

Morning Research Summary



D|A|DAVIDSON

October 26, 2023

INSTITUTIONAL EQUITY RESEARCH
(Prices 10/25/2023)

UPCOMING EVENTS

11/16/23	Technology Summit.....	New York, NY
12/7/23	Financial Institutions Bison Select Conference.....	New York, NY
12/12/23-12/13/23	East Coast Bank Summit.....	Virtual
1/8/24-1/10/24	ICR Conference.....	Orlando, FL
5/8/24-5/10/24	26 th Annual Financial Institutions Conference.....	Colorado Springs, CO
9/18/24-9/20/24	23 rd Annual Diversified Industrials & Services Conference.....	Nashville, TN

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The following reports were originally published on 10/25/2023 or before the open 10/26/2023

CONSUMER

Apple Inc. (AAPL - Neutral)

Tom Forte, CFA

No iPhone Bailout This Year; NEUTRAL

CONCLUSION: We are reiterating our NEUTRAL rating and \$180 price target for AAPL. Our price target is based on our discounted cashflow model, including our long-term adj. EBITDA margin forecast of 35.0% versus 30.8% in FY22.

Mattel, Inc. (MAT - Buy)

Linda Bolton Weiser

Barbie Saves the Day; Raising Our 2023E EPS

BUY-rated MAT reported a 3Q23 \$0.22 beat, but raised 2023 guidance by only \$0.05 due to a reduction in the toy industry POS outlook. We are cutting our 4Q23E organic sales to +18% from +23% (which assumes shipments exceed POS) and our EPS to \$0.27 from \$0.40. For the year, upside related to the Barbie movie (nearly all of which was in 3Q23) is being offset by weaker-than-expected industry trends, the impact of which is spread across 3Q23 and 4Q23. We are lowering our 2024E EPS by \$0.10 to \$1.35 due to the hard Barbie movie comp (~\$0.15/share in 2023), but maintaining our \$25 PT, based on 17x 2025E EPS of \$1.48 (a new estimate).

O'Reilly Automotive, Inc. (ORLY - Buy)

Michael Baker, CFA

Share Gains Accelerating

ORLY's stock has been weak heading into the print as high expectations made for a bit of a shaking set up. But, we think the results checked all the necessary boxes and thus should retrace the 3.5% decline so far this week, in our view. We increased our comp forecasts to above consensus levels in our preview note, but ORLY surprised that increased outlook, and also beat on the all important gross margin line. Profit flow through was strong, with the best incremental margin of the year and implied 4Q guidance was solid relative to consensus estimates.

Overstock.com, Inc. (OSTK - Buy)

Tom Forte, CFA

OSTK First Blush - 3Q23 Earnings

CONCLUSION: We are reiterating our BUY rating for OSTK. We are placing our price target under review as we analyze the company's performance.

Retailing / Broadlines & Hardlines - Industry Update**Michael Baker, CFA****Two Intra Day Data Points Before ORLY Reports**

Today, we have gotten two more auto parts related data points in front of ORLY's earnings report after the market closed. The data points are mixed, but neither really change our view that ORLY should report a strong 3Q23, including our view that the company will beat consensus estimates (see our preview note here, with our upwardly revised estimates). The first data point is MNRO's comp, which missed consensus. But, MNRO's trends have consistently been below others, so not huge concern.

Retailing / Broadlines & Hardlines - Industry Update**Michael Baker, CFA****Insiders were Net Sellers for the week ended 10/21/2023**

In figure 1, find our latest weekly insider activity data, in which we track insiders' activity on a weekly basis with data from S&P Capital IQ. This is a weekly report where we track transactions for the four most recent weeks along with summaries of prior months' activity. Check the appendix for detailed transaction lists for each company in our coverage.

USANA Health Sciences Inc. (USNA - Neutral)**Linda Bolton Weiser****Stock Trading -18%: Read-Throughs to HLF, NATR, and NUS**

After lowering their 2023 guidance yesterday after the market close, shares of NEUTRAL-rated USNA are trading -18% today. We did cut our 2024E EPS by 25%. USNA said on their 11:00 AM ET call today that they have an outlook for growth in 2024 -- we are modeling constant currency (CC) sales +1%, starting out down Y/Y In 1Q24E, with gradual improvement as the year progresses. Our \$53 PT is under review pending more information about the 2024 outlook; it is based on 17x 2025E EPS of \$3.10.

DIVERSIFIED INDUSTRIALS**Encore Wire Corp. (WIRE - Buy)****Brent Thielman****Tools at Disposal to Continue to Drive LT Value; BUY**

We are maintaining our PT of \$240, which is 13x our 2024/2025 EPS estimates (net of cash), which we believe conservatively compares to a 10-year avg. multiple of 16x. While ASP/margins have been contracting as anticipated, there do appear to be signs of moderation/slowing in this trend. Existing and anticipated incoming excess cash to deploy internally and toward repurchases remain tools to enhance MT/LT earnings power (even if not to recent years' levels). We remain BUY.

Graco Inc. (GGG - Neutral)**Matt Summerville****Mixed 3Q23 as Contractor Weakness Accelerates Q/Q; NEUTRAL**

Overall, GGG's quarter was a bit mixed, with revenues below our view, led by organic declines in Contractor and Industrial, partially offset by a still-solid performance within Process. Adjusted operating profit dollars matched our model, while adjusted EPS topped our estimate by \$0.02 on modest below-the-line favorability. Organic sales declined 2%, compared to our model at +0-1%, with Contractor down 8% and Industrial down 1%, partially offset by a 9% rise in Process core sales. GGG will hold a conference call at 11a ET tomorrow. We currently rate GGG shares NEUTRAL/PT \$75.

IDEX Corporation (IEX - Neutral)**Matt Summerville****Customer Inventory Resets Abating; Guide Raised; NEUTRAL**

Post close, IEX reported 3Q23 sales modestly above our model, and adjusted operating income that topped our estimate, while adjusted EPS was \$0.22 higher vs. our model, driven by OP upside, a lower adj. ETR, and other below-the-line favorability. IEX's HST segment continued to grapple with customers' notable inventory drawdowns, though much of this activity appears to have been completed, prompting the company to increase guidance. Incoming orders declined 11% organically during 3Q23. We rate IEX shares NEUTRAL/\$220 PT ahead of its 10:30a conference call tomorrow.

Wabash National Corporation (WNC - Neutral)**Michael Shlisky, CFA****3Q Update: Set-Up Well For a Down 2024; When Will It Turn?**

We are reiterating our NEUTRAL rating, with a new price target of \$21 on WNC (from \$25) following 3Q:23 results. We got the sense that WNC has been preparing for the coming trailer downturn, not just from an operational perspective but also to show investors what management is now able to do during a downturn. Outside of trailers, we got the sense that most other businesses (tanks, truck bodies, parts) are on a positive track for 2024. WNC sounded positive on 2025, suggesting a one-year "air pocket" type of downturn. This all sounds favorable, but in our view the stock will have a tough time working until freight fundamentals turn brighter.

FINANCIAL INSTITUTIONS

Avidbank Holding, Inc. (AVBH - Buy)

Gary Tenner, CFA

3Q23 EPS: Provision Drives EPS Beat; Deposits Show Stabilization

Avid's quarter highlighted an additional period of stabilization following the early 2023 bank sector liquidity crisis. AVBH has driven positive deposit growth, and appears poised to benefit from increased VC investment, which it is seeing in the loan and deposit pipelines. We think AVBH's position in the VC ecosystem will continue to allow for growth opportunities, although at a more balanced pace than in the past. Maintain BUY rating with a revised \$25 PT.

BOK Financial Corporation (BOKF - Neutral)

Peter Winter

NII under much greater pressure than forecast; Slashing Estimates

BOKF reported a very weak quarter with more pressure than expected on NII; which carries over into 4Q, but is expected to bottom in 1Q24 at much lower levels than we originally forecasted. Plus, expenses are coming in higher than expected, leading us to lower our '24 EPS forecast to \$7.30 (was \$8.42). BOKF will continue to invest for future growth and is less focused on quarterly earnings. BOKF is a high quality franchise with a great set of diversified businesses; strong capital ratios & liquidity and strong credit culture. Maintain our NEUTRAL; but lowering our PT to \$75 (was \$95) equals a target P/E of 10.3X our lowered '24 EPS forecast.

Banc of California, Inc. (BANC - Buy)

Gary Tenner, CFA

3Q23 EPS: Solid Final Quarter Before PACW Transaction Closes

BANC's 3Q results highlighted solid performance in the company's last quarter ahead of the PACW merger, which is expected to close on or near 11/30/23; the company's have received full regulatory approval with shareholder votes to come in November. While rate changes have, in our estimation, lowered the pro forma TBV by ~\$1/share, we continue to find value in this stock given its current valuation below 80% of that figure. Maintain BUY rating with a revised \$20 PT.

Colony Bankcorp, Inc. (CBAN - Neutral)

Kevin Fitzsimmons

3Q23 First Look: Slight Core Beat on Top Line

CBAN reported 3Q23 EPS of \$0.33. We preliminarily estimate core EPS of \$0.34, which beats consensus and our estimate by a penny. The core EPS beat vs. our forecast reflects higher than expected core PPNR (+\$0.02/sh), partially offset by a slightly higher than modeled provision for loan losses and tax rate. The core PPNR beat vs. our forecast stemmed from better-than-expected core fee revs (+\$0.04/sh) and NII (+\$0.02/sh), partially offset by higher than forecasted core expenses (-\$0.02/sh).

FS Bancorp, Inc. (FSBW - Neutral)

Jeff Rulis

NII Forecast Lower But NIM Rebound Near, NEUTRAL Rated

Spread income held in stronger than our forecast and NIM is nearing an inflection point. However, a slightly lowered loan growth pace and lower margin resetting level drove a reduction in our EPS outlook. Fortunately, there appears to be an offset on expenses, as 3Q23's decline has sustainable momentum to buffer top line pressure. NPAs trickled lower and deposit gathering picked up steam, the latter coming at higher funding costs. We rate the shares at NEUTRAL with a \$32 target.

First Bancorp (FBNC - Buy)

Kevin Fitzsimmons

3Q23 First Look: Core EPS Beat Mostly on Provision

FBNC reported 3Q23 EPS of \$0.73, which we preliminarily consider as core. This came in 4 cents above consensus and 9 cents above our estimate. The core EPS beat vs. our forecast reflected a lower than modeled provision for loan losses (+0.07/sh - actually it was a zero provision), and to a lesser extent, slightly higher than expected core PPNR (+\$0.01/sh) and a slightly lower than modeled tax rate. The slight core PPNR beat stemmed from better-than-expected NII (+\$0.04/sh) and core fee revs (+\$0.01/sh), partially offset by higher than modeled core expenses (-\$0.03/sh).

First Bancshares, Inc. (FBMS - Buy)

Kevin Fitzsimmons

3Q23 First Look: Slight Core Miss on PPNR

FBMS reported 3Q23 EPS of \$0.77. We preliminarily estimate core EPS of \$0.76, which comes in 3 cents below consensus and 2 cents below our estimate. The slight core EPS miss vs. our forecast reflects lower than expected core PPNR (-\$0.04/sh), partially offset by a lower than modeled provision for loan losses (+\$0.02/sh). The core PPNR miss (vs. our forecast) stemmed from less favorable than forecasted NII (-\$0.01/sh) and core expenses (-\$0.01/sh), partially offset by higher than modeled core fee revs (+\$0.01/sh). While excluded from core, FBMS received a \$6.2M award from UST Equitable Recovery Program.

First Busey Corporation (BUSE - Neutral)**Jeff Rulis****In Line PPNR, Credit & NIM In Good Shape; Rated NEUTRAL**

3Q23 results were in line from a PPNR perspective, while EPS benefited from lower LLP expense (based on solid credit statistics, this looks justified). A few recent announced management team transitions are aimed at maximizing franchise strengths across the banking, wealth management and payment fronts, with efforts to broaden the customer base and lift profitability. Loan growth has moderated and NIM is poised to recover soon. We rate the shares at NEUTRAL.

First Commonwealth Financial Corp. (FCF - Buy)**Manuel Navas****NIM to Expand Across '24E in Higher-For-Longer; BUY**

Our take: An outlook for solid loan growth (+4-6%) matched by deposit growth with a NIM that should expand in a higher-for-longer rate environment confirms our BUY thesis and drives well above-peer returns. Shares are down -2% vs. the KRX on the print due to modest misses on EPS and PPNR. FCF noted deposit beta deceleration will drive a better NIM trajectory, even if 3Q23 NIM contracted more than expected, driving our unchanged '24E and +3% higher '25E. Shares deserve a re-rate from their current valuation on P/TBV (1.1x '24E) and P/E (7.3x '24E) to a premium valuation given above-peer ROTCE ~18% and PPNR ROAA ~2.1%. We reiterate BUY.

Hanmi Financial Corporation (HAFC - Neutral)**Gary Tenner, CFA****3Q23 EPS: Upside NII Offset by PLL and Lower Fees**

HAFC's Core EPS was below our estimate related to a higher provision and lower fee income. NII was surprisingly above our estimate as the NIM compressed less than we anticipated and earning asset growth was slightly stronger. We maintain a NEUTRAL rating (\$16 PT) on the stock, despite the inexpensive valuation, as we believe investors remain cautious on the name from a credit perspective over the intermediate term.

HomeTrust Bancshares, Inc. (HTBI - Neutral)**Kevin Fitzsimmons****3Q23 First Look: Slight Core Beat on Expenses**

HTBI reported 3Q23 EPS of \$0.88. We preliminarily estimate core EPS of \$0.81, which comes in 2 cents ahead of consensus and 3 cents above our estimate. The core EPS beat vs. our forecast reflects higher than expected core PPNR (+\$0.09/sh), partially offset by a higher than modeled provision for loan losses (-\$0.06/sh). The core PPNR beat (vs. our forecast) stemmed from better than modeled core expenses (+\$0.09/sh) and core fee revs (+\$0.02), while NII was in line with our forecast.

National Bank Holdings Corp. (NBHC - Buy)**Jeff Rulis****Post Call: Lower Costs Offset NIM Pressure; BUY**

NBHC delivered an EPS beat led by lower expenses and nice fee income generation. NPAs were stable (and likely to be down in 4Q23) and NCOs levels were near zero once again. In our model, a reduction in the NIM outlook was buffered by reduced costs, resulting in less than a 3% reduction to our 2024 EPS estimate. With excellent credit, added NIM visibility, steady growth and capital optionality into 2024, we rate the shares at BUY with a \$35 target.

Origin Bancorp, Inc. (OBK - Buy)**Kevin Fitzsimmons****3Q23 First Look: Core Beat and B/S Restructuring**

OBK reported 3Q23 EPS of \$0.79. We preliminarily estimate core EPS of \$0.71, which comes in 7 cents ahead of consensus and 5 cents above our estimate. The core EPS beat vs. our forecast reflected higher than expected core PPNR (+\$0.02/sh) and a lower than modeled provision for loan losses (+\$0.02/sh). The core PPNR beat (vs. our forecast) stemmed from better than expected core expenses (+\$0.02/sh) and NII (+\$0.01/sh), partially offset by lower than forecasted core fee revs (-\$0.02/sh). OBK announced the late-September sale of \$182M of AFS securities and the concurrent paydown of borrowings.

Pacific Premier Bancorp Inc. (PPBI - Buy)**Gary Tenner, CFA****3Q23 EPS: Challenging Top Line Quarter; Lowering Estimates**

Pacific Premier has remained focused on risk management across cycles and has illustrated a proactive view on funding and asset quality. We expect a continued reduction in brokered deposits over the course of 2024, modest loan growth following contraction in 2023, and credit outperformance through the cycle. Maintain BUY with a revised \$25 PT.

Peoples Bancorp Inc. (PEBO - Buy)**Manuel Navas****Sky High NIM Drives PPNR Beat and Higher EPS; BUY**

Our take: A robust PPNR beat was driven by a stronger top-line on surprising NIM expansion (+16bp to 4.70%) and solid loan growth (+7%). Results profiled solid credit metrics, runway for ample growth with L/D at 86%, a granular deposit base, and

above Consensus targets. An initial '24E outlook raises our EPS on strong NII including a peer-leading NIM target of just under 4.50% in 2024. Shares are +5% vs the KRX since the print. Our forecast supports an above-peer return profile on PPNR ROAA ~2.1% and normalized ROTCE ~20% that should drive multiple expansion on related P/E and P/TBV. With 37% upside to our target, we reiterate BUY.

Prosperity Bancshares Inc. (PB - Buy)

Peter Winter

Calling for NIM Expansion - It's really about to happen

Earnings stabilized after reporting a weak 2Q as credit trends stabilized after a blip in 2Q and 3Q margin was consistent with 2Q. Our investment thesis should start playing out as PB expects to deliver POL in '24 as the margin is poised to increase. PB has a high level of fixed rate assets repricing over the next 12-mos (\$5B in loans & \$2B securities) at higher rates leading to NIM expansion and pay down high-cost borrowings. PB is our favorite defensive name in a recession given a long history of strong credit metrics & peer leading capital levels. Maintain BUY, but lowering PT to \$68 (was \$70) = a target P/E of 13.2X our '24 EPS forecast

QCR Holdings Inc. (QCRH - Buy)

Jeff Rulis

3Q23 First Look: Fee Income Stays Hot, Loan Growth Surges

3Q23 EPS did not meet our lofty forecast, although results did top consensus expectations. NII and NIM both rose linked quarter, fee income remained elevated and loan growth exceeded 14% LQA. Credit showed signs of normalizing with increased NPAs, yet NCOs remain quite low. TBV has grown a solid 10% YTD. We reiterate our BUY rating ahead of the bank's conference call.

Simmons First National Corporation (SFNC - Neutral)

Gary Tenner, CFA

3Q23 EPS: Upside EPS on Lower NIE; Reducing Estimates

SFNC reported an upside result generated by lower expenses related to incentive accrual adjustments that we expect to normalize in the fourth quarter. NIM compression continued in the quarter, a trend that we expect to reverse on the strength of interest rate swap benefits, although the underlying NIM bias remains negative. The bank is focused on core deposit generation, managing asset quality, and met its Better Bank Initiative expense savings a quarter early, although we expect the company to remain vigilant on expenses. Maintain NEUTRAL rating with a revised \$15.50 PT.

SmartFinancial, Inc. (SMBK - Neutral)

Kevin Fitzsimmons

Post-Call: NIM Stabilizing – w/ Help from Bond Sale; NEUTRAL

On the heels of SMBK's 3Q23 earnings report and conference call, we're lowering our EPS estimates, mainly to reflect a higher run-rate of core expense and a lower assumed bottom for NIM. The good news is that it seems NII and NIM have now bottomed (albeit at a lower level than we previously expected), with slowing deposit pricing/mix headwinds, and yield tailwinds from the late-September restructuring transaction and ongoing repricing of loans and securities in 2024. The bank will be looking for a resumption of positive NII growth to boost the subdued pace of core profitability. Lowering PT; maintain NEUTRAL.

Veritex Holdings, Inc. (VBTX - Buy)

Gary Tenner, CFA

3Q23 EPS: Deposit Surge Improves Balance Sheet Position

VBTX's third quarter reflected strong deposit growth, a reduction in FHLB borrowings, and the CET1 ratio reaching 10%. With the ability to moderate its pricing on the deposit side, we expect VBTX is nearing a NII/NIM trough over the next one to two quarters. Reiterate BUY rating and \$26 PT.

WSFS Financial Corporation (WSFS - Buy)

Manuel Navas

Higher for Longer Standout; EPS Rises on Better NII; BUY

Our take: WSFS's results profiled a core PPNR beat on better than expected NII and fees, with robust loan growth (+11%) and better than expected NIM (-3bp Q/Q to an elevated 4.08%). With a strong outlook that targets above-peer returns and stands out in a higher-for-longer environment, shares rose +1% vs. the KRX on the print after rising a relative +3% YTD ahead of earnings. We raise EPS +4%-7% on a higher NIM trajectory with a better 4Q23 outlook and above-peer returns justifying multiple expansion. There is potential upside if deposit beta assumptions prove conservative or loan growth outperforms. Given 40% upside, we reiterate BUY.

WesBanco, Inc. (WSBC - Buy)

Manuel Navas

PPNR Inline; Solid Growth in Loans and Deposits; BUY

Our take: WSBC's PPNR and EPS was inline with Consensus on better fees offset by weaker OpEx and a NIM contraction (-15bp) that was as expected. Strong loan growth (+7%) was matched by deposit growth success (+7%) that should help reduce borrowings and stabilize NIM for this high quality growth story. Better fees offer evidence that 4Q Treasury Management sales will boost profitability. The granular deposit franchise remains a differentiator with just ~24% deposit beta TD and an avg balance

of \$28K. Capital remains solid (11% CET1 and 7.3% TCE) and NCOs minimal. We are buyers on potential weakness from the inline PPNR. Call is at 3PM EST.

TECHNOLOGY

UPGRADE - Adobe Inc. (ADBE - Buy ↑)

Gil Luria

Adding to Best-of-Breed Bison and Upgrading to BUY

We are upgrading Adobe to a BUY rating and adding it to D.A. Davidson's "Best-of-Breed Bison" list, comprising a select group of long-term best in class companies with sustainable competitive moats. We believe ADBE fits all of the 12 evaluation criteria required to qualify as a "Best-of-Breed Bison" name within our framework, including its position as a market leader in a >\$200B FY'24 TAM, robust & predictable revenue streams, sustainable competitive advantage, exceptional financials, a powerful brand, and a shareholder-oriented management team.

Alight Solutions (ALIT - Buy)

Peter Heckmann, CFA

ALIT – 3Q Preview, Expect Little Change in Outlook

Alight is scheduled to report third quarter results before the market open on Wednesday, November 1st, with a conference call planned for 8:30 AM ET. We expect the company will meet (or modestly exceed) our forecasts (and consensus) and we expect management will affirm their prior financial guidance for 2023. We will look to management for an update on the BPaaS model's traction in the market. We are maintaining our BUY rating on Alight with a \$14 price target.

PDF Solutions, Inc. (PDFS - Buy)

William Jellison

User Conf. Highlights Strong Positioning of Analytics Platform

On the heels of PDFS' 2023 user conference, we are impressed with the broad scope of the semiconductor value chain in attendance and the progress made to diversify Analytics into a platform since 2019. We take this opportunity to level-set expectations for the business and adjust '24 estimates accordingly. LT revenue growth a bit higher, LT operating margin lower, and the net impact a trim to 2024E EPS. Our target, revised from \$48 to \$42, values PDFS at 49x our NTM FCF estimate; shares trade for just 32x at present, and we reiterate our BUY rating. PDFS will report 3Q23 results post-close on 11/8 and will be at our Tech Summit on 11/16.

Redfin Corporation (RDFN - Neutral)

Tom White

Announces new "Max" agent pay plan in SF and LA

We reiterate our NEUTRAL-rating on RDFN (\$8.00 PT, implies 4.2x our 2024 EV/Gross Profit) following the company's announcement this morning that it's launching a new "Redfin Max" pay plan offering for agents in the San Francisco and Los Angeles markets.

Software - Preview

Robert Simmons, CFA

Payroll Preview C3Q23 (PAYC, CDAY, PCTY, PYCR)

With 3 of our covered payroll providers reporting next week, and the 4th the following week (and industry bellwether ADP yesterday), we preview results. Macro effects continue to moderate but remain somewhat positive, short-term rates have mostly stabilized (up slightly since early August), recent results from Paychex and ADP generally point to stable but slightly moderating demand for payroll solutions, and we continue to believe that long-term trends remain favorable to these four. Ceridian's setup as usual is the most complicated, but we expect all four to beat guidance. We remain BUY rated on CDAY, PAYC, and PCTY (top pick in the space).

Unity Software Inc. (U - Buy)

Franco Granda

Expert Call Takeaways - Digging Through Pricing Change Debacle

We hosted an expert panel webinar discussing Unity's recent pricing changes this past Tuesday. Our panel included two distinguished gaming industry veterans in Rafael Brown (27 years in games), Founder & CEO of Symbol Zero and Jamie Stormbreaker (17 years in games), Co-Founder & COO of One More Game. Topics covered during the call: where it all went wrong, customer trust erosion, changes to competitive dynamics in game engine market, the CEO's departure and potential solutions to address the challenges ahead.

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Rating Information

D.A. Davidson & Co.'s Institutional Research Rating Scale Definitions (maintained since October 10, 2017); information regarding our previous definitions is available upon request:

BUY: Expected to produce a total return of over 15% on a risk adjusted basis over the next 12-18 months

NEUTRAL: Expected to produce a total return of -15% to +15% on a risk adjusted basis over the next 12-18 months

UNDERPERFORM: Expected to lose value of over 15% on a risk adjusted basis over the next 12-18 months

Rating Distribution (as of 6/30/23)	Coverage Universe Distribution			Investment Banking Distribution		
	IR	WMR	Combined	IR	WMR	Combined
BUY (Buy)	60%	90%	63%	10%	0%	9%
NEUTRAL (Hold)	40%	10%	37%	6%	0%	5%
UNDERPERFORM (Sell)	0%	0%	0%	0%	0%	0%

IR denotes Institutional Research; WMR denotes Wealth Management Research whose rating scale is Buy/Add, Neutral, Sell/Reduce. Investment Banking Distribution denotes companies from whom D.A. Davidson & Co. has received compensation in the last 12 months. Best-of-Breed: Expected to outperform on a risk adjusted basis over a five-year time horizon.

Target prices are our Institutional Research Department's evaluation of price potential over the next 12 months, based upon our assessment of future earnings and cash flow, comparable company valuations, growth prospects and other financial criteria. Certain risks may impede achievement of these price targets including, but not limited to, broader market and macroeconomic fluctuations and unforeseen changes in the subject company's fundamentals or business trends.

While the Best-of-Breed designation does not contain a separate rating and/or price target from that of the standard ratings system referenced above, the expectation is that the security, based on the 12 criteria utilized in assessing the "Best-of-Breed" designation, will outperform over a five-year time horizon, not the standard 12-18 month time horizon.

For a copy of the most recent reports containing all required disclosure information for covered companies referenced in this report, please contact your D.A. Davidson & Co. representative or call 1-800-755-7848.

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Other Companies Mentioned in this Report

Company Name	Ticker	Rating	Price
Advance Auto Parts, Inc.	AAP	NEUTRAL	\$49.84
Apple Inc.	AAPL	NEUTRAL	\$173.44
Adobe Inc.	ADBE	BUY	\$521.14
Alight Solutions	ALIT	BUY	\$6.63
Avidbank Holding, Inc.	AVBH	BUY	\$21.00
AutoZone, Inc.	AZO	NEUTRAL	\$2,436.12
Banc of California, Inc.	BANC	BUY	\$10.73
Build-A-Bear Workshop, Inc.	BBW	BUY	\$24.44
Best Buy Co., Inc.	BBY	BUY	\$67.59
BJ's Wholesale Club Holdings, Inc.	BJ	BUY	\$69.88
BOK Financial Corporation	BOKF	NEUTRAL	\$63.93
BRC Inc.	BRCC	BUY	\$2.72
First Busey Corporation	BUSE	NEUTRAL	\$18.42
Colony Bankcorp, Inc.	CBAN	NEUTRAL	\$9.49
Ceridian HCM Holding Inc.	CDAY	BUY	\$65.16
Costco Wholesale Corporation	COST	NEUTRAL	\$549.99
Cititrends, Inc.	CTRN	BUY	\$23.07
Carvana Co.	CVNA	NEUTRAL	\$29.47
DICK's Sporting Goods, Inc.	DKS	BUY	\$107.24
Destination XL Group, Inc.	DXLG	BUY	\$4.04
First Bancshares, Inc.	FBMS	BUY	\$25.37
First Bancorp	FBNC	BUY	\$26.85
First Commonwealth Financial Corp.	FCF	BUY	\$11.55
FS Bancorp, Inc.	FSBW	NEUTRAL	\$29.19
Graco Inc.	GGG	NEUTRAL	\$69.80
Grocery Outlet Holding Corp.	GO	NEUTRAL	\$27.44
Hanmi Financial Corporation	HAFC	NEUTRAL	\$13.99
The Home Depot, Inc.	HD	NEUTRAL	\$280.93
Holley Inc.	HLLY	NEUTRAL	\$4.22
HireQuest, Inc.	HQI	BUY	\$15.25
HomeTrust Bancshares, Inc.	HTBI	NEUTRAL	\$20.04
IDEX Corporation	IEX	NEUTRAL	\$187.00
Jerash Holdings, Inc.	JRSH	BUY	\$3.10
Lowe's Companies, Inc.	LOW	BUY	\$186.09
Mattel, Inc.	MAT	BUY	\$20.11
National Bank Holdings Corp.	NBHC	BUY	\$29.87
Nu Skin Enterprises, Inc.	NUS	NEUTRAL	\$19.33
Origin Bancorp, Inc.	OBK	BUY	\$27.08
O'Reilly Automotive, Inc.	ORLY	BUY	\$874.92
Overstock.com, Inc.	OSTK	BUY	\$15.30
PacWest Bancorp	PACW	BUY	\$6.76
Paycom Software, Inc.	PAYC	BUY	\$248.08
Prosperity Bancshares Inc.	PB	BUY	\$52.12
Paylocity	PCTY	BUY	\$177.59
PDF Solutions, Inc.	PDFS	BUY	\$27.28
Peoples Bancorp Inc.	PEBO	BUY	\$26.25
Pacific Premier Bancorp Inc.	PPBI	BUY	\$18.53
Paycor HCM, Inc.	PYCR	NEUTRAL	\$22.22
QCR Holdings Inc.	QCRH	BUY	\$47.20
Redfin Corporation	RDFN	NEUTRAL	\$5.13
RumbleOn, Inc.	RMBL	BUY	\$6.08
Simmons First National Corporation	SFNC	NEUTRAL	\$14.10
SmartFinancial, Inc.	SMBK	NEUTRAL	\$20.00
Target Corporation	TGT	BUY	\$110.36
Tractor Supply Company	TSCO	BUY	\$198.07
Unity Software Inc.	U	BUY	\$25.69
Ulta Beauty, Inc.	ULTA	BUY	\$377.98

Company Name	Ticker	Rating	Price
Veritex Holdings, Inc.	VBTX	BUY	\$16.89
Encore Wire Corp.	WIRE	BUY	\$175.04
Walmart Inc.	WMT	BUY	\$162.76
Wabash National Corporation	WNC	NEUTRAL	\$20.50
WesBanco, Inc.	WSBC	BUY	\$23.52
WSFS Financial Corporation	WSFS	BUY	\$34.32
Zillow Group, Inc.	ZG	BUY	\$37.24

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