



Just Kitchen Holdings Corp.

Management Discussion and Analysis

For the Nine Months Ended June 30, 2021

The following management discussion and analysis (the “**MD&A**”), prepared as of August 30, 2021 should be read together with the unaudited condensed consolidated interim financial statements for the nine months ended June 30, 2021 and related notes attached thereto (the “**Financial Statements**”), which are prepared in accordance with International Accounting Standards 34, Interim Financial Reporting (“**IAS 34**”).

All amounts are stated in Canadian dollars unless otherwise indicated.

Forward Looking Statements

Certain information included in this discussion may constitute forward-looking statements. Readers are cautioned not to put undue reliance on forward-looking statements. These statements relate to future events or the Company’s future performance, business prospects or opportunities. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as “seek”, “anticipate”, “plan”, “continue”, “estimate”, “expect”, “may”, “will”, “project”, “predict”, “potential”, “targeting”, “intend”, “could”, “might”, “should”, “believe” and similar expressions. The Company has based these forward-looking statements on its current expectations and projections about future events and financial trends that it believes might affect its financial condition, results of operations, business strategy and financial needs. These forward-looking statements include, among other things, statements relating to:

- business objectives and milestones; and
- adequacy of financial resources.

Such forward-looking statements are based on a number of material factors and assumptions, including, but not limited in any manner to, those disclosed elsewhere herein and any other of the Company’s public filings, and include the availability and final receipt of required approvals, licenses and permits, sufficient working capital to develop the business, access to adequate services and supplies, economic conditions, foreign currency exchange rates, interest rates, access to equity and debt markets and associated costs of funds, availability of a qualified work force, that the Company is able to procure equipment and supplies in sufficient quantities and on a timely basis, and that the Company maintains its ongoing relations with its business partners in compliance with applicable government rules and regulations. While the Company considers these material factors and assumptions to be reasonable based on information currently available to it, they may prove to be incorrect. Actual results may vary from such forward-looking information for a variety of reasons.

Investors should not place undue reliance on forward-looking statements as the plans, intentions or expectations upon which they are based might not occur. The Company cautions that the foregoing list of important factors is not exhaustive. Investors and others who base themselves on the Company's forward-looking statements should carefully consider the above factors as well as the uncertainties they represent and the risk they entail. The forward-looking statements contained in this report are expressly qualified by this cautionary statement.

Description of Business

Just Kitchen Holdings Corp. (the “**Company**” or “**Just Kitchen**”) is primarily an operator of ghost kitchens specializing in the development and marketing of proprietary and franchised delivery-only food brands for customers. The Company currently operates in Taiwan. JustKitchen utilizes a hub-and-spoke operating model, which features advanced food preparation taking place at larger hub kitchens and final meal preparation taking place at smaller spoke kitchens located in areas with higher population densities. The Company combines this operating model with online and mobile application-based food ordering fulfilled by third-party delivery companies, to minimize capital investments and operating expenses and reach more customers in underserved markets. The Company’s other business, JustMarket, is an e-commerce grocery delivery platform that allows customers to purchase groceries for delivery or add select grocery items to meals ordered through JustKitchen.

The Company’s head office address is at Suite 1430 - 800 West Pender Street, Vancouver, British Columbia, V6C 2V6. The registered and records office address is at Suite 1500 - 1055 West Georgia Street, P.O. Box 11117, Vancouver, British Columbia, V6E 4N7. On April 7, 2021, the Company received final receipt from the British Columbia Securities Commission for its long-form non-offering prospectus. On April 15, 2021, the Company began trading on the TSX Venture Exchange (the “**TSX-V**”) under the trading symbol JK.

As of June 30, 2021, the Company was holding 100% equity interest in the following wholly owned subsidiaries:

- JustKitchen Co. Ltd. (“**JK Taiwan**”), a company incorporated on June 6, 2019 under the laws of Taiwan;
- JustKitchen Hong Kong Corp. Limited (“**JKHK**”) from the date of incorporation on November 24, 2020;
- StarKitchen Co. Ltd (“**StarKitchen**”) from the date of incorporation on January 17, 2021; and
- Just Kitchen (USA) Inc. (“**JK USA**”) from the date of incorporation on February 18, 2021.

Corporate Reorganizations

Acquisition of Control on November 27, 2019

JK Taiwan was founded on June 6, 2019. On June 6, 2019, JK Taiwan arranged a lease agreement and acquired certain kitchen equipment and other assets for its first kitchen hub. On November 27, 2019, the Company’s founder and initial sole shareholder acquired 100% equity interest in JK Taiwan by purchasing the remaining 83.33% of common shares of JK Taiwan from other third-party shareholders. On November 27, 2019, the Company’s founder and initial sole shareholder effectively controlled 100% of JK Taiwan. In this MD&A included are results of operations, cash flows, and financial position of the Company commencing on November 27, 2019 as though Just Kitchen and JK Taiwan had been combined on November 27, 2019. Operations of JK Taiwan from date of incorporation on June 6, 2019 to November 26, 2019 are excluded from consolidated results of operations of the Company as those transactions were incurred before the acquisition of control of JK Taiwan.

Acquisition of JK Taiwan on February 28, 2020

On February 28, 2020, the Company acquired 100% of the issued and outstanding shares of JK Taiwan from the Company’s founder. Given both entities were under common control, the acquisition of JK Taiwan has been accounted for using the continuity of interest method from November 27, 2019. Under this method, assets and liabilities of JK Taiwan are presented based on carrying value at the date of the acquisition. Accordingly, these consolidated financial statements reflect the results of operations, cash flows, and financial position of Just Kitchen and JK Taiwan as though the companies had been combined on November 27, 2019. Operations of JK Taiwan from date of incorporation on June 6, 2019 to November 26, 2019 are excluded from consolidated results of operations of the Company as they preceded the acquisition of control of JK Taiwan.

Overview of Cloud Kitchens

A cloud kitchen, or virtual kitchen, is a kitchen that is used to provide meals for online delivery only and acts as the production center for meals ordered through delivery apps. Just Kitchen’s business model is designed to increase the efficiency of the typical cloud kitchen infrastructure by having a main “**hub**” kitchen where the meals are pre-prepared, blast chilled and then sent to the “**spoke**” kitchens, which finish the meals for delivery. The smaller spokes complement the main hub and are located in high traffic areas extending the geographical reach of the Company’s customer base, reducing preparation and delivery times, and thereby improving the quality and consistency of customer orders.

Cloud kitchens can be considered food manufacturing factories, where food and meals are manufactured and then shipped to the final consumer. Considering cloud kitchens as factories as opposed to restaurants shifts the paradigm to one in which the manufacturer is focused on providing quality consistent output at the lowest possible cost without worrying about how or where the product is consumed by the consumer, and thus removing the key constraint posed by their physical location.

Cloud kitchens offer the following advantages over traditional restaurants:

- **Low operational cost.** One of the expenses to consider for traditional restaurants is real estate, which generally accounts for approximately 10% of restaurant expenses. This cost can be decreased by cloud kitchens, as they can operate from locations with less expensive real estate, occupy less space as there is no restaurant associated with the kitchen, and save on front of house staff and marketing costs among other items. Cloud kitchens also manufacture standardized items, which further reduces cost and food spoilage.

- **Low set up and introduction cost.** Cloud kitchens can be established, introduce new products and alter their menus at a considerably lower cost and can thus experiment with new ideas and menu items in a quick and cost-effective manner.
- **Automation.** With a focus on limited menus and limited items, product manufacturing can be standardized in cloud kitchens as it would be in manufacturing.
- **Increased efficiency.** Using custom built spaces and optimizing processes specifically for delivery allow cloud kitchens to run efficiently. Ingredients can be batch prepared for several different menu items and brands concurrently, and kitchens can be designed to prioritize the speed of preparation and the process of handing over meals to delivery drivers.
- **Digital brand awareness without high marketing spend.** Cloud kitchen brands can gain quick exposure through delivery apps without incurring the high cost of marketing that typical restaurants incur.
- **Access to user data and real-time adaptability.** Cloud kitchens are designed with a technological focus, which means that they are well-suited to optimize processes, ordering and staff scheduling based on consumer behavior. The menu can be changed, altered and adapted easily to suit demand and increase margins all based on the data collected from consumers.

The driving factors for the cloud kitchen market are the growing acceptance of online food distribution services, reducing the need for physical infrastructure and equipment, rising living and urbanization standards, and introductory low cost.

Business Highlights

- On June 6, 2019 JK Taiwan acquired kitchen equipment and other assets that were used to create its first hub kitchen in Taipei, Taiwan.
- On November 27, 2019, the Company's founder acquired 100% equity interest in JK Taiwan.
- On January 1, 2020, the Company entered into an agreement with Uber Eats (the "**Uber Eats Agreement**") which governs Just Kitchen's participation on the proprietary mobile application made available by Uber Eats or its affiliates. The Uber Eats Agreement sets out the terms on which Uber Eats makes the food and beverages made by the Company available on the Uber Eats platform. In Q3 2021, the Company also started to deliver meals to its customers using Food Panda online ordering platform and delivery services.
- Since January 2020, the Company has developed (17) of its own signature brands. Just Kitchen's in-house brands are a mix of various cuisines being: "Hot Ones" American Chicken Wings, "BIT" Beef Noodle, "Body Fit" and "Body Fit Breakfast" (healthy bento boxes), Taiwanese "LuWei Lab" (street food), "Thai High" (southeast Asian healthy meal boxes), "Just Chicken" fried chicken, "Go Lean" (nutritionist designed low carb meal boxes), "Craftman's Soul Made" (Japanese Curry and Unadon) and "Craftman's Soul Made" Ramen, "Boba Mania" Taiwanese bubble tea, "Old Brew Soup Noodles" noodle shop, "Liuchuanfeng" Sichuan Beef Noodle, "Burgers & Dogs" American Beef Burger Slider & Hot Dogs, Kbao (Taiwanese Gwa Bao), Blue Avocado (healthy premium lunch boxes), "WOW Chow" fresh per meals, "Cali Vibe" healthy light bento and Just Market (the Company's groceries for delivery brand).
- On June 23, 2020, the Company entered into a licensing agreement with international restaurant chain TGI Friday's to develop and sell made-for-delivery TGI Friday's branded and inspired menu items through the Company.
- On August 14, 2020, the Company launched "Just Market", an online sale and delivery of basic grocery items leveraging existing SKUs, spokes and brand recognition. To date, it is available in 5 satellite kitchens.
- On August 20, 2020, the Company entered into licensing agreements with one Michelin star Taiwanese restaurants "Three Coins" (established in 1970) and "Orchid" to develop and sell "Three Coins" and "Orchid" branded and inspired made-for-delivery menu items through the Company.

- On December 31, 2020, the Company entered into a Memorandum of Understanding (“**Hub 2 MOU**”) with Chi Mei Frozen Foods Co., Ltd. (“**Chi Mei**”). Under the terms of the Hub 2 MOU, (i) Chi Mei will build out a 15,000 sf kitchen space dedicated for the use of Just Kitchen Taiwan (“**Hub 2**”) and give Just Kitchen Taiwan priority in the processing and production of all its outsourced food items in order to meet Just Kitchen Taiwan’s minimum order quantity; (ii) production equipment for Hub 2 considered “regular course” will be purchased by Chi Mei Foods and “dedicated” equipment for Just Kitchen Taiwan will be paid for by Just Kitchen Taiwan; (iii) Chi Mei will hold a right of first refusal for all outsourced production by Just Kitchen Taiwan; and (iv) the Company and Chi Mei to jointly develop new menus and recipes.
- On April 15, 2021, the Company announced the opening of its 14th satellite spoke kitchen (the “14th Spoke”), which is located in the Wenshen District of Taipei. Further, the Company announced the commencement of operations for Hub 2.
- On April 20, 2021, the Company announced that it had acquired the virtual branding rights to “Formosa Chang”. Formosa Chang is an iconic household name in Taiwan, being a family-owned Taiwanese food brand that is cherished by locals and ex-patriots the world over. JustKitchen holds the for-delivery-only rights to offer Formosa Chang branded food items from the area southward of municipal Taichung City across Taiwan over an initial period of one year.
- On April 26, 2021, the Company announced that it had recently launched its proprietary consumer-facing mobile application (the “**JustKitchen App**”), through which customers can order food items from the Company’s ghost kitchens, among other features.
- On May 3, 2021, the Company announced that it had recently acquired the virtual branding rights to the Life Kitchen (“Life Kitchen”) and Kai Guo Ji, which translates as Hot Pot Festival (“Hot Pot Festival”), as third-party Taiwanese food brands.
- On May 10, 2021, the Company announced that it had entered into an agreement to open its first ghost kitchen location in Hong Kong.
- On May 18, 2021, the Company announced that it had recently opened a new ghost kitchen in the world-famous Taipei 101 skyscraper as its 15th location in Taiwan.
- On May 27, 2021, the Company announced that it had recently appointed Mr. Warren Tseng and Mr. Gene Chuang as the founding members of its strategic advisory board. Mr. Tseng has been awarded the title of APAC Expansion Advisor and Mr. Chuang has been granted the title of Technology Advisor. The appointments of Mr. Tseng and Mr. Chuang emphasize JustKitchen’s focus on technology and innovation as a cornerstone of its recently announced international expansion plan for 2021-2022.
- On May 27, 2021, the Company obtained a final receipt for, a base shelf prospectus allowing the Company to offer up to \$50,000,000 of common shares, warrants, subscription receipts or units or any combination thereof, from time to time during the 25-month period that the Shelf Prospectus is effective.
- On June 15, 2021, the Company closed its supplemental prospectus offering of 12,963,000 shares at \$1.35 per share for gross proceeds of \$17,500,050. The Company issued 777,780 finder’s warrants and paid \$1,050,003 in commissions. In addition, legal, regulatory and other cash costs associated with the supplemental prospectus offering totaled \$105,633.
- On or before June 16, 2021, the Company opened 3 temporarily satellite ghost kitchen locations in the underutilized commercial kitchens within the Marriott’s Courtyard Taipei Downtown and the Madison Taipei hotels as well as in the Trader’s Society restaurant located in densely populated Shongshan District of Taipei City. Establishing these operations didn’t require any capital expenditures by the Company, so the Company is realizing higher profit margins. These arrangements deliver new cash flow streams to each counterparty and they enable the Company to offer its portfolio of over 20 delivery-only menus to customers in these previously unserved areas.
- On June 22, 2021 the Company announced it has recently launched its proprietary Wow Chow brand (“**Wow Chow**”) and associated menu of fresh, delivery-only pet food. Wow Chow items are suitable for both dogs and cats and bring a new range of freshly prepared meals to the market in an innovative way, while using whole proteins, vegetables and other natural ingredients, with no artificial seasonings.
- On June 30, 2021, the Company closed a private placement of 2,906,765 shares at \$1.35 per share for gross proceeds of \$3,924,134. The Company issued 53,334 finder’s shares and paid \$153,725 in

commissions. In addition, legal, regulatory and other cash costs associated with the private placement totaled \$108,173.

- As of June 30, 2021, the Company operated 17 ghost kitchen locations in Taiwan and Hong Kong. The Company also operated three temporary ghost kitchens utilizing hotel kitchens.

Overall Performance

- The Company's revenue for the nine months ended June 30, 2021 ("**current period**") was \$7,482,348.
- Net loss for the nine months ended June 30, 2021 was \$7,796,806, or \$0.17 per common share.
- As at June 30, 2021, the Company had total assets of \$30,416,922 consisting of \$26,125,867 of current assets and \$4,291,055 of non-current assets.
- As at June 30, 2021, the Company had total liabilities of \$5,765,190 consisting of \$4,036,910 of current liabilities and \$1,728,280 of non-current liabilities.

Key Performance Indicators

Key performance indicators that the Company uses to manage its business and evaluate its financial results and operating performance include: revenue, revenue per kitchen location, expenses and net income (loss). The Company evaluates its performance on these metrics by comparing its actual results to management budgets and forecasts.

Summary of Quarterly Results

The table below summarizes selected unaudited financial data for the Company's last three quarters

	Quarter Ended June 30, 2021	Quarter Ended Mar 31, 2021	Quarter Ended Dec 31, 2020
Number of ghost kitchens	17	14	10
Revenue from retail customers	\$3,171,851	\$1,975,110	\$1,667,633
Revenue from business	\$175,046	\$249,171	\$243,537
Total Revenue	\$3,346,897	\$2,224,281	\$1,911,170
Number of retail deliveries	214,744	128,400	117,800
Average retail delivery size	\$14.77	\$15.38	\$14.16
Net loss	\$(2,836,847)	\$(2,530,157)	\$(2,429,802)
Comprehensive loss	\$(2,915,959)	\$(2,387,038)	\$(2,402,328)
Basic loss per share	\$(0.05)	\$(0.06)	\$(0.06)
Diluted loss per share	\$(0.05)	\$(0.06)	\$(0.06)

Non-IFRS Measures

Adjusted EBITDA is a financial measure that does not have a standardized meaning under IFRS. Adjusted EBITDA is defined as earnings before interest expense, depreciation and stock-based compensation. As there is no standardized method of calculating Adjusted EBITDA, it may not be directly comparable with similarly titled measures used by other companies. The Company considers Adjusted EBITDA to be a relevant indicator for measuring trends in performance and its ability to generate funds to service its debt and to meet its future working capital and capital expenditure requirements. Adjusted EBITDA is not a generally accepted earnings measure and should not be considered in isolation or as an alternative to net income (loss), cash flows or other measures of performance prepared in accordance with IFRS.

The following is a reconciliation of Adjusted EBITDA to net loss:

	Quarter Ended June 30, 2021 \$	Quarter Ended June 30, 2020 \$	Nine Months Ended June 30, 2021 \$	217 Days Ended June 30, 2020 \$
Loss for the period	(2,836,847)	(832,286)	(7,796,806)	(1,335,132)
Interest expense	28,400	17,796	78,654	46,945
Depreciation expense	259,208	99,989	652,121	212,459
EBITDA	(2,549,239)	(714,501)	(7,066,031)	(1,075,728)
Stock-based compensation	493,047	85,150	1,887,909	85,150
Adjusted EBITDA	(2,056,192)	(629,351)	(5,178,122)	(990,578)

Results of Operations

Quarter ended June 30, 2021 (“Q3 2021”) compared with the quarter ended June 30, 2020 (“Q3 2020”)

Net loss for Q3 2021 was \$2,836,847 or \$0.05 loss per common share compared to \$832,286 or \$0.03 loss per common share in Q3 2020. The main reasons for the increase in net loss from Q3 2020 to Q3 2021 are (i) Q3 2021 overall increase in business activities and (ii) increase in general and administrative costs from \$549,038 in Q3 2020 to \$2,108,664 in Q3 2021, mainly due to stock-based compensation increasing from \$85,150 to \$493,047 in Q3 2021, salaries increasing from \$105,095 in Q3 2020 to \$394,632 in Q3 2021 and advertising and marketing increasing from \$19,379 in Q3 2020 to \$476,729 in Q3 2021 due to overall increase in business activities.

Significant differences between Q3 2021 and Q3 2020 results of operations are as follows:

Revenue

Revenue for Q3 2021 was \$3,346,897 compared with \$479,664 in Q3 2020. The increase in revenue is mainly due to revenues continue to grow as the Company opens new kitchen locations and grows its customer base. As of June 30, 2021, the Company was selling meals from 17 locations in Taiwan (2 hub kitchens and 15 satellite kitchens) compared to 5 locations during Q3 2020.

Operating Expenses

Operating expenses for Q3 2021 were \$3,773,797 compared with \$631,304 in Q3 2020 due to increase in the number of kitchen locations and revenue. The Company anticipates operating costs will remain elevated in relation to revenues in the short term to support rapid expansion both in Taiwan and internationally. The Company has hired staff ahead of additional ghost kitchen openings and aggressively spent on sales and marketing. Operating costs consist of the following:

	Three months ended June 30, 2021	Three months ended June 30, 2020
Delivery and processing costs	\$ 726,121	\$ 112,288
Food and beverage costs	1,438,252	208,072
Rent and utilities	188,542	20,689
Repairs and maintenance	73,142	20,922
Salaries and benefits	782,020	209,150
Selling costs	565,720	60,183
	\$ 3,773,797	\$ 631,304

- Delivery and processing costs were \$726,121 in Q3 2021 compared with \$112,288 in Q3 2020. The increase in costs is due to the Company commencing to use 3rd party ordering and delivery platform and services in January 2020 as well as overall increase in revenue.

- Food and beverage costs increased from \$208,072 in Q3 2020 to \$1,438,252 in Q3 2021 because of increased revenue and because in Q3 2020, the Company was mainly delivering to other restaurants under a different business model. In Q3 2021, the Company's sales are mainly to retail customers;
- Rent and utilities costs increased from \$20,689 in Q3 2020 to \$188,542 in Q3 2021 because of increase in number of kitchen locations from 5 in Q3 2020 to 17 in Q3 2021.
- Repairs and maintenance costs increased from \$20,922 in Q3 2020 to \$73,142 in Q3 2021 because of increased number of operating kitchen spokes.
- Salaries and benefits increased from \$209,150 in Q3 2020 to \$782,020 in Q3 2021 because of a significant ramp up in operations and associated staffing requirements.
- Selling costs increased from \$60,183 in Q3 2020 to \$565,720 in Q3 2021 because of increased revenues.

General and Administrative Expenses

General and administrative expenses for Q3 2021 were \$2,108,664 (Q3 2020 - \$549,038) and consisted of the following costs:

	Three months ended June 30, 2021	Three months ended June 30, 2020
Advertising and marketing	\$ 476,729	\$ 19,379
Consulting	162,177	115,657
Insurance	14,896	-
Listing and filing	126,480	7,500
Office and administration	132,522	64,942
Professional fees	148,669	115,579
Rent and utilities	20,404	11,397
Repairs and maintenance	50,226	11,307
Salaries and benefits	394,632	105,095
Selling costs	88,882	13,032
Stock-based compensation	493,047	85,150
	<u>\$ 2,108,664</u>	<u>\$ 549,038</u>

- Advertising and marketing increased from \$19,379 in Q3 2020 to \$476,729 in Q3 2021 because of increased efforts to promote larger number of operating kitchen spokes and an increase in overall business activities;
- Consulting increased from \$115,657 in Q3 2020 to \$162,177 in Q3 2021, due to consulting services provided for the process of completing the listing of the Company's common shares on the TSX-V following receipt of the long-form non-offering prospectus (the "**Listing**"), and increased operations in Taiwan;
- Insurance increased from \$Nil in Q3 2020 to \$14,896 in Q3 2021, due to purchasing Directors and Officers insurance.
- Listing and filing expenses increased from \$7,500 in Q3 2020 to \$126,480 in Q3 2021, because of Listing process;
- Office and administration increased from \$64,942 in Q3 2020 to \$132,522 in Q3 2021 due to an increase in overall business activities;
- Professional fees increased from \$115,579 in Q3 2020 to \$148,669 in Q3 2021 because of increased legal and audit fees related to the Listing;
- Salaries and benefits increased from \$105,095 in Q3 2020 to \$394,632 in Q3 2021 because of an increase in overall business activities;
- Selling costs increased from \$13,032 in Q3 2020 to \$88,882 in Q3 2021 because of increased revenue; and
- Stock based compensation increased from \$85,150 in Q3 2020 to \$493,047 in Q3 2021. The stock-based compensation relates to fair value of performance warrants granted in May 2020 as well as stock options and restricted share units ("RSUs") granted in 2021.

Research & Development (“R&D”) Expenses

R&D expenses for Q3 2021 were \$93,403 (Q3 2020 - \$Nil) and consisted of the following costs:

	Three months ended June 30, 2021	Three months ended June 30, 2020
Salaries and benefits	\$ 43,679	\$ -
Office and administration	49,724	-
	<u>\$ 93,403</u>	<u>\$ -</u>

R&D expenses relate to development of new menu items and consist of salaries and benefits, food costs, materials, supplies and office and administration. There were no R&D costs incurred in the comparative period.

Depreciation Expenses

Depreciation expenses for Q3 2021 were \$259,208 (Q3 2020 - \$99,989) and consisted of the following costs:

	Three months ended June 30, 2021	Three months ended June 30, 2020
Depreciation of property and equipment	\$ 79,775	\$ 6,593
Depreciation of right-of-use assets	179,433	93,396
	<u>\$ 259,208</u>	<u>\$ 99,989</u>

- Depreciation of property and equipment increased from \$6,593 in Q3 2020 to \$79,775 in Q3 2021, because of additional kitchen equipment purchased in 2020 and Q3 2021; and
- Depreciation of right-of-use assets increased from \$93,396 in Q3 2020 to \$179,433 in Q3 2021, because of additional right-of-use assets through incremental kitchen leases.

Other Income and Expenses

Other income and expenses consisted of the following:

	Three months ended June 30, 2021	Three months ended June 30, 2020
Interest revenue	\$ 328	\$ 276
Interest expense	(28,400)	(17,796)
Foreign exchange gain (loss)	73,278	(14,099)
Other income	6,122	-
	<u>\$ 51,328</u>	<u>\$ (31,619)</u>

- Interest expense increased from \$17,796 in Q3 2020 to \$28,400 in Q3 2021 which consists of \$7,245 (Q3 2020 - \$9,113) of interest expense accrued on promissory notes payable and \$21,158 (Q3 2020 - \$8,683) of interest expense recorded on leases; and
- Foreign exchange loss increased from \$14,099 in Q3 2020 to \$73,278 gain in Q3 2021 due to increased transactions in foreign currencies.

Nine months ended June 30, 2021 (“2021”) compared with the 217 days ended June 30, 2020 (“2020”)

Net loss for 2021 was \$7,796,806 or \$0.17 loss per share compared to \$1,335,132 or \$0.07 loss per share in 2020. The main reasons for the increase in net loss from 2020 to 2021 are (i) 2021 overall increase in business activities and general and administrative costs increased from \$927,935 in 2020 to \$5,569,442 in 2021, mainly due to stock-based compensation increasing from \$85,150 to \$1,887,909 and salaries increasing from \$172,704 in 2020 to \$1,120,373 in 2021.

Significant differences between 2021 and 2020 results of operations are as follows:

Revenue

Revenue for 2021 was \$7,482,348 compared with \$712,801 in 2020. The increase in revenue is partially due to (i) revenues continue to grow as the Company opens new kitchen locations. As of June 30, 2021, the Company was selling meals from 17 locations in Taiwan (2 hub kitchens and 15 satellite kitchens) compared to 5 location during Q3, 2020.

Operating Expenses

Operating expenses for 2021 were \$8,761,625 compared with \$904,695 in 2020. The Company anticipates operating costs will remain elevated in relation to revenues in the short term to support rapid expansion both in Taiwan and internationally. The Company has hired staff ahead of additional ghost kitchen openings and aggressively spent on sales and marketing. Operating costs consist of the following:

	Nine months ended June 30, 2021	217 days ended June 30, 2020
Delivery and processing costs	\$ 1,616,867	\$ 118,484
Food and beverage costs	3,436,051	285,246
Rent and utilities	359,506	35,844
Repairs and maintenance	197,781	35,429
Salaries and benefits	1,968,191	352,839
Selling costs	1,183,229	76,853
	<u>\$ 8,761,625</u>	<u>\$ 904,695</u>

- Delivery and processing costs were \$1,616,867 in 2021 compared with \$118,484 in 2020. The increase is due to the Company commencing to use 3rd party ordering and delivery platform and services in January 2020 as well as overall increase in revenue.
- Food and beverage costs increased from \$285,246 in 2020 to \$3,436,051 in 2021 because of increased revenue and because in 2020, the Company was mainly delivering to other restaurants with lower costs and higher profit margin. In 2021, the Company's sales are mainly to retail customers.
- Rent and utilities costs increased from \$35,844 in 2020 to \$359,506 in 2021 because of increase in number of kitchen locations from 5 in 2020 to 20 in 2021.
- Repairs and maintenance costs increased from \$35,429 in 2020 to \$197,781 in 2021 because of increased number of operating kitchen spokes.
- Salaries and benefits increased from \$352,839 in 2020 to \$1,968,191 in 2021 because of a significant ramp up in operations and associated staffing requirements.
- Selling costs increased from \$76,853 in 2020 to \$1,183,229 in 2021 because of increased revenues.

General and Administrative Expenses

General and administrative expenses for 2021 were \$5,569,442 (2020 - \$927,935) and consisted of the following costs:

	Nine months ended		217 days ended	
	June 30, 2021		June 30, 2020	
Advertising and marketing	\$	813,378	\$	53,506
Consulting		507,978		128,782
Insurance		14,896		-
Listing and filing		156,357		10,125
Office and administration		302,045		94,210
Professional fees		349,888		296,938
Rent and utilities		54,775		20,634
Repairs and maintenance		106,138		16,536
Salaries and benefits		1,120,373		172,704
Selling costs		244,976		30,943
Stock-based compensation		1,887,909		85,150
Travel		10,729		18,407
	\$	5,569,442	\$	927,935

- Advertising and marketing increased from \$53,506 in 2020 to \$813,378 in 2021 because of increased efforts to promote larger number of operating kitchen spokes and an increase in overall business activities.
- Consulting increased from \$128,782 in 2020 to \$507,978 in 2021, due to consulting services provided for the Listing process, and increased operations in Taiwan.
- Insurance increased from \$Nil in 2020 to \$14,896 in 2021, due to purchasing Directors and Officers insurance.
- Listing and filing expenses increased from \$10,125 in 2020 to \$156,357 in 2021, because of IPO process.
- Office and administration increased from \$94,210 in 2020 to \$302,045 in 2021 due to an increase in overall business activities.
- Professional fees increased from \$296,938 in 2020 to \$349,888 in 2021 because of increased audit and legal fees associated with the Listing.
- Salaries and benefits increased from \$172,704 in 2020 to \$1,120,373 in 2021 because of an increase in overall business activities.
- Selling costs increased from \$30,943 in 2020 to \$244,976 in 2021 because of increased revenue.
- Stock based compensation increased from \$85,150 in 2020 to \$1,887,909 in 2021. The stock-based compensation relates to fair value of performance warrants granted in May 2020 as well as stock options and restricted share units ("RSUs") granted during the nine months ended June 30, 2021.

Research & Development ("R&D") Expenses

R&D expenses for 2021 were \$154,995 (2020 - \$Nil) and consisted of the following costs:

	Nine months ended		217 days ended June	
	June 30, 2021		30, 2020	
Salaries and benefits	\$	84,491	\$	-
Office and administration		70,504		-
	\$	154,995	\$	-

R&D expenses relate to development of new menu items and consist of salaries and benefits, food costs, materials, supplies and office and administration. There were no R&D costs incurred in the comparative period.

Depreciation Expenses

Depreciation expenses for 2021 were \$652,121 (2020 - \$212,459) and consisted of the following costs:

	Nine months ended June 30, 2021	217 days ended June 30, 2020
Depreciation of property and equipment	\$ 172,232	\$ 13,768
Depreciation of right-of-use assets	479,889	198,691
	\$ 652,121	\$ 212,459

- Depreciation of property and equipment increased from \$13,768 in 2020 to \$172,232 in 2021, because of additional kitchen equipment purchased in 2020 and 2021.
- Depreciation of right-of-use assets increased from \$198,691 in 2020 to \$479,889 in 2021, because of additional right of use kitchen leases.

Other Income and Expenses

Other income and expenses consisted of the following:

	Nine months ended June 30, 2021	217 days ended June 30, 2020
Interest revenue	\$ 600	\$ 611
Interest expense	(78,654)	(46,945)
Foreign exchange gain (loss)	(69,039)	43,490
Other income	6,122	-
	\$ (140,971)	\$ (2,844)

- Interest expense increased from \$46,945 in 2020 to \$78,654 in 2021 which consists of \$22,315 (2020 - \$17,838) of interest expense accrued on promissory notes payable and \$56,339 (2020 - \$29,107) of interest expense recorded on leases.
- Foreign exchange decreased from a \$43,490 gain in 2020 to \$69,039 loss in 2021 due to increased transactions in foreign currencies.

Liquidity and Capital Resources

To date, the Company has financed its operations through private placements and internally generated cash flows from revenue.

Recent Financings

- On November 10, 2020, the Company closed a private placement of 2,960,000 common shares at \$0.25 per share for gross proceeds of \$740,000.
- On December 14, 2020, the Company closed a private placement of 2,700,000 common shares at \$0.50 per share for gross proceeds of \$1,350,000.
- In December 2020, the Company completed two tranches of a private placement of subscription receipts at a price of \$0.50 per subscription receipt for aggregate gross proceeds of \$7,491,897 as follows:
 - (i) On December 10, 2020, the Company completed the first tranche for aggregate gross proceeds of \$6,478,897 and issued 12,957,795 subscription receipts. The Company shall issue 346,709 common shares and pay \$75,180 as finders' fees upon exercise of the first tranche of the subscription receipts; and
 - (ii) On December 21, 2020, the Company completed the second tranche for aggregate gross proceeds of \$1,013,000 and issued 2,026,000 subscription receipts. The Company shall issue 3,000 common shares as finders' fees upon exercise of the second tranche of the subscription receipts.

- On March 16, 2021, the Company completed the third tranche of subscription receipts for aggregate gross proceeds of \$407,500 and issued 815,000 subscription receipts.
- On March 16, 2021, the Company closed a private placement of 1,652,480 common shares at \$0.50 per share for gross proceeds of \$826,240.
- On April 7, 2021, upon the Company receiving final receipt from the British Columbia Securities Commission for its long-form non-offering prospectus and TSX-V approval for the listing of its common shares, 15,798,795 subscription receipts raised on December 10, 2021, December 21, 2020 and March 16, 2021 at \$0.50 per subscription receipt for aggregate gross proceeds of \$7,899,397 were converted into common shares of the Company without payment of any further consideration
- On June 15, 2021, the Company closed its supplemental prospectus offering of 12,963,000 shares at \$1.35 per share for gross proceeds of \$17,500,050. The Company issued 777,780 finder's warrants and paid \$1,050,003 in commissions. In addition, legal, regulatory and other cash costs associated with the supplemental prospectus offering totaled \$105,633.
- On June 30, 2021, the Company closed a private placement of 2,906,765 shares at \$1.35 per share for gross proceeds of \$3,924,133. The Company issued 53,334 finder's shares and paid \$153,725 in commissions. In addition, legal, regulatory and other cash costs associated with the private placement totaled \$108,173.

Use of Proceeds

As of June 30, 2021, the following is a reconciliation of intended use of proceeds and actual cash expenditures related to April 7, 2021 closing of the prospectus financing for gross proceeds of \$7,899,397.

Use of Funds	Amount Intended	Actual Amount Spent	Difference	Explanation
Financing cash commissions	75,180	75,180	-	All funds were spent yet
Remaining financing and IPO listing expenses	90,000	77,705	12,295	Not all funds were spent yet
Expansion to twenty-two (22) spoke kitchens during calendar year 2021	1,080,000	432,969	647,031	Not all funds were spent yet
Create and launch additional in-house brands	100,000	154,995	(54,995)	We are spending more efforts to develop in-house brands
Development of proprietary online order and delivery applications with embedded loyalty rewards program	600,000	29,476	570,524	Not all funds were spent yet
Expansion of Just Kitchen into the Hong Kong market	500,000	44,835	455,165	Not all funds were spent yet
Repayment of notes payable	471,000	-	471,000	Not all funds were spent yet
Sales and marketing	750,000	476,729	273,271	Not all funds were spent yet
G&A and unallocated working capital	4,233,217	2,083,956	2,149,261	Not all funds were spent yet
TOTAL	7,899,397	3,375,845	4,523,552	

As of June 30, 2021, other than financing costs, the Company didn't spend any proceeds from June 15, 2021 supplementary prospectus for gross proceeds of \$17,500,050 and from June 30, 2021 private placement for gross proceeds of \$3,924,133.

Cash

As of June 30, 2021, the Company had cash of \$24,334,424 compared with \$530,022 of cash as of September 30, 2020.

Cash Used in/ Generated from Operating Activities

Cash used in operating activities during the nine months ended June 30, 2021 was \$4,765,662 compared with \$1,198,461 of cash used in operating activities during the 217 days ended June 30, 2020, which consisted of (i) \$5,179,792 (217 days ended June 30, 2020 - \$990,578) of decrease in cash from expenses net of revenue, (ii) \$56,339 (217 days ended June 30, 2020 - \$29,107) of interest expense paid on leases and (iii) \$470,469 (217 days ended June 30, 2020 - \$(178,776)) of changes in non-cash working capital.

Cash Used in Investing Activities

Cash used in investing activities during the nine months ended June 30, 2021 was \$1,561,701 (217 days ended June 30, 2020 - \$266,765) and it relates to the purchase of equipment. Increase in cash spent to purchase equipment is due to kitchen equipment purchased for new kitchen spokes.

Cash Generated from Financing Activities

Cash generated from financing activities during the nine months ended June 30, 2021 was \$30,032,208 compared with \$1,641,306 during the 217 days ended June 30, 2020, and consisted of: (i) \$Nil (217 days ended June 30, 2020 - \$850,000) proceeds from issuance of promissory notes payable, (ii) repayment of promissory notes payable \$Nil (217 days ended June 30, 2020 - \$73,686), (iii) payment of lease liabilities of \$415,626 (217 days ended June 30, 2020 - \$182,039), (iv) \$Nil (217 days ended June 30, 2020 - \$58,751) cash paid on corporate reorganization on February 28, 2020, (v) \$32,239,821 (217 days ended June 30, 2020 - \$1,105,782) of cash raised from issuance of common shares, and \$1,791,987 cash paid on the issuance of shares (217 days ended June 30, 2020 - \$Nil).

Working Capital

As at June 30, 2021, the Company had working capital of \$22,088,957 compared with a working capital deficiency of \$464,553 as of September 30, 2020.

Liquidity Outlook

The Company's cash position varies based on the amount of capital raised via private placements, the amount of capital invested and reinvested into the growth of the business by financing kitchen leasehold improvements and kitchen equipment for new service kitchen locations. The Company continues to open new kitchen locations in Taipei, Taiwan and Hong Kong, and it is also planning expanding operations into other countries. These new capital investments are expected to positively impact the Company's revenue and operating cash flow in future periods.

The Company's objective when managing capital is to maximize returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. The Company is not subject to externally imposed capital requirements. In managing the Company's capital structure, The Company's management reviews monthly and quarterly financial information and provides regular reports to the board of directors.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

Related Party Transactions

As of June 30, 2021, the Company's related parties and key management personnel consists of the Company's directors and executive officers.

Name/Personal Corporation	Relationship	Nature of Transaction
Jason Chen	CEO/Director	Management salaries, RSUs, Stock based compensation. Sales to, and purchases from, companies with a Director in common
ArkOrion Enterprises Inc. (Adam Kniec)	CFO and Corporate Secretary (effective November 25, 2020)	Consulting fees, RSUs and stock-based compensation
The Wuster Inc. (Kent Wu)	COO effective October 5, 2020	Consulting fees, RSUs and stock-based compensation
Yang Liu	Chief Strategy Officer (effective November 24, 2020)	Management salaries, RSUs and stock-based compensation
Mark Lin	Chief Technology Officer (effective November 24, 2020)	Management salaries, RSUs and stock-based compensation
John Yu	Chief Marketing Officer (effective November 24, 2020)	RSUs and stock-based compensation
E-Planet Communications (Danica Topolewski)	Corp Secretary (ceased November 24, 2020)	Consulting fees
True Skill Limited (Anthony De Graaf)	COO (ceased Oct 5, 2020)	Consulting fees and stock-based compensation
Chelmer Consulting Corp (Darren Devine)	Director since Nov 24, 2020	Consulting fees and stock-based compensation
JR Management Corp. (Darryl Cardey)	Director since Nov 24, 2020	Consulting fees and stock-based compensation
Kai Huang	Director since Nov 24, 2020	RSUs and stock-based compensation
Freddie Liu	Director since Nov 24, 2020	RSUs and stock-based compensation

As of June 30, 2021, the Company's related parties and key management personnel consists of the Company's director, executive officers and companies with which they are involved as directors and officers. Key management personnel are those persons that have authority and responsibility for planning, directing and controlling the activities of the Company, directly and indirectly. As of June 30, 2021, the Company's key management personnel consisted of the Company's directors and senior management (Chief Executive Officer, Chief Financial Officer, Chief Strategy Officer, Chief Technology officer, Chief Marketing Officer and Corporate Secretary). The Company incurred fees and expenses in the normal course of operations in connection with the key management and directors.

Details are as follows:

Nature of Transactions	June 30, 2021	June 30, 2020
Consulting fees	\$ 348,427	\$ 60,754
Salaries and benefits	271,543	90,000
Stock based compensation – performance warrants	970,114	85,150
Stock based compensation – stock options	318,022	-
Stock based compensation – RSUs	406,950	-
	\$ 2,315,056	\$ 235,904

- (a) During the Nine months ended June 30, 2021, the Company recorded \$348,427 (June 30, 2020 - \$60,754) of consulting fees to the Company's Directors, CFO, COO, and Corporate Secretary.
- (b) During the Nine months ended June 30, 2021, the Company recorded \$271,543 (June 30, 2020 - \$90,000) of salaries to the Company's Director and CEO, CSO and CTO.
- (c) During the Nine months ended June 30, 2021, the Company recorded \$Nil (June 30, 2020 - \$75,885) of revenue from companies with a Director in common, being the Company's CEO.
- (d) During the Nine months ended June 30, 2021, the Company recorded \$1,680 (June 30, 2020 - \$Nil) of royalty expense on certain brand foods to a company with a Director in common, being the Company's CEO.
- (e) During the Nine months ended June 30, 2021, the Company purchased \$2,285 (June 30, 2020 - \$Nil) of food products from a company with a Director in common, being the Company's CEO.
- (f) Commitments
- (i) As of June 30, 2021, the Company has an employment agreement with the Company's CEO for an indefinite term with basic annual compensation of \$180,000. As part of the compensation, the Company also granted to the employee 6,100,000 Performance Warrants. In case of termination of the employment agreement by the Company without cause, or by the employee for cause, the employee is entitled to receive a severance payment equal to twelve (12) months of basic salaries and immediate vesting of Performance Warrants. In case of change of control, the employee is entitled to receive a severance payment equal to twenty-four (24) months of basic salaries and immediate vesting of Performance Warrants. Effective May 1, 2021, the Company's CEO agreement was amended by increasing basic annual compensation from \$180,000 to \$216,000 and declaring a performance cash bonus of \$21,000; and
- (ii) As of June 30, 2021, the Company has a consulting agreement with a company controlled by the Company's COO. The contract calls for monthly fees of \$18,000 and expires on October 5, 2023. In case of termination of the consulting agreement by the Company for reasons other than for an event of default, the consultant is entitled to receive early termination fees equal to six (6) months of fees. In case of change of control, a compensation equal to twelve (12) months of fees is payable upon termination.
- (iii) As of June 30, 2021, the Company has a consulting agreement with a company controlled by the Company's CFO. The contract calls for monthly fees of \$10,000 and expires on April 30, 2023. In case of termination of the consulting agreement by the Company for reasons other than for an event of default, the consultant is entitled to receive early termination fees equal to six (6) months of fees. In case of change of control, a compensation equal to twelve (12) months of fees is payable upon termination.
- (iv) As of June 30, 2021, the Company has 2 consulting agreements with 2 companies controlled by the Company's 2 directors. Each contract calls for monthly fees of \$5,000 and expire on May 1, 2022. Unless terminated in writing, these contracts automatically renew for additional 12-month periods. In case of termination of the consulting agreement by the Company for reasons other than for an event of default, the consultant is entitled to receive early termination fees equal to six (6) months of fees. In case of change of control, a compensation equal to twelve (12) months of fees is payable upon termination.

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

Critical Accounting Estimates and Use of Judgment

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

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

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

Going concern

The assessment of whether the going concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but is not limited to, 12 months from the end of the reporting period.

Impairment of non-financial assets

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

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

Depreciation

The Company’s property and equipment and right-of-use assets are depreciated on a straight-line basis. Management uses judgment in determining the estimated useful lives of the assets and residual values. Changes to these estimates may affect the carrying value of these assets, net earnings, and comprehensive income in future periods.

Leases

The Company has to make certain assumptions in estimating the present value of future lease payments and the estimated useful lives of the related assets. These assumptions include the allocation of value between the lease components, and discount rates.

In determining the carrying amount of the right-of-use asset 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. Management considers factors such as investments in major leasehold improvements, kitchen location performance and available renewal options. 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. Management determines the incremental borrowing rate using comparable interest rates that would be obtained if a financing was obtained from an independent financial institution to finance acquisition of a similar type of assets.

Warrants, stock options and restricted share units

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

Recent Accounting Pronouncements

Recently Adopted Accounting Pronouncements

Definition of a Business (Amendments to IFRS 3)

In October 2018, the IASB issued *Definition of a Business (Amendments to IFRS 3)*. The amendments clarify the definition of a business with the objective of assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The amendment provides an assessment framework to determine when a series of integrated activities is not a business. The amendments are effective for business combinations occurring on or after the beginning of the first annual reporting period beginning on or after January 1, 2020. The Company's adoption of this amendment on October 1, 2020 had no impact on the Company's condensed consolidated interim financial statements.

New Accounting Pronouncements Not Yet Effective

A number of new standards, and amendments to standards and interpretations, are not yet effective for the period ended June 30, 2021, and have not been applied in preparing these financial statements. Pronouncements that are irrelevant or not expected to have a significant impact have as been excluded.

Amendments to IAS 1

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

Financial Instruments and Other Instruments

As June 30, 2021, the Company's financial instruments consist of cash, accounts receivable, refundable deposits, accounts payable and promissory notes payable. The fair value of cash, accounts receivable, refundable deposits, accounts payable and accrued liabilities approximate their respective carrying values due to their short-term maturities. The fair value of promissory notes payable is equal to the carrying value because the underlying market rate did not change.

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

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

As of June 30, 2021, the Company had receivables of \$328,153 from two customers representing 75% of total trade receivables.

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

As at June 30, 2021 and for the period then ended, a 10% decrease in the value of the Taiwanese dollar in relation to the Canadian dollar would have decreased net assets by approximately \$127,570 and would have decreased net loss of the Company by approximately \$405,096. A 10% decrease in the value of the Hong Kong dollar in relation to the Canadian dollar would have decreased net assets by approximately \$17,235 and would have decreased net loss of the Company by approximately \$6,124. The Company has not entered into any hedging agreements to mitigate currency risks with respect to foreign exchange rates.

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

The following table summarizes amounts and maturity dates of the Company’s contractual obligations as of June 30, 2021:

	2022 \$	2023 \$	2024 \$	2025 \$	2026 \$	Total \$
Accounts payable and accrued liabilities	2,835,558	-	-	-	-	2,835,558
Lease liability	807,070	762,090	594,069	281,079	173,481	2,617,789
Low-value leases	12,793	8,060	7,104	6,039	2,042	36,038
Promissory notes payable	467,963	-	-	-	-	467,963
	4,123,384	770,150	601,173	287,118	175,523	5,957,348

As at June 30, 2021, the Company had no kitchen renovation contracts in progress.

Outstanding Share Data

The following table summarizes the maximum number of common shares potentially outstanding as at June 30, 2021 and as of the date of this MD&A if all share purchase options, restricted share units and performance warrants were converted to common shares:

	As of June 30, 2021	As of the date of this MD&A
Common shares	75,085,387	75,143,887
Warrants	777,780	756,780
Performance warrants	10,000,000	10,000,000
Share purchase options	4,557,500	4,667,500
Restricted share units	2,450,000	2,450,000
Fully diluted	92,870,667	93,018,167

Subsequent Events

- On August 3, 2021, the Company issued to a consultant 150,000 stock options exercised at \$1.38 per share for a period of 5 years from the date of grant.
- On August 11, 2021, 21,000 Finder's Warrants were exercised at \$1.35 per share for total proceeds of \$28,350.
- On August 12, 2021, the Company repaid part of promissory notes in the principal amount of \$133,904 plus accrued interest of \$19,120 for a total of \$153,024.
- On August 13, 2021, 37,500 stock options were exercised for \$0.50 per share for total proceeds of \$18,750.
- On August 17, 2021, the Company repaid part of promissory notes in the principal amount of \$80,075 plus accrued interest of \$12,355 for a total of \$92,430.

Risks and Uncertainties

Details of the risks and uncertainties related to the Company's business are set out in the Company's Prospectus dated March 26, 2021 and the Company's Shelf Prospectus dated May 21, 2021 under the heading "Risk Factors" which is available under the Company's profile at www.SEDAR.com.