



Happy Belly Food Group Announces 9th Consecutive Record Quarter

Toronto, Ontario (August 22nd, 2024) - Happy Belly Food Group Inc. (CSE:HBFG) (OTCQB:HBFGF) ("Happy Belly" or the "Company"), a leading consolidator of emerging food brands is pleased to announce its interim financial results and corporate update for the quarter ended June 30th, 2024.

"I'm extremely proud of the continuous and positive progress that our management team, alongside our brand partners and franchisees achieved throughout the first half of fiscal 2024. With our ninth (9th) consecutive record setting quarter in total revenue, you can see our continued commitment to shareholders as we continue to execute our strategic plans and improve company wide performance," said Shawn Moniz, Chief Executive Officer of Happy Belly Food Group. "We are witnessing consistent and sustainable growth across the company's operations, by staying financially disciplined, while achieving organic and inorganic growth across our portfolio of brands and business segments (QSR and CPG). Our accretive M&A strategy included our largest acquisition in January 2024 (Via Cibo restaurant group) and later in the same month with Yolks Breakfast Inc., which further contributes to the exciting growth of Happy Belly Food Group Inc."

"In Q2 2024, we once again achieved record revenues and positive EBITDA for BOTH our CPG and QSR segments. Each quarter has resulted in significant QoQ momentum while continuing to accelerate our growth, improve operations within our businesses and deliver strong and consistent results for our shareholders."

Financial Highlights

- Total revenues increased 70% in Q2 2024 to \$2.30M versus \$1.35M in Q2 2023. The significant growth was primarily driven by organic product sales growth in both the Quick Service Restaurants (QSR) and Consumer Product Goods (CPG) segments of the business, combined with new franchise fee, royalties and vendor rebate revenues.
- Total product sales from both the QSR and CPG segments increased 42% to \$1.87M in Q2 2024 as compared to \$1.32M in Q2 2023. Both segments continued to be profitable once again this quarter. QSR EBITDA reached \$0.28M in Q2 2024 versus



\$0.21M in Q2 2023, representing an increase of 33%. CPG EBITDA reached \$47,826 in Q2 2024 versus \$9,865 in Q2 2023, representing an increase of 385%.

- Gross profit further improved to \$0.99M in Q2 2024 versus \$0.74M in Q2 2023 representing a 34% increase. The improvement in gross profits is attributed to companywide synergies and our continued focus on optimizing product costs and cost efficiencies.
- System sales across QSR brands totaled \$7.55M in Q2 2024 versus \$5.37M (+41%) in the prior quarter and \$1.42M (+432%) in Q2 2023. The increase is attributed to the organic growth with baseline restaurants and the increase in restaurant count from 9 in Q2 2023 to currently 26 opened in Q2 2024. Included in the 26-restaurant count are the recent acquisitions in the past three quarters with Rosie's Burgers (Q4 2023), Via Cibo Franchising Inc. (Q1 2024) and Yolks Breakfast (Q1 2024).
- Normalized adjusted EBITDA(1) increased 178% during the quarter to reach \$29,845, as compared to a normalized adjusted EBITDA loss of (\$107,191) in Q2 2023.
- The Company continues to maintain a Healthy net working capital position \$1.80M in Q2 2024 as compared to \$0.80M in Q4 2023 and \$1.04M in Q2 2023. Total cash and cash equivalents were \$4.13M in Q2 2024 driven by two non-brokered private placements completed in 2024 (\$3M combined) through the issuance of convertible debentures. The closing of the private placements strengthens our balance sheet and provides us the ability to accelerate our growth strategy and executing material M&A opportunities with strong positive cash flow, when the opportunity presents itself.
- Since March 2023 when our franchising program was launched the company recorded sixteen (16) months worth of franchising revenue inclusive of franchise fees and royalties for a total of \$796,376.
- 2 new restaurant openings during Q2 2024. The Heal Lifestyle brand opened one location in Chilliwack, BC (June 9, 2024) and Rosie's Burgers opened in the Well district in Toronto, ON (May 27, 2024).
- "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."

- One-time costs included in Q2 2024: legal fees from M&A pertaining to the closing and independent review committee for Via Cibo, Yolks Breakfast, as well as severance payment to former CFO.

Q2 2024 Corporate Highlights

- On June 27th, 2024, the Issuer Announces closing a non-brokered private placement convertible debenture with Toronto based national investor (K2 & Associates).
- On June 17th, 2024, the Issuer's Yolks Breakfast Inc. Announces the signing of 26-Unit Development Agreement in Quebec with experienced brand developer.
- On June 7th, 2024, the Issuer's Heal Wellness Announces the opening of the brand's eighth location in Chilliwack, British Columbia.
- On May 27th, 2024, the Issuer's Rosie's Burgers Announces the opening of the brand's third Rosie's Burgers location in Toronto's Newest Urban Development, The Well.
- On May 24th, 2024, the Issuer Announces its financial results and corporate update for the quarter ended March 31, 2024.
- On May 23rd, 2024, the Issuer's Heal Wellness Announces the Increase of a Multi-Unit Franchise Agreement in British Columbia from 5 Units to 10 Units.
- On May 22nd, 2024, the Issuer's Heal Wellness Announces the Signing of a franchise agreement for Vaughn, Ontario.
- On May 21st, 2024, the Issuer's PIRHO Fresh Greek Grill Announces the Securing of the first real estate location in the Calgary, Alberta.
- On May 16th, 2024, the Issuer Announces the Securing of a Lease and Franchisee for a third Multi-Unit Branded Location with Lettuce Love Café and Heal Wellness QSR in Hamilton, Ontario.
- 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.

Subsequent Events

- On August 20th, 2023, the Issuer's Joey Turks Island Grill Announces the signing of a 3 store multi-unit agreement for the territory of Scarborough, Ontario.



- On August 19th, 2024, the Issuer's Rosie's Burgers Announces the Signing of a franchise agreement in Vaughan, Ontario (8th locations to date).
- On August 15th, 2024, the Issuer's Joey Turks Island Grill Announces the opening of the brand's second location in Scarborough, Ontario.
- On August 9th, 2024, the Issuer's Heal Wellness Announces the opening of the brand's tenth location in West Abbotsford, British Columbia.
- On July 29th, 2024, the Issuer Announces the Signing of a Binding Agreement to acquire 50% of SALUS Fresh Foods QSR restaurant chain.
- On July 26th, 2024, the Issuer's Yolks Breakfast Inc. Announces the Signing of it's first franchisee in Quebec.
- On July 24th, 2024, the Issuer's Heal Wellness Announces the Signing of a 40-Unit Area Development Agreement in Ontario with seasoned developer.
- On July 19th, 2024, the Issuer's Heal Wellness Announces the opening of the brand's ninth location in Sherwood Park, Alberta.
- On July 17th, 2024, the Issuer's Rosie's Burgers Announces the Signing of a franchise agreement in Oakville, Ontario.
- On July 4th, 2024, the Issuer's Heal Wellness Announces the Signing of a franchise agreement for Whitby, Ontario.
- On July 10th, 2024, the Issuer's Announces the expansion of their CPG offerings with a new flavour, retail, and distribution in the Lumberheads Popcorn brand.
- On July 8th, 2024, the Issuer's Heal Wellness Announces the Signing of its forty-third franchise and third real estate location in Calgary's Bridgeland Area.
- On July 5th, 2024, the Issuer's Rosie's Burgers Announces the Signing of a franchise agreement in Burlington, Ontario.

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- On July 4th, 2024, the Issuer's Heal Wellness Announces the Signing of a franchise agreement for Richmond Hill, Ontario.
- On July 3rd, 2024, the Issuer's Rosie's Burgers Announces the signing of their second franchisee and real-estate location in Calgary, Alberta (first on June 26, 2024).

(1) *Adjusted EBITDA is a non-IFRS financial measure which does not have a standardised meaning prescribed by IFRS. 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. 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.*

Adjusted EBITDA is defined as net comprehensive income or (loss), excluding interest, taxes, depreciation and amortization (EBITDA), adjusted for share-based compensation, foreign exchange gains and losses, impairment and non-recurring expenses.





About Happy Belly Food Group

Happy Belly Food Group Inc. (CSE: HBFG) (OTCQB: HBFGF) ("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. 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.