FRX INNOVATIONS INC.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(EXPRESSED IN UNITED STATES DOLLARS)FOR THE SIX-MONTH PERIODS
ENDED JUNE 30, 2022 AND 2021

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim condensed consolidated financial statements, the statements must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The accompanying unaudited interim condensed consolidated financial statements of the Company have been prepared by management and are the responsibility of the Company's management. The Company's independent auditor has not performed a review or an audit of these interim condensed consolidated financial statements

FRX INNOVATIONS, INC.
(formerly Good2GoRTO Crop.)

Interim Condensed Consolidated Statements of Financial Position (Unaudited)
(Expressed in United States Dollars)
As of June 30, 2022 and December 31, 2021

Assets	**Note**	**June 30, 2022**	**December 31, 2021**
Current Assets:			
Cash and cash equivalents	5	$ 1,795,770	$ 453,359
Trade receivables, net	6	1,588,138	2,270,015
Inventories, net	7	2,389,303	1,418,949
Other current assets	8	447,367	303,840
Total current assets		6,220,578	4,446,163
Non-current Assets:			
Plant and equipment, net	9	17,301,626	19,142,681
Right-of-use assets	10	458,558	510,289
Intangible assets, net	12	384,624	386,832
Patents, net	11	391,376	416,376
Deferred offering costs	17	-	564,818
Total non-current assets		18,536,184	21,020,996
Total assets		$ 24,756,762	$ 25,467,159
Liabilities, Stockholders' Deficit and Non-Controlling Interest			
Current Liabilities:			
Accounts payable		$ 3,040,062	$ 1,973,805
Accrued expenses and other current liabilities	13	903,203	819,989
Current portion of lease liability	10	33,433	35,746
Current portion of notes payable	14	1,534,457	1,269,904
Total current liabilities		5,511,155	4,099,444
Long-Term Liabilities:			
Notes payable, net of current portion	14	10,939,995	12,503,777
Common stock warrant liability - FRX Polymer Canada, Inc.	16/17	2,063,459	89,411
Lease liability, net of current portion	10	441,320	504,385
2020 and 2019 Convertible notes payable and accrued interest, net of debt issuance costs	15	-	9,021,104
Common stock warrant liability - FRX Polymers, Inc.	15	-	3,427,236
2021 Convertible debentures, net of debt issuance costs	16	-	3,048,597
2021 Convertible debentures - derivative liability	16	-	902,210
Finco New Convertible Debentures	16	-	54,663
Total long-term liabilities		13,444,774	29,551,383
Total liabilities		18,955,929	33,650,827
Stockholders' Equity (Deficit):			
Share capital without par value:	19	47,153,058	-
Common Stock, $0.001 par value:			
Bridge; 19,000,000 shares authorized; 16,560,000 voting shares issued and outstanding at March 31, 2022 and December 31, 2021	19	-	16,560
Mezzanine; 11,000,000 shares authorized; 5,760,000 voting shares issued and outstanding at March 31, 2022 and December 31, 2021	19	-	5,760
Basic; 21,500,000 shares authorized; 5,558,063 and 1,629,685 voting shares issued and outstanding at March 31, 2022 and December 31, 2021, respectively	19	-	5,558
Additional paid-in capital		-	25,049,194
Share capital without par value:		48,363	-
Deferred compensation - restricted stock	19	-	(533,666)
Accumulated deficit		(41,033,924)	(31,850,560)
Accumulated other comprehensive income (loss)	25	172,625	(337,225)
Total stockholders' equity (deficit)		6,340,122	(7,644,379)
Non-Controlling Interest		(539,289)	(539,289)
Total liabilities, stockholders' equity (deficit) and non-controlling interest		$ 24,756,762	$ 25,467,159

Approved on Behalf of the Board of Directors:

"Bernhard Mohr"

Bernhard Mohr, Director

"Ross Haghighat"

Ross Haghighat, Director

FRX INNOVATIONS, INC.
(formerly Good2GoRTO Crop.)

Interim Condensed Consolidated Statements of Profit or Loss and Comprehensive Loss (Unaudited)
(Expressed in United States Dollars)
For the Three and Six Months Ended June 30, 2022 and 2021

		Three Months Ended June 30		Six Months Ended June 30	
	Note	**2022**	**2021**	**2022**	**2021**
Revenue		$ 1,305,790	$ 1,154,961	$ 2,405,922	$ 2,480,486
Cost of Goods Sold		1,799,344	1,707,575	3,396,271	2,891,638
Gross margin		(493,554)	(552,614)	(990,349)	(411,152)
Operating Expenses:					
Administrative	27	1,055,333	414,775	2,176,678	843,488
Sales and marketing	27	132,914	246,645	289,409	393,591
Research	27	161,274	98,163	305,019	293,957
Total operating expenses		1,349,521	759,583	2,771,106	1,531,036
Operating loss		(1,843,075)	(1,312,197)	(3,761,455)	(1,942,188)
Other Income (Expense):					
Fair value of derivative liability - convertible debentures	15	88,272	-	89,284	-
Interest income		2,789	-	2,789	11
Gain on debt modification		-	613,025	-	861,025
Foreign currency gain (loss)		(495,291)	117,229	(722,045)	(330,722)
Interest expense		(304,731)	(323,965)	(963,702)	(599,317)
Fair value of common stock warrants	15/16	8,707	(1,848,166)	(1,832,336)	(1,848,166)
Listing expense	3	(154,856)	-	(1,995,899)	-
Total other expense		(855,110)	(1,441,877)	(5,421,909)	(1,917,169)
Net loss		(2,698,185)	(2,754,074)	(9,183,364)	(3,859,357)
Other Comprehensive Loss:					
Foreign currency translation adjustment	24	510,229	(20,980)	509,850	16,067
Net comprehensive loss		$ (2,187,956)	$ (2,775,054)	$ (8,673,514)	$ (3,843,290)
Loss per Share:					
Basic and diluted	20	$ (0.04)	$ (0.11)	$ (0.21)	$ (0.15)
Weighted average number of shares outstanding		53,654,032	25,786,626	41,835,171	25,786,626

FRX INNOVATIONS, INC.
(formerly Good2GoRTO Crop.)

Interim Condensed Consolidated Statements of Cash Flows (Unaudited)
(Expressed in United States Dollars)
For the Six Months Ended June 30, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities:		
Net loss	$ (9,183,364)	$ (3,859,357)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	467,151	521,788
Amortization of patents	25,000	25,000
Amortization of intangible assets	2,208	2,208
Amortization of debt issuance costs	34,625	18,321
Amortization of right-of-use asset	15,040	15,111
Gain on debt modification	-	(861,025)
Amortization of debt discount	130,773	-
Share-based compensation - restricted stock	533,666	-
Share-based compensation - stock options	174,810	-
Noncash listing expense	1,995,899	
Noncash interest on notes payable	-	344,240
Noncash interest on convertible notes payable	161,277	190,641
Noncash interest on convertible debentures	94,258	-
Interest expense on financial liabilities	12,507	16,370
Fair value of common stock warrants	1,836,862	1,848,166
Fair value of derivative liability	(89,284)	-
Unrealized currency transaction (gain) loss	1,167,145	268,724
Changes in operating assets and liabilities:		
Trade receivables	538,241	1,281,247
Inventories	(1,120,691)	(267,177)
Other current assets	(151,120)	3,867
Accounts payable	1,143,497	(446,844)
Accrued expenses and other current liabilities	111,666	(120,391)
Intercompany receivables	-	-
Intercompany payables	-	-
Net cash used in operating activities	(2,099,834)	(1,019,111)
Cash Flows from Investing Activities:		
Acquisition of plant and equipment	(5,593)	-
Cash Flows from Financing Activities:		
Cash obtained from ROT	16,670	-
Proceeds from exercise of warrants	134,418	-
Proceeds from issuance of shares prior to RTO	4,262,440	-
Proceeds from issuance of convertible notes	-	928,570
Proceeds from issuance of convertible debentures	324,260	-
Principal payment of lease liability	(39,507)	(33,594)
Issuance costs	(612,696)	-
Payments on notes and interest payable	(474,072)	(37,024)
Net cash provided by (used in) financing activities	3,611,513	857,952
Effect of Exchange Rate Changes on Cash	(163,675)	(3,629)
Net Change in Cash and Cash Equivalents	1,342,411	(164,788)
Cash and Cash Equivalents:		
Beginning of period	453,359	547,409
End of period	$ 1,795,770	$ 382,621
Supplemental Disclosure of Non-Cash Transactions:		
Shares issued as part of the RTO	$ 1,780,131	$ -
Reallocation of fair value of warrants upon exercise	$ 3,427,236	$ -
Shares issued for conversion of convertible notes	$ 9,191,969	$ -
Shares issued for conversion of convertible debentures	$ 4,330,091	$ -
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	$ 695,660	$ 46,115

FRX INNOVATIONS, INC.
(formerly Good2GoRTO Crop.)

Interim Condensed Consolidated Statements of Stockholders' Equity (Deficit) (Unaudited)
(Expressed in United States Dollars)
For the Six Months Ended June 31, 2022 and 2021

		Share Capital		Common Stock: Bridge Common Stock		Common Stock: Mezzanine Common Stock		Common Stock: Basic Common Stock		Additional Paid-in Capital	Reserve for Warrants and options	Deferred Compensation - Restricted Stock	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity (Deficit)	Non-Controlling Interest
	Note	**Shares**	**Amount**	**Shares**	**Amount**	**Shares**	**Amount**	**Shares**	**Amount**							
Balance, December 31, 2020		-	$ -	16,560,000	$ 16,560	5,760,000	$ 5,760	1,629,685	$ 1,630	$ 23,976,291	$ -	$ -	$ (23,113,438)	$ (503,148)	$ 383,655	$ (544,874)
Foreign currency translation adjustment	24	-	-	-	-	-	-	-	-	-	-	-	-	16,067	16,067	-
Net loss		-	-	-	-	-	-	-	-	-	-	-	(3,845,931)	-	(3,845,931)	(13,426)
Balance, June 30, 2021		-	$ -	16,560,000	$ 16,560	5,760,000	$ 5,760	1,629,685	$ 1,630	$ 23,976,291	$ -	$ -	$ (26,959,369)	$ (487,081)	$ (3,446,209)	$ (558,300)
Balance, December 31, 2021		-	$ -	16,560,000	$ 16,560	5,760,000	$ 5,760	5,558,063	$ 5,558	$ 25,049,194	$ -	$ (533,666)	$ (31,850,560)	$ (337,225)	$ (7,644,379)	$ (539,289)
Share-based compensation expense - restricted stock	18	-	-	-	-	-	-	-	-	-	-	533,666	-	-	533,666	-
Share-based compensation expense - stock options	17	-	-	-	-	-	-	-	-	174,810	-	-	-	-	174,810	-
Conversion of 2020 and 2019 convertible notes payable prior to RTO		-	-	-	-	-	-	18,198,470	181,985	9,009,984	-	-	-	-	9,191,969	-
Exercise of warrants - FRX Polymers, Inc. prior to RTO		-	-	-	-	-	-	14,338,719	143,387	3,427,236	-	-	-	-	3,570,623	-
Units issued for cash prior to RTO		6,014,000	4,205,876	-	-	-	-	-	-	-	-	-	-	-	4,205,876	-
Openning balance of FRX Innovation, Inc.		2,293,877	1,780,131	-	-	-	-	-	-	-	48,363	-	-	-	1,828,494	-
Issuance costs		-	(1,177,514)	-	-	-	-	-	-	-	-	-	-	-	(1,177,514)	-
Issuance of shares to former shares holders of FRX Polymers, Inc. and subsidiaries		65,995,582	38,014,474	(16,560,000)	(16,560)	(5,760,000)	(5,760)	(38,095,252)	(330,930)	(37,661,224)	-	-	-	-	-	-
Conversion of 2021 convertible debentures		5,209,110	3,955,811	-	-	-	-	-	-	-	-	-	-	-	3,955,811	-
Conversion of Finco New Convertible Debentures (non-interest bearing)		482,296	374,280	-	-	-	-	-	-	-	-	-	-	-	374,280	-
Foreign currency translation adjustment	24	-	-	-	-	-	-	-	-	-	-	-	-	509,850	509,850	-
Net loss		-	-	-	-	-	-	-	-	-	-	-	(9,183,364)	-	(9,183,364)	-
Balance, June 30, 2022		79,994,865	$ 47,153,058	-	$ -	-	$ -	-	$ -	$ -	$ 48,363	$ -	$ (41,033,924)	$ 172,625	$ 6,340,122	$ (539,289)

1. BACKGROUND AND OPERATIONS

FRX Innovations Inc., (formerly Good2GoRTO Corp.) is a Canadian federally incorporated company. The Company's Canadian office is located at 1120 – 1040 West Georgia St., Vancouver. The Company's financial statements are presented on a consolidated basis comprising its wholly-owned subsidiaries:

FRX Polymers (Europe), NV, which operates in Antwerp, Belgium,
FRX (Shanghai) Consulting Co., Ltd., which is located in Shanghai, China.
FRX Polymers, Inc. a C corporation incorporated in Delaware, United States. Its headquarter, principal place of business and registered office, is located in, Chelmsford, Massachusetts, United States. FRX International Pty Ltd. (the controlled entity, or “FRX Pty”), which is located in Australia and is inactive.

FRX Innovations, Inc. along with its wholly-owned subsidiaries and controlled entity are referred to collectively as “the Company” or “FRX”. The Company manufactures polyphosphate polymers that are inherently flame retardant and sold under its Nofia® product line. These polymers are intended to be used as additives by manufacturers that make products that have desirability or requirement for flame retardancy.

On August 3, 2021, FRX Polymers, Inc. executed a letter of intent whereby it would negotiate the definitive terms of a reverse merger (the “RTO”) with Good2GoRTO Corp. (“G2G”), a Toronto Stock Exchange (“TSX”) Venture Exchange capital pool company

On August 17, 2021, to facilitate the RTO, FRX Polymers, Inc. incorporated a wholly-owned subsidiary, FRX Canada, under the Canada Business Corporations Act, and commencing on September 14, 2021, FRX Canada closed four tranches of convertible debentures for gross proceeds of $3,086,898 (CAD $3,953,000).

During February 2022, FRX Canada (also referred to as “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 May 16, 2022 the Company completed the RTO as further described below.

1. BACKGROUND AND OPERATIONS (Continued)

Going Concern Assessment

Since its first year of commercial operations and continuing through June 30, 2022, the Company has incurred losses and presently has an accumulated deficit of approximately $41,034,000. The Company has historically been successful in raising debt and equity capital to offset the impact of these losses. The Company is currently in the process of raising additional debt and equity funding, but no assurances can be given that this funding will be obtained and if obtained, in sufficient amounts to satisfy working capital requirements. In addition to maintaining sufficient capital to support the future sales growth projected in its business plan over the next several years, the Company will also depend on its success in registering patented technology, maintain trade secrets, protect patents previously filed, and expand the market acceptance of its flame retardant polymer products within the existing worldwide polymer supply chains. Some successful market expansion has been achieved, but meaningful revenue growth has eluded the Company to date and there can be no assurance that the projected sales growth and future production goals will be attained. Also, there can be no assurances that the patents issued to the Company will not be invalidated, circumvented, or that the rights granted thereunder will provide proprietary protections or competitive advantages to the Company. Since the Company does not have net earnings from its operations currently, the Company's long-term liquidity depends on its ability to access capital markets, as well as capital market conditions and availability. The Company is not subject to any externally imposed capital requirements.

The ongoing challenges of expanding revenue growth to sufficient levels that will generate positive working capital from operations, coupled with financing and operating uncertainties, raise substantial doubt about the Company's ability to continue as a going concern. The accompanying interim condensed consolidated financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of Compliance

These unaudited interim condensed consolidated financial statements of the Company have been prepared for the six months ended June 30, 2022, in accordance with International Accounting Standard 34, Interim Financial Reporting (IAS 34). Accordingly, certain information and footnote disclosure normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board, have been omitted or condensed. These unaudited interim condensed consolidated financial statements do not include all the information required for full disclosure in the annual consolidated financial statements and should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2021, as they follow the same accounting policies and methods of application.

b) Basis of Presentation

The interim condensed consolidated financial statements of the Company have been prepared in accordance with IFRS, as issued by the IASB.

The Company has applied the same accounting policies and methods of computation in its interim condensed consolidated financial statements as in its 2021 annual consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Basis of Presentation (Continued)

The interim condensed consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments measured at fair value at the end of each reporting period as explained in the accounting policies below. The interim condensed consolidated financial statements have been expressed in United States dollars ("USD") unless otherwise noted.

c) Basis of Consolidation

The interim condensed consolidated financial statements include the financial statements of FRX Innovations Inc, its wholly-owned subsidiaries, FRX Polymers, Inc., FRX Polymer (Canada) – amalgamated in the RTO process, Inc., FRX Polymers (Europe), NV, FRX (Shanghai) Consulting Co., Ltd., and FRX Pty, in which FRX Polymers, Inc. has a controlling financial interest and is the primary beneficiary. All significant intercompany transactions, balances and profits have been eliminated in consolidation.

Controlled Entity

The Company follows the IFRS 10 and 12 which addresses consolidation based on the control model. FRX Polymers, Inc. has de facto control of FRX Pty, and therefore, the assets, liabilities, and results of operations of FRX Pty are included in the accompanying interim condensed consolidated financial statements.

Non-controlling Interest

For the six months ended June 30, 2022, the non-controlling interest in the interim condensed consolidated statements of profit or loss and comprehensive loss represents the non-controlling ownership's share of the net loss in FRX Pty and the non-controlling interest referred to in the interim condensed consolidated statements of financial position reflect the non-controlling ownership's equity interest in the entity.

3. USE OF ESTIMATES AND JUDGEMENTS

The preparation of the unaudited interim condensed consolidated financial statements requires management to undertake several judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from these judgements and estimates. These estimates and judgements are based on management's best knowledge of the events or circumstances and actions the Company may take in the future. The estimates are reviewed on an ongoing basis. Information about the significant judgements, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses are discussed in Note 2 of the Company's 2021 audited annual consolidated financial statements and are still applicable for the period ended June 30, 2022.

4. REVERSE ACQUISITION

On May 16, 2022 – the Company completed a 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 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. On May 24, 2022 the common shares of the Resulting Issuer (the "**Resulting Issuer Shares**") commenced trading on the TSX Venture Exchange under the new name "FRX Innovations Inc.", on a post-Consolidation (as defined below) basis and under the new trading symbol "FRXI". In addition, the warrants of the Resulting Issuer (the "**Resulting Issuer Warrants**") commenced trading on the Exchange under the symbol "FRXI.WT".

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.

4. REVERSE ACQUISITION (Continued)

Upon completion of the Business Combination, and the issuance of all shares, 79,994,865 Resulting Issuer Shares and 3,436,513 Resulting Issuer Warrants will be 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.

(Expressed in United States Dollars)

4. REVERSE ACQUISITION (Continued)

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.

The following represents managements estimate of the fair value of the Merger sub net assets acquired as at April 18, 2022 as a result of the reverse acquisition:

	Total
Cost of acquisition:	
Shares issued at CAD $1 per share	$ 1,780,131
Warrants and options retained by public company shareholders	48,363
Warrants issued as finder's fee	162,125
	$ 1,990,619
Allocated as follows:	
Cash	$ 16,670
Liabilities	(21,950)
Listing expense	1,995,889
	$ 1,990,619

The above transaction was accounted for as a reverse recapitalization whereby FRX Innovations, Inc. was determined to be the accounting acquiree and FRX Polymers, Inc. the accounting acquirer. This accounting treatment is equivalent to FRX Polymers, Inc. issuing common stock for the net assets of FRX Innovations accompanied by a recapitaliztion. The net assets of FRX Innovations are recorded at historical cost whereby no goodwill or other intangible assets are recorded. Operations prior to the business combination are those of FRX Polymers, Inc. and are stated at their historical carrying values.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of balances with banks (including deposits with original maturities of up to six months) of $1,795,770 and $453,359 at June 30, 2022 and December 31, 2021, respectively.

(Expressed in United States Dollars)

6. TRADE RECEIVABLES

			Past Due but not Impaired		
	Total	**< 30 Days**	**30-60 Days**	**60-90 Days**	**> 90 Days**
June 30, 2022	$ 1,588,138	$ 1,097,932	$ 3,488	$ 241,388	$ 245,330
December 31, 2021	$ 2,270,015	$ 2,032,939	$ 237,076	$ -	$ -

7. INVENTORIES, NET

Inventories consist of the following at:

	June 30, 2022	**December 31, 2021**
Finished goods	$ 1,976,440	$ 946,792
Raw materials	412,863	472,157
	$ 2,389,303	$ 1,418,949

The Company periodically reviews the value of its inventory and provides write-downs or write-offs of inventory based on its assessment of market conditions. The Company has recorded a reserve for obsolescence of approximately $423,000 and $456,000 related to finished goods and $47,000 and $50,000 related to saleable raw materials at June 30, 2022 and December 31, 2021, respectively.

8. OTHER CURRENT ASSETS

Other current assets consist of the following at:

	June 30, 2022	**December 31, 2021**
Prepaid expenses	$ 374,784	$ 227,641
Taxes recoverable, statutory deposits and dues from government	72,583	76,199
	$ 447,367	$ 303,840

(Expressed in United States Dollars)

9. PLANT AND EQUIPMENT, NET

Plant and equipment consist of the following at June 30:

	Building	Equipment	Leasehold Improve-ments	Total
Cost, January 1, 2022	$ 15,544,899	$ 12,778,201	$ 17,000	$ 28,340,100
Additions	-	5,593	-	1,992
Currency translation	(1,136,783)	(825,007)	-	(1,961,790)
Cost, at June 30, 2022	$ 14,408,116	$ 11,95,8787	$ 17,000	$ 26,383,903
Accumulated Depreciation, January 1, 2022	$ 3,127,565	$ 6,052,854	$ 17,000	9,197,419
Depreciation	256,195	212,642	-	468,837
Currency translation	(319,114)	(264,865)	-	(583,979)
Accumulated Depreciation, June 30, 2022	$ 3,064,646	$ 6,000,631	$ 17,000	9,082,277
Net Book Value June 30, 2022				$ 17,301,626

	Building	Equipment	Leasehold Improve-ments	Total
Cost, January 1, 2021	$ 16,867,214	$ 13,730,982	$ 17,000	$ 30,615,196
Additions	5,727	10,247	-	15,974
Currency translation	(1,328,042)	(963,028)	-	(2,291,070)
Cost, at December 31, 2021	$ 15,544,899	$ 12,778,201	$ 17,000	28,340,100
Accumulated Depreciation, January 1, 2021	$ 2,961,157	$ 5,815,491	$ 17,000	8,793,648
Depreciation	418,269	587,386	-	1,005,655
Currency translation	(251,861)	(350,023)	-	(601,884)
Accumulated Depreciation, December 31, 2021	$ 3,127,656	$ 6,052,854	$ 17,000	9,197,419
Net Book Value, December 31, 2021				$ 19,142,681

(Expressed in United States Dollars)

10. LEASES

Right-of-Use Asset

The Company, through its wholly-owned subsidiary, FRX Polymers (Europe) NV, entered into a land lease and a "right to build" contract with the owner of a large chemical land site in the port of Antwerp, Belgium. This contract allowed the Company to build its specialty polymer plant and further expand on the site. This right to build is granted for a period of thirty years beginning from the commencement date of June 27, 2012. The Company has a right to extend the duration of the contract by up to an additional twenty years. The following amounts are included as right-of-use assets in the accompanying interim condensed consolidated statements of financial position at:

	June 30, 2022	December 31, 2021
Balance, beginning of year	$ 510,289	$ 569,188
Depreciation for the year	(12,173)	(26,219)
Effect of movement in exchange rates	(39,558)	(32,680)
Balance, end of year	$ 458,558	$ 510,289

Lease Liability

When measuring lease liability, the Company discounted lease payments using its incremental borrowing rate at June 30, 2022 and December 31, 2021. The weighted-average rate applied is 5%.

Right to Build Fee

The annual "right to build" fee of approximately $39,800 (€32,300) increases each year based on a formula tied to the increase in consumption prices as published by the Belgium government.

Approximate future undiscounted cash flows assuming the current applicable index and exchange rates are as follows:

Years Ending	
2023	$ 37,336
2024	37,818
2025	38,306
2026	38,800
Thereafter	645,880
	798,141
Less - present value discount	(323,388)
Less - current portion	(33,433)
Lease liability, net of current portion	$ 441,320

No assurance is provided on the interim condensed consolidated financial statements.

(Expressed in United States Dollars)

10. LEASES (Continued)

The following amounts are recognized in the interim condensed consolidated statements of profit or loss and comprehensive loss for the below periods:

	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
Interest expense on lease liabilities	$ 12,522	$ 16,370

	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021
Interest expense on lease liabilities	$ 5,983	$ 9,203

11. PATENTS, NET

The Company has a total of 64 patent applications globally which cover 20 separate patent families. Of the 64 patents referred to, 40 patents have been granted and 24 have been published. The remaining patent applications are in process of writing, filing application and pursuing protection with the patent office.

Patents consist of the following at:

	June 30, 2022	December 31, 2021
Beginning cost	$ 814,815	$ 851,852
Write-down/impairment	-	(37,037)
Ending cost	814,815	814,815
Beginning accumulated amortization	(398,439)	(378,069)
Amortization for the year	(25,000)	(42,592)
Write-down/impairment	-	22,222
	(423,439)	(398,439)
Net carrying amount	$ 391,376	$ 416,376

(Expressed in United States Dollars)

12. INTANGIBLE ASSETS, NET

Capitalized development costs consist of the following at:

	June 30, 2022	December 31, 2021
Beginning cost	$ 397,255	$ 291,766
Additions	-	105,489
Ending cost	397,255	397,255
Beginning accumulated amortization	10,423	6,007
Amortization for the year	2,208	4,416
	12,631	10,423
Net carrying amount	$ 384,624	$ 386,832

13. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities consist of the following at:

	June 30, 2022	December 31, 2021
Accrued vacation	$ 129,913	$ 160,887
Accrued interest	6,145	28,790
Other	767,145	630,312
	$ 903,203	$ 819,989

(Expressed in United States Dollars)

14. NOTES PAYABLE AND LONG-TERM DEBT

Credit Facility

During December 2011, the Company, through its subsidiary, FRX Polymers (Europe), NV ("FRX NV"), entered into a credit facility with a bank in Belgium which allowed for the ability to borrow up to $15,260,400 (€13,500,000) under certain terms and conditions, for the specific purpose of constructing a specialty polymers plant and the acquisition of related equipment, which acts as collateral for the credit facility. This facility consists of:

	June 30, 2022	December 31, 2021
$1,571,603 (€1,500,000) first tranche "line of credit" which carried interest, due quarterly, of EURIBOR three months plus a margin of 3.30%, and the outstanding principal amount due in a single payment no later than December 31, 2027. In June 2019, the terms of the credit facility were renegotiated. As amended, the first tranche carries interest, due quarterly, of EURIBOR three months plus a margin of 2.55%, plus payment in-kind (PIK)-interest of 0.40% until December 31, 2021, and then converting to EURIBOR three months plus a margin of 3.30% until March 31, 2028. Accrued PIK-interest is to be paid in full on the quarterly amortization commencement date of the second tranche line of credit. The outstanding principal amount is due in a single payment no later than March 31, 2028.	$ 1,571,603	$ 1,695,600
$13,564,800 (€12,000,000) second tranche "line of credit" which carried interest, due quarterly, of EURIBOR three months plus a margin of 2.80% with principal that was due in 52 equal quarterly payments, beginning March 31, 2015. In June 2019, the terms of the credit facility were renegotiated in conjunction with the 2019 Convertible Notes with the Lead Investor (see Note 14). The second tranche line of credit carries interest, due quarterly, of EURIBOR three months plus a margin of 2.05%, plus PIK-interest of 0.40% until December 31, 2021, and then converting to EURIBOR three months plus a margin of 3.30% until December 31, 2027. Accrued PIK-interest is to be paid in full on the quarterly amortization commencement date. Should the Lead Investor fail to fund a tranche, quarterly payments would have commenced in the quarter in which the funding did not occur. In October 2020, before any quarterly principal payments were made, the Lead Investor failed to fund a tranche and the quarterly principal payments were suspended by the bank until the agreement was further amended.	7,863,225	8,869,277
	$ 9,434,858	$ 10,564,877

(Expressed in United States Dollars)

14. NOTES PAYABLE AND LONG-TERM DEBT (Continued)

Credit Facility (Continued)

The current portion of debt as of June 30, 2022 and December 31, 2021, is $1,429,683 (€1,364,548) and $1,516,085 (€1,364,548), respectively.

In conjunction with this credit facility, a guarantee of payment to the bank equal to 70% of the principal and interest outstanding at the date of default is provided by the Gigarant N.V., a financing component of the Flemish Government. The Company is a party to the Guarantee Agreement and the Framework Agreement entered into in February 2012 among the Company, the bank and the Gigarant N.V. Annually, the Company remits an interest fee of 3.8% on the amount available for utilization under the credit facility. The guarantee expired in February 2022. Interest expense related to this guarantee totaled $160,966 (€144,911). Subsequent to the period, a new guarantee was negotiated with a 40% coverage of the principal at a rate of 5% of the outstanding principal.

This debt agreement contains certain financial and non-financial covenants, with which, at June 30, 2022, the Company was in compliance.

Subordinated Loan Agreement

	June 30, 2022	December 31, 2021
$4,973,760 (€4,400,000) subordinated loan agreement with an engineering firm for the construction of the specialty polymer plant referred to previously. The loan had a remaining balance at the beginning of the period of €2,000,000 with associated royalty payments and had an interest rate of 5.0%. On April 8, 2021, the loan and its related royalty payments were modified into a fixed obligation of €4,400,000 which was comprised of €2,000,000 for the remaining loan balance and a €2,400,000 which replaced the royalty payments. The amended loan repayment schedule is through 2032. The payment schedule of the €2,000,000 is fixed beginning in 2024 and the payment schedule for the €2,400,000 is variable based upon sales volume beginning in 2026. Any accrued interest and royalties previously recorded were forgiven as part of the loan modification. In accordance with IFRS 9, the Company recorded the loan modification at its net present value using the original effective interest which was determined to be 12%. The Company amortizes the debt discount of €2,655,614 over the term of the loan using the effective interest rate method and recorded interest expense of $130,773 during the six months ended June 30, 2022.	$ 4,610,034	$ 4,973,760

(Expressed in United States Dollars)

14. NOTES PAYABLE AND LONG-TERM DEBT (Continued)

Borrowing Agreement

	June 30, 2022	December 31, 2021
$1,047,735 (€1,000,000) borrowing agreement with an outside party. Interest accrues at a rate of 5% annually, calculated on a 365-day basis. The loan had a one-year interest free grace period and now bears interest at 5.0%. On May 28, 2021, the note was refinanced. Accrued but unpaid interest is payable every twelve months for the preceding twelve months with varying quarterly principal amounts due through November 15, 2025. Interest expense was $26,124 for the six months ended June 30, 2022. Total accrued interest was $6,145 and $28,790 at June 30, 2022 and December 31, 2021, respectively.	$ 959,185	$ 1,099,481

Classification

The classification of notes payable consists of the following at:

	June 30, 2022	December 31, 2021
Credit facility	$ 9,434,858	$ 10,564,877
Subordinated loan agreement	4,610,034	4,973,760
Borrowing agreement	959,185	1,099,481
	15,004,077	16,638,118
Less - unamortized debt discount	(2,529,625)	(2,864,437)
Less - current portion	(1,534,457)	(1,269,904)
Notes payable, net of current portion	$ 10,939,995	$ 12,503,777

Estimated amortization of the debt discount is estimated to be $273,000 for each of the five succeeding years.

Intercompany Notes

Periodically, FRX Polymers, Inc. will loan funds to FRX Polymers NV in the form of intercompany note agreements for various working capital needs. The notes accrue interest at a rate of 5% per annum and mature on January 1, 2025. The intercompany notes and the related interest expense and income are eliminated in consolidation.

15. CONVERTIBLE NOTES PAYABLE

2020 Convertible Notes

Initial Closing and Additional Tranche Closings

During December 2020, the Company entered into a convertible note and warrant purchase agreement, "the Convertible Note and Warrant Purchase Agreement", with existing investors referred to as "the 2020 Noteholders." The notes are referred to as the "2020 Convertible Notes" and accrued simple interest at a rate of 5% with a maturity date of October 29, 2021. During 2022, the combined principal of $2,000,000 and the accrued interest of $125,025 was converted to 5,540,024 shares of common stock immediately before the RTO, and thereafter were exchanged for G2G shares.

Financing costs associated with the issuance of the 2020 Convertible Notes totaled $59,250. These costs are being amortized as interest expense using the straight-line method through the maturity date. Amortization expense was approximately $5,200 during the six months ended June 30, 2021 and 2022 prior to the conversion of the notes, at which time the remaining unamortized financing costs were reallocated to share capital.

Detachable Stock Purchase Warrants

As part of the 2020 Convertible Note financing, the Company issued detachable warrants to purchase the Company's common stock at an exercise price of $0.01 per share with a maturity date of December 7, 2030. As the warrants are exercisable into a variable number of shares based upon future qualified financing, the warrants qualify for treatment as a liability and are recorded at fair value at the reporting date. The fair value of the warrants at December 31, 2021, had been recorded as a liability of $3,427,236, based upon the Black-Scholes pricing model. Immediately before the RTO, the warrants were exercised into 14,338,719 common shares immediately before the RTO, and thereafter were exchanged for G2G shares. The Company received considerations of $143,387, of which $8,969 has not been received as of June 30, 2022 and is included in the other current assets in the accompanying interim condensed consolidated statement of financial position. The fair value of the warrants at May 16, 2022 of $3,427,236 was reallocated to share capital.

2019 Convertible Notes

Initial Closing and Additional Tranche Closings

During September 2019, the Company entered into Convertible Note agreements investors collectively referred to as the "2019 Noteholders." During 2019, the Company received the initial closing notes of $3,200,000 from the Lead Investor and $3,100,000 from the Other Investors, for a total of $6,300,000. The notes are referred to as the "2019 Convertible Notes." The 2019 Convertible Notes accrued simple interest at a rate of 5% and had a maturity date of December 31, 2022.

Optional Conversion

Upon written notice to the Company, the convertible notes, including all of the outstanding principal and unpaid accrued interest, shall be automatically converted into that number of shares of the Company's Series 1 Basic Common Stock determined by dividing the original principal of the notes divided by the Conversion Price as defined in the agreement (the "Optional Conversion").

15. CONVERTIBLE NOTES PAYABLE (Continued)

2019 Convertible Notes (Continued)

Financing costs associated with the issuance of the 2019 Convertible Notes totaled $100,000. These costs are being amortized as interest expense using the straight-line method through the maturity date. Amortization expense was approximately $4,400 during the six months ended June 30, 2021 and 2022 prior to the conversion of the notes, at which time the remaining unamortized financing costs were reallocated to share capital.

The Company recorded interest expense of $90,164 for the six months ended June 30, 2022. The outstanding principal and accrued interest, net of unamortized financing costs of $70,274, was $9,021,104 as of December 31, 2021.

During 2022, the combined principal amount of $6,300,000 and the related accrued interest of $827,630 was converted to 12,658,446 common shares immediately before the RTO and thereafter were exchanged for G2G shares.

16. CONVERTIBLE DEBENTURES

2021 Convertible Debentures

On September 14, 2021, FRX Canada closed five tranches of convertible debentures ("the 2021 Convertible Debentures") for gross proceeds of CAD $3,953,000. Cash fees of CAD $168,630 were paid and broker warrants were issued to finders in this transaction. The 2021 Convertible Debentures were issued in denominations of CAD $1,000, bear an interest rate of 8% per annum, and have a maturity date of September 14, 2023.

Financing costs associated with the issuance of the 2021 Convertible Debentures totaled $131,683 (CAD $168,630). These costs are being amortized as interest expense using the straight-line method through the maturity date. Amortization expense was approximately $89,300 during the six months ended June 30, 2022 prior to the conversion of the debentures, at which time the remaining unamortized financing costs were reallocated to share capital.

FRX Canada recorded interest expense of $98,258 related to the 2021 Convertible Debentures for the six months ended June 30, 2022 prior to the conversion of the debentures. The outstanding principal and accrued interest, net of unamortized financing costs of $112,048, totaled $3,048,597 as of December 31, 2021.

In accordance with the agreements, the principal balance of $3,067,670 and accrued interest of $166,295 on the 2021 Convertible Debentures were converted to 5,209,110 common shares of the resulting issuer of the reverse merger at a 20% discount to the receipt financing required under the terms of the RTO. Based on the fair value of the conversion option, the Company recorded a derivative liability of $902,210 at December 31, 2021. Changes in fair value of derivative liability for the six months ended June 30, 2022 prior to the conversion was $89,284. The fair value of the derivative liability of $1,041,822 was reallocated to share capital upon conversion of the debentures.

(Expressed in United States Dollars)

16. CONVERTIBLE DEBENTURES (Continued)

Detachable Stock Purchase Warrants

As part of the 2021 Convertible Debenture financing, the Company issued detachable stock purchase warrants to purchase the Company's common stock. The warrants provide the finders the option to acquire in aggregate the number of common shares equal to 7% of the gross proceeds from an initial public offering of the Company's securities divided by the subscription price of the securities issued in the initial public offering. As the warrants are exercisable into a variable number of shares based upon future initial public offering, the warrants qualify for treatment as a liability and are recorded at fair value at the reporting date. The fair value of the warrants at June 30, 2022 and December 31, 2021, is $88,855 and $89,411, respectively, based upon the Black-Scholes pricing model and is included in Common Stock Warrant Liability –. within the accompanying interim condensed consolidated statement of financial position. Changes in fair value is recorded to net income or loss.

Finco New Convertible Debentures

FRX Canada closed a tranche of the Finco New Convertible Debentures for gross proceeds of CAD $70,000 and CAD $412,296 in December 2021 and February 2022, respectively, for a total of CAD $482,029. The Finco New Convertible Debentures were issued in denominations of CAD $1,000, do not bear interest, and have a maturity date of December 16, 2023. Immediately prior to an initial public offering, the Finco New Convertible Debentures will be converted into units of FRX Canada (each a "**Unit**") at a price of CAD $1.00 per Unit. Each Unit will be comprised of one common share in the capital of FRX Canada and one-half of one common share purchase warrant. Each warrant entitles the holder to acquire one common share at an exercise price of $1.30 for a period of twenty-four months following the date of the initial public offering. The fair value of the warrants at June 30, 2022 is $205,947 based upon the Black-Scholes pricing model and is included in Common Stock Warrant Liability – FRX Polymer Canada, Inc. within the accompanying interim condensed consolidated statement of financial position. Changes in fair value are recorded to net income or loss.

The Company assessed that imputed interest was not material on the non-interest bearing notes using the Company's incremental borrowing rate of 5%. At June 30, 2022, all convertible debentures and related derivative liability have been converted to share capital upon their respective conversions.

	December 31, 2021
2021 Convertible debentures	$ 3,160,645
Less - unamortized debt issuance costs	(112,048)
	$ 3,048,597
2021 Convertible debentures - derivative liability	$ 902,210
Finco New Convertible Debentures	$ 54,663

(Expressed in United States Dollars)

17. SHARE-BASED COMPENSATION

During 2021, the Company adopted the 2021 Stock Option and Grant Plan (the "2021 Plan"), which replaces the 2010 Stock Option and Grant Plan (the "2010 Plan") and provides for the granting of incentive and nonqualified stock options, restricted stock, and other share-based awards to employees, directors, advisors, and consultants. The Board of Directors determines the contractual term of each option, option price, and number of shares for which each option is granted, and the vesting period.

Under the terms of the 2021 Plan, the exercise price of stock options granted must not be less than 100% of the fair market value of the common stock on the date of grant. The maximum number of shares reserved and available for issuance under the 2021 Plan is 5,250,000 shares. There were 1,321,622 options to purchase the Company's common stock and 3,928,378 shares of restricted stock issued under the 2021 Plan at December 31, 2021. As of December 31, 2021, no shares remain available to grant.

The following table summarizes the stock option activity of the 2010 Plan for the below period:

	Number of Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term
Outstanding at December 31, 2021	1,321,622	$ 0.24	9.75
Granted	-		
Forfeited	-		
Outstanding at June 30, 2022	1,321,622	$ 0.24	9.50
Vested and exercisable at June 30, 2022	-		

As of June 30, 2021, there were 44,572 shares outstanding and vested, which were subsequently terminated and were never exercised.

The fair value of stock options granted in 2021 was estimated on the grant date using the Black-Scholes option pricing model with the following assumptions:

Expected Option Term	10.00 years
Expected Volatility	140%
Risk-free Rate	0.37%
Expected Annual Dividend Yield	0%

The Company recognized $131,108 in share-based compensation expense related to the stock options during the six months ended June 30, 2022. As of June 30, 2022, there was $43,702 in remaining unrecognized compensation cost related to non-vested share-based compensation arrangements. There was no share-based compensation expense recorded for the six months ended June 30, 2021 as the options that were outstanding at the time were ultimately terminated in 2021.

19. CAPITAL STOCK

On May 16, 2022 the Company reorganized its share capital in conjunction with the RTO transaction. All previously existing share classes were exchanged for common shares on the basis of 1.0767 FRX Innovations Inc. common shares for each FRX Inc. share, pursuant to the RTO terms described above.

The Company has authorized an unlimited number of common shares with no par value.

Restricted Stock

In October, 2021 the Company issued 3,928,378 shares of Basic Common Stock to certain employees and directors which are restricted stock as described below. The Company has the right to repurchase the unvested shares upon termination of employment or service and the shares are subject to certain transfer and forfeiture restrictions. As of May,16 2022, all restricted shares issued became fully vested concurrent with the RTO transaction. The Company assessed the features of the restricted stock awards in accordance with IFRS 2 – *Share-based Payment*. As the awards have both performance based conditions as well as explicit and implicit service based conditions the Company recorded the issuance of Basic Common Stock at grant date fair value of $942,811 as deferred compensation within equity. The Company recognizes the associated compensation cost of the award over the requisite service period. The Company has fully recognized all $533,666 of share-based compensation expense related to the restricted stock during the six months ended June 30, 2022.

20. INCOME TAXES

No provision for Federal or state income taxes has been recorded for the six months ended June 30 2022, as the Company has incurred cumulative net operating losses since inception. The Company also had foreign net operating losses for which the Company has not provided any tax benefit or valuation allowance. The Company neither has any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Company has determined that it cannot recognize deferred tax assets on the tax losses carried forward.

Utilization of the net operating losses and research and development credits may be subject to a substantial annual limitation under Section 382 of the Internal Revenue Code of 1986 (Section 382) due to ownership change limitations that have occurred previously or could occur in the future, as well as similar state provisions. These ownership changes may limit the amount of net operating losses and research and development credit carryforwards that can be utilized annually to offset future taxable income and tax, respectively.

The Company has not currently completed a study to assess whether an ownership change has occurred, or whether there have been multiple ownership changes since formation, due to the significant complexity and related costs associated with such a study. Any limitation may result in expiration of a portion of the net operating losses or research and development credit carryforwards before utilization.

Realization of deferred tax assets is dependent upon the generation of future taxable income. Management of the Company has evaluated the positive and negative evidence bearing upon the realizability of its deferred tax assets, which are composed principally of net operating loss carryforwards and capitalized research and development expenditures. As a result of the fact that the Company has incurred tax losses from inception, management has determined that it is more-likely-than-not that the Company will not recognize the benefits of Federal and state net

(Expressed in United States Dollars)

20. INCOME TAXES (Continued)

deferred tax assets, and as a result, there is no deferred tax asset recognized. The Company has offset certain deferred tax liabilities with deferred tax assets that are expected to generate offsetting deductions within the same periods.

The Company has not been examined by the Internal Revenue Service or any other jurisdiction for any tax years and, as such, all years within the applicable statutes of limitations are potentially subject to audit. The Company has not conducted a study of its research and development credit carryforwards. This study may result in an adjustment to research and development credit carryforwards; however, until a study is completed and any adjustment is known, no amounts are being presented as an uncertain tax position. A full valuation allowance has been provided against the Company's research and development credits and, if an adjustment is required, this adjustment would be offset by an adjustment to the valuation allowance. Thus, there would be no impact to the interim condensed consolidated statements of financial position or interim condensed consolidated statements of profit or loss and comprehensive loss if an adjustment were required.

21. LOSS PER SHARE

Basic loss per share is calculated by dividing the net comprehensive loss attributable to controlling interest for the period by the weighted-average number of common shares outstanding during the period.

	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
Net comprehensive loss	$ (8,673,514)	$ (3,843,290)
Weighted-average number of common shares outstanding	41,835,171	25,786,626
Loss per share: basic and diluted	$ (0.21)	$ (0.15)

	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021
Net comprehensive loss	$ (2,187,956)	$ (2,775,054)
Weighted-average number of common shares outstanding	53,654,032	25,786,626
Loss per share: basic and diluted	$ (0.04)	$ (0.11)

The effect of dilution from stock options, warrants and convertible debentures was excluded from the calculation of weighted-average number of shares outstanding for diluted loss per share for the six months ended June 30, 2022 and 2021, as they are anti-dilutive.

22. COMMITMENTS (Continued)

Joint Development Agreement

During 2013, the Company, through its wholly-owned subsidiary, FRX Polymers NV, entered into a contract with an engineering firm for the purpose of the engineering, procurement and construction ("EPC Contract") of the specialty polymer plant, as previously discussed, on the Antwerp, Belgium land in which the Company has a "right to build" contract (see paragraphs above). The Company spent approximately $23,284,396 (€21,300,000) for the engineering, equipment and construction of the plant. As part of this agreement, the engineering firm extended to the Company a deferred payment plan in the form of an unsecured, subordinated loan for $3,279,492 (€3,000,000) of the $23,284,396 (€21,300,000) total. The loan, following a one-year grace period from plant completion, as agreed to, will bear interest at a rate of 5% (see Note 14).

The Company also participated in a Joint Scale-Up and Development Agreement with the same engineering company. Activities performed under this agreement included the operation of a production facility in Switzerland for the Company's subsidiary, FRX Polymers GmbH, which has since been liquidated. In exchange for the engineering company's contribution, the Company is obligated to pay a 1.25% royalty on combined revenues relating to the manufacture and sale of product received from January 1, 2014 to December 2016, and 1.5% thereafter. On April 8, 2021, the royalty agreement was amended, and the payment of the outstanding and future royalties was extended to December 31, 2030, and is included within the fixed obligation loan repayment schedule (see Note 14). Existing royalties and accrued interest were forgiven as part of the associated debt modification. For the six months ended June 30, 2021, the Company recorded $248,000 of other income related to existing royalties and accrued interest forgiven.

23. CAPITAL RISK MANAGEMENT

The Company's main objectives for managing capital are to achieve economically sustainable operations and to maximize the interests of the shareholders.

Since inception, the Company has financed its operations through external debt financing, share issuances and government assistance. The Company currently also supports operations through a deferral of principal repayments on its bank debt. At present, KBC, the Belgian lender, has a standstill on principal repayments in effect until June 2022. Since the Company does not have net earnings from its operations currently, the Company's long-term liquidity depends on its ability to access capital markets, as well as favorable capital market conditions and availability. The Company is not subject to any externally imposed capital requirements.

24. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, trade receivables, trade payables, accrued expenses, notes payable, and convertible notes payables and are measured and presented at amortized cost. The carrying amounts of these instruments at June 30, 2022 and December 31, 2021, approximate fair value.

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

24. FINANCIAL INSTRUMENTS (Continued)

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 68% and 53% of the outstanding trades receivable balance as of June 30, 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.

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 year end, the Company's net earnings would be impacted by $54,930 and $40,417 at June 30, 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 June 30, 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'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 June 30, 2022 and December 31, 2021, the Company had positive and negative working capital of ($2,277,529) and $346,719, respectively.

(Expressed in United States Dollars)

25. COMPRENSEIVE LOSS

The Company reports comprehensive loss in addition to net loss from operations. Comprehensive loss is defined as the change in equity of a business enterprise during a period from transactions, and other events and circumstances. The components of comprehensive loss for the six months ended June 30, 2022, and the year ended December 31, 2021, consisted of foreign currency translation adjustments. Accumulated other comprehensive loss consisted of the following at:

	June 30, 2022	December 31 2021
Beginning accumulated other comprehensive loss	$ (337,225)	$ (503,148)
Foreign currency translation adjustment	509,850	165,923
Ending accumulated other comprehensive loss	$ (172,625)	$ (337,225)

26. EMPLOYEE BENEFIT PLAN

The Company participates in a 401(k) defined contribution plan sponsored by a company that is also a stockholder in FRX. Employees are eligible to participate upon commencement of employment. Participants can elect to defer up to the maximum allowed under the Internal Revenue Code. The Company has the option to make a matching contribution equal to a percentage of participant salary deferrals and to make a discretionary profit sharing contribution. Participants are fully vested in their contributions to the plan. The Company made matching contributions of approximately $14,600 and $19,400 for the six months ended June 30, 2022 and 2021, respectively.

27. RELATED PARTY TRANSACTIONS

The Company has a consulting services agreement with an executive of the Company who has also been granted stock options. Fees are based on actual services performed and are billed monthly. For the six months ended June 30, 2022, consulting expenses incurred under this agreement totaled approximately $60,000 and are recorded in operating expenses in the accompanying interim condensed consolidated statement of profit or loss and comprehensive loss and in accounts payable in the accompanying interim condensed consolidated statement of financial position as of June 30, 2022.

The Company has a services agreement with the previous Chairman of the Board (a stockholder of the Company). Fees are billed based on a fixed quarterly amount and the Company is responsible for reasonable and necessary expenses associated with services performed. For the six months ended June 30, 2022, expenses incurred under this agreement for services totaled approximately $4,500, and are recorded in operating expenses in the accompanying interim condensed consolidated statements of profit or loss and comprehensive loss, and included in accounts payable and accrued expenses in the accompanying interim condensed consolidated statements of financial position as of June 30, 2022.

(Expressed in United States Dollars)

27. RELATED PARTY TRANSACTIONS (Continued)

Compensation of key management personnel for the Company for the six months ended June 30:

	2022	2021
Salaries	$ 144,863	$ 201,150
Postemployment, health and other benefits	15,468	14,431
Other professional services	102,118	100,432
Director and employee stock compensation	708,476	-
Total	$ 970,925	$ 316,013

Compensation of key management personnel for the Company for the three months ended June 30:

	2022	2021
Salaries	$ 75,196	$ 131,482
Postemployment, health and other benefits	6,002	5,535
Other professional services	53,599	35,618
Director and employee stock compensation	177,120	-
Total	$ 311,917	$ 172,635

The amounts disclosed in the above table are the amounts recognized as an expense during the reporting period related to key management personnel.

The Company rents office facilities as a tenant-at-will from a related party. This lease was short term in nature and, as such, was not included as a right-to-use asset. The Company has agreed to make monthly payments of $8,500 as a tenant-at-will. Rent expense for the six months ended June 30, 2022 was $62,673.

(Expressed in United States Dollars)

28. OPERATING EXPENSES (Continued)

Operating expenses consist of the following for the six months ended June 30:

	2022			
	Adminis-trative Expenses	Selling and Marketing	Research	Total
Personnel expenses	$ 1,262,724	$ 238,005	$ 203,856	$ 1,704,585
General and administrative	874,573	51,404	101,163	1,027,140
Amortization of intangible assets and patents	27,208	-	-	27,208
Depreciation of right-of-use assets	12,173	-	-	12,173
	$ 2,176,678	$ 289,409	$ 305,019	$ 2,771,106

	2021			
	Adminis-trative Expenses	Selling and Marketing	Research	Total
Personnel expenses	$ 453,626	$ 345,189	$ 255,818	$ 1,054,633
General and administrative	349,751	48,402	38,139	436,292
Depreciation of right-of-use assets	15,111	-	-	15,111
Amortization of intangible assets and patents	25,000	-	-	25,000
	$ 843,488	$ 393,591	$ 293,957	$ 1,531,036

(Expressed in United States Dollars)

28. OPERATING EXPENSES (Continued)

Operating expenses consist of the following for the three months ended June 30:

	2022			
	Administrative Expenses	Selling and Marketing	Research	Total
Personnel expenses	$ 452,047	$ 99,544	$ 102,680	$ 654,271
General and administrative	583,726	33,370	58,594	675,690
Amortization of intangible assets and patents	13,604	-	-	13,604
Depreciation of right-of-use assets	5,956	-	-	5,956
	$ 1,055,333	$ 161,274	$ 132,914	$ 1,349,521

	2021			
	Administrative Expenses	Selling and Marketing	Research	Total
Personnel expenses	$ 227,175	$ 216,468	$ 103,860	$ 547,503
General and administrative	167,771	30,177	(5,697)	192,251
Amortization of intangible assets and patents	11,396	-	-	11,396
Depreciation of right-of-use assets	8,433	-	-	8,433
	$ 414,775	$ 246,645	$ 98,163	$ 759,583

Personnel expenses comprise the following for the six months ended June 30:

	2022	2021
Wages and salaries	$ 793,054	$ 818,168
Stock compensation	708,476	-
Fringe benefits, health and other	124,421	192,007
Taxes and workers compensation	78,914	44,458
	$ 1,704,585	$ 1,054,633

Personnel expenses comprise the following for the three months ended June 30:

	2022	2021
Wages and salaries	$ 385,552	$ 405,962
Stock compensation	177,120	-
Fringe benefits, health and other	59,155	141,541
Taxes and workers compensation	32,444	-
	$ 654,271	$ 547,503

(Expressed in United States Dollars)

29. CONTINGENCIES

Litigation Claims

In the ordinary course of business, the Company is, from time-to-time, involved in potential litigation. During 2021, the Company became a defendant in a claim from a former employee. On October 5, 2021, the Company entered into a settlement agreement with the former employee in the amount of $100,000. Fifty percent of the settlement amount representing $50,000 was paid by the insurance company and the remaining $50,000 was paid directly by the Company to the former employee. Upon payment of these amounts, the litigation with the former employee was fully settled.

The Company is also party to a claim brought by the Flemish Government with respect to monies received by the Company 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 €960,000. Legal briefs were submitted on behalf of the Company on December 15, 2021, and final submissions were due April 15, 2022. No trial date has been set. It is the view of the Company based on the advice of legal counsel 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 payment. The Company has determined that the legal fees associated with this matter are not anticipated to be material.

During May 2022, the Company received formal confirmation of a stay in the case relating to the Flemish Government's claim until June 30, 2023.

The COVID-19 pandemic developed rapidly in 2020, with measures taken by various governments to contain the virus spread which in turn negatively impacted economic activity nationally and worldwide. There is considerable uncertainty for the remainder of 2022 and thereafter whereby the economic impact on the Company cannot be reasonably predicted at this time.

30. GEOGRAPHICAL INFORMATION

	Six Months Ended June 30, 2022	**Six Months Ended June 30, 2021**
Revenue from External Customers:		
Asia	$ 1,242,476	$ 1,374,508
Europe	1,163,446	865,964
Americas	-	240,014
Total	$ 2,405,922	$ 2,480,486

(Expressed in United States Dollars)

30. GEOGRAPHICAL INFORMATION (Continued)

	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021
Revenue from External Customers:		
Asia	$ 838,312	$ 656,600
Europe	467,478	258,347
Americas	-	240,014
Total	$ 1,305,790	$ 1,154,961

	June 30, 2022	December 31 2021
Noncurrent Assets:		
Patents, net:		
United States	$ 391,376	$ 416,376
Intangible assets, net:		
United States	$ 384,624	$ 386,832
Deferred offering costs:		
United States	$ -	$ 564,818
Right-of-use assets:		
Belgium	$ 458,558	$ 510,289
Plant and equipment, net:		
United States	$ 16,517	$ 16,477
Belgium	$ 17,285,109	$ 19,126,204

31. SUBSEQUENT EVENTS

None to report