

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 April 30, 2023.

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 April 30, 2023.

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 April 30, 2023.

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
Daniel Kang	Director
Angelo Rajasooriar	Director
Yucai (Rick) Huang	CFO and Corporate Secretary

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 June 29, 2023

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)
Komo Plant Based Foods Inc.	April 30, 2023	23/06/29
Issuer Address		
127 - 1489 Marine Drive		
City/Province/Postal Code	Issuer Fax No.	Issuer Telephone No.
West Vancouver, BC V7T 1B8	None	236-800-0986
Contact Name	Contact Position	Contact Telephone No.
William White	CEO and President	236-800-0986
Contact Email Address	Web Site Address	
hello@komoeats.com	www.komocomfortfoods.com	

Schedule "A"

Financial Statements

[inserted as following pages]



KOMO PLANT BASED FOODS INC.

Condensed Interim Consolidated Financial Statements

For the Three and Nine Months Ended April 30, 2023 and 2022

(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)

	April 30, 2023 (Unaudited) \$	July 31, 2022 \$
ASSETS		
Current assets		
Cash	26,102	224,344
Amounts receivable (Note 3)	178,954	259,533
Inventory (Note 4)	157,847	92,142
Prepaid expenses and deposits (Note 5)	27,465	124,399
Total current assets	<u>390,368</u>	<u>700,418</u>
Non-current assets		
Property and equipment (Note 6)	15,977	26,463
Intangible assets (Note 7)	33,650	33,650
Total non-current assets	<u>49,627</u>	<u>60,113</u>
Total assets	<u>439,995</u>	<u>760,531</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	597,251	351,614
Due to related parties (Note 8)	233,492	45,949
Interest payable (Note 9)	162,965	54,434
Convertible debentures (Note 9)	856,415	-
Derivative liability (Note 9)	150,032	334,468
Total current liabilities	<u>2,000,155</u>	<u>786,465</u>
Non-current liabilities		
Convertible debentures (Note 9)	429,238	1,130,472
Loans payable (Note 10)	120,000	112,784
Total non-current liabilities	<u>549,238</u>	<u>1,243,256</u>
Total liabilities	<u>2,549,393</u>	<u>2,029,721</u>
SHAREHOLDERS' DEFICIT		
Share capital (Note 11)	12,119,378	11,825,566
Share-based payment reserve (Notes 11 and 13)	3,053,585	3,028,305
Convertible debenture reserve (Note 9)	67,718	68,175
Deficit	(17,350,079)	(16,191,236)
Total shareholders' deficit	<u>(2,109,398)</u>	<u>(1,269,190)</u>
Total liabilities and shareholders' deficit	<u>439,995</u>	<u>760,531</u>

Nature of operations and continuance of business (Note 1)

Approved and authorized for issuance on behalf of the Board of Directors on June 29, 2023 :

/s/ "Daniel Kang"
Daniel Kang, Director

/s/ "Angelo Rajasooriar"
Angelo Rajasooriar, Director

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

KOMO PLANT BASED FOODS INC.

Condensed Interim Consolidated Statements of Operations

(Expressed in Canadian Dollars)

(Unaudited)

	Three months ended April 30,		Nine months ended April 30,	
	2023	2022	2023	2022
	\$	\$	\$	\$
REVENUE	252,900	213,405	898,627	473,713
Cost of revenue	146,479	130,875	556,429	294,432
Gross profit	106,421	82,530	342,198	179,281
EXPENSES				
Advertising and promotion (Note 8)	36,592	194,413	128,902	943,139
Consulting fees (Note 8)	45,018	137,000	225,843	354,206
Depreciation	3,418	3,419	10,486	12,629
Fulfilment	2,936	(8,959)	89,466	36,024
General and administrative (Notes 8 & 14)	73,960	64,234	194,244	226,903
Investor relations	9,654	173,946	52,513	592,768
Professional fees (Note 8)	23,215	33,941	121,524	162,718
Research and development	774	4,479	7,990	53,767
Selling costs	54,060	87,095	221,392	103,414
Share-based compensation (Note 13)	(22,042)	85,084	25,281	857,503
Travel	2,312	6,397	8,576	14,489
Wages (Note 8)	117,191	166,308	305,725	455,690
Total expenses	347,088	947,357	1,391,942	3,813,250
LOSS BEFORE OTHER EXPENSES	(240,667)	(864,827)	(1,049,744)	(3,633,969)
Other expenses (Note 15)	(34,507)	67,341	(109,100)	(63,760)
NET LOSS	(275,174)	(797,486)	(1,158,844)	(3,697,729)
Loss per share, basic & diluted	(0.03)	(0.08)	(0.12)	(0.41)
Weighted average shares outstanding, - basic & diluted	9,816,968	9,607,752	9,742,916	9,019,773

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

KOMO PLANT BASED FOODS INC.

Condensed Interim Consolidated Statements of Changes in Shareholders' Deficit
(Expressed in Canadian Dollars)
(Unaudited)

	Share capital			Convertible	Share-based		
	Number of	Amount	Subscriptions	debenture	payment	Deficit	Total
	shares	\$	received	reserve	reserve	\$	\$
BALANCE, JULY 31, 2021	8,543,866	10,111,033	-	-	1,717,966	(11,588,433)	240,566
Issuance of units for cash	780,863	1,071,122	-	-	70,086	-	1,141,208
Share issuance costs	-	(33,086)	-	-	13,086	-	(20,000)
Issuance of units for debt	70,746	81,358	-	-	17,686	-	99,044
Subscriptions received	-	-	52,000	-	-	-	52,000
Convertible debentures issued	-	-	-	46,028	183,512	-	229,540
Shares issued on exercise of stock options	29,000	75,995	-	-	(44,895)	-	31,100
Shares issued on exercise of warrants	42,382	58,724	-	(1,827)	-	-	56,897
Shares/units issued on conversion of debentures	240,238	455,219	-	-	(62,144)	-	393,075
Share-based compensation	-	-	-	-	857,503	-	857,503
Net loss for the period	-	-	-	-	-	(3,697,729)	(3,697,729)
BALANCE, APRIL 30, 2022	9,707,094	11,820,365	52,000	44,201	2,752,800	(15,286,162)	(616,796)
BALANCE, JULY 31, 2022	9,707,097	11,825,566	-	68,175	3,028,305	(16,191,235)	(1,269,189)
Issuance of units for cash	766,666	115,000	-	-	-	-	115,000
Conversion of convertible debentures	455,704	68,812	-	(457)	-	-	68,355
Shares issued to settle debts	733,332	110,000	-	-	-	-	110,000
Share-based compensation	-	-	-	-	25,280	-	25,280
Net loss for the period	-	-	-	-	-	(1,158,844)	(1,158,844)
BALANCE, APRIL 30, 2023	11,662,799	12,119,378	-	67,718	3,053,585	(17,350,079)	(2,109,398)

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

KOMO PLANT BASED FOODS INC.

Condensed Interim Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)

(Unaudited)

	Nine months ended April 30,	
	2023	2022
OPERATING ACTIVITIES		
Net Loss	(1,158,844)	(3,697,729)
Items not involving cash:		
Accretion	217,182	84,090
Gain or loss on settlement of debt	(58,604)	9,870
Depreciation	10,486	12,629
Interest expense on convertible debentures	116,386	59,457
Interest expense on loans/lease liabilities	7,216	11,426
Gain on change in fair value of derivative liability	(184,436)	(14,582)
Share-based compensation	25,280	857,503
Write-off of equipment	-	3,236
Changes in non-cash operating working capital:		
Amounts receivable	141,218	(70,948)
Inventory	(65,705)	(96,232)
Prepaid expenses & other assets	96,934	(23,486)
Due to related parties	187,543	53,069
Accounts payable and accrued liabilities	355,637	315,239
Net cash used in operating activities	(309,707)	(2,496,458)
INVESTING ACTIVITIES		
Purchase of equipment	-	(26,640)
Net cash provided by (used in) investing activities	-	(26,640)
FINANCING ACTIVITIES		
Subscriptions received	-	52,000
Proceeds from issuance of units issued in private placement	115,000	1,121,211
Restatement of convertible debentures	-	12,225
Proceeds from issuance of convertible debentures	-	1,000,000
Conversion of convertible debentures	-	(80,000)
Cash transaction costs from issuance of convertible debentures	-	(133,170)
Repayment of convertible debentures	-	(32,328)
Proceeds from exercise of stock options	-	31,100
Proceeds from exercise of warrants	-	393,075
Payment of convertible debentures interest	(3,536)	-
Net cash provided by financing activities	111,464	2,364,113
CHANGE IN CASH	(198,243)	(158,985)
Cash, beginning of period	224,344	342,996
CASH, END OF PERIOD	26,102	184,011

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

KOMO PLANT BASED FOODS INC.

Notes to the Condensed Interim Consolidated Financial Statements

Three and Nine months Ended April 30, 2023 and 2022

(Expressed in Canadian Dollars)

(Unaudited)

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 December 10, 2020, the Company changed its name from HeyBryan Media Inc. to Fasttask Technologies Inc. On May 31, 2021, the Company changed its name from Fasttask Technologies Inc. to Komo Plant Based Foods Inc. pursuant to a merger agreement with Komo Plant Based Comfort Foods Inc. The Company researches, develops, manufactures, markets and sells plant-based frozen food products through ecommerce and retail.

These condensed interim 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 nine months ended April 30, 2023, the Company incurred a net loss of \$1,328,521 and incurred negative cash flows from operating activities of \$309,707. As at April 30, 2023, the Company has a working capital deficit of \$1,779,446 and an accumulated deficit of \$17,519,756. 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 condensed interim consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption inappropriate. These adjustments could be material.

The outbreak of the coronavirus COVID-19, which was declared a pandemic by the World Health Organization on March 11, 2020, has led to adverse impacts on the Canadian and global economies, disruptions of financial markets, and created uncertainty regarding potential impacts to the Company's supply chain and operations. The COVID-19 pandemic has impacted and could further impact the Company's operations and the operations of the Company's suppliers and vendors as a result of quarantines, facility closures, and travel and logistics restrictions. The extent to which the COVID-19 pandemic impacts the Company's business, results of operations and financial condition will depend on future developments, which are highly uncertain and cannot be predicted, including, but not limited to the duration, spread, severity, and impact of the COVID-19 pandemic, the effects of the COVID-19 pandemic on the Company's suppliers and vendors and the remedial actions and stimulus measures adopted by local and federal governments, and to what extent normal economic and operating conditions can resume. The management team is closely following the progression of COVID-19 and its potential impact on the Company. Even after the COVID-19 pandemic has subsided, the Company may experience adverse impacts to its business as a result of any economic recession or depression that has occurred or may occur in the future. The Company will continue to assess and estimate the impact of COVID-19 on our ongoing business strategies, financial liquidity, capital resources, and overall financial results.

KOMO PLANT BASED FOODS INC.

Notes to the Condensed Interim Consolidated Financial Statements

Three and Nine months Ended April 30, 2023 and 2022

(Expressed in Canadian Dollars)

(Unaudited)

2. Significant Accounting Policies

(a) Statement of Compliance

These condensed interim consolidated financial statements of the Company have been prepared in accordance with International Accounting Standards 34, "Interim Financial Reporting", and based on the principles of International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the interpretations of the International Financial Reporting Interpretations Committee. These condensed interim consolidated financial statements should be read in conjunction with the Company's annual financial statements for the year ended July 31, 2022, which include the Company's significant accounting policies, and have been prepared in accordance with the same methods of application.

(b) Basis of Presentation

These condensed interim consolidated financial statements include the accounts of the Company and its wholly owned 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 condensed interim consolidated financial statements have been prepared on a historical cost basis. In addition, these condensed interim 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 subsidiaries is the Canadian 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 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 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 convertible debentures, and use of volatility for the determination of fair value of stock-based compensation.

KOMO PLANT BASED FOODS INC.

Notes to the Condensed Interim Consolidated Financial Statements
Three and Nine months Ended April 30, 2023 and 2022
(Expressed in Canadian Dollars)
(Unaudited)

2. Significant Accounting Policies (continued)

(d) 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 January 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.

Amendment to IAS 1, Classification of Liabilities as Current or Non-Current

On January 23, 2020, and amended on July 15, 2020, the IASB issued an amendment to IAS 1, Classification of Liabilities as Current or Non-Current ("IAS 1") and has been revised to: i) clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period; (ii) clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and (iii) make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets, or services.

The amendment to IAS 1 is effective for annual reporting periods on or after January 1, 2023 and is applied retrospectively. Early adoption of this amendment is permitted. The Company is currently evaluating the impact of this amendment to its condensed interim consolidated financial statements.

Amendment to IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors

On February 12, 2021, the IASB issued an amendment to IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8") to introduce the definition of an accounting estimate and include other amendments to help entities to distinguish changes in accounting estimates from changes in accounting policies.

The amendment to IAS 8 is effective for annual reporting periods on or after January 1, 2023 and early adoption is permitted. The Company is currently evaluating the impact of this amendment on its condensed interim consolidated financial statements.

Amendment to IAS 12, Income Taxes

On May 7, 2021, the IASB issued an amendment to IAS 12, Income Taxes ("IAS 12") to clarify how companies account for deferred taxes on transactions such as leases and decommissioning obligations. The amendment requires companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable deductible temporary differences.

The amendment to IAS 12 is effective for annual reporting periods on or after January 1, 2023 and early adoption is permitted. The Company is currently evaluating the impact of this amendment on its condensed interim consolidated financial statements.

Other new standards and amendments to standards and interpretations are not effective for the nine months ended April 30, 2023 and have not been early adopted by the Company and are not expected to have a material impact on the Company's condensed interim consolidated financial statements.

KOMO PLANT BASED FOODS INC.

Notes to the Condensed Interim Consolidated Financial Statements

Three and Nine months Ended April 30, 2023 and 2022

(Expressed in Canadian Dollars)

(Unaudited)

3. Amounts Receivable

	April 30, 2023	July 31, 2022
	\$	\$
Accounts receivable	180,854	119,226
Allowance for doubtful accounts	(1,900)	(4,747)
GST receivable	-	145,054
Total	178,954	259,533

4. Inventory

	April 30, 2023	July 31, 2022
	\$	\$
Packaged food products	54,672	39,444
Raw materials	37,732	11,580
Packaging materials	65,443	41,118
Total	157,847	92,142

5. Prepaid Expenses and Deposits

	April 30, 2023	July 31, 2022
	\$	\$
Prepaid services	-	85,367
Deposits	27,465	39,032
Total	27,465	124,399

6. Property and Equipment

	Office Fixtures	Equipment	Total
	\$	\$	\$
Cost			
Balance, July 31, 2021	4,610	25,859	30,469
Additions	-	26,640	26,640
Disposals	(4,610)	(10,438)	(15,048)
Balance, July 31, 2022 and April 30, 2023	-	42,061	42,061
Accumulated depreciation		-	-
Balance, July 31, 2021	3,874	7,373	11,247
Depreciation	2,062	3,137	16,163
Disposals	(5,936)	(5,876)	(11,812)
Balance, July 31, 2022	-	15,598	15,598
Depreciation	-	10,486	10,486
Balance, April 30, 2023	-	26,084	26,084
Carrying amounts			
Balance, July 31, 2022	-	26,463	26,463
Balance, April 30, 2023	-	15,977	15,977

KOMO PLANT BASED FOODS INC.

Notes to the Condensed Interim Consolidated Financial Statements

Three and Nine months Ended April 30, 2023 and 2022

(Expressed in Canadian Dollars)

(Unaudited)

7. Intangible Assets

On December 18, 2020, the Company completed an Asset Purchase Agreement, whereby it acquired 33 plant-based alternative meat product formulations in consideration for 40,928 common shares with a fair value of \$33,650.

8. Related Party Transactions

During the three and nine months ended April 30, 2023 and 2022, compensation of key management personnel and related parties were as follows:

	Three months ended April 30,		Nine months ended April 30,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Wages	-	63,750	34,434	191,250
Consulting fees	30,000	38,400	90,000	145,200
Share-based compensation	(26,703)	59,645	3,324	508,281
Total	3,297	161,795	127,758	844,731

- (a) During the three and nine months ended April 30, 2023, the Company incurred consulting fees of \$nil and \$nil, (2022 - \$5,000 and \$55,000, respectively) to a company controlled by the spouse of the president and Chief Executive Officer ("CEO") of the Company.
- (b) As at April 30, 2023, the Company owed \$37,056 (July 31, 2022 - \$45,949) to Better Plant Sciences Inc. ("BPS"), an associated company which shares a Chief Financial Officer ("CFO") with the Company, which is included in due to related parties. During the three and nine months ended April 30, 2023, the Company incurred operating expenses of \$nil and \$37,500 respectively (2022 - \$19,310 and \$155,944) to BPS under an operating agreement for shared services including professional services, advertising and promotions, and general and administration.
- (c) As at April 30, 2023, the Company owed \$232,285 (July 31, 2022 - \$nil) to the CEO of the Company, which is included in due to related parties. The balance is unsecured, non-interest bearing, and due on demand.
- (d) As at April 30, 2023, the Company owed \$13,125 to the CFO of the Company, which is included in due to related parties.

9. Convertible Debentures

- (a) In October 2021, the Company repaid the convertible debentures which were issued on May 31, 2021 with a principal of \$117,523 and accrued interest of \$15,647. During the six months ended January 31, 2022, due to the variable nature of the conversion price, the Company derecognized a previously recognized derivative liability of \$14,582. In January 2022, a convertible debenture repayment in the amount of \$12,226 was returned to the Company and the holder elected to convert the debenture into units of the Company. Pursuant to the election, and on November 29, 2021, the Company issued 138,106 units to the holder. The fair value of share units issued was determined at \$22,097 and the fair value of debt settled was \$12,226. The Company recorded a loss from debt settlement of \$9,871.

KOMO PLANT BASED FOODS INC.

Notes to the Condensed Interim Consolidated Financial Statements

Three and Nine months Ended April 30, 2023 and 2022

(Expressed in Canadian Dollars)

(Unaudited)

9. Convertible Debentures (continued)

- (b) During the nine months ended April 30, 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 entitles 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 57,142 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%.

On January 27, 2022, the Company issued 28,571 common shares to a debenture holder upon an election of early conversion. Convertible debenture liability of \$40,000 and convertible debenture reserve of \$1,827 were transferred to share capital.

On April 26, 2023, convertible debentures in the amount of \$10,000 were redeemed and used to purchase the Company's common share units at \$0.15 per unit through a non-brokered private placement. Convertible debenture liability of \$10,000 and convertible debenture reserve of \$457 were transferred to share capital.

- (c) 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 1,600 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 a period of 36 months from the date of issue. As at April 30, 2023, the Company recorded derivative liabilities of \$150,032 (July 31, 2022 - \$334,468) assuming expected life of 1.2 (July 31, 2022 - 1.9) years, volatility of 190% (July 31, 2022 - 159%), risk-free rate of 3.78% (July 31, 2022 - 2.9%), exercise price of \$0.50 (July 31, 2022 - \$0.50) per share, and no expected dividends.

KOMO PLANT BASED FOODS INC.

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Three and Nine months Ended April 30, 2023 and 2022

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(Unaudited)

9. Convertible Debentures (continued)

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.

The following is a summary of changes in convertible debentures:

	Issuance date:				Total
	May 31, 2021	Sept. 29, 2021	Oct. 8, 2021	Jun. 21, 2022	
	\$	\$	\$	\$	\$
Convertible debentures					
Carrying amount at July 31, 2021	130,041	-	-	-	130,041
Proceeds from issuance	-	500,000	500,000	593,875	1,593,875
Transaction costs - cash	-	(40,000)	(40,000)	(36,000)	(116,000)
Net proceeds	-	460,000	460,000	557,875	1,477,875
Transaction costs - non-cash	-	(59,973)	(58,164)	(20,079)	(138,216)
Amount classified as equity	-	(34,757)	(35,245)	-	(70,002)
Fair value of warrants attached to units	-	(60,953)	(60,897)	(142,090)	(263,940)
Accretion	1,198	81,904	73,032	9,819	165,953
Accrued interest	1,931	39,772	40,556	6,434	88,693
Payment of interest	(1,931)	(16,772)	(15,556)	-	(34,259)
Repayment of convertible debentures	(131,239)	-	-	-	(131,239)
Restatement of convertible debentures	12,226	-	-	-	12,226
Conversion of debentures	(12,226)	(40,000)	-	-	(52,226)
Carrying amount at July 31, 2022	-	369,221	403,726	411,959	1,184,906
Accretion	-	72,527	68,368	75,711	216,606
Accrued interest	-	34,489	37,500	36,542	108,531
Conversion of debentures	-	-	(9,425)	(52,000)	(61,425)
Carrying amount at April 30, 2023	-	476,237	509,594	472,212	1,448,618

10. Loans Payable

During the year ended July 31, 2021, the Company received a total of \$120,000 from the Government of Canada sponsored Canada Emergency Business Account ("CEBA") in the form of two lines of credit. These loans were originally two-year, interest free loans until December 31, 2022. During the nine months ended April 30, 2023, the Government of Canada extended the December 31, 2022 repayment date to December 31, 2023 for CEBA loan holders. If the Company repays the CEBA loans on or before December 31, 2023, a total of \$40,000 of the principal balance will be forgiven.

KOMO PLANT BASED FOODS INC.

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10. Loans Payable (continued)

Any unpaid principal portion of the CEBA loans after December 31, 2023 will be converted into three-year loans at an annual interest rate of 5% per annum.

	\$
Loan payable, July 31, 2021	97,246
Accreted interest	15,538
Loan payable, July 31, 2022	112,784
Accreted interest	7,216
Loan payable, April 30, 2023	120,000

11. 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 condensed interim consolidated financial statements have been adjusted for the share consolidation.

Share transactions for the nine months ended April 30, 2023 included the following:

- (a) 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, convertible debentures worth \$62,000 were converted into 413,332 units and past interest of \$6,355.56 was converted into 42,370 units. In addition, 733,333 units were issued for debt settlement.

Share transactions for the nine months ended April 30, 2022 included the following:

- (b) On October 29, 2021, the Company issued 80,000 units at \$2.00 per unit for proceeds of \$160,000. Each unit consists of one common share and one warrant exercisable at \$2.15 per share until October 29, 2023.
- (c) On February 11, 2022, the Company issued 700,863 units at \$1.40 per unit for proceeds of \$981,207. Each unit consists of one common share and one warrant exercisable at \$2.00 per share for a term of two years. In connection with the private placement, the Company incurred cash finders' fees of \$20,000 and issued 14,286 finders' warrants with a fair value of \$13,086. Each finders' warrant is exercisable into a common share at \$1.40 for a term of two years.
- (d) On February 16, 2022, the Company issued 70,746 units in order to settle debt with a value of \$99,044. Each unit consists of one common share and one warrant exercisable at \$2.00 per share for a term of two years.
- (e) During the nine months ended April 30, 2022, the Company issued 29,000 common shares for proceeds of \$31,100 pursuant to the exercise of stock options. The fair value of the stock options of \$44,895 was transferred from share-based payment reserve to share capital upon exercise.
- (f) During the nine months ended April 30, 2022, the Company issued 240,237 common shares for proceeds of \$393,075 pursuant to the exercise of share purchase warrants. The fair value of the share purchase warrants of \$62,145 was transferred from share-based payment reserve to share capital upon exercise.

KOMO PLANT BASED FOODS INC.

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11. Share Capital (continued)

- (g) On November 29, 2021, the Company issued 13,810 units to a holder of convertible debentures the Company assumed upon Merger on May 31, 2021. The fair value of share units issued was determined at \$22,097 and the fair value of debt settled was \$12,227. The Company recorded a loss from debt settlement of \$9,870.
- (h) During the nine months ended April 30, 2022, the Company issued 28,571 common shares to a debenture holder for convertible debentures issued on September 29, 2021. Convertible debenture liability of \$34,800 and convertible debenture reserve of \$1,827 were transferred to equity.

12. Share Purchase Warrants

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

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

	Number of warrants	Weight average exercise price \$
Balance, July 31, 2021	4,670,194	5.40
Issued	2,739,542	1.40
Exercised	(240,238)	1.60
Expired	(942,706)	1.80
Balance, July 31, 2022	6,226,792	2.85
Expired	(3,574,650)	3.95
Issued	1,955,702	0.20
Balance, April 30, 2023	4,607,844	0.79

As at April 30, 2023, the following share purchase warrants were outstanding:

Warrants outstanding	Exercise price (\$)	Expiry date	Weighted average price \$
28,571	1.40	September 29, 2023	0.01
28,571	1.40	October 8, 2023	0.01
80,000	2.15	October 29, 2023	0.04
6,905	1.00	November 29, 2023	0.00
700,863	2.00	February 11, 2024	0.30
14,286	1.40	February 11, 2024	0.00
70,746	2.00	February 16, 2024	0.03
72,000	0.50	June 21, 2024	0.01
350,000	1.60	September 29, 2024	0.12
350,000	1.60	October 8, 2024	0.12
950,200	0.70	June 21, 2025	0.14
1,955,702	0.20	April 26, 2026	0.08
4,607,844			0.79

KOMO PLANT BASED FOODS INC.

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12. Stock Options

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

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.

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

	Number of options	Weighted average exercise price \$
Outstanding, July 31, 2021	1,335,450	1.30
Granted	395,000	1.15
Exercised	(29,000)	1.07
Cancelled/expired	(40,400)	2.03
Outstanding, July 31, 2022	1,661,050	1.28
Cancelled/expired	(848,900)	1.21
Outstanding, January 31, 2023	812,150	1.34
Exercisable, January 31, 2023	790,900	1.35

Additional information regarding stock options outstanding as at April 30, 2023 is as follows:

Range of exercise prices \$	Stock options outstanding	Stock options exercisable	Weighted average remaining contracted life (years)
1.00- 1.60	750,000	728,750	3.09
2.40 - 2.90	10,000	10,000	0.05
4.00 - 5.00	38,750	38,750	0.10
7.50 - 8.00	13,400	13,400	0.03
	812,150	790,900	3.26

Share-based compensation expense is determined using the Black-Scholes option pricing model. During the three and nine months ended April 30, 2023, the Company recognized share-based compensation recovery of \$22,042 and expense of \$25,281 respectively (2022 - \$85,084 and \$875,503) of which recovery of \$26,702 and \$9,225 respectively pertains to officers, directors and advisory board members of the Company (2022 - \$59,645 and \$677,964). The net recoveries in the share based compensation were due to a voluntary cancellation of stock options of 500,000 by the Company's CEO.

KOMO PLANT BASED FOODS INC.

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13. Stock Options (continued)

Weighted average assumptions used in calculating the fair value of share-based compensation expense are as follows:

	2023	2022
Risk-free interest rate	3.64%	1.30%
Dividend yield	0%	0%
Expected volatility	150%	150%
Expected life (years)	4.00	4.81
Forfeiture rate	0%	0%

As at April 30, 2023 there was \$2,436 of unrecognized share-based compensation related to unvested stock options.

14. General and Administrative Expenses

General and administrative expenses is comprised of the following:

	Three months ended April 30,		Nine months ended April 30,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Directors' fees (Note 8)	30,000	-	60,000	36,000
Rent	4,710	22,998	21,719	63,531
Dues and subscriptions	4,921	3,578	21,189	36,125
Listing	4,507	3,000	14,725	9,467
Courier	2,306	11,699	13,624	22,262
Insurance	226	(184)	1,584	3,433
Office expenses (Note 8)	4,773	11,887	30,125	29,866
Other	22,517	11,255	31,278	26,219
Total	73,960	64,234	194,244	226,903

15. Other Expenses

	Three months ended April 30,		Nine months ended April 30,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Accretion (Note 9)	(81,922)	(36,262)	(217,182)	(85,288)
Bad debt recovery	72,179	-	70,176	-
Foreign exchange gain (loss)	55	(769)	(306)	(3,811)
Gain (loss) on change in fair value of derivative liability	17,450	-	184,436	14,582
Interest expense (Note 9)	(33,242)	4,372	(137,197)	(76,897)
Gain (Loss) on asset disposal	-	100,000	-	96,764
Loss on settlement of debt	(9,537)	-	(9,537)	(9,870)
Other	510	-	510	760
	(34,507)	67,341	(109,100)	(63,760)

KOMO PLANT BASED FOODS INC.

Notes to the Condensed Interim Consolidated Financial Statements

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(Expressed in Canadian Dollars)

(Unaudited)

16. Supplemental Disclosures

	Nine months ended April 30,	
	2023	2022
	\$	\$
Non-cash investing and financing activities:		
Transfer of contributed surplus on exercise of options	-	44,895
Transfer of contributed surplus on exercise of warrants	-	62,145
Fair value of brokers' warrants issued as finder's fees	-	13,086
Convertible debentures: Fair value of warrants attached to units	-	78,481
Convertible debentures: Equity portion	-	46,028
Convertible debentures: Non-cash transaction costs	-	105,031
Conversion of debentures	62,000	48,852
Units issued for settlement of accounts payable	110,000	99,044

17. 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 rather 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, and share-based payment reserves.

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 nine months ended April 30, 2023. The Company is not subject to externally imposed capital requirements.

18. 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 \$150,032 (July 31, 2022 - \$334,468) 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 and cash equivalents, prepaid amounts, deposits and receivables. The carrying amount of cash and accounts receivable represent the maximum exposure to credit risk, and as at April 30, 2023, this amounts to \$205,056 (July 31, 2022 - \$338,823)

The Company is subject to credit concentration risk. For the three and nine months ended April 30, 2023, three (2022 -three) largest customers comprised 86% (2022 -33%) of the Company's total sales, respectively. As at April 30, 2023, accounts receivable from three customers (2022 - three) comprised 94% (2022- 89%) of the Company's total trade accounts receivable.

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18. Financial Instruments and Risk Management (continued)

(c) Foreign Exchange Rate Risk

The Company's functional currency is the Canadian dollar. 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 mainly exposed to foreign currency risk to the extent that the following monetary assets and liabilities are denominated in US dollars:

A 10% change in the foreign exchange rate of US dollars is not expected to have a material impact on the Company's condensed interim consolidated financial statements.

(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.

(f) Price Risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of raw materials to determine the appropriate course of action to be taken by the Company.

19. Segmented Information

The Company has two reporting segments: plant-based comfort foods and corporate. The plant-based comfort foods segment researches, manufactures and distributes plant-based comfort foods products. The corporate segment is engaged in business development, corporate branding and marketing, stock listing, and investor relations activities. Performance is measured based on gross profit and net income(loss) before taxes, as management believes that this information is the most relevant in evaluating the results of the operating segments relative to other entities that operate within these industries. Gross profit is calculated as revenue less cost of goods sold. The following is a summary of the Company's results by operating segment for the three and nine months ended April 30, 2023 and 2022.

KOMO PLANT BASED FOODS INC.

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19. Segmented Information (continued)

	2023			2022		
	Plant-based	Corporate	Total	Plant-based	Corporate	Total
	Comfort Foods			Comfort Foods		
	\$	\$	\$	\$	\$	\$
Three months ended April 30,						
Revenue	252,900	-	252,900	213,405	-	213,405
Gross profit	106,421	-	106,421	82,530	-	82,530
Gross profit margin	42%	-	42%	39%	-	39%
Net loss before taxes	(185,892)	(89,282)	(275,174)	(179,003)	(618,483)	(797,486)
Nine months ended April 30,						
Revenue	898,627	-	898,627	473,713	-	473,713
Gross profit	342,198	-	342,198	179,281	-	179,281
Gross profit margin	38%	-	38%	38%	-	38%
Net loss before taxes	(590,308)	(568,536)	(1,158,844)	(857,900)	(2,839,829)	(3,697,729)
As at April 30, 2023:				As at July 31, 2022:		
Total assets	11,123	428,872	439,995	209,570	550,961	760,531
Total liabilities	1,973,477	575,916	2,549,393	1,836,515	193,206	2,029,721

Geographically, the Company's revenue is primarily generated in Canada.

Schedule "B"

Supplementary Information

[included in Schedule "A"]

Schedule "C"

Management's Discussion & Analysis

[inserted as following pages]



KOMO PLANT BASED FOODS INC.

change can start with a single bite™

MANAGEMENT DISCUSSION & ANALYSIS

For the three and nine months ended April 30, 2023 and 2022

(Expressed in Canadian Dollars)

June 29, 2023

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., Fasttask Inc. and 10758914 Canada Inc. for the three and nine months ended April 30, 2023 and 2022. 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 audited annual consolidated financial statements for the years ended July 31, 2022 and 2021 and condensed interim consolidated financial statements for the three and nine months ended April 30, 2023 and 2022 (collectively referred to as 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 we will be able to realize our assets and satisfy our 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 our ability to continue as a going concern. During the nine months ended April 30, 2023, the Company incurred a net loss of \$1,158,844 and incurred negative cash flows in the operating activities of \$309,707. As at April 30, 2023, the Company has a working capital deficit of \$1,609,787 and an accumulated deficit of \$17,350,079. Our continued operations are dependent on future profitable operations, management's ability to manage costs and the future availability of equity or debt financing. Whether and when we can generate sufficient operating cash flows to pay for our expenditures and settle our obligations as they fall due is uncertain. The consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption inappropriate. These adjustments could be material.

CORPORATE AND BUSINESS OVERVIEW

At Komo Foods, we believe plant-based eating is the future and **change can start with a single bite™**. Our mission is to make plant-based meals a staple on every dinner table by sharing our love for feel-good food that connects the people to the planet.

Komo Foods is an emerging plant-based food company engaged in the development, production, marketing, and distribution of a variety of premium plant-based meals. Our products are plant-based versions of classic favourites that are traditionally meat and dairy-centric. By incorporating only wholesome, plant-based ingredients, we aim to create the same satisfying experience without compromise. We launched our flagship product line on our direct-to-consumer eCommerce platform in March 2021. Since then, we have continued our plant-based innovation and added new items to our product line. Our products are available at approximately 1200 retail locations in Canada and through our own eCommerce website www.komocomfortfoods.com. Our Lasagna was awarded the VegNews Best of Show Award 2022 for Best New Vegan Product of the 2022 Natural Expo West show in California, USA.

We offer multi-serve plant-based meals and entrees with our Ready-to-Bake Classics and our Plant-Based Meal Helpers™. All our products are 100% plant-based, made with wholesome ingredients, free from preservatives, frozen for freshness and have an 18-month frozen shelf life. Our products, which include Lasagna, Shepherd's Pie, Chickenless Pot Pie, Bolognese Sauce, BBQ Pulled Mushroom & Lentils, Mac & Greens, and Vegan Sea Salt Chocolate Cookies, have garnered excellent consumer reviews, with approximately 400 reviews from verified buyers on our eCommerce website.

The demand for plant-based alternatives is growing. This is driven by consumer awareness of major issues with animal protein diets, including health, sustainability, and animal welfare. In recent years, there has been a rise in meat and dairy alternative products into the market as plant-based eating becomes more mainstream.

As the plant-based food market grows, consumers have increasing scrutiny for the ingredients in plant-based alternatives. There is a preference towards more real food ingredients, yet consumers may not be willing to sacrifice familiar food experiences and convenience. A key differentiator for our plant-based products is our flavour-forward, wholesome comfort meals that help make plant-based eating easy. Our product development is focused on bringing back the nostalgic feelings of comfort and family for both plant-based consumers and plant-based explorers alike.

Our products will always be wholesome, hearty and shareworthy to make plant-based eating easier for our consumers. At Komo Foods, we take comfort favourites and make them 100% plant based.

Our Products

We commercially launched our plant-based comfort foods products in March 2021. Our strategy is to continually expand our innovation product portfolio with a focus on both the frozen plant-based food category and comfort foods. As of the date of this MD&A, our frozen product portfolio consisted of 10 product SKUs:

Product/SKU	Size	Launch Date
Plant-Based Lasagna	5-6 servings	March 2021
	2 servings	March 2021
Plant-Based Shepherd's Pie	5-6 servings	March 2021
	2 servings	March 2021
Plant-Based Chickenless Pot Pie	4-5 servings	March 2021
Plant-Based Walnut Mushroom Bolognese Sauce	3-4 servings	June 2021
Plant-Based BBQ Pulled Mushroom Lentil Taco Filling	3-4 servings	June 2021
Plant-Based Mac & Greens	5-6 servings	February 2022
	2 servings	February 2022
Vegan Sea Salt Chocolate Cookies	6 per unit	July 2022

OUR DISTRIBUTION CHANNELS

Our goal is to share the love of plant-based foods through different means and reach consumers across various channels. We distribute and sell our products through an omnichannel business model:

- Wholesale through online and brick-and-mortar retailers; and
- Direct-to-Consumer through our own eCommerce platform and through local farmer's markets

Wholesale

We are continuing our wholesale expansion across Canada with a focus on the natural grocery channel, building Komo Comfort Foods as a natural plant-based food brand. This channel is our main focus to meet consumers at the places they are looking for easy meal options.

Through wholesale, we work with seven distribution companies to distribute our products across Canada. Retailers order directly from these distributors in case quantities. In our local region of the greater Vancouver area, we also have accounts which we deliver directly, and these are mainly smaller independent stores.

Wholesale distribution expansion is our focus in the short and long term. As we specialize in frozen food entrees, ensuring the cold chain being maintained is integral for both food quality and safety.

We currently have the following distribution partners in Canada:

- TransCold Distribution Ltd: a wholesale supplier of frozen foods and ice cream throughout Western Canada and Western US and distributes to over 10,000 distribution points, including major grocery, convenience, drug, chain retailers, food service and independent retailers
- BRR Logistics: a distributor who directly services all national grocery banners with weekly service points including the following jurisdictions: Saskatchewan, Manitoba, Nunavut, Ontario, Quebec and the Atlantic provinces.
- Dean's Dairy and Specialty Foods: a distributor of all natural and organic products in Vancouver, the Lower Mainland, and Vancouver Island, established in 1986.
- Goodness Distributors Ltd: a distributor with a focus of health-conscious products and materials that are manufactured ethically.
- Nationwide Natural Foods: a distributor carrying a wide selection of natural, organic, gluten free, vegan, & vegetarian products to retailers in Canada.
- KOYO Foods Inc.: A Quebec and Ontario based company has grown into one of the largest health food distributors in Eastern Canada. Today, KOYO Foods Inc. is the proud distributor of over 2000 products.
- PSC Natural Foods: a natural and organic food distributor serving Vancouver Island and the Lower Mainland.

New and anticipated listings

Loblaws

We recently concluded a national listing with Loblaws. We received sales orders from Loblaws through our distributor BRR Logistics in November 2022. Komo products are listed nationally in eight Loblaws warehouses located across Canada and will also be distributed to Loblaw banner stores directly from our distribution partners to retail locations across Western Canada. Recently, in December 2022, over 300 new Loblaws stores began carrying Komo products.

Loblaw Companies is Canada's largest Canadian food retailer with over 2,400 stores across the country including corporate and franchise supermarkets operating under 22 regional and market segment banners including Loblaws. Banner stores anticipated to soon be carrying Komo Food products include Loblaws, Superstores including Great Canadian Superstore, No Frills, City Markets, Extra Foods, Fortino's and Provigo.

We are also in discussion with several other large retail chains for a listing of our products in their stores.

Distribution Points

Distribution points are defined as the number of retail locations carrying one or more Komo products. As of the date of this MD&A, our products are sold in approximately 1,600 retail locations in Canada. We are currently being 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.

eCommerce

Our eCommerce website, www.komocomfortfoods.com, sells our product assortment individually and in bundles. Consumers order through our website for deliveries or pick-up within Metro Vancouver in British Columbia, Canada. We also participate in local farmer's markets to introduce our products directly to consumers.

The eCommerce channel locally in Metro Vancouver provides us direct communication with our consumer base. A relationship with early adopters of our products provides us with an avenue to gather feedback to continuously improve our products and messaging. We aim to continue using this channel to test new products with speed and purpose.

We continue to build this direct communication with our consumers to ensure our brand is connected with consumer needs and feedback as we continually improve our products and brand. Our eCommerce channel and its consumer base also provide a unique opportunity to launch new products and concepts at a smaller scale for testing and feedback. We intend to utilize this approach to validate product-market fit of innovation before scaling for further retail launch in the wholesale channel.

Our eCommerce channel has allowed us to encourage and capture customer reviews of our products, all of which are displayed on our website. To date, we have received approximately 400 five-star reviews from verified customers on our website.

OUR STRATEGIS

Asset Light and Scalable Production Capacity

Currently our main production is with our co-packing partners in British Columbia, Canada. We launched our brand from a leased shared kitchen. We also use this facility for product development. This strategy allows us to launch to market quickly through our kitchen space and innovate rapidly to respond to feedback from consumers. Our goal is to outsource all ten SKUs with co-packing partners. The co-packing strategy enables us to scale up production quickly while remaining asset and overhead-light. Meanwhile, we work closely with our co-manufacturing partners to ensure that quality meets our established standards. As we grow, we continue to build capacity through co-packing partners across Canada.

Plant-based Innovation

During the period ended April 30, 2022, 2023, we continued to advance our innovation pipeline. We initiated our innovation in early 2021 by launching the following innovative product lines:

- Ready-to-Bake Classics: these are wholesome favourites in two-serving and family-sized offerings that are ready to bake in one hour or less, including Shepherd's Pie, Chickenless Pot Pie, Mac & Greens and our top selling product, Lasagna.
- Plant Based Meal Helpers: these are versatile meal starters that serve four, which our consumers can defrost, heat and use in a variety of meals. They include our Walnut Mushroom Bolognese and BBQ Pulled Mushroom & Lentil Taco Filling.

Our innovation pipeline will take into account consumer feedback received through our multiple channels: direct-to-consumer (DTC) through eCommerce, farmer's market connections with consumers, and trade shows. Pairing this with sales data and market trend analysis, we determine which products to develop and launch. Our DTC serves as an easy, rapid method of testing innovative ideas.

We launch new products through DTC locally and complete testing through our food delivery platform to validate product-market fit before scaling products commercially. This gives our products a greater chance of success in a retail environment and alleviates some of the risk of bringing a product to market. This approach also allows us to hone our messaging to consumers and innovate more boldly.

Brand Awareness

As a new brand in the plant-based food space, we are focused on building awareness around our mission, brand and products. Our brand marketing efforts since launch include developing our social media channels, participating in weekly local farmer's markets to meet new consumers and attending local trade shows.

Social media platforms, including Facebook and Instagram, are our primary channels for interacting with and reaching new consumers. We currently produce our social content internally to ensure agility in sharing our authentic brand story with consumers. We also engage regularly with our growing list of email subscribers using promotions, plant-based content, and product information to build consumer loyalty and trust. We see both social media and email as important platforms that can be utilized to further our mission to share more plant-based meals through content, including recipes and other plant-based information.

During the past year, we exhibited at the 2022 Natural Expo West, California, USA (where we won a best new vegan product award from VegNews), CHFA West Now, Planted Expo (BC and Ontario), The Wellness Show (BC), and CHFA East Now. We received excellent feedback and reviews at these shows to help our growth.

Currently, we have approximately 11,900 social media followers and email subscribers and approximately 400 validated consumer reviews on our eCommerce website. Email and social media followers include followers on Facebook, Instagram, Twitter and email subscribers for both investor relations and product information.

OUTLOOK

In the next 12 months, we will continue to strengthen our sales channels and strategy, and onboard new distributors and brokers to expand our presence across Canada.. We are proud to have seen our growth to 1200 distribution points so far and aiming to keep growing.

We plan to continue to emphasize a wholesale distribution focused business model to speed up our growth in sales, to simplify distribution operations, and to save operating costs.

We will continue to follow an asset-light strategy and focus on developing co-packing partnerships to increase capacity and commercialize new products. We aim to hone our innovation process through local launches to validate new product ideas before scaling through co-manufacturing partners.

Based on estimated sales and costing saving measures in place, we plan to become cash flow positive on a monthly basis within a year. Through our recently announced distribution arrangement with Loblaws, we expect to significantly increase our revenues throughout fiscal 2023. The strong sales of our products within retail stores have allowed us to show large retail customers that our products do well and have repeat customers. As a result, we are in discussions with several other large national chains which could lead to additional significant revenues in fiscal 2023. Despite our strong growth in product sales, we have been successful in significantly reducing our overhead by cutting costs not directly related to our most profitable division, which is wholesale sales. For example, in the fall of 2022 we stopped offering our foods for food delivery services such as Uber Eats. Although our food received very high ratings from customers of all three food delivery services, the margins were significantly lower than our margins through wholesale and eCommerce sales. Cutting these services allows our kitchen staff to focus on creating frozen foods to support our co-manufacturer to meet the high demand of wholesale orders, which are continuously growing. We also cut marketing expenses and cut our senior management costs by over 50%, allowing us to focus on key operational personnel and expenses.

Based on current sales and customer onboarding trajectory and cost management initiatives, our goal is to achieve profitability in the near term and to be cash flow positive on a monthly basis within the next 12 months.

OVERALL PERFORMANCE

Sales performance

	Three months ended			Nine months ended		
	April 30,			April 30,		
	2023	2022	Growth	2023	2022	Growth
Wholesale	\$ 248,003	\$ 146,973	69%	\$ 858,458	\$ 269,889	218%
DTC	\$ 4,898	\$ 66,422	-93%	\$ 40,170	\$ 176,824	-77%
Total	\$ 252,900	\$ 213,405	19%	\$ 898,627	\$ 473,713	90%

During the three and nine months ended April 30, 2023, we grew revenue by 19% and 90% respectively as compared to the same periods of the prior year. Revenue growth was driven by greater market presence through wholesales distributions especially through a national listing with the Loblaws group of banners.

The decline in DTC sales was due to our discontinuation of our hot food delivery business as its economics do not fit our long-term growth strategies. We positioned DTC sales as a tool to engage consumers and test new product recipes. DTC is currently limited to the Greater Vancouver Area. We do not expect to focus on DTC for growth due to the complexity in logistics for frozen food products.

We have been growing our revenue steadily since we launched our products in Q3 2022 as shown below.



Gross margin

Our gross profit margin for the three and nine months ended April 30, 2023 was 42% and 38% respectively, which is consistent with management expectation, as compared to 39% and 38% in the same periods of the prior year respectively.

Currently our products are primarily produced at co-packing partners located in British Columbia, Canada. We are actively looking for additional co-packing partners, especially in the eastern provinces of Canada.

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 the years ended July 31, 2023 and 2022.

	2023	2022
	\$	\$

Revenues	650,249	62,835
Loss before other income (expenses)	(4,136,874)	(2,129,900)
Net Loss from continuing operations	(4,602,803)	(6,457,300)
Basic and diluted loss per shares from continuing operations	(0.05)	(0.08)
Total Assets	760,531	738,599
Dividends declared and paid out in cash	-	-

DISCUSSION ON OPERATIONS

Revenue

During the quarter ended April 30, 2023, we continued to focus on expanding our market penetration through wholesale distribution channels across Canada, which enabled us to expand our market coverage quickly and efficiently. Our DTC sales are limited to the greater Vancouver area.

	Three months ended			Nine months ended		
	April 30,			April 30,		
	2023	2022	Growth	2023	2022	Growth
Wholesale	\$ 248,003	\$ 146,973	69%	\$ 858,458	\$ 269,889	218%
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Gross profit

Gross profit for the three months ended April 30, 2023⁶ was \$106,421, or 42% of revenue, as compared to \$82,530 or 39% of revenue for the same period of the prior year, presenting a growth of 29%. Gross profit for the nine months ended April 30, 2023⁶ was \$342,198, or 38% of revenue, as compared to \$179,281 or 38% of revenue for the same periods of the prior year, presenting a growth of 91%. Increase in gross profit was driven by growth in sales and greater efficiency in product costs.

As we build out our distribution network across the country and grow our sales through wholesale, we anticipate achieving increasing efficiencies in production.

Advertising and promotion

Advertising and promotion expenses are related to our activities in promoting our corporate and product brand, Komo Comfort 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 the three and nine months ended April 30, 2023, we incurred advertising and promotion expenses of \$36,592 and \$128,902 respectively as compared to \$194,413 and \$943,139 in the same periods of the prior year respectively. The decrease in advertising and promotion expenses was driven by lower advertising spending as we focused on wholesale distributions.

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 the three and nine months ended April 30, 2023, we incurred consulting expenses of \$45,018 and \$225,843 respectively as compared to \$137,000 and \$354,206 in the same periods of the prior year respectively. Higher spend in the prior year was due to the preparation of the launch of products. We scaled back such activities this year as we have already commercialized 10 productions and started to focus on building sales.

Depreciation

Depreciation expenses are related to equipment, furniture and fixtures, computers, and other office equipment.

For the three and nine months ended April 30, 2023, we incurred depreciation expenses of \$3,418 and \$10,486 respectively as compared to \$3,419 and \$12,629 respectively in the same periods of the prior year. We expect depreciation expenses to be stable going forward as we deploy our asset light strategy and utilize co-packing partners for production of our products.

Fulfillment

Fulfillment costs consist of outbound shipping, freight, delivery, warehousing, quality assurance and other logistics costs.

For the three and nine months ended April 30, 2023, we incurred fulfillment costs of \$2,936 and \$89,466 as compared to a credit of \$8,959 and expense of \$36,024 in the same periods of the prior year. The increase in fulfillment costs were driven by the growth in sales.

General and administrative

For the three and nine months ended April 30, 2023, we incurred general and administrative expenses of \$73,960 and \$194,244 respectively as compared to \$64,234 and \$226,903 in the same periods of the prior year respectively. The decrease in general and administrative expenses was largely driven by cost saving initiatives.

General and administrative expenses is comprised of the following:

	Three months ended April 30,		Nine months ended April 30,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Directors' fees (Note 8)	30,000	-	60,000	36,000
Rent	4,710	22,998	21,719	63,531
Dues and subscriptions	4,921	3,578	21,189	36,125
Listing	4,507	3,000	14,725	9,467
Courier	2,306	11,699	13,624	22,262
Insurance	226	(184)	1,584	3,433
Office expenses (Note 8)	4,773	11,887	30,125	29,866
Other	22,517	11,255	31,278	26,219
Total	73,960	64,234	194,244	226,903

Investor relations

For the three and nine months ended April 30, 2023, we incurred investor relations expenses of \$9,654 and \$52,513 respectively, which included advertising and media, new releases and capital market event costs, as compared to \$173,946 and \$592,768 respectively in the same period of the prior year. Investor relations expenses decreased as we scaled back capital market activities and focused on sales.

Professional fees

Professional fees consist of legal, accounting, recruiting and audit services.

For the three and nine months ended April 30, 2023, we incurred professional fees of \$23,215 and \$121,524 respectively as compared to \$33,941 and \$162,718 respectively in the same periods of the prior year. We have built out internal capabilities to manage a public company, and therefore we expect professional fees to remain low.

Research and development

Research and development costs are related to our plant-based food products.

For the three and nine months ended April 30, 2023, we incurred research and development costs of \$774 and \$7,990 respectively as compared to \$4,479 and \$53,767 respectively in the same periods of the prior year. The decrease in research and development costs are driven by decreased new product development as we have already built out our initial production lineup. However, we do plan to continuously bring our plant-based innovations to the market and we anticipate incurring research and development costs consistently going forward.

Selling costs

Selling costs consist of fees paid to sales agencies, brokers, retail listing fees on third party delivery platforms, and transaction fees of our eCommerce selling platforms.

For the three and nine months ended April 30, 2023, we incurred selling costs of \$54,060 and \$221,392 respectively as compared to \$87,095 and \$103,414 respectively in the same periods of the prior year. The increase in selling costs was mainly driven by one-time listing fees paid to Loblaw's to complete a national listing.

Share-based compensation

Share-based compensation is related to stock options granted to directors, officers, employees and consultants.

For the three and nine months ended April 30, 2023, we incurred share-based compensation expenses of a recovery of \$22,042 and expense of \$25,281 respectively as compared to expenses of \$85,084 and \$857,503 in the same periods of the prior year. The decrease in share-based compensation expenses was driven by the vesting schedules of underlying stock options. The recovery for the three months ended April 20, 2023 was due to cancellation of unvested options by the senior management.

Travel expenses

Travel expenses are related to employee business travel participating in trade fairs and exhibitions.

For the three and nine months ended April 30, 2023, we incurred travel expenses of \$2,312, and \$8,576 as compared to \$6,397 and \$14,489 respectively in the same periods of the prior year. We expect to maintain similar travel expenses going forward.

Wages

Wages expenses are related to our senior management and employees.

During the three and nine months ended April 30, 2023, we paid wages of \$117,191 and \$305,725 respectively as compared to wages expenses of \$166,308 and \$455,690 in the same periods of the prior year. The decrease in wages expense was due to scaled efficiency in staffing as we focus on a wholesale centered distribution model.

Other expenses

Other expenses are comprised of interest and accretion expenses related to our convertible debentures, impairment, gain or loss on settlement of liabilities and asset disposals.

For the three and nine months ended April 30, 2023, we recorded other expenses of \$34,507 and \$109,100 respectively as compared to other income of \$67,341 and other expense of \$63,760 in the same periods of the prior year. A breakdown of other expenses is shown below:

	Three months ended April 30,		Nine months ended April 30,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Accretion (Note 9)	(81,922)	(36,262)	(217,182)	(85,288)
Bad debt recovery	72,179	-	70,176	-
Foreign exchange gain (loss)	55	(769)	(306)	(3,811)
Gain (loss) on change in fair value of derivative liability	17,450	-	184,436	14,582
Interest expense (Note 9)	(33,242)	4,372	(137,197)	(76,897)
Gain (Loss) on asset disposal	-	100,000	-	96,764
Loss on settlement of debt	(9,537)	-	(9,537)	(9,870)
Other	510	-	510	760
	(34,507)	67,341	(109,100)	(63,760)

Net loss

We incurred a net loss of \$275,174 and \$1,158,844, respectively, for the three and nine months ended April 30, 2023, as compared to \$797,486 and \$3,697,729, respectively in the same periods of the prior year. The decrease in net loss was primarily driven by an increase in sales and gross margin and a decrease in operating expenses.

Loss per share, basic and diluted, was \$0.03 and \$0.12 per share, respectively for the three and nine months ended April 30, 2023 as compared to \$0.08 and \$0.41, respectively, of the same period of the prior year.

Dividends

During the three and nine months ended April 30, 2023 and 2022, no dividends were declared or paid.

SEGMENTED INFORMATION

We have two reporting segments: plant-based comfort foods and corporate. The plant-based comfort foods segment research, manufactures and distributes plant-based comfort foods products. The corporate segment is engaged in business development, corporate branding and marketing, stock listing, and investor relations activities. Performance is measured based on gross profit and net income (loss) before taxes, as management believes that this information is the most relevant in evaluating the results of the operating segments relative to other entities that operate within these industries. Gross profit is calculated as revenue less the cost of goods sold.

The following is a summary of our results by operating segment for the three and nine months ended April 30, 2023.

	2023			2022		
	Plant-based Comfort Foods	Corporate	Total	Plant-based Comfort Foods	Corporate	Total
	\$	\$	\$	\$	\$	\$
Three months ended April 30,						
Revenue	252,900	-	252,900	213,405	-	213,405
Gross profit	106,421	-	106,421	82,530	-	82,530
Gross profit margin	42%	-	42%	39%	-	39%
Net loss before taxes	(185,892)	(89,282)	(275,174)	(179,003)	(618,483)	(797,486)
Nine months ended April 30,						
Revenue	898,627	-	898,627	473,713	-	473,713
Gross profit	342,198	-	342,198	179,281	-	179,281
Gross profit margin	38%	-	38%	38%	-	38%
Net loss before taxes	(590,308)	(568,536)	(1,158,844)	(857,900)	(2,839,829)	(3,697,729)
As at April 30, 2023:			As at July 31, 2022:			
Total assets	11,123	428,872	439,995	209,570	550,961	760,531
Total liabilities	1,973,477	575,916	2,549,393	1,836,515	193,206	2,029,721

Geographically, the Company's revenue is primarily generated in Canada.

SUMMARY OF QUARTERLY RESULTS

We launched our plant-based foods business in March 2021 and have been growing our sales every quarter since then. Generally, our plant-based foods business is not seasonal.

For the quarters ended:

	April 30, 2023	January 31, 2023	October 31, 2022	July 31, 2022
	\$	\$	\$	\$
Revenue	252,900	467,437	178,290	176,536
Net loss	(275,174)	(640,030)	(243,640)	(905,074)
Basic and diluted loss per share	(0.03)	(0.07)	(0.00)	(0.01)
	April 30, 2022	January 31, 2022	October 31, 2021	July 31, 2021
	\$	\$	\$	\$
Revenue	213,405	166,052	94,256	44,940
Net loss	(797,486)	(1,121,872)	(1,778,371)	(5,581,069)
Basic and diluted loss per share	(0.01)	(0.13)	(0.02)	(0.07)

LIQUIDITY

	April 30, 2023	July 31, 2023
Current ratio ⁽¹⁾	0.2	0.9
Cash	\$ 26,102	\$ 224,344
Working capital deficiency ⁽²⁾	\$ (1,609,787)	\$ (86,047)
Long Term Debt ⁽³⁾	\$ 549,238	\$ 1,243,256
Shareholders' equity (deficit)	\$ (2,109,398)	\$ (1,269,190)

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

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

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

Working Capital

We had a working capital deficit of \$1,609,787 as at April 30, 2023 as compared to a working capital deficit of \$86,047 as at July 31, 2023. As we grow our plant-based foods business, we anticipate our requirement on working capital to increase. We plan to utilize equity instruments and third-party financing opportunities to fund our working capital requirements.

CAPITAL RESOURCES AND MANAGEMENT

As at April 30, 2023, we had cash of \$5,655. Our objective is to maintain a strong capital base to support the development of the business including the commercialization of our plant-based food products.

We do not have significant capital expenditure commitments as of the date of this MD&A. However, we do require capital resources before we break even within the next 12 months to sustain our operations and to grow our business. We expect to utilize equity instruments and third-party financing opportunities to satisfy our capital needs.

OUTSTANDING SHARE INFORMATION

We are authorized to issue an unlimited number of common shares. As at April 30, 2023, there were 11,662,799 common shares issued and outstanding. We also had 4,607,844 share purchase warrants with a weighted average exercise price of \$0.88 and 790,900 stock options with a weighted average exercise price of \$1.35.

Convertible Debentures

- (a) In October 2021, the Company repaid the convertible debentures which were issued on May 31, 2021 with a principal of \$117,523 and accrued interest of \$15,647. During the six months ended January 31, 2022, due to the variable nature of the conversion price, the Company derecognized a previously recognized derivative liability of \$14,582. In January 2022, a convertible debenture repayment in the amount of \$12,226 was returned to the Company and the holder elected to convert the debenture into units of the Company. Pursuant to the election, and on November 29, 2021, the Company issued 138,106 units to the holder. The fair value of share units issued was determined at \$22,097 and the fair value of debt settled was \$12,226. The Company recorded a loss from debt settlement of \$9,871.
- (b) During the nine months ended April 30, 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 entitles 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.

On January 27, 2022, the Company issued 28,571 common shares to a debenture holder upon an election of early conversion. Convertible debenture liability of \$40,000 and convertible debenture reserve of \$1,827 were transferred to share capital.

On April 26, 2023, convertible debentures in the amount of \$10,000 were redeemed and used to purchase the Company's common share units at \$0.15 per unit through a non-brokered private placement. Convertible debenture liability of \$10,000 and convertible debenture reserve of \$457 were transferred to share capital.

- (c) 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 1,600 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 a period of 36 months from the date of issue. As at April 30, 2023, the Company recorded derivative liabilities of \$150,032 (July 31, 2022 - \$334,468) assuming expected life of 1.2 (July 31, 2022 - 1.9) years, volatility of 190% (July 31, 2022 - 159%), risk-free rate of 3.78% (July 31, 2022 - 2.9%), exercise price of \$0.50 (July 31, 2022 - \$0.50) per share, and no expected dividends.

OFF-BALANCE SHEET ARRANGEMENTS

As at April 30, 2023, we had no off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

During the three and nine months ended April 30, 2023 and 2022, compensation of key management personnel and related parties were as follows:

	Three months ended April 30,		Nine months ended April 30,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Wages	-	63,750	34,434	191,250
Consulting fees	30,000	38,400	90,000	145,200
Share-based compensation	(26,703)	59,645	3,324	508,281
Total	3,297	161,795	127,758	844,731

- (a) During the three and nine months ended April 30, 2023, the Company incurred consulting fees of \$nil and \$nil, (2022 - \$5,000 and \$55,000, respectively) to a company controlled by the spouse of the president and Chief Executive Officer ("CEO") of the Company.
- (b) As at April 30, 2023, the Company owed \$37,056 (July 31, 2022 - \$45,949) to Better Plant Sciences Inc. ("BPS"), an associated company which shares a Chief Financial Officer ("CFO") with the Company, which is included in due to related parties. During the three and nine months ended April 30, 2023, the Company incurred operating expenses of \$nil and \$37,500 respectively (2022 - \$19,310 and \$155,944) to BPS under an operating agreement for shared services including professional services, and promotions, and general and administration.

- (c) As at April 30, 2023, the Company owed \$232,285 (July 31, 2022 - \$nil) to the CEO of the Company, which is included in due to related parties. The balance is unsecured, non-interest bearing, and due on demand.
- (d) As at April 30, 2023, the Company owed \$13,125 to the CFO of the Company, which is included in due to related parties.

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 the year 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 January 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.

Amendment to IAS 1, Classification of Liabilities as Current or Non-Current

On January 23, 2020, and amended on July 15, 2020, the IASB issued an amendment to IAS 1, Classification of Liabilities as Current or Non-Current ("IAS 1") and has been revised to: i) clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period; (ii) clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and (iii) make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets, or services.

The amendment to IAS 1 is effective for annual reporting periods on or after January 1, 2023 and is applied retrospectively. Early adoption of this amendment is permitted. We are currently evaluating the impact of this amendment to our consolidated financial statements.

Amendment to IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors

On February 12, 2022, the IASB issued an amendment to IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8") to introduce the definition of an accounting estimate and include other amendments to help entities to distinguish changes in accounting estimates from changes in accounting policies.

The amendment to IAS 8 is effective for annual reporting periods on or after January 1, 2023 and early adoption is permitted. We are currently evaluating the impact of this amendment on our consolidated financial statements.

Amendment to IAS 12, Income Taxes

On May 7, 2022, the IASB issued an amendment to IAS 12, Income Taxes ("IAS 12") to clarify how companies account for deferred taxes on transactions such as leases and decommissioning obligations. The amendment requires

companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable deductible temporary differences.

The amendment to IAS 12 is effective for annual reporting periods on or after January 1, 2023 and early adoption is permitted. We are currently evaluating the impact of this amendment on our consolidated financial statements. Other new standards and amendments to standards and interpretations are not effective for the period ended October 31, 2023 and have not been adopted by the Company and are not expected to have a material impact on our consolidated 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 \$150,032 (July 31, 2022 - \$334,468) 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 and cash equivalents, prepaid amounts, deposits and receivables. The carrying amount of cash and accounts receivable represent the maximum exposure to credit risk, and as at April 30, 2023, this amounts to \$205,056 (July 31, 2022 - \$338,823)

The Company is subject to credit concentration risk. For the three and nine months ended April 30, 2023, three (2022 - three) largest customers comprised 86% (2022 - 33%) of the Company's total sales, respectively. As at April 30, 2023, accounts receivable from three customers (2022 - three) comprised 94% (2022 - 89%) of the Company's total trade accounts receivable.

(c) Foreign Exchange Rate Risk

The Company's functional currency is the Canadian dollar. 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 mainly exposed to foreign currency risk to the extent that the following monetary assets and liabilities are denominated in US dollars:

A 10% change in the foreign exchange rate of US dollars is not expected to have a material impact on the Company's condensed interim consolidated financial statements.

(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.

(f) Price Risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of raw materials to determine the appropriate course of action to be taken by the Company.

RISK FACTORS

An investment in the Common Shares should be considered highly speculative due to the nature of our business and the present stage of development. An investment in the Company should only be made by investors who are willing and able to risk and can afford the loss of their entire investment and who are able to understand the unique nature and risks of the Issuer and the plant-based meat alternative sector. Potential investors should consult with their professional advisors to assess an investment in the Company. In evaluating the Company's business, investors should carefully consider, in addition to other information contained in this MD&A, the risk factors relating to the Company and its business.

A detailed discussion of the general risks relating to the Company and those relating to its business can be found in our annual Management Discussion and Analysis for the years ended July 31, 2023 and 2022 filed on SEDAR.

Those risk factors are not a definitive list of all risk factors associated with an investment in the Resulting Issuer or in connection with its operations. They are certain factors relating to the Company's business, which prospective investors should carefully consider before deciding whether to invest in the Company. They are a summary only of certain risk factors and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information set out elsewhere in this MD&A. Those risks and uncertainties are not the only ones the Company is facing. Additional risks and uncertainties not presently known to us, or that we currently deem immaterial, may also impair operations. If any such risks actually occur, the business, financial condition, liquidity and results of operations could be materially adversely affected.

DISCLOSURE

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all material information related to the Company is made known to senior management, including the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") on a timely basis so that appropriate decisions can be made regarding public disclosure.

Internal Control over Financial Reporting ("ICOFR")

Our management, with the participation of our CEO and CFO, are responsible for establishing and maintaining adequate internal control over financial reporting. Under the supervision of the CEO and CFO, our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Our internal control over financial reporting includes policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS and that our receipts and expenditures are made only in accordance with authorization of management and our directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the annual or interim financial statements.

Limitations on the Effectiveness of Disclosure Controls and the Design of ICOFR

Our management, including the CEO and CFO, do not expect that our disclosure controls and procedures and ICOFR will prevent all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable assurance that the control system objectives will be met. The likelihood of achievement is affected by limitations inherent in all internal control systems. These inherent limitations include the realities that judgments or decision making can be faulty, and that breakdowns occur because of simple errors or mistakes. Controls can also be circumvented in numerous ways including collusion, overrides and deception. In addition to the inherent

limitations, the design of a control system must reflect that there are resource constraints, and the expected benefit of controls must be considered relative to the expected costs. Due to inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected. Further, no evaluation of controls can provide absolute assurance that all control issues within a company will be detected.

SUBSEQUENT EVENT

On June 21, 2023, our board of directors passed resolutions to terminate the employment of the president of our fully owned subsidiary, Komo Comfort Foods Inc. and approved various strategic alternatives, including the possible sale of the entire Company or parts of it, licensing, merger, or a reverse merger for evaluation.