

July 10, 2015

Financial Technology Partners

FT Partners Research – IPO Profile



Post Quiet Period Review

NYSE: SHOP

Courtesy of:

FINANCIAL
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Shopify Company Profile

Initial Public Offering Overview

Key IPO Statistics

Description:	Shopify provides a leading cloud-based commerce platform designed for small and medium-sized businesses; merchants use the Company's software to run their business across all of sales channels, including web, tablet and mobile storefronts, social media store front and brick-and-mortar / pop-up shops
Use of Proceeds:	Working capital and general corporate purposes, including the funding of growth strategies
Headquarters	Ottawa, ON, Canada
Founded	September 28, 2004
Employees:	632
Initial Filing Date:	April 14, 2015
Trading Date	May 21, 2015
Ticker:	NYSE:SHOP, TSX:SH
Initial Filing Range:	\$14.00-16.00
Offer Price:	\$17.00
Shares Offered:	7,700,000
Amount Raised:	\$130,900,000
First Day Open:	\$28.01 (▲ 65%) ⁽¹⁾
First Day Close:	\$25.68 (▲ 51%) ⁽¹⁾
First Day Mkt Cap:	\$1,385 mm
Current Price ⁽²⁾:	\$29.06 (▲ 70%) ⁽¹⁾
Current Mkt Cap ⁽²⁾:	\$2,207mm

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Form F-1

Shopify, Inc.



NYSE:SHOP--TSX:SH

Tobias Lütke
Chief Executive Officer
150 Elgin Street
Ottawa, Ontario, CA. K2P 1L4

Morgan
Stanley

Credit Suisse

RBC Capital
Markets

Pacific Crest

Raymond
James

Canaccord
Genuity



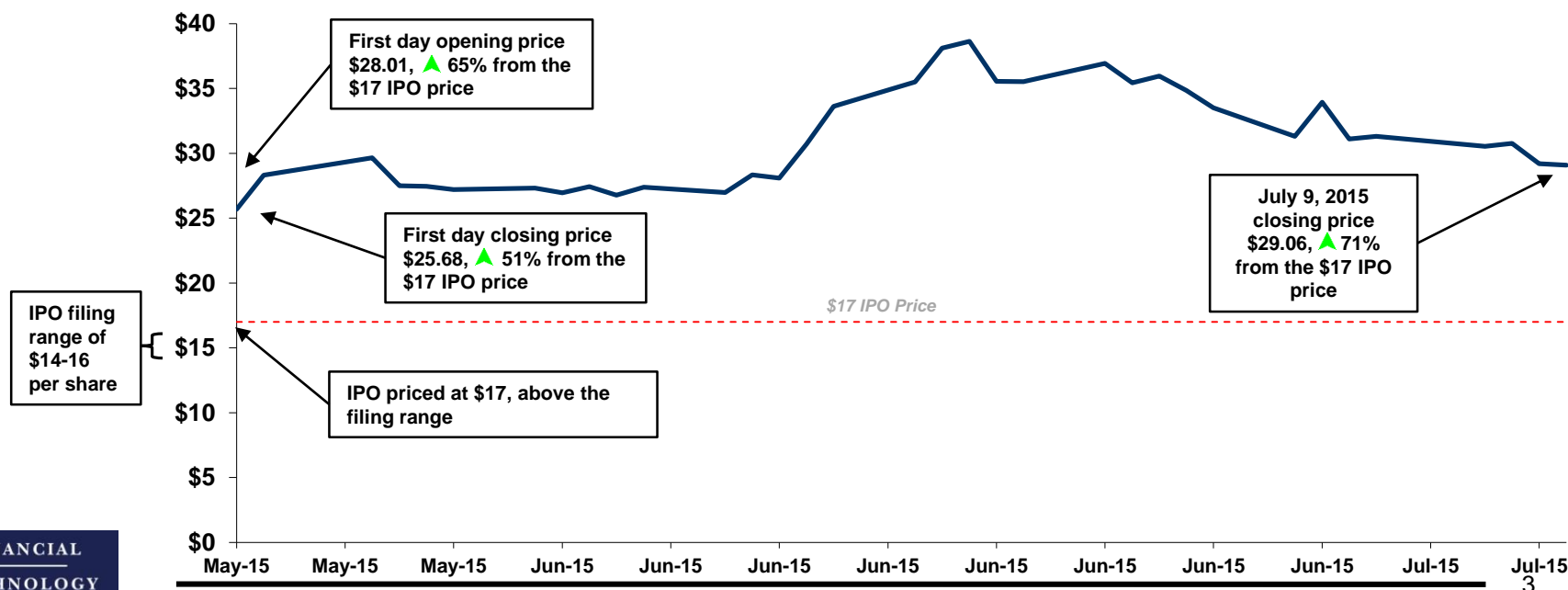
Shopify Company Profile

Analyst Coverage

Selected Analyst Projections

Broker	Rating	Price Target	Revenue			Adjusted EPS		
			2015	2016	2017	2015	2016	2017
Cannaccord	Hold	\$30.00	\$161	\$215	\$281	(\$0.29)	(\$0.26)	na
Credit Suisse	Outperform	40.00	160	213	274	(0.32)	(0.25)	(0.11)
Morgan Stanley	Equal-weight	30.00	159	212	274	(0.28)	(0.23)	(0.05)
RBC	Sector Perform	35.00	159	210	271	(0.31)	(0.35)	(0.30)
Mean		\$33.75	\$160	\$213	\$275	(\$0.30)	(\$0.27)	(\$0.15)
YoY Growth				33%	29%		9%	44%

Stock Performance



Source: SEC filings, Capital IQ, Thomson Reuters.



Shopify Company Profile

Selected Analyst Commentary

"We view SHOP shares as attractive due to: (1) the company's leading integrated cloud-based commerce platform for SMBs, (2) the secular growth in eCommerce and convergence of multiple retail sales channels (digital and brick and mortar); (3) its highly extensible platform with a large third-party ecosystem; (4) significant competitive advantages versus peers; (5) a unique share-based pricing model that scales with its customers' success; and (6) international growth opportunity, which we believe collectively could support strong, sustainable revenue growth."



"We are quite confident that Shopify will continue to execute in the top decile of public software companies. Our hesitation on rating has to do with the equally impressive ramp in the stock price since the IPO – a move that has taken the shares to a valuation that is quite high on a relative or absolute basis."

"Shopify is a leader in the retail eCommerce software market. The company delivers the power of enterprise level functionality and scalability to SMBs at a fraction of the cost vs. similar enterprise level solutions. One of the best ecosystems in the tech universe. Attractive developer economics draws top coder talent to build on the Shopify platform, resulting in product offerings that are among the best in the market. Elegant design and intuitive apps drive customer growth and usage, which in turn attracts even more developers into the ecosystem."

Morgan Stanley



We like the technology, runway for growth, management vision and potential for higher customer lifetime value; however, valuation seems full even if our/Street estimates prove conservative. Our channel diligence and sensitivity analyses highlighted in the report lead us to conclude that we could be more positive on a better entry point, meaningful new monetization opportunities or improved competitive dynamics.



Shopify Company Profile

Company Overview

- **Shopify provides a cloud-based commerce platform for small and medium-sized businesses enabling merchants to run their business across all sales channels**
- The Company offers a platform for merchants to create an omni-channel experience that helps showcase the merchant's brand and business
- The platform provides merchants with a single view of their business and customers across all of their sales channels as well as enables merchants to manage products and inventory, process orders and payments, build customer relationships and leverage analytics and reporting
- The Shopify platform is designed for simplicity and ease-of-use, enabling merchants to set up their shops in less than 15 minutes
- As of March 31, 2015 the Company had 162,261 merchants from approximately 150 countries and processed \$3.8 billion in Gross Merchandise Volume in 2014
- Key Geographies: United States, Canada, United Kingdom, Western Europe, Australia and New Zealand



Source: Company website, SEC filings.



Shopify Company Profile

Platform Overview

Real-Time Dashboard	Provides merchants with a real-time overview of how their business is performing, where orders are coming from, how different products are performing and what actions need the merchant's attention
Products and Inventory Management	Allows merchants to keep track of all of their products, including adding and removing products, managing and organizing product details, updating prices, changing product descriptions and photos, and tracking inventory
Order Processing, Management And Fulfillment	Provides a sales inbox where merchants can process and manage their orders, capture payments and update fulfillment services
Shopify Payments	An integrated payment processing solutions that allows merchants to accept credit cards at attractive rates; merchants can plug the company's credit card reader into an iPhone or iPad running Shopify POS and accept credit card transactions that are then recorded on the platform
Payment Gateways	For merchants where Shopify Payments is not yet available, or in situations where the merchant already has a preferred payment processing partners, the Shopify platform connects to over 80 payment gateways, allowing merchants to continue their relationships
Discounts and Gift Cards	Allows merchants to offer discounts and coupons, as well as to sell and manage gift cards
Customer Management	Provides merchants with a real-time overview of how their business is performing, where orders are coming from, how different products are performing, and what actions require the merchants attention
Reporting and Analytics	Gives merchants real-time reports on their products, orders, payments, customers, customers' preferences and other matters to gain advanced insights and further their business objectives



Shopify Company Profile

Industry Overview and Market Opportunity

Consumers now dictate how, when and where to interact with merchants and their expectations continue to rise; merchants face the following challenges:

Selling Across Different Channels	<ul style="list-style-type: none">■ Consumers expect to be able to transact through multiple sales channels without losing functionality or experience making it increasingly important that a merchant has a single view of its business and customers
Making Transacting Simple, Seamless and Secure	<ul style="list-style-type: none">■ Consumers expect every transaction to be quick, problem-free, intuitive and secure
Innovative Technology	<ul style="list-style-type: none">■ Consumers expect an experience on par with that provided by the most innovative retailers
Building and Growing their Brand	<ul style="list-style-type: none">■ With increasing choices for consumers, a merchant's brand is invaluable
Scaling Their Business	<ul style="list-style-type: none">■ Merchants' businesses must grow; must be able to handle increased traffic and ensure availability 24/7
Managing Their Business Anytime, Anywhere	<ul style="list-style-type: none">■ Merchants need to be able to manage their business on the go through mobile devices to keep up with consumer demand

Existing Alternatives are Inadequate

Complex Software Built for Enterprise Merchants	<ul style="list-style-type: none">■ Software built for the largest merchants are not designed for SMBs; it's too expensive and takes too long to deploy
Cobbled Together Patchwork	<ul style="list-style-type: none">■ A scalable platform can help merchants of nearly all sizes and retail verticals realize their potential

Market Opportunity: As of 2014 there were approximately 10 million merchants with less than 500 employees operating in Shopify's key geographies and approximately 46 million merchants worldwide

Source: SEC filings.



Shopify Company Profile

Overview of the Shopify Solution

Omni-Channel Commerce Platform	<ul style="list-style-type: none">■ Sell products across different sales channels including web, tablet and mobile storefronts, social media storefronts and brick-and-mortar / pop-up shops■ Easily add new sales channels without the need to install new hardware or software
Simplified Merchant Experience	<ul style="list-style-type: none">■ Accessible for merchants of all sizes■ Requires no upfront training and can be implemented in less than 15 minutes
Latest Technologies, Seamlessly Integrated	<ul style="list-style-type: none">■ High availability, continuously deployed, multi-tenant architecture ensures that all merchants are able to operate with the latest features and newest innovations without any need to patch or upgrade their software
Platform Designed to Launch and Grow Brands	<ul style="list-style-type: none">■ Merchants can quickly begin selling and accepting payments in person using their mobile phone or accept orders globally through their website■ Select from curated storefront templates or customize storefront
Platform for Merchant Success	<ul style="list-style-type: none">■ Strong search engine optimization, social media marketing features and advance built-in analytics■ 24/7 Shopify support team to help educate merchants on how to drive traffic to their shops and manage their business more effectively
Enterprise-Level Security, Scalability and Reliability	<ul style="list-style-type: none">■ Merchant data is stored in two co-located facilities in geographically disperse, fault tolerant data centers; PCI DSS Level 1 compliant service providers■ Platform is built to handle large spikes in traffic and can process 10,000 requests per second
Open Platform with Thriving Ecosystem	<ul style="list-style-type: none">■ The platform's functionality is highly extensible and can be expanded using its API and apps from the Shopify App Store to offer additional sales channels, bolster features in existing channels and integrate with third party systems



Shopify Company Profile

Competitive Strengths

Channel Offerings

- **Web, Mobile and Tablet stores**
 - Provides merchants with an online store that is optimized for web, mobile and tablets
 - Integrated web space with unlimited bandwidth and robust shopping cart with secure checkout area
- **Brick-and-Mortar and Pop-up Shops**
 - Shopify Mobile POS is a mobile POS designed for merchants that sell their products in-person at retail stores, events and shows
 - Allows for seamless synchronization with a merchant's catalog, inventory, customer database and payment settings
- **Social Media**
 - Merchants can create storefronts on Facebook
- **Mobile Apps**
 - Merchants can create apps that offer in-app purchases

Ecosystem

- **Partners located in 100+ countries that design and customize storefronts develop apps and enable third party integration**
- **Sample Partners:**
 - Bold Apps – has created 17 apps for over 25,000 Shopify merchants
 - Simplistic – Works closely with Good Morning America, helping featured merchants handle the significant influx of traffic resulting from their product appearing on the show
- **Ecosystem creates system of partner and merchant referrals**

Technology

- **Security**
 - Credit card processing on the platform in a high security environment
 - PCI DSS Level 1 compliant
- **Scalability**
 - Cloud-based architecture has been designed to support sudden traffic spikes
 - Has been tested to handle at least 10,000 requests / second and 10,000 orders / minute
- **Reliability**
 - Servers are in geographically dispersed locations, co-located and fault tolerant
- **Performance**
 - The faster merchants' shops appear, the more they will sell

Apps and API

- **The platform's functionality can be extended and highly customized using any of the 900+ apps from the Shopify App Store**
 - Apps to access additional sales channels, market products, bolster content management, manage inventory, or integrate with a variety of third party software
- **All Apps in the App Store are built on the Shopify API that enables app developers to seamlessly integrate nearly any functionality that a merchant may need into the Shopify platform**



Shopify Company Profile

Growth Strategy

Grow Merchant Base

- The Company will continue to strategically invest in marketing programs that enhance the awareness of the brand and solutions among business at different stages of their lifecycle
- Establish relationships early in the business lifecycle and grow along with merchants

Grow Merchant's Revenue

- The more a merchant sells on the platform the more revenue the Company generates as they upgrade their plans; adding additional channels, process more transaction and use additional solutions
- The Company plans to continue to improve the platform to help merchants sell more

Continue to Innovate and Expand Platform

- The Company intends to build more sales channels and additional functionality
- Recently introduced Shopify Payments, which eliminates the need for merchants to set up and maintain a direct relationship with third-party payment gateways

Grow and Develop Ecosystem

- Currently have a thriving third-party ecosystem that includes app developers, theme designers and other partners that bolster the platform's functionality
- The Company believes that growing the ecosystem will help to further expand the merchant base and in turn drive additional growth of the ecosystem

Expand Partner Program

- Currently have strong relationships with thousands of design and marketing agencies throughout the world that refer merchants to Shopify
- The Company intends to strengthen existing relationships with referral partners and resellers and create new one with the goal of expanding the overall merchant base

Build for the Long-Term

- The Company will build for the future and may consider focused international expansion, strategic partnerships, new solutions and selective acquisitions



Shopify Company Profile

Risk Factors



Key Risk Factors:

Any of the following risks could materially and adversely affect Shopify's business, financial condition or results of operations

Growth Maintenance

Revenues are generated on a subscription basis; ability to renew and acquire new subscriptions is key growth

Innovation

The market is characterized by constant change and innovation; companies must continue to improve and enhance functionality, performance, reliability, design and security

Reliance on Strategic Relationships

Growth depends on strategic relationships with third parties including app developers, designers, referral sources, resellers and other partners; also rely on single payment service provider

Data and Platform Security

Susceptible to denial of service attacks by hackers to take services offline; store personally identifiable information of merchants and their customers on the platform

Disruption of Service

Rely on search engines and social networking sites to attract a meaningful portion of merchants; use a limited number of data centers

Protection of Intellectual Property Rights

Intellectual property is crucial to the success of the business and must be protected; must guard against claims by third parties of intellectual property infringement

Regulation

Subject to U.S and Canadian laws and regulations



Shopify Company Profile

Management Overview

Executive Officers		
Name	Title	Background
Tobias Lütke	CEO, Chairman	<ul style="list-style-type: none">Tobias Lütke co-founded Shopify and served as CTO from 2004-2008 before becoming CEOMr. Lütke worked on the core team of the Ruby Rails framework and has created many popular open source libraries such as Active Merchant
Russell Jones	CFO	<ul style="list-style-type: none">Served as CFO since 2011Prior to joining Shopify Mr. Jones served as CFO at BDNA Corporation and Xambala Incorporated
Daniel Weinand	Chief Design Officer	<ul style="list-style-type: none">Mr. Weinand co-founded the Shopify platform that launched in 2006 and served as Chief Design Officer since 2008Prior to Shopify Mr. Weinand was a freelance web designer
Harley Finkelstein	Chief Platform Officer	<ul style="list-style-type: none">Harley Finkelstein has acted as Chief Platform Officer since 2010Before joining Shopify Mr. Finkelstein founded numerous other startups and e-commerce companies
Cody Fauser	Chief Technology Officer	<ul style="list-style-type: none">Mr. Fauser was a software developer at Shopify for two years before becoming Chief Technology Officer in 2008
Craig Miller	Chief Marketing Officer	<ul style="list-style-type: none">Craig Miller joined Shopify in 2011Prior to Shopify Mr. Miller held several product marketing roles at Kijiji, an eBay Company
Toby Shannan	VP of Support	<ul style="list-style-type: none">Toby Shannan has served as VP of support since 2010Previously Mr. Shannan co-founded and acted as CEO of Social Fabric and VP of Sales and Marketing at DNA Genotek
Brittany Forsyth	VP of Human Relations	<ul style="list-style-type: none">Brittany Forsyth has been with Shopify since 2010 and served as VP of Human Relations since 2014Ms. Forsyth is involved with several human resources organizations in North America
Joseph Frasca	General Counsel and Secretary	<ul style="list-style-type: none">Mr. Frasca has served as General Counsel and Secretary at Shopify since 2014Prior to Shopify served as Counsel at EMC Corporation and also worked in private practice

Source: Company website, SEC filings.



Shopify Company Profile

Board of Directors Overview

Board of Directors		
Name	Title	Background
Robert Ashe	Director	<ul style="list-style-type: none">Robert Ashe has served on the board of directors since December 2014Mr. Ashe held a variety of positions with Cognos Incorporated and currently serves on the board of directors of Halogen Software, Servicesource and MSCI
Steven Collins	Director	<ul style="list-style-type: none">Steven Collins joined the board of directors in June 2014Mr. Collins served as the EVP and CFO of ExactTarget and SVP and CFO of NAVTEQ; he currently serves on the board for a number of private companies
Jeremy Levine	Director	<ul style="list-style-type: none">Mr. Levine has served as a member of the board of directors since 2011Since 2007, Mr. Levine has been a Partner at Bessemer Venture partners and currently serves on the board of Yelp
Trevor Oelschig	Director	<ul style="list-style-type: none">Trevor Oelschig has been a member of the board of directors since 2010Mr. Oelschig has been at partner at Bessemer Venture Partners since 2007 and serves on the board for a number of private companies
John Phillips	Director	<ul style="list-style-type: none">John Phillips has served as a board member since 2010Mr. Phillips is currently CEO of Klister Credit Corp a position he has held since 1993; he serves on the board for several private companies and Redknee Solutions

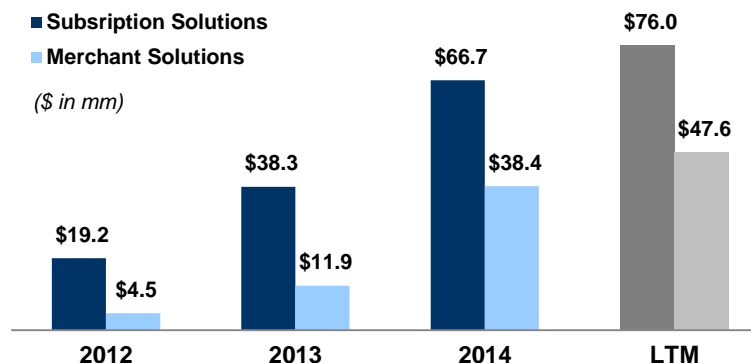


Shopify Company Profile

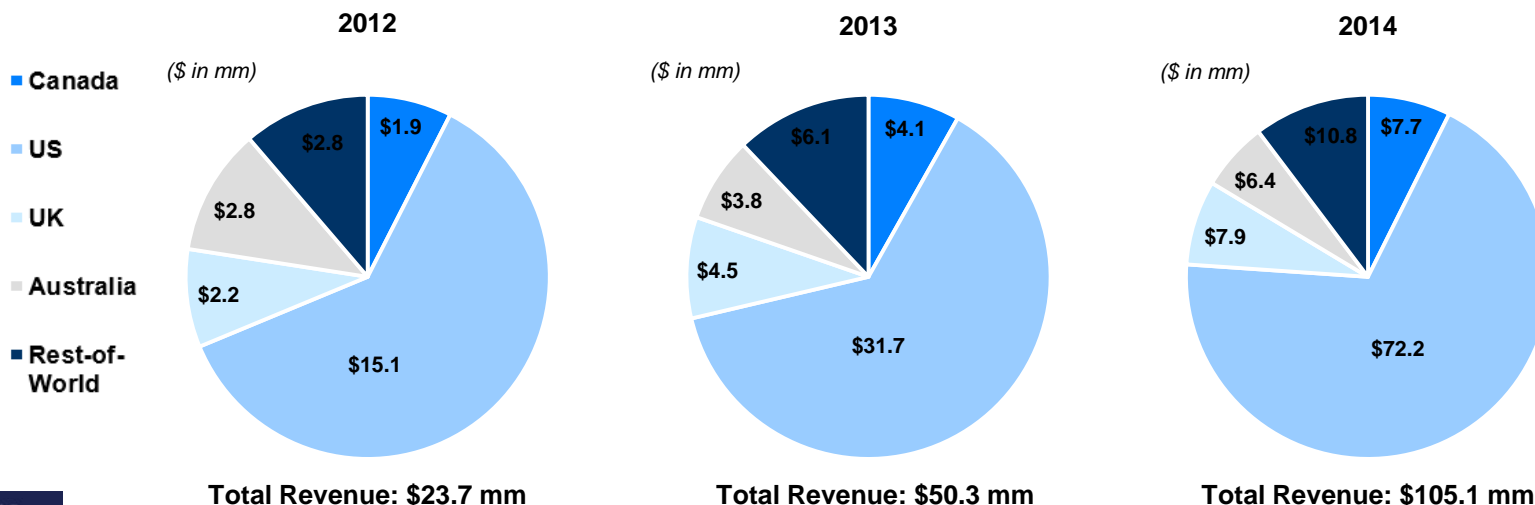
Financial Overview

Revenue Breakdown By Solution

- **Subscription Solutions** – Revenues generated through the sale of subscriptions to the platform; subscription plans have various price points with varying features and terms
- **Merchant Solutions** – Merchant solution revenues are generated from payment processing fees through Shopify Payments; fees are determined based on a percentage of the dollar amount processed



Revenue Breakdown By Geography





Shopify Company Profile

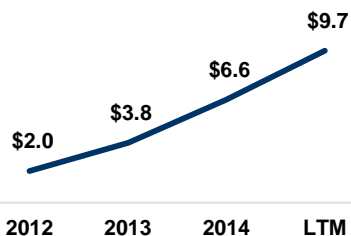
Financial Overview

Key Performance Indicators

Monthly Recurring Revenue

Calculated at the end of each period by multiplying the number of merchants who have subscriptions plans at the end of the period by the average monthly subscription plan fee revenue in effect on the last day of that period; allows Shopify to average its various pricing plans and billing periods into a single, consistent number to track over time

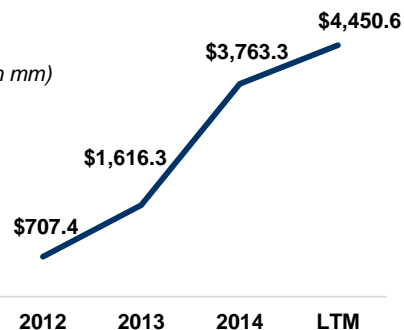
(\$ in mm)



Gross Merchandise Volume

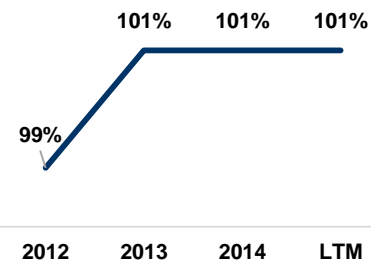
The total dollar value of orders processed through the platform during the period, net of refunds, inclusive of shipping and handling, duty and value-added taxes; volume is an indicator of the success of the merchants and strength of the platform

(\$ in mm)



Monthly Billings Retention Rate

Calculated as of the end of each month by considering the cohort of merchants on the Shopify platform as of the beginning of the month and dividing total billings attributable to this cohort in the then-current month by the total billings attributable to this cohort in the immediately preceding month; used to evaluate Shopify's ability to maintain and expand relationships with merchants



Balance Sheet

(in mm)

As of December 31,

As of March 31,

Balance Sheet

Information

Cash, cash equivalents and short-term

investments

Working capital

Total assets

Total liabilities

Shareholders' equity

\$ 17.7

\$ 83.5

\$ 59.7

\$ 59.2

14.7

78.0

48.6

43.6

23.6

95.8

95.2

97.3

5.6

10.4

27.5

32.6

18.0

85.4

67.7

97.3

Source: SEC filings.

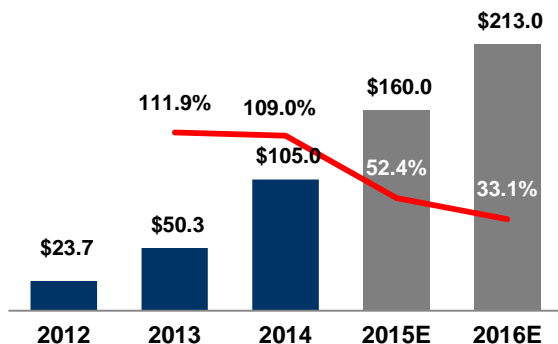


Shopify Company Profile

Financial Overview

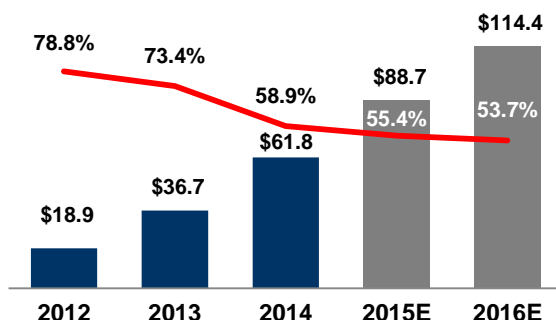
Total Revenue / % Growth

(\$ in mm)



Gross Profit / % Margin

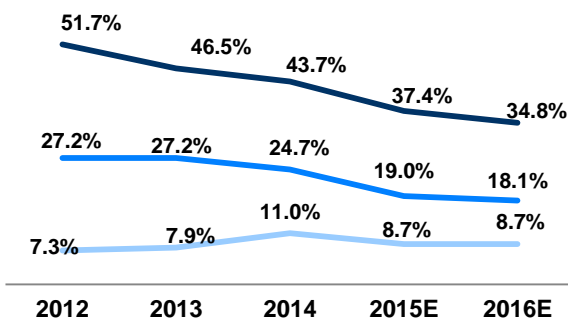
(\$ in mm)



Note: Margins are declining from a greater proportion of payment revenue, presented on a gross revenue basis

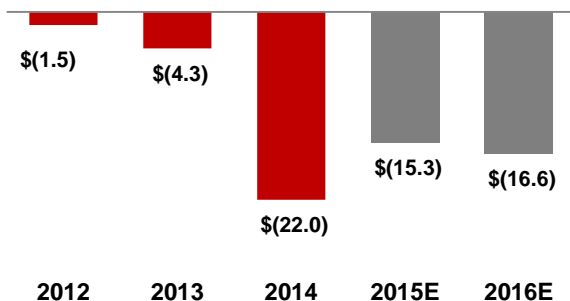
Expenses as % of Revenue

— Sales and Marketing — R&D — G&A



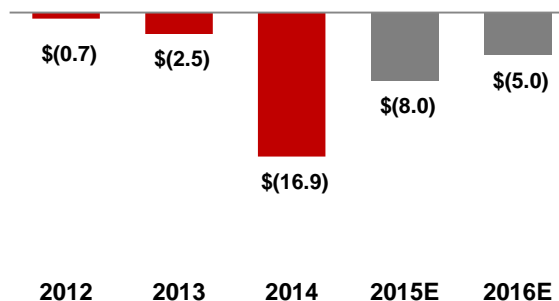
Operating Income (Loss)

(\$ in mm)



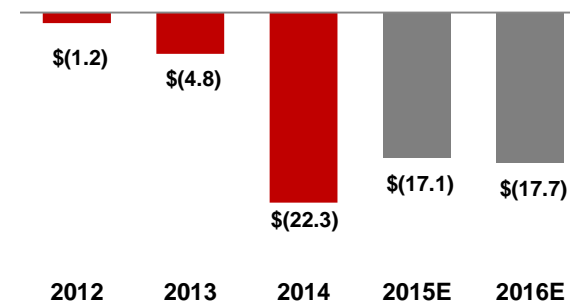
EBITDA

(\$ in mm)



Net Income (Loss)

(\$ in mm)





Shopify Company Profile

Share Ownership

	Shares Beneficially Owned Prior to the Offering			Shares Beneficially Owned After the Offering		
	<u>Number</u>	<u>Percent</u>	<u>% of Total Voting Power</u>	<u>Number</u>	<u>Percent</u>	<u>% of Total Voting Power</u>
5% Shareholders						
Entities Affiliated with Bessemer Venture Partners	20,207,522	30.28%	30.28%	20,207,522	30.28%	29.93%
FirstMark Captial I, L.P	7,921,775	11.87	11.87	7,921,775	11.87	11.73
Klister Credit Corp.	4,996,060	7.49	7.49	4,996,060	7.49	7.4
OMERS Ventures II, L.P	4,036,856	6.05	6.05	4,036,856	6.05	5.98
Bruce McKean	3,813,865	5.72	5.72	3,813,865	5.72	5.65
James Lake	3,773,690	5.65	5.65	3,773,690	5.65	5.59
Entities Affiliated with Georgian Partners	3,654,805	5.48	5.48	3,654,805	5.48	5.41
Executive Officers and Directors						
Tobias Lütke	9,758,629	14.62	14.62	9,758,629	14.62	14.46
Jeremy Levine	20,207,522	30.28	30.28	20,207,522	30.28	29.93
Daniel Weinand	1,659,273	2.49	2.49	3,654,805	2.49	2.46



Shopify Company Profile

Public Comparables

Company Name	Price 07/09/15	% MTD Change	% LTM High	Market Value (\$ mm)	Enterprise Value (\$ mm)	Multiples				Growth Rates				Margins			P / E / G CY 15E
						Price / Earnings		EV / EBITDA		EV / Revenue		Revenue		EPS	EBITDA		
						CY 15E	CY 16E	CY 15E	CY 16E	CY 15E	CY 16E	CY 15E	CY 16E	LT	CY 15E	CY 16E	
Shopify	\$ 29.06	(7)%	69 %	\$ 2,606	\$ 2,634	nm	nm	nm	nm	16.5 x	12.4 x	52 %	33 %	na	(5)%	(2)%	na
Online Focused Payments																	
eBay / PayPal	\$ 61.77	2 %	98 %	\$ 75,261	\$ 73,245	19.8 x	18.2 x	12.6 x	11.4 x	3.9 x	3.5 x	5 %	10 %	11 %	31 %	31 %	1.8 x
Wirecard	39.57	2	84	4,886	4,120	28.8	22.9	16.7	13.5	4.9	4.1	26	21	28	29	30	1.0
Xoom	25.04	21	98	1,056	861	nm	42.2	36.1	25.3	4.4	3.7	23	19	12	12	15	na
Optimal Payments	3.51	(4)	40	597	582	13.8	11.6	4.6	2.9	1.1	0.8	39	34	na	24	29	na
OzForex	1.52	(9)	69	366	328	20.9	17.4	13.4	11.1	5.1	4.3	20	18	na	38	39	na
Earthport	0.57	(2)	77	254	204	nm	12.5	26.8	8.3	4.8	2.9	78	64	na	18	36	na
Pushpay	2.59	(6)	85	130	130	na	na	na	na	na	na	na	na	na	na	na	na
Median		(2)%	84 %			20.4 x	17.8 x	15.0 x	11.3 x	4.6 x	3.6 x	25 %	20 %	12 %	27 %	31 %	1.4 x
Mean		1	79			20.8	20.8	18.4	12.1	4.0	3.2	32	28	17	25	30	1.4
Pure Play Card Associations																	
Visa	\$ 67.05	(1)%	95 %	\$ 164,846	\$ 160,240	25.1 x	21.8 x	16.3 x	14.6 x	11.4 x	10.3 x	9 %	11 %	18 %	70 %	70 %	1.4 x
MasterCard	93.04	(2)	97	106,783	102,515	27.2	22.8	17.7	15.3	10.5	9.3	4	13	18	59	61	1.5
Median		(1)%	96 %			26.2 x	22.3 x	17.0 x	15.0 x	10.9 x	9.8 x	7 %	12 %	18 %	64 %	65 %	1.4 x
Mean		(1)	96			26.2	22.3	17.0	15.0	10.9	9.8	7	12	18	64	65	1.4
Merchant Acquiring / Processing																	
Vantiv	\$ 38.75	0 %	94 %	\$ 5,706	\$ 9,073	18.1 x	16.0 x	11.5 x	10.4 x	5.6 x	5.2 x	15 %	8 %	14 %	49 %	50 %	1.3 x
TSYS	41.74	(1)	97	7,781	8,924	18.6	16.8	11.2	10.4	3.4	3.2	7	7	10	31	31	1.9
Global Payments	104.51	(1)	97	6,975	8,710	20.5	18.1	14.2	13.0	3.1	2.8	6	7	12	22	22	1.8
Heartland	54.39	0	97	1,998	2,543	19.3	16.9	12.0	10.7	3.2	3.0	19	8	16	27	28	1.2
EVERTEC	20.29	(5)	86	1,579	1,954	11.9	11.2	10.5	9.8	5.2	5.0	9	4	14	50	51	0.9
SafeCharge	6.31	(4)	90	972	747	24.3	20.2	16.0	13.3	4.9	4.1	33	19	na	31	31	na
JetPay	2.88	3	83	40	81	nm	nm	22.3	17.3	1.9	1.8	28	7	na	9	10	na
Net Element	0.33	(4)	6	15	19	nm	nm	15.7	na	0.5	na	76	na	na	3	na	na
Median		(1)%	92 %			19.0 x	16.9 x	13.1 x	10.7 x	3.3 x	3.2 x	17 %	7 %	14 %	29 %	31 %	1.3 x
Mean		(1)	81			18.8	16.5	14.2	12.1	3.5	3.6	24	9	13	28	32	1.4



Shopify Company Profile

Public Comparables

Company Name	Price 07/09/15	% MTD Change	% LTM High	Market Value (\$ mm)	Enterprise Value (\$ mm)	Multiples				Growth Rates			Margins		P / E / G CY 15E		
						Price / Earnings		EV / EBITDA		EV / Revenue		Revenue		EPS		EBITDA	
						CY 15E	CY 16E	CY 15E	CY 16E	CY 15E	CY 16E	CY 15E	CY 16E	LT		CY 15E	CY 16E
B2B Payment Solutions																	
FleetCor	\$ 153.61	(2)%	93 %	\$ 14,573	\$ 17,670	25.0 x	21.2 x	19.2 x	16.6 x	10.7 x	9.6 x	44 %	11 %	15 %	56 %	58 %	1.7 x
Edenred	24.44	(1)	82	5,562	5,893	22.9	20.2	12.8	11.5	4.8	4.5	7	8	15	38	39	1.5
WEX	110.61	(2)	93	4,278	5,061	21.7	19.0	14.2	12.2	5.7	5.2	8	11	15	41	43	1.4
Median		(2)%	93 %			22.9 x	20.2 x	14.2 x	12.2 x	5.7 x	5.2 x	8 %	11 %	15 %	41 %	43 %	1.5 x
Mean		(2)	89			23.2	20.1	15.4	13.4	7.1	6.4	20	10	15	45	47	1.6
Prepaid / Debit Payments																	
Blackhawk	\$ 41.65	(1)%	98 %	\$ 2,384	\$ 2,563	18.9 x	16.8 x	13.9 x	11.9 x	3.0 x	2.6 x	23 %	17 %	18 %	22 %	22 %	1.1 x
Green Dot	18.99	(2)	78	1,052	982	13.9	12.7	6.1	5.7	1.4	1.3	20	7	15	22	22	1.0
Higher One	2.80	(5)	59	133	185	6.8	7.2	3.8	4.4	0.9	0.9	(8)	(2)	na	23	21	na
Median		(2)%	78 %			13.9 x	12.7 x	6.1 x	5.7 x	1.4 x	1.3 x	20 %	7 %	16 %	22 %	22 %	1.0 x
Mean		(2)	78			13.2	12.2	7.9	7.3	1.8	1.6	12	7	16	22	22	1.0
Other Financial Transaction Processors / Services																	
Alliance Data Systems	\$ 295.44	1 %	95 %	\$ 18,369	\$ 32,009	19.7 x	17.1 x	16.7 x	14.7 x	4.9 x	4.4 x	23 %	12 %	15 %	29 %	30 %	1.3 x
Deluxe	59.64	(5)	85	3,012	3,473	13.3	12.6	7.9	7.4	2.0	1.9	6	3	9	25	26	1.6
Euronet	61.46	(2)	98	3,334	3,282	20.2	17.4	11.8	10.0	1.9	1.7	8	10	15	16	17	1.4
Cardtronics	33.31	(10)	83	1,498	2,088	11.8	10.5	7.1	6.4	1.8	1.7	13	7	14	25	26	0.8
Global Cash Access	7.48	(4)	83	494	1,513	6.7	5.4	6.8	6.2	1.8	1.8	40	4	20	27	28	0.3
Qivi	25.76	(4)	57	1,482	1,474	18.9	15.5	13.5	11.0	7.9	5.9	20	35	26	59	53	0.7
NIC	17.68	(3)	91	1,159	1,067	16.5	12.8	14.6	11.5	3.6	3.4	7	9	20	25	29	0.8
PayPoint	15.31	(1)	88	1,042	997	16.6	15.5	11.6	10.9	3.0	2.9	(2)	3	7	25	26	2.2
De La Rue	7.76	(4)	65	783	986	13.4	13.4	7.5	7.4	1.4	1.4	(9)	1	na	19	19	na
MOL Global	5.20	(10)	15	351	272	na	na	na	na	na	na	na	na	na	na	na	na
Eckoh	0.59	(4)	80	150	147	23.3	26.0	18.0	na	4.8	na	15	na	na	27	na	na
Median		(4)%	83 %			16.6 x	14.4 x	11.7 x	10.0 x	2.5 x	1.9 x	10 %	7 %	15 %	25 %	26 %	1.1 x
Mean		(4)	76			16.1	14.6	11.6	9.5	3.3	2.8	12	9	16	28	28	1.1



Shopify Company Profile

Income Statement

	2012	2013	2014	LTM	2012	2013	2014	LTM	2013	2014
(In US \$000's, except share and per share data)										
Revenues:					<u>% of Total</u>				<u>% Growth</u>	
Subscription solutions	\$ 19,200	\$ 38,339	\$ 66,668	\$ 75,967	81%	76%	63%	61%	100%	74%
Merchant solutions	4,513	11,913	38,350	47,589	19%	24%	37%	39%	164%	222%
Total Revenues	\$ 23,713	\$ 50,252	\$ 105,018	\$ 123,556	100%	100%	100%	100%	112%	109%
Cost of Revenues:					<u>% Margin</u>					
Subscription solutions	\$ 4,291	\$ 8,504	\$ 16,790	\$ 18,539	78%	78%	75%	76%		
Merchant solutions	485	5,009	26,433	33,284	89%	58%	31%	30%		
Total Cost of Revenues	\$ 4,776	\$ 13,513	\$ 43,223	\$ 51,823	80%	73%	59%	58%		
Net Revenues	23,228	45,243	78,585	90,272	<u>% of Total Revenue</u>	98%	90%	75%	73%	<u>% Growth</u>
									95%	74%
Gross profit:					<u>% of Total Gross Profit</u>				<u>% Growth</u>	
Subscription solutions	\$ 14,909	\$ 29,835	\$ 49,878	\$ 49,878	79%	81%	81%	70%	100%	67%
Merchant solutions	4,028	6,904	11,917	11,917	21%	19%	19%	17%	71%	73%
Gross profit	\$ 18,937	\$ 36,739	\$ 61,795	\$ 71,733	100%	100%	100%	86%	94%	68%
Operating Expenses:					<u>% of Revenues</u>					
Sales and marketing	\$ 12,262	\$ 23,351	\$ 45,929	\$ 49,751	52%	46%	44%	40%		
Research and development	6,452	13,682	25,915	27,142	27%	27%	25%	22%		
General and administrative	1,737	3,975	11,566	13,959	7%	8%	11%	11%		
Total Operating Expenses:	\$ 20,451	\$ 41,008	\$ 83,410	\$ 90,852	86%	82%	79%	74%		
Loss from operations	(1,514)	(4,269)	(21,615)	(19,119)	(6%)	(8%)	(21%)	(15%)		
Other income (expense):					<u>% of Revenues</u>					
Interest income, net	\$ 50	\$ 42	\$ 57	\$ 58	0%	0%	0%	0%		
Loss on asset disposal	-	(73)	(100)	(100)	-	(0%)	(0%)	(0%)		
Foreign exchange gain (loss)	232	(537)	(653)	(1,315)	1%	(1%)	(1%)	(1%)		
Total Other Income (Expense):	\$ 282	\$ (568)	\$ (696)	\$ (1,357)	1%	(1%)	(1%)	(1%)		
Net loss and comprehensive loss	(1,232)	(4,837)	(22,311)	(20,476)	(5%)	(10%)	(21%)	(17%)		
Amortization and depreciation	767	1,758	4,672	4,672	<u>% of Revenues</u>					
EBITDA	\$ (747)	\$ (2,511)	\$ (16,943)	\$ (14,447)	(3%)	(5%)	(16%)	(12%)		

Source: Company filings.



Shopify Company Profile

Balance Sheet

(In US \$000's, except share and per share data)		2013	2014
Assets			
Current assets			
Cash and cash equivalents	\$ 83,529	\$ 41,953	
Short-term investments	-	17,709	
Trade and other receivables	3,391	7,227	
Other current assets	1,081	1,495	
Total Current Assets	\$ 88,001	\$ 68,384	
Long term assets			
Property and equipment	\$ 4,488	\$ 21,728	
Intangible assets	926	2,708	
Goodwill	2,373	2,373	
Total Long Term Assets	\$ 7,787	\$ 26,809	
Total assets	\$ 95,788	\$ 95,193	
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities	\$ 5,565	\$ 12,514	
Current portion of deferred revenue	4,146	6,775	
Current portion of lease incentives	330	485	
Total Current Liabilities	\$ 10,041	\$ 19,774	
Long term liabilities			
Deferred revenue	\$ 210	\$ 394	
Lease incentives	156	7,293	
Total Current Liabilities	\$ 366	\$ 7,687	
Shareholders' equity			
Series A convertible preferred shares ⁽¹⁾	\$ 5,346	\$ 5,346	
Series B convertible preferred shares ⁽²⁾	11,952	11,952	
Series C convertible preferred shares ⁽³⁾	69,758	69,758	
Common shares ⁽⁴⁾	3,009	4,055	
Additional paid-in capital	2,069	5,685	
Accumulated deficit	(6,753)	(29,064)	
Total shareholders' equity	\$ 85,381	\$ 67,732	
Total liabilities and shareholders' equity	\$ 95,788	\$ 95,193	

Source: Company filings.

(1) 13,025,765 (2013—13,025,765) shares authorized, issued and outstanding (aggregate liquidation preference of \$5,500).

(2) 7,247,070 (2013—7,247,070) shares authorized, issued and outstanding (aggregate liquidation preference of \$12,000).

(3) 6,886,442 (2013—6,886,442) shares authorized, issued and outstanding (aggregate liquidation preference of \$70,000).

(4) Unlimited shares authorized; 39,310,446 (2013—38,563,121) issued and outstanding.



Shopify Company Profile

Statement of Cash Flows

(In US \$000's, except share and per share data)

Cash flows from operating activities

Net loss for the year **\$ (1,232) \$ (4,837) \$ (22,311)**

Adjustments to reconcile net loss to net cash provided by (used in) operating activities:

Amortization and depreciation	\$ 767	\$ 1,758	\$ 4,672
Stock-based compensation	268	1,446	3,792
Vesting of restricted shares	140	320	651
Loss on asset disposal	-	73	100
Unrealized foreign exchange (gain) loss	(140)	62	524
Changes in lease incentives	(17)	236	7,292
Changes in deferred revenue	1,814	1,945	2,813
Changes in non-cash working capital items	441	393	1,666

Net cash provided by (used in) operating activities **\$ 2,041 \$ 1,396 \$ (801)**

Cash flows from investing activities

Purchases of short-term investments	-	-	\$ (20,131)
Sales of short-term investments	-	-	2,375
Acquisitions of property and equipment	(1,706)	(3,462)	(20,573)
Proceeds from disposal of property and equipment	-	-	90
Acquisitions of intangible assets	(310)	(1,042)	(2,127)
Acquisitions of businesses, net of cash acquired	(779)	(828)	-

Net cash used in investing activities **\$ (2,795) \$ (5,332) \$ (40,366)**

Cash flows from financing activities

Issuance of Series C convertible preferred shares, net of issuance costs	-	\$ 69,758	-
Proceeds from the exercise of stock options	57	295	140

Net cash provided by financing activities **\$ 57 \$ 70,053 \$ 140**

Effect of foreign exchange on cash and cash equivalents 36 (243) (549)

Net increase (decrease) in cash and cash equivalents **\$ (661) \$ 65,874 \$ (41,576)**

Cash and cash equivalents—Beginning of year **\$ 18,316 \$ 17,655 \$ 83,529**

Cash and cash equivalents—End of year **\$ 17,655 \$ 83,529 \$ 41,953**

Source: Company filings.

Overview of FT Partners

FT Partners is the Leader in Financial Technology Investment Banking

Financial Technology Partners LP
FTP Securities LLC
is pleased to announce its exclusive role as
strategic and financial advisor to

MERCURY®
in its cash sale to

vantiv
for total consideration of approximately
\$1,650,000,000

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Financial Technology Partners LP
FTP Securities LLC
is pleased to announce its exclusive role as
sole strategic and financial advisor to

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in its approximately 60% majority sale to

SILVERLAKE
for aggregate consideration of approx.
\$ 900,000,000

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judo
in its growth financing with

**ROUTE SIXTY-SIX
VENTURES**
for total consideration of approximately
£6,000,000

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sole strategic and financial advisor to

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in its 80% majority sale to

HEARST corporation

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in its sale to

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sole strategic and financial advisor to

OZFOREX
FOREIGN EXCHANGE SERVICES
in its
Initial Public Offering
valuing the equity at approximately
A\$480,000,000

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Financial Technology Partners LP
FTP Securities LLC
is pleased to announce its exclusive role as advisor to

CIBC
in its strategic investment in

BlackBerry
with additional participation from
Bain Capital Ventures

\$70,000,000

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FTP Securities LLC
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sole strategic and financial advisor to

VERUS
in its sale to
sage
for cash consideration of approximately
\$ 325,000,000

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FTP Securities LLC
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sole strategic and financial advisor to

CentralPayment®
in its Strategic Investment by
TSYS®
for total consideration of approximately
\$ 100,000,000+

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FLEET ONE
in its cash sale to
wex
for total consideration of approximately
\$ 369,000,000

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NMI
NETWORK MERCHANTS INC.
in its sale to
in its growth investment by
BregalSagemount
for a total valuation of nearly
\$ 200,000,000

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**century
PAYMENTS**
in its sale to
WorldPay
a portfolio company of
Advent International / **BainCapital**

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strategic and financial advisor to

TRANSFIRST®
in its cash sale to
Vista Equity Partners
from
WCAS

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Financial Technology Partners LP
FTP Securities LLC
is pleased to announce its exclusive role as
sole debt capital advisor to

**jack henry
& ASSOCIATES INC.**
in its acquisition of
iPay Technologies
for total consideration of approximately
\$ 300,000,000

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Financial Technology Partners LP
FTP Securities LLC
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YAPSTONE™
ePayments as a Service
in its its minority investment led by
**ACCEL
PARTNERS**
For total consideration of approximately
\$ 50,000,000

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Financial Technology Partners LP
FTP Securities LLC
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VeriFone
THE WAY TO PAY™
in its
\$177,000,000
Initial Public Offering
valuing the equity at approximately
\$ 650,000,000

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sole strategic and financial advisor to

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in its sale to
TSYS®
for total consideration of approximately
\$ 100,000,000+

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FTP Securities LLC
is pleased to announce its exclusive role as
sole strategic and financial advisor to

lynk
in its sale to
**The Royal Bank
of Scotland**
for cash consideration of approximately
\$ 525,000,000

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Overview of FT Partners

Award-Winning Investment Banking Franchise Focused on Financial Technology

FT Partners has been recognized as Investment Banking Firm of the Year and regularly achieves Merger and Financing Deal of the Year recognition



M&A Advisor Awards

- 2014 ■ **Equity Financing Deal of the Year**
■ Professional Services Deal of the Year, Above \$100mm
- 2012 ■ **Dealmaker of the Year**
■ Professional Services Deal of the Year, Above \$100 mm
- 2011 ■ **Boutique Investment Bank of the Year**
■ Deal of the Decade
■ *10 Deal of the Year Nominations Across 9 Categories*
- 2010 ■ **Upper Middle Market Deal of the Year, Above \$500 mm**
■ IT Services Deal of the Year, Below \$500mm
■ Cross-Border Deal of the Year, Below \$500mm
- 2007 ■ **Dealmaker of the Year – Steve McLaughlin**
■ Business to Business Services Deal of the Year
■ Computer and Information Technology Deal of the Year, Above \$100mm
■ Financial Services Deal of the Year, Above \$100mm

Institutional Investor
Institutional Investor Annual Ranking

- 2006-2008 ■ Steve McLaughlin consecutively ranked (2006, 2007 and 2008) among the top Bankers in Financial Technology



Middle Market Financing Awards

- 2008 ■ **Equity Financing Dealmaker of the Year – Steve McLaughlin**
■ **Information Technology Deal of the Year**
■ **Financial Services Deal of the Year**
- 2006 ■ **Financing Professional of the Year – Steve McLaughlin**
■ *Financing Deal of the Year - Equity*
■ *Financing Deal of the Year - Debt*

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Note: Awards won highlighted in **bold**, italics denote categories where Financial Technology Partners was a finalist.