



# Vejii Announces Q1 Consolidated Unaudited Results

VANCOUVER BC, May 30, 2022 /CNW/ - [Vejii Holdings Ltd.](http://www.vejii.com) (CSE: VEJI) (OTC: VEJIF) ("the Company" or "Vejii"), a North American online marketplace for plant-based and sustainable products, is pleased to announce the consolidated, unaudited financial results for its first quarter of the fiscal year of 2022. All amounts are reported in Canadian dollars unless otherwise stated. This press release should be read in conjunction with the Company's condensed consolidated interim financial statements and Management Discussion and Analysis ("MDNA") for the three months ended March 31, 2022, which are available on the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com).

The quarter ended March 31, 2022 is significant for the Company as it represents the first reported quarter of financials having completed both acquisitions of Veg Essentials LLC. ("Vegan Essentials" or "[VeganEssentials.com](http://www.VeganEssentials.com)") and VEDGEco USA Inc. ("VEDGEco" or "[VEDGEco.com](http://www.VEDGEco.com)"). During the quarter, the Company was focused on integration of its newly acquired assets, realizing synergies including consolidating resources, increasing buying power through economies of scale, and in optimizing the Company's Key Performance Metrics ("KPI"s) to improve unit economics as management continues to focus on its path to profitability. The Company is still working through its full integration plan and expects full synergies to be realized by the 3<sup>rd</sup> quarter of 2022.

## Key Financial Highlights for Q1, 2022

- Total revenue of \$1,547,795 for the quarter ended March 31, 2022 as compared to \$241,305 for the quarter ended March 31, 2021, representing a 541% increase.
- Consolidated gross margin percentage for the three months ended March 31, 2022 was 38% compared to 11% for the three months ended March 31, 2021, representing a 242% increase.
- Customer Acquisition Cost ("CAC") for the quarter ended March 31 2022 was \$20.66 compared to \$95.44 for the quarter ended March 31 2021, an improvement of 78%.
- Return on Ad Spend ("ROAS") was 14.93x in the current quarter, an improvement of 1,217%, versus 1.13x times in the quarter ended March 31, 2021.

## Selected Quarterly Financial Information

Consolidated Results	Three Months ended 31-Mar-22	Three Months ended 31-Mar-21	Over/(Under) %
Revenue	\$ 1,547,795	\$ 241,305	541%
Cost of goods sold	\$ 959,758	\$ 214,512	347%
Gross profit	\$ 588,037	\$ 26,793	2095%
Gross margin %	38%	11%	242%
Selling and distribution	\$ 1,015,784	\$ 744,007	37%
General and administrative	\$ 1,987,713	\$ 1,232,141	60%
Other operating expenses	\$ 503	\$ 6,560	(92)%
Total operating expenses	\$ 3,004,000	\$ 1,993,708	51%
Operating loss	\$ (2,415,963)	\$ (1,966,915)	23%
Net loss	\$ (2,488,276)	\$ (1,967,045)	26%
Basic and diluted net loss per share	\$ (0.09)	\$ (0.14)	(36)%

## Key Performance Indicators

	Quarter ended Mar. 31, 2022	Quarter ended Dec. 31, 2021	Over/(Under) %
Active accounts	25,847	29,715	(13)%
Number of orders	10,157	9,503	7%
Average order value	\$ 129.03	\$ 77.19	67%
Customer acquisition cost	\$ 20.66	\$ 39.81	(48)%
Return on ad spend	14.93x	4.83x	209%

"We are very pleased with our performance in the first quarter of 2022, with revenues and gross margins increasing, and costs proportionately decreasing, we anticipate being able to build a sustainable business. As a sign of my commitment to this, I have personally advanced the Company more than \$1.4 million year to date,

to maintain operations, while we work on a longer-term financing solution given these difficult market times. Management and myself personally have been committed to doing right by our investors and shareholders", said Kory Zelickson CEO of Vejii

## RESULTS OF OPERATIONS FOR THREE MONTHS ENDED MARCH 31, 2021

During the three months ended March 31, 2022, the Company was focused on the integration of its acquisitions of Veg Essentials and VEDGEco and to streamline operations to better position the Company to achieve profitable growth. To this end, the Company consolidated its purchasing and marketing operations and integrated its platforms to ship from whichever warehouse is closest to the end customer.

The Company reported total revenue of \$1,547,795 for the quarter ended March 31, 2022 as compared to \$241,305 for the quarter ended March 31, 2021. Revenue from our direct-to-consumer ("D2C") platforms for the current quarter was \$855,651 versus the prior quarter of \$241,305 and revenue from our business-to-business ("B2B") platform was \$692,144 versus the prior quarter of nil. The increase in revenue from D2C was due to the current period benefitting from a full period of operations for our marketplace ShopVejii.com in the United States and Canada along with the acquisition of the VeganEssentials.com marketplace. The increase in revenue from B2B is the result of the acquisition of the VEDGEco.com marketplace.

Our consolidated gross margin percentage for the three months ended March 31, 2022 was 38% compared to 11% for the three months ended March 31, 2021, representing an increase of 242% over the period. Gross margin percentage from D2C platform was 42% for the current quarter versus 11% in the prior quarter. Gross margin percentage from B2B platform was 33% in the current quarter versus prior quarter of nil. Our sales and distribution expenses as a percentage of revenues was 66% for the current quarter compared to 308% in the prior quarter. These improvements in gross margin and sales and distribution over the quarters continue to demonstrate our ability to improve the unit economics of our business model as we scale our business and strive toward profitability.



Figure 1 (CNW Group/Vejii Holdings Ltd.)



Figure 2 (CNW Group/Vejii Holdings Ltd.)

During the quarter ended March 31, 2022, the Company continued to improve its efficiency in acquiring and retaining customers. The Customer Acquisition Cost (CAC) for the quarter was \$20.66 compared to \$95.44 in the prior year quarter, an improvement of 78%. Return on Ad Spend (ROAS) was 14.93x in the current quarter, an improvement of 1,217%, versus 1.13x times in the quarter ended March 31, 2021. The improvements in CAC and ROAS reflect our ability to better target our customers with a wide and unique product selection as we expand our partnerships with brands and vendors and the loyal customer base we have attracted.



Figure 3 (CNW Group/Vejii Holdings Ltd.)

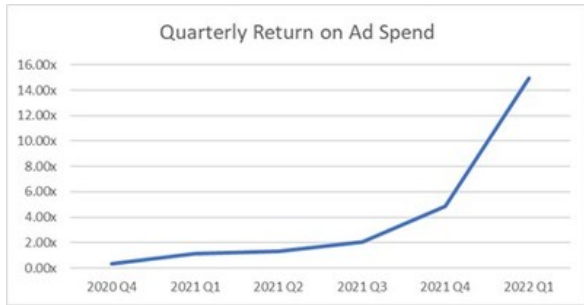


Figure 4 (CNW Group/Vejii Holdings Ltd.)

For the three months ended March 31, 2022, the Company recorded a net loss of \$2,488,276 and net loss per share of \$0.09 as compared to net loss of \$1,967,045 and net loss per share of \$0.14 for the three months ended March 31, 2021. The increase in net loss of \$521,231 during the period was mainly attributable to the operating expenses incurred during the current period as we operated at full scale and integrated the acquisitions of Veg Essentials and VEDGEco. In the prior period, the Company was ramping up operations of its marketplace ShopVejii.com.

There were 25,847 active accounts at March 31, 2022 as compared to 3,561 at March 31, 2021. The number of orders was 10,157 and average order value was \$129.03 for the three months end March 31, 2021 compared to number of orders of 3,863 and average order value of \$57.17 for the prior quarter. The increase in active accounts, number of orders and average order value in the current quarter is mainly attributed to the additions of VeganEssentials.com and VEDGEco.com along with the optimization of our marketing and advertising programs to attract and retain customers to our marketplaces. In the prior period, the Company was ramping up operations of the ShopVejii marketplace.



Figure 5 (CNW Group/Vejii Holdings Ltd.)

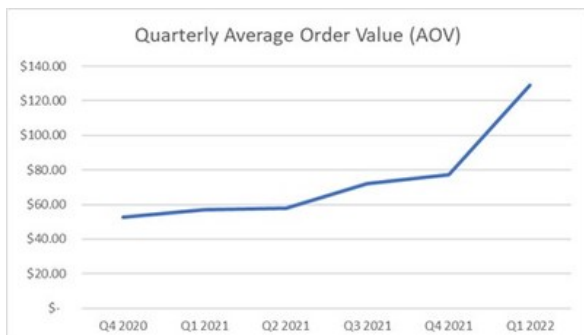


Figure 6 (CNW Group/Vejii Holdings Ltd.)

## Q1, 2022 Comparison with Q4, 2021

Vejii's quarter-over-quarter growth remains strong, with revenues increasing 65% and total operating loss decreasing 52.33%.

Consolidated Results	Quarter ended Mar. 31, 2022	Quarter ended Dec. 31, 2021	Over/(Under) %
Revenue	\$ 1,547,795	\$ 938,404	65%
Cost of goods sold	\$ 959,758	\$ 525,603	83%
Gross profit	\$ 588,037	\$ 412,802	42%
Gross margin %	38.00%	44.00%	(14)%
Selling and distribution	\$ 1,015,784	\$ 990,359	3%
General and administrative	\$ 1,987,713	\$ 1,364,144	46%
Other operating expenses	\$ 503	\$ 3,126,303	(100)%
Total operating expenses	\$ 3,004,001	\$ 5,480,806	(45)%
Operating loss	\$ (2,415,964)	\$ (5,068,004)	(52)%
Net loss	\$ (2,488,277)	\$ (5,091,896)	(51)%

"When I look at the markets around us, I am proud of what Vejii has accomplished, and the distribution network we have built. We have been saying the key to scaling in D2C cold chain e-commerce is to have multiple points of distribution, now with 5 distribution points, we have grown revenues by over 64% while only increasing selling and distribution costs by 3%. Our G&A this quarter includes restructuring costs associated with business integrations, so we expect G&A to improve in the coming quarters as well", said Darren Gill President & COO of Vejii.

## Operational Highlights for Q1, 2022

- On January 21, 2022, the common shares of the Company commenced trading on the OTCQB market (the "OTCQB") under the symbol "VEJIF".
- On March 7, 2022 the Company announced that Blender Bites Ltd. will be joining Vejii's fulfillment and distribution platform through Vejii Express.
- On March 15th, 2022, the Company announced it had signed a consignment and fulfillment services agreement with Unreal Deli Inc
- On March 16, 2022, the Company announced that it had received DTC Eligibility
- On May 5, 2022 the Company announced a partnership with Plantable Health Inc. ("PLBL.NE") for the launch of a prepared meal delivery program on Vejii Express.
- On May 9, 2022, the Company announced that it has signed a non-binding Letter of Intent to acquire of all of the issued and outstanding shares of UK-based Frozenly Ltd., trading as [mightyplants.com](https://mightyplants.com).

## CEO Advances

Year to date, Kory Zelickson CEO of Vejii, has advanced the Company approximately \$1.4 million. The Company and Mr. Zelickson intend to convert some of the advances and a loan in the amount of \$500,000 made pursuant to a loan agreement between the Company and Mr. Zelickson dated September 8, 2021 into a secured debenture at an interest rate of 10% and a maturity term of 2 years. The Company will have the option to extend the maturity of the debenture in 6-month increments after payment of 10% of the outstanding principal balance at the time of extension.

### (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.

## **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](https://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](https://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](https://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, operational synergies and reductions in general and administrative costs. 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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CO: Vejii Holdings Ltd.

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