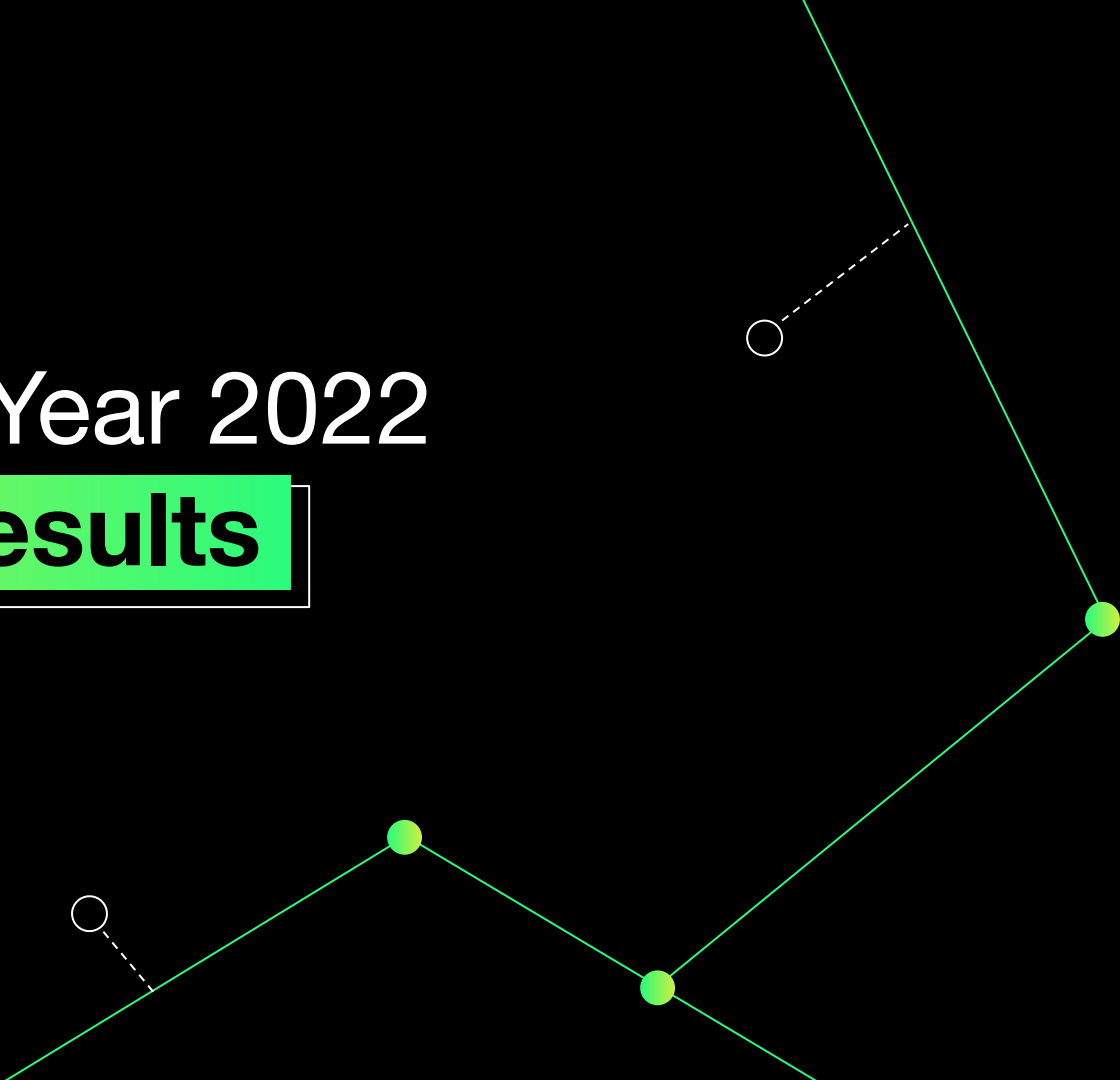




Q4 and Full Year 2022

Financial Results

February 15, 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 Q4 2022 earnings release, and in our Management's Discussion and Analysis and 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 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 Q4 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.

This presentation contains trademarks, service marks, trade names and copyrights of Shopify and other companies, which are the property of their respective owners.

February 2023

SHOPIFY IN 2022



\$5.6B

Revenue in 2022
(up 21% YoY)



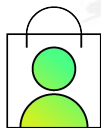
\$650B

Global commerce since
Shopify's inception



~10%

US ecommerce market share*
and expect further penetration



~561M

Unique online shoppers purchasing
from Shopify merchants in 2022

Millions

of merchants in

+175 Countries



*Source: eMarketer, November 2022

Shopify market share based on Shopify's 2022 US GMV (excluding merchant sales made through POS)

Black Friday Cyber Monday



\$7.5B GMV

↑ 21% vs 2021



















52M Consumers

↑ 12% vs 2021



Products and enhancements shipped in 2022

We helped merchants build relationships with buyers	We lowered the barriers to sell internationally	We made it easier to go from first sale to full scale
<p>+ Launched:</p> <ul style="list-style-type: none"> Shopify Audiences Shopify Collabs POS Go Tap to Pay Twitter Shopping YouTube Shopping <p>+ Continued to build out the Shop app</p> 	<p>+ Launched:</p> <ul style="list-style-type: none"> Markets Markets  <p>+ Localized subscription pricing in approximately</p>  200 Countries	<p>+ Made Shopify Functions, Hydrogen and Oxygen fully available to merchants</p>  <p>+ Expanded back office merchant solutions to more countries</p> <ul style="list-style-type: none"> shopify capital shopify shipping shopify payments <p>+ Introduced Commerce Components by Shopify*</p> 

*Launched in January 2023



Key investment themes

01 Building buyer relationships

02 Going global

03 From first sale to full scale

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 using Shopify POS for their retail locations and pop-up shops

SKKN
BY KIM

MOM'S SPAGHETTI

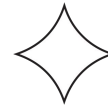
TODD SNYDER
NEW YORK

culture  kings



+40%

2022 Offline GMV YoY



In Q4 we continued to focus on **increasing scalability of Shopify POS** through the launch of innovative new features



We can now power retailers with up to **1,000 physical locations**

We **significantly improved** our gift card and exchange functionality

We rolled out **Shop Pay and Shop Pay Installments** in a limited beta

Shopify POS Go

Our latest all-in-one mobile POS hardware empowers merchants to meet consumers wherever they are and however they want to purchase – from ‘curb to counter’

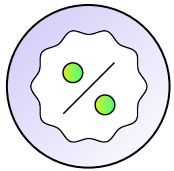
Initial response to POS Go has been exceptionally strong and we are excited to drive greater adoption in 2023



Shop app

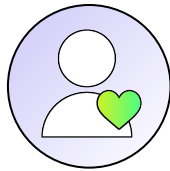
Shop has grown from an accelerated checkout and order tracking tool into an **important driver of a merchant's business performance**

We shipped **dozens of enhancements** to Shop in 2022 including:



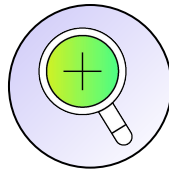
Discounts

+



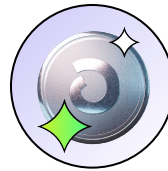
Personalized shopping experiences

+

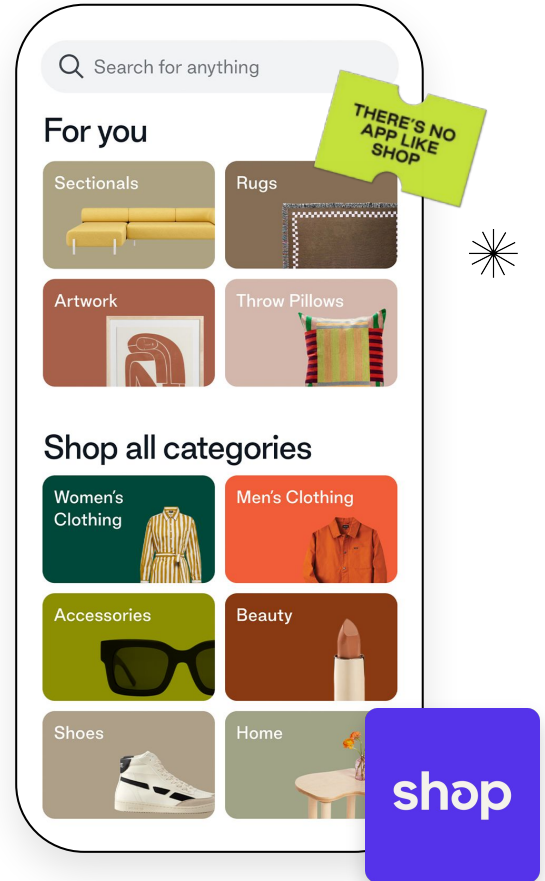


Expanded search function

+



Embedded Shop Cash



Shop Pay

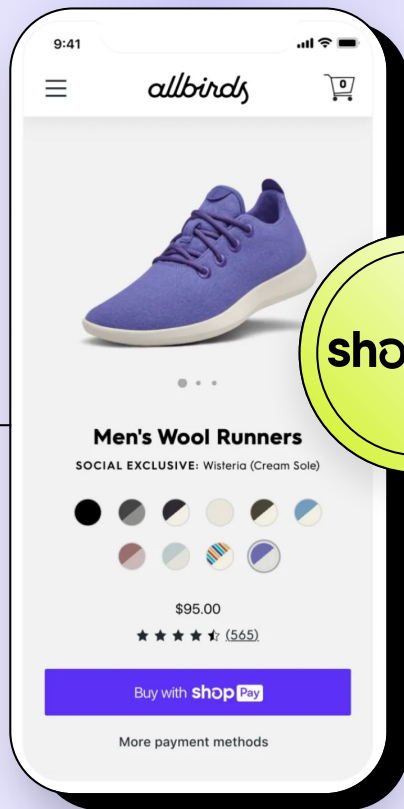
Gaining adoption & catalyzing sales through frictionless commerce

#1

converting accelerated checkout on the internet

100M+

buyers opted-in to Shop Pay



\$77B

cumulative GMV since launch in 2017

\$11B

GMV in Q4 2022

Shopify Audiences

Merchants are leveraging Shopify Audiences to create high-purchase-intent audiences for digital audiences to improve buyer conversion and return on advertising spend

JONATHAN SIMKHAI

- ✓ **6.6x** return on ad spend
- ✓ **80%** increase in conversion rate
- ✓ **50%** decline in cost per acquisition



SCOTTS FLOWERS NEW YORK CITY

- ✓ **140%** higher return on ad spend
- ✓ **35%** increase in conversion rate
- ✓ **27%** of customers attributed to Shopify Audiences



Key investment themes

01 Building buyer relationships

02 Going global

03 From first sale to full scale

Expand our geographic reach

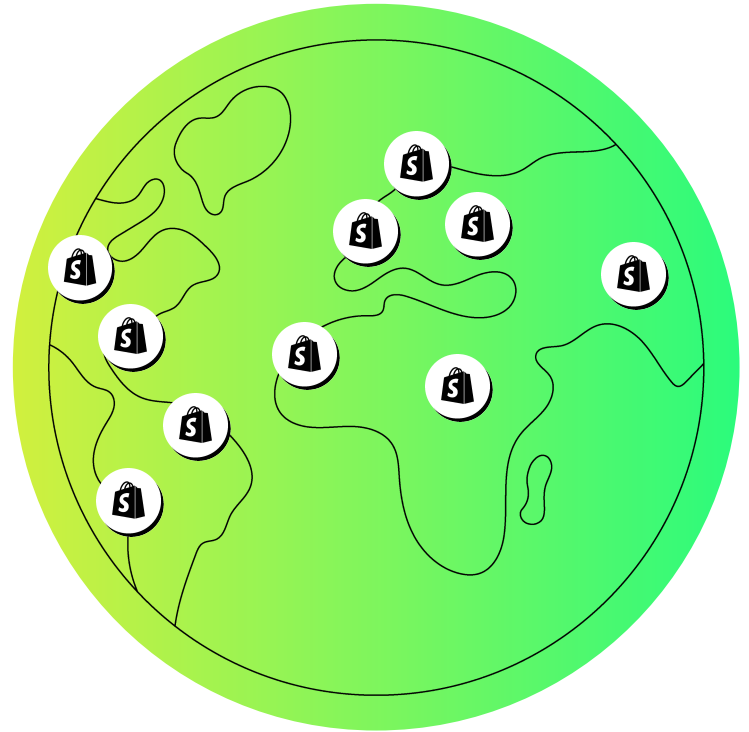
We continue to localize our platform and feature set to merchants across the globe, lowering the barriers to entrepreneurship

+ Shopify Payments now available in **22 countries**

+ Shopify POS now available in **14 countries**

+ Shopify Shipping now available in **7 countries**

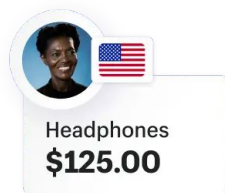
+ Shopify Capital now available in **4 countries**



We're helping our merchants reach buyers **wherever they are located**

Shopify enabled **\$28B in cross border sales** in 2022 with nearly 28% of all traffic coming from buyers outside of the merchant's home country

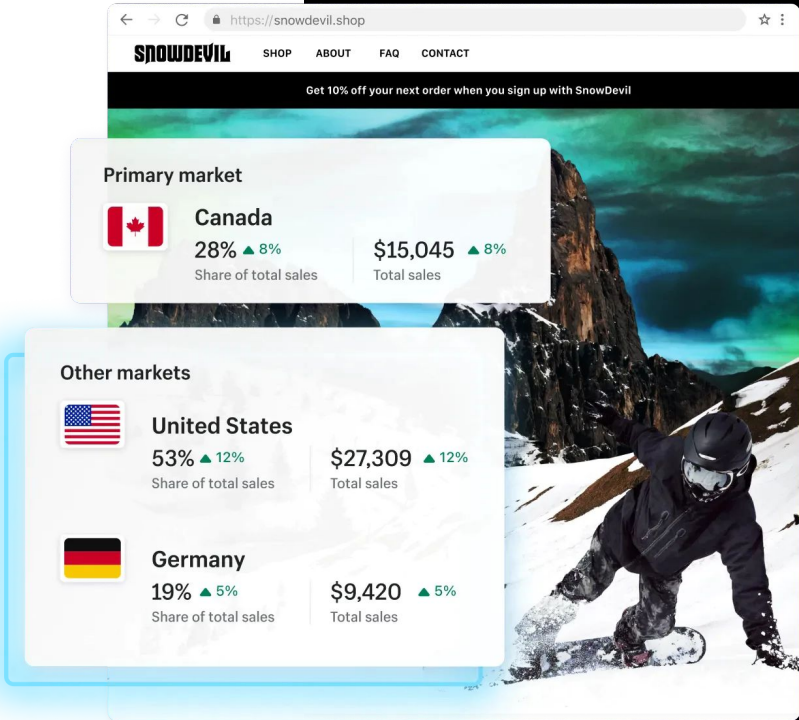
Our solutions allow merchants to sell globally and provide a localized experience from a single Shopify store **making multi-market management easy**



Shopify Markets Pro

A fully integrated merchant of record product that provides a **complete end-to-end global commerce solution**

We've seen evidence of **cross-border conversion improving by up to 36%*** with Shopify Markets Pro



* Source: [Shopify merchant case study](#)



Key investment themes

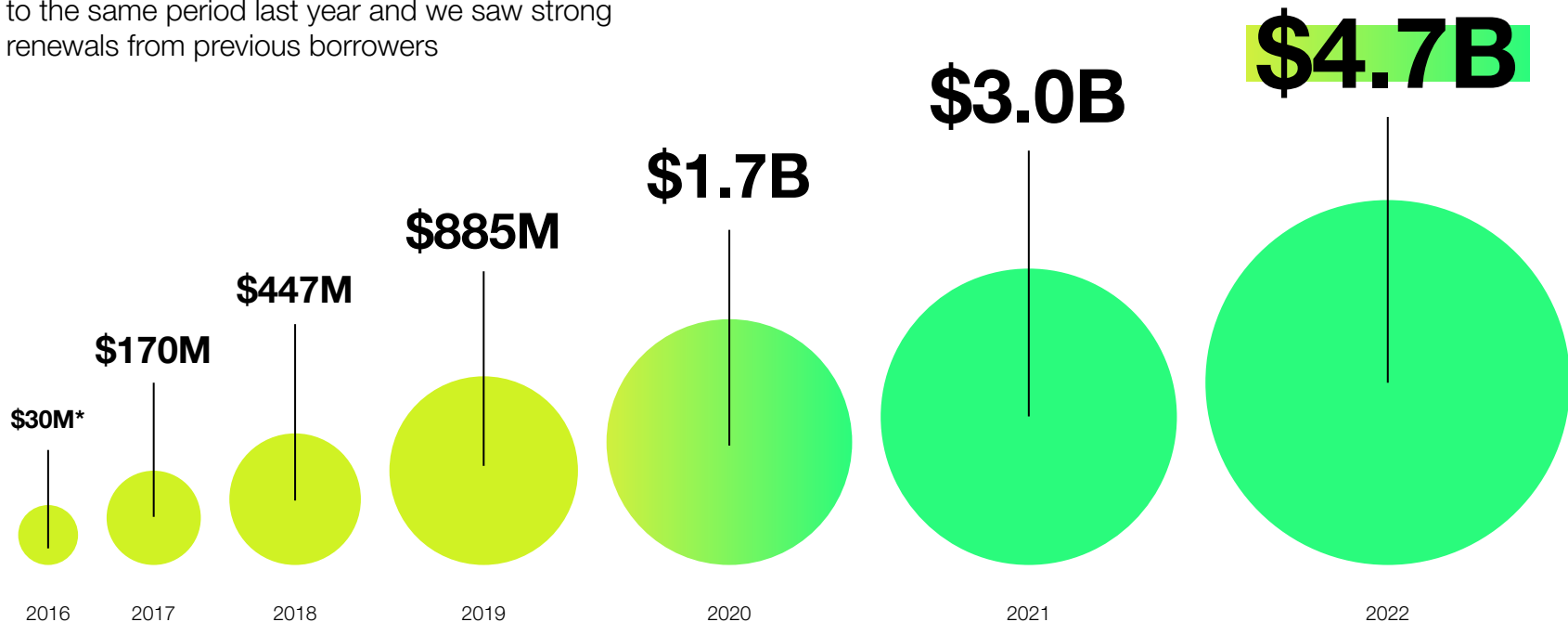
01 Building buyer relationships

02 Going global

03 From first sale to full scale

Shopify Capital

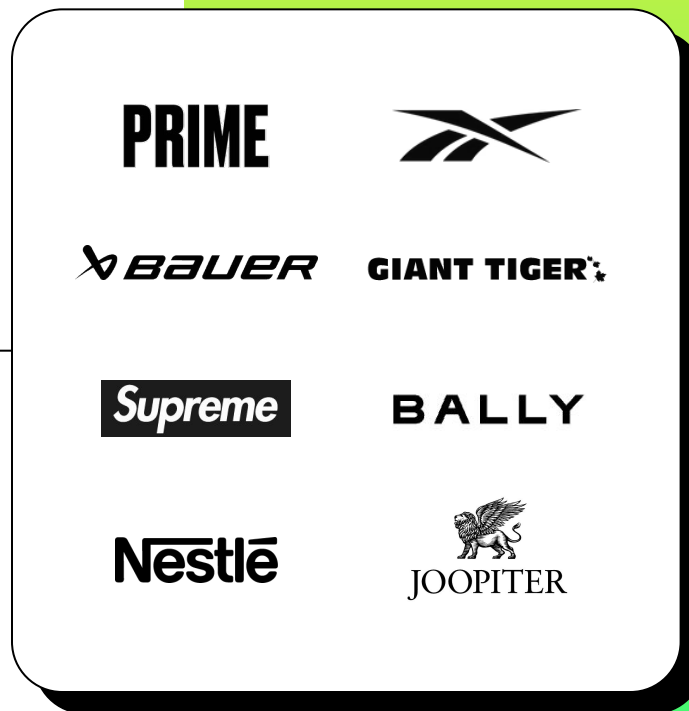
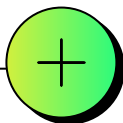
More merchants accepted Capital in Q4 compared to the same period last year and we saw strong renewals from previous borrowers



*Cumulative capital advanced since the launch of Shopify Capital

Shopify Plus

Brands across a broad spectrum of verticals and geographies joined Shopify Plus in Q4 and early Q1



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

Toy and entertainment industry leader, **Mattel**, is bringing its portfolio of brands to Shopify and will be one of the first enterprise retailers to use Commerce Components by Shopify



Premier System Integrator Partnerships

To support the adoption of Shopify by some of the **world's largest brands**, we've signed business partnership agreements with system integrators Accenture, Deloitte, Ernst & Young, KPMG, and IBM Consulting



Shopify Tax

A new product offered to US-based merchants that **takes the stress out of sales** by simplifying tax compliance

Early data shows that **merchant adoption has ramped quickly**, speaking to the trust that merchants have in Shopify

The image features a man with a beard and short hair, wearing a light blue patterned shirt, sitting in a colorful striped hammock and smiling while using a laptop. The background is a lush green outdoor setting. Overlaid on the image are several UI elements:

- A navigation menu on the right with items: Checkout, Shipping and delivery, Taxes and duties (highlighted in green), Locations, and Gift cards.
- State selection buttons for Nevada, New Jersey, and Connecticut.
- A New Mexico sales summary box at the bottom right showing 'Your sales' at \$87,300 and 'Regional threshold' at \$100,000, with a green progress bar.
- A circular icon with a percentage sign and two green circles at the bottom left.
- Decorative purple starburst icons.

State	Your sales	Regional threshold
New Mexico	\$87,300	\$100,000

Shop Promise

Shop Promise is a consumer facing badge that provides **reliable and accurate delivery** across the online store, checkout, and Shop app

Merchants using Shopify Fulfillment Network now have **Shop Promise enabled by default** guaranteeing faster, more reliable delivery to their buyers



Delivery tomorrow
Friday, August 12

Up to
25%
increase in conversion
rate with

shop Promise

Simplifying logistics to address merchants' pain points

 **shopify** fulfillment network

Ship products from overseas manufacturers to US ports

Manufacturer

Freight

PORT



flexport.

- Materials
- Manufacturing
- Product assembly
- Overseas transport
- Receiving and assessment

Products move smoothly in network or across channels


Distribution hubs

Fulfillment centers



Shopify partner warehouses

+

 RIVER SYSTEMS



- Cross-docking and prep
- D2C, wholesale, retail, marketplaces
- Sorting facilities and inventory balancing
- Last mile delivery and returns processing

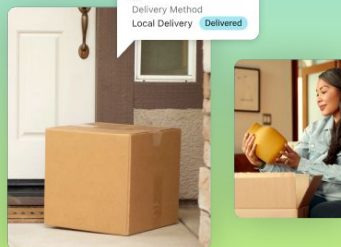
 

Fulfill and deliver orders quickly and reliably

Customers

PORCH



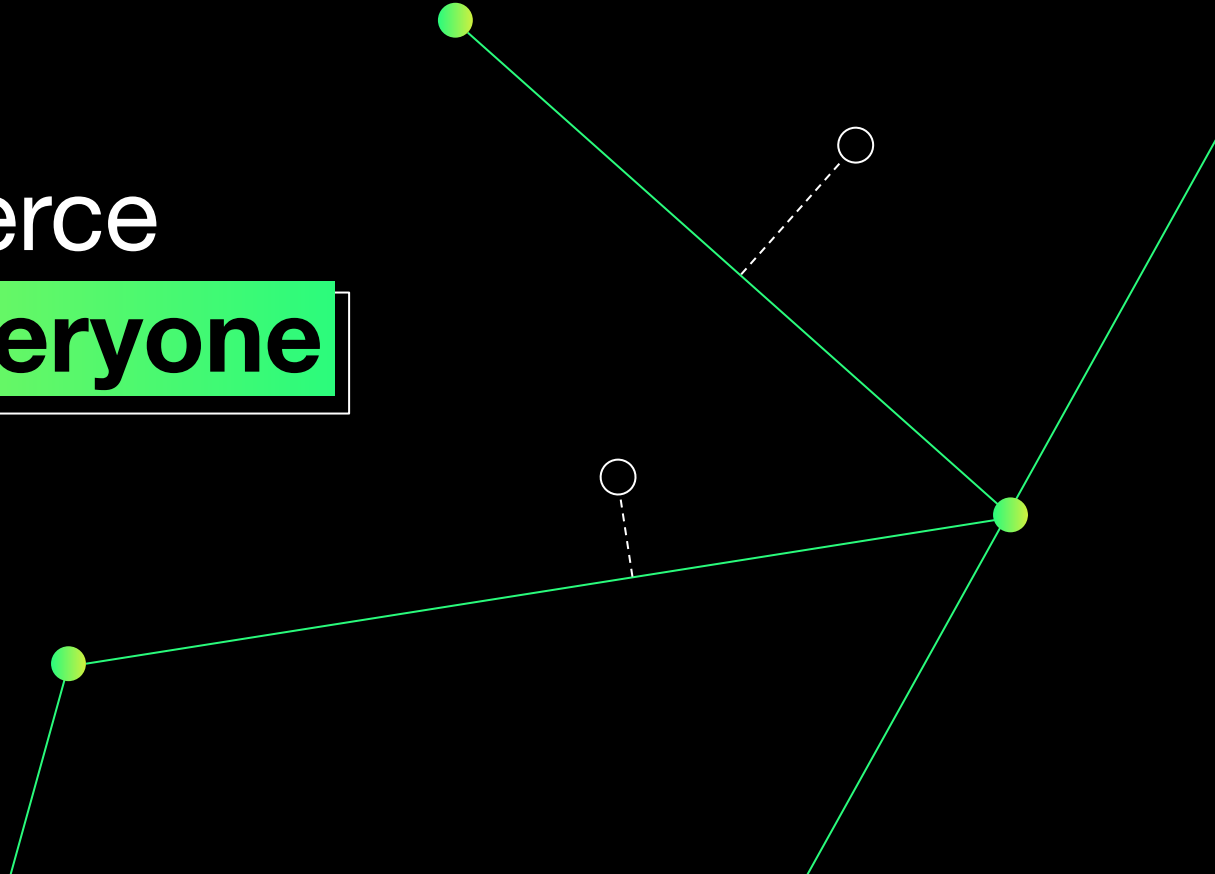
shop Promise

- Delivery guarantee with up to 25% increase in sales conversion
- Online stores, social and marketplaces





Make commerce
better for everyone





\$61.0B

GMV



13% vs Q4 2021 (+17% constant currency)



Outpacing US retail growth of 6%*

Factors driving Q4

- Strong spending throughout the holiday season
- Record setting Black Friday Cyber Monday



\$1.7B

Revenue

26% vs Q4 2021

28% constant currency



\$1.3B

Merchant Solutions

30% vs Q4 2021



\$400.3M

Subscription Solutions

14% vs Q4 2021





\$34.2B

GMV processed on
Shopify Payments

↑ 23% vs Q4 2021

↑ GPV penetration 56% vs 51% in Q4 2021

↑ GPV penetration +210 bps QoQ



\$1.7B

Revenue

26% vs Q4 2021
28% constant currency



\$1.3B

Merchant Solutions

30% vs Q4 2021



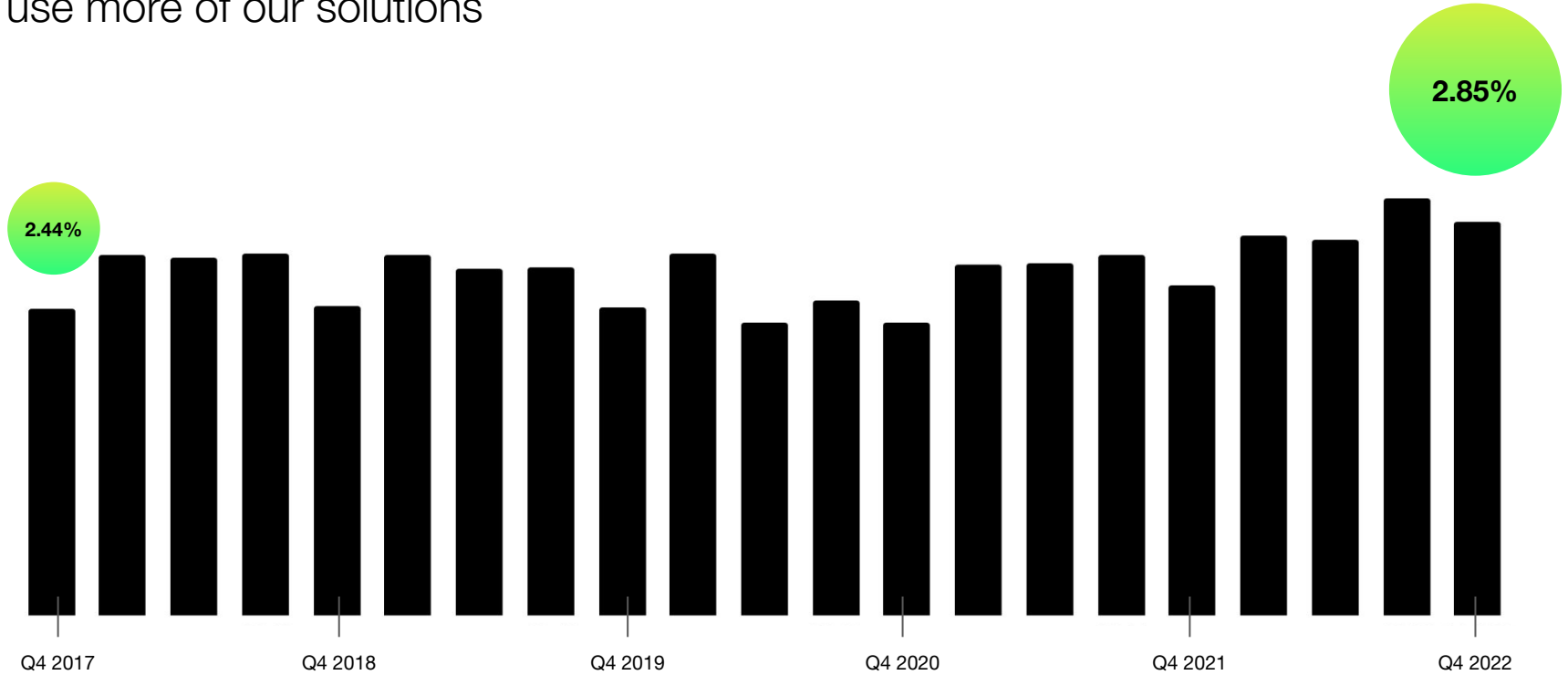
\$400.3M

Subscription Solutions

14% vs Q4 2021



Total attach rate* continued to grow over time as merchants use more of our solutions



Total Attach Rate*

* Total attach rate is defined as revenue divided by GMV



\$109.5M

Monthly Recurring Revenue (MRR)



7% vs Q4 2021



Shopify Plus penetration 33% vs 29% in Q4 2021

Strong gains in Plus and POS MRR partially offset by near-term deferral from free and paid trial experiences that began in Q3 2022



\$798.5M

Gross profit

↑ 15% vs Q4 2021

\$61.0M

Adjusted operating income

↓ from \$130.2M in Q4 2021



\$97.4M

Cash flow from
operations

\$89.8M

Cash flow from operations
less capital expenditures

\$5.1 B

Cash and marketable
securities

Drivers affecting **profitability expectations** in 2023

Impact of our compensation leveling exercise

We changed our overall compensation system to be better aligned with the market

This has resulted in higher compensation expenses starting in the back half of 2022 that we expect to continue into 2023

Expense run rate of Shopify Fulfillment Network

Shopify Fulfillment Network is a significant opportunity in early stages of integration and development

We expect SFN to be a headwind to gross margin and a significant contributor to operating expenses in 2023



Q1 2023 outlook considerations



Revenue

Q1/23 revenue to grow in the high teen percentages year-over-year



Gross margin

Q1/23 gross margin to be slightly higher than Q4/22 gross margin rate



Operating expense

Q1/23 operating expenses to grow in the low-single digit percentages vs our Q4/22 operating expenses when excluding one-time charges in Q4/22



Stock-based compensation

Q1/23 stock-based compensation to be in-line with Q4/22



Capital expenditures

Q1/23 capital expenditures to be in-line with what we spent in FY/22

Additional commentary related to Q1 2023

Macroeconomic backdrop

- Elevated inflation pushing consumers to discounted and non-discretionary purchases, trend is improving
- Pressure to consumer spending and ecommerce

Outlook considerations

- Dilutive impact of Shopify Fulfillment Network
- Compensation structure change
- Incremental investment in key themes



Make commerce
better for everyone

