Condensed Consolidated Interim Financial Statements of

Coho Collective Kitchens Inc.
(Unaudited)

For the three months ended June 30, 2023 and 2022

(Expressed in Canadian dollars)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, *Continuous Disclosure Obligations*, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established for a review of interim financial statements by an entity's auditor.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management team.

COHO COLLECTIVE KITCHENS INC.

Condensed Consolidated Interim Statements of Financial Position

(Unaudited – Expressed in Canadian Dollars)

	Note		As at June 30, 2023		As at March 31, 2023
ASSETS					
Current					
Cash		$	70,688	$	249,737
Receivables			345,174		206,807
Prepaid expenses – current portion			352,934		254,020
			768,796		710,564
Non-current					
Prepaid expenses			294,156		356,588
Property and equipment	3		6,687,407		4,718,007
Right-of-use assets	4		7,222,005		7,206,455
TOTAL ASSETS		**$**	**14,972,364**	**$**	**12,991,614**
LIABILITIES					
Current					
Trade payables and accrued liabilities			4,167,552		2,241,801
Deposits	11		267,088		206,119
Deferred revenue			97,688		35,780
Lease obligation – current portion	4		824,476		584,394
Loans from shareholders	10		158,267		54,728
Other loans – current portion	12		1,735,374		2,250,062
Convertible debentures – current portion	13		151,067		-
			7,401,512		5,372,884
Non-current					
Lease obligation	4		7,551,377		7,696,927
Other loans	12		1,027,436		1,231,926
Convertible debentures	13		1,451,407		-
TOTAL LIABILITIES			**17,431,732**		**14,301,737**
SHAREHOLDERS' EQUITY (DEFICIT)					
Share capital	5		14,916,334		14,916,334
Other reserves	5,6		1,391,169		1,217,102
Deficit			(18,766,871)		(17,443,559)
TOTAL SHAREHOLDERS' EQUITY (DEFICIT)			**(2,459,368)**		**(1,310,123)**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$**	**14,972,364**	**$**	**12,991,614**

Nature of operations and going concern (Note 1)
Subsequent events (Note 15)

Approved by the Directors:

"Andrew Barnes"
Andrew Barnes, Director

"Amrit Maharaj"
Amrit Maharaj, Director

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

COHO COLLECTIVE KITCHENS INC.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

(Unaudited – Expressed in Canadian Dollars)

	Note	For the three months ended June 30, 2023	For the three months ended June 30, 2022
REVENUE			
Rental		$ 579,033	$ 435,154
Retail		313,296	108,158
TOTAL REVENUE		892,329	543,312
COST OF SALES (RETAIL)		101,457	59,036
GROSS PROFIT		790,872	484,276
OPERATING EXPENSES			
Advertising and promotion		25,590	32,482
Amortization	3,4	403,252	213,511
Accretion	12,13	14,292	12,067
Interest	4,12,13	252,773	183,792
Occupancy cost		291,064	175,044
Office and miscellaneous		81,909	59,646
Professional fees		210,861	553,950
Salaries and benefits	10	565,193	631,190
Share-based compensation	6,10	103,526	28,386
Subcontractor		13,888	18,174
Supplies		82,222	68,697
TOTAL OPERATING EXPENSES		2,044,570	1,976,939
NET OPERATING LOSS		**$ (1,253,698)**	**$ (1,492,663)**
OTHER ITEMS			
Loss on derecognition of property and equipment	3	(81,614)	-
Gain on forgiveness of loan	12	12,000	-
NET LOSS		**$ (1,323,312)**	**$ (1,492,663)**
NET LOSS PER SHARE – BASIC AND DILUTED	7	**$(0.02)**	**$(0.02)**
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING – BASIC AND DILUTED	7	**84,285,042**	**70,554,919**

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

COHO COLLECTIVE KITCHENS INC.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity (Deficit)

(Unaudited – Expressed in Canadian Dollars)

	Number of shares		Share Capital		Other Reserves		Deficit		Total Shareholders' Equity (Deficit)
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 5)	16,666,670		4,471,135		-		-		**4,471,135**
Shares issued as agent's commission on initial public offering (Note 5)	167,148		(50,144)		50,144		-		**-**
Shares issued as corporate finance fee (Note 5)	100,000		(30,000)		30,000		-		**-**
Compensation warrants issued as finder's fees on initial public offering (Note 5)	-		(132,058)		132,058		-		**-**
Share-based compensation (Note 6)	-		-		28,386		-		**28,386**
Net loss for the period	-		-		-		(1,492,663)		**(1,492,663)**
Balance at June 30, 2022	**84,285,042**	**$**	**14,916,334**	**$**	**956,574**	**$**	**(12,864,904)**	**$**	**3,008,004**
Balance at March 31, 2023	84,285,042	$	14,916,334	$	1,217,102	$	(17,443,559)	$	**(1,310,123)**
Equity component of convertible debentures (Note 6,13)	-		-		70,541		-		**70,541**
Share-based compensation (Note 6)	-		-		103,526		-		**103,526**
Net loss for the period	-		-		-		(1,323,312)		**(1,323,312)**
Balance at June 30, 2023	**84,285,042**	**$**	**14,916,334**	**$**	**1,391,169**	**$**	**(18,766,871)**	**$**	**(2,459,368)**

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

COHO COLLECTIVE KITCHENS INC.

Condensed Consolidated Interim Statements of Cash Flows

(Unaudited – Expressed in Canadian Dollars)

		For the three months ended June 30, 2023		For the three months ended June 30, 2022
Operating Activities				
Net loss for the period	$	(1,323,312)	$	(1,492,663)
Items not involving cash:				
Amortization of property and equipment		199,744		119,956
Amortization of right-of-use assets		203,508		93,555
Accretion of non-interest bearing loans and convertible debentures		14,292		12,067
Interest		200,309		95,024
Share-based compensation		103,526		28,386
Loss on derecognition of property and equipment		81,614		-
Gain on forgiveness of loan		(12,000)		-
Changes in working capital and other items:				
Receivables		(138,367)		(89,331)
Prepaid expenses		(36,482)		(198,557)
Trade payables and accrued liabilities		(213,439)		(78,456)
Deferred revenue		61,908		4,983
Deposits		60,969		12,792
Net cash used in operating activities		(797,730)		(1,492,244)
Investing Activities				
Purchase of property and equipment		(2,250,908)		(591,398)
Payables related to capital expenditures		2,139,190		(651,904)
Net cash used in investing activities		(111,718)		(1,243,302)
Financing Activities				
Proceeds from share issuances net of share issuance costs		-		4,471,135
Proceeds from convertible debentures		1,000,000		-
Loan advances		-		2,080,000
Loan repayments		(67,522)		(873,116)
Credit facility repayments		-		(646,043)
Lease obligation		(305,618)		(176,507)
Shareholder advances (repayments)		103,539		(1,785)
Net cash provided by financing activities		730,399		4,853,684
Increase (decrease) in cash during the period		(179,049)		2,118,138
Cash, beginning of period		249,737		111,496
Cash, end of period	**$**	**70,688**	**$**	**2,229,634**

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)
Equity component of convertible debentures		70,541		-
Reclassification of other loans to convertible debentures		650,000		-

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 condensed consolidated interim 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. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These unaudited condensed consolidated interim financial statements as at and for the three months ended June 30, 2023 and 2022 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and in accordance with IAS 34, Interim Financial Reporting ("IAS 34"). The accounting policies, methods of computation and presentation applied in these unaudited condensed consolidated interim financial statements are consistent with those of the previous fiscal year. These unaudited condensed consolidated interim financial statements reflect the accounting policies and disclosures described in Note 3 of the Company's audited consolidated financial statements for the year ended March 31, 2023, and accordingly, should be read in conjunction with those audited consolidated financial statements and the notes thereto.

These condensed consolidated interim financial statements have been prepared on a historical cost basis, except for certain financial instruments, which are measured at fair value. The condensed consolidated interim 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 Company's board of directors approved the release of these condensed consolidated interim financial statements on August 28, 2023.

Basis of consolidation

These condensed consolidated interim 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%
Coho Acquisition Corp. (1)	British Columbia	100%

(1) Coho Acquisition Corp. was incorporated on May 26, 2023.

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.

The financial statements of the subsidiaries are included in the condensed consolidated interim 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 condensed consolidated interim financial statements.

3. PROPERTY AND EQUIPMENT

	Software	Furniture and Equipment	Leasehold Improvements	Total
Cost				
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**
Additions	-	8,637	2,242,121	**2,250,758**
Derecognition of property and equipment	-	-	(134,757)	**(134,757)**
Balance as at June 30, 2023	**86,598**	**1,067,293**	**7,050,983**	**8,204,874**

(Unaudited – Expressed in Canadian Dollars)

Accumulated Amortization				
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**
Depreciation expense	7,216	52,793	139,735	**199,744**
Derecognition of property and equipment	-	-	(53,143)	**(53,143)**
Balance as at June 30, 2023	**45,428**	**564,009**	**908,030**	**1,517,467**
Net Book Value as at June 30, 2023	**$ 41,170**	**$ 503,284**	**$ 6,142,953**	**$ 6,687,407**
Net Book Value as at March 31, 2023	$ 48,386	$ 547,440	$ 4,122,181	$ 4,718,007

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

4. LEASES

As at June 30, 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 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**
Additions		219,058
Balance as at June 30, 2023	**$**	**8,625,494**
Accumulated Amortization		
Balance as at March 31, 2022	$	754,311
Amortization		655,174
Derecognition of right-of-use asset		(209,504)
Balance as at March 31, 2023		**1,199,981**
Amortization		203,508
Balance as at June 30, 2023		**1,403,489**
Net Book Value as at June 30, 2023	**$**	**7,222,005**
Net Book Value as at March 31, 2023	$	7,206,455

Lease Obligation

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)

(Unaudited – Expressed in Canadian Dollars)

Balance as at March 31, 2023		**8,281,321**
Additions – premises		218,908
Interest expense		181,242
Lease payments		(305,618)
Balance as at June 30, 2023		**8,375,853**
Current portion of lease liabilities		(824,476)
Non-current portion of lease liabilities	**$**	**7,551,377**

Additions to property and equipment for the three months ended June 30, 2023 included $nil of leased furniture and equipment (June 30, 2022 - $nil). As at June 30, 2023, $363,554 of leased furniture and equipment was included in property and equipment (March 31, 2023 - $399,424).

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 three months ended June 30, 2023 was $132,488 (June 30, 2022- $97,748).

As at June 30, 2023, the future minimum lease payments under non-cancellable lease agreements were payable as follows:

		June 30, 2023
Less than 1 year	$	1,377,605
Between 1 and 3 years		3,248,238
More than 3 years		9,297,471
Total	**$**	**13,923,314**

5. SHARE CAPITAL

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

Issued

		June 30, 2023		**March 31, 2023**
84,285,042 Common shares (March 31, 2023 – 84,285,042)	$	14,916,334	$	14,916,334

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;

(Unaudited – Expressed in Canadian Dollars)

- 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.

6. 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 March 31, 2022	$ 315,935	$ -	$ 353,750	$ 46,301	$ 715,986
Share-based compensation	106,448	182,466	-	-	288,914
Compensation warrants (Note 5)	-	-	132,058	-	132,058
Share issuance costs (Note 5)	-	-	-	80,144	80,144
Balance at March 31, 2023	**$ 422,383**	**$ 182,466**	**$ 485,808**	**$ 126,445**	**$ 1,217,102**
Share-based compensation	25,709	77,817	-	-	103,526
Convertible debentures (Note 13)	-	-	-	70,541	70,541
Balance at June 30, 2023	**$ 448,092**	**$ 260,283**	**$ 485,808**	**$ 196,986**	**$ 1,391,169**

a) <u>Stock Options</u>

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 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**
Forfeited	(37,500)	0.30
Outstanding at June 30, 2023	**4,112,500**	**$ 0.29**

As at June 30, 2023, the Company had a total of 4,112,500 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.

(Unaudited – Expressed in Canadian Dollars)

The weighted average exercise price per option granted in the three months ended June 30, 2023 was $nil as no options were granted (June 30, 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 three months ended June 30, 2023 and 2022 by applying the following weighted average assumptions:

	June 30, 2023	June 30, 2022
Risk-free interest rate	N/A	0.58% - 2.52%
Expected life of options (years)	N/A	4
Expected annualized volatility	N/A	55%
Expected dividend yield	N/A	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 period totalled $592,102 (June 30, 2022 – $500,221), of which $25,709 (June 30, 2022 – $28,386) was recognized as share-based compensation during the period for the vested options.

The number of options outstanding and exercisable under the Plan at June 30, 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	75,000
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
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 June 30, 2023	**4,112,000**	**$ 0.29**	**2,303,125**

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.

(Unaudited – Expressed in Canadian Dollars)

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 and June 30, 2023	**2,087,000**

The estimated fair value of the RSUs granted during the three months ended June 30, 2023 and 2022 was $nil as no RSUs were granted 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 three months ended June 30, 2023 was $77,817 (June 30, 2022 – $nil).

c) Warrants

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.

No warrants were issued during the three months ended June 30, 2023.

The fair value of the warrants issued during the three months ended June 30, 2023 and 2022 was estimated using the Black Scholes Option Pricing model and the following weighted average assumptions:

	June 30, 2023	**June 30, 2022**
Risk-free interest rate	N/A	0.21%
Expected life of warrants (years)	N/A	2
Expected annualized volatility	N/A	57%
Expected dividend yield	N/A	Nil

(Unaudited – Expressed in Canadian Dollars)

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

	Number outstanding	Weighted average exercise price
Outstanding at March 31, 2022	7,820,730	$ 0.47
Granted	1,399,519	0.30
Expired	(7,820,730)	0.47
Outstanding at March 31, 2023 and June 30, 2023	**1,399,519**	**$ 0.30**

The number of warrants outstanding and exercisable as at June 30, 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 June 30, 2023	**1,399,519**	**1,399,519**	**$ 0.30**	

7. BASIC AND DILUTED NET LOSS PER SHARE

	June 30, 2023	June 30, 2022
Basic and diluted net loss per share	$ (0.02)	$ (0.02)
- Losses used in calculation of net loss per share	$ (1,323,312)	$ (1,492,663)
- Weighted average number of common shares used as the denominator in calculating basic and diluted net loss per share	84,285,042	70,554,919

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

8. CAPITAL DISCLOSURES

As at June 30, 2023, the Company's capital structure is comprised of shareholders' equity (deficit), other loans and convertible debentures. 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 period. The Company is not exposed to externally imposed capital requirements.

9. 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 three months ended June 30, 2023. Disclosures relating to exposure to risks, in particular credit risk, liquidity risk and interest rate risk are provided below.

(Unaudited – Expressed in Canadian Dollars)

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 June 30, 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 June 30, 2023 and March 31, 2023, the Company has $nil in allowance for doubtful accounts.

Liquidity risk

As at June 30, 2023, the Company had a cash balance of $70,688 available to settle current liabilities of $7,401,512. The Company expects to finance its operating expenses through cash flow from operations, debt as well as equity financing. The Company completed a debt financing subsequent to June 30, 2023 (Note 15).

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	$ 4,167,552	$ -	$ -	$ 4,167,552
Deposits	267,088	-	-	267,088
Lease obligation	1,377,605	4,196,411	8,349,298	13,923,314
Loans from shareholders	158,267	-	-	158,267
Other loans	1,735,374	1,027,436	-	2,762,810
Convertible debentures	151,067	1,451,407	-	1,602,474
	$ 7,856,953	**$ 6,675,254**	**$ 8,349,298**	**$ 24,104,131**

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, 2023, the Company is exposed to interest rate risk regarding its variable rate loans (Note 12) with outstanding balances totaling $1,847,095. A 1% change in the interest rate on the loans would have a pre-tax impact of $18,471 on net loss for the period.

10. RELATED PARTY TRANSACTIONS

a. Loans from shareholders

As at June 30, 2023, the Company had loans due to the Company's CEO of $17,636 (March 31, 2023 - $19,062), and due to the Company's COO and a company controlled by the COO of $140,631 (March 31, 2023 - $35,666). The loans are unsecured, non-interest bearing and due on demand.

(Unaudited – Expressed in Canadian Dollars)

b. Salaries and fees paid to key management personnel

For the three months ended June 30, 2023, the Company recorded $117,500 (June 30, 2022 - $100,000) in key management compensation to the Company's CEO, COO, CFO, CMO, and former CCO.

c. Share-based compensation to related parties

As at June 30, 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 (June 30, 2022 - $83,669) of which $6,461 was recognized as share-based compensation during the three months ended June 30, 2023 for the vested options (June 30, 2022 - $7,238).

11. 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:

	June 30, 2023	March 31, 2023
Opening Balance	$ 206,119	$ 172,198
Additions (net of refunds)	60,969	33,921
Closing balance	**$ 267,088**	**$ 206,119**

12. 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 three months ended June 30, 2023, the Company recorded $nil (June 30, 2022 - $588) 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.

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 three months ended June 30, 2023, the Company recorded $6,220 (June 30, 2022 - $6,821) in interest expense in connection to the loan and repaid principal of $19,285 (June 30, 2022 - $14,681). As at June 30, 2023 the remaining balance due is $115,830 (March 31, 2023 - $128,896).

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.

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 three months ended June 30, 2023 and 2022. As at June 30, 2023, the remaining balance due is $120,000 (March 31, 2023 - $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 three months ended June 30, 2023, the Company repaid $nil of the loans (June 30, 2022 - $90,000). As at June 30, 2023, the carrying value of the loans outstanding was $311,265 (March 31, 2023 - $300,921). During the three month ended June 30, 2023, the Company recorded $10,344 (June 30, 2022 - $12,067) 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 three months ended June 30, 2023, the Company recorded $nil (June 30, 2022 - $2,000) in interest expense in connection to the loan. On July 12, 2022, the Company repaid $140,000 of the loan. During the three months ended June 30, 2023, the remaining balance due of $12,000 was forgiven and the Company recorded a gain on forgiveness of loan of $12,000. As at June 30, 2023, the remaining balance due is $nil (March 31, 2023 - $12,000).

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 three months ended June 30, 2023, the Company recorded $nil (June 30, 2022 - $22,032) 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 three months ended June 30, 2023, the Company recorded $nil (June 30, 2022 - $1,022) 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 three months ended June 30, 2023 the Company recorded $20,150 (June 30, 2022 - $13,433) 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 June 30, 2023, the remaining balance due is $1,300,000 (March 31, 2023 - $1,300,000).

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 three months ended June 30, 2023 and 2022, the Company recorded $nil in interest expense in connection to the Loan. As at June 30, 2023, the remaining balance due is $800,000 (March 31, 2023 - $800,000).

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 three months ended June 30, 2023, the Company recorded $1,197 (June 30, 2022 - $nil) in interest expense in connection to the loan. As at June 30, 2023, the remaining balance due is $63,183 (March 31, 2023 - $61,986).

l. 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 three months ended June 30, 2023, the Company repaid $55,653 of the loan (June 30, 2022 - $nil). As at June 30, 2023, the remaining balance due is $52,532 (March 31, 2023 - $108,185).

13. CONVERTIBLE DEBENTURES

On May 24, 2023, the Company completed a non-brokered private placement for gross proceeds of $1,650,000 (the "Offering"). 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, commencing 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.

For accounting purposes, the Convertible Debentures are separated into their liability and equity components by first valuing the liability component. The fair value of the liability component at the time of issue of $1,579,459, was calculated as the discounted cash flows for the Convertible Debentures assuming a 9.7% discount rate, which was the estimated rate for a similar debenture without a conversion feature. The fair value of the equity component (conversion feature) was determined at the time of issue as the difference between the face value of the Convertible Debentures and the fair value of the liability component, being $70,541. The liability component will be accreted over the life of the Convertible Debentures. During the three months ended June 30, 2023, the Company recorded interest expense of $19,067 (June 30, 2022 - $nil) and accretion expense of $3,948 (June 30, 2022 - $nil) in connection to the Convertible Debentures. As at June 30, 2023, the remaining balance due is $1,602,474 (March 31, 2023 - $nil).

14. INCOME TAXES

Income tax expense is recognized at an amount determined by multiplying the profit (loss) before tax for the interim reporting period by management's best estimate of the weighted-average annual income tax rate expected for the full financial year, adjusted for the tax effect of certain items recognized in full in the interim period. As such, the effective tax rate in the condensed consolidated interim financial statements may differ from management's estimate of the effective tax rate for the consolidated annual financial statements.

The Company's consolidated effective tax rate in respect of continuing operations for the three months ended June 30, 2023 was 27% (June 30, 2022 – 27%).

15. SUBSEQUENT EVENTS

a. **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 TSXV.

b. On July 28, 2023, the Company borrowed $132,894 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 January 28, 2025.