SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

Report of Foreign Private Issuer
Pursuant to Rule 13a-16 or 15d-16 of
the Securities Exchange Act of 1934

For the month of **May** **2020**

Commission File Number **001-37400**

Shopify Inc.

(Translation of registrant's name into English)

150 Elgin Street, 8th Floor
Ottawa, Ontario, Canada K2P 1L4

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

Form 20-F Form 40-F **X**

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):_____

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): _____

DOCUMENTS INCLUDED AS PART OF THIS REPORT

Exhibit

99.1	**Shopify Inc. – Interim Financial Statements for the First Quarter ended March 31, 2020**
99.2	**Shopify Inc. – Interim Management's Discussion and Analysis for the First Quarter ended March 31, 2020**
99.3	**Shopify Inc. – Form 52-109F2 Certificate of Interim Filings by CEO (pursuant to Canadian regulations)**
99.4	**Shopify Inc. – Form 52-109F2 Certificate of Interim Filings by CFO (pursuant to Canadian regulations)**

Documents 99.1 and 99.2 of this Report on Form 6-K are incorporated by reference into the Registration Statement on Form F-10 of the Registrant, which was originally filed with the Securities and Exchange Commission on July 30, 2018 (File No. 333-226444), the Registration Statement on Form S-8 of the Registrant, which was originally filed with the Securities and Exchange Commission on May 29, 2015 (File No. 333-204568), the Registration Statement on Form S-8 of the Registrant, which was originally filed with the Securities and Exchange Commission on May 12, 2016 (File No. 333-211305) and the Registration Statement on Form S-8 of the Registrant, which was originally filed with the Securities and Exchange Commission on October 17, 2019 (File No. 333-234341).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

			Shopify Inc.
			(Registrant)
Date:	May 6, 2020	By:	/s/ Joseph A. Frasca
			Name: Joseph A. Frasca Title: Chief Legal Officer and Corporate Secretary

EXHIBIT 99.1

Condensed Consolidated
Financial Statements
(unaudited)
March 31, 2020

Shopify Inc.
Condensed Consolidated Balance Sheets
(unaudited)
Expressed in US $000's except share amounts

		As at	
		March 31, 2020	**December 31, 2019**
	Note	**$**	**$**
Assets			
Current assets			
Cash and cash equivalents	*4*	969,363	649,916
Marketable securities	*4*	1,391,209	1,805,278
Trade and other receivables, net	*5*	88,139	90,529
Merchant cash advances, loans and related receivables, net	*6*	191,863	150,172
Income taxes receivable	*13*	28,402	—
Other current assets		58,912	48,833
		2,727,888	2,744,728
Long-term assets			
Property and equipment, net		116,832	111,398
Intangible assets, net		159,004	167,282
Right-of-use assets	*7*	133,786	134,774
Deferred tax assets	*13*	21,541	19,432
Goodwill	*8*	311,865	311,865
		743,028	744,751
Total assets		3,470,916	3,489,479
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities		214,431	181,193
Income taxes payable	*13*	1,461	69,432
Deferred revenue	*5*	62,884	56,691
Lease liabilities	*7*	9,781	9,066
		288,557	316,382
Long-term liabilities			
Deferred revenue	*5*	5,580	5,969
Lease liabilities	*7*	131,709	142,641
Deferred tax liabilities		4,219	8,753
		141,508	157,363
Commitments and contingencies	*7, 10*		
Shareholders' equity			
Common stock, unlimited Class A subordinate voting shares authorized, 105,327,498 and 104,518,173 issued and outstanding; unlimited Class B multiple voting shares authorized, 11,897,199 and 11,910,802 issued and outstanding	*11*	3,333,407	3,256,284
Additional paid-in capital		58,684	62,628
Accumulated other comprehensive income (loss)	*12*	(15,587)	1,046
Accumulated deficit		(335,653)	(304,224)
Total shareholders' equity		3,040,851	3,015,734
Total liabilities and shareholders' equity		3,470,916	3,489,479

The accompanying notes are an integral part of these condensed consolidated financial statements.

Shopify Inc.
Condensed Consolidated Statements of Operations and Comprehensive Loss
(unaudited)
Expressed in US $000's, except share and per share amounts

		Three months ended	
		March 31, 2020	**March 31, 2019**
	Note	**$**	**$**
Revenues			
Subscription solutions		187,609	140,451
Merchant solutions		282,392	180,031
		470,001	320,482
Cost of revenues			
Subscription solutions		37,712	27,985
Merchant solutions		175,339	112,206
		213,051	140,191
Gross profit		256,950	180,291
Operating expenses			
Sales and marketing		154,862	105,022
Research and development		116,396	76,355
General and administrative	*15*	44,842	30,303
Transaction and loan losses	*3, 15*	14,083	4,401
Total operating expenses		330,183	216,081
Loss from operations		(73,233)	(35,790)
Other income			
Interest income, net		10,467	12,078
Foreign exchange gain (loss)		2,642	(439)
		13,109	11,639
Loss before income taxes		(60,124)	(24,151)
Recovery of income taxes	*13*	28,695	—
Net loss		(31,429)	(24,151)
Other comprehensive income (loss)			
Unrealized gain (loss) on cash flow hedges	*12*	(22,631)	9,274
Tax effect on unrealized gain (loss) on cash flow hedges		5,998	—
Comprehensive loss		(48,062)	(14,877)
Basic and diluted net loss per share attributable to shareholders	*14*	$ (0.27)	$ (0.22)
Weighted average shares used to compute basic and diluted net loss per share attributable to shareholders	*14*	116,806,549	110,921,276

The accompanying notes are an integral part of these condensed consolidated financial statements.

Shopify Inc.
Condensed Consolidated Statements of Changes in Shareholders' Equity
(unaudited)
Expressed in US $000's except share amounts

	Common Stock					
	Shares	Amount $	Additional Paid-In Capital $	Accumulated Other Comprehensive Income (Loss) $	Accumulated Deficit $	Total $
As at December 31, 2018	**110,392,689**	**2,215,936**	**74,805**	**(12,216)**	**(187,757)**	**2,090,768**
Adjustment related to the transition to Topic 842, Leases	—	—	—	—	8,375	8,375
As at January 1, 2019	**110,392,689**	**2,215,936**	**74,805**	**(12,216)**	**(179,382)**	**2,099,143**
Exercise of stock options	747,686	18,964	(6,908)	—	—	12,056
Stock-based compensation	—	—	31,596	—	—	31,596
Vesting of restricted share units	342,152	30,340	(30,340)	—	—	—
Net loss and comprehensive loss for the period	—	—	—	9,274	(24,151)	(14,877)
As at March 31, 2019	**111,482,527**	**2,265,240**	**69,153**	**(2,942)**	**(203,533)**	**2,127,918**

	Common Stock					
	Shares	Amount $	Additional Paid-In Capital $	Accumulated Other Comprehensive Income (Loss) $	Accumulated Deficit $	Total $
As at December 31, 2019	**116,428,975**	**3,256,284**	**62,628**	**1,046**	**(304,224)**	**3,015,734**
Exercise of stock options	409,965	30,753	(11,326)	—	—	19,427
Stock-based compensation	—	—	53,752	—	—	53,752
Vesting of restricted share units	385,757	46,370	(46,370)	—	—	—
Net loss and comprehensive loss for the period	—	—	—	(16,633)	(31,429)	(48,062)
As at March 31, 2020	**117,224,697**	**3,333,407**	**58,684**	**(15,587)**	**(335,653)**	**3,040,851**

The accompanying notes are an integral part of these condensed consolidated financial statements.

Shopify Inc.
Condensed Consolidated Statements of Cash Flows
(unaudited)
Expressed in US $000's

	Three months ended	
	March 31, 2020	**March 31, 2019**
	$	**$**
Cash flows from operating activities		
Net loss for the period	(31,429)	(24,151)
Adjustments to reconcile net loss to net cash (used) provided by operating activities:		
Amortization and depreciation	14,366	6,832
Stock-based compensation	53,752	31,164
Provision for transaction and loan losses	6,103	2,747
Deferred income taxes	(6,643)	—
Unrealized foreign exchange (gain) loss	(3,779)	60
Changes in operating assets and liabilities:		
Trade and other receivables	(2,378)	(10,551)
Merchant cash advances, loans and related receivables	(46,478)	(18,117)
Other current assets	(15,349)	(2,917)
Accounts payable and accrued liabilities	30,621	34,321
Income tax assets and liabilities	(90,375)	—
Deferred revenue	5,804	3,696
Lease assets and liabilities	830	1,260
Net cash (used) provided by operating activities	(84,955)	24,344
Cash flows from investing activities		
Purchase of marketable securities	(496,224)	(700,052)
Maturity of marketable securities	913,178	679,467
Acquisitions of property and equipment	(16,740)	(9,552)
Acquisitions of intangible assets	(219)	(1,440)
Acquisition of businesses, net of cash acquired	—	(5,715)
Net cash provided (used) by investing activities	399,995	(37,292)
Cash flows from financing activities		
Proceeds from the exercise of stock options	19,427	12,056
Net cash provided by financing activities	19,427	12,056
Effect of foreign exchange on cash and cash equivalents	(15,020)	655
Net increase (decrease) in cash and cash equivalents	319,447	(237)
Cash and cash equivalents – Beginning of Period	649,916	410,683
Cash and cash equivalents – End of Period	969,363	410,446
Supplemental cash flow information:		
Cash paid for amounts included in the measurement of lease liabilities included in cash flows from operating activities	4,742	3,521
Lease liabilities arising from obtaining right-of-use assets	2,718	103,310
Acquired property and equipment remaining unpaid	2,441	4,890

The accompanying notes are an integral part of these condensed consolidated financial statements.

1. Nature of Business

Shopify Inc. (“Shopify” or the “Company”) was incorporated as a Canadian corporation on September 28, 2004. Shopify is a leading global commerce company, providing trusted tools to start, grow, market, and manage a retail business of any size. Shopify makes commerce better for everyone with a platform and services that are engineered for reliability, while delivering a better shopping experience for consumers everywhere. Merchants use the Company's software to run their business across all of their sales channels, including web and mobile storefronts, physical retail locations, social media storefronts, and marketplaces. The Shopify platform provides merchants with a single view of their business and customers across all of their sales channels and enables them to manage products and inventory, process orders and payments, fulfill and ship orders, build customer relationships, source products, leverage analytics and reporting, and access financing, all from one integrated back office.

The Company’s headquarters and principal place of business are in Ottawa, Canada.

2. Basis of Presentation and Consolidation

These unaudited condensed consolidated financial statements include the accounts of the Company and its directly and indirectly held wholly owned subsidiaries. All intercompany accounts and transactions have been eliminated upon consolidation.

These unaudited condensed consolidated financial statements of the Company have been presented in United States dollars ("USD") and have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”), including the applicable rules and regulations of the Securities and Exchange Commission (“SEC”) regarding financial reporting. Certain information and note disclosures normally included in annual financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to such rules and regulations.

In the opinion of the Company, the accompanying unaudited condensed consolidated financial statements contain all adjustments, consisting of only normal recurring adjustments, necessary for a fair statement of its financial position, results of operations and comprehensive loss, cash flows and changes in shareholders’ equity for the interim periods. The financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended December 31, 2019. The unaudited condensed consolidated balance sheet at December 31, 2019 was derived from the audited annual financial statements, but does not contain all of the footnote disclosures from the annual financial statements.

The interim results for the three months ended March 31, 2020 are not necessarily indicative of the results expected for the full fiscal year.

3. Significant Accounting Policies

Except for the adoption of Topic 326, Financial Instruments - Credit Losses, which is discussed below, there have been no material changes to the Company’s significant accounting policies during the three months ended March 31, 2020, as compared to the significant accounting policies described in the Company’s annual consolidated financial statements for the year ended December 31, 2019.

Financial Instruments - Credit Losses

In June 2016, the Financial Accounting Standards Board issued ASU No. 2016-13, Measurement of Credit Losses on Financial Instruments (Topic 326), which replaces the incurred loss impairment methodology with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates on loans, trade and other receivables, held-to-maturity debt securities, and other instruments. In May 2019, the Financial Accounting Standards Board issued ASU No. 2019-05, Financial Instruments - Credit Losses, which provides transition relief that is optional for, and available to, all reporting entities within the scope of Topic 326. The updates are effective for annual periods beginning after December 15, 2019 including interim periods within those periods. The Company adopted the standard effective January 1, 2020 using a modified retrospective approach. Upon adoption, the Company changed its approach to estimating its expected credit losses, which did not have a material impact on any of its existing allowances at that time.

Use of Estimates

The preparation of consolidated financial statements, in accordance with U.S. GAAP, requires management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates, judgments and assumptions in these condensed consolidated financial statements include: key judgments related to revenue recognition in determining whether the Company is the principal or an agent to the arrangements with merchants, and the estimated period over which contract costs should be amortized; estimates of future events and the impact on our provisions for expected credit losses related to our financial assets measured at amortized cost, including our contract balances and merchant cash advances and loans; recoverability of deferred tax assets; estimated annual effective tax rate; income projections and discount rates used to fair value acquired intangible assets; and the discount rate used to determine the present value of lease payments. Actual results may differ from the estimates made by management.

Concentration of Credit Risk

The Company’s cash and cash equivalents, marketable securities, trade and other receivables, merchant cash advances, loans and related receivables, and foreign exchange derivative products subject the Company to concentrations of credit risk. Management mitigates this risk associated with cash and cash equivalents by making deposits and entering into foreign exchange derivative products only with large banks and financial institutions that are considered to be highly credit worthy. Management mitigates the risks associated with marketable securities by adhering to its investment policy, which stipulates minimum rating requirements, maximum investment exposures and maximum maturities. Due to the Company’s diversified merchant base, there is no particular concentration of credit risk related to the Company’s trade and other receivables and merchant cash advances and loans receivable. Trade and other receivables and merchant cash advances and loans receivable are monitored on an ongoing basis to ensure timely collection of amounts. The Company has mitigated some of the risks associated with Shopify Capital by entering into an agreement with a third party that insures a portion of the merchant cash advances and loans offered by Shopify Capital. The receivable related to insurance recoveries is included in the merchant cash advances, loans and related receivables balance. There are no receivables from individual merchants accounting for 10% or more of revenues or receivables. Potential effects from the novel coronavirus ("COVID-19") pandemic on the Company's credit risk have been considered and have resulted in increases to its allowances for expected credit losses on contract balances and merchant cash advances and loans, as discussed in notes 5 and 6, respectively. The Company continues its assessment given the fluidity of COVID-19's global impact.

Provision for Credit Losses Related to Merchant Cash Advances and Loans

Merchant cash advance receivables and loans represent the aggregate amount of Shopify Capital related receivables owed by merchants as of the condensed consolidated balance sheet date, net of an allowance for uncollectible amounts. The Company estimates the provision based on an assessment of various factors, including historical trends, merchants' gross merchandise volume, supportable forecasted information and other factors, including the potential impact of COVID-19, that may affect the merchants' ability to make future payments on the receivables. Additions to the provision are reflected in current operating results, while charges against the provision are made when losses are incurred. These additions are classified within transaction and loan losses on the condensed consolidated statements of operations and comprehensive loss. Recoveries are reflected as a reduction in the allowance for credit losses related to merchant cash advances and loans when the recovery occurs.

Expressed in US $000's except share and per share amounts

Provision for Transaction Losses Related to Shopify Payments

Payments losses arise when refunded merchant transactions cannot be recovered. The Company estimates the provision based on an assessment of various factors, including historical trends, gross merchandise volume facilitated using Shopify Payments, supportable forecasted information and other factors, including the potential impact of COVID-19, that may increase the volume of refunded transactions. Additions to the provision are reflected in current operating results, while charges against the provision are made when losses are incurred. These additions are classified within transaction and loan losses on the condensed consolidated statements of operations and comprehensive loss.

Interest Rate Risk

Certain of the Company's cash, cash equivalents and marketable securities earn interest. The Company's trade and other receivables, accounts payable and accrued liabilities and lease liabilities do not bear interest. The Company is not exposed to material interest rate risk.

Foreign Exchange Risk

The Company's exposure to foreign exchange risk is primarily related to fluctuations between the Canadian Dollar ("CAD") and the USD. The Company is exposed to foreign exchange fluctuations on the revaluation of foreign currency assets and liabilities. The Company uses foreign exchange derivative products to manage the impact of foreign exchange fluctuations. By their nature, derivative financial instruments involve risk, including the credit risk of non-performance by counter parties.

While the majority of the Company's revenues and cost of revenues are denominated in USD, a significant portion of operating expenses are incurred in CAD. As a result, earnings are adversely affected by an increase in the value of the CAD relative to the USD.

The following table summarizes the effects on revenues, cost of revenues, operating expenses, and loss from operations of a 10% strengthening[(1)] of the CAD versus the USD without considering the impact of the Company's hedging activities and without factoring in any potential changes in demand for the Company's solutions as a result of changes in the CAD to USD exchange rates.

	Three months ended					
	March 31, 2020			March 31, 2019		
	GAAP Amounts As Reported $	Exchange Rate Effect [(2)] $	At 10% Stronger CAD Rate [(3)] $	GAAP Amounts As Reported $	Exchange Rate Effect [(2)] $	At 10% Stronger CAD Rate [(3)] $
Revenues	470,001	946	470,947	320,482	551	321,033
Cost of revenues	(213,051)	(1,277)	(214,328)	(140,191)	(914)	(141,105)
Operating expenses	(330,183)	(11,769)	(341,952)	(216,081)	(10,933)	(227,014)
Loss from operations	(73,233)	(12,100)	(85,333)	(35,790)	(11,296)	(47,086)

(1) A 10% weakening of the CAD versus the USD would have an equal and opposite impact on our revenues, cost of revenues, operating expenses and loss from operations as presented in the table.
(2) Represents the increase or decrease in GAAP amounts reported resulting from a 10% strengthening in the CAD-USD foreign exchange rates.
(3) Represents the outcome that would have resulted had the CAD-USD rates in those periods been 10% stronger than they actually were, excluding the impact of our hedging program and without factoring in any potential changes in demand for the Company's solutions as a result of changes in the CAD-USD rates.

Expressed in US $000's except share and per share amounts

4. Financial Instruments

As at March 31, 2020, the carrying amount and fair value of the Company’s financial instruments were as follows:

	Level 1 $		Level 2 $		Level 3 $	
	Carrying Amount	**Fair Value**	**Carrying Amount**	**Fair Value**	**Carrying Amount**	**Fair Value**
Assets:						
Marketable securities:						
U.S. term deposits	275,000	277,255	—	—	—	—
U.S. federal bonds	204,004	205,811	—	—	—	—
Canadian federal bonds	29,913	29,930	—	—	—	—
Corporate bonds and commercial paper	—	—	882,292	884,383	—	—
Derivative assets:						
Foreign exchange forward contracts	—	—	560	560	—	—
Liabilities:						
Derivative liabilities:						
Foreign exchange forward contracts	—	—	17,361	17,361	—	—

The fair values above include accrued interest of $6,213, which is excluded from the carrying amounts. The accrued interest is included in Trade and other receivables in the condensed consolidated balance sheets.

As at December 31, 2019, the carrying amount and fair value of the Company’s financial instruments were as follows:

	Level 1 $		Level 2 $		Level 3 $	
	Carrying Amount	**Fair Value**	**Carrying Amount**	**Fair Value**	**Carrying Amount**	**Fair Value**
Assets:						
Cash equivalents:						
Repurchase agreements	—	—	200,000	200,009	—	—
Marketable securities:						
U.S. term deposits	300,000	301,354	—	—	—	—
U.S. federal bonds	222,713	223,403	—	—	—	—
Canadian federal bonds	69,922	69,919	—	—	—	—
Corporate bonds and commercial paper	—	—	1,212,643	1,216,822	—	—
Derivative assets:						
Foreign exchange forward contracts	—	—	5,830	5,830	—	—

The fair values above include accrued interest of $5,754, which is excluded from the carrying amounts. The accrued interest is included in Trade and other receivables in the condensed consolidated balance sheets.

All cash equivalents and marketable securities mature within one year of the condensed consolidated balance sheet date.

Expressed in US $000's except share and per share amounts

As at March 31, 2020, the Company held equity investments in private companies carried at cost of $12,500 (December 31, 2019 - $2,500), with no observable price changes or indicators of impairment.

As at March 31, 2020, the Company held foreign exchange forward contracts to convert USD into CAD, with a total notional value of $362,356 (December 31, 2019 - $285,700), to fund a portion of its operations. The foreign exchange forward contracts have maturities of twelve months or less. The fair value of foreign exchange forward contracts and corporate bonds was based upon Level 2 inputs, which included period-end mid-market quotations for each underlying contract as calculated by the financial institution with which the Company has transacted. The quotations are based on bid/ask quotations and represent the discounted future settlement amounts based on current market rates.

Derivative Instruments and Hedging

The Company has a hedging program to mitigate the impact of foreign currency fluctuations on future cash flows and earnings. Under this program the Company has entered into foreign exchange forward contracts with certain financial institutions and designated those hedges as cash flow hedges. As of March 31, 2020, $560 of unrealized gains and $17,361 of unrealized losses related to changes in the fair value of foreign exchange forward contracts designated as cash flow hedges were included in accumulated other comprehensive loss and current assets and current liabilities on the condensed consolidated balance sheet. These amounts are expected to be reclassified into earnings over the next twelve months. In the three months ended March 31, 2020, $1,295 of realized losses (March 31, 2019 - $3,278 of realized losses) related to the maturity of foreign exchange forward contracts designated as cash flow hedges were included in cost of revenues and operating expenses. Under the current hedging program, the Company is hedging cash flows associated with payroll and facility costs.

5. Contract Balances

When revenue is recognized, the Company records a receivable that is included in trade and other receivables on the condensed consolidated balance sheet. Trade receivables and unbilled revenues, net of allowance for credit losses, were as follows:

	March 31, 2020 $	December 31, 2019 $	January 1, 2019 $
Indirect taxes receivable	35,032	36,821	3,774
Unbilled revenues	28,414	31,629	12,653
Trade receivables	13,092	9,660	11,191
Accrued interest	6,213	5,754	5,109
Other receivables	5,388	6,665	8,620
	88,139	90,529	41,347

The allowance for credit losses reflects our best estimate of probable losses inherent in our unbilled revenues and trade receivables accounts. The Company determined the provision based on known troubled accounts, historical experience, supportable forecasts of collectibility, potential impacts of COVID-19 and other currently available evidence.

Expressed in US $000's except share and per share amounts

Activity in the allowance for credit losses was as follows:

	Three months ended	
	March 31, 2020 $	March 31, 2019 $
Allowance, beginning of the period	2,894	1,023
Provision for credit losses related to uncollectible receivables(1)	1,706	716
Write-offs	(24)	(525)
Allowance, end of the period	4,576	1,214

(1) The provision for the three months ended March 31, 2020 includes expected losses as a result of the impact of COVID-19.

Changes in deferred revenue were as follows:

	Three months ended	
	March 31, 2020 $	March 31, 2019 $
Balance, beginning of the period	62,660	41,061
Deferral of revenue	35,332	26,646
Recognition of deferred revenue	(29,528)	(22,950)
Balance, end of the period	68,464	44,757
Current portion	62,884	42,746
Long term portion	5,580	2,011
	68,464	44,757

The opening balances of current and long-term deferred revenue were $39,180 and $1,881, respectively, as of January 1, 2019.

6. Merchant Cash Advances, Loans and Related Receivables

	March 31, 2020 $	December 31, 2019 $	January 1, 2019 $
Merchant cash advances receivable, gross	172,440	131,227	77,653
Related receivables(1)	4,116	3,179	4,482
Allowance for credit losses related to uncollectible merchant cash advances receivable	(15,317)	(10,420)	(6,249)
Loans receivable, gross	34,417	28,547	16,959
Allowance for credit losses related to uncollectible loans receivable	(3,793)	(2,361)	(972)
Merchant cash advances, loans and related receivables, net	191,863	150,172	91,873

(1) Presentation of related receivables represents a comparative figure reclassification referenced in note 15.

Expressed in US $000's except share and per share amounts

The following table summarizes the activities of the Company’s allowance for credit losses related to uncollectible merchant cash advances and loans receivable:

	Three months ended	
	March 31, 2020	**March 31, 2019**
	$	$
Allowance, beginning of the period	12,781	7,221
Provision for credit losses related to uncollectible merchant cash advances receivable(2)	7,096	2,923
Merchant cash advances receivable charged off, net of recoveries	(2,199)	(1,584)
Provision for credit losses related to uncollectible loans receivable(2)	1,807	354
Loans receivable charged off, net of recoveries	(375)	(48)
Allowance, end of the period	19,110	8,866
Related receivables(1)	(4,116)	(4,603)
Allowance, net of related receivables	14,994	4,263

(1) Presentation of related receivables represents a comparative figure reclassification referenced in note 15.
(2) The provision for the three months ended March 31, 2020 includes expected losses as a result of the impact of COVID-19.

7. Leases

The Company has office leases in Canada, the United States, Singapore, Ireland and other countries in Europe and Asia. These leases have remaining lease terms of 1 year to 13 years, some of which include options to extend the leases for up to 10 years, and some of which include options to terminate the leases within 1 year. Additional office space leases are set to commence between later this year and 2027, at which point the Company's right-of-use assets and lease liabilities will increase. The Company has entered into various lease agreements for office space that are set to commence after March 31, 2020, which will create significant right-of-use assets and lease liabilities. All of the Company's leases are operating leases.

The components of lease expense for the three months ended March 31, 2020 were as follows:

	Three months ended	
	March 31, 2020	**March 31, 2019**
	$	$
Operating lease expense	5,600	3,638
Variable lease expense, including non-lease components	3,482	3,224
Total lease expense	9,082	6,862

As at March 31, 2020, the weighted average remaining lease term is 9 years and the weighted average discount rate is 4.8% (December 31, 2019 - 9 years and 4.9%, respectively).

Expressed in US $000's except share and per share amounts

Maturities of lease liabilities as at March 31, 2020 were as follows:

Fiscal Year	**Operating Leases** **$**
Remainder of 2020	18,083
2021	38,217
2022	46,428
2023	41,722
2024	45,095
Thereafter	338,261
Total future minimum payments	527,806
Minimum payments related to leases that have not yet commenced	(133,272)
Minimum payments related to variable lease payments, including non-lease components	(214,636)
Imputed interest	(38,408)
Total lease liabilities	141,490

8. Goodwill

The Company's goodwill relates to previous acquisitions of various companies including, but not limited to, 6 River Systems, Inc. which was acquired on October 17, 2019.

No goodwill impairment was recognized in the three months ended March 31, 2020 or in the year ended December 31, 2019.

The gross changes in the carrying amount of goodwill as of March 31, 2020 and December 31, 2019 are as follows:

	March 31, 2020 **$**	**December 31, 2019** **$**
Balance, beginning of the year	311,865	38,019
Acquisition of 6 River Systems, Inc.	—	264,527
Other acquisitions	—	9,319
Balance, end of the period	311,865	311,865

9. Credit Facility

The Company has a revolving credit facility with Royal Bank of Canada for $8,000 CAD. The credit facility bears interest at the Royal Bank Prime Rate plus 0.30%. As at March 31, 2020 the effective rate was 2.75%, and no cash amounts have been drawn under this credit facility.

10. Commitments and Contingencies

Unconditional Purchase Obligations

The Company has entered into agreements where it commits to certain usage levels related to third party services. The amount of the minimum fixed and determinable portion of the unconditional purchase obligations over the next five years, as at March 31, 2020, was $31,867.

Litigation and Loss Contingencies

The Company records accruals for loss contingencies when losses are probable and reasonably estimable. From time to time, the Company may become a party to litigation and subject to claims incidental to the ordinary course of business, including intellectual property claims, labour and employment claims and threatened claims, breach of contract claims, tax and other matters. The Company currently has no material pending litigation or claims. The Company is not aware of any litigation matters or loss contingencies that would be expected to have a material adverse effect on the business, consolidated financial position, results of operations, or cash flows.

11. Shareholders' Equity

Public Offerings

In September 2019, the Company completed a public offering in which it issued and sold 2,185,000 Class A subordinate voting shares at a public offering price of $317.50 per share, including the 285,000 Class A subordinate voting shares purchased by the underwriters pursuant to the exercise of the over-allotment option. The Company received total net proceeds of $688,014 after deducting offering fees and expenses of $5,724, net of tax of $1,541.

Common Stock Authorized

The Company is authorized to issue an unlimited number of Class A subordinate voting shares and an unlimited number of Class B multiple voting shares. The Class A subordinate voting shares have one vote per share and the Class B multiple voting shares have 10 votes per share. The Class B multiple voting shares are convertible into Class A subordinate voting shares on a one-for-one basis at the option of the holder. Class B multiple voting shares will also automatically convert into Class A subordinate voting shares in certain other circumstances.

Preferred Shares

The Company is authorized to issue an unlimited number of preferred shares issuable in series. Each series of preferred shares shall consist of such number of shares and having such rights, privileges, restrictions and conditions as may be determined by the Company's Board of Directors prior to the issuance thereof. Holders of preferred shares, except as otherwise provided in the terms specific to a series of preferred shares or as required by law, will not be entitled to vote at meetings of holders of shares.

Stock-Based Compensation

As at March 31, 2020 there were 19,357,848 shares reserved for issuance under the Company's Stock Option Plan and Long Term Incentive Plan.

Expressed in US $000's except share and per share amounts

The following table summarizes the stock option and Restricted Share Unit ("RSU") award activities under the Company's share-based compensation plans for the three months ended March 31, 2020:

	Shares Subject to Options Outstanding					Outstanding RSUs	
	Number of Options (1)	Weighted Average Exercise Price $	Remaining Contractual Term (in years)	Aggregate Intrinsic Value (2) $	Weighted Average Grant Date Fair Value $	Outstanding RSUs	Weighted Average Grant Date Fair Value $
December 31, 2019	**3,812,242**	**54.59**	**6.14**	**1,307,565**	—	**1,939,918**	**159.13**
Stock options granted	236,910	465.60	—	—	179.32	—	—
Stock options exercised	(409,965)	47.40	—	—	—	—	—
Stock options forfeited	(23,899)	135.13	—	—	—	—	—
RSUs granted	—	—	—	—	—	280,295	465.60
RSUs settled	—	—	—	—	—	(385,757)	120.21
RSUs forfeited	—	—	—	—	—	(35,585)	174.98
March 31, 2020	**3,615,288**	**81.81**	**6.15**	**1,211,573**	—	**1,798,871**	**214.92**
Stock options exercisable as of March 31, 2020	2,434,311	32.01	5.16	937,011			

(1) As at March 31, 2020 1,371,648 of the outstanding stock options were granted under the Company's Legacy Option Plan and are exercisable for Class B multiple voting shares, 2,165,181 of the outstanding stock options were granted under the Company's Stock Option Plan and are exercisable for Class A subordinate voting shares, and 78,459 of the outstanding stock options were granted under the 6 River Systems 2016 Amended and Restated Stock Option and Grant Plan and are exercisable for Class A subordinate voting shares.

(2) The aggregate intrinsic value is calculated as the difference between the exercise price of the underlying stock option awards and the closing market price of the Company's Class A Subordinate Voting Shares as of March 31, 2020 and December 31, 2019.

As at March 31, 2020 the Company had issued 713 Deferred Share Units under its Long Term Incentive Plan.

In connection with the acquisition of 6RS, 122,080 Class A subordinate voting shares were issued with trading restrictions. The restrictions on these shares are lifted over time and are being accounted for as stock-based compensation as the vesting is contingent on continued employment and therefore related to post-combination services. As at March 31, 2020, 122,080 of the Class A subordinate voting shares remained restricted.

The following table illustrates the classification of stock-based compensation expense in the condensed consolidated statements of operations and comprehensive loss, which includes both stock-based compensation and restricted share-based compensation expense.

	Three months ended	
	March 31, 2020 $	March 31, 2019 $
Cost of revenues	1,148	714
Sales and marketing	11,207	6,835
Research and development	32,604	18,115
General and administrative	8,793	5,500
	53,752	31,164

Expressed in US $000's except share and per share amounts

12. Changes in Accumulated Other Comprehensive Income (Loss)

The following table summarizes the changes in accumulated other comprehensive income (loss), which is reported as a component of shareholders' equity, for the three months ended March 31, 2020 and 2019:

	Accumulated Other Comprehensive Income (Loss)	
	Three months ended	
	March 31, 2020	March 31, 2019
	$	$
Balance, beginning of the period	1,046	(12,216)
Other comprehensive income (loss) before reclassifications	(23,926)	5,996
Loss on cash flow hedges reclassified from accumulated other comprehensive income (loss) to earnings were as follows:		
Cost of revenues	59	182
Sales and marketing	336	963
Research and development	714	1,658
General and administrative	186	475
Tax effect on unrealized gain (loss) on cash flow hedges	5,998	—
Other comprehensive income (loss), net of tax	(16,633)	9,274
Balance, end of the period	(15,587)	(2,942)

13. Income Taxes

The Company's provision for or recovery of income taxes is determined by applying the estimated annual effective tax rate to income or loss from recurring operations and adding the effects of any discrete income tax items specific to the period. The Company updates its estimate of the annual effective tax rate each quarter and makes cumulative adjustments if its estimated annual tax rate changes.

The Company's effective tax rate may be subject to fluctuation during the year as new information is obtained, which may affect the assumptions used to estimate the annual effective tax rate, including factors such as the mix of forecasted pre-tax earnings in the various jurisdictions in which the Company operates, valuation allowances against deferred tax assets, the recognition and derecognition of tax benefits related to uncertain tax positions, and changes in or the interpretation of tax laws in jurisdictions where the Company conducts business.

In the third quarter of 2019, the Company formally established its EMEA headquarters in Ireland and its Asia-Pacific headquarters in Singapore. As a result of these actions, the Company transferred regional relationship and territory rights from its Canadian entity to enable each regional headquarters to develop and maintain merchant and commercial operations within its respective region, while keeping the ownership of all of the Company's current developed technology within Canada. These transfers reflect the growing proportion of the Company's business occurring internationally and resulted in a one-time capital gain in the third quarter of 2019. The Company's effective tax rate for the three months ended March 31, 2020 was approximately 9%. As a result of the application of the Company's effective tax rate on the results of ongoing operations, other discrete items, primarily related to tax benefits for share-based compensation, the Company's ability to carry-back losses to prior years in Canada, and the recognition of deferred tax assets in the United States, the Company has a recovery of income taxes of $28,695 in the three months ended March 31, 2020.

Expressed in US $000's except share and per share amounts

14. Net Loss per Share

The Company applies the two-class method to calculate its basic and diluted net loss per share as both classes of its voting shares are participating securities with equal participation rights and are entitled to receive dividends on a share for share basis.

The following table summarizes the reconciliation of the basic weighted average number of shares outstanding and the diluted weighted average number of shares outstanding:

	Three months ended	
	March 31, 2020	**March 31, 2019**
Basic and diluted weighted average number of shares outstanding	116,806,549	110,921,276
The following items have been excluded from the diluted weighted average number of shares outstanding because they are anti-dilutive:		
Stock options	3,615,288	5,054,120
Restricted share units	1,798,871	2,580,154
Deferred share units	713	478
	5,414,872	7,634,752

In the three months ended March 31, 2020 and 2019, the Company was in a loss position and therefore diluted loss per share is equal to basic loss per share.

15. Comparative Figures

Certain comparative figures have been reclassified in order to conform to the current period presentation.

EXHIBIT 99.2

MANAGEMENT'S DISCUSSION AND ANALYSIS

May 6, 2020

In this Management's Discussion and Analysis ("MD&A"), "we", "us", "our", "Shopify" and "the Company" refer to Shopify Inc. and its consolidated subsidiaries, unless the context requires otherwise. In this MD&A, we explain Shopify's results of operations and cash flows for the three months ended March 31, 2020 and *2019, and our financial position as of March 31, 2020. You should read this MD&A together with our unaudited condensed consolidated financial statements and the accompanying notes for the fiscal quarter ended March 31, 2020, as well as with our audited consolidated financial statements and the accompanying notes for the fiscal year ended December 31, 2019. Additional information regarding Shopify, including our 2019 annual information form and our annual report on Form 40-F for the year ended December 31, 2019, is available on our website at www.shopify.com, or at www.sedar.com and www.sec.gov.*

Our unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). All amounts are in U.S. dollars ("USD") except where otherwise indicated.

Our MD&A is intended to enable readers to gain an understanding of Shopify's results of operations, cash flows and financial position. To do so, we provide information and analysis comparing our results of operations, cash flows and financial position for the most recently completed quarter with the same quarter from the preceding fiscal year. We also provide analysis and commentary that we believe will help investors assess our future prospects. In addition, we provide "forward-looking statements" that are not historical facts, but that are based on our current estimates, beliefs and assumptions and which are subject to known and unknown important risks, uncertainties, assumptions and other factors that could cause actual results to differ materially from current expectations. Forward-looking statements are intended to assist readers in understanding management's expectations as of the date of this MD&A and may not be suitable for other purposes. See "Forward-looking Statements" below.

In this MD&A, references to our "solutions" means the combination of products and services that we offer to merchants, and references to "our merchants" as of a particular date means the total number of unique shops that are paying for a subscription to our platform.

Forward-looking Statements

This MD&A contains forward-looking statements under the provisions of the U.S. Private Securities Litigation Reform Act of 1995, Section 27A of the U.S. Securities Act of 1933, as amended, and Section 21E of the U.S. Securities Exchange Act of 1934, as amended, and forward-looking information within the meaning of applicable Canadian securities legislation.

In some cases, you can identify forward-looking statements by words such as "may", "will", "could", "expects", "further", "intends", "plans", "anticipates", "believes", "estimates", "potential", "continue", or the negative of these terms or other similar words. In addition, any statements or information that refer to expectations, beliefs, plans, projections, objectives, performance or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking. In particular, forward-looking statements in this MD&A include, but are not limited to, statements about:

- the extent of the impact of the novel coronavirus ("COVID-19") on our business, financial performance, revenues, and results of operations, in particular a potential decrease in gross merchandise volume as a result of lower consumer spending which may be partially offset by more businesses moving online, the expected expansion of Shopify Capital in 2020 in response to COVID-19, our expectation that merchants will use funding from Shopify Capital for business continuity and continue to downgrade their subscription plans and decrease their spend on apps and an expected increase in losses for Shopify Capital and Shopify Payments;

- disruption to our operations due to the impact of COVID-19 and the impact of COVID-19 on our employees, suppliers, partners, and our merchants and their customers, the success of and risk related to new products and initiatives launched in response to COVID-19, and the effect of economic conditions as a result of COVID-19 on the value of our investments and our share price;
- our exploration of new ways to accelerate checkout;
- our ability to make it easier for merchants to manage their storefronts via their mobile devices;
- the achievement of innovations and enhancements to, and expansion of, our platform and our solutions;
- whether a merchant using Shopify will ever need to re-platform;
- the continued growth of our app developer, theme designer and partner ecosystem and the effect on the growth of our merchant base;
- the continued expansion of the number of channels for merchants to transact through;
- our plan to continue making investments to drive future growth;
- our expectation that we will continue to invest in, develop and scale Shopify Fulfillment Network to provide our merchants with fast and affordable fulfillment and our expectation that Shopify Fulfillment Network is well positioned to improve supply chain economics and delivery for merchants;
- our intention to accelerate the development of Shopify Fulfillment Network;
- our expectation that the gross margin percentage of merchant solutions will decline in the short term as we develop Shopify Fulfillment Network and 6 River Systems Inc. ("6RS");
- our expectation that the continued growth of merchant solutions may cause a decline in our overall gross margin percentage;
- our expectation that as a result of the continued growth of our merchant solutions offerings, our seasonality will continue to affect our quarterly results and our business may become more seasonal in the future, and that historical patterns may not be a reliable indicator of our future performance;
- our expectation that our results of operations will be adversely impacted by an increase in the value of the Canadian dollar ("CAD") relative to the USD;
- our expectation that the cost of subscription solutions will increase and that our subscription solutions gross margin percentage will fluctuate modestly over time;
- our expectation that the cost of merchant solutions will increase in absolute dollars in future periods;
- our plan to continue to expand sales and marketing efforts to attract new merchants, retain revenue from existing merchants and increase revenues from both new and existing merchants, including adding sales personnel and expanding our marketing activities to continue to generate additional leads and build brand awareness;
- our expectation that our research and development expenses will increase in absolute dollars as we continue to increase the functionality of our platform, but will eventually decline as a percentage of total revenues;
- our expectation that general and administrative expenses will increase on an absolute dollar basis, but may decrease as a percentage of our total revenues as we focus on processes, systems and controls to enable our internal support functions to scale with the growth of our business;
- our expectation that transaction and loan losses related to Shopify Payments and Shopify Capital will increase on an absolute dollar basis over time, including as a result of the ongoing COVID-19 pandemic;
- our expectation that the overall trend of merchant solutions revenue making up an increasing component of total revenues over time, most notably in the fourth quarter due to higher holiday volume, will continue over time;
- expected credit losses related to the impact of COVID-19;
- our belief that we have sufficient liquidity to meet our current and planned financial obligations over the next 12 months, including any potential negative impacts to cash that may occur as a result of the potential impact from COVID-19;
- our future financing requirements and the availability of capital;
- the future value of our investment income, in particular as a result of changes in interest rates;
- our expectations regarding contractual obligations and contingencies;
- the impact of inflation on our costs and operations;
- our accounting estimates, allowances, provisions, and assumptions made in the preparation of our financial statements, including the potential impact from COVID-19; and

- our expectations regarding the impact of recently adopted accounting standards.

The forward-looking statements contained in this MD&A are based on our management's perception of historic trends, current conditions and expected future developments, as well as other assumptions that management believes are appropriate in the circumstances, which include, but are not limited to:

- our ability to increase the functionality of our platform;
- our ability to offer more sales channels that can connect to the platform;
- our belief in the increasing importance of a multi-channel platform that is both fully integrated and easy to use;
- our belief that an increasing awareness among buyers that Shopify provides a superior and secure checkout experience is an additional advantage for our merchants;
- our belief that commerce transacted over mobile will continue to grow more rapidly than desktop transactions;
- our ability to expand our merchant base, retain revenue from existing merchants as they grow their businesses, and increase sales to both new and existing merchants;
- our ability to manage our growth effectively;
- our ability to protect our intellectual property rights;
- our belief that our merchant solutions make it easier for merchants to start a business and grow on our platform;
- our ability to develop new solutions to extend the functionality of our platform, provide a high level of merchant service and support;
- our ability to hire, retain and motivate qualified personnel;
- our ability to enhance our ecosystem and partner programs, and the assumption that this will drive growth in our merchant base, further accelerating growth of the ecosystem;
- our belief that our investments and acquisitions will increase our revenue base, improve the retention of this base and strengthen our ability to increase sales to our merchants and help drive our growth;
- our ability to achieve our revenue growth objectives while controlling costs and expenses, and our ability to achieve or maintain profitability;
- our belief that monthly recurring revenue ("MRR") is most closely correlated with the long-term value of our merchant relationships;
- our assumptions regarding the principal competitive factors in our markets;
- our ability to predict future commerce trends and technology;
- our assumptions that higher-margin solutions such as Shopify Capital and Shopify Shipping will continue to grow through increased adoption and international expansion;
- our expectation that a portion of increased funding to Shopify Capital will go toward business continuity instead of growth activities;
- our expectation that Shopify Payments will continue to expand internationally;
- our expectation that Shopify Fulfillment Network will continue to scale and grow;
- our belief that our investments in sales and marketing initiatives will continue to be effective in growing the number of merchants using our platform, in retaining revenue from existing merchants and increasing revenues from both;
- our ability to develop processes, systems and controls to enable our internal support functions to scale with the growth of our business;
- our ability to obtain sufficient space for our growing employee base;
- our ability to retain key personnel;
- our ability to protect against currency, interest rate, concentration of credit and inflation risks;
- our assumptions as to our future expenses and financing requirements;
- our assumptions as to our critical accounting policies and estimates; and
- our assumptions as to the effects of accounting pronouncements to be adopted.

Factors that may cause actual results to differ materially from current expectations may include, but are not limited to, risks and uncertainties that are discussed in greater detail in the "Risk Factors" section of our Annual Information Form for the year ended December 31, 2019 and elsewhere in this MD&A, including but not limited to risks relating to:

- the COVID-19 pandemic and its impact on our business, financial condition and results of operations including the impact of measures taken to contain the virus and the impact on the global economy and consumer spending and on our merchants' and partners' ecosystem;
- sustaining our rapid growth;
- managing our growth;
- our history of losses and our potential inability to achieve profitability;
- our limited operating history in new and developing markets and new geographic regions;
- our ability to innovate;
- the security of personal information we store relating to merchants and their buyers, as well as buyers with whom we have a direct relationship including users of our apps;
- a denial of service attack or security breach;
- our potential inability to compete successfully against current and future competitors;
- international sales and the use of our platform in various countries;
- the reliance of our growth in part on the success of our strategic relationships with third parties;
- our potential failure to effectively maintain, promote and enhance our brand;
- our use of a single cloud-based platform to deliver our services;
- our potential inability to achieve or maintain data transmission capacity;
- our current reliance on a single supplier to provide the technology we offer through Shopify Payments;
- payments processed through Shopify Payments;
- our potential inability to hire, retain and motivate qualified personnel;
- serious errors or defects in our software or hardware or issues with our hardware supply chain;
- evolving privacy laws and regulations, cross-border data transfer restrictions, data localization requirements and other domestic or foreign regulations may limit the use and adoption of our services;
- our potential failure to maintain a consistently high level of customer service;
- exchange rate fluctuations that may negatively affect our results of operations;
- our dependence on the continued services and performance of our senior management and other key employees;
- ineffective operations of our solutions when accessed through mobile devices;
- changes to technologies used in our platform or new versions or upgrades of operating systems and internet browsers;
- the impact of worldwide economic conditions, including the resulting effect on spending by small and medium-sized businesses ("SMBs") or their buyers;
- potential claims by third parties of intellectual property infringement;
- our potential inability to obtain, maintain and protect our intellectual property rights and proprietary information or prevent third parties from making unauthorized use of our technology;
- our use of open source software;
- our potential inability to generate traffic to our website through search engines and social networking sites;
- activities of merchants or partners or the content of merchants' shops;
- acquisitions and investments;
- seasonal fluctuations;
- our reliance on computer hardware, purchased or leased, software licensed from and services rendered by third parties, in order to provide our solutions and run our business, sometimes by a single-source supplier;
- Shopify Capital and offering financing;
- our ability to successfully operate and scale Shopify Fulfillment Network;
- our pricing decisions for our solutions;
- provisions of our financial instruments;
- our potential inability to raise additional funds as may be needed to pursue our growth strategy or continue our operations, on favorable terms or at all;

- unanticipated changes in effective tax rates or adverse outcomes resulting from examination of our income or other tax returns;
- new tax laws could be enacted or existing laws could be applied to us or our merchants;
- being required to collect federal, state, provincial or local business taxes and sales and use taxes or other indirect taxes in additional jurisdictions or for past sales;
- our tax loss carryforwards;
- our dependence upon buyers' and merchants' access to, and willingness to use, the internet for commerce;
- ownership of our shares;
- our sensitivity to interest rate fluctuations; and
- our concentration of credit risk, and the ability to mitigate that risk using third parties, and the risk of inflation.

Although we believe that the plans, intentions, expectations, assumptions and strategies reflected in our 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 which are, in some cases, beyond our control. 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. No forward-looking statement is a guarantee of future results. You should read this MD&A and the documents that we reference in this MD&A completely and with the understanding that our actual future results may be materially different from any future results expressed or implied by these forward-looking statements.

The forward-looking statements in this MD&A represent our views as of the date of this MD&A. We anticipate that subsequent events and developments may cause our views to change. However, while we may elect to update these forward-looking statements at some point in the future, we have no current intention of doing so except to the extent required by applicable law. Therefore, these forward-looking statements do not represent our views as of any date other than the date of this MD&A.

COVID-19

On March 11, 2020, the World Health Organization declared COVID-19 a pandemic. In response to the pandemic, we have modified our business practices with a focus on the health and well-being of our employees, partners, service providers, and communities: all employees have been working from home since March 16, 2020, all office locations have been closed since March 25, 2020, and all business travel, in-person meetings, and events have been cancelled until further notice, including the 2020 Shopify Unite Partner and Developer Conference, with efforts to virtualize events where possible. To support our merchants in this challenging time, we have also launched several initiatives including an extended 90-day free trial for all new standard plan sign-ups, availability of gift card capabilities to merchants on all plans, local in-store or curbside pick up and delivery for POS merchants, and an increased funding commitment of $200 million above the March 31, 2020 level for the remainder of 2020 to increase funding for Shopify Capital in the United States and expand Shopify Capital to the United Kingdom and Canada, where we are working with partners who share in the revenue and risk.

The extent of the impact of COVID-19 and measures taken to contain the virus on our results of operations and overall financial performance remains uncertain. While we ended the first quarter of 2020 with a strong liquidity profile with $2.36 billion in cash, cash equivalents and marketable securities on our balance sheet, in response to the changing macroeconomic environment triggered by the COVID-19 pandemic, we increased our allowances and provisions for credit losses related to merchant cash advances and loans through Shopify Capital, transaction losses on Shopify Payments, and trade and other receivables to account for a potential increase in losses (the actual loss percentages in the quarter were consistent with losses in 2019). During the first quarter of 2020, use of Shopify Capital by our merchants increased with $192 million of merchant cash advances and loans outstanding at March 31, 2020 compared to $150 million outstanding at December 31, 2019. We anticipate that merchants will use at least a portion of this funding for business continuity instead of growth activities, as we have seen merchants downgrading subscription plans and decreasing their spend on apps during the end of March and beginning of April. In addition, MRR growth in the first quarter was impacted by several factors, including the removal by Shopify of thousands of stores from the platform due to violations of our Acceptable Use Policy connected to unfair pricing or false claims for products related to

COVID-19, lighter international merchant adds, and an uptick of subscription cancellations and merchant downgrades to lower-priced subscription plans in March. Going forward, we may experience a decrease in gross merchandise volume as a result of lower consumer spending, but also expect that any decrease would be at least partially offset by more traditional retail businesses expanding or migrating their operations online with our platform and services. The effect of COVID-19 on other aspects of our results of operations and financial performance, such as revenues, remains uncertain and may only be reflected in future periods.

Overview

Shopify is a leading global commerce company, providing trusted tools to start, grow, market, and manage a retail business of any size. Shopify makes commerce better for everyone with a platform and services that are engineered for reliability, while delivering a better shopping experience for consumers everywhere. Merchants use the Company's software to run their business across all of their sales channels, including web and mobile storefronts, physical retail locations, social media storefronts, and marketplaces. The Shopify platform provides merchants with a single view of their business and customers across all of their sales channels and enables them to manage products and inventory, process orders and payments, fulfill and ship orders, build customer relationships, source products, leverage analytics and reporting, and access financing, all from one integrated back office.

In an era where social media, cloud computing, mobile devices, and data analytics are creating new possibilities for commerce, Shopify provides differentiated value by offering merchants:

A multi-channel front end. Our software enables merchants to easily display, manage, and sell their products across over a dozen different sales channels, including web and mobile storefronts, physical retail locations, pop-up shops, social media storefronts, native mobile apps, buy buttons, and marketplaces. More than two-thirds of our merchants use two or more channels. The Shopify application program interface ("API") has been developed to support custom storefronts that let merchants sell anywhere, in any language.

A single integrated back end. Our software provides one single integrated, easy-to-use back end that merchants use to manage their business and buyers across these multiple sales channels. Merchants use their Shopify dashboard, which is available in 20 languages, to manage products and inventory, process orders and payments, fulfill and ship orders, build customer relationships, source products, leverage analytics and reporting, and access financing.

A data advantage. Our software is delivered to merchants as a service, and operates on a shared infrastructure. With each new transaction processed, we grow our data proficiency. This cloud-based infrastructure not only relieves merchants from running and securing their own hardware, it also consolidates data generated by the interactions between buyers and merchants' shops, as well as those of our merchants on the Shopify platform, providing rich data to inform both our own decisions as well as those of our merchants.

Shopify also enables merchants to build their own brand, leverage mobile technology, and handle massive traffic spikes with flexible infrastructure.

Brand ownership. Shopify is designed to help our merchants own their brand, develop a direct relationship with their buyers, and make their buyer experience memorable and distinctive. We recognize that in a world where buyers have more choices than ever before, a merchant's brand is increasingly important. The Shopify platform is designed to allow a merchant to keep their brand present in every interaction to help build buyer loyalty and competitive advantage. While our platform is designed to empower merchants first, merchants benefit when buyers are confident that their payments are secure. We believe that an increasing awareness among buyers that Shopify provides a superior and secure checkout experience is an additional advantage for our merchants in an increasingly competitive market. For merchants using Shopify Payments, buyers are already getting a superior experience, and with our investments in additional touchpoints with their buyers, such as retail, fulfillment, and shipping, brands that sell on Shopify can offer buyers an end-to-end, managed shopping experience that previously was only available to much larger businesses.

Mobile. As ecommerce expands as a percentage of overall retail transactions, today's buyers expect to be able to transact anywhere, anytime, on any device through an experience that is simple, seamless, and secure. As transactions over mobile devices represent the majority of transactions across online stores powered by Shopify, the mobile experience is a merchant's primary and most important interaction with online buyers. For several years Shopify has focused on enabling mobile commerce, and the Shopify platform now includes a mobile-optimized checkout system, designed to enable merchants' buyers to more easily buy products over mobile websites. Our merchants are able to offer their buyers the ability to quickly and securely check out by using Shopify Pay, Apple Pay, and Google Pay on the web, and we continue to explore other new ways to accelerate checkout. Shopify's mobile capabilities are not limited to the front end: merchants who are often on-the-go find themselves managing their storefronts via their mobile devices, as Shopify continues to strive to make it ever easier to do so.

Infrastructure. We build our platform to address the growing challenges facing merchants with the aim of making complex tasks simple. The Shopify platform is engineered to enterprise-level standards and functionality while being designed for simplicity and ease of use. We also design our platform with a robust technical infrastructure able to manage large spikes in traffic that accompany events such as new product releases, holiday shopping seasons, and flash sales. We are constantly innovating and enhancing our platform, with our continuously deployed, multi-tenant architecture ensuring all of our merchants are always using the latest technology.

This combination of ease of use with enterprise-level functionality allows merchants to start with a Shopify store and grow with our platform to almost any size. Using Shopify, merchants may never need to re-platform. Our Shopify Plus subscription plan was created to accommodate larger merchants, with additional functionality, scalability and support requirements. Shopify Plus is also designed for larger merchants not already on Shopify who want to migrate from their expensive and complex legacy solutions and get more functionality.

A rich ecosystem of app developers, theme designers and other partners, such as digital and service professionals, marketers, photographers, and affiliates has evolved around the Shopify platform. Approximately 26,400 of these partners have referred merchants to Shopify over the last year, and this strong, symbiotic relationship continues to grow. We believe this ecosystem has grown in part due to the platform's functionality, which is highly extensible and can be expanded through our API and the approximately 4,100 apps available in the Shopify App Store. The partner ecosystem helps drive the growth of our merchant base, which in turn further accelerates growth of the ecosystem.

Our mission is to make commerce better for everyone, and we believe we can help merchants of nearly all sizes, from aspirational entrepreneurs to large enterprises, and all retail verticals realize their potential at all stages of their business life cycle. While our platform can scale to meet the needs of large merchants, we focus on selling to small and medium-sized businesses and entrepreneurs. Most of our merchants are on subscription plans that cost less than $50 per month, which is in line with our focus of providing cost effective solutions for early stage businesses. In the three months ended March 31, 2020, our platform facilitated Gross Merchandise Volume ("GMV") of $17.4 billion, representing an increase of 46.2% from the three months ended March 31, 2019. A detailed description of this metric is presented below in the section entitled, "Key Performance Indicators".

Our business has experienced rapid growth. During the three months ended March 31, 2020, our total revenue was $470.0 million, an increase of 46.7% versus the three months ended March 31, 2019. Our business model has two revenue streams: a recurring subscription component we call subscription solutions and a merchant success-based component we call merchant solutions.

In the three months ended March 31, 2020, subscription solutions revenues accounted for 39.9% of our total revenues (43.8% in the three months ended March 31, 2019). We offer a range of plans that increase in price depending on additional features and economic considerations. Our highest-end plan, Shopify Plus, is offered at a starting rate that is several times that of our standard Shopify plans. Shopify Plus solves for the complexity of merchants as they grow and scale globally, offering additional functionality, and support, including features like Shopify Flow and Launchpad, for ecommerce automation, and dedicated account management where appropriate. Allbirds, Gymshark, Nestle, and Staples are a few of the Shopify Plus merchants seeking a reliable, cost-effective and scalable commerce solution. The flexibility of our pricing plans is designed to help our merchants grow in a cost-effective manner and to provide more advanced features and support as their business needs evolve.

Revenue from subscription solutions is generated through the sale of subscriptions to our platform, including variable platform fees, and from the sale of themes, apps, and the registration of domain names. Our merchants typically enter into monthly subscription agreements. The revenue from these agreements is recognized over time on a ratable basis over the contractual term and therefore we have deferred revenue on our balance sheet. We do not consider this deferred revenue balance to be a good indicator of future revenue. Instead, we believe Monthly Recurring Revenue ("MRR") is most closely correlated with the long-term value of our merchant relationships. Subscription solutions revenues increased from $140.5 million in the three months ended March 31, 2019 to $187.6 million in the three months ended March 31, 2020, representing an increase of 33.6%. As of March 31, 2020, MRR totaled $55.4 million, representing an increase of 25.3% relative to MRR at March 31, 2019. Subscription solutions revenue has been growing at a faster rate than MRR due to apps and platform fees increasing as a percentage of total subscription solutions. A detailed description of this metric is presented below in the section entitled, "Key Performance Indicators".

We offer a variety of merchant solutions that are designed to add value to our merchants and augment our subscription solutions. During the three months ended March 31, 2020, merchant solutions revenues accounted for 60.1% of total revenues (56.2% in the three months ended March 31, 2019). We principally generate merchant solutions revenues from payment processing fees from Shopify Payments. Shopify Payments is a fully integrated payment processing service that allows our merchants to accept and process payment cards online and offline. In addition to payment processing fees from Shopify Payments, we also generate merchant solutions revenue from Shopify Shipping, other transaction services, referral fees, the sale of Point-of-Sale ("POS") hardware, Shopify Capital, Shopify Fulfillment Network, and collaborative warehouse fulfillment solutions. As of the end of April 2020, Shopify Capital is available for merchants in the United States, the United Kingdom and Canada. Our merchant solutions revenues are directionally correlated with the level of GMV that our merchants process through our platform. Merchant solutions revenues increased from $180.0 million in the three months ended March 31, 2019 to $282.4 million in the three months ended March 31, 2020, representing an increase of 56.9%.

Our business model is driven by our ability to attract new merchants, retain revenue from existing merchants, and increase sales to both new and existing merchants. Our merchants represent a wide array of retail verticals, business sizes, and geographies and no single merchant has ever represented more than five percent of our total revenues in a single reporting period. We believe that our future success is dependent on many factors, including our ability to expand our merchant base, retain merchants as they grow their businesses on our platform, offer more sales channels that connect merchants with their specific target audience, develop new solutions to extend our platform’s functionality and catalyze merchants’ sales growth, enhance our ecosystem and partner programs, provide a high level of merchant support, hire, retain and motivate qualified personnel, and build with a focus on maximizing long-term value.

We have focused on rapidly growing our business and plan to continue making investments to drive future growth. We believe that our investments will increase our revenue base, improve the retention of this base and strengthen our ability to increase sales to our merchants.

Consistent with investing for the long-term, we announced in June 2019, at our Unite 2019 partner conference, that we expect to spend approximately $1B over five years to build and operate Shopify Fulfillment Network, a network of fulfillment centers dispersed across the United States, to help ensure merchants’ orders are delivered to buyers quickly and cost-effectively. We expect Shopify Fulfillment Network is well positioned to improve supply chain economics and delivery for merchants by leveraging our scale with deep machine learning tools, including demand forecasting, smart inventory allocation across warehouses and intelligent order routing.

On October 17, 2019, we completed the acquisition of 6RS, a company based in Waltham, Massachusetts, United States, that provides collaborative warehouse fulfillment solutions. By adding 6RS' cloud-based software and collaborative mobile robots, we gained a leadership team with experience in fulfillment; expanded our addressable market to include warehouse automation; and intend to accelerate the development of Shopify Fulfillment Network.

Key Performance Indicators

Key performance indicators, which we do not consider to be non-GAAP measures, that we use to evaluate our business, measure our performance, identify trends affecting our business, formulate financial projections and make strategic decisions include Monthly Recurring Revenue ("MRR") and Gross Merchandise Volume ("GMV"). Our key performance indicators may be calculated in a manner different than similar key performance indicators used by other companies.

The following table shows MRR and GMV for the three months ended March 31, 2020 and 2019.

	Three months ended March 31,	
	2020	2019
	(in thousands)	
Monthly Recurring Revenue	$ 55,397	$ 44,213
Gross Merchandise Volume	$ 17,415,252	$ 11,913,826 [1]

[1] In Q3 2019 we began including in GMV, transactions on certain apps and channels for which a revenue-sharing arrangement is in place. We have adjusted our three month ended March 31, 2019 GMV by $17.9 million to reflect this change.

Monthly Recurring Revenue

We calculate MRR 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, which excludes variable platform fees, in effect on the last day of that period, assuming they maintain their subscription plans the following month. Merchants on free trials, including the extended free trial that went into effect on March 21, 2020, are excluded from this calculation through the duration of the free trial. MRR allows us to average our various pricing plans and billing periods into a single, consistent number that we can track over time. We also analyze the factors that make up MRR, specifically the number of paying merchants using our platform and changes in our average revenue earned from subscription plan fees per paying merchant. In addition, we use MRR to forecast monthly, quarterly and annual subscription plan revenue, which makes up the majority of our subscriptions solutions revenue. We had $55.4 million of MRR as at March 31, 2020 compared to $44.2 million as at March 31, 2019.

Gross Merchandise Volume

GMV is the total dollar value of orders facilitated through our platform and on 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. GMV does not represent revenue earned by us. However, the volume of GMV facilitated through our platform is an indicator of the success of our merchants and the strength of our platform. Our merchant solutions revenues are also directionally correlated with the level of GMV facilitated through our platform. For the three months ended March 31, 2020 and 2019, we facilitated GMV of $17.4 billion and $11.9 billion, respectively.

Factors Affecting the Comparability of Our Results

Change in Revenue Mix

As a result of the continued growth of Shopify Payments, transaction fees, revenue sharing agreements, Shopify Capital, and Shopify Shipping, our revenues from merchant solutions have generally increased significantly. Merchant solutions are intended to complement subscription solutions by providing additional value to our merchants and increasing their use of our platform. Gross profit margins on Shopify Payments, the biggest driver of merchant solutions revenue, are typically lower than on subscription solutions due to the associated third-party costs of providing this solution. We view this revenue stream as beneficial to our operating margins, as Shopify Payments requires significantly less sales and marketing and research and development expense than Shopify’s core subscription business. We expect to see our gross margin percentage for merchant solutions decline in the short term as we develop Shopify Fulfillment Network and 6RS. The lower margins on merchant solutions compared to subscription solutions means that the continued growth of merchant solutions may cause a decline in our overall gross margin percentage.

Seasonality

Our merchant solutions revenues are directionally correlated with the level of GMV that our merchants facilitated through our platform. Our merchants typically process additional GMV during the fourth quarter holiday season. As a result, we have historically generated higher merchant solutions revenues in our fourth quarter than in other quarters. While we believe that this seasonality has affected and will continue to affect our quarterly results, our rapid growth has largely masked seasonal trends to date. As a result of the continued growth of our merchant solutions offerings, we believe that our business may become more seasonal in the future and that historical patterns in our business may not be a reliable indicator of our future performance.

Foreign Currency Fluctuations

While most of our revenues are denominated in USD, a significant portion of our operating expenses are incurred in CAD. As a result, our results of operations will be adversely impacted by an increase in the value of the CAD relative to the USD. In addition, a portion of Shopify Payments revenue is based on the local currency of the country in which the applicable merchant is located and these transactions expose us to currency fluctuations to the extent non-USD based payment processing and other merchant solutions revenues increase. Refer to the "Quantitative and Qualitative Disclosures about Market Risk—Foreign Currency Exchange Risk" section below for additional information on the effect on reported results of changes in foreign exchange rates.

Key Components of Results of Operations

During the three months ended March 31, 2020, the only significant change to the key components of results of operations was to discretely disclose transaction and loan losses expenses, which were previously presented within general and administrative expenses.

Transaction and loan losses consist of expected and actual losses related to Shopify Payments and Shopify Capital. We are exposed to transaction losses on Shopify Payments due to chargebacks as a result of fraud or uncollectibility. We are exposed to transaction losses on merchant capital advances offered through Shopify Capital as a result of fraud or uncollectibility. We incur loan losses whenever the amortized cost of loans exceeds their fair value. Transaction and loan losses are expected to increase in absolute dollars over time.

See Management's Discussion and Analysis dated February 12, 2020 as well as our Annual Report on Form 40-F for the year ended December 31, 2019 for details on the other key components of results of operations.

Quarterly Results of Operations

The following table sets forth our results of operations for the three months ended March 31, 2020 and 2019.

	Three months ended March 31,	
	2020	2019
	(in thousands, except share and per share data)	
Revenues:		
Subscription solutions	$ 187,609	$ 140,451
Merchant solutions	282,392	180,031
	470,001	320,482
Cost of revenues[(1)(2)]:		
Subscription solutions	37,712	27,985
Merchant solutions	175,339	112,206
	213,051	140,191
Gross profit	256,950	180,291
Operating expenses:		
Sales and marketing[(1)(2)]	154,862	105,022
Research and development[(1)(2)]	116,396	76,355
General and administrative[(1)]	44,842	30,303
Transaction and loan losses	14,083	4,401
Total operating expenses	330,183	216,081
Loss from operations	(73,233)	(35,790)
Other income	13,109	11,639
Loss before income taxes	(60,124)	(24,151)
Recovery of income taxes	28,695	—
Net loss	$ (31,429)	$ (24,151)
Basic and diluted net loss per share attributable to shareholders	$ (0.27)	$ (0.22)
Weighted average shares used to compute basic and diluted net loss per share attributable to shareholders	116,806,549	110,921,276

(1) Includes stock-based compensation expense and related payroll taxes as follows:

	Three months ended March 31,	
	2020	2019
	(in thousands)	
Cost of revenues	$ 1,324	$ 814
Sales and marketing	12,434	7,645
Research and development	36,421	19,923
General and administrative	9,767	6,031
	$ 59,946	$ 34,413

(2) Includes amortization of acquired intangibles as follows:

	Three months ended March 31,	
	2020	2019
	(in thousands)	
Cost of revenues	$ 5,569	$ 1,625
Sales and marketing	388	—
Research and development	58	58
	$ 6,015	$ 1,683

Revenues

	Three months ended March 31,		2020 vs. 2019
	2020	2019	% Change
	(in thousands, except percentages)		
Revenues:			
Subscription solutions	$ 187,609	$ 140,451	33.6%
Merchant solutions	282,392	180,031	56.9%
	$ 470,001	$ 320,482	46.7 %
Percentage of revenues:			
Subscription solutions	39.9 %	43.8 %	
Merchant solutions	60.1 %	56.2 %	
Total revenues	100.0 %	100.0 %	

Subscription Solutions

Subscription solutions revenues increased $47.2 million, or 33.6%, for the three months ended March 31, 2020 compared to the same period in 2019. The period over period increase was primarily a result of growth in MRR, which was driven largely by the higher number of merchants using our platform.

Merchant Solutions

Merchant solutions revenues increased $102.4 million, or 56.9%, for the three months ended March 31, 2020 compared to the same period in 2019. The increase in merchant solutions revenues was primarily a result of Shopify Payments revenue growing in the three months ended March 31, 2020 compared to the same period in 2019. This increase was a result of an increase in the number of merchants using our platform, improved pricing, continued expansion into new geographical regions, and an increase in our Shopify Payments penetration rate, which was 42.2%, resulting in GMV of $7.3 billion that was facilitated using Shopify Payments for the three months ended March 31, 2020. This compares to a penetration rate of 40.9% resulting in GMV of $4.9 billion that was facilitated using Shopify Payments in the same period in 2019.

In addition to the increase in revenue from Shopify Payments, revenue from transaction fees, referral fees from partners, Shopify Capital, and Shopify Shipping increased during the three months ended March 31, 2020 compared to the same period in 2019, as a result of the increase in GMV facilitated through our platform compared to the same period in 2019.

Cost of Revenues

	Three months ended March 31,		2020 vs. 2019
	2020	2019	% Change
	(in thousands, except percentages)		
Cost of revenues:			
Cost of subscription solutions	$ 37,712	$ 27,985	34.8 %
Cost of merchant solutions	175,339	112,206	56.3 %
Total cost of revenues	$ 213,051	$ 140,191	52.0 %
Percentage of revenues:			
Cost of subscription solutions	8.0 %	8.7 %	
Cost of merchant solutions	37.3 %	35.0 %	
	45.3 %	43.7 %	

Cost of Subscription Solutions

Cost of subscription solutions increased $9.7 million, or 34.8%, for the three months ended March 31, 2020 compared to the same period in 2019. The increase was due to an increase in the costs necessary to support a greater number of merchants using our platform, resulting in an increase in: infrastructure and hosting costs, employee-related costs, credit card fees for processing merchant billings, payments to third-party theme developers and payments to third-party partners for the registration of domain names. As a percentage of revenues, cost of subscription solutions decreased from 8.7% in the three months ended March 31, 2019 to 8.0% in the three months ended March 31, 2020 due to subscription solutions representing a smaller percentage of our total revenues.

Cost of Merchant Solutions

Cost of merchant solutions increased $63.1 million, or 56.3%, for the three months ended March 31, 2020 compared to the same period in 2019. The increase was primarily due to higher payment processing and interchange fees resulting from an increase in GMV facilitated through Shopify Payments. The increase was also due to an increase in amortization related to acquired intangibles from the acquisition of 6RS, costs associated with operating Shopify Fulfillment Network, product costs associated with expanding our product offerings, employee-related costs associated with 6RS, materials and third-party manufacturing costs associated with 6RS, credit card fees for processing merchant billings, cost of POS hardware units, and infrastructure and hosting costs. Cost of merchant solutions as a percentage of revenues increased from 35.0% in the three months ended March 31, 2019 to 37.3% in the three months ended March 31, 2020, mainly as a result of continuing the development of Shopify Fulfillment Network and 6RS.

Gross Profit

	Three months ended March 31,		2020 vs. 2019
	2020	2019	% Change
	(in thousands, except percentages)		
Gross profit	$ 256,950	$ 180,291	42.5 %
Percentage of total revenues	54.7 %	56.3 %	

Gross profit increased $76.7 million, or 42.5%, for the three months ended March 31, 2020 compared to the same period in 2019. As a percentage of total revenues, gross profit decreased from 56.3% in the three months ended March 31, 2019 to 54.7% in the three months ended March 31, 2020, principally due to Shopify Payments representing a larger percentage of total revenues and amortization related to acquired intangibles from the acquisition of 6RS. This was offset by higher Shopify Capital, Shopify Shipping, and referral revenue relative to total revenues.

Operating Expenses

Sales and Marketing

	Three months ended March 31,		2020 vs. 2019
	2020	2019	% Change
	(in thousands, except percentages)		
Sales and marketing	$ 154,862	$ 105,022	47.5 %
Percentage of total revenues	32.9 %	32.8 %	

Sales and marketing expenses increased $49.8 million, or 47.5%, for the three months ended March 31, 2020 compared to the same period in 2019, due to an increase of $22.9 million in marketing programs, such as advertisements on search engines and social media, spend on brand and media, as well as payments to partners, all of which support the growth of our business, an increase of $23.7 million in employee-related costs ($4.8 million of which related to stock-based compensation and related payroll taxes), an increase of $1.6 million in charges related to the cancellation of corporate events including Shopify Unite due to concerns regarding COVID-19, and an increase of $1.6 million related to computer hardware and software.

Research and Development

	Three months ended March 31,		2020 vs. 2019
	2020	2019	% Change
	(in thousands, except percentages)		
Research and development	$ 116,396	$ 76,355	52.4 %
Percentage of total revenues	24.8 %	23.8 %	

Research and development expenses increased $40.0 million, or 52.4%, for the three months ended March 31, 2020 compared to the same period in 2019, due to an increase of $37.8 million in employee-related costs ($16.5 million of which related to stock-based compensation and related payroll taxes), and a $2.2 million increase in computer hardware and software costs, all as a result of the growth in our employee base and expanded development programs.

General and Administrative

	Three months ended March 31,		2020 vs. 2019
	2020	2019	% Change
	(in thousands, except percentages)		
General and administrative	$ 44,842	$ 30,303	48.0 %
Percentage of total revenues	9.5 %	9.5 %	

General and administrative expenses increased $14.5 million, or 48.0%, for the three months ended March 31, 2020 compared to the same period in 2019, due to an increase of $10.5 million in employee-related costs ($3.7 million of which related to stock-based compensation and related payroll taxes), a $1.5 million increase in professional services fees for legal and finance services, a $1.4 million increase in finance costs due mainly to an increase in general bad debt expense related to expected credit losses related to the potential impact from COVID-19 on trade and other receivables, and a $1.1 million increase in computer and software costs.

Transaction and Loan Losses

	Three months ended March 31,		2020 vs. 2019
	2020	2019	% Change
	(in thousands, except percentages)		
Transaction and loan losses	$ 14,083	$ 4,401	220.0 %
Percentage of total revenues	3.0 %	1.4 %	

Transaction and loan losses increased $9.7 million, or 220.0%, for the three months ended March 31, 2020 compared to the same period in 2019, due to an increase of $5.3 million in losses related to Shopify Capital driven by an expansion of our Capital offerings and programs, along with a relative increase in the provision for expected credit losses related to the potential impact from COVID-19, and a $4.4 million increase in losses related to Shopify Payments, which is correlated to increased GMV processed through Shopify Payments, as well as a relative increase in the provision for losses related to the potential impact from COVID-19.

Other Income (Expenses)

	Three months ended March 31,		2020 vs. 2019
	2020	2019	% Change
	(in thousands, except percentages)		
Other income (expenses), net	$ 13,109	$ 11,639	*

* Not a meaningful comparison

In the three months ended March 31, 2020 we had other income of $13.1 million, compared to other income of $11.6 million in the same period in 2019. The increase was driven mainly by a change in the foreign exchange loss of $0.5 million in 2019 to a foreign exchange gain of $2.6 million in 2020, resulting in an increase in other income of $3.1 million. This was offset by a decrease in interest income of $1.6 million, primarily as a result of a decrease in marketable securities and lower interest rates.

Recovery of Income Taxes

	Three months ended March 31,		2020 vs. 2019
	2020	2019	% Change
	(in thousands, except percentages)		
Recovery of income taxes	$ 28,695	$ —	*

* Not a meaningful comparison

In the third quarter of 2019, we formally established our EMEA headquarters in Ireland and our Asia-Pacific headquarters in Singapore. As a result of these actions, we transferred regional relationship and territory rights from our Canadian entity to enable each regional headquarters to develop and maintain merchant and commercial operations within its respective region, while keeping the ownership of all of the Company's current developed technology within Canada. These transfers reflect the growing proportion of our business occurring internationally and resulted in a one-time capital gain. As a result of the application of our effective tax rate on the results of ongoing operations, other discrete items, primarily related to tax benefits for share-based compensation, our ability to carry-back losses to prior-years in Canada, and the recognition of deferred tax assets in the United States, we have a recovery of income taxes of $28.7 million in the three months ended March 31, 2020.

Summary of Quarterly Results

The following table sets forth selected unaudited quarterly results of operations data for each of the eight quarters ended March 31, 2020. The information for each of these quarters has been derived from unaudited condensed consolidated financial statements that were prepared on the same basis as the audited annual financial statements and, in the opinion of management, reflects all adjustments, which include only normal recurring adjustments, necessary for the fair presentation of the results of operations for these periods in accordance with U.S. GAAP. This data should be read in conjunction with our unaudited condensed consolidated financial statements and audited consolidated financial statements and related notes for the relevant period. These quarterly operating results are not necessarily indicative of our operating results for a full year or any future period.

	Three months ended							
	Mar 31, 2020	**Dec 31, 2019**	**Sep 30, 2019**	**Jun 30, 2019**	**Mar 31, 2019**	**Dec 31, 2018**	**Sep 30, 2018**	**Jun 30, 2018**
	(in thousands, except per share data)							
Revenues:								
Subscription solutions	$ 187,609	$ 183,166	$ 165,577	$ 153,047	$ 140,451	$ 133,560	$ 120,517	$ 110,721
Merchant solutions	282,392	321,994	224,975	208,932	180,031	210,302	149,547	134,242
	470,001	505,160	390,552	361,979	320,482	343,862	270,064	244,963
Cost of revenues:(1)(2)								
Subscription solutions	37,712	37,369	33,263	29,538	27,985	26,706	26,600	24,524
Merchant solutions	175,339	203,900	140,593	127,676	112,206	131,413	93,737	83,484
	213,051	241,269	173,856	157,214	140,191	158,119	120,337	108,008
Gross profit	256,950	263,891	216,696	204,765	180,291	185,743	149,727	136,955
Operating expenses:								
Sales and marketing(1)(2)	154,862	132,063	116,546	119,210	105,022	95,163	91,635	87,487
Research and development(1)(2)	116,396	102,753	90,387	85,520	76,355	67,024	61,629	54,305
General and administrative(1)	44,842	50,518	38,022	34,922	30,303	29,980	25,661	24,043
Transaction and loan losses	14,083	8,636	7,399	4,733	4,401	3,034	2,170	1,881
Total operating expenses	330,183	293,970	252,354	244,385	216,081	195,201	181,095	167,716
Loss from operations	(73,233)	(30,079)	(35,658)	(39,620)	(35,790)	(9,458)	(31,368)	(30,761)
Other income	13,109	11,539	11,212	10,942	11,639	7,944	8,184	6,808
Loss before income taxes	$ (60,124)	$ (18,540)	$ (24,446)	$ (28,678)	$ (24,151)	$ (1,514)	$ (23,184)	$ (23,953)
Provision for (recovery of) income taxes	$ (28,695)	$ (19,311)	$ 48,338	$ —	$ —	$ —	$ —	$ —
Net income (loss)	$ (31,429)	$ 771	$ (72,784)	$ (28,678)	$ (24,151)	$ (1,514)	$ (23,184)	$ (23,953)
Basic and diluted net income (loss) per share attributable to shareholders	$ (0.27)	$ 0.01	$ (0.64)	$ (0.26)	$ (0.22)	$ (0.01)	$ (0.22)	$ (0.23)

(1) Includes stock-based compensation expense and related payroll taxes as follows:

	Three months ended							
	Mar 31, 2020	**Dec 31, 2019**	**Sep 30, 2019**	**Jun 30, 2019**	**Mar 31, 2019**	**Dec 31, 2018**	**Sep 30, 2018**	**Jun 30, 2018**
	(in thousands)							
Cost of revenues	$ 1,324	$ 1,209	$ 1,041	$ 1,026	$ 814	$ 660	$ 655	$ 637
Sales and marketing	12,434	11,319	9,692	9,511	7,645	6,641	6,397	6,249
Research and development	36,421	32,361	25,913	26,448	19,923	16,769	15,669	15,221
General and administrative	9,767	8,533	7,853	7,444	6,031	5,356	5,007	4,386
	$ 59,946	$ 53,422	$ 44,499	$ 44,429	$ 34,413	$ 29,426	$ 27,728	$ 26,493

(2) Includes amortization of acquired intangibles as follows:

	Three months ended							
	Mar 31, 2020	Dec 31, 2019	Sep 30, 2019	Jun 30, 2019	Mar 31, 2019	Dec 31, 2018	Sep 30, 2018	Jun 30, 2018
	(in thousands)							
Cost of revenues	$ 5,569	$ 4,820	$ 1,649	$ 1,530	$ 1,625	$ 1,447	$ 1,241	$ 1,120
Sales and marketing	388	283	—	—	—	—	—	—
Research and development	58	58	58	58	58	—	—	—
	$ 6,015	$ 5,161	$ 1,707	$ 1,588	$ 1,683	$ 1,447	$ 1,241	$ 1,120

The following table sets forth selected unaudited quarterly statements of operations data as a percentage of total revenues for each of the eight quarters ended March 31, 2020.

	Three months ended							
	Mar 31, 2020	Dec 31, 2019	Sep 30, 2019	Jun 30, 2019	Mar 31, 2019	Dec 31, 2018	Sep 30, 2018	Jun 30, 2018
Revenues								
Subscription solutions	39.9 %	36.3 %	42.4 %	42.3 %	43.8 %	38.8 %	44.6 %	45.2 %
Merchant solutions	60.1 %	63.7 %	57.6 %	57.7 %	56.2 %	61.2 %	55.4 %	54.8 %
	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Cost of revenues								
Subscription solutions	8.0 %	7.4 %	8.5 %	8.2 %	8.7 %	7.8 %	9.8 %	10.0 %
Merchant solutions	37.3 %	40.4 %	36.0 %	35.3 %	35.0 %	38.2 %	34.7 %	34.1 %
	45.3 %	47.8 %	44.5 %	43.5 %	43.7 %	46.0 %	44.5 %	44.1 %
Gross profit	54.7 %	52.2 %	55.5 %	56.6 %	56.3 %	54.0 %	55.4 %	55.9 %
Operating expenses:								
Sales and marketing	32.9 %	26.1 %	29.8 %	32.9 %	32.8 %	27.7 %	33.9 %	35.7 %
Research and development	24.8 %	20.3 %	23.1 %	23.6 %	23.8 %	19.5 %	22.8 %	22.2 %
General and administrative	9.5 %	10.0 %	9.7 %	9.7 %	9.4 %	8.7 %	9.5 %	9.8 %
Transaction and loan losses	3.0 %	1.7 %	1.9 %	1.3 %	1.4 %	0.9 %	0.8 %	0.8 %
	70.2 %	58.1 %	64.5 %	67.5 %	67.4 %	56.8 %	67.0 %	68.5 %
Loss from operations	(15.6)%	(5.9)%	(9.1)%	(10.9)%	(11.2)%	(2.8)%	(11.6)%	(12.6)%
Other income	2.8 %	2.3 %	2.9 %	3.0 %	3.6 %	2.3 %	3.0 %	2.8 %
Loss before income taxes	(12.8)%	(3.6)%	(6.3)%	(7.9)%	(7.5)%	(0.4)%	(8.6)%	(9.8)%
Provision for (recovery of) income taxes	(6.1)%	(3.8)%	12.4 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Net income (loss)	(6.7)%	0.2 %	(18.6)%	(7.9)%	(7.5)%	(0.4)%	(8.6)%	(9.8)%

We believe that year-over-year comparisons are more meaningful than our sequential results due to seasonality in our business. While we believe that this seasonality has affected and will continue to affect our quarterly results, our rapid growth has largely masked seasonal trends to date. Our merchant solutions revenues are directionally correlated with our merchants' GMV. Our merchants' GMV typically increases during the fourth quarter holiday season. As a result, we have historically generated higher merchant solutions revenues in our fourth quarter than in other quarters. As a result of the continued growth of our merchant solutions offerings, we believe that our business may become more seasonal in the future, and that historical patterns in our business may not be a reliable indicator of our future performance.

Quarterly Revenue and Gross Margin Trends

Revenues experienced a seasonal decrease in our first quarters as buyers typically reduce their spending following the holiday season resulting in a seasonal decrease in GMV per merchant, which was not completely offset by merchant and MRR growth. Subsequently, revenues have increased in each of the next three quarters as a result of merchant, MRR, and overall GMV growth. Our merchants have processed additional GMV during the fourth quarter holiday seasons, and as a result we have generated higher merchant solutions revenues in our fourth quarters compared to other quarters. As a result of the continued growth of our merchant solutions offerings, we believe that our business may become more seasonal in the future.

Our gross margin percentage has varied over the past eight quarters and is generally driven by the mix between our higher margin subscription solutions revenue and lower margin merchant solutions revenue. While our total revenues have increased in recent periods, the mix has shifted towards merchant solutions revenue, most notably in the fourth quarter due to higher holiday volume of orders facilitated and the resulting Shopify Payments revenue during this period. We expect this overall trend to continue over time.

Quarterly Operating Expenses Trends

Total operating expenses have increased sequentially for each period presented primarily due to the addition of personnel in connection with the expansion of our business, additional operating expenses associated with the acquisition of 6RS as well as additional marketing initiatives to attract potential merchants.

Key Balance Sheet Information

	March 31, 2020	December 31, 2019
	(in thousands)	
Cash, cash equivalents and marketable securities	$ 2,360,572	$ 2,455,194
Total assets	3,470,916	3,489,479
Total liabilities	430,065	473,745
Total non-current liabilities	141,508	157,363

Total assets decreased $18.6 million as at March 31, 2020 compared to December 31, 2019, principally due to a $94.6 million decrease in cash, cash equivalents and marketable securities, and a $8.3 million decrease in intangibles assets due to amortization in the period. These decreases were partially offset by: a $41.7 million increase in merchant cash advances, loans and related receivables largely due to an expansion of our Capital offerings and programs; a $28.4 million increase in income taxes receivable due to a recovery in the period; a $10.1 million increase in other current assets largely due to an additional equity investment in a private company; a $5.4 million increase in property and equipment, largely related to leaseholds for our offices; and a $2.1 million increase in deferred tax assets. Total liabilities decreased by $43.7 million, principally as a result of a reduction in income taxes payable of $68.0 million, a decrease in lease liabilities of $10.2 million largely due to the weakening of the CAD-USD exchange rate, and a decrease of $4.5 million in deferred tax liabilities. These decreases were offset by a $33.2 million increase in accounts payable and accrued liabilities, which was largely due to an increase in our foreign exchange forward contract liabilities and payroll liabilities, partly offset by a decrease in indirect taxes payable, and a $5.8 million increase in deferred revenue due to the growth in sales of our subscription solutions offering.

Liquidity and Capital Resources

To date, we have financed our operations primarily through the sale of equity securities, raising approximately $2.7 billion, net of issuance costs, from investors.

In September 2019, the Company completed a public offering, in which it issued and sold 2,185,000 Class A subordinate voting shares at a public offering price of $317.50 per share, including 285,000 Class A subordinate voting shares purchased by the underwriters pursuant to the exercise of the over-allotment option. The Company received total net proceeds of $688.0 million after deducting offering fees and expenses of $5.7 million, net of tax of $1.5 million.

Our principal cash requirements are for working capital and capital expenditures. Excluding current deferred revenue, working capital at March 31, 2020 was $2,502.2 million. Given the ongoing cash generated from operations and our existing cash and cash equivalents, we believe there is sufficient liquidity to meet our current and planned financial obligations over the next 12 months, including any potential negative impacts to cash that may occur as a result of the potential impact from COVID-19. Our future financing requirements will depend on many factors including our growth rate, subscription renewal activity, the timing and extent of spending to support development of our platform, the expansion of sales and marketing activities, and potential mergers and acquisitions activity. Although we currently are not a party to any material undisclosed agreement and do not have any understanding with any third-parties with respect to potential material investments in, or acquisitions of, businesses or technologies, we may enter into these types of arrangements in the future, which could also require us to seek additional equity or debt financing. Additional funds may not be available on terms favorable to us or at all.

Cash, Cash Equivalents and Marketable Securities

Cash, cash equivalents, and marketable securities decreased by $94.6 million to $2,360.6 million as at March 31, 2020 from $2,455.2 million as at December 31, 2019, primarily as a result of cash used by our operating activities, cash used for the purchase of property and equipment, consisting primarily of leasehold improvements, and the effect of foreign exchange on our cash and cash equivalents, offset by proceeds from the exercise of stock options.

Cash equivalents and marketable securities include money market funds, term deposits, U.S. and Canadian federal bonds, corporate bonds and commercial paper, all maturing within the 12 months from March 31, 2020.

The following table summarizes our total cash, cash equivalents and marketable securities as at March 31, 2020 and 2019 as well as our operating, investing and financing activities for the three months ended March 31, 2020 and 2019:

	Three months ended March 31,	
	2020	**2019**
	(in thousands)	
Cash, cash equivalents and marketable securities (end of period)	$ 2,360,572	$ 1,997,014
Net cash provided by (used in):		
Operating activities	$ (84,955)	$ 24,344
Investing activities	399,995	(37,292)
Financing activities	19,427	12,056
Effect of foreign exchange on cash and cash equivalents	(15,020)	655
Net increase (decrease) in cash and cash equivalents	319,447	(237)
Change in marketable securities	(414,069)	27,581
Net (decrease) increase in cash, cash equivalents and marketable securities	$ (94,622)	$ 27,344

Cash Flows From Operating Activities

Our largest source of operating cash is from subscription solutions. These payments are typically paid to us at the beginning of the applicable subscription period, except for our Shopify Plus merchants who typically pay us at the end of their monthly billing cycle. We also generate significant cash flows from our Shopify Payments processing fee arrangements, which are received on a daily basis as transactions are processed. Our primary uses of cash from operating activities are for third-party payment processing fees, employee-related expenditures, advancing funds to merchants through Shopify Capital, marketing programs, third-party shipping and fulfillment partners, third-party application and theme partners, outsourced hosting costs, and leased facilities.

For the three months ended March 31, 2020, cash used by operating activities was $85.0 million. This was primarily as a result of our net loss of $31.4 million, which once adjusted for $53.8 million of stock-based compensation expense, $14.4 million of amortization and depreciation, a $6.6 million increase in net deferred income taxes, a $6.1 million increase of our provision for transaction and loan losses, and an unrealized foreign exchange gain of $3.8 million, contributed $32.4 million of positive cash flows. These cash flows were offset by cash used of $53.1 million resulting from the following changes in operating liabilities: $90.4 million net change in income tax assets and liabilities, largely driven by a $68.0 million decrease in corporate taxes payable relating to a payment made to the Government of Canada, with the remaining change relating to an increase in corporate taxes receivable; a $30.6 million increase in accounts payable and accrued liabilities due to foreign exchange forward contract liabilities and payroll liabilities; a $5.8 million increase in deferred revenue due to the growth in sales of our subscription solutions; and $0.8 million increase in net lease liabilities. Additional cash used of $64.2 million resulted from the following increases in operating assets: $46.5 million in merchant cash advances and loans as we continued to grow Shopify Capital; and $15.3 million in other current assets driven primarily by an increase in equity investments in private companies and prepaid expenses, and $2.4 million in trade and other receivables.

For the three months ended March 31, 2019, cash provided by operating activities was $24.3 million. This was primarily as a result of our net loss of $24.2 million, which once adjusted for $31.2 million of stock-based compensation expense, $6.8 million of amortization and depreciation, a $2.7 million increase of our provision for transaction and loan losses, and an unrealized foreign exchange loss of $0.1 million, contributed $16.7 million of positive cash flows. Additional cash of $39.3 million resulted from the following increases in operating liabilities: $34.3 million in accounts payable and accrued liabilities; $3.7 million in deferred revenue; and $1.2 million in lease liabilities. These were offset by $31.6 million of cash used resulting from the following increases in operating assets: $18.1 million in merchant cash advances and loans; $10.6 million in trade and other receivables; and $2.9 million in other current assets.

Cash Flows From Investing Activities

Cash flows used in investing activities are primarily related to the purchase and sale of marketable securities, business acquisitions, purchases of leasehold improvements and furniture and fixtures to support our expanding infrastructure and workforce, and purchases of computer equipment.

Net cash provided by investing activities in the three months ended March 31, 2020 was $400.0 million, which was driven by net sales of $417.0 million in marketable securities, $16.7 million used to purchase property and equipment, which primarily consisted of expenditures on leasehold improvements, and $0.2 million used for purchasing and developing software to add functionality to our platform and support our expanding merchant base.

Net cash used in investing activities in the three months ended March 31, 2019 was $37.3 million, reflecting net purchases of $20.6 million in marketable securities. Cash used in investing activities also included $9.6 million used to purchase property and equipment, which primarily consisted of expenditures on leasehold improvements, $5.7 million used to make a business acquisition, and $1.4 million used for purchasing and developing software.

Cash Flows From Financing Activities

To date, cash flows from financing activities have related to proceeds from private placements, public offerings, and exercises of stock options.

Net cash provided by financing activities in the three months ended March 31, 2020 was $19.4 million driven by the proceeds from the issuance of Class A subordinate voting shares and Class B multiple voting shares as a result of stock option exercises. This compares to $12.1 million for the same period in 2019, which related to stock option exercises.

Contractual Obligations and Contingencies

Our principal commitments consist of obligations under our operating leases for office space. The following table summarizes our contractual obligations as of March 31, 2020:

	Payments Due by Period				
	Less Than 1 Year	1 to 3 Years	3 to 5 Years	More Than 5 Years	Total
	(in thousands)				
Bank indebtedness	$ —	$ —	$ —	$ —	$ —
Operating lease and unconditional purchase obligations(1)	50,568	96,633	85,276	327,196	559,673
Total contractual obligations	$ 50,568	$ 96,633	$ 85,276	$ 327,196	$ 559,673

(1) Consists of payment obligations under our office leases as well as other unconditional purchase obligations.

Off-Balance Sheet Arrangements

We have no material off-balance sheet arrangements, other than operating leases and other unconditional purchase obligations (which have been disclosed above under "Contractual Obligations and Contingencies").

Risks and Uncertainties

We are exposed to a variety of risks, including foreign currency exchange fluctuations, changes in interest rates, concentration of credit and inflation. We regularly assess currency, interest rate and inflation risks to minimize any adverse effects on our business as a result of those factors. We are also exposed to other uncertainties as the COVID-19 pandemic continues to evolve.

Foreign Currency Exchange Risk

While the majority of our revenues are denominated in USD, a significant portion of operating expenses are incurred in CAD. As a result, our earnings are adversely affected by an increase in the value of the CAD relative to the USD. Foreign currency forward contracts are used to hedge against the earning effects of such fluctuations.

Effect of Foreign Exchange Rates

The following non-GAAP financial measure converts our revenues, cost of revenues, operating expenses, and loss from operations using the comparative period's monthly average exchange rates:

	Three months ended March 31,			
	2020			2019
	GAAP Amounts As Reported	Exchange Rate Effect (1)	At Prior Year Effective Rates (2)	GAAP Amounts As Reported
	(in thousands)			
Revenues	$ 470,001	$ 325	$ 470,326	$ 320,482
Cost of revenues	(213,051)	(777)	(213,828)	(140,191)
Operating expenses	(330,183)	(5,193)	(335,376)	(216,081)
Loss from operations	$ (73,233)	$ (5,645)	$ (78,878)	$ (35,790)

(1) Represents the increase or decrease in GAAP amounts reported resulting from using the comparative period's effective CAD-USD foreign exchange rates.
(2) Represents the outcome that would have resulted if the comparative period's effective CAD-USD foreign exchange rates are applied to the current reporting period.

This effect of foreign exchange rates on our consolidated statements of operations disclosure is a supplement to our consolidated financial statements, which are prepared and presented in accordance with U.S. GAAP. We have provided the above non-GAAP disclosure as we believe it presents a clearer comparison of our period to period operating results by removing the impact of fluctuations in the CAD to USD exchange rate and to assist investors in understanding our financial and operating performance. Non-GAAP financial measures are not recognized measures for financial statement presentation under U.S. GAAP, do not have standardized meanings, and may not be comparable to similar measures presented by other public companies. Such non-GAAP financial measures should be considered as a supplement to, and not as a substitute for, or superior to, the corresponding measures calculated in accordance with U.S. GAAP.

Interest Rate Sensitivity

We had cash, cash equivalents and marketable securities totaling $2,360.6 million as of March 31, 2020. The cash and cash equivalents are held for operations and working capital purposes. Our investments are made for capital preservation purposes. We do not enter into investments for trading or speculative purposes.

Our cash equivalents and our portfolio of marketable securities are subject to market risk due to changes in interest rates. Fixed rate securities may have their market value adversely affected due to a rise in interest rates. Our future investment income may fall short of our expectations due to changes in interest rates or we may suffer losses in principal if we are forced to sell securities that decline in market value due to changes in interest rates. However, because we classify our debt securities as "held to maturity," no gains or losses are recognized due to changes in interest rates unless such securities are sold prior to maturity or declines in fair value are determined to be other than temporary.

Concentration of Credit Risk

The Company’s cash and cash equivalents, marketable securities, trade and other receivables, merchant cash advances, loans and related receivables, and foreign exchange derivative products subject the Company to concentrations of credit risk. Management mitigates this risk associated with cash and cash equivalents by making deposits and entering into foreign exchange derivative products only with large banks and financial institutions that are considered to be highly credit worthy. Management mitigates the risks associated with marketable securities by adhering to its investment policy, which stipulates minimum rating requirements, maximum investment exposures and maximum maturities. Due to the Company’s diversified merchant base, there is no particular concentration of credit risk related to the Company’s trade and other receivables and merchant cash advances and loans receivable. Trade and other receivables and merchant cash advances and loans receivable are monitored on an ongoing basis to ensure timely collection of amounts. The Company has mitigated some of the risks associated with Shopify Capital by entering into an agreement with a third party that insures a portion of the merchant cash advances and loans offered by Shopify Capital. The receivable related to insurance recoveries is included in the merchant cash advances, loans and related receivables balance. There are no receivables from individual merchants accounting for 10% or more of revenues or receivables. Potential effects from the COVID-19 pandemic on the Company's credit risk have been considered and have resulted in increases to its allowances for expected credit losses on contract balances and merchant cash advances and loans, as discussed in notes 5 and 6, respectively, in our condensed consolidated financial statements. The Company continues its assessment given the fluidity of COVID-19's global impact.

Inflation Risk

We do not believe that inflation has had a material effect on our business, financial condition or results of operations. If our costs were to become subject to significant inflationary pressures, we may not be able to fully offset such higher costs through price increases. Our inability or failure to do so could harm our business, financial condition and results of operations.

The COVID-19 pandemic could materially adversely affect our business, financial condition and results of operations.

The COVID-19 pandemic, the measures attempting to contain and mitigate the effects of the virus, including travel bans and restrictions, quarantines, shelter-in-place orders, shutdowns and restrictions on trade, and the resulting changes in merchant and consumer behaviours have disrupted and will continue to disrupt our normal operations and impact our employees, suppliers, partners, and our merchants and their customers. We have modified our business practices in response to the pandemic and we may take further actions as required by government authorities or that we determine are warranted. However, there is no certainty that such measures will be sufficient to mitigate the direct and indirect effects of the virus and our business, financial condition and results of operations could be affected. Additionally, the impact of new products and initiatives launched in response to COVID-19 and other future initiatives on our operations and results is uncertain and we may be subject to additional risks in connection with such products and initiatives, including increased regulatory risks related to Shopify Capital.

The degree to which COVID-19 will affect our results and operations will depend on future developments that are highly uncertain and cannot currently be predicted, including, but not limited to, the duration, extent and severity of the COVID-19 pandemic, actions taken to contain the virus, the impact of the pandemic and related restrictions on economic activity and domestic and international trade, and the extent of the impact of these and other factors on our employees, partners and suppliers and our merchants and their customers. The COVID-19 pandemic and related restrictions could limit our merchants' ability to continue to operate (limiting their abilities to obtain inventory, generate sales, or make timely payments to Shopify), lead to disruption in our supply chain (including in the supply chain for the collaborative warehouse fulfillment solutions provided by 6RS and the supply chain for technology and products used by our employees), disrupt or delay the ability of employees to work because they become sick or are required to care for those who become sick, cause delays or disruptions in services provided by key suppliers and vendors, cause increased demand for Shopify Fulfillment Network which we may not be unable to satisfy, increase vulnerability of Shopify and our partners and service providers to security breaches, denial of service attacks or other hacking or phishing attacks, or cause other unpredictable events. Since the onset of COVID-19, we have seen an increase in merchants engaging in illegal or prohibited activities in violation of the terms of our Acceptable Use Policy and our results of operations may be negatively impacted if a large number of stores are terminated from the platform or these activities may subject us to liability or damage our brand.

COVID-19 has also caused heightened uncertainty in the global economy. If economic growth slows further or if a recession develops, consumers may not have the financial means to make purchases from our merchants and may delay or reduce discretionary purchases, negatively impacting our merchants (many of which are SMBs that may be more susceptible than larger businesses to general economic conditions) and our results of operations. Uncertain and adverse economic conditions may also lead to increased refunds and chargebacks or increased losses for Shopify Capital, which could adversely affect our business and may require us to recognize an impairment related to our assets in our financial statements. Since the impact of COVID-19 is ongoing, the effect of the COVID-19 outbreak and the related impact on the global economy may not be fully reflected in our results of operations until future periods. Further, volatility in the capital markets has been heightened during recent months and such volatility may continue, which may cause declines in the price of our Class A subordinate voting shares, increasing the risk that securities class action litigation could be instituted against us, and may also impact our investment portfolio of marketable securities, which is subject to general credit, liquidity, market, foreign exchange, and interest rate risks.

Internal Control Over Financial Reporting

All control systems, no matter how well designed, have inherent limitations. Accordingly, even disclosure controls and procedures, and internal controls over financial reporting determined to be effective can only provide reasonable assurance of achieving their control objectives with respect to financial statement preparation and presentation.

Management of the Company, under the supervision of the Company's CEO and CFO, is responsible for establishing and maintaining adequate internal control over the Company's financial reporting, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with U.S. GAAP.

During the period covered by this quarterly report, there were no changes in the Company's internal control over financial reporting, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Critical Accounting Policies and Estimates

We prepare our condensed consolidated financial statements in accordance with U.S. GAAP. In the preparation of these condensed consolidated financial statements, we are required to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, costs and expenses and related disclosures. To the extent that there are material differences between these estimates and actual results, our financial condition or results of operations would be affected. We base our estimates on past experience and other assumptions that we believe are reasonable under the circumstances, and we re-evaluate these estimates on an ongoing basis.

Other than the adoption of the credit losses standard described below, there have been no significant changes in our critical accounting policies and estimates during the three months ended March 31, 2020 as compared to the critical accounting policies and estimates described in our most recent annual consolidated financial statements. We have considered the potential impact from COVID-19 within all of our estimates and provisions for the period.

In June 2016, the Financial Accounting Standards Board issued ASU No. 2016-13, Measurement of Credit Losses on Financial Instruments (Topic 326), which replaces the incurred loss impairment methodology with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates on loans, trade and other receivables, held-to-maturity debt securities, and other instruments. In May 2019, the Financial Accounting Standards Board issued ASU No. 2019-05, Financial Instruments - Credit Losses, which provides transition relief that is optional for, and available to, all reporting entities within the scope of Topic 326. The updates are effective for annual periods beginning after December 15, 2019 including interim periods within those periods. The Company adopted the standard effective January 1, 2020 using a modified retrospective approach. Upon adoption, the Company changed its approach to estimating its expected credit losses, which did not have a material impact on any of its existing allowances at that time.

Shares Outstanding

Shopify is a publicly traded company listed on the New York Stock Exchange (NYSE: SHOP) and on the Toronto Stock Exchange (TSX: SHOP). As of April 30, 2020 there were 105,356,387 Class A subordinate voting shares issued and outstanding, and 11,902,451 Class B multiple voting shares issued and outstanding.

As of April 30, 2020 there were 1,354,883 options outstanding under the Company's Fourth Amended and Restated Incentive Stock Option Plan, of which 1,349,883 were vested as of such date. Each such option is or will become exercisable for one Class B multiple voting share. As of April 30, 2020 there were 2,149,314 options outstanding under the Company's Amended and Restated Stock Option Plan, of which 1,088,479 were vested as of such date. Each such option is or will become exercisable for one Class A subordinate voting share. As of April 30, 2020 there were 76,966 options outstanding under the 6 River Systems 2016 Amended and Restated Stock Option and Grant Plan, which the Company assumed on closing of its acquisition of 6 River Systems, Inc. on October 17, 2019. Of these options, 14,485 were vested as of such date. Each option is or will become exercisable for one Class A subordinate voting share.

As of April 30, 2020 there were 1,791,894 RSUs and 788 DSUs outstanding under the Company's Amended and Restated Long Term Incentive Plan. Each such RSU or DSU will vest as one Class A subordinate voting share.

EXHIBIT 99.3

FORM 52-109F2
CERTIFICATION OF INTERIM FILINGS
FULL CERTIFICATE

I, **Tobias Lütke, Chief Executive Officer of Shopify Inc.**, certify the following:

1. ***Review***: I have reviewed the interim financial report and interim MD&A (together, the "interim filings") of **Shopify Inc.** (the "issuer") for the interim period ended **March 31, 2020**.
2. ***No misrepresentations***: Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.
3. ***Fair presentation***: Based on my knowledge, having exercised reasonable diligence, the interim financial report together with the other financial information included in the interim filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.
4. ***Responsibility***: The issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as those terms are defined in National Instrument 52-109 *Certification of Disclosure in Issuer's Annual and Interim Filings*, for the issuer.
5. ***Design***: Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the issuer's other certifying officer and I have, as at the end of the period covered by the interim filings

(a) designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that

(i) material information relating to the issuer is made known to us by others, particularly during the period in which the interim filings are being prepared; and

(ii) information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

(b) designed ICFR, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

5.1 **Control framework**: The control framework the issuer's other certifying officer and I used to design the issuer's ICFR is the Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

5.2 N/A

5.3 N/A

6. ***Reporting changes in ICFR***: The issuer has disclosed in its interim MD&A any change in the issuer's ICFR that occurred during the period beginning on **January 1, 2020** and ended on **March 31, 2020** that has materially affected, or is reasonably likely to materially affect, the issuer's ICFR.

Date: **May 6, 2020**

/s/ Tobias Lütke

Tobias Lütke
Chief Executive Officer

EXHIBIT 99.4

FORM 52-109F2
CERTIFICATION OF INTERIM FILINGS
FULL CERTIFICATE

I, **Amy Shapero, Chief Financial Officer of Shopify Inc.**, certify the following:

1. ***Review***: I have reviewed the interim financial report and interim MD&A (together, the "interim filings") of **Shopify Inc.** (the "issuer") for the interim period ended **March 31, 2020**.

2. ***No misrepresentations***: Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.

3. ***Fair presentation***: Based on my knowledge, having exercised reasonable diligence, the interim financial report together with the other financial information included in the interim filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.

4. ***Responsibility***: The issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as those terms are defined in National Instrument 52-109 *Certification of Disclosure in Issuer's Annual and Interim Filings*, for the issuer.

5. ***Design***: Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the issuer's other certifying officer and I have, as at the end of the period covered by the interim filings

(a) designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that

(i) material information relating to the issuer is made known to us by others, particularly during the period in which the interim filings are being prepared; and

(ii) information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

(b) designed ICFR, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

5.1 **Control framework**: The control framework the issuer's other certifying officer and I used to design the issuer's ICFR is the Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

5.2 N/A

5.3 N/A

6. ***Reporting changes in ICFR***: The issuer has disclosed in its interim MD&A any change in the issuer's ICFR that occurred during the period beginning on **January 1, 2020** and ended on **March 31, 2020** that has materially affected, or is reasonably likely to materially affect, the issuer's ICFR.

Date: **May 6, 2020**

/s/ Amy Shapero

Amy Shapero
Chief Financial Officer