

KOMO PLANT BASED FOODS INC.

Condensed Interim Consolidated Financial Statements

For the Three and Six months Ended January 31, 2024 and 2023

(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)

	Notes	January 31, 2024 (Unaudited) \$	July 31, 2023 \$
ASSETS			
Cash		163	2,058
Amounts receivable	3	3,793	45,363
Deposits		3,000	3,000
Current and total assets		6,956	50,421
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	4	551,721	524,683
Convertible debentures	5	1,697,658	1,559,506
Derivative liabilities	5	894	43,711
Loans payable	6	120,000	120,000
Due to related parties	4	334,865	312,331
Current and total liabilities		2,705,138	2,560,231
SHAREHOLDERS' DEFICIT			
Share capital	7	12,111,402	12,111,402
Share-based payment reserve	8 & 9	2,965,063	2,965,063
Convertible debenture reserve	5	67,718	67,718
Deficit		(17,842,365)	(17,653,993)
Total shareholders' deficit		(2,698,182)	(2,509,810)
Total liabilities and shareholders' deficit		6,956	50,421

Nature of operations and continuance of business (Note 1)

Approved and authorized for issuance on behalf of the Board of Directors on March 22, 2023:

/s/ "Daniel Kang"
Daniel Kang, Director

/s/ "Angelo Rajasooriar"
Angelo Rajasooriar, Director

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

KOMO PLANT BASED FOODS INC.

Condensed Interim Consolidated Statements of Operations and Comprehensive Loss

(Expressed in Canadian Dollars)

(Unaudited)

Notes	Three Months Ended January 31,		Six Months Ended January 31,		
	2024	2023	2024	2023	
			\$	\$	
EXPENSES					
Advertising and promotion	4	-	51,100	-	70,850
Consulting fees	4	3,000	144,425	6,000	174,925
General and administrative	4	4,279	23,823	4,839	30,472
Investor relations		-	16,213	-	39,166
Professional fees	4	57,952	38,309	57,952	44,309
Share-based compensation	9	-	14,780	-	29,790
Wages	4	-	9	-	22,078
Total expenses		65,231	288,659	68,791	411,590
LOSS BEFORE OTHER INCOME/EXPENSES		(65,231)	(288,659)	(68,791)	(411,590)
Other income/expenses	10	(37,519)	(91,892)	(99,779)	(67,662)
Net loss from continuing operations		(102,750)	(380,551)	(168,570)	(479,252)
Loss from discontinued operations	13	(6,641)	(259,479)	(19,802)	(404,418)
NET AND COMPREHENSIVE LOSS		(109,391)	(640,030)	(188,372)	(883,670)
Loss per shares, basic & diluted					
from continuing operations		(0.01)	(0.04)	(0.01)	(0.05)
from discontinued operations		(0.00)	(0.04)	(0.00)	(0.05)
Loss per share, basic & diluted		(0.01)	(0.07)	(0.02)	(0.09)
Weighted average shares outstanding,					
- basic & diluted		11,662,799	9,707,094	11,662,799	9,707,094

(The accompanying notes are an integral part of these 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		Share-based	Convertible		
	Number of	Amount	payment	debenture	Deficit	Total
	shares		reserve	reserve		
		\$	\$	\$	\$	\$
BALANCE, JULY 31, 2022	9,707,096	11,825,566	3,028,305	68,175	(16,191,236)	(1,269,190)
Share-based compensation	-	-	47,323	-	-	47,323
Net loss for the period	-	-	-	-	(883,670)	(883,670)
BALANCE, January 31, 2023	9,707,096	11,825,566	3,075,628	68,175	(17,074,906)	(2,105,537)
BALANCE, JULY 31, 2023	11,662,799	12,111,402	2,965,063	67,718	(17,653,993)	(2,509,810)
Net loss for the period	-	-	-	-	(188,372)	(188,372)
BALANCE, January 31, 2024	11,662,799	12,111,402	2,965,063	67,718	(17,842,365)	(2,698,182)

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

KOMO PLANT BASED FOODS INC.

Condensed Interim Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)

(Unaudited)

	Six Months Ended	
	January 31,	
	<u>2024</u>	<u>2023</u>
OPERATING ACTIVITIES		
Net loss from continuing operations	(168,570)	(479,252)
Items not involving cash:		
Accretion of discount on convertible debentures	94,239	135,260
Interest expense on convertible debentures	43,913	75,396
Interest expense on loans/lease liabilities	-	1,767
Gain on change in fair value of derivative liabilities	(42,817)	(166,986)
Share-based compensation	-	29,790
Changes in non-cash operating working capital:		
Amounts receivable	(255,999)	99,517
Prepaid expenses & deposits	-	44,086
Due to related parties	(8,042)	278,438
Accounts payable and accrued liabilities	119,553	223,005
Net cash used in operating activities from continuing operations	(217,723)	243,023
Net cash used in operating activities from discontinued operations	215,828	(461,713)
CHANGE IN CASH	(1,895)	(218,689)
Cash, beginning of the period	2,058	224,344
CASH, END OF THE PERIOD	163	5,655

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

KOMO PLANT BASED FOODS INC.

Notes to the Condensed Interim Consolidated Financial Statements

Three and Six months Ended January 31, 2024 and 2023

(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 May 31, 2021, the Company changed its name to Komo Plant Based Foods Inc. The Company previously researched, developed, manufactured, marketed and sold plant-based frozen food products through ecommerce and retail. In May 2023, the Company discontinued its operations (Note 18). The Company is currently in search of new businesses.

These 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 period ended January 31, 2024, the Company has incurred a net loss from continuing operations of \$168,570 and incurred negative cash flows in operating activities from continuing operations of \$217,723. As at January 31, 2024, the Company has a working capital deficit of \$2,698,182 and an accumulated deficit of \$17,842,365. 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 consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and consolidated statement of financial position classifications that would be necessary were the going concern assumption inappropriate. These adjustments could be material.

2. Significant Accounting Policies

(a) Statement of Compliance

These consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the interpretations of the International Financial Reporting Interpretations Committee.

(b) Basis of Presentation

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

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

(c) Significant Accounting Estimates and Judgments

The preparation of 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.

KOMO PLANT BASED FOODS INC.

Notes to the Condensed Interim Consolidated Financial Statements

Three and Six months Ended January 31, 2024 and 2023

(Expressed in Canadian Dollars)

(Unaudited)

2. Significant Accounting Policies (continued)

(c) Significant Accounting Estimates and Judgments (continued)

Significant areas requiring the use of estimates 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 the carrying value of convertible debentures.

(k) Reclassifications

Certain financial statement items have been reclassified for consistency with the current period presentation. These reclassifications related to the presentation of discontinued operations (Note 18) and had no material effects on the consolidated financial statements.

(l) Accounting Standards Issued But Not Yet Effective

Certain pronouncements have been issued by the IASB or the IFRS Interpretations Committee that are mandatory for accounting years beginning on or after August 1, 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.

3. Amounts Receivable

	January 31, 2024	July 31, 2023
	\$	\$
Accounts receivable	53,394	70,776
Allowance for doubtful accounts	(52,658)	(52,658)
GST receivable	3,057	27,245
Net accounts receivable	3,793	45,363

4. Related Party Transactions

During the three and six months ended January 31, 2024 and 2023, compensation of key management personnel and related parties were as follows:

	Three months ended		Six months ended	
	January 31, 2024	2023	January 31, 2024	2023
			\$	\$
Wages	-	-	-	34,434
Consulting and director fees	9,000	30,000	20,000	60,000
Share-based compensation	-	11,981	-	30,327
Total	9,000	41,981	20,000	124,761

KOMO PLANT BASED FOODS INC.

Notes to the Condensed Interim Consolidated Financial Statements

Three and Six months Ended January 31, 2024 and 2023

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(Unaudited)

4. Related Party Transactions (continued)

- (a) As at January 31, 2024, the Company owed \$297,094 (July 31, 2023 - \$279,351) to the CEO of the Company. The amount is unsecured, due on demand, and non-interest bearing.
- (b) As at January 31, 2024, the Company owed \$30,500 (July 31, 2023- \$10,500) to the CFO of the Company, which is recorded in accounts payable and accrued liabilities. The amount is unsecured, due on demand, and non-interest bearing.
- (c) As at January 31, 2024, the Company owed \$69,410 (July 31, 2023 - \$69,410) to Better Plant Sciences Inc. ("BPS"), an associated company, of which \$37,056 (2023 - \$nil) is recorded in accounts payable and accrued liabilities. The balance owing is unsecured, non-interest bearing, and due on demand. During the three and six months ended January 31, 2024, the Company incurred operating expenses of \$nil (2023 - \$18,750 and \$37,500) to BPS for shared services.

5. Convertible Debentures

- (a) During the year ended July 31, 2022, the Company closed a non-brokered private placement of 1,000 units at \$1,000 per unit for gross proceeds of \$1,000,000. The private placement closed in two tranches, with the first 500 units closing on September 29, 2021, and the next 500 units closing on October 8, 2021. Each unit consisted of one convertible unsecured debenture (the "Debentures") and 700 common share purchase warrants of the Company (the "Warrants"). The Debentures bear interest at a rate of 10% per annum on an accrual basis from issuance, calculated and payable semi-annually in arrears on January 31 and July 31 of each year with such payment having commenced on January 31, 2022 with a redemption date that is 24 months from issuance. The Debentures are convertible in full or in part, at the holders' option, into common shares in the capital of the Company at a price of \$1.40 per common share, at any time prior to their redemption. Each Warrant will entitle the holder to acquire one common share of the Company at a price of \$1.60 per share for a period of 36 months from the date of issue.

In connection with the issuance of the Debentures, the Company paid \$80,000 of finder's fees to registered brokers and issued 57,143 warrants exercisable at a price of \$1.40 per share for a period of 24 months from the date of issue (the "Broker Warrants") with a fair value of \$118,137. The shares underlying the Warrants, the Broker Warrants and the Debentures are subject to a statutory hold period expiring four months and one day from issuance of the underlying securities. The fair value associated with the Broker Warrants granted was determined using the Black-Scholes pricing model with the following weighted average assumptions: stock price at grant date \$2.40; volatility of 199%; an expected life of 2 years; a dividend yield of 0%; an expected forfeiture rate of 0%; and a risk-free rate of 0.61%.

During the year ended July 31, 2022, the Company issued 28,571 common shares to a debenture holder upon an election of early conversion. The convertible debenture liability of \$40,000 and convertible debenture reserve of \$1,827 were transferred to share capital.

During the year ended July 31, 2023, the Company issued 66,666 common shares to debenture holders upon an election of early conversion. The convertible debenture liability of \$10,000 and convertible debenture reserve of \$457 were transferred to share capital.

KOMO PLANT BASED FOODS INC.

Notes to the Condensed Interim Consolidated Financial Statements

Three and Six months Ended January 31, 2024 and 2023

(Expressed in Canadian Dollars)

(Unaudited)

5. Convertible Debentures (continued)

- (b) 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 1600 common share purchase warrants of the Company (the "Warrants"). The debentures bear interest at a rate of 10% per annum on an accrual basis from issuance, calculated and payable semi-annually in arrears on May 31 and November 30 of each year with each such payment commencing on November 30, 2022 with a redemption date that is 24 months from issuance (the "Maturity Date"). The Debentures are convertible in full or in part, at the holders' option, into common shares in the capital of the Company at a 15% discount to the 30-day moving average as at the Maturity Date, subject to CSE regulations, at a price not less than \$0.50 per share, at any time prior to their redemption. Each Warrant will entitle the holder to acquire one common share of the Company at a price of \$0.70 per share for 36 months from the date of issue. As at July 31, 2023, the Company recorded derivative liabilities of \$43,711 (2022 - \$334,468) using a binomial option model assuming expected life of 0.92 years (2022-1.9 years), volatility of 212% (2022-159%), risk-free rate of 5.4% (2022-2.9%), exercise price of \$0.50 (2022 - \$0.50) per share, and no expected dividends.

In connection with the issuance of the Debentures, the Company paid \$36,000 of finder's fees to registered brokers and issued 72,000 warrants with a fair value of \$20,079 exercisable at a price of \$0.50 per share for a period of 24 months from the date of issue (the "Broker Warrants"). The fair value associated with the Broker Warrants granted was determined using the Black-Scholes pricing model with the following weighted average assumptions: stock price at grant date \$0.40; volatility of 153%; an expected life of 2 years; a dividend yield of 0%; an expected forfeiture rate of 0%; and a risk-free rate of 3.31%. The shares underlying the Warrants, the Broker Warrants and the Debentures are subject to a statutory hold period expiring four months and one day from issuance of the underlying securities.

During the year ended July 31, 2023, the Company issued 389,037 common shares to a debenture holder upon an election of early conversion. Convertible debenture liability of \$52,000 was transferred to share capital.

The following is a summary of changes in convertible debentures including accrued interest:

	Issuance Date			Total
	September 28 2021	Oct. 8, 2021	Jun. 21, 2022	
	\$	\$	\$	\$
Carrying amount at July 31, 2023	510,813	538,736	509,957	1,559,506
Accretion	16,111	26,841	51,287	94,238
Accrued interest	7,375	9,444	27,094	43,913
Carrying amount at January 31, 2024	534,299	575,021	588,337	1,697,658

KOMO PLANT BASED FOODS INC.

Notes to the Condensed Interim Consolidated Financial Statements

Three and Six months Ended January 31, 2024 and 2023

(Expressed in Canadian Dollars)

(Unaudited)

6. Loans Payable

During the year ended July 31, 2021, the Company received a total of \$60,000 from the Government of Canada sponsored Canada Emergency Business Account ("CEBA"). On May 31, 2021, the Company assumed an additional CEBA loan of \$60,000 upon acquisition of Fasttask, in which the present value of the forgivable portion was \$10,334. These loans are interest free until January 18, 2024. If the Company repays the CEBA loans on or before January 18, 2024, a total of \$40,000 of the principal balance will be forgiven. Any unpaid principal portion of the CEBA loans after January 18, 2024 will be converted into three-year loans at annual interest rate of 5% per annum.

	\$
Loan payable, July 31, 2022	112,784
Accreted interest	7,216
Loan payable, July 31 and January 31, 2024	120,000

7. Share Capital

Authorized: unlimited number of common shares without par value

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

There were no share transactions during the three and six months ended January 31, 2024.

Share transactions for the year ended July 31, 2023 included the following:

- (a) On April 26, 2023, the Company closed a non-brokered private placement, issuing an aggregate of 766,666 share units at a price of \$0.15 per unit. Each unit consisted of one common share of the Company and one common share purchase warrant. Each warrant is exercisable to acquire one common share of the Company at a price of \$0.20 per share for a period of 36 months from the closing. No finders' fees were paid in connection with the issuance.
- (b) On April 26, 2023, the Company issued 455,703 units at \$0.15 per unit for the conversion of \$62,000 of convertible debentures and \$6,356 of accrued interest. Each unit consisted of one common share of the Company and one common share purchase warrant. Each warrant is exercisable to acquire one common share of the Company at a price of \$0.20 per share for a period of 36 months from the closing.
- (c) On April 26, 2023, the Company issued 733,332 units to settle \$102,500 of accounts payable, including 350,000 units with a fair value of \$52,500 to a company controlled by the CFO of the Company for services rendered. Each unit consisted of one common share of the Company and one common share purchase warrant. Each warrant is exercisable to acquire one common share of the Company at a price of \$0.20 per share for a period of 36 months from the closing.

KOMO PLANT BASED FOODS INC.

Notes to the Condensed Interim Consolidated Financial Statements

Three and Six months Ended January 31, 2024 and 2023

(Expressed in Canadian Dollars)

(Unaudited)

8. 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, 2022	6,226,792	2.85
Expired	(3,574,650)	3.87
Issued	1,955,702	0.20
Balance, July 31, 2023	4,607,844	0.88
Expired	(144,047)	
Balance, January 31, 2024	4,463,797	0.85

As at January 31, 2024, the following share purchase warrants were outstanding:

Warrants outstanding	Exercise price \$	Expiry date
700,863	2.00	February 11, 2024
14,286	1.40	February 11, 2024
70,746	2.00	February 16, 2024
72,000	0.50	June 21, 2024
350,000	1.60	September 29, 2024
350,000	1.60	October 8, 2024
950,200	0.70	June 21, 2025
1,955,702	0.20	April 26, 2026
4,463,797		

9. 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 \$1.00 per share and, in the event that the Company is listed on the Exchange, the market price of the common shares on the trading day immediately preceding the date of the grant, less applicable discounts permitted by the Exchange. The options that may be granted under this plan must be exercisable for over a period of not exceeding 5 years.

KOMO PLANT BASED FOODS INC.

Notes to the Condensed Interim Consolidated Financial Statements
Three and Six months Ended January 31, 2024 and 2023
(Expressed in Canadian Dollars)
(Unaudited)

9. Stock Options (continued)

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

	Number of options	Weighted average exercise price \$
Outstanding, July 31, 2022	1,661,050	1.28
Cancelled/expired	(968,900)	1.20
Outstanding, July 31, 2023	692,150	1.39
Expired	(141,400)	1.32
Outstanding, January 31, 2024	550,750	1.35
Exercisable, January 31, 2024	550,750	1.39

Additional information regarding stock options outstanding as at January 31, 2024 is as follows:

Range of exercise prices \$	Stock options outstanding	Stock options exercisable	Weighted average remaining contracted life (years)
1.00- 1.60	507,000	507,000	2.41
4.00 - 5.00	38,750	38,750	0.09
7.50 - 8.00	5,000	5,000	0.02
	550,750	550,750	2.52

Share-based compensation expense is determined using the Black-Scholes option pricing model. During the period ended January 31, 2024, the Company recognized share-based compensation expenses of \$nil (2023 -\$20,072 and 47,323).

There was no new grant of options during the three and six months ended January 31, 2024. Weighted average assumptions used in calculating the fair value of share-based compensation expense for the prior year are as follows:

	2024	2023
Risk-free interest rate	-	3.64%
Dividend yield	-	0%
Expected volatility	-	150%
Expected life (years)	-	3.75
Forfeiture rate	-	0%

As at January 31, 2024, there was \$nil (2023- \$16,701) of unrecognized share-based compensation related to unvested stock options.

KOMO PLANT BASED FOODS INC.

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(Expressed in Canadian Dollars)

(Unaudited)

10. Other Expense

Other expense is comprised of the following:

	Three months ended		Six months ended	
	January 31, 2024	2023	January 31, 2024	2023
	\$	\$	\$	\$
Accretion of discounts on convertible debentures	(25,143)	(73,627)	(94,239)	(135,260)
Bad debt recovery	-	1,964	-	-
Foreign exchange gain (loss)	-	-	-	(882)
Gain (loss) on change in fair value of derivative liability	871	35,251	42,817	166,986
Interest expense on debentures	(13,547)	(55,480)	(48,357)	(98,506)
Other expense	300	-	-	-
	(37,519)	(91,892)	(99,779)	(67,662)

11. 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 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, share-based payment reserves, and convertible debenture reserve. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the three and six months ended January 31, 2024. The Company is not subject to externally imposed capital requirements.

12. Financial Instruments and Risk Management

(a) Fair Values

The fair values of other financial instruments, which includes cash, accounts receivable, amounts due to 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 \$894 (2023 - \$43,711) 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, prepaid expenses and deposits, and accounts receivable.

(c) Foreign Exchange Rate Risk

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 not materially exposed to significant foreign currency risks.

(d) Interest Rate Risk

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

KOMO PLANT BASED FOODS INC.

Notes to the Condensed Interim Consolidated Financial Statements

Three and Six months Ended January 31, 2024 and 2023

(Expressed in Canadian Dollars)

(Unaudited)

12. Financial Instruments and Risk Management (continued)

(e) Liquidity Risk

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

(f) Price Risk

The Company's plant-based comfort foods was discontinued during the year ended July 31, 2023. The Company is not exposed to material price risks.

13. Discontinued Operations

During the year ended July 31, 2023, management made the decision to cease its plant-based comfort food business ("Comfort") due to adverse market conditions. Efforts were being made to sell the business and its related assets. Comfort met the criteria to be classified as discontinued operations. The results of operations of Comfort for all periods have been classified as discontinued operations on the consolidated statements of operations and comprehensive loss. The carrying amounts of the major classes of assets of Comfort have been impaired as at July 31, 2023.

Net Loss from Discontinued Operations:

	Three months ended		Six months ended	
	January 31,		January 31,	
	2024	2023	2024	2023
REVENUE	-	467,437	-	645,727
Cost of revenue	-	300,318	-	409,950
Gross profit	-	167,119	-	235,777
EXPENSES				
Advertising and promotion	-	8,521	600	21,460
Consulting fees	6,000	38	17,000	5,900
Depreciation	-	3,534	-	7,068
Fulfilment	-	64,721	-	86,530
General and administrative	641	60,324	2,228	90,249
Investor relations	-	3,693	-	3,693
Professional fees	-	48,000	-	54,000
Research and development	-	5,462	-	7,216
Selling costs	-	143,955	-	167,332
Share-based compensation	-	5,292	-	17,533
Travel	-	2,011	-	5,827
Wages	-	73,234	-	166,456
Total expenses	6,641	418,785	19,828	633,264
LOSS BEFORE OTHER EXPENSES	(6,641)	(251,666)	(19,828)	(397,487)
Other expenses	-	(7,813)	26	(6,931)
NET LOSS	(6,641)	(259,479)	(19,802)	(404,418)

KOMO PLANT BASED FOODS INC.

Notes to the Condensed Interim Consolidated Financial Statements

Three and Six months Ended January 31, 2024 and 2023

(Expressed in Canadian Dollars)

(Unaudited)

13. Discontinued Operations (continued)

Cash flows from Discontinued Operations:

	Six Months Ended	
	January 31,	
	2024	2023
Net Loss from discontinued operations	(19,802)	(404,418)
Items not involving cash:		
Loss on AR written off	-	2,003
Depreciation	-	7,068
Interest expense on loans	-	5,449
Share-based compensation	-	17,533
Changes in non-cash operating working capital:		
Inventory	-	(10,503)
Prepaid expenses & other assets	-	2,151
Amounts receivable	297,569	(206,211)
Due to related parties	576	-
Accounts payable and accrued liabilities	(62,515)	125,215
Net cash used in operating activities from discontinued operations	215,828	(461,713)