

FOR IMMEDIATE RELEASE

## FRX Innovations Reports 2022 Annual Financial Results: Entering 2023 on Strong Market Tailwinds Despite Challenging Year

- Revenue in fiscal 2022 of \$3.1M was below estimates mainly due to weakness caused by the Ukraine war and post COVID effects, which has shown significant signs of improvement in the first quarter of fiscal 2023<sup>1</sup>.
- Operating loss reached \$6.7M, resulting from an increase in share-based compensation (\$0.7M), non-recurring stock exchange listing related costs (\$0.3M), and a significant increase in Belgium utilities costs as a result of the war in Ukraine (\$0.3M).
- Net loss reached \$14.2M, including \$1.9M of non-cash reverse acquisition expenses, \$1.07M of non-cash depreciation and amortization expense and a \$4.3M non-cash fair value adjustment to issued warrants.
- Gross profit improved significantly from -16.0% to -2.0%, despite low utilization rates, surges in energy, electricity, and raw material prices observed throughout the year. Further gains in gross profit are expected in 2023.
- Strong inventory reserves are on hand to meet growing 2023 sales.

*“Increasingly OEMs and brand-owners are waking up to the need to move formulations to more sustainable technology in time to meet new regulatory and disclosure requirements, and we expect this to support sales growth in 2023 and beyond.”*

**Marc Lebel, FRX Innovations CEO**

**CHELMSFORD, Mass., July 10, 2023** - FRX Innovations (TSXV:FRXI) (FSE:W2A.F) (OTC QB: FRXIF) (“FRX” or the “Company”), a developer and manufacturer of environmentally sustainable flame-retardant additives, reports its financial earnings for fiscal year 2022.

The Company’s revenues of \$3.1M for fiscal 2022 fell below estimates. Despite starting the year on track, demand dropped off in the second half of 2022, a trend affecting the chemical industry worldwide. The Company’s key customers chose to run inventory down, driven



<sup>1</sup> Please refer to FRXI press release dated January 25, 2023, [“Flame retardant textiles rebounding from Covid 19; FRX Q1 sales recovering”](#)

### FRX Polymers, Inc.

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by fear of recession due to high inflation and repeat interest rate hikes.

While the impact on FRX's sales was negative in the second half of 2022, FRX is experiencing a recovery in the first half of 2023. The positive trend at FRX is attributed to the recovery of the Flame-Retardant Textile market as COVID-related lock downs have been lifted, ushering in growth in textiles sold into the hospitality market. FRX believes future sales will be supported by a legislative driven shift to PFAS- and halogen-free solutions in the flame-retardant industry, resulting in a move to more sustainable flame retardants by major industry players in critical end use markets.

Net Loss increased in 2022 to \$14.2M, driven mainly by several one-off and non-cash items, including:

- i. Personnel expenses of \$1.3M (2021 - \$1.0M) due to restoring wages to pre-COVID levels and sales staff were increased in the USA, while in Belgium salaries decreased as a result of a temporary plant closure.
- ii. Other administrative expenses of \$3.7M (2021 - \$0.2M) included \$1.0M for utilities in Belgium; an outlay of \$0.1M due to a change in EU customs collection protocol, which may be refunded in future quarters; \$0.3M for consulting and legal fees, which increased as the Company undertook public company disclosure requirements. Other items included new expenses related to the TSX Venture Exchange, OTC market making, and general investor relations expenses.
- iii. Expected credit loss was \$0.3M (2021 - \$10.2K).
- iv. Non-cash share-based compensation was \$0.7M (2021 - \$0.1M) from granting of incentive stock options to help retain long tenured FRX staff.

The Company's long-term debt was also reclassified as current as at the end of the reporting period due a breached covenant, which has since been waived.

After managing through a challenging market in 2022, FRX is in a strong position to take advantage of several important market factors affecting the flame-retardant industry globally, including increasing regulatory actions towards PFAS-free and halogen-free products. Many key industry players view Nofia flame retardants as a cornerstone solution for a polymer system that was previously exclusively flame retarded with Brominated flame retardants. Regulations banning the use of brominated flame retardants in plastics on the outside of many televisions and monitors will be effective as of January 1, 2025. These bans will extend to other applications in the years thereafter. Separately, there are already requirements to disclose the use of intentionally added PFAS chemicals in goods sold, and this trend will spread.

Marc Lebel, CEO of FRX, noted "Increasingly OEMs and brand-owners are waking up to the need to move formulations to more sustainable technology in time to meet new regulatory and disclosure requirements, and we expect this to support sales growth in 2023 and beyond. Customers will be regulated to find alternatives, with Nofia expected to be a clear winner across many industries, including consumer electronics, textiles, medical and others." Lebel added, "This is demonstrated by the fact that FRX received 17 customer technical approvals in 2022, which are expected to lead to adoption and sales growth in 2023 and beyond".

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FRX is in commercial production at its fully permitted facility in Antwerp, Belgium, where it currently supplies Nofia Flame Retardant Polymers to a growing number of multinational OEMs around the world.

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

#PFAS, #PFSfree, #ForeverChemical, #SustainableFR

For more information, visit [www.frx-innovations.com](http://www.frx-innovations.com).

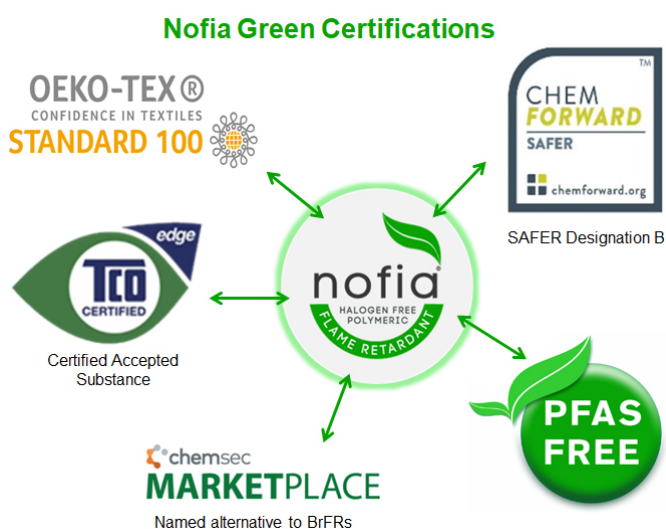
### About FRX Innovations ([www.frx-innovations.com](http://www.frx-innovations.com))

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

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

### Cautionary Note Regarding Forward-Looking Statements and Reader Advisory

Certain statements contained in this news release, including, but not limited to, statements with respect to the Offering, the completion of the Offering, the size, amount and type of securities issued under the Offering, participation in the Offering by related parties and the amount of such participation, among other things, and statements which may contain words such as “expects”, “anticipates”, “intends”, “plans”, “believes”, “estimates”, or similar expressions, and statements related to matters which are not historical facts, may constitute forward-looking information within the meaning of applicable securities laws. Such forward-



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looking statements, which reflect management's expectations regarding the Company's future growth, results of operations, performance, business prospects and opportunities, are based on certain factors and assumptions and involve known and unknown risks and uncertainties which may cause the actual results, performance, or achievements to be materially different from future results, performance, or achievements expressed or implied by such forward-looking statements.

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

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