



Just Kitchen Holdings Corp.

Condensed Consolidated Interim Financial Statements

For the Three Months Ended December 31, 2021 and 2020

(Unaudited)

(Expressed in Canadian Dollars)

JUST KITCHEN HOLDINGS CORP.

Condensed Consolidated Interim Statement of Financial Position
(Unaudited)
(Expressed in Canadian Dollars)

Assets	December 31, 2021	September 30, 2021
Current		
Cash	\$ 17,237,169	\$ 20,796,767
Accounts receivable (Note 4)	650,507	515,342
Inventory (Note 17)	1,141,788	853,841
Prepaid expenses and refundable deposits	310,823	469,087
	19,340,287	22,635,037
Non-current		
Property and Equipment (Note 5)	2,393,705	2,026,208
Intangible Assets (Note 7)	222,435	240,539
Right-of-use Assets (Note 6(a))	3,383,051	2,809,058
Other non-current assets	580,880	227,069
	6,579,971	5,302,874
Total assets	\$ 25,920,358	\$ 27,937,911
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 3,730,102	\$ 3,256,656
Promissory Notes Payable (Note 8)	238,767	230,435
Current portion of lease liability (Note 6(b))	1,098,727	886,708
	5,067,596	4,373,799
Non-current		
Lease Liability (Note 6(b))	2,372,861	1,978,958
	2,372,861	1,978,958
Total liabilities	7,440,457	6,352,757
Shareholders' Equity		
Share Capital (Note 9(b))	33,384,500	33,384,500
Reserves - (Note 9(f))	2,644,328	2,077,693
Accumulated Other Comprehensive Loss	(219,063)	(118,778)
Deficit	(17,329,864)	(13,758,261)
	18,479,901	21,585,154
Total equity	18,479,901	21,585,154
Total equity and liabilities	\$ 25,920,358	\$ 27,937,911

Commitments (Note 11(g))
Subsequent events (Note 18)

Approved on behalf of the Board of Directors on February 28, 2022 by:

"Jason Chen", Director

"Darryl Cardey", Director

The accompanying notes are an integral part of these condensed consolidated interim financial statements

JUST KITCHEN HOLDINGS CORP.

Condensed Consolidated Interim Statement of Comprehensive Loss
(Unaudited)
(Expressed in Canadian Dollars)

Three months ended December 31, 2021 and 2020

	2021	2020
Food and beverage sales (Note 16)	\$ 4,166,683	\$ 1,911,170
Operating expenses (Note 17)	(4,923,770)	(2,266,084)
General and administrative expenses (Note 17)	(2,427,644)	(1,868,868)
Research and development expenses (Note 17)	(84,538)	-
Depreciation and amortization expenses (Note 17)	(386,455)	(169,178)
Loss from operations	(3,655,724)	(2,392,960)
Interest revenue	27,937	87
Interest expense	(33,102)	(23,673)
Foreign exchange gain (loss)	86,655	(13,256)
Other income	2,631	-
Net loss for the period	(3,571,603)	(2,429,802)
Other comprehensive loss		
Items that may be reclassified to net loss		
Foreign currency translation (loss) gain	(100,285)	27,474
Comprehensive loss for the period	\$ (3,671,888)	\$ (2,402,328)
Loss per share - basic and diluted	\$ (0.05)	\$ (0.06)
Weighted average number of common shares outstanding - basic and diluted (Note 10)	75,143,887	37,841,087

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

JUST KITCHEN HOLDINGS CORP.

Condensed Consolidated Interim Statement of Cash Flows
(Unaudited)
(Expressed in Canadian Dollars)

Three months ended December 31, 2021 and 2020

	2021	2020
		As adjusted - see note 13(c)
Operations:		
Net loss for the period	\$ (3,571,603)	\$ (2,429,802)
Items not affecting cash:		
Interest expense	33,102	23,673
Depreciation expense – property and equipment (Note 5)	122,883	35,829
Amortization expense – intangible assets (Note 7)	19,946	-
Depreciation expense – right-of-use assets (Note 6(a))	243,626	133,349
Stock-based compensation on warrants, options and RSUs	566,635	861,696
	<u>(2,585,411)</u>	<u>(1,375,255)</u>
Interest expense paid on leases (Note 6(b))	(26,883)	(16,056)
Change in non-cash working capital:		
Accounts receivable	(135,165)	7,712
Inventory	(287,947)	(340,503)
Prepaid expenses and deposits	1,819	(159,787)
Accounts payable and accrued liabilities	430,422	669,936
	<u>9,129</u>	<u>177,358</u>
	<u>(2,603,165)</u>	<u>(1,213,953)</u>
Investing:		
Purchase of property and equipment (Note 13(a))	(623,983)	(433,028)
Financing:		
Payment of lease liabilities (Note 6(b))	(212,308)	(144,989)
Issuance of share capital (Note 9(b))	-	2,090,000
Subscription receipts (Note 9(b))	-	7,491,897
	<u>(212,308)</u>	<u>9,466,907</u>
Increase (decrease) in cash	(3,439,456)	7,819,926
Exchange impact on cash held in foreign currency	(120,142)	24,691
Cash - beginning of period	20,796,767	530,022
Cash - end of period	<u>\$ 17,237,169</u>	<u>\$ 8,374,639</u>

Supplementary cash flow information (note 13)

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

JUST KITCHEN HOLDINGS CORP.

Condensed Consolidated Interim Statement of Changes in Equity (Deficiency)
(Unaudited)
(Expressed in Canadian Dollars)

Three months ended December 31, 2021

	Share Capital (Note 9(b))		Reserves (Note 9(f)) \$	Accumulated Other Comprehensive Loss \$	Deficit \$	Total Equity (Deficiency) \$
	Shares	Amount \$				
Balance – September 30, 2021	75,143,887	33,384,500	2,077,693	(118,778)	(13,758,261)	21,585,154
Total comprehensive loss						
Net loss for the period	-	-	-	-	(3,571,603)	(3,571,603)
Foreign currency translation	-	-	-	(100,285)	-	(100,285)
	-	-	-	(100,285)	(3,571,603)	(3,671,888)
Transactions with owners of the Company:						
Stock based compensation – Performance warrants (Note 9(c))	-	-	160,562	-	-	160,562
Stock based compensation – Stock Options (Note 9(d))	-	-	160,831	-	-	160,831
Stock based compensation – RSUs (Note 9(e))	-	-	245,242	-	-	245,242
	-	-	566,635	-	-	566,635
Balance – December 31, 2021	75,143,887	33,384,500	2,644,328	(219,063)	(17,329,864)	18,479,901

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

JUST KITCHEN HOLDINGS CORP.

Consolidated Statement of Changes in Equity (Deficiency)
(Unaudited)
(Expressed in Canadian Dollars)

For the three months ended December 31, 2020

	Share Capital (Note 9(b))		Reserves (Note 9(f)) \$	Accumulated Other Comprehensive Loss \$	Deficit \$	Total Equity (Deficiency) \$
	Shares	Amount \$				
Balance – September 30, 2020	35,701,304	3,043,736	(444,340)	(57,402)	(2,520,680)	21,314
Total comprehensive loss						
Net loss for the period	-	-	-	-	(2,429,802)	(2,429,802)
Foreign currency translation	-	-	-	27,474	-	27,474
	-	-	-	27,474	(2,429,802)	(2,402,328)
Transactions with owners of the Company:						
Issuance of shares for cash (Note 9(b))	5,660,000	2,090,000	-	-	-	2,090,000
Stock based compensation- Performance warrants (Note 9(c))	-	-	654,227	-	-	654,227
Stock based compensation – Stock Options (Note 9(d))	-	-	126,887	-	-	126,887
Stock based compensation – RSUs (Note 9(e))	-	-	80,582	-	-	80,582
	5,660,000	2,090,000	861,696	-	-	2,951,696
Balance – December 31, 2020	41,361,304	5,133,736	417,356	(29,928)	(4,950,482)	570,682

The accompanying notes are an integral part of these condensed consolidated interim financial statements

JUST KITCHEN HOLDINGS CORP.

Notes to the Condensed Consolidated Interim Financial Statements
(Expressed in Canadian Dollars)

Three months ended December 31, 2021 and 2020

1. Nature of Operations:

Just Kitchen Holdings Corp. (the “Company” or “Just Kitchen”) is a cloud kitchen meal preparation company with operations in Taiwan and Hong Kong. The Company combines advanced food preparation with underused real estate and leverages online mobile application-based food ordering and delivery companies reaching wider geographies, which includes under-served markets. Just Kitchen’s business model combines strategically located cloud kitchens or “virtual kitchens” in a hub-and-spoke infrastructure throughout high-density urban areas.

Just Kitchen was incorporated under the Business Corporations Act (B.C.) on December 5, 2019.

On April 7, 2021, the Company received final approval from the TSX Venture Exchange (“TSX.V”). On April 15, 2021, the Company began trading on the TSX.V at market open under the trading symbol JK.

2. Basis of Presentation:

(a) Statement of Compliance:

These condensed consolidated interim financial statements were prepared in accordance with International Accounting Standards 34, Interim Financial Reporting (“IAS 34”), using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

The accounting policies and methods of application applied by the Company in these condensed consolidated interim financial statements are the same as those applied in the Company’s most recent annual consolidated financial statements as at and for the year ended September 30, 2021, except as described in Note 3(b) herein. These condensed consolidated interim financial statements do not include all of the information required for full annual financial statements and therefore should be read in conjunction with most recent annual consolidated financial statements as at and for the year ended September 30, 2021.

3. Significant Accounting Policies:

(a) Use of judgments and estimates

In preparing these interim financial statements, management has made judgments and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgments made by management in applying the Company’s accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

(b) Recently adopted accounting pronouncements:

There were no new accounting pronouncements adopted since September 30, 2021 that would have a material impact on the Company’s consolidated financial statements.

JUST KITCHEN HOLDINGS CORP.

Notes to the Condensed Consolidated Interim Financial Statements
(Expressed in Canadian Dollars)

Three months ended December 31, 2021 and 2020

3. Significant Accounting Policies (continued):

(c) New accounting pronouncements not yet effective:

A number of new standards, and amendments to standards and interpretations, are not yet effective for the period ended December 31, 2021, and have not been applied in preparing these financial statements. Pronouncements that are irrelevant or not expected to have a significant impact have been excluded.

Amendments to IAS 1

This amendment clarifies the requirements relating to determining if a liability should be presented as current or non-current in the statement of financial position. Under the new requirement, the assessment of whether a liability is presented as current or non-current is based on the contractual arrangements in place as at the reporting date and does not impact the amount or timing of recognition. The amendment applies retrospectively for annual reporting periods beginning on or after January 1, 2022. The Company is currently evaluating the potential impact of these amendments on the Company's condensed consolidated interim financial statements.

4. Accounts receivable:

	December 31, 2021	September 30, 2021
Taxes receivable from federal governments	\$ 67,466	\$ 36,285
Trade receivables	583,041	479,057
	\$ 650,507	\$ 515,342

Trade receivables are receivables from clients and delivery partners. Trade receivable collection terms are ranging between 7 to 30 days. All amounts are short-term. The net carrying value of accounts receivables is considered a reasonable approximation of fair value.

JUST KITCHEN HOLDINGS CORP.

Notes to the Condensed Consolidated Interim Financial Statements
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Three months ended December 31, 2021 and 2020

5. Property and equipment:

The summary of the Company's property and equipment is as follows:

	Kitchen Equipment \$	Computer Equipment \$	Leasehold Improvements \$	Other Assets \$	Total \$
Cost					
Balance – September 30, 2020	107,938	72,289	207,589	-	387,816
Purchases	1,079,364	65,522	697,186	90,012	1,932,084
Foreign exchange translation	13,428	1,334	6,741	1,198	22,701
Balance – September 30, 2021	1,200,730	139,145	911,516	91,210	2,342,601
Purchases	267,862	59	165,111	36,610	469,642
Foreign exchange translation	13,680	892	8,939	1,309	24,820
Balance – December 31, 2021	1,482,272	140,096	1,085,566	129,129	2,837,063
Accumulated Depreciation					
Balance – September 30, 2020	(8,759)	(7,502)	(13,874)	-	(30,135)
Depreciation	(136,364)	(20,577)	(116,488)	(7,641)	(281,070)
Foreign exchange translation	(2,191)	(1,542)	(1,354)	(101)	(5,188)
Balance – September 30, 2021	(147,314)	(29,621)	(131,716)	(7,742)	(316,393)
Depreciation	(61,087)	(6,876)	(50,110)	(4,810)	(122,883)
Foreign exchange translation	(2,046)	(296)	(1,605)	(135)	(4,082)
Balance – December 31, 2021	(210,447)	(36,793)	(183,431)	(12,687)	(443,358)
Carrying Value					
At September 30, 2021	1,053,416	109,524	779,800	83,468	2,026,208
At December 31, 2021	1,271,825	103,303	902,135	116,442	2,393,705

JUST KITCHEN HOLDINGS CORP.

Notes to the Condensed Consolidated Interim Financial Statements
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6. Right-of-use assets and lease liability:

(a) Right-of-use assets:

As at December 31, 2021, the Company had lease arrangements for a number of kitchens and kitchen equipment located in Taiwan and Hong Kong. The summary of the Company's right-of-use assets for the three months ended December 31, 2021 and for the year ended September 30, 2021 is as follows:

	December 31, 2021	September 30, 2021
Cost		
Beginning Balance	\$ 3,758,767	\$ 1,982,546
Additions	789,375	1,824,119
Lease periods expire	-	(50,487)
Foreign exchange translation	39,376	2,589
Ending Balance	\$ 4,587,518	\$ 3,758,767
Accumulated Depreciation		
Beginning Balance	\$ (949,709)	\$ (312,094)
Depreciation	(243,626)	(683,228)
Lease periods expire	-	50,487
Foreign exchange translation	(11,132)	(4,874)
Ending Balance	\$ (1,204,467)	\$ (949,709)
Carrying Value	\$ 3,383,051	\$ 2,809,058

Some property leases contain extension options exercisable by the Group. The Group initially assesses whether it is reasonably certain to exercise the extension options at the lease commencement date, and then performs subsequent reassessments when there are significant events or changes in circumstances within the Group's control.

JUST KITCHEN HOLDINGS CORP.

Notes to the Condensed Consolidated Interim Financial Statements
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Three months ended December 31, 2021 and 2020

6. Right-of-use assets and lease liability:

(b) Lease liability:

The summary of the Company's lease liabilities for the three months ended December 31, 2021 and the year ended September 30, 2021, is as follows:

	December 31, 2021	September 30, 2021
Beginning Balance	\$ 2,865,666	\$ 1,668,370
Additions	789,375	1,824,119
Other income recognized from rent concessions due to Covid 19	-	(16,549)
Lease payments	(239,191)	(685,970)
Interest expense on lease liabilities	26,883	76,962
Foreign exchange translation	28,855	(1,266)
Total lease liability	3,471,588	2,865,666
Less: current portion	(1,098,727)	(886,708)
Non-current portion	\$ 2,372,861	\$ 1,978,958

7. Intangible assets:

The summary of the Company's intangible assets is as follows:

	December 31, 2021	September 30, 2021
Cost		
Beginning balance	\$ 240,539	\$ -
Purchases	-	237,379
Foreign exchange translation	2,117	3,160
Balance	\$ 242,656	\$ 240,539
Accumulated Amortization		
Beginning balance	\$ -	\$ -
Amortization	(19,946)	-
Foreign exchange translation	(275)	-
Balance	\$ (20,221)	\$ -
Carrying Value	\$ 222,435	\$ 240,539

JUST KITCHEN HOLDINGS CORP.

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Three months ended December 31, 2021 and 2020

8. Promissory notes payable:

Promissory notes due June 30, 2022:

Promissory notes payable are unsecured and bear an annual interest rate ranging between 7% and 8%, with principal and interest maturing on June 30, 2022 with early repayment option. During the three months ended December 31, 2021 and the year ended September 30, 2021, the Company recorded \$6,219 and \$24,895 of interest expense respectively. Details are as follows:

	December 31, 2021	September 30, 2021
Beginning Balance	\$ 230,435	\$ 460,127
Repayments	-	(248,057)
Interest expense	6,219	24,895
Foreign exchange translation	2,113	(6,530)
Ending Balance	\$ 238,767	\$ 230,435

9. Shareholders' equity:

(a) Authorized and issued share capital:

The Company's authorized share capital consists of an unlimited number of common shares without par value. All issued shares are fully paid.

(b) Share capital transactions:

During the three months ended December 31, 2021, there were no share capital transactions.

During the three months ended December 31, 2020, the Company completed the following private placements:

(i) 2,960,000 shares at \$0.25 per share for gross proceeds of \$740,000;

(ii) 2,700,000 shares at \$0.50 per share for gross proceeds of \$1,350,000;

(iii) In December 2020, the Company completed two tranches of a private placement of subscription receipts at a price of \$0.50 per subscription receipt for aggregate gross proceeds of \$7,491,897 as follows:

- On December 10, 2020, the Company completed the first tranche for aggregate gross proceeds of \$6,478,897 and issued 12,957,795 subscription receipts. Upon exercise of the first tranche of the subscription receipts, the Company shall issue 346,709 common shares and pay \$75,180 as finders' fees; and
- On December 21, 2020, the Company completed the second tranche for aggregate gross proceeds of \$1,013,000 and issued 2,026,000 subscription receipts. Upon exercise of the second tranche of the subscription receipts, the Company shall issue 3,000 common shares as finders' fees.

JUST KITCHEN HOLDINGS CORP.

Notes to the Condensed Consolidated Interim Financial Statements
(Expressed in Canadian Dollars)

Three months ended December 31, 2021 and 2020

9. Shareholders' equity (continued):

(c) Warrants:

Performance Warrants

On May 1, 2020, the Company granted to the Company's founder, director and CEO 10,000,000 performance warrants ("Performance Warrants"). The Expiry Date is expected to be on or before October 31, 2022 for 5,000,000 Performance Warrants and on or before October 31, 2023 for the remaining 5,000,000 Performance Warrants.

On October 5, 2020, the Company revised the Performance Warrants arrangement with the Company's CEO by cancelling 3,900,000 out of 10,000,000 previously issued Performance Warrants and issuing them to other directors, officers and employees. The Expiry Date is now expected to be on or before January 31, 2023 for 5,000,000 Performance Warrants and on or before January 31, 2024 for the remaining Performance Warrants. Upon cancellation of 3,900,000 Performance Warrants, the Company accelerated recognition of stock-based compensation related to these warrants and recorded \$495,397 stock-based compensation.

For the three months ended December 31, 2021, the Company recognized \$160,562 (three months ended December 31, 2020 - \$654,227) of stock-based compensation expense related to the Performance Warrants. As of December 31, 2021, none of the Performance Warrants have vested therefore they are not exercisable.

A summary of the Company's performance warrant transactions is as follows:

	Three months ended December 31, 2021		Three months ended December 31, 2020	
	Number of Performance Warrants (#)	Weighted Average Exercise Price (\$)	Number of Performance Warrants (#)	Weighted Average Exercise Price (\$)
Outstanding, beginning of period	10,000,000	0.001	10,000,000	0.001
Granted	-	-	3,900,000	0.001
Cancelled	-	-	(3,900,000)	0.001
Outstanding, end of period	10,000,000	0.001	10,000,000	0.001

At December 31, 2021, performance warrants had a weighted average life of 1.58 years.

Finder's Warrants

On June 15, 2021, the company issued 777,780 finder's warrants ("Finder's Warrants") in relation to the supplemental prospectus offering. Each warrant entitles the holders to purchase one common share at \$1.35 per share for a period of 2 years. The warrants are fully vested on grant date and were valued at \$162,039 using the Black-Scholes option pricing model. The Finder's Warrants will expire on June 15, 2023.

JUST KITCHEN HOLDINGS CORP.

Notes to the Condensed Consolidated Interim Financial Statements
(Expressed in Canadian Dollars)

Three months ended December 31, 2021 and 2020

9. Shareholders' equity (continued):

(c) Warrants (continued):

A summary of the Company's finder's warrant transactions follows:

	Three months ended December 31, 2021		Three months ended December 31, 2020	
	Number of Warrants (#)	Weighted Average Exercise Price (\$)	Number of Warrants (#)	Weighted Average Exercise Price (\$)
Outstanding, beginning of period	756,780	1.35	-	-
Granted	-	-	-	-
Cancelled	-	-	-	-
Outstanding, end of period	756,780	1.35	-	-

At December 31, 2021, finder's warrants had a weighted average life of 1.45 years.

(d) Stock options:

On October 5, 2020, the Company has adopted a "10% rolling" stock option plan (the "**Options**"), pursuant to which the Company can have at any point in time up to a maximum of 10% of the outstanding shares reserved for issuance. Options will be granted at the discretion of the Company's Board of Directors to eligible optionees under the Option Plan.

On November 9, 2021, the Company granted 125,000 stock options exercisable at \$1.41 per share and vesting 25% on November 9, 2021 and 25% every 6 months thereafter. Total fair value of these stock options on the date of grant was estimated to be \$47,998.

The following assumptions were used in determining the fair value of stock options on the date of grant using the Black-Scholes option pricing model:

Stock price volatility *	39.88% – 40.43%
Risk-free interest rate	1.01%
Expected life	2.5 – 3.25 years
Expected dividend yield	0.00%

* The Company does not have reliable and long enough history of its own stock prices, therefore stock price volatility was determined based on a selection of comparable companies.

JUST KITCHEN HOLDINGS CORP.

Notes to the Condensed Consolidated Interim Financial Statements
(Expressed in Canadian Dollars)

Three months ended December 31, 2021 and 2020

9. Shareholders' equity (continued):

(d) Stock options (continued):

On December 15, 2021, the Company granted 390,000 stock options exercisable at \$1.19 per share and vesting 25% on December 15, 2021 and 25% every 6 months thereafter. Total fair value of these stock options on the date of grant was estimated to be \$133,931.

The following assumptions were used in determining the fair value of stock options on the date of grant using the Black-Scholes option pricing model:

Stock price volatility *	39.98% – 40.69%
Risk-free interest rate	1.02%
Expected life	2.5 – 3.25 years
Expected dividend yield	0.00%

* The Company does not have reliable and long enough history of its own stock prices, therefore stock price volatility was determined based on a selection of comparable companies.

The following is a summary of activity in stock options:

	Three months ended December 31, 2021		Three months ended December 31, 2020	
	Number of Stock Options (#)	Weighted Average Exercise Price (\$)	Number of Stock Options (#)	Weighted Average Exercise Price (\$)
Outstanding, beginning of period	4,602,500	0.58	-	-
Granted	515,000	1.24	4,265,000	0.50
Cancelled	-	-	-	-
Outstanding, end of period	5,117,500	0.64	4,265,000	0.50
Exercisable, end of period	2,355,000	0.64	-	0.50

JUST KITCHEN HOLDINGS CORP.

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Three months ended December 31, 2021 and 2020

9. Shareholders' equity (continued):

(d) Stock options (continued):

At December 31, 2021, the following options, with a weighted average life of 4.06 years (September 30, 2021: 4.21 years), were outstanding and exercisable:

Expiry Date	Options Outstanding (#)	Options Exercisable (#)	Exercise Price (\$/share)
November 24, 2025	4,187,500	2,056,250	\$0.500
June 28, 2026	265,000	132,500	\$1.350
August 3, 2026	150,000	37,500	\$1.380
November 9, 2026	125,000	31,250	\$1.410
December 15, 2026	390,000	97,500	\$1.190
	5,117,500	2,355,000	

Pursuant to the vesting of options granted in the prior year, the Company recognized \$160,831 (December 31, 2020 - \$80,582) in share-based payments during the three months ended December 31, 2021.

(e) Restricted share units:

Effective October 5, 2020, the Company adopted a Restricted Share Units Plan (the "RSU Plan") pursuant to which the Company can have a maximum of 3,000,000 of the issued and outstanding common shares of the Company reserved for issuance as Restricted Share Units ("RSUs") and will be granted at the discretion of the Company's Board of Directors to eligible recipients under the RSU Plan. The following is a summary of the RSUs:

September 30, 2021	Granted	Exercised	December 31, 2021	RSUs Vested	Expiry Date
2,450,000	-	-	2,450,000	-	November 24, 2025
-	300,000	-	300,000	-	November 9, 2026
	300,000	-	2,750,000	-	

On November 24, 2020, the Company granted 2,450,000 RSUs to its directors, officers, employees and consultants. On the date of grant, each RSU was valued at \$0.50, for a total value of \$1,225,000. Stock based compensation expense is recognized over the estimated vesting period commencing on the date of grant and ending on the date when vesting conditions are expected to be met. Stock based compensation is charged to profit and loss with a corresponding increase in RSU Reserve. 50% of the RSUs will vest on February 1, 2022 and the remaining 50% will vest on February 1, 2023.

On November 9, 2021, the Company granted 300,000 RSUs to its directors. On the date of grant, each RSU was valued at \$1.40, for a total value of \$420,000. Stock based compensation expense is recognized over the estimated vesting period commencing on the date of grant and ending on the date when vesting conditions are expected to be met. Stock based compensation is charged to profit and loss with a corresponding increase in RSU Reserve.

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9. Shareholders' equity (continued):

(e) Restricted share units (continued):

50% of the RSUs will vest on November 9, 2022 and the remaining 50% will vest on November 9, 2023.

For the three months ended December 31, 2021, the Company recognized \$245,242 (three months ended December 31, 2020 - \$80,582) of stock-based compensation expense related to the RSUs.

As of December 31, 2021, 2,750,000 RSUs were outstanding and all unvested. The Company plans to issue shares upon vesting.

(f) Reserves:

For the three months ended December 31, 2021:

	Reserves (\$)				
	Reorganization	Stock Options	Warrants and performance warrants	RSUs	Total
Balance – September 30, 2021	(657,215)	558,552	1,501,215	675,141	2,077,693
Share-based payment – Stock Options (Note 9(d))	-	160,831	-	-	160,831
Share-based payment – Warrants (Note 9(c))	-	-	160,562	-	160,562
Share-based payment – RSUs (Note 9(e))	-	-	-	245,242	245,242
Balance - December 31, 2021	(657,215)	719,383	1,661,777	920,383	2,644,328

For the three months ended December 31, 2020:

	Reserves (\$)				
	Reorganization	Stock Options	Warrants and performance warrants	RSUs	Total
Balance – September 30, 2020	(657,215)	-	212,875	-	(444,340)
Share-based payment – Stock Options (Note 9(d))	-	126,887	-	-	126,887
Share-based payment – Warrants (Note 9(c))	-	-	654,227	-	654,227
Share-based payment – RSUs (Note 9(e))	-	-	-	80,582	80,582
Balance - December 31, 2020	(657,215)	126,887	867,102	80,582	417,356

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10. Loss per share:

The basic and diluted loss per share has been calculated based on the following weighted average number of common shares issued and outstanding during the three months ended December 31, 2021 and 2020:

	2021	2020
Weighted average number of common shares – basic and diluted	75,143,887	37,841,087

Diluted and basic loss per share are the same because the effects of potential issuances of shares under options and warrants would be anti-dilutive. The Company's performance warrants (note 9(c)) are considered to be contingently issuable shares and were excluded from the calculation of basic loss per share as the conditions for issuance were not satisfied at December 31, 2021. The Company's stock options (note 9(d)) and restricted share units (note 9(e)) are considered to be anti-dilutive shares and were excluded from the calculation of basic loss per share for the three months ended December 31, 2021.

11. Related party transactions:

Related party transactions and balances not disclosed elsewhere in these financial statements are as follows:

- (a) During the three months ended December 31, 2021, the Company recorded \$124,000 (December 31, 2020 - \$159,949) of consulting fees to the Company's Directors, CFO, COO, and Corporate Secretary.
- (b) During the three months ended December 31, 2021, the Company recorded \$101,707 (December 31, 2020 - \$83,656) of salaries to the Company's Director and CEO, CSO and CTO.
- (c) During the three months ended December 31, 2021, the Company recorded \$Nil (December 31, 2020 - \$2,158) of revenue from companies with a Director in common, being the Company's CEO.
- (d) During the three months ended December 31, 2021, the Company recorded \$6,110 (December 31, 2020 - \$190) of royalty expense on certain brand foods to a company with a Director in common, being the Company's CEO.
- (e) During the three months ended December 31, 2021, the Company purchased \$Nil (December 31, 2020 - \$2,314) of food products from a company with a Director in common, being the Company's CEO. As at December 31, 2021, balance of \$40,978 is included in accounts payable and accrued liabilities.

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11. Related party transactions (continued):

(f) Compensation of Key Management Personnel

Key management personnel are those persons that have authority and responsibility for planning, directing and controlling the activities of the Company, directly and indirectly. As of December 31, 2021, the Company's key management personnel consisted of the Company's directors and senior management (Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Chief Strategy Officer, Chief Technology Officer, Chief Marketing Officer and Corporate Secretary). The Company incurred fees and expenses in the normal course of operations in connection with the key management and directors.

Details are as follows:

Nature of Transactions	December 31, 2021	December 31, 2020
Consulting fees	\$ 124,000	\$ 159,949
Salaries and benefits	101,707	83,656
Stock based compensation – performance warrants	160,562	654,228
Stock based compensation – stock options	57,354	96,690
Stock based compensation – RSUs	216,616	69,070
	\$ 660,239	\$ 1,063,593

(g) Commitments:

- (i) As of December 31 2021, the Company has an employment agreement with the Company's CEO for an indefinite term with basic annual compensation of \$216,000. As part of the compensation, the Company also granted to the employee 6,100,000 Performance Warrants (*note 10(c)*). In case of termination of the employment agreement by the Company without cause, or by the employee for cause, the employee is entitled to receive a severance payment equal to twelve (12) months of basic salaries and immediate vesting of Performance Warrants. In case of change of control, the employee is entitled to receive a severance payment equal to twenty-four (24) months of basic salaries and immediate vesting of Performance Warrants.
- (ii) As of December 31, 2021, the Company has a consulting agreement with a company controlled by the Company's COO. The contract calls for monthly fees of \$18,000 and expires on October 5, 2023. In case of termination of the consulting agreement by the Company for reasons other than for an event of default, the consultant is entitled to receive early termination fees equal to six (6) months of fees. In case of change of control, a compensation equal to twelve (12) months of fees is payable upon termination. Subsequently, on January 28, 2022, this consulting agreement has been amended as disclosed in note 18a.

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11. Related party transactions (continued):

(g) Commitments (continued):

- (iii) As of December 31, 2021, the Company has a consulting agreement with a company controlled by the Company's CFO. The contract calls for monthly fees of \$10,000 and expires on April 30, 2023. In case of termination of the consulting agreement by the Company for reasons other than for an event of default, the consultant is entitled to receive early termination fees equal to six (6) months of fees. In case of change of control, a compensation equal to twelve (12) months of fees is payable upon termination; and
- (iv) As of December 31, 2021, the Company has 2 consulting agreements with 2 companies controlled by the Company's 2 directors. Each contract calls for monthly fees of \$5,000 and expires on May 1, 2022. Unless terminated in writing, these contracts automatically renew for additional 12-month periods. In case of termination of the consulting agreement by the Company for reasons other than for an event of default, the consultant is entitled to receive early termination fees equal to six (6) months of fees. In case of change of control, a compensation equal to twelve (12) months of fees is payable upon termination.

The above transactions occurred in the normal course of operations and are measured at the amount of consideration established and agreed to by the related parties.

12. Segmented information:

The Company is a cloud kitchen meal preparation company with operations in Taiwan, Hong Kong (operation commenced in Q4 2021) and head office in Vancouver. Senior management reviews revenues on a region by region basis and operating expenses are reviewed on a consolidated basis. Revenues to date are mostly generated in Taiwan with Hong Kong commencing its operations representing under 5% of consolidated revenue. The Company's assets are located as follows:

The Company's geographic information is as follows:

		December 31, 2021		September 30, 2021
Canada	\$	16,364,581	\$	19,988,240
Taiwan		8,697,772		7,272,836
Hong Kong		858,005		676,835
Total Assets	\$	25,920,358	\$	27,937,911

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13. Supplementary cash flow information:

- (a) Non-cash investing and financing activities for the three months ended December 31, 2021 and three months ended December 31, 2020 are as follows:

	2021	2020
Reduction (addition) to property and equipment included in prepaid expenses	\$ (197,366)	\$ 44,047
Additions to property and equipment included in changes in accounts payable	43,025	9,486
Additions to right-of-use assets and lease liability	789,375	673,346
Acquisition of non-cash assets and liabilities on common control transaction on November 27, 2019, net of cash	-	739,138
Change in promissory note payable related to interest (note 9(a))	6,219	25,449
Issuance of shares to settle promissory notes payable (note 9(b))	-	850,000

- (b) Investing activities with partial cash payments for the three months ended December 31, 2021 and three months ended December 31, 2020 are as follows:

	2021	2020
Purchase of Property and Equipment	\$ 469,642	\$ 486,561
Changes in working capital related to acquisition of equipment	154,341	(53,533)
Cash Paid for Property and Equipment during the periods	\$ 623,983	\$ 433,028

- (c) Adjusted cash flow:

Certain of the 2020 comparative cash flow figures have been adjusted to reflect the cash flow impact of changes in the investing portion of working capital balances as follows:

Operating – Change in non-cash working capital	As reported	Adjustment	As adjusted
Prepaid expenses and deposits	\$ (115,740)	(44,047)	\$ (159,787)
Accounts payable and accrued liabilities	\$ 679,422	(9,486)	\$ 669,936

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13. Supplementary cash flow information (continued):

(c) Adjusted cash flow (continued):

	As reported	Adjustment	As adjusted
Investing			
Purchase of property and equipment	\$ (486,561)	53,533	\$(433,028)

14. Capital management:

The Company depends on internally generated revenues and external financing to fund its activities. The capital structure of the Company currently consists of common shares and promissory notes payable. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions, performance of existing kitchen locations and opportunities to expand operations to other locations and regions.

In order to maintain or adjust the capital structure, the Company may arrange more loans, issue new common shares, or sell assets to fund operations. Management reviews its capital management approach on a regular basis. The Company is not subject to externally imposed capital requirements.

The Company invests all capital that is surplus to its immediate operational needs in short-term, liquid and highly-rated financial instruments, such as cash, all held with major financial institutions.

15. Financial instruments:

(a) Categories of financial assets and liabilities:

As of December 31, 2021 the carrying values of the Company's financial instruments are classified into the following categories:

	December 31, 2021	
Financial assets at amortized cost (i)	\$	17,887,676
Financial liabilities at amortized cost (ii)	\$	3,968,869

(i) Financial assets at amortized cost consist of cash and accounts receivable.

(ii) Financial liabilities at amortized cost consist of accounts payable, accrued liabilities and promissory note payables. In addition, lease liabilities are also recognized at amortized cost.

(b) Fair value of financial instruments:

The Company has classified fair value measurements of its financial instruments using a fair value hierarchy that reflects the significance of inputs used in making the measurements as follows:

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15. Financial instruments (continued):

(b) Fair value of financial instruments (continued):

Level 1: Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Valuation based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices, such as quoted interest or currency exchange rates; and

Level 3: Valuation based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

The fair value of cash, accounts receivable, accounts payable and accrued liabilities approximate their respective carrying values due to their short-term maturities.

There were no transfers of instruments between levels in the fair value hierarchy.

(c) Management of risks arising from financial instruments:

The Company's financial instruments are exposed to the following financial risks:

(i) **Credit Risk** – Credit risk is the risk that one party to a financial instrument will fail to fulfill an obligation and cause the other party to incur a financial loss. The Company's credit risk consists primarily of cash and accounts receivable. The credit risk is minimized by placing cash with large Canadian, Taiwanese, and Hong Kong financial institutions. Credit risk is managed through dealing with financially strong counterparties and regular cash collections. The Company's maximum exposure to credit risk is limited to the accounts receivable recognized on the consolidated statement of financial position.

As of December 31, 2021, the Company had a receivable of \$344,062 from three customer representing 59% of total trade receivables. As of September 30, 2021, the Company had a receivable of \$314,022 from three customers representing 66% of total trade receivables.

(ii) **Currency Risk** – The operating results and financial position of the Company are reported in Canadian dollars. As the Company's main operations are conducted in Taiwan through JK Taiwan using its functional currency, the New Taiwanese dollar ("NTD") and in Hong Kong through JKHK using its functional currency, Hong Kong dollar ("HKD"), the Company is exposed to foreign currency transaction and translation risks. Assets and liabilities are translated based on the Company's foreign currency translation policy.

As at December 31, 2021 and for the period then ended, a 10% decrease in the value of the Taiwanese dollar in relation to the Canadian dollar would have decreased net assets by approximately \$197,449 and would have decreased comprehensive loss of the Company by approximately \$222,789. A 10% decrease in the value of the Hong Kong dollar in relation to the Canadian dollar would have decreased net assets by approximately \$48,841 and would have decreased comprehensive loss of the Company by approximately \$20,046. The Company has not entered into any hedging agreements to mitigate currency risks with respect to foreign exchange rates.

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15. Financial instruments (continued):

(c) Management of risks arising from financial instruments (continued):

- (ii) **Liquidity Risk** – Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due if additional capital is not available to the Company when required. To mitigate this risk, the Company has a planning and budgeting process in place to determine the funds required to support its ongoing operations, lease and promissory notes payable, and capital expenditures. The Company ensures that sufficient funds are raised from debt or equity financings to meet its operating requirements, after taking into account its existing working capital and expected future revenues. The Company's cash is held with major financial institutions. The Company's cash is not invested in any asset backed deposits or investments.

The following table summarizes amounts and maturity dates of the Company's contractual obligations as of December 31, 2021:

	2022	2023	2024	2025	2026	Total
Accounts payable and accrued liabilities	\$ 3,730,102	\$ -	\$ -	\$ -	\$ -	\$ 3,730,102
Lease liability *	1,224,611	1,121,584	780,086	393,388	184,224	3,703,893
Low-value leases	7,223	7,223	6,534	4,750	938	26,668
Promissory notes payable **	238,767	-	-	-	-	238,767
	\$ 5,200,703	\$ 1,128,807	\$ 786,620	\$ 398,138	\$ 185,162	\$ 7,699,430

* Including interest

** Excluding interest

16. Revenue:

Revenue is generated from preparation and sale of meals and beverages to retail and business customers in Taipei, Taiwan. Revenue generated from Hong Kong is less than 5% of the Company's total revenue. Retail orders are received via mobile app and business orders are received via phone or email. Retail orders are delivered using a 3rd party delivery services, and business orders are delivered directly by the Company.

	Three months ended December 31, 2021	Three months ended December 31, 2020
Sales to retail customers	\$ 3,810,720	\$ 1,875,060
Sales to businesses	355,963	36,110
	\$ 4,166,683	\$ 1,911,170

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17. Nature of expenses:

The following schedule presents additional information on the Company's expenses for the three months ended December 31, 2021 and 2020.

	December 31, 2021 \$	December 31, 2020 \$
Operating expenses:		
Delivery and processing costs	852,400	421,420
Food and beverage costs *	1,890,606	941,465
Rent and utilities	263,637	62,830
Repairs and maintenance	71,609	79,376
Salaries and benefits	1,081,372	486,647
Selling costs	764,146	274,346
	4,923,770	2,266,084
General and administrative expenses:		
Advertising and marketing	560,612	121,307
Consulting	143,911	163,899
Listing and filing	22,849	24,415
Insurance	17,875	-
Office and administration	117,474	67,201
Professional fees	223,643	196,829
Rent and utilities	31,856	13,927
Repairs and maintenance	51,406	15,706
Salaries and benefits	584,115	323,039
Selling costs	107,268	78,674
Stock-based compensation	566,635	861,696
Travel	-	2,175
	2,427,644	1,868,868
Research and Development:		
Salaries and benefits	48,720	-
Office and administration	35,818	-
	84,538	-
Depreciation and amortization:		
Depreciation of property and equipment	122,883	35,829
Amortization of intangible assets	19,946	-
Depreciation of right-of-use assets	243,626	133,349
	386,455	169,178

* During the three months ended December 31, 2021, inventory expensed to food and beverage costs was \$1,890,606 (December 31, 2020 - \$941,465).

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18. Subsequent events:

- (a) On January 28, 2022, the Company amended a consulting contract with the Company's COO as follows:
- contract expiry date was revised from October 5, 2023 to July 28, 2022;
 - the Consultant resigned as the COO effective January 28, 2022;
 - reduction of previously granted performance warrants from 2,000,000 down to 500,000. 100% of 500,000 warrants shall now vest in one tranche upon meeting Sep 30, 2022 revenue targets, with vesting condition expected to be met on or before Jan 31, 2023;
 - reduction of previously granted stock options from 1,000,000 to 500,000, all of which have 100% vested prior to January 28, 2022 in accordance with previous vesting terms; and
 - reduction of previously RSUs from 300,000 to 150,000, all of which have vested on February 1, 2022 in accordance with previous vesting terms.
- (b) On November 30, 2021, the Company signed an agreement to acquire kitchen equipment and to take over a kitchen lease agreement for a large 2,900 square foot commercial kitchen facility in Taipei, Taiwan ("WeChef Kitchen"). WeChef Kitchen is centrally located in high density and high delivery area of Taipei. The WeChef Kitchen is subdivided into six fully functioning kitchens with the ability to cater to a diverse range of cuisine types. WeChef Kitchen will be serving the brands operated by JustKitchen, supplying them to consumers via delivery service providers and pick-up services. Total purchase price for the equipment is NTD 1.47 million (approximately \$67,000), and the spoke has started its operation in February 2022.
- (c) In December 2021, the Company has entered into an agreement to acquire 3 Square's software and operating digital food halls with 14 additional food brands. 3 Square has created an ecosystem to help restaurateurs and other food service operators maximize the utilization and revenue per square foot of the kitchen spaces that they occupy. The Company expects to expand its own operations by utilizing 3 Square's assets. The Company also plans to continue utilizing the multi-spoke real property assets under a kitchen-as-a-service ("KAAS") operating model by providing a well-equipped, ready-to-use kitchen on a rented basis to third parties that want to expand their operations or to try a new culinary venture with lower capital investment risk. This acquisition remains subject to the completion of all necessary due diligence and approval of the TSX Venture Exchange.
- (d) On December 21, 2021, the Company signed a letter of intent to acquire a 46,000 square foot kitchen ("Hub 3") in Taipei, Taiwan, for a total purchase price of NTD 50 million (approximately \$2.3 million). NTD 40 million shall be paid in cash and NTD 10 million shall be paid in common shares of the Company using the Company's closing stock price on the last business day immediately before the closing day of the acquisition. This acquisition remains subject to the completion of all necessary due diligence and approval of the TSX Venture Exchange.
- (e) On February 11, 2022, the Company repaid part of promissory notes in the principal amount of \$68,940 plus accrued interest of \$12,915 for a total of \$81,855 (*note 8*).
- (f) On February 17, 2022, the Company repaid part of promissory notes in the principal amount of \$51,197 plus accrued interest of \$8,701 for a total of \$59,898 (*note 8*).