Appian Corporation

Recommendation HOLD ★★★★★

Price USD 39.98 (as of market close Oct 27, 2023)

12-Mo. Target Price USD 52.00

Report Currency USD

Investment Style Mid-Cap Blend

Equity Analyst Janice Quek

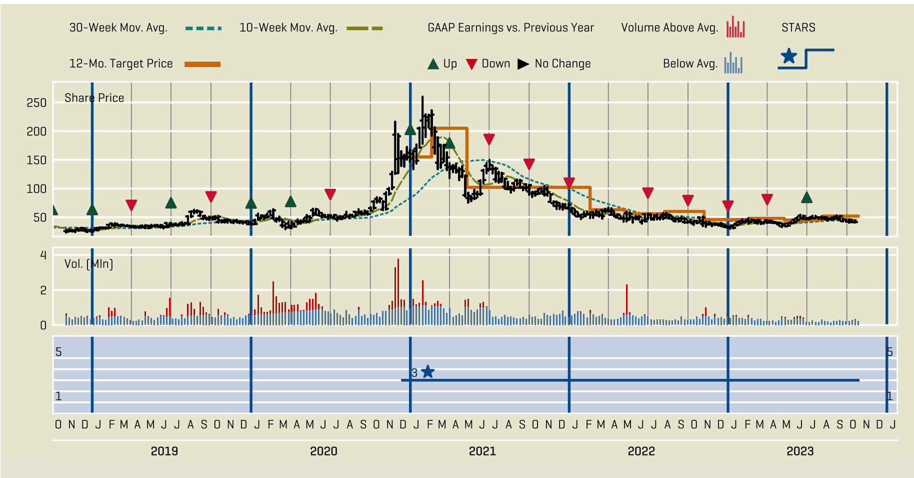
GICS Sector Information Technology
Sub-Industry Systems Software

Summary Appian provides a comprehensive low-code automation platform that enables organizations to develop various applications in the U.S. and internationally.

Key Stock Statistics (Source: CFRA, S&P Global Market Intelligence (SPGMI), Company Reports)

52-Wk Range	**USD 54.26 - 29.8**	Oper.EPS2023**E**	**USD -1.11**	Market Capitalization[B]	**USD 2.92**	Beta	**1.63**
Trailing 12-Month EPS	**USD -1.37**	Oper.EPS2024**E**	**USD -0.64**	Yield [%]	**N/A**	3-yr Proj. EPS CAGR[%]	**NM**
Trailing 12-Month P/E	**NM**	P/E on Oper.EPS2023**E**	**NM**	Dividend Rate/Share	**N/A**	SPGMI's Quality Ranking	**NR**
USD 10K Invested 5 Yrs Ago	**16,562.0**	Common Shares Outstg.[M]	**73.00**	Trailing 12-Month Dividend	**N/A**	Institutional Ownership [%]	**31.0**

Price Performance



Source: CFRA, S&P Global Market Intelligence
Past performance is not an indication of future performance and should not be relied upon as such.
Analysis prepared by **Janice Quek** on Oct 06, 2023 07:00 PM ET, when the stock traded at **USD 44.80**.

Highlights

- ▶ We project revenues of about $540M (+15.3% Y/Y) in 2023 and $626M (+15.9% Y/Y) in 2024, as steady momentum in cloud subscription revenue and demand among certain clientele provides a boost to revenue levels. More recently, net revenue retention (NRR) levels have remained steady at about 115% in Q2 2023, highlighted by robust cloud subscription revenue (+30% Y/Y in Q2 2023). Like many others in the space, APPN has done its best to incorporate an uncertain macro. We will be monitoring bookings growth, particularly cloud software net new ACV bookings, cost controls, and sales rep productivity to help gauge future performance.
- ▶ Gross margin should remain in an upward trend, widening from 73% in 2022 to 74%-75% in 2023 and 2024 as a greater mix of cloud subscription revenues push profit contribution higher. Plans to de-emphasize Professional Services in favor of system integrators (IT consultancy firms) could pressure APPN's margin in the near term, but remain a long-term tailwind, given the lower-margin structure of the work.
- ▶ The company's balance sheet remains in a decent spot with no net debt (about $237M in cash and about $283M in debt).

Investment Rationale/Risk

- ▶ Our Hold rating balances APPN's recent stretch of healthy expansion and revenue-per-customer improvement, with the current market backdrop and a more cautious stance around profitless names. Still, selling momentum remains resilient, driven by a thoughtful product refresh it recently undertook and M&A to complement its leading subset of automation capabilities. However, following the decent share price performance in 2023, we expect operating losses to partly mute resilient cloud growth, keeping a lid on further upside in the process.
- ▶ Risks to our rating and target include an inability to sustain current levels of cloud-based subscription growth, protect its recent margin performance, and/or a failure to reach FCF neutrality, which could all hurt the share price.
- ▶ Our 12-month price target of $52 is derived by applying an EV/sales multiple of 5.9x our 2023 revenue estimate, reflecting valuation compression across higher-beta software names. Acknowledging a favorable verdict involving direct peer Pegasystems could provide a potential injection of liquidity, productivity gains to justify headcount growth will be needed to revisit our view on the stock.

Analyst's Risk Assessment

LOW | MEDIUM | **HIGH**

Our risk assessment considers APPN's strong positioning in the niche low-code application platform (LCAP) markets and recent acquisitions (i.e., Lana Labs), which have bolstered automation capabilities. Potential offsets include the continued emergence of both nimble smaller players and newfound relevancy from more traditional cloud application vendors, given their large size and scale in multiple markets. Lastly, changes to accounting standards (e.g., ASC 606) can make it more challenging to forecast future operating results and could result in more revenue and/or cash flow volatility.

Revenue/Earnings Data

Revenue (Million USD)

	1Q	2Q	3Q	4Q	Year
2024	**E** 153	**E** 147	**E** 158	**E** 168	**E** 626
2023	135	128	**E** 135	**E** 142	**E** 540
2022	114	110	118	126	468
2021	89	83	92	105	369
2020	79	67	77	82	305
2019	60	65	66	64	260

Earnings Per Share (USD)

	1Q	2Q	3Q	4Q	Year
2024	**E** -0.19	**E** -0.28	**E** -0.11	**E** -0.06	**E** -0.64
2023	-0.27	-0.39	**E** -0.27	**E** -0.18	**E** -1.11
2022	-0.06	-0.46	-0.43	-0.28	-1.23
2021	-0.06	-0.24	-0.22	-0.16	-0.68
2020	-0.12	-0.12	--	-0.03	-0.26
2019	-0.16	-0.10	-0.14	-0.11	-0.52

Fiscal Year ended Dec 31. EPS Estimates based on CFRA's Operating Earnings; historical earnings are adjusted. In periods where a different currency has been reported, this has been adjusted to match the current quoted currency.

Dividend Data

No cash dividends have been paid in the last year.

Appian Corporation

Business Summary Aug 17, 2023

CORPORATE OVERVIEW. Appian Corporation (APPN) provides a leading low-code automation platform that accelerates the creation of high-impact business applications and enables customers to automate the important aspects of their business. The company believes its full stack of automation technologies, including its industry-leading workflow engine, Robotic Process Automation (RPA), leading case management capabilities, and integrated Google-based artificial intelligence (AI), help distinguish it from competitors. As of December 31, 2022, the company had a total of 1,668 full-time employees in the United States and 639 internationally. Appian is currently headquartered in McLean, Virginia.

OPERATING MODEL. APPN's go-to-market strategy consists of direct sales and, to a lesser extent, sales through strategic partners or consultancy agencies, such as Accenture, KPMG, PwC, and Deloitte. The company believes the partnerships help influence buying decisions, identify new sales opportunities, and complement software offerings. APPN sells its software exclusively through subscriptions and intends to grow revenues by adding new customers and increasing the number of users at existing customers that use applications developed on its platform through its land-and-expand (L&E) strategy focused on upselling existing customers.

As of December 31, 2022, APPN had 925 customers in a wide variety of industries, of which 712 customers were commercial, and 213 customers were government or non-commercial entities. During the same time frame, approximately 25% of its commercial customers were Global 2000 organizations and included 60 Fortune 500 companies.

MAJOR DEVELOPMENTS. APPN was founded in 1999 by Mathew Calkins, who is still serving as the CEO, Marc Wilson, and Robert Kramer. The company went public on May 25, 2017, and began trading on the NASDAQ exchange under the ticker APPN. Like many of its peers, APPN's heritage originated around the business process management (BPM) space. It has since migrated to more advanced work, including pre-packaged automation and AI capabilities, with a large product refresh it undertook earlier in 2020.

Appian's most recent and relevant M&A activity occurred on January 7, 2020, when the company announced that it had acquired Novayre Solutions SL, the developer of the Jidoka RPA platform, for an undisclosed price. The acquisition allows APPN to internally deploy RPA capabilities, instead of partnering with the "big three" providers (Blue Prism, UiPath, and Automation Anywhere) like it has done in the past. In August 2021, APPN also acquired Lana Labs, a developer of process mining software, for $30.7 million, net of cash and debt. The acquisition was made to identify new areas that clients can leverage its automation platform.

COMPETITIVE ENVIRONMENT. APPN's main competitors fall into three categories including 1) providers of low-code development platforms, such as salesforce.com, ServiceNow, Outsystems, Mendix, and Bizagi; 2) providers of business process management and case management software, such as Oracle, Pegasystems, SAP, Microsoft, and K2; and 3) providers of custom software and customer software solutions that address, or are developed to address, use cases by new applications developed on APPN's platform.

Currently, APPN internally estimates its total market opportunity is around $34.9 billion when combining all core software markets, including low-code, robotic process automation, platform as a service (PaaS), and other legacy markets business process management (BPM) and case management. Many research providers (including Gartner and Forrester) currently expect all markets to grow at 20%+ CAGRs from now until 2024.

FINANCIAL TRENDS. The company breaks out key metrics listed below to help evaluate growth trends and measure the effectiveness of operations.

Cloud Subscription Revenue – due to APPN now primarily recognizing revenue from its on-premises term license subscriptions upfront under ASC 606, it now believes investors should focus on cloud subscription revenues, instead of simply subscription revenue, as a key indicator of demand for its platform, the cadence at which the market for its solutions is growing, the overall productivity of its sales force and strategic partnerships, and the overall ability to grow its existing customer base. As of December 31, 2022, cloud subscription revenues comprised nearly 50% of total revenues and improved by 32% from the year prior.

Cloud Subscription Retention Rate – Again, largely due to the adoption of ASC 606, the company believes the renewal of agreements with its existing customers is a key factor to future success. The company calculates the metric by establishing the aggregate recurring cloud subscription revenue for the current 12-month period, then dividing it by the previous trailing 12-month period. As of December 31, 2022, APPN's cloud subscription net retention rate was 115%, down slightly from 116% in 2021.

As of December 31, 2022, total revenues were up 26.7% to $468 million, aided by a larger portion of cloud subscription sales, which gained 29%. Total gross margin came in at 72.9% compared to 73% in the year prior. As cloud subscriptions make up a larger portion of revenues and overshadow Professional Services (other 27% of revenues), profitability should improve, given its materially higher gross margin of about 90%. Closing out 2022, APPN's financial positioning remains sound, with a net cash position of $14 million ($198 million in cash and $184 million in debt).

Corporate information

Investor contact
S. Anantha (703 442 8844)

Office
7950 Jones Branch Drive, McLean, Virginia, 22102

Telephone
703 442 8844

Fax
N/A

Website
www.appian.com

Officers

Founder & CTO
M. Beckley

Founder, Chairman, CEO & President
M. W. Calkins

Acting COO & Director
W. D. McCarthy

General Counsel & Corporate Secretary
C. Winters

Chief Financial Officer
M. Matheos

Board Members

A. G. Biddle	M. W. Calkins
B. G. Kilberg	R. C. Kramer
M. J. Mulligan	S. A. Edwards
M. S. Lynch	W. D. McCarthy

Domicile
Delaware

Auditor
BDO LLP

Founded
1999

Employees
2,307

Stockholders
N/A

Appian Corporation

Quantitative Evaluations

Fair Value Rank	**NR**	1 2 3 4 5 (LOWEST – HIGHEST). Based on CFRA's proprietary quantitative model, stocks are ranked from most overvalued (1) to most undervalued (5).
Fair Value Calculation	**N/A**	
Volatility		LOW / AVERAGE / **HIGH**
Technical Evaluation	**BEARISH**	Since September, 2023, the technical indicators for APPN have been BEARISH"
Insider Activity		UNFAVORABLE / **NEUTRAL** / FAVORABLE

Expanded Ratio Analysis

	2022	2021	2020	2019
Price/Sales	5.04	12.54	36.75	9.61
Price/EBITDA	NM	NM	NM	NM
Price/Pretax Income	NM	NM	NM	NM
P/E Ratio	NM	NM	NM	NM
Avg. Diluted Shares Outstg. (M)	72.46	71.04	69.05	65.48

Figures based on fiscal year-end price

Key Growth Rates and Averages

Past Growth Rate (%)	1 Year	3 Years	5 Years
Net Income	70.26	43.84	37.23
Sales	26.74	21.59	21.50
Ratio Analysis (Annual Avg.)			
Net Margin (%)	NM	NM	NM
% LT Debt to Capitalization	34.99	11.66	7.00
Return on Equity (%)	-79.51	-42.09	-49.20

Company Financials Fiscal year ending Dec 31

Per Share Data (USD)	2022	2021	2020	2019	2018	2017	2016	2015	2014
Tangible Book Value	1.57	2.78	4.10	3.04	1.15	0.75	-1.85	-1.47	N/A
Free Cash Flow	-1.60	-0.84	-0.13	-0.63	-0.62	-0.35	-0.25	-0.08	-0.03
Earnings	-2.08	-1.25	-0.48	-0.77	-0.80	-0.63	-0.39	-0.23	-0.50
Earnings (Normalized)	-1.23	-0.68	-0.26	-0.52	-0.54	-0.30	-0.39	N/A	N/A
Dividends	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Payout Ratio (%)	NM	NM	NM	NM	NM	NM	NM	NM	NM
Prices: High	70.24	260.00	216.41	62.94	43.61	34.53	N/A	N/A	N/A
Prices: Low	31.18	62.91	29.07	25.22	22.61	14.60	N/A	N/A	N/A
P/E Ratio: High	NM	NM	NM	NM	NM	NM	NM	NM	NM
P/E Ratio: Low	NM	NM	NM	NM	NM	NM	NM	NM	NM

Income Statement Analysis (Million USD)	2022	2021	2020	2019	2018	2017	2016	2015	2014
Revenue	468.00	369.00	305.00	260.00	227.00	177.00	133.00	111.00	89.00
Operating Income	-145.00	-84.00	-38.00	-50.00	-47.00	-32.00	-11.00	-5.00	-14.00
Depreciation + Amortization	9.00	7.00	7.00	5.00	2.00	1.00	1.00	1.00	1.00
Interest Expense	2.00	0.00	0.00	0.00	0.00	0.00	1.00	0.00	0.00
Pretax Income	-150.00	-88.00	-33.00	-50.00	-49.00	-30.00	-14.00	-7.00	-16.00
Effective Tax Rate	-0.50	-0.90	-2.70	-1.60	-0.50	-2.50	11.90	-5.70	-7.60
Net Income	NM	NM	NM	NM	NM	NM	NM	NM	NM
Net Income (Normalized)	NM	NM	NM	NM	NM	NM	NM	NM	NM

Balance Sheet and Other Financial Data (Million USD)	2022	2021	2020	2019	2018	2017	2016	2015	2014
Cash	196.00	156.00	222.00	160.00	95.00	74.00	31.00	31.00	N/A
Current Assets	422.00	338.00	365.00	278.00	210.00	145.00	88.00	73.00	N/A
Total Assets	594.20	504.50	512.50	371.50	233.20	161.10	102.70	83.40	N/A
Current Liabilities	270.00	216.00	156.00	112.00	128.00	95.00	76.00	54.00	N/A
Long Term Debt	115.00	N/A	N/A	N/A	N/A	N/A	14.00	10.00	N/A
Total Capital	330.00	291.00	355.00	257.00	73.00	46.00	13.00	15.00	N/A
Capital Expenditures	9.00	6.00	1.00	32.00	7.00	0.00	1.00	1.00	3.00
Cash from Operations	-107.00	-54.00	-8.00	-9.00	-31.00	-9.00	-8.00	-2.00	2.00
Current Ratio	1.56	1.57	2.34	2.47	1.63	1.53	1.16	1.36	N/A
% Long Term Debt of Capitalization	35.00	N/A	N/A	N/A	N/A	N/A	108.70	68.10	N/A
% Net Income of Revenue	-32.20	-24.00	-11.00	-19.50	-21.80	-17.50	-9.40	-6.30	-19.20
% Return on Assets	-16.50	-10.31	-5.36	-10.43	-14.81	-15.07	-7.64	NM	NM
% Return on Equity	-79.50	-33.40	-13.30	-36.40	-83.30	NM	976.60	NM	NM

Source: S&P Global Market Intelligence. Data may be preliminary or restated; before results of discontinued operations/special items. Per share data adjusted for stock dividends; EPS diluted. E-Estimated. NA-Not Available. NM-Not Meaningful. NR-Not Ranked. UR-Under Review.

Appian Corporation

Sub-Industry Outlook

CFRA has a positive fundamental outlook for the S&P 500 systems software sub-industry in the next 12 months, as we expect incremental improvement in the economic landscape, pent-up demand from postponed digital transformation projects, and growing interest in generative AI tools. Slower spending is still expected in the short term, as stubborn inflation (aggravated by recent spikes in energy prices) is giving the Fed some hesitation to loosen its hawkish monetary policy stance. Yet, we believe it is likely that we will still start to see rate cuts in 2024, giving businesses some relief from the pressures experienced over the last year.

Enterprise software spending remained constrained in Q2 as customers refrained from spending in less critical areas of the business, while continuing to whittle down redundancies. Consequently, cloud optimization behavior remained a headwind to growth, and cloud providers expect their customers to continue this process of optimizing their existing workloads and infrastructure use in Q3. However, we are encouraged that more companies have observed higher levels of stabilization to demand, and the likelihood that growth compression has "bottomed" is increasing.

Cybersecurity firms in the Systems Software sub-industry remained conservative with their outlook for the year, but highlighted improvements in the demand environment. We note pockets of outperformance during the quarter from strong execution, and a higher velocity of large deals and significant commitments from new customers, reflecting better-than-expected enterprise appetite for cybersecurity solutions. We think this is a positive set up for 2024 as budget challenges ease. As with the major cloud providers, we are cautiously optimistic that cybersecurity firms will start to see a headwinds-to-tailwinds shift when companies become more confident about ramping their security investments again.

The pace of generative AI developments across the technology ecosystem also supports our positive view of the sub-industry. Cloud providers are increasing investments to build the necessary infrastructure for generative AI workloads, while launching a slew of applications and services. For example, Microsoft released Azure AI to allow developers to build and deploy their proprietary AI solutions, and announced Microsoft 365 Copilot to enhance productivity for its millions of users. Smaller software vendors have also started to launch generative-AI features. DevOps software provider Gitlab has made Code Suggestions available in beta to help developers shorten production time. These innovations underscore the growing importance and value offered by generative AI. While we are still in the early stages of adoption, we believe that market interest in generative AI will be sustained, driving new sources of revenue for the software industry.

Consensus projections for the software industry align with what we believe are the drivers for growth in the near term. Software companies in the S&P 500 are expected to grow revenue at 9.8% in 2023, down from 12.7% in 2022. However, growth is forecasted to accelerate 11.8% in 2024 as organizations return to IT modernization projects and look to ways to invest in generative AI. Spending on generative AI can be costly, especially for cloud providers, and we expect some impact to earnings, offset by cost savings and efficiency gains in 2023.

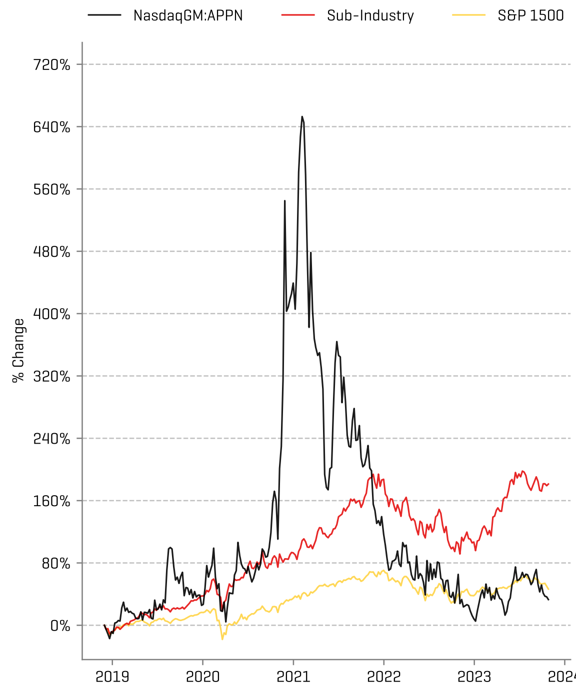
YTD through September 15, the systems software sub-industry increased 37.6%, while the S&P 1500 rose 15%.

/ Janice Quek

Industry Performance

GICS Sector: **Information Technology**
Sub-Industry: **Systems Software**

Based on S&P 1500 Indexes
Five-Year market price performance through Oct 28, 2023



NOTE: A sector chart appears when the sub-industry does not have sufficient historical index data.

All Sector & Sub-Industry information is based on the Global Industry Classification Standard (GICS).

Past performance is not an indication of future performance and should not be relied upon as such.

Source: CFRA, S&P Global Market Intelligence

Sub-Industry: Systems Software   Peer Group*: Systems Software

Peer Group	Stock Symbol	Exchange	Currency	Recent Stock Price	Stk. Mkt. Cap. (M)	30-Day Price Chg. (%)	1-Year Price Chg. (%)	P/E Ratio	Fair Value Calc.	Yield (%)	Return on Equity (%)	LTD to Cap (%)
Appian Corporation	**APPN**	**NasdaqGM**	**USD**	**40.06**	**2,929.0**	**-5.5**	**-13.5**	**NM**	**N/A**	**N/A**	**-110.3**	**39.8**
BlackBerry Limited	BB	NYSE	USD	3.44	1,999.0	-29.5	-24.1	NM	N/A	N/A	-51.1	N/A
Commvault Systems, Inc.	CVLT	NasdaqGS	USD	63.99	2,808.0	-5.6	5.3	24.0	N/A	N/A	-12.0	N/A
JFrog Ltd.	FROG	NasdaqGS	USD	21.83	2,266.0	-13.8	-14.7	NM	N/A	N/A	-13.2	N/A
N-able, Inc.	NABL	NYSE	USD	12.76	2,329.0	-2.5	18.8	159.0	N/A	N/A	2.4	31.9
Progress Software Corporation	PRGS	NasdaqGS	USD	50.59	2,204.0	-8.6	2.8	29.0	N/A	1.4	19.4	60.7
Rapid7, Inc.	RPD	NasdaqGM	USD	47.32	2,885.0	3.9	5.2	NM	N/A	N/A	102.5	101.8
SentinelOne, Inc.	S	NYSE	USD	15.33	4,533.0	-3.2	-35.0	NM	N/A	N/A	-23.4	N/A
SolarWinds Corporation	SWI	NYSE	USD	8.89	1,465.0	-5.6	-1.7	NM	N/A	N/A	-20.4	44.6
Teradata Corporation	TDC	NYSE	USD	42.26	4,222.0	-4.0	33.8	24.0	30.22	N/A	26.4	56.5
Varonis Systems, Inc.	VRNS	NasdaqGS	USD	31.09	3,409.0	4.0	16.2	NM	N/A	N/A	-23.4	31.9

*For Peer Groups with more than 10 companies or stocks, selection of issues is based on market capitalization.
NA-Not Available; NM-Not Meaningful.
Note: Peers are selected based on Global Industry Classification Standards and market capitalization. The peer group list includes companies with similar characteristics, but may not include all the companies within the same industry and/or that engage in the same line of business.

Analyst Research Notes and other Company News

August 07, 2023
01:04 AM ET... CFRA Keeps Hold Rating on Shares of Appian Corporation (APPN 49.55***):
We raise our 12-month target price to $52 (from $45), applying a 5.9x EV/sales multiple to our 2024 estimate, in line with APPN's software peers. We maintain our 2023 loss per share (LPS) at $1.11, while 2024's LPS narrows to $0.64 from $0.70, aided by sales leverage. APPN reports a Q2 LPS of $0.39, $0.04 above consensus. Revenues rose $128M (+16.0% Y/Y), exceeding the $124M consensus, driven by robust cloud subscription revenues (+30% Y/Y). Net revenue retention (NRR) remained flat sequentially at 115%. 2023 revenue targets were raised to $538M-$543M (vs. $533M-$538M prior) to account for recent quarterly outperformance in cloud subscription revenue. APPN now also expects adj-EBITDA losses between -$67M and -$63M, an improvement from the previous guidance of between -$70M and -$65M. We continue to closely monitor cost takeouts in non-strategic areas, along with cloud software net new ACV bookings, which composed 85% of total net new software bookings in 1H 2023 (+80% Y/Y). / Siye Desta, CFA

May 10, 2023
01:57 PM ET... CFRA Keeps Hold Rating on Shares of Appian Corporation (APPN 37.19***):
We arrive at our 12-month target of $45 (down $3) by applying an EV/sales multiple of 6.2x our 2023 estimate, near the median of relative software peers. We maintain our 2023 per-share loss of -$1.11, but narrow 2024's per-share loss to -$0.70 from -$0.77, aided by slower opex growth. APPN prints a Q1 per-share loss of -$0.27, narrower than consensus by $0.03. Revenues were $135M (+18.4% Y/ Y), compared to consensus of $131M, aided by strong cloud subscription revenues (+31% Y/Y). Net revenue retention (NRR) was flat sequentially, at 115%, and within the targeted range of 110%-120%. Full-year 2023 revenue targets were lifted to $533M-$538M (vs. $530M-$535M prior) to factor in recent quarterly outperformance and APPN now expects adj-EBITDA losses to be <10% (vs. ~10% prior) in 2H 2023, driven by cost takeouts in non-strategic areas (Q1 severance costs totaled $4.2M). We continue to monitor for annual contract value (ACV) contribution from recent sales capacity additions, which is now slated for later in 2023. / David Holt

February 17, 2023
12:41 PM ET... CFRA Keeps Hold Rating on Shares of Appian Corporation (APPN 46.50***):
We arrive at our 12-month target of $48 (up $2) by applying an EV/sales multiple of 6.5x our 2023 estimate, near the median of relative software peers. We narrow our 2023 per-share loss to $1.11 from $1.19 and set 2024's per-share loss at $0.77. APPN prints a Q4 loss/share of $0.28, narrower than consensus by $0.40, which benefited from foreign exchange gains (+$0.12). Revenues were $126M (+19.8% Y/ Y), compared to consensus of $123M, as demand in federal government and life sciences verticals provided a boost to cloud subscription revenue (+29% Y/Y). The quarter contained no large surprises, with sequential and full-year 2023 targets for revenues and per-share losses that were aligned (or marginally better) than expected; no further deterioration in selling cycles; and a steady net revenue retention (NRR) rate of about 115%. Still, more quantifiable selling activity to warrant recent headcount additions are needed to revisit our view on the stock, especially following the recent rally in share price. / David Holt

November 07, 2022
12:08 AM ET... CFRA Keeps Hold Rating on Shares of Appian Corporation (APPN 38.43***):
We reduce our 12-month target to $46 (from $60) by applying an EV/Sales multiple of 6.2x our 2023 estimate, closer to the median of relative software peers. We widen our 2022 per-share loss to $1.34 from $0.90 and 2023's to $1.19 from $0.70 to reflect an increased expense outlook and incremental FX headwinds. APPN also prints a third quarter loss per share of $0.43, wider than consensus by $0.20. Revenues were $118M (+27.5% Y/Y), compared to consensus of $116M, as cloud subscription revenue (+30% Y/Y) and federal-related demand helped absorb stronger than expected foreign exchange headwinds. However, fourth quarter targets for revenues of $121.5M-123.5M (vs. $127.4M expected) and wider adj-EBITDA losses of $24M-$29M (vs. $13M expected) came in light, as deal slippage and expense overruns related to headcount additions/training drove the widespread misses. More progress toward outlined adjusted EBITDA losses of ~10% by 2H23 (vs. 19.4% in 2Q22) are needed to get incrementally more constructive on shares. / David Holt

August 08, 2022
01:02 AM ET... CFRA Keeps Hold Rating on Shares of Appian Corporation (APPN 54.46***):
We lift our 12-month target to $60 from $56 by applying an EV/Sales multiple of 8x our 2023 estimate, near the median of software-based peers. To reflect a general uptrend in expenses related to wages and in-person marketing events, we also widen our 2022 loss per share estimate to $0.90 from $0.78 and 2023's to $0.70 from $0.65. APPN also prints a second-quarter loss per share of $0.46, wider than consensus by $0.12. Revenues were $110M (+32.6% Y/Y), compared to consensus of $104M, as strong cloud subscription demand helped overshadow unfavorable impacts related to foreign currency exchange. APPN also upped its full-year revenue growth target to $466M-$470M (from $453M-$457M) to reflect positive trends with systems integrators and its strong gross retention rate of 99%. Encouragingly, the company has experienced little in terms of deal slippage and extended sales cycles, but a better balance between growth and profitability could be needed for enhanced upside from price current levels, in our view. / David Holt

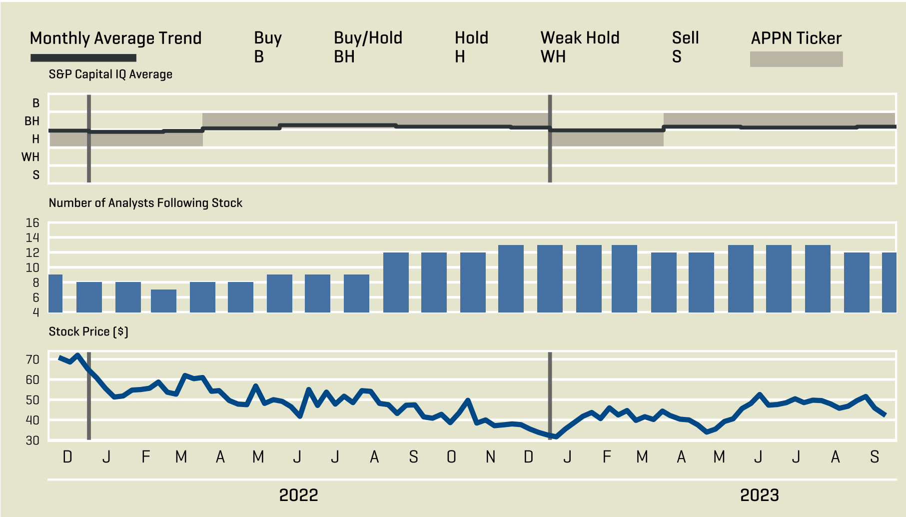
May 09, 2022
08:14 AM ET... CFRA Keeps Hold Rating on Shares of Appian Corporation (APPN 47.52***):
We drop our 12-month target to $56 (down by $7) by applying an EV/Sales multiple of 8.7x our 2022 estimate, reflecting share price compression felt across less-profitable software names. We narrow our 2022 loss per share estimate to $0.78 from $0.82 and keep 2023's loss of $0.65. APPN prints a first-quarter loss per share of $0.06, narrower than consensus by $0.07. Revenues were $114M (+28.6% Y/Y), compared to consensus of $107M, aided by strong cloud subscription demand. Overall, the quarter was solid and featured upped 2022 revenue growth targets to 23%-24% (from 20% to 21%), as the company continually operates at a high level, with 99% gross retention, growing platform usage, and generally positive selling motions. That said, adj-EBITDA losses will likely steepen in Q2, driven by seasonality in term license revenue and higher expenses related to in-person events and travel, making APPN a difficult story to own right now, especially if a lower-for-longer market scenario emerges, resulting in our Hold rating. / David Holt

February 18, 2022
11:53 AM ET... CFRA Keeps Hold Rating on Shares of Appian Corporation (APPN 53.65***):
We drop our 12-month target to $63 ($102) by applying an EV/Sales multiple of 10x our 2022 estimate, reflecting the large valuation compression felt across higher-growth software names. We widen our 2022 loss per share estimate to $0.82 from $0.57 and set 2023's loss at $0.65. APPN prints a Q4 loss per share of $0.16, narrower than consensus by $0.07. Revenues came in at $105M (+28.6% Y/Y), compared to consensus of $95M, as the topline beat was connected to strength in Cloud subscriptions (+39% Y/Y). The quarter was clean was no major outliers; APPN initiated 2022 revenue targets above consensus, ranging from $444M-$446M (vs. $424M). APPN's midpoint for Adj-EBITDA losses came in slightly wider than expectations at $52M (vs. $51M) due to seasonality with term licenses and higher expenses due to a return to in-person events. Expansion figures were particularly encouraging, especially when coupled with new demand drivers such as its new process mining capabilities gained through its Lana Labs acquisition. / David Holt

Note: Research notes reflect CFRA's published opinions and analysis on the stock at the time the note was published. The note reflects the views of the equity analyst as of the date and time indicated in the note, and may not reflect CFRA's current view on the company.

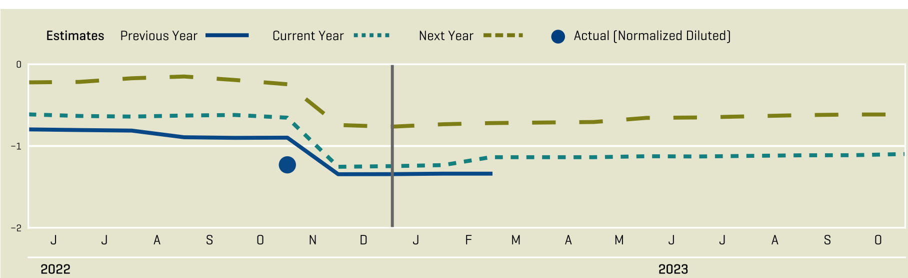
Appian Corporation

Analysts Recommendations



	No. of Recommendations	% of Total	1 Mo.Prior	3 Mos.Prior
Buy	4	33	4	4
Buy/Hold	1	8	1	1
Hold	6	50	6	7
Weak hold	1	8	1	1
Sell	0	0	0	0
No Opinion	0	0	0	0
Total	12	100	12	13

Wall Street Consensus Estimates



Fiscal Year	Avg Est.	High Est.	Low Est.	# of Est.	Est. P/E
2024	-0.61	-0.40	-0.77	11	-65.16
2023	-1.10	-0.96	-1.15	11	-36.49
2024 vs. 2023	▲ **44%**	▲ **58%**	▲ **33%**	**N/A%**	▼ **-79%**
Q3'24	-0.10	-0.05	-0.15	7	-391.56
Q3'23	-0.25	-0.17	-0.27	10	-161.19
Q3'24 vs. Q3'23	▲ **59%**	▲ **70%**	▲ **44%**	▼ **-30%**	▼ **-143%**

Forecasts are not reliable indicator of future performance.
Note: A company's earnings outlook plays a major part in any investment decision. S&P Global Market Intelligence organizes the earnings estimates of over 2,300 Wall Street analysts, and provides their consensus of earnings over the next two years, as well as how those earnings estimates have changed over time. Note that the information provided in relation to consensus estimates is not intended to predict actual results and should not be taken as a reliable indicator of future performance.
Note: For all tables, graphs and charts in this report that do not cite any reference or source, the source is S&P Global Market Intelligence.

Wall Street Consensus Opinion

Buy/Hold

Wall Street Consensus vs. Performance

For fiscal year 2023, analysts estimate that APPN will earn USD -1.10. For fiscal year 2024, analysts estimate that APPN's earnings per share will grow by -44.01% to USD -0.61.

Glossary

STARS

Since January 1, 1987, CFRA Equity and Fund Research Services, and its predecessor S&P Capital IQ Equity Research has ranked a universe of U.S. common stocks, ADRs (American Depositary Receipts), and ADSs (American Depositary Shares) based on a given equity's potential for future performance. Similarly, we have ranked Asian and European equities since June 30, 2002. Under proprietary STARS (Stock Appreciation Ranking System), equity analysts rank equities according to their individual forecast of an equity's future total return potential versus the expected total return of a relevant benchmark (e.g., a regional index (MSCI AC Asia Pacific Index, MSCI AC Europe Index or S&P 500® Index)), based on a 12-month time horizon. STARS was designed to help investors looking to put their investment decisions in perspective. Data used to assist in determining the STARS ranking may be the result of the analyst's own models as well as internal proprietary models resulting from dynamic data inputs.

S&P Global Market Intelligence's Quality Ranking

(also known as **S&P Capital IQ Earnings & Dividend Rankings**) - Growth and S&P Capital IQ Earnings & Dividend Rankings stability of earnings and dividends are deemed key elements in establishing S&P Global Market Intelligence's earnings and dividend rankings for common stocks, which are designed to capsulize the nature of this record in a single symbol. It should be noted, however, that the process also takes into consideration certain adjustments and modifications deemed desirable in establishing such rankings. The final score for each stock is measured against a scoring matrix determined by analysis of the scores of a large and representative sample of stocks. The range of scores in the array of this sample has been aligned with the following ladder of rankings:

A+	Highest	B	Below Average
A	High	B-	Lower
A	Above	C	Lowest
B+	Average	D	In Reorganization
NC	Not Ranked		

EPS Estimates

CFRA's earnings per share (EPS) estimates reflect analyst projections of future EPS from continuing operations, and generally exclude various items that are viewed as special, non-recurring, or extraordinary. Also, EPS estimates reflect either forecasts of equity analysts; or, the consensus (average) EPS estimate, which are independently compiled by S&P Global Market Intelligence, a data provider to CFRA. Among the items typically excluded from EPS estimates are asset sale gains; impairment, restructuring or merger-related charges; legal and insurance settlements; in process research and development expenses; gains or losses on the extinguishment of debt; the cumulative effect of accounting changes; and earnings related to operations that have been classified by the company as discontinued. The inclusion of some items, such as stock option expense and recurring types of other charges, may vary, and depend on such factors as industry practice, analyst judgment, and the extent to which some types of data is disclosed by companies.

12-Month Target Price

The equity analyst's projection of the market price a given security will command 12 months hence, based on a combination of intrinsic, relative, and private market valuation metrics, including Fair Value.

Abbreviations Used in Equity Research Reports

CAGR - Compound Annual Growth Rate
CAPEX - Capital Expenditures
CY - Calendar Year
DCF - Discounted Cash Flow
DDM - Dividend Discount Model
EBIT - Earnings Before Interest and Taxes
EBITDA - Earnings Before Interest, Taxes, Depreciation & Amortization
EPS - Earnings Per Share
EV - Enterprise Value
FCF - Free Cash Flow
FFO - Funds From Operations
FY - Fiscal Year
P/E - Price/Earnings
P/NAV - Price to Net Asset Value
PEG Ratio - P/E-to-Growth Ratio
PV - Present Value
R&D - Research & Development
ROCE - Return on Capital Employed
ROE Return on Equity
ROI - Return on Investment
ROIC - Return on Invested Capital
ROA - Return on Assets
SG&A - Selling, General & Administrative Expenses
SOTP - Sum-of-The-Parts
WACC - Weighted Average Cost of Capital

Dividends on American Depository Receipts (ADRs) and American Depository Shares (ADSs) are net of taxes (paid in the country of origin).

Qualitative Risk Assessment

Reflects an equity analyst's view of a given company's operational risk, or the risk of a firm's ability to continue as an ongoing concern. The Qualitative Risk Assessment is a relative ranking to the U.S. STARS universe, and should be reflective of risk factors related to a company's operations, as opposed to risk and volatility measures associated with share prices. For an ETF this reflects on a capitalization-weighted basis, the average qualitative risk assessment assigned to holdings of the fund.

STARS Ranking system and definition:

★★★★★ **5-STARS (Strong Buy):**
Total return is expected to outperform the total return of a relevant benchmark, by a notable margin over the coming 12 months, with shares rising in price on an absolute basis.

★★★★☆ **4-STARS (Buy):**
Total return is expected to outperform the total return of a relevant benchmark over the coming 12 months.

★★★☆☆ **3-STARS (Hold):**
Total return is expected to closely approximate the total return of a relevant benchmark over the coming 12 months.

★★☆☆☆ **2-STARS (Sell):**
Total return is expected to underperform the total return of a relevant benchmark over the coming 12 months.

★☆☆☆☆ **1-STAR (Strong Sell):**
Total return is expected to underperform the total return of a relevant benchmark by a notable margin over the coming 12 months, with shares falling in price on an absolute basis.

Relevant benchmarks:

In North America, the relevant benchmark is the S&P 500 Index, in Europe and in Asia, the relevant benchmarks are the MSCI AC Europe Index and the MSCI AC Asia Pacific Index, respectively.

Disclosures

Stocks are ranked in accordance with the following ranking methodologies:

STARS Stock Reports:
Qualitative STARS rankings are determined and assigned by equity analysts. For reports containing STARS rankings refer to the Glossary section of the report for detailed methodology and the definition of STARS rankings.

Quantitative Stock Reports:
Quantitative rankings are determined by ranking a universe of common stocks based on 5 measures or model categories: Valuation, Quality, Growth, Street Sentiment, and Price Momentum. In the U.S., a sixth sub-category for Financial Health will also be displayed. Percentile scores are used to compare each company to all other companies in the same universe for each model category. The five (six) model category scores are then weighted and rolled up into a single percentile ranking for that company. For reports containing quantitative rankings refer to the Glossary section seof the report for detailed methodology and the definition of Quantitative rankings.

STARS Stock Reports and Quantitative Stock Reports:
The methodologies used in STARS Stock Reports and Quantitative Stock Reports (collectively, the "Research Reports") reflect different criteria, assumptions and analytical methods and may have differing rankings. The methodologies and data used to generate the different types of Research Reports are believed by the author and distributor reasonable and appropriate. Generally, CFRA does not generate reports with different ranking methodologies for the same issuer. However, in the event that different methodologies or data are used on the analysis of an issuer, the methodologies may lead to different views on the issuer, which may at times result in contradicting assessments of an issuer. CFRA reserves the right to alter, replace or vary models, methodologies or assumptions from time to time and without notice to clients.

STARS Stock Reports:

Global STARS Distribution as of September 30, 2023

Ranking	North America	Europe	Asia	Global
Buy	36.8%	34.5%	41.6%	37.4%
Hold	53.8%	51.2%	50.3%	52.6%
Sell	9.4%	14.3%	8.1%	10.1%
Total	100.0%	100.0%	100.0%	100.0%

Analyst Certification:

STARS Stock Reports are prepared by the equity research analysts of CFRA and its affiliates and subsidiaries. Quantitative Stock Reports are prepared by CFRA. All of the views expressed in STARS Stock Reports accurately reflect the research analyst's personal views regarding any and all of the subject securities or issuers; all of the views expressed in the Quantitative Stock Reports accurately reflect the output of CFRA's algorithms and programs. Analysts generally update STARS Stock Reports at least four times each year. Quantitative Stock Reports are generally updated weekly. No part of analysts' or CFRA's compensation was, is, or will be directly or indirectly related to the specific rankings or views expressed in any Stock Report.

About CFRA Equity Research:
This Research Report is published and originally distributed by Accounting Research & Analytics, LLC d/b/a CFRA ("CFRA US"), with the following exceptions: In the UK/EU/EEA, it is published and originally distributed by CFRA UK Limited ("CFRA UK"), which is regulated by the Financial Conduct Authority (No. 775151), and in Malaysia by CFRA MY Sdn Bhd (Company No. 683377-A) ("CFRA Malaysia"), which is regulated by Securities Commission Malaysia, (No. CMSL/A0181/2007) under license from CFRA US. These parties and their subsidiaries maintain no responsibility for reports redistributed by third parties such as brokers or financial advisors.

General Disclosure

Notice to all jurisdictions:

Where Research Reports are made available in a language other than English and in the case of inconsistencies between the English and translated versions of a Research Report, the English version will control and supersede any ambiguities between such versions. Neither CFRA nor its affiliates guarantee the accuracy of any translation.

The content of this report and the opinions expressed herein are those of CFRA based upon publicly-available information that CFRA believes to be reliable and the opinions are subject to change without notice. This analysis has not been submitted to, nor received approval from, the United States Securities and Exchange Commission or any other regulatory body. CFRA AND ALL RELATED ENTITIES SPECIFICALLY DISCLAIM ALL WARRANTIES, EXPRESS OR IMPLIED, to the full extent permitted by law, regarding the accuracy, completeness, or usefulness of this information and assumes no liability with respect to the consequences of relying on this information for investment or other purposes.

No content in this Research Report may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of CFRA, or used for any unlawful or unauthorized purposes. Neither CFRA nor its third-party providers, as well as its/their directors, officers, shareholders, employees or agents, guarantee the accuracy, completeness, timeliness or availability of the content herein

Past performance is not necessarily indicative of future results.

This document may contain forward-looking statements or forecasts; such forecasts are not a reliable indicator of future performance.

This report is not intended to, and does not, constitute an offer or solicitation to buy and sell securities or engage in any investment activity. This report is for informational purposes only. Statements in this report are not made with respect to any particular investor or type of investor. Securities, financial instruments or strategies mentioned herein may not be suitable for all investors and this material is not intended for any specific investor and does not take into account an investor's particular investment objectives, financial situations or needs. Before acting on anything in this report, you should consider whether it is suitable for your particular circumstances and, if necessary, seek professional advice. CFRA may license certain intellectual property or provide services to, or otherwise have a business relationship with, certain issuers of securities that are the subject of CFRA research reports, including exchange-traded investments whose investment objective is to substantially replicate the returns of a proprietary index of CFRA. In cases where CFRA is paid fees that are tied to the amount of assets invested in a fund or the volume of trading activity in a fund, investment in the fund may result in CFRA receiving compensation in addition to the subscription fees or other compensation for services rendered by CFRA, however, no part of CFRA's compensation for services is tied to any particular viewpoint or rating. Additional information on a subject company may be available upon request.

CFRA's financial data provider is S&P Global Market Intelligence. THIS DOCUMENT CONTAINS COPYRIGHTED AND TRADE SECRET MATERIAL DISTRIBUTED UNDER LICENSE FROM S&P GLOBAL MARKET INTELLIGENCE. FOR RECIPIENT'S INTERNAL USE ONLY.

The Global Industry Classification Standard (GICS®) was developed by and/or is the exclusive property of MSCI, Inc. and S&P Global Market Intelligence. GICS is a service mark of MSCI and S&P Global Market Intelligence and has been licensed for use by CFRA.

Other Disclaimers and Notices
Certain information in this report is provided by S&P Global, Inc. and/or its affiliates and subsidiaries (collectively "S&P Global"). Such information is subject to the following disclaimers and notices: "Copyright © 2018, S&P Global Market Intelligence (and its affiliates as applicable). All rights reserved. Nothing contained herein is investment advice and a reference to a particular investment or security, a credit rating or any observation concerning a security or investment provided by S&P Global is not a recommendation to buy, sell or hold such investment or security or make any other investment decisions. This may contain information obtained from third parties, including ratings from credit ratings agencies. Reproduction and distribution of S&P Global's information and third party content in any form is prohibited except with the prior written permission of S&P Global or the related third party, as applicable. Neither S&P Global nor its third party providers guarantee the accuracy, completeness, timeliness or availability of any information, including ratings, and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such information or content. S&P GLOBAL AND ITS THIRD PARTY CONTENT PROVIDERS GIVE NO EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE AND ALL S&P INFORMATION IS PROVIDED ON AN AS-IS BASIS. S&P GLOBAL AND ITS THIRD PARTY CONTENT PROVIDERS SHALL NOT BE LIABLE FOR ANY DIRECT, INDIRECT, INCIDENTAL, EXEMPLARY, COMPENSATORY, PUNITIVE, SPECIAL OR CONSEQUENTIAL DAMAGES, COSTS, EXPENSES, LEGAL FEES, OR LOSSES (INCLUDING LOST INCOME OR PROFITS AND OPPORTUNITY COSTS OR LOSSES CAUSED BY NEGLIGENCE) IN CONNECTION WITH ANY USE OF THEIR INFORMATION OR CONTENT, INCLUDING RATINGS. Credit ratings are statements of opinions and are not statements of fact or recommendations to purchase, hold or sell securities. They do not address the suitability of securities or the suitability of securities for investment purposes, and should not be relied on as investment advice."

CFRA's Research Reports may be distributed in certain localities, countries and/or jurisdictions by independent third parties or independent intermediaries and/or distributors ("Intermediaries"). Intermediaries are not acting as agents or representatives of CFRA. In territories where an Intermediary distributes CFRA's Research Reports, the Intermediary, and not CFRA, is solely responsible for complying with all applicable regulations, laws, rules, circulars, codes and guidelines established by local and/or regional regulatory authorities, including laws in connection with the distribution of third party research reports, licensing requirements, supervisory and record keeping obligations that the Intermediary may have under the applicable laws and regulations of the territories where it distributes the Research Reports.

For residents of the European Union/European Economic Area:
Research reports are originally distributed by CFRA UK Limited (company number 08456139 registered in England & Wales with its registered office address at New Derwent House, 69-73 Theobalds Road, London, WC1X 8TA, United Kingdom). CFRA UK Limited is regulated by the UK Financial Conduct Authority (No. 775151).

For residents of Malaysia:
Research reports are originally produced and distributed by CFRA MY Sdn Bhd (Company No. 683377-A) ("CFRA Malaysia"), a wholly-owned subsidiary of CFRA US. CFRA Malaysia is regulated by Securities Commission Malaysia (License No. CMSL/A0181/2007).

For Recipients in Canada:
This report is not prepared subject to Canadian disclosure requirements and may not be suitable for Canadian investors.

For residents of Singapore:
This Research Report is distributed by CFRA UK Limited to its clients in Singapore who hold a financial advisers licence or is a person exempt from holding such licence ("SG Intermediary"). Recipients of this Research Report in Singapore should contact the SG Intermediary in respect to any matters arising from, or in connection with, the analysis in this report. Where the recipient is not an accredited, expert or institutional investor as defined by the Securities and Futures Act, the SG Intermediary accepts legal responsibility for the contents of this Research Report in accordance with applicable law. When reports are distributed by SG Intermediaries in Singapore, the SG Intermediary, and not CFRA, is solely responsible for ensuring that the recipients of the Research Reports understand the information contained in the Research Reports and that such information is suitable based on the customer's profile and investment objectives. This Research Report is intended for general circulation and no advice or recommendation is made herein or by CFRA to any particular person. CFRA does not assume any responsibility to advise on whether any particular product is suitable for any person, and the analysis herein does not take into account the specific investment objectives, financial situation or particular needs of any particular person, and should not be relied upon for any investment decision.

For residents of all other countries:
Research reports are originally distributed Accounting Research & Analytics, LLC d/b/a CFRA.