

Condensed Consolidated Interim Financial Statements of

**Purebread Brands Inc.**

**(Formerly Coho Collective Kitchens Inc.)**

**(unaudited)**

For the three and six months ended September 30, 2025 and 2024

(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.

# PUREBREAD BRANDS INC. (FORMERLY COHO COLLECTIVE KITCHENS INC.)

## Condensed Consolidated Interim Statements of Financial Position

(Unaudited – Expressed in Canadian Dollars)

	Note	As at September 30, 2025	As at March 31, 2025
<b>ASSETS</b>			
Current			
Receivables		\$ 81,212	\$ 65,411
Inventory		204,653	204,653
Prepaid expenses – current portion		144,331	145,185
		<u>430,196</u>	<u>415,249</u>
Non-current			
Prepaid expenses		124,938	110,686
Property and equipment	5	1,424,565	1,572,586
Right-of-use assets	6	4,854,504	5,302,050
Goodwill	4	6,987,016	6,987,016
Intangible assets	4	4,604,511	4,609,324
<b>TOTAL ASSETS</b>		<b>\$ 18,425,730</b>	<b>\$ 18,996,911</b>
<b>LIABILITIES</b>			
Current			
Bank indebtedness		67,266	259,050
Trade payables and accrued liabilities	12	8,706,705	8,756,844
Customer deposits	13	306,526	308,110
Equipment deposit	14	399,908	399,908
Deferred revenue		54,585	49,838
Lease obligation – current portion	6	1,028,024	983,486
Loans from shareholders	12	378,672	377,654
Other loans	15	3,386,771	5,701,287
Convertible debentures	17	2,133,084	2,071,082
Promissory notes	16	93,300	635,200
Derivative liability	18	64,578	64,578
Vendor take-back note	20	1,500,000	1,500,000
Term Facility	19	4,822,976	4,742,577
Acquisition earn-out – current portion		228,138	196,629
		<u>23,170,533</u>	<u>26,046,243</u>
Non-current			
Lease obligation	6	8,147,317	8,619,628
Other loans	15	-	332,550
Acquisition earn-out		222,435	348,336
Deferred income tax liability	21	1,155,921	1,155,921
<b>TOTAL LIABILITIES</b>		<b>32,696,206</b>	<b>36,502,678</b>
<b>SHAREHOLDERS' DEFICIT</b>			
Share capital	7	19,660,197	19,475,341
Other reserves	7,8	2,482,706	2,482,407
Obligation to issue shares	15	207,080	207,080
Subscriptions received in advance	7	25,000	25,000
Deficit		(36,645,459)	(39,695,595)
<b>TOTAL SHAREHOLDERS' DEFICIT</b>		<b>(14,270,476)</b>	<b>(17,505,767)</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT</b>		<b>\$ 18,425,730</b>	<b>\$ 18,996,911</b>

Nature of operations and going concern (Note 1)

Subsequent events (Note 23)

Approved by the Directors:

"Alex MacDonald"

Alex MacDonald, Director

"Amrit Maharaj"

Amrit Maharaj, Director

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

# PUREBREAD BRANDS INC. (FORMERLY COHO COLLECTIVE KITCHENS INC.)

## Condensed Consolidated Interim Statements of Income (Loss)

(Unaudited – Expressed in Canadian Dollars)

	Note	Three months ended September 30, 2025	Three months ended September 30, 2024	Six months ended September 30, 2025	Six months ended September 30, 2024
<b>REVENUE</b>					
Rental	22	\$ 373,288	\$ 744,773	\$ 787,323	\$ 1,498,290
Retail	22	3,761,903	3,958,524	6,978,083	7,240,724
<b>TOTAL REVENUE</b>		<b>4,135,191</b>	<b>4,703,297</b>	<b>7,765,406</b>	<b>8,739,014</b>
<b>COST OF SALES (RETAIL)</b>	22	<b>1,514,931</b>	<b>1,711,128</b>	<b>2,768,507</b>	<b>3,288,823</b>
<b>GROSS PROFIT</b>		<b>2,620,260</b>	<b>2,992,169</b>	<b>4,996,899</b>	<b>5,450,191</b>
<b>OPERATING EXPENSES</b>					
Advertising and promotion		5,437	5,058	7,832	8,909
Amortization	4,5,6	272,762	594,432	518,606	1,117,573
Accretion	15,17	108,377	101,053	215,341	203,381
Interest	6,15,16, 17,19,20	793,867	723,049	1,441,555	1,434,990
Occupancy cost		417,361	688,058	739,442	1,671,472
Office and miscellaneous		202,656	139,353	244,885	302,926
Professional fees		334,509	400,471	470,897	774,596
Salaries and benefits	12	1,019,731	1,107,172	1,753,891	2,379,653
Share based compensation	8,12	2,326	59,409	16,893	129,309
Subcontractor		28,045	60,258	55,691	90,240
Supplies		128,743	180,806	252,422	309,848
<b>TOTAL OPERATING EXPENSES</b>		<b>3,313,814</b>	<b>4,059,119</b>	<b>5,717,455</b>	<b>8,422,897</b>
<b>NET OPERATING LOSS</b>		<b>\$ (693,554)</b>	<b>\$ (1,066,950)</b>	<b>\$ (720,556)</b>	<b>\$ (2,972,706)</b>
<b>OTHER ITEMS</b>					
Gain on debt-to-equity settlement	15	3,770,692	-	3,770,692	-
<b>NET INCOME (LOSS)</b>		<b>\$ 3,077,138</b>	<b>\$ (1,066,950)</b>	<b>\$ 3,050,136</b>	<b>\$ (2,972,706)</b>
<b>Net income (loss) per share – basic</b>	9	<b>\$0.13</b>	<b>\$(0.05)</b>	<b>\$0.13</b>	<b>\$(0.13)</b>
<b>Net income (loss) per share– diluted</b>	9	<b>\$0.12</b>	<b>\$(0.05)</b>	<b>\$0.13</b>	<b>\$(0.13)</b>

(\*) Pursuant to the 5-for-1 share consolidation, the Company's outstanding common shares have been retroactively adjusted to reflect the share consolidation (Note 1).

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

# PUREBREAD BRANDS INC. (FORMERLY COHO COLLECTIVE KITCHENS INC.)

## Condensed Consolidated Interim Statements of Changes in Shareholders' Deficit

(Unaudited – Expressed in Canadian Dollars)

	Number of shares (*)	Share Capital	Other Reserves	Obligation to issue shares	Subscriptions Received in Advance	Deficit	Total Shareholders' Deficit
Balance at March 31, 2024	23,156,680	\$ 19,465,497	\$ 2,324,719	\$ -	\$ 25,000	\$ (25,119,016)	\$ (3,303,800)
Shares issued for vested restricted share units (Note 7)	9,375	9,844	(9,844)	-	-	-	-
Share-based compensation (Note 8)	-	-	129,309	-	-	-	129,309
Net loss for the period	-	-	-	-	-	(2,972,706)	(2,972,706)
<b>Balance at September 30, 2024</b>	<b>23,166,055</b>	<b>\$ 19,475,341</b>	<b>\$ 2,444,184</b>	<b>\$ -</b>	<b>\$ 25,000</b>	<b>\$ (28,091,722)</b>	<b>\$ (6,147,197)</b>
Balance at March 31, 2025	23,166,055	19,475,341	2,482,407	207,080	25,000	(39,695,595)	(17,505,767)
Shares issued for debt settlement (Note 7, 15)	3,739,162	168,262	-	-	-	-	168,262
Shares issued for vested restricted share units (Note 7)	21,042	16,594	(16,594)	-	-	-	-
Share-based compensation (Note 8)	-	-	16,893	-	-	-	16,893
Net income for the period	-	-	-	-	-	3,050,136	3,050,136
<b>Balance at September 30, 2025</b>	<b>26,926,259</b>	<b>\$ 19,660,197</b>	<b>\$ 2,482,706</b>	<b>\$ 207,080</b>	<b>\$ 25,000</b>	<b>\$ (36,645,459)</b>	<b>\$ (14,270,476)</b>

(\*) Pursuant to the 5-for-1 share consolidation, the Company's outstanding common shares have been retroactively adjusted to reflect the share consolidation (Note 1).

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

# PUREBREAD BRANDS INC. (FORMERLY COHO COLLECTIVE KITCHENS INC.)

## Condensed Consolidated Interim Statements of Cash Flows

(Unaudited – Expressed in Canadian Dollars)

	For the six months ended September 30, 2025	For the six months ended September 30, 2024
<b>Operating Activities</b>		
Net income (loss) for the period	\$ 3,050,136	\$ (2,972,706)
Items not involving cash:		
Amortization of property and equipment	148,021	476,127
Amortization of right-of-use assets	447,546	650,017
Amortization of intangible assets	4,813	4,813
Accretion of non-interest bearing loans and convertible debentures	108,377	203,381
Interest	995,360	844,832
Share-based compensation	16,893	129,309
Gain on debt-to-equity settlement	(3,770,692)	-
Changes in working capital and other items:		
Receivables	(15,801)	90,756
Inventory	-	(39,482)
Prepaid expenses	(13,398)	502,914
Trade payables and accrued liabilities	118,123	1,168,927
Deferred revenue	4,747	(47,647)
Customer deposits	(1,584)	(14,623)
Acquisition earn-out	(94,392)	(97,385)
Net cash provided by operating activities	<u>998,149</u>	<u>899,233</u>
<b>Investing Activities</b>		
Purchase of property and equipment	-	(233,626)
Payables related to capital expenditures	-	(30,403)
Net cash used in investing activities	<u>-</u>	<u>(264,029)</u>
<b>Financing Activities</b>		
Loan advances	530,000	1,506,191
Loan repayments	(447,842)	(476,509)
Promissory note advances	-	100,000
Promissory note repayments	-	(115,000)
Term facility repayments	(100,000)	(608,286)
Lease obligation	(842,555)	(1,011,864)
Shareholder advances (repayments)	1,018	(40,282)
Net cash used in financing activities	<u>(859,379)</u>	<u>(645,750)</u>
Effect of foreign exchange on cash	53,014	(1,131)
Increase (decrease) in cash (bank indebtedness) during the period	191,784	(11,677)
Cash (bank indebtedness), beginning of period	(259,050)	(116,401)
<b>Cash (bank indebtedness), end of period</b>	<u><b>\$ (67,266)</b></u>	<u><b>\$ (128,078)</b></u>

### Supplemental Cash Flow Information

Transfer from reserves to share capital upon vesting of restricted share units	\$ 16,594	\$ 9,844
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The accompanying notes are an integral part of these condensed consolidated interim financial statements.

# PUREBREAD BRANDS INC. (FORMERLY COHO COLLECTIVE KITCHENS INC.)

## Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended September 30, 2025 and 2024

(Unaudited – Expressed in Canadian Dollars)

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### 1. NATURE OF OPERATIONS AND GOING CONCERN

Purebread Brands Inc. (formerly Coho Collective Kitchens Inc.) (the “Company”) was incorporated on June 7, 2019 under the *Business Corporations Act* of British Columbia. The Company’s principal business activities include the operations of Purebread. Bakery Inc. (“Purebread Bakery”), which currently runs eight bakery and café locations across British Columbia, as well as the provision of Commercial Commissary Kitchens 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.

On May 22, 2024, the Company changed its name to Purebread Brands Inc., and, effective May 24, 2024, it continued to trade on the TSX Venture Exchange (“TSXV”) under its new ticker symbol “BRED,” having previously traded as “COHO.V.”

On April 8, 2025 the Company completed a 5-for-1 consolidation of its common shares (the “Share Consolidation”) (Note 7). Except where otherwise indicated, all historical share numbers and per share amounts have been adjusted on a retroactive basis to reflect following the Share Consolidation.

#### **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.

Subsequent to period end, on October 3, 2025, the Company received a demand letter from BMO for immediate repayment of approximately \$5,209,930 under an existing credit agreement (Notes 19 and 23). In conjunction with the demand, BMO issued a Notice of Intention to Enforce Security under the Bankruptcy and Insolvency Act (Canada), enabling it to enforce security over the Company’s assets beginning October 14, 2025, unless earlier consent is provided. The Company is actively exploring all available options, including refinancing, recapitalization, or a third party assumption or purchase of the outstanding obligations.

The Company’s existing financial obligations will constrain its capital spending and that may have an adverse effect on its operations. The Company’s debt levels will also limit its ability to expand its operations or make other investments that would enhance its competitiveness.

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

If the Company is unable to generate positive cash flow or obtain adequate financing, the Company would need to reduce operations. For the six months ended September 30, 2025, the Company had a net income of \$3,050,136 (2024 – net loss of \$2,972,706), and positive cash flows from operations of \$998,149 (2024 - \$899,233). At September 30, 2025, the Company’s current liabilities exceeded its current assets by \$22,740,337. These factors indicate the existence of material uncertainties that may cast significant doubt about the Company’s ability to continue

# PUREBREAD BRANDS INC. (FORMERLY COHO COLLECTIVE KITCHENS INC.)

## Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended September 30, 2025 and 2024

(Unaudited – Expressed in Canadian Dollars)

as a going concern. The Company's ability to continue as a going concern is dependent upon the Company's ability to achieve profitable operations, the ability to obtain debt or equity financing, and the ability to renegotiate existing debt. The Company has been successful obtaining funding in the past but there is no assurance that it will be successful in obtaining future funding. Failure to continue as a going concern would require that Company's assets and liabilities be restated on a liquidation basis which could differ materially from the going concern basis.

### 2. BASIS OF PRESENTATION

These unaudited condensed consolidated interim financial statements as at and for the six months ended September 30, 2025 and 2024 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and in accordance with IAS 34, Interim Financial Reporting ("IAS 34"). The accounting policies, methods of computation and presentation applied in these unaudited condensed consolidated interim financial statements are consistent with those of the previous fiscal year. These unaudited condensed consolidated interim financial statements reflect the accounting policies and disclosures described in Note 3 of the Company's audited consolidated financial statements for the year ended March 31, 2025, and accordingly, should be read in conjunction with those audited consolidated financial statements and the notes thereto.

These condensed consolidated interim financial statements have been prepared on a historical cost basis, except for certain financial instruments, which are measured at fair value. The condensed consolidated interim financial statements are presented in Canadian dollars and all financial amounts, other than per-share amounts, are rounded to the nearest dollar. The functional currency of the Company and its subsidiaries is the Canadian dollar.

The Company's board of directors approved the release of these condensed consolidated interim financial statements on November 28, 2025.

### 3. MATERIAL ACCOUNTING POLICIES

These condensed consolidated interim financial statements include the accounts of the Company and the following subsidiaries:

ENTITY	REGISTERED	HOLDING
Coho Commissary Inc.	British Columbia	100%
Coho Creekside Commissary Inc.	British Columbia	100%
The Block at Coho Collective Kitchens Inc.	British Columbia	100%
Café Coho Inc.	British Columbia	100%
Sunshine by Coho Collective Kitchens Inc.	British Columbia	100%
Richmond by Coho Collective Kitchens Inc.	British Columbia	100%
Phantom Kitchen Inc.	British Columbia	100%
Victoria by Coho Collective Kitchens Inc.	British Columbia	100%
Coho Acquisition Corp.	British Columbia	100%
Purebread Bakery	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.

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.

# PUREBREAD BRANDS INC. (FORMERLY COHO COLLECTIVE KITCHENS INC.)

## Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended September 30, 2025 and 2024

(Unaudited – Expressed in Canadian Dollars)

### 4. INTANGIBLE ASSETS AND GOODWILL

	Goodwill	Customer Relationship	Brand	Total
<b>Cost</b>				
<b>Balance as at September 30, 2025, March 31, 2025 and 2024</b>	<b>\$ 6,987,016</b>	<b>\$ 96,000</b>	<b>\$ 4,528,000</b>	<b>\$ 11,611,016</b>
<b>Accumulated Amortization</b>				
Balance as at March 31, 2024	\$ -	\$ 5,076	\$ -	\$ 5,076
Depreciation expense	-	9,600	-	9,600
<b>Balance as at March 31, 2025</b>	<b>-</b>	<b>14,676</b>	<b>-</b>	<b>14,676</b>
Depreciation expense	-	4,813	-	4,813
<b>Balance as at September 30, 2025</b>	<b>-</b>	<b>19,489</b>	<b>-</b>	<b>19,489</b>
<b>Net Book Value as at September 30, 2025</b>	<b>\$ 6,987,016</b>	<b>\$ 76,511</b>	<b>\$ 4,528,000</b>	<b>\$ 11,591,527</b>
Net Book Value as at March 31, 2025	\$ 6,987,016	\$ 81,324	\$ 4,528,000	\$ 11,596,340

The brand was determined to have an indefinite life as it is expected to contribute to cashflows indefinitely. The goodwill and the brand are part of the retail bakery CGU.

At acquisition, goodwill and intangible assets are allocated to the cash generating unit (“CGU”) expected to benefit from the synergies of the business combinations in which the goodwill and intangible assets arise. The Company has determined that goodwill, the brand and customer relationship are pertaining to Purebread Bakery (retail bakery CGU). Goodwill and the brand are subject to impairment testing on an annual basis. The annual impairment test date is March 31, 2026 and 2025. For the year ended March 31, 2025, the recoverable amounts of goodwill and the brand were determined using the fair value less costs of disposal (FVLCD) method. The FVLCD is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, less the costs of disposal. To determine the FVLCD, the discounted cash flow (DCF) method was used and this involves estimating future cash inflows and outflows that are expected to be derived from the asset and discounting them at a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The key assumptions used in the DCF calculations for the impairment testing of goodwill, the brand, and customer relationship as at March 31, 2025, were as follows:

- Discount Rate: 15.3% (2024:17.1%)
- Cash Flow Projections: Based on management’s approved budgets and forecasts covering a period of 5 years. Cash flows beyond the 3-year period have been extrapolated using a steady growth rate of 2%, (2024: 3%) which does not exceed the long-term average growth rate for the industry.

If the Company adjusts their forecast removing operations for one location but continues to incur occupancy costs, and all assumptions remain the same, the result is a \$112,631 impairment loss.

Based on the impairment test performed, the recoverable amount exceeded the carrying value as at March 31, 2025.

# PUREBREAD BRANDS INC. (FORMERLY COHO COLLECTIVE KITCHENS INC.)

## Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended September 30, 2025 and 2024

(Unaudited – Expressed in Canadian Dollars)

### 5. PROPERTY AND EQUIPMENT

	Software	Furniture and Equipment	Leasehold Improvements	Total
<b>Cost</b>				
Balance as at March 31, 2024	\$ 86,598	\$ 1,329,923	\$ 5,796,994	\$ 7,213,515
Additions	-	4,390	223,835	228,225
Derecognition of property and equipment	(86,598)	(579,221)	(3,633,459)	(4,299,278)
<b>Balance as at March 31 and September 30, 2025</b>	<b>-</b>	<b>755,092</b>	<b>2,387,370</b>	<b>3,142,462</b>
<b>Accumulated Amortization</b>				
Balance as at March 31, 2024	67,078	746,335	1,356,500	2,139,913
Depreciation expense	19,520	190,024	458,889	668,433
Derecognition of property and equipment	(86,598)	(311,185)	(840,687)	(1,238,470)
<b>Balance as at March 31, 2025</b>	<b>-</b>	<b>625,174</b>	<b>944,702</b>	<b>1,569,876</b>
Depreciation expense	-	19,806	128,215	148,021
<b>Balance as at September 30, 2025</b>	<b>-</b>	<b>644,980</b>	<b>1,072,917</b>	<b>1,717,897</b>
<b>Net Book Value as at September 30, 2025</b>	<b>\$ -</b>	<b>\$ 110,112</b>	<b>\$ 1,314,453</b>	<b>\$ 1,424,565</b>
Net Book Value as at March 31, 2025	\$ -	\$ 129,918	\$ 1,442,668	\$ 1,572,586

During the year ended March 31, 2025, some of the Company's lease agreements were terminated and as a result, the plant and equipment including leasehold improvements at these locations was derecognized and a loss of \$3,060,808 was recorded in the statement of loss and comprehensive loss.

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

### 6. LEASES

As at September 30, 2025 the Company had lease arrangements with various lease agreements for its commercial kitchens and bakery locations. 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:

# PUREBREAD BRANDS INC. (FORMERLY COHO COLLECTIVE KITCHENS INC.)

## Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended September 30, 2025 and 2024

(Unaudited – Expressed in Canadian Dollars)

### Right-of-use assets

<b>Cost</b>	
Balance as at March 31, 2024	\$ 12,565,742
Additions	848,337
Derecognition of right-of-use asset	(5,918,186)
<b>Balance as at March 31 and September 30, 2025</b>	<b>7,495,893</b>
<b>Accumulated Amortization</b>	
Balance as at March 31, 2024	\$ 2,131,011
Amortization	1,154,771
Derecognition of right-of-use asset	(1,091,939)
<b>Balance as at March 31, 2025</b>	<b>2,193,843</b>
Amortization	447,546
<b>Balance as at September 30, 2025</b>	<b>2,641,389</b>
<b>Net Book Value as at September 30, 2025</b>	<b>\$ 4,854,504</b>
Net Book Value as at March 31, 2025	\$ 5,302,050

### Lease Obligation

<b>Balance as at March 31, 2024</b>	\$ 11,900,155
Additions – premises and equipment	848,337
Interest expense	1,005,888
Lease payments	(1,928,259)
Derecognition of lease obligation	(2,223,007)
<b>Balance as at March 31, 2025</b>	<b>9,603,114</b>
Interest expense	414,782
Lease payments	(842,555)
<b>Balance as at September 30, 2025</b>	<b>9,175,341</b>
Current portion of lease liabilities	(1,028,024)
<b>Non-current portion of lease liabilities</b>	<b>\$ 8,147,317</b>

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, \$53,400 was expensed in profit and loss relating to these leases during the six months ended September 30, 2025 (September 30, 2024 - \$45,000).

The variable rental payments that were expensed and not included in the measurement of right-of-use assets and lease obligations during the six months ended September 30, 2025, was \$506,730 (September 30, 2024 - \$477,788).

Right-of-use assets includes right-of-use premises only. Right-of-use equipment and vehicles are included in property and equipment (Note 5). As at September 30, 2025, \$51,473 of leased equipment and vehicles was included in property and equipment (March 31, 2025 - \$242,738).

As at September 30, 2025, the future minimum lease payments under non-cancellable lease agreements were payable as follows:

# PUREBREAD BRANDS INC. (FORMERLY COHO COLLECTIVE KITCHENS INC.)

## Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended September 30, 2025 and 2024

(Unaudited – Expressed in Canadian Dollars)

	<b>September 30, 2025</b>
<b>Less than 1 year</b>	\$ 1,835,211
<b>Between 1 and 3 years</b>	4,801,143
<b>More than 3 years</b>	5,735,994
<b>Total</b>	<b>\$ 12,372,348</b>

On August 14, 2024, a subsidiary of the Company, *Richmond by Coho Collective Kitchens Inc.*, was served with a notice of civil claim filed in the Supreme Court of British Columbia by its landlord, the Peterson Crestwood Limited Partnership Group (the “Richmond Landlord”). The Company was also named as a co-defendant. The claim seeks unspecified damages in relation to the Richmond Location.

On September 24, 2024, the Company filed its response to the claim. As of September 30, 2025 and March 31, 2025, management has assessed the claim and based on this assessment, the Company recognized a provision of \$2,000,000 for facility-related obligations during the year ended March 31, 2025, which has been included in trade payables and accrued liabilities. This amount reflects management’s best estimate of the expected outflow of resources.

The timing of the ultimate resolution of the matter is uncertain, and the final outcome may differ from the amount provided. The Company intends to vigorously defend itself against this litigation.

In addition, the Company wrote off prepaid expenses of \$386,265 related to the Richmond Location during the year ended March 31, 2025.

On October 25, 2024, the Company was also served with a notice of civil claim filed in the Supreme Court of British Columbia by TC Evolution Limited Partnership (“Victoria Landlord”) the landlord of another location that it had planned to open in Victoria. The claim stated that the Company breached the lease and sought damages of \$478,988. During the year ended March 31, 2025, the Company recorded a loss on provision of for facility related obligations of \$478,988 relating to this claim, which is included in trade payables and accrued liabilities.

During the year ended March 31, 2025, some of the company’s lease agreements were terminated and as a result, the right of use assets and lease liability balances were derecognized and a loss of \$2,603,240 was recorded in the statement of loss and comprehensive loss.

## 7. SHARE CAPITAL

### Authorized

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

### Issued

The Company completed a Share Consolidation on April 8, 2025, in which 1 new share was issued for each 5 outstanding shares. Prior to this Share Consolidation, a total of 115,830,297 common shares were outstanding and they were converted into 23,166,055 common shares. Except where otherwise indicated, all historical share numbers and per share amounts have been adjusted on a retroactive basis to also reflect this Share Consolidation.

	<b>September 30, 2025</b>	<b>March 31, 2025</b>
26,926,259 Common shares (March 31, 2025 – 23,166,055)	\$ 19,660,197	\$ 19,475,341

# PUREBREAD BRANDS INC. (FORMERLY COHO COLLECTIVE KITCHENS INC.)

## Notes to the Condensed Consolidated Interim Financial Statements

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### During the six months ended September 30, 2025:

On April 8, 2025, the Company completed a 5-for-1 consolidation of its common shares. The consolidation took effect at the close of business on that date.

During the six months ended September 30, 2025, 21,042 common shares were issued upon the vesting of 21,042 restricted share units (Note 8). \$16,594 was transferred from reserves to share capital upon the vesting of these restricted share units.

On September 26, 2025, the Company completed the first tranche of its debt-to-equity conversion transaction and issued 3,739,162 common shares and 1,869,581 share purchase warrants (Note 8) to settle \$3,938,954 of outstanding debt (Note 15). A value of \$168,262 was allocated to the common shares and \$nil to the warrants since they were deep out-of-the-money. A gain on settlement of \$3,770,692 was recognized in connection with this settlement.

As of September 30, 2025, the Company had received \$25,000 in proceeds from a subscriber in advance of issuing common shares (March 31, 2025 – \$25,000).

### During the six months ended September 30, 2024:

During the six months ended September 30, 2024, 9,375 common shares were issued upon the vesting of 9,375 restricted share units (Note 8). \$9,844 was transferred from reserves to share capital upon the vesting of these restricted share units.

As at September 30, 2024, the Company received \$25,000 in proceeds from a subscriber before common shares were issued (March 31, 2024 - \$25,000).

## 8. 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, 2024	\$ 499,177	\$ 399,321	\$ 745,931	\$ 680,290	\$ 2,324,719
Share-based compensation	46,139	121,393	-	-	167,532
Vested RSUs	-	(9,844)	-	-	(9,844)
<b>Balance at March 31, 2025</b>	<b>\$ 545,316</b>	<b>\$ 510,870</b>	<b>\$ 745,931</b>	<b>\$ 680,290</b>	<b>\$ 2,482,407</b>
Share-based compensation	9,693	7,200	-	-	16,893
Vested RSUs	-	(16,594)	-	-	(16,594)
<b>Balance at September 30, 2025</b>	<b>\$ 555,009</b>	<b>\$ 501,476</b>	<b>\$ 745,931</b>	<b>\$ 680,290</b>	<b>\$ 2,482,706</b>

### a) Stock Options

The Company has established an Omnibus plan (the "Plan") whereby the Company's Board of Directors may from time to time grant stock options to employees and non-employees. Stock options under the Plan have been granted to directors, officers, consultants and certain employees of the Company. Stock options granted under the Plan will not have a term to exceed 10 years from the date of grant. The maximum number of shares that may be reserved for issuance under the Plan shall not exceed 10% of the Company's outstanding common shares. Vesting is determined by the Board of Directors.

The continuity of the Company's stock options is as follows:

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	Number outstanding	Weighted average exercise price
Outstanding at March 31, 2024	590,625	\$ 1.50
Forfeited	(294,000)	1.23
<b>Outstanding at March 31, 2025</b>	<b>817,000</b>	<b>\$ 1.26</b>
<b>Exercisable at March 31, 2025</b>	<b>638,000</b>	<b>\$ 1.38</b>
Forfeited	(79,000)	1.10
<b>Outstanding at September 30, 2025</b>	<b>738,000</b>	<b>\$ 1.27</b>
<b>Exercisable at September 30, 2025</b>	<b>595,750</b>	<b>\$ 1.37</b>

As at September 30, 2025, the Company had a total of 738,000 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 \$0.55 to \$2.00 for a period of five years following the grant date.

The weighted average exercise price per option granted in the six months ended September 30, 2025 and 2024 was \$nil as no options were granted. 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 six months ended September 30, 2025 and 2024 by applying the following weighted average assumptions:

	September 30, 2025	September 30, 2024
Risk-free interest rate	N/A	N/A
Expected life of options (years)	N/A	N/A
Expected annualized volatility	N/A	N/A
Expected dividend yield	N/A	N/A

Volatility was estimated by using the historical prices of comparable publicly-listed companies. The expected life in years represents the period of time that the stock options granted are expected to be outstanding. The risk-free rate was based on the zero-coupon Canada government bonds with a remaining term equal to the expected life of the stock option. The weighted average fair value of the options granted during the six months ended September 30, 2025 and 2024 was \$nil as no options were granted.

The number of options outstanding and exercisable under the Plan at September 30, 2025 is as follows:

Expiry date	Number of stock options outstanding	Exercise price	Number of stock options exercisable
March 25, 2026	265,000	\$ 1.50	265,000
August 11, 2026	30,000	1.50	30,000
December 1, 2026	15,000	1.50	15,000
January 1, 2027	55,000	2.00	55,000
March 11, 2027	40,000	2.00	30,000
August 15, 2027	80,000	1.05	80,000
February 6, 2028	50,000	0.55	25,000
December 7, 2028	203,000	0.85	95,750
<b>Balance at September 30, 2025</b>	<b>738,000</b>	<b>\$ 1.26</b>	<b>595,750</b>

Total share-based compensation as a result of stock option grants during the six months ended September 30, 2025 was \$9,693 (September 30, 2024 – \$41,682).

# PUREBREAD BRANDS INC. (FORMERLY COHO COLLECTIVE KITCHENS INC.)

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### 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. 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 table below summarizes the Company's RSU activity by date of grant, number of RSUs granted, RSU receiving party, RSU vesting schedule, RSU forfeiture details, and RSU vested and common shares issued details:

Date of Grant	# of RSUs Granted	RSU Receiving Party	RSU Vesting Schedule	RSU Forfeiture Details	RSUs Vested and Common Shares Issued Details
August 15, 2022	374,500	Consultants and Employees	- 302,000 RSUs will vest on August 15, 2023 - 72,500 RSUs will vest in 4 equal installments over 4 years beginning August 15, 2023	- 117,500 RSUs forfeited as at March 31 and September 30, 2025	245,750 RSUs vested as at March 31, 2025 (44,250 common shares issued, 201,500 deferred)  245,750 RSUs vested as at September 30, 2025 (49,875 common shares issued, 195,875 deferred)
December 1, 2022	33,000	Employees	- 12,750 RSUs will vest on December 1, 2023 - 8,250 RSUs will vest on December 1, 2024 - 8,250 RSUs will vest on December 1, 2025 - 3,750 RSUs will vest on December 1, 2026	18,000 RSUs forfeited as at March 31 and September 30, 2025	15,000 RSUs vested as at March 31 and September 30, 2025 (3,750 common shares issued, 11,250 deferred)
February 6, 2023	124,900	Directors, Employees, and Consultant	- 35,775 RSUs will vest on February 6, 2024 - 31,125 RSUs will vest on February 6, 2025 - 31,125 RSUs will vest on February 6, 2026 - 26,875 RSUs will vest on February 6, 2027	- 115,542 RSUs forfeited as at March 31 and September 30, 2025	31,025 RSUs vested as at March 31 and September 30, 2025 (18,525 common shares issued, 25,000 deferred)
September 20, 2023	200,000	Consultants	All RSUs will vest on September 20, 2024	Nil	200,000 RSUs vested as at March 31 and September 30, 2025 (200,000 common shares deferred)
December 7, 2023	225,000	Directors, Employees, and Consultants	- 95,000 RSUs will vest on December 7, 2024 - 65,000 RSUs will vest on December 7, 2025 - 65,000 RSUs will vest on December 7, 2026	- 85,000 RSUs forfeited as at March 31 and September 30, 2025	80,834 RSUs vested as at March 31, 2025 (80,834 common shares deferred)  80,834 RSUs vested as at September 30, 2025 (11,667 common shares issued, 69,167 deferred)
February 7, 2024	37,500	Directors	37,500 RSUs will vest in 3 equal installments over 3 years, beginning on February 8, 2025	- 18,750 RSUs forfeited as at March 31, 2025 - 31,250 RSUs forfeited as at September 30, 2025	6,250 RSUs vested as at March 31 and September 30, 2025 (6,250 common shares deferred)
March 1, 2024 (Note 15)	50,000	Consultant	50,000 RSUs will fully vest on March 1, 2025	Nil	50,000 RSUs vested as at March 31 and September 30, 2025 (50,000 common shares deferred)

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

	<b>Number outstanding</b>
Outstanding at March 31, 2024	799,625
Vested and shares issued	(9,375)
Forfeited	(84,167)
<b>Outstanding at March 31, 2025</b>	<b>706,083</b>
Vested and shares issued	(21,042)
Forfeited	(35,833)
<b>Outstanding at September 30, 2025</b>	<b>649,208</b>

The estimated fair value of the RSUs granted during the six months ended September 30, 2025 and 2024 was \$nil as no RSUs were granted and will be recognized as an expense over the vesting period of the RSUs. The fair value of the RSUs as at the grant date was determined with reference to the market value of the common shares of the Company at the grant date.

Total share-based compensation as a result of RSU grants during the six months ended September 30, 2025 was \$7,200 (September 30, 2024 – \$87,627).

### c) Warrants

On September 26, 2025, the Company completed the first tranche of its debt-to-equity conversion transaction and issued 1,869,581 share purchase warrants. Each warrant entitles the holder to purchase one common share at a price of \$2.50 per share until September 26, 2028. As the exercise price substantially exceeded the market price of the Company's common shares at the issuance date, the warrants were deep out-of-the-money and were assigned a fair value of \$nil, with the full value of the consideration allocated to the common shares.

No warrants were issued during the six months ended September 30, 2024.

The fair value of the warrants issued during the six months ended September 30, 2025 and 2024 was estimated using the Black Scholes Option Pricing model and the following weighted average assumptions:

	<b>September 30, 2025</b>	<b>September 30, 2024</b>
Risk-free interest rate	N/A	N/A
Expected life of warrants (years)	N/A	N/A
Expected annualized volatility	N/A	N/A
Expected dividend yield	N/A	N/A

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

	<b>Number outstanding</b>	<b>Weighted average exercise price</b>
Outstanding at March 31, 2024	3,877,357	\$ 1.33
Expired	(279,904)	1.50
<b>Outstanding at March 31, 2025</b>	<b>3,597,453</b>	<b>\$ 1.32</b>
Granted	1,869,581	\$ 2.50
<b>Outstanding at September 30, 2025</b>	<b>5,467,034</b>	<b>\$ 1.72</b>

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The number of warrants outstanding and exercisable as at September 30, 2025 is as follows:

	Issued	Outstanding	Exercise price	Expiry date
Compensation Warrants	123,930	123,930	\$ 1.25	September 20, 2026
Private Placement Warrants	2,644,518	2,644,518	1.25	September 20, 2026
Finder's Warrants	500,000	500,000	2.00	September 20, 2026
Agent Warrants	329,005	329,005	0.85	September 20, 2026
Debt Settlement Warrants	1,869,581	1,869,581	2.50	September 26, 2028
<b>Balance at September 30, 2025</b>	<b>5,467,034</b>	<b>5,467,034</b>	<b>\$ 1.72</b>	

### 9. BASIC AND DILUTED NET INCOME (LOSS) PER SHARE

For the three months ended:

	September 30, 2025	September 30, 2024
Net income (loss) per share - basic	\$ 0.13	\$ (0.05)
- Income (losses) used in calculation of net income (loss) per share	\$ 3,077,138	\$ (1,066,950)
- Weighted average number of common shares used as the denominator in calculating basic net income (loss) per share	23,343,582	23,160,553

	September 30, 2025	September 30, 2024
Net income (loss) per share - diluted	\$ 0.12	\$ (0.05)
- Income (losses) used in calculation of net income (loss) per share	\$ 3,212,983	\$ (1,066,950)
- Weighted average number of common shares used as the denominator in calculating diluted net income (loss) per share	26,503,645	23,160,553

For the six months ended:

	September 30, 2025	September 30, 2024
Net income (loss) per share - basic	\$ 0.13	\$ (0.13)
- Income (losses) used in calculation of net income (loss) per share	\$ 3,050,136	\$ (2,972,706)
- Weighted average number of common shares used as the denominator in calculating basic and diluted net income (loss) per share	23,255,304	23,158,627

	September 30, 2025	September 30, 2024
Net income (loss) per share - diluted	\$ 0.13	\$ (0.13)
- Income (losses) used in calculation of net income (loss) per share	\$ 3,319,343	\$ (2,972,706)
- Weighted average number of common shares used as the denominator in calculating basic and diluted net income (loss) per share	26,415,367	23,158,627

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The calculation of diluted earnings per share (“EPS”) for the periods presented includes the potential dilution arising from the assumed conversion of the Company’s outstanding convertible debentures and the impact of deferred RSUs. These instruments have been included in the weighted average number of shares used for the diluted EPS calculation and the net income has been adjusted for any interest or other effects of the convertible debentures. The Company’s stock options and warrants were excluded from the determination of diluted loss per share because the effect is anti-dilutive.

### 10. CAPITAL DISCLOSURES

As at September 30, 2025, the Company’s capital structure is comprised of shareholders’ equity (deficit), other loans, convertible debentures, Term Facility and vendor take-back note totaling (\$2,427,645) (March 31, 2025 – (\$3,158,271)). 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 from its Term Facility (Note 19).

### 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 six months ended September 30, 2025. 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 depositing available cash with major regulated financial institutions. The Company’s cash is not subject to any external restrictions.

As at September 30, 2025, 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 September 30, 2025 and March 31, 2025, the Company has \$nil in allowance for doubtful accounts.

#### **Liquidity risk**

As at September 30, 2025, the Company had bank indebtedness of \$67,266 and other current liabilities of \$23,103,267. 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:

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	Maturity			Total
	Within 1 year	1-5 years	Greater than 5 years	
Bank indebtedness	\$ 67,266	\$ -	\$ -	\$ 67,266
Trade payable and accrued liabilities	8,706,705	-	-	8,706,705
Customer deposits	306,526	-	-	306,526
Equipment deposit	399,908	-	-	399,908
Lease obligation	1,835,211	5,941,575	4,595,562	12,372,348
Other loans	3,386,771	-	-	3,386,771
Promissory notes	93,300	-	-	93,300
Convertible debentures	2,133,084	-	-	2,133,084
Term Facility	4,822,976	-	-	4,822,976
Vendor take-back note	1,500,000	-	-	1,500,000
	<b>\$ 23,251,747</b>	<b>\$ 5,941,575</b>	<b>\$ 5,735,994</b>	<b>\$ 33,788,884</b>

### 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 September 30, 2025, the Company is exposed to interest rate risk regarding its variable rate loans (Notes 15 and 19) with outstanding balances totaling \$ 5,369,140. A 1% change in the interest rate on the loans would have a pre-tax impact of \$53,691 on net income (loss) for the period.

## 12. RELATED PARTY TRANSACTIONS

### a. Loans from shareholders

- As at September 30, 2025, the Company had amounts due to the Company's former CEO of \$1,242 (March 31, 2025 – \$1,242), \$79,725 of this balance is due from the CEO and included in loans to shareholders, while \$80,967 is due to the former CEO for unpaid salaries and included in trade payables and accrued liabilities. These balances are unsecured, non-interest bearing and due on demand.
- As at September 30, 2025, the Company had amounts due to the Company's interim CEO/COO and a company controlled by the interim CEO/COO of \$526,670 (March 31, 2025 – \$ 525,652), of which \$429,545 is included in loans from shareholders, and \$152,625 is due to the interim CEO/COO for unpaid salaries and included in trade payables and accrued liabilities. These balances are unsecured, non-interest bearing and due on demand.
- As at September 30, 2025, the Company had amounts due to the Company's former CMO of \$89,889 (March 31, 2025 – \$89,889), of which \$28,852 is included in loans from shareholders, and \$61,067 is for unpaid salaries and included in trade payables and accrued liabilities. These balances are unsecured, non-interest bearing and due on demand.

### b. Key management compensation

For the six months ended September 30, 2025, the Company recorded \$63,000 (September 30, 2024 – \$243,875) in key management compensation to the Company's former CEO, Interim CEO/ COO, former CFO, current CFO and former CMO.

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### c. Share-based compensation to related parties

As at September 30, 2025, 208,750 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 \$0.55 and \$2.00 for a period of five years following the grant date. The fair value of the options granted totaled \$169,652 (September 30, 2024 - \$169,652) of which \$10,366 was recognized as share-based compensation during the six months ended September 30, 2025 (September 30, 2024 - \$ 22,404).

### 13. CUSTOMER DEPOSITS

At inception of a contract, a commissary 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:

	<b>September 30, 2025</b>	<b>March 31, 2025</b>
Opening Balance	\$ 308,110	\$ 346,195
Additions (net of refunds)	(1,584)	(38,085)
<b>Closing balance</b>	<b>\$ 306,526</b>	<b>\$ 308,110</b>

### 14. EQUIPMENT DEPOSIT

On September 1, 2023, the Company entered into a facilities management agreement (the "Agreement") with Sodexo Canada ("Sodexo"). Under the Agreement, Sodexo will provide the Company with facilities management services for a period of five years, terminating on August 31, 2028. As part of the "Agreement", Sodexo paid the Company an equipment deposit of \$399,908, to be applied against equipment purchases at the Company's Richmond, BC facility. During the six months ended September 30, 2025, the Company did not make any equipment purchases at its Richmond, BC facility. As at September 30, 2025, the balance on the equipment deposit is \$399,908 (March 31, 2025 - \$399,908) with no specified timeframe for when the purchase will be completed.

# PUREBREAD BRANDS INC. (FORMERLY COHO COLLECTIVE KITCHENS INC.)

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### 15. OTHER LOANS

The table and references below summarize the Company's other loan balances and key terms as at September 30, 2025 and March 31, 2025:

Loan Ref.	Balance as at September 30, 2025	Balance as at March 31, 2025
a.	-	17,708
b.	119,552	120,000
c.	-	324,275
d.	426,611	1,304,800
e.	64,800	64,800
f.	80,690	89,221
g.	553,886	528,818
h.	52,091	52,091
i.	-	757,066
j.	59,282	36,437
k.	380,954	227,210
l.	650,000	560,000
m.	-	610,000
n.	-	60,212
o.	-	260,000
p.	45,984	43,978
q.	199,021	190,247
r.	-	661
s.	600,500	537,500
t.	90,400	112,233
u.	-	73,580
v.	63,000	63,000
	<b>\$ 3,386,771</b>	<b>\$ 6,033,837</b>
Current portion	\$ (3,386,771)	\$ (5,701,287)
Non-current portion	\$ -	\$ 332,550

- a. 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 six months ended September 30, 2025, the Company recorded \$Nil (September 30, 2024 - \$4,905) in interest expense in connection to the loan and repaid \$17,708 (September 30, 2024 - \$53,750). As at September 30, 2025, the remaining balance due is \$Nil (March 31, 2025 - \$17,708).
- b. During the year ended December 31, 2020, under the Canada Emergency Business Account ("CEBA") program, the Company received \$180,000 in loans (the "CEBA Loans"). The CEBA Loans are interest-free loans, available to the Company until January 18, 2024. \$60,000 of the loans are forgivable if repayment is made on or before March 31, 2024. During the year ended December 31, 2020 the Company recognized \$60,000 as other income in relation to the forgivable portion of the loans. No interest expense was recorded on the CEBA Loans during the six months ended September 30, 2025 and 2024. During the six months ended September 30, 2025 the Company repaid \$448 (September 30, 2024-\$Nil). As at September 30, 2025, the remaining balance due is \$119,552 (March 31, 2025 - \$120,000).

## PUREBREAD BRANDS INC. (FORMERLY COHO COLLECTIVE KITCHENS INC.)

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- c. 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 50,000 stock options. Each stock option entitles the holder to purchase one common share at an exercise price of \$2.00 for a period of five years following the grant date. The Company recorded the debt at its fair value using a rate of 15% and the residual was allocated to the value of the stock options and recorded to Other Reserves. During the six months ended September 30, 2025, the Company repaid \$Nil of the loans. During the six months ended September 30, 2024, the Company recorded \$29,911 (September 30, 2024 - \$20,050) in accretion expense in connection to the non-interest bearing loans. On September 26, 2025, the Company settled these loan balances amounting to \$354,186 through the issuance of 411,692 common shares and 205,846 share purchase warrants. The common shares were valued at \$18,526 and \$Nil was allocated to the share purchase warrants. A gain of \$335,660 was recognized in profit and loss in connection with this settlement. As at September 30, 2025, the carrying value of the loans outstanding was \$Nil (March 31, 2025 - \$324,275).
- d. 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. The Company 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. On July 11, 2023, an additional \$288,308 was disbursed to the Company under the Facility. The Facility is guaranteed by certain subsidiaries of the Company and also guaranteed personally by the Company's former CEO, interim CEO/COO and former CMO. In the event of a default, an interest rate of 18% per annum will apply to the Facility. During the six months ended September 30, 2025, the Company recorded \$120,046 (September 30, 2024 - \$104,028) in interest expense in connection to the Facility. On September 26, 2025, \$998,235 of this loan balance was settled through the issuance of 1,225,106 common shares and 612,553 share purchase warrants. The common shares were valued at \$55,129 and \$Nil was allocated to the share purchase warrants. A gain on settlement of \$943,105 was recognized in profit and loss in connection with this settlement. During the six months ended September 30, 2025, the Company repaid a total of \$Nil of the Facility (September 30, 2024 - \$Nil). As at September 30, 2025, the remaining balance due was \$426,611 (March 31, 2025 - \$1,304,800).
- e. On October 31, 2022, the Company borrowed \$60,000 from a lender, acting at arm's length. The loan bears interest at a rate of 8% per annum and is unsecured. During the nine months ended September 30, 2025, the Company recorded \$nil (September 30, 2024 - \$nil) in interest expense in connection to the loan. As at September 30, 2025, the remaining balance due was \$64,800 (March 31, 2025 - \$64,800).
- f. On July 28, 2023, the Company borrowed \$173,400 from a lender, acting at arm's length. The loan is unsecured and a loan fee of \$20,808 was applied to the principal amount. The loan is repaid daily with 20% of the Company's retail revenue and was due on January 28, 2025. During the six months ended September 30, 2025, the Company repaid \$8,531 of the loan (September 30, 2024 - \$nil). As at September 30, 2025, the remaining balance due was \$80,690 (March 31, 2025 - \$89,221).
- g. On August 11, 2023, the Company borrowed \$500,000 from a lender, acting at arm's length. The loan bears interest at a rate of 10% per annum, unsecured, and has a maturity date of November 15, 2023. On

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- November 27, 2023, the maturity date was extended to May 1, 2025. During the six months ended September 30, 2025, the Company recorded \$25,068 (September 30, 2024 - \$25,675) in interest expense in connection to the loan. During the six months ended September 30, 2025, the Company repaid \$nil of the loan (September 30, 2024- \$4,247). As at September 30, 2025, the remaining balance due was \$553,886 (March 31, 2025 - \$528,818).
- h. On September 20, 2023, in connection to the Acquisition of Purebread Bakery, the Company assumed a loan with an outstanding amount of \$61,609 related to the purchase of a delivery vehicle. The loan commenced on May 22, 2022 with a term of 60 months, interest rate at 5% per annum, and repayments paid monthly. The loan is secured against the delivery vehicle. During the six months ended September 30, 2025, the Company recorded \$nil (September 30, 2024 - \$nil) in interest expense in connection to the loan. During the six months ended September 30, 2025, the Company repaid \$nil of the loan (September 30, 2024 - \$nil). As at September 30, 2025, the remaining balance due was \$52,091 (March 31, 2025 - \$52,091).
- i. On November 8, 2023, the Company borrowed \$500,000 from a lender, acting at arm's length. The loan is unsecured, bears interest at a rate of 12% per annum (compounded monthly), and has a term of 18 months. An additional \$150,000 and \$150,000 on April 30, 2024 and May 31, 2024, respectively, were advanced to the Company. During the six months ended September 30, 2025, the Company recorded \$45,659 (September 30, 2024- \$39,185) in interest expense in connection to the loan. On September 26, 2025, \$802,725 of this loan balance was settled through the issuance of 676,630 common shares and 338,165 share purchase warrants. The common shares were valued at \$30,435 and \$Nil was allocated to the share purchase warrants. A gain on settlement of \$772,290 was recognized in profit and loss in connection with this settlement. During the six months ended September 30, 2025, the Company repaid \$Nil of the loan (September 30, 2024 - \$150,000). As at September 30, 2025, the remaining balance due was \$Nil (March 31, 2025 - \$757,066).
- j. On December 20, 2023, the Company borrowed \$34,000 from a lender, acting at arm's length. The loan is unsecured and a loan fee of \$4,420 was applied to the principal amount giving a total amount due of \$38,420. An additional \$46,000 and \$37,000 on May 28, 2024 and December 19, 2024, respectively, were advanced to the Company with loan fees of \$5,980 and \$4,810 giving total amounts due of \$51,980 and \$41,810 respectively. Repayment in each case is made daily at 25% of the Company's e-commerce revenue until the total amount due is settled. During the six months ended September 30, 2025, the Company received a further \$60,000 and repaid \$37,155 of the loan (September 30, 2024- \$30,407). As at September 30, 2025, the remaining balance due was \$59,282 (March 31, 2025 - \$36,437).
- k. On December 22, 2023, the Company borrowed \$240,000 from a lender, acting at arm's length. The loan is unsecured, bears interest at a rate of 10% per annum, and has a term of 18 months. During the six months ended September 30, 2025, the Company recorded \$13,744 (September 30, 2024- \$\$12,033) in interest expense in connection to the loan. During the six months ended September 30, 2025, the Company received further advances of \$470,000 (September 30, 2024- \$Nil) and repaid \$330,000 of the loan (September 30, 2024- \$18,650). As at September 30, 2025, the remaining balance due was \$380,954 (March 31, 2025 - \$227,210)
- l. On December 22, 2023, the Company borrowed \$500,000 from a lender, acting at arm's length. The loan is secured against common shares issued to the Company's former CEO and interim CEO/COO, and bears interest at a rate of 3% per month. During the six months ended September 30, 2025, the Company

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recorded \$90,000 (September 30, 2024 - \$90,000) in interest expense in connection to the loan. During the six months ended September 30, 2025, the Company repaid \$Nil of the loan (September 30, 2024 - \$90,000). As at September 30, 2025, the remaining balance due was \$650,000 (March 31, 2025 - \$560,000).

- m. On February 7, 2024, the Company borrowed \$450,000 from a lender, acting at arm's length. The loan is unsecured, non-interest bearing, and was due on May 7, 2024. Under the terms of the loan agreement, 33,400 shares are to be issued to the lender for each month that the loan remains outstanding. As at September 30, 2025, an amount of \$207,080 has been recognized in equity in respect of shares to be issued. In the event of a default, a monthly payment of \$15,000 in service fees will apply. The Company recorded the debt at its fair value of \$416,628 using a rate of 14.55% and the residual of \$33,372 was allocated to the value of the interest-free portion and recorded to Other Reserves. During the six months ended September 30, 2025, the Company repaid \$Nil of the loans (September 30, 2024 - \$50,000). During the six months ended September 30, 2025, the Company recorded \$nil (September 30, 2024 - \$23,805) in accretion expense in connection to the non-interest-bearing loans. The Company also recorded \$210,000 in service fees during the year ended March 31, 2025 (March 31, 2024 - \$Nil). On September 26, 2025, this loan balance amounting to \$610,000 was settled through the issuance of 474,714 common shares and 237,357 share purchase warrants. The common shares were valued at \$21,362 and \$Nil was allocated to the share purchase warrants. A gain on settlement of \$588,638 was recognized in profit and loss in connection with this settlement. As at September 30, 2025, the carrying value of the loans outstanding was \$Nil (March 31, 2025 - \$610,000).
- n. On February 23, 2024, the Company borrowed \$100,000 from lenders, acting at arm's length. The loan is unsecured, bears interest at a rate of 15% per annum, and has a term of 12 months. On September 26, 2025, this loan balance amounting to was settled through the issuance of 112,880 common shares and 56,440 share purchase warrants. The common shares were valued at \$5,080 and \$Nil was allocated to the share purchase warrants. A gain on settlement of \$62,632 was recognized in profit and loss in connection with this settlement. During the six months ended September 30, 2025, the Company recorded \$7,500 (September 30, 2024 - \$7,500) in interest expense in connection to the loan and repaid \$Nil of the loan (September 30, 2024 - \$51,238). As at September 30, 2025, the remaining balance due was \$Nil (March 31, 2025 - \$60,212).
- o. On March 1, 2024, the Company borrowed \$250,000 from a lender, acting at arm's length. The loan is unsecured, bears interest at a rate of 12% per annum, and has a maturity date of November 1, 2024. In connection with the loan, the Company granted 50,000 RSUs to the lender which will fully vested on March 1, 2025 (Note 10). During the six months ended September 30, 2025, the Company recorded \$14,667 (September 30, 2024 - \$15,000) in interest expense in connection to the loan. On September 26, 2025, this loan balance amounting to \$274,667 was settled through the issuance of 206,638 common shares and 103,469 share purchase warrants. The common shares were valued at \$9,312 and \$Nil was allocated to the share purchase warrants. A gain on settlement of \$265,355 was recognized in profit and loss in connection with this settlement. During the six months ended September 30, 2025, the Company repaid \$Nil of the loan (September 30, 2024 - \$18,750). As at September 30, 2025, the remaining balance due was \$Nil (March 31, 2025 - \$260,000).
- p. On April 2, 2024, the Company borrowed \$40,000 from a lender, acting at arm's length. The loan bears interest at a rate of 10% per annum, is unsecured, and has a maturity date of April 1, 2025. During the six months ended September 30, 2025, the Company recorded \$2,006 (September 30, 2024 - \$1,984) in

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interest expense in connection to the loan. During the six months ended September 30, 2025, the Company repaid \$nil (September 30, 2024 - \$nil) of the loan. As at September 30, 2025, the remaining balance due was \$45,984 (March 31, 2025 - \$43,978).

- q. On May 9, 2024, the Company borrowed \$125,000 from a lender, acting at arm's length. On June 6, 2024, the Company borrowed an additional \$50,000 from this lender. The loan bears interest at a rate of 10% per annum, is unsecured, and has a maturity date of May 8, 2025. During the six months ended September 30, 2025, the Company recorded \$8,774 (September 30, 2024 - \$6,521) in interest expense in connection to the loan. During the six months ended September 30, 2025, the Company repaid \$nil (September 30, 2024 - \$nil) of the loan. As at September 30, 2025, the remaining balance due was \$199,021 (March 31, 2025 - \$190,247).
- r. On May 9, 2024, the Company borrowed \$50,000 from a lender, acting at arm's length. An additional \$50,000, \$50,000, \$120,000, \$85,000, and \$100,000 on May 22, 2024, May 31, 2024, June 7, 2024, July 18, 2024 and August 19, 2024, respectively, were advanced to the Company. The Company incurred lender's fees amounting to \$35,000 and the loan bears interest at a rate of 4% per month. The loan is unsecured, and had a maturity date of December 2, 2024. The Company also incurred lenders' fees amounting to \$35,000. During the six months ended September 30, 2025, the Company recorded \$nil (September 30, 2024 - \$3,226) in interest expense in connection to the loan. On September 26, 2025, the Company settled this loan balance amounting to \$661 and an accounts payable balance of \$115,500 relating to the lender through the issuance of 126,400 common shares and 63,200 share purchase warrants. The common shares were valued at \$5,688 and \$Nil was allocated to the share purchase warrants. A gain of \$110,473 was recognized in profit and loss in connection with this settlement. During the six months ended September 30, 2025, the Company repaid \$nil (September 30, 2024 - \$439,000) of the loan. As at September 30, 2025, the remaining balance due was \$Nil (March 31, 2025 - \$661).
- s. On June 17, 2024, the Company borrowed \$500,000 from a lender, acting at arm's length. The loan is unsecured and accrues a monthly service fee of \$12,500. During the six months ended September 30, 2025, the Company repaid \$12,000 of the loan (September 30, 2024 - \$25,000). As at September 30, 2025, the carrying value of the loan outstanding was \$600,500 (March 31, 2025 - \$537,500). During the six months ended September 30, 2025, the Company recorded \$75,000 (September 30, 2024 - \$nil) in service fees in connection with this loan.
- t. On June 19, 2024, the Company borrowed \$150,000 from a lender, acting at arm's length with a weekly repayment of \$8,299. An additional \$116,191, \$79,057, and \$104,251 on August 26, 2024, October 23, 2024, and December 20, 2024, respectively, were advanced to the Company. The loan requires a daily payment of \$2,895 for a period of 120 days and is secured against the Company's future receivables. During the six months ended September 30, 2025, the Company incurred \$20,167 (September 30, 2024 - \$nil) in accretion expense in connection to the loan and repaid \$42,000 (September 30, 2024 - \$141,376) of the loan. As at September 30, 2025, the remaining balance due was \$90,400 (March 31, 2025 - \$112,233).
- u. On September 12, 2024, the Company borrowed \$70,000 from a lender, acting at arm's length. The loan is unsecured, bears interest at a rate of 10% per annum, and had a term of 2 months. During the six months ended September 30, 2025, the Company recorded \$3,443 (September 30, 2024 - \$345) in interest expense in connection to the loan. On September 26, 2025, this loan balance amounting to \$77,269 was settled through the issuance of 65,102 common shares and 32,551 share purchase warrants. The common

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shares were valued at \$2,930 and \$Nil was allocated to the share purchase warrants. A gain on settlement of \$74,339 was recognized in profit and loss in connection with this settlement. During the six months ended September 30, 2025, the Company repaid \$nil of the loan (September 30, 2024 - \$nil). As at September 30, 2025, the remaining balance due was \$Nil (March 31, 2025 - \$73,836).

- v. On December 5, 2024, the Company borrowed \$63,000 from a lender, acting at arm's length. The loan is unsecured, non-interest bearing, and due on demand. During the six months ended September 30, 2025, the Company repaid \$nil of the loan (September 30, 2024 - \$nil). As at September 30, 2025, the carrying value of the loan outstanding was \$63,000 (March 31, 2025 - \$63,000). During the six months ended September 30, 2025, the Company recorded \$nil (September 30, 2024 - \$nil) in accretion expense in connection to the non-interest-bearing loan.

### 16. PROMISSORY NOTES

On January 31, 2024, the Company borrowed a total of \$500,000 via promissory notes from two lenders, acting at arm's length. The promissory notes are secured against common shares issued to the Company's former CEO and interim CEO/COO, bears interest at a rate of 36% per annum, and has a maturity date of April 1, 2024. On July 23, 2024, the maturity date of the promissory notes were extended to September 1, 2024. On September 26, 2025, \$638,000 of this promissory notes balance was settled through the issuance of 440,000 common shares and 220,000 share purchase warrants. The common shares were valued at \$19,800 and \$Nil was allocated to the share purchase warrants. A gain on settlement of \$618,200 was recognized in profit and loss in connection with this settlement.

On April 2, 2024, the Company borrowed \$100,000 from a lender, acting at arm's length. The promissory note is guaranteed personally by the Company's former CEO and interim CEO/COO, bears interest at a rate of prime plus 5% per annum, and had a maturity date of September 2, 2024.

During the six months ended September 30, 2025, the Company recorded \$96,100 (September 30, 2024 - \$96,100) in interest expense in connection to the promissory notes. During the six months ended September 30, 2025, the Company repaid \$nil of the promissory notes (September 30, 2024 - \$115,000). As at September 30, 2025, the remaining balance due is \$93,300 (March 31, 2025 - \$635,200).

### 17. CONVERTIBLE DEBENTURES

On May 24, 2023, the Company completed a non-brokered private placement for gross proceeds of \$1,650,000 (the "Offering"). The Offering was a non-brokered private placement of 1,650 convertible debentures of the Company (the "CAD Convertible Debentures"), at a price of \$1,000 per CAD Convertible Debenture, for gross proceeds of \$1,650,000. There were no finder, broker, or agent fees payable by the Company in connection with the Offering. The CAD Convertible Debentures bear interest at a rate of 8% per annum, calculated and payable semi-annually in arrears, commencing on June 30, 2023. The CAD Convertible Debentures will mature on March 31, 2026. The principal amount of each CAD Convertible Debenture will be convertible into common shares of the Company at a price of \$0.75 per common share at the option of the holder thereof. At the election of the Company, all interest accrued on the CAD Convertible Debentures may be payable in cash or, subject to approval by the TSXV, common shares issued at the market price (as such term as defined in the policies of the TSXV) at the time of any such settlement.

For accounting purposes, the CAD Convertible Debentures are separated into their liability and equity components by first valuing the liability component. The fair value of the liability component at the time of issue of \$1,340,208, was calculated as the discounted cash flows for the CAD Convertible Debentures assuming a 16.14% discount rate,

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which was the estimated rate for a similar debenture without a conversion feature. The fair value of the equity component (conversion feature) was determined at the time of issue as the difference between the face value of the CAD Convertible Debentures and the fair value of the liability component, being \$309,792. The liability component will be accreted over the life of the CAD Convertible Debentures. During the six months ended September 30, 2025, the Company recorded interest expense of \$66,181 (September 30, 2024 - \$66,181) and accretion expense of \$126,223 (September 30, 2024 - \$117,277) in connection to the CAD Convertible Debentures. As at September 30, 2025, the remaining balance due is \$1,585,267 (March 31, 2025 - \$1,525,225). As at September 30, 2025, interest payable on the CAD Convertible Debentures is \$312,099 (March 31, 2025 - \$245,918) and recorded in trade payables and accrued liabilities.

On December 22, 2023, the Company issued convertible debentures for gross proceeds of \$530,223 (\$400,000 USD) (the “USD Convertible Debentures”). The USD Convertible Debentures bear interest at a rate of 10.5% per annum, calculated and payable quarterly in arrears, commencing on March 22, 2024. The USD Convertible Debentures will mature on December 22, 2025. The principal amount of each USD Convertible Debenture will be convertible into common shares of the Company at a price of \$1.25 per common share at the option of the holder thereof. At the election of the Company, all interest accrued on the USD Convertible Debentures may be payable in cash or, subject to approval by the TSXV, common shares equal to the 20-day volume weighted average price of the Company’s common shares for the 20 trading days prior to the payment date of the interest payment.

On issuance, the Company determined the conversion feature of the USD Convertible Debentures was a derivative liability of \$64,578 (Note 18), with the residual of \$465,644 being allocated to the liability component. The liability component will be accreted over the life of the USD Convertible Debentures. During the six months ended September 30, 2025, the Company recorded interest expense of \$29,233 (September 30, 2024 – \$27,666), accretion expense of \$47,570 (September 30, 2024 - \$42,249), and a foreign exchange translation gain of \$16,377 (September 30, 2024 – \$1,131) in connection to the USD Convertible Debentures. As at September 30, 2025, the remaining balance due is \$547,817 (March 31, 2025 – \$545,857). As at September 30, 2025, interest payable on the USD Convertible Debentures is \$102,223 (March 31, 2025 - \$72,990) and recorded in trade payables and accrued liabilities.

### 18. DERIVATIVE LIABILITY

The following table reflects the continuity of derivative liability from March 31, 2024 to September 30, 2025:

<b>Balance as at March 31, 2024, March 31, 2025 and September 30, 2025</b>	<b>\$ 64,578</b>
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There were no changes in the fair value of the derivative liability as at September 30, 2025 and March 31, 2025.

### 19. TERM FACILITY

On September 20, 2023, the Company entered into a letter of agreement with the Bank of Montreal (“BMO” or the “Lender”), setting out the terms under which BMO provided a senior secured \$5,500,000 non-revolving term facility (the “Term Facility”) to the Company and is repayable on demand. The Term Facility was used to finance a portion of the cash consideration of the acquisition of Purebread Bakery. The Term Facility is secured by a first ranking security interest over all present and after-acquired personal property of Coho Acquisition Corp., which holds all of the issued and outstanding shares of Purebread Bakery. The Term Facility amortizes over an 84-month period, with repayments on a monthly basis. Monthly principal repayments are calculated as a percentage of the original loan amount, based on the following payment schedule:

- Years 1 to 3 – 12.0% annually plus applicable interest and mandatory repayments
- Years 4 to 5 – 15.0% annually plus applicable interest and mandatory repayments
- Year 6 – 16.0% annually plus applicable interest and mandatory repayments

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- Year 7 – 18.0% annually plus applicable interest and mandatory repayments

Interest on the Term Facility is payable monthly in arrears and the interest rate is determined by the ratio of the Company's total funded debt ("TFD") to earnings before interest, taxes, depreciation and amortization ("EBITDA"). At the end of each reporting quarter, the TFD to EBITDA ratio is calculated and agreed upon by the Company and BMO, and the applicable interest rate is determined by an interest rate grid. The interest rate grid is divided into predetermined ranges of the TFD to EBITDA ratio, and provides the applicable interest rate on the Term Facility, calculated as prime plus a margin for the corresponding predetermined range. The interest rate does not exceed BMO prime plus 2.0%.

The Term Facility is subject to a cash flow sweep whereby mandatory repayments are required on an annual basis, calculated as a percentage of free cash flow after debt repayment at the end of each fiscal year. The cash flow sweep remains in effect unless the Company's TFD to EBITDA ratio is reduced to 2.5:1.0 or below. As of September 30, 2025, the Company is not in compliance with the required TFD TO EBITDA ratio.

During the six months ended September 30, 2025, the Company recorded \$180,399 (September 30, 2024 - \$206,366) in interest expense in connection to the Term Facility, repaid interest of \$100,000 (September 30, 2024 - \$215,429), and repaid principal of \$nil (September 30, 2024 - \$392,857). As at September 30, 2025, the remaining balance due is \$4,822,976 (March 31, 2025 - \$4,742,577).

During the six months ended September 30, 2025, the Company received a demand letter from BMO for immediate repayment of approximately \$5,209,930 under an existing credit agreement. BMO also issued a Notice of Intention to Enforce Security under the Bankruptcy and Insolvency Act (Canada), giving BMO the right to enforce its security against assets of Purebread Bakery starting October 14, 2025, unless consent is given for earlier action.

The Company is exploring options to repay the debt, including refinancing, recapitalization, or a third-party assumption or purchase of the outstanding obligations.

### 20. VENDOR TAKE-BACK NOTE

On September 20, 2023, the Company entered into a vendor take-back agreement (the "VTB") to finance a portion of the cash consideration of the acquisition of Purebread Bakery, whereby the Company became indebted to the vendors of Purebread Bakery in the principal sum of \$1,500,000. The VTB is subordinated to the BMO Term Facility and has a maturity date of September 20, 2025. Commencing on September 21, 2023, the VTB bears interest computed on the outstanding daily principal balance of the VTB, payable quarterly, at the rate of:

- a. 10% per annum for 12 months up to September 20, 2024;
- b. 15% per annum for six months up to March 20, 2025; and
- c. 20% per annum for six months up to September 20, 2025.

During the six months ended September 30, 2025, the Company recorded \$150,000 (September 30, 2024 - \$75,000) in interest expense in connection to the VTB and repaid interest of \$nil (September 30, 2024 - \$75,000). As at September 30, 2025, the remaining balance due was \$1,500,000 (March 31, 2025 - \$1,500,000).

### 21. 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.

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The Company's consolidated effective tax rate in respect of continuing operations for the six months September 30, 2025 was 27% (September 30, 2024 – 27%).

### 22. SEGMENTED INFORMATION

For management purposes, the Company is organized into operating segments based on its products and services. Two operating segments have been identified. These segments have been aggregated into two reportable segments: rental and retail. The rental segment includes revenue generated from renting out commercial kitchen spaces and providing associated business support services to food entrepreneurs and companies. The retail segment includes revenue generated from the sale of baked goods and other food items at the Company's Purebread Bakery locations.

The Company monitors the results of its operating segments separately for making decisions about resource allocation and performance assessment. Segment performance is evaluated on a number of measures, the most significant being revenue, gross profit and net income (loss). Information for the Company's segments for the six months ended September 30, 2025 and 2024, including the reconciliation to net income (loss), is provided in the following tables:

#### For the three months ended September 30, 2025

	Rental	Retail	Corporate	Total
<b>REVENUE</b>	\$ 373,288	\$ 3,761,903	\$ -	\$ 4,135,191
<b>COST OF SALES</b>	-	1,514,931	-	1,514,931
<b>GROSS PROFIT</b>	373,288	2,246,972	-	2,620,260
<b>OPERATING EXPENSES</b>				
Advertising and promotion	-	5,437	-	5,437
Amortization	60,084	210,258	2,420	272,762
Accretion	-	9,621	98,756	108,377
Interest	192,535	239,249	362,083	793,867
Occupancy cost	138,570	278,663	128	417,361
Office and miscellaneous	13,399	154,450	34,807	202,656
Professional fees	-	67,797	266,712	334,509
Salaries and benefits	62,661	829,705	127,365	1,019,731
Share-based compensation	-	-	2,326	2,326
Subcontractor	3,923	23,053	1,069	28,045
Supplies	47,222	79,345	2,176	128,743
<b>TOTAL OPERATING EXPENSES</b>	518,394	1,897,578	897,842	3,313,814
<b>NET OPERATING INCOME (LOSS)</b>	\$ (145,106)	\$ 349,394	\$ (897,842)	\$ (693,554)
<b>OTHER ITEMS</b>				
Gain on debt-to-equity settlement	-	-	3,770,692	3,770,692
<b>NET INCOME (LOSS)</b>	<b>\$ (145,106)</b>	<b>\$ 349,394</b>	<b>\$ 2,872,850</b>	<b>\$ 3,077,138</b>

# PUREBREAD BRANDS INC. (FORMERLY COHO COLLECTIVE KITCHENS INC.)

## Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended September 30, 2025 and 2024

(Unaudited – Expressed in Canadian Dollars)

### For the six months ended September 30, 2025

	Rental	Retail	Corporate	Total
<b>REVENUE</b>	\$ 787,323	\$ 6,978,083	\$ -	\$ 7,765,406
<b>COST OF SALES</b>	-	2,768,507	-	2,768,507
<b>GROSS PROFIT</b>	787,323	4,209,576	-	4,996,899
<b>OPERATING EXPENSES</b>				
Advertising and promotion	150	7,343	339	7,832
Amortization	97,566	416,227	4,813	518,606
Accretion	-	20,168	195,173	215,341
Interest	240,697	487,025	713,833	1,441,555
Occupancy cost	225,531	513,573	338	739,442
Office and miscellaneous	35,194	200,293	9,368	244,855
Professional fees	-	150,281	320,616	470,897
Salaries and benefits	116,650	1,421,041	216,200	1,753,891
Share-based compensation	-	-	16,893	16,893
Subcontractors	4,590	48,952	2,149	55,691
Supplies	81,006	166,964	4,452	252,422
<b>TOTAL OPERATING EXPENSES</b>	801,384	3,431,867	1,484,174	5,717,425
<b>NET OPERATING INCOME (LOSS)</b>	\$ (14,061)	\$ 777,709	\$ (1,484,174)	\$ (720,526)
<b>OTHER ITEMS</b>				
Gain on debt-to-equity settlement	-	-	3,770,692	3,770,692
<b>NET INCOME (LOSS)</b>	\$ (14,061)	\$ 777,709	\$ 2,286,518	\$ 3,050,166

### For the three months ended September 30, 2024

	Rental	Retail	Corporate	Total
<b>REVENUE</b>	\$ 744,773	\$ 3,958,524	\$ -	\$ 4,703,297
<b>COST OF SALES</b>	-	1,711,128	-	1,711,128
<b>GROSS PROFIT</b>	744,773	2,247,396	-	2,992,169
<b>OPERATING EXPENSES</b>				
Advertising and promotion	-	4,437	621	5,058
Amortization	319,697	265,531	9,204	594,432
Accretion	-	-	101,053	101,053
Interest	172,169	230,582	320,298	723,049
Occupancy cost	406,102	279,807	2,149	688,058
Office and miscellaneous	51,352	82,817	5,184	139,353
Professional fees	-	52,702	347,769	400,471
Salaries and benefits	51,812	861,298	194,062	1,107,172
Share-based compensation	-	-	59,409	59,409
Subcontractor	829	56,874	2,555	60,258
Supplies	76,211	100,042	4,553	180,806
<b>TOTAL OPERATING EXPENSES</b>	1,078,172	1,934,090	1,046,857	4,059,119
<b>NET INCOME (LOSS)</b>	\$ (333,399)	\$ 313,306	\$ (1,046,857)	\$ (1,066,950)

# PUREBREAD BRANDS INC. (FORMERLY COHO COLLECTIVE KITCHENS INC.)

## Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended September 30, 2025 and 2024

(Unaudited – Expressed in Canadian Dollars)

### For the six months ended September 30, 2024

	Rental	Retail	Corporate	Total
<b>REVENUE</b>	\$ 1,498,290	\$ 7,240,724	\$ -	\$ 8,739,014
<b>COST OF SALES</b>	-	3,288,823	-	3,288,823
<b>GROSS PROFIT</b>	1,498,290	3,951,901	-	5,450,191
<b>OPERATING EXPENSES</b>				
Advertising and promotion	288	6,064	2,557	8,909
Amortization	649,777	442,039	25,757	1,117,573
Accretion	-	-	203,381	203,381
Interest	357,079	435,843	642,068	1,434,990
Occupancy cost	1,028,353	638,905	4,214	1,671,472
Office and miscellaneous	104,291	167,009	31,626	302,926
Professional fees	-	100,313	674,283	774,596
Salaries and benefits	114,313	1,847,966	417,374	2,379,653
Share-based compensation	-	-	129,309	129,309
Subcontractor	1,331	83,010	5,899	90,240
Supplies	138,533	158,693	12,622	309,848
<b>TOTAL OPERATING EXPENSES</b>	2,393,965	3,879,842	2,149,090	8,422,897
<b>NET INCOME (LOSS)</b>	\$ (895,675)	\$ 72,059	\$ (2,149,090)	\$ (2,972,706)

### 23. SUBSEQUENT EVENTS

On October 8, 2025, the Company received a demand letter from BMO for immediate repayment of approximately \$5,209,930 under an existing credit agreement (Note 19). BMO also issued a Notice of Intention to Enforce Security under the Bankruptcy and Insolvency Act (Canada), giving BMO the right to enforce its security against assets of Purebread Bakery starting October 14, 2025, unless consent is given for earlier action.

The Company is exploring options to repay the debt, including refinancing, recapitalization, or a third-party assumption or purchase of the outstanding obligations.