
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

Report of Foreign Private Issuer
Pursuant to Rule 13a-16 or 15d-16 of
the Securities Exchange Act of 1934

For the month of	<u>May</u>	<u>2023</u>
Commission File Number	<u>001-37400</u>	<u></u>

Shopify Inc.

(Translation of registrant's name into English)

**151 O'Connor Street, Ground Floor
Ottawa, Ontario, Canada K2P 2L8**

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

Form 20-F	Form 40-F	<u> X </u>
-----------	-----------	--------------

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): _____

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): _____

DOCUMENTS INCLUDED AS PART OF THIS REPORT

Exhibits

- 99.1 Shopify Inc. – Interim Financial Statements for the First Quarter ended March 31, 2023**
- 99.2 Shopify Inc. – Interim Management’s Discussion and Analysis for the First Quarter ended March 31, 2023**
- 99.3 Shopify Inc. – Form 52-109F2 Certificate of Interim Filings by CEO (pursuant to Canadian regulations)**
- 99.4 Shopify Inc. – Form 52-109F2 Certificate of Interim Filings by CFO (pursuant to Canadian regulations)**

Exhibits 99.1 and 99.2 of this Report on Form 6-K are incorporated by reference into the Registration Statement on Form F-10 of the Registrant, which was originally filed with the Securities and Exchange Commission (the “SEC”) on September 9, 2022 (File No. 333-267353), the Registration Statement on Form S-8 of the Registrant, which was originally filed with the SEC on May 29, 2015 (File No. 333-204568), the Registration Statement on Form S-8 of the Registrant, which was originally filed with the SEC on May 12, 2016 (File No. 333-211305), the Registration Statement on Form S-8 of the Registrant, which was originally filed with the SEC on October 17, 2019 (File No. 333-234241), the Registration Statement on Form S-8 of the Registrant, which was originally filed with the SEC on July 28, 2021 (File No. 333-258230), the Registration Statement on Form S-8 of the Registrant, which was originally filed with the SEC on July 21, 2022 (File No. 333-266243), and the Registration Statement on Form S-8 of the Registrant, which was originally filed with the SEC on September 9, 2022 (File No. 333-267364).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date:	<u>May 4, 2023</u>		<u>Shopify Inc.</u>
		By:	<u>/s/ Jessica Hertz</u>
			Name: Jessica Hertz
			Title: General Counsel and Corporate Secretary



**Condensed Consolidated
Financial Statements**
(unaudited)
March 31, 2023

Shopify Inc.
Condensed Consolidated Balance Sheets
(unaudited)
(Expressed in US millions, except share amounts)

	As at	
	March 31, 2023	December 31, 2022
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	1,738	1,649
Marketable securities	3,125	3,404
Trade and other receivables, net	276	273
Loans, merchant cash advances and related receivables, net	629	580
Other current assets	159	144
	<u>5,927</u>	<u>6,050</u>
Long-term assets		
Property and equipment, net	137	131
Right-of-use assets, net	345	355
Intangible assets, net	372	390
Deferred tax assets	41	41
Equity and other investments (\$1,160 and \$869, carried at fair value)	2,277	1,954
Goodwill	1,865	1,836
	<u>5,037</u>	<u>4,707</u>
Total assets	<u>10,964</u>	<u>10,757</u>
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable and accrued liabilities	535	542
Deferred revenue	324	296
Lease liabilities	24	18
	<u>883</u>	<u>856</u>
Long-term liabilities		
Deferred revenue	232	268
Lease liabilities	461	465
Convertible senior notes	914	913
Deferred tax liabilities	17	16
	<u>1,624</u>	<u>1,662</u>
Commitments and contingencies (Note 10)		
Shareholders' equity		
Common stock, unlimited Class A subordinate voting shares authorized, 1,199,414,560 and 1,195,697,614, issued and outstanding; unlimited Class B restricted voting shares authorized, 79,501,075 and 79,430,952 issued and outstanding; 1 Founder share authorized, 1 and 1 issued and outstanding ⁽¹⁾	8,886	8,747
Additional paid-in capital	32	30
Accumulated other comprehensive loss	(7)	(16)
Accumulated deficit	(454)	(522)
Total shareholders' equity	<u>8,457</u>	<u>8,239</u>
Total liabilities and shareholders' equity	<u>10,964</u>	<u>10,757</u>

⁽¹⁾ Prior year share amounts have been retrospectively adjusted to reflect the ten-for-one share split ("Share Split") effected in June 2022.

The accompanying notes are an integral part of these condensed consolidated financial statements.

Shopify Inc.
Condensed Consolidated Statements of Operations and Comprehensive Income (Loss)
(Expressed in US millions, except share and per share amounts)

	Three months ended	
	March 31, 2023	March 31, 2022
	\$	\$
Revenues		
Subscription solutions	382	345
Merchant solutions	1,126	859
	1,508	1,204
Cost of revenues		
Subscription solutions	84	78
Merchant solutions	707	488
	791	566
Gross profit	717	638
Operating expenses		
Sales and marketing	287	303
Research and development	458	304
General and administrative	123	109
Transaction and loan losses	42	20
Total operating expenses	910	736
Loss from operations	(193)	(98)
Other income (expense), net		
Interest income	52	5
Net realized gain on equity and other investments	—	122
Net unrealized gain (loss) on equity and other investments	215	(1,677)
Foreign exchange gain (loss)	2	(5)
Total other income (expense), net	269	(1,555)
Income (loss) before income taxes	76	(1,653)
(Provision for) recovery of income taxes	(8)	179
Net income (loss)	68	(1,474)
Net income (loss) per share attributable to shareholders⁽¹⁾:		
Basic	\$ 0.05	\$ (1.17)
Diluted	\$ 0.05	\$ (1.17)
Weighted average shares used to compute net income (loss) per share attributable to shareholders⁽¹⁾:		
Basic	1,276,884,726	1,260,130,660
Diluted	1,291,682,051	1,260,130,660
Other comprehensive income		
Unrealized gain on cash flow hedges	9	8
Tax effect on unrealized gain on cash flow hedges	—	(2)
Total other comprehensive income	9	6
Comprehensive income (loss)	77	(1,468)

⁽¹⁾ Prior year share and per share amounts have been retrospectively adjusted to reflect the Share Split effected in June 2022.

The accompanying notes are an integral part of these condensed consolidated financial statements.

Shopify Inc.
Condensed Consolidated Statements of Changes in Shareholders' Equity
(unaudited)
(Expressed in US millions, except share amounts)

	Common Stock		Additional	Accumulated	Retained	Total
	Shares ⁽¹⁾	Amount \$	Paid-In Capital \$	Other Comprehensive Income (Loss) \$	Earnings \$	\$
As at December 31, 2021	1,258,971,590	8,040	161	(6)	2,938	11,133
Exercise of stock options	1,055,130	11	(5)	—	—	6
Stock-based compensation	—	—	118	—	—	118
Vesting of restricted share units	1,339,300	100	(100)	—	—	—
Net loss and comprehensive loss for the period	—	—	—	6	(1,474)	(1,468)
As at March 31, 2022	1,261,366,020	8,151	174	—	1,464	9,789

⁽¹⁾ Prior year share and per share amounts have been retrospectively adjusted to reflect the Share Split effected in June 2022.

	Common Stock		Additional	Accumulated	Accumulated	Total
	Shares	Amount \$	Paid-In Capital \$	Other Comprehensive Income (Loss) \$	Deficit \$	\$
As at December 31, 2022	1,275,128,567	8,747	30	(16)	(522)	8,239
Exercise of stock options	624,667	13	(7)	—	—	6
Stock-based compensation	—	—	135	—	—	135
Vesting of restricted share units	2,923,934	116	(116)	—	—	—
Issuance of restricted shares related to business acquisitions	238,468	10	(10)	—	—	—
Net income and comprehensive income for the period	—	—	—	9	68	77
As at March 31, 2023	1,278,915,636	8,886	32	(7)	(454)	8,457

The accompanying notes are an integral part of these condensed consolidated financial statements.

Shopify Inc.
Condensed Consolidated Statements of Cash Flows
(unaudited)
(Expressed in US millions)

	Three months ended	
	March 31, 2023	March 31, 2022
	\$	\$
Cash flows from operating activities		
Net income (loss) for the period	68	(1,474)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Amortization and depreciation	29	17
Stock-based compensation	135	118
Amortization of debt offering costs	1	1
Provision for transaction and loan losses	28	10
Deferred income tax expense (recovery)	1	(184)
Revenue related to non-cash consideration	(48)	(26)
Net (gain) loss on equity and other investments	(215)	1,594
Unrealized foreign exchange (gain) loss	(3)	6
Changes in operating assets and liabilities ⁽¹⁾	104	(87)
Net cash provided by (used in) operating activities	100	(25)
Cash flows from investing activities		
Acquisitions of property and equipment	(14)	(16)
Purchase of marketable securities	(1,098)	(1,464)
Maturity of marketable securities	1,397	1,930
Purchases and originations of loans ⁽¹⁾	(349)	(83)
Repayments of loans ⁽¹⁾	166	55
Purchase of equity and other investments	(90)	(454)
Acquisition of businesses, net of cash acquired	(31)	—
Net cash used in investing activities	(19)	(32)
Cash flows from financing activities		
Proceeds from the exercise of stock options	6	6
Net cash provided by financing activities	6	6
Effect of foreign exchange on cash and cash equivalents	2	—
Net increase (decrease) in cash and cash equivalents	89	(51)
Cash and cash equivalents – Beginning of Period	1,649	2,503
Cash and cash equivalents – End of Period	1,738	2,452
Supplemental cash flow information:		
Cash paid for amounts included in the measurement of lease liabilities included in cash flows from operating activities	8	12
Lease liabilities arising from obtaining right-of-use assets	—	27
Acquired property and equipment remaining unpaid	7	6
Cash paid for income taxes, net	10	10

⁽¹⁾ Comparative figures have been reclassified in order to conform to the current period presentation.

The accompanying notes are an integral part of these condensed consolidated financial statements.

Shopify Inc.
Notes to the Condensed Consolidated Financial Statements
(unaudited)
(Expressed in US millions, except share and per share amounts)

1. Nature of Business

Shopify Inc. ("Shopify" or the "Company") was incorporated as a Canadian corporation on September 28, 2004. Shopify is a leading provider of essential internet infrastructure for commerce, offering trusted tools to start, grow, market, and manage a retail business of any size. Shopify makes commerce better for everyone with a platform and services that are engineered for simplicity and reliability, while delivering a better shopping experience for consumers everywhere. The Company's software enables merchants to run their business across all of their sales channels, including web and mobile storefronts, physical retail locations, social media storefronts, and marketplaces. The Shopify platform provides merchants with a single view of their business and customers across all of their sales channels and enables them to manage products and inventory, process orders and payments, fulfill and ship orders, build customer relationships, source products, leverage analytics and reporting, and access financing, all from one integrated back office.

Founded in Ottawa, Canada, the Company's principal place of business is the internet.

2. Basis of Presentation and Consolidation

These unaudited condensed consolidated financial statements include the accounts of the Company and its directly and indirectly held wholly owned subsidiaries. All intercompany accounts and transactions have been eliminated upon consolidation.

These unaudited condensed consolidated financial statements of the Company have been presented in United States dollars ("USD") and have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), including the applicable rules and regulations of the Securities and Exchange Commission ("SEC") regarding financial reporting. Certain information and note disclosures normally included in annual financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to such rules and regulations.

In the opinion of the Company, the accompanying unaudited condensed consolidated financial statements contain all adjustments, consisting of only normal recurring adjustments, necessary for the fair statement of its financial position, results of operations and comprehensive income (loss), changes in shareholders' equity and cash flows for the interim periods. The financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended December 31, 2022. The condensed consolidated balance sheet at December 31, 2022 was derived from the audited annual financial statements, but does not contain all of the footnote disclosures from the annual financial statements.

Beginning with the first quarter of fiscal year 2023, the Company began reporting all dollar amounts in millions.

The interim results for the three months ended March 31, 2023 are not necessarily indicative of the results expected for the full fiscal year.

3. Significant Accounting Policies

There have been no material changes to the Company's significant accounting policies during the three months ended March 31, 2023, as compared to the significant accounting policies described in the Company's annual consolidated financial statements for the year ended December 31, 2022.

Use of Estimates

The preparation of the condensed consolidated financial statements, in accordance with U.S. GAAP, requires management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from the estimates made by management. Significant estimates, judgments and assumptions in these condensed consolidated financial statements include: key judgments related to revenue recognition in determining whether the

Shopify Inc.
Notes to the Condensed Consolidated Financial Statements
(unaudited)
(Expressed in US millions, except share and per share amounts)

Company is the principal or an agent to the arrangements with merchants; estimates of expected credit losses related to financial assets measured at amortized cost, including contract balances and loans and merchant cash advances; certain inputs used to fair value acquired intangible assets, including royalty rates and revenue growth rates; inputs used to fair value equity and other investments in private companies, including revenue growth rates, revenue multiples based on market comparables and a discount for lack of marketability; estimates and judgments involved in applying the measurement alternative associated with equity and other investments in private companies, including the Company's assessment to evaluate whether an investment is impaired through analyzing market conditions, business results and other qualitative measures and to measure the amount of that impairment, when applicable, by developing certain key assumptions, including revenue growth rates, revenue multiples based on market comparables and a discount for lack of marketability; probabilities of achieving performance milestones associated with non-cash revenue consideration from strategic partnerships; estimates involved in evaluating the probability and amount of loss contingencies.

Concentration of Credit Risk

The Company's cash and cash equivalents, marketable securities, trade and other receivables, loans, merchant cash advances and related receivables, and foreign exchange derivative products subject the Company to concentrations of credit risk. Management mitigates this risk associated with cash and cash equivalents by making deposits and entering into foreign exchange derivative products only with large banks and financial institutions that are considered to be highly creditworthy. We limit the amount of credit exposure with any one financial institution and conduct timely evaluations of the credit worthiness of these financial institutions. Management mitigates the risks associated with marketable securities by adhering to its investment policy, which stipulates minimum rating requirements, maximum investment exposures and maximum maturities. Due to the Company's diversified merchant base, there is no particular concentration of credit risk related to the Company's trade and other receivables, and loans receivable and merchant cash advances. Trade and other receivables, and loans receivable and merchant cash advances are monitored on an ongoing basis to ensure timely collection of amounts. The Company has mitigated some of the risks associated with Shopify Capital by opening insurance policies with Export Development Canada ("EDC"), a wholly-owned corporation of the Government of Canada, who is AAA rated as at March 31, 2023. The Company's policies cover certain loans and merchant cash advances, subject under certain policies to minimum claim requirements and regional restrictions. The Company pays EDC a monthly premium based on total eligible dollars advanced, and records this as general and administrative expense in the condensed consolidated statements of operations and comprehensive income (loss). All policies include a deductible set at either a specified dollar loss threshold or calculated as a percentage of eligible advances issued. After considering the Company's deductible and the insurer's maximum liability under the policies, the majority of the Company's gross outstanding balance of loans and merchant cash advances as at March 31, 2023 is covered. The receivable related to insurance recoveries, if any, is included in the loans, merchant cash advances and related receivables balance. There are no receivables from individual merchants accounting for 10% or more of revenues or receivables.

Equity and Other Investments Risk

The Company holds equity and other investments that are subject to a wide variety of market-related risks that could substantially reduce or increase the fair value of our holdings. The Company's equity and other investments in public companies are recorded at fair value, which is subject to market price volatility. The Company's equity investments in private companies are recorded using the measurement alternative and are assessed each reporting period for observable price changes and impairments, which may involve estimates and judgments given the lack of readily available market data. Certain equity investments in private companies are in the early stages of development and are inherently risky due to their lack of operational

Shopify Inc.
Notes to the Condensed Consolidated Financial Statements
(unaudited)
(Expressed in US millions, except share and per share amounts)

history. Our debt investments in convertible notes of private companies are recorded at fair value, which are impacted by the underlying entities' valuations and interest rates.

The Company has a high concentration of credit risk associated with a small number of equity and other investments that are impacted by fluctuations in their fair values or by observable changes or impairments.

Foreign Exchange Risk

The Company's results of operations and foreign currency assets and liabilities are exposed to foreign currency fluctuations.

While the majority of the Company's revenues, cost of revenues, and operating expenses are denominated in USD, a significant portion are denominated in foreign currencies. Due to offering Shopify Payments, Shopify Capital, subscriptions, and other billings to select countries in local currency, a significant proportion of revenue transactions are denominated in British pound sterling ("GBP"), Euros ("EUR") and Canadian dollars ("CAD"). Furthermore, as the Company continues to have significant Canadian operations and as operations continue to expand internationally, a significant proportion of operating expenses are also incurred in the aforementioned foreign currencies.

Although foreign currency fluctuations associated with revenues and costs may partially offset one another in earnings, the Company uses foreign exchange derivative products to mitigate a portion of the remaining exposure of foreign currency fluctuations as discussed in Note 4. By their nature, derivative financial instruments involve risk, including the credit risk of non-performance by counterparties.

4. Financial Instruments

Debt Securities

The Company holds certain debt securities that are classified as held-to-maturity at the time of purchase as the Company has both the positive intent and ability to hold to maturity. The fair value of corporate bonds was based upon Level 2 inputs, which included period-end mid-market quotations for each underlying contract as calculated by the financial institution with which the Company has transacted. The quotations are based on bid/ask quotations and represent the discounted future settlement amounts based on current market rates.

The Company also holds debt securities in the form of convertible notes in private companies classified as available-for-sale for which the Company has elected to apply the fair value option. The fair values were determined based on binomial pricing models for which the Company was required to develop its own assumptions, including the underlying entities' valuations.

Shopify Inc.
Notes to the Condensed Consolidated Financial Statements
(unaudited)
(Expressed in US millions, except share and per share amounts)

The following tables summarize debt securities by significant investment classification and level within the fair value hierarchy:

As at March 31, 2023				
	Carrying Value			Fair Value
	Cash Equivalents	Marketable Securities	Equity and Other Investments	
	\$	\$	\$	\$
Level 1:				
U.S. term deposits	—	470	—	481
U.S. federal bonds and agency securities	35	726	—	761
Canadian federal bonds and agency securities	—	640	—	639
Corporate bonds and commercial paper	124	—	—	124
	159	1,836	—	2,005
Level 2:				
Corporate bonds and commercial paper	—	1,289	—	1,288
Level 3:				
Convertible notes in private companies	—	—	222	222
	159	3,125	222	3,515

The fair values of marketable securities above include accrued interest of \$19, which is excluded from the carrying amounts. The accrued interest is included in trade and other receivables in the condensed consolidated balance sheets. Additional accrued interest of \$14 recognized on the convertible notes in private companies is included in the carrying amount and fair value above.

In the three months ended March 31, 2023, \$1 of unrealized losses associated with the Company's convertible notes in private companies were recorded within "net unrealized gain (loss) on equity and other investments" in the condensed consolidated statement of operations and comprehensive income (loss) (March 31, 2022 - \$10 of unrealized losses). Additionally, interest income of \$2 was recorded within "interest income" in the condensed consolidated statement of operations and comprehensive income (loss) (March 31, 2022 - \$2).

Shopify Inc.
Notes to the Condensed Consolidated Financial Statements
(unaudited)
(Expressed in US millions, except share and per share amounts)

As at December 31, 2022				
	Carrying Value			Fair Value
	Cash Equivalents	Marketable Securities	Equity and Other Investments	
	\$	\$	\$	\$
Level 1:				
U.S. term deposits	—	600	—	608
U.S. federal bonds and agency securities	28	741	—	769
Canadian federal bonds and agency securities	202	547	—	750
Corporate bonds and commercial paper	202	—	—	202
Repurchase agreements	99	—	—	99
	531	1,888	—	2,428
Level 2:				
Corporate bonds and commercial paper	—	1,516	—	1,518
Level 3:				
Convertible notes in private companies	—	—	221	221
	531	3,404	221	4,167

The fair values above include accrued interest of \$16, which is excluded from the carrying amounts. The accrued interest is included in trade and other receivables in the condensed consolidated balance sheets. Additional accrued interest of \$12 recognized on the convertible notes in private companies is included in the carrying amount and fair value above.

All cash equivalents and marketable securities mature within one year of the condensed consolidated balance sheet date.

Equity Investments with Readily Determinable Fair Values

The Company holds equity investments in public companies that were obtained through a combination of direct investment and strategic partnerships.

Equity investments with readily determinable fair values are comprised of:

	March 31, 2023			December 31, 2022		
	Level 1	Level 3	Total	Level 1	Level 3	Total
	\$	\$	\$	\$	\$	\$
Affirm Holdings, Inc.	229	—	229	196	—	196
Global-E Online Ltd.	681	28	709	400	51	451
Other	—	—	—	1	—	1
	910	28	938	597	51	648

In the three months ended March 31, 2023, \$34 was transferred from Level 3 to Level 1 due to the vesting of warrants associated with an investment in a strategic partnership (March 31, 2022 - \$88). The equity investments categorized as Level 3 in the fair value hierarchy represent Global-E unvested warrants that require the application of a discount for lack of marketability which was 10% at March 31, 2023 (December 31, 2022 - 9%).

Shopify Inc.
Notes to the Condensed Consolidated Financial Statements
(unaudited)
(Expressed in US millions, except share and per share amounts)

Adjustments related to equity and other investments with readily determinable fair values for the three months ended March 31, 2023 and 2022 were as follows:

	Three months ended	
	March 31, 2023	March 31, 2022
	\$	\$
Balance, beginning of the period	648	3,206
Adjustments related to equity and other investments with readily determinable fair values:		
Investments received not tied to services ⁽¹⁾	—	105
Investments received as non-cash consideration in exchange for services	—	30
Sale of equity and other investments	(1)	—
Net unrealized gains (losses)	291	(1,681)
Balance, end of the period	938	1,660

⁽¹⁾ During the three months ended March 31, 2022, certain private investments were acquired by third-party investors resulting in the deemed sale of equity and other investments in the period and the receipt of shares in certain public companies. Any resulting realized gains or losses were presented as "net realized gain on equity and other investments" in the condensed consolidated statement of operations and comprehensive income (loss).

Equity Investments without Readily Determinable Fair Values

The carrying value of equity investments in private companies without readily determinable fair values are:

	March 31, 2023	December 31, 2022
	\$	\$
Total initial value	1,467	1,360
Cumulative gross unrealized gains	61	59
Cumulative gross unrealized losses and impairment	(411)	(334)
Total carrying value of equity and other investments without readily determinable fair values ⁽¹⁾	1,117	1,085

⁽¹⁾ As at March 31, 2023, three investments in private companies represent \$885 (December 31, 2022 - \$880) of the total carrying value of equity and other investments without readily determinable fair values.

Shopify Inc.
Notes to the Condensed Consolidated Financial Statements
(unaudited)
(Expressed in US millions, except share and per share amounts)

Adjustments related to equity and other investments without readily determinable fair values for the three months ended March 31, 2023 and 2022 were as follows:

	Three months ended	
	March 31, 2023	March 31, 2022
	\$	\$
Balance, beginning of the period	1,085	543
Adjustments related to equity and other investments without readily determinable fair values:		
Purchases of equity and other investments	90	452
Investments received as non-cash consideration in exchange for services	17	47
Gross unrealized gains	2	6
Sales of equity and other investments ⁽¹⁾	—	(13)
Gross unrealized losses and impairments ⁽²⁾	(77)	—
Balance, end of the period	1,117	1,035

⁽¹⁾ During the three months ended March 31, 2022, certain private investments were acquired by third-party investors resulting in the deemed sale of equity and other investments in the period. Any resulting realized gains or losses were presented as "net realized gain on equity and other investments" in the condensed consolidated statement of operations and comprehensive income (loss).

⁽²⁾ During the three months ended March 31, 2023, the Company identified an observable price change resulting in a private investment to be remeasured at fair value on a non-recurring basis. The resulting unrealized losses were presented as "net unrealized gain (loss) on equity and other investments" in the condensed consolidated statement of operations and comprehensive income (loss).

As at March 31, 2023, included in the total \$1,117 of equity and other investments without readily determinable fair values, \$680 was remeasured at fair value and was classified within Level 3 of the fair value measurement hierarchy on a non-recurring basis.

Derivative Instruments and Hedging

As at March 31, 2023, the Company held foreign exchange forward contracts and options for USD, GBP and CAD with a total notional value of \$529 (December 31, 2022 - \$527), to fund a portion of its operations. The fair value of foreign exchange forward contracts and options was based upon Level 2 inputs, which included period-end mid-market quotations for each underlying contract as calculated by the financial institution with which the Company has transacted. The quotations are based on bid/ask quotations and represent the discounted future settlement amounts based on current market rates.

Derivative Instruments Designated as Hedges

The Company has a hedging program to mitigate the impact of foreign currency fluctuations on future cash flows and earnings. Under this program, the Company has entered into foreign exchange forward contracts and options with certain financial institutions and designated those hedges as cash flow hedges. The Company is hedging cash flows associated with payroll and facility costs.

The fair values of outstanding derivative instruments were as follows:

	March 31, 2023	December 31, 2022
	\$	\$
Level 2:		
Foreign exchange forward contracts and options assets (classified in other current assets)	2	1
Foreign exchange forward contract liabilities (classified in accounts payable and accrued liabilities)	8	16

Shopify Inc.
Notes to the Condensed Consolidated Financial Statements
(unaudited)
(Expressed in US millions, except share and per share amounts)

Unrealized gains and unrealized losses related to changes in the fair value of foreign exchange forward contracts and options designated as cash flow hedges were as follows:

	March 31, 2023	March 31, 2022
	\$	\$
Unrealized gains	2	6
Unrealized losses	(7)	(1)
Total net unrealized (losses) gains	(5)	5

These unrealized gains and losses were included in accumulated other comprehensive loss, other current assets, and accounts payable and accrued liabilities on the condensed consolidated balance sheet. These amounts are expected to be reclassified into earnings over the next twelve months.

Realized losses related to the maturity of foreign exchange forward contracts and options designated as cash flow hedges were as follows:

	Three months ended	
	March 31, 2023	March 31, 2022
	\$	\$
Realized losses in operating expenses	(8)	(3)

5. Contract Balances

When revenue is recognized, the Company records a receivable that is included in trade and other receivables on the condensed consolidated balance sheet. Trade receivables and unbilled revenues, net of allowance for credit losses, were as follows:

	March 31, 2023	December 31, 2022	January 1, 2021
	\$	\$	\$
Unbilled revenues, net	123	123	87
Trade receivables, net	79	80	40
Indirect taxes receivable	40	31	39
Accrued interest	19	16	13
Other receivables	15	23	13
	276	273	192

Unbilled revenues represent amounts not yet billed to merchants related to subscription fees for Plus merchants, transaction fees, and shipping and fulfillment charges, and amounts not yet billed to partners related to referral fees as at the condensed consolidated balance sheet date.

The allowance for credit losses reflects the Company's best estimate of probable losses inherent in the unbilled revenues and trade receivables accounts. The Company determined the provision based on known troubled accounts, historical experience, supportable forecasts of collectibility and other currently available evidence.

Shopify Inc.
Notes to the Condensed Consolidated Financial Statements
(unaudited)
(Expressed in US millions, except share and per share amounts)

Activity in the allowance for credit losses was as follows:

	Three months ended	
	March 31, 2023	March 31, 2022
	\$	\$
Allowance, beginning of the period	16	7
Provision for credit losses related to uncollectible receivables	5	1
Write-offs	(7)	(1)
Allowance, end of the period	14	7

Changes in total deferred revenue were as follows:

	Three months ended	
	March 31, 2023	March 31, 2022
	\$	\$
Balance, beginning of the period	564	380
Deferral of revenue	97	139
Recognition of deferred revenue	(105)	(85)
Balance, end of the period	556	434
Current portion	324	248
Long term portion	232	186
	556	434

The opening balances of total current and long-term deferred revenue were \$217 and \$163, respectively, as of January 1, 2022.

As at March 31, 2023, the long-term deferred revenue, excluding non-cash consideration received, will be recognized ratably over the remaining terms of the contracts with the customers, which range from two to five years.

The Company has received non-cash consideration in the form of equity investments in exchange for services to be rendered as part of strategic partnerships. As the Company is required to provide referral services and other services to support the partners' merchant offerings over the period of the performance obligations, revenue is deferred and recognized over time on a ratable basis over the expected terms of the contracts. Within total deferred revenue outlined above, non-cash consideration represents a significant portion of the balance as at March 31, 2023.

Shopify Inc.
Notes to the Condensed Consolidated Financial Statements
(unaudited)
(Expressed in US millions, except share and per share amounts)

The table below summarizes the gross changes in deferred revenue associated with this non-cash consideration received for the three months ended March 31, 2023 and 2022.

	Three months ended	
	March 31, 2023	March 31, 2022
	\$	\$
Balance, beginning of the period	382	230
Non-cash consideration received in exchange for services	17	77
Revenue recognized related to non-cash consideration	(48)	(26)
Balance, end of the period	351	281
Current portion	137	111
Long term portion	214	170
	351	281

The Company will recognize this revenue ratably over the remaining terms of the respective strategic partnership service agreements, which range from three to seven years.

6. Loans, Merchant Cash Advances and Related Receivables

	March 31, 2023	December 31, 2022	January 1, 2022
	\$	\$	\$
Loans receivable, gross ⁽¹⁾	408	228	73
Allowance for credit losses related to uncollectible loans receivable	(25)	(19)	(3)
Merchant cash advances receivable, gross	294	420	439
Allowance for credit losses related to uncollectible merchant cash advances receivable	(48)	(49)	(38)
Loans, merchant cash advances and related receivables, net	629	580	471

⁽¹⁾ Included in the loans receivable, gross balance as at March 31, 2023 is \$4 of interest receivable (December 31, 2022 - \$3, January 1, 2022 - \$nil)

Loans

The following table summarizes the activities of the Company's allowance for credit losses related to uncollectible loans receivable:

	Three months ended	
	March 31, 2023	March 31, 2022
	\$	\$
Allowance, beginning of the period	19	3
Provision for credit losses related to uncollectible loans receivable	8	2
Loans receivable charged off, net of recoveries	(2)	(1)
Allowance, end of the period	25	4

Shopify Inc.
Notes to the Condensed Consolidated Financial Statements
(unaudited)
(Expressed in US millions, except share and per share amounts)

The following table presents the delinquency status of the gross amount of merchant loans by year of origination. The delinquency status is determined based on the number of days past the contractual or expected repayment date for which the Company anticipates to receive the amounts outstanding. The "current" category represents balances that are within 29 days of the contractual repayment dates, or within 29 days of the expected repayment date.

March 31, 2023				
	Year of origination		Total	Percent
	2023	2022		
Current	\$ 297	\$ 89	\$ 386	94.6 %
30-59 Days	—	4	4	1.0 %
60-89 Days	—	2	2	0.5 %
90-179 Days	—	5	5	1.2 %
180+ Days	—	11	11	2.7 %
Total	<u>\$ 297</u>	<u>\$ 111</u>	<u>\$ 408</u>	<u>100.0 %</u>

December 31, 2022				
	Year of origination		Total	Percent
	2022	2021		
Current	\$ 215	\$ —	\$ 215	94.2 %
30-59 Days	2	—	2	0.9 %
60-89 Days	1	—	1	0.7 %
90-179 Days	4	—	4	1.6 %
180+ Days	6	—	6	2.6 %
Total	<u>\$ 228</u>	<u>\$ —</u>	<u>\$ 228</u>	<u>100.0 %</u>

The Company maintains an internal monitoring list related to its outstanding loans. A merchant's ability and willingness to repay the financing receivables outstanding under the program is analyzed for a variety of factors that include, but are not limited to: current or expected age of the financing, merchant subscription or financing status, merchant GMV trends and other changes to merchant credit profiles. In March 2023, the Company modified its charge off policy to charging off receivables outstanding under the program when the merchant receivable is included on its internal monitoring list for a period of 150 consecutive days (previously 90 consecutive days).

For certain Shopify Capital loans, there is a fixed maximum repayment term. For certain other Shopify Capital loans, the Company calculates an expected repayment date. Using the merchant's contractual or expected repayment date, the Company calculates an effective interest rate based on the merchant's expected future payment volume to determine how much of a merchant's repayment to recognize as revenue and how much to apply against the merchant's receivable balance. In the three months ended March 31, 2023 and 2022, \$19 and \$6, respectively, of revenue recognized as merchant solutions revenue required the application of an effective interest rate, per ASC 310.

Shopify Inc.
Notes to the Condensed Consolidated Financial Statements
(unaudited)
(Expressed in US millions, except share and per share amounts)

Merchant Cash Advances

The following table summarizes the activities of the Company's allowance for credit losses related to uncollectible merchant cash advances receivable:

	Three months ended	
	March 31, 2023	March 31, 2022
	\$	\$
Allowance, beginning of the period	49	38
Provision for credit losses related to uncollectible merchant cash advances receivable	8	10
Merchant cash advances receivable charged off, net of recoveries	(9)	(6)
Allowance, end of the period	48	42

7. Goodwill

The Company's goodwill relates to acquisitions of various companies including, but not limited to, Deliverr, Inc. ("Deliverr") which was acquired on July 8, 2022 and 6 River Systems, LLC ("6RS") which was acquired on October 17, 2019.

No goodwill impairment was recognized in the three months ended March 31, 2023 or in the year ended December 31, 2022.

The gross changes in the carrying amount of goodwill as of March 31, 2023 and December 31, 2022 are as follows:

	March 31, 2023	December 31, 2022
	\$	\$
Balance, beginning of the period	1,836	357
Acquisition of Deliverr	—	1,438
Other acquisitions ⁽¹⁾	29	41
Balance, end of the period	1,865	1,836

⁽¹⁾ During the three months ended March 31, 2023 and the year ended December 31, 2022, the Company completed individually immaterial acquisitions that resulted in goodwill being recognized.

8. Convertible Senior Notes

In September 2020, the Company issued \$920 aggregate principal amount of 0.125% convertible senior notes due 2025 (the "Notes"). The net proceeds from the issuance of the Notes were \$908 after deducting underwriting fees and offering costs.

The interest on the Notes is payable semi-annually in arrears on May 1 and November 1 of each year, beginning on May 1, 2021. The Notes will mature on November 1, 2025, unless earlier redeemed or repurchased by the Company or converted pursuant to their terms.

The Notes have a conversion rate of 6.9440 Class A subordinate voting shares per one thousand dollars of principal amount of Notes, which is equivalent to a conversion price of approximately \$144.01 per share, adjusted to give effect to the Share Split. The conversion rate is subject to adjustment following the occurrence of certain specified events, as set out or defined in the supplemental indenture governing the Notes. In addition, upon the occurrence of a make-whole fundamental change prior to the maturity date or upon our issuance of a notice of redemption, as set out or defined in the supplemental indenture governing the Notes, the Company will, in certain circumstances, increase the conversion rate by a number of

Shopify Inc.
Notes to the Condensed Consolidated Financial Statements
(unaudited)
(Expressed in US millions, except share and per share amounts)

additional Class A subordinate voting shares for a holder that elects to convert its Notes in connection with such make-whole fundamental change or during the relevant redemption period.

The Company accounts for the Notes as a single unit of account on the balance sheet. The carrying value of the liability is represented by the face amount of the Notes, less total offering costs, plus any amortization of offering costs. Total offering costs upon issuance of the Notes were \$12 and are amortized to interest expense using the effective interest rate method over the contractual term of the Notes. Interest expense is recognized at an annual effective interest rate of 0.38% over the contractual term of the Notes.

The net carrying amount of the outstanding Notes was as follows:

	March 31, 2023	December 31, 2022
	\$	\$
Principal	920	920
Unamortized offering costs	(6)	(7)
Net carrying amount	914	913

The following table sets forth the interest expense recognized related to the outstanding Notes:

	Three months ended	
	March 31, 2023	March 31, 2022
	\$	\$
Amortization of offering costs	1	1

As at March 31, 2023, the estimated fair value of the Notes was approximately \$813 (December 31, 2022 - \$783). The estimated fair value was determined based on the last executed trade for the Notes of the reporting period in an over-the-counter market, which is considered as Level 2 in the fair value hierarchy.

9. Credit Facility

The Company has a revolving credit facility with Royal Bank of Canada for \$8 CAD. The credit facility bears interest at the Royal Bank Prime Rate plus 0.30%. As at March 31, 2023 and December 31, 2022, the effective rate was 7.00% and 6.75%, respectively, and no cash amounts were drawn under this credit facility.

10. Litigation and Loss Contingencies

From time to time, the Company may become a party to litigation and subject to claims incidental to the ordinary course of business, including intellectual property claims, labour and employment claims and threatened claims, breach of contract claims, tax and other matters.

On August 31, 2022, a jury in the U.S. District Court for the District of Delaware returned a verdict finding that the Company infringed three web technology patents owned by Express Mobile, Inc. The Company has challenged the verdict through post-trial motions and the Plaintiff has moved for interest on the amount of the verdict.

The Company currently has no other known material pending litigation or claims. The Company is not aware of any other litigation matters or loss contingencies that would be expected to have a material adverse effect on the business, consolidated financial position, results of operations, or cash flows.

Shopify Inc.
Notes to the Condensed Consolidated Financial Statements
(unaudited)
(Expressed in US millions, except share and per share amounts)

11. Related Parties

In January 2022, the Company entered a strategic partnership with a private company totaling \$97, which is comprised of a \$50 cash investment in the private company and the receipt of \$47 in non-cash consideration to provide services for a duration of three years. A member of the Company's board of directors also serves as a director on the board of the aforementioned private company. In the three months ended March 31, 2023 and 2022, the Company recognized revenue of \$4 and \$3, respectively, from the private company for referral services.

12. Shareholders' Equity

Stock-Based Compensation

As at March 31, 2023 there were 360,964,816 shares reserved for issuance under the Company's Second Amended and Restated Stock Option Plan ("SOP") and the Second Amended and Restated Long Term Incentive Plan ("LTIP").

The following table summarizes the stock option and RSU award activities under the Company's share-based compensation plans for the three months ended March 31, 2023:

	Shares Subject to Options Outstanding					Outstanding RSUs	
	Number of Options ⁽¹⁾	Weighted Average Exercise Price \$	Remaining Contractual Term (in years)	Aggregate Intrinsic Value ⁽²⁾ \$	Weighted Average Grant Date Fair Value \$	Outstanding RSUs	Weighted Average Grant Date Fair Value \$
December 31, 2022	14,008,761	36.55	6.71	195	—	10,218,906	43.74
Stock options granted	1,652,375	42.48	—	—	22.75	—	—
Stock options exercised	(624,667)	8.76	—	—	—	—	—
Stock options forfeited	(317,178)	34.64	—	—	—	—	—
RSUs granted	—	—	—	—	—	1,980,660	42.58
RSUs settled	—	—	—	—	—	(2,923,934)	39.82
RSUs forfeited	—	—	—	—	—	(1,723,669)	58.15
March 31, 2023	14,719,291	38.41	6.89	299	—	7,551,963	41.67
Stock options exercisable as of March 31, 2023	9,136,051	33.04	5.50	224			

⁽¹⁾ As at March 31, 2023 880,551 of the outstanding stock options were granted under the Company's Fourth Amended and Restated Stock Option Plan ("Legacy Option Plan") and are exercisable for Class B restricted voting shares, 12,165,077 of the outstanding stock options were granted under the Company's SOP and are exercisable for Class A subordinate voting shares, 123,745 of the outstanding stock options were granted under the 6 River Systems 2016 Amended and Restated Stock Option and Grant Plan and are exercisable for Class A subordinate voting shares, and 1,549,918 of the outstanding stock options were granted under the Deliverr 2017 Stock Option and Grant Plan and are exercisable for Class A subordinate voting shares.

⁽²⁾ The aggregate intrinsic value is calculated as the difference between the exercise price of the underlying stock option awards and the closing market price of the Company's Class A subordinate voting shares as of March 31, 2023 and December 31, 2022, in millions.

As at March 31, 2023 the Company had issued 12,038 DSUs under its LTIP.

In connection with the acquisition of 6RS, 1,220,800 Class A subordinate voting shares were issued with trading restrictions, adjusted to give effect to the Share Split. The restrictions on these shares are lifted over time and are being accounted for as stock-based compensation as the vesting is contingent on continued employment and therefore related to post-combination services. As at March 31, 2023, 305,200 of the Class A subordinate voting shares remained restricted.

Shopify Inc.
Notes to the Condensed Consolidated Financial Statements
(unaudited)
(Expressed in US millions, except share and per share amounts)

In connection with the acquisition of Deliverr, 5,397,628 Class A subordinate voting shares were issued with trading restrictions. The restrictions on these shares are lifted over time and are being accounted for as stock-based compensation as the vesting is contingent on continued employment and therefore related to post-combination services. As at March 31, 2023, 5,397,628 of the Class A subordinate voting shares remained restricted.

In connection with other acquisitions, 490,440 Class A subordinate voting shares were issued with trading restrictions. The restrictions on these shares are lifted over time and are being accounted for as stock-based compensation as the vesting is contingent on continued employment and therefore related to post-combination services. As at March 31, 2023, 490,440 of the Class A subordinate voting shares remained restricted.

On May 3, 2023, the Company entered into securities purchase agreements to sell its logistics businesses. For further details, refer to Note 15 - Subsequent Events. We estimate that in connection with these transactions we will recognize additional expense related to the acceleration of stock-based compensation of \$170 in the second quarter of 2023.

The following table illustrates the classification of stock-based compensation expense in the condensed consolidated statements of operations and comprehensive income (loss), which includes both stock-based compensation and restricted share-based compensation expense.

	Three months ended	
	March 31, 2023	March 31, 2022
	\$	\$
Cost of revenues	2	2
Sales and marketing	14	15
Research and development	101	82
General and administrative	18	19
	<u>135</u>	<u>118</u>

Shopify Inc.
Notes to the Condensed Consolidated Financial Statements
(unaudited)
(Expressed in US millions, except share and per share amounts)

13. Changes in Accumulated Other Comprehensive (Loss) Income

The following table summarizes the changes in accumulated other comprehensive (loss) income, which is reported as a component of shareholders' equity, for the three months ended March 31, 2023 and 2022:

	Accumulated Other Comprehensive (Loss) Income	
	Three months ended	
	March 31, 2023	March 31, 2022
	\$	\$
Balance, beginning of the period	(16)	(6)
Other comprehensive income before reclassifications	1	5
Loss on cash flow hedges reclassified from accumulated other comprehensive (loss) income to earnings were as follows:		
Sales and marketing	2	1
Research and development	5	1
General and administrative	1	1
Tax effect on unrealized loss on cash flow hedges	—	(2)
Other comprehensive income, net of tax	9	6
Balance, end of the period	(7)	—

14. Income Taxes

The Company's provision for, or recovery of, income taxes is determined by applying the estimated annual effective tax rate to income or loss from recurring operations and adding the effects of any discrete income tax items specific to the period.

The Company updates its estimate of the annual effective tax rate each quarter and makes cumulative adjustments if its estimated annual tax rate changes. The Company's effective tax rate may be subject to fluctuation during the year as new information is obtained, which may affect the assumptions used to estimate the annual effective tax rate, including factors such as the mix of forecasted pre-tax earnings in the various jurisdictions in which the Company operates, valuation allowances against deferred tax assets, the recognition and derecognition of tax benefits related to uncertain tax positions, and changes in or the interpretation of tax laws in jurisdictions where the Company conducts business.

The Company had a provision for income taxes of \$8 in the three months ended March 31, 2023, on account of earnings in jurisdictions outside of North America.

The Company had a recovery of income taxes of \$179 in the three months ended March 31, 2022, as a result of ongoing operations and other discrete items, primarily related to the unrealized loss on equity and other investments and the change in valuation allowance with respect to deferred income taxes in Canada and the United States. During the three months ended March 31, 2022, the Company recorded a valuation allowance in Canada against its net deferred income tax assets, which arose due to the overall unrealized losses on the Company's equity and other investments.

Shopify Inc.
Notes to the Condensed Consolidated Financial Statements
(unaudited)
(Expressed in US millions, except share and per share amounts)

15. Subsequent Events

On May 3, 2023, the Company entered into a securities purchase agreement with Flexport, Inc. ("Flexport") to sell the majority of its logistics business in exchange for shares representing a 13% equity interest in Flexport, in addition to its existing equity interest. Also on May 3, 2023, the Company entered into a securities purchase agreement to sell 6RS, part of its logistics business. These transactions are expected to close in the second quarter of 2023, subject to applicable closing conditions. At the time of filing, the accounting for these dispositions is incomplete, however the Company expects to recognize an impairment and an additional expense of \$170 related to the acceleration of stock-based compensation in the second quarter of 2023.

On May 4, 2023, the Company also announced a reduction in workforce of approximately 23%. The Company estimates that it will incur approximately a \$140 to \$150 charge in the second quarter of 2023 in connection with this reduction. This reduction also encompasses Shopify's planned exit from its logistics offerings.

Shopify Inc.
Notes to the Condensed Consolidated Financial Statements
(unaudited)
(Expressed in US millions, except share and per share amounts)

16. Net Income (Loss) per Share

The Company applies the two-class method to calculate its basic and diluted net loss per share as Class A subordinate voting shares and Class B restricted voting shares are participating securities with equal participation rights and are entitled to receive dividends on a share for share basis.

The following table summarizes the reconciliation of the basic weighted average number of shares outstanding and the diluted weighted average number of shares outstanding:

	Three months ended	
	March 31, 2023	March 31, 2022
Numerator:		
Net income (loss)	\$ 68	\$ (1,474)
After tax effect of debt interest ⁽¹⁾	\$ 1	\$ —
Net income (loss) after tax effected debt interest	\$ 69	\$ (1,474)
Denominator ⁽²⁾ :		
Basic weighted average number of shares outstanding	1,276,884,726	1,260,130,660
Weighted average effect of dilutive securities:		
Stock options	4,952,279	—
Restricted share units	3,446,796	—
Convertible senior notes	6,388,480	—
Deferred share units	9,770	—
Diluted weighted average number of shares	1,291,682,051	1,260,130,660
Net income (loss) per share ⁽²⁾ :		
Basic	\$ 0.05	\$ (1.17)
Diluted	\$ 0.05	\$ (1.17)
Common stock equivalents excluded from net income (loss) per diluted share because they are anti-dilutive ⁽²⁾ :		
Stock options	637,797	12,302,820
Restricted share units	897,498	12,732,030
Convertible senior notes	—	6,388,480
Deferred share units	—	9,330
	1,535,295	31,432,660

⁽¹⁾ When the Notes are dilutive, the after tax effect of debt interest is added back to net income to calculate diluted net income per share.

⁽²⁾ Prior year share and per share amounts have been retrospectively adjusted to reflect the Share Split effected in June 2022.

MANAGEMENT'S DISCUSSION AND ANALYSIS

May 4, 2023

In this Management's Discussion and Analysis ("MD&A"), "we", "us", "our", "Shopify" and "the Company" refer to Shopify Inc. and its consolidated subsidiaries, unless the context requires otherwise. In this MD&A, we explain Shopify's results of operations and cash flows for the three months ended March 31, 2023 and 2022, and our financial position as of March 31, 2023. You should read this MD&A together with our unaudited condensed consolidated financial statements and the accompanying notes for the fiscal quarter ended March 31, 2023, as well as our audited consolidated financial statements and the accompanying notes for the fiscal year ended December 31, 2022. Additional information regarding Shopify, including our 2022 annual information form and our annual report on Form 40-F for the year ended December 31, 2022, is available on our website at www.shopify.com, or at www.sedar.com and www.sec.gov.

Our unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). All amounts are in U.S. dollars ("USD") except where otherwise indicated. Beginning in the first quarter of 2023, we began reporting all dollar amounts in millions.

Our MD&A is intended to enable readers to gain an understanding of Shopify's results of operations, cash flows and financial position. To do so, we provide information and analysis comparing our results of operations, cash flows and financial position for the most recently completed quarter with the same quarter from the preceding fiscal year. We also provide analysis and commentary that we believe will help investors assess our future prospects. In addition, we provide "forward-looking statements" that are not historical facts, but that are based on our current estimates, beliefs and assumptions and which are subject to known and unknown important risks, uncertainties, assumptions and other factors that could cause actual results to differ materially from current expectations. Forward-looking statements are intended to assist readers in understanding management's expectations as of the date of this MD&A and may not be suitable for other purposes. See "Forward-looking Statements" below.

In this MD&A, references to our "solutions" means the combination of products and services that we offer to merchants, and references to "our merchants" as of a particular date means the total number of unique shops that are paying for a subscription to our platform.

Forward-looking Statements

This MD&A contains forward-looking statements under the provisions of the U.S. Private Securities Litigation Reform Act of 1995, Section 27A of the U.S. Securities Act of 1933, as amended, and Section 21E of the U.S. Securities Exchange Act of 1934, as amended, and forward-looking information within the meaning of applicable Canadian securities legislation.

In some cases, you can identify forward-looking statements by words such as "aim", "may", "will", "could", "expects", "further", "plans", "anticipates", "believes", "potential", "continue", "estimate", or the negative of these terms or other similar words. In addition, any statements or information that refer to expectations, beliefs, plans, projections, objectives, performance or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking. In particular, forward-looking statements in this MD&A include, but are not limited to, statements about:

- our exploration of new ways to accelerate checkout;
- our ability to make it easier for merchants to manage their storefronts via their mobile devices;
- the achievement of innovations and enhancements to, and expansion of, our platform and our solutions;
- whether a merchant using Shopify will ever need to re-platform;

- the continued growth of our app developer, theme designer and partner ecosystem and the effect on the growth of our merchant base;
- the continued expansion of the number of channels for merchants to transact through;
- our plan to continue making investments in our business to drive future growth;
- the sales of our logistics businesses, including our expectations that such sales will close in the second quarter of 2023 and the expected impairment and additional expense related to the acceleration of stock-based compensation related to such sales;
- the impact of the sales of our logistics businesses, including the impact of such sales on gross profit and research and development expenses and the comparability of revenues, gross margin and operating expenses;
- our announced workforce reduction, including the expected charge related to such reduction;
- our expectation that we will continue to work with Flexport, Inc. ("Flexport") to optimize the logistics offerings to support our merchants;
- our expectation that the continued growth of merchant solutions may cause a decline in our overall gross margin percentage;
- our expectation that as a result of the continued growth of our merchant solutions offerings, seasonality will continue to affect our quarterly results and our business may become more seasonal in the future, and that historical patterns may not be a reliable indicator of our future performance;
- our expectation that our results of operations and comparability of our quarterly results could be impacted by foreign currency fluctuations as our operations continue to expand internationally and that our foreign currency hedging program will help to mitigate these fluctuations;
- our intention to track, calculate, and purchase carbon removal to counteract the impact of carbon emissions from orders placed on our platform over the Black Friday/Cyber Monday shopping weekend;
- our expectation that as we continue to roll out local currency billing options in geographies outside of North America, a decrease in the value of other currencies relative to the USD will negatively impact our reported subscription revenue and Monthly Recurring Revenue ("MRR");
- our expectation that over time, any impact to MRR from local currency billing and localized pricing will be offset by reduced friction and an enhanced in-market experience, which we anticipate will attract more merchants to our platform and our merchant solutions;
- our expectation that any short-term impact from the free and paid trial experiences will drive long-term benefits in the form of more merchants on our platform, an increase in MRR once these cohorts of merchants convert to standard Shopify plans, and increase use of our merchant solutions;
- our expectation that price increases on standard Shopify plans will result in an increase in MRR;
- the change in fair value of certain equity and other investments which may fluctuate period to period, and may cause volatility to our earnings;
- our expectation that the overall trend of merchant solutions revenue making up an increasing component of total revenues over time, most notably in the fourth quarter due to higher holiday volume, will continue over time;
- our future obligation to purchase our 0.125% convertible senior notes due 2025 (the "Notes") that are outstanding on the occurrence of a fundamental change;
- our belief that we have sufficient liquidity to meet our current and planned financial obligations over the next 12 months;
- our future financing requirements and the availability of capital;
- the future value of our investment income, in particular as a result of changes in interest rates, fair value or due to observable changes in price or impairments;
- the fair market value of the Notes as a result of changes in interest rates or the price of our Class A subordinate voting shares;
- expected credit losses as a result of macroeconomic factors;
- our expectations regarding contractual obligations and contingencies;
- the impact of inflation on our costs and operations and on our merchants sales;
- our accounting estimates, allowances, provisions, and assumptions made in the preparation of our financial statements; and
- our expectations regarding the impact of recently adopted accounting standards.

The forward-looking statements contained in this MD&A are based on our management's perception of historic trends, current conditions and expected future developments, as well as other assumptions that management believes are appropriate in the circumstances, which include, but are not limited to:

- our belief that the near-term costs of reducing our leased footprint and transitioning remaining spaces to their future intended purpose will yield longer-term benefits;
- our ability to increase the functionality of our platform;
- our ability to offer more sales channels that can connect to the platform;
- our belief in the increasing importance of a multi-channel platform that is both fully integrated and easy to use;
- our belief that an increasing awareness among buyers that Shopify provides a superior and secure checkout experience is an additional advantage for our merchants;
- our belief that commerce transacted over mobile will continue to grow more rapidly than desktop transactions;
- our ability to expand our merchant base, retain revenue from existing merchants as they grow their businesses, and increase sales to both new and existing merchants, including our ability to retain merchants that have moved from physical retail to ecommerce as a result of the COVID-19 pandemic;
- our belief that ecommerce growth will proceed at a normalized rate in 2023, supported by continued penetration of retail by ecommerce, but impacted by inflationary pressures on our merchants and their buyers;
- our ability to manage our growth effectively;
- our ability to enhance and protect our intellectual property rights;
- our belief that our merchant solutions make it easier for merchants to start a business and grow on our platform by passing our economies of scale on to merchants;
- our ability to develop new solutions to extend the functionality of our platform and provide a high level of merchant service and support;
- our ability to hire, retain and motivate qualified personnel;
- our ability to enhance our ecosystem and partner programs, and the assumption that this will drive growth in our merchant base, further accelerating growth of the ecosystem;
- our belief that our strategic investments and acquisitions will increase our revenue base, improve the retention of this base and strengthen our ability to increase sales to our merchants and help drive our growth;
- our ability to achieve our revenue growth objectives while controlling costs and expenses, and our ability to achieve or maintain profitability;
- our belief that MRR is most closely correlated with the long-term value of our merchant relationships;
- our belief that attach rate provides a useful measure of our ability to provide unified commerce solutions to our merchants and the traction of those products;
- our assumptions regarding the principal competitive factors in our markets;
- our ability to predict future commerce trends and technology;
- our assumptions that higher margin solutions such as Shopify Capital and Shopify Shipping will continue to grow through increased adoption and international expansion;
- our expectation that Shopify Payments will continue to expand internationally;
- our expectations related to the sales of our logistics businesses, including that the closing conditions applicable to the sales will be satisfied in a timely manner, including the receipt of any applicable regulatory approvals;
- our assumptions associated with the estimated impairment and additional expense from the sales of our logistics businesses;
- our assumptions associated with the estimated charge from the reduction in workforce;
- our belief that our investments in sales and marketing initiatives will continue to be effective in growing the number of merchants using our platform, in retaining revenue from existing merchants and in increasing revenues from both;
- our ability to develop processes, systems and controls to enable our internal support functions to scale with the growth of our business;

- our ability to retain key personnel, and that the implementation of our new employee compensation system, Flex Comp, will further assist in retaining personnel and in attracting new personnel;
- our expectation that employee elections for allocating their total compensation reward between cash and stock-based compensation may result in the split between these awards varying from quarter to quarter;
- our ability to protect against currency, interest rate, investment, concentration of credit and inflation risks;
- our assumptions as to our future expenses and financing requirements;
- our assumptions as to our critical accounting policies and estimates; and
- our assumptions as to the effects of accounting pronouncements to be adopted.

Factors that may cause actual results to differ materially from current expectations may include, but are not limited to, risks and uncertainties that are discussed in greater detail in the "Risk Factors" section of our Annual Information Form for the year ended December 31, 2022 and elsewhere in this MD&A, including but not limited to risks relating to:

- sustaining our rapid growth;
- managing our growth;
- our potential inability to compete successfully against current and future competitors;
- the security of personal information we store relating to merchants and their buyers, as well as consumers with whom we have a direct relationship including users of our apps;
- the sales of our logistics businesses, including that the relevant conditions precedent will not be satisfied, that such transactions will not close or proceed as anticipated by the Company and that the impact of such transactions may differ materially from management's current expectations;
- our ability to successfully scale, optimize and operate Shopify logistics offerings, if the proposed sales of our logistics businesses are not completed for any reason;
- our ability to recognize the intended benefits from our announced workforce reductions;
- a cyberattack or security breach;
- our ability to innovate;
- our limited operating history in new and developing markets and new geographic regions;
- international sales and operations and the use of our platform in various countries;
- our current reliance on a few suppliers to provide the technology we offer through Shopify Payments;
- the reliance of our growth in part on the success of our strategic relationships with third parties;
- our potential inability to hire, retain and motivate qualified personnel;
- our use of third-party cloud providers to deliver our services;
- complex and changing laws and regulations worldwide;
- our dependence on the continued services and performance of our senior management and other key employees;
- payments processed through Shopify Payments, Shop Pay Installments, or payments processed or funds managed through Shopify Balance;
- our potential failure to effectively maintain, promote and enhance our brand;
- our history of losses and our potential inability to maintain profitability;
- serious errors or defects in our software or hardware;
- our potential inability to achieve or maintain data transmission capacity;
- activities of merchants or partners or the content of merchants' shops and our ability to detect and address unauthorized activity on our platform;
- evolving privacy laws and regulations, cross-border data transfer restrictions, data localization requirements and other domestic or foreign regulations that may limit the use and adoption of our services;
- acquisitions and investments, including strategic investments;
- risks associated with Shopify Capital, and offering financing to merchants;
- potential claims by third parties of intellectual property infringement or other third party or governmental claims, litigation, disputes, or other proceedings;

- our reliance on computer hardware, purchased or leased, and software licensed from and services rendered by third parties, in order to provide our solutions and run our business, sometimes by a single-source supplier;
- the impact of worldwide economic conditions, including the resulting effect on spending by small and medium-sized businesses or their buyers;
- manufacturing and supply chain risks;
- unanticipated changes in tax laws or adverse outcomes resulting from examination of our income or other tax returns;
- being required to collect federal, state, provincial or local business taxes, sales and use taxes or other indirect taxes in additional jurisdictions on transactions by our merchants;
- the interoperability of our platform with mobile devices and operating systems;
- changes to technologies used in our platform or new versions or upgrades of operating systems and internet browsers;
- our potential inability to obtain, maintain and protect our intellectual property rights and proprietary information or prevent third parties from making unauthorized use of our technology;
- our pricing decisions for our solutions;
- our use of open source software;
- seasonal fluctuations;
- exchange rate fluctuations that may negatively affect our results of operations;
- our dependence upon buyers' and merchants' access to, and willingness to use, the internet for commerce;
- provisions of our financial instruments including the Notes;
- our potential inability to raise additional funds as may be needed to pursue our growth strategy or continue our operations, on favorable terms or at all;
- our tax loss carryforwards;
- ownership of our shares;
- our sensitivity to interest rate fluctuations;
- fluctuations in the fair value of our equity and other investment holdings; and
- our concentration of credit risk, and the ability to mitigate that risk using third parties, and the risk of inflation.

Although we believe that the plans, intentions, expectations, assumptions and strategies reflected in our forward-looking statements are reasonable, these statements relate to future events or our future financial performance, and involve known and unknown risks, uncertainties and other factors which are, in some cases, beyond our control. If one or more of these risks or uncertainties occur, or if our underlying assumptions prove to be incorrect, actual results may vary significantly from those implied or projected by the forward-looking statements. No forward-looking statement is a guarantee of future results. You should read this MD&A and the documents that we reference in this MD&A completely and with the understanding that our actual future results may be materially different from any future results expressed or implied by these forward-looking statements.

The forward-looking statements in this MD&A represent our views as of the date of this MD&A. We anticipate that subsequent events and developments may cause our views to change. However, while we may elect to update these forward-looking statements at some point in the future, we have no current intention of doing so except to the extent required by applicable law. Therefore, these forward-looking statements do not represent our views as of any date other than the date of this MD&A.

Overview

Shopify is a leading provider of essential internet infrastructure for commerce, offering trusted tools to start, grow, market, and manage a retail business of any size. Shopify makes commerce better for everyone with a platform and services that are engineered for simplicity and reliability, while delivering a better shopping experience for consumers everywhere.

In an era where social media, cloud computing, mobile devices, augmented reality and data analytics are creating new possibilities for commerce, Shopify provides differentiated value by offering merchants:

A multi-channel front end. Our software enables merchants to easily display, manage, market and sell their products across over a dozen different sales channels, including web and mobile storefronts, physical retail locations, pop-up shops, B2B, social media storefronts, native mobile apps, buy buttons, and marketplaces. More than 80% of our merchants have installed two or more channels. The Shopify application program interface ("API") has been developed to support custom storefronts that let merchants sell anywhere, in any language.

A single integrated back end. Our software provides one single integrated, easy-to-use back end that merchants use to manage their business and buyers across these multiple sales channels. Merchants use their Shopify dashboard, which is available in more than 20 languages, to manage products and inventory, process orders and payments, fulfill and ship orders, discover new buyers and build customer relationships, source products, leverage analytics and reporting, manage cash, payments and transactions, and access financing.

A data advantage. Our software is delivered to merchants as a service, and operates on a shared infrastructure. This cloud-based infrastructure not only relieves merchants from running and securing their own hardware, it also consolidates data generated by the interactions between buyers and a merchant's products, providing rich data to inform merchant decisions. With a highly qualified team of data science personnel, we expect to continue leveraging data for the benefit of our merchants with critical safeguards in place to ensure privacy, security and compliance.

Shopify also enables merchants to build their own brand, leverage mobile technology, sell internationally, and handle massive traffic spikes with flexible infrastructure:

Brand ownership. Shopify is designed to help our merchants own their brand, develop a direct relationship with their buyers, and make their buyer experience memorable and distinctive. We recognize that in a world where buyers have more choices than ever before, a merchant's brand is increasingly important. The Shopify platform is designed to allow a merchant to keep their brand present in every interaction to build buyer loyalty and create competitive advantages. While our platform is designed to empower merchants first, merchants benefit when buyers are confident that their payments are secure. We believe that awareness among buyers that Shopify provides a superior and secure checkout experience is an additional advantage for our merchants in an increasingly competitive market. For merchants using Shopify Payments, buyers are already getting a superior experience, with features such as Shop Pay and Shop Pay Installments, and with our investments in additional buyer touchpoints, such as retail, shipping, fulfillment, and Shop, our all-in-one digital shopping companion app, brands that sell on Shopify can offer buyers an end-to-end, managed shopping experience that previously was only available to much larger businesses.

Mobile. As ecommerce expands as a percentage of overall retail transactions, a trend that accelerated in 2020 with the onset of the global COVID-19 pandemic buyers expect to be able to transact anywhere, anytime, on any device through an experience that is simple, seamless, and secure. As transactions over mobile devices represent the majority of transactions across online stores powered by Shopify, the mobile experience is a merchant's primary and most important interaction with online buyers. Shopify has focused on enabling mobile commerce, and the Shopify platform includes a mobile-optimized checkout system, designed to enable merchants' buyers to more easily purchase products over mobile websites. Our merchants are able to offer their buyers a quick and secure check-out option by using Shop Pay, Apple Pay, Meta Pay, and Google Pay on the web, and we continue to explore other new ways to offer payment flexibility and accelerated checkout. Just as Shopify's tools enable brands to sell directly to their buyers, the Shop app provides merchants that same direct sales power through a mobile experience. The Shop app is a digital shopping assistant that is available to buyers on iOS and Android mobile devices. Buyers use the Shop app to track packages, discover products from their favorite merchants, earn cash back through our rewards program, Shop Cash, and engage with brands directly, which helps merchants increase opportunities to find new customers and drive greater loyalty and lifetime value of their buyers. Shopify's mobile capabilities are not limited to the front end: merchants who are often on-the-go find themselves managing their storefronts via their mobile devices, and Shopify continues to strive to make it easier to do so.

Global. Commerce thrives when merchants are able to build a global brand and sell beyond their own borders with little friction. Shopify offers merchants across several countries a localized experience within the country in which they are based. In addition, Shopify Markets, enables merchants to manage localized storefronts in different countries through one global store, making cross-border commerce easier for entrepreneurs. With Shopify Markets, merchants can easily set up market-specific buying experiences, enabling buyers to shop in their local currencies, languages, domains, and payment methods. Shopify Markets also calculates duty and import fees. Such tailored experiences are designed to increase local buyer trust and conversion, enabling merchants to enter new geographies more easily. Shopify Markets Pro, introduced in 2022, offers merchants a native merchant-of-record tax and duty compliance solution. Shopify Markets and Shopify Markets Pro complement our partnership with Global-E, an offering for merchants who want to fully outsource their cross-border business with an approved third-party partner.

Infrastructure. We build our platform to address the growing challenges facing merchants and with the aim of making complex tasks simple. The Shopify platform is engineered to enterprise-level standards and functionality and designed for simplicity and ease of use. We also design our platform with a robust technical infrastructure able to manage large spikes in traffic that accompany events such as new product releases, holiday shopping seasons, and flash sales. We are constantly innovating and enhancing our platform, with our continuously deployed, multi-tenant architecture ensuring all of our merchants are always using the latest technology.

This combination of ease of use with enterprise-level functionality allows merchants to start with a Shopify store and grow with our platform to almost any size. Using Shopify, merchants may never need to re-platform. Our Shopify Plus subscription plan was created to accommodate larger merchants, with additional functionality, scalability and support requirements. The Shopify Plus plan also appeals to larger merchants not already on Shopify who want to migrate from their expensive and complex legacy solutions to achieve greater functionality and flexibility.

Sustainability

Shopify is a company that wants to see the next century, and has taken many steps to build a sustainable business, including becoming a carbon neutral company in 2019. Our commitment includes powering our global operations with renewable energy, purchasing high quality carbon credits to address travel-related emissions, and by relying on Google Cloud, which is 100% powered by renewable energy.

Because we view commerce as a powerful vehicle for positive systemic change, as part of our focus on the long term, in 2019 Shopify launched a sustainability fund with the intent to commit at least \$5 million annually to fund what Shopify believes are the most promising and impactful technologies and projects to combat climate change. Since launch, we've partnered with more than 20 entrepreneurial climate companies to help them prove and scale their carbon removal solutions. In 2022, we launched Frontier, an advance market commitment, alongside Stripe, Alphabet, Meta, and McKinsey Sustainability with the objective to purchase a combined \$925M of carbon removal by the end of 2030. 2023 will be the fourth consecutive year where Shopify intends to track, calculate, and purchase enough carbon removal to counteract the impact of carbon emissions from orders placed on our platform over the Black Friday/Cyber Monday shopping weekend. Our merchants have the ability to address the carbon emissions associated with shipping their orders by adding our Planet app to their store. We also fund carbon removal through our Sustainability Fund with every order placed using Shop Pay, our checkout accelerator.

Ecosystem

A rich ecosystem of app developers, theme designers and other partners, such as digital and service professionals, marketers, photographers, and affiliates has evolved around the Shopify platform. We believe our partner ecosystem helps drive the growth of our merchant base by extending the functionality of the Shopify platform through the development of apps. At March 31, 2023, more than 10,000 apps were available in the Shopify App Store. The partner ecosystem helps drive the growth of our merchant base, which in turn further accelerates growth of the ecosystem.

Business Overview

Our mission is to make commerce better for everyone, and we believe we can help merchants of nearly all sizes, from aspirational entrepreneurs to companies with large-scale, direct-to-consumer operations realize their potential at all stages of their business life cycle. While our platform can scale to meet the needs of large merchants, we focus on selling to small and medium-sized businesses and entrepreneurs. Most of our merchants are on subscription plans that cost less than \$50 per month, which is in line with our focus of providing cost effective solutions for early stage businesses. In the three months ended March 31, 2023, our platform facilitated GMV of \$49.6 billion, representing an increase of 15% from the three months ended March 31, 2022. A detailed description of this metric is presented below in the section entitled, “Key Performance Indicators”.

During the three months ended March 31, 2023, our total revenue was \$1,508 million, an increase of 25% versus the three months ended March 31, 2022. Our business model has two revenue streams: a recurring subscription component we call subscription solutions and a merchant success-based component we call merchant solutions.

In the three months ended March 31, 2023, subscription solutions revenues accounted for 25% of our total revenues (29% in the three months ended March 31, 2022). We offer a range of plans that increase in price depending on additional features and economic considerations. Our highest-end plan, Shopify Plus, is offered at a starting rate that is several times that of our standard Shopify plans. Shopify Plus solves for the complexity of merchants as they grow and scale globally, offering additional functionality, and support, including features like Shopify Audiences, B2B ecommerce, and Launchpad, for ecommerce automation, and dedicated account management where appropriate. Mattel, Gymshark, Heinz, FTD, Netflix, Kylie Cosmetics, SKIMS and Supreme are a few of the Shopify Plus merchants seeking a reliable, cost-effective and scalable commerce solution. The flexibility of our pricing plans is designed to help our merchants grow in a cost-effective manner and to provide more advanced features and support as their business needs evolve. We have also launched localized pricing plans in select countries and expect to expand the number of markets where we bill in local currency in order to reduce friction and attract more merchants to our platform.

Revenue from subscription solutions is generated through the sale of subscriptions to our platform, including variable platform fees, as well as through the sale of subscriptions to our POS Pro offering, the sale of themes, the sale of apps, and the registration of domain names. Subscription solutions revenues increased from \$345 million in the three months ended March 31, 2022 to \$382 million in the three months ended March 31, 2023, representing an increase of 11%. Our merchants typically enter into monthly subscription agreements. The revenue from these agreements is recognized over time on a ratable basis over the contractual term and therefore we have deferred revenue on our balance sheet. We do not consider this deferred revenue balance to be a good indicator of future revenue. Instead, we believe MRR is most closely correlated with the long-term value of our merchant relationships. As of March 31, 2023, MRR totaled \$116 million, representing an increase of 10% relative to MRR at March 31, 2022. In the three months ended March 31, 2023, both subscription solutions revenue and MRR observed higher growth rates due mainly to merchants converting to full price subscription plans that were previously on paid trial incentives at December 31, 2022. These paid trial incentives initially launched beginning in the second half of 2022. Prospective merchants that join through these paid trials are included in MRR at their trial price, throughout the trial period, until they convert to a full price subscription plan. These trial incentive amounts are immaterial to MRR as at March 31, 2023. A detailed description of this metric is presented below in the section entitled, "Key Performance Indicators". As at March 31, 2023, we host millions of merchants on our platform.

We offer a variety of merchant solutions that are designed to add value to our merchants by passing on our economies of scale and augment our subscription solutions. During the three months ended March 31, 2023, merchant solutions revenues accounted for 75% of total revenues (71% in the three months ended March 31, 2022). We principally generate merchant solutions revenues from payment processing fees and currency conversion fees from Shopify Payments. Shopify Payments is a fully integrated payment processing service that allows our merchants to accept and process payment cards online and offline. In addition to payment processing fees and currency conversion fees from Shopify Payments, we also generate merchant solutions revenue from referral fees, our logistics offerings, other transaction services, non-cash consideration obtained for referral services and other services rendered as part of strategic partnerships and Shopify Capital. Shopify Capital is currently available for

merchants in the United States, the United Kingdom, Canada, and Australia. The majority of our merchant solutions revenues are directionally correlated with the level of GMV that our merchants process through our platform. Merchant solutions revenues increased from \$859 million in the three months ended March 31, 2022 to \$1,126 million in the three months ended March 31, 2023, representing an increase of 31%.

Our business model is driven by our ability to attract new merchants, retain revenue from existing merchants, and increase sales to both new and existing merchants. Our merchants represent a wide array of retail verticals, business sizes, and geographies and no single merchant has ever represented more than five percent of our total revenues in a single reporting period. We believe that our future success depends on many factors, including our ability to expand our merchant base; localize features for specific geographies; retain merchants as they grow their businesses on our platform and adopt more features; offer more sales channels that connect merchants with their specific target audience; develop new solutions to extend our platform's functionality and catalyze merchants' sales growth; enhance our ecosystem and partner programs; provide a high level of merchant support; hire, retain and motivate qualified personnel; and build with a focus on maximizing long-term value.

We have focused on rapidly growing our business and plan to continue making investments to drive future growth. We believe that our investments will increase our revenue base, improve the retention of this base and strengthen our ability to increase sales to our merchants. Building a 100-year company requires a balance between growth and profitability, and we maintain a portfolio of investments with varying time horizons.

In 2019 we began building Shopify Fulfillment Network, a network of distributed fulfillment centers across the United States and Canada, to help merchants provide fast and reliable delivery to buyers. Since then, we have made internal investments as well as strategic acquisitions and partnerships with private companies in an effort to accelerate the development of our logistics offerings. On July 8, 2022, we acquired Deliverr, a leading fulfillment technology provider with the goal of leveraging Deliverr's software in our hub and spoke warehouses to provide merchants with simplified logistics by simplifying the end-to-end supply chain across freight, distribution, and fulfillment. On May 3, 2023, we entered into a securities purchase agreement with Flexport to sell the majority of our logistics business in exchange for shares representing a 13% equity interest in Flexport, in addition to our existing equity interest. Also on May 3, 2023, we entered into a securities purchase agreement to sell 6RS, part of our logistics business. These transactions are expected to close in the second quarter of 2023, subject to certain conditions, including receipt of regulatory approval, as applicable.

At the time of filing, the accounting for these dispositions is incomplete, however, we estimate that in connection with these transactions we will recognize an impairment of \$1.0 to \$1.5 billion and additional expense related to the acceleration of stock-based compensation of \$170 million in the second quarter of 2023.

On May 4, 2023, we also announced a reduction in workforce of approximately 23%. We estimate that we will incur approximately a \$140 to \$150 million charge in the second quarter of 2023 in connection with this reduction. This reduction also encompasses Shopify's planned exit from our logistics offerings.

We expect to continue to work with Flexport to optimize Shopify's logistics offerings to support our merchants. This includes Shop Promise, our buyer-facing badge that uses real-time data to predict the delivery promise for every order, and is automatically enabled in 100% of Shopify Fulfillment Network merchant storefronts.

Key Performance Indicators

Key performance indicators, which we do not consider to be non-GAAP measures, that we use to evaluate our business, measure our performance, identify trends affecting our business, formulate financial projections and make strategic decisions include Monthly Recurring Revenue ("MRR"), Gross Merchandise Volume ("GMV") and Attach Rate. Our key performance indicators may be calculated in a manner different than similar key performance indicators used by other companies.

The following table shows MRR, GMV, Revenue and Attach Rate for the three months ended March 31, 2023 and 2022.

	Three months ended March 31,	
	2023	2022
	(in millions, except percentages)	
Monthly Recurring Revenue	\$ 116	\$ 105
Gross Merchandise Volume	\$ 49,568	\$ 43,200
Revenue	\$ 1,508	\$ 1,204
Attach Rate	3.04 %	2.79 %

Monthly Recurring Revenue

We calculate MRR at the end of each period by multiplying the number of merchants who have subscription plans with us at the period end date by the average monthly subscription plan fee, which excludes variable platform fees, in effect on the last day of that period, assuming they maintain their subscription plans the following month. Subscription plans to both our platform and our POS Pro offering are included in this calculation. When applicable, MRR relating to subscription plans billed in a merchant's local currency is converted to USD using the respective currency exchange rate as of the period end date. Prospective merchants that have joined the platform through special new merchant trial incentives are included in MRR at their trial price while merchants on free trials are excluded from the calculation of MRR through the duration of the free trial. MRR allows us to average our various pricing plans and billing periods into a single, consistent number that we can track over time. We also analyze the factors that make up MRR, specifically the number of paying merchants using our platform and changes in our average revenue earned from subscription plan fees per paying merchant. In addition, we use MRR to forecast monthly, quarterly and annual subscription plan revenue, which makes up the majority of our subscription solutions revenue. We had \$116 million of MRR as at March 31, 2023 compared to \$105 million as at March 31, 2022.

In the three months ended March 31, 2023, we observed a higher MRR growth rate, relative to the three months ended March 31, 2022. The MRR growth rate in the three months ended March 31, 2023 was driven mainly to merchants converting to full price subscription plans that were previously on paid trial incentives at December 31, 2022. These paid trial incentives initially launched beginning in the second half of 2022. The amounts associated with prospective merchants that are on these trial incentives are immaterial to MRR as at March 31, 2023, but we expect to continue to see an increase in MRR as these cohorts of merchants convert to full price subscription plans. We also expect to see an increase in MRR throughout 2023 as a result of the increased prices on standard Shopify plans that came into effect in the first quarter of 2023. However, merchants that were on the platform prior to the price increase announcement will only see their subscription plan prices increase beginning in the second quarter of 2023.

In the second quarter of 2022, we launched localized pricing plans in select countries and we expect to expand the number of markets where we bill in local currency. We expect that over time any impact to MRR will be more than offset by the fact that the reduced friction and enhanced in-market experience will attract more merchants to our platform who make use of our merchant solutions.

Gross Merchandise Volume

GMV is the total dollar value of orders facilitated through our 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. GMV does not represent revenue earned by us. However, the volume of GMV facilitated through our platform is an indicator of the success of our merchants and the strength of our platform. Our merchant solutions revenues are also directionally correlated with the level of GMV facilitated through our platform. For the three months ended March 31, 2023 and 2022, we facilitated GMV of \$50 billion and \$43 billion, respectively, representing year-over-year growth of 15%. On a constant currency basis, in which GMV in the three

months ended March 31, 2023 is converted using the comparative period's monthly average exchange rates, year-over-year growth was 18%.

Attach Rate

Attach rate is defined as total revenue divided by GMV and is a key performance indicator of our business and our ability to generate greater value for our merchants. We believe that attach rate provides a useful measure of our ability to provide unified commerce solutions to our merchants and the traction of those products.

In the three months ended March 31, 2023, we observed a higher attach rate, relative to the three months ended March 31, 2022. The attach rate growth in the quarter is largely attributable to the increased adoption of Shopify Payments. We expect to see an increase in attach rate as new products are rolled out and existing products gain greater adoption in 2023.

Factors Affecting the Comparability of Our Results

Change in Revenue Mix

As a result of the continued growth of Shopify Payments, referral fees, our logistics offerings, other transaction services, non-cash consideration obtained for referral services and other services rendered as part of strategic partnerships and Shopify Capital, our revenues from merchant solutions have generally increased significantly. Merchant solutions are intended to complement subscription solutions by providing additional value to our merchants and increasing their use of our platform. Gross profit margins on Shopify Payments, the biggest driver of merchant solutions revenue, are typically lower than on subscription solutions due to the associated third-party costs of providing this solution. We view this revenue stream as beneficial to our operating margins, as Shopify Payments requires significantly less sales and marketing and research and development expense than Shopify's core subscription business. The lower margins on merchant solutions compared to subscription solutions means that the continued growth of merchant solutions may cause a decline in our overall gross margin percentage.

Seasonality

Our merchant solutions revenues are directionally correlated with the level of GMV that our merchants facilitated through our platform. Our merchants typically process additional GMV during the fourth quarter holiday season. As a result, we have historically generated higher merchant solutions revenues in our fourth quarter than in other quarters. While we believe that this seasonality has affected and will continue to affect our quarterly results, our rapid growth has largely masked seasonal trends to date. As a result of the continued growth of our merchant solutions offerings, we believe that our business may become more seasonal in the future and that historical patterns in our business may not be a reliable indicator of our future performance.

Foreign Currency Fluctuations

While the majority of our revenues, cost of revenues, and operating expenses are denominated in USD, a significant portion are denominated in foreign currencies. Due to offering Shopify Payments, Shopify Capital, subscriptions, and other billings to select countries in local currency, a significant proportion of revenue transactions are denominated in British pound sterling ("GBP"), Euros ("EUR") and Canadian dollars ("CAD"). As we continue to have significant Canadian operations and as operations continue to expand internationally, a significant proportion of operating expenses are also incurred in the aforementioned foreign currencies. To help mitigate the impacts associated with foreign currency fluctuations on future cash flows from operating expenses, we maintain a portfolio of foreign exchange forward contracts and options designated as hedging instruments. As our operations continue to expand internationally, we may be exposed to additional fluctuations in other foreign currencies. Refer to the "Risks and Uncertainties—Foreign Currency Exchange Risk" section below for additional information on the effect on reported results of changes in foreign exchange rates.

Key Components of Results of Operations

See Management's Discussion and Analysis in our Annual Report on Form 40-F for the year ended December 31, 2022 for details on the key components of results of operations.

Quarterly Results of Operations

The following table sets forth our results of operations for the three months ended March 31, 2023 and 2022.

	Three months ended March 31,	
	2023	2022
	(in millions, except share and per share data)	
Revenues:		
Subscription solutions	\$ 382	\$ 345
Merchant solutions	1,126	859
	1,508	1,204
Cost of revenues ⁽²⁾⁽³⁾ :		
Subscription solutions	84	78
Merchant solutions	707	488
	791	566
Gross profit	717	638
Operating expenses:		
Sales and marketing ⁽²⁾⁽³⁾	287	303
Research and development ⁽²⁾	458	304
General and administrative ⁽²⁾	123	109
Transaction and loan losses	42	20
Total operating expenses	910	736
Loss from operations	(193)	(98)
Other income (expense), net	269	(1,555)
Income (loss) before income taxes	76	(1,653)
(Provision for) recovery of income taxes	(8)	179
Net income (loss)	\$ 68	\$ (1,474)
Net income (loss) per share attributable to shareholders ⁽¹⁾ :		
Basic	\$ 0.05	\$ (1.17)
Diluted	\$ 0.05	\$ (1.17)
Shares used to compute net income (loss) per share attributable to shareholders ⁽¹⁾ :		
Basic	1,276,884,726	1,260,130,660
Diluted	1,291,682,051	1,260,130,660

⁽¹⁾ Prior period share and per share amounts have been retrospectively adjusted to reflect the ten-for-one share split effected in June 2022.

⁽²⁾ Includes stock-based compensation expense and related payroll taxes as follows:

	Three months ended March 31,	
	2023	2022
	(in millions)	
Cost of revenues	\$ 2	\$ 2
Sales and marketing	15	16
Research and development	106	85
General and administrative	18	20
	\$ 141	\$ 123

⁽³⁾ Includes amortization of acquired intangibles as follows:

	Three months ended March 31,	
	2023	2022
	(in millions)	
Cost of revenues	\$ 19	\$ 6
Sales and marketing	2	1
	<u>\$ 21</u>	<u>\$ 7</u>

Revenues

	Three months ended March 31,		2023 vs. 2022
	2023	2022	% Change
	(in millions, except percentages)		
Revenues:			
Subscription solutions	\$ 382	\$ 345	11 %
Merchant solutions	1,126	859	31 %
Total revenues	<u>\$ 1,508</u>	<u>\$ 1,204</u>	<u>25 %</u>
Percentage of revenues:			
Subscription solutions	25 %	29 %	
Merchant solutions	75 %	71 %	
	100 %	100 %	

Subscription Solutions

Subscription solutions revenues increased for the three months ended March 31, 2023 compared to the same period in 2022. The period-over-period increase was primarily a result of growth in MRR, which was driven largely by the higher number of merchants using our platform and prospective merchants on the free and paid trials converting to full price subscription plans during the period.

Merchant Solutions

Merchant solutions revenues increased for the three months ended March 31, 2023 compared to the same period in 2022. The increase in merchant solutions revenues was primarily a result of Shopify Payments revenue, relating to payment processing and currency conversion fees, growing in the three months ended March 31, 2023 compared to the same period in 2022. This increase was a result of an increase in our Shopify Payments penetration rate (the percentage of GMV processed through Shopify Payments) and the number of merchants using our platform. These factors drove \$5.5 billion of additional GMV facilitated using Shopify Payments in the three months ended March 31, 2023 compared to the same period in 2022, representing growth of 25%. For the three months ended March 31, 2023, the Shopify Payments penetration rate was 56%, resulting in GMV of \$27.5 billion that was facilitated using Shopify Payments. This compares to a penetration rate of 51% resulting in GMV of \$22.0 billion that was facilitated using Shopify Payments in the same period in 2022.

In addition to the increase in revenue from Shopify Payments, our logistics offerings, non-cash consideration received for services rendered as part of strategic partnerships and Shopify Capital revenues increased during the three months ended March 31, 2023, compared to the same period in 2022. Our logistics offerings increased as a result of the acquisition of Deliverr. The increase in non-cash consideration received for services rendered as part of strategic partnerships was driven largely by an increase in the number of arrangements with partners, when compared to the same period in 2022. Shopify Capital revenue increased mainly as a result of an increase in the loans and advances outstanding throughout the period coupled with the increase in GMV.

Cost of Revenues

	Three months ended March 31,		2023 vs. 2022
	2023	2022	% Change
(in millions, except percentages)			
Cost of revenues:			
Cost of subscription solutions	\$ 84	\$ 78	8 %
Cost of merchant solutions	707	488	45 %
Total cost of revenues	\$ 791	\$ 566	40 %
Percentage of revenues:			
Cost of subscription solutions	6 %	6 %	
Cost of merchant solutions	47 %	41 %	
	52 %	47 %	

Cost of Subscription Solutions

Cost of subscription solutions increased for the three months ended March 31, 2023 compared to the same period in 2022. The increase was due to an increase in the costs necessary to support the growth in traffic and functionality of our platform across multiple jurisdictions, resulting in an increase in cloud infrastructure costs and payment processing fees on merchant billings. As a percentage of revenues, cost of subscription solutions remained flat when compared to the three months ended March 31, 2022.

Cost of Merchant Solutions

Cost of merchant solutions increased for the three months ended March 31, 2023 compared to the same period in 2022. The increase was primarily due to higher payment processing fees resulting from an increase in GMV facilitated through Shopify Payments and due to higher costs associated with our logistics offerings as a result of revenue growth from the acquisition of Deliverr. Cost of merchant solutions as a percentage of revenues increased for the three months ended March 31, 2023 due mainly to the increase in costs associated with our logistics offerings as a result of revenue growth from the acquisition of Deliverr, and by the relative growth of Shopify Payments revenue and higher payment processing fees from Shopify Payments, caused by an increase in network costs and changes in payment card type.

Gross Profit

	Three months ended March 31,		2023 vs. 2022
	2023	2022	% Change
	(in millions, except percentages)		
Gross profit	\$ 717	\$ 638	12 %
Percentage of total revenues	48 %	53 %	

Gross profit increased for the three months ended March 31, 2023 compared to the same period in 2022. As a percentage of total revenues, gross profit decreased for the three months ended March 31, 2023, principally due to the inclusion of Deliverr operations in our results, including the related amortization of acquired intangibles, and the relative growth in Shopify Payments revenue and higher payment processing fees from Shopify Payments, caused by an increase in network costs and changes in payment card type. We expect that the planned sales of our logistics businesses will impact gross profit for the remainder of 2023, following closing of the transactions.

Operating Expenses

Sales and Marketing

	Three months ended March 31,		2023 vs. 2022
	2023	2022	% Change
	(in millions, except percentages)		
Sales and marketing	\$ 287	\$ 303	(5)%
Percentage of total revenues	19 %	25 %	

Sales and marketing expenses decreased for the three months ended March 31, 2023 compared to the same period in 2022, due to a decrease of \$54 million in online marketing spend, partially offset by an increase in offline marketing spend of \$17 million, an increase in payouts of \$10 million related to our affiliate partner program, and an increase of \$8 million in employee-related costs.

Research and Development

	Three months ended March 31,		2023 vs. 2022
	2023	2022	% Change
	(in millions, except percentages)		
Research and development	\$ 458	\$ 304	51 %
Percentage of total revenues	30 %	25 %	

Research and development expenses increased for the three months ended March 31, 2023 compared to the same period in 2022, due to an increase of \$142 million in employee-related costs, including the impact of increased headcount associated with the acquisition of Deliverr. We expect that the planned sales of our logistics businesses will impact research and development expenses for the remainder of 2023, following closing of the transactions.

General and Administrative

	Three months ended March 31,		2023 vs. 2022
	2023	2022	% Change
	(in millions, except percentages)		
General and administrative	\$ 123	\$ 109	13 %
Percentage of total revenues	8 %	9 %	

General and administrative expenses increased for the three months ended March 31, 2023 compared to the same period in 2022, primarily due to an increase of \$10 million in employee-related costs.

Transaction and Loan Losses

	Three months ended March 31,		2023 vs. 2022
	2023	2022	% Change
	(in millions, except percentages)		
Transaction and loan losses	\$ 42	\$ 20	110.0 %
Percentage of total revenues	3 %	2 %	

Transaction and loan losses increased for the three months ended March 31, 2023 compared to the same period in 2022, primarily due to an increase of \$17 million in losses attributed to Shopify Payments, primarily related to higher realized losses in the period, an increase in expected losses, and increased GMV processed through Shopify Payments.

Other Income (Expense), net

	Three months ended March 31,		2023 vs. 2022
	2023	2022	% Change
(in millions, except percentages)			
Other income (expense), net	\$ 269	\$ (1,555)	*

* Not a meaningful comparison

In the three months ended March 31, 2023, we had a net unrealized gain on equity and other investments of \$215 million, of which a \$291 million unrealized gain was in investments with readily determinable fair values related to the change in share prices from December 31, 2022 to March 31, 2023 in our Affirm and Global-E investments, and \$75 million of net unrealized losses in investments without readily determinable fair values primarily due mainly to an observable price change in the period. Additionally, we had interest income of \$52 million recognized on investments.

This compares to the three months ended March 31, 2022 where we had net unrealized losses on equity and other investments of \$1.7 billion due mainly to our investments in Affirm and Global-E caused by the change in their share prices from December 31, 2021 to March 31, 2022, offset slightly by net realized gains on equity and other investments of \$122 million.

(Provision for) Recovery of Income Taxes

	Three months ended March 31,		2023 vs. 2022
	2023	2022	% Change
(in millions, except percentages)			
(Provision for) recovery of income taxes	\$ (8)	\$ 179	*

* Not a meaningful comparison

We had a provision for income taxes of \$8 million in the three months ended March 31, 2023, on account of earnings in jurisdictions outside of North America. This compares to a recovery of income taxes of \$179 million in the three months ended March 31, 2022, as a result of ongoing operations and other discrete items, primarily related to the unrealized loss on equity and other investments and the change in valuation allowance with respect to deferred income taxes in Canada and the United States.

Summary of Quarterly Results

The following table sets forth selected unaudited quarterly results of operations data for each of the eight quarters ended March 31, 2023. The information for each of these quarters has been derived from unaudited condensed consolidated financial statements that were prepared on the same basis as the audited annual financial statements and, in the opinion of management, reflects all adjustments, which include only normal recurring adjustments, necessary for the fair presentation of the results of operations for these periods in accordance with U.S. GAAP. This data should be read in conjunction with our unaudited condensed consolidated financial statements and audited consolidated financial statements and related notes for the relevant period. These quarterly operating results are not necessarily indicative of our operating results for a full year or any future period.

	Three months ended							
	Mar 31, 2023	Dec 31, 2022	Sep 30, 2022	Jun 30, 2022	Mar 31, 2022	Dec 31, 2021	Sep 30, 2021	Jun 30, 2021
	(in millions, except percentages)							
Revenues:								
Subscription solutions	\$ 382	\$ 400	\$ 377	\$ 366	\$ 345	\$ 351	\$ 336	\$ 334
Merchant solutions	1,126	1,335	989	929	859	1,029	788	785
	1,508	1,735	1,366	1,295	1,204	1,380	1,124	1,119
Cost of revenues: ⁽⁴⁾⁽⁵⁾								
Subscription solutions	84	86	82	85	78	76	67	63
Merchant solutions	707	851	622	554	488	611	448	435
	791	937	704	639	566	687	515	498
Gross profit	717	798	662	656	638	693	609	621
Operating expenses:								
Sales and marketing ⁽²⁾⁽⁴⁾⁽⁵⁾	287	298	302	327	303	276	238	202
Research and development ⁽²⁾⁽⁴⁾	458	440	412	347	304	273	221	184
General and administrative ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾	123	214	255	130	109	101	129	78
Transaction and loan losses	42	34	39	42	20	28	25	18
Total operating expenses	910	986	1,008	846	736	678	613	482
(Loss) income from operations	(193)	(188)	(346)	(190)	(98)	15	(4)	139
Other income (expense), net	269	(426)	188	(1,008)	(1,555)	(503)	1,344	780
Income (loss) before income taxes	76	(614)	(158)	(1,198)	(1,653)	(488)	1,340	919
(Provision for) recovery of income taxes	(8)	(9)	(1)	(6)	179	117	(192)	(40)
Net income (loss)	\$ 68	\$ (623)	\$ (159)	\$ (1,204)	\$ (1,474)	\$ (371)	\$ 1,148	\$ 879
Net income (loss) per share attributable to shareholders:								
Basic	\$ 0.05	\$ (0.49)	\$ (0.12)	\$ (0.95)	\$ (1.17)	\$ (0.30)	\$ 0.92	\$ 0.71
Diluted	\$ 0.05	\$ (0.49)	\$ (0.12)	\$ (0.95)	\$ (1.17)	\$ (0.30)	\$ 0.90	\$ 0.69

⁽¹⁾ In the third quarter of 2022, we incurred \$97 million of expenses related to legal matters.

⁽²⁾ In the third quarter of 2022, we had \$30 million of severance related costs associated with the one-time reduction in workforce with \$11 million in sales and marketing, \$8 million in research and development and \$11 million in general and administrative.

⁽³⁾ In the fourth quarter of 2022 and the third quarter of 2021, we had \$84 million and \$30 million, respectively, of impairment related costs associated with right-of-use assets and leasehold improvements.

(4) Includes stock-based compensation expense and related payroll taxes as follows:

	Three months ended							
	Mar 31, 2023	Dec 31, 2022	Sep 30, 2022	Jun 30, 2022	Mar 31, 2022	Dec 31, 2021	Sep 30, 2021	Jun 30, 2021
	(in millions)							
Cost of revenues	\$ 2	\$ 2	\$ 3	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2
Sales and marketing	15	15	17	17	16	14	11	11
Research and development	106	104	108	99	85	75	64	56
General and administrative	18	24	26	23	20	18	31	24
	<u>\$ 141</u>	<u>\$ 145</u>	<u>\$ 154</u>	<u>\$ 141</u>	<u>\$ 123</u>	<u>\$ 109</u>	<u>\$ 108</u>	<u>\$ 93</u>

(5) Includes amortization of acquired intangibles as follows:

	Three months ended							
	Mar 31, 2023	Dec 31, 2022	Sep 30, 2022	Jun 30, 2022	Mar 31, 2022	Dec 31, 2021	Sep 30, 2021	Jun 30, 2021
	(in millions)							
Cost of revenues	\$ 19	\$ 19	\$ 17	\$ 7	\$ 6	\$ 6	\$ 5	\$ 4
Sales and marketing	2	2	2	—	1	—	1	1
	<u>\$ 21</u>	<u>\$ 21</u>	<u>\$ 19</u>	<u>\$ 7</u>	<u>\$ 7</u>	<u>\$ 6</u>	<u>\$ 6</u>	<u>\$ 5</u>

The following table sets forth selected unaudited quarterly statements of operations data as a percentage of total revenues for each of the eight quarters ended March 31, 2023.

	Three months ended							
	Mar 31, 2023	Dec 31, 2022	Sep 30, 2022	Jun 30, 2022	Mar 31, 2022	Dec 31, 2021	Sep 30, 2021	Jun 30, 2021
Revenues:								
Subscription solutions	25%	23%	28%	28%	29%	25%	30%	30%
Merchant solutions	75%	77%	72%	72%	71%	75%	70%	70%
	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>
Cost of revenues:								
Subscription solutions	6%	5%	6%	7%	6%	5%	6%	6%
Merchant solutions	47%	49%	45%	43%	41%	44%	40%	39%
	<u>52%</u>	<u>54%</u>	<u>52%</u>	<u>49%</u>	<u>47%</u>	<u>50%</u>	<u>46%</u>	<u>45%</u>
Gross profit	<u>48%</u>	<u>46%</u>	<u>48%</u>	<u>51%</u>	<u>53%</u>	<u>50%</u>	<u>54%</u>	<u>55%</u>
Operating expenses:								
Sales and marketing	19%	17%	22%	25%	25%	20%	21%	18%
Research and development	30%	25%	30%	27%	25%	20%	20%	16%
General and administrative	8%	12%	19%	10%	9%	7%	11%	7%
Transaction and loan losses	3%	2%	3%	3%	2%	2%	2%	2%
Total operating expenses	<u>60%</u>	<u>57%</u>	<u>74%</u>	<u>65%</u>	<u>61%</u>	<u>49%</u>	<u>55%</u>	<u>43%</u>
(Loss) income from operations	<u>(13)%</u>	<u>(11)%</u>	<u>(25)%</u>	<u>(15)%</u>	<u>(8)%</u>	<u>1%</u>	<u>0%</u>	<u>12%</u>
Other income (expense), net	<u>18%</u>	<u>(25)%</u>	<u>14%</u>	<u>(78)%</u>	<u>(129)%</u>	<u>(36)%</u>	<u>120%</u>	<u>70%</u>
Income (loss) before income taxes	<u>5%</u>	<u>(35)%</u>	<u>(12)%</u>	<u>(93)%</u>	<u>(137)%</u>	<u>(35)%</u>	<u>119%</u>	<u>82%</u>
(Provision for) recovery of income taxes	<u>(1)%</u>	<u>(1)%</u>	<u>0%</u>	<u>0%</u>	<u>15%</u>	<u>9%</u>	<u>(17)%</u>	<u>(4)%</u>
Net income (loss)	<u><u>5%</u></u>	<u><u>(36)%</u></u>	<u><u>(12)%</u></u>	<u><u>(93)%</u></u>	<u><u>(122)%</u></u>	<u><u>(27)%</u></u>	<u><u>102%</u></u>	<u><u>79%</u></u>

We believe that year-over-year comparisons are more meaningful than our sequential results due to seasonality in our business. While we believe that this seasonality has affected and will continue to affect our quarterly results, our rapid growth has largely masked seasonal trends to date. Our merchant solutions revenues are directionally correlated with our merchants' GMV. Our merchants' GMV typically increases during the fourth-quarter holiday season. As a result, we have historically generated higher merchant solutions revenues in our fourth quarter than in

other quarters. As a result of the growth of our merchant solutions offerings, we believe that our business may become more seasonal in the future, and that historical patterns in our business may not be a reliable indicator of our future performance.

Quarterly Revenue and Gross Margin Trends

Historically, revenues experienced a seasonal decrease in our first quarters as buyers typically reduce their spending following the holiday season resulting in a seasonal decrease in GMV per merchant, which was not completely offset by merchant and MRR growth. Subsequently, revenues have increased in each of the next three quarters as a result of merchant, MRR, and overall GMV growth. Our merchants have processed additional GMV during the fourth-quarter holiday seasons, and as a result we have generated higher merchant solutions revenues in our fourth quarters compared to other quarters. Due to the continued growth of our merchant solutions offerings, we believe that our business may become more seasonal in the future.

Our gross margin percentage has varied over the past eight quarters and is generally driven by the mix between our higher margin subscription solutions revenue and lower margin merchant solutions revenue. While our total revenues have increased in recent periods, the mix has shifted towards merchant solutions revenue, most notably in the fourth quarter due to higher holiday volume of orders facilitated and the resulting Shopify Payments revenue during this period. We expect this overall trend to continue over time.

In connection with expanding our operations internationally, we anticipate a growing proportion of our revenues and cost of sales transactions to be incurred in foreign currencies as compared to USD due to increased Shopify Payments, Shopify Capital, subscriptions, and other billings to select countries in local currency. Fluctuations in foreign currencies relative to the USD may impact identified quarterly and yearly trends.

The acquisition of Deliverr, which closed in the third quarter of 2022, and the planned sales of our logistics businesses (expected to close in the second quarter of 2023) will impact the comparability of our revenues and gross margin.

Quarterly Operating Expenses Trends

Historically, total operating expenses have increased sequentially for each period presented as we grow our operations. Over the past three quarters, our operating expense dollars, excluding the items discussed herein, continue to stabilize and grow at a much slower rate. We took impairment charges on certain office spaces in the fourth quarter of 2022 and the third quarter of 2021, which caused an increase in general and administrative spend relative to revenue in that respective quarter. In the third quarter of 2022, we recorded litigation contingencies which caused an increase in general and administrative spend relative to revenue in that quarter. Total operating expenses have historically increased primarily due to the addition of personnel in connection with the expansion of our business and additional marketing initiatives to attract potential merchants. In addition, the Deliverr acquisition, which closed in the third quarter of 2022 and the planned sales of our logistics businesses will impact the comparability of operating expenses. We note a significant portion of our operating expenses are incurred in foreign currencies which may impact the comparability of our quarterly and yearly trends.

Quarterly Other Income (Expense) Trends

Historically, there have been no consistent trends associated with other income (expense) as changes are impacted by fluctuations in the fair value of our equity investments in public companies with readily determinable fair values, observable changes or impairments associated with our equity investments in private companies without readily determinable fair values, changes in the fair value of our investments in convertible notes of private companies, foreign exchange rates, and interest rates. The results from these changes may fluctuate from period to period and may cause volatility to our earnings as well as impact comparability of our results from period to period.

Liquidity and Capital Resources

To date, we have financed our operations primarily through the sale of equity securities as well as the sale of the Notes, raising approximately \$7.8 billion, net of issuance costs, from investors.

In September 2022, due to the expiry of our previous short-form base shelf prospectus, we filed a new short-form base shelf prospectus with the securities commissions in each of the provinces and territories of Canada, except Quebec, and a corresponding shelf registration statement on Form F-10 with the U.S. Securities and Exchange Commission. This shelf prospectus and registration statement allows Shopify to offer an unlimited amount of Class A subordinate voting shares, preferred shares, debt securities, warrants, subscription receipts, units, or any combination thereof, from time to time during the 25-month period that the shelf prospectus is effective, which commenced September 9, 2022.

Our principal cash requirements are for working capital and capital expenditures. Excluding current deferred revenue, working capital at March 31, 2023 was \$5.4 billion. As a result of our new employee compensation program implemented in the second half of 2022, there is a potential for an increase in cash usage as employees have the ability to elect how much of their total compensation will be in the form of cash versus stock-based compensation awards. Given the ongoing cash generated from operations and our existing cash and cash equivalents, we believe there is sufficient liquidity to meet our current and planned financial obligations over the next 12 months. Our future financing requirements will depend on many factors including our growth rate, subscription renewal activity, the timing and extent of spending to support development of our platform, the expansion of sales and marketing activities, the macroeconomic conditions and overall levels of consumer spending on goods, and potential mergers, strategic investments and acquisitions activity. Although we currently are not a party to any material undisclosed agreement and do not have any understanding with any third parties with respect to potential material investments in, or material acquisitions of, businesses or technologies, we may enter into these types of arrangements in the future, which could also require us to seek additional equity or debt financing. Additional funds may not be available on terms favorable to us or at all.

Cash, Cash Equivalents and Marketable Securities

Cash, cash equivalents, and marketable securities decreased by \$190 million to \$4.9 billion as at March 31, 2023 from \$5.1 billion as at December 31, 2022, primarily as a result of the purchase and origination of loans and the purchase of equity and other investments.

Cash equivalents and marketable securities include money market funds, U.S. and Canadian federal bonds and agency securities, and corporate bonds and commercial paper, all maturing within the 12 months from March 31, 2023.

The following table summarizes our total cash, cash equivalents and marketable securities as at March 31, 2023 and 2022 as well as our operating, investing and financing activities for the three months ended March 31, 2023 and 2022:

	Three months ended March 31,	
	2023	2022
	(in millions)	
Cash, cash equivalents and marketable securities (end of period)	\$ 4,863	\$ 7,247
Net cash provided by (used in):		
Operating activities ⁽¹⁾	\$ 100	\$ (25)
Investing activities ⁽¹⁾	(19)	(32)
Financing activities	6	6
Effect of foreign exchange on cash and cash equivalents	2	—
Net increase (decrease) in cash and cash equivalents	89	(51)
Change in marketable securities	(279)	(470)
Net decrease in cash, cash equivalents and marketable securities	\$ (190)	\$ (521)

⁽¹⁾ Comparative figures have been reclassified in order to conform to the current period presentation.

Cash Flows From Operating Activities

Our largest source of operating cash is from merchant solutions. Within merchant solutions, the largest source of cash flows are Shopify Payments processing fee arrangements, which are received on a daily basis as transactions are processed. We also generate significant cash flows from our subscription solutions with subscription revenues being our single largest source of cash flows. These payments are typically paid to us at the beginning of the applicable subscription period, except for our Shopify Plus merchants who typically pay us at the end of their monthly billing cycle.

Our primary uses of cash from operating activities are for third-party payment processing fees, employee-related expenditures, third-party shipping and fulfillment partners, marketing programs, outsourced hosting costs, and providing cash advances to merchants through Shopify Capital.

For the three months ended March 31, 2023, net cash provided by operating activities was primarily as a result of our net income of \$68 million and changes in operating assets and liabilities of \$104 million, due mainly to cash provided by the maturity of merchant cash advances, offset by adjustments of \$72 million to net income mainly due to our net unrealized gain on equity and other investments.

Cash Flows From Investing Activities

Cash flows provided by, or used in, investing activities are primarily related to the sale and purchase of marketable securities, originations and repayments of loans to merchants, purchases of equity and other investments, business acquisitions, and purchases of property and equipment.

Net cash used in investing activities in the three months ended March 31, 2023 was driven by \$183 million used for purchases and originations of loans, net of repayments, \$90 million used to purchase equity and other investments, \$31 million used for a business acquisition, and \$14 million used to purchase property and equipment, which consisted mainly of leasehold improvements and computer equipment, offset by net maturities of \$299 million in marketable securities.

Cash Flows From Financing Activities

Cash flows from financing activities are primarily related to exercises of stock options.

Net cash provided by financing activities in the three months ended March 31, 2023 was driven by proceeds from the issuance of Class A subordinate voting shares and Class B restricted voting shares as a result of stock option exercises.

Contractual Obligations

Our principal commitments consist of our Notes and obligations under our operating leases for office, warehouse and commercial space. There have been no significant changes to our principal commitments, as compared to the principal commitments described in our most recent annual Management's Discussion and Analysis.

Off-Balance Sheet Arrangements

We have no material off-balance sheet arrangements, other than operating leases which have been disclosed under "Contractual Obligations" in our most recent annual Management's Discussion and Analysis.

Litigation and Loss Contingencies

On August 31, 2022, a jury in the U.S. District Court for the District of Delaware returned a verdict finding that Shopify infringed three web technology patents owned by Express Mobile, Inc. We have challenged the verdict through post-trial motions and the Plaintiff has moved for interest on the amount of the verdict.

We currently have no other known material pending litigation or claims. We are not aware of any other litigation matters or loss contingencies that would be expected to have a material adverse effect on the business, consolidated financial position, results of operations, or cash flows.

Related Parties

In January 2022, we entered a strategic partnership with a private company totaling \$97 million, which is comprised of a \$50 million cash investment in the private company and the receipt of \$47 million in non-cash consideration to provide services for a duration of three years. A member of the Company's board of directors also serves as a director on the board of the aforementioned private company.

Risks and Uncertainties

We are exposed to a variety of risks, including foreign currency exchange fluctuations, changes in the fair values of our equity and other investments, changes in interest rates, concentration of credit and inflation. We regularly assess currency, interest rate and inflation risks to minimize any adverse effects on our business as a result of those factors.

Foreign Currency Exchange Risk

While the majority of our revenues, cost of revenues, and operating expenses are denominated in USD, a significant portion are denominated in foreign currencies. Due to offering Shopify Payments, Shopify Capital, subscriptions, and other billing to select countries in local currency, a significant proportion of revenue transactions are denominated in GBP, EUR and CAD. As we continue to have significant Canadian operations and as operations continue to expand internationally, a significant proportion of operating expenses are also incurred in the aforementioned foreign currencies. To help mitigate the impacts associated with foreign currency fluctuations on future cash flows from operating expenses, we maintain a portfolio of foreign exchange derivative products designated as hedging instruments.

Effect of Foreign Exchange Rates

The following non-GAAP financial measure converts our revenues, cost of revenues, operating expenses, and loss from operations using the comparative period's monthly average exchange rates:

	Three months ended March 31,			2022
	2023		GAAP Amounts as Reported	GAAP Amounts As Reported
	At Prior Year Effective Rates ⁽¹⁾	Exchange Rate Effect ⁽²⁾		
	(in millions)			
Revenues	\$ 1,526	\$ (18)	\$ 1,508	\$ 1,204
Cost of revenues	(801)	10	(791)	(566)
Operating expenses	(934)	24	(910)	(736)
Loss from operations	\$ (209)	\$ 16	\$ (193)	\$ (98)

⁽¹⁾ Represents the outcome that would have resulted if the comparative period's effective foreign exchange rates are applied to the current reporting period.

⁽²⁾ Represents the increase or decrease in GAAP amounts reported resulting from using the comparative period's effective foreign exchange rates. The exchange rate effect is primarily driven by fluctuations in CAD, EUR and GBP foreign exchange rates.

This effect of foreign exchange rates on our consolidated statements of operations disclosure is a supplement to our consolidated financial statements, which are prepared and presented in accordance with U.S. GAAP. We have provided the above non-GAAP disclosure as we believe it presents a clear comparison of our period to period operating results by removing the impact of fluctuations in foreign exchange rates and to assist investors in understanding our financial and operating performance. Non-GAAP financial measures are not recognized measures for financial statement presentation under U.S. GAAP, do not have standardized meanings, and may not be comparable to similar measures presented by other public companies. Such non-GAAP financial measures should be considered as a supplement to, and not as a substitute for, or superior to, the corresponding measures calculated in accordance with U.S. GAAP.

The following table summarizes the effects on revenues, cost of revenues, operating expenses, and loss from operations of a 10% strengthening⁽¹⁾ of all foreign currencies the Company transacts in versus the USD without considering the impact of the Company's hedging activities and factoring in any potential changes in demand for the Company's solutions as a result of fluctuations in exchange rates:

	Three months ended					
	March 31, 2023			March 31, 2022		
	GAAP Amounts As Reported \$	Exchange Rate Effect ⁽²⁾ \$	At 10% Stronger Rates ⁽³⁾ \$	GAAP Amounts As Reported \$	Exchange Rate Effect ⁽²⁾ \$	At 10% Stronger Rates ⁽³⁾ \$
Revenues	1,508	24	1,532	1,204	16	1,220
Cost of revenues	(791)	(13)	(804)	(566)	(11)	(577)
Operating expenses	(910)	(32)	(942)	(736)	(27)	(763)
Loss from operations	(193)	(21)	(214)	(98)	(22)	(120)

⁽¹⁾ A 10% weakening of the foreign currencies versus the USD would have an equal and opposite impact on the Company's revenues, cost of revenues, operating expenses and loss from operations as presented in the table.

⁽²⁾ Represents the increase or decrease in GAAP amounts reported resulting from a 10% strengthening in foreign exchange rates relative to the USD.

⁽³⁾ Represents the outcome that would have resulted had the foreign exchange rates relative to the USD in those periods been 10% stronger than they actually were, excluding the impact of our hedging program and without factoring in any potential changes in demand for the Company's solutions as a result of changes in exchange rates.

Equity and Other Investments

We hold equity and other investments that are subject to a wide variety of market-related risks that could substantially reduce or increase the fair value of our holdings. As at March 31, 2023, we had equity and other investments in public and private companies totaling \$2.3 billion. Our equity and other investments with readily determinable fair values, which relate to Affirm and Global-E, representing \$938 million of our investments, are recorded at fair value, which is subject to market price volatility. Our equity investments in private companies, representing \$1.1 billion of our investments, are recorded using the measurement alternative and are assessed each reporting period for observable price changes and impairments, which may involve estimates and judgments given the lack of readily available market data. Certain equity investments in private companies are in the early stages of development and are inherently risky due to their lack of operational history. Our debt investments in convertible notes of private companies are recorded at fair value and represent \$222 million of our investments, which are impacted by the underlying entities' valuations and interest rates. The results from these changes may fluctuate from period to period and may cause volatility to our earnings as well as impact comparability of our results from period to period.

Interest Rate Sensitivity

We had cash, cash equivalents and marketable securities in our cash management program totaling \$4.9 billion as of March 31, 2023. The cash and cash equivalents are held for operations and working capital purposes. Our investments within cash, cash equivalents and marketable securities are made for capital preservation purposes. We do not enter into these types of investments for trading or speculative purposes.

Our cash equivalents and our portfolio of marketable securities are subject to market risk due to changes in interest rates. Fixed rate securities may have their market value adversely affected due to a rise in interest rates. Our future investment income may fall short of our expectations due to changes in interest rates or we may suffer losses in principal if we are forced to sell securities that decline in market value due to changes in interest rates. However, because we classify our debt securities as "held to maturity," no gains or losses are recognized due to changes in interest rates unless such securities are sold prior to maturity or declines in fair value are determined to be other than temporary.

In July 2021, we invested \$200 million in a private company through the purchase of convertible notes. This investment is classified as an available-for-sale debt security, for which we have elected to account for under the fair value option. The investment is carried at fair value at each balance sheet date and any movements in the fair value are recognized in net loss. The fair value is determined based on a binomial pricing model in which the underlying entity's valuation and interest rates impact the market value of the investment.

In September 2020, we issued \$920 million aggregate principal amount of Notes. The Notes have a fixed annual interest rate of 0.125%; accordingly, we do not have economic interest rate exposure on the Notes. However, the fair market value of the Notes is exposed to interest rate risk. Generally, the fair market value of our fixed interest rate Notes will increase as interest rates fall and decrease as interest rates rise. In addition, the fair market value of the Notes will generally fluctuate as the price of our Class A subordinate voting shares fluctuates. On our balance sheet, we carry the Notes at face value less debt offering costs, plus any amortization of offering costs, and we present the fair value for required disclosure purposes only.

Concentration of Credit Risk

The Company's cash and cash equivalents, marketable securities, trade and other receivables, loans, merchant cash advances and related receivables, and foreign exchange derivative products subject the Company to concentrations of credit risk. Management mitigates this risk associated with cash and cash equivalents by making deposits and entering into foreign exchange derivative products only with large banks and financial institutions that are considered to be highly creditworthy. We limit the amount of credit exposure with any one financial institution and conduct timely evaluations of the credit worthiness of these financial institutions. Management mitigates the risks associated with marketable securities by adhering to its investment policy, which stipulates minimum rating

requirements, maximum investment exposures and maximum maturities. Due to the Company's diversified merchant base, there is no particular concentration of credit risk related to the Company's trade and other receivables, and loans receivable and merchant cash advances. Trade and other receivables, and loans receivable and merchant cash advances are monitored on an ongoing basis to ensure timely collection of amounts. The Company has mitigated some of the risks associated with Shopify Capital by opening insurance policies with Export Development Canada ("EDC"), a wholly-owned corporation of the Government of Canada, who is AAA rated as at March 31, 2023. The Company's policies cover certain loans and merchant cash advances, subject under certain policies to minimum claim requirements and regional restrictions. The Company pays EDC a monthly premium based on total eligible dollars advanced, and records this as general and administrative expense in the condensed consolidated statements of operations and comprehensive income (loss). All policies include a deductible set at either a specified dollar loss threshold or calculated as a percentage of eligible advances issued. After considering the Company's deductible and the insurer's maximum liability under the policies, the majority of the Company's gross outstanding balance of loans and merchant cash advances as at March 31, 2023 is covered. The receivable related to insurance recoveries, if any, is included in the loans, merchant cash advances and related receivables balance. There are no receivables from individual merchants accounting for 10% or more of revenues or receivables.

Inflation Risk

We are subject to inflation risk that could have a material effect on our business, financial condition or results of operations. If our costs were to become subject to significant inflationary pressures, we may not be able to fully offset such higher costs through price increases. Our inability or failure to do so could harm our business, financial condition and results of operations. Furthermore, our merchants are also subject to risks associated with inflationary pressures that could impact their business and financial condition. These pressures could subsequently result in impacts to our GMV and further affect our business.

Internal Control Over Financial Reporting

All control systems, no matter how well designed, have inherent limitations. Accordingly, even disclosure controls and procedures, and internal controls over financial reporting determined to be effective can only provide reasonable assurance of achieving their control objectives with respect to financial statement preparation and presentation.

Management of the Company, under the supervision of the Company's Chief Executive Officer and Chief Financial Officer, is responsible for establishing and maintaining adequate internal control over the Company's financial reporting, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with U.S. GAAP.

During the period covered by this quarterly report, there were no changes in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Critical Accounting Policies and Estimates

We prepare our condensed consolidated financial statements in accordance with U.S. GAAP. In the preparation of these condensed consolidated financial statements, we are required to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, costs and expenses and related disclosures. To the extent that there are material differences between these estimates and actual results, our financial condition or results of operations would be affected. We base our estimates on past experience and other assumptions that we believe are reasonable under the circumstances, and we re-evaluate these estimates on an ongoing basis.

There have been no significant changes in our critical accounting policies during the three months ended March 31, 2023 as compared to the critical accounting policies described in our most recent annual consolidated financial statements.

Shares Outstanding

Shopify is a publicly traded company listed on the New York Stock Exchange (NYSE: SHOP) and on the Toronto Stock Exchange (TSX: SHOP). As of April 28, 2023 there were 1,199,454,829 Class A subordinate voting shares issued and outstanding, 79,501,075 Class B restricted voting shares issued and outstanding, and 1 Founder share issued and outstanding.

As of April 28, 2023 there were 880,551 options outstanding under the Company's Fourth Amended and Restated Incentive Stock Option Plan, of which 880,551 were vested as of such date. Each such option is or will become exercisable for one Class B restricted voting share. As of April 28, 2023 there were 12,085,060 options outstanding under the Company's Amended and Restated Stock Option Plan, of which 7,714,780 were vested as of such date. Each such option is or will become exercisable for one Class A subordinate voting share. As of April 28, 2023 there were 119,496 options outstanding under the 6 River Systems 2016 Amended and Restated Stock Option and Grant Plan, which the Company assumed on closing of its acquisition of 6RS on October 17, 2019. Of these options, 119,415 were vested as of such date. Each option is or will become exercisable for one Class A subordinate voting share. As of April 28, 2023 there were 1,524,011 options outstanding under the Deliverr, Inc 2017 Stock Option and Grant Plan, which the Company assumed on closing of its acquisition of Deliverr on July 8, 2022. Of these options, 437,273 were vested as of such date. Each option is or will become exercisable for one Class A subordinate voting share.

As of April 28, 2023 there were 6,755,465 Restricted Share Units ("RSUs") and 12,038 Deferred Share Units ("DSUs") outstanding under the Company's Amended and Restated Long Term Incentive Plan. Each such RSU or DSU will vest as one Class A subordinate voting share. As of April 28, 2023 there were 436,664 RSUs outstanding under the Deliverr, Inc 2017 Stock Option and Grant Plan, which the Company assumed on closing of its acquisition of Deliverr on July 8, 2022. Each such RSU will vest as one Class A subordinate voting share.

FORM 52-109F2
 CERTIFICATION OF INTERIM FILINGS
 FULL CERTIFICATE

I, **Tobias Lütke, Chief Executive Officer of Shopify Inc.**, certify the following:

1. **Review:** I have reviewed the interim financial report and interim MD&A (together, the “interim filings”) of **Shopify Inc.** (the “issuer”) for the interim period ended **March 31, 2023**.
2. **No misrepresentations:** Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.
3. **Fair presentation:** Based on my knowledge, having exercised reasonable diligence, the interim financial report together with the other financial information included in the interim filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.
4. **Responsibility:** The issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as those terms are defined in National Instrument 52-109 *Certification of Disclosure in Issuer's Annual and Interim Filings*, for the issuer.
 5. **Design:** Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the issuer's other certifying officer and I have, as at the end of the period covered by the interim filings
 - (a) designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that
 - (i) material information relating to the issuer is made known to us by others, particularly during the period in which the interim filings are being prepared; and
 - (ii) information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
 - (b) designed ICFR, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.
 - 5.1 **Control framework:** The control framework the issuer's other certifying officer and I used to design the issuer's ICFR is the Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).
 - 5.2 N/A
 - 5.3 N/A
6. **Reporting changes in ICFR:** The issuer has disclosed in its interim MD&A any change in the issuer's ICFR that occurred during the period beginning on **January 1, 2023** and ended on **March 31, 2023** that has materially affected, or is reasonably likely to materially affect, the issuer's ICFR.

Date: **May 4, 2023**

/s/ Tobias Lütke

Tobias Lütke
 Chief Executive Officer

FORM 52-109F2
 CERTIFICATION OF INTERIM FILINGS
 FULL CERTIFICATE

I, **Jeff Hoffmeister, Chief Financial Officer of Shopify Inc.**, certify the following:

1. **Review:** I have reviewed the interim financial report and interim MD&A (together, the “interim filings”) of **Shopify Inc.** (the “issuer”) for the interim period ended **March 31, 2023**.
2. **No misrepresentations:** Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.
3. **Fair presentation:** Based on my knowledge, having exercised reasonable diligence, the interim financial report together with the other financial information included in the interim filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.
4. **Responsibility:** The issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as those terms are defined in National Instrument 52-109 *Certification of Disclosure in Issuer's Annual and Interim Filings*, for the issuer.
 5. **Design:** Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the issuer's other certifying officer and I have, as at the end of the period covered by the interim filings
 - (a) designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that
 - (i) material information relating to the issuer is made known to us by others, particularly during the period in which the interim filings are being prepared; and
 - (ii) information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
 - (b) designed ICFR, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.
 - 5.1 **Control framework:** The control framework the issuer's other certifying officer and I used to design the issuer's ICFR is the Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).
 - 5.2 N/A
 - 5.3 N/A
6. **Reporting changes in ICFR:** The issuer has disclosed in its interim MD&A any change in the issuer's ICFR that occurred during the period beginning on **January 1, 2023** and ended on **March 31, 2023** that has materially affected, or is reasonably likely to materially affect, the issuer's ICFR.

Date: **May 4, 2023**

/s/ Jeff Hoffmeister

Jeff Hoffmeister
 Chief Financial Officer