admitted that it was "inappropriate" for Pegasystems employees to have hired the Contractor, and that the Contractor "apparently did things for which he was not entitled."

The Contractor, referred to as a "spy" internally at Pegasystems, helped Pegasystems generate dozens of video recordings of the Appian development environment for use by Pegasystems in compiling competitive materials and evaluating improvements to its platform. Appian also submitted that Pegasystems' product development team reviewed the materials provided by the Contractor and changed the course of Pegasystems' product engineering to take advantage of the Appian technology they saw. Specifically, Appian put forward documents and testimony that Pegasystems made use of the trade secrets gleaned from the Contractor to make improvements with respect to, among other things, ease of use, and social and mobile capabilities in the Pegasystems platform.

Appian believes that the damages award is the largest award in Virginia state court history.

Pega has filed a notice of appeal. Pegasystems is not required to pay Appian the judgment, attorney's fees, or post-judgment interest until all appeals are exhausted. Appian cannot predict the outcome of any appeals or the time it will take to resolve them.

About Appian

Appian is the unified platform for change. We accelerate customers' businesses by discovering, designing, and automating their most important processes. The Appian Low-Code Platform combines the key capabilities needed to get work done faster, Process Mining + Workflow + Automation, in a unified low-code platform. Appian is open, enterprise-grade and trusted by industry leaders. For more information, visit www.appian.com.

Forward-Looking Statements

This press release includes forward-looking statements. All statements contained in this press release other than statements of historical facts, including statements regarding Appian's ability to collect on the judgment and to receive attorney's fees, the outcome of any appeal, and the timing of such matters, are forward-looking statements. The words "anticipate," "believe," "continue," "estimate," "expect," "intend," "may," "will," and similar expressions are intended to identify forward-looking statements. These forward-looking statements are subject to a number of risks and uncertainties, including the risks and uncertainties set forth in the "Risk Factors" section of Appian's Annual Report on Form 10-K for the year ended December 31, 2021 filed with the Securities and Exchange Commission on February 17, 2022 and other reports that Appian has filed with the Securities and Exchange Commission. Appian is under no duty 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, except as required by law.

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