



HAPPY BELLY FOOD GROUP INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2025

(Expressed in Canadian Dollars)

MANAGEMENT'S DISCUSSION AND ANALYSIS
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KEY HIGHLIGHTS

- System wide sales across Quick Service Restaurants (QSR) totaled \$19.2M in the third quarter of fiscal 2025, up 125% versus the same quarter last year (2024 - \$8.5M). The increase is attributed to organic baseline restaurant growth, alongside increased restaurant count, which reached 73 operating restaurants at the end of Q3 2025, up 109% versus 35 in the prior year.
- Total operating revenues, vendor rebates and interest income totaled \$7.2M in Q3 2025, up 194% versus the same quarter last year (2024 - \$2.5M), and for the nine months ended September 30, 2025, \$16.6M up 149% from 2024 (2024-\$6.7M)
- Year-over-year growth was driven by continued sales growth in both the Quick Service Restaurant (QSR) and Consumer Product Goods (CPG) segments, multiple business acquisitions in the past twelve months, and new restaurants being added to the portfolio (12 additional restaurants during Q3 2025).
- Total product sales totaled \$6.0M in the third quarter of 2025, up 224% versus the same quarter last year (2024 - \$1.9M). In addition, royalties and franchise fee revenues reached \$1.1M during the quarter, up 297% from the prior year (2024 - \$0.3M), which was driven by an increase in royalties collected from 55 franchised restaurants in the system.
- Adjusted EBITDA¹ reached \$0.7M or 10.4% in the third quarter of fiscal 2025, up from \$0.1M or 4.2% in the same quarter last year. During the third quarter of fiscal 2025, net income from operations was \$0.3M up from a net loss of \$0.1M in the same quarter of 2024.
- Segmented EBITDA for the QSR division surpassed \$1.0M in Q3, marking a first for the Company.
- Royalties & Fees for the QSR division surpassed \$1.0M in Q3, marking a first for the Company.
- Net working capital remains healthy at \$2.8M as of September 30, 2025 (December 31, 2024 - \$3.3M). Total cash and cash equivalents were \$3.3M as of September 30, 2025 (December 31, 2024 -\$3.5M). Furthermore, cash flows before non-cash working capital was positive \$0.7M in Q3 2025 up from \$0.1M in the same quarter last year.
- In the third quarter, the Company generated \$0.8M in cash flow from operating activities up from negative \$(0.2)M in the same quarter of 2024.

¹See section definition of "Non-IFRS Measures and Ratios" within the Compliance with International Financial Reporting Standards ("IFRS") section of the MD&A.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2025

This Management's Discussion and Analysis ("MD&A") comments on the financial performance and financial condition of Happy Belly Food Group Inc. (the "**Company**" or "**Happy Belly**," for the three and nine months ended September 30, 2025. The Company's fiscal year commences on January 1st and ends December 31st of the same year.

The information in this MD&A should be read in conjunction with (i) the Company's audited annual consolidated financial statements for the years ended December 31, 2024 and 2023, along with the related notes thereto; and (ii) the Company's MD&A for the years ended December 31, 2024 and 2023 (the "**Annual MD&A**").

Additional information relating to Happy Belly, including our most recently filed Annual Information Form ("**AIF**"), can be found on SEDAR+ at www.sedarplus.com. All amounts are in Canadian dollars unless otherwise indicated.

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, MD&A and to discuss other financial, operating and internal control matters.

Forward-Looking Information

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 of November 25, 2025, 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.

Overview

Happy Belly's mission is to be a leading consolidator and accelerator of emerging food brands. Happy Belly's portfolio consists of two operating divisions: Quick Service Restaurants ("QSR") and Consumer Product Goods ("CPG"). Our growth strategy and continued commitment to shareholders is to improve company-wide profitability, while staying financially disciplined in achieving organic and inorganic growth. Happy Belly has continued to grow systemwide sales organically, combined with new restaurant openings (QSR segment) and accretive M&A's throughout the past three years. Happy Belly's M&A strategy has been to acquire cash flow positive food businesses that will drive shareholder value.

Happy Belly currently operates the following QSR (10) and CPG (2) brands: (i) QSR - Heal Lifestyle, Lettuce Love Café, Pirho Fresh Greek Grill, Joey Turks Island Grill, Rosie's Burgers, Via Cibo, Yolks Breakfast, IQ Foods, Smile Tiger Coffee Roasters (acquired January 27, 2025), and Salus Fresh Foods (acquired August 20, 2025). (ii) CPG - Holy Crap Foods and Lumber Heads Food Co.

The Company's CPG segment continues to focus on increasing distribution and gaining users, while improving overall profitability year over year. As part of the sales growth strategy, the brands continue to implement both a B2B and B2C revenue model to reach more consumers and accelerate growth.

The following table highlights the number of QSR restaurants opened (corporate and franchised) since 2023 and as of September 30, 2025. Subsequent to the quarter end, the Company opened one additional Yolks Breakfast restaurant and one IQ Foods restaurant.

QSR Brands	2023 Total System Restaurants	2024 Total System Restaurants	Q3 2025 Total System Restaurants	2025 Subsequent Openings <i>(as of the report date)</i>
Heal Lifestyle	6	16	27	-
Lettuce Love Café	1	2	3	-
Pirho Fresh Greek Grill	3	4	4	-
Joey Turks Island Grill	1	2	2	-
Rosie's Burgers	2	4	8	-
Via Cibo Franchising Inc. <i>(acquired in 2024)</i>	NA	7	8	-
Yolks Breakfast Inc. <i>(acquired in 2024)</i>	NA	3	4	1
IQ Foods <i>(acquired in 2024)</i>	NA	5	6	1
Smile Tiger Coffee Roasters <i>(acquired on January 27, 2025)</i>	NA	-	1	-
Salus Fresh Foods <i>(acquired on August 20, 2025)</i>	NA	-	9	-
Totals	13	43	73	2

* QSR brands are currently opened and operating in the provinces of Ontario, Alberta and British Columbia.

** Total of 73 operating restaurants as of September 30, 2025, of which 18 are corporate locations and 55 franchised locations.

Compliance with International Financial Reporting Standards (“IFRS”)

Unless otherwise indicated, the financial information presented below, including tabular amounts, is prepared in accordance with IFRS as issued by the IASB (“**International Accounting Standards Board**”). The information presented within this MD&A refers to certain non-IFRS financial measures including Adjusted EBITDA¹, Adjusted EBITDA¹ Margin, and Free Cash Flow. These financial measures are not recognized measures under IFRS and do not have a standardized meaning prescribed by IFRS. These financial measures are provided as additional information to complement those IFRS measures by providing further understanding of the Company’s results of operations, financial performance and liquidity from management’s perspective and thus highlight trends in its core business that may not otherwise be apparent when relying solely on IFRS measures. The Company’s management also uses non-IFRS financial measures to facilitate operating performance comparisons from period to period, to prepare annual operating plans, budgets and forecasts, and to assess our ability to meet our capital expenditures and working capital requirements.

Non-IFRS Measures and Ratios Include:

Adjusted EBITDA

“**Adjusted EBITDA**” is defined as net comprehensive income or (loss), excluding interest, taxes, depreciation and amortization (EBITDA), adjusted for share-based compensation, gain (loss) on equity investments and sublease, expected credit loss and non-recurring expenses.

“**Adjusted EBITDA Margin**” is calculated as Adjusted EBITDA as a percentage of total revenue.

Adjusted EBITDA and Adjusted EBITDA Margin are used by management as supplemental measures to review and assess operating performance and to provide a more complete understanding of factors and trends impacting the Company’s business. Management believes Adjusted EBITDA are useful measures of operating performance and the Company’s ability to generate cash-based earnings, as they provide a more relevant position of operating results by excluding the effects of financing and investing activities, which removes the effects of interest, depreciation and amortization expenses as well as other expenses, as described, that are not reflective of the Company’s underlying business.

Reconciliation of Non-IFRS Financial Measures and Ratios

Adjusted EBITDA

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Total comprehensive loss	\$ (7,148)	\$ (160,101)	\$ (351,820)	\$ (996,091)
<i>Add back:</i>				
<i>Interest income</i>	(29,901)	(96,476)	(88,024)	(96,476)
<i>Interest and financing costs</i>	275,902	167,681	803,948	675,980
<i>Depreciation and amortization</i>	288,356	136,212	685,906	348,469
<i>Deferred income tax recovery</i>	(2,822)	-	(8,467)	-
EBITDA	524,387	47,316	1,041,543	(68,118)
<i>Adjustments:</i>				
<i>Expected credit loss</i>	23,147	-	65,337	-
<i>(Gain) loss on equity investment</i>	66,355	(8,857)	66,355	(15,935)
<i>Share-based compensation</i>	131,382	63,280	299,609	145,840
Adjusted EBITDA	745,271	101,739	1,472,844	61,787
Adjusted EBITDA Margin %	10.4%	4.2%	8.9%	0.9%

Free Cash Flow

“Free Cash Flow” is defined as cash provided by (used in) operating activities less net additions to property, equipment, intangible assets and proceeds from sublease.

	Three Months Ended September 30,		Nine months Ended September 30,	
	2025	2024	2025	2024
	\$	\$	\$	\$
Cash flow before non-cash working capital related to operations	738,584	65,028	1,336,182	(313,126)
Net change in non-cash working capital related to operations	18,819	(269,709)	15,958	(580,318)
Cash flow from/(used) in operating activities	757,403	(204,681)	1,352,140	(893,444)
Net intangible assets	-	853	-	-
Net addition to property and equipment	(156,543)	(12,226)	(1,270,007)	(45,260)
Net proceeds from sublease	17,523	37,151	50,688	61,025
Free Cash Flow	618,383	(178,903)	132,821	(877,679)

COMPANY HIGHLIGHTS AND RESULTS OF OPERATIONS

Happy Belly completed several key initiatives, QSR acquisitions and transactions that have enhanced overall operations over the past three years. Happy Belly has expanded its offerings, diversified its business, created economies of scale within the operations and enhanced its financial growth plans while optimizing costs across the system.

Our strategic business investments to accelerate organic restaurant openings have already shown positive momentum and growth in top line revenues and positions us exceptionally well in our development pipeline for Q4 2025 and future years. Total operating revenues and interest income totalled 7.2M (2024-\$2.5M) and \$16.6M (2024-\$6.7M) in the third quarter and first nine months of fiscal 2025, respectively, up 184% and 149% versus the same periods of last year.

In third quarter, the Company generated \$0.8M (2024 - \$(0.2)M) in cash flow from operating activities.

Total operating restaurants increased from 35 (Q3 2024) to 73 as of September 30, 2025, which represents an increase of 109% versus the same quarter last year. The Company’s significant growth during the period was driven by a combination of accretive acquisitions and the expansion of its franchised restaurant network across Ontario, British Columbia and Alberta. In total, 36 new franchised restaurants were added in 2025 across the Heal Lifestyle, Rosie’s Burgers, Pirho Grill, Joey Turks, Lettuce Love, Via Cibo and IQ Foods brands. The Company also acquired one Via Cibo franchised location, transitioning it to corporate operation, and completed the acquisition of Salus Fresh Foods Inc. on August 21, 2025. These transactions further enhanced the Company’s brand portfolio and reflect its ongoing strategy of pursuing accretive acquisitions (following transition and training periods) while driving both organic and inorganic restaurant growth. Subsequent to the quarter end, the Company opened one additional Yolks Breakfast restaurant and one IQ Foods restaurant.

Both the Company’s QSR and CPG segments were profitable once again in Q3 2025, driven by organic top line revenue growth (both sales and traffic) and business acquisitions through out 2025 and fiscal 2024.

RESULTS OF OPERATIONS - SELECTED FINANCIAL INFORMATION

Summary of Quarterly Operating Metrics

<i>(in thousands \$)</i>	Dec 2023	Mar 2024	Jun 2024	Sep 2024	Dec 2024	Mar 2025	Jun 2025	Sep 2025
Product Sales	\$1,229	\$1,531	\$1,871	\$1,866	\$2,660	\$3,080	\$4,818	\$6,042
Direct operating costs	613	747	881	922	1,210*	1,336*	2,021*	2,898*
Gross Margin	616	784	990	944	1,450	1,744	2,797	3,144
Gross Margin %	50%	51%	53%	51%	55%	57%	58%	52%
Royalties & Fees	193	162	225	268	293	387	648	1,064
QSR System Sales	\$1,908	\$5,366	\$7,553	\$8,522	\$8,888	\$10,927	\$16,165	\$19,175
# QSR Locations	13	24	26	35	43	50	61	73

*Add back vendor rebate revenue as financial statements are netted against cost of sales

Product Sales

Total product sales are primarily driven from restaurant sales from the QSR segment (dining, takeout and delivery), combined with the sale of food products in the CPG segment (distribution, retail, online and regional sales). Total product sales reached \$6.0M in the third quarter of fiscal 2025, up 224% versus the same quarter last year (2024 - \$1.9M). The strong growth and increase were primarily a result of the organic growth of Heal Lifestyle and the corporate Rosie's Burgers locations.

The CPG segment also realized growth of 18% in the third quarter of fiscal 2025 (\$0.38M) versus the same quarter last year (2024 - \$0.32M), driven by increased sales in our existing distribution channels.

Royalties & Fees

Total royalties and fees are royalties collected (as a percentage of sales; 2.5% - 5%) and amortized franchised fees collected over the franchise term (10 years). Royalties and franchise fees in the third quarter of fiscal 2025 totaled \$1.1M, up 297% versus the same quarter last year (2024 - \$0.3M). The increase is attributed to new franchised restaurant openings and acquisitions during fiscal 2024, plus 30 new franchised and corporate restaurants in the first nine months of 2025 leading to additional royalties and fees collected. Net new restaurants opened during Q3 2025: Rosie's Burgers opened one location, Heal Wellness opened two locations, and the Company acquired Salus Fresh Food nine franchise locations. Total franchised restaurants as of September 30, 2025 were 55 out of the total 73 operating locations.

Total Operating Expenses

Total operating expenses include the cost of sales (QSR and CPG), general and administration, salaries and wages, depreciation and amortization, expected credit loss and shared based compensation. Operating expenses in the third quarter and nine months ended September 30 of fiscal 2025 were \$6.9M (2024 - \$2.5M) and \$16.0M (2024-\$7.0M) respectively up 170% and 129% versus the same corresponding periods of last year.

The increase is primarily attributable to higher restaurant-level salaries and wages required to support new store openings and to accommodate increased guest traffic across the network. The Company also incurred certain non-recurring legal expenses directly associated with these openings, reflecting the heightened level of development activity during the period. In addition, beginning in Q4 2024, the Company initiated targeted general and administrative investments aimed at strengthening its organizational structure and expanding back-office capacity to support a larger and more rapidly growing portfolio.

These expenditures align with the Company's broader growth strategy and remain consistent with the thesis communicated to stakeholders. The investments made are deliberate and focused on enhancing the operational and financial infrastructure necessary to support accelerated growth from new restaurant openings, franchise agreements, construction activity, and planned expansion into the U.S. and Québec markets. This disciplined approach is already translating into continued year-over-year revenue growth and improvements in adjusted and segmented EBITDA.

The Company is also investing in systems and capabilities that ensure this growth is sustainable and scalable. This includes enhancements to technology platforms that support automation, financial reporting visibility, and operational execution, as well

as investments in talent to fortify the core team and build the depth required for the next phase of expansion. Collectively, these initiatives represent purposeful, forward-looking investments designed to support national brand scaling while maintaining strong unit economics and ongoing value creation for shareholders.

General and Administrative Expenses

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
	\$	\$	\$	\$
Legal and accounting	40,317	162,708	474,291	401,502
Advertising and marketing	579,130	181,780	1,132,192	464,011
Consulting	1,183	143,872	28,104	352,890
Management	252,786	159,276	808,221	553,399
Office and sundry	504,711	53,743	1,133,308	260,285
Business development	82,234	12,993	183,302	65,744
Compliance and regulatory	29,459	17,362	78,160	79,573
Total general and administrative	1,489,820	731,734	3,837,578	2,177,404

*Excludes restaurant level salaries & wages and shown separately on the statements of loss and comprehensive loss.

Depreciation and Amortization expense

Depreciation and amortization expense for the third quarter of fiscal 2025 was \$0.3M, up 112% versus the same quarter last year (2024 - \$0.1M). For the nine months ended September 30, 2025 depreciation and amortization expense rose 97% year over year from \$0.3M to \$0.7M. The increase is driven by the acquisitions and capital assets from IQ Foods (September 19, 2024), Smile Tiger Coffee Roasters (January 27, 2025), Salus Fresh Foods (August 20, 2025), as well as the opening of two (2) new corporate Rosie's Burgers restaurants in Q2 of 2025. Net property and equipment expenditures were \$1.3M year-to-date in 2025 mostly driven by the build out of the two (2) Rosie's corporate restaurants as well as the new Heal and IQ Foods corporate restaurants.

BUSINESS SEGMENT PERFORMANCE

Each of the Company's operating segments (QSR and CPG) are managed separately, as each requires different capabilities, technologies, marketing approaches and resources. All inter-segment transfers are carried out at arm's length, based on prices charged to unrelated customers in stand-alone sales of identical goods or services.

Quick Service Restaurants (QSR)

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

	Three Months Ended September 30,		Nine months Ended September 30,	
	2025	2024	2025	2024
	\$	\$	\$	\$
Product sales	6,740,995	2,127,883	15,118,919	5,467,330
Direct operating costs	2,397,047	711,361	5,269,808	1,856,996
Gross profit	4,343,948	1,416,522	9,849,111	3,610,334
Salaries and wages	1,932,802	659,448	4,410,639	1,702,252
General and administrative	1,393,381	456,784	3,258,857	1,233,499
Interest, depreciation and amortization	491,469	212,281	1,062,685	474,128
Other expense (income)	13,273	(108,448)	(9,558)	(104,403)
Net gain	513,023	196,457	1,126,488	304,858
Segmented EBITDA	1,004,492	408,738	2,189,173	778,986

The QSR segment of the Company is comprised of the following restaurant brands: Heal Lifestyle, Lettuce Love Café, Pirho Fresh Greek Grill, Joey Turks Island Grill, Rosie's Burgers, Via Cibo Italian Street Food, Yolks Breakfast, IQ Foods, Smile Tiger Coffee Roasters, and Salus Fresh Foods.

During the third quarter of fiscal 2025, total QSR revenues totalled \$6.7M, up 217% versus the same quarter last year (2024 - \$2.1M). The increase was driven by the organic and inorganic growth of Heal Lifestyle, and Lettuce Love Cafe since acquiring

both brands in 2022, and the acquisitions and acceleration of Rosie's Burgers (2023) Via Cibo Franchising Inc. (2024), IQ Foods (2024) and the recent acquisitions of Smile Tiger Coffee Roasters (January 2025) and Salus Fresh Foods (August 2025).

The QSR segment had an EBITDA of \$1.0M in the third quarter of fiscal 2025, up 148% versus \$0.4M in the same quarter last year. For the nine months ended September 30, 2025 the QSR segment reported EBITDA of \$2.2M up 181% from \$0.8M in the same period of 2024. The General and administrative investments that were made during Q4 2024 and first half of 2025 continued in Q3 2025, to enhance the organizational capacity to effectively service the Company's rapidly growing QSR business; specifically, to support new restaurant openings throughout 2025.

The QSR segment of Happy Belly continues to demonstrate strong revenue growth organically, combined with net new restaurant openings resulting in an increase in both franchisee royalties and fees collected.

Consumer Product Goods (CPG)

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

	Three Months Ended September 30,		Nine months Ended September 30,	
	2025	2024	2025	2024
	\$	\$	\$	\$
Product sales	376,875	318,778	1,227,045	1,097,549
Direct operating costs	245,065	210,737	738,095	692,833
Gross profit	131,810	108,041	488,950	404,716
General and administrative	97,384	101,676	339,685	305,101
Interest, depreciation and amortization	12,863	16,897	39,017	54,109
Other expense (income)	4,726	(2,554)	44	1,700
Net gain (loss)	16,837	(7,978)	110,204	43,806
Segmented EBITDA	29,700	8,919	149,221	97,915

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. Total revenues in the third quarter of fiscal 2025 totalled \$0.38M, up 18% versus the same quarter last year (2024 - \$0.32M). In the first nine months of 2025 revenues rose 12% to \$1.2M from \$1.1M in the same period of 2024. Total revenue increase year over year was driven by increased store counts within our current distribution channels and our growing customer base.

The CPG segment had an EBITDA gain of \$0.1M in the nine months ended September 30, 2025, up 52% versus \$0.1M in the same period last year. The Company intends to continue to drive top line revenue, sustain healthy operating margins, optimize distribution changes and reduce expenses to achieve continuous positive EBITDA.

LIQUIDITY AND CAPITAL RESOURCES

	As at September 30, 2025	As at December 31, 2024
	\$	\$
Total assets	15,522,460	9,341,720
Total liabilities	12,150,231	6,911,197
Working capital	2,806,974	3,277,962

The Company's cash and cash equivalents on hand as of September 30, 2025 were \$3.3M (December 31, 2024 - \$3.5M).

The Company's working capital continues to be healthy at \$2.8M as of September 30, 2025 (December 31, 2024 - \$3.3M). 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.

Outstanding Share Data

The Company shares trade on the CSE and on the OTCQB market exchange in the US under the symbol "HBFG". As of September 30, 2025 the Company had 129,464,226 shares issued and outstanding (December 31, 2024 – 129,026,039).

As of the date of this MD&A the company had 130,764,266 shares issued and outstanding.

Share Purchase Warrants

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

	September 30, 2025		December 31, 2024	
	Number of warrants	Weighted average exercise price \$	Number of warrants	Weighted average exercise price \$
Warrants outstanding, beginning of year	26,995,000	0.20	29,990,000	0.20
Issued	333,333	1.50	-	-
Exercised	-	-	(2,995,000)	0.20
Warrants outstanding, end of quarter	27,328,333	0.22	26,995,000	0.20

As at September 30, 2025 the Company had outstanding warrants as follows:

Expiry date	Exercise price	Remaining life(years)	Warrants outstanding	Warrants exercisable
January 9, 2026	1.50	0.78	333,333	333,333
June 18, 2026	0.20	1.22	26,995,000	5,195,000
			27,328,333	5,528,333

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 10% of the total number of issued and outstanding common shares of the Company.

	September 30, 2025		December 31, 2024	
	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
Options outstanding, beginning of year	4,170,000	0.43	1,410,000	0.25
Granted	2,000,000	1.11	3,170,000	0.51
Exercised	-	-	(410,000)	0.37
Options outstanding, end of quarter	6,170,000	0.65	4,170,000	0.43

The share options outstanding as at September 30, 2025 are as follows:

Grant date	Number of options outstanding	Exercise price \$	Expiry date
April 20, 2023	1,000,000	0.20	April 20, 2028
February 12, 2024	390,000	0.50	February 12, 2026
May 10, 2024	1,000,000	0.40	June 18, 2026
May 24, 2024	1,300,000	0.50	June 18, 2026
July 3, 2024	480,000	0.75	July 3, 2027
April 7, 2025	1,000,000	1.11	June 18, 2026
April 15, 2025	1,000,000	1.14	June 18, 2026
	6,170,000	0.65	

RELATED PARTY TRANSACTIONS

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

	Period ended September 30, 2025	Period ended September 30, 2024
	\$	\$
Consulting and other fees	621,042	565,415
Share-based compensation	110,537	88,000
	731,579	653,415

* Consulting and other fees include annual compensation for CEO, President & COO and CFO.

ADDITIONAL INFORMATION

Off - Balance Sheet Arrangements

The Company does not utilize off-balance sheet transactions.

Legal Proceedings

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

Commitments - Contingent Liabilities

As of 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'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 as of September 30, 2025, and expected cashflows for the next 12 months are sufficient to fund the Company's ongoing operational needs. Liquidity risk is assessed as low.

Based on the contractual obligations of the Company as of September 30, 2025, cash outflows of those obligations are estimated and summarized as follows:

Payment due by year	2025	2026	2027 and beyond	Total
	\$	\$	\$	\$
Accounts payable and accrued liabilities	2,538,458	-	-	2,538,458
Contingent consideration	88,410			88,410
CEBA loan	-	120,000	-	120,000
Loans payable	6,910	21,402	77,186	105,498
Lease liabilities	257,589	1,129,946	6,444,534	7,832,069
Convertible debentures	-	-	3,645,000	3,645,000
	2,891,367	1,271,348	10,166,720	14,329,435

*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 a nominal impact on the Company's net earnings as of September 30, 2025.

(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.

CAPITAL DISCLOSURE

The Company manages its capital structure and adjusts it based on the funds available to the Company, 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. Identified control deficiencies or material weaknesses are shared with the committee. As such, any control remedies will be discussed and actioned by the Company. 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 of the date of this MD&A, the directors of the Company are Sean Black, Shawn Moniz, Alex Rechichi, Dan Haroun and Kevin Cole.