

WeCommerce Reports First Quarter 2022 Results

VICTORIA, British Columbia--(BUSINESS WIRE)--May 26, 2022--**WeCommerce Holdings Ltd.** (“**WeCommerce**” or “the “**Company**”) (TSXV: WE), a leading provider of ecommerce enablement software and tools for merchants, today announced its financial results for the three-month period ended March 31, 2022 (“Q1 2022”). Currency amounts are expressed in Canadian dollars unless otherwise noted.

Q1 2022 Financial Results:

	For the three-months ended March 31,	
	2022	2021
Revenue		
Recurring subscription revenue	7,354,028	2,279,842
Digital goods revenue	3,745,630	2,171,548
Agency service revenue	994,101	1,587,830
	12,093,759	6,039,220
Operating loss	(1,278,597)	(136,116)
Net income/(loss)	790,114	(1,757,976)
EBITDA ⁽¹⁾	4,493,740	492,668
EBITDA % ⁽¹⁾	37%	8%
Adjusted EBITDA ⁽¹⁾	2,831,783	2,000,974
Adjusted EBITDA % ⁽¹⁾	23%	33%
Cash provided by operating activities	3,907,177	1,296,976

Notes:

1. See “Non-IFRS financial measures” for further information.

Q1 2022 Highlights

- Revenue in Q1 2022 was \$12,093,759, an increase of \$6,054,539 or 100% (100% on a constant currency basis⁽¹⁾) compared to Q1 2021.
- Apps segment revenue in Q1 2022 was \$7,354,028, an increase of \$5,074,186 or 223% (222% on a constant currency basis) compared to Q1 2021. Apps segment revenue includes the results of Stamped, which contributed revenues of \$5,139,325 in Q1 2022 (Q1 2021: \$nil). Foursixty contributed revenues of \$1,216,429, an increase of \$119,018 or 11% (11% on a constant currency basis) compared to Q1 2021.
- Themes segment revenue in Q1 2022 was \$3,745,630, an increase of \$1,574,082 or 72% (72% on a constant currency basis) compared to Q1 2021. Archetype contributed revenues of \$2,187,557 in Q1 2022 (Q1 2021: \$nil).
- Agency segment revenue in Q1 2022 was \$994,101, a decrease of \$593,729 or 37% (37% on a constant currency basis) compared to Q1 2021.
- Net income was \$790,114 in Q1 2022 compared to net loss of \$1,757,976 in Q1 2021. The net income for Q1 2022 includes fair value adjustments amounting to \$2,147,090 which relate to the fair value revaluation of the contingent consideration related to the Stamped and Archetype acquisitions. The net loss for Q1 2021 includes finance fees of \$1,045,356 in connection with the early repayment of long-term debt on March 31, 2021, as well as the accelerated amortization of \$127,500 of deferred finance fees on the previous facility.

- Unrestricted cash on hand at March 31, 2022 was \$26,210,310 compared to \$26,122,247 on December 31, 2021. Total debt outstanding at March 31, 2022 was \$58,968,158 compared to \$60,203,418 on December 31, 2021.
- Adjusted EBITDA for Q1 2022 amounted to \$2,831,783 or 23% of revenue, compared to \$2,000,974 or 33% of revenue in Q1 2021.

Management Commentary

“In the first quarter, we continued to drive healthy year-over-year growth in Apps and Themes and bolstered our leadership in our Agency business to reinvigorate growth in that segment. Our core portfolio companies, including Stamped, Archetype, and Foursixty, continue to perform well, providing stability in an otherwise turbulent ecommerce market. We continue to generate significant cash flow, with over 30% operating cash flow margins once again this quarter. With our favorable liquidity position, supported by more than \$26 million in cash on hand, we will continue to be opportunistic in evaluating a highly compelling M&A landscape while reinvesting in the growth and success of our existing portfolio in the meantime.”

Conference Call

WeCommerce management will host a conference call and webcast today, May 26, 2022, at 2:00 pm PT (5:00 pm ET) to discuss its financial results. Company CEO Alex Persson and CFO David Charron will host the call, followed by a question-and-answer period.

Live Call: <https://conferencingportals.com/event/DWkvUNLo>

Live Webcast: <https://events.q4inc.com/attendee/910596798>

An archived webcast of the conference call will be accessible on WeCommerce’s Investor Relations page at <http://investors.wecommerce.co>.

Financial Statements

WeCommerce’s consolidated financial statements and Management’s Discussion and Analysis (“MD&A”) for Q1 2022 are available on the Company’s website at <https://www.wecommerce.co> or on SEDAR at www.sedar.com.

About WeCommerce Holdings Ltd

WeCommerce provides merchants with a suite of ecommerce software tools to start and grow their online stores. Our family of companies and brands includes Pixel Union, Out of the Sandbox, KnoCommerce, Archetype, Yopify, SuppleApps, Rehash, Foursixty and Stamped. As one of Shopify’s first partners since 2010, WeCommerce is focused on building, acquiring, and investing in leading technology businesses operating in the Shopify partner ecosystem.

For more about WeCommerce, please visit www.wecommerce.co or refer to the public disclosure documents available under WeCommerce’s SEDAR profile on SEDAR at www.sedar.com.

Non-IFRS Financial Measures

This news release makes to reference to certain non-IFRS measures and ratios, hereafter, referred to as “non-IFRS measures”. These measures are not recognised measures under IFRS, and do not

have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of the results of operations from management's perspective. Accordingly, these measures should not be considered in isolation nor as a substitute for analysis of the financial information reported under IFRS. The Company uses non-IFRS measures including "EBITDA", "EBITDA %", "Adjusted EBITDA", "Adjusted EBITDA %", and "Constant Currency". Management uses these non-IFRS measures to facilitate operating performance comparisons from period to period, to prepare annual operating budgets and forecasts and to determine components of management compensation. As required by Canadian securities laws, the Company defines and reconciles these non-IFRS measures below:

EBITDA and EBITDA %

EBITDA is defined as earnings (net income or loss) before finance costs, income taxes, depreciation and amortization. EBITDA is reconciled to net income (loss) from the financial statements.

EBITDA % ratio is determined by dividing EBITDA by total revenue for the year.

EBITDA and EBITDA % is frequently used by securities analysts and investors when comparing the Company's results to other companies. EBITDA and EBITDA % are measures commonly reported and widely used as a valuation metric.

Adjusted EBITDA and Adjusted EBITDA %

Adjusted EBITDA removes unusual, non-cash or non-operating items from EBITDA such as listing expenses, acquisition costs, restructuring charges, asset impairments, non-cash stock-based compensation, fair value adjustments to contingent consideration payable and foreign exchange gains and losses. The Company believes adjusted EBITDA provides improved continuity with respect to the comparison of its operating performance over a period of time. Adjusted EBITDA is reconciled to net income (loss) from the financial statements.

Adjusted EBITDA % is determined by dividing Adjusted EBITDA by total revenue for the year.

Adjusted EBITDA and Adjusted EBITDA % is frequently used by securities analysts and investors when comparing the Company's results to those of other companies. It provides a consistent basis to evaluate profitability and performance trends by excluding items that the Company does not consider to be controllable activities for this purpose. Adjusted EBITDA and EBITDA % are measures commonly reported and widely used as a valuation metric.

Constant Currency

Constant currency is determined by applying the same foreign currency exchange rates to the financial results of the current and equivalent prior-year period. The Company's reporting currency is the Canadian dollar but we conduct business in Canadian, U.S and Singapore dollars. The Company measures its performance before the impact of foreign currency. Constant currency is reconciled to revenue from the financial statements.

The Company believes Constant Currency allows for current financial performance to be understood against comparative periods without the impact of fluctuations in foreign exchange rates against the Canadian dollar.

NON-IFRS MEASURES RECONCILIATIONS

EBITDA and Adjusted EBITDA

	For the three-months ended March 31,	
	2022	2021
Net income/(loss)	790,114	(1,757,976)
Income tax expense	41,625	(39,821)
Depreciation and amortization	3,064,477	956,964
Finance costs	597,524	1,333,501
EBITDA	4,493,740	492,668

EBITDA adjustments

Stock-based compensation	901,365	259,909
Foreign exchange (gain)/loss	(560,770)	448,804
Acquisition costs	104,819	777,684
Fair value adjustments of contingent consideration	(2,147,090)	-
Non-recurring professional fees	-	9,961
Severance costs	41,316	-
Loss on disposal of assets	(1,597)	11,948
Adjusted EBITDA	2,831,783	2,000,974

EBITDA % and Adjusted EBITDA %

	For the three-months ended March 31,	
	2022	2021
EBITDA	4,493,740	492,668
Revenue	12,093,759	6,039,220
EBITDA %	37%	8%
Adjusted EBITDA	2,831,783	2,000,974
Revenue	12,093,759	6,039,220
Adjusted EBITDA %	23%	33%

Constant Currency

	For the three-months ended March 31,			% Change	
	2022	2021	As reported	Foreign exchange impact	Constant currency
Revenue					
Recurring subscription revenue	7,354,028	2,279,842	223%	(1%)	222%
Digital goods revenue	3,745,630	2,171,548	72%	-%	72%
Agency service revenue	994,101	1,587,830	(37%)	-%	(37%)

Forward-Looking Information

This news release contains certain forward-looking statements and forward-looking information within the meaning of applicable securities law. Such forward-looking statements and

information include, but are not limited to, statements or information with respect to: the Company's future business and strategies; requirements for additional capital and future financing; estimated future working capital, funds available, uses of funds, future capital expenditures and other expenses for specific operations and intellectual property protection; industry demand; ability to attract and retain employees, consultants or advisors with specialized skills and knowledge; anticipated joint development programs; incurrence of costs; competitive conditions; general economic conditions; and scalability of developed technology.

Forward-looking statements and information are frequently characterized by words such as "plan", "project", "intend", "believe", "anticipate", "estimate" and other similar words, or statements that certain events or conditions "may" or "will" occur. Although the Company's management believes that the assumptions made and the expectations represented by such statement or information are reasonable, there can be no assurance that a forward-looking statement or information referenced herein will prove to be accurate. Forward-looking statements are based on the opinions and estimates of management at the date the statements are made and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those anticipated in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include risks relating to reliance on the Shopify platform; the Company's limited operating history; reliance on management and key employees; conflicts of interest in relation to the Company's officers, directors, and consultants; additional financing requirements; resale of Common Shares in the publicly-traded market; market price fluctuations for the Common Shares; global financial conditions; management of growth; risks associated with the Company's strategy of growth through acquisitions; tax risks; currency fluctuations; competitive markets; uncertainty and adverse changes in the economy; unsustainability of the Company's rapid growth and inability to attract new customers, retain revenue from existing merchants, and increase sales to both new and existing customers; adverse effects on the Company's revenue growth and profitability due to the inability to attract new customers or sell additional products to existing customers; future results of operations being harmed due to declines in recurring revenue or contracts not being renewed; security and privacy breaches; changes in client demand; challenges to the protection of intellectual property; infringement of intellectual property; ineffective operations through mobile devices, which are increasingly being used to conduct commerce; and risks associated with internal controls over financial reporting. The Company undertakes no obligation to update forward-looking statements and information if circumstances or management's estimates should change except as required by law. The reader is cautioned not to place undue reliance on forward-looking statements and information. More detailed information about potential factors that could affect results is included in the documents that may be filed from time to time with the Canadian securities regulatory authorities by the Company.

For a more detailed discussion of certain of these risk factors, see the Company's most recent MD&A described in the "Risk Factors" as well as the list of risk factors in the Company's Annual Information Form available on SEDAR at www.sedar.com under the Company's profile.

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