



# Vejii Announces Fourth Quarter and Audited Full-Year 2021 Financial Results

VANCOUVER, BC, May 3, 2022 /CNW/ - [Vejii Holdings Ltd.](#) (CSE: VEJI) (OTC: VEJIF) ("the Company" or "Vejii"), a North American online marketplace for plant-based and sustainable products, is pleased to announce financial results for its fourth quarter and fiscal year ended December 31, 2021. All amounts are reported in Canadian dollars unless otherwise stated.

## Key Highlights for Fourth Quarter 2021

The quarter ended December 31, 2021 was a transformational period for the Company as we concluded a number of key milestones that were integral to the long-term strategy of the Company.

- The Company obtained its public listing on the Canadian Securities Exchange
- The Company closed an offering of Subscription Receipts and Special Warrants for gross proceeds of \$4,098,459
- The Company continued to gain traction with onboarding brand partners
- Improved operational efficiencies and unit economics for orders
- Completed acquisitions of Veg Essentials LLC ("Vegan Essentials" or "[VeganEssentials.com](#)") and VEDGEco USA Inc. ("VEDGEco" or "[VEDGEco.com](#)")
- Reported revenue of \$938,404 for the quarter ended December 31, 2021, as compared to \$25,441 for the quarter ended December 31, 2020.
- Gross margin percentage for the quarter ended December 31, 2021, was 44.0% compared to (68.3%) for the quarter ended December 31, 2020.

Consolidated Results	Quarter ended Dec. 31, 2021	Quarter ended Dec. 31, 2020	Over/(Under) %
Revenue	\$938,404	\$25,441	3589%
Cost of goods sold	\$525,603	\$42,829	1127%
Gross profit	\$412,802	(\$17,388)	2274%
Gross margin %	44.0%	(68.3%)	-
Selling and distribution	\$990,359	\$142,839	593%
General and administrative	\$1,364,144	\$270,885	404%
Other operating expenses	\$3,126,303	-	-
Total operating expenses	\$5,480,806	\$413,724	1225%
Operating loss	(\$5,068,004)	(\$431,112)	1076%
Net loss	(\$5,091,896)	(\$431,112)	1081%
Basic and diluted net loss per share	(\$0.21)	(\$0.06)	250%

## Consolidated Results 1 (CNW Group/Vejii Holdings Ltd.)

In the fourth quarter of 2021, Vejii was able to improve the use of ground delivery following the acquisition of Vegan Essentials, significantly cutting its sales and distribution costs. Our sales and distribution expenses as a percentage of revenues were 106% for the quarter compared to 561% in the prior year quarter. Gross margin percentage for the quarter was 44.0% compared to (68.3%) for the prior year quarter. The improvement in gross margin and sales and distribution illustrates our ability to improve the unit economics of our business model as we strive toward profitability.

Revenues for the quarter ended December 31, 2021 was \$938,404, an increase of \$912,963 or 3,589%, as compared to \$25,441 for the quarter ended December 31, 2020. The increase was due to the current period benefitting from a full period of operations for our marketplace at [ShopVejii.com](#) in the United States and Canada along with the acquisition of the [VeganEssentials.com](#) marketplace on October 28, 2021, which provided \$606,249 in revenue. In the prior period, the Company had commenced operations of ShopVejii.com on November 19, 2020.

With our acquisition of VEDGEco completed, Vejii now has five warehouses across the United States. Over the upcoming quarters, management is focused on integrating our platforms to ship from whichever warehouse is closest to the end customer and expects this action to have the largest impact on further reducing selling and distribution costs, as we can move to Zone 1-2 delivery across most of our key markets.

"The 4<sup>th</sup> quarter shows significant improvements in unit economics and gross margins based on just two months of efficiencies gained from integrating with Vegan Essentials, with our planned initiatives and the additional scale the VEDGEco brings, we expect to continue seeing significant improvements on unit economics, gross margins, selling and distribution, and G&A as management focuses on demonstrating a clear path to profitability. I am proud of our team for demonstrating we can not only close deals but realize and gain synergies as well, said Darren Gill President and COO of Vejii.

## Key Highlights for the year ended December 31, 2021

Since launching its website at ShopVejii.com initially in the US market on November 19, 2020, through the reporting period the Company was focused on gaining traction within the market, creating brand awareness, and customer acquisition. Throughout the year, we were able to showcase our unique value proposition to brands and have been able to expand the product selection to include more than 100 new brands with over 500 products across our digital assets. The reporting period represents the first full year of operations for the Company.

- The Company launched Vejii Express, our internally managed inventory offering with express delivery on the most popular

products.

- Vejii launched its Canadian online marketplace for vegan and plant-based products at [ca.ShopVejii.com](http://ca.ShopVejii.com).
- Vejii launched same-day delivery across the Lower Mainland in British Columbia.
- Vejii established warehouse facilities in California, Texas, Wisconsin, Georgia, Hawaii and British Columbia. Three of these facilities came as part of the VEDGEco acquisition that closed on December 31 2021.
- Vejii now has 29,715 active accounts<sup>(1)</sup>.
- The Company reported revenue of \$1,721,640 for the year ended December 31, 2021, as compared to \$25,441 for the year ended December 31, 2020.
- The Company reported gross margin for the year ended December 31, 2021 of 30.3% compared to (68.3%) for the year ended December 31, 2020.

Consolidated Results	Year ended Dec. 31, 2021	Year ended Dec. 31, 2020	Over/(Under) %
Revenue	\$1,721,640	\$25,441	6667%
Cost of goods sold	\$1,199,786	\$42,829	2701%
Gross profit	\$521,854	(\$17,388)	2901%
Gross margin %	30.3%	(68.3%)	-
Selling and distribution	\$3,740,081	\$143,374	2509%
General and administrative	\$5,849,720	\$270,101	2066%
Other operating expenses	\$3,154,162	-	-
Total operating expenses	\$12,743,963	\$413,475	2982%
Operating loss	(\$12,222,109)	(\$430,863)	2737%
Net loss	(\$12,251,671)	(\$432,575)	2732%
Basic and diluted net loss per share	(\$0.61)	(\$0.18)	242%

## Consolidated Results 2 (CNW Group/Vejii Holdings Ltd.)

During the year, the Company continued to focus on its growth strategy to become the leading marketplace for plant-based and sustainable products and brands. Along the way, we achieved a number of milestones that we set out to accomplish. We obtained our listing on the CSE, thereby, allowing us to gain better access to the capital markets. Operationally, we were able to complete the acquisitions of Vegan Essentials and VEDGEco, which enabled us to expand our distribution footprint to span across the United States. As a result, we are now able to service our customers faster, including same-day delivery, and at a lower shipping cost.

The Company reported revenue of \$1,721,640 for the year ended December 31, 2021 as compared to \$25,441 for the year ended December 31, 2020. The increase was due to the current period benefitting from a full period of operations for our marketplace [ShopVejii.com](http://ShopVejii.com) in the United States and Canada along with the acquisition of the [veganessentials.com](http://veganessentials.com) marketplace on October 28, 2021, which contributed \$606,249 in revenue. In the prior period, the Company had commenced operations [ShopVejii.com](http://ShopVejii.com) on November 19, 2020. In addition, on December 31, 2021, Vejii completed the acquisition of VEDGEco. Revenue from VEDGEco will be included in consolidated results beginning in January 2022. On a proforma basis, the unaudited revenues from the combined companies would have been approximately \$7 Million for the year ended December 31, 2021.

Gross margin for the year ended December 31, 2021 was 30.3% compared to (68.3%) for the year ended December 31, 2020. The improvement can be attributed to economies of scale as the Company scaled up operations and brands acknowledging the value of our business model.

For the year ended December 31, 2021, the Company recorded a net loss of \$12,251,671 and net loss per share of \$0.61 as compared to net loss of \$432,575 and net loss per share of \$0.18 for the year ended December 31, 2020. The net loss during the period was mainly attributable to a non-cash loss on remeasurement of warrant liability of \$3,117,856 and a full period of operating expenses whereas we had commenced commercial operations in November 2020 of the prior period. During the current year, the Company was focused on building and scaling and incurred a number of one-time startup costs for technology development, brand awareness, market development, and costs associated with the Company's listing on the CSE.

"We're very pleased to report these financial results. Our key performance indicators and unit economics are heading in the right direction. With approximately \$7 Million in unaudited proforma revenues we have already established ourselves as a leader within the space and support startup brands scaling online as well as multi-national companies that leverage our retail, distribution and B2B resources. Having now completed both acquisitions of Vegan Essentials and VEDGEco, we are able to better service our customer and brand partners, and there are further operational synergies that will be implemented in order to improve our cost structure as we focus on our path to profitability." Said Kory Zelickson, Vejii's CEO.

## Key Performance Indicators

With the acquisitions of Vegan Essentials and VEDGEco combined with organic growth, our active accounts has increased to 29,715 in the current year versus 402 in the prior year. An increase of 7,292%. In addition, with the acquisitions, Vejii now has in excess of 250,000 customer emails, that is can focus on engaging and retargeting.

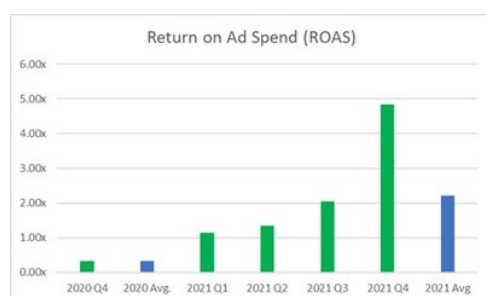


## Quarterly Active Accounts (CNW Group/Vejii Holdings Ltd.)

As we gained more insights about our target audience, we were better able to optimize our advertising and marketing campaigns to reduce our customer acquisition cost<sup>(2)</sup> to \$39.81 for the fourth quarter and \$73.80 for the current year ended versus \$247.49 for the prior quarter and year ended, a reduction of 84% and 70% respectively. We have increased our return on ad spend<sup>(3)</sup> from 0.33x for the fourth quarter and year ended 2020 to 4.83x for the fourth quarter ended 2021, an improvement of 1364% and 2.21x for year ended 2021, an improvement of 570% year over year.



Customer Acquisition Cost (CAC) (CNW Group/Vejii Holdings Ltd.)



Return on Ad Spend (ROAS) (CNW Group/Vejii Holdings Ltd.)

Improvements in product selection, brand awareness, brand loyalty, and customer insights all played a key role in driving an increase in the average order value<sup>(4)</sup> in the current quarter to \$77.19 from the prior year of \$52.83, an increase of 46%. We expect these positive trends to continue into 2022 as we realize additional synergies from our acquisitions, build upon our customer base, and onboard more vendors.



Quarterly Average Older Value (AOV) (CNW Group/Vejii Holdings Ltd.)

## 1 Active Accounts

The number of active accounts represents the total number of individual accounts who have purchased at least once directly from our sites during the preceding twelve-month period. The change in active customers in a reported period captures both the inflow of new customers as well as the outflow of existing customers who have not made a purchase in the last twelve months. The change in active customers also includes the activity from sites acquired along with organic sites. While the active accounts metric is not an IFRS or non-IFRS financial measure, and, therefore, does not appear in, and cannot be reconciled to a specific line item in the Company's consolidated financial statements, we view the number of active customers as a key indicator of our growth.

## (2) Customer Acquisition Cost ("CAC")

Customer acquisition cost is defined as total advertising spend during the given period divided by the number of new accounts. While customer acquisition cost is not an IFRS or non-IFRS financial measure, and, therefore, does not appear in, and cannot be reconciled to a specific line item in the Company's consolidated financial statements, we view customer acquisition cost as a key indicator of the efficiency of acquiring new accounts.

## (3) Return on Ad Spend ("ROAS")

Return on ad spend is defined as gross product revenue in a given period divided by advertising spend during the given period, which is principally the cost of paid search and digital advertising. While return on ad spend is not an IFRS or non-IFRS financial measure, and, therefore, does not appear in, and cannot be reconciled to a specific line item in the Company's consolidated financial statements, we view return on ad spend as a key indicator of the effectiveness of our advertising efforts in connecting with customers and driving favorable purchasing behaviors.

#### **(4) Average Order Value ("AOV")**

Average order value is defined as total revenue excluding shipping costs in a given period divided by the number of orders. While average order value is not an IFRS or non-IFRS financial measure, and, therefore, does not appear in, and cannot be reconciled to a specific line item in the Company's consolidated financial statements, we view average order value as a key indicator of the mix of products on our sites and the purchasing behavior of our accounts.

The information provided within this release should be read in conjunction with Vejii's annual consolidated financial statements and management's discussion and analysis ("MD&A") for the year ended December 31, 2021, which are available on the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com).

#### **About Vejii Holdings Ltd.**

Headquartered in Kelowna B.C, Vejii is a unified digital marketplace and fulfillment platform featuring thousands of plant-based and sustainable-living products from a growing list of hundreds of vendors. The platform offers an easy-to-use, omnichannel experience for both vendors and buyers, leveraging big data and artificial intelligence to elegantly connect brands with a targeted consumer base, both organically and through specialized marketing programs. Dynamic fulfillment services empower brands to offer tier-one service, with ongoing engagement being driven through features like smart lists, subscription programs, reordering functions, sampling programs, and more.

The Company also owns and operates the US.-based Veg Essentials LLC ([VeganEssentials.com](http://VeganEssentials.com)), a staple of the plant-based community. Vegan Essentials was established in 1997 and contributed to more than 20 years of consumer insight, data, and buying power. VeganEssentials.com was awarded best online vegan store from 2005-2018, as well as best online vegan grocery from 2018-2021 by VegNews Magazine.

The Company also owns and operates VEDGEco USA Inc. ([VEDGEco.com](http://VEDGEco.com)). Headquartered in Kailua, Hawaii, and launched in 2020 VEDGEco is the first nationwide plant-based foodservice distributor, providing restaurants with high-quality plant-based options. With the goal of bringing the freedom of food choice to all restaurants and businesses, VEDGEco distributes plant-based products in bulk to the restaurant and wholesale food industry, as well as to consumers across the US.

For more information please visit [VejiiHoldings.com](http://VejiiHoldings.com)

ON BEHALF OF THE BOARD OF DIRECTORS:

Kory Zelickson  
Director and CEO

Find Vejii on Social Media: on Instagram, Facebook, Twitter and LinkedIn

No securities regulatory authority has either approved or disapproved of the contents of this news release.

#### **CAUTION REGARDING FORWARD-LOOKING STATEMENTS**

This press release contains certain forward-looking statements within the meaning of applicable securities laws with respect to the Company. These forward-looking statements generally are identified by words such as "believe," "project," "expect," "anticipate," "estimate," "intend," "strategy," "future," "opportunity," "plan," "may," "should," "will," "would," and similar expressions. Forward-looking statements in this press release relate to, without limitation, the Company's future performance, including future improvements on gross margins, selling and distribution costs and operational synergies. Although the Company believes that the expectations and assumptions on which such forward-looking statements and information are based are reasonable, undue reliance should not be placed on the forward-looking statements and information because the Company can give no assurance that they will prove to be correct. Since forward-looking statements and information address future events and conditions, by their very nature they involve inherent risks and uncertainties. Many factors could cause actual future events to differ materially from the forward-looking statements in this press release including, without limitation, risk factors described in the Company's management discussion and analysis for the year ended December 31, 2021. Readers are cautioned that the foregoing list of factors is not exhaustive. The forward-looking statements included in this news release are expressly qualified by this cautionary statement. The forward-looking statements and information contained in this news release are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable laws.

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