

**FAVO Capital Inc.
A Nevada Corporation**

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SUPPLEMENTAL INFORMATION

DATE: August 25, 2025

MATERIAL EVENTS: Withdrawal of Series C Preferred Stock Designation, Designation of Series B Preferred Stock, Conversion of Series A Preferred Stock to Series B Preferred Stock, Entry into Voting Agreement, Change in Management, Offer to EB-5 Investors and Loan Agreement with Affiliate.

On August 25, 2025, the Board of Directors of Favo Capital, Inc. (the "Company") and the shareholders holding a majority of the voting power approved the following resolutions by written consent:

- **Withdrawal of Series C Preferred Stock Designation:** Following the conversion of all outstanding Series C Preferred Stock to common stock (as previously disclosed in the Company's press release dated May 13, 2025), the Company approved the withdrawal of the Certificate of Designation for Series C Preferred Stock. This action returns 18,750,000 shares to the Company's authorized but undesignated preferred stock ("Blank Check Preferred Stock"). The withdrawal will be filed with the Nevada Secretary of State promptly.
- **Designation of Series B Preferred Stock:** The Company approved and designated 10,000,000 shares of Blank Check Preferred Stock as "Series B Preferred Stock" with the rights, preferences, and limitations set forth in the attached Certificate of Designation (Exhibit A). Key terms include: 50 votes per share on all matters submitted to stockholders, voting together with common stock and Series A Preferred Stock, no dividend rights, no liquidation preference or rights in the event of liquidation. The shares are convertible at the holder's option into common stock on a 1:1 basis after five years from issuance, subject to adjustments for stock splits, combinations, etc.
- **Approval of Conversion Agreement:** The Company approved a Conversion Agreement (attached as Exhibit B) with Forfront Capital, LLC (an affiliate shareholder) to convert 10,000,000 shares of its Series A Preferred Stock into 10,000,000 shares of the newly created Series B Preferred Stock. Forfront forfeited all economic rights associated with the converted Series A shares, including 6% dividend rights and liquidation preferences on a stated value of \$2,500,000.
- **Approval of Voting Agreement:** The Company approved a Voting Agreement (attached as Exhibit C) with Forfront, under which Forfront agreed to vote its Series B shares as directed by a majority of the Company's founders (Vincent Napolitano, Shaun Quin, and Glen Steward). Forfront granted an irrevocable proxy to the Company's President to vote the shares accordingly, coupled with an interest in governance stability, for a term of up to 15 years and extendable.

These actions are part of a strategic initiative to streamline the Company's capital structure, enhance governance control during a critical phase involving corporate rebranding, and align leadership with long-

term objectives without diluting economic interests of non-affiliate shareholders. The Board determined this related-party transaction to be fair under Nevada law and ratified it by majority voting power.

On September 1, 2025, Mr. Vaughan Korte resigned as CFO and was appointed as COO of our company. On the same date, Ms. Katy Murless accepted an appointment as CFO of our company.

On September 1, 2025, Mr. Korte's employment agreement was amended in connection with his transition to Chief Operating Officer to include a monthly car allowance of up to \$1,200, together with coverage of insurance premiums.

Katy Murless

Katy Murless is the Chief Financial Officer of FAVO Capital, Inc., a position she assumed effective September 1, 2025. She joined Stewards Investment Capital on December 1, 2024, where she served as Head of U.S. Operations with responsibility for corporate finance, private credit, tax structuring, and investment analysis. From mid 2019 to late 2024, Ms. Murless took time away from professional employment to focus on her family. Earlier in her career, she worked at Deloitte in audit and later at Abax Investments as an assistant portfolio manager overseeing the equity portion of a multi-asset fund. A Chartered Financial Analyst (CFA) and Chartered Accountant, she has over 15 years of experience in financial leadership and investment management.

Aside from that provided above, Katy does not hold and has not held over the past five years any other directorships in any company with a class of securities registered pursuant to Section 12 of the Exchange Act or subject to the requirements of Section 15(d) of the Exchange Act or any company registered as an investment company under the Investment Company Act of 1940.

On August 26, 2025, following the MIPA acquisition of the Block 40 Entities and Hollywood Circle Capital, LLC, we initiated an offer to EB-5 investors in Block 40, LLC to exchange their preferred membership interests for shares of our common stock. These EB-5 interests were legacy obligations specific to the Block 40 real estate project and were included in the \$190 million purchase price allocation. The EB-5 preferred interests in Block 40 carried accumulating preferred returns that continued indefinitely unless converted or otherwise repurchased. By offering equity in exchange, we seek to reduce the long-term accrual burden of these obligations, strengthen the balance sheet with a more permanent capital structure, and align these legacy investors with the Company's long-term growth strategy.

On September 1, 2025, the Company entered into a debt financing arrangement with Stewards International Funds PCC (on behalf of the Stewards Private Credit Fund), pursuant to which it may raise up to \$50 million through the issuance of unsecured and unsubordinated debt notes (the "Favo Debt Notes"). The debt carries a fixed annual interest rate of 8.00%, with a maturity date in August 2030. In connection with this financing, the Company also agreed to issue warrants to the noteholder, exercisable for ordinary shares at a fixed price of \$0.76 per share. The warrants are subject to a delayed exercise period, commencing no earlier than 12 months following an IPO or the maturity date, whichever is later, and are structured to minimize dilution around the time of the Company's planned public offering. Proceeds from the issuance of the Favo Debt Notes are to be used exclusively for (i) refinancing existing indebtedness, which currently carries an effective annual interest rate of approximately 15% and matures in June 2026, and (ii) funding the Company's general operational needs. This refinancing is intended to materially reduce cash interest expense, strengthen the Company's balance sheet, and improve financial flexibility to support long-term growth.

CERTIFICATION

I, Shaun Quin, hereby certify the following.

1. I have reviewed this Supplemental Information Disclosure Statement of Favo Capital, Inc.
2. Based on my knowledge, this Supplemental Information Disclosure Statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the information covered by this Supplement Information Disclosure Statement.
3. Based on my knowledge, the financial information included or incorporated by reference in this Supplemental Information Disclosure Statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this Supplemental Disclosure Statement.

Date: September 15, 2025

/s/ SHAUN QUIN
SHAUN QUIN
President