FRX INNOVATIONS INC. (Formerly Good2GoRTO Corp.)

Management Discussion and Analysis

June 30, 2022

Contents

FRX POLYMERS, INC.

Introduction

FRX Innovations Inc., (formerly Good2GoRTO Corp.) is a Canadian federally incorporated company is 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 headquarters, principal place of business, and registered office are located in Chelmsford, Massachusetts, United States.
FRX International Pty Ltd. (the controlled entity, or "FRX Pty") 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".

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 Good2GoRTO 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".

The Company manufactures polyphosphate polymers that are inherently flame retardant and sold under its Nofia® trade name. The Company owns and operates a specialized manufacturing plant located on the Port of Antwerp, the largest chemical manufacturing cluster in Europe and second largest in the world.

This management's discussion and analysis ("MD&A") should be read in conjunction with FRX Innovations unaudited interim financial statements for the six months ended June 30, 2022 as well as the audited financial statements of FRX Polymers Inc. and Good2GoRTO Corp. and related footnotes as of December 31, 2021, as prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board ("IFRS").

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

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

Forward-Looking Statements

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

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

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

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

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

Business Overview

FRX is an emerging player in the $9bn global flame retardants business that is expected to reach USD $12.99bn[1] by 2028 driven by the combination of increasing consumer demand for electrical and electronic equipment and the legislated requirements for safe fire retardant properties to be incorporated into the operation of new technologies such as electric vehicles, 5G communications and the Internet of Everything.

The Company has an established, unique, product line well placed to grow as regulatory and related pressures re-shape the nature of this business. The flame-retardant market has been segmented into inorganics (much the largest being Alumina Trihydrate), brominated, phosphorous-based, and chlorinated. Brominated, Chlorinated, and those phosphorus flame retardants that also contain chlorine are known collectively as halogenated flame retardants. Both phosphorus based and bromine-based flame retardants have about one third of the total flame-retardant market by value, however non halogen, phosphorus-based flame retardants are expected to grow faster than other types[2]. FRX calculates that $4.0bn of the total market are halogenated flame retardants together with their synergist agents which have long been the target of Green NGO's and government regulation. Of which approximately $1.5bn[3] is considered by FRX as highly vulnerable to either regulation or deselection by brand-owners, equipment manufacturers or retailers. Management conservatively anticipates that FRX products will be successful in achieving a 2% -3% share of that opportunity in this market by 2024.

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

Recent Activity

AUGUST 2, 2022 – the Company, announced the commencement of shipment of its flagship Nofia® product for use in the passenger cabin of a leading Germany luxury automotive manufacturer. This commercial launch expanded use of Nofia® to a second production model and deepened the relationship with a strategic supplier to a luxury European car manufacturer for the Chinese market.

This commercial launch followed an extensive development and approval process, where Nofia® was formulated into polyurethane foams and implemented by FRX partner, Xianzhong, a leading Chinese polyurethane foam manufacturer.

Sustainable and permanent flame retardants for automotive interiors is a rapidly growing segment of the market. This is as a result of the ESG global movement away from legacy toxic flame retardants to more sustainable and permanent solutions, such as Nofia®, pioneered by FRX. Nofia® delivers a unique set of properties which includes flame retardancy, plus meeting very stringent odor and fogging requirements. The Company views this as validation of its technology and further demonstrates FRX's position as a leader in the rapidly growing non-toxic, non-leaching fire retardant industry.

JULY 19, 2022 - FRX announced that it is stepping up its communication and education program to help customers, OEMs, and retailers meet the upcoming Washington State Department of Ecology ("WSDE") regulatory changes that will impact consumer electronics supply chains and materials design for companies active in the state, and therefore across the United States. WSDE issued its end of Stage 3 Draft Regulatory Determination Report to the State legislature to permanently ban the use of brominated flame retardants in all plastic casings across a wide range of electronics and home appliances used indoors. This development comes as part of a broader Safer Products for Washington initiative, a pioneering set of laws that are aimed at replacing toxic chemicals in a range of applications with potential exposure for consumers. Specifically, this action will affect high-touch electronic equipment such as televisions, smart speakers, computer monitors, and home appliances and will drive the conversion to more sustainable alternatives such as FRX's line of Nofia Flame Retardant Polymeric Additives.

Jul 12, 2022 - FRX announced that the renewal of its engagement with Harbor Access, a strategic investor relations firm with offices in Stamford, Connecticut and Toronto, Ontario.

The agreement is for a 6-month term with a monthly retainer of US$8,000. Harbor Access does not have any interest, directly or indirectly, in the Company or its securities, or any right or intent to acquire such an interest.

May 25, 2022 - FRX announced that its Nofia® flame retardant has been selected for its high performance level as well as its sustainability attributes in lithium-ion battery casings.

Notoxicom® products, powered by Nofia®, were developed by Polymer Compounders Ltd of the UK and chosen by battery producer Super B of the Netherlands for its new category of lithium-ion batteries. Nofia® has recently received green certifications from the ChemForward, Green Screen and TCO organizations, which provide customers and brand owners alike, the assurance that they need not compromise on environmental safety to achieve fire safety, all the while achieving performance levels not previously possible with legacy flame retardants.

The parties involved in this ground breaking innovation provided additional details as follows:

Super B, part of the clean energy conglomerate Koolen Industries, announced that its new lithium iron phosphate battery uses the recently launched Notoxicom® grade of FR PC/ABS developed by Polymer Compounders Limited (UK).

The new Super B battery cases have been developed with partners Kedu Polymers Industries BV, Klein Mechaniek BV (Toolmaker/Moulder) and Super B (OEM) utilizing the Moldex flow simulation software. The software was fed with measured data characterizing the processing performance of Notoxicom®, and the design was then optimized for the best characteristics of Notoxicom®, i.e. broad temperature processing range in combination with excellent flow. The resulting lower pressures in the tool allowed the use of only one hot runner, whereas two hot runners were needed with standard FR PC/ABS.

Notoxicom® advances the design space where non-Halogen FR PC/ABS or FR PC/ASA can be used. Its HDT is typically 25C to 30C higher than comparable grades of FR PC/ABS, and it is firmly targeted at existing applications of ABS containing brominated flame retardants, which are being threatened in some uses by new EcoDesign regulations soon to be implemented across the EU and in other examples being deselected by ESG focused OEMs.

MAY 24, 2022 –the Company commenced trading on the TSX Venture Exchange ("TSXV") under the stock symbol FRXI, and appointed a new slate of directors as follows:

Ross Haghighat – Director and Chairman of the Board
Dr. Bernhard Mohr PhD – Director
James (Jim) Cassina
Frank Hallam CPA – Director and Chair of the Audit Committee
Ekaterina Terskin – Director
Fanglu Wang – Director
Marc-Andre Lebel, P.Eng. – Director & CEO
Mark Lotz CPA, CA., BBA – Director & CFO

May 4, 2022 FRX announced ChemFORWARD had named FRX Polymers' Nofia® As A Verified SAFER Flame Retardant Solution. In April 2022, FRX Polymers earned ChemFORWARD's SAFER designation for its Nofia® branded flame retardant solutions by successfully completing a rigorous third-party assessment and verification process that considers both human and environmental safety. This designation further substantiates FRX Polymers position as the globally recognized leader in environmentally sustainable polymeric, non-halogenated flame retardants for a range of consumer and industrial products and applications in electrical & electronics, electric vehicles, transportation, building & construction, fiber & textile, medical devices and other end-use markets.

ChemFORWARD's SAFER™ program assesses a supplier's trade name ingredient against rigorous human and environmental impacts using toxicology experts. To be designated as SAFER, all chemicals present at or above 100 ppm have been disclosed and assessed by a qualified toxicology firm against ChemFORWARD's comprehensive hazard methodology and all chemicals subject to disclosure are well characterized and do not present high hazards.

SAFER™ was designed to help suppliers demonstrate human and environmental safety and build trust with their customers based on a rigorous, third-party process. Choosing ingredients with the ChemFORWARD designation helps designers and formulators to start SAFER.

MARCH 24, 2022 – FRX, announced that the Company's Nofia® branded polymeric phosphorus-based flame retardants, Nofia® Homopolymers and Copolymers, have been added to the TCO Certified Accepted Substance List. TCO is the most recognized and world-leading sustainability certification for additives in the electronics and information technology industries. Only flame retardants on the widely used TCO Certified Accepted Substance List may be used for TCO Certified Products.

The European Court of Justice ruled on March 16, 2022, that a ban on halogenated flame retardants in enclosures and stands of TVs and monitors, is in conformity with European law. FRX has developed a line of patent protected products under its Nofia® brand that address the very real and significant problem around the use of certain harmful chemicals that are currently used as flame retardants in several industrial and consumer applications. FRX has been built on over $US120 million of investment and is positioned to be a leader in the transition to environmentally friendly solutions within the $US30 billion flame retardant plastics industry. The Company is in commercial production at its facility in Antwerp, Belgium.

March 14, 2022 - FRX announced that the Company's polymeric phosphorus-based flame retardants Nofia® CO3000, CO4000 and Nofia CO6000 have been granted a GreenScreen Benchmark™ 3 score, one of the industry's highest green non-toxic indicators of ESG compliance. GreenScreen is one of the most broadly recognized methods of comparative benchmarking chemical toxicity in the chemical industry.

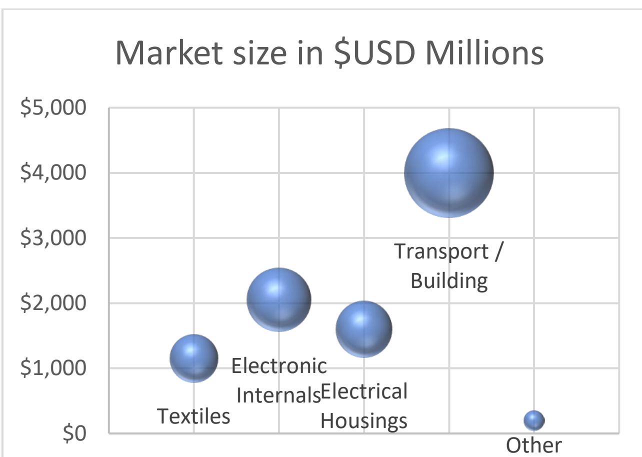
This certification comes at an opportune time as it complements a series of recent actions taken by the European Union, as part of its Eco-design regulation, and by the State of New York, which bans the use of all brominated flame retardants in consumer electronic displays such as TVs and monitors. Nofia polymeric flame retardants uniquely offer the assurance of the coveted GreenScreen 3 Benchmark score, without compromising fire safety while simultaneously achieving exceptional and often superior physical properties.

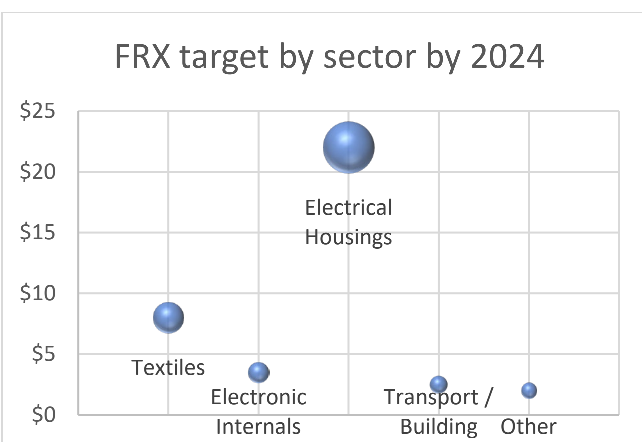
GreenScreen is well recognized across the global electronics supply chain, being referenced and relied upon by many green NGOs and major OEMs, with Hewlett Packard being one of the earliest adopters. FRX management believes that this Green Screen's accreditation is further validation of the human health and environmental credentials of the Nofia® range of halogen-free, polymeric flame retardants. These copolymer grades of Nofia® join the other homopolymer grades of Nofia® flame retardants previously granted a GreenScreen Benchmark 3, suitable for the most demanding high flow, molding and/or sheet extrusion applications.

FRX's current commercial production of Nofia® flame retardants are already serving major OEMs around the world and the Company plans to further expand capacity to meet growing demand. The Company is actively selling its products to important industry leaders such as Polymer Compounders Ltd., who recently launched Notoxicom®, a product based on Nofia® flame retardants targeting plastics flame retarded with brominated flame retardants in electronic and medical device applications, including electronic displays, as well as the rapidly growing lithium-ion battery market.

Outlook

The charts below indicate current markets size of flame retardants using the existing flame retardant technology followed by management's estimate of the relative market in each segment that can be where the FRX solution can potentially replace the incumbent technology.





FRX has sought, and successfully partnered with major players in key flame-retardant consuming industries. Technical collaborations with those companies provide current scope and direction as well as economic synergies contributing to growth of FRX, both through the expansion of sales by those companies. The adoption of FRX's Nofia products by these leading companies in choosing to develop similar products, enables FRX to achieve a far broader market penetration.

<u>FR Textiles</u>

The largest concentration of existing customers of FRX Polymers manufacture inherently flame-retardant polyester. Our customers include three of the world's top 7 polyester producers. There is increasing interest in producing fibers based on recycled polyester and FRX's Nofia flame retardants are uniquely suited to this application and already have commercial sales in this area.

<u>Printed Circuit Boards</u>

FRX continues in its collaboration with selected industry leaders in this area. FRX products are approved in product offerings of three of these companies. Each is now marketing their products at major electronic equipment manufacturers. Nofia is already commercial in certain white goods applications and FRX customers are making progress in penetrating other applications.

<u>Electronic / Electrical Housings</u>

This is an area with the highest probability of halogenated flame retardants being replaced due to regulations and brand-owner activity, somewhat led by announcements by Google and Apple. A lot of housings are already made with non-halogen flame retardants, but with regulation changes more will change and that opens the necessary door for FRX as our Nofia flame retardants allow for desirable superior physical properties as well as providing the necessary fire prevention.

<u>Foams and Films</u>

In the second quarter, our Chinese customer Xianzhong started to ship their foam, containing Nofia flame retardant, to a second car model of a well-known European luxury car producer. Our Nofia flame retardant allows them to meet the highest quality specification of the car manufacturer and the tight odor specification needed for the Chinese market. The automotive trim foam market represents a market of about 22,000 tons of flame retardant.

<u>Coatings</u>

FRX continued to make good progress with customers in textile back coatings this quarter. One currently has plans to switch production to Nofia OL1000 towards the end of this year, replacing a brominated flame retardant in a window blind application. One of the world's largest paint companies has approved our product for an aviation coating, they are working through the necessary steps to bring that to commercialization.

Key Success Factors

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

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

Strong Patent Portfolio: FRX filed another patent application in Q2 to add to its portfolio of 64 patents and patent applications covering 22 inventions. This new patent will cover a new invention which allows even better physical properties targeted at higher performance housing applications.

Dedicated State of the Art Plant: The FRX Polymers production plant in Antwerp was constructed in 2013 with completion in 2014. It is highly automated batch plant, gravity fed minimising the need for pumps and other rotation equipment. FRX has developed a proprietary agitation system which allows it to produce all of its product lines (3) on the same manufacturing asset. The plant is also equipped with specialized metallurgy allowing it to product fully transparent low color products. Due to the automated computer controlled nature of the operation, FRX operates with only two technical operators per shift. It operates to the highest quality standards currently yielding 96 % first quality at 100% atom efficiency and is ISO 9001 certified. The FRX plant is located on the Covestro site and obtains key raw materials as well as its utilities from Covestro. Covestro is one of the world's largest Polycarbonate and Polyurethane producers as well as being ranked 21st in the world for chemical companies. FRX chose to locate its plant on the Antwerp Port because it is located in the heart of one of its major markets (EU) and equidistance from two others (North America and Asia). In addition, FRX buys to of its three key raw materials from Covestro and logistics in and out of the port are world class.

Highly Favorable Regulatory Environment: Q2 saw the highly supportive regulatory environment become even more favorable. Most notably Washington State issued their Stage 3 report and remain on track for those proposals to become law in June 2023**.** Separately, Canada moved forward to the next stage of its regulatory process to ban the use of the most common regular brominated flame retardant eventually in all of its uses. These important steps confirm that the momentum for change will not be stopped and actually will accelerate.

Team

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

	Canada	USA	Belgium	Germany	China	South Korea
Employees		8	10	1	1	1
Contractor	1	1				

Business combination and listing process

On May 16, 2022, the Company completed the previously announced business combination transaction and changed its name to FRX Innovations Inc.(" FRXI"). Pursuant to the business combination, FRX Polymer (Canada) Inc. ("**Finco**"), a wholly owned Canadian subsidiary of FRX and 13448061 Canada Inc. ("**Pubco Sub**"), a wholly owned subsidiary of Good2GoRTO Corp, completed a three-cornered amalgamation and FRXI, FRX and G2G Merger Sub, Inc. ("**Merger Sub**") completed a reverse triangular merger. After receiving final Exchange acceptance, the common shares of the Resulting Issuer (the "**Resulting Issuer Shares**") resumed trading on the Exchange on 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, the warrants of the Resulting Issuer (the "**Resulting Issuer Warrants**") commenced trading on the Exchange under the symbol "FRXI.WT" on May 24, 2022, after the Exchange provided final approval of the listing of the Resulting Issuer Warrants.

Details of the Business Combination

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

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

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

i. the holders of common shares of Finco ("**Finco Shares**"), including persons receiving Finco Shares upon conversion of the Subscription Receipts (as defined below) and the Convertible Debentures (as defined below), other than FRX, received one Resulting Issuer Share for each Finco Share held in exchange for the issuance to the Resulting Issuer of one common share of Amalco for each Finco Share so exchanged;

ii. the holders of shares of FRX ("**FRX Shares**") received either 1.0767 Resulting Issuer Shares or an amount of cash equal to CAD$1.0767 for each FRX Share held in exchange for the issuance to the Resulting Issuer of 1.0767 common shares of MergeCo for each FRX Share so exchanged;

iii. all of the options to purchase FRX Shares ("**FRX Options**") were replaced with options to purchase one Resulting Issuer Share for each FRX Share issuable on exercise of the FRX Options; and

iv. all of the warrants to purchase Finco Shares ("**FRX Warrants**") were replaced with warrants to purchase one Resulting Issuer Share for each Finco Share issuable on exercise of the FRX Warrants.

Upon completion of the Business Combination, there were 79,994,865 Resulting Issuer Shares and 3,436,513 Resulting Issuer Warrants issued and outstanding. An aggregate 35,200,157 Resulting Issuer Shares, 314,337 options to purchase Resulting Issuer Shares and 159,195 warrants to purchase Resulting Issuer Shares, issued to the former holders of FRX Shares were placed in escrow pursuant to a value security escrow agreement pursuant to the policies of the Exchange and will be released in accordance with the terms thereof.

Private Placement Financings

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

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

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

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

Financial Summary

Summary of Quarterly Results

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

	Fiscal 2022		Fiscal 2021				Fiscal 2020	
	June 30 2022	**March 31, 2022**	**December 31, 2021**	**September 30, 2021**	**June 30 2021**	**March 31, 2021**	**December 31, 2020**	**September 30, 2020**
Sales	$1,305,790	$1,100,132	$2,278,710	$1,360,893	$1,154,961	$1,325,525	$1,981,803	$1,179,984
Net loss	($2,698,185)	($4,644,515)	($1,510,573)	($1,888,671)	($1,108,692)	($1,068,236)	$172,690	($4,708,995)
Basic and diluted loss per share	($0.04)	($0.17)	($0.06)	($0.08)	($0.05)	($0.04)	$0.01	($0.20)

Operating results for the 6 months ended June 30, 2022

At June 30, 2022 the Company had cash and equivalent of $1,795,770 (December 2021, $453,359). The increase was due to net proceed from the subscription receipts financing completed prior to the RTO , the non interest bearing convertible debentures and the proceeds from the exercise of warrants outstanding from legacy financings – in aggregate $4,721,118. The issuance costs related to the financings was $612,969 and debt service consumed a further $474,072 in cash.

Trade receivables of $1,588,138 (2021 – 2,270,015) represent a 30% reduction in outstanding balances as management emphasized collection to reduce working capital outlays.

Inventory of $2,389,303 (2021 - $1,418,949) an increase of $970,354 or 68 % include $1,976,440 of finished goods and $ 412,863 of raw materials, a 108% and (13%) increase/(decrease) respectively over the prior year. Management made the strategic decision to maintain production levels to accommodate the projected increase in sales, to utilize plant capacity and to secure raw material supplies in light of prevailing shipping and supply chain issues affecting many similar businesses.

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

Revenues for the six months ended June 30, 2022 were $2,405,922 (2021 - $2,480,486) an decrease of $74,564 or 3%. During the period, there was significant market uncertainty caused by intermittent but severe Covid related lock down in China, and the conflict in the Ukraine. As a result, buyers of the Company's products were atypical in their purchase patterns. During the period the Company was able to earn $200,000 Euro from the provision of services to Covestro, its Antwerp landlord, contributing to plant utilization. Average sales prices were $9.67 per kilogram versus $10.62 in the prior period.

Cost of goods sold increased by $504,633 resulting in a significant deterioration in gross margins from a negative 48% to a negative 38% in the for the 6 months. The costs of raw material particularly phosphorous and energy costs were key drivers, the result of world supply constraints and the Ukrainian Russia respectively. This situation improved in the 3 month results explained below. While the Company has long term contracts, including a secondary source to ensure a competitive supply, and has effectively hedged two of its basic raw material inputs through the sale of phenol as a by-product of its production process, its primary raw material is linked to world yellow phosphorus price which tripled in price due to Chinese economic policy to curtail coal fired power plants during the quarter. Included in cost of goods sold are non cash costs of relating to depreciation and amortization of $544,024 (2021 - $582,428).

Operating expenses of $1,349,521 (2021 - $759,583) represent a 78% increase on a quarterly basis. The key components are:

i. Administrative expenses of $2,176,678 (2021 - $843,488) an increase of $1,333,190 or 158% largely attributable to the non-cash stock-based compensation expense in the form of restricted stock and stock options for a combined total of $708,476 and ongoing legal expenses related to the listing process. The remainder of the increase is due to staffing increases as operations expanded and the Company prepared for the listing of its shares on the TSX-Venture Exchange.

ii. Research expenses of $ 305,019 (2021 - $293,957) an minor increase of $11,062 .
iii. Sales and marketing of $ 289,409 (2021 - $393,591) a decrease of $104,182 primarily due to reduced travel and trade show participation

The Company conducts most of its sales in USD. Its reporting currency, with the exception of European sales which are conducted in Euro, is USD. The bulk of the plant and equipment is located in Europe and is recorded in Euro. At the period end, the long term debt was denominated in Euro. During the period, the exchange rate of the Euro depreciated from USD 1.130 to USD 1.0477 (- 7.28%), the average rate during the period was USD 1.0931 and represents a 10.7% decrease over 2021. The net effect of these changes is that assets and liabilities denominated in Euros as translated are 7.28% lower than the comparative December 31, 2021 balance, and income statement items relating to the Belgian operations translated at the average for the period were 10.7% lower than the first quarter of 2021.

The result of foreign currency fluctuation resulted in a loss of $212,195 (2021 - $314,455).

Interest Expense was $963,702 (2021 - $599,317). An increase of $364,385 or 61% was attributable to the pre-RTO debenture at 8% as well as quarterly payments to lenders under the terms of the principal repayment waiver. Interest on the Pre-RTO Debenture ceased with the conversion to equity as part of the closing of the RTO transaction.

Detachable Common stock warrants issued in connection with the Company's 2021 Convertible Note financing and exercisable for a variable number of common shares were fair valued under Black Scholes pricing model resulted in a charge of $1,848,166 – a non cash expense.

Net Comprehensive loss was $ 8,863,514 (2021 - $ 3,843,290) an increase of $ 4,830,224 included a $1,841,043 charge for listing expense – essentially a non cash item.

Operating results for the 3 months ended June 30, 2022

Cost of goods sold increased by $91,769 or 5% however; gross margins from a negative 48% to a negative 38% in the current period, an improvement of 10%. During the quarter, the Company experienced a $119,600 raw material purchase price variance and a $229,400 increase in plant services and utilities. Much of this increase was attributable to Covid 19 related shut downs in China resulting in world wide inflationary pressures and a tripling of electricity prices caused by the invasion of the Ukraine by Russia

Operating expenses of $1,349,521 (2021 - $759,583) represent a 78% increase on a quarterly basis. The key components are:

i. Administrative expenses of $1,055,333 (2021 - $414,775) an increase of $640,558 largely attributable to the non-cash stock-based compensation expense in the form of restricted stock and stock options for a combined total of $177,120 and legal expenses amounting to $329,627 for the quarter. The remainder of the increase is due to staffing increases as operations expanded and the Company prepared for the listing of its shares on the TSX-Venture Exchange.
ii. Research expenses of $ 161,274 (2021 - $98,163) an increase of $63,111.

Sales and marketing of $ 132,914 (2021 - $246,645) a decrease of $113,731 - due to curtailed travel and trade show participation .

Liquidity and Capital Resources

A working capital surplus of $ 709,423 (2021 – $346,719) is largely attributable to the increase of $1,342,411 in cash and cash equivalent partially offset by accounts payable which increased by $1,066,257 over the three months as well as an increase in the current portion of notes payable which increased by $264,553 The accounts payable increased as a result of increased operational expenditures. During the period, there was a substantial change to the capital structure of the Company. In conjunction with the RTO transaction, the 2020 and 2019 convertible notes of $9,021,104 were converted to common shares as were the 2021 convertible debentures of $3,048,597 and $54,633. The common stock warrant liability of $3,427,236 was eliminated on their exercise as part of the business combination.

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

Cash flow from operations

Net cash provided by operations was $(2,099,834) (2021 – ($1,023,063). Key components of these results were an increase of inventories of $1,120,691 which consumed cash but was partially offset by an increase of accounts payable of $1,143,497 and accrued liabilities of $111,666 .

Cash flow from investing activities

There was no material investing in the period

Cash flow from financing activities

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

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

Selected Annual Information

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

Commitments and obligations

The Company has the following commitments:

	1 year	2-3 years	4-5 years	More than 5 years	Total
Operating activities:					
Lease obligations	$ 110,500	$ 66,500	-	-	$ 177,000
Right to build Contract	37,336	76,124	77,600	607,081	798,141
Financing activities:					
Principal repayments on Loan Facility	1,534,456	3,645,167	3,823,282	3,491,340	12,494,244
Gigarant Guarantee	204,723	242,635	-	-	447,359
Royalty obligation	-	-	429,571	2,083,945	2,513,516
	$ 1,887,016	$ 4,030,426	$ 4,330,453	$6,182,366	$ 16,430,260

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

Uses and application of previous Financings

	Sept, 2021	Jan, 2022	May, 2022	
	Inter bearing Convertible debenture	Non interest Bearing Convertible Debenture	Subscription Receipts	Aggrgate use of proceeds
Gross Proceeds	$ 3,112,599	$ 379,550	$ 4,735,433	$ 8,227,582
Bank Advisory Fees	132,780	26,569	474,338	633,686
Note Repayment			547,864	547,864
Raw Materials Acquisition			1,452,000	1,452,000
Sales & Marketing			127,000	127,000
Listing Process & related professional Fees			291,199	291,199
General Corporate purposes	2,979,819	352,982	500,000	3,832,801
	$ 3,112,599	$ 379,551	$ 3,392,401	$ 6,884,550

Off-Balance Sheet Arrangements

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

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

On May 9 the Company received formal confirmation of a stay in the case until June 30, 2023 which means that in practical terms, the case will not be decided until sometime in 2024.

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

Transactions Between Related Parties

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

For the six months ended June 30, 2022, administrative expenses incurred under this agreement totaled approximately $27,000 and are recorded in operating expenses.

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

Changes in Accounting Policies including Initial Adoption

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

i. The recognition of right of use assets.
ii. The capitalization of research and development costs that would otherwise have been expensed.
iii. The fair market valuation of former obligations under a royalty payable to UIF, which has now been converted to a fixed repayment obligation subject to revenue thresholds.

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

Financial Instruments and Other Instruments

The Company's financial instruments consist of cash and cash equivalent, trade receivable, trade payables, accrued expenses, notes payable and convertible notes payables and are classified as measured at amortized cost. The carrying amounts of these instruments at June 30, 2022 and December 31, 2020 approximate fair value.

Risk Management

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

Credit Risk - arises from the potential that a counter party will fail to perform its obligations. The Company is exposed to credit risk from customers. In order to reduce its credit risk, the Company reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. Four and three customers represented approximately 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. As at June 30, 2022, allowance was established for one customer (2021 - one customer) out of the trade account receivable.

Currency risk - the risk to the Company's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk. For each 1.00% change in the Euro exchange rate, based on the monetary assets and liabilities held at period end, the Company's net earnings would be impacted by $68,073 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 $23,587 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 has sufficient credit facilities to meet its current and long-term financial needs. The Company's liquidity requirements are met through the cash generated from operations and capital raises. Management monitors and manages its liquidity risk through regular monitoring of its financial liabilities against the constraints of its available financial assets. At June 30, 2022 and December 31, 2021, the Company had positive working capital of $709,423 and $346,719, respectively.