



# Leading the **future of commerce**

November 2, 2023



# Advisories

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 Q3 2023 earnings release, in our Management's Discussion and Analysis, in the section entitled "Risk Factors" in our Annual Information Form disclosed previously 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, which are available on [www.sec.gov](http://www.sec.gov) and on [www.sedarplus.ca](http://www.sedarplus.ca). 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 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 our consolidated financial statements, which are prepared and presented in accordance with United States generally accepted accounting principles ("GAAP"), Shopify uses certain non-GAAP and other financial measures to assist investors in understanding our financial and operating performance. These measures are not recognized measures for financial statement presentation under GAAP, do not have standardized meanings, and may not be comparable to similar measures presented by other public companies. These measures should be considered a supplement to, not a substitute for, or superior to, the corresponding measures calculated in accordance with GAAP. Please refer to the Appendix titled "Non-GAAP and Other Financial Measures" 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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November 2023

# SHOPIFY **SNAPSHOT**



## \$1.7B

Revenue in Q3  
(up 25% YoY)



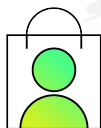
## \$812B

Global commerce<sup>1</sup> since  
Shopify's inception



## 10%

US ecommerce market share<sup>2</sup>  
and expect further penetration



## ~561M

Unique online shoppers purchasing  
from Shopify merchants in 2022

## Millions

of merchants in

## +175 Countries



<sup>1</sup> Cumulative Shopify GMV since Shopify's inception

<sup>2</sup> US Census Bureau - Shopify market share based on Shopify's 2022 US GMV (excluding merchant sales made through POS)

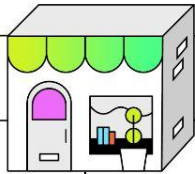
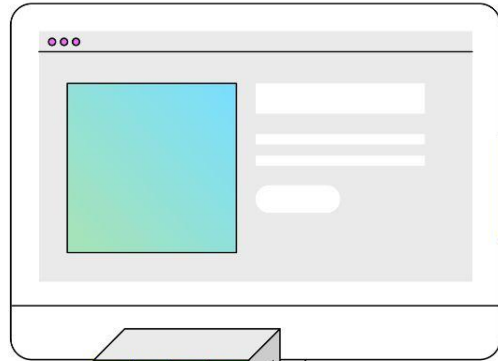
We've been focused on becoming the  
**unified commerce operating system**  
for our merchants since 2006



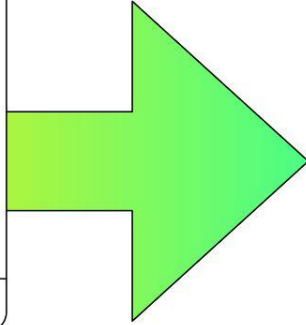
We started online and **built a commerce platform** that helps merchants sell everywhere their customers are

**Over 80%** of our merchants have installed two or more channels

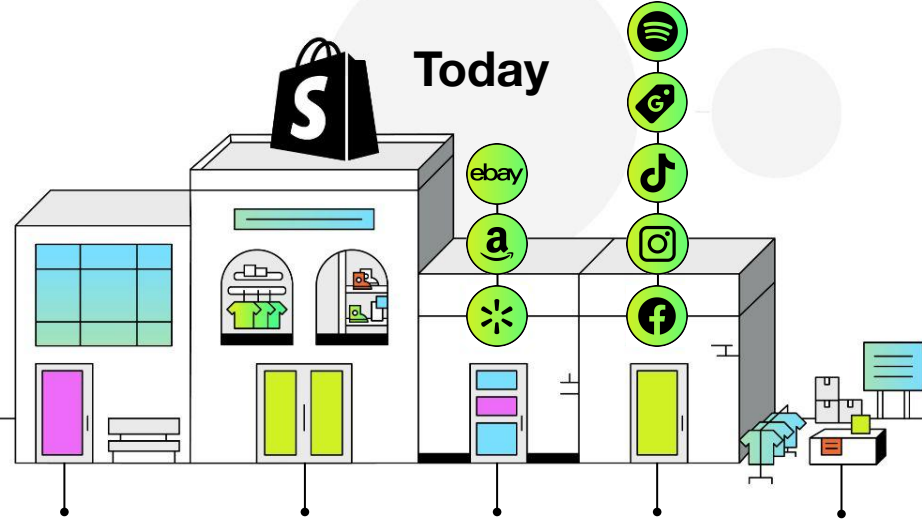
2006



Online



Today



B2B

Brick & Mortar

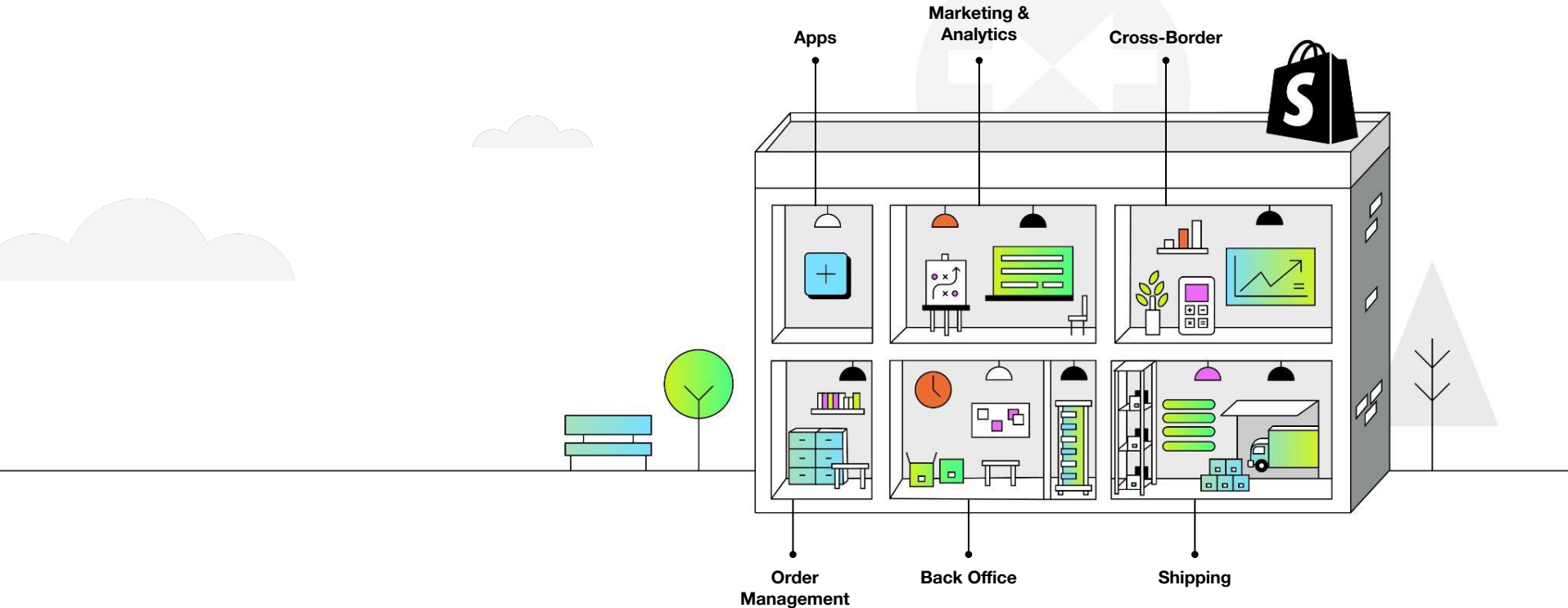
Marketplaces

Social

Pop-ups

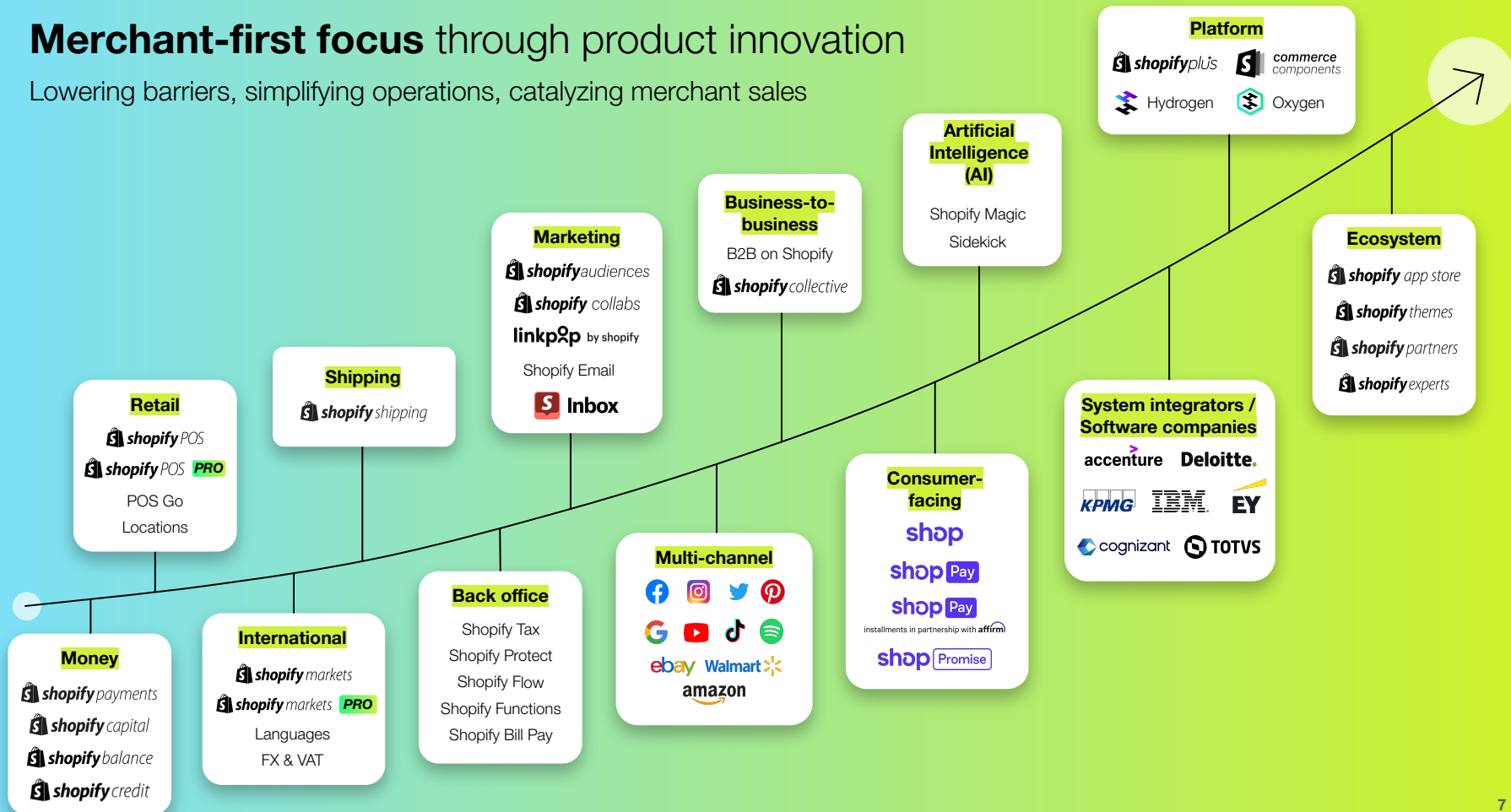
## We continue to expand Shopify's breadth

to make it even easier for merchants to start and scale their business



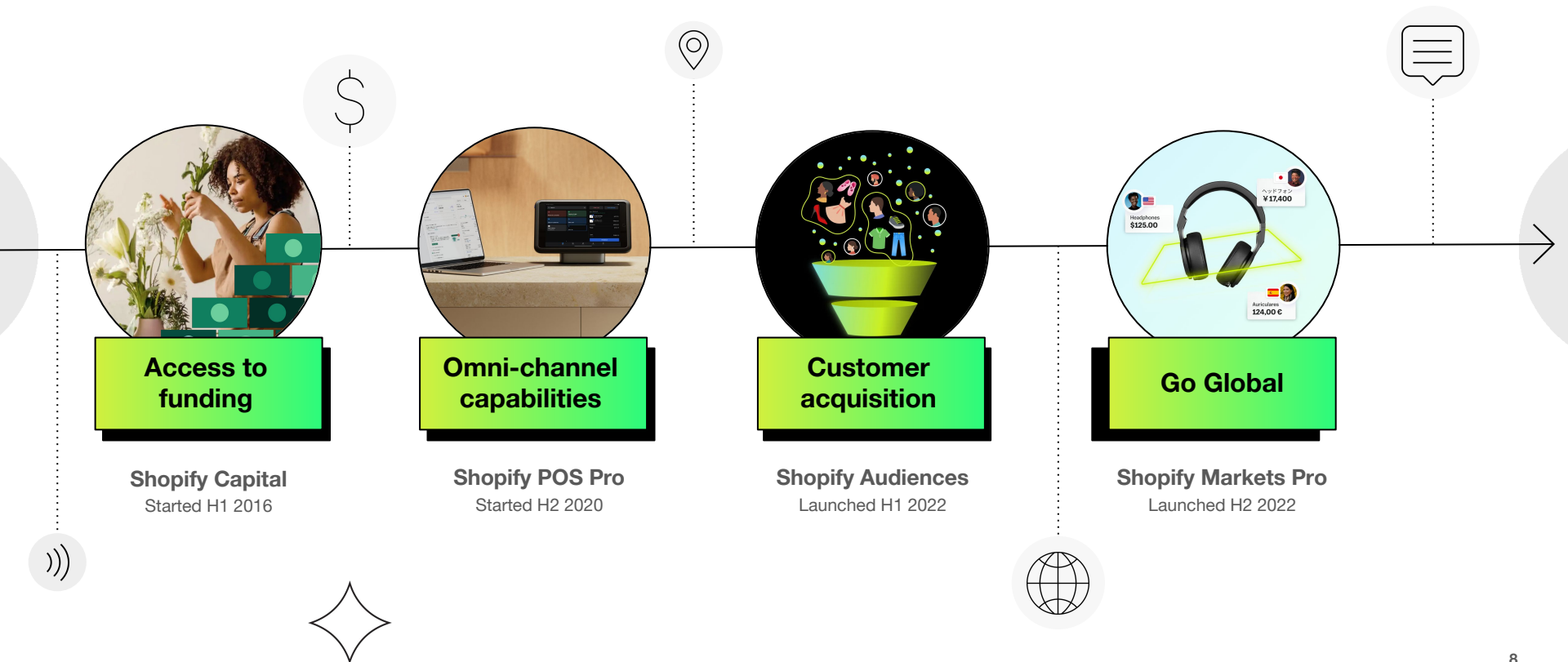
# Merchant-first focus through product innovation

Lowering barriers, simplifying operations, catalyzing merchant sales

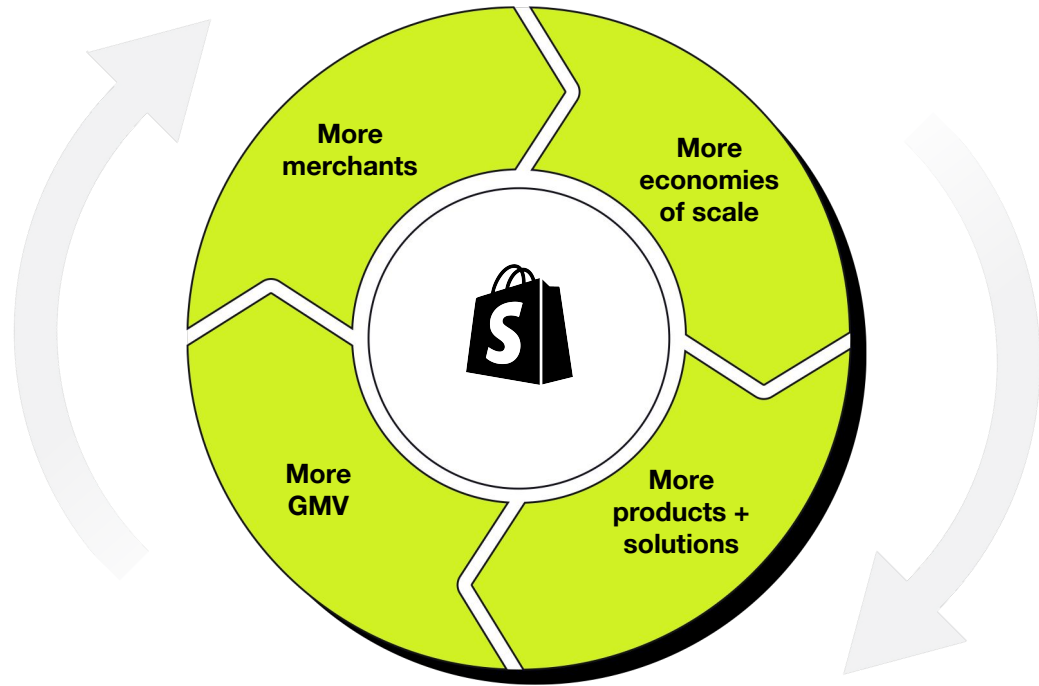


We solve the **biggest challenges** in commerce

We arm merchants with business critical tools to navigate a rapidly evolving landscape



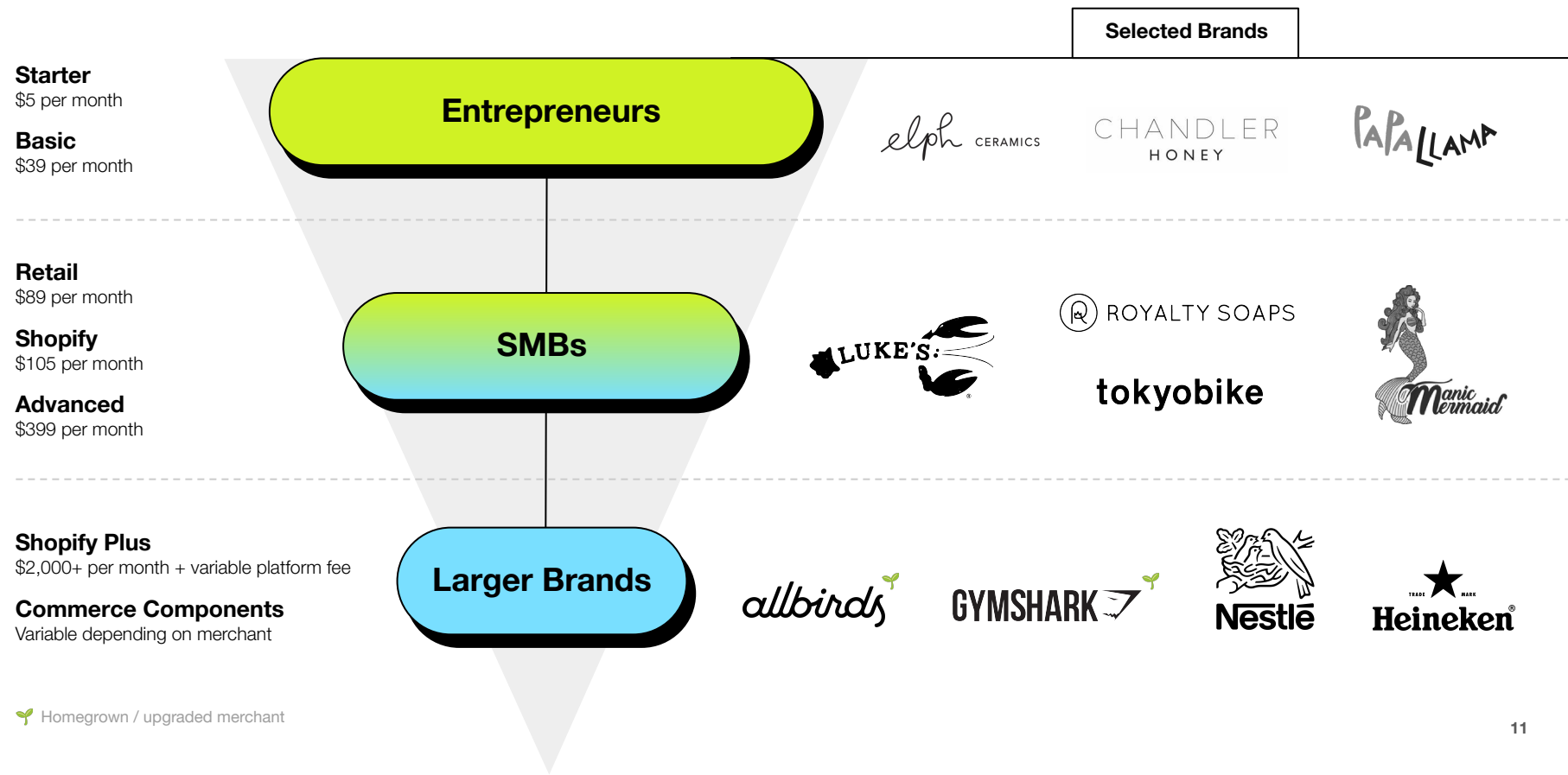
Shopify flywheel  
propels our success  
and business model  
**into the future**



Shopify is built to  
support merchants  
**at each stage of growth**

# No need for merchants to ever leave the Shopify platform

Offer solutions for every level of complexity and stage of growth

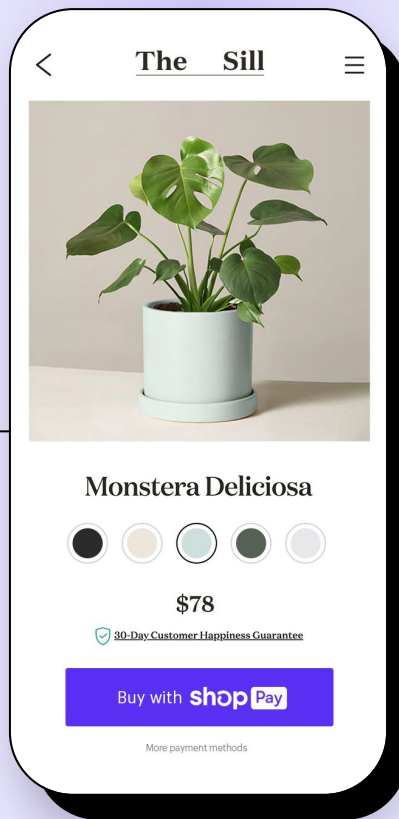


**shop Pay**

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

**100M+**

**buyers opted-in**  
to Shop Pay



**\$110B**

cumulative GMV\*  
**since launch**  
in 2017

**\$12B**

GMV in **Q3 2023**

\* 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.



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



# Shopify ecosystem continues to expand

Shopify cultivates partnerships by ensuring that both parties gain value. As a result, partners act as a growth engine for Shopify by bringing new merchants and creating new growth pathways



**10,000+**

Apps in our App Store  
(September 30, 2023)



**\$561M**

Paid out in the last 12 months  
to partners by Shopify for  
apps benefiting our merchants  
(December. 31, 2022)

## Strategic commerce partners:



## Product partners:



## Agency partners:



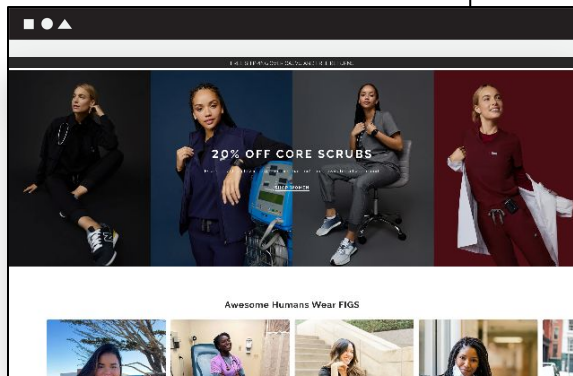
Merchant success **from first sale to full scale**

From **Hello World to IPO**

FIGS + Shopify

**shop Pay**  
installments in partnership with **affirm**  
Initial Public Offering

**+ FIGS**



FIGS launches  
on the  
**Shopify  
Standard Plan**

**shopify**  
payments

Upgrade to  
**shopifyplus**

**shop Pay**

**shopify**shipping

**International  
Expansion**  
(Canada, UK, Australia)

2013

2014

2016

2017

2018

2020

2021

# Consumers' favorite brands powered by Shopify



Q3 Brands

SPANX®

GYMSHARK 

PRIME

THE FINEST QUALITY  
THE  
*Herschel*  
SUPPLY CO. BRAND  
TRADE MARK

Ashley  
HOMESTORE

MATTEL

MOLSON  
COORS  
beverage  
company

*allbirds*

REBECCA  
MINKOFF

*BAUER*

Tetley

KITH

MR BEAST

*jenny*  
CRAIG

KOTN

GOOD  
AMERICAN

HEINZ  
ESTD 1869

DOLLAR  
SHAVE  
CLUB®

BOMBAS  
One Edition

SKIMS

leesa

FASHION NOVA

Lord & Taylor

Glossier.

Crate&Barrel

OLLY

GIANT TIGER

STEVE MADDEN

KYLIE

staples

*Bol's*

JB HI-FI

Nestlé

 Pucci

ANASTASIA  
BEVERLY HILLS

BR HOME

MODA OPERANDI

TOMS

OAK + FORT



**“Shopify Markets Pro is a turnkey operations solution—it's like adding a new department to your team.”**

Michael Henderson — Founder



**“Having one system of record for managing our inventory has been really helpful. Our inventory syncs across our Shopify site and POS system in real-time, which saves us a lot of time.”**

Emanuelle Nardoni — Co-Founder



happy hippo  
bath company

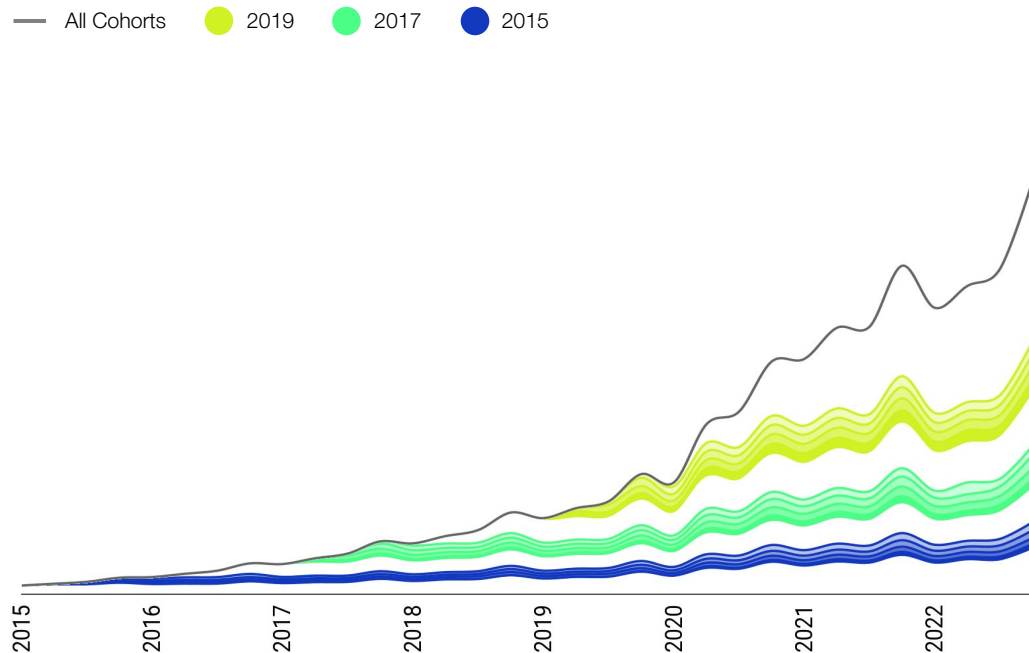


**“Shopify Audiences is a huge benefit for Plus merchants. It has helped lower customer acquisition costs so our investments can stretch much further.”**

Adam Biel — CEO and Lead Product Designer



# Revenue compounds every year; cohort retention remains strong



**Millions** of merchants around the world, across 10+ verticals. Each cohort drives more revenue as time passes, for example:

Sample Cohort	Revenue Growth*
Q1/19	1.5x
Q1/17	1.9x
Q1/15	3.4x

\*Examples of quarterly revenue from merchant cohorts that joined the Shopify platform in the period shown.

\*Note: The first year a merchant joins the platform may not be 12 full months and therefore is not fully comparable to the subsequent 12 month periods.

\*Note: Calculation is last four quarters of revenue reported (ending in Q4/22) divided by first four full quarters of revenue for each cohort (ie starting in Q2 following each cohort year)

# Anatomy of a cohort

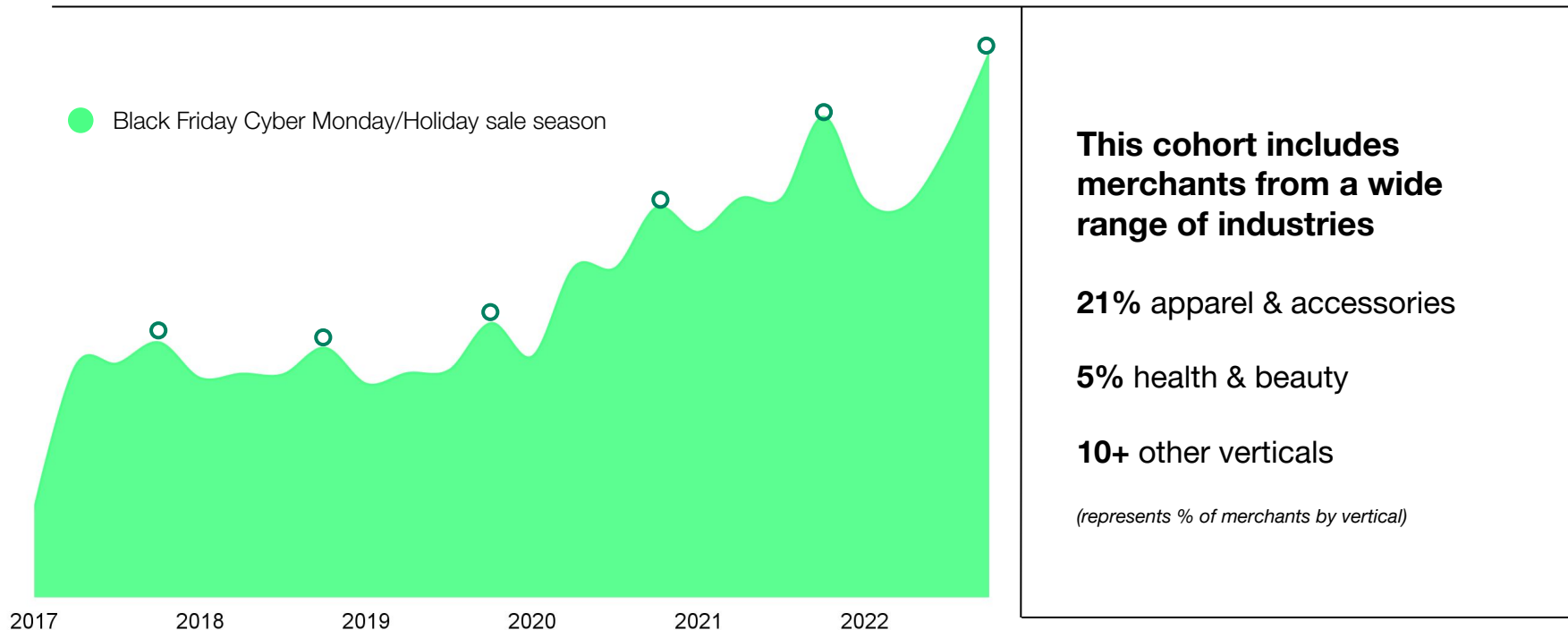


LASHIFY

LIVE NATION







& more

Sample revenue from the cohort Q1 2017



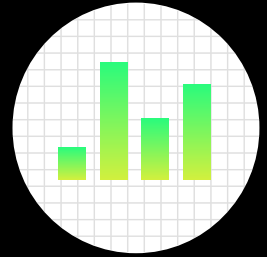
Note: the first year a merchant joins the platform may not be 12 full months and therefore is not fully comparable to the subsequent 12 month periods.

# Making commerce better **for everyone in everything we do**

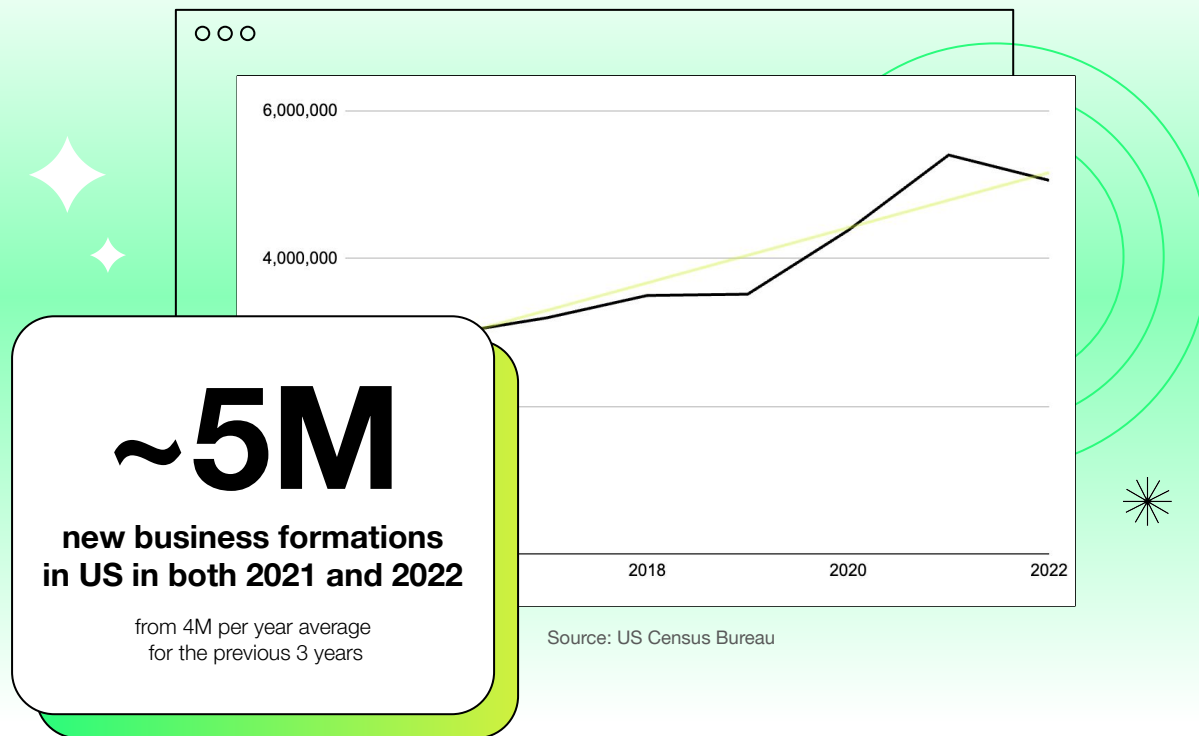
 <b>Creating Economic Impact*</b>	 <b>Combating Climate Change</b>	 <b>Making a Social Impact</b>	 <b>Cultivating a Growth-minded Culture</b>
<b>\$490B+</b> In global economic activity	<b>\$5M</b> minimum annual spend for Shopify's Sustainability Fund	<ul style="list-style-type: none"><li>+ <b>Operation HOPE</b> to help create 1M new Black-owned businesses by 2030</li><li>+ Government partnerships to help bring <b>thousands of small businesses</b> online</li><li>+ Increase visibility for <b>local shops, sustainable shops, Black-owned businesses, Asian-owned businesses, women-owned businesses, LGBTQ+ businesses, and Indigenous-owned businesses</b> through Shop app</li></ul>	
<b>5.2M</b> Jobs supported in 2022	<ul style="list-style-type: none"><li>+ Committed to <b>carbon-neutral</b> operations and platform</li><li>+ Launched <b>Frontier</b>, the world's largest combined financial commitment to buy carbon removal, in partnership with 4 other companies</li><li>+ Signed a <b>power purchase agreement</b> to power 100% of office buildings and employee home offices across North America with wind energy</li></ul>		<ul style="list-style-type: none"><li>+ Recruit <b>talented, deeply caring</b> individuals</li><li>+ Digital by Design allows employees to <b>easily work almost anywhere</b> in the world</li><li>+ Invest heavily in <b>personal growth and development</b></li><li>+ <b>Build a team</b> that reflects the world we live in</li></ul>
<b>\$229B+</b> Contributed to GDP			



Merchant-focused  
flywheel generates  
**strong financial  
performance**

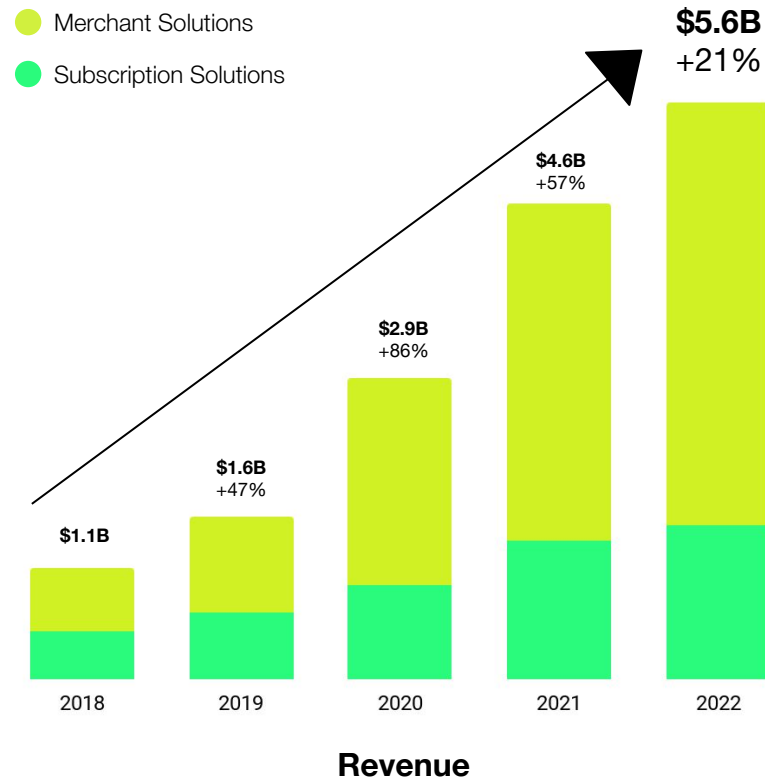
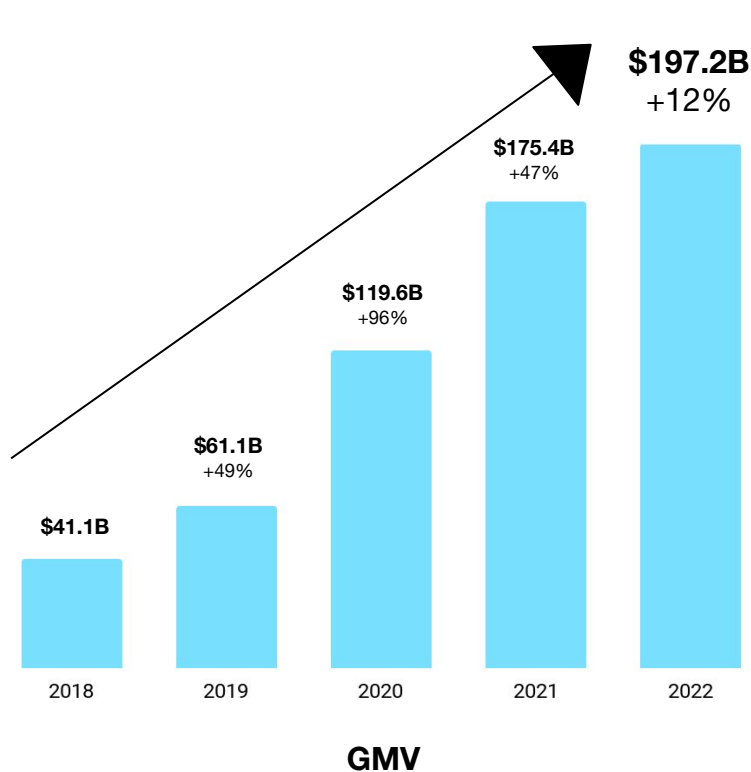


US business applications are seeing a **step function increase**



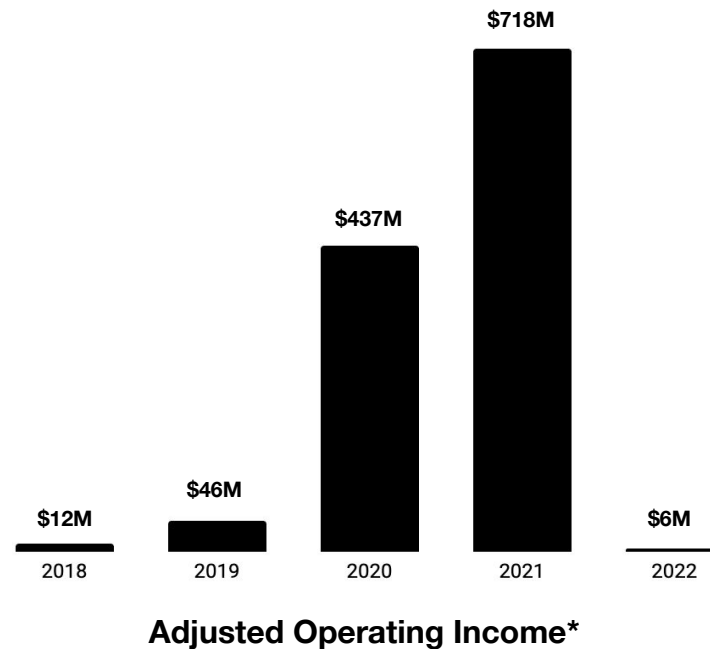
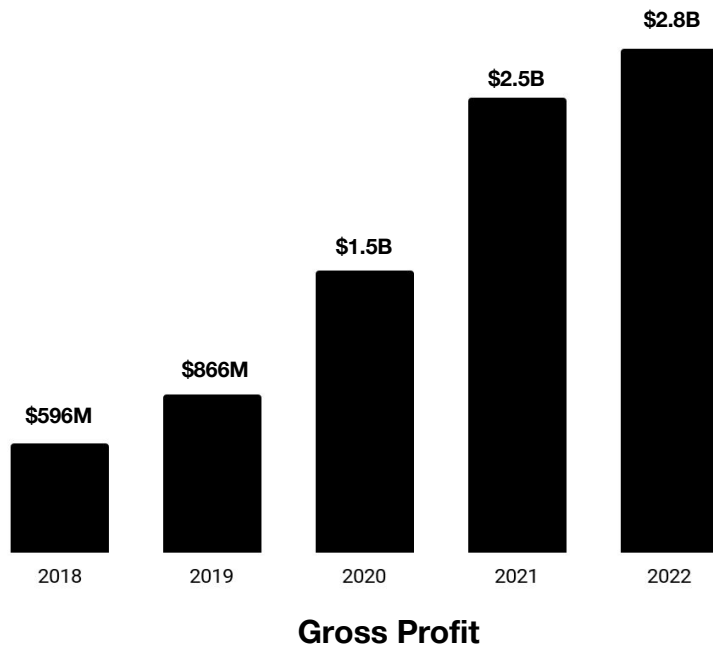
# Our success-based business model puts **merchants first**

Helping our merchants grow their business drives our business



## With a track record of **profitability**

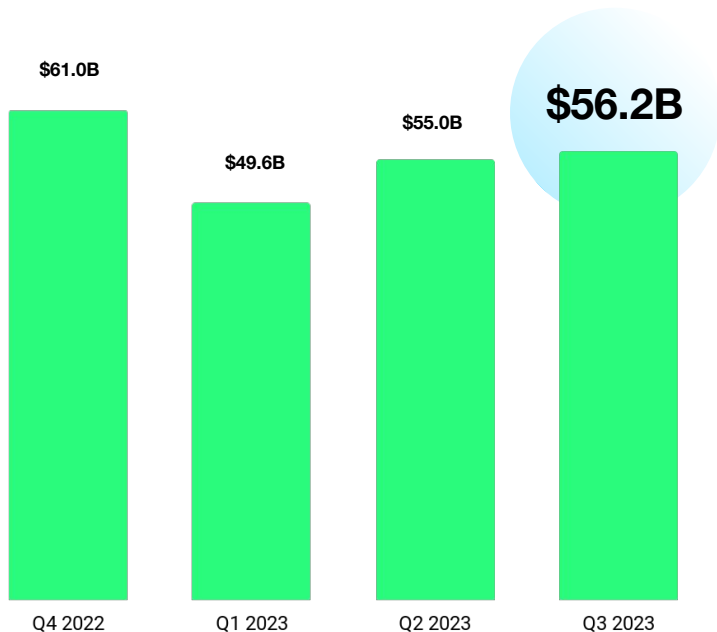
Delivering gross profit dollar growth balanced with disciplined investment to fuel innovation and enable our flywheel



\*Adjusted Operating Income is a non-GAAP financial measure. See "Non-GAAP and Other Financial Measures" in the Appendix for more information.

## **Q3 GMV and revenue growth** continues to outperform the broader retail market

The expansion and optionality of our product suite, channels, and partnerships is powering merchant success



**GMV**

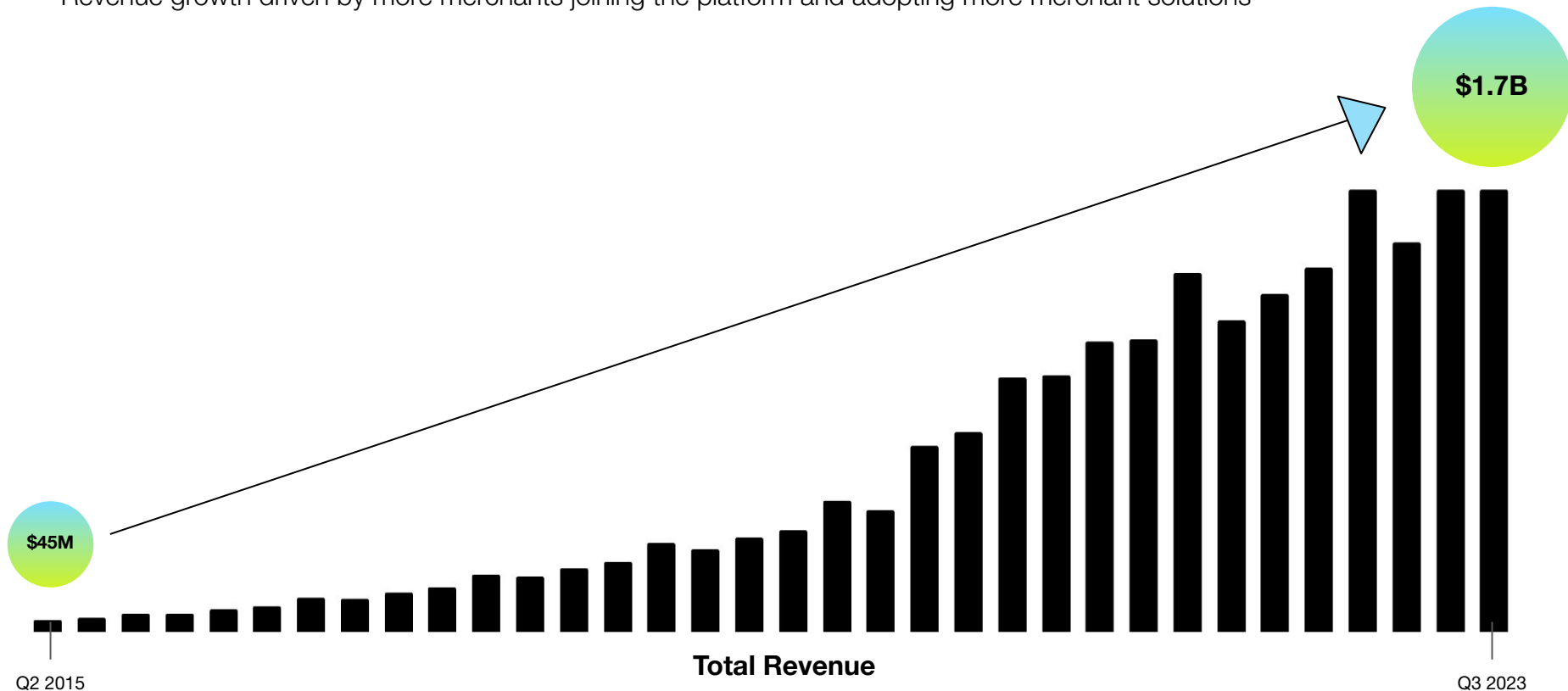
- Merchant Solutions
- Subscription Solutions



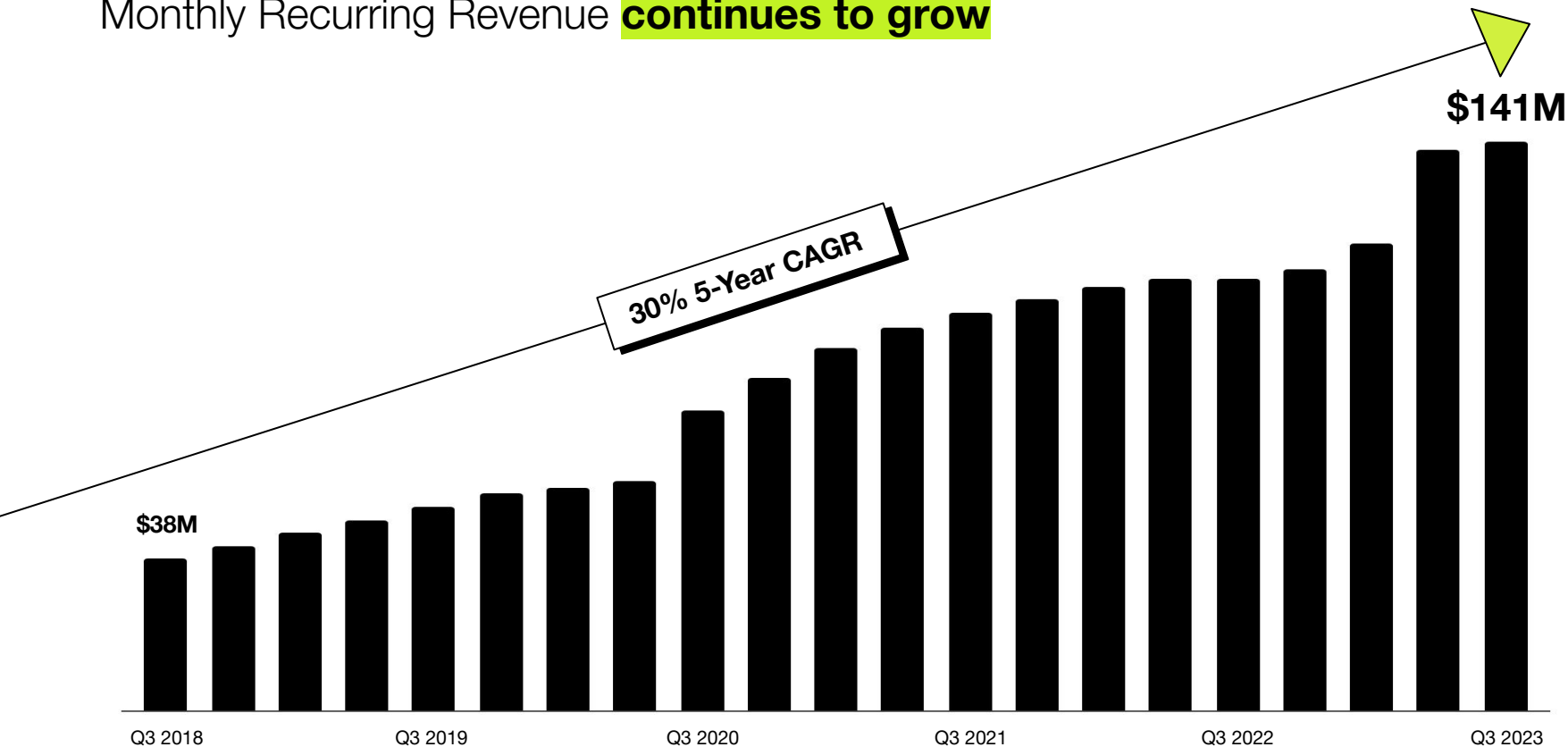
**Revenue**

## Strong revenue growth since IPO

Revenue growth driven by more merchants joining the platform and adopting more merchant solutions



## Monthly Recurring Revenue **continues to grow**



\* 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.

## Shopify Payments penetration **increasing**



\*Gross Payments Volume, or GPV, is the amount of GMV processed through Shopify Payments.



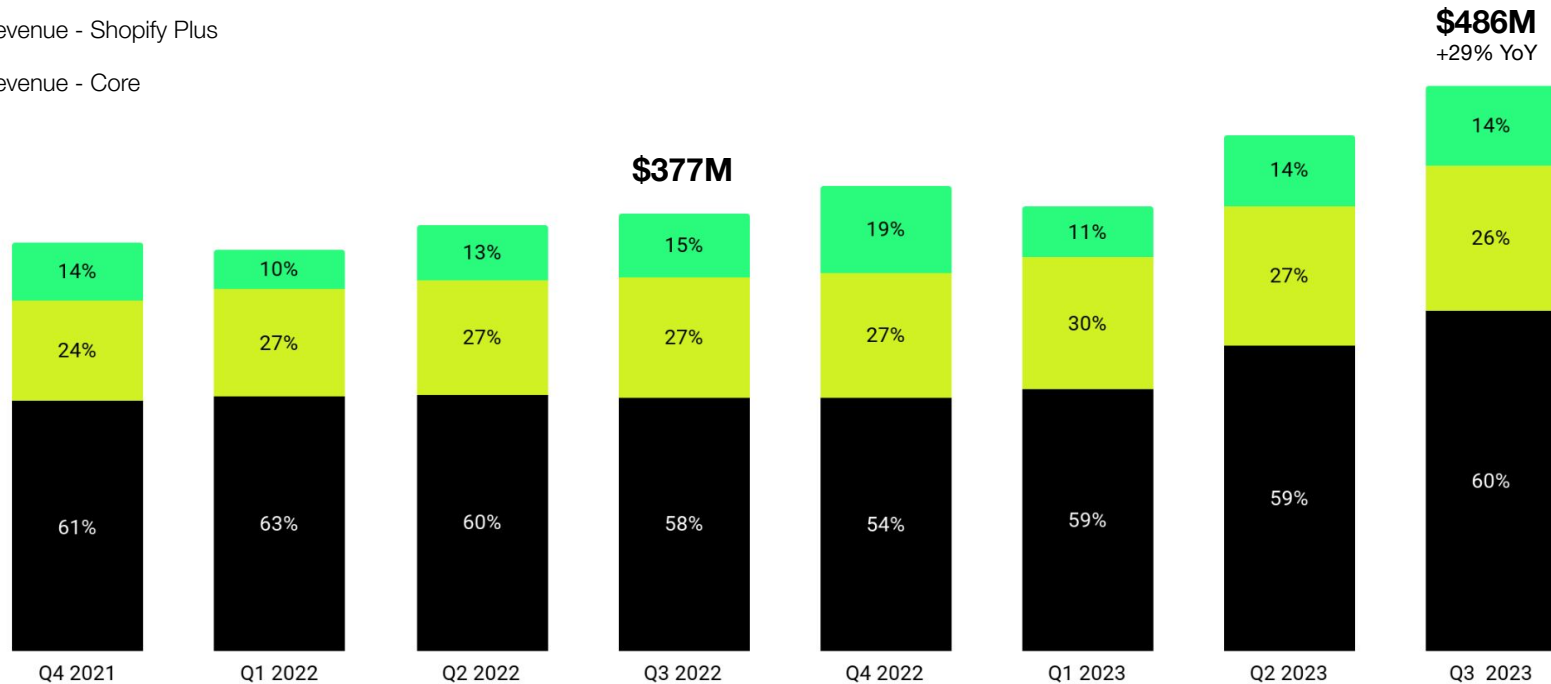
# Subscription solutions

Consistent growth across our Shopify ecosystem and plans

● Apps, Themes, Domains, Shopify Plus Platform Fee Revenue\*

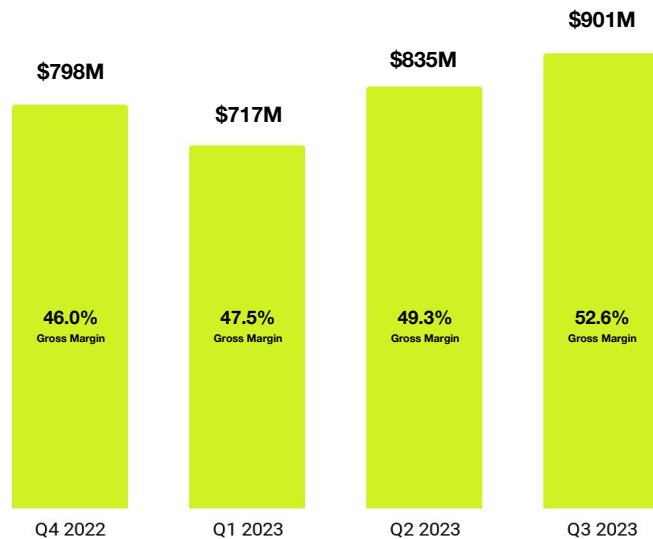
● Revenue - Shopify Plus

● Revenue - Core

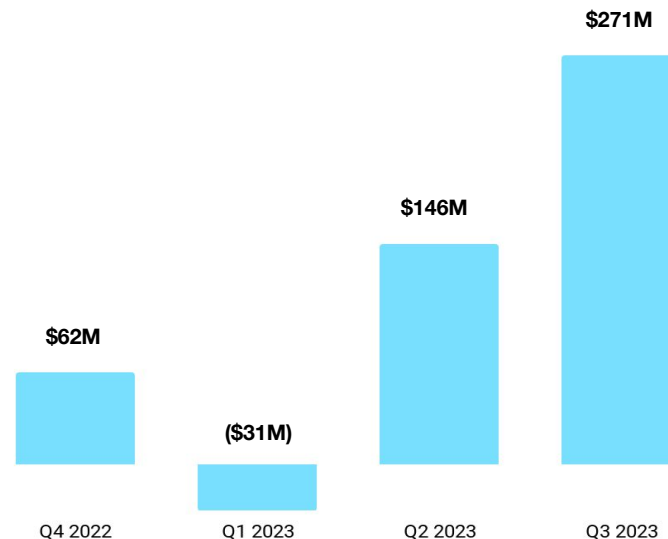


\*Approximate Apps, Themes, Domains, Shopify Plus Platform Fee Revenue is calculated by averaging current and previous quarter MRR, multiplying by 3 and subtracting total from Subscription Solutions revenue. Numbers may not foot due to rounding.

## **Sustained gross profit dollar growth** balanced with disciplined approach to investments



**Gross Profit**



**Adjusted Operating Income/(Loss)\***

\*Adjusted Operating Income is a non-GAAP financial measure. See "Non-GAAP and Other Financial Measures" in the Appendix for more information.

# Committed to improving our **operational efficiency** to drive long-term growth

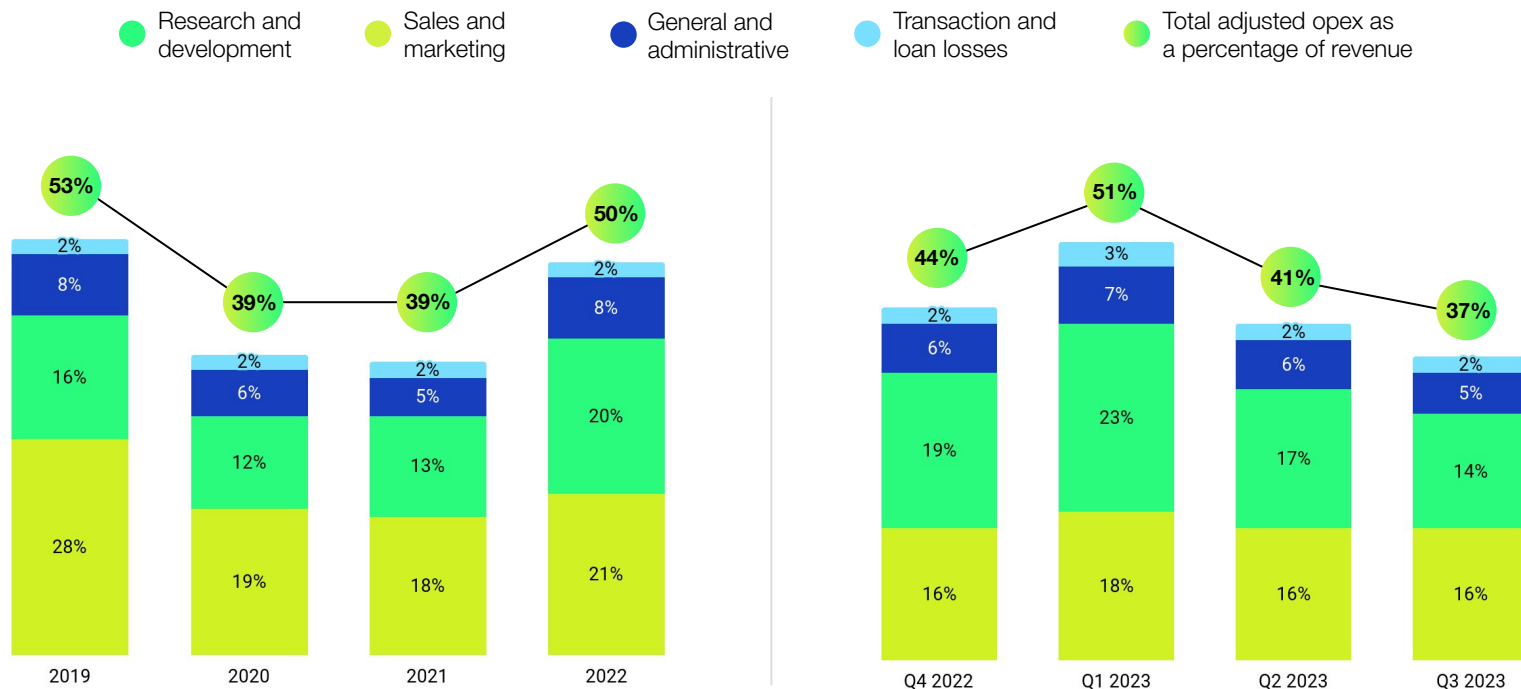
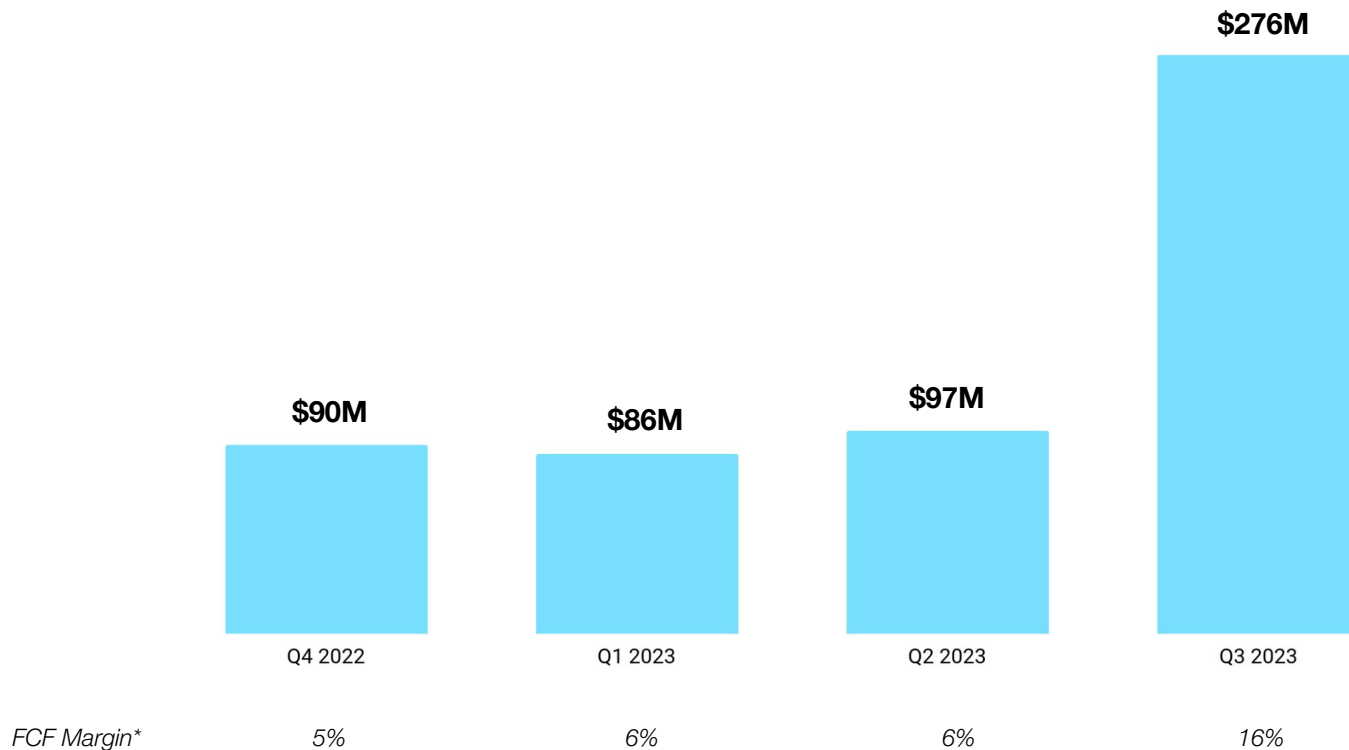


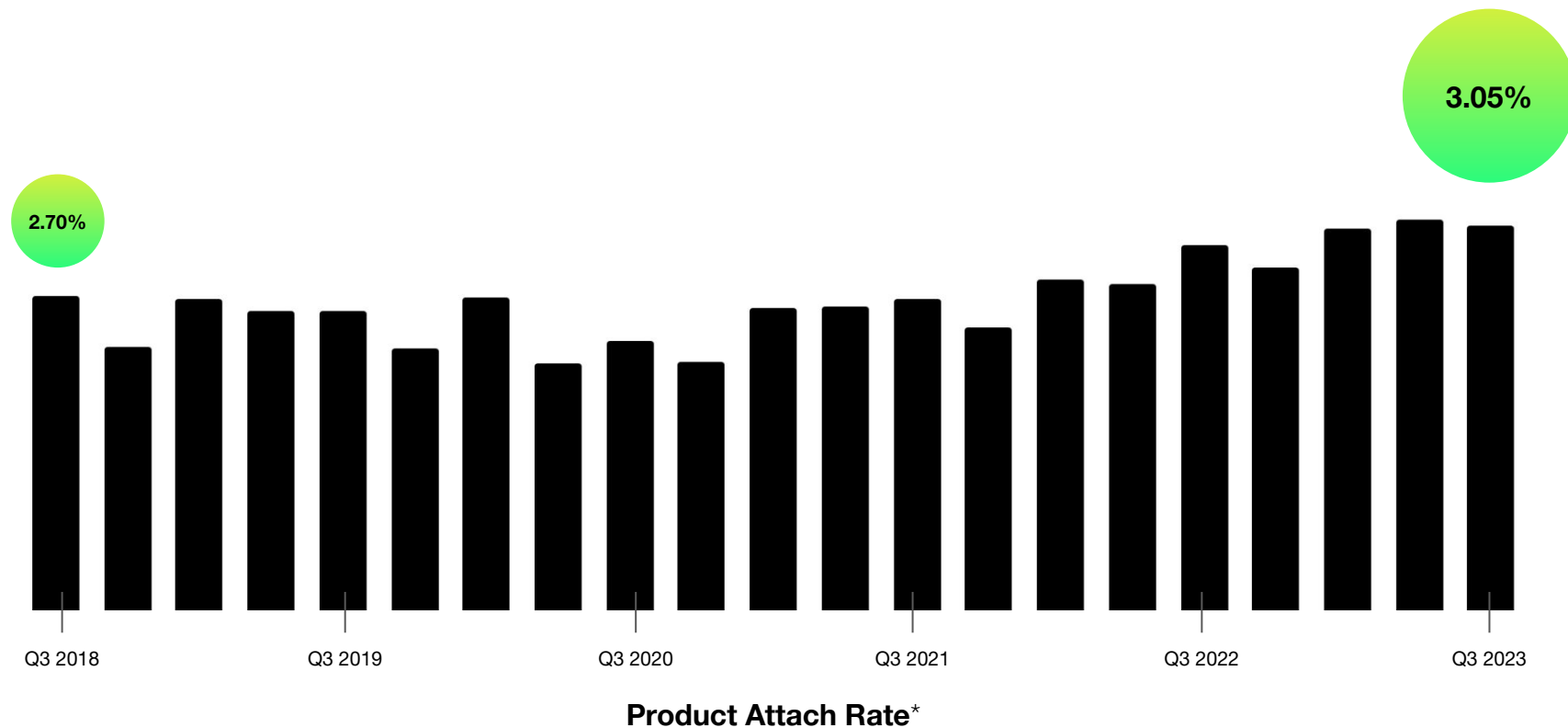
Chart depicts Operating Leverage, which is measured using Adjusted Operating Expenses (Opex) as a percentage of revenue. Operating Leverage is a non-GAAP ratio. See "Non-GAAP and Other Financial Measures" in the Appendix for more information. Numbers may not foot due to rounding.

Q3 free cash flow surpasses free cash flow of the **past three quarters combined**



\* Free Cash Flow is a non-GAAP financial measure and Free Cash Flow Margin is a non-GAAP ratio. See "Non-GAAP and Other Financial Measures" in the Appendix for more information.

**Product attach rate** is steadily increasing over time



\* Product attach rate is defined as total revenue divided by GMV

## Investment highlights



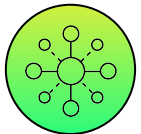
### Large and growing opportunity

Massive global market with accelerated ecommerce penetration



### Merchant success-based business model

Business model that puts merchants first



### Mission-critical solutions

Multichannel commerce platform that enables merchants of all sizes to sell to anyone, anywhere



### Multiple vectors for growth

Growth opportunities across merchant segments, geographies, channels, and products



# Multiple vectors for growth



**Grow our base of merchants**

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**Grow with our merchants**

---



**Product innovation and  
platform expansion**



Grow our **base of merchants**

Entrepreneurs & SMBs	Larger brands & enterprise
<ul style="list-style-type: none"><li>✓ Brand awareness-driven campaigns</li><li>✓ Education</li><li>✓ Free and paid trial experiences</li><li>✓ Localized subscription pricing</li><li>✓ Marketing and advertising</li><li>✓ Partners and affiliates</li><li>✓ Word of mouth</li></ul>	<ul style="list-style-type: none"><li>✓ Direct sales</li><li>✓ Modularized CCS</li><li>✓ Partners and affiliates</li><li>✓ Self-serve onboarding</li><li>✓ System integrators</li></ul>





## Grow with **our merchants**



### Cross-sell more solutions

- **Shop Pay and Shop Pay Installments:** Increase conversion and simplify the buying process for customers through fast and low-friction checkout
- **Shopify Capital:** Help merchants obtain funds faster and cheaper than traditional banks
- **Shopify Markets:** Enable merchants to sell internationally



### Upgrade to Plus

- **Funnel effect** to Plus
- Compelling new features **only available on Plus** including Shopify Audiences and B2B on Shopify



### Pursue new segments & geographies

- **Enterprise:** Attracting enterprise-level merchants with launch of Commerce Components by Shopify
- **B2B:** Wholesale is large opportunity beyond D2C
- **Physical retail:** Still primary channel for commerce
- **International:** Expanding beyond the US and Canada



## Grow with **our merchants**

**Expand our geographic reach:** We continue to localize our platform and feature set to merchants across the globe, lowering the barriers to entrepreneurship

### Then

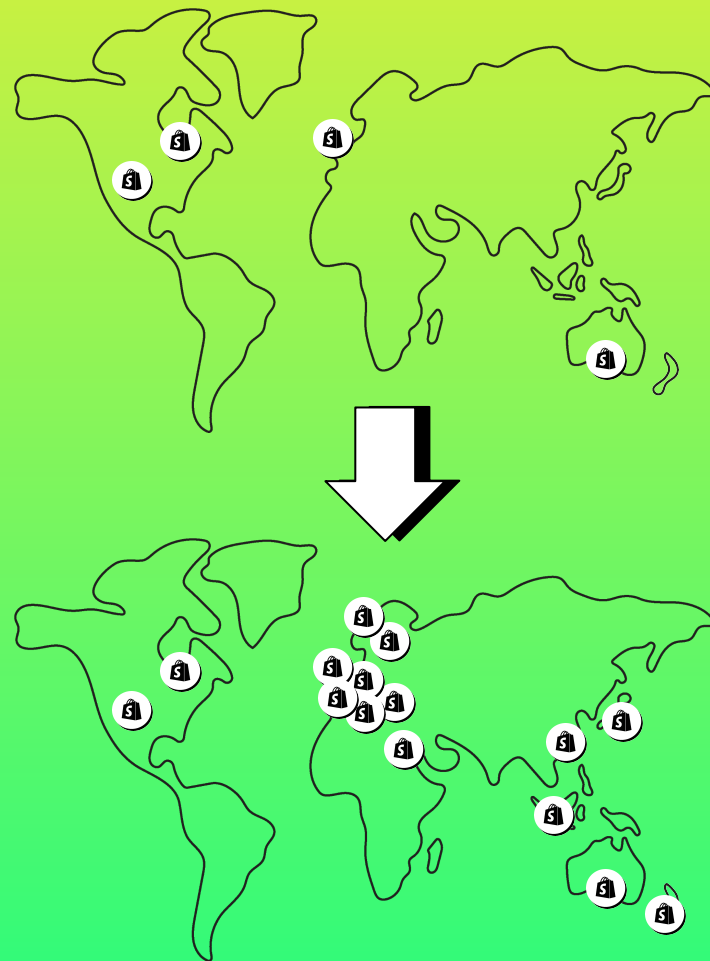
▶ When Shopify went public in 2015, we only had a few products in a couple markets

- Shopify Payments in 4 countries
- Shopify POS with integrated Payments in 2 countries
- Shopify Shipping in 1 country

### Now

▶ While we have grown into multiple products in multiple markets, we are still in early stages of growth

- Shopify Payments in 23 countries
- Shopify POS with integrated Payments in 14 countries
- Shopify Shipping in 7 countries
- Shopify Capital in 4 countries
- And many more...



We're just getting started.

**However commerce evolves,  
Shopify will be the engine  
behind it. The merchants who  
are the backbone of the  
economy demand it of us.**





# Appendix

## Non-GAAP and Other Financial Measures



# Non-GAAP and Other Financial Measures

To supplement our consolidated financial statements, which are prepared and presented in accordance with United States generally accepted accounting principles ("GAAP"), Shopify uses certain non-GAAP and other financial measures to provide additional information in order to assist investors in understanding our financial and operating performance. These measures are not recognized measures for financial statement presentation under U.S. GAAP and do not have standardized meanings, and may not be comparable to similar measures presented by other public companies.

Adjusted gross profit, adjusted operating expenses, and adjusted operating income (loss) are non-GAAP financial measures that exclude the effect of stock-based compensation expenses and related payroll taxes, amortization of acquired intangibles and, in the case of adjusted operating expenses and adjusted operating income (loss), accelerated stock-based compensation, severance, real estate-related impairment, litigation contingencies and impairment on sales of Shopify's logistics businesses. Operating leverage is a non-GAAP ratio that is calculated by dividing adjusted operating expenses by revenue. Free cash flow is a non-GAAP financial measure calculated as cash flow from operations less capital expenditures. Free cash flow margin is a non-GAAP ratio calculated as free cash flow divided by revenue. Shopify considers free cash flow and free cash flow margin as indicators of the efficiency and liquidity of Shopify's business, showing cash available after capital expenditures, to make strategic investments and drive future growth.

Management uses non-GAAP and other financial measures internally for financial and operational decision-making and as a means to evaluate period-to-period comparisons. Shopify believes that these measures provide useful information about operating results, enhance the overall understanding of past financial performance and future prospects, and allow for greater transparency with respect to key metrics used by management in its financial and operational decision making. The non-GAAP and other financial measures used herein should be considered a supplement to, and not a substitute for, or superior to, the corresponding measures calculated in accordance with GAAP.

November 2023

# Reconciliation of GAAP to Non-GAAP Figures

Expressed in US millions	2018	2019	2020	2021	2022	Q3'22	Q3'23
GAAP Gross profit	596	866	1,542	2,481	2,754	662	901
add: SBC and related payroll taxes	3	4	7	8	9	2	-
add: Amortization of acquired intangibles	5	9	19	20	49	17	4
Adjusted Gross profit	604	879	1,568	2,509	2,812	681	905
% of Revenue	56%	56%	54%	54%	50%	50%	53%
GAAP Sales and marketing	350	473	602	902	1,230	302	295
less: Sales and marketing SBC and related payroll taxes	24	38	46	47	65	17	13
less: Accelerated stock-based compensation	-	-	-	-	-	-	4
less: Amortization of acquired intangibles	-	1	2	2	5	2	-
less: Severance related costs	-	-	-	-	11	11	-
Adjusted Sales and marketing	326	434	554	853	1,149	272	278
% of Revenue	30%	28%	19%	18%	21%	20%	16%

Expressed in US millions							
	2018	2019	2020	2021	2022	Q3'22	Q3'23
GAAP Research and development	231	355	552	854	1,503	412	313
less: Research and development SBC and related payroll taxes	60	105	188	251	396	108	70
less: Accelerated stock-based compensation	-	-	-	-	-	-	-
less: Severance related costs	-	-	-	-	8	8	-
Adjusted Research and development	171	250	364	603	1,099	296	243
% of Revenue	16%	16%	12%	13%	20%	22%	14%
GAAP General and administrative	99	154	245	375	708	255	137
less: General and administrative SBC and related payroll taxes	18	30	52	91	93	26	20
less: Impairment of right-of-use assets and leasehold improvements	-	-	32	30	84	-	38
less: Severance related costs	-	-	-	-	11	11	-
less: Litigation contingencies	-	-	-	-	97	97	-
Adjusted General and administrative	81	124	161	254	423	121	79
% of Revenue	8%	8%	6%	5%	8%	9%	5%

Expressed in US millions							
	2018	2019	2020	2021	2022	Q3'22	Q3'23
GAAP Transaction and loan losses	8	25	52	82	135	39	34
% of Revenue	1%	2%	2%	2%	2%	3%	2%
GAAP Operating expenses	688	1,007	1,451	2,213	3,576	1,008	779
less: Operating SBC and related payroll taxes	102	173	286	389	554	151	103
less: Accelerated stock-based compensation	-	-	-	-	-	-	4
less: Amortization of acquired intangibles	-	1	2	2	5	2	-
less: Impairment of right-of-use assets and leasehold improvements	-	-	32	30	84	-	38
less: Severance related costs	-	-	-	-	30	30	-
less: Litigation contingencies	-	-	-	-	97	97	-
less: Impairment on sale of Shopify' logistics businesses	-	-	-	-	-	-	-
Adjusted Operating expenses	586	833	1,131	1,792	2,806	728	634
% of Revenue	55%	53%	39%	39%	50%	53%	37%



Expressed in US millions							
	2018	2019	2020	2021	2022	Q3'22	Q3'23
GAAP Operating (loss) income	(92)	(141)	90	269	(822)	(346)	122
add: Operating SBC and related payroll taxes	104	177	294	397	563	153	103
add: Accelerated stock-based compensation	-	-	-	-	-	-	4
add: Amortization of acquired intangibles	-	10	21	22	54	19	4
add: Impairment of right-of-use assets and leasehold improvements	-	-	32	30	84	-	38
add: Severance related costs	-	-	-	-	30	30	-
add: Litigation contingencies	-	-	-	-	97	97	-
add: Impairment on sale of Shopify' logistics businesses	-	-	-	-	-	-	-
Adjusted Operating income (loss)	12	46	437	718	6	(47)	271
% of Revenue	1%	3%	15%	16%	0%	(3)%	16%

# Reconciliation of Free Cash Flow

Expressed in US millions \$							
	2018	2019	2020	2021	2022	Q3'22 <sup>1</sup>	Q3'23
Net cash provided by (used in) operating activities	9	71	425	535	(136)	(134)	278
less: Capital expenditures <sup>2</sup>	(28)	(57)	(42)	(51)	(50)	(14)	(2)
Free cash flow	(19)	14	383	484	(186)	(148)	276
Revenue	1,073	1,578	2,929	4,612	5,600	1,366	1,714
Free cash flow margin	(2)%	1%	13%	11%	(3)%	(11)%	16%

<sup>1</sup> Comparative figures have been reclassified in order to conform to the period presentation.

<sup>2</sup> Capital expenditures is equivalent to the amount included in "acquisition of property and equipment" on our Condensed Consolidated Statement of Cash Flows for the reported period.



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