

200,000+

ACTIVE SHOPIFY MERCHANTS

\$1.9 BILLION+

GMV IN Q3 '15



# Safe Harbour

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

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.



# Store #1: Snowdevil

CIRCA 2004





# One Platform, Every Channel, Any Device.



STOREFRONTS



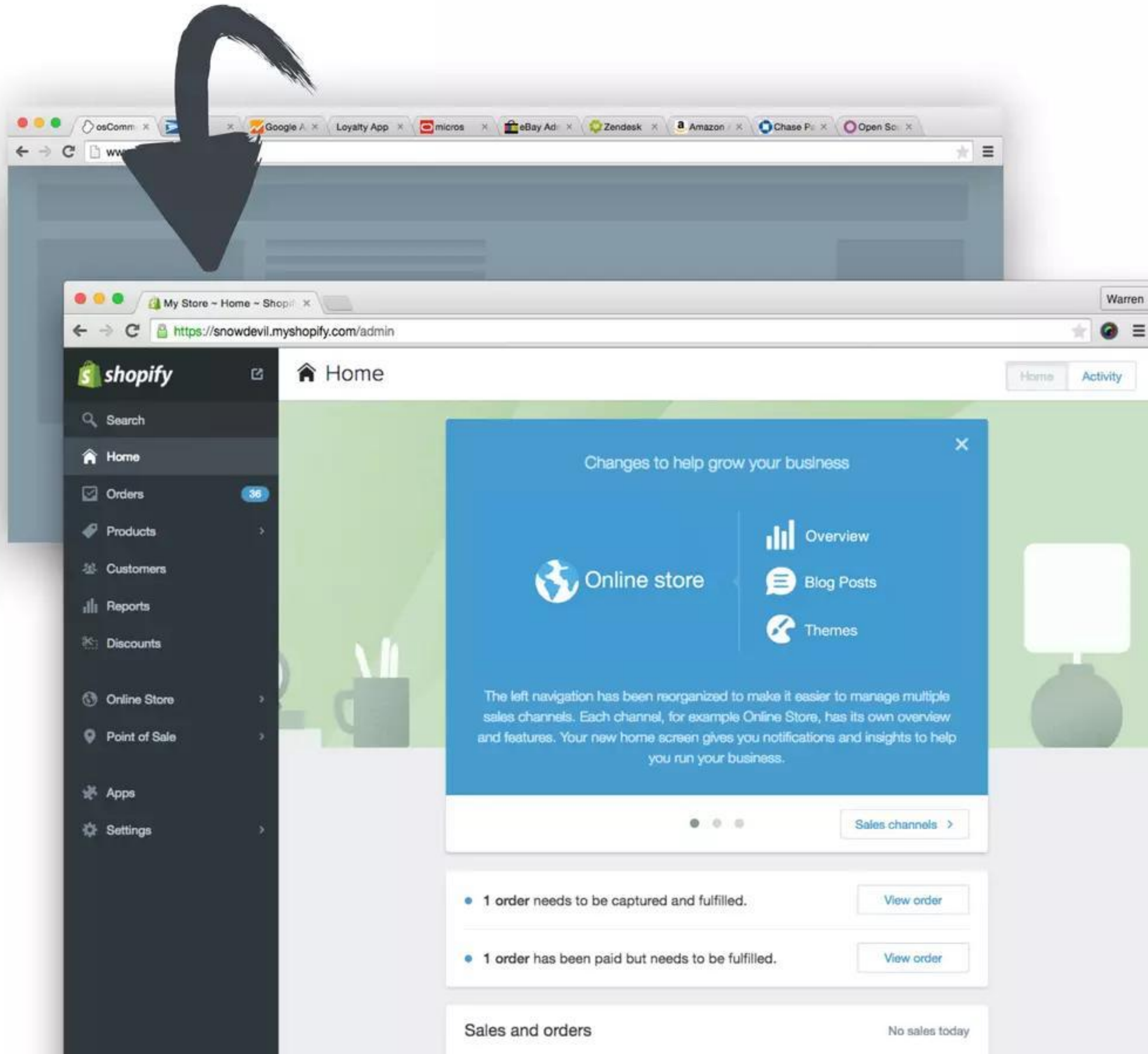
# One Platform, Every Channel, Any Device.



**A single, integrated back office**

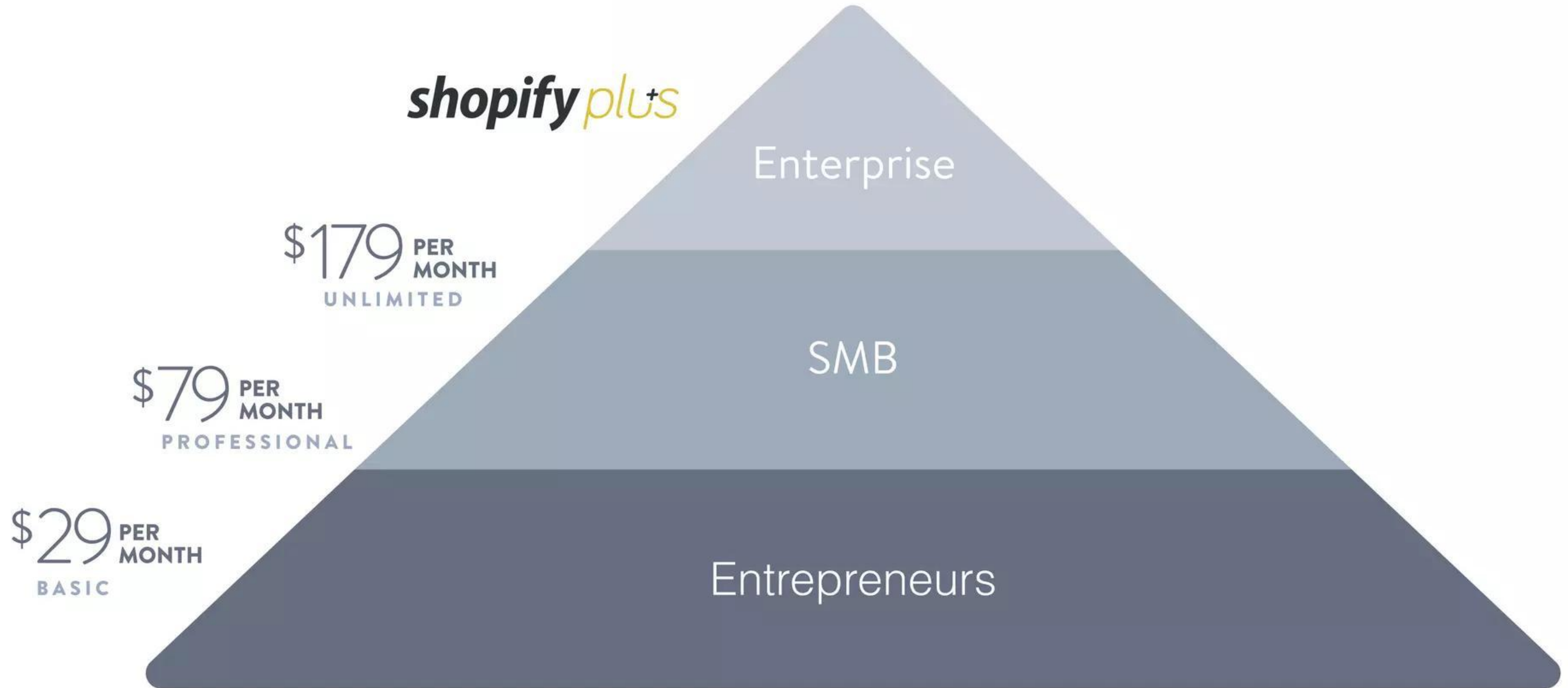


# Multi-channel Commerce Platform



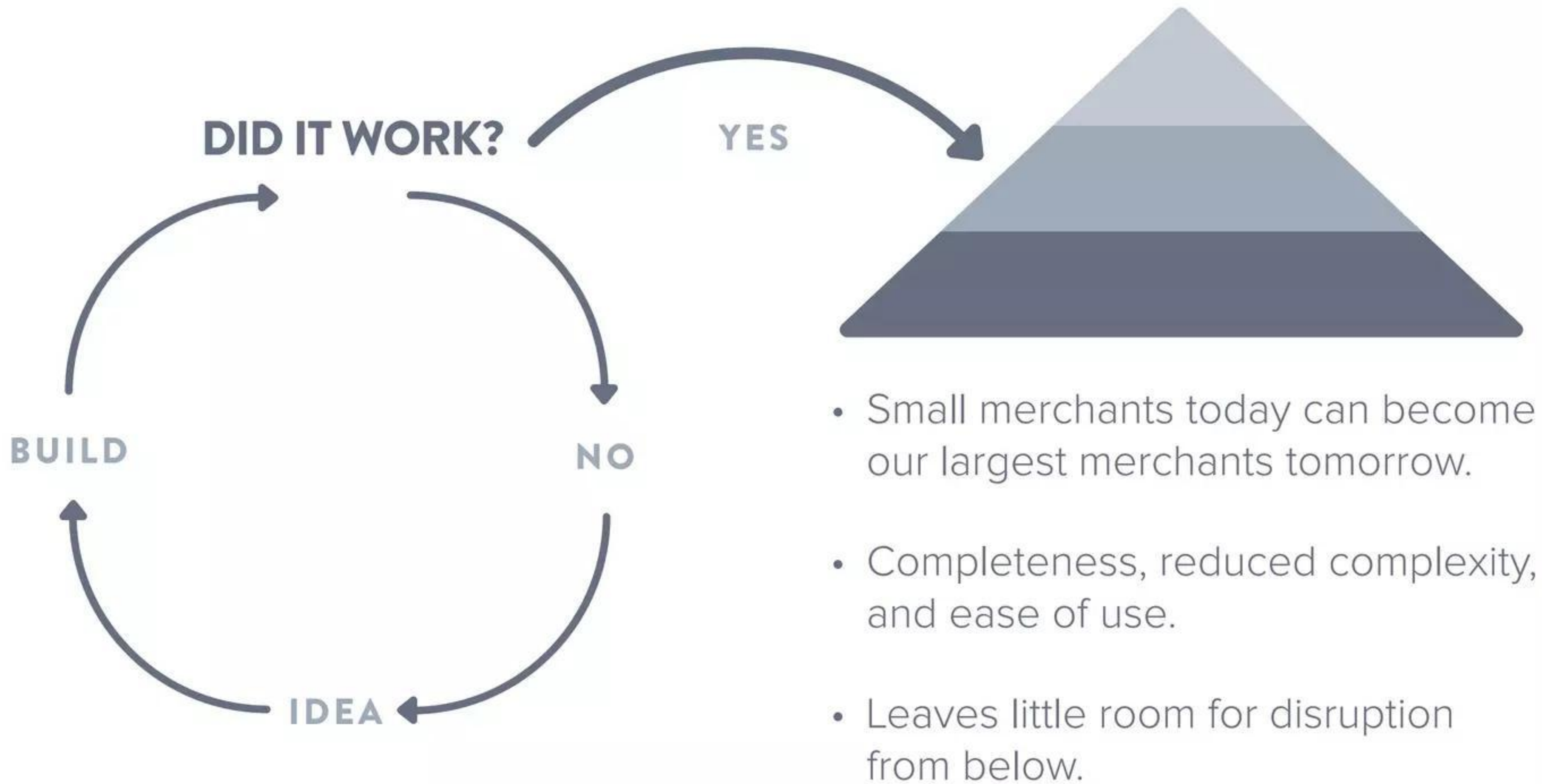
- A single, simple to use back office
- Powering all your sales channels
- Everything integrated

# Our Market





# Entrepreneurship





# Build-a-Business

2011

TIM FERRISS



\$3.5M

SOLD

2012

SETH GODIN



\$12M

SOLD

2013

GARY VAYNERCHUK



\$55M

SOLD

2014

DAYMOND JOHN



\$100M

SOLD

2015

SIR RICHARD BRANSON



\$250M

SOLD

*“I’m biased, but I think being an entrepreneur is a pretty damn good thing.”*

– SIR RICHARD BRANSON



# Headroom on SMB TAM



Source: AMI Partners

- (1) Merchants defined as retailers with less than 500 employees. Includes commercially located businesses, sole proprietorships and home-based businesses
- (2) Key geographies include: U.S., Canada, U.K., Western Europe, Australia and New Zealand
- (3) Annualized revenue per merchant of approximately \$1,000 based on the three months ended March 31, 2015

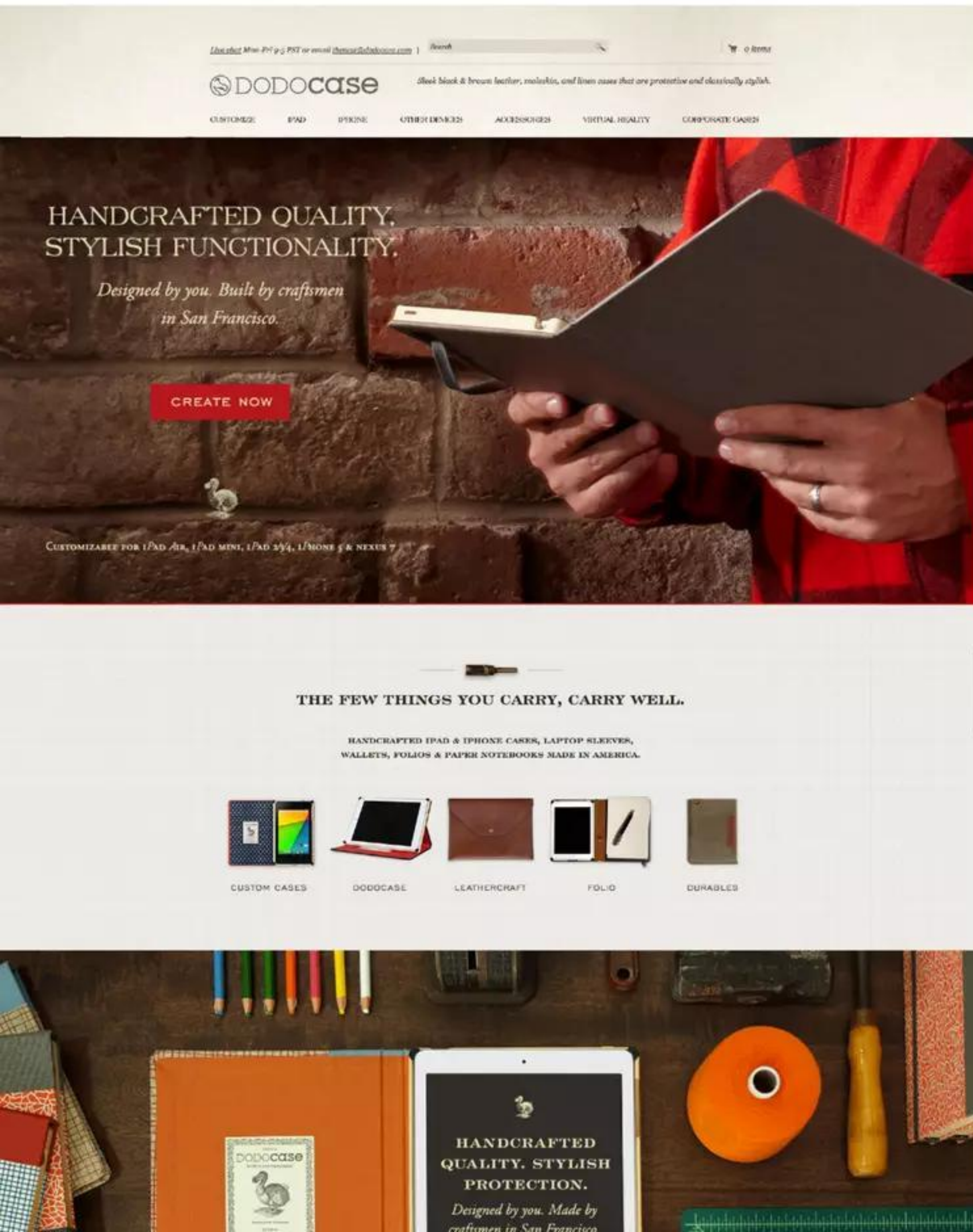


# Larger Brands





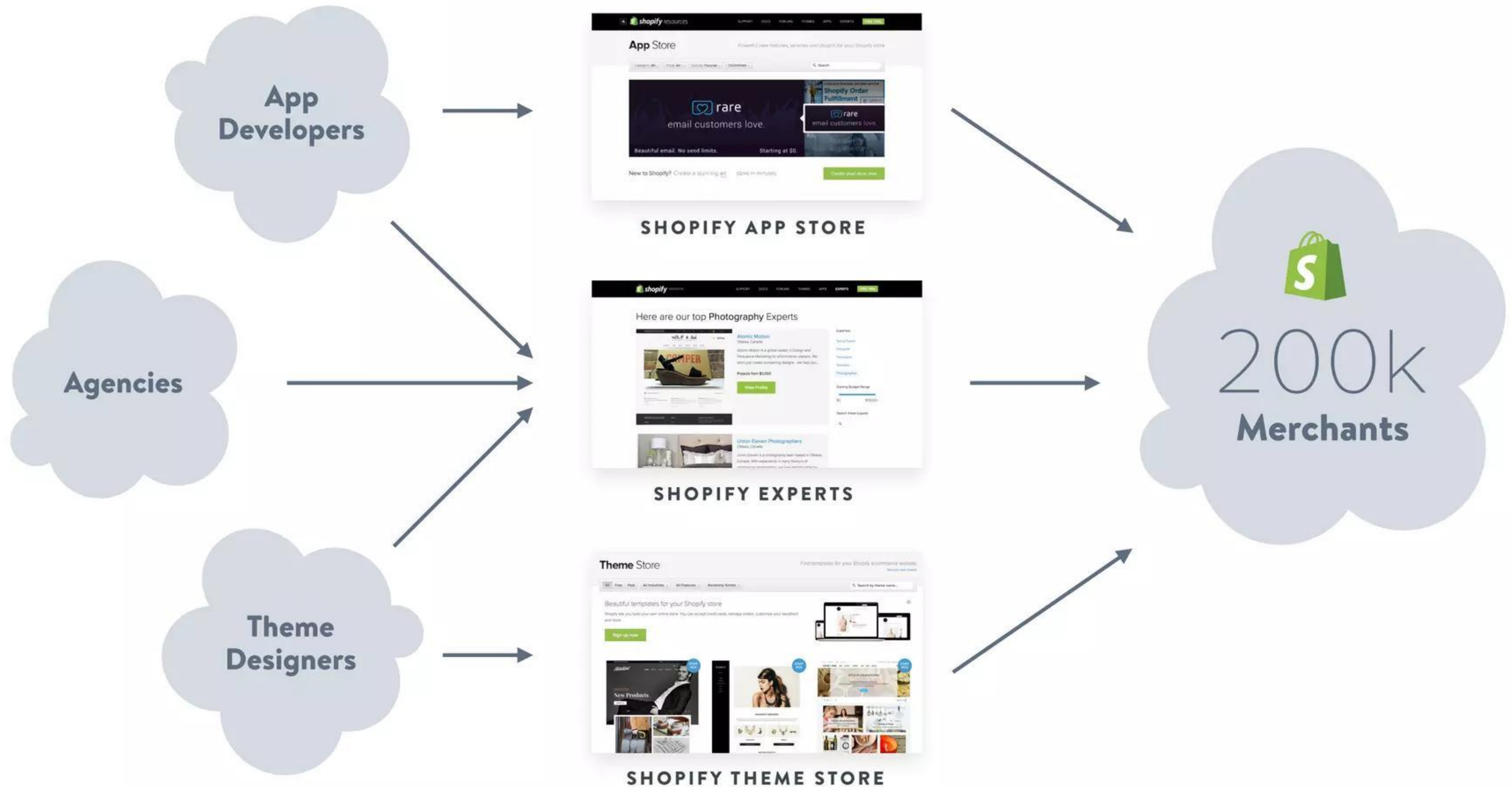
# Build-a-Business Success



- **April 2010** Enters BaB competition
- **June 2010** Hits 10k orders in first 90 days
- **July 2010** Wins Shopify's Build A Business Competition
- **April 2011** First year's sales total more than \$3M
- **June 2011** Expands into retail location
- **Nov 2011** Obama starts using a DODOcase
- **2012** Product line expands to iPhone Cases
- **2013** Facebook store launches
- **2014** Upgrades to Shopify Plus
- **2015** 22 full-time employees and growing



# Partner Ecosystem





# Partners

## STRATEGIC PARTNERS

Google™ Domains



amazon

## APP AND INTEGRATION PARTNERS



MailChimp



AdRoll

## DESIGN AND DEVELOPMENT AGENCIES

bold

DEMACMEDIA

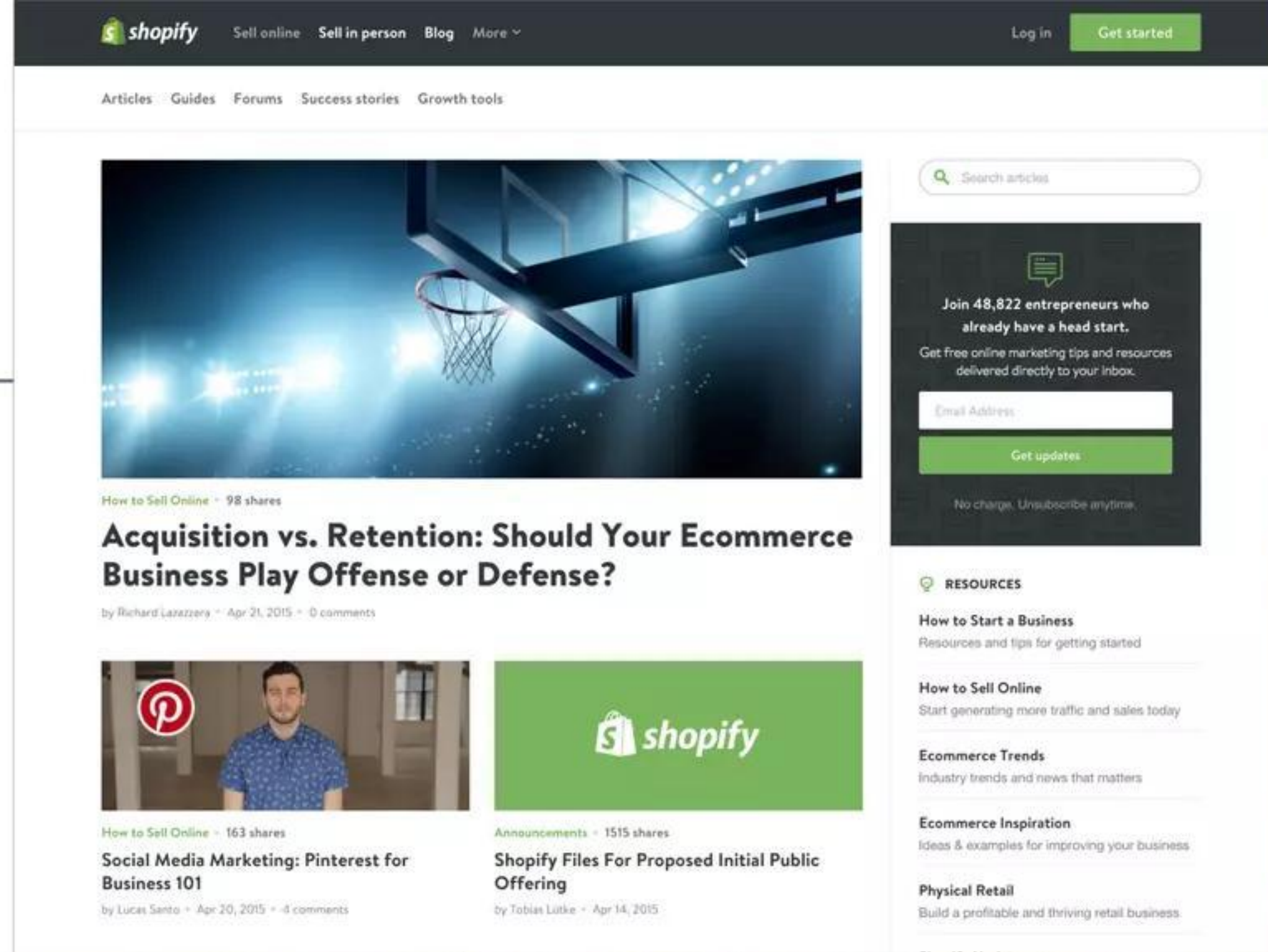
BVACCEL

SDG Spiegel  
DesignGroup

simplistic



## Leading Blog



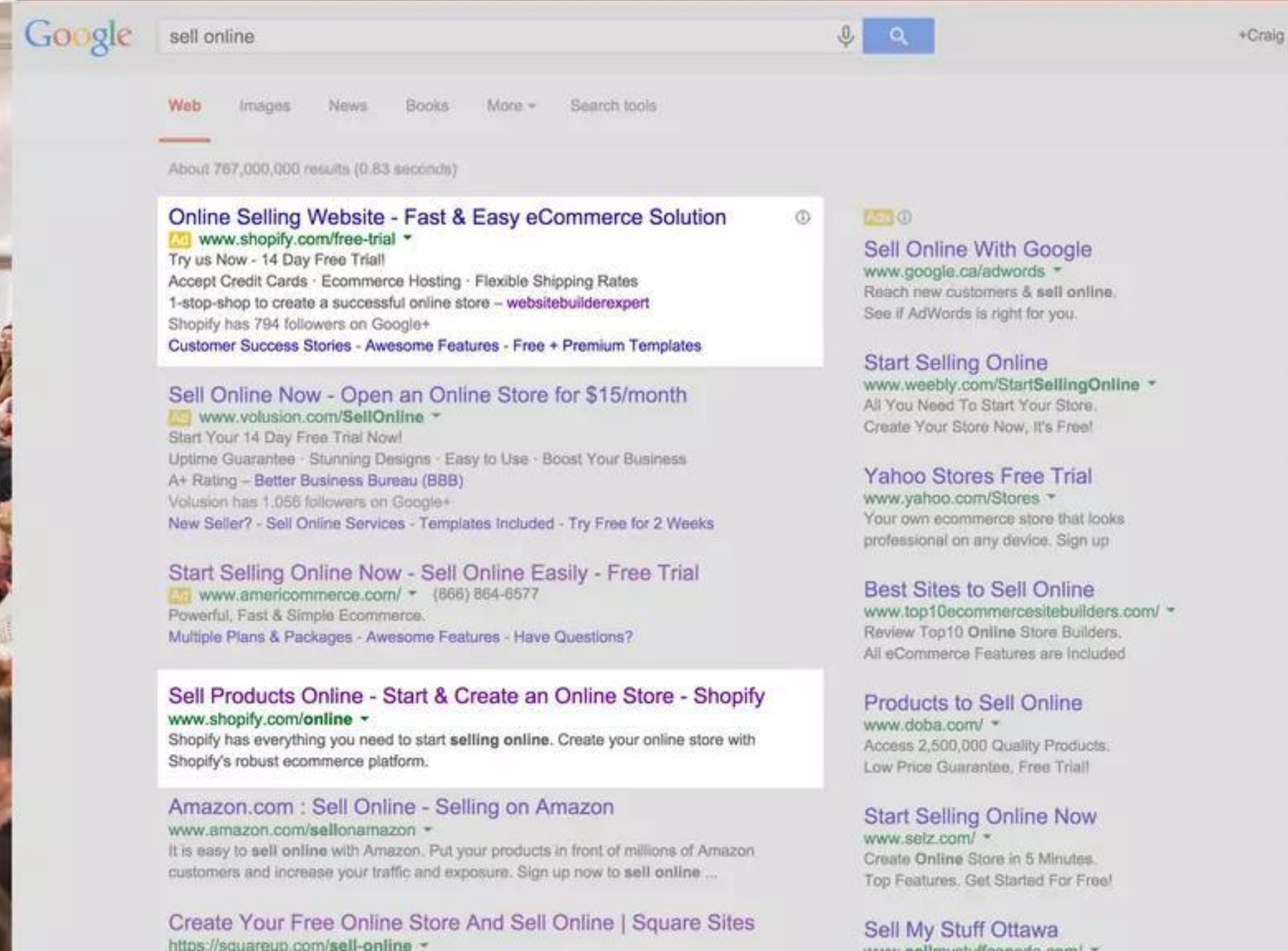
## Content Marketing



## Global In-person Events



## Search Engine Marketing





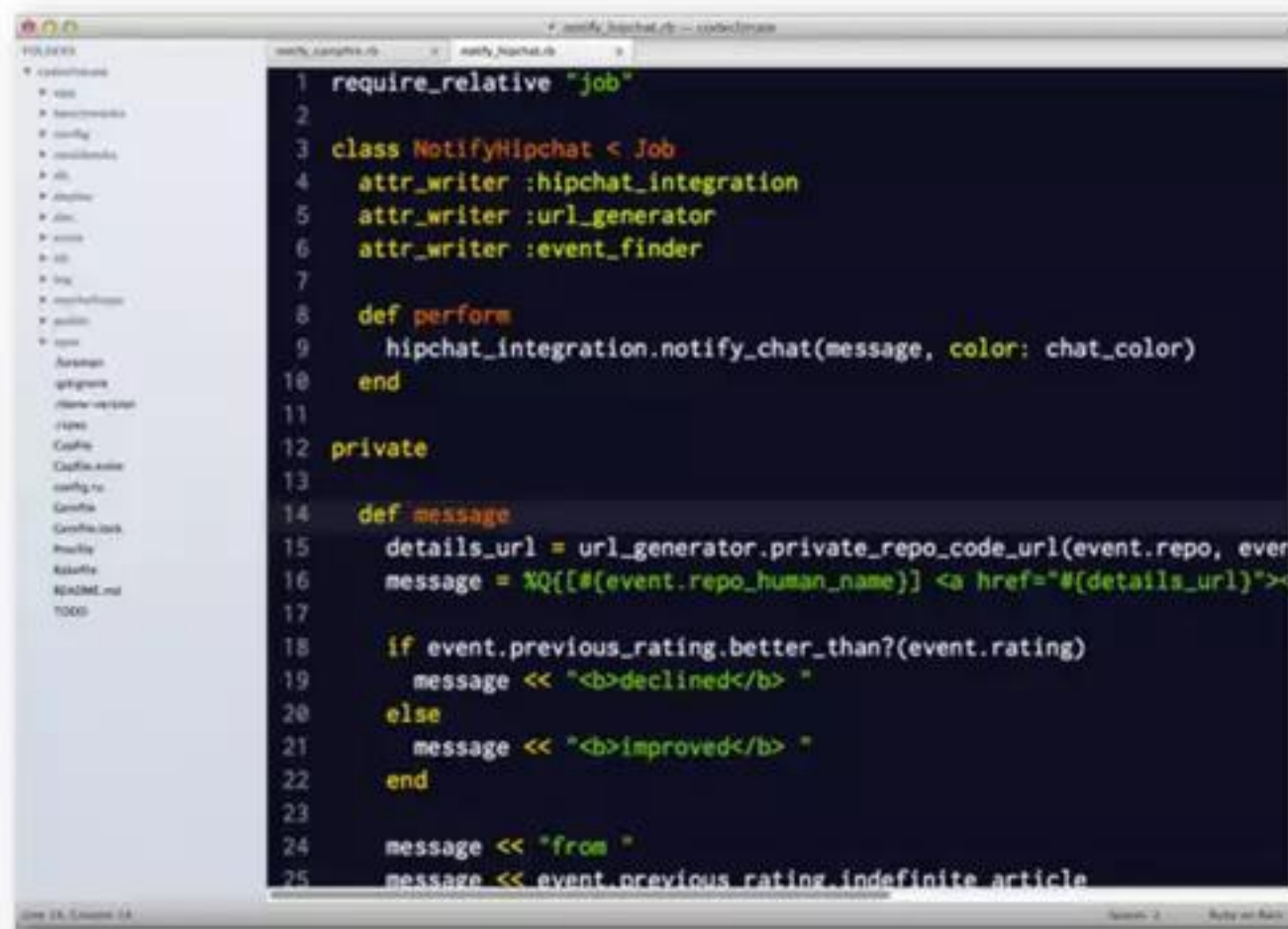
# Synonymous with Ecommerce

GOOGLE TRENDS DATA FILTERED FOR USA





# Shopify's Unique Recipe



## Great Technology

Multi-tenant, scalable,  
high availability architecture



## Beautiful Design

Simple, limitless customization  
of gorgeous themes



## Robust Ecosystem

Hundreds of Apps,  
Themes, and Experts



# THE NUMBERS





# Financial Highlights

I

## **GROWTH**

Strong, consistent growth in Revenue, MRR and GMV

II

## **POWERFUL BUSINESS MODEL**

Success-based revenue stream built on a large recurring subscription (SaaS) base

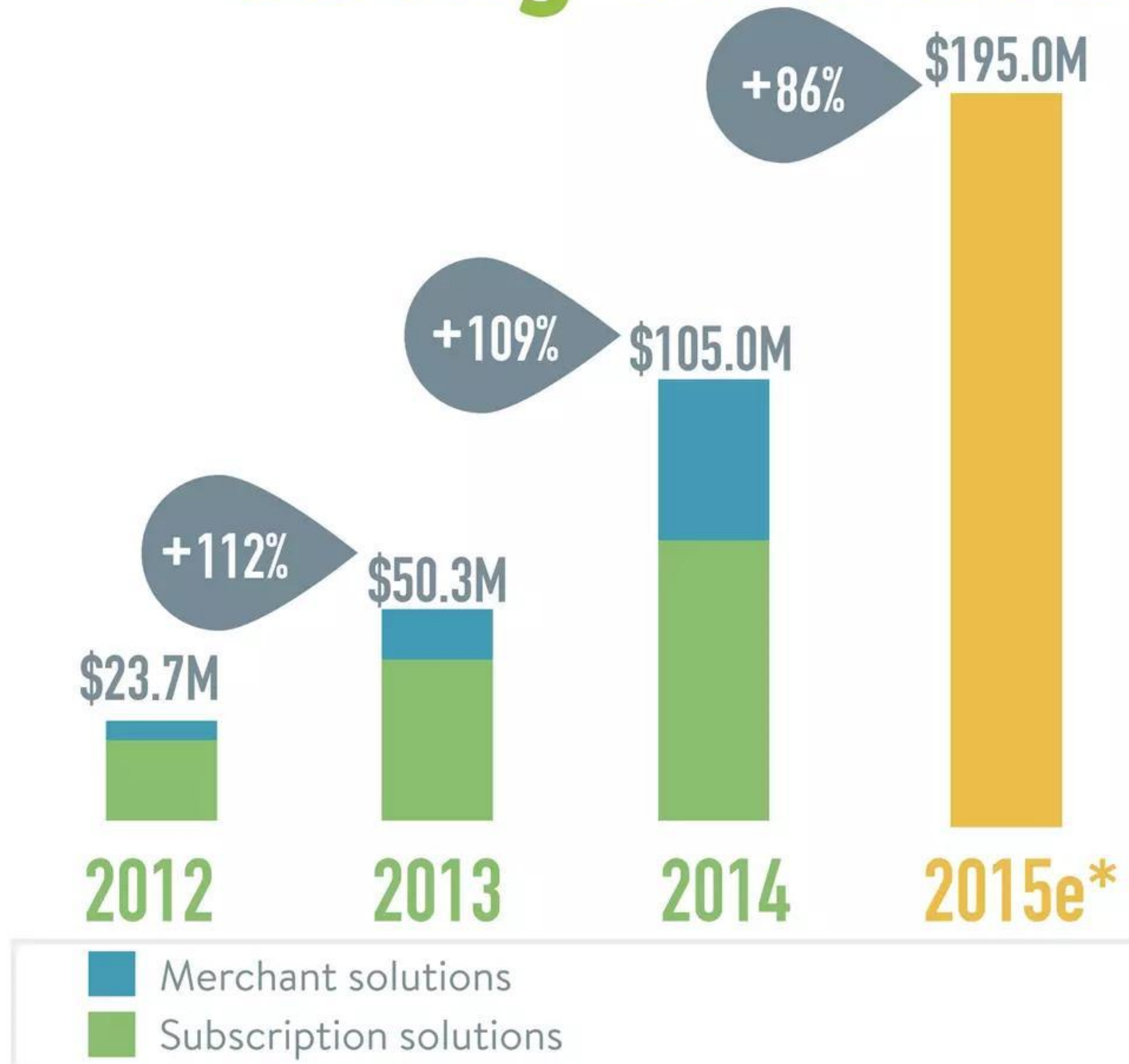
III

## **LONG-TERM FOCUS**

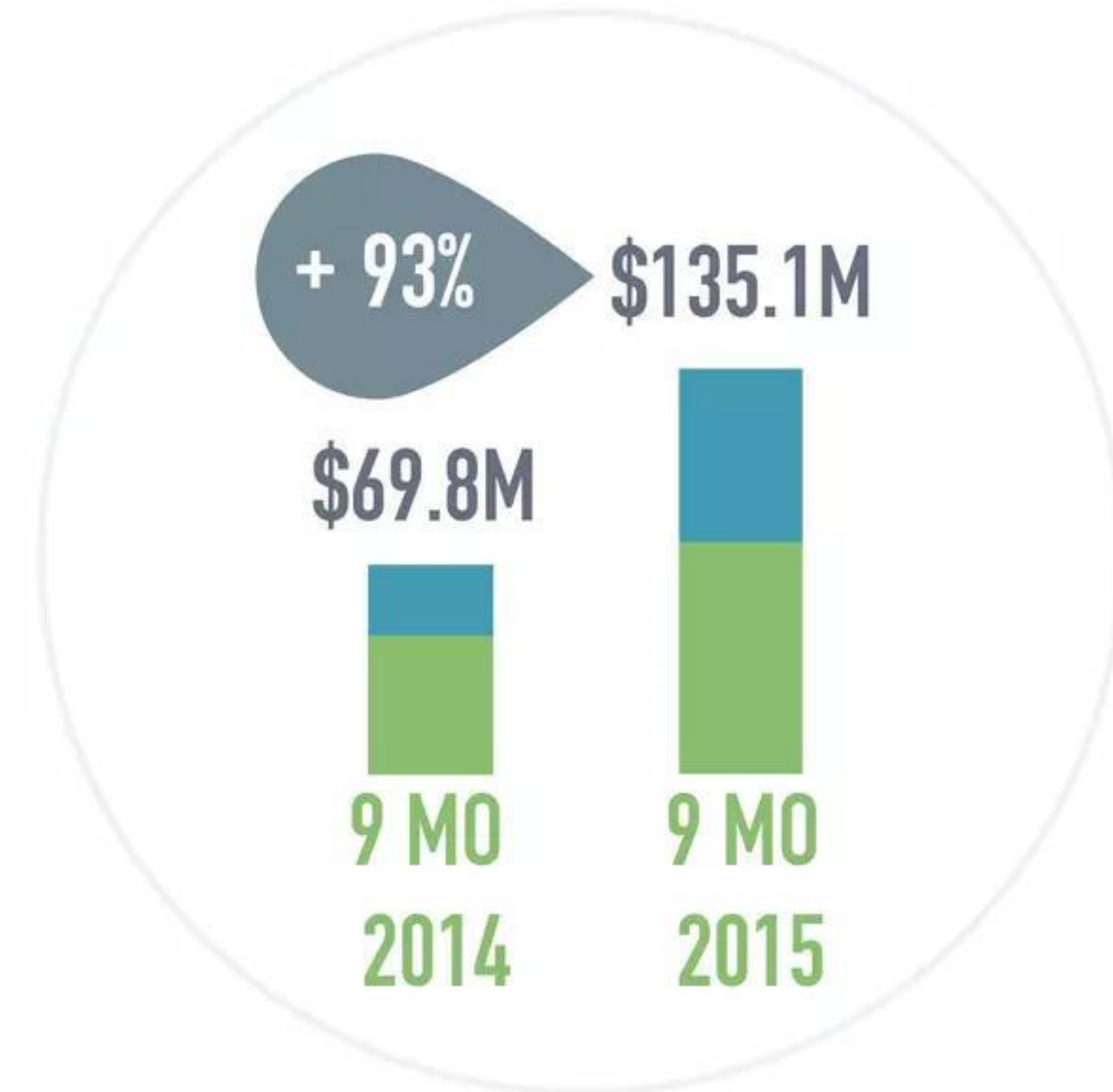
Strong track record of cash management and investing for the long term



# Strong Consistent Revenue Growth



\*Midpoint of management forecast range at November 4, 2015

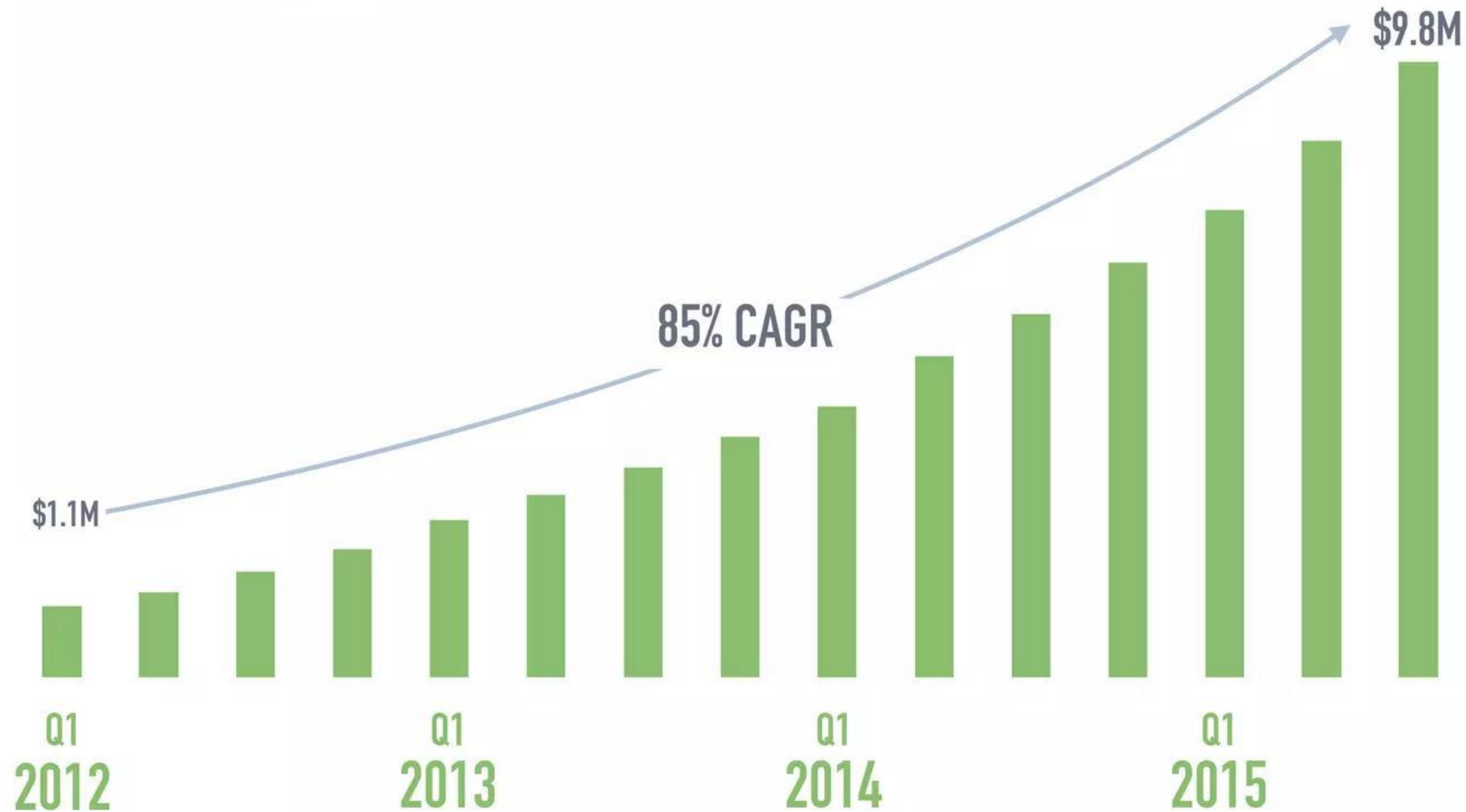


## DRIVERS

- Growing merchant base
- Expanding GMV
- Introduction and adoption of merchant offerings
- Robust partner ecosystem



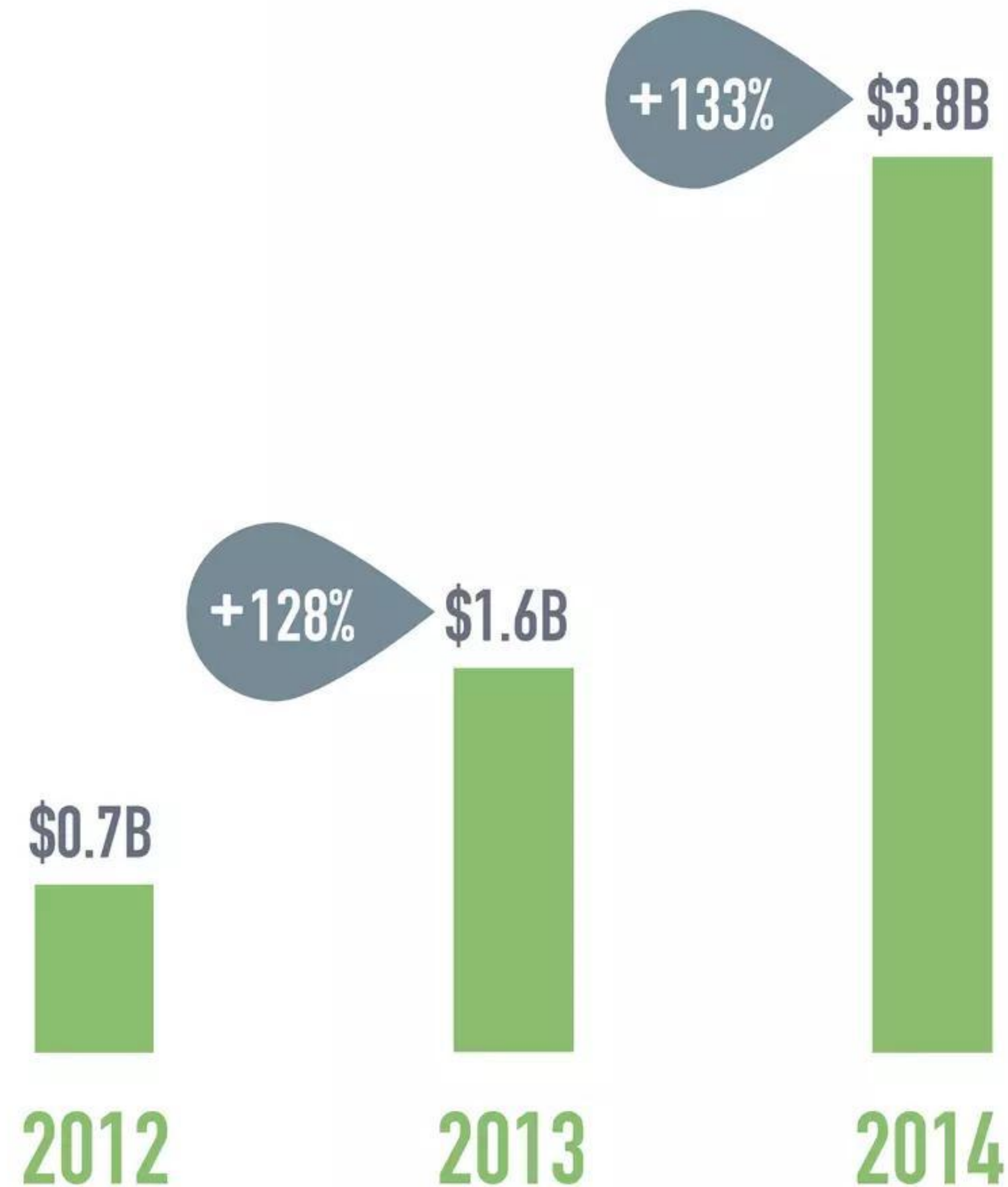
# Strong Consistent MRR Growth



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 revenue in effect on the last day of that period, assuming they maintain their subscription plans the following month.



# Strong Consistent GMV Growth



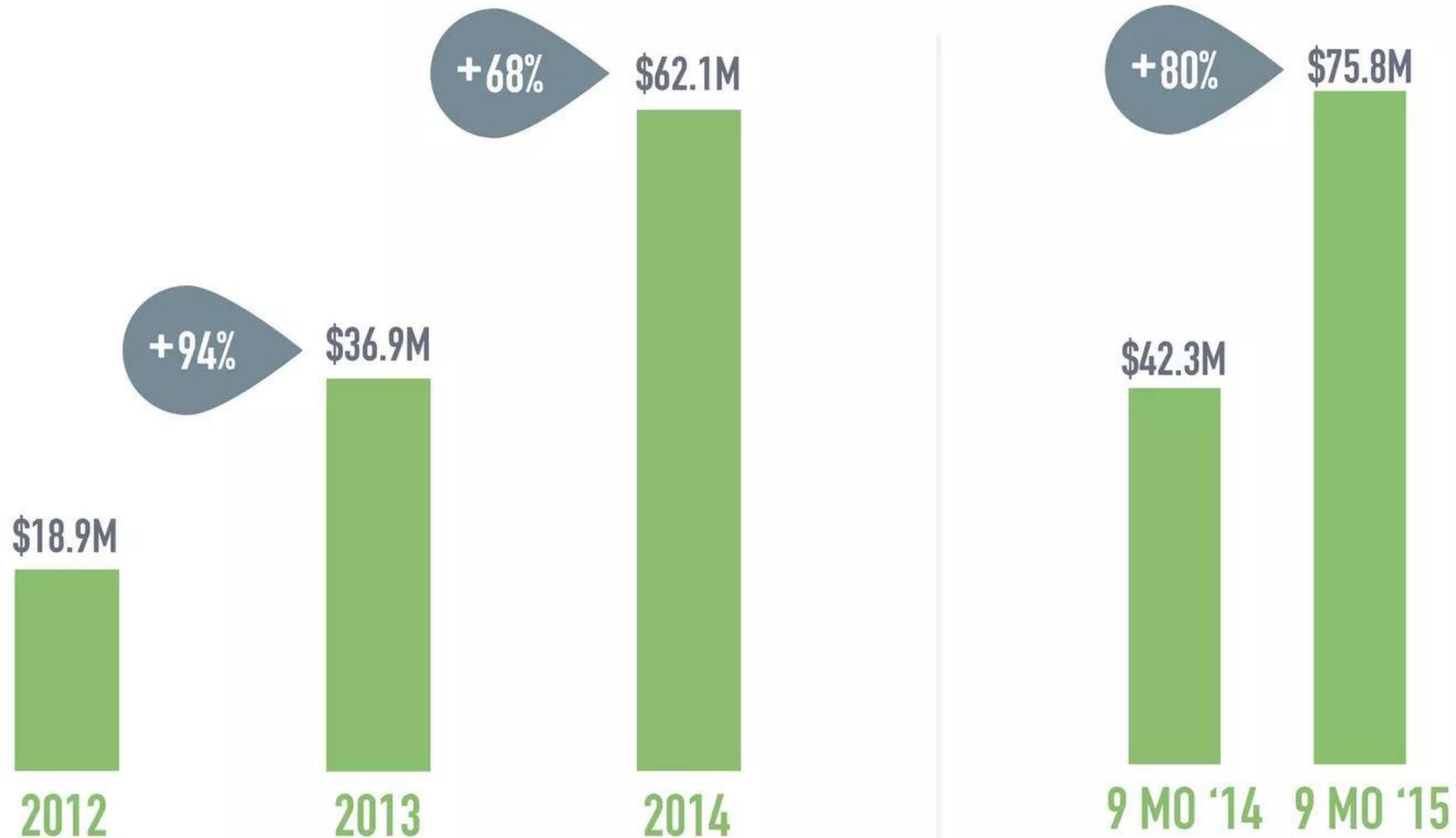
## DRIVERS

- More merchants
- Higher avg. GMV per merchant
- Introduction of POS



# Powerful Business Model

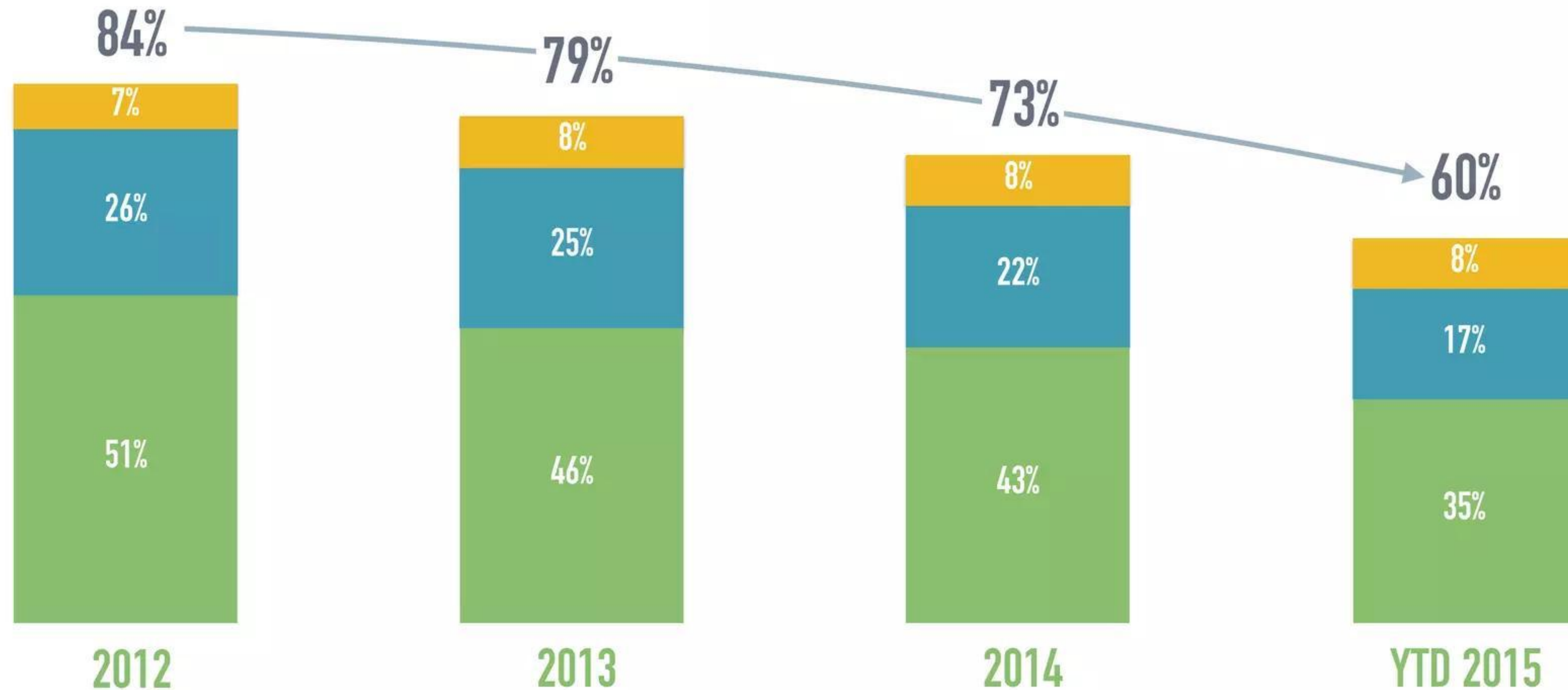
## GROSS PROFIT



Excludes SBC expense



# Operating Leverage



AS A PERCENTAGE OF REVENUE

S&M

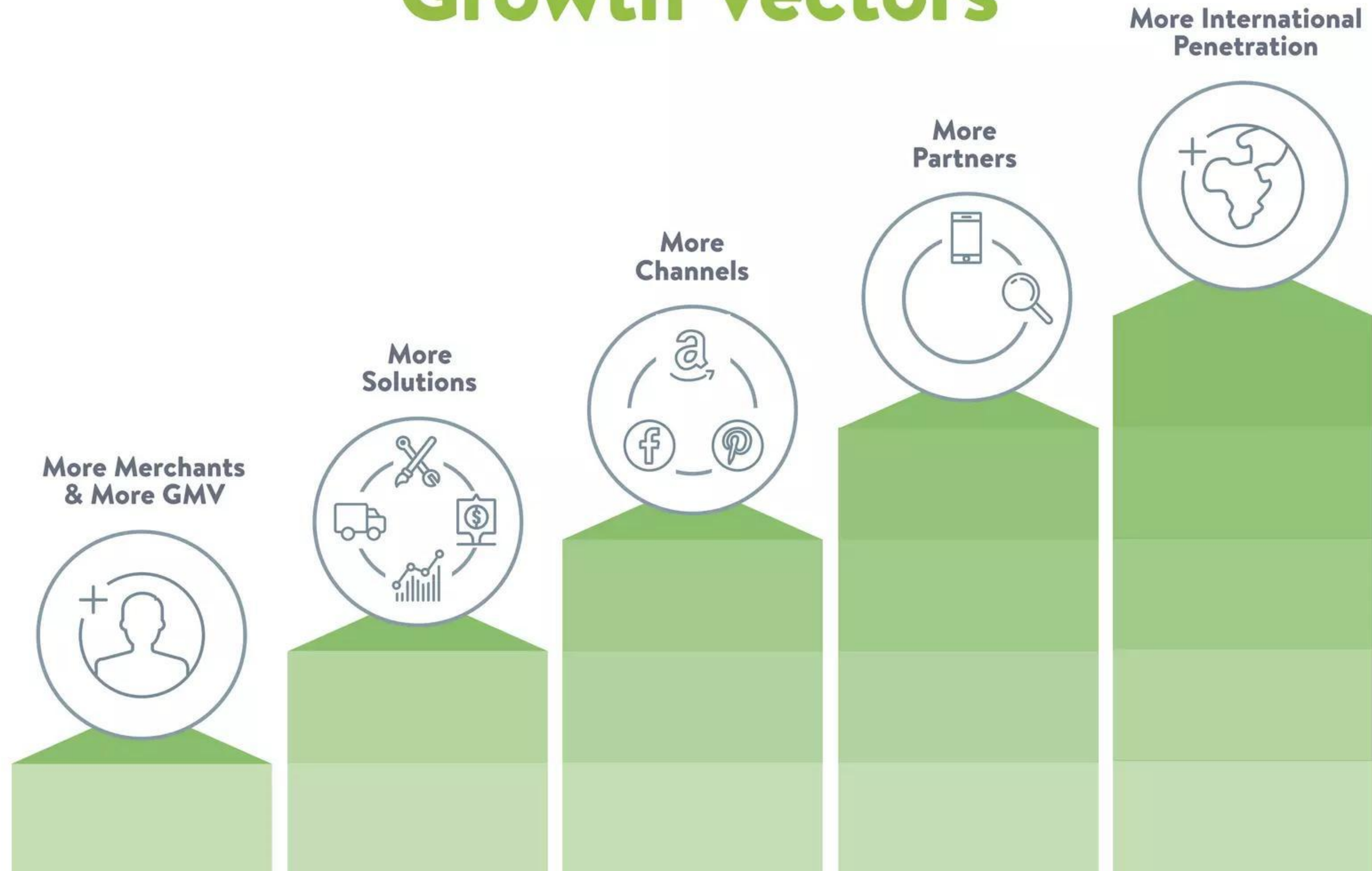
R&D

G&A

Excludes SBC and Sales Tax expense



# Growth Vectors





# Investment Highlights

- **Enormous Opportunity** – Multichannel commerce platform targeted at SMB market.
- **Powerful Business Model** – Rapidly growing SaaS and success-based business model.
- **World-class Product** – Well-crafted for simplicity and scalability.
- **Vast Ecosystem** – Engaged and expanding partner ecosystem that is difficult to replicate.
- **Vision** – Product-driven team with a long-term focus.



# Make commerce better for everyone.





# APPENDIX





# Reconciliation to GAAP Figures

	2012	2013	2014	9 mo ended Sept 30, 2014	9 mo ended Sept 30, 2015
<b>GAAP Gross profit</b>	18,937	36,739	61,795	42,182	75,561
<b>add: cost of revenues SBC</b>	11	113	259	159	198
<b>Non-GAAP Gross Profit</b>	18,948	36,852	62,054	42,341	75,759
<b>% of Revenue</b>	80%	73%	59%	61%	56%
<b>GAAP Sales and marketing</b>	12,262	23,351	45,929	33,720	47,847
<b>less: Sales and marketing SBC</b>	66	354	696	451	681
<b>Non-GAAP Sales and Marketing</b>	12,196	22,997	45,233	33,269	47,166
<b>% of Revenue</b>	51%	46%	43%	48%	35%
<b>GAAP Research and development</b>	6,452	13,682	25,915	19,296	26,181
<b>less: Research and development SBC</b>	282	1,152	2,776	2,010	2,853
<b>Non-GAAP Research and development</b>	6,170	12,530	23,139	17,286	23,328
<b>% of Revenue</b>	26%	25%	22%	25%	17%
<b>GAAP General and administrative</b>	1,737	3,975	11,566	6,286	12,770
<b>less: General and administrative SBC</b>	49	147	712	347	1,547
<b>less: Non-recurring sales and use tax expense</b>	-	-	2,182	-	566
<b>Non-GAAP General and administrative</b>	1,688	3,828	8,672	5,939	10,657
<b>% of Revenue</b>	7%	8%	8%	9%	8%
<b>GAAP Operating Expense</b>	20,451	41,008	83,410	59,302	86,798
<b>less: Operating SBC</b>	397	1,653	4,184	2,808	5,081
<b>less: Non-recurring sales and use tax expense</b>	-	-	2,182	-	566
<b>Non-GAAP Operating Expense</b>	20,054	39,355	77,044	56,494	81,185
<b>% of Revenue</b>	84%	79%	73%	81%	60%