



Happy Belly Signs Definitive Agreement to Acquire 50% of Yolks Breakfast Inc, a BC Based Breakfast Chain

Toronto, Ontario (December 5th, 2023) - 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 it has signed as of December 4th, 2023, a definitive franchise acquisition agreement to acquire 50% of breakfast brand sensation Yolks' Breakfast Inc ("Yolks"), a boutique restaurant brand serving delicious breakfast and brunch delights in the Vancouver area.



"We are very pleased to welcome our first full-service restaurant chain, Yolks Breakfast to our portfolio of emerging brands. This particular brand reminds me of the days of Fresh, where we had a clear category leader in our hands in the very early days of the brand. Yolks is an 'OG' of the Vancouver breakfast scene and is by far the best breakfast experience I have ever had in Canada, so when given the chance to work with founding partner & renowned Chef Steve Ewing, we just had to do it", said Sean Black, Chief Investment Officer of Happy Belly.

"Steve Ewing has worked in restaurants such as Napa Vally based three Michelin Starred - The French Laundry - with Thomas Keller so having him create a brand like Yolks is pretty special for guests. Yolks started out in a Vancouver food truck but due to the huge demand

has since expanded into three (3) bricks and mortar locations in Vancouver. With the signing of this definitive agreement for an asset-light franchising model, we look forward to working with Yolk's founder and his partners Christoph & Gus as we focus on an accelerated franchise development plan across Canada".



"After announcing our entry into franchising in March of this year, we are excited to add Yolks Breakfast to our franchised operations as our fifth (5th) franchised brand. The breakfast category is one of the hottest and fastest growing sectors of the restaurant industry today across North America as proven by the IPO of First Watch Restaurant Group (NASDAQ: FWRG) in the US so this is a very important step for Happy Belly as we continue to diversify our portfolio. We are utilizing our experience as we have grown our previous brands such as Extreme Pita, Mucho Burrito, Burger's Priest, Pur Blendz, and Fresh Restaurants to over 400 franchised and corporate locations. The asset-light franchise model that we are implementing is one that I have worked with previously as it has yielded great success for us in the past. It will continue to be a big part of the future growth plans here for Happy Belly."

This transaction is aligned with our strategic plan and goals of delivering shareholder value through accretive M&A. Post closing of this accretive transaction we anticipate immediate organic growth from Yolks Breakfast through the existing three (3) locations and net new franchised locations being established throughout 2023-2024 as we launch an aggressive Canada-wide franchising program. Sourcing of suitable new locations is currently underway.

Acquisition Details

Happy Belly and Yolks Breakfast Inc have signed a definitive franchise acquisition agreement. A JVCo was incorporated for the purposes of corporate franchise expansion and growth of Yolks Breakfast Inc.

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 the owners of Yolks Breakfast Inc will own the remaining 50% in exchange for Yolks Breakfast franchising rights, brand assets and IP rights. The Company anticipates the closing of this agreement to take place within the next 10 business days.



"Our approach has always been to focus on the development and growth of emerging brands in the food sector. Yolks Restaurant will be an accretive acquisition by Happy Belly Food Group, and it is anticipated that our franchising program will deliver new franchised locations that will continue to drive both the top line and bottom line of the company."

For franchising inquiries please see www.happybellyfg.com/franchise-with-us/ or contact us at hello@happybellyfg.com.

About Yolks Breakfast

Chef Steve Ewing is a strong proponent of breakfast – it's his favourite meal of the day – which is why it's so important to him and why he takes so much care and puts so much effort into its menu. Not only are the eggs free-range, but the bacon is local and the hollandaise isn't some quickie version, but the real deal, just one fast whisking away from le Cordon Bleu. Even the Dijon is made in-house!

About Happy Belly Food Group

Happy Belly Food Group Inc. (CSE: HBBFG) (OTCQB: VGANF) ("Happy Belly" or the "Company")

is a leading consolidator of emerging food brands.

Happy Belly Food Group

Shawn Moniz

Chief Executive Officer

FOR FURTHER INFORMATION, PLEASE VISIT:

www: www.happybellyfg.com or email hello@happybellyfg.com

If you wish to contact us please call: [\(604\) 737-2303](tel:6047372303)

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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.