TSXV: JK

JustKitchen Reports Record Financial Results for Third Quarter 2021

The Company Experienced A 67% Increase in Food Order Volume from the Second to the Third Quarter of 2021

Vancouver, British Columbia, August 31, 2021 /CNW/ − Just Kitchen Holdings Corp. ("JustKitchen" or the "Company") (TSXV: JK) (OTC: JKHCF) (Frankfurt: 68Z), an operator of ghost kitchens specializing in the development of delivery-only food brands, is pleased to announce that is pleased to announce it has filed its unaudited financial results for the third quarter of the fiscal year ending June 30, 2021, the highlights of which are included in this news release. The full set of Condensed Interim Consolidated Financial Statements and Management Discussion and Analysis can be viewed by visiting the Company's website at en.justkitchen.com or its profile page on SEDAR at www.sedar.com.

Financial Highlights

- Food and beverage sales of $3,346,897 for the three-month period ended June 30, 2021 compared to $479,664 for the three-month period ended June 30, 2020; similarly, sales reached $7,482,348 for the nine-month period ended June 30, 2021 compared to $712,801 reported for the 217-day period from November 27, 2019 to June 30, 2020 (the "**Comparative Period**");
- Approximate sales volume grew to 214,744 retail customer food orders in the third quarter from 128,400 retail customer food orders in second quarter of 2021, which is an increase of 67%;
- Adjusted EBITDA losses were $2,056,192 and $5,178,122 for the three- and nine-month periods ended June 30, 2021, respectively, as compared to Adjusted EBITDA losses of $629,351 and $990,578 for the same three-month period of the prior year and the Comparative Period, respectively, primarily as the result of an overall increase in business activities which caused an increase in general and administrative costs. Non-cash stock-based compensation included in general and administrative expenses were $493,047 and $1,887,909 for the three- and nine-month periods ended June 30, 2021, respectively; and
- Net losses were $2,836,847 and $7,796,806 for the three- and nine-month periods ended June 30, 2021, respectively, as compared to $832,286 and $1,335,132 for the same three-month period of the prior year and the Comparative Period, respectively, due to the same primary reasons listed above.

Management Commentary

"We are pleased with the financial and operating results for the third quarter of 2021 as they are beginning to more accurately reflect JustKitchen's rapid and continuing growth. The significant increase in revenues by way of the step-change in food order volume reflects our growing number of ghost kitchen locations, food brands and menu offerings," said Jason Chen, Co-Founder and Chief Executive Officer of JustKitchen. "Our investments in new locations, partnerships and markets, as well as into our people and technology, are generating a steady pipeline of development opportunities for JustKitchen to pursue for the foreseeable future," added Mr. Chen.

Summary of Key Financial Measures

	Three months ended June 30, 2021 $	Three months ended June 30, 2020 $	Nine months ended June 30, 2021 $	217 days ended June 30, 2020[2] $
Revenue	3,346,897	479,664	7,482,348	712,801
Adjusted EBITDA[1]	(2,056,192)	(629,351)	(5,178,122)	(990,578)
Loss for the period	(2,836,847)	(832,286)	(7,796,806)	(1,335,132)
Loss per share	(0.05)	(0.03)	(0.17)	(0.07)

The following is a reconciliation of Adjusted EBITDA to Income (Loss) from Operations:

	Three months ended June 30, 2021 $	Three months ended June 30, 2020 $	Nine months ended June 30, 2021 $	217 days ended June 30, 2020[2] $
Income (Loss) from operations	(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[1]	**(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[1]	**(2,056,192)**	**(629,351)**	**(5,178,122)**	**(990,578)**

1. 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.
2. Represents the period from acquisition of control on November 27, 2019.

Corporate Highlights Subsequent to June 30, 2021

The Company:

- Opened a new ghost kitchen location in Taoyuan, Taiwan;
- Launched two new delivery-only offerings including the TGI Fridays Go Burgers Collection and the Cali Vibe proprietary bento food brand;
- Entered into an agreement to collaborate in the Hong Kong market with Foodpanda, which is the dominant customer food order fulfilment platform in the region and a global online food and grocery delivery brand owned by Berlin-based Delivery Hero;
- Signed a Hong Kong-focused collaborative agreement with Zeek, which provides smart logistics with integrated on-demand delivery services for Hong Kong and Southeast Asia;
- Launched multiple delivery-only desserts in association with Paul Café, the global chain of bakeries and cafés with operations in 47 countries that was founded in France in 1889;
- Acquired the virtual branding rights to the Hutong Yakiniku brand from GYEN Intl Business Co., Ltd., which is one of the best Japanese barbecue cuisine offerings in Taiwan and has rapidly become a well-known name both locally and abroad with 11 restaurants in Taiwan, 11 in China and one in Hong Kong;

- Acquired the virtual branding rights to the local Taiwanese Ice Monster brand, which is a popular shaved ice dessert shop that successfully expanded to Japan and China in 2015 and Hawaii in 2017;
- Hired Michael Liu as its Executive Vice President of Operations, who prior to his current role with JustKitchen was the Head of Commercial for Deliveroo in Taiwan since 2019, which involved leading a commercial team of over 40 professionals connected to a portfolio of over 5,000 restaurant partners;
- Warren Tseng appeared as an industry panelist as part of a session entitled “The Ghost Kitchen Tech Stack” during The Spoon’s Restaurant Tech Summit on August 17, 2021; and
- Temporarily operated ghost kitchen locations between the months of June and August within the underutilized Marriott Courtyard Taipei Downtown and Madison Taipei hotels.

Similar to the outlook provided previously, and despite the significant increase in revenues on both a quarterly and annual basis, the Company anticipates that operating costs will remain proportionally elevated in the near term to support its rapid expansion in Taiwan and internationally.

ABOUT JUSTKITCHEN

JustKitchen 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 and Hong Kong with plans to expand operations to the United States and other Asian countries. JustKitchen uniquely 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.

For more information about the Company, please visit investors.justkitchen.com. JustKitchen’s final prospectus, financial statements and management's discussion and analysis, among other documents, are all available on the Company’s profile page on SEDAR at www.sedar.com.

Neither the TSXV nor its Regulation Services Provider (as that term is defined in the policies of the TSXV) accepts responsibility for the adequacy or accuracy of this release.

FORWARD-LOOKING STATEMENTS

This news release contains certain "forward-looking statements" within the meaning of such statements under applicable securities law. Forward-looking statements are frequently characterized by words such as "anticipates", "plan", "continue", "expect", "project", "intend", "believe", "anticipate", "estimate", "may", "will", "potential", "proposed", "positioned" and other similar words, or statements that certain events or conditions "may" or "will" occur including but not limited to the Company’s comments the expected rapid and continuing growth of its business These statements are only predictions. Various assumptions were used in drawing the conclusions or making the projections contained in the forward-looking statements throughout this news release. Forward-looking statements are based on the opinions and estimates of management at the date the statements are made and are subject to a variety of risks, including those risk factors identified in the Company’s prospectus dated March 26, 2021, and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. The Company is under no obligation, and expressly disclaims any intention or obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as expressly required by applicable law.

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