

## Vivid Seats

# Marketplace GOV's 21% beat knocks it out the park, guidance still conservative; Buy

Reiterate Rating: BUY | PO: 10.00 USD | Price: 7.14 USD

## Healthy revenue beat despite take rate contraction

2Q sales/EBITDA came in at \$165.4mn/\$31.1mn vs. Street at \$159.1mn/\$23.9mn. Marketplace GOV (+17% Y/Y) and surpassed Street by 21%, driven by a 13% beat in volumes. Marketplace take rate of 14.6% (vs. Street's 15.9%) contracted 1.4ppts Y/Y driven by increased loyalty accruals and targeted pricing. Concerts category marketplace revenues were up 18% Y/Y (vs. 28% in 1Q) and supported by strong Taylor Swift secondary ticket sales. EBITDA margin of 18.8% (vs. Street at 15.0%) contracted 1.7ppts Y/Y with higher-than-expect cost of revenue and G&A (incl. transaction costs).

## FY23 guidance raised, but still conservative in our view

Vivid guided FY23 Marketplace GOV to \$3.4-3.6bn (from \$3.15-3.4bn) and total rev. to \$630-650mn (from \$605-630mn). Rev. guidance implies just 6.6% Y/Y growth at midpoint (from 17% in 1H) suggesting limited flow through from 2Q's beat. We think mgmt. may be expressing conservatism due to the Taylor Swift tailwind ending in 3Q despite healthy repeat rates (now approx. 56% from high-40% prior). Mgmt. indicated take rates will be structurally lower vs. history at approx. 15.5% due to the Wavedash acquisition in Q3. EBITDA was raised to \$125-135mn (\$115-\$130mn prior) and implies a 20.3% margin at midpoint (+50bps vs. prior).

## Marginally adjusting EBITDA on 2Q's limited flow through

For 3Q23E, we lower our revenue slightly to \$154.2mn and EBITDA to \$24.4mn (-2% vs. prior), now implying a 15.8% margin vs. 16.2% prior. For 2023E, we raise total revenue to \$653.8mn from \$632.5mn (with gains coming from 2Q beat) and raise EBITDA to \$130.3mn from \$126.8mn at a lower 19.9% margin vs. 20.1% prior.

## Strong demand trends continue; Maintain Buy

SEAT is trading down 6.5% today (-1.3% for Nasdaq) despite another strong rev/EBITDA beat. In our view, this could be due to lower-than-expected flow through to 2H and commentary concerning Taylor Swift tailwinds ending. That said, Vivid has a history of guiding conservatively (past six qtrs. have beat consensus) and ticketing Web traffic in July accelerated (see Ex. 1), compounded by Live Nation calling out that demand should remain robust over next two years. With EBITDA expected to grow 15%/yr through '26, we continue to see shares as attractively valued at 9.5x 2024E EV/EBITDA. We maintain Buy rating and PO at \$10 based on 13x our 2024E EV/EBITDA.

Estimates(Dec) (US\$)	2021A	2022A	2023E	2024E	2025E
EPS	(0.14)	0.51	0.52	0.45	0.44
GAAP EPS	(0.14)	0.51	0.52	0.23	0.44
EPS Change (YoY)	NA	NM	2.0%	-13.5%	-2.2%
Consensus EPS (Bloomberg)	(0.07)	0.36	0.34	0.37	0.49
<b>Valuation (Dec)</b>					
P/E	NM	14.0x	13.7x	15.9x	16.2x
GAAP P/E	NM	14.0x	13.7x	31.0x	16.2x
Dividend Yield	0%	0%	0%	0%	0%
EV / EBITDA*	14.3x	13.9x	12.1x	11.0x	9.4x
Free Cash Flow Yield*	11.9%	-0.1%	7.1%	6.5%	9.2%

\* For full definitions of *IQmethod*<sup>SM</sup> measures, see page 7.

08 August 2023

## Equity

### Key Changes

(US\$)	Previous	Current
2023E Rev (m)	632.5	653.8
2024E Rev (m)	674.5	708.6
2025E Rev (m)	739.4	777.3
2023E EPS	0.40	0.52
2024E EPS	0.43	0.45
2025E EPS	0.42	0.44

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## Stock Data

Price	7.14 USD
Price Objective	10.00 USD
Date Established	24-Jul-2023
Investment Opinion	C-1-9
52-Week Range	6.29 USD - 9.89 USD
Mrkt Val (mn) / Shares Out (mn)	1,399 USD / 196.0
Average Daily Value (mn)	3.56 USD
BofA Ticker / Exchange	SEAT / NAS
Bloomberg / Reuters	SEAT US / SEAT.OQ
ROE (2023E)	19.4%
Net Dbt to Eqty (Dec-2022A)	37.1%

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Timestamp: 08 August 2023 01:18PM EDT

# iQprofile<sup>SM</sup> Vivid Seats

## iQmethod<sup>SM</sup> – Bus Performance\*

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Return on Capital Employed	NA	6.5%	8.1%	8.9%	8.3%
Return on Equity	-9.0%	15.6%	19.4%	14.6%	13.0%
Operating Margin	17.3%	13.0%	13.7%	14.8%	16.2%
Free Cash Flow	166	(1)	100	91	129

## iQmethod<sup>SM</sup> – Quality of Earnings\*

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Cash Realization Ratio	NM	0.2x	1.1x	1.2x	1.6x
Asset Replacement Ratio	4.2x	2.0x	1.0x	1.0x	1.1x
Tax Rate	NM	NM	NM	7.3%	25.0%
Net Debt-to-Equity Ratio	48.2%	37.1%	28.0%	15.3%	1.3%
Interest Cover	1.3x	6.1x	7.9x	11.4x	15.9x

## Income Statement Data (Dec)

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Sales	443	600	654	709	777
% Change	NA	35.5%	8.9%	8.4%	9.7%
Gross Profit	352	460	492	537	591
% Change	NA	30.5%	7.1%	9.1%	10.0%
EBITDA	110	113	130	143	168
% Change	NA	3.1%	14.9%	9.7%	17.4%
Net Interest & Other Income	(95)	(9)	(12)	(9)	(8)
<b>Net Income (Adjusted)</b>	<b>(19)</b>	<b>71</b>	<b>102</b>	<b>89</b>	<b>88</b>
<b>% Change</b>	<b>NA</b>	<b>NM</b>	<b>43.7%</b>	<b>-12.9%</b>	<b>-0.3%</b>

## Free Cash Flow Data (Dec)

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Net Income from Cont Operations (GAAP)	(19)	71	102	89	88
Depreciation & Amortization	2	8	11	13	14
Change in Working Capital	284	(158)	(12)	(44)	26
Deferred Taxation Charge	NA	NA	NA	NA	NA
Other Adjustments, Net	(91)	93	10	47	15
Capital Expenditure	(10)	(15)	(11)	(13)	(15)
<b>Free Cash Flow</b>	<b>166</b>	<b>-1</b>	<b>100</b>	<b>91</b>	<b>129</b>
<b>% Change</b>	<b>NA</b>	<b>NM</b>	<b>NM</b>	<b>-8.6%</b>	<b>40.9%</b>

## Balance Sheet Data (Dec)

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Cash & Equivalents	562	282	283	337	425
Trade Receivables	36	37	35	35	39
Other Current Assets	12	13	22	23	25
Property, Plant & Equipment	NA	NA	NA	NA	NA
Other Non-Current Assets	799	820	897	899	899
<b>Total Assets</b>	<b>1,409</b>	<b>1,151</b>	<b>1,237</b>	<b>1,293</b>	<b>1,387</b>
Short-Term Debt	281	182	165	157	155
Other Current Liabilities	216	196	207	196	216
Long-Term Debt	486	278	279	279	279
Other Non-Current Liabilities	0	15	16	17	19
<b>Total Liabilities</b>	<b>983</b>	<b>671</b>	<b>665</b>	<b>648</b>	<b>669</b>
<b>Total Equity</b>	<b>425</b>	<b>480</b>	<b>571</b>	<b>645</b>	<b>718</b>
<b>Total Equity &amp; Liabilities</b>	<b>1,409</b>	<b>1,151</b>	<b>1,237</b>	<b>1,293</b>	<b>1,387</b>

\* For full definitions of iQmethod<sup>SM</sup> measures, see page 7.

## Company Sector

Internet/e-Commerce

## Company Description

Vivid Seats is a US-based ecommerce company that operates a secondary ticket marketplace. Vivid is most exposed to live music events but also has a growing presence in sports and theatre. The company operates Skybox, an industry leading ticket management system used by 55% of professional sellers. Vivid launched its marketplace platform in 2010 and went public through a SPAC transaction in 2021. As of 2022, Vivid processed over \$3.0bn in gross order value and revenues for totaled \$624mn.

## Investment Rationale

We rate Vivid Seats Buy. Competition within the secondary ticketing market is elevated with peers focused on driving volumes through high spend on advertising and select sports distribution deals. However, we believe that Vivid's strategy of driving sticky and recurring transaction growth through investments in brand marketing, a customer loyalty program that enhances an already strong value proposition and seller pricing tools should drive above industry growth over the long term.

## Stock Data

Average Daily Volume 499,112

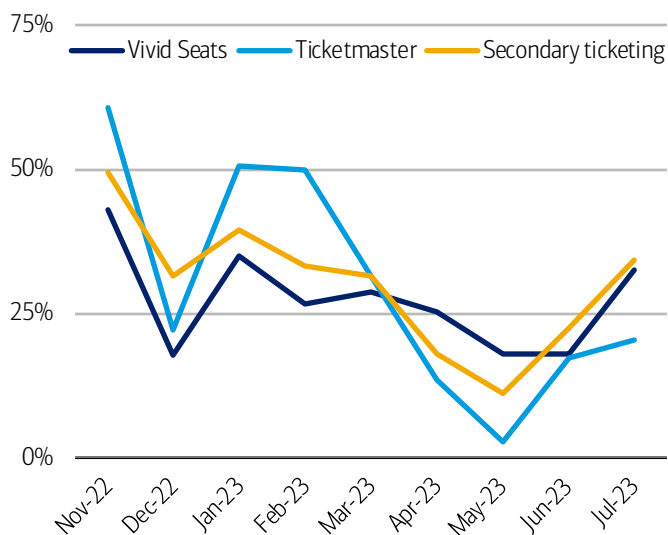
## Quarterly Earnings Estimates

	2022	2023
Q1	0.02A	0.15A
Q2	0.30A	0.20A
Q3	0.23A	0.06E
Q4	0.12A	0.10E

# Web traffic

## Exhibit 1: Web traffic for ticketing websites (Y/Y)

Web traffic to Vivid Seats grew 32% Y/Y in July, a 14pt acceleration vs. June compared to aggregate secondary ticketing Web traffic accelerating 12ppts.

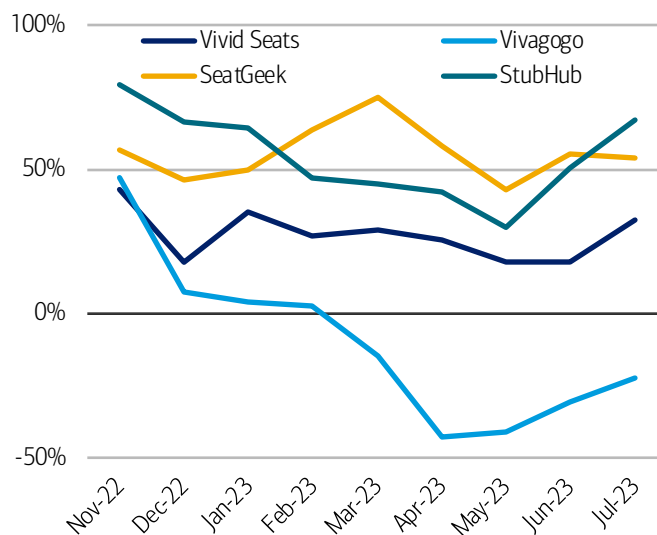


Source: Similarweb

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## Exhibit 2: Web traffic for ticketing websites (Y/Y)

Web traffic to Vivid Seats of nearly 20mn grew 34% Y/Y in July vs. StubHub growing 67%



Source: Similarweb

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# Actuals vs. Estimates

## Exhibit 4: 2Q actuals vs. estimates

Vivid reported total revenue came in \$165.4mn vs. Street at \$159.1mn

	2Q23   Quarter Ended 06/30/23			
	Actual	Estimate	Consensus	Difference
<b>Key Metrics</b>				
Vivid Seats				
Marketplace Orders	2,627	2,362	2,326	265
% YoY Growth	9%	-2%	-3%	11.0%
Marketplace AOV	363	345	339	18
% YoY Growth	7%	2%	0%	5.4%
Marketplace GOV	953,739	814,254	788,526	139,485
% YoY Growth	17%	0%	-3%	17.1%
Marketplace Revenue	139,150	130,281	125,260	8,869
% YoY Growth	7%	0%	-4%	6.8%
Take Rate	14.6%	16.0%	15.9%	-1.4%
Resale Orders	76	74	79	2
% YoY Growth	13%	10%	18%	3.4%
Resale AOV	345	271	263	74
% YoY Growth	30%	2%	-1%	28.1%
Resale Revenue	26,230	19,949	20,798	6,281
% YoY Growth	48%	12%	17%	35.3%
<b>Income Statement</b>				
<b>Total Revenue</b>	<b>165,380</b>	<b>150,230</b>	<b>159,109</b>	<b>15,150</b>
% YoY Growth	12%	2%	8%	10.3%
Total COGS	42,616	35,304	33,917	7,312
Gross Profit	122,764	114,926	125,192	7,838
Gross Margin	74%	77%	79%	-2.3%
Operating Expenses				
Marketing and Selling	65,192	60,353	61,296	4,839
% of Revenue	39%	40%	39%	-0.8%
General and Administrative	38,307	33,051	32,878	5,256
% of Revenue	23%	22%	21%	1.2%
Depreciation and Amortization	2,704	2,700	2,540	4
% of Revenue	2%	2%	2%	-0.2%
Other	-1,052	0	34	(1,052)
% of Revenue	-1%	0%	0%	-0.6%
Total Operating Expenses	105,151	96,103	96,748	9,048
% of Revenue	64%	64%	61%	-0.4%
<b>Operating Income</b>	<b>17,613</b>	<b>18,822</b>	<b>28,444</b>	<b>-1,209</b>
% Margin	11%	13%	18%	-1.9%
Interest expense (income), net	2,772	3,278	3,195	(506)
Other	1,000	0	12,752	1,000
Earnings Before Tax	13,841	15,544	12,498	(1,703)
Income Tax Expense (Benefit)	-24,485	155	1,608	(24,640)
Effective Tax Rate (GAAP)	-177%	1%	13%	-177.9%
Net Income (GAAP)	38,326	15,389	11,597	22,937
% Margin	23%	10%	7%	12.9%
<b>Diluted GAAP EPS</b>	<b>\$0.20</b>	<b>\$0.08</b>	<b>\$0.04</b>	<b>\$0.12</b>
<b>Adjusted EBITDA</b>	<b>31,077</b>	<b>27,022</b>	<b>23,912</b>	<b>4,055</b>
% Margin	19%	18%	15%	0.8%
<b>Cash Flow</b>				
Free Cash Flow	14,704	(12,525)	73,487	27,229

Source: Company reports, Visible Alpha, BofA Global Research

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# Estimate Changes

## Exhibit 5: Estimate changes

We adjust 2023 revenue/EBITDA to \$653.8mn/\$130.3mn vs. \$632.5mn/\$126.8mn prior

	3Q23   Quarter Ended 09/30/23			2023			2024		
	New	Old	Difference	New	Old	Difference	New	Old	Difference
<b>Key Metrics</b>									
Vivid Seats									
Marketplace Orders	2,675	2,572	103	9,977	9,434	543	10,340	9,767	574
% YoY Growth	4%	0%	4.0%	9%	3%	5.9%	4%	4%	0.1%
Marketplace AOV	313	310	3	363	357	6	374	367	6
% YoY Growth	3%	2%	1.0%	4%	2%	1.8%	3%	3%	0.0%
Marketplace GOV	837,558	797,526	40,033	3,606,041	3,348,127	257,914	3,848,523	3,568,594	279,929
% YoY Growth	7%	2%	5.1%	13%	5%	8.1%	7%	7%	0.1%
Resale Orders	91	90	1	346	340	6	360	352	7
% YoY Growth	1%	0%	1.0%	11%	9%	1.9%	4%	3%	0.4%
Resale AOV	301	298	3	305	285	20	314	293	21
% YoY Growth	3%	2%	1.0%	7%	0%	7.0%	3%	3%	0.0%
Resale Revenue	27,335	26,802	533	104,942	97,105	7,836	112,058	103,483	8,575
% YoY Growth	4%	2%	2.0%	18%	9%	8.8%	7%	7%	0.2%
<b>Income Statement</b>									
<b>Total Revenue</b>	<b>154,225</b>	<b>154,406</b>	(181)	<b>653,843</b>	<b>632,502</b>	21,341	<b>708,579</b>	<b>674,458</b>	34,121
% YoY Growth	-2%	-2%	-0.1%	9%	5%	3.6%	8%	7%	1.7%
Total COGS	38,171	36,285	1,885	161,408	148,131	13,276	171,476	156,811	14,665
Gross Profit	116,054	118,120	(2,066)	492,436	484,371	8,065	537,103	517,646	19,456
Gross Margin	75%	77%	-1.3%	75%	77%	-1.3%	76%	77%	-1.0%
Operating Expenses									
Marketing and Selling	64,492	65,397	(905)	254,479	248,345	6,134	277,092	262,366	14,726
% of Revenue	42%	42%	-0.5%	165%	161%	4.2%	180%	170%	9.7%
General and Administrative	33,158	33,197	(39)	137,797	131,998	5,799	142,086	136,790	5,296
% of Revenue	22%	22%	0.0%	89%	85%	3.9%	92%	89%	3.5%
Depreciation and Amortization	2,900	2,800	100	11,302	10,998	304	13,100	12,600	500
% of Revenue	2%	2%	0.1%	7%	7%	0.2%	8%	8%	0.3%
Other	0	0	-	-1,018	34	(1,052)	0	0	-
% of Revenue	0%	0%	0.0%	-1%	0%	-0.7%	0%	0%	0.0%
Total Operating Expenses	100,550	101,394	(844)	402,559	391,375	11,185	432,278	411,756	20,522
% of Revenue	65%	66%	-0.5%	261%	253%	7.5%	280%	267%	13.6%
<b>Operating Income</b>	<b>15,504</b>	<b>16,726</b>	<b>-1,222</b>	<b>89,876</b>	<b>92,996</b>	<b>-3,120</b>	<b>104,825</b>	<b>105,890</b>	<b>-1,066</b>
% Margin	10%	11%	-0.8%	58%	60%	-2.0%	68%	69%	-0.6%
Interest expense (income), net	2,639	3,278	(640)	11,329	13,115	(1,786)	9,236	13,113	(3,878)
Other	0	0	-	673	(327)	1,000	0	0	-
Earnings Before Tax	12,865	13,448	(582)	77,874	80,208	(2,335)	95,589	92,777	2,812
Income Tax Expense (Benefit)	129	134	(6)	-23,865	782	(24,647)	6,977	7,391	(413)
Effective Tax Rate (GAAP)	1%	1%	0.0%	-31%	1%	-31.6%	7%	8%	-0.7%
Net Income (GAAP)	12,737	13,313	(577)	101,739	79,427	22,312	88,612	85,386	3,226
% Margin	8%	9%	-0.4%	66%	51%	14.5%	57%	55%	2.2%
<b>Diluted GAAP EPS</b>	<b>\$0.06</b>	<b>\$0.07</b>	<b>(\$0.00)</b>	<b>\$0.52</b>	<b>\$0.40</b>	<b>\$0.11</b>	<b>\$0.45</b>	<b>\$0.43</b>	<b>\$0.03</b>
<b>Adjusted EBITDA</b>	<b>24,404</b>	<b>25,026</b>	<b>(622)</b>	<b>130,265</b>	<b>126,821</b>	<b>3,444</b>	<b>142,925</b>	<b>143,490</b>	<b>(566)</b>
% Margin	15.8%	16.2%	-0.4%	19.9%	20.1%	-0.1%	20%	21%	-1.1%
<b>Cash Flow</b>									
Free Cash Flow	(17,082)	(10,064)	(7,018)	99,927	66,330	33,597	91,377	96,662	(5,285)

Source: BofA Global Research estimates

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## Price objective basis & risk

### Vivid Seats (SEAT)

Our \$10 price objective is based on 13x our 2024 EV/EBITDA. This is inline with Vivid's historic average and a discount to a median of 15x for comparable entertainment and marketplace companies. We believe a discount to comps is warranted given lower revenue growth, lower EBITDA margins and a smaller total addressable market. Our 13x EV/EBITDA multiple also represents a discount relative to expected growth (we forecast 15% compounded EBITDA growth from 2023-26) which we also believe is warranted given high industry competition and uncertainty over normalized growth through 2024 post a release of pent-up COVID demand.

Upside risks to our PO are: higher than expected ticketing industry growth, a reduction in elevated competition, higher than expected adoption of Vivid's loyalty program and Skybox Drive system and increased regulation, particularly ticket price transparency.

Downside risks to our PO are: a pullback in ticketing and general entertainment spend post two years of Covid catch-up demand, increased marketing spend or lower pricing from competitors, a reduction in concert events, an increase in exclusive ticket distribution deals from competitors and lower than expected adoption of Vivid's loyalty program and high private equity and SPAC sponsor ownership.

## Analyst Certification

I, Curtis Nagle, CFA, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

### US - Internet Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
<b>BUY</b>				
	Alphabet	GOOGL	GOOGL US	Justin Post
	Alphabet	GOOG	GOOG US	Justin Post
	Amazon.com	AMZN	AMZN US	Justin Post
	AppLovin	APP	APP US	Omar Dessouky, CFA
	Arhaus, Inc	ARHS	ARHS US	Curtis Nagle, CFA
	Digital Turbine, Inc	APPS	APPS US	Omar Dessouky, CFA
	DoorDash	DASH	DASH US	Michael McGovern
	Expedia	EXPE	EXPE US	Justin Post
	Meta Platforms Inc	META	META US	Justin Post
	Peloton	PTON	PTON US	Justin Post
	RH	RH	RH US	Curtis Nagle, CFA
	Roblox Corp. Class A	RBLX	RBLX US	Omar Dessouky, CFA
	Take-Two Interactive	TTWO	TTWO US	Omar Dessouky, CFA
	Tempur Sealy International Inc.	TPX	TPX US	Curtis Nagle, CFA
	Uber	UBER	UBER US	Justin Post
	Vivid Seats	SEAT	SEAT US	Curtis Nagle, CFA
	Wayfair	W	W US	Curtis Nagle, CFA
	Zillow	ZG	ZG US	Curtis Nagle, CFA
	Zillow	Z	Z US	Curtis Nagle, CFA
<b>NEUTRAL</b>				
	1stDibs.com	DIBS	DIBS US	Curtis Nagle, CFA
	Airbnb	ABNB	ABNB US	Justin Post
	Booking Holdings Inc	BKNG	BKNG US	Justin Post
	eBay	EBAY	EBAY US	Curtis Nagle, CFA
	Electronic Arts	EA	EA US	Omar Dessouky, CFA
	Etsy, Inc.	ETSY	ETSY US	Curtis Nagle, CFA
	Overstock.com Inc	OSTK	OSTK US	Curtis Nagle, CFA
	Pinterest	PINS	PINS US	Justin Post

## US - Internet Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	Playtika	PLTK	PLTK US	Omar Dessouky, CFA
	Snap	SNAP	SNAP US	Justin Post
<b>UNDERPERFORM</b>				
	Lyft, Inc.	LYFT	LYFT US	Michael McGovern
	Opendoor Technologies	OPEN	OPEN US	Curtis Nagle, CFA
	Redfin Corp	RDFN	RDFN US	Curtis Nagle, CFA

**IQ<sup>method</sup>™ Measures Definitions****Business Performance**

Return On Capital Employed

Return On Equity  
Operating Margin  
Earnings Growth  
Free Cash Flow

**Quality of Earnings**

Cash Realization Ratio  
Asset Replacement Ratio  
Tax Rate  
Net Debt-To-Equity Ratio  
Interest Cover

**Valuation Toolkit**

Price / Earnings Ratio  
Price / Book Value  
Dividend Yield  
Free Cash Flow Yield  
Enterprise Value / Sales

EV / EBITDA

**Numerator**

NOPAT = (EBIT + Interest Income) × (1 – Tax Rate) + Goodwill Amortization

Net Income  
Operating Profit  
Expected 5 Year CAGR From Latest Actual  
Cash Flow From Operations – Total Capex

**Numerator**

Cash Flow From Operations  
Capex  
Tax Charge  
Net Debt = Total Debt – Cash & Equivalents  
EBIT

**Numerator**

Current Share Price  
Current Share Price  
Annualised Declared Cash Dividend  
Cash Flow From Operations – Total Capex  
EV = Current Share Price × Current Shares + Minority Equity + Net Debt + Other LT Liabilities  
Enterprise Value

**Denominator**

Total Assets – Current Liabilities + ST Debt + Accumulated Goodwill  
Amortization  
Shareholders' Equity  
Sales  
N/A  
N/A

**Denominator**

Net Income  
Depreciation  
Pre-Tax Income  
Total Equity  
Interest Expense

**Denominator**

Diluted Earnings Per Share (Basis As Specified)  
Shareholders' Equity / Current Basic Shares  
Current Share Price  
Market Cap = Current Share Price × Current Basic Shares  
Sales  
Basic EBIT + Depreciation + Amortization

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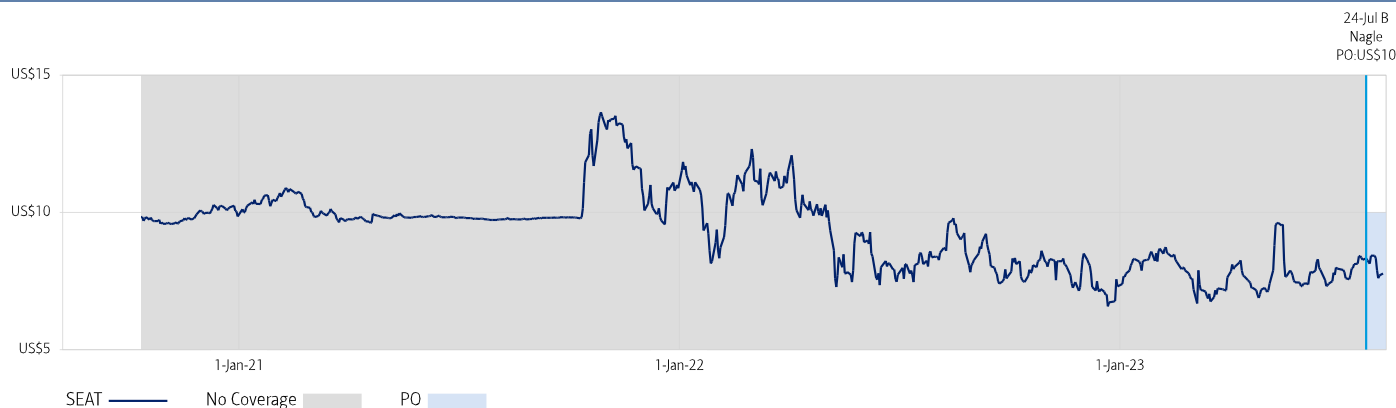
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B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

The Investment Opinion System is contained at the end of the report under the heading "Fundamental Equity Opinion Key". Dark grey shading indicates the security is restricted with the opinion suspended. Medium grey shading indicates the security is under review with the opinion withdrawn. Light grey shading indicates the security is not covered. Chart is current as of a date no more than one trading day prior to the date of the report.

### Equity Investment Rating Distribution: Technology Group (as of 30 Jun 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships <sup>R1</sup>	Count	Percent
Buy	212	53.13%	Buy	103	48.58%
Hold	89	22.31%	Hold	45	50.56%
Sell	98	24.56%	Sell	30	30.61%

### Equity Investment Rating Distribution: Global Group (as of 30 Jun 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships <sup>R1</sup>	Count	Percent
Buy	1877	53.28%	Buy	1040	55.41%
Hold	815	23.13%	Hold	464	56.93%
Sell	831	23.59%	Sell	385	46.33%

<sup>R1</sup> Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.

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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster <sup>R2</sup>
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

<sup>R2</sup> Ratings dispersions may vary from time to time where BofA Global Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

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