KOMO PLANT-BASED FOODS INC.

2021 ANNUAL REPORT

Change Can Start With A Single Bite. ™

OUR MISSION

At Komo, 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.

We believe there is an opportunity to create hearty plant-based meals that are uncompromisingly easy, yet incredibly hearty. We deliver on this through our plant-based feel good foods that are 100% plant-based renditions of classic comfort flavourites. Our aim is to become the go-to answer to the question "What's for dinner?" And through plant-based food encourage kindness to the planet, people, and animals.

Plant-based feel good foods.

Feel good because it's comfort food.

Feel good because it's made from real food and real cooking.

Feel good because it's easy and shareworthy.

Feel good knowing that what is on our plates everyday has a direct impact on our planet everyday

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OUR FIRST 8 MONTHS

2021

MARCH

Launched with our three Ready-to-Bake Products: Lasagna, Shepherd's Pie, Chickenless Pot Pie in multi-serve, family sizes through DTC in Metro Vancouver. The goal was to validate product-market fit, collect feedback and scale production through co-manufacturing by Fall 2021.

MAY

Started our first Farmer's Markets to meet consumers where they are at. 45+ five star reviews on our eCommerce website.

★★★★★

JULY

Introduced product bundles and two-serving Shepherd's Pie. Moved into a larger kitchen production space to keep up with demand. Added a new natural products distributor to service the lower mainland and BC.

APRIL

First retail customer began to carry our line of plant-based comfort favourites. Launched our two-serving lasagna due to customer demand. Signed on Sales Broker for Canadian retail expansion.

JUNE

Launched our Plant Based Meal Helpers including our Bolognese sauce and BBQ Taco Filling. Began search for a co-manufacturing partner. Listing on the CSE.

2021

AUG

Added a second distributor. Commercialization testing at co-manufacturer begins.

OCT

First production run at co-manufacturer with updated formulas and packaging. Addition of third and fourth food distributor with reach across Canada. Signed agreement with cold storage facility

SEPT

Received Safe Food for Canadians Regulations licence to enable shipping products outside of BC to other provinces In Canada and in the US. Signed Co-manufacturing agreement to significantly increase production capacity. Over 30 retail distribution points in BC. Initiated development of Komo desserts product line.

NOV

Launched in Nesters Market, Choices Markets, Nature's Fare, Fairway Markets and independent retail locations, increasing total retail distribution points to over 100 in both BC and Alberta. Launched hot food delivery Komo Eats with vegan, gourmet Mac & Cheeze Menu. Over 150+ five star reviews on our eCommerce website

MESSAGE TO SHAREHOLDERS

This year was very special to the team at Komo as we were able to successfully launch our brand, Komo Plant Based Comfort Foods. Never has the need to make big changes in the way we live been more apparent. This year marked a year of catastrophe and strife, from the COVID-19 world pandemic, to many extreme climate events. The message is clear - we need to take care of ourselves and our planet. At Komo, we believe plant-based eating is the future and change can start with a single biteTM. 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.

Before launching, Komo spoke with many consumers to understand their challenges around plant-based eating. We heard that people wanted to make changes to their diet whether driven by sustainability, health or animal welfare. Yet, making the switch was not easy and often meant compromising convenience, wholesome ingredients, food satisfaction or being able to share foods with their family and friends.

We set out to make the products that would solve this problem and help answer the everyday question of "What's for dinner?". We knew that if our food was simple to prepare, made with real wholesome ingredients and incredibly hearty and satisfying, we would have customers. Customers who would want to share our products with their family and friends. This led us to develop and launch our first three vegan products: Lasagna, Shepherd's Pie and Chickenless Pot Pie. We launched rapidly with a DTC business model to first validate our product-market fit and gather initial feedback from early consumers. We were pleased with the excellent initial reception of our products by consumers, retailers and distributors. This early validation led us to commercialize our product lines with a co-manufacturing partner to increase production capacity rapidly, yet remaining asset light and agile for Komo. Our sales have increased every month since we launched, and now we are excited to expand throughout Canada and the United States.

We are also pleased to have been able to launch our ghost kitchen concept Komo Eats in late November. Besides adding a revenue stream, this offers us an unique opportunity to test launch new products before developing a retail product. Our first products offering through Komo Eats is a menu of gourmet, plant-based mac and cheeze dishes.

We look forward to building out our omni-channel strategy of eCommerce, wholesale, and hot food delivery to become a top-of-mind plant-based food brand with our consumers.

William White

President & CEO
of Komo Plant Based Foods Inc

&

Jeffrey Ma

President & CEO
of operating subsidiary
Komo Plant Based Comfort Foods Inc.

WHAT'S FOR DINNER?

Komo is Plant-Based Feel Good Food to answer the everyday question of "What's for Dinner?"

READY-TO-BAKE

Lasagna

2 portion and family size

Shepherd's Pie

2 portion and family size

Chickenless Pot Pie

MEAL HELPERS

Walnut Mushroom Bolognese Sauce

BBQ Mushroom Taco Filling

READY-TO-EAT

Classic Mac & Cheeze

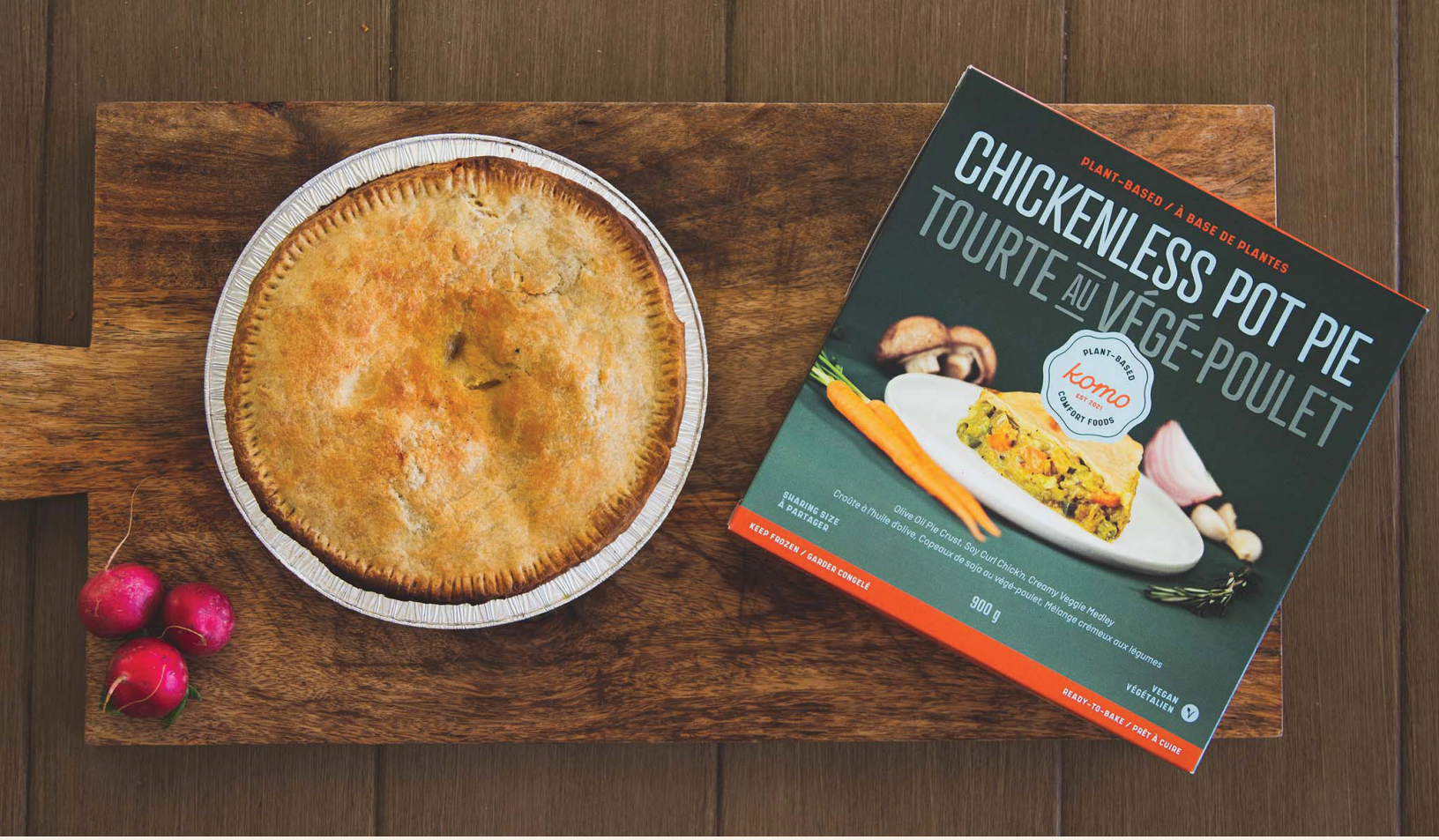
Bacun Caramelized Onion Mack & Cheeze

Mac & Greens

Buffalo Fried Chick'n Mac & Cheeze

Roasted Garlic Mushroom Mac & Cheeze

BBQ Pulled Mushroom Mac & Cheeze



OUR VALUES

Our values are the guiding light at the heart of our brand, directing everything Komo does.

SHARE LOVE

We believe sharing food is a love language and connections are made around the dinner table. We make food that feeds those precious moments that happen only through cooking, eating and sharing food with the ones we love.

PLANT-BASED

Komo is born of a desire to share the love we have for plant-based food with the world. We believe change can start with a single bite, and plant-based is the way of the future: a style of eating that is kind to the planet, people, and animals.

UNCOMPROMISING

Instead of settling for how things were, we're here to prove that choosing plant-based is never a compromise. Everything we make is deliciously hearty, wholesome, and easy; we're committed to bringing the taste, satisfaction and shareability of plant-based food to the next level.

REAL

Komo is an ego-free zone. We're real people making real food to create real change in the world. That's who we are and how we'll always be.

BRAND LOVE

Within 8 months of the launch of our direct to consumer eCommerce platform, we have received over 170 reviews from verified purchasers through the Yotpo app, of which over 140 reviews have included a five out of five star consumer rating.

Craig M. Verified Buyer 09/21/21

★★★★★

BEST EVER!

Honestly... We have tried nearly every available frozen vegan/vegetarian meal available. These meals are truly some of the best our family has eaten... A huge Thank You! to the fine people at KOMO!

On Komo Family Bundle

Joanne C. Verified Buyer 11/13/21

★★★★★

Vegan success

I have Italian roots, and have had many reasons to be a skeptic. If this sauce could deliver on any of my many requirements was really unexpected (other than healthy ingredients). CONGRATULATIONS! Well done.
What a delicious sauce. The taste, colour, consistency and noodle stick factor was all spot on. The kitchen smelled wonderful while I wa...Read More

On Bolognese Sauce

Mackenzie J. Verified Buyer 11/13/21

★★★★★

Great value!

Love this service. I try and make all my meals from scratch - something I got used to being plant based as good healthy "fast" options are not readily available. This is a great variety of meals that help supplement my usual meal plans. The lasagna is so good I'm never making my own from scratch ever again! Haha!

On Komo Family Bundle

Beth D. Verified Buyer 11/13/21

★★★★★

Absolutely delicious!

Loved this and my picky kid did too! Win win! Thank you!

On Lasagna

safoura k. Verified Buyer 11/02/21

★★★★★

The lasagna is absolutely amazing!

The lasagna is absolutely amazing! Very tasty, filling, nutritious, and just gorgeous. Komo comfort foods has become my favorite vegan brand so far. Highly recommended!

On Lasagna

Robyn M. Verified Buyer 11/07/21

★★★★★

Love these lasagnas. My partner

Love these lasagnas. My partner who is not vegan also really enjoys them!! Really exciting I haven't been able to find something that does lasagna justice like these ones :) my fav!

On Lasagna Bundle

Celine R. Verified Buyer 11/24/21

★★★★★

Loved by the whole family!

Toddler approved , delicious meals. Portions were a good size. Will definitely reorder. So great to have on hand !

On Komo Family Bundle

Shannon S. Verified Buyer 11/14/21

★★★★★

Love the food!

We've had the "chicken" pot pie, lasagna and taco "meat" so far and love all three! The convenience of not having to actually cook a meal after a long workday is priceless! We will continue to order from Komo!

On Komo Family Bundle

Holly A. Verified Buyer 11/10/21

★★★★★

Lasagna is excellent

Our family all really enjoyed the lasagna. Really impressed with how flavourful you're making it using only plant-based foods.

On Lasagna

LOOKING AHEAD

We're driven by our opportunity to build a plant-based company centered around real food, real cooking and real people. At Komo, we believe plant-based eating is the future that is propelled by the movement towards healthier and more sustainable ways of living.

Our products and brand target an underserved category in the plant-based frozen food space: prepared meals and multi-serve options.Paired with our uncompromising commitment to wholesome ingredients and satisfying experiences with comfort classics, we believe we can become a top-of-mind brand with plant-based consumers. This will be carried out through the expansion of our distribution across Canada and in the US, extension of our plant-based comfort food platform and buildout of our talented komo team.

A warm thank you to our team, customers and supporters for the trust and early support of our new brand as we continue to share the love of plant-based!

KOMO PLANT BASED FOODS INC.

MANAGEMENT'S DISCUSSION & ANALYSIS

For the Years Ended July 31, 2021 and 2020

(Expressed in Canadian Dollars)

This Management's Discussion and Analysis ("MD&A") relates to the consolidated financial position and financial performance of Komo Plant Based Foods Inc. (formerly Fasttask Technologies Inc.) ("Komo Foods" or the "Company") and our 100% owned subsidiaries, Komo Plant Based Comfort Foods Inc. and Fasttask Inc. for the years ended July 31, 2021 and 2020. All references to "us" "we" and "our" refer to the Company. All intercompany balances and transactions have been eliminated.

Except where otherwise indicated, the financial information contained in this MD&A was prepared in accordance with International Financial Reporting Standards ("IFRS"). This MD&A should be read in conjunction with our audited annual consolidated financial statements for the years ended July 31, 2021 and 2020 (collectively referred to as the "Financial Statements").

Financial information contained in this MD&A has been prepared on the basis that we will continue as a going concern, which assumes that we will be able to realize our assets and satisfy our liabilities in the normal course of business for the foreseeable future. Management is aware, in making its going concern assessment, of material uncertainties related to events and conditions that may cast significant doubt upon our ability to continue as a going concern. We have incurred a loss before other income and expense of $2,129,900 and net loss from continuing operations of $6,457,300 and incurred negative cash flows in operating activities from continuing operations of $1,827,117 during the year ended July 31, 2021 and we have an accumulated deficit of $11,588,433 as at July 31, 2021. The majority of our net loss comes from our previous business and expenses incurred in our go-public transaction. Our continued operations are dependent on future profitable operations, management's ability to manage costs and the future availability of equity or debt financing. Whether and when we can generate sufficient operating cash flows to pay for our expenditures and settle our obligations as they fall due is uncertain. The financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption inappropriate. These adjustments could be material.

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

OUR BUSINESS

Komo Foods is an emerging plant-based food company engaged in the development, production, marketing, and distribution of a variety of premium plant-based meals. Our products are plant-based versions of classic favourites that are traditionally meat and dairy-centric. By incorporating only wholesome, plant-based ingredients, we aim to create the same satisfying experience without compromise. We launched our flagship product line on our direct-to-consumer e-commerce platform in March 2021. These products became available through retail distribution partners in the province of British Columbia ("BC") soon after.

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

The demand for plant-based alternatives is growing. This is driven by consumer awareness of major issues with animal protein diets, including health, sustainability, and animal welfare. In recent years, there has been a rise in meat and dairy alternative products into the market as plant-based eating becomes more mainstream.

Retail sales of dairy and meat alternatives approached $7 billion in 2020, according to data from the Plant Based Foods Association and the Good Food Institute*. We aim to take the opportunity to continuously innovate with new plant-based products that meet the demand of consumer tastes and expectations for whole food ingredients.
(https://www.foodbusinessnews.net/articles/18318-dairy-meat-alternative-sales-surged-to-7-billion-in-2020)*

As the plant-based food market grows, consumers have increasing scrutiny for the ingredients in plant-based alternatives. There is a preference towards more real food ingredients, yet consumers may not be willing to sacrifice familiar food experiences and convenience. A key differentiator for our plant-based products is our flavor-forward, wholesome comfort meals that help make plant-based eating easy. Our product development is focused on bringing back the nostalgic feelings of comfort and family for both plant-based consumers and plant-based explorers alike. Our products will always be wholesome, hearty and shareworthy to make plant-based eating easier for our consumers. At Komo, we take comfort favourites and make them 100% plant-based.

CORPORATE OVERVIEW

At Komo Foods, we believe plant-based eating is the future and **change can start with a single bite**™. Our mission is to make plant-based meals a staple on every dinner table by sharing our love for feel-good food that connects the people to the planet.

Our Strategy

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

Our Business Model

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

- Plant-Based Lasagna, full size (5-6 servings)
- Plant-Based Lasagna, 2 servings
- Plant-Based Shepherd's Pie, full size 5-6 servings

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

Our goal is to share the love of plant-based foods through different means and reach consumers across various channels. We distribute and sell our products through an omnichannel business model:

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

eCommerce

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

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

Wholesale

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

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

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

Food Delivery

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

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

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

STRATEGY PROGRESS UPDATE

Omnichannel Revenue Model

e-Commerce Expansion

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

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

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

Wholesale Distribution

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

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

- Transcold Distribution Ltd
  TransCold Distribution is a wholesale supplier of frozen foods and ice cream throughout Western Canada and Western US and distributes to over 10,000 distribution points, including major grocery, convenience, drug, chain retailers, food service and independent retailers. TransCold is a Unilever Master Distributor and has 14 locations in Canada and Western US distributing over 1,200 products through over 40 different brands. TransCold customers in Canada include Safeway, Save on Foods, Loblaws, Real Canadian Superstore, Fresh Co, Thrifty Foods, Whole Foods, Walmart, Nesters Market, Buy-Low Foods, Walmart, Costco, 7-Eleven, Shoppers Drug Mart, SPUD.ca and Pomme Natural Market.
- Nationwide Natural Foods
  Nationwide distributes a wide selection of natural, organic, gluten free, vegan, & vegetarian products to retailers in Canada. It focuses on delivering clean, natural products that cater to a certain lifestyle to major and independent grocery stores, specialty stores, coffee shops and bistros, including Sobeys, Choices, Quality Foods, Country Grocer, Save-On-Foods and Whole Foods.

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

Distribution Points

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

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

US Expansion

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

Food Delivery

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

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

Asset Light and Scalable Production Capacity

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

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

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

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

Plant-based Innovation

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

- Ready-to-Bake Classics: these are wholesome favourites in two-serving and family-sized offerings that are ready to bake for a plant-based meal ready in one hour or less, including our top seller Lasagna, Shepherd's Pie and Chickenless Pot Pie.
- Plant Based Meal Helpers: these are versatile meal starters that serve four, which our consumers can defrost, heat and use in a variety of meals. This includes our Walnut Mushroom Bolognese and BBQ Pulled Mushroom & Lentil Taco Filling

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

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

We plan to develop more gluten-free products in the pipeline based on consumer feedback we have received. We will be aiming to build a strong consumer feedback loop through email surveys and sampling programs locally. For example, in Phase 1, we learned that consumers resonated with the wholesome ingredients and sustainable

packaging. Within a couple of months, we sourced organic Canadian green lentils and removed added flavours and other additives from our products in Phase 2 to align with the wholesome value of our products and brand. We also sourced aluminum packaging and reduced plastic packaging to ensure a better user experience and more sustainable packaging option.

Brand Awareness

As a new brand in the plant-based food space, we are focused on building awareness around our mission, brand, and products. Our brand marketing efforts since launch include honing our social media channels and participating in weekly local farmers markets to meet new consumers and attending local trade shows.

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

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

OUTLOOK

Our omnichannel revenues model is shaping up with DTC, wholesale and ready-to-eat food delivery. In the next 12 months, we will continue to strengthen our sales channels and strategy, and onboard new distributors and brokers to expand our presence in the Eastern provinces of Canada and to the US market. We aim to grow our distribution network to five times larger and reach 1,000 distribution points.

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

We will continue to follow an asset light strategy and focus on developing co-packing partnerships to increase capacity and commercialize new products. We aim to hone our innovation process through our Komo Eats food delivery channel and local launches to validate new product ideas before scaling through co-manufacturing partners. Building on the existing research and development pipeline, we will continue to invest in research and development and launch an additional six to ten innovative plant-based comfort foods over the next year.

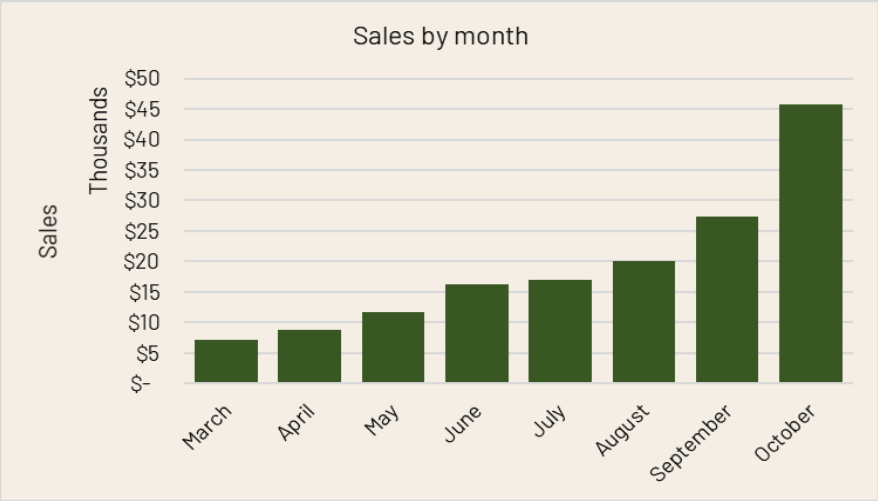
We will expand brand awareness in Canada, especially in the central and eastern provinces, by directly interacting with our consumer through social media platforms, our direct-to-consumer sales channels and trial and tasting programs. We will initiate brand awareness activities in the US market in 2022.

OVERALL PERFORMANCE

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

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

Sales growth since products launch in March 2021



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

Gross profit margin

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

SELECTED ANNUAL INFORMATION

Management considers that the main indicators of our performance are the following: revenues, net income and loss, total assets, earnings/loss per share. The following information was derived from our audited financial statements for the year ended July 31, 2021 and 2020.

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

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

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

DISCUSSION ON OPERATIONS

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

Revenue

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

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

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

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

Gross profit

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

Direct to consumer,	45%
Wholesale,	35%
Total	42%

Advertising and promotion

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

Consulting fees

We are an emerging business which engages consultants regularly to obtain expertise in various business areas including but not limited to product research and development, marketing, technology, finance and accounting. For the year ended July 31, 2021, we incurred consulting expenses of $180,570 as compared to $246,234 in the prior year. The decrease in consulting fees was primarily driven by the change of business.

Depreciation

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

Fulfillment

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

General and Administrative

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

Investor relations

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

License fees

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

Professional fees

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

Research and development

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

Selling costs

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

Share-based compensation

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

Travel expenses

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

Wages

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

Investment income (loss)

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

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

Listing expenses

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

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

Fair value of net assets acquired:	
Cash	$ 798,143
Accounts receivable	64,481
Prepaid expenses	70,274
Property and equipment	6,502
Accounts payable and accrued liabilities	(135,378)
Due to related parties	(67,486)
Convertible debentures	(126,303)
Derivative liability	(14,320)
Loan payable	(49,666)
Listing expense	4,309,084
	$ 4,855,331

Other expense

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

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

Net loss from continuing operations

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

Net loss from discontinued operations

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

Dividends

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

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

LIQUIDITY

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

(1) Current ratio is current assets divided by current liabilities.
(2) Working capital is current assets minus current liabilities
(3) Debt as of July 31, 2021 consisted of Canada Emergency Business Account interest-free loans from the Canadian government as part of its COVID-19 financial assistance program and convertible debentures

Working Capital

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

CAPITAL RESOURCES AND MANAGEMENT

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

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

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

OFF-BALANCE SHEET ARRANGEMENTS

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

RELATED PARTY TRANSACTIONS

(a) As at July 31, 2021, the Company owed $nil (2020 – $13,631) to the spouse of the President and Chief Executive Officer ("CEO") of the Company, of which $nil (2020 – $5,370) is included in accounts payable and accrued liabilities. During the year ended July 31, 2021, the Company incurred consulting fees of $110,000 (2020 – $77,000) to the spouse and a company controlled by the spouse of the President and CEO of the Company.

(b) As at July 31, 2021, the Company is owed $nil (2020 – $628) from the President and CEO of the Company. During the year ended July 31, 2021, the Company incurred wages of $20,000 (2020 – $132,000) and director's fees of $90,000 (2020 – $nil) to the President, CEO and director of the Company.

(c) As at July 31, 2021, the Company is owed $576 (2020 – $8,247) from a company controlled by the President and CEO of the Company, which is unsecured, non-interest bearing, and due on demand.

(d) As at July 31, 2021, the Company owed $nil (2020 - $2,000) to a former director of the Company, Robert Horsley, which is included in accounts payable and accrued liabilities. During the year ended July 31, 2021, the Company incurred consulting fees of $nil (2020 - $35,000) to Mr. Horsley.

(e) During the year ended July 31, 2021, the Company incurred consulting fees of $nil (2020 – $10,000) to a company controlled by a former director of the Company, Krystal Pineo.

(f) During the year ended July 31, 2021, the Company incurred professional fees of $nil (2020 – $10,157) and consulting fees of $15,000 (2020 – $nil) to the Chief Financial Officer of the Company.

(g) As at July 31, 2021, the Company owed $nil (2020 - $39,756) to Better Plant Sciences Inc. ("BPS"), an associated company with common officers. During the year ended July 31, 2020, the Company received 300,000 shares of BPS with a fair value of $87,000 from a former director of the Company to settle $12,494 owed by the President and CEO of the Company and $54,835 owed by the former director of the Company. During the year ended July 31, 2021, the Company incurred advertising and promotion of $119,817 (2020 – $nil), investor relations of $8,880 (2020 – $nil), fulfilment costs of $10,533 (2020 – $nil), general and administrative of $27,110 (2020 – $nil), and $84,319 of professional fees (2020 – $nil) to BPS. As at July 31, 2021, the Company held a deposit of $50,000 (2020 - $nil) with BPS pursuant to an operating agreement, which is included in prepaid expenses and deposits.

(h) During the year ended July 31, 2021, the Company incurred a license fee of $nil (2020 – $663,200) to Urban Juve Provisions Inc. ("Urban Juve"), an associated company with common officers.

(i) As at July 31, 2021, the Company is owed $nil (2020 – $176) from NeonMind Biosciences Inc. ("NeonMind"), an associated company with common officers. During the year ended July 31, 2021, the Company incurred a license fee of $nil (2020 – $414,500) to NeonMind.

(j) As at July 31, 2021, the Company owed $nil (2020 – $1,658) to Jusu Bars Corp. ("Jusu"), an associated company with common officers, which is included in accounts payable and accrued liabilities. As at July 31, 2021, the Company held a deposit of $10,000 (2020 - $6,525) with Jusu pursuant to an operating agreement, which is included in prepaid expenses and deposits.

(k) During the year ended July 31, 2021, the Company incurred director's fees of $66,350 (2020 – $nil) to a director of the Company, Daniel Kang.

(l) During the year ended July 31, 2021, the Company incurred consulting fees of $4,000 (2020 – $nil) to a director of the Company, Angelo Rajasooriar.

(m) As at July 31, 2021, the Company owed $3,896 (2020 – $nil) to the President and CEO of the Company's subsidiary, Komo Plant Based Comfort Foods Inc., which is unsecured, non-interest bearing, and due on demand. During the year ended July 31, 2021, the Company incurred wages of $83,187 (2020 – $nil) to the President and CEO of the Company's subsidiary.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Significant areas requiring the use of estimates and judgement include the collectability of accounts receivable, net realizable value of inventory, the useful life, carrying value, and incremental borrowing rate used for the right-of-use assets and lease liabilities, impairment of marketable securities, intangible assets, and property and equipment, fair value of share-based compensation and derivative liabilities, and measurement of unrecognized deferred income tax assets. Judgments include the factors that are used in determining the application of the going concern assumption which requires management to consider all available information about the future, which is at least but not limited to, 12 months from the year end of the reporting period.

Accounting Standards Issued but Not Yet Effective

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

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

(a) Fair Value

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

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

The fair values of other financial instruments, which includes cash, amounts receivable, amounts due to and from related parties, accounts payable and accrued liabilities, convertible debentures, derivative liability, and loans payable approximate their carrying values due to the relatively short-term maturity of these instruments.

(b) Credit Risk

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

(c) Foreign Exchange Rate Risk

The Company's functional currencies are the Canadian dollar and United States dollar. The functional currency of its former wholly owned subsidiary was the United States dollar. Currency risk is the risk that the fair value of the Company's financial instruments will fluctuate because of changes in foreign currency exchange rates. The Company's subsidiary had limited operations which limited the Company's foreign exchange risk. Management has chosen not to hedge its foreign exchange risk.

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

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

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

(d) Interest Rate Risk

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

(e) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company manages liquidity risk by maintaining sufficient cash balances and adjusting its operating budget and expenditure. Liquidity requirements are managed based on expected

cash flows to ensure that there is sufficient capital in order to meet short-term and other specific obligations.

(f) Price Risk

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

CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

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

Internal Control over Financial Reporting ("ICOFR")

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 ICOFR

Our management, including the CEO and CFO, do not expect that our disclosure controls and procedures and ICFR will prevent all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable assurance that the control system objectives will be met. The likelihood of achievement is affected by limitations inherent in all internal control systems. These inherent limitations include the realities that judgments or decision making can be faulty, and that breakdowns occur because of simple errors or mistakes. Controls can also be circumvented in numerous ways including collusion, overrides and deception. In addition to the inherent limitations, the design of a control system must reflect that there are resource constraints, and the expected benefit of controls must be considered relative to the expected costs. Due to inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected. Further, no evaluation of controls can provide absolute assurance that all control issues within a company will be detected.

RISK FACTORS

The following are certain factors relating to the Company's business, which readers of this MD&A should carefully consider. The following information is a summary only of certain risk factors and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information set out elsewhere in this MD&A. These risks and uncertainties are not the only ones the Company is facing. Additional risks and uncertainties not presently known to us, or that we currently deem immaterial, may also impair operations. If any such risks

actually occur, the business, financial condition, liquidity and results of operations could be materially adversely affected.

Reliance on Key Personnel

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

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

Protection of Intellectual Property Rights

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

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

Competition

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

Public Health Crises

Public health crises could adversely affect the Company's business. The Company's financial and/or operating performance could be materially adversely affected by the outbreak of public health crises, epidemics, pandemics or outbreaks of new infectious diseases or viruses, such as the recent global outbreak of COVID-19.

Such public health crises, including the ongoing COVID-19 pandemic, can result in volatility and disruption to global supply chains, consumer, trade and market sentiment, mobility of people, and global financial markets, which could affect share prices, interest rates, credit ratings, credit risk, inflation, business, financial conditions and results of operations, and other factors relevant to us. The risks to the Company of such public health crises, including the ongoing COVID-19 outbreak, also include risks to employee health and safety, a slowdown or temporary suspension of operations in geographic locations impacted by an outbreak or could result in the cancellation of orders, as well as supply chain disruptions and could negatively impact the Company's business, financial condition and results of operations.

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

Government Regulation of the Food Industry Creates Risks and Challenges

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

Price of Raw Materials

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

Consumer Trends

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

Supply Chain Management

Insufficient or delayed supply of products threatens the Company's ability to meet customer demands while over capacity threatens the Company's ability to generate profit. Accordingly, any failure by the Company to properly

manage the Company's supply chain could have a material adverse effect on the Company's business, financial condition and results of operations. The Company does not have written supply agreements with the Company's suppliers. Because of the absence of such contracts, any of such suppliers could seek to alter or terminate its relationship with the Company at any time, which could result in disruption in the Company's supply chain.

Climate Change

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

Cybersecurity

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

Food Safety and Consumer Health

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

Brand Value

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

Internet Search Algorithms

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

Reputation Risk

Real or perceived quality or food safety concerns or failures to comply with applicable food regulations and requirements, whether or not ultimately based on fact and whether or not involving us or incidents involving the Company's competitors, could cause negative publicity and reduced confidence in the Company and the

Company's products, which could cause harm to the Company's brand, reputation and sales, and could materially adversely affect the Company's business, financial condition and results of operations. The growing use of social and digital media increases the speed and extent that information or misinformation and opinions can be shared. Negative publicity about the Company, the Company's brand or products on social or digital media could seriously damage the Company's reputation. Without a favorable perception of the Company's brand and products, the Company's sales and profits could be negatively impacted.

Risks Associated with Leasing Commercial Space

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

Effect of Product Innovation

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

Failure to Retain Current Customers and/or Recruit New Customers

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

Litigation Risk

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

Third Party Reliance for Shipping and Payment Processing

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

History of Losses

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

existing production facilities, are fixed. Accordingly, the Company may not be able to achieve or sustain profitability, and the Issuer may incur significant losses for the foreseeable future.

Negative Cash Flow

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

Dividend Risk

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

Global Economic Risk

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

SUBSEQUENT EVENTS

(a) On August 6, 2021, the Company granted 250,000 stock options exercisable at $0.10 per share until August 6, 2026. The options are subject to vesting conditions, of which 31,250 options vest December 6, 2021, and the remaining options vest in increments of 31,250 options every 3 months thereafter.

(b) On August 26, 2021, the Company granted a total of 1,630,000 stock options exercisable at $0.10 per share until August 26, 2026.

(c) On September 15, 2021, the Company granted a total of 1,570,000 stock options exercisable at $0.115 per share until September 15, 2026.

(d) On September 22, 2021, the Company granted 50,000 stock options exercisable at $0.24 per share until September 22, 2026.

(e) On October 8, 2021, the Company closed a non-brokered private placement of 1,000 units at $1,000 per unit for gross proceeds of $1,000,000. Each unit consisted of a 10% convertible unsecured debenture (the "Debentures") and 7,000 common share purchase warrants of the Company (the "Warrants"). The Debentures bear interest at a rate of 10% per annum on an accrual basis from issuance, calculated and payable semi-annually in arrears on July 31 and January 31 of each year with such payment commencing on January 31, 2022 with a redemption date that is 24 months from issuance. The Debentures are convertible in full or in part, at the holders' option, into common shares in the capital of the Company at a price of $0.14 per common share, at any time prior to their redemption. Each Warrant will entitle the holder thereof to acquire one common share of the Company at a price of $0.16 per share for a period of 36 months from the date of issue. The Company paid $80,000 of finder's fees to registered brokers and issued 571,427 warrants to each purchase one common share of the Company at a price of $0.14 for a period of 24 months from the date of

issue (the "Broker Warrants"). The shares underlying the Warrants, the Broker Warrants and the Debentures are subject to a statutory hold period expiring four months and one day from issuance of the underlying securities.

(f) On October 14, 2021, the Company granted 50,000 stock options exercisable at $0.285 per share until October 14, 2026. The options are subject to vesting conditions, of which 12,500 options vest February 14, 2022, 12,500 options vest April 14, 2022, and the remaining options vest in increments of 12,500 options every 3 months thereafter.

(g) On October 29, 2021, the Company issued 800,000 units at $0.20 per unit for proceeds of $160,000. Each unit consists of one common share and one warrant exercisable at $0.215 per share until October 29, 2023.

(h) On November 29, 2021, the Company issued 138,106 units to settle outstanding debts owed by the Company. Each unit is comprised of one common share and one-half of one whole share purchase warrant, where each whole share purchase warrant is exercisable into an additional common share at $0.10 per share until October 29, 2023.

(i) Subsequent to the year ended July 31, 2021,

a) the Company repaid convertible debentures with a principal of $117,523 and accrued interest of $16,447 (Note 14).

b) the Company issued a total of 1,542,375 common shares for proceeds of $307,075 pursuant to the exercise of warrants with an exercise price of $0.20 per share.

c) the Company issued a total of 860,000 units for proceeds of $160,000 pursuant to the exercise of warrants with an exercise price of $0.10 per share. Each unit consists of one common share and one warrant exercisable at $0.10 per share over the remaining term of the original warrant.

d) the Company issued 260,000 common shares for proceeds of $27,500 pursuant to the exercise of stock options with exercise prices ranging between $0.10 per share and $0.20 per share.

e) a total of 1,671,196 warrants with an exercise price of $5.00 per share expired unexercised.

f) a total of 59,000 stock options with exercise prices $0.10 per share and $0.75 per share were forfeited upon termination of employees.

KOMO PLANT BASED FOODS INC.

CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended July 31, 2021 and 2020

(Expressed in Canadian Dollars)

SATURNAGROUP
CHARTERED PROFESSIONAL ACCOUNTANTS LLP

Suite 1605, 1166 Alberni Street
Vancouver, BC Canada V6E 3Z3

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Komo Plant Based Foods Inc.

Opinion

We have audited the consolidated financial statements of Komo Plant Based Foods Inc. (the "Company"), which comprise the consolidated statements of financial position as at July 31, 2021 and 2020, and the consolidated statements of operations and comprehensive loss, changes in equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at July 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss from continuing operations of $6,457,300 and negative cash flows from continuing operations of $1,827,117 during the year ended July 31, 2021 and, as of that date, the Company has an accumulated deficit of $11,588,433. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Management's Discussion and Analysis, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

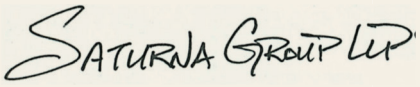
As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Henry Chow.



Saturna Group Chartered Professional Accountants LLP

Vancouver, Canada

November 29, 2021

KOMO PLANT BASED FOODS INC.

Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	July 31, 2021	July 31, 2020
	$	$
ASSETS		
Current assets		
Cash	342,996	55,332
Amounts receivable (Notes 4)	173,592	57,188
Inventory (Note 5)	18,373	31,356
Due from related parties (Note 12)	–	9,138
Marketable securities (Note 7)	–	8,119
Prepaid expenses and deposits (Notes 8 and 12)	150,766	51,641
Total current assets	**685,727**	**212,774**
Non-current assets		
Property and equipment (Note 9)	19,222	6,068
Right-of-use assets (Note 10)	–	34,975
Intangible assets (Note 11)	33,650	–
Total non-current assets	**52,872**	**41,043**
Total assets	**738,599**	**253,817**
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	252,844	189,022
Due to related parties (Note 12)	3,320	8,261
Current portion of lease liabilities (Note 13)	–	19,471
Convertible debentures (Note 14)	130,041	–
Derivative liability (Note 14)	14,582	–
Total current liabilities	**400,787**	**216,754**
Non-current liabilities		
Lease liabilities (Note 13)	–	32,280
Loans payable (Note 15)	97,246	–
Total liabilities	**498,033**	**249,034**
SHAREHOLDERS' EQUITY		
Share capital	10,111,033	4,900,764
Share-based payment reserve	1,717,966	194,754
Accumulated other comprehensive loss	–	(4,592)
Deficit	(11,588,433)	(5,086,143)
Total shareholders' equity	**240,566**	**4,783**
Total liabilities and shareholders' equity	**738,599**	**253,817**

Nature of operations and continuance of business (Note 1)
Subsequent events (Note 27)

Approved and authorized for issuance on behalf of the Board of Directors on November 29, 2021:

/s/ "Daniel Kang"	/s/ "Spiros Margaris"
Daniel Kang, Director	Spiros Margaris, Director

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

KOMO PLANT BASED FOODS INC.

Consolidated Statements of Operations and Comprehensive Loss
(Expressed in Canadian Dollars)

	Year ended July 31, 2021	Year ended July 31, 2020
	$	$
Revenue	62,835	–
Cost of goods sold	(35,144)	–
Gross profit	**27,691**	**–**
Expenses		
Advertising and promotion (Note 12)	387,412	62,397
Consulting fees (Note 12)	180,570	246,234
Depreciation (Notes 9 and 10)	9,059	12,717
Fulfilment (Note 12)	12,519	–
General and administrative (Note 12)	312,474	53,261
Investor relations (Note 12)	175,553	–
License fees (Notes 12 and 24)	–	1,077,700
Professional fees (Note 12)	373,771	85,007
Research and development	42,670	–
Selling costs	10,718	–
Share-based compensation (Note 18)	441,400	81,760
Travel	12,055	38,890
Wages (Note 12)	199,390	168,680
Total expenses	**2,157,591**	**1,826,646**
Loss before other income (expense)	**(2,129,900)**	**(1,826,646)**
Other income (expense)		
Investment loss (Note 19)	(8,119)	(774,293)
Listing expense (Note 3)	(4,309,084)	–
Other expense (Note 20)	(10,197)	(5,265)
Total other income (expense)	**(4,327,400)**	**(779,558)**
Net loss from continuing operations	**(6,457,300)**	**(2,606,204)**
Loss from discontinued operations (Note 25)	(14,866)	(430,651)
Net loss for the year	**(6,472,166)**	**(3,036,855)**
Unrealized foreign exchange loss	(417)	(2,549)
Comprehensive loss for the year	**(6,472,583)**	**(3,039,404)**
Loss per share, basic and diluted		
- continuing operations	(0.08)	(0.11)
- discontinued operations	(0.00)	(0.02)
Weighted average shares outstanding	78,183,083	24,759,046

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

KOMO PLANT BASED FOODS INC.

Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Share capital		Share-based payment reserve	Accumulated other comprehensive loss	Deficit	Total shareholders' equity
	Number of shares	Amount				
		$	$	$	$	$
Balance, July 31, 2019	**22,588,509**	**3,619,064**	**112,994**	**(2,043)**	**(2,049,288)**	**1,680,727**
Issuance of units for cash	341,072	200,000	–	–	–	200,000
Issuance of common shares for license fees	2,660,360	1,077,700	–	–	–	1,077,700
Issuance of common shares for debt	8,186	4,000	–	–	–	4,000
Share-based compensation	–	–	81,760	–	–	81,760
Unrealized foreign exchange loss	–	–	–	(2,549)	–	(2,549)
Net loss for the year	–	–	–	–	(3,036,855)	(3,036,855)
Balance, July 31, 2020	**25,598,127**	**4,900,764**	**194,754**	**(4,592)**	**(5,086,143)**	**4,783**
Issuance of units for cash	11,595,078	1,416,500	–	–	–	1,416,500
Share issuance costs	–	(173,730)	72,230	–	–	(101,500)
Issuance of units for debt	445,713	54,450	–	–	–	54,450
Issuance of common shares for intangible assets	409,286	33,650	–	–	–	33,650
Issuance of common shares for services	409,286	33,650	–	–	–	33,650
Issuance of common shares for merger	46,981,171	3,845,749	1,009,582	–	–	4,855,331
Share-based compensation	–	–	441,400	–	–	441,400
Unrealized foreign exchange loss	–	–	–	(417)	–	(417)
Realized foreign exchange loss on disposal of subsidiary	–	–	–	5,009	–	5,009
Dividend in kind (Note 25)	–	–	–	–	(30,124)	(30,124)
Net loss for the year	–	–	–	–	(6,472,166)	(6,472,166)
Balance, July 31, 2021	**85,438,661**	**10,111,033**	**1,717,966**	**–**	**(11,588,433)**	**240,566**

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

KOMO PLANT BASED FOODS INC.

Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year ended July 31, 2021	Year ended July 31, 2020
	$	$
Operating activities		
Net loss from continuing operations	(6,457,300)	(2,606,204)
Items not involving cash – continuing operations:		
Depreciation	9,059	12,717
Investment loss	8,119	774,293
Other expense	(3,431)	-
Interest expense on lease liability	5,565	9,142
Interest expense on loans	11,560	–
Listing expense	4,309,084	–
Share-based compensation	441,400	81,760
Shares issued for license fees	33,650	1,077,700
Changes in non-cash operating working capital:		
Amounts receivable	(61,418)	(36,941)
Inventory	(17,141)	(53,378)
Prepaid expenses and deposits	(45,559)	22,823
Due to/from related parties	(63,289)	(64,162)
Accounts payable and accrued liabilities	2,584	38,786
Net cash used in operating activities – continuing operations	**(1,827,117)**	**(743,464)**
Net cash used in operating activities – discontinued operations	**(14,506)**	**(291,700)**
Investing activities		
Cash acquired upon merger	798,143	–
Issuance of convertible promissory note receivable	–	(78,249)
Purchase of property and equipment	(15,421)	–
Purchase of marketable securities	–	(389,940)
Proceeds from sale of marketable securities	–	510,838
Net cash provided by investing activities – continuing operations	**782,722**	**42,649**
Net cash used in investing activities – discontinued operations	**–**	**(7,289)**
Financing activities		
Proceeds from issuance of units	1,416,500	200,000
Share issuance costs	(101,500)	–
Lease repayments	(24,000)	(12,400)
Proceeds from loan payable	60,000	–
Net cash provided by financing activities – continuing operations	**1,351,000**	**187,600**
Net cash used in financing activities – discontinued operations	**–**	**(67,310)**
Effect of foreign exchange rate changes on cash	**(4,435)**	**(12,648)**
Change in cash	287,664	(892,162)
Cash, beginning of year	55,332	947,494
Cash, end of year	**342,996**	**55,332**

Supplemental disclosures (Note 21)

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

1. Nature of Operations and Continuance of Business

Komo Plant Based Foods Inc. (formerly Fasttask Technologies 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. (Note 3). The Company researches, develops, manufactures, markets and sells plant-based frozen food products through ecommerce and retail. 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. On October 30, 2020, the Company entered into an Asset Purchase Agreement with Kingdom Brands Holdings Inc. ("K Brands"), whereby it agreed to sell a 100% interest in its former wholly-owned subsidiary, Kingdom Brands Management Inc. ("KBM"), and assign license agreements with Urban Juve Provisions Inc. ("UJP") (Note 24(a) and 24(b)), and sell inventory, web domain rights and other related intellectual property in consideration for 31,271,671 common shares of K Brands. Refer to Note 25.

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 year ended July 31, 2021, the Company has incurred a net loss from continuing operations of $6,457,300 and incurred negative cash flows in operating activities from continuing operations of $1,827,117. As at July 31, 2021, the Company has an accumulated deficit of $11,588,433. 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 statement of financial position classifications that would be necessary were the going concern assumption inappropriate. These adjustments could be material.

The outbreak of the novel 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.

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., Fasttask Inc., and 10758914 Canada Inc., and its previously wholly owned U.S. subsidiary, KBM, up to its date of disposal on October 30, 2020. Refer to Note 25. 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.

Significant areas requiring the use of estimates and judgement include the collectability of amounts receivable and promissory note receivable, net realizable value of inventory, the useful lives and carrying values of property and equipment and intangible assets, the useful life, carrying value, and incremental borrowing rate used for the right-of-use assets and lease liabilities, 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.

(d) Cash and Cash Equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance, are readily convertible to known amounts of cash, and which are subject to insignificant risk of changes in value to be cash equivalents.

(e) Inventory

Inventory consisted primarily of finished goods, raw materials and packaging and are measured at the lower of cost and net realizable value. Cost is determined using the weighted average method. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

2. Significant Accounting Policies (continued)

(f) Marketable Securities

Marketable securities consist of a portfolio of investments and is comprised of common shares and warrants of publicly-traded companies. The investments are accounted for under the relative fair value method whereby the total proceeds of the instrument is allocated to the components in proportion to their relative fair values. The fair value of common shares and warrants have been determined by reference to public price quotations in an active market. The investments in common shares and warrants are financial instruments under IFRS 9 and are classified as fair value through profit or loss, with unrealized gains and losses recorded in the consolidated statement of operations.

(g) Financial Instruments

(i) Recognition and initial measurement

The Company's financial instruments consist of cash, amounts receivable, due from/to related parties, marketable securities, accounts payable and accrued liabilities, convertible debentures, derivative liability, and loans payable.

The following table shows the classification under IFRS 9:

Financial instrument	Classification
Cash	Amortized cost
Amounts receivable	Amortized cost
Marketable securities	FVTPL
Accounts payable and accrued liabilities	Amortized cost
Due to related parties	Amortized cost
Convertible debentures	Amortized cost
Derivative liability	FVTPL
Loans payable	Amortized cost

Trade receivables are initially recognized when they are originated. All other financial assets and liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortized cost; fair value through other comprehensive income ("FVOCI") – debt investment; FVOCI - equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

2. Significant Accounting Policies (continued)

(g) Financial Instruments (continued)

(ii) Classification and subsequent measurement (continued)

Financial assets (continued)

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis. All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Subsequent measurement and gains and losses

- Financial assets at FVTPL: These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in the consolidated statement of operations.
- Financial assets at amortized cost: These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in the consolidated statement of operations. Any gain or loss on derecognition is recognized in the consolidated statement of operations.
- Debt investments at FVOCI: These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in the consolidated statement of operations. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to the consolidated statement of operations.
- Equity investments at FVOCI: These assets are subsequently measured at fair value. Dividends are recognized as income in the consolidated statement of operations unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to the consolidated statement of operations.

2. Significant Accounting Policies (continued)

(g) Financial Instruments (continued)

(ii) Classification and subsequent measurement (continued)

Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in the consolidated statement of operations. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in the consolidated statement of operations. Any gain or loss on derecognition is also recognized in the consolidated statement of operations.

(iii) Derecognition

Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. The Company enters into transactions whereby it transfers assets recognized in its consolidated statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in the consolidated statement of operations.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Financial assets and financial liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

2. Significant Accounting Policies (continued)

(g) Financial Instruments (continued)

(v) Impairment

Financial assets and contract assets

The Company recognizes loss allowances for expected credit losses ("ECLs") on:

- financial assets measured at amortized cost;
- debt investments measured at FVOCI; and
- contract assets (as defined in IFRS 15).

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following, which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information. The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); or
- the financial asset is more than 90 days past due.

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECL's that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

2. Significant Accounting Policies (continued)

(g) Financial Instruments (continued)

(v) Impairment (continued)

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is charged to the consolidated statement of operations and is recognized in OCI.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

(h) Property and Equipment

Property and equipment consists of furniture and fixtures, equipment and computers and is recorded at cost. The Company depreciates the cost of its property equipment over their estimated useful life of 3 years using the straight-line basis.

(i) Intangible Assets

Intangible assets consist of plant-based alternative meat product formulations. Intangible assets are carried at cost less accumulated amortization and impairment and are capitalized when the costs can be measured reliably and it is probable that future economic benefits that are attributable to the asset will flow to the Company. Product formulations are deemed to have an indefinite useful life and will be periodically evaluated by the Company to assess whether they have a determinable useful life or whether their value has become impaired over time.

2. Significant Accounting Policies (continued)

(j) Impairment of Non-financial Assets

At each reporting period, the Company assesses whether there are indicators of impairment for its non-financial assets, including intangible assets. If indicators exist, the Company determines if the recoverable amount of the asset or cash generating unit ("CGU") is greater than its carrying amount. A CGU is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or groups of assets.

If the carrying amount exceeds the recoverable amount, the asset or CGU is recorded at its recoverable amount with the reduction recognized in profit or loss. The recoverable amount is the greater of the value in use or fair value less costs to sell. Fair value is the amount the asset could be sold for in an arm's length transaction. The value in use is the present value of the estimated future cash flows of the asset from its continued use. The fair value less costs to sell considers the continued development of a property and market transactions in a valuation model.

Impairments are reversed in subsequent periods when there has been an increase in the recoverable amount of a previously impaired asset or CGU and these reversals are recognized in the consolidated statement of operations. The recovery is limited to the original carrying amount less depreciation, if any, that would have been recorded had the asset not been impaired.

(k) Leases

At inception of the contract, the Company assesses whether a contract is, or contains, a lease by evaluating if the contract conveys the right to control the use of an identified asset. For contracts that contain a lease, the Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted by any initial direct costs, and costs to dismantle and remove the underlying asset less any lease incentives. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the underlying asset or the end of the lease term. Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36, *Impairment of Assets*.

The lease liability is initially measured at the present value of lease payments to be paid subsequent to the commencement date of the lease, discounted either at the interest rate implicit in the lease or the Company's incremental borrowing rate. The lease payments measured in the initial lease liability include payments for an optional renewal period, if any, if the Company is reasonably certain that it will exercise a renewal extension option. The liability is measured at amortized cost using the effective interest method and will be remeasured when there is a change in either the future lease payments or assessment of whether an extension or other option will be exercised. The lease liability is subsequently adjusted for lease payments and interest on the obligation. Interest expense on the lease obligation is included in the consolidated statement of operations.

The Company has elected not to recognize right-of-use assets and lease liabilities for leases with a lease term of less than 12 months and low value assets, and recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term, as permitted by IFRS 16.

The Company discounts its lease liabilities at the Company's incremental borrowing rate of 18% which was based on management's best estimate and judgement based on historical borrowing rates and assessing external market factors.

2. Significant Accounting Policies (continued)

(l) Revenue recognition

The Company generates revenue from the sale of personal care products and plant-based foods through e-commerce sales and retail. The time between invoicing and when payment is due is not significant and none of the Company's contracts contain a significant financing component.

The Company follows IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15"), to recognize its revenue. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, the Company's accounting policy for revenue recognition is as follows: i) identify the contract with the customer; ii) identify the performance obligation(s) in the contract; iii) determine the transaction price; iv) allocate the transaction price to the performance obligation(s); and (v) recognize revenue when (or as) performance obligation(s) are satisfied.

For retail sales, revenue is recognized immediately upon providing the customer with the product. For e-commerce sales, revenue is recognized when delivery has occurred and there is no unfulfilled obligation that could affect the customer's acceptance. These criteria are generally met at the time the product leaves the Company's premises and at that point, control has passed to the customer. Revenue is measured based on the price specified in the Company's invoice provided to the customer. The Company does not have any multiple-element revenue arrangements. Revenue is presented net of discounts and sales and other related taxes.

(m) Share capital

The Company uses the residual value method with respect to the measurement of common shares and share purchase warrants issued as units for cash. The proceeds from the issue of units is allocated between common shares and share purchase warrants on a residual value basis, wherein the fair value of the common shares is based on the market value on the date of the announcement of the placement and the balance, if any, is allocated to the attached warrants.

(n) Share-based Payments

The grant date fair value of share-based payment awards granted to employees is recognized as share-based compensation expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Where equity instruments are granted to parties other than employees, they are recorded by reference to the fair value of the services received. If the fair value of the services received cannot be reliably estimated, the Company measures the services received by reference to the fair value of the equity instruments granted, measured at the date the counterparty renders service.

All equity-settled share-based payments are reflected in share-based payment reserve, unless exercised. Upon exercise, shares are issued from treasury and the amount reflected in share-based payment reserve is credited to share capital, adjusted for any consideration paid.

2. Significant Accounting Policies (continued)

(o) Foreign Currency Translation

The presentation and functional currency of the Company is the Canadian dollar, and the functional currency of its wholly owned subsidiary is the United States dollar.

Foreign currency transactions are translated into its functional currency, Canadian dollars, using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined. Foreign exchange gains and losses are included in the consolidated statement of operations.

At the end of each reporting period, assets and liabilities of the Company's subsidiary which has different functional currencies (United States dollars) are translated at the rate of exchange at the consolidated statement of financial position date. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are reflected in other comprehensive income or loss for the period.

(p) Loss Per Share

Basic loss per common share is computed by dividing their respective net loss by the weighted average number of common shares outstanding during the period. The computation of diluted loss per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on the income per share. The dilutive effect of convertible securities is reflected in the diluted loss per share by application of the "if converted" method. The dilutive effect of outstanding incentive stock options and their equivalents is reflected in the diluted loss per share by application of the treasury stock method. As at July 31, 2021, the Company had 60,056,443 (2020 – 15,415,643) potentially dilutive shares from the issuance of stock options and share purchase warrants.

(q) Comprehensive Income (Loss)

Comprehensive income (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in the consolidated statement of operations.

(r) Income Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in the consolidated statement of operations. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

2. Significant Accounting Policies (continued)

(r) Income Taxes (continued)

Deferred income tax

Deferred income tax is provided using the statement of financial position method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

(s) Accounting Standards Issued But Not Yet Effective

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

3. Merger Agreement

On May 31, 2021, the Company closed a Merger Agreement with Komo Plant Based Comfort Foods Inc. ("Comfort"), whereby the Company acquired 100% of the issued and outstanding shares of Comfort (the "Transaction"). In consideration, the Company issued the shareholders of Comfort one common share for each common share of Comfort. The outstanding warrants and options of Comfort were exchanged into warrants and options of the resulting issuer on an identical basis, except that the exercise price of certain of the outstanding warrants of Comfort which were adjusted from $1.00 per share of Comfort to $0.20 per share of the resulting issuer upon closing of the Transaction.

The Transaction resulted in the shareholders of Comfort obtaining control of the combined entity by obtaining control of the voting rights, governance, and management decision making processes, and the resulting power to govern the financial and operating policies of the combined entity.

The Transaction constitutes a reverse takeover of the Company by Comfort and has been accounted for as a reverse acquisition transaction in accordance with the guidance provided in IFRS 2, *Share-based Payments* and IFRS 3, *Business Combinations*.

For accounting purposes, Comfort was treated as the accounting parent company (legal subsidiary) and the Company has been treated as the accounting subsidiary (legal parent) in these consolidated financial statements. As Comfort was deemed to be the acquirer for accounting purposes, its assets, liabilities and operations since incorporation are included in these consolidated financial statements at their historical carrying values.

3. Merger Agreement (continued)

The purchase price allocation of consideration transferred is summarized as follows:

	$
Common Shares (46,981,171 common shares)	3,845,749
Fair value of options effectively issued	32,605
Fair value of warrants effectively issued	976,977
	4,855,331
Fair value of the Company's net assets acquired:	
Cash	798,143
Accounts receivable	64,481
Prepaid expenses	70,274
Property and equipment	6,502
Accounts payable and accrued liabilities	(135,378)
Due to related parties	(67,486)
Convertible debentures	(126,303)
Derivative liability	(14,320)
Loan payable	(49,666)
Listing expense	4,309,084
	4,855,331

The Transaction was measured at the fair value of the shares that Comfort would have had to issue to the shareholders of the Company, to give the shareholders of the Company the same percentage equity interest in the combined entity that results from the reverse acquisition had it taken the legal form of Comfort acquiring the Company. Additionally, consideration paid by Comfort includes the fair value of stock options and warrants outstanding in the Company at the date of the reverse takeover, to give effect to the dilutive effect of these instruments to the shareholders of Comfort.

4. Amounts Receivable

	July 31, 2021 $	July 31, 2020 $
Accounts receivable	11,629	64
Advance receivable	8,029	–
GST receivable	153,934	57,124
	173,592	**57,188**

5. Inventory

	July 31, 2021 $	July 31, 2020 $
Personal care products	–	31,356
Packaged food products	6,393	–
Raw materials	7,532	–
Packaging materials	4,448	–
	18,373	**31,356**

6. Promissory Note Receivable

On December 1, 2018, the Company entered into a non-negotiable promissory note (the "Note"), whereby it agreed to lend $548,615 (US$400,000) to the owner of Antler Retail Inc., a California corporation ("AR California"), which is unrelated to the Company. The Note bears interest at a rate equal to the discount rate established by the United States Federal Reserve Board plus 2%, and shall be reset on the first business day of each calendar year quarter. The Company has the first option to purchase a 19% equity interest in AR California for US$1, and a second option to purchase the remaining 81% equity interest in AR California for US$4 and the issuance of 125,000 common shares of the Company as well as forgiveness of the Note and accrued interest. To exercise the option, the Company shall give written notice to the borrower. Upon such written notice, the parties shall work together to execute mutually agreeable short-form definitive agreements in respect thereof and consummate such transaction with 15 business days (the date on which such transactions are consummated, the "Maturity Date"). On October 24, 2019, the Note was amended to increase the principal amount up to US$520,000. During the year ended July 31, 2020, the Company advanced another US$58,378 and, as a result, the Company was owed $614,409 (US$458,378) from the Note. On July 31, 2020, the Company wrote off the promissory note receivable of $614,409 and accrued interest receivable of $17,327 and recognized a loss of $631,736 due to the uncertainty of collection of the promissory note receivable. On March 15, 2021, the Company entered into an Assignment Agreement with K Brands, whereby the Company assigned its rights and title in a promissory note receivable with a principal of up to US$520,000 to K Brands in consideration for $62,405 (US$50,000) (the "Assignment Fee"). The Assignment Fee is due on or before May 30, 2022, and shall accrue interest at an annual rate of 10% on any unpaid balance after that date. Due to uncertainty of collection, the Company has not recognized the Assignment Fee receivable in these consolidated financial statements, and will recognize a recovery upon receipt.

7. Marketable Securities

As at July 31, 2021, the Company holds 400,000 warrants of Better Plant Sciences Inc. ("BPS"), a publicly quoted company and an associated company, with a total cost of $35,341, which are exercisable at $0.37 per share until September 13, 2021. During the year ended July 31, 2021, a total of 1,350,000 warrants of BPS held by the Company expired unexercised, resulting in a loss on expiry of warrants of $84,251. The fair value of share purchase warrants held was determined using the Black-Scholes valuation method.

	July 31, 2020 $	Unrealized gain $	Realized loss on expiry of warrants $	July 31, 2021 $
BPS –Warrants	8,119	76,132	(84,251)	–
	8,119	**76,132**	**(84,251)**	**–**

	July 31, 2019 $	Additions $	Proceeds from sale $	Realized gain (loss) on sale $	Unrealized gain (loss) $	July 31, 2020 $
AmWolf	500	–	(1,095)	95	500	–
BPS–Shares	174,571	375,990	(509,743)	(28,303)	(12,515)	–
BPS –Warrants	9,503	100,950	–	–	(102,334)	8,119
	184,574	476,940	(510,838)	(28,208)	(114,349)	8,119

8. Prepaid Expenses and Deposits

	July 31, 2021 $	July 31, 2020 $
Prepaid services	35,111	2,346
Deposits (Note 12)	115,655	49,295
	150,766	**51,641**

9. Property and Equipment

	Furniture and fixtures $	Equipment $	Computers $	Total $
Cost:				
Balance, July 31, 2019	–	–	–	–
Additions	7,289	–	–	7,289
Balance, July 31, 2020	7,289	–	–	7,289
Additions	–	7,559	7,862	15,421
Acquired upon merger (Note 3)	4,610	–	10,438	15,048
Disposals	(7,235)	–	–	(7,235)
Foreign currency translation adjustment	(54)	–	–	(54)
Balance, July 31, 2021	4,610	7,559	18,300	30,469
Accumulated depreciation:				
Balance, July 31, 2019	–	–	–	–
Depreciation	1,221	–	–	1,221
Balance, July 31, 2020	1,221	–	–	1,221
Depreciation	616	495	1,949	3,060
Acquired upon merger (Note 3)	3,617	–	4,929	8,546
Disposals	(1,570)	–	–	(1,570)
Foreign currency translation adjustment	(10)	–	–	(10)
Balance, July 31, 2021	3,874	495	6,878	11,247
Carrying amounts:				
Balance, July 31, 2020	6,068	–	–	6,068
Balance, July 31, 2021	**736**	**7,064**	**11,422**	**19,222**

10. Right-of-use Assets

	Right-of-use assets $
Cost:	
Balance at July 31, 2019	135,426
Foreign currency translation adjustment	1,413
Balance at July 31, 2020	136,839
Impairment	(136,839)
Balance at July 31, 2021	–
Depreciation and impairment:	
Balance at July 31, 2019	27,964
Additions	73,900
Balance at July 31, 2020	101,864
Additions	6,359
Impairment	(108,223)
Balance at July 31, 2021	–
Carrying amounts:	
Balance at July 31, 2020	34,975
Balance at July 31, 2021	**–**

During the year ended July 31, 2021, the Company recognized an impairment of its right-of-use asset of $28,616 (2020 – $nil) due to the inability of the Company to utilize the leased retail space for its intended use (Note 13).

11. 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 (500,000 pre-merger) common shares with a fair value of $33,650.

12. Related Party Transactions

(a) As at July 31, 2021, the Company owed $nil (2020 – $13,631) to the spouse of the President and Chief Executive Officer ("CEO") of the Company, of which $nil (2020 – $5,370) is included in accounts payable and accrued liabilities. During the year ended July 31, 2021, the Company incurred consulting fees of $110,000 (2020 – $77,000) to the spouse and a company controlled by the spouse of the president and CEO of the Company.

(b) As at July 31, 2021, the Company is owed $nil (2020 – $628) from the President and CEO of the Company. During the year ended July 31, 2021, the Company incurred wages of $20,000 (2020 – $132,000) and director's fees of $90,000 (2020 – $nil) to the President, CEO and director of the Company.

(c) As at July 31, 2021, the Company is owed $576 (2020 – $8,247) from a company controlled by the President and CEO of the Company, which is unsecured, non-interest bearing, and due on demand.

12. Related Party Transactions (continued)

(d) As at July 31, 2021, the Company owed $nil (2020 - $2,000) to a former director of the Company, which is included in accounts payable and accrued liabilities. During the year ended July 31, 2021, the Company incurred consulting fees of $nil (2020 - $35,000) to a former director of the Company.

(e) During the year ended July 31, 2021, the Company incurred consulting fees of $nil (2020 – $10,000) to a company controlled by a former director of the Company.

(f) During the year ended July 31, 2021, the Company incurred professional fees of $nil (2020 – $10,157) and consulting fees of $15,000 (2020 – $nil) to the Chief Financial Officer of the Company.

(g) As at July 31, 2021, the Company owed $nil (2020 - $39,756) to BPS, an associated company with common officers. During the year ended July 31, 2020, the Company received 300,000 shares of BPS with a fair value of $87,000 from a former director of the Company to settle $12,494 owed by the President and CEO of the Company and $54,835 owed by the former director of the Company. During the year ended July 31, 2021, the Company incurred advertising and promotion expense of $119,817 (2020 – $nil), investor relations expense of $8,880 (2020 – $nil), fulfilment costs of $10,533 (2020 – $nil), general and administrative costs of $27,110 (2020 – $nil), and $84,319 of professional fees (2020 – $nil) to BPS. As at July 31, 2021, the Company held a deposit of $50,000 (2020 - $nil) with BPS pursuant to an operating agreement, which is included in prepaid expenses and deposits.

(h) During the year ended July 31, 2021, the Company incurred license fee of $nil (2020 – $663,200) to Urban Juve Provisions Inc. ("Urban Juve"), an associated company with common officers.

(i) As at July 31, 2021, the Company is owed $nil (2020 – $176) from NeonMind Biosciences Inc. ("NeonMind"), an associated company with common officers. During the year ended July 31, 2021, the Company incurred license fee of $nil (2020 – $414,500) to NeonMind.

(j) As at July 31, 2021, the Company owed $nil (2020 – $1,658) to Jusu Bars Corp. ("Jusu"), an associated company with common officers, which is included in accounts payable and accrued liabilities. As at July 31, 2021, the Company held a deposit of $10,000 (2020 - $6,525) with Jusu pursuant to an operating agreement, which is included in prepaid expenses and deposits.

(k) During the year ended July 31, 2021, the Company incurred director's fees of $66,350 (2020 – $nil) to a director of the Company.

(l) During the year ended July 31, 2021, the Company incurred consulting fees of $4,000 (2020 – $nil) to a director of the Company.

(m) As at July 31, 2021, the Company owed $3,896 (2020 – $nil) to the President and CEO of the Company's subsidiary, Komo Plant Based Comfort Foods Inc., which is unsecured, non-interest bearing, and due on demand. During the year ended July 31, 2021, the Company incurred wages of $83,187 (2020 – $nil) to the President and CEO of the Company's subsidiary.

13. Lease Liabilities

On May 1, 2018, the Company entered into a lease agreement for retail space located at 2857 Oak Street, Chemainus, British Columbia (Note 10). The lease is for a 5-year term, expiring on April 30, 2023, with one 5-year renewal option. The base rent due under the lease agreement is $1,450 per month during the first year, which increases by $100 per month each subsequent year. On April 20, 2021, the Company entered into a settlement and termination agreement with the lessor and terminated the lease. In connection with the termination, the Company paid a termination fee of $24,000 to settle the remaining lease liability of $47,316, net of a forfeited lease deposit of $10,000, resulting in a gain on settlement of lease liability of $23,316.

	$
Lease liability, July 31, 2019	55,009
Less: lease payments	(12,400)
Interest expense	9,142
Lease liability, July 31, 2020	51,751
Interest expense	5,565
Termination of lease	(57,316)
Lease liability, July 31, 2021	**–**

14. Convertible Debentures

On May 31, 2021, the Company assumed Convertible Debenture Purchase Agreements with principal amounts totaling $117,523 upon entering into the Merger Agreement with Fasttask (Note 3). The principal bears interest at 12% per annum and matures September 19, 2021. Interest payments are due quarterly until the maturity date with additional 2% late payment penalty if interest payments are not made within 10 days of the due date. The conversion price is either: (i) 10% discount to the price at which the Company's common shares are issued or the conversion price of securities convertible into common shares ("Securities") that are issued under the first sale of common shares or Securities by the Company to one or more non-related parties conducted by the Company after the debenture date ("Financing") or (ii) 10% discount to the trading price of the Company's common shares in the event a Financing has not been completed by the Company prior to a proposed conversion.

Until the principal and interest are paid in full by the Company, the holder may convert a minimum of $10,000 amount of the principal amount into units of the Company at the conversion price. Each unit will consist of one common share of the Company and one-half share purchase warrant, which will be exercisable at the price at which the Company's common shares are issued or the conversion price of Securities that are issued under Financing per share for a period of 2 years following the issuance of the warrant.

The present value of the convertible debentures upon assumption was $114,944, with a discount of $2,579, which will be recognized over the remaining term of the loan using the effective interest rate method. During the year ended July 31, 2021, the Company recorded accretion and interest of $3,738 (2020 – $nil). As at July 31, 2021, the carrying value of the convertible debentures was $130,041 (July 31, 2020 – $nil). Due to the variable nature of the conversion price, the Company recognized a derivative liability of $14,582 as at July 31, 2021 (July 31, 2020 – $nil).

15. Loans Payable

As at July 31, 2021, the Company received a total of $60,000 from the Government of Canada sponsored Canada Emergency Business Account ("CEBA") in the form of a line of credit. 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 two-year, interest free loans until December 31, 2022. If the Company repays the CEBA loans on or before December 31, 2022, a total of $40,000 of the principal balance will be forgiven. Any unpaid principal portion of the CEBA loans after December 31, 2022 will be converted into three-year loans at annual interest rate of 5% per annum.

	$
Loans payable, July 31, 2019 and 2020	–
Add: loan proceeds	60,000
Less: present value of forgivable portion	(20,242)
Assumed upon merger (Note 3)	49,666
Interest expense	7,822
Loans payable, July 31, 2021	**97,246**

16. Share Capital

Authorized: unlimited number of common shares without par value

Share transactions for the year ended July 31, 2021:

(a) On December 1, 2020, the Company effected a 1-for-4 share consolidation. All share and per share amounts in these consolidated financial statements have been retroactively adjusted for the share consolidation.

(b) On December 18, 2020, the Company issued 818,572 (1,000,000 pre-merger) units for proceeds of $100,000. Each unit consisted of one common share and one warrant, which is exercisable at $0.40 per share for a term of 2 years.

(c) On December 18, 2020, the Company issued 409,286 (500,000 pre-merger) common shares with a fair value of $33,650 pursuant to an Asset Purchase Agreement. Refer to Note 11.

(d) On January 19, 2021, the Company issued 3,491,211 (4,265,000 pre-merger) units for proceeds of $426,500. Each unit consisted of one common share and one warrant, which is exercisable at $0.40 per share for a term of 2 years. In connection with the issuance, the Company incurred finder's fees of $36,500 and issued 365,000 finder's warrants with a fair value of $25,973, which was valued using the Black-scholes option pricing model with the following assumptions: Risk-free rate of 0.15%, volatility of 150%, and expected life of 2 years. Each finder's warrant is exercisable into one unit at $0.10 per unit for a term of 2 years, with each unit consisting of one common share and one warrant ("Finder's Unit Warrant"). Each Finder's Unit Warrant is exercisable into a common share at $0.40 per share for a term of 2 years.

(e) On January 19, 2021, the Company issued 101,912 (124,500 pre-merger) units to settle debt of $12,450. Each unit consisted of one common share and one warrant, which is exercisable at $0.40 per share for a term of 2 years.

16. Share Capital (continued)

Share transactions for the year ended July 31, 2021 (continued):

(f) On January 21, 2021, the Company issued 6,548,579 (8,000,000 pre-merger) units for proceeds of $800,000. Each unit consisted of one common share and one warrant, which is exercisable at $0.40 per share for a term of 2 years. In connection with the issuance, the Company incurred finder's fees of $65,000 and issued 650,000 finder's warrants with a fair value of $46,257, which was valued using the Black-scholes option pricing model with the following assumptions: Risk-free rate of 0.17%, volatility of 150%, and expected life of 2 years. Each finder's warrant is exercisable into one unit at $0.10 per unit for a term of 2 years, with each unit consisting of one common share and one warrant ("Finder's Unit Warrant"). Each Finder's Unit Warrant is exercisable into a common share at $0.40 per share for a term of 2 years.

(g) On January 28, 2021, the Company issued 613,929 (750,000 pre-merger) units for proceeds of $75,000. Each unit consisted of one common share and one warrant, which is exercisable at $0.40 per share for a term of 2 years.

(h) On January 28, 2021, the Company issued 343,800 (420,000 pre-merger) units to settle debt of $42,000. Each unit consisted of one common share and one warrant, which is exercisable at $0.40 per share for a term of 2 years.

(i) On February 1, 2021, the Company issued 409,286 (500,000 pre-merger) common shares with a fair value of $33,650 to a director of the Company for consulting fees.

(j) On March 10, 2021, the Company issued 122,786 (150,000 pre-merger) units for proceeds of $15,000. Each unit consisted of one common share and one warrant, which is exercisable at $0.40 per share for a term of 2 years.

(k) On May 31, 2021, the Company issued 46,981,171 common shares with a fair value of $4,855,332 pursuant to a Merger Agreement with Fasttask, of which $3,845,749 was allocated to share capital and $1,009,582 was allocated to share-based payment reserve. Refer to Note 3.

Share transactions for the year ended July 31, 2020:

(l) On August 13, 2019, the Company issued 1,637,145 (2,000,000 pre-merger) common shares with a fair value of $663,200 to Urban Juve Provisions Inc. ("Urban Juve"), an associated company with common officers, pursuant to a License Agreement. Refer to Note 24.

(m) On September 11, 2019, the Company issued 8,186 (10,000 pre-merger) common shares with a fair value of $4,000 to settle accounts payable of $4,000.

(n) On December 17, 2019, the Company effected a 2 for 1 share split. All share and per share amounts in these consolidated financial statements have been retroactively adjusted for the share split.

(o) On February 21, 2020, the Company issued 1,023,216 (1,250,000 pre-merger) common shares with a fair value of $414,500 to Neonmind Biosciences Inc. ("Neonmind"), an associated company with common officers pursuant to a License Agreement. Refer to Note 24.

(p) On March 9, 2020, the Company issued 341,072 (416,667 pre-merger) units for proceeds of $200,000 to BPS. Each unit consisted of one common share and one purchase warrant, with each warrant being exercisable into one common share at $0.56 per warrant for period of 2 years from the date of issuance.

17. Share Purchase Warrants

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

	Number of warrants	Weighted average exercise price $
Balance, July 31, 2019	9,603,400	5.33
Issued	6,368,243	1.87
Expired	(3,028,000)	5.12
Balance, July 31, 2020	12,943,643	3.67
Issued	40,653,700	0.37
Expired	(6,895,400)	5.41
Balance, July 31, 2021	**46,701,943**	**0.54**

As at July 31, 2021, the following share purchase warrants were outstanding:

Number of warrants outstanding	Exercise price $	Expiry date
1,671,196	5.00	October 2, 2021
545,918	0.60	February 24, 2022
765,580	0.60	February 26, 2022
416,667	0.56	March 9, 2022
2,115,909	0.38	March 31, 2022
949,639	0.38	May 7, 2022
1,000,000	0.40	December 18, 2022
4,389,500	0.40	January 19, 2023
365,000[(a)]	0.10	January 19, 2023
650,000[(a)]	0.10	January 21, 2023
8,000,000	0.40	January 21, 2023
1,170,000	0.40	January 28, 2023
37,000	0.10	March 1, 2023
620,000	0.40	March 1, 2023
150,000	0.40	March 10, 2023
385,000	0.10	March 15, 2023
16,650,000	0.40	March 15, 2023
30,000	0.10	March 23, 2023
2,300,000	0.40	March 23, 2023
4,490,534	0.20	November 30, 2021
46,701,943		

[(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.

18. 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, 2019	816,000	0.76
Granted	1,710,000	0.30
Cancelled/expired	(54,000)	0.75
Outstanding, July 31, 2020	2,472,000	0.44
Granted	13,042,500	0.12
Cancelled/expired	(2,160,000)	0.43
Outstanding, July 31, 2021	**13,354,500**	**0.13**
Exercisable, July 31, 2021	3,247,833	0.19

Additional information regarding stock options outstanding as at July 31, 2021, is as follows:

Exercise price $		Stock options outstanding	Stock options exercisable	Original expiry date
0.10		700,000	350,000	December 2, 2025
0.10		1,000,000	250,000	December 21, 2025
0.10		1,000,000	250,000	January 19, 2026
0.10		495,000	131,250	March 5, 2026
0.10		400,000	–	April 1, 2026
0.10		1,300,000	–	July 19, 2026
0.12		1,600,000	233,333	February 12, 2026
0.12		1,000,000	–	February 19, 2026
0.12		5,000,000	1,250,000	March 24, 2026
0.20		10,000	10,000	February 1, 2024
0.20		50,000	50,000	March 14, 2024
0.30		170,000	106,250	July 7, 2022
0.40		200,000	200,000	March 30, 2022
0.40		62,500	62,500	February 7, 2025
0.40		125,000	125,000	August 24, 2025
0.50		100,000	100,000	July 23, 2023
0.75		40,000	40,000	February 6, 2024
0.75		52,000	52,000	February 6, 2024
0.80		50,000	37,500	October 13, 2025
		13,354,500	**3,247,833**	

The weighted average remaining life of options outstanding is 4.44 years.

18. Stock Options (continued)

Share-based compensation expense is determined using the Black-Scholes option pricing model. During the year ended July 31, 2021, the Company recognized share-based compensation expense of $441,400 (2020 - $81,760) of which $382,794 (2020 - $77,691) pertains to officers, directors and advisory board members of the Company. The weighted average fair value of options granted during the year ended July 31, 2021 was $0.07 (2020 - $0.28) per option.

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

	2021	2020
Risk-free interest rate	0.54%	1.53%
Expected volatility	150%	150%
Expected life (years)	4.93	4.91

As at July 31, 2021, there was $551,435 of unrecognized share-based compensation related to unvested stock options.

19. Investment Loss

Investment loss is comprised of the following:

	Year ended July 31, 2021 $	Year ended July 31, 2020 $
Impairment of promissory note and interest receivable (Note 6)	–	(631,736)
Realized loss on marketable securities (Note 7)	(84,251)	(28,208)
Unrealized gain (loss) on marketable securities (Note 7)	76,132	(114,349)
	(8,119)	**(774,293)**

20. Other Expense

Other expense is comprised of the following:

	Year ended July 31, 2021 $	Year ended July 31, 2020 $
Foreign exchange gain	1,141	5,309
Gain on settlement of lease liability	23,316	–
Impairment of right-of-use asset (Note 10)	(28,616)	–
Interest expense (Note 13, 14 and 15)	(14,769)	(10,574)
Loss on change in fair value of derivative liability	(262)	–
Loss on settlement of receivables	(9,495)	–
Loss on disposal of subsidiary (Note 25)	(1,754)	–
Other income (Note 15)	20,242	–
	(10,197)	**(5,265)**

21. Supplemental Disclosures

	Year ended July 31, 2021 $	Year ended July 31, 2020 $
Non-cash investing and financing activities:		
Fair value of broker's warrants issued as finders' fees	72,230	–
Marketable securities received to offset against related party balance	–	87,000
Shares of K Brands received in exchange for sale of KBM	30,124	–
Shares issued for acquisition of intangible assets	33,650	–
Shares issued for settlement of accounts payable	–	4,000
Units issued for settlement of accounts payable	54,450	–

22. 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 year ended July 31, 2021. The Company is not subject to externally imposed capital requirements.

23. Financial Instruments and Risk Management

(a) Fair Value

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

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

The fair values of other financial instruments, which includes cash, amounts receivable, amounts due to and from related parties, accounts payable and accrued liabilities, convertible debentures, derivative liability, and loans payable approximate their carrying values due to the relatively short-term maturity of these instruments.

23. Financial Instruments and Risk Management (continued)

(b) Credit Risk

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

(c) Foreign Exchange Rate Risk

The Company's functional currencies are the Canadian dollar and United States dollar. The functional currency of its former wholly owned subsidiary was the United States dollar. Currency risk is the risk that the fair value of the Company's financial instruments will fluctuate because of changes in foreign currency exchange rates. The Company's subsidiary had limited operations which limited the Company's foreign exchange risk. Management has chosen not to hedge its foreign exchange risk.

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

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

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

(d) Interest Rate Risk

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

(e) Liquidity Risk

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

(f) Price Risk

The Company is exposed to price risk with respect to its marketable securities. The Company's marketable securities consist of warrants held in a publicly-traded company and profitability 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.

24. Licensing

(a) On May 28, 2019, the Company entered into a license agreement with UJP, whereby the Company was granted a perpetual non-exclusive license for 56 product formulas for THC and CBD infusion for sale in the United States. Pursuant to the license agreement, the Company issued 2,046,431 (2,500,000 pre-merger) common shares with a fair value of $829,148 on May 29, 2019. UJP has a right of first refusal to act as distributor, to supply CBD and to act as the manufacturer on all CBD products developed by the Company using the licensed formulas. The transaction was considered a related party transaction, as the President and CEO of BPS (the parent company of UJP) is a former director and significant shareholder of the Company and the CFO of BPS is the CFO of the Company. The Company's interest in this agreement was assigned to KBM as part of the Asset Purchase Agreement. Refer to Note 25.

(b) On July 31, 2019, the Company entered into a second license agreement with UJP, whereby the Company was granted a perpetual non-exclusive license for 8 product formulas for THC and CBD infusion, which were previously granted for sale in the United States under the May 28, 2019 license agreement, for sale world-wide. Pursuant to the license agreement, the Company issued 1,637,145 (2,000,000 pre-merger) common shares with a fair value of $663,200 on August 13, 2019. UJP has a right of first refusal to act as distributor, to supply CBD and to act as the manufacturer on all CBD products developed by the Company using the licensed formulas. The Company's interest in this agreement was assigned to KBM as part of the Asset Purchase Agreement. Refer to Note 25.

(c) On August 1, 2019, the Company entered into a license agreement whereby the Company was granted an exclusive worldwide license authorizing the Company to use various artistic works for a term of four years. Pursuant to the license agreement, the Company paid $3,000 per month from August 1, 2019 to July 1, 2020.

(d) On November 25, 2019, the Company entered into a license agreement with AR California, whereby the Company granted AR California a non-transferable, non-assignable, non-divisible, and non-exclusive license, without the right to grant sublicenses, to use certain unregistered trademarks, together with all related intellectual property rights in the State of California. The initial term of the license agreement is for five years and automatically renews for an additional five-year term unless either party provides written notice of non-renewal. In addition, either party has the right to terminate the agreement for any reason upon providing greater than 60 days notice. Pursuant to the license agreement, AR California will pay the Company $3,000 per month from April 1, 2020 to September 30, 2020, $10,000 per month from October 1, 2020 to September 30, 2021 and $12,000 per month after October 1, 2021. As at July 31, 2021, the Company has not received any payments from AR California pursuant to the license agreement.

(e) On February 12, 2020, the Company entered into a licensing agreement with NeonMind Biosciences Inc. ("NeonMind"). Pursuant to the licensing agreement, the Company licensed the right to certain proprietary technology and know-how related to the manufacture of extract from plant and fungi material, specifically mushrooms, for the United States from NeonMind and received the non-exclusive license to manufacturing extract of mushroom fungi in the United States for a term of 25 years in consideration for the issuance of 1,023,216 (1,250,000 pre-merger) common shares with a fair value of $414,500. The transaction was considered a related party transaction, as the Executive Chair of NeonMind is a former director and significant shareholder of the Company and the CFO of NeonMind is the CFO of the Company.

25. Discontinued Operations

The Company entered into an Asset Purchase Agreement dated October 30, 2020, with K Brands in which the Company agreed to sell certain assets to K Brands in consideration for 31,271,671 common shares of K Brands. The assets included under the Asset Purchase Agreement consist of 100% of the Company's interest in its wholly-owned subsidiary, KBM, Assignment of the License Agreements with UJP (Note 24(a) and (b)), certain web domains, and inventory. Together with the completion of this agreement, the Company declared and issued a dividend in kind with a fair value of $30,124 to all its shareholders by issuing one K Brands common share for every 4 common shares held in the Company.

As a result of the spin-off of distribution of the Company's ownership in KBM, KBM meets the criteria to be classified as discontinued operations as of October 30, 2020, and therefore, the results of operations of KBM for all periods have been classified as discontinued operations on the consolidated statements of operations and comprehensive loss. The comparative carrying amounts of the major classes of assets and liabilities of KBM have been classified as held for sale on the consolidated statement of financial position.

Net Loss from Discontinued Operations

Kingdom Brands Management Inc.	Year ended July 31, 2021	Year ended July 31, 2020
	$	$
Expenses		
Advertising and promotion	–	14,415
Consulting fees	–	44,431
Depreciation	360	62,403
General and administrative	3,967	91,344
Professional fees	10,539	29,334
Travel	–	18,134
Wages	–	143,333
Total expenses	14,866	403,394
Loss before other expense	**(14,866)**	**(403,394)**
Other expense		
Impairment of inventory	–	(22,022)
Interest expense	–	(5,235)
Total other expense	–	(27,257)
Net loss from discontinued operations	**(14,866)**	**(430,651)**

25. Discontinued Operations (continued)

During the year ended July 31, 2021, the Company recognized a loss on disposal of its interest in its wholly-owned subsidiary, KBM of $1,754.

Cash flows from Discontinued Operations Kingdom Brands Management Inc.	Year ended July 31, 2021 $	Year ended July 31, 2020 $
Operating activities		
Net loss from discontinued operations	(14,866)	(430,651)
Items not involving cash – discontinued operations:		
Depreciation	360	62,403
Impairment of inventory	–	22,022
Interest on lease liability	–	5,235
Changes in non-cash operating working capital – discontinued operations:		
Prepaid expenses and deposits	–	29,469
Accounts payable and accrued liabilities	–	19,822
Net cash used in operating activities – discontinued operations	**(14,506)**	**(291,700)**
Investing activities		
Purchase of property and equipment	–	(7,289)
Net cash used in investing activities – discontinued operations	**–**	**(7,289)**
Financing activities		
Lease repayments	–	(67,310)
Net cash used in financing activities – discontinued operations	**–**	**(67,310)**

26. Income Taxes

The Company is subject to Canadian federal and provincial tax at the rate of 27% and its former subsidiary located in the United States was subject to United States federal tax at the rate of 21%. The tax effect of the significant temporary differences, which comprise deferred income tax assets and liabilities, are as follows:

	2021 $	2020 $
Net loss	(6,472,166)	(3,036,855)
Statutory income tax rate	27%	11%
Income tax provision at statutory rate	(1,747,500)	(334,100)
Tax effect of:		
Permanent differences and other	1,263,200	97,100
Expiration of non-capital losses upon disposal of subsidiary	298,600	–
Change in tax rates	(671,900)	–
Change in unrecognized deferred income tax assets	857,600	237,000
Income tax provision	**–**	**–**

26. Income Taxes (continued)

The significant components of deferred income tax assets and liabilities are as follows:

	2021 $	2020 $
Deferred income tax assets		
Non-capital losses carried forward	1,295,700	462,000
Share issuance costs	34,000	7,300
Total gross deferred income tax assets	1,329,700	469,300
Unrecognized deferred income tax assets	(1,329,700)	(469,300)
Net deferred income tax assets	–	–

As at July 31, 2021, the Company has Canadian non-capital losses carried forward of $4,798,891 (2020 – $3,093,842) and has United States non-capital losses carried forward of $nil (2020 – $1,105,775), which are available to offset future years' taxable income. These losses expire as follows:

	Canada $
2038	149,141
2039	1,031,044
2040	1,913,657
2041	1,705,049
	4,798,891

27. Subsequent Events

(a) On August 6, 2021, the Company granted 250,000 stock options exercisable at $0.10 per share until August 6, 2026. The options are subject to vesting conditions, of which 31,250 options vest December 6, 2021, and the remaining options vest in increments of 31,250 options every 3 months thereafter.

(b) On August 26, 2021, the Company granted a total of 1,630,000 stock options exercisable at $0.10 per share until August 26, 2026.

(c) On September 15, 2021, the Company granted a total of 1,570,000 stock options exercisable at $0.115 per share until September 15, 2026.

(d) On September 22, 2021, the Company granted 50,000 stock options exercisable at $0.24 per share until September 22, 2026.

(e) On October 8, 2021, the Company closed a non-brokered private placement of 1,000 units at $1,000 per unit for gross proceeds of $1,000,000. Each unit consisted of a 10% convertible unsecured debenture (the "Debentures") and 7,000 common share purchase warrants of the Company (the "Warrants"). The Debentures bear interest at a rate of 10% per annum on an accrual basis from issuance, calculated and payable semi-annually in arrears on July 31 and January 31 of each year with such payment commencing on January 31, 2022 with a redemption date that is 24 months from issuance. The Debentures are convertible in full or in part, at the holders' option, into common shares in the capital of the Company at a price of $0.14 per common share, at any time prior to their redemption. Each Warrant will entitle the holder thereof to acquire one common share of the Company at a price of $0.16 per share for a period of 36 months from the date of issue. The Company paid $80,000 of finder's fees to registered brokers and issued 571,427 warrants to each purchase one common share of the Company at a price of $0.14 for a period of 24 months from the date of issue (the "Broker Warrants"). The shares underlying the Warrants, the Broker Warrants and the Debentures are subject to a statutory hold period expiring four months and one day from issuance of the underlying securities.

27. Subsequent Events (continued)

(f) On October 14, 2021, the Company granted 50,000 stock options exercisable at $0.285 per share until October 14, 2026. The options are subject to vesting conditions, of which 12,500 options vest February 14, 2022, 12,500 options vest April 14, 2022, and the remaining options vest in increments of 12,500 options every 3 months thereafter.

(g) On October 29, 2021, the Company issued 800,000 units at $0.20 per unit for proceeds of $160,000. Each unit consists of one common share and one warrant exercisable at $0.215 per share until October 29, 2023.

(h) On November 29, 2021, the Company issued 138,106 units to settle outstanding debts owed by the Company. Each unit is comprised of one common share and one-half of one whole warrant, where each whole warrant is exercisable into an additional common share at $0.10 per share until October 29, 2023.

(i) Subsequent to the year ended July 31, 2021:

  (i) the Company repaid convertible debentures with a principal of $117,523 and accrued interest of $16,447 (Note 14).

  (ii) the Company issued a total of 1,542,375 common shares for proceeds of $307,075 pursuant to the exercise of warrants with an exercise price of $0.20 per share.

  (iii) the Company issued a total of 860,000 units for proceeds of $160,000 pursuant to the exercise of warrants with an exercise price of $0.10 per share. Each unit consists of one common share and one warrant exercisable at $0.10 per share over the remaining term of the original warrant.

  (iv) the Company issued 260,000 common shares for proceeds of $27,500 pursuant to the exercise of stock options with exercise prices ranging between $0.10 per share and $0.20 per share.