

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

September 18, 2024.

Item 3: News Release

A news release was issued and disseminated on September 18, 2024 and filed on SEDAR+ (www.sedarplus.ca).

Item 4: Summary of Material Changes

The Company announced that it has closed on its acquisition (the “Acquisition”) of IQ Foods Co. (“IQ Foods”). See Item 5 for further details.

Item 5.1: Full Description of Material Change

The Company announced that it has closed on its 100% Acquisition of beloved Toronto-based QSR brand IQ Foods and all four IQ Foods locations as of end of day. IQ Foods offers a variety of delicious, wholesome options like healthy bowls, smoothies, sandwiches, soups, and salads, along with other flavorful clean-eating dishes.

IQ Foods is a flagship brand in Canada's premium healthy eating market and marks Happy Belly's largest acquisition of corporate-owned stores to date. Strategically located in urban and central business districts, IQ Foods caters to thousands of health-conscious customers from local businesses, while expanding into catering services to generate additional revenue in major metropolitan areas. This strategy has fostered strong brand recognition and a loyal customer base driven by word-of-mouth and, most importantly, satisfied customers. As part of the acquisition, Happy Belly now owns four prime locations in downtown Toronto.

- 100 King Street West (First Canadian Place)
- 18 York Street (Financial Centre)
- 199 Bay Street (Equinox Gym and Fitness Center)
- 55 Avenue Road (Yorkville Equinox Gym and Fitness Center)

Acquisition Details

The sale of IQ Foods to Happy Belly was approved by the Ontario Superior Court of Justice. The asset purchase agreement consisted of a purchase price of \$85,000 plus customary post-closing adjustments, legal restructuring costs pertaining to IQ Foods, and transaction costs to facilitate the closing. Bringing a total cost of the acquisition by Happy Belly to approximately \$300,000 CDN. Projected system sales across the four locations is \$4.0M CDN 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 overhead expenses.

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.
Shawn Moniz, President and COO
Contact: shawn@happybellyfg.com

Item 9: Date of Report

September 20, 2024.