

WeCommerce Reports Third Quarter 2022 Results

VICTORIA, British Columbia--(BUSINESS WIRE)--November 10, 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 nine-months ended September 30, 2022 (“Q3 2022” and “YTD Q3 2022”, respectively). Currency amounts are expressed in Canadian dollars unless otherwise noted.

Q3 2022 Financial Results

	For the three-months ended September 30,		For the nine-months ended September 30,	
	2022	2021	2022	2021
Revenue				
Recurring subscription revenue	7,915,065	6,825,881	22,788,844	15,037,414
Digital goods revenue	2,810,725	2,888,589	9,788,905	7,023,420
Agency service revenue	731,882	1,228,814	2,593,830	4,271,487
	11,457,672	10,943,284	35,171,579	26,332,321
Operating loss	(2,352,624)	(338,501)	(6,876,567)	(1,151,942)
Net loss	(6,462,813)	(2,986,971)	(10,202,180)	(4,968,950)
EBITDA ⁽¹⁾	(2,450,982)	843,687	1,272,567	4,354,452
EBITDA % ⁽¹⁾	(21%)	8%	4%	17%
Adjusted EBITDA ⁽¹⁾	1,905,344	3,394,242	6,220,583	8,095,297
Adjusted EBITDA % ⁽¹⁾	17%	31%	18%	31%
Cash provided by operating activities	2,381,730	2,668,878	7,277,189	4,349,893

Notes:

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

- Revenue in Q3 2022 was \$11,457,672, an increase of 5% (1% on a constant currency basis⁽¹⁾) compared to Q3 2021.
- Net loss was \$6,462,813 in Q3 2022 compared to net loss of \$2,986,971 in Q3 2021. The net loss for Q3 2022 includes a foreign exchange loss of \$3,173,110; whereas in Q3 2021 includes a foreign exchange loss of \$1,593,524.
- Adjusted EBITDA for Q3 2022 amounted to \$1,905,344 or 17% of revenue, compared to \$3,394,242 or 31% of revenue in Q3 2021.
- Unrestricted cash on hand at September 30, 2022 was \$10,504,657 compared to \$26,122,247 on December 31, 2021. Total debt outstanding at September 30, 2022 was \$50,581,141 compared to \$60,203,418 on December 31, 2021.

“I want to thank our employees and partners for their hard work during the third quarter,” said Alex Persson, CEO. “In our Apps segment, we continue to drive profitable growth and track well against our product roadmap for several innovative new launches early next year. However, we have work to do to ensure strong organic growth in all of our segments. Our Themes segment continues to generate significant operating profit despite lower new merchant adds compared to prior years, and our Agency segment continues to build its sales pipeline, which is seeing slower conversion than prior years due in part to economic uncertainty and seasonality. We believe our continued focus on cost optimization, following actions already taken at the end of the second quarter, will drive operating leverage going forward. We strongly believe in the opportunity for

WeCommerce to be the leading provider of ecommerce enablement software and tools for the years to come.”

Q3 2022 Business Highlights

Apps segment revenue in Q3 2022 was \$7,915,065, an increase of 16% (11% on a constant currency basis) compared to Q3 2021, with the following business highlights:

- Stamped contributed revenues of \$5,580,063, an increase of 22% (18% on a constant currency basis) compared to Q3 2021. During Q3 2022, Stamped launched an integration with Attentive, which is seeing significant adoption among larger merchants, as well as an integration with Meta to syndicate reviews to Facebook and Instagram Shops.
- Foursixty contributed revenues of \$1,220,055, an increase of 3% (0% on a constant currency basis) compared to Q3 2021.
- KnoCommerce had a record quarter in number of survey responses with over 4.6 million questions answered, an increase of over 50% from the prior quarter.
- Apps segment profit margin in Q3 2022 was \$2,241,607, representing 28% of Apps segment revenue.

Themes segment revenue in Q3 2022 was \$2,810,725, a decrease of 3% (6% on a constant currency basis) compared to Q3 2021, with the following business highlights:

- Archetype contributed revenues of \$1,696,665, an increase of 46% (40% on a constant currency basis) compared to Q3 2021. During Q3 2022, Archetype continued to release innovative new features driving performance, flexibility, and value for Shopify merchants. Its Impulse theme remains the most popular premium theme in the Shopify Theme Store.
- Themes segment profit margin in Q3 2022 was \$1,382,644, representing 49% of Themes segment revenue.

Agency segment revenue was \$731,822, a decrease of 40% (41% on a constant currency basis) compared to Q3 2021.

Conference Call

WeCommerce management will host a conference call and webcast today, November 10, 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/300999004>

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 Q3 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 September 30,		For the nine-months ended September 30,	
	2022	2021	2022	2021
<i>Net loss</i>	(6,462,813)	(2,986,971)	(10,202,180)	(4,968,950)
Income tax expense	58,452	110,144	(178,066)	114,951
Depreciation and amortization	3,143,287	3,131,209	9,344,301	6,792,446
Finance costs	810,092	589,305	2,308,512	2,416,005
EBITDA	(2,450,982)	843,687	1,272,567	4,354,452
EBITDA Adjustments				
Stock-based compensation	1,027,754	449,729	2,857,306	972,764
Foreign exchange (gain)/loss	3,173,110	1,593,524	4,535,891	1,406,692
Acquisition costs	6,901	321,154	151,141	1,431,228
Fair value adjustments of contingent consideration	68,535	-	(3,352,523)	-
Non-recurring professional fees	-	3,982	-	91,560
Severance costs	46,561	26,767	710,937	26,767
Restructuring	33,465	-	33,465	-
Gain on sale of intangibles	-	-	(27,034)	(355,513)
Loss on disposal of assets	-	155,399	38,833	167,347
Adjusted EBITDA	1,905,344	3,394,242	6,220,583	8,095,297
EBITDA % and Adjusted EBITDA %				

For the three-months ended

For the nine-months

	2022	September 30, 2021	ended September 30, 2022	ended September 30, 2021
EBITDA	(2,450,982)	843,687	1,272,567	4,354,452
Revenue	11,457,672	10,943,284	35,171,579	26,332,321
EBITDA %	(21%)	8%	4%	17%
Adjusted EBITDA	1,905,344	3,394,242	6,220,583	8,095,297
Revenue	11,457,672	10,943,284	35,171,579	26,332,321
Adjusted EBITDA %	17%	31%	18%	31%
Constant Currency				

	For the three-months ended September 30,			% Change	
	2022	2021	As reported	Foreign exchange impact	Constant currency
Revenue					
Recurring subscription revenue	7,915,065	6,825,881	16%	(5%)	11%
Digital goods revenue	2,810,725	2,888,589	(3%)	(3%)	(6%)
Agency service revenue	731,882	1,228,814	(40%)	(1%)	(41%)
	11,457,672	10,943,284	5%	(4%)	1%

	For the nine-months ended September 30,			% Change	
	2022	2021	As reported	Foreign exchange impact	Constant currency
Revenue					
Recurring subscription revenue	22,788,844	15,037,414	52%	(4%)	48%
Digital goods revenue	9,788,905	7,023,420	39%	(2%)	37%
Agency service revenue	2,593,830	4,271,487	(39%)	-%	(39%)
	35,171,579	26,332,321	34%	(3%)	31%

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.

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.

Contacts

Company Contact:

David Charron

Chief Financial Officer

Phone: 416-418-3881

Email: david@wecommerce.co