Just Kitchen Holdings Corp.

Condensed Consolidated Interim Financial Statements

For the Three months Ended December 31, 2022 and 2021

(Unaudited)

(Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Pursuant to National Instrument 51-102, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements for the three months ended December 31, 2022 and 2021 have been prepared by management in accordance with International Financial Reporting Standards and approved by the Board of Directors of Just Kitchen Holdings Corporation (the “Company”). These condensed consolidated interim financial statements have not been reviewed by the Company’s independent auditors.

JUST KITCHEN HOLDINGS CORP.

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

Assets		December 31, 2022		September 30, 2022
Current				
Cash and cash equivalents	$	608,863	$	2,764,552
Restricted cash (*Note 4)*		1,157,894		1,157,894
Accounts receivable *(Note 5)*		554,654		603,157
Inventory *(Note 20)*		542,683		590,674
Prepaid expenses and refundable deposits *(Note 6)*		377,919		554,597
		3,242,013		5,670,874
Non-current				
Property and equipment *(Note 8)*		2,994,252		3,106,153
Intangible assets *(Note 10)*		135,665		153,310
Right-of-use assets *(Note 9(a))*		3,038,635		3,139,150
Investment accounted for using equity method *(Note 7)*		558,575		599,228
Other non-current assets		371,370		463,413
Total assets	$	10,340,510	$	13,132,128

Liabilities				
Current				
Accounts payable and accrued liabilities	$	2,723,698	$	2,846,371
Promissory notes payable *(Note 11)*		92,981		91,940
Current portion of lease liability *(Note 9(b))*		1,293,078		1,267,617
		4,109,757		4,205,928
Non-current				
Lease liability *(Note 9(b))*		2,041,987		2,178,436
Other non-current liabilities		17,619		4,355
Total liabilities		6,169,363		6,388,719

Shareholders' Equity				
Share capital *(Note 12(b))*		33,408,630		33,408,630
Reserves *(Note 12(f))*		4,811,753		4,227,931
Accumulated other comprehensive income (loss)		176,551		382,400
Deficit		(34,225,787)		(31,275,552)
Total equity		4,171,147		6,743,409
Total equity and liabilities	$	10,340,510	$	13,132,128

Going concern (Note 2(b))
Commitments (Note 14(g))
Subsequent events (Note 21)

Approved on behalf of the Board of Directors on February 28, 2023 by:

"Jason Chen", Director

"Darryl Cardey", Director

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

JUST KITCHEN HOLDINGS CORP.

Condensed Consolidated Interim Statement of Comprehensive Loss
(Unaudited)
(Expressed in Canadian Dollars)

		For the Three Months Ended December 31, 2022		For the Three Months Ended December 31, 2021
Food and beverage sales *(Note 19)*	$	3,993,036	$	4,166,683
Operating expenses *(Note 20)*		(4,244,868)		(4,923,770)
General and administrative expenses *(Note 20)*		(2,339,286)		(2,427,644)
Research and development expenses *(Note 20)*		-		(84,538)
Depreciation expense *(Note 20)*		(555,969)		(386,455)
Loss from operations		(3,147,087)		(3,655,724)
Interest revenue		10,824		27,937
Interest expense		(33,017)		(33,102)
Share of loss of investment accounted for using equity method *(Note 7)*		(67,117)		-
Foreign exchange (loss) gain		234,554		86,655
Other income		51,608		2,631
Net loss for the period		(2,950,235)		(3,571,603)
Other comprehensive loss				
Items that may be reclassified to net loss				
Foreign currency translation gain (loss)		(205,849)		(100,285)
Comprehensive loss for the period	$	(3,156,084)	$	(3,671,888)
Loss per share - basic and diluted	$	(0.04)	$	(0.05)
Weighted average number of common shares outstanding – basic and diluted *(Note 13)*		75,181,387		75,143,887

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

JUST KITCHEN HOLDINGS CORP.

Condensed Consolidated Interim Statement of Cash Flows
(Unaudited)
(Expressed in Canadian Dollars)

Three months ended December 31, 2022 and 2021

		2022		2021
Operations:				
Net loss for the period	$	(2,950,235)	$	(3,571,603)
Items not affecting cash:				
Interest expense		33,017		33,102
Depreciation expense – property and equipment *(Note 8)*		207,087		122,883
Amortization expense – intangible assets *(Note 10)*		19,060		19,946
Depreciation expense – right-of-use assets *(Note 9(a))*		329,822		243,626
Loss on disposal of property and equipment		35,865		-
Share of loss of investment accounted for using equity method *(Note 5)*		67,117		-
Stock-based compensation on warrants, options and RSUs		583,822		566,635
Other income recognized from rent concessions		-		-
		(1,674,445)		(2,585,411)
Interest expense paid on leases *(Note 9(b))*		(33,072)		(26,883)
Change in non-cash working capital:				
Accounts receivable		48,503		(135,165)
Inventory		47,991		(287,947)
Prepaid expenses and refundable deposits		268,721		1,819
Accounts payable and accrued liabilities		(72,412)		430,422
		292,803		9,129
		(1,414,714)		(2,603,165)
Investing:				
Purchase of property and equipment *(Note 16(a))*		(142,984)		(623,983)
		(142,984)		(623,983)
Financing:				
Payment of lease liabilities *(Note 9(b))*		(351,457)		(212,308)
		(351,457)		(212,308)
Increase (decrease) in cash		(1,909,155)		3,439,456
Exchange impact on cash held in foreign currency		(246,534)		(120,142)
Cash and cash equivalents - beginning of period		2,764,552		20,796,767
Cash and cash equivalents - end of period	**$**	608,863	$	17,237,169

Supplementary cash flow information (note 16)

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

JUST KITCHEN HOLDINGS CORP.

Condensed Consolidated Interim Statement of Changes in Equity (Deficiency)
(Unaudited)
(Expressed in Canadian Dollars)

Three months ended December 31, 2022

	Share Capital *(Note 10(b))*			Accumulated Other		
	Shares	Amount $	Reserves *(Note 12(f))* $	Comprehensive Income (Loss) $	Deficit $	Total Equity (Deficiency) $
Balance – September 30, 2022	**75,181,387**	**33,408,630**	**4,227,931**	**382,400**	**(31,275,552)**	**6,743,409**
Total comprehensive loss						
Net loss for the period	-	-	-	-	(2,950,235)	(2,950,235)
Foreign currency translation	-	-	-	(205,847)	-	(205,847)
	-	-	-	(205,847)	(2,950,235)	(3,156,082)
Transactions with owners of the Company:						
Stock based compensation – Warrants and Performance warrants *(Note 12(c))*	-	-	139,712	-	-	139,712
Stock based compensation – Stock Options *(Note 12(d))*	-	-	415,158	-	-	416,158
Stock based compensation – RSUs *(Note 12(e))*	-	-	28,952	-	-	28,952
	-	-	583,822	-	-	583,822
Balance – December 31, 2022	**75,181,387**	**33,408,630**	**4,811,753**	**176,551**	**(34,225,787)**	**4,171,147**

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

JUST KITCHEN HOLDINGS CORP.

Consolidated Statement of Changes in Equity (Deficiency)
(Unaudited)
(Expressed in Canadian Dollars)

For the three months ended December 31, 2021

	Share Capital *(Note 10(b))*			Accumulated Other		
	Shares	Amount $	Reserves *(Note 10(f))* $	Comprehensive Income (Loss) $	Deficit $	Total Equity (Deficiency) $
Balance – September 30, 2021	**75,143,887**	**33,384,500**	**2,077,693**	**(118,778)**	**(13,758,261)**	**21,585,154**
Total comprehensive loss						
Net loss for the period	-	-	-	-	(3,571,603)	(3,571,603)
Foreign currency translation	-	-	-	(100,285)	-	(100,285)
	-	-	-	(100,285)	(3,571,603)	(3,671,888)
Transactions with owners of the Company:						
Stock based compensation- Performance warrants *(Note 10(c))*	-	-	160,562	-	-	160,562
Stock based compensation – Stock Options *(Note 10(d))*	-	-	160,831	-	-	160,831
Stock based compensation – RSUs *(Note 10(e))*	-	-	245,242	-	-	245,242
	-	-	566,635	-	-	566,635
Balance – December 31, 2021	**75,143,887**	**33,384,500**	**2,644,328**	**(219,063)**	**(17,329,864)**	**18,479,901**

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

1. Nature of Operations:

Just Kitchen Holdings Corp. (the “Company” or “Just Kitchen”) is a cloud kitchen meal preparation company with operations in Taiwan, Hong Kong, Singapore, Philippines, Malaysia and Thailand. The Company combines advanced food preparation with underused real estate and leverages online mobile application-based food ordering and delivery companies reaching wider geographies, which includes under-served markets. Just Kitchen’s business model combines strategically located cloud kitchens or “virtual kitchens” in a hub-and-spoke throughout high-density urban areas.

Just Kitchen was incorporated under the Business Corporations Act (B.C.) on December 5, 2019.

On April 7, 2021, the Company received final approval from the TSX Venture Exchange (“TSX.V”). On April 15, 2021, the Company began trading on the TSX.V at market open under the trading symbol JK.

2. Basis of Presentation:

(a) Statement of Compliance

These condensed consolidated interim financial statements were prepared in accordance with International Accounting Standards 34, Interim Financial Reporting (“IAS 34”), using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

The accounting policies and methods of application applied by the Company in these condensed consolidated interim financial statements are the same as those applied in the Company’s most recent annual consolidated financial statements as at and for the year ended September 30, 2022, except as described in Note 3(c) herein. These condensed consolidated interim financial statements do not include all of the information required for full annual financial statements and therefore should be read in conjunction with most recent annual consolidated financial statements as at and for the year ended September 30, 2022.

(b) Going Concern

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

2. Basis of Presentation (Continued):

(b) Going Concern (continued):

As at December 31, 2022, the Company had a working capital deficit of $867,744, an accumulated deficit of $34,225,787 and for the three months ended December 31, 2022, the Company incurred a net loss of $2,950,235, and net cash outflows from operations of $1,414,714. Although the Company has previously been successful in obtaining financing in the past, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company. These conditions indicate a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

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

3. Significant Accounting Policies:

(a) Use of judgments and estimates

In preparing these interim financial statements, management has made judgments and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

(b) Recently adopted accounting pronouncements:

Amendments to IAS 1

This amendment clarifies the requirements relating to determining if a liability should be presented as current or non-current in the statement of financial position. Under the new requirement, the assessment of whether a liability is presented as current or non-current is based on the contractual arrangements in place as at the reporting date and does not impact the amount of timing of recognition. The amendment applies retrospectively for annual reporting periods beginning on or after January 1, 2022. The Company has evaluated these amendments and concluded that there is no impact on the Company's financial condition and financial performance.

(Unaudited and Expressed in Canadian Dollars)

3. Significant Accounting Policies (continued):

Amendments to IAS 37

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. The amendments apply for annual reporting periods beginning on or after 1 January 2022 to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments shall be recognized as an opening adjustment to retained earnings or other components of equity, as appropriate. The comparatives shall not be restated. The Company has evaluated these amendments and concluded that there is no impact on the Company's financial condition and financial performance.

(c) New accounting pronouncements not yet effective:

There are no new accounting pronouncements, standards, amendments to standards and interpretations relevant to the Company's operations that were issued but are not yet effective for financial period beginning after December 31, 2022.

4. Restricted cash:

During the year ended September 30, 2022, the Company guaranteed a $1,000,000 letter of credit for JKT by investing $1,150,000 into a variable rate guaranteed investment certificate ("GIC") with a maturity date of May 16, 2023. As of December 31, 2022, the Company earned interest of $Nil (September 30, 2022 - $7,894) on the GIC. Subsequent to December 31, 2022, on January 10, 2023, the letter of credit was terminated and GIC guarantee was released.

5. Accounts receivable:

		December 31, 2022		September 30, 2022
Taxes receivable from federal governments	$	30,607	$	14,969
Trade receivables		524,047		588,188
	$	554,654	$	603,157

Trade receivables are receivables from clients and delivery partners. Trade receivable collection terms are ranging between 7 to 30 days. All amounts are short-term. The net carrying value of accounts receivables is considered a reasonable approximation of fair value.

(Unaudited and Expressed in Canadian Dollars)

6. Prepaid Expenses and Refundable Deposits:

		December 31, 2022		September 30, 2022
Prepaid sales tax	$	6,787	$	128
Refundable deposits		447,061		543,880
Prepaid insurance, legal and other expenses		295,441		474,002
Total prepaid expenses and refundable deposits		749,289		1,018,010
Less: current portion		(377,919)		(554,597)
Non-current portion of refundable deposits	$	371,370	$	463,413

7. Investment accounted for using equity method:

		December 31, 2022		September 30, 2022
Balance	$	599,228	$	-
Addition of investments accounted for using equity method		-		727,702
Share of profit (loss) of investments accounted for using equity method		(67,117)		(116,832)
Foreign exchange translation		26,464		(11,642)
Balance	$	558,575	$	599,228

Investments	December 31, 2022		September 30, 2022
Interest in joint venture	558,575	$	599,228

(Unaudited and Expressed in Canadian Dollars)

7. Investment accounted for using equity method (Continued) :

(a) Joint venture

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

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

As of December 31, 2022 and September 30, 2022, the carrying amount of the Company's 51% share of the joint venture's net assets amounted to $563,014 and $599,228

The following is a summary of financial information for Just Kitchen TDG Inc (at 100%), based on the financial information prepared in accordance with IFRS, for the three months ended December 31, 2022 and period from the date of formation on November 4, 2021 to September 30, 2022.

		December 31, 2022		September 30, 2022
Loss for the period from continuing operations	$	131,601	$	212,567
Total assets	$	1,357,726	$	1,412,038
Total liabilities	$	(499,062)	$	(471,234)
Net assets	$	858,664	$	940,804
Group's share of joint venture's net assets		437,918		479,810
Shareholder loan to joint venture		125,096		119,418
Carry amount of the group's interest	$	563,014	$	599,228

(Unaudited and Expressed in Canadian Dollars)

8. Property and equipment:

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

	Kitchen Equipment $	Computer Equipment $	Leasehold Improvements $	Other Assets $	Construction in Progress $	Total $
Cost						
Balance – September 30, 2021	1,200,730	139,145	911,516	91,210	-	2,342,601
Purchases	972,422	85,094	771,438	45,623	16,737	1,891,314
Disposal	(29,534)	(6,925)	(28,686)	-	-	(65,145)
Foreign exchange translation	(45,321)	(192)	(19,494)	(4,772)	-	(69,779)
Balance – September 30, 2022	2,098,297	217,122	1,634,774	132,061	16,737	4,098,991
Purchases	34,511	1,100	27,579	10,242	32,609	106,041
Disposal	(16,183)	(1,968)	(25,085)	-	-	(43,237)
Foreign exchange translation	21,841	849	10,901	1,668	-	35,259
Balance – December 31, 2022	2,138,465	217,103	1,648,169	143,971	49,346	4,197,054
Accumulated Depreciation						
Balance – September 30, 2021	(147,314)	(29,621)	(131,716)	(7,742)	-	(316,393)
Depreciation	(335,077)	(45,339)	(319,489)	(25,039)	-	(724,944)
Disposal	4,102	1,289	31,843	-	-	37,234
Foreign exchange translation	8,335	(147)	2,318	759	-	11,265
Balance – September 30, 2022	(469,954)	(73,818)	(417,044)	(32,022)	-	(992,838)
Depreciation	(99,191)	(14,795)	(86,894)	(6,207)	-	(207,087)
Disposal	2,653	283	4,436	-	-	7,372
Foreign exchange translation	(6,020)	(358)	(3,404)	(467)	-	(10,249)
Balance – December 31, 2022	(572,512)	(88,688)	(502,906)	(38,696)	-	(1,202,802)
Carrying Value						
At September 30, 2022	1,628,343	143,304	1,217,730	100,039	16,737	3,106,153
At December 31, 2022	1,565,954	128,415	1,145,264	105,275	49,346	2,994,252

(Unaudited and Expressed in Canadian Dollars)

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

(a) Right-of-use assets:

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

		December 31, 2022		September 30, 2022
Cost				
Beginning Balance	$	5,360,506	$	3,758,767
Additions		204,105		1,882,690
Disposal		-		(137,497)
Lease periods expire		(53,279)		(51,395)
Foreign exchange translation		60,386		(92,059)
Ending Balance	$	5,571,718	$	5,360,506
Accumulated Depreciation				
Beginning Balance	$	(2,221,356)	$	(949,709)
Depreciation		(329,822)		(1,394,513)
Disposal		-		39,019
Lease periods expire		53,279		51,395
Foreign exchange translation		(35,184)		32,452
Ending Balance	$	(2,533,083)	$	(2,221,356)
Carrying Value	$	3,038,635	$	3,139,150

Some property leases contain extension options exercisable by the Group. The Group initially assesses whether it is reasonably certain to exercise the extension options at the lease commencement date, and then performs subsequent reassessments when there are significant events or changes in circumstances within the Group's control.

(Unaudited and Expressed in Canadian Dollars)

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

(b) Lease liabilities:

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

		December 31, 2022		**September 30, 2022**
Beginning Balance	$	3,446,053	$	2,865,666
Additions		204,105		1,882,690
Lease termination		-		(103,823)
Lease payments		(384,529)		(1,267,267)
Interest expense on lease liabilities		33,072		122,011
Foreign exchange translation		36,364		(53,224)
Total lease liability		3,335,065		3,446,053
Less: current portion		(1,293,078)		(1,267,617)
Non-current portion	$	2,041,987	$	2,178,436

10. Intangible assets:

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

		December 31, 2022		September 30, 2022
Cost				
Beginning balance	$	229,965	$	240,539
Purchases		-		-
Foreign exchange translation		2,604		(10,574)
Balance	$	232,569	$	229,965
Accumulated Amortization				
Beginning balance	$	(76,655)	$	-
Amortization		(19,060)		(77,957)
Foreign exchange translation		(1,189)		1,302
Balance	$	(96,904)	$	(76,655)
Carrying Value	$	135,665	$	153,310

(Unaudited and Expressed in Canadian Dollars)

11. Promissory notes payable:

Promissory notes payable are unsecured and interest-free, with principal and interest maturing on June 30, 2023 with early repayment option. During the three months ended December 31, 2022 and the year ended September 30, 2022, the Company recorded $Nil and $6,076 of interest expense respectively. Details are as follows:

		December 31, 2022		September 30, 2022
Beginning Balance	$	91,940	$	230,435
Repayments		-		(136,622)
Interest expense		-		6,076
Foreign exchange translation		1,041		(7,949)
Ending Balance	$	92,981	$	91,940

12. Shareholders' equity:

(a) Authorized and issued share capital:

The Company's authorized share capital consists of an unlimited number of common shares without par value. All issued shares are fully paid.

(b) Share capital transactions:

During the three months ended December 31, 2022 and 2021 there were no share capital transactions:

(c) Warrants:

Performance Warrants

On May 1, 2020, the Company granted to the Company's founder, director and CEO 10,000,000 performance warrants ("Performance Warrants").

On October 5, 2020, the Company revised the Performance Warrants arrangement with the Company's CEO by cancelling 3,900,000 out of 10,000,000 previously issued Performance Warrants and issuing them to other directors, officers and employees. The expiry date of the first 50% of the Performance Warrants, being 5,000,000 is five (5) business days from the date of Board of Directors' approval, which is expected to be on or before March 31, 2023. The expiry date of the remaining 5,000,000 Performance Warrants is expected to be January 31, 2024 for the remaining Performance Warrants.

On January 28, 2022, the COO forfeited 1,500,000 out of 2,000,000 previously issued Performance Warrants. The remaining 500,000 Performance Warrants now vest in one tranche upon meeting September 30, 2022 revenue targets, with vesting condition expected to be met on or before March 31, 2023.

(Unaudited and Expressed in Canadian Dollars)

12. Shareholders' equity (continued):

(c) Warrants (continued):

During the year ended September 30, 2022, the Company issued 1,500,000 performance warrants to other officers and employees valued at $1,528,527 using the Black-Scholes option pricing model. The expiry date is expected to be on or before March 31, 2023 for 750,000 Performance Warrants and on or before January 31, 2024 for the remaining 750,000 Performance Warrants.

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

Stock price volatility *	32.23% – 41.69%
Risk-free interest rate	1.20%
Expected life	1.01 – 2.01 years
Expected dividend yield	0.00%

* The Company does not have reliable and long enough history of its own stock prices, therefore stock price volatility was determined based on a selection of comparable companies.

For the three months December 31, 2022, the Company recognized $286,989 (three months ended December 31, 2021 – $89,507) of stock-based compensation expense related to the Performance Warrants.

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

	Three months ended December 31, 2022		Three months ended December 31, 2021	
	Number of Performance Warrants (#)	Weighted Average Exercise Price ($)	Number of Performance Warrants (#)	Weighted Average Exercise Price ($)
Outstanding, beginning of year	10,000,000	0.001	10,000,000	0.001
Granted	-	-	-	-
Cancelled	-	-	-	-
Outstanding, end of year	10,000,000	0.001	10,000,000	0.001

At December 31, 2022, performance warrants had a weighted average life of 0.58 years (September 30, 2022: 0.84 years). No performance warrants are exercisable as of December 31, 2022.

(Unaudited and Expressed in Canadian Dollars)

12. Shareholders' equity (continued):

(c) Warrants (continued):

Finder's Warrants

On June 15, 2021, the company issued 777,780 finder's warrants **("Finder's Warrants"**) in relation to the supplemental prospectus offering. Each warrant entitles the holders to purchase one common share at $1.35 per share for a period of 2 years. The warrants are fully vested on grant date and were valued at $162,039 using the Black-Scholes option pricing model. The Finder's Warrants will expire on June 15, 2023.

As of December 31, 2022, 756,780 finder's warrants remain outstanding (September 30, 2022: 756,780).

At December 31, 2022, finder's warrants had a weighted average life of 0.45 years (September 30, 2022: 0.71 years).

(d) Stock options:

On October 5, 2020, the Company has adopted a "10% rolling" stock option plan (the "**Option Plan**"), pursuant to which the Company can have at any point in time up to a maximum of 10% of the outstanding shares reserved for issuance. Options will be granted at the discretion of the Company's Board of Directors to eligible optionees under the Option Plan.

The following is a summary of activity in stock options:

	Three months ended December 31, 2022		Three months ended December 31, 2021	
	Number of Stock Options (#)	**Weighted Average Exercise Price ($)**	**Number of Stock Options (#)**	**Weighted Average Exercise Price ($)**
Outstanding, beginning of period	5,120,000	0.62	4,602,500	0.58
Granted	-	-	515,000	1.24
Expired	(47,500)	0.85	-	-
Forfeited	(65,000)	0.45	-	-
Outstanding, end of period	5,007,500	0.62	5,117,500	0.64
Exercisable, end of period	4,290,000	0.62	2,355,000	0.64

(Unaudited and Expressed in Canadian Dollars)

12. Shareholders' equity (continued):

(d) Stock options (continued):

At December 31, 2022, the following options, with a weighted average life of 3.21 years (September 30, 2022 – 3.49 years), were outstanding and exercisable:

Expiry Date	Options Outstanding (#)	Options Exercisable (#)	Exercise Price ($/share)
November 24, 2025	3,627,500	3,377,500	$0.500
June 28, 2026	235,000	235,000	$1.350
August 3, 2026	150,000	112,500	$1.380
November 9, 2026	125,000	93,750	$1.410
December 15, 2026	300,000	225,000	$1.190
June 1, 2027	285,000	175,000	$0.450
July 5, 2027	285,000	71,250	$0.300
	5,007,500	4,290,000	

The Company recognized $28,952 (December 31, 2021 - $160,831) in share-based payments during the three months ended December 31, 2022.

(e) Restricted share units:

Effective October 5, 2020, the Company adopted a Restricted Share Units Plan (the "RSU Plan") pursuant to which the Company can have a maximum of 3,000,000 of the issued and outstanding common shares of the Company reserved for issuance as Restricted Share Units ("RSUs") and will be granted at the discretion of the Company's Board of Directors to eligible recipients under the RSU Plan. The following is a summary of the RSUs:

September 30, 2022	Granted	Exercised	December 31, 2022	RSUs Vested	Expiry Date
2,300,000	-	-	2,300,000	1,150,000	November 24, 2025
300,000	-	-	300,000	150,000	November 9, 2026
500,000	-	-	500,000	-	July 5, 2027
3,100,000	-	-	3,100,000	1,300,000	

For the three months ended December 31, 2022, the Company recognized $139,712 (three months ended December 31, 2021 - $245,242) of stock-based compensation expense related to the RSUs.

As of December 31, 2022, 3,100,000 RSUs were outstanding and 1,800,000 are unvested.

(Unaudited and Expressed in Canadian Dollars)

12. Shareholders' equity (continued):

(f) Reserves:

For the three months ended December 31, 2022:

	Reserves ($)				
	Reorganization	Stock Options	Warrants and performance warrants	RSUs	Total
Balance – September 30, 2022	(657,215)	864,063	2,647,217	1,373,866	4,227,931
Share-based payment – Stock Options *(Note 12(d))*	-	28,952	-		28,952
Share-based payment – Warrants and Performance warrants *(Note 12(c))*	-	-	415,158		415,158
Share-based payment – RSUs *(Note 12(e))*	-	-		139,712	139,712
Balance - December 31, 2022	(657,215)	893,015	3,062,375	1,513.578	4,811,753

For the three months ended December 31, 2021:

	Reserves ($)				
	Reorganization	Stock Options	Warrants and performance warrants	RSUs	Total
Balance – September 30, 2021	(657,215)	558,552	1,501,215	675,141	2,077,693
Share-based payment – Stock Options	-	160,831	-	-	160,831
Share-based payment – Warrants	-	-	160,562	-	160,562
Share-based payment – RSUs	-	-	-	245,242	245,242
Balance - December 31, 2021	(657,215)	719,383	1,661,777	920,383	2,644,328

13. Loss per share:

The basic and diluted loss per share has been calculated based on the following weighted average number of common shares issued and outstanding during the three months ended December 31, 2022 and 2021:

	Three Months Ended December 31, 2022	Three Months Ended December 31, 2021
Weighted average number of common shares – basic and diluted	75,181,387	75,143,887

13. Loss per share (continued):

Diluted and basic loss per share are the same because the effects of potential issuances of shares under options and warrants would be anti-dilutive. The Company's performance warrants (note 12(c)) are considered to be contingently issuable shares and were excluded from the calculation of basic loss per share as the conditions for issuance were not satisfied at December 31, 2022. The Company's stock options (note 12(d)) and restricted share units (note 12(e)) are considered to be anti-dilutive shares and were excluded from the calculation of basic loss per share for the three months ended December 31, 2022.

14. Related party transactions:

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

(a) During the three months ended December 31, 2022, the Company recorded $70,500 (December 31, 2021 - $124,000) of consulting fees to the Company's Directors, CFO, COO, and Corporate Secretary.

(b) During the three months ended December 31, 2022, the Company recorded $88,867 (December 31, 2021 - $101,707) of salaries to the Company's Director and CEO, CSO, CIO and CTO.

(c) As at December 31, 2022, balance of $35,453 (December 31, 2021 - $Nil) is included in accounts receivable from record of revenue from companies with a Director in common, being the Company's CEO.

(d) During the three months ended December 31, 2022, the Company recorded $141 (December 31, 2021 - $6,110) of royalty expense on certain brand foods to a company with a Director in common, being the Company's CEO.

(e) As at December 31, 2022, balance of $39,274 is included in accounts payable and accrued liabilities from purchasing of food products from a company with a Director in common, being the Company's CEO.

(f) During the three months ended December 31, 2022, the Company recorded $19,821 (December 31, 2021- $Nil) of other income from renting out a part of Hub space to a company with a Director in common, being the Company's CEO.

(g) Compensation of Key Management Personnel

Key management personnel are those persons that have authority and responsibility for planning, directing and controlling the activities of the Company, directly and indirectly. As of December 31, 2022, the Company's key management personnel consisted of the Company's directors and senior management (Chief Executive Officer, Chief Financial Officer, Chief Strategy Officer, Chief Technology Officer, Chief Marketing Officer and Corporate Secretary). The Company incurred fees and expenses in the normal course of operations in connection with the key management and directors.

(Unaudited and Expressed in Canadian Dollars)

14. Related party transactions (continued):

Details are as follows:

Nature of Transactions		December 31, 2022		December 31, 2021
Consulting fees	$	70,500	$	124,000
Salaries and benefits		88,867		101,707
Stock based compensation – performance warrants		344,252		160,562
Stock based compensation – stock options		3,769		57,354
Stock based compensation – RSUs		94,946		216,616
	$	602,334	$	660,239

(h) Commitments:

(*i*) As of December 31, 2022, the Company has an employment agreement with the Company's CEO for an indefinite term with basic annual compensation of $216,000. As part of the compensation, the Company also granted to the employee 6,100,000 Performance Warrants in 2020 and 1,000,000 Performance Warrants in January 2022 *(note 10(c)).* In case of termination of the employment agreement by the Company without cause, or by the employee for cause, the employee is entitled to receive a severance payment equal to twelve (12) months of basic salaries and immediate vesting of Performance Warrants. In case of change of control, the employee is entitled to receive a severance payment equal to twenty-four (24) months of basic salaries and immediate vesting of Performance Warrants.

(ii) As of December 31, 2022, the Company has a consulting agreement with a company controlled by the Company's CFO. The contract calls for monthly fees of $13,500 and expires on April 30, 2023. In case of termination of the consulting agreement by the Company for reasons other than for an event of default, the consultant is entitled to receive early termination fees equal to six (6) months of fees. In case of change of control, a compensation equal to twelve (12) months of fees is payable upon termination.

(*iii*) As of December 31, 2022, the Company has 2 consulting agreements with 2 companies controlled by the Company's 2 directors. Each contract calls for monthly fees of $5,000 and expires on May 1, 2022. Unless terminated in writing, these contracts automatically renew for additional 12-month periods. In case of termination of the consulting agreement by the Company for reasons other than for an event of default, the consultant is entitled to receive early termination fees equal to six (6) months of fees. In case of change of control, a compensation equal to twelve (12) months of fees is payable upon termination.

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

(Unaudited and Expressed in Canadian Dollars)

15. Segmented information:

The Company is a cloud kitchen meal preparation company with operations in Taiwan, Hong Kong , Philippines, Malaysia , Thailand and head office in Vancouver. Senior management reviews revenues on a region-by-region basis and operating expenses are reviewed on a consolidated basis. Revenues to date are mostly generated in Taiwan and Hong Kong, with Malaysia and Singapore commencing their operations representing under 5% of consolidated revenue. The Company's assets are located as follows:

		December 31, 2022		September 30, 2022
Canada	$	1,391,521	$	3,354,684
Taiwan		6,657,356		7,178,255
Hong Kong		1,207,743		1,467,443
Others		1,083,890		1,131,746
Total Assets	$	10,340,510	$	13,132,128

16. Supplementary cash flow information:

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

		2022		2021
Addition to property and equipment included in prepaid expenses	$	-	$	(197,366)
(Reduction) Additions to property and equipment included in changes in accounts payable		(36,943)		43,025
Disposal of property and equipment		35,865		-
Additions to right-of-use assets and lease liability		204,105		789,375
Change in promissory note payable related to interest *(note 11)*		-		6,219

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

		2022		2021
Purchase of property and equipment	$	106,041	$	469,642
Changes in working capital related to acquisition of equipment		36,943		154,341
Cash paid for property and equipment	$	142,984	$	623,983

(Unaudited and Expressed in Canadian Dollars)

17. Capital management:

The Company depends on internally generated revenues and external financing to fund its activities. The capital structure of the Company currently consists of common shares and promissory notes payable. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions, performance of existing kitchen locations and opportunities to expand operations to other locations and regions.

In order to maintain or adjust the capital structure, the Company may arrange more loans, issue new common shares, or sell assets to fund operations. Management reviews its capital management approach on a regular basis. The Company is not subject to externally imposed capital requirements.

The Company invests all capital that is surplus to its immediate operational needs in short-term, liquid and highly-rated financial instruments, such as cash, all held with major financial institutions.

18. Financial instruments:

(a) Categories of financial assets and liabilities:

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

	December 31, 2022	September 30, 2022
Financial assets at amortized cost (i)	$ 2,321,411	$ 4,525,603
Financial liabilities at amortized cost (ii)	$ 2,816,679	$ 2,938,311

(*i*) Financial assets at amortized cost consist of cash, restricted cash and accounts receivable.

(*ii*) Financial liabilities at amortized cost consist of accounts payable, accrued liabilities and promissory note payables. In addition, lease liabilities are also recognized at amortized cost.

(b) Fair value of financial instruments:

The Company has classified fair value measurements of its financial instruments using a fair value hierarchy that reflects the significance of inputs used in making the measurements as follows:

Level 1: Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Valuation based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices, such as quoted interest or currency exchange rates; and

Level 3: Valuation based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

18. Financial instruments (continued):

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

The fair value of cash, accounts receivable, accounts payable and accrued liabilities approximate their respective carrying values due to their short-term maturities.

There were no transfers of instruments between levels in the fair value hierarchy.

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

The Company's financial instruments are exposed to the following financial risks:

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

As of December 31, 2022, the Company had a receivable of $384,413 from five customers representing 73% of total trade receivables. As of September 30, 2022, the Company had a receivable of $315,260 from four customers representing 54% of total trade receivables.

(ii) **Currency Risk** – The operating results and financial position of the Company are reported in Canadian dollars. As the Company's main operations are conducted in Taiwan through JK Taiwan using its functional currency, the New Taiwanese dollar ("NTD"), in Hong Kong through JKHK using its functional currency, Hong Kong dollar ("HKD"), in Singapore through JKSG using its functional currency, Singapore dollar ("SGD"), in the Philippines through JKP using its functional currency, Philippine peso ("PHP"), in Malaysia through JKM using its functional currency, Malaysian ringgit ("MYR"), and in Thailand through JKTH using its functional currency, Thai Baht ("THB") the Company is exposed to foreign currency transaction and translation risks. Assets and liabilities are translated based on the Company's foreign currency translation policy.

(Unaudited and Expressed in Canadian Dollars)

18. Financial instruments (continued):

(*ii*) **Currency Risk (continued):**

As at December 31, 2022 and for the period then ended, a 10% decrease in the value of the Taiwanese dollar in relation to the Canadian dollar would have decreased net assets by approximately $206,849 and would have decreased net loss of the Company by approximately $139,767. A 10% decrease in the value of the Hong Kong dollar in relation to the Canadian dollar would have decreased net assets by approximately $35,263 and would have decreased net loss of the Company by approximately $42,090. A 10% decrease in the value of the Singapore dollar in relation to the Canadian dollar would have increased net assets by approximately $22,295 and would have increased net income of the Company by approximately $785. A 10% decrease in the value of the Philippine peso in relation to the Canadian dollar would have decreased net assets by approximately $59,003 and would have decreased net loss of the Company by approximately $6,711. A 10% decrease in the value of the Malaysian ringgit in relation to the Canadian dollar would have decreased net assets by approximately $16,694 and would have decreased net loss of the Company by approximately $7,748. A 10% decrease in the value of the Thai Baht in relation to the Canadian dollar would have decreased net assets by approximately $16,694 and would have decreased net loss of the Company by approximately $7,748.

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

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

The following table summarizes amounts and maturity dates of the Company's contractual obligations as of December 31, 2022:

	2023 $	2024 $	2025 $	2026 $	2027 $	Total $
Accounts payable and accrued liabilities	2,723,698	-	-	-	-	2,723,698
Lease liability *	1,489,314	1,152,923	643,876	273,710	92,287	3,652,110
Low-value leases	19,609	18,948	17,239	8,069	1,850	65,715
Promissory notes payable **	92,981	-	-	-	-	92,981
	4,325,602	1,171,871	661,115	281,779	94,137	6,534,504

* Including interest

** Excluding interest

(Unaudited and Expressed in Canadian Dollars)

19. Revenue:

Revenue is mainly generated from preparation and sale of meals and beverages to retail and business customers in Taiwan and Hong Kong. Revenue generated from Singapore, and Malaysia area are less than 5% of the Company's total revenue. Retail orders are received via mobile app and business orders are received via phone or email. Retails orders are delivered using a 3rd party delivery services, and business orders are delivered directly by the Company.

	Three months ended December 31, 2022	Three months ended December 31, 2021
Sales to retail customers	$ 3,590,917	$ 3,810,720
Sales to businesses	402,119	355,963
	$ 3,993,036	$ 4,166,683

(Unaudited and Expressed in Canadian Dollars)

20. Nature of expenses:

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

	December 31, 2022 $	December 31, 2021 $
Operating expenses:		
Delivery and processing costs	842,014	852,400
Food and beverage costs *	1,615,162	1,890,606
Rent and utilities	303,089	263,637
Repairs and maintenance	66,051	71,609
Salaries and benefits	1,158,803	1,081,372
Selling costs	259,749	764,146
	4,244,868	4,923,770
General and administrative expenses:		
Advertising and marketing	375,715	560,612
Consulting	96,168	143,911
Listing and filing	1,600	22,849
Insurance	17,875	17,875
Office and administration	103,271	117,474
Professional fees	212,205	223,643
Rent and utilities	38,618	31,856
Repairs and maintenance	31,655	51,406
Salaries and benefits	749,587	584,115
Selling costs	128,770	107,268
Stock-based compensation	583,822	566,635
	2,339,286	2,427,644
Research and Development:		
Salaries and benefits	-	48,720
Office and administration	-	35,818
	-	84,538
Depreciation and amortization:		
Depreciation of property and equipment	207,087	122,883
Amortization of intangible assets	19,060	19,946
Depreciation of right-of-use assets	329,822	243,626
	555,969	386,455

* During the three months ended December 31, 2022, inventory expensed to food and beverage costs was $1,615,162 (December 31, 2021 - $1,890,606).

21. Subsequent events:

(a) Subsequent to December 31, 2022, the Company commenced a non-brokered private placement equity financing for aggregate gross proceeds of up to $2,500,000 (the "**Offering**"). Pursuant to the terms of the Offering, the Company is planning to issue up to 25,000,000 common shares at $0.10 per share. The Company intends to use the net proceeds of the Offering for general working capital purposes.

(b) Subsequent to December 31, 2022, 300,000 RSUs were exercised by RSU holders.