



## Happy Belly Food Group Acquires 100% of IQ Foods Co.

Toronto, Ontario - (September 6<sup>th</sup>, 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 that it has acquired 100% of beloved Toronto-based QSR brand IQ Foods Co. ("IQ Foods") and all four IQ Foods locations. IQ Foods offers a variety of delicious, wholesome options like healthy bowls, smoothies, sandwiches, soups, and salads, along with other flavorful clean-eating dishes that the whole family can enjoy.



"Today, we are pleased to announce the 100% acquisition of IQ Foods. Alongside our wholly owned Lettuce Love Café brand, and our binding acquisition agreement for Salus Fresh Foods announced on July 29<sup>th</sup>, we are taking our first steps in executing the next phase of our business strategy by **consolidating emerging brands within sectors**, in addition to developing emerging brands," said Sean Black, Chief Executive Officer.

"This is a key moment in our company's growth as we embark on consolidating sectors, starting with the premium healthy and clean eating vertical. This approach aligns with our strategy, targeting a growth sector that is gaining market share and share of wallet amongst consumers, especially among health-conscious consumers in parts of Canada and the US. We see inspiration in category leaders like Sweetgreen in the US, which has grown significantly in business, store count, and achieved an impressive market cap of over \$3.5 billion USD, not unlike how CAVA accelerated its expansion in the Mediterranean category by acquiring Zoe's Kitchen. Our acquisition of IQ Foods establishes our Happy Belly platform as a strong foundation for our sector consolidation strategy."

IQ Foods is a cornerstone brand in Canada's premium healthy eating market and represents the largest single acquisition of corporate-owned stores that Happy Belly has made to date. Strategically situated in urban and central business districts, IQ Foods serves the needs of thousands of customers who are focused on health and wellness from local businesses while also expanding into catering services, which generates additional revenue in major metropolitan centers. This approach has built strong brand awareness and a loyal customer base through word-of-mouth and most importantly, happy and satisfied customers. As part of the acquisition Happy Belly takes ownership of four downtown Toronto locations:

- **100 King Street West (First Canadian Place)**
- **18 York Street (Financial Centre)**

*Providing food services to consumers in multiple business towers housing thousands of businesses, as well as surrounding densely populated commercial areas. These two strategic locations allow IQ Foods to efficiently cater to the daily needs of corporate clients, office workers, and professionals, offering everything from quick lunches and snacks to full-service meal options. At the same time, IQ Foods maintains a thriving catering business, delivering customized meal solutions for corporate events, meetings, and special occasions. This dual focus enables IQ Foods to reach a diverse, high-end customer base, enhance brand visibility, and capitalize on the high demand for convenient, premium quality food options in Toronto's active financial district.*

- **199 Bay Street (Equinox Gym and Fitness Center)**
- **55 Avenue Road (Yorkville Equinox Gym and Fitness Center)**

*Offering a variety of pre- and post-workout smoothies and high protein baked goods to gym goers, with one location strategically located at street level in the heart of Toronto's financial district to attract additional foot traffic from office towers. This prime location not only caters to fitness enthusiasts seeking quick, nutritious options but also maximizes visibility to pedestrians, creating a dual stream of customers and enhancing brand presence. By positioning these IQ Foods locations in and near popular gyms and busy thoroughfares, IQ Foods aims to serve both the health-conscious gym community*



*and those passing by, driving growth through convenient access to health-focused snacks and beverages.*



The sale of IQ Foods to Happy Belly has been approved by the Ontario Superior Court of Justice (Commercial List) with the acquisition scheduled to close in September. The purchase price has been sealed by order of the Court until closing. Projected system sales across the four locations is \$4.0M combined. The four locations have been experiencing double digit sales growth (10.3%) on a year-to-date basis. The restaurants continue to maintain a healthy gross margin and forecasted EBITDA is \$300K after inclusion of corporate expenses.

"With our current and prospective new locations, we aim to grow and scale IQ Foods operations into 2025 and beyond. Our Happy Belly footprint continues to grow with each M&A transaction and every new store opening. With the IQ Foods acquisition, we will have 36 restaurants operating within the Happy Belly portfolio, which will increase to 45 following the closing of the Salus Fresh Foods acquisition. Additionally, five of our brands currently have one or more locations under construction, significantly boosting our organic growth. This combination of accelerated organic and inorganic growth positions us well for continued expansion. We look forward to announcing several new openings throughout 2024 as we continue to sign franchise agreements and secure prime real estate locations for our franchisees across Canada."



Dedicated to ensuring the successful opening of all 376 retail locations in the Happy Belly pipeline across established and emerging brands, the Happy Belly team is diligently sourcing and evaluating real estate, reviewing franchisee applications, and collaborating closely with our area developers to expedite the growth of Happy Belly's asset-light franchising model.

**We are just getting started.**

#### **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**

Sean Black  
Chief Executive Officer

Shawn Moniz  
Chief Operating Officer

FOR FURTHER INFORMATION, PLEASE VISIT:

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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](http://www.sedarplus.ca).*