



**Just Kitchen Holdings Corp.**

**Consolidated Financial Statements**

**For the Years Ended September 30, 2022 and 2021**

(Expressed in Canadian Dollars)



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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Just Kitchen Holdings Corp.

### **Opinion**

We have audited the consolidated financial statements of Just Kitchen Holdings Corp. (the Entity), which comprise:

- the consolidated statements of financial position as at September 30, 2022 and September 30, 2021
- the consolidated statements of comprehensive loss for the years then ended
- the consolidated statements of changes in shareholders' equity (deficiency) for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at September 30, 2022 and September 30, 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

### **Basis for Opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



### ***Material Uncertainty Related to Going Concern***

We draw attention to Note 1 in the financial statements, which indicates that the Entity has incurred a net loss of \$17,517,291 and has net cash outflows from operations of \$13,637,931 for the year ended September 30, 2022, and a net working capital of \$1,464,946 and accumulated deficit of \$31,275,552 as at September 30, 2022.

As stated in Note 1 in the financial statements, these events or conditions, along with other matters as set forth in Note 1 in the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Entity's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

### ***Other Information***

Management is responsible for the other information. Other information comprises:

- the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

### ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.



## ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

*KPMG LLP*

Chartered Professional Accountants

The engagement partner on the audit resulting in this auditors' report is Lyndon Fung.

Vancouver, Canada  
January 27, 2023

# JUST KITCHEN HOLDINGS CORP.

Consolidated Statement of Financial Position  
(Expressed in Canadian Dollars)

September 30, 2022, with comparative information for 2021

| Assets  | 2022                 | 2021                 |
|---|----------------------|----------------------|
| <b>Current</b>  |                      |                      |
| Cash and cash equivalents                             | \$ 2,764,552         | \$ 20,796,767        |
| Restricted cash (Note 4)                              | 1,157,894            | -                    |
| Accounts receivable (Note 5)                          | 603,157              | 515,342              |
| Inventory   | 590,674              | 853,841              |
| Prepaid expenses and refundable deposits (Note 6)     | 554,597              | 469,087              |
|   | <u>5,670,874</u>     | <u>22,635,037</u>    |
| <b>Non-current</b>                                    |                      |                      |
| Property and equipment (Note 8)                       | 3,106,153            | 2,026,208            |
| Intangible assets (Note 10)                           | 153,310              | 240,539              |
| Right-of-use assets (Note 9(a))                       | 3,139,150            | 2,809,058            |
| Investment accounted for using equity method (Note 7) | 599,228              | -                    |
| Refundable deposits (Note 6)                          | 463,413              | 227,069              |
|   | <u>6,461,254</u>     | <u>5,096,814</u>     |
| <b>Total assets</b>                                   | <b>\$ 13,132,128</b> | <b>\$ 27,937,911</b> |
| <b>Liabilities</b>                                    |                      |                      |
| <b>Current</b>  |                      |                      |
| Accounts payable and accrued liabilities              | \$ 2,846,371         | \$ 3,256,656         |
| Promissory notes payable (Note 11)                    | 91,940               | 230,435              |
| Current portion of lease liability (Note 9(b))        | 1,267,617            | 886,708              |
|   | <u>4,205,928</u>     | <u>4,373,799</u>     |
| <b>Non-current</b>                                    |                      |                      |
| Lease liability (Note 9(b))                           | 2,178,436            | 1,978,958            |
| Other non-current liabilities                         | 4,355                | -                    |
|   | <u>2,182,791</u>     | <u>1,978,958</u>     |
| <b>Total liabilities</b>                              | <b>6,388,719</b>     | <b>6,352,757</b>     |
| <b>Shareholders' Equity</b>                           |                      |                      |
| Share capital (Note 12(b))                            | 33,408,630           | 33,384,500           |
| Reserves (Note 12(f))                                 | 4,227,931            | 2,077,693            |
| Accumulated other comprehensive income (loss)         | 382,400              | (118,778)            |
| Deficit   | (31,275,552)         | (13,758,261)         |
|   | <u>6,743,409</u>     | <u>21,585,154</u>    |
| <b>Total equity</b>                                   | <b>6,743,409</b>     | <b>21,585,154</b>    |
| <b>Total equity and liabilities</b>                   | <b>\$ 13,132,128</b> | <b>\$ 27,937,911</b> |

Nature of operations and going concern (note 1)  
Commitments (note 14(g))  
Subsequent event (note 4)

Approved on behalf of the Board of Directors on January 27, 2023 by:

\_\_\_\_\_  
"Jason Chen", Director

\_\_\_\_\_  
"Darryl Cardey", Director

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

# JUST KITCHEN HOLDINGS CORP.

Consolidated Statement of Comprehensive Loss  
(Expressed in Canadian Dollars)

Year ended September 30, 2022, with comparative information for 2021

|   | <b>2022</b> |              | <b>2021</b> |              |
|---|-------------|--------------|-------------|--------------|
| <b>Food and beverage sales</b> (Note 20)  | \$          | 18,968,696   | \$          | 11,926,094   |
| <b>Operating expenses</b> (Note 21)   |             | (22,138,323) |             | (13,660,343) |
| <b>General and administrative expenses</b> (Note 21)                                      |             | (10,965,047) |             | (8,357,680)  |
| <b>Research and development expenses</b> (Note 21)  |             | (503,614)    |             | (239,927)    |
| <b>Depreciation expense</b> (Note 21)   |             | (2,197,414)  |             | (964,298)    |
| <b>Loss from operations</b>   |             | (16,835,702) |             | (11,296,154) |
| Interest revenue  |             | 110,401      |             | 26,528       |
| Interest expense  |             | (127,921)    |             | (101,969)    |
| Share of loss of investment accounted for using equity method (Note 7)                    |             | (116,832)    |             | -            |
| Foreign exchange (loss) gain  |             | (615,025)    |             | 108,211      |
| Other income  |             | 67,788       |             | 25,803       |
| <b>Net loss for the period</b>  |             | (17,517,291) |             | (11,237,581) |
| <b>Other comprehensive gain (loss)</b>  |             |              |             |              |
| <b>Items that may be reclassified to net gain (loss)</b>                                  |             |              |             |              |
| Foreign currency translation gain (loss)  |             | 501,178      |             | (61,376)     |
| <b>Comprehensive loss for the period</b>  | \$          | (17,016,113) | \$          | (11,298,957) |
| <b>Loss per share - basic and diluted</b>   | \$          | (0.23)       | \$          | (0.21)       |
| <b>Weighted average number of common shares outstanding – basic and diluted</b> (Note 13) |             | 75,166,490   |             | 53,711,134   |

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

# JUST KITCHEN HOLDINGS CORP.

Consolidated Statement of Cash Flows  
(Expressed in Canadian Dollars)

Year ended September 30, 2022, with comparative information for 2021

|   | 2022                | 2021                 |
|---|---------------------|----------------------|
| <b>Operations:</b>  |                     |                      |
| Net loss for the year   | \$ (17,517,291)     | \$ (11,237,581)      |
| Items not affecting cash:   |                     |                      |
| Interest expense  | 127,921             | 101,969              |
| Interest revenue accrued  | (7,894)             | -                    |
| Depreciation expense – property and equipment (Note 8)                            | 724,944             | 281,070              |
| Amortization expense – intangible assets (Note 10)                                | 77,957              | -                    |
| Depreciation expense – right-of-use assets (Note 9(a))                            | 1,394,513           | 683,228              |
| Loss on disposal of property and equipment  | 27,911              | -                    |
| Gain on disposal of lease   | (5,345)             | -                    |
| Share of loss of investment accounted for using equity method (Note 7)            | 116,832             | -                    |
| Stock-based compensation on warrants, options and RSUs                            | 2,155,618           | 2,369,747            |
| Other income recognized from rent concessions                                     | -                   | (16,549)             |
|   | <u>(12,904,834)</u> | <u>(7,818,116)</u>   |
| <br>  |                     |                      |
| Interest expense paid on leases (Note 9(b))                                       | (122,011)           | (76,962)             |
| <br>  |                     |                      |
| Payment of interest on promissory note payable                                    | (20,834)            | (31,808)             |
| <br>  |                     |                      |
| Change in non-cash working capital:   |                     |                      |
| Accounts receivable   | (87,815)            | (360,565)            |
| Inventory   | 263,167             | (728,077)            |
| Prepaid expenses and refundable deposits  | (326,410)           | (444,671)            |
| Accounts payable and accrued liabilities  | (439,194)           | 2,159,253            |
|   | <u>(590,252)</u>    | <u>625,940</u>       |
|   | <u>(13,637,931)</u> | <u>(7,300,946)</u>   |
| <b>Investing:</b>   |                     |                      |
| Purchase of property and equipment (Note 16(a))                                   | (1,853,328)         | (1,775,163)          |
| Cash contribution to equity investment accounted for using equity method (Note 7) | (727,702)           | -                    |
| Purchase of computer software   | -                   | (240,539)            |
|   | <u>(2,581,030)</u>  | <u>(2,015,702)</u>   |
| <b>Financing:</b>   |                     |                      |
| Restricted cash   | (1,150,000)         | -                    |
| Repayment of promissory notes payable   | (115,788)           | (216,249)            |
| Payment of lease liabilities (Note 9(b))  | (1,145,256)         | (609,008)            |
| Issuance of share capital (Note 12(b))  | 18,750              | 32,286,921           |
| Share issuance costs  | -                   | (1,793,871)          |
|   | <u>(2,392,294)</u>  | <u>29,667,793</u>    |
| <b>Increase (decrease) in cash</b>  | <u>(18,611,255)</u> | <u>20,351,145</u>    |
| <b>Exchange impact on cash held in foreign currency</b>                           | 579,040             | (84,400)             |
| <b>Cash and cash equivalents - beginning of year</b>                              | 20,796,767          | 530,022              |
| <b>Cash and cash equivalents - end of year</b>                                    | <u>\$ 2,764,552</u> | <u>\$ 20,796,767</u> |

Supplementary cash flow information (note 16)

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



# JUST KITCHEN HOLDINGS CORP.

Consolidated Statement of Changes in Equity (Deficiency)  
(Expressed in Canadian Dollars)  
Year ended September 30, 2022

|   | Share Capital (Note 12(b)) |                   | Accumulated Other        |                                | Total Equity (Deficiency) |
|---|----------------------------|-------------------|--------------------------|--------------------------------|---------------------------|
|   | Shares                     | Amount \$         | Reserves (Note 12(f)) \$ | Comprehensive Income (Loss) \$ | Deficit \$                |
| <b>Balance – September 30, 2021</b>                                       | <b>75,143,887</b>          | <b>33,384,500</b> | <b>2,077,693</b>         | <b>(118,778)</b>               | <b>(13,758,261)</b>       |
| <b>Total comprehensive loss</b>   |                            |                   |                          |                                |                           |
| Net loss for the year   | -                          | -                 | -                        | -                              | (17,517,291)              |
| Foreign currency translation  | -                          | -                 | -                        | 501,178                        | -                         |
|   | -                          | -                 | -                        | 501,178                        | (17,016,113)              |
| <b>Transactions with owners of the Company:</b>                           |                            |                   |                          |                                |                           |
| Exercise of stock options   | 37,500                     | 24,130            | (5,380)                  | -                              | -                         |
| Stock based compensation – Warrants and Performance warrants (Note 12(c)) | -                          | -                 | 1,146,002                | -                              | -                         |
| Stock based compensation – Stock Options (Note 12(d))                     | -                          | -                 | 310,891                  | -                              | -                         |
| Stock based compensation – RSUs (Note 12(e))                              | -                          | -                 | 698,725                  | -                              | -                         |
|   | 37,500                     | 24,130            | 2,150,238                | -                              | -                         |
| <b>Balance – September 30, 2022</b>                                       | <b>75,181,387</b>          | <b>33,408,630</b> | <b>4,227,931</b>         | <b>382,400</b>                 | <b>(31,275,552)</b>       |
|   |                            |                   |                          |                                | <b>6,743,409</b>          |

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

# JUST KITCHEN HOLDINGS CORP.

Consolidated Statement of Changes in Equity (Deficiency)  
(Expressed in Canadian Dollars)  
Year ended September 30, 2021

|  | Share Capital (Note 12(b)) |                   | Reserves<br>(Note 12(f))<br>\$ | Accumulated<br>Other<br>Comprehensive<br>Income (loss)<br>\$ | Deficit<br>\$       | Total Equity<br>(Deficiency)<br>\$ |
|--|----------------------------|-------------------|--------------------------------|--|---------------------|------------------------------------|
|  | Shares                     | Amount<br>\$      |                                |  |                     |                                    |
| <b>Balance – September 30, 2020</b>                          | <b>35,701,304</b>          | <b>3,043,736</b>  | <b>(444,340)</b>               | <b>(57,402)</b>  | <b>(2,520,680)</b>  | <b>21,314</b>                      |
| <b>Total comprehensive loss</b>                              |                            |                   |                                |  |                     |                                    |
| Net loss for the year  | -                          | -                 | -                              | -  | (11,237,581)        | (11,237,581)                       |
| Foreign currency translation                                 | -                          | -                 | -                              | (61,376)   | -                   | (61,376)                           |
|  | -                          | -                 | -                              | (61,376)   | (11,237,581)        | (11,298,957)                       |
| <b>Transactions with owners of the Company:</b>              |                            |                   |                                |  |                     |                                    |
| Issuance of shares for cash (Note 12(b))                     | 38,981,040                 | 32,239,821        | -                              | -  | -                   | 32,239,821                         |
| Exercise of warrants for cash (Note 12(b))                   | 21,000                     | 32,725            | (4,375)                        | -  | -                   | 28,350                             |
| Exercise of stock options for cash (Note 12(b))              | 37,500                     | 24,128            | (5,378)                        | -  | -                   | 18,750                             |
| Share issuance costs - cash and shares (Note 12(b))          | 403,043                    | (1,793,871)       | -                              | -  | -                   | (1,793,871)                        |
| Share issuance costs - agents' warrants (Note 12(b))         | -                          | (162,039)         | 162,039                        | -  | -                   | -                                  |
| Stock based compensation – Performance warrants (Note 12(c)) | -                          | -                 | 1,130,676                      | -  | -                   | 1,130,676                          |
| Stock based compensation – Stock Options (Note 12(d))        | -                          | -                 | 563,930                        | -  | -                   | 563,930                            |
| Stock based compensation – RSUs (Note 12(e))                 | -                          | -                 | 675,141                        | -  | -                   | 675,141                            |
|  | 39,442,583                 | 30,340,764        | 2,522,033                      | -  | -                   | 32,862,797                         |
| <b>Balance – September 30, 2021</b>                          | <b>75,143,887</b>          | <b>33,384,500</b> | <b>2,077,693</b>               | <b>(118,778)</b>   | <b>(13,758,261)</b> | <b>21,585,154</b>                  |

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

# JUST KITCHEN HOLDINGS CORP.

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

Year ended September 30, 2022

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## 1. Nature of Operations:

Just Kitchen Holdings Corp. (the “Company” or “Just Kitchen”) is a cloud kitchen meal preparation company with operations in Taiwan, Hong Kong, Singapore, Philippines, Malaysia and Thailand. 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.

### ***Going Concern***

These consolidated 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 September 30, 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.

As at September 30, 2022, the Company had working capital of \$1,464,946, an accumulated deficit of \$31,275,552 and for year ended September 30, 2022, the Company incurred a net loss of \$17,517,291, and net cash outflows from operations of \$13,637,931. These conditions indicate a material uncertainty that may cast significant doubt on the Company’s ability to continue as a going concern. 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.

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 consolidated statement of financial position.

# JUST KITCHEN HOLDINGS CORP.

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

Year ended September 30, 2022

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## 2. Basis of Presentation:

### (a) Statement of Compliance:

These consolidated financial statements were prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

These consolidated financial statements were reviewed by the Audit Committee, and the Board of Directors approved and authorized them for issuance on January 27, 2023.

### (b) Basis of Consolidation:

These consolidated financial statements have been prepared on the historical cost basis, as explained in the accounting policies set out in note 3.

All figures presented in these consolidated financial statements are in Canadian dollars unless otherwise stated.

These consolidated financial statements include the accounts of the Company (Just Kitchen Holdings Corp., being the ultimate parent company) and the following wholly owned subsidiaries:

- (i) JustKitchen Co. Ltd. (“JKT”) from the date of Acquisition of Control on November 27, 2019 by the common shareholder of the Company;
- (ii) Just Kitchen Hong Kong Corp. Limited (“JKHK”) from the date of incorporation on November 24, 2020;
- (iii) Star Kitchen Co. Ltd (“Star Kitchen”) from the date of incorporation on January 17, 2021 to the date of disposal on July 1, 2022 and
- (iv) Just Kitchen (USA) Inc. (“JK USA”) from the date of incorporation on February 18, 2021. JK USA is inactive.
- (v) Just Kitchen Concepts Pte Ltd. (“JKSGD”) from the date of incorporation on January 28, 2022;
- (vi) Just Kitchen Philippines Inc. (“JKP”) from the date of incorporation on March 2, 2022;
- (vii) Just Kitchen Malaysia SDN BHD, (“JKM”) from the date of incorporation on January 27, 2022; and
- (viii) Just Kitchen Thailand (“JKTH”) from the date if incorporation on April 4, 2022

As of September 30, 2022, the Company holds a 51% interest in Just Kitchen TDG. Inc (“JK TDG JV Co.”) as a joint venture pursuant to a Shareholders Agreement. JK TDG JV Co. was incorporated in the Philippines on August 20, 2021 and was inactive until the date of acquisition by the Company on November 4, 2021.

# JUST KITCHEN HOLDINGS CORP.

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

Year ended September 30, 2022

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## 2. Basis of Presentation (continued):

### (c) Functional currency:

These consolidated financial statements are presented in Canadian dollars. The functional currency of Just Kitchen is the Canadian dollar, the functional currency of JK Taiwan and Star Kitchen is the New Taiwanese dollar (“NTD”), the functional currency of JKHK is the Hong Kong dollar (“HKD”), the functional currency of JKSGD is the Singapore Dollar (“SGD”), the functional currency of JKP is the Philippine Peso (“PHP”), the functional currency of JKM is the Malaysian Ringgit (“MYR”) and the functional currency of JKTH is the Thai Baht (“THB”).

The assets and liabilities of foreign operations are translated into Canadian dollars at reporting date foreign currency rates. Revenues and expenses of foreign operations are translated into Canadian dollars at average rates for the period. Foreign currency translation gains and losses are recognized in other comprehensive gain (loss).

Transactions in foreign currencies are translated into the functional currency at exchange rates at the date of the transaction. Monetary assets and liabilities in foreign currency are translated to the respective functional currencies using reporting date foreign currency rates. Foreign currency gains and losses arising on settlement of foreign currency transactions are recognized in profit or loss.

## 3. Significant Accounting Policies:

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

### (a) Cash and cash equivalents:

The Company considers cash and cash equivalents to include amounts held in banks and highly liquid investments with remaining maturities at date of purchase of 90 days or less and insignificant risk of change in value. The Company places its cash with major financial institutions in Canada, Taiwan, Hong Kong, Singapore, Philippines, Malaysia and Thailand.

### (b) Inventory:

Inventory consists of food ingredients. Inventory is measured at the lower of cost and net realizable value.

### (c) Prepaid expenses:

Prepaid expenses consist of prepaid insurance, refundable deposits, and other prepaid expenses. Prepaid expenses are amortized to the consolidated statement of comprehensive loss over the period to which benefits of the prepaid expenses relate.

# JUST KITCHEN HOLDINGS CORP.

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

Year ended September 30, 2022

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### 3. Significant Accounting Policies (continued):

(d) Property and equipment:

Property and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. The cost of equipment consists of the purchase price, and any costs directly attributable to bringing the equipment to the location and condition necessary for its intended use.

Cost less estimated residual values are amortized on a straight-line method over the estimated useful lives of the equipment. The estimated useful lives of each category of property and equipment are as follows:

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|                        |                        |
|------------------------|------------------------|
| Kitchen equipment      | 4 – 5 years            |
| Computer equipment     | 5 years                |
| Leasehold improvements | over term of the lease |
| Other assets           | 5 years                |

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Property and equipment are derecognized upon disposal, or when no future economic benefits are expected to arise from its continued use. Gains or losses arising on disposal of the equipment, determined as the difference between the net disposal proceeds and the carrying amount of the equipment, is recognized in the consolidated statement of comprehensive loss.

The Company conducts an annual assessment of the residual balances, useful lives and amortization methods being used for property and equipment and any changes arising from the assessment are applied by the Company prospectively.

# JUST KITCHEN HOLDINGS CORP.

Notes to the Consolidated Financial Statements  
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Year ended September 30, 2022

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### 3. Significant Accounting Policies (continued):

#### (e) Leases:

At inception of a contract, the Company assesses whether a contract is, or contains, a lease.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative fair values. However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use assets (kitchens, equipment, and vehicles) are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, or the Company's incremental borrowing rate. The lease liability is subsequently measured at amortized cost using the effective interest rate method.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term equipment leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the term of the lease.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The only exceptions are any rent concessions which arose as a direct consequence of the COVID-19 pandemic, and which satisfied certain other conditions. In such cases, the Company took advantage of the practical expedient and recognized the change in consideration as if it were not a lease modification.

# JUST KITCHEN HOLDINGS CORP.

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

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### 3. Significant Accounting Policies (continued):

(f) Intangible assets:

Intangible assets, mainly computer software, is initially stated at cost and amortised on a straight-line basis over its estimated useful life of 3 years. No amortization is provided until the intangible asset is put to commercial use.

(g) Provisions:

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the financial reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. The increase in the obligation due to the passage of time is recognized as a finance expense in the consolidated statement of comprehensive loss.

(h) Income taxes:

Provision for income taxes consists of current and deferred income tax expense or recovery. Income tax expense or recovery is recognized in net loss except to the extent that it relates to items recognized either in other comprehensive income (loss) or directly in equity. Current income tax expense is the expected income tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to income tax payable with regards to previous years.

Deferred income tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred income tax is not recognized for temporary differences associated with the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable income or loss and temporary differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

Deferred income tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse based on the laws that have been enacted or substantively enacted at the reporting date.

A deferred income tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred income tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related income tax benefit will be realized.



# JUST KITCHEN HOLDINGS CORP.

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### 3. Significant Accounting Policies (continued):

(i) Share capital:

Share capital issued for non-monetary consideration is recorded at an amount based on the fair market value of the shares. Incremental costs directly attributable to issuances of share capital are charged against the proceeds received from the related share capital.

(j) Share-based payments:

From time to time, the Company grants options, restricted share units (“RSUs”) and performance warrants to directors, officers, employees and consultants to purchase common shares. The Company accounts for share-based payments, including stock options, at their fair value on the grant date and recognizes the cost as a compensation expense over the period that the recipients become entitled to the award. The fair value of the options on the grant date is determined using the Black-Scholes pricing model for stock option awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service conditions at the vesting date. A corresponding increase is recognized in shareholders’ equity for these costs. Consideration received on the exercise of stock options is recorded as share capital, together with the previously recorded share-based payments reserve related to the exercised options. At each reporting date, the Company revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. Cancellation of share-based payments are accounted for as an acceleration of vesting and recognized immediately to profit or loss.

(k) Loss per share:

Basic loss per share is calculated using the weighted average number of shares issued and outstanding during the year. The Company uses the treasury stock method for calculating diluted earnings per share. Contingently issuable shares are treated as outstanding and are included in the calculation of basic loss per share only from the date when all necessary conditions are satisfied.

(l) Impairment of non-financial assets:

The carrying amounts of the Company’s non-financial assets other than inventory are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the “cash-generating unit” or “CGU”).

# JUST KITCHEN HOLDINGS CORP.

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

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### 3. Significant Accounting Policies (continued):

(l) Impairment of non-financial assets (continued):

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro-rata basis.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(m) Revenue recognition:

Revenue is recognized when the Company satisfies a performance obligation by transferring goods or services to a customer. The Company's revenue is derived from preparation of meals and delivery to customers utilizing 3<sup>rd</sup> party online ordering platform and delivery services, in addition to delivery to retail customers mainly as a group basis. Revenue is recognized when meals are delivered to the customers under a sale and is measured at the fair value of the consideration received or receivable. Revenue is reported net of discounts and refunds.

(n) Financial instruments:

***Classification and Measurement – Initial Recognition***

Financial instruments are required to be classified into one of the following categories: amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"). All financial instruments are measured at fair value on initial recognition. Measurement in subsequent periods depends on the classification of the financial instrument. Transaction costs are included in the initial carrying amount of financial instruments except for financial instruments classified as FVTPL in which case transaction costs are expenses as incurred. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

The Company's cash and cash equivalents, restricted cash and trade and other receivables are classified as financial assets measured at amortized cost. All financial assets measured at amortized cost use the effective interest rate method with interest income/expense recorded in the profit or loss.

# JUST KITCHEN HOLDINGS CORP.

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

Year ended September 30, 2022

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### 3. Significant Accounting Policies (continued):

(n) Financial instruments (continued):

#### ***Measurement – subsequent to initial recognition***

##### ***Amortized cost:***

Financial assets or liabilities classified as at amortized cost are recognized initially at fair value plus any directly attributable transaction costs. Subsequent measurement is at amortized cost using the effective interest rate method, less any impairment losses.

##### ***Impairment:***

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit impaired includes the following observable data:

- the customer has significant financial difficulty;
- amounts receivable are in default for more than 90 days; or
- it is probable that the customer will enter bankruptcy or other financial reorganization.

The Company determines whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating lifetime ECLs, by considering reasonably available quantitative and qualitative information based on the Company's credit risk experience, forward looking information, and other reasonable estimates.

An allowance for expected credit losses ("ECL") is recognized at each statement of financial position date for all financial assets measured at amortized cost. The ECL model requires judgment, including consideration of how changes in economic factors affect ECLs, which are determined on a probability weighted basis.

Impairment losses, if incurred, would be recorded as expenses in the consolidated statement of comprehensive loss with the carrying amount of the financial asset or group of financial assets reduced through the use of impairment allowance accounts. In periods subsequent to the impairment where the impairment loss has decreased, and such decrease can be related objectively to conditions and changes in factors occurring after the impairment was initially recognized, the previously recognized impairment loss would be reversed through the consolidated statement of comprehensive loss. The impairment reversal would be limited to the lesser of the decrease in impairment or the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized, after the reversal.

# JUST KITCHEN HOLDINGS CORP.

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

Year ended September 30, 2022

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### 3. Significant Accounting Policies (continued):

(o) Critical accounting judgments and estimates:

The preparation of these consolidated financial statements requires management to make estimates, assumptions and judgments that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues, and expenses. These estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the review affects both current and future periods.

Significant estimates and judgments made by management that have a significant effect on the amounts recognized in these consolidated financial statements are as follows:

(i) Impairment of non-financial assets:

Management is required to use judgment in determining the grouping of assets to identify their cash generating units ("CGUs") for the purposes of testing fixed assets for impairment. In addition, judgment is used to determine whether a triggering event has occurred requiring an impairment test to be completed for fixed asset and definite life intangible assets.

The recoverable amounts of CGUs and individual assets have been determined based on the higher of fair value less costs to dispose or value-in-use calculations. The key assumptions the Company uses in estimating future cash flows for recoverable amounts are anticipated residual value of equipment, expected financing revenue from leasing of the equipment and future operating and financing costs. Changes to these assumptions will affect the recoverable amounts of CGUs and individual assets and may then require a material adjustment to their related carrying value.

(ii) Leases:

The Company has to make certain assumptions in estimating the present value of future lease payments of the related assets. Key assumption includes the determination of discount rates.

# JUST KITCHEN HOLDINGS CORP.

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

Year ended September 30, 2022

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### 3. Significant Accounting Policies (continued):

(o) Critical accounting judgments and estimates (continued):

(ii) Leases (continued):

In determining the carrying amount of the right-of-use asset and corresponding lease liabilities, the Company is required to estimate the incremental borrowing rate specific to each portfolio of leased assets with similar characteristics if the interest rate in the lease is not readily determined. Management determines the incremental borrowing rate using comparable interest rates that would be obtained if a financing was obtained from an independent financial institution to finance acquisition of a similar type of assets.

(iii) Stock-based compensation:

The accounting for stock-based compensation requires management to make an estimate of the fair value of the warrants when granted based on the share price of the Company at the time of the grant as well as estimate around volatility, risk-free interest rates, and the probability of achieving certain vesting conditions.

(p) Interests in Equity-Accounted Investees

Interests in equity-accounted investees comprise of interests in joint venture 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.

(q) 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.

(r) New accounting pronouncements not yet effective:

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended September 30, 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 of timing of recognition. The amendment applies retrospectively for annual reporting periods beginning on or after January 1, 2022. The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

# JUST KITCHEN HOLDINGS CORP.

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

Year ended September 30, 2022

### 3. Significant Accounting Policies (continued):

- (r) New accounting pronouncements not yet effective:

#### *Amendments to IAS 37*

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. The amendments apply for annual reporting periods beginning on or after 1 January 2022 to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening adjustment to retained earnings or other components of equity, as appropriate. The comparatives are not restated. The Company has determined that all contracts existing at 31 December 2021 will be completed before the amendments become effective. The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

### 4. Restricted cash:

During the year ended September 30, 2022, the Company guaranteed a \$1,000,000 letter of credit for JKT by investing \$1,150,000 into a variable rate guaranteed investment certificate ("GIC"). The GIC matures on May 16, 2023. As of September 30, 2022, the Company earned interest of \$7,894 (September 30, 2021 - \$Nil) on the GIC. Subsequent to September 30, 2022, on January 10, 2023, the letter of credit was terminated and GIC guarantee was released.

### 5. Accounts receivable:

|   |    | <b>2022</b> |    | <b>2021</b> |
|---|----|-------------|----|-------------|
| Taxes receivable from federal governments | \$ | 14,969      | \$ | 36,285      |
| Trade receivables                         |    | 588,188     |    | 479,057     |
|   | \$ | 603,157     | \$ | 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.

As at September 30, 2022, Trade receivables which is not overdue is \$559,740 (2021: \$ 507,352).

### 6. Prepaid Expenses and Refundable Deposits:

|  |    | <b>2022</b> |    | <b>2021</b> |
|--|----|-------------|----|-------------|
| Prepaid equipment and construction             | \$ | -           | \$ | 4,556       |
| Prepaid sales tax                              |    | 128         |    | 93,291      |
| Refundable deposits                            |    | 543,880     |    | 256,020     |
| Prepaid insurance, legal and other expenses    |    | 474,002     |    | 342,289     |
| Total prepaid expenses and refundable deposits |    | 1,018,010   |    | 696,156     |
| Less: current portion                          |    | (554,597)   |    | (469,087)   |
| Non-current portion of refundable deposits     | \$ | 463,413     | \$ | 227,069     |

# JUST KITCHEN HOLDINGS CORP.

Notes to the Consolidated Financial Statements  
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Year ended September 30, 2022

## 7. Investment accounted for using equity method:

|   | September 30, 2022 |
|---|--------------------|
| Balance – September 30, 2021  | \$ -               |
| Addition of investments accounted for using equity method               | 727,702            |
| Share of profit (loss) of investments accounted for using equity method | (116,832)          |
| Foreign exchange translation  | (11,642)           |
| Balance – September 30, 2022  | \$ 599,228         |

| <b>Investments</b>        | September 30, 2022 |
|---------------------------|--------------------|
| Interest in joint venture | \$ 599,228         |

### *Joint venture*

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

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

The following is a summary of financial information for Just Kitchen 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 September 30, 2022.

|  | September 30, 2022 |
|--|--------------------|
| Total assets                                   | \$ 1,412,038       |
| Total liabilities                              | (471,234)          |
| Net assets                                     | \$ 940,804         |
| Group’s share of joint venture’s net assets    | 479,810            |
| Shareholder loan to joint venture              | 119,418            |
| Carry amount of the group’s interest           | \$ 599,228         |
| Sales revenue                                  | \$ 25,281          |
| Operating expense                              | 234,058            |
| Depreciation and amortization                  | 4,192              |
| Loss for the period from continuing operations | \$ 212,567         |

# JUST KITCHEN HOLDINGS CORP.

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

Year ended September 30, 2022

## 7. Investment accounted for using equity method: (continued)

In accordance with the term of joint venture agreement, both parties to the joint venture have provided loan to the joint venture under equal terms. The loans are unsecured, interest free and subordinated to the other financing obtained by the joint venture. Repayment of any amount of the loan requires both parties' approval and is subject to the joint venture having sufficient assets after taking into account the external financing and accumulated profits. Accordingly, the shareholder loan forms an integral part of the group's equity investment in the joint venture and is recognized as such.

## 8. Property and equipment:

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

|                                     | Kitchen<br>Equipment<br>\$ | Computer<br>Equipment<br>\$ | Leasehold<br>Improvements<br>\$ | Other<br>Assets<br>\$ | Construction<br>in Progress<br>\$ | Total<br>\$      |
|-------------------------------------|----------------------------|-----------------------------|---------------------------------|-----------------------|-----------------------------------|------------------|
| <b>Cost</b>                         |                            |                             |                                 |                       |                                   |                  |
| 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                           | 972,422                    | 85,094                      | 771,438                         | 45,623                | 16,737                            | 1,891,314        |
| Disposal                            | (29,534)                   | (6,925)                     | (28,686)                        | -                     | -                                 | (65,145)         |
| Foreign exchange translation        | (45,321)                   | (192)                       | (19,494)                        | (4,772)               | -                                 | (69,779)         |
| <b>Balance – September 30, 2022</b> | <b>2,098,297</b>           | <b>217,122</b>              | <b>1,634,774</b>                | <b>132,061</b>        | <b>16,737</b>                     | <b>4,098,991</b> |
| <b>Accumulated Depreciation</b>     |                            |                             |                                 |                       |                                   |                  |
| 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                        | (335,077)                  | (45,339)                    | (319,489)                       | (25,039)              | -                                 | (724,944)        |
| Disposal                            | 4,102                      | 1,289                       | 31,843                          | -                     | -                                 | 37,234           |
| Foreign exchange translation        | 8,335                      | (147)                       | 2,318                           | 759                   | -                                 | 11,265           |
| <b>Balance – September 30, 2022</b> | <b>(469,954)</b>           | <b>(73,818)</b>             | <b>(417,044)</b>                | <b>(32,022)</b>       | <b>-</b>                          | <b>(992,838)</b> |
| <b>Carrying Value</b>               |                            |                             |                                 |                       |                                   |                  |
| At September 30, 2021               | 1,053,416                  | 109,524                     | 779,800                         | 83,468                | -                                 | 2,026,208        |
| At September 30, 2022               | 1,628,343                  | 143,304                     | 1,217,730                       | 100,039               | 16,737                            | 3,106,153        |



# JUST KITCHEN HOLDINGS CORP.

Notes to the Consolidated Financial Statements  
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Year ended September 30, 2022

## 9. Right-of-use assets and lease liability:

### (a) Right-of-use assets:

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

|                                 | 2022 |             | 2021 |           |
|---------------------------------|------|-------------|------|-----------|
| <b>Cost</b>                     |      |             |      |           |
| Beginning Balance               | \$   | 3,758,767   | \$   | 1,982,546 |
| Additions                       |      | 1,882,690   |      | 1,824,119 |
| Disposal                        |      | (137,497)   |      | -         |
| Lease periods expire            |      | (51,395)    |      | (50,487)  |
| Foreign exchange translation    |      | (92,059)    |      | 2,589     |
| Ending Balance                  | \$   | 5,360,506   | \$   | 3,758,767 |
| <b>Accumulated Depreciation</b> |      |             |      |           |
| Beginning Balance               | \$   | (949,709)   | \$   | (312,094) |
| Depreciation                    |      | (1,394,513) |      | (683,228) |
| Disposal                        |      | 39,019      |      | -         |
| Lease periods expire            |      | 51,395      |      | 50,487    |
| Foreign exchange translation    |      | 32,452      |      | (4,874)   |
| Ending Balance                  | \$   | (2,221,356) | \$   | (949,709) |
| Carrying Value                  | \$   | 3,139,150   | \$   | 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 Consolidated Financial Statements  
(Expressed in Canadian Dollars)

Year ended September 30, 2022

## 9. Right-of-use assets and lease liability (continued):

### (b) Lease liability:

The summary of the Company's lease liabilities as at September 30, 2022 and 2021, is as follows:

|   | <b>2022</b>  |    | <b>2021</b> |
|---|--------------|----|-------------|
| Beginning Balance   | \$ 2,865,666 | \$ | 1,668,370   |
| Additions   | 1,882,690    |    | 1,824,119   |
| Other income recognized from rent concessions due to Covid 19 | -            |    | (16,549)    |
| Lease termination   | (103,823)    |    | -           |
| Lease payments  | (1,267,267)  |    | (685,970)   |
| Interest expense on lease liabilities                         | 122,011      |    | 76,962      |
| Foreign exchange translation                                  | (53,224)     |    | (1,266)     |
| Total lease liability   | 3,446,053    |    | 2,865,666   |
| Less: current portion   | (1,267,617)  |    | (886,708)   |
| Non-current portion   | \$ 2,178,436 | \$ | 1,978,958   |

For the year ended September 30, 2022 and for the year ended September 30, 2021, variable lease payments, short term and low value lease expenses recognized in the Company's Consolidated Statement of Comprehensive Loss were as follows:

|                          | <b>2022</b> |    | <b>2021</b> |
|--------------------------|-------------|----|-------------|
| Variable lease payments  | \$ 238,745  | \$ | 105,343     |
| Short-term lease expense | 185,754     |    | 64,789      |
| Low-value lease expense  | 23,767      |    | 10,316      |

The Company has elected not to recognize right-of-use assets for leases that have a term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term. For the year ended September 30, 2022 and September 30, 2021 the Company recognized \$448,266 and \$180,488 in rent and utilities expenses respectively relating to variable lease payments, short-term leases, and low-value leases.

# JUST KITCHEN HOLDINGS CORP.

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

Year ended September 30, 2022

## 9. Right-of-use assets and lease liability (continued):

(b) Lease liability (continued):

As at September 30, 2022 and September 30, 2021, the future minimum lease payments under non-cancellable lease agreements were payable as follows:

|                       | 2022         | 2021         |
|-----------------------|--------------|--------------|
| Less than 1 year      | \$ 1,470,741 | \$ 998,451   |
| Between 1 and 3 years | 1,907,274    | 1,595,611    |
| More than 3 years     | 359,674      | 474,588      |
|                       | \$ 3,737,689 | \$ 3,068,650 |

## 10. Intangible assets:

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

|                                 | 2022        | 2021       |
|---------------------------------|-------------|------------|
| <b>Cost</b>                     |             |            |
| Beginning balance               | \$ 240,539  | \$ -       |
| Purchases                       | -           | 237,379    |
| Foreign exchange translation    | (10,574)    | 3,160      |
| Balance                         | \$ 229,965  | \$ 240,539 |
| <b>Accumulated Amortization</b> |             |            |
| Beginning balance               | \$ -        | \$ -       |
| Amortization                    | (77,957)    | -          |
| Foreign exchange translation    | 1,302       | -          |
| Balance                         | \$ (76,655) | \$ -       |
| Carrying Value                  | \$ 153,310  | \$ 240,539 |

# JUST KITCHEN HOLDINGS CORP.

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## 11. Promissory notes payable:

### (a) Promissory notes due June 30, 2023

Promissory notes payable are unsecured and bear an annual interest rate ranging between 0% to 8%, with principal and interest maturing on June 30, 2023, with early repayment option. During the year ended September 30, 2022 and year ended September 30, 2021, the Company recorded \$6,076 and \$24,895 of interest expense respectively. Details are as follows:

|                              | 2022 |           | 2021 |           |
|------------------------------|------|-----------|------|-----------|
| Beginning Balance            | \$   | 230,435   | \$   | 460,127   |
| Repayments                   |      | (136,622) |      | (248,057) |
| Interest expense             |      | 6,076     |      | 24,895    |
| Foreign exchange translation |      | (7,949)   |      | (6,530)   |
| Ending Balance               | \$   | 91,940    | \$   | 230,435   |

## 12. 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 year ended September 30, 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 year ended September 30, 2022.

During the year ended September 30, 2021:

(i) On November 10, 2020, the Company closed a private placement of 2,960,000 shares at \$0.25 per share for gross proceeds of \$740,000;

(ii) On December 14, 2020, the Company closed a private placement of 2,700,000 shares at \$0.50 per share for gross proceeds of \$1,350,000;

(iii) On March 16, 2021, the Company closed a private placement of 1,652,480 shares at \$0.50 per share for gross proceeds of \$826,240.

# JUST KITCHEN HOLDINGS CORP.

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## 12. Shareholders' equity (continued):

### (b) Share capital transactions (continued):

(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:

- 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.

On April 7, 2021, upon the Company receiving final receipt from the British Columbia Securities Commission for its long-form non-offering prospectus and TSX-V approval for the listing of its common shares, 15,798,795 subscription receipts at \$0.50 per subscription receipt for aggregate gross proceeds of \$7,899,397 were converted into common shares of the Company without payment of any further consideration.

- (v) On June 15, 2021, the Company closed its supplemental prospectus offering of 12,963,000 shares at \$1.35 per share for gross proceeds of \$17,500,050. The Company issued 777,780 finder's warrants and paid \$1,050,003 in commissions (note 12(c)). In addition, legal, regulatory and other cash costs associated with the supplemental prospectus offering totaled \$105,633.
- (vi) On June 30, 2021, the Company closed a private placement of 2,906,765 shares at \$1.35 per share for gross proceeds of \$3,924,133. The Company issued 53,334 finder's shares and paid \$153,725 in commissions. In addition, legal, regulatory and other cash costs associated with the private placement totaled \$108,173 during the year ended September 30, 2021.
- (vii) On August 11, 2021, 21,000 Finder's Warrants were exercised at \$1.35 per share for total proceeds of \$28,350 and the fair value of the exercised warrants of \$4,375 was transferred from reserves to share capital during the year ended September 30, 2021.
- (viii) On August 13, 2021, 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 fair value of the exercised stock options of \$5,378 was transferred from reserves to share capital during the year ended September 30, 2021.

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## 12. 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 50% of the 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.

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 * | 41.94%     |
| Risk-free interest rate  | 0.25%      |
| Expected life            | 2.83 years |
| Expected dividend yield  | 0.00%      |

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\* 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.

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## 12. Shareholders' equity (continued):

(c) Warrants (continued):

### Performance Warrants (continued)

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 September 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 \$169,008 of stock-based compensation related to these performance warrants for the year ended September 30, 2022.

During the year ended September 30, 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.

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%             |

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\* 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 year ended September 30, 2022, the Company recognized \$1,146,002 (year ended September 30, 2021– \$1,130,676) of stock-based compensation expense related to the Performance Warrants. As of September 30, 2022, none of the Performance Warrants have vested, therefore they are not exercisable.

# JUST KITCHEN HOLDINGS CORP.

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## 12. Shareholders' equity (continued):

(c) Warrants (continued):

### Performance Warrants (continued)

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

|                                | Year ended September 30,<br>2022            | Year ended September 30,<br>2021                 |   | Year ended September 30,<br>2021                 |
|--------------------------------|---|--|---|--|
|                                | Number of<br>Performance<br>Warrants<br>(#) | Weighted<br>Average<br>Exercise<br>Price<br>(\$) | Number of<br>Performance<br>Warrants<br>(#) | Weighted<br>Average<br>Exercise<br>Price<br>(\$) |
| Outstanding, beginning of year | 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 year       | 10,000,000                                  | 0.001  | 10,000,000                                  | 0.001  |

At September 30, 2022, performance warrants had a weighted average life of 0.84 years (2021 - 1.84 years). No performance warrants are exercisable as of September 30, 2022 (2021: Nil)

### 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 (note 12(b)(v)). 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 and were valued at \$162,039 using the Black-Scholes option pricing model. The Finder's Warrants will expire on June 15, 2023.

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

|                                | Year ended September 30,<br>2022            | Year ended September 30,<br>2021                 |   | Year ended September 30,<br>2021                 |
|--------------------------------|---|--|---|--|
|                                | Number of<br>Performance<br>Warrants<br>(#) | Weighted<br>Average<br>Exercise<br>Price<br>(\$) | Number of<br>Performance<br>Warrants<br>(#) | Weighted<br>Average<br>Exercise<br>Price<br>(\$) |
| Outstanding, beginning of year | 756,780                                     | 1.35   | -   | -  |
| Granted                        | -   | -  | 777,780                                     | 1.35   |
| Exercised                      | -   | -  | (21,000)                                    | 1.35   |
| Cancelled                      | -   | -  | -   | -  |
| Forfeited                      | -   | -  | -   | -  |
| Outstanding, end of year       | 756,780                                     | 1.35   | 756,780                                     | 1.35   |

At September 30, 2022, finder's warrants had a weighted average life of 0.71 years (2021 - 1.71 years).



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## 12. Shareholders' equity (continued):

### (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 January 28, 2022, the COO forfeited 500,000 out of 1,000,000 previously issued stock options. The Company reversed \$60,932 of stock-based compensation related to these stock options for the year ended September 30, 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.

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%            |

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\* 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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## 12. Shareholders' equity (continued):

(d) Stock options (continued):

On June 1, 2022, the Company granted 400,000 stock options exercisable at \$0.45 per share and vesting 25% on June 1, 2022 and 25% every 6 months thereafter. Total fair value of these stock options on the date of grant was estimated to be \$49,232.

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 * | 39.61% – 40.71%  |
| Risk-free interest rate  | 2.79%            |
| Expected life            | 2.5 – 3.25 years |
| Expected dividend yield  | 0.00%            |

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\* 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.

On July 5, 2022, the Company granted 285,000 stock options exercisable at \$0.30 per share and vesting 25% on July 5, 2022 and 25% every 6 months thereafter. Total fair value of these stock options on the date of grant was estimated to be \$25,504.

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 * | 39.34% – 41.06%  |
| Risk-free interest rate  | 3.00%            |
| Expected life            | 2.5 – 3.25 years |
| Expected dividend yield  | 0.00%            |

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\* 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.

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## 12. Shareholders' equity (continued):

(d) Stock options (continued):

The following is a summary of activity in stock options:

|                                | Year ended September 30,<br>2022     |  | Year ended September 30,<br>2021     |  |
|--------------------------------|--------------------------------------|--|--------------------------------------|--|
|                                | Number of<br>Stock<br>Options<br>(#) | Weighted<br>Average<br>Exercise<br>Price<br>(\$) | Number of<br>Stock<br>Options<br>(#) | Weighted<br>Average<br>Exercise<br>Price<br>(\$) |
| Outstanding, beginning of year | 4,602,500                            | 0.58   | -                                    | -  |
| Granted                        | 1,200,000                            | 0.75   | 4,745,000                            | 0.59   |
| Exercised                      | (37,500)                             | 0.50   | (37,500)                             | 0.50   |
| Forfeited                      | (612,500)                            | 0.57   | (40,000)                             | 0.50   |
| Cancelled                      | -                                    | -  | (65,000)                             | 1.35   |
| Expired                        | (32,500)                             | 1.24   | -                                    | -  |
| Outstanding, end of year       | 5,120,000                            | 0.60   | 4,602,500                            | 0.58   |
| Exercisable, end of year       | 4,323,125                            | 0.60   | 2,197,500                            | 0.58   |

# JUST KITCHEN HOLDINGS CORP.

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## 12. Shareholders' equity (continued):

(d) Stock options (continued):

At September 30, 2022, the following options, with a weighted average life of 3.49 years (September 30, 2021 - 4.21 years), were outstanding and exercisable:

| Expiry Date       | Options<br>Outstanding<br>(#) | Options<br>Exercisable<br>(#) | Exercise<br>Price<br>(\$/share) |
|-------------------|-------------------------------|-------------------------------|---------------------------------|
| November 24, 2025 | 3,637,500                     | 3,637,500                     | \$0.500                         |
| June 28, 2026     | 235,000                       | 176,250                       | \$1.350                         |
| August 3, 2026    | 150,000                       | 112,500                       | \$1.380                         |
| November 9, 2026  | 125,000                       | 62,500                        | \$1.410                         |
| December 15, 2026 | 325,000                       | 162,500                       | \$1.190                         |
| June 1, 2027      | 362,500                       | 90,625                        | \$0.450                         |
| July 5, 2027      | 285,000                       | 71,250                        | \$0.300                         |
|                   | 5,120,000                     | 4,313,125                     |                                 |

The Company recognized \$310,891 (September 30, 2021 - \$563,930) in share-based payments during the year ended September 30, 2022.

During the year ended September 30, 2021:

On November 24, 2020, the Company granted 4,265,000 stock options to directors, officers, employees and consultants exercisable at \$0.50 per share and vesting 25% on February 1, 2021 and 25% every 6 months thereafter. Total fair value of these stock options on the date of grant was estimated to be \$611,768, of which \$488,608 was recognized during the year ended September 30, 2021.

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 * | 41.94%    |
| Risk-free interest rate  | 0.31%     |
| Expected life            | 3.0 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.

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## 12. Shareholders' equity (continued):

### (d) Stock options (continued):

On June 28, 2021, the Company granted 330,000 stock options to employees and a consultant exercisable at \$1.35 per share and vesting 25% on June 28, 2021 and 25% every 6 months thereafter. Total fair value of these stock options on the date of grant was estimated to be \$112,093, of which \$49,347 was recognized during the year ended September 30, 2021.

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 * | 41.17%     |
| Risk-free interest rate  | 0.63%      |
| Expected life            | 2.88 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.

On August 3, 2021, the Company granted 150,000 stock options to a consultant exercisable at \$1.38 per share and vesting 25% on August 3, 2021 and 25% every 6 months thereafter. Total fair value of these stock options on the date of grant was estimated to be \$65,354, of which \$25,975 was recognized during the year ended September 30, 2021.

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 * | 41.03%     |
| Risk-free interest rate  | 0.50%      |
| Expected life            | 2.88 years |
| Expected dividend yield  | 0.00%      |

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\* 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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## 12. Shareholders' equity (continued):

### 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,<br>2021 | Granted | Exercised | Forfeited | September 30,<br>2022 | RSUs<br>Vested | Expiry Date       |
|-----------------------|---------|-----------|-----------|-----------------------|----------------|-------------------|
| 2,450,000             | -       | -         | (150,000) | 2,300,000             | 1,150,000      | November 24, 2025 |
| -                     | 300,000 | -         | -         | 300,000               | -              | November 9, 2026  |
| -                     | 500,000 | -         | -         | 500,000               | -              | July 5, 2027      |
| 2,450,000             | 800,000 | -         | (150,000) | 3,100,000             | 1,150,000      |                   |

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 year ended September 30, 2022.

On July 5, 2022, the Company granted 500,000 RSUs to a consultant and employee. On the date of grant, each RSU was valued at \$0.30, for a total value of \$150,000. 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 July 5, 2023 and the remaining 50% will vest on July 5, 2024.

The Company recognized \$698,725 (September 30, 2021 - \$ 675,141) in share-based payments during the year ended September 30, 2022. As of September 30, 2022, 3,100,000 RSUs were outstanding and 1,950,000 are unvested.

# JUST KITCHEN HOLDINGS CORP.

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## 12. Shareholders' equity (continued):

e) Restricted share units (continued):

During the year ended September 30, 2021:

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. During the year ended September 30, 2021, the Company recorded \$675,141 share-based compensation expense related to the RSUs.

(f) Reserves:

For the year ended September 30, 2022:

|  | Reorganization | Stock Options | Reserves (\$) 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 12(d))                     | -              | 310,891       | -   | -         | 310,891   |
| Share-based payment – Warrants and Performance warrants (Note 12(c)) | -              | -             | 1,146,002                                       | -         | 1,146,002 |
| Share-based payment – RSUs (Note 12(e))                              | -              | -             | -   | 698,725   | 698,725   |
| Exercise of stock options  | -              | (5,380)       | -   | -         | (5,380)   |
| Balance - September 30, 2022   | (657,215)      | 864,063       | 2,647,217                                       | 1,373,866 | 4,227,931 |

For the year ended September 30, 2021:

|   | Reorganization | Stock Options | Reserves (\$) Warrants and Performance Warrants | RSUs    | Total     |
|---|----------------|---------------|---|---------|-----------|
| Balance – September 30, 2020                            | (657,215)      | -             | 212,875   | -       | (444,340) |
| Share-based payment – Stock Options (Note 12(d))        | -              | 563,930       | -   | -       | 563,930   |
| Exercise of stock options                               | -              | (5,378)       | -   | -       | (5,378)   |
| Share-based payment – Performance Warrants (Note 12(c)) | -              | -             | 1,292,715                                       | -       | 1,292,715 |
| Exercise of warrants                                    | -              | -             | (4,375)   | -       | (4,378)   |
| Share-based payment – RSUs (Note 12(e))                 | -              | -             | -   | 675,141 | 675,141   |
| Balance - September 30, 2021                            | (657,215)      | 558,552       | 1,501,215                                       | 675,141 | 2,077,693 |

# JUST KITCHEN HOLDINGS CORP.

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## 13. 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 years ended September 30, 2022 and 2021:

|   | 2022       | 2021       |
|---|------------|------------|
| Weighted average number of common shares –<br>basic and diluted | 75,166,490 | 53,711,134 |

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 12(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 September 30, 2022. The Company's stock options (note 12(d)) and restricted share units (note 12(e)) are considered to be anti-dilutive shares and were excluded from the calculation of basic loss per share for the year ended September 30, 2022.

## 14. Related party transactions:

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

- (a) During the year ended September 30, 2022, the Company recorded \$406,000 (year ended September 30, 2021 - \$462,427) of consulting fees to the Company's Directors, CFO, COO, and Corporate Secretary.
- (b) During the year ended September 30, 2022, the Company recorded \$508,980 (year ended September 30, 2021 - \$357,040) of salaries to the Company's Director and CEO, CSO and CTO.
- (c) During the year ended September 30, 2022, the Company recorded \$33,387 (period ended September 30, 2021 - \$Nil) of revenue from companies with a Director in common, being the Company's CEO. As at September 30, 2022, balance of \$35,056 (period ended September 30, 2021 - \$Nil) is included in accounts receivable.
- (d) During the year ended September 30, 2022, the Company recorded \$13,796 (year ended September 30, 2021 - \$5,685) of royalty expense on certain brand foods to a company with a Director in common, being the Company's CEO.
- (e) During the year ended September 30, 2022, the Company purchased \$Nil (year ended September 30, 2021 - \$48,482) of food products from a company with a Director in common, being the Company's CEO. As at September 30, 2022, balance of \$41,612 (year ended September 30, 2021 - \$40,012) is included in accounts payable and accrued liabilities.



# JUST KITCHEN HOLDINGS CORP.

Notes to the Consolidated Financial Statements  
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## 14. 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. For the year ended September 30, 2022, the Company's key management personnel consisted of the Company's directors and senior management (Chief Executive 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                          | 2022                | 2021                |
|---|---------------------|---------------------|
| Consulting fees                                 | \$ 406,000          | \$ 462,427          |
| Salaries and benefits                           | 508,980             | 357,040             |
| Stock based compensation – performance warrants | 931,854             | 1,130,676           |
| Stock based compensation – stock options        | 58,408              | 375,078             |
| Stock based compensation – RSUs                 | 541,140             | 578,689             |
|   | <u>\$ 2,446,382</u> | <u>\$ 2,903,910</u> |

### (g) Commitments:

(i) As of September 30, 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 12(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.

# JUST KITCHEN HOLDINGS CORP.

Notes to the Consolidated Financial Statements  
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## 14. Related party transactions (continued):

(g) Commitments (continued):

- (ii) As of September 30, 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.
- (iii) As of September 30, 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.

## 15. Segmented information:

The Company is a cloud kitchen meal preparation company with operations in Taiwan, Hong Kong (operation commenced in Q4 2021), Singapore (operation commenced in Q2 2022 and ended in Q4 2022), Philippines (operation commenced in Q3 2022), Malaysia (operations commenced in Q3 2022), Thailand (operations commenced Q4 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 and Hong Kong, with Malaysia, Singapore and Thailand commencing their operations representing under 5% of consolidated revenue in aggregate. The Company's assets are located as follows:

|              | September 30, 2022 |            | September 30, 2021 |            |
|--------------|--------------------|------------|--------------------|------------|
| Canada       | \$                 | 3,354,684  | \$                 | 19,988,240 |
| Taiwan       |                    | 7,178,255  |                    | 7,272,836  |
| Hong Kong    |                    | 1,467,443  |                    | 676,835    |
| Others       |                    | 1,131,746  |                    | -          |
| Total Assets | \$                 | 13,132,128 | \$                 | 27,937,911 |

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## 16. Supplementary cash flow information:

- (a) Non-cash investing and financing activities for the year ended September 30, 2022 and September 30, 2021 are as follows:

|   | 2022      | 2021       |
|---|-----------|------------|
| Reduction to property and equipment included in prepaid expenses            | \$ 4,556  | \$ 140,067 |
| Additions to property and equipment included in changes in accounts payable | 33,430    | 16,854     |
| Disposal of property and equipment  | 27,911    | -          |
| Additions to right-of-use assets and lease liability                        | 1,882,690 | 1,824,119  |
| Disposal of right-of-use assets and lease liability                         | (98,478)  | -          |
| Change in promissory note payable related to interest (note 11)             | 6,076     | 24,895     |

- (b) Investing activities with partial cash payments for the year ended September 30, 2022 and September 30, 2021 are as follows:

|  | 2022         | 2021         |
|--|--------------|--------------|
| Purchase of Property and Equipment                             | \$ 1,891,314 | \$ 1,932,084 |
| Changes in working capital related to acquisition of equipment | (37,986)     | (156,921)    |
| Cash Paid for Property and Equipment during the periods        | \$ 1,853,328 | \$ 1,775,163 |

## 17. 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 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.

# JUST KITCHEN HOLDINGS CORP.

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## 18. Financial instruments:

### (a) Categories of financial assets and liabilities:

As of September 30, 2022 and 2021, the carrying values of the Company's financial instruments are classified into the following categories:

|  |    | 2022      |    | 2021       |
|--|----|-----------|----|------------|
| Financial assets at amortized cost (i)       | \$ | 4,525,603 | \$ | 21,312,109 |
| Financial liabilities at amortized cost (ii) | \$ | 2,938,311 | \$ | 3,487,091  |

(i) Financial assets at amortized cost consist of cash, restricted cash, 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.

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.

# JUST KITCHEN HOLDINGS CORP.

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## 18. Financial instruments (continued):

### (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, restricted cash and accounts receivable. The credit risk is minimized by placing cash with large Canadian, Taiwanese, Hong Kong, Philippines 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 September 30, 2022, the Company had a receivable of \$315,260 from four customers representing 54% 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.

- (iii) **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"), in the Philippines through JKP using its functional currency, Philippine peso ("PHP"), in Malaysia through JKM using its functional currency, Malaysian ringgit ("MYR") and in Thailand through JKTH using its functional currency, Thai Baht ("THB"), 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 September 30, 2022 and for the year 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 \$245,156 and would have decreased net loss of the Company by approximately \$1,051,042. A 10% decrease in the value of the Hong Kong dollar in relation to the Canadian dollar would have decreased net assets by approximately \$49,500 and would have decreased net loss of the Company by approximately \$137,185. A 10% decrease in the value of the Singapore dollar in relation to the Canadian dollar would have increased net assets by approximately \$22,026 and would have decreased net loss of the Company by approximately \$72,402. A 10% decrease in the value of the Philippine peso in relation to the Canadian dollar would have decreased net assets by approximately \$62,925 and would have decreased net loss of the Company by approximately \$11,588. A 10% decrease in the value of the Malaysian ringgit in relation to the Canadian dollar would have decreased net assets by approximately \$16,120 and would have decreased net loss of the Company by approximately \$14,561. A 10% decrease in the value of the Thai Baht in relation to the Canadian dollar would have decreased net assets by approximately \$2,702 and would have decreased net loss of the Company by approximately \$2,141.

The Company has not entered into any hedging agreements to mitigate currency risks with respect to foreign exchange rates.

# JUST KITCHEN HOLDINGS CORP.

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## 18. 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 September 30, 2022:

|  | 2022      | 2023      | 2024    | 2025    | 2026   | Total     |
|--|-----------|-----------|---------|---------|--------|-----------|
|  | \$        | \$        | \$      | \$      | \$     | \$        |
| Accounts payable and accrued liabilities | 2,846,371 | -         | -       | -       | -      | 2,846,371 |
| Lease liability *                        | 1,470,741 | 1,198,703 | 708,571 | 302,101 | 57,573 | 3,737,689 |
| Low-value leases                         | 19,302    | 18,899    | 18,010  | 10,218  | 3,310  | 69,739    |
| Promissory notes payable **              | 91,940    | -         | -       | -       | -      | 91,940    |
|  | 4,428,354 | 1,217,602 | 726,581 | 312,319 | 60,883 | 6,745,739 |

\* Including interest

\*\* Excluding interest

# JUST KITCHEN HOLDINGS CORP.

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## 19. Income taxes:

The Company's effective tax rate differs from the amount obtained by applying the Canadian statutory tax rate due to the following:

|                                | 2022         | 2021         |
|--------------------------------|--------------|--------------|
| Loss for the year before taxes | \$17,517,291 | \$11,237,581 |
| Canadian statutory tax rate    | 27.00%       | 27.00%       |
| Recovery of income taxes       | (4,729,669)  | (3,034,147)  |
| Foreign tax rate difference    | 944,951      | 422,235      |
| Non-deductible items           | 682,300      | 630,211      |
| Tax benefits not recognized    | 3,102,418    | 2,532,697    |
| Share issuance costs           | -            | (550,996)    |
| Income tax expense             | \$ -         | \$ -         |

The calculation of the tax rate is based on a combined federal and provincial statutory income tax rate of 27%.

### **Recognized Deferred Tax Assets (Liabilities)**

Details of the Company's recognized deferred tax assets (liabilities) are as follows:

|                                   | 2022 | 2021      |
|-----------------------------------|------|-----------|
| Non-capital (gain) losses         | \$ - | \$ 18,549 |
| Foreign exchange losses (gain)    | -    | (18,549)  |
| Deferred tax assets (liabilities) | \$ - | \$ -      |

# JUST KITCHEN HOLDINGS CORP.

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## 19. Income taxes (continued):

### *Unrecognized Deferred Tax Assets (Liabilities)*

Deferred tax assets have not been recognized in respect of the following items:

|                        | 2022          | 2021         |
|------------------------|---------------|--------------|
| Tax losses             | \$ 27,044,530 | \$12,184,362 |
| Property and equipment | -             | -            |
| Financing costs        | 1,284,819     | 1,692,964    |
| Others                 | 590,037       | 69,210       |

As at September 30, 2022, the Company had non-capital losses in Canada of approximately \$7,218,039 and in the Taiwan of \$17,001,697 (TWD 390,358,945), and in Hong Kong of \$1,791,390 (HKD 10,168,109), and in Singapore of \$750,789 (SGD 779,319), and in Malaysia of \$147,192 (MAD 499,201), and in Philippine of \$113,668 (PHD 4,876,299), and in Thailand of \$21,755 (THD \$590,896) that may be applied against future income for income tax purposes. The Canadian tax losses expire between years 2039 and 2042 and the Taiwanese tax losses expire between 2029 to 2032, and the Hong Kong tax losses is carried forwarded indefinitely, and the Singapore tax losses is carried forwarded indefinitely, and the Malaysia tax losses expire to 2042, the Philippine tax losses is carried forwarded indefinitely. The future tax benefits from tax losses have not been recorded in these consolidated financial statements due to uncertainty of their recovery.

## 20. Revenue:

Revenue is mainly generated from preparation and sale of meals and beverages to retail and business customers in Taiwan and Hong Kong. Revenue generated from Singapore, and Malaysia area are 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 3<sup>rd</sup> party delivery services, and business orders are delivered directly by the Company.

|                           | 2022          | 2021          |
|---------------------------|---------------|---------------|
| Sales to retail customers | \$ 17,187,305 | \$ 11,103,026 |
| Sales to businesses       | 1,781,391     | 823,068       |
|                           | \$ 18,968,696 | \$ 11,926,094 |



# JUST KITCHEN HOLDINGS CORP.

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## 21. Nature of expenses:

The following schedule presents additional information on the Company's expenses for the year ended September 30, 2022 and year ended September 30, 2021.

|   | 2022<br>\$        | 2021<br>\$        |
|---|-------------------|-------------------|
| <b>Operating expenses:</b>                  |                   |                   |
| Delivery and processing costs               | 3,908,768         | 2,560,293         |
| Food and beverage costs *                   | 8,928,344         | 5,512,712         |
| Rent and utilities                          | 1,301,767         | 604,809           |
| Repairs and maintenance                     | 351,789           | 278,398           |
| Salaries and benefits                       | 5,458,271         | 2,868,610         |
| Selling costs                               | 2,189,384         | 1,835,521         |
|   | <u>22,138,323</u> | <u>13,660,343</u> |
| <b>General and administrative expenses:</b> |                   |                   |
| Advertising and marketing                   | 2,220,286         | 1,407,414         |
| Consulting                                  | 580,041           | 778,226           |
| Listing and filing                          | 105,925           | 177,522           |
| Insurance                                   | 71,500            | 32,771            |
| Office and administration                   | 518,208           | 422,090           |
| Professional fees                           | 1,042,967         | 916,285           |
| Rent and utilities                          | 154,541           | 81,807            |
| Repairs and maintenance                     | 217,424           | 153,310           |
| Salaries and benefits                       | 3,412,261         | 1,605,283         |
| Selling costs                               | 461,158           | 402,496           |
| Stock-based compensation                    | 2,155,618         | 2,369,747         |
| Travel                                      | 25,118            | 10,729            |
|   | <u>10,965,047</u> | <u>8,357,680</u>  |
| <b>Research and Development:</b>            |                   |                   |
| Salaries and benefits                       | 449,618           | 132,203           |
| Office and administration                   | 53,996            | 107,724           |
|   | <u>503,614</u>    | <u>239,927</u>    |
| <b>Depreciation and amortization:</b>       |                   |                   |
| Depreciation of property and equipment      | 724,944           | 281,070           |
| Amortization of intangible assets           | 77,957            | -                 |
| Depreciation of right-of-use assets         | 1,394,513         | 683,228           |
|   | <u>2,197,414</u>  | <u>964,298</u>    |

\* During the year ended September 30, 2022, inventory expensed to food and beverage costs was \$8,928,344 (the period ended September 30, 2021 - \$5,512,712).