

Q4 2020 Results

February 2021



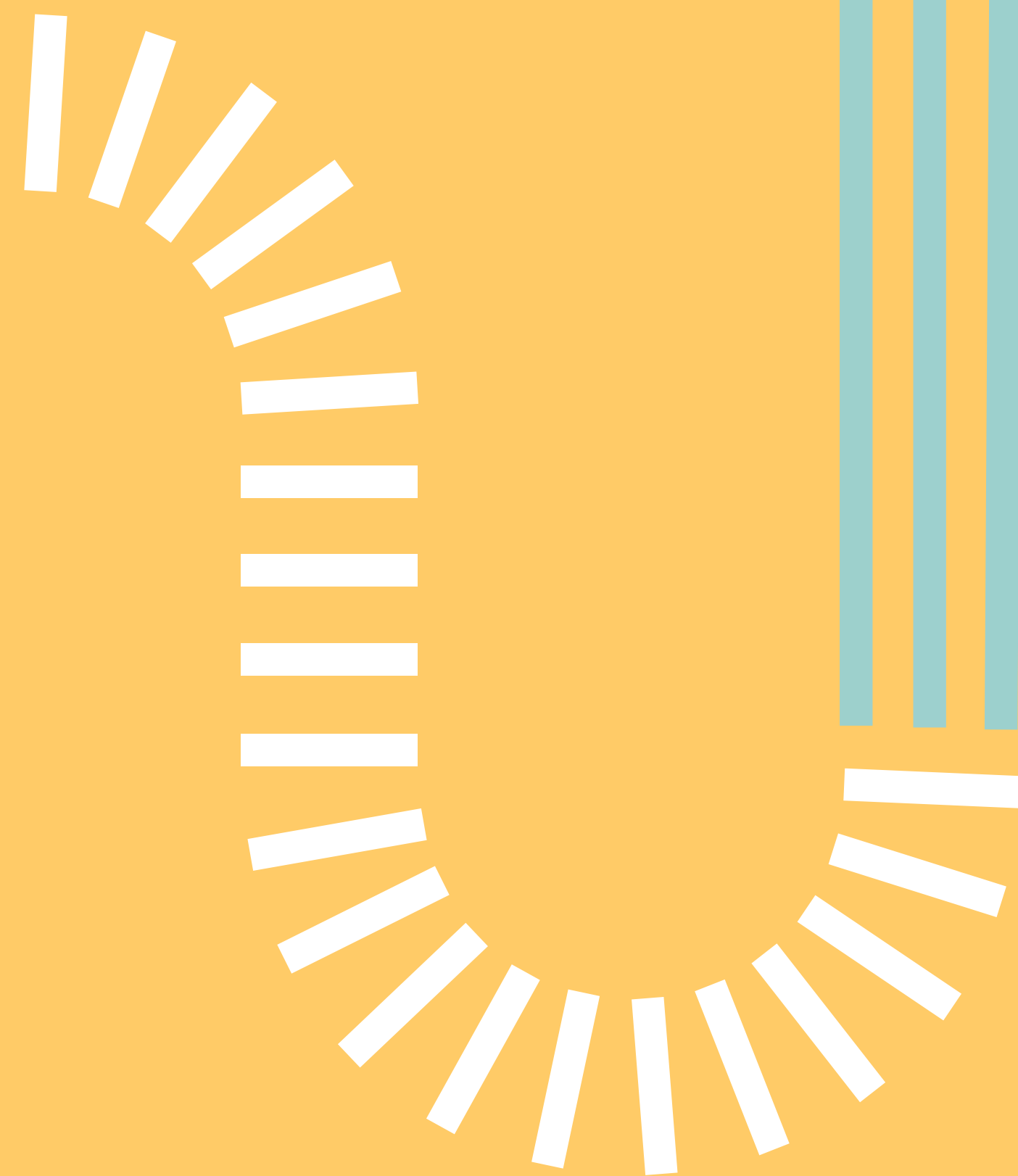
Safe Harbour

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 are described in further detail 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 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 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 to GAAP Figures" for further information.

**Retail is
changing.**



One Platform,
Every Channel,
Any Device.



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

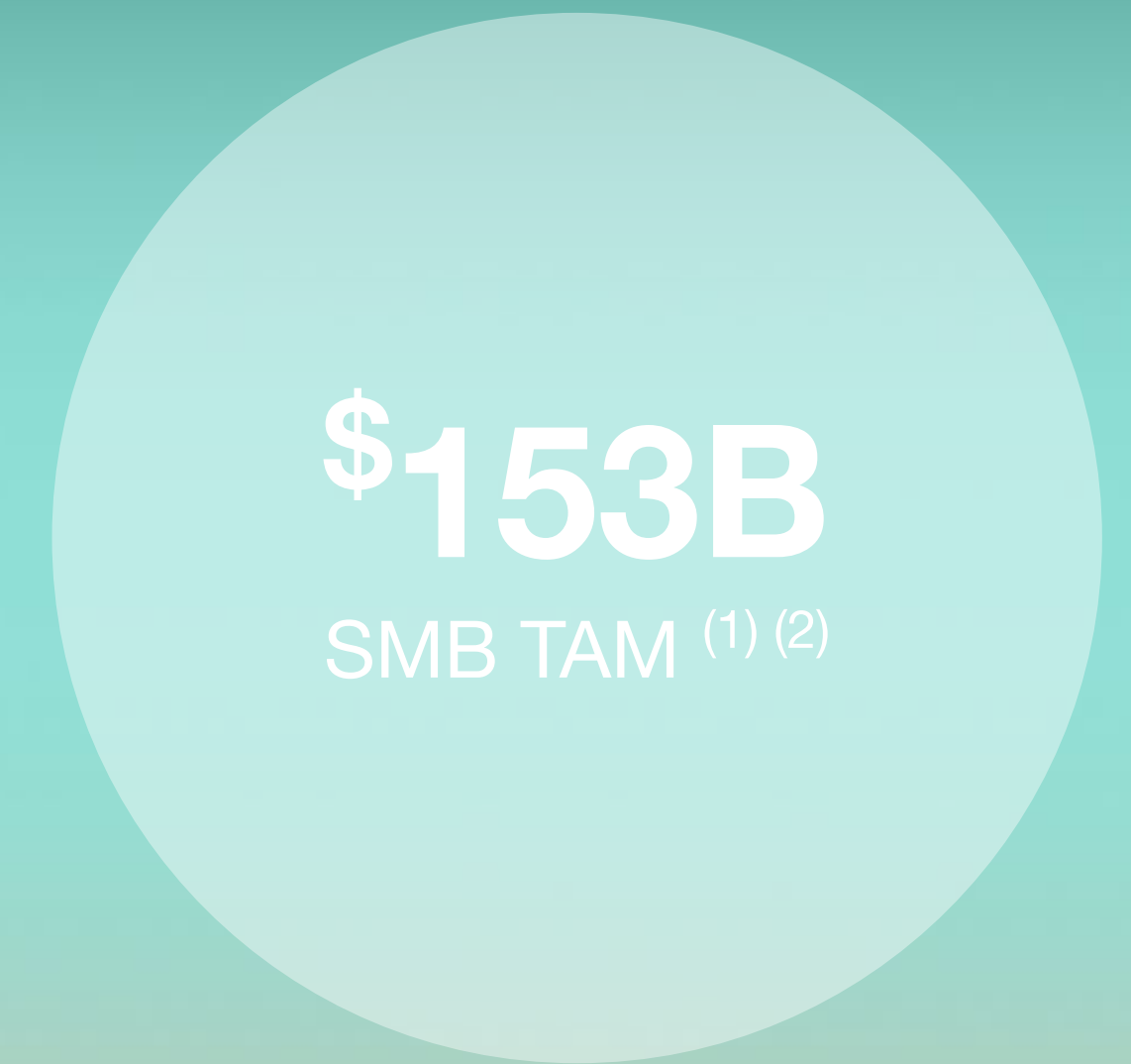
Entrepreneurs

SMBs

Larger Brands

Total Addressable Market

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



- (1) Merchants defined as retailers with less 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

Word of Mouth

Shopify Studios

Search Engine Marketing

Digital Advertising

Shopify Blog

Content Marketing

Shopify Support

Shopify POS Sales

Global Events

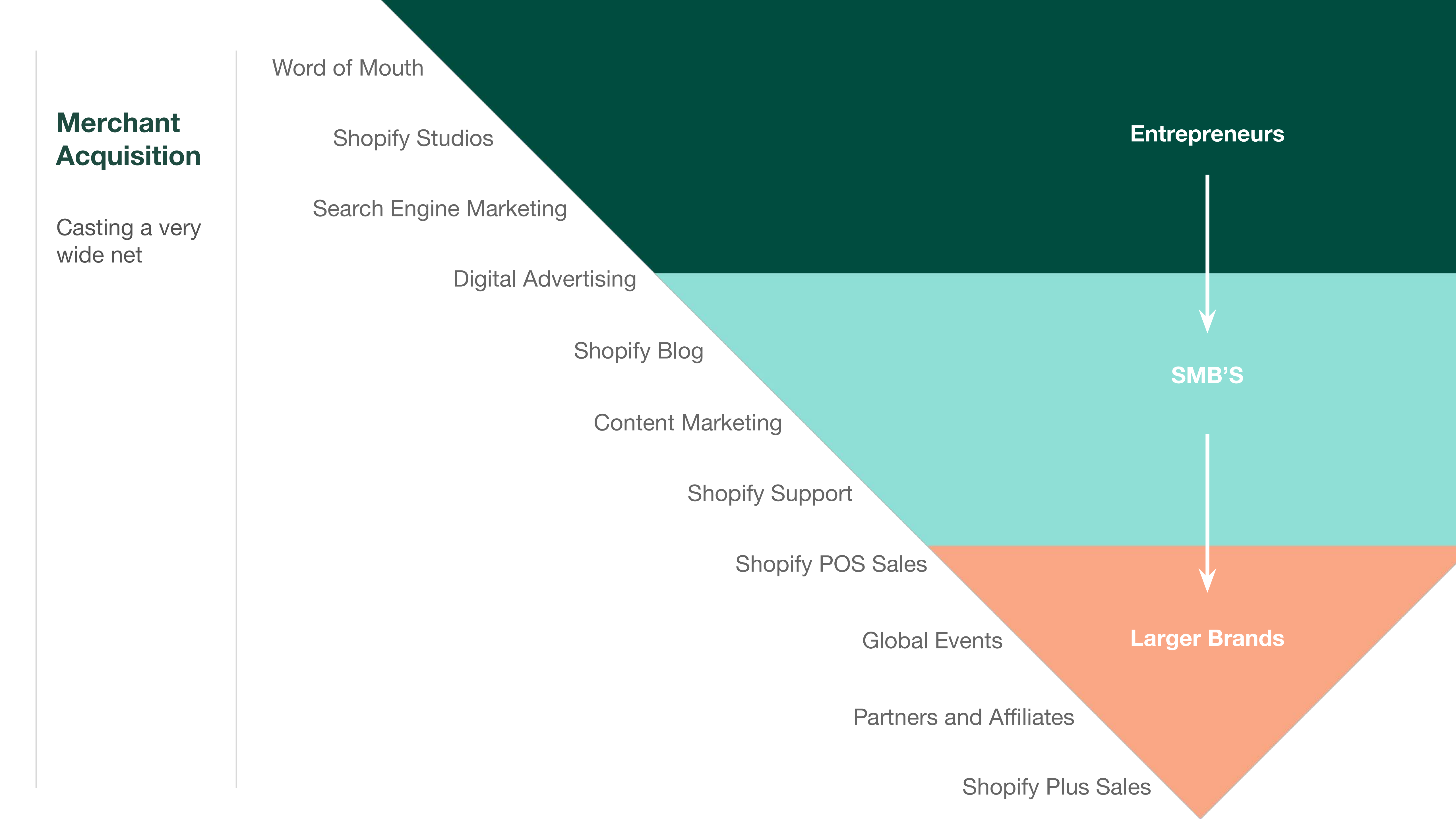
Partners and Affiliates

Shopify Plus Sales

Entrepreneurs

SMB'S

Larger Brands



Entrepreneur



Jovana Mullins founded social impact fashion brand, Alivia, with the goal to give a voice to those with developmental disabilities by sharing their artwork and stories on every piece of clothing they sell.

Since joining the platform in early 2020, Alivia has used Shopify Payments, Shop Pay and Shopify Shipping to run their online store. The company has also sold its products through social media using Shopify's multi-channel capabilities.

SMB

Pizza Pilgrims is a UK-based restaurant chain owned by brothers, Thom and James Elliot. When COVID-19 lockdowns closed their restaurants, they quickly pivoted to selling mailable pizza kits online.

During its time on the platform, Pizza Pilgrims has leveraged Shopify's multi-channel capabilities to sell its products through social media. Pizza Pilgrims also uses Shopify Payments to process sales on its online store, offering Shop Pay, our accelerated checkout, as an option.



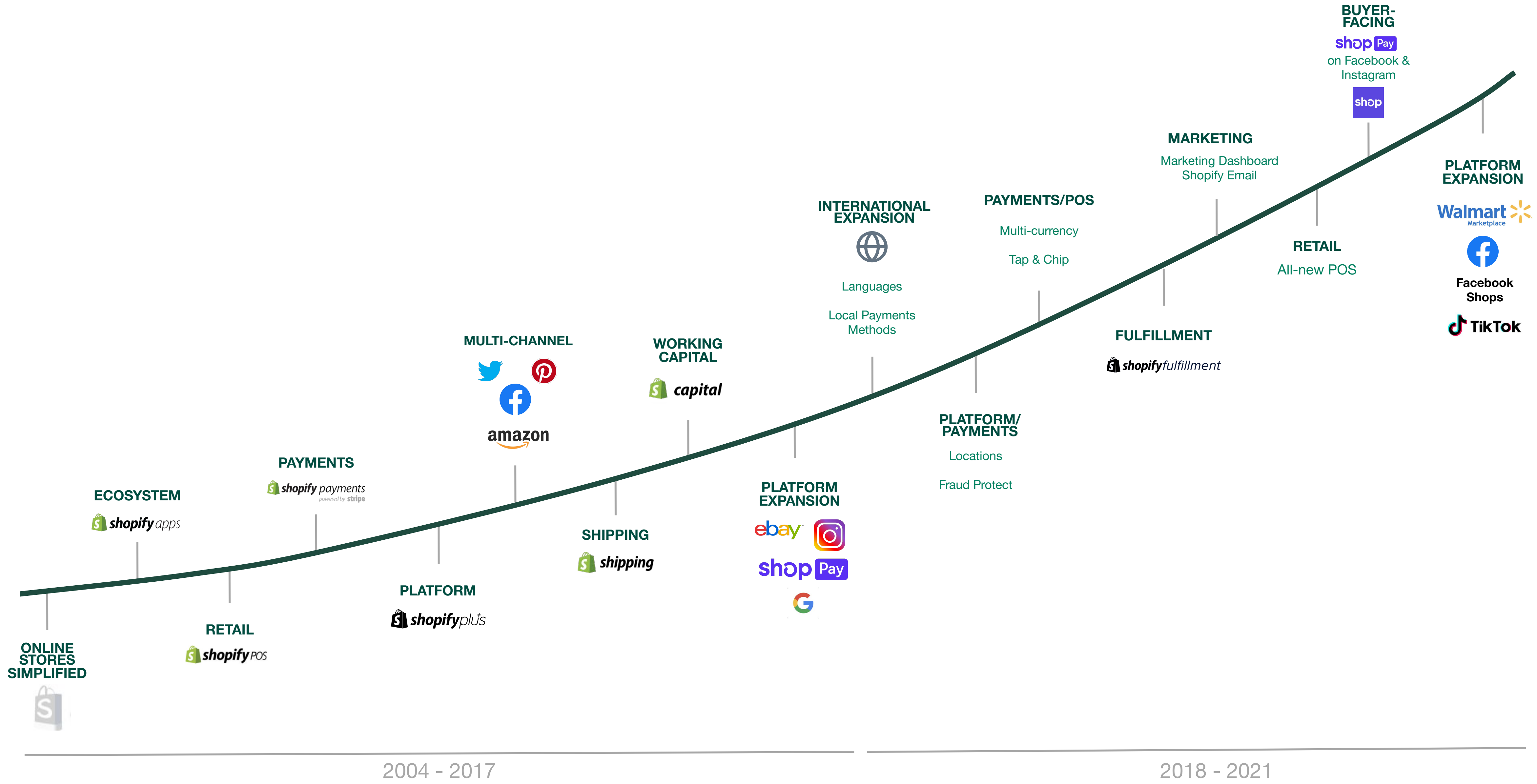
Larger Brands



General Mills

Merchant-First Focus Through Product Innovation

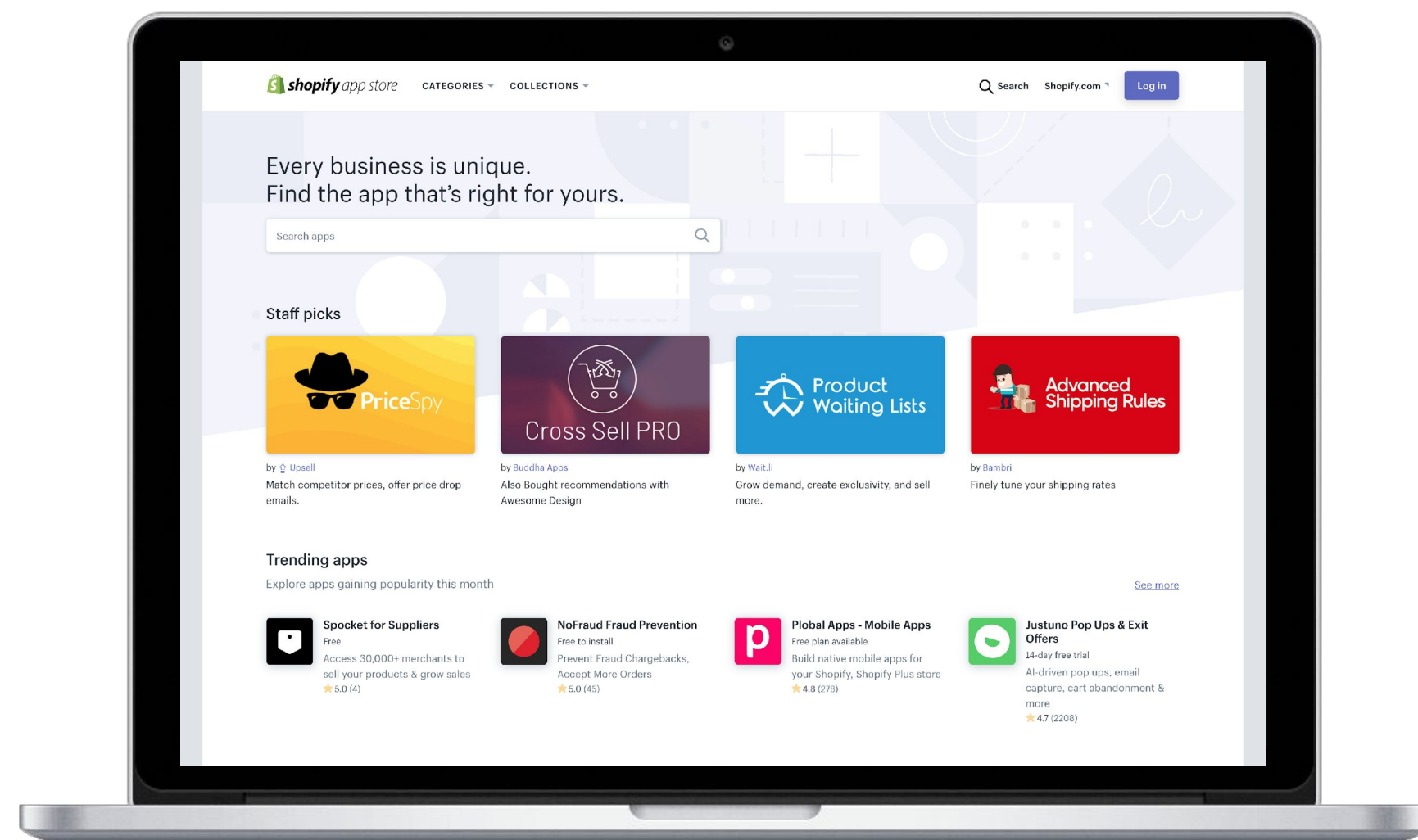
Lowering Barriers, Simplifying Operations, Catalyzing Merchant Sales



Rich and Extensive Partner Ecosystem

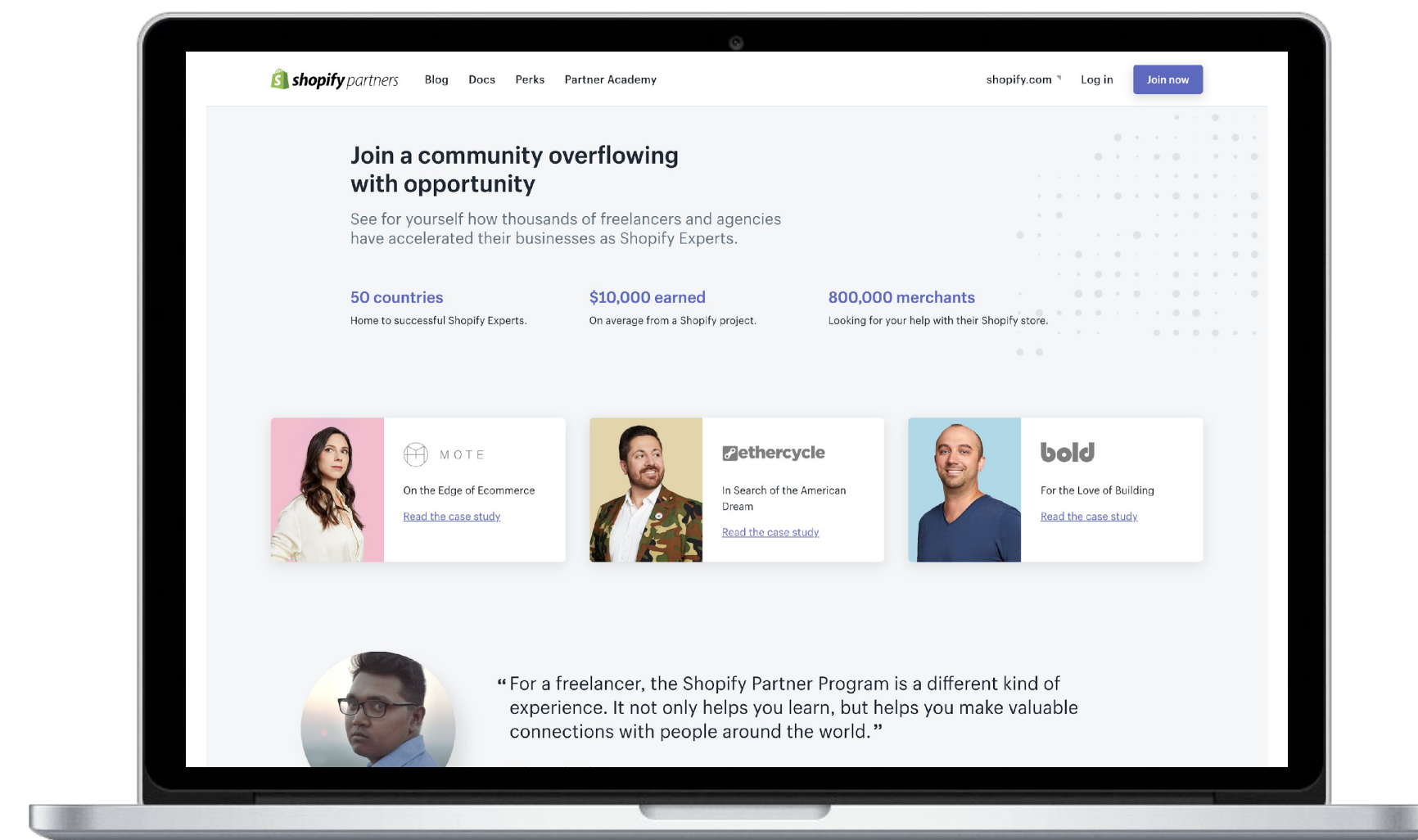
Extending the Value of the Platform Beyond our Merchants

6,000
Apps



Apps extending product capabilities

42,200
Ecosystem Partners



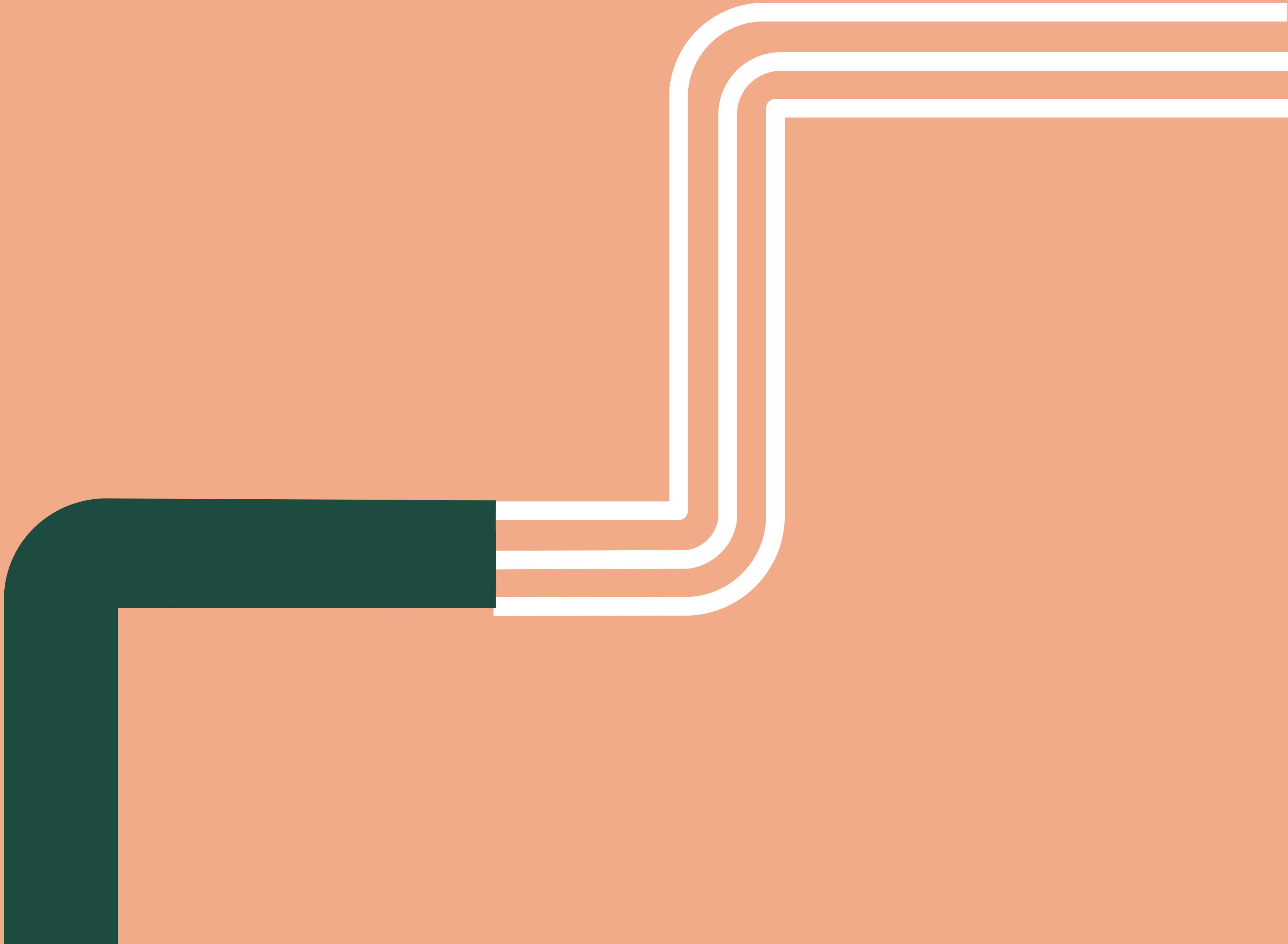
Referred at least one merchant to
Shopify in the last 12 months

Growth-Minded Culture



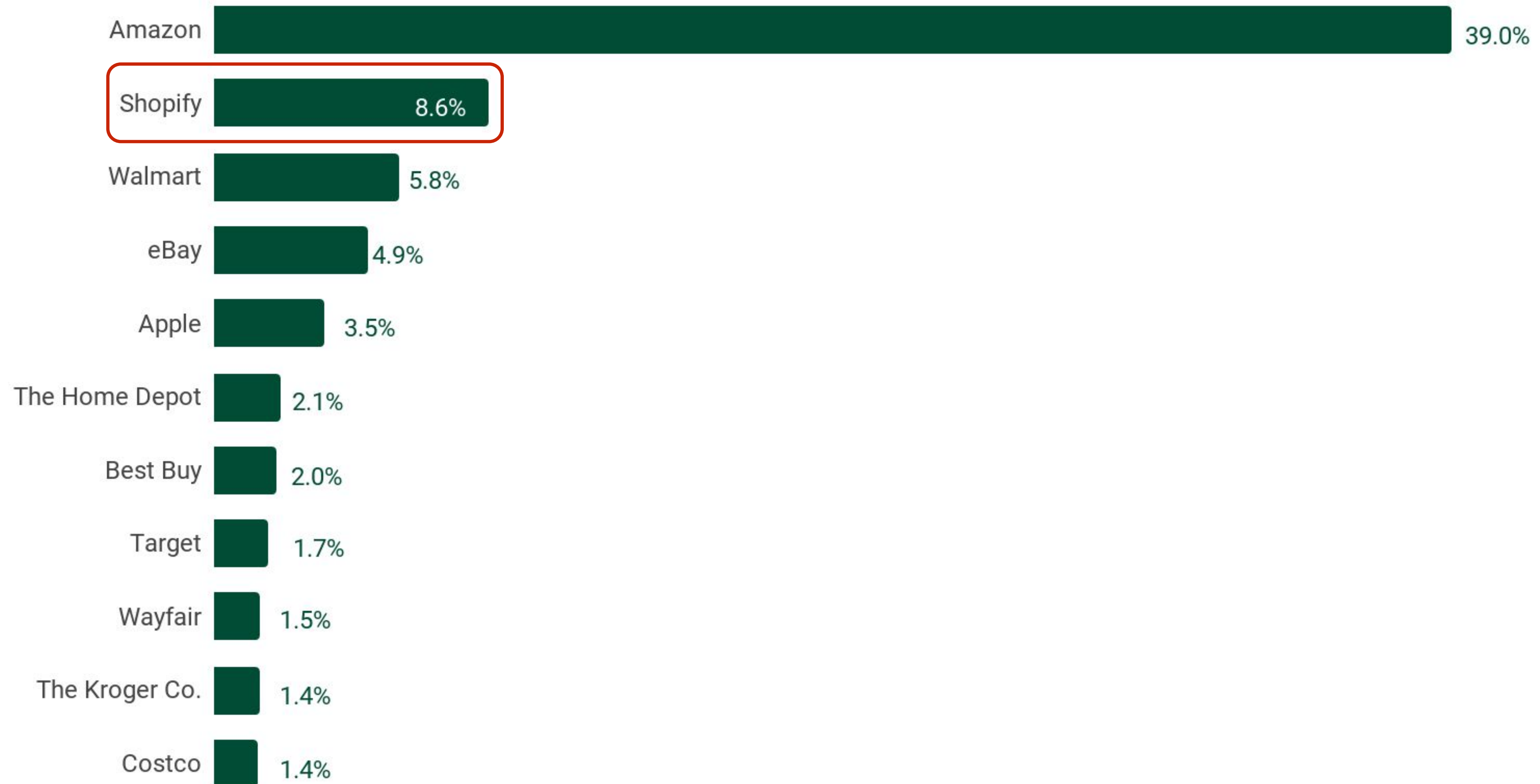
- Recruit talented, deeply caring individuals**
- Digital by Default allows employees to easily work offsite**
- Invest heavily in personal growth and development**
- Global reach**

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)

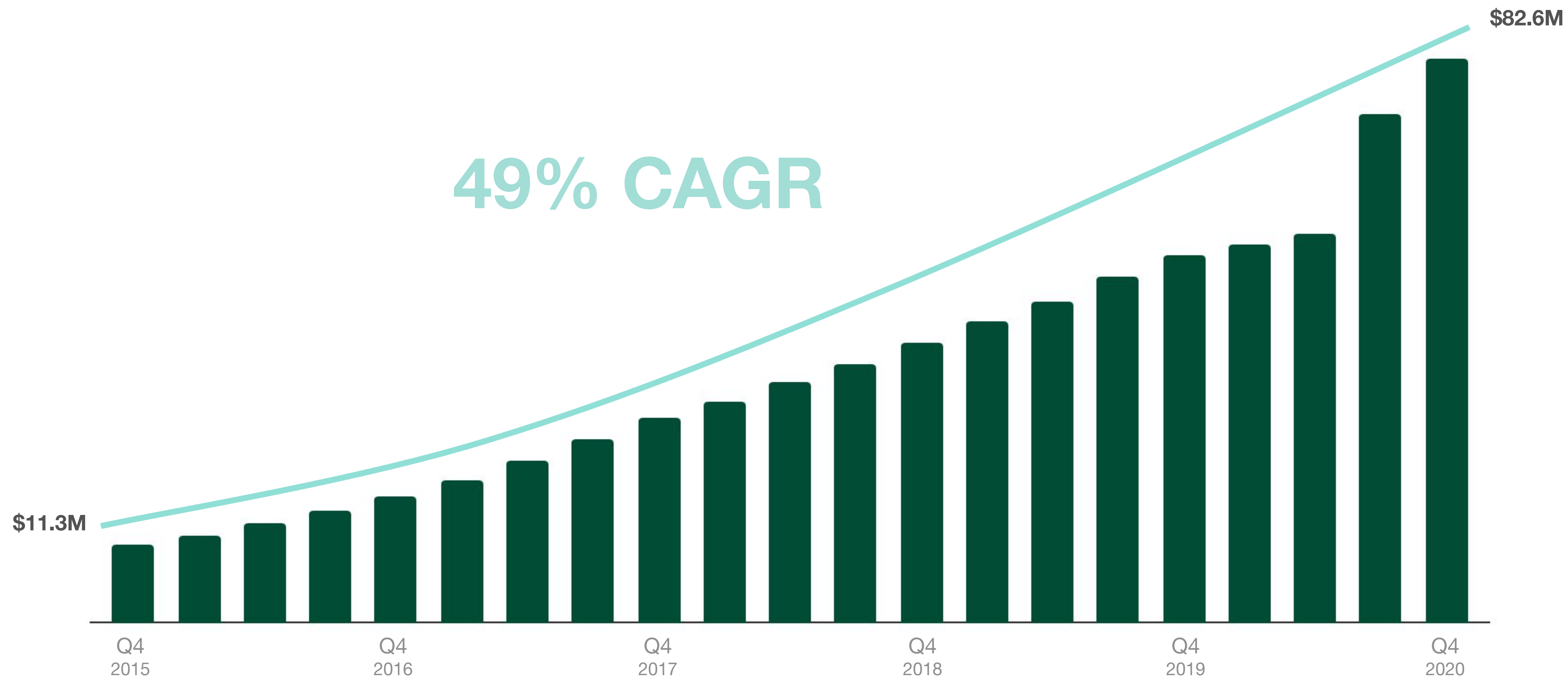
Strong Consistent Revenue Growth

When Our Merchants Succeed, Shopify Benefits



MRR Growth Accelerated YoY in Q4 2020...

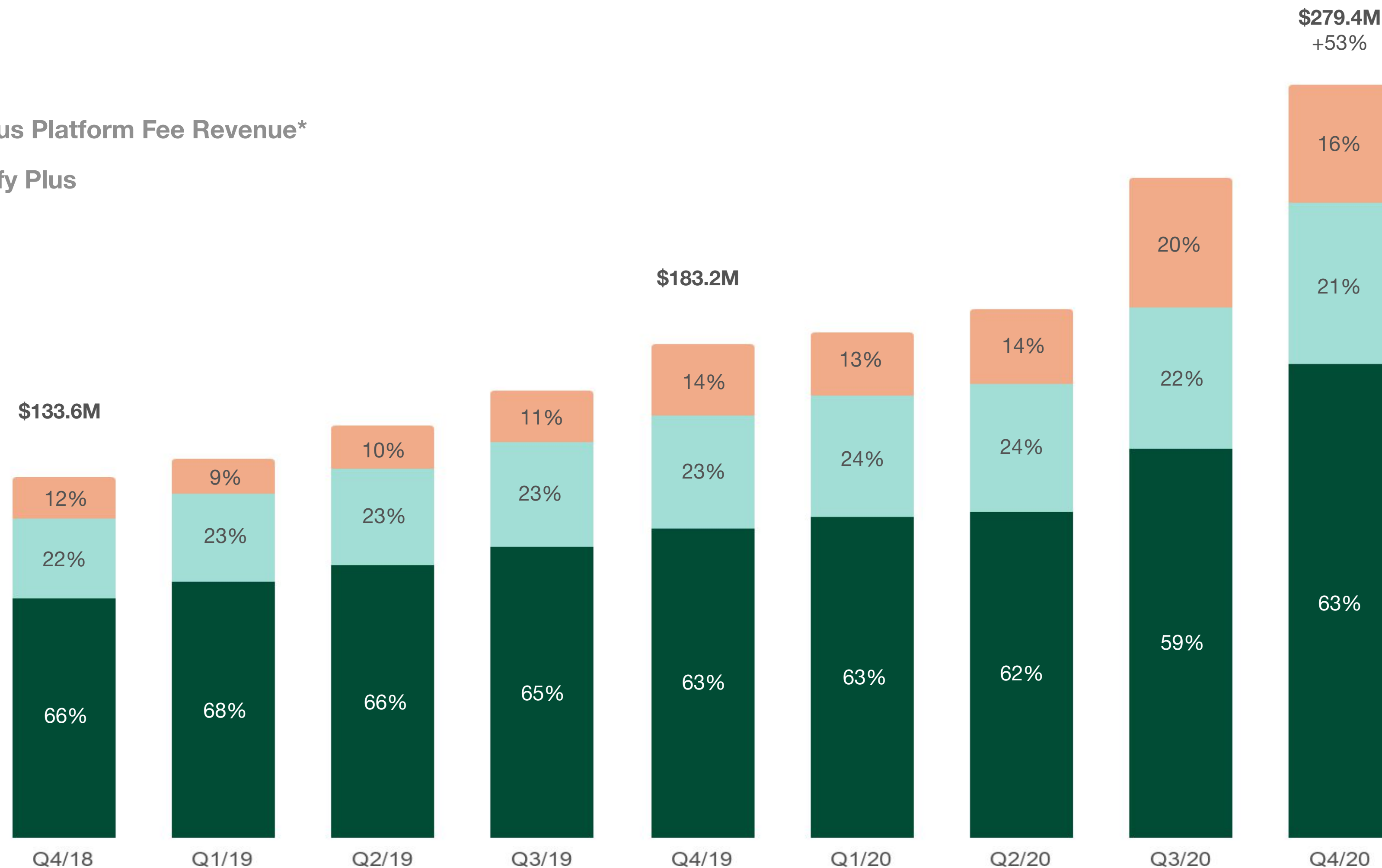
Continued high number of new merchants joining the platform in Q4 following record merchant additions in Q3



*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.

...Contributing to a YoY Acceleration in Q4 Subscription Solutions Revenue Growth

- Apps, Themes, Domains, Shopify Plus Platform Fee Revenue*
- Monthly Recurring Revenue - Shopify Plus
- Monthly Recurring 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

Strong Consistent GMV Growth

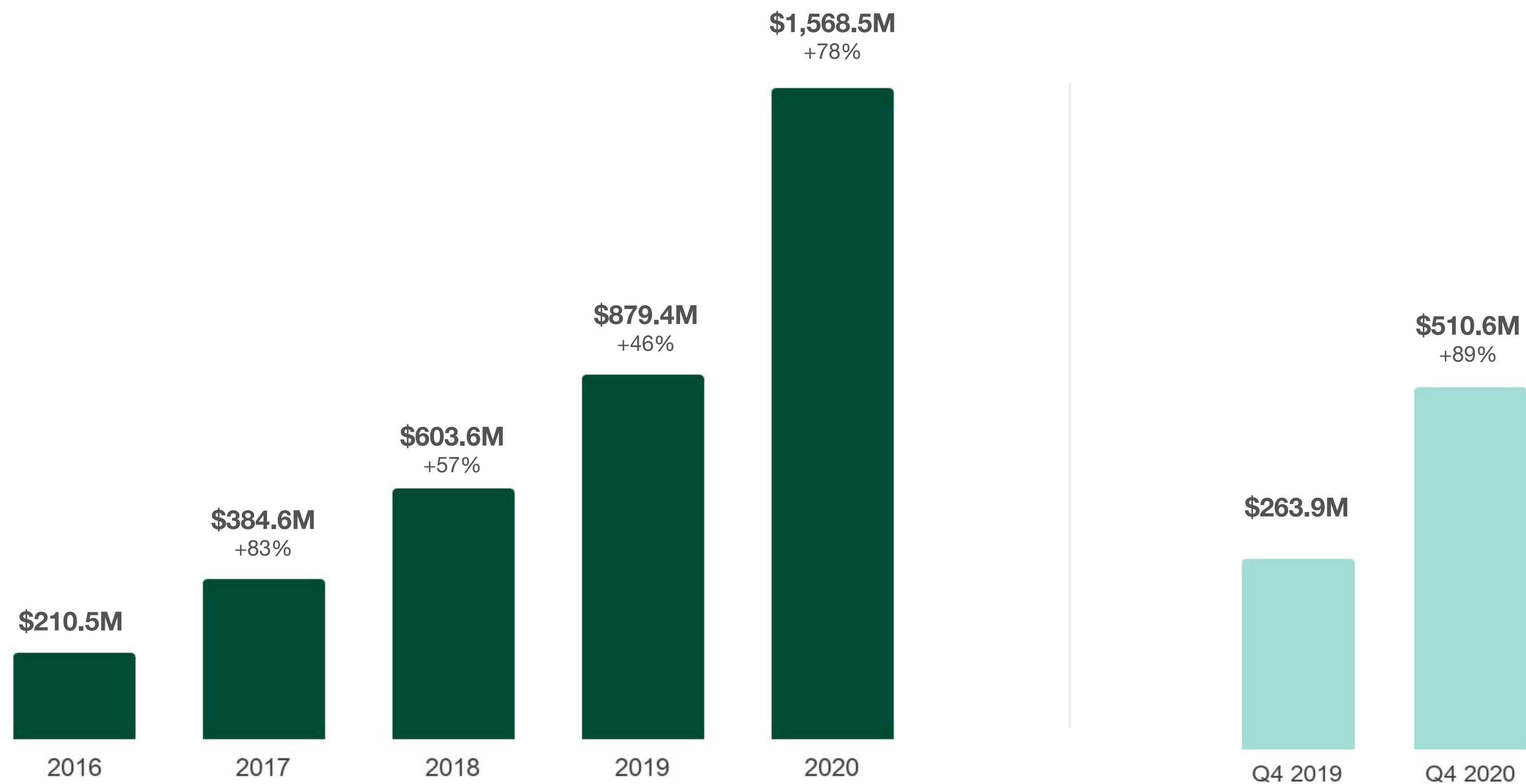
Merchants Are Joining, Scaling and Succeeding on Shopify



*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.

Strong Adjusted Gross Profit* Growth

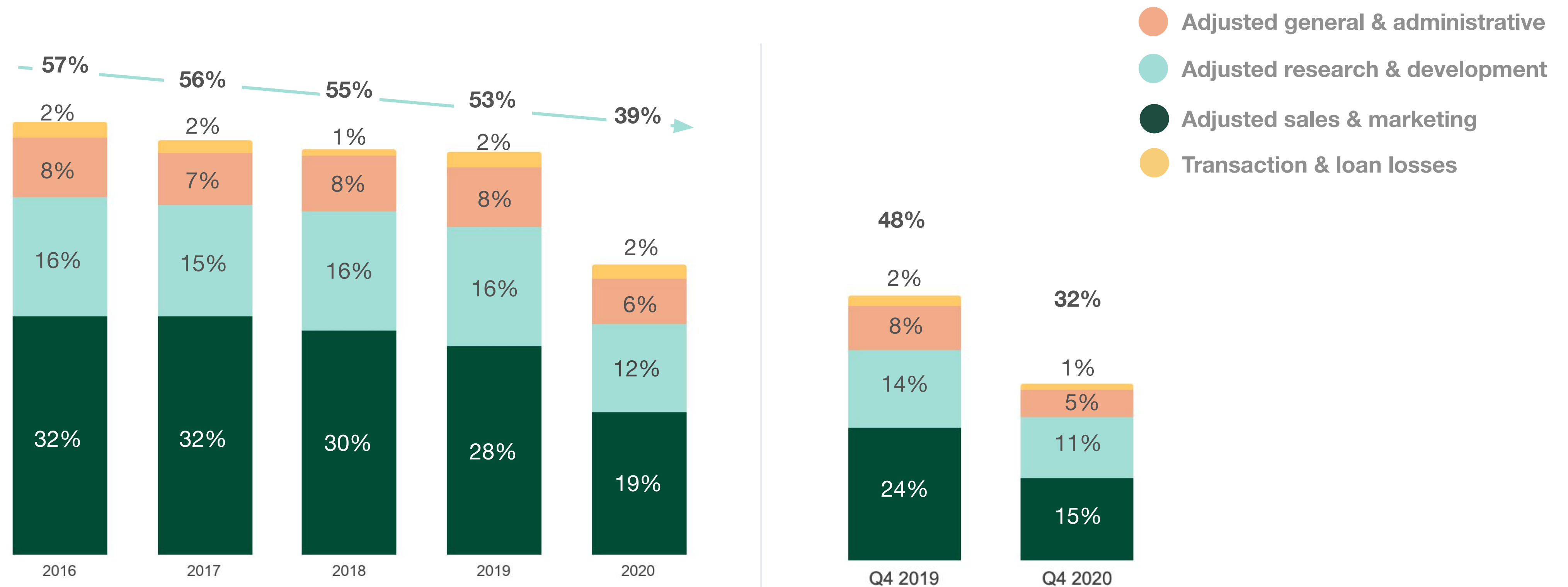
Powerful Business Model that Focuses on Gross Profit Dollar Growth



*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.

Improving Operating Leverage*

Strong Revenue Growth Backed By Disciplined Financial Management

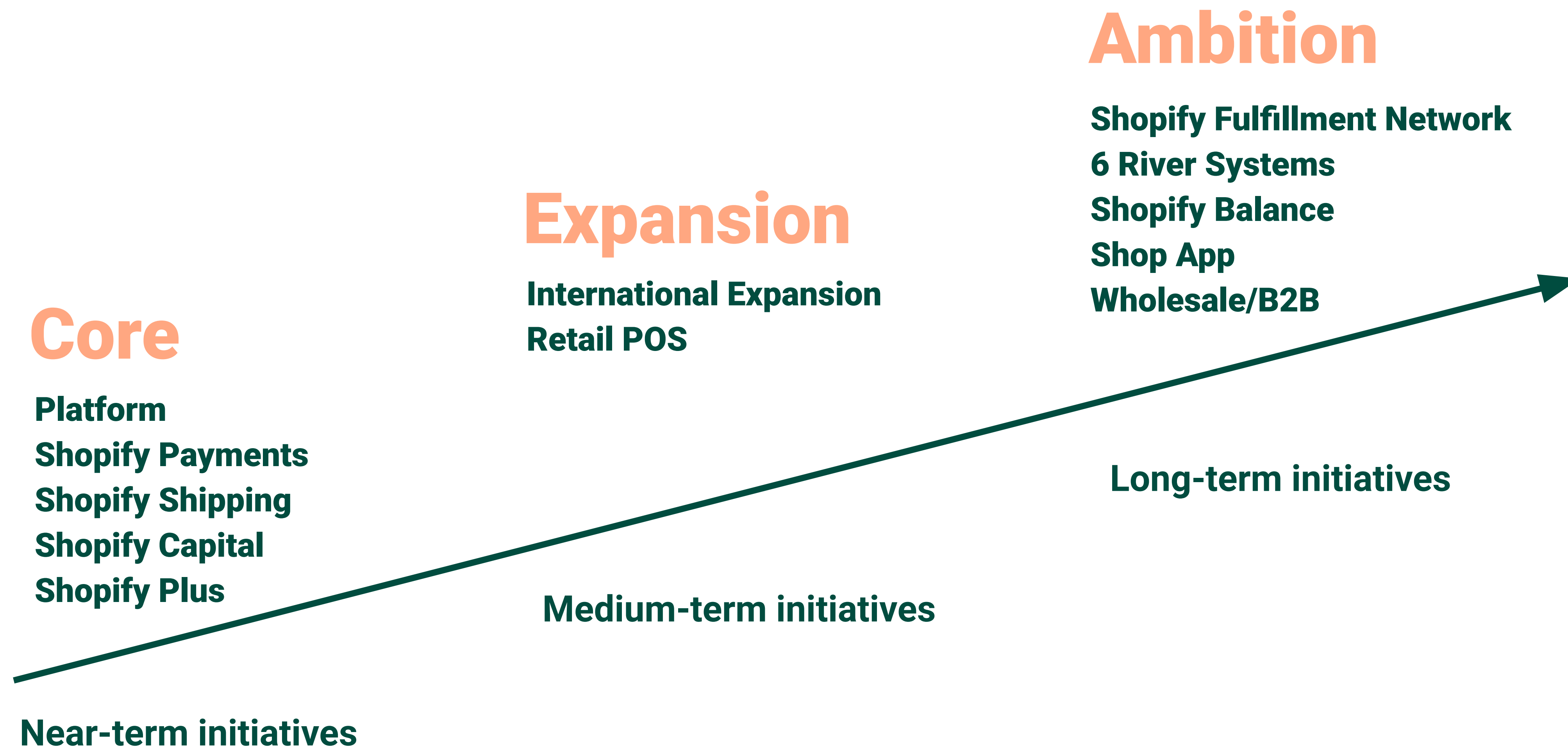


*Operating leverage measured using Adjusted Operating Expenses as a percentage of revenue. Excludes the effect of stock-based compensation expenses and related payroll taxes, amortization of acquired intangibles, and impairment of right-of-use assets and leasehold improvements. Adjusted Operating Expenses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

Numbers may not foot due to rounding.

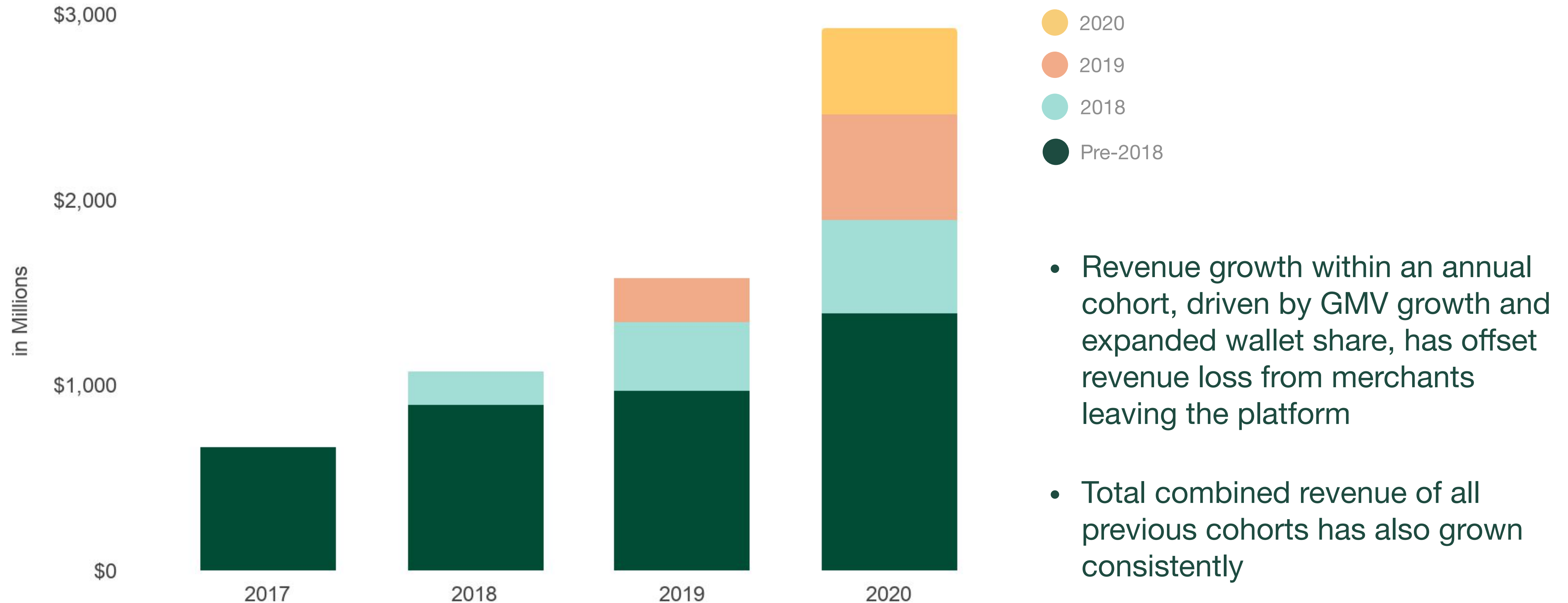
Building For the Long Term

Adding Energy to the Flywheel Through a Portfolio of Growth Investments



Annual Cohorts Provide Strong Foundation for Growth

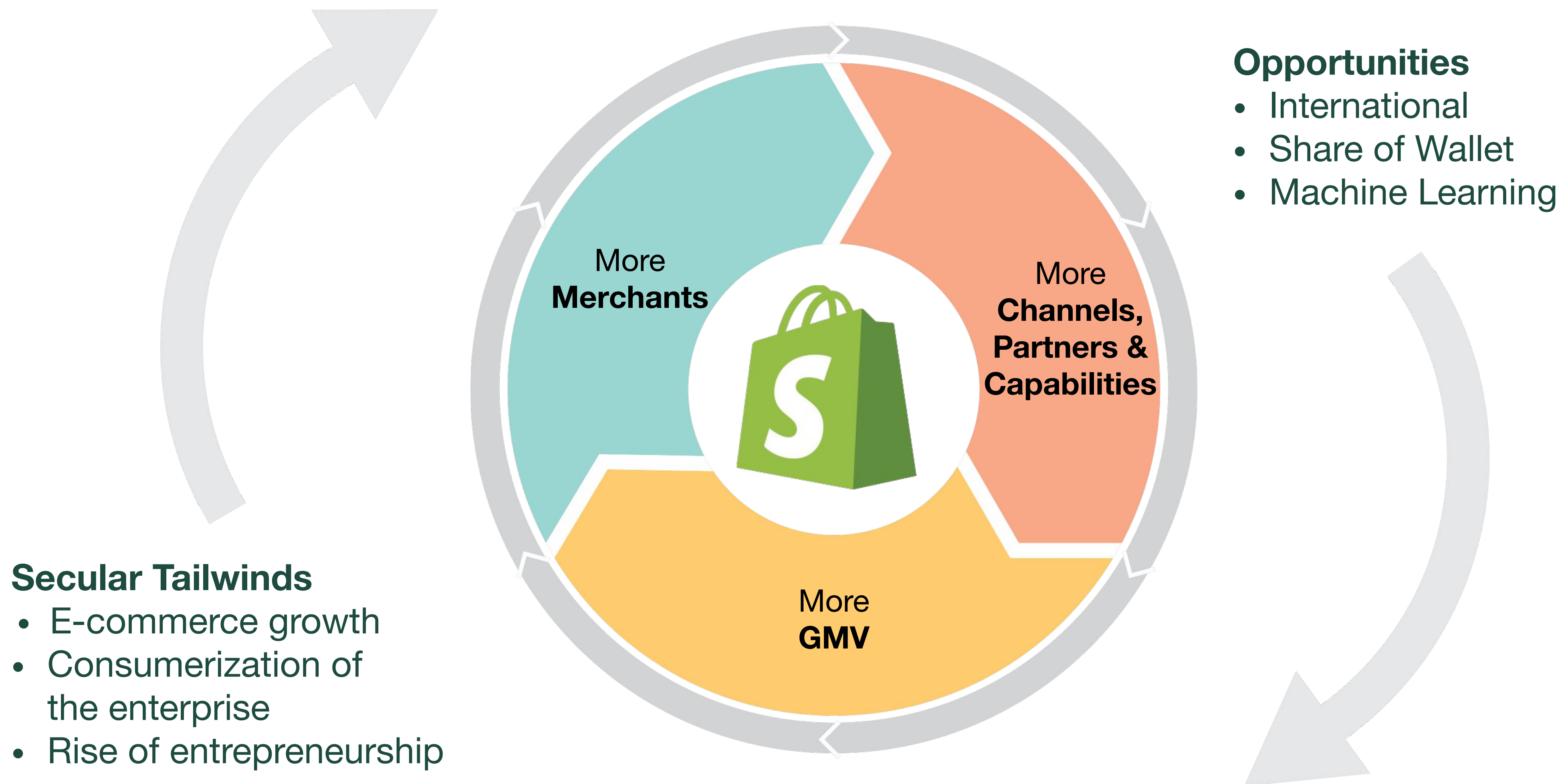
Revenue by Cohort



*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

Low-debt balance sheet with a proven, disciplined capital allocation approach

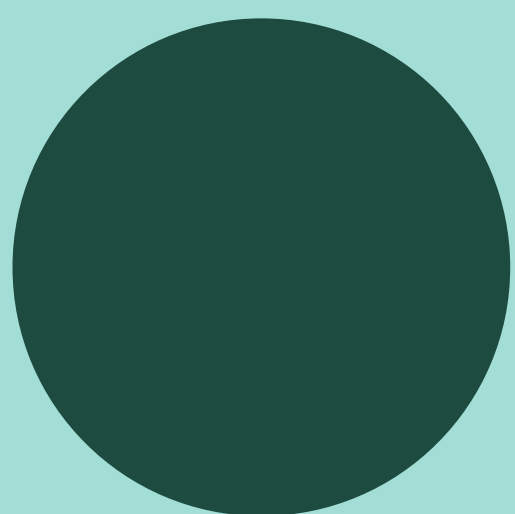
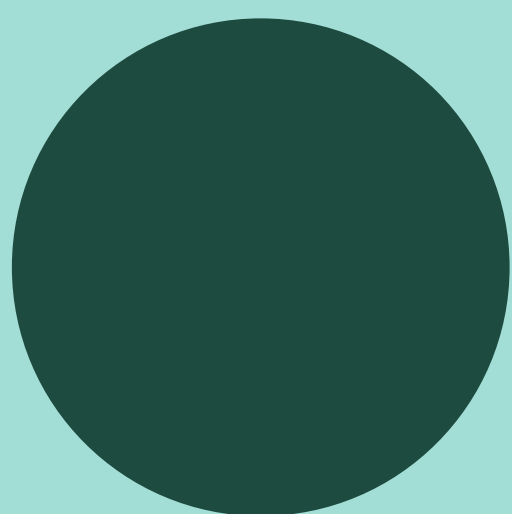
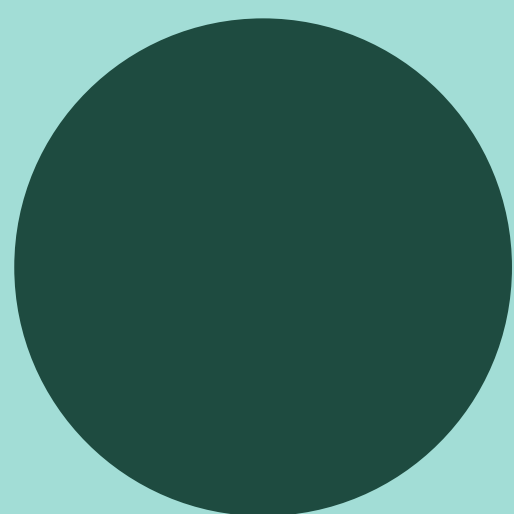
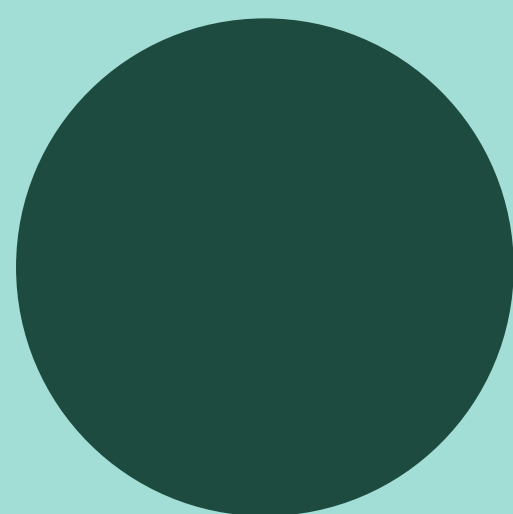
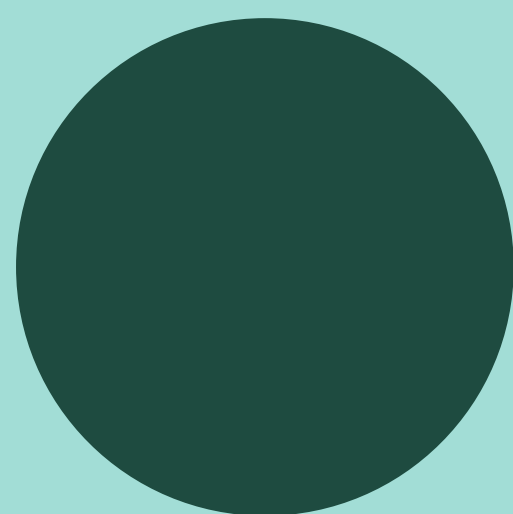
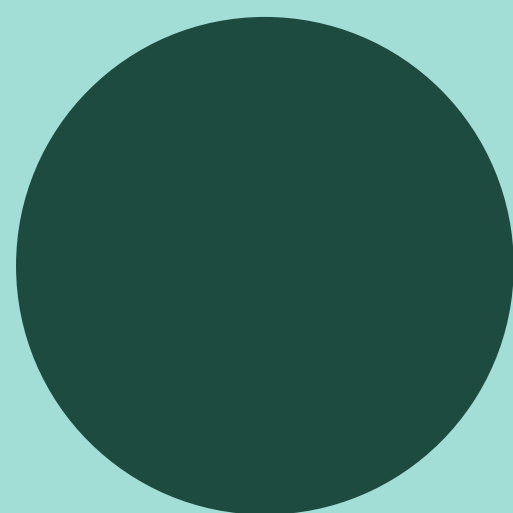
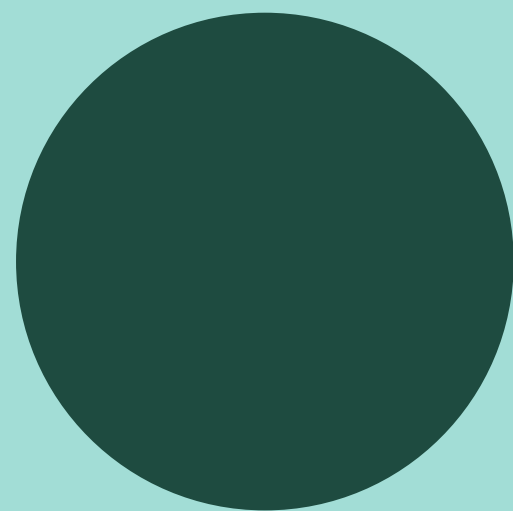
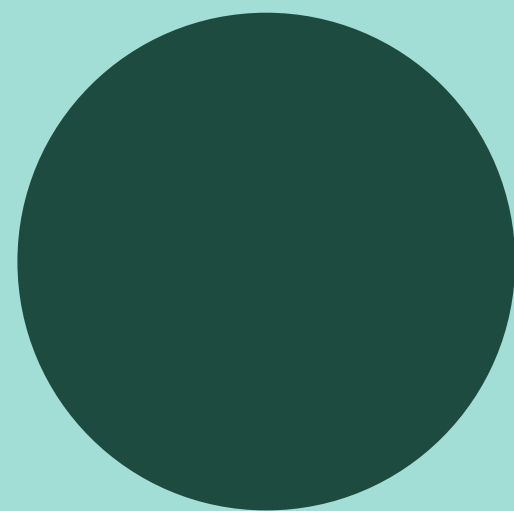
Significant Opportunity Ahead

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 U.S. 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 and amortization of acquired intangibles. Non-GAAP operating expenses also excludes an impairment of right-of-use assets and leasehold improvements.

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	Q4'19	Q4'20
GAAP Gross Profit	596,267	865,643	1,541,520	263,891	504,388
add: SBC and SBC-related payroll taxes	2,441	4,090	7,472	1,209	1,705
add: Amortization of Acquired Intangibles	4,914	9,624	19,488	4,820	4,532
Non-GAAP Gross Profit	603,622	879,357	1,568,480	269,920	510,625
% of Revenue	56%	56%	54%	53%	52%
GAAP Sales and marketing	350,069	472,841	602,048	132,063	154,728
less: Sales and marketing SBC and SBC-related payroll taxes	24,056	38,167	46,390	11,319	10,044
less: Amortization of Acquired Intangibles	-	283	1,548	283	384
Non-GAAP Sales and Marketing	326,013	434,391	554,110	120,461	144,300
% of Revenue	30%	28%	19%	24%	15%

Expressed in US\$000s	2018	2019	2020	Q4'19	Q4'20
GAAP Research and development	230,674	355,015	552,127	102,753	159,077
less: Research and development SBC and SBC-related payroll taxes	59,575	104,645	188,249	32,361	54,262
less: Amortization of Acquired Intangibles	-	232	233	58	59
Non-GAAP Research and development	171,099	250,138	363,645	70,334	104,756
% of Revenue	16%	16%	12%	14%	11%
GAAP General and administrative	99,196	153,765	245,343	50,518	65,395
less: General and administrative SBC and SBC-related payroll taxes	17,690	29,861	52,195	8,533	16,480
less: Impairment of right-of-use assets and leasehold improvements	-	-	31,623	-	-
Non-GAAP General and administrative	81,506	123,904	161,525	41,985	48,915
% of Revenue	8%	8%	6%	8%	5%
GAAP Transaction and loan losses	8,248	25,169	51,849	8,636	12,647
% of Revenue	1%	2%	2%	2%	1%
GAAP Operating Expenses	688,187	1,006,790	1,451,367	293,970	391,847
less: Operating SBC and SBC-related payroll taxes	101,321	172,673	286,834	52,213	80,786
less: Amortization of Acquired Intangibles	-	515	1,781	341	443
less: Impairment of right-of-use assets and leasehold improvements	-	-	31,623	-	-
Non-GAAP Operating Expenses	586,866	833,602	1,131,129	241,416	310,618
% of Revenue	55%	53%	39%	48%	32%