



Happy Belly Food Group Announces 7th Consecutive Record Quarter, and 9th Consecutive Quarter of QoQ Growth

Toronto, Ontario (April 19th, 2024) - 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 year ended December 31st, 2023.

"I'm extremely proud of the positive progress that our management team, alongside our brand partners, have been able to achieve in fiscal 2023. With our ninth (9th) consecutive QoQ growth, and seventh (7th) 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, Chief Executive Officer of Happy Belly Food Group. We are once again witnessing the consistent and repeatable pattern of Happy Belly's operations staying financially disciplined while achieving organic and inorganic growth as we successfully added 8 additional locations to our physical store count in 2023 vs 2022."

"We achieved positive EBITDA for BOTH our CPG and QSR divisions as we accelerated growth within those verticals. Each quarter has resulted in significant QofQ growth while continuing to accelerate our growth, improve operations within our businesses and deliver consistent record quarters for our shareholders."

Financial Highlights

- The Company recorded total revenues (product sales and other income) of \$5.45 million for fiscal 2023 representing 96% year over year growth (2022 - \$2.78 million). The Company continues to realize significant positive momentum in top line sales, driven by organic restaurant sales and new restaurant openings. Gross profit continues to improve due to cost control measures and overall top line sales growth, reporting \$2.62 million (52%) versus \$1.26 million (44%) in fiscal 2022. Total gross profit increased by 117% year over year.
- Total **system wide** restaurant sales were \$5.75 million in 2023 (13 restaurants) versus \$1.63 million in the prior year (5 restaurants). Q4 restaurant sales accounted for \$1.91 million.

- Q4 2023 was the **seventh consecutive record quarter** for the company delivering \$1.6 million in total revenue vs \$1.5 million in Q3 2023, despite seasonality and extremely strong sales performance during the prior quarter.
- Q4 2023 represents the **ninth consecutive quarter** of QoQ growth and gross profit has improved by 37% versus Q4 2022.
- The Company delivered very strong operating results from its Quick Service Restaurants (“QSR”) and the Consumer Product Goods (“CPG”) divisions.
 - QSR division recorded revenue increases from \$1.69 million in fiscal 2022 to \$3.72 million in fiscal 2023 (120% year over year improvement), attributed to strong organic sales momentum on baseline restaurants and two new Heal Wellness openings in Q2 2023 (Milton and Port Credit, Ontario).
 - QSR division recorded positive EBITDA⁽¹⁾ of \$440,090 in fiscal 2023 compared to a loss of \$64,200 in the prior year. The QSR segment of Happy Belly Food Group continues to see positive EBITDA growth year over year.
 - Our CPG division recorded revenue increases from \$1.05 million in fiscal 2022 to \$1.30 million in fiscal 2023 (24% year over year improvement), driven by improved organic growth and increased distribution channels.
 - The CPG division reported positive EBITDA⁽¹⁾ of \$430 in fiscal 2023 compared to a loss of \$94,181 in 2022.
- Total net operating loss for the Company after removal of non-cash items and financing charges for 2023 was \$0.57 million compared to \$1.42 million in 2022. Two new corporate restaurant openings for Heal Wellness, one-time costs of building the Joey Turks restaurant, increased legal and training costs were the primary factors in the increased operating expenses.
- The Company continues to maintain a healthy balance sheet with net working capital of \$0.80 million in 2023. Cash and cash equivalents is \$1.27 million as of December 31, 2023.
- Since March 2023 when our franchising program was launched the company recorded nine (9) months worth of franchising revenue inclusive of franchise fees and royalties for a total of \$228,070 in fiscal 2023 versus nil in 2022.

“Franchising revenue for all our QSR brands is a key component to our future expansion and growth model. 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.”

Q4 Corporate Highlights

- On December 8th, 2023, the Issuer announces partnering with Coho Collective Kitchens to help propel their growth strategy.
- On December 5th, 2023, the Issuer announces signing a definitive agreement to acquire 50% of Yolks Breakfast Inc., a BC based breakfast chain.
- On December 1st, 2023, the Issuer announces signing of a Ten-Unit term sheet in Florida, USA in preparation for US entry of the Heal Wellness brand.
- On November 29th, 2023, the Issuer announces the signing of real estate location in Sherwood Park, Alberta as part of a Five-Unit franchise agreement for the Heal Wellness brand in Alberta.
- On November 27th, 2023, the Issuer announces the opening of the first ever Joey Turks restaurant in Hamilton, Ontario, which is a fast casual Caribbean restaurant brand.
- On November 23rd, 2023, the Issuer announces the company secured a new store location for the opening of a 3rd Rosie's Burgers in downtown Toronto, Ontario. In addition, an area development agreement announced for 20 franchised restaurants in Alberta and 30 franchised restaurants in Ontario for Rosie's Burgers
- On November 17th, 2023, the Issuer announces the signing of real-estate location in Chilliwack, British Columbia as part of a Five-unit franchise agreement for the Heal Wellness brand in British Columbia
- On November 14th, 2023, the Issuer announces the acquisition of smash burger brand Rosie's Burgers
- On October 5th, 2023, the Issuer announces the signing of Six-Unit franchise agreement in the greater Toronto area for the Lettuce Love brand.

Subsequent Events

- On April 18th, 2024 the Issuer's HEAL Wellness QSR Announces the Signing of Its 24th Franchise and Secured Real-Estate in the City of Edmonton, Alberta
- On April 17th, 2024 the Issuer's Joey Turks Island Grill QSR Announces the Signing of the Brand's Second Real-Estate Location in Scarborough, Ontario
- On April 16th, 2024 the Issuer's Yolks Breakfast Signs Three-Unit Franchise Agreement in Calgary, Alberta
- On April 11th, 2024 the Issuer's Yolks Breakfast Announces Signing of First Real-Estate Location in Canada's Capital, Ottawa, Ontario, as National Expansion Accelerates
- On April 5th, 2024 the Issuer's Yolks Breakfast Signs Five-Unit Franchise Agreement in Ontario

- On April 3rd, 2024 the Issuer's Joey Turks Island Grill Announces the Signing of the Brand's First Franchisee for Scarborough, Ontario
- On March 25th, 2024 the Issuer's CPG Division Expands with First International Order, Record Sales Month and Record Purchase Order
- On March 15th, 2024 the Issuer's HEAL Wellness QSR Announces the Opening of its Newest Location in The Beaches, Toronto
- On March 5th, 2024 the Issuer's HEAL Wellness QSR Announces the Signing of Its 19th Franchise, in the City of Hamilton, Ontario
- On February 23rd, 2024 the Issuer Closed a 3rd Above-Market Non-Brokered Convertible Note Financing for Proceeds of C\$1,000,000 from its first investment fund, Trio Capital
- On February 13th, 2024 the Issuer's Heal Wellness QSR Announces Signing of Real-Estate Location in West Abbotsford, British Columbia
- On February 7th, 2024, the Issuer's Breakfast Brand Yolks Signs 25-Unit Area Development Agreement in Ontario with Experienced Breakfast Developer
- On January 29th, 2024, the Issuer Closes Acquisition of Yolks Breakfast Inc, a BC Based Breakfast Restaurant Chain
- On January 24th, 2024, the Issuer Announces the Securing of a Lease for a New Co-Branded Store with Lettuce Love Café and Heal Wellness QSRs in the Bloor-West Neighborhood of Toronto
- On January 18th, 2024, the Issuer's Heal Wellness QSR Announces Signing of Real-Estate Location Serving the University of Alberta in Edmonton
- On January 10th, 2024, the Issuer's Joey Turks Island Grill Launches Franchising Program with the Signing of a 30 Unit Area Development Agreement for Ontario
- On January 4th, 2024, the Issuer Signs Binding Agreement to Acquire 100% of CraveIT Restaurant Group's Via Cibo Restaurant Chain

(1) EBITDA is a non-IFRS and non-GAAP financial measure which does not have a standardised meaning prescribed by IFRS. The Company has included this 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.

About Happy Belly Food Group

Happy Belly Food Group Inc. (CSE: HBFQ) (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.sedarplus.ca.