



Happy Belly Food Group Announces 4th Consecutive Record Quarter, and 6th Consecutive Quarter of QoQ Growth

Toronto, Ontario (May 26th, 2023) - Happy Belly Food Group Inc. (CSE: HBBG) (OTCQB: VGANF) ("Happy Belly" or the "Company"), a leading consolidator of emerging food brands is pleased to announce its financial results and corporate update for the three months ended March 31st, 2023.

Financial Highlights

- For the first time the company has recorded a profitable quarter for both the QSR division and the CPG division, on a cash-item basis omitting non-cash items. This is a pivotal point in Happy Belly's development as we march towards company-wide profitability.
- Q1 2023 represents the **second consecutive quarter** the company achieved over \$1 million in total income, recording a healthy \$1,038,876 in product sales compared to \$324,682 in Q1 2022, an increase of \$714,194 (+220%) in revenue year over year (YoY).
- Q1 2023 was the **fourth consecutive record quarter** for the company delivering \$1,038,876 in product sales vs \$995,178 in Q4 2022, an increase of \$43,698 (+4%) in product sales quarter over quarter (QoQ).
- Q1 2023 represents the **sixth consecutive quarter** of quarter over quarter growth (QoQ).
- Cash flow from operations on Q1 2023 revenues of \$1,038,876 was (\$235,537) vs (\$289,834) on Q4 2022 revenues of \$1,000,167, a **decrease** of net losses by 18.7% while increasing revenue by 3.9% QoQ.

In comparison, cash flow from operations in Q1 2023 vs Q1 2022 operations also resulted in a **decrease** of net losses by 43.7% YoY



- **Gross Margin:** Happy Belly increased its gross margin to 47% compared to 45% in Q4 2022. This is a true reflection of the team's focus on operations as we improve business models and manage rising labour and ingredient costs throughout the various subsidiary companies.
- **Happy Belly Food Group** maintains a healthy cash balance with +\$1,780,000 in cash as of March 31st 2023.

"With our 6th consecutive quarter of QoQ growth, and 4th consecutive record setting quarter in revenue, you can see our continued commitment to shareholders as we continue to execute our plans and improve company wide performance", said Shawn Moniz, CEO of Happy Belly.

"It is a testament to our people's expertise and experience that during the slowest quarter of both the restaurant and consumer product goods cycle our company increased its gross margin to **47%** while at the same time delivered a quarter of record revenue and growth with decreased expenses. We are witnessing a significant indication that Happy Belly is on a solid path to profitability through our consistent execution. I'm extremely proud of the positive progress that our management team, alongside our brand partners, have been able to achieve in Q1."

"Our sales-driven organization has focused on the bottom line while delivering on our organic and inorganic growth plan. Since then, each quarter has resulted in significant quarter-over-quarter growth while continuing to improve operations within our businesses and deliver consistent record quarters."

"With the recent closing of our PIRHO Fresh Greek Grill transaction, we not only welcome this latest addition to the Happy Belly family but look forward to accelerating its franchising program across Canada. Franchising revenue for all our QSR brands is a key component to our future quarters of growth. Happy Belly's finances will continue to improve as we maintain disciplined organic growth and we continue to close the gap towards company-wide profitability. We have a great team with the patience and experience to continue building our stable of emerging brands, and the funding to continue accelerating growth organically and through accretive M&A opportunities. We look forward to continuing to set record quarter growth for many quarters to come."

Q1 Corporate Highlights

On January 20th, 2023, the company expanded Distribution of Holy Crap Oatmeal at 90 Federated Co-op Locations



On February 3rd, 2023, the company expanded Distribution of Holy Crap Cereals & Oatmeal at Thrifty Foods, Whole Foods, and Faire

On February 24th, 2023, the company Signs Lead Order for Above-Market Convertible Note

On March 9th, 2023, the company Signs 20 Unit Area Development Agreement for Lettuce Love Restaurants in Ontario

On March 17th, 2023, the company Signs Definitive Franchise Acquisition Agreement with PIRHO Food Grill

On March 23rd, 2023, the company Signs 30 Unit Area Development Agreement for PIRHO Food Grill in Ontario

On March 31st, 2023, the company Announces PIRHO Fresh Greek Grill Signs 30 Unit Area Development Agreement in Alberta

About Happy Belly Food Group

Happy Belly Food Group Inc. (CSE: HBFG) (OTCQB: VGANF) ("Happy Belly" or the "Company") is a leading consolidator of emerging food brands.

For **franchising** inquiries please see www.happybellyfg.com/franchise-with-us/ or contact us at hello@happybellyfg.com.

Happy Belly Food Group

Shawn Moniz
Chief Executive Officer

FOR FURTHER INFORMATION, PLEASE VISIT:

www: www.happybellyfg.com or email hello@happybellyfg.com

If you wish to contact us please call: [\(604\) 737-2303](tel:6047372303)

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Cautionary Note Regarding Forward-Looking Statements



All statements in this press release, other than statements of historical fact, are "forward-looking information" with respect to the Company within the meaning of applicable securities laws. Forward-looking information is frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate" and other similar words, or statements that certain events or conditions "may" or "will" occur, and include the future performance of LumberHeads Food Co. Forward-looking statements are based on the opinions and estimates at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those anticipated in the forward-looking statements. There are uncertainties inherent in forward-looking information, including factors beyond the Company's control. There are no assurances that the business plans for Happy Belly described in this news release will come into effect on the terms or time frame described herein. The Company undertakes no obligation to update forward-looking information if circumstances or management's estimates or opinions should change except as required by law. The reader is cautioned not to place undue reliance on forward-looking statements. For a description of the risks and uncertainties facing the Company and its business and affairs, readers should refer to the Company's Management's Discussion and Analysis and other disclosure filings with Canadian securities regulators, which are posted on www.sedar.com.