

Forte Group Announces Strategic Initiatives to Strengthen Balance Sheet

VANCOUVER, BC / ACCESSWIRE / January 10, 2025 / Forte Group Holdings Inc. (CSE:FGH)(OTC PINK:FGHFF)(FSE:7BC0, WKN:A40L1Z)("Forte Group" or the "Company"), a diversified lifestyle and wellness consumer packaged goods company, announces significant steps to strengthen its balance sheet and financial position, including the refinancing of its wholly-owned subsidiary, Naturo Group Enterprises Inc.'s ("Naturo Group") second mortgage, and the conversion of Naturo Group secured promissory notes and second mortgage into common shares of the Company (each, a "Common Share").

"We are pleased to announce the continued strengthening of our balance sheet through the refinancing of our second mortgage and the conversion of promissory notes and second mortgage into equity. These actions reflect a strong vote of confidence from our stakeholders in the future of Forte Group," said Marcello Leone, CEO of Forte Group. "Over the past year, we have made significant progress in enhancing our financial position by streamlining non-core subsidiaries, reducing liabilities through shares-for-debt arrangements, converting promissory notes into equity, and completing equity financings. We remain committed to further strengthening our balance sheet, achieving a positive working capital position, and fueling the growth of our business. Our focus remains on expanding our TRACE BLACKwater, ALKALINEwater, and nutraceutical supplement offerings across both domestic and international markets."

Second Mortgage Refinancing

On December 19, 2024, the Company's wholly-owned subsidiary, Naturo Group, refinanced its second mortgage secured against its property near Bridesville, British Columbia (the "**Second Mortgage**"). The Second Mortgage, provided by arm's length lenders, increased the principal amount from \$1,100,000 to \$1,400,000 with an annual interest rate of 14.0% for the first 12 months, increasing to 23.0% thereafter, with interest calculated monthly. The 13-month term includes a 3-month interest reserve, deducted from the proceeds at closing. A 1.0% lender fee and 1.25% broker fee were also paid upon closing. The net proceeds from the Second Mortgage will be used for general working capital purposes and to address outstanding payables.

Proposed Conversion of Promissory Notes & Second Mortgage

The Company also announces that it intends to convert an aggregate principal amount of \$200,000 in secured promissory notes and a principal amount of \$100,000 in a second mortgage secured against its property near Bridesville, British Columbia issued by Naturo Group into Common Shares to arm's length holders at a price of \$0.48 per Common Share, for a total of 624,999 Common Shares (Together, these transactions comprise the "**Shares for Debt Arrangement**"). All Common Shares issued in connection with the Shares for Debt Arrangement will be subject to a restricted period of four months and one day from closing.

Between December 8, 2023, and May 1, 2024, Naturo Group closed multiple tranches of secured promissory note offerings (the "**Promissory Notes**"), raising \$1,382,065 in aggregate gross proceeds. Demonstrating the Company's commitment to strengthening its balance sheet, \$397,064.70 of these Promissory Notes were converted into Common Shares during the period from May 21, 2024, to October 31, 2024.

Now, with the anticipated closing of the Shares for Debt Arrangement, the Company will reduce its Promissory Note liabilities by an additional \$200,000, bringing the total reduction to date to \$597,064.70 and leaving approximately \$785,000 outstanding under the Promissory Notes. This milestone represents a pivotal step forward in Forte Group's ongoing efforts to strengthen its balance sheet, improve working capital, and position itself for sustained growth.

Closing of the Shares for Debt Arrangement is anticipated to be on or about January 17, 2025 in accordance with the policies of the Canadian Securities Exchange.

None of the securities issued pursuant to the Shares for Debt Arrangement have been or will be registered under the United States Securities Act of 1933, as amended (the "**1933 Act**"), and none of them may be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the 1933 Act. This news release shall not constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of the securities in any state where such offer, solicitation, or sale would be unlawful.

About Forte Group Holdings Inc.

Forte Group Holdings Inc. (CSE:FGH)(OTC PINK:FGHFF)(FSE:7BC0, WKN:A40L1Z) is a diversified lifestyle and wellness consumer packaged goods company. Forte Group develops and manufactures a range of alkaline and mineral-enriched beverages and nutraceutical supplements for both its TRACE brand and private-label clients. Based in British Columbia, Canada, Forte Group owns a pristine natural alkaline spring water aquifer and operates a 40,000-square-foot, Health Canada and HACCP-certified manufacturing facility near Osoyoos, British Columbia. The Company's distribution network includes traditional retail and e-commerce channels, delivering wellness-focused products directly to consumers through its innovative offerings.

On behalf of the Board of Directors:

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Disclaimer for Forward-Looking Information

This news release contains forward-looking statements within the meaning of applicable securities laws. These forward-looking statements include, but are not limited to, expectations regarding the refinancing of the Second Mortgage, the Shares for Debt Arrangement, the anticipated timing of closing, anticipated liability reductions, the use of proceeds for general working capital and outstanding payables, and the overall financial impact of these initiatives on

the Company's operations and balance sheet. Forward-looking statements also include the Company's expectations regarding its ability to strengthen its balance sheet, achieve a positive working capital position, and support the growth of its TRACE BLACKwater, ALKALINEwater, and nutraceutical supplement offerings both domestically and internationally. Forward-looking statements reflect management's beliefs, expectations, and assumptions as of the date of this release and are subject to inherent risks and uncertainties. Factors that could cause actual results to differ materially include, but are not limited to: the Company's ability to successfully execute its financial and operational strategies; market and economic conditions; regulatory compliance and approval processes; potential fluctuations in consumer demand for the Company's products; the ability to generate sufficient revenue to meet financial obligations; risks associated with securing and maintaining third-party financing; changes in interest rates; competition; supply chain disruptions; and other risks outlined in the Company's filings on SEDAR+. The Company makes no assurances that the outcomes expressed or implied in the forward-looking statements will be realized and disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise, except as required by law. For more detailed information on these and other risks, please refer to the Company's filings on SEDAR+.

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