Consolidated Financial Statements of

Coho Collective Kitchens Inc.

For the 15 months ended March 31, 2022 and year ended December 31, 2020 (restated)

(Expressed in Canadian dollars)

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Independent Auditor's Report

To the Shareholders of Coho Collective Kitchens Inc.

Opinion

We have audited the consolidated financial statements of Coho Collective Kitchens Inc. and its subsidiaries (the "Company"), which comprise the consolidated statement of financial position as at March 31, 2022, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity (deficit) and cash flows for the 15 month period 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 March 31, 2022, and its consolidated financial performance and its consolidated cash flows for the period then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit 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 audit of the consolidated 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.

Emphasis of Matter – Restated Comparative Information

We draw attention to Note 20 to the consolidated financial statements, which explains that certain comparative information presented:

- for the year ended December 31, 2020 has been restated.
- as at January 1, 2020 has been derived from the statement of financial position as at December 31, 2019 has been restated (not presented herein).

Our opinion is not modified in respect of this matter.

The consolidated financial statements for the years ended December 31, 2020 and 2019 (not presented herein but from which the comparative information at January 1, 2020 has been derived), excluding the adjustments that were applied to restate certain comparative information, were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on May 27, 2022.

As part of our audit of the consolidated financial statements for the 15 month period ended March 31, 2022, we also audited the adjustments applied to restate certain comparative information presented for the year ended December 31, 2020 and as at January 1, 2020. In our opinion, such adjustments are appropriate and have been properly applied.

Other than with respect to the adjustments that were applied to restate certain comparative information, we were not engaged to audit, review, or apply any procedures to the consolidated financial statements:

- for the year ended December 31, 2020
- for the year ended December 31, 2019 (not presented herein)
- as at January 1, 2020

Accordingly, we do not express an opinion or any other form of assurance on those consolidated financial statements taken as a whole.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company may not generate sufficient funds from operations to meet all of its financial obligations and may need to generate funds from other sources to do so. 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 the information included in 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 audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, 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 in this auditor's report. 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 IFRSs, 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 audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 John Leavitt.

BDO Canada LLP

Chartered Professional Accountants

Calgary, Alberta
August 3, 2022

COHO COLLECTIVE KITCHENS INC.

Consolidated Statements of Financial Position

	Note		As at March 31, 2022		As at December 31, 2020 (restated)		As at January 1, 2020 (restated)
ASSETS					(Note 20)		(Note 20)
Current							
Cash		$	111,496	$	249,538	$	-
Trade receivables			123,058		50,321		11,098
Prepaid expenses – current portion			337,500		65,867		73,570
			572,054		365,726		84,668
Non-current							
Prepaid expenses			224,093		-		-
Property and equipment	6		2,888,052		1,586,743		865,014
Right-of-use assets	7		3,524,167		2,067,326		2,255,618
TOTAL ASSETS		**$**	**7,208,366**	**$**	**4,019,795**	**$**	**3,205,300**
LIABILITIES							
Current							
Bank indebtedness			-		-		1,962
Trade payable			1,380,123		186,880		121,626
Deposits	16		172,198		95,139		65,510
Deferred revenue			10,018		-		-
Lease obligation - current portion	7		270,011		203,302		47,658
Loans from shareholders	15		88,982		164,394		180,784
Other loans - current	17		245,905		189,283		241,000
Credit facilities	11		646,043		797,717		503,606
			2,813,280		1,636,715		1,162,146
Non-current							
Lease obligation	7		3,853,836		2,357,938		2,407,973
Other loans	17		540,104		358,027		80,000
TOTAL LIABILITIES			**7,207,220**		**4,352,680**		**3,650,119**
SHAREHOLDERS' EQUITY (DEFICIT)							
Share capital	8		10,657,401		601,271		29
Other reserves	8,10		715,986		-		-
Deficit			(11,372,241)		(915,555)		(419,245)
Non-controlling interest	9		-		(18,600)		(25,603)
TOTAL SHAREHOLDERS' EQUITY (DEFICIT)			**1,146**		**(332,885)**		**(444,819)**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)		**$**	**7,208,366**	**$**	**4,019,795**	**$**	**3,205,300**

Nature of operations and going concern (Note 1)
Subsequent events (Note 19)

Approved by the Directors:

"Andrew Barnes"
Andrew Barnes, Director

"Amrit Maharaj"
Amrit Maharaj, Director

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

COHO COLLECTIVE KITCHENS INC.

Consolidated Statements of Loss and Comprehensive Loss

	Note		For the 15 months ended March 31, 2022		For the year ended December 31, 2020 (restated) (Note 20)
REVENUE					
Rental		$	1,962,781	$	930,075
Retail			385,026		127,881
TOTAL REVENUE			2,347,807		1,057,956
COST OF SALES (RETAIL)			235,060		83,298
GROSS PROFIT			2,112,747		974,658
OPERATING EXPENSES					
Advertising and promotion			189,230		36,309
Amortization	6, 7		753,320		403,444
Accretion	17		11,540		-
Interest	7,11,17		583,023		376,358
Occupancy cost			518,976		154,624
Office and miscellaneous			276,221		78,205
Professional fees			814,764		40,426
Salaries and benefits	15		1,991,598		306,972
Subcontractor			73,125		13,009
Supplies			262,314		114,619
Share based compensation	8,15		345,935		-
TOTAL OPERATING EXPENSES			5,820,046		1,523,965
NET OPERATING LOSS		$	**(3,707,299)**	$	**(549,307)**
OTHER ITEMS					
Acquisition of Phantom	2,8		(6,730,787)		-
Other income	17		-		60,000
NET LOSS		**$**	**(10,438,086)**	**$**	**(489,307)**
NET LOSS AND COMPREHENSIVE LOSS ATTRIBUTABLE TO:					
Non-controlling interest	9		-		(4,707)
Owners of the parent			(10,438,086)		(484,600)
		$	**(10,438,086)**	**$**	**(489,307)**
LOSS PER SHARE FOR PROFIT ATTRIBUTABLE TO THE ORDINARY EQUITY HOLDERS OF THE COMPANY	12		**$(0.19)**		**$(0.29)**
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	12		**54,933,500**		**1,621,440**

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

COHO COLLECTIVE KITCHENS INC.

Consolidated Statements of Changes in Shareholders' equity (deficit)

	Number of shares	Share Capital	Other Reserves	Non-Controlling Interest	Deficit	Total Shareholders' equity (deficit)
Balance at January 1, 2020 (Restated - Note 20)	**24,000,000**	**$ 29**	**$ -**	**$ (25,603)**	**$ (419,245)**	**$ (444,819)**
Change in NCI due to redemption of subsidiary shares	-	-	-	11,710	(11,710)	**-**
Shares issued	6,000,000	601,242	-	-	-	**601,242**
Net loss (Restated - Note 20)	-	-	-	(4,707)	(484,600)	**(489,307)**
Balance at December 31, 2020 (Restated - Note 20)	**30,000,000**	**$ 601,271**	**$ -**	**$ (18,600)**	**$ (915,555)**	**$ (332,885)**
Shares issued on private placement net of share issuance costs (Note 8)	10,007,500	2,728,997	200,150	-	-	**2,929,147**
Shares issued as finder's fees on private placement (Note 8)	633,960	(12,679)	12,679	-	-	**-**
Performance warrants issued as finder's fees on private placement (Note 8)	-	(140,921)	140,921	-	-	**-**
Shares issued for services rendered (Note 8)	100,000	30,000	-	-	-	**30,000**
Shares issued for repurchase of NCI (Note 8, 9)	410,520	114,946	(114,946)	18,600	(18,600)	**-**
Shares issued on acquisition of Phantom (Note 2, 8)	26,199,244	7,335,787	-	-	-	**7,335,787**
Share based compensation (Note 10)	-	-	315,935	-	-	**315,935**
Interest-free loans (Note 17)	-	-	161,247	-	-	**161,247**
Loss for the period – 15 months	-	-	-	-	(10,438,086)	**(10,438,086)**
Balance at March 31, 2022	**67,351,224**	**$ 10,657,401**	**$ 715,986**	**$ -**	**$ (11,372,241)**	**$ 1,146**

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

		For the 15 months ended March 31, 2022		For the year ended December 31, 2020 (restated) (Note 20)
Operating Activities				
Net loss for the period	$	(10,438,086)	$	(489,308)
Items not involving cash:				
Amortization of property and equipment		389,036		215,151
Amortization of right-of-use assets		364,284		188,293
Accretion of non-interest bearing loans		11,540		-
Interest		466,077		303,430
Share based compensation		345,935		-
Share based payment		6,730,787		-
Changes in working capital and other items:				
Trade receivables		(72,963)		(39,223)
Prepaid expenses		(495,726)		7,703
Trade payable		469,982		65,254
Deferred revenue		10,018		-
Deposits		77,059		29,629
Net cash provided by (used in) operating activities		(2,142,057)		280,929
Investing Activities				
Cash acquired on acquisition		605,000		-
Payables related to capital expenditures		693,010		-
Purchase of property and equipment		(1,692,357)		(724,575)
Net cash used in investing activities		(394,347)		(724,575)
Financing Activities				
Proceeds from share issuances		2,929,147		-
Payables related to share issuances		30,476		
Loan advances		236,732		1,121,663
Lease obligation		(722,582)		(410,127)
Shareholder repayment		(75,411)		(16,390)
Net cash provided by financing activities		2,398,362		695,146
Increase (decrease) in cash during the period		(138,042)		251,500
Cash (bank indebtedness), beginning of period		249,538		(1,962)
Cash, end of period	**$**	**111,496**	**$**	**249,538**

Supplemental Cash Flow Information

Non-Cash Transactions				
Shares issued as finder's fees on private placement	$	(12,679)	$	-
Shares issued for services rendered		30,000		-
Shares issued for purchase of NCI		114,946		-
Shares issued for Phantom acquisition		7,335,787		
Conversion of loans to share capital		-		601,242

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Coho Collective Kitchens Inc. (the "Company" or "COHO") was incorporated on June 7, 2019 under the Company Act of British Columbia. COHO's principal business activities are the provision of Commercial Commissary Kitchen and rental of these kitchens to food based businesses in Canada. The Company's registered office is at 2900-550 Burrard Street Vancouver, BC V6C 0A3.

Going Concern

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company is able to meet its commitments, realized its assets and discharge its liabilities through its normal course of business.

The Company's ability to meet its financial obligations depends on a number of factors, some of which are beyond its control. These include general global economic, credit and capital market conditions, and the demand for and selling price of its services. There is no assurance that the expected cash flows from operations and the other steps being taken will allow the Company to meet its obligations as they become due.

The Company may not generate sufficient funds from operations to meet all of its financial obligations and may need to generate funds from other sources to do so. Rapidly changing global economic conditions make access to the credit and capital markets difficult for the Company, which may compromise its ability to obtain suitable financing. The Company may not generate sufficient funds from operations to meet all of its financial obligations and may need to generate funds from other sources to do so.

The Company's existing financial obligations will constrain its capital spending and that may have an adverse effect on its operations. The Company's debt levels will also limit its ability to expand its operations or make other investments that would enhance its competitiveness. At various times throughout the 15 months ended March 31, 2022, the Company was in violation of certain covenants.

Accordingly, there is a risk that the steps described above will not be successful in allowing the Company to meet its obligations, which may require the Company to sell core assets or raise debt or equity capital. However, these actions may have a material adverse effect on the Company's business and on the market prices of its equity securities.

If the Company is unable to generate positive cash flow or obtain adequate financing, the Company would need to further slow operations. These factors indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. Failure to continue as a going concern would require that Company's assets and liabilities be restated on a liquidation basis which could differ materially from the going concern basis.

On March 11, 2020, the outbreak of the novel strain of the coronavirus ("COVID-19") was officially declared a pandemic by the World Health Organization and has resulted in emergency measures to contain the spread of the virus. As a result, global financial markets have expected significant volatility.

To date, the Company has not experienced a significant downturn in demand for its services in connection with the pandemic, nor has it experienced any failure to secure critical supplies or services. Due to the ongoing uncertainty around the pandemic, the Company cannot provide assurance that there will not be disruptions to its operations in the future.

2. BUSINESS COMBINATIONS

On September 21, 2021, Coho acquired 100% of the issued and outstanding shares of Phantom Kitchens Inc. ("Phantom"). Phantom is a party to a binding term sheet with the Toptable Group, pursuant to which, if during the initial three-year term of the agreement any of the Toptable Group restaurants or other businesses within the Toptable Group require the services of a ghost kitchen, then the Toptable Group shall first attempt to contract with a ghost kitchen owned or operated by Phantom, subject to availability. Phantom did not meet the definition of a business per IFRS 3, Business Combinations and therefore was accounted for under IFRS 2, and expensed as a share based payment. Prior to the Company completing a 2:1 share consolidation of its common shares on February 17, 2022, Coho issued a total of 52,398,478 common shares (pre-consolidation) to the shareholders of Phantom in connection with the acquisition of all of the issued and outstanding shares of Phantom.

Total shares issued		52,398,478
Fair value per share	$	0.14
Total fair value of shares issued		7,335,787
Fair value of assets acquired		(605,000)
Share based payment	$	6,730,787

Assets acquired in the Phantom transaction consists purely of cash.

3. BASIS OF PRESENTATION

These consolidated financial statements have been prepared in accordance with IFRS as issued by the IASB and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The Company changed the end of its fiscal year from December 31, 2021 to March 31, 2022. Amounts for the 15 months ended March 31, 2022 have been presented for a 15-month period.

The Company's board of directors approved the release of these consolidated financial statements on August 3, 2022.

These consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments, which are measured at fair value. The consolidated financial statements are presented in Canadian dollars and all financial amounts, other than per-share amounts, are rounded to the nearest dollar. The functional currency of the Company and its subsidiaries is the Canadian dollar.

The preparation of these consolidated financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or area where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set up below have been applied consistently to all the periods presented in these financial statements unless otherwise indicated.

The Company's functional currency is the Canadian dollar. The reporting currency is the Canadian Dollar.

a. Basis of consolidation

These consolidated financial statements include the accounts of the Company and the following subsidiaries:

ENTITY	REGISTERED	HOLDING

Coho Commissary Inc.	British Columbia	100%
Coho Creekside Commissary Inc.	British Columbia	100%
The Block at Coho Collective Kitchens Inc.	British Columbia	100%
Café Coho Inc	British Columbia	100%
Sunshine by Coho Collective Kitchens Inc.	British Columbia	100%
Richmond by Coho Collective Kitchens Inc.	British Columbia	100%
Phantom Kitchen Inc.	British Columbia	100%
Victoria by Coho Collective Kitchens Inc.	British Columbia	100%

The subsidiaries are controlled by the Company. Control exists when the Company is exposed, or has rights, to the variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

On July 22, 2020 Creekside repurchased and cancelled 175,000 shares owned and controlled by the non-controlling shareholders. The shares were repurchased for nominal consideration.

On March 1, 2021 the Company acquired 3 shares owned and controlled by the non-controlling shareholder of Commissary. The Company issued 410,520 shares to the non-controlling shareholder as consideration for the 3 shares of Commissary (Note 9).

On September 21, 2021, Coho acquired 100% of the issued and outstanding shares of Phantom (Note 2).

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences. Intercompany balances and transactions, and any unrealized income and expenses arising from intercompany transactions, are eliminated in preparing the consolidated financial statements.

b. Non-controlling interests ("NCI")

Non-controlling interests are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

c. Revenue Recognition

At inception or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative standalone prices. When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'Revenue'. The Company typically satisfies its performance obligations overtime and uses time-based measure of progress because the Company is providing a series of distinct services that are substantially the same and have the same pattern of transfer.

For arrangements containing lease and non-lease components, the Company applies IFRS 15 to allocate the consideration in the contract.

Under IFRS15 revenue is recognized when control of a good or service transfers to a customer

The Company typically satisfies its performance obligation overtime and uses time-based measure of progress because the Company is providing a series of distinct services that are substantially the same and have the same pattern of transfer.

d. Property and equipment

Property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

Depreciation is recognized in the consolidated statement of loss and comprehensive loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment, since this most closely reflects the pattern of consumption of future economic benefits embodied in the asset. The gain or loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of the item of property and equipment and is recognized net within other income in the consolidated statement of loss and comprehensive loss.

The estimated useful lives for property and equipment are as follows:

Furniture and equipment	3 to 10 years
Software	3 years
Leasehold Improvements	Lesser of the useful life of the leaseholds or the term of the lease
Right-of-use assets	Term of the lease

e. Financial instruments

The following table shows the classification under IFRS 9:

Financial asset/liability	Classification under IFRS 9
Cash	FVTPL
Bank indebtedness	FVTPL
Trade receivable	Amortized cost
Trade payables	Amortized cost
Loan from shareholders	Amortized cost
Credit Facilities	Amortized cost
Other loans	Amortized cost
Deposits	Amortized cost

Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI") or at amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets at FVTPL

Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial asset held at FVTPL are included in the profit or loss in the period in which they arise.

Financial assets at FVTOCI

Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

Financial assets at amortized cost

Financial assets at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment. They are classified as current assets or non-current assets based on their maturity date.

Impairment of financial assets

IFRS 9 introduces a new three-stage expected credit loss model for calculating impairment for financial assets and no longer requires a triggering event to have occurred before credit losses are recognized. An entity is required to recognize expected credit losses when financial instruments are initially recognized and to update the amount of expected credit losses recognized at each reporting date to reflect changes in the credit risk of the financial instruments. In addition, IFRS 9 requires additional disclosure requirements about expected credit losses and credit risk.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods, if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

Derecognition of financial assets

Financial assets are derecognized when they mature or are sold, and substantially all the risks and rewards of ownership have been transferred. Gains and losses on derecognition of financial assets classified as FVTPL or amortized cost are recognized in the profit or loss. Gains or losses on financial assets classified as FVTOCI remain within accumulated other comprehensive income.

Financial liabilities

The Company classifies its financial liabilities into one of two categories as follows:

Financial liabilities at FVTPL

This category comprises derivatives and financial liabilities incurred principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss.

Financial liabilities at amortized cost

This category consists of liabilities carried at amortized cost using the effective interest method. These financial liabilities are initially recognized at fair value less directly attributable transaction costs.

Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. Gains and losses on derecognition of financial liabilities are recognized in the profit or loss.

Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of the financial instruments by valuation technique:

LEVEL 1 – Applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

LEVEL 2 – Applies to assets or liabilities for which there are inputs other than quoted prices included in Level 1 that are observable for the asset of liability, either directly such as quoted prices for similar assets or liabilities in active markets or indirectly such as quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions.

LEVEL 3 – Applies to assets or liabilities for which there are unobservable market data.

The carrying value of cash, trade receivables, trade payables, deposits, loans from shareholders and credit facilities approximate their fair value because of the short-term nature of these instruments or their ability to undergo prompt liquidation.

f. Leases

At inception of a contract, the Company assesses whether a 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. The Company assesses whether the contract involves the use of an identified asset, whether the right to obtain substantially all of the economic benefits from use of the asset during the term of the arrangement exists, and if the Company has the right to direct the use of the asset. At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

As a lessee, the Company recognizes a right-of-use asset and a lease liability at the commencement date of a lease. The right-of-use asset is initially measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. In addition, the right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the interest rate implicit in the lease, or if that rate cannot be readily determined, the incremental borrowing rate. Lease payments included in the measurement of the lease liability are comprised of:

a) fixed payments, including in-substance fixed payments, less any lease incentives receivable;
b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
c) amounts expected to be payable under a residual value guarantee;
d) exercise prices of purchase options if the Company is reasonably certain to exercise that option; and
e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if there is a change in the estimate or assessment of the expected amount payable under a residual value guarantee, purchase, extension or termination option. Variable lease payments not included in the initial measurement of the lease liability are charged directly to profit or loss.

g. Income taxes

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities where the Company subsidiaries and associates operate and generate income. The calculation of current tax is based on the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current tax for current and prior periods is recognized as a liability (asset) to the extent that it is unpaid (refundable).

Deferred tax

Deferred 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 tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if:

- there is a legally enforceable right to offset current tax liabilities against current tax assets;
- they relate to income taxes levied by the same tax authority on the same taxable entity; or
- they relate to income taxes levied by the same tax authority on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

h. Impairment of Non-Financial Assets

At the end of each reporting period, the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing values in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to the recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognized in profit or loss.

For assets that generate largely independent cash inflows, which is comprised of intangible assets of the Company, the recoverable amount is determined for the cash generating unit ('CGU') to which the asset belongs. Where an impairment loss subsequently reverses, the carrying amount of the asset of CGU is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset of CGU in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

i. Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing net income (loss) (the numerator) by the weighted average number of outstanding shares for the period (denominator). In computing diluted earnings per share, an adjustment is made for the dilutive effect of outstanding share options, warrants and other convertible instruments.

In the periods when the Company reports a net loss, the effect of potential issuances of shares under share options and other convertible instruments is anti-dilutive. Therefore, basic and diluted loss per share is the same. When diluted earnings per share is calculated, only those share options and other convertible instruments with exercise prices below the average trading price of the Company's shares for the period will be dilutive.

j. Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Related party transactions that are in the normal course of business and have commercial substance are measured at the exchange amount.

k. Share-based payment

The fair value method of accounting is used for share-based payments. Under this method, the cost of stock options and other equity-settled share-based payment arrangements is recorded based on the date of grant estimated fair market value of each tranche using the Black-Sholes Option Pricing Model, and charged to earning over the vesting period. Compensation expense is recognized over the tranche's vesting period by increasing reserves based on the number of awards expected to vest. At the end of each reporting period, the Company revises its estimates of the number of options that are expected to vest based on non-market vesting conditions. It recognizes the impact of the revision of original estimates, if any, in the statement of loss and comprehensive loss, with the corresponding adjustment to equity.

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions and measured at the fair value of goods and services received. If the fair value of the goods or services received cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the equity instruments granted at the date the Company receives the goods or services.

l. Recent Accounting Pronouncements

The adoption of the following standards and interpretations, which have been issued but are not yet effective, are not expected to have a material effect on the Company's future results and financial position:

Onerous Contracts—Cost of Fulfilling a Contract (Amendments to IAS 37)

The amendments to IAS 37 specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). These amendments are effective for reporting periods beginning on or after January 1, 2022.

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

The amendments to IAS1 provide a more general approach to the classification of liabilities based on the contractual arrangements in place at the reporting date. These amendments are effective for reporting periods beginning on or after January 1, 2023.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing these consolidated financial statements, the Company makes estimates and assumptions concerning the future that affected the amounts recorded. Actual results could differ from these estimates. Estimate and assumptions are based on historical experience, expectations of future events and other factors considered by management to be reasonable. The estimates and assumptions that could result in a material impact to the carrying amounts of assets and liabilities are outlined below:

Property and equipment
Depreciation of property and equipment is dependent upon estimates of useful lives which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets.

Determination of lease obligation
The recognition of lease obligations include estimates for incremental borrowing rates, lease terms and variable lease payments. These are based on management's best estimate and in this regard may be significantly different from those determined based on future operational results.

Recognition and valuation of deferred tax assets
The recognition of deferred taxes is based upon whether it is probable that sufficient and suitable taxable profits will be available in the future or whether taxable temporary differences will reverse such that deferred tax assets can be utilized. Recognition therefore involves a degree of estimation and judgment regarding the future financial performance or the timing of the reverse deferred tax liabilities where deferred tax assets have been recognized.

Revenue recognition
Revenue is measured at the fair value of the consideration received or receivable, net of estimated discounts. The Company considered the terms of the sales contract as well as industry practices, taking into consideration the type of customer, the nature of the transaction and the specific circumstances of each arrangement.

Share based payments
The Company measures the cost of share-based compensation transactions by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based compensation, including warrants and performance warrants issued in private placements and consideration for acquisition of Phantom, requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining and making assumptions about the most appropriate inputs to the valuation model including the expected term, volatility, and forfeiture rate. The expected term is determined based on management's estimate of the period of time between grant date and exercise date. Volatility is determined using a comparable peer group until such time as sufficient trading history is available for the Company's own shares.

Leases

As a lessee: At inception of a contract, the Company assesses whether a contract is, or contains, a lease. At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative fair values. However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component. The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate. The lease liability is subsequently measured at amortized cost using the effective interest rate method. The Company has elected not to recognize right-of-use assets and lease liabilities for short-term equipment 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 term of the lease.

As a lessor: The Company determines at the inception of the lease whether the lease is an operating or finance lease. To classify each lease, the company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to the ownership of the underlying asset. If this is the case the lease is considered as finance lease; if not, then it is an operating lease.

Use of judgements

The preparation of financial statements in accordance with IFRS requires the Company to make judgements, apart from those involving estimates, in applying accounting policies. The most significant judgements applying to the Company's financial statements including the assessment of going concern.

6. PROPERTY AND EQUIPMENT

	Software	Furniture and Equipment	Leasehold Improvements	Total
Cost				
Balance as at January 1, 2020	$ -	$ 166,860	$ 792,810	**$ 959,670**
Additions	-	362,840	574,040	**936,880**
Balance as at December 31, 2020	**-**	**529,700**	**1,366,850**	**1,896,550**
Additions	86,598	95,311	1,508,436	**1,690,345**
Balance as at March 31, 2022	**86,598**	**625,011**	**2,875,286**	**3,586,895**
Accumulated Amortization				
Balance as at January 1, 2020	$ -	36,857	57,799	**94,656**
Depreciation expense	-	93,990	121,161	**215,151**
Balance as at December 31, 2020	**-**	**130,847**	**178,960**	**309,807**
Depreciation expense	9,346	141,712	237,978	**389,036**
Balance as at March 31, 2022	**9,346**	**272,559**	**416,938**	**698,843**
Net Book Value as at March 31, 2022	**$ 77,252**	**$ 352,452**	**$ 2,458,348**	**$ 2,888,052**
Net Book Value as at December 31, 2020	$ -	$ 398,853	$ 1,187,890	$ 1,586,743

7. LEASES

As at March 31, 2022 the Company had lease arrangements with various lease agreements for its commercial kitchens. Fair value of the right of use assets and lease obligations were determined by discounting future lease payments at incremental borrowing rates which averaged 9%, applicable on date of acquisition.

The summary of the Company's right-of-use asset and lease liabilities are as follows:

Right-of-use assets

Cost		
Balance as at January 1, 2020	$	2,457,353
Additions		-
Balance as at December 31, 2020		**2,457,353**
Additions		1,821,125
Balance as at March 31, 2022	**$**	**4,278,478**
Accumulated Amortization		
Balance as at January 1, 2020	$	201,734
Amortization for the year		188,293
Balance as at December 31, 2020		**390,027**
Amortization for the period		364,284
Balance as at March 31, 2022		**754,311**
Net Book Value as at March 31, 2022	**$**	**3,524,167**
Net Book Value as at December 31, 2020	$	2,067,326

Lease Obligation

Balance as at January 1, 2020	$	2,455,632
Additions – equipment		212,305
Interest expense		303,430
Lease payments		(410,127)
Balance as at December 31, 2020		**2,561,239**
Additions – premises		1,819,113
Interest expense		466,077
Lease payments		(722,582)
Balance as at March 31, 2022		**4,123,847**
Current portion of lease liabilities		(270,011)
Non-current portion of lease liabilities	**$**	**3,853,836**

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

As at March 31, 2022, the future minimum lease payments under non-cancellable lease agreements were payable as follows:

		2022
Less than 1 year	$	577,317
Between 1 and 3 years		1,572,236
More than 3 years		1,974,283
Total	**$**	**4,123,836**

8. SHARE CAPITAL

Authorized

The Company may issue Unlimited Common voting shares without par value.

Issued

		March 31, 2022		December 31, 2020
67,351,224 Common shares (December 31, 2020 – 30,000,000) (1)	$	10,645,170	$	601,271

(1) Reflects common share balance after:

- 16.48:1 stock split on January 29, 2021, resulting in 60,000,000 common shares issued and outstanding; and
- 2:1 share consolidation on February 17, 2022, resulting in 67,351,224 common shares outstanding

During the year ended December 31, 2020 the Company issued 6,000,000 shares to lenders converting $601,242 in loans to equity (Note 17).

On February 17, 2021, the Company issued 10,007,500 units of the Company at a price of $0.30 per share by way of a private placement for gross proceeds of $3,002,250. Each unit consists of one common share and one half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share of the Company at a price of $0.50 per warrant share for a period of 24 months. For each unit, the Company measured the value of the warrants using the Black-Scholes Option Pricing model, with the residual value of unit allocated to the common share. The Company paid cash fees totalling $73,103, issued 633,960 units at $0.30 per unit for a total fair value of $190,188 to a finder and issued 2,500,000 performance warrants with a fair value of $140,921 (Note 10) to a finder. Each finder unit consists of consists of one common share and one half of one common share purchase warrant whereby each full warrant can be exercised to purchase one additional share at $0.50 for a period of 24 months. Each performance warrant is convertible into one common share at a price of $0.40 for a period of 24 months. In connection to the financing the Company recorded a total of $404,212 in share issuance costs and reallocated $212,829 to reserves for the warrants issued in connection to the units.

On March 1, 2021, the Company acquired the 5% non-controlling interest of Commissary. As payment for the non-controlling interest, the Company issued 410,520 common shares at a fair value of $0.28 per share (Note 9). The difference between the value of the non-controlling interest derecognized and the fair value of common shares issued was recorded to Other Reserves.

On March 4, 2021, the Company entered into a consulting agreement with the Company's CFO. In consideration of the services rendered, the Company issued 100,000 common shares at a price of $0.30 per share and recorded share-based payment of $30,000.

On September 21, 2021, the Company acquired 100% of the issued and outstanding shares of Phantom. The Company issued a total of 26,199,244 common shares at fair value of $0.28 per share to the shareholders of Phantom in connection with Coho's acquisition of all of the issued and outstanding shares of Phantom (Note 2).

On February 17, 2022, the Company's shareholders approved a 2:1 share consolidation of the Company's outstanding common shares, options and warrants (the "Consolidation"). The Consolidation was affected in the form of the issuance of one common shares for every two. All share data and stock-based compensation plans presented herein have been retroactively adjusted to give effect to the Consolidation.

9. NON-CONTROLLING INTEREST (NCI)

The following table summarises the information relating to the Company's subsidiary (the Commissary) that has a NCI, before any intra-group eliminations:

	March 31, 2022	December 31, 2020
NCI percentage	**0%**	**5%**
Non-current assets	$ 1,273,701	$ 952,965
Current assets	15,372	37,498
Non-current liabilities	(977,017)	(553,889)
Current liabilities	(1,126,767)	(714,430)
Net assets	(814,711)	(277,856)
Net assets attributable to NCI	**-**	**(13,893)**
Revenue	475,198	264,210
Loss and Comprehensive Loss for the period	(537,410)	(94,149)
Loss allocated to NCI	**-**	**(4,707)**
NCI balance, beginning of period	**(18,600)**	**(25,603)**
Repurchase of shares from NCI	18,600	11,710
Loss allocated to NCI for the period	-	(4,707)
NCI balance, end of period	**$ -**	**$ (18,600)**

10. OTHER RESERVES

The summary of the Company's other reserves is as follows:

	Stock options (a)	Warrants (b)	Other	Total
Balance at January 1, 2021	$ -	$ -	$ -	$ -
Share based compensation	315,935	-	-	315,935
Units issued	-	212,829	-	212,829
Performance warrants (Note 8)	-	140,921	-	140,921
Repurchase of NCI (Note 9)	-	-	(114,946)	(114,946)
Interest-free loans (Note 17)	-	-	161,247	161,247
Balance at March 31, 2022	**$ 315,935**	**$ 353,750**	**$ 46,301**	**$ 715,986**

a) Stock Options

The Company has established a share purchase option plan ("Plan") whereby Company's Board of Directors may from time to time grant stock options to employees and non-employees. Stock options under the Plan have been granted to directors, officers and certain employees of the Company. The vesting of the stock options occurs at a rate of 25% immediately after granting and 25% per year for the following three years. Stock options granted under the Plan will not have a term to exceed 5 years from the date of grant. The maximum number of shares that may be reserved for issuance under the Plan shall not exceed 10% of the Company's outstanding common shares. Vesting is determined by the Board of Directors.

The continuity of the Company's stock options is as follows:

	Number outstanding	Weighted average exercise price
Outstanding at January 1, 2021	-	$ -
Granted	4,212,500	0.32
Forfeited	(225,000)	0.32
Outstanding at March 31, 2022	**3,987,500**	**$ 0.32**

During the 15 months ended March 31, 2022, the Company had a total of 3,987,500 stock options outstanding under the Plan to certain directors, officers and employees of the Company. Each stock option entitles the holder to purchase one common share at an exercise price of $0.30 to $0.40 for a period of five years following the grant date.

The weighted average exercise price per option granted in the 15 months ended March 31, 2022 was $0.32 (2020 – $nil). In determining the amount of share-based compensation, the Company used the Black Scholes Option Pricing model to establish the fair value of stock options granted by applying the following assumptions:

Risk-free interest rate	0.58% - 2.52%
Expected life of options (years)	4
Expected annualized volatility	55%
Expected dividend yield	Nil

Volatility was estimated by using the historical prices of comparable publicly-list companies. The expected life in years represents the period of time that the stock options granted are expected to be outstanding. The risk-free rate was based on the zero-coupon Canada government bonds with a remaining term equal to the expected life of the stock option. The fair value of the options granted during the year totalled $500,221, of which $315,935 was recognized as share based compensation during the period for the vested options.

The number of options outstanding and exercisable under the Plan at March 31, 2022 is as follows:

Expiry date	Number of stock options outstanding	Exercise price	Number of stock options exercisable
March 25, 2026	1,937,500	$ 0.30	756,250
March 25, 2026	100,000	0.50	25,000
August 1, 2026	50,000	0.30	12,500
August 11, 2026	712,500	0.30	178,125
August 16, 2026	50,000	0.30	12,500
September 5, 2026	75,000	0.30	18,750
October 8, 2026	125,000	0.30	31,250
October 14, 2026	250,000	0.30	62,500
December 1, 2026	112,500	0.30	28,125
January 1, 2027	275,000	0.40	275,000
March 11, 2027	300,000	0.40	75,000
Balance at March 31, 2022	**3,987,500**	**$ 0.32**	**1,475,000**

b) Warrants

On February 17, 2021, the Company issued 7,820,730 warrants in connection with a non brokered private placement. Each warrant entitles the holder thereof to purchase one common share at an exercise price of $0.40 to $0.50 at any time until February 17, 2023. The fair value of the warrants was estimated using the Black Scholes Option Pricing model and the following assumptions:

Risk-free interest rate	0.58% - 2.52%
Expected life of warrants (years)	2
Expected annualized volatility	57%
Expected dividend yield	Nil

The number of warrants outstanding at March 31, 2022 is as follows:

	Issued	Outstanding	Exercise price	Expiry date
Private Placement Warrants	5,003,750	5,003,750	$ 0.50	February 17, 2023
Performance Warrants	2,500,000	2,500,000	0.40	February 17, 2023
Finder Warrants	316,980	316,980	0.50	February 17, 2023
Balance at December 31, 2021	**7,820,730**	**7,820,730**	**$ 0.47**	

11. CREDIT FACILITIES

Loans and borrowing amounts outstanding are as follows:

	March 31, 2022	**December 31, 2020**
Credit Facilities	**$ 646,043**	$ 797,717

As at March 31, 2022 the prime rate was 2.70% (December 31, 2020 – 2.45%)

Terms and conditions of the Credit Facilities are as follows:

- Pursuant to a credit facility agreement dated August 11, 2020, COHO was provided with a variable rate Canadian Small Business Financing Term Loan ("Credit Facility 1"). Credit Facility 1 is authorized for a limit of $236,653 ($226,653 – variable rate term loan and $10,000 – Operating loan) bearing interest at the rate of prime + 3.00% and due on demand. The undrawn portion of Credit Facility 1 was $87,172 and $26,669 as at March 31, 2022 and December 30, 2020, respectively.
- Pursuant to a credit facility agreement dated August 10, 2020, COHO was provided with a variable rate Canadian Small Business Financing Term Loan ("Credit Facility 2"). Credit Facility 2 is authorized for a limit of $357,658 ($347,658 – variable rate CSBFA term loan and $10,000 – Operating loan) bearing interest at the rate of prime + 3.00% and due on demand. The undrawn portion of Credit Facility 2 was $54,773 and $17,488 as at March 31, 2022 and December 30, 2020, respectively.
- Pursuant to a credit facility agreement dated August 10, 2020, COHO was provided with a variable rate Canadian Small Business Financing Term Loan ("Credit Facility 3"). Credit Facility 3 is authorized for a limit of $278,244 ($258,244 – variable rate CSBFA term loan and $20,000 – Operating loan) bearing interest at the rate of prime + 3.00% and due on demand. The undrawn portion of Credit Facility 2 was $84,567 and $30,681 as at March 31, 2022 and December 30, 2020, respectively.

The Credit Facilities were made available on certain terms and conditions and in reliance on attestation made by the Company in the underlying agreement. The funds from the Credit Facilities are used for primarily business purposes, specifically to assist with tenant improvements and asset purchase.

The Credit Facilities are secured by a general security interest in all present and after acquired property and unlimited guarantee of indebtedness by the Company and its shareholders. The Company is subject to conditions precedent and subsequent to advance. Further, there are various positive, negative financial and reporting covenants. At various times throughout the 15 months ended March 31, 2022, the Company was in violation of certain covenants. Accordingly, as at March 31, 2022, the Company has classified the credit facilities as current liabilities.

12. BASIC AND DILUTED LOSS PER SHARE

	March 31, 2022	December 31, 2020
Loss per share attributable to the common share equity holders of the Company	($0.19)	($0.29)
- Losses used in calculation of Loss per share	($10,438,086)	($489,307)
- Weighted average number of common shares used as the denominator in calculating basic and diluted loss per share	54,933,500	1,621,440

13. CAPITAL DISCLOSURES

As at March 31, 2022, the Company's capital structure is composed of share capital. The Company's financial strategy is designed and formulated to maintain a flexible capital structure to allow for the ability to respond to changes in economic conditions and the risk characteristics of the underlying assets. The Company's primary objectives, when managing its capital, are to maintain adequate levels of funding to support the operations of the Company and to maintain corporate and administrative functions.

The capital structure of the Company is managed to provide sufficient funding operating activities. Funds are primarily secured through a combination of equity capital raised by way of private placements and short-term debt. The Company 's financing and refinancing decisions are made on a specific transaction basis and depend on factors such as its needs, market and economic conditions at the time of transaction. There were no changes in the Company's approach to capital management during the year. The Company is exposed to externally imposed capital requirements.

14. FINANCIAL RISK MANAGEMENT

The Company is exposed to certain financial risks as listed below. There has been no change in the exposure to risk, nor its objectives, policies and process for managing the risk from the prior year. Disclosures relating to exposure to risks, in particular credit risk, liquidity risk and interest rate risk are provided below.

Credit risk
Credit risk is the risk of unexpected loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's financial instruments that are exposed to concentrations of credit risk are primarily cash and trade receivables. The Company limits its exposure to credit risk with respect to cash by investing available cash with major regulated financial institutions. The Company's cash is not subject to any external restrictions.

As at March 31, 2022, the Company's receivables were all current. The Company mitigates the risk by performing ongoing credit evaluation of its customers' financial condition. The Company monitors collectability of receivables an ongoing basis to determine credit risk.

Liquidity risk
As at March 31, 2022 the Company had a cash balance of $111,496 available to settle current liabilities of $2,847,481, all of which are due within one year. The Company expects to finance its operating expenses through cash flow operations, debt as well as equity financing. Liquidity risk is assessed as high.

The estimated cash payments due in respect of contractual and legal obligations including debt and interest payments are summarized as follows:

	Maturity			
	Within 1 year	**1-5 years**	**Greater than 5 years**	**Total**
Trade payable	$ 1,380,123	$ -	$ -	$ 1,380,123
Deposits	172,198	-	-	172,198
Deferred revenue	10,018	-	-	10,018
Lease obligation	577,317	2,121,416	4,427,577	7,126,309
Loans from shareholders	88,982	-	-	88,982
Credit facilities	646,043	-	-	646,043
Other loans	245,905	192,668	500,000	938,573
	$ 3,120,585	**$ 2,314,084**	**$ 4,927,577**	**$ 10,362,246**

Market risk
The market risk with respect to the foreign currencies are the risk of fluctuations related to cash, trade payables and accrued liabilities that are denominated in a foreign currency. As at March 31, 2022, the Company had no assets or liabilities denominated in foreign currencies. Management's assessment of the Company's exposure to market risk is minimal.

Interest rate risk
Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company continuously monitors interest rates and economic conditions. At March 31, 2022, the Company is exposed to interest rate risk regarding its variable rate debt Credit Facilities and other loans (Notes 11 and 17) with outstanding balances totaling $1,432,052. A 1% change in the interest rate on the Credit Facilities and other loans would have an pre-tax impact of $14,321 on net loss for the period.

15. RELATED PARTY TRANSACTIONS

a. Loans from shareholders
As at March 31, 2022, the Company had loans outstanding to the Company's CEO of $50,241 (2020 - $85,463), and to the Company's COO and a company controlled by the COO of $38,741 (2020 - $78,931). The loans are unsecured, non-interest bearing and due on demand.

b. Salaries and fees paid to related parties

For the 15 months ended March 31, 2022, the Company recorded $475,333 (2020 – $357,000) in key management compensation to the Company's CEO, COO, CMO, and CCO.

For the year 15 months ended March 31, 2022, the Company recorded $15,000 (2020 – nil) in consulting fees and $100,000 (2020 – nil) shares were issued at $0.30 to the Company's CFO.

c. Share based compensation to related parties
For the 15 months ended March 31, 2022 the Company granted 750,000 stock options to the Company's directors. Each stock option entitles the holder to purchase one common share at an exercise price between

$0.30 and $0.50 for a period of five years following the grant date. The fair value of the options granted during the year totaled $83,669 (2020 - $nil) of which $38,144 (2020 - $nil) was recognized as share based compensation during the period for the vested options.

16. DEPOSITS

At inception of a contract, a customer is required to pay a deposit. One-half of each deposit is applied to the first month rent of the term; and the remainder of the deposit is kept as security for the underlying contract and is refundable at the end of the term. The contracts are short-term and as such, the deposits are classified as a current liability. Details are as follows:

	March 31, 2022	December 31, 2020
Opening Balance	$ 95,139	$ 65,510
Additions (net of refunds)	77,059	29,629
Closing balance	**$ 172,198**	**$ 95,139**

17. LOANS PAYABLE

On July 11, 2019 the Company borrowed $100,000 from a lender. The loan was unsecured, non-interest bearing and due on demand. During the year ended December 31, 2020, the lender advanced an additional $401,242 to the Company for a total of $501,242. During the year ended December 31, 2020 the lender elected to convert its debt into equity and accordingly the Company issued 5,100,000 shares to the lender to settle the loan (Note 8).

On November 27, 2019 the Company borrowed $100,000 from a lender bearing an interest rate of 10% and is due on December 10, 2022. The loan is repayable on a monthly basis commencing January 10, 2020. At March 31, 2022 the balance outstanding was $30,000 (December 31, 2020 - $80,000), all of which is classified as a current liability. During the 15 months ended March 31, 2022 the Company recorded $6,656 (2020 - $7,694) in interest expense relating to the loan.

On January 14, 2020 the Company borrowed $100,000 from a lender. The loan was unsecured, non-interest bearing and due on demand. During the year ended December 31, 2020 the lender elected to convert its debt into equity and the Company issued 900,000 shares to the lender to settle the loan (Note 8).

On February 5, 2020 the Company entered into a loan agreement with the Business Development Bank of Canada ("BDC") to borrow up to $200,000 with a maturity date of November 23, 2026. The loan carries a base interest rate of 10.90% plus the BDC's floating rate which was deemed to be 6.05% at the time of issuance. During the 15 months ended March 31, 2022 the Company recorded $37,910 (2020 - $19,315) in interest expense in connection to the loan and repaid principal of $76,753 (2020 - $29,688). As at March 31, 2022 the remaining balance due is $155,610 (December 31, 2020 - $197,310).

During the year ended December 31, 2020 the Company received a loan of $150,000 from VanCity Credit Union bearing an interest rate of 5.45%. As at March 31, 2022 the remaining balance due is $130,106 (December 30, 2020 - $150,000).

During the year ended December 31, 2020 under the Canada Emergency Business Account ("CEBA") program, the Company received $180,000 in loans (the "CEBA Loans"). The CEBA Loans are an interest-free loans, available to the Company until December 31, 2020. $60,000 of the loans are forgivable if repayment is made on or before December 31, 2023. During the year ended December 31, 2020 the Company recognized $60,000 as other income in relation to the forgivable portion of the loans. The entire portion of the loan remains interest free as long as the

Company repays the debt by December 31, 2023 at which time interest of 5% per annum will begin accruing. No interest was recorded on the CEBA Loans during the period.

On January 1, 2022, the Company borrowed $500,000 from consultants, acting at arm's length. The loans are unsecured, non-interest bearing and subordinated to the Company's Credit Facilities. The loans are repayable on an annual basis commencing January 10, 2023, and due on January 10, 2027. In the event of a default, a 7% interest rate will apply to the outstanding loan balance. In lieu of interest payments, the consultants received 250,000 stock options. Each stock option entitles the holder to purchase one common share at an exercise price of $0.40 for a period of five years following the grant date. The Company recorded the debt at its fair value using a rate of 15% and the residual was allocated to the value of the stock options and recorded to Other Reserves. As at March 31, 2022 the fair value of the loans outstanding was $350,293 (December 30, 2020 - $nil). During the 15 months ended March 31, 2022, the Company recorded $11,540 (2020 - $nil) in accretion expense in connection to the non-interest bearing loans.

18. INCOME TAXES

	March 31, 2022	December 31, 2020 (restated)	December 31, 2020
Net loss before tax	(10,438,086)	(489,307)	(478,556)
Statutory tax rate	27%	27%	27%
Income tax recovery at statutory tax rate	(2,818,283)	(132,113)	(129,210)
Non-deductible expenses	770,285	14,217	14,217
Other	36,850	-	-
Small business deduction	1,670,094	78,289	76,569
Change in tax rates	(727,257)	-	-
Change in valuation allowance	1,068,311	39,607	38,424
Income tax expense	-	-	-

As at March 31, 2022, the Company had non-capital losses carried forward for tax purposes available to reduce taxable income for future years in the approximate amount of $3,145,777 (2020 - $597,113). These losses will commence expiring in 2038. The Company has the following temporary differences for which no deferred tax asset has been recognized: property and equipment $137,907 (2020-$21,696), leases $181,893 (2020 - $54,330), non-capital losses $837,629 (2020 - $58,224), and other $25,117 (2020 - $nil).

19. SUBSEQUENT EVENTS

a. On April 1, 2022, the Company borrowed $150,000 from a lender, acting at arm's length. The loan bears interest at a rate of 16% per annum and is subordinated to the Company's Credit Facilities. The loan is repayable on a monthly basis commencing June 1, 2022, and due on May 1, 2023.

b. On April 8, 2022, the Company borrowed $500,000 from lenders, acting at arm's length. The loans bear interest at a rate of 20% per annum and are subordinated to the Company's Credit Facilities. The loans are repayable on a monthly basis commencing June 1, 2022, and due on May 1, 2023.

c. On May 4, 2022, the Company borrowed $130,000 from a lender, acting at arm's length. The loan bears interest at a rate of 7% per annum and is subordinated to the Company's Credit Facilities. The loan is repayable on a monthly basis commencing June 1, 2022, and due on May 30, 2023.

d. On May 3, 2022, Victoria by Coho Collective Kitchens Inc. ("**Coho Victoria**") entered into a lease agreement at 1701 Douglas Street, Victoria, BC V8W 2G7 ("**Hudson Market**"). Coho Victoria leased the Hudson Market location from Hudson Retail Inc. The Hudson Market location is split into two properties measuring 1,311 square feet and 1,013 square feet, respectively. The rates for years one to three will be $26 per square foot and will increase to $27 by year four of the lease.

e. On May 13, 2022, the Company entered into a loan agreement to borrow up to $1,300,000 (the "**Facility**"). On May 26, 2022, $769,200 of the Facility was used to repay all of the Company's Credit Facilities with VanCity in full. Coho has the right to repay the Facility at any time before the maturity date, without notice, bonus or penalty.

   The Facility carries an interest rate of prime +3.00% per annum (compounded monthly, not in advance) and has a term of 18 months. Interest is paid monthly through the interest reserve of $120,900 that is retained by the provider. Following an event of default, the principal amount of the Facility, together with unpaid interest thereon and all other monies due thereunder, shall become immediately due and payable.

   The Facility is guaranteed by certain subsidiaries of the Company and also guaranteed personally by the Company's CEO, COO and CMO.

f. On May 16, 2022, Sunshine by Coho Collective Kitchens Inc. ("**Coho Sunshine**") entered into a lease agreement at 4748 Sunshine Coast Highway, Sechelt, BC V0N 3A2 ("**Sechelt**"). Coho Sunshine leased the premises from 1261316 B.C. Ltd. and the Sechelt location measures 3,500 square feet. The rates for years one and two will be $26 per square foot. The Sechelt location is a turnkey facility that commenced operations on June 1, 2022.

g. On May 27, 2022, pursuant to an agency agreement (the "**Agency Agreement**") between the Company and Canaccord Genuity Corp. (the "**Agent**"), the Agent has agreed to offer for sale, in connection with the Company's initial public offering (the "**Offering**"), a minimum of 16,666,670 common shares at $0.30 per share for minimum aggregate gross proceeds of $5,000,001 and a maximum of 26,666,670 common shares at $0.30 per share for maximum aggregate gross proceeds of $8,000,001. In consideration for the services provided by the Agent in connection with the Offering and pursuant to the terms of the Agency Agreement, the Company has agreed to pay the Agent a commission equal to 8% of the aggregate gross proceeds of the Offering.

h. On June 9, 2022, the Company consummated its IPO of 16,666,670 Common Shares (the "**Common Shares**") at $0.30 per Common Share (the "**Offering Price**"), for aggregate gross proceeds of $5,000,001. The Company paid to the Agent a commission equal to 8% of the Offering (payable in cash and Common Shares). The Company also granted the Agent a compensation warrant to purchase up to 1,333,333 Common Shares at the Offering Price until June 9, 2024. The Agent also received a corporate finance fee of $100,000 (payable in cash and Common Shares) and was reimbursed for certain customary expenses incurred in connection with the IPO.

i. On July 18, 2022, the Company announced the appointment of Carla Matheson as Chief Financial Officer, effective August 15, 2022. In connection with Matheson's appointment as CFO, the Company's Board of

Directors has also approved the grant of 400,000 restricted share units ("**RSUs**") to Matheson, effective August 15, 2022. The RSUs will fully vest one year from the date of grant. Once vested , each RSU represents the right to receive one common share of the Company. The RSUs will be granted pursuant and subject to the terms of Coho's omnibus incentive plan, the applicable grant agreement, and the requirements of the TSX Venture Exchange.

j. On July 21, 2022, the Company entered into an investor relation service agreement (the "**IR Agreement**") with Apollo Shareholder Relations Ltd. ("**Apollo**") to provide investor relations and capital markets advisory services to the Company, effective August 3, 2022. The IR Agreement has an initial term of six months, for which Apollo will be paid a monthly fee of $7,500. Apollo and its associates will also be granted 150,000 common share purchase options and issued 49,000 common shares of the Company. The IR Agreement is subject to the policies of the TSX Venture Exchange and applicable securities laws.

k. On July 22, 2022, Richmond by Coho Collective Kitchens Inc. ("**Coho Richmond**") entered into a lease agreement at 13711 International Place, Richmond, BC V6V 2Z8 ("**Richmond**"). Coho Richmond leased the premises from Peterson Crestwood Limited Partnership and the Richmond location consists of three premises: (i) the commissary premises measuring 19,000 square feet, (ii) the grocery premises measuring 1,500 square feet, and (iii) the food hall premises measuring 5,500 square feet. For the commissary premises, the rates for years one to two will be $27.11 per square foot, for years three to four will be $29.11 per square foot, and for year five will be $32.11 per square foot. For the grocery premises, the rate for years one to five will be $15 per square foot. For the food hall premises, the rate for years one to five will be $7 per square foot.

20. PRIOR PERIOD ERROR

The Company is restating its January 1, 2020 and December 31, 2020 comparative periods to correct an accounting error treatment of the initial measurement and recognition of the right of use assets and lease obligations as disclosed in Note 7.

On review of the accounting treatment, management determined that the error was due to an incorrect incremental borrowing rate used on the leases entered into on April 1, 2018, April 15, 2018 and June 1, 2019. The net impact to the January 1, 2020 consolidated financial statements is a decrease to lease obligations of $715,026, a decrease to right of use assets of $740,918, and an increase shareholders' equity of $25,892. The net impact to the December 31, 2020 consolidated financial statements is a decrease to lease obligations of $644,508, a decrease to right of use assets of $681,152, and an increase to net loss of $10,751.

The following tables summarize the effects of above.

Consolidated Statements of Financial Position

	As at January 1, 2020			As at December 31, 2020		
	As previously reported	Adjustment	As adjusted	As previously reported	Adjustment	As adjusted
Right-of-use assets	$ 2,996,536	$ (740,918)	$ 2,255,618	$ 2,748,478	$ (681,152)	$ 2,067,326
Total assets	$ 3,946,218	$ (740,918)	$ 3,205,300	$ 4,700,947	$ (681,152)	$ 4,019,795
Lease obligation - current portion	$ 255,387	$ (207,729)	$ 47,658	$ 400,505	$ (197,203)	$ 203,302
Lease obligation	$ 2,915,270	$ (507,297)	$ 2,407,973	$ 2,805,243	$ (447,305)	$ 2,357,938
Deficit	$ (393,353)	$ (25,892)	$ (419,245)	$ (878,911)	$ (36,644)	$ (915,555)
Total shareholders' equity (deficit)	$ (418,927)	$ (25,892)	$ (444,819)	$ (296,241)	$ (36,644)	$ (332,885)
Total liabilities and shareholders' equity (deficit)	$ 3,946,218	$ (740,918)	$ 3,205,300	$ 4,700,947	$ (681,152)	$ 4,019,795

Consolidated Statement of Loss and Comprehensive Loss
For the year ended December 31, 2020

	As previously reported	Adjustment	As adjusted
REVENUE			
Rental	$ 930,075	$ -	$ 930,075
Retail	127,881	-	127,881
TOTAL REVENUE	1,057,956	-	1,057,956
COST OF SALES (RETAIL)	83,298	-	83,298
GROSS PROFIT	974,658	-	974,658
OPERATING EXPENSES			
Advertising and promotion	36,309	-	36,309
Amortization	463,209	(59,766)	403,444
Interest	325,077	51,281	376,358
Occupancy cost	135,388	19,236	154,624
Office and miscellaneous	78,205	-	78,205
Professional fees	40,426	-	40,426
Salaries and benefits	306,972	-	306,972
Subcontractor	13,009	-	13,009
Supplies	114,619	-	114,619
TOTAL OPERATING EXPENSES	1,513,214	10,751	1,523,965
NET OPERATING LOSS	**$ (538,556)**	**$ (10,751)**	**$ 549,307**
Other income	60,000	-	60,000
NET LOSS	**$ (478,556)**	**$ (10,751)**	**$ (489,307)**
NET LOSS AND COMPREHENSIVE LOSS ATTRIBUTABLE TO:			
Non-controlling interest	(4,707)	-	(4,707)
Owners of the parent	(473,849)	(10,751)	(484,601)
	$ (478,556)	**$ (10,751)**	**$ (489,307)**
LOSS PER SHARE FOR PROFIT ATTRIBUTABLE TO THE ORDINARY EQUITY HOLDERS OF THE COMPANY	**$(0.30)**	**$(0.01)**	**$(0.29)**

Consolidated Statements of Changes in Shareholders' equity (deficit)
As at December 31, 2020

	As previously reported	Adjustment	As adjusted
Balance as at January 1, 2020			
Deficit	$ (393,353)	$ (25,892)	$ (419,245)
Total shareholders' equity (deficit)	(418,927)	(25,892)	(444,819)
Net loss	(478,556)	(10,751)	(489,307)
Balance as at December 31, 2020			
Deficit	(878,911)	(36,644)	(915,555)
Total shareholders' equity (deficit)	(296,241)	(36,644)	(332,885)

Consolidated Statement of Cash Flows
For the year ended December 31, 2020

	As previously reported	Adjustment	As adjusted
Operating Activities			
Net loss	$ (478,557)	$ (10,751)	$ (489,308)
Items not involving cash:			
Amortization of right-of-use assets	248,059	(59,766)	188,293
Interest	223,727	79,703	303,430
Net cash provided by operating activities	271,743	9,186	280,929
Financing Activities			
Lease obligation	(407,043)	(3,084)	(410,127)
Loan advances	1,127,765	(6,102)	1,121,663
Net cash provided by financing activities	704,332	(9,186)	695,146