Odd Burger Corporation

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2023, AND SEPTEMBER 30, 2022

(In Canadian Dollars)

Independent Auditor's Report

To the Shareholders of Odd Burger Corporation:

Opinion

We have audited the consolidated financial statements of Odd Burger Corporation and its subsidiaries (the "Company"), which comprise the statements of financial position as at September 30, 2023 and September 30, 2022, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity (deficit) and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at September 30, 2023 and September 30, 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits 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 consolidated financial statements, which indicates that the Company incurred a net loss and has negative operating cash flows during the year ended September 30, 2023 and, as of that date, the Company had an accumulated deficit. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Revenue Recognition

Key Audit Matter Description

The Company derives its revenue in an e-commerce environment from i) food sales from food delivery companies and ii) the Company own e-commerce platform, a separate software as a service (SAAS) system (Note 2). Revenue comprises a significant volume of low-dollar transactions, and sources from multiple systems, databases and other tools that are generally customized and specific to the Company. The initiation, processing and recording of revenue are highly automated and are based on reports received from third party service providers.

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Given the Company's revenue transactions are highly automated, there are potential risks arising from the initiation, processing and recording of revenue. We identified auditing the Company's various information technology ("IT") systems to process revenue transactions as a key audit matter due to the increased extent of audit effort required, which included the need to involve professionals with expertise in IT.

Audit Response

We responded to this matter by performing procedures in relation to revenue recognition for highly automated transactions. Our audit work in relation to this included, but was not restricted to, the following:

- With the assistance of internal IT specialists:
  - Evaluated the design and implementation of general IT controls over the significant systems used to process revenue transactions, including user access controls, change management controls and IT operations controls.
  - Reconciled the reported activity between the Company's internal systems and third-party systems for the period.
  - Obtained System and Organization Controls reports, where available, for selected material third-party systems and tested relevant complementary user entity controls to ensure accuracy, completeness and occurrence of information processed by those third-party platforms.
- Performed detail transaction testing by agreeing a sample of the amounts recognized in the IT systems to source documents such as reports from third-party systems, reports from third-party aggregatory and cash receipts.

Lease receivable impairment

Key Audit Matter Description

The Company subleases some of its restaurant premise and equipment to franchisees. The Company, as sublessor, continues to account for the head lease and recognized a lease liability with corresponding lease receivable. During the year, two of the franchisees faced significant financial difficulties, which indicated that the lease receivable should be assessed for expected credit loss ("ECL").

The Company performed ECL assessment of its lease receivable at year end and recognized a $435,856 loss related to these lease receivables (Note 9). Evaluating the Company's assessment required significant auditor judgement. Accordingly, we identified the estimation of recoverable amount for lease receivable as a key audit matter.

Audit Response

We responded to this matter by performing audit procedures relating to recoverability of lease receivables. Our audit work in relation to this included, but was not restricted to, the following:

- Assessed current conditions and the forward-looking factors considered by management in the assessment by reference to industry and market information.
- Tested on a sample basis settlement made by the franchisees subsequent to year end.
- Assessed historical default rates applied by management, considering the nature and credit profile of different franchisees and restaurant locations, and the historical levels of default.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

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

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's 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. We have nothing to report in this regard.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 these consolidated 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 consolidated 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 Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Murad Bhimani.

MNP LLP

Toronto, Ontario
March 26, 2024

Chartered Professional Accountants
Licensed Public Accountants

Odd Burger Corporation
Consolidated Statements of Financial Position
As at September 30, 2023 and September 30, 2022
(Expressed in Canadian dollars except for per share amounts)

	Note	September 30, 2023	September 30, 2022
ASSETS			
Cash		$ 120,505	$ 436,085
Accounts receivable and other receivables	5	139,007	139,161
Inventory	6	211,962	228,703
Prepaid expenses and deposits	7	58,582	96,011
Lease Receivable, current	9	25,013	17,029
Current portion of deferred charges	8	13,578	79,140
Assets held for sale	11,12	421,812	-
Total Current Assets		$ 990,459	$ 996,129
Lease receivable	9	609,782	401,819
Note receivable	10	55,608	-
Prepaid expenses and deposits	7	72,366	73,539
Deferred charges	8	111,832	57,579
Property and equipment, net	11	1,687,677	2,711,496
Right-of-use asset, net	12	892,648	983,500
Total Assets		$ 4,420,372	$ 5,224,062
LIABILITIES			
Accounts payable and accrued liabilities	13	$ 2,693,198	$ 1,505,933
Customer deposits	14	220,000	-
Current portion of deferred revenue	15	60,335	47,353
Current portion of loans payable	16	128,947	51,947
Current portion of lease liabilities	17	374,235	298,798
Total Current Liabilities		$ 3,476,715	$ 1,904,031
Deferred revenue	15	351,330	338,274
Lease liabilities	17	2,349,732	1,787,566
Loans payable	16	35,649	143,402
Total Liabilities		$ 6,213,426	$ 4,173,273
SHAREHOLDERS' EQUITY (DEFICIT)			
Share capital	18	$ 13,731,204	$ 12,355,101
Shares to be issued	18	-	183,000
Contributed surplus	19	1,894,815	1,329,655
Deficit		(17,419,073)	(12,816,967)
Total Shareholders' Equity (Deficit)		$ (1,793,054)	$ 1,050,789
Total Liabilities and Shareholders' Equity (Deficit)		$ 4,420,372	$ 5,224,062

Nature of operations (Note 1)
Commitments and contingencies (Note 21)

Approved by the Board of Directors:

"James McInnes"
Director (Signed)

"Michael Fricker"
Director (Signed)

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

Odd Burger Corporation
Consolidated Statements of Loss and Comprehensive Loss
For the years ended September 30, 2023 and September 30, 2022
(Expressed in Canadian dollars except for per share amounts)

	Note		Year ended September 30, 2023		Year ended September 30, 2022
REVENUE					
Food sales	25	$	3,052,564	$	2,910,663
Franchise revenue	25		190,527		41,365
TOTAL REVENUE		$	3,243,091	$	2,952,028
Cost of goods sold	26		2,399,252		2,397,303
GROSS MARGIN		$	843,839	$	554,725
OPERATING EXPENSES					
Selling, General and Administrative expenses	26	$	2,266,568	$	1,738,337
Salaries and Wages			1,401,221		1,930,861
Professional Fees			1,359,504		919,208
Interest expense			320,138		238,994
TOTAL OPERATING EXPENSES		$	5,347,431	$	4,827,400
LOSS FROM OPERATIONS		$	(4,503,592)	$	(4,272,675)
OTHER ITEMS					
Other income and expenses	27	$	49,692	$	7,036
Finance income on lease receivables			86,964		6,840
Gain (loss) on disposal of property and equipment, net	11		(24,296)		18,481
Impairment of Property and Equipment	11		(210,874)		(45,418)
NET LOSS AND COMPREHENSIVE LOSS		$	(4,602,106)	$	(4,285,736)

Loss Per Share				
Basic and Diluted	$	(0.05)	$	(0.05)
Weighted average number of common shares outstanding – Basic and Diluted		89,681,917		83,516,206

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

Odd Burger Corporation
Consolidated Statements of Changes in Shareholders' Equity (Deficit)
For the years ended September 30, 2023 and September 30, 2022
(Expressed in Canadian dollars except for per share amounts)

	Note	Number of Shares		Share Capital		Shares to be issued		Contributed Surplus		Deficit		Total
Balance September 30, 2021		82,838,918	$	11,613,438	$	-	$	516,873	$	(8,531,231)	$	3,599,080
Issuances of Private Placement	18	2,322,500		741,663		-		187,337		-		929,000
Subscriptions received	18	-		-		183,000		-		-		183,000
Stock based compensation expense	19	-		-		-		625,445		-		625,445
Net loss and comprehensive loss for the year		-		-		-		-		(4,285,736)		(4,285,736)
Balance September 30, 2022		85,161,418	$	12,355,101	$	183,000	$	1,329,655	$	(12,816,967)	$	1,050,789
Issuances of Private Placement	18,19	6,257,999		1,376,103		(183,000)		255,421		-		1,448,524
Stock based compensation expense	19	-		-		-		309,739		-		309,739
Net loss and comprehensive loss for the year		-		-		-		-		(4,602,106)		(4,602,106)
Balance September 30, 2023		91,419,417	$	13,731,204	$	-	$	1,894,815	$	(17,419,073)	$	(1,793,054)

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

Odd Burger Corporation
Consolidated Statements of Cash Flow
For the years ended September 30, 2023 and September 30, 2022
(Expressed in Canadian dollars except for per share amounts)

	Note		Year ended September 30, 2023		Year ended September 30, 2022
OPERATING ACTIVITIES					
Net loss and comprehensive loss for the year		$	(4,602,106)	$	(4,285,736)
Adjustments					
Depreciation expense	11,12		649,339		604,026
Other income and expenses			20,000		-
Gain (loss) on disposal of property and equipment, net	11		24,296		(18,481)
(Income) expense recognized on lease modifications			(251)		4,699
Impairment of Property and Equipment	11		210,874		45,481
Interest accretion on lease liabilities	17		287,979		219,612
Interest accretion on loans	16		14,112		4,507
Finance income on lease receivables	9		(86,964)		(6,840)
Interest on notes receivable	10		3,210		-
Share based compensation expense	19		309,739		625,445
Bad debt expense	5,9		437,271		14,891
		$	(2,732,501)	$	(2,792,396)
Changes in non-cash working capital	28		1,482,569		270,384
Cash flows used in operating activities		$	(1,249,932)		(2,522,012)
INVESTING ACTIVITIES					
Purchase of property and equipment	11		(4,347)		(1,272,893)
Cash proceeds received from disposal of property and equipment	11		47,250		8,709
Proceeds from disposal group	11		-		327,282
Collection of lease receivable			59,400		-
Net cash provided by (used in) investing activities		$	102,303		(936,902)
FINANCING ACTIVITIES					
Proceeds from leasing			7,924		457,014
Payments of lease liabilities	17		(559,534)		(375,410)
Repayment of loans payable	16		(64,865)		(51,948)
Proceeds from issuance of common shares and warrants for cash, net	18		1,448,524		929,000
Subscriptions received	18		-		183,000
Net cash provided by financing activities		$	832,049		1,141,656
Increase (decrease) in cash		$	(315,580)		(2,317,258)
Cash, beginning of year			436,085		2,753,343
Cash, end of year		$	120,505		436,085

Supplemental disclosure				
Cash interest paid (received), net	$	216,683	$	186,756
Cash taxes paid (received)		449		-

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

1. Nature of Operations

Odd Burger Corporation, (“Odd Burger” or the "Company") was incorporated under the Canada Business Corporations Act (British Columbia) on January 20, 2015. On April 13, 2021, the Company completed a transaction with 2204901 Ontario Inc. (operating as Globally Local) (“GL”), a private company continued under the Business Corporations Act (Ontario), which constituted a reverse takeover by GL and changed its name to “Globally Local Technologies Inc.”. Because GL is considered to be the acquirer, these consolidated financial statements are a continuation of the financial statements of GL adjusted to reflect the legal capital of the Company. On April 16, 2021, the Company commenced trading on the TSX Venture Exchange (“TSXV”) under the symbol “GBLY”. Subsequently, on June 16, 2021, Globally Local Technologies Inc. changed its name and rebranded as Odd Burger Corporation. With the subsequent name change, the Company now trades under the symbol “ODD.” The Company’s registered office is located at 505 Consortium Court, London, ON, N6E 2S8. References herein to “Odd Burger” or the “Company” refer to Odd Burger Corporation and its subsidiaries, unless specifically noted otherwise.

Odd Burger is a plant-based food technology company that manufactures and distributes industry-leading plant-based protein and dairy alternatives using locally sourced and sustainable ingredients. The Company distributes its products through a proprietary food service line to Company-owned and franchised fast-food restaurants. Its locations operate as smart kitchens, which use state-of-the art cooking technology and automation solutions to deliver a delicious food experience to customers craving healthier and more sustainable fast food. The Company operates with small store footprints optimized for delivery and takeout, advanced cooking technology, competitive pricing, and a vertically integrated supply chain.

Basis of measurement and going concern

These consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to realize its assets and satisfy its liabilities in the normal course of business for the foreseeable future. As at September 30, 2023, the Company had an accumulated deficit of $17,419,073. The Company had also incurred negative operating cash flows of $1,249,932 and a net loss in the amount of $4,602,106 for the year ended September 30, 2023. Management is aware, in making its going concern assessment, of recurring losses and on-going negative cash flow that may cast significant doubt on the Company’s ability to continue as a going concern.

The continued operations of the Company are dependent on future profitable operations, management’s ability to manage costs, and the future availability of equity or debt financing. Whether and when the Company can generate sufficient operating cash flows to pay for its expenditures and settle its obligations as they fall due is uncertain. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption inappropriate. These adjustments could be material.

These consolidated financial statements were approved by the Company’s Board of Directors on March 26, 2024.

2. Significant Accounting Policies

Basis of preparation

These consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”) issued and outstanding as of September 30, 2023.

(Expressed in Canadian dollars except for per share amounts)

2. Significant Accounting Policies (continued)

Basis of presentation and consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. Transactions and balances between the Company and its consolidated entities have been eliminated on consolidation. The principal wholly owned subsidiaries of the Company that have been consolidated are as follows:

Name of Entity	Incorporation Date
Odd Burger Ltd.	Amalgamated April 13, 2021
Odd Burger Franchise Inc.	May 31, 2019
Odd Burger Franchise (US) Inc.	April 7, 2022
Preposterous Foods Inc.	February 26, 2018
Globally Local Real Estate Inc.	November 9, 2020
Odd Burger Restaurants Inc.	November 23, 2020

These consolidated financial statements have been prepared on an accrual basis and are based on historical costs, modified where applicable. The presentation and functional currency of the Company is the Canadian dollar. In the opinion of the Company's management, all adjustments considered necessary for a fair presentation have been included.

Basis of consolidation

The consolidated financial statements include the accounts of the Company and other entities that the Company controls. Control exists when the Company is exposed to or has the rights to variable returns from its involvement in the entity and has the ability to direct the activities that significantly affect the entities returns through its power over the entity. The Company reassesses control at each reporting date.

Summary of significant accounting policies

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

Revenue recognition

The Company's accounting policy for revenue recognition under IFRS 15, Revenue from Contracts with Customers, follows a five-step model to determine the amount and timing of revenues to be recognized:

1. Identifying the contract with customers;
2. Identifying the performance obligations within the contract;
3. Determining the transaction price;
4. Allocating the transaction price to the performance obligations(s); and
5. Recognizing revenue when/as performance obligation(s) are satisfied.

The Company derives revenue from food service activities. These activities consist primarily of food and beverage sales, the manufacturing of food products sold through wholesale channels to franchised restaurants and other foodservice operations, and franchise revenues earned as part of the Franchise licensing agreements between the Company and its franchisees.

2. Significant Accounting Policies (continued)

Under IFRS 15, revenue is recognized when a customer obtains control of the goods or services. A receivable is recognized when the goods have been transferred to the customer and the Company has a right to an amount of consideration that is unconditional.

The performance obligation for food sales is satisfied at a point in time when the customer obtains control of the goods or services. For restaurant food and food processing sales, this is when the food is delivered to the customer. Franchise fees are recognized when the Company is party to a contract with commercial substance and it is probable that the Company will collect the consideration to which it is entitled. Franchise fees are comprised of amounts received for pre-opening support services and the Company's licensing of its franchise rights over the term of the respective franchise agreement. Pre-opening support services include assistance in the development of the restaurant. The performance obligation for pre-opening support services is satisfied at a point in time when the franchised restaurant opens for operations. Franchise fees related to licensing of the Company's franchise rights are recognized over the term of the franchise agreements. Royalty revenues are based on a percentage of weekly sales and represent variable consideration for licensing of the Company's franchise rights. Royalty revenues are recognized as the underlying sales occur. Payment is due within seven days of the underlying sale.

Deferred revenue represents the franchise fee received from the franchisee for which performance obligations have not yet been satisfied and the balance of gift cards outstanding.

The Company does not have any contracts where the period between the transfer of promised goods or services to the customer and payment by the customer exceeds one year. Consequently, the Company does not adjust any of the transaction prices for the time value of money.

The Company incurs costs to obtain contracts in the form of sales commissions payable upon securing new franchisees. These costs represent contract assets and are deferred and recognized as expense over the term of the franchise agreement which is usually ten years. Costs such as legal fees incurred prior to the execution of the franchise agreement are expensed as incurred.

Advertising costs

Advertising and marketing costs are recorded as expenses in selling, general, and administrative costs as the services are provided.

The Company charges advertising fees as part of its franchise agreement. Franchisees are required to make weekly advertising fund contributions from the date the Franchised Business opens for business. The fee is a small percentage of gross sales. The marketing fund is used for advertising materials that promote the entire franchise's brand.

Cash

Cash in the consolidated statements of financial position is comprised of cash held at reputable financial institutions.

Inventory

Inventory is recorded at the lower of cost (on the first in first out basis) or net realizable value and consists primarily of raw materials such as fresh fruit and vegetables, manufactured goods, ready to sell packs of beverages and snacks, and packaging. Raw material cost includes the purchase price, transport/handling costs and any import duties or other taxes. Manufactured goods include direct materials, labor and overhead.

2. Significant Accounting Policies (continued)

The estimation of net realizable value is based on the most reliable evidence available of the amount inventories are expected to realize. Additionally, estimation is required for inventory provisions due to obsolescence.

Net realizable value is the expected difference between the selling price for the inventory less the costs to get the inventory into saleable form and to the customer. For inventory which has been written down to net realizable value, if subsequent assessments conclude that the circumstances causing the write down no longer exist, the write down is reversed.

Property and equipment

Property and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing parts of the property and equipment. Likewise, when a major inspection is performed, its cost is recognized in the carrying value of the equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the consolidated statement of loss and comprehensive loss as incurred.

Depreciation is calculated on a straight-line basis over the expected useful life of the asset as follows:

Furniture and equipment	5 years
Computer equipment	3 years
Leaseholds	Over term of the lease or useful life if shorter
Vehicles	3 years
Right-of-use assets	Over term of the lease or useful life if shorter

No depreciation is taken on assets under construction until the asset is available for use. An item of equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in the consolidated statement of loss and comprehensive loss in the period the asset is derecognized.

The assets' useful lives are reviewed at each financial year end and adjusted prospectively if appropriate.

Assets held for sale

The Company accounts for its assets held for sale in accordance with IFRS 5, Non-current Assets Held for Sale and Discontinued Operations.

The Company classifies assets as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through their continuing use. For assets to be classified as held for sale, their sale must be highly probable to occur within one year, they must be available for immediate sale in their present condition, and management must be committed to a sales plan to actively market the sale of the assets. Assets classified as held

2. Significant Accounting Policies (continued)

for sale are measured at the lower of their previous carrying amount and fair value less costs to sell, and are presented separately from other assets on the Consolidated Statements of Financial Position.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets – initial recognition and measurement

On initial recognition, the Company determines the classification of financial instruments as subsequently measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss unless the Company makes an irrevocable election at initial recognition for particular equity investments to present subsequent changes in fair value in other comprehensive income.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at FVOCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price.

Financial assets – subsequent measurement

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortized cost includes cash, trade receivables, note receivable, and lease receivable.

Debt investments measured at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in net loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in OCI are reclassified to net loss.

2. Significant Accounting Policies (continued)

Equity investments designated on initial recognition as measured at FVOCI are subsequently measured at fair value. Dividends are recognized in net loss unless the dividend clearly represents a recovery of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to net loss.

Financial assets classified as FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income are recognized in net loss.

Financial assets – derecognition

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset have expired or when contractual rights to the cash flows have been transferred. Gains and losses from derecognition are recognized in the consolidated statement of loss and comprehensive loss.

Financial assets – impairment

The Company recognises an allowance for expected credit losses (ECLs) for its trade receivables and lease receivable. For trade receivables and lease receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities – initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss (FVTPL), or financial liabilities at amortized cost (loans and borrowings including lease liabilities and trade and other payables).

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include accounts payables and accrued liabilities, loans payable and lease liabilities. The Company has not designated any liability as at FVTPL.

Financial liabilities – subsequent measurement

After initial recognition, loans payable and lease liabilities are measured at amortized cost using the Effective Interest Rate (EIR) method. The EIR is a method of calculating the amortized cost of a financial liability and of allocating interest and any transactions costs over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability to the net carrying amount on initial recognition. Amortized cost is the amount at which a financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the that initial amount and the maturity amount.

Financial liabilities at FVTPL are measured subsequent to initial recognition at fair value and net gains and losses, including any interest expense are recognized in net loss.

2. Significant Accounting Policies (continued)

Financial liabilities – derecognition

The Company derecognizes a financial liability when the obligation specified in the contract is discharged, canceled or expired. The difference between the carrying amount of the derecognized financial liability and the consideration paid or payable, including non-cash assets transferred or liabilities assumed, is recognised in the consolidated statement of loss and comprehensive loss.

Income taxes

The income tax provision is comprised of current and deferred income tax. Current income tax and deferred income tax are recognized in the consolidated statement of loss and comprehensive loss except to the extent that it relates to a business combination, or items recognized directly in equity or other comprehensive income.

Current income taxes are the expected tax payable or receivable on the Company's taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of 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 the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination, that affects neither accounting nor taxable earnings or loss and that at the time of the transaction, does not give rise to equal taxable and deductible temporary differences; and taxable temporary differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred income tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. 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 substantially enacted by the reporting date. Deferred income tax assets and liabilities are offset if there is a legally enforceable right to offset current income tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current income tax liabilities and assets on a net basis, or their income tax assets and liabilities will be realized simultaneously.

A deferred income tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable income will be available against which they can be utilized. Deferred income tax assets are reviewed at each reporting date and are reduced to the extent that it is probable that the related income tax benefit will be realized.

Government grants and loans

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grant will be received. Government grants are recognized in the consolidated statements of loss and comprehensive loss on a systematic basis over the periods in which the Company recognizes as expenses the related costs for which the grants are intended to compensate.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates. A forgivable loan from the government is treated as a government grant as long as there is reasonable assurance that the Company will meet the terms for forgiveness of the loan.

2. Significant Accounting Policies (continued)

The Company adopted the income approach to recognize government grants in the consolidated statements of loss and comprehensive loss over one or more periods and presented them as other income in the consolidated statement of loss and comprehensive loss.

Loss per share

Basic loss per share is determined by dividing net loss attributable to common shareholders by the weighted average number of common shares outstanding during the respective period presented. Diluted loss per share is calculated by dividing net loss attributable to common shareholders by the weighted average number of common shares that would have been outstanding during the respective periods had all dilutive potential common shares outstanding at period-end been converted into common shares at the beginning of the period and the proceeds used to repurchase the Company's common shares at the average market price for the period.

The Company had continuing losses and as such convertible securities are antidilutive and thus not included in the earnings per share calculations. As a result, basic and diluted loss per share is the same.

Segment information

The Company currently operates in a single operating segment: manufacturing innovative plant-based products through a sustainable, vertically integrated supply chain and serving its own plant-based products through fast- food restaurants owned by the Company or its franchisee. All of the Company's activities are conducted in North America.

The Company has identified its operating segment based on the financial information that is reviewed and used by executive management (collectively, the Chief Operating Decision Maker, or "CODM") in assessing performance and in determining the allocation of resources. The CODM considers the business from a single operating segment perspective and assesses the performance of the segment based on measures of profitability and loss as well as assets and liabilities.

As the operations comprise a single segment, amounts disclosed in the consolidated financial statements also represent segment amounts.

Leases

The Company assesses at inception of a contract, whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company assesses whether the customer has the following through the period of use:

- the right to obtain substantially all of the economic benefits from use of the identified asset; and
- the right to direct the use of the identified asset.

Where the Company is a lessee in a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

At the lease commencement date, the Company recognizes a right-of-use asset and a lease liability. The right- of-use asset is initially measured at cost. The cost of the right-of-use asset is comprised of the initial amount of the lease liability, any lease payments made at or before the commencement date less any lease incentives received, initial direct costs incurred by the Company, and an estimate of the costs to be incurred by the Company in

2. Significant Accounting Policies (continued)

dismantling and removing the underlying asset and restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

After the commencement date, the Company measures all right-of-use assets by applying the cost model, whereby the right-of-use asset is measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liability. The right-of-use assets are depreciated using the straight- line method from the commencement date to the end of the lease term or the end of the useful life of the right- of-use asset. The estimated useful life of the right-of-use assets are determined on the same basis as those of property and equipment.

The determination of the depreciation period is dependent on whether the Company expects that the ownership of the underlying asset will transfer to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option.

In some instances, the Company subleases its restaurant premise and equipment to franchisees. The Company, as sublessor, continues to account for the head lease. If the lease cost for the term of the sublease exceeds the Company's anticipated sublease income for the same period, this indicates that the lease receivable associated with the head lease should be assessed for impairment under the long-lived asset impairment provisions. Sublease income is included in Finance income on lease receivable in the Company's Consolidated Statements of Loss and Comprehensive Loss.

The lease liability is initially measured at the present value of the lease payments not paid at the lease commencement date, discounted using the interest rate implicit in the lease or the Company's incremental borrowing rate if the interest rate implicit in the lease cannot be readily determined. The lease payments included in the measurement of the lease liability are comprised of fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or rate, amounts expected to be payable by the Company under a residual value guarantee, the exercise price of a purchase option that the Company is reasonably certain to exercise, and payment of penalties for terminating the lease if the lease term reflects the Company exercising an option to terminate the lease. After the commencement date, the Company measures the lease liability at amortized cost using the effective interest method.

The Company remeasures the lease liability when there is a change in the lease term, a change in the Company's assessment of an option to purchase the underlying asset, a change in the Company's estimate of amounts expected to be payable under a residual value guarantee, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments. On remeasurement of the lease liability, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in the consolidated statements of loss and comprehensive loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term 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 lease term.

2. Significant Accounting Policies (continued)

Share-based payments

The grant date fair value of share-based payment awards granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value is measured to reflect such conditions and there is no true-up for difference between expected and actual outcomes.

The fair value of the options is measured at the grant date using the Black-Scholes option pricing model. The fair value is recognized as an expense over the vesting period, which is the period over which all of the specified vesting conditions are satisfied with a corresponding increase in equity. For awards with graded vesting, the fair value of each tranche is recognized over this respective vesting period. Non-market vesting conditions are considered in making assumptions about the number of awards that are expected to vest. When the options are exercised, any proceeds received are credited to share capital along with the amount reflected in contributed surplus.

3. Critical Accounting Judgements and Estimates

The preparation of the consolidated financial statements requires management to make various judgments, estimates and assumptions in applying the Company’s accounting policies that affect the reported amounts and disclosures made in the consolidated financial statements and accompanying notes. These judgements and estimates are based on management’s historical experience, knowledge of current events and conditions and other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Management has applied significant estimates and assumptions related to the following:

Accounts receivable

Management reviews amounts receivable at each consolidated statement of financial position date to determine whether the amounts due to the Company are recoverable. Management determines the recoverability of its amounts receivable balances by reviewing the aging of outstanding balances, payment history and the creditworthiness of its customers The process of determining recoverability requires management to make estimates regarding expected future recovery of cash balances based on these inputs.

Estimated useful lives and depreciation of property and equipment

Depreciation of property and equipment is dependent upon estimates of useful lives based on management’s judgment.

Impairment of non-financial assets

The Company reviews the carrying amounts of its non-financial assets, including property and equipment and right-of-use assets, when events or changes in circumstances indicate the assets may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Impairment exists when the carrying value of an asset exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. These calculations are based on available data, other observable inputs and projections of cash flows, all of which are subject to estimates and assumptions.

3. Critical Accounting Judgements and Estimates (continued)

Inventories

Inventories are valued at the lower of cost and net realizable value. There is judgement in determining the net realizable value. Net realizable value for inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Leases

In determining the carrying amount of the right-of-use asset or lease receivable and corresponding lease liabilities, assumptions include the non-cancellable term of the lease plus periods covered by an option to renew the leases and incremental borrowing rate. Renewal options are only included in the lease term if management is reasonably certain to renew. The Company is also 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. The incremental borrowing rate reflects the interest rate the Company would have to pay to borrow the funds necessary to obtain a similar asset at a similar term, with a similar security, in a similar economic environment.

Management determines the incremental borrowing rate using the Government of Canada bond yield with an adjustment that reflects the Company's credit rating, security adjustment plus a risk premium over leases with similar terms.

Judgement is required in determining the commencement date of leases under IFRS 16. Management determines the commencement date of its right-of-use assets as the date in which the Company has possession of the leased assets.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques or models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

Income and other taxes

The calculation of current and deferred Income taxes requires management to make certain judgements regarding the tax rules in jurisdictions where the Company performs activities. Application of judgements is required regarding classification of transactions and in assessing probable outcomes of claimed deductions including expectations of future operating results, the timing and reversal of temporary differences, the likelihood of utilizing deferred tax assets and possible audits of income tax and other tax filings by the tax authorities.

Provisions and contingencies

Management reviews provisions at each consolidated statement of financial position date utilizing judgements to determine the probability that an outflow of economic benefit will result from the legal or constructive obligation and an estimate of the associated obligation. Due to the judgmental nature of these items, future settlements may differ from amounts recognized.

3. Critical Accounting Judgements and Estimates (continued)

Share Based Payments

The Company uses the Black-Scholes option pricing model to determine the fair value of options in order to calculate stock-based compensation expense. The Black-Scholes model involves six key inputs to determine fair value of an option: risk-free interest rate, exercise price, market price at the date of issue, expected dividend yield, expected life, and expected volatility. Certain of the inputs are estimates that involve considerable judgment and are or could be affected by significant factors that are out of the Company's control.

The Company is also required to estimate the future forfeiture rate of options based on historical information in its calculation of stock-based compensation expense. Refer to Note 19 for further details.

Going Concern

Assessing the Company's ability to continue as a going concern required management to estimate future cash flows and other future events, the outcome of which is uncertain.

4. Future accounting pronouncements

Accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

Recent accounting pronouncements include Amendments to IAS 12, Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction, narrowing the scope for exemption when recognizing deferred taxes (January 1, 2023). The amendment is effective for periods beginning January 1, 2023 and it does not have an effect on our consolidated financial statements.

(Expressed in Canadian dollars except for per share amounts)

5. Accounts receivable and other receivables

		September 30, 2023		**September 30, 2022**
Trade receivable	$	57,605	$	62,032
Expected credit loss		(1,415)		(686)
	$	56,190	$	61,346
HST receivable		78,970		74,840
Other receivable		3,847		2,975
	$	139,007	$	139,161

		September 30, 2023		**September 30, 2022**
Trade receivable	$	57,605	$	62,032
Expected credit loss		(1,415)		(686)
	$	56,190	$	61,346
Of which:				
Current		35,778		37,612
1-30 days		5,393		22,940
30-60 days		-		678
Over 60 days		16,434		802
Less: Expected credit loss		(1,415)		(686)
	$	56,190	$	61,346

The following is a roll-forward of the expected credit loss related to trade receivable:

		September 30, 2023		**September 30, 2022**
Beginning of year	$	686	$	-
Expected credit loss		1,415		686
Write-offs charged against provision	$	(686)	$	-
	$	1,415	$	686

6. Inventory

Inventories are comprised of the following:

		September 30, 2023		**September 30, 2022**
Raw materials	$	50,285	$	68,327
Manufactured food		124,993		113,526
Packaging and supplies		36,684		46,850
	$	211,962	$	228,703

Inventories are stated at the lower of cost or net realizable value. The Company periodically reviews the value of items in inventory and provides write-downs or write-offs of inventory based on its assessment of saleability and quality. The Company has not recorded an obsolescence provision in the period ($Nil for year ended September 2022).

(Expressed in Canadian dollars except for per share amounts)

6. Inventory (continued)

Raw materials, manufactured food and packaging and supplies recognized as cost of sales for the year ended September 30, 2023, amounted to $1,044,088 ($966,222 for year ended September 30, 2022).

7. Prepaid expenses and deposits

	September 30, 2023		September 30, 2022	
	Current	Non-current	Current	Non-current
Prepaid expenses	$ 58,582	$ 13,876	$ 32,761	$ 26,589
Security deposits	-	58,490	63,250	46,950
	$ 58,582	$ 72,366	$ 96,011	$ 73,539

8. Deferred charges

	September 30, 2023	September 30, 2022
Current	$ 13,578	$ 79,140
Non-current	111,832	57,579
	$ 125,410	$ 136,719

Deferred charges represent incremental costs incurred in connection with the sale of new franchises, amounted to $125,410 (September 30, 2022 - $64,119) and other deferred charges $Nil with respect to preparing for Nasdaq public offering (September 30, 2022 - $ 72,600).

9. Lease Receivable

	September 30, 2023	September 30, 2022
Lease receivable	$ 1,084,856	$ 433,053
Expected credit losses	(450,061)	(14,205)
	$ 634,795	$ 418,848
Current portion	25,013	17,029
Long term portion	$ 609,782	$ 401,819

The following is a roll-forward of the expected credit loss related to lease receivable:

	September 30, 2023	September 30, 2022
Beginning of year	$ 14,205	$ -
Expected credit loss	435,856	14,205
Write-offs charged against provision	$ -	$ -
	$ 450,061	$ 14,205

(Expressed in Canadian dollars except for per share amounts)

9. Lease Receivable (continued)

The Company is considered an intermediate lessor on five restaurant premises (two as of September 30, 2022) subleased to franchisees. The following table presents the contractual undiscounted cash inflows for lease receivables at September 30, 2023:

		September 30, 2023
Within one year	$	146,474
1 to 2 years		198,478
2 to 3 years		199,178
3 to 4 years		201,081
4 to 5 years		208,176
Thereafter		966,730
Total undiscounted lease receivable	$	1,920,117
Unearned finance income		(835,261)
Expected credit losses		(450,061)
Total lease receivable	$	634,795

10. Note Receivable

		September 30, 2023		September 30, 2022
Beginning of year	$	-	$	-
Addition		58,818		-
Interest		(3,210)		-
		55,608		-

The Company franchised a location that it had started to construct originally as a corporate restaurant. The Franchisee issued a $75,000 note to pay for the assets, to be paid over 10 years at an interest rate of 4.5%. the Company assessed the valuation of this financial instrument to fall under the fair value hierarchy level 2, using inputs that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices) from observable market data, and has estimated the implicit interest rate to be 10% and the fair value of the note at inception to be $58,818. The company sold equipment at this location to the franchisee when the franchisee wanted to purchase the corporate restaurant. The net book value for equipment was higher than the note receivable, thus the Company recognized loss on disposal of property and equipment of $57,456 in the Consolidated statements of loss and comprehensive loss. Subsequent to initial recognition, the note receivable is measured at amortized cost using the effective interest method.

		September 30, 2023
Within one year	$	3,109
1 to 2 years		9,327
2 to 3 years		9,327
3 to 4 years		9,327
4 to 5 years		9,327
Thereafter		53,635
Total undiscounted note receivable	$	94,052
Unearned finance income		(38,444)
Total note receivable	$	55,608

(Expressed in Canadian dollars except for per share amounts)

11. Property and Equipment

	Computer Equipment	Furniture and Equipment	Leaseholds	Vehicles	Total
Cost:					
Balance September 30, 2021	$ 57,166	$ 966,027	$ 1,513,964	$ 38,000	$ 2,575,157
Additions	14,928	245,849	948,866	-	1,209,643
Impairment	(42)	(3,133)	(42,040)	-	(45,215)
Reclassification to assets held for sale	(307)	(22,675)	(304,300)	-	(327,282)
Disposals	-	(4,190)	-		(4,190)
Balance September 30, 2022	$ 71,745	$ 1,181,878	$ 2,116,490	$ 38,000	$ 3,408,113
Additions	-	4,347	-	-	4,347
Impairment	(2,626)	(42,217)	(166,031)	-	(210,874)
Disposals	-	(18,973)	(114,556)	(38,000)	(171,529)
Classified as assets held for sale	(2,350)	(99,353)	(223,095)	-	(324,798)
Balance September 30, 2023	$ 66,769	$ 1,025,682	$ 1,612,808	$ -	$ 2,705,259
Accumulated Depreciation:					
Balance September 30, 2021	$ 22,742	$ 142,162	$ 73,609	$ 33,721	$ 272,234
Depreciation	19,676	219,860	184,135	2,737	426,408
Disposals	-	(2,025)	-	-	(2,025)
Balance September 30, 2022	$ 42,418	$ 359,997	$ 257,744	$ 36,458	$ 696,617
Depreciation	14,156	226,592	213,487	-	454,235
Disposals	-	(4,707)	-	(36,458)	(41,165)
Classified as assets held for sale	(2,350)	(34.629)	(55,126)	-	(92,105)
Balance September 30, 2023	$ 54,224	$ 547,253	$ 416,105	$ -	$ 1,017,582
Net book value September 30, 2022	$ 29,327	$ 821,881	$ 1,858,746	$ 1,542	$ 2,711,496
Net book value September 30, 2023	$ 12,545	$ 478,429	$ 1,196,703	$ -	$ 1,687,677

At September 30, 2023, capital assets in the course of construction amounted to $NIL (September 30, 2022, $136,098). Commitments for the acquisition of capital assets amounted to $NIL (September 30, 2022 $644,250).

The Company reviews the carrying value of its property and equipment at each reporting period for indicators of impairment. During the year ended September 30, 2023, management noted indicators of impairment at the asset specific level. As a result of the impairment analysis, the Company wrote down the net book value of property and equipment to its recoverable amount, and recognized asset specific impairment of $191,674 relating to equipment and leaseholds at one of its restaurant location. In addition, the Company wrote down $19,200 machine development cost as the project was discontinued.

During the year ended September 30, 2023, the Company initiated a plan to sell one of its cash generating unit ("CGU"), which consisted of the Company's corporate-owned restaurant location. The CGU was classified as assets held for sale and held certain assets including leasehold improvements, equipment, and signage, as well as inventory and right-of-use asset. The sale was closed subsequent to year-end (Note 30).

(Expressed in Canadian dollars except for per share amounts)

11. Property and Equipment (continued)

In August 2022, the Company sold a corporate-owned restaurant location under construction (disposal group). On sale, the Company derecognized prepaid expenses and items of property and equipment including computer equipment, furniture and equipment and leaseholds. The Company recorded an impairment loss of $45,215 in other expenses which related to both the prepaid expenses and items of property and equipment. There was no additional gain or loss recognized on completion of the sale.

12. Right-of-use Asset

The Company's leased assets include restaurant premises, its production facility and restaurant equipment. Lease liabilities are measured at the present value of the remaining base rent payments, discounted using the Company's incremental cost of borrowing at the date of initial recognition. Right-of-use assets are measured at an amount equal to the lease liabilities at inception and adjusted by the amount of any prepaid or accrued lease payments.

In calculating the underlying right-of-use assets and corresponding lease liabilities, management utilized an average incremental cost of borrowing of 12.2%.

The following schedule shows the movement in the Company's right-of-use assets during the year.

Right-of use assets (ROU)	**Note**		**Premises**		**Equipment**		**Total**
Balance as of September 30, 2021		$	1,342,514	$	-	$	1,342,514
Additions			229,322		15,855		245,177
Disposals			(229,887)		-		(229,887)
Remeasurement			(40,147)		-		(40,147)
Balance as of September 30, 2022		$	1,301,802	$	15,855	$	1,317,657
Additions			356,454		97,927		454,381
Disposals			(261,358)		-		(261,358)
Remeasurement			82,082		-		82,082
Classified as assets held for sale	11		(209,644)		(15,855)		(225,499)
Balance as of September 30, 2023		$	1,269,336	$	97,927	$	1,367,263
Accumulated Depreciation							
Balance as of September 30, 2021		$	160,579	$	-	$	160,579
Depreciation			173,652		3,966		177,618
Disposals			(2,952)		-		(2,952)
Remeasurement			(1,088)		-		(1,088)
Balance as of September 30, 2022		$	330,191	$	3,966	$	334,157
Depreciation			181,139		13,965		195,104
Disposals			(2,142)		-		(2,142)
Classified as assets held for sale	11		(41,268)		(11,236)		(52,504)
Balance as of September 30, 2023		$	467,920	$	6,695	$	474,615
Net book value, September 30, 2022		$	971,611	$	11,889	$	983,500
Net book value, September 30, 2023		$	801,416	$	91,232	$	892,648

The right-of-use assets are depreciated on a straight-line basis over the lease terms which range from 2 to 10 years. Remeasurement adjustment was related to lease modification for two leases where the lease term was extended. As a result, right-of-use assets and lease liability were remeasured on lease modification date.

(Expressed in Canadian dollars except for per share amounts)

13. Accounts Payable and Accrued Liabilities

		September 30, 2023		**September 30, 2022**
Trade payables	$	986,307	$	609,469
Accrued liabilities and other payables		1,706,892		896,464
	$	2,693,199	$	1,505,933

14. Customer Deposits

		September 30, 2023		**September 30, 2022**
Customer deposits	$	220,000	$	-

Customer deposits represent amounts collected from prospective franchisees and will be applied against the franchise fee payable. The amounts are refundable if a franchise agreement is not executed between the parties within the prescribed period.

15. Deferred Revenue

		September 30, 2023				**September 30, 2022**		
		Current		Non-current		Current		Non-current
Franchise fees	$	44,250	$	351,330	$	42,000	$	338,274
Other		16,085		-		5,353		-
Deferred revenue	$	60,335	$	351,330	$	47,353	$	338,274

Under the terms of the franchise agreements, franchisees pay a one-time non-refundable license fee. Such license fee is amortized over the life of the franchise agreements which range from 5 to 10 years.

16. Loans Payable

The following schedule shows the movement in Loans payable for the year ended September 30, 2023:

		2023		**2022**
Balance beginning of the year	$	195,349	$	242,790
Interest expense		14,112		17,585
Payments		(64,865)		(65,026)
Change in estimate		20,000		-
Balance end of year	$	164,596	$	195,349

(Expressed in Canadian dollars except for per share amounts)

16. Loans Payable (continued)

Loans payable were comprised of the following:

Loans Payable		**September 30, 2023**		**September 30, 2022**
Floating base rate plus 4.7%, amortized over 6 years. Secured by first interest in certain equipment.	$	44,777	$	69,233
Floating base rate plus 1%, amortized over 5 years. Secured by guarantee of CEO and COO.		1,500		6,000
Prime rate plus 3%, amortized over 5 years. First ranking and specific security interest in equipment and leaseholds.		38,319		61,309
Canadian Emergency Business Account, two loans of $40,000 each, interest free until January 18 2024.		80,000		58,807
Subtotal	$	164,596	$	195,349
Less: current portion of loans payable		128,947		51,947
Non-current loans payable	$	35,649	$	143,402

17. Lease Liabilities

The following schedule shows the movement in the Company's lease liability related to premise and equipment leases during the years ended September 30, 2023:

Lease Liabilities		**Right of Use Assets**		**Equipment Finance Leases**		**Total**
Balance September 30, 2021		1,394,944		158,432		1,553,376
Interest expense		161,678		57,934		219,612
Lease payments		(210,929)		(164,481)		(375,410)
Remeasurement		(38,824)		-		(38,824)
Reclassification		(166,386)		-		(166,386)
Additions		436,982		457,014		893,996
Balance September 30, 2022	$	1,577,465	$	508,899	$	2,086,364
Interest expense		233,605		54,374		287,979
Lease payments		(365,075)		(194,459)		(559,534)
Remeasurement		74,978		-		74,978
Additions		834,180		-		834,180
Balance September 30, 2023	$	2,355,153	$	368,814	$	2,723,967

Current	$	156,472	$	142,326	$	298,798
Non-current		1,420,993		366,573		1,787,566
Balance September 30, 2022	$	1,577,465	$	508,899	$	2,086,364

(Expressed in Canadian dollars except for per share amounts)

17. Lease Liabilities (continued)

Current	$	217,055	$	157,180	$	374,235
Non-current		2,138,098		211,634		2,349,732
Balance September 30, 2023	$	2,355,153	$	368,814	$	2,723,967

The Company has equipment finance leases with terms varying from 3 to 5 years and implicit interest rates between 4.0% to 17.43%. The Company has chosen not to recognise a lease liability for leases with an expected term of twelve months or less or for leases of low value assets.

Remeasurement adjustment was related to lease modification for two leases where the lease term was extended. As a result, right-of-use assets and lease liability were remeasured on lease modification date.

During the year ended September 30, 2023 variable lease payments not included in the measurement of lease liabilities totalled $133,481 (2022 - $110,678). These payments were recognized as an expense and included in either “Cost of goods sold “ or “Selling, general and administrative” expense in the consolidated statements of loss and comprehensive loss.

The following table sets forth the undiscounted future lease payments to be made:

Future Lease Payments		**Right of Use Assets**		**Equipment Finance Leases**		**Total**
Within one year	$	460,112	$	193,569	$	653,681
1 to 2 years		499,575		165,900		665,475
2 to 3 years		414,839		58,645		473,484
3 to 4 years		421,592		9,006		430,598
4 to 5 years		427,185		-		427,185
After 5 years		1,565,613		-		1,565,613
Total	$	3,788,916	$	427,120	$	4,216,036

18. Share Capital

Authorized share capital

The Company is authorized to issue an unlimited number of common shares. As of September 30, 2023, the Company has 91,419,417 shares outstanding, of which 13,228,800 shares are in escrow.

Outstanding share capital

On March 31, 2022, the Company issued 1,250,000 common shares in a private placement. The private placement proceeds of $500,000 was allocated to the common shares and warrants issued based on their relative fair values.

On May 10, 2022, the Company issued 822,500 common shares in a private placement. The private placement proceeds of $329,000 was allocated to the common shares and warrants issued based on their relative fair values.

On June 9, 2022, the Company issued 250,000 common shares in a private placement. The private placement proceeds of $100,000 was allocated to the common shares and warrants issued based on their relative fair values.

As of September 30, 2022 the Company had received $183,000 in subscription receipts for a private placement that closed in October 2022. Such payment was received in Q1 2023.

18. Share Capital (continued)

On October 7, 2022, the Company completed a non-brokered private placement and issued 979,999 Units of the Company (the "Units") at a price of $0.35 per Unit for aggregate gross proceeds of $343,000. Each Unit consists of one common share in the capital of the Company and one Common Share purchase warrant (a "Warrant"). Each Warrant entitles the holder to purchase one Common Share at a price of $0.55 per Common Share on or before October 7, 2024. Proceeds from the private placement were allocated to share capital and the warrants based on the relative fair value of the proceeds. The Company recorded $281,148 to share capital and $61,852 to the warrants, which is included in share capital and contributed surplus respectively in the Company's consolidated financial statements.

On January 24, 2023 and February 3, 2023, the Company completed a private placement and issued 5,278,000 Units of the Company (the "Units") at a price of $0.25 per Unit for aggregate gross proceeds of $1,319,500. Each Unit consists of one common share in the capital of the Company and one Common Share purchase warrant (a "Warrant"). Each Warrant entitles the holder to purchase one Common Share at a price of $0.40 per Common Share within 24 months. Proceeds from the private placement were allocated to share capital and the warrants based on the relative fair value of the proceeds. The Company recorded $1,123,872 to share capital and $195,628 to the warrants, which is included in share capital and contributed surplus respectively in the Company's consolidated financial statements. The Company issued 23,800 broker warrants in connection of this private placement. Each broker warrant entitles the holder to purchase one unit of the Company. Each Unit is comprised of one common share and one common share purchase warrant (each a "Unit Warrant") at an exercise price of $0.25 per Unit until January 24, 2025. Each Unit Warrant entitles the holder to purchase one common share at an exercise price of $0.40 per Warrant until January 24, 2025. Total transaction costs related to this transaction were $3,408 related to the warrants and $30,975 cash, which was recorded as reduction to share capital.

19. Stock Options

Stock Options

The Company's Board of Directors approved a stock incentive plan in accordance with the policies of the Canadian Securities Exchange (the "Exchange"). The Board of Directors is authorized to grant options to directors, officers, consultants, or employees to acquire up to 10% of the issued and outstanding common shares of the Company. The exercise price will not be less than $0.10 per share and the market price of the common shares on the trading day immediately preceding the date of the grant, less applicable discounts permitted by the Exchange. The options that may be granted under this plan must be exercisable over a period not exceeding 5 years. The Company records an expense and credits contributed surplus for all options granted. The stock options granted to employees, directors, and officers vest as one third on the first anniversary of the date of the grant; one third on the second anniversary of the date of the grant and one third on the third anniversary of the date of the grant.

(Expressed in Canadian dollars except for per share amounts)

19. Stock Options (continued)

The following table summarizes the continuity of the Company's stock options at September 30, 2023, and the changes for the period then ended:

	Number of Options		Weighted Average Exercise Price
Outstanding September 30, 2021	5,094,452	$	0.58
Granted	350,000		0.60
Forfeited or Expired	(622,500)		0.71
Outstanding September 30, 2022	4,821,952		0.56
Granted	3,150,000		0.16
Forfeited or Expired	(303,999)		0.93
Outstanding September 30, 2023	7,667,953	$	0.38

As at September 30, 2023, the weighted average remaining life of stock options was 2.62 years.

Grant Date		Exercise Price	Stock Options Outstanding	Stock Options Exercisable	Expiry Date
April 13, 2021	$	0.40	3,555,286	2,370,635	April 13, 2026
April 27, 2021	$	1.20	100,000	66,666	April 27, 2026
June 4, 2021	$	1.22	431,000	287,333	June 4, 2026
August 31, 2021	$	1.00	90,000	60,001	August 31, 2026
December 31, 2021	$	0.75	191,667	65,000	December 31,2026
August 22, 2022	$	0.40	150,000	50,000	August 22, 2027
October 11, 2022	$	0.40	150,000	-	October 11, 2027
May 10, 2023	$	0.15	1,800,000	-	November 10, 2024
May 10, 2023	$	0.15	1,200,000	-	May 10, 2028
			7,667,953	2,899,635	

The weighted average price of stock options vesting in the year ended September 30, 2023, was $0.52. Stock options may expire at an earlier date upon termination of services.

Share based compensation expense is determined using the Black-Scholes option pricing model. During the year ended September 30, 2023, the Company recognized share-based compensation expense of $309,739 (2022 – $625,445) in equity reserves after reversing $7,246 share-based compensation expense for unvested options for terminated employees. $288,419 (2022 -- $560,000) of the share-based compensation expense pertains to directors and officers of the Company. Share based compensation expense for non-vested options is reversed for terminated employees. The assumptions used in calculating the fair value of share-based compensation expense for the options granted to directors, officers and employees are as follows: Risk free interest rate of between 0.75% to 3.62%, dividend yield of 0%, expected volatility of 55% to 66%, and expected life of 5 years.

(Expressed in Canadian dollars except for per share amounts)

19. Stock Options (continued)

Warrants

	Expiry Date	Exercise Price	Outstanding September 30, 2022	Issued	Expired	Exercised	Outstanding September 30, 2023
Broker's warrants	April 13, 2023	$ 0.40	515,500	-	515,000	-	-
Private placement, March 31, 2022	March 31, 2024	$ 0.60	1,250,000	-		-	1,250,000
Private placement, May 10, 2022	May 10, 2024	$ 0.60	822,500	-		-	822,500
Private placement, June 9, 2022	June 9, 2024	$ 0.60	250,000	-		-	250,000
Private placement October 7, 2022	October 7, 2024	$0.55	-	979,999		-	979,999
Private Placement January 24, 2023	January 24, 2025	$ 0.40		3,318,000			3,318,000
Broker's Warrants	January 24, 2025	$ 0.40		23,800			23,800
Broker's Warrants	January 24, 2025	$0.25		23,800			23,800
Private Placement February 3, 2023	February 3, 2025	$ 0.40		1,960,000			1,960,000
			2,838,000	6,305,599	515,000	-	8,628,099

	Expiry Date	Exercise Price	Outstanding September 30, 2021	Issued	Expired	Exercised	Outstanding September 30, 2022
Broker's warrants	April 13, 2023	$ 0.40	515,500	-	-	-	515,500
Private placement, March 31, 2022	March 31, 2024	$ 0.60		1,250,000	-	-	1,250,000
Private placement, May 10, 2022	May 10, 2024	$ 0.60		822,500	-	-	822,500
Private placement, June 9, 2022	June 9, 2024	$ 0.60		250,000	-	-	250,000
			515,500	2,322,500	-	-	2,838,000

The fair value of the broker's warrants issued for agents' services in April 2021 was determined to be $122,640 by using the Black Scholes Option Pricing model and the following assumptions: Risk free interest rate of 0.75%; dividend yield of 0%, expected volatility of 66%, expected life of 2 years, forfeiture rate of 0%.

The fair value of the warrants issued in connection with the March 31, 2022, private placement was determined to be $147,375 by using the Black Scholes Option Pricing model and the following assumptions: Risk free interest rate of 2.27%, dividend yield of 0%, expected volatility of 66.6%, and expected life of 2 years.

(Expressed in Canadian dollars except for per share amounts)

19. Stock Options (continued)

The fair value of the warrants issued in connection with the May 10, 2022, private placement was determined to be $71,393 by using the Black Scholes Option Pricing model and the following assumptions: Risk free interest rate of 2.67%, dividend yield of 0%, expected volatility of 65.5%, and expected life of 2 years.

The fair value of the warrants issued in connection with the June 9, 2022, private placement was determined to be $20,175 by using the Black Scholes Option Pricing model and the following assumptions: Risk free interest rate of 3.07%, dividend yield of 0%, expected volatility of 63.4%, and expected life of 2 years.

The fair value of the warrants issued in connection with the October 7, 2022, private placement was determined to be $80,850 by using the Black Scholes Option Pricing model and the following assumptions: Risk free interest rate of 3.55%, dividend yield of 0%, expected volatility of 57.0%, and expected life of 2 years.

The fair value of the warrants and broker's warrants issued in connection with the January 24, 2023, private placement was determined to be $170,635 by using the Black Scholes Option Pricing model and the following assumptions: Risk free interest rate of 2.93%, dividend yield of 0%, expected volatility of 53.5%, and expected life of 2 years.

The fair value of the warrants issued in connection with the February 3, 2023, private placement was determined to be $72,128 by using the Black Scholes Option Pricing model and the following assumptions: Risk free interest rate of 3.05%, dividend yield of 0%, expected volatility of 53.5%, and expected life of 2 years.

The weighted average exercise price of warrants outstanding at September 30, 2023 was $0.47.

20. Income Taxes

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 27% (2022- 27%) to the effective tax rate is as follows for the years ended September 30, 2023 and 2022:

		2023		**2022**
Loss before income taxes	$	(4,602,106)	$	(4,285,736)
Statutory rate		27%		27%
Expected income tax recovery	$	(1,242,569)	$	(1,140,443)
Tax rate changes and other adjustments		80,262		23,334
Share based compensation and non-deductible expenses		84,620		168,870
Other non-deductible expenses		43,482		74,532
Change in tax benefits not recognized		1,034,205		873,707
Income tax expense (recovery)	$	-	$	-

(Expressed in Canadian dollars except for per share amounts)

20. Income Taxes (continued)

Temporary differences and unused tax losses for which deferred tax assets (liabilities) have been recognized are attributable to the following:

		2023	2022
		$	$
Deferred tax assets			
Lease liabilities		452,616	516,222
Deferred tax liabilities			
Other receivables		-	(111,311)
Lease receivable		(168,221)	-
Right-of-use asset		(282,395)	(404,911)
Net deferred tax asset (liability)	$	- $	-

Unrecognized deferred tax assets

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax value and the carrying amounts of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	2023	2022
	$	$
Property and equipment, net	617,743	469,956
Intangible assets	8,031	8,031
Lease liabilities	1,023,530	517,539
Share issuance costs	388,651	333,551
Canadian non-capital losses carry forward	8,935,547	6,006,328
US non-capital losses carry forward	118,139	-
SR&ED Pool	30,145	20,685
Accounts payable and accrued liabilities	19,139	53,354
	11,140,925	7,409,444

The Canadian non-capital loss carry forwards expires as noted in the table below. The deductible temporary differences may be carried forward indefinitely. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the group can utilize the benefits therefrom.

(Expressed in Canadian dollars except for per share amounts)

20. Income Taxes (continued)

The Company's unrecognized Canadian and US non-capital losses expire as follows:

	Canada	US
2037	94,881	-
2038	213,799	-
2039	406,175	-
2040	468,351	-
2041	1,384,778	-
2042	3,235,027	-
2043	3,132,536	-
Indefinite	-	118,139
	8,935,547	118,139

21. Commitments and Contingencies

The Company has been named as a defendant in an employment matter. Such lawsuit was settled on October 16, 2023. The Company paid the defendant $28,729 including legal fees. As of September 30, 2023, the settlement amount was recorded in Accounts Payable and Accrued Liabilities in the Consolidated Statements of Financial Position.

The Company is subject to various claims by third parties arising out of the normal course and conduct of its business, including, but not limited to, labour and employment, regulatory, franchisee related, and environmental claims. In addition, the Company is potentially subject to regular audits from federal and provincial tax authorities relating to income, commodity, and capital taxes and as a result of these audits may receive assessments and reassessments. Although such matters cannot be predicted with certainty, management currently considers the Company's exposure to such claims and litigation, to the extent not covered by the Company's insurance policies or otherwise provided for, not to be material to the Company's consolidated financial statements.

Since 2020, the Canadian federal government made certain government support programs available to eligible entities as part of its COVID-19 economic response plan. The Company applied and received support under the CanExport for business (SMEs), Canada Emergency Wage Subsidy ("CEWS"), Canada Emergency Commercial Rent Assistance ("CECRA") and Canada Emergency Business Account ("CEBA") programs. Each applicant's eligibility for these programs is subject to validation and detailed verification by the federal government. Due to nature of the eligibility requirements and related calculations, it is possible that the eligibility requirements may not be considered to be met upon validation, and as such the benefits received may be repayable.

Subsequent to year end, the Company received a Notice to Arbitrate from a former franchisee pursuant to the franchise agreement signed in 2021. Although it is difficult to predict the ultimate outcome of this arbitration, management believes that any potential liability would not have a material adverse effect on the Company's consolidated financial statements.

(Expressed in Canadian dollars except for per share amounts)

22. Related Party Transactions

The Company's policy is to conduct all transactions with related parties to align with market terms and conditions. Key management personnel are those persons who have the authority and the responsibility for planning, directing, and controlling the activities of the Company and/or its subsidiaries directly or indirectly, including any external director of the Company and/or its subsidiaries. Key management includes the Company's Chief Executive Officer, Chief Operating Officer and Chief Financial Officer and its external directors.

Compensation of key management during the period is as follows:

		2023		2022
Salaries, social charges and other personnel expenses	$	496,569	$	529,226
Share based payments*		271,040		90,600
	$	767,609	$	619,826

*Black-Scholes fair value at time of issue

In March 2022, in connection with a private placement, the Company issued 1,250,000 common shares and 1,250,000 warrants to purchase the company's common stock to two Officers of the Company (Notes 18 and 19).

In June 2022, in connection with a private placement, the Company issued 250,000 common shares and 250,000 warrants to purchase the company's common stock to two Officers of the Company (Notes 18 and 19).

In October 2022, in connection with a private placement, the Company issued 285,714 common shares and 285,714 warrants to purchase the company's common stock to two Officers of the Company (Notes 18 and 19).

In October 2022, in connection with a private placement, the Company issued 142,857 common shares and 142,857 warrants to purchase the company's common stock to an entity controlled by a director of the Company.

In January 2023, in connection with a private placement the Company issued 400,000 common shares and 400,000 warrants to purchase the Company's common stock to an entity controlled by a director of the Company.

In February, 2023, in connection with a private placement, the Company issued 350,000 common shares and 350,000 warrants to purchase the Company's common stock to a director of the Company.

On May 10, 2023, the Company issued 1,200,000 stock options at an exercise price of $0.15 to the members of its Board of Directors.

In March 2022, the Company entered into an area representative agreement with Sai-Ganesh Enterprises (SGE). Subsequent to this, on September 29, 2022, Utsang Desai, President of SGE was appointed to the Board of Directors of the Company. Included in accounts payable and accrued liabilities at September 30, 2023 is nil (September 30, 2022 - $33,451) representing SGE's share, pursuant to the area representative agreement, of initial franchise fees collected during the period. The related costs are deferred and charged to expense over the term of the franchise agreements.

23. Capital Management

The Company's objective in managing capital is to ensure a sufficient liquidity to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Company defines capital as net equity and debt, comprised of issued common shares, warrants, contributed surplus and accumulated deficit, as well as mortgages and loans payable. The Company seeks to ensure that it has sufficient cash resources to maintain its ongoing operations and finance its corporate and administration expenses, working capital and overall capital expenditures. The Company historically has relied on private placements of common shares and debt and more recently equity markets, to fund its activities.

There have been no changes to the Company's objectives and what it manages as capital since the prior fiscal year. The Company is not subject to externally imposed capital requirements.

24. Financial Instruments and Risk Management

Financial Instruments

The Company initially recognizes cash, accounts receivable, and accounts payable and accrued liabilities on the date they originate. All other financial assets and financial liabilities are initially recognized on the trade date when the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability. The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

The Company measures financial instruments by grouping them into classes upon initial recognition, based on the purpose of the individual instruments. The Company initially measures all financial instruments at fair value plus, in the case of financial instruments not classified as FVTPL, transaction costs that are directly attributable to the acquisition or issuance of the financial instruments.

Assets and liabilities measured at fair value

Financial instruments recorded at fair value are estimated by applying a fair value hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement. The hierarchy is summarized as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets and liabilities

Level 2 – inputs that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices) from observable market data.

Level 3 – inputs for assets and liabilities not based upon observable market data.

As at September 30, 2023 the carrying amounts of the Company's financial instruments which include cash, accounts receivable and other receivables, note receivable, accounts payable and accrued liabilities and customer deposits represent financial instruments for which the carrying amount approximates fair value due to their short-term maturities.

(Expressed in Canadian dollars except for per share amounts)

24. Financial Instruments and Risk Management (continued)

Financial Risk Factors

The Company's risk exposure and the impact on the Company's financial instruments are summarized below:

Credit risk and concentration

Financial instruments that potentially subject the Company to credit risk consist primarily of cash, accounts receivable and other receivables, note receivable and lease receivables. Cash is maintained at Canadian financial institutions, and accounts receivable and other receivables primarily comprise amounts due from customers and sales tax refunds. Lease receivables are due from franchisees. The Company has no significant concentration of credit risk arising from operations.

The aging of the company's trade receivables as at September 30, 2023 and September 30, 2022 was as follows:

September 30, 2023	**Current**	**1-30 days**	**30-60 days**	**>60 days**	**Total**
Trade receivable	$ 35,778	$ 5,393	$ -	$ 16,434	$ 57,605
Expected credit loss					(1,415)

September 30, 2022	**Current**	**1-30 days**	**30-60 days**	**>60 days**	**Total**
Trade receivable	$ 37,612	$ 22,940	$ 678	$ 802	$ 62,032
Loss provision					(686)

Liquidity risk

Liquidity risk relates to the risk the Company will encounter difficulty in meeting its obligations associated with financial liabilities. The financial liabilities on its consolidated statements of financial position consist of accounts payable and accrued liabilities, loans payable and lease liabilities. Management closely monitors cash flow requirements and future cash flow forecasts to ensure it has access to funds from operations to meet operational and financial obligations. The continuing operations of the Company are dependent on its ability to raise adequate financing and to commence profitable operations in the future.

(Expressed in Canadian dollars except for per share amounts)

24. Financial Instruments and Risk Management (continued)

The following are the remaining non-discounted contractual cash flows at the reporting date:

As at September 30, 2023		Within 1 year		Between 1 – 2 years		Between 2 – 5 years		Beyond 5 years		Total
Trade and other payables	$	2,693,198	$	-	$	-	$	-	$	2,693,198
Loans payable		137,213		37,794		-		-		175,007
Lease liabilities		653,681		665,475		1,331,267		1,565,613		4,216,036
	$	3,484,092	$	703,269	$	1,331,267	$	1,565,613	$	7,084,241
As at September 30, 2022										
Trade and other payables	$	1,505,933	$	-	$	-	$	-	$	1,505,933
Loans payable		63,664		115,445		37,268		-		216,377
Lease liabilities		494,740		508,782		1,059,581		1,156,329		3,219,432
	$	2,064,337	$	624,227	$	1,096,849	$	1,156,329	$	4,941,742

Interest rate risk

The Company is subject to interest rate risk from its variable rate bank borrowings and variable rate equipment lease. As at September 30, 2023, a 1% change in prevailing interest rates would change the annualized interest charges incurred by $1,640 (September 30, 2022 - $1,365).

Commodity price risk

The Company is exposed to increases in the prices of commodities in operating its Company-owned restaurants. To manage this exposure, the Company uses purchase arrangements for a portion of its needs for certain consumer products that may be commodities based.

25. Revenue

Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods and services in the following major revenue streams:

		2023		2022
Corporate restaurant sales	$	2,873,148	$	2,856,731
Food processing sales		179,416		53,932
Total food sales	$	3,052,564	$	2,910,663
Franchise revenue	$	190,527	$	41,365
	$	3,243,091	$	2,952,028

Contract assets and liabilities

(Expressed in Canadian dollars except for per share amounts)

25. Revenue (continued)

As at September 30, 2023 and September 30, 2022, the Company had contract assets and liabilities as follows:

Contract asset – Deferred Charges

		2023		2022
Balance beginning of the year	$	64,119	$	-
Costs incurred		86,503		65,379
Recognized as expense		(25,212)		(1,260)
Balance, end of year (Note 8)	$	125,410	$	64,119
Less current portion		(13,578)		(6,540)
Deferred charges	$	111,832	$	57,579

During the year ended September 30, 2022, the Company began to engage third parties to identify potential new franchisees. The Company incurs costs to obtain contracts in the form of sales commissions payable upon securing new franchisees. These costs are deferred and recognized as expense over the term of the franchise agreement which is usually ten years. Costs such as legal fees incurred prior to the execution of the franchise agreement are expensed as incurred.

Contract liability- Deferred Revenue

		2023		2022
Franchise fees – licence of intellectual property				
Balance, beginning of year	$	380,274	$	45,848
Receipts		130,000		355,000
Revenue recognized		(114,694)		(20,574)
Balance, end of year (Note 15)	$	395,580	$	380,274

Initial franchise fees are collected when a new franchise agreement is executed. The portion of the initial franchise fee related to the license of intellectual property is recognized in revenue over the period of the franchise agreement which is usually ten years. Therefore, increases in the contract liability balance relate to the volume of new franchise agreements during the period.

Performance obligations
Performance obligations for the license of the Company's intellectual property are satisfied over time corresponding with the period of the Franchise Agreement. The consideration collected in the form of initial franchise fees for these remaining performance obligations is expected to be recognized in revenue as follows:

		2023		2022
Within one year	$	44,250	$	42,000
1 to 2 years		88,500		81,600
3 to 4 years		88,500		78,000
5 to 10 years		174,330		178,674
	$	395,580	$	380,274

(Expressed in Canadian dollars except for per share amounts)

26. Expenses

Cost of goods sold is made up of the following items:

		2023		2022
Materials and services	$	1,075,857	$	991,375
Capitalized overhead		1,057,956		1,171,266
Depreciation		265,439		234,662
	$	2,399,252	$	2,397,303

General and administrative expenses are made up of the following items:

		2023		2022
Advertising		415,524		265,241
Depreciation		395,281		360,634
Rent and other occupancy costs		280,264		262,169
Other		1,175,499		850,293
	$	2,266,568	$	1,738,337

27. Other income and expense

Included in other income and expense for the year ending September 30, 2023 and year ending September 30, 2022 is government assistance in the amount of $68,674 (2022 - $14,177). The Company became eligible for the government assistance based on the incurrence of certain eligible expenses.

28. Non-Cash Working Capital

The change in non-cash working capital is comprised of the following:

		2023		2022
Accounts receivable and other receivables	$	(1,261)	$	333,912
Inventory		616		(89,257)
Prepaid expenses and deposits		38,602		67,780
Deferred charges		11,309		(136,719)
Accounts payable and accrued liabilities		1,187,265		(245,111)
Customer deposits		220,000		-
Deferred revenue		26,038		339,779
	$	1,482,569	$	270,384

29. Comparative figures

Certain comparative figures have been reclassified to conform to the September 30, 2023 consolidated financial statements with no effect on our previously reported consolidated results of operations, consolidated financial position, or consolidated cash flows.

30. Subsequent events

On November 6, 2023, the Company signed an Asset Sale Agreement with a franchisee to sell assets at the Whitby location for $325,000, including leasehold improvements, equipment, and signage. At the same time, a franchise agreement and sublease agreement were also signed. After signing the agreements, the Whitby location would be operated by the franchisee. As of September 30, 2023, inventory, property and equipment, right-of-use asset are classified as assets held for sale on the consolidated statements of financial position.

On November 14, 2023, the Company entered into a credit agreement with Vegan World LLC in the amount of $250,000. The credit facility will be secured against specific company assets and the loan will bear interest at a rate of 15% per annum, maturing 1 year from issuance on November 15, 2024.

On December 28, 2023, the Company entered into a credit agreement with GGC Holdings Ltd. in the amount of $250,000. This Credit Facility has an initial drawdown fee of $1,500 and will bear interest at a rate of 15% per annum, maturing 1 year from issuance on December 15, 2024. The principal amount is convertible into common shares of the Company at the discretion of GGC Holdings Ltd. at a price of $0.25 per common share and is secured against all of the Company's assets pursuant to a general security agreement. The loan will be paid off in full in the event of a Nasdaq up-listing and associated capital raise.

On January 8, 2024, the Company signed a franchise agreement with Western University in London, Ontario. The new location opened on January 22, 2024.

On January 29, 2024, the Company signed a promissory note with Vegan World LLC to increase the credit facility amount from $250,000 to $500,000. The credit facility will be secured against specific company assets and the loan will bear interest at a rate of 15% per annum, maturing 1 year from issuance on November 15, 2024.

On January 29, 2024, the Company completed a non-brokered private placement of 1,275,000 Units of the Company at a price of $0.20 per Unit for aggregate gross proceeds of up to $255,000.

On February 9, 2024, the Company signed an area representative agreement for the development of 8 locations in Florida, United States over the next 10 years.