



Happy Belly Food Group Announces 8th Consecutive Record Quarter, and 10th Consecutive Quarter of QoQ Growth

Toronto, Ontario (May 24th, 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 quarter ended March 31st, 2024.

"I'm extremely proud of the continuous and positive progress that our management team, alongside our brand partners have accomplished throughout the first quarter of fiscal 2024. With our tenth (10th) consecutive QoQ growth, and eighth (8th) consecutive record setting quarter in total 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 completed our largest M&A in January 2024 (Via Cibo restaurant group), acquired Yolks Breakfast Inc. subsequently in the same month, and opened the first franchised Heal Wellness restaurant in Toronto, Ontario on March 15, 2024."

"We achieved positive EBITDA for BOTH our CPG and QSR divisions as we accelerated growth within those verticals. Each quarter has resulted in significant QoQ momentum 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 \$1.88 million during the first quarter of fiscal 2024, representing a 79% increase as compared to the same periods in 2023 (Q1 2023 - \$1.05 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 \$0.78 million (51%) in Q1 2024 versus \$0.48 million (47%) in 2023. Total gross profit increased by 62% year over year.

- Total system wide restaurant sales were \$5.37 million during the first quarter of 2024 (26 restaurants) versus \$1.91 million in Q4 2023 (13 restaurants). The significant increase is driven by the organic growth within baseline restaurants, combined with the acquisition of Via Cibo restaurant group and Yolks Breakfast Inc. during January 2024.
- Q1 2024 was the eighth consecutive record quarter for the company delivering \$1.88 million in total revenue vs \$1.57 million in Q4 2023 and represents the tenth consecutive quarter of QoQ growth.
- The Company delivered very strong and positive operating results from its Quick Service Restaurants ("QSR") and the Consumer Product Goods ("CPG") divisions.
- QSR division recorded revenue increases from \$0.70 million in Q1 2023 to \$1.11 million in Q1 2024 (59% year over year improvement), attributed to strong organic sales momentum on baseline restaurants, three new restaurant openings (two Heal Wellness openings in Q2 2023 and Joey Turks Island Grill in Q4 2023), and franchise revenues received across the acquired brands throughout fiscal 2023 and into Q1 2024.
- Our QSR division recorded positive EBITDA(1) gain of \$123,752 in Q1 2024 as compared to a gain of \$26,220 in Q1 2023. The QSR segment of Happy Belly Food Group continues to see positive EBITDA growth quarter over quarter and year over year.
- Our CPG division also recorded positive EBITDA(1) gain of \$49,678 in Q1 2024 as compared to a loss of \$7,074 in Q1 2023, driven by improved organic growth, increased distribution channels and cost efficiencies.
- Total net operating gain for the Company after removal of non-cash items (depreciation and amortization) and financing charges for Q1 2024 was \$16,613 as compared to a loss of \$244,887 in Q1 2023. Two new corporate restaurant openings for Heal Wellness, one-time costs of building the Joey Turks restaurant, increased legal expenses and marketing investments were the primary factors in the increased operating expenses.
- Net cash flow from operating activities in Q1 2024 was (\$92,499) vs (\$311,196) in Q1 2023.
- The Company continues to maintain a healthy balance sheet with net working capital of \$1.12 million as at Q1 2024. Cash and cash equivalents is \$2.18 million as of March 31, 2024.
- Since March 2023 when our franchising program was launched the company recorded thirteen (13) months worth of franchising revenue inclusive of franchise fees and royalties for a total of \$510,754. 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.

Q1 2024 Corporate Highlights

- 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.

Subsequent Events

- On May 16th, 2024 the Issuer Announces the Securing of a Lease and Franchisee for a 3rd Multi-Unit Branded Location with Lettuce Love Café and Heal Wellness QSR in Hamilton, Ontario.
- On May 1st, 2024 the Issuer's Heal Wellness Announces the Increase of a Multi-Unit Franchise Agreement from 5 Units to 10 Units.
- On May 8th, 2024 the Issuer's Rosie's Burgers Announces the Signing of a 20-Unit Area Development Agreement in the province of British Columbia.
- On May 1st, 2024 the Issuer's Via Cibo Announces the Signing of a 15-Unit Area Development Agreement in the province of Ontario.
- On April 24th, 2024 the Issuer Announces the Acquisition Closing of CraveIT Restaurant Group's Via Cibo Restaurant Chain.
- On April 23rd, 2024, the Issuer's HEAL Wellness QSR Announces the Signing of Its 25th Franchise and First Enclosed Mall Location in the Greater Toronto Area.
- On April 19th, 2024 the Issuer Announces its financial results and corporate update for the year ended December 31st, 2023.
- 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.

(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.

Additional Updates:

The Company announces that it has granted 1,300,000 performance stock options (the "Options") to members of the board of directors in accordance with its Option plan for achieving 10 **consecutive** quarters of growth as a milestone. The Options are exercisable at \$0.50 per common share (the "Shares") for a period of two years from the date of grant and are subject to the following vesting triggers, aligning the performance Options to the board performance warrants earning out at \$2.00/share of Happy Belly Shares, all expiring by June 2026.

Options	Exercise Trigger (Closing Stock Price)
220,000	\$0.50
270,000	\$0.75
270,000	\$1.00
270,000	\$1.50
270,000	\$2.00

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.sedarplus.ca.