

**FORM 7**  
**MONTHLY PROGRESS REPORT**

Name of Listed Issuer: Happy Belly Food Group Inc. (the “Issuer” or “Happy Belly”).

Trading Symbol: HBFG

Number of Outstanding Listed Securities: 107,207,198

Date: November 30, 2022

This Monthly Progress Report must be posted before the opening of trading on the fifth trading day of each month. This report is not intended to replace the Issuer’s obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by Exchange Policies. If material information became known and was reported during the preceding month to which this report relates, this report should refer to the material information, the news release date and the posting date on the Exchange website.

This report is intended to keep investors and the market informed of the Issuer’s ongoing business and management activities that occurred during the preceding month. Do not discuss goals or future plans unless they have crystallized to the point that they are "material information" as defined in the Policies. The discussion in this report must be factual, balanced and non-promotional.

**General Instructions**

- (a) Prepare this Monthly Progress Report using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the items must be in narrative form. State when the answer to any item is negative or not applicable to the Issuer. The title to each item must precede the answer.
- (b) The term “Issuer” includes the Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

**Report on Business**

- 1. Provide a general overview and discussion of the development of the Issuer’s business and operations over the previous month. Where the Issuer was inactive disclose this fact.

**See Item 2 below for a complete overview and discussion of the Issuer’s activities for the month of November 2022.**

- 2. Provide a general overview and discussion of the activities of management.

**On November 17, 2022, the Issuer announced that it has completed construction and opened a new corporate location for its Heal Wellness brand in the heart of Burlington’s Central Business District, located in downtown Burlington.**

**On November 18, 2022, the Issuer announced that it has signed a binding letter of intent to partner in the franchising operations of Pirho Grill, a gourmet bowls, wraps, and pitas fast casual Greek restaurant with the fresh wholesome tastes of Greece and the Mediterranean.**

**This transaction is aligned with the Issuer’s strategic plan and goals of delivering shareholder value through accretive M&A. Post closing of this accretive transaction we anticipate immediate organic growth from Pirho Grill through the existing four (4) locations and net new franchised locations being established throughout 2022 and 2023 through an aggressive Canada-wide franchising program. Sourcing of suitable new locations is currently underway as we work with the Pirho Grill management team on a combined accelerated growth strategy. Happy Belly is looking at the expansion of Pirho Grill fast casual Greek restaurants via corporate and franchise locations.**

**Acquisition Details**

**Happy Belly & Pirho Grill have entered into a binding agreement that sets out the essential terms for the formation of a joint venture between Happy Belly and Pirho Grill by way of incorporation of a new JVCo for the purposes of corporate franchise expansion and growth of Pirho Grill Fast Casual Greek Restaurants.**

Happy Belly will issue to JVCo such number of common shares of Happy Belly equal in value to \$250,000 (based on a 10-day VWAP) at time of closing for 50% ownership of the JVCo. The JVCo receiving the shares will be 50% owned by Happy Belly, and George Plagakis will own the remaining 50% in exchange for Pirho Grills franchising rights, brand assets and IP rights. Happy Belly will have majority board of directors ownership. The Issuer anticipates the closing of this agreement to take place within the next 30 days. Happy Belly has also obtained the rights to acquire the remaining 50% of the business at its optionality.

Based upon 2023 growth plans for Pirho Grill, the Issuer expects to open at least eight franchise locations that would operate under the joint venture agreement between the Parties. Gross system sales of approximately \$7,500,000 are forecasted to be generated from the eight franchises to be opened.

#### **About Pirho Grill**

Pirho Grill is a Greek Mediterranean Casual restaurant currently operating in Ontario and with a franchise model to be deployed by Happy Belly.

On November 22, 2022, the Issuer announced its financial results and corporate update for the three and nine months ended September 30, 2022.

#### **Financial Highlights**

- **Sales Revenue**
  - Q3 2022 was a record quarter, and the second consecutive record quarter for the Issuer delivering \$794,460 in revenue vs \$620,176 in Q2 2022, an increase of \$174,284 (+28%) in sales quarter over quarter (QoQ).
  - Q3 2022 nine-month revenue of \$794,460 vs \$294,895 in Q3 2021 represents a year over year (YoY) increase of \$499,565 (+169%)
  - Q3 2022 represents the 4th consecutive quarter of increased sales
  - The nine months ended September 30, 2022, revenue was \$1,739,318 vs \$918,233 in the nine months ended September 30, 2021, an increase of \$821,085 (+89%).
- Gross Profit increased to 45% for Q3 2022 vs 40% in Q2 2022, signalling growth in operations and efficiencies in manufacturing processes. 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.
- General and Administrative Expenses totaled \$1,738,278 for the nine months ended September 30, 2022, vs 3,873,300 in the equivalent nine month period of 2021, representing a decrease of 55% or \$2,134,722 of operational expenses.
- Working Capital at September 30, 2022 is \$1,608,962.

#### **Corporate Highlights**

In June/July the Issuer closed an Oversubscribed Above-Market Convertible Note Offering for proceeds of \$2 million dollars, The Notes are convertible into common shares at \$0.20/share in year 1 or \$0.25/share in year 2. In July the Issuer announced a binding Letter of Intent to acquire 100% of Lettuce Love Quick Serve Restaurant. The transaction closed in the first week of October. In August, Happy Belly announced a record quarter, and 3rd consecutive quarter of QoQ growth. Our subsidiary Lumber Heads Food Co announced expanding distribution with DSM distribution across the GTA and southern Ontario. Our subsidiary Holy Crap Foods completes a listing into 34 Rabba Fine Foods Locations across Ontario. Also, in August the brand Expands Distribution to 69 Metro Locations Across Ontario.

On October 1st, 2022, the Issuer expanded outside of plant-based for accelerated growth and completed a name change to Happy Belly Food Group to better reflect the companies go-forward strategy.

**On November 25, 2022, the Issuer announced that its popcorn CPG brand, LumberHeads, is now being distributed by Sheldon Creek Dairy, an Ontario-based business servicing over 400 retail locations through its food distribution network. An initial order for LumberHeads popcorn has already been delivered for a select number of stores, making LumberHeads popcorn available in retail locations across Sheldon Creek Dairy's food distribution network.**

Describe and provide details of any new products or services developed or offered. For resource companies, provide details of new drilling, exploration or production programs and acquisitions of any new properties and attach any mineral or oil and gas or other reports required under Ontario securities law.

**See Item 2.**

3. Describe and provide details of any products or services that were discontinued. For resource companies, provide details of any drilling, exploration or production programs that have been amended or abandoned.

**None.**

4. Describe any new business relationships entered into between the Issuer, the Issuer's affiliates or third parties including contracts to supply products or services, joint venture agreements and licensing agreements etc. State whether the relationship is with a Related Person of the Issuer and provide details of the relationship.

**See Item 2. Pirho Grill is not a Related Person of the Issuer.**

5. Describe the expiry or termination of any contracts or agreements between the Issuer, the Issuer's affiliates or third parties or cancellation of any financing arrangements that have been previously announced.

**None.**

6. Describe any acquisitions by the Issuer or dispositions of the Issuer's assets that occurred during the preceding month. Provide details of the nature of the assets acquired or disposed of and provide details of the consideration paid or payable together with a schedule of payments if applicable, and of any valuation. State how the consideration was determined and whether the acquisition was from or the disposition was to a Related Person of the Issuer and provide details of the relationship.

**N/A.**

7. Describe the acquisition of new customers or loss of customers.

**N/A.**

8. Describe any new developments or effects on intangible products such as brand names, circulation lists, franchises, licenses, patents, software, subscription lists and trade-marks.

**N/A.**

9. Report on any employee hirings, terminations or lay-offs with details of anticipated length of lay-offs.

**None.**

10. Report on any labour disputes and resolutions of those disputes if applicable.

**None.**

11. Describe and provide details of legal proceedings to which the Issuer became a party, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings.

**None.**

12. Provide details of any indebtedness incurred or repaid by the Issuer together with the terms of such indebtedness.

**N/A.**

13. Provide details of any securities issued and options or warrants granted.

**None.**

14. Provide details of any loans to or by Related Persons.

**N/A.**

15. Provide details of any changes in directors, officers or committee members.

**N/A.**

16. Discuss any trends which are likely to impact the Issuer including trends in the Issuer's market(s) or political/regulatory trends.

**None.**

## Certificate of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Certificate of Compliance.
2. As of the date hereof there were is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to CNSX that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all CNSX Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 7 Monthly Progress Report is true.

Dated: November 30, 2022.

Shawn Moniz  
Name of Director or Senior Officer

"Shawn Moniz"  
Signature

CEO & Director  
Official Capacity

<b>Issuer Details</b> Name of Issuer	For Month End	Date of Report YY/MM/D
<b>Happy Belly Food Group Inc.</b>	<b>November 2022</b>	<b>2022/11/30</b>
Issuer Address <b>400-1681 Chestnut Street</b>		
City/Province/Postal Code <b>Vancouver, BC V6J 4M6</b>	Issuer Fax No. <b>604.737.1140</b>	Issuer Telephone No. <b>833.375.2682</b>
Contact Name <b>Shawn Moniz</b>	Contact Position <b>CEO &amp; Director</b>	Contact Telephone No. <b>833.375.2682</b>
Contact Email Address <a href="mailto:shawn@happybellyfg.com">shawn@happybellyfg.com</a>	Web Site Address <a href="http://happybellyfg.com">happybellyfg.com</a>	