SHOP

Shopify is growing above 30%, and the shares trade at 17.3 times trailing revenue.

Q2 2026 revenue rose 33.7% to $3.58B on GMV of $115.6B, and free cash flow was $654M. At $178.14 the shares trade at about 17 times trailing revenue, near the Street average target.

+31.6% CALCULATED

Gross merchandise volume growth in Q2 2026 to $115.6B, on top of 30.6% a year earlier (calculated from reported GMV).

Watchlist: growth, cash flow and payments penetration are strong; a rich multiple, slipping gross margin and equity-gain profits are the offsets.

Core question

Can Shopify sustain 30% growth as gross margin slips and loan losses rise, at 17 times revenue, when most GAAP profit is an equity gain?

Revenue

Q2 revenue $3,583M, +33.7%; merchant solutions $2,781M, +37.4%; subscription $802M, +22.3% (calculated). Calendar-year company.

Margin

Gross margin 47.7% vs 48.6%; operating income $488M, a 13.6% margin vs 10.9% (calculated), after $141M of transaction and loan losses.

Cash

Q2 free cash flow $654M, an 18% margin; cash and securities $4.95B at 30 Jun 2026. Cash flow presentation changed in April 2026.

Risk

Net income of $1,502M includes a $1,249M unrealized equity gain; ex-equity income was $439M. Beta is 2.62.

Street

54 analysts: targets $120 to $220, average $175.29, 1.6% below the $178.14 close of 15 Oct 2026.

PRICE	MARKET CAP	PRICE AS OF	REPORT DATE
$178.14	$229.2B	15 Oct 2026	16 Oct 2026
as of 15 Oct 2026	as of 15 Oct 2026		

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SUMMARY

Volume, revenue and cash flow all grew above 30%; shares at 17.3x trailing revenue.

GMV growth accelerated in Q2 and Shopify Payments reached 68% of GMV. Operating leverage showed in the margin, while gross margin edged down.

+33.7%

Q2 revenue $3,583M vs $2,680M; GMV $115,567M, +31.6%; MRR $221M, +19.5% (calculated). CALCULATED

$488M

Q2 operating income vs $291M, a 13.6% margin vs 10.9%; transaction and loan losses rose 76% to $141M (calculated). CALCULATED

17.3x

Market cap of $229.2B over TTM revenue of $13.27B (calculated); trailing P/E is 120x and forward P/E 85x (S&P). CALCULATED

What supports the view

- Revenue growth by quarter: 31.1%, 31.5%, 30.6%, 34.3%, 33.7% (calculated); GMV growth 31.6% in Q2.
- Shopify Payments penetration reached 68% of GMV (64% a year earlier); payments GMV $78.1B, +38% (reported).
- Operating margin rose to 13.6% from 10.9%; TTM free cash flow $2.35B, a 17.7% margin (S&P).
- Q3 outlook: revenue growth in the low thirties, free cash flow margin high-teens to low-twenties (company).

What could undercut it

- Gross margin was 47.7% vs 48.6%: merchant solutions grow faster but carry a 38% gross margin (calculated).
- Transaction and loan losses grew 76% y/y to $141M, or 0.12% of GMV vs 0.09% (calculated).
- Net income is volatile: $1,502M in Q2 but a $581M loss in Q1, driven by equity investment marks.
- The Street average target of $175.29 is below the price, which is 37% above the 200-day average (calculated).

What decides it: the Q3 report on 3 Nov 2026, before the open (S&P, confirmed): can revenue growth stay in the low thirties as the company guides?

Key figures

METRIC	PERIOD	VALUE	SOURCE
Revenue	Q2 2026	**$3,583M**	Q2 2026 release
GMV	Q2 2026	**$115,567M**	Q2 2026 release
Free cash flow	Q2 2026	**$654M**	Q2 2026 release
TTM revenue	Q3 25 to Q2 26	**$13,269M** CALCULATED	Calculated: sum of four quarters
TTM net income	Q3 25 to Q2 26	**$1,928M** CALCULATED	Calculated; ties to S and P
Cash and securities	30 Jun 2026	**$4,947M** CALCULATED	Calculated: $1,656M + $3,291M
Market cap	15 Oct 2026	**$229.20B**	S and P Global MI

What to watch

3 NOV 2026

Q3 2026 results

S&P confirmed, before market open. Guide: revenue growth low thirties, opex 33% to 34% of revenue, SBC $150M.

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EARLY FEB 2027

Q4 and FY2026 results

Timing inferred from the 11 Feb 2026 report; no date sourced.

UNDATED

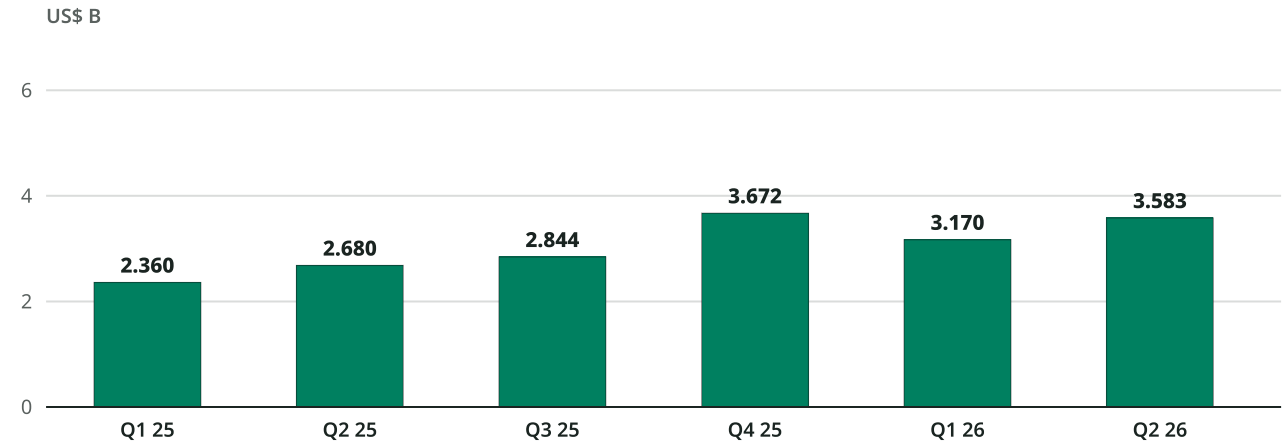
Equity investment marks

Quarterly gains or losses on listed and private stakes swing GAAP net income.

EVIDENCE 1 · GROWTH

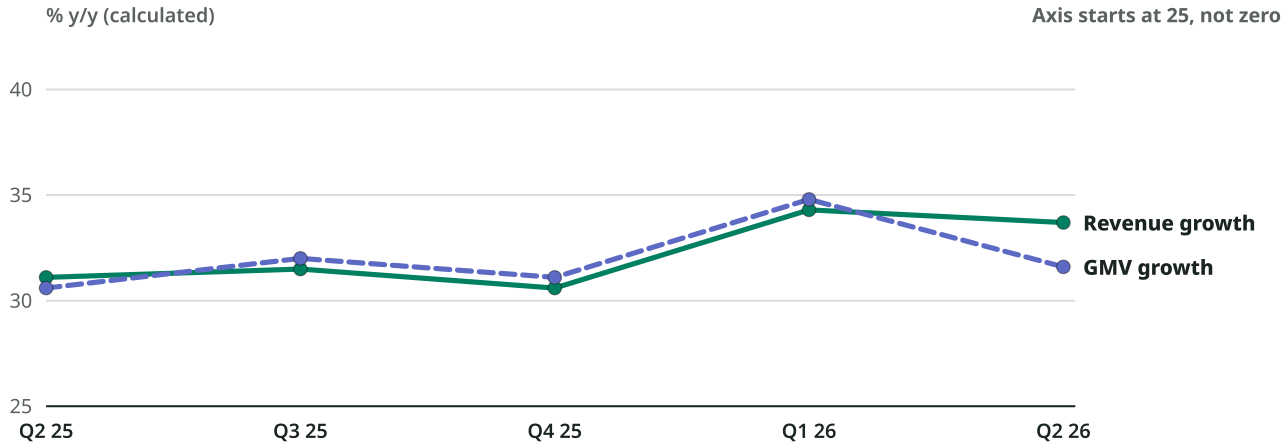
Revenue and GMV have grown above 30% for five straight quarters.

Quarterly revenue reached $3.58B in Q2 2026



Revenue as reported; Q4 is the seasonal peak. Calendar-year company: Q2 is April to June.
Source: Shopify 8-K releases (SEC); Flip sheet tab SHOP (revenue ties to releases).

Revenue and GMV growth have both moved from about 31% to 34%



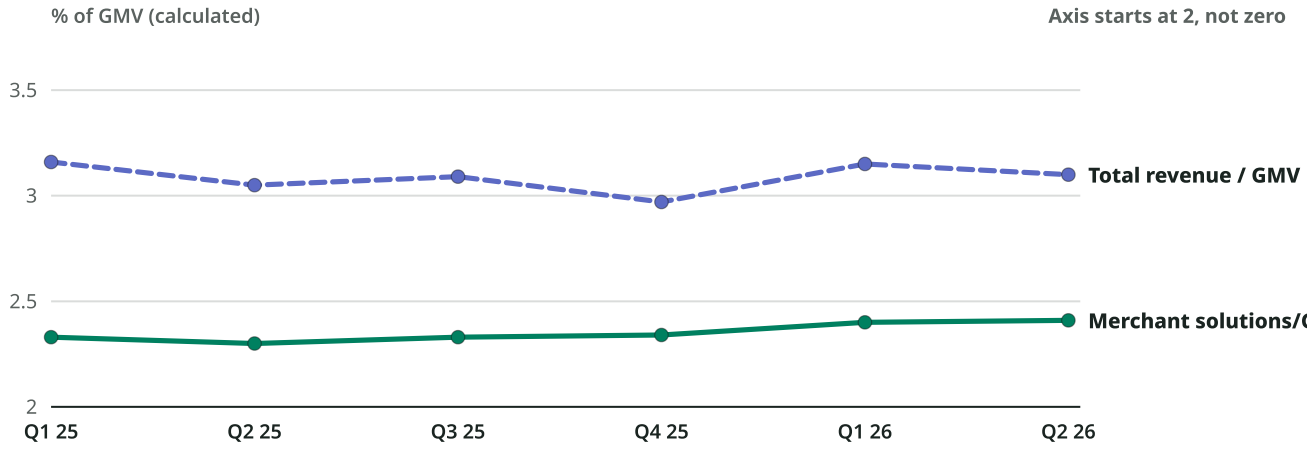
Calculated from reported revenue and GMV and the prior-year figures in each release. Axis runs 25 to 40.
Source: Shopify releases (SEC).

Q2 GMV was $115,567M vs $87,837M. Shopify says growth was solid across merchant sizes, channels and geographies. Q3 guidance is revenue growth in the low thirties, gross profit dollars up a mid-to-high twenties rate, and a free cash flow margin in the high-teens to low-twenties.

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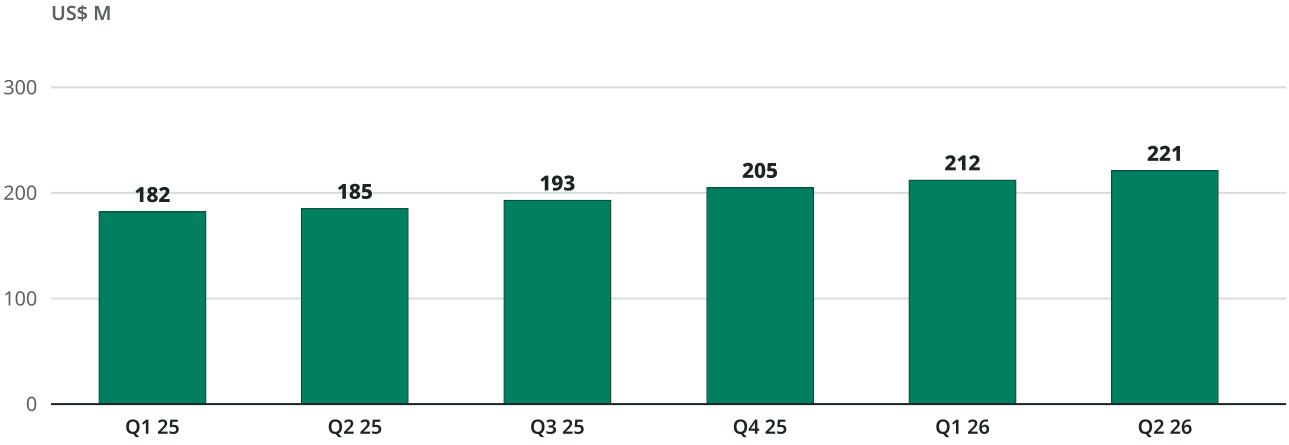
Merchant solutions earn 2.4 cents per GMV dollar, up from 2.3.

Merchant solutions per GMV dollar rose to 2.41% in Q2



Merchant solutions / GMV is the tab's take rate and Shopify's historical attach rate. Total revenue / GMV is separate. Axis runs 2.0 to 3.4.
Source: Shopify releases (SEC); Flip sheet tab SHOP (take-rate row = merchant solutions / GMV).

MRR from subscription plans reached $221M, up 19.5%



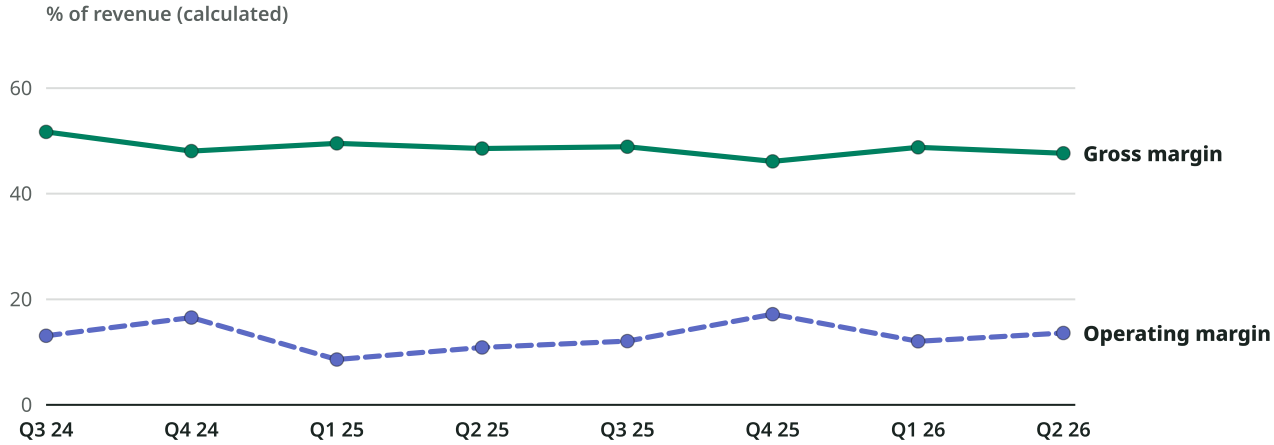
Monthly recurring revenue at period end, subscription plans only, excluding variable platform fees. Subscription revenue is a separate line.
Source: Shopify releases (SEC); Flip sheet tab SHOP (MRR ties).

Q2 2026	Q2 2025	Q2 2026	SOURCE
Shopify Payments penetration	**64%**	68%	Q2 2026 10-Q
GMV via Shopify Payments	**$56.6B**	$78.1B	Q2 2026 10-Q
Merchant solutions share of revenue	**75.5%** CALCULATED	77.6% CALCULATED	Calculated
Subscription gross margin	**81.6%** CALCULATED	79.7% CALCULATED	Calculated
Merchant solutions gross margin	**37.9%** CALCULATED	38.4% CALCULATED	Calculated

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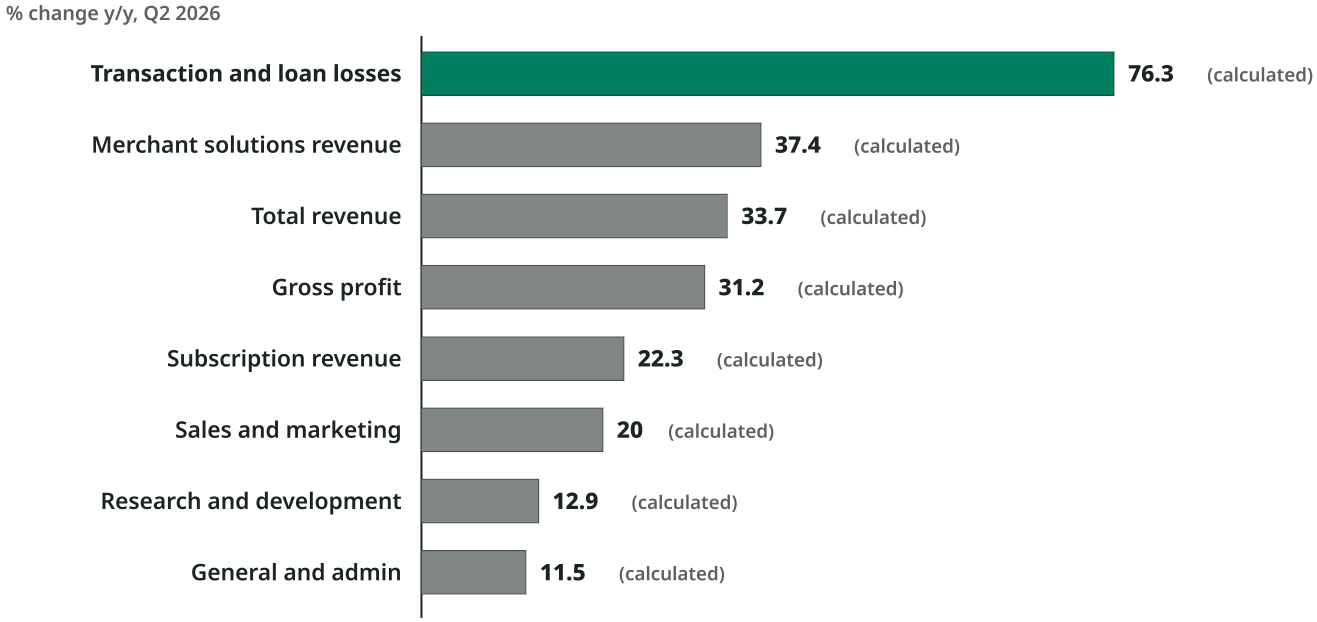
Operating margin expanded while gross margin slipped.

Gross margin is near 48% while operating margin rose to 13.6%



Operating income is after transaction and loan losses. Axis runs 0 to 60.
Source: Shopify releases (SEC); Flip sheet tab SHOP (ties).

Loan losses grew fastest; operating costs grew slower than revenue



Calculated from reported dollar lines in the Q2 2026 and Q2 2025 columns of the release.
Source: Shopify Q2 2026 release (8-K EX-99.1).

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Q3 outlook has operating expenses at 33% to 34% of revenue, against 34.0% in Q2 (1,220 / 3,583, calculated). S&P's operating income of $2.37B TTM excludes transaction and loan losses; the company's own line, used here, is $1.84B.

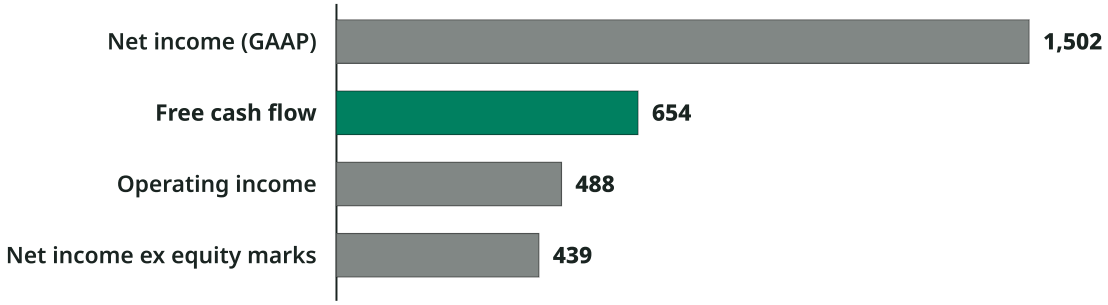
EVIDENCE 4 · PROFIT QUALITY AND CASH

GAAP net income swings with equity marks; free cash flow does not.

QUARTER	NET INCOME	EXCL. EQUITY MARKS	SOURCE
Q1 2025	**-$682M**	$226M	Releases
Q2 2025	**$906M**	$338M	Releases
Q3 2025	**$264M** CALCULATED	$367M CALCULATED	Calculated
Q4 2025	**$743M**	$594M	Releases
Q1 2026	**-$581M**	$360M	Releases
Q2 2026	**$1,502M**	$439M	Releases

Q2 free cash flow of $654M is above operating income

US$ M, Q2 2026



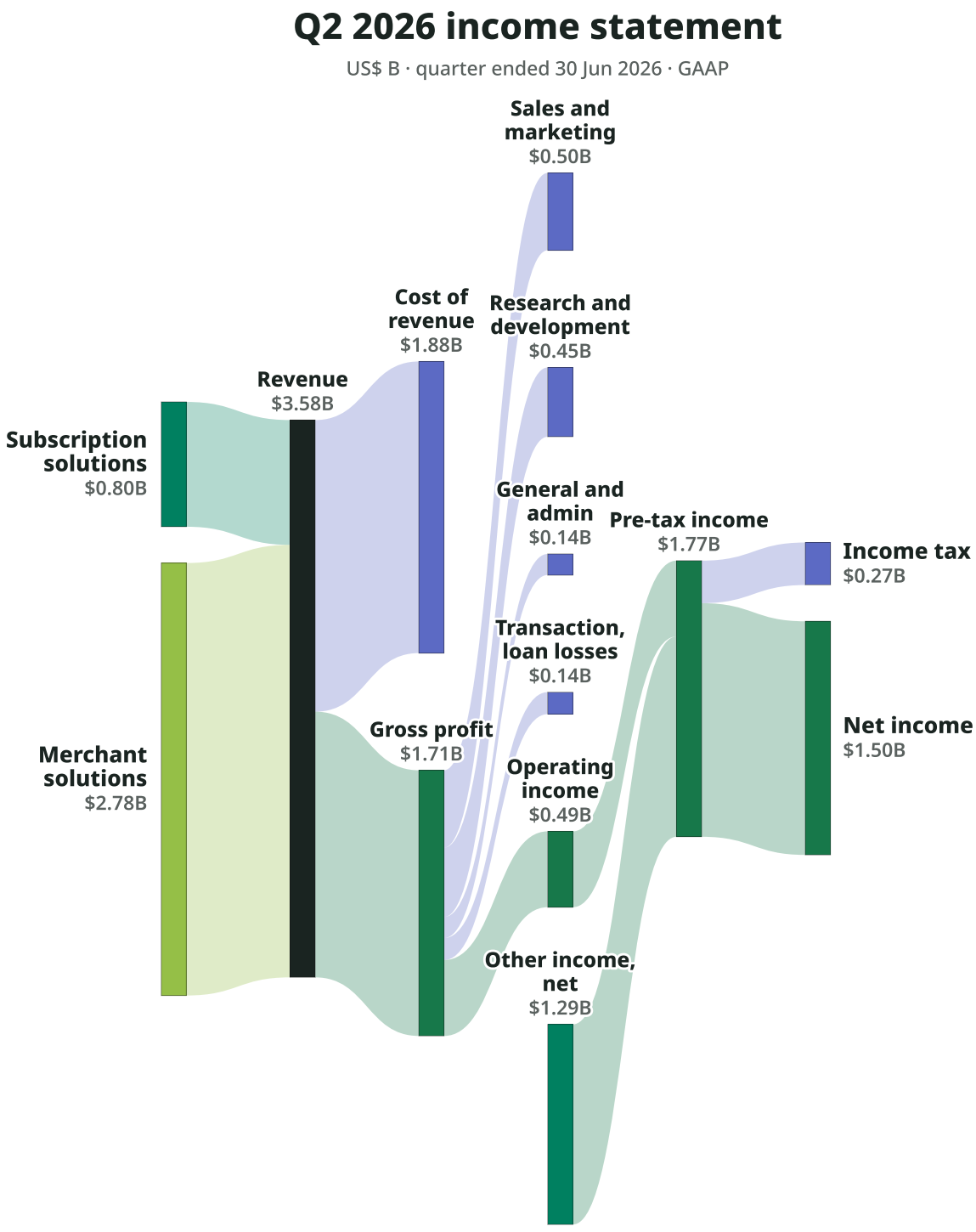
As reported. Q2 free cash flow reflects a changed presentation of merchant cash advance cash flows from April 2026, so it is not like-for-like.
Source: Shopify Q2 2026 release (8-K EX-99.1) and Form 10-Q.

Q2 other income was $1,287M, of which $1,249M was an unrealized gain on equity and other investments (10-Q). Shopify repurchased 4.2M shares for $521M in Q1 2026. Cash and marketable securities were $4,947M at 30 Jun 2026; S&P shows total debt of $178M.

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INCOME STATEMENT FLOW

Of $3.58B of revenue, $488M became operating income and $1.5B net income.



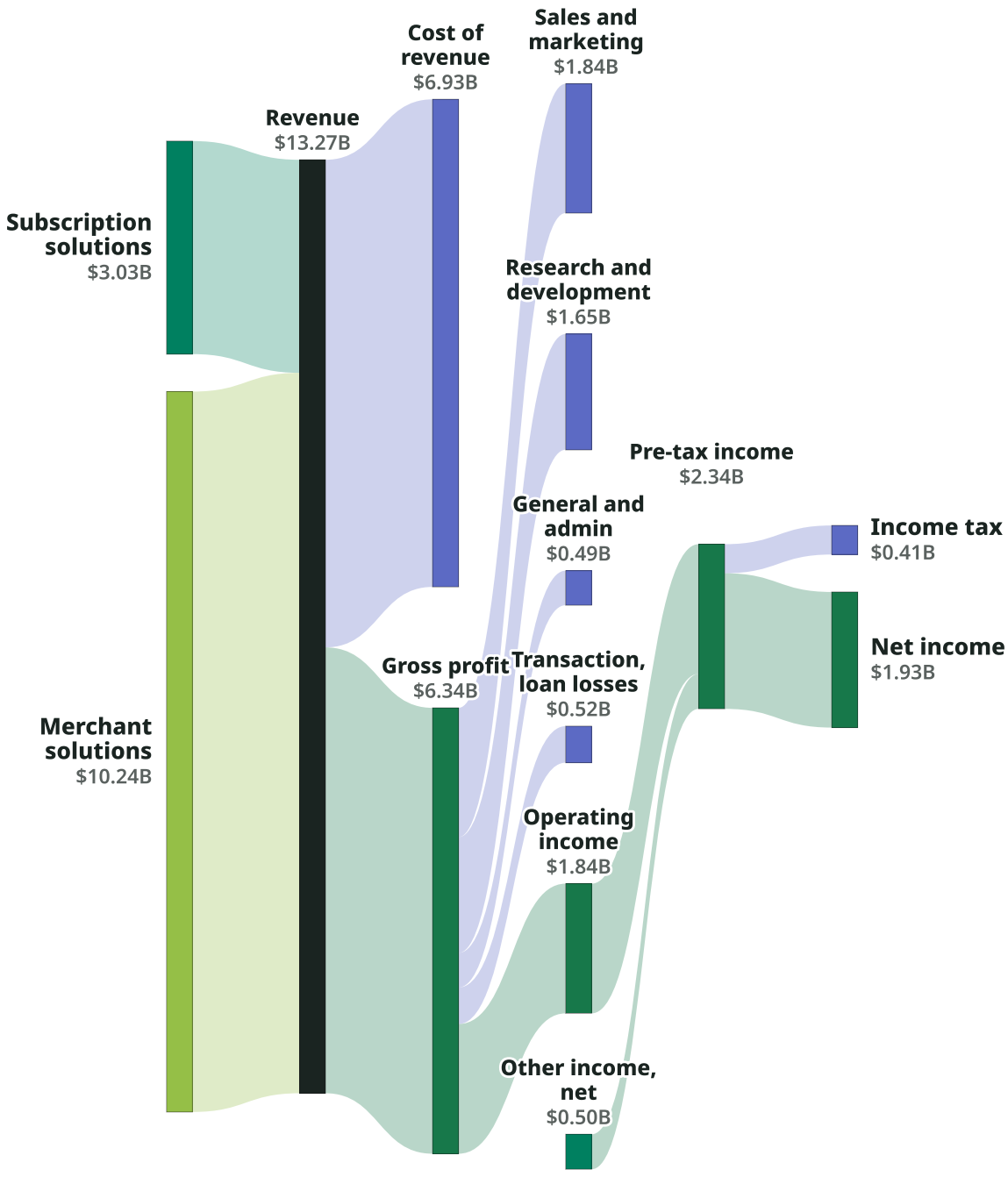
Source: Shopify Q2 2026 release and Form 10-Q (SEC). Other income of $1,287M is mostly an equity investment gain.
Chart: desk analysis. Cost of revenue combines subscription and merchant solutions.

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Over four quarters, $13.3B of revenue produced $1.8B of operating income.

TTM income statement, Q3 2025 to Q2 2026

US$ B · twelve months to 30 Jun 2026 · GAAP · calculated



Source: Shopify releases and 10-Qs (SEC). TTM = sum of Q3'25 to Q2'26; Q3'25 derived from FY25 less other quarters; calculated.
Chart: desk analysis. Ties to S and P on revenue, gross profit, pre-tax income and net income.

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RISKS

Five exposures matter most, set against real strengths.

Valuation

17.3x TTM revenue (calculated), 120x trailing and 85x forward earnings (S&P); the multiples depend on growth continuing.

Gross margin mix

Merchant solutions earn a 38% gross margin and grow faster than subscriptions, which earn about 80% (calculated).

Loan and payment losses

Transaction and loan losses rose 76% to $141M in Q2, above revenue growth (calculated).

Earnings quality

Q2 net income of $1,502M is 3.1 times operating income because of a $1,249M unrealized equity gain (calculated).

Price momentum

Beta 2.62; the price is 37% above its 200-day average and the average target sits below it (calculated).

Offsetting strengths

Growth above 30% in GMV, revenue and gross profit, 68% payments penetration and $4.95B of cash and securities.

VALUATION

The Street range runs from $120 to $220 against a $178.14 price.

Only the third-party analyst range is sourced; the Desk has no scenario model. This is not a Desk target.

Street range (third-party)

CASE	STREET TARGET	VERSUS CLOSE	SOURCE
Street low	**$120**	-32.6%	S and P Global MI, 54 analysts
Street average	**$175.29**	-1.6%	S and P Global MI
Street high	**$220**	+23.5%	S and P Global MI

Valuation inputs, 15 Oct 2026

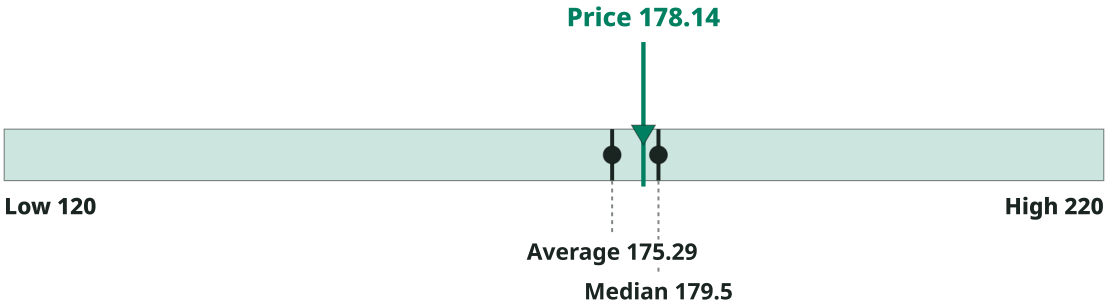
METRIC	BASIS	VALUE	SOURCE
Market capitalisation	15 Oct close	**$229.2B**	S and P Global MI
Price to sales	TTM $13.27B	**17.3x** CALCULATED	Calculated: market cap / TTM revenue
EV/Sales	TTM	**16.9x**	S and P Global MI
Trailing P/E	GAAP	**120.2x**	S and P Global MI
Forward P/E	Non-GAAP	**85.1x**	S and P Global MI
Free cash flow yield	TTM	**1.03%**	S and P Global MI

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METRIC	BASIS	VALUE	SOURCE
FY26 consensus revenue	Consensus	**$15.25B**	S and P Global MI

The price sits just above the Street average of a wide range

US$ per share



Third-party analyst targets polled by S and P Global; not a Desk view. Forecast page last updated 12 Oct 2026.
Source: stockanalysis.com forecast page, 15 Oct 2026.

CATALYSTS

One confirmed date: Q3 results on 3 November.

3 NOV 2026 · KEY DATE

Q3 2026 results

S&P confirmed, before market open. Guide: low-thirties revenue growth, free cash flow margin high-teens to low-twenties.

EARLY FEB 2027

Q4 and FY2026 results

Timing inferred from last year; no date sourced. FY26 consensus revenue $15.25B.

UNDATED

Equity stakes and loan book

Marks on equity investments and loan losses move GAAP profit each quarter; no dated events sourced.

METHOD AND DATA QUALITY

How the numbers were checked

Tags: OK confirmed against the source, FIX corrected, PART partly supported, UNV not verified.

CLAIM	RESULT	NOTE
Revenue, gross profit, opex, GMV and MRR in Flip tab SHOP	OK	Tie to the releases for Q3 2024 to Q2 2026.
Flip tab SHOP Q2 2026 column header date	FIX	Shows 2025-11-07; the Q2 2026 report was 5 Aug 2026.
Flip tab SHOP net income and pre-tax rows	FIX	Mix GAAP and ex-equity figures (Q1 2025 226 vs -682; Q2 2025 338 vs 906; pre-tax 338 vs 1,079). GAAP used here.
Flip tab SHOP free cash flow and operating cash flow rows	FIX	FCF 507 repeats for Q4 2025 to Q2 2026 (reported 715, 476, 654); OCF (Q) shows -1,308 and 0. Release values used.

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CLAIM	RESULT	NOTE
Flip tab SHOP GPV, EPS, shares, SBC and capex rows	FIX	GPV blank with #DIV/0! from Q3 2024; EPS and shares blank Q3 2024 to Q2 2025; SBC and capex blank latest quarters.
TTM = sum of Q3 2025 to Q2 2026	OK	Revenue, gross profit, pre-tax income, tax, net income and FCF tie to S and P; its operating income excludes loan losses.
Q2 2026 free cash flow comparability	PART	Merchant cash advance cash flows were presented differently from April 2026; prior quarters not recast.
Q3 2026 report date of 3 Nov 2026	OK	S and P marks it confirmed, before market open.
Segment revenue, MRR, cash and securities $4.95B	OK	Confirmed: $2.781B, $802M, $221M; $1.656B cash + $3.291B securities = $4.947B.
Cash flow presentation change (April 2026), losses +76%, S&P multiples	UNV	10-Q note and S&P multiples not re-read or re-polled; labelled not like-for-like.

Not sourced or not determinable

- Q4 2026 and later report dates (inferred, not sourced).
- Fair value of equity stakes at 30 Jun 2026 and the composition of the portfolio.
- Management's own definition of attach rate beyond the historical ratio used here.
- Segment or geographic GMV splits beyond the qualitative comment.

SOURCES & DISCLOSURE

Principal sources

1. **Shopify Q2 2026 earnings release (8-K EX-99.1)**
   sec.gov/Archives/edgar/data/1594805/000159480526000046/exhibit991pressreleaseq220.htm
2. **Shopify Q2 2026 release (8-K EX-99.1): merchant solutions $2.781B, subscription $802M, MRR $221M, cash $1.656B + securities $3.291B**
   sec.gov/Archives/edgar/data/1594805/000159480526000046/exhibit991pressreleaseq220.htm
3. **Shopify Form 10-Q, quarter ended 30 Jun 2026**
   sec.gov/Archives/edgar/data/1594805/000159480526000047/shop-20260630.htm
4. **Shopify Q1 2026 release (8-K EX-99.1)**
   sec.gov/Archives/edgar/data/1594805/000159480526000018/exhibit991pressreleaseq120.htm
5. **Shopify Q4 2025 release (8-K EX-99.1)**
   sec.gov/Archives/edgar/data/1594805/000159480526000006/exhibit991pressreleaseq420.htm
6. **Shopify Q3 and Q2 2025 releases (8-K EX-99.1)**
   sec.gov/Archives/edgar/data/1594805/000159480525000088/exhibit991pressreleaseq320.htm
7. **Valuation statistics, S and P Global MI via stockanalysis.com, 15 Oct 2026** (secondary)
   stockanalysis.com/stocks/shop/statistics/
8. **Analyst targets and estimates, S and P Global MI / TipRanks via stockanalysis.com** (secondary)
   stockanalysis.com/stocks/shop/forecast/
9. **Flip sheet, tab SHOP (read-only; history to Q2 2026)** (secondary)
   docs.google.com/spreadsheets/d/1m3h9Xce3SRMaq20li2Qg4HuSZowwxQSd9FkQmeuI7Dw (Flip sheet, read-only)

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