

Q3 2021 Results

October 2021



Safe Harbour

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 include the risks due to the uncertainty around the duration and scope of the COVID-19 pandemic and the impact of the pandemic and actions taken in response on global and regional economies and economic activity and are described in further detail in our Management's Discussion and Analysis for the year ended December 31, 2020 and in the section entitled “Risk Factors” in our Annual Information Form for the year ended December 31, 2020 available on www.sec.gov and on www.sedar.com and elsewhere in our filings with regulatory agencies. 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.

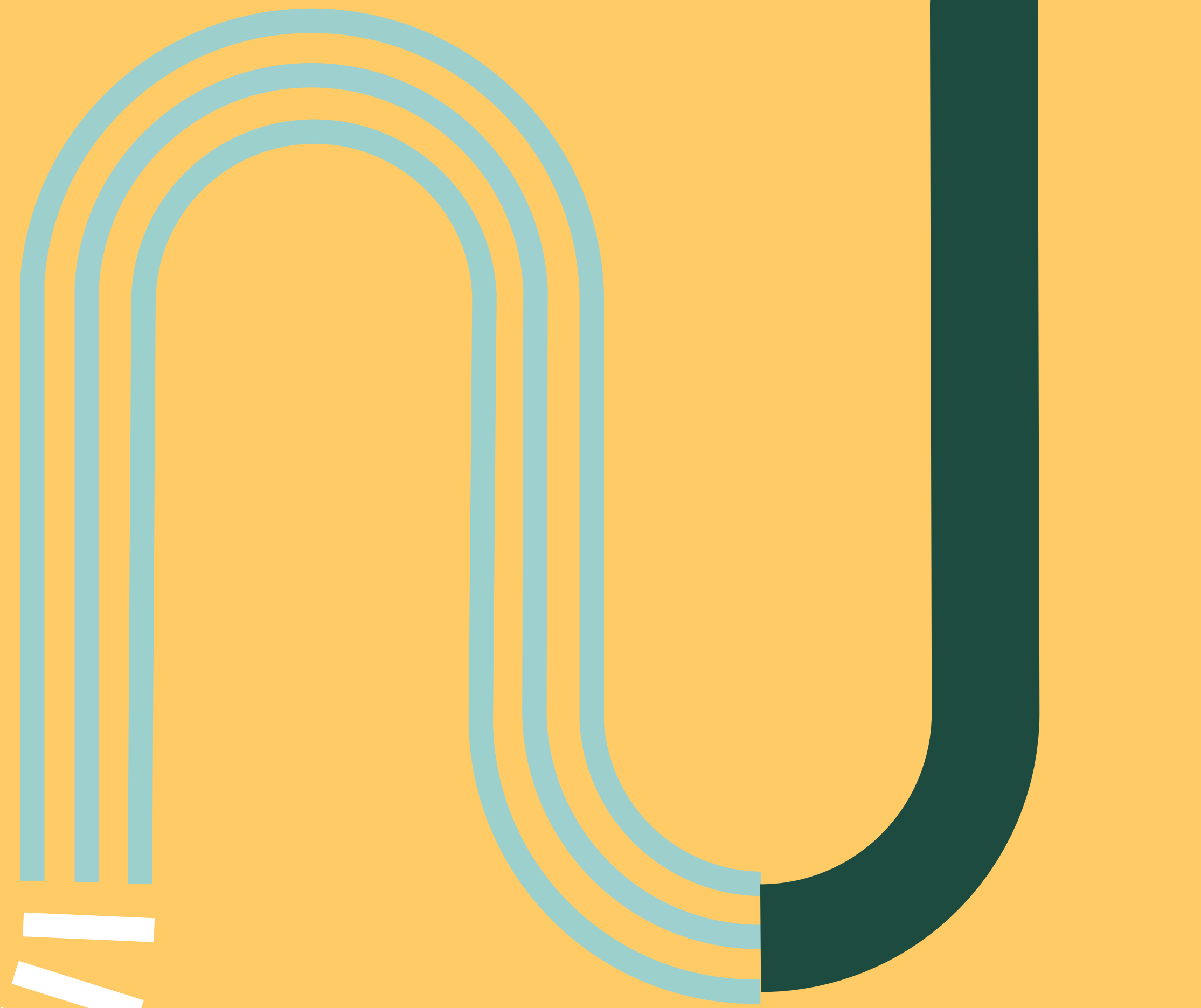
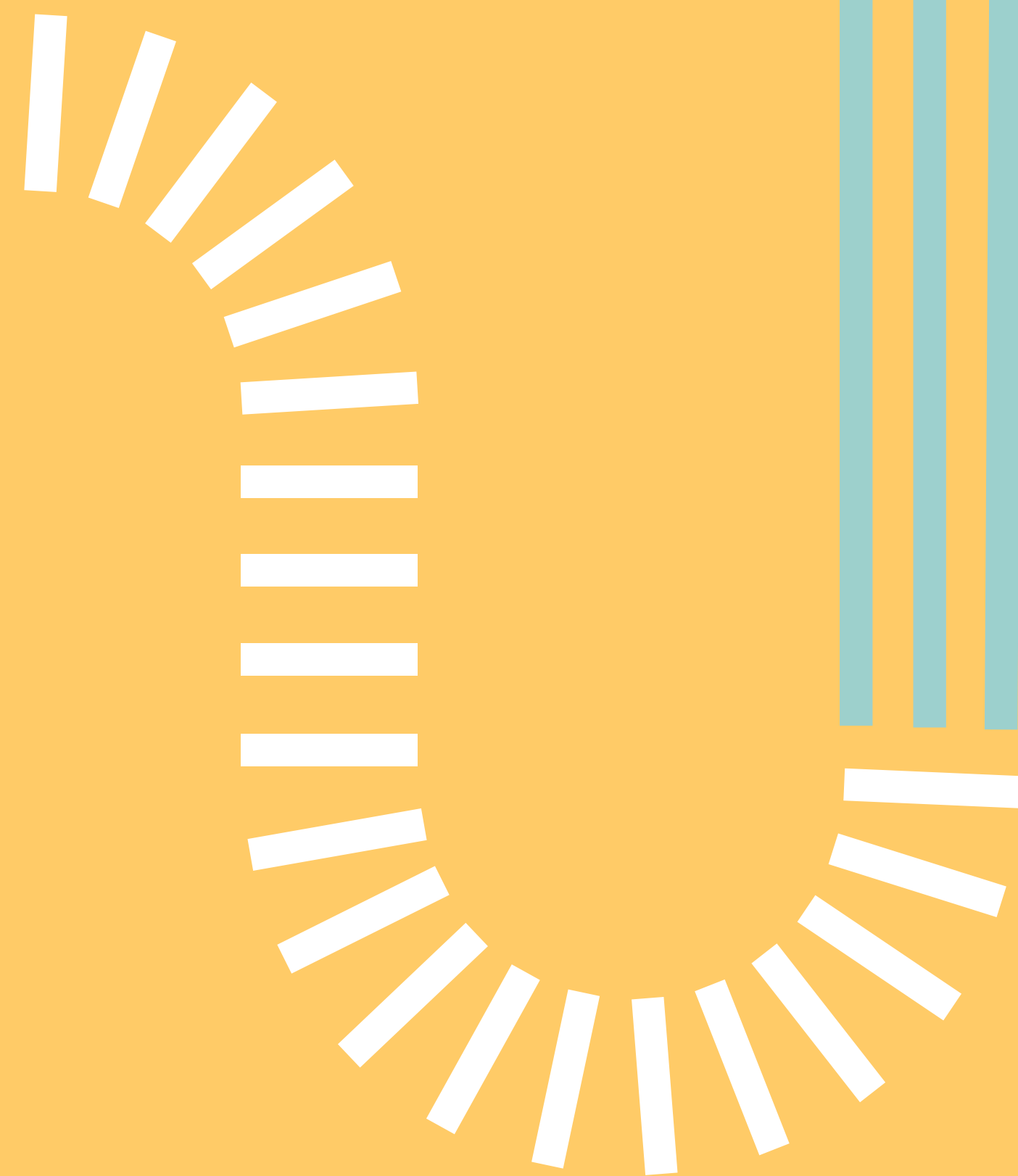
To supplement the financial measures prepared in accordance with generally accepted accounting principles (GAAP), we use non-GAAP financial measures that exclude certain items. Non-GAAP financial measures are not prepared in accordance with GAAP; therefore, the information is not necessarily comparable 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 slides titled “Non-GAAP Financial Measures” and “Reconciliation of GAAP to Non-GAAP Figures” 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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October 2021

Retail is
changing.



Building Essential Internet Infrastructure For Commerce

One Platform, Every Channel, Any Device



Making Commerce Creative, and the Important Easy

Single Integrated Back Office



Our Market

Shopify is the entrepreneurship company for merchants of all sizes

Basic

\$29 per month

Shopify

\$79 per month

Advanced

\$299 per month

Shopify Plus

\$2,000+ per month

Entrepreneurs

SMBs

Larger Brands

**Total
Addressable
Market**

Anyone who
wants to make
more money
from their site
than they pay
for it

Entrepreneur TAM

\$153B
SMB TAM ^{(1) (2)}

Larger Brands
TAM

- (1) Merchants defined as retailers with fewer than 500 employees. Includes commercially located businesses, sole proprietorships and home-based businesses. Does not include early-stage entrepreneurs or enterprises.
- (2) Average revenue per merchant of approximately \$2,258 based on ARPU for 2020 and 68 million retail businesses globally (Source: AMI Partners, 2020)

**Merchant
Acquisition**

Casting a very
wide net

Brand and Studios

Word of Mouth

Search Engine Marketing

Digital Advertising

Shopify Blog

Content Marketing

Shopify Support

Shopify POS Sales

Global Events

Partners and Affiliates

Shopify Plus Sales

Entrepreneurs



SMBs



Larger Brands

Entrepreneur

Le Cordon Bleu Paris-trained chefs, Yami and Anthony Rosemond, moved from France to America to start Pastreez, an online bakery that sells authentic french pastries. In the early stages of their business they went to farmers markets and collected emails for free macarons. Now that their focus has shifted primarily online, they leverage Shopify to remarket to the email subscribers they gained at these events.

Since joining the platform in 2017, Pastreez has taken advantage of Shopify's suite of payment solutions to process sales on their online store including Shopify Payments, Shop Pay, and Shop Pay Installments. They've also utilised our Local Pickup functionality to allow customers to buy online and pickup at their brick-and-mortar location in California.



SMB

Sarah Resnick's childhood passion for fiber crafts led her to start Gist Yarn, an online business selling materials and yarns for weaving. When Sarah launched Gist Yarn in 2017, her initial goal was to find beautiful materials and sell them to makers like herself. Since then her business has expanded into making her own line of yarn and producing a podcast to build a community for makers and weavers.

Gist Yarn leverages Shopify's omnichannel capabilities to drive traffic from social channels to their online store. They also utilise Shopify's suite of payment solutions to process sales on their website including Shopify Payments, Shop Pay, and Shop Pay Installments.

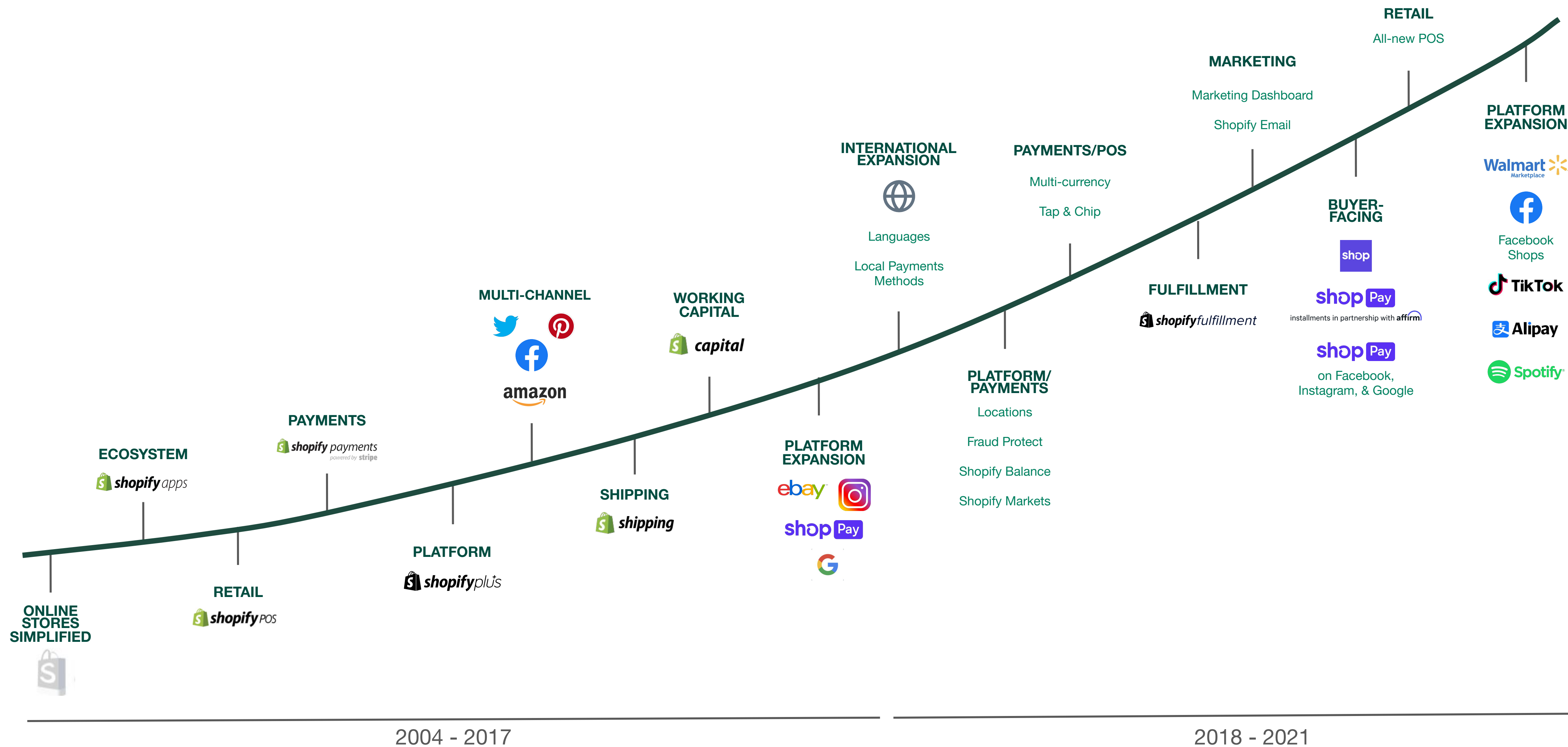


Larger Brands



Merchant-First Focus Through Product Innovation

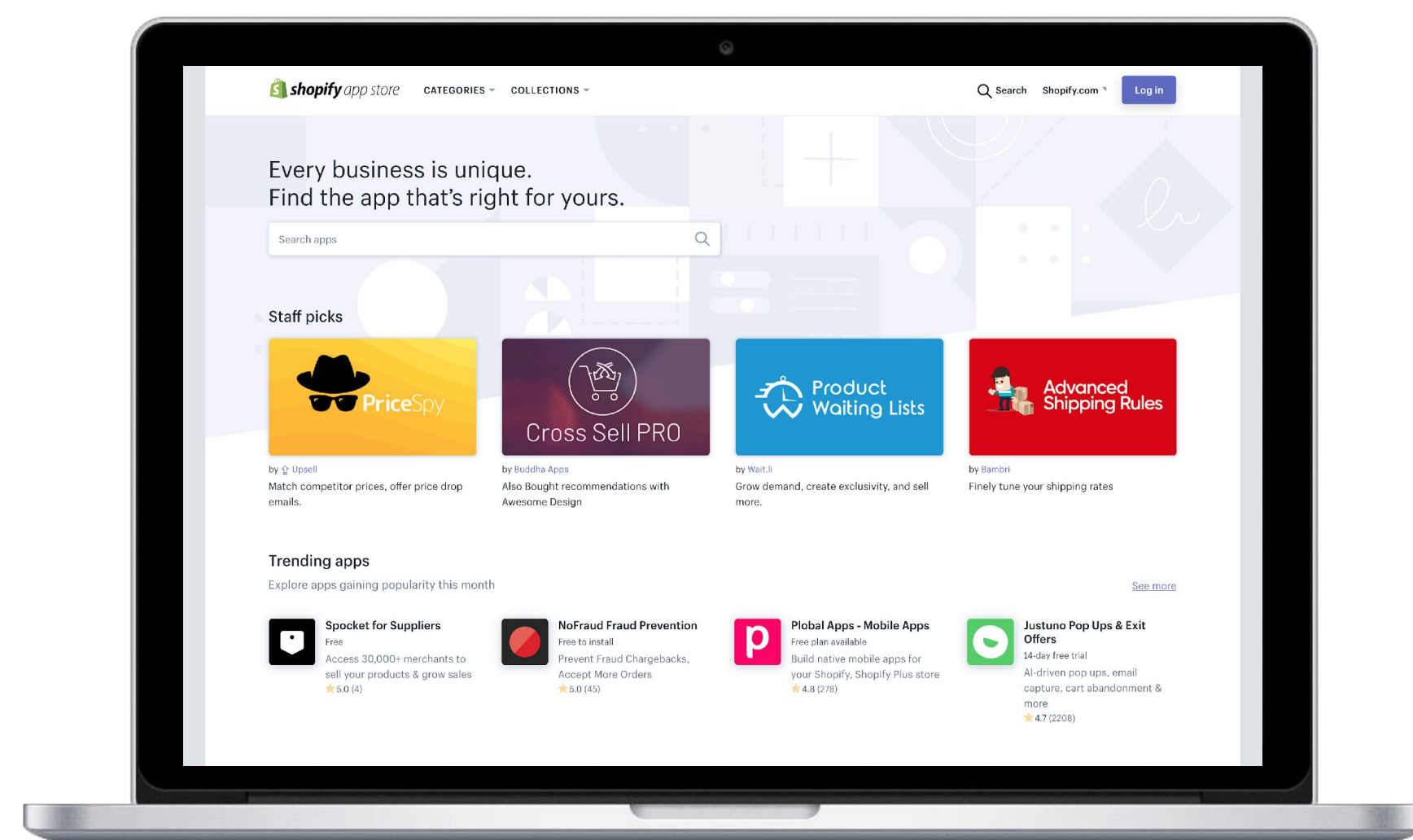
Lowering Barriers, Simplifying Operations, Catalyzing Merchant Sales



Rich and Extensive Partner Ecosystem

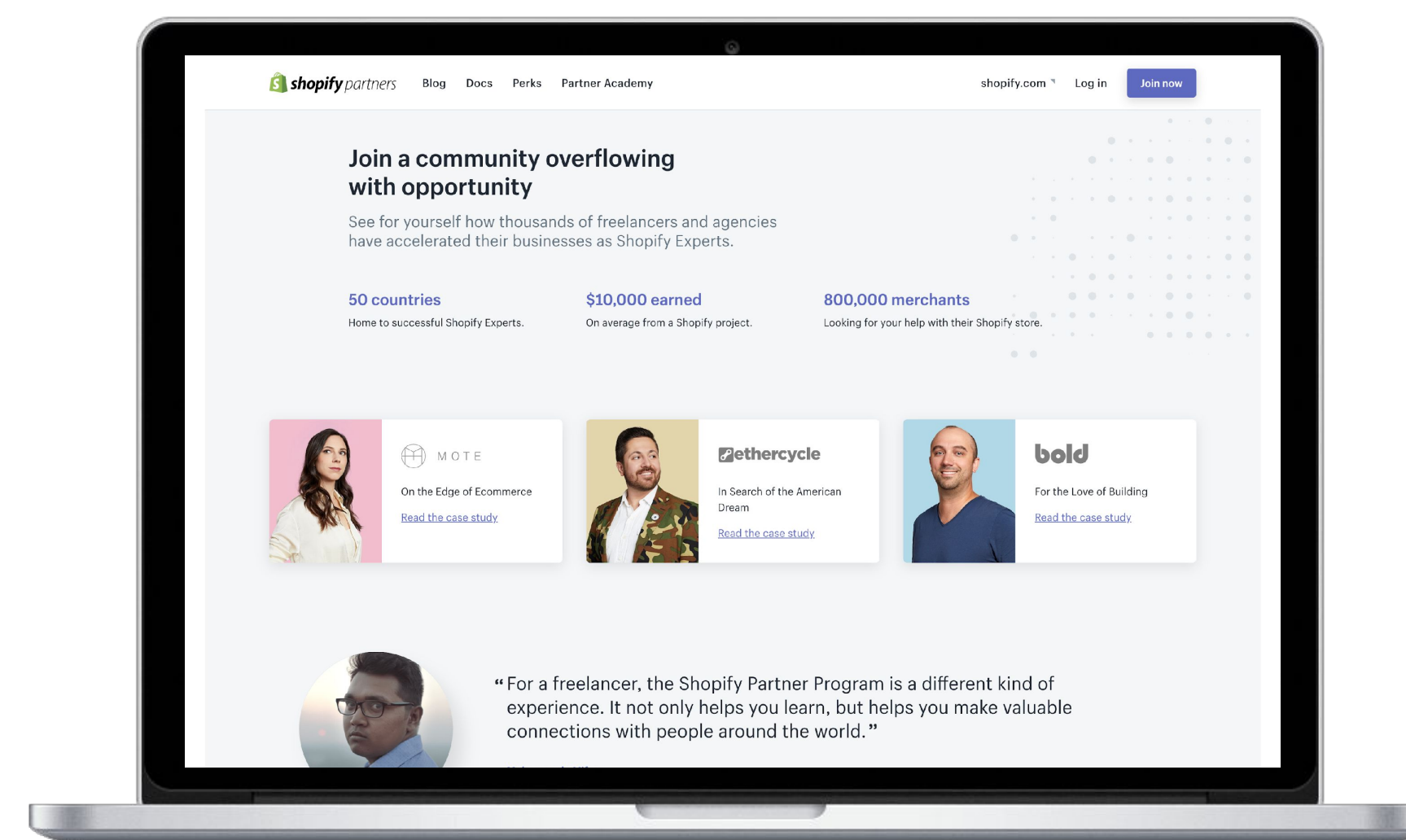
Favorable Terms Encourage Greater Innovation on Behalf of Merchants While Increasing the Opportunity for Developers to Grow their Businesses

>7,000
Apps



Apps extending product capabilities

>43,000
Ecosystem Partners



Referred at least one merchant to
Shopify in the last 12 months

Making Commerce Better for Everyone in Everything We Do

Creating Economic Impact*

\$307.4B

Economic activity in 2020 related to merchants on Shopify



\$12.5B

Revenue generated by Shopify's partner ecosystem in 2020

3.6M

Full-time jobs supported by businesses on Shopify around the world in 2020

Combating Climate Change

\$5M annual investment through Shopify's Sustainability Fund

Committed to **carbon-neutral** operations and platform

Purchased more **Direct Air Capture** carbon removal than any other company in history

Launched **Offset** app, allowing merchants to make shipments carbon neutral

Offset carbon emissions of shipments placed on Shop app during 2020 BFCM

Making a Social Impact



Operation HOPE to help create 1M new Black-owned businesses by 2030

Government partnerships to help bring **thousands of small businesses online**



Increase visibility for **local shops, sustainable shops, Black-owned businesses, Asian-owned businesses, women-owned businesses, LGBTQ+ businesses, and Indigenous-owned businesses** through Shop app

**Growth-Minded
Culture**



FAST@COMPANY
▼
**2021
Honoree**

TIME 100
MOST INFLUENTIAL
COMPANIES



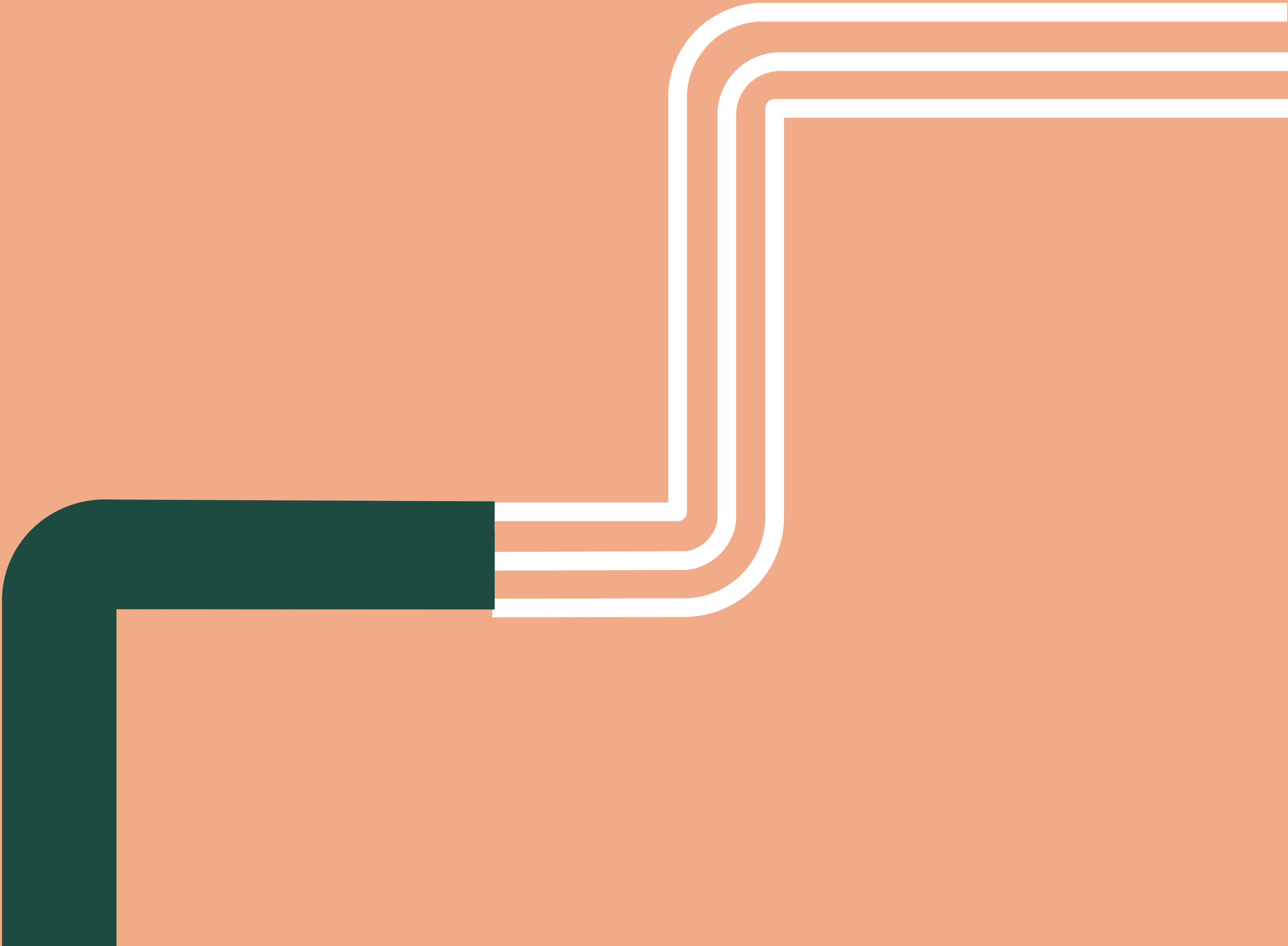
Recruit talented, deeply caring individuals

Digital by Design allows employees to easily work almost anywhere in the world

Invest heavily in personal growth and development

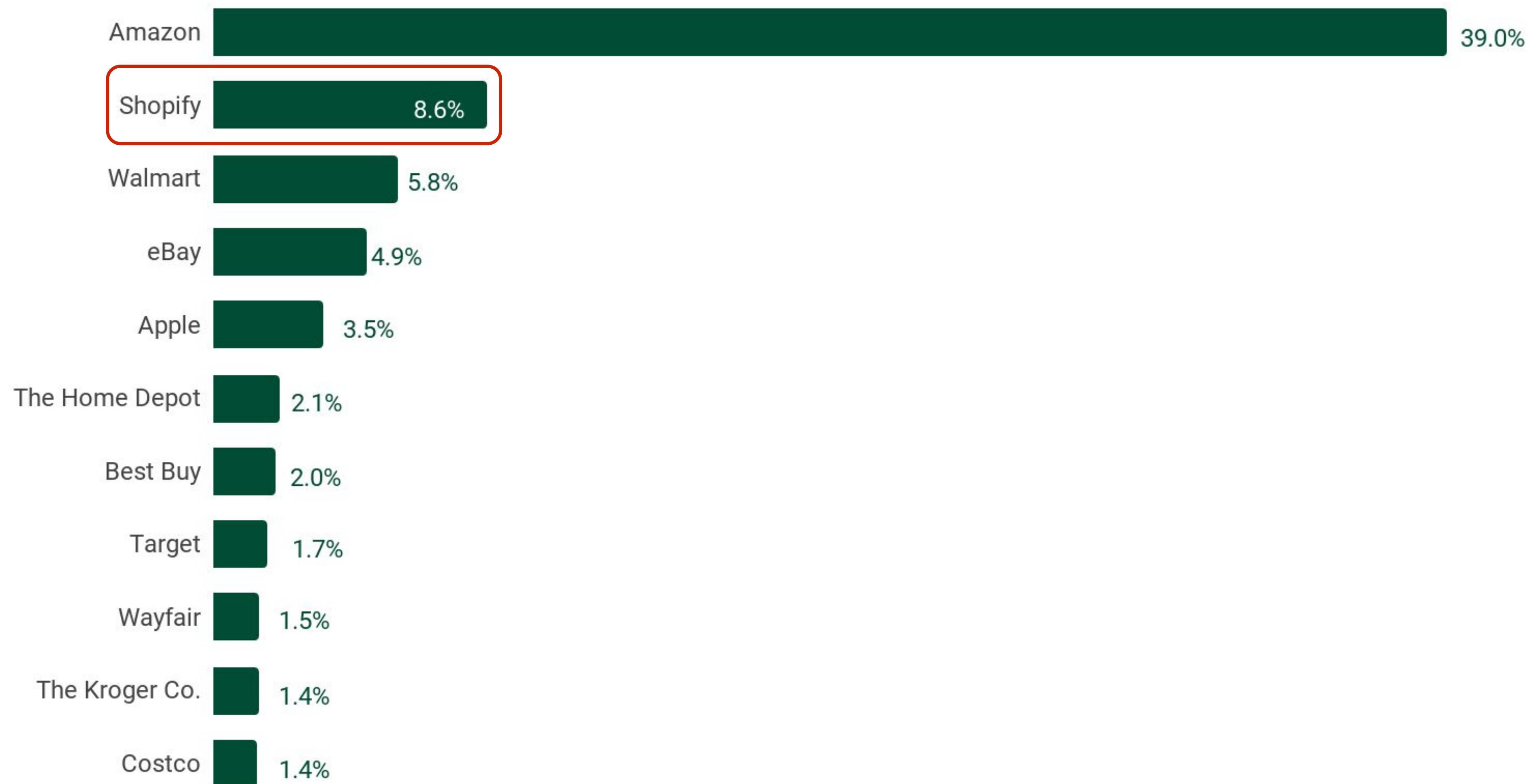
Global reach

The Numbers



Strong & Competitive Market Position

Share of U.S. Retail Ecommerce Sales 2020

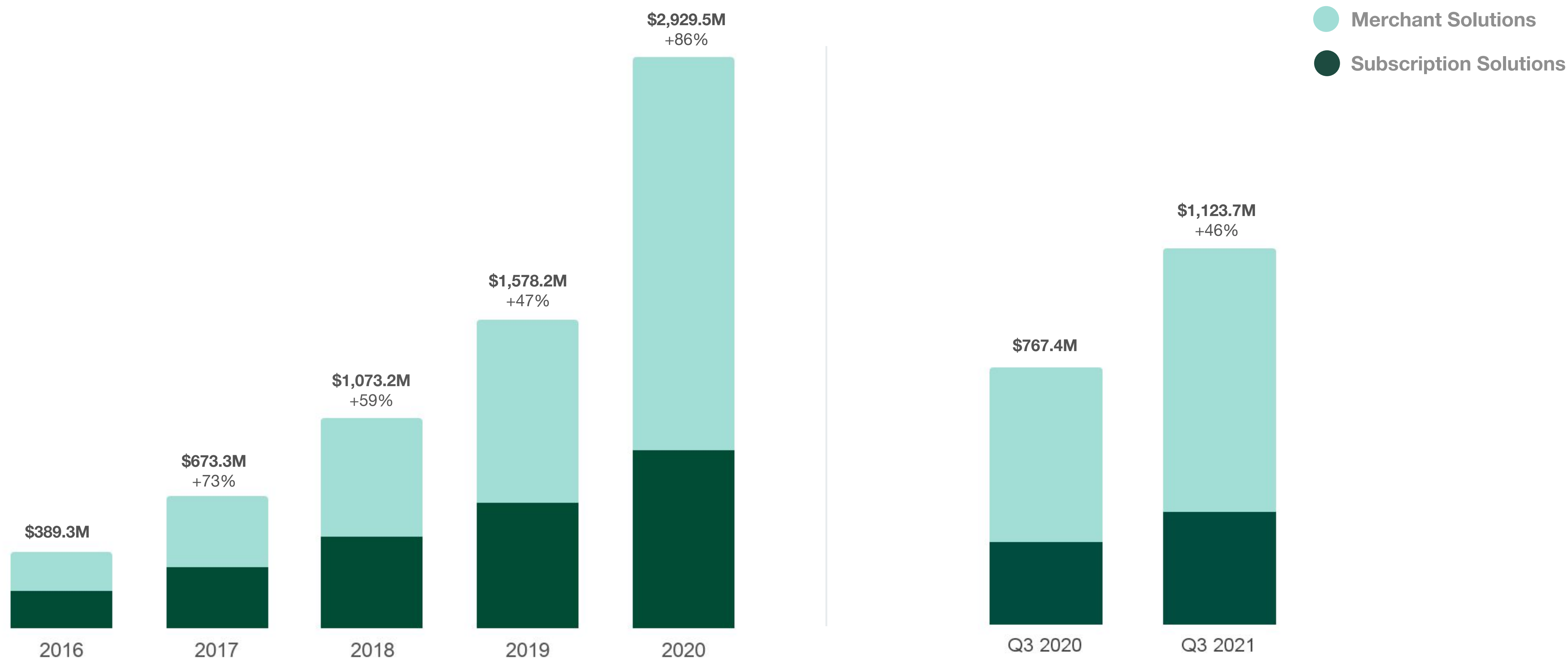


Source: eMarketer, October 2020, Shopify

* Market share based on Shopify's 2020 US GMV (excluding merchant sales made through POS)

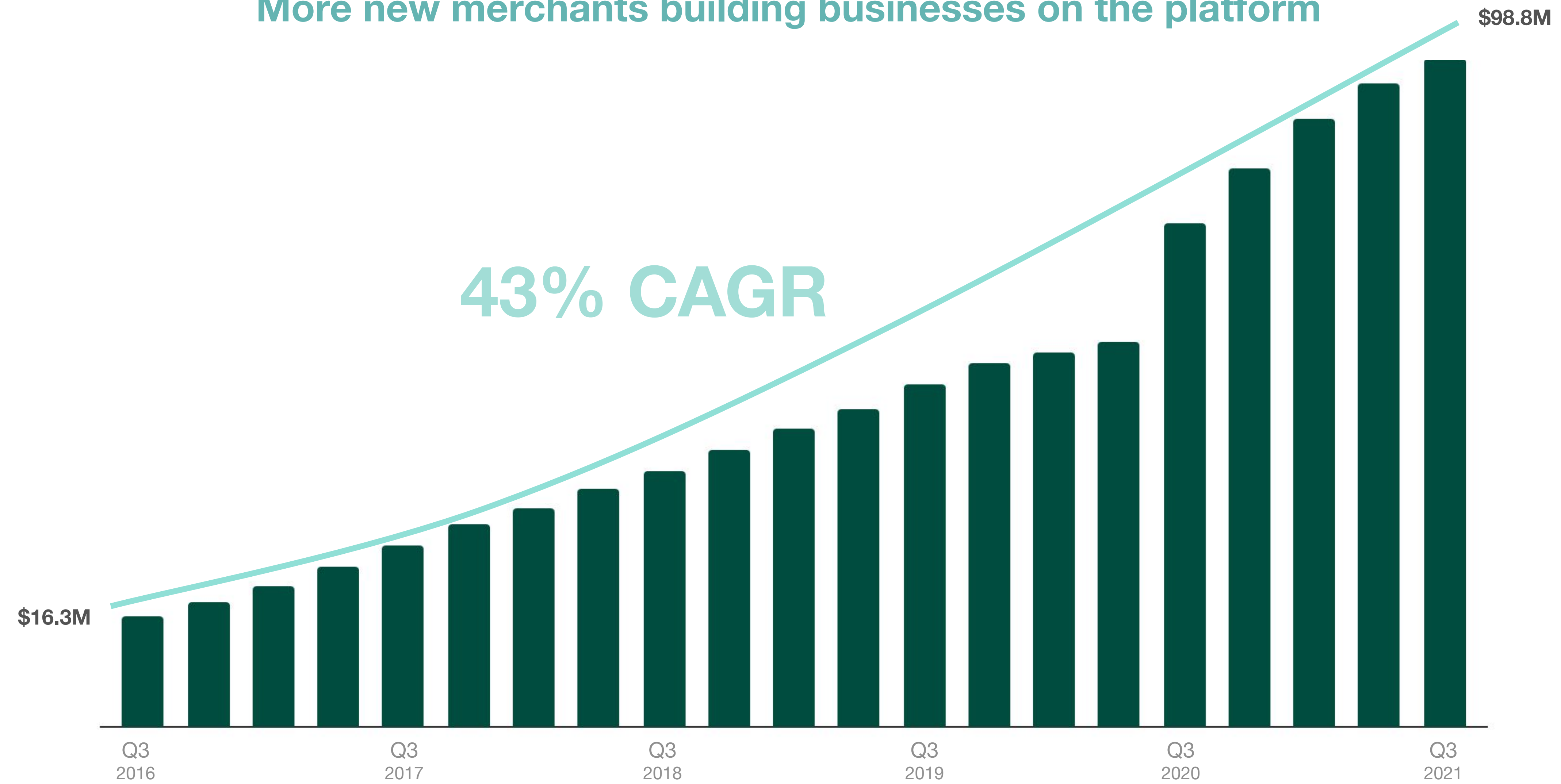
Strong Revenue Growth

When Our Merchants Succeed, Shopify Benefits



Q3 YoY MRR Growth Normalized on a Higher Base ...

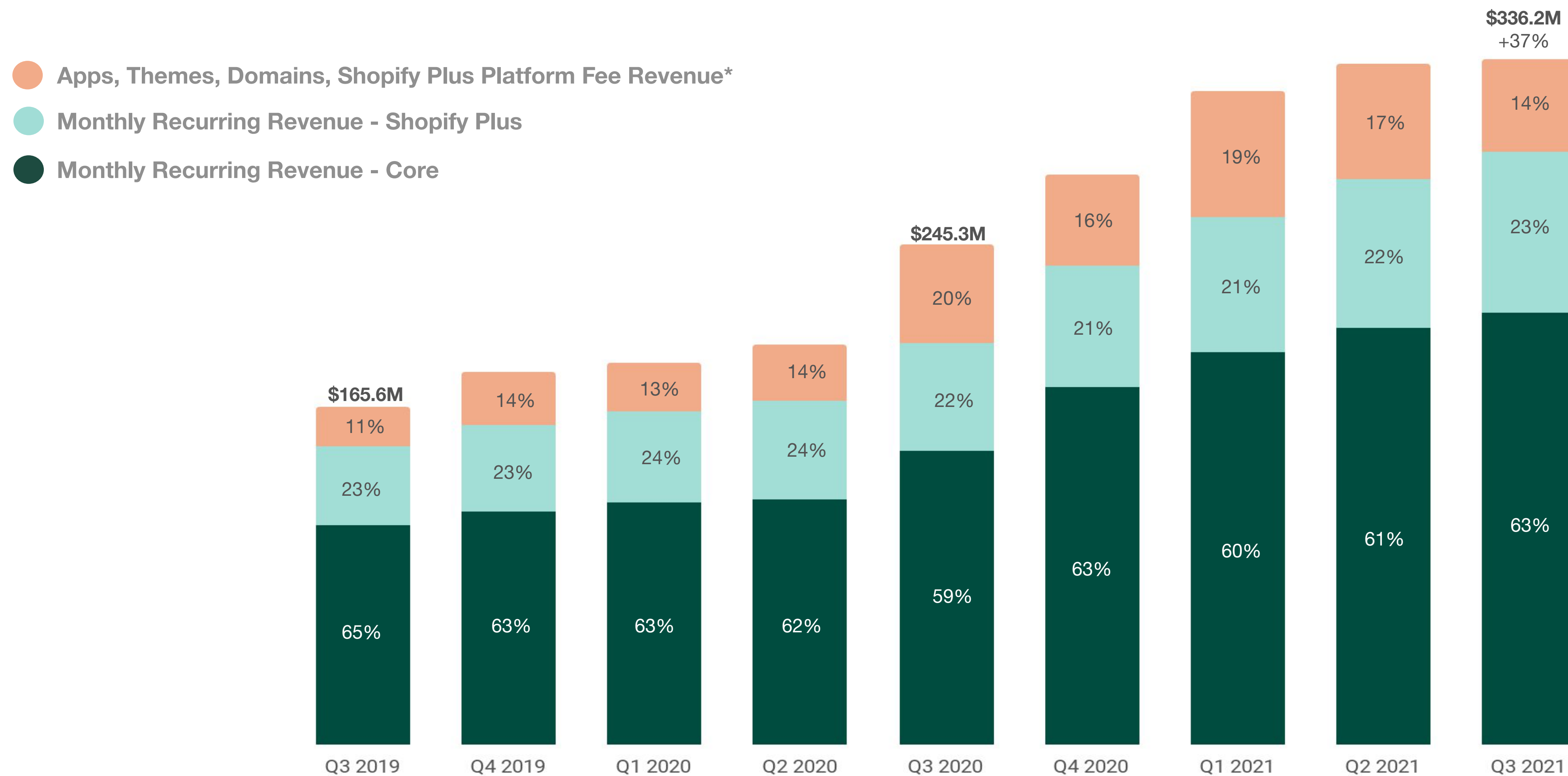
More new merchants building businesses on the platform



*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.

**Due to the extended 90-day free trial (offered from March 21 through May 31, 2020), MRR that normally would have been counted in Q2 2020 did not start getting charged until Q3 2020.

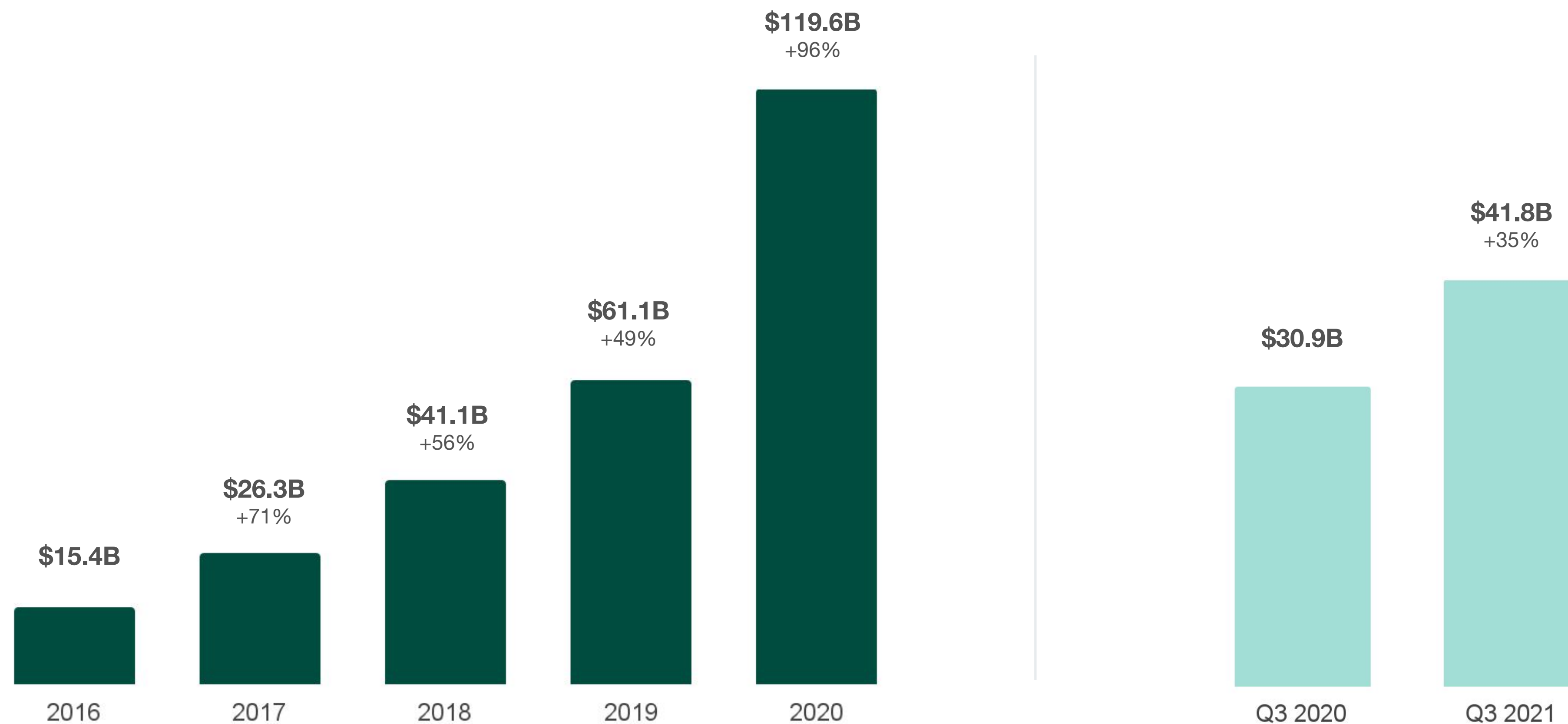
...And Contributed to Continued Strength in YoY Subscription Solutions Revenue Growth in Q3



*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.

Strong Consistent GMV Growth

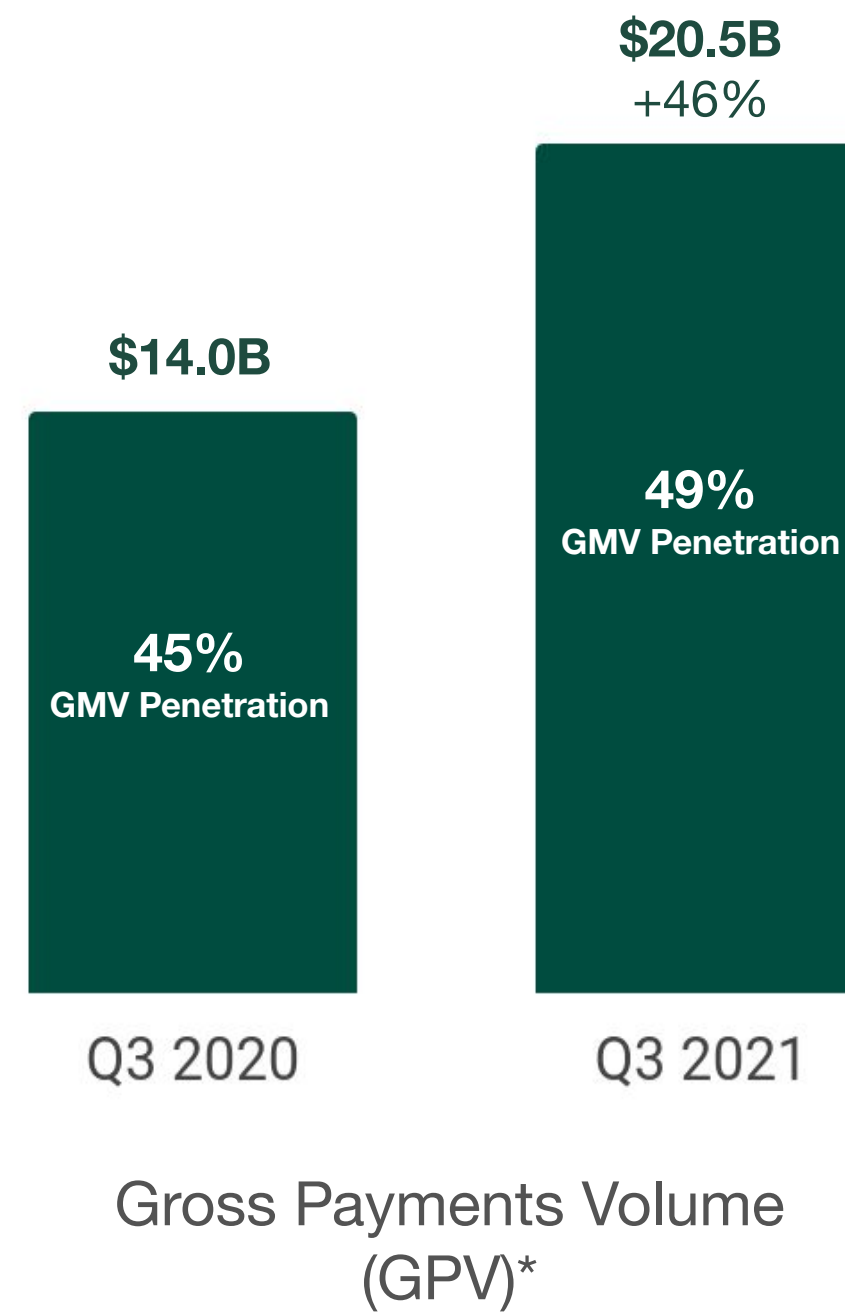
Merchants Are Joining, Scaling and Succeeding on Shopify



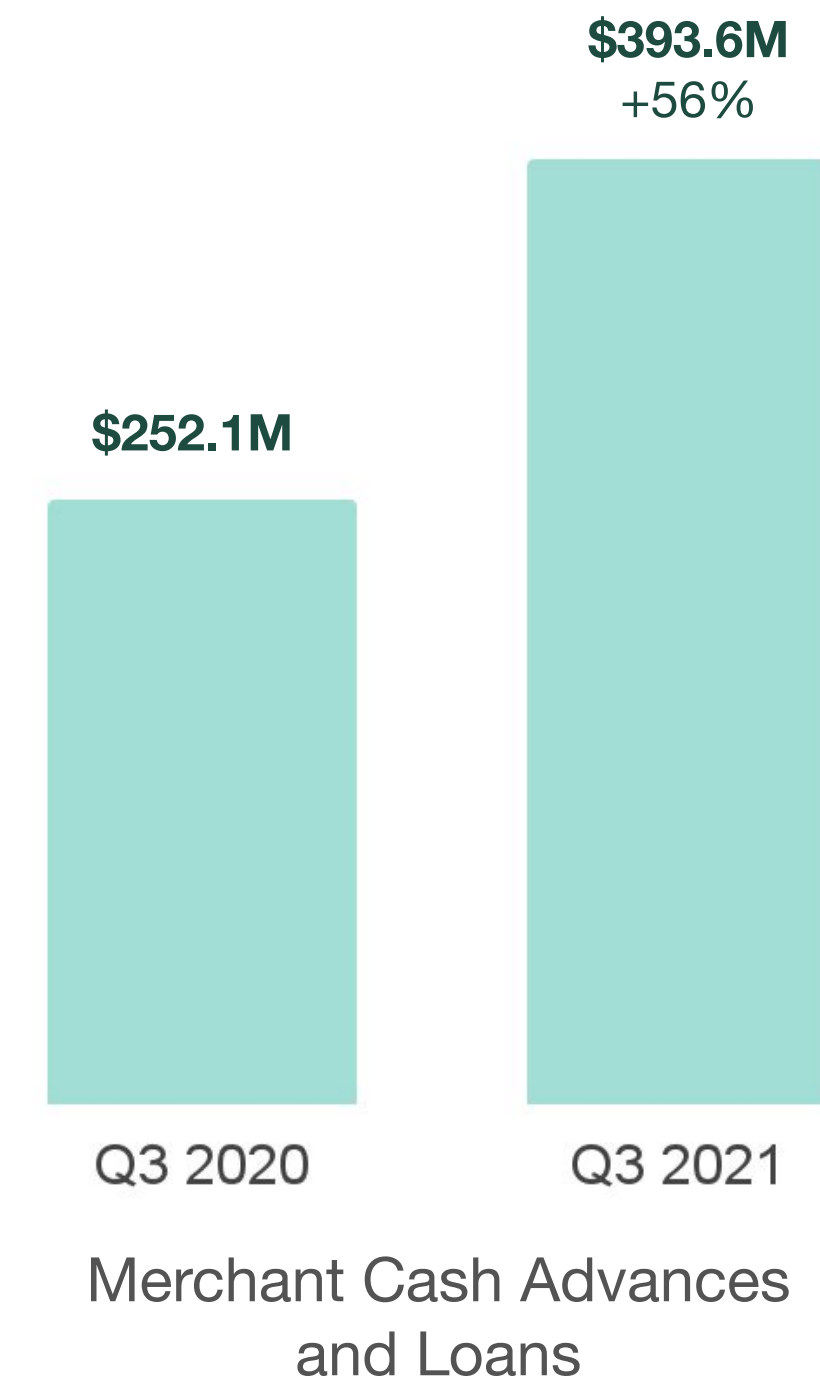
*Gross Merchandise Volume, or GMV, represents the total dollar value of orders facilitated on the Shopify platform including certain apps and channels for which a revenue-sharing arrangement is in place in the period, net of refunds, and inclusive of shipping and handling, duty and value-added taxes.

Increased Adoption of Shopify Products Over Time

Shopify Payments



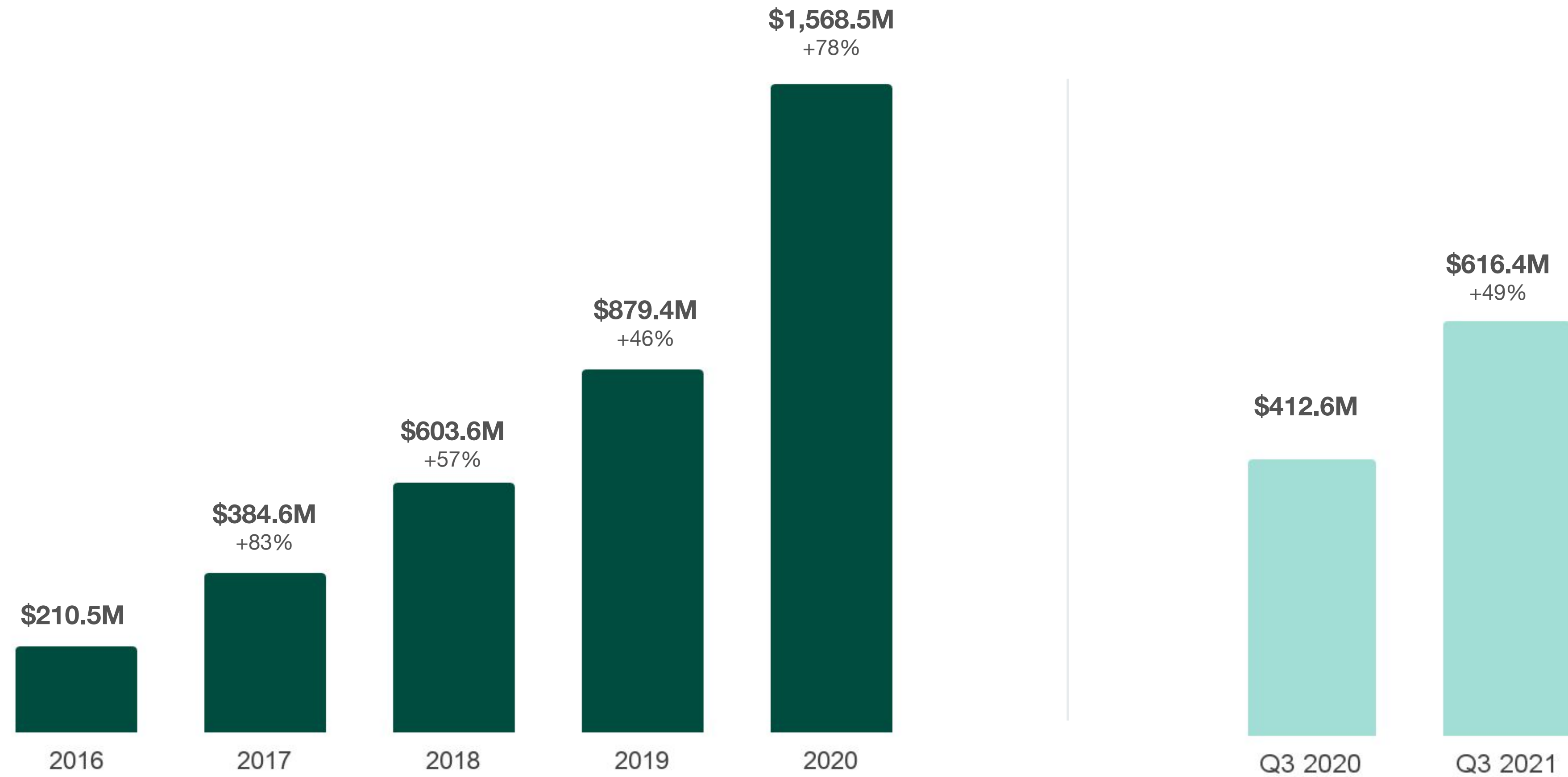
Shopify Capital



*Gross Payments Volume (GPV) is the amount of GMV processed through Shopify Payments.

Strong Adjusted Gross Profit* Growth

Powerful Business Model that Focuses on Gross Profit Dollar Growth



*Excludes the effect of stock-based compensation (SBC) expenses and related payroll taxes, and amortization of acquired intangibles. Adjusted Gross Profit is a non-GAAP measure, see Appendix for reconciliation.

Accelerated Investments in Q3 for Future Growth

Strong Revenue Growth Backed by Strategic Allocation of Capital

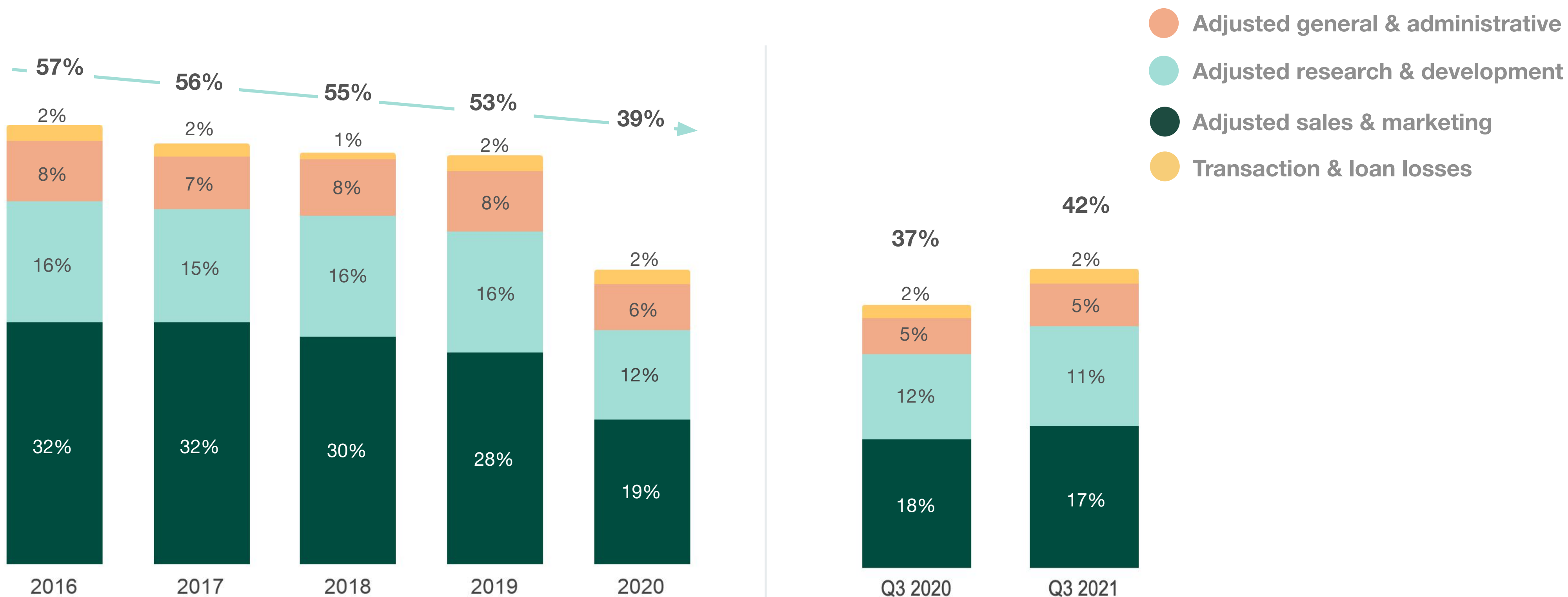


Chart depicts operating leverage, which is measured using Adjusted Operating Expenses as a percentage of revenue. Excludes the effect of stock-based compensation expenses and related payroll taxes, amortization of acquired intangibles, and impairment of right-of-use assets and leasehold improvements. Adjusted Operating Expenses is a non-GAAP measure, see Appendix for reconciliation.

Numbers may not foot due to rounding.

Building For the Long Term

Expect to Accelerate Operating Expenses in 2021 Aimed at Growth
Investments to Build Commerce Infrastructure for the Next Decade

Core

Expansion

Ambition

Near-term initiatives

Platform
Shopify Payments
Shopify Shipping
Shopify Capital
Shopify Plus

Medium-term initiatives

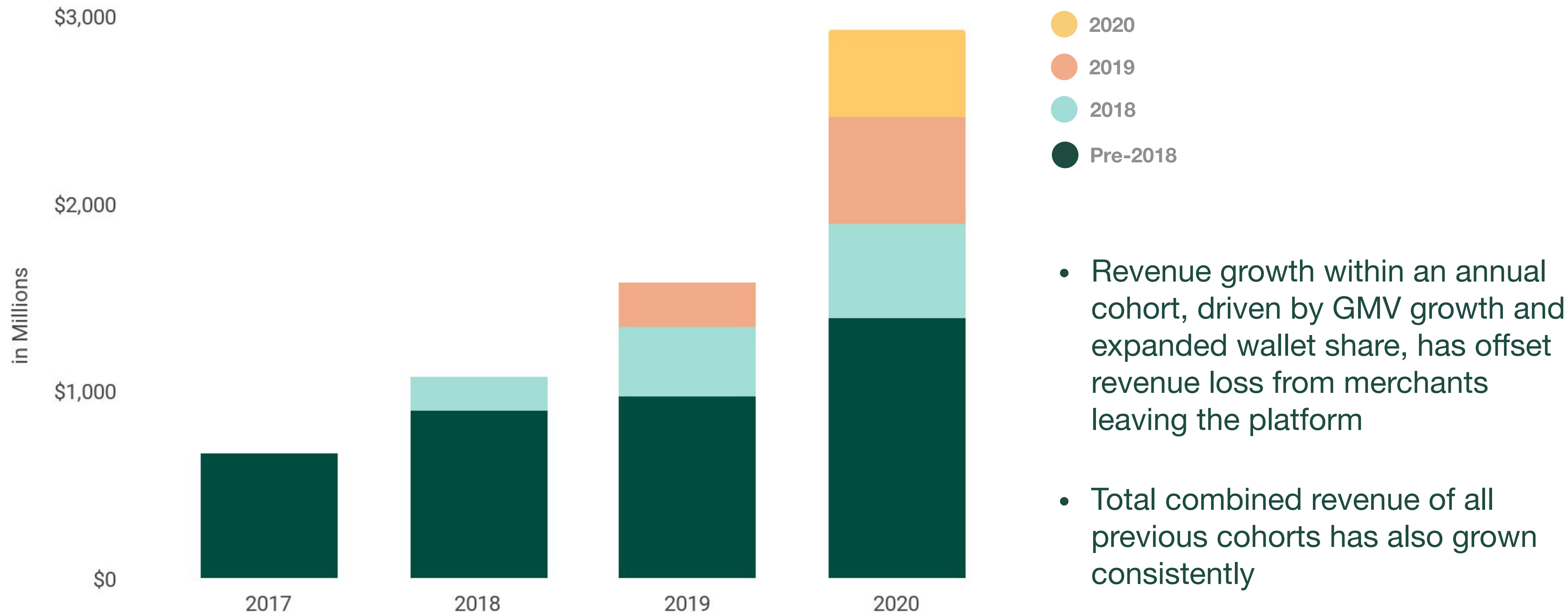
International Expansion
Retail POS
Shopify Markets

Long-term initiatives

Shopify Fulfillment Network
6 River Systems
Shopify Balance
Shop App
Wholesale/B2B

Annual Cohorts Provide Strong Foundation for Growth

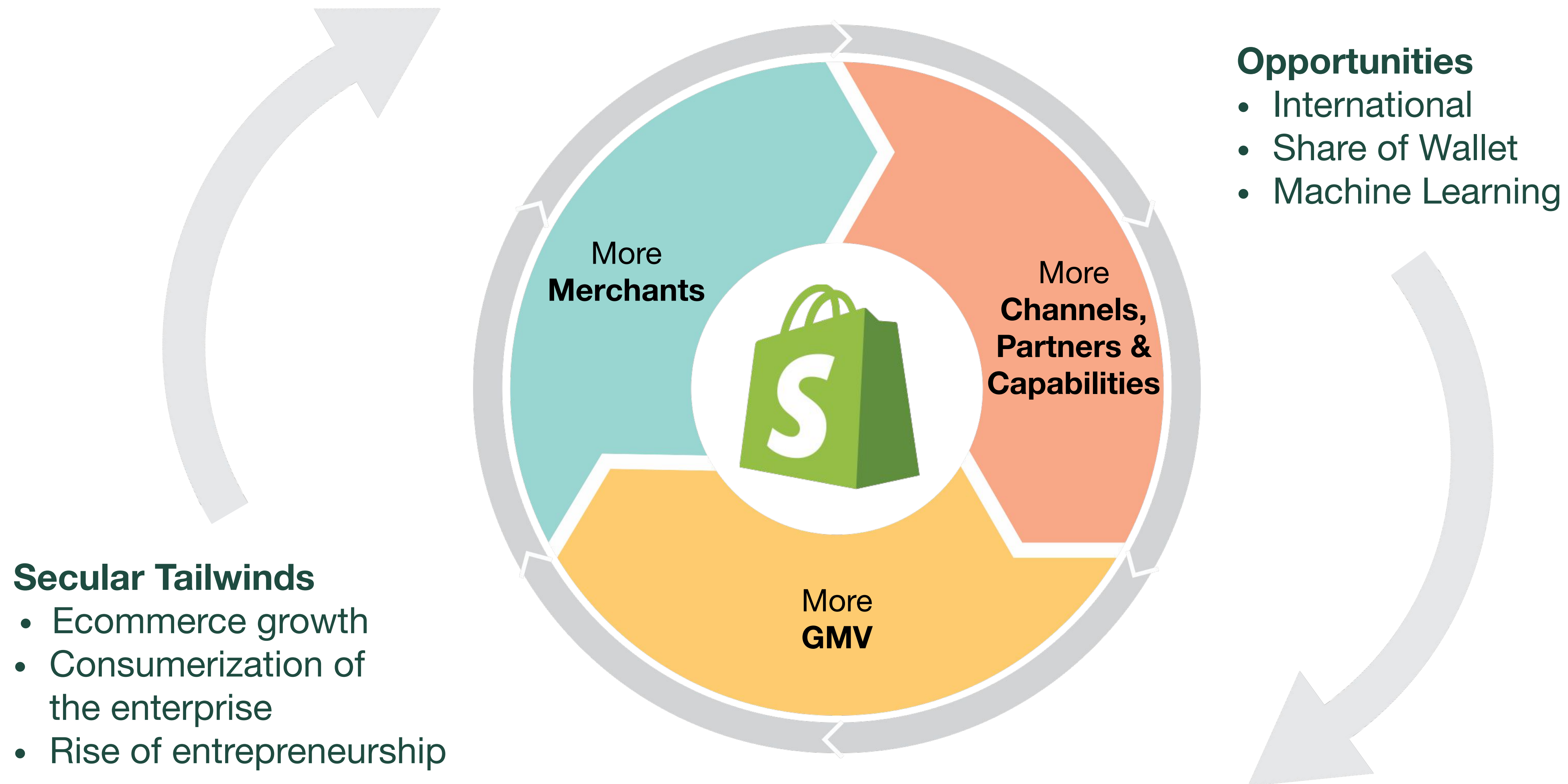
Revenue by Cohort



*Annual 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.

Growth Investments Aimed at Energizing the Shopify Flywheel Well into the Future



Investment Highlights

Large and Growing Opportunity

Massive market with accelerated ecommerce penetration

World-class Product

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

Powerful Business Model

Success-based business model that puts merchants first

Economies of Scale Innovation and Efficiencies

>1.7M merchants on the platform generating data that is leveraged to enhance and create new products and improve efficiencies for Shopify, our merchants and their buyers

Vast Ecosystem

Engaged and expanding partner ecosystem that is difficult to replicate

Mission Driven

Product-driven team focused on making commerce better for everyone

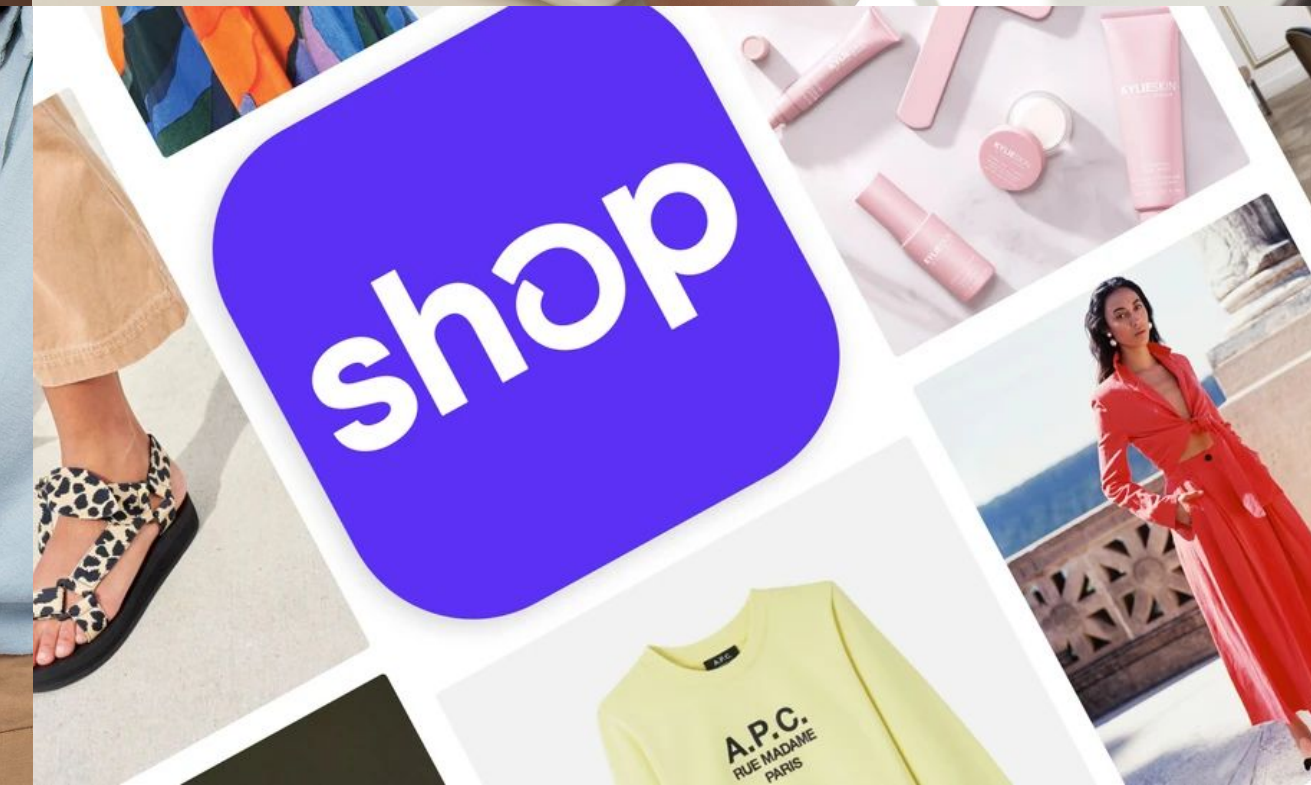
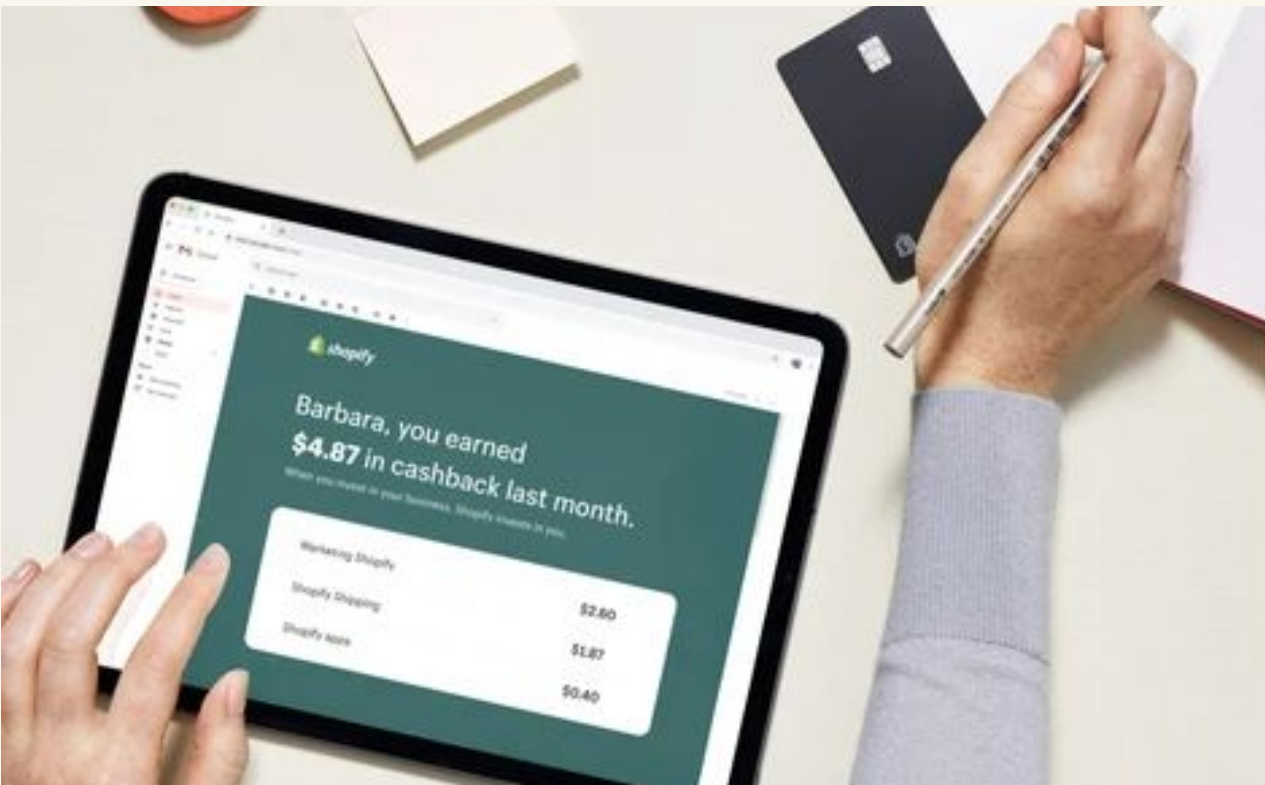
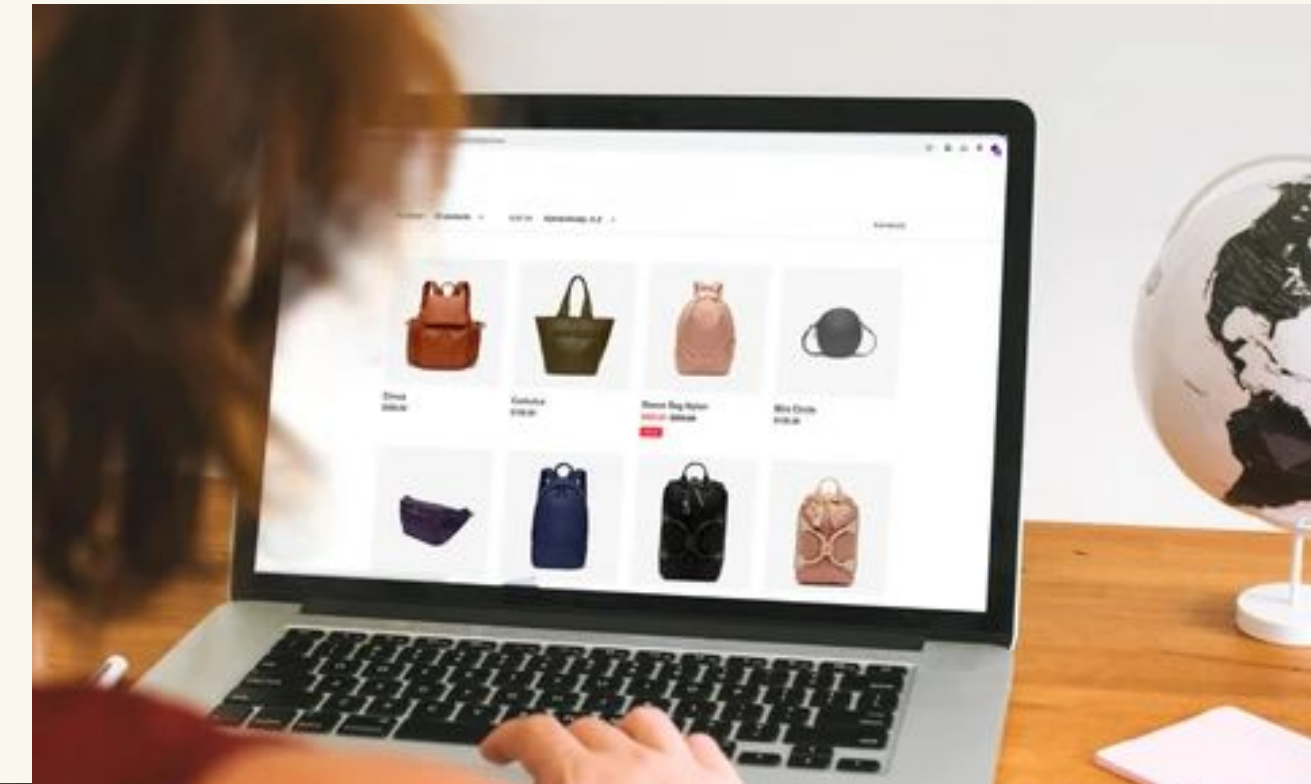
Healthy Balance Sheet

Strong balance sheet with a proven, disciplined capital allocation approach

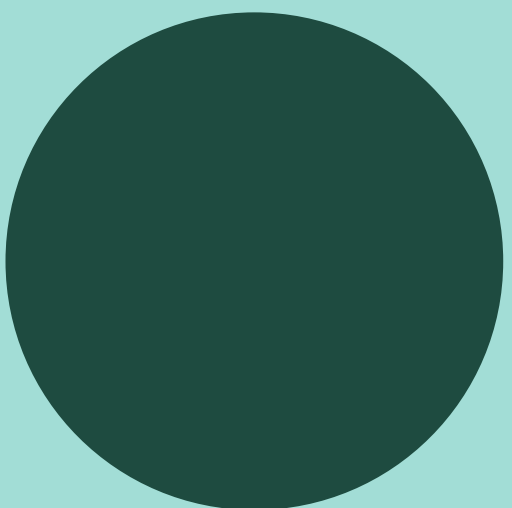
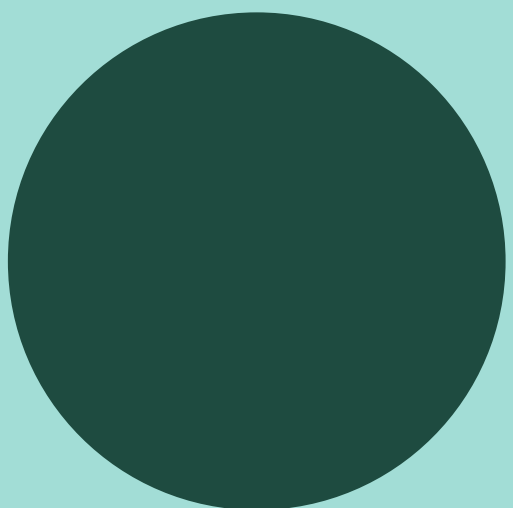
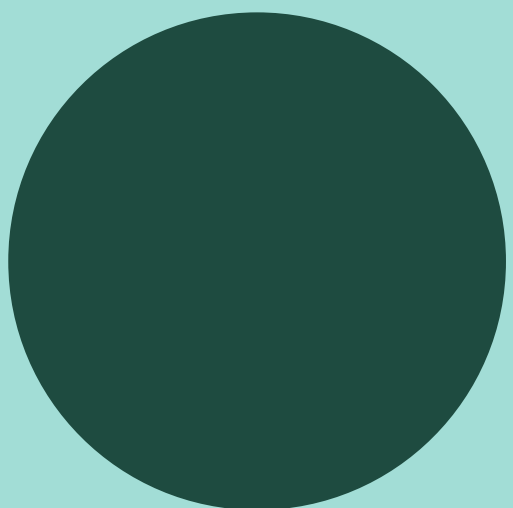
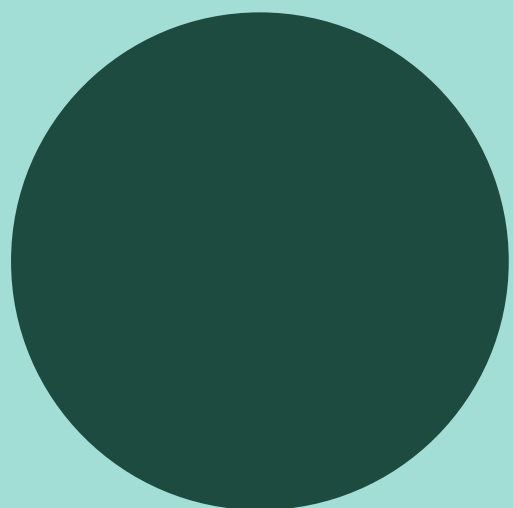
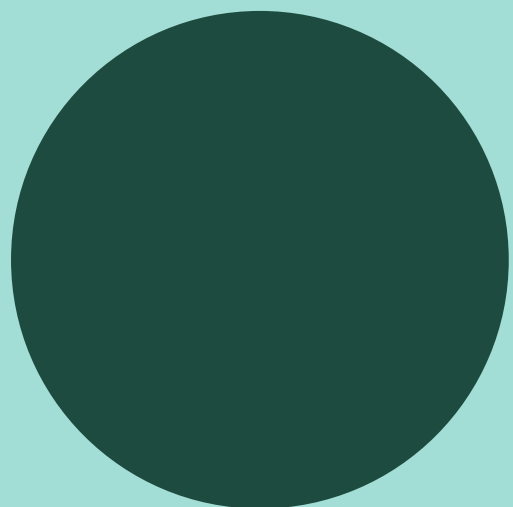
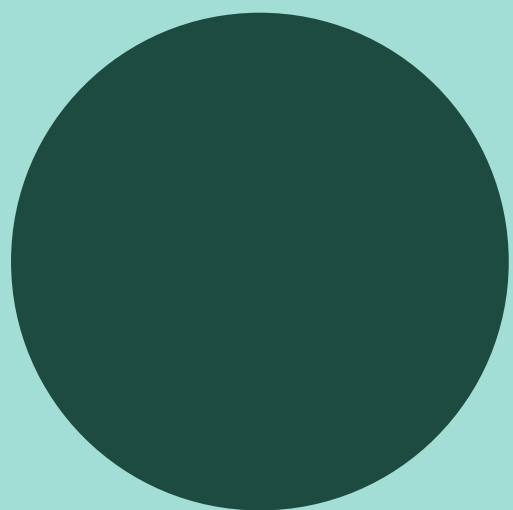
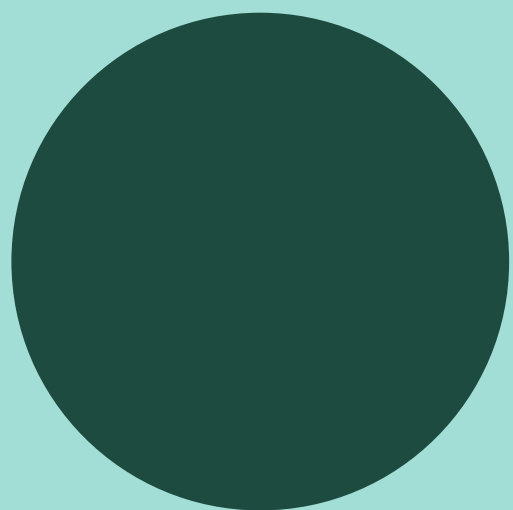
Significant Opportunity Ahead

Focus on investing in long-term growth while maintaining operational discipline and merchant-first orientation

Make commerce better for everyone.



Appendix



Non-GAAP 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 financial measures to provide additional information in order to assist investors in understanding our financial and operating performance.

Adjusted gross profit and non-GAAP operating expenses 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 non-GAAP operating expenses, a real estate-related impairment charge.

Management uses non-GAAP financial measures internally for financial and operational decision-making and as a means to evaluate period-to-period comparisons. Shopify believes that these non-GAAP 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. Non-GAAP financial 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. 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 GAAP. See the financial tables below for a reconciliation of the non-GAAP measures.

Reconciliation of GAAP to Non-GAAP Figures

Expressed in US\$000s	2018	2019	2020	Q3'20	Q3'21
GAAP Gross Profit	596,267	865,643	1,541,520	405,148	608,909
add: SBC and SBC-related payroll taxes	2,441	4,090	7,472	2,914	1,987
add: Amortization of Acquired Intangibles	4,914	9,624	19,488	4,531	5,536
Non-GAAP Gross Profit	603,622	879,357	1,568,480	412,593	616,432
% of Revenue	56%	56%	54%	54%	55%
GAAP Sales and marketing	350,069	472,841	602,048	147,608	237,949
less: Sales and marketing SBC and SBC-related payroll taxes	24,056	38,167	46,390	11,481	11,673
less: Amortization of Acquired Intangibles	-	283	1,548	388	386
Non-GAAP Sales and Marketing	326,013	434,391	554,110	135,739	225,890
% of Revenue	30%	28%	19%	18%	20%

Expressed in US\$000s	2018	2019	2020	Q3'20	Q3'21
GAAP Research and development	230,674	355,015	552,127	143,427	221,028
less: Research and development SBC and SBC-related payroll taxes	59,575	104,645	188,249	47,741	63,840
less: Amortization of Acquired Intangibles	-	232	233	58	58
Non-GAAP Research and development	171,099	250,138	363,645	95,628	157,130
% of Revenue	16%	16%	12%	12%	14%
GAAP General and administrative	99,196	153,765	245,343	51,799	128,722
less: General and administrative SBC and SBC-related payroll taxes	17,690	29,861	52,195	13,266	30,638
less: Impairment of right-of-use assets and leasehold improvements	-	-	31,623	-	30,145
Non-GAAP General and administrative	81,506	123,904	161,525	38,533	67,939
% of Revenue	8%	8%	6%	5%	6%
GAAP Transaction and loan losses	8,248	25,169	51,849	11,753	25,311
% of Revenue	1%	2%	2%	2%	2%
GAAP Operating Expenses	688,187	1,006,790	1,451,367	354,587	613,010
less: Operating SBC and SBC-related payroll taxes	101,321	172,673	286,834	72,488	106,151
less: Amortization of Acquired Intangibles	-	515	1,781	446	444
less: Impairment of right-of-use assets and leasehold improvements	-	-	31,623	-	30,145
Non-GAAP Operating Expenses	586,866	833,602	1,131,129	281,653	476,270
% of Revenue	55%	53%	39%	37%	42%