WECOMMERCE HOLDINGS LTD.

Interim Condensed Consolidated Financial Statements
(Expressed in Canadian dollars)

For the three-month periods ended March 31, 2022 and March 31, 2021
(Unaudited)

WECOMMERCE HOLDINGS LTD.

Interim Condensed Consolidated Statements of Financial Position
(Expressed in Canadian dollars)
(Unaudited)

	Notes		March 31, 2022		December 31, 2021
Assets					
Current assets					
Cash and cash equivalents		$	**26,210,310**	$	26,122,247
Restricted cash			**1,240,719**		1,243,762
Trade and other receivables	4		**2,049,467**		3,049,341
Income taxes receivable			**612,192**		519,574
Prepaid expenses and deposits			**560,756**		284,356
			30,673,444		31,219,280
Deferred income tax asset			**1,109,885**		1,017,109
Property and equipment	5		**232,714**		210,457
Intangible assets	6		**55,910,661**		56,986,149
Goodwill	7		**111,621,317**		110,089,524
		$	**199,548,021**	$	199,522,519
Liabilities and Shareholder's Equity					
Current liabilities					
Trade and other payables	8	$	**3,258,485**	$	2,531,812
Contract liability	9		**3,347,698**		2,891,876
Income taxes payable			**131,050**		70,681
Foreign currency derivatives	10		**1,398**		30,132
Due to related parties			**-**		613
Contingent consideration payable	10		**7,408,563**		22,208,224
Bank loan	11		**3,166,942**		3,186,032
			17,314,136		30,919,370
Deferred income tax liability			**2,061,084**		1,673,558
Indemnity holdback			**1,445,957**		1,196,037
Bank loan	11		**55,801,216**		57,017,386
			76,622,393		90,806,351
Shareholder's equity					
Share capital	12		**123,951,153**		109,408,687
Contributed surplus			**4,138,193**		3,424,757
Retained deficit			**(4,169,599)**		(4,959,713)
Accumulated other comprehensive (loss)/income			**(994,119)**		842,437
			122,925,628		108,716,168
		$	**199,548,021**	$	199,522,519

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

Approved on behalf of the Board:

Tim McElvaine Director

Chris Sparling Director

WECOMMERCE HOLDINGS LTD.

Interim Condensed Consolidated Statements of Net Income/(Loss) and Comprehensive Loss
(Expressed in Canadian dollars)
(Unaudited)

	Notes	**Three-month period ended March 31, 2022**	Three-month period ended March 31, 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
Expenses			
Staff		**5,592,313**	2,700,646
Share-based compensation	13	**901,365**	259,909
Fees paid to ecommerce platforms		**1,490,230**	613,027
Depreciation and amortization	5,6	**3,064,477**	956,964
Professional fees		**692,624**	333,607
Occupancy		**9,334**	22,810
Advertising		**593,229**	138,160
General and office expenses		**81,244**	27,255
Hosting and subscriptions		**707,255**	174,850
Acquisition costs		**104,819**	777,684
Other		**135,466**	170,424
		13,372,356	6,175,336
Operating loss		**(1,278,597)**	(136,116)
Other expenses/(income)			
Finance costs		**597,524**	1,333,501
Revaluation of contingent consideration	10	**(2,147,090)**	(120,624)
Foreign exchange (gain)/loss		**(560,770)**	448,804
		(2,110,336)	1,661,681
Income/(loss) before taxes		**831,739**	(1,797,797)
Income tax expense (recovery):			
Current		**263,489**	289,556
Deferred		**(221,864)**	(329,377)
Net income/(loss)		**790,114**	(1,757,976)
Other comprehensive loss			
Items that will not be reclassified subsequently to net loss:			
Foreign currency translation adjustments		**(1,836,556)**	(7,665)
Comprehensive loss		**(1,046,442)**	(1,765,641)
Earnings/(loss) per share			
Basic	14	**0.02**	(0.05)
Diluted	14	**0.02**	(0.05)

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

WECOMMERCE HOLDINGS LTD.

Interim Condensed Consolidated Statements of Changes in Shareholder's Equity
(Expressed in Canadian dollars)
(Unaudited)

	Notes	Common shares (#)	Share capital	Contributed surplus	Accumulated other comprehensive income/(loss)	Earnings (deficit)	Shareholder's equity
Balance, December 31, 2020		**35,999,207**	**65,726,277**	**4,375,315**	**(13,924)**	**(4,116,791)**	**65,970,877**
Issuance of common shares on exercise of share options		50,256	141,951	(67,733)	-	-	74,218
Share-based compensation	13	-	-	259,909	-	-	259,909
Net loss and comprehensive loss for the period		-	-	-	-	(1,757,976)	(1,757,976)
Foreign currency translation adjustments		-	-	-	(7,665)	-	(7,665)
Balance, March 31, 2021		**36,049,463**	**65,868,228**	**4,567,491**	**(21,589)**	**(5,874,767)**	**64,539,363**
Balance, December 31, 2021		**39,824,209**	**109,408,687**	**3,424,757**	**842,437**	**(4,959,713)**	**108,716,168**
Share-based compensation	13	13,562	187,929	713,436	-	-	901,365
Payments of contingent consideration	10	1,241,742	14,354,537	-	-	-	14,354,537
Net income and comprehensive loss for the period		-	-	-	-	790,114	790,114
Foreign currency translation adjustments		-	-	-	(1,836,556)	-	(1,836,556)
Balance, March 31, 2022		**41,079,513**	**123,951,153**	**4,138,193**	**(994,119)**	**(4,169,599)**	**122,925,628**

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

WECOMMERCE HOLDINGS LTD.

Interim Condensed Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)
(Unaudited)

		Three-months period ended March 31, 2022		Three-months period ended March 31, 2021
Cash provided by (used in):				
Operating activities				
Net income/(loss) for the period	$	**790,114**	$	(1,757,976)
Adjustments for:				
Finance costs		**597,524**		1,333,501
Depreciation and amortization		**3,064,477**		956,964
Deferred income taxes		**(221,864)**		(329,377)
Fair value adjustment of contingent consideration		**(2,147,090)**		(120,624)
Fair value change in foreign currency derivatives		**(28,734)**		(8,528)
(Gain)/loss on disposal of property, plant and equipment		**(1,579)**		11,948
Foreign exchange (gain)/loss		**(560,770)**		448,804
Share-based compensation		**901,365**		259,909
Changes in non-cash working capital balances:				
Trade and other receivables		**1,002,661**		283,826
Prepaid expense and deposits		**(271,385)**		(106,880)
Due to related party		**(613)**		(300)
Trade and other payables		**359,499**		196,046
Contract liability		**455,822**		(5,485)
Income taxes receivable and payable		**(32,249)**		135,148
Cash provided by operating activities		**3,907,178**		1,296,976
Financing activities				
Repayment of long-term debt		**-**		(10,700,000)
Repayment of term loan		**(625,825)**		-
Interest paid		**(526,514)**		(1,158,184)
Cash financing fees paid for credit facility amendment		**(61,644)**		-
Proceeds from share issuance		**-**		74,218
Increase in restricted cash		**-**		(1,074,544)
Repayment of lease liability		**-**		(34,569)
Cash used in financing activities		**(1,213,983)**		(12,893,079)
Investing activities				
Purchase of property and equipment		**(55,791)**		(55,554)
Proceeds on disposal of property and equipment		**1,933**		-
Acquisition of KnoCommerce		**(2,426,028)**		-
Payments of contingent consideration		**(200,000)**		(158,563)
Cash financing fees paid in advance of credit facility		**-**		(664,800)
Cash used in investing activities		**(2,679,886)**		(878,917)
Foreign exchange on cash		**74,754**		(432,065)
Increase/(decrease) in cash		**88,063**		(12,907,085)
Cash, beginning of period		**26,122,247**		61,193,367
Cash, end of period	$	**26,210,310**	$	48,286,282

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

1. Nature of operations

WeCommerce Holdings Ltd. (the "Company") was incorporated on November 27, 2019 under the laws of the Province of British Columbia and maintains its head office at 2900-550 Burrard Street, Vancouver, BC V6C 0A3. Pursuant to a reverse takeover acquisition of Brachium Capital Corp. (a Canadian company listed on the TSX Venture Exchange) on December 9, 2020, the Company's shares became publicly traded under the symbol WE.V.

The Company invests in businesses who develop, sell, and support website themes and applications, as well as providing custom solutions, for clients on ecommerce platforms.

2. Basis of preparation and measurement

(a) Basis of preparation

These interim condensed consolidated financial statements ("interim financial statements") of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including International Accounting Standards ("IAS") 34, *Interim Financial Reporting*. These interim financial statements do not include all the information required for full annual financial statements and were approved by the Board of Directors for issue on May 26, 2022.

These interim financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2021.

(b) Basis of measurement

These interim financial statements have been prepared on the going concern basis, under the historical cost basis except for certain financial instruments that are measured at fair value, as detailed in the Company's significant accounting policies disclosed in Note 3 of the audited consolidated financial statements for the year ended December 31, 2021.

(c) Basis of consolidation

A subsidiary is an entity controlled by the Company. Control exists when the Company has the power to manage, either directly or indirectly, the entity's financial and operational policies in order to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The financial statements of all subsidiaries are prepared to the same reporting date as the Company using consistent accounting policies.

As at December 31, 2021, the Company had the following wholly-owned operating subsidiaries:

WeCommerce Operations Ltd. (formerly "Rehash Ltd.")
Pixel Union Design Ltd. ("Pixel Union")
Foursixty Inc. ("Foursixty")
Stamped Technologies Pte. Ltd. ("Stamped")
Archetype Themes Limited Partnership ("Archetype")

2. Basis of preparation and measurement (continued)

(c) Basis of consolidation (continued)

As at March 31, 2022, the Company had the following wholly-owned operating subsidiaries:

WeCommerce Operations Ltd.
Pixel Union Design Ltd.
Foursixty Inc.
Stamped Technologies Pte. Ltd.
Archetype Themes Limited Partnership
Kno Technologies Inc. ("KnoCommerce")

All Intra-Group balances and transactions are eliminated on consolidation.

(d) Functional and presentation currency

These interim financial statements are presented in Canadian dollars. The functional currency of WeCommerce, Foursixty, Pixel Union and Archetype is the Canadian dollar. The functional currency of WeCommerce Operations Ltd., Stamped and KnoCommerce is the U.S. dollar. The assets and liabilities of subsidiary entities that have a different functional currency from the Company are translated at the exchange rate prevailing at the financial position reporting date. The income statements of such entities are translated at average rates of exchange during the period. All resulting exchange differences are recognized directly in accumulated other comprehensive loss.

Transactions denominated in currencies other than the functional currency are translated by applying the exchange rate prevailing on the date of the transaction. At each reporting date, all monetary assets and liabilities denominated in foreign currencies are translated at the rates prevailing at the financial position reporting date. Any resulting translation adjustments are recognized in the Consolidated Statement of Net Income/(Loss) and Comprehensive Loss.

(e) Estimates and judgments

The preparation of financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting methods and the amounts recognized in the financial statements. These estimates and the underlying assumptions are established and reviewed continuously on the basis of past experience and other factors considered reasonable in the circumstances. They therefore serve as the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from the estimates.

Significant judgments and estimates relate to:

(i) Valuation of assets and liabilities acquired in business combinations

In a business combination, the company may acquire the assets and assume certain liabilities of an acquired entity. The estimate of fair values for these transactions involves judgment in determining the fair values assigned to the tangible and intangibles assets acquired and the liabilities assumed on the acquisition. The determination of these fair values involves a variety of assumptions, including estimates surrounding the costs to acquire or reproduce a similar asset, expected future net cash flows and appropriate discount rates. Contingent consideration resulting

2. Basis of preparation and measurement (continued)

(e) Estimates and judgments (continued)

from business combinations which is classified as a financial liability, is recorded at fair value at the acquisition date as part of the business combination based on expected discounted cash flows and is remeasured to fair value at each reporting date with any subsequent change in fair value recognized in the Consolidated Statement of Net Income/(Loss) and Comprehensive Loss.

(ii) Impairment of intangible assets and goodwill

Management assesses indicators of impairment for intangible assets and goodwill and tests goodwill for impairment at least annually. When performing quantitative assessments, forecasts incorporate a number of key estimates and assumptions about future events, which are subject to uncertainty and might materially differ from the actual results. In making these key estimates and judgements, management takes into consideration assumptions that are mainly based on market conditions existing at the reporting dates and appropriate market and discount rates. These estimates are regularly compared to actual market data and actual transactions entered into by the Company.

(iii) Share based compensation

The Company measures the cost of share-based compensation transactions with employees, and directors by reference to the fair value of the equity instruments at the date at which they are granted. These are offered to employees and directors in the form of stock options, deferred share units, restricted share units or performance share units. Options are settled in equity; deferred share units, restricted share units and performance share units are settled in cash or equity, or a combination of each, at the option of the Company. Estimating fair value for share-based compensation requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining and making assumptions about the most appropriate inputs to the valuation model including the expected term, volatility, and forfeiture rate. The expected term is determined based on management's estimate of the period of time between grant date and exercise date. Volatility is determined using a comparable peer group until such time as sufficient trading history is available for the Company's own shares.

(iv) Determination of functional currency

Determination of functional currency requires management to make judgments in evaluating primary and secondary indicators under IAS 21, *The Effect of Changes in Foreign Exchange Rates*. Key judgments include the primary economic environment in which the Company operates, the currency that mainly influences sales prices for its services and the costs of labour, and the country whose competitive forces and regulations mainly determine sales prices.

3. Significant accounting policies

The significant accounting policies applied in the preparation of these interim financial statements are consistent with the accounting policies disclosed in Note 3 of the audited consolidated financial statements for the year ended December 31, 2021.

(Tabular amounts expressed in Canadian dollars, unless otherwise noted)

4. Trade and other receivables

	March 31, 2022	December 31, 2021
Trade receivables	**2,000,197**	1,733,818
Sales tax receivable	**18,461**	217,155
Working capital adjustments receivable – Stamped	**-**	696,645
Other receivables	**31,046**	408,901
	2,049,704	3,056,519
Allowance for expected credit loss	**(237)**	(7,178)
Trade and other receivables, net	**2,049,467**	3,049,341

(Tabular amounts expressed in Canadian dollars, unless otherwise noted)

5. Property and equipment

	Computer Equipment	Office Equipment	Furniture	Leasehold Improvements	Right-of-use assets	Total
Cost:						
Balance on January 1, 2021	**370,122**	**9,221**	**109,591**	**731**	**361,367**	**851,032**
Additions	200,858	3,431	-	-	-	204,289
Disposals	(276,819)	(12,129)	(108,751)	(731)	(361,367)	(759,797)
Acquisition through business combination (Note 16)	16,278	2,849	-	-	-	19,127
Foreign exchange	531	-	-	-	-	531
Balance on December 31, 2021	**310,970**	**3,372**	**840**	**-**	**-**	**315,182**
Additions	52,993	2,798	-	-	-	55,791
Disposals	(13,303)	-	-	-	-	(13,303)
Foreign exchange	(1,411)	-	-	-	-	(1,411)
Balance on March 31, 2022	**349,249**	**6,170**	**840**	**-**	**-**	**356,259**
Accumulated depreciation:						
Balance on January 1, 2021	**260,249**	**6,861**	**95,557**	**550**	**257,760**	**620,977**
Additions	98,279	1,844	6,615	181	103,607	210,526
Disposals	(254,721)	(8,450)	(101,538)	(731)	(361,367)	(726,807)
Foreign exchange	29	-	-	-	-	29
Balance on December 31, 2021	**103,836**	**255**	**634**	**-**	**-**	**104,725**
Additions	26,806	158	33	-	-	26,997
Disposals	(7,782)	-	-	-	-	(7,782)
Foreign exchange	(395)	-	-	-	-	(395)
Balance on March 31, 2022	**122,465**	**413**	**667**	**-**	**-**	**123,545**
Net book value:						
At December 31, 2021	207,134	3,117	206	-	-	210,457
At March 31, 2022	**226,784**	**5,757**	**173**	**-**	**-**	**232,714**

(Tabular amounts expressed in Canadian dollars, unless otherwise noted)

6. Intangible assets

	Customer relationships	Non-compete agreement	Brand	Software applications	Intellectual property	Total
Cost:						
Balance at January 1, 2021	**1,816,000**	**-**	**1,349,092**	**12,657,032**	**-**	**15,822,124**
Acquisition through business combination (Note 16)	9,900,000	8,660,000	8,220,000	29,791,928	1,300,000	57,871,928
Disposition	-	-	-	(302,005)	-	(302,005)
Foreign exchange	80,540	51,735	62,726	225,479	-	420,480
Balance at December 31, 2021	**11,796,540**	**8,711,735**	**9,631,818**	**42,372,434**	**1,300,000**	**73,812,527**
Acquired through business combination (Note 16)	-	385,110	-	2,182,290	-	2,567,400
Foreign exchange	(123,179)	(89,354)	(95,934)	(402,754)	-	(711,221)
Balance on March 31, 2022	**11,673,361**	**9,007,491**	**9,535,884**	**44,151,970**	**1,300,000**	**75,668,706**
Accumulated depreciation:						
Balance at January 1, 2021	**105,933**	**-**	**422,439**	**6,481,044**	**-**	**7,009,416**
Additions	1,117,074	1,554,749	809,508	6,165,069	230,645	9,877,045
Disposition	-	-	-	(142,485)	-	(142,485)
Foreign exchange	13,117	19,660	7,151	42,474	-	82,402
Balance at December 31, 2021	**1,236,124**	**1,574,409**	**1,239,098**	**12,546,102**	**230,645**	**16,826,378**
Additions	386,493	623,945	274,329	1,590,213	162,500	3,037,480
Foreign exchange	(16,949)	(25,530)	(9,238)	(54,096)	-	(105,813)
Balance on March 31, 2022	**1,605,668**	**2,172,824**	**1,504,189**	**14,082,219**	**393,145**	**19,758,045**
Net book value:						
At December 31, 2021	10,560,416	7,137,326	8,392,720	29,826,332	1,069,355	56,986,149
At March 31, 2022	**10,067,693**	**6,834,667**	**8,031,695**	**30,069,751**	**906,855**	**55,910,661**

(Tabular amounts expressed in Canadian dollars, unless otherwise noted)

7. Goodwill

	Themes	Apps	Total
Balance on January 1, 2021	**3,943,549**	**7,998,662**	**11,942,211**
Acquisition through business combination (Note 16)	15,463,561	81,965,646	**97,429,207**
Foreign exchange	-	718,106	**718,106**
Balance on December 31, 2021	**19,407,110**	**90,682,414**	**110,089,524**
Acquisition through business combination (Note 16)	-	2,783,479	**2,783,479**
Foreign exchange	-	(1,251,686)	**(1,251,686)**
Balance on March 31, 2022	**19,407,110**	**92,214,207**	**111,621,317**

Goodwill was recognized as part of the acquisitions of the shares of KnoCommerce on March 10, 2022. 100% of KnoCommerce's goodwill has been allocated to our Apps reportable segment (see Note 16).

8. Trade and other payables

	March 31, 2022	December 31, 2021
Trade payables	**1,332,817**	1,102,885
Sales tax payable	**37,439**	105,660
Accrued payroll and related expenses	**795,486**	723,895
Accrued other	**1,092,743**	599,372
	3,258,485	2,531,812

9. Contract liability

	March 31, 2022	December 31, 2021
Opening balance	**2,891,876**	841,505
Prior year liability recognized as revenue during the period	**(1,857,815)**	(841,505)
Acquired at fair value	**-**	1,489,314
Acquired liability recognized as revenue during the period	**-**	(1,395,081)
Net additions	**2,328,762**	2,776,984
Foreign exchange	**(15,125)**	20,659
Closing balance	**3,347,698**	2,891,876

(Tabular amounts expressed in Canadian dollars, unless otherwise noted)

10. Financial instruments

(a) Classification and measurement

The following table summarizes information regarding the classification and carrying values of the Company's financial instruments:

	Financial assets at amortized cost	Financial liabilities at amortized cost	Fair value through profit or loss	March 31, 2022
Financial Assets				
Cash and cash equivalents	26,210,310	-	-	26,210,310
Restricted cash	1,240,719	-	-	1,240,719
Trade and other receivables	2,049,467	-	-	2,049,467
Financial Liabilities				
Trade and other payables	-	3,258,485	-	3,258,485
Bank loan	-	58,968,158	-	58,968,158
Foreign currency derivatives	-	-	1,398	1,398
Contingent consideration payable	-	-	7,408,563	7,408,563
Indemnity holdback	-	1,445,957	-	1,445,957

	Financial assets at amortized cost	Financial liabilities at amortized cost	Fair value through profit or loss	December 31, 2021
Financial Assets				
Cash and cash equivalents	26,122,247	-	-	26,122,247
Restricted cash	1,243,762	-	-	1,243,762
Trade and other receivables	3,049,341	-	-	3,049,341
Financial Liabilities				
Trade and other payables	-	2,531,812	-	2,531,812
Bank loan	-	60,203,418	-	60,203,418
Foreign currency derivatives	-	-	30,132	30,132
Due to related parties	-	613	-	613
Contingent consideration payable	-	-	22,208,224	22,208,224
Indemnity holdback	-	1,196,037	-	1,196,037

(b) Fair value

The following fair value measurement hierarchy is used for financial instruments that are measured in the Consolidated Statement of Financial Position at fair value:

Level 1 – quoted prices in active markets for identical assets or liabilities;

Level 2 – techniques (other than quoted prices included in Level 1) that are observable for the asset or liability, either directly (as prices), or indirectly (as derived from prices); and

(Tabular amounts expressed in Canadian dollars, unless otherwise noted)

10. Financial instruments (continued)

(b) Fair value (continued)

Level 3 – techniques which use inputs that are both significant to the overall fair value measurement of the asset or liability and are not based on observable market data (unobservable inputs).

The carrying values of cash and cash equivalents, restricted cash, trade and other receivables, and trade and other payables approximates their fair value to the relatively short-term maturity of these financial instruments. The carrying value of bank loans is initially recognized at fair value and subsequently measured at amortized cost using the effective interest rate method.

There were no transfers between levels of the fair value hierarchy in the three-month periods ended March 31, 2022 and March 31, 2021.

(c) Contingent consideration payable

Total contingent consideration payable is comprised of:

- $400,000 relating to the acquisition of Foursixty;
- $5,034,195 relating to the acquisition of Archetype; and
- $1,974,368 relating to the acquisition of KnoCommerce

Amounts are included within contingent consideration until they are settled.

Other long-term liabilities for contingent consideration related to business acquisitions are recorded at fair value on acquisition and are adjusted quarterly for changes in fair value. Changes in the fair value of contingent consideration liabilities can result from changes in anticipated milestone payments and changes in assumed discount periods and rates. These inputs are unobservable in the market and therefore, categorized as Level 3 inputs.

The following table presents the changes in fair value of the Company's liability for contingent consideration:

Balance on January 1, 2021	**$**	**2,975,594**
Acquired through business combination (Note 16)		27,110,840
Adjustment to fair value		(5,223,240)
Payments of contingent consideration		(2,651,518)
Foreign exchange		(3,452)
Balance on December 31, 2021		**22,208,224**
Acquired through business combination (Note 16)		2,028,246
Adjustment to fair value		(2,147,090)
Payment of contingent consideration		(200,000)
Payment of contingent consideration through issuance of shares		(14,354,537)
Foreign exchange		(126,280)
Balance on March 31, 2022		**7,408,563**

10. Financial instruments (continued)

(d) Derivative financial instruments

The Company uses certain derivative financial instruments, primarily forward foreign exchange contracts, to manage foreign currency exposures on export sales. The Company does not designate its foreign exchange contracts as hedging instruments under a fair value hedge accounting model. Therefore, a change in foreign exchange rates at the reporting date will affect profit or loss. The derivative financial instruments are categorized under Level 2 in the fair value hierarchy.

At March 31, 2022, outstanding forward exchange contracts enabled the Company to convert USD $1,201,152 to CAD $1,500,000 up to November 1, 2022 (December 31, 2021 outstanding forward exchange contracts enabled the Company to convert USD $2,002,052 to CAD $2,500,000 up to November 1, 2022). The Company recognized a fair value derivative liability of $1,398 at March 31, 2022 (December 31, 2021: derivative liability of $30,132).

For the three-months ended March 31, 2022, the company recognized a gain of $28,734 (three-month period ended March 31, 2021: gain of $8,528) on its derivative financial instruments recognized within the Consolidated Statement of Net Income/(Loss) and Comprehensive Loss.

(i) Foreign exchange risk

The Company’s reporting currency is CAD and functional currency varies by subsidiary in either CAD or USD. The Company’s term loan is denominated in USD and a significant portion of the Company's wholly owned subsidiaries’ (Pixel Union, Rehash, Stamped, Foursixty, Archetype and KnoCommerce) sales occur outside of Canada and are received in U.S. Dollars. As such, the Company is exposed to foreign currency risks on cash, debt and trade and other receivables denominated in U.S. Dollars.

At period-end, the Company reported the following U.S. Dollar monetary assets and liabilities, as stated in Canadian Dollars:

		March 31, 2022		December 31, 2021
Cash	$	**12,305,238**	$	8,513,128
Trade and other receivables		**2,230,283**		2,374,852
Trade and other payables		**(1,083,679)**		(1,267,091)
Debt		**(60,044,132)**		(61,285,171)
Total exposure	$	**(46,592,290)**	$	(51,664,282)

(Tabular amounts expressed in Canadian dollars, unless otherwise noted)

11. Bank loans

	March 31, 2022	December 31, 2021
Term loan	**47,534,938**	48,651,571
Revolving facility	**12,509,194**	12,633,600
Deferred financing costs	**(1,075,974)**	(1,081,753)
	58,968,158	60,203,418
Less:		
Current portion	**(3,462,443**	(3,486,450)
Deferred financing costs – current portion	**295,501**	300,418
	55,801,216	57,017,386

The Company has access to a credit facility with an aggregate amount of USD $80 million comprising of:

- A senior revolving credit facility in an aggregate principal amount of USD $20 million ($24.8 million);
- A senior term loan facility in an aggregate principal amount of USD $40 million ($49.6 million); and
- A senior delayed draw term loan facility in an aggregate principal amount of USD $20 million ($24.8 million).

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform'). During the quarter, an amendment was made to the credit facility to replace the base rate, LIBOR, with an alternative rate as part of IBOR reform. The credit facility has transitioned its base rate to a secured overnight financing rate ("SOFR").

As at March 31, 2022, the Company was in compliance with all debt covenants. The fair value of the debt approximates the carrying value.

12. Share capital

The authorized share capital of the Company consists of an unlimited number of common shares without par value.

13. Share based payments

On May 14, 2021, WeCommerce's Board of Directors approved a new equity incentive plan (the "Omnibus Plan") to amend and restated the Company's Stock Option Plan. The Omnibus Plan permits the Board to grant options, restricted share units, performance share units and deferred share units to eligible directors, employees and consultants. Under the terms of the Omnibus Plan, the Company may issue equity awards up to 10% of the issued and outstanding common shares of the Company.

(Tabular amounts expressed in Canadian dollars, unless otherwise noted)

13. Share based payments (continued)

(a) Stock options

A summary of Company's outstanding stock options and changes during the periods then ended are as follows:

	Number of options	Weighted average exercise price ($)
Outstanding, January 1, 2021	**1,899,871**	**1.90**
Exercised	(50,256)	1.48
Forfeited	(4,500)	7.00
Outstanding, March 31, 2021	**1,845,115**	**1.90**
Exercised	(462,910)	1.03
Forfeited	(11,568)	7.00
Outstanding, December 31, 2021	**1,370,637**	**2.15**
Forfeited	(1,218)	7.00
Outstanding, March 31, 2022	**1,369,419**	**2.15**

The following table provides the stock option information as at March 31, 2022:

	Options outstanding			Options exercisable		
Exercise price ($)	**Number**	**Weighted average remaining contractual term**	**Weighted average exercise price ($)**	**Number**	**Weighted average remaining contractual term**	**Weighted average exercise price ($)**
0.35-0.47	643,096	3.52	0.35	643,096	3.52	0.35
0.75-1.14	404,730	8.39	1.14	356,044	8.39	1.14
3.70-7.00	321,593	3.69	7.00	80,014	3.68	7.00
	1,369,419	**5.00**	**2.15**	**1,079,154**	**4.87**	**1.11**

The following table provides the stock option information as at December 31, 2021:

	Options outstanding			Options exercisable		
Exercise price ($)	**Number**	**Weighted average remaining contractual term**	**Weighted average exercise price ($)**	**Number**	**Weighted average remaining contractual term**	**Weighted average exercise price ($)**
0.35-0.47	643,096	3.76	0.35	643,096	3.76	0.35
0.75-1.14	404,730	8.64	1.14	356,044	8.64	1.14
3.70-7.00	322,811	3.97	7.00	67,608	3.94	7.00
	1,370,637	**5.25**	**2.15**	**1,066,747**	**5.40**	**1.04**

(Tabular amounts expressed in Canadian dollars, unless otherwise noted)

13. Share based payments (continued)

(b) Restricted share units ("RSUs"), Deferred share units ("DSUs") and Performance share units ("PSUs")

RSUs, DSUs and PSUs can be settled in either common shares, cash or a combination of both, at the option of the Company. It is the Company's intent to settle the outstanding RSUs, DSUs and PSUs in common shares. Therefore, RSUs are classified as equity-settled and valued at the closing share price on the grant date.

The following table provides the RSUs, DSUs and PSUs information as at December 31, 2021 and March 31, 2022:

	RSUs	DSUs	PSUs
Outstanding, January 1, 2021	**-**	**-**	**-**
Granted	257,244	14,000	190,000
Settled	(5,139)	-	-
Forfeited	-	-	-
Outstanding, December 31, 2021	**252,105**	**14,000**	**190,000**
Granted	97,855	-	-
Settled	(13,562)	-	-
Forfeited	-	-	-
Outstanding, March 31, 2022	**336,398**	**14,000**	**190,000**

Independent members of the Board of Directors are partly remunerated through the issuance of DSUs. The DSUs may not be exercised until the director ceases to serve on the Company's Board of Directors. DSUs were classified as equity-settled and were valued at the closing share price of $11.82 on the date of grant.

(c) Share-Based Compensation Expense

Total expenses from share-based payment transactions recognized during the period are as follows:

	March 31, 2022	March 31, 2021
Stock options	**138,855**	259,909
Restricted share units	**585,394**	-
Deferred share units	**-**	-
Performance share units	**177,116**	-
Share-based compensation	**901,365**	259,909

(Tabular amounts expressed in Canadian dollars, unless otherwise noted)

14. Earnings/(loss) per share

Net earnings/(loss) per share has been calculated as follows:

		March 31, 2022		March 31, 2021
Net income/(loss)	**$**	**790,114**	$	(1,765,641)
Weighted average number of shares outstanding		**40,604,322**		36,021,539
Weighted average number of shares outstanding including potentially dilutive shares		**42,146,640**		36,021,539
Basic earnings/(loss) per share	**$**	**0.02**	$	(0.05)
Diluted earnings/(loss) per share	**$**	**0.02**	$	(0.05)

The outstanding number and type of securities that are anti-dilutive during the period are as follows:

	March 31, 2022	March 31, 2021
Stock options	**826,410**	1,441,382
RSUs	**336,398**	-
	1,162,808	1,441,382

15. Segment information

(a) Reportable segments

For the three months ended March 31, 2022	Themes	Apps	Agency	Total
Revenue	3,745,630	7,354,028	994,101	12,093,759
Fees paid to ecommerce platforms	409,779	1,080,451	-	1,490,230
Staff	1,215,048	2,239,477	1,303,241	4,757,766
Hosting and subscriptions	71,034	585,274	50,947	707,255
Other expenses	52,026	170,889	34,284	257,199
Advertising	68,568	521,113	3,548	593,229
Segment profit/(loss)	**1,929,175**	**2,756,824**	**(397,919)**	**4,288,080**
Depreciation and amortization	-	-	-	3,064,477
Acquisition costs	-	-	-	104,819
Staff costs and stock-based compensation	-	-	-	1,735,912
Corporate office expenses	-	-	-	661,469
Operating income/(loss)	**1,929,175**	**2,756,824**	**(397,919)**	**(1,278,597)**

(Tabular amounts expressed in Canadian dollars, unless otherwise noted)

15. Segment information (continued)

(a) Reportable segments (continued)

For the three months ended March 31, 2021	Themes	Apps	Agency	Total
Revenue	2,171,548	2,279,842	1,587,830	6,039,220
Fees paid to ecommerce platforms	311,092	301,935	-	613,027
Staff	846,582	689,292	1,026,606	2,562,480
Hosting and subscriptions	30,864	119,739	24,247	174,850
Other expenses	12,185	40,773	40,305	93,263
Advertising	66,388	68,146	3,626	138,160
Segment profit	**904,437**	**1,059,957**	**493,046**	**2,457,440**
Depreciation and amortization	-	-	-	956,964
Acquisition costs	-	-	-	777,684
Staff costs and stock-based compensation	-	-	-	398,075
Corporate office expenses	-	-	-	460,833
Operating income/(loss)	**904,437**	**1,059,957**	**493,046**	**(136,116)**

16. Acquisitions and common control transactions

All acquisitions have been accounted for using the acquisition method. The results of operations of the acquired entities are included in the Company's consolidated financial statements from the date of acquisition.

(a) Foursixty acquisition

On June 1, 2020, the Company completed a share purchase agreement to acquire 100% of the outstanding shares of Foursixty Inc. Foursixty is in the business of developing, selling and supporting applications for clients utilizing ecommerce platforms.

As part of the acquisition, the expected contingent consideration of up to $3.0 million is to be paid if Foursixty's EBITDA exceeds certain thresholds during the period from June 1, 2020 to May 31, 2022. Under the terms, achievement of EBITDA ranging from $2.8 million to $3.8 million will result in a payment of $1.0 million to $3.0 million.

Prior to December 31, 2021, the Company had paid $2.4 million to the former owners of Foursixty. During the three-months ended March 31, 2022, the Company paid $200,000, with a remaining fair value of the contingent consideration of $400,000.

16. Acquisitions and common control transactions (continued)

(b) Stamped acquisition

On April 6, 2021, the Company completed an asset purchase agreement to acquire certain assets of T.O.Enterprise Pte. Ltd. (Formerly, “Stamped.io.Pte.Ltd.”), and incorporated Stamped Technologies Pte. Ltd. Stamped is a SaaS platform enabling online merchants to implement and manage customer reviews and loyalty programs through Shopify and other ecommerce platforms.

As part of the acquisition, the expected contingent consideration was payable on December 31, 2021, as Stamped achieved a minimum revenue target of USD $10 million for the 12-month period ended December 31, 2021. On February 4, 2022, the contingent consideration was satisfied by the issuance of 1,241,742 Class A common shares of WeCommerce. The shares issued as contingent consideration are subject to a statutory hold period expiring on the date that is four months and one day after the date of issuance.

The purchase price allocation was finalized as at December 31, 2021, and there have been no subsequent changes to the purchase price allocation as disclosed in Note 20 of the audited consolidated financial statements for the year ended December 31, 2021.

(c) Archetype acquisition

On August 24, 2021, the Company completed an asset purchase agreement to acquire certain assets of Archetype Themes Inc. (“Archetype”). Archetype is in the business of developing and selling themes used by merchants on Shopify.

The base purchase price is USD $20 million paid in cash and contingent consideration with an estimated fair value of USD $12 million. The Company is currently in the process of finalizing the determination of the fair value of contingent consideration, as well as the fair value of the net assets acquired. The Company is also in the process of finalizing working capital adjustments. The following summarizes the consideration paid and recognized amounts of assets acquired and liabilities assumed at the acquisition date based on the preliminary purchase price allocation:

(Tabular amounts expressed in Canadian dollars, unless otherwise noted)

16. Acquisitions and common control transactions (continued)

(c) Archetype acquisition (continued)

	Preliminary Purchase Price Allocation
Consideration:	
Cash	24,269,211
Contingent consideration, at fair value	3,804,540
Indemnity holdback	1,196,037
Working capital adjustments	(165,905)
Total consideration	**29,103,883**
Identifiable assets acquired:	
Accounts receivable	146,874
Prepaid expenses and deposits	7,046
Office equipment	2,849
Brand	1,600,000
Software applications	6,000,000
Intellectual property	1,300,000
Non-compete agreement	3,200,000
Customer relationships	1,400,000
Goodwill	15,463,561
	29,120,330
Identifiable liabilities assumed:	
Trade and other payables	16,447
Fair value of net assets acquired	**29,103,883**

The estimated fair value of the applicable contingent consideration is calculated based on discounted probability weighted expected cashflows. The contingent consideration is to be paid, if Archetype's earnings before income tax, depreciation and amortization ("EBITDA"), exceeds certain threshold during the first six months ending December 31, 2021 and 12-month period ending December 31, 2022. The achievement of EBITDA targets in the first period has resulted in consideration payable of USD $3 million, payable by June 30, 2022. If achievement of EBITDA targets in the second period is reached, it will result in a payment of up to USD $8 million, payable by June 30, 2023. Under no circumstances will the total payment exceed USD $12.0 million.

During the three-month period ended March 31, 2022, the Company reassessed the fair value of the expected contingent consideration and increased the expected amount by USD $50,585 (CAD $63,211).

On April 19, 2022, the Company paid out USD $3.0 million (CAD $3.8 million) as a result of Archetype exceeding a certain threshold during the first six months ending December 31, 2021.

(Tabular amounts expressed in Canadian dollars, unless otherwise noted)

16. Acquisitions and common control transactions (continued)

(d) KnoCommerce acquisition

On March 10, 2022, the Company completed a share purchase agreement to acquire 100% of the outstanding shares of Kno Technologies Inc ("KnoCommerce"). KnoCommerce is a leading ecommerce survey and insights platform provider that enables merchants to capture and act on zero-party data collected directly from customers.

The base purchase price is USD $1.9 million paid in cash and contingent consideration with an estimated value of USD $1.6 million. The Company is currently in the process of finalizing the determination of the fair value of the contingent consideration, fair value of the net assets acquired and is in the process of finalizing working capital adjustments. The following summarizes the consideration paid and recognized amounts of assets acquired and liabilities assumed at the acquisition date based on the preliminary purchase price allocation:

	Preliminary Purchase Price Allocation
Consideration:	
Cash	2,436,223
Contingent consideration, at fair value	2,028,246
Indemnity holdback	256,740
Total consideration	**4,721,209**
Identifiable assets acquired:	
Cash	10,195
Accounts receivable	2,396
Prepaid expenses and deposits	5,015
Software applications	2,182,290
Non-compete agreement	385,110
Goodwill	2,783,479
	5,368,485
Identifiable liabilities assumed:	
Trade and other payables	131,053
Deferred taxes	516,223
Fair value of net assets acquired	**4,721,209**

The estimated fair value of the applicable contingent consideration is based on discounted probability weighted discounted cashflows. The contingent consideration is to be paid, if KnoCommerce achieves minimum revenue targets during the 18 months following the closing date. The contingent consideration is expected to be settled at the Company's sole discretion, in either cash, the issuance of common shares of WeCommerce, or a combination thereof.

16. Acquisitions and common control transactions (continued)

(e) Estimated consolidated revenue and net income

For the three-month period ended March 31, 2022, KnoCommerce contributed revenue and a net loss of $1,705 and $43,306, respectively, to the Company's results. Had the acquisition occurred on January 1, 2022, management estimates that consolidated revenue and consolidated net income would have been $12,185,589 and $650,626.