



## Happy Belly Food Group Announces 5th Consecutive Record Quarter, and 7th Consecutive Quarter of QoQ Growth

Toronto, Ontario (August 25<sup>th</sup>, 2023) - Happy Belly Food Group Inc. (CSE:HBFG) (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 June 30<sup>th</sup>, 2023.

### Financial Highlights

- For the **second consecutive quarter** the company has recorded a profitable quarter for both the Quick Service Restaurants ("QSR") division and the Consumer Products Goods ("CPG") division, after non-cash items. The consistency in our approach to deliver repeatable results is a key pillar as we march towards company-wide profitability.
- Q2 2023 represents the **third consecutive quarter** the company achieved over \$1 million in total revenue, recording a healthy \$1,322,508 compared to \$620,176 in Q2 2022, an increase of \$702,322 (+113%) in revenue year over year (YoY).
- Q2 2023 was the **fifth consecutive record quarter** for the company delivering \$1,322,508 in total revenue vs \$1,038,876 in Q1 2023, an increase of \$283,632 (+27%) in revenue quarter over quarter (QoQ).
- Q2 2023 represents the **seventh consecutive quarter** of QoQ growth.
- Net loss after adding back non cash items on Q2 2023 revenues of \$1,322,508 was (\$206,556) vs (\$311,196) on Q1 2023 revenues of \$1,000,167, a decrease of net losses by 34% while increasing revenue by 27% QoQ. This is the third consecutive quarter of decrease net losses after non-cash items as revenues continue to climb.
- For the first time the company has recorded *Franchise Royalties* as the franchising program across its brand portfolios has been initiated and is now operational.
- **Gross Margin:** Happy Belly increased its gross margin to 52% compared to 42% in the same period 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 of \$1,453,000 as of June 30<sup>th</sup>, 2023.

"With our 7<sup>th</sup> consecutive quarter of QoQ growth, and 5<sup>th</sup> 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.

"We are witnessing a consistent and repeatable pattern on the company's ability to stay financially disciplined while achieving organic and inorganic growth. Our ability to deliver is an 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 the first half of 2023. Establishing a sales-driven framework for delivery as an organization has focused our performance on the bottom line while delivering consistent growth. 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."

"Franchising revenue for all our QSR brands is a key component to our future quarters of growth. Happy Belly's performance will continue to improve as we remain disciplined, and work to 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."

### **Brand Highlights**

Heal Wellness had a revenue increase of 51% for H1'2023 vs H2'2022, and an 130% revenue increase for Q2'2023 vs Q2'2022.

Lettuce Love has a revenue increase of 27% for Q2'2023 vs Q1'2023

Holy Crap Cereals and Oatmeal's had a revenue increase of 27% for H1'2023 vs H1'2022, and an 8% revenue increase for Q2'2023 vs Q2'2022.

LumberHeads Popcorn had a revenue increase of 158% for H1'2023 vs H1'2022, and an 39% revenue increase for Q2'2023 vs Q2'2022.

### **Q2 Corporate Highlights**

On April 3<sup>rd</sup>, 2023, Happy Belly Food Group Closes First Tranche of Oversubscribed Above-Market Convertible Note Financing for Proceeds Of C\$1,000,000



On April 4<sup>th</sup>, 2023, Happy Belly's HEAL Wellness QSR Expands to Milton Ontario with the Signing of a New Corporate Location

On April 10<sup>th</sup>, 2023, Happy Belly Signs LOI with Binding Provisions for the Acquisition of KOA Natural Foods

On April 14<sup>th</sup>, 2023, Happy Belly Food Group to Expand Distribution of Holy Crap Oatmeal at Healthy Planet

On April 20<sup>th</sup>, 2023, Happy Belly Food Group Announces 3rd Consecutive Record Quarter, and 5th Consecutive Quarter of QoQ Growth

On April 28<sup>th</sup>, 2023, Happy Belly Food Group Announces HEAL Wellness QSR Signs 30 Unit Area Development Agreement in Alberta

On May 5<sup>th</sup>, 2023, Happy Belly's HEAL Wellness QSR Expands to Mississauga Ontario with the Signing of a New Corporate Location

On May 12<sup>th</sup>, 2023, Happy Belly's HEAL Wellness QSR Opens New Corporate Location in Milton Ontario

On May 16<sup>th</sup>, 2023, Happy Belly Launches Next Level Partners, a Strategic Advisory Division for Early-Stage Food Companies

On May 19<sup>th</sup>, 2023, Happy Belly Closes its Franchise Acquisition Agreement with PIRHO Fresh Greek Grill

On May 26<sup>th</sup>, 2023, Happy Belly Food Group Announces 4th Consecutive Record Quarter, and 6th Consecutive Quarter of QoQ Growth

On June 28<sup>th</sup>, 2023, Happy Belly Food Group Signs First Next Level Partners Client, and Update on Lady Glaze Transaction

On June 29<sup>th</sup>, 2023, Happy Belly's HEAL Wellness QSR Opens New Corporate Location in Port Credit, Mississauga

### **About Happy Belly Food Group**

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

### **Happy Belly Food Group**

Shawn Moniz

Chief Executive Officer



FOR FURTHER INFORMATION, PLEASE VISIT:

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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](http://www.sedar.com).*