

EMERGE Reports Strong Q3 2024 Results

GMS Growth Accelerates to 10%. 2nd Consecutive Quarter of Positive Organic Revenue Growth. Improved Profitability.

TORONTO, Nov. 28, 2024 /CNW/ - [EMERGE Commerce Ltd.](#) (TSXV: ECOM) ("**EMERGE**" or the "**Company**") today announced results for its three months ended September 30, 2024. Copies of the interim financial statements and MD&A are available on the Company's profile on SEDAR at www.sedar.com.

Q3 2024 Financial Highlights

- **Q3 GMS¹** accelerated by 10% to \$7.4M compared to \$6.8M in Q3 2023
- **Q3 Revenue** increased by 5% to \$4.6M compared to \$4.4M in Q3 2023. *Excluding Carnivore Club, a brand that is actively eliminating loss-making revenue, EMERGE revenue growth was 8%, driven by truLOCAL and the golf business*
- **Q3 Gross Profit** increased by 6% to \$1.8M compared to \$1.7M in Q3 2023
- **Q3 Gross Margin** improved to 39.3% compared to 38.9% in Q3 2023
- **Q3 Adjusted EBITDA¹** improved to \$(0.28M) compared to \$(0.56M) in Q3 2023
- **Q3 Net loss from Continuing Operations** improved to \$(0.74M) compared to \$(0.78M)
- **Cash on hand** at September 30, 2024 was \$1.6M

Ghassan Halazon, Founder and CEO, EMERGE commented, "Despite Q3 historically being our most seasonal quarter of the year, GMS, the sales volume transacted across our sites, accelerated to 10% growth YoY, our highest growth rate all year. We achieved our second consecutive quarter of positive organic revenue growth. Both truLOCAL and our golf brands, UnderPar and JustGolfStuff, achieved improved YoY results, combining for 8% organic revenue growth. Once again, we delivered materially improved metrics, including YoY growth in revenue, gross profit, and Adjusted EBITDA. EMERGE 2.0, the centralized strategy we shifted to earlier this year, whereby EMERGE management directly operates and optimizes a more focused set of brands, rather than oversees middle management on a decentralized basis across a variety of verticals, is continuing to yield encouraging results, as demonstrated by our topline acceleration and improved bottom line year-to-date. Special thanks to our resilient and determined team, Board, shareholders and trusted partners as we deliver another growth quarter, and look to build on this momentum in the final quarter of the year."

Outlook

Q4 and the peak holiday shopping season is generally EMERGE's strongest quarter of the year overall. The Company continues to execute towards a return-to-growth plan in 2024, with a substantially improved profitability profile and reduced overall debt levels.

In Q3 and early Q4, EMERGE actioned certain cost reductions in relation to the Company's more streamlined strategy that amount to approximately **\$500,000 annually**. *These savings will partially be reflected in Q4, and fully be reflected in Q1 2025 onwards.*

In addition, the recent interest rate cuts, as well as the highly anticipated upcoming rate reductions, are expected to result in meaningful cash savings for the business.

Top Priorities

The Company's top priorities in the near-term are to i) continue to drive organic growth, ii) extract further operational efficiencies to drive profitability, and iii) opportunistically explore avenues to

enhance cash flow and reduce interest expense.

Conference Call

Management will host a conference call on **Thursday, November 28 at 9:00 am ET** to discuss its third quarter results. To access the conference call, please dial (416) 945-7677 or (888) 699-1199 and provide conference ID 79080.

Alternatively, the conference call can be accessed online at: <https://app.webinar.net/37Ao90x9G2v>

Selected Financial Highlights

The tables below set out selected financial information and should be read in conjunction with the Company's consolidated financial statements and MD&A for the three months ended September 30, 2024, which are available on SEDAR.

	Three months ended September 30, 2024 \$	Three months ended September 30, 2023 \$	Nine months ended September 30, 2024 \$	Nine months ended September 30, 2023 \$
Gross Merchandise Sales ¹	7,417,799	6,762,633	23,492,832	22,379,499
Total revenue	4,596,215	4,371,920	14,799,166	14,443,430
Adjusted EBITDA ¹	(280,639)	(557,915)	(453,155)	(1,429,638)
Net (loss) income from continuing operations	(738,887)	(777,173)	(1,392,808)	(4,945,075)
Net (loss) income ²	(730,186)	349,497	(793,568)	(3,735,037)
Basic and diluted (loss) per share from continuing operations	(0.01)	(0.01)	(0.01)	(0.05)

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

Results from WholesalePet, BattlBox, and WagJag have been reclassified to discontinued operations.

The following table highlights Adjusted EBITDA and a reconciliation of the Company's reported results to its adjusted measures:

	Three months ended September 30, 2024 \$	Three months ended September 30, 2023 \$	Nine months ended September 30, 2024 \$	Nine months ended September 30, 2023 \$
Net (loss) income	(730,186)	349,497	(793,568)	(3,735,037)
<i>Add back:</i>				
Finance costs	267,209	860,946	1,066,372	2,778,346
Income taxes	(184,585)	(672,531)	(318,963)	(1,439,578)
Amortization	48,809	478,941	167,999	2,066,115
EBITDA	(598,753)	1,016,853	121,840	(330,154)
Share-based compensation	71,357	28,167	125,992	143,731
Transaction cost	42	63,487	101,631	267,544
Foreign exchange and other losses (gains)	255,416	(539,752)	(203,378)	2,512
Fair value change in contingent consideration	-	-	-	(303,233)
Net loss (income) from discontinued operations	(8,701)	(1,126,670)	(599,240)	(1,210,038)
Adjusted EBITDA	(280,639)	(557,915)	(453,155)	(1,429,638)

The following table highlights GMS and a reconciliation of the Company's reported results to its adjusted measures:

	Three months ended September 30, 2024 \$	Three months ended September 30, 2023 \$	Nine months ended September 30, 2024 \$	Nine months ended September 30, 2023 \$
Revenue	4,596,215	4,371,920	14,799,166	14,443,430
<i>Adjusted for:</i>				

Merchant costs deducted from net revenue	3,047,845	2,478,336	9,412,272	8,475,791
Sales added to deferred revenue and value of orders fulfilled not included in revenue	1,731,705	1,339,824	5,524,555	4,654,201
Deferred and other adjustments to revenue recognized	(1,863,899)	(1,356,220)	(5,899,238)	(5,105,459)
Advertising revenue	(94,067)	(71,227)	(343,923)	(88,464)
GMS	7,417,799	6,762,633	23,492,832	22,379,499

About EMERGE

EMERGE (TSXV: [ECOM](#)) is a premium e-commerce brand portfolio in Canada and the U.S. Our subscription and marketplace e-commerce properties provide our members with access to unique offerings across grocery and golf verticals. Our grocery businesses include [truLOCAL.ca](#), our premium meat subscription brand, and [Carnivore Club](#), our artisanal meat brand. Our golf businesses include [UnderPar](#), our discounted experiences brand, and [JustGolfStuff](#), our golf products & apparel brand.

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

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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 management discussion & analysis for the twelve months ended December 31, 2023 in the section "Non-GAAP Financial Measures" available through SEDAR at www.sedar.com.

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 MD&A, Prospectus Supplement and Annual Information Form 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.

On Behalf of the Board
Ghassan Halazon
Director, President and CEO

SOURCE Emerge Commerce Ltd.

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For further information: For further information: Kyle Burt-Gerrans, EMERGE Commerce Ltd., 416-479-9590, investor@emerge-brands.com

CO: Emerge Commerce Ltd.

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