Forward looking statements

This presentation contains forward-looking statements including but not limited to statements about future growth, evolution of our product offerings, profitability, gross margins, our total addressable market, deployment of capital and our ability to take market share 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 US 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 and on 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. Any 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.

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. 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. These measures should be considered a supplement to, not a substitute for, or superior to, the corresponding measures calculated in accordance with GAAP. For a reconciliation of non-GAAP measures to the comparable GAAP measures, please see our Q3 2023 earnings release.

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, measuring cash available, after capital investment, to make strategic investments and drive future growth.

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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shopify

Shopify Investor Day

Glen Coates, VP of Product

10%

U.S. ecommerce market share

*Source: US Census Bureau. Shopify market share shown based on Shopify's 2022 US GMV (excluding merchant sales made through offline)

*Source: eMarketer and Shopify internal data as of November 2023. Shopify market share based on Shopify's 2022 Western Europe GMV (excluding merchant sales made through PoS)

B2B

Make every sale

without fail

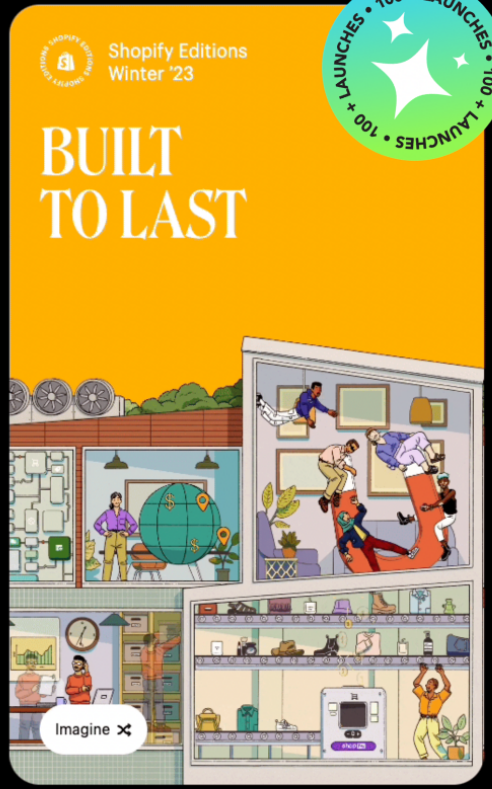
Your store.

Your way.

shopify POS

SPANX
GYMSHARK
PRIME
THE FINEST QUALITY
THE
Herschel
SUPPLY CO. BRAND
TRADE MARK
ASHLEY
MATTEL
MOLSON COORS beverage company
allbirds
REBECCA MINKOFF
BAUER
Tetley
KITH
MR BEAST
jenny CRAIG
KOTN
GOOD AMERICAN
HEINZ
ESTº 1869
BUBS NATURALS
BOMBAS
bee better
SKIMS
leesa
FASHIONNOVA
Lord & Taylor
Glossier.
Crate&Barrel
OLLY
GIANT TIGER
STEVE MADDEN
Nestlé
JB HI-FI

Shopify Editions
Summer '23
Open
IMAGINE
MY BUSINESS
100 + LAUNCHES • 100 + LAUNCHES • 100 + LAUNCHES •


Shopify Editions
Winter '23
BUILT
TO LAST
Imagine
100 + LAUNCHES • 100 + LAUNCHES • 100 + LAUNCHES •

Shopify Editions
Summer '22
Open
CONNECT
TO CONSUMER
HYDROGEN
+OXYGEN
MARKETS
100 + LAUNCHES • 100 + LAUNCHES • 100 + LAUNCHES •

All Editions

shopify.com ↗ Start free trial

IMAGINE MY BUSINESS

Shopify Editions Summer '23

With 100+ product updates, you can be more productive, creative, and powerful in commerce than you ever imagined. Watch the demo.

SIDEKICK

Every hero deserves a Sidekick

SHOPIFY MAGIC

AI designed for commerce

Discover the magic of growing your

I want to make a student discount code for 10% off in August

EXPLORE FILTER SEARCH

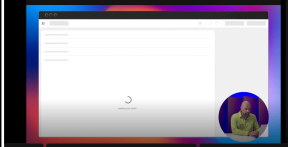
AI FOR COMMERCE

We're all-in on AI. We believe we're entering a new era for technology and human creativity. AI is already changing how customers shop and businesses operate. Shopify Magic combines cutting-edge AI with our platform's data to help millions of businesses work faster, smarter, and more creatively.

SHOPIFY MAGIC

AI designed for commerce

Discover the magic of growing your business with AI built directly into Shopify.



SHOPIFY HELP CENTER

Get guided help with our AI-powered assistant

Find the help you need in the Shopify Help Center with our new AI-driven assistant. Get answers to questions, find the information you're looking for, and get back to running your business.

Hello! I'm your Help Center assistant. I'm here to help you find the answers and resources you need. How can I help?

What is Shop Pay?

SHOPIFY APP STORE

AI-powered review summaries

Make more confident decisions about the apps you choose by reading concise, relevant summaries distilled by AI from hundreds of customer reviews.

EXPLORE FILTER SEARCH

SIDEKICK

Every hero deserves a Sidekick

We believe entrepreneurs are heroes. Meet Sidekick, your new AI-enabled commerce assistant who helps you start, run, and grow your business.

SHOPIFY MAGIC

AI designed for commerce

Discover the magic of growing your business with AI built directly into Shopify.

Hi there, does the Polka dot swim suit come in any other sizes?

11:47 AM

Hello! Yes, we have different sizes available for the Polka dot swim suit. You can choose from Small, Medium, Large, and Extra Large. Let me know which size you prefer and I'll be happy to assist you further.

Developer updates

With 20+ new tools and APIs, we're opening up more ways to extend Shopify, and making it easier to build apps that customize any commerce experience.

SHOP APP

Optimize your Shop Store for millions of mobile shoppers

Boost engagement and drive conversions on your Shop Store with customized branding.

SHOPIFY ADMIN

A new, uplifted visual design for the admin

We've reimagined the admin to be more streamlined and intuitive.

EXPLORE FILTER SEARCH

WORLD'S BEST CHECKOUT

Shopify is the checkout platform that helps customers buy more. With our world-class checkout that's accelerated with Shop Pay, new one-page checkout, and integrated extensibility platform, it's easier than ever to make checkout your own and help customers convert.

SHOPIFY CHECKOUT

15%

higher conversion on average over other

Cart Transform Function now in full release

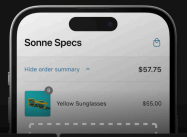
Merge and expand cart line items in checkout, and build custom product bundle offerings with the Cart Transform Function, now in full release. Exclusive to Shopify Plus.

SHOPIFY CHECKOUT

Stellar Eats increases conversion by 3.5% with Shopify's one-page checkout

Upsell subscriptions or pre-orders in checkout

Apps can now upsell subscriptions or offer pre-orders for out-of-stock items during checkout with checkout extensions. Exclusive to Shopify Plus.

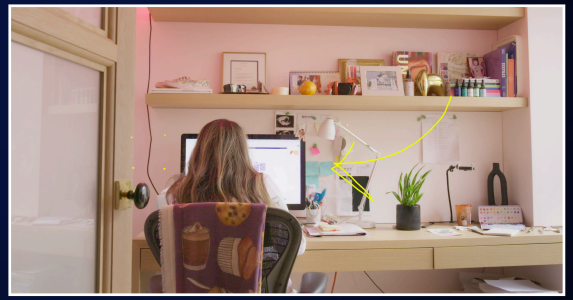


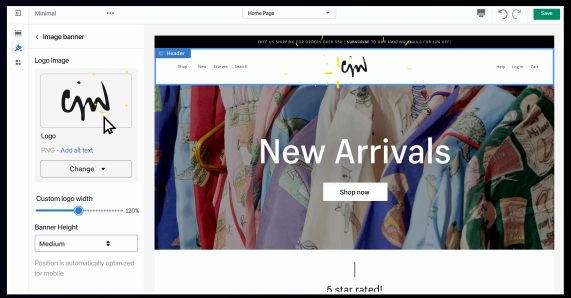
EXPLORE FILTER SEARCH

1

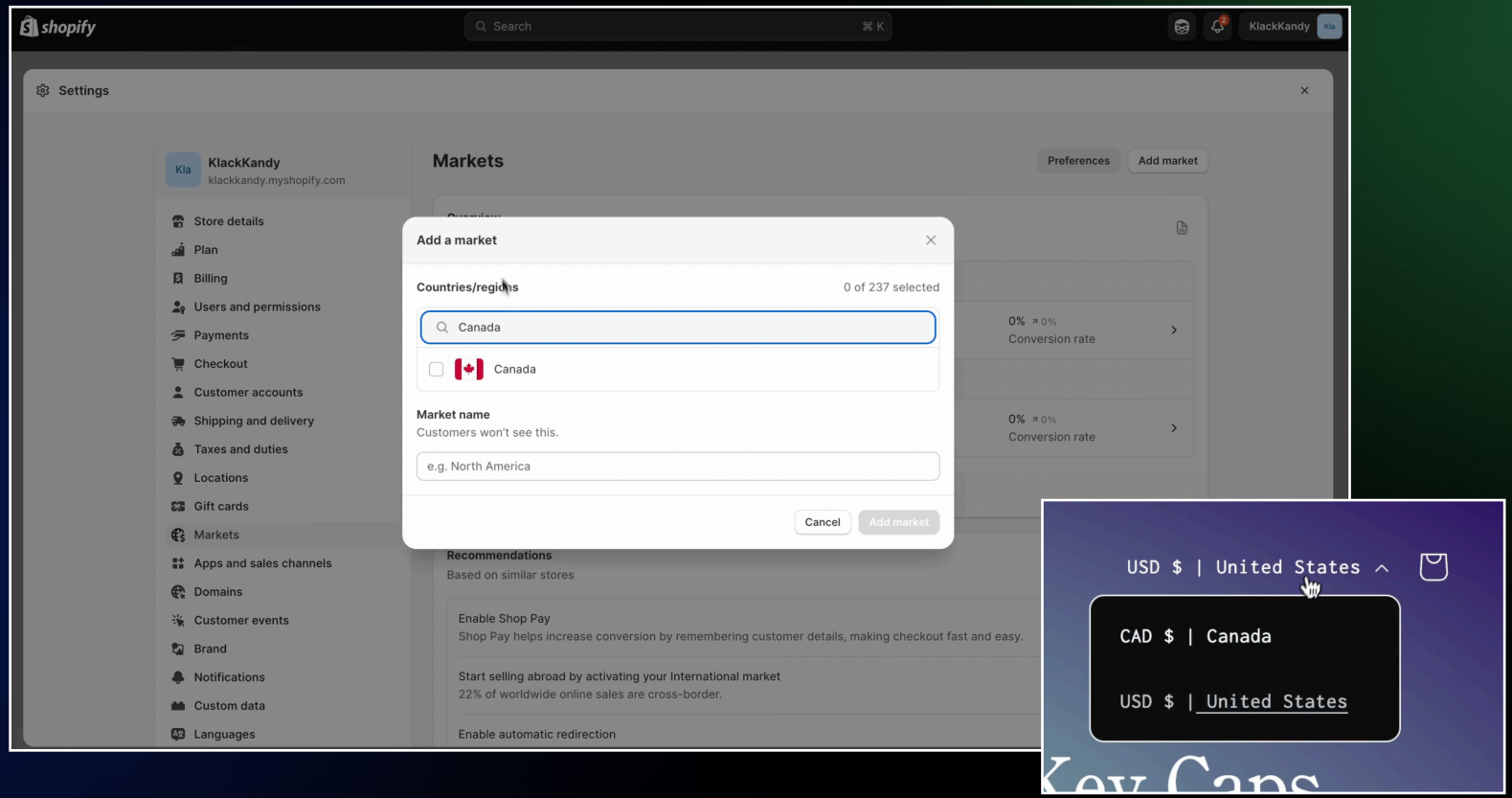
Easiest way to start a digital-native business

Simplifying starting a business online is what we do best

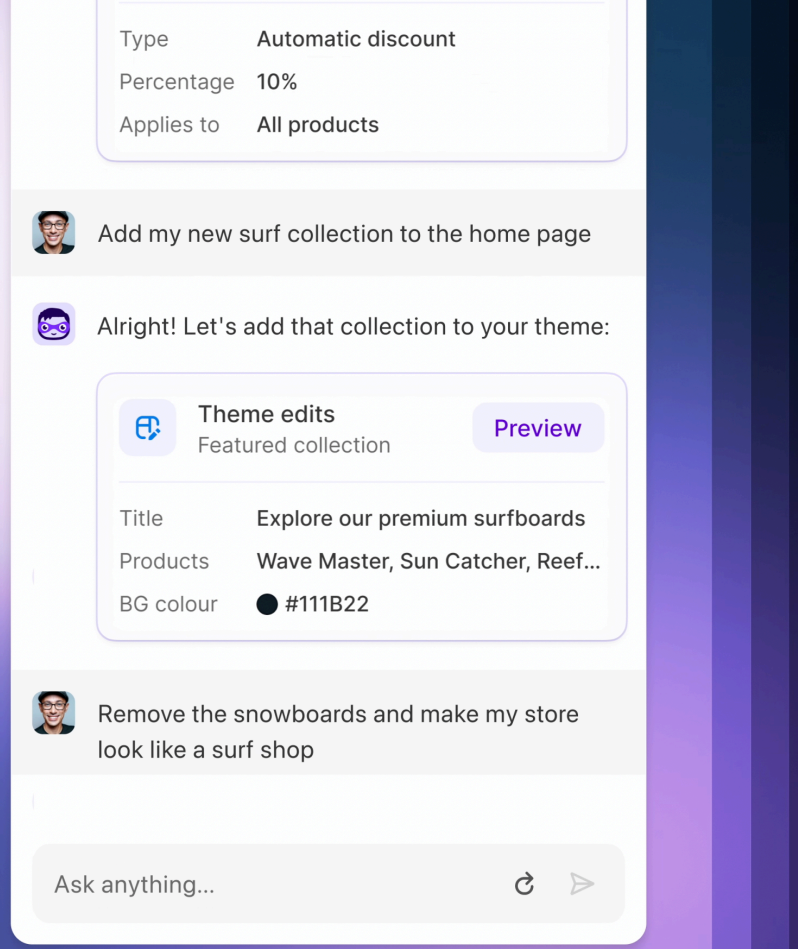




Markets


shopify
Search
⌘ K
KlackKandy
Settings
KlackKandy
klackkandy.myshopify.com
Store details
Plan
Billing
Users and permissions
Payments
Checkout
Customer accounts
Shipping and delivery
Taxes and duties
Locations
Gift cards
Markets
Apps and sales channels
Domains
Customer events
Brand
Notifications
Custom data
Languages
Markets
Preferences
Add market
Add a market
Countries/regions
0 of 237 selected
Canada
Canada
Market name
Customers won't see this.
e.g. North America
Cancel
Add market
0%
Conversion rate
Recommendations
Based on similar stores
Enable Shop Pay
Shop Pay helps increase conversion by remembering customer details, making checkout fast and easy.
Start selling abroad by activating your International market
22% of worldwide online sales are cross-border.
Enable automatic redirection
USD $ | United States
CAD $ | Canada
USD $ | United States

AI solutions: Magic + Sidekick



2

The ideal way to sell globally in all channels

online

domestic

DTC

3P

Meta Google amazon

in-person

global

B2B

1P

front office

desktop

marketing

core

back office

mobile

analytics

merchant services

3

Best developer platform & ecosystem

A powerful **stack for builders**

DISTRIBUTION

App Store

Theme Store

DEVELOPER TOOLS

CLI

Dev Dashboard

GraphiQL

Shopify.dev

EXTENSIBILITY

Metafields

Functions

Flow

AppBridge

PRIMITIVES

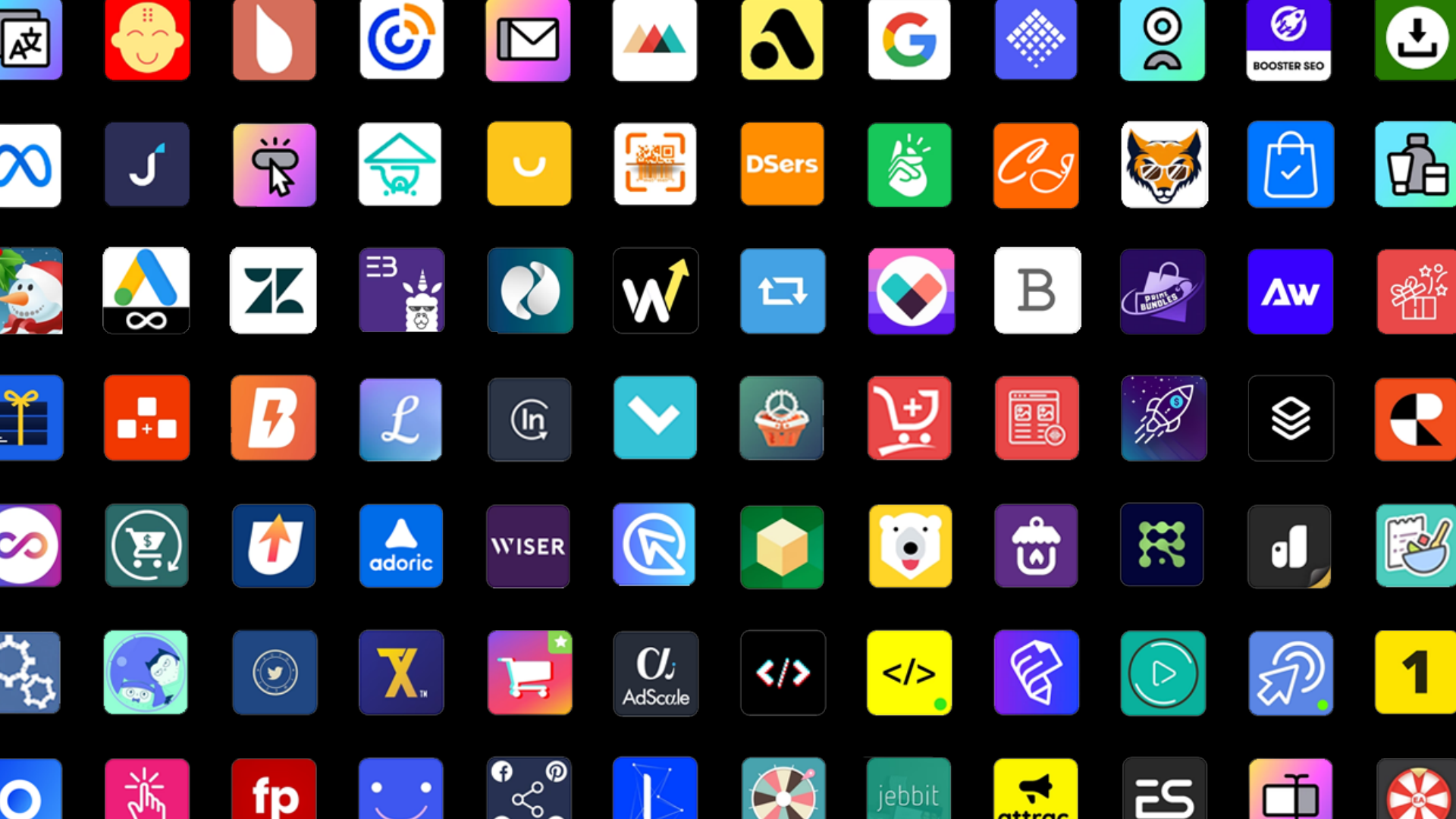
Products

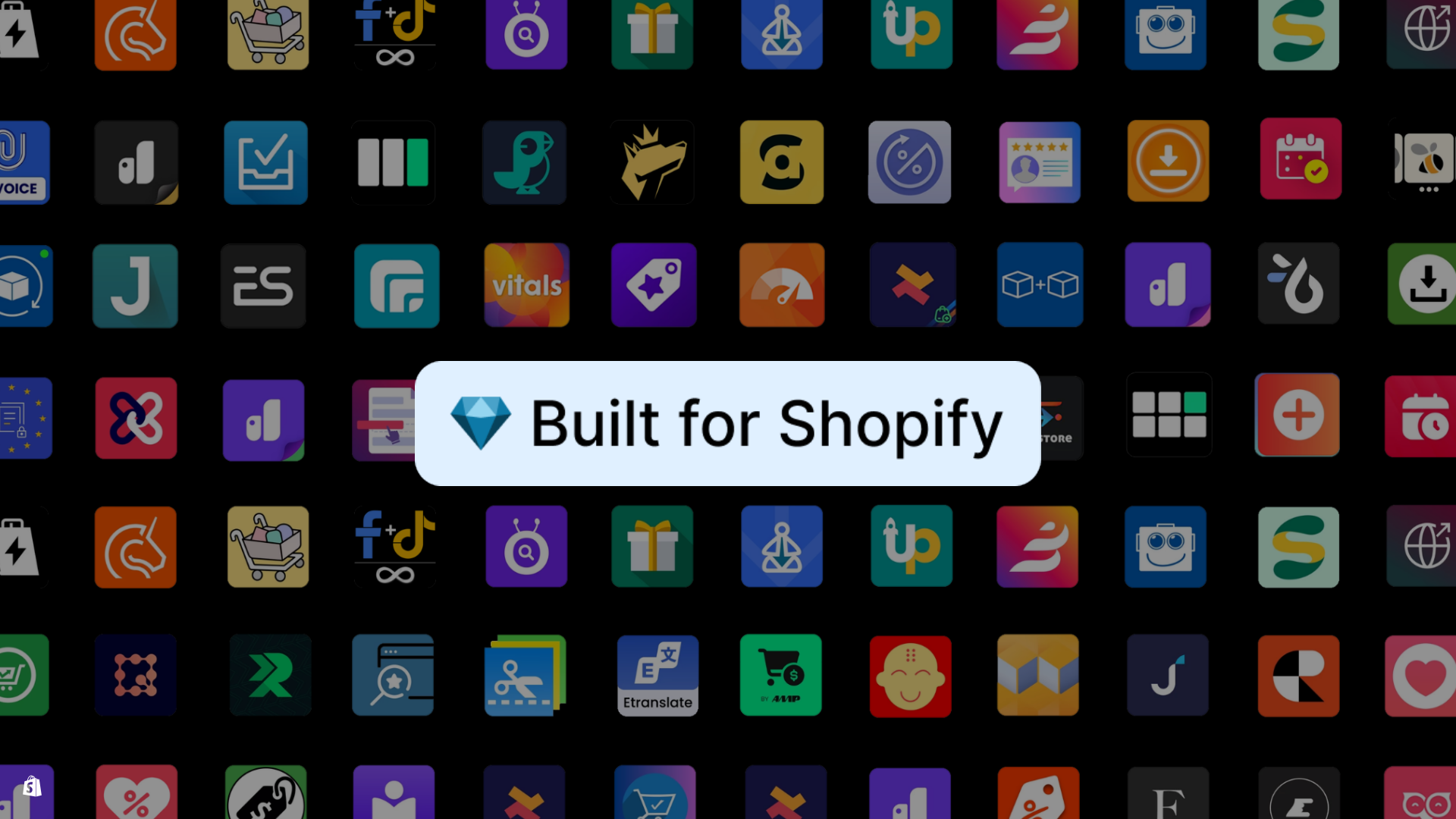
Customers

Orders

Inventory

Markets

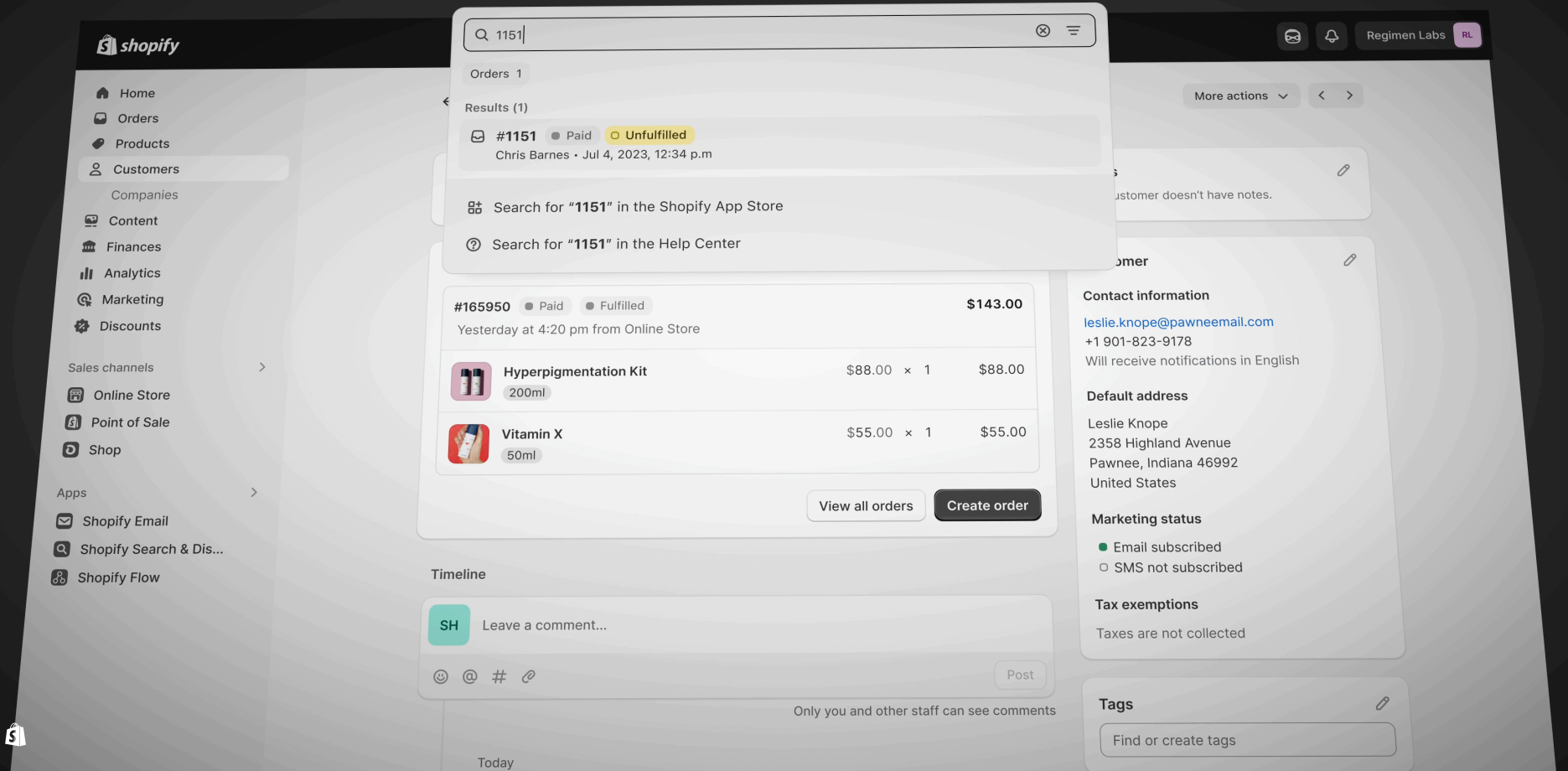

BOOSTER SEO
DSers
adoric
WISER
AdScale
jebbit

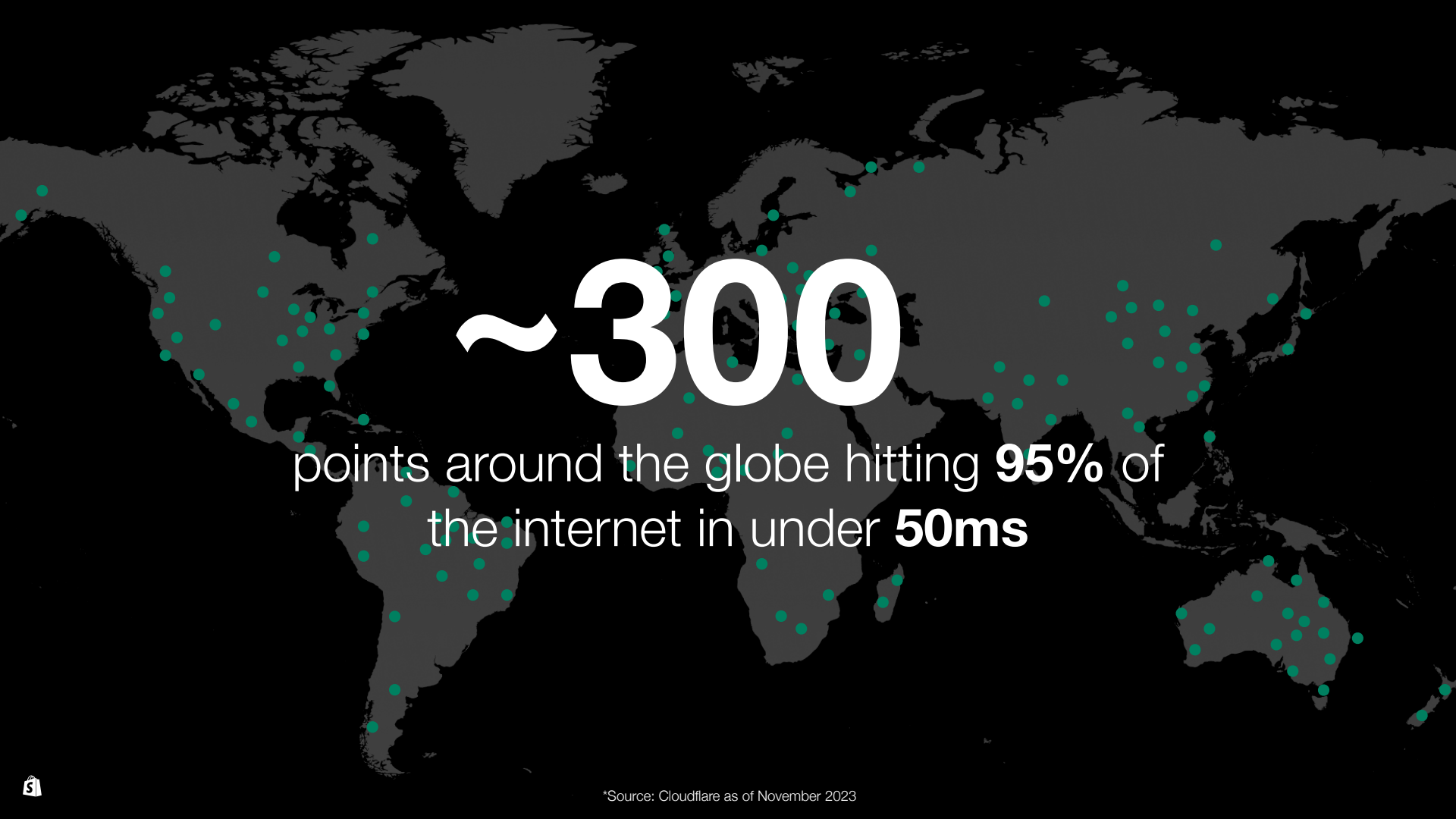

Built for Shopify
vitals
Etranslate

4

Technical and design excellence

Admin


shopify
1151
Orders 1
Results (1)
#1151 Paid Unfulfilled
Chris Barnes • Jul 4, 2023, 12:34 p.m
Search for "1151" in the Shopify App Store
Search for "1151" in the Help Center
Regimen Labs
RL
Home
Orders
Products
Customers
Companies
Content
Finances
Analytics
Marketing
Discounts
Sales channels
Online Store
Point of Sale
Shop
Apps
Shopify Email
Shopify Search & Dis...
Shopify Flow
More actions
#165950 Paid Fulfilled
$143.00
Yesterday at 4:20 pm from Online Store
Hyperpigmentation Kit
200ml
$88.00 × 1
$88.00
Vitamin X
50ml
$55.00 × 1
$55.00
View all orders
Create order
Timeline
SH
Leave a comment...
Post
Only you and other staff can see comments
Today
Contact information
leslie.knope@pawneemail.com
+1 901-823-9178
Will receive notifications in English
Default address
Leslie Knope
2358 Highland Avenue
Pawnee, Indiana 46992
United States
Marketing status
Email subscribed
SMS not subscribed
Tax exemptions
Taxes are not collected
Tags
Find or create tags



*Source: Cloudflare as of November 2023

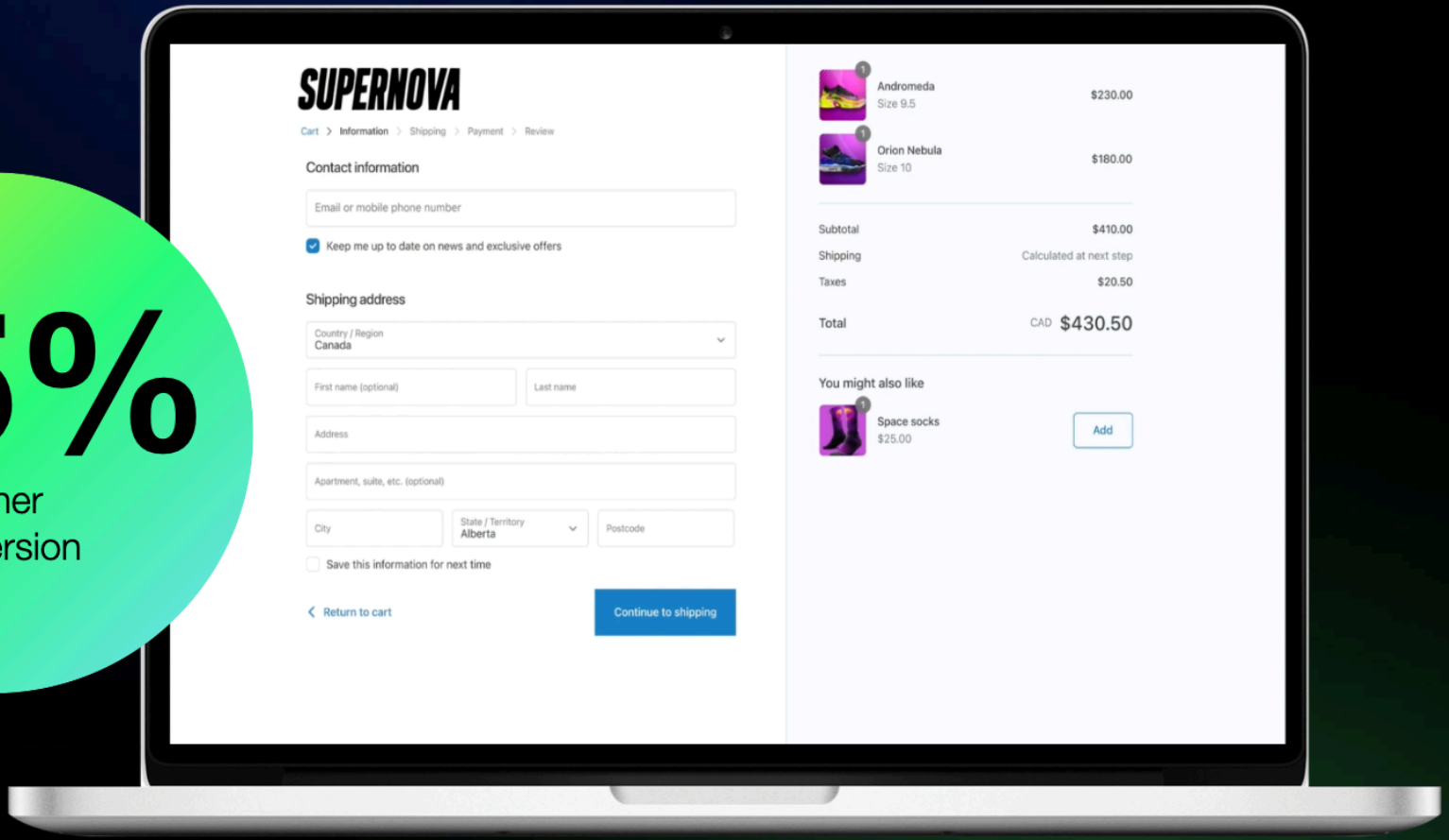
~350

Infrastructure Engineers

*Source: Shopify internal data as of November 2023

15%

higher conversion



*Based on an external study completed with a Big Three global management consulting firm in April 2023

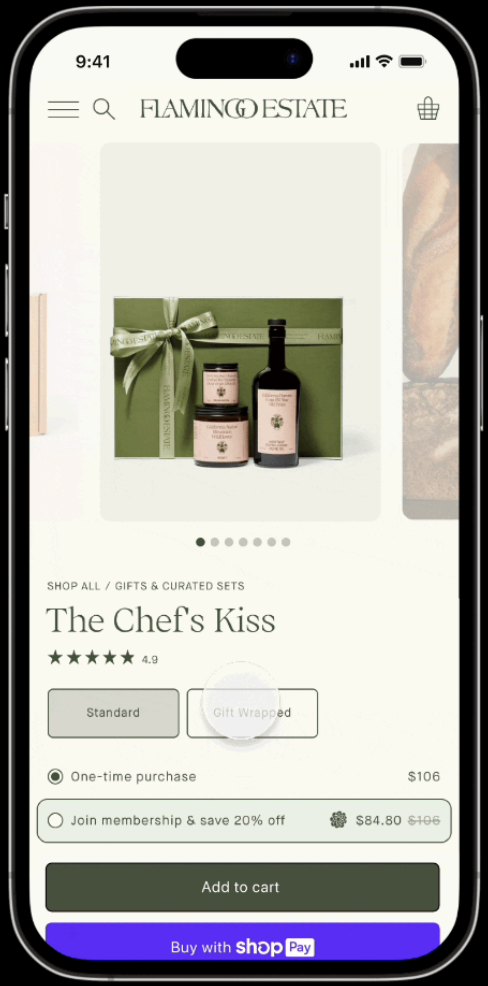
5

Leverage from scale

#1

checkout method

shop Pay



10%

higher conversion on average vs other wallets

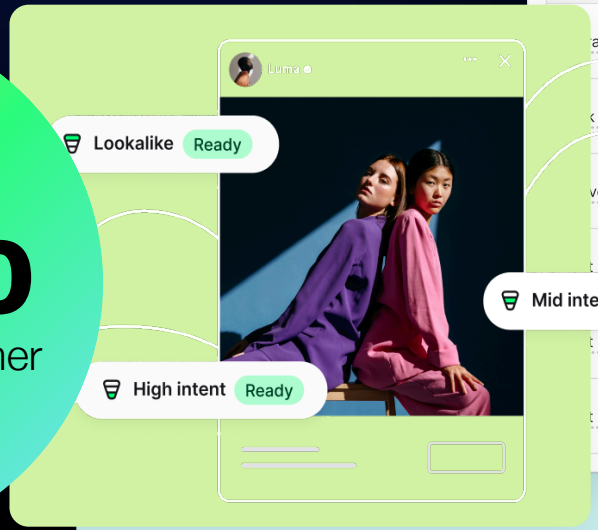
*Based on an external study completed with a Big Three global management consulting firm in April 2023

Up to

50%

reduction in customer acquisition cost

shopifyaudiences



Benchmarks New

Compare your ad performance on Meta to **stores like yours.** Last 30 days

Metric	Your store	Similar stores	Your standing
age order value	$1,009.47	$834.50	
through rate	1.40%	1.45%	
version rate	1.03%	2.80%	
per 1000 impressions	$12.63	$14.80	
per click	$0.95	$0.88	
per acquisition	$94.36	$102.40	

Snap Inc. TikTok Google Meta CRITEO Pinterest

*Source: Shopify internal data from July 2023 Editions

*Renewal rate is defined as someone who has utilized the capital product more than one time. Renewal rate based on year-to-date data through September 30, 2023

1
Easiest way to start a digital-native business

2
The Ideal way to sell globally in all channels

3
Best developer platform & ecosystem

4
Technical and design Excellence

5
Leverage from scale

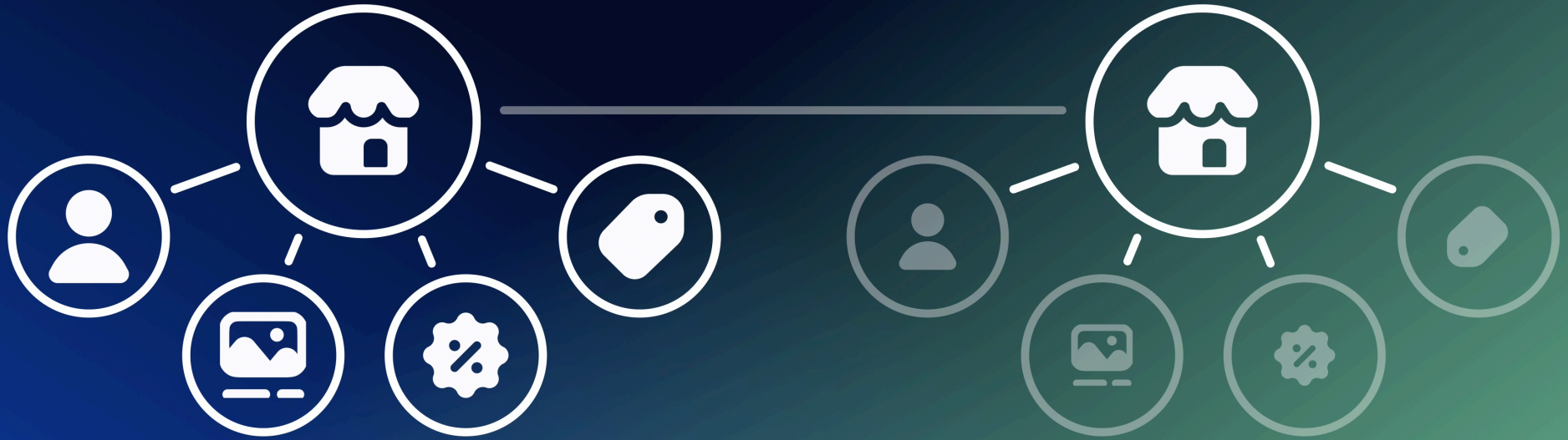
CHOOSE A CONFIGURATION

- NO CHAISE
- DOUBLE CHAISE
- SINGLE CHAISE

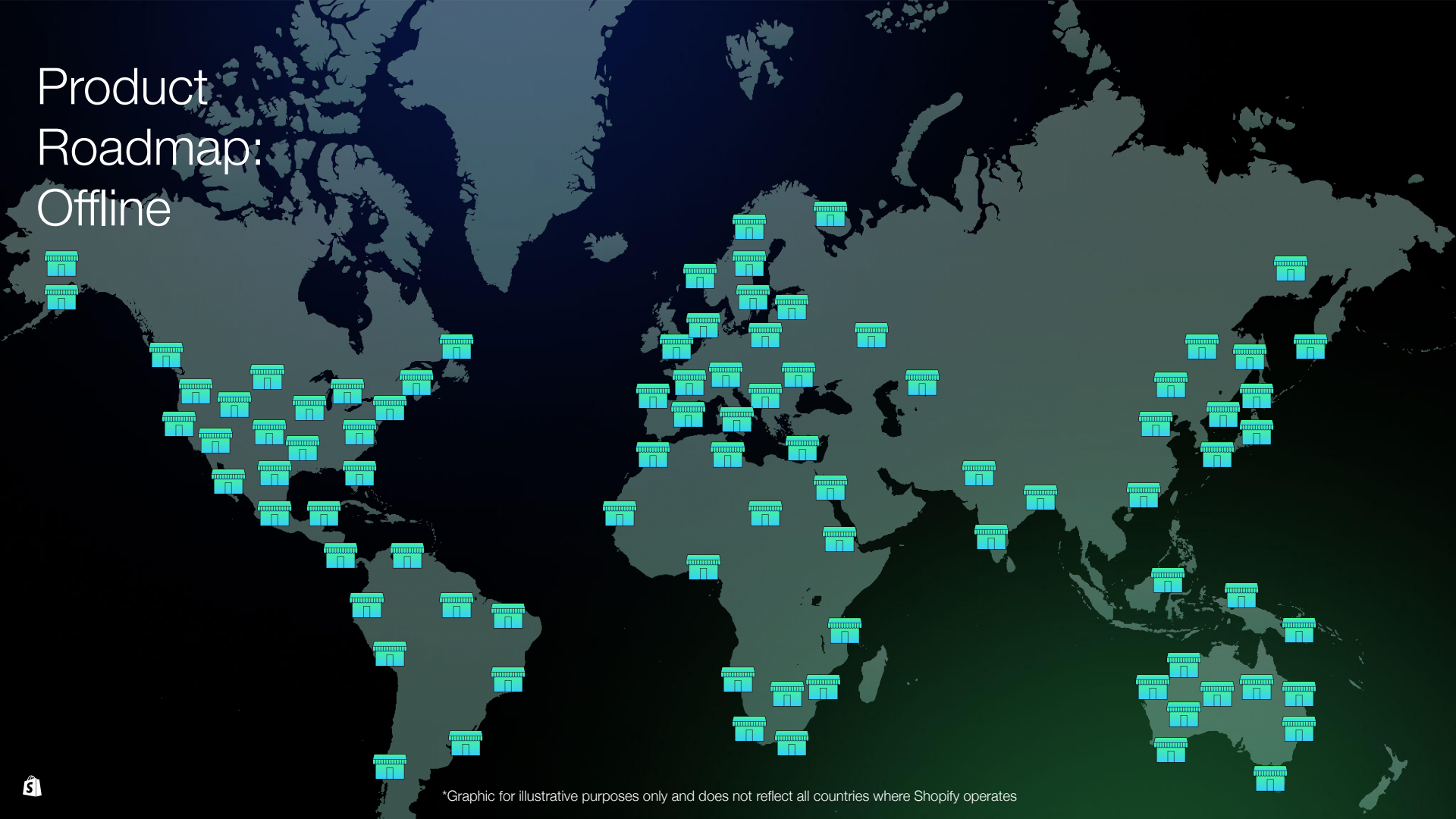
DOUBLE CHAISE → CHOOSE A FABRIC TYPE

- LEATHER
  - BLACK
  - BROWN
  - GREY
- LINEN
  - GREY
  - CREAM
  - BLACK
- TWEED
  - OLIVE
  - GREY
  - GOLDENROD → FABRIC PROTECTION
    - NO
    - YES → ADD TO CART

Product Roadmap: Staging



Product Roadmap: Offline



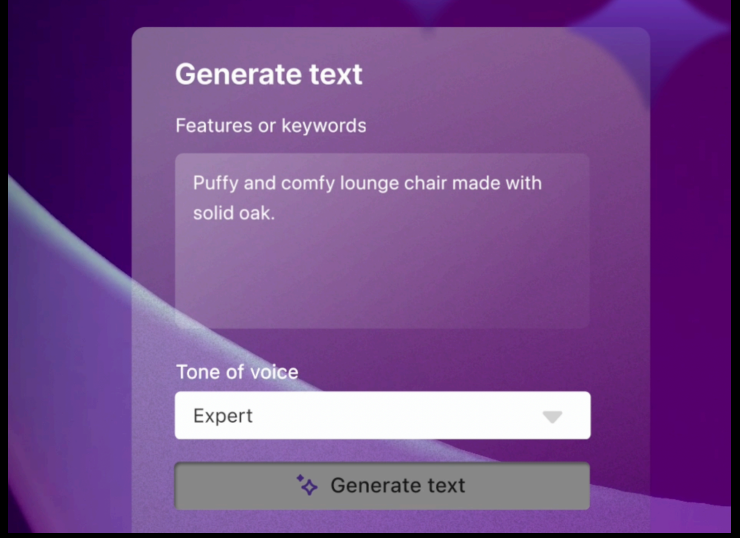
*Graphic for illustrative purposes only and does not reflect all countries where Shopify operates

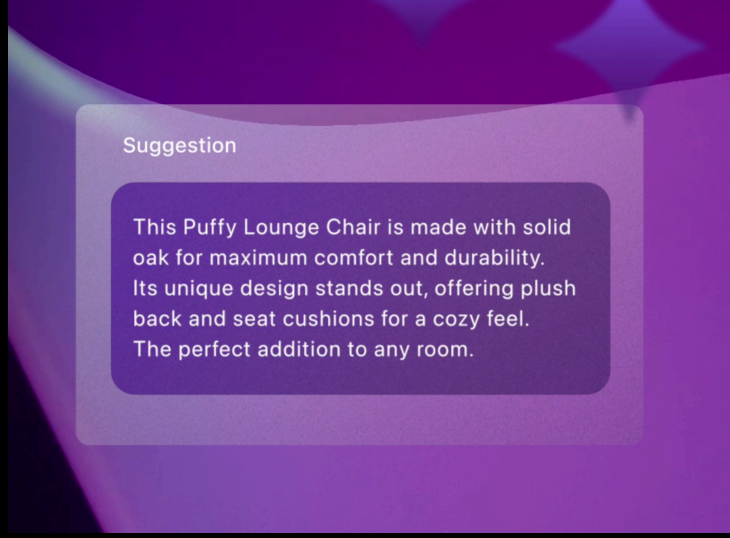
Product Roadmap: B2B

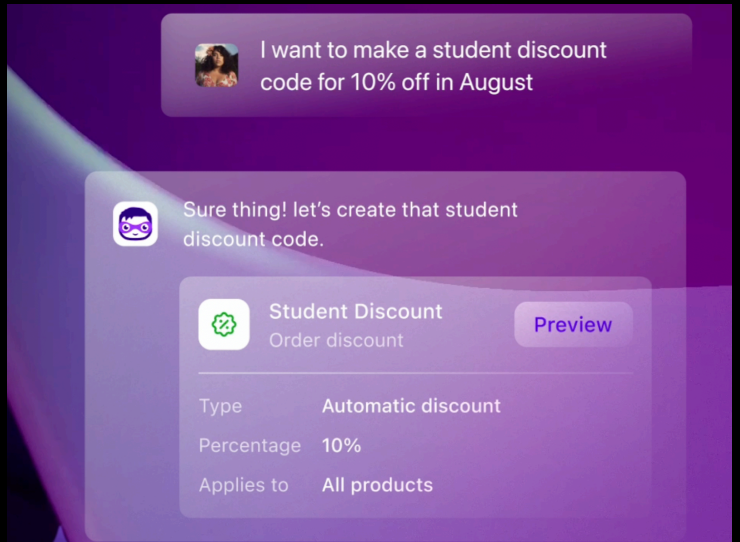
*Graphic for illustrative purposes only and does not reflect all countries where Shopify operates

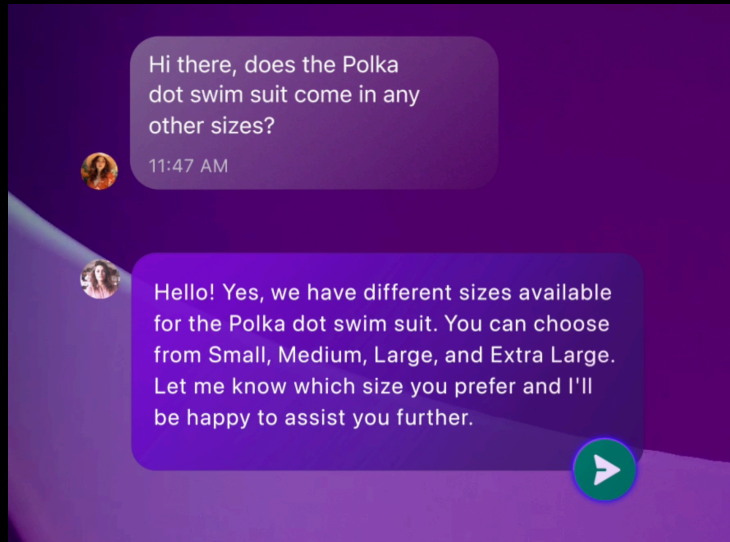
Product Roadmap: International

Product Roadmap: AI solutions

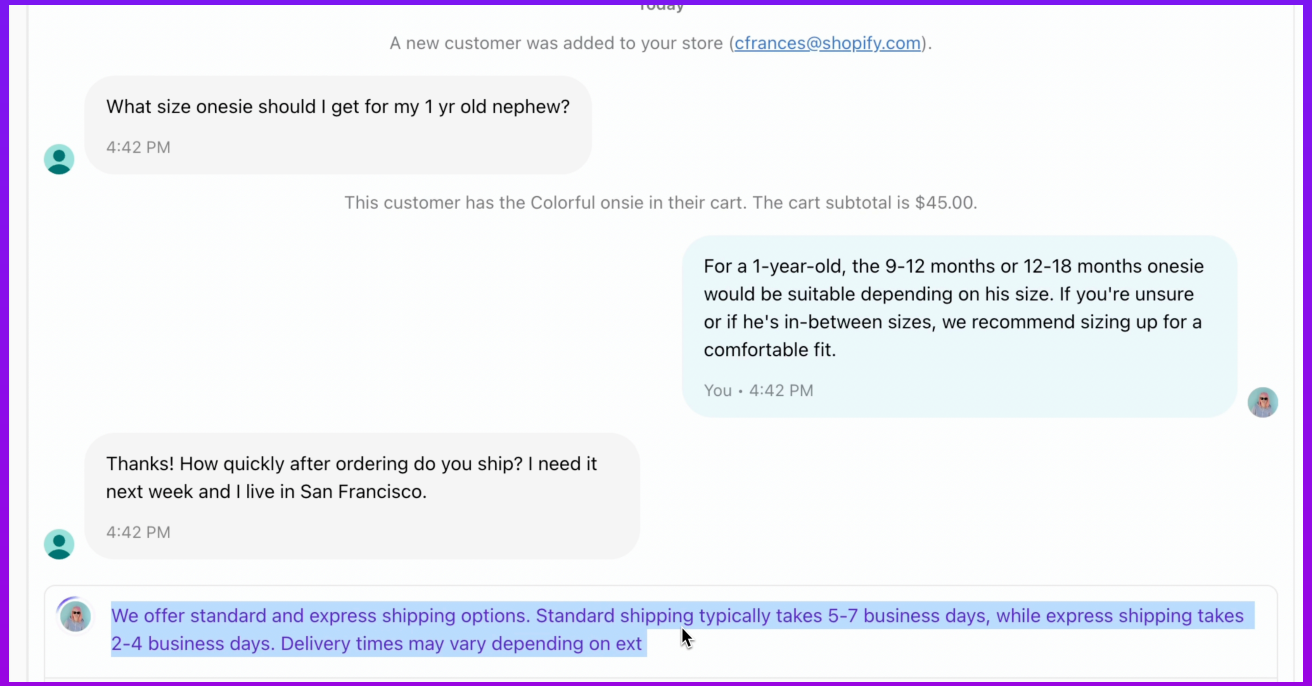








Chatbot Capabilities



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shopify

Shopify Investor Day

Kaz Nejatian, Chief Operating Officer

1

Build the best product in the world and the team and culture to support it

1

Build the best product in the world and the team and culture to support it

2

Make money so we can do more of #1

1

Build the best product in the world and the team and culture to support it

2

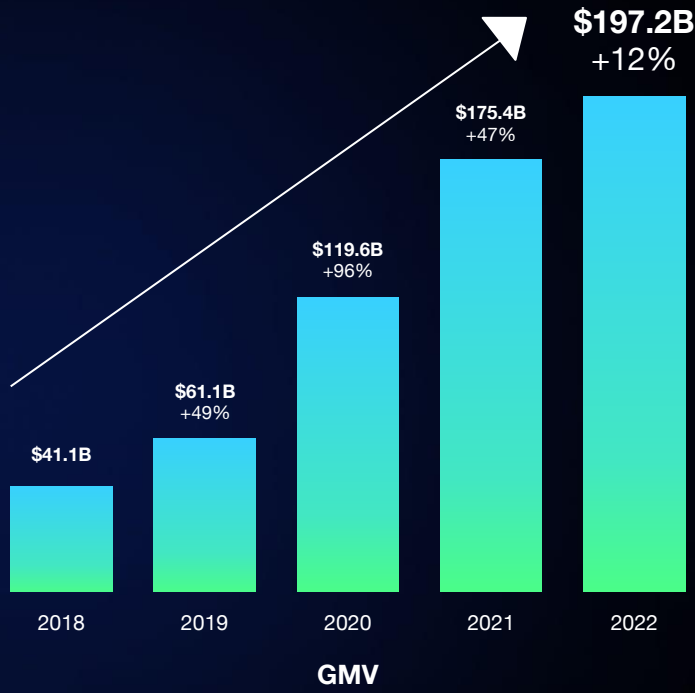
Make money so we can do more of #1

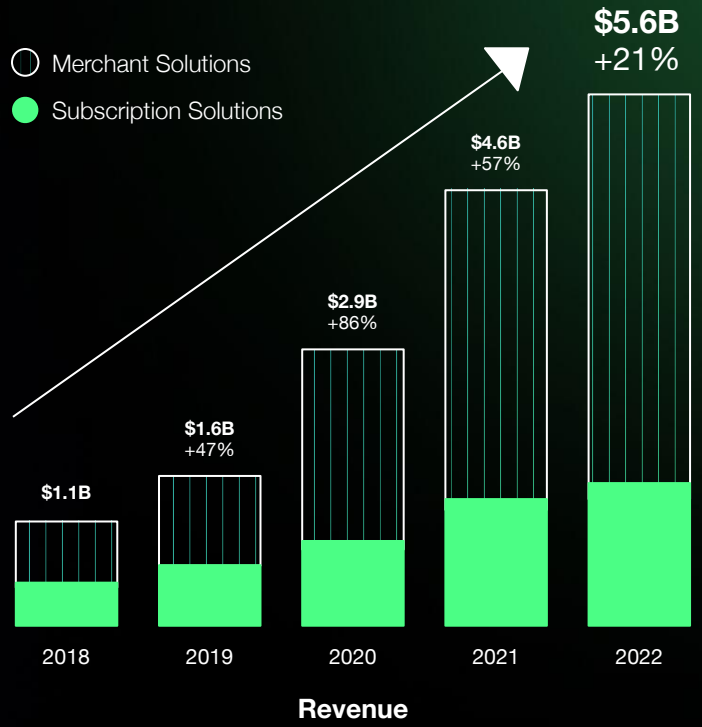
3

Never reverse #1 and #2

Our success-based business model puts merchants first

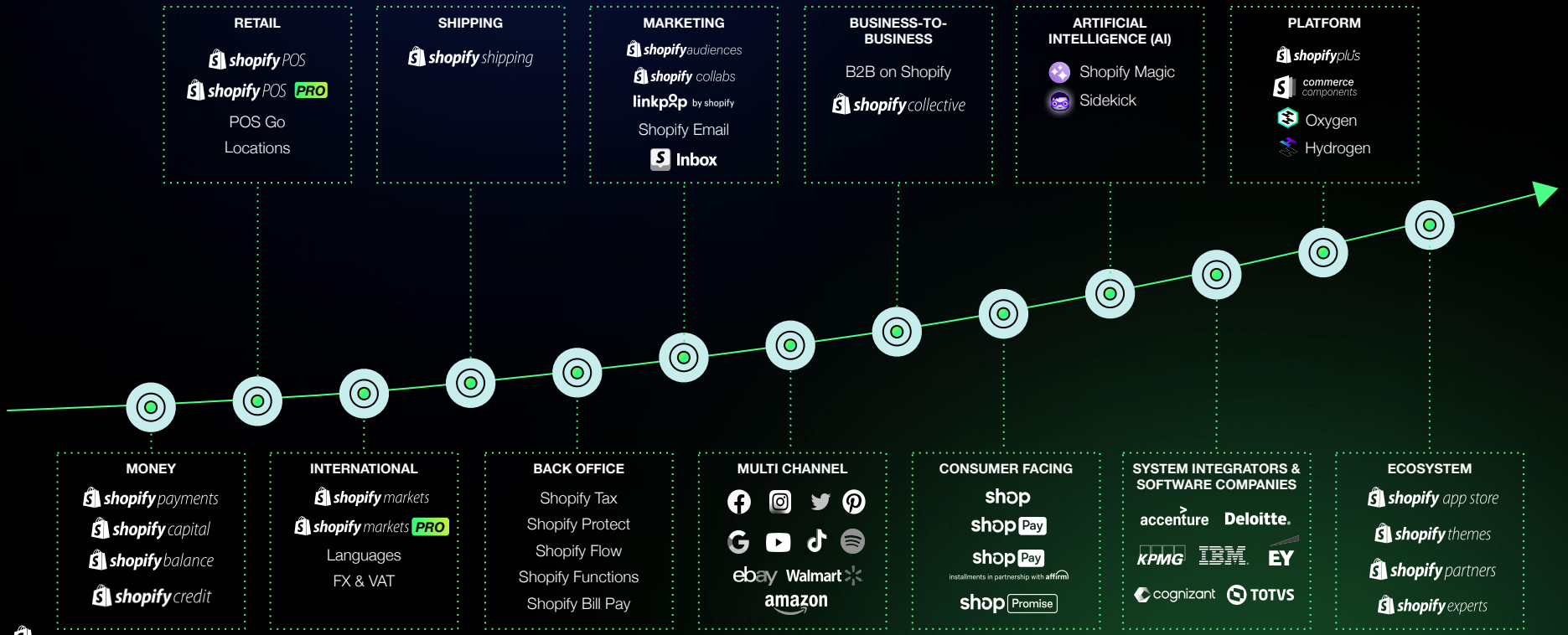
Helping our merchants grow their business drives our business



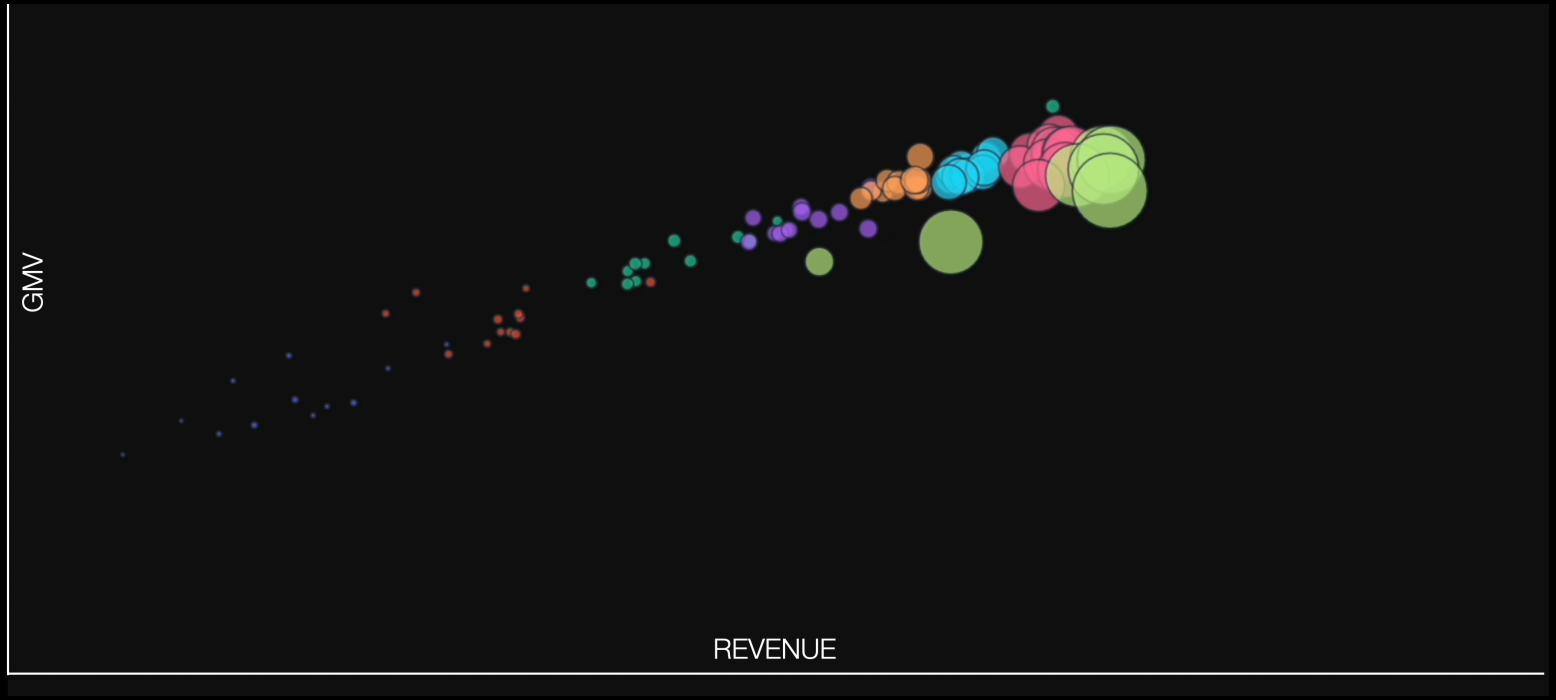


Merchant-first focus through product innovation

Lowering barriers, simplifying operations, catalyzing merchant sales

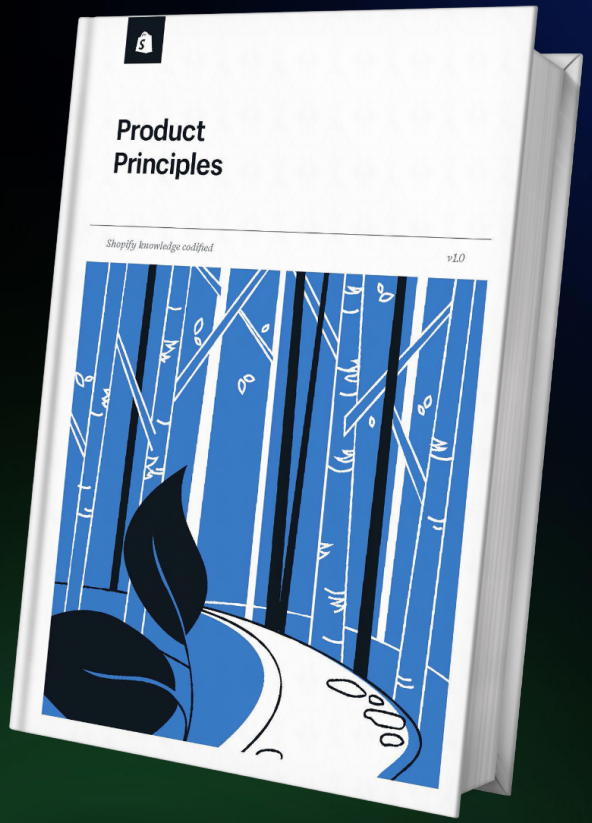


As our merchants grow, our revenue grows with them



*Visual representation of Shopify monthly cohorts from 2011 to 2023 YTD where each bubble represents the size of a cohort based on the number of active shops from that cohort in the given month
Revenue measured along the X-axis and GMV measured along the Y-axis

From Hello World to IPO


Product
Principles
Shopify knowledge codified.
v1.0

We want Shopify to be operationally excellent and have the highest talent density of any tech company

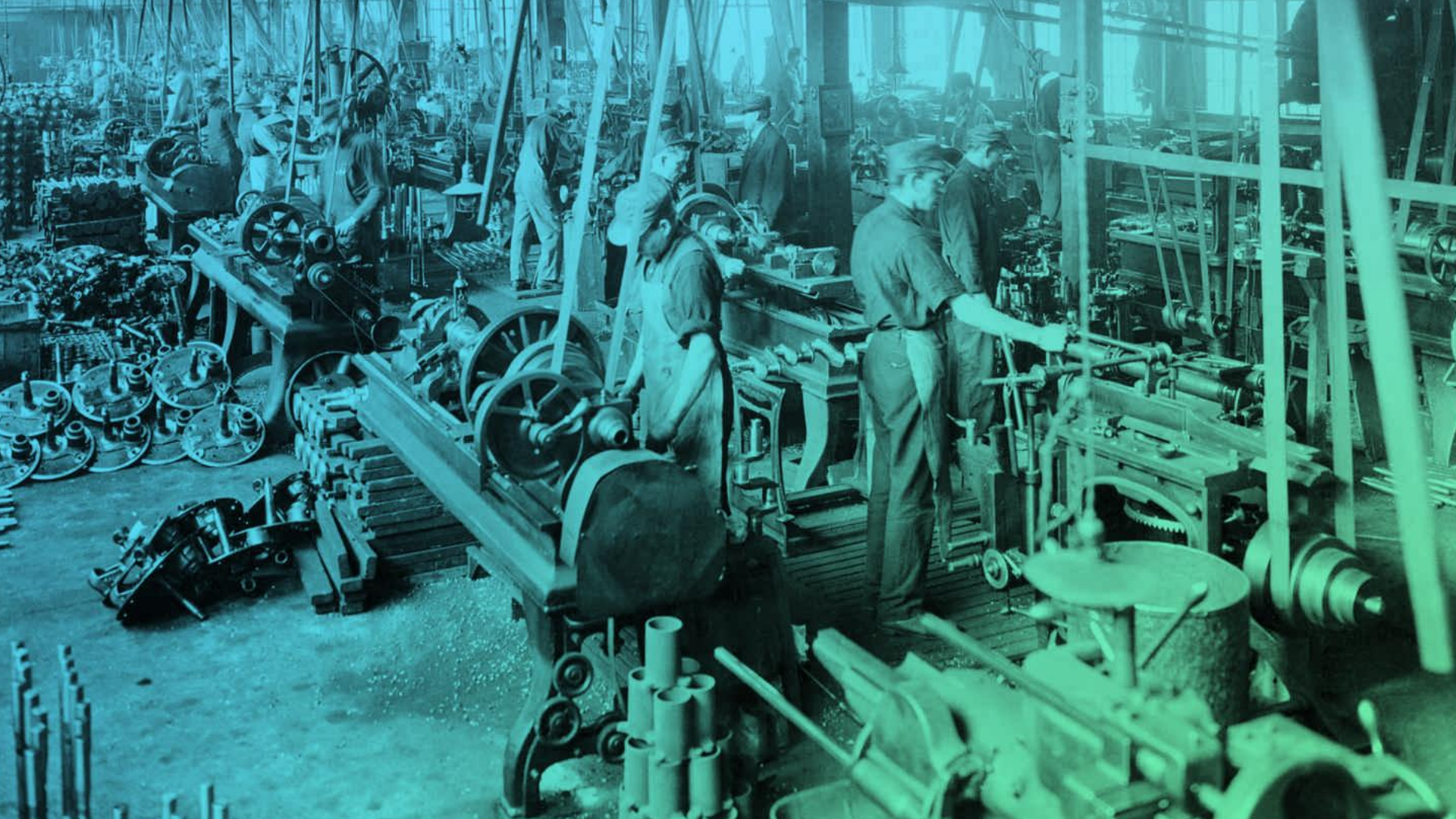
We want Shopify to be operationally excellent and have the highest talent density of any tech company

We want Shopify to have the world's best growth engine

We want Shopify to be operationally excellent and have the highest talent density of any tech company

We want Shopify to have the world's best growth engine

We want to make more money so we can build better products



Our commitment is to make Shopify a “**crafter’s paradise**”

22%

Senior engineer meeting time is **down**

44%

Crafter-to-crafter pair programming is **up**

37%

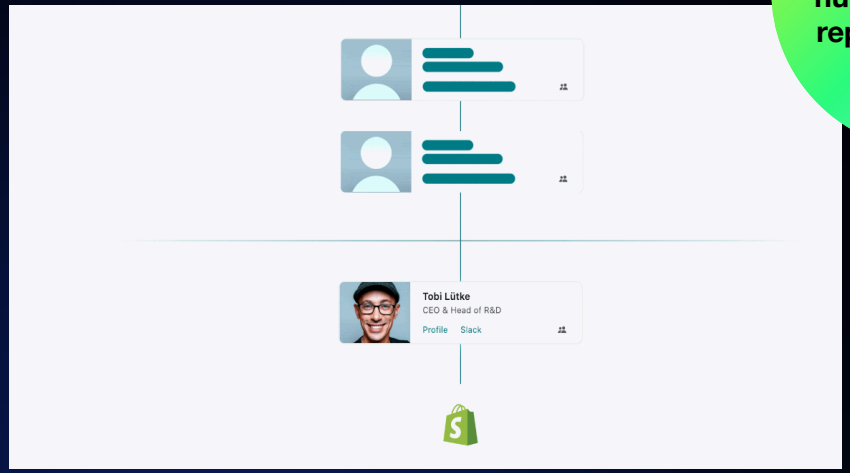
Increase in engineer productivity

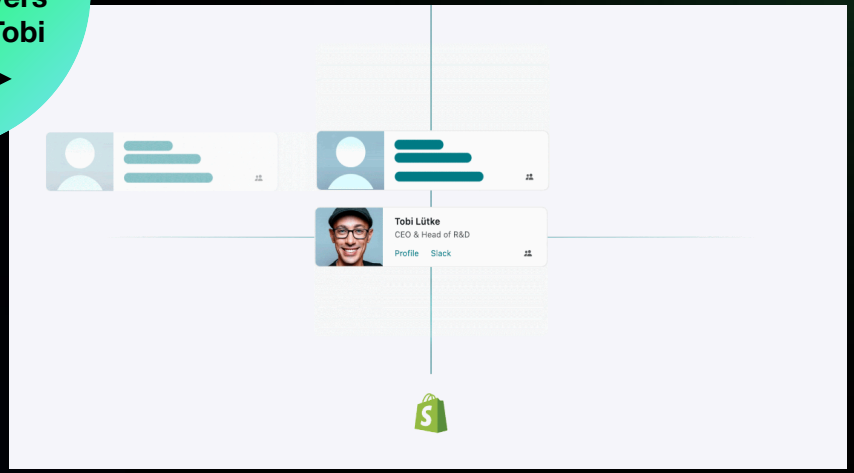
Increased the number of projects per Product Manager by **56%**

*All metrics shown for R&D org. Crafter-to-crafter metrics compare the 4 months before and after the Company’s reduction in force in May 2023. Project stats represent Q3-23 YTD compared to Q3-22 YTD. Engineer productivity as measured by number of pull requests. A pull request is a feature in GitHub that allows developers to propose changes to a code base

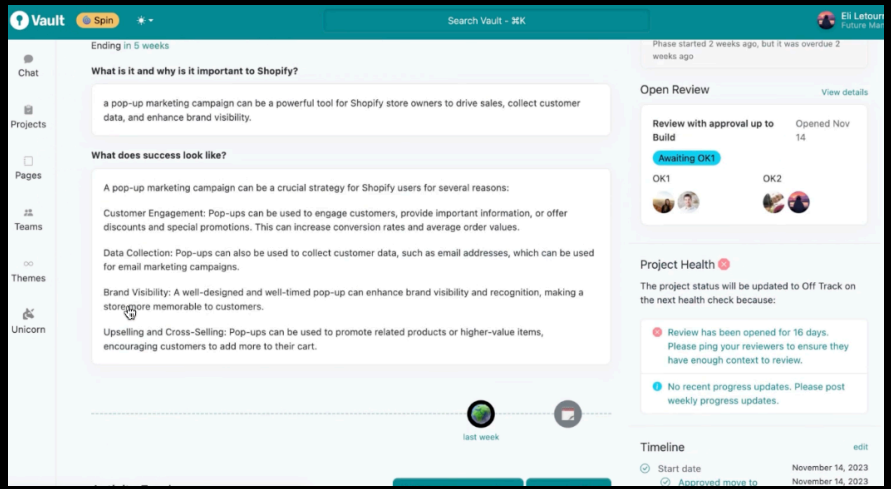
Flatter companies are faster companies and Shopify wants to be fast.

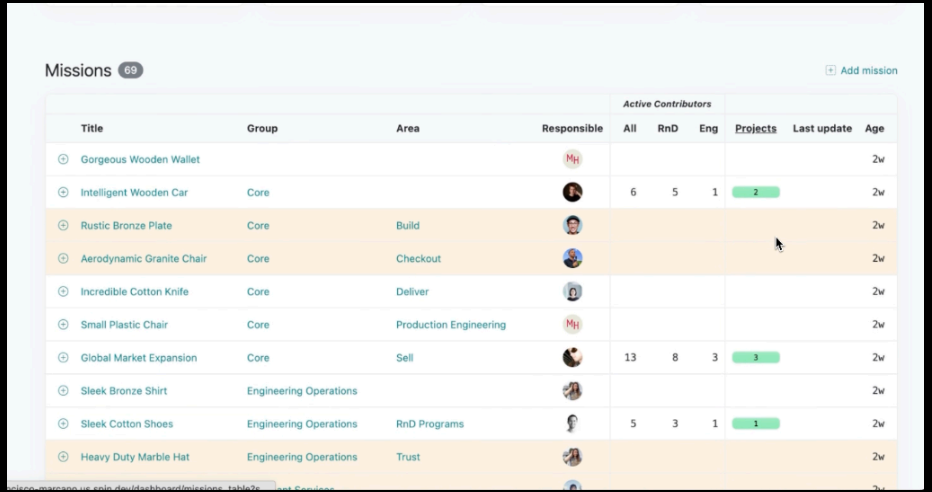
We have reduced the average number of layers reporting to Tobi





Everyone at Shopify works on a project or multiple…





…Those projects ladder up to missions.

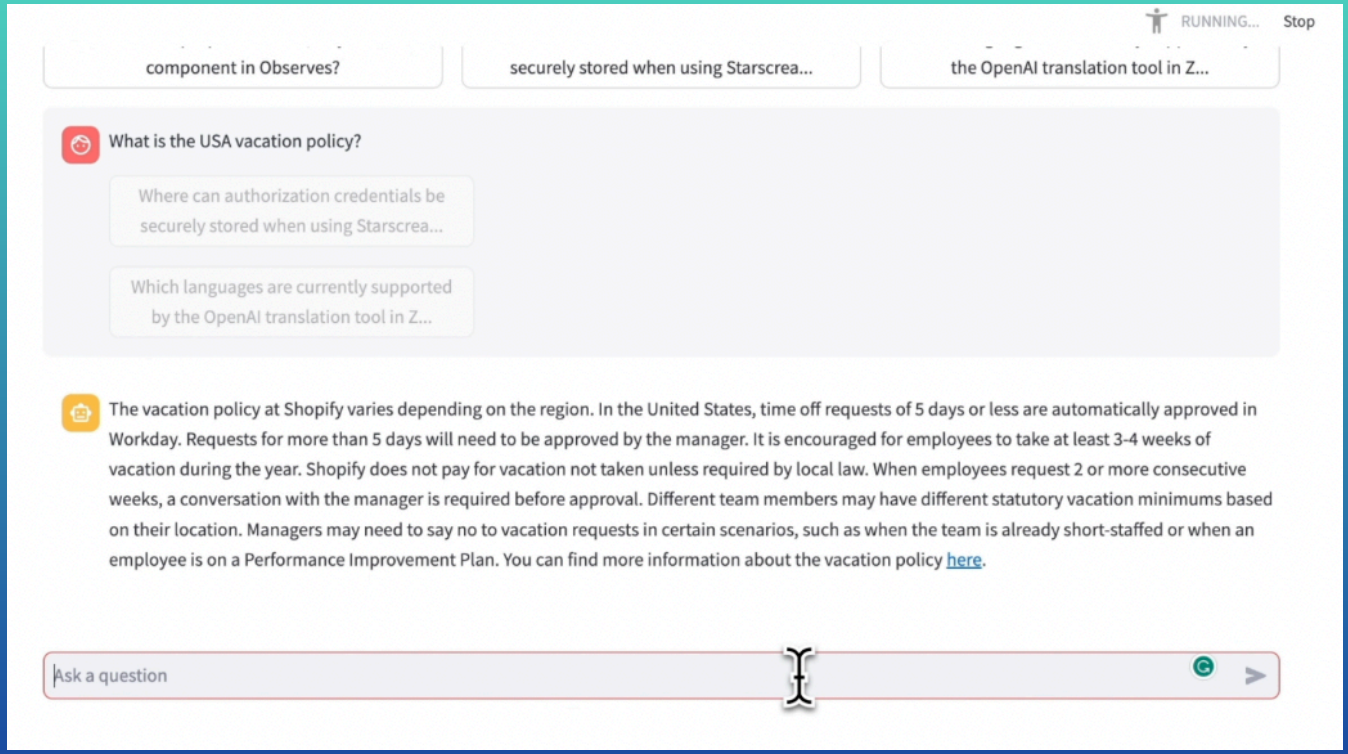
```
// UX Pool
allocations: pools: ux: #Pool & {
    let _ratio_ux_to_engineers = (x / y)
    allocation:        allocations.pools.engineering.allocation * _ratio_ux_to_engineers
    subdiscipline_allocations: {
        industrial_design: a
        content_design:    "b%"
        ux_design:         "c%"
    }
}

// Product Pool
allocations: pools: product: #Pool & {
    let _ratio_product_to_engineers = (x / z)
    allocation: allocations.pools.engineering.allocation * _ratio_product_to_engineers
    subdiscipline_allocations: {
        product_management: allocation
    }
}
```

~50%

reduction in Talent Support Operations workflow

*Based on number of requests relating to Talent matters in employee support channels that have been resolved without human intervention through VaultBot, over the time period when VaultBot was introduced in August 2023 to November 2023

Built our own ChatGSD….



We want Shopify to be operationally excellent and have the highest talent density of any tech company

1

We are designing a system that keeps Shopify flat, fast, and a crafters paradise

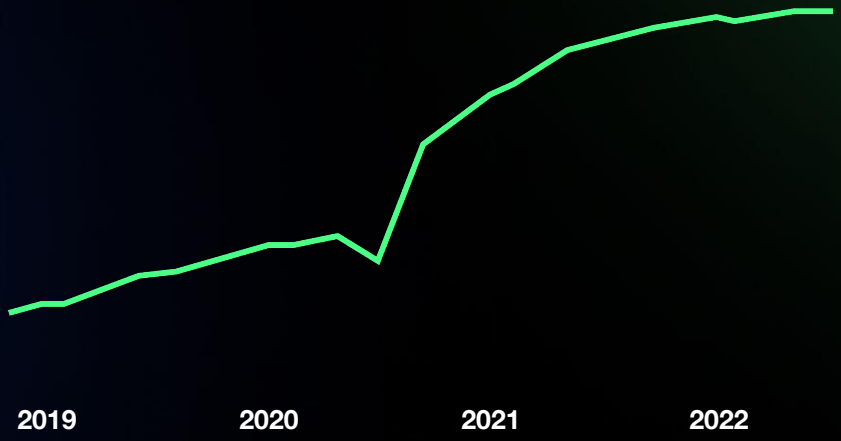
2

Shopify the company is operating more like Shopify the product

3

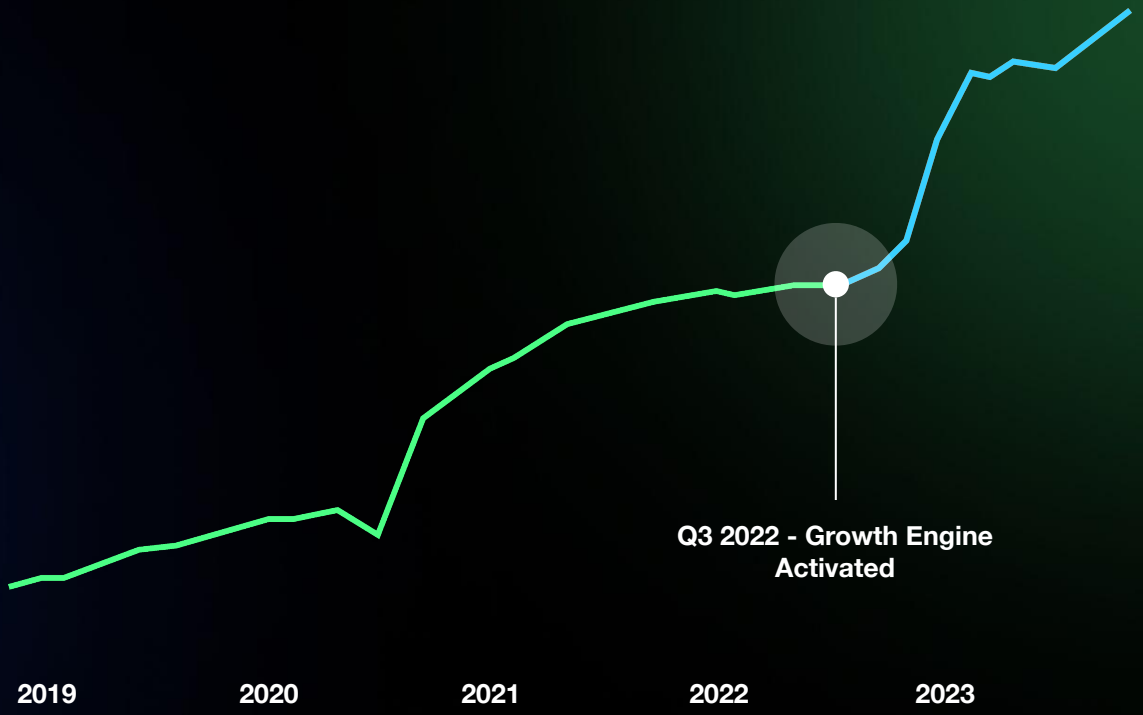
Delivering benefits across the business, with more opportunity to improve further

Merchants



*“Merchants” refers to the total number of unique shops that are paying for a subscription to our platform as of a particular date, inclusive of paid trials

Merchants

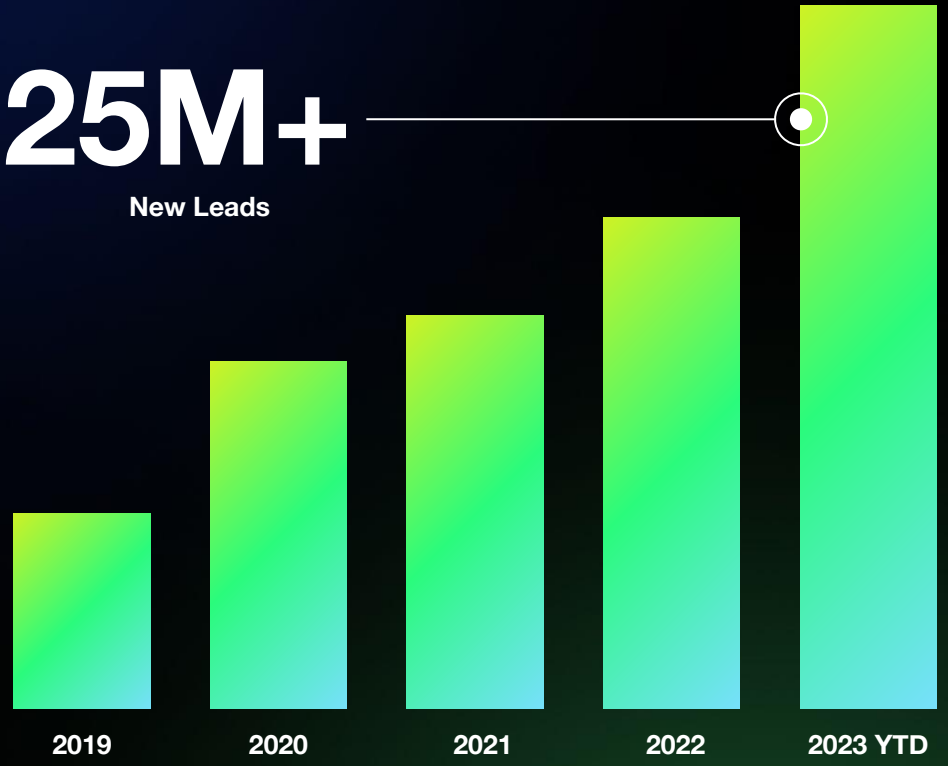


*“Merchants” refers to the total number of unique shops that are paying for a subscription to our platform as of a particular date, inclusive of paid trials

Shopify Leads/Trials

25M+

New Leads



*Lead is defined as anyone who signs up for a free trial. 2023 YTD as of October

Proprietary growth platform **gives our marketers superpowers**

Automated bidding engine

CDP platform

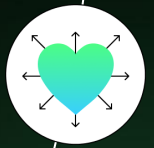
Predictive models

Data investigation / visualization

Experimentation platform

Automated SEO tooling

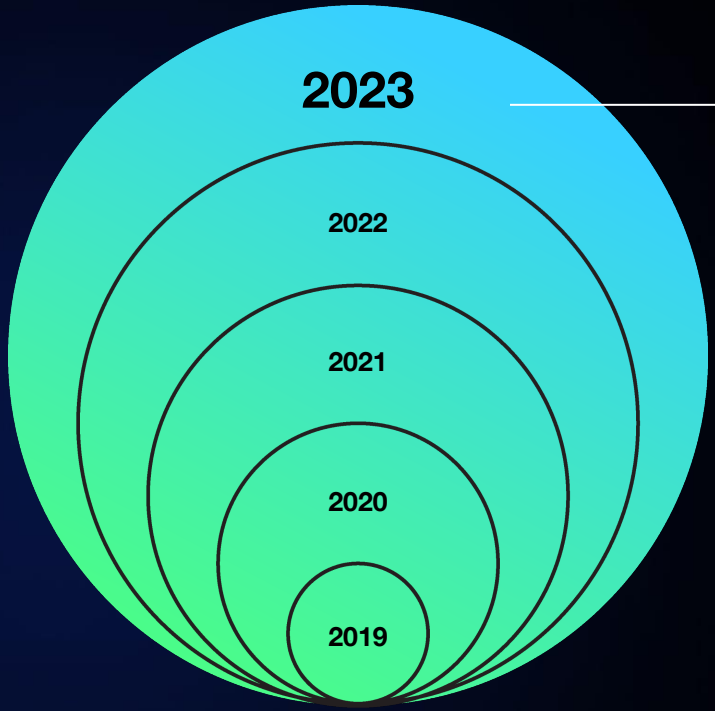
Audience targeting platform



Marketing automation

Anomaly detection

These **teams and systems** accelerate us



+500%

Increase in monthly experimentation volume

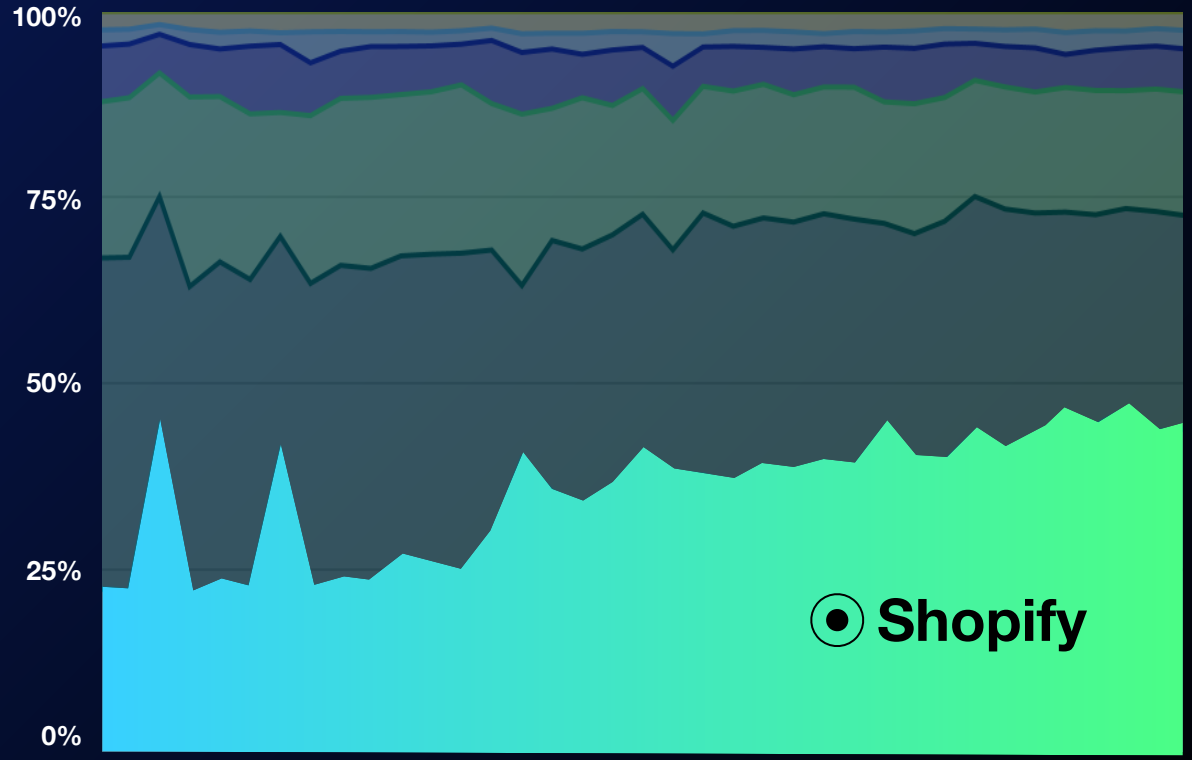
Eliminate reliance on expensive 3rd parties

Free our talent to innovate rather than toil

*Monthly experimentation volume measures the number of tests comparing versions of code, features, products, or processes to gather data / insights against a hypothesis
Growth rate represents October 2020 vs October 2023

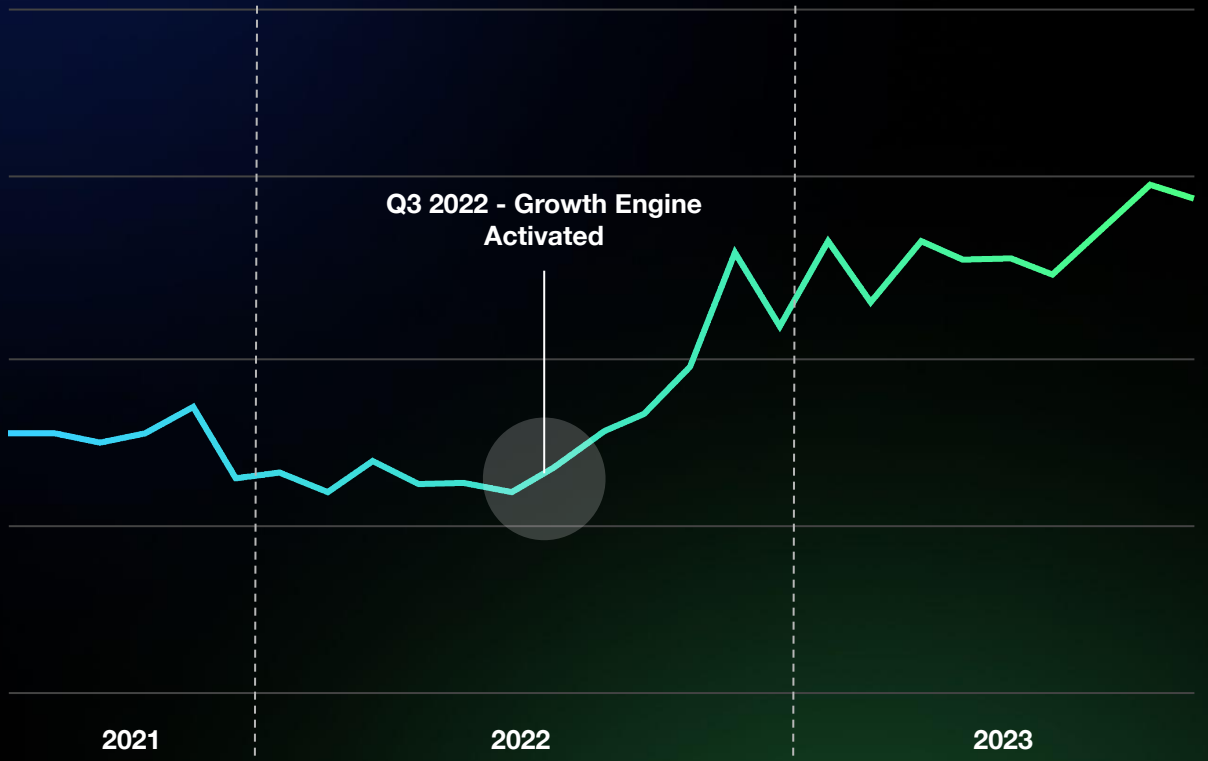
Marketshare - Shopify vs. Online Store Competitors

- **Shopify**
- Company A
- Company B
- Company C
- Company D
- Company E



*Source: StoreLeads - April 2022 - December 2022

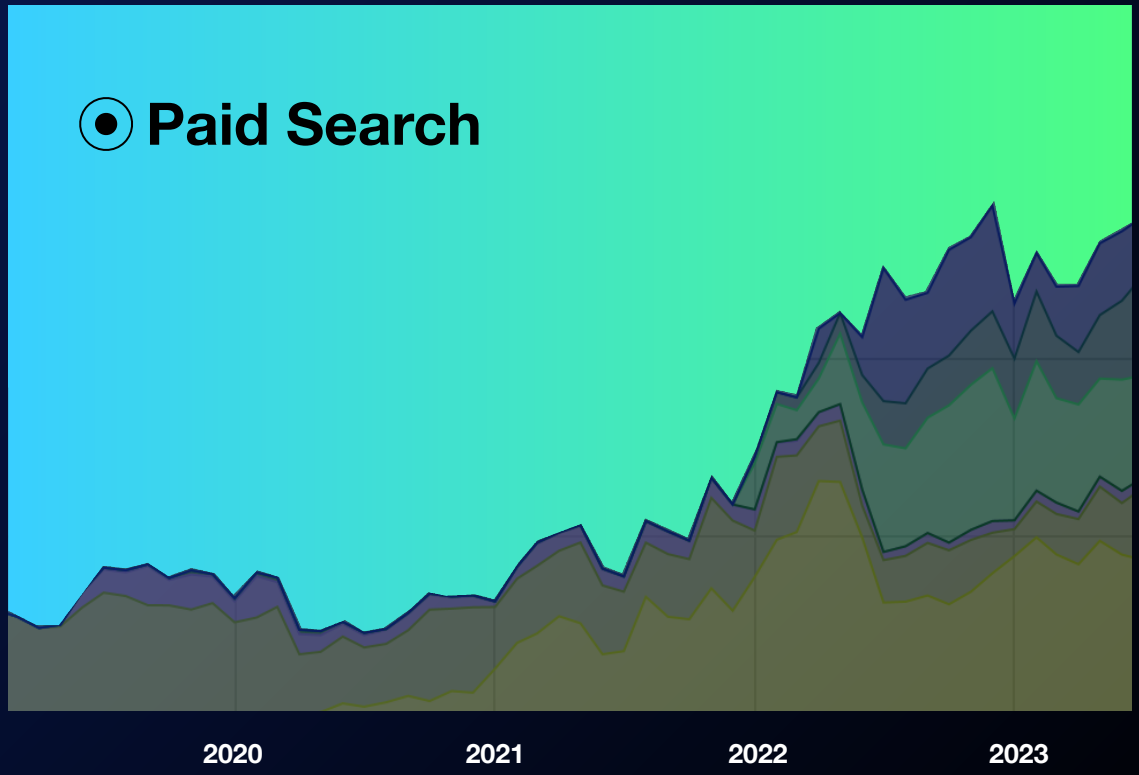
First Sales



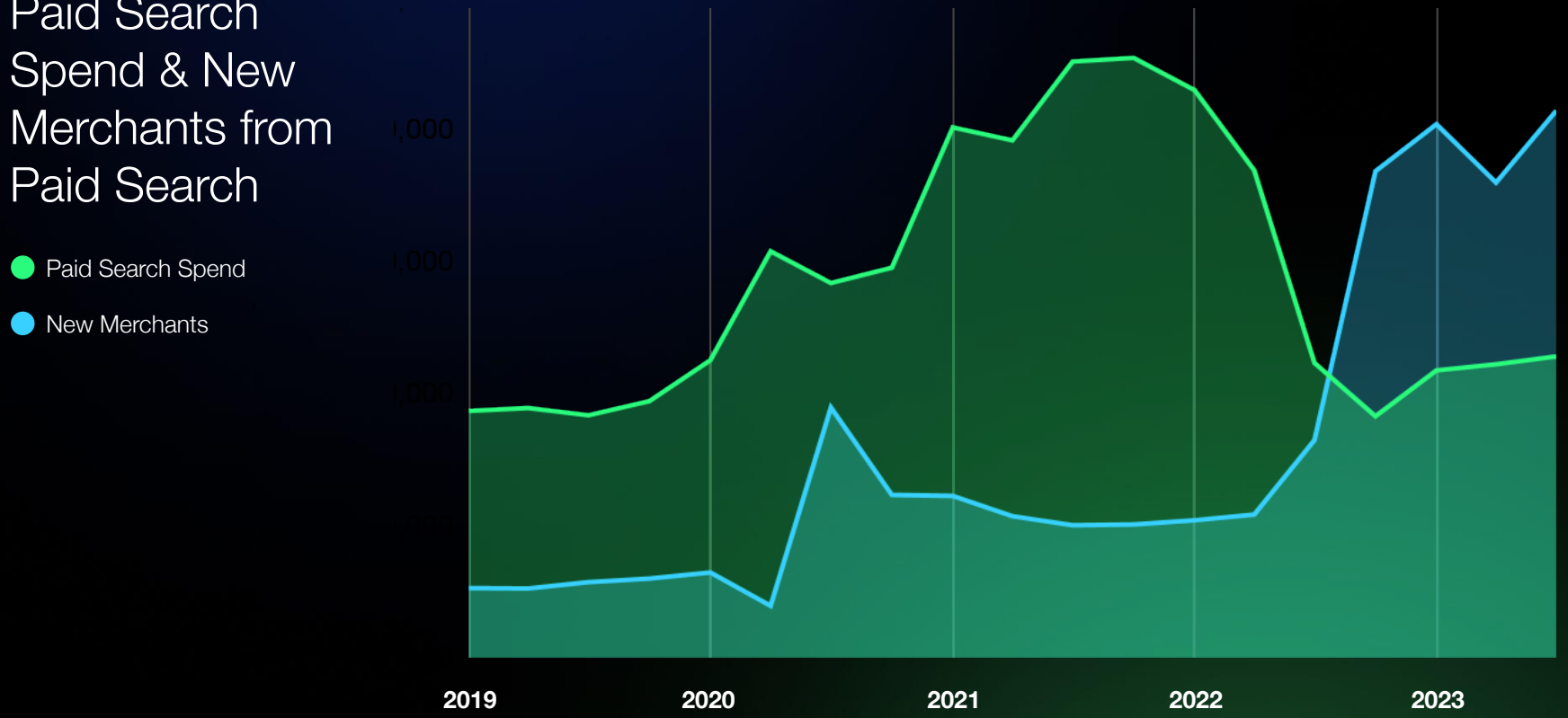
*First Sales refers to the number of stores that made their first sale in a given month, through September 2023

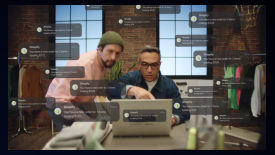
Performance Marketing Spend Distribution

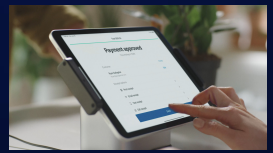
- **Paid Search**
- Group 8
- Group 7
- Group 6
- Group 5
- Group 4
- Group 3
- Group 2



Paid Search Spend & New Merchants from Paid Search



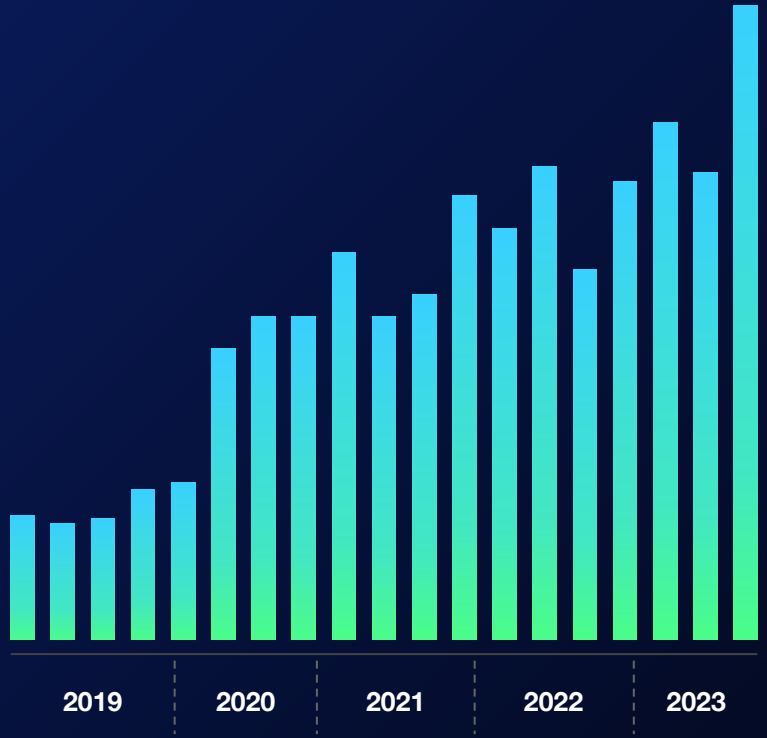


Processing payment...

Payment approved

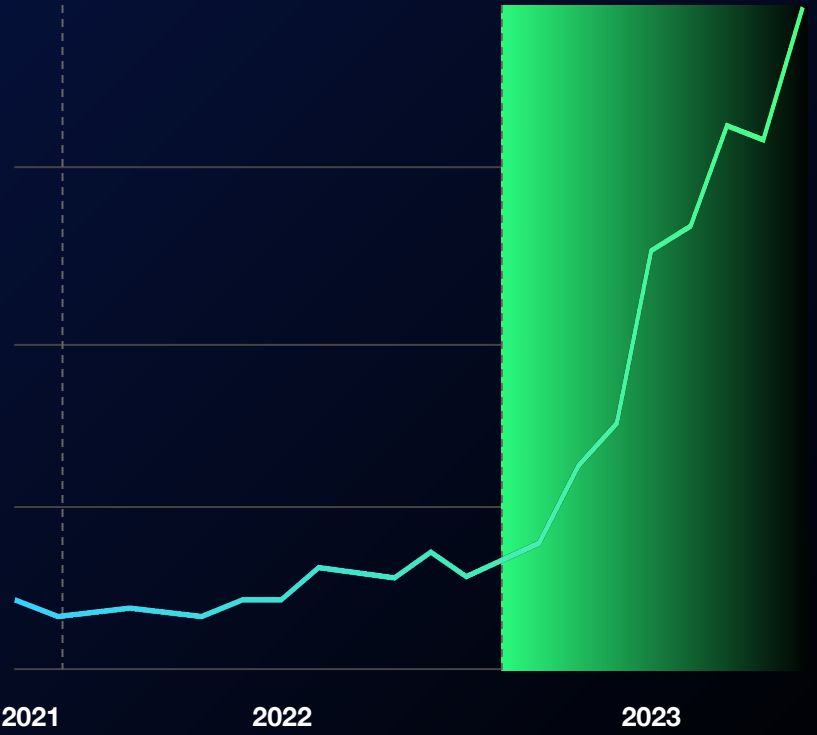
shopify
Start your $1/month trial today

shopify
Start selling for $1/month*
Online, in person, and around the world
"SHOPIFY WAS LIFE CHANGING."
- Qiana Allen, CEO & Founder, Culture's Closet
BEST Checkout EVER
shopify
shopify
Sell everywhere people shop.
In person. Online. Around the world.
Sell in person with Shopify Point of Sale
Shopify makes it easy to manage your retail and online sales.
Get Shopify POS Pro for $1/month*
Scan to learn more or visit shopify.com/launch-pos

Plus Upgrades

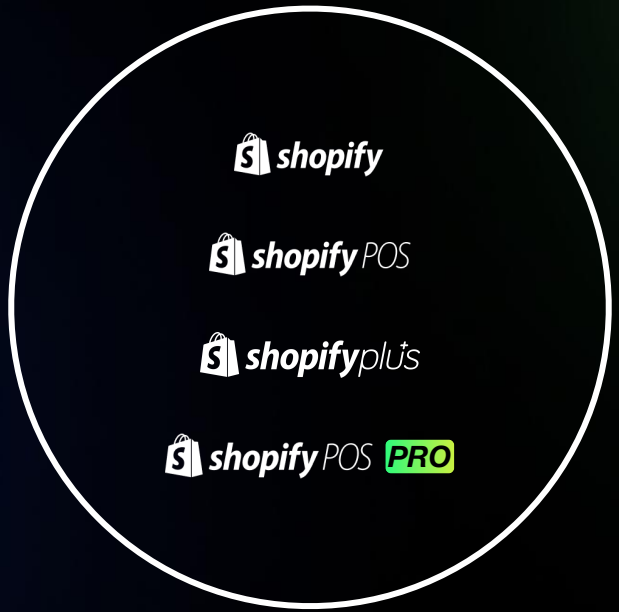


New Retail Paid Pro Merchant Growth



*Plus Upgrades represent the volume of subscription changes into a Plus plan with little to no sales involvement for the time period

**New Retail Paid Pro Merchant Growth refers to the YoY growth in number of merchants that have newly opted into a paid retail add-on to accompany their main subscription plan for the time period


shopify
shopify POS
shopify plus
shopify POS PRO

shopify audiences
shopify collective
shopify partners
commerce components
shopify payments
shopify shipping
shop Promise
shopify
shopify POS
shopify plus
shopify POS PRO
Inbox
shopify markets
shopify themes
shop
linkpop by shopify
shopify experts
shopify app store
shop Pay
shopify balance
shopify capital
shopify credit
+++ many more +++

We want Shopify to have the world's best growth engine

1

We've taken a software driven approach to marketing

2

Developed a process and team that is delivering results

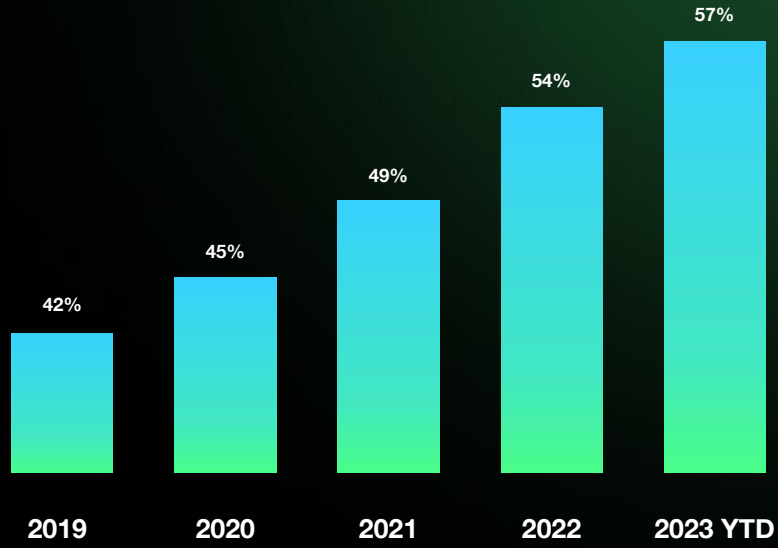
3

We will use this proven approach to attack every funnel

With a proven track record of **driving attach rates** over time

Product Attach Rate

Gross Payments Volume (GPV)



*Product attach rate is defined as total revenue divided by GMV. Gross Payments Volume, or GPV, is the amount of GMV processed through Shopify Payments. 2023 YTD as of September 30

shopify

Shopify Investor Day

Bobby Morrison, Chief Revenue Officer

We have **traction** and we are growing faster

Lifetime Revenue Bookings

*Lifetime Revenue Bookings are the estimated discounted, incremental lifetime revenue to Shopify from the sale of products and services to new or existing Shopify merchants in a given period

We have **traction** and **growing faster and faster**

Lifetime Revenue Bookings

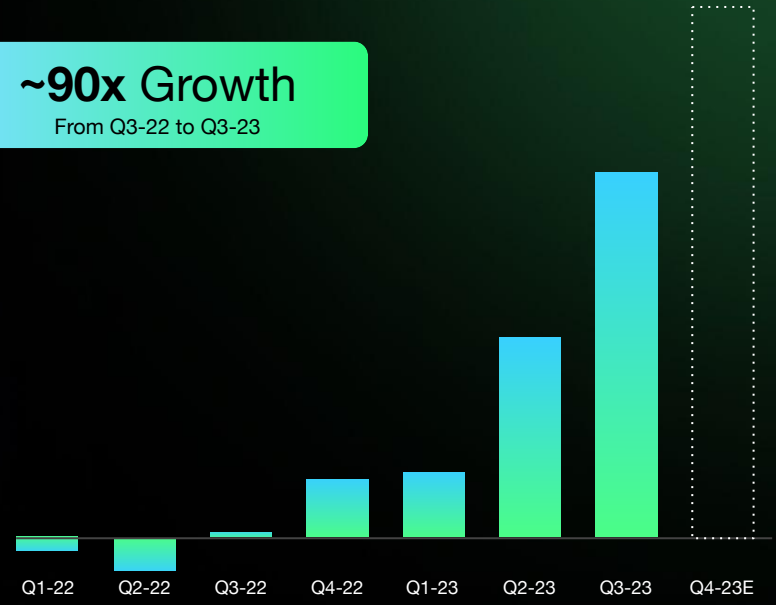
New business bookings in period

~105% Growth
From Q1-22 to Q3-23

…and we're growing profitably

Lifetime Margin less Opex (excl Support)

~90x Growth
From Q3-22 to Q3-23



*Lifetime Revenue Bookings are the estimated discounted, incremental lifetime revenue to Shopify from the sale of products and services to new or existing Shopify merchants in a given period
**Lifetime Margin is the estimated discounted, incremental lifetime gross profit to Shopify from the sale of products and services to new or existing Shopify merchants in a given period
***Lifetime Margin less Opex (excl Support) chart shown above not to scale with Lifetime Revenue Bookings graph

We have momentum and are taking share of the market…

*Ratio is the number of Shopify Merchants added vs. the number departed to competitors YTD through September 2023
**Midmarket segment defined as merchants generating between $2-$20M annual GMV

We have momentum and are taking share of the market…

*Ratio is the number of Shopify Merchants added vs. the number departed to competitors YTD through September 2023
**Midmarket and large account segments defined as merchants generating between $2-$20M and $20-$125M annual GMV, respectively

We have momentum and are taking share of the market…

*Ratio is the number of Shopify Merchants added vs. the number departed to competitors YTD through September 2023

**Midmarket, large account, and enterprise segments defined as merchants generating between $2-$20M, $20-$125M, and $125M+ annual GMV, respectively

Operating Excellence

People

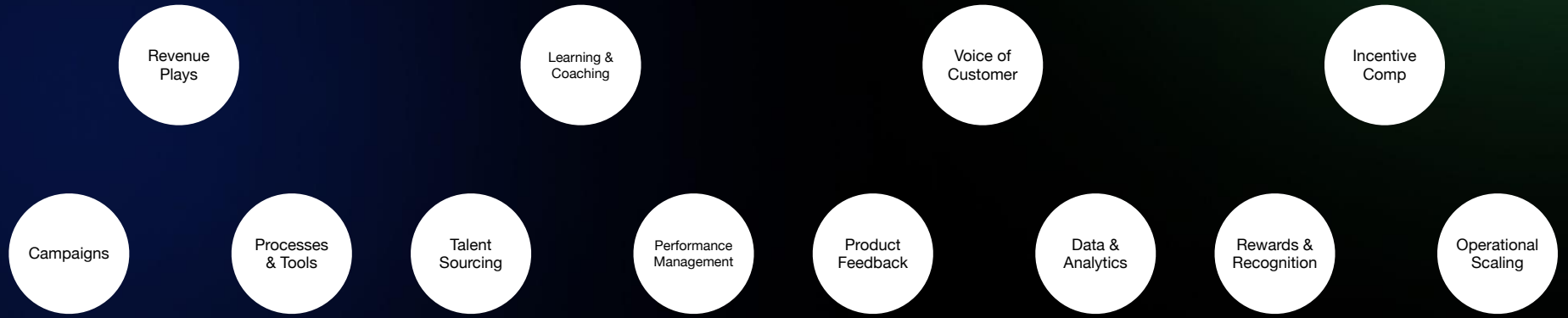
Culture

Execution

Laying the foundation

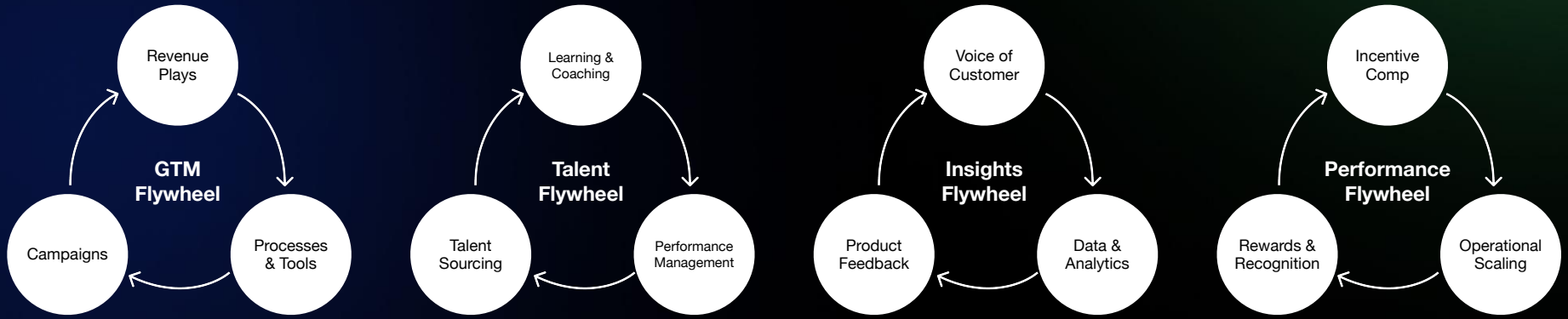
Operating Excellence

12 Disconnecting things…



Operating Excellence

4 Operating Flywheels…



Operating Excellence

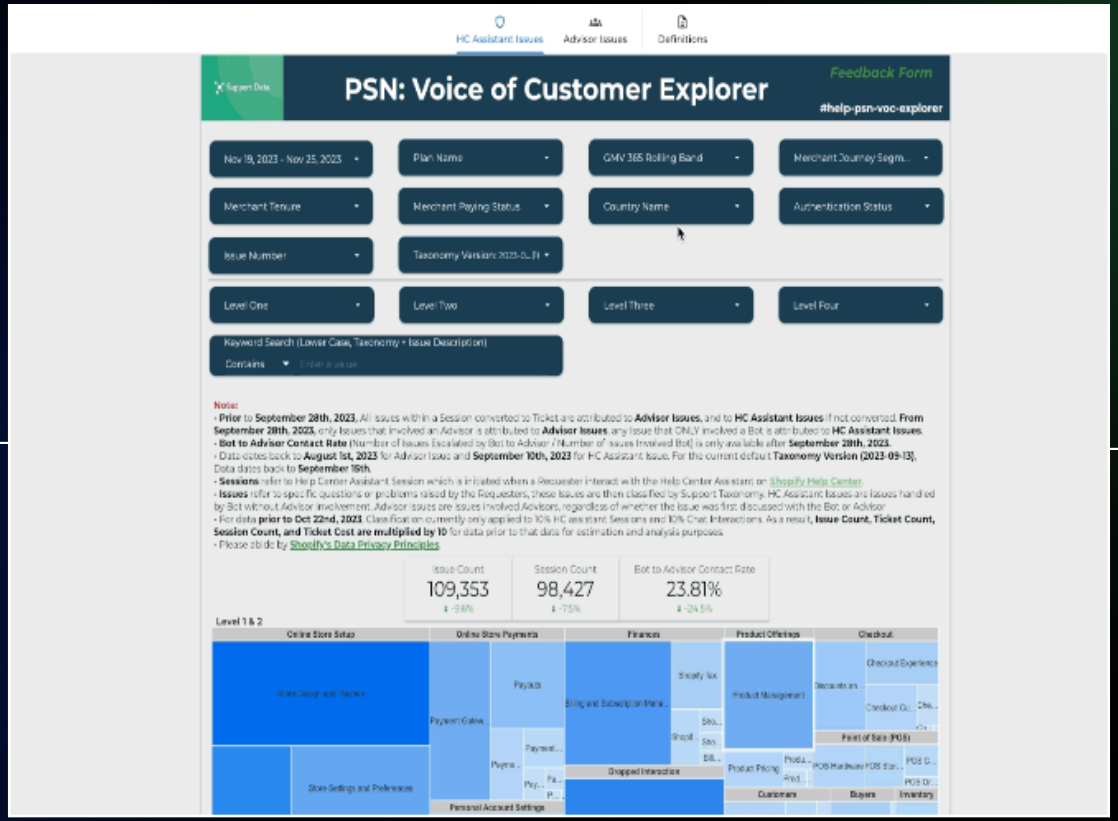
DATA SOURCES

AI Help Center Interactions
95K+
weekly

Live Agent Tickets
80K+
weekly

FUTURE

- Sales Transcripts
- Customer Success Insights
- All Commercial Surfaces



- Product Gaps and Concerns
- Trends in Adoption
- Merchants at risk
- Launch tracking

*AI help center interactions and live agent tickets based on 8-week average from October 1 to November 25, 2023

3 Myths

1

We are just for SMBs and Entrepreneurs

3 Myths

1

We are just for SMBs and Entrepreneurs

2

We are just an ecommerce company

3 Myths

1

We are just for SMBs and Entrepreneurs

2

We are just an ecommerce company

3

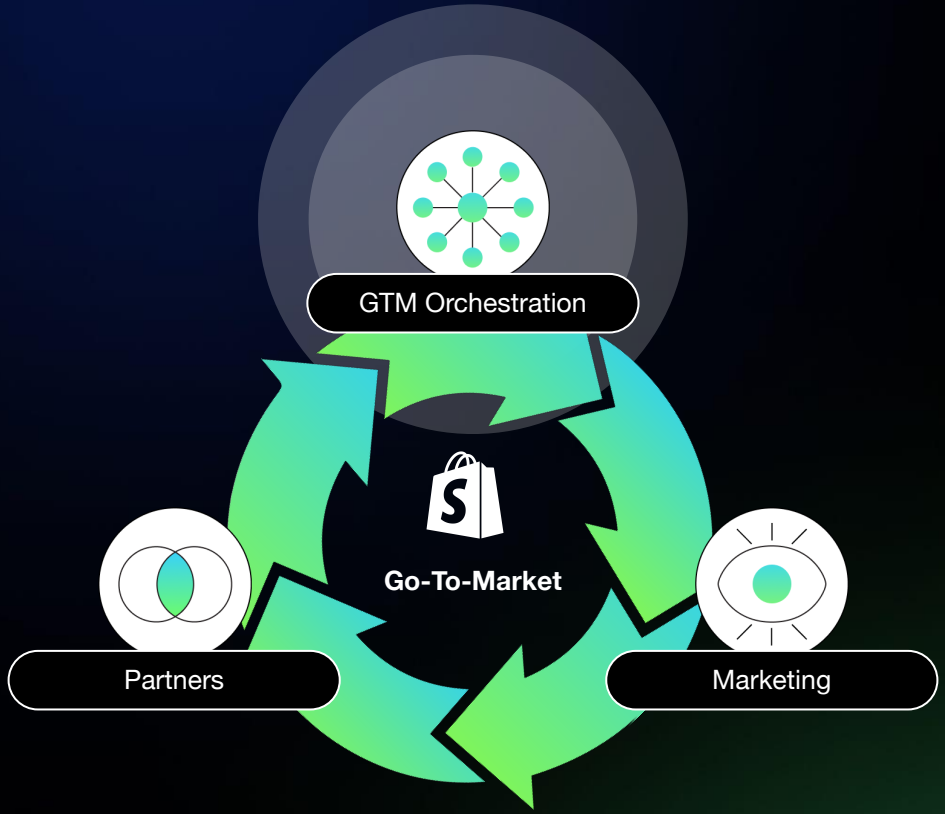
We have finite TAM

Myth 1: We are just for SMB's

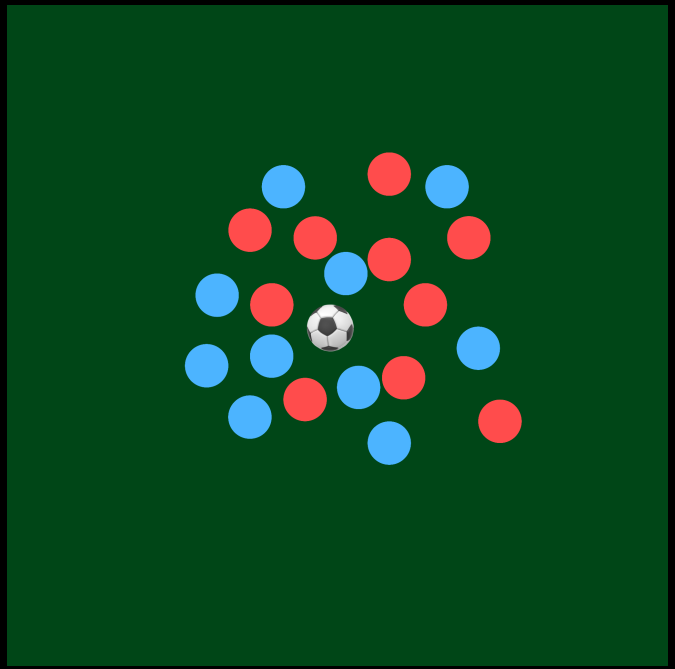
Source: Shopify internal estimates, third party study, eMarketer, U.S. Bureau of Labor Statistics
*Revenue opportunity shown. ecommerce includes subscription solutions ($81B) and Shopify Payments ($157B)

GTM Orchestration
Go-To-Market
Partners
Marketing

GTM Orchestration

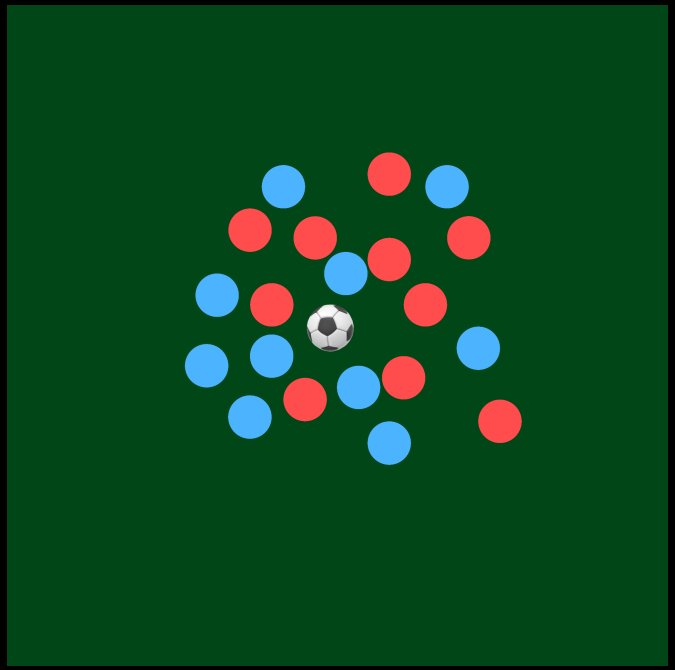


GTM Orchestration

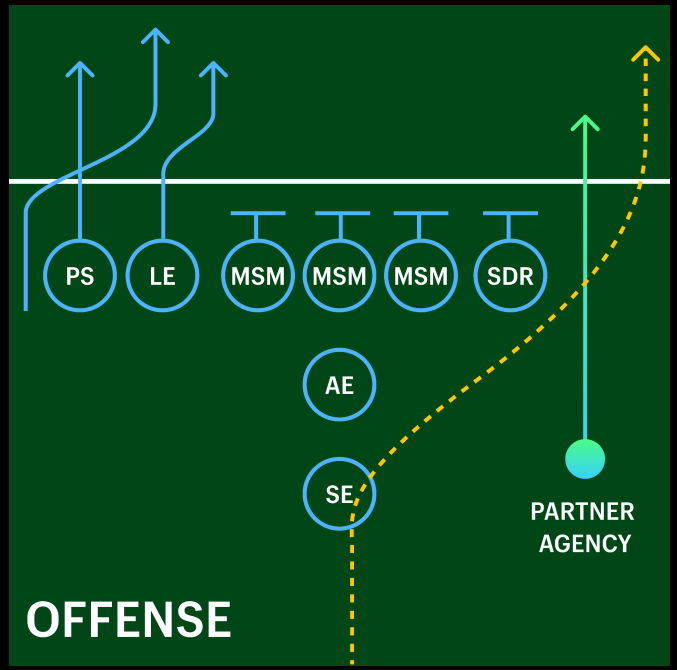


VS

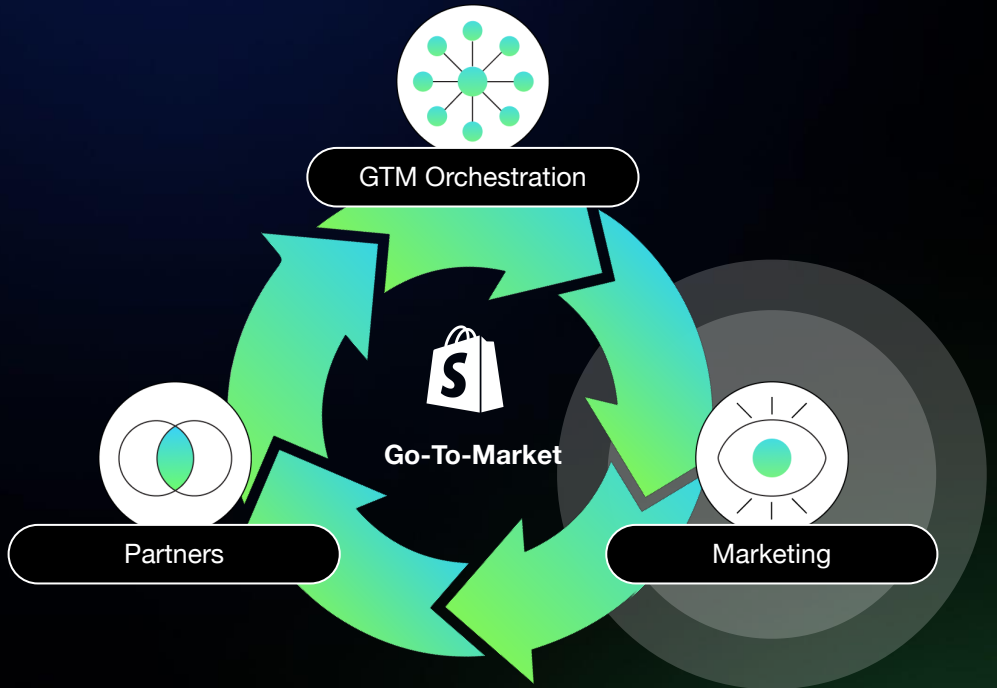
GTM Orchestration



VS



Marketing

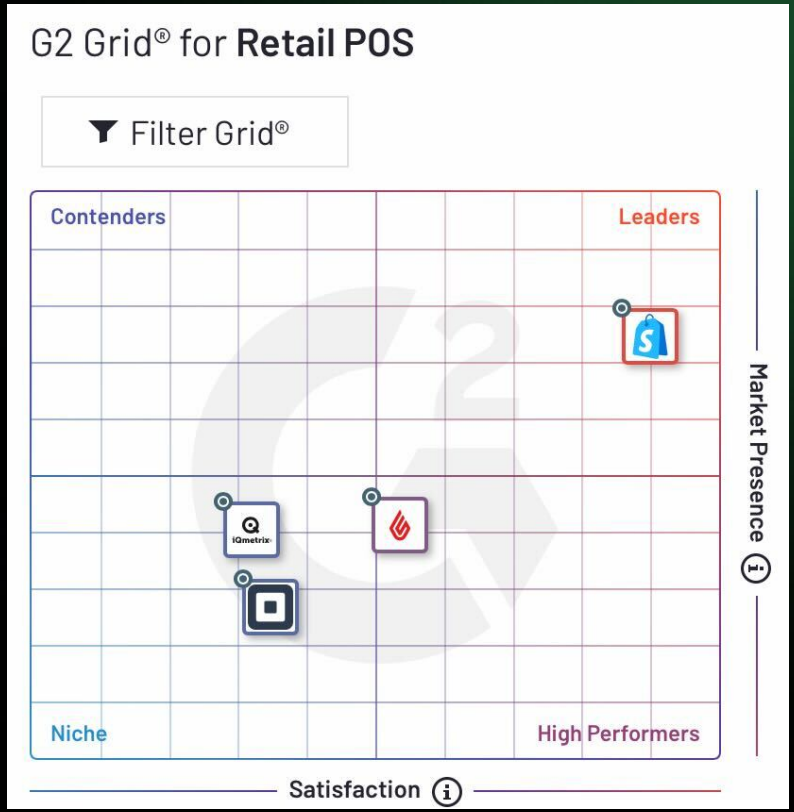


Marketing

GARTNER

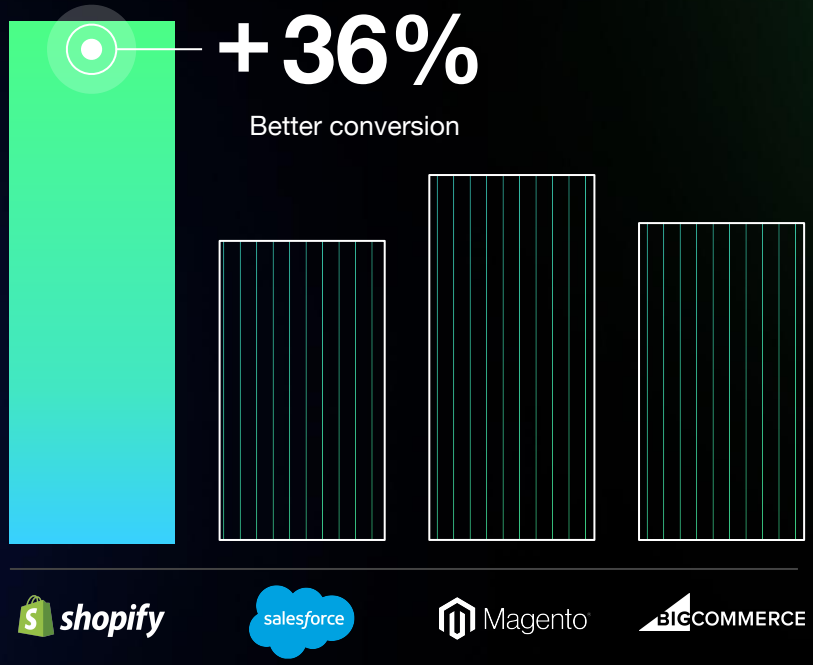
Figure 1: Magic Quadrant for Digital Commerce

G2



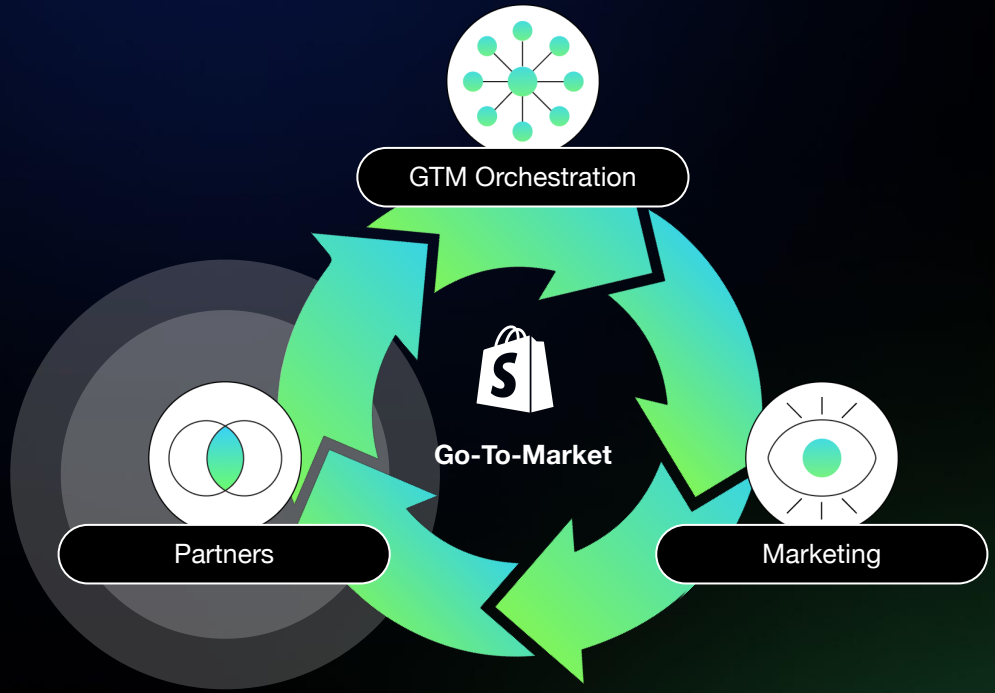
Marketing

Shopify converts up to **36% better**



*Study completed in partnership with Big Three global management consulting company in April 2023

Partners



Partners

Partner Channel Evolution: Accelerating Enterprise Market Development

	BUILD 2022	GROW 2023	EXPAND 2024
SYSTEMS INTEGRATOR PARTNERSHIPS	accenture, Deloitte.	IBM, EY, KPMG, cognizant	Capgemini, wipro, Tech Mahindra, <epam>
STRATEGIC PARTNERSHIPS		Globant, Google Cloud, TOTVS, L Catterton, adyen, WPP, aligent	ABeam Consulting, astound COMMERCE, DEPT, PHOTON, amblique

Partners

Brands who have said yes to Shopify in 2023 …

Partners

Today’s Midmarket is tomorrow’s Enterprise

~25% **Large accounts growing >40% YOY**

~18% **Midmarket accounts growing >40% YOY**

*Percentages shown represent the proportion of large / midmarket accounts out of total large / midmarket accounts with more than 40% GMV growth for the 12-month period as of November 2023 compared to the 12-month period as of November 2022

**Midmarket and large account segments defined as merchants generating $2-$20M and $20-$125M annual GMV, respectively

Myth 2 : We are just an ecommerce company

Source: Shopify internal estimates, third party study, eMarketer, Grandview Research, U.S. Bureau of Labor Statistics
*Revenue opportunity shown. ecommerce includes subscription solutions ($81B) and Shopify Payments ($157B)

Offline

2021

Began as a pure-play standalone, mostly attaching to our current base.

2022

Offline team became embedded in the Cross-sell function. Losing out to easier sales efforts (Capital, Payments attach)

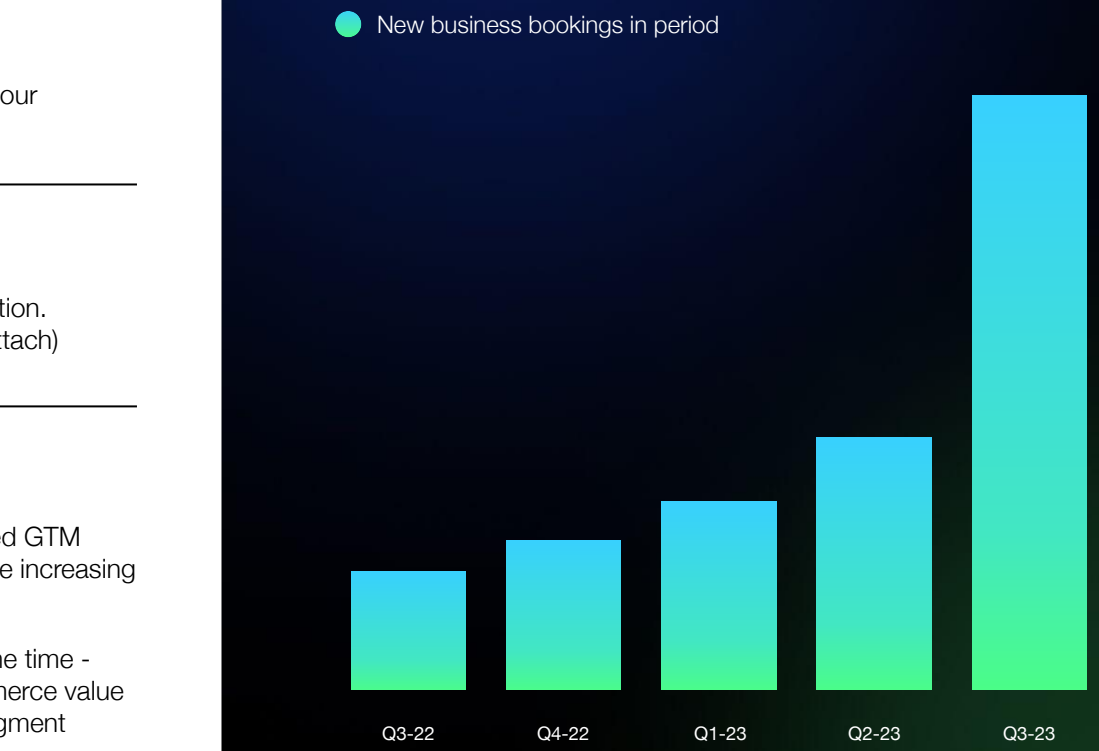
2023

Created a dedicated sales team with an operationalized GTM plan. New acquisition grew Q1: 43% to Q3: 68%, while increasing average deal size by 20% over the same time period

Emergence of offline & ecommerce coming at the same time - demonstrates we can lead and win with Unified Commerce value prop, with key opportunities in the Large Accounts segment

*New acquisition refers to signing of net new merchants to Shopify under a “Retail First” path, as opposed to selling Retail solutions to existing ecommerce merchants. New acquisition growth shown based on proportion of estimated annual Gross Payments Volume (GPV) closed won from new acquisition deals
Average deal size based on average of estimated GPV per closed won deal of a Retail sale
**Large account segment defined as merchants generating $20-$125M annual GMV

Lifetime Offline Bookings



*Lifetime Offline Bookings is the estimated discounted, incremental lifetime revenue to Shopify from the sale of our Offline products and services to new or existing Shopify merchants via our cross-sell and dedicated Offline sales teams in a given period

BR HOME
OAK + FORT
PAIGE
buy buy BABY
FIGS
The Hot Tub People
XpresSpa
ALEX + ANI
La MAISON LAVANDE CULTURE & PARFUMERIE
FRESHLY COSMETICS
SKIMS
credo
TESKEY'S
Smileie
DESIGNER EYES
cozey
babylist
REBEL ATHLETIC
STANCE
FRAMEBRIDGE
ALESSI
PRIME HOUSE DIRECT
IN THE KNOW
SAMPLE SALE
JEFFREE STAR COSMETICS
HARDWOOD PRODUCTS
AllStarWine.com
ALL PRO TRAILER SUPERSTORE
Lulus
ROYCE' CHOCOLATE
TOMLINSON'S
LOUNGE UNDERWEAR
Rails
TICKNORS MEN'S CLOTHIER
IRVINE'S
HIGHWAY LEATHER
Golf Cars of Houston Superstore
GOODALL pools & spas
CASA KEVIN
Brandy Melville
ALTOMUSIC
tiptonhurst
BokaraRug
enesco Bringing Joy Every Day
The Sprucery Garden Center

B2B

Q3 GMV **nearly doubled** YoY

By August 2023 we had **surpassed total B2B GMV for all of 2022**

Well known brands around the world are adopting B2B on Shopify

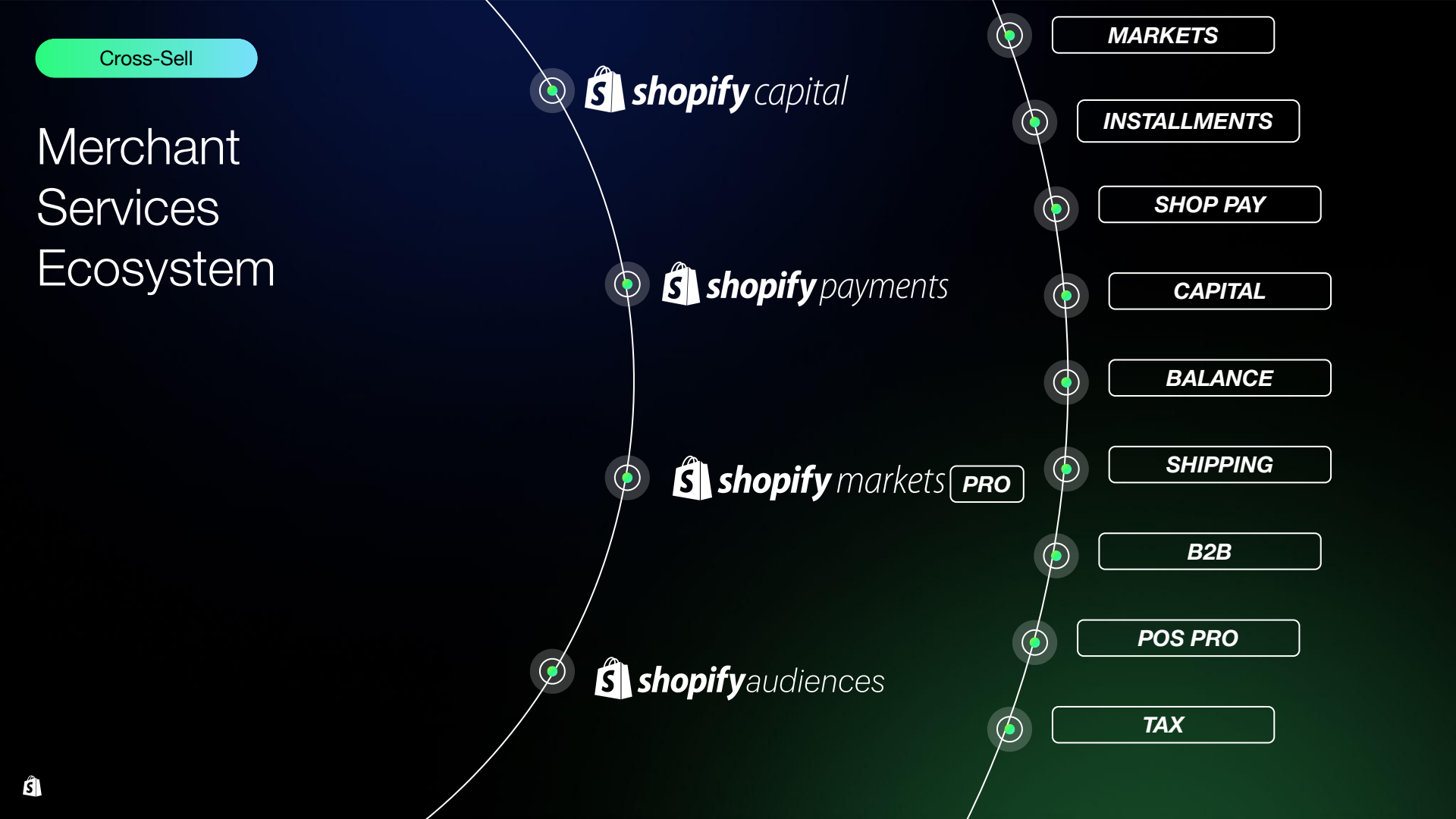
Myth 3 : TAM is finite

Source: Shopify internal estimates, third party study, eMarketer, Evolve Business Intelligence, Grandview Research, U.S. Bureau of Labor Statistics, Statista

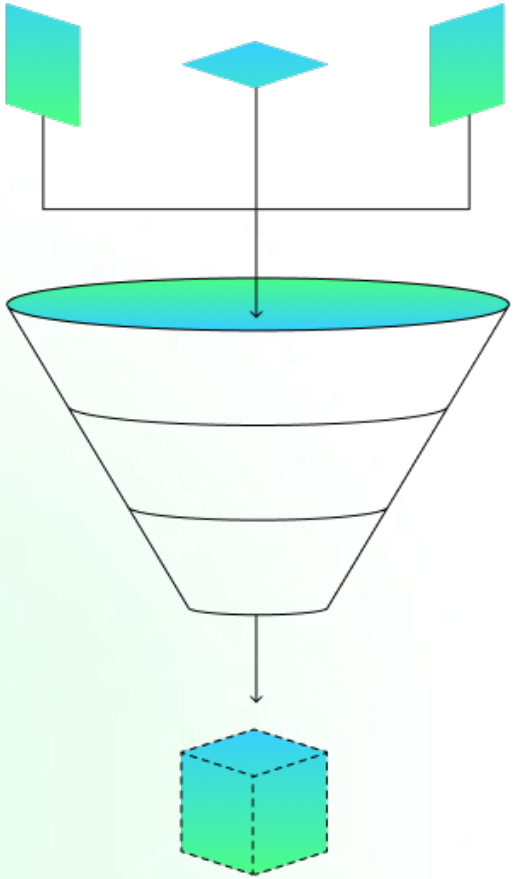
*Revenue opportunity shown. ecommerce includes subscription solutions ($81B) and Shopify Payments ($157B). Merchant Services TAM shown excludes Shopify Payments since included in ecommerce

Cross-Sell

Merchant Services Ecosystem



Cross-Sell



LEVERAGING AI

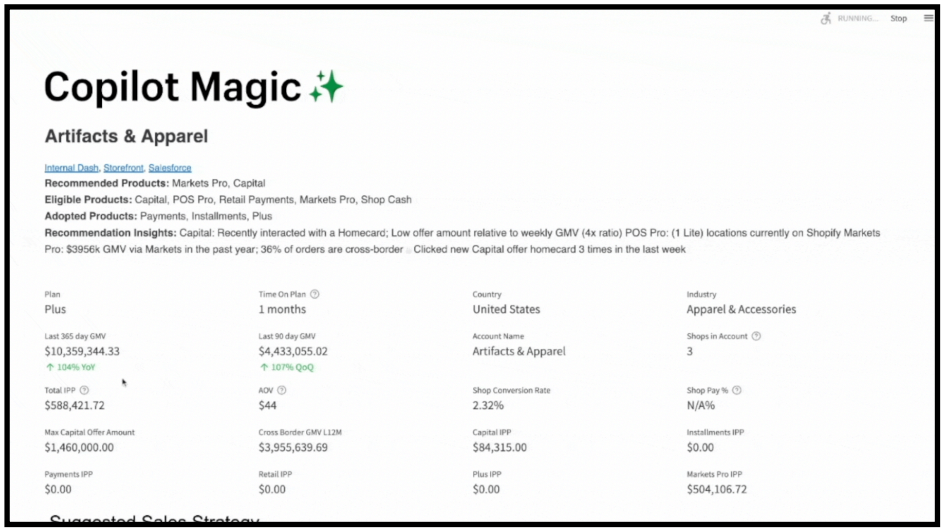
Sales Team Productivity: ~2.5x YoY

INCENTIVIZE VALUE CREATION

Sales Team ROI: ~2.5x YoY

*Productivity defined as Lifetime Margin per effective sales head in a given period
Growth rate represents Q3-23 compared to Q3-22 and based on global sales rep team
**ROI defined as Lifetime Margin divided by sales rep costs in a given period
Growth rate represents Q3-23 compared to Q3-22 and based on North America reps only

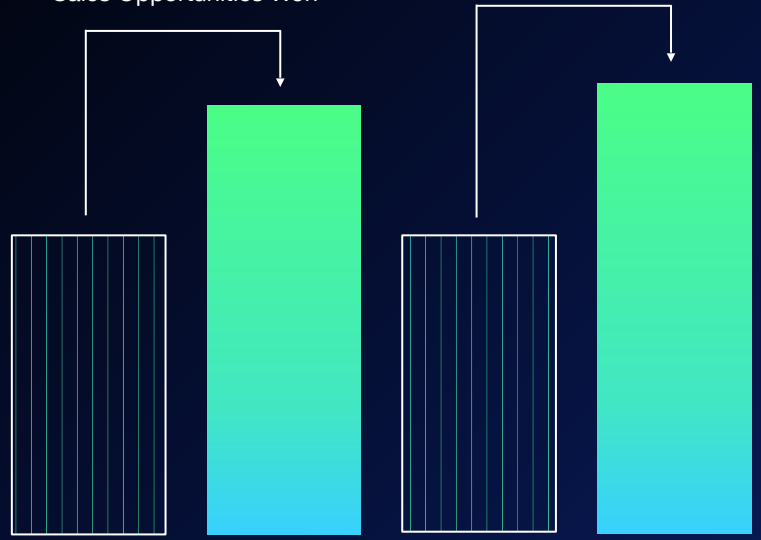
AI Value Creation



Shopify's AI tools increase Sales rep productivity

+31%
Sales Opportunities Won

+35%
Value per Opportunity



*Growth rates shown are the incremental improvement in performance of a beta test group of sales reps using AI tooling compared to their peers without AI tooling on the same team and region based on 6 weeks pre vs. post launch date of AI tools on July 7, 2023. Opportunities won defined as deals that move to contract signing stage. Value defined as Lifetime Margin for cross-sell which is the estimated discounted, incremental lifetime gross profit to Shopify from the sale of products and services to existing Shopify merchants in a given period

TAM

Total: $849B

Source: Shopify internal estimates, third party study, eMarketer, Evolve Business Intelligence, Grandview Research, U.S. Bureau of Labor Statistics, Statista

*Revenue opportunity shown. ecommerce includes subscription solutions ($81B) and Shopify Payments ($157B). Merchant Services TAM shown excludes Shopify Payments since included in ecommerce

1

We've transformed the trajectory of the business

2

We're taking share from the competition

3

We have a commercial model that is grounded in both operational and fiscal discipline

shopify

Shopify Investor Day

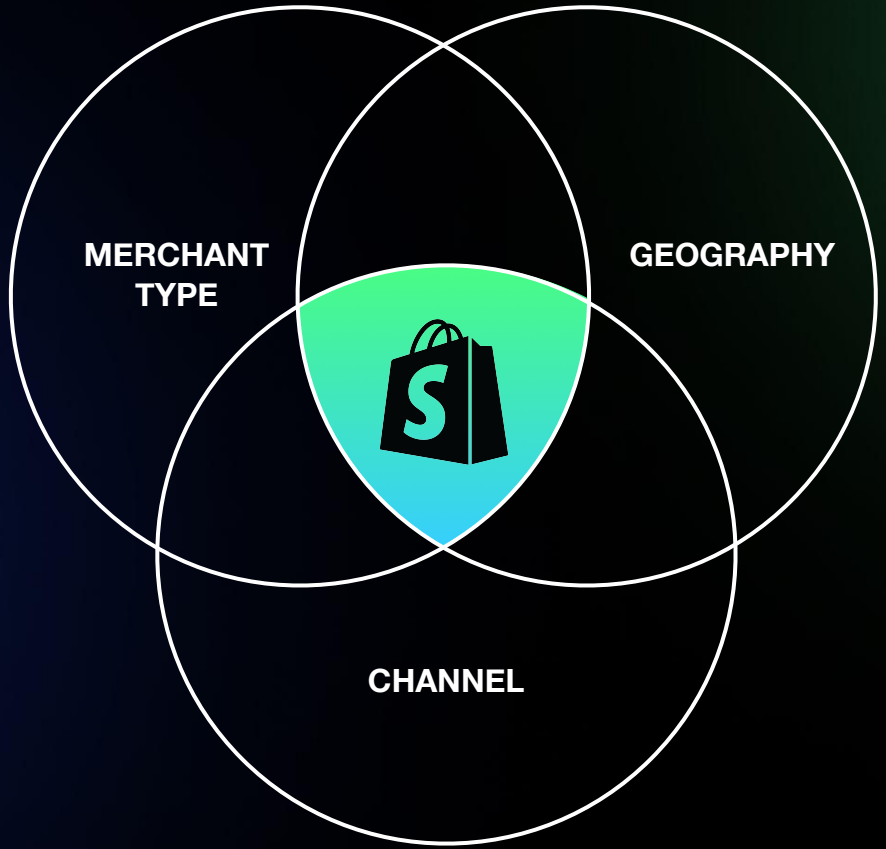
Jeff Hoffmeister, Chief Financial Officer

IPO		Today	
TAM =	**$46B**	TAM =	**18x**
Products =	**4**	Products =	**20+**
GMV =	**$4.5Bn**	GMV =	**50x**
Revenue =	**$124MM**	Revenue =	**50x**
Free Cash Flow Margin =	**Negative Double Digits**	Free Cash Flow Margin =	**Positive Double Digits**
Countries with Payments =	**4**	Countries with Payments =	**23**

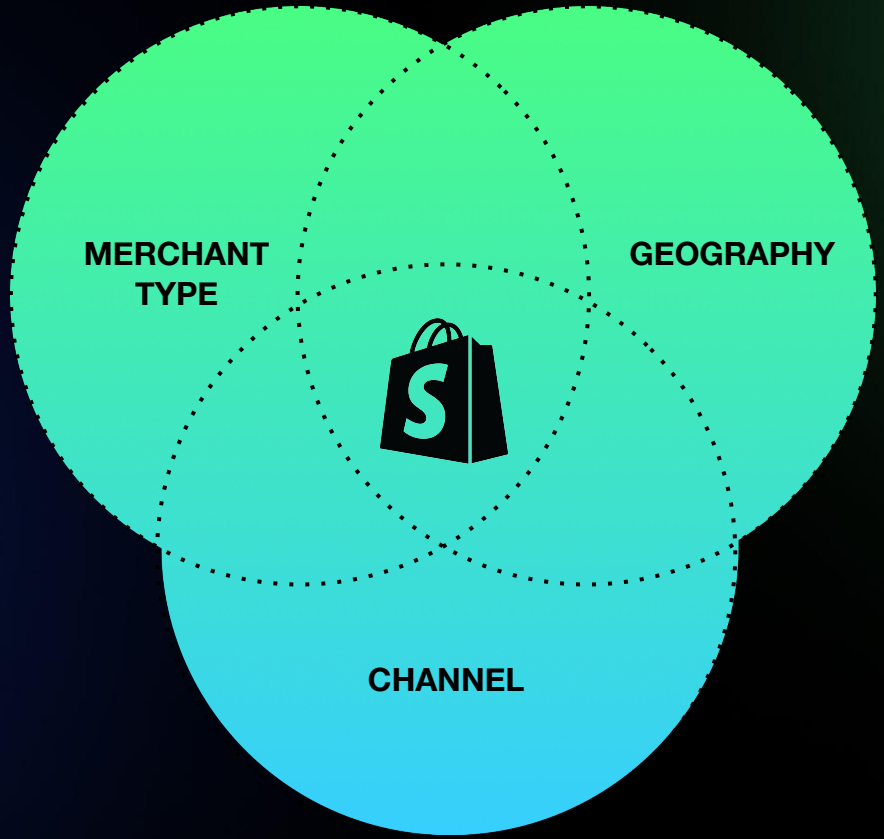
*Product count defined as revenue generating solutions that we control and are sold to merchants via self-serve or through Shopify's sales team
**IPO figures reflect last twelve months figures as of March 31st, 2015

*GMV figure based on trailing twelve months results for Q3 2023
**Revenue and free cash flow figures reflect 2023E estimates based on the midpoint implied by previously stated Q4 outlook
***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.

@ IPO = SMB + Online + North America



Today: Commerce



1. We help accelerate the power of entrepreneurship and merchant success
2. We are a leading platform for entrepreneurship . . .
3. . . . and increasingly all of commerce
4. As merchants do better, Shopify does better

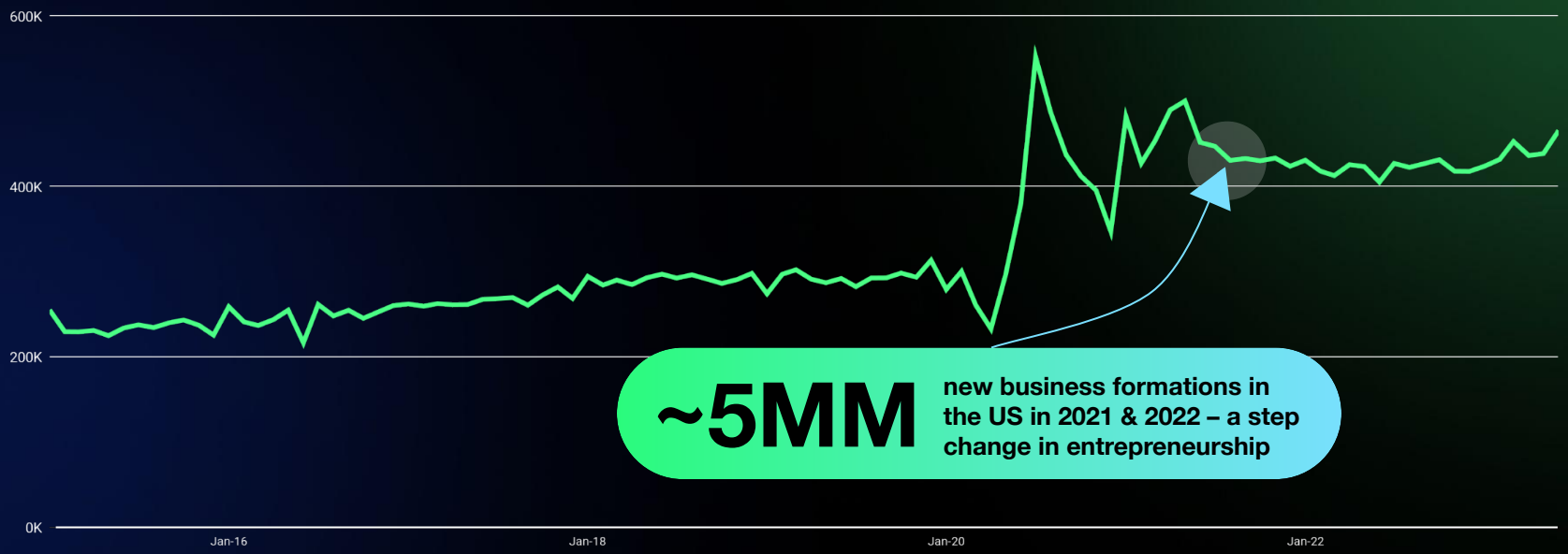
1

Our opportunity continues to expand

TAM perspectives

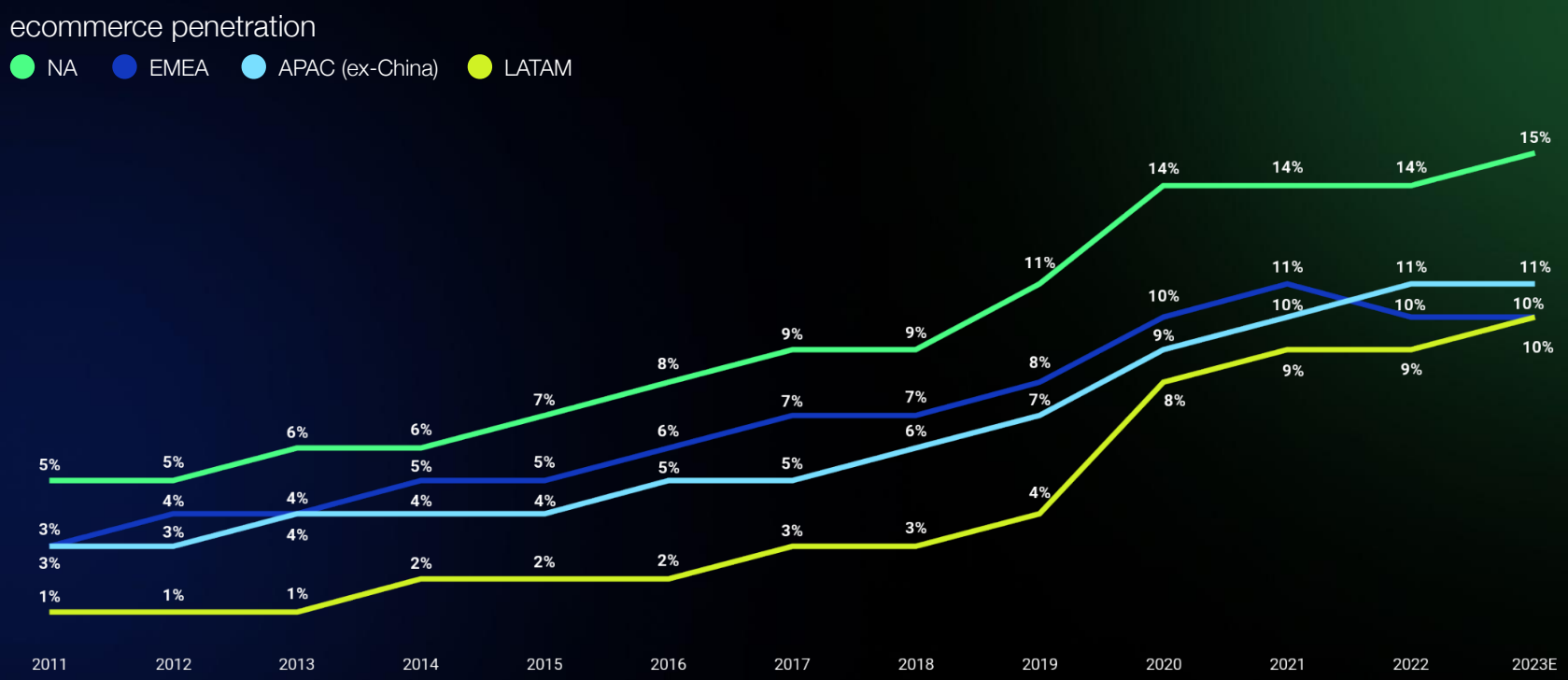
Entrepreneurship is more accessible and more important than ever

Monthly new business applications (US)



Source: US Census Bureau, Seasonally Adjusted Business Applications

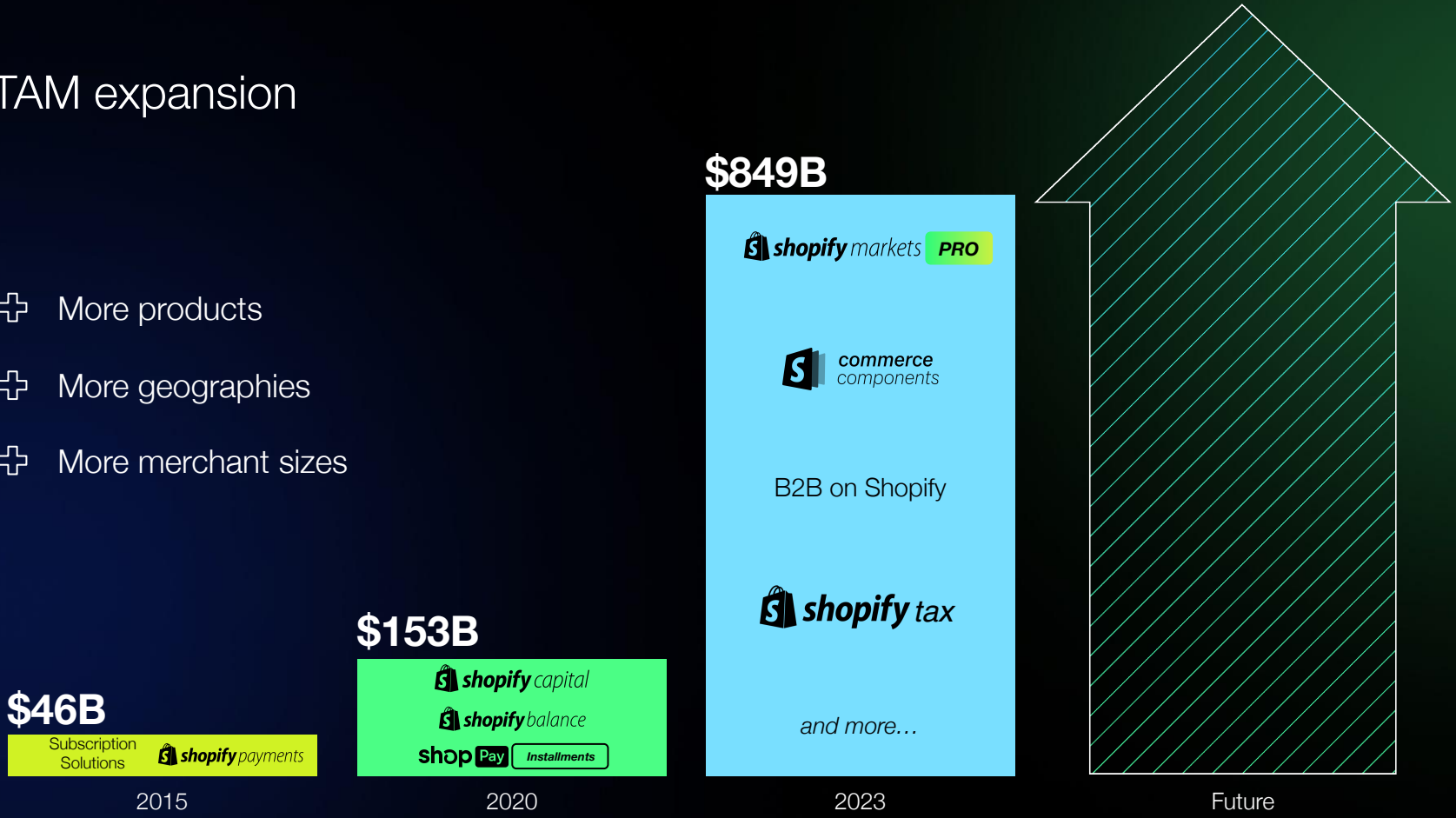
Our core market still has so much runway



Source: eMarketer, “Retail and ecommerce Sales, by Country”

TAM expansion

- More products
- More geographies
- More merchant sizes



Source: Shopify internal estimates, third-party study, eMarketer, Evolve Business Intelligence, Grandview Research, US Bureau of Labor Statistics, Statista

*Revenue opportunity shown. Products shown in accordance with time of product launch. Shopify Logistics excluded. 2015 and 2020 TAM previously disclosed based on average revenue per merchant and estimated number of retail businesses globally per third party study. 2023 TAM based on a top-down and bottoms-up analysis by product

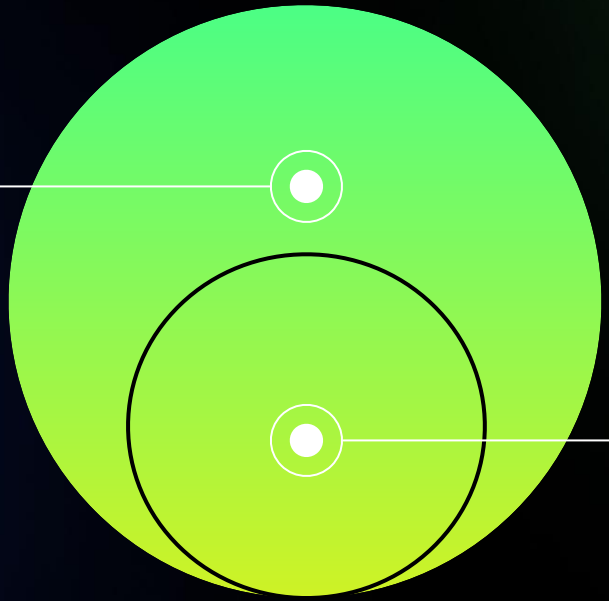
SAM of geographies that we currently serve

$849B

Global Revenue TAM

1% penetrated

- **$81B** Subscription solutions
- **$157B** Payments - online
- **$152B** Other merchant services
- **$459B** Payments - offline



$404B

Revenue SAM

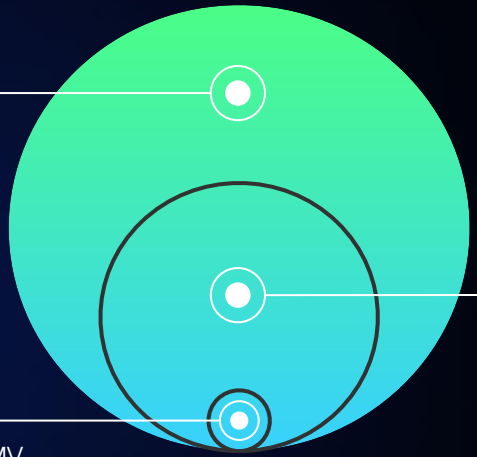
Core geographies

2% penetrated

Source: Shopify internal estimates, third-party study, eMarketer, Evolve Business Intelligence, Grandview Research, US Bureau of Labor Statistics, Statista
*Analysis predominantly includes countries with Shopify Payments presence, including North America and select regions in Europe and Asia-Pacific

We've captured less than 1% market share of global retail sales

North America



$8.0T
Retail sales

$1.2T
ecommerce sales

Shopify NA GMV
~**2%** of total retail sales

RoW

$15.3T
Retail sales

$1.6T
ecommerce sales

Shopify RoW GMV
~**0.5%** of total retail sales

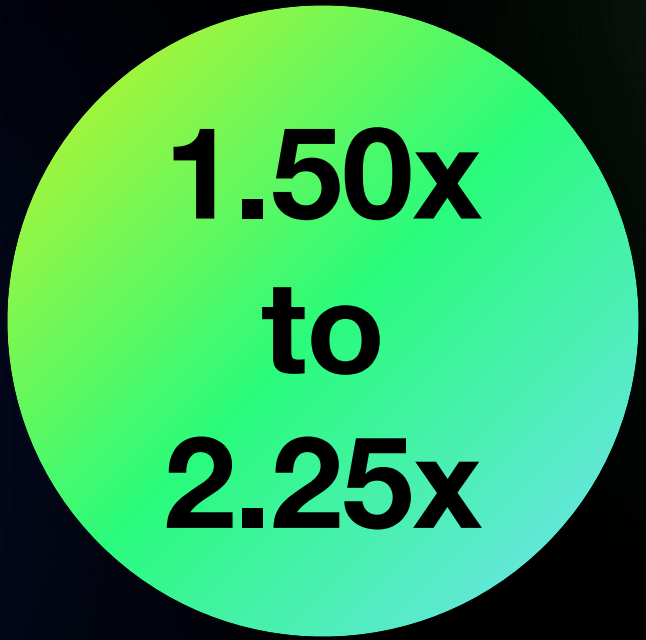
Source: eMarketer, "Retail and ecommerce Sales, by Country"
*RoW Retail and ecommerce sales figures exclude China
**All figures based on 2023E estimates

2

Accelerating success for our merchants

GMV perspectives

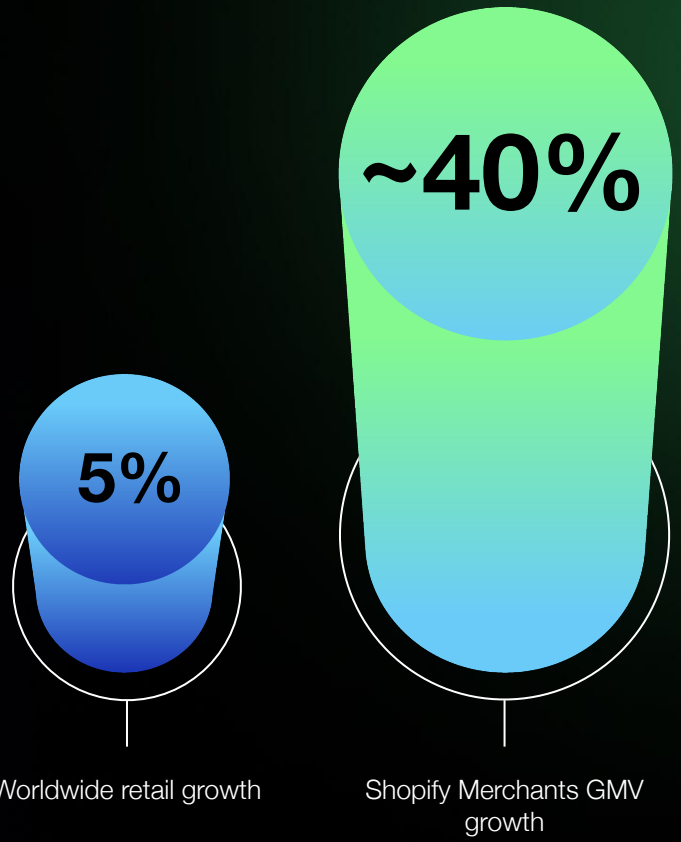
Our merchants' GMV growth has outpaced overall ecommerce



Annual Shopify US ecommerce growth as multiple of overall US ecommerce growth each of the last four years

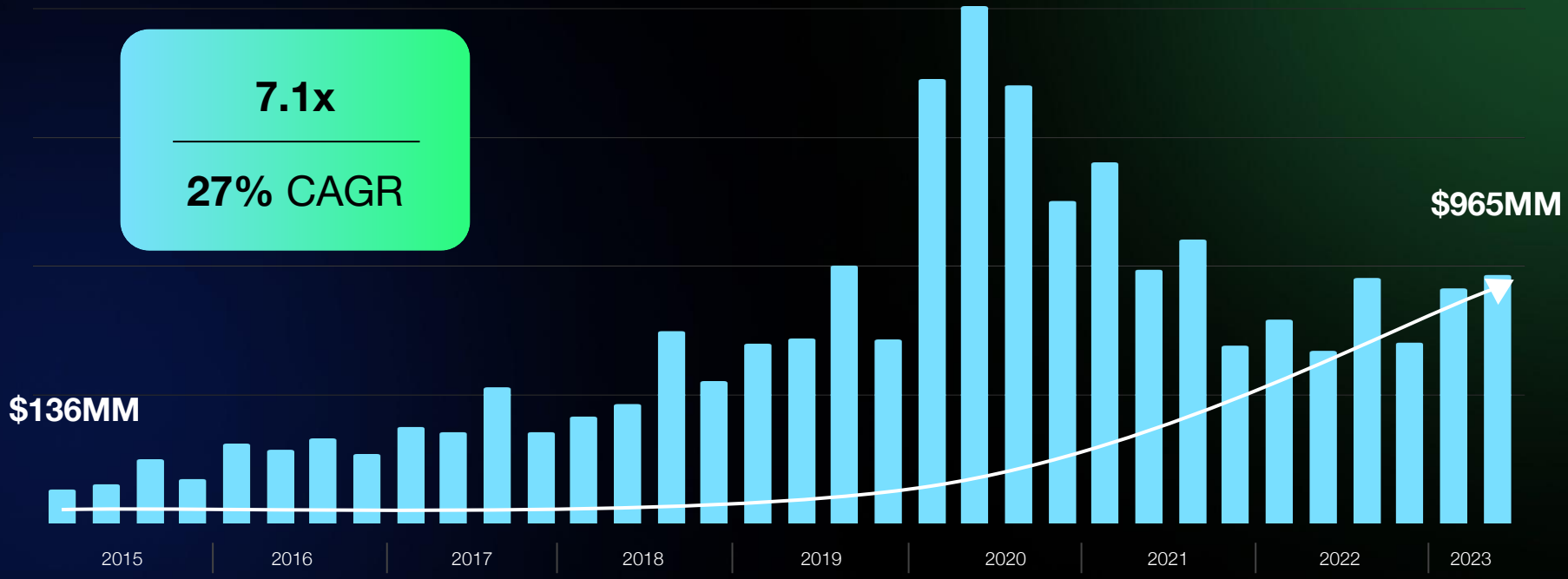
Source: US Census, Monthly Retail Trade Report

Shopify merchants outpacing overall Retail GMV as well



Sources: eMarketer, “Retail and ecommerce Sales, by Country”; Bloomberg Consensus Forecasts
*Growth rates represent 4-year CAGR (2019-2023E)

Our quarterly cohorts are getting larger…

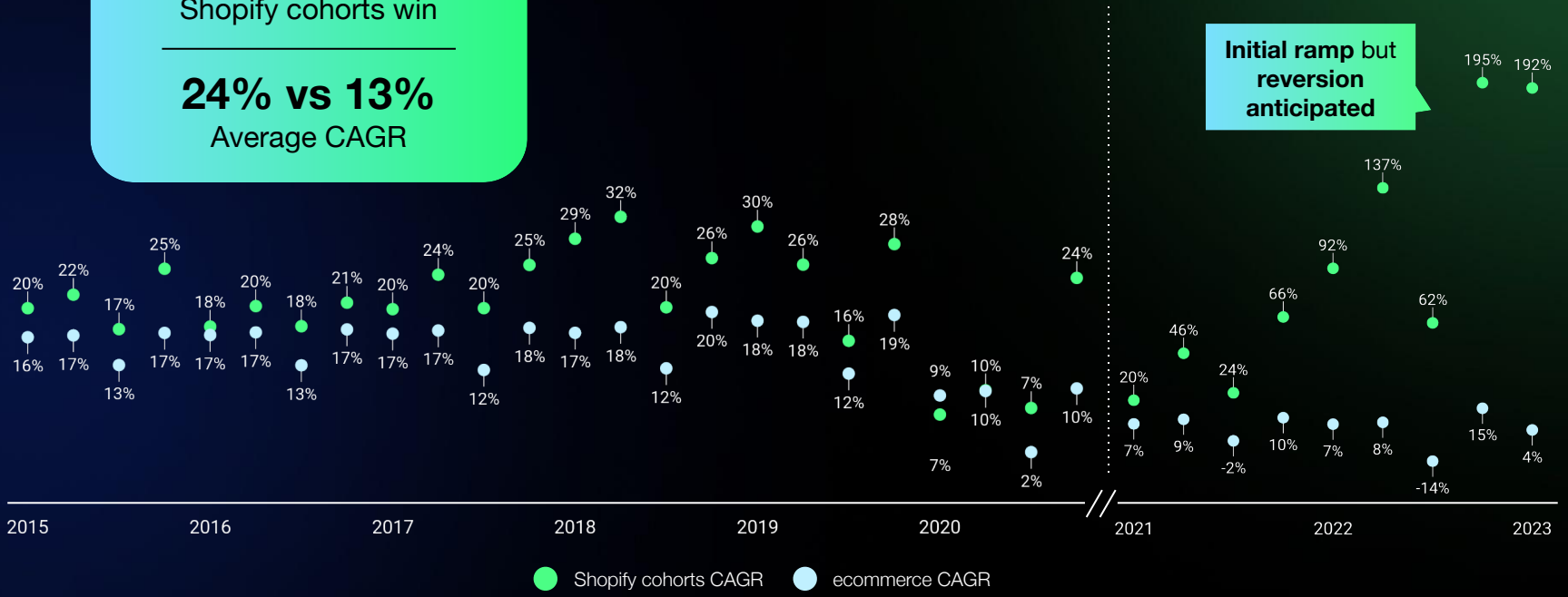


*Represents first full quarter of GMV from merchant cohorts that joined the Shopify platform in the period shown
**CAGR calculation is based on the first full quarter of GMV for the most recent cohort (Q2-23) vs the Q1-15 cohort, respectively

…each with strong growth over time…

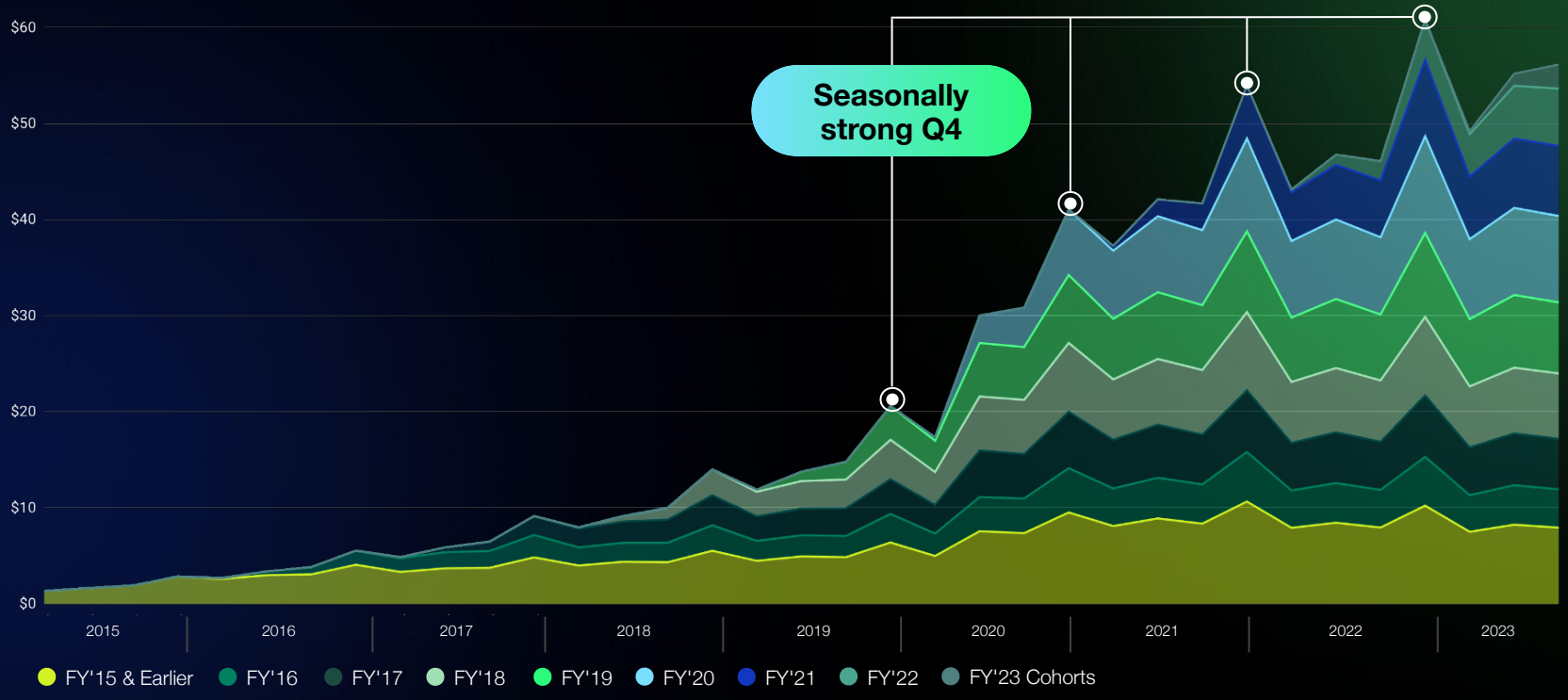
32 out of 33
Shopify cohorts win

24% vs 13%
Average CAGR



*CAGR calculation taking the most recent quarter of GMV (Q3-23) divided by the first full quarter of GMV for a given cohort

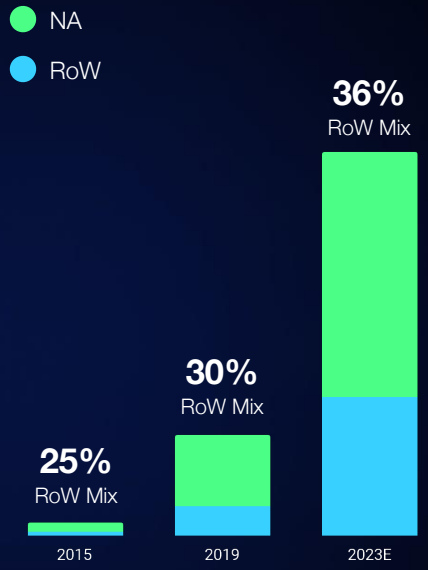
…delivering GMV that compounds every year



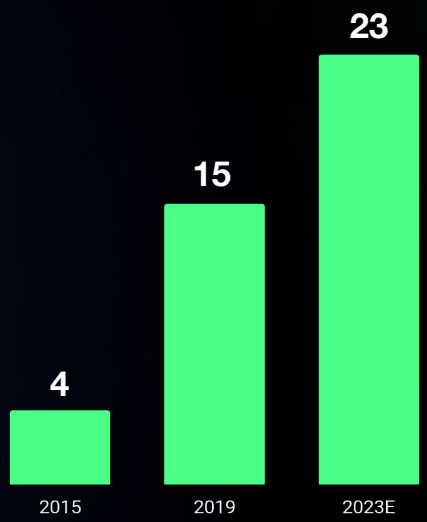
*Cohorts based on the year a merchant joined the platform

Making commerce as borderless as possible

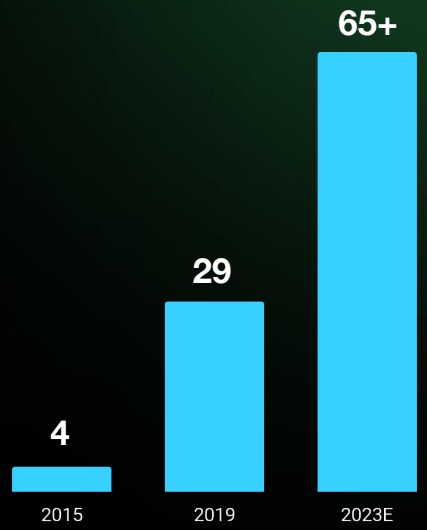
GMV by region



Countries with Payments



Countries > $100MM GMV



*All figures reflect full year results, including 2023E estimated figures

3

When our merchants become more successful, Shopify becomes more successful

Revenue and margin perspectives

More merchant GMV
More merchants
More products + solutions
More economies of scale

Aligned with our merchants: solutions that make it easier for merchants to…

…thrive at any stage

Starter Plan

Basic Plan

Shopify Plan

Advanced Plan

shopify plus

commerce components

Hydrogen

Oxygen

…run and manage a business

shopify payments

shopify capital

shopify balance

shopify app store

shopify themes

shopify shipping

shop Pay

Shopify Tax • Shop Pay Installments

Shopify Fraud Protect • Shopify Flow

Shopify Credit • Shopify Bill Pay

…sell wherever buyers are

shopify markets

shopify markets PRO

shopify POS Retail Plan

shopify POS PRO

shopify collective

B2B on Shopify

Marketplace Connect app

… and discover new customers

shopify audiences

shopify collabs

linkpop by shopify

Inbox

Shopify Email

Tokengated Commerce

shop

shop Promise

AI solutions:
Magic + Sidekick

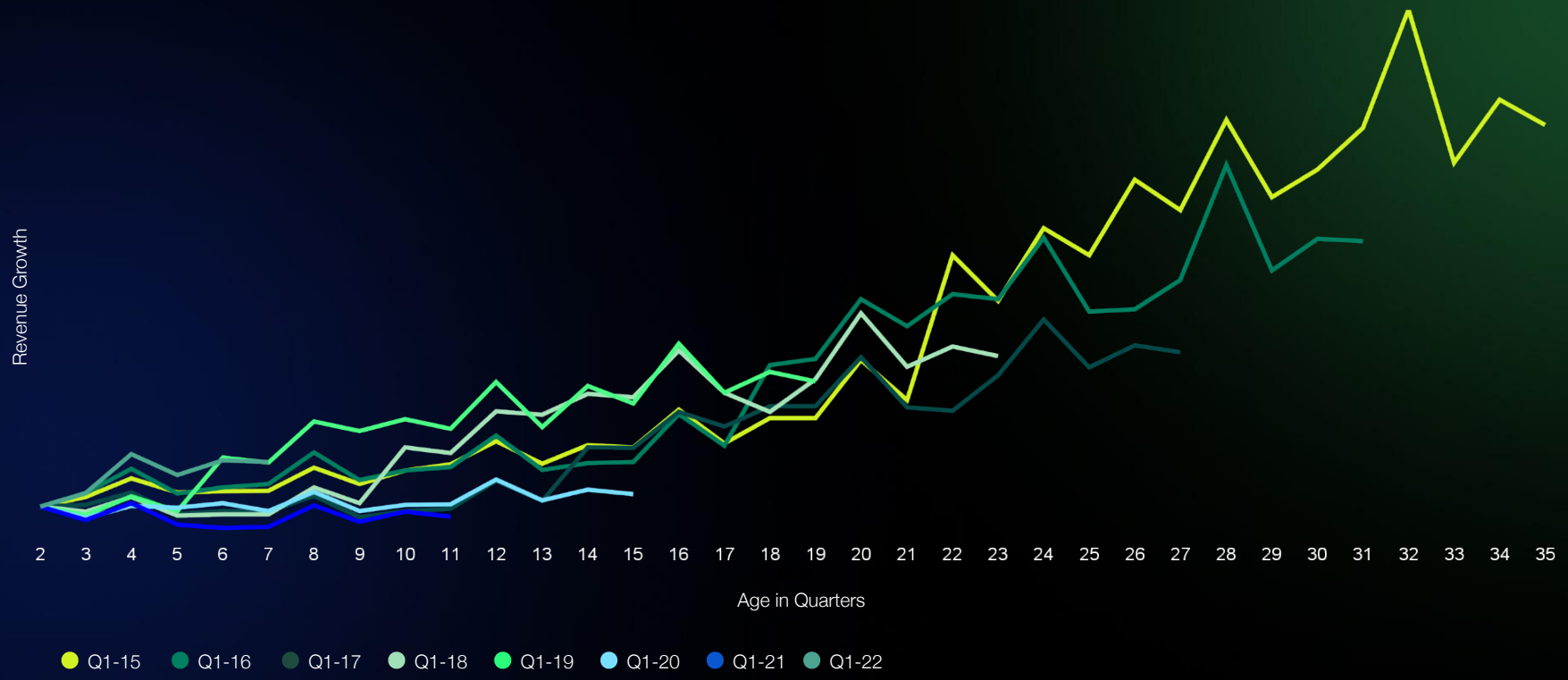
Our revenue cohorts get stronger over time…

How our Q1 2015 cohort has grown

*Example of quarterly revenue from a single cohort, the Q1 2015 merchant cohort

**Growth calculation reflects last four quarters of revenue reported (ending in Q3-23) divided by first four full quarters of revenue (Q2-15-Q1-16 for the Q1 2015 merchant cohort)

…and that pattern persists across all our cohorts…



*Examples of quarterly revenue retention from merchant cohorts

**Revenue retention calculation reflects the quarterly revenue in a given period for each cohort divided by each cohort's first full quarter of revenue after joining the platform, respectively

…delivering compounding revenue growth

Revenue by cohort

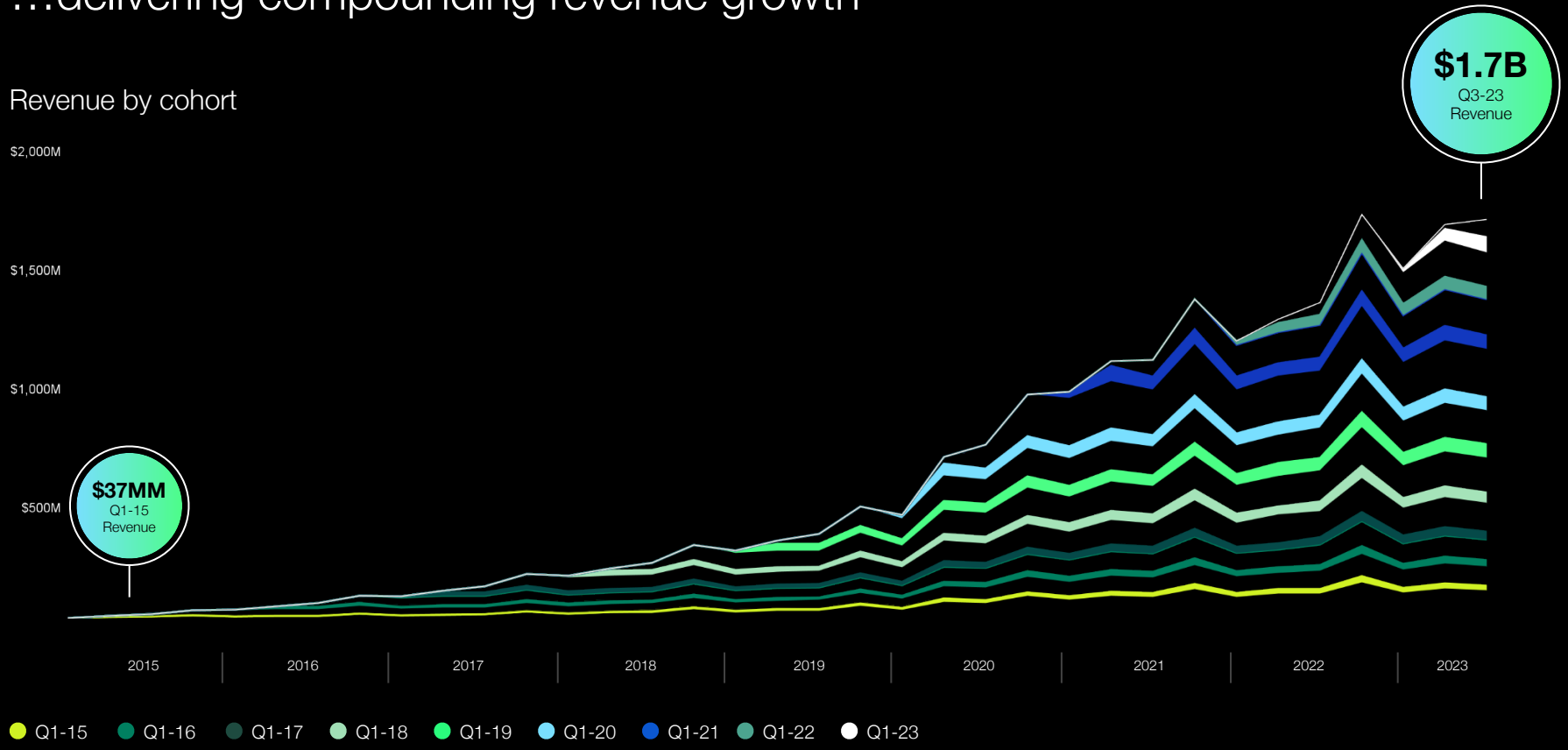
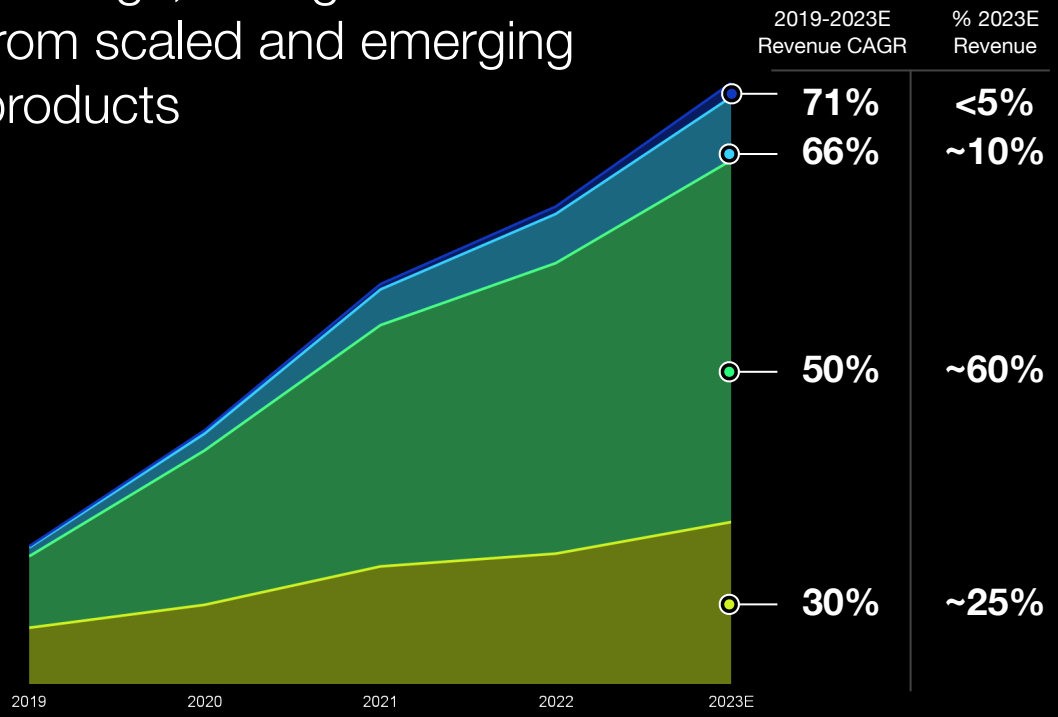


*Chart reflects total revenue however Q1 lines reflect examples of quarterly revenue from merchant cohorts that joined the Shopify platform in the period shown

Strong growth led by core offerings, new greenshoots from scaled and emerging products



Subscription Solutions

- Standard
- Plus
- POS Pro / Retail

Payments and Processing

- Online
- Offline
- B2B
- Shop Pay
- Revenue share from third-party gateways
- Transaction fees

Scaled Products

- Capital
- Markets
- Shipping

Emerging Products

- Balance
- Installments
- Shop Cash
- Markets Pro
- Tax
- Email
- Shop Promise

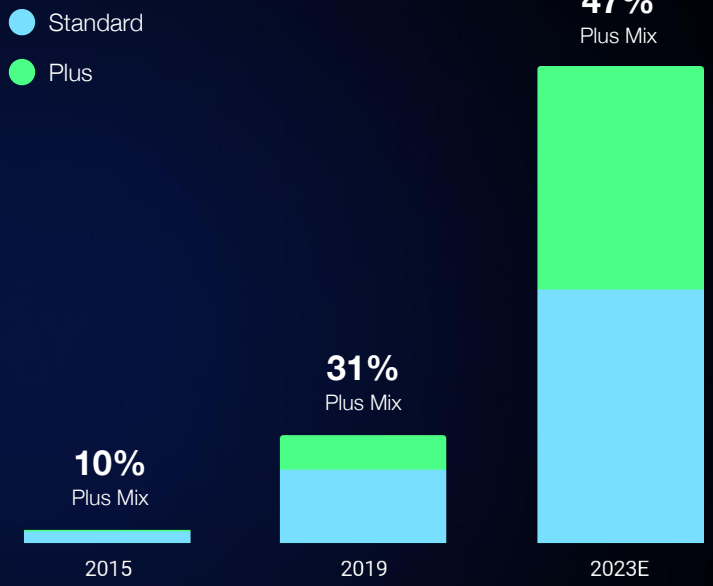
*2023E figures are estimates based on the midpoint implied by our previously stated Q4 outlook
**The "scaled products" category reflects revenue streams with a minimum of $50MM in annual revenue, and is inclusive of partner referral revenue and non-cash revenue related to partnerships
***Excludes Logistics

Offline is gaining momentum and is expected to be a key growth lever in 2024 and beyond

*Offline revenue includes revenue from Shopify payments for offline, POS Pro and Retail plan subscriptions and POS Hardware
**2023E figures are estimates based on the midpoint implied by our previously stated Q4 outlook

We now serve a wider array of customers, enabled by our product and GTM expansion

Revenue by merchant type



shopify plus

shopify audiences

commerce components

Oxygen

Hydrogen

*2023E figures are estimates based on the midpoint implied by our previously stated Q4 outlook. CCS is immaterial to 2023.

Our attach rate reflects the strong relationship between us and our merchants

Considerations on attach rate

- ✚ Increased payments penetration
- ✚ Adoption / cross-sell of newer products with high attach rates, e.g. Markets, Markets Pro, Installments, Capital
- ✚ Pricing and monetization
- ▭ Large-volume enterprises and offline
- ▭ International (given lower density of products)

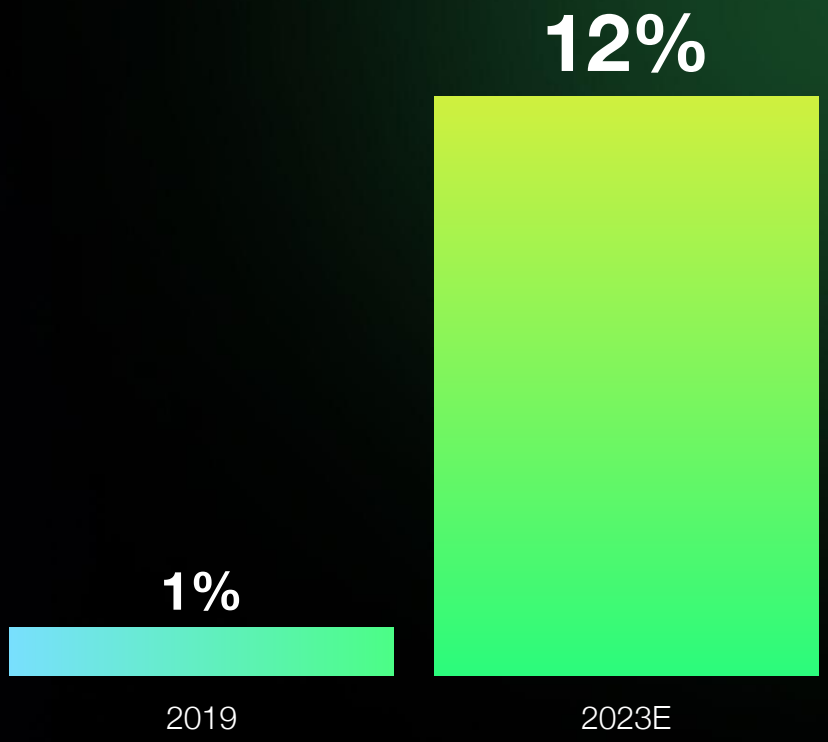
*Product attach rate defined as total revenue divided by GMV

Business model yields strong cash flow generation

Inflection point in 2023 as we restructured in Q2 with sale of logistics and new shape of Shopify

Sustainable revenue growth at scale

Disciplined commitment to operating leverage **balancing investments with efficiency**



*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
**2023E figures are estimates based on the midpoint implied by our previously stated Q4 outlook

4

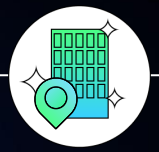
Durable growth and profitability

Longer-term perspectives

Multiple vectors for durable growth

Grow our core merchant base

- SMB
- DTC
- North America
- Online



Expand the types of merchants we serve

- Enterprise
- B2B
- International
- Offline + unified commerce

Help our merchants grow

- Bring more buyers to our merchants
- Help merchants drive better conversion

Monetize

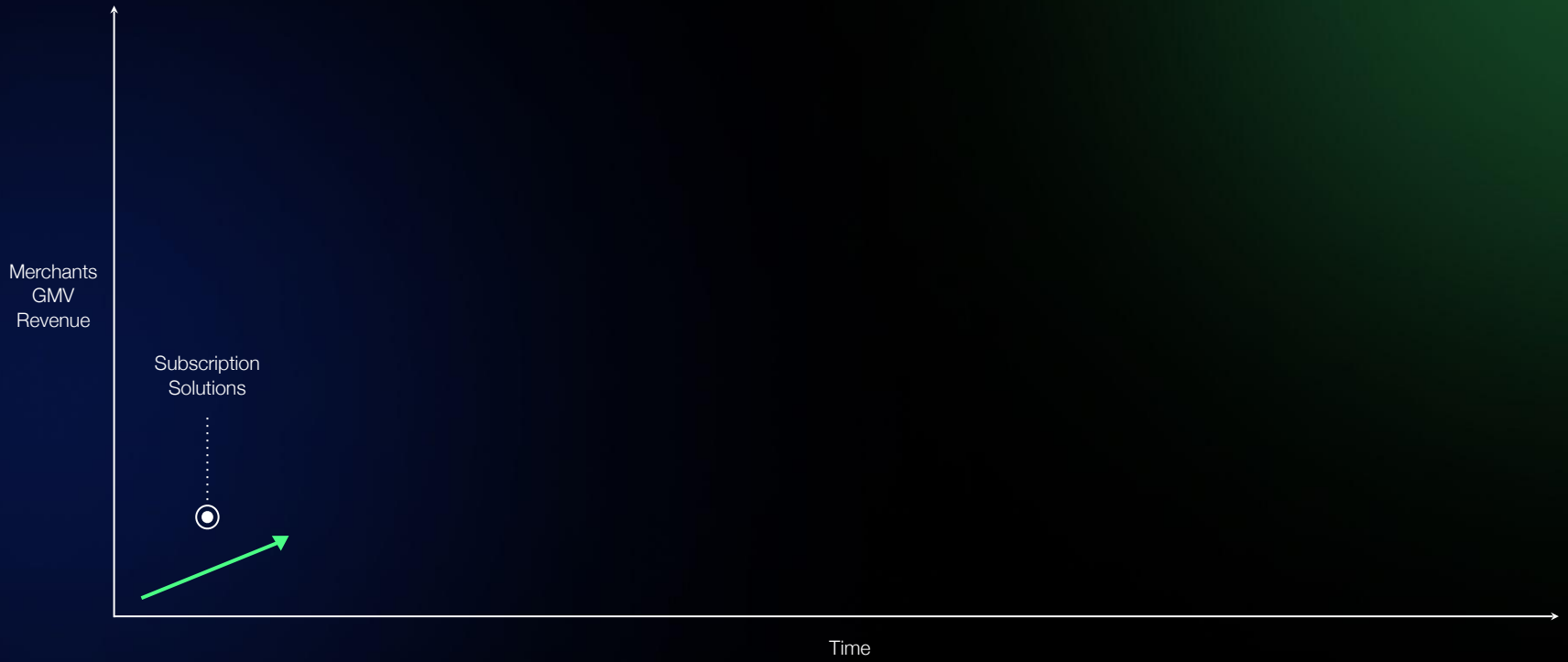
- Cross-sell
- Upgrades

Innovate

- 300+ new features in last 18 months
- Shopify Magic + Commerce-focused AI
- New products

Add → **Expand** → **Innovate**

Each of our product categories drive merchant growth and build on our previous successes



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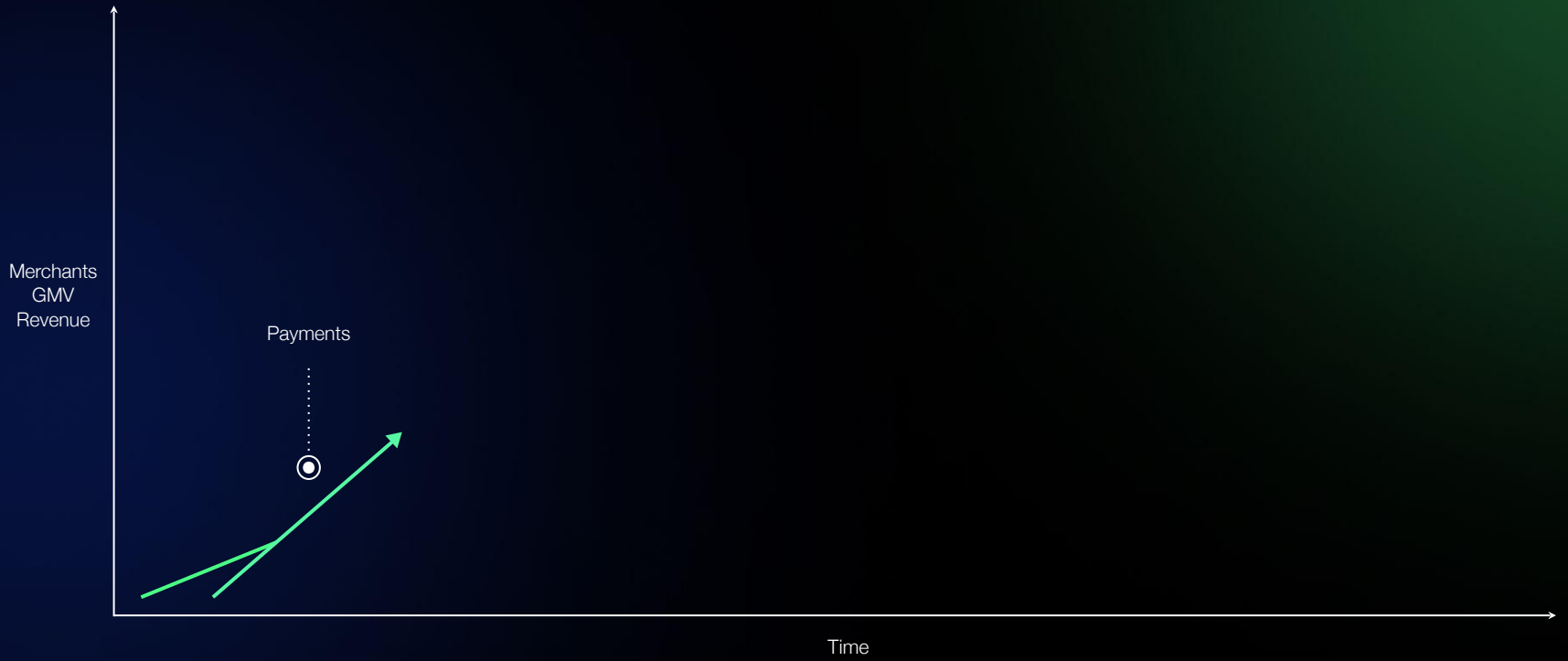
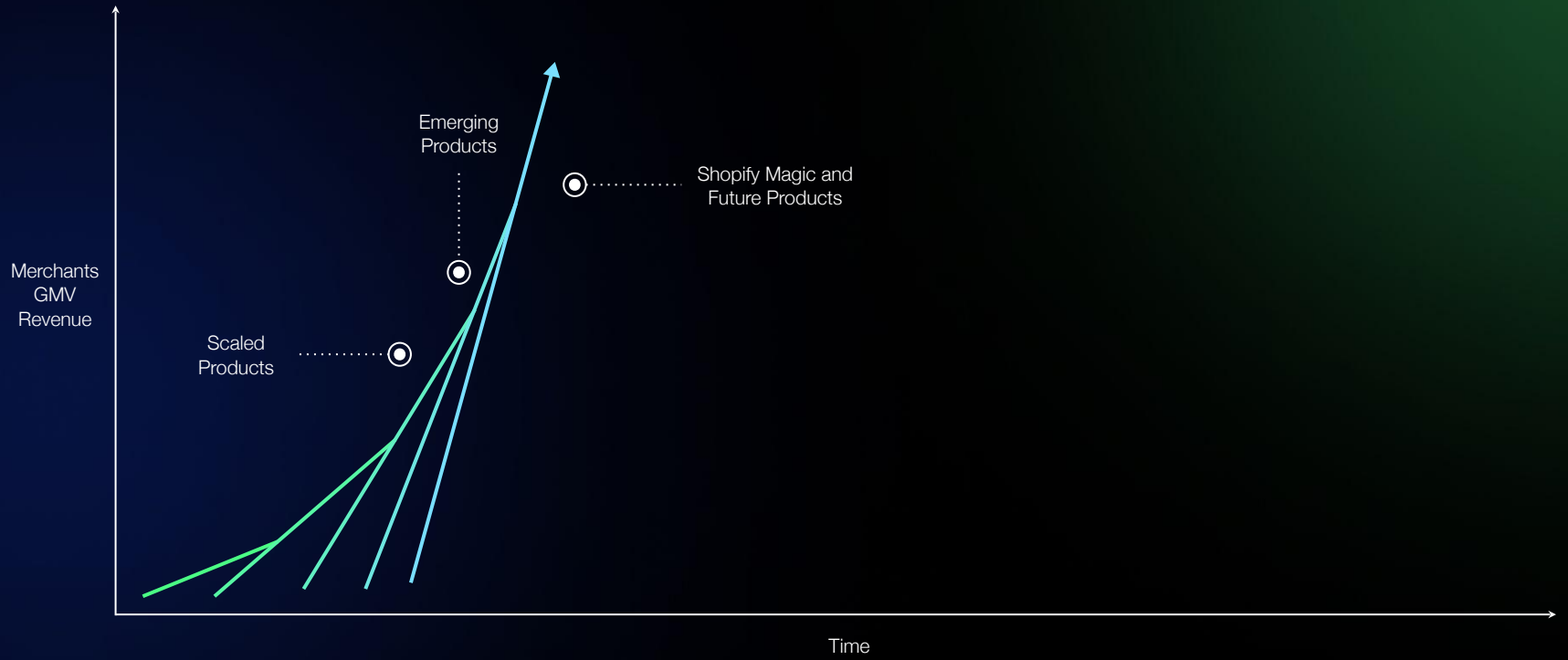
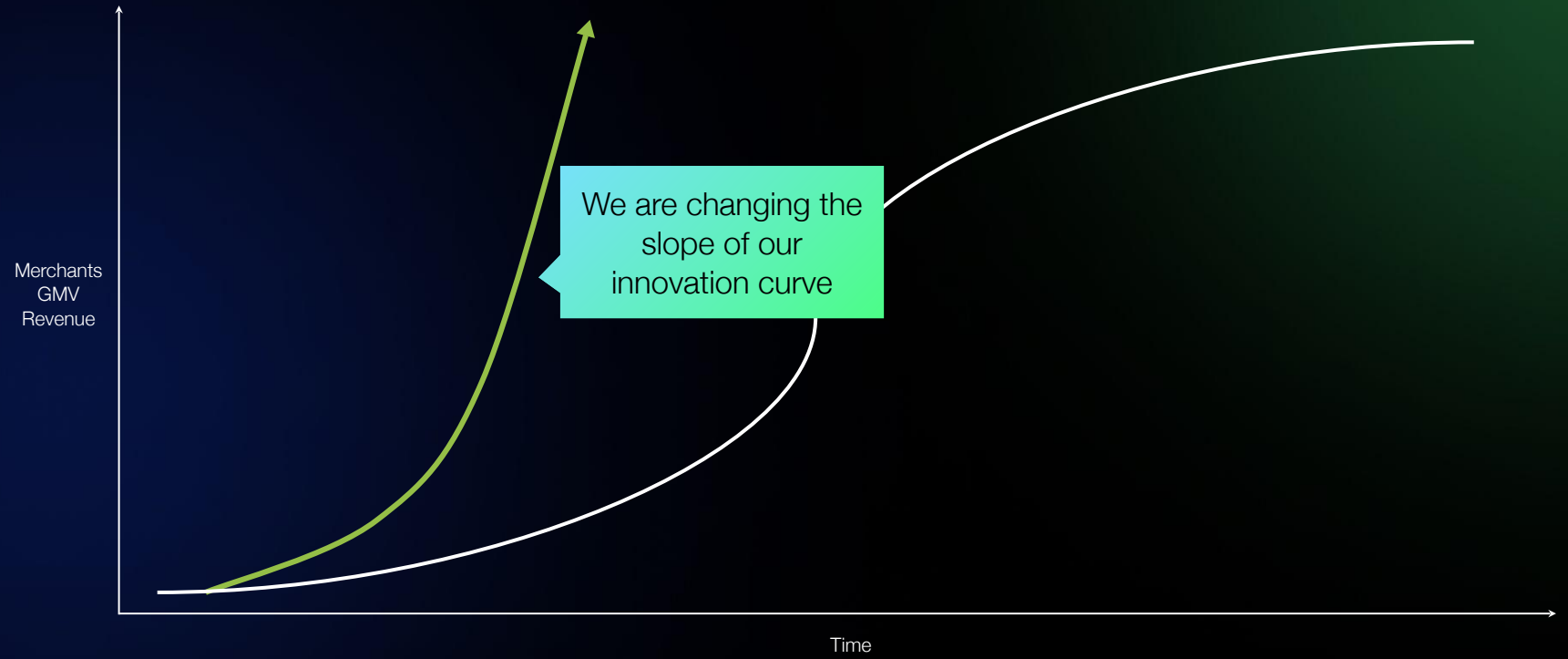


Each of our product categories drive merchant growth and build on our previous successes



Together, our platform innovations are transforming entrepreneurship



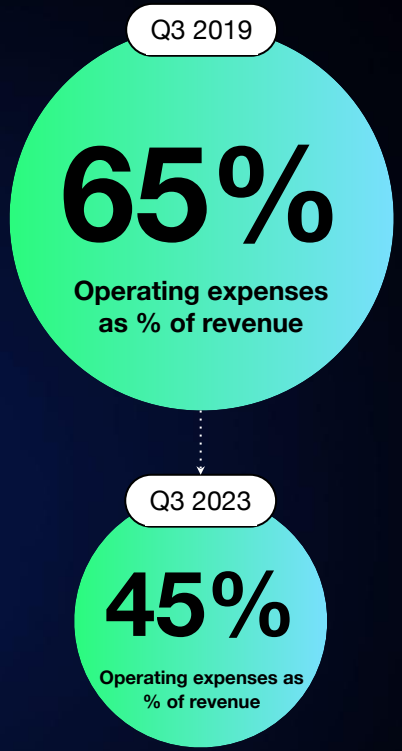
Gross margin stabilization expected to largely continue

	HEADWINDS / TAILWINDS	IMPACT TO MARGIN
SUBSCRIPTION SOLUTIONS	⊕ Customer support productivity leveraging AI ⊕ Potential pricing opportunities ● Cloud infrastructure costs	Stable - accretive
SHOPIFY PAYMENTS	⊕ Potential pricing opportunities / negotiations ⊖ Enterprise expansion ⊖ Industry-wide network cost increases	Stable - dilutive
OTHER MERCHANT SOLUTIONS	⊕ Growth of higher margin nascent solutions ("Scaled" and "Emerging")	Accretive

RESULT:

Stable to dilutive

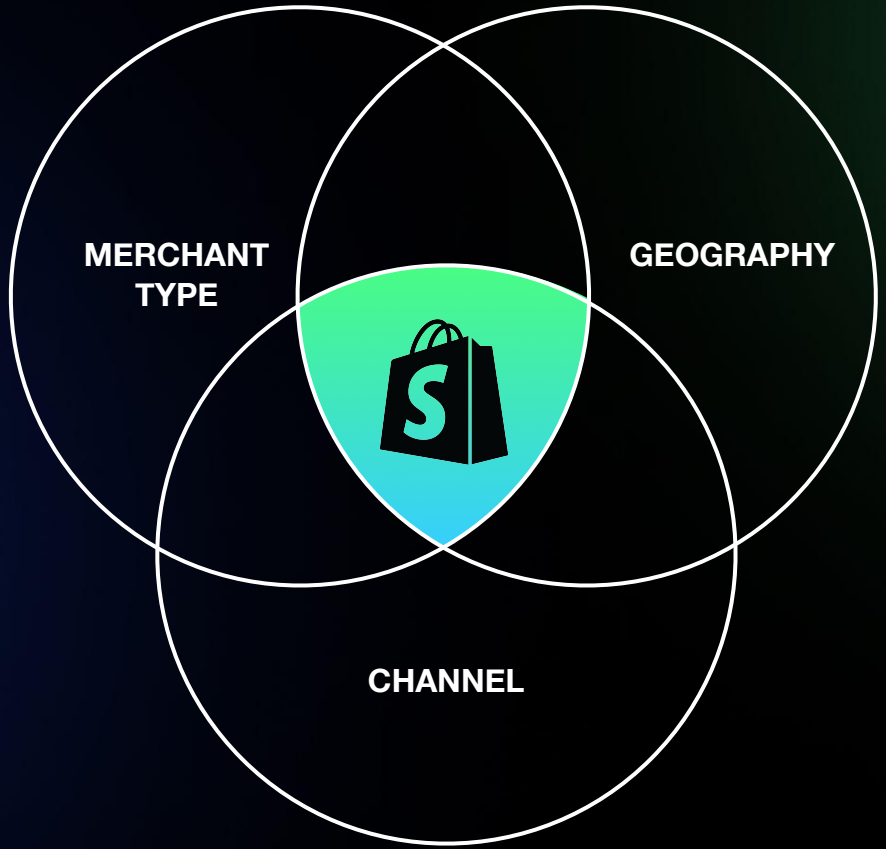
We will deliver profitability



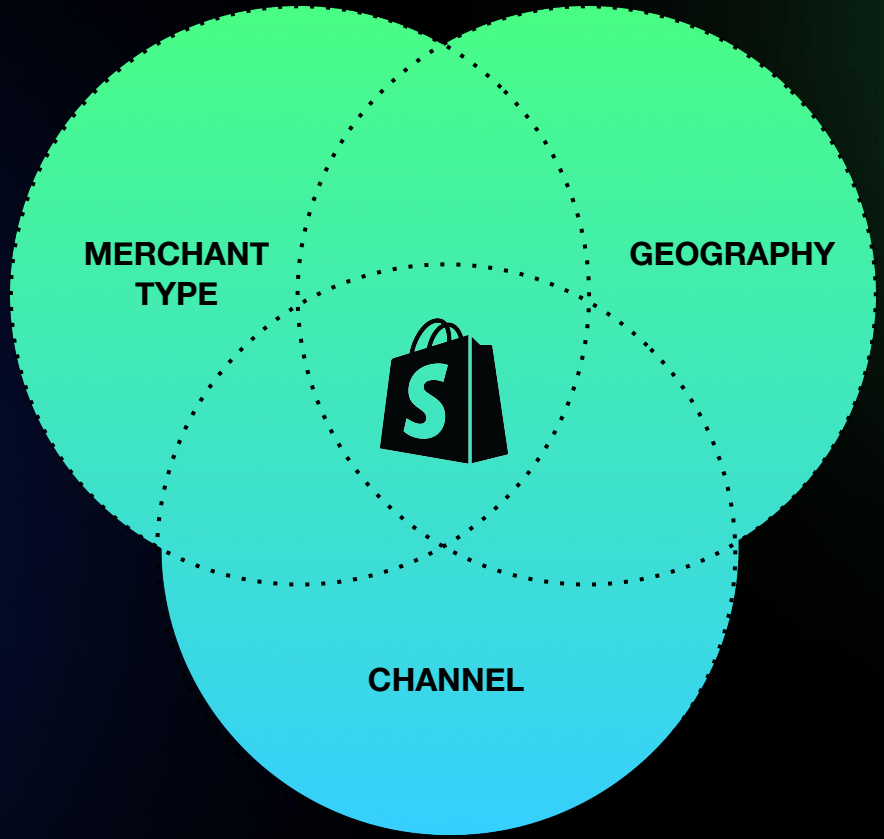
Drivers of future operating leverage

- Disciplined, limited headcount growth
- Continued focus on marketing payback periods
- Revenue economies of scale
- AI-driven operating leverage

@ IPO = SMB + Online + North America



Today: Commerce



Key takeaways

1. We serve growing markets across all of commerce
2. We are one of the clear leaders in unified commerce
3. We drive revenue growth for our merchants and our business
4. We are building Shopify responsibly–with an attractive long-term FCF opportunity
5. We will continue to evolve our product portfolio to help merchants address all corners of commerce