HAPPY BELLY FOOD GROUP INC.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2023

(Expressed in Canadian Dollars)

INTRODUCTION

This management discussion and analysis ("**MD&A**"), prepared on August 24, 2023, should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2022 and 2021 and the unaudited consolidated financial statements for the period ended June 30, 2023. All amounts are stated in Canadian dollars unless otherwise indicated. These financial statements together with this MD&A are intended to provide investors with a reasonable basis for assessing the financial performance of Happy Belly Food Group Inc. (the "**Company**" or "**Happy Belly.**").

Management of the Company is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures, and internal controls and to ensure that information used internally or disclosed externally, including the financial statements and MD&A, are complete and reliable. The Company's Board of Directors (the "**Board**") follows recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The Company's Audit Committee meets with management quarterly to review the financial statements and the MD&A and to discuss other financial, operating and internal control matters. The reader is encouraged to review the Company's statutory filing on www.sedar.com.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This MD&A contains certain statements that constitute forward-looking statements (within the meaning of the Canadian securities legislation and the U.S. Private Securities Litigation Reform Act of 1995) that involve risks and uncertainties. Forward-looking statements are frequently, but not always, identified by words such as "expects", "anticipates", "believes", "intends", "estimates", "potential", "possible", and similar expressions, or statements that events, conditions or results "will", "may", "could", or "should" occur or be achieved. The forward-looking statements may include statements regarding capital expenditures, timelines, strategic plans or other statements that are not of fact. Forward-looking statements are statements about the future and are inherently uncertain, and actual achievements of the Company may differ materially from those reflected in forward-looking statements due to a variety of risks, uncertainties, and other factors. For the reasons set forth above, investors should not place undue reliance on forward-looking statements. Important factors that could cause actual results to differ materially from the Company's expectations include uncertainties involved in disputes and litigation, uncertainty of estimates in capital and operating costs, the need to obtain additional financing to develop projects and uncertainty as to the availability and terms of future financing; uncertainty regarding changes in laws, regulations and guidelines; and uncertainty as to timely availability of licenses, permits and other government approvals and other risks and uncertainties disclosed in other information released by the Company from time to time and filed with the appropriate regulatory agencies.

It is the Company's policy that all forward-looking statements are based on the Company's beliefs and assumptions, which are based on information available at the time these assumptions are made. The forward-looking statements contained herein are as at August 24, 2023 and are subject to change after this date and the Company assumes no obligation to publicly update or revise the statements to reflect new events or circumstances, except as may be required pursuant to applicable laws. Although management believes that the expectations represented by such forward-looking information or statements are reasonable, there is a significant risk that the forward-looking information or statements may not be achieved, and the underlying assumptions thereto will not prove to be accurate.

Actual results or events could differ materially from the plans, intentions and expectations expressed or implied in any forward-looking information or statements, including the underlying assumptions thereto, as a result of numerous risks, uncertainties, and other factors such as those described above. The Company has no policy for updating forward-looking information beyond the procedures required under applicable securities laws.

Additional information related to the Company is available for view on SEDAR at www.sedar.com or by requesting further information from the Company's head office in Vancouver.

Company Background

Happy Belly Food Group Inc. (previously Plant & Co. Brands Ltd.) (the "Company" or "Happy Belly") was incorporated pursuant to the Canada Business Corporations Act on November 24, 2014. On August 12, 2019, the Company changed its name from Cannvas MedTech Inc. to Eurolife Brands Inc. On December 4, 2020, the Company changed its name from Eurolife Brands Inc. to Plant & Co. Brands Ltd. On September 1, 2022, the Company changed its name from Plant & Co. Brands Ltd. to Happy Belly Food Group Inc.

On June 23, 2017, the Company continued from the federal jurisdiction to the jurisdiction of British Columbia. The Company's corporate office is located at Suite 400, 1681 Chestnut Street, Vancouver, British Columbia V6J 4M6.

Happy Belly is a leading consolidator and accelerator of emerging food brands. Happy Belly's portfolio includes Heal Wellness (Smoothies and Bowls), Lettuce Love Cafe, Holy Crap Foods (Cereals and Oatmeals), Phiro Fresh Greek Grill, Joey Turks Island Grill and Lumber Heads Food Co. (Popcorn).The Company also provides consulting services to third party Quick Service Restaurants ("QSR") and Consumer Product Goods ("CPG") companies via its Next Level Partners division.

The Company shares trade on the CSE under the symbol "HBFG", on the Frankfurt Stock Exchange as "VGP" and on the OTCQB market exchange in the US as "VGANF".

Company Operations

Happy Belly is a consolidator and accelerator of emerging food brands that has a portfolio consisting of two operating divisions; Quick Serve Restaurants and Consumer Product Goods. The Company has made acquisitions in the food sector over the past three years. These acquisitions established a foundation to which Happy Belly can grow and scale its operations. Happy Belly has acquired accretive businesses with revenue generating assets that allow the overall Company to grow its business organically and by continuing to acquire additional assets that provide synergies to existing assets by expanding the product base and geographical footprint of the business.

Happy Belly's M&A strategy continues to be one of accretive business acquisitions. Our Board of Directors are comprised of individuals with a wealth of knowledge in the QSR and CPG sectors. Alex Rechichi, Sean Black and Mark Rechichi from the Crave It Restaurant Group (founders of Mucho Burrito, Extreme Pita and other successful business ventures), and Kevin Cole (20 years building consumers package goods businesses), Happy Belly is well situated to accelerate revenue and earnings per share. Happy Belly can also improve operations through the development and execution of multiple brand and channel strategies within this same resource pool of the Company, including leveraging shared distribution networks within Happy Belly's network.

Happy Belly intends to add additional brands and businesses to the QSR and CPG portfolios in 2023 and 2024. Currently, Happy Belly's QSR portfolio includes Heal Lifestyle, Lettuce Love, Joey Turks Island Grill and Pirho Fresh Greek Grill. The CPG portfolio includes Holy Crap Foods and Lumber Heads.

Heal Lifestyle – On May 9, 2022, Happy Belly acquired a 50% controlling interest in Heal Lifestyle Inc, which owns the operating business of Heal Wellness. Heal now operates six smoothie and bowl QSRs in Southern Ontario.

Heal Wellness was created out of passion, with the mission to provide fresh and healthy, quick serve wellness foods including smoothie bowls, smoothies, super-seed grain bowls, and much more. Every superfood ingredient is carefully selected with intention and purpose, to help energize your body to take on the day.

Heal Wellness is focused on opening franchised locations throughout Canada. They currently have 60 franchises in development with area developers.

Lettuce Love - On October 11, 2022, the Company acquired 100% of the assets and property of 2563434 Ontario Incorporated in exchange for assuming liabilities of $172,287. Lettuce Love provides a menu of gluten-free meals. Ingredients are sourced from sustainable non-GMO sources. Lettuce Love is focused on opening franchised locations throughout Canada. They currently have 30 franchises in development with area developers.

PIRHO Fresh Greek Grill – In May 2023 the Company entered into a joint venture 50:50 ownership for the development of Phiro Fresh Greek Grill franchise restaurants. Phiro is a gourmet bowls, wraps, and pitas fast casual Greek restaurant with the fresh wholesome tastes of Greece and its delicious traditional foods. The joint venture will focus on franchise fees and royalties to grow this business. PIRHO Fresh Greek Grill is focused on opening franchised locations throughout Canada. They currently have 80 franchises in development with Area Developers.

Joey Turks Island Grill – is a 100% owned Caribbean fast casual dining concept that the Company has originated and is developing in the Greater Toronto area.

Holy Crap Foods – was 100% acquired by the Company in February 2021. Holy Crap is a line of high-fiber, plant-based super-seed cereals and oatmeals that helps you maintain good gut health. When you have a healthy gut, it impacts your total wellbeing and is proven to help your mental health. Based on this premise, the strategy of this brand is to implement both a B2B as well as a B2C revenue model to reach more consumers and accelerate growth.

Holy Crap has increased its retail distribution by adding several new retailers to its portfolio, which have contributed to growth, and an increase of retail presence across Canada.

Lumber Heads Food Co. - On February 1, 2022, Happy Belly acquired a 50% controlling interest in Lumber Heads Food Co. Lumber Heads offers an incredible tasting and handcrafted plant-based Kettle Corn snack food. Their products are peanut and nut free, gluten free, dairy free and allergen free. The company has earned a reputation for high quality and great customer service from a growing and loyal customer base. The acquisition allows Happy Belly to assist Lumber Heads in growing its business and support its growing product line of plant-based foods.

The Company has created a consulting division, Next Level Partners, which is focused on providing advice and development for third party owned QSR and CPG businesses. The Company has announced a Letter of Intent with Lady Glaze Doughnuts of which has been transferred to the Next Level Partners consulting portfolio.

Company Highlights and Outlook

The Company has completed a number of key initiatives and transactions that have enhanced overall operations over the past two years. The Company has expanded its offering, diversified its business, created economies of scale within the operations and enhanced its financial growth plans while reducing costs.

- On July 24, 2023, the Issuer announced that it has closed its non-brokered private placement issuing 645 unsecured convertible debentures for gross proceeds of $645,000.

- On July 20, 2023, the Issuer announced that it has signed an area development agreement for the province of British Columbia for the opening of 30 franchise restaurants of HEAL Wellness, a fresh smoothie bowls, acai bowls, smoothies, and delicious breakfast waffles quick serve restaurant.

- On July 18, 2023, the Issuer announced that it has signed an area development agreement for the province of British Columbia for the opening of 20 franchise restaurants of Pirho Fresh Greek Grill, a gourmet bowls, wraps, and pitas fast casual Greek restaurant with the fresh wholesome tastes of Greece and its delicious traditional foods.

- On July 7, 2023, the Company announced that it has entered the Caribbean fast casual sector with the launch of its 100% wholly owned subsidiary brand, Joey Turks Island Grill.

- On June 29, 2023, the Issuer announced that it will reprice 2,000 convertible debentures originally issued to investors pursuant to private placements that closed on June 30, 2022 and July 11, 2022 from a conversion price of $0.25 per common share being the conversion price if the Debentures are exercised in the second year, to a conversion price of $0.20 per Share.

- On June 28, 2023, the Issuer announced that it has signed its first client to its advisory arm that specializes in the development and growth of early-stage companies needing strategic and operational guidance to scale their businesses. Clients of our *Next Level Partners* program provide predictable contract revenue for Happy Belly, an important step forward on our path to profitability.

- On May 18th, 2023, Happy Belly & PIRHO Fresh Greek Grill executed a Franchise Acquisition Agreement whereby a new 50:50 joint venture company was created to hold the franchising rights of PIRHO Fresh Greek Grill Restaurants. The joint venture company will hold and operate all franchisee activities, such as the collection of franchisee royalties and franchising fees and hold all global franchising rights, brand assets, intellectual property and brand trademarks.

  For 50% ownership of the joint venture company, Happy Belly has issued to the joint venture company $250,000 worth of common stock based on the last 10-day VWAP for a total of 1,666,666 shares. Happy Belly has also obtained the rights to acquire the remaining 50% of the business at its optionality.
- On May 16, 2023, the Issuer announced that it has launched an advisory arm of Happy Belly that will specialize in the development and growth of early-stage restaurant and CPG companies that need strategic, operational and

financial guidance to grow and scale their businesses. The Next Level Partners division will focus on Strategy, Growth Acceleration, Operational Efficiency, Capital Allocation and M&A Readiness for brands that need support and guidance to get their brand to the next level.

- In April 2023 the Company executed a binding Letter of Intent for the acquisition of a 50% interest in KOA Natural Foods, a hand-crafted snack manufacturer based out of Ontario.

- In April 2023 the Company announced expansion plans for its Heal Wellness brand which included a 30-unit development agreement in Alberta and development plans in Ontario.

- In March 2023, the Company closed on a non-brokered private placement of unsecured convertible debentures for gross proceeds of $1,000,000. The Convertible Debentures have a term of 5 years and pay interest at a rate of twelve percent per annum payable quarterly and are convertible at the holder's option into common shares of the Company every three months, prior to March 30, 2028, into common shares at a conversion price equal to $0.30 per common share.

- On October 11, 2022, the Company completed an asset purchase agreement for substantially all of the assets and property of 2563434 Ontario Incorporated ("Lettuce Love acquisition") in exchange for assuming the liabilities of approximately $172,287.

- In July 2022, the Company closed two tranches of a non-brokered private placement of unsecured convertible debentures for total gross proceeds of $2,000,000. The Debentures have a term of 24 months, and pay interest at a rate of twelve percent per annum payable quarterly after the closing date of June 30, 2022, for the first tranche of $1,295,000 and July 8, 2022 for the second tranche of $705,000, maturing on the date that is the second anniversary of the first date that the Debentures are issued and are convertible at the holder's option into common shares of the Company every three months after the Closing Date, but prior to the Maturity Date, into common shares at a conversion price equal to (a) $0.20 per common share if converted in the first 12 months after the Closing Date; or (b) $0.25 per common share if converted after the first 12 months after the Closing Date, provided that not less than 25% of the outstanding principal, and any interest amounts owed, is converted.

- On May 2022, Sean Black joined the Happy Belly team as Chief Investment Officer. Mr. Black has led the growth and franchise development of the CraveIT, MTY and Extreme Brands portfolios. Mr. Black has held the position of Chief Development Officer at CraveIT Restaurant Group since 2014. In 2021, CraveIT Restaurant Group sold its interest in The Fresh Plant Powered restaurant brand and The Burgers Priest restaurant brand, including its 27 corporately owned stores, to Recipe Unlimited, a formerly publicly traded company on the Toronto Stock Exchange. From 2013 to 2014, Mr. Black held the executive level position of Chief Development Officer at MTY Food Group. Prior to MTY, Mr. Black was the Chief Development Officer of Extreme Brands, which was acquired by MTY in 2013.

- On May 5, 2022, the Company acquired a 50% controlling interest in Heal Lifestyle Inc. ("Heal Wellness"), which operates three Heal Wellness plant-based Quick Serve Restaurants in southern Ontario. A joint venture company was set up and Happy Belly issued 2,777,777 common shares to the joint venture for the purchase of its ownership interest.
- On February 1, 2022, pursuant to a share purchase agreement, the Company acquired 51% of the issued and outstanding common shares of Lumber Heads Food Co. in exchange for providing an interest free loan of $75,000 to Lumber Heads Food Co. Lumber Heads Food Co. is a boutique plant-based snack food manufacturer based in Ontario.

- In September 2021, the Company announced the spinout of all cannabis assets to Blackwell Intelligence Inc, a private company. The purpose of the spinout was to allow the Company to remain strategically focused on the plant-based food sector. Blackwell will continue with new management, with a focus on emerging technologies. Upon closing of the arrangement, each shareholder of Happy Belly received 0.09582494 common shares of Blackwell for every common share of Happy Belly held on the share distribution record date of December 29, 2021.

- In July 2021, the Company completed its Notice of Meeting and Management Information Circular to Shareholders. The document outlined the Company's plans to carve-out all businesses and activities related to the cannabis sector.. On September 2, 2021, shareholders voted in favour of all matters tabled.

- In June 2021, the Company entered into a strategic advisory agreement with Maricom Inc., and 2085086 Ontario Inc. represented by Sean Black, Mark Rechichi and Alex Rechichi to assist with the Private Placement and to arrange for Alex Rechichi, Mark Rechichi and Kevin Cole to join the Board of Directors of the Company. In consideration for the assistance with the Private Placement and the arrangement of strategic appointments to the Board the Company has issued an aggregate of 27,000,000 non-transferrable share purchase performance warrants to the Advisors. Each Advisory Warrant entitles the holder to acquire one common share at a price of $0.20 for a period of five years from their date of issue and vest upon the occurrence of performance and market vesting triggers. The vesting triggers occur when the stock reaches a price target of $0.50, $0.75, $1.00, $1.50 and $2.00. Jerry Habuda and Lindsay Hamelin resigned as Directors at this time.

- In June 2021, the Company closed a non-brokered private placement for total gross proceeds of $600,000. The Company issued 3,000,000 units at a price of $0.20 per unit, where each unit consisted of one common share of the Company and one common share purchase warrant of the Company, where each warrant entitles the holder to purchase one common share within three years of the closing date at a price of $0.20 per common share.

FINANCIAL PERFORMANCE

SELECTED FINANCIAL INFORMATION

	For the Three Months Ended		For the Six Months Ended	
	June 30, 2023	June 30, 2022	**June 30, 2023**	June 30, 2022
Total Revenue	**1,322,508**	620,176	**2,361,384**	944,858
EBITDA*	**(156,732)**	(418,224)	**(401,619)**	(709,763)
Net (loss) for the period	**(424,188)**	(587,599)	**(898,482)**	(1,002,248)
Net (loss) per share-basic	**(0.00)**	(0.01)	**(0.01)**	(0.01)
Total comprehensive (loss)	**(424,188)**	(587,599)	**(898,482)**	(1,002,248)
Capital expenditures	**1,079,491**	33,456	**1,107,385**	37,476

	As at June 30, 2023	As at December 31, 2022
Total assets	**5,962,938**	4,282,839
Total liabilities	**5,510,745**	3,496,134
Working capital	**1,044,708**	894,418

* Refer to "Non-IFRS measures" section of the MD&A

RESULTS OF OPERATIONS

The following paragraphs provide information about the results of the Company's on-going operations for the three and six months ended June 30, 2023.

Revenue

For the three and six months ended June 30, 2023, revenue increased 113% and 150% respectively over the corresponding periods of 2022. The increase was primarily a result of the growth of Heal since acquisition on May 5, 2022, and the Lettuce Love acquisition that closed on October 8, 2022. Revenue is primarily generated from the sale of food products through the Company's CPG and QSR divisions.

Net Loss for the period-end

For the three and six months ended June 30, 2023, the net loss decreased 28% and 10% respectively from the corresponding periods of 2022. The decrease in the loss was primarily a result of increased revenues partially offset by increased general and administrative expenses.

General and administrative expense

The following table provides a breakdown of general and administrative expense:

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	**2023**	2022
	$	$	**$**	$
Legal and accounting	**123,091**	108,366	**168,751**	156,006
Advertising and marketing	**87,031**	69,716	**162,317**	120,258
Investor relations	**-**	-	**-**	3,000
Consulting	**18,198**	26,062	**76,758**	67,519
Management	**90,394**	99,357	**180,394**	217,700
Office and sundry	**134,050**	59,380	**252,282**	113,643
Business development	**26,832**	40,281	**75,501**	56,267
Salaries and wages	**351,333**	186,847	**643,534**	296,303
Total general and administrative	**830,929**	590,009	**1,559,537**	1,030,696

For the three and six months ended June 30, 2023 the general and administrative costs increased 41% and 51% respectively as compared to the same periods of 2022, mostly as a result of increased salaries and wages and related office costs due to higher staffing levels.

Depreciation and amortization expense

Amortization expense for the three and six month periods ended June 30, 2023, was $95,179 and $200,428 respectively compared to $149,649 and $262,413 in the corresponding periods of 2022.

Capital expenditures

The following table shows the Company's capital additions for the period ended June 30, 2023:

	Capital expenditures
Furniture and fixtures	70,712
Leasehold improvements	82,943
ROU assets	953,730
Total property and equipment additions	1,107,385

BUSINESS UNIT PERFORMANCE

The Company has two operating divisions: Quick Service Restaurants and Consumer Product Goods. The QSR segment includes Heal Lifestyles, Lettuce Love, Phiro Fresh Greek Grill and JoeyTurks Island Grill. The CPG segment includes Holy Crap, and Lumber Heads. In identifying these operating divisions, management generally allocates businesses to the divisions based on its main products and route to market.

Each of these operating divisions is managed separately as each requires different capabilities, technologies, marketing approaches and other resources. All inter-division transfers are carried out at arm's length prices based on prices charged to unrelated customers in stand-alone sales of identical goods or services.

Quick Service Restaurants

The following table show the results of operations for the Quick Service Restaurant segment:

	For the Three Months Ended		**For the Six Months Ended**	
	June 30, 2023	June 30, 2022	**June 30, 2023**	June 30, 2022
Revenue	**1,019,833**	371,335	**1,712,531**	496,731
Cost of goods sold	**394,737**	204,993	**720,485**	260,599
Gross Margin	**625,096**	166,342	**992,046**	236,132
Gross Margin %	**61%**	45%	**58%**	48%
General and administrative	**442,678**	204,896	**794,608**	326,330
Other (Income)/expense	**(25,552)**	5,351	**(36,752)**	(551)
Segmented EBITDA	**207,970**	(43,905)	**234,190**	(89,647)
Interest, depreciation and amortization	**94,278**	85,207	**178,001**	136,203
Segmented gain/(loss)	**113,692**	(129,112)	**56,189**	(225,850)

QSR segment of the Company is made up of its four restaurant brands. In the three and six months ended June 30, 2023 the revenues in the QSR segment increased 175% and 245% respectively as compared to the corresponding period of 2022. The main reason for the increase was the growth of Heal since its acquisition in May of 2022 and Lettuce Love in October of 2022.

The QSR segment has EBITDA of $207,970 for the three month period ended June 30, 2023 compared to a loss of $43,905 in the same period in June 30, 2022. For the six months ended June 30, 2023, the Company has segment EBITDA of $234,190 compared to a loss of $89,647 for the period ended June 30, 2023. The QSR segment of Happy Belly is demonstrating strong EBITDA growth year over year.

Consumer Product Goods

The following table show the results of operations for the Consumer Product Goods segment:

	For the Three Months Ended		For the Six Months Ended	
	June 30, 2023	June 30, 2022	**June 30, 2023**	June 30, 2022
Revenue	**302,675**	203,854	**648,853**	403,140
Cost of goods sold	**192,387**	134,406	**420,582**	250,347
Gross Margin	**110,288**	69,448	**228,271**	152,793
Gross Margin %	**36%**	34%	**35%**	38%
General and administrative	**101,520**	82,074	**228,583**	165,242
Other (Income)/expense	**(1,097)**	(5,969)	**(3,103)**	(5,620)
Segmented EBITDA	**9,865**	(6,657)	**2,791**	(6,829)
Interest, depreciation and amortization	**36,510**	68,360	**88,022**	129,957
Segmented loss	**(26,645)**	(75,017)	**(85,231)**	(136,786)

The CPG segment of the Company is comprised of the Holy Crap brand producing breakfast cereals and Lumber Heads producing snack foods. In the three and six months ended June 30, 2023 the revenues in the from the CPG segment increased 48% and 61% respectively as compared to the corresponding period of 2022.

The CPG segment has a EBITDA of $9,865 for the three month period ended June 30, 2023 compared to a loss of $6,657 in the same period in June 30, 2022. For the six months ended June 30, 2023, the Company has a divisional EBITDA of $2,791 compared to a loss of $6,829 for the period ended June 30, 2022. The CPG segment of Happy Belly will continue to accelerate growth, improve its margins and reduce expenses in order to achieve positive EBITDA in the future.

SUMMARY OF QUARTERLY FINANCIAL RESULTS

The following is a summary of selected financial information compiled from the quarterly interim unaudited financial statements for the eight quarters ending June 30, 2013:

Quarter Ended	Revenue	Loss for the Period ($)	Loss per Share-Basic ($)
30-Jun-23	1,322,508	(424,188)	(0.00)
31-Mar-23	1,038,876	(474,294)	(0.00)
31-Dec-22	995,178	(1,100,958)	(0.01)
30-Sep-22	794,460	(639,746)	(0.01)
30-Jun-22	620,176	(587,599)	(0.01)
31-Mar-22	324,682	(414,649)	(0.00)
31-Dec-21	220,376	(4,645,268)	(0.04)
30-Sep-21	323,897	(711,303)	(0.01)

LIQUIDITY AND CAPITAL RESOURCES

Cash and Working Capital

The Company's cash on hand as at June 30, 2023, is $1,453,475 up from $1,101,960 at December 31, 2022, due to the $1,000,000 in cash collected as part of the convertible debenture issuance on April 1, 2023, offset by negative cash flow from operating activities, due to the general and administrative costs being higher than the Company's gross margins. The Company had a working capital of $1,044,708 on June 30, 2023, up from $ 894,418 on December 31, 2022. As at the date of this MD&A, Management believes the Company has sufficient working capital to meet its ongoing financial obligations for the coming year.

Cash Used in Operating Activities

For the three and six months ended June 30, 2023, cash used in operating activities was $1,122,005 and $1,357,542 respectively as compared to $781,106 and $1,070,940 in the respective period of 2022. Cash used in operating activities was used for general operating activities.

Outstanding Share Data

The Company shares trade on the CSE under the symbol “HBFG”, on the Frankfurt Stock Exchange as “VGP” and on the OTCQB market exchange in the US as “VGANF”. As at June 30, 2023, the Company had 108,769,698 shares issued and outstanding (December 31, 2022 – 107,207,198).

The following is a summary of the share transactions:

	Number	**Amount ($)**
Balance at December 31, 2021	104,157,421	35,466,818
Share exchange -corporate acquisitions	2,777,777	222,222
Issuance of common shares upon exercise of warrants	272,000	68,000
Balance at December 31, 2022	107,207,198	35,757,040
Share exchange - corporate acquisitions	**1,562,500**	**250,000**
Balance at June 30, 2023	**108,769,698**	**36,007,040**

Share Purchase Warrants

A continuity of the share purchase warrants is summarized as follows:

	June 30, 2023		December 31, 2022	
	Number of warrants	**Weighted average exercise price $**	Number of warrants	Weighted average exercise price $
Warrants outstanding, beginning of year	**30,200,000**	**0.20**	54,832,660	0.25
Exercised	**-**	**-**	(272,000)	0.25
Expired/forfeited	**(200,000)**	**0.75**	(24,360,660)	0.30
Warrants outstanding, end of year	**30,000,000**	**0.20**	30,200,000	0.20

On June 1, 2021, the Company entered into a strategic advisory agreement (the "Advisory Agreement") with Maricom Inc., and 2085086 Ontario Inc. (the "Advisors") represented by Sean Black, Mark Rechichi and Alex Rechichi to assist with the private placement and to arrange for Alex Rechichi, Mark Rechichi and Kevin Cole to join the board of directors of the Company. In consideration for the assistance with the private placement and the arrangement of strategic appointments to the Board (the "Strategic Board Appointments"), the Company agreed to issue an aggregate of 27,000,000 non-transferrable share purchase warrants ("Advisory Warrants") to the Advisors. Each Advisory Warrant entitles the holder to acquire one share at a price of $0.20 for a period of five years from their date of issue and vest upon the occurrence of the vesting triggers noted below:

Number of Advisory Warrants Vested	**Vesting Trigger**
5,200,000	Closing of the June 2021 private placement
2,700,000	$0.50(1)
2,750,000	$0.75(1)
5,400,000	$1.00(1)
5,450,000	$1.50(1)
5,500,000	$2.00(1)

Note: (1) Closing price of the common shares on the Canadian Securities Exchange (or any other stock exchange that the Common Shares may trade) required to trigger vesting of Advisory Warrants.

The Company recognized $3,174,062 in share-based compensation on the issuance on the Advisory Warrants in 2021. The warrants were valued using the Black-Scholes Option Pricing Model with the following inputs: expected price volatility of 179%, risk free interest rates of 0.97%, expected life of 5 years and no dividend yield. A Monte Carlo probability model was applied to the various vesting trigger points resulting in probabilities of between 13% and 56% which were applied to the five unvested tranches.

As at June 30, 2023, the Company had outstanding warrants as follows:

Expiry date	Exercise price	Remaining life(years)	Warrants outstanding	Warrants exercisable
June 18, 2024	0.20	0.97	3,000,000	3,000,000
June 18, 2026	0.20	3.00	27,000,000	5,200,000
	0.20		30,000,000	8,200,000

Stock Options

The Company has a stock option plan and restricted share units plan that allows it to grant options to its directors, officers, employees and consultants, provided that the aggregate number of options granted shall not at any time exceed 15% of the total number of issued and outstanding common shares of the Company.

A summary of the Company's stock option transactions is presented below:

	June 30, 2023		December 31, 2022	
	Number of options	**Weighted average exercise price $**	Number of options	Weighted average exercise price $
Options outstanding, beginning of year	**7,585,000**	**0.28**	9,870,000	0.27
Granted	**1,050,000**	**0.20**	185,000	0.38
Expired	**(7,525,000)**	**0.57**	(2,420,000)	0.26
Cancelled/ forfeited	**0**	**-**	(50,000)	0.50
Options outstanding, end of year	**1,110,000**	**0.21**	7,585,000	0.28

The share options outstanding as at June 30, 2023 are as follows:

Grant date	Number of options outstanding	Exercise price $	Expiry date
April 1, 2022	60,000	0.25	April 1, 2024
February 8, 2023	50,000	0.30	February 8, 2025
April 20, 2023	1,000,000	0.20	April 20, 2028
	1,110,000	0.21	

The Company recognized $55,972 (2022 - $2,117) in share-based compensation on options during the period ended June 30, 2023.

The fair value of options was estimated using the Black-Scholes Option Pricing Model based on the date of grant and using the following assumptions:

Grant date	Risk-free interest rate	Expected stock price volatility	Expected life	Fair value option price $
April 1, 2022	2.34%	155%	2	0.07
February 8, 2023	3.92%	96%	2	0.07
April 20, 2023	3.15%	148%	5	0.16

All option grants have an expected dividend yield of 0% and a forfeiture rate of 0%.

On April 20, 2023, the Company issued 1,000,000 performance options to its President and CEO as part of his compensation package. Each option entitles the holder to acquire one share at a price of $0.20 for a period of five years from their date of issue and vest upon the occurrence of the vesting triggers noted below:

Number of options vested	Vesting trigger
192,593	On issuance
100,000	$0.50[(1)]
101,852	$0.75[(1)]

200,000	$1.00[1]
201,852	$1.50[1]
203,704	$2.00[1]

Note: (1) Closing price of the common shares on the Canadian Securities Exchange (or any other stock exchange that the Common Shares may trade) required to trigger vesting of the performance options.

The Company recognized $52,713 in share-based compensation on the issuance of the performance options. The options were valued using the Black-Scholes Option Pricing Model with the following inputs: expected price volatility of 148%, risk free interest rates of 3.15%, expected life of 5 years and no dividend yield. A Monte Carlo probability model was applied to the various vesting trigger points resulting in probabilities of between 9% and 34% which were applied to the five unvested tranches.

RELATED PARTY TRANSACTIONS

The Company incurred the following transactions with companies that are controlled by directors and related parties of the Company:

	Period ended June 30, 2023	Year ended December 31,2022
	$	$
Consulting and other fees	**160,087**	426,548
	160,087	426,548

As at June 30, 2023, the Company had a $19,755 balance payable to the CEO of the Company (2022 - $13,059), and $200,000 of the convertible debentures are payable to individuals related to the CEO of the Company.

ADDITIONAL INFORMATION

Off-Balance Sheet Arrangements

The Company does not utilize off-balance sheet transactions.

Legal proceedings

As at the current date, management was not aware of any legal proceedings involving the Company.

Commitments - Contingent liabilities

As at the current date, management was not aware of any outstanding contingent liabilities or commitments relating to the Company's activities.

FINANCIAL RISK MANAGEMENT

The Company is exposed to minimal financial instrument related risks. The Board of the Company approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The maximum credit risk that the Company is exposed to is the carrying value of the cash, accounts receivable and other receivables. Credit risk exposure to cash is minimized substantially by ensuring that cash is held with credible financial institutions. The Company mitigates the credit risk associated with accounts receivable by establishing relationships with creditworthy purchasers. Other receivables mostly relate to amounts receivable from long-term investors in the Company, the Company mitigates the credit risk by only establishing relationships with creditworthy investors.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments and business development. The Company manages liquidity risk by maintaining adequate cash balances.

The Company's expected source of cashflow in the upcoming year will be through equity financing and revenue generation. Cash on hand at June 30, 2023and expected cashflows for the next 12 months are sufficient to fund the Company's ongoing operational needs. The Company may need funding through equity or debt financing, entering into joint venture agreements, or a combination thereof. Liquidity risk is assessed as high.

Based on the contractual obligations of the Company as at June 30, 2023, cash outflows of those obligations are estimated and summarized as follows:

Payment Due by Year	2023	2024	2025 and beyond	Total
	$	$	$	$
Accounts payable and accrued liabilities	647,286	-	-	647,286
CEBA loan	150,000	-	-	150,000
Other long-term debt*	37,664	71,891	124,223	233,778
Lease obligations	193,034	355,678	2,061,978	2,610,690
	1,027,984	427,569	2,186,201	3,641,754

*These amounts do not include interest payable.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates.

(a) Interest rate risk

Interest rate risk is the risk that the fair value of future cashflows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest risk as its TD and BDC loans have a variable interest rate. The Company does not believe the exposure to interest rate risk is significant. When assessing interest rate risk the Company believes 1% volatility is a reasonable measure. The effect of a 1% change in interest rates would have had a $631 impact on the Company's net earnings for the year ended June 30, 2023 (2022 – $1,013).

(b) Foreign currency risk

Foreign currency risk is the risk that the fair value of future cashflows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is exposed to foreign currency risk to the extent that monetary assets and liabilities are denominated in foreign currency. Foreign currency risk is assessed as low as the Company has no material expenses denominated in foreign currencies.

Capital risk management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity and cash. There were no changes in the Company's approach to capital management during the year. The Company is not subject to any externally imposed capital requirements.

NON-IFRS MEASURES

Certain financial measures included in this MD&A do not have a standardized meaning prescribed by IFRS and therefore are considered non-IFRS measures; accordingly, they may not be comparable to similar measures provided by other companies.

EBITDA*

The Company has included a non-IFRS non-GAAP performance measure, EBITDA (Earnings before interest, taxes, depreciation and amortization). The Company believes that, in addition to conventional measures prepared in accordance with IFRS, we and certain investors use this information to evaluate the Company's performance and ability to generate cash, profits and meet financial commitments. This Non-IFRS measure is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

EBITDA is calculated by adding back interest, taxes, depreciation and amortization to the Company's net income/loss. The following table provides a reconciliation of EBITDA to the financial statements.

	For the Three Months Ended		For the Six months ended	
	June 30, 2023	June 30, 2022	**June 30, 2023**	June 30, 2022
	$	$	**$**	$
Total comprehensive loss	**(424,188)**	(587,599)	**(898,482)**	(1,002,248)
Add back:				
Financing costs	**172,277**	19,726	**296,435**	30,072
Depreciation and Amortization	**95,179**	149,649	**200,428**	262,413
EBITDA	**(156,732)**	(418,224)	**(401,619)**	(709,763)

The Company has made substantial progress with improving its EBITDA loss from period to period. This trend begins after the Company has been acquired by Happy Belly due to the margin improvements and expense efficiencies.

FORWARD-LOOKING INFORMATION

Any forward-looking information in this MD&A is based on the conclusions of management. The Company cautions that due to risks and uncertainties, actual events may differ materially from current expectations. With respect to the company's operations, actual events may differ from current expectations due to economic conditions, new opportunities, changing budget priorities of the company, and other factors.

CAPITAL DISCLOSURE

The Company manages its capital structure and makes adjustments to it based on the funds available to the Company, in order to support the acquisition of a new business. The Board does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to acquire and sustain future development of a business. The Company has recently reactivated and acquired a business, which will require additional financial resources. 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 current period. The Company is not subject to externally imposed capital requirements.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

The Company's financial statements and the other financial information included in this management report are the responsibility of the Company's management and have been examined and approved by the Board. The financial statements were prepared by management in accordance with IFRS and include certain amounts based on management's best estimates using careful judgment. The selection of accounting principles and methods is management's responsibility.
Management recognizes its responsibility for conducting the Company's affairs in a manner to comply with the requirements of applicable laws and established financial standards and principles, and for maintaining proper standards of conduct in its activities. The Board supervises the financial statements and other financial information through its audit committee.

This committee's role is to examine the financial statements and recommend that the Board approve them, to examine the internal control and information protection systems and all other matters relating to the Company's accounting and finances. In order to do so, the audit committee meets annually with the external auditors, with or without the Company's management, to review their respective audit plans and discuss the results of their examination. This committee is responsible for recommending the appointment of the external auditors or the renewal of their engagement.

DIRECTORS

Certain directors of the Company are also directors, officers and/or shareholders of other companies. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required to act in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any project opportunity of the Company. If a conflict of interest arises at a meeting of the Board, any directors in a conflict will disclose their interests and abstain from voting in such matters. In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at the time.

As at the date of this MD&A, the directors of the Company are Shawn Moniz, Alex Rechichi, Mark Rechichi, Sean Black and Kevin Cole.