



KOMO PLANT BASED FOODS INC.

Condensed Interim Consolidated Financial Statements

For the Three Months Ended October 31, 2022 and 2021

(Expressed in Canadian Dollars)
(Unaudited)

NOTICE TO READER

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

KOMO PLANT BASED FOODS INC.Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	October 31, 2022 (Unaudited) \$	July 31, 2022 \$
ASSETS		
Current assets		
Cash	46,840	224,344
Amounts receivable (Note 3)	307,276	259,533
Inventory (Note 4)	110,747	92,142
Prepaid expenses and deposits (Note 5)	107,662	124,399
Total current assets	<u>572,525</u>	<u>700,418</u>
Non-current assets		
Property and equipment (Note 6)	22,929	26,463
Intangible assets (Note 7)	33,650	33,650
Total non-current assets	<u>56,579</u>	<u>60,113</u>
Total assets	<u>629,104</u>	<u>760,531</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	343,465	351,614
Due to related parties (Note 8)	166,042	45,949
Interest payable (Note 9)	93,282	54,434
Derivative liability (Note 9)	202,733	334,468
Total current liabilities	<u>805,522</u>	<u>786,465</u>
Non-current liabilities		
Convertible debentures (Note 9)	1,192,104	1,130,472
Loans payable (Note 10)	117,057	112,784
Total non-current liabilities	<u>1,309,161</u>	<u>1,243,256</u>
Total liabilities	<u>2,114,683</u>	<u>2,029,721</u>
SHAREHOLDERS' DEFICIT		
Share capital (Note 11)	11,825,566	11,825,566
Share-based payment reserve (Notes 11 and 13)	3,055,556	3,028,305
Convertible debenture reserve (Note 9)	68,175	68,175
Deficit	(16,434,876)	(16,191,236)
Total shareholders' deficit	<u>(1,485,579)</u>	<u>(1,269,190)</u>
Total liabilities and shareholders' deficit	<u>629,104</u>	<u>760,531</u>

Nature of operations and continuance of business (Note 1)

Approved and authorized for issuance on behalf of the Board of Directors on December 29, 2022:

/s/ "Daniel Kang"
Daniel Kang, Director

/s/ "Angelo Rajasooriar"
Angelo Rajasooriar, Director

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

KOMO PLANT BASED FOODS INC.

Condensed Interim Consolidated Statements of Operations

(Expressed in Canadian Dollars)

(Unaudited)

	Three months ended October 31,	
	2022	2021
	\$	\$
REVENUE	178,290	94,256
Cost of revenue	109,632	61,078
Gross profit	68,658	33,178
EXPENSES		
Advertising and promotion (Note 8)	32,689	617,506
Consulting fees (Note 8)	36,362	133,779
Depreciation	3,534	4,501
Fulfilment	21,809	3,245
General and administrative (Notes 8 & 14)	36,574	124,758
Investor relations	22,953	162,323
Professional fees (Note 8)	12,000	37,264
Research and development	1,754	38,259
Selling costs	23,377	5,887
Share-based compensation (Note 13)	27,251	532,649
Travel	3,816	3,834
Wages (Note 8)	115,291	131,055
Total expenses	337,410	1,795,060
LOSS BEFORE OTHER INCOME (EXPENSES)	(268,752)	(1,761,882)
Other income (expenses) (Note 15)	25,112	(16,489)
NET LOSS	(243,640)	(1,778,371)
Loss per share, basic & diluted	(0.00)	(0.02)
Weighted average shares outstanding, - basic & diluted	97,070,939	86,346,606

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

KOMO PLANT BASED FOODS INC.

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

(Expressed in Canadian Dollars)

(Unaudited)

	Share capital		Convertible debenture reserve	Share-based payment reserve	Deficit	Total
	Number of shares	Amount				
		\$	\$	\$	\$	\$
BALANCE, JULY 31, 2021	85,438,661	10,111,033	-	1,717,966	(11,588,433)	240,566
Issuance of units for cash	800,000	160,000	-	-	-	160,000
Issuance of shares upon exercise of stock options	260,000	69,126	-	(41,626)	-	27,500
Issuance of shares upon exercise of warrants	2,402,375	455,220	-	(62,145)	-	393,075
Issuance of convertible debentures	-	-	46,028	183,512	-	229,540
Share-based compensation	-	-	-	532,649	-	532,649
Net loss for the period	-	-	-	-	(1,778,371)	(1,778,371)
BALANCE, OCTOBER 31, 2021	88,901,036	10,795,379	46,028	2,330,356	(13,366,804)	(195,041)
BALANCE, JULY 31, 2022	97,070,939	11,825,566	68,175	3,028,305	(16,191,236)	(1,269,190)
Share-based compensation	-	-	-	27,251	-	27,251
Net loss for the period	-	-	-	-	(243,640)	(243,640)
BALANCE, OCTOBER 31, 2022	97,070,939	11,825,566	68,175	3,055,556	(16,434,876)	(1,485,579)

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

KOMO PLANT BASED FOODS INC.

Condensed Interim Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)

(Unaudited)

	Three months ended	
	October 31,	
	2022	2021
	\$	\$
OPERATING ACTIVITIES		
Net loss	(243,640)	(1,778,371)
Items not involving cash:		
Accretion	61,633	6,980
Bad debt	1,964	-
Depreciation	3,534	4,501
Gain on change in fair value of derivative liabilities	(131,735)	(14,582)
Interest expense on convertible debentures	38,847	14,406
Interest expense on loans	4,273	3,663
Share-based compensation	27,251	532,649
Changes in non-cash operating working capital:		
Amounts receivable	(49,707)	42,044
Inventory	(18,605)	(1,086)
Prepaid expenses & deposits	16,737	(355,925)
Due to/from related parties	120,093	(3,320)
Accounts payable and accrued liabilities	(8,149)	103,059
Net cash used in operating activities	(177,504)	(1,445,982)
INVESTING ACTIVITIES		
Purchase of equipment	-	(26,640)
Net cash used in investing activities	-	(26,640)
FINANCING ACTIVITIES		
Proceeds from issuance of units, net of issuance costs	-	160,000
Proceeds from issuance of convertible debentures	-	1,000,000
Transaction costs from issuance of convertible debentures	-	(80,000)
Repayment of convertible debentures	-	(133,170)
Proceeds from exercise of stock options	-	27,500
Proceeds from exercise of warrants	-	393,075
Net cash provided by financing activities	-	1,367,405
CHANGE IN CASH	(177,504)	(105,217)
Cash, beginning of period	224,344	342,996
CASH, END OF PERIOD	46,840	237,779
Supplemental disclosures (Note 16)		

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

KOMO PLANT BASED FOODS INC.

Notes to the Condensed Interim Consolidated Financial Statements

Three Months Ended October 31, 2022 and 2021

(Expressed in Canadian Dollars)

(Unaudited)

1. Nature of Operations and Continuance of Business

Komo Plant Based Foods Inc. (the "Company") was incorporated under the laws of the province of British Columbia, Canada, on December 3, 2010. On December 10, 2020, the Company changed its name from HeyBryan Media Inc. to Fasttask Technologies Inc. On May 31, 2021, the Company changed its name from Fasttask Technologies Inc. to Komo Plant Based Foods Inc. pursuant to a merger agreement with Komo Plant Based Comfort Foods Inc. The Company researches, develops, manufactures, markets and sells plant-based frozen food products through ecommerce and retail.

These condensed interim consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to realize its assets and satisfy its liabilities in the normal course of business for the foreseeable future. Management is aware, in making its going concern assessment, of material uncertainties related to events and conditions that may cast significant doubt upon the Company's ability to continue as a going concern. During the three months ended October 31, 2022, the Company incurred a net loss of \$243,640 and incurred negative cash flows from operating activities of \$177,504. As at October 31, 2022, the Company has a working capital deficit of \$232,997 and an accumulated deficit of \$16,434,876. The continued operations of the Company are dependent on future profitable operations, management's ability to manage costs, and the future availability of equity or debt financing. Whether and when the Company can generate sufficient operating cash flows to pay for its expenditures and settle its obligations as they fall due is uncertain. These condensed interim consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption inappropriate. These adjustments could be material.

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

KOMO PLANT BASED FOODS INC.

Notes to the Condensed Interim Consolidated Financial Statements

Three Months Ended October 31, 2022 and 2021

(Expressed in Canadian Dollars)

(Unaudited)

2. Significant Accounting Policies

(a) Statement of Compliance

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

(b) Basis of Presentation

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

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

(c) Significant Accounting Estimates and Judgments

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

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

KOMO PLANT BASED FOODS INC.

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Three Months Ended October 31, 2022 and 2021

(Expressed in Canadian Dollars)

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2. Significant Accounting Policies (continued)

(d) Accounting Standards Issued But Not Yet Effective

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

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

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

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

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

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

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

Amendment to IAS 12, Income Taxes

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

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

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

KOMO PLANT BASED FOODS INC.

Notes to the Condensed Interim Consolidated Financial Statements

Three Months Ended October 31, 2022 and 2021

(Expressed in Canadian Dollars)

(Unaudited)

3. Amounts Receivable

	October 31, 2022	July 31, 2022
	\$	\$
Accounts receivable	166,865	119,226
Allowance for doubtful accounts	(4,747)	(4,747)
GST receivable	145,158	145,054
Total	307,276	259,533

4. Inventory

	October 31, 2022	July 31, 2022
	\$	\$
Packaged food products	47,614	39,444
Raw materials	21,067	11,580
Packaging materials	42,066	41,118
Total	110,747	92,142

5. Prepaid Expenses and Deposits

	October 31, 2022	July 31, 2022
	\$	\$
Prepaid services	66,131	85,367
Deposits	41,531	39,032
Total	107,662	124,399

6. Property and Equipment

	Office Fixtures	Equipment	Computers	Total
	\$	\$	\$	\$
Cost				
Balance, July 31, 2021	4,610	7,559	18,300	30,469
Additions	-	26,640	-	26,640
Disposals	(4,610)	-	(10,438)	(15,048)
Balance, July 31 and October 31, 2022	-	34,199	7,862	42,061
Accumulated depreciation				
Balance, July 31, 2021	3,874	495	6,878	11,247
Depreciation	2,062	13,733	368	16,163
Disposals	(5,936)	-	(5,876)	(11,812)
Balance, July 31, 2022	-	14,228	1,370	15,598
Depreciation	-	2,601	933	3,534
Balance, October 31, 2022	-	16,829	2,303	19,132
Carrying amounts				
Balance, July 31, 2022	-	19,971	6,492	26,463
Balance, October 31, 2022	-	17,370	5,559	22,929

KOMO PLANT BASED FOODS INC.

Notes to the Condensed Interim Consolidated Financial Statements

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(Expressed in Canadian Dollars)

(Unaudited)

7. Intangible Assets

On December 18, 2020, the Company completed an Asset Purchase Agreement, whereby it acquired 33 plant-based alternative meat product formulations in consideration for 409,286 common shares with a fair value of \$33,650.

8. Related Party Transactions

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

	Three months ended October 31,	
	2022	2021
	\$	\$
Wages	34,434	63,750
Consulting fees	30,000	60,000
Share-based compensation	18,045	165,906
Total	82,479	289,656

- During the three months ended October 31, 2022, the Company incurred consulting fees of \$nil, (2021 - \$30,000) to a company controlled by the spouse of the president and Chief Executive Officer ("CEO") of the Company.
- As at October 31, 2022, the Company owed \$65,042 (July 31, 2022 - \$45,949) to Better Plant Sciences Inc. ("BPS"), an associated company whose CEO is the spouse of the Company's president and CEO, which is included in due to related parties. During the three months ended October 31, 2022, the Company incurred operating expenses of \$18,750 (2021 - \$42,325) to BPS under an operating agreement for shared services comprised of professional services of \$12,000 (2021 - \$17,751), advertising and promotions of \$3,000 (2021 - \$19,426), and general and administration of \$3,750 (2021 - \$5,149).
- As at October 31, 2022, the Company owed \$80,000 (July 31, 2022 - \$nil) to the CEO of the Company, which is included in due to related parties. The balance is unsecured, non-interest bearing, and due on demand. During the three months ended October 31, 2022, the Company incurred wages of \$20,500 (2021 - \$30,000) and director's fees of \$nil (2021 - \$30,000) to the CEO.
- As at October 31, 2022, the Company owed \$21,000 to the Chief Financial Officer ("CFO") of the Company, which is included in due to related parties. During the three months ended October 31, 2022, the Company incurred consulting fees of \$30,000 (2021 - \$30,000) to the CFO.

9. Convertible Debentures

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

KOMO PLANT BASED FOODS INC.

Notes to the Condensed Interim Consolidated Financial Statements

Three Months Ended October 31, 2022 and 2021

(Expressed in Canadian Dollars)

(Unaudited)

9. Convertible Debentures (continued)

- (b) During the three months ended October 31, 2021, the Company closed a non-brokered private placement of 1,000 units at \$1,000 per unit for gross proceeds of \$1,000,000. The private placement closed in two tranches, with the first 500 units closing on September 29, 2021, and the next 500 units closing on October 8, 2021. Each unit consisted of one convertible unsecured debenture (the "Debentures") and 7,000 common share purchase warrants of the Company (the "Warrants"). The Debentures bear interest at a rate of 10% per annum on an accrual basis from issuance, calculated and payable semi-annually in arrears on January 31 and July 31 of each year with such payment having commenced on January 31, 2022 with a redemption date that is 24 months from issuance. The Debentures are convertible in full or in part, at the holders' option, into common shares in the capital of the Company at a price of \$0.14 per common share, at any time prior to their redemption. Each Warrant entitles the holder to acquire one common share of the Company at a price of \$0.16 per share for a period of 36 months from the date of issue.

In connection with the issuance of the Debentures, the Company paid \$80,000 of finder's fees to registered brokers and issued 571,427 warrants exercisable at a price of \$0.14 per share for a period of 24 months from the date of issue (the "Broker Warrants") with a fair value of \$118,137. The shares underlying the Warrants, the Broker Warrants and the Debentures are subject to a statutory hold period expiring four months and one day from issuance of the underlying securities. The fair value associated with the Broker Warrants granted was determined using the Black-Scholes pricing model with the following weighted average assumptions: stock price at grant date \$0.24; volatility of 199%; an expected life of 2 years; a dividend yield of 0%; an expected forfeiture rate of 0%; and a risk-free rate of 0.61%.

On January 27, 2022, the Company issued 285,714 common shares to a debenture holder upon an election of early conversion. Convertible debenture liability of \$40,000 and convertible debenture reserve of \$1,827 were transferred to share capital.

- (c) On June 21, 2022, the Company closed a non-brokered private placement of 593.87 units at \$1,000 per unit for gross proceeds of \$502,000 and settlement of accounts payable of \$91,875. Each unit consisted of one convertible unsecured debenture (the "Debentures") and 16,000 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 May 31 and November 30 of each year with each such payment commencing on November 30, 2022 with a redemption date that is 24 months from issuance (the "Maturity Date"). The Debentures are convertible in full or in part, at the holders' option, into common shares in the capital of the Company at a 15% discount to the 30-day moving average as at the Maturity Date, subject to CSE regulations, at a price not less than \$0.05 per share, at any time prior to their redemption. Each Warrant will entitle the holder to acquire one common share of the Company at a price of \$0.07 per share for a period of 36 months from the date of issue. As at October 31, 2022, the Company recorded derivative liabilities of \$202,733 (July 31, 2022 - \$334,468) assuming expected life of 1.6 (July 31, 2022 - 1.9) years, volatility of 145% (July 31, 2022 - 159%), risk-free rate of 3.9% (July 31, 2022 - 2.9%), exercise price of \$0.05 (July 31, 2022 - \$0.05) per share, and no expected dividends.

KOMO PLANT BASED FOODS INC.

Notes to the Condensed Interim Consolidated Financial Statements

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(Expressed in Canadian Dollars)

(Unaudited)

9. Convertible Debentures (continued)

In connection with the issuance of the Debentures, the Company paid \$36,000 of finder's fees to registered brokers and issued 720,000 warrants with a fair value of \$20,079 exercisable at a price of \$0.05 per share for a period of 24 months from the date of issue (the "Broker Warrants"). The fair value associated with the Broker Warrants granted was determined using the Black-Scholes pricing model with the following weighted average assumptions: stock price at grant date \$0.04; volatility of 153%; an expected life of 2 years; a dividend yield of 0%; an expected forfeiture rate of 0%; and a risk-free rate of 3.31%. The shares underlying the Warrants, the Broker Warrants and the Debentures are subject to a statutory hold period expiring four months and one day from issuance of the underlying securities.

The following is a summary of changes in convertible debentures:

	Issuance date:				Total
	May 31, 2021	September 29, 2021	October 8, 2021	June 21, 2022	
	\$	\$	\$	\$	\$
Convertible debentures					
Carrying amount at July 31, 2021	130,041	-	-	-	130,041
Proceeds from issuance	-	500,000	500,000	593,875	1,593,875
Transaction costs - cash	-	(40,000)	(40,000)	(36,000)	(116,000)
Net proceeds	-	460,000	460,000	557,875	1,477,875
Transaction costs - non-cash	-	(59,973)	(58,164)	(20,079)	(138,216)
Amount classified as equity	-	(34,757)	(35,245)	-	(70,002)
Fair value of warrants attached to units	-	(60,953)	(60,897)	(142,090)	(263,940)
Accretion	1,198	81,904	73,032	9,819	165,953
Accrued interest	1,931	39,772	40,556	6,434	88,693
Payment of interest	(1,931)	(16,772)	(15,556)	-	(34,259)
Repayment of convertible debentures	(131,239)	-	-	-	(131,239)
Restatement of convertible debentures	12,226	-	-	-	12,226
Conversion of debentures	(12,226)	(40,000)	-	-	(52,226)
Carrying amount at July 31, 2022	-	369,221	403,726	411,959	1,184,906
Accretion	-	22,741	16,234	22,658	61,633
Accrued interest	-	11,500	12,500	14,847	38,847
Carrying amount at October 31, 2022	-	403,462	432,460	449,464	1,285,386

10. Loans Payable

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

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Notes to the Condensed Interim Consolidated Financial Statements

Three Months Ended October 31, 2022 and 2021

(Expressed in Canadian Dollars)

(Unaudited)

10. Loans Payable (continued)

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

	\$
Loan payable, July 31, 2021	97,246
Accreted interest	15,538
Loan payable, July 31, 2022	112,784
Accreted interest	4,273
Loan payable, October 31, 2022	117,057

11. Share Capital

Authorized: unlimited number of common shares without par value

Share transactions for the three months ended October 31, 2021 included the following:

On October 29, 2021, the Company issued 800,000 units at \$0.20 per unit for proceeds of \$160,000. Each unit consisted of one common share and one warrant exercisable at \$0.215 per share for a term of two years.

12. Share Purchase Warrants

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

	Number of warrants	Weight average exercise price
		\$
Balance, July 31, 2021	46,701,943	0.54
Issued	27,395,420	0.14
Exercised	(2,402,375)	0.16
Expired	(9,427,068)	0.18
Balance, July 31 and October 31, 2022	62,267,920	0.28
Exercisable, October 31, 2022	62,267,920	0.28

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12. Share Purchase Warrants (continued)

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

Number of warrants outstanding	Exercise price	Expiry date	Weighted average
	\$		
1,000,000	0.40	December 18, 2022	0.0064
160,600	0.10	January 19, 2023	0.0003 (a)
4,403,500	0.40	January 19, 2023	0.0283
8,840,400	0.40	January 21, 2023	0.0568
1,170,000	0.40	January 28, 2023	0.0075
37,000	0.10	March 1, 2023	0.0001
620,000	0.40	March 1, 2023	0.0040
150,000	0.40	March 10, 2023	0.0010
365,400	0.10	March 15, 2023	0.0006
16,669,600	0.40	March 15, 2023	0.1071
30,000	0.10	March 23, 2023	0.0000
2,300,000	0.40	March 23, 2023	0.0148
285,713	0.14	September 29, 2023	0.0006
285,714	0.14	October 8, 2023	0.0006
800,000	0.22	October 29, 2023	0.0028
69,053	0.10	November 29, 2023	0.0001
7,008,625	0.20	February 11, 2024	0.0225
142,857	0.14	February 11, 2024	0.0003
707,458	0.20	February 16, 2024	0.0023
720,000	0.05	June 21, 2024	0.0006
3,500,000	0.16	September 29, 2024	0.0090
3,500,000	0.16	October 8, 2024	0.0090
9,502,000	0.07	June 21, 2025	0.0107
62,267,920			0.2853

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

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13. Stock Options

The Company's Board of Directors approved a stock incentive plan in accordance with the policies of the Canadian Securities Exchange (the "Exchange"). The Board of Directors is authorized to grant options to directors, officers, consultants or employees to acquire up to 20% of the issued and outstanding common shares of the Company. The exercise price will not be less than \$0.10 per share and, in the event that the Company is listed on the Exchange, the market price of the common shares on the trading day immediately preceding the date of the grant, less applicable discounts permitted by the Exchange. The options that may be granted under this plan must be exercisable for over a period of not exceeding 5 years.

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

	Number of options	Weighted average exercise price \$
Outstanding, July 31, 2021	13,354,500	0.13
Granted	3,950,000	0.11
Exercised	(290,000)	0.11
Cancelled/expired	(404,000)	0.20
Outstanding, July 31, 2022	16,610,500	0.13
Cancelled/expired	(550,000)	0.10
Outstanding, October 31, 2022	16,060,500	0.13
Exercisable, October 31, 2022	14,510,500	0.13

Additional information regarding stock options outstanding as at October 31, 2022 is as follows:

Range of exercise prices \$	Stock options outstanding	Stock options exercisable	Weighted average remaining contracted life (years)
0.10 - 0.16	15,335,000	13,785,000	3.11
0.24 - 0.29	100,000	100,000	0.02
0.40 - 0.50	487,500	487,500	0.06
0.75 - 0.80	138,000	138,000	0.02
	16,060,500	14,510,500	3.21

Share-based compensation expense is determined using the Black-Scholes option pricing model. During the three months ended October 31, 2022, the Company recognized share-based compensation expense of \$27,251 (2021 - \$532,649) of which \$18,045 pertains to officers, directors and advisory board members of the Company (2021 - \$198,290). The weighted average fair value of options granted during the three months ended October 31, 2022 was \$0.03 (2021 - \$0.16) per option.

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13. Stock Options (continued)

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

	2022	2021
Risk-free interest rate	3.64%	1.18%
Dividend yield	0.00%	0.00%
Expected volatility	150.00%	150.00%
Expected life (years)	4.00	4.89
Forfeiture rate	0.00%	0.00%

As at October 31, 2022, there was \$36,772 of unrecognized share-based compensation related to unvested stock options.

14. General and Administrative Expenses

General and administrative expenses is comprised of the following:

	Three months ended October 31,	
	2022	2021
	\$	\$
Directors' fees (Note 8)	-	36,000
Rent	6,985	12,955
Dues and subscriptions	10,903	11,807
Listing	3,000	6,467
Courier	5,568	4,269
Insurance	679	-
Office expenses (Note 8)	5,566	29,926
Other	3,873	23,334
Total	36,574	124,758

15. Other Income (Expenses)

Other income (expenses) is comprised of the following:

	Three months ended October 31,	
	2022	2021
	\$	\$
Accretion (Note 9)	(61,633)	(12,093)
Bad debt	(1,964)	-
Foreign exchange gain (loss)	-	(2,892)
Gain (loss) on change in fair value of derivative liability (Note 9)	131,735	14,582
Interest expense (Note 9)	(43,026)	(16,086)
	25,112	(16,489)

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16. Supplemental Disclosures

	Three months ended	
	October 31,	
	2022	2021
	\$	\$
Non-cash investing and financing activities:		
Transfer of contributed surplus on exercise of options	-	41,626
Transfer of contributed surplus on exercise of warrants	-	62,145
Convertible debentures: Fair value of warrants attached to units	-	78,481
Convertible debentures: Equity portion	-	46,028
Convertible debentures: Non-cash transaction costs	-	105,031

17. Capital Management

The Company manages its capital structure and adjusts it, based on the funds available to the Company, in order to support the general operations of the Company and facilitate the liquidity needs of its operations. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital to include its working capital position, share capital, and share-based payment reserves.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the three months ended October 31, 2022. The Company is not subject to externally imposed capital requirements.

18. Financial Instruments and Risk Management

(a) Fair Values

The fair values of other financial instruments, which includes cash, accounts receivable, amounts due to and from related parties, accounts payable and accrued liabilities, convertible debentures, and loans payable approximate their carrying values due to the relatively short-term maturity of these instruments. Derivative liabilities of \$202,733 (July 31, 2022 - \$334,468) is classified as a Level 2 financial instrument.

(b) Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash and cash equivalents, prepaid amounts, deposits and receivables. The carrying amount of cash and accounts receivable represent the maximum exposure to credit risk, and as at October 31, 2022, this amounts to \$208,958 (July 31, 2022 - \$338,823)

The Company is subject to credit concentration risk. For the three months ended October 31, 2022, three customers (2021 - two) comprised of 77% (2021 - 36%) of the Company's total sales. As at October 31, 2022, accounts receivable from three customers (October 31, 2021 - two) comprised of 90% (October 31, 2021- 57%) of the Company's total trade accounts receivable.

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18. Financial Instruments and Risk Management (continued)

(c) Foreign Exchange Rate Risk

The Company's functional currency is the Canadian dollar. Currency risk is the risk that the fair value of the Company's financial instruments will fluctuate because of changes in foreign currency exchange rates.

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

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

(d) Interest Rate Risk

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

(e) Liquidity Risk

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

(f) Price Risk

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

19. Segmented Information

The Company has two reporting segments: plant-based comfort foods and corporate. The plant-based comfort foods segment researches, manufactures and distributes plant-based comfort foods products. The corporate segment is engaged in business development, corporate branding and marketing, stock listing, and investor relations activities. Performance is measured based on gross profit and net income (loss) before taxes, as management believes that this information is the most relevant in evaluating the results of the operating segments relative to other entities that operate within these industries. Gross profit is calculated as revenue less cost of goods sold. The following is a summary of the Company's results by operating segment for the three months ended October 31, 2022.

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19. Segmented Information (continued)

	2022			2021		
	Plant-based Comfort Foods	Corporate	Total	Plant-based Comfort Foods	Corporate	Total
	\$	\$	\$	\$	\$	\$
Three months ended October 31,						
Revenue	178,290	-	178,290	94,256	-	94,256
Gross profit	68,658	-	68,658	33,178	-	33,178
Gross profit margin	39%	-	39%	35%	-	35%
Net loss before taxes	(94,288)	(149,352)	(243,640)	(371,361)	(1,407,010)	(1,778,371)
	As at October 31, 2022:			As at October 31, 2021:		
Total assets	189,553	439,551	629,104	220,551	749,937	970,488
Total liabilities	1,885,095	229,588	2,114,683	139,335	1,026,194	1,165,529

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