

## FORM 5

### **QUARTERLY LISTING STATEMENT**

Name of Listed Issuer: **Komo Plant Based Foods Inc.** (the “Issuer”)

Trading Symbol: **YUM**

This Quarterly Listing Statement must be posted on or before the day on which the Issuer’s unaudited interim financial statements are to be filed under the *Securities Act*, or, if no interim statements are required to be filed for the quarter, within 60 days of the end of the Issuer’s first, second and third fiscal quarters. This statement is not intended to replace the Issuer’s obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by the Exchange Policies. If material information became known and was reported during the preceding quarter to which this statement relates, management is encouraged to also make reference in this statement to the material information, the news release date and the posting date on the Exchange website.

#### **General Instructions**

- (a) Prepare this Quarterly Listing Statement using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the following items must be in narrative form. When the answer to any item is negative or not applicable to the Issuer, state it in a sentence. The title to each item must precede the answer.
- (b) The term “Issuer” includes the Listed Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

There are three schedules which must be attached to this report as follows:

#### **SCHEDULE A: FINANCIAL STATEMENTS**

Financial statements are required as follows:

For the first, second and third financial quarters interim financial statements prepared in accordance with the requirements under Ontario securities law must be attached.

If the Issuer is exempt from filing certain interim financial statements, give the date of the exempting order.

## SCHEDULE B: SUPPLEMENTARY INFORMATION

The supplementary information set out below must be provided when not included in Schedule A.

### 1. Related party transactions

***All related party transactions have been disclosed in the Issuer's financial statements for the interim period ended January 31, 2024.***

Provide disclosure of all transactions with a Related Person, including those previously disclosed on Form 10. Include in the disclosure the following information about the transactions with Related Persons:

- (a) A description of the relationship between the transacting parties. Be as precise as possible in this description of the relationship. Terms such as affiliate, associate or related company without further clarifying details are not sufficient.
- (b) A description of the transaction(s), including those for which no amount has been recorded.
- (c) The recorded amount of the transactions classified by financial statement category.
- (d) The amounts due to or from Related Persons and the terms and conditions relating thereto.
- (e) Contractual obligations with Related Persons, separate from other contractual obligations.
- (f) Contingencies involving Related Persons, separate from other contingencies.

### 2. Summary of securities issued and options granted during the period.

***All securities issued and options granted have been disclosed in the notes to the Issuer's financial statements for the interim period ended January 31, 2024.***

Provide the following information for the period beginning on the date of the last Listing Statement (Form 2A):

- (a) summary of securities issued during the period,

Date of Issue	Type of Security (common shares, convertible debentures, etc.)	Type of Issue (private placement, public offering, exercise of warrants, etc.)	Number	Price	Total Proceeds	Type of Consideration (cash, property, etc.)	Describe relationship of Person with Issuer (indicate if Related Person)	Commission Paid

(b) summary of options granted during the period,

Date	Number	Name of Optionee if Related Person and Relationship	Generic Description of Other Optionees	Exercise Price	Expiry Date	Market Price on Date of Grant

### 3. Summary of securities as at the end of the reporting period.

***A summary of securities has been provided in the Issuer's financial statements for the interim period ended January 31, 2024.***

Provide the following information in tabular format as at the end of the reporting period:

- (a) description of authorized share capital including number of shares for each class, dividend rates on preferred shares and whether or not cumulative, redemption and conversion provisions,
- (b) number and recorded value for shares issued and outstanding,
- (c) description of options, warrants and convertible securities outstanding, including number or amount, exercise or conversion price and expiry date, and any recorded value, and
- (d) number of shares in each class of shares subject to escrow or pooling agreements or any other restriction on transfer.

4. List the names of the directors and officers, with an indication of the position(s) held, as at the date this report is signed and filed.

Name of Director	Position(s) Held
William White	Director, CEO and President
Yucai (Rick) Huang	CFO and Corporate Secretary
Spiros Margaritis	Director
Daniel Kang	Director
Angelo Rajasooriar	Director

#### **SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS**

Provide Interim MD&A if required by applicable securities legislation.

## Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Quarterly Listing Statement.
2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CSE Policy 1).
4. All of the information in this Form 5 Quarterly Listing Statement is true.

Dated March 22, 2024

William White

Name of Director or Senior Officer

"William White"

Signature

CEO and President

Official Capacity

### Issuer Details

Name of Issuer	For Quarter Ended	Date of Report (YY/MM/DD)
<b>Komo Plant Based Foods Inc.</b>	<b>January 31, 2024</b>	<b>24/03/22</b>
Issuer Address		
<b>1605 West 5<sup>th</sup> Avenue</b>		
City/Province/Postal Code	Issuer Fax No.	Issuer Telephone No.
<b>Vancouver, BC V6J 1N5</b>	<b>None</b>	<b>866.969.0882</b>
Contact Name	Contact Position	Contact Telephone No.
<b>William White</b>	<b>CEO and President</b>	<b>866.969.0882</b>
Contact Email Address	Web Site Address	
<b>info@komoeats.com</b>	<b>www.komocomfortfoods.com</b>	

Schedule "A"

**Financial Statements**

*[inserted as following pages]*

# **KOMO PLANT BASED FOODS INC.**

## **Condensed Interim Consolidated Financial Statements**

For the Three and Six months Ended January 31, 2024 and 2023

(Expressed in Canadian Dollars)

(Unaudited)

## NOTICE TO READER

The accompanying condensed interim consolidated financial statements of Komo Plant Based Foods Inc. ("the Company") have been prepared by management in accordance with International Financial Reporting Standards ("IFRS"). Management acknowledges responsibility for the preparation and presentation of the condensed interim consolidated financial statements, including responsibility for significant accounting estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances. These condensed interim consolidated financial statements have not been reviewed by the Company's independent auditor.

**KOMO PLANT BASED FOODS INC.**

Condensed Interim Consolidated Statements of Financial Position  
(Expressed in Canadian Dollars)

	Notes	January 31, 2024 (Unaudited)	July 31, 2023
		\$	\$
<b>ASSETS</b>			
Cash		<b>163</b>	2,058
Amounts receivable	3	<b>3,793</b>	45,363
Deposits		<b>3,000</b>	3,000
<b>Current and total assets</b>		<b>6,956</b>	50,421
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable and accrued liabilities	4	<b>551,721</b>	524,683
Convertible debentures	5	<b>1,697,658</b>	1,559,506
Derivative liabilities	5	<b>894</b>	43,711
Loans payable	6	<b>120,000</b>	120,000
Due to related parties	4	<b>334,865</b>	312,331
<b>Current and total liabilities</b>		<b>2,705,138</b>	2,560,231
<b>SHAREHOLDERS' DEFICIT</b>			
Share capital	7	<b>12,111,402</b>	12,111,402
Share-based payment reserve	8 & 9	<b>2,965,063</b>	2,965,063
Convertible debenture reserve	5	<b>67,718</b>	67,718
Deficit		<b>(17,842,365)</b>	(17,653,993)
<b>Total shareholders' deficit</b>		<b>(2,698,182)</b>	(2,509,810)
<b>Total liabilities and shareholders' deficit</b>		<b>6,956</b>	50,421

Nature of operations and continuance of business (Note 1)

Approved and authorized for issuance on behalf of the Board of Directors on March 22, 2023:

/s/ "Daniel Kang"  
Daniel Kang, Director

/s/ "Angelo Rajasooriar"  
Angelo Rajasooriar, Director

(The accompanying notes are an integral part of these consolidated financial statements)

**KOMO PLANT BASED FOODS INC.**

## Condensed Interim Consolidated Statements of Operations and Comprehensive Loss

(Expressed in Canadian Dollars)

(Unaudited)

	Notes	Three Months Ended January 31,		Six Months Ended January 31,	
		2024	2023	2024	2023
				\$	\$
<b>EXPENSES</b>					
Advertising and promotion	4	-	51,100	-	70,850
Consulting fees	4	<b>3,000</b>	144,425	<b>6,000</b>	174,925
General and administrative	4	<b>4,279</b>	23,823	<b>4,839</b>	30,472
Investor relations		-	16,213	-	39,166
Professional fees	4	<b>57,952</b>	38,309	<b>57,952</b>	44,309
Share-based compensation	9	-	14,780	-	29,790
Wages	4	-	9	-	22,078
Total expenses		<b>65,231</b>	288,659	<b>68,791</b>	411,590
<b>LOSS BEFORE OTHER INCOME/EXPENSES</b>		<b>(65,231)</b>	(288,659)	<b>(68,791)</b>	(411,590)
Other income/expenses	10	<b>(37,519)</b>	(91,892)	<b>(99,779)</b>	(67,662)
<b>Net loss from continuing operations</b>		<b>(102,750)</b>	(380,551)	<b>(168,570)</b>	(479,252)
Loss from discontinued operations	13	<b>(6,641)</b>	(259,479)	<b>(19,802)</b>	(404,418)
<b>NET AND COMPREHENSIVE LOSS</b>		<b>(109,391)</b>	(640,030)	<b>(188,372)</b>	(883,670)
Loss per shares, basic & diluted					
from continuing operations		<b>(0.01)</b>	(0.04)	<b>(0.01)</b>	(0.05)
from discontinued operations		<b>(0.00)</b>	(0.04)	<b>(0.00)</b>	(0.05)
<b>Loss per share, basic &amp; diluted</b>		<b>(0.01)</b>	(0.07)	<b>(0.02)</b>	(0.09)
Weighted average shares outstanding,					
- basic & diluted		<b>11,662,799</b>	9,707,094	<b>11,662,799</b>	9,707,094

(The accompanying notes are an integral part of these consolidated financial statements)

**KOMO PLANT BASED FOODS INC.**

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

(Expressed in Canadian Dollars)

(Unaudited)

	Share capital		Share-based payment reserve	Convertible debenture reserve	Deficit	Total
	Number of shares	Amount				
		\$	\$	\$	\$	\$
BALANCE, JULY 31, 2022	9,707,096	11,825,566	3,028,305	68,175	(16,191,236)	(1,269,190)
Share-based compensation	-	-	47,323	-	-	47,323
Net loss for the period	-	-	-	-	(883,670)	(883,670)
BALANCE, January 31, 2023	9,707,096	11,825,566	3,075,628	68,175	(17,074,906)	(2,105,537)
BALANCE, JULY 31, 2023	11,662,799	12,111,402	2,965,063	67,718	(17,653,993)	(2,509,810)
Net loss for the period	-	-	-	-	(188,372)	(188,372)
BALANCE, January 31, 2024	<b>11,662,799</b>	<b>12,111,402</b>	<b>2,965,063</b>	<b>67,718</b>	<b>(17,842,365)</b>	<b>(2,698,182)</b>

(The accompanying notes are an integral part of these consolidated financial statements)

**KOMO PLANT BASED FOODS INC.**

Condensed Interim Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)

(Unaudited)

	Six Months Ended January 31,	
	2024	2023
OPERATING ACTIVITIES		
Net loss from continuing operations	<b>(168,570)</b>	(479,252)
Items not involving cash:		
Accretion of discount on convertible debentures	<b>94,239</b>	135,260
Interest expense on convertible debentures	<b>43,913</b>	75,396
Interest expense on loans/lease liabilities	-	1,767
Gain on change in fair value of derivative liabilities	<b>(42,817)</b>	(166,986)
Share-based compensation	-	29,790
Changes in non-cash operating working capital:		
Amounts receivable	<b>(255,999)</b>	99,517
Prepaid expenses & deposits	-	44,086
Due to related parties	<b>(8,042)</b>	278,438
Accounts payable and accrued liabilities	<b>119,553</b>	223,005
Net cash used in operating activities from continuing operations	<b>(217,723)</b>	243,023
Net cash used in operating activities from discontinued operations	<b>215,828</b>	(461,713)
CHANGE IN CASH	<b>(1,895)</b>	(218,689)
Cash, beginning of the period	<b>2,058</b>	224,344
CASH, END OF THE PERIOD	<b>163</b>	5,655

(The accompanying notes are an integral part of these consolidated financial statements)

# KOMO PLANT BASED FOODS INC.

Notes to the Condensed Interim Consolidated Financial Statements

Three and Six months Ended January 31, 2024 and 2023

(Expressed in Canadian Dollars)

(Unaudited)

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## 1. Nature of Operations and Continuance of Business

Komo Plant Based Foods Inc. (the "Company") was incorporated under the laws of the province of British Columbia, Canada, on December 3, 2010. On May 31, 2021, the Company changed its name to Komo Plant Based Foods Inc. The Company previously researched, developed, manufactured, marketed and sold plant-based frozen food products through ecommerce and retail. In May 2023, the Company discontinued its operations (Note 18). The Company is currently in search of new businesses.

These consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to realize its assets and satisfy its liabilities in the normal course of business for the foreseeable future. Management is aware, in making its going concern assessment, of material uncertainties related to events and conditions that may cast significant doubt upon the Company's ability to continue as a going concern. During the period ended January 31, 2024, the Company has incurred a net loss from continuing operations of \$168,570 and incurred negative cash flows in operating activities from continuing operations of \$217,723. As at January 31, 2024, the Company has a working capital deficit of \$2,698,182 and an accumulated deficit of \$17,842,365. The continued operations of the Company are dependent on future profitable operations, management's ability to manage costs, and the future availability of equity or debt financing. Whether and when the Company can generate sufficient operating cash flows to pay for its expenditures and settle its obligations as they fall due is uncertain. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and consolidated statement of financial position classifications that would be necessary were the going concern assumption inappropriate. These adjustments could be material.

## 2. Significant Accounting Policies

### (a) Statement of Compliance

These consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the interpretations of the International Financial Reporting Interpretations Committee.

### (b) Basis of Presentation

These consolidated financial statements include the accounts of the Company and its wholly owned Canadian subsidiaries, Komo Plant Based Comfort Foods Inc. ("Comfort"), Fasttask Inc., and 10758914 Canada Inc. All intercompany balances and transactions have been eliminated on consolidation.

These consolidated financial statements have been prepared on a historical cost basis. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for the cash flow information. The presentation and functional currency of the Company and its Canadian subsidiaries is the Canadian dollar, and the functional currency of its previously wholly owned subsidiary, KBM, is the United States dollar. In the opinion of the Company's management, all adjustments considered necessary for a fair presentation have been included.

### (c) Significant Accounting Estimates and Judgments

The preparation of consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

## KOMO PLANT BASED FOODS INC.

Notes to the Condensed Interim Consolidated Financial Statements  
Three and Six months Ended January 31, 2024 and 2023  
(Expressed in Canadian Dollars)  
(Unaudited)

### 2. Significant Accounting Policies (continued)

#### (c) Significant Accounting Estimates and Judgments (continued)

Significant areas requiring the use of estimates include the collectability of amounts receivable, net realizable value of inventory, the useful lives and carrying values of property and equipment and intangible assets, fair value of share-based compensation and derivative liabilities, discount rates used for convertible debentures, revenue recognition, and measurement of unrecognized deferred income tax assets.

Judgments include the factors that are used in determining the application of the going concern assumption which requires management to consider all available information about the future, which is at least but not limited to, 12 months from the year end of the reporting period, factors used in determining the discount rate for the carrying value of convertible debentures.

#### (k) Reclassifications

Certain financial statement items have been reclassified for consistency with the current period presentation. These reclassifications related to the presentation of discontinued operations (Note 18) and had no material effects on the consolidated financial statements.

#### (l) Accounting Standards Issued But Not Yet Effective

Certain pronouncements have been issued by the IASB or the IFRS Interpretations Committee that are mandatory for accounting years beginning on or after August 1, 2023 or later years. Management does not believe the adoption of these future standards will have a material impact on the Company's financial statements.

### 3. Amounts Receivable

	January 31, <b>2024</b>	July 31, 2023
	\$	\$
Accounts receivable	<b>53,394</b>	70,776
Allowance for doubtful accounts	<b>(52,658)</b>	(52,658)
GST receivable	<b>3,057</b>	27,245
Net accounts receivable	<b>3,793</b>	45,363

### 4. Related Party Transactions

During the three and six months ended January 31, 2024 and 2023, compensation of key management personnel and related parties were as follows:

	Three months ended		Six months ended	
	January 31, <b>2024</b>	2023	January 31, <b>2024</b>	2023
			\$	\$
Wages	-	-	-	34,434
Consulting and director fees	<b>9,000</b>	30,000	<b>20,000</b>	60,000
Share-based compensation	-	11,981	-	30,327
Total	<b>9,000</b>	41,981	<b>20,000</b>	124,761

## KOMO PLANT BASED FOODS INC.

Notes to the Condensed Interim Consolidated Financial Statements  
Three and Six months Ended January 31, 2024 and 2023  
(Expressed in Canadian Dollars)  
(Unaudited)

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### 4. Related Party Transactions (continued)

- (a) As at January 31, 2024, the Company owed \$297,094 (July 31, 2023 - \$279,351) to the CEO of the Company. The amount is unsecured, due on demand, and non-interest bearing.
- (b) As at January 31, 2024, the Company owed \$30,500 (July 31, 2023- \$10,500) to the CFO of the Company, which is recorded in accounts payable and accrued liabilities. The amount is unsecured, due on demand, and non-interest bearing.
- (c) As at January 31, 2024, the Company owed \$69,410 (July 31, 2023 - \$69,410) to Better Plant Sciences Inc. ("BPS"), an associated company, of which \$37,056 (2023 - \$nil) is recorded in accounts payable and accrued liabilities. The balance owing is unsecured, non-interest bearing, and due on demand. During the three and six months ended January 31, 2024, the Company incurred operating expenses of \$nil (2023 - \$18,750 and \$37,500) to BPS for shared services.

### 5. Convertible Debentures

- (a) During the year ended July 31, 2022, the Company closed a non-brokered private placement of 1,000 units at \$1,000 per unit for gross proceeds of \$1,000,000. The private placement closed in two tranches, with the first 500 units closing on September 29, 2021, and the next 500 units closing on October 8, 2021. Each unit consisted of one convertible unsecured debenture (the "Debentures") and 700 common share purchase warrants of the Company (the "Warrants"). The Debentures bear interest at a rate of 10% per annum on an accrual basis from issuance, calculated and payable semi-annually in arrears on January 31 and July 31 of each year with such payment having commenced on January 31, 2022 with a redemption date that is 24 months from issuance. The Debentures are convertible in full or in part, at the holders' option, into common shares in the capital of the Company at a price of \$1.40 per common share, at any time prior to their redemption. Each Warrant will entitle the holder to acquire one common share of the Company at a price of \$1.60 per share for a period of 36 months from the date of issue.

In connection with the issuance of the Debentures, the Company paid \$80,000 of finder's fees to registered brokers and issued 57,143 warrants exercisable at a price of \$1.40 per share for a period of 24 months from the date of issue (the "Broker Warrants") with a fair value of \$118,137. The shares underlying the Warrants, the Broker Warrants and the Debentures are subject to a statutory hold period expiring four months and one day from issuance of the underlying securities. The fair value associated with the Broker Warrants granted was determined using the Black-Scholes pricing model with the following weighted average assumptions: stock price at grant date \$2.40; volatility of 199%; an expected life of 2 years; a dividend yield of 0%; an expected forfeiture rate of 0%; and a risk-free rate of 0.61%.

During the year ended July 31, 2022, the Company issued 28,571 common shares to a debenture holder upon an election of early conversion. The convertible debenture liability of \$40,000 and convertible debenture reserve of \$1,827 were transferred to share capital.

During the year ended July 31, 2023, the Company issued 66,666 common shares to debenture holders upon an election of early conversion. The convertible debenture liability of \$10,000 and convertible debenture reserve of \$457 were transferred to share capital.

**KOMO PLANT BASED FOODS INC.**

Notes to the Condensed Interim Consolidated Financial Statements

Three and Six months Ended January 31, 2024 and 2023

(Expressed in Canadian Dollars)

(Unaudited)

**5. Convertible Debentures (continued)**

- (b) On June 21, 2022, the Company closed a non-brokered private placement of 593.87 units at \$1,000 per unit for gross proceeds of \$502,000 and settlement of accounts payable of \$91,875. Each unit consisted of one convertible unsecured debenture (the "Debentures") and 1600 common share purchase warrants of the Company (the "Warrants"). The debentures bear interest at a rate of 10% per annum on an accrual basis from issuance, calculated and payable semi-annually in arrears on May 31 and November 30 of each year with each such payment commencing on November 30, 2022 with a redemption date that is 24 months from issuance (the "Maturity Date"). The Debentures are convertible in full or in part, at the holders' option, into common shares in the capital of the Company at a 15% discount to the 30-day moving average as at the Maturity Date, subject to CSE regulations, at a price not less than \$0.50 per share, at any time prior to their redemption. Each Warrant will entitle the holder to acquire one common share of the Company at a price of \$0.70 per share for 36 months from the date of issue. As at July 31, 2023, the Company recorded derivative liabilities of \$43,711 (2022 - \$334,468) using a binomial option model assuming expected life of 0.92 years (2022-1.9 years), volatility of 212% (2022-159%), risk-free rate of 5.4% (2022-2.9%), exercise price of \$0.50 (2022 - \$0.50) per share, and no expected dividends.

In connection with the issuance of the Debentures, the Company paid \$36,000 of finder's fees to registered brokers and issued 72,000 warrants with a fair value of \$20,079 exercisable at a price of \$0.50 per share for a period of 24 months from the date of issue (the "Broker Warrants"). The fair value associated with the Broker Warrants granted was determined using the Black-Scholes pricing model with the following weighted average assumptions: stock price at grant date \$0.40; volatility of 153%; an expected life of 2 years; a dividend yield of 0%; an expected forfeiture rate of 0%; and a risk-free rate of 3.31%. The shares underlying the Warrants, the Broker Warrants and the Debentures are subject to a statutory hold period expiring four months and one day from issuance of the underlying securities.

During the year ended July 31, 2023, the Company issued 389,037 common shares to a debenture holder upon an election of early conversion. Convertible debenture liability of \$52,000 was transferred to share capital.

The following is a summary of changes in convertible debentures including accrued interest:

	Issuance Date			Total
	September 28 2021	Oct. 8, 2021	Jun. 21, 2022	
	\$	\$	\$	\$
Carrying amount at July 31, 2023	510,813	538,736	509,957	1,559,506
Accretion	16,111	26,841	51,287	94,238
Accrued interest	7,375	9,444	27,094	43,913
Carrying amount at January 31, 2024	534,299	575,021	588,337	1,697,658

## KOMO PLANT BASED FOODS INC.

Notes to the Condensed Interim Consolidated Financial Statements

Three and Six months Ended January 31, 2024 and 2023

(Expressed in Canadian Dollars)

(Unaudited)

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### 6. Loans Payable

During the year ended July 31, 2021, the Company received a total of \$60,000 from the Government of Canada sponsored Canada Emergency Business Account ("CEBA"). On May 31, 2021, the Company assumed an additional CEBA loan of \$60,000 upon acquisition of Fasttask, in which the present value of the forgivable portion was \$10,334. These loans are interest free until January 18, 2024. If the Company repays the CEBA loans on or before January 18, 2024, a total of \$40,000 of the principal balance will be forgiven. Any unpaid principal portion of the CEBA loans after January 18, 2024 will be converted into three-year loans at annual interest rate of 5% per annum.

	\$
Loan payable, July 31, 2022	112,784
Accreted interest	7,216
Loan payable, July 31 and January 31, 2024	120,000

### 7. Share Capital

Authorized: unlimited number of common shares without par value

On January 30, 2023, the Company effected a 10:1 share consolidation. All share and per share amounts in these consolidated financial statements have been adjusted for the share consolidation.

There were no share transactions during the three and six months ended January 31, 2024.

Share transactions for the year ended July 31, 2023 included the following:

- (a) On April 26, 2023, the Company closed a non-brokered private placement, issuing an aggregate of 766,666 share units at a price of \$0.15 per unit. Each unit consisted of one common share of the Company and one common share purchase warrant. Each warrant is exercisable to acquire one common share of the Company at a price of \$0.20 per share for a period of 36 months from the closing. No finders' fees were paid in connection with the issuance.
- (b) On April 26, 2023, the Company issued 455,703 units at \$0.15 per unit for the conversion of \$62,000 of convertible debentures and \$6,356 of accrued interest. Each unit consisted of one common share of the Company and one common share purchase warrant. Each warrant is exercisable to acquire one common share of the Company at a price of \$0.20 per share for a period of 36 months from the closing.
- (c) On April 26, 2023, the Company issued 733,332 units to settle \$102,500 of accounts payable, including 350,000 units with a fair value of \$52,500 to a company controlled by the CFO of the Company for services rendered. Each unit consisted of one common share of the Company and one common share purchase warrant. Each warrant is exercisable to acquire one common share of the Company at a price of \$0.20 per share for a period of 36 months from the closing.

**KOMO PLANT BASED FOODS INC.**

Notes to the Condensed Interim Consolidated Financial Statements

Three and Six months Ended January 31, 2024 and 2023

(Expressed in Canadian Dollars)

(Unaudited)

**8. Share Purchase Warrants**

The following table summarizes the continuity of the Company's share purchase warrants:

	Number of warrants	Weight average exercise price \$
Balance, July 31, 2022	6,226,792	2.85
Expired	(3,574,650)	3.87
Issued	1,955,702	0.20
Balance, July 31, 2023	4,607,844	0.88
Expired	(144,047)	
Balance, January 31, 2024	4,463,797	0.85

As at January 31, 2024, the following share purchase warrants were outstanding:

Warrants outstanding	Exercise price \$	Expiry date
700,863	2.00	February 11, 2024
14,286	1.40	February 11, 2024
70,746	2.00	February 16, 2024
72,000	0.50	June 21, 2024
350,000	1.60	September 29, 2024
350,000	1.60	October 8, 2024
950,200	0.70	June 21, 2025
1,955,702	0.20	April 26, 2026
4,463,797		

**9. Stock Options**

The Company's Board of Directors approved a stock incentive plan in accordance with the policies of the Canadian Securities Exchange (the "Exchange"). The Board of Directors is authorized to grant options to directors, officers, consultants or employees to acquire up to 20% of the issued and outstanding common shares of the Company. The exercise price will not be less than \$1.00 per share and, in the event that the Company is listed on the Exchange, the market price of the common shares on the trading day immediately preceding the date of the grant, less applicable discounts permitted by the Exchange. The options that may be granted under this plan must be exercisable for over a period of not exceeding 5 years.

**KOMO PLANT BASED FOODS INC.**

Notes to the Condensed Interim Consolidated Financial Statements  
Three and Six months Ended January 31, 2024 and 2023  
(Expressed in Canadian Dollars)  
(Unaudited)

**9. Stock Options (continued)**

The following table summarizes the continuity of the Company's stock options:

	Number of options	Weighted average exercise price
		\$
Outstanding, July 31, 2022	1,661,050	1.28
Cancelled/expired	(968,900)	1.20
Outstanding, July 31, 2023	692,150	1.39
Expired	(141,400)	1.32
Outstanding, January 31, 2024	550,750	1.35
Exercisable, January 31, 2024	550,750	1.39

Additional information regarding stock options outstanding as at January 31, 2024 is as follows:

Range of exercise prices	Stock options outstanding	Stock options exercisable	Weighted average remaining contracted life (years)
\$			
1.00- 1.60	507,000	507,000	2.41
4.00 - 5.00	38,750	38,750	0.09
7.50 - 8.00	5,000	5,000	0.02
	550,750	550,750	2.52

Share-based compensation expense is determined using the Black-Scholes option pricing model. During the period ended January 31, 2024, the Company recognized share-based compensation expenses of \$nil (2023 - \$20,072 and 47,323).

There was no new grant of options during the three and six months ended January 31, 2024. Weighted average assumptions used in calculating the fair value of share-based compensation expense for the prior year are as follows:

	2024	2023
Risk-free interest rate	-	3.64%
Dividend yield	-	0%
Expected volatility	-	150%
Expected life (years)	-	3.75
Forfeiture rate	-	0%

As at January 31, 2024, there was \$nil (2023- \$16,701) of unrecognized share-based compensation related to unvested stock options.

## KOMO PLANT BASED FOODS INC.

Notes to the Condensed Interim Consolidated Financial Statements

Three and Six months Ended January 31, 2024 and 2023

(Expressed in Canadian Dollars)

(Unaudited)

### 10. Other Expense

Other expense is comprised of the following:

	Three months ended		Six months ended	
	January 31, 2024	2023	January 31, 2024	2023
	\$	\$	\$	\$
Accretion of discounts on convertible debentures	(25,143)	(73,627)	(94,239)	(135,260)
Bad debt recovery	-	1,964	-	-
Foreign exchange gain (loss)	-	-	-	(882)
Gain (loss) on change in fair value of derivative liability	871	35,251	42,817	166,986
Interest expense on debentures	(13,547)	(55,480)	(48,357)	(98,506)
Other expense	300	-	-	-
	(37,519)	(91,892)	(99,779)	(67,662)

### 11. Capital Management

The Company manages its capital structure and adjusts it, based on the funds available to the Company, in order to support the general operations of the Company and facilitate the liquidity needs of its operations. The Board of Directors does not establish quantitative return on capital criteria for management, but relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital to include its working capital position, share capital, share-based payment reserves, and convertible debenture reserve. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the three and six months ended January 31, 2024. The Company is not subject to externally imposed capital requirements.

### 12. Financial Instruments and Risk Management

#### (a) Fair Values

The fair values of other financial instruments, which includes cash, accounts receivable, amounts due to related parties, accounts payable and accrued liabilities, convertible debentures, and loans payable approximate their carrying values due to the relatively short-term maturity of these instruments. Derivative liabilities of \$894 (2023 - \$43,711) is classified as a Level 2 financial instrument.

#### (b) Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash, prepaid expenses and deposits, and accounts receivable.

#### (c) Foreign Exchange Rate Risk

Currency risk is the risk that the fair value of the Company's financial instruments will fluctuate because of changes in foreign currency exchange rates. The Company is not materially exposed to significant foreign currency risks.

#### (d) Interest Rate Risk

The Company's exposure to interest rate risk is limited as it does not carry any commercial loans with variable interest rates. The Company's convertible debenture carries a fixed 10% annual coupon rate.

**KOMO PLANT BASED FOODS INC.**

Notes to the Condensed Interim Consolidated Financial Statements

Three and Six months Ended January 31, 2024 and 2023

(Expressed in Canadian Dollars)

(Unaudited)

**12. Financial Instruments and Risk Management (continued)****(e) Liquidity Risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company manages liquidity risk by maintaining sufficient cash balances and adjusting its operating budget and expenditure. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short-term and other specific obligations.

**(f) Price Risk**

The Company's plant-based comfort foods was discontinued during the year ended July 31, 2023. The Company is not exposed to material price risks.

**13. Discontinued Operations**

During the year ended July 31, 2023, management made the decision to cease its plant-based comfort food business ("Comfort") due to adverse market conditions. Efforts were being made to sell the business and its related assets. Comfort met the criteria to be classified as discontinued operations. The results of operations of Comfort for all periods have been classified as discontinued operations on the consolidated statements of operations and comprehensive loss. The carrying amounts of the major classes of assets of Comfort have been impaired as at July 31, 2023.

Net Loss from Discontinued Operations:

	Three months ended January 31,		Six months ended January 31,	
	2024	2023	2024	2023
<b>REVENUE</b>	-	467,437	-	645,727
Cost of revenue	-	300,318	-	409,950
Gross profit	-	167,119	-	235,777
<b>EXPENSES</b>				
Advertising and promotion	-	8,521	600	21,460
Consulting fees	6,000	38	17,000	5,900
Depreciation	-	3,534	-	7,068
Fulfilment	-	64,721	-	86,530
General and administrative	641	60,324	2,228	90,249
Investor relations	-	3,693	-	3,693
Professional fees	-	48,000	-	54,000
Research and development	-	5,462	-	7,216
Selling costs	-	143,955	-	167,332
Share-based compensation	-	5,292	-	17,533
Travel	-	2,011	-	5,827
Wages	-	73,234	-	166,456
Total expenses	6,641	418,785	19,828	633,264
<b>LOSS BEFORE OTHER EXPENSES</b>	<b>(6,641)</b>	<b>(251,666)</b>	<b>(19,828)</b>	<b>(397,487)</b>
Other expenses	-	(7,813)	26	(6,931)
<b>NET LOSS</b>	<b>(6,641)</b>	<b>(259,479)</b>	<b>(19,802)</b>	<b>(404,418)</b>

**KOMO PLANT BASED FOODS INC.**

Notes to the Condensed Interim Consolidated Financial Statements

Three and Six months Ended January 31, 2024 and 2023

(Expressed in Canadian Dollars)

(Unaudited)

**13. Discontinued Operations (continued)**

Cash flows from Discontinued Operations:

	Six Months Ended January 31,	
	2024	2023
Net Loss from discontinued operations	(19,802)	(404,418)
Items not involving cash:		
Loss on AR written off	-	2,003
Depreciation	-	7,068
Interest expense on loans	-	5,449
Share-based compensation	-	17,533
Changes in non-cash operating working capital:		
Inventory	-	(10,503)
Prepaid expenses & other assets	-	2,151
Amounts receivable	297,569	(206,211)
Due to related parties	576	-
Accounts payable and accrued liabilities	(62,515)	125,215
Net cash used in operating activities from discontinued operations	<b>215,828</b>	<b>(461,713)</b>

Schedule "B"

**Supplementary Information**

*[included in Schedule "A"]*

Schedule "C"

**Management's Discussion & Analysis**

*[inserted as following pages]*

# **KOMO PLANT BASED FOODS INC.**

## **MANAGEMENT DISCUSSION & ANALYSIS**

For Three and Six months Ended January 31, 2024 and 2023

(Expressed in Canadian Dollars)

March 22, 2024

This Management's Discussion and Analysis ("MD&A") relates to the consolidated financial position and financial performance of Komo Plant Based Foods Inc. ("Komo Foods" or the "Company") and our 100% owned subsidiaries Komo Plant Based Comfort Foods Inc. for three and six months ended January 31, 2024 and 2023. All references to "us" "we" and "our" refer to the Company. All intercompany balances and transactions have been eliminated.

Except where otherwise indicated, the financial information contained in this MD&A was prepared in accordance with International Financial Reporting Standards ("IFRS"). This MD&A should be read in conjunction with our interim consolidated financial statements for three and six months ended January 31, 2024 and 2023 and our audited consolidated financial statements for the years ended July 31, 2023 and 2023 (the "Financial Statements").

Financial information contained in this MD&A has been prepared on the basis that we will continue as a going concern, which assumes that the Company will be able to realize its assets and satisfy its liabilities in the normal course of business for the foreseeable future. Management is aware, in making its going concern assessment, of material uncertainties related to events and conditions that may cast significant doubt upon the Company's ability to continue as a going concern. During the period ended January 31, 2024, the Company has incurred a net loss from continuing operations of \$168,570 and incurred negative cash flows in operating activities from continuing operations of \$217,723. As at January 31, 2024, the Company has a working capital deficit of \$2,698,182 and an accumulated deficit of \$17,842,365. The continued operations of the Company are dependent on future profitable operations, management's ability to manage costs, and the future availability of equity or debt financing. Whether and when the Company can generate sufficient operating cash flows to pay for its expenditures and settle its obligations as they fall due is uncertain. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and consolidated statement of financial position classifications that would be necessary were the going concern assumption inappropriate. These adjustments could be material.

## **CORPORATE AND BUSINESS OVERVIEW**

On May 31, 2021, we completed a merger transaction with Fasttask Technologies Inc. ("Fasttask"), whereby Fasttask acquired 100% of our issued and outstanding shares (the "Transaction"). In consideration, Fasttask issued our former shareholders 1 common share for each 1 share of the Company owned, which resulted in a reverse-takeover transaction. As a result of the Transaction, we are the wholly owned operating subsidiary of Komo Plant Based Foods Inc., whose shares are now listed on the Canadian Securities Exchange ("CSE") and have been trading since June 8, 2021 under the ticker symbol "YUM".

Since early 2022, we launched variety plant-based comfort food products including Plant-Based Lasagna, Shepherd's Pie, Chickenless Pot Pie, Walnut Mushroom Bolognese Sauce, Plant-Based BBQ Pulled Mushroom Lentil Taco Filling, Plant-Based Mac & Greens, Vegan Sea Salt Chocolate Cookies. We established a few distribution partners across Canada, including TransCold Distribution Ltd, BRR Logistics, Dean's Dairy and Specialty Foods, Goodness Distributors Ltd, Nationwide Natural Foods, Co-op Alentour, Freshspoke. Our products were carried by many multi-location retail customers including: Your Independent Grocer Stores of Loblaws, Safeway, IGA, Metro, Thrifty Foods, Whole Foods Market, Foodland, Fresh St. Market, Choices, Stong's Market, Country Grocer, Nestors, Nature's Fare Market, Foodland, Aisle24, Goodness Me!, Nature's Emporium, Ambrosia, Highland Farms, La Boite à Grains, Pasquier and Fairway Market. Our products are also available in various specialty and independent stores and online stores.

Our sales exceeded \$1 million during the fiscal year ended July 31, 2023. However, both our distribution and operations were severely impacted the COVID 19 pandemic. We also experienced constraints in cash and working capital due to the negative sentiment in the capital market. As a result, we divested the comfort foods business.

As at January 31, 2024, the comfort foods business was classified as discontinued operations. We are actively looking for new business opportunities.

## OVERALL PERFORMANCE

During three and six months ended January 31, 2024, our comfort foods business was classified as discontinued operations. We did not record any revenue from continuing operations.

We incurred a loss of from continuing operations of \$102,750 and \$168,570 for the three and six months ended January 31, 2024 respectively, mostly consisted of operating expenses. We also recorded loss from discontinued operations of \$6,641 and \$19,802 for the three and six months ended January 31, 2024 respectively.

Net loss for three and six months ended January 31, 2024 was \$109,391 and 188,372 respectively as compared to net loss of \$640,030 and \$883,670 respectively and the same periods of the prior year. Net loss per share was \$0.01 and \$0.02 respectively as compared to net loss per share of \$0.07 and \$0.09 for the same periods of the prior year.

## SELECTED ANNUAL INFORMATION

Management considers that the main indicators of our performance are the following: revenues, net income and loss, total assets, earnings/loss per share. The following information was derived from our audited financial statements for year ended July 31, 2023 and 2022.

	2023	2022
	\$	\$
Revenues	-	-
Loss before other income (expenses)	(238,647)	(2,858,488)
Net Loss from continuing operations	(597,562)	(3,323,602)
Basic and diluted loss per shares from continuing operations	(0.06)	(0.36)
Total Assets	50,421	760,531
Dividends declared and paid out in cash	-	-

## DISCUSSION ON OPERATIONS

### Revenue

During three and six months ended January 31, 2024, our comfort foods business was classified as discontinued operations. We did not record any revenue from continuing operations.

### Advertising and promotion

Advertising and promotion expenses are related to our activities in promoting our corporate and product brand, Komo Foods, and our plant-based comfort food products. These expenses included corporate media advertising, brand design, labelling artwork, primary packaging design, social media launch and maintenance, and creatives and contents for the website.

For three and six months ended January 31, 2024, we incurred \$nil in advertising and promotion expenses as compared to \$51,100 and \$70,850 for the same periods in the prior year. The decrease in advertising and promotion expenses are driven by cost management initiatives to conserve cash.

### Consulting fees

We engage consultants regularly to obtain expertise in various business areas including but not limited to product research and development, marketing, technology, finance and accounting.

For three and six months ended January 31, 2024, we incurred consulting expenses of \$3,000 and \$6,000 respectively as compared to \$144,425 and \$174,925 respectively for the same periods in the prior year. The decrease in consulting fees was driven by cost management initiatives to conserve cash.

### **General and administrative**

For three and six months ended January 31, 2024, we incurred general and administrative expenses of \$4,279 and \$4,839 respectively as compared to \$23,823 and \$30,472 respectively for the same periods in the prior year. The decrease in general and administrative expenses was driven by cost saving initiatives.

### **Investor relations**

For three and six months ended January 31, 2024, we incurred investor relations expenses of \$nil, as compared to \$16,213 and \$39,166 respectively for the same periods in the prior year which included advertising and media, new releases and capital market event costs. Investor relations expense was increased to support public funding projects and to keep our investors updated on our growth story and milestones.

### **Professional fees**

Professional fees consist of legal, accounting, recruiting and audit services. For three and six months ended January 31, 2024, we incurred professional fees of \$57,952 as compared to \$38,309 and \$44,309 respectively for the same periods in the prior year.

### **Share-based compensation**

Share-based compensation is related to stock options granted to directors, officers, employees and consultants. For three and six months ended January 31, 2024, we record a credit of share-based compensation recoveries of \$nil as compared to share based compensation expense of \$14,780 and \$29,790 respectively for the same periods in the prior year.

### **Wages**

Wages expenses are related to our senior management and employees. During three and six months ended January 31, 2024, we paid wages of \$nil as compared to wages expenses of \$9, and \$22,078 for the same periods in the prior year. The decrease in wages was due to reduction in staff to conserve working capital.

### **Other income (expense)**

For three and six months ended January 31, 2024 and 2023, we incurred other expense we follows:

	Three months ended		Six months ended	
	January 31,		January 31,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Accretion of discounts on convertible debentures	(25,143)	(73,627)	(94,239)	(135,260)
Bad debt recovery	-	1,964	-	-
Foreign exchange gain (loss)	-	-	-	(882)
Gain (loss) on change in fair value of derivative liability	871	35,251	42,817	166,986
Interest expense on debentures	(13,547)	(55,480)	(48,357)	(98,506)
Other expense	300	-	-	-
	(37,519)	(91,892)	(99,779)	(67,662)

### **Net loss from continuing operations**

We incurred a net loss from continuing operations of \$102,750 and \$168,570 for three and six months ended January 31, 2024, as compared to net loss from continuing operations of \$380,551 and \$479,252 for the same periods in the prior year.

### **Net loss from discontinued operations**

During the year ended July 31, 2023, we discontinued our plant-based comfort foods business. During three and six months ended January 31, 2024, we incurred a loss from discontinued operations of \$6,641 and \$19,802, as compared to net income from discontinued operations of \$259,479 and \$404,418 for the same periods in the prior year.

### **Dividends**

During three and six months ended January 31, 2024 and 2023, no dividends were declared or paid.

## **SUMMARY OF QUARTERLY RESULTS**

We launched our plant-based foods business in March 2022 and have been growing our sales every quarter since then. Generally, our plant-based foods business is not seasonal. The decreased revenue in the fourth quarter of 2023 was due to delay in pickup by the shipping company and will be recorded in Q1 2023.

For the quarters ended:

	Jan. 31, 2024 \$	Oct. 31, 2023 \$	Jul. 31, 2023 \$	Apr. 30, 2023 \$
Net Loss from continuing operations	(102,750)	(168,570)	(29,026)	(89,282)
Loss per share from continuing operations	(0.01)	(0.01)	(0.01)	(0.01)
Net loss	(109,391)	(188,372)	(303,913)	(275,174)
Net loss per share	(0.01)	(0.02)	(0.14)	(0.03)
	Jan. 31, 2023 \$	Oct. 31, 2022 \$	Jul. 31, 2022 \$	Apr. 30, 2022 \$
Net Loss from continuing operations	(329,902)	(98,691)	(483,770)	(618,486)
Loss per share from continuing operations	(0.04)	(0.01)	(0.01)	(0.01)
Net loss	(640,030)	(243,630)	(905,074)	(797,486)
Net loss per share	(0.07)	(0.03)	(0.01)	(0.01)

## LIQUIDITY

	January 31, 2024	July 31, 2023
Current ratio <sup>(1)</sup>	0.003	0.02
Cash	\$ 163	\$ 2,058
Working capital deficiency <sup>(2)</sup>	\$ (2,698,182)	\$ (2,509,810)
Debt <sup>(3)</sup>	\$ 1,817,658	\$ 1,679,506
Shareholders' deficit	\$ (2,698,182)	\$ (2,509,810)

(1) Current ratio is current assets divided by current liabilities.

(2) Working capital is current assets minus current liabilities.

(3) Debt consisted of convertible debentures and Canada Emergency Business Account interest-free loans.

### **Working Capital**

We had a working capital deficit of \$2,698,182 as at January 31, 2024 as compared to a working capital of \$2,509,810 as at July 31, 2023. For three and six months ended January 31, 2024, we used cash of \$217,723 in the operating activities from continuing operations as compared to cash provided by operating activities from continuing operations of \$243,023 for the same period of the prior year. We did not have cash flow from investing activities and financial activities from continuing operations during three and six months ended January 31, 2024 and 2023.

## CAPITAL RESOURCES AND MANAGEMENT

As at January 31, 2024, we had cash of \$163.

We do not have significant capital expenditure commitments as of the date of this MD&A. We are looking for new business opportunities. We expect to fund new business by issuing equity instruments in the capital market.

## OUTSTANDING SHARE INFORMATION

We are authorized to issue an unlimited number of common shares. As at January 31, 2024, there were 11,662,799 common shares issued and outstanding. We also had 4,463,797 share purchase warrants with a weighted average exercise price of \$0.85 per share and 550,750 stock options with a weighted average exercise price of \$1.39 per share.

We did not have any share capital activities during the three and six months ended January 31, 2024.

On April 26, 2023, the Company closed a non-brokered private placement, issuing an aggregate of 1,955,702 share units at a price of \$0.15 per unit. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant is exercisable to acquire one common share of the Company at a price of \$0.20 per share for a period of 36 months from the closing. No finders' fees were paid in connection with the issuance. Of the units issued, 766,666 units were issued for proceeds of \$115,000, 455,703 units were issued for the conversion of convertible debentures worth \$62,000 and accrued interest of \$6,356, and 733,332 units were issued to settle outstanding accounts payable, including 350,000 units with a fair value of \$52,500 to settle amounts owed to a company controlled by the CFO of the Company.

## OFF-BALANCE SHEET ARRANGEMENTS

As at January 31, 2024, we had no off-balance sheet arrangements.

## TRANSACTIONS WITH RELATED PARTIES

During the three and six months ended January 31, 2024 and 2023, compensation of key management personnel and related parties were as follows:

	Three months ended		Six months ended	
	January 31,		January 31,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Wages	-	-	-	34,434
Consulting and director fees	9,000	30,000	20,000	60,000
Share-based compensation	-	11,981	-	30,327
Total	9,000	41,981	20,000	124,761

- (a) As at January 31, 2024, the Company owed \$297,094 (July 31, 2023 - \$279,351) to the CEO of the Company. The amount is unsecured, due on demand, and non-interest bearing.
- (b) As at January 31, 2024, the Company owed \$30,500 (July 31, 2023- \$10,500) to the CFO of the Company, which is recorded in accounts payable and accrued liabilities. The amount is unsecured, due on demand, and non-interest bearing.
- (c) As at January 31, 2024, the Company owed \$69,410 (July 31, 2023 - \$69,410) to Better Plant Sciences Inc. ("BPS"), an associated company, of which \$37,056 (2023 - \$nil) is recorded in accounts payable and accrued liabilities. The balance owing is unsecured, non-interest bearing, and due on demand. During the three and six months ended January 31, 2024, the Company incurred operating expenses of \$nil (2023 - \$18,750 and \$37,500) to BPS for shared services.

## CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of condensed interim consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Significant areas requiring the use of estimates and judgement include the collectability of accounts receivable, net realizable value of inventory, the useful lives and carrying values of property and equipment and intangible assets, fair value of share-based compensation and derivative liabilities, discount rates used for convertible debentures, revenue recognition, and measurement of unrecognized deferred income tax assets. Judgments include the factors that are used in determining the application of the going concern assumption which requires management to consider all available information about the future, which is at least but not limited to, 12 months from three and six months end of the reporting period, and factors used in determining the discount rate for convertible debentures, and use of volatility for the determination of fair value of stock-based compensation.

### Accounting Standards Issued but Not Yet Effective

Certain pronouncements have been issued by the IASB or the IFRS Interpretations Committee that are mandatory for accounting years beginning on or after August 1, 2023 or later years. Management does not believe the adoption of these future standards will have a material impact on the Company's financial statements.

## FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

### (a) Fair Values

The fair values of other financial instruments, which includes cash, accounts receivable, amounts due to and from related parties, accounts payable and accrued liabilities, convertible debentures, and loans payable approximate their carrying values due to the relatively short-term maturity of these instruments. Derivative liabilities of \$894 (2023 - \$43,711) is classified as a Level 2 financial instrument.

### (b) Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash, prepaid amounts and deposits, and accounts receivable.

### (c) Foreign Exchange Rate Risk

Currency risk is the risk that the fair value of the Company's financial instruments will fluctuate because of changes in foreign currency exchange rates. The Company is not materially exposed to significant foreign currency risks.

### (d) Interest Rate Risk

The Company's exposure to interest rate risk is limited as it does not carry any commercial loans. The Company's convertible debenture carries a fixed 10% annual coupon rate.

### (e) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company manages liquidity risk by maintaining sufficient cash balances and adjusting its operating budget and expenditure. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short-term and other specific obligations.