Condensed Consolidated Interim Financial Statements of

Coho Collective Kitchens Inc.
(Unaudited)

For the three and nine months ended December 31, 2022 and 2021

(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 December 31, 2022		As at March 31, 2022
ASSETS					
Current					
Cash		$	61,912	$	111,496
Receivables			214,036		123,058
Prepaid expenses – current portion			295,568		337,500
			571,516		572,054
Non-current					
Prepaid expenses			418,999		224,093
Property and equipment	4		4,332,603		2,888,052
Right-of-use assets	5		7,543,793		3,524,167
TOTAL ASSETS		**$**	**12,866,911**	**$**	**7,208,366**
LIABILITIES					
Current					
Trade payables and accrued liabilities			1,281,466		1,380,123
Deposits	13		186,393		172,198
Deferred revenue			16,495		10,018
Lease obligation – current portion	5		630,367		270,011
Loans from shareholders	12		117,475		88,982
Other loans – current portion	14		1,649,903		245,905
Credit facilities	8		-		646,043
			3,882,099		2,813,280
Non-current					
Lease obligation	5		7,883,905		3,853,836
Other loans	14		1,005,454		540,104
TOTAL LIABILITIES			**12,771,458**		**7,207,220**
SHAREHOLDERS' EQUITY					
Share capital	6		14,916,334		10,657,401
Other reserves	6,7		1,153,170		715,986
Deficit			(15,974,051)		(11,372,241)
TOTAL SHAREHOLDERS' EQUITY			**95,453**		**1,146**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$**	**12,866,911**	**$**	**7,208,366**

Nature of operations and going concern (Note 1)
Subsequent events (Note 16)

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	Three months ended December 31, 2022	Three months ended December 31, 2021	Nine months ended December 31, 2022	Nine months ended December 31, 2021
REVENUE					
Rental		$ 461,151	$348,126	$1,309,225	$1,099,004
Retail		262,552	115,585	614,085	258,510
TOTAL REVENUE		723,703	463,711	1,923,310	1,357,514
COST OF SALES (RETAIL)		85,007	61,927	252,437	143,876
GROSS PROFIT		638,696	401,784	1,670,873	1,213,638
OPERATING EXPENSES					
Advertising and promotion		18,419	71,640	62,514	172,837
Amortization	4,5	380,882	186,215	928,281	469,601
Accretion	14	9,480	-	38,184	-
Interest	5,8,14	231,572	97,060	650,998	320,999
Occupancy cost		211,124	93,153	596,000	354,102
Office and miscellaneous		55,313	102,714	176,883	211,046
Professional fees		153,953	274,470	1,218,146	592,672
Salaries and benefits	12	680,763	537,639	2,072,046	1,298,591
Share based compensation	7,12	114,889	29,955	224,982	236,671
Subcontractor		19,260	20,041	60,979	35,594
Supplies		73,898	39,617	243,670	179,517
TOTAL OPERATING EXPENSES		1,949,553	1,452,504	6,272,683	3,871,630
NET OPERATING LOSS		**$ (1,310,857)**	**$(1,050,720)**	**$(4,601,810)**	**$(2,657,992)**
OTHER ITEMS					
Acquisition of Phantom	2, 6	-	-	-	(6,730,787)
NET LOSS		**$ (1,310,857)**	**$(1,050,720)**	**$(4,601,810)**	**$(9,388,779)**
NET LOSS PER SHARE – BASIC AND DILUTED	9	**$(0.02)**	**$(0.02)**	**$(0.06)**	**$(0.18)**
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING – BASIC AND DILUTED	9	**84,285,042**	**67,351,224**	**79,974,616**	**50,774,248**

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

(Unaudited – Expressed in Canadian Dollars)

	Number of shares		Share Capital		Other Reserves		Deficit		Total Shareholders' Equity
Balance at March 31, 2021	41,151,980	$	3,321,614	$	238,804	$	(934,155)	$	**2,626,263**
Shares issued on acquisition of Phantom (Note 2, 6)	26,199,244		7,335,787		-		-		**7,335,787**
Share based compensation (Note 7)	-		-		236,671		-		**236,671**
Net loss for the period	-		-		-		(9,388,779)		**(9,388,779)**
Balance at December 31, 2021	**67,351,224**	**$**	**10,657,401**	**$**	**475,475**	**$**	**(10,322,934)**	**$**	**809,942**
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 6)	16,666,670		4,471,135		-		-		**4,471,135**
Shares issued as agent's commission on initial public offering (Note 6)	167,148		(50,144)		50,144		-		**-**
Shares issued as corporate finance fee (Note 6)	100,000		(30,000)		30,000		-		**-**
Compensation warrants issued as finder's fees on initial public offering (Note 6)	-		(132,058)		132,058		-		**-**
Share based compensation (Note 7)	-		-		224,982		-		**224,982**
Net loss for the period	-		-		-		(4,601,810)		**(4,601,810)**
Balance at December 31, 2022	**84,285,042**	**$**	**14,916,334**	**$**	**1,153,170**	**$**	**(15,974,051)**	**$**	**95,453**

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 nine months ended December 31, 2022		For the nine months ended December 31, 2021
Operating Activities				
Net loss for the period	$	(4,601,810)	$	(9,388,779)
Items not involving cash:				
Amortization of property and equipment		474,591		290,558
Amortization of right-of-use assets		453,690		179,043
Accretion of non-interest bearing loans		38,184		-
Interest		468,908		278,681
Share based compensation		224,982		236,671
Share based payment		-		6,730,787
Changes in working capital and other items:				
Receivables		(90,752)		40,877
Prepaid expenses		(152,974)		(530,868)
Trade payables and accrued liabilities		603,955		447,947
Deferred revenue		6,477		-
Deposits		14,195		73,904
Net cash used in operating activities		(2,560,554)		(1,641,179)
Investing Activities				
Purchase of property and equipment		(1,557,509)		(1,118,888)
Payables related to capital expenditures		(702,838)		-
Cash acquired on acquisition		-		605,000
Net cash used in investing activities		(2,260,347)		(513,888)
Financing Activities				
Proceeds from share issuances net of share issuance costs		4,471,135		2,960,997
Loan advances (repayment)		1,185,121		(172,800)
Lease obligation		(913,432)		(536,490)
Shareholder advances (repayment)		28,493		(73,455)
Net cash provided by financing activities		4,771,317		2,178,252
Increase (decrease) in cash during the period		(49,584)		23,185
Cash, beginning of period		111,496		177,157
Cash, end of period	**$**	**61,912**	**$**	**200,342**

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)		-
Compensation warrants issued as finder's fees on initial public offering		(132,058)		-
Shares issued for Phantom acquisition		-		7,335,787

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. At various times throughout the nine months ended December 31, 2022, the Company was in violation of certain covenants.

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

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

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

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

2. BUSINESS COMBINATIONS

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

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

Assets acquired in the Phantom transaction consists purely of cash.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These unaudited condensed consolidated interim financial statements as at and for the nine months ended December 31, 2022 and 2021 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 4 of the Company's audited consolidated financial statements for the year ended March 31, 2022, 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 changed the end of its fiscal year from December 31, 2021 to March 31, 2022 on April 20, 2022.

The Company's board of directors approved the release of these condensed consolidated interim financial statements on February 28, 2023.

(Unaudited – Expressed in Canadian Dollars)

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%

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

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

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.

4. PROPERTY AND EQUIPMENT

	Software	Furniture and Equipment	Leasehold Improvements	Total
Cost				
Balance as at January 1, 2021	$ -	$ 529,700	$ 1,366,850	**$ 1,896,550**
Additions	86,598	95,311	1,508,436	**1,690,345**
Balance as at March 31, 2022	**86,598**	**625,011**	**2,875,286**	**3,586,895**
Additions	-	378,943	1,540,199	**1,919,142**
Balance as at December 31, 2022	**86,598**	**1,003,954**	**4,415,485**	**5,506,037**
Accumulated Amortization				
Balance as at January 1, 2021	-	130,847	178,960	**309,807**
Depreciation expense	9,346	141,712	237,978	**389,036**
Balance as at March 31, 2022	**9,346**	**272,559**	**416,938**	**698,843**
Depreciation expense	21,649	167,919	285,023	**474,591**
Balance as at December 31, 2022	**30,995**	**440,478**	**701,961**	**1,173,434**
Net Book Value as at December 31, 2022	**$ 55,603**	**$ 563,476**	**$ 3,713,524**	**$ 4,332,603**
Net Book Value as at March 31, 2022	$ 77,252	$ 352,452	$ 2,458,348	$ 2,888,052

(Unaudited – Expressed in Canadian Dollars)

5. LEASES

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

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

Right-of-use assets

Cost		
Balance as at January 1, 2021	$	2,457,353
Additions		1,821,125
Balance as at March 31, 2022		**4,278,478**
Additions		4,473,316
Balance as at December 31, 2022	**$**	**8,751,794**
Accumulated Amortization		
Balance as at January 1, 2021	$	390,027
Amortization for the year		364,284
Balance as at March 31, 2022		**754,311**
Amortization for the period		453,690
Balance as at December 31, 2022		**1,208,001**
Net Book Value as at December 31, 2022	**$**	**7,543,793**
Net Book Value as at March 31, 2022	$	3,524,167

Lease Obligation

Balance as at January 1, 2021	$	2,561,239
Additions – premises		1,819,113
Interest expense		466,077
Lease payments		(722,582)
Balance as at March 31, 2022		**4,123,847**
Additions – premises and equipment		4,834,949
Interest expense		468,908
Lease payments		(913,432)
Balance as at December 31, 2022		**8,514,272**
Current portion of lease liabilities		(630,367)
Non-current portion of lease liabilities	**$**	**7,883,905**

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.

(Unaudited – Expressed in Canadian Dollars)

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

	December 31, 2022
Less than 1 year	$ 1,318,465
Between 1 and 3 years	3,293,504
More than 3 years	9,777,796
Total	**$ 14,389,765**

6. SHARE CAPITAL

Authorized

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

Issued

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

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

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

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

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

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

(Unaudited – Expressed in Canadian Dollars)

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

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

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

7. 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		101,110		123,872		-		-		224,982
Compensation warrants (Note 6)		-		-		132,058		-		132,058
Share issuance costs (Note 6)		-		-		-		80,144		80,144
Balance at December 31, 2022	**$**	**417,045**	**$**	**123,872**	**$**	**485,808**	**$**	**126,445**	**$**	**1,153,170**

a) Stock Options

The Company has established an Omnibus plan (the "Plan") whereby Company's Board of Directors may from time to time grant stock options to employees and non-employees. Stock options under the Plan have been granted to directors, officers, 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	700,000		0.20
Forfeited	(737,500)		0.28
Outstanding at December 31, 2022	**3,950,000**	**$**	**0.30**

(Unaudited – Expressed in Canadian Dollars)

During the nine months ended December 31, 2022, the Company had a total of 3,950,000 stock options outstanding under the Plan to certain directors, officers, consultants and employees of the Company. Each stock option entitles the holder to purchase one common share at an exercise price of $0.15 to $0.50 for a period of five years following the grant date.

The weighted average exercise price per option granted in the nine months ended December 31, 2022 was $0.20 (15 months ended March 31, 2022 – $0.32). In determining the amount of share based compensation, the Company used the Black Scholes Option Pricing model to establish the fair value of stock options granted during the nine months ended December 31, 2022 by applying the following weighted average assumptions:

Risk-free interest rate	2.73%
Expected life of options (years)	5
Expected annualized volatility	58%
Expected dividend yield	Nil

Volatility was estimated by using the historical prices of comparable publicly-list companies. The expected life in years represents the period of time that the stock options granted are expected to be outstanding. The risk-free rate was based on the zero-coupon Canada government bonds with a remaining term equal to the expected life of the stock option. The fair value of the options outstanding during the period totalled $571,384, of which $101,110 was recognized as share based compensation during the period for the vested options.

The number of options outstanding and exercisable under the Plan at December 31, 2022 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	912,500
March 25, 2026	100,000		0.50	50,000
May 1, 2026	75,000		0.30	56,250
August 1, 2026	50,000		0.30	25,000
August 11, 2026	612,500		0.30	309,375
August 16, 2026	50,000		0.30	50,000
September 5, 2026	75,000		0.30	37,500
October 14, 2026	200,000		0.30	100,000
December 1, 2026	87,500		0.30	43,750
January 1, 2027	275,000		0.40	275,000
March 11, 2027	300,000		0.40	-
August 15, 2027	400,000		0.21	-
December 1, 2027	150,000		0.15	-
Balance at December 31, 2022	**3,950,500**	**$**	**0.30**	**1,859,375**

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.

(Unaudited – Expressed in Canadian Dollars)

On November 1, 2022, the Company granted 62,500 RSUs to an officer of the Company. 62,500 of the RSUs will fully vest on November 1, 2023.

On December 1, 2022, the Company granted 165,000 RSUs to employees of the Company. 63,750 of the RSUs will vest on December 1, 2023, 41,250 will vest on December 1, 2024, 41,250 will vest on December 1, 2025, and 18,750 will vest on December 1, 2026.

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	2,100,000
Forfeited	(437,500)
Outstanding at December 31, 2022	**1,662,500**

The estimated fair value of the RSUs granted during the nine months ended December 31, 2022 was $427,350 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 RSUs grants during the nine months ended December 31, 2022, was $123,872.

c) Warrants

On February 17, 2021, the Company issued 7,820,730 warrants in connection with a non brokered private placement. Each warrant entitles the holder thereof to purchase one common share at an exercise price of $0.40 to $0.50 at any time until February 17, 2023.

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

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

Risk-free interest rate	0.21%
Expected life of warrants (years)	2
Expected annualized volatility	57%
Expected dividend yield	Nil

(Unaudited – Expressed in Canadian Dollars)

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

	Issued	Outstanding	Exercise price		Expiry date
Private Placement Warrants	5,003,750	5,003,750	$	0.50	February 17, 2023 (1)
Performance Warrants	2,500,000	2,500,000		0.40	February 17, 2023 (1)
Finder Warrants	316,980	316,980		0.50	February 17, 2023 (1)
Compensation Warrants	1,399,519	1,399,519		0.30	June 9, 2024
Balance at December 31, 2022	**9,220,249**	**9,220,249**	**$**	**0.44**	

(1) Expired unexercised subsequent to December 31, 2022.

8. CREDIT FACILITIES

	December 31, 2022 (1)		March 31, 2022 (1)	
Credit Facilities	$	-	$	646,043

(1) As at December 31, 2022 the prime rate was 6.45% (March 31, 2022 – 2.70%)

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

- Pursuant to a credit facility agreement dated August 11, 2020, COHO was provided with a variable rate Canadian Small Business Financing Term Loan ("Credit Facility 1"). Credit Facility 1 was authorized for a limit of $236,653 ($226,653 – variable rate term loan and $10,000 – Operating loan) bearing interest at the rate of prime + 3.00% and due on demand. Immediately prior to repayment, Credit Facility 1 had a balance outstanding of $146,102 (March 31, 2022 - $149,481).
- Pursuant to a credit facility agreement dated August 10, 2020, COHO was provided with a variable rate Canadian Small Business Financing Term Loan ("Credit Facility 2"). Credit Facility 2 was authorized for a limit of $357,658 ($347,658 – variable rate CSBFA term loan and $10,000 – Operating loan) bearing interest at the rate of prime + 3.00% and due on demand. Immediately prior to repayment, Credit Facility 2 had a balance outstanding of $298,004 (March 31, 2022 - $302,885).
- Pursuant to a credit facility agreement dated August 10, 2020, COHO was provided with a variable rate Canadian Small Business Financing Term Loan ("Credit Facility 3"). Credit Facility 3 was authorized for a limit of $278,244 ($258,244 – variable rate CSBFA term loan and $20,000 – Operating loan) bearing interest at the rate of prime + 3.00% and due on demand. Immediately prior to repayment, Credit Facility 3 had a balance outstanding of $183,318 (March 31, 2022 - $193,677).

9. BASIC AND DILUTED NET LOSS PER SHARE

	Three months ended December 31, 2022	Three months ended December 31, 2021	Nine months ended December 31, 2022	Nine months ended December 31, 2021
Basic and diluted net loss per share	$ (0.02)	$ (0.02)	$ (0.06)	$ (0.18)
- Losses used in calculation of net loss per share	$ (1,310,857)	$ (1,050,720)	$(4,601,810)	$(9,338,779)
- Weighted average number of common shares used as the denominator in calculating basic and diluted net loss per share	84,285,042	67,651,224	79,974,616	50,774,248

(Unaudited – Expressed in Canadian Dollars)

10. CAPITAL DISCLOSURES

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

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

11. 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 nine months ended December 31, 2022. Disclosures relating to exposure to risks, in particular credit risk, liquidity risk and interest rate risk are provided below.

Credit risk

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

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

Liquidity risk

As at December 31, 2022, the Company had a cash balance of $61,912 available to settle current liabilities of $3,882,099. The Company expects to finance its operating expenses through cash flow from operations, debt as well as equity financing.

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	$ 1,281,466	$ -	$ -	$ 1,281,466
Deposits	186,393	-	-	186,393
Deferred revenue	16,495	-	-	16,495
Lease obligation	1,318,465	4,247,784	8,823,516	14,389,765
Loans from shareholders	111,475	-	-	111,475
Other loans	1,649,903	1,005,454	-	2,655,357
	$ 4,564,197	**$ 5,253,238**	**$ 8,823,516**	**$ 18,640,951**

(Unaudited – Expressed in Canadian Dollars)

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 December 31, 2022, the Company is exposed to interest rate risk regarding its variable rate loans (Note 14) with outstanding balances totaling $2,655,357. A 1% change in the interest rate on the loans would have a pre-tax impact of $26,554 on net loss for the period.

12. RELATED PARTY TRANSACTIONS

a. Loans from shareholders

As at December 31, 2022, the Company had loans due to the Company's CEO of $20,735 (March 31, 2022 - $50,241), and due to the Company's COO and a company controlled by the COO of $96,740 (March 31, 2022 - $38,741). The loans are unsecured, non-interest bearing and due on demand.

b. Salaries and fees paid to key management personnel

For the nine months ended December 31, 2022, the Company recorded $379,012 (December 31, 2021 - $278,576) in key management compensation to the Company's CEO, COO, CFO, CMO, and former CCO.

c. Share based compensation to related parties

As at December 31, 2022, 750,000 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 $0.30 and $0.50 for a period of five years following the grant date. The fair value of the options granted totaled $83,669 (December 31, 2021 - $49,769) of which $42,018 was recognized as share based compensation during the nine months ended December 31, 2022 for the vested options (December 31, 2021 - $30,987).

13. 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:

	December 31, 2022	March 31, 2022
Opening Balance	$ 172,198	$ 95,139
Additions (net of refunds)	14,195	77,059
Closing balance	**$ 186,393**	**$ 172,198**

14. 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 nine months ended December 31, 2022 the Company recorded $1,016 (2021 - $4,020) in interest expense relating to the loan. On November 30, 2022, the loan was repaid in full. Immediately prior to repayment, the remaining balance on the loan was $3,333 (March 31, 2022 - $30,000).

b. On February 5, 2020 the Company entered into a loan agreement with the Business Development Bank of Canada ("BDC") to borrow up to $200,000 with a maturity date of November 23, 2026. The loan carries a base interest rate of 10.90% plus the BDC's floating rate which was deemed to be 6.05% at the time of issuance. During the nine months ended December 31, 2022 the Company recorded $20,587 (2021 - $22,667) in interest expense in connection to the loan and repaid principal of $44,167 (2021 - $45,791). As at December 31, 2022 the remaining balance due is $132,030 (March 31, 2022 - $155,610).

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

d. During the year ended December 31, 2020 under the Canada Emergency Business Account ("CEBA") program, the Company received $180,000 in loans (the "CEBA Loans"). The CEBA Loans are an interest-free loans, available to the Company until December 31, 2020. $60,000 of the loans are forgivable if repayment is made on or before December 31, 2023. During the year ended December 31, 2020 the Company recognized $60,000 as other income in relation to the forgivable portion of the loans. The entire portion of the loan remains interest free as long as the Company repays the debt by December 31, 2023 at which time interest of 5% per annum will begin accruing. No interest expense was recorded on the CEBA Loans during the nine months ended December 31, 2022 and 2021. As at December 31, 2022, the remaining balance due is $120,000 (March 31, 2022 - $120,000).

e. On January 1, 2022, the Company borrowed $500,000 from consultants, acting at arm's length. The loans are unsecured and non-interest bearing. The loans are repayable on an annual basis commencing January 10, 2023, and due on January 10, 2027. In the event of a default, a 7% interest rate will apply to the outstanding loan balance. In lieu of interest payments, the consultants received 250,000 stock options. Each stock option entitles the holder to purchase one common share at an exercise price of $0.40 for a period of five years following the grant date. The Company recorded the debt at its fair value using a rate of 15% and the residual was allocated to the value of the stock options and recorded to Other Reserves. On June 10, 2022, the Company repaid $90,000 of the loans. As at December 31, 2022 the fair value of the loans outstanding was $291,327 (March 31, 2022 - $350,293). During the nine months ended December 31, 2022, the Company recorded $38,184 (2021 - $nil) in accretion expense in connection to the non-interest bearing loans.

f. On April 1, 2022, the Company borrowed $150,000 from a lender, acting at arm's length. The loan bears interest at a rate of 16% per annum and is subordinated to the Company's Vancity and BDC credit facilities. The loan does not begin to accrue interest until June 1, 2022. During the nine months ended December 31, 2022, the Company recorded $2,000 (2021 - $nil) in interest expense in connection to the loan. On July 12, 2022, the Company repaid $140,000 of the loan. As at December 31, 2022, the remaining balance due is $12,000 (March 31, 2022 - $nil).

g. On April 8, 2022, the Company borrowed $500,000 from lenders, acting at arm's length. On June 9, 2022, the loans were fully repaid. The loans bore interest at a rate of 20% per annum and were subordinated to the Company's Vancity and BDC credit facilities. During the nine months ended December 31, 2022, the Company recorded $22,032 (2021 - $nil) in interest expense in connection to the loans.

h. On May 4, 2022, the Company borrowed $130,000 from a lender, acting at arm's length. On June 14, 2022, the loan was fully repaid. The loan bore interest at a rate of 7% per annum and was subordinated to the Company's Vancity and BDC credit facilities. During the nine months ended December 31, 2022, the Company recorded $1,022 (2021 - $nil) in interest expense in connection to the loan.

i. On May 13, 2022, the Company entered into a loan agreement to borrow up to $1,300,000 (the "**Facility**"). On May 27, 2022, $754,920 of the Facility was used to repay the Company's Vancity Credit Facilities of $627,424 and operating loan of $127,496. Coho has the right to repay the Facility at any time before the maturity date, without notice, bonus or penalty. The Facility carries an interest rate of prime +3.00% per annum (compounded monthly, not in advance) and has a term of 18 months. Interest is paid monthly through the interest reserve of $120,900 that is retained by the provider. During the nine months ended December 31, 2022 the Company recorded $53,733 (2021 - $nil) in interest expense in connection to the Facility. The Facility is guaranteed by certain subsidiaries of the Company and also guaranteed personally by the Company's CEO, COO and CMO. As at December 31, 2022, the remaining balance due is $1,300,000 (March 31, 2022 - $nil).

j. On October 26, 2022, the Company received $348,600 in connection with a loan totaling $800,000 by a lender, acting at arm's length (the "Loan"). On November 25, 2022, the Company received the remaining $451,400 of the Loan. Interest on the Loan accrues at the rate of 8% per annum and the Company will repay the lender in equal monthly instalments of $16,200 over a 5-year period, estimated to commence on April 1, 2023. During the nine months ended December 31, 2022 the Company recorded $nil (2021 - $nil) in interest expense in connection to the Loan. As at December 31, 2022, the remaining balance due is $800,000 (March 31, 2022 - $nil).

15. 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 nine months ended December 31, 2022 was 27% (nine months ended December 31, 2021 – 27%).

16. SUBSEQUENT EVENTS

a. On January 3, 2023, the Company announced that shareholders holding an aggregate of 56,609,764 common shares of Coho (the "Shares") have voluntarily executed an extension to a lock-up agreement (the "Lock-Up") for their Shares. The Shares will be subject to the restrictions imposed by the Lock-Up until December 9, 2023 (the "Lock-up Period"). Subject to limited exceptions, the Lock-Up stipulates that, during the Lock-Up Period, these shareholders will not, directly or indirectly, sell or agree to sell, or announce any intention to sell or agree to sell, any Shares or securities exchangeable or exercisable for Shares.

b. On January 9, 2023, the Company borrowed $150,000 from a consultant, acting at arm's length. The loan is unsecured and non-interest bearing.

c. On February 3, 2023, the Company's Board of Directors approved the grant of 362,500 stock options to the non-executive members of its Board of Directors, effective February 6, 2023. Each stock option entitles the holder to purchase one common share at an exercise price of $0.11. The options have a five-year term and will vest in equal installments over a period of 4 years from the date of grant. The stock options were granted pursuant and subject to the terms of the Company's Plan, the applicable grant agreement, and the requirements of the TSX Venture Exchange.

d. On February 3, 2023, the Company's Board of Directors approved the grant of 624,500 RSUs to the non-executive members of its Board of Directors, employees and consultants, effective February 6, 2023. The RSUs will vest in equal installments over a period of 4 years from the date of grant. 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 RSUs were granted pursuant and subject to the terms of the Company's Plan, the applicable grant agreement, and the requirements of the TSX Venture Exchange.

e. On February 6, 2023, the Company announced the appointment of Yuri Fulmer, O.B.C., to its Board of Directors.