

FORM 51-102F3
MATERIAL CHANGE REPORT

Item 1: Name and Address of Reporting Issuer

Happy Belly Food Group Inc. (the “**Company**” or “**Happy Belly**”)
400-1681 Chestnut Street
Vancouver, BC V6J 4M6

Item 2: Date of Material Change

April 23, 2024.

Item 3: News Release

A news release was issued and disseminated on April 24, 2024 and filed on SEDAR+ (www.sedarplus.ca).

Item 4: Summary of Material Changes

The Company announced that on April 23, 2024, it closed its acquisition of CraveIt Restaurant Group’s (“**CraveIt**”) Via Cibo Restaurant Chain (“**Via Cibo**”), serving fast casual Italian street food as initially announced in the Company’s press release dated January 5, 2024 (the “**Transaction**”). See Item 5 for further details.

Item 5.1: Full Description of Material Change

The Company announced that on April 23, 2024, it closed its acquisition of CraveIt’s Via Cibo, serving fast casual Italian street food, as initially announced in the Company’s press release dated January 5, 2024.

The Transaction is non-arms length, involving board members of Happy Belly, namely Sean Black, Alex Rechichi, and Mark Rechichi (the “**Vendors**”). To ensure transparency and fairness, an independent Review Committee comprising of Shawn Moniz, Gary Fung, Kevin Cole and Dean Callaway was established to scrutinize and negotiate the Transaction’s terms.

Following the Company’s January 5, 2024 press release, the Company entered into a share exchange agreement with the Vendors of CraveIT on January 4, 2024 (the “**Share Exchange Agreement**”).

In connection with the Transaction, and as a condition of closing, the Company intends issue to each of the Vendors, divided equally (being one third to each of the Vendors (as defined below)): (i) common shares of the Company (the “**Consideration Shares**”) in the aggregate value of \$450,000, in exchange for all of the issued and outstanding shares in the capital of CraveIt, and (ii) common shares of the Company in the aggregate value of \$50,000 as a working capital payment (the “**Working Capital Shares**”), with the Consideration Shares and Working Capital Shares to be issued at a price that is equal to the 10 day VWAP of the Company’s common shares as of the day immediately prior to the Closing Date. Out of the Consideration Shares, \$360,000 in shares will be restricted from trading for 12 months (the “**Base Purchase Price**”) and \$90,000 in shares to be restricted for 13 months, with \$45,000 in shares (the “**Escrowed Shares**”) of the \$90,000 to be held in escrow. The parties have appointed Garfinkle Biderman LLP as escrow agent (the “**Escrow Agent**”) with respect to the Escrowed Shares pursuant to the terms of the Share Exchange Agreement.

In addition, the Company agreed to issue earn-out payments (if achieved) in the form of the Company’s common shares (being one third to each of the Vendors) (“**Earn Out Shares**”) following the 12 month anniversary of the closing of the Transaction, for the positive difference between the actual EBITDA that CraveIt [and its Subsidiaries achieve] and the estimated EBITDA for the 2024 calendar year, all multiplied by 6, to be issued at a price that is equal to the 10 day VWAP of the Company’s common shares in and around the month subsequent to the 12 month anniversary of the closing date. Should the actual EBITDA be less than the estimated EBITDA, the Consideration Shares will be reduced by the difference, multiplied by 6, subject to the minimum of the Base Purchase Price.

The Consideration Shares, Working Capital Shares, and Earn Out Shares (if any) will be subject to a statutory hold period of four months and one day.

The Vendors, being Mr. Alex Rechichi, Mr. Mark Rechichi, and Mr. Sean Black, all directors of Company, are shareholders of CraveIt, and therefore the Transaction constitutes a “related party transaction under Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions (“**MI 61-101**”). The Company is relying on exemptions from the formal valuation and minority approval requirements of MI 61-101 based on a determination that the securities of the Company are listed on the Canadian Securities and that neither the fair market value of the subject matter of, nor the fair market value of the consideration for, the Transaction, in so far as it involves interested parties, exceeds 25% of the market capitalization of the Company. Pursuant to MI 61-101, the Company will file a material change report providing disclosure in relation to each “related party transaction” on SEDAR+ under the Company’s issuer profile at www.sedarplus.ca. The Company did not file the material change report more than 21 days before the expected closing date of the Transaction as the details of the Transaction and the participation therein by each “related party” of the Company were not settled until shortly prior to the closing of the Transaction, and the Company wished to close the Transaction on an expedited basis for sound business reasons.

Related Party Disclosure

The following supplementary information is provided in accordance with Section 5.2.

(a) a description of the transaction and its material terms:

See item 5.1 above.

(b) the purpose and business reasons for the transaction:

See item 5.1 above.

(c) the anticipated effect of the transaction on the issuer’s business and affairs:

See item 5.1 above.

(d) a description of:

(i) the interest in the transaction of every interested party and of the related parties and associated entities of the interested parties:

Prior to the closing of the Transaction, Alex Rechichi, a director of the Company held 651,000 common shares of the Company. Pursuant to the Transaction, Mr. Rechichi acquired 460,317 common shares. After closing of the Transaction, the number of common shares beneficially owned or controlled by Mr. Rechichi is 1,111,317 common shares or approximately 0.95% of the outstanding common shares of the Company.

Prior to the closing of the Transaction, Mark Rechichi, a director of the Company held 325,000 common shares of the Company. Pursuant to the Transaction, Mr. Rechichi acquired 460,317 common shares. After closing of the Transaction, the number of common shares beneficially owned or controlled by Mr. Rechichi is 785,317 common shares or approximately 0.67% of the outstanding common shares of the Company.

Prior to the closing of the Transaction, Sean Black, a director of the Company held 1,931,000 common shares of the Company. Pursuant to the Transaction, Mr. Black acquired 460,317 common shares. After closing of the Transaction, the number of common shares beneficially owned or controlled by Mr. Black is 2,391,317 common shares or approximately 2.05% of the outstanding common shares of the Company.

(ii) the anticipated effect of the transaction on the percentage of securities of the issuer, or of an affiliated entity of the issuer, beneficially owned or controlled by each person or company referred to in subparagraph (i) for which there would be a material change in that percentage:

See item (d)(i) above.

(e) unless this information will be included in another disclosure document for the transaction, a discussion of the review and approval process adopted by the board of directors and the special committee, if any, of the issuer for the transaction, including a discussion of any materially contrary

view or abstention by a director and any material disagreement between the board and the special committee:

Resolution passed by the board of directors of the Company on April 18, 2024. To ensure transparency and fairness, an independent Review Committee comprising of Shawn Moniz, Gary Fung, Kevin Cole and Dean Callaway was established to scrutinize and negotiate the Transaction's terms.

- (f) **a summary in accordance with section 6.5 of MI 61-101, of the formal valuation, if any, obtained for the transaction, unless the formal valuation is included in its entirety in the material change report or will be included in its entirety in another disclosure document for the transaction:**

Not applicable.

- (g) **disclosure, in accordance with section 6.8 of MI 61-101, of every prior valuation in respect of the issuer that relates to the subject matter of or is otherwise relevant to the transaction:**

- (i) **that has been made in the 24 months before the date of the material change report:**

Not applicable.

- (ii) **the existence of which is known, after reasonable enquiry, to the issuer or to any director or senior officer of the issuer:**

Not applicable.

- (h) **the general nature and material terms of any agreement entered into by the issuer, or a related party of the issuer, with an interested party or a joint actor with an interested party, in connection with the transaction:**

In addition to the Share Exchange Agreement entered into with Alex Rechichi, Mark Rechichi and Sean Black, the Company entered into a consulting agreement with Mr. Black.

- (i) **disclosure of the formal valuation and minority approval exemptions, if any, on which the issuer is relying under sections 5.5 and 5.7 of MI 61-101, respectively, and the facts supporting reliance on the exemptions:**

The Vendors, being Alex Rechichi, Mark Rechichi, and Sean Black, all directors of Company, are shareholders of CraveIt, and therefore the Transaction constitutes a "related party transaction under MI 61-101. The Company is relying on exemptions from the formal valuation and minority approval requirements of MI 61-101 based on a determination that the securities of the Company are listed on the Canadian Securities and that neither the fair market value of the subject matter of, nor the fair market value of the consideration for, the Transaction, in so far as it involves interested parties, exceeds 25% of the market capitalization of the Company.

The Company did not file the material change report more than 21 days before the expected closing date of the Transaction as the details of the Transaction and the participation therein by each "related party" of the Company were not settled until shortly prior to the closing of the Transaction, and the Company wished to close the Transaction on an expedited basis for sound business reasons.

The Company will send a copy of this material change report to any security holder of the Company upon request and without charge.

Item 5.2: Disclosure for Restructuring Transactions

Not applicable.

Item 6: Reliance on subsection 7.1(2) or (3) of National Instrument 51-102

Not applicable.

Item 7: Omitted Information

N/A.

Item 8: Executive Officer

For further information, please contact:

Happy Belly Food Group Inc.

Contact: shawn@happybellyfg.com

Item 9: Date of Report

April 25, 2024.