Consolidated Financial Statements of

Coho Collective Kitchens Inc.

For the year ended March 31, 2023 and 15 months ended March 31, 2022

(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 statements of financial position as at March 31, 2023 and 2022, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity (deficit) and cash flows for the year ended March 31 2023 and the 15 month period ended March 31, 2022, 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, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the year ended March 31, 2023 and the 15 month period ended March 31, 2022 in accordance with International Financial Reporting Standards ("IFRS").

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.

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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

IFRS Lease Accounting

Description of the key audit matter

The Company has entered into lease agreements during the year, as disclosed in Note 7 to the consolidated financial statements. The determination of the lease term and whether the Company is reasonably certain to exercise extension options requires judgment and as such was determined to be a key audit matter.

How the key audit matter was addressed in the audit

Our audit procedures included, but were not limited to, the following:

- Reviewing the calculations prepared by the Company for mathematical accuracy
- Reviewing supporting lease agreements to verify lease extension options
- Evaluating the Company's assessment of likelihood of exercising extension options
- Assessing the impact of significant leaseholds improvements undertaken, the rates for extension option periods, the costs of lease termination, and the importance of the lease to the operation
- Assessing the adequacy of the Company's related disclosures

Other Information

Management is responsible for the other information. The other information comprises the information, included in the Management Discussion and Analysis of Financial Condition and Results of Operations.

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 the Management Discussion and Analysis of Financial Condition and Results of Operations 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 IFRS, 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

BDO Canada LLP

Chartered Professional Accountants

Calgary, Alberta
July 31, 2023

COHO COLLECTIVE KITCHENS INC.

Consolidated Statements of Financial Position

	Note		As at March 31, 2023		As at March 31, 2022
ASSETS					
Current					
Cash		$	249,737	$	111,496
Receivables			206,807		123,058
Prepaid expenses – current portion			254,020		337,500
			710,564		572,054
Non-current					
Prepaid expenses			356,588		224,093
Property and equipment	6		4,718,007		2,888,052
Right-of-use assets	7		7,206,455		3,524,167
TOTAL ASSETS		**$**	**12,991,614**	**$**	**7,208,366**
LIABILITIES					
Current					
Trade payables and accrued liabilities			2,241,801		1,380,123
Deposits	15		206,119		172,198
Deferred revenue			35,780		10,018
Lease obligation – current portion	7		584,394		270,011
Loans from shareholders	14		54,728		88,982
Other loans – current portion	16		2,250,062		245,905
Credit facilities	10		-		646,043
			5,372,884		2,813,280
Non-current					
Lease obligation	7		7,696,927		3,853,836
Other loans	16		1,231,926		540,104
TOTAL LIABILITIES			**14,301,737**		**7,207,220**
SHAREHOLDERS' EQUITY (DEFICIT)					
Share capital	8		14,916,334		10,657,401
Other reserves	8,9		1,217,102		715,986
Deficit			(17,443,559)		(11,372,241)
TOTAL SHAREHOLDERS' EQUITY (DEFICIT)			**(1,310,123)**		**1,146**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$**	**12,991,614**	**$**	**7,208,366**

Nature of operations and going concern (Note 1)
Subsequent events (Note 18)

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 year ended March 31, 2023		For the 15 months ended March 31, 2022
REVENUE					
Rental		$	1,726,639	$	1,962,781
Retail			824,440		385,026
TOTAL REVENUE			2,551,079		2,347,807
COST OF SALES (RETAIL)			344,120		235,060
GROSS PROFIT			2,206,959		2,112,747
OPERATING EXPENSES					
Advertising and promotion			129,219		189,230
Amortization	6, 7		1,327,197		753,320
Accretion	16		47,779		11,540
Bad debt expense			34,451		-
Interest	7,10,16		904,519		583,023
Occupancy cost			830,923		518,976
Office and miscellaneous			234,434		276,221
Professional fees			1,265,372		814,764
Salaries and benefits	14		2,854,928		1,991,598
Share-based compensation	9,14		288,914		345,935
Subcontractor			70,888		73,125
Supplies			332,080		262,314
TOTAL OPERATING EXPENSES			8,320,704		5,820,046
NET OPERATING LOSS		**$**	**(6,113,745)**	**$**	**(3,707,299)**
OTHER ITEMS					
Acquisition of Phantom	5, 8		-		(6,730,787)
Gain on derecognition of right-of-use asset and lease obligation	7		42,427		-
NET LOSS		**$**	**(6,071,318)**	**$**	**(10,438,086)**
NET LOSS PER SHARE – BASIC AND DILUTED	11		**$(0.07)**		**$(0.19)**
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING – BASIC AND DILUTED	11		**81,037,460**		**54,933,500**

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 December 31, 2020	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)	410,520		114,946		(114,946)		18,600		(18,600)		**-**
Shares issued on acquisition of Phantom (Note 5, 8)	26,199,244		7,335,787		-		-		-		**7,335,787**
Share-based compensation (Note 9)	-		-		315,935		-		-		**315,935**
Interest-free loans (Note 16)	-		-		161,247		-		-		**161,247**
Net 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**
Shares issued on initial public offering net of share issuance costs (Note 8)	16,666,670		4,471,135		-		-		-		**4,471,135**
Shares issued as agent's commission on initial public offering (Note 8)	167,148		(50,144)		50,144		-		-		**-**
Shares issued as corporate finance fee (Note 8)	100,000		(30,000)		30,000		-		-		**-**
Compensation warrants issued as finder's fees on initial public offering (Note 8)	-		(132,058)		132,058		-		-		**-**
Share-based compensation (Note 9)	-		-		288,914		-		-		**288,914**
Net loss for the year	-		-		-				(6,071,318)		**(6,071,318)**
Balance at March 31, 2023	**84,285,042**	$	**14,916,334**	$	**1,217,102**	$	**-**		**(17,443,559)**	$	**(1,310,123)**

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

COHO COLLECTIVE KITCHENS INC.
Consolidated Statements of Cash Flows

		For the year ended March 31, 2023		For the 15 months ended March 31, 2022
Operating Activities				
Net loss for the period	$	(6,071,318)	$	(10,438,086)
Items not involving cash:				
Amortization of property and equipment		672,023		389,036
Amortization of right-of-use assets		655,174		364,284
Accretion of non-interest bearing loans		47,779		11,540
Interest		667,659		466,077
Share-based compensation		288,914		345,935
Share-based payment		-		6,730,787
Gain on derecognition of right-of-use asset and lease obligation		(42,427)		-
Changes in working capital and other items:				
Receivables		(83,523)		(72,963)
Prepaid expenses		(49,015)		(495,726)
Trade payables and accrued liabilities		716,275		469,982
Deferred revenue		25,762		10,018
Deposits		33,921		77,059
Net cash used in operating activities		(3,138,776)		(2,142,057)
Investing Activities				
Purchase of property and equipment		(2,087,084)		(1,692,357)
Payables related to capital expenditures		145,177		693,010
Cash acquired on acquisition		-		605,000
Net cash used in investing activities		(1,941,907)		(394,347)
Financing Activities				
Proceeds from share issuances net of share issuance costs		4,471,135		2,929,147
Payables related to share issuances		-		30,476
Loan advances		3,725,800		500,000
Loan repayments		(1,077,600)		(111,594)
Credit facility repayments		(646,043)		(151,674)
Lease obligation		(1,220,114)		(722,582)
Shareholder repayments		(34,254)		(75,411)
Net cash provided by financing activities		5,218,924		2,398,362
Increase (decrease) in cash during the period		138,241		(138,042)
Cash, beginning of period		111,496		249,538
Cash, end of period	**$**	**249,737**	**$**	**111,496**

Supplemental Cash Flow Information

Non-Cash Transactions				
Shares issued as commission on initial public offering	$	(50,144)	$	-
Shares issued as corporate finance fee		(30,000)		-
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
Compensation warrants issued as finder's fees on initial public offering		(132,058)		-
Shares issued for Phantom acquisition		-		7,335,787

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 *Business Corporations 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, realize 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'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.

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.

2. BASIS OF PRESENTATION

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

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 4.

The Company changed the end of its fiscal year from December 31, 2021 to March 31, 2022 on April 20, 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 July 31, 2023.

3. 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.

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 March 1, 2021 the Company acquired 3 shares owned and controlled by the non-controlling shareholder of Coho Commissary Inc. The Company issued 410,520 shares to the non-controlling shareholder as consideration for the 3 shares of Coho Commissary Inc. (Note 8).

On September 21, 2021, Coho acquired 100% of the issued and outstanding shares of Phantom (Note 5).

The financial statements of the 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 IFRS 15, revenue is recognized when control of a good or service transfers to a customer.

The Company typically satisfies its performance obligation over time and uses time-based measures 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
Receivables	Amortized cost
Trade payables and accrued liabilities	Amortized cost
Loans 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 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 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 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, receivables, trade payables and accrued liabilities, 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. However, for the leases of land and buildings, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

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 compensation

The fair value method of accounting is used for share-based compensation. Under this method, the cost of stock options and other equity-settled share-based compensation arrangements are 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 compensation in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based compensation 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 compensation 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:

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

The amendments to IAS 1 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.

IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8")

In February 2021, the IASB issued "Definition of Accounting Estimates", which amends IAS 8. The amendment replaces the definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty." The amendment provides clarification to help entities to distinguish between accounting policies and accounting estimates. The amendment is effective for annual periods beginning on or after January 1, 2023. No impact is expected from the adoption of this amendment on the Company's consolidated financial statements.

IAS 12 – Income Taxes ("IAS 12")

In May 2021, the IASB issued "Deferred Tax related to Assets and Liabilities arising from a Single Transaction", which amends IAS 12. The amendment narrows the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offset temporary differences. As a result, companies will need to recognize a deferred tax asset and deferred tax liability for temporary differences arising on initial recognition of transactions such as leases and decommissioning obligations. The amendment is effective for annual periods beginning on or after January 1, 2023 and are to be applied retrospectively. No impact is expected from the adoption of this amendment on the Company's consolidated financial statements.

4. 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 judgement. 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. In assessing the lease term the Company considers significant leaseholds improvements undertaken, the rates for extension option periods, the costs of lease termination, and the importance of the lease to the operation. 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 judgement 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 compensation
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.

5. 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 International Financial Reporting Standards ("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.

6. PROPERTY AND EQUIPMENT

	Software	Furniture and Equipment	Leasehold Improvements	Total
Cost				
Balance as at January 1, 2021	$ -	$ 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**
Additions	-	433,645	2,068,333	**2,501,978**
Balance as at March 31, 2023	**86,598**	**1,058,656**	**4,943,619**	**6,088,873**

Accumulated Amortization				
Balance as at January 1, 2021	-	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**
Depreciation expense	28,866	238,657	404,500	**672,023**
Balance as at March 31, 2023	**38,212**	**511,216**	**821,438**	**1,370,866**
Net Book Value as at March 31, 2023	**$ 48,386**	**547,440**	**$ 4,122,181**	**$ 4,718,007**
Net Book Value as at March 31, 2022	$ 77,252	$ 352,452	$ 2,458,348	$ 2,888,052

Furniture and equipment are included in the leased space to the Company's customers.

7. LEASES

As at March 31, 2023 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, 2021	$ 2,457,353
Additions	1,821,125
Balance as at March 31, 2022	**4,278,478**
Additions	4,463,164
Derecognition of right-of-use asset	(335,206)
Balance as at March 31, 2023	**$ 8,406,436**
Accumulated Amortization	
Balance as at January 1, 2021	$ 390,027
Amortization for the period	364,284
Balance as at March 31, 2022	**754,311**
Amortization for the year	655,174
Derecognition of right-of-use asset	(209,504)
Balance as at March 31, 2023	**1,199,981**
Net Book Value as at March 31, 2023	**$ 7,206,455**
Net Book Value as at March 31, 2022	$ 3,524,167

Lease Obligation

Balance as at January 1, 2021	$ 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**
Additions – premises and equipment	4,878,058

Interest expense		667,659
Lease payments		(1,220,114)
Derecognition of lease obligation		(168,129)
Balance as at March 31, 2023		**8,281,321**
Current portion of lease liabilities		(584,394)
Non-current portion of lease liabilities	**$**	**7,697,927**

Additions to property and equipment for the year ended March 31, 2023 included $414,894 of leased furniture and equipment (15 months ended March 31, 2022 - $nil). As at March 31, 2023, $399,424 of leased furniture and equipment was included in property and equipment (March 31, 2022 - $164,602).

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.

The variable rental payments that were expensed and not included in the measurement of right-of-use assets and lease obligations during the year ended March 31, 2023 was $501,320 (15 months ended March 31, 2022 - $288,130).

As at March 31, 2023, the future minimum lease payments under non-cancellable lease agreements were payable as follows:

		March 31, 2023
Less than 1 year	$	1,302,335
Between 1 and 3 years		3,253,654
More than 3 years		9,918,945
Total	**$**	**14,474,934**

8. SHARE CAPITAL

Authorized
The Company may issue unlimited common voting shares without par value.

Issued

		March 31, 2023		March 31, 2022
84,285,042 Common shares (March 31, 2022 – 67,351,224)	$	14,916,334	$	10,657,401

On February 17, 2021, the Company issued 10,007,500 units of the Company at a price of $0.30 per unit 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 to a finder. Each finder unit 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 Coho Commissary Inc. As payment for the non-controlling interest, the Company issued 410,520 common shares at a fair value of $0.28 per share. 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 compensation 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 5).

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 effected in the form of the issuance of one common share for every two. All share data and share-based compensation plans presented herein have been retroactively adjusted to give effect to the Consolidation.

On June 9, 2022, the Company consummated its Initial Public Offering ("**IPO**") of 16,666,670 common shares at $0.30 per common share (the "**Offering Price**"), for aggregate gross proceeds of $5,000,001. In connection with the IPO, the Company paid and granted to the Agent the following amounts:

- A commission equal to 8% of the gross proceeds, of which $349,839 was paid in cash and 167,148 common shares with a fair value of $50,144 were issued;
- Compensation warrants to purchase up to 1,333,333 common shares at the Offering Price until June 9, 2024;
- Additional compensation warrants to purchase up to 66,186 common shares with a fair value of $132,058 were issued at the Offering Price until June 9, 2024 as a result of over-allotments satisfied by purchases in the market;
- A corporate finance fee of $100,000, of which $70,000 was paid in cash and 100,000 common shares with a fair value of $30,000 were issued; and,
- Reimbursement of $20,500 for certain customary expenses incurred.

The Company also paid legal fees of $118,493 and a $30,000 retainer was returned to the Company in connection with the IPO. The Company incurred bank fees of $34 in connection with the IPO.

9. OTHER RESERVES

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

	Stock options (a)	Restricted share units (b)	Warrants (c)	Other	Total
Balance at January 1, 2021	$ -	$ -	$ -	$ -	$ -
Share-based compensation	315,935	-	-	-	315,935
Units issued (Note 8)	-	-	212,829	-	212,829
Performance warrants (Note 8)	-	-	140,921	-	140,921

Repurchase of NCI (Note 8)		-		-		-		(114,946)		(114,946)
Interest-free loans (Note 16)		-		-		-		161,247		161,247
Balance at March 31, 2022	**$**	**315,935**	**$**	**-**	**$**	**353,750**	**$**	**46,301**	**$**	**715,986**
Share-based compensation		106,448		182,466		-		-		288,914
Compensation warrants (Note 8)		-		-		132,058		-		132,058
Share issuance costs (Note 8)		-		-		-		80,144		80,144
Balance at March 31, 2023	**$**	**422,383**	**$**	**182,466**	**$**	**485,808**	**$**	**126,445**	**$**	**1,217,102**

a) Stock Options

The Company has established an Omnibus plan (the "Plan") whereby the 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, consultants and certain employees of the Company. Stock options granted under the Plan will not have a term to exceed 10 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**	**$**	**0.32**
Granted	1,062,500		0.17
Forfeited	(900,000)		0.26
Outstanding at March 31, 2023	**4,150,000**	**$**	**0.29**

As at March 31, 2023, the Company had a total of 4,150,000 stock options outstanding under the Plan to certain directors, officers, consultants and employees of the Company. Each stock option entitles the holder to purchase one common share at an exercise price of $0.11 to $0.50 for a period of five years following the grant date.

The weighted average exercise price per option granted in the year ended March 31, 2023 was $0.17 (15 months ended March 31, 2022 – $0.32). 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 during the year ended March 31, 2023 and 15 months ended March 31, 2022 by applying the following weighted average assumptions:

	March 31, 2023	**March 31, 2022**
Risk-free interest rate	2.83%	0.58% - 2.52%
Expected life of options (years)	5	4
Expected annualized volatility	58%	55%
Expected dividend yield	Nil	Nil

Volatility was estimated by using the historical prices of comparable publicly-listed 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 outstanding during the year totalled $592,102 (15 months ended March 31, 2022 – $500,221), of which $106,448 (15 months ended March 31, 2022 – $315,935) was recognized as share-based compensation during the year for the vested options.

The number of options outstanding and exercisable under the Plan at March 31, 2023 is as follows:

Expiry date	Number of stock options outstanding	Exercise price	Number of stock options exercisable
March 25, 2026	1,575,500	$ 0.30	1,275,000
March 25, 2026	100,000	0.50	75,000
May 1, 2026	75,000	0.30	56,250
August 1, 2026	50,000	0.30	25,000
August 11, 2026	612,500	0.30	309,375
August 16, 2026	50,000	0.30	50,000
September 5, 2026	37,500	0.30	37,500
October 14, 2026	200,000	0.30	100,000
December 1, 2026	87,500	0.30	43,750
January 1, 2027	275,000	0.40	275,000
March 11, 2027	300,000	0.40	75,000
August 15, 2027	400,000	0.21	-
December 1, 2027	25,000	0.15	-
February 6, 2028	362,500	0.11	-
Balance at March 31, 2023	**4,150,000**	**$ 0.29**	**2,321,875**

b) Restricted share units

As part of the Plan, the Company's Board of Directors may from time to time grant restricted share units (“RSUs”) to employees and non-employees.

On August 15, 2022, the Company granted 1,872,500 RSUs to consultants and employees of the Company.

- 1,510,000 of the RSUs will fully vest on August 15, 2023; and
- 362,500 of the RSUs will vest in four equal installments over 4 years, beginning on August 15, 2023.

On November 1, 2022, the Company granted 62,500 RSUs to an officer of the Company.

- 62,500 of the RSUs will fully vest on November 1, 2023.

On December 1, 2022, the Company granted 165,000 RSUs to employees of the Company.

- 63,750 of the RSUs will vest on December 1, 2023;
- 41,250 will vest on December 1, 2024;
- 41,250 will vest on December 1, 2025; and
- 18,750 will vest on December 1, 2026.

On February 6, 2023, the Company granted 624,500 RSUs to directors, employees, and a consultant of the Company.

- 178,875 of the RSUs will vest on February 6, 2024;
- 155,625 will vest on February 6, 2025;
- 155,625 will vest on February 6, 2026; and
- 134,375 will vest on February 6, 2027.

Once vested, each RSU represents the right to receive one common share of the Company, or a cash payment or a combination of cash and shares as determined by the Plan administrator in its discretion.

The continuity of the Company's RSUs is as follows:

	Number outstanding
Outstanding at March 31, 2022	-
Granted	2,724,500
Forfeited	(637,500)
Outstanding at March 31, 2023	**2,087,000**

The estimated fair value of the RSUs granted during the year ended March 31, 2023 was $496,045 and will be recognized as an expense over the vesting period of the RSUs. The fair value of the RSUs as at the grant date was determined with reference to the market value of the common shares of the Company at the grant date.

Total share-based compensation as a result of RSU grants during the year ended March 31, 2023 was $182,466.

c) 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.

On June 9, 2022, the Company issued 1,399,519 warrants in connection with the consummation of its IPO. Each warrant entitles the holder thereof to purchase one common share at an exercise price of $0.30 at any time until June 9, 2024.

The fair value of the warrants issued during the year ended March 31, 2023 and 15 months ended March 31, 2022 was estimated using the Black Scholes Option Pricing model and the following weighted average assumptions:

	March 31, 2023	March 31, 2022
Risk-free interest rate	0.21%	0.58% - 2.52%
Expected life of warrants (years)	2	2
Expected annualized volatility	57%	57%
Expected dividend yield	Nil	Nil

The continuity of the Company's warrants is as follows:

	Number outstanding	Weighted average exercise price
Outstanding at January 1, 2021	-	$ -
Granted	7,820,730	0.47
Outstanding at March 31, 2022	**7,820,730**	**$ 0.50**
Granted	1,399,519	0.30
Expired	(7,820,730)	0.47
Outstanding at March 31, 2023	**1,399,519**	**$ 0.30**

The number of warrants outstanding and exercisable as at March 31, 2023 is as follows:

	Issued	Outstanding	Exercise price	Expiry date
Compensation Warrants	1,399,519	1,399,519	0.30	June 9, 2024
Balance at March 31, 2023	**1,399,519**	**1,399,519**	**$ 0.30**	

10. CREDIT FACILITIES

	March 31, 2023 [(1)]	March 31, 2022 [(1)]
Credit Facilities	$ -	$ 646,043

(1) As at March 31, 2023 the prime rate was 6.70% (March 31, 2022 – 2.70%)

On May 27, 2022, the Company repaid the following Credit Facilities in full:

- 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 was 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. Immediately prior to repayment, Credit Facility 1 had a balance outstanding of $146,102 (March 31, 2022 - $149,481).
- 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 was 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. Immediately prior to repayment, Credit Facility 2 had a balance outstanding of $298,004 (March 31, 2022 - $302,885).
- 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 was 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. Immediately prior to repayment, Credit Facility 3 had a balance outstanding of $183,318 (March 31, 2022 - $193,677).

As at March 31, 2023, the Credit Facilities are no longer available.

11. BASIC AND DILUTED NET LOSS PER SHARE

	March 31, 2023	March 31, 2022
Basic and diluted net loss per share	$ (0.07)	$ (0.19)
- Losses used in calculation of net loss per share	$ (6,071,318)	$ (10,438,086)
- Weighted average number of common shares used as the denominator in calculating basic and diluted net loss per share	81,037,460	54,933,500

The Company's stock options and warrants were excluded from the determination of diluted loss per share because the effect is anti-dilutive.

12. CAPITAL DISCLOSURES

As at March 31, 2023, the Company's capital structure is comprised of shareholders' equity (deficit) and other loans. 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 for operating activities. Funds are primarily secured through a combination of equity capital raises and 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 not exposed to externally imposed capital requirements.

13. 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 in the year ended March 31, 2023. 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 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, 2023, 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 on an ongoing basis to determine credit risk. As at March 31, 2023 and 2022, the Company has $nil in allowance for doubtful accounts.

Liquidity risk
As at March 31, 2023, the Company had a cash balance of $249,737 available to settle current liabilities of $5,372,884. The Company expects to finance its operating expenses through cash flow from operations, debt as well as equity financing. The Company completed an equity financing subsequent to March 31, 2023 (Note 18).

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 and accrued liabilities	$ 2,184,076	$ -	$ -	$ 2,184,076
Deposits	206,119	-	-	206,119
Lease obligation	1,302,335	4,244,411	8,928,187	14,474,933
Loans from shareholders	54,728	-	-	54,728
Other loans	2,250,062	1,231,926	-	3,481,988

	$	**5,997,320**	**$**	**5,476,337**	**$**	**8,928,187**	**$**	**20,401,844**

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, 2023, the Company is exposed to interest rate risk regarding its variable rate loans (Note 16) with outstanding balances totaling $1,861,818. A 1% change in the interest rate on the loans would have a pre-tax impact of $18,618 on net loss for the period.

14. RELATED PARTY TRANSACTIONS

a. Loans from shareholders

As at March 31, 2023, the Company had loans due to the Company's CEO of $19,062 (March 31, 2022 - $50,241), and due to the Company's COO and a company controlled by the COO of $35,666 (March 31, 2022 - $38,741). The loans are unsecured, non-interest bearing and due on demand.

b. Salaries and fees paid to key management personnel

For the year ended March 31, 2023, the Company recorded $502,345 (15 months ended March 31, 2022 - $475,333) in key management compensation to the Company's CEO, COO, CFO, CMO, and former CCO.

c. Share-based compensation to related parties

As at March 31, 2023, 1,112,500 stock options granted to the Company's directors were outstanding. Each stock option entitles the holder to purchase one common share at an exercise price between $0.11 and $0.50 for a period of five years following the grant date. The fair value of the options granted totaled $104,387 (March 31, 2022 - $83,669) of which $34,135 was recognized as share-based compensation during the year ended March 31, 2023 for the vested options (15 months ended March 31, 2022 - $38,144).

15. 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, 2023	**March 31, 2022**
Opening Balance	$ 172,198	$ 95,139
Additions (net of refunds)	33,921	77,059
Closing balance	**$ 206,119**	**$ 172,198**

16. OTHER LOANS

a. 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. During the year ended March 31, 2023 the Company recorded $1,016 (15 months ended March 31, 2022 - $6,656) in interest expense relating to the loan. On November 30, 2022, the loan was repaid in full.

Immediately prior to repayment, the remaining balance on the loan was $3,333 (March 31, 2022 - $30,000).

b. 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 year ended March 31, 2023 the Company recorded $20,658 (15 months ended March 31, 2022 - $37,910) in interest expense in connection to the loan and repaid principal of $54,372 (15 months ended March 31, 2022 - $76,753). As at March 31, 2023 the remaining balance due is $128,896 (March 31, 2022 - $155,610).

c. During the year ended December 31, 2020 the Company received an operating loan of $150,000 from Vancity Credit Union bearing an interest rate of 5.45%. On May 27, 2022, the loan was repaid in full. Immediately prior to repayment, the remaining balance on the loan was $127,496 (March 31, 2022 - $130,106).

d. 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 interest-free loans, available to the Company until December 31, 2023. $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 expense was recorded on the CEBA Loans during the year ended March 31, 2023 and 15 months ended March 31, 2022. As at March 31, 2023, the remaining balance due is $120,000 (March 31, 2022 - $120,000).

e. On January 1, 2022, the Company borrowed $500,000 from consultants, acting at arm's length. The loans are unsecured and non-interest bearing. 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. During the year ended March 31, 2023, the Company repaid $90,000 of the loans (15 months ended March 31, 2022 - $nil). As at March 31, 2023 the carrying value of the loans outstanding was $300,921 (March 31, 2022 - $350,293). During the year ended March 31, 2023, the Company recorded $47,779 (15 months ended March 31, 2022 - $11,540) in accretion expense in connection to the non-interest bearing loans.

f. 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 Vancity and BDC credit facilities. The loan does not begin to accrue interest until June 1, 2022. During the year ended March 31, 2023, the Company recorded $2,000 (15 months ended March 31, 2022 - $nil) in interest expense in connection to the loan. On July 12, 2022, the Company repaid $140,000 of the loan. As at March 31, 2023, the remaining balance due is $12,000 (March 31, 2022 - $nil).

g. On April 8, 2022, the Company borrowed $500,000 from lenders, acting at arm's length. On June 9, 2022, the loans were fully repaid. The loans bore interest at a rate of 20% per annum and were subordinated to the Company's Vancity and BDC credit facilities. During the year ended March 31, 2023, the Company recorded $22,032 (15 months ended March 31, 2022 - $nil) in interest expense in connection to the loans.

h. On May 4, 2022, the Company borrowed $130,000 from a lender, acting at arm's length. On June 14, 2022, the loan was fully repaid. The loan bore interest at a rate of 7% per annum and was subordinated to the Company's Vancity and BDC credit facilities. During the year ended March 31, 2023, the Company recorded $1,022 (15 months ended March 31, 2022 - $nil) in interest expense in connection to the loan.

i. On May 13, 2022, the Company entered into a loan agreement to borrow up to $1,300,000 (the "Facility"). On May 27, 2022, $754,920 of the Facility was used to repay the Company's Vancity Credit Facilities of $627,424 and operating loan of $127,496. 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. During the year ended March 31, 2023 the Company recorded $73,883 (15 months ended March 31, 2022 - $nil) in interest expense in connection to the Facility. The Facility is guaranteed by certain subsidiaries of the Company and also guaranteed personally by the Company's CEO, COO and CMO. In the event of a default, an interest rate of 18% per annum will apply to the Facility. As at March 31, 2023, the remaining balance due is $1,300,000 (March 31, 2022 - $nil).

j. On October 26, 2022, the Company received $348,600 in connection with a loan totaling $800,000 by a lender, acting at arm's length (the "Loan"). On November 25, 2022, the Company received the remaining $451,400 of the Loan. Interest on the Loan accrues at the rate of 8% per annum and the Company will repay the lender in equal monthly instalments of $16,200 over a 5-year period. During the year ended March 31, 2023 the Company recorded $nil (15 months ended March 31, 2022 - $nil) in interest expense in connection to the Loan. As at March 31, 2023, the remaining balance due is $800,000 (March 31, 2022 - $nil).

k. On October 31, 2022, the Company borrowed $60,000 from a lender, acting at arm's length. The loan bears interest at a rate of 8% per annum and is unsecured. During the year ended March 31, 2023, the Company recorded $1,986 (15 months ended March 31, 2022 - $nil) in interest expense in connection to the loan. As at March 31, 2023, the remaining balance due is $61,986 (March 31, 2022 - $nil).

l. On January 9, 2023, the Company received $150,000 in connection with a loan totaling $1,650,000 from a consultant, acting at arm's length. On March 23, 2023, the Company received $500,000 of the loan and on May 23, 2023, the Company received the remaining $1,000,000 of the loan. The loan was unsecured, non-interest bearing, and due on demand. During the year ended March 31, 2023, the Company recorded $nil (15 months ended March 31, 2022 - $nil) in interest expense in connection to the loan. As at March 31, 2023, the remaining balance due is $650,000 (March 31, 2022 - $nil).

m. On February 1, 2023, the Company borrowed $135,800 from a lender, acting at arm's length. The loan is unsecured. The loan is repaid daily with 20% of the Company's retail revenue and is due on August 1, 2024. During the year ended March 31, 2023, the Company repaid $27,615 of the loan (15 months ended March 31, 2022 - $nil). As at March 31, 2023, the remaining balance due is $108,185 (March 31, 2022 - $nil).

17. INCOME TAXES

	March 31, 2023	March 31, 2022
Net loss before tax	(6,071,318)	(10,438,086)
Statutory tax rate	27%	27%
Income tax recovery at statutory tax rate	(1,639,255)	(2,818,283)
Non-deductible expenses	80,854	770,285
Other	(177,908)	36,850
Small business deduction	-	1,670,094
Change in tax rates	-	(727,257)
Change in valuation allowance	1,736,309	1,068,311
Income tax expense	-	-

As at March 31, 2023, the Company had non-capital losses carried forward for tax purposes available to reduce taxable income for future years in the approximate amount of $9,041,402 (2022 - $3,145,777). 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 $25,763 (2022 - $137,907), leases $290,214 (2022 - $181,893), non-capital losses $2,441,178 (2022 - $837,629), and other $181,717 (2022 - $25,117).

18. SUBSEQUENT EVENTS

a. On May 1, 2023, the Company's Pandora location at 1623 Pandora Street, Vancouver, BC V5L 0B1 ("Coho Pandora") commenced operations. The Company leased the premises from In Look Aqua Design (2003) Ltd. and the Pandora location measures 19,932 square feet.

b. On May 1, 2023, the Company's East Hastings location at 901 East Hastings Street, Vancouver, BC V6A 1R9 ("Coho Hastings") commenced operations. The Company subleased the premises from MRC Liquids + Solids Culinary Innovations Inc. and the Hastings location measures 3,786 square feet.

On May 24, 2023, the Company completed a non-brokered private placement for gross proceeds of $1,650,000 (the "Offering"). $650,000 of the proceeds were received during the year ended March 31, 2023 and was initially recorded as a loan (Note 16). The Offering was a non-brokered private placement of 1,650 convertible debentures of the Company (the "Convertible Debentures"), at a price of $1,000 per Convertible Debenture, for gross proceeds of $1,650,000. There were no finder, broker, or agent fees payable by the Company in connection with the Offering. The Convertible Debentures bear interest at a rate of 8% per annum, calculated and payable semi-annually in arrears, with the first payment beginning on June 30, 2023. The Convertible Debentures will mature on March 31, 2026. The principal amount of each Convertible Debenture will be convertible into common shares of the Company at a price of $0.15 per common share at the option of the holder thereof. At the election of the Company, all interest accrued on the Convertible Debentures may be payable in cash or, subject to approval by the TSX Venture Exchange ("TSXV"), common shares issued at the market price (as such term as defined in the policies of the TSXV) of the common shares at the time of any such settlement.

c. **Purebread Acquisition**

On May 28, 2023, the Company entered into a definitive purchase agreement (the "Purchase Agreement") with Twin Lakes Investments Inc., Paula Lamming, Mark Lamming, Jack Lamming (collectively, the "Vendors"), Purebread. Bakery Inc. ("Purebread"), and Coho Acquisition Corp. for the purchase of Purebread. Under the Purchase Agreement, Coho Acquisition Corp., the Company's wholly owned subsidiary (incorporated on May 26, 2023), will acquire all of the issued and outstanding securities of Purebread from the Vendors (the "Acquisition"). The Purchase Agreement provides for cash consideration of $10,000,000 (subject to customary adjustments) (the "Cash Purchase Price") and the issuance of 1,000,000 common shares of the Company with an aggregate value of approximately $220,000 (the "Consideration Shares" and, together with the Cash Purchase Price, the "Purchase Price") based on the closing price of the common shares ($0.22) on the TSXV on May 26, 2023. The Purchase Price will be paid to each of the Vendors based on the pro-rata ownership of Purebread immediately prior to closing of the Acquisition ("Closing"). Purebread and the Vendors are arm's length parties to Coho.

Under the terms of the Purchase Agreement, Coho will acquire all issued and outstanding securities of Purebread (the "Purchased Shares") in exchange for the Purchase Price. The Consideration Shares forming part of the Purchase Price will be subject to a twelve month lock-up, during which time the Vendors agree that they will not, directly or indirectly, sell or agree to sell any of the Consideration Shares or securities exchangeable or exercisable for Consideration Shares. On Closing, Paula Lamming and Mark Lamming, co-founders of Purebread, will enter into consulting agreements with the Company.

The Company will also pay a finder's fee to Canaccord Genuity Corp. (the "Finder's Fee") on Closing. Subject to the approval of the TSXV, the Finder's Fee will consist of 2,500,000 common shares and 2,500,000 common share purchase warrants (the "Finder's Warrants"). The Finder's Warrants have an exercise price of $0.40 and will expire three years from the date of Closing.

BMO Credit Facilities

In order to complete the Acquisition, Coho Acquisition Corp. has entered into a letter of agreement with the Bank of Montreal ("BMO" or the "Lender"), setting out the terms under which BMO will provide up to $5.9 million in senior secured credit facilities (the "Facilities"). The Facilities will consist of a $5.5 million non-revolving term facility (the "Term Facility"), a $300,000 revolving facility (the "Revolving Facility"), and a $100,000 corporate credit card facility. The Term Facility and Revolving Facility are intended to be used to finance a portion of the Cash Purchase Price and for general corporate purposes. The Term Facility and Revolving Facility will bear interest at a rate not to exceed prime plus 125 basis points. The Term Facility will amortize monthly beginning the first full quarter following Closing, with repayments of the Term Facility made over an 84 month period. The Revolving Facility is repayable on demand. Interest on the Facilities will be payable monthly in arrears. On Closing, it is expected that the Facilities will be secured by a first ranking security interest over all present and after-acquired personal property of Coho Acquisition Corp., which entity will hold all of the issued and outstanding shares of Purebread on Closing.

The closing of the Facilities is expected to occur contemporaneously with or prior to the Acquisition, and will be subject to customary closing conditions including, but not limited to, the receipt of certain third party consents and the approval of the TSXV.

Financing for the Acquisition

On June 15, 2023, the Company announced a brokered private placement of up to 27,272,727 units of the Company (the "Units") at a price of $0.22 per Unit (the "Issue Price"), for aggregate gross proceeds of up to $6,000,000 (the "Offering"). Each Unit will be composed of one common share in the capital of the Company and one-half of one common share purchase warrant (each whole warrant, a "Warrant"). Each Warrant will entitle the holder thereof to acquire one additional common share (a "Warrant Share") at a price of $0.40 per Warrant Share for a period of 36 months from the closing date of the Offering (the "Closing Date"). The Company intends to use the net proceeds of the Offering for completing the Acquisition, the expansion of operations, and to provide general working capital to support operations.

In connection with the Offering, the Company has entered into an agreement with Canaccord Genuity Corp. ("Canaccord" or the "Lead Agent"), dated June 14, 2023, pursuant to which Canaccord will act as lead agent to assist the Company with the Offering on a reasonable efforts basis. Upon closing of the Offering, the Company shall pay to the Lead Agent (together with any selling group formed by the Lead Agent, the "Agents"): (i) a cash commission equal to 8.0% of the aggregate gross proceeds of the Offering payable in cash or Units, or any combination of cash or Units at the option of the Lead Agent (the "Cash Commission") and (ii) Common Share purchase warrants of the Company, exercisable at any time prior to the date that is 36 months from the Closing Date to acquire that number of Units equal to 8.0% of the number of Units issued under the Offering, at an exercise price equal to the Issue Price (the "Agent's Warrants"). On the closing of the Offering, the Company shall also pay the Lead Agent a corporate finance fee consisting of (i) $50,000 (payable in cash) and (ii) 227,272 Units (having a value equal to $50,000).

The Company may provide a president's list of investors that can subscribe for up to $2,000,000 of the Offering (the "President's List"). The compensation to the Agents for subscribers on the President's List shall be reduced to 3% for both Cash Commission and Agent's Warrants.

The Offering is subject to certain conditions including, but not limited to, the receipt of all necessary regulatory approvals including the approval of the TSX Venture Exchange.