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## Equity Research Division

### Shopify Inc.

Leading provider of e-commerce infrastructure

**Target Price: \$ 430.7**

**Current Price: \$ 353.7** (as of 6<sup>th</sup> of June)

*Upside Potential: 22.8%*

**Recommendation: BUY**

**Investment Horizon: 5 Years**

Vienna, 10<sup>th</sup> of June 2022

# Team Overview

## Equity Research



**Patrick  
Pötzi**

**Head of  
Equity Research**

- Task distribution
- Story guideline



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Lukawinsky**

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- MSc. SIMC – 2<sup>nd</sup> Sem.
- BSc. (WU)



- BSc. (WU) – 4<sup>th</sup> Sem.



- BSc. (WU) – 2<sup>nd</sup> Sem.



- BSc. (WU) – 4<sup>th</sup> Sem.



- BSc. (WU) – 4<sup>th</sup> Sem.



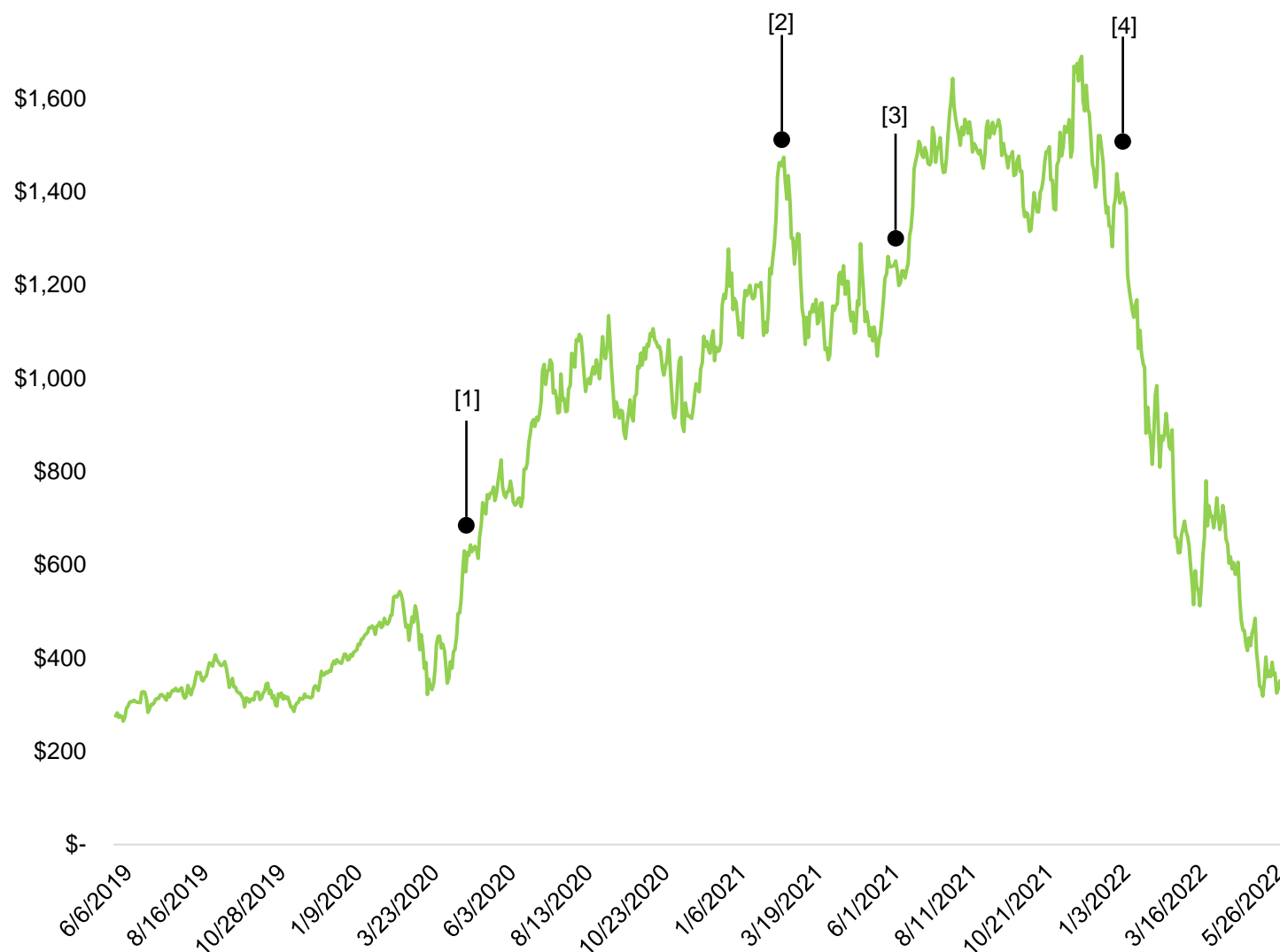
- BSc. (WU) – 6<sup>th</sup> Sem.

- MSc. (University of Vienna) – 3<sup>rd</sup> Sem.

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# Share Price Performance

Skyrocketing price levels during pandemic were recently corrected due to rising interest rates and uncertainty



## Share Price – Major Events

- [1] **May 2020 (+20%)** – Q1 results publishing – overall revenue for the quarter came in 46.6% higher compared to the prior-year period
- [2] **February 2021 (-29%)** – Q4 results publishing – slowing tempo of growth: net income was \$124 million compared to \$771 million a year ago
- [3] **June 2021 (+36%)** – Introduction of a new "buy now, pay later" payment option, decision to make its payments platform, Shop Pay, available for use outside of the company's e-commerce platform
- [4] **February - May 2022 (-75%)** – Q4 results publishing – forecast of the revenue slowdown; valuation concerns to the possibility of multiple interest rate hikes, rising inflation numbers, the Russian invasion of Ukraine

## Key Stats

- IPO:** 20<sup>th</sup> May 2015
- Ticker:** NYSE: SHOP
- 52-week range:** 308.06 - 1,762.92
- Market Cap:** 44,316.1 (million USD)
- Avg. 3M Daily Volume:** 4,158,924

Shopify can thrive even in a high interest rate environment as long as consumer spending stays up

## Key investment highlights



- 1 Shopify managed to **triple its revenue since the start of Covid-19** and is **expecting further growth** over the next few years
- 2 **Soon to-be a fully integrated end-to-end logistics platform** (Deliverr acquisition)
- 3 Digitalization of the world and **constantly growing e-commerce market with double-digit CAGR**
- 4 Shopify offers the **best-in-class solution for both SMEs and well-known brands** making it attractive to both businesses and consumers
- 5 As the **e-commerce industry is rapidly changing** one of its **competitors may adapt quicker** and **develop a competitive edge** against Shopify
- 6 Further rising inflation and **increasing interest rates can put pressure on Shopify's intrinsic valuation** despite its bright outlook





# Shopify Inc.

## Business Overview

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# Company Overview

Shopify went from building one online store to becoming the biggest e-commerce store builder

## Company Description

**Shopify** is building a global **commerce operating system** along with a growing set of **tools** and **capabilities** that enable **merchants** of all sizes to **sell** to anyone, anywhere.



**Headquarters**  
Ottawa, Canada



**Foundation**  
In 2004 as Snowdevil,  
an online store for  
snowboarding equipment



**Employees**  
~ 10,000  
worldwide



**Customers**  
~2.1 million merchants and  
~3.8 million live websites  
across 175 countries

## Financials

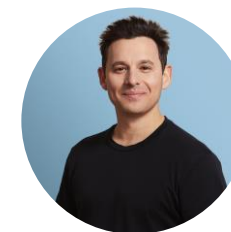
In million USD	2018	2019	2020	2021
<b>Revenue</b>	<b>1 073 229</b>	<b>1 578 173</b>	<b>2 929 491</b>	<b>4 611 856</b>
<b>Revenue Growth (%)</b>	<b>59.4%</b>	<b>47.1%</b>	<b>85.6%</b>	<b>57.4%</b>
<b>Gross Profit</b>	596 267	865 643	1 541 520	2 481 144
<b>EBIT</b>	-91 920	-141 147	90 153	268 643
<b>Net Income</b>	-64 553	-124 842	319 509	2 914 659

## Management



**Tobias Lütke**  
CEO since 2008

- Co-founder (2004)
- Chair of Board of Directors



**Harley Finkelstein**  
President since 2020

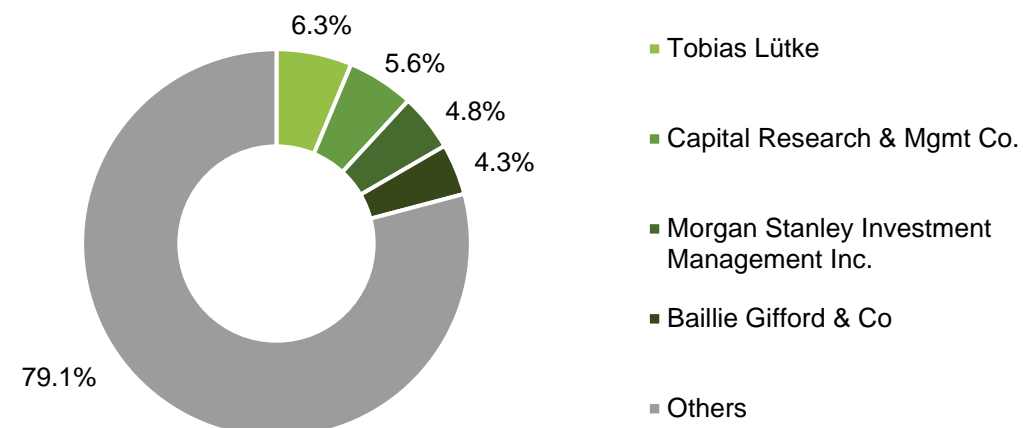
- Commercial teams, growth, external affairs
- Advisor to Felicis Ventures (>500 Inv.)



**Amy Shapero**  
CFO since 2018

- Previously CFO at Betterment (online wealth management service, \$33 billion AUM)

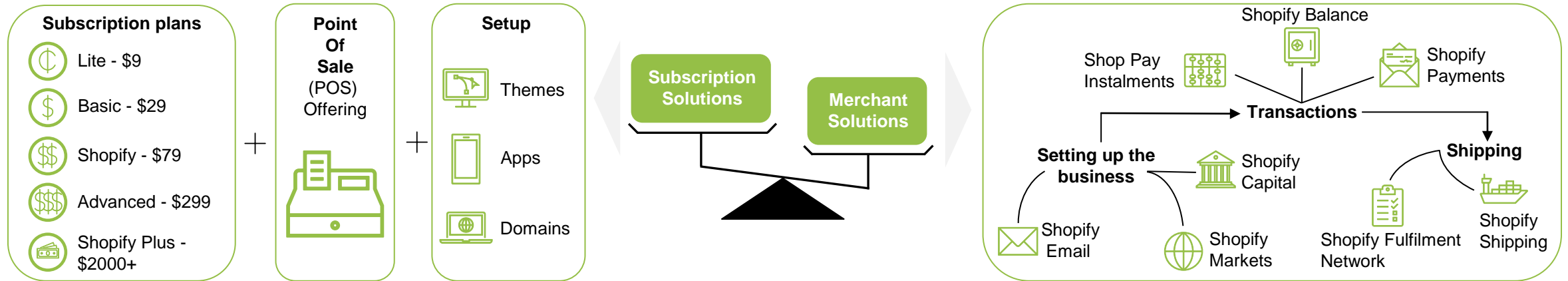
## Shareholder Structure



# Product Overview

Shopify provides services, logistics, a consumer-facing marketplace, and more for merchants

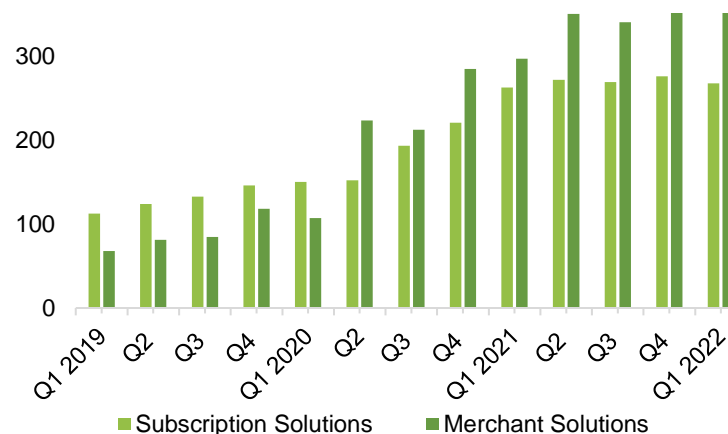
## Revenue streams



## Subscription solutions

- Shopify Plus especially designed for high-volume, **enterprise level brands**, provides more control, customization, and automation.
- POS – an app for offline businesses selling products in physical spaces to **accept payments via iOS or Android**
- Over 100 free and paid themes, over 8,000 apps** on its App Store and domains

## Net revenue distribution by solution (in tUSD)



## Merchant solutions

- Easy expansion to new markets**, forming and running **marketing campaigns**, and access to **fast working capital**
- Accelerated checkout process** with improved conversion rates and **lower credit card processing rates**
- The opportunities of either getting fulfillment by **selecting shipping partners** from Shopify platform or **outsourcing it via SFN**.



# Partnership Ecosystem

Shopify largely relies on partners for attracting and creating value for merchants

## Partner division by revenue contribution

### Shopify Plus Partners

- Shopify Experts only available to Shopify Plus merchants
- Selected through an intensive Partner Qualification Program
- Classified as Service Partners (263) and Certified App Partners (93)

**Revenue:** Non-recurring referral fees and recurring fees from contracts with merchants.

### Advertising Partners

- Developers aiming to accelerate their business growth by directly advertising to high-quality leads looking for apps.
- Advertisements are created on the Shopify App Store

**Revenue:** Fees for each click from merchants on apps being advertised.



### Developers

- App developers and theme designers
- Over 8,000 apps in the Shopify App Store
- Generated over \$12.5 billion revenue (2020)

**Revenue:** 15% revenue share on earnings after \$1 million, with an annually resetting threshold.

### Referral Partners

- Content creators, course educators, influencers, review sites to refer merchants to the Shopify platform
- **Partners are eligible to receive one-time commission for the merchants referred**
- More than 40,000 active referral partners in 2021.

## Key Shopify Plus Partners



### Dotdigital



Customer engagement technology from UK



Helps brands acquire, convert, retain customers by personalizing omnichannel programs



### 360&5



Branding and web design studio in Singapore



Enhances a brand's positioning and transforms businesses through sound brand strategy



### Emotive



SMS growth platform from US



Converts website visitors into customers with text conversations

Shopify will soon offer end-to-end fulfillment through recent additions to its distribution network

## 6 River Systems

- October 2019 – **Acquisition** of the warehouse automation and management technology developer, **6 River Systems**
- The acquisition gives Shopify **access to the robotics experts** who helped develop Amazon's own robotics business



Mobile  
robots  
"Chuck"



Experience in  
fulfillment  
software



Cloud-based  
software

## Deliverr

- May 2022 – **Acquisition** announcement of **Deliverr**, California-based e-commerce fulfillment startup with the goal of building an **end-to-end logistics platform**
- Deliverr will combine with **Shopify Fulfillment Network (SFN)** that merchants can use to store inventory and fulfill orders
- The **largest** acquisition in Shopify's history



Multi-channel



AI-powered  
inventory  
management

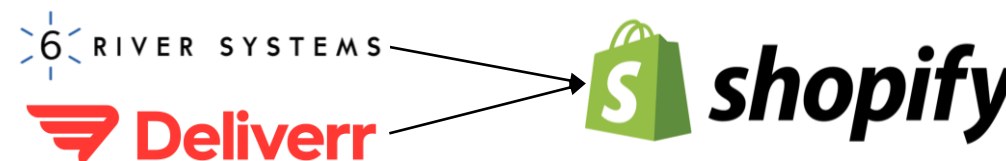


One-day / two-  
day shipping in  
the U.S.



Flexible logistics  
services

## Size and funding of deals



# Value Creation and Regional Distribution

Shopify's diverse functionality will lead to a further rapid expansion worldwide

## Value creation



**A multi-channel front end:** Shopify Application Program Interface (API) that enables merchants to display, manage, market and sell their products across different sales channels seamlessly



**A single integrated back end:** Shopify Dashboard helps merchants manage their inventory, process order and payments, fulfill and ship orders, discover new buyers, leverage analytics and access financing effortlessly



**Data advantage:** Consolidated data generated by the interactions between buyers and merchants' products providing analytics for merchant decisions while ensuring privacy, security and compliance



**Brand ownership:** End-to-end, managed shopping experience that emphasizes the merchant's brand in every step of interaction with the buyer to build buyer loyalty and a competitive advantage

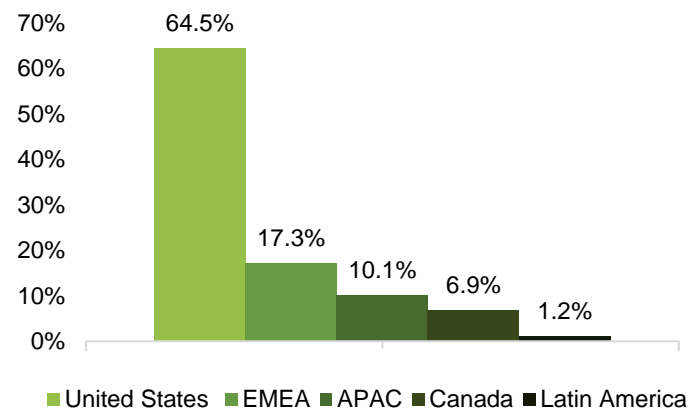


**Mobile:** The Shop App that allows merchants to realize transactions through the mobile device of their choice by allowing a mobile-optimized checkout system for the various mobile operating systems

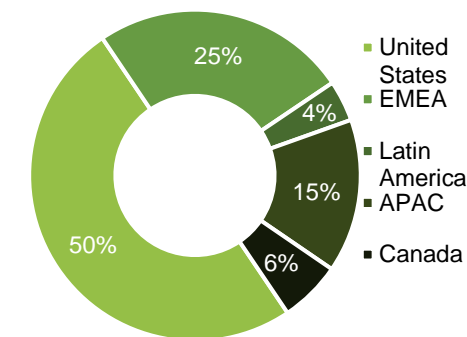


**Global:** Shopify Markets that offers localized storefronts, local currencies, languages, domains, payments methods customized to each new market (country), and calculates potential duties and import fees

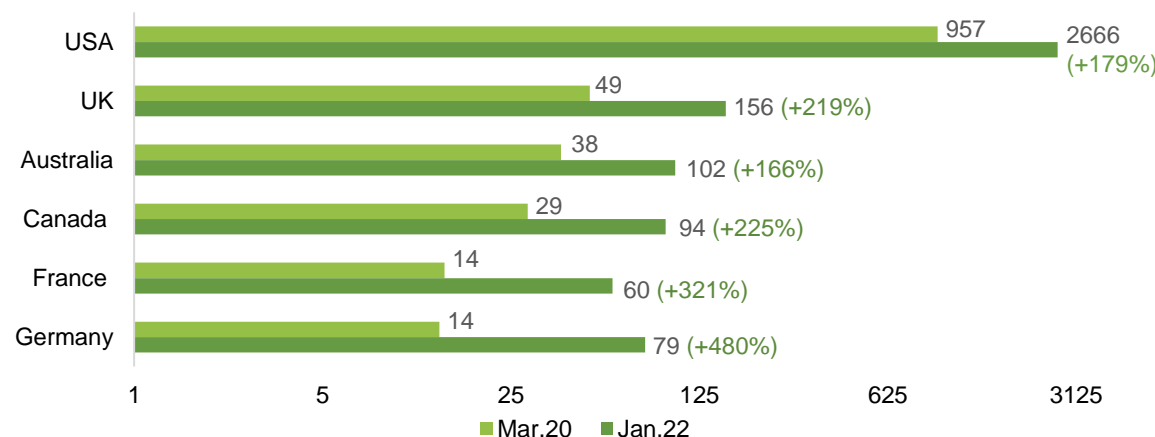
## Regional revenue distribution (LTM in %)



## Location of merchants



## Regional distribution of live Shopify stores (in thousands, log. scale)







# Shopify Inc.

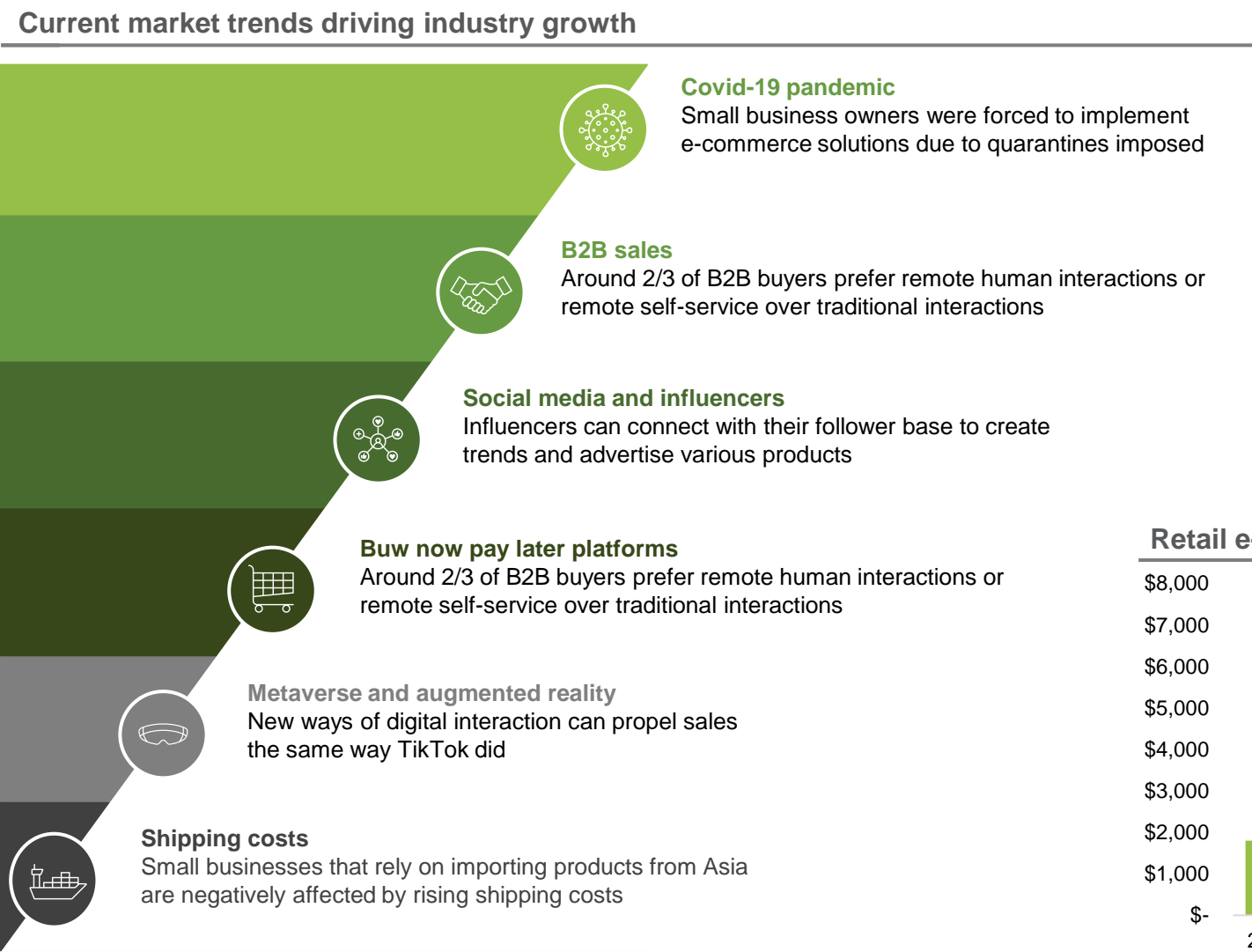
## Market and Industry Overview

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# Trends and Growth Drivers

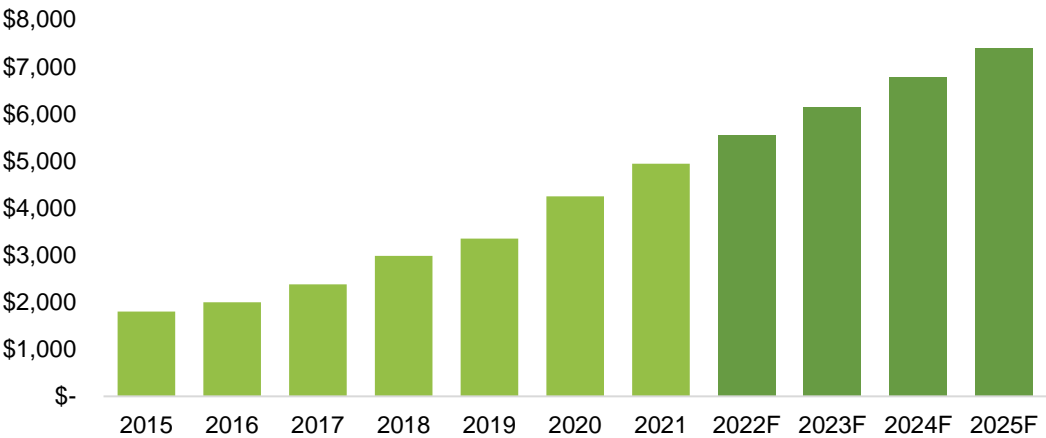
Despite heavily rising shipping costs various factors propel industry growth



### China to U.S. container freight rate index (in USD)



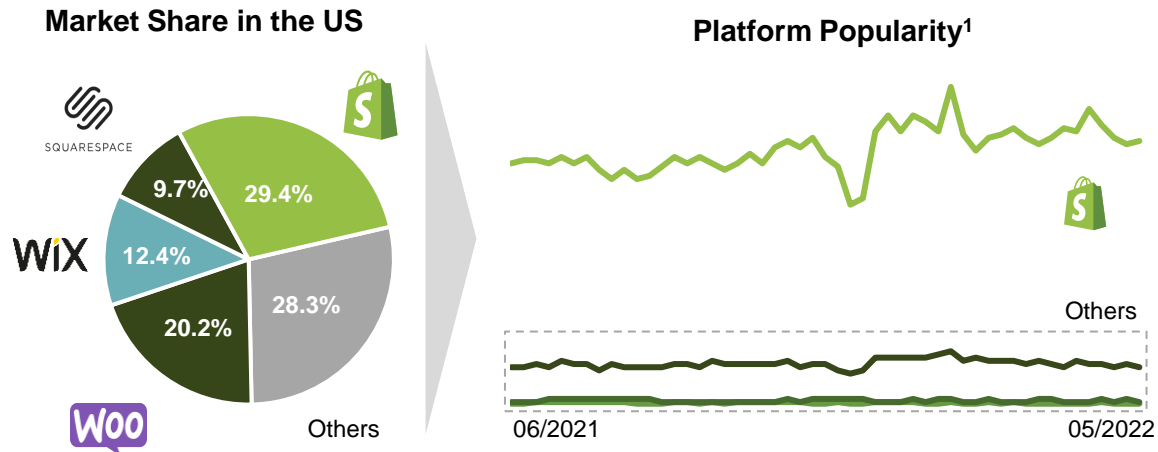
### Retail e-commerce market size (in billion)



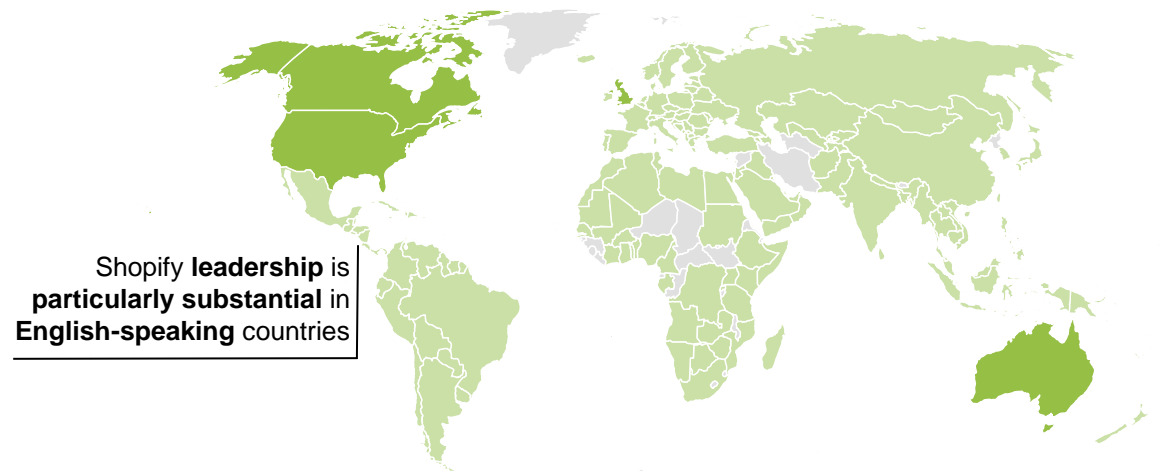
# Industry Overview

By capturing becoming businesses first choice Shopify managed gained market leadership

## E-commerce platform usage in the United States



## Shopify dominance is global<sup>1</sup>









## Dropshipping market

By making use of **dropshipping**, online stores can **directly send products from the supplier to the customer**



Market is expected to **grow 18-25% yearly** until 2025

Benefits	Risks
 Leverage of <b>network</b>	 Less <b>quality</b> control
 Low overhead costs	 Regulations and guidelines
 <b>Quickly-built</b> business	 Lower <b>Margins</b>

# Peer Benchmarking I

Competition in the industry is fierce, but Shopify's revenue growth still outpaces its competitors'

## Peer group overview

### Best Peers



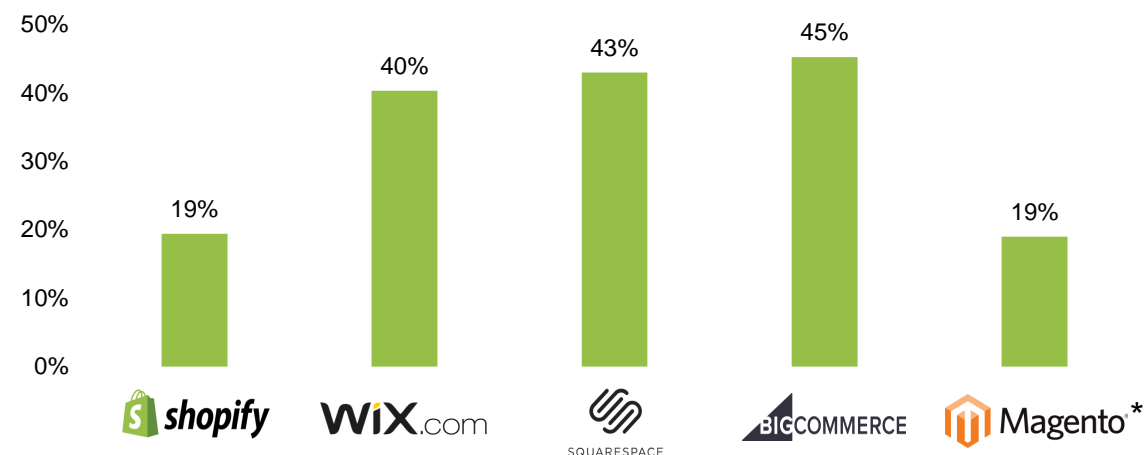
### Tier I



### Tier II



## Marketing expenses as a % of sales








## EV/Sales vs % revenue growth



# Peer Benchmarking II

Reliability and broad moat is what keeps Shopify on the road

## Comparison of competitors

					
Price Range	<div>Basic</div> <div>Advanced</div> <div>\$9 \$29 \$79 \$299 \$2,000+</div> <div>Lite Shopify Shopify Plus</div>	<div>Unlimited</div> <div>\$23 \$27 \$49</div> <div>Basic VIP</div>	<div>Business</div> <div>Advanced</div> <div>\$16 \$26 \$30 \$46</div> <div>Personal Commerce</div>	<div>\$200 \$10,000</div> <div>Personalized</div>	<div>Plus</div> <div>\$30 \$80 \$300</div> <div>Standard Pro</div>
Pros	<ul style="list-style-type: none"> <li>Personalization and extensions</li> <li>Rich partner ecosystem</li> <li>End-to-end fulfilment and account management</li> </ul>	<ul style="list-style-type: none"> <li>Built-in dropshipping</li> <li>Easiness of use</li> </ul>	<ul style="list-style-type: none"> <li>Cost benefit</li> <li>Good content management tools</li> </ul>	<ul style="list-style-type: none"> <li>Strong scalability</li> <li>Flexibility due to open-source platform</li> </ul>	<ul style="list-style-type: none"> <li>Free transaction costs</li> <li>Best-ranked SEO</li> </ul>
Cons	<ul style="list-style-type: none"> <li>Lack of content creation options</li> <li>Expensive apps</li> </ul>	<ul style="list-style-type: none"> <li>Fewer customization tools</li> <li>Poor SEO quality</li> </ul>	<ul style="list-style-type: none"> <li>Poor mobile phone interface</li> <li>Lack of customer support</li> </ul>	<ul style="list-style-type: none"> <li>Expensive plans</li> <li>Needness of software developers</li> </ul>	<ul style="list-style-type: none"> <li>No multilingual support</li> <li>Too expensive fees for big companies</li> </ul>
Revenue	\$2.9 Billion	\$1.2 Billion	\$200 Million	\$150 Million	\$112 Million





# Shopify Inc.

## Financial Analysis & Valuation

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# *shopify*

# Financials and KPI's

Shopify's success will be built on their continuing merchant's success stories

## Key metrics



### GMV:

Gross Merchandise Volume as proxy for market share and driver of merchant solutions revenue



### ASRPY/ASRPM and ARPM:

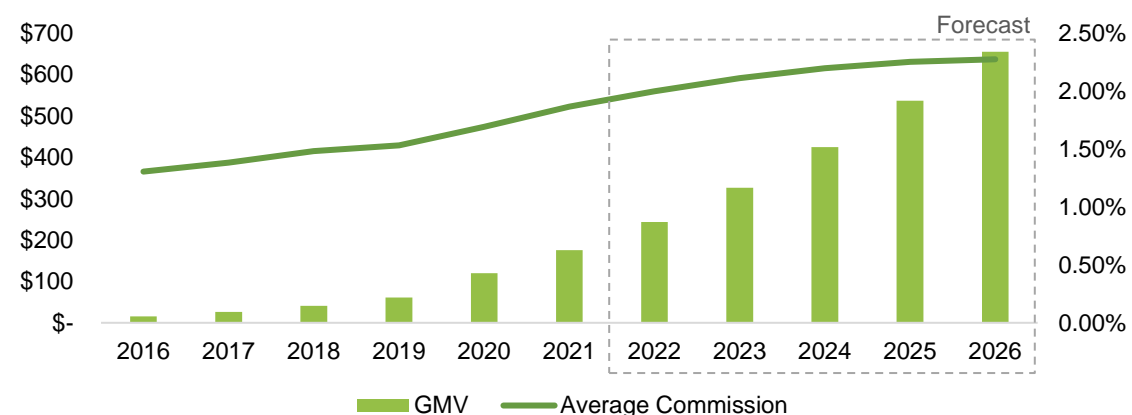
Avg. Subscription Revenue Per Year (Month) per merchant as a measure for subscriptions; Average Revenue Per Merchant for merchant solutions



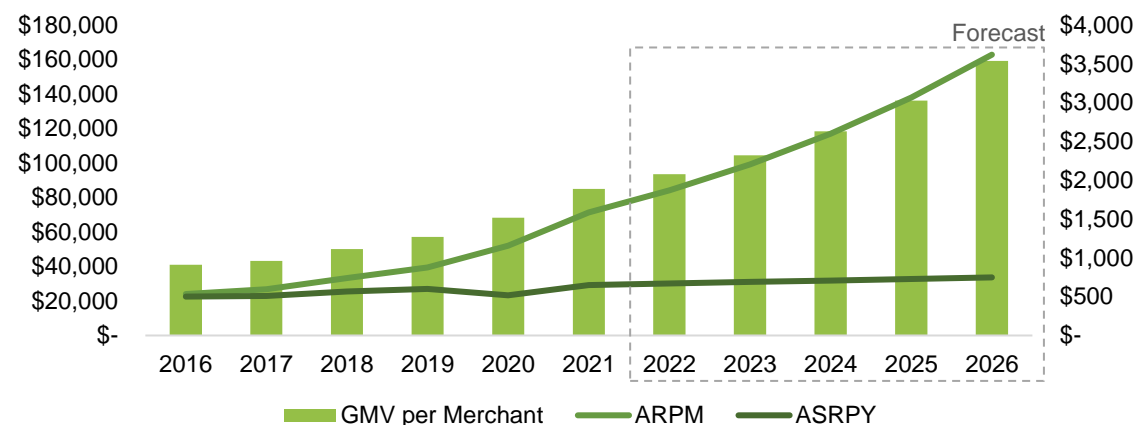
### Average commission:

The average percentage that Shopify retains as revenue from the gross merchandise volume

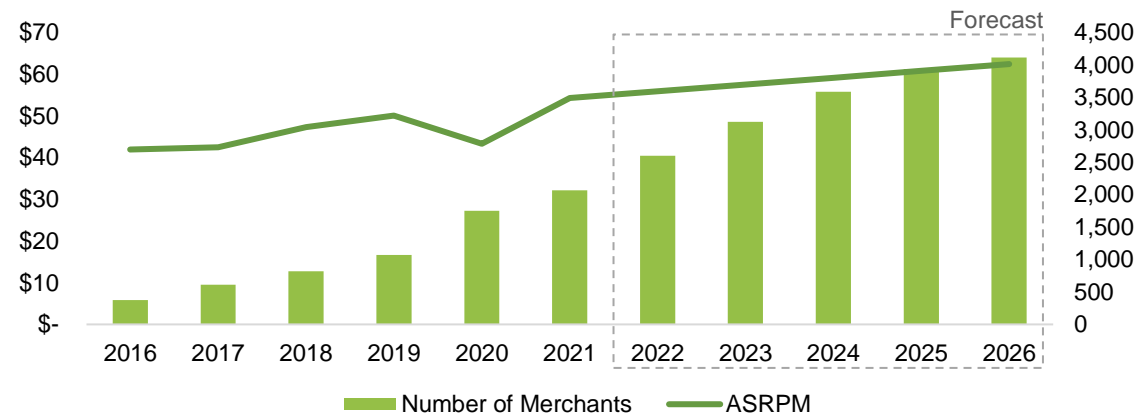
## Merchant solutions (in billion)



## KPI development (l: GMVpM in USD; r: ARPM and ASRPY in USD)



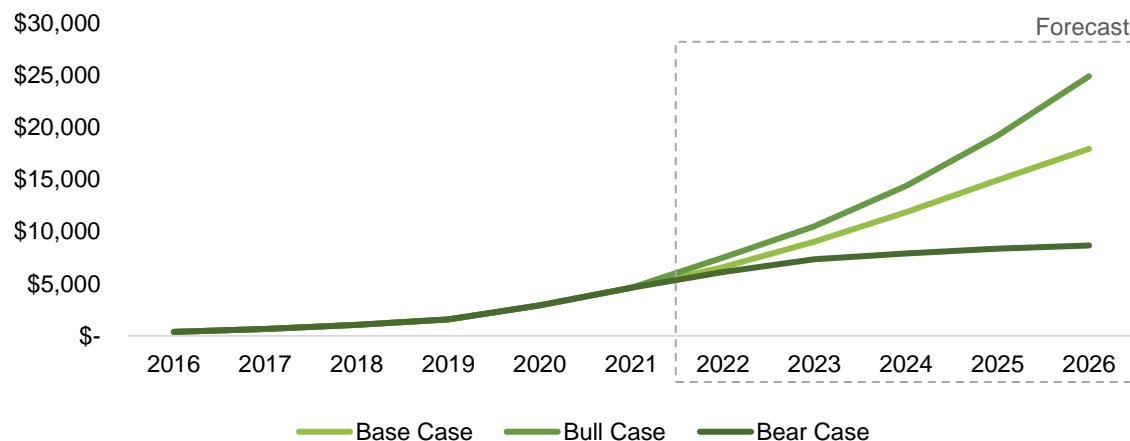
## Subscription solutions (l: ASRPM in USD; r: merchants in thousands)



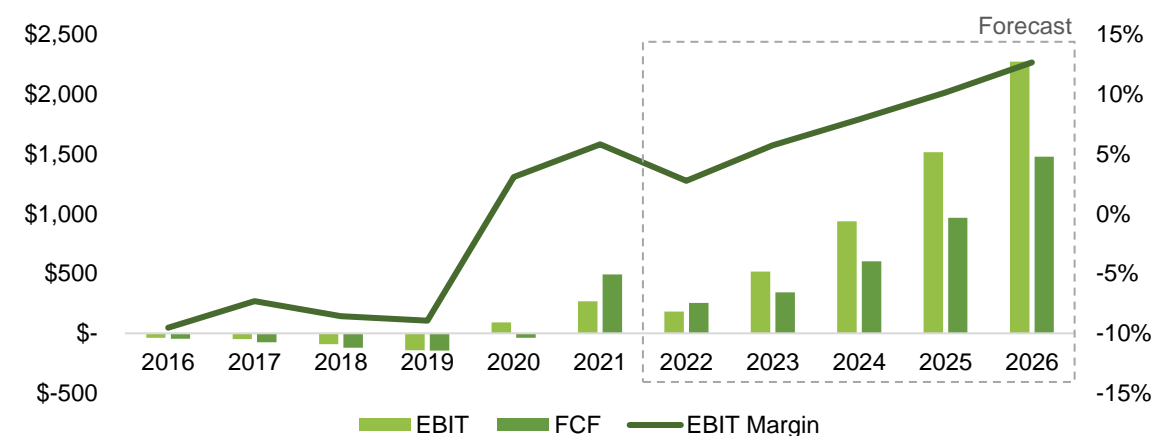
# Valuation Summary

High FCF expectation and EBIT margin supports buy recommendation

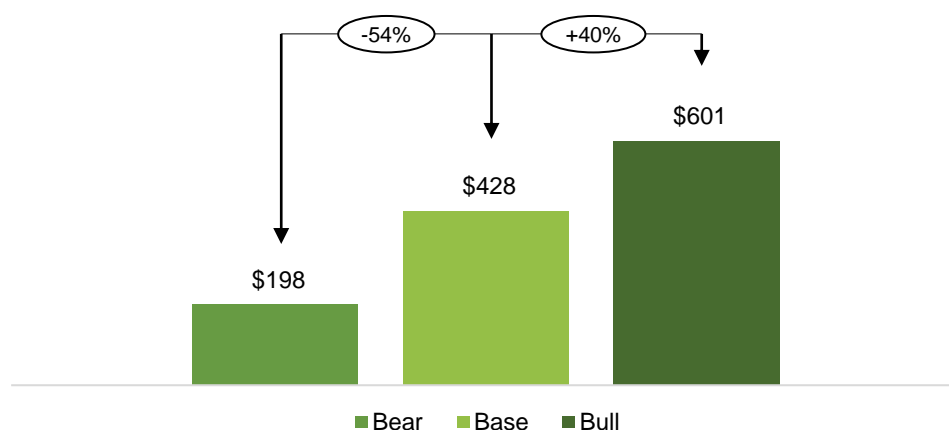
Revenue by scenario (in million)



EBIT, EBIT Margin and FCF forecast (in million)

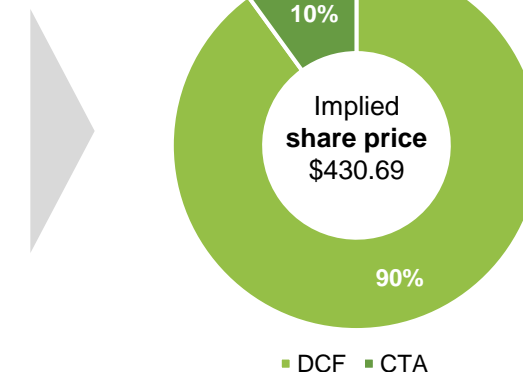


DCF target price by scenario



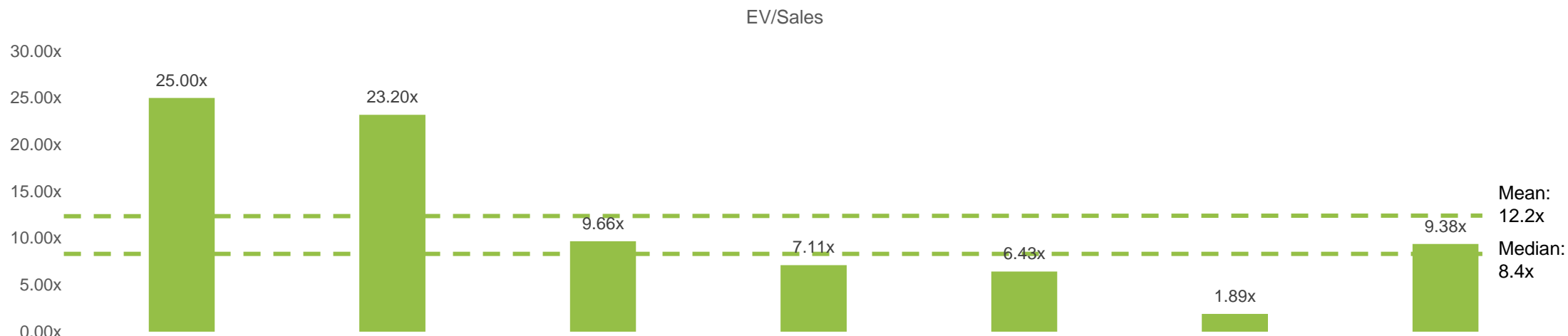
Valuation summary












Method	Share price	Upside potential
DCF	\$427.73	20.95%
CTA	\$457.28	29.30%



# Comparable Transaction Analysis

High purchase multiples in e-commerce show tendence towards SHOPs undervaluation



Target		Hybrid GmbH		ExactTarget			
Acquirer							
Classification	Online marketplace	E-commerce software	Cloud commerce	Software solutions	Affiliate network	Online marketplace	E-commerce software
Date	12.07.21	01.08.13	01.06.16	04.06.13	09.10.19	12.05.17	As of 31.12.21
Transaction value (in tUSD)	1,625,000	1,350,000	2,840,400	2,539,000	1,000,000	586,000	45,295,000 (EV)
Sales (in tUSD)	65,000	58,200	273,500	342,200	155,500	310,000	1,341,000





# Shopify Inc.

## Risk Matrix

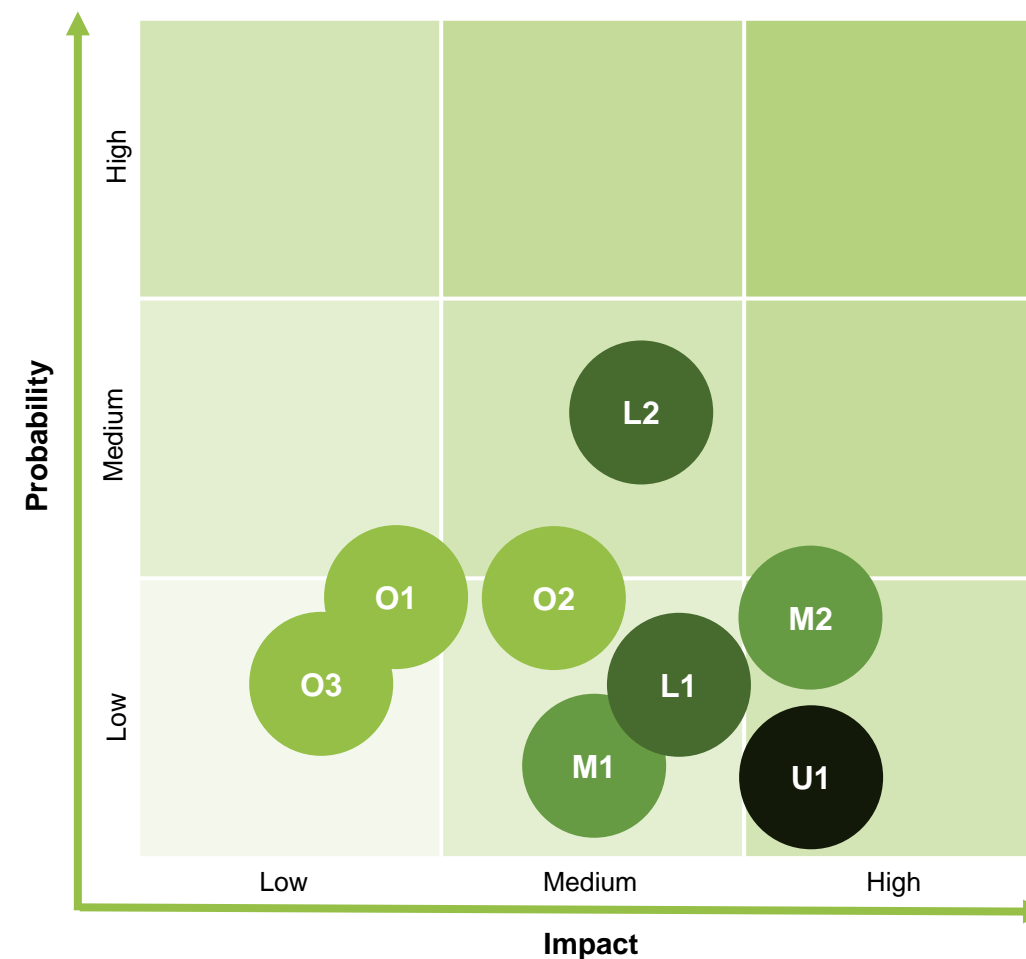
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# Company Specific Risks

While Shopify is exposed to multiple major threats its size and status make them rather unlikely

O1	Possible <b>brand damage and liabilities</b> due to <b>violation of applicable laws or Shopify policies by merchants</b>
O2	Potential <b>loss of merchants</b> when integrated <b>third parties fail to perform their contractual obligations</b>
O3	<b>Failure to provide the necessary software for the Shopify fulfillment network</b> (Deliverr acquisition destroying value)
M1	Online “ <b>mom &amp; pop shop</b> ” <b>wipeout</b> – similar to Amazon destroying small brick and mortar stores due to size, scale and customer satisfaction thereby <b>reducing Shopify’s merchant base</b>
M2	Constantly changing industry with <b>fierce rivalry</b> making it relatively easy for <b>competitors to push Shopify out of the market</b>
L1	<b>Potential tariffs (like EU VAT de minimis removal)</b> could <b>hamper growth of Northern American markets</b>
L2	Enaction of <b>tougher data privacy regulation</b> may <b>affect merchant’s ability to attract customers</b>
U1	Management of liquidity and financing requirements

Operations (O) – Market (M) – Legislation (L) – Uncategorized (U)







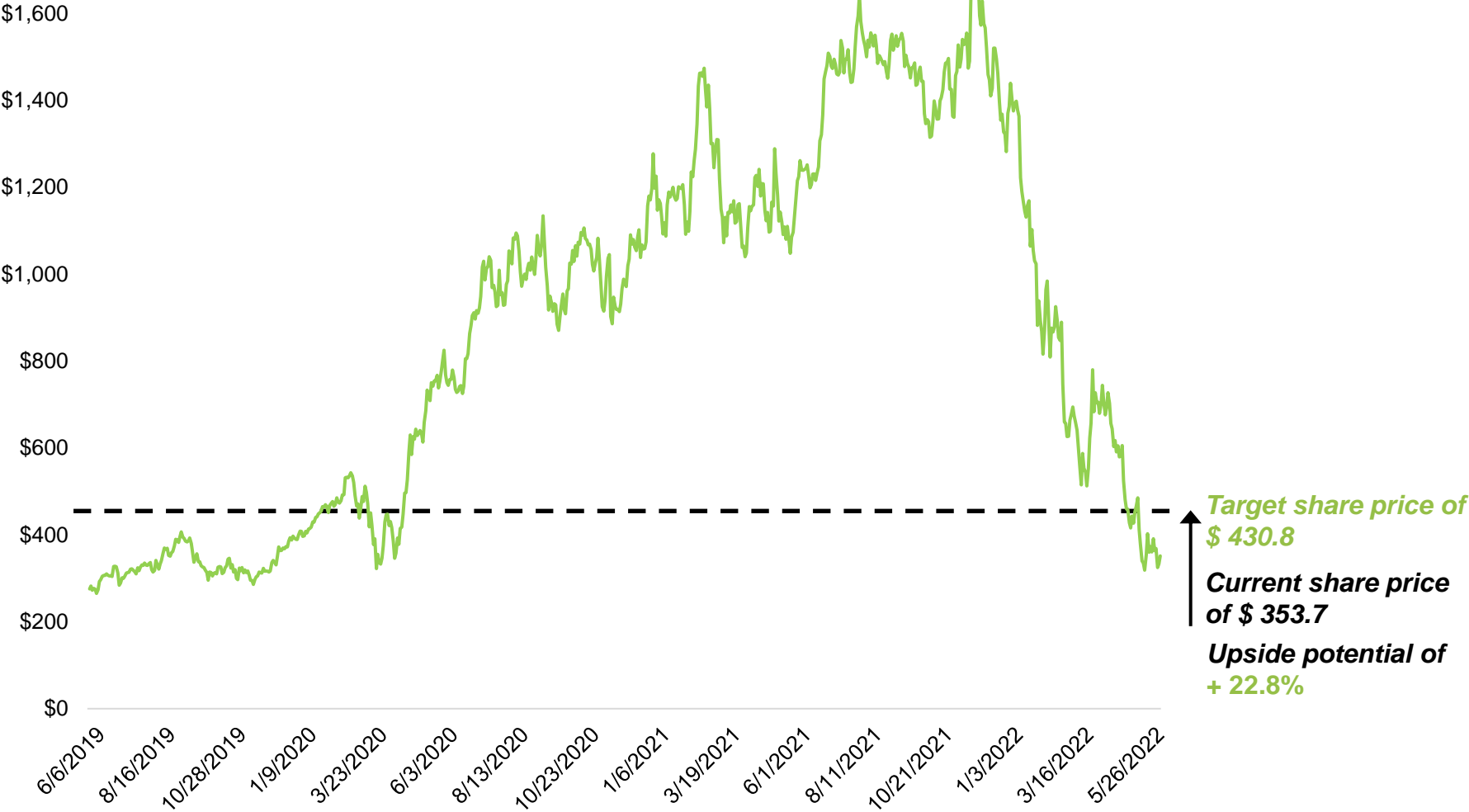
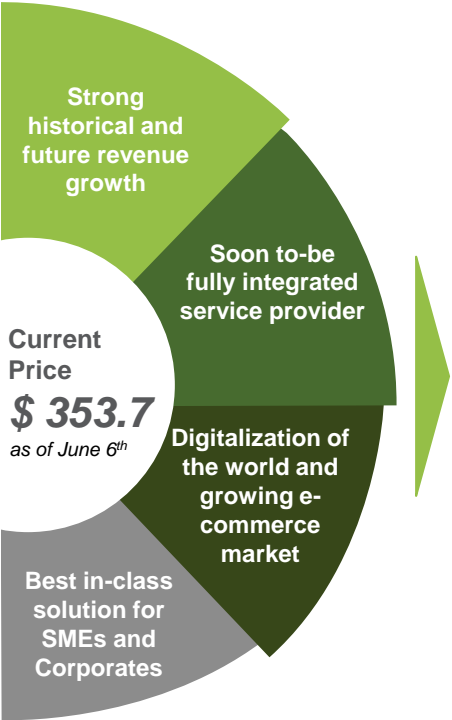
# Shopify Inc.

## Conclusion

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# Conclusion

Product superiority and unlimited scalability enables Shopify’s future growth path and upwards correction











# Appendix

# Appendix: Catalysts

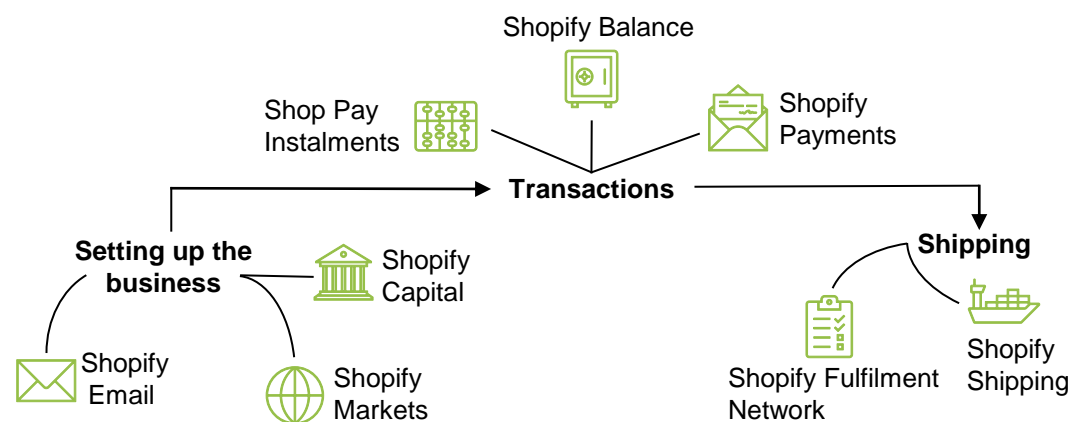
Variety of events which might influence the share price of Shopify

Catalyst	Type	Influenced factor	Estimated impact on share price
Successful Deliverr integration	Hard	<ul style="list-style-type: none"> <li>Growth</li> <li>Revenue</li> </ul>	<ul style="list-style-type: none"> <li>Expanding Shopify Fulfilment Network and building a stronger business</li> <li>Providing more solutions to merchants</li> </ul> 
Solid Partnerships	Hard	<ul style="list-style-type: none"> <li>Revenue</li> <li>Reputation</li> </ul>	<ul style="list-style-type: none"> <li>Expanding the number of technological partners allows Shopify to offer customers more solutions to improve their business</li> </ul> 
Future acquisitions	Hard	<ul style="list-style-type: none"> <li>Growth</li> <li>Revenue</li> </ul>	<ul style="list-style-type: none"> <li>Acquiring businesses, which are out of core Shopify e-commerce business, and the company's growth can lead to more positive image in investors' eyes</li> </ul> 
Covid-19 expansion	Soft	<ul style="list-style-type: none"> <li>Growth</li> <li>Revenue</li> </ul>	<ul style="list-style-type: none"> <li>Further restrictions for brick and mortar stores can motivate entrepreneurs to move online using Shopify</li> </ul> 
Resignation of CEO	Hard	<ul style="list-style-type: none"> <li>Revenue</li> <li>Reputation</li> </ul>	<ul style="list-style-type: none"> <li>The resignation of Tobias Lütke, who holds more than 6% of shares, could have major negative signaling for the future of Shopify</li> </ul> 
Russian invasion of Ukraine	Soft	<ul style="list-style-type: none"> <li>Growth</li> <li>Revenue</li> </ul>	<ul style="list-style-type: none"> <li>Influence on global economy, delivery and product prices can hamper merchants from successfully developing their businesses</li> </ul> 

# Appendix: Merchant Solutions Explained

Merchants are able to outsource more services with Shopify

## Graphic display



## Transactions



**Shop Pay Instalments:** Enables merchants to sell their goods to buyers on an interest-free payment plan. Includes Buy now, pay later product, which boosts repeat purchases among first time customers



**Shopify Payments:** Allows merchants to accept and process payment cards online and offline. It eliminates the need for merchants to set up and maintain a direct relationship with a third-party payment gateway.



**Shopify Balance:** Offers merchants a no fee money management account, providing merchants with fast access to their cash, a card for spending online, on mobile, or in-store, and rewards featuring cash back, perks, and discounts.

## Setting up the business



**Shopify Email:** Enables merchants to create, run, and track email marketing campaigns from within the merchant admin, and help merchants build direct relationships with buyers.



**Shopify Markets:** Makes cross-border commerce easier for merchants, enabling them to enter new markets, and increase buyer trust and conversion with tailored experiences for each market.



**Shopify Capital:** Helps eligible merchants secure financing and accelerate the growth of their business by providing access to simple, fast, and convenient working capital.

## Shipping



**Shopify Shipping :** Allows merchants doing their own fulfillment and shipping to select from available shipping partners to buy and print outbound and return shipping labels and track orders directly within the Shopify platform



**Shopify Fulfillment Network:** Ensures merchants' orders are delivered to buyers quickly and cost- effectively by leveraging Shopify's scale with deep machine learning tools.

# Appendix: Shopify's Key Customers and Legal Structure

Big brands ranging from beauty to automotive sector rely on Shopify for their e-commerce operations

## Key Shopify Plus Customers



## Subsidiaries



# Appendix: SWOT Analysis

Positive qualities outweigh both internal and external negative aspects

## STRENGTHS

- Convenient and innovative **solutions** and **tools**
- Strong **marketing strategy** (affiliate programs)
- Large **merchant base**, growing every year
- Highly **skilled employees**, including ones from acquired companies
- Well-established **customer service**, which provides help and support to merchants in different questions
- Well established **partner system**

## OPPORTUNITIES

- **Entering new markets** and expanding in other countries rather than USA
- Adapting new solutions to **strengthen Shopify Fulfilment Network** and be a more serious competitor to Amazon etc.
- **Possibility to attract more** and more **merchants**, as the post-Covid 19 world require new online solutions

- **High marketing expenses**, which do not show the **same efficiency** as before
- **Seasonable business**, high dependence on the end of the year performance
- Dependence on third-party companies for the functionality of the platform

## WEAKNESSES

- **Privacy laws** are different between the countries, which can make its international business more complicated
- **Exchange rate fluctuations**
- **Cyber security** becomes an issue for an e-commerce business because of hacking
- **Regulations in foreign trade** can influence merchants' performance
- **Technological development** by competitors can lead to a situation, where Shopify cannot compete anymore
- **Intellectual property regulation** highly influence Shopify because of its clients, who can use its platform violating the law

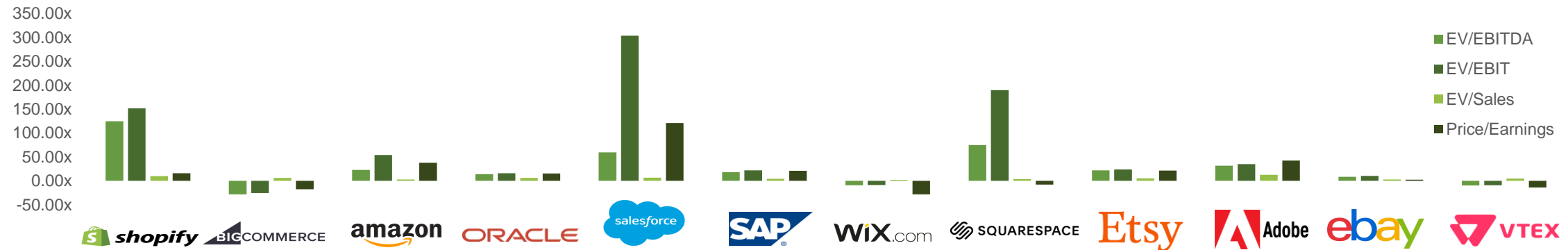
## THREATS



# Appendix: CCA

Peers performing poor in comparison to SHOP

## Multiples

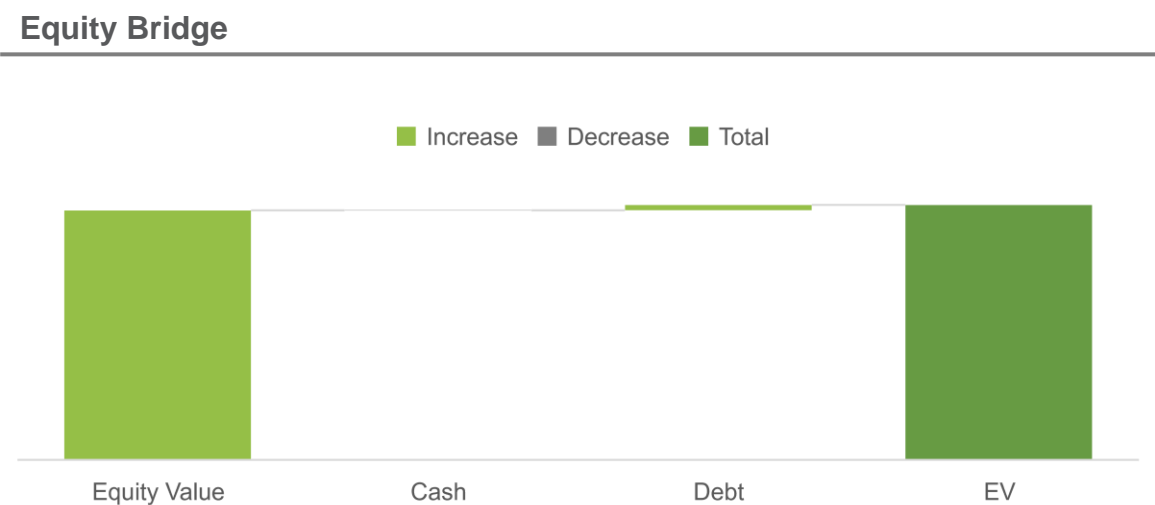
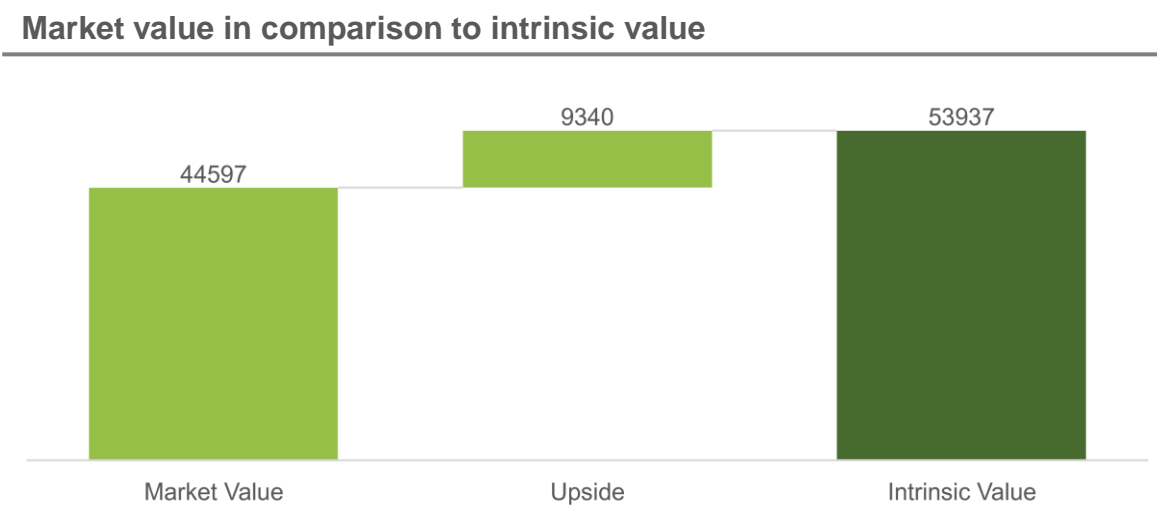
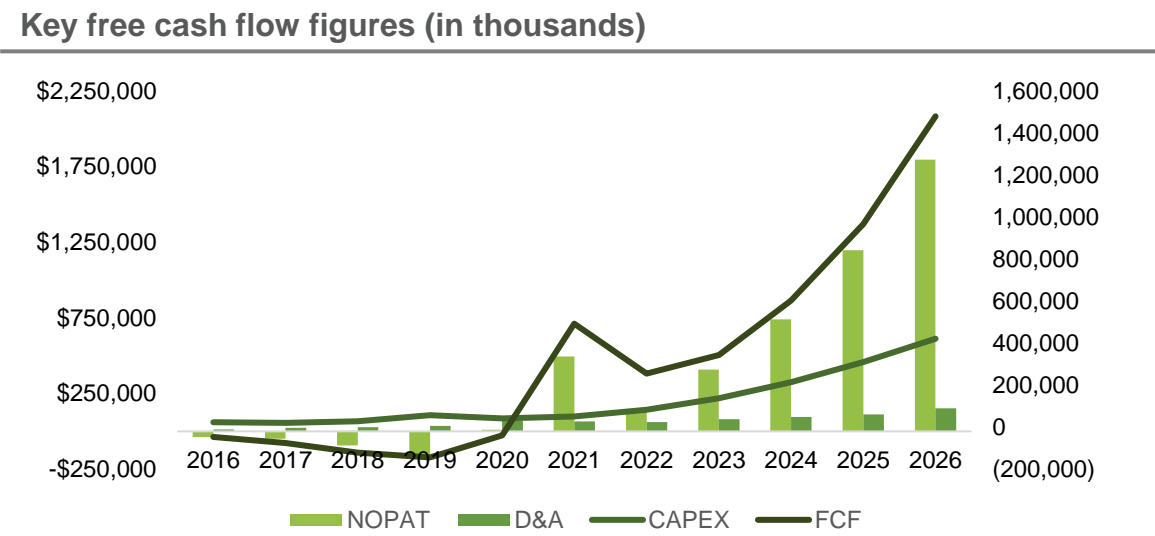
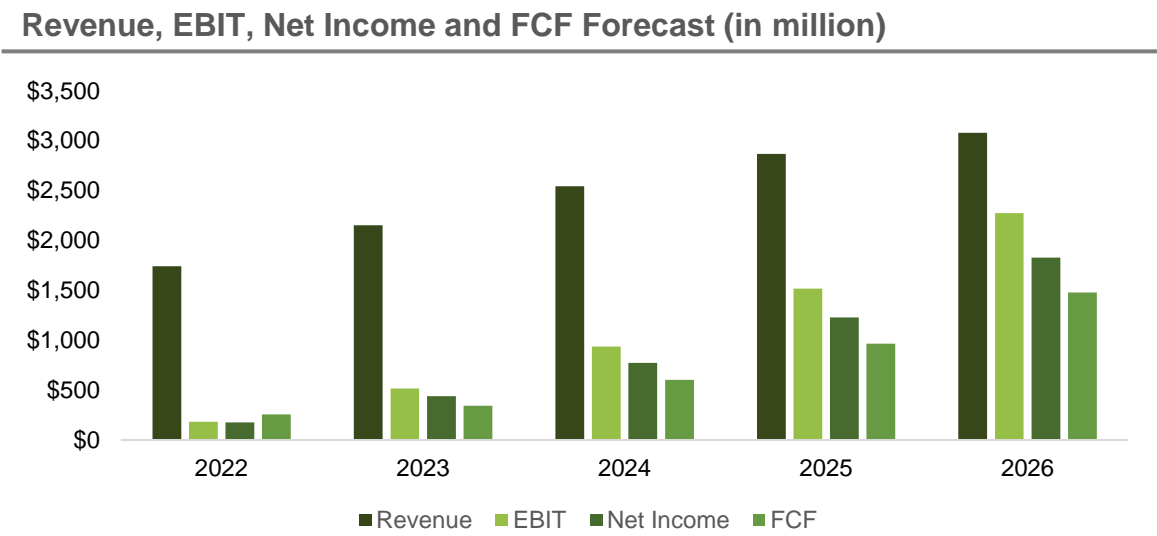


## Overview table

Company	Enterprise Value	Price/Earnings	EV/Sales	EV/EBITDA	EV/EBIT
Shopify Inc.	45,295	15.78x	9.82x	124.61x	151.59x
BigCommerce Holdings, Inc.	1,338	-17.37x	6.09x	-28.00x	-25.44x
Amazon.com, Inc.	1,350,547	37.82x	2.87x	22.82x	54.28x
Oracle Corporation	250,204	15.63x	6.18x	13.94x	15.98x
Salesforce, Inc.	182,830	121.11x	6.90x	59.67x	303.70x
SAP SE	127,353	21.23x	4.28x	18.41x	22.22x
Wix.com Ltd.	2,838	-28.40x	2.24x	-9.25x	-8.72x
Squarespace, Inc.	3,227	-7.78x	4.12x	74.87x	189.81x
Etsy, Inc.	12,062	21.61x	5.18x	22.06x	24.01x
Adobe Inc.	202,884	42.52x	12.85x	31.81x	34.97x
eBay Inc.	30,075	2.28x	2.89x	8.69x	10.17x
VTEX	616	-13.97x	4.90x	-9.72x	-9.35x
<b>Median</b>		<b>15.70x</b>	<b>5.04x</b>	<b>20.24x</b>	<b>23.12x</b>
<b>Mean</b>		<b>17.54x</b>	<b>5.69x</b>	<b>33.24x</b>	<b>63.60x</b>

# Appendix: DCF Analysis: Valuation Metrics

Solid revenue growth pushing the intrinsic value



# Appendix: Forecasting Assumptions

## Assumptions overview & base case

Overview based on the active scenario	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Revenue from Subscriptions Solutions	188,606	310,031	464,996	642,241	908,757	1,342,334	1,741,287	2,153,045	2,541,785	2,867,624	3,077,218
YoYgrowth		64%	50%	38%	41%	48%	30%	24%	18%	13%	7%
Revenue from Merchant Solutions	200,724	363,273	608,233	935,932	2,020,734	3,269,522	4,856,509	6,881,855	9,318,328	12,066,940	14,873,759
YoYgrowth		81%	67%	54%	116%	62%	49%	42%	35%	29%	23%
Total revenue	389,330	673,304	1,073,229	1,578,173	2,929,491	4,611,856	6,597,796	9,034,900	11,860,113	14,934,564	17,950,977
YoY growth		73%	59%	47%	86%	57%	43%	37%	31%	26%	20%
Number of Merchants	375	609	820	1,069	1,749	2,063	2,598	3,122	3,584	3,935	4,112
YoY growth		62%	35%	30%	64%	18%	26%	20%	15%	10%	5%
Gross Merchandise Volume (GMV)	15,400,000	26,300,000	41,100,000	61,100,000	119,600,000	175,400,000	243,174,891	326,299,361	424,544,841	536,180,291	654,354,427

Base Case Scenario (1)	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Global E-Commerce Market	1,845,000,000	2,382,000,000	2,982,000,000	3,351,000,000	4,248,000,000	4,938,000,000	5,542,000,000	6,151,000,000	6,767,000,000	7,391,000,000	7,982,280,000
GMV	15,400,000	26,300,000	41,100,000	61,100,000	119,600,000	175,400,000	243,174,891	326,299,361	424,544,841	536,180,291	654,354,427
GMV Market Share of the Total E-Commerce Market	0.83%	1.10%	1.38%	1.82%	2.82%	3.55%	4.39%	5.30%	6.27%	7.25%	8.20%
Market share growth		32.28%	24.83%	32.29%	54.41%	26.16%	23.53%	20.90%	18.27%	15.63%	13%
Number of Merchants	375	609	820	1,069	1,749	2,063	2,598	3,122	3,584	3,935	4,112
GMV/Number of Merchants	41,067	43,186	50,122	57,156	68,382	85,022	93,594	104,527	118,460	136,260	159,116
ARPM/GMV per Merchant	1.30%	1.38%	1.48%	1.53%	1.69%	1.86%	2.0%	2.1%	2.2%	2.3%	2.3%
growth		6.0%	7.1%	3.5%	10.3%	10.3%	7%	6%	4%	3%	1%
Revenue from Subscription Solutions	188,606	310,031	464,996	642,241	908,757	1,342,334	1,741,287	2,153,045	2,541,785	2,867,624	3,077,218
ASRPM	41.91	42.42	47.26	50.07	43.30	54.22	55.85	57.48	59.10	60.73	62.356
ASRPY	502.95	509.08	567.07	600.79	519.59	650.67	670.191	689.711	709.231	728.751	748.271
ASRPM growth in %		1.22%	11.39%	5.95%	-13.52%	25.23%	3%	3%	3%	3%	3%
Revenue from Merchant Solutions	200,724	363,273	608,233	935,932	2,020,734	3,269,522	4,856,509	6,881,855	9,318,328	12,066,940	14,873,759
ARPM	535	597	742	876	1,155	1,585	1,869	2,205	2,600	3,067	3,617
ARPM growth in %		11%	24%	18%	32%	37%	18%	18%	18%	18%	18%
Total Revenue	389,330	673,304	1,073,229	1,578,173	2,929,491	4,611,856	6,597,796	9,034,900	11,860,113	14,934,564	17,950,977

# Appendix: Forecasting Assumptions

## Bull case

Assumption for the Bull Case											
Assuming that the Management expects the Investment into Deliverr to Break Even after 5 years											
Deliverr Investment	2,100,000										
Years for Break Even	5										
Investment/years	420,000										
GMV 2021	175,400,000										
Additional GMV charge per year in %, in order to break even based on the GMV of 2021	0.2%										
Bull Case Scenario (2)	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Global E-Commerce Market	1,845,000,000	2,382,000,000	2,982,000,000	3,351,000,000	4,248,000,000	4,938,000,000	5,542,000,000	6,151,000,000	6,767,000,000	7,391,000,000	7,982,280,000
GMV	15,400,000	26,300,000	41,100,000	61,100,000	119,600,000	175,400,000	246,757,640	341,075,792	464,258,045	623,250,784	821,868,344
GMV Market Share of the Total E-Commerce Market	0.8%	1.1%	1.4%	1.8%	2.8%	3.6%	4.5%	5.5%	6.9%	8.4%	10.3%
Market share growth		32.28%	24.83%	32.29%	54.41%	26.16%	25.35%	24.54%	23.73%	22.91%	22%
Number of Merchants	375	609	820	1,069	1,749	2,063	2952.585096	3633.49393	4346.659538	5060.648694	5709.340607
GMV/Number of Merchants	41,067	43,186	50,122	57,156	68,382	85,022	83,573	93,870	106,808	123,156	143,952
ARPM/GMV per Merchant	1.30%	1.38%	1.48%	1.53%	1.69%	1.86%	2.2%	2.3%	2.4%	2.5%	2.5%
growth		6.0%	7.1%	3.5%	10.3%	10.3%	20%	16%	14%	13%	3%
Revenue from Subscription Solutions	188,606	310,031	464,996	642,241	908,757	1,342,334	1978795.94	2506061.167	3082786.759	3687954.678	4272136.848
ASRPM	41.91	42.42	47.26	50.07	43.30	54.22	55.85	57.48	59.10	60.73	62.356
ASRPY	502.95	509.08	567.07	600.79	519.59	650.67	670.191	689.711	709.231	728.751	748.271
ASRPM growth in %		1.22%	11.39%	5.95%	-13.52%	25.23%	3%	3%	3%	3%	3%
Revenue from Merchant Solutions	200,724	363,273	608,233	935,932	2,020,734	3,269,522	5518928.703	8010214.091	11301670.3	15518885.31	20649408.25
ARPM	535	597	742	876	1,155	1,585	1869.185	2204.549	2600.082	3066.580	3616.776
ARPM growth in %		11%	24%	18%	32%	37%	18%	18%	18%	18%	18%
Total Revenue	389,330	673,304	1,073,229	1,578,173	2,929,491	4,611,856	7,497,725	10,516,275	14,384,457	19,206,840	24,921,545

# Appendix: Forecasting Assumptions

## Bear case

Bear Case Scenario (3)	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Global E-Commerce Market	1,845,000,000	2,382,000,000	2,982,000,000	3,351,000,000	4,248,000,000	4,938,000,000	5,542,000,000	6,151,000,000	6,767,000,000	7,391,000,000	7,982,280,000
GMV	15,400,000	26,300,000	41,100,000	61,100,000	119,600,000	175,400,000	229,549,171	272,746,456	292,559,484	311,548,613	328,060,690
GMV Market Share of the Total E-Commerce Market	0.8%	1.1%	1.4%	1.8%	2.8%	3.6%	4.1%	4.4%	4.3%	4.2%	4.1%
Market share growth		32.28%	24.83%	32.29%	54.41%	26.16%	16.61%	7.05%	-2.50%	-2.50%	-2.5%
Number of Merchants	375	609	820	1,069	1,749	2,063	2416.004487	2541.189617	2386.713671	2200.999298	1984.734069
GMV/Number of Merchants	41,067	43,186	50,122	57,156	68,382	85,022	95,012	107,330	122,578	141,549	165,292
ARPM/GMV per Merchant	1.30%	1.38%	1.48%	1.53%	1.69%	1.86%	2.0%	2.1%	2.1%	2.2%	2.2%
growth		6.0%	7.1%	3.5%	10.3%	10.3%	6%	4%	3%	2%	1%
Revenue from Subscription Solutions	188,606	310,031	464,996	642,241	908,757	1,342,334	1,619,184	1,752,687	1,692,732	1,603,981	1,485,120
ASRPM	41.91	42.42	47.26	50.07	43.30	54.22	55.85	57.48	59.10	60.73	62.356
ASRPY	502.95	509.08	567.07	600.79	519.59	650.67	670.191	689.711	709.231	728.751	748.271
ASRPM growth in %		1.22%	11.39%	5.95%	-13.52%	25.23%	3%	3%	3%	3%	3%
Revenue from Merchant Solutions	200,724	363,273	608,233	935,932	2,020,734	3,269,522	4,515,960	5,602,176	6,205,651	6,749,541	7,178,339
ARPM	535	597	742	876	1,155	1,585	1869.185	2204.549	2600.082	3066.580	3616.776
ARPM growth in %		11%	24%	18%	32%	37%	18%	18%	18%	18%	18%
Total Revenue	389,330	673,304	1,073,229	1,578,173	2,929,491	4,611,856	6,135,145	7,354,863	7,898,383	8,353,522	8,663,459



# Appendix: Forecasting Assumptions

## Supporting schedule

Depreciation Schedule								
Property and Equipment, as of December 2021								
	Cost	Accumulated depreciation and impairment	Net book value	Useful lives				
Leasehold improvements	159,131	84,930		74,201		1-15		
Computer equipment	33,505	18,241		15,264		3		
Furniture and equipment	28,751	20,250		8,501		4		
Fulfillment robots	9,470	3,888		5,582		3		
Fulfillment equipment	2,015	37		1,978		3		
	232,872	127,346		105,526				
Property and Equipment, as of December 2020								
	Cost	Accumulated depreciation and impairment	Net book value					
Leasehold improvements	131,196	65,052		66,144				
Computer equipment	24,387	15,056		9,331				
Furniture and equipment	30,716	17,501		13,215				
Fulfillment robots	5,419	2,005		3,414				
	191,718	99,614		92,104				
Calculation of Average useful lives								
Useful lives for 2021	NBV 2020	NBV 2021	Capex 2021	NBV 2020+Capex 2021		average useful lives 2021		
	92,104		105,526	50788	142,892	37,366	3.8	
Useful lives for 2020	NBV 2019	NBV 2020	Capex 2020	NBV 2019+Capex 2020		average useful lives 2020		
	111,398		92,104	41,733	153,131	61,027	2.5	
Useful lives for 2019	NBV 2018	NBV 2019	Capex 2019	NBV 2018+Capex 2019		average useful lives 2019		
	61,612		111,398	56759	118,371	6,973	17.0	
Useful lives for 2018	NBV 2017	NBV 2018	Capex 2018	NBV 2017+Capex 2018		average useful lives 2018		
	50,360		61,612	27,950	78,310	16,698	4.7	
Useful lives for 2017	NBV 2016	NBV 2017	Capex 2017	NBV 2016+Capex 2017		average useful lives 2017		
	45,719		50,360	20,043	65,762	15,402	4.3	
							3.82	
Depreciation Forecast								
	2020	2021	2022	2023	2024	2025	2026	
Acquisition of property and equipment (Capex)	-41,733	-50,788	-83,325	-138,447	-213,696	-309,331	-420,176	
As % of Sales	1.42%	1.10%	1.26%	1.53%	1.80%	2.07%	2.34%	
Depreciation remaining of P&E			27601.4	27601.4	27601.4	22721.8		
Depreciation of Capex			21794.4	21794.4	21794.4	17941.4		
				36212.2	36212.2	36212.2	36212.2	
					55894.3	55894.3	55894.3	
						80908.8	80908.8	
							109875.3	
Total Depreciation			-33928.7	-52838.9	-72193.3	-95652.8	-137285.5	
P&E Schedule								
	2020	2021	2022	2023	2024	2025	2026	
Opening P&E			105,526	154,922	240,530	382,032	595,711	
+Capex			83,325	138,447	213,696	309,331	420,176	
-Depreciation			-33,929	-52,839	-72,193	-95,653	-137,286	
Calculation/forecast of P&E			154,922	240,530	382,032	595,711	878,601	

# Appendix: Forecasting Assumptions

## Leases

Base Year												
2021												
Type of Debt	Year	Time to Maturity	Principal Due	Interest Rate								
Convertible Notes 2025	2025	4	920,000	0.125%								
Leases	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	
Interest							1,150	1,150	1,150	1,150		
Principle										920,000		

Leases	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Thereafter	Total
Fiscal Year							33,778	43,739	48,480	52,098	53,127	321,285	552,507
Offices							4,202	5,266	5,108	4,762	4,407	45,045	68,790
Warehouse and Commercial Spaces							37,980	49,005	53,588	56,860	57,534	366,330	621,297
Maturities of Leaseholdings:													
Current Lease Liabilities						15748							
Non-current Lease Liabilities						246776							
ST Leaseholds	1,311	1,484	2,552	9,066	10,051	15,748	23,634	21,994	19,125	14,884	10,539		
LT Leaseholds	12,628	14,970	22,316	142,641	144,836	246,776	277,116	257,879	224,247	174,514	123,570		
Total Leaseholds	13,939	16,454	24,868	151,707	154,887	262,524	300,751	279,872	243,373	189,398	134,109		
YoY growth		18.04%	51.14%	510.05%	2.10%	69.49%	14.6%	-6.9%	-13.0%	-22.2%	-29.2%		
ST LSH/Total LSH	9%	9%	10%	6%	6%	6%	8%	8%	8%	8%	8%		
LT LSH/Total LSH	91%	91%	90%	94%	94%	94%	92%	92%	92%	92%	92%		
Forecasted maturities							37,980	49,005	53,588	56,860	57,534		
YoY growth								29.0%	9.4%	6.1%	1.2%		
Total Debt	13,939	16,454	24,868	151,707	912,895	1,173,487	1,211,714	1,190,835	1,154,336	1,100,361	134,109		

# Appendix: Financial Analysis

## Operating model – income statement

Income Statement	Historical Period						Forecasting Period				
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
<b>Total Revenue</b>											
Subscription solutions	188,606	310,031	464,996	642,241	908,757	1,342,334	1,741,287	2,153,045	2,541,785	2,867,624	3,077,218
% of total revenue	48.44%	46.05%	43.33%	40.70%	31.02%	29.11%	26.39%	23.83%	21.43%	19.20%	17.14%
Merchant solutions	200,724	363,273	608,233	935,932	2,020,734	3,269,522	4,856,509	6,881,855	9,318,328	12,066,940	14,873,759
% of total revenue	51.56%	53.95%	56.67%	59.30%	68.98%	70.89%	73.61%	76.17%	78.57%	80.80%	82.86%
	<b>389,330</b>	<b>673,304</b>	<b>1,073,229</b>	<b>1,578,173</b>	<b>2,929,491</b>	<b>4,611,856</b>	<b>6,597,796</b>	<b>9,034,900</b>	<b>11,860,113</b>	<b>14,934,564</b>	<b>17,950,977</b>
<b>Cost of Revenues</b>											
Subscription solutions	39,478	61,267	100,990	128,155	193,532	264,351	357,996	442,650	522,572	589,562	632,653
% of revenue	20.93%	19.76%	21.72%	19.95%	21.30%	19.69%	20.56%	20.56%	20.56%	20.56%	20.56%
Merchant solutions	140,357	231,784	375,972	584,375	1,194,439	1,866,361	2,696,946	3,671,697	4,776,530	5,942,715	7,037,553
% of revenue	69.9%	63.8%	61.8%	62.4%	59.1%	57.1%	56%	53%	51%	49%	47%
YoY growth		91.2%	96.9%	101.0%	94.7%	96.6%	97%	96%	96%	96%	96%
	<b>179,835</b>	<b>293,051</b>	<b>476,962</b>	<b>712,530</b>	<b>1,387,971</b>	<b>2,130,712</b>	<b>3,054,942</b>	<b>4,114,347</b>	<b>5,299,102</b>	<b>6,532,277</b>	<b>7,670,206</b>
<b>Gross profit</b>	<b>209,495</b>	<b>380,253</b>	<b>596,267</b>	<b>865,643</b>	<b>1,541,520</b>	<b>2,481,144</b>	<b>3,542,854</b>	<b>4,920,553</b>	<b>6,561,011</b>	<b>8,402,287</b>	<b>10,280,770</b>
<b>Operating expenses</b>											
Sales and marketing	129,214	225,694	350,069	472,841	602,048	901,557	1,451,515	1,886,035	2,342,372	2,781,563	3,141,421
% of revenue	33%	34%	33%	30%	21%	20%	22%	21%	20%	19%	18%
Research and development	74,336	135,997	230,674	355,015	552,127	854,383	1,385,537	1,816,821	2,384,941	3,003,180	3,609,748
% of revenue	19%	20%	21%	22%	19%	19%	21%	20%	20%	20%	20%
General and administrative	43,110	67,719	107,444	178,934	245,343	374,844	523,856	700,375	897,089	1,101,565	1,256,568
% of revenue	11%	10%	10%	11%	8%	8%	8%	8%	8%	7%	7%
Transaction and loan losses					51,849	81,717	0	0	0	0	0
	<b>246,660</b>	<b>429,410</b>	<b>688,187</b>	<b>1,006,790</b>	<b>1,451,367</b>	<b>2,212,501</b>	<b>3,360,908</b>	<b>4,403,232</b>	<b>5,624,402</b>	<b>6,886,308</b>	<b>8,007,737</b>
<b>Operating income</b>	<b>-37,165</b>	<b>-49,157</b>	<b>-91,920</b>	<b>-141,147</b>	<b>90,153</b>	<b>268,643</b>	<b>181,946</b>	<b>517,321</b>	<b>936,608</b>	<b>1,515,979</b>	<b>2,273,033</b>
<i>Operating margin</i>	-9.55%	-7.30%	-8.56%	-8.94%	3.08%	5.83%	2.76%	5.73%	7.90%	10.15%	12.66%
Interest income	2,248	11,491	43,088	70,529	23,434	15,356	40,800	40,800	40,800	40,800	40,800
Interest expense	712	3,641	13,652	22,347	9,085	3,493	1,150	1,150	1,150	1,150	0
Net interest income	1,536	7,850	29,436	48,182	14,349	11,863	39,650	39,650	39,650	39,650	40,800
<i>Interest income as % of net interest</i>	146%	146%	146%	146%	163.3%	129.4%	102.9%	102.9%	102.9%	102.9%	100.0%
Interest income from marketable securities	0.73%	1.44%	2.76%	3.91%	0.64%	0.29%	0.77%	0.77%	0.77%	0.77%	0.77%
Income/loss before income taxes	-	-	-64,553	-95,815	240,364	3,140,592	221,596	556,971	976,258	1,555,629	2,313,833
(Provision for) recovery of income taxes	-	-	-	29,027	79,145	-225,933	-46,535	-116,964	-205,014	-326,682	-485,905
<i>Tax rate</i>	-	-	-	-30.29%	32.93%	-7.19%	21.00%	21.00%	21.00%	21.00%	21.00%
<b>Net income/loss</b>	<b>-35,355</b>	<b>-39,995</b>	<b>-64,553</b>	<b>-124,842</b>	<b>319,509</b>	<b>2,914,659</b>	<b>175,061</b>	<b>440,007</b>	<b>771,244</b>	<b>1,228,947</b>	<b>1,827,928</b>

# Appendix: Financial Analysis

## Operating model – balance sheet

Balance Sheet	Historical Period						Forecasting Period				
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
<b>Current assets</b>											
Cash and cash equivalents	84,013	141,677	410,683	649,916	2,703,597	2,502,992	414,876	785,289	1,403,258	2,370,165	2,938,538
Marketable securities	308,401	796,362	1,558,987	1,805,278	3,684,370	5,265,101	5,265,101	5,265,101	5,265,101	5,265,101	5,265,101
Trade and other receivables, net	9,599	21,939	41,347	90,529	120,752	192,209	259,541	355,410	466,547	587,488	706,146
Merchant cash advances, loans and related receivables, net	11,896	47,101	91,873	150,172	244,723	470,722	513,392	703,029	922,866	1,162,097	1,396,812
as % of revenue	3.06%	7.00%	8.56%	9.52%	8.35%	10.21%	7.78%	7.78%	7.78%	7.78%	7.78%
Income taxes receivable	-	-	-	-	56,067	5,023	-	-	-	-	-
Other current assets	8,989	18,598	26,192	48,833	68,247	103,273	166,866	228,504	299,957	377,714	454,003
as % of revenue	2.31%	2.76%	2.44%	3.09%	2.33%	2.24%	2.53%	2.53%	2.53%	2.53%	2.53%
	<b>422,898</b>	<b>1,025,677</b>	<b>2,129,082</b>	<b>2,744,728</b>	<b>6,877,756</b>	<b>8,539,320</b>	<b>6,619,775</b>	<b>7,337,333</b>	<b>8,357,729</b>	<b>9,762,564</b>	<b>10,760,600</b>
<b>Long-term assets</b>											
Property and equipment, net	45,719	50,360	61,612	111,398	92,104	105,526	154,922	240,530	382,032	595,711	878,601
Right-of-use assets, net	-	-	-	134,774	119,373	196,388	196,388	196,388	196,388	196,388	196,388
Intangible assets, net	6,437	17,210	26,072	167,282	135,676	138,496	2,211,308	2,184,492	2,161,672	2,145,486	2,129,300
Deferred tax assets	-	-	-	19,432	52,677	48,369	48,369	48,369	48,369	48,369	48,369
Equity	-	-	-	-	173,454	3,955,545	3,955,545	3,955,545	3,955,545	3,955,545	3,955,545
Goodwill	15,504	20,317	38,019	311,865	311,865	356,528	356,528	356,528	356,528	356,528	356,528
	<b>67,660</b>	<b>87,887</b>	<b>125,703</b>	<b>744,751</b>	<b>885,149</b>	<b>4,800,852</b>	<b>6,923,060</b>	<b>6,981,852</b>	<b>7,100,534</b>	<b>7,298,027</b>	<b>7,564,731</b>
<b>Total Assets</b>	<b>490,558</b>	<b>1,113,564</b>	<b>2,254,785</b>	<b>3,489,479</b>	<b>7,762,905</b>	<b>13,340,172</b>	<b>13,542,835</b>	<b>14,319,185</b>	<b>15,458,263</b>	<b>17,060,591</b>	<b>18,325,331</b>
<b>Current liabilities</b>											
Accounts payable and accrued liabilities	45,057	62,576	96,956	181,193	300,795	456,688	688,739	927,582	1,194,686	1,472,706	1,729,253
Income taxes payable	-	-	-	69,432	19,677	13,505	13,505	13,505	13,505	13,505	13,505
Deferred revenue	20,164	30,694	39,180	56,691	107,809	216,792	278,885	381,899	501,319	631,274	758,776
as % of revenue	5.18%	4.56%	3.65%	3.59%	3.68%	4.70%	4.23%	4.23%	4.23%	4.23%	4.23%
Lease liabilities	1,311	1,484	2,552	9,066	10,051	15,748	23,634	21,994	19,125	14,884	10,539
	<b>66,532</b>	<b>94,754</b>	<b>138,688</b>	<b>316,382</b>	<b>438,332</b>	<b>702,733</b>	<b>1,004,762</b>	<b>1,344,980</b>	<b>1,728,636</b>	<b>2,132,369</b>	<b>2,512,073</b>
<b>Long-term liabilities</b>											
Deferred revenue	922	1,352	1,881	5,969	21,006	162,932	22,540	30,866	40,518	51,021	61,326
as % of revenue	0.24%	0.20%	0.18%	0.38%	0.72%	3.53%	0.34%	0.34%	0.34%	0.34%	0.34%
Lease liabilities	12,628	14,970	22,316	142,641	144,836	246,776	277,116	257,879	224,247	174,514	123,570
Convertible senior notes	-	-	-	-	758,008	910,963	910,963	910,963	910,963	910,963	-
Deferred tax liabilities	-	1,388	1,132	8,753	-	183,427	19,051	26,088	34,246	43,124	51,834
as % of revenue	0.00%	0.21%	0.11%	0.55%	0.00%	3.98%	0.29%	0.29%	0.29%	0.29%	0.29%
	<b>13,550</b>	<b>17,710</b>	<b>25,329</b>	<b>157,363</b>	<b>923,850</b>	<b>1,504,098</b>	<b>1,229,671</b>	<b>1,225,796</b>	<b>1,209,975</b>	<b>1,179,622</b>	<b>236,730</b>
<b>Total liabilities</b>	<b>80,082</b>	<b>112,464</b>	<b>164,017</b>	<b>473,745</b>	<b>1,362,182</b>	<b>2,206,831</b>	<b>2,234,433</b>	<b>2,570,776</b>	<b>2,938,610</b>	<b>3,311,991</b>	<b>2,748,803</b>
<b>Equity</b>											
Common stock	468,494	1,077,477	2,215,936	3,256,284	6,115,232	8,040,099	8,040,099	8,040,099	8,040,099	8,040,099	8,040,099
Additional paid-in capital	27,009	43,392	74,805	62,628	261,436	161,074	161,074	161,074	161,074	161,074	161,074
Accumulated other comprehensive (loss) income	-1,818	3,435	-12,216	1,046	8,770	-5,974	-5,974	-5,974	-5,974	-5,974	-5,974
Retained earnings	-83,209	-123,204	-187,757	-304,224	15,285	2,938,142	3,113,203	3,553,210	4,324,454	5,553,401	7,381,329
	<b>410,476</b>	<b>1,001,100</b>	<b>2,090,768</b>	<b>3,015,734</b>	<b>6,400,723</b>	<b>11,133,341</b>	<b>11,308,402</b>	<b>11,748,409</b>	<b>12,519,653</b>	<b>13,748,600</b>	<b>15,576,528</b>
<b>Total liabilities and shareholders' equity</b>	<b>490,558</b>	<b>1,113,564</b>	<b>2,254,785</b>	<b>3,489,479</b>	<b>7,762,905</b>	<b>13,340,172</b>	<b>13,542,835</b>	<b>14,319,185</b>	<b>15,458,263</b>	<b>17,060,591</b>	<b>18,325,331</b>

# Appendix: Financial Analysis

## Operating model – Cash Flow

	Historical Period						Forecasting Period				
Cash Flow	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
<b>Cash flows from operating activities</b>											
<b>Net income/loss for the year</b>	-35,355	-39,995	-64,553	-124,842	319,509	2,914,659	175,061	440,007	771,244	1,228,947	1,827,928
Adjustments to reconcile net income to net cash provided by operating activities:											
Amortization and depreciation	13,967	23,382	27,052	35,651	70,060	66,308	61,117	79,655	95,013	111,839	153,472
Stock-based compensation	22,896	49,163	95,720	158,456	246,940	330,763	-	-	-	-	-
Amortization of debt offering costs	-	-	-	-	8,756	2,343	-	-	-	-	-
Impairment of right-of-use assets and leasehold improvements	-	-	-	-	31,623	30,145	-	-	-	-	-
Provision for transaction and loan losses	1,028	2,606	5,922	17,946	27,282	43,781	-	-	-	-	-
Deferred income tax expense (recovery)	-	-	-	-37,918	-44,801	190,963	-164,376	7,037	8,158	8,878	8,710
Revenue related to non-cash consideration	-	-	-	-	-3,814	-58,380	-	-	-	-	-
Changes in operating assets and liabilities:											
Trade and other receivables	-2,356	-13,037	-32,649	-56,181	-29,146	-72,300	-67,332	-95,869	-111,137	-120,941	-118,658
Merchant cash advances, loans and related receivables	-12,924	-37,811	-50,694	-74,211	-112,721	-266,077	-42,670	-189,637	-219,837	-239,231	-234,715
Other current assets	-2,604	-3,706	-10,816	-12,401	-11,404	-50,151	-63,593	-61,637	-71,453	-77,757	-76,289
Non-cash consideration received in exchange for services	-	-	-	-	-24,710	-268,058	-	-	-	-	-
Accounts payable and accrued liabilities	19,813	15,428	20,641	82,529	118,588	138,175	232,051	238,844	267,104	278,020	256,547
Income taxes receivable and payable	-	-	-	64,648	-103,087	45,263	5,023	-	-	-	-
Deferred revenue	7,699	10,960	9,015	12,305	69,969	309,289	-78,299	111,341	129,072	140,458	137,807
Lease assets and liabilities	2,620	2,515	8,414	1,452	-1,204	2,935	38,227	-20,878	-36,499	-53,975	-55,289
<b>Net cash provided by operating activities</b>	<b>14,017</b>	<b>7,901</b>	<b>9,324</b>	<b>70,615</b>	<b>424,958</b>	<b>504,428</b>	<b>95,208</b>	<b>508,861</b>	<b>831,664</b>	<b>1,276,238</b>	<b>1,899,513</b>
<b>Cash flows from investing activities</b>											
Purchase of marketable securities	-369,208	-1,129,263	-2,447,955	-2,718,604	-5,600,207	-7,337,366	-	-	-	-	-
Maturity of marketable securities	139,872	642,073	1,698,264	2,477,038	3,721,405	5,750,224	-	-	-	-	-
Purchase of equity and other investments	-	-	-	-	-11,051	-650,233	-	-	-	-	-
Acquisitions of property and equipment	-23,773	-20,043	-27,950	-56,759	-41,733	-50,788	-83,325	-138,447	-213,696	-309,331	-420,176
as % of revenue	6.11%	2.98%	2.60%	3.60%	1.42%	1.10%	-	-	-	-	-
Acquisition of businesses, net of cash acquired	-	-	-	-	-	-59,627	-	-	-	-	-
Acquisitions of intangible assets	-2,463	-4,219	-13,595	-5,638	-262	-	-2,100,000	-	-	-	-
<b>Net cash used in investing activities</b>	<b>-269,686</b>	<b>-527,170</b>	<b>-810,633</b>	<b>-569,475</b>	<b>-1,931,848</b>	<b>-2,347,790</b>	<b>-2,183,325</b>	<b>-138,447</b>	<b>-213,696</b>	<b>-309,331</b>	<b>-420,176</b>
<b>Cash flows from financing activities</b>											
Proceeds from public equity offerings, net of issuance costs	224,423	560,057	1,041,688	688,014	2,578,591	1,541,168	-	-	-	-	-
Proceeds from the exercise of stock options	4,162	14,774	30,494	48,337	70,809	108,594	-	-	-	-	-
Proceeds from convertible senior notes, net of underwriting fees and offering costs	-	-	-	-	907,950	-	-	-	-	-	-910,963
<b>Net cash provided by financing activities</b>	<b>228,585</b>	<b>574,831</b>	<b>1,072,182</b>	<b>736,351</b>	<b>3,557,350</b>	<b>1,649,762</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-910,963</b>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>-26,057</b>	<b>57,664</b>	<b>269,006</b>	<b>239,233</b>	<b>2,053,681</b>	<b>-200,605</b>	<b>-2,088,116</b>	<b>370,414</b>	<b>617,969</b>	<b>966,907</b>	<b>568,373</b>
<b>Cash and cash equivalents - Beginning of Year</b>	<b>110,070</b>	<b>84,013</b>	<b>141,677</b>	<b>410,683</b>	<b>649,916</b>	<b>2,703,597</b>	<b>2,502,992</b>	<b>414,876</b>	<b>785,289</b>	<b>1,403,258</b>	<b>2,370,165</b>
<b>Cash and cash equivalents - End of Year</b>	<b>84,013</b>	<b>141,677</b>	<b>410,683</b>	<b>649,916</b>	<b>2,703,597</b>	<b>2,502,992</b>	<b>414,876</b>	<b>785,289</b>	<b>1,403,258</b>	<b>2,370,165</b>	<b>2,938,538</b>



# Appendix: Financial Analysis

## Operating model – key performance drivers

Historical Period						Forecasting Period				
Key Performance Drivers										
Total Revenue Growth (YoY)	72.94%	59.40%	47.05%	85.63%	57.43%	43.06%	36.94%	31.27%	25.92%	20.20%
Subscriptions Solutions Revenue Growth (YoY)	64.38%	49.98%	38.12%	41.50%	47.71%	29.72%	23.65%	18.06%	12.82%	7.31%
Merchant Solutions Revenue Growth (YoY)	80.98%	67.43%	53.88%	115.91%	61.80%	48.54%	41.70%	35.40%	29.50%	23.26%
Gross Merchandise Volume (GMV) Growth (YoY)	70.78%	56.27%	48.66%	95.74%	46.66%	38.64%	34.18%	30.11%	26.30%	22.04%
Gross margin	53.81%	56.48%	55.56%	54.85%	52.62%	53.80%	53.70%	54.46%	55.32%	56.26%
Subscription Solutions Costs in % of Subscription Solutions	20.93%	19.76%	21.72%	19.95%	21.30%	19.69%	20.56%	20.56%	20.56%	20.56%
Merchant Solutions Costs in % Merchant Solutions	69.93%	63.80%	61.81%	62.44%	59.11%	57.08%	55.53%	53.35%	51.26%	49.25%
Sales & Marketing in % of total Revenue	33.19%	33.52%	32.62%	29.96%	20.55%	19.55%	22.00%	20.88%	19.75%	18.63%
R&D in % of total Revenue	19.09%	20.20%	21.49%	22.50%	18.85%	18.53%	21.00%	20.11%	20.11%	20.11%
G&A in % of total Revenue	11.07%	10.06%	10.01%	11.34%	8.37%	8.13%	7.94%	7.75%	7.56%	7.38%
DSO	9	12	14	21	15	15	14	14	14	14
DPO	91	78	74	93	79	78	82	82	82	82
Deferred Revenue (current) as % of Revenue	5.18%	4.56%	3.65%	3.59%	3.68%	4.70%	4.23%	4.23%	4.23%	4.23%
Deferred Revenue (non current) as % of Revenue	0.24%	0.20%	0.18%	0.38%	0.72%	3.53%	0.34%	0.34%	0.34%	0.34%
CAPEX (Acquisition of P&E) as % of Sales	6.11%	2.98%	2.60%	3.60%	1.42%	1.10%	1.26%	1.53%	1.80%	2.07%
D&A as % of Sales	3.59%	3.47%	2.52%	2.26%	2.39%	1.44%	0.93%	0.88%	0.80%	0.75%
Current Assets	30,484	87,638	159,412	289,534	489,789	771,227	939,799	1,286,943	1,689,370	2,127,299
Current Liabilities	66,532	94,754	138,688	316,382	438,332	702,733	1,004,762	1,344,980	1,728,636	2,132,369
Working Capital	-36,048	-7,116	20,724	-26,848	51,457	68,494	-64,964	-58,037	-39,266	-5,071
Change in WC	28,932	27,840	-47,572	78,305	17,037	-133,458	6,927	18,772	34,195	49,958

# Appendix: Valuation Analysis

## DCF valuation

DCF Valuation	Historical Period						Forecasting Period					
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	TV
Total Revenue												
Subscription solutions	188,606	310,031	464,996	642,241	908,757	1,342,334	1,741,287	2,153,045	2,541,785	2,867,624	3,077,218	
Merchant solutions	200,724	363,273	608,233	935,932	2,020,734	3,269,522	4,856,509	6,881,855	9,318,328	12,066,940	14,873,759	
	389,330	673,304	1,073,229	1,578,173	2,929,491	4,611,856	6,597,796	9,034,900	11,860,113	14,934,564	17,950,977	
Growth		73%	59%	47%	86%	57%	43%	37%	31%	26%	20%	
Cost of Revenues												
Subscription solutions	39,478	61,267	100,990	128,155	193,532	264,351	357,996	442,650	522,572	589,562	632,653	
Merchant solutions	140,357	231,784	375,972	584,375	1,194,439	1,866,361	2,696,946	3,671,697	4,776,530	5,942,715	7,037,553	
Total Cost of Revenue	179,835	293,051	476,962	712,530	1,387,971	2,130,712	3,054,942	4,114,347	5,299,102	6,532,277	7,670,206	
Gross Profit	209,495	380,253	596,267	865,643	1,541,520	2,481,144	3,542,854	4,920,553	6,561,011	8,402,287	10,280,770	
Gross Profit Margin	54%	56%	56%	55%	53%	54%	54%	54%	55%	56%	57%	
Operating Expenses												
Sales and marketing	129,214	225,694	350,069	472,841	602,048	901,557	1,451,515	1,886,035	2,342,372	2,781,563	3,141,421	
Research and development	74,336	135,997	230,674	355,015	552,127	854,383	1,385,537	1,816,821	2,384,941	3,003,180	3,609,748	
General and administrative	43,110	67,719	107,444	178,934	245,343	374,844	523,856	700,375	897,089	1,101,565	1,256,568	
Transaction and loan losses	0	0	0	0	51,849	81,717	0	0	0	0	0	
Total OPEX	246,660	429,410	688,187	1,006,790	1,451,367	2,212,501	3,360,908	4,403,232	5,624,402	6,886,308	8,007,737	
EBIT	-37,165	-49,157	-91,920	-141,147	90,153	268,643	181,946	517,321	936,608	1,515,979	2,273,033	
Tax expense	0	0	0	29,027	79,145	-225,933	38,209	108,637	196,688	318,356	477,337	
Effective Tax Rate	0.0%	0.0%	0.0%	-20.6%	87.8%	-84.1%	21%	21%	21%	21%	21%	
NOPAT	-37,165	-49,157	-91,920	-170,174	11,008	494,576	143,737	408,684	739,921	1,197,624	1,795,696	
D&A	13,967	23,382	27,052	35,651	70,060	66,308	61,117	79,655	95,013	111,839	153,472	
Changes in WC		-28,932	-27,840	47,572	-78,305	-17,037	133,458	-6,927	-18,772	-34,195	-49,958	
CAPEX	23,773	20,043	27,950	56,759	41,733	50,788	83,325	138,447	213,696	309,331	420,176	
FCF	-46,971	-74,750	-120,658	-143,710	-38,970	493,059	254,987	342,965	602,467	965,936	1,479,034	84,668,975
as % of Revenue	-12.06%	-11.10%	-11.24%	-9.11%	-1.33%	10.69%	3.86%	3.80%	5.08%	6.47%	8.24%	
Discount Factor							90.91%	82.64%	75.12%	68.29%	62.08%	62.08%
Discounted Cash Flows(PV)							231,798	283,421	452,590	659,647	918,188	52,562,743

Sum of FCF	2545644
Discounted TV	52562743

Enterprise Value	55108386
Cash	2451.5
Debt	1173487
Equity Value	53937351
Shares Outstanding	126100

Target Share Price	427.7347
Current Share Price	353.66
Upside Potential	0.209452

WACC	0.100042
LTM Growth Rate	0.081156

# Appendix: Valuation Analysis

## WACC & long-term growth rate

Weighting ERP and GDP growth								
GDP	Absolut Numbers	Share	ERP per Region	Weighted ERP	GDP growth	Weighted GDP growth	Risk free rate per Region	Weighted risk free rate
<b>North America</b>								
Canada	316,699	7%	4.24%	0.29%		1.70%	0.12%	0.00%
United States	2,973,934	64%	4.24%	2.73%		1.70%	1.10%	1.87%
<b>EMEA</b>								
Europe	799,602	17%	6%	1.06%		3.0%	0.52%	0.16%
Middle East						1.60%	0.00%	
Africa						2.90%	0.00%	0.00%
APAC	467,009	10%	5.28%	0.53%		4.50%	0.00%	0.00%
Latin America	54,612	1%	8.20%	0.10%		4.50%	0.46%	0.02%
Total	4,611,856	100%		4.71%			12.20%	0.14%
						2.40%	0.03%	2.19%
<b>Industry</b>								
Global E-Commerce Market CAGR	10%							
	Weight							
GDP	25%							
Industry	75%							
<b>Weighted LTM Growth Rate</b>								
	8.1%							

Risk free rate 2.19%

	Equity ratio (%)	Debt ratio (%)	Effective raxe rate
Capital structure SHOP	97.44%	2.56%	21.00%

WACC Calculation	
Costs of equity SHOP	10.22%
WACC SHOP	10.00%

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