
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): November 3, 2022

Appian Corporation

(Exact name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

001-38098
(Commission File Number)

54-1956084
(I.R.S. Employer
Identification No.)

7950 Jones Branch Drive
McLean, VA
(Address of principal executive offices)

22102
(Zip Code)

Registrant's Telephone Number, Including Area Code: (703) 442-8844

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instructions A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

<u>Title of each class</u>	<u>Trading symbol</u>	<u>Name of each exchange on which registered</u>
Class A Common Stock	APPN	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

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.

Item 2.02 Results of Operations and Financial Condition.

On November 3, 2022, Appian Corporation (the "Company") issued a press release announcing its financial results for the third quarter ended September 30, 2022, as well as information regarding a conference call to discuss these financial results and the Company's recent business highlights and financial outlook. The Company's press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

The information included in Item 2.02 of this Current Report on Form 8-K and Exhibit 99.1 attached hereto shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, regardless of any general incorporation language in such filing.

Item 9.01 Financial Statements and Exhibits.

Exhibit Number	Description
99.1	Press release dated November 3, 2022
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

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

Date: November 3, 2022

By:

/s/ Mark Matheos

Mark Matheos
Chief Financial Officer



Appian Announces Third Quarter 2022 Financial Results

Third quarter cloud subscription revenue increased 30% year-over-year to \$60.6 million

McLean, VA – November 3, 2022 – Appian (Nasdaq: APPN) today announced financial results for the third quarter ended September 30, 2022.

“In Q3, total revenue exceeded guidance. On a constant currency basis, both cloud subscription revenue and total revenue grew more than 30% year-over-year. Adjusted EBITDA loss was higher due to pull forward hiring and a sharp drop in attrition. We have a plan to reduce losses to 10% of revenue by the second half of 2023,” said Matt Calkins, CEO & Founder.

Third Quarter 2022 Financial Highlights:

- **Revenue:** Cloud subscription revenue was \$60.6 million, up 30% compared to the third quarter of 2021. Total subscriptions revenue increased 29% year-over-year to \$86.5 million. Professional services revenue was \$31.4 million, an increase of 25% compared to the third quarter of 2021. Total revenue was \$117.9 million, up 28% compared to the third quarter of 2021. Cloud subscription revenue retention rate was 115% as of September 30, 2022.
- **Operating loss and non-GAAP operating loss:** GAAP operating loss was \$(37.8) million, compared to \$(22.9) million for the third quarter of 2021. Non-GAAP operating loss was \$(24.6) million, compared to \$(13.5) million for the third quarter of 2021.
- **Net loss and non-GAAP net loss:** GAAP net loss was \$(44.0) million, compared to \$(25.4) million for the third quarter of 2021. GAAP net loss per share was \$(0.61) for the third quarter of 2022, compared to \$(0.36) for the third quarter of 2021. Non-GAAP net loss was \$(30.9) million, compared to \$(15.9) million for the third quarter of 2021. Non-GAAP net loss per share was \$(0.43), compared to the \$(0.22) net loss per share for the third quarter of 2021. GAAP and non-GAAP net loss for the third quarter of 2022 included \$6.1 million, or \$(0.08) per share, of foreign currency exchange losses. GAAP and non-GAAP net loss for the third quarter of 2021 included \$2.3 million, or \$(0.03) per share, of foreign currency exchange losses. We do not forecast foreign exchange rate movements.
- **Adjusted EBITDA:** Adjusted EBITDA loss was \$(22.9) million, compared to adjusted EBITDA loss of \$(12.0) million for the third quarter of 2021.
- **Balance sheet and cash flows:** As of September 30, 2022, Appian had total unencumbered cash and investments of \$92.7 million. Net cash used in operating activities was \$(43.7) million for the three months ended September 30, 2022 compared to \$(25.1) million of net cash used in operating activities for the same period in 2021.

A reconciliation of GAAP to non-GAAP financial measures has been provided in the tables following the financial statements in this press release. An explanation of these measures is also included below under the heading “Non-GAAP Financial Measures.”

Recent Business Highlights:

- On November 3, 2022, Appian closed on a new credit facility, further strengthening its financial position and supporting growth initiatives.
 - Received loan proceeds of \$98.7 million (net of closing fees) in connection with a five-year term loan, with another \$50 million available from a revolving credit facility.

- Anglian Water reduces capital carbon by 63% to accelerate its transformation with Appian.
- The Municipality of Milan uses Appian to automate and digitize citizen services.
- Judge rejects Pegsystems motion to overturn \$2.036 billion jury verdict.
- In August, Appian named Christopher Jones Chief Revenue Officer.

Financial Outlook:

As of November 3, 2022, guidance for 2022 is as follows:

- **Fourth Quarter 2022 Guidance:**
 - Cloud subscription revenue is expected to be between \$63.5 million and \$64.5 million, representing year-over-year growth of 24% to 26%.
 - Total revenue is expected to be between \$121.5 million and \$123.5 million, representing a year-over-year increase of 16% to 18%.
 - Adjusted EBITDA loss is expected to be between \$(24.0) million and \$(29.0) million.
 - Non-GAAP net loss per share is expected to be between \$(0.36) and \$(0.42), assuming weighted average common shares outstanding of 72.7 million.
- **Full Year 2022 Guidance:**
 - Cloud subscription revenue is expected to be between \$235.0 million and \$236.0 million, representing year-over-year growth of 31% to 32%.
 - Total revenue is expected to be between \$461.0 million and \$466.0 million, representing a year-over-year increase of 25% to 26%.
 - Adjusted EBITDA loss is expected to be between \$(75.0) million and \$(80.0) million.
 - Non-GAAP net loss per share is expected to be between \$(1.30) and \$(1.36), assuming weighted average common shares outstanding of 72.5 million.

Conference Call Details:

Appian will host a conference call today, November 3, 2022, at 4:30 p.m. ET to discuss Appian's financial results for the third quarter ended September 30, 2022 and business outlook.

The live webcast of the conference call can be accessed on the Investor Relations page of Appian's website at <http://investors.appian.com>. To access the call, please dial (800) 715-9871 in the U.S. or (646) 307-1963 internationally (Conference ID: 7718213). Following the call, an archived webcast will be available at the same location on the Investor Relations page. A telephone replay will be available for one week at (800) 770-2030 in the U.S. or (609) 800-9909 internationally with recording access code 7718213.

About Appian

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

Non-GAAP Financial Measures

To supplement its consolidated financial statements, which are prepared and presented in accordance with GAAP, Appian provides investors with certain non-GAAP financial performance measures. Appian uses these non-GAAP financial

performance measures for financial and operational decision-making and as a means to evaluate period-to-period comparisons. Appian's management believes these non-GAAP financial measures provide meaningful supplemental information regarding Appian's performance by excluding certain expenses that may not be indicative of its recurring core business operating results. Appian believes both management and investors benefit from referring to these non-GAAP financial measures in assessing Appian's 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. Appian believes 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 Appian's institutional investors and the analyst community to help them analyze the health of Appian's business.

The non-GAAP financial performance measures include non-GAAP net loss, non-GAAP net loss per share, and non-GAAP operating loss. These non-GAAP financial performance measures exclude the effect of stock-based compensation expense and certain litigation-related expenses consisting of legal and other professional fees which are not indicative of our core operating performance and are not part of our normal course of business. While these items may be recurring in nature and should not be disregarded in 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, the company believes removing these items for purposes of calculating the non-GAAP financial measures provides investors with a more focused presentation of our ongoing operating performance.

Appian also discusses adjusted EBITDA, a non-GAAP financial performance measure it believes offers a useful view of the overall operation of its businesses. The company defines adjusted EBITDA as net loss before (1) Other expenses, net, (2) interest expense, (3) income tax expense (benefit), (4) depreciation and amortization, (5) stock-based compensation expense, and (6) litigation expenses. 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 this measure does not provide a complete measure of our operating performance. Adjusted EBITDA is not intended to purport to be an alternate 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 Appian's non-GAAP measures may be different from non-GAAP measures used by other companies. For more information on these non-GAAP financial measures, see the reconciliation of these non-GAAP financial measures to their nearest comparable GAAP measures at the end of this press release. Appian provides guidance ranges for non-GAAP net loss per share and adjusted EBITDA; however, we are not able to reconcile these amounts to their comparable GAAP financial measures without unreasonable efforts because certain information necessary to calculate such measures on a GAAP basis is unavailable, subject to high variability, dependent on future events outside of our control, and cannot be predicted. In addition, Appian believes such reconciliations could imply a degree of precision that might be confusing or misleading to investors. The actual effect of the reconciling items that Appian may exclude from these non-GAAP expense numbers, when determined, may be significant to the calculation of the comparable GAAP measures.

Forward-Looking Statements

This press release includes forward-looking statements. All statements contained in this press release other than statements of historical facts, including statements regarding Appian's future financial and business performance for the fourth quarter and full year 2022 and 2023, future investment by Appian in its go-to-market initiatives, increased demand for the Appian platform, market opportunity and plans and objectives for future operations, including Appian's ability to drive continued subscriptions revenue and total revenue growth, are forward-looking statements. The words "anticipate," "believe," "continue," "estimate," "expect," "intend," "may," "will," "plan," and similar expressions are intended to identify forward-looking statements. Appian has based these forward-looking statements on its current expectations and projections about future events and financial trends that Appian believes may affect its financial condition, results of operations, business strategy, short-term and long-term business operations and objectives, and financial needs. These forward-looking statements are subject to a number of risks and uncertainties, including the risks and uncertainties associated with Appian's ability to grow its business and manage its growth, Appian's ability to sustain its revenue growth rate, continued market acceptance of Appian's platform and adoption of low-code solutions to drive digital transformation, the fluctuation of Appian's operating results due to the length and variability of its sales cycle, competition in the markets in which Appian operates, risks and uncertainties associated with the composition and

concentration of Appian's customer base and their demand for its platform and satisfaction with the services provided by Appian, the potential fluctuation of Appian's future quarterly results of operations, Appian's ability to shift its revenue towards subscriptions and away from professional services, Appian's ability to operate in compliance with applicable laws and regulations, Appian's strategic relationships with third parties and use of third-party licensed software and its platform's compatibility with third-party applications, the timing of Appian's recognition of subscriptions revenue which may delay the effect of near term changes in sales on its operating results, and the additional risks and uncertainties set forth in the "Risk Factors" section of Appian's Annual Report on Form 10-K for the year ended December 31, 2021 filed with the Securities and Exchange Commission on February 17, 2022 and other reports that Appian has filed with the Securities and Exchange Commission. Moreover, Appian operates in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for Appian's management to predict all risks, nor can Appian assess the impact of all factors on its business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements Appian may make. In light of these risks, uncertainties, and assumptions, Appian cannot guarantee future results, levels of activity, performance, achievements, or events and circumstances reflected in the forward-looking statements will occur. Appian is under no duty to update any of these forward-looking statements after the date of this press release to conform these statements to actual results or revised expectations, except as required by law.

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

	As of	
	September 30, 2022 <i>(unaudited)</i>	December 31, 2021
Assets		
Current assets		
Cash and cash equivalents	\$ 51,802	\$ 100,796
Short-term investments and marketable securities	40,885	55,179
Accounts receivable, net of allowance of \$1,901 and \$1,400, respectively	143,385	130,049
Deferred commissions, current	27,874	24,668
Prepaid expenses and other current assets	31,976	26,781
Restricted cash, current	2,053	791
Total current assets	297,975	338,264
Property and equipment, net of accumulated depreciation of \$18,189 and \$14,106, respectively	38,692	36,913
Long-term investments	—	12,044
Goodwill	24,045	27,795
Intangible assets, net of accumulated amortization of \$2,131 and \$1,260, respectively	5,139	7,144
Right-of-use assets for operating leases	31,841	27,897
Deferred commissions, net of current portion	51,526	49,017
Deferred tax assets	2,518	1,025
Restricted cash, net of current portion	—	2,373
Other assets	2,824	2,047
Total assets	\$ 454,560	\$ 504,519
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	\$ 5,082	\$ 5,766
Accrued expenses	12,710	15,483
Accrued compensation and related benefits	35,408	35,126
Deferred revenue, current	161,154	150,169
Operating lease liabilities, current	7,434	8,110
Other current liabilities	2,603	1,067
Total current liabilities	224,391	215,721
Operating lease liabilities, net of current portion	52,710	48,784
Deferred revenue, net of current portion	3,408	2,430
Deferred tax liabilities	153	209
Other non-current liabilities	956	3,458
Total liabilities	281,618	270,602
Stockholders' equity		
Class A common stock—par value \$0.0001; 500,000,000 shares authorized and 41,043,099 shares issued and outstanding as of September 30, 2022; 500,000,000 shares authorized and 39,964,298 shares issued and outstanding as of December 31, 2021	4	4
Class B common stock—par value \$0.0001; 100,000,000 shares authorized and 31,497,796 shares issued and outstanding as of September 30, 2022; 100,000,000 shares authorized and 31,497,796 shares issued and outstanding as of December 31, 2021	3	3
Additional paid-in capital	549,760	497,128
Accumulated other comprehensive loss	(2,790)	(5,687)
Accumulated deficit	(374,035)	(257,531)
Total stockholders' equity	172,942	233,917
Total liabilities and stockholders' equity	\$ 454,560	\$ 504,519

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Revenue				
Subscriptions	\$ 86,520	\$ 67,240	\$ 246,908	\$ 187,952
Professional services	31,356	25,177	95,297	76,319
Total revenue	117,876	92,417	342,205	264,271
Cost of revenue				
Subscriptions	9,313	7,092	26,065	19,806
Professional services	24,447	19,415	72,011	56,065
Total cost of revenue	33,760	26,507	98,076	75,871
Gross profit	84,116	65,910	244,129	188,400
Operating expenses				
Sales and marketing	54,912	42,071	157,104	118,575
Research and development	37,623	26,510	101,401	71,062
General and administrative	29,357	20,226	90,014	56,726
Total operating expenses	121,892	88,807	348,519	246,363
Operating loss	(37,776)	(22,897)	(104,390)	(57,963)
Other non-operating expense				
Other expense, net	5,876	2,329	12,815	4,141
Interest expense	89	72	222	233
Total other non-operating expense	5,965	2,401	13,037	4,374
Loss before income taxes	(43,741)	(25,298)	(117,427)	(62,337)
Income tax expense (benefit)	255	86	(924)	459
Net loss	\$ (43,996)	\$ (25,384)	\$ (116,503)	\$ (62,796)
Net loss per share:				
Basic and diluted	\$ (0.61)	\$ (0.36)	\$ (1.61)	\$ (0.89)
Weighted average common shares outstanding:				
Basic and diluted	72,503	71,119	72,372	70,936

APPIAN CORPORATION
STOCK-BASED COMPENSATION EXPENSE
(unaudited, in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Cost of revenue				
Subscriptions	\$ 284	\$ 381	\$ 712	\$ 973
Professional services	1,401	777	3,788	2,283
Operating expenses				
Sales and marketing	2,667	1,448	6,721	3,753
Research and development	3,454	1,263	8,831	3,347
General and administrative	3,530	1,331	7,375	7,336
Total stock-based compensation expense	\$ 11,336	\$ 5,200	\$ 27,427	\$ 17,692

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

	Nine Months Ended September 30,	
	2022	2021
Cash flows from operating activities		
Net loss	\$ (116,503)	\$ (62,796)
Adjustments to reconcile net loss to net cash used by operating activities		
Stock-based compensation	27,427	17,692
Depreciation and amortization	5,332	4,071
Bad debt expense	561	61
Loss on disposal of property and equipment	—	78
Change in fair value of available-for-sale securities	—	(31)
Deferred income taxes	(1,549)	(522)
Changes in assets and liabilities		
Accounts receivable	(9,114)	(10,005)
Prepaid expenses and other assets	(6,723)	2,734
Deferred commissions	(5,715)	(11,570)
Accounts payable and accrued expenses	(3,654)	10,797
Accrued compensation and related benefits	1,634	5,782
Other current and non-current liabilities	(383)	2,858
Deferred revenue	15,414	6,829
Operating lease liabilities	(685)	(476)
Net cash used by operating activities	(93,958)	(34,498)
Cash flows from investing activities		
Purchases of investments	(31,214)	—
Proceeds from investments	57,417	84,592
Payments for acquisitions, net of cash acquired	—	(30,729)
Purchases of property and equipment	(5,861)	(2,473)
Net cash provided by investing activities	20,342	51,390
Cash flows from financing activities		
Proceeds from exercise of common stock options	25,205	2,375
Net cash provided by financing activities	25,205	2,375
Effect of foreign exchange rate changes on cash, cash equivalents, and restricted cash	(1,694)	(1,367)
Net (decrease) increase in cash, cash equivalents, and restricted cash	(50,105)	17,900
Cash, cash equivalents, and restricted cash at beginning of period	103,960	112,462
Cash, cash equivalents, and restricted cash at end of period	\$ 53,855	\$ 130,362
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 243	\$ 240
Cash paid for income taxes	\$ 749	\$ 1,196
Supplemental disclosure of non-cash financing information:		
Accrued capital expenditures	\$ 317	\$ —

APPIAN CORPORATION
RECONCILIATION OF GAAP MEASURES TO NON-GAAP MEASURES
(unaudited, in thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Reconciliation of non-GAAP operating loss:				
GAAP operating loss	\$ (37,776)	\$ (22,897)	\$ (104,390)	\$ (57,963)
Add back:				
Stock-based compensation expense	11,336	5,200	27,427	17,692
Litigation expenses ⁽¹⁾	1,810	4,230	20,432	8,270
Non-GAAP operating loss	<u>\$ (24,630)</u>	<u>\$ (13,467)</u>	<u>\$ (56,531)</u>	<u>\$ (32,001)</u>
Reconciliation of non-GAAP net loss:				
GAAP net loss	\$ (43,996)	\$ (25,384)	\$ (116,503)	\$ (62,796)
Add back:				
Stock-based compensation expense	11,336	5,200	27,427	17,692
Litigation expenses ⁽¹⁾	1,810	4,230	20,432	8,270
Loss on disposal of property and equipment	—	78	—	78
Non-GAAP net loss	<u>\$ (30,850)</u>	<u>\$ (15,876)</u>	<u>\$ (68,644)</u>	<u>\$ (36,756)</u>
Non-GAAP earnings per share:				
Non-GAAP net loss	\$ (30,850)	\$ (15,876)	\$ (68,644)	\$ (36,756)
Weighted average shares used to compute net loss per share, basic and diluted	72,503	71,119	72,372	70,936
Non-GAAP net loss per share, basic and diluted	<u>\$ (0.43)</u>	<u>\$ (0.22)</u>	<u>\$ (0.95)</u>	<u>\$ (0.52)</u>
Reconciliation of non-GAAP net loss per share, basic and diluted:				
GAAP net loss per share, basic and diluted	\$ (0.61)	\$ (0.36)	\$ (1.61)	\$ (0.89)
Add back:				
Non-GAAP adjustments to net loss per share	0.18	0.14	0.66	0.37
Non-GAAP net loss per share, basic and diluted	<u>\$ (0.43)</u>	<u>\$ (0.22)</u>	<u>\$ (0.95)</u>	<u>\$ (0.52)</u>
Reconciliation of adjusted EBITDA:				
GAAP net loss	\$ (43,996)	\$ (25,384)	\$ (116,503)	\$ (62,796)
Other expense, net	5,876	2,329	12,815	4,141
Interest expense	89	72	222	233
Income tax expense (benefit)	255	86	(924)	459
Depreciation and amortization	1,759	1,510	5,332	4,071
Stock-based compensation expense	11,336	5,200	27,427	17,692
Litigation expenses ⁽¹⁾	1,810	4,230	20,432	8,270
Adjusted EBITDA	<u>\$ (22,871)</u>	<u>\$ (11,957)</u>	<u>\$ (51,199)</u>	<u>\$ (27,930)</u>

⁽¹⁾ Consists of professional fees and other costs incurred in connection with two separate lawsuits, one involving an effort to enforce our intellectual property and the second related to reciprocal false advertising and related claims with a competitor.