

Internet

US Equity Research

6 January 2026

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| Company | Rating | Price | Target |
|-----------------|--------|------------|-------------|
| Internet | | | |
| ABNB-NASDAQ | Buy | US\$138.02 | US\$180.00 |
| AMZN-NASDAQ | Buy | US\$240.93 | US\$300.00 |
| BARK-NYSE | Hold | US\$0.56 | US\$2.00 |
| DSP-NASDAQ | Buy | US\$11.97 | US\$22.00 |
| DV-NYSE | Buy | US\$10.96 | US\$18.00 |
| ETSY-NYSE | Buy | US\$61.42 | US\$80.00 |
| EVER-NASDAQ | Buy | US\$24.97 | US\$33.00 |
| FLNT-NASDAQ | Hold | US\$2.93 | US\$2.50 |
| GOOGL-NASDAQ | Buy | US\$314.34 | US\$390.00↑ |
| previous | | | US\$330.00 |
| HIMS-NYSE | Buy | US\$35.46 | US\$68.00 |
| LIF-NASDAQ | Buy | US\$64.53 | US\$115.00 |
| LOVE-NASDAQ | Buy | US\$15.38 | US\$24.00 |
| MAX-NYSE | Buy | US\$11.85 | US\$15.00 |
| META-NASDAQ | Buy | US\$660.62 | US\$900.00 |
| MNTN-NYSE | Buy | US\$12.36 | US\$20.00 |
| NEXN-NASDAQ | Buy | US\$6.04 | US\$12.00 |
| NFLX-NASDAQ | Buy | US\$90.65 | US\$152.50 |
| SEAT-NASDAQ | Hold | US\$7.47 | US\$12.00 |
| SNAP-NYSE | Hold | US\$8.79 | US\$9.00 |
| SPOT-NYSE | Buy | US\$571.43 | US\$850.00 |
| UPWK-NASDAQ | Buy | US\$20.27 | US\$24.00 |
| VRV-XETRA | Buy | €1.83 | €2.25 |
| W-NYSE | Buy | US\$109.60 | US\$125.00 |
| ZG-NASDAQ | Hold | US\$65.88 | US\$84.00 |

Priced as of close of business 6 January 2026

The agentic shift: Internet stocks in 2026

The Internet sector demonstrated notable resilience in 2025, navigating tariff headwinds and increasingly leveraging AI to drive efficiency and productivity gains. In 2026, we expect the sector narrative to increasingly center on greater clarity around AI ROI and the emergence of more tangible, scalable use cases, underpinned by the rapid development and deployment of agents. While we recognize that this may not represent the most contrarian take, we see AI in 2026 transitioning from a tool utilized largely by tech-forward companies to a more ubiquitous utility that not only moderates headcount, but also tangibly drives top line growth. We believe that companies that move decisively to integrate AI agents are positioned to build structural cost and productivity advantages that, if one assumes AI scaling laws hold, should compound over time. Consequently, our investment thesis for this upcoming year favors a dual approach: continue to favor stocks where we believe current valuations have become dislocated from underlying fundamentals, and add to names where AI-driven advantages are evident and accelerating, even if their current valuations appear full.

- See the pendulum swinging back to Meta in mega cap tech:** META stock pulled back in the latter part of last year, which we believe reflects less direct visibility into AI investment monetization. That said, we believe the market may be underappreciating the impact AI investments are having, and should continue to have, on the core advertising business. Meta's current 2026 revenue estimate is about ~27% - or \$50B - higher compared to 2026 projections two years ago, and we believe further upside to be supported by ongoing efforts to consolidate smaller models across ads retrieval and ranking systems, the deployment of next-gen custom ASICs, and continued progress on creative generation tools. Against that backdrop, and with shares trading at a discount to the Mag7 group, we think the risk-reward is particularly compelling. While we are more cautious in the near-term on GOOGL, in part due to the stock's recent run, we continue to have high conviction on the name longer-term. The Gemini chatbot continues to scale rapidly, with Similarweb data most recently finding Gemini's share of generative AI web traffic has grown to over 18%, and the recently launched Gemini 3 Flash model could be a gamechanger by making frontier-comparable performance available at an extremely attractive cost. Additionally, Google's infrastructure and TPU-driven cost advantages continue to support robust growth in Cloud backlog, although we do see supply chain dynamics and the upcoming launch of next-gen AI models by competitors in early 2026 as potential headwinds to sentiment.

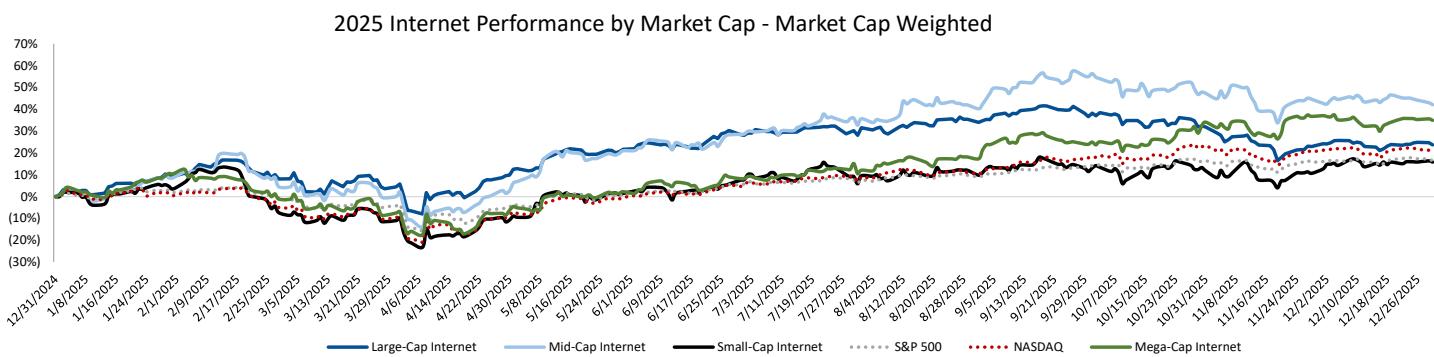
- Context is king in agentic commerce:** As AI agents begin to play a more active role in shopping, the impact on commerce platforms will likely be uneven. In an agent-driven environment, the basis of competitive advantage shifts from capturing human attention to satisfying an order with the best product (for that person) and in the most predictable, low-risk manner. Collectively, these dynamics favor AMZN, which maintains unparalleled purchase history, household activity data, and a best-in-class logistics ecosystem to facilitate the execution layer.

- Attractive valuations in SMID-cap Internet:** Among mid- and small-cap names, the recent pullback in HIMS has created an attractive entry point, and we believe the company can successfully navigate the evolving GLP-1 pricing landscape, while multiple new growth vectors should reignite core growth. For LIF, the market is increasingly discounting a continued deceleration in MAU growth through 2026; however, recent select disclosures suggest near-term MAU stabilization in the US, and if sustained, this could support a re-rating. In ad tech, we believe MNTN at current levels offers an asymmetric opportunity for investors. FY26 consensus appears conservative given secular trends and steady execution, and the valuation is broadly in line with the ad tech peer group despite notably stronger fundamentals.

AI trade continues in 2025 amid Google rebound but mid-caps lead the way; look for continued market broadening in 2026

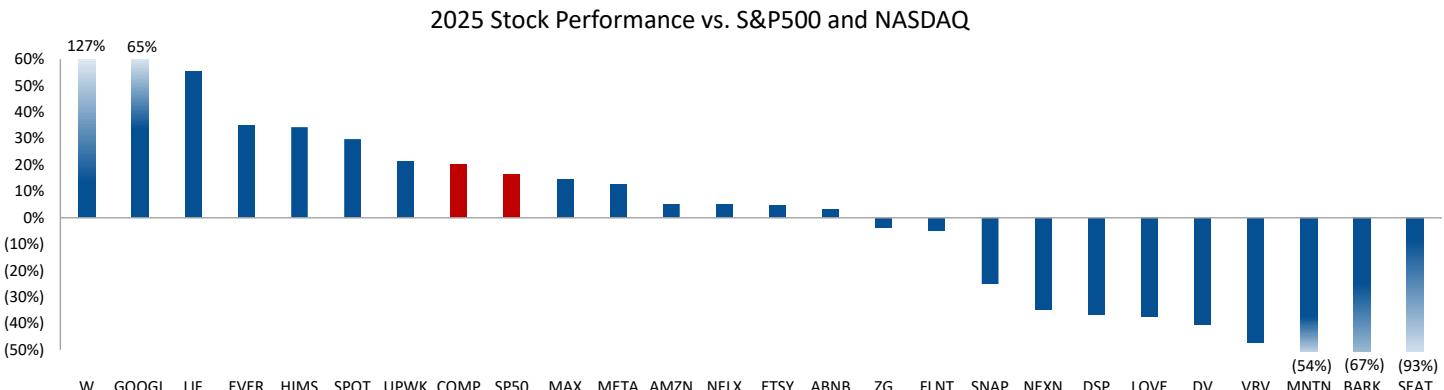
On a consolidated basis, the Internet sector performed well in 2025, returning ~33% on a market-cap-weighted basis, above the S&P 500 at 16% and the NASDAQ at 20%. Mega, large, and mid-cap internet stocks all outperformed the market at +35%, +24%, and +42%, however the mega cap outperformance was driven almost entirely by Google, which was up over 60% on the year and accounted for more than half of the cohort's 2025 return. While the AI trade continued to dominate headlines and garner substantial investor attention, as the year progressed and tariff-related volatility receded, investors increasingly sought out names with more attractive valuations and specific catalysts, leading to a broadening of outperformance in large and mid-caps.

Figure 1: Across the broader Internet sector, mid-cap stocks were up over 40% in 2025, followed by mega-caps at +35% (driven largely by Google), and large-caps at +24%; small-caps remained the weakest performers for the third straight year



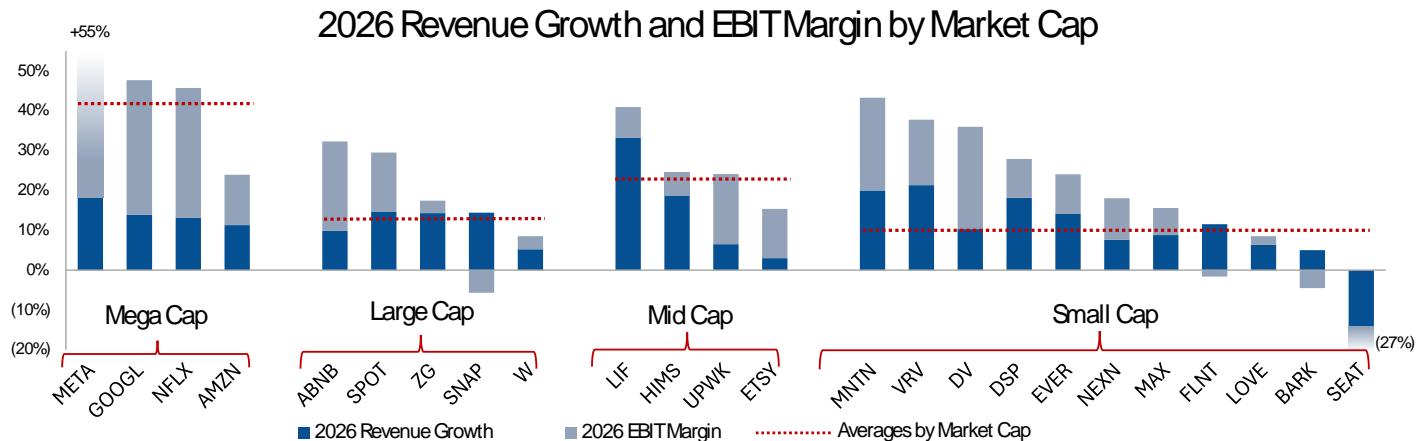
Source: FactSet, Canaccord Genuity Research, Note: Buckets based on market cap as of 12/31/24

Figure 2: It was a mixed year for our coverage, with just seven names (W, GOOGL, LIF, EVER, HIMS, SPOT, and UPWK) outperforming the NASDAQ, and nearly half of our coverage delivered negative returns, with small-cap ad tech and eCommerce companies among the most challenged



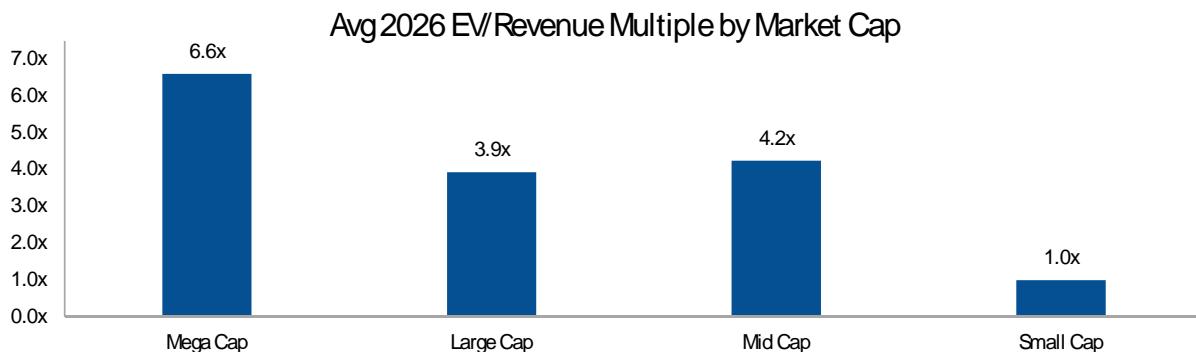
Source: FactSet, Canaccord Genuity Research

Figure 3: Among our covered companies, fundamental outlooks are notably stronger for mega cap companies, with the average 2026 growth rate + adj. EBITDA margin coming in at ~43%, versus ~19% for large-caps, ~26% for mid-caps, and ~18% for small-caps...



Source: FactSet, CG Research. Note: Mkt cap ranges: Mega Cap (>\$200B), Large Cap (\$10B-\$200B), Mid Cap (\$2B-\$10B), Small cap (<\$2B); BARK & LOVE show FY27, DSP & NEVN revenue show contribution ex-TAC

Figure 4: ...this is reflected in valuations, with the mega-cap group trading at an average 2026 revenue multiple of 6.6x versus small-caps at just 1.0x



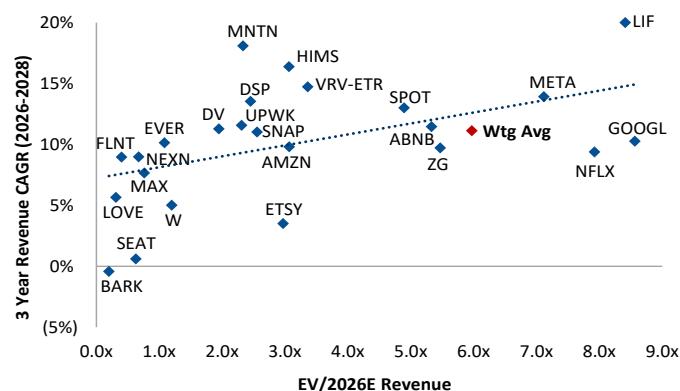
Source: FactSet, CG Research. Note: Mkt cap ranges: Mega Cap (>\$200B), Large Cap (\$10B-\$200B), Mid Cap (\$2B-\$10B), Small cap (<\$2B)

Figure 5: The Mag7 comp group outperformed both the S&P and NASDAQ in FY25, with NVDA and GOOGL delivering the largest gains at +65% and +39%, respectively

| Company Name | Ticker | 1/6/2026 | | | 2026E | | | | 2027E | | | | 3YR CAGR ('25-'28) | | | | 2028E | |
|----------------------|--------|----------|-------------|-------------|---------|--------|--------|---------|---------|-------|--------|--------------|--------------------|----------|----------|-------------|-------|--|
| | | Mkt Cap | EV | EV/Revenue | EV/EBIT | P/E | EV/FCF | Revenue | EV/EBIT | P/E | EV/FCF | Revenue CAGR | EBIT CAGR | EPS CAGR | FCF CAGR | EBIT Margin | | |
| | | | | Revenue | EBIT | EV/FCF | CAGR | CAGR | CAGR | CAGR | CAGR | CAGR | CAGR | CAGR | CAGR | CAGR | | |
| Internet/Tech | | | | | | | | | | | | | | | | | | |
| Nvidia | NVDA | \$187.24 | \$4,549,932 | \$4,555,956 | 13.9x | 21.6x | 24.4x | 28.3x | 10.9x | 17.1x | 19.1x | 22.1x | 27.2% | 32.0% | 31.9% | 30.9% | 67.6% | |
| Apple | AAPL | \$262.36 | \$3,876,736 | \$4,067,835 | 9.0x | 28.2x | 31.9x | 32.2x | 8.4x | 25.9x | 28.7x | 29.9x | 7.1% | 8.4% | 10.5% | 13.4% | 33.1% | |
| Alphabet | GOOGL | \$314.34 | \$3,793,141 | \$3,805,437 | 8.3x | 24.7x | 28.0x | 56.2x | 7.4x | 21.3x | 24.3x | 40.9x | 12.8% | 15.5% | 10.9% | 22.2% | 35.0% | |
| Microsoft | MSFT | \$478.51 | \$3,556,468 | \$3,548,661 | 10.9x | 23.6x | 29.7x | 47.9x | 9.4x | 20.5x | 25.4x | 43.4x | 15.6% | 15.6% | 17.9% | 14.2% | 45.6% | |
| Amazon | AMZN | \$240.93 | \$2,575,590 | \$2,582,534 | 3.2x | 25.7x | 30.5x | 53.0x | 2.9x | 20.8x | 24.9x | 37.7x | 11.1% | 25.4% | 19.4% | 74.8% | 16.1% | |
| Meta | META | \$660.62 | \$1,665,111 | \$1,700,878 | 7.2x | 19.7x | 22.1x | 92.4x | 6.2x | 17.3x | 19.6x | 60.1x | 16.0% | 9.6% | 16.7% | 6.2% | 34.9% | |
| Tesla | TSLA | \$432.96 | \$1,439,947 | \$1,564,887 | 14.6x | NM | NM | NM | 12.4x | NM | NM | NM | 17.1% | 40.0% | 36.9% | 28.2% | 7.3% | |
| Mean | | | | | 9.6x | 23.9x | 27.8x | 51.7x | 8.2x | 20.5x | 23.7x | 39.0x | 15.3% | 20.9% | 20.6% | 27.1% | 34.2% | |
| Median | | | | | 9.0x | 24.2x | 28.9x | 50.4x | 8.4x | 20.6x | 24.6x | 39.3x | 15.6% | 15.6% | 17.9% | 22.2% | 34.9% | |

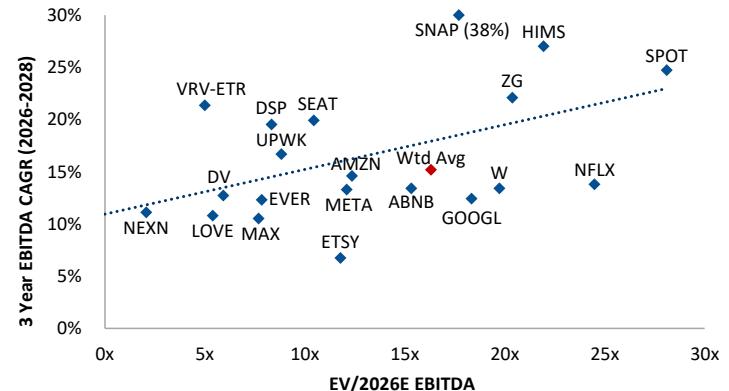
Source: Company Reports, Canaccord Genuity estimates, Factset

Figure 6: Relative EV/revenue vs. 3-year revenue CAGR across our coverage group



Source: Company Reports, Canaccord Genuity estimates, DSP & NEXN reflects contribution ex-TAC

Figure 7: Relative EV/EBITDA vs. 3-year EBITDA CAGR across our coverage group



Source: Company Reports, Canaccord Genuity estimates; Note: excludes LIF, BARK, FLNT

Key themes shaping the Internet sector in 2026

Market showing signs of rationality within the AI investment cycle

As we enter 2026, the current investment landscape over the last few months has been increasingly defined by a shift from "AI euphoria" to more rational, fundamentally driven pragmatism. Investors appear to be more closely scrutinizing the relationship between AI investments and ROI, as evidenced by:

- Meta selling off following Q3 earnings (down ~12% vs. Mag7 ex-Meta down ~3.5%) on more aggressive rhetoric concerning 2026 CapEx, with the company indicating 2026 CapEx would "exceed \$100B," up 56% y/y based on current consensus
- Neocloud and semiconductor stocks also having corrected in recent months, with CRWV, NBIS, and IREN down ~47%, ~28%, and ~35%, since mid-October, while major semiconductor names like NVDA, AVGO and TSM have also come under modest pressure
- Blue Owl Capital's recent withdrawal from a \$10B financing arrangement for Oracle's planned 1GW data center in Michigan, which was reportedly driven by mounting concerns over Oracle's growing debt load (over \$105B), unfavorable debt terms, and the structure of repayments

This evolution of investor sentiment is occurring even as demand for compute remains historically elevated. While major hyperscalers remain aggressive, the market appears to be transitioning from focusing solely on the acquisition of hardware to the efficiency of its deployment. As broader chip availability stabilizes and competition intensifies, the "moat" for hyperscalers is no longer just owning the chips but rather having the power and ability to run them efficiently. As such, investors are increasingly focused on unit economics, specifically cost-per-token and margins on inference workloads, with the ultimate winners likely to be those who can optimize the "price-to-performance" ratio of their agentic workloads.

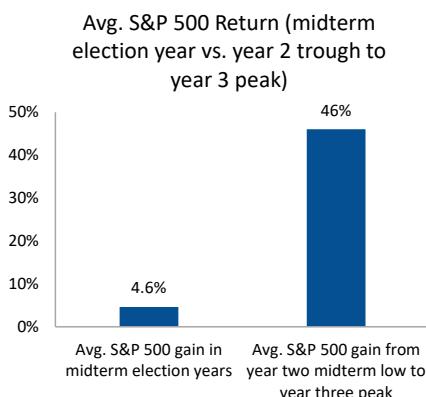
Reasons for optimism in 2026 despite labor market and retail sales concerns

The macro backdrop as we enter 2026 appears to be increasingly defined by a K-shaped divergence in consumer behavior, where high-income households continue to benefit from a persistent wealth effect, while lower-income households tighten spending, prioritize essentials, and trade down. In recent months, retail sales growth has been decelerating, and we also highlight a seemingly weakening labor market, with the unemployment rate reaching 4.6% in November, its highest level in four years. That said, Q3 GDP data, which was released in late December given the government shutdown, was strong, with the economy increasing 4.3% q/q, the highest level in two years, in part reflecting strong services spend. Additionally, there some constructive signals for 2026 that could provide some relief for lower-income consumers, including **(1)** November CPI data cooling to 2.7% y/y, down from 3.0% in September and below consensus expectations (we note, however, that there is some skepticism concerning the validity of the data, as the recent government shutdown may have impaired collection capabilities), **(2)** an anticipated \$100B liquidity infusion during the upcoming 1H26 tax refund season, and **(3)** an expectation for 1 or 2 rate cuts with a cumulative 25–50 basis point reduction in the Fed funds rate throughout 2026.

Navigating the 2026 midterm election cycle

As the US approaches the 2026 midterm election cycle, political volatility is expected to rise; the president's party has lost an average of 25 House seats and three Senate seats over the past ~20 years (since 2002, over six midterms). Historically, stock market performance in midterm election years tends to be the weakest in a four-year presidential term cycle.

Figure 8: Although the market often delivers more modest returns during midterm election years, history indicates that volatility usually gives way to more robust rallies exiting year two and into year three of a presidential administration



Source: FactSet, Canaccord Genuity Research

Since 1948, the S&P 500 has delivered an average gain of just 4.6% in midterm election years, posting positive returns only 58% of the time. However, any volatility ahead of the 2026 election should set the stage for a strong rally afterward, with average gains of nearly 46% from the midterm low in year two to the peak in year three of a presidential cycle. For the 2026 cycle, a potential transition to a divided government may be viewed by the market as a constructive rather than a source of friction. A gridlocked Congress improves legislative predictability, and economic levers such as deregulation and AI leadership are largely executed through executive authority and do not require congressional approval. As such, investors may favor this setup as it allows the pro-business executive agenda to proceed while mitigating the risk of more volatile, wide-scale legislative shifts.

From chatbots to agents: the ROI phase of AI

While 2023 was defined by the initial shock of generative AI and 2024–2025 focused on piloting and further developing this technology, we see 2026 as the pivot toward **"Operational Realization."** This is the point where the focus shifts from "playing with chatbots" to embedding autonomous agents into the foundation of enterprise workflows, with this transition to tangible ROI being driven by:

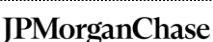
- **Reasoning and planning:** Technical breakthroughs in late 2024 and 2025 enable agents to maintain a "Theory of Mind" regarding the user's intent and the broader business context, allowing for multi-step reasoning that spans days or weeks rather than single sessions
- **Context and memory:** Innovations in context windows and persistent memory allow agents to "remember" past interactions, corporate policies, and the status of long-term projects, transforming them into tools that learn and adapt over time
- **Multi-agent workflows:** Singular models are giving way to multi-agent systems (MAS), where specialized agents (i.e., a researcher, a coder, and a reviewer) collaborate to solve complex problems, thereby mimicking human organizational structures and supporting reduced hallucination rates and improved task completion and accuracy

Agents are also moving from being passive assistants that wait for prompts to active participants that continuously monitor systems and intervene autonomously. This is most visible in:

- **Software Engineering:** AI-native development platforms are emerging where modular agents write, test, and deploy code, with the human developers' role shifting to reviewing logic rather than structuring code
- **Customer Operations:** Hybrid human-agent customer operations are becoming more prevalent, with agents handling the massive volume of low-level alerts and investigations, while humans handle strategic alignment and high-stakes requests
- **Finance & HR:** Agents are automating the long tail of internal queries and transactions, such as handling tax forms, onboarding new hires, and reconciling invoices, resulting in reduced costs and enabling employees to allocate more time to strategic and revenue-generating initiatives

While we expect meaningful progress across the "Operational Realization" phase in 2026, we note that **(1)** this is a multi-year journey, and **(2)** there are differences in implementation strategies for enterprises vs. SMBs, which creates a multi-faceted benefit for the broader digital economy. For **enterprises**, the objective has begun to evolve beyond simple automation toward sophisticated agentic ecosystems. By embedding autonomous systems into cross-functional workflows, companies can increase productivity while moderating headcount growth.

Figure 9: CEOs of major enterprises have been offering anecdotal evidence that AI is already having a meaningful impact on operations and headcount growth

| | |
|---|--|
|  | "Do more with the same number of people by giving them [AI] superpowers." |
|  | "My guess is that our employment levels will stay relatively static." |
|  | "We'll gradually stop using contractors to do work that AI can handle." |
|  | "30% of non-customer-facing roles could be replaced by AI and automations in five years." |
|  | "We expect headcount will trend down by about 10% over the next five years." |
|  | "[AI] is currently doing the equivalent work of about 700 full-time [customer service] agents." |
|  | "For the same volume of output we can afford to have less people." |
|  | "Before asking for more headcount, teams must demonstrate why they cannot get what they want done using AI." |
|  | "AI is going to change literally every job." |
|  | "In 2025, we plan to hold headcount to approximately flat and utilize AI to deliver operational efficiencies." |

Source: Meritech, Canaccord Genuity Research

Across our coverage, companies have been increasingly highlighting the benefits they are observing from AI. These efficiency gains are occurring across nearly all verticals, including digital advertising, eCommerce, and media, with AI being leveraged to not only automate repeatable processes but also increase efficiency of more manual and complex tasks.

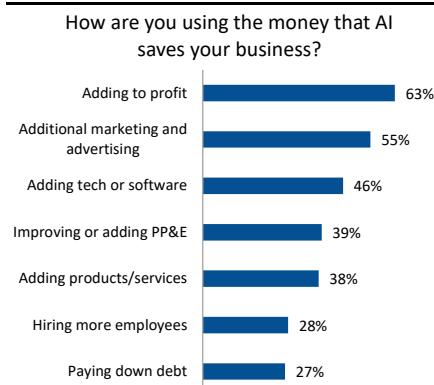
Figure 10: Covered company commentary on AI efficiency and productivity gains

| CG coverage | |
|---|--|
|  | "We expanded our new AI customer service agent in the US, reducing the percentage of hosting guests who needed to contact a human agent by 15%." |
|  | "...nearly half of all code [is now] generated by AI, that's a way for us to leverage AI to drive further productivity across the business." |
|  | "And what's happened with the opening of the AI tools is that it allows us to reinvest faster into new opportunities because we're able to achieve what we are doing already in the core business more efficiently." |
|  | "As we look ahead to next year, we're not seeing a lot of significant increase in head count, but we are seeing continued investment in AI areas, including technologies that help the team leverage AI more efficiently." |
|  | "Our multi-source learning system will not only improve and personalize access to care at scale, but also automate key processes like fulfillment, inventory and routing to increase efficiency." |
|  | "...specifically with gen AI, we see huge number of places in the business where we can bring these technologies in. They provide more capable tools, they improve productivity, they improve velocity of innovation, they deliver better results for members, for creators, for partners." |
|  | "On productivity, like most other companies, at least the companies who are adopting this technology, we are seeing significant speedups specifically right now in prototyping." |
|  | "Underpinning all of this are rapidly expanding AI workflows across our company, our focused and disciplined efforts to reinvent our processes with AI, are increasing our internal efficiency and therefore margin profile while allowing our teams to spend their time wisely on the highest impact work." |
|  | "As we grow spend, it's not linear to growing our overhead. So, as we get bigger, we can grow our overhead quite a bit lower than the rate at which contribution ex-TAC grows. Certainly, AI has - plays a role in that..." |
|  | "...we are using AI to automatically detect and process duplicate items, which keeps the customer experience clean and is projected to reduce the cost of this review process by three-quarters." |

Source: Company Reports, Canaccord Genuity Research

AI infrastructure leaders like **Google** and **Amazon** are two of the primary beneficiaries of growing enterprise AI workloads, with both hyperscalers already capturing significant value from initial agent deployment. This trend is poised to accelerate throughout 2026, with (1) a recent survey of over 3K global business leads commissioned by Google Cloud and orchestrated by National Research Group finding that 49% of respondents plan to allocate at least 50% or more of their future AI budgets specifically toward AI agents, and (2) a December 2025 survey from Zapier finding that 84% of business leaders plan to increase AI agent investment over the next year.

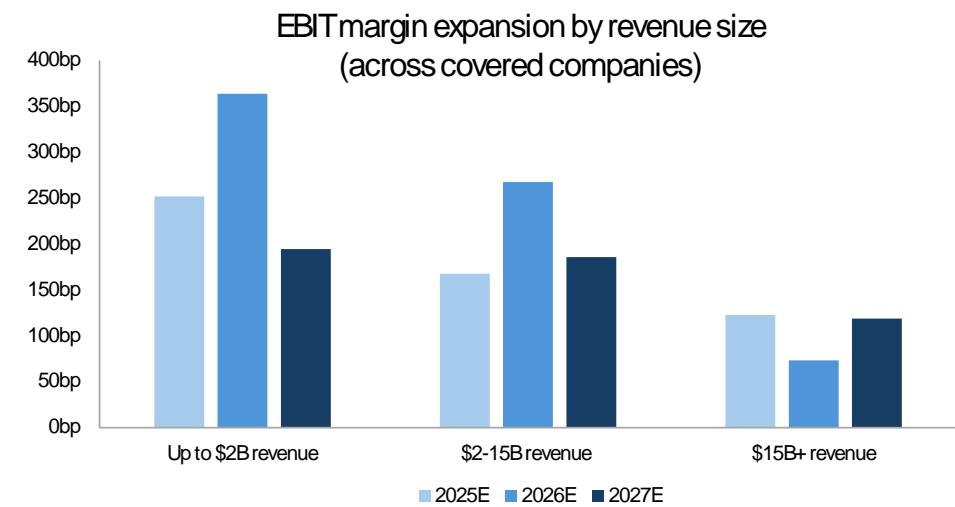
Figure 11: In a 2025 survey of over 540 small business respondents, more than half indicated that they are redeploying AI savings into marketing



Source: Thryv, Canaccord Genuity Research

For **SMBs**, the integration of agentic AI in the near-term is less about managing structural complexity and more about automating repetitive work to free up capacity, as well as creating capabilities where no or limited human headcount currently exists. Per AWS, over three-quarters of SMBs state that the most immediate realized impact is operational efficiency and accelerated employee task completion. With just one-third of SMBs currently piloting generative AI and only 3% having fully integrated it into their business strategy, the opportunity for AI-native platforms to help SMBs navigate adoption challenges is substantial, with over half of SMBs that have adopted generative AI using a managed service provider for guidance. Hyperscalers are responding to this "implementation gap" by rolling out no-code products such as **Google's Vertex AI Agent Builder** and **AWS Bedrock Data Automation**, which allow non-technical users to build agents using natural language. **Meta** Business AI has emerged as a particularly powerful solution, functioning as a turnkey, 24/7 sales agent that learns from a brand's existing Instagram and Facebook data to guide shoppers through checkout without the need for expensive custom development. For SMBs that require bespoke solutions but lack the internal expertise to build it, **Upwork** is positioning itself as a critical partner. The company is transforming into a "human + AI" marketplace where SMBs can seamlessly hire specialized freelance talent, such as AI advisors and prompt engineers, to bridge the skills gap. We also highlight second order effects on advertising platforms. eMarketer has indicated that over half of AI-driven productivity savings by SMBs are being redeployed across marketing and advertising functions, which would ostensibly benefit both Meta and Google's core advertising businesses, as well as smaller ad tech platforms that have meaningful exposure to SMBs like **MNTN**, **DSP**, and **NEXN**.

Figure 12: Across our coverage, smaller-revenue companies (up to \$2B) are projected to deliver the highest level of profitability expansion in 2026



Agentic inflection in 2026 to accelerate the evolution of traditional search, monetization, and commerce principles

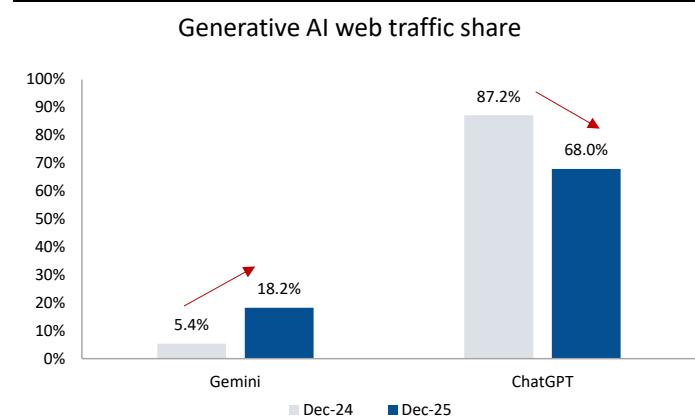
For much of 2024 and 1H25, the rise of generative AI propagated the narrative that LLMs would dismantle the traditional search structure, thereby disrupting Google's hegemony. The momentum behind that viewpoint rapidly diminished in 2H25, as Google's victory in the search antitrust case seemingly emboldened the company to take more proactive measures to defend its market share (see page 3 of our [Q3 Advertising Expert Call Recap](#) for additional details), and the launch of Gemini 3 was met with strong industry praise and robust user adoption.

Figure 13: According to Sensor Tower data, Google Gemini global MAUs reached nearly 350M as of November, up ~100M from June

| Global MAUs | | | | | | |
|-------------|-------------|-----------------------|---------------|------------|------------|------------|
| Date | ChatGPT | Microsoft 365 Copilot | Google Gemini | Perplexity | Grok | Claude |
| Jan'25 | 358,000,000 | 218,000,000 | 145,000,000 | 12,000,000 | 1,000,000 | 5,000,000 |
| Feb'25 | 398,000,000 | 213,000,000 | 201,000,000 | 15,000,000 | 4,000,000 | 5,000,000 |
| Mar'25 | 466,000,000 | 216,000,000 | 186,000,000 | 17,000,000 | 14,000,000 | 6,000,000 |
| Apr'25 | 558,000,000 | 213,000,000 | 205,000,000 | 19,000,000 | 22,000,000 | 7,000,000 |
| May'25 | 619,000,000 | 218,000,000 | 226,000,000 | 21,000,000 | 21,000,000 | 8,000,000 |
| Jun'25 | 668,000,000 | 206,000,000 | 245,000,000 | 23,000,000 | 22,000,000 | 8,000,000 |
| Jul'25 | 728,000,000 | 200,000,000 | 264,000,000 | 30,000,000 | 29,000,000 | 8,000,000 |
| Aug'25 | 760,000,000 | 198,000,000 | 270,000,000 | 36,000,000 | 31,000,000 | 9,000,000 |
| Sep'25 | 792,000,000 | 215,000,000 | 310,000,000 | 42,000,000 | 29,000,000 | 9,000,000 |
| Oct'25 | 803,000,000 | 219,000,000 | 326,000,000 | 50,000,000 | 31,000,000 | 11,000,000 |
| Nov'25 | 810,000,000 | 212,000,000 | 346,000,000 | 45,000,000 | 34,000,000 | 11,000,000 |

Source: Canaccord Genuity Research, Sensor Tower

Figure 14: Per Similarweb data, Gemini is nearing a 20% share of Gen AI web traffic, while ChatGPT's share has declined by nearly 20 ppts over the past year



Source: Canaccord Genuity Research, Similarweb

As such, the market has become significantly more constructive on Google's competitive positioning, and it appears increasingly likely that AI is a growth augmenter rather than displacer. AI Overviews and AI Mode are supporting incremental query growth, fueled in part by a fundamental shift from simple keyword retrieval to "intent fulfillment," where users leverage Google's multi-modal capabilities for complex, high-intent tasks. Throughout 2025, Google has also managed to successfully ramp monetization:

- Between January 2025 and October 2026, the percentage of AI Overviews that were commercial and transactional queries increased from 8% to 18% and 2% to 14%, respectively
- Ads alongside AI Overviews increased from about 3% of the total in January to ~40% by November, per Semrush
- Per Semrush data, AI Overviews may *encourage clicks*, with zero-click rates for the same keywords falling from 33.75% with no AI Overview to 31.53% with an AI Overview
- Roughly 25% of AI Overview Search Engine Results Pages now display ads at the bottom, integrating paid search directly into the generative experience
- [Anecdotal evidence](#) suggests that Google has started ramping ads in AI Mode of late

Entering 2026, in addition to a continuation of the above trends, we see the narrative increasingly centered around two major themes: **(1)** the integration of ads within chatbots, and **(2)** the groundwork being laid for monetization of agentic search/commerce.

Regarding **ads within chatbots**, Perplexity and Microsoft Copilot currently lead the charge as the most prominent chatbots with active ad units; however, Perplexity recently paused onboarding for new advertisers as it grapples with scaling issues and focuses on user retention rather than near-term revenue. Although the recent "Code Red" memo at OpenAI indicated the company is pausing its ads efforts to focus more resources on the user experience, given a reported \$1.4T in data center commitments, we expect ads to debut in ChatGPT in 2026, with the potential for both contextual and conversational formats. The trajectory for Google Gemini remains more complex. While a recent report from Adweek indicated that Google had been telling advertisers it would bring ads to Gemini in 2026, management has firmly denied the report. Given Google's robust existing advertising business that is still growing at a healthy clip, couple with a vertically-integrated stack and custom TPUs that support relative cost advantages as compared to other players, we suspect the company may opt to preserve the ad-free Gemini user experience in 2026 while continuing to optimize monetization in AI Overviews and AI Mode. Ultimately, we believe Google remains best positioned to dominate the emerging chatbot ad format due to its massive first-party data advantage, existing advertiser scale, and superior ability to match intent at the inference layer.

Regarding **monetization of agentic search/commerce**, the rapid adoption of agentic search throughout 2025 has already pressured open-web monetization, with AI-generated answers cannibalizing top-of-funnel queries and driving a measurable compression in publisher ad revenue. As we move into 2026 and as agentic commerce solutions gain momentum, sponsored listing models could come under incremental scrutiny. Over time, we expect a new set of monetization opportunities to emerge, enabling platforms to pivot from serving ads to enabling agent-decision making, in part by leveraging proprietary user context. Potential examples of such monetization opportunities include:

- **Candidate inclusion:** Brands pay platforms or marketplaces that power agentic search to ensure their product or service is part of the agent's initial consideration set
- **Sponsored data access:** Agents require real-time data (inventory, local pricing, deals, etc.) to make a choice, and thus platforms could look to charge retailers a "data-loading premium" to ensure their most accurate and optimized inventory is prioritized
- **Chosen partner:** Platforms could opt to offer a "Chosen Partner" status that indicates to agents that the brand is reliable and trustworthy, increasing the likelihood of selection
- **Agentic disclosures:** Platforms may allow agents to deliver a primary recommendation while also disclosing a sponsored alternative that offers a specific trade-off, such as lower price or faster delivery

Agentic shopping: winners, laggards, and platforms in between

As AI agents begin to play a more active role in shopping, from summarizing options to comparing product features and narrowing consideration sets, the impact on commerce platforms will likely be uneven. This raises a structural question for investors: which platforms are likely to benefit when purchasing decisions shift from human-led browsing to AI-driven selection?

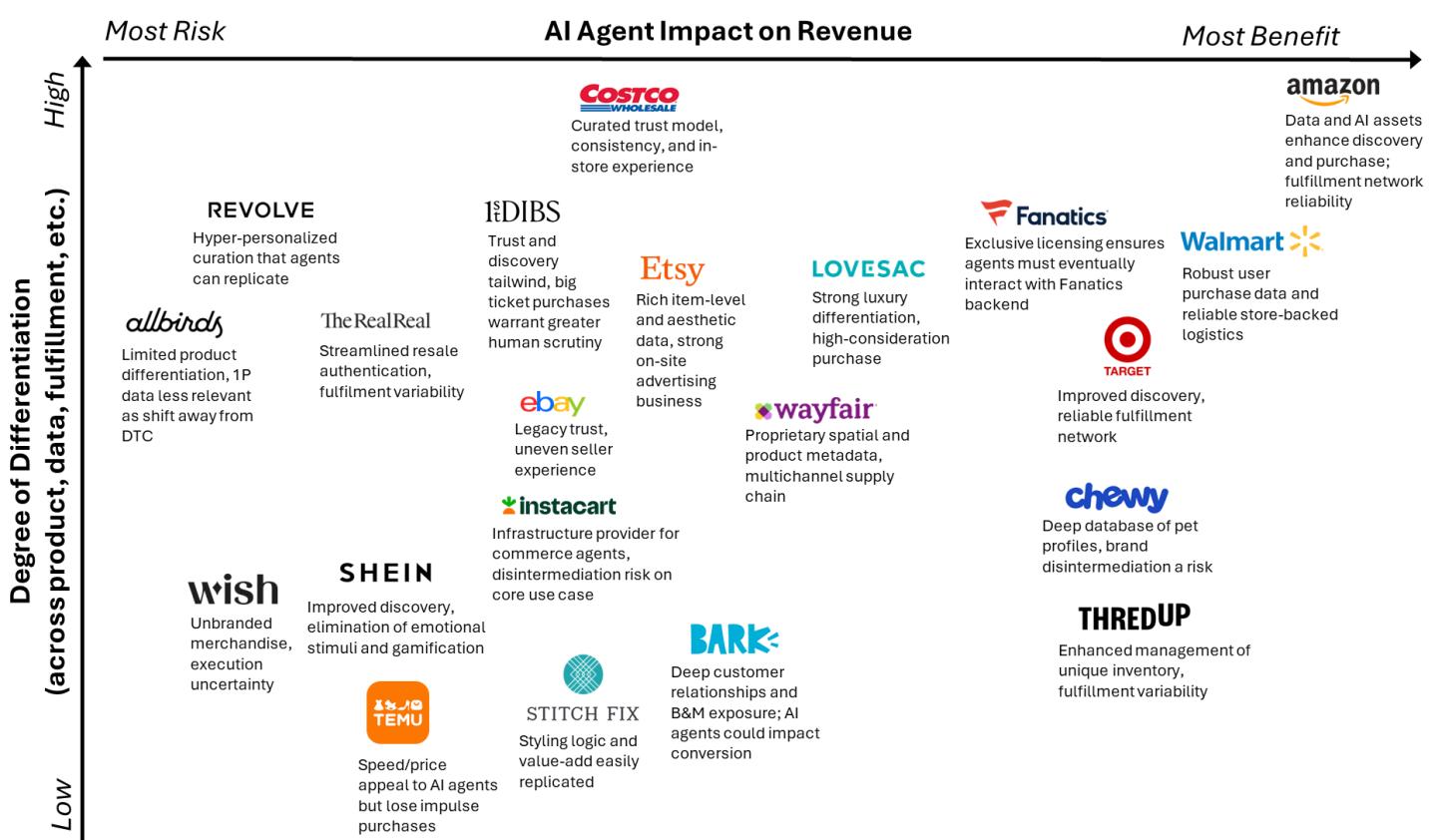
In an agent-driven environment, the basis of competitive advantage shifts. More traditional levers such as discovery, persuasion, impulse appeal, and visual merchandising become less relevant when agents are narrowing down hundreds of options to a small number of acceptable choices. On the other hand, platforms that consistently deliver reliable experiences with minimal risk are more likely to be prioritized by shopping agents.

This dynamic could create a notable bifurcation across the eCommerce landscape. Some platforms may be structurally amplified by agentic shopping, as agents route

demand toward predictable, low-risk outcomes. Notably, Amazon already benefits from high-intent traffic originating on platforms like ChatGPT and Gemini when users start their product discovery there. Other platforms may face a greater risk of losing traffic at the decision layer, as agents bypass browsing-heavy experiences or de-prioritize discounted platforms where product quality or the customer experience is less predictable. Overall, we believe the relative differences across brands in terms of the impact of agentic shopping are a function of how well a platform fits with an agent's objective decision making criteria.

The framework below maps major Commerce and eCommerce platforms along two dimensions: **(1)** the degree of differentiation (across product, fulfillment, experience, etc.) that becomes increasingly relevant in an agentic shopping environment, and **(2)** whether the effect of AI agents represents a structural tailwind or headwind to the business model. While some companies may move along these variables over time, the matrix is intended to illustrate how agentic shopping may reshape the competitive landscape, and why certain platforms are positioned to gain relevance as AI increasingly shapes consumer choice.

Figure 15: Assessing the impact from agentic commerce on major eCommerce platforms, with Amazon, Walmart, Chewy, Target, Fanatics, and ThredUp reflecting key beneficiaries given scale, robust infrastructure, and differentiated platform capabilities that enable personalized, autonomous shopping experiences



Source: Canaccord Genuity Research

From SEO to Agentic Engine Optimization

The shift from traditional SEO to **Agentic Engine Optimization (AEO)** is essentially a transition from "writing for people" to "organizing for machines." As AI agents are designed to find specific answers and complete tasks rather than ranking web pages, the goal for brands is no longer just to show up in a list of results, but to be the "correct" answer that the agent picks. To win in this environment, brands are focusing on three primary areas for agent recognition:

- **Standardized data over marketing copy:** Instead of elaborate product descriptions, brands are prioritizing clear, "machine-readable" data. Without standardized code that tells an agent exactly what the product is, how much it costs, and if it's currently in stock, the agent would move on to a competitor who provides that clarity
- **API-first access:** Tech-forward brands are investing in APIs specifically for AI. Instead of an agent having to "read" a website like a human does, these doorways allow the agent to pull precise data directly from the brand's database, ensuring the agent is working with the most up-to-date information regarding inventory and shipping times
- **The "Trust Layer" of premium publisher mentions:** As agents cross-reference information about a product or company, brands can optimize for agents by ensuring they are mentioned and reviewed on high-authority, trusted sites like major news outlets or specialized trade publications

The ultimate differentiator for a brand, however, is its depth of proprietary user context. In a world of commoditized agents, the most effective ones will be those that have the most robust knowledge of the user, including data like past purchase cycles, household preferences, and budget constraints. For brands, this increases the value of first-party and zero-party data collection, as building a proprietary context moat that agents can tap into increases the likelihood that an agent would deem the brand's products a viable selection. As such, we believe dominant platforms are well-positioned in an agentic economy given their substantial, proprietary data advantage. For **Amazon**, its unparalleled purchase history and household activity data allows it to serve as the agent's default execution layer for reliability and predictive logistics.

Category focused platforms like **Wayfair** may also benefit, where proprietary spatial metadata and product specifications provide agents with decision-critical context that is difficult to replicate through scraping. Marketplaces such as **Etsy** offer a different form of advantage, with rich item-level and aesthetic data supporting non-commodity discovery, though this value is more fragmented and could be harder for agents to apply consistently in an agentic shopping environment. Taken together, these dynamics suggest that proprietary context can be a durable barrier to entry for certain incumbent platforms, even as the broader open web becomes increasingly commoditized as purchasing decisions shift toward AI agents.

Focus stocks 2026

Meta (META: \$900 PT | BUY)

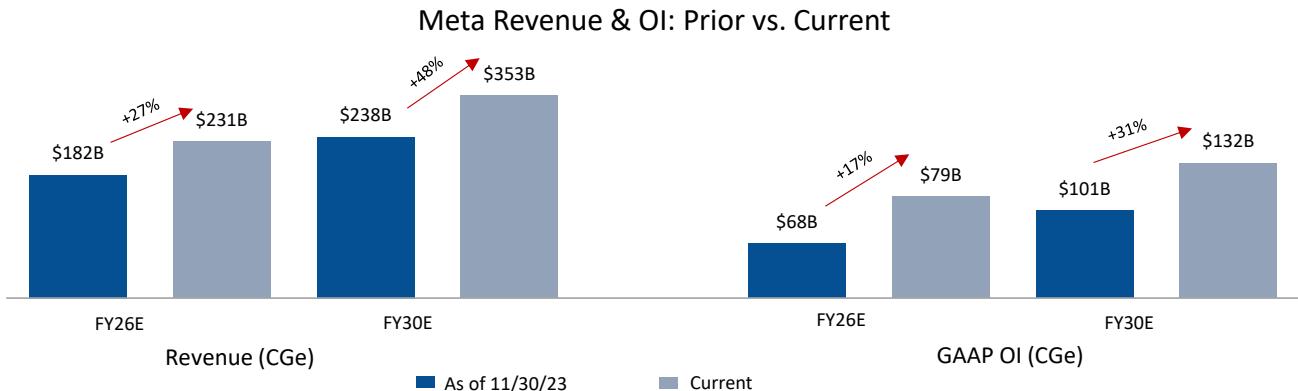
We've been here before; AI investment cycle presents buying opportunity, plenty of catalysts to support a rerating in 2026

As we enter 2026, Meta finds itself in the penalty box, with the market's patience with heightened CapEx investments softening. Shares declined over 20% in the aftermath of the Q3 earnings call, during which management indicated that FY26 CapEx would grow at a "significantly faster rate than in 2025" (vs. "faster rate" prior). While the stock has rebounded somewhat, it remains 8% off pre-earnings levels, and investors continue to question the tangible ROI of Meta's AI strategy, particularly as hyperscalers like Amazon and Google display more direct monetization of AI investments via accelerating cloud growth.

In our view, while the CapEx and OpEx outlook impact the stock in the short term, investors ultimately value Meta's longer-term revenue growth trajectory. Against that backdrop, we believe the market is not adequately crediting Meta for the real impact AI investments are having, and should continue to have, on the core advertising business. We see this disconnect as partially reflecting the "behind the scenes" nature of this ROI, as AI-driven improvements to content and ad optimization systems are not as directly observable as hardware sales or cloud commitments. That said, the company has demonstrated a consistent track record of solid execution across its advertising business, driving a steady cadence of quarter-after-quarter upward estimate revisions across both revenue and profitability (even amid higher spending). In fact, the current 2026 revenue estimate is about \$50B (~27%) higher compared to the 2026 projections two years ago (as of the end of 2024), while the 2030 revenue estimate came up by nearly 50% over the same period. Additionally, Meta has provided investors with numerous data points to support the notion that these investments are working. Just on the Q3 call alone, management outlined the following:

- AI recommendations across Facebook and Threads drove a 5% and 10% increase in time spent, respectively
- Rolling out Meta Lattice, a model architecture that learns to predict an ad's performance across a variety of datasets and optimization goals, to app ads drove a nearly 3% gain in conversions for that objective
- Piloting a new runtime ad ranking model, which is an ML system that determines the optimal order in which to display ads to a user in real time, delivered a more than 2% conversion lift on Instagram
- The company improved the performance of Andromeda, its ads retrieval model, by consolidating models across retrieval and early-stage ranking, resulting in a 14% improvement in ads quality on Facebook surfaces
- Within the Advantage+ creative suite, the number of advertisers using at least one video generation feature was up 20% q/q in Q3

Figure 16: Over the past two years, our FY26 and FY30 revenue forecasts for Meta have increased by ~27% and 48%, respectively, while consensus operating income estimates have increased by 17% and 31%, respectively



Source: FactSet, Canaccord Genuity estimates

Current consensus estimates call for about 18% and 16% y/y revenue growth in 2026 and 2027, and we see numerous catalysts that could drive further revenue upside, including:

- **Continued consolidation of smaller models across ads retrieval and ranking systems:** The company has “another 200 models” that it expects to consolidate into “a smaller number of highly capable models” over time, thereby driving additional performance gains
- **Deploying next-gen, custom ASICs:** According to an August report from the Economic Daily News, Meta had ordered up to 6K racks of next-generation, ASIC-powered AI servers and had planned to start deploying them by the end of 2025, while a former Meta employee recently indicated during an AlphaSense interview that Meta is in the process of scaling up deployment for Meta Training and Inference Accelerator (MTIA) v3, which should offer better performance and economics for ranking and recommendations as compared to Nvidia GPUs
- **Further adoption of creative generation tools:** With video time spent growing solidly across apps and Meta having expanded its video generation solutions for advertisers in mid-2025, we expect continued adoption of these tools by SMBs in 2026
- **Ramping WhatsApp & Threads monetization:** Following its typical monetization playbook, we expect Meta to progressively ramp ad supply across both WhatsApp and Threads throughout 2026
- **Continued adoption of Meta Business AI:** The launch of Business AI, a turnkey sales concierge and AI agent, should drive ROAS improvements for advertisers and drive increased spend on WhatsApp for Business
- **New frontier AI model launches:** Meta is reportedly targeting a 1H26 release two new frontier models – Mango for image/video and Avocado for text – which with solid execution could provide a boost to sentiment given investor concerns over the efficacy of the Llama family of models as well as the broader product roadmap
- **Manus acquisition accelerates agentic roadmap:** The recently announced acquisition of AI-agentic startup Manus could pull forward the timeline for Meta to debut more AI assistants with more robust capabilities

Against that backdrop, and with shares currently trading at a discount to the Mag7 peer group (~7x 2026 revenue and ~20x EBIT vs. ~10x and ~24x, respectively), we think the risk-reward setup heading into 2026 is one of the most compelling in the broader large-cap tech universe. While Meta traded at a sizeable premium to

Google for much of 2024 and 2025, the relative valuation gap between the two companies has reversed sharply in recent months and now stands at levels last seen in late 2021 and 2022, which marked a challenging period for Meta as macro and privacy dynamics pressured revenue growth while Metaverse investments compressed margins. Given the business is seeing much more robust performance today relative to the period, and as historical precedent suggests that Meta and Google structurally gravitate toward multiple parity over the long-term, we view the current dislocation as transitory and see room for multiple expansion as investors begin to view AI investments as earnings accretive.

Figure 17: Although Meta had been trading at a premium to Google for much of the past two years, that trend reverted in 2H25, and Meta now trades at a 12% discount on EV/Revenue and a nearly 20% discount on EV/EBIT

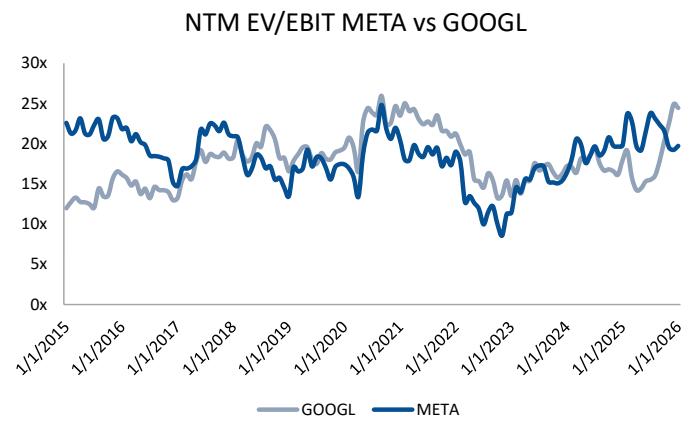
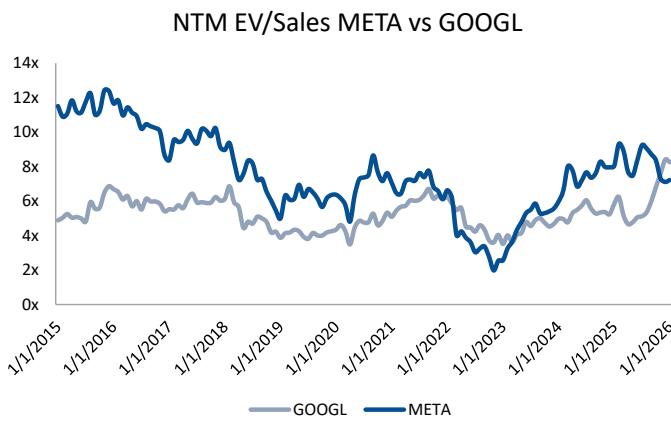


Figure 18: META's forward EV/Revenue/Growth metric now sits broadly in line with its historical average...

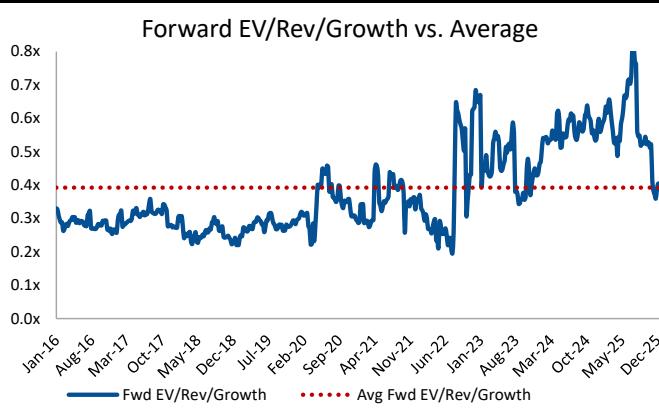
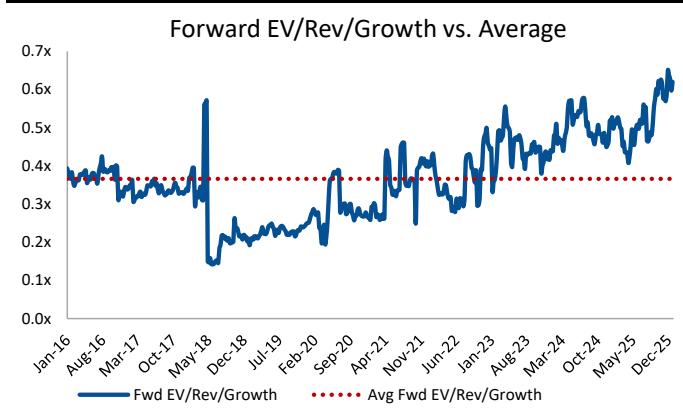


Figure 19: ...while GOOGL's now trades at a material premium to its historical average



Hims & Hers (HIMS: \$68 PT | BUY)

Dislocation creates opportunity as growth drivers gain momentum, supporting a favorable setup for a re-rating

Figure 20: HIMS forward EV/Revenue/Growth has compressed meaningfully of late and is now broadly in line with its historical average since 2023



Source: FactSet, Canaccord Genuity Research

HIMS remains one of the most volatile and heavily shorted stocks in our coverage, with shares up over 30% in 2025 but down nearly 45% since mid-October. In addition to ongoing concerns about slowing core revenue growth, the main driver of the recent stock pressure has been heightened uncertainty around the outlook for GLP-1 demand following policy initiatives aimed at lowering drug prices for cash-pay patients (via TrumpRx), as well as the recent FDA approval of oral semaglutide. While optically TrumpRx pricing for branded injectables (starting at \$350/month) appears more competitive relative to Hims pricing for compounded injectable semaglutide (\$199/month for a 6-month plan, which was recently lowered by 20% from \$249/month), we note that listed TrumpRx pricing is not an apples-to-apples comparison with Hims and doesn't factor in expenses related to acquiring a prescription or ongoing clinical care. When coupling this with the convenience of a centralized platform, 24/7 clinical support, and the ability to manage multiple health conditions in one place, we believe the broader value proposition for Hims' compounded injectable solutions remains compelling even in the face of more reasonable pricing for branded medications.

We also note that both Novo Nordisk and Eli Lilly have been gradually reducing GLP-1 prices for products offered through their DTC platforms to self-pay patients, with prices even prior to the MFN deal with the Trump Administration well below the initial \$1,000+/month prices. Additionally, as Hims expects to be able to fulfil all GLP-1 orders internally by the end of FY26, those efficiencies could support further price adjustments and more competitive offerings.

Another key debate around the stock is the outlook for core revenue growth in 2026. If we assume that Zava contributes a roughly \$100M in incremental revenue in 2026 and GLP-1 revenue is roughly flat y/y, then current consensus estimates imply mid-twenties y/y growth in core revenue. We believe this is achievable and possibly conservative for several reasons, including **(1)** the impact of the sexual health transition is expected to abate by 2H26, **(2)** other specialties such as dermatology are seeing robust growth, with subscribers excluding on-demand sexual health up 40% y/y in Q3, **(3)** recently launched hormonal therapy and lab testing capabilities should progressively scale in 2026, **(4)** the company recently expanded operations into Canada, and **(5)** peptide-based longevity solutions could launch in 1H26. We note that according to Bloomberg, the FDA and HHS are "actively revising" the list of peptides allowed for compounding, which could substantially loosen compounding restrictions for certain substances. Given Hims' acquisition of a peptide facility in 2025, we believe that more accommodative peptide compounding guidelines could open up additional revenue opportunities.

Given all of the above, we think the current valuation at 3x FY26 revenue does not adequately reflect Hims' accelerating pace of new treatment launches and the structural benefits from recent infrastructure investments. While we suspect management may guide conservatively for 1Q26 and FY26 on the Q4 earnings call, with 2026 widely viewed as a "show me" year, we think much of a cautious first-half growth outlook is already embedded in expectations. That said, as revenue growth and profitability improve throughout 2026, and with Hims trading broadly in line with its historical average EV/revenue-to-growth, we see a favorable setup for the stock re-rating as execution drives renewed confidence in the growth trajectory.

MNTN (MNTN: \$20 PT | BUY)

Secular tailwinds and a compelling entry point for GARP investors

We believe MNTN at current levels offers an asymmetric entry point for investors, as the stock has now retreated to well below its \$16 IPO price (after popping to above \$30 following its May IPO). The ensuing post-IPO selloff, in our view, reflects a combination of **(1)** elevated expectations coming out of the listing, as MNTN delivered in line Q2/Q3 results but has seen sustained pressure since, and **(2)** the stock being lumped in with The Trade Desk and other ad tech players grappling with investor concerns over open web traffic and advertiser budget allocations.

Regarding the former, the stock is down roughly 60% since its August high, and as such, buyside expectations appear to have reset heading into 2026. In terms of the latter, we note that MNTN is almost entirely exposed to connected TV and has very little exposure to the open web. As we outlined in our [recent initiation](#), FY26 consensus calls for ~13 ppts of organic growth deceleration to ~20%, which we view as potentially conservative given **(1)** CTV ad spend is expected to increase in the mid-teens in 2026, implying relatively modest share gains for MNTN, and **(2)** the company has demonstrated continued, solid execution onboarding and scaling SMBs, with the recent launch of QuickFrame AI likely to further bolster these efforts by streamlining the process for SMBs to develop high-quality creative. While the company faces a difficult Q1 comp (47% y/y growth in 1Q25), comps normalize thereafter, supporting reported revenue growth acceleration. With the stock trading broadly in line with the ad tech peer group despite consensus estimates calling for 3-year revenue and EBITDA CAGRs that are ~4 ppts and ~17 ppts higher than the comp group median, we believe the multiple should expand in 2026 as consistent execution highlights the company's superior growth profile and drives broader investor awareness.

Life360 (LIF: \$115 PT | BUY)

Recent pullback creates a buying opportunity; growth trajectory remains intact

For LIF, 2025 can broadly be characterized by three stages: a relatively consistent first four months of the year, a five-month sprint in which the stock more than doubled, driven by robust Paying Circles and Core Subscription revenue growth, and a sharp Q4 reversal of some of the prior gains, with the stock down nearly 40% in Q4 but still finishing the year up 55%. As we outlined in our [recent note](#) recapping our NDR with management in mid-December, the deceleration in Q3 MAU growth has weighed on investor sentiment, while the Nativo acquisition has raised questions regarding its implications for the broader business, and particularly advertising.

Regarding the MAU slowdown, we note that this deceleration reflects several short-term factors, including **(1)** an intentional marketing shift to prioritize acquiring higher-value users who exhibit stronger conversion trends, with a near-term deemphasis on younger demographics; **(2)** the timing of the back-to-school campaign, which launched earlier in Q2 this year and likely pulled forward MAU growth from Q3; and **(3)** a difficult y/y comp in select international markets (i.e., Indonesia, India, etc.), which saw a spike in MAU growth in 3Q24 and where adoption trends can fluctuate based on the local public safety backdrop, often surging during periods of elevated kidnapping risk and regional instability. Taken together, these idiosyncratic factors suggest that the recent deceleration is largely transitory rather than indicative of a structural slowdown in adoption curves. Additionally, we note that the company disclosed earlier this week that it has over 50M US MAUs, which suggests stabilization. This should be further reinforced as the comparative effects of the marketing calendar level out and the pivot toward high-intent demographics matures.

Meanwhile, the Nativo acquisition has accelerated Life360's initiatives to monetize free users and expanded the advertising opportunity, as the company can now monetize its differentiated first-party location data beyond in-app inventory. However, it has also introduced an additional layer of execution risk as management integrates a different business model. That said, we believe unlocking premium off-site inventory that is approximately 30x larger than current in-app supply helps address the trade-off between optimizing monetization and preserving the in-app user experience, while bringing on board an experienced ad salesforce further enhances these efforts.

Figure 21: Even at relatively modest levels of monetization of the free user base, advertising can drive meaningful upside to our 2030 total revenue forecast

Sensitivity - US/Int'l ad revenue per free user and upside to 2030 revenue

| | | US Revenue per Free User (\$) | | | | | | | |
|---|--------|-------------------------------|--------|--------|--------|--------|--------|--------|--|
| | | \$3.50 | \$4.00 | \$4.50 | \$5.00 | \$5.50 | \$6.00 | \$6.50 | |
| Int'l Revenue per Free User (\$) | \$0.50 | 4.3% | 7.3% | 10.2% | 13.2% | 16.2% | 19.1% | 22.1% | |
| | \$1.00 | 8.2% | 11.2% | 14.2% | 17.2% | 20.1% | 23.1% | 26.1% | |
| | \$1.50 | 12.2% | 15.2% | 18.2% | 21.1% | 24.1% | 27.1% | 30.0% | |
| | \$2.00 | 16.2% | 19.1% | 22.1% | 25.1% | 28.1% | 31.0% | 34.0% | |
| | \$2.50 | 20.1% | 23.1% | 26.1% | 29.0% | 32.0% | 35.0% | 38.0% | |

Source: Company Reports, Canaccord Genuity estimates

Although we acknowledge that the stock still trades at a premium valuation, we see the current setup as compelling given Life360's expanding ecosystem, deepening monetization, and improving unit economics. Companies growing 30%+ with expanding margins and strong competitive positioning rarely screen cheaply, and while some investors have questioned whether the Q3 MAU deceleration could signal early saturation in key markets, we view this as unlikely given the product's still-low penetration across key US states and international markets.

Given the sharpness of the recent correction, we believe the market is increasingly discounting a continued deceleration in MAU growth through 2026. However, the recent select disclosures suggest near-term MAU growth may be stabilizing. If sustained, and coupled with pricing tailwinds and conversion gains driving 20%+ core subscription revenue growth, we think sentiment would improve and support a re-rating. At current levels, the risk-reward appears favorable, with near-term skepticism creating an attractive opportunity to gain exposure to a high-quality business ahead of improving fundamentals.

Other stocks to watch in 2026

Alphabet (GOOGL: \$390 PT | BUY)

Premium valuation and potential competitive/supply chain headwinds could introduce some volatility following best year since 2009, but remain bullish given structural AI ecosystem advantages

Through the first eight months of 2025, the narrative around Google was centered around competitive pressures, lagging AI innovation, and regulatory challenges. Following a favorable ruling in the search antitrust case, the narrative rapidly shifted to search stability, an accelerating pace of AI innovation, and robust cloud growth underpinned by structural hardware advantages (i.e., TPUs), with Google seemingly more inclined after the search ruling to deploy new AI products and leverage its massive scale, resources, and data advantage to extend its competitive lead. Looking ahead, we expect Google to maintain this aggressive posture throughout 2026, doubling down on its efforts to further entrench AI into its ecosystem. While we do see the potential for some volatility in 1H26, when the first Blackwell-trained

models are expected to launch and as the TPU supply chain is reportedly strained, we remain constructive on the stock for several reasons, including:

- **Continued distribution of Gemini across the Google ecosystem:** As of Q3, Gemini had over 650M MAUs, and recent Similarweb data indicates Gemini's share of generative AI web traffic has increased to over 18% from 5% a year ago. In mid-December, Google released Gemini 3 Flash, a new model that provides comparable performance to state-of-the-art models (SOTA) like Gemini 3 Pro or GPT 5.2 but at a fraction of the cost. For enterprises, this performance-cost curve is extremely attractive, especially when considering that Gemini 3 Flash outperformed both Gemini 3 Pro and the Gemini 2.5 series in coding capabilities. Consumers, meanwhile, now have largely unlimited, free access to a model that performs comparably to leading frontier models, which we believe should help Gemini gain additional market share in the short to medium term.

Figure 22: Gemini 3 Flash provides near-SOTA intelligence capabilities while using 30% fewer tokens on average than 2.5 Pro and charging substantially lower input/output token prices than competitor frontier models

| Benchmark | Description | Gemini 3 Flash Thinking | Gemini 3 Pro Thinking | Gemini 2.5 Flash Thinking | Gemini 2.5 Pro Thinking | Claude Sonnet 4.5 | GPT-5.2 Extra High | Grok 4.1 Fast Reasoning | |
|----------------------|--|--|----------------------------------|---------------------------|----------------------------------|---------------------------------------|--------------------|-------------------------|------------|
| Input price | \$/1M tokens | \$0.50 | \$2.00 \$4.00 > 200K tokens | \$0.30 | \$1.25 \$2.50 > 300K tokens | \$3.00 \$6.00 / MTok > 200K tokens | \$1.75 | \$0.20 | |
| Output price | \$/1M tokens | \$3.00 | \$12.00 \$18.00 > 200K tokens | \$2.50 | \$10.00 \$15.00 > 200K tokens | \$15.00 \$22.50 > 200K tokens | \$14.00 | \$0.50 | |
| Humanity's Last Exam | Academic reasoning (full set, text + MNB) | No tools With search and code execution | 33.7% 43.5% | 37.5% 45.8% | 11.0% — | 21.6% — | 13.7% 45.5% | 34.5% 17.6% — | |
| ARC-AGI-2 | Visual reasoning puzzles | ARC Prize Verified | 33.6% | 31.1% | 2.5% | 4.9% | 13.6% | 52.9% | — |
| GPQA Diamond | Scientific knowledge | No tools | 90.4% | 91.9% | 82.8% | 86.4% | 83.4% | 92.4% | 84.3% |
| AIME 2025 | Mathematics | No tools With code execution | 95.2% 99.7% | 95.0% 100% | 72.0% 75.7% | 88.0% — | 87.0% 100% | 100% | 91.9% — |
| MMMU-Pro | Multimodal understanding and reasoning | 81.2% | 81.0% | 66.7% | 68.0% | 68.0% | 79.5% | 63.0% | |
| ScreenSpot-Pro | Screen understanding | No tools unless specified | 69.1% | 72.7% | 3.9% | 11.4% | 36.2% | 86.3% with python | — |
| CharXIV Reasoning | Information synthesis from complex charts | No tools | 80.3% | 81.4% | 63.7% | 69.6% | 68.5% | 82.1% | — |
| OmniDocBench 1.5 | OCR | Overall Edit Distance, lower is better | 0.121 | 0.115 | 0.154 | 0.145 | 0.145 | 0.143 | — |
| Video-MMMU | Knowledge acquisition from videos | 86.9% | 87.6% | 79.2% | 83.6% | 77.8% | 85.9% | — | |
| LiveCodeBench Pro | Competitive coding problems from Codeforces, ICPC, and IOI | No rating, higher is better | 2316 | 2439 | 1143 | 1775 | 1418 | 2393 | — |
| Terminal-bench 2.0 | Agentic terminal coding | Terminus-2 harness | 47.6% | 54.2% | 16.9% | 32.6% | 42.8% | — | — |
| SWE-bench Verified | Agentic coding | Single attempt | 78.0% | 76.2% | 60.4% | 59.6% | 77.2% | 80.0% | 50.6% |

Source: Company blog, Canaccord Genuity Research

- **Still early days for Gemini-driven improvements to core ad business:** Prior to 2025, Google's expansive ecosystem had relatively limited data sharing capabilities. In mid-2025, however, the company announced that it would integrate Gemini across its entire Google ecosystem, including YouTube, Gmail, Chrome, Calendar, and Maps, with Gemini representing the connective tissue bridging Google's disparate data assets and unlocking incremental advertising performance improvements. We expect the company to continue to accrue these benefits in 2026 as Gemini scales further, and we also note that Gemini-powered applications are yielding new ad inventory. In Q3 alone, AI Max unlocked billions of net new queries by delivering the most relevant ad across surfaces and matching advertisers against additional queries they were not reaching before. Additionally, while Google recently refuted claims that it would introduce advertisements in the Gemini app in 2026, the company could look to launch advertising if core search revenue growth were to slow.
- **Robust AI compute demand persists but stay wary of potential supply chain constraints and competitive headwinds:** Demand for Google Cloud infrastructure, including proprietary TPUs, continues to outpace capacity, with Q3 backlog rising 46% q/q (vs. 82% y/y in Q2). This backdrop is being driven in

part by Google's infrastructure advantage and strong unit economics, which affords customers a materially lower cost for AI compute. However, recent reports suggest that Google (along with the rest of the industry) could face CoWoS and memory cap supply chain constraints. Against that backdrop and given the stock's recent run, we do see some risk that market expectations for Cloud growth in 1H26 may be stretched. Additionally, we note the first frontier models trained on NVIDIA's Blackwel chips are expected to release in early 2026, which could swing the sentiment pendulum back toward NVIDIA's GPUs from TPUs.

- **Potential 2026 SpaceX IPO could bring greater investor appreciation to Google's venture investments:** Google invested \$900M in SpaceX in 2015 for an estimated 7% stake. A potential SpaceX IPO in 2026 at a \$1.5T valuation could value Google's stake at over \$100B, which would result in a substantial mark-to-market gain. More broadly, a SpaceX IPO would crystallize an arguably hidden asset on Alphabet's balance sheet, bring greater investor attention to the strength of Google's venture portfolio, and potentially provide Google with a massive influx of dry power that could support ongoing CapEx investments.

While we maintain a constructive long-term view on Alphabet given its unified AI stack and ecosystem integrations, our near-term stance is more cautious. This reflects the stock's significant outperformance in the second half of 2025 and the speed with which investor sentiment has shifted from skepticism to high conviction. We are mindful of elevated buy-side expectations and recognize the potential for a negative stock reaction once the first Blackwell-trained models are released in early 2026, assuming robust performance and reasonable costs. Against this backdrop, we lean toward more cautious positioning in 1H26, although we would see any pullback as a buying opportunity, given our conviction in Google's long-term structural advantages and competitive positioning.

Amazon (AMZN: \$300 PT | BUY)

Positioned for a rebound in 2026, supported by AWS and robotics

Heading into 2026, the narrative on Amazon reflects a disconnect between operating momentum and investor sentiment, as fundamentals were generally solid throughout 2025 but the stock trailed the Mag7 cohort for much of the year. While sentiment improved in the immediate aftermath of Q3 earnings, driven by AWS growth reaccelerating above 20% y/y, the stock surrendered much of its post-earnings gains and ended FY25 up just 5%. In 2026, while the macro backdrop remains an unknown, we believe several structural tailwinds should support continued operating momentum:

- **Continued eCommerce growth driven by robotics and AI integrations:** Amid a consumer backdrop marked by uneven spending patterns, heightened price sensitivity, and deal-driven behavior, Amazon's eCommerce segment remains well positioned through its focus on customer value and logistics efficiency. Amazon is leveraging AI and robotics to transform its operational processes. Internal documents suggest that the company's robotics initiatives could eliminate the need to hire more than 160K US workers by 2027, delivering ~\$0.30 per item processed and generating up to \$12.6B in operational cost savings between 2025 and 2027. Meanwhile the company is regionalizing its fulfillment network and integrating DeepFleet, a proprietary AI suite designed to optimize robot routing and delivery speed. Beyond warehouse automation, Amazon is scaling AI applications to enhance inventory placement, last-mile routing, and customer service, driving operational efficiency and creating structural cost advantages that can be passed back to consumers via lower prices. On the consumer-facing side, Rufus, Amazon's generative AI shopping assistant, is projected to have generated \$10B in sales in 2025 by shortening the path from discovery to purchase.

- **AWS reacceleration driven by Tranium3 and power availability:** In our view, Q4 AWS results will serve as a key catalyst for AMZN shares, as investors continue to evaluate whether the Q3 growth reacceleration was the first instance in a sustainable trend. Having committed \$125B in FY25 to infrastructure and hardware investments, we think the recent momentum should persist, supported by the rollout of custom Trainium3 chips. Early customer feedback highlights significant performance and cost benefits, with Anthropic reporting 50% cost reductions and throughput improvements after migrating from GPUs to Trainium hardware. Industry experts estimate a 30–50% cost advantage for Trainium versus comparable chips like NVIDIA, driven by lower unit costs and aggressive pricing strategies. Separately, Amazon appears well-positioned from a power availability standpoint, with management previously noting that it expected to add 1GW online in 4Q25 alone, and the first phase of Project Rainier slated to come online in January 2026.
- **New integrated advertising offering supports next phase of ads growth:** In November, Amazon unveiled that it has consolidated its Ads Console and Amazon DSP products into a full-funnel advertising offering, with the integration simplifying navigation, ensuring consistent reporting, and accelerating campaign activation. Building on this foundation, Amazon has also introduced several agentic tools, including Ads Agent, Creative Agent, and full-funnel campaigns powered by Ads AI, to streamline planning, creative development, and optimization. These innovations, coupled with the continued expansion of premium Prime Video inventory and integration of Amazon DSP with leading platforms such as Netflix, SiriusXM, Spotify, and Roku, positions Amazon Ads for sustained momentum.

Based on the structural tailwinds outlined above, we believe the fundamental disconnect that has defined Amazon for some time could begin to recede in 2026. With another solid quarter or two, we see a reasonable path for investors to more fully appreciate more durable AWS growth and the structural cost benefits from AI and robotics.

DoubleVerify (DV: \$18 PT | BUY)

Compelling setup underpinned by multiple new products in the early days of scaling, reasonable expectations, and an undemanding valuation

The setup for the stock might require some patience as the market appears to be waiting for several quarters of consistent execution to justify a rerating. That said, we believe the downside risk is relatively modest at current levels (2x FY26 revenue and 6x adj. EBITDA) for a business expected to grow revenue 14.5% in FY25 with 80%+ gross margins and 30%+ adj. EBITDA margins. As such, and with consensus calling for just 10% growth in FY26, we think expectations are in a reasonable place. Although we acknowledge ongoing investor concerns about open web exposure, DV has several new social and CTV solutions that are in the early stages of ramping, including:

- Authentic AdVantage, which combines pre-bid, optimization, and post-bid solutions into one unified workflow; the offering launched on YouTube at the end of September, with Meta and TikTok likely to be the next platforms to integrate the solution
- Meta pre-bid, which as of mid-November was on track to generate an annualized run rate of at least \$7M by the end of 2025, with some of DV's largest CPG customers starting to scale the offering
- In CTV, the company launched DV Verified Streaming TV Measurement, Pre-bid Verified Streaming TV Segments, and Pre-bid Do Not Air List, with more products expected in 2026

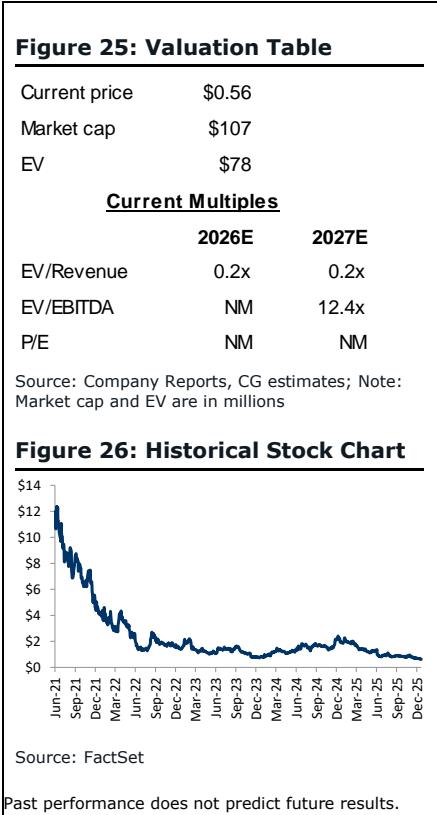
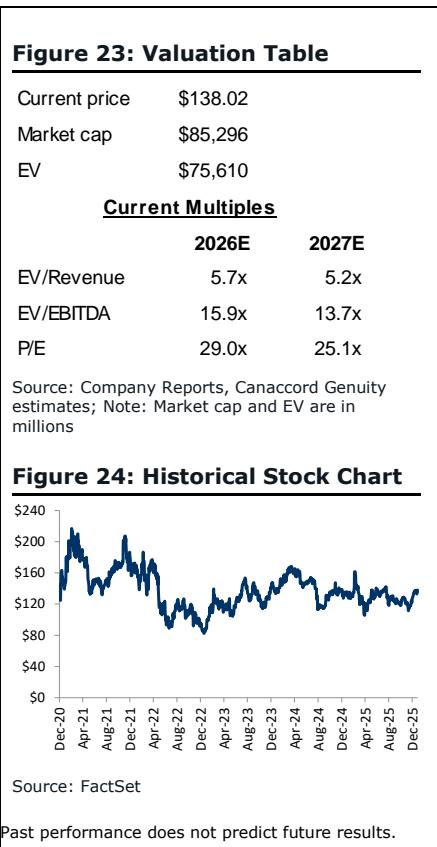
- DV is also considering introducing premium pricing models that grant advertisers access to these more advanced capabilities

We also note that the exit of Moat in 2024 and the recent acquisition of IAS by private equity firm Novacap create a more rational competitive environment, as IAS will likely prioritize cash flow under PE ownership. This dynamic could help DV further solidify its position as the clear market leader. Taken together, we believe the combination of a healthy digital advertising backdrop, scaling new products, and a more rational competitive landscape positions the company to outperform expectations in 2026. Coupled with a very undemanding valuation, we view the current risk-reward as attractive.

Upwork (UPWK: \$24 PT | BUY)

Strong execution driving return to growth, valuation still reasonable despite recent run

The long-standing bear case that generative AI would cannibalize the freelance market has been losing momentum, as recent trends indicate that AI may represent a tailwind for the freelancer market, driving a need for complex, high-value work that requires human oversight. As highlighted in our recent [note](#) recapping Upwork's Investor Day, while some AI substitution is happening, that's largely occurring in smaller, less differentiated categories (i.e., writing, jobs under \$300), where GSV has declined from 5% to 3.5% of total. AI is also augmenting key client and freelancer workflow on the platform, thereby driving higher fill rates and reducing friction in the matching experience. This product momentum, coupled with a seemingly stable outlook for the staffing industry in 2026, is driving a return to GSV growth after five consecutive quarters of y/y declines, with expected acceleration throughout 2026. Additionally, following the acquisitions of Buby and Ascen, the Enterprise segment is poised for at least 25% GSV growth in FY26, with more robust growth anticipated in 2027 and 2028, as the acquisitions enable Upwork to meet the needs of centralized workforces and service all five major enterprise contract types. Growth in the Enterprise business is also accretive to take rate, which should additionally see a modest benefit going forwards from continued scaling of ads and monetization products. As such, fundamentals appear to be inflecting, and while the stock's recent run reflects that (+70% since early August) to some extent, we see room for expansion in the current valuation at ~2.5x FY26 revenue and 9x adj. EBITDA, given momentum across the AI marketplace and the potential for the new Lifted subsidiary to unlock more material enterprise budgets.



Airbnb (ABNB: \$180 PT | BUY)

Recent Developments: ABNB shares gained ~12% in Q4. Leisure travel remained resilient across all sectors in 2025 and is poised to maintain that momentum through 2026, per Internova's North American Travel Index. However, the macro backdrop and a strained consumer environment, especially for low-income travelers, are headwinds to monitor. To appeal to more cost-conscious travelers, Airbnb recently introduced budget-friendly features such as "Reserve Now, Pay Later" and relaxed its cancellation terms. Regarding non-core initiatives, Airbnb continues to scale its Services and Experiences offerings, which have received positive early reception from both guests and hosts. Additionally, the company is actively onboarding hotels in key markets to supplement areas where existing short-term rental supply is sparser. While these new initiatives are expected to impact near-term margins, Airbnb's consistent growth and expanding ecosystem provide strong support for sustained momentum as new initiatives begin to scale.

Investment Thesis:

- Resilient travel demand:** While general economic uncertainty has contributed to some pockets of softness, travel demand more broadly has held up better than some expected as consumers have prioritized experiences over goods.
- Investing in new offerings to drive next phase of growth:** Airbnb's recently introduced Services and Experiences offerings represent nice complements to its core services and enable the company the ability to monetize users even when they are not traveling.
- Significant opportunity in international markets:** Airbnb is already seeing strong results from increased investments in international markets, with volumes in expansion markets significantly outperforming core markets.

BARK (BARK: \$2 PT | HOLD)

Recent Developments: BARK shares were down ~28% in Q4. The DTC segment remains under pressure, challenged by tariffs and broader macro headwinds as lower- to middle-income consumers tighten discretionary spending. In response, BARK has scaled back marketing spend, and its strategic pivot toward higher-value and loyal customers is displaying encouraging green shoots. In fiscal 2Q25, the company noted that new customer cohorts are higher value and exhibit stronger retention, supported by ongoing Shopify enhancements and initiatives like Amazon last-mile delivery. Meanwhile, momentum in the Commerce segment remains strong, driven by an expanding retail presence that now spans 50K doors and a broader product mix featuring the recently introduced *Bark In The Belly* line. While near-term visibility remains limited, we believe further operational improvements and a deeply discounted valuation position the stock for a meaningful re-rating, contingent on demonstrating a few quarters of solid execution.

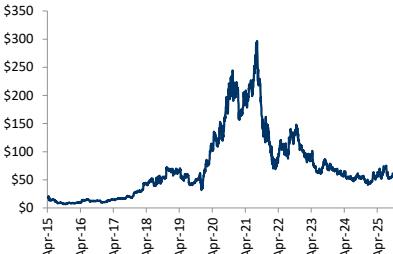
Investment Thesis:

- Soft consumer spending still a headwind:** The dog toy and treat categories appear challenged in the near term as discretionary goods demand remains under pressure, and the tariff impact could exacerbate demand headwinds.
- Operational improvements to create solid foundation for stronger performance:** The company's disciplined customer acquisition strategy, improving unit economics, and effective tariff mitigation initiatives create a solid base for stronger performance as market conditions normalize.
- Deeply discounted valuation reflects near-term uncertainty:** BARK was down ~67% in 2025, and with the valuation at <1x FY27 revenue, we think a modest improvement in fundamentals could drive healthy multiple expansion.

Figure 27: Valuation Table

| | |
|--------------------------|-------------|
| Current price | \$61.42 |
| Market cap | \$7,625 |
| EV | \$9,098 |
| Current Multiples | |
| | 2026E 2027E |
| EV/Revenue | 3.1x 3.0x |
| EV/EBITDA | 12.4x 11.2x |
| P/E | 22.6x 19.7x |

Figure 28: Valuation Table



Source: Factset

Past performance does not predict future results.

Etsy (ETSY: \$80 PT | BUY)

Recent Developments: ETSY shares were down ~17% in Q4. Etsy continues to face discretionary spending headwinds, compounded by tariff and inflation pressures and rising competition. While these dynamics are expected to persist in 2026, the return to GMS growth (ex-Reverb) was driven by Depop momentum and core strategic initiatives such as improving the Etsy app and enhancing discovery feeds. Additionally, new CEO Kruti Patel Goyal is sharpening focus on purchase frequency through programs like Etsy Insider, which could help position the platform for healthier sustained engagement. We expect continued GMS growth and active buyer retention will be key drivers of stock performance in 2026, with macro conditions also remaining in focus. With platform initiatives continuing to build, a compelling valuation at ~3x 2026 revenue, and potential upside from category stabilization, we see a reasonable risk-reward setup.

Investment Thesis:

- Product and platform investments should support share gains over time:** Etsy continues to deliver a steady cadence of platform improvements across areas such as search and discovery, transparency and trust, the Etsy app, and the seller experience, which should help drive GMS growth over time.
- Potential relief for discretionary spending in 2026:** Conditions could support a strengthening backdrop for discretionary spend in 2026, supported by easing inflation, tax refunds, and declining interest rates.
- Attractive valuation amid progress on core initiatives:** With shares of ETSY down ~17% in Q4 and currently trading at ~3x 2026 revenue, we see the risk-reward setup is reasonable, as core platform initiatives supporting a return to sustained growth would likely yield multiple expansion.

EverQuote (EVER: \$33 PT | BUY)

Recent Developments: EVER shares were up ~18% in Q4. Strong monthly results from Progressive (PGR) and Allstate (ALL) in October and November reinforced healthy profitability levels, supporting a constructive outlook for carrier customer acquisition spend into 2026. Meanwhile, high insurance premiums amid a more price-sensitive consumer backdrop are driving policyholders to shop for better rates. Given these dynamics, carriers are expected to prioritize volume-driven growth, leading to an increase in advertising throughout 2026 as firms jockey for incremental market share. For EverQuote, the company has indicated that 80% of its top 25 carriers have yet to return to their historical peak spending levels, signaling further room for budget expansion in 2026. While EverQuote faces tough comps heading into 2026, we believe strong secular trends, solid carrier profitability, and AI-driven product innovation should sustain double-digit revenue growth and steady margin expansion.

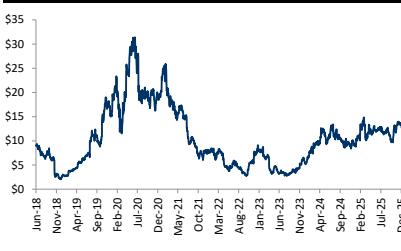
- Continuing to benefit from secular tailwinds and ongoing recovery in carrier spending:** Complementing the digitization of insurance customer acquisition spend, carriers remain solidly profitable, which should support steady budget growth.
- Streamlining initiatives should deliver higher profitability over time:** We expect EverQuote to achieve higher levels of profitability over time, in part reflecting operating leverage and continued AI-driven efficiency gains.
- Attractive valuation given ongoing business momentum:** While EVER shares are up ~35% in FY25, we think the valuation at ~1x 2026 sales does not fully reflect multi-year tailwinds from the digitization of auto insurance.

Figure 29: Valuation Table

| | |
|--------------------------|-------------|
| Current price | \$24.97 |
| Market cap | \$949 |
| EV | \$803 |
| Current Multiples | |
| | 2026E 2027E |
| EV/Revenue | 1.1x 1.0x |
| EV/EBITDA | 7.6x 6.7x |
| P/E | 14.3x 13.8x |

Source: Company Reports, Canaccord Genuity estimates; Note: Market cap and EV are in millions

Figure 30: Historical Stock Chart



Source: FactSet

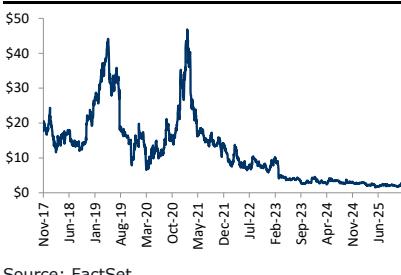
Past performance does not predict future results.

Figure 31: Valuation Table

| | |
|--------------------------|-------------|
| Current price | \$2.93 |
| Market cap | \$87 |
| EV | \$104 |
| Current Multiples | |
| | 2026E 2027E |
| EV/Revenue | 0.5x 0.4x |
| EV/EBITDA | 28.3x 11.8x |
| P/E | NM NM |

Source: Company Reports, Canaccord Genuity estimates; Note: Market cap and EV are in millions

Figure 32: Historical Stock Chart



Source: FactSet
Past performance does not predict future results.

Fluent (FLNT: \$2.50 PT | HOLD)

Recent Developments: FLNT stock was up ~8% in Q4. Persistent declines in the company's O&O business are still weighing on consolidated revenue; however, the CMS segment continues to scale through new enterprise partnerships with brands like DICK'S and solid initial traction with the Rebuy partnership. Looking, Fluent is developing a suite of new Commerce Media solutions that extend beyond post-transaction touchpoints to broaden its monetization scope. Additionally, management continues to target double-digit y/y revenue growth and adj. EBITDA profitability, noting that any stabilization in the O&O business would represent additional upside. While the continued evolution of Commerce Media is promising, we believe a HOLD rating is appropriate for now, given continued declines in O&O, and as a return to meaningful consolidated revenue growth is unlikely before 2H26.

Investment Thesis:

- Macro and competitive headwinds cloud growth visibility:** Despite a stable digital advertising backdrop, Fluent's relatively smaller platform and elevated exposure to individual client budget shifts, as well as regulatory and competitive headwinds, create NT uncertainty around sustainable growth.
- Commerce Media expected to power return to more meaningful revenue growth in FY26:** While still early days for Commerce Media Solutions, the business continues to scale rapidly and win new clients, and management continues to expect triple-digit growth in FY26 for the segment.
- Valuation reflects near-term risks:** With shares trading at <1x 2026 sales, we think the stock prices in liquidity uncertainty and near-term growth challenges; however, we believe a return to growth and progress with the balance sheet should support healthy multiple expansion.

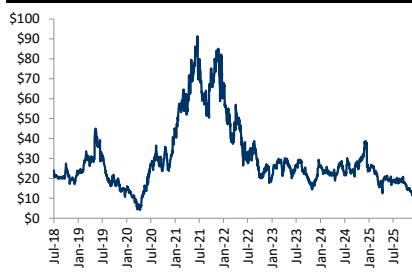
Lovesac (LOVE: \$24 PT | BUY)

Figure 33: Valuation Table

| | |
|--------------------------|-------------|
| Current price | \$15.38 |
| Market cap | \$249 |
| EV | \$226 |
| Current Multiples | |
| | 2026E 2027E |
| EV/Revenue | 0.3x 0.3x |
| EV/EBITDA | 5.7x 4.3x |
| P/E | 49.1x 11.8x |

Source: Company Reports, Canaccord Genuity estimates; Note: Market cap and EV are in millions

Figure 34: Historical Stock Chart



Source: FactSet
Past performance does not predict future results.

Recent Developments: LOVE shares were down ~13% in Q4. Despite signs of a slight category improvement in 2H25, macro and tariff-related headwinds continue to pressure broader furniture spend and cause consumers to trade down. This difficult backdrop was reflected in Lovesac's Q3 performance, with total revenue roughly flat y/y and falling slightly below the lower end of its guidance. As such, Lovesac is shifting its focus in the near-term from showroom expansion toward capturing incremental market share via core SKU extensions and refining its customer acquisition engines. The company is also diversifying its portfolio with Snugg sofa extensions and a high-end sectional platform arriving in mid-CY26. These launches are supported by redesigned Sactional components and a revamped delivery and setup experience aimed at improving customer satisfaction. With ongoing platform and product innovation, combined with the current valuation at less than 1x forward revenue, we believe investor sentiment may be bottoming and that the company is well positioned as category spending stabilizes.

Investment Thesis:

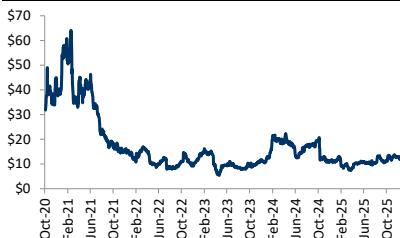
- Category leader that continues to gain share:** Lovesac's omnichannel approach that leverages showroom, online, and pop-up touchpoints along with its unique "Designed for Life" value proposition should enable it to continue outperforming the furniture category and gain market share.
- Shift to ignite the core Lovesac business:** Management sees significant opportunity to drive growth in the core Lovesac business through product extensions and by capitalizing on early momentum in emerging customer acquisition channels.
- Expect multiple to expand as execution persists and category rebounds:** At <1x FY27 sales, we think the valuation does not fully reflect the company's tech-enabled positioning, brand awareness, and multi-year growth prospects.

Figure 35: Valuation Table

| | |
|--------------------------|------------------|
| Current price | \$11.85 |
| Market cap | \$823 |
| EV | \$907 |
| Current Multiples | |
| | 2026E 2027E |
| EV/Revenue | 0.7x 0.7x |
| EV/EBITDA | 7.5x 6.6x |
| P/E | 7.9x 6.8x |

Source: Company Reports, Canaccord Genuity estimates; Note: Market cap and EV are in millions

Figure 36: Historical Stock Chart



Source: FactSet

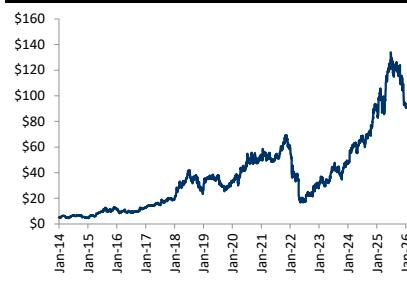
Past performance does not predict future results.

Figure 37: Valuation Table

| | |
|--------------------------|------------------|
| Current price | \$90.61 |
| Market cap | \$392,628 |
| EV | \$397,767 |
| Current Multiples | |
| | 2026E 2027E |
| EV/Revenue | 7.9x 7.2x |
| EV/EBITDA | 24.3x 21.5x |
| P/E | 30.5x 27.1x |

Source: Company Reports, Canaccord Genuity estimates; Note: Market cap and EV are in millions

Figure 38: Historical Stock Chart



Source: FactSet

Past performance does not predict future results.

MediaAlpha (MAX: \$15 PT | BUY)

Recent Developments: MAX shares were up ~14% in Q4. With expectations in the Health vertical reset following the FTC settlement, investor focus has purportedly shifted back toward core P&C operating momentum. Accordingly, the carrier industry backdrop remained favorable throughout Q4, according to monthly results from Progressive (PGR) and Allstate (ALL) in [October](#) and [November](#). While Transaction Value reached record levels in Q3, heavy participation from the largest P&C carriers led to an increased mix of private marketplace transactions, constraining top-line revenue growth and contribution margins. Looking ahead to 2026, as demand broadens and carriers pivot toward volume-driven growth, we expect open-marketplace transactions to regain share. Against this backdrop, we see an attractive risk-reward for shares given ongoing P&C momentum and an attractive valuation at <1x FY26 revenue.

Investment Thesis:

- Healthy carrier profitability continues to support customer acquisition spend:** Despite carriers returning to pre-hard market spend levels (or on track to do so by early 2026), encouraging profitability profiles should continue to support healthy growth in the P&C vertical.
- FTC regulatory overhang lifted, Health segment estimates reset:** Despite a near-term headwind related to MediaAlpha's FTC settlement, the Medicare Advantage market represents a large \$500B annual spend opportunity.
- Undemanding valuation discounts core P&C momentum:** While shares of MAX have gained ~14% in Q4, valuation remains attractive at less than 1x 2026 sales. We believe the core P&C business remains undervalued given secular tailwinds and a favorable financial model.

Netflix (NFLX: \$152.50 PT | BUY)

Recent Developments: Netflix shares were down ~22% in Q4. Near-term investor attention is likely to remain concentrated on the company's bid to acquire Warner Bros, which is being challenged by Paramount, although Warner Bros is expected to reject Paramount's latest hostile bid. The stock is down ~10% since the deal was announced, and a successful acquisition would likely further cement Netflix as the 'default' global entertainment platform by dramatically expanding its scale and reach (see more on our thoughts [here](#)). Meanwhile, Netflix continues to deliver strong engagement and monetization trends supported by its own robust content slate. In Q3, the company achieved its highest-ever quarterly view share in both the US and UK, and total view hours growth accelerated relative to 1H25. Beyond content, Netflix is prioritizing two strategic initiatives for the ad business in 2026: (1) streamlining the buying process for advertisers and (2) broadening the diversity of its advertiser base. Although the stock continues to trade at a premium valuation, we remain constructive on the setup given strong engagement trends, accelerating advertising momentum, and margin expansion.

Investment Thesis:

- Robust content slate should support continued engagement strength:** Continued investments in content production and acquisition should enable Netflix to maintain a strong content slate, thereby retaining existing subscribers and attracting new users across membership tiers.
- Advertising segment developing well:** With the ad tier continuing to scale nicely and the company making solid progress building out its programmatic infrastructure, we anticipate upward estimate revisions over time.
- Premium but not unreasonable valuation given financial profile:** At ~8x FY26 revenue, Netflix commands a premium valuation, however we feel it is warranted given the company's clear leadership in product-market fit, global scale, and multi-year growth prospects.

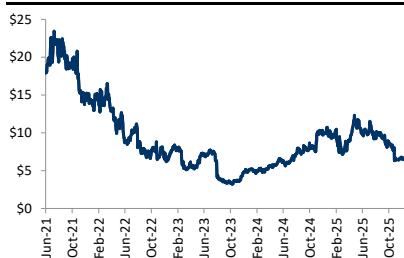
Nexxen (NEXN: \$12 PT | BUY)

Figure 39: Valuation Table

| | |
|--------------------------|-------------|
| Current price | \$6.04 |
| Market cap | \$355 |
| EV | \$239 |
| Current Multiples | |
| | 2026E 2027E |
| EV/Revenue | 0.6x 0.6x |
| EV/EBITDA | 1.9x 1.7x |
| P/E | 9.6x 7.5x |

Source: Company Reports, Canaccord Genuity estimates; Note: Market cap and EV are in millions

Figure 40: Historical Stock Chart



Source: FactSet

Past performance does not predict future results.

Recent Developments: Nexxen shares were down ~29% in Q4. Q4 revenue is expected to be impacted by tariff-related budget pressures and an idiosyncratic pullback in spend from one DSP customer. In response, Nexxen is its reliance on third-party DSPs, scaling channels less vulnerable to AI disruption, and enhancing its data and CTV capabilities through internal investment and strategic M&A.

Separately, product innovation remains a priority, with the expected early 2026 launch of a programmatic Smart TV home screen activation solution offering advertisers access to scaled native Smart TV inventory. The combination of these efforts, coupled with an expectation that the one DSP customer returns to a more normalized growth trajectory, leaves management confident that ~10% y/y growth in programmatic revenue is achievable in 2026.

Investment Thesis:

- Strong foothold in one of the fastest-growing segments of digital advertising:** The US CTV advertising market reached nearly \$30B in 2024 and is expected to grow in the mid-to-low double-digits through 2028, and Nexxen is well-positioned to benefit from these secular trends thanks to prior investments in its CTV capabilities, including acquisitions and data partnerships.
- End-to-end offering and robust data platform underpin value proposition:** Nexxen's end-to-end approach offers advantages to both customers (data synchronization, cost efficiencies) and Nexxen (monetization of both advertisers and publishers), and both the DSP and SSP are connected to the Nexxen Data Platform, which enables them to leverage 1P and 3P data.
- Highly attractive valuation:** NEXN shares trade at <1x FY26 contribution ex-TAC and ~2x adj. EBITDA, and we believe consistent execution should rebuild investor confidence over time.

Snap (SNAP: \$9 PT | HOLD)

Figure 41: Valuation Table

| | |
|--------------------------|-------------|
| Current price | \$8.79 |
| Market cap | \$15,934 |
| EV | \$16,432 |
| Current Multiples | |
| | 2026E 2027E |
| EV/Revenue | 2.5x 2.2x |
| EV/EBITDA | 19.0x 12.9x |
| P/E | 21.8x 15.0x |

Source: Company Reports, Canaccord Genuity estimates; Note: Market cap and EV are in millions

Figure 42: Historical Stock Chart



Source: FactSet

Past performance does not predict future results.

Recent Developments: SNAP stock was up ~5% in Q4. While the fundamental backdrop at Snap appears stable, visibility into more robust advertising revenue growth remains limited. Q3 was a step in the right direction, with ad revenue growth accelerating 170 bps q/q amid further enhancements to AI and ML capabilities as well as momentum with SMBs. The company also signed a major partnership with Perplexity to integrate conversational search directly into Snapchat, and similar deals with other AI partners could serve as a catalyst for the stock in 2026. Other potential tailwinds include the launch of Specs, accelerating AR innovation, and continued traction with Sponsored Snaps and Snapchat+. That said, despite these pockets of momentum, we believe ad revenue needs to show signs of healthier reacceleration for sustained share price appreciation.

Investment Thesis:

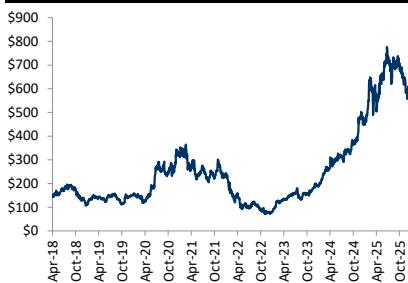
- Visibility into sustained healthy advertising revenue growth remains limited:** While the company has made solid progress retooling its direct response platform, given mixed ad revenue performance and macro volatility, forward visibility remains muted.
- New features show promise but uncertain path to monetization:** We are encouraged by healthy underlying engagement trends like global time spent watching content and the number of content viewers both increasing y/y in Q3; however, both user and engagement trends in North America are still muted.
- Valuation balances growth potential with near-term uncertainty:** At ~2.5x 2026 sales, we believe SNAP's valuation credits the company for its engaged user base and new growth vectors, while also reflecting uncertainty around the sustainability of the near-term growth outlook.

Figure 43: Valuation Table

| | |
|--------------------------|-------------|
| Current price | \$571.43 |
| Market cap | \$121,615 |
| EV | \$113,262 |
| Current Multiples | |
| | 2026E 2027E |
| EV/Revenue | 4.9x 4.3x |
| EV/EBITDA | 28.4x 23.1x |
| P/E | 42.6x 33.8x |

Source: Company Reports, Canaccord Genuity estimates; Note: Market cap and EV are in millions

Figure 44: Historical Stock Chart



Source: FactSet

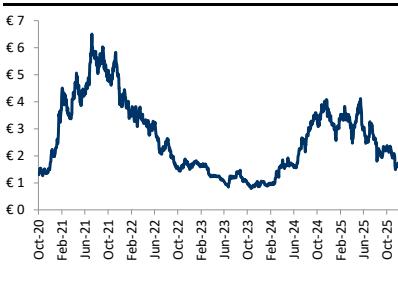
Past performance does not predict future results.

Figure 45: Valuation Table

| | |
|--------------------------|-------------|
| Current price | € 1.76 |
| Market cap | € 387.25 |
| EV | € 748.03 |
| Current Multiples | |
| | 2026E 2027E |
| EV/Revenue | 1.1x 1.0x |
| EV/EBITDA | 4.6x 3.9x |
| P/E | 10.6x 8.9x |

Source: Company Reports, Canaccord Genuity estimates; Note: Market cap and EV are in millions

Figure 46: Historical Stock Chart



Source: FactSet

Past performance does not predict future results.

Spotify (SPOT: \$850 PT | BUY)

Recent Developments: Spotify shares were down ~17% in Q4. Amid the recent stock pressure, Spotify enters 2026 with healthy user and subscriber growth trends, although the advertising business remains sluggish. Looking ahead, we expect growth this year to be buoyed by (1) strong customer acquisition and engagement trends, (2) continued pricing power, and (3) recent programmatic infrastructure investments driving improved advertising performance. On pricing, Spotify is reportedly planning to raise US subscription rates in Q1 2026, the first increase since July 2024, which should be an incremental tailwind to topline growth. In October, Spotify announced that it would be bringing its video podcasts to Netflix beginning in 2026, and we expect video podcast content to remain a key focus area, with the potential for additional partnerships to further broaden distribution.

Investment Thesis:

- Leading audio network with unmatched consumer value proposition:** With access to over 100M tracks, nearly 7M podcasts, and 350K audiobooks and a superior recommendation algorithm that is being augmented by AI, we think Spotify's subscription value proposition materially outweighs its cost even after price increases, and we see room for further price adjustments.
- Continuing to drive margin expansion while leaning into most attractive investments:** With GMs now north of 30% and OI margin in the LDDs, Spotify's financial profile has evolved such that it can continue making targeted investments to support growth while still driving consistent margin expansion.
- Premium valuation but still room for expansion:** Although SPOT's forward EV/Sales is above its five-year average, given an evolving financial profile, we see room for further modest multiple expansion.

Verve Group (VRV-XETRA: €2.25 PT | BUY)

Recent Developments: Verve shares were down ~21% in Q4. While the recent unification of its in-app SSPs and DSPs has introduced some short-term friction and pressured organic growth of late, we believe integration issues are now largely behind the company. Verve is prioritizing the expansion of its DSP offering, anchored by its proprietary, privacy-compliant ATOM 3.0 targeting solution, which has driven strong growth on iOS. To accelerate adoption and deepen wallet share, Verve is scaling its go-to-market capabilities, expanding from ~35 sales managers at the start of 2025 to a planned 150 by YE26. With shares down 37% in FY25 and trading at a discount to ad tech peers, we view the current dislocation as an attractive entry point, especially when considering that FY26 consensus, which we estimate assumes low single-digit organic revenue growth, appears conservative.

Investment Thesis:

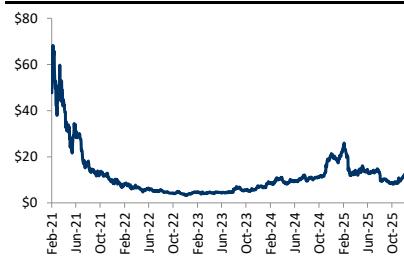
- Favorably positioned within the in-app mobile ad market:** Verve's near-term addressable opportunity in the global in-app ad market exceeds \$200B, and the company has a market-leading share of app inventory in the US.
- Product and salesforce investments lay the groundwork for consistent organic growth:** With a differentiated targeting solution well positioned relative to iOS privacy trends and a rapidly expanding salesforce to sell into large agency holding companies and mid-sized advertisers, we see a reasonable path to more consistent, meaningful levels of organic growth.
- Near-term forecast is conservative:** We believe our forecast is conservative given (1) it contemplates low-to-mid single-digit organic growth in FY26, (2) the company was seeing high-teens to mid-twenties organic growth prior to unification issues, (3) the market is expected to grow in the HSD/LDD.

Figure 47: Valuation Table

| | |
|--------------------------|-------------|
| Current price | \$11.97 |
| Market cap | \$781 |
| EV | \$620 |
| Current Multiples | |
| | 2026E 2027E |
| EV/Revenue | 1.6x 1.4x |
| EV/EBITDA | 2.5x 2.2x |
| P/E | 31.2x 27.2x |

Source: Company Reports, Canaccord Genuity estimates; Note: Market cap and EV are in millions

Figure 48: Historical Stock Chart



Source: FactSet

Past performance does not predict future results.

Viant (DSP: \$22 PT | BUY)

Recent Developments: Viant shares were up ~40% in Q4. Despite elevated volatility across other ad tech platforms in 2H, Viant delivered solid results driven by new customer wins, continued CTV strength, and growing demand in streaming audio. In terms of products, Viant's addressability solutions, including the Household ID and IRIS_ID are seeing increased adoption, with revenue attached to the IRIS_ID doubling sequentially in Q3. Regarding the AI suite, Viant continues to advance its capabilities, having recently launched AI Bidding 3.0 ahead of schedule, and expanded capabilities within AI Planning. With continued product momentum, expanding traction with larger enterprise clients, and an attractive valuation, we see a reasonable path for accelerating growth and multiple expansion in 2026.

Investment Thesis:

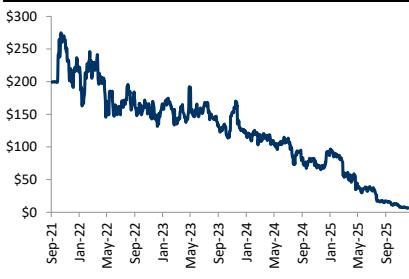
- CTV driving solid growth in programmatic:** Per eMarketer, US CTV ad spend is projected to reach nearly \$46B by 2028, surpassing linear TV for the first time. Viant is over-indexed to CTV, representing nearly half of platform spend and growing meaningfully faster than non-video.
- Expanding AI product suite could drive new budget flows:** Viant has been investing heavily in AI tools designed to democratize access to open web programmatic advertising, with ViantAI seeing encouraging adoption trends, and the IRIS and Lockr acquisitions should bolster Viant's targeting capabilities.
- Valuation reasonable relative to peers:** Shares were down ~37% in 2025 and trade at a discount to the ad tech peer group, with the valuation currently at a reasonable ~2x FY26 contribution ex-TAC.

Figure 49: Valuation Table

| | |
|--------------------------|-------------|
| Current price | \$7.47 |
| Market cap | \$77 |
| EV | \$320 |
| Current Multiples | |
| | 2026E 2027E |
| EV/Revenue | 0.6x 0.6x |
| EV/EBITDA | 10.6x 5.4x |
| P/E | NM NM |

Source: Company Reports, Canaccord Genuity estimates; Note: Market cap and EV are in millions

Figure 50: Historical Stock Chart



Source: FactSet

Past performance does not predict future results.

Vivid Seats (SEAT: \$12 PT | HOLD)

Recent Developments: Vivid shares were down ~57% in Q3. Although commentary from Live Nation suggests we could see a more normalized year for live events in 2026, Vivid continues to face mounting competitive pressures and broader macroeconomic headwinds. In response, the company has shifted its focus to its app, which saw double-digit q/q GOV growth and positive y/y trends in Q3. Looking ahead to 2026, the company provided a seemingly de-risked GOV outlook that calls for 5%-20% y/y declines against flat industry trends, reflecting a still competitive marketing backdrop and little contribution from the World Cup. SEAT shares declined more than 90% in 2025, and competitive dynamics will likely continue to weigh on Vivid's near-term performance, however any stabilization of fundamentals would likely result in rapid multiple expansion.

Investment Thesis:

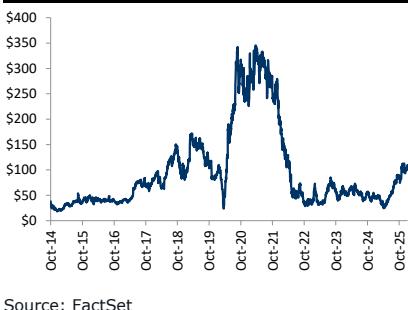
- Uncertain forward trajectory amidst ongoing competitive intensity:** With Vivid expecting an uncertain industry backdrop and continued competitive pressure, forward visibility is limited.
- International investments should help growth over time:** Vivid's marketplace is now live in four European countries, and we could see early signs of GOV contribution from these markets over the next few years.
- Valuation may be close to a bottom:** SEAT shares were down ~92% in 2025 and currently trade at <1x 2026 revenue, a valuation that ostensibly prices in near-term growth challenges, and we believe stabilization of the business would support healthy multiple expansion.

Figure 51: Valuation Table

| | |
|--------------------------|-------------|
| Current price | \$109.60 |
| Market cap | \$14,400 |
| EV | \$15,906 |
| Current Multiples | |
| | 2026E 2027E |
| EV/Revenue | 1.2x 1.2x |
| EV/EBITDA | 20.2x 17.4x |
| P/E | NM 34.9x |

Source: Company Reports, Canaccord Genuity estimates; Note: Market cap and EV are in millions

Figure 52: Historical Stock Chart



Source: FactSet

Past performance does not predict future results.

Wayfair (W: \$125 PT | BUY)

Recent Developments: Wayfair shares were up ~12% in Q4. Although macro uncertainty continues to pressure a broader recovery in furniture spend, there are some encouraging green shoots heading into 2026, including further interest rate reductions, slowing home price growth, and relief from tariff pressures (such as the postponement of the 50% furniture tariff until January 2027). Irrespective of the macro backdrop, however, Wayfair continues to drive market share gains via strategic initiatives including Wayfair Rewards, Wayfair Verified, physical retail expansion, and increased mobile app adoption. Additionally, structural margin improvements through supply-chain leverage and logistics efficiency gains have translated into stronger profitability. While Wayfair shares surged nearly 130% in 2025, the multiple could expand further in 2026 if continued share gains are complemented by further improvement in the macro backdrop.

Investment Thesis:

- Multiple growth initiatives to support share gains:** Having previously streamlined its cost structure, Wayfair is focused on key growth vectors such as enhancing merchandising capabilities, expanding its physical footprint, and driving adoption of its Multi-Channel services.
- Supply chain underpins competitive advantage:** Wayfair's CastleGate network and Wayfair fulfillment network are key competitive advantages relative to other pureplay home retailers as supply chain control improves inventory availability, shipping efficiency, & price.
- Achievable path to double-digit EBITDA margins over time:** While tariffs represent a near-term risk to margins, with much of the investment in growth initiatives already completed, management sees a path to double-digit EBITDA margins over the long term.

Zillow Group (ZG: \$84 PT | HOLD)

Recent Developments: ZG stock was down ~8% in Q4. While interest rates could begin to normalize in 2026, affordability remains a significant hurdle, as elevated home prices, property taxes, and insurance costs still need to moderate further to effectively drive sustained buyer demand and restore more balanced housing market liquidity. Meanwhile, Zillow faces regulatory pressure from a lawsuit with the FTC and competitive challenges tied to Compass' proposed merger with Anywhere, fueling investor caution. Despite these headwinds, the company continues to make steady strategic progress as it scales Enhanced Markets and Rentals, with the former now supporting 34% of all connections and driving nearly 60% growth in Zillow Home Loans in Q3. While broader housing market dynamics keep us cautious on the name, Zillow's strategic progress remains encouraging, and further signs of stabilization in the housing market would strengthen our view on the stock.

Investment Thesis:

- Housing market uncertainty persists:** Despite Zillow's overall industry outperformance, we think that top-line growth could remain pressured until the housing market shows signs of a more sustainable recovery.
- Growth initiatives could have an increasing impact as housing market rebounds:** Zillow is making solid progress across its efforts to grow its share of real estate transactions to 6% from 3%, with Enhanced Markets projected as of Q3 to cover 35% of connections by the end of FY25, up from 21% as of FY24.
- Valuation appears full:** At ~5x revenue and ~20x 2026 adj. EBITDA, Zillow's valuation appears to fairly price in its TAM expansion efforts, especially when considering near-term housing market uncertainty.

Figure 53: Valuation Table

| | |
|--------------------------|-------------|
| Current price | \$65.88 |
| Market cap | \$16,561 |
| EV | \$17,678 |
| Current Multiples | |
| | 2026E 2027E |
| EV/Revenue | 6.1x 5.4x |
| EV/EBITDA | 23.3x 18.5x |
| P/E | 33.2x 25.5x |

Source: Company Reports, Canaccord Genuity estimates; Note: Market cap and EV are in millions

Figure 54: Historical Stock Chart



Source: FactSet

Past performance does not predict future results.

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Investment Recommendation

Date and time of first dissemination: January 06, 2026, 23:02 ET

Date and time of production: January 06, 2026, 22:59 ET

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| Rating | Coverage Universe | | IB Clients % |
|-----------------|-------------------|--------|--------------|
| | # | % | |
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| Hold | 135 | 14.00% | 7.41% |
| Sell | 3 | 0.31% | 0.00% |
| Speculative Buy | 143 | 14.83% | 63.64% |
| | 964* | 100.0% | |

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