COHO COLLECTIVE

Management Discussion and Analysis of Financial Condition and Results of Operations

For the three months ended June 30, 2022, and June 30, 2021

This Management's Discussion and Analysis ("**MD&A**") is intended to help the reader understand the consolidated financial statements of Coho Collective Kitchens Inc. (the "**Company**" or "**Coho**") and includes its wholly-owned subsidiaries. This information has been prepared as of August 25, 2022.

The following MD&A is intended to assist in the understanding of the trends and significant changes in the financial condition and results of Coho for the three months ended June 30, 2022, and June 30, 2021. This MD&A was written to comply with the requirements of National Instrument 51-102 *Continuous Disclosure Obligations* and Form 51-102F1 *Management Discussion and Analysis.*

This MD&A should be read in conjunction with the unaudited consolidated interim financial statements of the Company for the three months ended June 30, 2022 and with the audited consolidated annual financial statements for the years ended March 31, 2022, and December 31, 2020 along with related notes thereto which have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**"), and all amounts are expressed in Canadian dollars unless otherwise noted.

FORWARD-LOOKING STATEMENTS

Certain information contained herein contains “forward-looking information” within the meaning of applicable securities laws in Canada. Forward-looking information may relate to our future outlook and anticipated events or results and may include information regarding our financial position, business strategy, growth strategies, budgets, operations, financial results, taxes, dividend policy, plans and objectives. Particularly, information regarding our expectations of future results, performance, achievements, prospects or opportunities or the markets in which we operate is forward-looking information. In some cases, forward-looking information can be identified by the use of forward-looking terminology such as “plans”, “targets”, “expects” or “does not expect”, “outlook”, “prospects”, “strategy”, “intends”, “believes”, or variations of such words and phrases or state that certain actions, events or results “may”, “could”, “would”, “might”, “will”, “occur” or “be achieved”. In addition, any statements that refer to expectations, intentions, projections or other characterizations of future events or circumstances contain forward-looking information. Statements containing forward-looking information are not historical facts but instead represent management’s expectations, estimates and projections regarding future events or circumstances.

Forward-looking information is based on our opinions, estimates and assumptions in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we currently believe are appropriate and reasonable in the circumstances. Despite a careful process to prepare and review the forward-looking information, there can be no assurance that the underlying opinions, estimates and assumptions will prove to be correct.

The forward-looking information contained herein represents our expectations as of the date of this MD&A. The Company does not have any policies to update or revise any forward-looking information whether as a result of new information, future events or otherwise, except as required under applicable securities laws in Canada Forward-looking information in this MD&A relates to but is not limited to:

- the Company’s expansion across Canada;
- the Company’s business plans including the construction of additional locations, the creation of additional offerings, and the development of bespoke software offerings;
- use of available funds, including the proceeds raised in connection with the Offering;
- the growth of the Ghost Kitchen industry in the future;
- business objectives and milestones; and
- adequacy of financial resources.

We have based the forward-looking information largely on the Company’s current expectations, estimates, assumptions, and projections about future events and financial and other trends that the Company believes, as of the date of such statements, may affect its business, financial condition and results of operations. Such expectations, estimates, assumptions, and projections, many of which are beyond our control, include, but are not limited to: the assumption that additional offerings and that any additional financing needed will be available on reasonable terms; our ability to successfully market our products to customers and members; expectations regarding trends and competitive conditions in the our industry; no material changes to the regulatory environment in which we operate; the assumption that we will be able to increase our capacity and that such added capacity will enable us to increase sales volume; the assumption that our operating costs will not increase materially; our ability to maintain, enhance, and grow our appeal within our addressable market; our ability to attract and retain key personnel; and the impact of competition. Forward-looking information regarding treatment by governmental authorities assumes no material change in regulations, policies, or the application of the same by such authorities.

Actual results could differ materially from those anticipated in these forward-looking information as a result of the risk factors set forth below and elsewhere in this MD&A:

- our reliance on key personnel;
- protection of our intellectual property rights;
- the effect of competition on our business;
- government regulation of the food industry creating risks and challenges;
- the effect of product labelling requirements;
- price of raw materials;
- consumer trends;
- our supply chain management;
- availability of suppliers of raw materials;
- limited or disrupted supply of key ingredients;
- failure to successfully develop and scale technological platforms (or to do so in a cost efficient manner);
- the effect of climate change
- consolidation in the food retail business;

- cybersecurity;
- food safety and consumer health;
- brand value;
- reputation risk;
- disruption at any of our facilities;
- failure to successfully establish our future facility in Vancouver;
- failure to expand production capacity;
- risks associated with leasing commercial and retail space;
- effect of product innovation;
- failure to retain current members and/or recruit new members;
- litigation risk;
- third party reliance for shipping and payment processing;
- failure to meet social responsibility metrics;
- speculative nature of investment risk;
- our history of losses;
- liquidity and future financing risk;
- additional funding requirements and risks;
- dividend risk;
- increased costs of being a publicly traded company;
- general global economic risk;
- labour shortages;
- fuel/energy cost increases;
- member credit risk and insolvency;
- availability of sufficient insurance coverage at an affordable price;
- conflicts of interest; and
- the other factors discussed under "*Risk Factors*".

This list of factors should not be construed as exhaustive. All subsequent forward-looking information attributable to our Company herein is expressly qualified in its entirety by the cautionary statements contained in or referred to herein.

OVERVIEW

Description of Business

Coho's principal business activities are the provision of commercial commissary/Ghost Kitchens (defined herein) and rental of these kitchens to food-based businesses in Canada.

Coho is a growth stage, community-driven, commercial real estate and food technology company that provides private and shared kitchen and production space to food-based businesses ranging from start-ups to restaurant groups seeking turnkey solutions and business services. Each of our customers (we call them "**Members**") are revenue generating companies that have signed a membership agreement with Coho for an agreed upon term. The concept falls in line with a rapidly growing trend in the food-delivery industry creating a market for delivery-only and/or virtual restaurant concepts ("**Ghost Kitchens**").

With the novel coronavirus global pandemic ("**COVID-19**") shifting consumer habits towards increased adoption and use of online ordering and delivery applications, Coho has created a service format that helps business owners adapt and seize upon opportunities in line with this new trend without sacrificing profitability or incurring high costs of pivoting. Coho currently serves 100+ food-based businesses across three locations in the Greater Vancouver area. With growing demand within the existing Member-base and a long and growing waitlist of potential Members, the Company is focused on growth. The Company is in the midst of entering into new lease agreements for certain additional locations (the "**Growth Locations**"). These locations will provide additional square footage and will allow the company to meet increased demand. Coho expects to launch the Growth Locations across Canada over the next 12-18 months

Coho takes a high-touch approach to supporting Member businesses in order to increase lifetime value, identify and support high-potential, scalable brands, and turn Members into brand advocates. Coho's mission is to nurture dreams, supercharge businesses, and innovate in the food and beverage industry. Coho's specific services include access to share-kitchen facilities, access to marketing services, access to pre-negotiated deals with suppliers, and business consultation services. Coho's model allows Members to avoid costly buildouts of physical facilities. Members are also able to mitigate uncertainty regarding build-time, permits, and health authority approvals. Coho helps Members avoid the conventional risks associated with the legacy restaurant industry (known for its high costs and low margins).

Corporate History

The Company was incorporated under the *Business Corporations Act* (British Columbia) on June 7, 2019, under the name "Coho Collective Kitchens Inc.". Our head office is located at 1370 E. Georgia Street, Vancouver, British Columbia V5L 2A8 and our registered and records office is located at 2900 – 550 Burrard Street, Vancouver, British Columbia V6C 0A3.

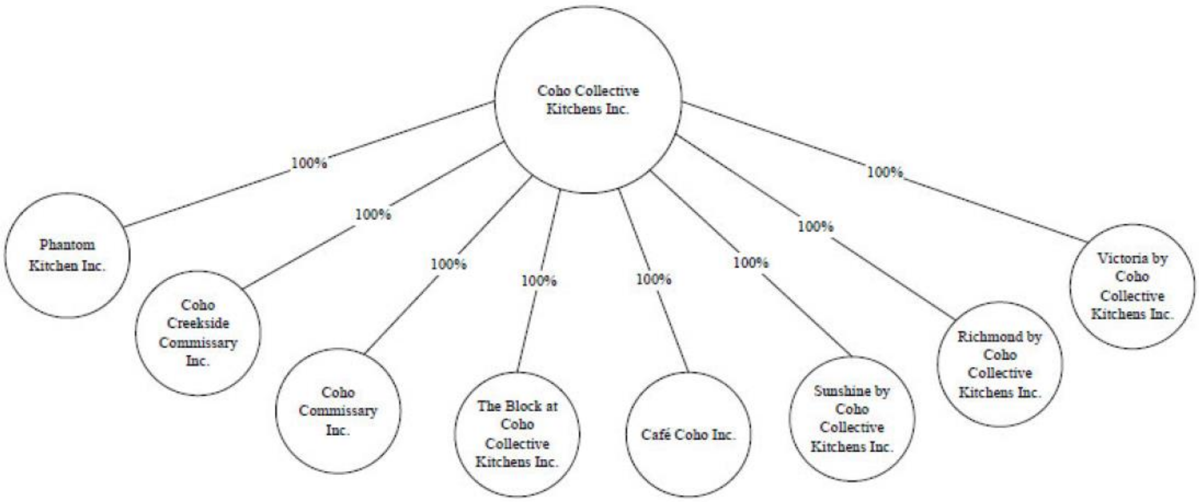
Intercorporate Relationships

We have eight wholly-owned subsidiaries which were incorporated pursuant to the *Business Corporations Act* (British Columbia) to provide flexibility for intercorporate organizational needs as they arise. The wholly-owned subsidiaries were incorporated on the following dates:

1. Coho Commissary Inc. – January 14, 2018
2. Coho Creekside Commissary Inc. – October 22, 2018
3. The Block at Coho Collective Kitchens Inc. – May 28, 2019
4. Cafe Coho Inc. – September 25, 2019
5. Sunshine by Coho Collective Kitchens Inc. – January 19, 2021
6. Richmond by Coho Collective Kitchens Inc. – May 31, 2021
7. Phantom Kitchen Inc. – June 22, 2021
8. Victoria by Coho Collective Kitchens Inc. – January 5, 2022

On June 30, 2022, Coho Commissary Inc. ("**Commissary**"), Coho Creekside Commissary Inc. ("**Creekside**"), The Block at Coho Collective Kitchens Inc. ("**Block**"), Café Coho Inc. ("**Café**"), Sunshine by Coho Collective Kitchens Inc. ("**Sunshine**"), Richmond by Coho Collective Kitchens Inc. ("**Richmond**"), and Phantom Kitchen Inc. ("**Phantom**") and Victoria by Coho Collective Kitchens Inc. ("**Victoria**") were all operating entities.

The following organizational chart illustrates the intercorporate relationships of the Company:



Corporate Reorganizations

Several of the above entities came into existence before June 7, 2019. However, it was on this date that Coho was incorporated. Following the incorporation, the preexisting entities were brought in as wholly-owned subsidiaries. Prior to this date, the Commissary, Block, and Creekside locations operated independently.

Creation of Coho Commissary Kitchens Inc. on June 7, 2019

In July of 2018, Coho launched its first commissary location ("**Commissary**") on Powell Street in East Vancouver, British Columbia. The 4200-square-foot facility was opened within six months of entering into the lease agreement (including permitting and development time). Commissary signed 30 Member companies and reached full capacity (measured by pre-allocated Member stations) within six months. This location includes 15 shared kitchens and was fully funded by Andrew Barnes and Amrit Maharaj from their savings, together with a $280,000 loan from Vancouver City Savings Credit Union ("**VanCity**") for a total build cost of $410,000.

Through the launch of Commissary, the Company was able to validate its business model assumptions for serving a business-to-business segment of small food producers. Moreover, the Company identified an opportunity to support larger companies and restaurant groups by providing optimal space for research and development and to drive operational efficiencies through expanding centralized kitchen capabilities. The size and stability of larger Members supported Coho's early stages of growth.

Acquisition of Coho Creekside Commissary Inc. on June 7, 2019

On December 3, 2018, Coho completed its first acquisition, acquiring the assets of Lost Cairn Enterprises ("**Lost Cairn**"), on an arm's length basis, for a purchase price of $31,500. Lost Cairn, a food producer, was subletting excess space to tenants to reduce cost. This 3,628-square-foot location was rebranded as Creekside and is located in the City of North Vancouver, BC. This facility is a dedicated gluten-free facility, supporting the rising need and market demand for local and gluten-free products. Minimal leasehold improvements were required and allowed for a near turnkey facility for growing Coho's brand, expanding into a new geographical location and supporting more small business Members by providing an additional 10 shared kitchens.

Acquisition of The Block at Coho Collective Kitchens Inc. on June 7, 2019

Based on the increase in Members at the Company's first two locations, Coho entered into a lease agreement in early 2019 to develop the largest and most ambitious project to date. "The Block at Coho Collective Kitchens", located at 1370 East Georgia Street in Vancouver, is Western Canada's largest commissary facility at 9,871 square feet. This facility: (a) is Coho's expansion into full service kitchen facilities; (b) includes a retail component to sell and market Membership products, and c) represents innovation in the commissary industry in Vancouver by introducing new programming, software support, and automated processes that would improve the experience for Member companies and increase operational efficiencies for the collective business. The Block provides 28 kitchens (25 shared and three private).

Creation of Coho Collective Kitchens Inc. on June 7, 2019

On June 7, 2019, pursuant to share purchase agreements dated June 7, 2019, Coho acquired the common shares of Commissary, Creekside and Block. The acquisition was determined to be an amalgamation of companies under common control.

Acquisition of Phantom Kitchen Inc. on September 21, 2021

On September 21, 2021, Coho acquired all of the issued and outstanding shares of Phantom pursuant to a share exchange agreement (the "**SEA**"). Phantom is a party to a binding term sheet with Toptable Group pursuant to which, during the initial three-year term of the agreement, if any of the Toptable Group restaurants or other businesses within the Toptable Group require the services of a Ghost Kitchen, then Toptable Group shall first attempt to contract with a Ghost Kitchen owned or operated by Phantom, subject to Phantom's availability. Phantom failed to meet the definition of a business per IFRS 3 (Business Combinations) and therefore was accounted for under IFRS 2 (Share Based Payments). Coho issued a total of 52,398,478 Common Shares to the shareholders of Phantom in connection with Coho's acquisition of all of the issued and outstanding shares of Phantom.

Total shares issued		52,398,478[(1)]
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

[(1)] Prior to giving effect to the Consolidation (as defined below)

As part of the Phantom SEA, each of the vendors party to the Phantom SEA (the "**Phantom Vendors**") agreed to certain contractual escrow provisions, pursuant to which the shares of the Company paid to the Phantom Vendors as consideration for their shares of Phantom are subject to certain minimum escrow requirements.

In connection with the SEA, the Phantom Vendors and the Company entered into an Investor Rights Agreement (the "**Investor Rights Agreement**") pursuant to which the Phantom Vendors have been provided with the right (the "**Nomination Right**") to nominate two members of the board of directors of the Company (the "**Phantom Nominees**") until September 30, 2024 (the "**Nomination Period**"). The Nomination Right requires the Company to nominate the Phantom Nominees to serve as directors of the Company within its annual meeting materials and to solicit proxies in favour of the Phantom Nominees. During the Nomination Period, the Company has also agreed to use its commercially reasonable efforts to cause management of the Company to vote in favour of the Phantom

Nominees. During the Nomination Period, the Phantom Vendors have agreed, subject to certain exclusions, to vote their Common Shares in accordance with the recommendation of the Company's Board or management. Alex Macdonald and Justin Morel are the initial Phantom Nominees.

Industry Overview of "Virtual Kitchens"

Coho operates in an emerging global Ghost Kitchen (also known as "cloud kitchens" or "virtual kitchen") market worth $51.9 billion USD in 2020.[1] The industry is evolving and gaining significant attention and funding as exemplified by notable companies such as Cloud Kitchens, Kitchen United, Reef Technologies, (all based in the United States of America) and JustKitchen (based in Taiwan).

A Ghost Kitchen is a large commercial kitchen facility that allows food businesses to operate without the capital expenditures required to open a traditional brick and mortar business. Coho's Members range from small consumer packaged goods ("**CPG**") manufacturers selling at markets to larger restaurant businesses driving efficiencies into their operation. At Coho, there are over 100 members across multiple food production categories (farmers market vendors, bakers, consumer packaged goods producers, and restaurants). Members running virtual-only restaurants, and selling through Coho's third party delivery partners (such as UberEats, DoorDash, and SkipTheDishes) are Coho's fasted growing segment.

Ghost Kitchens have changed the rules of operating a food space. The benefits of utilizing a Ghost Kitchen instead of a more traditional kitchen business models include:

- **Increase of the delivery only concept.** This increasing consumer demand for delivery food is attracting additional "delivery only" food and beverage concepts requiring shared kitchen space to meet the needs of the market.

- **Retail and Industrial Rent, Credit Facilities, and City Permitting.** Access to retail and industrial facilities remains difficult for small food businesses. Properties suitable for small scale food production are hard to find, and start-ups are viewed as inherently risky to most commercial property owners. These challenges are exacerbated by a development and permitting timeline that can average between six to twelve months. This alone can often exhaust start-up capital from small businesses before they have time to gain traction with their customers.

- **Access to Qualified Talent**. Members of the hospitality sector have been reporting difficulty hiring staff as workers that lost jobs due to COVID-19 left for other industries. This has exacerbated long-standing issues related to staffing in the hospitality sector. The Ghost Kitchen model utilized by Coho ameliorates this growing issue by reducing the labour requirements for its Members.

As a result of these factors, sustained momentum is anticipated within the Ghost Kitchen industry. Coho is well positioned to benefit from increasing demand for food delivery by consumers while helping its Members address those needs.

SELECTED FINANCIAL INFORMATION

The following table sets forth selected financial data for the three months ended June 30, 2022, and June 30, 2021:

[1] https://www.grandviewresearch.com/industry-analysis/cloud-kitchen-market

	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021
	$	$
Revenue	543,312	493,078
Net loss	(1,492,663)	(566,865)
Basic and diluted loss per share	(0.02)	(0.01)

During the three months ended June 30, 2022, revenue increased to $543,312, compared to $493,078 in the three months ended June 30, 2021. The increase in revenue for the three months ended June 30, 2022 was primarily due price increases in commissary locations, and increased retail presence.

During the three months ended June 30, 2022, net loss increased to $1,492,663 from $566,865, primarily due to increases in amortization from $135,141 to $213,511, professional fees from $174,816 to $553,950, and salaries and benefits from $299,418 to $631,190.

The consolidated statement of financial position as at June 30, 2022 indicates a cash balance of $2,229,634 (March 31, 2022 - $111,496), accounts receivable of $212,389 (March 31, 2022 - $123,058), and prepaid expenses of $760,150 (March 31, 2022 - $561,593). The increase in current assets to $2,860,123 (March 31, 2022 - $572,054) was primarily due to an increase in cash, prepaid expenses, and an increase in trade receivable.

Given the nature of its business, the Company does not currently have any inventory.

Property, plant and equipment at June 30, 2022 was $3,361,507 (March 31, 2022 – $2,888,052). The increase in property, plant and equipment during the three ended June 30, 2022 was primarily due to capital expenditures related to the Company's continued expansion and outfitting of a new commercial kitchen at the Company's Sunshine location.

The Company has signed lease agreements for its commercial kitchens. The fair value of the right of use assets and lease obligations were determined by discounting future lease payments at the incremental borrowing rates applicable on the date of acquisition. Right of Use Assets at June 30, 2022 were $3,640,933 (March 31, 2022 – $3,524,167). New right of use lease agreements were signed for the Company's Victoria, and Sechelt locations.

Given the nature of business, there are substantial non-current assets including right-of-use assets on the balance sheet and amortization of these assets has a substantial impact on the income statement and statement of cash flows.

The Company had current liabilities of $1,619,321 as at June 30, 2022 (March 31, 2022 – $2,813,280). Non-current liabilities, which include lease obligations and other shareholder loans, as at June 30, 2022 were $5,577,288 (March 31, 2022 - $4,393,940).

Shareholders' equity is comprised of share capital $14,916,334 (March 31, 2022 - $10,657,401), other reserves of $956,574 (March 31, 2022 - $715,986), and deficit of $12,864,904 (March 31, 2022 - $11,372,241).

Working capital, which is comprised of current assets less current liabilities, was $1,240,802 as at June 30, 2022, compared to a working capital of $(2,241,226) as at March 31, 2022. The working capital position improved as at June 30, 2022 compared to the prior period, primarily due to an increase in cash, prepaid expenses and trade receivables, offset by increased trade payables and deposits.

Credit Facilities have a value of $nil as at June 30, 2022, compared to $646,043 as at March 31, 2022.

During the three months ended June 30, 2022, the Company reported a net loss of $1,492,663 ($0.02 loss per share) compared to a net and comprehensive loss of $566,865 ($0.01 loss per share) for the three months ended

June 30, 2021.

After giving effect to the Consolidation, the weighted average number of shares outstanding for the three months ended June 30, 2022 was 70,554,919 (June 30, 2021 – 41,151,980).

RESULTS OF OPERATIONS

During the three months ended June 30, 2022, revenue increased to $543,312, compared to $493,078 during the three months ended June 30, 2021. The following table shows the revenue generated by entity for the three months ended June 30, 2022:

	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021
Revenue	**$**	**$**
Café	55,086	75,949
Commissary	101,206	99,095
Creekside	35,822	40,642
Block	298,125	277,392
Sunshine - Retail	53,073	-
Phantom	-	-
Richmond	-	-
Victoria	-	-
Collective	-	-
Total Revenue	**543,312**	**493,078**
Cost of Sales (Retail)	59,036	38,573
Gross Profit	**484,276**	**454,505**

The increase in revenue for the three months ended June 30, 2022 was primarily due to the expansion of retail revenue at the Company's Sunshine location.

	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021
Operating Expenses	**$**	**$**
Advertising and promotion	32,482	31,323
Amortization	213,511	135,141
Accretion	12,067	-
Interest	183,792	117,339
Occupancy cost	175,044	126,075
Office and miscellaneous	59,646	44,078
Professional fees	553,950	174,816
Salaries and benefits	631,190	299,418
Subcontractor	18,174	6,425
Supplies	68,697	61,667
Share based compensation	28,386	25,028
Total Operating Expenses	**1,976,939**	**1,021,370**

Total operating expenses for the three months ended June 30, 2022 increased to $1,976,939 compared to $1,021,370 for the three months ended June 30, 2021, primarily due to an increase of professional fees, as a result of the consummation of the Company's IPO on June 9, 2022, salaries and benefits as a result of higher headcount and expansion of the Company's commercial kitchens, which includes new locations. The increase in operating expenses is also due to increased occupancy costs, and share based compensation.

Occupancy cost for the three months ended June 30, 2022 was $175,044 (June 30, 2021 - $126,075). The increase is comprised of rental, repairs and maintenance and utilities.

Professional fees for the three months ended June 30, 2022 were $553,950 (June 30, 2021 - $174,816). The increase in professional fees is primarily due to increased non-recurring legal, audit and other transaction costs associated with the Company's completed transactions that occurred during the three months ended June 30, 2022, in addition to non-recurring costs associated with the Company's planned go-public process.

Salaries and benefits for the three months ended June 30, 2022 were $631,190 (June 30, 2021 - $299,418). This increase was primarily due to increased headcount at the Company's head office, Block, Café and Sunshine locations. There were 54 employees as at June 30, 2022, compared to 25 employees as at June 30, 2021, reflecting an increase in headcount attributable to investing in the various growth areas of Coho's business.

Share based compensation for the three months ended June 30, 2022 was $28,386 (June 30, 2021 - $25,028).

SELECTED QUARTERLY INFORMATION

Quarter ended June 30, 2022 compared to quarter ended March 31, 2022

	Quarter Ended June 30, 2022	**Quarter Ended March 31, 2022**	**Quarter Ended December 31, 2020**
	$	$	$
Revenue	543,312	546,124	336,319
Total operating expenses	1,976,939	1,387,287	566,191
Net comprehensive loss	(1,492,663)	(875,687)	(169,872)

The Company generated revenue of $543,312 during the quarter ended June 30, 2022, consistent with $546,124 of revenue generated for the quarter ended March 31, 2022. Total operating expenses for the quarter ended June 30, 2022 was $1,976,939, as compared to $1,387,287 for the quarter ended March 31, 2022. The increase in operating expenses for the quarter ended June 30, 2022 can be attributed to higher professional fees, salaries and benefits, supplies, utilities, amortization and interest expense.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. On June 30, 2022 the Company had cash and cash equivalents of $2,229,634 compared to $111,496 on March 31, 2022.

Working capital, which is comprised of current assets less current liabilities, was $1,240,802 on June 30, 2022 compared to a working capital position of $(2,241,226) on March 31, 2022. The Company has to date, financed growth through equity financing, credit facilities and shareholder loans.

Working capital is subject to the timing of collection of receivables and the payment of payables and expenses. As the Company is in a growth stage, the working capital balances including various current liability balances are not comparable.

As at June 30, 2022, the Company had loans outstanding to the Company's CEO of $36,957 (March 31, 2022 - $50,241), and to the Company's COO and a company controlled by the COO of $50,240 (March 31, 2022 - $38,741). The loans are unsecured, non-interest bearing and due on demand.

Cash Flow Analysis

Cash used in operating activities during the quarter ended June 30, 2022 was $1,492,244 (June 30, 2021 – $255,699). Cash used during the quarter ended June 30, 2022 increased primarily due to higher occupancy costs, professional fees, and salaries and benefits compared to the same period in the prior year.

Cash used in investing activities during the quarter ended June 30, 2022 was $1,243,302 (June 30, 2021 – $73,741), primarily due to purchases of equipment and payment of payables related to capital expenditures.

Cash provided by financing activities during the quarter ended June 30, 2022 was $4,853,684 (June 30, 2021 – $2,567,499), primarily due to the IPO that was completed in June 2022, offset by loan repayments, lease payments and repayment of shareholder loans.

The following tables detail the remaining contractual maturities, including lease payments at the respective reporting dates of the Company's non-derivative financial liabilities, which are based on contractual non-discounted cash flows and the earliest date the Company can be required to pay:

	Maturity			
	Within 1 year	**1-5 years**	**Greater than 5 years**	**Total**
Trade payable	$ 649,769	$ -	$ -	$ 649,769
Deposits	184,990	-	-	184,990
Deferred revenue	15,000	-	-	15,000
Lease obligation	663,384	2,206,825	4,513,360	7,383,569
Loans from shareholders	87,197	-	-	87,197
Other loans	184,990	1,678,480	-	2,004,960
	$ 1,926,814	**$ 3,885,305**	**$ 4,513,360**	**$ 10,325,479**

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counter-party to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to credit risk include cash and cash equivalents and accounts receivable. The Company limits its exposure to credit risk with respect to cash by investing available cash with major regulated financial institutions. Coho's cash is not subject to any external restrictions.

Cash and cash equivalents include cash on deposit with an original maturity date of 90 days or less. In order to mitigate the risk of financial loss, cash on deposit is held with major financial institutions. The cash and cash equivalents balance on June 30, 2022 was $2,229,634 compared to $111,496 on March 31, 2022.

The Company does not utilize credit insurance to manage the risk associated with its accounts receivable, but regularly reviews financial statements and credit worthiness of its potential customers.

The Company's management also reviews the credit limits of its existing customers regularly and the Company limits its total exposure of credit risk.

Liquidity risk

As of June 30, 2022, the Company had cash of $2,229,634 available to settle current liabilities of $1,619,321, all of which are due within one year. The Company expects to finance its operating expenses through cash flow, debt financing, and additional equity financing.

Further, the Company's ability to fund operations, to execute its growth strategy and to meet scheduled financial commitments depends on the Company's future operating performance and cash flows as well as capital raising, all of which are subject to prevailing economic conditions and financial, business and other factors, some of which are beyond the Company's control.

Capital Resources

The Company continues to seek new acquisitions (see below) but does not currently have any material commitments to acquire assets or operating businesses.

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 Toptable Group, pursuant to which, if during the initial three-year term of any of the Toptable Group restaurants or other businesses within the Toptable Group require the services of a Ghost Kitchen, then Toptable Group shall first attempt to contract with a Ghost Kitchen owned or operated by Phantom, subject to availability.

CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support its business. The Company's board of directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company is dependent upon external financing or borrowings to fund the expansion of its manufacturing facilities. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There are no restrictions on the Company's capital.

OFF-BALANCE SHEET ARRANGEMENTS

As of June 30, 2022, the Company had no off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

As at June 30, 2022, the Company had loans outstanding to the Company's CEO of $36,957 (March 31, 2022 - $50,241), and to the Company's COO and a company controlled by the COO of $50,240 (March 31, 2022 - $38,741). The loans are unsecured, non-interest bearing and due on demand.

For the three months ended June 30, 2022, the Company recorded $100,000 (June 30, 2021 – $73,750) in key management compensation to the Company's CEO, COO, CMO, and CCO.

CRITICAL ACCOUNTING ESTIMATES AND CHANGES IN ACCOUNTING POLICIES

The financial information presented in this MD&A has been prepared in accordance with International Financial Reporting Standards. All significant critical accounting estimates are fully disclosed in Note 5 of the consolidated interim financial statements for the three months ended June 30, 2022.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

Classification of Financial Instruments:

a. Fair Value of financial instruments

As of June 30, 2022, Coho's financial instruments are comprised of cash, accounts receivable, bank indebtedness, accounts payable and accrued liabilities, and notes payable. The fair values of cash, security deposit, and trade payables approximate their carrying values because of their current nature. As otherwise noted in this MD&A, it is management's opinion that the Company is not exposed to significant foreign exchange, interest or credit risks arising from these financial instruments. The fair market values of these financial instruments approximate their carrying values, unless otherwise noted.

Coho classifies its fair value measurements in accordance with the three-level fair value hierarchy as follows:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on an observable market date.

As of June 30, 2022 and March 31, 2022, cash is assessed to be a Level 1 instrument. The carrying value of trade receivables, trade payables, due to shareholders and loans payable approximate their fair value because of the short-term nature of these instruments or their ability of prompt liquidation.

b. Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its obligations and arises principally from the Company's trade receivables. It is management's opinion that the level of credit risk is low due to the creditworthiness of the parties involved.

The carrying value of the financial assets represents the maximum credit exposure. Coho assesses the collectability of specific accounts receivable and also assesses the requirement for a provision based on historical experience. The Company has adopted a credit policy that includes the review of financial statements and credit worthiness of its potential customers. The Company's management also reviews the credit limits of its existing customers regularly and the Company limits its total exposure of credit risk to any individual customers. As a result, the concentrations of credit risk are not considered to be significant.

c. Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due, and arises principally from the Company's trade payables and loan payables. The Company manages its liquidity risk to ensure that it will have sufficient liquidity to meet liabilities when due. As of June 30, 2022, the Company had a cash balance of $2,229,634 (March 31, 2022 - $111,496) to settle current liabilities of $1,619,321 (March 31, 2022 - $2,813,280). Most of the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. Coho expects to finance its operating expenses through cash flow operations, debt as well as equity financing. Liquidity risk is assessed as high.

d. Foreign Currency Risk.

The Company is not exposed to significant foreign exchange risk. This risk is dependent upon the extent to which fluctuations related to cash, trade payables and accrued liabilities that are denominated in a foreign currency. As of June 30, 2022, Coho had no assets or liabilities denominated in foreign currencies. Management's assessment of the Company's exposure to market risk is minimal.

e. 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 June 30, 2022, the Company is exposed to interest rate risk regarding its variable rate debt Credit Facilities and other loans (Notes 10 and 16) with outstanding balances totaling $2,004,960. A 1% change in the interest rate on the Credit Facilities and other loans would have an pre-tax impact of $20,050 on net loss for the period.

OUTSTANDING SHARE DATA

On June 9, 2022, the Company consummated its initial public offering. The Company had 84,285,042 common shares issued and outstanding as at June 30, 2022 and 67,351,224 outstanding as at March 31, 2022.

The following table sets forth the capitalization of the Company, on a consolidated basis, as at the dates indicated and after giving effect to the Consolidation:

Description	**Authorized**	**Outstanding as at June 30, 2022**	**Outstanding as at the date of this MD&A**
Common Shares	Unlimited	84,285,042	84,285,042
Warrants	Not applicable	9,220,249	9,220,249
Options	10% of issued and outstanding Common Shares	3,987,500	4,537,500
Restricted Share Units	Not applicable	-	1,872,500

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 International Accounting Standards ("**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 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.

New Standards, Amendments and Interpretations not yet Adopted

A number of new standards, and amendments to standards and interpretations, are not yet effective for the period ended June 30, 2022, and have not been early adopted in preparing these consolidated financial statements. These new standards, amendments to standards, and interpretations are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

There are no other IFRS or IFRS Interpretations Committee interpretations that are not yet effective that would be expected to have a material impact on the Company.

CHANGES IN ACCOUNTING POLICIES

No new standards, amendments and interpretations which are effective for the period ended June 30, 2022 were adopted by the Company:

DISCLOSURE OF INTERNAL CONTROLS

Management has established processes which are in place to provide them sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the unaudited interim financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the unaudited interim financial statements; and (ii) the unaudited interim financial statements fairly present in all material respects the financial condition, results of the operations and cash flows of the Company, as of the date of and for the periods presented by the unaudited interim financial statements.

In contrast to the certificate required under National Instrument 52-109 Certification of Disclosure in Issuer's Annual and Interim Filings ("**NI 52-109**"), the Company will be permitted to utilize the Venture Issuer Basic Certificate which does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("**DC&P**") and internal control over financial reporting ("**ICFR**"), as defined in NI 52-109. In particular, the certifying officers filing the Certificate will not be making any representations relating to the establishment and maintenance of: (i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and (ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP. The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate. Investors should be aware of inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis. DC&P and ICFR, as defined in NI 52-109, may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

RISKS AND UNCERTAINTIES

The Company's products are subject to extensive regulation by numerous governmental agencies which may restrict the Company's ability to market and sell its products.

RISK FACTORS

An investment in the Coho should be considered highly speculative due to the nature of the Company's business and the present stage of development. Potential investors should consult with their professional advisors to assess an investment in the Company. In evaluating the Company and our business, investors should carefully consider the risk factors below. These risk factors are not a definitive list of all risk factors associated with an investment in our Company or in connection with our operations.

The following are certain factors relating to our Company's business, which prospective investors should carefully consider before deciding whether to purchase Common Shares. The following information is a summary only of certain risk factors and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information set out elsewhere in this MD&A. These risks and uncertainties are not the only ones we are facing. Additional risks and uncertainties not presently known us, or that we currently deem immaterial, may also impair operations. If any such risks actually occur, the business, financial condition, liquidity and results of operations could be materially adversely affected.

Risks Relating to our Business

Reliance on Key Personnel

The Company is strongly depend on the business and technical expertise of our management team and there is little possibility that this dependence will decrease in the near term. Company success will depend in large measure on certain key personnel including Andrew Barnes, Amrit Maharaj and Jennifer Chan. The loss of the services of such key personnel could have a material adverse effect on the business and prospects as it may not be able to find suitable individuals to replace them on a timely basis. The contributions of the existing management team to the immediate and near term operations are likely to be of central importance.

Investors must rely upon the ability, expertise, judgment, discretion, integrity and good faith of management. The amount of time and expertise expended on affairs by each of the management team and directors will vary according to needs. The Company has acquired key-person insurance policies for Andrew Barnes and Amrit Maharaj. No further key-person insurance has been secured and there is, therefore, a risk that the departure of any member of management, our board, or any key employee or consultant, could have a material adverse effect on the Company's future.

Protection of Intellectual Property Rights

The Company relies on unpatented proprietary expertise, facility design, recipes and formulations and other trade secrets to develop and maintain competitive position. Success depends, to a significant degree, upon ability to protect and preserve intellectual property. All of employees are subject to confidentiality provisions contained in their employment offers which prohibit them from disclosing information acquired by them during, as a consequence of or in connection with their employment. The Company relies on these agreements to protect intellectual property rights. Nevertheless, trade secrets are difficult to protect.

Competition

The industry the Company operates in is very competitive and the industry has accelerated in the most recent year. The Company faces potential competition from numerous brands that either a) offer virtual kitchen facilities to small to large food producers, or b) operate Ghost Kitchens across multiple locations worldwide. Many of these competitors have substantial financial backing and established brand reputation. Competition is based on facility availability, facility specialization, location, community service offering, customer service orientation, and price. Failure to compete against other similar companies and products could have a material adverse effect on business, financial condition and results of operations.

Failure to Establish Additional Locations

The Company intends to open additional locations before September 2022 to serve as Growth Locations and expand geographically. These are expected to include a restaurant/patio and test kitchen. If the Company is not able to successfully establish these locations, it will forego the operational and financial benefits expected to derive from the short term growth once fully operational.

Disruption at our Facilities

Currently, all of revenue is driven from our three operating locations and the Café. A natural disaster, fire, power interruption, work stoppage or other calamity at these facilities, or at any future facility at which the Company serves its Members and the general public, would significantly disrupt its ability to deliver services and operate as a business. If any material amount of machinery or inventory were damaged, the Company would be unable to meet contractual obligations and cannot predict when, if at all, the Company could replace or repair such machinery, which could materially adversely affect business, financial condition and results of operations.

The COVID-19 Outbreak and its Effect on the Company's Business

In December 2019, COVID-19 was reported to have surfaced in Wuhan, China. COVID-19 has since spread rapidly throughout many countries, and, on March 11, 2020, the World Health Organization declared COVID-19 to be a pandemic. In an effort to contain and mitigate the spread of COVID-19, many countries, including Canada, have imposed unprecedented restrictions on travel. As a result, there have been business closures and a substantial reduction in economic activity in countries that have had significant outbreaks of COVID-19. The Company's business may be impacted by the recent COVID-19 outbreak. It is currently not possible to predict how long the pandemic will last or the time that it will take for economic activity to return to prior levels. The COVID-19 pandemic has resulted in significant financial market volatility and uncertainty in recent months. A continuation or worsening of the levels of market disruption and volatility seen in the past few years could have an adverse effect on the Company's ability to access capital, business, results of operations and financial condition, and on the market price of its Common Shares. The extent of this potential disruption on the Company's business cannot be assessed as the full extent of the outbreak and its impact on the global economy cannot be predicted.

Government Regulation of the Virtual Kitchen Industry Creates Risks and Challenges

The Company's operations are subject to regulation by government agencies including, among others, Vancouver Coastal Health, the City of Vancouver, the District of North Vancouver, and Island Health. These agencies regulate the Company's facility maintenance, product processing, packaging, storage, distribution, advertising, and food safety standards. Facilities are subject to inspection by federal, provincial, and local authorities. The Company strives to maintain compliance with all laws and regulations and maintain all permits and licenses relating to operations. Nevertheless, there can be no assurance that it is in compliance with all such laws and regulations, have all necessary permits and licenses, and will be able to comply with such laws and regulations, or obtain such permits and licenses in the future. Failure to comply with applicable laws and regulations and permits and licenses could subject us to civil remedies, including fines, injunctions, recalls or seizures, as well as potential criminal sanctions, which could have a material adverse effect on financial condition and results of operations. In addition, enforcement of existing laws and regulations, changes in legal requirements and/or evolving interpretations of existing regulatory requirements may result in increased compliance costs and create other obligations, financial or otherwise, that could adversely affect business, financial condition or results of operations.

Price of Raw Materials

Costs of the building supplies, equipment, ingredients and packaging for products are volatile and can fluctuate due to conditions that are difficult to predict, including global competition for resources, weather conditions, consumer demand and changes in governmental trade and agricultural programs. Volatility in the prices of raw materials and other supplies we purchase could increase our cost of sales and reduce our profitability. Moreover, the Company may not be able to implement product price increases to cover any increased costs, or any price increases implemented may result in lower sales volumes. If the Company is not successful in managing raw material costs, and unable to increase our prices to cover increased costs or if such price increases reduce sales volumes, then such increases in costs will adversely affect business, results of operations and financial condition.

Consumer Trends

The Company is focused on the development, manufacture, marketing and distribution of virtual kitchen facilities. Member demand could change based on a number of possible factors, including local laws, competition, real estate prices, entrepreneurial activity, and shifts in preference for various product attributes. If consumer demand for services and facilities decreases, business and financial condition would suffer. In addition, design of virtual kitchen facilities are subject to evolving Member preferences that we may not be able to accurately predict or respond to. Member trends could change based on a number of possible factors, including economic factors and social trends. A significant shift in Member demand away from facilities and services could reduce sales, which would harm our business and financial condition.

Climate Change

There is concern that carbon dioxide and other greenhouse gases in the atmosphere may have an adverse impact on global temperatures, weather patterns and the frequency and severity of extreme weather and natural disasters. If such climate change, or policy measures aimed at reducing climate change, negatively effect raw material costs or electricity costs, we may be subject to decreased availability or less favorable pricing for certain commodities that are necessary for facilities and services.

Cybersecurity

A compromise of security systems could result in confidential information about employees, Members, their customers, or suppliers being accessed by unauthorized persons. A breach of information security laws and regulations could also adversely affect reputation, financial condition and results of operations. This could result in litigation or the imposition of penalties against the Company. Additionally, a security breach could require that we expend significant additional resources on remediation or improvement. This could include changes in information security systems. Aside from costs, system remediation and improvement could result in a disruption of operations.

Food Safety and Consumer Health

The Company is subject to risks that affect the food industry in general, including risks posed by food spoilage, accidental contamination, product tampering, consumer product liability, and the potential costs and disruptions of a product recall. We manage these risks by maintaining strict and rigorous controls and processes in all our facilities and distribution systems. However, we cannot assure that such systems will eliminate the risks related to food safety. Members could be required to recall certain or a large portion of products in the event of contamination or adverse test results or as a precautionary measure. There is also a risk that not all of the product subject to the recall will be properly identified, or that the recall will not be successful or not be enacted in a timely manner. A product recall could result in significant losses due to its costs, destruction of product inventory and lost sales due to the unavailability of the product or potential loss of current or new Members as a result of an adverse impact on our reputation. In addition, once purchased by consumers, we have no further control over products and consumers may prepare our products in a manner that is inconsistent with our directions which may adversely affect the quality and safety of our products. Any product contamination could subject us to product liability claims, adverse publicity and government scrutiny, investigation or intervention, resulting in increased costs and decreased sales. Any of these events could have a material adverse impact on our business, financial condition and results of operations.

Brand Value

Company success largely depends on its ability to maintain and grow the value of Coho Commissary, the Café, Coho Collective Kitchens Inc. and any future brands. Maintaining, promoting and positioning brands and reputation will depend on, among other factors, the success of facility and service offerings, food safety, quality assurance, marketing and merchandising efforts and its ability to provide a consistent, high-quality Member and customer experience. Brand value is based on perceptions of subjective qualities, and any incident that erodes the loyalty of customers or suppliers, including adverse publicity or a governmental investigation or litigation, could significantly reduce the value of our brand and adversely affect our business, results of operations and financial condition.

Internet Search Algorithms

In order to attract new Members and customers and retain existing Members and customers, it is important that the Company's brands show up prominently in internet search results. Changes to internet search engines' algorithms or terms of service could cause our website to appear less prominently in search results.

Reputation Risk

Real or perceived quality or food safety and cleanliness concerns or failures to comply with applicable food regulations and requirements, whether or not ultimately based on fact and whether or not involving us or incidents involving our competitors, could cause negative publicity and reduced confidence in us and our products, which could cause harm to our brand, reputation and sales, and could materially adversely affect our business, financial condition and results of operations. The growing use of social and digital media increases the speed and extent that information or misinformation and opinions can be shared. Negative publicity about us, our brand or products on social or digital media could seriously damage our reputation. Without a favorable perception of our brand and products, our sales and profits could be negatively impacted.

Risks Associated with Leasing Commercial and Retail Space

The Company does not own any real estate. Instead, it leases its commissary facilities, office spaces, parking lots, and retail locations. Accordingly, it is subject to all of the risks associated with leasing, occupying and making tenant improvements to real property, including adverse demographic and competitive changes affecting the location of the property and changes in availability of and contractual terms for leasable commercial and retail space. Changes in areas around facilities, that result in reductions in customer foot traffic or otherwise render the location unsuitable could cause revenue to be less than expected.

Effect of Service and Facility Innovation

Company growth in part depends on its ability to develop and market new facilities, services, and improvements to existing locations that appeal to Member preferences. The success of innovation and service offerings is affected by Company ability to anticipate changes in Member preferences, the technical capability of our team in developing and testing facility prototypes, including complying with applicable governmental regulations, the success of our management and sales and marketing team in introducing and marketing new products and positive acceptance by our current and future Membership. Failure to develop and successfully market and sell new facilities and services may inhibit our growth, sales and profitability.

Failure to retain current Members and/or recruit new Members

Company success, and its ability to increase revenue and operate profitably, depends in part on its ability to acquire new Members and retain existing Members, so that they continue to purchase the Company's products. The Company may fail to acquire or retain customers across our different revenue channels due to negative value and quality perceptions.

Litigation Risk

We may become party to litigation from time to time in the ordinary course of business and this could adversely affect our business. Should any litigation in which we become involved be determined against us, such a decision could adversely affect our ability to continue operating. Even if we are involved in litigation and win, litigation can redirect significant resources. Litigation may also create a negative perception of our brand and the market price for the Common Shares could be impacted by litigation.

Failure to meet expectations of our Company Values & Metrics

Company reputation could be harmed if it take actions that are perceived to be misaligned with our values.

Any harm to reputation resulting from setting these metrics or failure or perceived failure to meet such metrics could impact: employee engagement and retention; the willingness of buyers and sellers and partners and vendors to do business with us; or investors' willingness to purchase or hold our Common Shares, any of which could adversely affect business, financial performance, and growth.

Risks Associated with Acquisitions

Coho will be pursuing a strategy of growth through acquisitions. Acquisitions involve a number of known and unknown risks, including diversion of management's attention, failure to retain key acquired personnel, unanticipated events or circumstances, and legal liabilities, some or all of which could have a material adverse effect on the business, results of operations and financial condition of the Company. In addition, there can be no assurance that the Company can complete any acquisition it pursues on favourable terms, that any acquired businesses, products or technologies will achieve anticipated revenues and income, or that any acquisitions completed will ultimately benefit the business. An acquisition could also result in a potentially dilutive issuance of equity securities. The failure of the Company to successfully manage its strategy of growth through acquisitions could have a material adverse effect on the Company's business, results of operations and financial condition.

Management of Growth

Coho's operations place significant demands on managerial, financial and human resources. The Company's ability to continue its rate of growth will depend on a number of factors, including the availability of capital, existing and emerging competition and the ability to recruit and train additional qualified personnel. Moreover, as the Company's business grows, the Company will need to devote additional resources to improving its operational infrastructure and continuing to enhance its scalability in order to maintain the performance of its business.

General Risks Relating to our Company

Speculative Nature of Investment Risk

An investment in the Common Shares carries a high degree of risk and should be considered as a speculative investment. We have a limited operating history, have not paid dividends, and are unlikely to pay dividends in the immediate or near future.

History of Losses

The Company has experienced net losses since incorporation. We anticipate that our operating expenses and capital expenditures will increase substantially in the foreseeable future as we continue to invest to increase our commissary facilities, customer base, supplier and distributor network, invest in further virtual kitchen facilities, hire additional employees and enhance our service capabilities. Our expansion efforts may prove more expensive than anticipated, and it may not succeed in increasing sales and margins sufficiently to offset the anticipated higher expenses. We incur expenses in developing our facilities, the supplies to run our shared-kitchen and retail operations, and marketing the facilities and services we offer. In addition, many of our expenses, including the costs associated with our existing and proposed future production facilities, are fixed. Accordingly, we may not be able to achieve or sustain profitability, and we may incur significant losses for the foreseeable future.

Negative Cash Flow

The Company has had negative cash flows from operations. If it is not able to obtain further financing, business operations may fail. The Company had negative cash flow from operating activities of $2,144,148 for the three months ended June 30, 2022. It had cash in the amount of $2,229,634 and working capital of $1,180,202 as at June 30, 2022. It is anticipated that the Company will require additional financing while it operates and expands new business. Consequently, the net proceeds from sales of securities may be used to fund anticipated negative cash flow from operating activities in future periods. There can be no assurance that any financing will be available to us, or, even if it is, if it will be offered on terms and conditions acceptable. The Company's inability to obtain additional financing in a sufficient amount when needed and upon terms and conditions acceptable to us, could have a material adverse effect upon us. If additional funds are raised by issuing equity securities, dilution to existing or future shareholders will result. If adequate funds are not available on acceptable terms when needed, we may be required to delay, scale back or eliminate the expansion of our new business.

Additional Funding Requirements and Risks

The Company will need to raise funds in the future through equity or debt. The sale of additional equity may result in additional dilution to shareholders and such securities may have rights, preferences or privileges senior to those of the Common Shares. To the extent that the Company relies upon debt financing, we will incur the obligation to repay the funds borrowed with interest and may become subject to covenants and restrictions that restrict operating flexibility. No assurance can be given that additional equity or debt financing will be available or that, if available, it can be obtained on terms favourable to the Company. If sufficient funding is not secured, then we may not able to establish and run a viable business.

Dividend Risk

We have not paid dividends in the past and do not anticipate paying dividends in the near future. We expect to retain earnings to finance further growth and, where appropriate, retire debt.

Increased Costs of Being a Publicly Traded Company

As we have publicly-traded securities, significant legal, accounting and filing fees will be incurred that are not presently being incurred. Securities legislation and the rules and policies of the TSXV require publicly listed companies to, among other things, adopt corporate governance policies and related practices and to continuously prepare and disclose material information, all of which will significantly increase legal, financial and securities regulatory compliance costs.

Global Economic Risk

Adverse and uncertain economic conditions may impact consumer demand for our facilities and services. Consumers may shift to lower-priced or other perceived value offerings during economic downturns. In addition, consumers may choose to purchase private label products rather than branded products because they are generally less expensive. Our success depends upon, among other things, our ability to maintain and increase sales volume with our existing Members, our ability to attract new customers and our ability to provide products that appeal to Members at the right price. Prolonged unfavorable economic conditions may have an adverse effect on our sales and profitability.

Risks Related to the Common Shares

Share Price Volatility Risk

As a Company listed on the TSX-V, external factors outside of our control, such as announcements of quarterly variations in operating results, revenues and costs, and sentiments toward stocks, may have a significant impact on the market price of the Common Shares. Global stock markets, including the TSXV, have experienced extreme price and volume fluctuations from time to time. There can be no assurance that an active or liquid market will develop or be sustained for the Common Shares.

Use of Net Proceeds and Available Funds

Our Board and/or management will have discretion in the actual application of the net proceeds, and may elect to allocate net proceeds if they believe it would be in our best interests to do so. Our shareholders may not agree with the manner in which the Board and/or management chooses to allocate and spend the net proceeds. The failure by the Board and/or management to apply these funds effectively could have a material adverse effect on our business, financial condition, results of operations, cash flows or prospects.