

KOMO PLANT BASED FOODS INC.

MANAGEMENT DISCUSSION & ANALYSIS

For Three and Nine months Ended April 30, 2024 and 2023

(Expressed in Canadian Dollars)

July 2, 2024

This Management's Discussion and Analysis ("MD&A") relates to the consolidated financial position and financial performance of Komo Plant Based Foods Inc. ("Komo Foods" or the "Company") and our 100% owned subsidiaries Komo Plant Based Comfort Foods Inc. for three and nine months ended April 30, 2024 and 2023. 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 interim consolidated financial statements for three and nine months ended April 30, 2024 and 2023 and our audited consolidated financial statements for the years ended July 31, 2023 and 2023 (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 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 April 30, 2024, the Company has incurred a net loss from continuing operations of \$192,795. As at April 30, 2024, the Company has a working capital deficit of \$2,731,179 and an accumulated deficit of \$17,875,362. 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.

CORPORATE AND BUSINESS OVERVIEW

On May 31, 2021, we completed a merger transaction with Fasttask Technologies Inc. ("Fasttask"), whereby Fasttask acquired 100% of our issued and outstanding shares (the "Transaction"). In consideration, Fasttask issued our former shareholders 1 common share for each 1 share of the Company owned, which resulted in a reverse-takeover transaction. As a result of the Transaction, we are the wholly owned operating subsidiary of Komo Plant Based Foods Inc., whose shares are now listed on the Canadian Securities Exchange ("CSE") and have been trading since June 8, 2021 under the ticker symbol "YUM".

Since early 2022, we launched variety plant-based comfort food products including Plant-Based Lasagna, Shepherd's Pie, Chickenless Pot Pie, Walnut Mushroom Bolognese Sauce, Plant-Based BBQ Pulled Mushroom Lentil Taco Filling, Plant-Based Mac & Greens, Vegan Sea Salt Chocolate Cookies. We established a few distribution partners across Canada, including TransCold Distribution Ltd, BRR Logistics, Dean's Dairy and Specialty Foods, Goodness Distributors Ltd, Nationwide Natural Foods, Co-op Alentour, Freshspoke. Our products were carried by many multi-location retail customers including: Your Independent Grocer Stores of Loblaws, Safeway, IGA, Metro, Thrifty Foods, Whole Foods Market, Foodland, Fresh St. Market, Choices, Stong's Market, Country Grocer, Nestors, Nature's Fare Market, Foodland, Aisle24, Goodness Me!, Nature's Emporium, Ambrosia, Highland Farms, La Boite à Grains, Pasquier and Fairway Market. Our products are also available in various specialty and independent stores and online stores.

Our sales exceeded \$1 million during the fiscal year ended July 31, 2023. However, both our distribution and operations were severely impacted the COVID 19 pandemic. We also experienced constraints in cash and working capital due to the negative sentiment in the capital market. As a result, we divested the comfort foods business.

As at April 30, 2024, the comfort foods business was classified as discontinued operations. We are actively looking for new business opportunities.

OVERALL PERFORMANCE

During the three and nine months ended April 30, 2024, our comfort foods business was classified as discontinued operations. We did not record any revenue from continuing operations.

We incurred a loss of from continuing operations of \$24,224 and \$192,795 for the three and nine months ended April 30, 2024 respectively, mostly consisting of general operating expenses. We also recorded loss from discontinued operations of \$8,772 and \$28,574 for the three and nine months ended April 30, 2024 respectively.

Net loss for the three and nine months ended April 30, 2024 was \$32,996 and \$221,369 respectively as compared to net loss of \$640,030 and \$883,670 respectively and the same periods of the prior year. Net loss per share was \$0.00 and \$0.02 respectively as compared to net loss per share of \$0.03 and \$0.12 for the same periods of the prior year.

SELECTED ANNUAL INFORMATION

Management considers that the main indicators of our performance are the following: revenues, net income and loss, total assets, and earnings/loss per share. The following information was derived from our audited financial statements for year ended July 31, 2023 and 2022.

	2023	2022
	\$	\$
Revenues	-	-
Loss before other income (expenses)	(238,647)	(2,858,488)
Net Loss from continuing operations	(597,562)	(3,323,602)
Basic and diluted loss per shares from continuing operations	(0.06)	(0.36)
Total Assets	50,421	760,531
Dividends declared and paid out in cash	-	-

DISCUSSION ON OPERATIONS

Revenue

During three and nine months ended April 30, 2024, our comfort foods business was classified as discontinued operations. We did not record any revenue from continuing operations.

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. These expenses included corporate media advertising, brand design, labelling artwork, primary packaging design, social media launch and maintenance, and creatives and contents for the website.

For the three and nine months ended April 30, 2024, we incurred \$nil in advertising and promotion expenses as compared to \$18,750 and \$89,600 for the same periods in the prior year. The decrease in advertising and promotion expenses are driven by cost management initiatives to conserve cash.

Consulting fees

We engage consultants regularly to obtain expertise in various business areas including but not limited to product research and development, marketing, technology, finance and accounting.

For three and nine months ended April 30, 2024, we incurred consulting expenses of \$6,000 and \$12,000 respectively as compared to \$35,000 and \$209,925 respectively for the same periods in the prior year. The decrease in consulting fees was driven by cost management initiatives to conserve cash.

General and administrative

For the three and nine months ended April 30, 2024, we incurred general and administrative expenses of \$8,085 and \$12,924 respectively as compared to \$5,911 and \$36,384 respectively for the same periods in the prior year. The decrease in general and administrative expenses was driven by cost saving initiatives.

Investor relations

For three and nine months ended April 30, 2024, we incurred investor relations expenses of \$nil, as compared to \$8,163 and \$47,329 respectively for the same periods in the prior year which included advertising and media, new releases and capital market event costs. Investor relations expense was increased to support public funding projects and to keep our investors updated on our growth story and milestones.

Professional fees

Professional fees consist of legal, accounting, recruiting and audit services. For three and nine months ended April 30, 2024, we incurred professional fees of \$115 and \$58,068 as compared to \$nil and \$44,308 respectively for the same periods in the prior year. The increase in the professional fees for the current year is due to the RTO transaction.

Share-based compensation

Share-based compensation is related to stock options granted to directors, officers, employees and consultants. For the three and nine months ended April 30, 2024, share-based compensation expense was \$nil as compared to share based compensation recovery of \$22,042 and expense of \$7,748 respectively for the same periods in the prior year. The variance from prior year is due to the fact that we had minimal transactions during the current year and did not grant or issue any share-based compensation to our officers or directors.

Wages

Wages expenses are related to our senior management and employees. During three and nine months ended April 30, 2024, we paid wages of \$90 as compared to wages expenses of \$1,572, and \$23,650 for the same periods in the prior year. The decrease in wages was due to reduction in staff to conserve working capital.

Other income (expense)

For three and nine months ended April, 2024 and 2023, we incurred other expense we follows:

	Three months ended April 30,		Nine months ended April 30,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Accretion of discounts on convertible debentures	(25,143)	(81,922)	(119,382)	(217,182)
Write of of expired payables/bad debt recovery	95,868	70,176	95,868	70,176
Foreign exchange gain (loss)	-	576	-	(306)
Gain (loss) on change in fair value of derivative liability	894	17,450	43,711	184,436
Interest expense on debentures	(77,110)	(38,690)	(125,467)	(137,197)
Other expense	(4,444)	(9,027)	(4,444)	- 9,027
	(9,934)	(41,438)	(109,713)	(109,100)

Net loss from continuing operations

We incurred a net loss from continuing operations of \$24,224 and \$192,795 for the three and nine months ended April 30, 2024, as compared to net loss from continuing operations of \$88,792 and \$568,044 for the same periods in the prior year. The decrease in our net loss from operations is due to the fact that we had minimal transactions during the year as we had no active business and was focused on conserving our cash flows.

Net loss from discontinued operations

During the year ended July 31, 2023, we discontinued our plant-based comfort foods business. During three and nine months ended April 30, 2024, we incurred a loss from discontinued operations of \$8,772 and \$28,574, as compared to net income from discontinued operations of \$186,382 and \$590,800 for the same periods in the prior year. The decrease in net loss from discontinued operations was due to inactivity of our comfort foods business in the current year compared to prior year, when we still had sales and operating expenses relating to our business.

Dividends

During three and nine months ended April 30, 2024 and 2023, no dividends were declared or paid.

SUMMARY OF QUARTERLY RESULTS

We launched our plant-based foods business in March 2022 and have been growing our sales every quarter since then. Generally, our plant-based foods business is not seasonal. The decreased revenue in the fourth quarter of 2023 was due to delay in pickup by the shipping company and will be recorded in Q1 2023.

For the quarters ended:

	Apr. 30, 2024 \$	Jan. 31, 2024 \$	Oct. 31, 2023 \$	Jul. 31, 2023 \$
Net Loss from continuing operations	(24,224)	(102,750)	(168,570)	(29,026)
Loss per share from continuing operations	(0.00)	(0.01)	(0.01)	(0.01)
Net loss	(32,996)	(109,391)	(188,372)	(303,913)
Net loss per share	(0.00)	(0.01)	(0.02)	(0.14)
	Apr. 30, 2023 \$	Jan. 31, 2023 \$	Oct. 31, 2022 \$	Jul. 31, 2022 \$
Net Loss from continuing operations	(88,792)	(380,551)	(98,691)	(483,770)
Loss per share from continuing operations	(0.01)	(0.04)	(0.01)	(0.01)
Net loss	(275,174)	(640,030)	(243,630)	(905,074)
Net loss per share	(0.03)	(0.07)	(0.03)	(0.01)

LIQUIDITY

	April 30, 2024	July 31, 2023
Current ratio ⁽¹⁾	0.002	0.02
Cash	\$ -	\$ 2,058
Working capital deficiency ⁽²⁾	\$ (2,731,179)	\$ (2,509,810)
Debt ⁽³⁾	\$ 1,911,764	\$ 1,679,506
Shareholders' deficit	\$ (2,731,179)	\$ (2,509,810)

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

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

(3) Debt consisted of convertible debentures and Canada Emergency Business Account interest-free loans.

Working Capital

We had a working capital deficit of \$2,731,179 as at April 30, 2024 as compared to a working capital of \$2,509,810 as at July 31, 2023. For nine months ended April 30, 2024, we generated cash of \$70,332 in the operating activities from continuing operations as compared to cash used in operating activities from continuing operations of \$5,845 for the same period of the prior year. We did not have cash flow from investing activities and financial activities from continuing operations during the nine months ended April 30, 2024 and 2023.

CAPITAL RESOURCES AND MANAGEMENT

As at April 30, 2024, we had cash of \$nil.

We do not have significant capital expenditure commitments as of the date of this MD&A. We are looking for new business opportunities. We expect to fund new business by issuing equity instruments in the capital market.

OUTSTANDING SHARE INFORMATION

We are authorized to issue an unlimited number of common shares. As at April 30, 2024, there were 11,662,799 common shares issued and outstanding. We also had 3,677,902 share purchase warrants with a weighted average exercise price of \$0.60 per share and 550,750 stock options with a weighted average exercise price of \$1.39 per share.

We did not have any share capital activities during the three and nine months ended April 30, 2024.

On April 26, 2023, the Company closed a non-brokered private placement, issuing an aggregate of 1,955,702 share units at a price of \$0.15 per unit. Each unit consists 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. Of the units issued, 766,666 units were issued for proceeds of \$115,000, 455,703 units were issued for the conversion of convertible debentures worth \$62,000 and accrued interest of \$6,356, and 733,332 units were issued to settle outstanding accounts payable, including 350,000 units with a fair value of \$52,500 to settle amounts owed to a company controlled by the CFO of the Company.

OFF-BALANCE SHEET ARRANGEMENTS

As at April 30, 2024, we had no off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

During the three and nine months ended April 30, 2024 and 2023, compensation of key management personnel and related parties were as follows:

	Three months ended		Nine months ended	
	April 30,		April 30,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Wages	-	-	-	34,434
Consulting fees	9,000	30,000	29,000	90,000
Share-based compensation	-	(26,703)	-	3,324
Total	9,000	3,297	29,000	127,758

- (a) As at April 30, 2024, the Company owed \$302,394 (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 April 30, 2024, the Company owed \$40,950 (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 April 30, 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 nine months ended April 30, 2024, the Company incurred operating expenses of \$nil (2023 - \$18,750 and \$37,500) to BPS for shared services.

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, 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 end of the reporting period, and factors used in determining the discount rate for convertible debentures, and use of volatility for the determination of fair value of stock-based compensation.

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.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

(a) Fair Values

The fair values of other financial instruments, which includes cash, 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 \$nil (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 amounts 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. 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.