Odd Burger Corporation (formerly o/a Globally Local)
(Formerly Black Lion Capital Corp.)

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2022, AND SEPTEMBER 30, 2021

(In Canadian Dollars)

Independent Auditor's Report

To the Shareholders of Odd Burger Corporation (formerly, Black Lion Capital Corp):

Opinion

We have audited the consolidated financial statements of Odd Burger Corporation (formerly, Black Lion Capital Corp) (the "Company"), which comprise the statements of financial position as at September 30, 2022 and September 30, 2021, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity (deficit) and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss and has negative operating cash flows during the year ended September 30, 2022 and, as of that date, the Company had an accumulated deficit. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

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

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

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management’s Discussion and Analysis prior to the date of this auditor’s report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

MNP LLP

Toronto, Ontario
January 27, 2023

Chartered Professional Accountants
Licensed Public Accountants

Odd Burger Corporation (formerly operating as Globally Local) (formerly Black Lion Corporation)
Consolidated Statements of Financial Position
As at September 30, 2022 and September 30, 2021
(Expressed in Canadian dollars)

	Note		September 30, 2022		September 30, 2021
ASSETS					
Cash		$	436,085	$	2,753,343
Accounts receivable and other receivables	6,10		156,190		473,759
Inventory	7		228,703		139,446
Prepaid expenses and deposits	8		96,011		96,973
Current portion of deferred charges	9		79,140		-
Total Current Assets		$	996,129	$	3,463,521
Lease receivable	6,10		401,819		-
Prepaid expenses and deposits	8		73,539		77,374
Deferred charges	9		57,579		-
Right-of-use asset, net	12		983,500		1,181,935
Property and equipment, net	11		2,711,496		2,302,923
Total Assets		$	5,224,062	$	7,025,753
LIABILITIES					
Accounts payable and accrued liabilities	13	$	1,505,933	$	1,584,659
Deferred revenue	14		385,627		45,848
Current portion of loans payable	15		51,947		106,247
Current portion of lease liabilities	16		298,798		294,168
Total Current Liabilities		$	2,242,305	$	2,030,922
Lease liabilities	16		1,787,566		1,259,208
Loans payable	15		143,402		136,543
Total Liabilities		$	4,173,273	$	3,426,673
SHAREHOLDERS’ EQUITY (DEFICIT)					
Share capital	18	$	12,355,101	$	11,613,438
Subscriptions received	18,19		183,000		-
Contributed surplus	19		1,329,655		516,873
Deficit			(12,816,967)		(8,531,231)
Total Shareholders’ Equity (Deficit)		$	1,050,789	$	3,599,080
Total Liabilities and Shareholders’ Equity (Deficit)		$	5,224,062	$	7,025,753

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

Approved by the Board of Directors:

“James McInnes”
Director (Signed)

“Ted Sehl”
Director (Signed)

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

Odd Burger Corporation (formerly operating as Globally Local) (formerly Black Lion Corporation)
Consolidated Statements of Loss and Comprehensive Loss
For the years ended September 30, 2022 and September 30, 2021
(Expressed in Canadian dollars)

	Note		**Year ended September 30, 2022**		**Year ended September 30, 2021**
REVENUE					
Food sales	25	$	2,910,663	$	1,139,216
Franchise fees	25		41,365		30,118
TOTAL REVENUE		$	2,952,028	$	1,169,334
Cost of goods sold	26,29		2,539,793		1,113,528
GROSS MARGIN		$	412,235	$	55,806
Selling, general and administrative	26,29		1,595,847		1,017,978
Listing expense	5		-		2,528,924
Salaries and wages			1,930,861		988,642
Professional fees			919,208		965,801
Interest expense			238,994		99,770
			4,684,910		5,601,115
NET LOSS AND COMPREHENSIVE LOSS BEFORE THE UNDERNOTED ITEMS		$	(4,272,675)	$	(5,545,309)
OTHER ITEMS					
Other income	27		27,817		314,841
Other expenses	11		(59,359)		-
Gain on disposal of property and equipment, net			18,481		59,197
NET LOSS AND COMPREHENSIVE LOSS		$	(4,285,736)	$	(5,171,271)
Loss Per Share					
Basic and diluted		$	(0.05)	$	(0.07)
Weighted average number of common shares outstanding – Basic and diluted			83,516,206		70,892,356

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

Odd Burger Corporation (formerly operating as Globally Local) (formerly Black Lion Corporation)
Consolidated Statements of Changes in Shareholders' Equity (Deficit)
For the years ended September 30, 2022 and September 30, 2021
(Expressed in Canadian dollars)

	Note	Number of Shares		Share Capital		Subscriptions Received		Contributed Surplus		Deficit		Total
Balance September 30, 2020		53,812,500	$	14	$	-	$	-	$	(3,359,960)	$	(3,359,946)
Conversion of SAFE Arrangements	17	7,812,500		3,125,000		-		-		-		3,125,000
Issuances of Private Placement	18	2,375,000		950,010		-		-		-		950,010
Contribution to equity	18			500,000		-		-		-		500,000
Issuance of common shares for cash	18	10,500,000		4,200,000		-		-		-		4,200,000
Share issuance costs	18	-		(594,890)		-		122,640		-		(472,250)
Issuance of shares and options on RTO transaction	5,18	4,661,318		1,864,527		-		108,207		-		1,972,734
Shares issued to agents	18	2,812,500		1,125,000		-		-		-		1,125,000
Warrant exercise	18, 19	324,500		177,177		-		(47,377)		-		129,800
CPC options exercised	18, 19	410,600		210,857		-		(108,207)		-		102,650
Stock options exercised	18	130,000		55,743		-		(3,743)		-		52,000
Stock based compensation expense	19	-		-		-		445,353		-		445,353
Net loss and comprehensive loss for the year		-		-		-		-		(5,171,271)		(5,171,271)
Balance September 30, 2021		82,838,918	$	11,613,438	$	-	$	516,873	$	(8,531,231)	$	3,599,080
Balance September 30, 2021		82,838,918	$	11,613,438	$	-	$	516,873	$	(8,531,231)	$	3,599,080
Issuances of Private Placement	18, 19	2,322,500		741,663		-		187,337		-		929,000
Subscriptions received	18, 19					183,000						183,000
Stock based compensation expense	19	-		-		-		625,445		-		625,445
Net loss and comprehensive loss for the year		-		-		-		-		(4,285,736)		(4,285,736)
Balance September 30, 2022		85,161,418	$	12,355,101	$	183,000	$	1,329,655	$	(12,816,967)	$	1,050,789

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

Odd Burger Corporation (formerly operating as Globally Local) (formerly Black Lion Corporation)
Consolidated Statements of Cash Flow
For the years ended September 30, 2022 and September 30, 2021
(Expressed in Canadian dollars)

	Note	September 30, 2022	September 30, 2021
OPERATING ACTIVITIES			
Net loss and comprehensive loss for the year		$ (4,285,736)	$ (5,171,271)
Adjustments			
Gain on disposal of property and equipment and right-of-use asset, net	11,12	(18,481)	(41,603)
Depreciation expense	11,12	604,026	251,714
Impairment loss	11	45,481	-
Derecognition of right-of-use asset and lease liabilities	12,16	-	(17,594)
Listing expense	5	-	2,528,924
Interest accretion on lease liabilities	16	219,612	82,459
Interest accretion on loans	15	4,507	4,162
Interest income recognized on lease receivable	10	(6,840)	-
Share based compensation expense	19	625,445	445,353
Expense recognized on lease modification	12,16	4,699	-
Expected credit loss expense	6,10	14,891	-
		$ (2,792,396)	$ (1,917,856)
Changes in non-cash working capital	28	270,384	830,702
Cash flows used in operating activities		$ (2,522,012)	$ (1,087,154)
INVESTING ACTIVITIES			
Purchase of property and equipment	11	(1,272,893)	(2,160,271)
Proceeds from the reverse takeover transaction	5	-	571,272
Proceeds on disposal of property and equipment	11	8,709	82,458
Proceeds from disposal group	11	327,282	-
Net cash used in investing activities		$ (936,902)	$ (1,506,541)
FINANCING ACTIVITIES			
Proceeds from finance leases	16	457,014	160,949
Payments of lease liabilities	16	(375,410)	(143,740)
Repayment of loans payable	15	(51,948)	(85,701)
Proceeds from issuance of common shares and warrants for cash, net	18,19	929,000	4,677,760
Subscriptions received	18	183,000	-
Proceeds from exercise of warrants	18	-	129,800
Proceeds from exercise of stock options	18	-	154,650
Net cash provided by financing activities		$ 1,141,656	$ 4,893,718
Increase (decrease) in cash		$ (2,317,258)	$ 2,300,023
Cash, beginning of year		2,753,343	453,320
Cash, end of year		$ 436,085	$ 2,753,343

Supplemental disclosure			
Cash interest paid (received), net		$ 186,756	$ 63,126
Cash taxes paid (received)		-	-

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

1. Nature of Operations

Odd Burger Corporation, (formerly Black Lion Capital Corp.) ("Odd Burger" or the "Company") was incorporated under the Canada Business Corporations Act (British Columbia) on January 20, 2015. On April 13, 2021, the Company completed a transaction with 2204901 Ontario Inc. (operating as Globally Local) ("GL"), a private company continued under the Business Corporations Act (Ontario), which constituted a reverse takeover by GL and changed its name to "Globally Local Technologies Inc." (Note 5). Because GL is considered to be the acquirer, these consolidated financial statements are a continuation of the financial statements of GL adjusted to reflect the legal capital of the Company. On April 16, 2021, the Company commenced trading on the TSX Venture Exchange ("TSXV") under the symbol "GBLY". Subsequently, on June 16, 2021, Globally Local Technologies Inc. changed its name and rebranded as Odd Burger Corporation. With the subsequent name change, the Company now trades under the symbol "ODD." The Company's registered office is located at 505 Consortium Court, London, ON, N6E 2S8. References herein to "Odd Burger" or the "Company" refer to Odd Burger Corporation and its subsidiaries, unless specifically noted otherwise.

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

Basis of measurement and going concern

These consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to realize its assets and satisfy its liabilities in the normal course of business for the foreseeable future. As at September 30, 2022, the Company had an accumulated deficit of $12,816,967. The Company had also incurred negative operating cash flows of $2,522,012 and a net loss in the amount of $4,285,736 for the year ended September 30, 2022. Management is aware, in making its going concern assessment, of recurring losses and on-going negative cash flow that represent material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

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

Impacts of COVID-19

The COVID-19 pandemic has impacted Canadians and economies around the world. The restaurant and food services industry has experienced significant business disruptions since March 2020, as a result of mandated restaurant closures and other restrictive measures. While the length of this pandemic is uncertain and government-imposed restrictions continue to evolve, the Company remains focused on the health and safety of its customers, employees, and franchise partners.

In March 2020, the Company swiftly implemented remote work from home protocols for the corporate management team, focused on off-premises sales and delivery channels and strengthened online promotional and advertising campaigns. The Company is continuing to apply for government subsidies where applicable.

These consolidated financial statements were approved by the Company's Board of Directors on January 27, 2023.

2. Significant Accounting Policies

Basis of preparation

These consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") issued and outstanding as of September 30, 2021.

Basis of presentation and consolidation

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

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

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

Basis of consolidation

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

Summary of significant accounting policies

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

Revenue recognition

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

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

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

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

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

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

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

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

Advertising costs

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

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

Cash

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

Inventory

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

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

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

Property and equipment

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

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

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

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

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

Financial Instruments

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

Financial assets – initial recognition and measurement

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

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

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

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

Financial assets – subsequent measurement

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

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

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

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

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

Financial assets – derecognition

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

Financial assets – impairment

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

Financial liabilities – initial recognition and measurement

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

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

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

Financial liabilities – subsequent measurement

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

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

Financial liabilities – derecognition

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

Income taxes

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

Current income taxes are the expected tax payable or receivable on the Company's taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred income tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable earnings or loss, and taxable temporary differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred income tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred income tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantially enacted by the reporting date. Deferred income tax assets and liabilities are offset if there is a legally enforceable right to offset current income tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current income tax liabilities and assets on a net basis, or their income tax assets and liabilities will be realized simultaneously.

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

Government grants and loans

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

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

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

Loss per share

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

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

Segment information

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

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

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

Leases

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

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

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

At the lease commencement date, the Company recognizes a right-of-use asset and a lease liability. The right- of-use asset is initially measured at cost. The cost of the right-of-use asset is comprised of the initial amount of the lease liability, any lease payments made at or before the commencement date less any lease incentives received, initial direct costs incurred by the Company, and an estimate of the costs to be incurred by the Company in dismantling and removing the underlying asset and restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

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

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

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

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

Short-term leases and leases of low-value assets

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

Share-based payments

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

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

3. Critical Accounting Judgements and Estimates

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

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

Accounts receivable

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

Estimated useful lives and depreciation of property, plant and equipment

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

Impairment of non-financial assets

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

Inventories

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

Leases

In determining the carrying amount of the right-of-use asset or lease receivable and corresponding lease liabilities, assumptions include the non-cancellable term of the lease plus periods covered by an option to renew the leases and incremental borrowing rate. Renewal options are only included in the lease term if management is reasonably certain to renew. The Company is also required to estimate the incremental borrowing rate specific to each portfolio of leased assets with similar characteristics if the interest rate in the lease is not readily determined. The incremental borrowing rate reflects the interest rate the Company would have to pay to borrow the funds necessary to obtain a similar asset at a similar term, with a similar security, in a similar economic environment.

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

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

Income and other taxes

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

Provisions and contingencies

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

Share Based Payments

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

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

Going Concern

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

4. Recently Adopted Accounting Standards

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

5. Reverse Takeover

On February 12, 2021, Black Lion Capital Corp. ("Black Lion") entered into an amalgamation agreement with 2204901 Ontario Inc. (Globally Local) an arm's length party, and 2801318 Ontario Inc., a wholly owned subsidiary of Black Lion ("Subco"), whereby Black Lion would acquire all of Globally Local's common shares.

On April 13, 2021, Black Lion completed the transaction with Globally Local. The transaction was completed by way of statutory amalgamation whereby Black Lion amalgamated Subco and all of the outstanding shares of Globally Local were exchanged for Black Lion shares on a 1 to 1 basis.

The Transaction has been accounted for in accordance with IFRS 2 Share-based payment. The Transaction is considered to be a reverse takeover of Black Lion by Globally Local. A reverse takeover transaction involving a non-public operating entity and a non-operating public company is in substance a shared based payment transaction rather than a business combination. The Transaction is equivalent to the issuance of common shares by the non-public operating entity, Globally Local, for the net assets and the listing status of the non-operating public company, Black Lion. The fair value of the common shares issued was determined based on the fair value of the common shares issued by Black Lion. For financial reporting purposes, the Company is considered a continuation of Globally Local, the legal subsidiary. The Transaction was negotiated and completed at arm's length. The combined results of operations are included from April 14, 2021.

In connection with the Transaction, Black Lion changed its name to Globally Local Technologies Inc. and the resulting issuer issued an aggregate of 4,661,318 common shares to the former holders of common shares of Black Lion Capital Corp.; and 64,000,000 common shares to the former holders of shares of Globally Local. As a finder fee, the agents to the Transaction received 2,812,500 common shares of the Company.

In connection with the reverse takeover transactions, Globally Local completed the previously announced Offering of $4,200,000 of aggregate proceeds of subscription receipts in exchange for 10,500,000 common shares of the Company, at a subscription price of $0.40 per subscription receipt. As a consideration for services provided by agents in connection with the offering, the agents received 840,000 compensation options and $336,000 in cash commissions.

At the acquisition date on April 13, 2021, the transaction was recorded as follows:

Fair Value of Black Lion Shares		
Number of pre-consolidation Black Lion Shares		11,653,295
Consolidation of Black Lion Shares (2.5/1)		0.40
Number of post-consolidation Black Lion Shares		4,661,318
Share value	$	0.40
Cost of acquisition, share issuance	$	1,864,527
Fair replacement for CPC options		108,207
Shares issued to agent		1,125,000
Total consideration	$	3,097,734
Fair value of net assets, including cash		568,810
Excess paid over assets, listing expense	$	2,528,924
Fair value of net assets calculation		
Assets	$	568,810
Liabilities		-
	$	568,810

The outstanding Black Lion 410,600 warrants (CPC options) were assigned a grant date value of $108,207 as estimated using the Black-Scholes valuation model with the following assumptions: exercise price of $0.25, share price of $0.40, volatility of 66%, risk free interest rate of 0.94% and an expected maturity of 5 years.

The excess of fair value of purchase price over the net assets is considered an expense of acquiring a public listing and as a result, the listing fee expense of $2,528,924 has been included in the statement of loss and comprehensive loss for the year ended September 30, 2021.

6. Accounts Receivable and Other Receivables

		September 30, 2022		**September 30, 2021**
Trade receivable	$	62,032	$	107,856
Expected credit loss		686		-
		61,346		107,856
HST receivable		74,839		227,601
Lease receivable – current portion		17,029		-
Other receivable		2,976		138,302
	$	156,190	$	473,759

Since its incorporation, the Company has not incurred any significant credit loss in respect of its trade receivables.

At September 30, 2022, other receivables include $1,377 (September 30, 2021- $118,514) on account with a supplier and $1,599 (September 30, 2021- $19,788) of sundry receivables.

7. Inventory

Inventories are comprised of the following:

		September 30, 2022		**September 30, 2021**
Raw materials	$	68,327	$	12,328
Manufactured food		113,526		101,047
Packaging and supplies		46,850		26,071
	$	228,703	$	139,446

Inventories are stated at the lower of cost or net realizable value. The Company periodically reviews the value of items in inventory and provides write-downs or write-offs of inventory based on its assessment of saleability and quality. The Company has not recorded an obsolescence provision in the current year ($Nil September 2021).

Raw materials, manufactured food and packaging and supplies recognized as cost of sales for the year ended September 30, 2022, amounted to $1,320,419 (2021 - $413,395).

8. Prepaid Expenses and Deposits

		September 30, 2022				**September 30, 2021**		
		Current		Non-current		Current		Non-current
Prepaid expenses	$	32,761	$	26,589	$	96,973	$	-
Security deposits		63,250		46,950		-		77,374
	$	96,011	$	73,539	$	96,973	$	77,374

9. Deferred Charges

		September 30, 2022		**September 30, 2021**
Current	$	79,140	$	-
Non-current		57,579		-
	$	136,719	$	-

Deferred charges represent incremental costs to incur contracts with customers $64,119 (September 30, 2021 - $ nil) (Note 25) and other deferred charges $72,600 (September 30, 2021 $ nil).

10. Lease Receivable

		September 30, 2022		**September 30, 2021**
Lease receivable	$	433,053	$	-
Expected credit losses		14,205		-
		418,848		-
Current portion		17,029		-
	$	401,819	$	-

The Company is considered an intermediate lessor on two restaurant premises subleased commencing in fiscal 2022. The following table presents the contractual undiscounted cash inflows for lease receivables at September 30, 2022:

		September 30, 2022
Within one year	$	53,632
1 to 2 years		75,178
2 to 3 years		76,428
3 to 4 years		76,678
4 to 5 years		78,581
Thereafter		432,017
Total undiscounted lease receivable	$	792,514
Unearned finance income		(359,461)
Expected credit losses		(14,205)
Total lease receivable	$	418,848

11. Property and Equipment

	Computer Equipment	Furniture and Equipment	Leaseholds	Vehicles	Total
Cost:					
Balance September 30, 2020	$ 22,053	$ 296,982	$ 138,296	$ 38,000	$ 495,331
Additions	35,113	720,336	1,404,822	-	2,160,271
Disposals	-	(51,291)	(29,154)	-	(80,445)
Balance September 30, 2021	57,166	966,027	1,513,964	38,000	2,575,157
Additions	14,928	245,849	948,866	-	1,209,643
Impairment	(42)	(3,133)	(42,040)	-	(45,215)
Reclassification to disposal group held for sale	(307)	(22,675)	(304,300)	-	(327,282)
Disposals	-	(4,190)	-	-	(4,190)
Balance September 30, 2022	$ 71,745	$ 1,181,878	$ 2,116,490	$ 38,000	$ 3,408,113
Accumulated Depreciation:					
Balance September 30, 2020	$ 13,849	$ 90,353	$ 36,948	$ 29,957	$ 171,107
Depreciation	8,893	77,533	50,527	3,764	140,717
Disposals	-	(25,724)	(13,866)	-	(39,590)
Balance September 30, 2021	22,742	142,162	73,609	33,721	272,234
Depreciation	19,676	219,860	184,135	2,737	426,408
Disposals	-	(2,025)			(2,025)
Balance September 30, 2022	$ 42,418	$ 359,997	$ 257,744	$ 36,458	$ 696,617
Net book value September 30, 2021	$ 34,424	$ 823,865	$ 1,440,355	$ 4,279	$ 2,302,923
Net book value September 30, 2022	$ 29,327	$ 821,881	$ 1,858,746	$ 1,542	$ 2,711,496

In August 2022, the Company sold a corporate-owned restaurant location under construction (disposal group). On sale, the Company derecognized prepaid expenses and items of property and equipment including computer equipment, furniture and equipment and leaseholds related to the location and recorded an impairment loss of $45,481 which has been included in other expenses for the fiscal year ended September 30, 2022. There was no additional gain or loss recognized on completion of the sale.

At September 30, 2022, capital assets in the course of construction amounted to $136,098 (September 30, 2021 $Nil). Commitments for the acquisition of capital assets amounted to $644,250 (September 30, 2021 $180,207).

12. Right-of-use Asset

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

In calculating the underlying right-of-use assets and corresponding lease liabilities, management utilized an average incremental cost of borrowing of 12.31%.

The following schedule shows the movement in the Company's right-of-use assets during the years ended September 30, 2022 and 2021.

Right-of-use assets		**Premises**		**Equipment**		**Total**
Balance as of September 30, 2020	$	387,811	$	-	$	387,811
Additions		1,138,561		-		1,138,561
Disposals		(183,858)		-		(183,858)
Balance as of September 30, 2021	$	1,342,514	$	-	$	1,342,514
Additions		229,322		15,855		245,177
Disposals		(229,887)		-		(229,887)
Remeasurement of leases		(40,147)		-		(40,147)
Balance as of September 30, 2022	$	1,301,802	$	15,855	$	1,317,657
Accumulated Depreciation						
Balance as of September 30, 2020	$	187,701		-	$	187,701
Depreciation		110,997		-		110,997
Disposals		(138,119)	$	-		(138,119)
Balance as of September 30, 2021	$	160,579		-	$	160,579
Depreciation		173,652		3,966		177,618
Disposals		(2,951)		-		(2,951)
Remeasurement of leases		(1,089)		-		(1,089)
Balance as of September 30, 2022	$	330,191	$	3,966	$	334,157
Net book value, September 30, 2021	$	1,181,935	$	-	$	1,181,935
Net book value, September 30, 2022	$	971,611	$	11,889	$	983,500

The right-of-use assets are depreciated on a straight-line basis over the lease terms which range from 2 to 10 years.

13. Accounts Payable and Accrued Liabilities

		September 30, 2022		**September 30, 2021**
Trade payables	$	609,469	$	1,147,426
Accrued liabilities and other payables		896,464		437,233
	$	1,505,933	$	1,584,659

14. Deferred Revenue

		September 30, 2022		September 30, 2021
Franchise fees and deposits	$	380,274	$	45,848
Gift cards		5,353		-
Deferred revenue	$	385,627	$	45,848

Under the terms of the franchise agreements a portion of the funds pertaining to pre-opening support services are to be recognized upon a franchisee's initial operational commencement. The remainder of the funds are to be amortized over the life of the franchise agreements which range from 5 to 10 years.

The Company recognizes revenue related to unexercised rights when the likelihood of the exercise becomes remote and it is highly probable that a significant reversal will not occur.

15. Loans Payable

The following schedule shows the movement in Loans payable for the years ended September 30:

		2022		2021
Balance beginning of the year	$	242,790	$	324,204
Interest expense		17,585		19,947
Payments		(65,026)		(101,361)
Balance end of year	$	195,349	$	242,790

Loans payable were comprised of the following:

Loans Payable		**September 30, 2022**		**September 30, 2021**
Floating base rate plus 4.7%, amortized over 6 years. Secured by first interest in certain equipment.	$	69,233	$	93,689
Floating base rate plus 1%, amortized over 5 years. Secured by guarantee of CEO and COO.		6,000		10,500
Prime rate plus 3%, amortized over 5 years. First ranking and specific security interest in equipment and leaseholds.		61,309		84,301
Canadian Emergency Business Account, two loans of $30,000 each, interest free until December 31, 2023.		58,807		54,300
Subtotal	$	195,349	$	242,790
Less: current portion of loans payable		51,947		106,247
Non-current loans payable	$	143,402	$	136,543

During the fiscal year ended September 30, 2022, the Government of Canada extended the maturity of the interest-free Canadian Emergency Business Account loans from December 31, 2022 to December 31, 2023. The amount originally advanced under the loans was $40,000 each including $10,000 that is forgivable if the loan is repaid in full at the end of the interest-free period.

16. Lease Liabilities

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

Lease Liabilities	**Right of Use Assets**	**Equipment Finance Leases**	**Total**
Balance September 30, 2020	$ 378,480	$ -	$ 378,480
Interest expense	82,164	295	82,459
Lease payments	(140,928)	(2,812)	(143,740)
Lease termination	(63,333)	-	(63,333)
Additions	1,138,561	160,949	1,299,510
Balance September 30, 2021	$ 1,394,944	$ 158,432	$ 1,553,376
Interest expense	161,678	57,934	219,612
Lease payments	(210,929)	(164,481)	(375,410)
Remeasurement of leases	(38,824)	-	(38,824)
Reclassification	(166,386)	-	(166,386)
Additions	436,982	457,014	893,996
Balance September 30, 2022	$ 1,577,465	$ 508,899	$ 2,086,364

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

Current	$ 255,229	$ 38,939	$ 294,168
Non-current	1,139,715	119,493	1,259,208
Balance September 30, 2021	$ 1,394,944	$ 158,432	$ 1,553,376

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

During the year ended September 30, 2022, variable lease payments not included in the measurement of lease liabilities totalled $110,678 (2021 - $47,733). These payments were recognized as an expense and included in "Selling, general and administrative" expense in the consolidated statements of loss and comprehensive loss.

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

Future Lease Payments		**Right of Use Assets**		**Equipment Finance Leases**		**Total**
Within one year	$	298,040	$	196,700	$	494,740
1 to 2 years		316,511		192,271		508,782
2 to 3 years		317,117		165,900		483,017
3 to 4 years		250,281		58,645		308,926
4 to 5 years		258,632		9,006		267,638
After 5 years		1,156,329		-		1,156,329
Total	$	2,596,910	$	622,522	$	3,219,432

17. Simple Agreement for Future Equity

During the year ended September 30, 2019, the Company entered into a series of Simple Agreements for Future Equity ("SAFE") arrangements. Pursuant to the terms of the SAFE, investors agreed to pay the Company a fixed amount of cash consideration ("the Purchase Amount") in exchange for the right to receive future shares in the Company at a later date. The terms of the SAFE were such that the number of shares issuable to the investor was variable depending on the occurrence, or non-occurrence, of specified future events and conditions, based on the post-money valuation cap of such SAFE arrangements.

The SAFE was primarily designed to issue to the investor a number of shares equal to the Purchase Amount divided by the Conversion Price (defined herein) upon the occurrence of an equity financing, and, whereas the conversion price was defined as: the valuation cap divided by the total shares outstanding immediately prior to the equity financing or 85% of the price per share in the equity financing, whichever calculation results in a greater number of SAFE Shares.

The Company designated the entire SAFE arrangements as financial liabilities at FVTPL as permitted by IFRS 9. On initial recognition, the Company measured the liability at an amount equal to the aggregate proceeds that were received from investors in exchange for the SAFE.

On December 4, 2020, the Company completed a private placement in the amount of $350,010 at a price of $0.40 per share. As a result of such equity financing, which is considered as a triggering event for conversion, all previously issued SAFE arrangements were converted into 7,812,500 common shares of the Company on December 4, 2020. Therefore, $3,125,000 was reclassified from SAFE arrangements in the consolidated statements of financial position to share capital in the consolidated statement of changes in shareholders' equity (deficit).

18. Share Capital

Authorized share capital

The Company is authorized to issue an unlimited number of common shares.

Outstanding share capital

On December 3, 2020, the shareholders approved by special resolution a share split of the common shares of the Company such that every 1 pre-split common share would be converted to 86,100 post-split common shares of the Company.

On December 16, 2020, the Company repaid a $500,000 non-interest-bearing demand loan to the shareholder and the $500,000 was recontributed to the Company and recognized as part of share capital.

During the year ended September 30, 2021, the Company completed a private placement of 2,375,000 shares at the price of $0.40 for gross proceeds of $950,010, net of share issuance costs of $nil.

In connection with the reverse takeover the Company issued 4,661,318 common shares to the former holders of common shares of the Company; and 64,000,000 common shares to the former holders of shares of Globally Local. As a finder's fee, the agents who assisted in the facilitation of the Reverse Takeover Transaction received 2,812,500 common shares of the Company with a total fair value of $1,125,000 (note 5).

On April 13, 2021, the Company completed its' concurrent financing consisting of 10,500,000 common shares for gross proceeds of $4,200,000. The Company paid a commission to agents of the placement of cash of $472,250 and 840,000 compensation options, exercisable at $0.40 per common share, expiring on April 13, 2023.

On April 28, 2021, the Company issued 324,500 common shares pursuant to the exercise of agents' compensation options at $0.40 per share for gross proceeds of $129,800.

During the year ended September 30, 2021, the Company issued 410,600 common shares pursuant to the exercise of former Black Lion warrants (CPC options) at $0.25 per share for gross proceeds of $102,650 and 130,000 common shares pursuant to the exercise of stock options at $0.40 per share for gross proceeds of $52,000.

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

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

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

As of September 30, 2022 the Company had received $183,000 in subscription receipts for a private placement that closed in October 2022 (Note 30).

19. Stock Options

Stock Options

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

The following table summarizes the continuity of the Company's stock options for the years ended September 30, 2022 and 2021:

	Number of Options		**Weighted Average Exercise Price**
Outstanding September 30, 2020	-	$	-
Granted	5,675,506		0.56
Forfeited	(451,054)		0.40
Exercised	(130,000)		0.40
Outstanding September 30, 2021	5,094,452	$	0.58
Granted	350,000		0.60
Forfeited	(622,500)		0.71
Outstanding September 30, 2022	4,821,952	$	0.56

As at September 30, 2022, the weighted average remaining life of stock options was 3.54 years.

Grant Date		Exercise Price	Stock Options Outstanding	Stock Options Exercisable	Expiry Date
April 13, 2021	$	0.40	3,655,952	1,251,983	April 13, 2026
April 27, 2021	$	1.20	100,000	33,333	April 27, 2026
May 5, 2021	$	1.55	150,000	150,000	May 5, 2023
June 4, 2021	$	1.22	481,000	160,333	June 4, 2026
August 31, 2021	$	1.00	90,000	30,000	August 31, 2026
December 31, 2021	$	0.75	195,000	-	December 31,2026
August 22, 2022	$	0.40	150,000	-	August 22, 2027
			4,821,952	1,625,649	

The weighted average price of stock options vesting in the year ended September 30, 2022, was $0.61. Stock options may expire at an earlier date upon termination of services.

Share based compensation expense is determined using the Black-Scholes option pricing model. During the year ending September 30, 2022, the Company recognized share-based compensation expense of $625,445 (2021 – $445,353) in equity reserves, of which $560,000 (2021 -- $341,902) pertains to directors and officers of the Company.

The assumptions used in calculating the fair value of share-based compensation expense for the options granted to directors, officers and employees are as follows: Risk free interest rate of between .83% to 3.19%, dividend yield of 0%, expected volatility of 55% to 66% and expected life of 5 years.

Warrants

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

	Expiry Date	Exercise Price	Outstanding September 30, 2020	Issued	Exercised	Outstanding September 30, 2021
Broker's warrants	April 13, 2023	$ 0.40	-	840,000	324,500	515,500
Black Lion warrants	December 14, 2021	$ 0.25	-	60,000	60,000	-
Black Lion warrants	April 4, 2026	$ 0.25	-	350,600	350,600	-
			-	1,250,600	735,100	515,500

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

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

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

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

The fair value of the Black Lion legacy warrants was determined to be $108,207 by using the Black Scholes Option Pricing model and the following assumptions: Risk free interest rate of 0.94%; dividend yield of 0%, expected volatility 66%, expected life of 5 years, forfeiture rate of 0%.

The weighted average exercise price of warrants outstanding at September 30, 2022 was $0.56.

20. Income Taxes

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 27% (2021- 27%) to the effective tax rate is as follows for the years ended September 30, 2022 and 2021:

		2022		2021
Loss and comprehensive loss before recovery of income taxes	$	(4,285,736)	$	(5,171,271)
Expected income tax recovery	$	(1,140,443)	$	(1,396,243)
Tax rate changes and other adjustments		23,334		9,232
Share issuance costs booked through equity		-		(127,508)
Stock based compensation expense		168,870		120,245
Listing expense		-		682,809
Other non-deductible expenses		74,532		27,069
Change in tax benefits not recognized		873,707		684,395
Income tax expense (recovery)	$	-	$	-

The following table summarizes the components of deferred tax:

		2022		2021
Deferred tax assets				
Lease liabilities	$	516,222	$	354,867
Deferred tax liabilities				
Other receivables		(111,311)		-
Right-of-use asset		(404,911)		(354,867)
Net deferred tax asset	$	-	$	-

Unrecognized deferred tax assets

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

		2022		2021
Property and equipment, net	$	469,956	$	129,715
Intangible Assets		8,031		-
Lease liabilities		517,539		214,253
Share issuance costs		333,551		428,500
Non capital losses carry forward		6,006,328		2,939,736
SR&ED Pool		20,685		20,685
Accounts payable and accrued liabilities		53,354		53,354

The Canadian non-capital loss carry forwards expires as noted in the table below. The Company lost past non-capital loss carry forwards as the Company ceased to be a Canadian Controlled Private Corporation (CCPC) with the RTO transaction. The deductible temporary differences may be carried forward indefinitely. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the group can utilize the benefits therefrom.

The Company's Canadian non-capital tax losses expire as follows:

		2022
2038	$	108,464
2039		155,179
2040		230,207
2041		2,236,107
2042		3,276,371
	$	6,006,328

21. Commitments and Contingencies

The Company is subject to various claims by third parties arising out of the normal course and conduct of its business, including, but not limited to, labour and employment, regulatory, franchisee related, COVID-19 related rent concessions and environmental claims. In addition, the Company is potentially subject to regular audits from federal and provincial tax authorities relating to income, commodity, and capital taxes and as a result of these audits may receive assessments and reassessments. Although such matters cannot be predicted with certainty, management currently considers the Company's exposure to such claims and litigation, to the extent not covered by the Company's insurance policies or otherwise provided for, not to be material to these consolidated financial statements.

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

22. Related Party Transactions

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

Compensation of key management is included in the consolidated statements of loss and comprehensive loss as follows:

		2022		2021
Salaries, social charges and other personnel expenses	$	529,226	$	318,034
Consulting fees		-		86,140
Share based payments		90,600		1,314,590
	$	619,826	$	1,718,764

In December 2020, the Company repaid a $500,000 non-interest-bearing demand loan to the shareholder and the $500,000 was recontributed to the Company and recognized as part of share capital.

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

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

In September 2022, in connection with a private placement, the Company received subscriptions of $150,000 from a director and two officers of the Company. 428,571 common shares and 428,571 warrants to purchase the Company's common stock were issued in October 2022 (Note 30).

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

23. Capital Management

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

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

24. Financial Instruments and Risk Management

Financial Instruments

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

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

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

Fair Value

As at September 30, 2022 the carrying amounts of the Company's financial instruments which include cash, accounts receivable and other receivables, accounts payable and accrued liabilities are approximately equivalent to their fair values due to the relatively short periods to maturity of these instruments.

Fair Value Hierarchy

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The hierarchy is summarized as follows:

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

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

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

Financial Risk Factors

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

Credit risk and concentration

Financial instruments that potentially subject the Company to credit risk consist primarily of cash, accounts receivable and other receivables, and lease receivables. Cash is maintained at Canadian financial institutions, and accounts receivable and other receivables primarily comprise amounts due from customers and sales tax refunds.

Lease receivables are due from franchisees. The Company has no significant concentration of credit risk arising from operations.

The aging of the company's trade receivables as at September 30, 2022 and September 30, 2021 was as follows:

Trade Receivable	**September 30, 2022**	**September 30, 2021**
Current	$ 37,612	$ 107,856
Past due	24,420	-
	$ 62,032	$ 107,856

September 30, 2022	**Current**	**1-30 days**	**30-60 days**	**>60 days**	**Total**
Trade receivable	$ 37,612	$ 22,940	$ 678	$ 802	$ 62,032
Expected loss rate	1.0%	1.0%	3.0%	7.5%-	
Loss provision	376-	229	21	60	686
Lease receivable	433,053	-	-	-	-
Expected loss rate	3.3%	-	-	-	-
Loss provision	14,205	-	-	-	-

September 30, 2021	**Current**	**1-30 days**	**30-60 days**	**>60 days**	**Total**
Trade receivable	$ 107,856	$ -	$	$	$ 107,856
Expected loss rate	0.0%	-			0.0%
Loss provision	--	-			-
Lease receivable	-	-	-	-	-
Expected loss rate	-	-	-	-	-
Loss provision	-	-	-	-	-

Liquidity risk

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

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

As at September 30, 2022		Within 1 year		Between 1 – 2 years		Between 2 – 5 years		Beyond 5 years		Total
Trade and other payables	$	1,505,933	$	-	$	-	$	-	$	1,505,933
Loans payable		63,664		115,445		37,268		-		216,377
Lease liabilities		494,740		508,782		1,059,581		1,156,329		3,219,432
	$	2,064,337	$	624,227	$	1,096,849	$	1,156,329	$	4,941,742
As at September 30, 2021										
Trade and other payables	$	1,584,659	$	-	$	-	$	-	$	1,584,659
Loans payable		124,193		60,829		89,577		-		274,599
Lease liabilities		457,880		303,915		729,132		891,871		2,382,798
	$	2,166,732	$	364,744	$	818,709	$	891,871	$	4,242,056

Interest rate risk

The Company is subject to interest rate risk from its variable rate bank borrowings. As at September 30, 2022, a 1% change in prevailing interest rates would change the annualized interest charges incurred by $1,365 (September 30, 2021 - $1,885).

Commodity price risk

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

25. Revenue

Disaggregation of revenue from contracts with customers

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

		2022		2021
Corporate restaurant sales	$	2,856,731	$	1,054,279
Food processing sales		53,932		65,138
Other food sales		-		19,799
Food sales	$	2,910,663	$	1,139,216

Contract assets and liabilities

As at September 30, 2022 and September 30, 2021, the Company had contract assets and liabilities as follows:

Contract asset – Deferred Charges

		2022		**2021**
Balance beginning of the year	$	-	$	-
Costs incurred		65,379		-
Recognized as expense		(1,260)		-
Balance, end of year (Note 9)	$	64,119	$	-
Less current portion		(6,540)		-
Deferred charges	$	57,579	$	-

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

Contract liability- Deferred Revenue

		2022		**2021**
Franchise fees – licence of intellectual property				
Balance, beginning of year	$	45,848	$	14,238-
Receipts		355,000		35,000
Revenue recognized		(20,574)		(3,390)
Balance, end of year (Note 14)	$	380,274	$	45,848

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

Set out below is the amount of revenue recognized from:

		2022		2021
Amounts included in contract liabilities at the beginning of the year	$	12,487	$	3,390
Performance obligations satisfied in previous years		1,506		390

Performance obligations

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

		2022		2021
Within one year	$	42,000	$	8,006
1 to 2 years		81,600		13,000
3 to 4 years		78,000		7,600
5 to 10 years		178,674		17,242
	$	380,274	$	45,848

26. Expenses

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

		2022		2021
Materials and services	$	1,133,865	$	413,395
Salaries and wages		1,171,266		593,506
Depreciation		234,662		106,627
	$	2,539,793	$	1,113,528

Selling, general and administrative expenses are made up of the following items:

		2022		2021
Advertising and public relations	$	265,241	$	358,124
Depreciation		360,634		151,661
Rent and other occupancy costs		262,169		68,636
Other		707,803		439,557
	$	1,595,847	$	1,017,978

27. Other Income

The Canadian Emergency Wage Subsidy (CEWS) and the Canadian Emergency Rent Subsidy were provided by the Government of Canada for business that were adversely impacted by COVID-19. During the year ended September 30, 2022, the Company recognized total income from CEWS and CERS in the amount of $14,177 (2021 - $285,846). These subsidies are considered government grants and recognized in accordance with IAS 20. The amounts were included in Other Income on the consolidated statements of loss and comprehensive loss.

28. Non-Cash Working Capital

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

		2022		**2021**
Accounts receivable and other receivable	$	333,912	$	(413,102)
Inventory		(89,257)		(68,964)
Prepaid expenses and deposits		67,780		(126,942)
Deferred charges		(136,719)		-
Accounts payable and accrued liabilities		(245,111)		1,408,100
Deferred revenue		339,779		31,610
	$	270,384	$	830,702

29. Comparative amounts

Certain comparative figures have been reclassified to conform to current year presentation.

30. Subsequent Events

In October 2022, the Company granted 150,000 options to purchase Company shares exercisable at a price of $0.40, for a period of 5 years to a director of the Company.

In October 2022, the Company completed a private placement. The Company issued 979,999 common shares each with a warrant that entitles the holder to purchase a common share at an exercise price of $0.55 at any time prior to October 7, 2024.

On January 24, 2023, the Company announced the closing of the first tranche of a private placement with gross proceeds of $1,300,500. The company issued 5,202,000 units for a unit price of $0.25. Each unit is comprised of one common share and a common share purchase warrant that entitles the holder to purchase a common share at an exercise price of $0.40 at any time prior to January 24, 2025.