

FORM 51-102F3
MATERIAL CHANGE REPORT

1. Name and Address of Company

Coho Collective Kitchens Inc. (the “**Company**” or “**Coho**”) 1623
Pandora Street,
Vancouver, BC V5L 0B1

2. Date of Material Change

September 20, 2023

3. News Release

A news release dated September 20, 2023, was disseminated via Newsfile.

4. Summary of Material Change

On September 20, 2023, Coho announced that it had closed the strategic acquisition of Purebread Bakery Inc. (“**Purebread**”) that was initially announced on May 29, 2023 (the “**Acquisition**”).

Coho also announced the closing of its previously announced brokered financing. Canaccord Genuity Corp. (the “**Agent**”) acted as the lead agent on the transaction, pursuant to which Coho issued an aggregate of 26,445,186 units (the “**Units**”) at a price of \$0.17 per Unit (the “**Offering Price**”), for aggregate gross proceeds of \$4,495,681.62 (the “**Offering**”).

To facilitate the Acquisition, Coho Acquisition Corp. (the “**Purchaser**”), Coho’s wholly owned subsidiary, secured credit facilities from the Bank of Montreal (“**BMO**” or the “**Lender**”), which will provide up to \$5.9 million in senior secured credit facilities (the “**Facilities**”) to the Purchaser.

5. Full Description of Material Change

5.1 Full Description of Material Change

Closing of Strategic Acquisition of Purebread

On September 20, 2023, Coho announced that it had closed the strategic acquisition of Purebread Bakery Inc. (“**Purebread**”) that was initially announced on May 29, 2023 (the “**Acquisition**”), along with concurrent debt and equity financing transactions.

The final terms of the Acquisition were most recently announced on September 12, 2023. The purchase price was paid through a combination of \$8.5 million cash on closing (subject to customary adjustments for indebtedness and working capital), a \$1.5 million vendor-take-back note, and the issuance of 1,000,000 common shares of Coho (“**Common Shares**”) to a vendor of Purebread.

Going forward, Purebread will operate as a wholly owned subsidiary of Coho, with its own operational and management teams. However, Coho will provide marketing, sales, and financing support to Purebread, helping Purebread increase market penetration, develop new markets, and ultimately deliver their exceptional baked goods to more happy customers. Coho will also leverage its growing shared kitchen footprint to rapidly scale Purebread's growth through a hub and spoke model.

Acquisition Summary

- In July 2023, Purebread generated Trailing-12-months (“**TTM**”) Revenue of \$11,000,000 and TTM Adjusted EBITDA of \$1,932,000⁽¹⁾.
- Purebread’s newest location, at the Vancouver International Airport, has increased Purebread’s revenue by 30%.
- Purebread has maintained a record of profitable operations for 15+ years.
- Acquisition has allowed Coho to achieve its 2024 growth strategy ahead of schedule, with Coho becoming a cashflow positive business with healthy EBITDA results.
- Acquisition has been structured to ensure a smooth transition and alignment of long-term interests, with Paula Lamming and Mark Lamming entering into consulting agreements with Coho.

⁽¹⁾ This is a Non-IFRS Financial Measure. For reconciliation of Adjusted EBITDA to Net Income, see “Non-IFRS Financial Measures” below.

Equity Financing

Coho also announced the closing of its previously announced brokered financing. Canaccord Genuity Corp. (the “**Agent**”) acted as the lead agent on the transaction, pursuant to which Coho issued an aggregate of 26,445,186 units (the “**Units**”) at a price of \$0.17 per Unit (the “**Offering Price**”), for aggregate gross proceeds of \$4,495,681.62 (the “**Offering**”).

Each Unit consists of one Common Share and one-half of one Common Share purchase warrant of the Company (each whole Common Share purchase warrant, a “**Warrant**”). Each Warrant is exercisable to acquire one Common Share of the Company (a “**Warrant Share**”) at a price of \$0.25 per Warrant Share for a period of 36 months following the date hereof (the “**Closing Date**”).

The Units were issued pursuant to the listed issuer financing exemption under Part 5A of National Instrument 45-106 – Prospectus Exemptions. The securities offered under the listed issuer financing exemption will not be subject to a hold period, in accordance with applicable Canadian securities laws. Coho used net proceeds of the Offering for completing the Acquisition, and intends to use the balance for the expansion of operations, as well as to provide general working capital to support its operations.

In connection with the Offering, the Company paid the Agent: (A) a cash commission equal to 8% of the gross proceeds of the Offering (other than subscribers on the President’s List for up to \$2,000,000 in respect of whom the cash commission was 4%), payable in cash, units or a combination thereof, payable as follows: \$118,973.71 in cash, 472,591 Common Shares of the Company and 472,591 Compensation Warrants (as defined below); and (B) 1,645,027 Agent’s Warrants (the “**Agent’s Warrants**”). Each Agent’s Warrant is exercisable for a unit of the Company (a “**Compensation Unit**”), consisting of one (1) Common Share and one-half of one Common Share purchase warrant of the Company (each whole Common Share purchase warrant, a “**Compensation Warrant**”). Each Compensation Warrant is exercisable to acquire one Common Share of the Company (a “**Compensation Warrant Share**”) at a price of \$0.25 per Compensation Warrant Share for a period of 36 months following the date of issuance. The Agent also earned a corporate finance fee, consisting of: (i) \$50,000 (payable in cash); and (ii) 294,118 Compensation Units. The securities issued to the Agents are subject to resale restrictions for four months and a day after the date hereof.

BMO Credit Facilities

To facilitate the Acquisition, Coho Acquisition Corp. (the “**Purchaser**”), Coho’s wholly owned subsidiary, secured credit facilities from the Bank of Montreal (“**BMO**” or the “**Lender**”), which will provide up to \$5.9 million in senior secured credit facilities (the “**Facilities**”) to the Purchaser.

The Facilities consist of a \$5.5 million non-revolving term facility (the “**Term Facility**”), a \$300,000 revolving facility (the “**Revolving Facility**”), and a \$100,000 corporate credit card facility. The Term Facility and Revolving Facility were used to finance a portion of the cash purchase price paid in connection with the Acquisition, and will also be used for general corporate purposes.

The Term Facility and Revolving Facility bear interest at a rate of interest not to exceed prime plus 125 basis points. The Term Facility will amortize monthly beginning in the first full quarter following the Closing Date, with repayments of the Term Facility made over an 84 month period. The Revolving Facility is repayable on demand. Interest on the Facilities will be payable monthly in arrears. The Facilities are secured by a first ranking security interest over all present and after-acquired personal property of the Purchaser, which holds all of the issued and outstanding shares of Purebread following the Acquisition.

The closing of the Facilities occurred contemporaneously with the Acquisition and the Offering.

Finder’s Fee

In connection with the Acquisition, Coho also paid a finder's fee to the Agent on the Closing Date. The Finder's Fee consisted of 2,500,000 Common Shares and 2,500,000 Common Share purchase warrants (the “**Finder's Warrants**”). The Finder's Warrants are convertible into Common Shares, have an exercise price of \$0.40 per Finder’s Warrant, and will expire three years from the Closing Date.

Advisors

Fasken Martineau DuMoulin LLP acted as legal advisor to Coho. Canaccord Genuity Corp. acted as agent in connection with the Offering. DLA Piper (Canada) LLP acted as legal advisor to the Agent. Borden Ladner Gervais LLP acted as legal advisor to BMO. Relay Transition Partners acted as financial advisor to Purebread, while Clark Wilson LLP served as legal advisor to Purebread.

5.2 Disclosure for Restructuring Transactions

Not applicable.

6. Reliance on subsection 7.1(2) of National Instrument 51-102

Not applicable.

7. Omitted Information

No significant facts remain confidential, and no information has been omitted in this report.

8. Executive Officer

Andrew Barnes, Chief Executive Officer of the Company, is knowledgeable about the material change and can be contacted at (778) 877-6513.

9. Date of Report

September 28, 2023