

Shopify Inc.
Notes to the Consolidated Financial Statements
Expressed in US \$000's except share and per share amounts

All cash equivalents and marketable securities mature within one year of the consolidated balance sheet date. There were no transfers between Levels 1, 2 and 3 during the years ended December 31, 2019 and 2018.

As at December 31, 2019 the Company held foreign exchange forward contracts to convert USD into CAD, with a total notional value of \$285,700 (December 31, 2018 - \$276,696), 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 December 31, 2019, \$5,830 of unrealized gains 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, on the consolidated balance sheet. These amounts are expected to be reclassified into earnings over the next twelve months. In the year ended December 31, 2019, \$5,181 of realized losses (December 31, 2018 - \$4,170 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.

6. Trade and Other Receivables

	December 31, 2019 \$	December 31, 2018 \$	January 1, 2018 \$
Indirect taxes receivable	36,821	3,774	832
Unbilled revenues	31,629	12,653	7,616
Trade receivables	9,660	11,191	7,073
Accrued interest	5,754	5,109	2,015
Other receivables	6,665	8,620	4,403
	<u>90,529</u>	<u>41,347</u>	<u>21,939</u>

Unbilled revenues represent amounts not yet billed to merchants related to subscription fees for Plus merchants, transaction fees and shipping charges, as at the Consolidated Balance Sheet date.