



KOMO PLANT BASED FOODS INC.

Condensed Interim Consolidated Financial Statements

For the Three and Six Months Ended January 31, 2022 and 2021

(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)

	January 31 2022 (unaudited) \$	July 31 2021 \$
ASSETS		
Current assets		
Cash	205,660	342,996
Amounts receivable (Note 4)	211,904	173,592
Inventory (Note 5)	45,589	18,373
Prepaid expenses and deposits (Note 6)	315,034	150,766
Total current assets	778,187	685,727
Non-current assets		
Property and equipment (Note 7)	33,415	19,222
Intangible assets (Note 8)	33,650	33,650
Total non-current assets	67,065	52,872
Total assets	845,252	738,599
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 9)	550,167	252,844
Due to related parties	-	3,320
Convertible debenture (Note 10)	-	130,041
Derivative liability (Note 10)	-	14,582
Total current liabilities	550,167	400,787
Non-current liabilities		
Convertible debentures (Note 10)	735,817	-
Loans payable (Note 11)	104,715	97,246
Total non-current liabilities	840,532	97,246
Total liabilities	1,390,699	498,033
SHAREHOLDERS' EQUITY		
Share Capital (Note 12)	10,860,971	10,111,033
Subscriptions received	471,200	-
Share-based payment reserve	2,566,857	1,717,966
Convertible debenture reserve (Note 10)	44,201	-
Deficit	(14,488,676)	(11,588,433)
Total shareholders' equity	(545,447)	240,566
Total liabilities and shareholders' equity	845,252	738,599

Nature of operations and continuance of business (Note 1)
Subsequent events (Note 22)

Approved and authorized for issuance on behalf of the Board of Directors on April 1, 2022:

/s/ "Daniel Kang"
Daniel Kang, Director

/s/ "Spiros Margaris"
Spiros Margaris, 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 and Comprehensive Loss

(Expressed in Canadian Dollars)

(Unaudited)

	Three months ended January 31,		Six months ended January 31,	
	2022	2021	2022	2021
	\$	\$	\$	\$
REVENUE	166,052	-	260,308	-
Cost of revenue	102,479	-	163,557	-
Gross profit	63,573	-	96,751	-
EXPENSES				
Advertising and promotion	131,220	16,306	748,726	18,428
Consulting fees	83,427	192,729	217,206	268,404
Depreciation	4,709	3,234	9,210	6,413
Fulfilment	36,738	-	44,983	-
General and administrative (Note 15)	37,911	40,374	162,669	47,080
Investor relations	256,499	-	418,822	-
Professional fees	91,513	41,175	128,777	38,964
Research and development	11,029	6,389	49,288	6,389
Selling costs	15,432	-	16,319	-
Share-based compensation (Note 14)	239,770	29,693	772,419	74,943
Travel	4,258	2,998	8,092	6,988
Wages	158,327	17,089	289,382	17,089
Total expenses	1,070,833	349,987	2,865,893	484,698
LOSS BEFORE OTHER ITEMS	(1,007,260)	(349,987)	(2,769,142)	(484,698)
Other expense (Note 16)	(114,612)	(15,394)	(131,101)	(21,519)
NET LOSS				
FROM CONTINUING OPERATIONS	(1,121,872)	(365,381)	(2,900,243)	(506,217)
Loss from discontinued operations (Note 20)	-	-	-	(14,866)
NET LOSS	(1,121,872)	(365,381)	(2,900,243)	(521,083)
Unrealized foreign exchange loss	-	-	-	(417)
COMPREHENSIVE LOSS	(1,121,872)	(365,381)	(2,900,243)	(521,500)
Loss per share, basic & diluted				
- continuing operations	(0.01)	(0.01)	(0.03)	(0.02)
- discontinued operations	-	-	-	(0.00)
Weighted average shares outstanding,				
- basic & diluted	89,030,857	33,469,323	87,688,732	32,370,497

(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 Equity

(Expressed in Canadian Dollars)

(Unaudited)

	Share capital		Subscription received	Convertible debenture reserve	Equity reserves	Deficit	Total
	Number of shares	Amount					
		\$	\$	\$	\$	\$	\$
BALANCE, JULY 31, 2020	25,598,127	4,900,764	-	194,754	(4,592)	(5,086,143)	4,783
Issuance of units for cash	11,472,292	1,401,500	-	-	-	-	1,401,500
Share issuance costs	-	(173,730)	-	72,230	-	-	(101,500)
Issuance of units for debt	445,713	54,450	-	-	-	-	54,450
Issuance of common shares for intangible assets	409,286	33,650	-	-	-	-	33,650
Share-based compensation	-	-	-	74,943	-	-	74,943
Unrealized foreign exchange loss	-	-	-	-	(417)	-	(417)
Realized foreign exchange loss on disposal of subsidiary	-	-	-	-	5,009	-	5,009
Dividend in kind (Note 20)	-	-	-	-	-	(30,124)	(30,124)
Net loss for the period	-	-	-	-	-	(521,083)	(521,083)
BALANCE, JANUARY 31, 2021	37,925,418	6,216,634	-	341,927	-	(5,637,350)	921,211
BALANCE, JULY 31, 2021	85,438,661	10,111,033	-	-	1,717,966	(11,588,433)	240,566
Units issued for cash	800,000	160,000	-	-	-	-	160,000
Subscriptions received	-	-	471,200	-	-	-	471,200
Convertible debentures issued	-	-	-	46,028	183,512	-	229,540
Shares issued on exercise of stock options	290,000	75,995	-	-	(44,895)	-	31,100
Shares issued on exercise of warrants	2,402,375	455,219	-	-	(62,145)	-	393,074
Shares/units issued on conversion of debentures	423,820	58,724	-	(1,827)	-	-	56,896
Share-based compensation	-	-	-	-	772,419	-	772,419
Net loss for the period	-	-	-	-	-	(2,900,243)	(2,900,243)
BALANCE, JANUARY 31, 2022	89,354,856	10,860,971	471,200	44,201	2,566,857	(14,488,676)	(545,447)

(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)

	Six months ended January 31	
	2022	2021
	\$	\$
OPERATING ACTIVITIES		
Net Loss	(2,900,243)	(506,217)
Items not involving cash:		
Accretion on convertible debentures transaction costs	26,575	-
Accretion of debenture	17,338	-
Depreciation	9,210	6,413
Asset Write off	3,236	38,111
Interest expense on convertible debentures	39,373	-
Interest expense on loans/lease liabilities	7,469	3,849
Gain on change in fair value of derivative liability	(14,582)	-
Loss on debt settlement	9,870	-
Share-based compensation	772,419	74,943
Other non cash income	-	(18,835)
Changes in non-cash operating working capital:		
Amounts receivable	(38,312)	(43,191)
Inventory	(27,216)	1,232
Prepaid expenses & other assets	(164,268)	2,740
Due to/from related parties	(3,320)	97,765
Accounts payable and accrued liabilities	297,325	58,607
Net cash used in operating activities - continuing operations	(1,965,126)	(284,583)
Net cash used in operating activities - discontinued operations	-	(14,506)
INVESTING ACTIVITIES		
Purchase of equipment	(26,640)	(2,119)
Net cash used in investing activities	(26,640)	(2,119)
FINANCING ACTIVITIES		
Subscriptions received	471,200	-
Proceeds from issuance of units issued	160,000	1,300,000
Restatement of convertible debentures	12,225	-
Proceeds from issuance of convertible debentures	1,000,000	-
Cash transaction costs from issuance of convertible debentures	(80,000)	-
Repayment of convertible debentures	(133,170)	-
Proceeds from exercise of stock options	31,100	-
Proceeds from exercise of warrants	393,075	-
Proceeds from loan payable	-	60,000
Net cash provided by financing activities	1,854,430	1,360,000
Effect of foreign exchange on cash	-	(4,632)
CHANGE IN CASH	(137,336)	1,054,160
Cash, beginning of period	342,996	55,332
CASH, END OF PERIOD	205,660	1,109,492

Supplemental disclosures (Note 17)

(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

(Expressed in Canadian Dollars)

(Unaudited)

1. Nature of Operations and Continuance of Business

Komo Plant Based Foods Inc. (formerly Fasttask Technologies 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. (Note 3). The Company researches, develops, manufactures, markets and sells plant-based frozen food products through ecommerce and retail. The Company previously made and sold branded clothing and personal care products, and leased property and provided services to a cannabis dispensary license applicant in California. On October 30, 2020, the Company entered into an Asset Purchase Agreement with Kingdom Brands Holdings Inc. ("K Brands"), whereby it agreed to sell a 100% interest in its former wholly owned subsidiary, Kingdom Brands Management Inc. ("KBM"), and assign license agreements with Urban Juve Provisions Inc. ("UJP"), and sell inventory, web domain rights and other related intellectual property in consideration for 31,271,671 common shares of K Brands. Refer to Note 20.

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 six months ended January 31, 2022, the Company has incurred a net loss of \$2,900,243 and incurred negative cash flows in operating activities from continuing operations of \$1,965,126. As at January 31, 2022, the Company has an accumulated deficit of \$14,488,676. 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 novel 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

(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, 2021, 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 Canadian subsidiaries, Komo Plant Based Comfort Foods Inc. ("Comfort"), Fasttask Inc., and 10758914 Canada Inc., and its previously wholly owned U.S. subsidiary, KBM, up to its date of disposal on October 30, 2020 (Note 20). 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 Canadian subsidiaries is the Canadian dollar, and the functional currency of its previously wholly owned subsidiary, KBM, is the United States dollar. In the opinion of the Company's management, all adjustments considered necessary for a fair presentation have been included.

(c) Significant Accounting Estimates and Judgments

The preparation of 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, 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.

KOMO PLANT BASED FOODS INC.

Notes to the Condensed Interim Consolidated Financial Statements
(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, 2022 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 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 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 consolidated financial statements.

Other new standards and amendments to standards and interpretations are not effective for the period ended January 31, 2022 and have not been early adopted by the Company and are not expected to have a material impact on the Company's consolidated financial statements.

KOMO PLANT BASED FOODS INC.

Notes to the Condensed Interim Consolidated Financial Statements

(Expressed in Canadian Dollars)

(Unaudited)

3. Merger Agreement

On May 31, 2021, the Company closed a Merger Agreement with Komo Plant Based Comfort Foods Inc. ("Comfort"), whereby the Company acquired 100% of the issued and outstanding shares of Comfort (the "Transaction"). In consideration, the Company issued the shareholders of Comfort one common share for each common share of Comfort. The outstanding warrants and options of Comfort were exchanged into warrants and options of the resulting issuer on an identical basis, except that the exercise price of certain of the outstanding warrants of Comfort which were adjusted from \$1.00 per share of Comfort to \$0.20 per share of the resulting issuer upon closing of the Transaction.

The Transaction resulted in the shareholders of Comfort obtaining control of the combined entity by obtaining control of the voting rights, governance, and management decision making processes, and the resulting power to govern the financial and operating policies of the combined entity.

The Transaction constitutes a reverse takeover of the Company by Comfort and has been accounted for as a reverse acquisition transaction in accordance with the guidance provided in IFRS 2, Share-based Payments and IFRS 3, Business Combinations.

For accounting purposes, Comfort was treated as the accounting parent company (legal subsidiary) and the Company has been treated as the accounting subsidiary (legal parent) in these consolidated financial statements. As Comfort was deemed to be the acquirer for accounting purposes, its assets, liabilities and operations since incorporation are included in these consolidated financial statements at their historical carrying values.

The purchase price allocation of consideration transferred is summarized as follows:

	\$
Common shares (46,981,117 common shares)	3,845,749
Fair value of options effectively issued	32,605
Fair value of warrants effectively issued	976,977
Purchase price	4,855,331
Fair value of the Company's net assets acquired:	
Cash	798,143
Accounts receivable	64,481
Prepaid expenses	70,274
Property and equipment	6,502
Accounts payable and accrued liabilities	(135,378)
Due to related parties	(67,486)
Convertible debentures	(126,303)
Derivative liability	(14,320)
Loan payable	(49,666)
Listing expense	4,309,084
	4,855,331

The Transaction was measured at the fair value of the shares that Comfort would have had to issue to the shareholders of the Company, to give the shareholders of the Company the same percentage equity interest in the combined entity that results from the reverse acquisition had it taken the legal form of Comfort acquiring the Company. Additionally, consideration paid by Comfort includes the fair value of stock options and warrants outstanding in the Company at the date of the reverse takeover, to give effect to the dilutive effect of these instruments to the shareholders of Comfort.

KOMO PLANT BASED FOODS INC.

Notes to the Condensed Interim Consolidated Financial Statements

(Expressed in Canadian Dollars)

(Unaudited)

4. Amounts Receivable

	January 31, 2022	July 31 2021
	\$	\$
Accounts receivable	97,059	11,629
Advance receivable	8,605	8,029
GST receivable	106,240	153,934
Total	211,904	173,592

5. Inventory

	January 31, 2022	July 31 2021
	\$	\$
Packaged food products	17,180	6,393
Raw materials	4,436	7,532
Packaging materials	23,973	4,448
Total	45,589	18,373

6. Prepaid Expenses and Deposits

	January 31, 2022	July 31 2021
	\$	\$
Prepaid services	245,389	35,111
Deposits	69,645	115,655
Total	315,034	150,766

7. Property and Equipment

	Office Fixtures	Equipment	Computers	Total
	\$	\$	\$	\$
Cost				
Balance, July 31, 2021	4,610	7,559	18,300	30,469
Additions	-	3,544	23,096	26,640
Disposals	(4,610)	-	(10,438)	(15,048)
Balance, January 31, 2022	-	11,103	30,958	42,061
Accumulated depreciation				-
Balance, July 31, 2021	3,874	495	6,878	11,247
Depreciation	2,062	1,688	5,460	9,210
Disposals	(5,936)	-	(5,875)	(11,811)
Balance, January 31, 2022	-	2,183	6,463	8,646
Carrying amounts				
Balance, July 31, 2021	736	7,064	11,422	19,222
Balance, January 31, 2022	-	8,920	24,495	33,415

8. 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 409,286 (500,000 pre-merger) common shares with a fair value of \$33,650.

KOMO PLANT BASED FOODS INC.

Notes to the Condensed Interim Consolidated Financial Statements

(Expressed in Canadian Dollars)

(Unaudited)

9. Related Party Transactions

During the three and six months ended January 31, 2022 and 2021, compensation of key management personnel and related parties were as follows:

	Three months ended January 31,		Six months ended January 31,	
	2022	2021	2022	2021
Wages	63,750	15,652	127,500	15,652
Consulting fees	38,400	25,000	106,800	25,000
Share based compensation	169,683	90,391	448,636	135,641
Total	271,833	131,043	682,936	176,293

- (a) During the three and six months ended January 31, 2022, the Company incurred consulting fees of \$15,000 and \$45,000, respectively, (2021 – \$30,000 and \$30,000) to a company controlled by the spouse of the president and Chief Executive Officer (“CEO”) of the Company.
- (b) As at January 31, 2022, the Company owed \$20,316 (July 31, 2021 – \$nil) to Better Plant Sciences Inc. (“BPS”), an associated company whose CEO is the spouse of the Company’s president and CEO, and the amount was recorded in accounts payable. During the three and six months ended January 31, 2022, the Company incurred operating expenses of \$53,071 and \$136,634 (2021 – \$115,533 and \$115,533) to BPS under an operating agreement for services including advertising and promotions, general and administration, accounting and paralegal and etc.

10. Convertible Debentures

- (a) On May 31, 2021, the Company assumed Convertible Debenture Purchase Agreements with principal amounts totaling \$117,523 upon entering into the Merger Agreement with Comfort (Note 3). The principal bears interest at 12% per annum and matured September 19, 2021. Interest payments were due quarterly until the maturity date with additional 2% late payment penalty if interest payments were not made within 10 days of the due date. The conversion price was either: (i) 10% discount to the price at which the Company’s common shares are issued or the conversion price of securities convertible into common shares (“Securities”) that are issued under the first sale of common shares or Securities by the Company to one or more non-related parties conducted by the Company after the debenture date (“Financing”) or (ii) 10% discount to the trading price of the Company’s common shares in the event a Financing has not been completed by the Company prior to a proposed conversion. Until the principal and interest were paid in full by the Company, the holder may have converted a minimum of \$10,000 amount of the principal amount into units of the Company at the conversion price. Each unit consists of one common share of the Company and one-half share purchase warrant, exercisable at the price at which the Company’s common shares are issued or the conversion price of Securities that are issued under Financing per share for a period of two years following the issuance of the warrant. The present value of the convertible debentures upon assumption was \$114,944, with a discount of \$2,579, which was recognized over the remaining term of the loan using the effective interest rate method.

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. Due to the variable nature of the conversion price, the Company derecognized a previously recognized derivative liability of \$14,582 (2021 – \$nil). In January 2022, a convertible debenture repayment in the amount of \$12,227 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 \$12,227. The Company recorded a loss from debt settlement of \$9,870.

KOMO PLANT BASED FOODS INC.

Notes to the Condensed Interim Consolidated Financial Statements

(Expressed in Canadian Dollars)

(Unaudited)

10. Convertible Debentures (continued)

- (b) During the six months ended January 31, 2021, 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 7,000 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 commencing 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 \$0.14 per common share, at any time prior to their redemption. Each Warrant will entitle the holder to acquire one common share of the Company at a price of \$0.16 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 571,427 warrants exercisable at a price of \$0.14 per share for a period of 24 months from the date of issue (the "Broker Warrants"). 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 estimated 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 \$0.23; an annualized volatility of 150%; an expected life of 2 years; a dividend yield of 0%; an expected forfeiture rate of 0%; and a risk-free rate of 0.61%.

During the three months ended January 31, 2022, the Company issued 285,714 common shares to a debenture holder upon an election of early conversion. Convertible debenture liability of \$34,800 and convertible debenture reserve of \$1,827 were transferred to equity.

The following is a summary of changes in convertible debentures:

	Issuance date:			Total
	May 31 2021	September 29 2021	October 8, 2021	
	\$	\$	\$	\$
Convertible debentures				
Proceeds from issuance	117,523	-	-	117,523
Transaction costs - non-cash	(1,198)	-	-	(1,198)
Accrued interest	13,716	-	-	13,716
Carrying amount at July 31, 2021	130,041	-	-	130,041
Proceeds from issuance	-	500,000	500,000	1,000,000
Transaction costs - cash	-	(40,000)	(40,000)	(80,000)
Net proceeds	-	460,000	460,000	920,000
Transaction costs - non-cash	-	(53,796)	(51,235)	(105,031)
Transaction costs - accretion	1,198	13,353	12,024	26,575
Amount classified as equity	-	(22,840)	(23,188)	(46,028)
Fair value of warrants attached to units	-	(39,219)	(39,262)	(78,482)
Accrued interest	1,931	19,765	17,677	39,373
Repayment of convertible debentures	(133,170)	-	-	(133,170)
Restatement of convertible debentures	12,226	-	-	12,226
Conversion of debentures	(12,226)	(34,799)	-	(47,025)
Accretion of debentures	-	8,657	8,681	17,338
Carrying amount of liability at January 31, 2022	-	351,121	384,697	735,817

KOMO PLANT BASED FOODS INC.

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11. Loans Payable

During the prior year ended July 31, 2021, the Company received a total of \$60,000 from the Government of Canada sponsored Canada Emergency Business Account ("CEBA") in the form of a line of credit. On May 31, 2021, the Company assumed an additional CEBA loan of \$60,000 upon acquisition of Fasttask, in which the present value of the forgivable portion was \$10,334. These loans are two-year, interest free loans until December 31, 2022. If the Company repays the CEBA loans on or before December 31, 2022, a total of \$80,000 of the principal balance will be forgiven. Any unpaid principal portion of the CEBA loans after December 31, 2022 will be converted into three-year loans at annual interest rate of 5% per annum.

	\$
Add: loan proceeds	60,000
Less: present value of forgivable portion	(20,242)
Assumed upon merger (Note 3)	49,666
Interest expense	7,822
Loan payable, July 31, 2021	97,246
Accreted interest	7,469
Loan payable, January 31, 2022	104,715

12. Share Capital

Authorized: unlimited number of common shares without par value

Share transactions for the six months ended January 31, 2022 included the following:

- (a) On October 29, 2021, the Company issued 800,000 units at \$0.20 per unit for proceeds of \$160,000. Each unit consists of one common share and one warrant exercisable at \$0.215 per share until October 29, 2023.
- (b) During the six months ended January 31, 2022, the Company issued 290,000 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.
- (c) During the six months ended January 31, 2022, the Company issued 2,402,375 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.
- (d) On November 29, 2021, the Company issued 138,106 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.
- (e) During the three months ended January 31, 2022, the Company issued 285,714 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.

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13. Share Purchase Warrants

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

	Number of warrants	Weighted average exercise price
		\$
Balance, July 31, 2021	46,701,943	0.54
Issued	9,314,480	0.19
Exercised	(2,402,375)	0.16
Expired	(4,633,355)	1.93
Balance, January 31, 2022	48,980,693	0.36

As at January 31, 2022, the following share purchase warrants were outstanding:

Number of warrants outstanding	Exercise Price	Expiry date	Weighted Average
	\$		
545,918	0.60	February 24, 2022	0.0067
765,580	0.60	February 26, 2022	0.0094
416,667	0.56	March 9, 2022	0.0048
2,115,909	0.38	March 31, 2022	0.0162
949,639	0.38	May 7, 2022	0.0073
1,000,000	0.40	December 18, 2022	0.0082
160,600	0.10	January 19, 2023	0.0003 (a)
4,403,500	0.40	January 19, 2023	0.0360
8,840,400	0.40	January 21, 2023	0.0722
1,170,000	0.40	January 28, 2023	0.0096
37,000	0.10	March 1, 2023	0.0001
620,000	0.40	March 1, 2023	0.0051
150,000	0.40	March 10, 2023	0.0012
365,400	0.10	March 15, 2023	0.0007
16,669,600	0.40	March 15, 2023	0.1361
30,000	0.10	March 23, 2023	0.0001
2,300,000	0.40	March 23, 2023	0.0188
285,713	0.14	September 29, 2023	0.0008
285,714	0.14	October 8, 2023	0.0008
800,000	0.22	October 29, 2023	0.0035
3,500,000	0.16	September 29, 2024	0.0114
3,500,000	0.16	October 8, 2024	0.0114
69,053	0.10	November 29, 2023	0.0001
48,980,693			0.3607

- (a) Each Unit Warrant is exercisable into one share and one share purchase warrant ("Second Warrant") at \$0.10 per Unit Warrant for a term of 2 years from the closing date of the unit issuance. Each Second Warrant is exercisable into one common share at \$0.40 per share for a period of 2 years from the closing date of the unit issuance.

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14. Stock Options

The Company's Board of Directors approved a stock incentive plan in accordance with the policies of the Canadian Securities Exchange (the "Exchange"). The Board of Directors is authorized to grant options to directors, officers, consultants or employees to acquire up to 20% of the issued and outstanding common shares of the Company. The exercise price will not be less than \$0.10 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 \$
Outstanding, July 31, 2021	13,354,500	0.13
Granted	3,950,000	0.11
Exercised	(290,000)	0.11
Cancelled/expired	(124,000)	0.16
Outstanding, January 31, 2022	16,890,500	0.13
Exercisable, January 31, 2022	11,122,375	0.14

Exercise price \$	Outstanding	Exercisable	Expiry date
0.40	200,000	200,000	March 30, 2022
0.30	170,000	138,125	July 7, 2022
0.50	100,000	100,000	July 23, 2023
0.75	88,000	88,000	February 6, 2024
0.40	62,500	62,500	February 7, 2025
0.40	125,000	125,000	August 24, 2025
0.80	50,000	50,000	October 13, 2025
0.10	625,000	625,000	December 2, 2025
0.10	1,000,000	500,000	December 21, 2025
0.10	1,000,000	500,000	January 19, 2026
0.12	1,600,000	700,000	February 12, 2026
0.12	945,000	195,000	February 19, 2026
0.10	275,000	182,500	March 5, 2026
0.12	5,000,000	3,750,000	March 24, 2026
0.10	400,000	300,000	April 1, 2026
0.10	1,300,000	325,000	July 19, 2026
0.10	250,000	31,250	August 6, 2026
0.10	1,630,000	1,630,000	August 26, 2026
0.12	1,570,000	1,570,000	September 15, 2026
0.24	50,000	50,000	September 22, 2026
0.29	50,000	-	October 14, 2026
0.14	300,000	-	December 20, 2026
0.16	100,000	-	January 4, 2027
	16,890,500	11,122,375	

The weighted average remaining life of options outstanding is 4.0 years.

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14. Stock Options (continued)

Share-based compensation expense is determined using the Black-Scholes option pricing model. During the three and six months ended January 31, 2022, the Company recognized share-based compensation expense of \$239,770 and \$772,419 respectively (2021 - \$29,693 and \$74,943 respectively) of which \$169,683 and \$448,636 respectively pertains to officers, directors and advisory board members of the Company (2021 - \$90,391 and \$135,641 respectively). The weighted average fair value of options granted during the three and six months ended January 31, 2022 was \$0.11 (2021 - \$0.07) per option.

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

	2022	2021
Risk-free interest rate	1.20%	0.43%
Dividend yield	0%	0%
Expected volatility	150%	150%
Expected life (years)	4.86	5.00
Forfeiture rate	0%	0%

As at January 31, 2022, there was \$229,828 of unrecognized share-based compensation related to unvested stock options.

15. General and Administrative Expenses

General and administrative expenses is comprised of the following:

	Three months ended January 31,		Six months ended January 31,	
	2022	2021	2022	2021
	\$	\$	\$	\$
Directors' fees	-	-	36,000	-
Rent	27,578	-	40,533	-
Dues and subscriptions	20,740	-	32,547	-
Listing	-	-	6,467	-
Courier	6,294	-	10,563	-
Insurance	1,500	-	3,617	-
Office expenses	8,079	37,013	17,979	43,210
Other	(26,280)	3,361	14,963	3,870
Total	37,911	40,374	162,669	47,080

KOMO PLANT BASED FOODS INC.

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16. Other Expense

Other expense is comprised of the following:

	Three months ended January 31,		Six months ended January 31,	
	2022	2021	2022	2021
	\$	\$	\$	\$
Foreign exchange gain (loss)	(150)	(903)	(3,042)	1,606
Interest expense	(65,183)	(1,857)	(81,269)	(3,849)
Accretion	(36,933)	-	(49,026)	-
Gain on change in fair value of derivative liability	-	-	14,582	-
Loss on settlement of debt	(9,870)	-	(9,870)	-
Loss on asset disposal	(3,236)	-	(3,236)	-
Impairment of right of use asset	-	(28,616)	-	(28,616)
Gain (loss) from marketable securities	-	7,432	-	790
All other	760	8,550	760	8,550
	(114,612)	(15,394)	(131,101)	(21,519)

17. Supplemental Disclosures

	Six months ended January 31	
	2022	2021
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	-	72,230
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	48,852	-
Shares of K Brands received in exchange for sale of KBM	-	30,124
Shares issued for acquisition of intangible assets	-	33,650
Units issued for settlement of accounts payable	-	54,450

18. 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 three and six months ended January 31, 2022. The Company is not subject to externally imposed capital requirements.

KOMO PLANT BASED FOODS INC.

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19. Financial Instruments and Risk Management

(a) Fair Value

The fair values of other financial instruments, which includes cash, amounts receivable, amounts due to and from related parties, accounts payable and accrued liabilities, convertible debentures, derivative liability, and loans payable approximate their carrying values.

(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 cash equivalents, prepaids, deposits, and accounts receivable represent the maximum exposure to credit risk, and as at January 31, 2022, this amounts to \$732,598 (July 31, 2021 - \$667,354)

The Company is subject to credit concentration risk. For the six months ended January 31, 2022, top two customers respectively comprised of 26% and 10% of the Company's total sales. As at January 31, 2022, accounts receivable from the same two customers comprised of 44% and 24% of the Company's total trade accounts receivable. The Company did not have material sales and accounts receivable from trade for six months ended January 31, 2021.

(c) Foreign Exchange Rate Risk

The Company's functional currencies are the Canadian dollar and United States dollar. The functional currency of its former wholly owned subsidiary was the United States 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's subsidiary had limited operations which limited the Company's foreign exchange risk. Management has chosen not to hedge its foreign exchange risk.

The Company is mainly exposed to foreign currency risk to the extent that the following monetary assets and liabilities are denominated in US dollars:

	January 31 2022 US \$	July 31, 2021 US\$
Prepaid expenses and deposits	12,289	12,289
Accounts payable and accrued liabilities	-	(800)
Net exposure	12,289	11,489
Canadian dollar equivalent	15,630	14,335

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.

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19. Financial Instruments and Risk Management (continued)

(e) Liquidity Risk

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

(f) Price Risk

The Company 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.

20. Discontinued Operations

The Company entered into an Asset Purchase Agreement dated October 30, 2020, with K Brands in which the Company agreed to sell certain assets to K Brands in consideration for 31,271,671 common shares of K Brands. The assets included under the Asset Purchase Agreement consist of 100% of the Company's interest in its wholly owned subsidiary, KBM, Assignment of the License Agreements with UJP, certain web domains, and inventory. Together with the completion of this agreement, the Company declared and issued a dividend in kind with a fair value of \$30,124 to all its shareholders by issuing one K Brands common share for every 4 common shares held in the Company.

As a result of the spin-off of distribution of the Company's ownership in KBM, KBM meets the criteria to be classified as discontinued operations as of October 30, 2020, and therefore, the results of operations of KBM for all periods have been classified as discontinued operations on the consolidated statements of operations and comprehensive loss. The comparative carrying amounts of the major classes of assets and liabilities of KBM have been classified as held for sale on the consolidated statement of financial position.

Net Loss from Discontinued Operations

	Three and Six months ended January 31, 2022	Three and Six months ended January 31, 2021
	\$	\$
Expenses		
Depreciation	-	360
General and administrative	-	3,967
Professional fees	-	10,539
Total expenses	-	14,866
Net loss from discontinued operations	-	(14,866)

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20. Discontinued Operations (continued)

Cash flows from Discontinued Operations

	Six months ended January 31, 2022	Six months ended January 31, 2021
	\$	\$
Operating activities:		
Net loss from discontinued operations	-	(14,866)
Items not involving cash – discontinued operations:		
Depreciation	-	360
Change in non-cash working capital	-	-
Net cash provided by operating activities	-	(14,506)

21. 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 six months ended January 31, 2022. During the three and six months ended January 31, 2021, there was only one operating segment.

	2022			2021		
	Plant-based Comfort Foods	Corporate	Total	Plant-based Comfort Foods	Corporate	Total
	\$	\$	\$	\$	\$	\$
Three months ended January 31,						
Revenue	166,715	(663)	166,052	-	-	-
Gross profit	64,236	(663)	63,573	-	-	-
Gross profit margin	39%	-	38%	-	-	-
Net loss before taxes	(307,536)	(814,336)	(1,121,872)	-	(365,381)	(365,381)
Six months ended January 31,						
Revenue	260,308	-	260,308	-	-	-
Gross profit	96,751	-	96,751	-	-	-
Gross profit margin	37%	-	37%	-	-	-
Net loss before taxes	(678,897)	(2,221,346)	(2,900,243)	-	(521,083)	(521,083)
As at January 31, 2022:				As at July 31, 2021:		
Total assets	288,773	556,479	845,252	-	738,599	738,599
Total liabilities	611,352	779,347	1,390,699	-	498,033	498,033

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

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22. Subsequent Events

- (a) On February 11, 2022, the Company closed a private placement and issued 7,008,625 units of the Company (each, a "Unit") at a price of \$0.14 per Unit for gross proceeds of \$981,207.50. Each Unit consists of one common share of the Company and one transferable share purchase warrant (each, a "Warrant"); Each Warrant entitles the holder to acquire one common share at an exercise price of \$0.20 per Share for a period of 24 months from the closing date of the private placement. In connection of the private placement, the Company paid finder's fees in cash of \$19,999.96 and issued 142,857 non-transferrable finder's warrants. Each finder's warrant is exercisable into one common share at a price of \$0.20 per share for a period of 24 months from the closing date.
- (b) On February 16, 2022, the Company completed a debt conversion transaction with various consultants. The Company issued 707,458 units at a deemed price of \$0.14 per unit to settle debts with an aggregate amount of \$99,044.12. Each unit consists of one common share in the Company and one share purchase warrant of the Company. Each warrant entitles the holder to acquire one common share at \$0.20 for a period of 24 months from issuance.
- (c) On March 31, 2022, the Company's wholly owned subsidiary, Fasttask Inc, closed a transaction to sell certain assets related to a crowdsourcing App ("App Assets") to Metaverse Networks Inc. ("Metaverse") for total proceeds of \$100,000 in cash. Metaverse is a company incorporated in the province of British Columbia of Canada with an operating location in the United Kingdom. The App Assets were developed by the Company in-house and included intellectual property, application software, technology, and books and records related to the App. At the time of the transaction, these App Assets were no longer in use due to a change in business (Note 3), and they were previously written off.