



KOMO PLANT BASED FOODS INC.

Management's Discussion & Analysis

For the Years Ended July 31, 2021 and 2020

(Expressed in Canadian Dollars)

This Management's Discussion and Analysis ("MD&A") relates to the consolidated financial position and financial performance of Komo Plant Based Foods Inc. (formerly Fasttask Technologies Inc.) ("Komo Foods" or the "Company") and our 100% owned subsidiaries, Komo Plant Based Comfort Foods Inc. and Fasttask Inc. for the years ended July 31, 2021 and 2020. 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, 2021 and 2020 (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. We have incurred a loss before other income and expense of \$2,129,900 and net loss from continuing operations of \$6,457,300 and incurred negative cash flows in operating activities from continuing operations of \$1,827,117 during the year ended July 31, 2021 and we have an accumulated deficit of \$11,588,433 as at July 31, 2021. The majority of our net loss comes from our previous business and expenses incurred in our go-public transaction. 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 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 our supply chain and operations. The COVID-19 pandemic has impacted and could further impact our operations and the operations of our suppliers and vendors as a result of quarantines, facility closures, and travel and logistics restrictions. The extent to which the COVID-19 pandemic impacts our 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 our 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. Therefore, the Company cannot reasonably estimate the impact at this time our business, liquidity, capital resources and financial results.

OUR BUSINESS

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 e-commerce platform in March 2021. These products became available through retail distribution partners in the province of British Columbia ("BC") soon after.

We are targeting multi-serve plant-based meals and entrees with our Ready-to-Bake Classics and our Plant-Based Meal Helpers™. All of our products are 100% plant-based, made with wholesome ingredients, free from preservatives, frozen for freshness and have a one-year frozen shelf life. Our products, which include Lasagna, Shepherd's Pie, and Chickenless Pot Pie, Bolognese Sauce and Taco Filling, have garnered excellent consumer reviews, with over 150 - 5 star 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.

Retail sales of dairy and meat alternatives approached \$7 billion in 2020, according to data from the Plant Based Foods Association and the Good Food Institute*. We aim to take the opportunity to continuously innovate with new plant-based products that meet the demand of consumer tastes and expectations for whole food ingredients.

(* <https://www.foodbusinessnews.net/articles/18318-dairy-meat-alternative-sales-surged-to-7-billion-in-2020>)

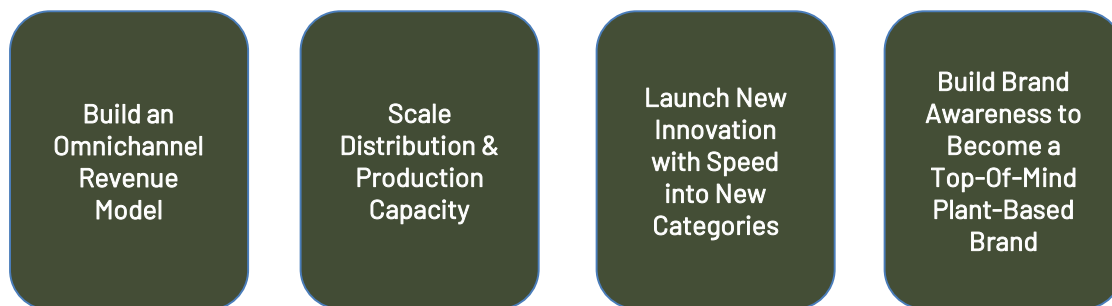
As the plant-based food market grows, consumers have increasing scrutiny for the ingredients in plant-based alternatives. There is a preference towards more real food ingredients, yet consumers may not be willing to sacrifice familiar food experiences and convenience. A key differentiator for our plant-based products is our flavor-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, we take comfort favourites and make them 100% plant-based.

CORPORATE 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.

Our Strategy

Our Strategy is grounded in our vision to become the answer to our consumer’s everyday question of “What’s for Dinner?”. We aim to develop long-lasting and meaningful relationships with our customers through our innovative products that make plant-based eating easy, yet wholesome and incredibly hearty. As a young brand, we are focused on creating customer awareness, scaling production, and expanding both our geographic reach and product portfolio to fulfill our plant-based mission.



Our Business Model

Our strategy is to continually expand our innovation product portfolio with a focus in the frozen plant-based food category and comfort foods. As of November 29, 2021, our frozen product portfolio consisted of 7 products:

- Plant-Based Lasagna, full size (5-6 servings)
- Plant-Based Lasagna, 2 servings

- Plant-Based Shepherd's Pie, full size 5-6 servings
- Plant-Based Shepherd's Pie, 2 servings
- Plant-Based Chickenless Pot Pie
- Plant-Based Walnut Mushroom Bolognese Sauce
- Plant-Based BBQ Mushroom Lentil Taco Filling

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:

- Direct to Consumer through our own eCommerce platform and through Farmers Markets;
- Wholesale through online and brick-and-mortar retailers; and
- Hot Food Delivery through Uber Eats.

eCommerce

Our eCommerce website sells our product assortment individually and in bundles. Consumers order through our website for weekly deliveries or pick-up. We currently operate this model in Metro Vancouver and we have plans to expand to other cities. We also plan to enable delivery nationally through third party logistics partners ("3PL").

We are also targeting 2022 to make our products available to consumers in the United States (the "US") through eCommerce.

Wholesale

We continue our wholesale expansion both within BC and across Canada with a focus on grocery chains, solidifying Komo as a natural plant-based food brand. This is also where our target consumers are looking for wholesome products like the ones we have to offer during their regular grocery shopping trips.

Currently, our products are available through 110 distribution points in BC and Alberta, including Nesters, Choices, Fairway Markets and smaller independent grocers.

In 2022, we plan to expand our wholesale distribution across Canada and into the US.

Food Delivery

In November 2021 we launched our ghost kitchen concept, Komo Eats, with a plant-based comfort food menu consisting of six varieties of gourmet vegan mac and cheese. The menu offering will continue to expand as we develop more recipes, which may include appetizers, additional entrees, snacks, and desserts. It is also another channel of revenue allowing us to share more plant-based food and market our brand in the local market. This channel will enable speed of product development/innovation and serve to facilitate customer feedback about new ideas and innovation. Komo Eats is an extension of Komo Comfort Foods, aligning with Komo's mission to make plant-based meals a staple. The menu offers 6 Gourmet Plant-Based Mac & Cheese items, which features include

- The signature dish is the Buffalo Fried Chick'n Mac & Cheeze made with our proprietary Jackfruit Chick'n, breaded and fried.
- The Cheeze sauce is house made with cashew, cauliflower and coconut.
- We launched our own tofu bacon crumbles in our Bacon Caramelized Onion Mac & Cheeze.
- Our BBQ pulled enoki mushroom are in our BBQ Pulled Mushroom Mac & Cheeze.
- Our Classic Mac & Cheese has our signature made-from-scratch cheezy cashew cauli sauce and macaroni. It is topped with a garlicky parsley panko crumb and fried leeks.

- Our Roasted Garlic Mushroom Mac & Cheeze have a sauteed mushroom medley, roasted garlic, hint of truffle oil and cheezy cashew cauli mac with slow caramelized onions, garlicky panko crumb and topped with fried enoki curls.
- Our Mac & Greens is a Cheezy cashew cauli mac. The ingredients include roasted broccoli, spinach, fried leeks, edamame, basil pesto and garlicky panko crumb.

STRATEGY PROGRESS UPDATE

Omnichannel Revenue Model

e-Commerce Expansion

Our products are available directly to consumers through our eCommerce website. This channel has grown significantly since it was launched in March 2021 paired with digital market efforts on social media, Google ads, and a local digital marketing agency for PPC, SEO services. As of July 31, 2021, 40% of our sales were direct-to-consumer sales but we anticipate that our wholesale sales will make up a bigger proportion of sales going forward given that we have grown from 15 distribution points to 110 retail distribution points as at November 28, 2021. Our eCommerce channel provides direct communication with consumers through our email communications and subscription and allows us to share news, content and gather insights. This channel also creates an avenue of introducing new products rapidly and to a targeted subset of consumers before a wide scale retail launch.

We are currently working with a third-party local delivery company in Metro Vancouver for order deliveries. We are also establishing delivery capacities in Calgary, Alberta for anticipated launch in December 2021. Recently our products are listed with Vejii, an eCommerce merchant with nationwide reach in both Canada and the US. We expect to launch national eCommerce and delivery abilities across Canada later this month.

Currently, we have more than 1,700 email subscribers and more than 170 validated consumer reviews on our eCommerce platform.

Wholesale Distribution

We currently have four distributors distributing our products from our third-party storage facility SubZero Cold Logistics, which is located in BC.

- **Dean's Dairy and Specialty Foods**
Established in 1986, Dean's Dairy & Specialty Foods distributes premium all-natural and organic products to grocers, cafes, and eateries in Vancouver, the Lower Mainland, and just recently, Vancouver Island. To this day, Dean personally selects each brand they represent to ensure clients can expect top quality, consistency and freshness. Dean's delivers 6 days a week with refrigerated trucks that are meticulously maintained in order to ensure the freshest delivery.
- **Goodness Distributors Ltd**
Goodness Distributors provides businesses with more than just quality products. They bring a positive customer service experience, who are searching for health-conscious products and materials. They care about people and about the future together on this beautiful green planet. They provide options that use renewable materials for a greener future. To align with their vision, they provide many food products that are manufactured ethically and taste great. Plus, great eco-friendly paper bags and thermal roll options, all provided with great service, without exception.

- **Transcold Distribution Ltd**
TransCold Distribution is 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. TransCold is a Unilever Master Distributor and has 14 locations in Canada and Western US distributing over 1,200 products through over 40 different brands. TransCold customers in Canada include Safeway, Save on Foods, Loblaws, Real Canadian Superstore, Fresh Co, Thrifty Foods, Whole Foods, Walmart, Nesters Market, Buy-Low Foods, Walmart, Costco, 7-Eleven, Shoppers Drug Mart, SPUD.ca and Pomme Natural Market.
- **Nationwide Natural Foods**
Nationwide distributes a wide selection of natural, organic, gluten free, vegan, & vegetarian products to retailers in Canada. It focuses on delivering clean, natural products that cater to a certain lifestyle to major and independent grocery stores, specialty stores, coffee shops and bistros, including Sobeys, Choices, Quality Foods, Country Grocer, Save-On-Foods and Whole Foods.

With frozen food products, ensuring the cold chain is maintained is important for both food quality and safety. Our range of distributors service both independent and national chain retailers.

Distribution Points

As of November 28, 2021, we have 110 points of distribution and we are anticipating 150 points of distribution by the end of 2021 and 1,000 by the end of 2022. Our goal is to distribute our products nationally through grocery chains and concurrently establish Komo as a natural food brand. Our distribution point includes premium grocery banners such as:

- 16 Nesters Market locations,
- 10 Choices Markets locations,
- 10 Fairway Market locations,
- 7 Nature's Fair locations,
- 8 IGA locations, and
- many other independent retailers.

US Expansion

We aim to expand to the US market in 2022. The US market is a significantly larger market than Canada and demands innovative plant-based products. Our current distributor, TransCold, has a distribution network in western US. We are also actively engaging with other potential US distribution and broker partners.

Food Delivery

In November 2021 we launched our plant-based comfort food menu, Komo Eats, through UberEats. This adds another channel to share our passion in plant based foods with our consumers. We will utilize this channel to test new ideas and concepts that can be funneled into the innovation pipeline. We envision our food delivery concept to serve as a test kitchen for new innovation that enables both speed and access to consumer feedback. Due to low barriers of introducing new products, flavours and concepts, this channel will allow more risk-taking innovation that can be validated through sales and consumer reception. We will use this feedback to improve and reiterate products and determine whether a retail launch would be viable. We are committed to expanding this concept, and grow the menu of offering both locally and nationally. We will also aim to add our menu to other delivery apps including Door Dash and Skip the Dishes.

We also plan to add our existing frozen products to the delivery menu through food delivery apps.

Asset Light and Scalable Production Capacity

We launched our brand from a leased shared kitchen and we have since expanded our kitchen production space several times. This strategy allowed us to launch to market quickly and iterate rapidly to respond to feedback from consumers. This included launching our two-serves in response to feedback for smaller sizes and expanding our line to include our plant-based meal helpers. The strategy served us well through Phase 1 (March–September, 2021) to launch locally, gather feedback, start building out brand and relationships with customers locally – using Vancouver as the test market, which provides us with more reassurance of product-market fit and acceptance

As we progressed to Phase 2, we scaled production through a co-manufacturing partner. In August and September, 2021, we started to produce six of seven SKUs with a co-manufacturer locally. Our goal is to outsource all seven SKUs with co-packing partners. The co-packing strategy enables us to scale up production quickly while remaining asset and overhead light.

Our current co-packer will invest in its growth through shared equipment upgrades and supporting both research and development and quality assurance processes. The co-packer's current capacity is 260,000 lbs of production per year, with opportunities to increase to 350,000 lbs with equipment upgrades and hiring additional production labour. The size and profile of the co-packer fits us well at the current stage. We intend to co-invest in capacity to satisfy our growth in the future.

Meanwhile, we will keep our kitchen production space to ensure products can launch with speed to market, and work closely with our co-manufacturing partners to ensure quality meets our standards.

Plant-based Innovation

We initiated our innovation in early 2021 by launching three product lines:

- Ready-to-Bake Classics: these are wholesome favourites in two-serving and family-sized offerings that are ready to bake for a plant-based meal ready in one hour or less, including our top seller Lasagna, Shepherd's Pie and Chickenless Pot Pie.
- 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. This includes our Walnut Mushroom Bolognese and BBQ Pulled Mushroom & Lentil Taco Filling

We are planning to launch a plant-based sweets category in early 2022.

Our innovation pipeline will take into account consumer feedback received through our multiple channels: DTC through eCommerce, farmers market connects with consumers and trade shows. Pairing this with sales data and market trend analysis, we determine which products to develop and launch. Our omnichannel with DTC and our Ghost Kitchen serves as an easy, rapid method of testing innovative ideas. Our goal is to launch new products through DTC locally and testing through our food delivery platform to validate product-market fit before scaling products commercially. This will help ensure our products have a greater chance of success in retail and alleviate some of the risk of bringing a product to market. This approach also allows us to hone our messaging to consumers and be bolder with our innovation.

We plan to develop more gluten-free products in the pipeline based on consumer feedback we have received. We will be aiming to build a strong consumer feedback loop through email surveys and sampling programs locally. For example, in Phase 1, we learned that consumers resonated with the wholesome ingredients and sustainable packaging. Within a couple of months, we sourced organic Canadian green lentils and removed added flavours and

other additives from our products in Phase 2 to align with the wholesome value of our products and brand. We also sourced aluminum packaging and reduced plastic packaging to ensure a better user experience and more sustainable packaging option.

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 honing our social media channels and participating in weekly local farmers markets to meet new consumers and attending local trade shows.

Social media including Facebook and Instagram will be our primary channels for interacting and reaching new consumers. We currently produce our social content internally to ensure agility and sharing our authentic brand story with consumers. For PPC and SEO, we have hired an external agency to drive brand awareness and conversion. We work closely with the agency to test messaging strategies, locations and consumer segments. We also engage regularly with our 1,700 and growing list of email subscribers with promotions, plant-based content, and product information to build consumer loyalty and trust. We envision both social 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.

As we expand eCommerce to new locations, we plan to extend our social media marketing in parallel. We will also continue to exhibit at trade shows and local farmers markets. In 2022, we are planning to exhibit at Planted Expo (BC and Ontario), West Coast Women's Show (BC), The Wellness Show (BC), CHFA West and the Natural Expo West (California).

OUTLOOK

Our omnichannel revenues model is shaping up with DTC, wholesale and ready-to-eat food delivery. 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 in the Eastern provinces of Canada and to the US market. We aim to grow our distribution network to five times larger and reach 1,000 distribution points.

We will continue to expand our eCommerce nationally by establishing logistics and delivery capabilities across Canada and in the US. eCommerce will continue to be a key pillar of our omnichannel strategy and allow us to create a direct relationship with our consumers. We aim to transition the fulfillment of sales orders to third-party distribution centres through 3PL partnerships to improve operational efficiencies.

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 our Komo Eats food delivery channel and local launches to validate new product ideas before scaling through co-manufacturing partners. Building on the existing research and development pipeline, we will continue to invest in research and development and launch an additional six to ten innovative plant-based comfort foods over the next year.

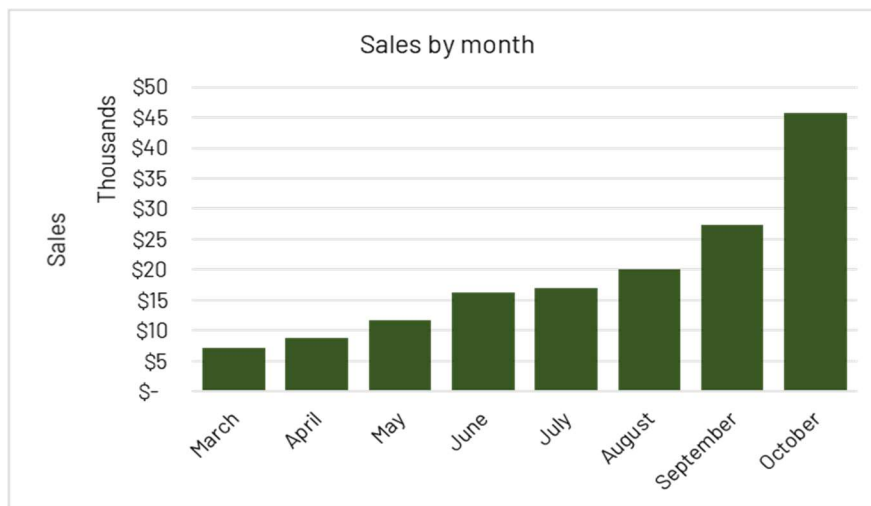
We will expand brand awareness in Canada, especially in the central and eastern provinces, by directly interacting with our consumer through social media platforms, our direct-to-consumer sales channels and trial and tasting programs. We will initiate brand awareness activities in the US market in 2022.

OVERALL PERFORMANCE

In summary, we have made significant progress in the following areas since we launched our products in March 2021 through to November 25, 2021:

Products	7 retail products in the market and a robust innovation pipeline 6 fresh meals for food delivery through Komo Eats
Direct to consumer	Online sales and Farmers Markets in Metro Vancouver
Wholesale distribution	4 distributors and over 110 distribution points, including 4 online retailers
Production and logistics	1 co-packing partner and 3 logistics and delivery partners

Sales growth since products launch in March 2021



During the year ended July 31, 2021, 73% of sales were through direct-to-consumer channels and 27% were through wholesale distribution. We aim to grow both channels simultaneously, but we anticipate the wholesale channel will grow faster than direct to consumer channel due to the coverage of our distributor network.

Gross profit margin

Our overall gross profit margin for the year ended July 31, 2021 was 42% with direct-to-consumer channels gross margin of 45% and wholesale channel margin of 35%.

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 year ended July 31, 2021 and 2020.

	2021	2020
Revenues	\$ 62,835	\$ -
Loss before other income (expenses)	(2,129,900)	(1,826,646)
Net Loss from continuing operations	(6,457,300)	(2,606,204)
Basic and diluted loss per shares from continuing operations	(0.08)	(0.11)
Total Assets	738,599	253,817
Dividends declared and paid out in cash	-	-

Revenues for the year ended July 31, 2021 included sales from plant-based comfort foods of \$60,969 and home service app of \$1,866. We do not intend to further develop the home service app business.

Net loss for the year ended Jul 31, 2021 included a one-time listing expense of \$4,309,084 as the fair value of equity instruments issued to the shell company through a Reverse Take-Over transaction less fair value of assets acquired. Net loss also included operating expenses of \$2,157,591. Net loss for the year ended July 31, 2020 consisted of operating expenses related to developing the former business which was disposed of. Our business going forward is the manufacturing and distribution of plant-based foods products.

DISCUSSION ON OPERATIONS

During the year ended July 31, 2021 we focused on the transition to the plant-based food business. The comparative discussion for the year ended July 31, 2020 was related to our former business which was disposed of pursuant to an Asset Purchase Agreement dated October 30, 2020.

Revenue

We initiated the commercialization of our plant-based comfort foods on March 4, 2021. At July 31, 2021 we had 7 products being distributed in the province of British Columbia of Canada and Alberta. We are in progress to develop a distribution network that will distribute our products across Canada and in the US. We also intend to develop eCommerce capabilities in eastern Canada and the US.

We recognized \$62,835 of revenue during the year ended July 31, 2021, compared to \$nil in the prior year. Revenues from plant based foods products were \$60,969, and revenues from home services app was \$1,866 which the company does not intend to further develop.

Revenues from the plant based products are consisted of the following:

Direct to Consumer (eCommerce and local farmers' markets)	\$ 44,789
Wholesale	<u>\$ 16,180</u>
Total	\$ 60,969

Gross profit

Gross profit consists of product sales, less costs of manufacturing products and all other related expenses to make products ready for sale. For the year ended July 31, 2021, gross profit from plant based products sales was \$25,825, representing 42% gross profit margin. Our gross profit margin included the following:

Direct to consumer,	45%
Wholesale,	<u>35%</u>
Total	42%

Advertising and promotion

Advertising and promotion expenses are related to our activities in promoting our corporate and product brand, Komo and our plant-based comfort food products. For the year ended July 31, 2021, we incurred \$387,412 in advertising and promotion expenses as compared to \$62,397 in the prior year. These expenses included corporate media advertising, market studies, brand design, labelling artwork, primary packaging design, social media launch and maintenance, and creatives and contents for the website.

Consulting fees

We are an emerging business which engages 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 year ended July 31, 2021, we incurred consulting expenses of \$180,570 as compared to \$246,234 in the prior year. The decrease in consulting fees was primarily driven by the change of business.

Depreciation

Depreciation expenses are related to equipment, furniture and fixtures, computers, and right of use assets. For the year ended July 31, 2021, we incurred depreciation expenses of \$9,059 as compared to \$12,717 in the prior year.

Fulfillment

Fulfillment costs consist of shipping, freight, delivery, warehousing and other logistics costs. For the year ended July 31, 2021, we incurred fulfillment costs of \$12,519. We did not incur fulfillment costs in the prior year.

General and Administrative

For the year ended July 31, 2021, we incurred general and administrative expenses of \$312,474 as compared to \$53,261 in the prior year. The increase in general and administrative expenses was largely driven by director fees and expenses related to the going public process.

Investor relations

For the year ended July 31, 2021, we incurred investor relations expenses of \$175,553 including investors' media, new releases and events. We did not incur investor relations expenses during the prior year.

License fees

For the year ended July 31, 2021, we did not incur any license fees as compared to \$1,077,700 for the year ended July 31, 2020, which were paid with non-cash considerations for licensing agreements related to a previous business which has now been discontinued.

Professional fees

Professional fees consist of legal, accounting, recruiting and audit services. For the year ended July 31, 2021, we incurred professional fees of \$373,771 as compared to \$85,007. The increase in professional fees was driven by the going public activities.

Research and development

Research and development costs are related to our plant-based foods products. For the year ended July 31, 2021, we incurred research and development costs of \$42,670 as compared to \$nil in the prior year.

Selling costs

Selling costs consist of fees paid to sales agencies, brokers and transaction fees of our eCommerce selling platforms. For the year ended July 31, 2021, we incurred selling costs of \$10,718. We did not incur selling costs during the prior year.

Share-based compensation

Share-based compensation is related to stock options granted to directors, officers, employees and consultants. For the year ended July 31, 2021, we incurred share-based compensation expenses of \$441,400 as compared to \$81,760 in the prior year. The increase in share-based compensation expenses was driven by the varying vesting schedules of underlying stock options and new options issued during the year ended July 31, 2021.

Travel expenses

Travel expenses are related to employee business travels. For the year ended July 31, 2021, we incurred travel expenses of \$12,055 as compared to \$38,890 in the prior year.

Wages

Wages expenses are related to our senior management and employees. As we focused our resources on the transition of the business, we paid wages of \$199,390 for the year ended July 31, 2021, as compared to wages expenses of \$168,680 for the year ended July 31, 2020.

Investment income (loss)

We realized an investment loss of \$8,119 during the year ended December 31, 2021 as compared to an investment loss of \$774,293 in the prior year. Investment income and loss was related to non-recurring transactions and consisted of the following:

	2021	2020
Impairment of promissory note and interest receivable	\$ -	\$ (631,736)
Realized loss on marketable securities	(84,251)	(28,208)
Unrealized gain (loss) on marketable securities	76,132	(114,349)
Total	\$ (8,119)	\$ (774,293)

Listing expenses

During the year ended July 31, 2021, our common shares became listed on the CSE through a reverse takeover transaction. The transaction was considered a business combination. The transaction resulted in a listing expense of \$4,309,084 which represented the fair value or the purchase price less fair value of assets acquired. A reconciliation of the purchase price paid is shown below.

Common Shares (38,457,490 common shares at \$0.10 per share)	\$ 3,845,749
Fair value of options effectively issued	32,605
Fair value of warrants effectively issued	976,977
	\$ 4,855,331

Fair value of 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

Other expense

Other expenses included non-operating amounts, impairment, gain or loss on settlement of liabilities and asset disposals. For the year ended July 31, 2021, we incurred other expenses of \$10,197 as compared to \$5,265 in the prior year. A breakdown of other expenses is shown below:

	2021	2020
Foreign exchange gain	\$ 1,141	\$ 5,309
Gain on settlement of lease liability	23,316	-
Impairment of right-of-use asset (Note 10)	(28,616)	-
Interest expense (Note 13, 14 and 15)	(14,769)	(10,574)
Loss on change in fair value of derivative liability	(262)	-
Loss on settlement of receivables	(9,495)	-
Loss on disposal of subsidiary (Note 25)	(1,754)	-
Other income (Note 15)	20,242	-
Total	\$ (10,197)	\$ (5,265)

Net loss from continuing operations

We incurred a net loss from continuing operations of \$6,457,300 for the year ended July 31, 2021, as compared to net loss from continuing operations of \$2,606,204 in the prior year, primarily driven by listing expenses professional fees, wages, share-based compensation, consulting fees and other operating costs.

Net loss from discontinued operations

In October 2021, we discontinued our former business through a spin-off transaction. During the year ended July 31, 2021, we incurred a net loss from discontinued operations of \$14,866, as compared to net loss from discontinued operations of \$430,651 for the year ended July 31, 2020. These amounts are derived from our former clothing, and personal care business related to our former wholly-owned subsidiary, Kingdom Brands Management Inc ("K Brands).

Dividends

During the year ended July 31, 2021, the Company issued a dividend in kind with a fair value of \$30,124 to all our shareholders by issuing one K Brands common share for every 4 common shares held in the Company.

No dividends were declared or paid during the year ended July 31, 2020.

LIQUIDITY

	July 31, 2021	July 31, 2020
Current ratio ⁽¹⁾	1.7	1.0
Cash	\$ 342,996	\$ 55,332
Working capital (deficit) ⁽²⁾	\$ 284,940	\$ (3,980)
Debt ⁽³⁾	\$ 227,287	\$ -
Shareholders' equity	\$ 240,566	\$ 4,783

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

(2) Working capital is current assets minus current liabilities

(3) Debt as of July 31, 2021 consisted of Canada Emergency Business Account interest-free loans from the Canadian government as part of its COVID-19 financial assistance program and convertible debentures

Working Capital

We had working capital of \$284,940 as at July 31, 2021 as compared to a working capital deficit of \$3,980 as at July 31, 2020. The increase in working capital was primarily due to the completion of various private placements.

CAPITAL RESOURCES AND MANAGEMENT

As at July 31, 2021, we had cash of \$342,996.

We are authorized to issue an unlimited number of common shares. As at July 31, 2021, there were 85,438,661 common shares issued and outstanding. We also had 46,701,943 share purchase warrants with weighted average exercise price of \$0.54 and 13,354,500 stock options with weighted average exercise price of \$0.13.

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.

OFF-BALANCE SHEET ARRANGEMENTS

As at July 31, 2021 and July 31, 2020, we had no off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

- (a) As at July 31, 2021, the Company owed \$nil (2020 - \$13,631) to the spouse of the President and Chief Executive Officer ("CEO") of the Company, of which \$nil (2020 - \$5,370) is included in accounts payable and accrued liabilities. During the year ended July 31, 2021, the Company incurred consulting fees of \$110,000 (2020 - \$77,000) to the spouse and a company controlled by the spouse of the President and CEO of the Company.
- (b) As at July 31, 2021, the Company is owed \$nil (2020 - \$628) from the President and CEO of the Company. During the year ended July 31, 2021, the Company incurred wages of \$20,000 (2020 - \$132,000) and director's fees of \$90,000 (2020 - \$nil) to the President, CEO and director of the Company.
- (c) As at July 31, 2021, the Company is owed \$576 (2020 - \$8,247) from a company controlled by the President and CEO of the Company, which is unsecured, non-interest bearing, and due on demand.
- (d) As at July 31, 2021, the Company owed \$nil (2020 - \$2,000) to a former director of the Company, Robert Horsley, which is included in accounts payable and accrued liabilities. During the year ended July 31, 2021, the Company incurred consulting fees of \$nil (2020 - \$35,000) to Mr. Horsley.
- (e) During the year ended July 31, 2021, the Company incurred consulting fees of \$nil (2020 - \$10,000) to a company controlled by a former director of the Company, Krystal Pineo.
- (f) During the year ended July 31, 2021, the Company incurred professional fees of \$nil (2020 - \$10,157) and consulting fees of \$15,000 (2020 - \$nil) to the Chief Financial Officer of the Company.

- (g) As at July 31, 2021, the Company owed \$nil (2020 - \$39,756) to Better Plant Sciences Inc. ("BPS"), an associated company with common officers. During the year ended July 31, 2020, the Company received 300,000 shares of BPS with a fair value of \$87,000 from a former director of the Company to settle \$12,494 owed by the President and CEO of the Company and \$54,835 owed by the former director of the Company. During the year ended July 31, 2021, the Company incurred advertising and promotion of \$119,817 (2020 - \$nil), investor relations of \$8,880 (2020 - \$nil), fulfilment costs of \$10,533 (2020 - \$nil), general and administrative of \$27,110 (2020 - \$nil), and \$84,319 of professional fees (2020 - \$nil) to BPS. As at July 31, 2021, the Company held a deposit of \$50,000 (2020 - \$nil) with BPS pursuant to an operating agreement, which is included in prepaid expenses and deposits.
- (h) During the year ended July 31, 2021, the Company incurred a license fee of \$nil (2020 - \$663,200) to Urban Juve Provisions Inc. ("Urban Juve"), an associated company with common officers.
- (i) As at July 31, 2021, the Company is owed \$nil (2020 - \$176) from NeonMind Biosciences Inc. ("NeonMind"), an associated company with common officers. During the year ended July 31, 2021, the Company incurred a license fee of \$nil (2020 - \$414,500) to NeonMind.
- (j) As at July 31, 2021, the Company owed \$nil (2020 - \$1,658) to Jusu Bars Corp. ("Jusu"), an associated company with common officers, which is included in accounts payable and accrued liabilities. As at July 31, 2021, the Company held a deposit of \$10,000 (2020 - \$6,525) with Jusu pursuant to an operating agreement, which is included in prepaid expenses and deposits.
- (k) During the year ended July 31, 2021, the Company incurred director's fees of \$66,350 (2020 - \$nil) to a director of the Company, Daniel Kang.
- (l) During the year ended July 31, 2021, the Company incurred consulting fees of \$4,000 (2020 - \$nil) to a director of the Company, Angelo Rajasooriar.
- (m) As at July 31, 2021, the Company owed \$3,896 (2020 - \$nil) to the President and CEO of the Company's subsidiary, Komo Plant Based Comfort Foods Inc., which is unsecured, non-interest bearing, and due on demand. During the year ended July 31, 2021, the Company incurred wages of \$83,187 (2020 - \$nil) to the President and CEO of the Company's subsidiary.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of 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 life, carrying value, and incremental borrowing rate used for the right-of-use assets and lease liabilities, impairment of marketable securities, intangible assets, and property and equipment, 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.

Accounting Standards Issued but Not Yet Effective

Certain pronouncements have been issued by the IASB or the IFRS Interpretations Committee that are mandatory for accounting years beginning on or after August 1, 2021 or later years. Management does not believe the adoption of these future standards will have a material impact on our consolidated financial statements.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

(a) Fair Value

Assets and liabilities measured at fair value on a recurring basis were presented on the Company's consolidated statement of financial position as at July 31, 2021, as follows:

	Fair Value Measurements Using			Balance July 31, 2021
	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Derivative liabilities	-	-	\$14,582	\$14,582

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 due to the relatively short-term maturity of these instruments.

(b) Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligation. The Company minimizes its credit risk associated with its cash balance by dealing with major financial institutions in Canada. The carrying amount of financial assets represents the maximum credit exposure.

(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:

	July 31, 2021	July 31, 2020
	US\$	US\$
Prepaid expenses and deposits	12,289	13,314
Accounts payable and accrued liabilities	(800)	(31,402)
Net exposure	11,489	(18,088)
Canadian dollar equivalent	14,335	(24,245)

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

(d) Interest Rate Risk

The Company's exposure to interest rate risk relates to its ability to earn interest income at variable rates on cash balances. The fair value of the Company's cash is not significantly affected by changes in short-term interest rates.

(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 its marketable securities. The Company's marketable securities consist of warrants held in a publicly-traded company and profitability depend upon the market price of the common shares for the publicly-traded company. The market price for common shares of publicly-traded companies can fluctuate significantly, and there is no assurance that the future market price of this publicly-traded company will not decrease significantly.

CONTROLS AND PROCEDURES

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 ("ICFR")

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 ICFR

Our management, including the CEO and CFO, do not expect that our disclosure controls and procedures and ICFR 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.

RISK FACTORS

The following are certain factors relating to the Company's business, which readers of this MD&A should carefully consider. The following information is 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. These 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.

Reliance on Key Personnel

The Company strongly depends on the business and technical expertise of its management team and there is little possibility that this dependence will decrease in the near term. The Company's success will depend in large measure on certain key personnel. The loss of the services of such key personnel could have a material adverse effect on the Company's business and prospects as the Company may not be able to find suitable individuals to replace them on a timely basis. The contributions of the existing management team to the Company's immediate and near term operations are likely to be of central importance.

Investors must rely upon the ability, expertise, judgment, discretion, integrity and good faith of the Company's management. The amount of time and expertise expended on the Company's affairs by each of the Company's management team and the Company's directors will vary according to the Company's needs. The Company does not intend to acquire any key-person insurance policies and there is, therefore, a risk that the departure of any member of management, the Company's Board, or any key employee or consultant, could have a material adverse effect on the Company's future.

Protection of Intellectual Property Rights

The Company relies on unpatented proprietary expertise, recipes and formulations and other trade secrets to develop and maintain the Company's competitive position. The Company's success depends, to a significant degree, upon the Company's ability to protect and preserve its intellectual property. The Company's employees with access to such information are subject to confidentiality provisions contained in their employment offers which prohibit them from disclosing information acquired by them during, as a consequence of or in connection with their employment. The Company relies on these agreements to protect its intellectual property rights. Nevertheless, trade secrets are difficult to protect. Although the Company attempts to protect its trade secrets, its confidentiality provisions may not effectively prevent disclosure of the Company's proprietary information and may not provide an adequate remedy in the event of unauthorized disclosure of such information.

Komo Foods has applied for primary and operating trademarks with the U.S. Patent and Trademark office for the "Komo" portion of its trade name. Komo Foods has also applied for the same trademark in Canada. The trademarking process can take up to 24 months to complete and can be challenged during the process. At this time the Company cannot state whether the trademarks Komo Foods has applied for will be approved, refused, and/or ultimately registered. In addition, the Company's trademark rights and related registrations may be challenged in the future and could be canceled or narrowed. Failure to protect the trademark rights could prevent the Company in the future from challenging third parties who use names and logos similar to the Company's trademarks, which may in turn cause consumer confusion or negatively affect consumers' perception of the Issuer's brand and products. In addition, if the Company does not keep the Company's trade secrets confidential, others may produce products with the Company's recipes or formulations. Moreover, intellectual property disputes and proceedings may be protracted with no certainty of success, and an adverse outcome could subject us to liabilities, force the Company to cease use of certain trademarks or other intellectual property or force the Company to enter into licenses with others. Any one of these occurrences may have a material adverse effect on the Company's business, results of operations and financial condition.

Competition

The industry the Company operates in is intensely competitive and the Company faces competition from numerous brands that produce plant-based food products including small and large independent companies as well as large scale manufacturers of animal-based protein that have integrated plant-based meat alternatives within their product offerings. Many of these competitors have substantial financial backing and established brand reputation. Competition is based on product availability, product quality, price, effective promotions, and the ability to target changing consumer preferences. Failure to compete against other similar companies and products could have a material adverse effect on the Company's business, financial condition and results of operations.

Public Health Crises

Public health crises could adversely affect the Company's business. The Company's financial and/or operating performance could be materially adversely affected by the outbreak of public health crises, epidemics, pandemics or outbreaks of new infectious diseases or viruses, such as the recent global outbreak of COVID-19. Such public health crises, including the ongoing COVID-19 pandemic, can result in volatility and disruption to global supply chains, consumer, trade and market sentiment, mobility of people, and global financial markets, which could affect share prices, interest rates, credit ratings, credit risk, inflation, business, financial conditions and results of

operations, and other factors relevant to us. The risks to the Company of such public health crises, including the ongoing COVID-19 outbreak, also include risks to employee health and safety, a slowdown or temporary suspension of operations in geographic locations impacted by an outbreak or could result in the cancellation of orders, as well as supply chain disruptions and could negatively impact the Company's business, financial condition and results of operations.

In particular, the current restrictions, and future prevention and mitigation measures implemented as result of the current COVID-19 pandemic, are likely to have an adverse impact on global economic conditions and consumer confidence and spending, which could materially adversely affect the demand and supply for the Company's products. Uncertainties regarding the economic impact of COVID-19 is likely to result in sustained market turmoil, which could also negatively impact the Company's business, financial condition and cash flows and the trading price of the Common Shares.

Government Regulation of the Food Industry Creates Risks and Challenges

The Company's operations are subject to regulation by government agencies including, among others, Health Canada and the CFIA. These agencies regulate the processing, packaging, storage, distribution, advertising, and labeling of the Issuer's products, including food safety standards. The Company's manufacturing facility and products are subject to inspection by federal, provincial, and local authorities. The Company strives to maintain compliance with all laws and regulations and maintain all permits and licenses relating to the Company's operations. Nevertheless, there can be no assurance that the Company is in compliance with all such laws and regulations, or that it has all necessary permits and licenses, and will be able to comply with such laws and regulations, or obtain such permits and licenses in the future including, for example, the SFCA license. Failure by the Company to comply with applicable laws and regulations and permits and licenses could subject the Company to civil remedies, including fines, injunctions, recalls or seizures, as well as potential criminal sanctions, which could have a material adverse effect on the Company's financial condition and results of operations. In addition, enforcement of existing laws and regulations, changes in legal requirements and/or evolving interpretations of existing regulatory requirements may result in increased compliance costs and create other obligations, financial or otherwise, that could adversely affect the Issuer's business, financial condition or results of operations.

Price of Raw Materials

Costs of the ingredients and packaging for the Company's products are volatile and can fluctuate due to conditions that are difficult to predict, including global competition for resources, weather conditions, consumer demand and changes in governmental trade and agricultural programs. Volatility in the prices of raw materials and other supplies the Issuer purchases could increase the Issuer's cost of sales and reduce the Company's profitability. Moreover, the Company may not be able to implement product price increases to cover any increased costs, or any price increases implemented may result in lower sales volumes. If the Company is not successful in managing the Company's ingredient and packaging costs, and unable to increase the Company's prices to cover increased costs or if such price increases reduce sales volumes, then such increases in costs will adversely affect the Company's business, results of operations and financial condition.

Consumer Trends

The Company's business is focused on the development, manufacture, marketing and distribution of branded plant-based products as alternatives to meat-based protein products. Consumer demand could change based on a number of possible factors, including dietary habits and nutritional values, concerns regarding the health effects of ingredients and shifts in preference for various product attributes. If consumer demand for the Issuer's products decreases, the Company's business and financial condition would suffer. In addition, sales of plant-based protein or meat-alternative products are subject to evolving consumer preferences that the Company may not be able to accurately predict or respond to. Consumer trends could change based on a number of possible factors, including economic factors and social trends. A significant shift in consumer demand away from the Company's products could reduce sales, which would harm the Company's business and financial condition.

Supply Chain Management

Insufficient or delayed supply of products threatens the Company's ability to meet customer demands while over capacity threatens the Company's ability to generate profit. Accordingly, any failure by the Company to properly manage the Company's supply chain could have a material adverse effect on the Company's business, financial condition and results of operations. The Company does not have written supply agreements with the Company's suppliers. Because of the absence of such contracts, any of such suppliers could seek to alter or terminate its relationship with the Company at any time, which could result in disruption in the Company's supply chain.

Climate Change

There is concern that carbon dioxide and other greenhouse gases in the atmosphere may have an adverse impact on global temperatures, weather patterns and the frequency and severity of extreme weather and natural disasters. If such climate change has a negative effect on agricultural productivity, the Company may be subject to decreased availability or less favorable pricing for certain commodities that are necessary for the Issuer's products, such as legumes.

Cybersecurity

A compromise of the Company's security systems that results in the Company's customers' or suppliers' information, or confidential information about the Company's employees or the Company's business being obtained by unauthorized persons or a breach of information security laws and regulations could adversely affect the Company's reputation, financial condition and results of operations, and could result in litigation against the Company or the imposition of penalties. In addition, a security breach could require that the Company expend significant additional resources related to remediation, including changes in the information security systems, and could result in a disruption of the Company's operations, and in particular, the Company's eCommerce store.

Food Safety and Consumer Health

The Company is subject to risks that affect the food industry in general, including risks posed by food spoilage, accidental contamination, product tampering, consumer product liability, and the potential costs and disruptions of a product recall. The Company manages these risks by maintaining strict and rigorous controls and processes in the Company's production facility and distribution system. However, the Company cannot assure that such systems will eliminate the risks related to food safety. The Company could be required to recall certain or a large portion of the Company's products in the event of contamination or adverse test results or as a precautionary measure. There is also a risk that not all of the products subject to the recall will be properly identified, or that the recall will not be successful or not be enacted in a timely manner. A product recall could result in significant losses due to its costs, destruction of product inventory and lost sales due to the unavailability of the product or potential loss of current or new customers as a result of an adverse impact on the Company's reputation. In addition, once purchased by consumers, the Company will have no further control over the Company's products and consumers may prepare the Company's products in a manner that is inconsistent with the Company's directions which may adversely affect the quality and safety of the Company's products. Any product contamination could subject us to product liability claims, adverse publicity and government scrutiny, investigation or intervention, resulting in increased costs and decreased sales. Any of these events could have a material adverse impact on the Company's business, financial condition and results of operations.

Brand Value

The Company's success largely depends on its ability to maintain and grow the value of the Komo brand. Maintaining, promoting and positioning the Company's brand and reputation will depend on, among other factors, the success of the Company's product offerings, food safety, quality assurance, marketing and merchandising efforts and the Company's ability to provide a consistent, high-quality customer experience. Brand value is based on perceptions of subjective qualities, and any incident that erodes the loyalty of customers or suppliers, including adverse publicity or a governmental investigation or litigation, could significantly reduce the value of the Company's brand and adversely affect the Company's business, results of operations and financial condition.

Internet Search Algorithms

In order to attract new customers and retain existing customers, it is important that the Company's brand shows up prominently in internet search results. Changes to internet search engines' algorithms or terms of service could cause the Company's website to appear less prominently in search results.

Reputation Risk

Real or perceived quality or food safety concerns or failures to comply with applicable food regulations and requirements, whether or not ultimately based on fact and whether or not involving us or incidents involving the Company's competitors, could cause negative publicity and reduced confidence in the Company and the Company's products, which could cause harm to the Company's brand, reputation and sales, and could materially adversely affect the Company's business, financial condition and results of operations. The growing use of social and digital media increases the speed and extent that information or misinformation and opinions can be shared. Negative publicity about the Company, the Company's brand or products on social or digital media could seriously damage the Company's reputation. Without a favorable perception of the Company's brand and products, the

Company's sales and profits could be negatively impacted.

Risks Associated with Leasing Commercial Space

The Company does not own any real estate. Instead, the Company leases its production location. Accordingly, the Company is subject to all of the risks associated with leasing, occupying and making tenant improvements to real property, including adverse demographic and competitive changes affecting the location of the property and changes in availability of and contractual terms for leasable commercial space. Changes in areas around the Company's production location, that render the location unsuitable or altogether unavailable due to unforeseen or extraordinary circumstances including as a result of the COVID-19 pandemic, could adversely affect the Company's business, results of operations, and financial condition.

Effect of Product Innovation

The Company's growth in part depends on its ability to develop and market new products and improvements to the Company's existing products that appeal to consumer preferences. The success of the Company's innovation and product development efforts is affected by the Company's ability to anticipate changes in consumer preferences, the technical capability of the Company's R&D team in developing and testing product prototypes, including complying with applicable governmental regulations, the success of the Company's management and sales and marketing team in introducing and marketing new products and positive acceptance by consumers. Failure to develop and successfully market and sell new products, may inhibit the Issuer's growth, sales and profitability.

Failure to Retain Current Customers and/or Recruit New Customers

The Company's success, and its ability to increase revenue and operate profitably, depends in part on the Company's ability to acquire new customers and retain existing customers, so that they continue to purchase the Company's products. The Company may fail to acquire or retain customers across the Company's distribution channels due to negative value and quality perceptions, a lack of new and relevant products or failure to deliver customers' orders in a timely manner.

Litigation Risk

The Company may become party to litigation from time to time in the ordinary course of business which could adversely affect the Company's business. Should any litigation in which the Company becomes involved be determined against us, such a decision could adversely affect the Company's ability to continue operating and the market price for the Common Shares and could use significant resources. Even if the Company was ultimately successful in any litigation, litigation can redirect significant resources and may also create a negative perception of the Company's brand.

Third Party Reliance for Shipping and Payment Processing

The Company relies on third party courier delivery organizations to deliver the Company's products to customers of the Company's eCommerce store. Increases in shipping, postal or payment processing rates could have an adverse effect on the Company's results of operations as the Issuer may not be able to effectively pass such increases on to the Company's customers. In addition, strikes or other service interruptions by service providers could adversely affect the Company's ability to deliver on a timely basis.

History of Losses

Both Komo Foods and the Company have experienced net losses since incorporation. The Company anticipates that its operating expenses and capital expenditures will increase substantially in the foreseeable future as it continues to invest to increase the Company's customer base, supplier and distributor network, invest in production facilities, hire additional employees and enhance the Company's production capabilities. The Company's expansion efforts may prove more expensive than anticipated, and it may not succeed in increasing sales and margins sufficiently to offset the anticipated higher expenses. The Company will incur expenses in developing its products, obtaining and storing ingredients and other products and marketing the products the Company offers. In addition, many of the Company's expenses, including the costs associated with the Company's existing production facilities, are fixed. Accordingly, the Company may not be able to achieve or sustain profitability, and the Issuer may incur significant losses for the foreseeable future.

Negative Cash Flow

The Company has had negative cash flows from operations from the fiscal years ended July 31, 2021 and 2020 and if the Company is not able to obtain further financing, the Company's business operations may fail. The Company anticipates that it will require additional financing while the Company operates and expands its business. Consequently, the net proceeds from sales of securities may be used to fund anticipated negative cash flow from operating activities in future periods. There can be no assurance that any financing will be available to the Company, or, even if it is, if it will be offered on terms and conditions acceptable to the Company. The Company's inability to obtain additional financing in a sufficient amount when needed and upon terms and conditions acceptable to the Company, could have a material adverse effect upon the Company. If additional funds are raised by issuing equity securities, dilution to existing or future shareholders will result. If adequate funds are not available on acceptable terms when needed, the Issuer may be required to delay, scale back or eliminate the expansion of the Company's business.

Dividend Risk

Neither Komo Foods nor the Company have paid dividends in the past, and the Company does not anticipate paying dividends in the near future. The Company expects to retain earnings to finance further growth and, where appropriate, retire debt.

Global Economic Risk

Adverse and uncertain economic conditions as a result of a global pandemic, may impact consumer demand for the Company's products. Consumers may shift purchases to lower-priced or other perceived value offerings during economic downturns. In particular, consumers may reduce the amount of plant-based food products that they purchase where there are conventional animal-based protein offerings, which generally have lower retail prices. In addition, consumers may choose to purchase private label products rather than branded products because they are generally less expensive. The Company's success depends upon, among other things, the Company's ability to maintain and increase sales volume with the Issuer's existing customers, the Company's ability to attract new consumers and the Company's ability to provide products that appeal to consumers at the right price. Prolonged unfavorable economic conditions may have an adverse effect on the Company's sales and profitability.

SUBSEQUENT EVENTS

- (a) On August 6, 2021, the Company granted 250,000 stock options exercisable at \$0.10 per share until August 6, 2026. The options are subject to vesting conditions, of which 31,250 options vest December 6, 2021, and the remaining options vest in increments of 31,250 options every 3 months thereafter.
- (b) On August 26, 2021, the Company granted a total of 1,630,000 stock options exercisable at \$0.10 per share until August 26, 2026.
- (c) On September 15, 2021, the Company granted a total of 1,570,000 stock options exercisable at \$0.115 per share until September 15, 2026.
- (d) On September 22, 2021, the Company granted 50,000 stock options exercisable at \$0.24 per share until September 22, 2026.
- (e) On October 8, 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. Each unit consisted of a 10% 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 July 31 and January 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 thereof 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. The Company paid \$80,000 of finder's fees to registered brokers and issued 571,427 warrants to each purchase one common share of the Company at a price of \$0.14 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.

- (f) On October 14, 2021, the Company granted 50,000 stock options exercisable at \$0.285 per share until October 14, 2026. The options are subject to vesting conditions, of which 12,500 options vest February 14, 2022, 12,500 options vest April 14, 2022, and the remaining options vest in increments of 12,500 options every 3 months thereafter.
- (g) 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.
- (h) On November 29, 2021, the Company issued 138,106 units to settle outstanding debts owed by the Company. Each unit is comprised of one common share and one-half of one whole share purchase warrant, where each whole share purchase warrant is exercisable into an additional common share at \$0.10 per share until October 29, 2023.
- (i) Subsequent to the year ended July 31, 2021,
 - a) the Company repaid convertible debentures with a principal of \$117,523 and accrued interest of \$16,447 (Note 14).
 - b) the Company issued a total of 1,542,375 common shares for proceeds of \$307,075 pursuant to the exercise of warrants with an exercise price of \$0.20 per share.
 - c) the Company issued a total of 860,000 units for proceeds of \$160,000 pursuant to the exercise of warrants with an exercise price of \$0.10 per share. Each unit consists of one common share and one warrant exercisable at \$0.10 per share over the remaining term of the original warrant.
 - d) the Company issued 260,000 common shares for proceeds of \$27,500 pursuant to the exercise of stock options with exercise prices ranging between \$0.10 per share and \$0.20 per share.
 - e) a total of 1,671,196 warrants with an exercise price of \$5.00 per share expired unexercised.
 - f) a total of 59,000 stock options with exercise prices \$0.10 per share and \$0.75 per share were forfeited upon termination of employees.