Shopify Inc

Shopify GMV to Shopify Payments GPV Bridge

Shopify Payments GPV penetration as an important factor in the company's medium-longer-term gross profit growth algorithm: Increasing Shopify Payments GPV penetration (GPV as a percentage of GMV) is an important part of the company's medium-longer-term growth algorithm (please see our 10-year growth algorithm analysis, with more recent figures in our model). For context, GPV as a percentage of GMV reached ~68% in Q2 2026. Investors often ask how high GPV penetration may reach over the coming decade, and we believe it could reach closer to ~90% of a much larger GMV number, supporting the persistence of gross profit growth. In this report, we provide estimated sizing of the various components that make up the other ~32% of GMV that is not processed by Shopify Payments. Some of these categories are ultimately addressable, while others will remain as GMV only for the foreseeable future.

Shopify GMV components that are not currently a part of GPV: The various components and/or currently limiting factors that make up the other ~32% of GMV that is not processed by Shopify Payments include: 1) country availability of Shopify Payments (with Shopify Payments now available in ~40 countries); 2) certain merchant categories not processed by Shopify Payments; 3) continued use of cash (particularly in the in-store POS business); 4) PayPal transactions outside the US; 5) certain marketplace volumes included in GMV (e.g., Amazon, eBay, etc. volumes supported by Shopify Marketplace Connect [formerly Codisto] and other recognized marketplace connectors); 6) Shop Pay Installments (SPI) transactions (recorded in GMV only) powered by Affirm; 7) certain enterprise merchants that opt to use a third-party payments processor for all or parts of their payments processing; and 8) other miscellaneous instances (i.e., Global-e direct integration, etc.). As part of this report, we estimate the sizing of each of these components. Excel analysis available by request.

Aspects of GMV that we consider more addressable for Shopify Payments: We believe a meaningful portion of the ~32% of GMV (as of Q2 2026) that is not being processed by Shopify Payments represents volume that could be converted to Shopify Payments GPV, in particular via transactions running through Shop Pay (which requires Shopify Payments to be the processor) and/or other APMs/LPMs processed by Shopify Payments (now available to Shopify merchants, as outlined in our report here). Further, a portion of the ~32% of GMV may remain as traditional keyed in and/or stored credential card volumes processed by third-party payments providers - these volumes were recently made more addressable by allowing Shopify Payments to be the backup processor. Additionally, PayPal transactions outside the US are currently not addressable, while PayPal within the US has been included in GPV since a September 2024 agreement between the two companies. It is possible we could see a similar arrangement outside the US over time. In summary, we believe that at least ~9-16% of the ~32% of GMV not currently processed by Shopify Payments could be considered more addressable. Of

Equities

Canada

Diversified Financial

12-month rating	**Neutral ***
12m price target	**US$145.00**
Price (13 Oct 2026)	**US$176.52**

RIC: SHOP.O **BBG:** SHOP US

Trading data and key metrics

52-wk range	US$179.22-95.40
Market cap.	US$229b
Shares o/s	1,298m (COM)
Free float	96%
Avg. daily volume ('000)	9,530
Avg. daily value (m)	US$1,340
Common s/h equity (12/26E)	US$13.2b
P/BV (12/26E)	17.4x
Net debt to EBITDA (12/26E)	NM

EPS (UBS, diluted) (USD)

	12/26E	
	UBS	Cons.
Q1	0.36	0.36
Q2	0.42	0.40
Q3E	0.46	0.46
Q4E	0.62	0.65
12/26E	1.86	1.90
12/27E	2.48	2.45
12/28E	3.23	3.35

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Highlights (US$k)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Revenues	7,060,000	8,880,000	11,556,000	15,093,223	19,013,780	23,731,132	29,326,306	35,957,152
EBIT (UBS)	782,072	1,487,000	1,978,000	2,788,211	3,821,720	5,028,172	6,538,890	8,456,578
Net earnings (UBS)	947,072	4,415,000	1,864,000	2,418,209	3,193,632	4,159,529	5,379,583	6,919,209
EPS (UBS, diluted) (US$)	0.73	3.40	1.42	1.86	2.48	3.23	4.19	5.40
DPS (net) (US$)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net (debt) / cash	1,217,000	1,351,000	1,447,000	1,926,047	3,654,820	6,056,339	9,562,697	14,514,551

Profitability/valuation	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
EBIT (UBS) margin %	11.1	16.7	17.1	18.5	20.1	21.2	22.3	23.5
ROIC (EBIT) %	9.1	14.6	16.7	23.5	32.6	40.8	49.7	60.0
EV/EBITDA (UBS core) x	80.5	61.4	81.6	81.1	59.0	44.5	33.8	26.1
P/E (UBS, diluted) x	76.8	22.9	89.1	94.8	71.3	54.6	42.1	32.7
Equity FCF (UBS) yield %	1.3	1.7	1.2	1.2	1.6	1.9	2.5	3.2
Dividend yield (net) %	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Source: Company accounts, LSEG Eikon, UBS estimates. Metrics marked as (UBS) have had analyst adjustments applied. Valuations: based on an average share price that year, (E): based on a share price of US$ 176.52 on 13-Oct-2026

This report has been prepared by UBS Securities LLC. * Exception to core rating bands; See Required Disclosures section. **ANALYST CERTIFICATION AND REQUIRED DISCLOSURES, INCLUDING INFORMATION ON THE QUANTITATIVE RESEARCH REVIEW PUBLISHED BY UBS, BEGIN ON PAGE 20.**

course, there are smaller portions of the ~32% of GMV that we would consider harder to address include cash transactions, categories not processed, marketplace volumes, Shop Pay Installments, and other miscellaneous instances (e.g., Global-e direction integrations), etc.

Implied true Shopify Payments GPV penetration: As mentioned above, the categories that are less likely to be addressable over time make up ~17-24% of GMV by our estimates, suggesting the combined most readily addressable and addressed GPV opportunity as ~87-92% of GMV on today's base. Thus, when we think about Shopify Payments' true penetration level, we should be thinking of ~68% divided by ~87-92% (vs. 68 of 100). We note this analysis is done on today's base, which could evolve over time and change the answer slightly, although we consider this analysis directionally helpful for investment purposes, and suggests a still meaningful runway remains for Shopify Payments penetration, even if it is not possible to address the entire ~100% of GMV.

"If Software Is Eating the World…Payments Is Taking a Bite": Our 2026 flagship industry slide deck includes ~400 slides related to our coverage universe, industry data, private company map, primer-like material, valuation updates, and "The UBS Payments, Processors, FinTech Top 40 Industry Themes", an overview of 40 topics we expect to be top of mind for investors and industry participants.

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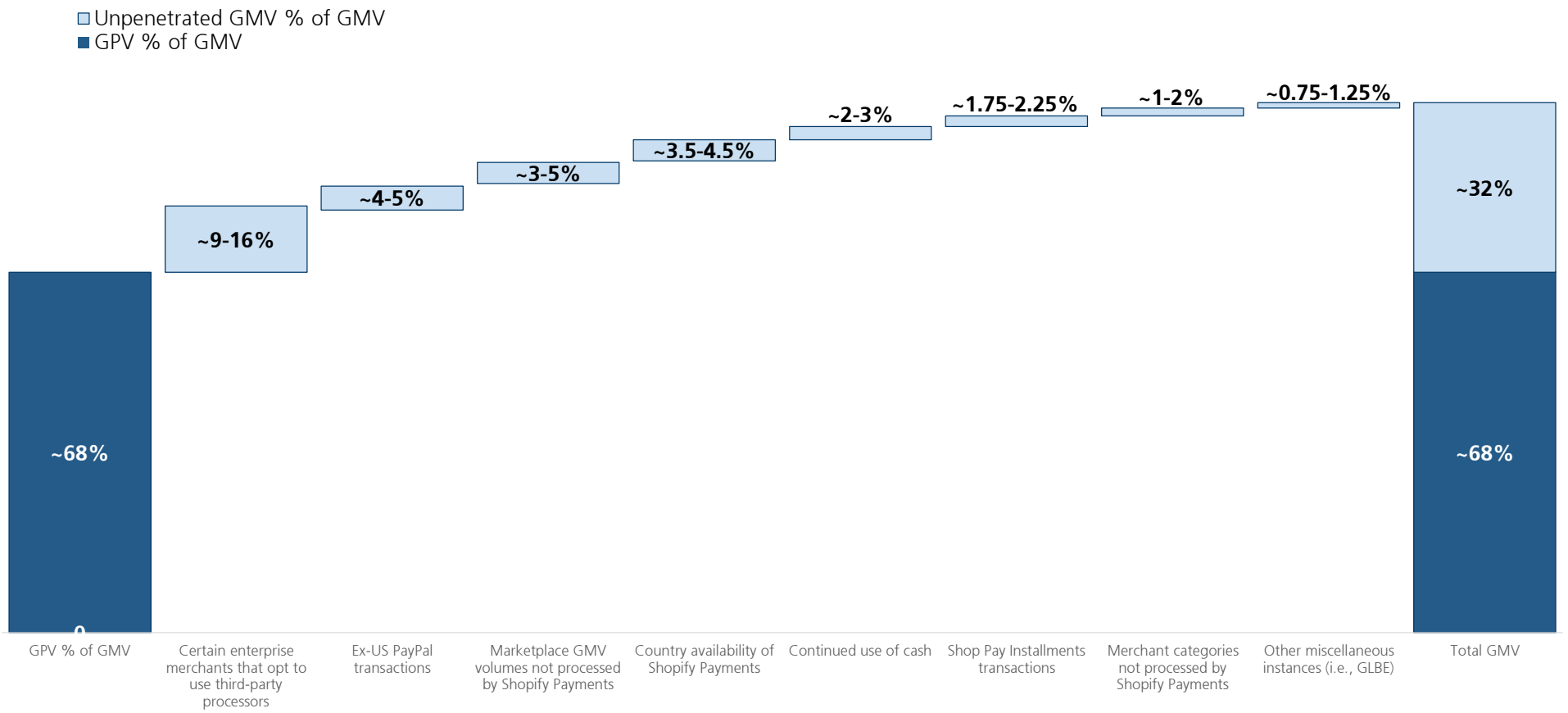
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Key Charts

Figure 1: Certain merchants using third-party processors is the largest segment (~9-16%) and, with country availability, comprises the most readily addressable GMV segments for GPV penetration



Source: Company data, eMarketer, World Bank, Worldpay, Codisto, CedCommerce, UBS estimates

Figure 2: We estimate mid- to high-teens % of Shopify GMV is more addressable for further Shopify Payments GPV penetration, implying up to ~90% addressable GPV opportunity as % of GMV

Category	Range			Addressability	Commentary
Marketplace GMV volumes not processed by Shopify Payments	3.00%	-	5.00%	Less addressable	Taken as a percentage of average historical GMVs (2026E) from the ~10 major marketplace integrations (Codisto, CedCommerce, etc.) over total Shopify GMV (2026E).
Continued use of cash	2.00%	-	3.00%	Less addressable	Taken as a percentage of Shopify POS Cash GMV (2025E) over total Shopify GMV (2025), summed with region-adjusted eCommerce cash usage (cash on demand, etc.) rate (Worldpay GPR 2025).
Shop Pay Installments transactions	1.75%	-	2.25%	Less addressable	Taken as percentage of Shop Pay Installments volume (2025E) over total Shopify GMV (FY 2025).
Merchant categories not processed by Shopify Payments	1.00%	-	2.00%	Less addressable	Taken as a percentage of "high integrity risk" industry sizes (online vitamin and supplements, online guns and ammunition, adult stores, online gambling) over US eCommerce true TAM.
Other miscellaneous instances (i.e., GLBE)	0.75%	-	1.25%	Less addressable	Taken as an illustrative 45% of GLBE GMV (2026E), over total Shopify GMV (2026E).
Ex-US PayPal transactions	4.00%	-	5.00%	Currently less addressable	Taken as a percentage of Illustrative PayPal GMV on Shopify (2025E) over total Shopify GMV (FY 2025), multiplied by ex-US share of PayPal Branded Checkout (FY 2025, UBSe). Would require a similar arrangement to the US (as of September 2024).
Country availability of Shopify Payments	3.50%	-	4.50%	More addressable	Taken as a percentage of regional GDP of Shopify Payments-supported countries (2024-2025, World Bank) over total regional GDP, adjusted for regional eCommerce share and Shopify GMV share by region (2025E).
Certain merchants that opt to use third-party processors	16.00%	-	9.00%	More addressable	Most penetrable category for Shopify GPV. Likely comprised of volume from larger, enterprise merchants; this could also include certain PayPal volumes from merchants not using Shopify Payments.
Total GMV unaddressed by GPV	32%		32%		
GPV % of GMV	68%		68%		From SHOP Model
Implied addressable GPV opportunity (as % of GMV)	**92%**	**-**	**87%**		More readily addressable for Shopify Payments
Shopify Payments penetration of addressable GPV TAM	**74%**	**-**	**79%**		

Source: Company data, eMarketer, World Bank, Worldpay, Codisto, CedCommerce, UBS estimates

GMV to GPV Bridge

Marketplace volumes included in GMV, but not processed by Shopify Payments

Marketplace orders (e.g., from Amazon, Target+, eBay, Walmart, Etsy, etc.) powered through Shopify Marketplace Connect (the company's first-party app, rebranded from the Codisto acquisition), as well as other recognized marketplace connector apps on the Shopify App Store (e.g., CedCommerce, LitCommerce, etc.), sync into Shopify and are managed as Shopify orders. These orders are included in Shopify's reported GMV metric. However, since those marketplaces run their own checkout, there is no associated Shopify Payments GPV. Said differently, volumes need to be facilitated via a connection app (either Shopify's own or another connector) to be captured in GMV. For context, we believe GMV that meets this construct remains small.

In contrast, and per above, where a marketplace order never becomes a Shopify order (e.g., TikTok Shop, not facilitated via Shopify even though Shopify enables eligible merchants to connect to TikTok Shop) or when the merchants activity on a marketplace is not synced into Shopify (e.g., merchant selling on Amazon purely through Seller Central with no connector to Shopify), the volume is neither Shopify GMV nor GPV (and these platforms run their own checkout). At the same time, we note that Shopify's monetization can be separate from volume recognition, as the company has arrangements with channel and ad partners that can generate Merchant Solutions revenue (but not Shopify Payments revenue) tied to merchant activity and ad spend on those platforms, with no corresponding GMV or GPV.

We size the contribution of GMV-recognized marketplace volumes through a directional estimate of integration provider volumes. We observe that, among all sales channel apps on the Shopify App Store, only ~10 have >500 reviews. Among these top ~10 include Shopify Marketplace Connect (formerly Codisto) and CedCommerce (which offers an Amazon Channel, Etsy Integration, eBay Integration, and Walmart Connector as four separate apps). From company reports, Codisto reported ~$2.5b in volume in 2022 prior to its acquisition by Shopify (which, at Shopify volume growth rate, implies ~$5b in 2026E), and CedCommerce reported a >$4b annual GMV in 2026. Taking the average volume between the largest players in the space with disclosed volumes (Codisto and CedCommerce) implies a ~$3b opportunity for major apps, which across ~10 of them becomes ~$25b (assuming an illustrative ~80% of provider volumes from Shopify merchants) of marketplace volumes and a share of at most ~5% (over 2026E total Shopify GMV; a more modest range being ~3-5%). Additionally, our conversations with the company suggest that this bucket of GMV remains small (albeit without defining more specifically).

Continued usage of cash

While Shopify's GMV includes all orders facilitated through its platform regardless of payment method, cash transactions may not be processed through Shopify Payments and do not contribute to GPV. This includes cash accepted for offline/POS transactions, cash-on-delivery eCommerce orders, and certain alternative payment models in which consumers pay with cash through retail locations, payment agents, or bank deposit networks. Cash as a driver of the GMV to GPV gap is notable given Shopify's expanding exposure to offline commerce and certain international markets where cash remains a prevalent payment method.

We size the contribution of cash usage separately for both Shopify's POS and eCommerce segments (i.e., certain cash-on-delivery transactions, etc.). For POS cash usage, we use 2025 GMV Offline (POS) (~$43b) as a share of 2025 total GMV, adjusted for an illustrative ~13% cash GMV mix of POS GMV (from Shopify POS deep dive, see here). For eCommerce cash usage, we leveraged Worldpay regional cash share of eCommerce payments, weighted by each region's share of global retail eCommerce sales. Combining both the offline and online channels suggests cash-based transactions represent ~2-3% of Shopify GMV.

Shop Pay Installments transactions

Shop Pay Installments transactions are included in GMV but not in GPV. The installment financing is facilitated through Shopify's partnership with Affirm. Shopify receives a revenue share from Affirm for these transactions, which is recorded in other Merchant Solutions revenue, but not as part of Shopify Payments revenue. We compare the 2025 Shop Pay Installments volume (~$7.2b) against 2025 total Shopify GMV, deriving a ~1.75-2.25% of contribution from Shop Pay Installments to GMV. This Shop Pay Installments segment is less readily addressable due to material changes required in changing its third-party partnership with Affirm.

Certain merchant categories not processed by Shopify Payments

Shopify Payments applies a more restrictive eligibility framework for merchant verticals and does not process certain risky merchant/product categories. In part, this difference may reflect imposed by Shopify Payments' underlying payment processor restrictions, rather than limitations of the Shopify platform itself (i.e., Stripe prohibits processing for illegal products and services, adult products, certain financial products, etc.). These restricted categories limit Shopify Payments penetration and include (but are not limited to and may vary by region):

- Regulated or illegal products and services (cannabis, prescription drugs, medical devices, tobacco, firearms, etc.)
- Financial products and services (money transfers, cryptocurrencies, check cashing, etc.)
- Adult products (adult videos, pay-per-view adult content, adult magazines, etc.)
- Pseudo pharmaceuticals (supplements, etc.)
- Gambling products and services (sports forecasting, lotteries, bidding, etc.)
- Counterfeit products

We illustratively size the contribution from higher-risk merchant categories at large by using the retail-only share of 2026E US industry revenues across the largest high-risk segments stated above (a sum of ~$31b, from IBISWorld data across online vitamin & supplement sales and online gun & ammunition sales) over 2026E US retail eCommerce true TAM (~$1.3t). We note that these volumes remain unaddressable for Shopify Payments GPV penetration (due to existing payment processing agreements that govern such restrictions).

Reflecting the top-down share of high-risk categories in retail eCommerce, we find that high-risk merchant categories could contribute as much as ~2.5% of Shopify's GMV, but we do not believe Shopify's broader business has much exposure to these categories at all, thus we use only a token ~1-2% of GMV assumption for categories not processed by Shopify Payments, simply to directionally account for this factor's existence.

Other miscellaneous instances (i.e., Global-e, etc.)

We note that in other miscellaneous instances, Shopify volumes are recorded in GMV but not in GPV. For instance, Global-e processes the payments for Shopify merchants' direct integration with Global-e (UBSe ~1% of Shopify GMV). We apply an illustrative ~45% Shopify exposure share onto 2026E Global-e GMV (~$9b) and express the resulting volume as a percentage of 2026E total Shopify GMV (representing this miscellaneous segment's lower bound). We estimate these volumes contribute a slightly elevated ~0.75-1.25% of GMV, while remaining outside of GPV. This segment reflects merchant choice to utilize specialized third-party payment and cross-border solutions and is thus less readily addressable by conversion to Shopify Payments GPV.

PayPal transactions outside the US

As of late 2024, PayPal transactions in the US are included in GPV, though PayPal transactions outside the US remain excluded from GPV. To estimate the size of PayPal transactions on Shopify sites outside the US, we begin with our illustrative 2025 Shopify PayPal GMV estimate (~$22bn) and carve out PayPal Branded Checkout's ex-US volume mix (~58%). We directionally increase the International mix to reflect the greater presence of the Shop Pay button in the US vs. ROW, using an illustrative ~70% of the PayPal volumes.

We then express the resulting volume as a percentage of 2025 total Shopify GMV estimate. Based on this framework, we estimate ex-US PayPal transactions contribute roughly ~4-5% of GMV. We continue to view this share as less readily addressable for Shopify Payments GPV, as it reflects the continued merchant use of PayPal's international processing infrastructure rather than a readily addressable opportunity to migrate to Shopify Payments. However, we believe it is possible to see a similar arrangement outside the US over time as US PayPal branded volumes are included within Shopify Payments GPV, and thus these volumes could become a part of GPV over time.

Country availability of Shopify Payments

Given Shopify's broader platform availability relative to Shopify Payments, country availability differences contribute to the GMV to GPV gap. As of October 2026, Shopify Payments operates in 40 markets (though its footprint is concentrated in larger, developed markets in North America and Europe). Shopify operates across most regions globally, subject to certain local regulatory requirements, commercial partnerships, and/or other pertinent factors. Shopify specifically does not support merchants in Cuba, Iran, North Korea, the Crimea region of Ukraine, and the so-called Donetsk and Luhansk People's Republics in Ukraine. Moreover, we continue to view Russia/Belarus and China as less addressable markets for Shopify (due to Shopify's suspension of operations in Russia/Belarus in 2022, the strength of local commerce and payments ecosystems in China, etc.).

We use a top-down, regional framework to estimate the portion of Shopify GMV generated in countries where Shopify Payments is not currently available. We begin by calculating the percentage of GDP within each major region represented by countries where Shopify Payments is currently available. Using World Bank country-level data from 2025-2026, we estimate that ~0% of North America, ~10% of Europe (ex-Russia), ~45% of APAC (ex-China), and >75% of both LATAM and MEA GDP are outside Shopify Payments' current scope.

Recognizing that GDP alone is an imperfect proxy for Shopify's TAM (as digital adoption and internet penetration may vary from a country's overall economic output, etc.), we then adjust these GDP-based shares for each region's contribution to 2026E global retail eCommerce sales volumes from eMarketer data. Finally, we weigh the resulting regional opportunity by Shopify's 2026E GMV mix (~60% North America, 20% EMEA, and 20% rest of world [ROW]). We estimate that countries where Shopify Payments is not currently available represent ~1.3% of Shopify's GMV in EMEA and ~2.8% in ROW, or a directional ~3.5-4.5% in aggregate.

Certain (particularly larger) merchants using third-party payments processors

The largest segment of the GMV to GPV bridge stems from certain larger enterprise merchants that continue to utilize third-party payment processors for all or a portion of their payment volume. In many cases, these arrangements reflect pre-existing processor and/or relationships that predate a merchant's adoption of Shopify. Among the ~32% of Shopify GMV unpenetrated by GPV, we derive an estimate of ~9-16% contribution from enterprise merchants on third-party processors after accounting for all other areas of GMV contribution. Because these transactions generally represent standard card and digital payment volumes (rather than cash, BNPL, third-party financing, etc.), we view this segment as the sole more readily addressable flow for Shopify Payments. As Shopify continues to expand its enterprise payments capabilities, we believe a portion of these volumes could migrate onto Shopify Payments, creating a meaningful long-term penetration opportunity.

Additional points: 1) GMV is defined as the total dollar value of orders facilitated through its platform (including certain apps and channels for which a revenue-sharing arrangement is in place in the period, net of refunds, and inclusive of shipping and handling, duty and value-added taxes); and 2) We recently published a recap of other Shopify Payments updates, including a new 1.25% fee, Shopify Payments' inclusion in Instinct and Muse, Stripe Link mechanical clarifiers, etc. with the full note here.

Additional Research

A selection of Shopify Payments-related updates: We highlight a number of recent updates related to Shopify Payments, including: 1) the recent change to allow what were traditionally non-Shopify Payments merchants to now use Shopify Payments specifically for Shop Pay and other alternative/local payment methods (APMs/LPMs); 2) addressing payments mechanics and unit economics associated with Instinct and Meta Muse, alongside the formalization of Meta's addition of Shop Pay within the Muse agentic commerce experience (which had already been a part of the original Meta press materials and thus, was an expected addition from the start) as well as Instinct's integration with Shopify (announced on September 28th); 3) recapping certain reporting mechanics around GMV and GPV, and the various factors for consideration in GPV penetration (cash, countries, categories, PayPal outside the US, Shop Pay Installments, certain volumes via marketplaces that run their own checkout, certain enterprise merchants, and other exceptions); and 4) additional points. See full note here.

Shop Campaigns Overview & Analysis: Shopify is building a discovery and performance-marketing layer through the Shop app and Shop Campaigns offering. Shop Campaigns enables merchants to acquire customers through targeted offers in the Shop app (mainly in the form of discounts today, alongside selective usage of Shop Cash) while merchants pay only for attributable customer acquisition. While still nascent today, we believe Shop Campaigns and the lead generation advertising business could become a more meaningful component of the long-term growth algorithm should the company decide to further invest behind the Shop app user base (increasing awareness as a top-of-funnel search tool), enabling greater monetization of its commerce network (via retaining a greater portion of the CAC paid by merchants). This report outlines the Shop Campaigns product offering and provides an illustrative framework to quantify the potential upside both in the near-term (more limited) and in a longer-term blue sky scenario (assuming investment behind scale and greater monetization). As part of this report, our Excel framework (available by request) allows investors to input assumptions around GMV penetration, lead generation monetization rate, etc., to arrive at potential gross profit contributions. See full note here.

Management meeting takeaways (June 2026): We hosted Rohit Mishra (VP of Product, Payments, Tax & Cross Border), Jeff Hoffmeister (CFO), and Shane Kleinstein, Carrie Gillard and Amy Gilkes (Investor Relations Team), for an educational discussion around the Shopify Payments business and its strategy. Key topics of discussion included: 1) Shop Pay's scaled two-sided buyer network supportive of checkout conversion; 2) Shop Pay (Commerce Components) as a significant role in enterprise wins (with additional Shop Pay related thoughts); 3) Shopify Payments penetration continuing to increase over time; 4) Cross-border considerations and payments take rate implications; 5) Shop Pay & Shopify Payments funding method related thoughts (i.e., addition of various APMs/LPMs adding choice and increasing conversion); 6) Shop Campaigns and Shop App updates; and more. See full recap here.

Demystifying Shopify's Retail POS (In-store) Business: We published a ~45 page deep dive on SHOP expanding upon Shopify's POS growth opportunity that we first examined in our note Analyzing Shopify's Long-Term Growth Algorithm. In this report, we provide an informative overview of Shopify's POS Software and Hardware offerings; a detailed analysis of our modeling assumptions behind Shopify POS gross profit across subscription revenue, payments revenue (with assumptions for GMV, GPV, and take rate), and other merchant solutions (which includes hardware); and an estimate of the US in-store retail payments TAM and the relative market share of Shopify POS and competitors. In summary, we believe Shopify POS business is an important part of the longer-term growth algorithm and a relatively underappreciated portion of the company's terminal value, particularly given the differentiated offering (combination of Shopify eCommerce / ecosystem with in-store POS), large TAM (in-store volumes are multiple times larger than eCommerce), and a relatively fragmented market with the absence of a modern leader (vs. SMB & Mid-market restaurant POS where Toast has ~30% share of volume in the US, UBSe). See full report here.

UBS Payments Innovation Event Series - Shopify from a Merchant's Perspective, featuring DataDish: We hosted Nevin Jethmalani, Founder & Chief Executive Officer of

DataDish, for a discussion on Shopify from a merchant's perspective. DataDish is an eCommerce consulting and analytics firm launched to help brands make faster, data-driven decisions. Topics of discussion included an introduction to DataDish, the eCommerce platform competitive landscape and alternatives to Shopify, Shop Campaigns and the broader advertising opportunity, pricing considerations, cross-border, and more. See full recap here.

Analyzing & sizing the global eCommerce checkout landscape: We expand our US eCommerce checkout method benchmarking analysis with an analysis of trends in international (i.e., global, ex-US, ex-China) eCommerce checkout methods to assess the potential impact of competition on PayPal's global Branded Checkout growth. This analysis serves as a reference and overview of annual market share trends in global eCommerce checkout methods (e.g., credit and debit cards, accelerated checkout/ buttons [Apple Pay, PayPal, Shop Pay, etc.], BNPL, etc) and evaluates market share trends across several sub-segments of the eCommerce market (i.e., desktop vs. mobile and retail vs. non-retail, backing out less addressable portions of volume such as Amazon and China) to size the potential impact to PayPal's Branded Checkout Business. The report outlines a quantitative framework to gauge the potential for runway and/or extent of competitive pressures for the Branded Checkout button, inclusive of market sizing and competitor estimates (illustrative and via scenarios). All analysis within this report available in Excel by request. See report here.

Shopify Payments pricing changes: Shopify Payments recently notified a subset of merchants of upcoming changes to pricing on premium cards, which Shopify defines as "domestic commercial, corporate, or business-tier cards, such as Visa Business, and all domestic American Express cards" in both the US and Australia. Said differently, all corporate cards and all American Express cards for these two countries. The update primarily reflects a continuation of pricing actions already implemented across more recently onboarded merchants (bringing legacy merchants up to the more current rate card, more detail below), rather than a fully new pricing initiative. In summary, we estimate the pricing changes will add ~50-100bps to GAAP gross profit growth and ~100-250bps to adjusted EBIT growth in 2026 (a partial year benefit given these changes begin April 6, 2026). We believe this change is indicative of Shopify's pricing power, particularly given recent first & fast mover status on agentic commerce and in rolling out AI tools to merchants (e.g., Sidekick, Magic, Tinker). Full report here.

Analyzing the Long-Term Growth Algorithm: Given Shopify's success across four TAM expansive growth pillars in Enterprise, International, In-store POS, and B2B (EII&B), we further examine the segment level TAM and market share dynamics to arrive at potential contributions to both GMV and gross profit growth over the coming decade. Our analysis suggests the potential for Shopify to compound GMV at a ~15-21% CAGR, while similarly increasing gross profit at a ~15-20% CAGR from 2025-2035E. As part of this analysis, we estimate potential contributions to growth across each of the pillars (Enterprise, International SMB, In-store POS, B2B, and core North America SMB) based on illustrative assumptions around TAM sizing & growth rates (today's sizing and 2035E), market share forecast ranges (today's share and 2035E), unit economics, payments penetration, and additional attach rates. Full report here.

Initial thoughts on agentic commerce announcements & takeaways from NRF 2026: Shopify unveiled several key updates to agentic commerce partnerships and capabilities in a news release alongside the opening of NRF 2026 (Retail's Big Show by the National Retail Federation), including integrations with leading AI platforms (i.e., Google AI Mode & Gemini and updates to Microsoft Copilot integration with a new embedded checkout experience). These partnerships marked another step into powering the agentic commerce enablement across major AI channels from the previously announced OpenAI/ChatGPT integration. Further, Shopify and Google introduced the Universal Commerce Protocol (UCP), co-developed by Google and Shopify (along with others) which provides an open standard enabling AI agents to conduct end-to-end commerce transactions with any merchant, supporting key checkout functions (i.e., payment processing, discounts, loyalty credentials, subscriptions, etc.). The vision behind UCP was to provide consumers merit-based recommendations through a common language for agents, which was designed to integrate with various commerce stacks in a processor agnostic manner (supporting any payment processor including Shopify Payments). The UCP underpins the newly announced embedded shopping experiences in Google Search's AI Mode and the Gemini app. Notably, we call out Google's press release suggesting initial payment

method will be through Google Pay, with PayPal soon to be available. We note that Google Pay acts as a pass-through digital wallet, which is simply used as a pass-through for a card network credential (e.g., Visa or Mastercard credit or debit card). See additional details in "eCommerce Payments (PayPal, Shop Pay, Apple Pay, etc.): Checkout Buttons Analysis & Benchmarking". See full recap here.

The Enterprise Opportunity; Business overview, sizing, & potential contribution analysis: Shopify is having success across three TAM expansive growth pillars in Enterprise, International, and In-store POS (EI&I). Given the company's success moving upmarket with larger and enterprise merchants, we focus this report specifically on the enterprise retail eCommerce opportunity, including a quantitative illustrative analysis around the potential contributions to GMV growth at various share levels over the coming decade. Additionally, in this report, we have included: 1) thoughts on Shopify's offering within the enterprise segment; 2) an overview of the competitive landscape; 3) illustrative enterprise segment unit economics; 4) a compiled list of a selection of Shopify enterprise customers, including a check of whether the Shop Pay button had been added at each of the sites (where we found Shop Pay at 28 of 48 named enterprise customers, suggesting the button is gaining traction with larger and enterprise merchants [~2-4x TAM expansive vs. SMB] which has implications for PayPal); and 5) additional capabilities, points, research, etc. All Excel analysis available in our Shopify model and by request. Please see the full report here, "Shopify: The Enterprise Opportunity; Business overview, sizing, & potential contribution analysis".

"The Question 6.0" merchant acquiring deep dive: We recently published "The Question 6.0 - A framework for sizing and analyzing the various swimlanes of the US merchant acquiring market", which addresses the evolution of the questions we get on merchant acquiring including an added focus on four broadly defined swimlanes within US merchant acquiring: 1) Software platforms (owned horizontal vertical SaaS businesses such as Square, Toast, Shopify, Clover, etc.); 2) Payments partners (merchant acquirers PSPs such as Stripe Connect, Adyen for Platforms, Global Payments Integrated, etc. that embed payments into software); 3) SMB direct (traditional payments distribution not tightly integrated to a POS and/or other software platform); and 4) Enterprise merchants (direct distribution to large enterprise merchants). The analysis also expands upon the software-led channel within the SMB segment, outlining the range of operating model options SaaS businesses have for partnering with PSPs, including illustrative unit economics implications for both the payments company and the SaaS business. We also include takeaways from our recent SMB Payments survey alongside additional detail on implied take rates by merchant size (i.e., mid-market & enterprise and SMB). The intention of this report is to outline the debate and present a quantitative framework for thinking about share gains & losses within US merchant acquiring over the next ~5 years. We continue to believe that software-led distribution is increasingly becoming the channel required to participate in the ~70%+ of industry revenues sourced via underlying SMBs, of which the vast majority could ultimately be running through a software platform (i.e., vertical- or horizontal-SaaS company, ISV, marketplace, etc.) longer term. We conclude that those best positioned will be either: 1) Owners and/or distributors of the software – either a stand-alone modern POS system and/or platform (e.g., Square, Shopify, Toast, etc.), owned software assets within a broader business (e.g., Clover within Fiserv, portions of the owned software portfolio Global Payments, etc.), or a distribution partner of the software platform (e.g., certain ISOs, banks partners, etc.); or 2) the preferred partners to these software companies for embedding and monetization-enhancing financial services across multiple channels, products, and geographies (e.g., Stripe Connect, Adyen for Platforms, and their accompanying Issuing, Capital, and Treasury services offered to platforms, among others). Excel analysis of all data from available by request. Full report here.

TOST, SHOP, XYZ, FISV, etc. - Updated thoughts related to MDL 1720: As a recap, there was a proposed settlement agreed between the two parties in March 2024, only to be rejected by the United States District Court Judge Margo Brodie in June of that same year. More than a year later, both sides remain engaged in settlement negotiations with an aim toward reaching a revised settlement while the case will be overseen by a new judge, Brian Cogan. Given elevated investor incoming on the topic, we update our analysis and thoughts related to merchant acquirers and software platforms. In summary, we expect PSPs that have a greater US skew, with higher credit card mix, and charge on a bundled basis to be the largest near-medium term beneficiaries (with these advantages likely competed away over time), while PSPs that charge on an interchange + basis and/or have a more geographically diversified business to see lesser impacts. We

quantify impacts to TOST, SHOP, XYZ, FISV, etc. in the report here.

Stripe Sessions 2026: We attended Stripe Sessions 2026 in San Francisco and provide a recap of the latest updates announced at the event, along with industry takeaways. Sessions is Stripe's flagship conference for users and broader industry participants, highlighting Stripe's expanding product portfolio and its role in enabling global commerce, money movement, and increasingly, AI driven transactions. This year, Stripe announced ~288 new products and features, underscoring its strategy to build the economic infrastructure for AI and next generation financial services. As part of this report, we provide a selection of panel discussion recaps (including from the likes of Stripe's various teams/leaders, alongside Visa, Mastercard, Lightspeed, Bank of America, BNY, Affirm, Amazon, and Walmart, among others). See full recap here.

Stripe Tour NYC 2025: We attended Stripe Tour New York where Stripe shared its biggest product updates from the last six months with Stripe customers (founders and enterprise leaders), developers, partners, and industry participants. We came away with new learnings and additional insights with respect to Stripe's strategy with stablecoins, agentic commerce developments, latest updates on Stripe Connect, and more. The day consisted of presentations, panels, product demonstrations/expositions, and fireside chats, including a closing fireside chat with Patrick Collison (Co-Founder of Stripe) and Philippe Laffont (Founder and Portfolio Manager of Coatue). While there were a number of announcements and observations with competitive implications across our coverage, we highlight: 1) Stripe's role in the recent OpenAI agentic commerce checkout integrations; 2) Stripe Link disclosure of 200mm connected accounts as it relates to PayPal and Shop Pay; and 3) Stripe Connect continues to launch new products and features at a high velocity with some (i.e., IC + for platform merchants) indicating an emphasis on continuing to move upmarket. In this report we provide summaries of selected key announcements and updates from Stripe Tour NYC. See full recap here.

US eCommerce checkout methods benchmarking analysis update: Similar to our broader industry benchmarking analysis (where we compare volume growth across card networks, scaled & higher-growth acquirers, & software-enabled payments on a quarterly basis), we are introducing an additional benchmarking analysis focused on US eCommerce checkout methods. This additional benchmarking serves as an overview of annual market share trends of US eCommerce checkout methods (e.g., credit and debit cards, accelerated checkout/buttons [Apple Pay, PayPal, Shop Pay, etc.], BNPL, etc.). Importantly, we evaluate market share trends across several sub-segments of the US eCommerce market, including desktop vs. mobile and Retail vs. non-Retail, while also backing out less addressable portions of volume (e.g., Amazon) for particular checkout buttons. As part of this iterative benchmarking analysis, we make updates to our assumptions for out-year BNPL GMV growth (ex-PayPal and Shop Pay installments). We include updated summary charts below of eCommerce Checkout Button share trends over time with our updated Excel analysis available by request. Full original report here.

Core vs. Plus revenue & gross profit mix analysis: We recently published a deep dive report on Shopify Core ("Standard" Shopify) vs. Shopify Plus merchant revenue mix, gross profit mix, and attach rates - please see our full note here. While the company regularly discloses revenue and gross profit by segment (Subscription Solutions vs. Merchant Solutions), at its December 2023 Investor Day the company provided additional Core vs. Plus revenue mix disclosures (specific to 2015, 2019, and 2023). This allowed us to further break down the revenue and gross profit by Core vs. Plus across each segment (which we divide into Subscriptions Solutions, Shopify Payments [within Merchant Solutions], and "Other" Merchant Solutions), which enables us to illustratively estimate gross margins and attach rates. All analyses in this note are included in our updated Shopify model, available upon request. Our analysis is built upon our prior recent work breaking down GMV and Shopify Payments GPV by Core vs. Plus, as detailed in our Shopify Payments Monetization Deep Dive.

Shopify Payments Monetization Deep Dive: We recently published a ~75 page deep dive report on Shopify Payments. Given Shopify's comprehensive suite of commerce enablement solutions, we frequently engage in investor discussions on how to model a number of key revenue drivers; most importantly "Payments & Processing" revenue (from Shopify Payments, Shop Pay, rev share from 3P gateways, and transaction fees) is

expected to account for ~60% of Shopify's total revenue in 2023, or ~80% of Merchant Solutions revenue. In this note, we provide a detailed analysis focused on Shopify's payments monetization, including Shopify Payments, transaction fees, Shop Pay (button), and Shopify POS (in store). This report not only serves as a reference guide to modeling Shopify's revenue from payments and transaction fees, but also provides a detailed analysis of Shopify's volume mix (eCommerce vs. POS mix, US vs. International, Shopify Core vs. Plus merchants/ GMV/GPV, and Shopify Payments [penetration of GMV] vs. other payment methods) and the economics associated with each part of the volumes (including drivers for take rates, breakdown of pay-aways, and gross margin profiles). Our modeling is based on Shopify's historical disclosures (often made on a one-off basis for many products), discussions with the company, and our own industry knowledge. Our Shopify model has been updated for the details in this note, with our analysis available in Excel by request.

Initial thoughts on Shopify Plus fee increases and Payments pricing changes (Core & Plus): On February 8, Shopify announced Shopify Plus pricing increases applicable to the monthly platform fee, third-party transaction fees (if not using Shopify Payments), and variable platform fee increases (i.e., online fee increases; no change to the variable platform fees for Retail [POS]). In addition, Shopify introduced a new B2B transaction fee and introduced commercial card rates (well above consumer card rates) for Shopify Payments used by Shopify Plus merchants. Full report here. In summary, our estimates suggest a roughly ~$260mm in annual (pro-forma) gross profit benefits, of which less than ~$200mm will be realized in 2024. We estimate this year's contributions will add ~500bps for YoY GAAP gross profit growth.

Shopify - Takeaways from UBS Global Technology and AI Conference: We hosted Carrie Gillard, Director, Investor Relations, of Shopify for a fireside discussion as part of UBS Global Technology and AI Conference. Key topics focused on: 1) BFCM 2025 updates; 2) GMV growth drivers; 3) Enterprise opportunity and sizing; 4) Shop Pay updates; 5) Point of Sale (POS/Offline), and more. Full recap here.

Q2 2026 Shop Pay and Offline POS updates

Shop Pay (button) updates and read through to PayPal (PYPL): Shop Pay GMV increased 53% YoY in Q2 to ~$41b, and Shop Pay surpassed $400b of lifetime accelerated GMV in June, as Shopify continued to expand local payment-method availability across Shopify Payments and Shop Pay. Shopify Payments processed ~$78b of GMV in Q2, up 38% YoY, and represented 68% of GMV (up ~4pts YoY from 64%) reflecting continued adoption of Shopify's payments infrastructure. Importantly, Shop Pay continues to scale alongside Shopify's international and enterprise expansion, both of which remain relevant to PayPal given PayPal's branded-checkout exposure outside the US, particularly in Europe. As to Enterprise, Shopify highlighted continued traction with larger merchant wins / go-lives in Q2, including Guess, Fred Segal, Aritzia, Avon, e.l.f. Cosmetics, Claire's, Burton, Suitsupply, Holt Renfrew, and additional Canada Goose locations. Shopify also expanded its relationship with Arhaus beyond online into offline, B2B, and Shopify Payments, reinforcing Shopify's ability to move further upmarket across online, POS, payments, and unified commerce. As to international, international GMV grew 37% YoY in Q2, while European GMV grew 34% FXN (vs. total-company GMV growth of 32% reported / 30% FXN); Shopify Payments penetration in Europe increased >350bps YoY, despite several countries having launched only in the prior year. Shopify also launched Shopify Payments in the UAE, bringing availability to 40 countries, introduced its first local-payment-method offering in Mexico, and expanded Managed Markets beyond US merchants to Canada and the UK. The continued growth of Shop Pay and increased Shopify Payments penetration in Europe are relevant to PayPal given its meaningful branded-checkout exposure in international markets, although Shopify did not disclose Q2 non-US Shop Pay growth or country-level Shop Pay volume.

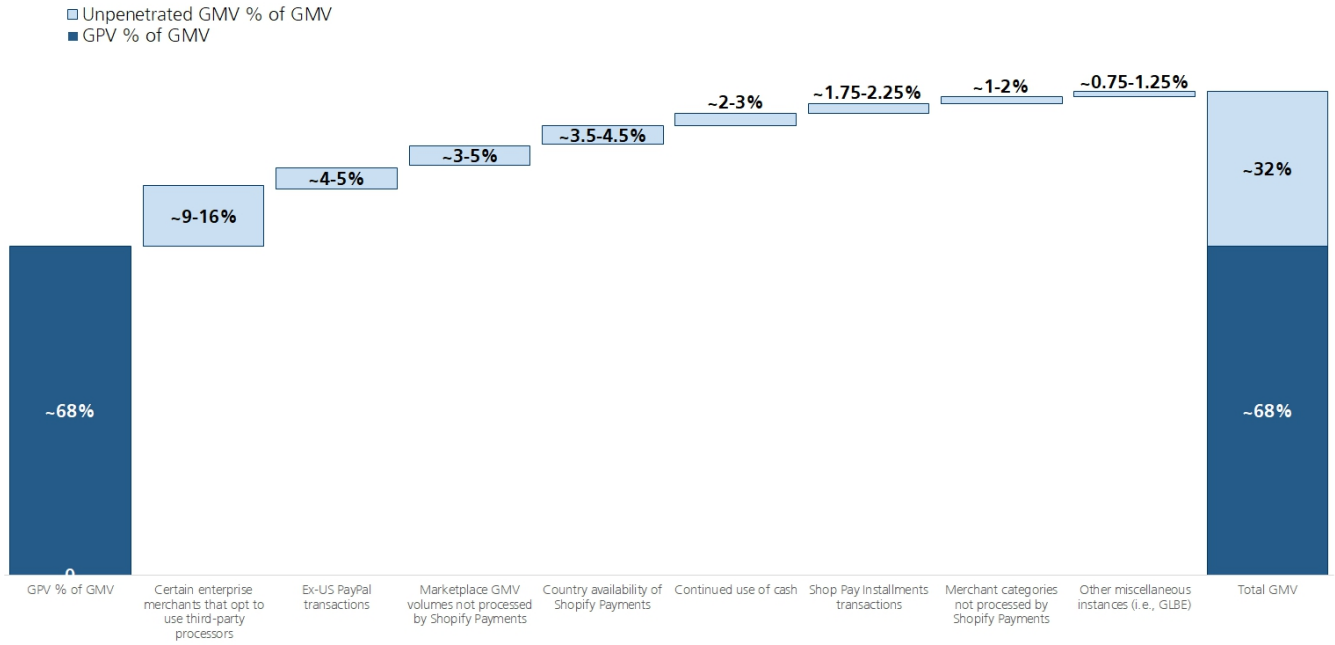
Offline POS updates: Offline GMV increased 32% YoY in Q2, broadly in line with total-company GMV growth, with management noting particularly strong momentum among large, complex retailers, which remained the fastest-growing POS segment. Having outpaced online GMV during 2021-2024, Shopify's offline GMV growth trailed online GMV in 2025, but we believe the lower penetration of the much larger offline market still offers significant potential for Shopify's offline GMV to compound at a high

rate in the years to come, boosted by enterprise adoption and international expansion. Shopify highlighted new or expanded Q2 POS relationships with Holt Renfrew, Canada Goose, and Arhaus, with Arhaus expanding from online into offline, B2B, and Shopify Payments. The company remains intent on leaning into the offline channel, highlighting faster POS performance and deeper unified-commerce capabilities across online, POS, payments, B2B, and agentic surfaces as key differentiators. In terms of product functionality, merchants can now fulfill orders across locations, move inventory between stores, and complete returns, exchanges, and new purchases within a single checkout. We estimate that Shopify POS volumes reached ~$43b in 2025, compared with Clover GPV of ~$325b in 2025 and our Square GPV estimate of ~$250b, of which we believe retail represents ~15-20% (i.e., ~$50-65b and ~$38-50b, respectively). However, we estimate a sizable portion of Shopify's offline GMV growth comes from enterprise and international merchants that are outside Square and Clover's core US SMB market. For additional context on the Offline/POS business, see our recent Deep Dive: Demystifying Shopify's Retail POS (In-store) Business.

"If Software Is Eating the World…Payments Is Taking a Bite": Our 2026 flagship industry slide deck includes ~400 slides related to our coverage universe, industry data, private company map, primer-like material, valuation updates, and "The UBS Payments, Processors, FinTech Top 40 Industry Themes", an overview of 40 topics we expect to be top of mind for investors and industry participants.

Appendix

Figure 3: We estimate mid- to high-teens % of Shopify GMV is more addressable for further Shopify Payments GPV penetration, implying up to ~90% addressable GPV opportunity as % of GMV



Category	Range			Addressability	Commentary
Marketplace GMV volumes not processed by Shopify Payments	3.00%	-	5.00%	Less addressable	Taken as a percentage of average historical GMVs (2026E) from the ~10 major marketplace integrations (Codisto, CedCommerce, etc.) over total Shopify GMV (2026E).
Continued use of cash	2.00%	-	3.00%	Less addressable	Taken as a percentage of Shopify POS Cash GMV (2025E) over total Shopify GMV (2025), summed with region-adjusted eCommerce cash usage (cash on demand, etc.) rate (Worldpay GPR 2025).
Shop Pay Installments transactions	1.75%	-	2.25%	Less addressable	Taken as percentage of Shop Pay Installments volume (2025E) over total Shopify GMV (FY 2025).
Merchant categories not processed by Shopify Payments	1.00%	-	2.00%	Less addressable	Taken as a percentage of "high integrity risk" industry sizes (online vitamin and supplements, online guns and ammunition, adult stores, online gambling) over US eCommerce true TAM.
Other miscellaneous instances (i.e., GLBE)	0.75%	-	1.25%	Less addressable	Taken as an illustrative 45% of GLBE GMV (2026E), over total Shopify GMV (2026E).
Ex-US PayPal transactions	4.00%	-	5.00%	Currently less addressable	Taken as a percentage of illustrative PayPal GMV on Shopify (2025E) over total Shopify GMV (FY 2025), multiplied by ex-US share of PayPal Branded Checkout (FY 2025, UBSe). Would require a similar arrangement to the US (as of September 2024).
Country availability of Shopify Payments	3.50%	-	4.50%	More addressable	Taken as a percentage of regional GDP of Shopify Payments-supported countries (2024-2025, World Bank) over total regional GDP, adjusted for regional eCommerce share and Shopify GMV share by region (2025E).
Certain merchants that opt to use third-party processors	16.00%	-	9.00%	More addressable	Most penetrable category for Shopify GPV. Likely comprised of volume from larger, enterprise merchants; this could also include certain PayPal volumes from merchants not using Shopify Payments.
Total GMV unaddressed by GPV	32%		32%		
GPV % of GMV	68%		68%		From SHOP Model
Implied addressable GPV opportunity (as % of GMV)	**92%**	-	**87%**		More readily addressable for Shopify Payments
Shopify Payments penetration of addressable GPV TAM	**74%**	-	**79%**		

Source: Company data, eMarketer, World Bank, Worldpay, Codisto, CedCommerce, UBS estimates

Shopify Inc (SHOP.O)

Income Statement (US$k)	12/23	12/24	12/25	12/26E	%ch	12/27E	%ch	12/28E	12/29E	12/30E
Revenues	**7,060,000**	**8,880,000**	**11,556,000**	**15,093,223**	*30.6*	**19,013,780**	*26.0*	**23,731,132**	**29,326,306**	**35,957,152**
Gross profit	3,554,072	4,489,000	5,567,000	7,178,169	*28.9*	9,031,692	*25.8*	11,193,482	13,764,476	16,847,552
EBITDA (UBS)	**823,472**	**1,508,600**	**1,996,600**	**2,804,699**	*40.5*	**3,836,717**	*36.8*	**5,041,725**	**6,551,138**	**8,467,646**
Depreciation & amortisation	(41,400)	(21,600)	(18,600)	(16,488)	*11.4*	(14,997)	*9.0*	(13,553)	(12,247)	(11,068)
EBIT (UBS)	**782,072**	**1,487,000**	**1,978,000**	**2,788,211**	*41.0*	**3,821,720**	*37.1*	**5,028,172**	**6,538,890**	**8,456,578**
Associates & investment income	0	0	0	0	-	0	-	0	0	0
Other non-operating income	1,603,000	1,153,000	41,000	384,649	*NM*	220,852	*-42.6*	237,055	270,708	301,914
Net interest	0	0	0	0	-	0	-	0	0	0
Exceptionals (incl goodwill)	(2,200,072)	(412,000)	(510,000)	(582,420)	*-14.2*	(590,494)	*-1.4*	(664,292)	(713,986)	(767,976)
Pre-tax profit	**185,000**	**2,228,000**	**1,509,000**	**2,590,440**	*71.7*	**3,452,078**	*33.3*	**4,600,935**	**6,095,613**	**7,990,516**
Tax	(53,000)	(209,000)	(278,000)	(515,578)	*-85.5*	(724,936)	*-40.6*	(966,196)	(1,280,079)	(1,678,008)
Profit after tax	**132,000**	**2,019,000**	**1,231,000**	**2,074,863**	*68.6*	**2,727,142**	*31.4*	**3,634,738**	**4,815,534**	**6,312,507**
Preference dividends	0	0	0	0	-	0	-	0	0	0
Minorities	0	0	0	0	-	0	-	0	0	0
Extraordinary items	0	0	0	0	-	0	-	0	0	0
Net earnings (local GAAP)	**132,000**	**2,019,000**	**1,231,000**	**2,074,863**	*68.6*	**2,727,142**	*31.4*	**3,634,738**	**4,815,534**	**6,312,507**
Net earnings (UBS)	**947,072**	**4,415,000**	**1,864,000**	**2,418,209**	*29.7*	**3,193,632**	*32.1*	**4,159,529**	**5,379,583**	**6,919,209**
Tax rate (%)	28.6	9.4	18.4	19.9	*8.0*	21.0	*5.5*	21.0	21.0	21.0

Per Share (US$)	12/23	12/24	12/25	12/26E	%ch	12/27E	%ch	12/28E	12/29E	12/30E
EPS (UBS, diluted)	0.73	3.40	1.42	1.86	*30.8*	2.48	*32.9*	3.23	4.19	5.40
EPS (local GAAP, diluted)	0.10	1.55	0.94	1.60	*70.0*	2.11	*32.3*	2.83	3.75	4.93
EPS (UBS, basic)	0.74	3.42	1.44	1.87	*30.1*	2.48	*32.9*	3.24	4.20	5.41
DPS (net) (US$)	0.00	0.00	0.00	0.00	-	0.00	-	0.00	0.00	0.00
Cash EPS (UBS, diluted) [1]	0.77	3.42	1.44	1.88	*30.4*	2.49	*32.6*	3.24	4.20	5.41
Book value per share	7.53	8.93	10.35	10.16	*-1.9*	11.93	*17.5*	14.43	17.89	22.58
Average shares (diluted)	1,291	1,299	1,310	1,298	*-0.8*	1,290	*-0.6*	1,287	1,284	1,281

Balance Sheet (US$k)	12/23	12/24	12/25	12/26E	%ch	12/27E	%ch	12/28E	12/29E	12/30E
Cash and equivalents	1,413,000	1,498,000	1,545,000	2,028,947	*31.3*	3,762,350	*85.4*	6,168,466	9,679,378	14,635,899
Other current assets	4,862,000	5,756,000	6,751,000	6,532,931	*-3.2*	7,015,722	*7.4*	7,651,490	8,310,089	9,065,372
Total current assets	**6,275,000**	**7,254,000**	**8,296,000**	**8,561,878**	*3.2*	**10,778,072**	*25.9*	**13,819,956**	**17,989,467**	**23,701,272**
Net tangible fixed assets	49,000	47,000	53,000	58,112	*9.6*	67,535	*16.2*	80,845	98,146	119,581
Net intangible fixed assets	456,000	474,000	521,000	514,922	*-1.2*	510,660	*-0.8*	507,864	506,029	504,825
Investments / other assets	4,519,000	6,149,000	6,319,000	6,145,295	*-2.7*	6,564,285	*6.8*	6,946,075	7,635,329	8,395,077
Total assets	**11,299,000**	**13,924,000**	**15,189,000**	**15,280,206**	*0.6*	**17,920,552**	*17.3*	**21,354,739**	**26,228,971**	**32,720,755**
Trade payables & other ST liabilities	898,000	1,038,000	1,392,000	1,773,444	*27.4*	2,206,537	*24.4*	2,474,387	2,950,703	3,492,752
Short term debt	0	0	0	0	-	0	-	0	0	0
Total current liabilities	**898,000**	**1,038,000**	**1,392,000**	**1,773,444**	*27.4*	**2,206,537**	*24.4*	**2,474,387**	**2,950,703**	**3,492,752**
Long term debt	196,000	147,000	98,000	102,900	*5.0*	107,531	*4.5*	112,127	116,681	121,348
Other long term liabilities	1,139,000	1,181,000	226,000	247,000	*9.3*	247,000	*0.0*	247,000	247,000	247,000
Preferred shares	0	0	0	0	-	0	-	0	0	0
Total liabilities (incl pref shares)	**2,233,000**	**2,366,000**	**1,716,000**	**2,123,344**	*23.7*	**2,561,067**	*20.6*	**2,833,514**	**3,314,384**	**3,861,100**
Common s/h equity	**9,066,000**	**11,558,000**	**13,473,000**	**13,156,863**	*-2.3*	**15,359,485**	*16.7*	**18,521,225**	**22,914,587**	**28,859,655**
Minority interests	0	0	0	0	-	0	-	0	0	0
Total liabilities & equity	**11,299,000**	**13,924,000**	**15,189,000**	**15,280,206**	*0.6*	**17,920,552**	*17.3*	**21,354,739**	**26,228,971**	**32,720,755**

Cash Flow (US$k)	12/23	12/24	12/25	12/26E	%ch	12/27E	%ch	12/28E	12/29E	12/30E
Net income (before pref divs)	132,000	2,019,000	1,231,000	2,074,863	*68.6*	2,727,142	*31.4*	3,634,738	4,815,534	6,312,507
Depreciation & amortisation	41,400	21,600	18,600	16,488	*-11.4*	14,997	*-9.0*	13,553	12,247	11,068
Net change in working capital	195,000	(166,000)	(117,000)	66,747	-	242,193	*262.9*	(39,867)	186,440	201,393
Other operating	548,000	(273,000)	888,000	725,432	*-18.3*	619,553	*-14.6*	862,183	763,816	938,406
Operating cash flow	**916,400**	**1,601,600**	**2,020,600**	**2,883,530**	*42.7*	**3,603,884**	*25.0*	**4,470,608**	**5,778,038**	**7,463,375**
Tangible capital expenditure	(39,000)	(19,000)	(26,000)	(22,200)	*14.6*	(24,420)	*-10.0*	(26,862)	(29,548)	(32,503)
Intangible capital expenditure	0	0	0	0	-	0	-	0	0	0
Net (acquisitions) & disposals	(31,000)	(30,000)	(56,000)	0	-	0	-	0	0	0
Other investing	(1,174,000)	(1,537,000)	(1,108,000)	506,939	-	(740,323)	-	(906,426)	(1,105,412)	(1,341,555)
Investing cash flow	**(1,244,000)**	**(1,586,000)**	**(1,190,000)**	**484,739**	-	**(764,743)**	-	**(933,288)**	**(1,134,960)**	**(1,374,058)**
Equity dividends paid	0	0	0	0	-	0	-	0	0	0
Share issues / (buybacks)	60,000	61,000	(811,000)	25,000	-	90,000	*260.0*	90,000	90,000	90,000
Other financing	0	0	0	(2,911,000)	-	(1,200,000)	*58.8*	(1,224,000)	(1,224,000)	(1,224,000)
Change in debt & pref shares	0	0	0	0	-	0	-	0	0	0
Financing cash flow	**60,000**	**61,000**	**(811,000)**	**(2,886,000)**	*-255.9*	**(1,110,000)**	*61.5*	**(1,134,000)**	**(1,134,000)**	**(1,134,000)**
Cash flow inc/(dec) in cash	**(267,600)**	**76,600**	**19,600**	**482,269**	*NM*	**1,729,141**	*258.5*	**2,403,320**	**3,509,078**	**4,955,317**
FX / non cash items	31,272	8,400	27,400	1,678	*-93.9*	4,262	*154.0*	2,796	1,835	1,204
Balance sheet inc/(dec) in cash	**(236,328)**	**85,000**	**47,000**	**483,947**	*NM*	**1,733,403**	*258.2*	**2,406,116**	**3,510,912**	**4,956,521**

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts.[1] Cash EPS (UBS, diluted) is calculated using UBS net income adding back depreciation and amortization.

Shopify Inc (SHOP.O)

Valuation (x)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
P/E (local GAAP, diluted)	NM	50.1	NM	NM	NM	62.5	47.0	35.8
P/E (UBS, diluted)	76.8	22.9	89.1	94.8	71.3	54.6	42.1	32.7
P/CEPS	73.0	22.7	NM	NM	70.8	54.3	41.9	32.6
Equity FCF (UBS) yield %	1.3	1.7	1.2	1.2	1.6	1.9	2.5	3.2
Dividend yield (net) %	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
P/BV	7.5	8.7	12.2	17.4	14.8	12.2	9.9	7.8
EV/revenues (core)	9.4	NM	NM	NM	NM	9.4	7.5	6.2
EV/EBITDA (UBS core)	80.5	61.4	81.6	81.1	59.0	44.5	33.8	26.1
EV/EBIT (core)	84.7	62.3	82.4	81.5	59.2	44.6	33.8	26.2
EV/OpFCF (core)	80.5	61.4	81.6	81.1	59.0	44.5	33.8	26.1
EV/op. invested capital	7.7	9.1	13.8	19.2	19.3	18.2	16.8	15.7

Enterprise value (US$k)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Market cap.	67,549,204	93,863,630	164,319,119	229,062,001	229,062,001	229,062,001	229,062,001	229,062,001
Net debt (cash)	(1,299,408)	(1,284,000)	(1,399,000)	(1,686,523)	(2,790,433)	(4,855,579)	(7,809,518)	(7,809,518)
Buy out of minorities	0	0	0	0	0	0	0	0
Pension provisions/other	0	0	0	0	0	0	0	0
Total enterprise value	**66,249,797**	**92,579,630**	**162,920,119**	**227,375,478**	**226,271,568**	**224,206,422**	**221,252,483**	**221,252,483**
Non core assets	0	0	0	0	0	0	0	0
Core enterprise value	**66,249,797**	**92,579,630**	**162,920,119**	**227,375,478**	**226,271,568**	**224,206,422**	**221,252,483**	**221,252,483**

Growth (%)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Revenue	26.1	25.8	30.1	30.6	26.0	24.8	23.6	22.6
EBITDA (UBS)	NM	83.2	32.3	40.5	36.8	31.4	29.9	29.3
EBIT (UBS)	NM	90.1	33.0	41.0	37.1	31.6	30.0	29.3
EPS (UBS, diluted)	NM	NM	(58.1)	30.8	32.9	30.6	29.6	28.9
Net DPS	-	-	-	-	-	-	-	-

Margins & Profitability (%)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Gross profit margin	50.3	50.6	48.2	47.6	47.5	47.2	46.9	46.9
EBITDA margin	11.7	17.0	17.3	18.6	20.2	21.2	22.3	23.5
EBIT (UBS) margin	11.1	16.7	17.1	18.5	20.1	21.2	22.3	23.5
Net earnings (UBS) margin	13.4	49.7	16.1	16.0	16.8	17.5	18.3	19.2
ROIC (EBIT)	9.1	14.6	16.7	23.5	32.6	40.8	49.7	60.0
ROIC post tax	8.8	13.8	12.8	19.0	25.8	32.2	39.3	47.4
ROE (UBS)	10.9	42.8	14.9	18.2	22.4	24.6	26.0	26.7

Capital structure & Coverage (x)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Net debt / EBITDA	(1.5)	(0.9)	(0.7)	(0.7)	(1.0)	(1.2)	(1.5)	(1.7)
Net debt / total equity %	(13.4)	(11.7)	(10.7)	(14.6)	(23.8)	(32.7)	(41.7)	(50.3)
Net debt / (net debt + total equity) %	(15.5)	(13.2)	(12.0)	(17.1)	(31.2)	(48.6)	(71.6)	NM
Net debt/EV %	(2.0)	(1.4)	(0.9)	(0.7)	(1.2)	(2.2)	(3.5)	(5.4)
Capex / depreciation %	94.2	88.0	139.8	134.6	162.8	198.2	NM	NM
Capex / revenue %	0.6	0.2	0.2	0.1	0.1	0.1	0.1	0.1
EBIT / net interest	-	-	-	-	-	-	-	-
Dividend cover (UBS)	-	-	-	-	-	-	-	-
Div. payout ratio (UBS) %	-	-	-	-	-	-	-	-

Revenues by division (US$k)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Others	7,060,000	8,880,000	11,556,000	15,093,223	19,013,780	23,731,132	29,326,306	35,957,152
Total	**7,060,000**	**8,880,000**	**11,556,000**	**15,093,223**	**19,013,780**	**23,731,132**	**29,326,306**	**35,957,152**

EBIT (UBS) by division (US$k)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Others	782,072	1,487,000	1,978,000	2,788,211	3,821,720	5,028,172	6,538,890	8,456,578
Total	**782,072**	**1,487,000**	**1,978,000**	**2,788,211**	**3,821,720**	**5,028,172**	**6,538,890**	**8,456,578**

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts.

Forecast returns

Forecast price appreciation	-17.9%
Forecast dividend yield	0.0%
Forecast stock return	-17.9%
Market return assumption	8.2%
Forecast excess return	-26.1%

Company Description

Shopify provides a cloud-based, multi-channel commerce platform for SMBs. The solution provides merchants with a single view of its business and customers across sales channels and enables them to manage inventory, process orders, and ship products.

Valuation Method and Risk Statement

Risks to our investment thesis: 1) Broader eCommerce competition, whether via Amazon and/or other marketplaces potentially taking increasing share of eCommerce volumes, or other platforms serving SMBs on a brand.com basis (e.g., Squarespace, Wix, GoDaddy, etc.); 2) Macroeconomic, particularly as it relates to consumer discretionary goods (Shopify GMV skew); 3) FX given a meaningful and fast-growing portion of the business outside the US. Our price target is based on an EV/GP multiple (informed by a multiple to growth ratio).

Quantitative Research Review

UBS Global Research publishes a quantitative assessment of its analysts' responses to certain questions about the likelihood of an occurrence of a number of short term factors in a product known as the 'Quantitative Research Review'. The views for this month can be found below. Views contained in this assessment on a particular stock reflect only the views on those short term factors which are a different timeframe to the 12-month timeframe reflected in any equity rating set out in this note. For previous responses please make reference to (i) previous UBS Global Research reports; and (ii) where no applicable research report was published that month, the Quantitative Research Review which can be found at https://neo.ubs.com/quantitative, or contact your UBS sales representative for access to the report or the Quantitative Research Team on ubs-quant-answers@ubs.com. A consolidated report which contains all responses is also available and again you should contact your UBS sales representative for details and pricing or the Quantitative Research Team on the email above.

Shopify Inc

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	4
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	4
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

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12-Month Rating	Definition	Coverage[1]	IB Services[2]
Buy	FSR is > 6% above the MRA.	55%	24%
Neutral	FSR is between -6% and 6% of the MRA.	39%	20%
Sell	FSR is > 6% below the MRA.	6%	21%

Source: UBS. Rating allocations are as of 30 September 2026.
1:Percentage of companies under coverage globally within the 12-month rating category.
2:Percentage of companies within the 12-month rating category for which investment banking (IB) services were provided within the past 12 months.

KEY DEFINITIONS:Forecast Stock Return (FSR) is defined as expected percentage price appreciation plus gross dividend yield over the next 12 months. In some cases, this yield may be based on accrued dividends. **Market Return Assumption (MRA)** is defined as the one-year local market interest rate plus 5% (a proxy for, and not a forecast of, the equity risk premium). **Under Review (UR)** Stocks may be flagged as UR by the analyst, indicating that the stock's price target and/or rating are subject to possible change in the near term, usually in response to an event that may affect the investment case or valuation. **Equity Price Targets** have an investment horizon of 12 months.

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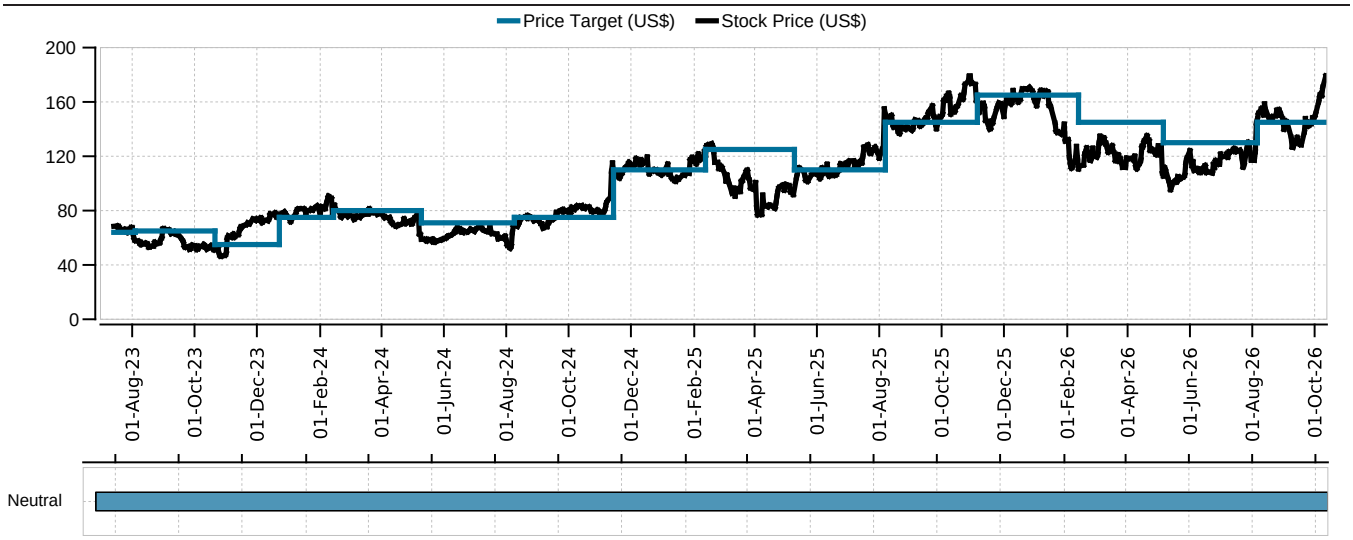
Company Name	Reuters	12-month rating	Price	Price date
Shopify Inc[16,28,20]	SHOP.O	Neutral (CBE)	US$176.52	13 Oct 2026

Source: UBS Global Research; LSEG Eikon. All prices as of local market close. Ratings in this table are the most current published ratings prior to this report. They may be more recent than the stock pricing date.

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Shopify Inc (US$)



Date	Stock Price (US$)	Price Target (US$)	Rating
2023-07-13	70.37	64.00	Neutral
2023-08-03	59.04	65.00	Neutral
2023-10-20	51.14	55.00	Neutral
2023-12-22	76.83	75.00	Neutral
2024-02-13	77.18	80.00	Neutral
2024-05-09	62.45	71.00	Neutral
2024-08-08	68.55	75.00	Neutral
2024-11-13	115.09	110.00	Neutral
2025-02-11	123.59	125.00	Neutral
2025-05-09	91.77	110.00	Neutral
2025-08-06	154.90	145.00	Neutral
2025-11-04	160.94	165.00	Neutral
2026-02-11	118.71	145.00	Neutral
2026-05-05	107.63	130.00	Neutral
2026-08-05	144.24	145.00	Neutral

Source: UBS Global Research; LSEG Eikon as of 13-Oct-2026. All prices as of local market close. Ratings as of date shown.

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