

Equity Research

WELLS FARGO

Price Target Change — August 4, 2025

Retailing, Specialty Softlines, and E-commerce

lululemon athletica, inc.

Numbers Taking Another Leg(ging) Down; Cutting Estimates, PT to \$225

Our Call

We believe the LULU story remains in a tough spot. Lowering FY EPS to low end of plan, remain sidelined and see 3 key concerns: **1)** lack of US comp visibility, **2)** China growth trajectory, and **3)** 2H margin headwinds (markdowns + tariffs).

US Trends Remain Lackluster. Channel work suggests 2Q NA trends remain lackluster, and we view this as an issue. While it's possible we see some sequential comp improvement from 1Q (NA comps -1% with US -LSD), we believe this would be largely driven by accelerated clearance activity exiting the quarter. While new fabrics/styles appear to be working, it doesn't appear that bringing more color back to the box has spurred demand. We are lowering 3Q/4Q NA comps to +0.5%/+1.0% (from +2.0%/+2.5%).

China Now Slowing? Following a material sequ slowdown last Q, checks in China have begun to worsen (as has the macro). We likewise heard some concerning details on LULU's China direction from our latest China Sportswear Expert Call ([State Of Retail Expert Series - James Wong](#)). If LULU's high margin China region shows any material holes, it would clearly drive greater margin risk go-fwd (highest segment GMs and incremental margins). We are lowering 3Q/4Q China comps to +12/+10% (from +15%/+15%).

Inventory + Tariffs. Firstly, clearance has picked up meaningfully in July. While we don't believe this is totally unplanned (as mgmt spoke to a need to accelerate markdowns as 2Q progressed on their last call), it speaks to their ongoing execution issues, as they need to clear color palettes that didn't work earlier this year. That said, the lack of improvement in full-price US trend makes us think markdowns could remain problematic in 2H.

Inventory + Tariffs. Secondly, tariffs (namely Vietnam) should also be an incremental pressure point for LULU. Based on our math (using LULU's sourcing exposure and current tariff rates), we believe an annualized unmitigated headwind of 50-100bps is possible. This would largely be a 4Q/2026 headwind due to timing. Between tariffs and pricing, we lower our 3Q/4Q GMs by 25bps.

Numbers Likely Continue to Come Down. Our weaker 2H assumptions cut 2025E EPS to \$14.60 (vs. current plan of \$14.58-14.78), which essentially shows we see another guide down is in the cards. More notably, we lower 2026 to \$14.90 (well below Street's \$15.52), as we see LULU's negative revision cycle, which began in January, continuing. Our PT moves lower, to \$225 (from \$270) based on 15x—admittedly trough levels of multiple, but, justified due to mis-execution + "over-earning" risk.

After-hours price (6/5/25): \$256.78

Equal Weight
Price Target: \$225.00

Notable Changes				
\$ (Jan)	Current	Prior	% Chg	
Price Target	\$225.00	\$270.00	-16.7%	▼
EPS 2025	14.60	14.78	-1.2%	▼
EPS 2026	14.90	15.10	-1.4%	▼
Rev. (MM) 2025	11.09B	11.15B	-0.6%	▼
Rev. (MM) 2026	11.51B	11.58B	-0.6%	▼

Ticker	LULU
Upside/(Downside) to Target	16.4%
Price (08/01/2025)	\$193.33
52 Week Range	\$191.44 - 423.32
Market Cap (MM)	\$23,363
Enterprise Value (MM)	\$21,378
Average Daily Value (MM)	\$603
Dividend Yield	0.0%

\$ (Jan)	Q1	Q2	Q3	Q4	FY
EPS					
2025E	2.60 A	2.92 E	3.05 E	6.05 E	14.60 E
Prior	NC	2.93 E	3.09 E	6.17 E	14.78 E
2026E	2.62 E	2.97 E	3.10 E	6.22 E	14.90 E
Prior	2.57 E	2.96 E	3.17 E	6.40 E	15.10 E

Source: Company Data, Wells Fargo Securities estimates, and Factset.
NA = Not Available, NC = No Change, NE = No Estimate

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Wells Fargo Express Takeaways

lululemon athletica, inc. (LULU) | Rating: Equal Weight | Price Target: \$225.00

Analyst: Ike Boruchow

Financials

FY (Jan) \$	2024A	2025E	2026E
ESTIMATES			
EPS			
Q1	2.54 A	2.60 A	2.62 E
Q2	3.15 A	2.92 E	2.97 E
Q3	2.87 A	3.05 E	3.10 E
Q4	6.14 A	6.05 E	6.22 E
AN	14.64 A	14.60 E	14.90 E
Rev. (MM)	10.59B A	11.09B E	11.51B E
EBIT (MM)	2,505.7 A	2,438.7 E	2,451.9 E
EBITDA (MM)	2.95B A	2.93B E	2.99B E
FCF (MM)	1,583.5 A	1,678.0 E	1,512.0 E

WELLS FARGO vs. CONSENSUS

Consensus Estimate	14.01 A	15.18 E	15.52 E
Difference from Consensus		15.2%	15.5%

VALUATION

P/E	13.2x	13.2x	13.0x
EV/Revenue	2.0x	1.9x	1.9x
EV/EBIT	8.5x	8.8x	8.7x
EV/EBITDA	7.2x	7.3x	7.1x
EV/FCF	13.5x	12.7x	14.1x
FCF Yield	6.8%	7.2%	6.5%

Consensus Estimate: EPS; Source: FactSet

Source: Company Data, Wells Fargo Securities estimates, and Factset.

NA = Not Available, NE = No Estimate

Base Case | \$225.00

Our \$225 price target reflects a 15x FY26E P/E.

We believe a discount to history is warranted given that LULU is dealing with merchandising issues domestically, while operating at record margins as competition around them is heating up while US comps are trending negative.

Upside Scenario | \$315.00

Our \$315 Bull Case reflects a 20x P/E on ~ \$15.50 in FY26E EPS (*above our forecasts*).

Factors that would contribute to the Bull Case scenario include:

- 1) NA comps re-accelerate with newness back to historical levels and solid reaction to new product
- 2) Tariffs mitigated - leading to GM upside
- 3) China momentum re-accelerates 20%+ range despite competition

Downside Scenario | \$195.00

Our \$195 Bear Case reflects a 14x P/E on ~ \$14.00 in FY26E EPS (*below our forecasts*).

Factors that would contribute to the Bear Case scenario include:

- 1) NA comps remain pressured, as competitive pressures build
- 2) Increased competition drives GM erosion and pricing/markdown pressure, while competition requires more ad spend
- 3) China moving from a point of strength to neutrality - lower-priced/domestic competition increasing as LULU moves deeper into Tier 2 cities.

Upcoming Catalysts

- Credit card/traffic data in North America
- Reads out of China

Company Description

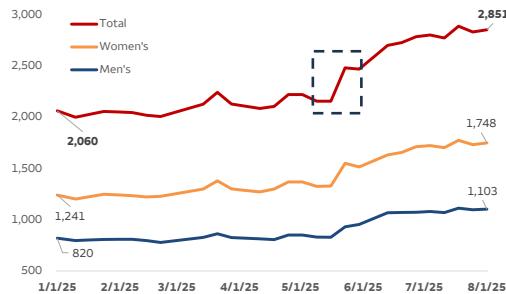
Lululemon is a retailer of premium athletic apparel, whose core customer is an affluent and active female. A growing part of LULU's business is its men's and "outside of the gym" product.

Sales Trends Lackluster in the US

While LULU's back at historical % of newness (called "encouraging" in 1Q25, and LULU did see growth in its premium segment and grew new guests from an AOV and UPT perspective), we believe both store traffic and CC data (plus competition), suggest no change in full-price US trajectory vs. 1Q.

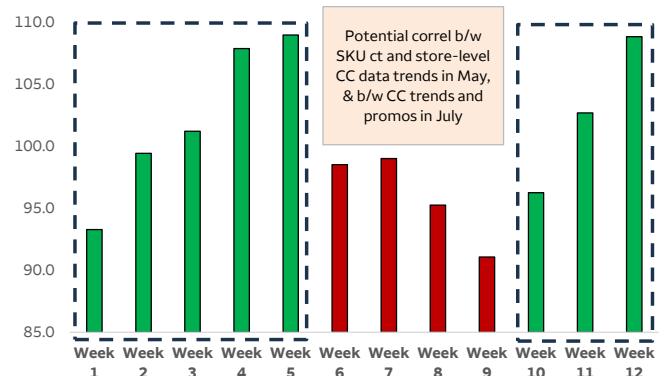
Relative to that, our store-level CC data decelerated (400)bps in 2Q25 vs 1Q. While reads are a bit better in the first three weeks of July, we'd note that **1)** LULU's SKU count has increased significantly YoY (we discuss this in more detail below) and **2)** is similar YoY in terms of markdown-level %. In other words, a larger total number of SKUs on promo, potentially suggesting reaction to the combination of promos and an increased inventory count. While promo data early in the quarter was favorable YoY, we'd note a large build in WoW data in May and early June, the largest bump in total SKU count during the quarter.

Exhibit 1 - LULU - Total SKU Count 2025 YTD



Source: lululemon.com and Wells Fargo Securities, LLC Estimates

Exhibit 2 - 2Q25 Store-Level CC Data (Indexed)



Source: Bloomberg and Wells Fargo Securities, LLC

2Q25 SKU Count +46% on Average

Promos Were Expected...

In 1Q25, LULU saw a 10bp *tailwind* in 1Q on markdowns...but guided for pressure to build in 2Q. The issue seemed US based, with LULU noting ongoing promotional activity across the market and competitors. Another key line item from 1Q25, ending inventories grew +23% YoY, but management emphasized inventories were clear, with growth more macro related (*i.e., buying in front of tariffs*).

With all that said, clearance has picked up meaningfully in July. While we don't believe this is totally unplanned (as mgmt spoke to a need to accelerate markdowns as 2Q progressed on their last call), it speaks to their ongoing execution issues, as they need to clear color palettes that didn't work earlier this year. That said, the lack of improvement in *full-price* US trend makes us think markdowns could remain problematic in 2H.

The YoY change in "We Made Too Much," as a % of total SKUs, inflected negative for the first time since May 2024. Over the past few weeks in July, the % of We Made Too Much is up approx 100bps to 200bps YoY. This metric had consistently declined YoY for 12+ months. That said, we believe the step-up in clearance fits with 1Q commentary on increased promo levels in 2Q, though potentially consolidated into a few weeks here at the end of the quarter. On a positive note, the total # of WMTM SKUs is down 2% WoW.

...Unsure About Growth in SKU Count

Another risk here is SKU count, which grew to 2,581 in 2Q (or +46% YoY). While SKU count ebbs and flows at LULU the step-up, starting around May, is outside historical ranges. While it is certainly possible the step-up in SKU count is predicated on clearance, we believe it is worth a call-out, especially as the We Made Too Much % has ticked up in recent weeks. At the least, we believe it merits watching.

Exhibit 3 - Clearance Levels Not Up YoY, but Are Worse on a Relative Basis

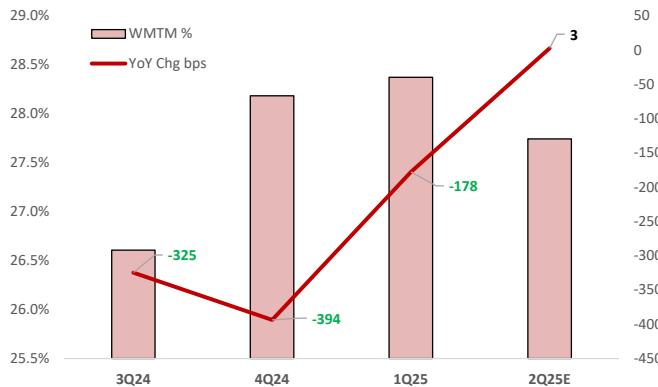
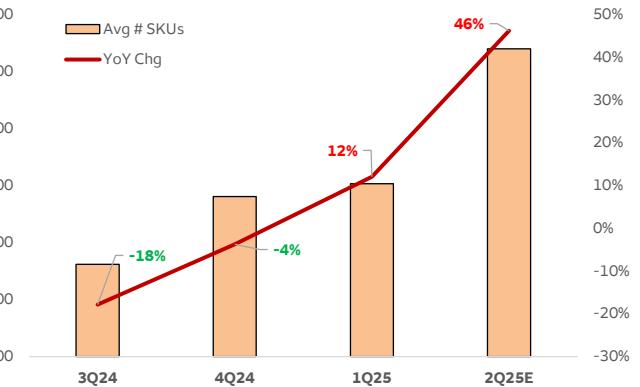


Exhibit 4 - Even Though They Made Too Much, They Keep Making More



Source: lululemon.com and Wells Fargo Securities, LLC estimates

Source: lululemon.com and Wells Fargo Securities, LLC Estimates

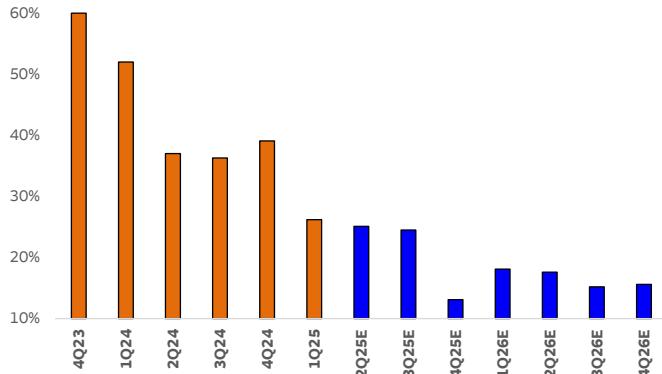
China Concerns as Well

Following a material sequential slowdown last Q, checks in China have begun to worsen (as has the macro). We likewise heard some concerning details on LULU's China direction from our latest China Sportswear Expert Call ([\("State of Retail" Expert Series: James Wong, China Sportswear and Footwear Operator\)](#)). If LULU's high margin China region shows any material holes, it would clearly drive greater margin risk go-fwd (highest segment GMs and incremental margins).

From a top-down perspective, general trends in China sportswear/athletics appears more mixed of late (ex 2) and overall consumer commentary is negative. News reports suggest the PBOC survey of consumer sentiment worsened further in the April - June 2Q survey with respondents "increasingly negative about income, employment and price..." Views on the jobs market fell to the worst reading ever and reports argue that recent sales growth in China was based on government subsidies, not improving consumer sentiment. Concerns on discretionary income and price are potentially significant given recent checks.

Feedback from our recent expert checks shared similar concerns that LULU's growth, specifically, could slow from the move to Tier 2 cities given premium product and elevated pricing. Our checks likened the situation to the footwear environment, similar to Anta and Li Ning vs. NKE and ADS over the past several years. We believe LULU has a growing set of competitors abroad, including Maia Active (owned by Anta) along with NKE, ADS, and recently, Alo. Feedback suggests Maia is ~50% cheaper than LULU with "similar" quality, and is the local brand. We believe LULU is potentially having to move outside pure yoga from an engagement perspective as it works to take share. Bigger picture, while LULU is certainly not Louis Vuitton or Porsche, each recently reported a sharp drop in YoY sales, as the higher-end customer is pulling back.

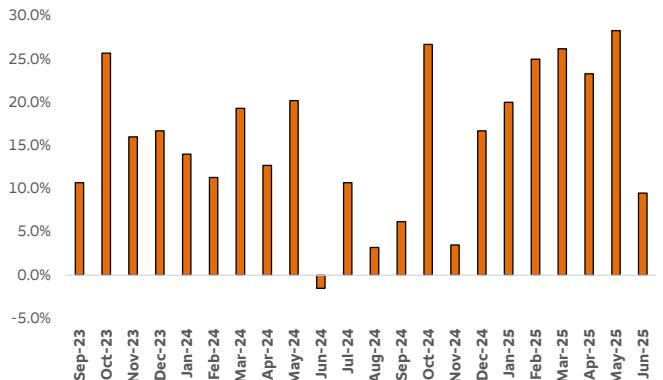
Exhibit 5 - LULU - China CC Sales Growth



Source: Company Data and Wells Fargo Securities, LLC

4Q23 is CC comp not CC revs growth ; 1Q25 and 2Q25E adj for CNY shift (400 bps)

Exhibit 6 - Retail Sales of Sports / Rec Goods



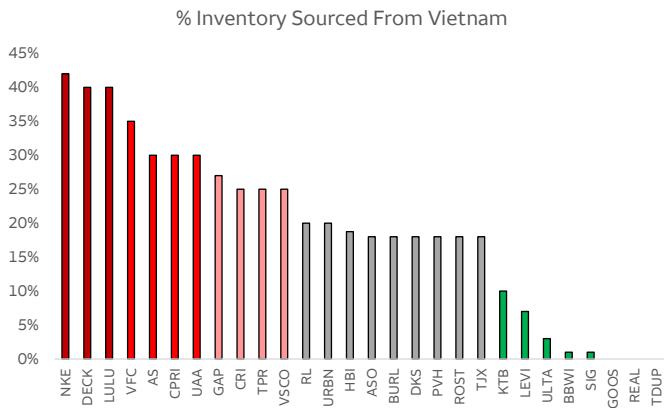
Source: National Bureau of Statistics of China and Wells Fargo Securities, LLC

Vietnam Tariff Update a Potential Pressure Point

As a reminder, LULU, in a rare instance, lowered their FY guide on EPS coming out of 1Q, going from \$15.05 (MP) to \$14.68. Tariffs were the key driver to the downside, causing the majority of the ~50bp revision to GM/OM. Post 1Q, the Trump administration announced an agreement with Vietnam on finalized trade and tariff details. The trade deal includes a 20% US tariff on Vietnamese goods, as well as a 40% "transshipping" tariff. We acknowledge that questions remain, including when the deal would take effect and whether the agreement is signed—Vietnam Briefing said in a 7/7 article that the two sides "have agreed in principle to a framework trade deal." Another point of uncertainty is the issue of transshipment volumes and values given the 2x unmitigated rate (40% vs. 20%) vs. direct imports from Vietnam.

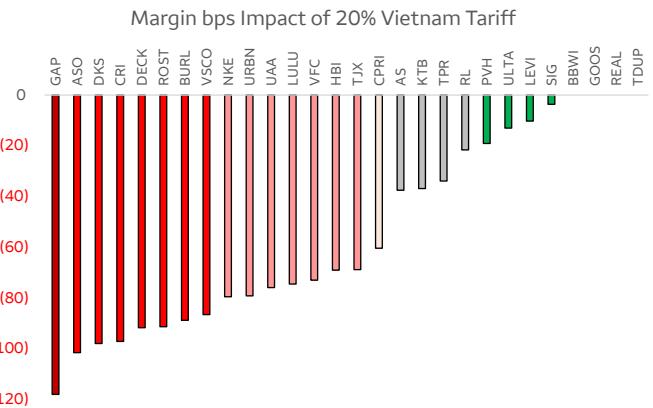
That said, we believe LULU is one of the most exposed companies in our coverage universe to Vietnam sourcing and our work indicates between 50 to 100bps of additional GM headwind on an annualized basis. This adds another layer of risk when considering the go-forward outlook management will offer when the company reports.

Exhibit 7 - % of Inventory Sourced from Vietnam



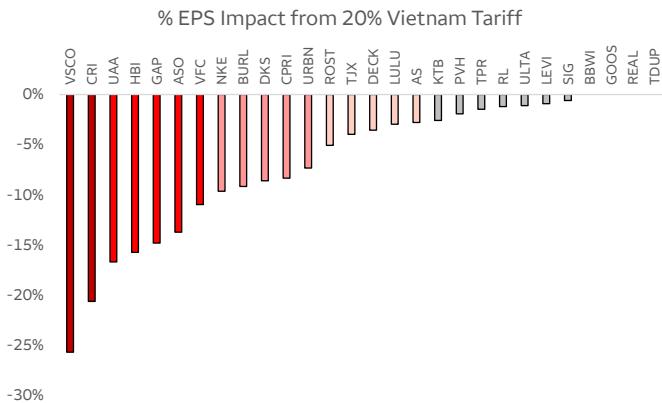
Source: Company data and Wells Fargo Securities, LLC estimates

Exhibit 8 - Unmitigated Margin Impact - Rank Order



Source: Company data and Wells Fargo Securities, LLC estimates

Exhibit 9 - Unmitigated EPS Impact (%) from Vietnam Tariff



Source: Company data and Wells Fargo Securities, LLC estimates

Reminder on SGA Outlook, in Terms of 2H Sales / Margins

While the issues remain clear on what is hindering LULU's trajectory, 1Q expenses were held tight (50bps deleverage for FY). Relative to 2Q and FY guide, the commentary implies a material step down in spend in 2H (from ~150bps deleverage in 1H to ~75bps leverage in 2H). The concern here, especially against a backdrop of macro and micro pressures, is a potential need to accelerate demand generation. Our checks have confirmed a higher proportion of spend at Alo, on the higher end of the domestic market, and price and brand affinity risks in China. These factors could force LULU's hand in both markets regarding ad spend, in having to choose between sales and margins.

Putting It All Together, We Tweak Our Estimates Lower

1. US comps
2. Potential China risks
3. Gross Margin headwinds

Taking these issues together, we adjust 2H25 and FY26 lower. We're lowering FY25E from \$14.78 to \$14.60, and FY26E from \$15.10 to \$14.90. We acknowledge this is below current guidance. We see larger risk to FY26 Street, at \$15.56, than FY25 at \$14.56. With shares currently trading 15x FY25, assuming a similar multiple and little EPS growth, we believe shares remain range-bound NT until visibility improves.

Investment Considerations

1. **Slowing Trends in North America Creating Concern.** Investors continue to focus on the slowdown in North America (NA). LULU's business in NA has been one of the strongest and most consistent in the softlines space over the past 10+ years—with comps averaging 10-15% over that time as the brand took share in a rapidly growing "athleisure" space. However, the brand is in unchartered waters today, unable to comp positive in 12+ months with the US market negative and struggling due to a lack of innovation on core product and increasing competition from new entrants (namely Alo Yoga and Vuori, as well as others). As their highest margin geography, the lack of comp visibility is creating a clear issue for the story.
2. **International Remains a Bright Spot.** While North America slowdown is worrisome, LULU continues to deliver outsized growth in higher-margin overseas regions. China comps, in particular, continue to grow well above average, growing 40% in 2024 and expected to grow at least +LDD over the next few years. Rest of the World was strong, up 27% in FY24, and we expect a +HT low-20s% comp in FY25.
3. **Emerging Competition.** While competition concerns have always surrounded LULU, there are signs that emerging brands are perhaps eating into LULU's dominant position in athleisure. Vuori is a brand that is beginning to take real market share from LULU in regions such as Southern California (where Vuori is headquartered). Notably many LULU alums have joined Vuori in the past several years, driven by: **1)** the changing culture at LULU and **2)** a similar ethos to when LULU was in its early days. Other competitors such as Alo Yoga also appear to be catering to a more fashion-focused consumer and gaining share. Further, the increased competition may force LULU to begin

spending heavier on marketing, which could weigh on margins—notably LULU's marketing spend as a % of sales (4-5%) is one of the lowest among brands in our coverage (avg. 8-10%).

The Bull vs. Bear "Tug of War"

Below, we illustrate how we think the buyside is positioning its thesis—detailing the current Bull and Bear arguments on LULU shares.

Exhibit 10 - The Bull vs. Bear "Tug of War"



Source: © iStockphoto.com

The Bull Case....

We believe that investors who are bullish on LULU shares are focused on: **(1)** LULU had been one of the better competing brands in retail with a dominant position in their industry, **(2)** international growth (led by MLC) should enable LULU to continue hitting their top-line algo despite robust multi-year growth, **(3)** worries of a material slowdown in NA are overblown; and **(4)** valuation is at all-time lows and creates a compelling risk/reward.

The Bear Case....

On the other hand, investors who are bearish on LULU shares are likely focused on: **(1)** their core NA market has underperformed for 12+ months with no signs of stabilization ahead (which will weigh on LULU's industry-leading margins); **(2)** inventory has become an issue with 20%+ growth exiting 1Q, **(3)** the business pushes into international markets with higher operating costs, and investors question the trajectory of markdowns go-forward; and **(4)** should competition remain strong, this could pressure margins if LULU needed to ramp their industry-low demand creation dollars (marketing spend).

Financial Outlook

FY25E

Our FY25E EPS estimate of \$14.60 represents essentially flat EPS YoY. We project net sales up 5% on comps up 2.5% and +HSD footage growth. We expect GMs to contract 100bps to 58.2% and SG&A % to de-lever 65bps, resulting in an operating margin of ~22%, down 165bps y/y.

Financials

Exhibit 11 - LULU Income Statement

(\$ millions except per share amounts, FYE Jan)	FY23	FY24	1Q25	2Q25E	3Q25E	4Q25E	FY25E	1Q26E	2Q26E	3Q26E	4Q26E	FY26E
Net Sales	9,619.3	10,588.1	2,370.7	2,539.2	2,545.0	3,631.2	11,086.1	2,464.2	2,641.7	2,644.0	3,760.5	11,510.5
COGS	3,986.2	4,317.3	987.5	1,071.3	1,087.2	1,490.0	4,636.0	1,046.2	1,126.4	1,137.4	1,548.7	4,858.8
Gross profit	5,633.1	6,270.8	1,383.1	1,467.9	1,457.8	2,141.2	6,450.0	1,418.0	1,515.2	1,506.6	2,211.8	6,651.7
SG&A	3,397.2	3,762.4	942.9	979.5	954.4	1,132.9	4,009.7	988.2	1,027.6	999.4	1,184.6	4,199.8
Operating income	2,230.9	2,505.7	438.6	488.4	503.4	1,008.3	2,438.7	429.8	487.6	507.2	1,027.3	2,451.9
EBITDA	2,610.3	2,952.2					2,929.6					2,992.2
Other income, net	43.1	70.4	11.8	12.0	12.0	12.0	47.8	12.0	12.0	12.0	12.0	48.0
Income before taxes	2,273.9	2,576.1	450.4	500.4	515.4	1,020.3	2,486.5	441.8	499.6	519.2	1,039.3	2,499.9
Taxes	651.6	761.5	135.8	150.1	152.1	301.0	739.0	130.3	147.4	153.2	306.6	737.5
Net Income	1,622.3	1,814.6	314.6	350.3	363.4	719.3	1,747.5	311.5	352.2	366.0	732.7	1,762.4
Non-controlling interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Income attributable to LULU	1,622.3	1,814.6	314.6	350.3	363.4	719.3	1,747.5	311.5	352.2	366.0	732.7	1,762.4
Operating EPS	\$12.77	\$14.64	\$2.60	\$2.92	\$3.05	\$6.05	\$14.60	\$2.62	\$2.97	\$3.10	\$6.22	\$14.90
Diluted shares outstanding	127.1	124.0	120.8	119.8	119.2	119.0	119.7	118.8	118.5	118.2	117.9	118.3
MARGIN ANALYSIS												
Gross Margin	58.6%	59.2%	58.3%	57.8%	57.3%	59.0%	58.2%	57.5%	57.4%	57.0%	58.8%	57.8%
y/y change (bps)	230	70	62	(175)	(120)	(145)	(97)	(80)	(45)	(30)	(15)	(40)
SG&A/sales	35.3%	35.5%	39.8%	38.6%	37.5%	31.2%	36.2%	40.1%	38.9%	37.8%	31.5%	36.5%
y/y change (bps)	132	22	163	180	(46)	(32)	63	33	33	30	30	32
Operating Margin	23.2%	23.7%	18.5%	19.2%	19.8%	27.8%	22.0%	17.4%	18.5%	19.2%	27.3%	21.3%
Pre-Tax Income	23.6%	24.3%	19.0%	19.7%	20.3%	28.1%	22.4%	17.9%	18.9%	19.6%	27.6%	21.7%
Tax Rate	28.7%	29.6%	30.2%	30.0%	29.5%	29.5%	29.7%	29.5%	29.5%	29.5%	29.5%	29.5%
Net Income	16.9%	17.1%	13.3%	13.8%	14.3%	19.8%	15.8%	12.6%	13.3%	13.8%	19.5%	15.3%
GROWTH ANALYSIS												
Total Comp (constant-currency)	14.0%	4.0%	1.0%	2.5%	3.0%	2.8%	2.3%	1.2%	1.3%	1.5%	1.3%	1.3%
Total Sales	18.6%	10.1%	7.3%	7.1%	6.2%	0.5%	4.7%	3.9%	4.0%	3.9%	3.6%	3.8%
Gross Profit	23.7%	11.3%	8.5%	3.9%	4.0%	-1.9%	2.9%	2.5%	3.2%	3.3%	3.3%	3.1%
SG&A	23.2%	10.7%	11.9%	12.3%	4.9%	-0.5%	6.6%	4.8%	4.9%	4.7%	4.6%	4.7%
Operating Income	24.7%	12.3%	1.4%	-9.6%	2.6%	-3.3%	-2.7%	-2.0%	-0.2%	0.7%	1.9%	0.5%
Pre-Tax Income	26.8%	13.3%	-1.2%	-10.4%	2.2%	-3.5%	-3.5%	-1.9%	-0.2%	0.7%	1.9%	0.5%
Net Income	25.9%	11.9%	-2.1%	-10.9%	3.3%	-3.9%	-3.7%	-1.0%	0.6%	0.7%	1.9%	0.9%
Shares outstanding	-0.7%	-2.4%	-4.3%	-4.1%	-3.0%	-2.4%	-3.5%	-1.7%	-1.1%	-0.8%	-0.9%	-1.1%
EPS	26.8%	14.6%	2.3%	-7.1%	6.4%	-1.5%	-0.2%	0.8%	1.7%	1.6%	2.8%	2.0%

Source: Company reports and Wells Fargo Securities, LLC estimates

Investment Thesis, Valuation and Risks

lululemon athletica, inc. (LULU)

Investment Thesis

LULU is an industry leader in an attractive market (athletic apparel). We believe the company has ample white space overseas and will continue to post outsized international growth. However, the slowdown in North America along with an "over earning" P&L are a concern and keep us cautious over the next 12 months. We are Equal Weight rated.

Target Price Valuation for LULU: \$225.00 from \$270.00

Our \$225 price target reflects a 15x FY26E P/E.

We believe a discount to history is warranted given that LULU is dealing with merchandising issues domestically, while operating at record margins as competition around them is heating up while US comps are trending negative.

Risks to Our Price Target and Rating for LULU

Upside risks **(1)** SSS accelerate; **(2)** North America slowdown is not as drastic as expected, and **(3)** international growth (particular in China) is better than expected.

Downside risks **(1)** increasing competition within athleisure market; **(2)** slowing comps, and **(3)** international growth stalls

Companies Mentioned in Report

Company Name	Ticker	Last Price (08/01/25)	Rating
lululemon athletica, inc.	LULU	\$193.33	Equal Weight

Source: Wells Fargo Securities LLC Estimates, FactSet

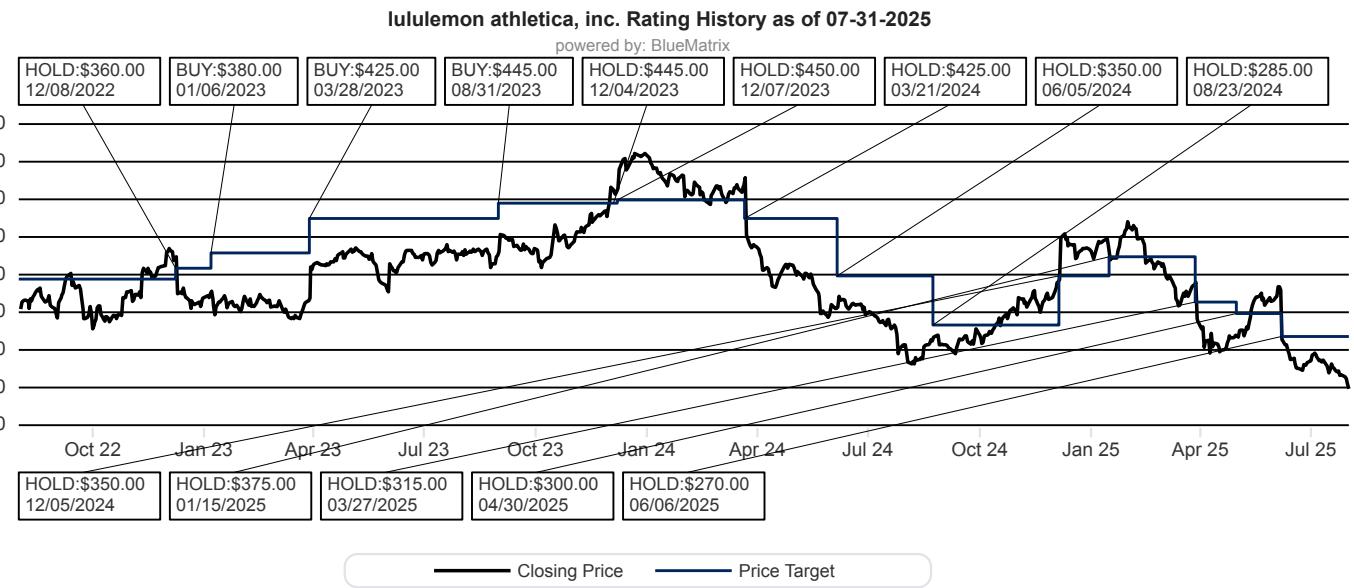
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I, Ike Boruchow, certify that:

- 1) All views expressed in this research report accurately reflect my personal views about any and all of the subject securities or issuers discussed; and
- 2) No part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by me in this research report.

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Additional Information Available Upon Request



Initiation (I); Drop Coverage (D); Overweight (BUY); Equal Weight (HOLD); Underweight (SELL); Suspended (SR); Not Rated (NR); No Estimate (NE)

Wells Fargo Securities, LLC, maintains a market in the common stock of lululemon athletica, inc..

Wells Fargo Securities, LLC, or any of its affiliates, intends to seek or expects to receive compensation for investment banking services from lululemon athletica, inc. in the next three months.

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STOCK RATING

OW=Overweight: Total return on stock expected to be 10%+ over the next 12 months. (BUY)

EW=Equal Weight: Total return on stock expected to be -10% to +10% over the next 12 months. (HOLD)

UW=Underweight: Total return on stock expected to lag the Overweight- and Equal Weight-rated stocks within the analyst's coverage universe over the next 12 months. (SELL)

NR=Not Rated: The rating and price target has been removed due to lack of fundamental basis to support the recommendation or due to legal, regulatory or company policy considerations.

FINRA regulation requires member firms to assign ratings to one of three rating categories: Buy, Hold and Sell. In accordance with FINRA regulation and solely to satisfy those disclosure requirements in the ratings distribution table and ratings history chart contained in these Required Disclosures, our rating of Overweight corresponds to a Buy rating; Equal Weight corresponds to a Hold rating; and Underweight corresponds to a Sell rating.

As of August 3, 2025

49.7% of companies covered by Wells Fargo Securities, LLC Equity Research are rated Overweight. (BUY)

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8.4% of companies covered by Wells Fargo Securities, LLC Equity Research are rated Underweight. (SELL)

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