FRX POLYMERS INC.

Management Discussion and Analysis

March 31, 2022

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FRX POLYMERS, INC.

Introduction

FRX Polymers Inc. ("FRX", "Company"), was formed as FRX Polymers Inc. under Delaware Corporate Law on December 27, 2006. The Company manufactures polyphosphate polymers that are inherently flame retardant and sold under its Nofia® trade name. These polymers are intended to be used as additives by manufacturers that make products that have desirability or legal requirement for flame retardancy. In addition, the Company's product line offers a number of desirable secondary properties in defined end use applications, which give the customer the opportunity to produce differentiated flame retardant plastic products. The Company has a total of 64 patent applications globally which cover 25 separate patent families. Of the 64 patents referred to, 40 patents have been granted and 24 published. The remaining patent applications are in process of writing, filing application and pursuing protection with the patent office. The Company operates a fully operational manufacturing plant located on the Port of Antwerp, which is the largest chemical manufacturing cluster in Europe and second in the world.

This management's discussion and analysis ("MD&A") should be read in conjunction with FRX Polymers' unaudited interim financial statements for the 3 months ended March 31, 2022 as well as the audited financial statements and related footnotes as of December 31, 2021, as prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board ("IFRS").

FRX Polymers presents its financial statements in United States dollars. In this MD&A, all references to "$" or "dollars" are to United States dollars unless otherwise indicated. Due to rounding, certain totals and subtotals may not foot and certain percentages may not reconcile.

Information contained in this MD&A is based on information available to management as of May 27, 2022.

Forward-Looking Statements

This MD&A contains forward-looking statements that relate to management's current expectations and views of future events. In some cases, these forward-looking statements can be identified by words or phrases such as "forecast", "target", "goal", "may", "might", "will", "expect", "anticipate", "estimate", "intend", "plan", "indicate", "seek", "believe", "predict", or "likely", or the negative of these terms, or other similar expressions intended to identify forward-looking statements. Management has based these forward-looking statements on its current expectations and projections about future events and financial trends that it believes might affect the FRX Polymers' financial condition, results of operations, business strategy and financial needs. These forward-looking statements include, among other things, statements relating to the FRX Polymers' financial position, business strategy, growth strategies, addressable markets, budgets, operations, financial results, taxes, plans and objectives. Particularly, information regarding FRX Polymers' expectations of future results, performance, achievements, prospects or opportunities or the markets in which we operate is forward-looking information.

Forward-looking statements are based on certain assumptions and analyses made in light of management's experience and perception of historical trends, current conditions and expected future developments and other factors management believes are appropriate. Although management believes that the assumptions underlying these statements are reasonable, they may prove to be incorrect and there can be no assurance that actual results will be consistent with these forward-looking statements. Given these risks, uncertainties and assumptions, readers should not place undue reliance on these forward-looking statements. Whether actual results, performance or achievements will conform to FRX Polymers' expectations and predictions is subject to a number of known and unknown risks, uncertainties, assumptions and other factors, including those listed under "PART IV - Risk Factors" in the Filing Statement. These factors should not be considered exhaustive and should be read together with the other cautionary statements in this MD&A.

If any of these risks or uncertainties materialize, or if assumptions underlying the forward-looking statements prove incorrect, actual results might vary materially from those anticipated in those forward-looking statements.

Although management bases these forward-looking statements on assumptions that it believes are reasonable when made, FRX Polymers cautions readers that forward-looking statements are not guarantees of future performance and that its actual results of operations, financial condition and liquidity and the development of the industry in which it operates may differ materially from those made in or suggested by the forward-looking statements contained in this MD&A. In addition, even if the FRX Polymers' results of operations, financial condition and liquidity and the development of the industry in which it operates are consistent with the forward-looking statements contained in this MD&A, those results or developments may not be indicative of results or developments in subsequent periods.

Given these risks and uncertainties, investors are cautioned not to place undue reliance on these forward-looking statements. Any forward-looking statement that is made in this MD&A speaks only as of the date of such statement, and FRX Polymers undertakes no obligation to update any forward-looking statements or to publicly announce the results of any revisions to any of those statements to reflect future events or developments, except as required by applicable securities laws. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, unless specifically expressed as such, and should only be viewed as historical data.

Business Overview

FRX is an emerging player in the $9bn global flame retardants business that is expected to reach USD $12.99bn[1] by 2028. The Company has an established, unique, product line well placed to grow as regulatory and related pressures re-shape the nature of this business. The flame retardant market has been segmented into aluminum hydroxide, brominated, phosphorous-based flame retardants, chlorinated and antimony oxide. Among these segments, the phosphorus based flame retardants segment had the highest market share in previous years and is expected to dominate the market[2]. FRX calculates that $4.0bn of the potential market are halogenated flame retardants together with their synergist agents which have long been the target of Green NGO's and government regulation. Of which approximately $1.5bn[3] may be suitable for applications utilizing FRX's Nofia® flame retardants. Management estimates that FRX could be successful in achieving a 4% - 6% penetration in this market by 2025.

Within the polyester fibers category, Nofia® flame retardants have achieved the distinction of being the second most commonly used flame retardant. Recent customer successes in other application areas confirm the potential growth in other flame retardant consuming industries.

Total demand for flame retardant substrates is expected to continue to grow faster than GDP rates globally, based on lifestyle changes and increasing consumer demand for electrical and electronic equipment. It is also driven by the necessity to insulate more, with the most efficient insulation materials requiring flame retardants. Growth also comes from the need for safe operation of new technologies such as electric vehicles, 5G communications and the Internet of Everything.

[1] Grand View Research, Inc. November 2021
[2] Global FR Market Mena Fn,
[3] FRX estimates

Key Success Factors

Unique Environmentally Friendly Product Line: Nofia flame retardants are the only commercially available polymeric non-halogen flame retardants suitable for all of its applications. There are three types of Nofia flame retardants:

i. Homoploymers - our standard products for use in most applications, notably polyesters,
ii. Co-polymers - especially developed for use with polycarbonate and its blends (the most important plastics for everyday electronics),
iii. Oligomers - which are used in polyurethane, Printed Circuit Boards and as dispersions in coatings.

Strong Patent Portfolio: The technology to produce and use Nofia flame retardants is covered by 64 patents and patent applications covering 22 inventions. The production of our key raw material is also covered by patent. Management believes that FRX has developed robust protection for its business.

Dedicated State of the Art Plant: The FRX Polymers production plant in Antwerp was constructed in 2013 with completion in 2014. It is highly efficient requiring only two technical operators per shift. It operates to the highest quality standards and is ISO 9001 certified. It forms part of a major chemical park in Antwerp, Belgium.

Global Tier 1 Customer Base: FRX Polymers chosen Channel Partners, and other customers are leading players in their respective parts of the global plastics industry

Highly Favorable Regulatory Environment: In 2019 the Eco-Design regulation banned the whole class of halogenated flame retardants from the enclosures and stands of TVs and monitors. This is the first action of its type to affect a whole class of a chemical family. On March 16 2022 that decision was confirmed in a European court. Similarly, the state of New York signed into law essentially identical legislation right at the end of 2021, which will affect the entire US supply chain. Washington State will deliberate in June 2022 on draft regulation which could extend that ban to a much wider range of electrical products - "high touch" items such as laptops, mobile phones, kitchen appliances, washing machines, irons, coffee makers, vacuum cleaners, hair dryers, and power tools. Later in 2022, the European Union will deliberate on the confirmation of a Category 1B Carcinogen label on the largest brominated flame retardant TBBPA. A confirmation would result in TBBPA becoming a "Substance of Very High Concern" which would mean that many uses would effectively be phased out, a process that OEMs are already initiating. Canada will confirm or modify in the same time-frame, restrictions on the largest non-reactive brominated flame retardant "Deca Ethane", and the US NTP will issue its report on the carcinogenic potential of the largest chlorinated flame retardant. Nofia flame retards are independently assessed by the following **organizations** to have the best sustainability ratings of any similar product: GreenScreen

Benchmark 3, ChemFORWARD SAFER Class B, TCO listing, ChemSec Marketplace Alternative as an Oeko-Tex for textile applications.

Team

FRX Polymers has a highly skilled team of engineers, polymer scientists, chemists as well as a highly qualified customer service team and experts in the commercialization, marketing and selling of polymers. We have employees of 10 different nationalities. Where necessary we supplement these skills with experienced consultants. Currently the Company's staffing by country is as follows:

	Canada	USA	Belgium
Employees		9	14
Contractor	1		

Non-Financial Metrics (reported quarterly)

i. New customer gains – we track new direct customers, as well as significant new Distributor accounts.
ii. New Applications – we monitor new applications for our technology as best we can.
iii. Total probability adjusted value of our sales pipeline .

Financial Summary

Summary of Quarterly Results

Below is a summary of the Company's quarterly results, prepared under International Financial Reporting Standards and US GAAP as indicated:

	Fiscal 2022	Fiscal 2021				Fiscal 2020		
	March 31, 2021	December 31, 2021	September 30, 2021	June 30 2021	March 31, 2021	December 31, 2020	September 30, 2020	June 30 2020
Net loss	($4,644,515)	($1,510,573)	($1,888,671)	($1,108,692)	($1,068,236)	$172,690	($4,708,995)	($553,101)
Basic and diluted loss per share	($0.17)	($0.06)	($0.08)	($0.05)	($0.04)	$0.01	($0.20)	($0.02)

Operating results for the 3 months ended March 31, 2022

At March 31, 2022 the Company had cash and equivalent of $353,474 (2021 - $453,359). The Company raised a net of approximately $325,239 from the issuance of convertible debentures incurred $345,832 in financing charges related to the go public transaction described below as events after the period. As the transaction closed after the period on May 16, 2022, these charges were deferred. Debt service during the period included $42,281 (2021 - $76,213) of lease liability and $28,926 (2021 - $83,802) of notes payable.

Trade receivables of $1,591,855 (2021 – 2,270,015) represent a 30% reduction as management emphasized collection due to the working capital constraints. The improvement is noteworthy given the substantial increase in sales during the last quarter of 2021.

Inventory of $2,507,524 (2021 - $1,418,949) an increase of $1,088,575 (77%) include $1,895,609 of finished goods and $611,915 of raw materials, a 100% and 30% increase respectively over the prior year. Management made the strategic decision to maintain production levels to accommodate the projected increase in sales, to utilize plant capacity and to secure raw material supplies in light of prevailing shipping and supply chain issues affecting many similar businesses.

The Company continued to focus on optimization at the plant resulting in improved utilization of production resources.

Revenues for the 3 months ended March 31, 2022 were $1,100,132 (2021 - $1,325,525) a decrease of $225,393 or (17%) primarily as a result of slower than expected demands for product as a result of general slowdowns in its Asian market attributable to Covid related shutdowns as well as significant shipping delays in the area. Average sales prices were $9.89 per kilogram versus $11.10 in the prior period.

Cost of goods sold increased by $412,864 or 35% effectively a change in gross margins from a positive 11% to a negative 45% in the current period. During the quarter the company experienced a $194,000 raw material purchase price variance and a $206,000 increase in plant services and utilities. Much of this increase was attributable to energy prices and the Ukrainian Russia conflict. While the Company has long term contracts including a secondary source to ensure a competitive supply and has effectively hedged its basic raw material inputs through the sale of phenol as a by-product of its production process, its primary raw material is linked to the world price of benzene which have increased dramatically with oil prices, and phenol sales in the quarter have been slower than anticipated. Management anticipates that phenol sales will improve in subsequent quarters.

Operating expenses of $1,918,380 (2021 - $771,453) represent an 84 % increase on a quarterly basis. The key components are:

i. Administrative expenses of $1,121,345 (2021 - $428,713) an increase of $692,632 largely attributable to the non-cash stock-based compensation expense in the form of restricted stock and stock options for a combined total of $531,000. The remainder of the increase is due to staffing increases as operations expanded and the Company prepared for the listing of its shares on the TSX-Venture Exchange.
ii. Research expenses of $143,745 (2021 - $195,794) a decline of $52,049 due to cost savings measures.

iii. Sales and marketing of $156,495 (2021 - $146,946) a increase of $9,549 as the Company hired a Chief Commercial Officer and embarked on a sales and marketing program to accelerate adoption of its Nofia products into a broader range of end uses building from our own technical work, new insights gained from customer adoptions, and to coincide with more favourable regulatory anticipated changes , some of which have occurred in Europe and the State of New York.

The Company conducts most of its sales in Euros? but reports in USD. During the period, the exchange rate of the Euro depreciated from USD 1.130 to USD 1.101 (- 2.63 %), the average rate during the period was USD 1.1226 and represents an 8.3% decrease over 2021. The net effect of these changes are that assets and liabilities denominated in Euros as translated are 2.63% lower than the comparative December 31, 2021 balance, and income statement items relating to the Belgian operations translated at the average for the period were 8.3% lower than the first quarter of 2021.

The net result of foreign currency fluctuation loss was $256,754 (2021 - $447,951).

Interest Expense was $658,971 (2021 - 275,003 and $52). An increase of $383,619 or 139% was attributable to the pre-RTO debenture at 8% as well as quarterly payments to lenders under the terms of the principal repayment waiver.

Detachable Common stock warrants issued in connection with the Company's 2021 Convertible Note financing and exercisable for a variable number of common shares were fair valued under Black Scholes pricing model resulted in a charge of $1,841,043 – a non cash expense.

Net Comprehensive loss was $4,644,515 (2021 - $1,068,236) and increase of $3,576,279 or 335%.

Liquidity and Capital Resources

A working capital deficiency of $2,277,529 (2021 – surplus $346,719) is largely attributable to the accounts payable which increased by $1,815,755 over the three months as well as an increase in the current portion of notes payable which increased by $357,286. The accounts payable increased as a result of increased operational expenditures. Subsequent to the period end, there was a substantial change to the capital structure of the Company. The 2020 and 2019 convertible Notes of $9,021,104 were converted to common shares as were the 2021 convertible debentures of $3,048,597 and $54,633. The common stock warrant liability of $3,427,236 was eliminated on their exercise as part of the business combination.

Finally, in conjunction with the business combination, the Company closed a brokered private placement for aggregate subscription proceeds of CAD$5,899,000, a non-brokered sale of subscription receipts for $115,000 and $482,029 of non-interest-bearing convertible debentures. The details of these transactions as explained below.

Cash flow from operations

Net cash provided by operations was $493,931 (2021 – ($1,023,063). Key components of these results were an increase of inventories of $1,122,158 which consumed cashflow but was partially offset by an increase of accounts payable of $1,839,584 and accrued liabilities of $253,304.

Cash flow from investing activities

There was no material investing in the period

Cash flow from financing activities

The Company raised $325,238 (2021 - $700,000) and incurred of issuances costs in advance of the subscription receipts financing business combination described below, of $847,517 (2021 - $NIL). The increase in financing activity related to the subscription receipts financing completed in advance of its reverse takeover transaction. Lease liability repayments of $42,281 (2021 - $76,216) were made. Stand-still agreements were implemented with FRX Polymers' institutional lenders KBC and UIF on September 30, 2019. These arrangements expire on June 30, 2022 and thereafter the Company will be required to make repayments as described under commitments below.

To date, the Company has funded its development on external financing, share issuances and where possible, government assistance to establish its technology in the market place. Management believes that with the strong regulatory tail winds in its favor, such as bans of toxic flame retardants, combined with implementation of its products in product offerings of its target customers, will result in self-sustaining operations.

Selected Annual Information

	2021	2020	2019
Total Revenue	6,120,089	5,276,839	5,627,208
Loss from continuing operations	4,789,558	4,351,909	4,763,847
Loss per share Basic and diluted	$ 0.34	$ 0.28	n/a[4]
Total Assets	25,467,159	27,878,733	29,102,331
Total Non-Current Financial Liabilities	29,551,383	25,253,913	20,051,387

[4] *During 2019 there was a complete re-organization of the share capital of the Company, negating the usefulness of comparative earnings per share data.*

Commitments and obligations

Off-Balance Sheet Arrangements

The Company is party to a claim by the Flemish government with respect to monies received pursuant to a 2014 strategic transformation grant. On November 19, 2020 the responsible government agency reversed its earlier grant decision, set aside its previous inspection conclusions and requested the return of EUR 960,000.

The Company submitted legal briefs on December 15, 2020 and second legal briefs were due on April 15, 2022 and have been submitted. The Flemish region's second briefs were due to be submitted on May 15, 2022 and a first trial date was set for May 23, 2022.

On May 9 the Company received formal confirmation of a stay in the case until June 30, 2023.

In the Company's view, based on the advice of legal council that the retro-active amendment of the grant terms and conditions will ultimately prove to be unsuccessful and accordingly the Company has not made any monetary provisions for a contingent liability. The anticipated legal fees associated with this matter are not viewed as material.

Transactions Between Related Parties

The Company has an administrative services agreement for human resource, IT and other administrative services with a company whose principal owner is the chairman of the Board of the Company. Fees are based on actual services performed and are billed monthly. The Company is responsible for the reasonable and necessary expenses associated with the services provided. Through this arrangement the Company is able to access tailored specialist services on better economic terms than would otherwise be the case.

For the twelve months ended March 31, 2022, administrative expenses incurred under this agreement totaled approximately $27,000 and are recorded in operating expenses.

The Company had a service agreement with the previous Chairman of the Board (a stockholder of the Company). For the twelve months ended December 30, 2021, expenses incurred under this agreement for services totaled approximately $4,500. (2021 - $nil) Approximately $3,000 of these expenses remain unpaid as of the period end.

Changes in Accounting Policies including Initial Adoption

Historically the Company had reported under US GAAP. As a result of the specific requirements under the Canadian reporting related to the transaction, the financial statements were prepared in accordance with IFRS. The primary impact of this are as follows:

i. The recognition of right of use assets.
ii. The capitalization of research and development costs that would otherwise have been

expensed.

iii. The fair market valuation of former obligations under a royalty payable to UIF. Which has now been converted to a fixed repayment obligation subject to revenue thresholds.

Whilst these do not represent changes in accounting policy that the change in accounting framework does have a material impact on the presentation of the financial statements. Readers are referred to the audited financial statements for the period ended December 31, 2021 with comparative figures for 2020 along with a reconciliation of the changes on the adoption of IFRS, effective January 1, 2020.

Financial Instruments and Other Instruments

The Company's financial instruments consist of cash and cash equivalent, trade receivable, trade payables, accrued expenses, notes payable and convertible notes payables and are classified as measured at amortized cost. The carrying amounts of these instruments at March 31, 2022 and December 31, 2020 approximate fair value.

Risk Management

The Company is exposed to risks of varying degrees of significance from its use of financial instruments which could affect its ability to achieve its strategic objectives for growth and stakeholder returns. Management has identified the principal risks to which the Company is exposed to in ongoing operations described below along with the actions taken to manage them.

Credit Risk - arises from the potential that a counter party will fail to perform its obligations. The Company is exposed to credit risk from customers. In order to reduce its credit risk, the Company reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. Four and three customers represented approximately 75% and 53% of the outstanding trades receivable balance as of March 31, 2022 and December 31, 2021, respectively.

An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. As at March 31, 2022, allowance was established for one customer (2021 - one customer) out of the trade account receivable.

Currency risk - the risk to the Company's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk. For each 1.00% change in the Euro exchange rate, based on the monetary assets and liabilities held at period end, the Company's net earnings would be impacted by $54,930 and $40,417 at March 31, 2022 and December 31, 2021, respectively.

Interest Rate risk - the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Company manages exposure through its normal operating and financing activities. The Company is exposed to interest rate cash flow risk primarily through its floating interest credit facility as the required cash flow to service the debt will fluctuate interest rates change, and in particular the Euribor rate which is used by its European bankers. Fixed-interest instruments are subject to fair value risk. The Company's credit facilities bear variable rate interest. For each 0.25% change in rate, the Company's net earnings would be impacted by $25,890 and $26,090 at March 31, 2022 and December 31, 2021, respectively.

Other price risk - the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Liquidity risk - the risk that the Company may not have cash to meet financial liabilities as they come due. The Company has sufficient credit facilities to meet its current and long-term financial needs. The Company's liquidity requirements are met through the cash generated from operations and capital raises. Management monitors and manages its liquidity risk through regular monitoring of its financial liabilities against the constraints of its available financial assets. At March 31, 2022 and December 31, 2021, the Company had positive and negative working capital of ($2,277,529) and $346,719, respectively.

Outlook

FRX has sought, and successfully partnered with major players in several important flame retardant consuming industries. Technical successes with those companies give confidence to the future growth of FRX, both through the expansion of sales by those companies, but also by other companies choosing to develop similar products, also based on Nofia products.

FR Textiles - $150M market opportunity

The largest concentration of existing customers of FRX Polymers manufacture inherently flame-retardant polyester. Our customers include three of the world's top 7 polyester producers. One of these produces post consumer recycled polyester fibers. Another, along with its customers, launched harder wearing fabrics suitable for applications such as furniture - a world first. These products commercialized in 2021 and are wholly dependent on FRX technology.

One customer is a major supplier of non-halogenated synthetic hair for wigs that is expected to gain share as a result of pressure to remove halogens from articles which are frequently touched.

In December 2021, an FRX Nofia flame retardant, through its sales partnerships, was approved in polyamide for a major new military combat uniform application. First sales were made in December 2021, and scale up continues, with full production for this project scheduled to begin in Q4 of 2022. The FRX customer is now promoting their compound into other textile applications.

Printed Circuit Boards - $1.1Bn Market Opportunity

FRX has selected four companies to collaborate with in this area. They represent the largest and or most technically proficient participants in the printed circuit board laminate industry. FRX products are approved in product offerings of three of these companies. Each is now marketing customers for their products. The largest class of flame retardants used in printed circuit boards are brominated. While this application is not currently under regulatory threat, these legacy products are not suitable for higher performance boards, nor for certain more economic products. These two sub segments offer growth potential for FRX polymers. Moreover, certain major brand electronic companies have themselves decided to phase out brominated flame retardants which also provides area of growth.

Electronic / Electrical Housings - $1.5bn Market Opportunity

FRX channel partners in this segment include one of the largest resin producers in the world for electrical goods, a major European compounder, and a specialty compounder in North America. We are in the final stages of laboratory approval with three additional partners, a major Chinese resin producer, and a major Chinese compounder and a major chemical company attached to one of the world's largest electronic companies. To-date, large and mid-sized OEM's have specified products containing FRX products, in products such as large medical equipment and lithium-ion battery cases. We expect that this will accelerate with the approach of the December 2024 deadlines in North America for replacing halogenated flame retardants. On April 6, 2022, Google and Apple announced their intent to work with their suppliers to use a third-party verification company, ChemFORWARD, to recommend safer alternatives to halogenated flame retardants. Nofia flame retardants were already approved when this was announced and are therefore well positioned to capture a significant share of this new business. This is an area where non-halogenated flame retardants are already common, but cheaper products cannot meet all necessary requirements.

Nofia flame retardants offer unique physical property benefits over the standard non-halogenated product, including passing required flame retardancy tests in thinner profiles, and able to withstand higher operating temperatures, which ultimately saves costs.

Yet another channel partner produces unique flame retardant polyester molded products, currently in use in medical electronic equipment. They have launched a flame retardant offering based on post consumer polyester (soda bottles). This new product is being promoted to major consumer electronics companies. This represents a further advancement of the trend to treat polyester as a more sustainable plastic and consequently the demand for flame retardant recycled polyester is expected to increase substantially.

Foams and Films - $120M Market opportunity

FRX has partnered with the two global leaders, of polyester films and polyester foams. Nofia® flame retardants are in existing commercial products. The flame retardant polyester foam market is expected to grow as these products in transportation applications replace older technology based on halogenated flame retardants. Potential new applications for flame retardant polyester film include use in newer designs of lithium-ion batteries.

A global leader in polyurethane chemicals worked with Nofia flame retardants in 2021 and has completed lab approval for use in???Under hood" foams in China. Details of that commercialization are being worked out now. Separately, work done in 2021 led to the May 2022 first use of Nofia flame retardants for interior foam applications for a well known global luxury brand vehicle, produced in China.

Coatings - $50M Market Opportunity

FRX's channel partner in this segment, a global leader in waterborne polyurethane dispersions (PUDs), developing new flame retarded products based on our Nofia technology. Separately, one of the world's largest producers of flame retardant dispersions for both textile coatings and adhesive is developing dispersion products containing Nofia flame retardants to supply textile and adhesives end users. One of the key benefits of Nofia flame retardants is that they can be used as part of a transparent coating. This is currently unique in the industry as no other flame retardant offers transparency and flame retardancy simultaneously . Halogenated Flame retardants used in textile coatings are under threat, one such example is the British furniture standard where NGOs and large retailers would like to move to halogen free furniture. The most vulnerable halogenated flame retardant applications use approximately $50M[5] of flame retardant products per year.

Distribution Strategy

FRX works closely with its distribution partners around the world. It is proud to treat its distributors as part of the FRX sales team. Commencing this quarter, FRX set about adding to its global capability and has recently added additional distribution capability in Italy, Eastern Europe, and Turkey.

Application Development Strategy

FRX is committed to the development of new applications for our products. We do this through a combination of our in-house lab team, our Channel Partners and with other customers who present us ideas and needs. Where necessary, we engage external consultants to help with new developments.

Events after the period end

May 16, 2022 – the Company completed the previously announced business combination transaction and changed its name to FRX Innovations Inc.(" FRXI"). Pursuant to the business combination, FRX Polymer (Canada) Inc. ("**Finco**"), a wholly owned Canadian subsidiary of FRX

[5] FRX estimate

and 13448061 Canada Inc. ("**Pubco Sub**"), a wholly owned subsidiary of Good2Go RTO Corp, completed a three-cornered amalgamation and FRXI, FRX and G2G Merger Sub, Inc. ("**Merger Sub**") completed a reverse triangular merger. Subject to receiving final Exchange acceptance, the common shares of the Resulting Issuer (the "**Resulting Issuer Shares**") are expected to resume trading on the Exchange on or about May 24, 2022 under the new name "FRX Innovations Inc.", on a post-Consolidation (as defined below) basis and under the new trading symbol "FRXI". In addition, it is anticipated that warrants of the Resulting Issuer (the "**Resulting Issuer Warrants**") will also commence trading on the Exchange under the symbol "FRXI.WT" on or about May 24, 2022, subject to the Exchange providing final approval of the listing of the Resulting Issuer Warrants.

Details of the Business Combination

Pursuant to the terms of a business combination agreement among FRX, Finco, Pubco Sub, the Resulting Issuer and Merger Sub dated November 2, 2021, as amended February 1, 2022 and April 29, 2022 (the "**Business Combination Agreement**"): (a) Finco and Pubco Sub completed a three-cornered amalgamation under the *Canada Business Corporations Act* to form "**Amalco**"; and (b) the Resulting Issuer, FRX and Merger Sub completed a reverse triangular merger under the laws of the State of Delaware ("**MergeCo**"). MergeCo will carry on the business previously carried on by FRX as a subsidiary of the Resulting Issuer.

Prior to the completion of the Business Combination, the Resulting Issuer completed: (i) a name change from "Good2GoRTO Corp." to "FRX Innovations Inc.", and (ii) a share consolidation of its issued and outstanding capital on the basis of one post-consolidation Resulting Issuer Share for each 3.5 pre-consolidation Resulting Issuer Shares (the "**Consolidation**").

Following completion of the Consolidation and pursuant to the Business Combination (with each Resulting Issuer Share being issued on a post-Consolidated basis):

i. the holders of common shares of Finco ("**Finco Shares**"), including persons receiving Finco Shares upon conversion of the Subscription Receipts (as defined below) and the Convertible Debentures (as defined below), other than FRX, received one Resulting Issuer Share for each Finco Share held in exchange for the issuance to the Resulting Issuer of one common share of Amalco for each Finco Share so exchanged;
ii. the holders of shares of FRX ("**FRX Shares**") received either 1.0767 Resulting Issuer Shares or an amount of cash equal to CAD$1.0767 for each FRX Share held in exchange for the issuance to the Resulting Issuer of 1.0767 common shares of MergeCo for each FRX Share so exchanged;
iii. all of the options to purchase FRX Shares ("**FRX Options**") were replaced with options to purchase one Resulting Issuer Share for each FRX Share issuable on exercise of the FRX Options; and
iv. all of the warrants to purchase Finco Shares ("**FRX Warrants**") were replaced with warrants to purchase one Resulting Issuer Share for each Finco Share issuable on exercise of the FRX Warrants.

Upon completion of the Business Combination, there were 80,003,312 Resulting Issuer Shares and 3,436,513 Resulting Issuer Warrants issued and outstanding. An aggregate 35,200,157 Resulting

Issuer Shares, 314,337 options to purchase Resulting Issuer Shares and 159,195 warrants to purchase Resulting Issuer Shares, issued to the former holders of FRX Shares were placed in escrow pursuant to a value security escrow agreement pursuant to the policies of the Exchange and will be released in accordance with the terms thereof.

Private Placement Financings

Prior to the closing of the Business Combination, Finco completed a non-brokered unsecured 8% convertible debenture ("**Finco Convertible Debentures**") financing in multiple tranches between August 30, 2021 and October 5, 2021, for aggregate gross proceeds of CAD$3,953,000 (the "**Finco Convertible Debenture Financing**"). Immediately prior to closing of the Business Combination, the principal amount plus accrued interest of the Finco Convertible Debentures were converted at a price of CAD $0.80 per Finco Share, for a total issuance of 5,209,069 Finco Shares. Immediately prior to closing of the Business Combination, each Finco Convertible Debenture was deemed to be exercised without payment of any additional consideration and without further action on the part of the holders thereof, into one Finco Share. Finco paid agent fees in connection with the Convertible Debenture Financing and in addition granted 168,630 warrants to purchase an equivalent number of Finco Shares ("**Finco Convertible Debenture Warrants**") exercisable at a price of CAD$1.00 per Finco Share until May 16, 2024. Upon closing of the Business Combination, all Finco Convertible Debenture Warrants were exchanged for warrants of the Resulting Issuer with identical terms to the Finco Convertible Debenture Warrants.

On February 3, 2022, Finco completed a brokered private placement (the "**Private Placement**") of an aggregate of 5,899,000 Subscription Receipts at a subscription price of CAD$1.00 per Subscription Receipt for aggregate gross proceeds of $5,899,000. Finco also completed the non-brokered sale of: (i) 115,000 Subscription Receipts, at a subscription price of CAD$1.00 per Subscription Receipt for aggregate gross proceeds of $115,000, and (ii) $482,029 principal amount of unsecured non-interest bearing convertible debentures (the "**Finco New Convertible Debentures**", and collectively with the Finco Convertible Debentures, the "**Convertible Debentures**").

On April 18, 2022, Finco completed an additional private placement offering of CAD$377,000 Finco New Convertible Debentures. Immediately prior to closing of the Business Combination, each Subscription Receipt and Finco New Convertible Debenture was deemed to be exercised or converted at CAD$1.00 without payment of any additional consideration and without further action on the part of the holders thereof, into one unit of Finco, comprised of one Finco Share and one-half of one Finco Share purchase warrant.

Pursuant to an agency agreement dated February 3, 2022, between FRX, Finco, and its agents in the financing (the "**Agents**") in connection with the Private Placement, the Agents received (A) a cash commission equal to: (i) 7.0% of the aggregate gross proceeds of the Private Placement excluding proceeds from subscribers on a president's list (the "**President's List**") plus (ii) 3% of the gross proceeds of the Private Placement from subscribers on a President's List, and (B) such number warrants to purchase Finco Shares ("**Agents Warrants**") as is equal to: (i) 7.0% of the aggregate number of Subscription Receipts issued under the Private Placement excluding Subscription Receipts issued to President's List subscribers and (ii) 3.0% of the aggregate number of Subscription Receipts issued under the Private Placement to President's List subscribers. Each Agent Warrant is exercisable into one Finco Share at an exercise price equal to the $1.00 per share for a period of 24 months following closing of the Business Combination. In addition, Finco paid Echelon a corporate finance fee by way of a cash payment of CAD$17,500 (plus tax) and the issuance of 17,500 Agent Warrants. In addition, Finco paid an arm's length finder's fee consisting of a cash fee of CAD$9,040 and warrants to purchase 9,040 Finco Shares ("Finco Finder Warrants"). Upon closing of the Business Combination, all Agents Warrants and Finco Finder Warrants were exchanged for warrants of the Resulting Issuer with identical terms to the Agents Warrants and Finco Finder Warrants.