



## Happy Belly Food Group Signs a Binding LOI with Lady Glaze – A Gourmet Doughnut and Dessert Business

Toronto, Ontario (December 12<sup>th</sup>, 2022) - 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 that it has signed a binding acquisition agreement for Lady Glaze, a Gourmet Doughnut and Dessert business with five (5) existing locations and a 3,000 square foot manufacturing facility.



"The opportunity to be a growth partner with founders Mark Brown and his business partners Trudy and Dan on Lady Glaze's expansion was impossible to pass up", said Sean Black, Chief Investment Officer of Happy Belly. "They are a category leader in the gourmet donut



business with having opened 5 successful locations in Ontario within 3 short years. Their bakeries in Hamilton, Kitchener, Guelph, Stratford, and Cambridge are augmented with the addition of 2 full-service food trucks that are constantly in operations with high demand corporate and private event bookings. All production needs are supported by a 3,000 square foot manufacturing facility in Cambridge. We anticipate scaling the Lady Glaze business very quickly in 2023 across Ontario”.

“This accretive transaction is aligned with our strategic plan and goals of delivering shareholder value through organic and inorganic growth. This emerging brand is just starting its growth trajectory and we are proud to stand alongside its founders and business partners as we scale and expand the Lady Glaze presence across Ontario. Its business operations are synergistic with our current QSR operations of Happy Belly and checks all boxes of what we look for in a business: good food, good people, and an accretive emerging brand that can deliver organic growth going forward”.

Post closing of this accretive transaction the company anticipates immediate organic growth from Lady Glaze through its existing five (5) locations and net new locations being established throughout 2023. Sourcing of suitable net new locations is currently underway as the company works with the Lady Glaze management team on an accelerated growth strategy.

### **Acquisition Details**

Happy Belly & Lady Glaze have entered into a binding agreement that sets out the essential terms for the formation of a joint venture between the parties by way of incorporating a new JVCo for the purposes of corporate expansion and growth of Lady Glaze.

At time of closing for 50% ownership of the JVCo by Happy Belly, an earn-out model has been established for time periods of 12 and 24 months post close, for an agreed upon multiple of 6x TTM EBITDA. In addition, Happy Belly will make available a line of credit as accelerated growth capital to the JVCo for the sum of up to \$250,000.00 CDN. Lady Glaze will own the remaining 50% in exchange for its Lady Glaze business, its current five (5) locations, its production facility, and business assets.

The company anticipates the closing of this agreement to take place in Q1 2023. Happy Belly has also obtained the rights to acquire the remaining 50% of the business at its optionality.

Unaudited financials of Lady Glaze yield over \$2,100,000 CDN in sales revenue with 30% average gross profit. Forecasts for 2023 indicate an organic increase through existing and net new store openings to bring total sales revenue to over \$3,000,000 CDN.



### **About Lady Glaze**

With dozens of curated doughnut and dessert flavours, including a section of gluten free and vegan doughnuts, we believe in choosing natural ingredients over artificial flavours and processed shortcuts. Our selection of baked goods does not include Hydrogenated Oil, Corn Syrup, Mixes or Dyes.

Our glazes are coloured using the natural palette of fruits and vegetables. We use the highest quality of cocoa powder and chocolate. We use real butter, real milk, and real cream. We use real sugar, honey, and maple.

We believe in sourcing our ingredients locally, wherever possible, and collaborating with other local businesses to support one another. We believe in batch production so that the product we offer you is always as fresh as we can make it. We never sell day old doughnuts.

We believe in whole hole foods. Not only because they are better for us, even when we're eating a treat. They simply taste better.

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



Happy Belly Food Group Inc. (CSE: HBFGB)(OTCQB: VGANF) ("Happy Belly" or the "Company"), a leading consolidator of emerging food brands. Its portfolio of brands includes Holy Crap Foods, YamChops, LumberHeads Food Co., Lettuce Love Café, and Heal Wellness.

For more information please visit: [www.HolyCrap.com](http://www.HolyCrap.com), [www.YamChops.com](http://www.YamChops.com), [www.LumberHeads.com](http://www.LumberHeads.com), [www.HealWellness.ca](http://www.HealWellness.ca), [www.LettuceLoveCafe.com](http://www.LettuceLoveCafe.com), [www.LadyGlazeDoughnuts.com](http://www.LadyGlazeDoughnuts.com) and [www.HappyBellyFG.com](http://www.HappyBellyFG.com).



**Happy Belly Food Group**

Shawn Moniz  
Chief Executive Officer

FOR FURTHER INFORMATION, PLEASE VISIT:

www: [www.happybellyfg.com](http://www.happybellyfg.com) or email [hello@happybellyfg.com](mailto:hello@happybellyfg.com)

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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).*