

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2025
OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____
Commission File Number: 001-38098



APPIAN CORPORATION

(Exact Name of Registrant as Specified in its Charter)

Delaware

(State or other jurisdiction of incorporation or organization)

7950 Jones Branch Drive
McLean, VA

(Address of principal executive offices)

54-1956084

(I.R.S. Employer Identification No.)

22102

(Zip Code)

Registrant's telephone number, including area code: (703) 442-8844

Securities registered pursuant to Section 12(b) of the Act:

Title of each class
Class A Common Stock

Trading symbol
APPN

Name of each exchange on which registered
The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer
Non-accelerated filer

Accelerated filer
Small reporting company
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of May 5, 2025, there were 43,140,083 shares of the registrant's Class A common stock and 31,088,085 shares of the registrant's Class B common stock, each with a par value of \$0.0001 per share, outstanding.

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PART I—FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

APPIAN CORPORATION
CONSOLIDATED BALANCE SHEETS
(in thousands, except par value and share data)

	As of	
	March 31, 2025 (unaudited)	December 31, 2024
Assets		
Current assets		
Cash and cash equivalents	\$ 134,982	\$ 118,552
Short-term investments and marketable securities	64,716	41,308
Accounts receivable, net of allowance of \$2,323 and \$3,396, respectively	136,037	195,069
Deferred commissions, current	34,858	36,630
Prepaid expenses and other current assets	41,309	43,984
Total current assets	411,902	435,543
Property and equipment, net of accumulated depreciation of \$34,326 and \$32,142, respectively	36,330	37,109
Goodwill	26,546	25,555
Intangible assets, net of accumulated amortization of \$5,842 and \$5,341, respectively	2,032	2,240
Right-of-use assets for operating leases	31,645	31,081
Deferred commissions, net of current portion	58,457	60,540
Deferred tax assets	4,388	4,129
Other assets	21,599	24,842
Total assets	\$ 592,899	\$ 621,039
Liabilities and Stockholders' Deficit		
Current liabilities		
Accounts payable	\$ 6,574	\$ 4,322
Accrued expenses	13,825	11,388
Accrued compensation and related benefits	26,487	34,223
Deferred revenue	258,582	281,760
Debt	9,598	9,598
Operating lease liabilities	12,798	12,378
Other current liabilities	2,518	1,087
Total current liabilities	330,382	354,756
Long-term debt	238,426	240,826
Non-current operating lease liabilities	51,518	52,189
Deferred revenue, non-current	3,944	5,477
Other non-current liabilities	374	431
Total liabilities	624,644	653,679
Stockholders' deficit		
Class A common stock—par value 0.0001; 500,000,000 shares authorized as of March 31, 2025 and December 31, 2024 and 43,132,115 and 42,938,701 shares issued as of March 31, 2025 and December 31, 2024, respectively	4	4
Class B common stock—par value 0.0001; 100,000,000 shares authorized as of March 31, 2025 and December 31, 2024 and 31,088,085 and 31,090,085 shares issued as of March 31, 2025 and December 31, 2024, respectively	3	3
Additional paid-in capital	597,086	591,281
Accumulated other comprehensive loss	(15,507)	(11,774)
Accumulated deficit	(613,331)	(612,154)
Total stockholders' deficit	(31,745)	(32,640)
Total liabilities and stockholders' deficit	\$ 592,899	\$ 621,039

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

APPIAN CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited, in thousands, except per share data)

	Three months ended March 31,	
	2025	2024
Revenue		
Subscriptions	\$ 134,352	\$ 117,694
Professional services	32,074	32,141
Total revenue	166,426	149,835
Cost of revenue		
Subscriptions	14,894	12,270
Professional services	24,024	25,727
Total cost of revenue	38,918	37,997
Gross profit	127,508	111,838
Operating expenses		
Sales and marketing	54,553	58,156
Research and development	39,517	39,771
General and administrative	34,272	33,446
Total operating expenses	128,342	131,373
Operating loss	(834)	(19,535)
Other non-operating (income) expense		
Other (income) expense, net	(5,716)	8,207
Interest expense	5,318	5,646
Total other non-operating (income) expense	(398)	13,853
Loss before income taxes	(436)	(33,388)
Income tax expense (benefit)	741	(465)
Net loss	\$ (1,177)	\$ (32,923)
Net loss per share:		
Basic and diluted	\$ (0.02)	\$ (0.45)
Weighted average common shares outstanding:		
Basic and diluted	74,094	73,300

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

APPIAN CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(unaudited, in thousands)

	Three Months Ended March 31,	
	2025	2024
Net loss	\$ (1,177)	\$ (32,923)
Comprehensive loss, net of income taxes		
Foreign currency translation adjustments	(3,716)	12,843
Unrealized (loss) gains on available-for-sale securities	(17)	4
Other comprehensive loss, net of income taxes	<u>\$ (4,910)</u>	<u>\$ (20,076)</u>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

APPIAN CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIT
(unaudited, in thousands, except share data)

	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Deficit
	Shares	Amount				
Balance, December 31, 2024	74,028,786	\$ 7	\$ 591,281	\$ (11,774)	\$ (612,154)	\$ (32,640)
Net loss	—	—	—	—	(1,177)	(1,177)
Issuance of common stock to directors	4,735	—	—	—	—	—
Vesting of restricted stock units	167,726	—	(3,199)	—	—	(3,199)
Exercise of stock options	18,953	—	190	—	—	190
Stock-based compensation expense	—	—	8,814	—	—	8,814
Other comprehensive loss	—	—	—	(3,733)	—	(3,733)
Balance, March 31, 2025	<u>74,220,200</u>	<u>\$ 7</u>	<u>\$ 597,086</u>	<u>\$ (15,507)</u>	<u>\$ (613,331)</u>	<u>\$ (31,745)</u>

	Common Stock			Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Equity (Deficit)
	Shares	Amount	Treasury Stock				
Balance, December 31, 2023	73,366,766	\$ 7	\$ —	\$ 595,781	\$ (23,555)	\$ (519,892)	\$ 52,341
Net loss	—	—	—	—	—	(32,923)	(32,923)
Issuance of common stock to directors	4,974	—	—	—	—	—	—
Vesting of restricted stock units	141,563	—	—	(2,862)	—	—	(2,862)
Exercise of stock options	43,460	—	—	345	—	—	345
Repurchase of common stock	(1,320,531)	—	(50,019)	—	—	—	(50,019)
Stock-based compensation expense	—	—	—	10,606	—	—	10,606
Other comprehensive income	—	—	—	—	12,847	—	12,847
Balance, March 31, 2024	<u>72,236,232</u>	<u>\$ 7</u>	<u>\$ (50,019)</u>	<u>\$ 603,870</u>	<u>\$ (10,708)</u>	<u>\$ (552,815)</u>	<u>\$ (9,665)</u>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

APIAN CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited, in thousands)

	Three Months Ended March 31,	
	2025	2024
Cash flows from operating activities		
Net loss	\$ (1,177)	\$ (32,923)
Adjustments to reconcile net loss to net cash provided by operating activities		
Stock-based compensation	10,039	10,606
Depreciation expense and amortization of intangible assets	2,446	2,361
Bad debt expense	(125)	(135)
Amortization of debt issuance costs	150	140
Loss on disposal of property and equipment	—	—
Benefit for deferred income taxes	(163)	(450)
Foreign currency transaction (gains) losses, net	(3,989)	11,806
Changes in assets and liabilities		
Accounts receivable	60,259	40,061
Prepaid expenses and other assets	6,107	(2,245)
Deferred commissions	3,855	1,569
Accounts payable and accrued expenses	4,755	5,187
Accrued compensation and related benefits	(9,306)	(8,703)
Other current and non-current liabilities	507	1,944
Deferred revenue	(27,554)	(10,120)
Operating lease assets and liabilities	(838)	(232)
Net cash provided by operating activities	44,966	18,866
Cash flows from investing activities		
Proceeds from maturities of investments	13,611	9,657
Purchases of investments	(37,037)	—
Purchases of property and equipment	(651)	(2,198)
Net cash (used by) provided by investing activities	(24,077)	7,459
Cash flows from financing activities		
Proceeds from borrowings	—	50,000
Payments for debt issuance costs	—	(463)
Debt repayments	(2,500)	(1,250)
Repurchase of common stock	—	(50,019)
Payments for employee taxes related to the net share settlement of equity awards	(3,199)	(2,862)
Proceeds from exercise of common stock options	190	345
Net cash used by financing activities	(5,509)	(4,249)
Effect of foreign exchange rate changes on cash and cash equivalents	1,050	(1,319)
Net increase in cash and cash equivalents	16,430	20,757
Cash and cash equivalents at beginning of period	118,552	149,351
Cash and cash equivalents at end of period	\$ 134,982	\$ 170,108
Supplemental disclosure of cash flow information		
Cash paid for interest	\$ 5,018	\$ 5,325
Cash paid for income taxes	\$ 798	\$ 751
Supplemental disclosure of non-cash investing and financing activities		
Accrued capital expenditures	\$ 784	\$ 484

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

APPIAN CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. Organization and Description of Business

Appian Corporation (together with its subsidiaries, "Appian," the "Company," "we," or "our") is "The Process Company". We deliver a software platform that helps organizations run better processes that reduce costs, improve customer experiences, and gain a strategic edge. Committed to client success, we serve many of the world's largest companies across various industries. We believe processes define each organization. Processes are how they operate, deliver value, and interact with their customers. Appian has both the platform and the expertise to enable enterprise transformation.

We are headquartered in McLean, Virginia and operate both in the United States and internationally, including Australia, Canada, France, Germany, India, Italy, Japan, Mexico, the Netherlands, Portugal, Singapore, Spain, Sweden, Switzerland, and the United Kingdom.

2. Accounting Policies

Basis of Presentation

The accompanying unaudited consolidated financial statements and footnotes include the accounts of Appian and its wholly-owned subsidiaries and have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP") as contained in the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") for interim financial reporting. In the opinion of management, the interim financial information includes all adjustments of a normal recurring nature necessary for a fair presentation of the results of operations, financial position, changes in stockholders' deficit, and cash flows. All intercompany accounts and transactions have been eliminated in consolidation.

The results of operations for the current period are not necessarily indicative of the results for the full year or the results for any future periods. These unaudited consolidated financial statements should be read in conjunction with the consolidated financial statements and related footnotes included in our Annual Report on Form 10-K for the year ended December 31, 2024, filed with the Securities and Exchange Commission (the "SEC") on February 19, 2025.

Use of Estimates

The preparation of our consolidated financial statements in conformity with U.S. GAAP requires us to make estimates and judgments that affect the amounts reported in these consolidated financial statements and accompanying notes. Although we believe the estimates we use are reasonable, due to the inherent uncertainty involved in making these estimates, actual results reported in future periods could differ from those estimates.

Significant estimates embedded in the consolidated financial statements include, but are not limited to, revenue recognition, income taxes and the related valuation allowance established against deferred tax assets, the amortization period of deferred commissions, the amortization period of the cost to obtain the judgment preservation insurance policy (as discussed in Note 12), and stock-based compensation.

Revenue Recognition

Refer to Note 3 for a detailed discussion on specific revenue recognition principles related to our major revenue streams.

Concentration of Credit and Customer Risk

Our financial instruments exposed to concentration of credit and customer risk consist primarily of cash, cash equivalents, accounts receivable, and our short-term investments. Deposits held with banks may exceed the amount of insurance provided on such deposits; however, we believe the financial institutions holding our cash deposits are financially sound and, accordingly, minimal credit risk exists with respect to these balances.

With regard to our customers, credit evaluation and account monitoring procedures are used to minimize the risk of loss. For the three months ended March 31, 2025, revenue generated from government agencies represented 33.4% of total revenue, of which revenue from U.S. federal government agencies was 23.9% of total revenue. For the three months ended March 31, 2024, revenue generated from government agencies represented 29.5% of total revenue, of which revenue from U.S. federal government agencies was 21.7% of total revenue. Additionally, 36.2% and 37.2% of our revenue during the three months ended March 31, 2025 and 2024, respectively, was generated from international customers. No single end-customer accounted for more than 10% of our total revenue in the three months ended March 31, 2025 or 2024. As of March 31, 2025 and 2024, we had one reseller whose balance comprised 12.2% and 11.5% of total accounts receivable, respectively.

Cash and Cash Equivalents

We consider all highly liquid investments with original maturities of three months or less, as well as overnight repurchase agreements, to be cash equivalents.

Allowance for Doubtful Accounts

Accounts receivable and unbilled revenue are stated at realizable value, net of an allowance for doubtful accounts. The allowance is based on our assessment of the collectability of accounts and incorporates an estimation of expected lifetime credit losses on our receivables. We regularly review the composition of the accounts receivable aging, historical bad debts, changes in payment patterns, customer creditworthiness, current economic trends, and reasonable economic forecasts that affect collectability. If the financial condition of our customers were to deteriorate, resulting in their inability to make required payments, additional provisions for doubtful accounts would be required and would increase bad debt expense. The allowance for doubtful accounts totaled \$2.3 million and \$3.4 million as of March 31, 2025 and December 31, 2024, respectively.

Deferred Commissions

We capitalize costs of obtaining a contract with a customer, which consist of sales commissions paid to our sales team and the associated incremental payroll taxes. These costs are recorded as deferred commissions in the consolidated balance sheets. Costs to obtain a subscriptions contract for a new customer or upsell an existing subscriptions customer are amortized over an estimated economic life of five years as sales commissions on initial sales are not commensurate with sales commissions on contract renewals. Commissions paid relating to contract renewals are deferred and amortized over the related renewal period. We determine the estimated economic life based on both qualitative and quantitative factors such as expected renewals, product life cycles, contractual terms, and customer attrition. We periodically review the carrying amount of deferred contract acquisition costs to determine whether events or changes in circumstances have occurred that could impact the estimated economic life. Costs to obtain a contract for professional services arrangements are expensed as incurred as the contractual period of our professional services arrangements are one year or less.

Amortization associated with deferred commissions is recorded to sales and marketing expense in our consolidated statements of operations. Total commission expense was \$12.2 million and \$11.4 million for the three months ended March 31, 2025 and 2024, respectively.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Significant additions or improvements extending the useful life of an asset are capitalized, while repairs and maintenance costs which do not significantly improve the related assets or extend their useful lives are charged to expense as incurred. The estimated useful lives of our property and equipment are generally 3 years for computer software, computer hardware, and internally developed software, 5 years for equipment, and 10 years for office furniture and fixtures. Leasehold improvements have an estimated useful life of the shorter of the useful life of the assets or the lease term.

Treasury Stock

We account for treasury stock under the cost method. In 2024, we reissued treasury stock to satisfy employee stock option exercises and the vesting of restricted stock units as well as for issuances of common stock to our Board of Directors. Because we are in an accumulated deficit position, all reissuances of treasury stock were recorded as a decrease to additional-paid-in-capital in our consolidated balance sheets.

Recent Accounting Pronouncements

Adopted

We have not adopted any new accounting guidance in 2025 that has had a material impact on our consolidated financial statements or disclosures.

Not Yet Adopted

In December 2023, the FASB issued ASU 2023-09, Income Tax (Topic 740): Improvement to Income Tax Disclosures, which requires public companies to disclose, on an annual basis, a tabular rate reconciliation using both percentages and currency amounts, broken out into specified categories with certain reconciling items further broken out by nature and jurisdiction to the extent those items exceed a specified threshold. In addition, all entities are required to disclose income taxes paid, net of refunds received disaggregated by federal, state/local, and foreign and by jurisdiction if the amount is at least 5% of total income tax payments, net of refunds received. The new guidance will be effective for our annual reporting for fiscal year 2025 on a prospective basis with the option to apply the standard retrospectively. Early adoption is permitted. This ASU will only impact our disclosures with no impacts to our results of operations, cash flows, and financial condition.

In November 2024, the FASB issued ASU 2024-03, Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses, which requires more detailed disclosures of certain categories of expenses such as employee compensation, depreciation, and intangible asset amortization that are components of existing expense captions presented on the face of the income statement. The new guidance will be effective beginning with our annual reporting for fiscal year 2027 and for interim period reporting beginning in fiscal year 2028. Companies have the option to apply the guidance either on a retrospective or prospective basis, and early adoption is permitted. We are currently evaluating the impact this standard will have on our financial statement presentation and disclosures.

3. Revenue

Revenue Recognition

We generate subscriptions revenue primarily through the sale of cloud subscriptions bundled with maintenance and support and hosting services as well as term license subscriptions bundled with maintenance and support. We generate professional services revenue from fees for our consulting services, including application development and deployment assistance as well as training related to our platform.

The following table summarizes revenue recorded during the three months ended March 31, 2025 and 2024 (in thousands):

	Three Months Ended March 31,	
	2025	2024
Cloud subscriptions	\$ 99,826	\$ 86,603
Term license subscriptions	26,914	23,771
Maintenance and support	7,612	7,320
Total subscriptions	134,352	117,694
Professional services	32,074	32,141
Total revenue	\$ 166,426	\$ 149,835

Performance Obligations and Timing of Revenue Recognition

We primarily sell products and services that fall into the categories discussed below. Each category contains one or more performance obligations that are either (1) capable of being distinct (i.e., the customer can benefit from the product or service on its own or together with readily available resources, including those purchased separately from us) and distinct within the context of the contract (i.e., separately identified from other promises in the contract) or (2) a series of distinct products or services that are substantially the same and have the same pattern of transfer to the customer. Our term license subscriptions are delivered at a point in time while our cloud subscriptions, maintenance and support, and professional services are delivered over time.

Subscriptions Revenue

Subscriptions revenue is primarily related to (1) cloud subscriptions bundled with maintenance and support and hosting services and (2) term license subscriptions bundled with maintenance and support. We generally charge subscription fees on a per-user basis or through non-user-based single application licenses. We bill customers and collect payment for subscriptions to our platform in advance on an annual, quarterly, or monthly basis. In certain instances, our customers have paid their entire contract up front.

Cloud Subscriptions

We generate cloud-based subscriptions revenue primarily from the sales of subscriptions to access our cloud offering, together with related support services to our customers. We perform all required maintenance and support for our cloud offering. Revenue is recognized on a ratable basis over the contract term beginning on the date the service is made available to the customer. Our cloud-based subscription contracts generally have a term of one to three years in length. We bill customers and collect payment for subscriptions to our platform in advance, and they are non-cancellable.

Term License Subscriptions

Our term license subscriptions revenue is derived from customers with on-premises installations of our platform. The majority of our term license contracts are one year in length. Although term license subscriptions are sold with maintenance and support, the software is fully functional at the beginning of the subscription and is considered a distinct performance obligation. If a cloud-based subscription includes the right for the customer to take possession of the license, the revenue is treated as a term license. Revenue from term license subscriptions is recognized when control of the software license has transferred to the customer, which is the later of delivery or commencement of the contract term.

Maintenance and Support

Maintenance and support subscriptions include both technical support and when-and-if-available software upgrades, which are treated as a single performance obligation as they are considered a series of distinct services that are substantially the same and have the same duration and measure of progress. Revenue from maintenance and support is recognized ratably over the contract period, which is the period over which the customer has continuous access to maintenance and support.

Professional Services Revenue

Our professional services revenue is comprised of fees for consulting services, including application development and deployment assistance as well as training services related to our platform. Our professional services are considered distinct performance obligations when sold standalone or with other products.

Consulting Services

We sell consulting services to assist customers in planning and executing the deployment of our software. Customers are not required to use consulting services to fully benefit from the software. Consulting services are regularly sold on a standalone basis and most often as either (1) under a fixed-fee arrangement or (2) on a time and materials basis. We also sell advisory services on a subscription basis to support customers or partners with their development and deployment. Consulting services contracts are considered separate performance obligations because they do not integrate with each other or with other products and services to deliver a combined output to the customer, do not modify or customize (or are not modified or customized by) each other or other products and services, and do not affect the customer's ability to use other consulting offerings or other products and services. Revenue under consulting contracts is recognized over time as services are delivered. Revenue from subscription-based consulting contracts is recognized ratably over the contract period. For time and materials-based consulting contracts, we have elected the practical expedient of recognizing revenue upon invoicing since the invoiced amount corresponds directly to the value of our service to date.

Training Services

We sell various training services to our customers. Training services are sold in the form of prepaid training credits that are redeemed based on a fixed rate per course. Training revenue is recognized when the associated training services are delivered.

Significant Judgments and Estimates

Determining the Transaction Price

The transaction price is the total amount of consideration we expect to receive in exchange for the service offerings in a contract and may include both fixed and variable components. Variable consideration is included in the transaction price to the extent it is probable a significant reversal will not occur. The amount of variable consideration excluded from the transaction price for the three months ended March 31, 2025 and 2024 was immaterial. Our estimates of variable consideration are also subject to subsequent true-up adjustments and may result in changes to transaction prices; however, such true-up adjustments are not expected to be material.

Allocating the Transaction Price Based on Standalone Selling Prices ("SSP")

We allocate the transaction price to each performance obligation in a contract based on its relative SSP. The SSP is the observable price at which we sell the product or service separately. In the absence of observable pricing, we estimate SSP using the residual approach. We establish SSP as follows:

1. Cloud subscriptions - Given the highly variable selling price of our cloud subscriptions, we establish the SSP of our cloud subscriptions using a residual approach after first determining the SSP of consulting and training services. We have concluded the residual approach to estimating the SSP of our cloud subscriptions is an appropriate allocation of the transaction price.
2. Term license subscriptions - Given the highly variable selling price of our term license subscriptions, we have established the SSP of term license subscriptions using a residual approach after first determining the SSP of maintenance and support. Maintenance and support is sold on a standalone basis in conjunction with renewals of our legacy perpetual software licenses and within a narrow range of the net license fee. Because an economic relationship exists between the license and maintenance and support, we have concluded the residual approach to estimating the SSP of term license subscriptions is an appropriate allocation of the transaction price.
3. Maintenance and support - We establish the SSP of maintenance and support as a percentage of the stated net subscription fee based on observable pricing of maintenance and support renewals from our legacy perpetual software licenses.
4. Consulting and training services - The SSP of consulting and training services is established based on the observable pricing of standalone sales within each geographic region where the services are sold.

Contract Balances

Timing may differ between the satisfaction of performance obligations and the invoicing and collection of amounts related to our contracts with customers. Contract assets primarily relate to unbilled amounts for contracts with customers for which the amount of revenue recognized exceeds the amount billed to the customer. Contract assets are transferred to accounts receivable when the right to invoice becomes unconditional.

Contract liabilities consist of deferred revenue and include payments received in advance of the satisfaction of performance obligations. Deferred revenue is then recognized as the revenue recognition criteria are met. Deferred revenue that will be recognized during the succeeding 12-month period is recorded as current, and the remaining deferred revenue is recorded as non-current.

The following table sets forth our contract asset and contract liability balances (in thousands):

	As of			
	March 31, 2025	December 31, 2024	March 31, 2024	December 31, 2023
Contract assets, current*	\$ 8,868	\$ 12,933	\$ 10,371	\$ 12,052
Contract assets, non-current*	331	643	1,192	915
Total contract assets	\$ 9,199	\$ 13,576	\$ 11,563	\$ 12,967
Deferred revenue, current	\$ 258,582	\$ 281,760	\$ 220,943	\$ 235,992
Deferred revenue, non-current	3,944	5,477	5,216	4,700
Total contract liabilities	\$ 262,526	\$ 287,237	\$ 226,159	\$ 240,692

* Current and non-current contract assets are reported as components of the 'Prepaid expenses and other current assets' and 'Other assets' line items, respectively, in our consolidated balance sheets.

Revenue recognized from amounts included in contract liabilities at the beginning of the period totaled \$118.2 million and \$94.2 million for the three months ended March 31, 2025 and 2024, respectively.

Transaction Price Allocated to the Remaining Performance Obligations

As of March 31, 2025, we had an aggregate transaction price of \$519.1 million allocated to unsatisfied performance obligations. We expect to recognize \$331.9 million of this balance as revenue over the next 12 months with the remaining amount recognized thereafter.

4. Leases

As of March 31, 2025, our lease portfolio consists entirely of operating leases for corporate offices. Our operating leases have remaining lease terms with various expiration dates through 2031, and some leases include options to extend the term for up to an additional 10 years.

Lease Costs

Expense for operating leases is recognized on a straight-line basis over the lease term as an operating expense. We have lease agreements which require payments for lease and non-lease components (i.e., common area maintenance) that are accounted for as a single lease component. Variable lease payment amounts that cannot be determined at the commencement of the lease such as maintenance costs, utilities, and service charges, are not included in right-of-use ("ROU") assets or lease liabilities but rather are expensed as incurred and recorded as variable lease expense. We often receive customary incentives from our landlords such as tenant improvement allowances ("TIAs") and rent abatement periods, which effectively reduce total lease payments owed for the leases.

The following table sets forth the components of lease expense for the three months ended March 31, 2025 and 2024 (in thousands, exclusive of sublease income):

	Three Months Ended March 31,	
	2025	2024
Operating lease cost	\$ 2,393	\$ 2,411
Short-term lease cost	250	332
Variable lease cost	1,372	1,313
Total	\$ 4,015	\$ 4,056

Sublease income totaled \$0.3 million for each of the three months ended March 31, 2025 and 2024.

Supplemental Lease Information

Supplemental balance sheet information related to operating leases as of March 31, 2025 and December 31, 2024 is presented in the following table (in thousands, except for lease term and discount rate):

	As of	
	March 31, 2025	December 31, 2024
Right-of-use assets for operating leases	\$ 31,645	\$ 31,081
Operating lease liabilities, current	\$ 12,798	\$ 12,378
Operating lease liabilities, net of current portion	51,518	52,189
Total operating lease liabilities	\$ 64,316	\$ 64,567
Weighted average remaining lease term (in years)	6.2	6.5
Weighted average discount rate	9.4 %	9.4 %

Supplemental cash flow and expense information related to operating leases for the three months ended March 31, 2025 and 2024 is shown below (in thousands):

	Three Months Ended March 31,	
	2025	2024
Operating cash outflows for operating leases	\$ 3,193	\$ 2,643
Amortization of operating lease right-of-use assets	910	783
Interest expense on operating lease liabilities	1,483	1,629

There were no TIA reimbursements for the three months ended March 31, 2025 or 2024.

A summary of our future minimum lease commitments under non-cancellable leases as of March 31, 2025 is shown below (in thousands):

	Operating Leases
2025 (excluding the three months ended March 31, 2025)	\$ 9,998
2026	13,704
2027	13,904
2028	12,831
2029	12,377
Thereafter	22,905
Total lease payments	85,719
Less: imputed interest	(21,403)
Total	\$ 64,316

5. Goodwill and Intangible Assets

The following table details the changes in goodwill during the three months ended March 31, 2025 and fiscal year ended December 31, 2024 (in thousands):

	Carrying Amount
Balance as of December 31, 2023	\$ 27,106
Foreign currency translation adjustments	(1,551)
Balance as of December 31, 2024	25,555
Foreign currency translation adjustments	991
Balance as of March 31, 2025	<u>\$ 26,546</u>

Intangible assets, net consisted of the following as of March 31, 2025 and December 31, 2024 (in thousands):

	As of	
	March 31, 2025	December 31, 2024
Developed technology	\$ 6,944	\$ 6,685
Customer relationships	930	896
Intangible assets, gross	7,874	7,581
Less: accumulated amortization	(5,842)	(5,341)
Intangible assets, net	<u>\$ 2,032</u>	<u>\$ 2,240</u>

Intangible amortization expense was \$0.3 million and \$0.4 million for the three months ended March 31, 2025 and 2024, respectively. As of March 31, 2025, the weighted average remaining amortization periods for developed technology and customer relationships were approximately 1.4 years and 6.1 years, respectively.

The following table shows the projected annual amortization expense related to amortizable intangible assets as of March 31, 2025 (in thousands):

	Projected Amortization
2025 (excluding the three months ended March 31, 2025)	\$ 884
2026	759
2027	93
2028	93
2029	93
Thereafter	110
Total projected amortization expense	<u>\$ 2,032</u>

6. Property and Equipment, net

Property and equipment, net consisted of the following as of March 31, 2025 and December 31, 2024 (in thousands):

	As of	
	March 31, 2025	December 31, 2024
Leasehold improvements	\$ 55,045	\$ 54,088
Office furniture and fixtures	4,594	4,445
Computer software and hardware	9,424	9,363
Internally developed software	1,154	545
Equipment	199	191
Work in process	240	619
Property and equipment, gross	70,656	69,251
Less: accumulated depreciation	(34,326)	(32,142)
Property and equipment, net	\$ 36,330	\$ 37,109

Depreciation expense totaled \$2.2 million and \$2.0 million for the three months ended March 31, 2025 and 2024, respectively. We had no disposals or retirements during the three months ended March 31, 2025 or 2024.

7. Accrued Expenses

Accrued expenses consisted of the following as of March 31, 2025 and December 31, 2024 (in thousands):

	As of	
	March 31, 2025	December 31, 2024
Hosting costs	\$ 3,825	\$ 3,047
Legal costs	660	289
Marketing and tradeshow expenses	2,177	1,728
Third party license fees	809	668
Contract labor costs	1,321	1,043
Reimbursable employee expenses	1,409	1,569
Taxes payable	1,002	1,285
Audit and tax expenses	1,202	1,029
Capital expenditures	391	66
Other accrued expenses	1,029	664
Total	\$ 13,825	\$ 11,388

8. Debt

Senior Secured Credit Facilities Credit Agreement

We have a Senior Secured Credit Facilities Credit Agreement (the "Credit Agreement") which provides for a five-year term loan facility in an aggregate principal amount of \$200.0 million and, in addition, up to \$100.0 million for a revolving credit facility, including a letter of credit sub-facility in the aggregate availability amount of \$20.0 million and a swingline sub-facility in the aggregate availability amount of \$10.0 million (as a sublimit of the revolving loan facility). The Credit Agreement matures on November 3, 2027. We have been using the proceeds to fund the growth of our business and support our working capital requirements.

Under the agreement, we may elect whether amounts drawn bear interest on the outstanding principal amount at a rate per annum equal to either (a) the higher of the Prime rate or the Federal Funds Effective rate ("Base Rate") plus 0.5% or (b) the forward-looking term rate based on the secured overnight financing rate ("Term SOFR"). An additional interest rate margin is added to the elected interest rates. During the first three years of the Credit Agreement, the additional interest rate margin ranges from 1.5% to 2.5% in the case of Base Rate advances or from 2.5% to 3.5% in the case of Term SOFR advances, depending on our debt to recurring revenue leverage ratio (as defined in the Credit Agreement). During the final two years of the Credit Agreement, the interest rate margin ranges from 0.5% to 2.5% in the case of Base Rate advances and from 1.5% to 3.5% in the case of Term SOFR advances, depending on our debt to consolidated adjusted EBITDA leverage ratio (as defined in the Credit Agreement).

In addition, the Credit Agreement contains other customary representations, warranties, and covenants, including covenants by us limiting additional indebtedness, guarantees, liens, fundamental changes, mergers and consolidations, dispositions of assets, investments, paying dividends on capital stock or redeeming, repurchasing, or retiring capital stock, prepaying certain junior indebtedness and preferred stock, certain corporate changes, and transactions with affiliates. The Credit Agreement also provides for customary events of default, including but not limited to, non-payment, breaches, or defaults in the performance of covenants, insolvency, bankruptcy, and the occurrence of a material adverse effect on us.

The following table summarizes outstanding debt balances (in thousands):

	As of	
	March 31, 2025	December 31, 2024
Borrowings under revolving credit facility	\$ 62,000	\$ 62,000
Secured term loan facility	187,063	189,563
Less: Debt issuance costs ⁽¹⁾	(1,039)	(1,139)
Total debt, net of debt issuance costs	<u>\$ 248,024</u>	<u>\$ 250,424</u>
Debt, current	\$ 9,598	\$ 9,598
Long-term debt	238,426	240,826
Total debt	<u>\$ 248,024</u>	<u>\$ 250,424</u>

⁽¹⁾ Deferred debt issuance costs associated with the term loan facility are recorded net of the debt obligation and amortized to interest expense over the term of the Credit Agreement.

As of March 31, 2025, one of our bank accounts exceeded its permitted cash threshold under the Credit Agreement due to customer payments that were received just prior to quarter end, resulting in a covenant violation. We promptly cured the matter by transferring cash to be within the permitted threshold and obtained a waiver from our lenders waiving their rights to call our obligations under the Credit Agreement. As a result, we are currently in compliance with all covenants contained in the Credit Agreement.

As of March 31, 2025, we had \$62.0 million outstanding under our \$100.0 million revolving credit facility, and we had outstanding letters of credit totaling \$14.6 million in connection with securing our leased office space.

9. Income Taxes

The provision for income taxes is based upon the estimated annual effective tax rates for the year applied to the current period income before tax plus the tax effect of any significant or unusual items, discrete events, or changes in tax law. Our operating subsidiaries are exposed to statutory effective tax rates ranging from zero to approximately 35%. Fluctuations in the distribution of pre-tax income among our operating subsidiaries can lead to fluctuations of the effective tax rate in the consolidated financial statements. For the three months ended March 31, 2025 and 2024, the actual effective tax rates were (170.0)% and 1.4%, respectively.

As of March 31, 2025, our net unrecognized tax benefits totaled \$7.8 million, which if recognized would result in no net effect on the effective tax rate due to a valuation allowance. The amount of reasonably possible unrecognized tax benefits that could decrease over the next 12 months due to the expiration of certain statutes of limitations or settlements of tax audits is not material to our consolidated financial statements.

We file income tax returns in the U.S. federal jurisdiction and in various state and foreign jurisdictions. Due to our net operating loss carryforwards, the tax years 2016 through 2024 remain open to examination by the major taxing jurisdictions to which we are subject. There are no open examinations that would have a meaningful impact on our consolidated financial statements.

10. Stock-Based Compensation

Compensation expense related to stock-based awards is accounted for using the estimated fair value of the award on the grant date. We calculate the fair value of stock options containing only a service condition using the Black-Scholes option pricing model. The fair value of restricted stock units ("RSUs") is based on the closing market price of our common stock on the Nasdaq Global Market on the date of grant. For service-based awards such as RSUs, stock-based compensation expense is recognized on a straight-line basis over the requisite service period.

In June 2022, our Board of Directors granted to our Chief Executive Officer ("CEO") a stock option award that is eligible to vest based on the achievement of various stock price appreciation targets. This option grant (the "2022 CEO option grant") is our only outstanding stock-based award that vests based on the achievement of market conditions. For awards with market-based conditions, compensation expense is measured using a Monte Carlo simulation, and expense is recognized using the accelerated attribution method over the derived service period based on the expected market performance as of the grant date.

We account for forfeitures of our stock-based awards as they occur rather than estimating expected forfeitures. As of March 31, 2025, the total compensation cost related to unvested stock options not yet recognized, which relates exclusively to the 2022 CEO option grant, was \$4.6 million and will be recognized over a weighted average period of 1.0 years. Total unrecognized compensation cost related to unvested RSUs was approximately \$36.6 million, which will be recognized over a weighted average period of 1.6 years.

In 2025, we changed our annual bonus program to provide eligible employees with the option to receive all or a portion of their earned annual bonuses for 2025, otherwise payable in cash, in the form of RSUs. The RSUs will be granted by our Board of Directors during the first quarter of 2026 and will be fully vested upon grant. The portion of the 2025 annual bonus to be paid in the form of RSUs is recorded as stock-based compensation expense while the related obligations are recorded as liabilities in the 'Accrued compensation and related benefits' line item on our consolidated balance sheets. During the three months ended March 31, 2025, we recognized \$1.2 million of stock-based compensation related to this program.

The following table summarizes the components of our stock-based compensation expense for the three months ended March 31, 2025 and 2024 (in thousands):

	Three Months Ended March 31,	
	2025	2024
Cost of revenue		
Subscriptions	\$ 243	\$ 213
Professional services	1,407	1,578
Operating expenses		
Sales and marketing	2,188	2,527
Research and development	2,938	3,001
General and administrative	3,263	3,287
Total stock-based compensation expense	<u>\$ 10,039</u>	<u>\$ 10,606</u>

11. Basic and Diluted Loss per Share

Basic net loss per share is computed by dividing net loss by the weighted average number of common shares outstanding during the reporting period. Diluted loss per share is computed similar to basic, except the weighted average number of common shares outstanding is increased to include additional outstanding shares from the assumed exercise of stock options and vesting of RSUs, if dilutive. The dilutive effect, if any, of convertible shares is calculated using the treasury stock method. As we reported net losses for all periods presented, all outstanding shares would be considered antidilutive if they were to be assumed as vested or exercised.

The following outstanding securities, prior to the use of the treasury stock method, have been excluded from the computation of diluted weighted-average shares outstanding for the respective periods below because they would have been antidilutive to earnings per share:

	Three Months Ended March 31,	
	2025	2024
Stock options	1,036,576	2,555,509
Non-vested restricted stock units	1,259,321	1,183,674

12. Commitments, Contingencies, and Other Matters

Minimum Purchase Commitments

We have a non-cancellable cloud hosting arrangement with Amazon Web Services ("AWS") that contains provisions for minimum purchase commitments. Specifically, purchase commitments under the agreement total \$220.0 million over five years. The agreement, which originated in July 2021 and was amended in October 2024, currently contains minimum annual spending requirements of \$44.0 million from November 2024 to October 2029. Spending under this agreement for the three months ended March 31, 2025 and 2024 totaled \$10.4 million and \$10.3 million, respectively. The timing of payments under the agreement may vary. We expect to meet our minimum annual spending requirement during the term of the arrangement.

Exclusive of the AWS contract, we have other non-cancellable agreements for subscription software products that contain provisions stipulating minimum purchase commitments. However, the annual purchase commitments under these contracts are, individually and in the aggregate, immaterial to our consolidated financial statements.

Pegasystems Litigation

On May 29, 2020, we filed a civil complaint against Pegasystems, Inc. ("Pegasystems") and Youyong Zou, a Virginia resident, in the Circuit Court for Fairfax County, Virginia. *Appian Corp v. Pegasystems Inc. & Youyong Zou, No. 2020-07216 (Fairfax Cty. Ct.)*. On May 10, 2022, we announced the jury awarded us \$2.036 billion in damages for misappropriation of our trade secrets and \$1 in damages for violating the Virginia Computer Crimes Act. Pegasystems filed several post-trial motions seeking relief in the form of reducing the damages award or setting aside the jury's verdict and either granting a new trial or entering judgment in Pegasystems' favor. All of these motions were denied, and final judgment was entered by the Court on September 15, 2022. The final judgment reaffirmed the \$2.036 billion in damages and also ordered Pegasystems to pay Appian \$23.6 million in attorney's fees associated with the case as well as statutory post-judgment interest on the judgment at an annual rate of 6%, or approximately \$122.0 million per year.

Defendant Youyong Zou has satisfied the judgment of \$5,000 (plus interest) against him in lieu of appealing that judgment. On September 15, 2022, Pegasystems filed a notice of appeal to the Court of Appeals of Virginia. On July 30, 2024, the Court of Appeals of Virginia issued a decision reversing the judgment against Pegasystems and remanding for a new trial. The decision rejected Pegasystems' argument that Appian had not presented evidence that trade secrets were misappropriated but reversed the judgment on the basis of evidentiary and damages rulings made by the trial court. On August 29, 2024, Appian submitted a petition to the Supreme Court of Virginia seeking to reverse the Court of Appeals decision and reinstate the full judgment against Pegasystems. Pegasystems filed an

opposition to the petition and cross-issues for appeal on October 21, 2024. On March 7, 2025, the Supreme Court of Virginia granted Appian's petition and agreed to hear Appian's appeal as well as Pegasystems' cross-issues for appeal. The timeline for hearing Appian's appeal is solely in the control of the Supreme Court.

We cannot predict the outcome of any appeals or the exact time it will take to resolve them.

Judgment Preservation Insurance

On September 1, 2023, we entered into a Judgment Preservation Insurance ("JPI") policy in connection with our \$2.036 billion judgment against Pegasystems. The total cost of the policy was \$57.3 million and is comprised of the premium, a one-time broker fee, and Virginia lines tax. The policy provides up to \$500.0 million of coverage.

The total cost of the policy was capitalized and is being amortized on a straight-line basis over the estimated length of the appeals process. We currently estimate the total length of the appeals process (solely for amortization purposes) to be approximately four years. This estimate is reviewed each reporting period. Amortization expense associated with the JPI premium is recorded to general and administrative expenses in our consolidated statements of operations. JPI amortization expense was \$3.1 million and \$4.5 million for the three months ended March 31, 2025 and 2024, respectively. As of March 31, 2025, \$12.5 million of the unamortized balance is classified as 'Prepaid expenses and other current assets' while the remaining \$19.8 million is classified as 'Other assets' on our consolidated balance sheets.

Other Legal Matters

From time to time, we are subject to legal, regulatory, and other proceedings and claims that arise in the ordinary course of business. Other than as disclosed elsewhere in this Quarterly Report, we are not presently a party to any legal proceedings that, if determined adversely to us, would individually or taken together have a material adverse effect on our business, operating results, financial condition, or cash flows. Regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources, and other factors.

Share Repurchase Program

In February 2024, our Board of Directors authorized a program to repurchase up to \$50.0 million of our common stock from March 2024 to February 2026. In March 2024, we repurchased 1.3 million shares under this program at an average share price of \$37.86, totaling an aggregate cost of \$50.0 million.

13. Segment and Geographic Information

Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the chief operating decision maker ("CODM") for purposes of allocating resources and evaluating financial performance. We have determined our CODM is our Chief Executive Officer.

We have one operating and one reportable segment, representing our consolidated business that helps organizations design, automate, and optimize important business processes from start to finish. We generate revenue from customers primarily through the sale of cloud and term subscriptions bundled with maintenance and support as well as professional services revenue from fees for our consulting services and training related to our platform. Our reportable segment determination is based on our management and internal reporting structure, the nature of the subscriptions and services we offer, and the financial information evaluated regularly by our CODM.

The CODM uses operating loss and net loss reported on the consolidated statements of operations to assess performance for the segment and decide how to allocate resources. In addition, the CODM reviews the expense categories presented on the consolidated statements of operations to manage the Company's operations. Operating loss and net loss are used to evaluate profitability trends in the business, and the CODM considers budget-to-actual variances for both profit measures when making decisions about allocating capital and resources. Further, the measure of segment assets is total assets as reported on the consolidated balance sheets.

The following table summarizes revenue by geography for the three months ended March 31, 2025 and 2024 (in thousands):

	Three Months Ended March 31,	
	2025	2024
Domestic	\$ 106,193	\$ 94,113
International	60,233	55,722
Total	\$ 166,426	\$ 149,835

With respect to geographic information, revenue is attributed to respective geographies based on the contracting address of the customer. The value of our long-lived assets, which are comprised of property and equipment, intangible assets with finite lives, and right-of-use assets, held in the United States and internationally as of March 31, 2025 were \$54.1 million and \$15.9 million, respectively. As of December 31, 2024, our long-lived assets held in the United States and internationally were \$55.9 million and \$14.6 million, respectively.

14. Investments and Fair Value Measurements

Fair Value Measurements

U.S. GAAP establishes a three-tier fair value hierarchy to classify and disclose all assets and liabilities measured at fair value on a recurring basis, as well as assets and liabilities measured at fair value on a non-recurring basis, in periods subsequent to their initial measurement. The hierarchy requires us to use observable inputs when available and to minimize the use of unobservable inputs when determining fair value. The three tiers are defined as follows:

- **Level 1** - Observable inputs based on unadjusted quoted prices in active markets for identical assets or liabilities;
- **Level 2** - Inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and
- **Level 3** - Unobservable inputs for which there is little or no market data and which require us to develop our own estimates and assumptions reflecting those that a market participant would use.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs. There were no instruments measured at fair value on a recurring basis using significant unobservable inputs as of March 31, 2025 and December 31, 2024.

The valuation techniques that may be used to measure fair value are as follows:

- **Market approach** - Uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities;
- **Income approach** - Uses valuation techniques to convert future amounts to a single present amount based on current market expectations about those future amounts; and
- **Cost approach** - Based on the amount that currently would be required to replace the service capacity of an asset (i.e., replacement cost).

The carrying amounts of our accounts receivable, accounts payable, and accrued expenses approximate fair value as of March 31, 2025 and December 31, 2024 because of the relatively short duration of these instruments. Additionally, the carrying value of our debt associated with the term loan facility approximates fair value because the interest rates are variable and reset on relatively short durations to the then market rates.

Investments

Our investment portfolio consists largely of debt investments classified as available-for-sale. Changes in the fair value of available-for-sale securities, excluding other-than-temporary impairments, have been recorded in 'Accumulated other comprehensive income (loss)' in our consolidated balance sheets. The components of our cash, cash equivalents, and investments as of March 31, 2025 are as follows (in thousands):

As of March 31, 2025						
Fair Value Measurement				Balance Sheet Classification		
	Fair Value Level	Cost Basis	Unrealized Gains (Losses)	Fair Value	Cash and Cash Equivalents	Short-term Investments and Marketable Securities
Cash	Level 1	\$ 115,698	\$ —	\$ 115,698	\$ 115,698	\$ —
Money market fund	Level 1	19,284	—	19,284	19,284	—
U.S. Treasury bonds	Level 1	43,678	28	43,706	—	43,706
Commercial paper	Level 2	3,919	3	3,922	—	3,922
Corporate bonds	Level 2	17,078	10	17,088	—	17,088
Total investments		\$ 199,657	\$ 41	\$ 199,698	\$ 134,982	\$ 64,716

At December 31, 2024, our investments consisted of the following (in thousands):

As of December 31, 2024						
Fair Value Measurement				Balance Sheet Classification		
	Fair Value Level	Cost Basis	Unrealized Gains (Losses)	Fair Value	Cash and Cash Equivalents	Short-term Investments and Marketable Securities
Cash	Level 1	\$ 106,338	\$ —	\$ 106,338	\$ 106,338	\$ —
Money market fund	Level 1	12,214	—	12,214	12,214	—
U.S. Treasury bonds	Level 1	24,376	26	24,402	—	24,402
Commercial paper	Level 2	2,974	3	2,977	—	2,977
Corporate bonds	Level 2	13,900	29	13,929	—	13,929
Total investments		\$ 159,802	\$ 58	\$ 159,860	\$ 118,552	\$ 41,308

We did not hold any Level 3 assets at any point during the three months ended March 31, 2025. Additionally, there were no transfers between Levels 1 and 2 during the three months ended March 31, 2025. Interest income on our investments, which is recorded within 'Other operating (income) expense' on our consolidated statements of operations, totaled \$1.6 million and \$1.9 million for the three months ended March 31, 2025 and 2024, respectively.

The contractual maturities of our debt securities as of March 31, 2025 and December 31, 2024 were all one year or less. Actual maturities may differ from contractual maturities because borrowers have the right to call or prepay certain obligations.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with (1) our consolidated financial statements and related notes appearing elsewhere in this Quarterly Report on Form 10-Q and (2) the audited consolidated financial statements and the related notes and management's discussion and analysis of financial condition and results of operations for the year ended December 31, 2024 included in our Annual Report on Form 10-K, filed with the Securities and Exchange Commission, or SEC, on February 19, 2025.

This Quarterly Report on Form 10-Q contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. These statements are often identified by the use of words such as "anticipate," "believe," "continue," "could," "estimate," "expect," "intend," "may," "plan," "project," "will," "would," or the negative or plural of these words or similar expressions or variations, including statements regarding our expectations regarding customer renewals and our future financial and operating performance, anticipated expansion of the usage of partners to perform professional services, the increase of our subscriptions revenue as a percentage of total revenue, the fluctuation of gross margin on a quarterly basis, our future capital requirements, and our ability to meet our financial covenants under our Credit Agreement. Such forward-looking statements are subject to a number of risks, uncertainties, assumptions, and other factors that could cause actual results and the timing of certain events to differ materially from future results expressed or implied by the forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those identified herein and those discussed in the section titled "Risk Factors," set forth in Part I, Item 1A of our Annual Report on Form 10-K filed with the SEC on February 19, 2025 and in our other filings with the SEC. Forward-looking statements should not be relied on as predictions of future events. Furthermore, such forward-looking statements speak only as of the date of this report. Except as required by law, we undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date of such statements.

Overview

Appian is The Process Company. We deliver a software platform that helps organizations run better processes that reduce costs, improve customer experiences, and gain a strategic edge. Committed to client success, we serve many of the world's largest companies across various industries. We believe processes define each organization. Processes are how they operate, deliver value, and interact with their customers. Nothing is more transformative for an organization than improving their processes. Appian has both the platform and the expertise to enable enterprise transformation.

Appian provides capabilities to tackle any process challenge. Appian tightly integrates data fabric; robotic process automation, or RPA; intelligent document processing, or IDP; generative artificial intelligence, or generative AI; artificial intelligence agents, or AI agents; low-code design; application programming interfaces, or APIs; business rules; and process intelligence capabilities in a single platform. These capabilities are unified and scalable, meeting enterprise demands and easy to change as requirements evolve.

- **Process Orchestration:** The Appian platform coordinates tasks between AI, automation, and humans to ensure processes run efficiently and intelligently. RPA enables customers to build bots with low-code to automate repetitive manual tasks. Appian AI agents extract data, process documents, and initiate processes at scale. API integration easily connects systems with low-code design tools and hundreds of prebuilt connections.
- **Data Fabric:** Appian's data fabric is an integrated data layer that unifies data across systems without requiring companies to migrate their data. Appian empowers users to explore data in real-time, build reports, and get AI-powered insights for smarter decision-making. Our patented data fabric technology supports both analytical and transactional workloads, which allows users to build applications that create and update enterprise data. It also includes row-level security rules to enforce access controls at every level. Our data fabric functionality powers and is designed to secure our AI offering.

- **Process Intelligence:** Process intelligence allows users to gain deep insights into process performance through Appian’s Process HQ. It also preps data for process mining with just a few clicks, even across multiple sources. Companies can use AI to monitor processes, identify issues, and get intelligent recommendations for optimization.
- **Artificial Intelligence:** We believe the key to unlocking AI’s full potential is embedding it inside a business process. Process is where business happens. It’s where companies make decisions, save and spend money, serve customers, and scale business operations. When AI operates within processes, it gains purpose, governance, and accountability—all essential to delivering value from AI. Appian can embed AI into every process, which gives AI the context and actions it needs to accelerate outcomes for the enterprise.

Appian delivers six key benefits with our “AI in process” approach:

1. Process makes AI easy. Deploying AI in isolated projects is complex and costly. By embedding AI within a process, enterprises can easily access valuable AI capabilities when and where they need them.
2. Process gives AI structure. AI is only as useful as the structure surrounding it. A process gives AI defined goals in a structured flow of work. AI can work alongside humans and automation tools, escalating issues so humans always maintain oversight and control.
3. Process gives AI data. AI is nothing without data. But most enterprises struggle to feed AI complete data from across systems, while still ensuring privacy and maintaining access privileges. By integrating AI into processes, enterprises ensure AI receives quality, real-time data from all systems. Organizations can enforce privacy controls to prevent unauthorized access and optimize data governance to comply with regulations (such as GDPR, HIPAA, etc.).
4. Process makes AI safe. AI is powerful, but no one wants to give AI free reign over their enterprises. Processes provide crucial safety mechanisms, including human approval steps for high-risk actions and escalation paths to ensure AI errors don’t cause harm. Additionally, activity logs make auditing and compliance simple for organizations with strict regulatory requirements.
5. Process makes AI measurable. For many enterprises, AI is a black box, which can’t be measured for impact. Appian processes track every AI action, allowing organizations to measure performance, identify bottlenecks, and optimize outcomes.
6. Process makes AI enterprise-grade. A process provides the necessary infrastructure to scale AI use. The right tooling puts AI to work with security certifications, enterprise scalability, and other capabilities such as process orchestration, automation, and intelligence. Processes take AI from a collection of disconnected pilots to an enterprise-wide capability.

Appian’s unified approach delivers all the capabilities leading organizations need to orchestrate their business processes in one place. It empowers enterprises to transform their processes and improve business outcomes.

We have generated the majority of our revenue from sales of subscriptions, which include (1) cloud subscriptions bundled with maintenance and support and hosting services and (2) term license subscriptions bundled with maintenance and support. Our subscription contracts are priced based primarily on the number of users who access and utilize the applications built on our platform or, alternatively, non-user-based single application licenses. Our subscription contract terms generally vary from one to three years with most providing for payment in advance on an annual, quarterly, or monthly basis. Due to the variability of our billing terms and the episodic nature of our customers purchasing additional subscriptions, we do not believe changes in our deferred revenue in a given period are directly correlated with our revenue growth.

We have invested in our Customer Success organization to help ensure customers are able to build and deploy applications on our platform. We have a number of strategic partnerships with companies, including Accenture, Capgemini, Deloitte, EY, KPMG, PwC, and TCS, which allow them to refer customers to us in order to purchase subscriptions. Our partners then provide professional services directly to the customers using our platform. We intend to continue focusing on adding new customers with our strategic partners. In addition, over time we expect

our professional services revenue as a percentage of total revenue to decline as we increasingly rely on strategic partners to help our customers deploy our software. We believe our investment in professional services, including strategic partners building their practices around Appian, will drive increased adoption of our platform.

Our customers primarily include financial services, government, life sciences, insurance, manufacturing, energy, healthcare, telecommunications, and transportation organizations. Generally, our sales team targets its efforts to organizations with over 2,000 employees and \$2 billion in annual revenue. For the three months ended March 31, 2025, revenue generated from government agencies represented 33.4% of total revenue, of which revenue from U.S. federal government agencies was 23.9% of total revenue. For the three months ended March 31, 2024, revenue generated from government agencies represented 29.5% of total revenue, of which revenue from U.S. federal government agencies was 21.7% of total revenue. No single end-customer accounted for more than 10% of our total revenue in the three months ended March 31, 2025 or 2024.

We offer our platform globally. Our platform supports multiple languages to facilitate collaboration and address challenges in multinational organizations. In the three months ended March 31, 2025, 36.2% of our total revenue was generated from customers outside of the United States as compared to 37.2% in the three months ended March 31, 2024. As of March 31, 2025, we operated in 16 countries. We believe we have a significant opportunity to continue to grow our international footprint, and we are investing in new geographies, including through investment in direct and indirect sales channels, professional services, and customer support and implementation partners.

Our business model focuses on maximizing the lifetime value of customer relationships, which is a function of the duration of a customer's deployment of our platform as well as the price and number of subscriptions of our platform that a customer purchases. We incur significant customer acquisition costs, including expenses associated with hiring new sales representatives, who can take anywhere from six months to a year to become productive given the length of our sales cycle, and marketing costs which, with the exception of certain types of sales commissions, are expensed as incurred.

At the same time, we believe the costs we incur to retain customers and drive additional purchases of software are lower than our customer acquisition costs on a relative basis. Over time, we expect a large portion of our customers to renew their subscriptions and purchase additional subscriptions as they continue to build more applications and add more users to our platform. Over the last three completed fiscal years, we had an average cloud subscriptions gross renewal rate of 99%. We calculate our cloud subscriptions gross renewal rate by dividing (i) the cloud subscriptions revenue from renewing cloud customers in the current 12-month period that were cloud customers during the entirety of the prior 12-month period, by (ii) our cloud subscriptions revenue from all cloud customers in the corresponding prior 12-month period that were cloud customers during the entirety of such prior 12-month period. The calculation includes the impact of customers that churned during the current 12-month period but excludes the impact of price changes, additional users, upsells, and downsells during the same period.

Key Factors Affecting Our Performance

The following are several key factors that affect our performance:

- **Market Adoption of Our Platform** - Our ability to grow our customer base and drive market adoption of our platform is affected by the pace at which organizations digitally transform. We expect our revenue growth will be primarily driven by the pace of adoption and penetration of our platform. We offer a leading custom software platform and intend to continue to invest to expand our customer base. The degree to which prospective customers recognize the need for our software platform and its ability to enable their organizations to digitally transform, and subsequently allocate budget dollars to purchase our software, will drive our ability to acquire new customers and increase sales to existing customers, which, in turn, will affect our future financial performance.
- **Growth of Our Customer Base** - We believe we have a substantial opportunity to grow our customer base. We have aggressively invested, and intend to continue to invest, in our sales team in order to drive sales to new customers. We continue to make investments to enhance the expertise of our sales and marketing

organization within our key industry verticals of financial services, government, life sciences, insurance, and manufacturing. In addition, we have established relationships with strategic partners who work with organizations undergoing digital transformations. Our ability to continue to grow our customer base is dependent, in part, upon our ability to differentiate ourselves within the increasingly competitive markets in which we participate.

- **Further Penetration of Existing Customers** - Our sales team seeks to generate additional revenue from existing customers by adding new users to our platform. Many of our customers begin by building a single application and then grow to build dozens of applications on our platform. Generally, the development of new applications on our platform results in the expansion of our user base within an organization and a corresponding increase in revenue. As a result of this "land and expand" strategy, we have generated significant additional revenue from our customer base. Our ability to increase sales to existing customers will depend on a number of factors, including the size of our sales and professional services teams, customers' level of satisfaction with our platform and professional services, pricing, economic conditions, and our customers' overall spending levels.
- **Mix of Subscriptions and Professional Services Revenue** - We believe our professional services have driven customer success and facilitated the adoption of our platform by customers. During the initial period of deployment of our platform by a customer, we generally provide a greater amount of support in building applications and training than later in the deployment, with a typical engagement lasting from two to six months. At the same time, many of our customers have historically purchased subscriptions for only a limited set of their total potential end users. As a result of these factors, the proportion of total revenue for a customer associated with professional services is relatively high during the initial deployment period. Over time, as the need for professional services associated with user deployments decreases and the number of end users increases, we expect subscriptions revenue as a percentage of total revenue to increase. In addition, we continue to grow our base of strategic partners to provide broader customer coverage and solution delivery capabilities. These partners perform professional services with respect to any new service contracts they originate. As the usage of strategic partners expands, we expect the proportion of our total revenue from subscriptions to increase over time relative to professional services. For the three months ended March 31, 2025 and 2024, 80.7% and 78.5% of our revenue, respectively, was derived from sales of subscriptions while the remaining 19.3% and 21.5%, respectively, was derived from the sale of professional services.
- **Investments in Growth** - We have made, and plan to continue to make, investments for long-term growth, including investing in our platform and infrastructure to continuously maximize their power and speed, meet the evolving needs of our customers, and take advantage of our market opportunity. In addition, we may pursue strategic acquisitions that enhance our product offerings. We also intend to continue to invest in sales and marketing as we further expand our sales teams, increase our marketing activities, and grow our international operations.

Key Metrics

We monitor the following metrics to help us measure and evaluate the effectiveness of our operations. All dollar amounts are presented in thousands.

Cloud Subscriptions Revenue

	Three Months Ended March 31,		
	2025	2024	% Change
Cloud subscriptions revenue	\$ 99,826	\$ 86,603	15.3 %

Cloud subscriptions revenue includes cloud subscriptions bundled with maintenance and support and hosting services. Our cloud subscriptions revenue for any customer is primarily determined by the number of users who access and utilize the applications built on our platform or by the number of application licenses purchased, as well as the price paid. We believe increasing cloud subscriptions revenue is an indicator of the demand for our platform,

the pace at which the market for our solutions is growing, the productivity of our sales team and strategic relationships in growing our customer base, and our ability to further penetrate our existing customer base.

Cloud Subscriptions Revenue Retention Rate

	As of March 31,	
	2025	2024
Cloud subscriptions revenue retention rate	112 %	120 %

A key factor to our success is the renewal and expansion of subscription agreements with our existing customers. We calculate this metric over a set of customers who have been with us for at least one full year. To calculate our cloud subscriptions revenue retention rate for a particular trailing 12-month period, we first establish the recurring cloud subscriptions revenue for the previous trailing 12-month period. This effectively represents recurring dollars we should expect in the current trailing 12-month period from the cohort of customers from the previous trailing 12-month period without accounting for any expansion or contraction. We subsequently measure the recurring cloud subscriptions revenue in the current trailing 12-month period from the cohort of customers from the previous trailing 12-month period. Cloud subscriptions revenue retention rate is then calculated by dividing the aggregate recurring cloud subscriptions revenue in the current trailing 12-month period by the previous trailing 12-month period. This calculation includes the combined impact on our revenue from customer churn, upsells, downsells, pricing changes, and growth in the number of users on our platform. Our cloud subscriptions revenue retention rate can fluctuate from period to period due to large customer contracts in any given period.

Key Components of Results of Operations

Revenue

We generate revenue primarily through sales of subscriptions to our platform as well as professional services. We typically sell our software on a per-user basis or through non-user-based single application licenses. We generally bill customers and collect payment for subscriptions to our platform in advance on an annual, quarterly, or monthly basis. In certain instances, we have had customers pay their entire contract value up front.

Our revenue is comprised of the following:

Subscriptions

Subscriptions revenue is primarily derived from cloud subscriptions bundled with maintenance and support and hosting services and term license subscriptions bundled with maintenance and support. Our maintenance and support agreements provide customers with the right to unspecified software upgrades, maintenance releases and patches released during the term of the maintenance and support agreement on a when-and-if-available basis, and rights to technical support. Term license subscriptions are offered when the customer prefers to self-manage the deployment of our platform within their own infrastructure. When our platform is delivered as a cloud subscription, we manage operational needs in third-party hosted data centers.

Professional Services

Our professional services revenue is comprised of fees for consulting services, including application development, deployment assistance, and training related to our platform. Over time, we expect professional services revenue as a percentage of total revenue to decrease as the usage of our partner network expands.

Cost of Revenue

Subscriptions

Cost of subscriptions revenue consists primarily of fees paid to our third-party managed hosting providers and other third-party service providers, personnel costs, including payroll and benefits for our technology operations and customer support teams, amortization of acquired technology, and allocated overhead costs. We expect cost of revenue to continue to increase in absolute dollars for the foreseeable future as our customer base grows.

Professional Services

Cost of professional services revenue includes all direct and indirect costs to deliver our professional services and training, including employee compensation for our global professional services and training personnel, third-party contractor costs, allocated overhead costs, and the costs of billable expenses such as travel and lodging. The unpredictability of the timing of providing services related to significant professional services agreements sold on a standalone basis may cause significant fluctuations in our cost of professional services which, in turn, may impact our quarterly financial results.

Gross Profit and Gross Margin

Gross profit and gross margin (defined as gross profit as a percentage of total revenue), have been, and will continue to be, affected by various factors, including the mix of cloud subscriptions and term license subscriptions, the mix of total subscriptions revenue and professional services revenue, subscription pricing, the costs associated with third-party hosting providers, and the extent to which we expand or reduce our professional services to support future changes in our growth. Our gross margin may fluctuate from period to period based on the above factors.

Subscriptions Gross Margin

Subscriptions gross margin is primarily affected by the growth in our subscriptions revenue as compared to the growth in, and timing of, costs to support such revenue. We expect to continue to invest in customer support and cloud operations to support growth in our business, and the timing of those investments is expected to cause subscriptions gross margin to fluctuate on a quarterly basis.

Professional Services Gross Margin

Professional services gross margin is affected by the growth in our professional services revenue as compared to the growth in, and timing of, the costs of our Customer Success organization as we continue to invest in the growth of our business, as well as by consultant utilization rates. Professional services gross margin is also impacted by the amount of services performed by subcontractors and partners as opposed to internal resources. For the full year 2025, we expect professional services gross margin to be consistent with 2024; however, the margins for individual quarters remain subject to fluctuation based on the factors discussed above.

Operating Expenses

Operating expenses consist of sales and marketing, research and development, and general and administrative expenses. Personnel-related costs such as salaries, bonuses, commissions, payroll tax payments, and stock-based compensation expense are the most significant components of each of these expense categories. Other components of each category include professional fees for third-party services such as legal, software development resources, contractors, and cloud computing services. In addition, operating expenses include allocated overhead costs, which are primarily comprised of facility costs such as rent, employee medical benefits, employee relations expense, and certain information technology costs.

In general, our operating expenses are expected to continue to increase in absolute dollars as we invest resources in enhancing our product and growing our business, although such growth is expected to be at a more measured rate than prior years.

Sales and Marketing Expense

Sales and marketing expense primarily includes personnel costs, including salaries, bonuses, commissions, stock-based compensation, and other personnel costs related to sales teams. Additional major expenses in this category include travel and entertainment, marketing activities and promotional events, subcontracting fees, and allocated overhead costs. We are focused on increasing the efficiency of our sales force and marketing activities by enhancing account targeting, messaging, field sales operations, and sales training in order to accelerate the adoption of our platform.

We expect sales and marketing headcount to marginally increase from current levels in 2025 due to expected growth in our principal markets and strategic growth areas. Furthermore, we expect sales and marketing expense to increase in absolute dollars as we continue to invest in acquiring new customers, further expand usage of our platform within our existing customer base, and broaden our efforts to build on our brand reputation and increase market awareness of our platform.

Research and Development Expense

Research and development expense consists primarily of personnel costs for our employees who develop and enhance our platform, including salaries, bonuses, stock-based compensation, and other personnel costs. Also included are non-personnel costs such as subcontracting, consulting, professional fees to third party development resources, certain information technology expenses, and allocated overhead costs.

Our research and development efforts are focused on enhancing the capabilities, speed, and power of our software platform. In 2022, we opened a new product development center in India. Although we expect research and development expense to continue to increase in absolute dollars as such costs are critical to maintain and improve the quality of applications and our competitive position, we believe our product development center will result in cost savings over time.

General and Administrative Expense

General and administrative expense consists primarily of personnel costs, including salaries, bonuses, stock-based compensation, and other personnel costs for our administrative, legal, information technology, human resources, finance, and accounting teams as well as our senior executives. Additional expenses included in this category are non-personnel costs such as travel-related expenses, contracting and professional fees for such services as audits, taxation, and legal, insurance and other corporate expenses, including allocated overhead costs, and bad debt expenses. In 2025, we expect general and administrative expense to increase in absolute dollars largely due to investments in our information technology team.

Other Non-Operating Expense

Other Expense (Income), Net

Other expense (income), net consists primarily of gains and losses related to changes in foreign currency exchange rates, interest income on our cash and cash equivalents and investments, and other sources of income or expense not related to our core business operations.

Interest Expense

Interest expense consists primarily of interest on our debt, amortization of deferred financing fees, unused credit facility fees, and commitment fees on our letters of credit.

Results of Operations

The following table sets forth our consolidated statements of operations (in thousands):

	Three Months Ended March 31,	
	2025	2024
Revenue		
Subscriptions	\$ 134,352	\$ 117,694
Professional services	32,074	32,141
Total revenue	166,426	149,835
Cost of revenue		
Subscriptions	14,894	12,270
Professional services	24,024	25,727
Total cost of revenue	38,918	37,997
Gross profit	127,508	111,838
Operating expenses		
Sales and marketing	54,553	58,156
Research and development	39,517	39,771
General and administrative	34,272	33,446
Total operating expenses	128,342	131,373
Operating loss	(834)	(19,535)
Other non-operating (income) expense		
Other (income) expense, net	(5,716)	8,207
Interest expense	5,318	5,646
Total other non-operating (income) expense	(398)	13,853
Loss before income taxes	(436)	(33,388)
Income tax expense (benefit)	741	(465)
Net loss	\$ (1,177)	\$ (32,923)

The following table sets forth our consolidated statements of operations data expressed as a percentage of total revenue:

	Three Months Ended March 31,	
	2025	2024
Revenue		
Subscriptions	80.7 %	78.5 %
Professional services	19.3	21.5
Total revenue	100.0	100.0
Cost of revenue		
Subscriptions	8.9	8.2
Professional services	14.4	17.2
Total cost of revenue*	23.4	25.4
Gross profit	76.6	74.6
Operating expenses		
Sales and marketing	32.8	38.8
Research and development	23.7	26.5
General and administrative	20.6	22.3
Total operating expenses*	77.1	87.7
Operating loss	(0.5)	(13.0)
Other non-operating (income) expense		
Other (income) expense, net	(3.4)	5.5
Interest expense	3.2	3.8
Total other non-operating expense*	(0.2)	9.2
Loss before income taxes*	(0.3)	(22.3)
Income tax expense (benefit)	0.4	(0.3)
Net loss*	(0.7)%	(22.0)%

* Totals may not foot due to rounding.

Comparison of the Three Months Ended March 31, 2025 and 2024

Revenue

	Three Months Ended March 31,		\$ Change	% Change
	2025	2024		
	(dollars in thousands)			
Revenue				
Subscriptions	\$ 134,352	\$ 117,694	\$ 16,658	14.2 %
Professional services	32,074	32,141	(67)	(0.2)
Total revenue	\$ 166,426	\$ 149,835	\$ 16,591	11.1 %

Total revenue increased \$16.6 million, or 11.1%, in the three months ended March 31, 2025 compared to the same period in 2024 due to an increase in our subscriptions revenue of \$16.7 million. This increase was partially offset by a decrease in our professional services revenue of \$0.1 million. The increase in subscriptions revenue was driven by a \$13.2 million increase in cloud subscriptions revenue, a \$3.1 million increase in term license subscriptions revenue, and a \$0.3 million increase in maintenance and support revenue. With respect to new versus existing customers, there was an \$8.1 million increase in subscriptions revenue from sales to new customers, while the remaining \$8.5 million of the increase was attributable to expanded deployments, price increases on renewals, and corresponding sales of additional subscriptions to existing customers. The decrease in professional services

revenue was due primarily to a \$4.9 million decrease in revenue from existing customers, which was largely offset by a \$4.8 million increase in sales to new customers.

Cost of Revenue

	Three Months Ended March 31,		\$ Change	% Change
	2025	2024		
	(dollars in thousands)			
Cost of revenue				
Subscriptions	\$ 14,894	\$ 12,270	\$ 2,624	21.4 %
Professional services	24,024	25,727	(1,703)	(6.6)
Total cost of revenue	\$ 38,918	\$ 37,997	\$ 921	2.4 %
Subscriptions gross margin	88.9 %	89.6 %		
Professional services gross margin	25.1 %	20.0 %		
Total gross margin	76.6 %	74.6 %		

Cost of revenue increased \$0.9 million, or 2.4%, in the three months ended March 31, 2025 compared to the same period in 2024, primarily due to a \$2.4 million increase in hosting costs coupled with a \$0.4 million increase in contractor costs. These increases were partially offset by a \$1.6 million decrease in professional services and product support personnel costs. Hosting costs increased due to an increase in sales of our cloud offering during the three months ended March 31, 2025, while contractor costs increased due to an increase in the usage of subcontractors for professional services engagements. Professional services and product support personnel costs decreased due to a decrease in cost of sales headcount of 11% from March 31, 2024 to March 31, 2025.

Subscriptions gross margin decreased slightly to 88.9% for the three months ended March 31, 2025, compared to 89.6% in the same period in 2024. The decrease in subscriptions gross margin was attributable to an increase in hosting costs, which was substantially offset by an increase in subscriptions revenue during the three months ended March 31, 2025 as compared to the three months ended March 31, 2024. Professional services gross margin increased to 25.1% for the three months ended March 31, 2025 compared to 20.0% in the same period in 2024 due largely to a decrease in professional services personnel expense, partially offset by a slight decrease in professional services revenue in the comparable period. Gross margin increased to 76.6% for the three months ended March 31, 2025 compared to 74.6% for the three months ended March 31, 2024, driven largely by the increase in subscriptions revenue and the improvement in professional services gross margin.

Sales and Marketing Expense

	Three Months Ended March 31,		\$ Change	% Change
	2025	2024		
	(dollars in thousands)			
Sales and marketing	\$ 54,553	\$ 58,156	\$ (3,603)	(6.2)%
% of revenue	32.8 %	38.8 %		

Sales and marketing expense decreased \$3.6 million, or 6.2%, in the three months ended March 31, 2025 compared to the same period in 2024, primarily due to a \$2.2 million decrease in sales and marketing personnel costs. This decrease was partially offset by a \$0.3 million increase travel and entertainment costs and a \$0.2 million increase in contractor costs. Sales and marketing personnel costs decreased due to a decrease in sales and marketing headcount of 24% from March 31, 2024 to March 31, 2025 and a \$0.3 million decrease in stock compensation expense. Travel and entertainment expense increased due to a higher number of in-person events and engagements relative to the prior year, while the increase in contractor costs was attributable to an increase in third-party consulting fees.

Research and Development Expense

	Three Months Ended March 31,		\$ Change	% Change
	2025	2024		
	(dollars in thousands)			
Research and development	\$ 39,517	\$ 39,771	\$ (254)	(0.6)%
% of revenue	23.7 %	26.5 %		

Research and development expense decreased \$0.3 million, or 0.6%, in the three months ended March 31, 2025 compared to the same period in 2024. This change is primarily attributable to a \$0.3 million decline in research and development personnel costs. Research and development headcount remained consistent period over period, but overall personnel costs declined due to realized cost savings from our product development center in India.

General and Administrative Expense

	Three Months Ended March 31,		\$ Change	% Change
	2025	2024		
	(dollars in thousands)			
General and administrative	\$ 34,272	\$ 33,446	\$ 826	2.5 %
% of revenue	20.6 %	22.3 %		

General and administrative expense increased \$0.8 million, or 2.5%, in the three months ended March 31, 2025 compared to the same period in 2024 primarily due to increases of \$0.8 million in information technology spending and \$0.7 million in professional fees. These increases were partially offset by decreases of \$1.4 million in insurance expense and \$0.3 million in personnel costs. Information technology costs were higher due to continued investments in computer software while professional fees were higher due to a \$1.1 million increase in litigation-related expenses attributable to the Pegasystems cases and a \$0.4 million increase in contract labor spending. The decrease in insurance expense was driven by the lower amortization expense of our judgment preservation insurance policy, and personnel costs were lower due to headcount decreasing by 3% from March 31, 2024 to March 31, 2025.

Other Non-Operating (Income) Expense, Net

	Three Months Ended March 31,		\$ Change	% Change
	2025	2024		
	(dollars in thousands)			
Other (income) expense, net	\$ (5,716)	\$ 8,207	\$ (13,923)	***
% of revenue	(3.4)%	5.5 %		

*** Indicates a percentage that is not meaningful.

Other income, net was \$5.7 million in the three months ended March 31, 2025 compared to other expense, net of \$8.2 million in the three months ended March 31, 2024. This change was primarily due to \$4.1 million in foreign exchange gains in the three months ended March 31, 2025 as compared to \$11.5 million in foreign exchange losses in the three months ended March 31, 2024. In addition, there was a \$1.4 million decrease in other income related to a non-recurring local government incentive payment that was received in the prior year.

Interest Expense

	Three Months Ended March 31,		\$ Change	% Change
	2025	2024		
	(dollars in thousands)			
Interest expense	\$ 5,318	\$ 5,646	\$ (328)	(5.8)%
% of revenue	3.2 %	3.8 %		

Interest expense decreased by \$0.3 million in the three months ended March 31, 2025 as compared to the corresponding period in 2024 primarily due to a lower effective interest rate on our outstanding principal across the comparable periods.

Income Tax Expense (Benefit)

	Three Months Ended March 31,		\$ Change	% Change
	2025	2024		
	(dollars in thousands)			
Income tax expense (benefit)	\$ 741	\$ (465)	\$ 1,206	***
% of revenue	0.4 %	(0.3)%		

*** Indicates a percentage that is not meaningful.

Income tax expense increased by \$1.2 million in the three months ended March 31, 2025 as compared to the corresponding period in 2024. This change was primarily driven by increased pre-tax book income in certain international subsidiaries for the three months ended March 31, 2025. The change in pre-tax book income was primarily attributable to increases in non-operating unrealized foreign exchange gains.

Non-GAAP Financial Measures

To supplement our consolidated financial statements, which are prepared and presented in accordance with GAAP, we provide investors with certain non-GAAP financial performance measures. We use these non-GAAP financial performance measures for financial and operational decision-making and as a means to evaluate period-to-period comparisons. Management believes these non-GAAP financial measures provide meaningful supplemental information regarding our performance by excluding certain expenses that may not be indicative of our recurring core business operating results. We believe both management and investors benefit from referring to these non-GAAP financial measures in assessing our performance and when planning, forecasting, and analyzing future periods. These non-GAAP financial measures also facilitate management's internal comparisons to historical performance as well as comparisons to competitors' operating results. We believe these non-GAAP financial measures are useful to investors both because (1) they allow for greater transparency with respect to measures used by management in its financial and operational decision-making and (2) they are used by institutional investors and the analyst community to help them analyze the health of our business.

Our non-GAAP financial performance measures include the following: non-GAAP subscriptions cost of revenue, non-GAAP professional services costs of revenue, non-GAAP total cost of revenue, non-GAAP total operating expense, non-GAAP operating loss, non-GAAP income tax expense, non-GAAP net income (loss), and non-GAAP net income (loss) per share, basic and diluted. These non-GAAP financial performance measures exclude the effect of stock-based compensation expense, unrealized foreign exchange rate gains and losses, certain non-ordinary litigation-related expenses consisting of legal and other professional fees associated with the Pegasystems cases (net of insurance reimbursements), or Litigation Expense, amortization of the judgment preservation insurance policy, or JPI Amortization, severance costs related to an involuntary reduction in our workforce, or Severance Costs, lease impairment and lease-related charges associated with actions taken to reduce the footprint of our leased office spaces, or Lease Impairment and Lease-Related Charges, and a short-swing profit disgorgement paid to us by an investor, or Short-Swing Profit Payment. While some of these items may be recurring in nature and should not be disregarded in the evaluation of our earnings performance, it is useful to exclude such items when

analyzing current results and trends compared to other periods as these items can vary significantly from period to period depending on specific underlying transactions or events that may occur. Therefore, while we may incur or recognize these types of expenses in the future, we believe removing these items for purposes of calculating our non-GAAP financial measures provides investors with a more focused presentation of our ongoing operating performance.

We also discuss adjusted EBITDA, a non-GAAP financial performance measure we believe offers a useful view of the overall operation of our business. We define adjusted EBITDA as net loss before (1) other expense (income), net, (2) interest expense, (3) income tax expense, (4) depreciation expense and amortization of intangible assets, (5) stock-based compensation expense, (6) Litigation Expense, (7) JPI Amortization, and (8) Lease Impairment and Lease-Related Charges. The most directly comparable GAAP financial measure to adjusted EBITDA is net loss. Users should consider the limitations of using adjusted EBITDA, including the fact that this measure does not provide a complete measure of our operating performance. Adjusted EBITDA is not intended to purport to be an alternative to net loss as a measure of operating performance or to cash flows from operating activities as a measure of liquidity.

The presentation of these non-GAAP financial measures is not intended to be considered in isolation from, as a substitute for, or superior to the financial information prepared and presented in accordance with GAAP, and our non-GAAP measures may be different from non-GAAP measures used by other companies.

The following tables reconcile our non-GAAP measures to their nearest comparable GAAP measures (in thousands, except per share data):

	GAAP Measure	Stock-Based Compensation	Litigation Expense	JPI Amortization	Lease Impairment and Lease-Related Charges	Unrealized Foreign Exchange Rate Gains and Losses	Non-GAAP Measure
Three Months Ended March 31, 2025							
Subscriptions cost of revenue	\$ 14,894	\$ (243)	\$ —	\$ —	\$ —	\$ —	\$ 14,651
Professional services cost of revenue	24,024	(1,407)	—	—	—	—	22,617
Total cost of revenue	38,918	(1,650)	—	—	—	—	37,268
Total operating expense	128,342	(8,389)	(1,712)	(3,084)	(312)	—	114,845
Operating (loss) income	(834)	10,039	1,712	3,084	312	—	14,313
Non-operating (income) expense	(5,716)	—	—	—	—	4,016	(1,700)
Income tax impact of above items	741	455	—	—	—	(267)	929
Net (loss) income	(1,177)	9,584	1,712	3,084	312	(3,749)	9,766
Net (loss) income per share, basic and diluted ^(a,b)	\$ (0.02)	\$ 0.13	\$ 0.02	\$ 0.04	\$ —	\$ (0.05)	\$ 0.13
Three Months Ended March 31, 2024							
Subscriptions cost of revenue	\$ 12,270	\$ (213)	\$ —	\$ —	\$ —	\$ —	\$ 12,057
Professional services cost of revenue	25,727	(1,578)	—	—	—	—	24,149
Total cost of revenue	37,997	(1,791)	—	—	—	—	36,206
Total operating expense	131,373	(8,815)	(742)	(4,504)	—	—	117,312
Operating (loss) income	(19,535)	10,606	742	4,504	—	—	(3,683)
Non-operating expense (income)	8,207	—	—	—	—	(11,848)	(3,641)
Income tax impact of above items	(465)	604	—	—	—	935	1,074
Net (loss) income	(32,923)	10,002	742	4,504	—	10,913	(6,762)
Net (loss) income per share, basic and diluted	\$ (0.45)	\$ 0.14	\$ 0.01	\$ 0.06	\$ —	\$ 0.15	\$ (0.09)

^(a) Accounts for the impact of 0.4 million shares of dilutive securities.

^(b) Per share amounts do not foot due to rounding.

The following table reconciles GAAP net loss to adjusted EBITDA for the three months ended March 31, 2025 and 2024 (in thousands):

	Three Months Ended March 31,	
	2025	2024
GAAP net loss	\$ (1,177)	\$ (32,923)
Other (income) expense, net	(5,716)	8,207
Interest expense	5,318	5,646
Income tax expense	741	(465)
Depreciation expense and amortization of intangible assets	2,446	2,361
Stock-based compensation expense	10,039	10,606
Litigation Expense	1,712	742
JPI Amortization	3,084	4,504
Lease Impairment and Lease-Related Charges	312	—
Adjusted EBITDA	<u>\$ 16,759</u>	<u>\$ (1,322)</u>

Liquidity and Capital Resources

The following table presents selected financial information and statistics pertaining to liquidity and capital resources as of March 31, 2025 and December 31, 2024:

	As of	
	March 31, 2025	December 31, 2024
Cash and cash equivalents	\$ 134,982	\$ 118,552
Short-term investments and marketable securities	64,716	41,308
Property and equipment, net	36,330	37,109
Working capital*	81,520	80,787

* Defined as current assets net of current liabilities.

We believe our existing cash and cash equivalents and short-term investments and marketable securities, together with any positive cash flows from operations and available borrowings under our line of credit, will be sufficient to support working capital and capital expenditure requirements for at least the next twelve months.

We have in the past entered into, and may in the future enter into, investments in or acquisitions of complementary businesses, products, or technologies, which could also require us to seek additional equity financing, incur indebtedness, or use cash resources. We have no present binding agreements or commitments to enter into any such acquisitions. If we are unable to raise additional capital when desired, our business, operating results, and financial condition could be adversely affected.

Sources of Funds

We have historically financed our operations in large part with equity financing arrangements. Our last public offering was completed in June 2020. Through these public offerings, we received net proceeds of \$344.8 million.

To further help strengthen our financial position and support our growth initiatives, in November 2022 we entered into a Senior Secured Credit Facilities Credit Agreement, or the Credit Agreement, which provides for a five-year term loan facility in an aggregate principal amount of \$200.0 million and, in addition, up to \$100.0 million for a revolving credit facility, including a letter of credit sub-facility in the aggregate availability amount of \$20.0 million and a swingline sub-facility in the aggregate availability amount of \$10.0 million (as a sublimit of the revolving loan facility).

The Credit Agreement matures on November 3, 2027. We have been using the proceeds to fund the growth of our business and support our working capital requirements. We are currently in compliance with all covenants, had used borrowing capacity of \$62.0 million under our \$100.0 million revolving credit facility, and had outstanding letters of credit totaling \$14.6 million in connection with securing our leased office space.

We expect future sources of funds to consist primarily of cash generated from sales of subscriptions and the related professional services. We may also elect to raise additional sources of funding through entering into new debt financing arrangements or conducting additional public offerings. Our future capital requirements will depend on many factors, including our growth rate, the timing and extent of spending to support research and development efforts, the expansion of sales and marketing activities, particularly internationally, the introduction of new and enhanced products and functions as well as platform enhancements and professional services offerings, and the level of market acceptance of our product.

Uses of Funds

Our current principal uses of cash are funding operations and other working capital requirements. Historically, we have also utilized cash to pay for the acquisition of businesses that were complementary to ours, and we may pursue similar opportunities in the future. Over the past several years, revenue has increased significantly from year to year and, as a result, cash flows from customer collections have also grown. However, as we continue to invest in growing our business, operating expenses have also increased.

In 2024, we entered into a Judgment Preservation Insurance policy in connection with our \$2.036 billion judgment against Pegasystems. See Note 12 to the consolidated financial statements for additional details. The total cost of the policy was \$57.3 million, which we paid with operating cash on hand. In addition, in February 2024 our Board of Directors authorized a share repurchase program, under which we repurchased approximately 1.3 million shares of our common stock for approximately \$50.0 million during the first quarter of 2024. We may in the future opportunistically repurchase our common stock within the context of maintaining our strong capital position.

Outside of the above items and cash used by operations, other uses of cash in 2025 to date have included capital expenditures related to the expansion of the new leased facilities and principal repayments of our term loan debt.

Furthermore, we have a non-cancellable cloud hosting arrangement with AWS that contains provisions for minimum purchase commitments. Specifically, purchase commitments under the agreement total \$220.0 million over five years. The agreement, which was originated in July 2021 and amended in October 2024, currently contains minimum annual spending requirements of \$44.0 million from November 2024 to October 2029. Spending under this agreement for the three months ended March 31, 2025 and 2024 totaled \$10.4 million and \$10.3 million, respectively. The timing of payments under the agreement may vary. We expect to meet our minimum annual spending requirement during the term of the arrangement.

Historical Cash Flows

	Three Months Ended March 31,		\$ Change	% Change
	2025	2024		
Beginning cash, cash equivalents, and restricted cash	\$ 118,552	\$ 149,351	\$ (30,799)	(20.6)%
Operating activities:				
Net loss	(1,177)	(32,923)	31,746	(96.4)
Stock-based compensation and other non-cash adjustments	8,358	24,328	(15,970)	(65.6)
Changes in working capital	37,785	27,461	10,324	37.6
Net cash provided by operating activities	44,966	18,866	26,100	***
Investing activities:				
Net cash (used by) provided by investing activities	(24,077)	7,459	(31,536)	***
Financing activities:				
Net cash used by financing activities	(5,509)	(4,249)	(1,260)	29.7
Effect of exchange rates	1,050	(1,319)	2,369	***
Net change	16,430	20,757	(4,327)	(20.8)
Ending cash and cash equivalents	\$ 134,982	\$ 170,108	\$ (35,126)	(20.6)%

*** Indicates a percentage that is not meaningful.

Operating Activities

Net cash provided by operating activities was \$45.0 million for the three months ended March 31, 2025 as compared to \$18.9 million provided by operating activities for the three months ended March 31, 2024. The increase in net cash provided by operating activities was primarily driven by increased cash collections stemming from strong contract bookings in the fourth quarter of 2024 and other cost management activities during the three months ended March 31, 2025 as compared to the three months ended March 31, 2024.

Investing Activities

Net cash used by investing activities was \$24.1 million for the three months ended March 31, 2025 as compared to \$7.5 million in net cash provided by investing activities for the three months ended March 31, 2024. This change was primarily driven by a \$37.0 million increase in purchases of short-term investments. This increase was partially offset by a \$4.0 million increase in proceeds from the maturity of investments and a \$1.5 million decrease in capital expenditure payments.

Financing Activities

Net cash used by financing activities was \$5.5 million for the three months ended March 31, 2025 as compared to \$4.2 million of net cash used by financing activities for the three months ended March 31, 2024. The increase in net cash used by financing activities was primarily due to a \$1.3 million increase in debt repayments and a \$0.3 million increase in payments for employee taxes related to the net share settlement of equity awards during the three months ended March 31, 2025.

Critical Accounting Estimates

There have been no material changes in our critical accounting estimates from those disclosed in our Annual Report on Form 10-K for the year ended December 31, 2024, filed with the SEC on February 19, 2025. We are not aware of any specific events or circumstances that would require us to update our estimates, assumptions, and judgments.

Recent Accounting Pronouncements

See Note 2 to the unaudited consolidated financial statements in Part I, Item 1 of this Quarterly Report on Form 10-Q for a discussion of recent accounting pronouncements.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risks in the ordinary course of our business. Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Our market risk exposure is primarily the result of fluctuations in interest rates and foreign currency exchange rates.

Interest Rate Risk

We had cash and cash equivalents of \$135.0 million as of March 31, 2025, which consisted of investments in money market funds, cash in readily available checking accounts, and overnight repurchase investments.

As of March 31, 2025, we had outstanding principal debt of \$248.0 million, which carries interest as defined in our Credit Agreement. Refer to Note 8 of the condensed consolidated financial statements in this Quarterly Report on Form 10-Q for additional details. We assessed our exposure to changes in interest rates by analyzing sensitivity to our operating results, assuming various changes in market interest rates. A hypothetical increase of one percentage point in the interest rate as of March 31, 2025 would increase our interest expense by approximately \$2.5 million annually.

Inflation Risk

We are exposed to market risks related to inflation in personnel costs, third-party service providers, subcontracting costs, professional fees, and general overhead expenses. Although inflation has decreased from the relative highs experienced in 2023, if inflation pressure increases in severity, we may not be able to fully offset such higher costs through price increases and productivity initiatives. While we do not believe inflation has had a material impact on our results of operations to date, a continued high rate of inflation in the future may have an adverse effect on our ability to maintain operating costs and adversely affect our gross profit margin.

Foreign Currency Exchange Risk

Our reporting currency is the U.S. dollar. Due to our international operations, we have foreign currency risks related to revenue and operating expenses denominated in currencies other than the U.S. dollar, primarily the British pound sterling, Euro, Australian dollar, and Swiss franc. Our sales contracts are primarily denominated in the local currency of the customer making the purchase. In addition, portions of operating expenses are incurred outside the United States and are denominated in foreign currencies. An increase in the relative value of the U.S. dollar to other currencies will negatively affect revenue and other operating results as expressed in U.S. dollars. Based on a sensitivity analysis, a 10% change in the foreign currency exchange rates for the three months ended March 31, 2025 would have impacted our total revenue by approximately \$6.0 million and operating loss by approximately \$3.0 million. This calculation assumes all currencies change in the same direction and proportion relative to the U.S. dollar.

We have experienced, and will continue to experience, fluctuations in net loss as a result of transaction gains or losses related to remeasuring certain current asset and current liability balances denominated in currencies other than the functional currency of the entities in which they are recorded. We have not engaged in the hedging of foreign currency transactions to date, although we may choose to do so in the future.

Item 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures as defined in Rule 13a-15(e) and Rule 15d-15(e) under the Exchange Act that are designed to ensure information required to be disclosed by a company in the reports it files or submits under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure information required to be disclosed by a company in the reports it files or submits

under the Exchange Act is accumulated and communicated to our management, including our principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure.

Our management, with the participation of our Chief Executive Officer and our Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of March 31, 2025. Based on the evaluation of our disclosure controls and procedures as of March 31, 2025, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control Over Financial Reporting

There was no change in our internal control over financial reporting identified in connection with the evaluation required by Rule 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the period covered by this Quarterly Report on Form 10-Q that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

Our management, including our Chief Executive Officer and Chief Financial Officer, believes our disclosure controls and procedures and internal control over financial reporting are designed to provide reasonable assurance of achieving their objectives and are effective at the reasonable assurance level. However, our management does not expect our disclosure controls and procedures or our internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance the objectives of the control system are met. Further, the design of a control system must reflect the fact there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. These inherent limitations include the realities that judgments in decision making can be faulty, and breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

PART II—OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

Refer to Note 12 – Commitments, Contingencies, and Other Matters of the notes to the consolidated financial statements (Part I, Item 1 of this Form 10-Q) for information regarding legal proceedings in which we are involved.

Other Matters

From time to time, we are subject to legal, regulatory, and other proceedings and claims that arise in the ordinary course of business. Other than as disclosed elsewhere in this Quarterly Report on Form 10-Q, we are not presently a party to any legal proceedings that, if determined adversely to us, would individually or taken together have a material adverse effect on our business, operating results, financial condition, or cash flows. Regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources, and other factors.

Item 1A. RISK FACTORS

Our business is subject to risks and events that, if they occur, could adversely affect our financial condition and results of operations and the trading price of our securities. In addition to the other information set forth in this Quarterly Report on Form 10-Q, investors should carefully consider the factors described in “Part I, Item 1A. Risk Factors” of our Annual Report on Form 10-K for the year ended December 31, 2024, filed with the SEC on February 19, 2025. There have been no material changes from the risk factors described in that report.

Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

a. Recent Sales of Unregistered Equity Securities

Not applicable.

b. Use of Proceeds

Not applicable.

c. Issuer Purchases of Equity Securities

Employee Stock Purchase Plan

	Total number of shares purchased ⁽¹⁾	Average price paid per share	Total number of shares purchased as part of publicly announced plan	Maximum number of shares that may yet be purchased under the plan ⁽²⁾
January 1 to January 31, 2025	5,232	\$ 34.85	5,232	782,164
February 1 to February 28, 2025	5,678	\$ 35.18	5,678	776,486
March 1 to March 31, 2025	6,349	\$ 31.24	6,349	770,137
Total	17,259	\$ 33.63	17,259	770,137

⁽¹⁾ Shares purchased represent shares purchased on the open market pursuant to the Appian Corporation Employee Stock Purchase Plan (“ESPP”), which was approved by the Company’s stockholders on June 11, 2021. The ESPP provides employees with an opportunity to purchase the Company’s common stock through payroll deductions and provides for a Company match of 5% to 15%, subject to limits set forth in the ESPP. Shares purchased under the ESPP are deposited into the participants’ accounts.

⁽²⁾ Because the number of shares that may be purchased under the ESPP depends on each employee’s voluntary election to participate, their contribution elections, and the fair market value of our Class A Common Stock at various future dates, the actual number of shares that may be purchased under the plan cannot be determined in advance. We have filed a registration statement on S-8 that covers 1,000,000 shares.

Item 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

Item 4. MINE SAFETY DISCLOSURES

Not applicable.

Item 5. OTHER INFORMATION

None.

Item 6. EXHIBITS

Exhibit	Description	Reference
3.1	Amended and Restated Certificate of Incorporation of Appian Corporation.	Previously filed as Exhibit 3.2 to Amendment No.3 to the Company's Registration Statement on Form S-1 (File No. 333-217510), filed with the Securities and Exchange Commission on May 12, 2017, and incorporated herein by reference.
3.2	Amended and Restated Bylaws of Appian Corporation.	Previously filed as Exhibit 3.4 to Amendment No.2 to the Company's Registration Statement on Form S-1 (File No. 333-217510), filed with the Securities and Exchange Commission on May 10, 2017, and incorporated herein by reference.
4.1	Form of Class A common stock certificate of Appian Corporation.	Previously filed as Exhibit 4.1 to Amendment No.3 to the Registrant's Registration Statement on Form S-1 (File No.333-217510), filed with the Securities and Exchange Commission on May 12, 2017, and incorporated herein by reference.
31.1	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Attached.
31.2	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Attached.
32.1*	Certifications of Principal Executive Officer and Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	Attached.
101.INS	XBRL Instance Document - The instance document does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL document.	Attached.
101.SCH	XBRL Taxonomy Extension Schema Document	Attached.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document	Attached.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document	Attached.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document	Attached.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document	Attached.
104	Cover page formatted as Inline XBRL and contained in Exhibit 101	Attached.

* The certifications furnished in Exhibit 32.1 hereto are deemed to accompany this Quarterly Report on Form 10-Q and will not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, except to the extent the company specifically incorporates it by reference.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

APPIAN CORPORATION

May 8, 2025

By: /s/ Matthew Calkins	/s/ Mark Lynch
_____ Name: Matthew Calkins	_____ Name: Mark Lynch
Title: Chief Executive Officer and Chairman of the Board (Principal Executive Officer)	Title: Interim Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Matthew Calkins, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended March 31, 2025 of Appian Corporation (the "registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2025

/s/ Matthew Calkins

Matthew Calkins
Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Mark Lynch, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended March 31, 2025 of Appian Corporation (the "registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2025

/s/ Mark Lynch

Mark Lynch

Interim Chief Financial Officer

(Principal Financial Officer and Principal Accounting Officer)

**CERTIFICATIONS OF
PRINCIPAL EXECUTIVE OFFICER AND PRINCIPAL FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to the requirement set forth in Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, (the "Exchange Act") and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. §1350), Matthew Calkins, Chief Executive Officer of Appian Corporation (the "Company"), and Mark Lynch, Interim Chief Financial Officer of the Company, each hereby certifies that, to the best of his knowledge:

1. The Company's Quarterly Report on Form 10-Q for the period ended March 31, 2025, to which this Certification is attached as Exhibit 32.1 (the "Periodic Report"), fully complies with the requirements of Section 13(a) or Section 15(d) of the Exchange Act; and
2. The information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

IN WITNESS WHEREOF, the undersigned have set their hands hereto as of the 8th day of May, 2025.

/s/ Matthew Calkins

Matthew Calkins
Chief Executive Officer
(Principal Executive Officer)

/s/ Mark Lynch

Mark Lynch
Interim Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

- This certification accompanies the Form 10-Q to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Exchange Act (whether made before or after the date of the Form 10-Q), irrespective of any general incorporation language contained in such filing.