

EMERGE Achieves Record Revenue and Positive Adjusted EBITDA in Fiscal 2020

- Gross Merchandise Sales⁽¹⁾ ("GMS") of \$29.4 million, up 94% compared to \$15.2 million in 2019
- EMERGE reported record annual revenue of \$9.2 million, up 121% compared to \$4.2 million in 2019
- Positive Adjusted EBITDA⁽¹⁾ of \$0.8 million, compared to negative \$0.6 million in 2019
- On December 31, 2020, EMERGE completed the acquisition of truLOCAL, a leading premium meat subscription business, which achieved \$19.8 million in revenue and \$1.6 million in normalized EBITDA⁽¹⁾
- While total annual revenue for EMERGE exceeded \$9 million, the Company had pro forma annualized revenue of \$29 million, inclusive of truLOCAL

TORONTO, April 22, 2021 /CNW/ - [EMERGE Commerce Ltd.](#) (TSXV: ECOM) ("**EMERGE**" or the "**Company**"), a diversified, rapidly growing acquirer and operator of direct-to-consumer ("**D2C**") e-commerce brands, today announced results for the fourth quarter and fiscal year ended December 31, 2020.

"Simply put, 2020 was a transformative year for EMERGE. Revenue more than doubled while the Company became Adjusted EBITDA positive. We successfully completed our go public transaction, strengthened our balance sheet, and shortly after, acquired truLOCAL, adding \$20 million in subscription revenue, with strong organic growth, in addition the transaction was accretive on Day 1," said Ghassan Halazon, Founder and CEO, EMERGE.

Annual 2020 and Q4 2020 Financial Highlights

- GMS⁽¹⁾ increased to \$29.4 million for the year ended December 31, 2020, an increase of 94% from \$15.2 million in 2019.
- Annual revenue increased to \$9.2 million in 2020, up 121% from \$4.2 million in fiscal 2019, driven by the acquisition of UnderPar in 2019.
- EMERGE reported positive Adjusted EBITDA⁽¹⁾ of \$0.8 million for the year ended December 31, 2020, compared to negative \$0.6 million in 2019.
- EMERGE ended the year with a strong balance sheet including \$12.4 million in cash. Subsequent to the year, EMERGE raised an additional \$12.1 million, with a cash position exceeding \$20 million.
- On a quarterly basis, EMERGE achieved Q4 2020 revenue of \$2.4 million, an increase of 31% compared to revenue of \$1.8 million in the same quarter of 2019.
- The Company reported positive Adjusted EBITDA⁽¹⁾ of \$0.1 million for the fourth quarter of 2020 compared to negative \$0.15 million in the fourth quarter of 2019.

"Q4 2020 was another excellent quarter for EMERGE in which we achieved strong growth in revenue and positive adjusted EBITDA, demonstrating the power of our diversified portfolio, even during challenging times. In addition to closing the landmark acquisition of truLOCAL on December 31, we also made some key investments in Q4 as we began our journey as a public company," continued Halazon.

2020 Highlights

- On December 14, EMERGE commenced trading on the TSX Venture Exchange under the symbol ECOM pursuant to its reverse takeover transaction with Aumento Capital VII Corporation.

- During the year, EMERGE completed the private placement of 11,639,254 subscription receipts at a price of \$0.75 for aggregate gross proceeds of \$8,729,441.
- In December, EMERGE appointed John Kim as Audit Committee Chair and independent director of the Board. Mr. Kim also currently serves as an independent director at WELL Health Technologies (TSX: WELL).
- On December 31, EMERGE acquired all the issued and outstanding shares of truLOCAL Inc., a D2C premium meat subscription business that generated revenue of approximately \$19.8 million in the twelve months ended December 31, 2020, representing over 130% revenue growth year-over-year.
- EMERGE placed No.5 in the Retail & E-Commerce category, and No. 22 overall, on the 2020 Report on Business ranking of Canada's Top Growing Companies by the Globe and Mail.
- EMERGE Founder & CEO was named recipient of Canada's Top 40 Under 40, presented by BNN Bloomberg and National Post.

Subsequent Events

- In January 2021, EMERGE hired George Marouchos to the leadership team, as Vice President, M&A and Corporate Development. Mr. Marouchos was most recently a member of the senior leadership team at Dye and Durham (TSX: DND).
- In February 2021, EMERGE announced truLOCAL, the Canadian leader in premium meat subscriptions, expanded into Quebec, Canada's second largest province by population, and truLOCAL's fifth market overall.
- In March 2021, the Company raised an aggregate of \$12.1 million through a private placement offering of 8,647,570 special warrants of the Company. Each Special warrant is exercisable for one common share in the capital of the Company at no additional cost.
- In March 2021, Canaccord Genuity and Raymond James both initiated research coverage on the Company. Clients of Canaccord Genuity and Raymond James can access the research reports directly at their respective brokers.
- In April 2021, the Company announced the expansion of JustGolfStuff.com, its golf equipment and apparel brand powered, to the U.S. market, following early success with JustGolfStuff.ca in Canada where it has seen triple digit sales growth in recent months.

Outlook

With the closing of the truLOCAL acquisition on December 31, 2020, EMERGE expects to record contribution from the acquisition starting on January 1, 2021. truLOCAL achieved \$19.8M revenue in 2020, up 130% compared to 2019. truLOCAL also achieved \$1.6 million in normalized EBITDA.⁽¹⁾

With over \$20 million of cash on hand, EMERGE is advancing its growing acquisition pipeline. Potential targets currently combine for \$503 million revenue and \$58 million EBITDA, including multiple signed LOIs.

The Company's main goals are to: (i) acquire additional niche D2C e-commerce brands with a track record of growth and profitability; (ii) achieve organic growth for the existing portfolio of brands; and (iii) invest in the team and infrastructure to support further acquisitions and scaling.

Conference Call

Management will host a conference call on Friday, **April 23, 2021 at 8:30 am ET** to discuss these fourth quarter and fiscal year results. To access the conference call, please dial (416) 764-8650 or (888) 664-6383 and provide conference ID 94987937.

Alternatively, the conference call can be accessed online at:

Grant of RSUs

The Company also announces it has granted 50,000 restricted share units ("RSU") to directors of the Company pursuant to the RSU plan. The RSUs granted will vest at the end of fiscal 2021. The Company will seek disinterested shareholder approval for the RSUs granted and the RSU plan. If the RSU plan is not approved by shareholders, the RSU plan and outstanding RSUs will be cancelled.

Selected Unaudited Financial Highlights

Please see SEDAR for complete copies of the Company's audited annual consolidated financial statements and annual MD&A for the year ended December 31, 2020.

	Year ended December 31, 2020 \$	Year ended December 31, 2019 \$
Gross Merchandise Sales ¹	29,398,812	15,156,673
Total revenue	9,203,059	4,160,353
Adjusted EBITDA ¹	807,134	(594,388)
Net (loss) income	(4,429,813)	(1,401,100)
Basic and diluted (loss) per share	(0.07)	(0.03)

The increased net loss for the year ended December 31, 2020 includes one-time transaction costs primarily related to the reverse takeover transaction.

(¹) Non-GAAP Financial Measure. Refer to section "Non-GAAP Financial Measures" below for additional information.

About EMERGE

EMERGE (TSXV: ECOM) is a disciplined, diversified, rapidly growing acquirer and operator of direct-to-consumer ("D2C") e-commerce brands. Our network of e-commerce sites provides our members with access to premium meat subscriptions, groceries, golf, family offers and nearby escapes. Our portfolio houses some of Canada's most coveted online destinations including trulocal.ca, UnderPar.com, JustGolfStuff.ca, WagJag.com, and BeRightBack.ca. EMERGE was named one of the fastest growing companies in Canada by the Startup 50, and the Globe and Mail's 2020 Canada's Top Growing Companies.

To learn more visit <https://www.emerge-commerce.com/>

Cautionary notice

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Non-GAAP Measures

This press release makes reference to certain non-GAAP measures. These non-GAAP measures are not recognized measures under IFRS, 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 a further understanding of results of operations from management's perspective. Accordingly, they should not be considered in isolation nor as a substitute for analysis of the financial information of the Company reported under IFRS. Gross Merchandise Sales ("GMS"), EBITDA and Adjusted EBITDA should not be construed as alternatives to revenue or net income/loss determined in accordance with IFRS. GMS, EBITDA and Adjusted EBITDA do not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other issuers.

GMS as defined by management is the total dollar value of customer purchases of goods and services, excluding applicable taxes and net of discounts and refunds. Management believes GMS provides a useful measure for the dollar volume of e-commerce transactions made through our platforms and an indicator for our business performance.

Earnings before interest, taxes, depreciation and amortization ("EBITDA") and Adjusted EBITDA as defined by management means earnings before interest and financing costs, income taxes, depreciation and amortization, transaction costs, foreign exchange gains/losses, discontinued operations, unrealized gains/losses on contingent consideration and share-based compensation. Management believes that Adjusted EBITDA is a useful measure because it provides information about the operating and financial performance of EMERGE and its ability to generate ongoing operating cash flow to fund future working capital needs and fund future capital expenditures or acquisitions.

A reconciliation of the adjusted measures is included in the Company's annual management discussion & analysis for the year ended December 31, 2020 in the section "Non-GAAP Financial Measures".

Notice regarding forward-looking statements

This press release may contain certain forward-looking information and statements ("forward-looking information") within the meaning of applicable Canadian securities legislation, that are not based on historical fact, including without limitation statements containing the words "believes", "anticipates", "plans", "intends", "will", "should", "expects", "continue", "estimate", "forecasts" and other similar expressions. Readers are cautioned to not place undue reliance on forward-looking information. Actual results and developments may differ materially from those contemplated by these statements. The Company undertakes no obligation to comment on analyses, expectations or statements made by third-parties in respect of the Company, its securities, or financial or operating results (as applicable). Although the Company believes that the expectations reflected in forward-looking information in this press release are reasonable, such forward-looking information has been based on expectations, factors and assumptions concerning future events which may prove to be inaccurate and are subject to numerous risks and uncertainties, certain of which are beyond the Company's control, including the risk factors discussed in the Company's filing statement which are incorporated herein by reference and are available through SEDAR at www.sedar.com. The forward-looking information contained in this press release are expressly qualified by this cautionary statement and are made as of the date hereof. The Company disclaims any intention and has no obligation or responsibility, except as required by law, to update or revise any forward-looking information, whether as a result of new information, future events or otherwise.

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