



Q2 2024 Financial Results

August 7, 2024



Advisories

This presentation contains forward-looking statements that are based on our management's current estimates, beliefs and assumptions, which are based on management's perception of historic trends, current conditions and expected future developments, as well as other factors management believes are appropriate in the circumstances. Although we believe that the plans, intentions, expectations, assumptions and strategies reflected in these forward-looking statements are reasonable, these statements relate to future events or our future financial performance, and involve known and unknown risks, uncertainties and other factors that may cause our actual results to be materially different from any future results expressed or implied by these forward-looking statements. Although the forward-looking statements contained in this presentation are based upon what we believe are reasonable assumptions, investors are cautioned against placing undue reliance on these statements since actual results may vary from the forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties and other factors, which are, in some cases, beyond our control and which could materially affect our results. These risks are described in further detail in our Q2 2024 earnings release, and in our Management's Discussion and Analysis for the quarter ended June 30, 2024 and in the section entitled "Risk Factors" in our Annual Information Form for the year ended December 31, 2023 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.sedarplus.ca. If one or more of these risks or uncertainties occur, or if our underlying assumptions prove to be incorrect, actual results may vary significantly from those expressed, implied or projected by the forward-looking statements. References to long-term trends in our model are forward-looking and made as of the current date. Nothing in this presentation should be regarded as a representation by any person that these long-term trends will be achieved and we undertake no duty to update these long-term trends or any other forward-looking statements contained in this presentation, except as required by law.

We believe that the case studies presented in this presentation provide a representative sample of how our merchants have been able to use various features of our platform to grow their respective businesses. References in this presentation to 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 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.

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. For a reconciliation of non-GAAP measures to the comparable GAAP measures, please see our Q2 2024 earnings release.

All comparisons, unless otherwise stated, are comparing Q2 2024 to Q2 2023.

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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August 2024

We firmly believe
Shopify is at
its **strongest**

Revenue **increased 25%**, excl. logistics

Gross profit **grew faster** than revenue

Operating expenses **down QoQ**

FCF margin **more than doubled YoY**



+150

**New product updates
and features** released
at Editions



\$1T

Cumulative GMV
processed on Shopify



\$100B

**Cumulative offline
GMV** since launch of
Shopify POS

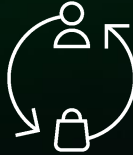
Shopify has evolved into a **unified operating system for commerce** anywhere, anytime



Online



Offline



DTC



B2B

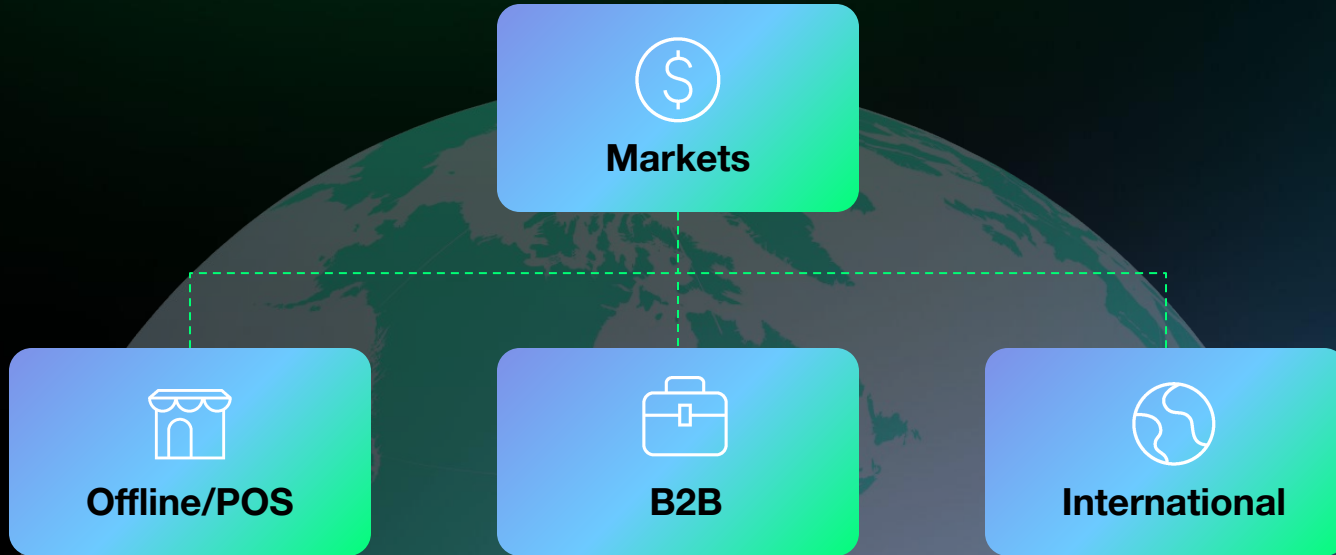


Domestic



Global

Markets is a new, dedicated surface that **aggregates business expansion into one central location**





EVEREVE

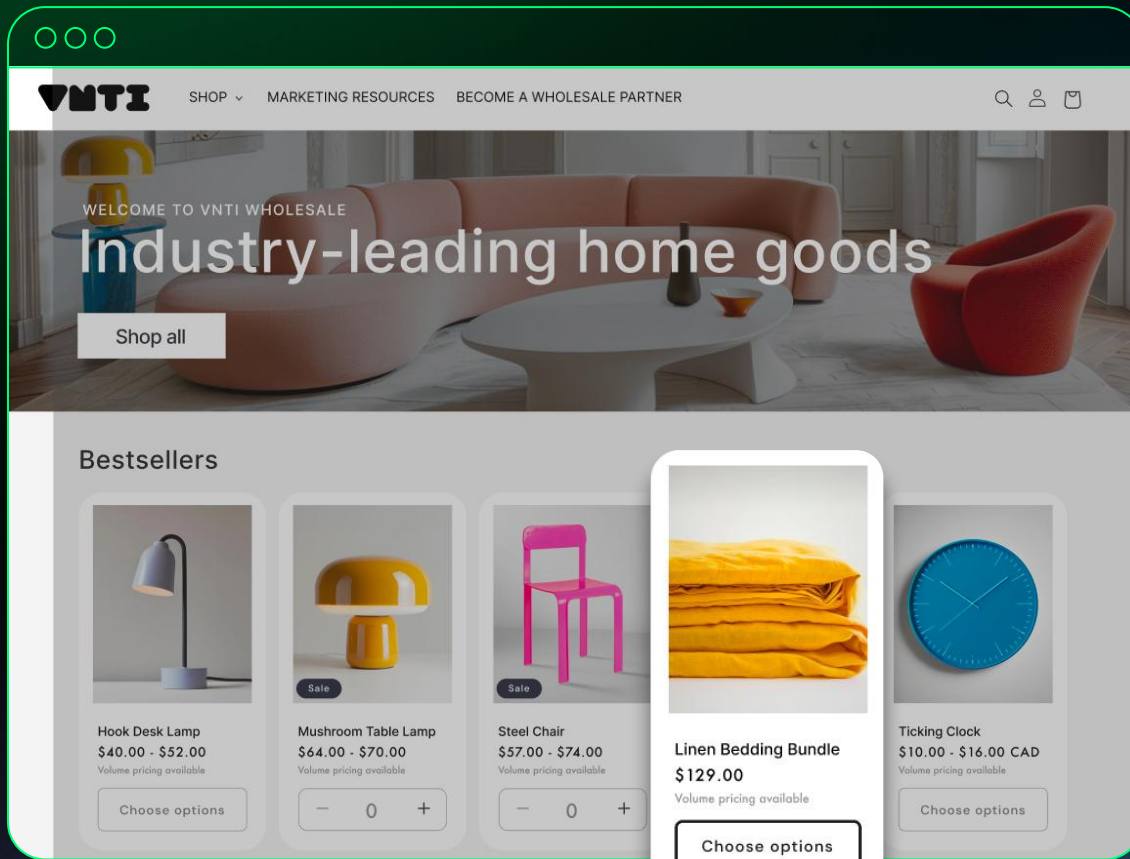
MEJURI

 *shopify* POS

Offline GMV growth
of **27%** in Q2

140%

Q2 B2B GMV



Merchants are seeing impressive international sales growth with **Managed Markets***



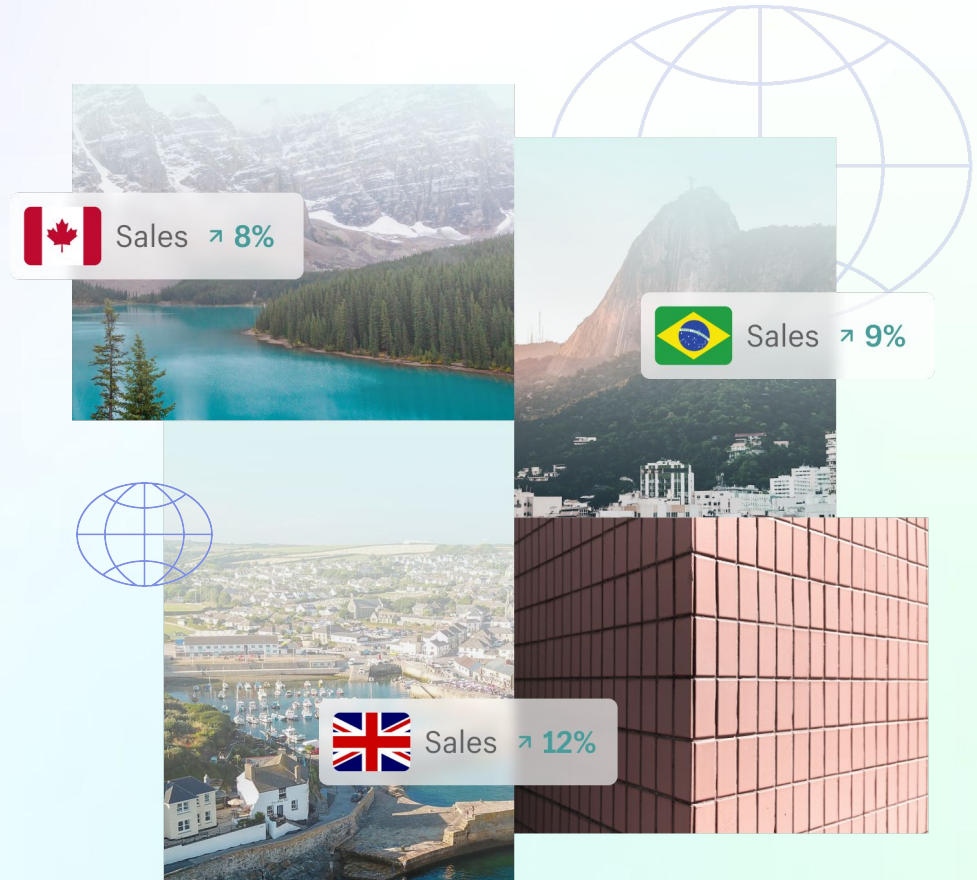
692% 

international sales growth YoY

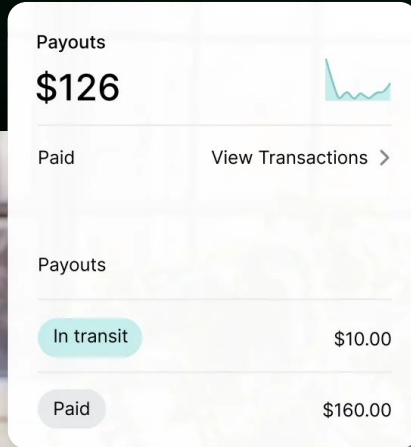
GLASVIN

71% 

international sales growth YoY



Shopify Payments and Shop Pay are crucial parts of our unified commerce platform



 *shopify payments*

\$41.1B  30% YoY


GPV in Q2 2024 → 61% of GMV

shop Pay

\$16B  45% YoY

GMV in Q2 2024 → 39% of GPV

Our international presence is expanding with **more merchants across the globe** joining Shopify

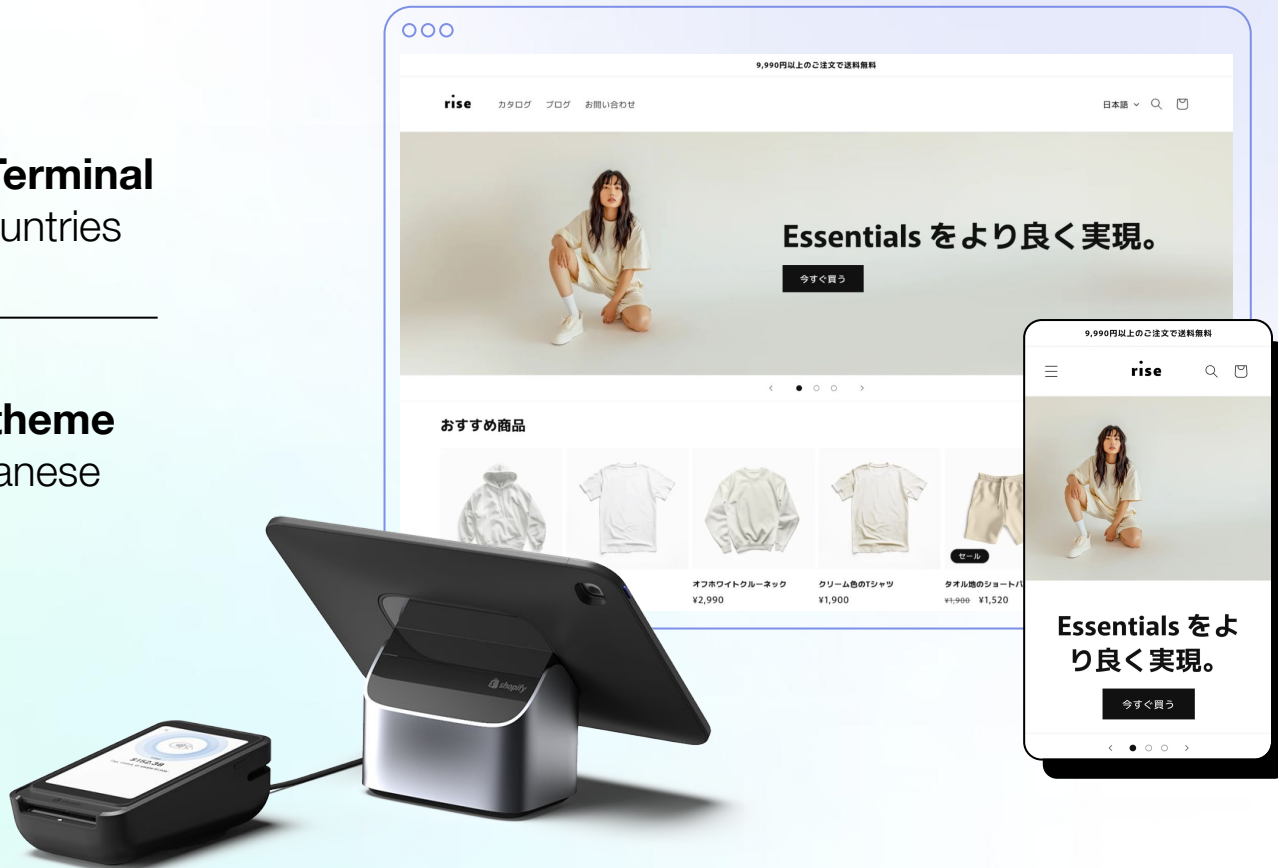
30% 

International merchant growth YoY



+ Rolled out **POS Terminal**
to 8 additional countries

+ Launched **RISE theme**
designed for Japanese
ecommerce



Brands that have recently **signed or launched** with Shopify*



BARNES & NOBLE

AWAY

Casper



TRAVIS MATH EW



Therabody

**PROGRESS
LIGHTING**

más+
BY MESSI™

Toys R Us

**Kind
Science**
by Ellen DeGeneres

¡DIOS MÍO!
COFFEE

TONAL

Grove
COLLABORATIVE

VINCE CAMUTO

LUXOTICA

Marketing

SHOPIFY SUMMIT 2024



We are **rapidly strengthening our position** as a leading enabler of global commerce and entrepreneurship



Q2 2024 Financial Results

August 7, 2024



\$67.2B 22%

GMV*

Factors driving Q2

- Same-store sales growth of our existing merchants
- Continued growth in our merchant base globally
- Strength in Europe from both strong same-store sales growth and new merchant acquisition
- Growth in our offline business

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

\$2.0B  21%  25%
(excluding logistics)

Revenue

\$1.5B  19%


Merchant Solutions

\$563M  27%

Subscription Solutions

\$41.1B 30%

GMV processed on Shopify Payments (GPV)*

 GPV penetration of **61%** vs **58%** in Q2 2023

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

\$2.0B  21%  25%
(excluding logistics)

Revenue

\$1.5B  19%

Merchant Solutions

\$563M  27%

Subscription Solutions

\$169M 25%

Monthly Recurring Revenue (MRR)*

 Shopify Plus penetration **31%** vs **30%** in Q2 2023

* 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. In Q1 2024, Shopify revised the inclusion of paid trials in the calculation of MRR. Revised MRR for Q1 2023, Q2 2023, Q3 2023, and Q4 2023 were \$114 million, \$135 million, \$137 million, \$144 million, respectively.

\$1.0B 25%

Gross profit


51.1%

Total company gross margin

 vs 49.3% in Q2 2023

82.8%

Subscription Solutions gross margin

 vs 80.9% in Q2 2023

39.1%

Merchant Solutions gross margin

 vs 38.1% in Q2 2023


\$804M

Operating expenses

 39% of revenue

\$859M

Operating expenses, excluding litigation reversal*

 42% of revenue

* Excludes reversal of a \$55M litigation accrual from Q3 2022.

\$241M

Operating income



compared to a (\$1.6B)
operating loss in Q2 2023

\$109M

Stock-based compensation



from \$285M in Q2 2023*

\$7M

Capital expenditures



from \$21M in Q2 2023

* Includes \$165M in accelerated stock-based compensation related to the sale of our Logistics businesses.

\$333M



from \$97M
in Q2 2023

Free cash flow*

16%



from 6% in
Q2 2023

Free cash flow margin*

* Free cash flow and free cash flow margin are non-GAAP financial measures. Please refer to the "Advisories" section of the Q2 2024 press release for more information.

Q3 2024

Outlook considerations

- + **Revenue**

Revenue to grow at a low-to-mid-twenties percentage rate on a YoY basis

- + **Gross margin**

Gross margin to be higher by approximately 50 basis points from Q2 2024

- + **Operating expenses**

GAAP operating expense as a percentage of revenue to be 41% to 42%

- + **Stock-based compensation**

Stock-based compensation to be \$120M

- + **Free cash flow margin**

Free cash flow margin to be similar to Q2 2024. We continue to expect to deliver double-digit free cash flow margin for the rest of the year



Make commerce
better for everyone

