FRX POLYMERS

AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(EXPRESSED IN UNITED STATES DOLLARS)
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 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 POLYMERS, INC. AND SUBSIDIARIES

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

Assets	**Note**	**March 31, 2022**	**December 31, 2021**
Current Assets:			
Cash and cash equivalents	4	$ 353,474	$ 453,359
Trade receivables, net	5	1,591,855	2,270,015
Subscription receivables	16	4,360,985	-
Inventories, net	6	2,507,524	1,418,949
Other current assets	7	245,700	303,840
Total current assets		9,059,538	4,446,163
Non-current Assets:			
Plant and equipment, net	8	18,579,938	19,142,681
Right-of-use assets	9	490,717	510,289
Intangible assets, net	11	385,728	386,832
Patents, net	10	403,876	416,376
Deferred offering costs	16	1,564,928	564,818
Total non-current assets		21,425,187	21,020,996
Total assets		$ 30,484,725	$ 25,467,159
Liabilities, Stockholders' Deficit and Non-Controlling Interest			
Current Liabilities:			
Accounts payable		$ 3,789,560	$ 1,973,805
Accrued expenses and other current liabilities	12	1,066,689	819,989
Current portion of lease liability	9	35,331	35,746
Current portion of notes payable	13	1,627,190	1,269,904
Subscription liability	16	4,818,297	-
Total current liabilities		11,337,067	4,099,444
Long-Term Liabilities:			
Notes payable, net of current portion	13	11,944,613	12,503,777
2020 and 2019 Convertible notes payable and accrued interest, net of debt issuance costs	14	9,134,441	9,021,104
Common stock warrant liability - FRX Polymers, Inc.	14	3,427,236	3,427,236
Common stock warrant liability - FRX Polymer Canada, Inc.	15/16	1,958,335	89,411
2021 Convertible debentures, net of debt issuance costs	15	3,208,677	3,048,597
2021 Convertible debentures - derivative liability	15	924,614	902,210
Finco New Convertible Debentures	15	386,406	54,663
Lease liability, net of current portion	9	460,163	504,385
Total long-term liabilities		31,444,485	29,551,383
Total liabilities		42,781,552	33,650,827
Stockholders' Equity (Deficit):			
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	18	16,560	16,560
Mezzanine; 11,000,000 shares authorized; 5,760,000 voting shares issued and outstanding at March 31, 2022 and December 31, 2021	18	5,760	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	18	5,558	5,558
Additional paid-in capital		25,180,302	25,049,194
Deferred compensation - restricted stock	18	(133,418)	(533,666)
Accumulated deficit		(36,494,696)	(31,850,560)
Accumulated other comprehensive loss	24	(337,604)	(337,225)
Total stockholders' deficit		(11,757,538)	(7,644,379)
Non-Controlling Interest		(539,289)	(539,289)
Total liabilities, stockholders' equity (deficit) and non-controlling interest		$ 30,484,725	$ 25,467,159

Approved on Behalf of the Board of Directors:

"Bernhard Mohr"
Bernhard Mohr, Director

"Ross Haghighat"
Ross Haghighat, Director

FRX POLYMERS, INC. AND SUBSIDIARIES

Interim Condensed Consolidated Statements of Profit or Loss and Comprehensive Loss (Unaudited)
(Expressed in United States Dollars)
For the Three Months Ended March 31, 2022 and 2021

	Note	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
Revenue		$ 1,100,132	$ 1,325,525
Cost of Goods Sold		1,596,927	1,184,063
Gross margin		(496,795)	141,462
Operating Expenses:			
Administrative	27	1,121,345	428,713
Sales and marketing	27	156,495	146,946
Research	27	143,745	195,794
Total operating expenses		1,421,585	771,453
Operating loss		(1,918,380)	(629,991)
Other Income (Expense):			
Fair value of derivative liability - convertible debentures	15	1,012	-
Other income		-	248,000
Interest income		-	11
Foreign currency gain (loss)		(226,754)	(447,951)
Interest expense		(658,971)	(275,352)
Fair value of common stock warrants	15/16	(1,841,043)	-
Total other expense		(2,725,756)	(475,292)
Net loss		(4,644,136)	(1,105,283)
Other Comprehensive Loss:			
Foreign currency translation adjustment	24	(379)	37,047
Net comprehensive loss		$ (4,644,515)	$ (1,068,236)
Loss per Share:			
Basic and diluted	20	$ (0.17)	$ (0.04)
Weighted average number of shares outstanding		27,878,063	23,949,685

FRX POLYMERS, INC. AND SUBSIDIARIES

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

		Common Stock							Deferred		Accumulated		
		Bridge Common Stock		Mezzanine Common Stock		Basic Common Stock		Additional Paid-in	Compensation - Restricted	Accumulated	Other Comprehensive	Total Stockholders'	Non-Controlling
	Note	Shares	Amount	Shares	Amount	Shares	Amount	Capital	Stock	Deficit	Income (Loss)	Equity (Deficit)	Interest
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	-	-	-	-	-	-	-	-	-	37,047	37,047	-
Net loss		-	-	-	-	-	-	-	-	(1,105,283)	-	(1,105,283)	-
Balance, March 31, 2021		16,560,000	$ 16,560	5,760,000	$ 5,760	1,629,685	$ 1,630	$ 23,976,291	$ -	$ (24,218,721)	$ (466,101)	$ (684,581)	$ (544,874)
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	-	-	-	-	-	-	-	400,248	-	-	400,248	-
Share-based compensation expense - stock options	17	-	-	-	-	-	-	131,108	-	-	-	131,108	-
Foreign currency translation adjustment	24	-	-	-	-	-	-	-	-	-	(379)	(379)	-
Net loss		-	-	-	-	-	-	-	-	(4,644,136)	-	(4,644,136)	-
Balance, March 31, 2022		16,560,000	$ 16,560	5,760,000	$ 5,760	5,558,063	$ 5,558	$ 25,180,302	$ (133,418)	$ (36,494,696)	$ (337,604)	$ (11,757,538)	$ (539,289)

FRX POLYMERS, INC. AND SUBSIDIARIES

Interim Condensed Consolidated Statements of Cash Flows (Unaudited)
(Expressed in United States Dollars)
For the Three Months Ended March 31, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities:		
Net loss	$ (4,644,136)	$ (1,105,283)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation	239,358	269,533
Amortization of patents	12,500	12,500
Amortization of intangible assets	1,104	1,104
Amortization of debt issuance costs	26,176	9,588
Amortization of right-of-use asset	10,929	6,034
Amortization of debt discount	66,641	-
Share-based compensation - restricted stock	400,248	-
Share-based compensation - stock options	131,108	-
Noncash interest on convertible notes payable	103,749	90,164
Noncash interest on convertible debentures	63,212	-
Bad debt expense	-	6,315
Interest expense on financial liabilities	6,593	7,167
Fair value of common stock warrants	1,841,044	-
Fair value of derivative liability	(1,012)	-
Unrealized currency transaction (gain) loss	566,184	(552,616)
Changes in operating assets and liabilities:		
Trade receivables	644,649	583,039
Inventories	(1,122,158)	106,107
Other current assets	54,854	32,290
Accounts payable	1,839,584	(169,662)
Accrued expenses and other current liabilities	253,304	(319,343)
Net cash provided by (used in) operating activities	493,931	(1,023,063)
Cash Flows from Investing Activities:		
Acquisition of plant and equipment	(1,992)	-
Cash Flows from Financing Activities:		
Proceeds from issuance of convertible notes	-	700,000
Proceeds from issuance of convertible debentures	325,238	-
Principal payment of lease liability	(42,281)	(76,213)
Deferred offering costs	(847,517)	-
Principal payments of notes payable	(28,926)	(83,802)
Net cash provided by (used in) financing activities	(593,486)	539,985
Effect of Exchange Rate Changes on Cash	1,662	397,358
Net Change in Cash and Cash Equivalents	(99,885)	(85,720)
Cash and Cash Equivalents:		
Beginning of period	453,359	547,409
End of period	$ 353,474	$ 461,689
Supplemental Disclosure of Non-Cash Transactions:		
Subscriptions receipt held in escrow for subscriptions issued	$ 4,360,985	$ -
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	$ 485,417	$ 178,021

1. BACKGROUND AND OPERATIONS

FRX Polymers, Inc. is 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 Polymers, Inc. has three wholly-owned subsidiaries: FRX Polymers (Europe), NV, which operates in Antwerp, Belgium, FRX (Shanghai) Consulting Co., Ltd., which is located in Shanghai, China, and FRX Polymer (Canada) Inc. ("FRX Canada"), which is located in West Vancouver, British Columbia, Canada, and it also has a controlled entity, FRX International Pty Ltd. (the controlled entity, or "FRX Pty"), which is located in Australia and is inactive. FRX Polymers, 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. 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.

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. The result of a successful completion of the merger under the contemplated terms would be the effective listing of FRX Polymers, Inc. on the TSX Venture Exchange (the "TSXV"). The terms of the agreement require the Company to complete a concurrent financing of between CAD $5,000,000 and CAD $15,000,000. At the contemplated values of the parties, the shareholders of FRX Polymers, Inc. will hold approximately 97.9% of the resulting issuer.

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).

On September 30, 2021, FRX Polymers, Inc. received confirmation from its existing convertible noteholders of intent to exchange the convertible notes for common shares of FRX Polymers, Inc. subject to certain conditions related to the RTO.

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").

1. BACKGROUND AND OPERATIONS (Continued)

Going Concern Assessment

Since its first year of commercial operations and continuing through March 31, 2022, the Company has incurred losses and presently has an accumulated deficit of approximately $36,495,000. 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 three months ended March 31, 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 Polymers, Inc., its wholly-owned subsidiaries, FRX Polymer (Canada) 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 three months ended March 31, 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 March 31, 2022.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of balances with banks (including deposits with original maturities of up to three months) of $353,474 and $453,359 at March 31, 2022 and December 31, 2021, respectively.

(Expressed in United States Dollars)

5. TRADE RECEIVABLES

			Past Due but not Impaired		
	Total	**< 30 Days**	**30-60 Days**	**60-90 Days**	**> 90 Days**
March 31, 2022	$ 1,591,855	$ 833,100	$ -	$ 206,717	$ 552,038
December 31, 2021	$ 2,270,015	$ 2,032,939	$ 237,076	$ -	$ -

6. INVENTORIES, NET

Inventories consist of the following at:

	March 31, 2022	**December 31, 2021**
Finished goods	$ 1,895,609	$ 946,792
Raw materials	611,915	472,157
	$ 2,507,524	$ 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 $448,000 and $456,000 related to finished goods and $49,000 and $50,000 related to saleable raw materials at March 31, 2022 and December 31, 2021, respectively.

7. OTHER CURRENT ASSETS

Other current assets consist of the following at:

	March 31, 2022	**December 31, 2021**
Prepaid expenses	$ 190,399	$ 227,641
Taxes recoverable, statutory deposits and dues from government	55,301	76,199
	$ 245,700	$ 303,840

(Expressed in United States Dollars)

8. PLANT AND EQUIPMENT, NET

Plant and equipment consist of the following at March 31:

	Building	Equipment	Leasehold Improve-ments	Total
Cost, January 1, 2022	$ 15,544,899	$ 12,778,201	$ 17,000	$ 28,340,100
Additions	-	1,992	-	1,992
Currency translation	(266,056)	(193,053)	-	(459,109)
Cost, at March 31, 2022	$ 15,278,843	$ 12,587,140	$ 17,000	27,882,983
Accumulated Depreciation, January 1, 2022	$ 3,127,565	$ 6,052,854	$ 17,000	9,197,419
Depreciation	81,544	157,814	-	239,358
Currency translation	(45,560)	(88,172)	-	(133,732)
Accumulated Depreciation, March 31, 2022	$ 3,163,549	$ 6,122,496	$ 17,000	9,303,045
Net Book Value March 31, 2022				$ 18,579,938

	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)

9. 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. 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:

	March 31, 2022	December 31, 2021
Balance, beginning of year	$ 510,289	$ 569,188
Depreciation for the year	(6,217)	(26,219)
Effect of movement in exchange rates	(13,355)	(32,680)
Balance, end of year	$ 490,717	$ 510,289

Lease Liability

When measuring lease liability, the Company discounted lease payments using its incremental borrowing rate at March 31, 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	(302,647)
Less - current portion	(35,331)
Lease liability, net of current portion	$ 460,163

(Expressed in United States Dollars)

9. LEASES (Continued)

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

	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
Interest expense on lease liabilities	$ 6,539	$ 7,167

10. PATENTS, NET

Patents consist of the following at:

	March 31, 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	(12,500)	(42,592)
Write-down/impairment	-	22,222
	(410,939)	(398,439)
Net carrying amount	$ 403,876	$ 416,376

11. INTANGIBLE ASSETS, NET

Capitalized development costs consist of the following at:

	March 31, 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	1,104	4,416
	11,527	10,423
Net carrying amount	$ 385,728	$ 386,832

(Expressed in United States Dollars)

12. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

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

	March 31, 2022	December 31, 2021
Accrued vacation	$ 111,495	$ 160,887
Accrued interest	41,701	28,790
Other	913,493	630,312
	$ 1,066,689	$ 819,989

13. 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:

	March 31, 2022	December 31, 2021
$1,666,579 (€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.	$ 1,666,579	$ 1,695,600

(Expressed in United States Dollars)

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

Credit Facility (Continued)

	March 31, 2022	December 31, 2021
$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.	8,717,476	8,869,277
	$ 10,384,055	$ 10,564,877

On April 8, 2021, the terms of the credit facility were renegotiated in conjunction with the 2020 Convertible Notes (see Note 14). The second tranche "line of credit" quarterly principal payments were suspended until September 30, 2021, since the Company received capital injections of $750,000 by April 7, 2021, satisfying the first condition of the amended agreement. At October 2021, conditions were met for quarterly principal payments to be further suspended until June 30, 2022, and quarterly amortization to commence on that date. The current portion of debt as of March 31, 2022 and December 31, 2021, is $1,156,864 (€1,023,411) 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. Total interest expense related to this guarantee totaled $81,760 (€73,000).

This debt agreement contains certain financial and non-financial covenants, with which, at March 31, 2022, the Company was in compliance.

(Expressed in United States Dollars)

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

Subordinated Loan Agreement

	March 31, 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 $66,642 during the three months ended March 31, 2022.	$ 4,888,632	$ 4,973,760

Borrowing Agreement

	March 31, 2022	December 31, 2021
$1,130,400 (€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 $13,557 for the three months ended March 31, 2022. Total accrued interest was $41,701 and $28,790 at March 31, 2022 and December 31, 2021, respectively.	$ 1,048,437	$ 1,099,481

(Expressed in United States Dollars)

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

Classification

The classification of notes payable consists of the following at:

	March 31, 2022	December 31, 2021
Credit facility	$ 10,384,055	$ 10,564,877
Subordinated loan agreement	4,888,632	4,973,760
Borrowing agreement	1,048,437	1,099,481
	16,321,124	16,638,118
Less - unamortized debt discount	(2,749,321)	(2,864,437)
Less - current portion	(1,627,190)	(1,269,904)
Notes payable, net of current portion	$ 11,944,613	$ 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.

14. 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.” During 2020, the Company received the initial closing notes of $1,000,000 from the 2020 Noteholders. The notes are referred to as the “2020 Convertible Notes” and accrue simple interest at a rate of 5% with a maturity date of October 29, 2021. The Convertible Note and Warrant Purchase Agreement provided the investors the option to fund and additional tranche, “the Second Tranche Closing”, any time on or after January 1, 2021, in the total aggregate amount of $750,000, which was contingent upon certain operating milestones as provided for in the Convertible Note and Warrant Purchase Agreement. If the Second Tranche Closing occurred on or before October 29, 2021, then the maturity date of the 2020 Convertible Notes and 2019 Convertible Notes would be extended to October 29, 2023. In conjunction with the conditions being met, the Second Tranche Closing of $750,000 was funded at various dates during March and April 2021, and the maturity date of the 2020 and 2019 Convertible Notes was extended to October 29, 2023.

14. CONVERTIBLE NOTES PAYABLE (Continued)

2020 Convertible Notes (Continued)

Optional Conversion

Upon written notice to the Company, each investor, on behalf of itself and no other investor, has the right to automatically convert the notes into that number of shares of the Company's Series 1 Basic Common Stock determined by dividing the original principal plus accrued interest of the notes divided by the Conversion Price as defined in the agreement (the "Optional Conversion").

If any note remains outstanding at the next equity financing, upon written notice to the Company, each investor, on behalf of itself and no other investor, has the right to automatically convert the notes into that number of shares of the Company's new securities determined by dividing the original principal plus accrued interest of the notes divided by 60% of the next round price (the "Financing Conversion Price").

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. FRX Polymers, Inc. recorded interest expense of approximately $5,200 for the three months ended March 31, 2022 and 2021. The remaining financing costs of $33,000 will be amortized as interest expense evenly through maturity on October 29, 2023.

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 March 31, 2022 and December 31, 2021, is $3,427,236, based upon the Black-Scholes pricing model and is recorded as a liability.

2019 Convertible Notes

Initial Closing and Additional Tranche Closings

During September 2019, the Company entered into an option agreement, the "Option and Support Agreement", and a convertible note purchase agreement, the "Convertible Note Purchase Agreement", with a lead investor, "the Lead Investor", and various other investors, some of whom were current investors, the "Other Investors." The Lead Investor and Other Investors are 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, including $300,000 from the Chief Executive Officer (CEO) of the Lead Investor for a total of $6,300,000. The notes are referred to as the "2019 Convertible Notes." The 2019 Convertible Notes accrue simple interest at a rate of 5% and had a maturity date of December 31, 2022. The maturity date was subject to change based on certain provisions described on the following page.

14. CONVERTIBLE NOTES PAYABLE (Continued)

2019 Convertible Notes (Continued)

The Convertible Note Purchase Agreement provides the Lead Investor the option to provide three additional tranches of funding at the following dates, which are contingent upon certain operating milestones provided for in the Convertible Note Purchase Agreement. The following were not exercised before expiration of the option:

(1) On or before October 31, 2020, the Lead Investor had the option to fund the second tranche closing of $1,000,000.

(2) On or before January 31, 2021, the Lead Investor had the option to fund the third tranche closing of $4,000,000.

(3) On or before July 31, 2021, the Lead Investor had the option to fund the fourth tranche closing of $2,200,000.

Buyer Option

As part of the Convertible Note Purchase Agreement, the Company granted the Lead Investor an unconditional and irrevocable option, “the Buyer Option”, to acquire the Company by way of merger, as defined in the separate merger agreement.

Whether or not any of the tranche milestones were achieved, the Lead Investor had the option to fund the applicable tranche on or before the applicable dates and had the right to exercise the Buyer Option and had the right to exercise the Optional Conversion.

In the event that the Lead Investor elects not to fully fund any tranche closing by the applicable date, whether or not the tranche milestones have been achieved, the Lead Investor forfeits its rights to exercise the Buyer Option or the Optional Conversion.

In the event the Lead Investor elects not to fund any of the tranches, the maturity date of all outstanding 2019 Convertible Notes would be the date that is twelve months after such failure to fund. The Other Investors may elect to be repaid on the maturity date or to convert their notes into equity of the Company on the terms of the Optional Conversion or terms otherwise agreed upon by the Company.

On October 29, 2020, the Lead Investor’s right to exercise the Buyer Option and certain covenants of the agreement were terminated upon notice of a failure to fund. Certain provisions of the agreement were met before the maturity date of October 29, 2021 became effective, and the maturity date was further extended to October 29, 2023.

Optional Conversion

Upon written notice to the Company, each Other Investor, on behalf of itself and no Other Investor, each of 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”).

14. 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 for three months ended March 31, 2022 and 2021. The remaining financing costs of $28,000 will be amortized as interest expense evenly through maturity on October 29, 2023.

The Company recorded interest expense of $103,749 and $90,164 on the various Convertible Notes for the three months ended March 31, 2022 and 2021, respectively. The outstanding principal and accrued interest, net of unamortized financing costs of $60,686 and $70,274, was $9,134,441 and $9,021,104 as of March 31, 2022 and December 31, 2021, respectively.

2020 and 2019 Convertible Note Exchange

On September 30, 2021, the Company received confirmation of the intent by the 2020 and 2019 Convertible Note holders to exchange each of its 2020 and 2019 Convertible Notes for common shares of FRX Polymers, Inc. conditioned upon the consummation of a merger in which a wholly-owned subsidiary of a Canadian public company would be merged into FRX Polymers, Inc. and in connection with the merger, the holders of outstanding equity securities of FRX Polymers, Inc. would exchange the securities for common shares of the Canadian public company ("NewCo"). As a condition precedent to the merger, FRX Canada, a newly formed subsidiary of FRX Polymers, Inc., would affect the issuance and sale of convertible debentures and a brokered private placement of subscription receipts resulting in aggregate gross proceeds of at least CAD $10,000,000 (the "Concurrent Financing") and these securities would be exchanged for common shares of NewCo.

The outstanding balance of the 2020 Convertible Notes, including unpaid principal and accrued interest through a date to be confirmed in the definitive agreements, would be exchanged for common shares of NewCo at the lower of (i) a price determined by dividing $24,000,000 by the total number of shares of FRX Polymers, Inc. common stock outstanding on a fully-diluted basis immediately prior to such conversion or (ii) a price determined such that the number of common shares of NewCo the 2020 Convertible Note holder receives in connection with the merger represents a 40% discount to the price paid for the securities issued in the Concurrent Financing. The 2020 Convertible Note holder's detachable common stock warrants of FRX Polymers, Inc. would be exchanged for a new warrants issued by NewCo entitling the holder to acquire, on substantially the same terms and conditions as were applicable to the existing warrant, the number of common shares of NewCo equal to the number of shares of common shares of FRX Polymers, Inc. the holder would have been entitled to acquire under the existing warrant, as adjusted for any exchange ratio provided for in the definitive agreements related to the merger. The outstanding balance of the 2019 Convertible Notes, including unpaid principal and accrued interest through a date to be confirmed in the definitive agreements, would be exchanged for common shares of NewCo at a price determined by dividing $24,000,000 by the total number of shares of FRX Polymers, Inc. common stock outstanding on a fully-diluted basis immediately prior to such conversion.

15. 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 $3,167,065 (CAD $3,953,000). Cash fees of $131,683 (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. The 2021 Convertible Debentures are convertible to 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 $924,614 and $902,210 at March 31, 2022 and December 31, 2021, which is recorded as and included in the change in fair value of derivative liability in the accompanying interim condensed consolidated financial statements.

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. FRX Canada recorded interest expense of approximately $21,000 related to the amortization of these financing costs for the three months ended March 31, 2022. The remaining financing costs of $98,140 will be amortized as interest expense evenly through maturity on September 14, 2023.

FRX Canada recorded interest expense of $63,212 related to the 2021 Convertible Debentures for the three months ended March 31, 2022. The outstanding principal and accrued interest, net of unamortized financing costs of $98,140, totaled $3,208,677 as of March 31, 2022. The outstanding principal and accrued interest, net of unamortized financing costs of $112,048, totaled $3,048,597 as of March 31, 2022.

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 March 31, 2022 and December 31, 2021, is $91,734 and $89,411, respectively, 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 is recorded to net income or loss.

(Expressed in United States Dollars)

15. CONVERTIBLE DEBENTURES (Continued)

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 March 31, 2022 is $212,620 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 outstanding principal of Finco New Convertible Debentures was $386,406 and $54,663 as of March 31, 2022 and December 31, 2021, respectively. The Company assessed that imputed interest was not material on the non-interest bearing notes using the Company's incremental borrowing rate of 5%.

	March 31, 2022	December 31, 2021
2021 Convertible debentures	$ 3,306,817	$ 3,160,645
Less - unamortized debt issuance costs	(98,140)	(112,048)
	$ 3,208,677	$ 3,048,597
2021 Convertible debentures - derivative liability	$ 924,614	$ 902,210
Finco New Convertible Debentures	$ 386,406	$ 54,663

16. SUBSCRIPTION RECEIVABLE AND LIABILITY

As noted in Note 1, during February 2022, FRX Canada completed a 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 CAD $5,899,000 as well as the non-brokered sale of 115,000 Subscription Receipts, at a subscription price of CAD $1.00 per Subscription Receipt for aggregate gross proceeds of CAD $115,000. Each subscription receipt will be automatically exchanged into one unit of FRX Canada, on the satisfaction of the escrow release condition. Each unit will be comprised of one common share in the capital of FRX Canada (a "Common Share") and one-half of one common share purchase warrant (a "2022 Warrant"). Each whole 2022 Warrant will entitle the holder thereof to acquire one common share of FRX Canada at an exercise price of CAD $1.30 at any time prior to the second anniversary from the date of issuance. The fair value of the warrants at March 31, 2022 is $1,653,981 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.

(Expressed in United States Dollars)

16. SUBSCRIPTION RECEIVABLE AND LIABILITY (Continued)

The Company has capitalized various costs of $1,564,928 and $564,818 related to the public offering, which is included in deferred offering costs on the interim condensed consolidated statements of financial position as of March 31, 2022 and December 31, 2021, respectively. As of March 31, 2022, the Company has raised $4,818,297 (CAD $6,014,000) of Subscription Receipts and recorded it as subscription liability. Of the amount raised, $4,360,985 is being held in escrow and is presented as subscription receivable on the interim condensed consolidated statements of financial position.

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 March 31, 2022	1,321,622	$ 0.24	9.50
Vested and exercisable at March 31, 2022	-		

As of March 31, 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%

17. SHARE-BASED COMPENSATION (Continued)

The Company recognized $131,108 in share-based compensation expense related to the stock options during the three months ended March 31, 2022. As of March 31, 2022, there was $43,702 in remaining unrecognized compensation cost related to non-vested share-based compensation arrangements that will be recognized within the following month based on a successful listing of the Company on the TSX Venture Exchange. There were no share-based compensation expense recorded for the three months ended March 31, 2021 as the options that were outstanding at the time were ultimately terminated in 2021.

18. CAPITAL STOCK

As amended, the Company's Board has authorized the issuance of 51,500,000 shares of Common Stock, $0.01 par value per share, divided into (1) 17,000,000 shares of "Series 1 Bridge Common Stock"; (2) 7,000,000 of "Series 1 Mezzanine Common Stock"; (3) 21,000,000 shares of "Series 1 Basic Common Stock"; (4) 4,000,000 shares of "Series 2 Mezzanine Common Stock"; 2,000,000 share of "Series 2 Bridge Common Stock; and (6) 500,000 shares of "Series 2 Basic Common Stock."

The Series 1 Mezzanine Common Stock, Series 1 Bridge Common Stock and Series 1 Common Stock are collectively referred to as the "Voting Common Stock" and the Series 2 Mezzanine Common Stock, Series 2 Bridge Common Stock and Series 2 Common Stock are collectively referred to as the "Non-Voting Common Stock." The Voting Common Stock and Non-Voting Common Stock are collectively referred to as "Common Stock."

The Series 1 Mezzanine Common Stock and the Series 2 Mezzanine Common Stock are collectively referred to as the "Mezzanine Common Stock" and the Series 1 Bridge Common Stock and the Series 2 Bridge Common Stock are collectively referred to as the "Bridge Common Stock" and the Series 1 Common Stock and the Series 2 Common Stock are collectively referred to as the "Basic Common Stock" and presented this way in the accompanying interim condensed consolidated financial statements.

Common Stock

The following summarizes certain features of the Company's Common Stock:

Liquidation

In the event of any liquidation, dissolution or winding-up of the Company, all of the remaining assets of the Company available for distribution to its stockholders shall be distributed among the holders of the outstanding shares of Common Stock on a pari passu basis provided that:

- Once the holders of Bridge Common Stock have received a cumulative distribution amount equal to $11.77 per share (subject to appropriate adjustment in the event of a stock split, stock dividend, combination, reclassification, or similar event affecting the Bridge Common Stock), the holders of Bridge Common Stock shall no longer be entitled to receive any such distributions made to stockholders, except as further provided, and thereafter the holders of Mezzanine Common Stock shall be entitled to receive the Preferred Distribution Percentage (defined below) of all such distributions and the holders of Basic Common Stock shall be entitled to receive the Basic Distribution Percentage (defined below) of all such distributions, in each case allocated to such holders on a pari passu basis. Provided further that;

18. CAPITAL STOCK (Continued)

Common Stock (Continued)

Liquidation (Continued)

- Once the holders of Mezzanine Common Stock have received a cumulative distribution amount equal to $12.51 per share (subject to appropriate adjustment in the event of a stock split, stock dividend, combination, reclassification, or similar event affecting the Mezzanine Common Stock), the holders of Mezzanine Common Stock shall no longer be entitled to receive any such distributions made to stockholders, except as further provided, and thereafter the holders of Bridge Common Stock shall be entitled to receive the Preferred Distribution Percentage of all such distributions and the holders of Basic Common Stock shall be entitled to receive the Basic Distribution Percentage of all such distributions, in each case allocated to such holders on a pari passu basis. Provided further that;

- Once the holders of Bridge Common Stock have received a cumulative distribution amount equal to $35.85 per share (subject to appropriate adjustment in the event of a stock split, stock dividend, combination, reclassification, or similar event affecting the Bridge Common Stock), the holders of Mezzanine Common Stock shall again be entitled to receive any such distributions made to stockholders and all such distributions shall again be made to all of the holders of the outstanding shares of Common Stock on a pari passu basis.

The “Preferred Distribution Percentage” shall mean a ratio, determined by taking the total number of Mezzanine Common Stock shares and Bridge Common Stock shares outstanding as of the date of such distribution, divided by the total number of shares of Common Stock outstanding as of the date of such distribution.

The “Basic Distribution Percentage” shall mean a ratio, determined by taking the total number of Basic Common Stock shares outstanding as of the date of such distribution, divided by the total number of shares of Common Stock outstanding as of the date of such distribution.

Voting Rights

The holders of Voting Common Stock are entitled to vote on all matters submitted to stockholders for a vote and are entitled to one (1) vote for each share of Voting Common Stock held of record by such holder on all matters on which stockholders generally are entitled to vote.

Dividends

Dividends may be declared and paid on the Common Stock at such times and in such amounts as the Board of Directors in its discretion shall determine. As of December 31, 2021 and 2020, no dividends were accrued or paid.

Redemption

The Company’s Common Stock does not contain any redemption provisions other than those listed in liquidation on the previous page and above.

18. CAPITAL STOCK (Continued)

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 December 31, 2021, all restricted shares issued remained unvested and become fully vested upon consummation of a merger between FRX Polymers, Inc. and a capital pool company resulting in a new parent company listed on the TSX Venture Exchange. If no such transaction occurs by December 31, 2022, the awards will lapse. 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 recognized $400,248 in share-based compensation expense related to the restricted stock for the 3 months ended March 31, 2022. At March 31, 2022 there remains $133,418 in deferred compensation expense which is expected to be recorded as compensation cost in 2022 upon a successful listing on the TSX Venture Exchange.

19. INCOME TAXES

No provision for Federal or state income taxes has been recorded for the three months ended March 31 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 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.

(Expressed in United States Dollars)

19. INCOME TAXES (Continued)

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.

20. 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.

	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
Net comprehensive loss	$ (4,644,515)	$ (1,068,236)
Weighted-average number of common shares outstanding	27,878,063	23,949,685
Loss per share: basic and diluted	$ (0.17)	$ (0.04)

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 three months ended March 31, 2022 and 2021, as they are anti-dilutive.

21. COMMITMENTS

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 $23,665,425 (€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 $3,333,158 (€3,000,000) of the $23,665,425 (€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 13).

21. COMMITMENTS (Continued)

Joint Development Agreement (Continued)

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 13). Existing royalties and accrued interest were forgiven as part of the associated debt modification. For the three months ended March 31, 2021, the Company recorded $248,000 of other income related to existing royalties and accrued interest forgiven.

22. 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.

23. 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 March 31, 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.

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

(Expressed in United States Dollars)

23. FINANCIAL INSTRUMENTS (Continued)

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 March 31, 2022 and December 31, 2021, respectively.

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

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

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

24. 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 three months ended March 31, 2022, and the year ended December 31, 2021, consisted of foreign currency translation adjustments. Accumulated other comprehensive loss consisted of the following at:

	March 31, 2022	December 31 2021
Beginning accumulated other comprehensive loss	$ (337,225)	$ (503,148)
Foreign currency translation adjustment	(379)	165,923
Ending accumulated other comprehensive loss	$ (337,604)	$ (337,225)

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

(Expressed in United States Dollars)

25. 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 three months ended March 31, 2022 and 2021, respectively.

26. 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 three months ended March 31, 2022, consulting expenses incurred under this agreement totaled approximately $6,000 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 March 31, 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 three months ended March 31, 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 March 31, 2022.

Compensation of key management personnel for the Company for the three months ended March 31:

	2022	2021
Salaries	$ 69,667	$ 69,668
Postemployment, health and other benefits	9,466	8,896
Other professional services	48,519	64,814
Director and employee stock compensation	531,356	-
Total	$ 659,008	$ 143,378

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 three months ended March 31, 2022 was $62,673.

(Expressed in United States Dollars)

27. OPERATING EXPENSES

Operating expenses consist of the following for the three months ended March 31:

	2022			
	Administrative Expenses	Selling and Marketing	Research	Total
Personnel expenses	$ 810,677	$ 138,461	$ 101,176	$ 1,050,314
General and administrative	290,847	18,034	42,569	351,450
Amortization of intangible assets and patents	13,604	-	-	13,604
Depreciation of right-of-use assets	6,217	-	-	6,217
	$ 1,121,345	$ 156,495	$ 143,745	$ 1,421,585

	2021			
	Administrative Expenses	Selling and Marketing	Research	Total
Personnel expenses	$ 226,451	$ 128,721	$ 151,958	$ 507,130
General and administrative	181,980	18,225	43,836	244,041
Amortization of intangible assets and patents	13,604	-	-	13,604
Depreciation of right-of-use assets	6,678	-	-	6,678
	$ 428,713	$ 146,946	$ 195,794	$ 771,453

Personnel expenses comprise the following for the three months ended March 31:

	2022	2021
Wages and salaries	$ 407,502	$ 412,206
Stock compensation	531,356	-
Fringe benefits, health and other	64,986	50,466
Taxes and workers compensation	46,470	44,458
	$ 1,050,314	$ 507,130

(Expressed in United States Dollars)

28. 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.

Subsequent to year end, the Company received formal confirmation of a stay in the case relating to the Flemish Government's claim as described (see Note 30).

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.

29. GEOGRAPHICAL INFORMATION

	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
Revenue from External Customers:		
Europe	$ 695,968	$ 607,618
Asia	404,164	717,908
Total	$ 1,100,132	$ 1,325,525

(Expressed in United States Dollars)

29. GEOGRAPHICAL INFORMATION (Continued)

	March 31, 2022	December 31 2021
Noncurrent Assets:		
Patents, net:		
United States	$ 403,876	$ 416,376
Intangible assets, net:		
United States	$ 385,728	$ 386,832
Deferred offering costs:		
United States	$ 1,564,928	$ 564,818
Right-of-use assets:		
Belgium	$ 403,876	$ 510,289
Plant and equipment, net:		
United States	$ 16,086	$ 16,477
Belgium	$ 18,563,852	$ 19,126,204

30. SUBSEQUENT EVENTS

Financing Activities

During April 2022, Finco completed an additional private placement offering of CAD $377,000 Finco New Convertible Debentures. Immediately prior to closing of the Business Combination discussed below, 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.

During May 2022, the Company completed the previously announced business combination transaction and changed its name to FRX Innovations Inc. (“FRXI”). Pursuant to the business combination, FRX Canada, 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. Subject to receiving final Exchange acceptance, the common shares of the Resulting Issuer (the “Resulting Issuer Shares”) are expected to resume trading on the Exchange on or about May 24, 2022, under the new name “FRX Innovations Inc.”, on a post-Consolidation (as defined below) basis and under the new trading symbol “FRXI”. In addition, it is anticipated that warrants of the Resulting Issuer (the “Resulting Issuer Warrants”) will also commence trading on the Exchange under the symbol “FRXI.WT” on May 24, 2022, subject to the Exchange providing final approval of the listing of the Resulting Issuer Warrants.

Contingencies and Commitments

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 (see Note 28).