



KOMO PLANT BASED FOODS INC.

change can start with a single bite™

Management's Discussion & Analysis

For the Three Months Ended October 31, 2021 and 2020

(Expressed in Canadian Dollars)

December 23, 2021

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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 three months ended October 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 and condensed interim consolidated financial statements for the three months ended October 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 \$1,761,882 and net loss from continuing operations of \$1,778,371 and incurred negative cash flows in operating activities from continuing operations of \$1,445,982 during the three months ended October 31, 2021 and we have an accumulated deficit of \$13,366,804 as at October 31, 2021. 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, Chickenless Pot Pie, Bolognese Sauce and Taco Filling, have garnered excellent consumer reviews, with over 180 - 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>)

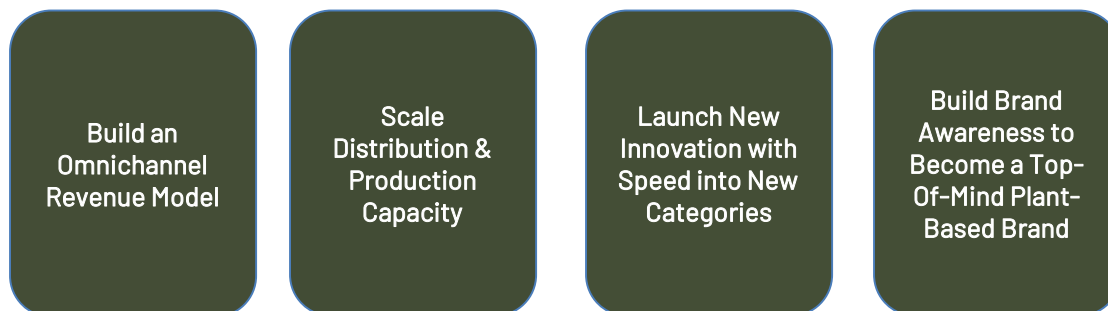
As the plant-based food market grows, consumers have increasing scrutiny for the ingredients in plant-based alternatives. There is a preference towards more real food ingredients, yet consumers may not be willing to sacrifice familiar food experiences and convenience. A key differentiator for our plant-based 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 Foods, 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 on both the frozen plant-based food category and comfort foods. As of the date of this MD&A, our frozen product portfolio consisted of 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

We also have the following 12 plant-based hot food products offered through our food delivery platform Komo Eats.

- Buffalo Fried Chick'n Mac & Cheeze [Signature dish]
- Fried Chick'n Mac & Cheeze
- Classic Mac & Cheeze
- Mac & Greens
- Bacon Caramelized Onion Mac & Cheeze
- Roasted Garlic Mushroom Mac & Cheeze
- BBQ Pulled Mushroom Mac & Cheeze
- Bacon Chick'n Ranch Wrap
- Buffalo Chick'n Ranch Wrap
- Buffalo Bacon Chick'n Ranch Wrap
- Fried Chick'n Ranch Wrap
- Jackfruit Chick'n Tenders

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 are continuing our wholesale expansion both in BC and across Canada with a focus on grocery chains, solidifying Komo Foods 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 120 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, which is now available in Vancouver, B.C. through Uber Eats and Skip the Dishes. The menu offerings will continue to expand as we develop more recipes, which may include appetizers, additional entrees, snacks, and desserts. The concept provides another channel of revenue allowing us to share more plant-based food and market our brand in the local market. We anticipate that Komo Eats will enable us to develop new products more rapidly and facilitate the receipt of customer feedback about new ideas and innovations. Komo Eats is an extension of Komo Comfort Foods, aligning with our mission to make plant-based meals a staple. Since launching last month we have received 28 reviews on Uber Eats - all of which rated Komo Eats 5 out of 5 stars. The menu consists of 6 gourmet plant-based mac & cheese items, all of which include house made cheese sauce with cashew, cauliflower and coconut, as well as 4 plant-based wraps and jackfruit chick'n tenders.

STRATEGY PROGRESS UPDATE

Omnichannel Revenue Model

e-Commerce Expansion

We continue to grow our DTC sales through our own ecommerce website www.komocomfortfoods.com, farmers market, and ecommerce partners. For the three months ended October 31, 2021, sales of \$41,187, or 44% of total revenue, were from DTC channel with a gross profit margin of 49%.

We are currently working with a third-party local delivery company in Metro Vancouver for order deliveries. Recently, our products were listed with Vejii, an eCommerce merchant with nationwide reach in both Canada and the US. We expect to launch eCommerce and delivery in other selected cities of Canada in 2022.

Currently, we have more than 1,800 email subscribers and more than 200 validated consumer reviews on our eCommerce platform.

Wholesale Distribution

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. 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: a distributor of all nature and organic products in Vancouver, the Lower Mainland, and Vancouver Island established in 1986.
- Goodness Distributors Ltd: a distributor with a focus of health-conscious products and materials that are manufactured ethically.
- TransCold Distribution Ltd: a wholesale supplier of frozen foods and ice cream throughout Western Canada and Western US and distributes to over 10,000 distribution points, including major grocery, convenience, drug, chain retailers, food service and independent retailers.
- Nationwide Natural Foods: a distributor carrying a wide selection of natural, organic, gluten free, vegan, & vegetarian products to retailers in Canada.

For the three months ended October 31, 2021, the wholesale distribution channel generated sales of \$52,406, or 56% of total revenue with a gross profit margin of 23%.

Distribution Points

As of the date of this MD&A we have 120 points of distribution, and we anticipate reaching 150 points of distribution by early 2022 and 1,000 points by the end of 2022. Our goal is to distribute our products nationally through grocery chains and concurrently establish Komo Foods as a natural food brand. We are currently being carried by stores in British Columbia at IGA (10 locations), Safeway, Stong's and Fresh Market, and across full chains, including Nesters (16 locations), Choices (10 locations), Nature's Fare Market (7 locations), Fairway Market (10 locations) and Meinhardt's, as well as specialty stores such as the Juice Truck, Vegetarian Butcher, Vegan Supply, and Larry's Market. There are also several stores in Alberta now carrying Komo products, with many more expected to be added across Canada in the near future. Komo has also announced its intentions to expand into the United States in early 2022.

US Expansion

We aim to expand to the US market in 2022. The US market is a significantly larger market than Canada. Our current distributor, TransCold, has a distribution network in the 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. Komo Eats provides us with another channel for sharing our passion for plant-based foods with consumers. We expect to use this channel to test new ideas that can be funneled into the innovation pipeline. In addition, we plan to add our existing frozen products to the delivery menu through food delivery apps.

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 the low barriers associated with introducing new products, flavours and concepts, this channel should allow more risk-taking innovation that can be validated through sales and consumer reception. We plan to use this feedback to improve and evaluate products and determine whether a retail launch would be viable. We are committed to expanding this concept and growing the menu of offerings both locally and nationally. We are also aiming to add our menu to other delivery apps including Door Dash and Skip the Dishes.

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 innovate rapidly to respond to feedback from consumers. 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 has indicated to us that it is prepared to 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. We believe that the size and profile of the co-packer fits us well at our current stage of development. 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 that quality meets our established standards.

During the three months ended October 31, 2021, we transitioned ingredients purchasing to our copacker. We also made progress in transitioning the last of our current products, Chickenless Pot Pie, to our co packing facility.

Plant-based Innovation

We initiated our innovation in early 2021 by launching the following innovative product lines:

- Ready-to-Bake Classics: these are wholesome favourites in two-serving and family-sized offerings that are ready to bake in one hour or less, including 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. They include our Walnut Mushroom Bolognese and BBQ Pulled Mushroom & Lentil Taco Filling.

Our innovation pipeline will take into account consumer feedback received through our multiple channels: direct-to-consumer (DTC) through eCommerce, farmers market connections with consumers, and trade shows. Pairing this with sales data and market trend analysis, we determine which products to develop and launch. Our omnichannel with DTC and our ghost kitchen serve as easy, rapid methods of testing innovative ideas. Our goal is to launch new products through DTC locally and complete testing through our food delivery platform to validate product-market fit before scaling products commercially. This will help ensure that our products have a greater chance of success in a retail environment and alleviate some of the risk of bringing a product to market. This approach also allows us to hone our messaging to consumers and innovate more boldly.

We plan to develop more gluten-free products based on consumer feedback we have received.

During the three months ended October 31, 2021, we continued to advance our innovation pipeline. We aim to launch certain new products in early 2022 including a category of sweets and desserts.

Brand Awareness

As a new brand in the plant-based food space, we are focused on building awareness around our mission, brand and products. Our brand marketing efforts since launch include developing our social media channels, participating in weekly local 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 in 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 growing list of email subscribers using promotions, plant-based content, and product information to build consumer loyalty and trust. We see both social media and email as important platforms that can be utilized to further our mission to share more plant-based meals through content, including recipes and other plant-based information.

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).

As of October 31, 2021, we have 1,800 email subscribers and 200 validated consumer reviews on our eCommerce website.

OUTLOOK

Our omnichannel revenue model currently consists of 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 by 500% and reach 1,000 distribution points by the end of 2022.

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 concept and local launches to validate new product ideas before scaling through co-manufacturing partners. Building on our existing research and development pipeline, we will continue to invest in R&D and anticipate launching an additional 6 to 10 innovative plant-based comfort foods over the next year.

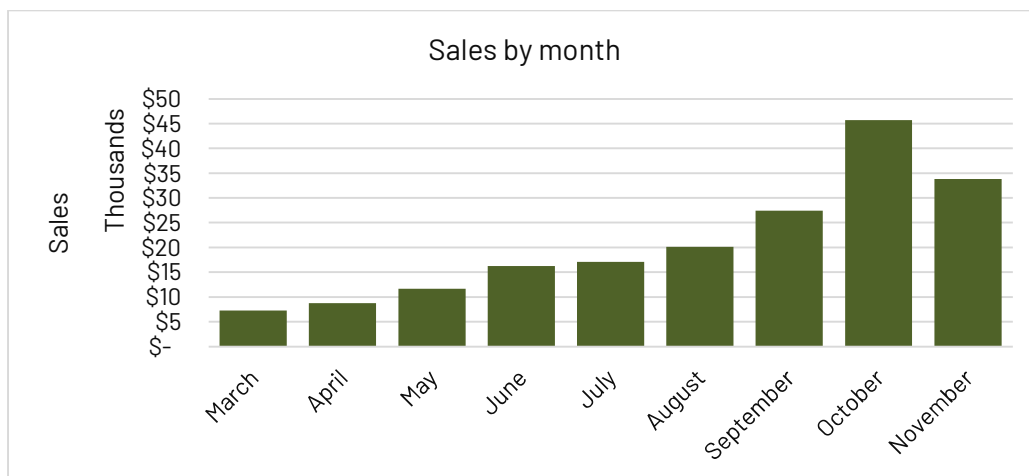
We will expand brand awareness in Canada, especially in the central and eastern provinces, by directly interacting with our consumers through social media platforms, our direct-to-consumer sales channels and trial and tasting programs. We also expect to initiate brand awareness activities in the US market 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 the date of this MD&A:

Products	7 retail products in the market and a robust innovation pipeline 12 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 120 distribution points, including 4 online retailers
Production and logistics	1 co-packing partner and 2 logistics and delivery partners

Sales performance since products launch in March 2021



Our sales during the month of November 2021 were impacted by the disastrous flooding in British Columbia, which closed major transportation routes and prevented us from delivering some orders. The situation continues to impact us in the early portion of December 2021. However, recovery activities by local communities are in progress and the situation is improving, with shipping routes gradually re-opening and the shipping backlog being cleared at our transportation partners.

During the three months ended October 31, 2021, we recorded sales of \$93,593 from our plant-based foods business, 44% of which were through direct-to-consumer channels and 56% were through wholesale distribution. We aim to grow both channels simultaneously, but we anticipate the wholesale channel will grow faster than the DTC channel due to the coverage of our distributor network.

Gross profit margin

Our overall gross profit margin for the three months ended October 31, 2021 was 35%, with a direct-to-consumer channel gross margin of 49% and a wholesale channel margin of 23%.

SELECTED ANNUAL INFORMATION

Management considers that the main indicators of our performance are the following: revenues, net income and loss, total assets, earnings/loss per share. The following information was derived from our audited financial statements for the years ended July 31, 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 July 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 three months ended October 31, 2021 we focused on launching new products as well as growing our distribution network across Canada. The comparative discussion for the three months ended October 31, 2020 was related to our former business which we disposed of during that quarter. 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.

Revenue

We initiated the commercialization of our plant-based comfort foods on March 4, 2021. At October 31, 2021 we had **7** products being distributed in the provinces of British Columbia and Alberta. We are in the process of developing a network for the distribution of our products across Canada and in the US. We also intend to develop eCommerce capabilities in eastern Canada and the US. We recently launched **6** plant-based hot food items for delivery in Metro Vancouver.

We generated \$94,256 in revenue during the three months ended October 31, 2021, compared to \$nil in the same period of the prior year. Revenues from plant-based foods products were \$93,593, which consisted of the following:

Direct-to-Consumer (eCommerce and local farmers markets)	\$ 41,187
Wholesale	<u>\$ 52,406</u>
Total	\$ 93,593

We also realised \$663 in revenue from our former home services mobile application (“App”). The App business was carried over from Fasttask Technologies Inc. prior to the completion of our reverse takeover transaction in early 2021. We did not consider the App business as a strategic fit to our long term goals and thus terminated the operation of the App as of December 17, 2021.

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 three months ended October 31, 2021, we generated gross profit of \$33,178, including gross profit from plant based products sales was \$32,515, representing a 35% gross profit margin. Our gross profit margin included the following:

Direct-to-consumer	49%
Wholesale	<u>23%</u>
Total	35%

Advertising and promotion

Advertising and promotion expenses are related to our activities in promoting our corporate and product brand, Komo Foods, and our plant-based comfort food products. For the three months ended October 31, 2021, we incurred \$617,506 in advertising and promotion expenses as compared to \$2,122 in the same period of 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 three months ended October 31, 2021, we incurred consulting expenses of \$133,779 as compared to \$75,675 in the same period of the prior year. The increase in consulting fees was driven by the growth in our plant-based foods business.

Depreciation

Depreciation expenses are related to equipment, furniture and fixtures, computers, and other office equipment. For the three months ended October 31, 2021, we incurred depreciation expenses of \$4,501 as compared to \$3,179 in the same period of the prior year.

Fulfillment

Fulfillment costs consist of shipping, freight, delivery, warehousing and other logistics costs. For the three months ended October 31, 2021, we incurred fulfillment costs of \$8,245. We did not incur fulfillment costs in the same period of the prior year.

General and administrative

For the three months ended October 31, 2021, we incurred general and administrative expenses of \$124,758 as compared to \$6,706 in the same period of the prior year. The increase in general and administrative expenses was largely driven by public company expenses and increased activities to support the rapid growth in our plant-based foods business. General and administrative expenses is comprised of the following:

	Three months ended October 31,	
	2021	2020
	\$	\$
Directors' fees	36,000	-
Bank charges	29,926	509
Rent	12,955	-
Dues and subscriptions	11,807	-
Listing	6,467	-
Courier	4,269	-
Other	23,334	6,197
	<u>124,758</u>	<u>6,706</u>

Investor relations

For the three months ended October 31, 2021, we incurred investor relations expenses of \$162,323 including media, new release and event costs. We did not incur investor relations expenses during the same period of the prior year.

Professional fees

Professional fees consist of legal, accounting, recruiting and audit services. For the three months ended October 31, 2021, we incurred professional fees of \$37,264 as compared to a recovery of \$2,211 during the same period of the prior year. The increase in professional fees was largely driven by public company expenses.

Research and development

Research and development costs are related to our plant-based food products. For the three months ended October 31, 2021, we incurred research and development costs of \$38,259 as compared to \$nil in the same period

of the prior year. We plan to continuously bring our plant-based innovations to the market and we anticipate incurring research and development costs consistently going forward.

Transaction costs

Transaction costs consist of fees paid to sales agencies, brokers and transaction fees of our eCommerce selling platforms. For the three months ended October 31, 2021, we incurred transaction costs of \$887. We did not incur any transaction costs during the same period in the prior year.

Share-based compensation

Share-based compensation is related to stock options granted to directors, officers, employees and consultants. For the three months ended October 31, 2021, we incurred share-based compensation expenses of \$532,649 as compared to \$45,250 in the same period of the prior year. The increase in share-based compensation expenses was driven by the varying vesting schedules of underlying stock options and new options granted during the period.

Travel expenses

Travel expenses are related to employee business travel. For the three months ended October 31, 2021, we incurred travel expenses of \$3,834 as compared to \$3,990 in the same period of 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 \$131,055 for the three months ended October 31, 2021, as compared to wages expenses of \$nil for the same period of the prior year.

Other expense

Other expenses included non-operating amounts, impairment, gain or loss on settlement of liabilities and asset disposals. For the three months ended October 31, 2021, we incurred other expenses of \$16,489 as compared to \$6,125 in the same period of the prior year. A breakdown of other expenses is shown below:

	2021	2020
Foreign exchange gain (loss)	\$ (2,892)	\$ 2,509
Interest expense	(16,086)	(1,992)
Accretion	(12,093)	-
Loss on change in fair value of derivative liability	14,582	-
Unrealized loss on marketable securities	-	(6,642)
Total	\$ (16,489)	\$ (6,125)

Net loss from continuing operations

We incurred a net loss from continuing operations of \$1,778,371 for the three months ended October 31, 2021, as compared to net loss from continuing operations of \$140,836 in the same period of the prior year, which was primarily driven by increased operating expenses to grow our plant-based foods business.

Net loss from discontinued operations

During the year ended July 31, 2021, we discontinued our former business through a spin-off transaction. During the three months ended October 31, 2021, we did not incur any loss from discontinued operations, as compared to net loss from discontinued operations of \$14,866 for the same period of the prior year.

Dividends

During the three months ended October 31, 2021, no dividends were declared or paid. During the three months ended October 31, 2020, the Company issued a dividend in kind with a fair value of \$30,124 to all shareholders by issuing one K Brands common share for every 4 common shares held in the Company. The dividend in kind completed the spin-off of our former business.

SEGMENTED INFORMATION

We have two reporting segments: plant-based comfort foods and corporate. Performance is measured based on gross profit and net income (loss) before taxes, as management believes that this information is the most relevant in evaluating the results of the operating segments relative to other entities that operate within these industries. Gross profit is calculated as revenue less the cost of goods sold.

The following is a summary of our results by operating segment for the three months ended October 31, 2021. During the three months ended October 31, 2020, there was only one operating segment.

	Plant-based Comfort Foods	Corporate	Total
For the three months ended October 31, 2021:			
Revenue	\$ 93,593	\$ 663	\$ 94,256
Gross profit	32,515	663	33,178
Net loss before taxes	(371,361)	(1,407,010)	(1,778,371)
As at October 31, 2021:			
Total assets	220,551	749,937	970,488
Total liabilities	139,335	1,026,194	1,165,529

Significant customers:

For the three months ended October 31, 2021, we had two significant customers in the plant-based comfort foods segment, comprising 36% of our total revenue.

As at October 31, 2021, we had two significant accounts receivable balances outstanding relating to the plant-based comfort foods segment, comprising 57% of our total accounts receivable.

As at October 31, 2020, we had one significant accounts receivable balance outstanding, comprising 98% of our total accounts receivable.

SUMMARY OF QUARTERLY RESULTS

Quarters ended	October 31, 2021	July 31, 2021	April 30, 2021	January 31, 2021
Revenue: Plant based foods	\$ 93,953	\$ 44,940	\$ 16,029	\$ -
Other	663	1,866	-	-
Total	94,256	46,806	16,029	-
Net loss from continuing operations	(1,778,371)	(5,581,069)	(376,606)	(358,789)
Basic and diluted income (loss) per share from continuing operations	(0.02)	(0.07)	(0.01)	(0.01)

Quarters ended	October 31, 2020	July 31, 2020	April 30, 2020	January 31, 2020
Revenue: Plant based foods	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-
Total	-	-	-	-
Net loss from continuing operations	(140,836)	(726,715)	(672,548)	(329,671)
Basic and diluted income (loss) per share from continuing operations	(0.01)	(0.03)	(0.02)	(0.01)

We launched our plant-based foods business in March 2021 and have been growing our revenues every quarter since then. Our plant based foods business is not seasonal. However, we do expect December and January to be lower-revenue months of the year as many people take holiday vacations and others decide to cook their own meals for celebrations. We also expect our distributors to run very thin inventory during this period due to their year end.

LIQUIDITY

	October 31, 2021	July 31, 2021
Current ratio ⁽¹⁾	2.5	1.7
Cash	\$ 237,779	\$ 342,996
Working capital ⁽²⁾	\$ 539,574	\$ 284,940
Debt ⁽³⁾	\$ 809,626	\$ 227,287
Shareholders' equity (deficit)	\$ (195,041)	\$ 240,566

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

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

(3) Debt 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 \$539,574 as at October 31, 2021 as compared to a working capital of \$284,940 as at July 31, 2021. The increase in working capital was primarily due to the completion of a convertible debenture financing.

CAPITAL RESOURCES AND MANAGEMENT

As at October 31, 2021, we had cash of \$237,779.

Our objective is to maintain a strong capital base to support the development of the business including the commercialization of our plant-based food products.

We do not have capital expenditure commitments as of the date of this MD&A. However, we do require capital resources in the range of \$1.0 million to \$1.5 million as a minimum for the next 12 months to sustain our operations and to grow our business. We expect to utilize equity instruments to satisfy our capital needs.

OUTSTANDING SHARE INFORMATION

We are authorized to issue an unlimited number of common shares. As at October 31, 2021, there were 88,901,036 common shares issued and outstanding. We also had 51,873,798 share purchase warrants with a weighted average exercise price of \$0.35 and 16,585,500 stock options with a weighted average exercise price of \$0.13.

As at October 31, 2021, we had convertible debt in the gross amount of \$1,000,000 which consisted of 1,000 units at \$1,000 per unit. Each unit consists of one unsecured convertible 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 payment scheduled to commence on January 31, 2022 and with a redemption date that is 24 months from the date of 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.

OFF-BALANCE SHEET ARRANGEMENTS

As at October 31, 2021, we had no off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

- (a) During the three months ended October 31, 2021, we incurred consulting fees of \$30,000 (2021 - \$nil) to a company controlled by the spouse of our President and Chief Executive Officer ("CEO").
- (b) During the three months ended October 31, 2021, we incurred wages of \$30,000 (2020 - \$nil) and director's fees of \$30,000 (2020 - \$nil) to the President and CEO.
- (c) During the three months ended October 31, 2021, we incurred consulting fees of \$30,000 (2020 - \$10,000) to our Chief Financial Officer.
- (d) As at October 31, 2021, we owed \$19,731 (July 31, 2021 - \$nil) to Better Plant Sciences Inc. ("BPS"), an associated company with common officers. During the three months ended October 31, 2021, the Company incurred advertising and promotion expenses of \$19,426 (2020 - \$nil), general and administrative costs of \$5,149 (2020 - \$nil), and \$17,750 of professional fees (2020 - \$nil) to BPS. As at October 31, 2021, BPS held a deposit of \$50,000 (July 31, 2021 - \$50,000) from us pursuant to an operating agreement, and a prepayment of \$3,109 (July 31, 2021 - \$nil) for services to be performed within the next twelve months, which are both included in prepaid expenses and deposits.
- (e) As at October 31, 2021, BPS held a deposit of \$10,000 (July 31, 2021 - \$10,000) from our subsidiary, Komo Plant Based Comfort Foods Inc. ("Comfort"), pursuant to an operating agreement, which is included in prepaid expenses and deposits.
- (f) During the three months ended October 31, 2021, we incurred director's fees of \$nil (2020 - \$50,000) to a director, Daniel Kang.
- (g) During the three months ended October 31, 2021, we incurred director's fees of \$6,000 (2020 - \$nil) to a director, Angelo Rajasooriar.
- (h) As at October 31, 2021, we owed \$nil (July 31, 2021 - \$3,896) to the President and CEO of our subsidiary, Comfort, which is unsecured, non-interest bearing, and due on demand. During the three months ended October 31, 2021, we incurred wages of \$33,750 (2020 - \$nil) to the President and CEO of Comfort.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Significant areas requiring the use of estimates and judgement include the collectability of accounts receivable, net realizable value of inventory, the useful lives and carrying values of property and equipment and intangible assets, impairment of marketable securities, 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 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. We are currently evaluating the impact of this amendment to our consolidated financial statements.

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

On February 12, 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. We are currently evaluating the impact of this amendment on our 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. We are currently evaluating the impact of this amendment on our consolidated financial statements.

Other new standards and amendments to standards and interpretations are not effective for the period ended October 31, 2021 and have not been early adopted by the Company and are not expected to have a material impact on our consolidated financial statements.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

(a) Fair 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 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

Our 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 our financial instruments will fluctuate because of changes in foreign currency exchange rates. Our subsidiary had limited operations which limited our foreign exchange risk. Management has chosen not to hedge its foreign exchange risk.

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

	October 31, 2021	July 31, 2021
	US\$	US\$
Prepaid expenses and deposits	12,289	12,289
Accounts payable and accrued liabilities	-	(800)
Net exposure	12,289	11,489
Canadian dollar equivalent	15,219	14,355

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

(d) Interest Rate Risk

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

(e) Liquidity Risk

Liquidity risk is the risk that we will encounter difficulty in meeting financial obligations due to shortage of funds. We manage liquidity risk by maintaining sufficient cash balances and adjusting our 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

We are exposed to price risk with respect to our marketable securities. Our marketable securities consist of warrants held in a publicly-traded company and profitability is dependent 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.

DISCLOSURE

Disclosure Controls and Procedures

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

Internal Control over Financial Reporting (“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.

SUBSEQUENT EVENTS

- (a) Subsequent to the quarter ended October 31, 2021, a convertible debenture repayment in the amount of \$12,227 was returned to us and the holder elected to convert the debenture into units of the Company. Pursuant to the election, and on November 29, 2021, we issued 138,106 units to the holder. Each unit is comprised of one common share of the Company and one-half of one whole warrant, where each whole warrant is exercisable into an additional common share at \$0.10 per share until October 29, 2023.
- (b) Subsequent to the period ended October 31, 2021,
 - (i) we issued 30,000 common shares for proceeds of \$3,600 pursuant to the exercise of stock options with an exercise price of \$0.12 per share; and
 - (ii) a total of 35,000 stock options with an exercise price of \$0.10 per share were forfeited upon the termination of certain employees.