



Happy Belly Signs Binding Agreement to Acquire 50% of SALUS Fresh Foods QSR Restaurant Chain

Toronto, Ontario (July 29th, 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 it has signed as of July 26th, 2024, a binding LOI agreement to acquire 50% of SALUS Fresh Foods and SALUS Fresh Foods Franchising Inc ("**SALUS**"), serving fresh bowls, sandwiches, wraps, soups, smoothies and healthy treats the whole family can enjoy.



Happy Belly begins the back half of 2024 with the signing of its third (3rd) acquisition this year. This marks another stride forward in our journey to becoming a leading consolidator of emerging food brands. This acquisition represents the incorporation of our eighth (8th) restaurant brand, and our tenth (10th) brand overall.

SALUS Fresh Foods, an asset light 100% franchised system, has nine (9) established street-front and food court real estate locations in Ontario. "When looking for an acquisition we look for the 3 P's: People, Product and Process. With co-founders Adam and David Spagnuolo of SALUS Fresh Foods, we found exactly that," said Sean Black, Chief Investment Officer of Happy Belly.

In addition to meeting our criteria for people, product, and process, this acquisition aligns perfectly with the financial metrics and belly check criteria Happy Belly looks for in an acquisition, being debt free and cashflow positive. Once closed, this transaction, as part of our accelerated M&A program, will bring our current total operating count of corporate and franchised restaurants to thirty-eight (38) while having an additional 376 units in our

development pipeline still to **come**. This is another significant achievement since launching our franchising program 16 months ago. It demonstrates our commitment to our shareholders and our executional excellence as we drive disciplined company growth to enhance shareholder value through strategic and accretive M&A."



"This accretive acquisition checks a lot of boxes for Happy Belly, and enhances our ability to scale and integrate future healthy, clean food brands into our framework as we focus on scaling operations in 2024. SALUS Fresh Foods is experiencing a positive +19% increase in same store sales (SSS) YOY, and we anticipate further sales benefits as employees return to work in central business districts. Today SALUS only has locations in Ontario, so we look forward to helping SALUS expand in Ontario as well as beyond the border of Ontario across Canada very shortly. There are meaningful synergies that both SALUS and Happy Belly will immediately benefit from including integration into established operational frameworks such as real estate, franchising, accounting, insurance, purchasing, supplier contracts, rebate systems, shared resources and marketing staff for increased labour and productivity efficiencies, and more. Our approach has always been to focus on the development and growth of emerging brands in the food sector."



Acquisition Details

Happy Belly and SALUS Fresh Foods have signed a binding LOI agreement for the 50% acquisition of SALUS Fresh Foods by Happy Belly.

Happy Belly will issue such number of common shares of Happy Belly equal in value to \$300,000 (based on a 10-day VWAP) at time of closing for 50% ownership of SALUS Fresh Foods, representing an estimated purchase price of 4x EBITDA. The Company anticipates the closing of this agreement to take place within the next 30-90 days. Happy Belly has also obtained the rights to acquire the remaining 50% of the business at its optionality.

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

About SALUS Fresh Foods

Fresh, Healthy, Made from Scratch, Delicious. Everyday our team is slicing, dicing, roasting, marinating, saucing, and having fun while ensuring that every meal is fresh, simple, and delicious. Salus locations are ideally selected in the heart of large urban areas fed by mass transit, with access to busy professionals, students, and families who are in need of a quick and healthy meal.

About Happy Belly Food Group

Happy Belly Food Group Inc. (CSE: HBFG) (OTCQB: HBFGF) ("Happy Belly" or the "Company") is a leading consolidator of emerging food brands.



Happy Belly Food Group

Shawn Moniz

Founder, 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 Happy Belly and her subsidiaries. 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.