



Just Kitchen Holdings Corp.

Condensed Consolidated Interim Financial Statements

For the Six Months Ended March 31, 2022 and 2021

(Unaudited)

(Expressed in Canadian Dollars)

JUST KITCHEN HOLDINGS CORP.

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

Assets	March 31, 2022	September 30, 2021
Current		
Cash	\$ 12,094,392	\$ 20,796,767
Accounts receivable (Note 4)	697,392	515,342
Inventory (Note 18)	1,126,924	853,841
Prepaid expenses and refundable deposits	451,661	469,087
	14,370,369	22,635,037
Non-current		
Property and equipment (Note 6)	3,109,086	2,026,208
Intangible assets (Note 8)	192,257	240,539
Right-of-use assets (Note 7(a))	3,107,815	2,809,058
Investment accounted for using equity method (Note 5)	112,694	-
Other non-current assets	354,802	227,069
	354,802	227,069
Total assets	\$ 21,247,023	\$ 27,937,911
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 3,951,330	\$ 3,256,656
Promissory notes payable (Note 9)	92,238	230,435
Current portion of lease liability (Note 7(b))	1,076,933	886,708
	5,120,501	4,373,799
Non-current		
Lease liability (Note 7(b))	2,121,219	1,978,958
	2,121,219	1,978,958
Total liabilities	7,241,720	6,352,757
Shareholders' Equity		
Share capital (Note 10(b))	33,408,630	33,384,500
Reserves - (Note 10(f))	2,972,120	2,077,693
Accumulated other comprehensive income (loss)	396,574	(118,778)
Deficit	(22,772,021)	(13,758,261)
	14,005,303	21,585,154
Total equity	14,005,303	21,585,154
Total equity and liabilities	\$ 21,247,023	\$ 27,937,911

Going concern (Note 2(b))
Commitments (Note 12(g))

Approved on behalf of the Board of Directors on May 30, 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)

	For the Three Months Ended March 31, 2022	For the Three Months Ended March 31, 2021	For the Six Months Ended March 31, 2022	For the Six Months Ended March 31, 2021
Food and beverage sales (Note 17)	\$ 5,039,338	\$ 2,224,281	\$ 9,206,021	\$ 4,135,451
Operating expenses (Note 18)	(6,101,373)	(2,721,744)	(11,025,143)	(4,987,828)
General and administrative expenses (Note 18)	(3,091,598)	(1,591,910)	(5,519,242)	(3,460,778)
Research and development expenses (Note 18)	(118,074)	(61,592)	(202,612)	(61,592)
Depreciation expense (Note 18)	(474,544)	(223,735)	(860,999)	(392,913)
Loss from operations	(4,746,251)	(2,374,700)	(8,401,975)	(4,767,660)
Interest revenue	22,662	185	50,599	272
Interest expense	(30,760)	(26,581)	(63,862)	(50,251)
Share of loss of investment accounted for using equity method (Note 5)	(13,793)	-	(13,793)	-
Foreign exchange loss	(703,613)	(129,061)	(616,958)	(142,320)
Other income	29,598	-	32,229	-
Net loss for the period	(5,442,157)	(2,530,157)	(9,013,760)	(4,959,959)
Other comprehensive loss				
Items that may be reclassified to net loss				
Foreign currency translation	615,637	143,119	515,352	170,593
Comprehensive loss for the period	\$ (4,826,520)	\$ (2,387,038)	\$ (8,498,408)	\$ (4,789,366)
Loss per share - basic and diluted	\$ (0.07)	\$ (0.06)	\$ (0.12)	\$ (0.12)
Weighted average number of common shares outstanding – basic and diluted (Note 11)	75,159,304	41,636,717	75,151,510	39,718,047

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)

Six months ended March 31, 2022 and 2021

	2022	2021
Operations:		
Net loss for the period	\$ (9,013,760)	\$ (4,959,959)
Items not affecting cash:		
Interest expense	63,862	50,251
Depreciation expense – property and equipment (Note 6)	289,851	92,457
Amortization expense – intangible assets (Note 8)	39,878	-
Depreciation expense – right-of-use assets (Note 7(a))	531,270	300,456
Gain on disposal of lease	(5,468)	-
Share of loss of investment accounted for using equity method (Note 5)	13,793	-
Stock-based compensation on warrants, options and RSUs	899,807	1,394,862
	<u>(7,180,767)</u>	<u>(3,121,933)</u>
Interest expense paid on leases (Note 7(b))	(56,785)	(35,181)
Payment of interest on promissory note payable	(21,314)	-
Change in non-cash working capital:		
Accounts receivable	(182,050)	(282,237)
Inventory	(273,083)	(386,562)
Prepaid expenses and refundable deposits	(114,863)	(290,150)
Accounts payable and accrued liabilities	493,828	1,119,641
	<u>(76,168)</u>	<u>160,692</u>
	<u>(7,335,034)</u>	<u>(2,996,422)</u>
Investing:		
Purchase of property and equipment (Note 14(a))	(1,284,326)	(878,119)
Cash contribution to equity investment accounted for using equity method (Note 5)	(125,428)	-
	<u>(1,409,754)</u>	<u>(878,119)</u>
Financing:		
Repayment of promissory notes payable (Note 9)	(118,459)	-
Payment of lease liabilities (Note 7(b))	(487,250)	(262,564)
Issuance of share capital (Note 10(b))	18,750	2,916,240
Subscription receipts (Note 10(b))	-	7,899,397
	<u>(586,959)</u>	<u>10,553,073</u>
Increase (decrease) in cash	(9,331,747)	6,678,532
Exchange impact on cash held in foreign currency	629,372	193,968
Cash - beginning of period	20,796,767	530,022
Cash - end of period	<u>\$ 12,094,392</u>	<u>\$ 7,402,522</u>

Supplementary cash flow information (note 14)

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)

Six months ended March 31, 2022

	Share Capital (Note 10(b))		Reserves (Note 10(f)) \$	Accumulated Other Comprehensive Income (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	-	-	-	-	(9,013,760)	(9,013,760)
Foreign currency translation	-	-	-	515,352	-	515,352
	-	-	-	515,352	(9,013,760)	(8,498,408)
Transactions with owners of the Company:						
Exercise of stock options	37,500	24,130	(5,380)	-	-	18,750
Stock based compensation – Warrants and Performance warrants (Note 10(c))	-	-	320,200	-	-	320,200
Stock based compensation – Stock Options (Note 10(d))	-	-	188,724	-	-	188,724
Stock based compensation – RSUs (Note 10(e))	-	-	390,883	-	-	390,883
	37,500	24,130	894,427	-	-	918,557
Balance – March 31, 2022	75,181,387	33,408,630	2,972,120	396,574	(22,772,021)	14,005,303

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 six months ended March 31, 2021

	Share Capital (Note 10(b))		Reserves (Note 10(f)) \$	Accumulated Other Comprehensive Income (Loss) \$		Total Equity (Deficiency) \$
	Shares	Amount \$		Deficit \$		
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	-	-	-	-	(4,959,959)	(4,959,959)
Foreign currency translation	-	-	-	170,593	-	170,593
	-	-	-	170,593	(4,959,959)	(4,789,366)
Transactions with owners of the Company:						
Issuance of shares for cash (Note 10(b))	7,312,480	2,916,240	-	-	-	2,916,240
Stock based compensation- Warrants and Performance warrants (Note 10(c))	-	-	811,298	-	-	811,298
Stock based compensation – Stock Options (Note 10(d))	-	-	306,974	-	-	306,974
Stock based compensation – RSUs (Note 10(e))	-	-	276,590	-	-	276,590
	7,312,480	2,916,240	1,394,862	-	-	4,311,102
Balance – March 31, 2021	43,013,784	5,959,976	950,522	113,191	(7,480,639)	(456,950)

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)

Six months ended March 31, 2022 and 2021

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(c) 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.

(b) Going Concern

These condensed consolidated interim financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet its commitments, realize its assets and discharge its liabilities in the normal course of business. As at March 31, 2022, the Company is still in the process of building its business, opening new virtual kitchens, and building its brand and customer base. The Company’s continuation as a going concern is dependent upon its ability to achieve profitable operations and raise additional financing through issuing equity or debt to meet current and future obligations. In assessing whether the going concern assumption is appropriate and whether there are material uncertainties that may cast significant doubt about the Company’s ability to continue as a going concern, management considers all available information about the future which is at least, but not limited to, twelve months from the end of the reporting period.

JUST KITCHEN HOLDINGS CORP.

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

Six months ended March 31, 2022 and 2021

2. Basis of Presentation (Continued):

(b) Going Concern (continued):

As at March 31, 2022, the Company had a working capital of \$9,249,868, an accumulated deficit of \$22,772,021 and for the six months ended March 31, 2022, the Company incurred a net loss of \$9,013,760, and net cash outflows from operations of \$7,335,034. Although the Company has previously been successful in obtaining financing in the past, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company. These conditions indicate a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

Should the Company be unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on its condensed consolidated interim statement of financial position.

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) Interests in Equity-Accounted Investees

Interests in equity-accounted investees comprise of interests in joint ventures. A joint venture is an arrangement in which the Company has joint control, whereby the Company has the right to the net assets of the joint venture arrangement, rather than rights to its assets and obligations for its liabilities. Interests in the joint ventures are accounted for using the equity method. They are initially recognized at cost. Subsequent to initial recognition, the Company records its share of profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases.

(c) 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)

Six months ended March 31, 2022 and 2021

3. Significant Accounting Policies (continued):

(d) 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 March 31, 2022, 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:

	March 31, 2022		September 30, 2021	
Taxes receivable from federal governments	\$	33,580	\$	36,285
Trade receivables		663,812		479,057
	\$	697,392	\$	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.

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Six months ended March 31, 2022 and 2021

5. Investment accounted for using equity method:

	March 31, 2022
At October 1, 2021	\$ -
Addition of investments accounted for using equity method	125,428
Share of profit (loss) of investments accounted for using equity method	(13,793)
Foreign exchange translation	1,059
Balance – March 31, 2022	\$ 112,694

Investments	March 31, 2022
Interest in joint venture	\$ 112,694

(a) Joint venture

JustKitchen TDG Inc is a joint venture in which the Group has joint control and a 51% ownership interest. JustKitchen TDG Inc will be the exclusive operator of ghost kitchens under the “JustKitchen” brand (and other related brands) and distributor of JustKitchen products and offerings in the Philippines. JustKitchen TDG Inc is not publicly listed.

JustKitchen is recognized as investment accounted for using equity method given that the Company retains significant influence by holding seats in JustKitchen TDG Inc’s Board of Directors.

As of March 31, 2022, the carrying amount of the Company’s 51% share of the joint venture’s net assets amounted to \$104,326.

The following is a summary of financial information for JustKitchen TDG Inc (at 100%), based on the financial information prepared in accordance with IFRS, for the period from the date of formation on November 4, 2021 to March 31, 2022.

	March 31, 2022
Loss for the period from continuing operations	\$ 27,044
Total assets	\$ 215,817
Total liabilities	\$ 11,256
Net assets	204,561

JUST KITCHEN HOLDINGS CORP.

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Six months ended March 31, 2022 and 2021

6. Property and equipment:

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

	Kitchen Equipment \$	Computer Equipment \$	Leasehold Improvements \$	Other Assets \$	Construction in Progress \$	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	776,463	30,769	612,896	46,675	22,064	1,488,867
Foreign exchange translation	(72,805)	(5,747)	(54,419)	(5,398)	-	(138,369)
Balance – March 31, 2022	1,904,388	164,167	1,469,993	132,487	22,064	3,693,099
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	(143,888)	(16,629)	(118,405)	(10,929)	-	(289,851)
Foreign exchange translation	10,896	1,638	8,989	708	-	22,231
Balance – March 31, 2022	(280,306)	(44,612)	(241,132)	(17,963)	-	(584,013)
Carrying Value						
At September 30, 2021	1,053,416	109,524	779,800	83,468	-	2,026,208
At March 31, 2022	1,624,082	119,555	1,228,861	114,524	22,064	3,109,086

JUST KITCHEN HOLDINGS CORP.

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

Six months ended March 31, 2022 and 2021

7. Right-of-use assets and lease liabilities:

(a) Right-of-use assets:

As at March 31, 2022, the Company had lease arrangements for a number of kitchens and kitchen equipment located in Taiwan, Hong Kong, and Singapore. The summary of the Company's right-of-use assets for the six months ended March 31, 2022 and for the year ended September 30, 2021 is as follows:

	March 31, 2022	September 30, 2021
Cost		
Beginning Balance	\$ 3,758,767	\$ 1,982,546
Additions	1,047,766	1,824,119
Disposal	(140,668)	-
Lease periods expire	-	(50,487)
Foreign exchange translation	(176,755)	2,589
Ending Balance	\$ 4,489,110	\$ 3,758,767
Accumulated Depreciation		
Beginning Balance	\$ (949,709)	\$ (312,094)
Depreciation	(531,270)	(683,228)
Disposal	39,919	-
Lease periods expire	-	50,487
Foreign exchange translation	59,765	(4,874)
Ending Balance	\$ (1,381,295)	\$ (949,709)
Carrying Value	\$ 3,107,815	\$ 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
(Expressed in Canadian Dollars)

Six months ended March 31, 2022 and 2021

7. Right-of-use assets and lease liabilities:

(b) Lease liabilities:

The summary of the Company's lease liabilities for the six months ended March 31, 2022 and the year ended September 30, 2021, is as follows:

	March 31, 2022	September 30, 2021
Beginning Balance	\$ 2,865,666	\$ 1,668,370
Additions	1,047,766	1,824,119
Other income recognized from rent concessions due to Covid 19	-	(16,549)
Lease termination	(106,217)	-
Lease payments	(544,035)	(685,970)
Interest expense on lease liabilities	56,785	76,962
Foreign exchange translation	(121,813)	(1,266)
Total lease liability	3,198,152	2,865,666
Less: current portion	(1,076,933)	(886,708)
Non-current portion	\$ 2,121,219	\$ 1,978,958

8. Intangible assets:

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

	March 31, 2022	September 30, 2021
Cost		
Beginning balance	\$ 240,539	\$ -
Purchases	-	237,379
Foreign exchange translation	(9,830)	3,160
Balance	\$ 230,709	\$ 240,539
Accumulated Amortization		
Beginning balance	\$ -	\$ -
Amortization	(39,878)	-
Foreign exchange translation	1,426	-
Balance	\$ (38,452)	\$ -
Carrying Value	\$ 192,257	\$ 240,539

JUST KITCHEN HOLDINGS CORP.

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

Six months ended March 31, 2022 and 2021

9. 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 six months ended March 31, 2022 and the year ended September 30, 2021, the Company recorded \$6,216 and \$24,895 of interest expense respectively. Details are as follows:

	March 31, 2022	September 30, 2021
Beginning Balance	\$ 230,435	\$ 460,127
Repayments	(139,773)	(248,057)
Interest expense	6,216	24,895
Foreign exchange translation	(4,640)	(6,530)
Ending Balance	\$ 92,238	\$ 230,435

10. 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 six months ended March 31, 2022, the Company completed the following share capital transactions:

- (i) On February 22, 2022, 37,500 of stock options issued on November 24, 2020 were exercised for \$0.50 per share for total proceeds of \$18,750 and the amount of \$5,380 was transferred from reserves to share capital during the period ended March 31, 2022.

During the six months ended March 31, 2021, 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) 1,652,480 shares at \$0.50 per share for gross proceeds of \$826,240;
- (iv) 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:

JUST KITCHEN HOLDINGS CORP.

Notes to the Condensed Consolidated Interim Financial Statements
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Six months ended March 31, 2022 and 2021

10. Shareholders' equity (continued):

(b) Share capital transactions (continued):

- 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.
- On March 16, 2021, the Company completed the third tranche for aggregate gross proceeds of \$407,500 and issued 815,000 subscription receipts.

(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.

On January 28, 2022, the COO forfeited 1,500,000 out of 2,000,000 previously issued Performance Warrants. The remaining 500,000 Performance Warrants now vest in one tranche upon meeting Sep 30, 2022 revenue targets, with vesting condition expected to be met on or before January 31, 2023. Upon forfeiture of 1,500,000 Performance Warrants, the Company reversed \$190,839 of stock-based compensation related to these performance warrants for the six months ended March 31, 2022.

During the quarter ended March 31, 2022, the Company issued 1,500,000 performance warrants to other officers and employees valued at \$1,528,527 using the Black-Scholes option pricing model. The Expiry Date is expected to be on or before January 31, 2023 for 750,000 Performance Warrants and on or before January 31, 2024 for the remaining 750,000 Performance Warrants.

JUST KITCHEN HOLDINGS CORP.

Notes to the Condensed Consolidated Interim Financial Statements
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Six months ended March 31, 2022 and 2021

10. Shareholders' equity (continued):

(c) Warrants (continued):

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

Stock price volatility *	32.23% – 41.69%
Risk-free interest rate	1.20%
Expected life	1.01 – 2.01 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.

For the three months and six months ended March 31, 2022, the Company recognized 159,638 and \$320,200 (three months and six months ended March 31, 2021 – 157,071 and \$811,298) of stock-based compensation expense related to the Performance Warrants. As of March 31, 2022, none of the Performance Warrants have vested, therefore they are not exercisable.

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

	Six months ended March 31, 2022		Six months ended March 31, 2021	
	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	1,500,000	0.001	3,900,000	0.001
Cancelled	-	-	(3,900,000)	0.001
Forfeited	(1,500,000)	0.001	-	-
Outstanding, end of period	10,000,000	0.001	10,000,000	0.001

At March 31, 2022, performance warrants had a weighted average life of 1.34 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.

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10. Shareholders' equity (continued):

(c) Warrants (continued):

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

	Six months ended March 31, 2022	Six months ended March 31, 2021		
	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 March 31, 2022, finder's warrants had a weighted average life of 1.21 years.

(d) Stock options:

On October 5, 2020, the Company has adopted a "10% rolling" stock option plan (the "**Option Plan**"), 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 January 28, 2022, the COO forfeited 500,000 out of 1,000,000 previously issued stock options. The Company reversed \$64,547 of stock-based compensation related to these stock options for the six months ended March 31, 2022.

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.

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10. 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:

	Six months ended March 31, 2022		Six months ended March 31, 2021	
	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
Exercised	(37,500)	0.50	-	-
Forfeited	(512,500)	0.50	-	-
Outstanding, end of period	4,567,500	0.64	4,265,000	0.50
Exercisable, end of period	3,189,375	0.64	-	0.50

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10. Shareholders' equity (continued):

(d) Stock options (continued):

At March 31, 2022, the following options, with a weighted average life of 3.82 years (September 30, 2021 - 4.21 years), were outstanding and exercisable:

Expiry Date	Options Outstanding (#)	Options Exercisable (#)	Exercise Price (\$/share)
November 24, 2025	3,637,500	2,853,125	\$0.500
June 28, 2026	265,000	132,500	\$1.350
August 3, 2026	150,000	75,000	\$1.380
November 9, 2026	125,000	31,250	\$1.410
December 15, 2026	390,000	97,500	\$1.190
	4,567,500	3,189,375	

Pursuant to the vesting of options granted in the prior year, the Company recognized \$27,893 and \$188,724 (March 31, 2021 - \$178,634 and \$306,974) in share-based payments during the three months and six months ended March 31, 2022.

(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	Forfeited	March 31, 2022	RSUs Vested	Expiry Date
2,450,000	-	-	(150,000)	2,300,000	-	November 24, 2025
-	300,000	-	-	300,000	-	November 9, 2026
2,450,000	300,000	-	(150,000)	2,600,000	-	

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 vested on February 1, 2022 and the remaining 50% will vest on February 1, 2023.

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10. Shareholders' equity (continued):

(e) Restricted share units (continued):

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

On January 28, 2022, the COO forfeited 150,000 out of 300,000 previously issued RSUs. The Company reversed \$46,183 of stock-based compensation related to these RSUs for the six months ended March 31, 2022.

For the six months ended March 31, 2022, the Company recognized \$390,883 (six months ended March 31, 2021 - \$276,590) of stock-based compensation expense related to the RSUs.

As of March 31, 2022, 2,600,000 RSUs were outstanding and 50% vested on February 1, 2022 and the remaining 50% are unvested.

(f) Reserves:

For the six months ended March 31, 2022:

	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))	-	188,724	-	-	188,724
Share-based payment – Warrants and Performance warrants (Note 9(c))	-	-	320,200	-	320,200
Share-based payment – RSUs (Note 9(e))	-	-	-	390,883	390,883
Balance - March 31, 2022	(657,215)	747,276	1,821,415	1,066,024	2,977,500

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10. Shareholders' equity (continued):

(f) Reserves (continued):

For the six months ended March 31, 2021:

	Reorganization	Stock Options	Reserves (\$)		Total
			Warrants and Performance Warrants	RSUs	
Balance – September 30, 2020	(657,215)	-	212,875	-	(444,340)
Share-based payment – Stock Options (<i>Note 9(d)</i>)	-	306,974	-	-	306,974
Share-based payment – Performance Warrants (<i>Note 9(c)</i>)	-	-	811,298	-	811,298
Share-based payment – RSUs (<i>Note 9(e)</i>)	-	-	-	276,590	276,590
Balance - March 31, 2021	(657,215)	306,974	1,024,173	276,590	950,522

11. 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 six months ended March 31, 2022 and 2021:

	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021	Six Months Ended March 31, 2022	Six Months Ended March 31, 2021
Weighted average number of common shares – basic and diluted	75,159,304	41,636,717	75,151,510	39,718,047

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 10(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 March 31, 2022. The Company's stock options (note 10(d)) and restricted share units (note 10(e)) are considered to be anti-dilutive shares and were excluded from the calculation of basic loss per share for the six months ended March 31, 2022.

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12. Related party transactions:

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

- (a) During the six months ended March 31, 2022, the Company recorded \$290,000 (March 31, 2021 - \$234,427) of consulting fees to the Company's Directors, CFO, COO, and Corporate Secretary.
- (b) During the six months ended March 31, 2022, the Company recorded \$230,532 (March 31, 2021 - \$161,561) of salaries to the Company's Director and CEO, CSO, CIO and CTO.
- (c) During the six months ended March 31, 2022, the Company recorded \$Nil (March 31, 2021 - \$2,158) of revenue from companies with a Director in common, being the Company's CEO.
- (d) During the six months ended March 31, 2022, the Company recorded \$9,963 (March 31, 2021 - \$781) of royalty expense on certain brand foods to a company with a Director in common, being the Company's CEO.
- (e) During the six months ended March 31, 2022, the Company purchased \$Nil (March 31, 2021 - \$2,158) of food products from a company with a Director in common, being the Company's CEO. As at March 31, 2022, balance of \$38,960 is included in accounts payable and accrued liabilities.
- (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 March 31, 2022, 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	March 31, 2022	March 31, 2021
Consulting fees	\$ 290,000	\$ 234,427
Salaries and benefits	230,532	161,561
Stock based compensation – performance warrants	281,518	811,298
Stock based compensation – stock options	28,991	233,919
Stock based compensation – RSUs	305,027	237,076
	\$ 1,136,068	\$ 1,678,281

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12. Related party transactions (continued):

(g) Commitments:

- (i) As of March 31 2022, 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 in 2020 and 1,000,000 Performance Warrants in January 2022 (*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 March 31, 2022, the Company has a consulting agreement with a company controlled by the Company's former COO. The contract calls for monthly fees of \$18,000 and expires on July 28, 2022. 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.
- (iii) As of March 31, 2022, the Company has a consulting agreement with a company controlled by the Company's CFO. The contract calls for monthly fees of \$10,000 until January 2022 and \$13,500 thereafter, 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.
- (v) As of March 31, 2022, 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.

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13. Segmented information:

The Company is a cloud kitchen meal preparation company with operations in Taiwan, Hong Kong (operation commenced in Q4 2021), Singapore (operation commencing in Q3 2022), Philippines (operation estimated to commence in Q3 2022), 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:

	March 31, 2022		September 30, 2021	
Canada	\$	11,961,967	\$	19,988,240
Taiwan		7,839,142		7,272,836
Hong Kong		853,684		676,835
Singapore		478,548		-
Philippines		113,682		-
Total Assets	\$	21,247,023	\$	27,937,911

14. Supplementary cash flow information:

(a) Non-cash investing and financing activities for the six months ended March 31, 2022 and March 31, 2021 are as follows:

	2022	2021
Reduction to property and equipment included in prepaid expenses	\$ 4,556	\$ 104,074
Additions to property and equipment included in changes in accounts payable	199,985	63,944
Additions to right-of-use assets and lease liability	1,047,766	728,062
Disposal of right-of-use assets and lease liability	(100,749)	-
Change in promissory note payable related to interest (note 9(a))	6,216	15,070

(b) Investing activities with partial cash payments for the six months ended March 31, 2022, and six months ended March 31, 2021 are as follows:

	2022	2021
Purchase of Property and Equipment	\$ 1,488,867	\$ 1,046,137
Changes in working capital related to acquisition of equipment	(204,541)	(168,018)
Cash Paid for Property and Equipment during the periods	\$ 1,284,326	\$ 878,119

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15. 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.

16. Financial instruments:

(a) Categories of financial assets and liabilities:

As of March 31, 2022 the carrying values of the Company's financial instruments are classified into the following categories:

	March 31, 2022
Financial assets at amortized cost (i)	\$ 12,791,784
Financial liabilities at amortized cost (ii)	\$ 4,043,568

(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:

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.

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16. Financial instruments (continued):

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

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, Hong Kong, and Singapore 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 March 31, 2022, the Company had a receivable of \$369,038 from three customers representing 68% 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"), in Hong Kong through JKHK using its functional currency, Hong Kong dollar ("HKD"), in Singapore through JKSG using its functional currency, Singapore dollar ("SGD") and in the Philippines through JKP using its functional currency, Philippine peso ("PHP"), 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 March 31, 2022 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 \$154,637 and would have decreased net loss of the Company by approximately \$600,542. A 10% decrease in the value of the Hong Kong dollar in relation to the Canadian dollar would have decreased net assets by approximately \$43,290 and would have decreased net loss of the Company by approximately \$47,553. A 10% decrease in the value of the Singapore dollar in relation to the Canadian dollar would have decreased net assets by approximately \$22,122 and would have decreased net loss of the Company by approximately \$2,332. A 10% decrease in the value of the Philippine peso in relation to the Canadian dollar would have decreased net assets by approximately \$11,368 and would have decreased net loss of the Company by approximately \$1,280. The Company has not entered into any hedging agreements to mitigate currency risks with respect to foreign exchange rates.

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16. Financial instruments (continued):

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

- (iii) **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 March 31, 2022:

	2022	2023	2024	2025	2026	Total
Accounts payable and accrued liabilities	\$ 3,951,330	\$ -	\$ -	\$ -	\$ -	\$ 3,951,330
Lease liability *	1,204,436	1,092,783	686,869	324,542	112,655	3,421,285
Low-value leases	6,868	6,704	6,212	3,199	79	23,062
Promissory notes payable **	92,238	-	-	-	-	92,238
	\$ 5,254,872	\$ 1,099,487	\$ 693,081	\$ 327,741	\$ 112,734	\$ 7,487,915

* Including interest

** Excluding interest

17. 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.

	Six months ended March 31, 2022	Six months ended March 31, 2021
Sales to retail customers	\$ 8,473,239	\$ 3,642,743
Sales to businesses	732,782	492,708
	\$ 9,206,021	\$ 4,135,451

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18. Nature of expenses:

The following schedule presents additional information on the Company's expenses for the six months ended March 31, 2022 and 2021.

	March 31, 2022 \$	March 31, 2021 \$
Operating expenses:		
Delivery and processing costs	1,895,939	890,746
Food and beverage costs *	4,410,752	1,997,799
Rent and utilities	584,071	170,964
Repairs and maintenance	179,079	124,639
Salaries and benefits	2,553,325	1,186,171
Selling costs	1,401,977	617,509
	11,025,143	4,987,828
General and administrative expenses:		
Advertising and marketing	1,290,311	336,649
Consulting	329,722	345,801
Listing and filing	84,288	29,877
Insurance	35,750	-
Office and administration	275,969	169,523
Professional fees	729,389	201,219
Rent and utilities	73,081	34,371
Repairs and maintenance	125,114	55,912
Salaries and benefits	1,471,954	725,741
Selling costs	203,857	156,094
Stock-based compensation	899,807	1,394,862
Travel	-	10,729
	5,519,242	3,460,778
Research and Development:		
Salaries and benefits	161,181	40,812
Office and administration	41,431	20,780
	202,612	61,592
Depreciation and amortization:		
Depreciation of property and equipment	289,851	92,457
Amortization of intangible assets	39,878	-
Depreciation of right-of-use assets	531,270	300,456
	860,999	392,913

* During the six months ended March 31, 2022, inventory expensed to food and beverage costs was \$4,410,752 (March 31, 2021 - \$1,997,799).