WeCommerce Reports Second Quarter 2022 Results

VICTORIA, British Columbia--(BUSINESS WIRE)--August 18, 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- and six-months ended June 30, 2022 (“Q2 2022”). Currency amounts are expressed in Canadian dollars unless otherwise noted.

Q2 2022 Financial Results

	For the three-months ended June 30,		For the six-months ended June 30,	
	2022	2021	**2022**	2021
Revenue				
Recurring subscription revenue	**7,519,751**	5,931,691	**14,873,779**	8,211,533
Digital goods revenue	**3,232,550**	1,963,283	**6,978,180**	4,134,831
Agency service revenue	**867,847**	1,454,843	**1,861,948**	3,042,673
	11,620,148	9,349,817	**23,713,907**	15,389,037
Operating loss	**(3,243,749)**	(677,325)	**(4,523,943)**	(813,441)
Net loss	**(4,529,481)**	(224,003)	**(3,739,367)**	(1,981,979)
EBITDA (1)	**(770,191)**	3,018,097	**3,723,549**	3,510,765
EBITDA % (1)	**(7%)**	32%	**16%**	23%
Adjusted EBITDA (1)	**1,483,455**	2,700,081	**4,315,238**	4,701,055
Adjusted EBITDA % (1)	**13%**	29%	**18%**	31%
Cash provided by operating activities	**998,281**	384,039	**4,895,459**	1,699,067

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

Q2 2022 Highlights

- Revenue in Q2 2022 was $11,620,148, an increase of $2,270,331 or 24% (22% on a constant currency basis[1]) compared to Q2 2021.
- Apps segment revenue in Q2 2022 was $7,519,751, an increase of $1,588,060 or 27% (23% on a constant currency basis) compared to Q2 2021. Apps segment revenue includes the results of Stamped, which contributed revenues of $5,255,319, an increase of $1,522,957 or 41% (35% on a constant currency basis) compared to Q2 2021. Foursixty contributed revenues of $1,214,449, an increase of $112,888 or 10% (6% on a constant currency basis) compared to Q2 2021.
- Themes segment revenue in Q2 2022 was $3,232,550, an increase of $1,269,267 or 65% (63% on a constant currency basis) compared to Q2 2021. Archetype contributed revenues of $1,930,684 in Q2 2022 (Q2 2021: $nil).
- Agency segment revenue in Q2 2022 was $867,847, a decrease of $586,996 or 40% (40% on a constant currency basis) compared to Q2 2021.
- Net loss was $4,529,481 in Q2 2022 compared to net loss of $224,003 in Q2 2021. The net loss for Q2 2022 includes a foreign exchange loss of $1,923,551 and severance payments of $623,060; whereas in Q2 2021 includes a foreign exchange gain of $635,636 and did not have any severance payments. Excluding those two items, the net loss for Q2 2022 would be $1,982,870 compared to a net loss of $859,639 in Q2 2021. The remaining change is attributed to the fair value revaluation of the contingent consideration for $1,273,968 (Q2 2021: $nil).
- Unrestricted cash on hand at June 30, 2022 was $10,306,653 compared to $26,122,247 on December 31, 2021. Total debt outstanding at June 30, 2022 was $48,080,565 compared to $60,203,418 on December 31, 2021.
- Adjusted EBITDA for Q2 2022 amounted to $1,483,455 or 13% of revenue, compared to $2,700,081 or 29% of revenue in Q2 2021.

Management Commentary

“Our second quarter results reflect the ongoing challenges in the broader ecommerce market, owing to both temporary factors as well as a clearly different demand environment for consumer discretionary spend compared to last year,” said Alex Persson, CEO. “Nonetheless, we are proud of our results and strong momentum we see in our businesses as we continue serving tens of thousands of merchants. Our Apps segment continues to drive healthy year-over-year revenue growth at attractive margins; our Themes segment continues to generate significant cash flow, though revenue was impacted due to lower new merchant adds compared to the prior year; and our Agency segment has a growing pipeline of customers that, once converted to bookings, we expect will drive a significant improvement in financial performance for that segment. In June, we implemented significant cost reduction measures, primarily in Themes, and paid down our revolver, in furtherance of our disciplined approach to managing costs and capital. As always, we remain focused on long-term intrinsic value creation, including profitable growth which never goes out of fashion."

Conference Call

WeCommerce management will host a conference call and webcast today, August 18, 2022, at 2:00 pm PT (5:00 pm ET) to discuss its financial results. Company Chief Executive Officer Alex Persson and Chief Financial Officer 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/659189111

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 Q2 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-International Financial Reporting Standards (“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) below based on information from the interim financial statements for the quarter ended June 30, 2022 which are available on SEDAR at www.sedar.com.

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) below based on information from the interim financial statements for the quarter ended June 30, 2022 which are available on SEDAR at www.sedar.com.

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 below based on information from the interim financial statements for the quarter ended June 30, 2022 which are available on SEDAR at www.sedar.com.

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 June 30,		**For the six-months ended June 30,**	
	2022	2021	**2022**	2021
Net loss	**(4,529,481)**	(224,003)	**(3,739,367)**	(1,981,979)
Income tax expense	**(278,143)**	44,628	**(236,518)**	4,807
Depreciation and amortization	**3,136,537**	2,704,273	**6,201,014**	3,661,237
Finance costs	**900,896**	493,199	**1,498,420**	1,826,700
EBITDA	**(770,191)**	3,018,097	**3,723,549**	3,510,765

EBITDA Adjustments

Stock-based compensation	**928,187**	263,126	**1,829,552**	523,035
Foreign exchange (gain)/loss	**1,923,551**	(635,636)	**1,362,781**	(186,832)
Acquisition costs	**39,420**	332,390	**144,239**	1,110,074
Fair value adjustments of contingent consideration	**(1,273,968)**	-	**(3,421,058)**	-
Non-recurring professional fees	**-**	77,617	**-**	87,578
Severance costs	**623,060**	-	**664,376**	-
Gain on sale of intangibles	**(27,034)**	(355,513)	**(27,034)**	(355,513)
Loss on disposal of assets	**40,430**	-	**38,833**	11,948
Adjusted EBITDA	**1,483,455**	2,700,081	**4,315,238**	4,701,055

EBITDA % and Adjusted EBITDA %

	For the three-months ended June 30,		**For the six-months ended June 30,**	
	2022	2021	**2022**	2021
EBITDA	**(770,191)**	3,018,097	**3,723,549**	3,510,765
Revenue	**11,620,148**	9,349,817	**23,713,907**	15,389,037
EBITDA %	**(7%)**	32%	**16%**	23%
Adjusted EBITDA	**1,483,455**	2,700,081	**4,315,238**	4,701,055
Revenue	**11,620,148**	9,349,817	**23,713,907**	15,389,037
Adjusted EBITDA %	**13%**	29%	**18%**	31%

Constant Currency

	For the three-months ended June 30,		**% Change**		
	2022	2021	As reported	Foreign exchange impact	Constant currency
Revenue					
Recurring subscription revenue	**7,519,751**	5,931,691	27%	(4%)	23%
Digital goods revenue	**3,232,550**	1,963,283	65%	(2%)	63%
Agency service revenue	**867,847**	1,454,843	(40%)	-%	(40%)
	11,620,148	9,349,817	24%	(2%)	22%

	For the six-months ended June 30,		**% Change**		
	2022	2021	As reported	Foreign exchange impact	Constant currency
Revenue					
Recurring subscription revenue	**14,873,779**	8,211,533	81%	(3%)	78%
Digital goods revenue	**6,978,180**	4,134,831	69%	(1%)	68%
Agency service revenue	**1,861,948**	3,042,673	(39%)	-%	(39%)
	23,713,907	15,389,037	54%	(2%)	52%

Forward-Looking Information

This news release contains certain forward-looking statements and forward-looking information within the meaning of Canadian 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, including the challenges in the broader ecommerce market; general economic conditions; growth strategy and scalability of developed technology.

Forward-looking statements and information are frequently characterized by words such as "plan", "project", "intend", "believe", "anticipate", "estimate", "continue" 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 under the heading "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.*

NEITHER THE TSX VENTURE EXCHANGE NOR ITS REGULATION SERVICES PROVIDER (AS THAT TERM IS DEFINED IN THE POLICIES OF THE TSX VENTURE EXCHANGE) ACCEPTS RESPONSIBILITY FOR THE ADEQUACY OR ACCURACY OF THIS RELEASE.

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