



Q1 2023

Financial Results

May 4, 2023



Safe harbor

This presentation contains forward-looking statements that are based on our management's current estimates, beliefs and assumptions, which are based on management's perception of historic trends, current conditions and expected future developments, as well as other factors management believes are appropriate in the circumstances. Although we believe that the plans, intentions, expectations, assumptions and strategies reflected in these 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 that may cause our actual results to be materially different from any future results expressed or implied by these forward-looking statements. Although the forward-looking statements contained in this presentation are based upon what we believe are reasonable assumptions, investors are cautioned against placing undue reliance on these statements since actual results may vary from the forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties and other factors, which are, in some cases, beyond our control and which could materially affect our results. These risks are described in further detail in our Q1 2023 earnings release, and in our Management's Discussion and Analysis for the year ended December 31, 2022 and in the section entitled "Risk Factors" in our Annual Information Form for the year ended December 31, 2022 and from time to time in Shopify's filings with the U.S. Securities and Exchange Commission and the securities commissions or similar securities regulatory authorities in each of the provinces or territories of Canada available on www.sec.gov and on www.sedar.com. 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 expressed, implied or projected by the forward-looking statements. References to long-term trends in our model are forward-looking and made as of the current date. Nothing in this presentation should be regarded as a representation by any person that these long-term trends will be achieved and we undertake no duty to update these long-term trends or any other forward-looking statements contained in this presentation, except as required by law.

We believe that the case studies presented in this presentation provide a representative sample of how our merchants have been able to use various features of our platform to grow their respective businesses. References in this presentation to increased visits, growth and sales following implementation of our platform do not necessarily mean that our platform was the only factor contributing to such increases.

To supplement the financial measures prepared in accordance with generally accepted accounting principles (GAAP), we use non-GAAP financial measures that exclude certain items. Non-GAAP financial measures are not prepared in accordance with GAAP; therefore, the information is not necessarily comparable to other companies and should be considered as a supplement to, not a substitute for, or superior to, the corresponding measures calculated in accordance with GAAP. Please refer to the reconciliation tables in our Q1 press release for further information.

This presentation contains information concerning our industry, including information relating to the size of the markets in which we participate, that are based on industry surveys and publications or other publicly available information, other third-party survey data and research reports. This information involves many assumptions and limitations, there can be no guarantee as to the accuracy or reliability of such assumptions and you are cautioned not to give undue weight to this information. While we believe this information to be reliable, it has not been independently verified.

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May 2023



Leading the **future of commerce**



This quarter was
incredibly strong
for both Shopify
and our merchants



We **expanded our merchant base** with growth across all geographies and merchant sizes



We **delivered more value** to brands through our agile and scalable platform of mission-critical solutions



We **increased revenue** in the quarter by **25% year-over-year**

2023



Key investment themes

01 From first sale to full scale

02 Going global

03 Build consumer relationships

Commerce Components

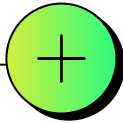
by Shopify

A **modern composable stack** that lets brands choose the modular components they want and integrate them with their existing systems and services

Commerce Components by Shopify is kicking down the door to conversations with retailers that previously weren't aware of the **power and versatility** of Shopify



Recently signed agreements
with **large enterprise brands**



System Integrator Partnerships

To support the adoption of Shopify by some of the **world's largest brands**, we've established business partnership agreements with premier system integrators



Record setting flash sale

This quarter, we successfully hosted the **highest throughput flash sale in our company's history** with Supreme's February drop





Key investment themes

01 From first sale to full scale

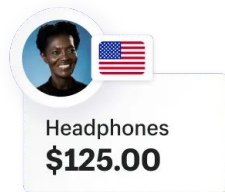
02 Going global

03 Build consumer relationships

We make selling globally **as easy as it is to sell locally**

Approximately **15% of total GMV** in Q1 came from cross-border sales

We've seen **meaningful improvement to conversion rates** when merchants leveraging Shopify Markets layer on the functionality of the Translate and Adapt app



A circular profile picture of a man with a US flag icon next to it. Below the image is the text "Headphones" and "\$125.00".

Headphones
\$125.00



A circular profile picture of a woman with a Japanese flag icon next to it. Below the image is the text "ヘッドフォン" and "¥17,400".

ヘッドフォン
¥17,400



A circular profile picture of a woman with a Spanish flag icon next to it. Below the image is the text "Auriculares" and "124,00 €".

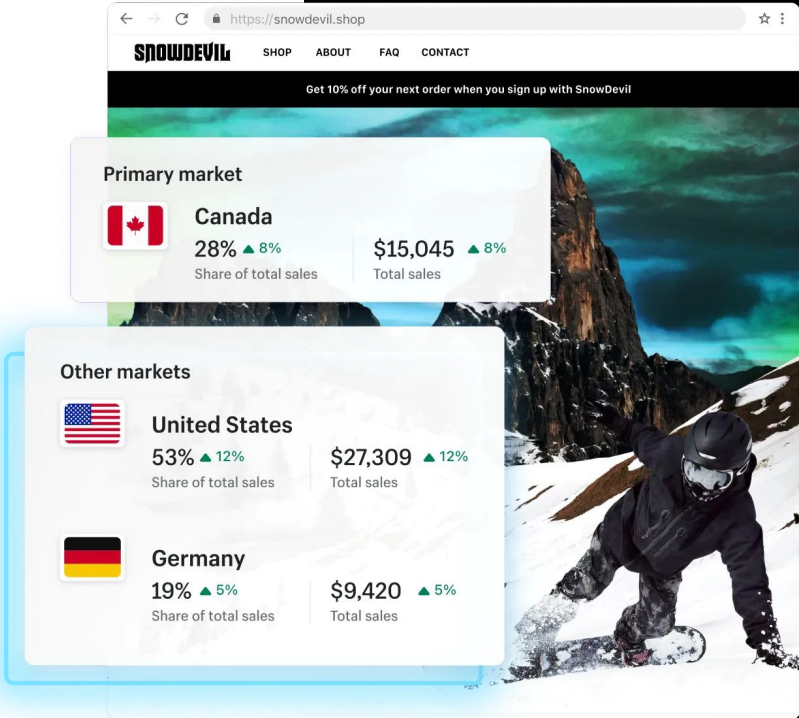
Auriculares
124,00 €



Shopify Markets Pro

Markets Pro allows merchants to focus on selling more - and more efficiently - all over the world, while **Shopify handles the compliance and complexity**

We continue to **make improvements to Markets Pro** and are on track to fully roll out the product in the US this summer, and then to the UK later this year





Key investment themes

01 From first sale to full scale

02 Going global

03 Build consumer relationships

Shopify POS

Offering integration with Shopify Payments and seamless connection with online sales, our point-of-sale offering is quickly becoming the POS of choice for merchants of scale

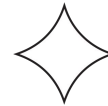
Well known brands are leveraging Shopify's omnichannel capabilities both online and in-store

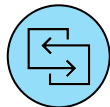
KIT  ACE BANANA REPUBLIC



+31%

Q1 offline GMV YoY



The Intuit logo is displayed in blue, uppercase letters within a white rounded rectangle with a black drop shadow.The Shopify logo, featuring a green shopping bag icon with a white 'S' and the word 'shopify' in a black, lowercase, sans-serif font, is shown within a white rounded rectangle with a black drop shadow.

When Intuit made the decision to sunset their Quickbooks Desktop Point of Sale product, they chose Shopify as their **preferred migration partner**

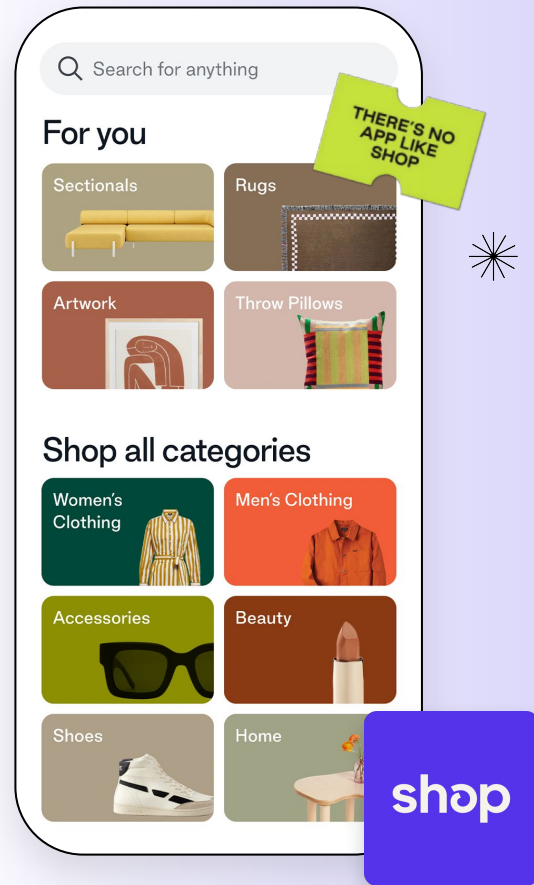


We are already seeing traction from this partnership with **thousands of new merchants** having chosen to adopt Shopify POS

Shop app

We are in the **post-cookie mobile era of commerce**, where brands are increasingly motivated to build their own mobile experiences to retain ownership of their customer relationships

Shop gives merchants an **out-of-the-box mobile storefront**, making it easy for them to leverage Shop's existing buyer audience to drive new and repeat customers to their brand

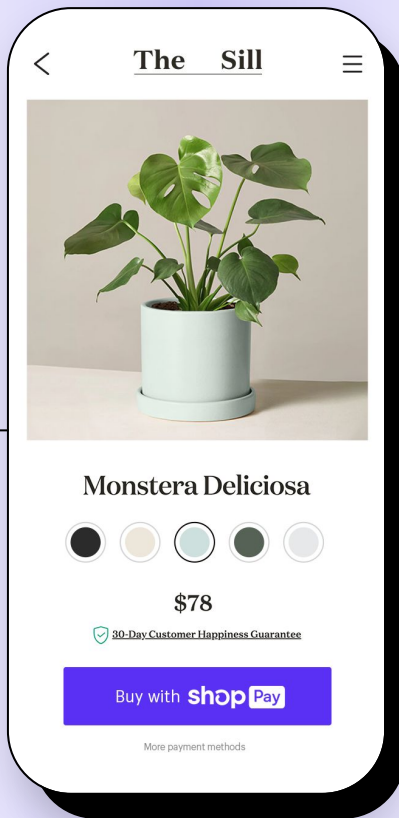


shop Pay

Gaining adoption & catalyzing sales through **frictionless commerce**

100M+

buyers opted-in
to Shop Pay



\$86B

cumulative GMV
since launch
in 2017

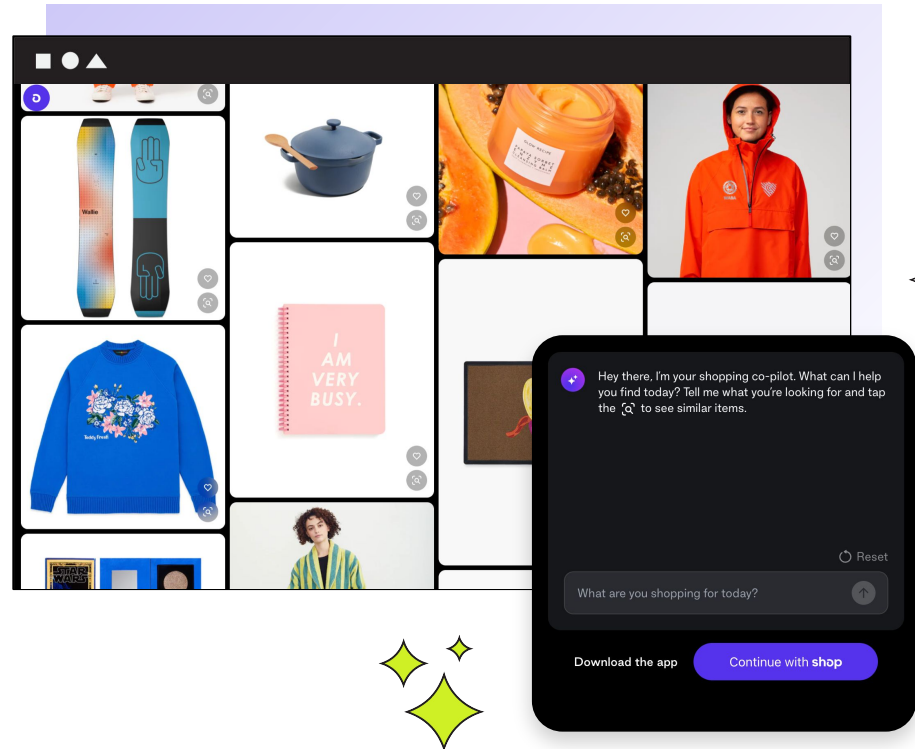
\$9B

GMV in **Q1 2023**

Shop's **AI shopping assistant** powered by ChatGPT

Shoppers tell the assistant what they are looking for and it **serves up relevant product recommendations** from Shopify merchants

We believe we are in the **early innings of unlocking the true power of AI** not only for our merchants and their customers, but also for Shopify



Shopify Audiences

Since the launch of Audiences, we have shipped **dozens of algorithm improvements** resulting in the average return on ad spend merchants see on the platform to **nearly double** what it was originally



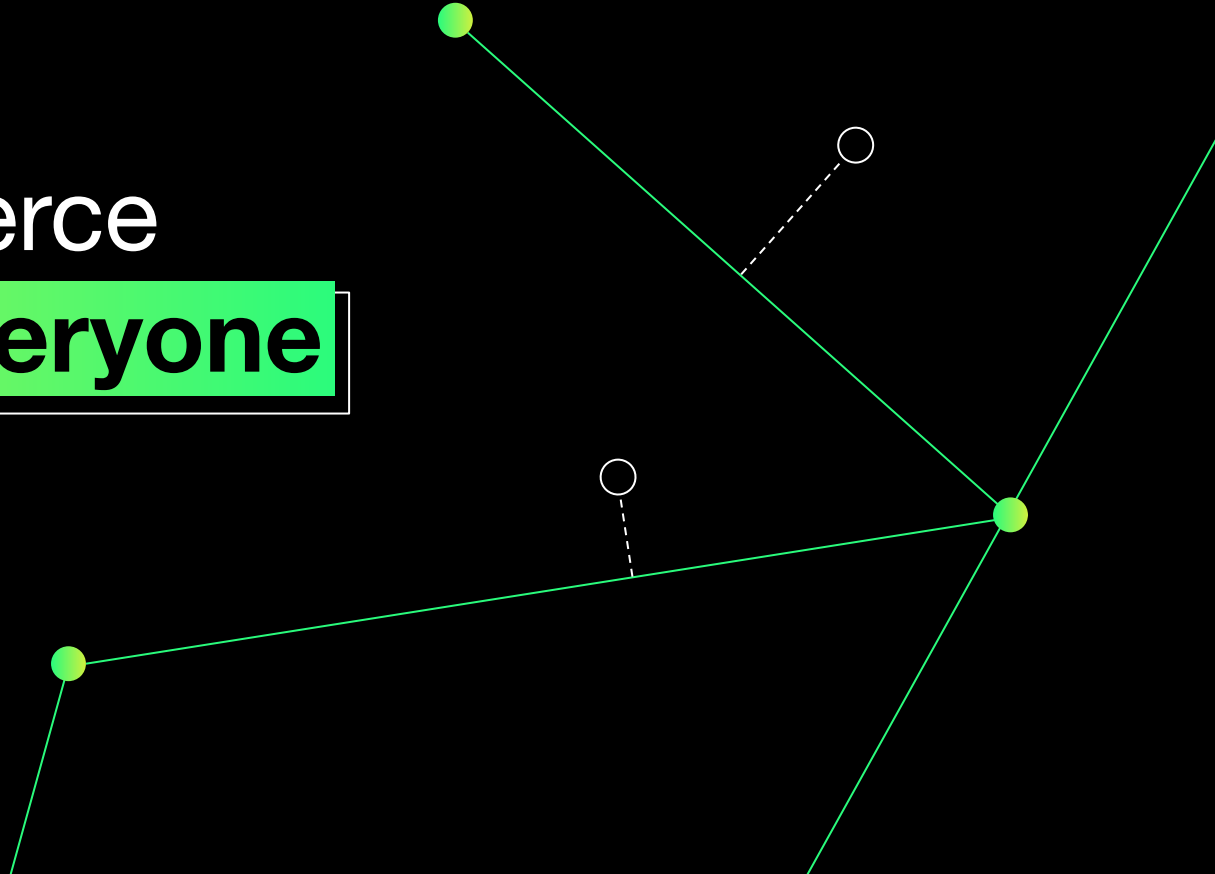


Brands across a broad spectrum of verticals and geographies **joined Shopify Plus in Q1**





Make commerce
better for everyone





\$49.6B

GMV*

↑ 15% vs Q1 2022 (18% constant currency)

↑ Outpacing US ecommerce growth*

Factors driving Q1

- We delivered this GMV strength through a combination of both existing merchants' same-store sales growth and new merchant growth

* Gross Merchandise Volume (GMV) represents the total dollar value of orders facilitated through the Shopify 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.



\$1.5B

Revenue

25% vs Q1 2022

27% constant currency



\$1.1B

Merchant Solutions

31% vs Q1 2022



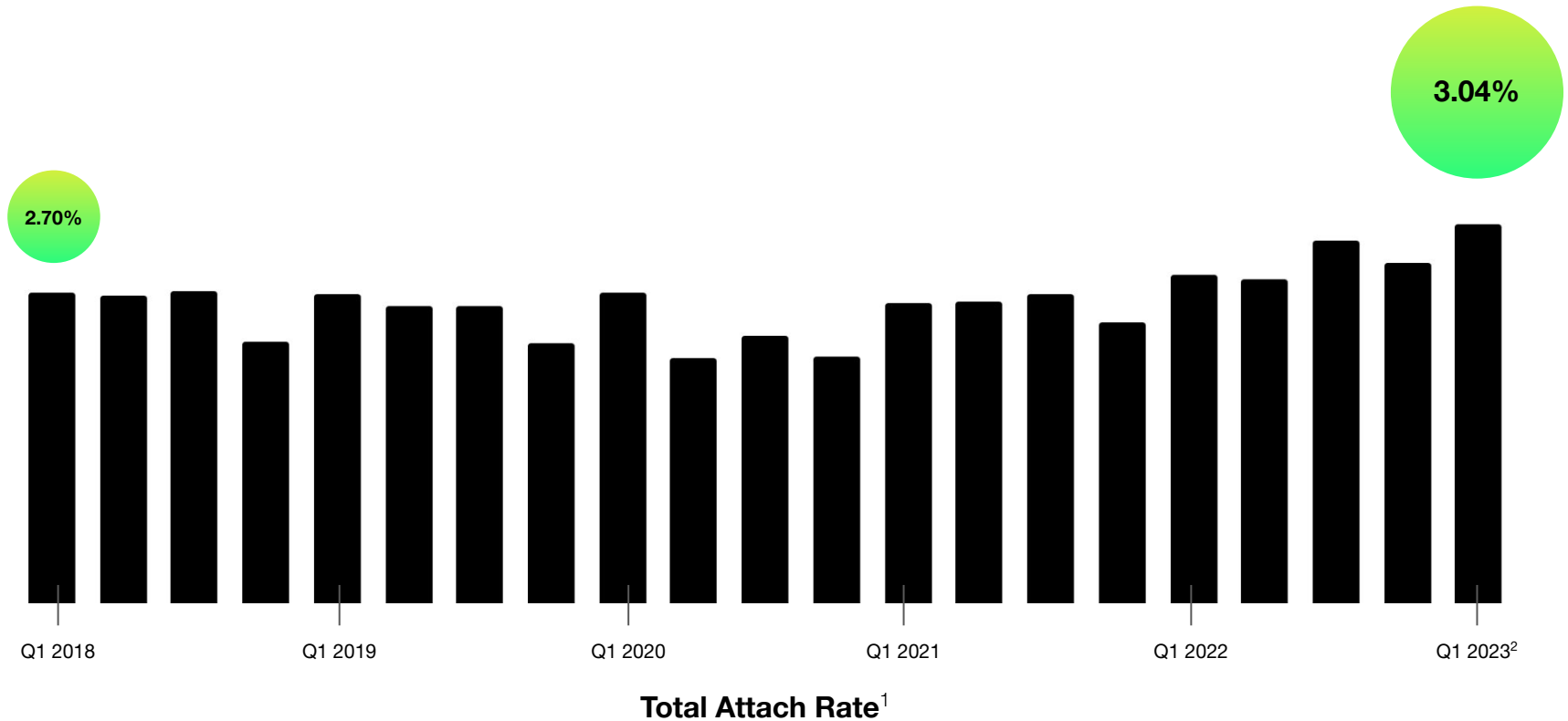
\$382M

Subscription Solutions

11% vs Q1 2022



Q1 total attach rate reaches highest level in company history



¹ Total attach rate is defined as revenue divided by GMV



\$1.5B

Revenue

↑ 25% vs Q1 2022
27% constant currency

\$1.1B

Merchant Solutions

↑ 31% vs Q1 2022

\$382M

Subscription Solutions

↑ 11% vs Q1 2022



\$27.5B

GMV processed on
Shopify Payments

↑ 25% vs Q1 2022

↑ GPV penetration 56% vs 51%
in Q1 2022

↓ GPV penetration down 70 bps QoQ



\$1.5B

Revenue

↑ 25% vs Q1 2022
27% constant currency

\$1.1B

Merchant Solutions

↑ 31% vs Q1 2022

\$382M

Subscription Solutions

↑ 11% vs Q1 2022



\$116M

Monthly Recurring Revenue (MRR)*



10% vs Q1 2022



Shopify Plus penetration 34% vs 30% in Q1 2022

Factors driving Q1

- More merchants converting to full-priced subscription plans from our trial experiments
- Continued growth in the number of Shopify Plus merchants and retail locations utilizing our POS Pro solution

* Monthly Recurring Revenue, or MRR, is calculated 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 in effect on the last day of that period, assuming they maintain their subscription plans the following month.



\$717M

Gross profit

↑ 12% vs Q1 2022

\$910M

Operating expenses

↑ from \$736M in Q1 2022



\$135M

Stock-based compensation

↑ from \$118M in Q1 2022

(\$31M)

Adjusted operating loss*

↓ from \$32M in Q1 2022

* Excludes the effect of stock-based compensation (SBC) expenses and related payroll taxes, employee severance, expense related to legal contingencies, real estate-related impairment charges and amortization of acquired intangibles.



\$100M

Cash flow from
operations

\$86M

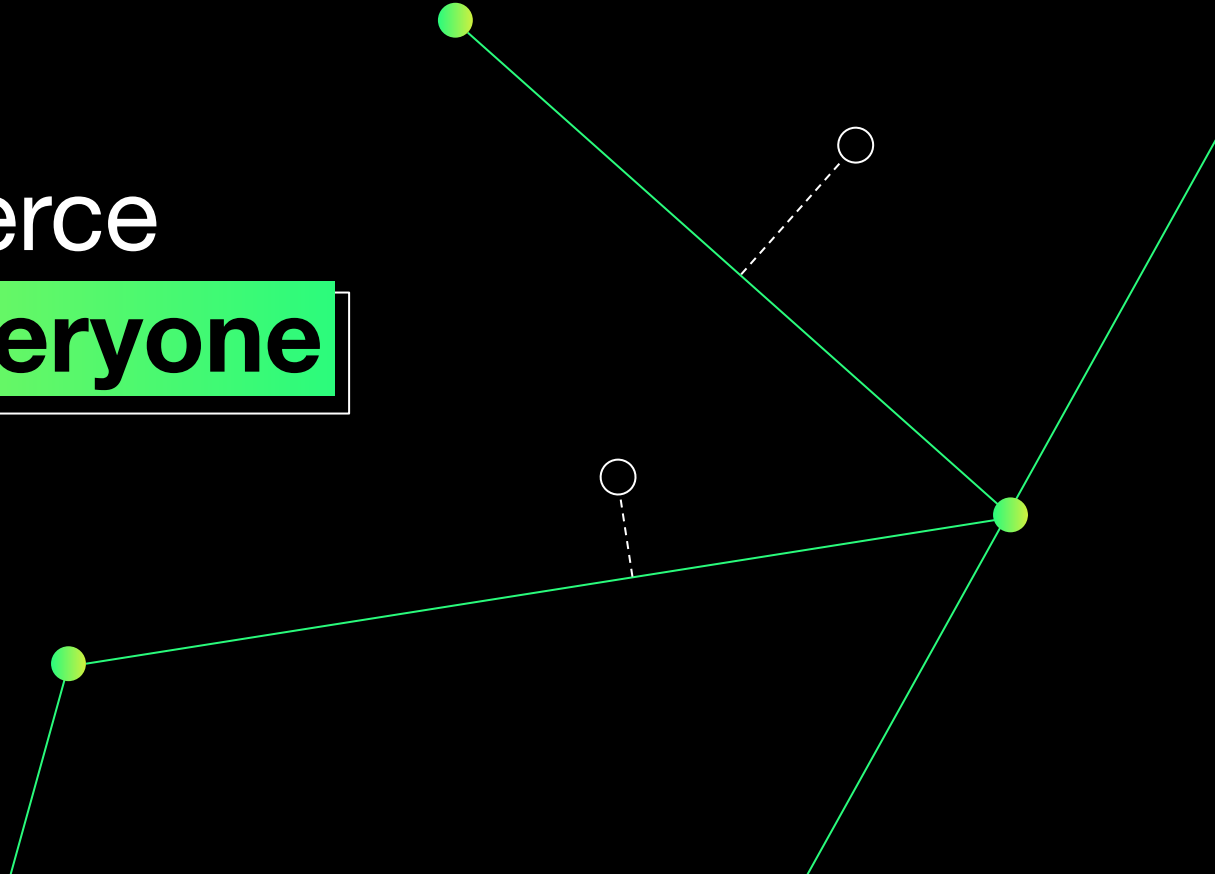
Cash flow from operations
less capital expenditures

\$4.9B

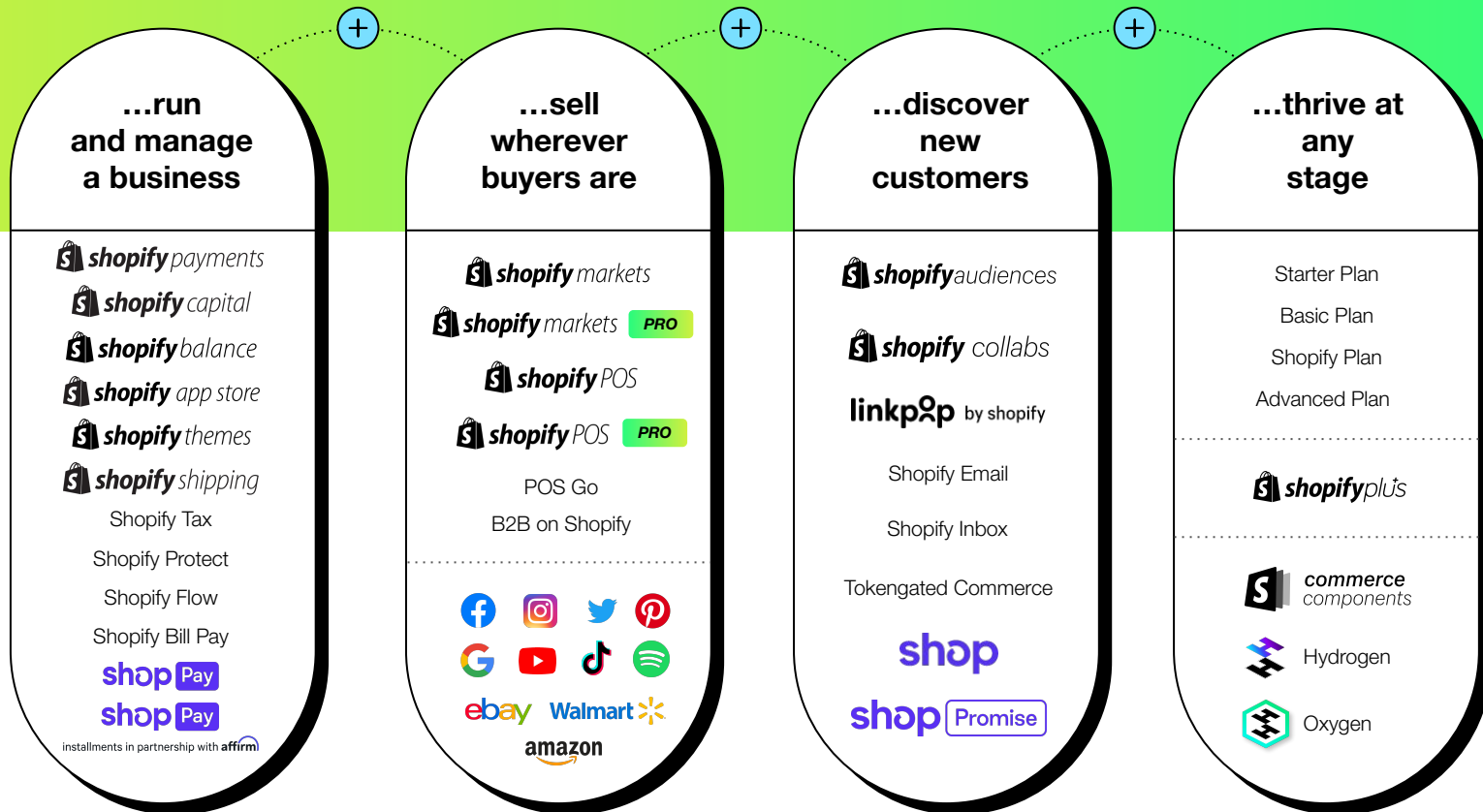
Cash and marketable
securities



Make commerce
better for everyone



We offer a **full suite of mission critical solutions** that make it easier for merchants to...



Q2 2023 outlook considerations

+ Revenue

Q2/23 revenue to grow at a similar rate to Q1/23 on a year-over-year basis

+ Gross margin

Q2/23 gross margin rate to be similar to Q1/23 gross margin rate

+ Operating expense

Q2/23 operating expenses decrease a mid-single digit percentage vs our Q1/23 operating expenses, excluding expected one-time charges

+ Stock-based compensation

Q2/23 stock-based compensation to approximately \$110 million, excluding one time charges related to the sale of our logistics business

+ Free cash flow

Expect to achieve free cash flow profitability for each quarter of 2023

+ Capital expenditures

Expect to be approximately \$100M for the full year 2023

Additional commentary related to Q2 2023

Macroeconomic backdrop

- Our perspective on the rest of the year remains cautious and assumes that inflation remains elevated, which may pressure consumer spending

Outlook considerations

Q2/23

- \$1B - \$1.5B impairment charge
- \$140M-\$150M severance charge

2H/23:

- Expect more of the benefit from pending sale of logistics businesses and workforce reduction to materialize
- Incremental investment in key themes



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