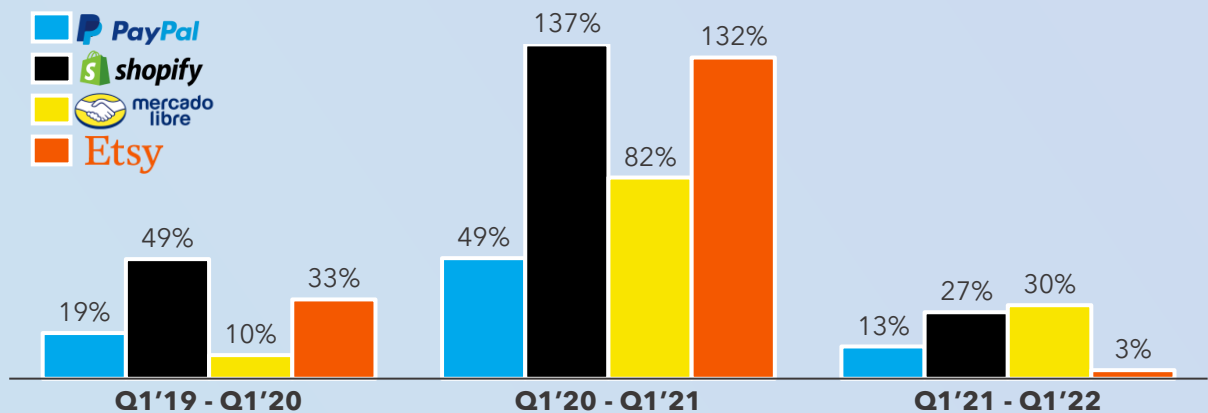


# COVID e-Commerce Bubble Has Officially Burst

## INTRODUCTION

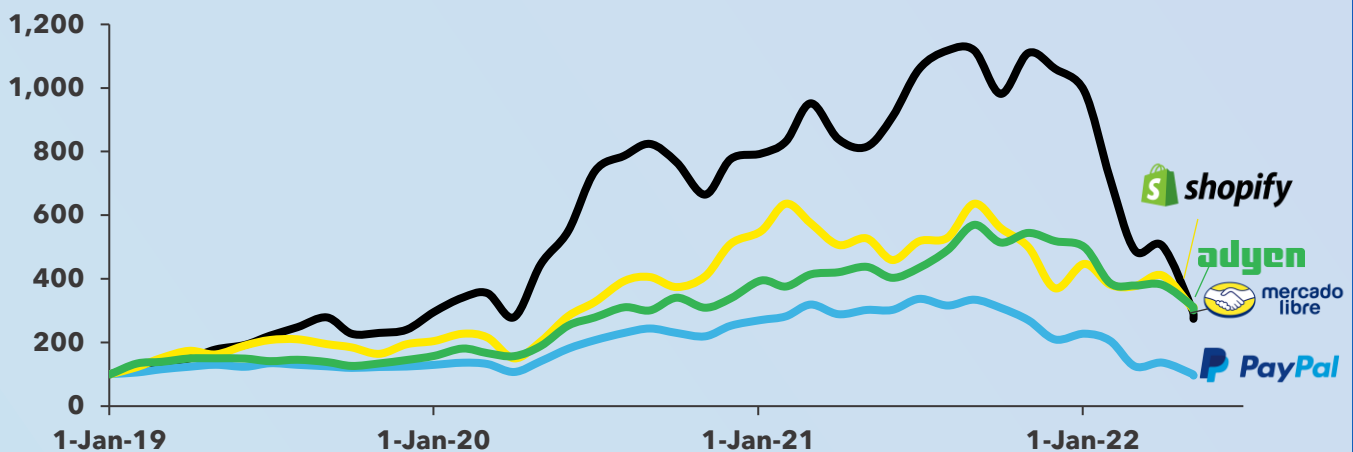
- The COVID e-commerce bubble has officially burst, based on Q1 performance data coming into the market this month.
- Shopify, Etsy, and many other e-commerce specialists reported significant slow-down in YOY growth in Q1.
- The slowdown at Shopify, who thrived during COVID when millions of merchants went online for the first time, was particularly pronounced in Q1 including a paltry 16% annual growth in GMV from Q1'21 to Q1'22. In fact, expansion into POS was the first highlight of Shopify's Q1 investor presentation.

## 1 Annual Growth in e-Commerce Volumes (% growth, select companies)



Source: company releases

## 2 Share Performance of Select Fintech Public Equities (indexed to 100 from 1 January 2019; based on closing 6 May 2022)



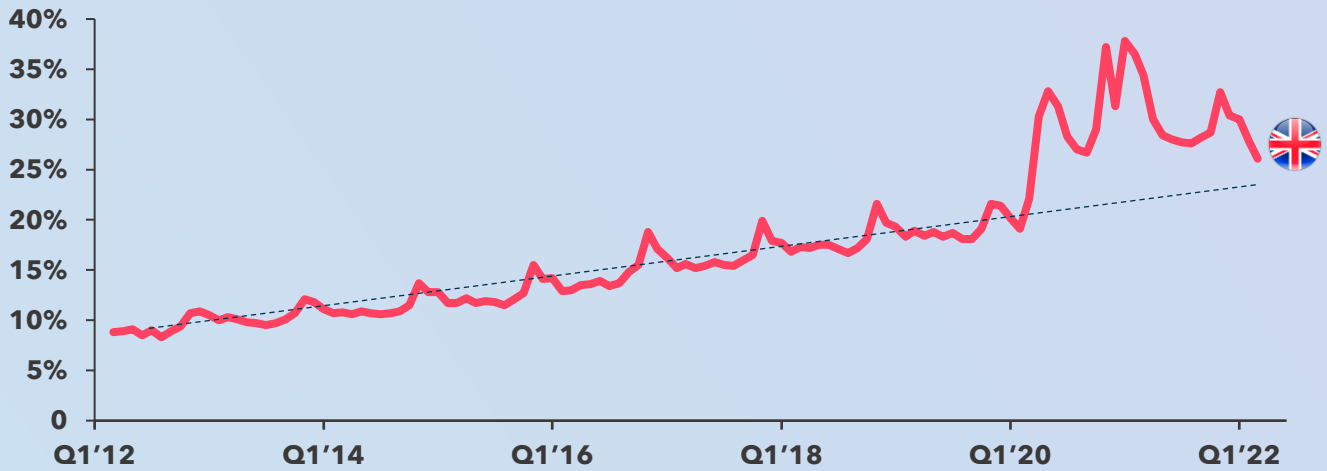
Source: Yahoo Finance

## COMMENTARY

- Several notable fintech public equities, including PayPal, are now trading below pre-pandemic levels and have fallen into 'value stock' status.
- The bloodletting could continue given the significant re-adjustment of growth expectations.

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## 3 UK Retail e-Commerce as Share of Retail Sales

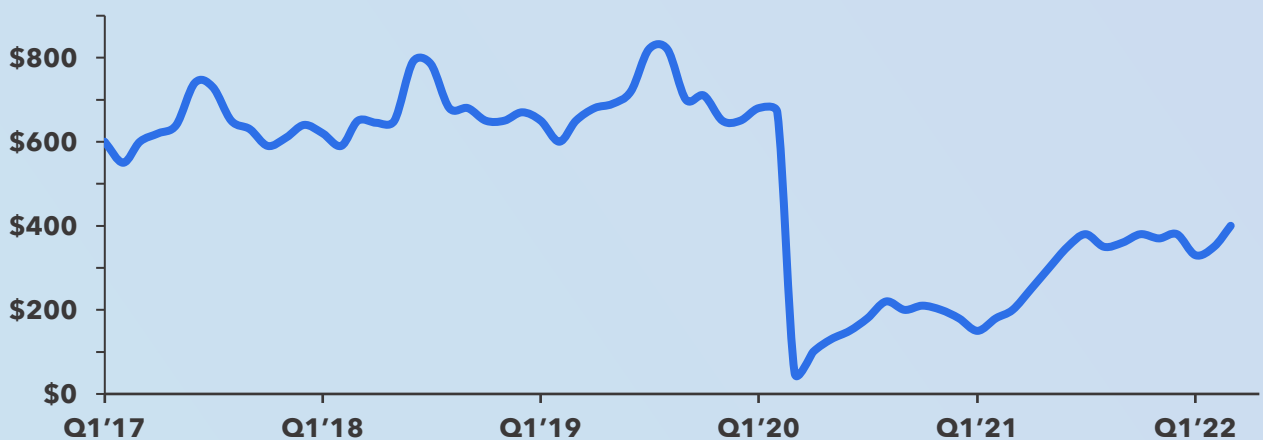


Source: ONS; monthly data

### COMMENTARY

- It appears that consumer buying behaviors are reverting to the behavioral mean evidenced prior to the pandemic.
- Noting, however, that Q1 '22 behavior could also be somewhat anomalous as we all snap back into prior ways of living and consuming goods and services.

## 4 Global Air Passenger Volumes (revenue passenger-kilometres per month, in \$bil.)



Source: IATA

### COMMENTARY

- The acceleration and now deceleration of e-commerce is not homogenous. Verticals such as travel are experiencing a parallel but opposite COVID impact vis-à-vis the retail vertical.
- Barring a major change in the impact of COVID (such as that seen in China now), 2022 looks to be a banner year for growth in travel, accommodation, entertainment, and events.