**Management Discussion and Analysis of Financial Condition and Results of Operations**

**For the three months ended June 30, 2023**

This Management's Discussion and Analysis ("**MD&A**") is intended to help the reader understand the condensed consolidated interim 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 28, 2023.

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, 2023. 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 condensed consolidated interim financial statements of the Company for the three months ended June 30, 2023 and 2022, and with the audited consolidated annual financial statements for the year ended March 31, 2023 and 15 months ended March 31, 2022, 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 six locations in British Columbia. 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

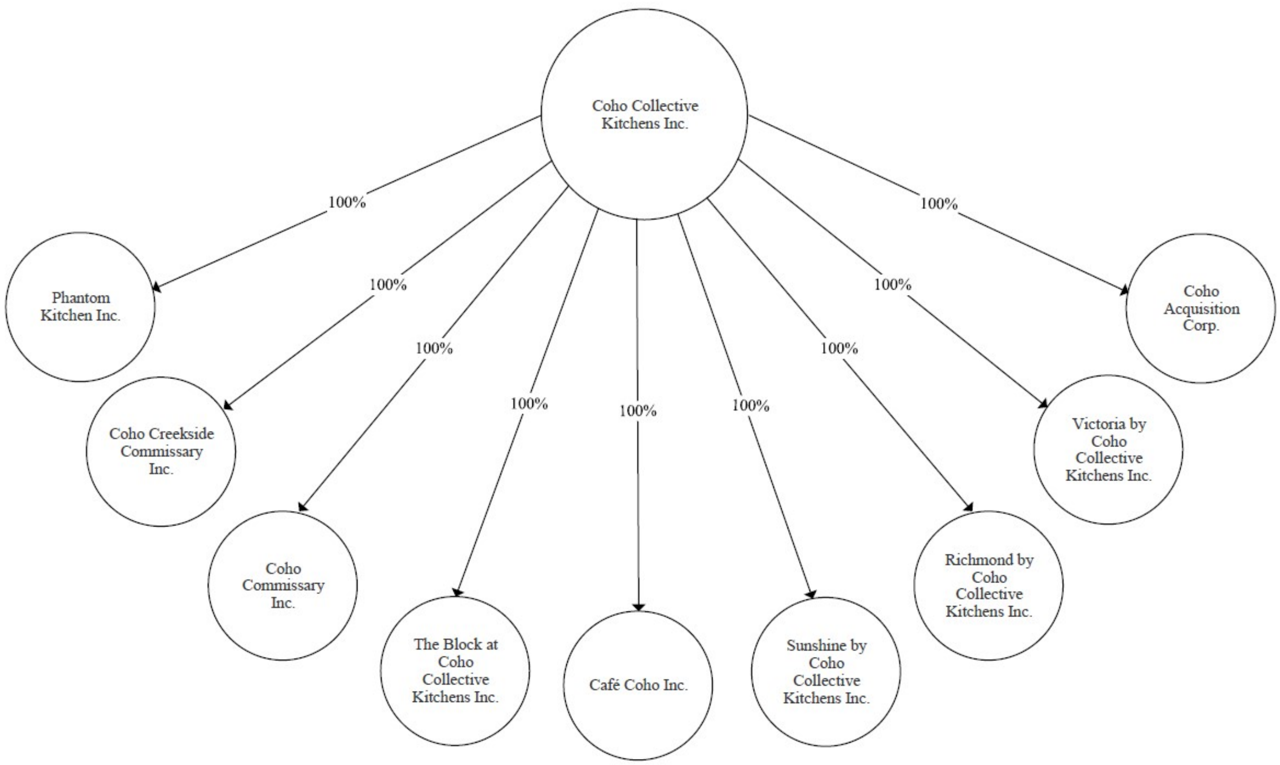
We have nine wholly-owned subsidiaries which were incorporated pursuant to the *Business Corporations Act* (British Columbia) to provide flexibility for intercorporate organizational needs as they arise. The wholly-owned subsidiaries were incorporated on the following dates:

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
9. Coho Acquisition Corp. – May 26, 2023

On June 30, 2023, 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**"), Phantom Kitchen Inc. ("**Phantom**"), Victoria by Coho Collective Kitchens Inc. ("**Victoria**"), and Coho Acquisition Corp. 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.

**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).

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

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 indicated period:

| | **Three Months Ended June 30, 2023** | **Three Months Ended June 30, 2022** |
|---|---|---|
| | $ | $ |
| **Revenue** | 892,329 | 543,312 |
| **Net loss** | (1,323,312) | (1,492,663) |
| **Basic and diluted loss per share** | (0.02) | (0.02) |
| **Total assets** | 14,972,364 | 10,204,613 |
| **Total current liabilities** | 7,401,512 | 1,619,321 |
| **Total non-current liabilities(1)** | 10,030,220 | 5,577,288 |

**Notes:**

**(1)** Non-current liabilities are comprised of lease obligation, other loans and convertible debentures.

During the three months ended June 30, 2023, revenue increased to $892,329, compared to $543,312 in the three months ended June 30, 2022. The increase in revenue for the three months ended June 30, 2023, was due to increased rental and retail revenue.

During the three months ended June 30, 2023, net loss was $1,323,312, compared to $1,492,663 in the three months ended June 30, 2022. The decrease in net loss was primarily due to increased gross profit and decreased professional fees during the three months ended June 30, 2023.

The consolidated statement of financial position as at June 30, 2023, indicates a cash balance of $70,688 (March 31, 2023 - $249,737), receivables of $345,174 (March 31, 2023 - $206,807), and current portion of prepaid expenses of $352,934 (March 31, 2023 - $254,020). As a result, current assets of $768,796 increased as at June 30, 2023 (March 31, 2023 - $710,564).

Property and equipment at June 30, 2023, was $6,687,407 (March 31, 2023 – $4,718,007). The increase in property and equipment during the three months ended June 30, 2023, was primarily due to capital expenditures related to the Company's continued expansion and outfitting of the Company's Sunshine, Pandora, White Rock, Richmond and Hastings locations.

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 as at June 30, 2023, were $7,222,005 (March 31, 2023 - $7,206,455). A new right-of-use lease agreement was signed for the Company's Hastings location.

Given the nature of the 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 $7,401,512 as at June 30, 2023 (March 31, 2023 – $5,372,884). Non-current liabilities, which include lease obligation, other loans and convertible debentures as at June 30, 2023, were $10,030,220 (March 31, 2023 - $8,928,853).

Shareholders' equity (deficit) as at June 30, 2023 is comprised of share capital of $14,916,334 (March 31, 2023 - 14,916,334), other reserves of $1,319,169 (March 31, 2023 - $1,217,102), and deficit of $18,766,871 (March 31, 2023 - $17,443,559).

Working capital, which is comprised of current assets less current liabilities, was $(6,632,716) as at June 30, 2023, compared to a working capital of $(4,662,320) as at March 31, 2023, reflecting a decrease of $1,970,396. The decrease was primarily due to an increase in trade payables and accrued liabilities and certain loans becoming current during the three months ended June 30, 2023.

The weighted average number of common shares outstanding for the three months ended June 30, 2023, was 84,285,042, compared to 70,554,919 for the three months ended June 30, 2022.

## RESULTS OF OPERATIONS

During the three months ended June 30, 2023, revenue increased to $892,329, compared to $543,312 in the three months ended June 30, 2022. The following table shows the revenue generated by entity for the three months ended June 30, 2023, and three months ended June 30, 2022:

| | **Three Months Ended June 30, 2023** | **Three Months Ended June 30, 2022** |
|---|---|---|
| **Revenue** | **$** | **$** |
| Café | - | 55,086 |
| Commissary | 85,618 | 101,206 |
| Creekside | 8,147 | 35,822 |

| | | |
|---|---|---|
| Block | 300,455 | 298,125 |
| Sunshine | 319,413 | 53,073 |
| Phantom | - | - |
| Richmond | - | - |
| Victoria | 19,835 | - |
| Pandora | 77,915 | - |
| Collective | 9,950 | - |
| White Rock | 69,919 | - |
| Coho Acquisition Corp. | - | - |
| Other Income (Loss) | 1,077 | - |
| **Total Revenue** | **892,329** | **543,312** |
| **Cost of Sales (Retail)** | 101,457 | 59,036 |
| **Gross Profit** | **790,872** | **484,276** |

The increase in revenue for the three months ended June 30, 2023, was primarily due to the expansion of revenue at the Company's Sunshine (opened in May 2022), Victoria (opened in October 2022), Pandora (opened in May 2023), and White Rock (opened in January 2023) locations. Café was closed in August 2022 and Creekside was closed in May 2023.

| | **Three Months Ended June 30, 2023** | **Three Months Ended June 30, 2022** |
|---|---|---|
| **Operating Expenses** | **$** | **$** |
| Advertising and promotion | 25,590 | 32,482 |
| Amortization | 403,252 | 213,511 |
| Accretion | 14,292 | 12,067 |
| Interest | 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 | 565,193 | 631,190 |
| Share-based compensation | 103,526 | 28,386 |
| Subcontractor | 13,888 | 18,174 |
| Supplies | 82,222 | 68,697 |
| **Total Operating Expenses** | **2,044,570** | **1,976,939** |

Total operating expenses for the three months ended June 30, 2023, increased to $2,044,570 compared to $1,976,939 for the three months ended June 30, 2022, primarily due to increased amortization, interest, occupancy cost, and share-based compensation, which were offset primarily by decreases in professional fees and salaries and benefits.

**Amortization** for the three months ended June 30, 2023, was $403,252, compared to $213,511 for the three months ended June 30, 2022. The increase is primarily due to increased property and equipment and right-of-use assets.

**Occupancy cost** for the three months ended June 30, 2023, was $291,064, compared to $175,044 for the three months ended June 30, 2022. The increase is primarily due to increases in rental, repairs and maintenance and utilities.

**Professional fees** for the three months ended June 30, 2023, were $210,861, compared to $553,950 for the three months ended June 30, 2022. The decrease in professional fees is primarily due to decreased 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, 2023, were $565,193 compared to $631,190 for the three months ended June 30, 2022. This decrease was primarily due to decreased headcount at the Company’s head office and operating locations. There were 47 employees as at June 30, 2023, compared to 54 employees as at June 30, 2022.

## SELECTED QUARTERLY INFORMATION

| | Quarter Ended June 30, 2023 | Quarter Ended March 31, 2023 | Quarter Ended December 31, 2022 | Quarter Ended September 30, 2022 |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| Revenue | 892,329 | 627,769 | 723,703 | 656,295 |
| Total operating expenses | 2,044,570 | 2,048,021 | 1,949,553 | 2,346,191 |
| Net loss | (1,253,698) | (1,469,508) | (1,310,857) | (1,798,290) |

| | Quarter Ended June 30, 2022 | Quarter Ended March 31, 2022 | Quarter Ended December 31, 2021 | Quarter Ended September 30, 2021 |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| Revenue | 543,312 | 546,124 | 471,536 | 400,724 |
| Total operating expenses | 1,976,939 | 1,387,287 | 1,452,504 | 1,397,756 |
| Net loss | (1,492,663) | (875,687) | (1,050,720) | (7,771,194) |

The general trend of increasing revenue and operating expenses relates to the opening of additional locations over time, as noted in the “Results of Operations” section above.

## 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, 2023, the Company had cash of $70,688 compared to $249,737 on March 31, 2023.

Working capital, which is comprised of current assets less current liabilities, was $(6,632,716) on June 30, 2023, compared to a working capital position of $(4,662,320) on March 31, 2023. The Company has to date, financed growth through equity financing, credit facilities, shareholder loans, and convertible debentures.

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, 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.

*Cash Flow Analysis*

Cash used in operating activities during the three months ended June 30, 2023, was $797,730, compared to $1,492,244 during the three months ended June 30, 2022. Cash used in operating activities during the three months ended June 30, 2023, decreased primarily due to a decrease in net loss after considering items not affecting cash.

Cash used in investing activities during the three months ended June 30, 2023, was $111,718, compared to $1,243,302 during the three months ended June 30, 2022, primarily due to an increase in payables related to capital expenditures, which was offset by an increase in purchase of property and equipment. Payables related to capital expenditures increased by $2,791,094 during the three months ended June 30, 2023, compared to the three months ended June 30, 2022. As at June 30, 2023, $2,533,189 of this balance relates to leasehold improvements which are expected to be transferred to the landlord in the second quarter of the current fiscal year, which would result in a reimbursement of these costs.

Cash provided by financing activities during the three months ended June 30, 2023, was $730,399, compared to $4,853,684 during the three months ended June 30, 2022. The decrease in cash provided by financing activities was primarily due to the consummation of the Company's initial public offering and the proceeds generated in June 2022.

The following table details 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 payables 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** |

*Capital Resources*

On May 28, 2023, the Company entered into a definitive purchase agreement to acquire Purebread. Bakery Inc. ("**Purebread**"). Under the Purchase Agreement, Coho Acquisition Corp., Coho's wholly owned subsidiary, 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 and the issuance of 1,000,000 common shares of the Company with an aggregate value of approximately $220,000 based on the closing price of the common shares ($0.22) on the TSXV on May 26, 2023.

In order to complete the Acquisition, Coho Acquisition Corp. has entered into a letter of agreement with the Bank of Montreal ("BMO"), 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, a $300,000 revolving facility, and a $100,000 corporate credit card facility.

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.

Purebread is one of Canada's fastest growing and most respected independent bakery and cafe businesses. Purebread's existing team currently operates seven locations and will work with Coho following the closing of the Acquisition ("**Closing**"). Following Closing, it is expected that Purebread's existing team will continue to operate the brand under its current name, with plans to expand operations nationally. Coho sees the Acquisition as an opportunity for Purebread and Coho to leverage their resources, infrastructure, and expertise to accelerate their combined growth and profitability.

## 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, 2023, the Company had no off-balance sheet arrangements.

## TRANSACTIONS WITH RELATED PARTIES

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.

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.

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).

## CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

*Property and equipment*
Depreciation of property and equipment is dependent upon estimates of useful lives which are determined through the exercise of judgement. The assessment of any impairment of these assets is dependent upon

estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets.

*Determination of lease obligation*
The recognition of lease obligations include estimates for incremental borrowing rates, lease terms and variable lease payments. In assessing the lease term the Company considers significant leaseholds improvements undertaken, the rates for extension option periods, the costs of lease termination, and the importance of the lease to the operation. These are based on management's best estimate and in this regard may be significantly different from those determined based on future operational results.

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

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

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

*Leases*
**As a lessee**: At inception of a contract, the Company assesses whether a contract is, or contains, a lease. At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative fair values. However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component. The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate. The lease liability is subsequently measured at amortized cost using the effective interest rate method. The Company has elected not to recognize right-of-use assets and lease liabilities for short-term equipment leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the term of the lease.

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

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

**FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS**

Classification of Financial Instruments:

a. Fair Value of financial instruments

As of June 30, 2023, Coho's financial instruments are comprised of cash, receivables, trade payables and accrued liabilities, deposits, loans from shareholders, other loans, and convertible debentures. The fair values of cash, receivables, trade payables and accrued liabilities, deposits, and loans from shareholders 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 at June 30, 2023, and March 31, 2023, cash is assessed to be a Level 1 instrument. The carrying value of cash, receivables, trade payables and accrued liabilities, deposits, and loans from shareholders 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 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.

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 accrued liabilities, other loans, and convertible debentures. The Company manages its liquidity risk to ensure that it will have sufficient liquidity to meet liabilities when due. As of June 30, 2023, the Company had a cash balance of $70,688 (March 31, 2023 - $249,737) to settle current liabilities of $7,401,512 (March 31, 2023 - $5,372,884). As at June 30, 2023, $2,533,189 of this balance relates to leasehold improvements which are expected to be transferred to the landlord in the second quarter of the current fiscal year, which would result in a reimbursement of these costs. 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 from operations, debt, as well as equity financing.

d. 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 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.

**OUTSTANDING SHARE DATA**

The Company had the following shares and securities convertible into shares outstanding at the following dates:

| **Description** | **Authorized** | **Outstanding as at the date of this MD&A** | **Outstanding as at June 30, 2023** | **Outstanding as at March 31, 2023** |
|---|---|---|---|---|
| Common Shares | Unlimited | 84,285,042 | 84,285,042 | 84,285,042 |
| Warrants | Not applicable | 1,339,519 | 1,399,519 | 1,399,519 |
| Options | Aggregate grant of Options and Restricted Share Units not to exceed 10% of the issued and outstanding Common Shares | 4,062,500 | 4,112,500 | 4,150,000 |
| Restricted Share Units | Aggregate grant of Options and Restricted Share Units not to exceed 10% of the issued and outstanding Common Shares | 2,074,500 | 2,087,000 | 2,087,000 |
| Convertible Debentures | Not applicable | 1,650 | 1,650 | - |

**RECENT ACCOUNTING PRONOUNCEMENTS**

**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 three months ended June 30, 2023, and have not been early adopted in preparing these condensed consolidated interim 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 condensed interim 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 three months ended June 30, 2023, 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 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, Jennifer Chan, and Michael Yam. 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, Amrit Maharaj, Jennifer Chan, and Michael Yam. 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 to serve as Growth Locations and expand geographically. 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, most of our revenue is driven from our six operating locations. 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 Commissary, Block, Sunshine, Victoria, Pandora, White Rock, Richmond, Collective, 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 $797,730 for the three months ended June 30, 2023. It had cash in the amount of $70,688 and working capital of $(6,632,716) as at June 30, 2023. 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 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 on the Company. 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.

### *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 Venture Exchange, 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 TSX Venture Exchange, 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.