



FOR IMMEDIATE RELEASE

FRX Innovations Announces Proposed Sale of its Operating Subsidiary FRX Polymers, Inc. Amid Strategic Restructuring

Vancouver, BC – November 27, 2024 – FRX Innovations Inc. (“**FRX Innovations**” or the “**Company**”) (TSXV: FRXI), is pleased to announce that it has entered into a definitive stock purchase agreement dated as of November 27, 2024 (the “**Purchase Agreement**”) with FRX Acquisition, Inc. (the “**Purchaser**”) pursuant to which the Company has agreed to sell all of the equity interests in its wholly-owned operating subsidiary FRX Polymers, Inc. (“**FRX Polymers**”) to the Purchaser (the “**Transaction**”) pursuant to the terms and conditions set out in the Purchase Agreement.

Purchase Agreement and Purchase Price

The purchase price (“**Purchase Price**”) payable under the Purchase Agreement is comprised of (i) US\$1,500,000 in cash, subject to deductions of: (A) certain expenses of FRX Polymers; and (B) certain amounts owed under a prepaid expense loan agreement of FRX Polymers totaling US\$453,000, (ii) plus the payment of €150,000 to be paid by the Purchaser to a third-party creditor to settle US\$827,388 of indebtedness of FRX Polymers owed to such creditor as of December 31, 2023, plus (iii) the Earnout Payment (as defined below), if any. In addition, the Purchaser will assume or otherwise restructure all of the approximately US\$16.5 million of existing financial indebtedness of the Company and its subsidiaries at the closing (“**Closing**”) of the transactions contemplated by the Purchase Agreement.

The earnout payment (the “**Earnout Payment**”) may only be payable by the Purchaser to the Company upon the occurrence of a liquidity event (“**Liquidity Event**”) including, but not limited to, the sale or other similar transfer of all or substantially all of the Purchaser’s shares or assets and may result in a payment of up to 15% of the net proceeds (“**Net Proceeds**”), after payment of all taxes and transaction fees, from the Liquidity Event and subject to the terms and conditions set out in the Purchase Agreement. In order for a Liquidity Event to result in any payments to the Company as an Earnout Payment, management expects that the Net Proceeds will need to be greater than approximately US\$40 million based on the payment mechanics set out in the Purchase Agreement (the “**Earnout Terms**”) and assuming a EUR/USD FX rate of 1.10. The ultimate payment of the Earnout Payment is subject to a number of risks and uncertainties, many of which are outside of the Company’s control, and there can be no assurance as to the timing and value of a potential Earnout Payment, if any. Readers are encouraged to read the entirety of the Purchase Agreement, which sets out the precise Earnout Payment formula in detail.

The Closing of the Transaction is subject to a number of customary conditions, including with respect to the truth and accuracy of the parties’ representations and warranties and material compliance with their respective covenants. The Purchase Agreement includes customary provisions relating to non-solicitation, and is subject to customary “fiduciary out” provisions including the Company’s right to consider and accept unsolicited superior proposals in certain circumstances, subject to a right to match in favor of the Purchaser or the payment to the Purchaser of a ‘break fee’ of US\$500,000. Closing of the Transaction is also subject to the approval of the Company’s shareholders (“**Shareholders**”) pursuant to the *Canada Business Corporations Act* (the “**CBCA**”) and



minority Shareholders pursuant to MI 61-101 (as defined below), the approval of the TSX Venture Exchange (the “**TSXV**”), and the approval of the Belgian Interfederal Screening Committee.

Following completion of the Transaction, the Company’s remaining assets will be: (i) cash, which is currently expected to equal approximately US\$400,000 immediately following Closing and after payment of anticipated costs associated with the Transaction; (ii) the potential for future consideration payable according to a subsequent Liquidity Event by the Purchaser; and (iii) the Company’s reporting issuer status. Accordingly, the Company may seek and, if successful, acquire or combine with a new business in order to have active business operations. It is anticipated that the Company may migrate to the NEX tier of the TSXV, reserved for listed companies that do not meet the minimum listing standards of the TSXV, or delist from the TSXV (the “**Delisting**”) following Closing. However, the Company’s continued reporting issuer status and the absence of significant debt is expected to give the Company and its management a chance to explore new opportunities to create value for Shareholders.

Additional details relating to the Purchase Price, including the Earnout Payment, will be set out in the management information circular of the Company (the “**Circular**”) to be delivered to Shareholders in connection with the contemplated annual and special meeting (the “**Meeting**”) of Shareholders at which Shareholders will be asked to consider and, if thought advisable, approve the Transaction and other certain related corporate and administrative matters. The Meeting is currently scheduled to be held on December 27, 2024. The record date for determining the Shareholders entitled to receive notice of and vote at the Meeting is November 11, 2024 (the “**Record Date**”). Only Shareholders of record as of the close of business on the Record Date are entitled to notice of the Meeting and to vote at the Meeting and at any adjournment or postponement thereof.

Copies of the Purchase Agreement and the Circular to be mailed to Shareholders in connection with the Transaction will be filed with Canadian securities regulators and will be available at www.sedarplus.ca. Shareholders are urged to read the Circular and the other relevant materials when they become available, as such materials will contain important information regarding the Transaction.

Background of the Transaction

In recent months leading up to the execution of the Purchase Agreement, FRX Innovations’ leadership, including its management and its board of directors (the “**Board**”), has taken decisive steps to overcome financial challenges, ensuring transparency with Shareholders and rigorously assessing strategic alternatives under the oversight of the Special Committee (as defined below) of the Board. FRX Innovations evaluated numerous options, ultimately determining that divestiture of FRX Polymers represented the most effective means to relieve immediate financial pressures on the Company, while protecting long term value for Shareholders.

The decision to divest FRX Polymers reflects the Company’s proactive response to a challenging financial landscape, marked by economic headwinds, and FRX Innovation’s inability to attract growth capital without first substantially restructuring its liabilities despite growing demand for its Nofia® product. The Transaction is intended to protect Shareholders by avoiding continued dilution caused by capital raises, eliminating the steady capital deficiency that has challenged the Company in recent years and providing the Company’s existing business with a “fresh start” in a new corporate entity, with a cleaner balance sheet and sufficient working capital to advance FRX Polymer’s growth. The Transaction also contemplates an eventual Liquidity Event of FRX Polymers and/or its

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affiliates, which could generate additional revenue for the Company and value for Shareholders through the Earnout Payment. FRX Innovations will remain a reporting issuer following Closing and will have the flexibility to pursue other potential endeavors.

The group funding the Purchaser and the Parent is comprised of a number of well-respected chemical industry investors and executives, all with a track record of success, and is expected to include two long term Shareholders, being CCSRF Fireman (Cayman) Investment Limited (“**CCSRF**”) Newburyport Partners, LLC (“**NBPT**”). The new owners intend to build on the sustainable flame-retardant technologies developed by FRX Polymers and actively engage to create lasting value.

“This Transaction is about much more than a transfer of assets. It’s a pivotal decision to address financial constraints head-on, realign FRX Innovations and focus our energies on what matters most—safeguarding long term Shareholder value and setting a clear course for long-term stability. While the Company’s growth prospects continue to strengthen, the capital structure of FRX required that an important portion of each fund raise be allocated to debt repayment as opposed to deploying funds to growth initiatives. With a completely restructured balance sheet, FRX Polymers will be in a much more favorable position to accelerate its growth,” commented Marc Lebel, CEO of FRX Innovations.

“Our group strongly believes in the potential of the Nofia® technology. We are pleased to have found a way together with FRX Polymers’ creditors, suppliers and partners to alleviate its financial burden and are excited to support the business in capturing this potential,” commented Bartosz Kurkowski on behalf of the Purchaser.

Shareholder Approval and Recommendation of the Board and Special Committee

In connection with the consideration of the Transaction, the Board of the Company, and a special committee (the “**Special Committee**”) of uninterested directors of the Company formed to consider the Transaction on behalf of the Company, retained Ventum Financial Corp. (“**Ventum**”) to act as financial advisor to the Special Committee and the Board and to prepare and deliver to the Special Committee and the Board an opinion as to the fairness, from a financial point of view, of the consideration to be received by the Company under the Transaction (the “**Fairness Opinion**”). The Fairness Opinion provided that, as of the date of such opinion, based upon and subject to the assumptions, limitations and qualifications set out therein, the Purchase Price payable by the Purchaser is fair, from a financial point of view, to the Company.

The members of the Board, after consultation with management and their legal and financial advisors, and following receipt of a unanimous recommendation of the Special Committee, for reasons to be more fully described in the Circular to be mailed to Shareholders in connection with the Transaction and filed on www.sedarplus.ca, have unanimously approved the Transaction, determined that the Transaction is in the best interests of the Company and recommend that Shareholders vote in favour of the Transaction.

The Transaction is expected to be a “related party transaction” under Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions (“**61-101**”), among other reasons, as a result of the Purchaser, at the time of Closing, being expected to be indirectly majority-owned, or controlled, collectively by certain “related parties” (as defined in MI 61-101) of the Company, including CCSRF, NBPT and Patrick Meuzers. CCSRF is

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a related party of the Company as a result of its greater than 10% ownership of the Company's outstanding common shares (the "**Common Shares**"). Patrick Muezers is a related party of the Company as a result of him being a former director of the Company and a director at the time of the entering into of the LOI and negotiation of the terms of the Transaction. CCSRF and NBPT will also be involved in "connected transactions" (as defined in MI 61-101) to the Transaction pursuant to which certain loans advanced by such parties to FRX Polymers will be converted into equity of the Parent at Closing or otherwise amended such that repayment of certain amounts shall only be repayable by FRX Polymers post-Closing upon the occurrence of a Liquidity Event.

The Transaction is subject to the approval of at least 66 2/3% of the votes cast by Shareholders at the Meeting pursuant to the CBCA and, as a result of the Transaction being a considered related party transaction under MI 61-101 and Policy 5.9 of the TSXV, the Transaction will also require approval by a majority of votes cast by Shareholders after excluding the Common Shares owned or controlled by CCSRF, NBPT and Mr. Meuzers. Approval of disinterested Shareholders excluding the foregoing Shareholders is also required under Policy 5.3 of the TSXV. Additional details relating to the related party nature of the Transaction and certain connected transactions will be set out in the Circular.

The Delisting is also subject to disinterested Shareholder, thereby requiring the approval of at least a majority of the votes cast by Shareholders at the Meeting, excluding any votes of promoters, directors, officers or other insiders of the Company, and their associates and affiliates.

Certain directors, officers, and significant Shareholders of the Company have entered into voting support agreements to agree to vote their Common Shares in favour of the Transaction and the Delisting, which Common Shares, in aggregate, represent approximately 40.49% of the issued and outstanding Common Shares.

Board of Directors

Effective as of November 26, 2024, Bernhard Mohr, Patrick Muezers and Fanglu Wang has resigned as a director of the Company. The Board is now comprised of James Cassina, Marc-Andre Lebel, Mark Lotz and Ekaterina Terskin, each of whom will be nominated for re-election at the Meeting. Please see the Circular for additional details.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

About FRX Innovations (www.frx-innovations.com)

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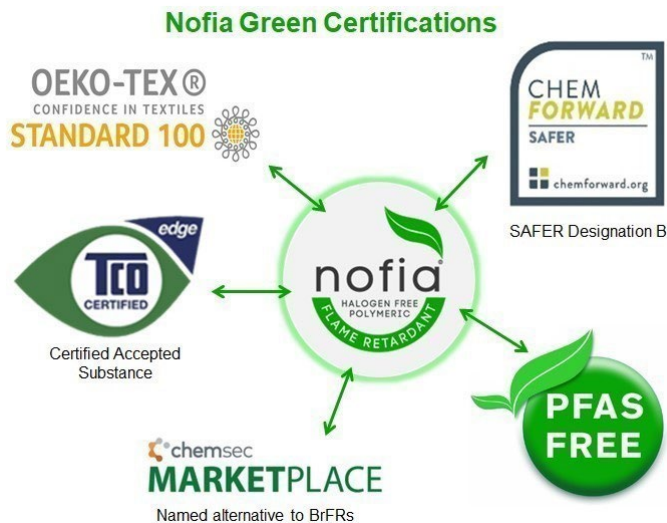
FRX Innovations is a global manufacturing company, producing a family of sustainable flame-retardant products that serve several large markets spanning textiles, electronics, automotive, electric vehicles (EV), and medical devices. FRX is led by a team of highly experienced business and technical professionals and is positioned to be a leader in the rapidly changing flame-retardant plastics and additives market in response to new legislation prohibiting Brominated and Perfluoro flame retardants found in a wide range of electronics and electrical products and restricting the use of melamine flame retardant chemicals found in furniture and mattress foam products.

NOFIA® is a registered trademark of FRX. NOFIA® products are manufactured at its manufacturing facility on the Port of Antwerp in Belgium, one of the world's largest chemical producing clusters. NOFIA Polyphosphonates are produced using sustainable green chemistry principles such as a solvent-free production process, no waste by-products, and near 100% atom efficiency, and are halogen, PFAS and melamine free. FRX's portfolio includes an extensive patent estate. FRX has been at the forefront of the ESG movement to a greener future. The company has been the recipient of numerous awards, including the EPA's Environmental Merit Award, the Belgium Business Award for the Environment, and the Flanders Investment of the Year Award. FRX has also been recognized six times on the Global Cleantech 100 list.

Cautionary Note Regarding Forward-Looking Statements and Reader Advisory

Certain statements contained in this news release, including, but not limited to, statements with respect to the Transaction, the completion of the Transaction, meeting any necessary conditions to the Transaction, the amount and timing of the Earnout Payment, restructuring, payment or forgiveness of any debt of the Company or FRX Polymers, ultimate shareholdings of the Parent, remaining assets in the Company following Closing, involvement in the Transaction and connected transactions by related parties and the amount of such participation, the listing or delisting of the Company from the TSXV following Closing, plans of the Purchaser in respect of the business of FRX Polymers following Closing, among other things, and statements which may contain words such as “expects”, “anticipates”, “intends”, “plans”, “believes”, “estimates”, or similar expressions, and statements related to matters which are not historical facts, may constitute forward-looking information within the meaning of applicable securities laws. Such forward-looking statements, which reflect management’s expectations regarding the Company’s future growth, results of operations, performance, business prospects and opportunities, are based on certain factors and assumptions and involve known and unknown risks and uncertainties which may cause the actual results, performance, or achievements to be materially different from future results, performance, or achievements expressed or implied by such forward-looking statements.

Forward-looking statements necessarily involve known and unknown risks and uncertainties, many of which are beyond the Company’s control. Such risks and uncertainties include but are not limited to: the risk that the



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Transaction may not be completed on a timely basis, or at all; risks that the conditions to the consummation of the Transaction may not be satisfied; the risk that the Transaction may involve unexpected costs, liabilities or delays; the risk that, prior to the completion of the Transaction, the Company's business may experience significant disruptions, including loss of customers or employees, due to transaction-related uncertainty or other factors; the possible occurrence of an event, change or other circumstance that could result in termination of the Transaction; risks that the Transaction may have a negative impact on the market price and liquidity of the Company's common shares; risks related to the diversion of management's attention from the Company's ongoing business operations; risks relating to the failure to obtain necessary Shareholder and regulatory approvals, including those of the TSXV; and risks related to the Company's strategy going forward. Further, failure to obtain the requisite approvals or the failure of the parties to otherwise satisfy the conditions to or complete the Transaction, may result in the Transaction not being completed on the proposed terms, or at all. In addition, if the Transaction is not completed, and the Company's business continues in its current form, the announcement of the Transaction and the dedication of substantial resources of the Company to the completion of the Transaction could have a material adverse impact on the Company's common share price, its current business relationships (including with future and prospective employees, customers and partners) and on the current and future operations, financial condition and prospects of the Company. When relying on forward-looking statements to make decisions, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. Readers are cautioned that the foregoing list of factors is not exhaustive.

Details of additional risk factors relating to the Company and its business, generally, are discussed in the Company's annual Management's Discussion & Analysis for the year ended December 31, 2022, a copy of which is available on the Company's profile at www.sedarplus.ca. These statements speak only as of the date of this press release. Except as otherwise required by applicable securities statutes or regulation, the Company expressly disclaims any intent or obligation to update publicly forward-looking information, whether as a result of new information, future events or otherwise.

These factors should be considered carefully, and readers should not place undue reliance on the Company's forward- looking statements. The Company believes that the expectations reflected in the forward-looking statements contained in this news release and the documents incorporated by reference herein are reasonable based on information available to it, but no assurance can be given that these expectations will prove to be correct.

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