FORM 5A

ANNUAL LISTING SUMMARY

Introduction

The requirement to file this Form 5A does not apply to NV Issuers. NV Issuers must file a Form 51-102F2 Annual Information Form.

This Annual Listing Summary must be posted on or before the day on which the Issuer's annual financial statements are to be filed under the Securities Act. This statement is not intended to replace the Issuer's obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by the Exchange Policies.

General Instructions

(a) Prepare this Annual Listing Summary using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the following items must be in narrative form. When the answer to any item is negative or not applicable to the Issuer, state it in a sentence. The title to each item must precede the answer.

(b) The term "Issuer" includes the Listed Issuer and any of its subsidiaries.

(c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

Listed Issuer Name: HAPPY BELLY FOOD GROUP INC. (the "**Issuer**")

Website: https://happybellyfg.com/

Listing Statement Date: April 18, 2024

Description(s) of listed securities(symbol/type):
HBFG / common shares

Brief Description of the Issuer's Business:
The Issuer is a leading consolidator of emerging food brands. For more information please visit: www.HappyBellyFG.com.

Description of additional (unlisted) securities outstanding

Common Shares	110,503,835
Stock Options	1,110,000
Warrants	29,990,000
Convertible Debentures	3,645
Fully Diluted	**141,607,480**

Jurisdiction of Incorporation: British Columbia

Fiscal Year End: December 31, 2023

Date of Last Shareholders' Meeting and Date of Next Shareholders' Meeting (if scheduled):

The Issuer held its last annual general meeting of shareholders on December 28, 2023. As at the date of this Annual Listing Summary, the Issuer has not scheduled its annual general meeting for 2024.

Financial Information as at:

December 31, 2023

	Current	**Previous**
Cash and cash equivalents	**$1,269,045**	**$1,101,960**
Current Assets	**$2,144,393**	**$1,849,249**
Non-current Assets	**$3,708,855**	**$2,433,590**
Current Liabilities	**$1,349,138**	**$954,831**
Non-current Liabilities	**$5,064,464**	**$2,541,303**
Shareholders' equity	**($560,354)**	**$786,705**
Sales and other income	**$5,453,850**	**$2,783,957**
Net Comprehensive Loss	**($1,829,333)**	**($2,742,952)**
Net Cash Flow from Operations	**($722,925)**	**($1,618,200)**

SUPPLEMENTARY INFORMATION

The supplementary information set out below must be provided when not included in the Schedules. If the required details are included in Schedule A or B, provide specific reference to the page or note.

1. Related party transactions

Provide disclosure of all transactions with a Related Person, including those previously disclosed on Form 10. Include in the disclosure the following information about the transactions with Related Persons:

(a) A description of the relationship between the transacting parties. Be as precise as possible in this description of the relationship. Terms such as affiliate, associate or related company without further clarifying details are not sufficient.

See Note 13 of the audited financial statements for the year ended December 31, 2023.

(b) A description of the transaction(s), including those for which no amount has been recorded.

See Note 13 of the audited financial statements for the year ended December 31, 2023.

(c) The recorded amount of the transactions classified by financial statement category.

(d) **See Note 13 of the audited financial statements for the year ended December 31, 2023.**

(e) The amounts due to or from Related Persons and the terms and conditions relating thereto.

(f) **See Note 13 of the audited financial statements for the year ended December 31, 2023.**

(g) Contractual obligations with Related Persons, separate from other contractual obligations.

None

(h) Contingencies involving Related Persons, separate from other contingencies.

None

2. Summary of securities issued and options granted during the period.

Provide the following information for the Listed Issuer's fiscal year:

(a) summary of securities issued during the period,

Date of Issue	Type of Security (common shares, convertible debentures, etc.)	Type of Issue (private placement, public offering, exercise of warrants, etc.)	Number	Price	Total Proceeds	Type of Consideration (cash, property, etc.)	Describe relationship of Person with Issuer (indicate if Related Person)	Commission Paid
Apr. 3/23	Convertible Debentures	Private Placement	1,000	$1,000	$1,000,000	Cash	Not Related	None
May 18/23	Common Shares	Acquisition	1,562,500	$0.16	N/A	Acquisition of Pirho Fresh Greek Grill	Related [subsidiary of the Issuer]	None
July 24/23	Convertible Debentures	Private Placement	645	$1,000	$645,000	Cash	Not Related	None
Nov. 13/23	Common Shares	Acquisition	1,724,137	$0.145	N/A	Acquisition of Rosie's Burgers	Related [subsidiary of the Issuer]	None
Dec. 4/23	Common Shares	Warrant Exercise	10,000	$0.20	$2,000	Cash	Related	None

(b) summary of options granted during the period,

Date	Number	Name of Optionee if Related Person and relationship	Generic description of other Optionees	Exercise Price	Expiry Date	Market Price on date of Grant
Feb. 8/23	50,000	N/A	Consultant	$0.30	Feb. 8/25	$0.17
Apr. 20/23	1,000,000	Fusionworx Investment Group – Shawn Moniz	N/A	$0.20	Apr. 20/28	$0.18
Oct. 20/23	300,000	N/A	Employee	$0.40	Oct. 20/24	$0.145

3. Summary of securities as at the end of the reporting period.

Provide the following information in tabular format as at the end of the reporting period:

(a) description of authorized share capital including number of securities outstanding for each class, dividend rates on preferred shares and whether or not cumulative, redemption and conversion provisions,

The Issuer is authorized to issue an unlimited number of common shares without par value, of which 110,503,835 common shares are issued and outstanding as at end of the reporting period.

The Issuer has not paid dividends on its common shares.

Each stock option and whole warrant entitles the holder to convert to one common share at the applicable exercise price.

(b) description of options, warrants and convertible securities outstanding, including number or amount, exercise or conversion price and expiry date, and any recorded value, and

Security Type	Principle Amount	Exercise Price	Expiry Date	Total Shares
Stock options	50,000	$0.30	February 8, 2024	50,000
Warrants	60,000	$0.25	April 1, 2024	60,000
Stock options	300,000	$0.40	October 20, 2024	98,000
Warrants	2,500,000	$0.20	June 18, 2024	500,000
Convertible debentures	1,295,000	$0.20	June 30, 2024	259,000
Convertible debentures	705,000	$0.20	July 11, 2024	141,000
Warrants	26,995,000	$0.20	June 18, 2026	5,399,000
Convertible debentures	1,000,000	$0.30	April 3, 2028	300,000
Stock options	1,000,000	$0.20	April 20, 2028	200,000
Convertible debentures	645,000	$0.30	July 24, 2028	193,500

(c) number of shares in each class of shares subject to escrow or pooling agreements or any other restriction on transfer.

None

4. List the names of the directors and officers and include the position(s) held and the date of appointment, as at the date this report is signed and filed.

Director	**Since:**
Shawn Moniz	Jun. 9, 2017
Alex Rechichi	Jun. 21, 2021
Mark Rechichi	Jun. 21, 2021
Kevin Cole	Jun. 21, 2021
Sean Black	Dec. 22, 2022

Current Officers:	**Office(s) Held:**	**Since:**
Shawn Moniz	CEO Secretary	Sept. 12, 2017 Feb. 3, 2020
Dean Callaway	CFO	Feb. 3, 2020
Alex Rechichi	Chairman	Jun. 21, 2021
Sean Black	Chief Investment Officer	May 27, 2022
Gary Fung	Senior VP of Finance	Nov. 15, 2023

5. Financial Resources

a) State the business objectives that the Issuer expects to accomplish in the forthcoming 12-month period;

Happy Belly Food Group Inc. intends to further improve operations through the development and execution of multiple brand and channel strategies within this same resource pool, including leveraging shared distribution within our current network. Happy Belly plans to add additional brands and businesses to the QSR division in 2024 and beyond. Currently, Happy Belly currently operates five QSR brands and two CPG brands within the Company's portfolio. Furthermore, franchised restaurants are expected to grow in 2024 with already signed franchise agreements in the provinces of Ontario, Alberta and British Columbia. The first Heal Wellness franchised restaurant opened March 16, 2024 in Toronto, Ontario, and intention is to open 7-10 additional locations during the year.

b) Describe each significant event or milestone that must occur for the business objectives in (a) to be accomplished and state the specific time period in which each event is expected to occur and the costs related to each event;

- **Mergers and acquisitions – 2 QSR acquisitions (Yolks Breakfast Inc. and Via Cibo Restaurants) have been disclosed and publicly announced. Yolks Breakfast Inc. closed January 29, 2024 and Via Cibo Restaurants is expected to close in April 2024.**

See Note 20 of the audited financial statements for the year ended December 31, 2023.

- **Multi-unit franchise agreements signed for Heal Wellness, Lettuce Love Cafe and Pirho Fresh Greek Grill. See MD&A for company highlights and outlook. Intention is to have 7-10 franchised restaurants opened by end of 2024.**

c) Disclose the total funds available to the Issuer and the following breakdown of those funds:

(i) the estimated consolidated working capital (deficiency) as of the most recent month end prior to filing the Listing Statement, and

Working capital as of December 31, 2023 is $795,255.

(ii) the total other funds, and the sources of such funds, available to be used to achieve the objectives and milestones set out in paragraphs (a) and (b); and

In addition to working capital, the Issuer has non-current assets of $3,708,855, which includes $200,000 of account receivable – long-term assets.

(iii) describe in reasonable detail and, if appropriate, using tabular form, each of the principal purposes, with approximate amounts, for which the funds available described under the preceding paragraph will be used by the Issuer.

Total working capital ($795,255) and long-term accounts receivable ($200,000) to fund cash flow from operating activities (both QSR and CPG divisions). Other non-current assets, mainly property plant and equipment ($2,324,730) to facilitate the ongoing operations of the company.

6. Status of Operations

During the fiscal year, did the Listed Issuer

(a) reduce or impair its principal operating assets; or

None

(b) cease or substantively reduce its business operations with respect to its stated business objectives in the most recent Listing Statement?

Provide details:

None

7. Business Activity

a) Activity for a mining or oil and gas Listed Issuer

(i) For the most recent fiscal year, did the Listed Issuer have positive cash flow, significant revenue from operations, or $50,000 in exploration or development expenditures?

Provide details.

No

(ii) If the response to (i) above is "no", for the three most recent fiscal years did the Listed Issuer have an aggregate of $100,000 in exploration or development expenditures?

Provide details.

No

b) Activity for industry segments other than mining or oil & gas

(i) For the most recent fiscal year, did the Listed Issuer have positive cash flow, or $100,000 in revenue from operations or $100,000 in development expenditures?

Provide details.

Total product sales and other income from operations were $5,453,850, which includes both the QSR and CPG divisions, franchise revenue realized, and advisory services rendered during the fiscal year. Net cash flow from operations was ($722,923).

(ii) If the response to (i) above is "no", for the three most recent fiscal years, did the Listed Issuer have either $200,000 in operating revenues or $200,000 in expenditures directly related to the development of the business?

Provide details.

NA

SCHEDULE A: AUDITED ANNUAL FINANCIAL STATEMENTS

SCHEDULE B: MANAGEMENT DISCUSSION AND ANALYSIS

Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Annual Listing Summary.

2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.

3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).

4. All of the information in this Form 5 Quarterly Listing Statement is true.

Dated April 18, 2024.

Shawn Moniz
Name of Director or Senior Officer

"Shawn Moniz"
Signature

CEO
Official Capacity

Issuer Details Name of Issuer **Happy Belly Food Group Inc.**	For Year Ended **December 2023**	Date of Report YY/MM/DD **April 18, 2024**
Issuer Address **400-1681 Chestnut Street**		
City/Province/Postal Code **Vancouver, BC V6J 4M6**	Issuer Fax No. **604.737.1140**	Issuer Telephone No. **833.375.2682**
Contact Name **Shawn Moniz**	Contact Position **CEO & Director**	Contact Telephone No. **833.375.2682**
Contact Email Address **hello@happybellyfg.com**	Web Site Address **happybellyfg.com**	

SCHEDULE A

HAPPY BELLY FOOD GROUP INC.
(Previously Plant & Co. Brands Ltd.)

CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Happy Belly Food Group Inc.

Opinion

We have audited the consolidated financial statements of Happy Belly Food Group Inc. (the "Company") (formerly Plant & Co. Brands Ltd.), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2023 and 2022, and the consolidated financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit 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 ethical requirements that are relevant to our audit of the consolidated 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no other key audit matters to communicate in our report.

Other Information

Management is responsible for the other information. The other information comprises of the information included in Management's Discussion and Analysis.

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, we 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 IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 consolidated 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 consolidated 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.

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 Tammy R. Dahl, CPA, CA.

Buchanan Barry LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Calgary, Alberta
April 18, 2024

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HAPPY BELLY FOOD GROUP INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As At	Notes	**December 31, 2023**	December 31, 2022
(Canadian dollars)		**$**	$
ASSETS			
Current assets			
Cash and cash equivalents		**1,269,045**	1,101,960
Accounts receivable		**263,128**	100,167
Other receivables		**-**	256,720
Equity investments	5	**309,276**	59,276
Inventory	6	**215,686**	269,188
Prepaids		**87,258**	61,938
		2,144,393	1,849,249
Accounts receivable – long-term		**200,000**	-
Property and equipment	7	**2,324,730**	1,251,434
Intangible assets	8	**57,679**	193,249
Interest in sublease	10	**221,207**	83,668
Goodwill	9	**905,239**	905,239
TOTAL ASSETS		**5,853,248**	4,282,839
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	14	**685,004**	514,622
HST payable		**250,394**	72,790
Current portion of long-term debt	11	**71,647**	198,487
Current portion of lease liabilities	10	**207,093**	164,022
Deferred revenue		**135,000**	-
Other liabilities		**-**	4,910
		1,349,138	954,831
Long-term debt	11	**244,543**	196,001
Convertible debentures	11	**3,155,455**	1,750,719
Lease liabilities	10	**1,664,466**	594,583
TOTAL LIABILITIES		**6,413,602**	3,496,134
SHAREHOLDERS' EQUITY			
Share capital	12	**36,259,040**	35,757,040
Share subscriptions receivable	12	**(63,845)**	(63,845)
Convertible debenture-equity portion	11	**690,099**	265,797
Treasury shares	4,12	**(722,222)**	(222,222)
Contributed surplus	12	**11,344,311**	11,288,339
Deficit		**(48,230,606)**	(46,308,610)
Non-controlling interest		**162,869**	70,206
TOTAL SHAREHOLDERS' EQUITY		**(560,354)**	786,705
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**5,853,248**	4,282,839

See accompanying notes to the consolidated financial statements.

Financial instruments and risk management (Note 15)
Subsequent events (Note 20)

HAPPY BELLY FOOD GROUP INC.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

		Year ended December 31,	
(Canadian dollars)	Notes	**2023**	2022
		$	$
Product sales		**5,070,922**	2,734,496
Cost of sales		**2,450,251**	1,527,985
Gross profit		**2,620,671**	1,206,511
Other income		**382,928**	49,461
		3,003,599	1,255,972
Expenses			
Compliance and regulatory		**83,136**	109,296
Amortization	7,8	**440,872**	537,667
Financing costs	10,11	**714,978**	266,639
General and administrative	16	**3,483,812**	2,553,453
Platform development		**9,466**	14,107
Share-based compensation	12,13	**55,972**	5,110
Total expenses		**4,788,236**	3,486,272
Loss before other items		**(1,784,637)**	(2,230,300)
Other items			
Impairment	8,9	**-**	(495,462)
Gain (loss) on recognition of sublease	10	**(43,507)**	22,946
Unrealized loss on equity investments	5	**-**	(39,532)
Foreign exchange loss		**(239)**	(604)
Bad debt expense		**(950)**	-
Net loss and comprehensive loss		**(1,829,333)**	(2,742,952)
Per share information			
Net loss per share – basic and diluted		**$(0.02)**	$(0.03)
Weighted average number of common shares outstanding – basic and diluted		**108,574,142**	105,999,554

See accompanying notes to the consolidated financial statements.

HAPPY BELLY FOOD GROUP INC.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Canadian dollars)	Notes	Number of Common Shares	Share Capital	Contributed Surplus	Share Subscriptions Receivable	Treasury Shares	Convertible Debentures	Accumulated Deficit	Non-Controlling Interest	Total
			$	$	$	$	$	$	$	$
Balance at December 31, 2021		104,157,421	35,466,818	11,283,229	(63,845)	-	-	(43,634,931)	23,638	3,074,909
Share exchange – corporate acquisitions		2,777,777	222,222	-	-	(222,222)	-	-	-	-
Issuance of common shares upon exercise of warrants		272,000	68,000	-	(32,659)	-	-	-	-	35,341
Relinquishment of minority interest on change in control		-	-	-	-	-	-	-	(23,638)	(23,638)
Share based compensation		-	-	5,110	-	-	-	-	-	5,110
Debts settled		-	-	-	32,659	-	-	-	-	32,659
Convertible debentures		-	-	-	-	-	265,797	-	-	265,797
Non-controlling interests – investment		-	-	-	-	-	-	-	139,479	139,479
Non-controlling interests – net loss		-	-	-	-	-	-	69,273	(69,273)	-
Net loss and comprehensive loss		-	-	-	-	-	-	(2,742,952)	-	(2,742,952)
Balance at December 31, 2022		107,207,198	35,757,040	11,288,339	(63,845)	(222,222)	265,797	(46,308,610)	70,206	786,705
Share exchange – corporate acquisition	**4, 12**	**1,562,500**	**250,000**	**-**	**-**	**(250,000)**	**-**	**-**	**-**	**-**
Share exchange – corporate acquisition	**4, 12**	**1,724,137**	**250,000**	**-**	**-**	**(250,000)**	**-**	**-**	**-**	**-**
Issuance of common shares upon exercise of warrants	**12**	**10,000**	**2,000**	**-**	**-**	**-**	**-**	**-**	**-**	**2,000**
Share based compensation	**12**	**-**	**-**	**55,972**	**-**	**-**	**-**	**-**	**-**	**55,972**
Convertible debenture	**11**	**-**	**-**	**-**	**-**	**-**	**424,302**	**-**	**-**	**424,302**
Non-controlling interests – net loss		**-**	**-**	**-**	**-**	**-**	**-**	**(92,663)**	**92,663**	**-**
Net loss and comprehensive loss		**-**	**-**	**-**	**-**	**-**	**-**	**(1,829,333)**	**-**	**(1,829,333)**
Balance at December 31, 2023		**110,503,835**	**36,259,040**	**11,344,311**	**(63,845)**	**(722,222)**	**690,099**	**(48,230,606)**	**162,869**	**(560,354)**

See accompanying notes to the consolidated financial statements.

HAPPY BELLY FOOD GROUP INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(*Canadian dollars*)	Notes	Year ended December 31, 2023	2022
		$	$
Operating Activities			
Net loss and comprehensive loss		**(1,829,333)**	(2,742,952)
Items not affecting cash and cash equivalents:			
Amortization	7,8	**440,872**	537,667
Financing costs	10,11	**416,042**	144,266
Impairment	8,9	**-**	495,462
Share-based compensation	12,13	**55,972**	5,110
Gain on early renewal of lease	10	**(8,333)**	-
Loss (gain) on recognition of sublease	10	**51,840**	(22,946)
Loss on equity investment	5	**-**	39,532
Grant income		**-**	(16,303)
		(872,940)	(1,560,164)
Net change in non-cash working capital related to operations	17	**150,017**	(58,036)
Cash flows used in operating activities		**(722,923)**	(1,618,200)
Investing Activities			
Intangible asset dispositions (expenditures)	8	**2,520**	(10,803)
Property and equipment expenditures	7	**(353,200)**	(106,695)
Property and equipment dispositions	7	**-**	6,000
Acquired cash	4	**-**	80,469
Cash flows used in investing activities		**(350,680)**	(31,029)
Financing Activities			
Proceeds from convertible debentures	11	**1,645,000**	1,947,050
Repayment of long-term debt	11	**(154,867)**	(24,490)
Proceeds from warrant exercises	12	**2,000**	35,341
Proceeds from sublease	10	**37,955**	4,096
Lease liabilities settled	10	**(289,400)**	(146,975)
Cash flows from financing activities		**1,240,688**	1,815,022
Increase (decrease) in cash		**167,085**	165,793
Cash and cash equivalents, beginning of year		**1,101,960**	936,167
Cash and cash equivalents, end of year		**1,269,045**	1,101,960
Cash and cash equivalents consist of:			
Cash		**1,269,045**	1,041,960
Cash equivalents		**-**	60,000

See accompanying notes to the consolidated financial statements.
Non-cash transactions (Notes 2, 4, 7)

(Expressed in Canadian Dollars)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. NATURE AND GOING CONCERN

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.

These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

Details of deficit and working capital of the Company are as follows:

	December 31, 2023	December 31, 2022
	$	$
Deficit	**(48,230,606)**	(46,308,610)
Working capital	**795,255**	894,418

The continuing operations of the Company is dependent upon its ability to operate profitably across the business. The Company will continue to issue securities to finance its operations, if required, to the extent such instruments are issuable under terms acceptable to the Company. The Company has been successful in raising funds in the past. These consolidated financial statements do not include any adjustments relating to the recovery of assets and classification of assets and liabilities that may arise should the Company be unable to continue as a going concern.

2. BASIS OF PREPARATION

Statement of compliance

These consolidated financial statements for the years ended December 31, 2023, and 2022 were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). As part of this preparation, management is required to make estimates and assumptions under IFRS. These estimates and assumptions affect the reported amounts of assets and liabilities, disclosure of contingent amounts and the reported amounts of revenues and expenses. Although these estimates are based on management's best knowledge of the amounts, events or actions, actual results ultimately may differ from those estimates. The areas involving a higher degree of judgement and complexity or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed within the notes.

These consolidated financial statements were reviewed by the Audit Committee and authorized for issuance by the Board of Directors as of April 17, 2024.

Basis of consolidation

A subsidiary is an entity the Company controls when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Intercompany balances and transactions, including unrealized income and expenses arising from intercompany transactions, are eliminated in preparing these consolidated financial statements.

(Expressed in Canadian Dollars)

These consolidated financial statements include the accounts of the Company and its subsidiaries as follows:

Subsidiary name	Jurisdiction	Ownership interest
Plant & Company Brands Group Inc.	British Columbia, Canada	100%
Holy Crap Foods Inc.	British Columbia, Canada	100%
JBD Innovations Ltd.	Ontario, Canada	100%
2574578 Ontario Inc.	Ontario, Canada	100%
1000317391 Ontario Inc. (O/A Lettuce Love)	Ontario, Canada	100%
Lettuce Love Franchising Inc.	Ontario. Canada	100%
Joey Turks Caribbean Grill Restaurants Inc.	Ontario. Canada	100%
1000061911 Ontario Inc. (O/A Lumberheads)	Ontario, Canada	51%
1000470444 Ontario Inc. (O/A Pirho Fresh Greek Grill Franchising)	Ontario, Canada	50%
1000193142 Ontario Inc. (O/A Heal Wellness)	Ontario, Canada	50%
Heal Lifestyle Franchising Inc.	Ontario, Canada	50%
Heal Lifestyle Inc.	Ontario, Canada	50%
1000691946 Ontario Inc. (O/A Rosie's Burgers)	Ontario, Canada	50%

Presentation and functional currency

The functional currency of the parent company and all its subsidiaries is the Canadian dollar, which is also the presentation currency of the consolidated financial statements.

Foreign currency transactions are translated into the functional currency 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.

Significant accounting judgments and estimates

The preparation of these consolidated financial statements is in conformity with IFRS and requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively from the period in which the estimates are revised. The following are the key estimates and assumption uncertainties that have a significant risk of resulting in a material adjustment within the next financial period: expected life of property and equipment and intangible assets, valuation of financial assets, impairment of non-financial assets, share-based compensation, discount rate used in determining right-of-use assets and lease liabilities, and interest rate used in valuating convertible debentures.

The measurement of income taxes payable and deferred income tax assets and liabilities requires management to make judgements in the interpretation and application of the relevant tax laws. The actual amount of income taxes only becomes final upon filing and acceptance of the tax return by the relevant authorities, which occurs subsequent to the issuance of the annual financial statements. Judgement is also required in the determination of whether the Company will continue as a going concern.

Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

3. MATERIAL ACCOUNTING POLICY INFORMATION

Financial instruments

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The following table shows the classification of financial assets and liabilities under IFRS 9-Financial Instruments:

Cash and cash equivalents	FVTPL
Equity investments	FVTPL
Other receivables	Amortized cost
Accounts receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Other liabilities	Amortized cost
Long-term debt	Amortized cost
Convertible debentures	Amortized cost

Measurement
Financial assets at FVTOCI
Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive loss.

Financial assets and liabilities at amortized cost
Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL
Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of loss and comprehensive loss in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in the statements of loss and comprehensive loss.

Impairment of financial assets at amortized cost
The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the consolidated statements of loss and comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Derecognition
Financial assets
The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another

entity. Gains and losses on derecognition are generally recognized in the consolidated statements of loss and comprehensive loss. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other loss and comprehensive loss.

Financial liabilities
The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the consolidated statements of loss and comprehensive loss.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

Inventory

Inventory is measured at the lower of cost and net realizable value. The cost of inventories includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present condition. Inventory is comprised of raw materials and finished goods. The cost of inventory is determined using the weighted average method.

Net realizable value is calculated as the difference between the estimated selling price and estimated costs to complete processing into a saleable form. Inventory is written down to net realizable value when the cost of inventory is estimated to be unrecoverable due to obsolescence, damage or declining selling prices. When the circumstances that previously caused inventory to be written down below cost no longer exist, the amount of write-down previously recorded is reversed.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. Assets acquired and liabilities assumed are measured at their fair value as at the acquisition date. Acquisition costs are expensed in the period incurred.

Any contingent consideration to be transferred by the Company will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is determined to be an asset or liability will be recognized in accordance with IFRS 9 – Financial Instruments, either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be re-measured until it is finally settled within equity.

Goodwill is initially measured at cost, being the excess of the fair value of consideration transferred over the fair value of the net identifiable assets acquired in a business combination. Any negative difference is considered a bargain purchase and is recognized directly in the consolidated statements of loss and comprehensive loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill is allocated to the cash-generating unit ("CGU"), which is expected to benefit from the synergies of the business combination.

Goodwill is tested annually for impairment or more frequently when there is an indication that goodwill may be impaired. Impairment is determined for goodwill by assessing if the carrying value of a CGU, including the allocated goodwill, exceeds its recoverable amount determined as the greater of the estimated fair value less costs to sell and the value in use. Impairment losses recognized in respect of a CGU are first allocated to the carrying value of goodwill and any excess is allocated to the carrying amount of other assets in the CGU on a pro rata basis. Goodwill impairment is recorded in the consolidated statements of loss and comprehensive loss in the period of impairment. Impairment losses on goodwill are not reversed in subsequent periods. The Company completes its annual impairment test as at December 31.

Property and equipment

Property and equipment is stated at historical cost less accumulated amortization and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated statement of loss and comprehensive loss during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in the consolidated statement of loss and comprehensive loss.

Amortization is calculated on a straight-line method to write off the cost of the assets to their residual values over their estimated useful lives. The amortization rates applicable to each category of property and equipment are as follows:

Class of property and equipment	Amortization rate
Computer equipment	33%
Furniture and fixtures	20%
Vehicles	20%
Leasehold improvements	Term of lease
Right-of-use assets	Term of lease

When assets are derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset, the costs and related accumulated depreciation are eliminated from the accounts and any resulting gain or loss is recognized in profit or loss.

Intangible assets

Intangible assets are initially recognized at cost. The cost of intangible assets acquired in a business combination is its fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated depreciation and accumulated impairment losses. The intangible assets are amortized on a straight-line basis over the useful economic life and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The estimated useful lives and depreciation methods are reviewed annually, with any changes in estimate accounted for prospectively.

Intangible assets are amortized on a straight-line basis over the estimated useful lives of the related assets as follows:

Class of intangible asset	Amortization rate
Brand names	3 years
Recipe, processes and formulas	3 years
Distribution relationships	2 years

Impairment

At each financial position reporting date, the carrying amounts of the Company's long-lived assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An asset's recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the consolidated statements of loss and comprehensive loss for the year.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized in the consolidated statements of loss and comprehensive loss for the year.

Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issuance of common shares and share options are recognized as a deduction from equity, net of any tax effects.

Where share capital is issued, or received, as non-monetary consideration and the fair value of the asset received or given up is not readily determinable, the fair market value of the shares is used to record the transaction. The fair market value of the shares is based on the trading price of those shares on the appropriate stock exchange on the date of the agreement to issue or receive shares.

The proceeds from the exercise of share options and warrant and issuance of shares from treasury are recorded as share capital in the amount for which the option, warrant, or treasury share enabled the holder to purchase a share in the Company. Share capital issued for non-monetary consideration is recorded at an amount based on fair market value on the date the shares are issued.

The proceeds from the issue of units consisting of a common share and a share purchase warrant is allocated between common shares and common share purchase warrants on a pro-rata basis on a relative fair value basis, wherein, the fair value of the common shares is based on the market closing price on the date the units are issued; and the fair value of the common share purchase warrants is determined using the Black-Scholes Option Pricing Model.

In the event there is a change to the warrant terms (price or exercise date), no change is made to the initial value recognized for the warrant.

Revenue

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Sales revenue is recognized when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involved with the goods, and the amount of revenue can be measured reliably. The transfer of risks and rewards occurs when the product is received by the customer.

Franchise and property revenues

Franchise revenue consists primarily of royalties, upfront fees from development agreements, and initial franchise fees collected upon execution of a franchise agreement. Under franchise agreements, we provide franchisees with (i) a franchise license, which includes a license to use our intellectual property, (ii) pre-opening services, such as training and inspections, and (iii) ongoing services, such as development of training materials, menu items and restaurant monitoring and inspections.

Royalties are calculated as a percentage of franchised restaurant sales over the term of the franchise agreement. Initial franchise fees are payable by the franchisee upon executing a franchise agreement. Franchise and property revenues are reported in the consolidated statements of loss and comprehensive loss as other income.

Consulting revenues

Consulting revenues consists primarily of advisory and management services offered by the Company. Fees vary by service and market. Revenue is recognized based on percentage of completion and reported in the consolidated statements of loss and comprehensive loss as other income. Any contract liabilities that are present are recognized as deferred revenue.

Share-based payment transactions

The fair value of options granted is recognized as an employee or consultant expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

Where the share options are awarded to employees, the fair value is measured at grant date, and each tranche is recognized on the graded vesting method over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes Option Pricing Model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

Where share options are granted to non-employees, fair value is measured at grant date at the fair value of the goods or services received, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital.

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

Income taxes

Income tax for the year comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized in other comprehensive income or loss or directly in equity, in which case it is recognized in other comprehensive income or loss or equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the liability method, providing for unused tax loss carry forwards and temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit; and differences relating to investments in subsidiaries, associates, and joint ventures to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period applicable to the period of expected realization or settlement.

A deferred tax asset is recognized only to the extent that it is more likely than not that future taxable profits will be available against which the asset can be utilized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Loss per share

The Company presents basic and diluted earnings (loss) per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings per share is determined by adjusting the income attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares.

Right of use assets and lease liability

At inception of a contract the Company assesses whether a contract conveys the right to control the use of an identified asset for a period in exchange for consideration, in which case it is classified as a lease. The Company recognizes a right-of-use asset ("ROU asset") and a lease liability at the lease commencement date. The asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to restore the underlying asset, less any lease incentives received. The lease asset is subsequently depreciated using the straight-line method from the commencement date to the end of the useful life of the right-of-use asset, considered to be indicated by the lease term. The lease asset is periodically adjusted for certain remeasurements of the lease liability and impairment losses, if any.

The lease liability is initially measured at the present value of outstanding lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The lease liability is measured at amortized cost using the effective interest method and is remeasured when there is a change in future lease payments arising from a change in an index or rate if the Company changes its assessment of whether it will exercise a purchase, extension, or termination option. A corresponding adjustment is made to the carrying amount of the right-of-use asset with any excess over the carrying amount of the asset being recognized in profit or loss. The Company also has the right to elect to not recognize short-term leases (leases with a term of 12 months or less) and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Interest in sublease

At inception of a sublease contract the Company assesses whether a contract conveys the right to control the use of an identified asset for a period in exchange for consideration, in which case it is classified as a lease. The Company derecognizes the portion of the ROU asset being subleased and recognizes an interest in sublease asset; the difference between the value of the ROU asset being derecognized and the interest in sublease asset being recognized is recognized, though profit or loss, as a gain or loss on recognition of sublease at the sublease commencement date.

The interest in sublease asset is initially measured at the present value of outstanding sublease payments, discounted using the interest rate of the underlying lease. The interest in the sublease asset is measured at amortized cost using the effective interest method and is remeasured when there is a change in future sublease payments. The Company also has the right to elect not to recognize short-term subleases (subleases with a term of 12 months or less) and subleases of low-value assets. The Company recognizes the sublease payments associated with these subleases as income on a straight-line basis over the lease term.

Segment reporting

The Company has two operating segments: Consumer Product Goods and Quick Restaurant Services. In identifying these operating segments, management generally follows the Company's service lines representing its main products and services (see note 18).

Each of these operating segments is managed separately as each requires different technologies, marketing approaches and other resources. All inter-segment 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 Restaurant Services
The Company operates a number of corporate quick service restaurants namely, Heal Lifestyle, Lettuce Love and Joey Turks Caribbean Grill, currently in Ontario. Included in the quick service restaurants are the joint venture companies namely, Heal Lifestyle, Pirho Fresh Greek Grill and Rosie's Burgers.

Consumer Product Goods
The Company's consumer product goods currently consist of two brands namely, Holy Crap which produces and sells breakfast cereal and related food products, and Lumber Heads which produces and sells snack foods. The Company offers its products under these brand names which are gluten-free, organic, kosher and plant-based. It markets its products through retailers as well as online retailers and its own website.

In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment. This primarily applies to the Company's head office.

Current and Future Accounting Pronouncements

The Company has adopted the amendments to IAS 1, Presentation of Financial Statements, for the first time in the current year. The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. This adoption has not had any material impact on the amounts reported in these consolidated financial statements.

All other new or revised standards, amendments and interpretations effective for annual periods beginning on or after January 1, 2023 have no impact on the disclosures or financial position of the Company.

The standards issued, but not yet effective, are described below:

- IAS 1 – Presentation of Financial Statements was amended in January 2020 to (i) clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period; (ii) clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and (iii) make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and are to be applied retrospectively. Early adoption is permitted.

The Company will adopt these amendments as of their effective dates and is currently assessing their impacts on adoption. There are no other standards or interpretations issued, but not yet effective, that the Company anticipates may have a material effect on the consolidated financial statements once adopted.

4. ACQUISITIONS

Rosie's Burgers franchise acquisition agreement

On November 13, 2023, the Company completed a share exchange agreement with the shareholder of Rosie's Burger Corp. (the "vendor") and 1000691946 Ontario Inc. Pursuant to the agreement Happy Belly & Rosie's Burger entered into a Franchise Acquisition Agreement ("FAA") defined below.

As part of the transaction a Joint Venture Company ("Rosie's Burger JVCo") was incorporated for the purposes of corporate franchise expansion and growth acceleration of Rosie's Burger Restaurants.

For 50% ownership of the Rosie's Burger JVCo, the Vendor has transferred all the outstanding shares of Rosie's Burger Franchising Inc. and 1000691946 Ontario Inc., where all franchisee activities (such as collection of franchisee royalties and franchising fees) operate from, as well as all global franchising rights, brand assets, intellectual property and brand trademarks.

For 50% ownership of the Rosie's Burger JVCo, Happy Belly has issued to the Rosie's Burger JVCo $250,000 worth of common stock based on the last 10-day weighted average price leading up to the closing date for a total of 1,724,137 shares.

Happy Belly has also obtained the rights to acquire the remaining 50% of the business at its optionality.

The acquisition was accounted for as a business combination under IFRS 3, using the acquisition method, with the operating results included in the Company's financial and operating results commencing on the closing date of the acquisition. The revenue and net income generated by the Rosie's Burger JVCo since the acquisition date were both $7,480 for the reporting period. There was no activity in the Rosie's Burger JVCo prior to acquisition.

Rosie's Burger is a chain of fast casual burger and sandwich restaurants.

PIRHO franchise acquisition agreement

On May 18, 2023, the Company completed a share exchange agreement with the shareholder of Pirho Grill Franchising Inc. (the "vendor") and 100047044 Ontario Inc., (the "Pirho Grill JVCo"). Pursuant to the agreement Happy Belly & PIRHO Fresh Greek Grill entered into a Franchise Acquisition Agreement ("FAA").

As part of the transaction a Joint Venture Company ("Pirho Grill JVCo") was incorporated for the purposes of corporate franchise expansion and growth acceleration of PIRHO Fresh Greek Grill Restaurants.

For 50% ownership of the Pirho Grill JVCo, the vendor has transferred all the outstanding shares of PIRHO Grill Franchising Inc. and 8724717 Canada Inc ("PIRHO"), where all franchisee activities (such as collection of franchisee royalties and franchising fees) operate from, as well as all global franchising rights, brand assets, intellectual property and brand trademarks.

(Expressed in Canadian Dollars)

For 50% ownership of the Pirho Grill JVCo, Happy Belly has issued to the Pirho Grill JVCo $250,000 worth of common stock based on the last 10-day weighted average price leading up to the closing date for a total of 1,562,500 shares.

Happy Belly has also obtained the rights to acquire the remaining 50% of the business at its optionality.

The acquisition was accounted for as a business combination under IFRS 3, using the acquisition method, with the operating results included in the Company's financial and operating results commencing on the closing date of the acquisition. The revenue and net income generated by the Pirho Grill JVCo since the acquisition date were $85,590 and $22,208 respectively for the reporting period. There was no activity in the Pirho Grill JVCo prior to acquisition.

PIRHO Fresh Greek Grill is a chain of fast casual Greek restaurants.

As both transactions are non-cash in nature, they have been excluded from the consolidated statements of cash flows.

5. EQUITY INVESTMENTS

The Company made an equity investment on September 14, 2023 (private placement with COHO Collective Kitchen Inc.) for $250,000 equating to 1,470,590 units. Each unit consists of one common share and one-half of one common share purchase warrant of the issuer. Each warrant is exercisable into one common share of the issuer at a price of $0.25 for a period of 36 months from the closing date of the offering.

Other equity investments include Micro Algae and Blackwell Intelligence Inc. As at December 31, 2023, the Company had no unrealized gain or losses on equity investments (2022 - $39,532 unrealized loss).

The fair value of the Company's equity investments as at year end are as follows:

	Valuation method (Note 15)	**December 31, 2023**	December 31, 2022
		$	$
Investment in publicly traded companies	Level 1	**250,000**	-
Investment in private companies	Level 3	**59,276**	59,276
		309,276	59,276

6. INVENTORY

Inventories on hand consist of raw ingredients and finished goods. Inventory is valued at the lower of cost and net realizable value:

	Raw ingredients	**Finished goods**	**Total**
	$	$	$
Cost			
At December 31, 2021	95,670	44,913	140,583
Change in year	117,903	10,702	128,605
At December 31, 2022	213,573	55,615	269,188
Change in year	**(46,114)**	**(7,388)**	**(53,502)**
At December 31, 2023	**167,459**	**48,227**	**215,686**

(Expressed in Canadian Dollars)

7. PROPERTY AND EQUIPMENT

	Computer equipment	Furniture and fixtures	Leasehold improvements	Vehicles	ROU assets	Total
Cost	$	$	$	$	$	$
December 31, 2021	47,136	372,186	272,355	26,653	403,989	1,122,319
Dispositions	-	(6,000)	-	-	(64,819)	(70,819)
Corporate acquisitions	-	215,768	94,903	-	603,693	914,364
Additions	1,520	42,195	53,898	-	9,082	106,695
December 31, 2022	48,656	624,149	421,156	26,653	951,945	2,072,559
Dispositions	**-**	**-**	**-**	**-**	**(301,606)**	**(301,606)**
Additions	**7,458**	**139,946**	**205,796**	**-**	**1,253,269**	**1,606,469**
December 31, 2023	**56,114**	**764,095**	**626,952**	**26,653**	**1,903,608**	**3,377,422**
Accumulated amortization						
December 31, 2021	33,089	245,632	113,208	5,331	174,305	571,565
Amortization	5,137	50,812	62,088	4,264	127,259	249,560
December 31, 2022	38,226	296,444	175,296	9,595	301,564	821,125
Dispositions	**-**	**-**	**-**	**-**	**(76,255)**	**(76,255)**
Amortization	**4,491**	**62,138**	**58,887**	**3,412**	**178,894**	**307,822**
December 31, 2023	**42,717**	**358,582**	**234,183**	**13,007**	**404,203**	**1,052,692**
Net book value						
December 31, 2022	10,430	327,705	245,860	17,058	650,381	1,251,434
December 31, 2023	**13,397**	**405,513**	**392,769**	**13,646**	**1,499,405**	**2,324,730**

The disposition of ROU assets relates to the derecognition of ROU assets on the sublease of its locations. These transactions, along with the additions to ROU assets, are non-cash in nature, and therefore have been excluded from the consolidated statements of cash flow.

8. INTANGIBLE ASSETS

Intangible assets	Brand names	Distribution relationships	Recipe, processes and formulas	Total
	$	$	$	$
December 31, 2021	259,513	138,304	59,163	456,980
Corporate acquisition	-	-	82,573	82,573
Additions	-	-	10,803	10,803
Amortization	(123,526)	(123,350)	(41,231)	(288,107)
Impairment expense	(38,658)	-	(30,342)	(69,000)
December 31, 2022	97,329	14,954	80,966	193,249
Dispositions	**-**	**-**	**(2,520)**	**(2,520)**
Amortization	**(86,805)**	**(14,954)**	**(31,291)**	**(133,050)**
December 31, 2023	**10,524**	**-**	**47,155**	**57,679**

(Expressed in Canadian Dollars)

9. GOODWILL

The movement in the net carrying amount of goodwill is as follows:

Gross carrying amount	**December 31, 2023**	December 31, 2022
	$	$
Opening balance	**16,191,955**	16,191,955
Closing balance	**16,191,955**	16,191,955
Accumulated impairment		
Opening balance	**(15,286,716)**	(14,860,254)
Impairment loss recognized	**-**	(426,462)
Closing balance	**(15,286,716)**	(15,286,716)
Carrying amount at end of year	**905,239**	905,239

Goodwill impairment testing

For the purpose of annual impairment testing, goodwill is allocated to the operating segments expected to benefit from the synergies of the business combinations in which the goodwill arises as set out below, and is compared to its recoverable value:

Goodwill allocated to operating segments	**December 31 2023**	December 31 2022
	$	$
Holy Crap	**905,239**	905,239

The recoverable amount of the segment was determined based on a value-in-use calculation, covering a detailed five-year forecast, followed by an extrapolation of expected cash flows for the remaining useful lives. The present value of the expected cash flows of the segment was determined by applying a suitable discount rate reflecting current market assessments of the time value of money and risks specific to the segment.

Recoverable amount of each operating segment	**2023**	2022
	$	$
Holy Crap	**1,224,691**	1,442,155

Growth rates
The growth rate reflects management's expected revenue growth in the next two years (8-10%), with an estimated long-term average growth rate of 5%.

Discount rates
A discount rate of 15% was used and reflects appropriate adjustments relating to market risk and specific risk factors of the segment.

Cashflow assumptions
When calculating the discounted cash flow of the segment, management made the following assumptions:

- Holy Crap has been valued assuming it will continue to be operated as a going concern;
- There is a history of revenue, and future revenue is expected to grow from current levels; and
- The CGUs historically has not generated material positive EBITDA, although management expects positive earnings in the future.

Management has applied revenue and cost of goods sold growth assumptions based on review of analyst expectations of these figures from comparable public companies engaged in food and beverage production and distribution (with a focus on natural, vegan, or plant-based foods).

(Expressed in Canadian Dollars)

The impairment calculation results in no impairment loss on the Holy Crap segment for the year ended December 31, 2023 (2022 - $nil).

10. LEASE LIABILITIES

In the third quarter of 2023, the Company renewed one of its leases early resulting in a $8,333 gain on renewal. This renewed lease was identified as a right-of-use asset with a corresponding lease liability, which was discounted using a 12% incremental borrowing rate.

In the second quarter of 2023, the Company entered into three new leases, with one expiring on April 15, 2033 and two on September 30, 2033, for retail space for its Joey Turks and Heal Lifestyle restaurants. These leases were identified as right-of-use assets with corresponding lease liabilities, which were discounted using a 12% incremental borrowing rate.

In 2022, and in conjunction with the Lettuce Love and Heal Lifestyle acquisitions the Company acquired four new leases. The Lettuce Love retail space lease expires May 31, 2027. This lease was identified as a right-of-use asset with a corresponding lease liability, which was discounted using a 10% incremental borrowing rate. The Heal Lifestyle retail space leases expire November 30, 2025, December 31, 2025 and March 31, 2034 respectively. These leases were identified as right-of-use assets with corresponding lease liabilities, which were discounted using a 10% incremental borrowing rate.

The changes in lease liabilities are as follows:

	December 31, 2023	December 31, 2022
	$	$
Balance, beginning of year	**758,605**	247,406
Additions	**951,663**	603,693
Lease extensions	**295,255**	8,847
Lease payments	**(289,400)**	(155,822)
Interest expense	**155,436**	54,481
Balance, end of year	**1,871,559**	758,605
Current portion	**207,093**	164,022
Long-term portion	**1,664,466**	594,583
Lease liabilities	**1,871,559**	758,605

The following is a reconciliation from the undiscounted lease payments to the lease liabilities:

	$
2024	410,609
2025	419,311
2026	345,445
2027	321,923
2028	288,874
2029	249,729
2030	231,039
2031	238,060
2032	245,303
2033	137,986
2034	17,624
Total contractual cash flows	2,905,903
Less: interest	1,034,344
Lease liabilities	1,871,559

(Expressed in Canadian Dollars)

The following table summarizes lease-related cashflows for the years ended:

	December 31, 2023	December 31, 2022
	$	$
Principal payments	**133,964**	101,340
Interest on lease liabilities	**155,436**	54,481
Total cash outflow for leases	**289,400**	155,821

On May 1, 2023, and November 14, 2022, the Company sublet a portion of two of its retail spaces. The Company realized a loss on recognition of the sublease of $43,507 (2022 – gain of $22,946). The Company realized rental income of $69,162 in 2023 (2022 - $5,533).

The following table summarizes interest in sublease transactions for the years ended:

	December 31, 2023	December 31, 2022
	$	$
Opening balance	**83,668**	-
Additions	**175,495**	87,764
Payments received	**(57,195)**	(5,532)
Finance income	**19,239**	1,436
Closing balance	**221,207**	83,668

11. LONG-TERM DEBT

Canada Emergency Business Account (“CEBA”) Loan

In the first quarter of 2022, in response to the surge of COVID-19 cases, the Federal Government extended the deadline for repayment of the CEBA loans to qualify for partial loan forgiveness from December 31, 2022, to January 18, 2024, for eligible borrowers in good standing. Outstanding CEBA loans after January 18, 2024 would forfeit any loan forgiveness and default to a government loan with an interest rate of 5% per annum, to be repaid by December 31, 2026. Minimum interest payments are to be made each month until the loan is fully repaid.

The Company had estimated the initial carrying value of the CEBA loans using a discount rate of 20%. The difference was recognized as grant income and accreted to the loan liability over the term of the CEBA loan and offset to other income on the consolidated statements of loss and comprehensive loss.

In the fourth quarter of 2023, the Company repaid two of the four CEBA loans in full ($60,000). The Company elected to roll over the two outstanding loans (Yam Chops - $60,000 and Holy Crap - $60,000) to the government loan, which are to be repaid in full by December 31, 2026.

The changes in the Company’s CEBA loans are as follows:

	$
Balance at December 31, 2021	90,614
Extension of repayment period	(16,303)
Loans acquired	28,792
Accretion	20,318
Balance at December 31, 2022	123,421
Loan repayments	**(80,000)**
Net Accretion & Loan Forgiveness Forfeited	**76,579**
Balance at December 31, 2023	**120,000**

Other long-term debt consists of loans payable to BDC and TD Canada Trust, payable in monthly installments. The loans to BDC are secured through a personal guarantee from the CEO of the Company. The Company has indemnified the CEO for the personal guarantee.

(Expressed in Canadian Dollars)

As at year end, the Company had the following outstanding long-term debt:

	Maturity	Rate	**December 31, 2023**	December 31, 2022
			$	$
CEBA loans	31-Dec-26	5%	**120,000**	123,421
TD loan	01-Apr-31	TD Prime + 3.00%	**106,888**	116,012
BDC loan 1	15-Nov-24	BDC Prime + 0.30%	**45,760**	95,680
BDC loan 2	15-Sep-26	BDC Prime + 0.97%	**43,542**	59,375
			316,190	394,488
Current			**71,647**	198,487
Long-term			**244,543**	196,001

Principal payments for years ended December 31 are as follows:

	$
2024	71,647
2025	27,206
2026	144,402
2027	13,797
2028	15,181
2029	16,736
2030	18,434
2031	8,787
Total payments	**316,190**

Convertible debentures

In Q2 and Q3 2023, the Company closed two non-brokered private placements (the "Private Placement") of unsecured convertible debentures (the "Debentures") for gross proceeds of $1,000,000 and $645,000 respectively. The Debentures have a term of 60 months and pay interest at a rate of twelve percent (12%) per annum payable quarterly after the closing dates of April 3, 2023 (Q2 2023 Private Placement) and July 24, 2023 (Q3 2023 Private Placement), maturing on the date that is the second anniversary of the first date that the Debentures are issued (the "Maturity Date").

The Debentures are convertible at the holder's option into common shares of the Company at a conversion price equal to $0.30 per common share (the "Conversion Price").

On the Maturity Date, any outstanding principal amount of the Debentures, plus any accrued and unpaid interest, shall be paid in cash. All securities issued in connection with the closing of the Private Placement are subject to a four-month and one-day statutory hold period in accordance with applicable securities laws.

	December 31, 2023	December 31, 2022
	$	$
Balance, beginning of the year	**1,750,719**	-
Initial proceeds from debt	**1,645,000**	2,000,000
Debt issue costs paid in cash	**-**	(52,950)
Transfer of conversion component to equity	**(424,302)**	(265,797)
Amortization of deferred financing costs	**26,475**	13,238
Accretion on convertible debentures	**157,563**	56,228
Balance, end of the year	**3,155,455**	1,750,719

(Expressed in Canadian Dollars)

Convertible debentures bifurcated into equity and debt components:

	December 31, 2023	December 31, 2022
	$	$
Debt component	**3,155,455**	1,750,719
Equity component	**690,099**	265,797

12. SHARE CAPITAL

a) Common shares

Authorized:
Unlimited number of common shares without par value.

Issued:
As at December 31, 2023, the Company has 110,503,835 shares issued and outstanding (December 31, 2022 – 107,207,198) for a total value of $36,259,040 (2022 - $35,757,040).

On December 4, 2023, the Company issued 10,000 common shares pursuant to warrant exercises for total proceeds of $2,000.

On November 13, 2023, the Company issued 1,724,137 shares, valued at $250,000, as part of the Rosie's Burger franchise acquisition agreement (Note 4).

On May 18, 2023, the Company issued 1,562,500 shares, valued at $250,000, as part of the PIRHO franchise acquisition agreement (Note 4).

b) Share Purchase Warrants

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

	December 31, 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	**(10,000)**	**0.20**	(272,000)	0.25
Expired/forfeited	**(200,000)**	**0.75**	(24,360,660)	0.30
Warrants outstanding, end of year	**29,990,000**	**0.20**	30,200,000	0.20

The Company's weighted average share price for the year ended December 31, 2023 was $0.15 (2022 - $0.12).

The Company entered into a strategic advisory agreement in 2021 (the "Advisory Agreement") with Maricom Inc., Sean Black, Kevin Cole, Mark Rechichi and Alex Rechichi (the "Advisors") 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. 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]

(Expressed in Canadian Dollars)

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 of the Advisory Warrants. 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 December 31, 2023, the Company had outstanding warrants as follows:

Expiry date	**Exercise Price $**	**Remaining life (years)**	**Warrants outstanding**	**Warrants exercisable**
June 18, 2024	0.20	0.5	2,990,000	2,990,000
June 18, 2026	0.20	2.5	27,000,000	5,200,000
	0.20		29,990,000	8,190,000

c) Stock options

The Company has adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, in its discretion, grant to directors, officers, and consultants to the Company, non-transferable stock options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the Company's issued and outstanding common shares.

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

	December 31, 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)**	**0.28**	(2,420,000)	0.26
Cancelled/ forfeited	**-**	**-**	(50,000)	0.50
Options outstanding, end of year	**1,110,000**	**0.21**	7,585,000	0.28

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)
203,703	$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.

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.

The share options outstanding as at December 31, 2023 are as follows:

(Expressed in Canadian Dollars)

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 - $5,110) in share-based compensation on performance options during the year. 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%	94%	2	0.06
April 20, 2023	3.15%	134%	5	0.16

d) Share-based payment reserve

The share-based payment reserve records items recognized as share-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

13. RELATED PARTY TRANSACTIONS

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

	Year ended December 31, 2023	Year ended December 31,2022
	$	$
Consulting and other fees	**488,834**	426,548
Share-based compensation (Note 12)	**52,713**	-
	541,547	426,548

*Consulting and other fees include annual compensation for CEO, CIO and CFO.

As at December 31, 2023, the Company had a net amount of $26,760 balance owing (2022 - $13,059) and $125,000 convertible debentures payable (2022 - $200,000) to the CEO of the Company. An additional $385,000 convertible debentures are payable to individuals related to the CEO of the Company.

14. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As at December 31, 2023, the Company had total accounts payable of $457,529 (2022 - $362,080), and accrued liabilities of $227,475 (2022 - $152,542).

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value of financial instruments

The carrying values of cash and cash equivalents, accounts receivable, other receivables, accounts payable and accrued liabilities, and other liabilities approximate their carrying values due to the immediate or short-term nature of these instruments.

IFRS 13 - Fair Value Measurement, establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

(Expressed in Canadian Dollars)

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Equity investments where the shares are publicly traded are revalued using level 1 inputs. Non-publicly traded shares and warrants are measured using level 3 inputs. The fair value of long-term debt and convertible debentures is determined using discounted cash flows at the current market interest rate (level 2).

Financial risk management

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

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 and cash equivalents, accounts receivable and other receivables. Credit risk exposure to cash and cash equivalents 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 December 31, 2023 and 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 December 31, 2023, cash outflows of those obligations are estimated and summarized as follows:

Payment due by year	2024	2025	2026 and beyond	Total
	$	$	$	**$**
Accounts payable and accrued liabilities	685,004	-	-	**685,004**
HST payable	250,394	-	-	**250,394**
CEBA loan	-	-	120,000	**120,000**
Long-term debt	71,647	27,206	217,337	**316,190**
Lease liabilities	410,609	419,311	2,075,983	**2,905,903**
	1,417,654	446,517	2,413,320	**4,277,491**

*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

(Expressed in Canadian Dollars)

Company believes 1% volatility is a reasonable measure. The effect of a 1% change in interest rates would have had a $1,260 impact on the Company's net earnings for the year ended December 31, 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 management

The Company's policy is to maintain a strong capital base to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity. There were no changes in the Company's approach to capital management during the period. The Company is not subject to any externally imposed capital requirements. The Company has been successful in raising additional capital in the past and intends to continue with the issuance of securities to finance its operations if required.

16. GENERAL AND ADMINISTRATIVE EXPENSES

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

	Year Ended December 31,	
	2023	2022
	$	$
Legal and accounting	**513,385**	352,708
Advertising and marketing	**427,621**	291,914
Investor relations	**336**	3,086
Consulting	**243,172**	213,604
Management	**374,396**	394,109
Office and sundry	**283,285**	294,448
Business development	**187,436**	160,881
Salaries and wages	**1,454,181**	842,703
Total general and administrative	**3,483,812**	2,553,453

17. SUPPLEMENTAL CASH FLOW INFORMATION

The changes in non-cash working capital related to operations are summarized below:

	Year Ended December 31,	
	2023	2022
	$	$
Accounts receivable	**(162,961)**	22,135
Other receivables	**256,720**	(208,451)
Inventory	**53,502**	(75,046)
Prepaids	**(25,320)**	3,741
Accounts receivable – long-term	**(200,000)**	-
Accounts payable and accrued liabilities	**170,382**	114,440
HST payable	**177,604**	88,635
Deferred revenue	**(115,000)**	-
Other liabilities	**(4,910)**	(3,490)
Net change in non-cash working capital related to operations	**150,017**	(58,036)

(Expressed in Canadian Dollars)

18. SEGMENTED INFORMATION

As at				December 31,2023
	Quick service restaurants	Consumer product goods	Corporate	Consolidated
	$	$	$	$
Current assets	122,950	290,867	1,730,576	2,144,393
Long-term receivables	-	-	200,000	200,000
Property and equipment	1,575,981	164,988	583,761	2,324,730
Intangible assets	47,156	10,524	(1)	57,679
Interest in sublease	221,207	-	-	221,207
Goodwill	-	905,239	-	905,239
Total assets	1,967,294	1,371,618	2,514,336	5,853,248
Current liabilities	528,111	87,951	733,076	1,349,138
Long-term liabilities	1,306,140	143,889	3,614,435	5,064,464
Total liabilities	1,834,251	231,840	4,347,511	6,413,602

As at				December 31, 2022
	Quick service restaurants	Consumer product goods	Corporate	Consolidated
	$	$	$	$
Current assets	139,684	291,533	1,418,032	1,849,249
Property and equipment	1,033,570	200,547	17,317	1,251,434
Intangible assets	80,966	112,283	-	193,249
Interest in sublease	83,668	-	-	83,668
Goodwill	-	905,239	-	905,239
Total assets	1,337,888	1,509,602	1,435,349	4,282,839
Current liabilities	416,759	105,198	432,874	954,831
Long-term liabilities	682,942	107,642	1,750,719	2,541,303
Total liabilities	1,099,701	212,840	2,183,593	3,496,134

Year ended				December 31, 2023
	Quick service restaurants	Consumer product goods	Corporate	Consolidated
	$	$	$	$
Revenue	3,723,592	1,301,207	46,123	5,070,922
Cost of goods sold	1,553,752	863,198	33,301	2,450,251
General and administrative	1,777,129	445,253	1,261,430	3,483,812
Impairment, interest, depreciation, and amortization	482,582	177,101	496,167	1,155,850
Other (income)/expense	(47,379)	(7,674)	(134,605)	(189,658)
Net loss	(42,492)	(176,671)	(1,610,170)	(1,829,333)

(Expressed in Canadian Dollars)

Year ended				December 31, 2022
	Quick service restaurants	Consumer product goods	Corporate	Consolidated
	$	$	$	$
Revenue	1,687,155	1,047,341	-	2,734,496
Cost of goods sold	844,399	683,586	-	1,527,985
General and administrative	960,778	471,653	1,121,022	2,553,453
Impairment, interest, depreciation, and amortization	838,795	272,580	188,393	1,299,768
Other (income)/expense	(53,822)	(13,717)	163,781	96,242
Net loss	(902,995)	(366,761)	(1,473,196)	(2,742,952)

19. INCOME TAX

A reconciliation of income tax expense (recovery) at statutory rates with the reported income taxes (recovered) is as follows:

	2023	2022
	$	$
Income/(loss) before income taxes	**(1,829,333)**	(2,742,952)
Combined statutory tax rate	**27.00%**	27.00%
Expected tax/(recovery) at statutory rate	**(493,920)**	(740,597)
Non-deductible items and other	**30,038**	7,493
Change in unrecognized deferred tax asset	**463,882**	733,104
	-	-

The components of the net deferred tax asset (liability) at December 31 are as follows:

	2023	2022
	$	$
Non-capital losses	**5,491,406**	4,986,646
Share issuance costs	**28,090**	56,180
Equipment	**(542,533)**	(249,989)
Other items	**99,891**	58,262
Total deferred tax asset	**5,076,854**	4,851,099
Unrecognized deferred tax asset	**(5,076,854)**	(4,851,099)
Deferred taxes	**-**	-

Estimated unrecognized deductible temporary (taxable) differences (tax pools) at December 31, are as follows:

	2023	2022
	$	$
Non-capital losses	**20,338,539**	18,469,058
Share issuance costs	**104,036**	208,073
Equipment	**315,348**	325,551
Other items	**427,645**	409,033
	21,185,568	19,411,715

As at December 31, 2023, the Company had accumulated Canadian non-capital losses of approximately $20.3 million expiring between 2035 and 2043.

20. SUBSEQUENT EVENTS

Private Placement

On February 23, 2024, the Company closed on a non-brokered private placement of unsecured convertible debentures (the "Convertible Debentures") with a strategic investment fund, Trio Capital Group Inc. ("Trio Capital Group") for gross proceeds of $1,000,000. The Convertible Debentures have a term of 36 months earning interest at the rate of 12% per annum split into two components:

a) 6% interest paid in cash on quarterly basis, and
b) 6% will be deferred for the 36-month term until conversion of the debenture into common shares at a conversion price equal to $0.50 per common share.

On the maturity date, any outstanding principal amount of the Convertible Debentures, plus any accrued and unpaid interest, shall be paid in cash and/or converted in accordance with the terms of the debenture. All securities issued in connection with this private placement are subject to a four-month and one-day statutory hold period in accordance with applicable securities laws.

Yolks Breakfast Inc. acquisition agreement

On January 29, 2024, the Company completed a share exchange agreement with the shareholder of Yolks Breakfast Inc. for 50% ownership of the JVCo and the franchising rights, brand assets and IP rights.

As part of the transaction a Joint Venture Company ("JVCo") was incorporated for the purposes of corporate franchise expansion of Yolks Breakfast Inc.

For 50% ownership of the JVCo, Happy Belly issued to the JVCo $250,000 of common stock priced at the 10-day weighted average price ("VWAP") for a total of 904,856 shares.

Happy Belly has also obtained the rights to acquire the remaining 50% of the business at its optionality.

CraveIt Restaurant Group letter of intent

On January 4, 2024, the Company completed a binding letter of intent (LOI) agreement to acquire 100% of CraveIt Restaurant Group's Via Cibo Restaurant Chain ("Via Cibo"), serving fast casual Italian street food.

Via Cibo is an all-franchised system with established street-front real estate locations in both Ontario and Alberta.

21. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation.

SCHEDULE B

HAPPY BELLY FOOD GROUP INC.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS AND YEAR ENDED DECEMBER 31, 2023

(Expressed in Canadian Dollars)

INTRODUCTION

This management discussion and analysis ("**MD&A**"), prepared on April 17, 2024, should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2023 and 2022. 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 April 17, 2024 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 Lifestyle (smoothies and acai Bowls), Lettuce Love Cafe, Holy Crap Foods (cereals and oatmeals), Pirho Fresh Greek Grill, Joey Turks Island Grill, Rosie's Burgers and Lumber Heads Food Co. 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" 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 Service 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's M&A strategy has been to acquire 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, while expanding the product base and geographical footprint of the business.

Our Board of Directors is 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 intends to further improve operations through the development and execution of multiple brand and channel strategies within this same resource pool, including leveraging shared distribution within our current network. Happy Belly plans to add additional brands and businesses to the QSR division in 2024 and beyond. Currently, Happy Belly operates five QSR brands and two CPG brands within the Company's portfolio.

Quick Service Restaurants

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. As of December 31, 2023 Heal Wellness operates six restaurants across the Ontario region. An additional eighteen franchise agreements have been executed across the 3 provinces (Ontario, Alberta and British Columbia). The first franchised location opened March 16, 2024 in Toronto, Ontario.

Heal Wellness was created with the mission to provide fresh and healthy, quick serve wellness foods including acai smoothie bowls, smoothies, and super-seed grain bowls. All smoothie bowls are made with real fruit including rich superfoods such as acai, pitaya, goji berries, chia seeds and more.

Lettuce Love Cafe - On October 11, 2022, Happy Belly acquired 100% controlling interest of Lettuce Love Cafe. The one restaurant location operates in the southern district of Burlington, Ontario. There are currently six franchise agreements executed in the province of Ontario, with the first franchised location planned to open in Q2 2024 (Toronto, Ontario).

Lettuce Love Cafe is a plant based restaurant and provides a menu of nourishing ingredients and gluten-free meals. Ingredients are sourced from sustainable non-GMO sources.

Pirho Fresh Greek Grill – On May 18, 2023, Happy Belly acquired 50% controlling interest of Pirho Grill Franchising. There are currently three restaurants operating in the Ontario region, with another four franchise agreements executed in Ontario.

Pirho Fresh Greek Grill is a gourmet bowls, wraps, and pitas fast casual Greek restaurant with the fresh wholesome tastes of Greece and its delicious traditional foods.

Joey Turks Island Grill – Opened in Hamilton, Ontario on November 27, 2023. Joey Turks Island Grill is a Caribbean fast casual dining concept and is 100% owned and operated by Happy Belly. On April 3, 2024, Happy Belly signed a franchise agreement to open the second Joey Turks Island Grill restaurant in Scarborough, Ontario. Opening date is planned for Q3 2024.

Rosie's Burgers – On November 13, 2023, Happy Belly acquired 50% controlling interest in Rosie's Burgers. There are currently 2 restaurant locations operating in the Ontario region.

Rosie's Burgers is a boutique fast casual restaurant brand serving original recipe smash burgers, poutine, onion rings, milkshakes and more.

CPG Brands

Holy Crap Foods – 100% acquired by the Company in February 2021. Holy Crap Foods 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 well-being 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 Foods 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 Food Co. 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.

Other

Next Level Partners - The Company has created a consulting division, Next Level Partners, which is focused on providing strategic consultation services and development for third party owned QSR and CPG businesses.

Company Highlights and Outlook

The Company has completed several key initiatives and transactions that have enhanced overall operations over the past three 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.

- In 2023, Happy Belly announced the execution of franchise agreements by the various subsidiaries:
  - Heal Wellness with eighteen franchised locations in Ontario, Alberta and British Columbia.
  - Lettuce Love with six franchised locations in Ontario.
  - Pirho Fresh Greek Grill with four franchised locations in Ontario.

- On October 27, 2023, Happy Belly announced that it has entered into a franchise acquisition agreement to acquire Smash Burger Brands Rosie's Burgers, a boutique QSR restaurant brand serving smash burgers and related food products.

- On July 24, 2023, Happy Belly 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, Happy Belly 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, Happy Belly 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, Happy Belly 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, Happy Belly 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, Happy Belly 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 franchisor 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 1,562,500 shares. Happy Belly has also obtained the rights to acquire the remaining 50% of the business at its optionality.

- On May 16, 2023, Happy Belly 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 April 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 Cafe acquisition").

- 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.

- In 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.

FINANCIAL PERFORMANCE
SELECTED FINANCIAL INFORMATION

	For the Three Months Ended		**For the Year Ended**	
	December 31, 2023	December 31, 2022	**December 31, 2023**	December 31, 2022
Total sales	**1,229,352**	995,178	**5,070,922**	2,734,496
Other income	**344,359**	16,583	**382,928**	49,461
Total sales and other income	**1,573,711**	1,011,761	**5,453,850**	2,783,957
EBITDA*	**(121,293)**	(852,374)	**(673,483)**	(1,938,646)
Net loss for the period	**(418,450)**	(595,353)	**(1,784,637)**	(2,230,300)
Net loss per share-basic	**(0.00)**	(0.01)	**(0.02)**	(0.03)
Total comprehensive loss	**(438,740)**	(1,100,957)	**(1,829,333)**	(2,742,952)
Capital expenditures	**129,824**	48,266	**353,200**	106,694

	As at December 31, 2023	As at December 31, 2022
Total assets	**5,853,248**	4,282,839
Total liabilities	**6,413,602**	3,496,134
Working capital	**795,255**	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 months and year ended December 31, 2023.

Revenue

Revenue is primarily generated from the sale of food products through the Company's QSR and CPG segments. For the three months and year ended December 31, 2023, total sales and other income increased 56% and 96% respectively over the corresponding periods of 2022. The increase was primarily a result of the organic and inorganic growth of Heal Wellness, since the Company's acquisition in May 2022, and the Lettuce Love acquisition that closed in October 2022.

Net Loss for the period-end

For the three months and year ended December 31, 2023, the net loss decreased 60% and 33% respectively from the corresponding periods of 2022. The decreases in the net loss were driven primarily by the quarter over quarter improvements in top line sales, improved gross profit in the QSR and segment, which were partially offset by increased financing costs, general and administrative expenses.

General and administrative expense

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

	Three months ended December 31,		**Year ended December 31,**	
	2023	2022	**2023**	2022
	$	$	**$**	$
Legal and accounting	**207,734**	135,018	**513,385**	352,708
Advertising and marketing	**200,487**	75,680	**427,621**	291,914
Investor relations	**336**	86	**336**	3,086
Consulting	**78,296**	77,646	**243,172**	213,604
Management	**104,027**	81,076	**374,396**	394,109
Office and sundry	**9,164**	81,850	**283,285**	294,448
Business development	**51,071**	64,741	**187,436**	160,881
Salaries and wages	**389,187**	299,078	**1,454,181**	842,703
Total general and administrative	**1,040,302**	815,175	**3,483,812**	2,553,453

In fiscal 2023, the Company realized significant revenue growth (96% year over year), driven by organic sales growth and three new restaurant openings (2 Heal Wellness restaurants and Joey Turks Island Grill). Such revenue growth increased general and administrative expenses for the three months and year ended December 31,2023 by 28% and 36% respectively, as compared to the same periods of 2022. The increases were driven by legal and professional fees associated with the acquisitions and openings of Pirho Fresh Greek Grill, Rosie's Burgers and Joey Turks Island Grill, marketing investments across brands, as well as salaries and wages to offset new restaurant openings and overall sales growth.

Depreciation and amortization expense

Amortization expense for the three months and year ended December 31, 2023, were $112,058 and $440,872 respectively compared to $120,206 and $537,667 in the corresponding periods of 2022.

Capital expenditures

The following table shows the Company's capital additions for the period ended December 31, 2023:

	Capital expenditures	**Asset dispositions**
Computer equipment	7,458	-
Furniture and fixtures	139,946	-
Leasehold improvements	205,796	-
ROU assets	1,253,269	(301,606)
Total property and equipment additions	1,606,469	(301,606)

BUSINESS UNIT PERFORMANCE

The Company has two operating segments: Quick Service Restaurants and Consumer Product Goods. The QSR segment includes Heal Wellness, Lettuce Love Cafe, Pirho Fresh Greek Grill, Rosie's Burgers and Joey Turks Island Grill. The CPG segment includes Holy Crap Foods, and Lumber Heads Food Co.

Each of these operating segments is managed separately as each requires different capabilities, technologies, marketing approaches and other required resources. All inter-segment 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 Year Ended**	
	December 31, 2023	December 31, 2022	**December 31, 2023**	December 31, 2022
Revenue	**895,061**	640,111	**3,723,592**	1,687,155
Cost of goods sold	**370,574**	295,340	**1,553,752**	844,399
Gross Margin	**524,487**	344,771	**2,169,840**	842,756

Gross Margin %	**59%**	54%	**58%**	50%
General and administrative	**391,665**	332,649	**1,777,129**	960,778
Other income	**(25,826)**	(32,373)	**(47,379)**	(53,822)
Segmented EBITDA gain/(loss)	**158,648**	44,495	**440,090**	(64,200)
Interest, depreciation and amortization	**(157,199)**	(608,139)	**(482,582)**	(838,795)
Segmented gain/(loss)	**1,449**	(563,644)	**(42,492)**	(902,995)

In the three months and year ended December 31, 2023 the revenues in the QSR segment increased 40% and 121% respectively as compared to the corresponding period of 2022. The increase was driven by the organic and inorganic growth of Heal Wellness and Lettuce Love Cafe since acquiring both brands in 2022. Furthermore, two new restaurant openings for Heal Wellness occurred in late Q2 2023.

The QSR segment had an EBITDA gain of $158,648 for the three months ended December 31, 2023 compared to an EBITDA gain of $44,495 in the same periods in 2022. For the year ended December 31, 2023, the Company had segmented EBITDA gain of $440,090 compared to an EBITDA loss of $64,200 in the prior year. The QSR segment of Happy Belly continues to demonstrate strong revenue and EBITDA growth quarter over quarter and 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 Year Ended	
	December 31, 2023	December 31, 2022	**December 31, 2023**	December 31, 2022
Revenue	**288,168**	355,067	**1,301,207**	1,047,341
Cost of goods sold	**209,599**	251,737	**863,198**	683,586
Gross Margin	**78,569**	103,330	**438,009**	363,755
Gross Margin %	**27%**	29%	**34%**	35%
General and administrative	**132,213**	114,570	**445,253**	471,653
Other income	**(2,449)**	(6,936)	**(7,674)**	(13,717)
Segmented EBITDA gain/(loss)	**(51,195)**	(4,304)	**430**	(94,181)
Interest, depreciation and amortization	**(52,641)**	(68,887)	**(177,101)**	(272,580)
Segmented loss	**(103,836)**	(73,191)	**(176,671)**	(366,761)

The CPG segment of the Company is comprised of the Holy Crap Foods brand producing breakfast cereals and Lumber Heads Food Co. producing snack foods. In the three months and year ended December 31, 2023 the revenues from the CPG segment decreased 19% and increased 24% respectively as compared to the corresponding period of 2022.

The CPG segment had an EBITDA loss of $51,195 for the three months ended December 31, 2023 compared to a loss of $4,304 in the same period in December 31, 2022. For the year ended December 31, 2023, the Company has a segmented EBITDA gain of $430 compared to an EBITDA loss of $94,181 in the prior year. The CPG segment of Happy Belly will continue to accelerate growth, improve operating margins and optimize expenses in order to achieve continuous 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 December 31, 2023:

Quarter Ended	Total Revenue	Comprehensive Loss for the Period ($)	Loss per Share-Basic ($)
31-Dec-23	1,573,711	(438,740)	(0.00)
30-Sep-23	1,507,229	(492,111)	(0.00)
30-Jun-23	1,320,763	(424,188)	(0.00)
31-Mar-23	1,052,147	(474,294)	(0.00)
31-Dec-22	1,028,064	(1,100,958)	(0.01)

30-Sep-22	815,582	(639,746)	(0.01)
30-Jun-22	615,629	(587,599)	(0.01)
31-Mar-22	324,682	(414,649)	(0.00)
31-Dec-21	220,376	(4,645,268)	(0.04)

LIQUIDITY AND CAPITAL RESOURCES

Cash and Working Capital

The Company's cash on hand as at December 31, 2023, is $1,269,045 versus $1,101,960 at December 31, 2022, due to the $1,645,000 in cash collected as part of the convertible debenture issuance on April and July 2023, offset by negative cash flow from operating activities. The Company's working capital is $795,255 on December 31, 2023 (2022 - $894,418). 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 months and year ended December 31, 2023, cash used in operating activities were ($173,564) and $722,923 respectively as compared to $128,908 and $1,618,200 in the respective period of 2022. Cash used in operating activities was used for general operating activities across the QSR and CPG business segments.

Outstanding Share Data

The Company shares trade on the CSE under the symbol "HBFG" and on the OTCQB market exchange in the US as "VGANF". As at December 31, 2023, the Company had 110,503,835 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, 2022	107,207,198	35,757,040
Share exchange - corporate acquisitions	**3,286,637**	**500,000**
Share issuance – exercise of warrants	**10,000**	**2,000**
Balance at December 31, 2023	**110,503,835**	**36,259,040**

Share Purchase Warrants

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

	December 31, 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	**(10,000)**	**0.20**	(272,000)	0.25
Expired/forfeited	**(200,000)**	**0.75**	(24,360,660)	0.30
Warrants outstanding, end of year	**29,990,000**	**0.20**	30,200,000	0.20

As at December 31, 2023, the Company had outstanding warrants as follows:

Expiry date	Exercise price	Remaining life(years)	Warrants outstanding	Warrants exercisable
June 18, 2024	0.20	0.5	2,990,000	2,990,000
June 18, 2026	0.20	2.5	27,000,000	5,200,000
	0.20		29,990,000	8,190,000

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:

	December 31, 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)**	**0.28**	(2,420,000)	0.26
Cancelled/ forfeited	**-**	**-**	(50,000)	0.50
Options outstanding, end of year	**1,110,000**	**0.21**	7,585,000	0.28

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]
203,703	$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 share options outstanding as at December 31, 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 - $5,110) in share-based compensation on performance options during the year. 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%	94%	2	0.06
April 20, 2023	3.15%	134%	5	0.16

RELATED PARTY TRANSACTIONS

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

	Year ended December 31, 2023	Year ended December 31,2022
	$	$
Consulting and other fees*	**488,834**	426,548
Share-based compensation	**52,713**	-
	541,547	426,548

*Consulting and other fees include annual compensation for CEO, CIO and CFO.

As at December 31, 2023, the Company had a net amount of $26,760 balance owing and $125,000 convertible debentures payable to the CEO of the Company. An additional $385,000 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 and cash equivalents, accounts receivable and other receivables. Credit risk exposure to cash and cash equivalents 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 December 31, 2023 and 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 December 31, 2023, cash outflows of those obligations are estimated and summarized as follows:

Payment due by year	2024	2025	2026 and beyond	Total
	$	$	$	$
Accounts payable and accrued liabilities	685,004	-	-	**685,004**
HST payable	250,394	-	-	**250,394**
CEBA loan	-	-	120,000	**120,000**
Long-term debt	71,647	27,206	217,337	**316,190**
Lease liabilities	410,609	419,311	2,075,983	**2,905,903**
	1,417,654	446,517	2,413,320	**4,277,491**

*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 $1,260 impact on the Company's net earnings for the year ended December 31, 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 to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity. There were no changes in the Company's approach to capital management during the period. The Company is not subject to any externally imposed capital requirements. The Company has been successful in raising additional capital in the past and intends to continue with the issuance of securities to finance its operations if required.

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 Year ended	
	December 31, 2023	December 31, 2022	**December 31, 2023**	December 31, 2022
	$	$	**$**	$
Total comprehensive loss	**(438,740)**	(1,100,958)	**(1,829,333)**	(2,742,952)
Add back:				
Financing costs	**205,389**	128,378	**714,978**	266,639
Depreciation and Amortization	**112,058**	120,206	**440,872**	537,667
EBITDA	**(121,293)**	(852,374)	**(673,483)**	(1,938,646)

The Company has made substantial progress with improving its EBITDA across the business. The Company's EBITDA improvement is driven by the rapid sales growth (organic and new restaurant openings), combined with cost synergies and optimizing the operations in both the QSR and CPG segments.

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. 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.