

FREQUENCY EXCHANGE CORP.

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2025 AND 2024

(EXPRESSED IN CANADIAN DOLLARS)

Independent Auditor's Report

To the Shareholders of Frequency Exchange Corp.

Opinion

We have audited the consolidated financial statements of Frequency Exchange Corp. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2025, and the consolidated statements of loss and comprehensive loss, changes in equity (deficit) and cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2025 and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standard Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which describes events or conditions that indicate a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters, that in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our report.

Other Matter

The financial statement for the year ended December 31, 2024 were audited by another auditor who expressed an unmodified opinion on those statements on April 23, 2025.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standard Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Heather McGhie.



DMCL LLP
 CHARTERED PROFESSIONAL ACCOUNTANTS
 Vancouver, BC

April 24, 2026

FREQUENCY EXCHANGE CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31,
(EXPRESSED IN CANADIAN DOLLARS)

	Note	December 31, 2025	December 31, 2024
ASSETS			
Current assets			
Cash	4	\$ 1,134,337	\$ 335,630
Trade and other receivables	5	20,501	35,699
Prepaid expenses and deposits		60,845	49,598
Inventory	6	124,068	41,910
Amounts due from related party	13	-	39,708
		1,339,751	502,545
Non-current assets			
Equipment	7	1,485	3,465
Intangible assets	8	65,551	98,409
Total assets		\$ 1,406,787	\$ 604,419
LIABILITIES			
Current liabilities			
Trade and other payables	9&13	\$ 258,092	\$ 386,746
Due to related parties	13	13,998	-
Deferred revenue	10	6,435	13,924
Notes payable	11	429,762	596,684
CEBA loan payable	12	55,236	-
		763,523	997,354
Non-current liabilities			
CEBA loan payable		-	51,343
Total liabilities		763,523	1,048,697
Equity (deficit)			
Share capital	14	9,847,001	7,400,139
Share subscriptions	14	-	103,526
Share-based payments reserve	15	2,081,615	1,646,608
Deficit		(11,285,352)	(9,594,551)
Total equity (deficit)		643,264	(444,278)
Total liabilities and equity		\$ 1,406,787	\$ 604,419

Nature of operations and going concern (Note 1)

Events after the reporting year (Note 22)

Approved by the board of directors on April 24, 2026 and signed on its behalf by:

"Brad Aelicks" Director *"Hari Varshney"* Director

The accompanying notes are an integral part of these consolidated financial statements.

FREQUENCY EXCHANGE CORP.**CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

YEARS ENDED DECEMBER 31,

(EXPRESSED IN CANADIAN DOLLARS)

	Note	2025	2024
Sales	17	\$ 886,467	\$ 1,047,609
Cost of sales	13	(313,380)	(333,770)
Gross profit		573,087	713,839
Operating expenses			
Accounting and audit		122,691	262,381
Advertising and marketing		303,141	326,285
Consulting		38,616	-
Depreciation and amortization	7&8	34,838	32,062
Investor relations		11,180	34,300
Legal fees		11,512	1,570
Management fees	13	517,654	404,770
Office and general		327,362	191,634
Regulatory and transfer agent		13,063	18,607
Research and development		2,019	1,843
Share-based payments	13&15	555,694	347,537
Wages and benefits		213,842	193,704
Travel		75,669	39,845
		(2,227,281)	(1,854,538)
Loss from operations		(1,654,194)	(1,140,699)
Interest and other income		4,567	6,996
Loan interest	11&12	(41,174)	(44,404)
Loss on debt modification		-	(3,150)
Net loss and comprehensive loss for the year		\$ (1,690,801)	\$ (1,181,257)
Basic and diluted loss per common share	16	\$ (0.03)	\$ (0.03)
Weighted average number of common shares outstanding		51,125,310	44,316,597

The accompanying notes are an integral part of these consolidated financial statements.

FREQUENCY EXCHANGE CORP.**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (DEFICIT)****YEARS ENDED DECEMBER 31****(EXPRESSED IN CANADIAN DOLLARS)**

	Note	Number of Shares	Share capital	Share-based payments reserve	Share subscription proceeds	Deficit	Total equity
Balance, December 31, 2023		41,517,724	\$ 6,587,203	\$ 1,303,619	\$ -	\$ (8,413,294)	\$ (522,472)
Private placement	14	4,920,428	601,718	136,359	-	-	738,077
Share issuance costs	14	-	(35,374)	7,521	-	-	(27,853)
Exercise of options	14	731,653	221,592	(148,427)	-	-	73,165
Share subscription received in advance	14	-	-	-	103,526	-	103,526
Share-based compensation	15	-	-	323,818	-	-	323,818
Share issued for debt settlement	14	166,750	25,000	-	-	-	25,000
Share-based compensation for services	14	-	-	23,718	-	-	23,718
Loss for the year		-	-	-	-	(1,181,257)	(1,181,257)
Balance, December 31, 2024		47,336,555	7,400,139	1,646,608	103,526	\$ (9,594,551)	\$ (444,278)
Private placement	14	7,766,235	1,927,066	14,493	(103,526)	-	1,838,033
Exercise of options	14	560,000	90,221	(34,221)	-	-	56,000
Exercise of warrants	14	2,416,666	483,333	(120,833)	-	-	362,500
Share issuance costs	14	-	(53,758)	19,874	-	-	(33,884)
Share-based compensation	15	-	-	555,694	-	-	555,694
Loss for the year		-	-	-	-	(1,690,801)	(1,690,801)
Balance, December 31, 2025		58,079,456	\$ 9,847,001	\$ 2,081,615	\$ -	\$ (11,285,352)	\$ 643,264

The accompanying notes are an integral part of these consolidated financial statements.

FREQUENCY EXCHANGE CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31
(EXPRESSED IN CANADIAN DOLLARS)

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the year	\$ (1,690,801)	\$ (1,181,257)
Items not affecting cash:		
Depreciation and amortization	34,838	32,062
Loan interest	38,174	44,404
Share-based payments	555,694	347,537
Changes in non-cash working capital items:		
Trade and other receivables	15,198	(21,034)
Prepaid expenses and deposits	(11,247)	(19,024)
Inventory	(82,158)	45,155
Trade and other payables	(128,653)	153,928
Deferred revenue	(7,489)	(23,139)
Amounts due (from) to related parties	53,706	(57,908)
Net cash used in operating activities	(1,222,738)	(676,126)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	-	(3,960)
Intangible assets	-	(3,097)
Net cash used in investing activities	-	(7,057)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of share capital	1,838,033	738,077
Share issuance costs	(33,885)	(27,853)
Proceeds from exercise of warrants	362,500	-
Proceeds from exercise of options	56,000	73,165
Repayment of debenture loan	(201,203)	-
Share subscription received	-	103,526
Net cash provided by financing activities	2,021,445	886,915
Change in cash during the year	798,707	203,732
Cash, beginning of the year	335,630	131,898
Cash, end of the year	\$ 1,134,337	\$ 335,630

Supplemental cash flow information (Note 16)

The accompanying notes are an integral part of these consolidated financial statements.

FREQUENCY EXCHANGE CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024
(EXPRESSED IN CANADIAN DOLLARS)

1. NATURE OF OPERATIONS AND GOING CONCERN

Frequency Exchange Corp. (the “Company”) was incorporated on August 15, 2019 under the Business Corporations Act (British Columbia). The Company’s head office and principal address is 1498 West 5th Avenue, Vancouver, BC, V6H 4G3. The registered and records office is Suite 2501, 550 Burrard Street, Vancouver BC V6C 2B5. The Company is focused on the development and global commercialization of a wearable Frequency Delivery System providing specialized programs designed for health and wellness as well as performance enhancement. The Company’s common shares are listed on the TSX Venture Exchange (“TSX-V”) under the trading symbol “FREQ” and on the Frankfurt Stock Exchange under the symbol “YC6”.

Going concern

These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

The Company has incurred losses since inception in the amount of \$11,285,352 and has not yet achieved profitable operations. The Company’s ability to continue as a going concern is dependent on its ability to obtain adequate financing on reasonable terms from lenders, shareholders and other investors and/or to commence profitable operations in the future. While the Company has been successful in securing financing to date, there can be no assurances that it will be able to do so in the future. The aforementioned factors indicate the existence of a material uncertainty which may cast significant doubt about the Company’s ability to continue as a going concern.

These consolidated financial statements do not include adjustments that would be required if the going concern assumption is not an appropriate basis for preparation of the consolidated financial statements. These adjustments could be material.

2. BASIS OF PREPARATION

Statement of compliance

These consolidated financial statements have been prepared in accordance with IFRS® Accounting Standards issued by the International Accounting Standards Board (“IASB”).

On April 24, 2026, the Board of Directors of the Company approved these Consolidated Financial Statements.

FREQUENCY EXCHANGE CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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2. BASIS OF PREPARATION (cont'd...)

Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments that are measured at fair values. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, FREmedica Technologies Inc. ("FREmedica"). The financial statements of the subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases. All intercompany transactions, balances, income and expenses are eliminated in full on consolidation.

Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company and its subsidiary.

Significant estimates and assumptions

In preparing these consolidated financial statements, management has made judgments and estimates and used assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ materially from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years.

Estimates

Critical accounting estimates are those that require management to make assumptions about matters that are highly uncertain at the time the estimate or assumption is made. Critical accounting estimates are also those that could potentially have a material impact on the Company's financial results where a different estimate or assumption is used. The significant areas of estimation uncertainty are:

Share-based payments

The determination of the fair value of stock options and agent's warrants using option pricing models, require the input of highly subjective assumptions, including forfeiture rate, expected time to exercise in years, expected dividend yield, and expected price volatility. Changes in the subjective input assumptions could materially affect the fair value estimate.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024
(EXPRESSED IN CANADIAN DOLLARS)

2. BASIS OF PREPARATION (cont'd...)

Significant estimates and assumptions (cont'd...)

Inventory

Inventory is valued at at the lower of cost and net realizable value. Net realizable value is determined with reference to estimated selling price less costs to sell. The Company estimates selling price based on assumptions about future demand and current and anticipated retail market conditions. The future realization of these inventories may be affected by future technology or other market driven changes that may reduce future selling prices.

Useful life of equipment and intangible assets

The intangible assets and equipment are recorded at cost less accumulated depreciation and impairment charges. Such cost consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use.

Taxation

The calculations for current and deferred taxes require management's interpretation of tax regulations and legislation in the various tax jurisdictions in which the Company operates, which are subject to change. The measurement of deferred tax assets and liabilities requires estimates of the timing of the reversal of temporary differences identified and management's assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income before they expire, which involves estimating future taxable income.

Significant judgments

Judgment is used in situations when there is a choice and/or assessment required by management. The following are critical judgments apart from those involving estimations, that management has made in the process of applying the Company's accounting policies and that have a significant effect on the amounts recognized in the consolidated financial statements.

Assessment of impairments on long-lived assets

The carrying value and the recoverability of intangible assets and equipment, which are included in the consolidated statements of financial position are evaluated at each reporting date to determine whether there are any indications of impairment.

The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company's intangible assets and equipment.

External sources of information considered are changes in the Company's economic, legal and regulatory environment which it does not control but affects the recoverability of its intangible assets and equipment.

Internal sources of information the Company considers include the manner in which intangible assets and equipment are being used or are expected to be used and indications of economic performance of the assets.

Classification of financial instruments

The classification of financial instruments under IFRS 9, requires management's judgment to assess both business model for managing assets and the contractual cash flow characteristics.

FREQUENCY EXCHANGE CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024
(EXPRESSED IN CANADIAN DOLLARS)

2. BASIS OF PREPARATION (cont'd...)

Significant estimates and assumptions (cont'd...)

Revenue recognition

Under IFRS 15, revenue recognition requires management's judgment through the five-steps model, particularly when determining when control transfers.

Determination of the functional currency of the entity and its subsidiaries.

Determination of the functional currency of the Company and its subsidiary requires management's judgment to identify the primary economic environment in which entities operate.

Convertible notes

Management estimates the fair value of the convertible notes which requires determining the most appropriate valuation model and the most appropriate inputs to the valuation model.

Going concern

The going concern assessment requires management's judgment on the ability of the Company to achieve positive cash flow from operations and/or obtain necessary equity or other financing.

The accounting policies set out below have been consistently applied to the period presented in these consolidated financial statements, unless otherwise indicated.

3. MATERIAL ACCOUNTING POLICY INFORMATION

Cash

Cash consists of cash on hand and at banks and the cash with non-banking financial institutions.

Inventory

Inventory is stated at the lower of cost and net realizable value. Cost includes the purchase cost plus landing costs. Cost is determined using the first in first out method. Net realizable value represents the estimated selling price for inventory less all estimated costs necessary to make the sale.

Inventory is written down to net realizable value when the cost of inventory is determined not to be recoverable. When the circumstances that previously caused the inventory to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-down is reversed, limited to the amount of the original write-down.

Intangible assets

Intangible assets consist mainly of license and trademarks acquired by the Company and internally developed website costs. Intangible assets with finite lives are carried at cost less accumulated amortization and impairment. Intangible assets with indefinite lives are not amortized but are reviewed annually for impairment. Any impairment of indefinite life intangible assets is recognized in the consolidated statement of loss and comprehensive loss in the period it is incurred. In allocating a reversal of an impairment loss, the carrying amount of an asset is not increased above the lower of its recoverable amount and the carrying amount that would have been determined had no impairment loss been recognized for the asset.

FREQUENCY EXCHANGE CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd...)

Intangible assets (cont'd...)

Estimated useful lives of intangible assets are the shorter of the economic life and the period the right is legally enforceable. The assets' useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. The useful lives of the Company's intangible assets are as follows:

License	5 years;
Website	20 years;
Trademarks	20 years and
Certification	2 years

Equipment

Equipment are stated at cost less accumulated depreciation and any impairments. Cost includes all expenditures incurred to bring assets to the location and condition necessary for them to be operated in the manner intended by management. Depreciation is provided on the straight-line method over the estimated useful lives of the asset. Depreciation commences once an asset is ready for its intended use. Upon sale or other disposition of a depreciable asset, cost and accumulated depreciation are removed from equipment and any gain or loss is reflected as a gain or loss from operations.

The estimated useful lives are:

Equipment	2 years
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Impairment of non-financial assets

The Company's tangible and intangible assets are reviewed for indications of impairment at each statement of financial position date. If indication of impairment exists, the asset's recoverable amount is estimated.

An impairment loss is recognized when the carrying amount of an asset, or its cash-generating unit, exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in the consolidated statement of comprehensive loss.

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Financial instruments

(i) Recognition

Regular purchases and sales of financial assets are recognized on the trade date, being the date on which the Company commits to purchase or sell the asset.

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3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd...)

Financial instruments (cont'd...)

(ii) Classification

The Company classified its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value either through other comprehensive income “OCI” or through profit or loss (“FVOCI” or “FVTPL”); and
- Those to be measured at amortized cost.

The measurement category classification of financial assets depends on the Company’s business objectives for managing the financial assets and whether contractual terms of the cash flows are considered solely payments of principal and interest. For assets measured at fair value, gains and losses will be recorded either in profit or loss or in OCI depending upon the business objective. The Company reclassifies debt instruments when and only when its business objective for managing those assets changes.

The following table shows the Company’s classification of financial assets and liabilities under IFRS 9:

Financial asset / liability	Classification under IFRS 9
Cash	FVTPL
Trade and other receivables	Amortized cost
Due from related party	Amortized cost
Trade payable	Amortized cost
Due to related parties	Amortized cost
Notes payable	Amortized cost
CEBA loan payable	Amortized cost

(iii) Measurement

At initial recognition, the Company measures a financial asset at its fair value. In the case of a financial asset not categorized as FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset are included in measurement at initial recognition. Transaction costs of financial assets carried at FVTPL are expensed in the consolidated statement of loss and comprehensive loss.

Financial assets held for collection of contractual cash flows that represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt instrument is recognized in profit or loss when the asset is derecognized or impaired. Trade receivables and due from related party are included in this category and are recognized at amortized cost.

The classification of financial liabilities (trade payables, CEBA loan, due to related parties and notes payable) are initially measured at fair value upon initial recognition and are subsequently measured at amortized cost using the effective interest method. Transaction costs related to the financial liabilities recognized at amortized cost are included in the value of the instruments and amortized using the effective interest rate method. The effective interest expense is included in loan interest in the consolidated statements of loss and comprehensive loss.

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3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd...)

Financial instruments (cont'd...)

(iv) Derecognition

Financial Assets

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Financial Liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expire. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statement of loss and comprehensive loss.

(v) Impairment

The Company assesses on a forward-looking basis the expected credit losses ("ECL") associated with its assets carried at amortized cost. For trade receivables the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables. Trade receivables are reviewed qualitatively on a case-by-case basis to determine if they need to be written off.

Convertible notes

Convertible notes are separated into their liability and equity components using the residual method. The fair value of the liability component at the time of issue is determined based on an estimated discount rate for loans without the conversion feature. The fair value of the equity component is determined as the difference between the face value of the convertible notes and the fair value of the liability component. After initial recognition, the liability component is carried on an amortized cost basis and will be accreted to its face value over the term to maturity of the convertible notes at the effective rate.

Revenue recognition

The Company's revenue is comprised of sales of its products which consists of wearable devices capable of transmitting frequencies.

Revenue from Contracts with Customers establishes a five-step model to account for revenue arising from contracts with customers. The Company recognizes revenues on product sales when the performance obligations relating to the sale of its products are satisfied. The performance obligations are satisfied when the customer obtains control of the product, which occurs when the product has been delivered to the customer and the customer is provided with an activation code for the wearable device. When the Company receives payment before performance obligations are satisfied, these payments are initially recorded as a contract liability under deferred revenue and recognized as revenue when the performance obligation is met. Revenue represents cash received from customers, net of sales taxes, rebates, and discounts and is presented net of an allowance for estimated returns, which is based on historical experience. Shipping fees billed to customers are recorded as revenue, and shipping costs incurred to deliver the goods to the customer are recognized within cost of sales in the same period the related revenue is recognized.

3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd...)

Revenue recognition (cont'd...)

The Company continues to provide after-sale support for its sold products through updates which the customer can download and install on the devices and ongoing access to the Company's mobile application and customer support staff for the life-time of the products. The Company does not distinguish, allocate or assign a value to the after-sale support as the cost of such services is minimal and recorded in profit or loss in the normal course of business.

Principal vs. Agent Sales

The Company has arrangements with licensed distributors ("LDs") whereby it acts as a logistics partner to the LDs.

When determining the most appropriate basis for presenting revenue on either a gross or net basis, both the legal form and substance of the agreements between the Company and LDs are reviewed to determine each party's respective role in the transaction. Where the Company's role in a transaction is that of a principal, revenue is recognized on a gross basis, where the gross value of the transaction billed to the customer is recognized as revenue and the costs incurred in the transaction are recognized as direct cost of revenue. When the Company's role in a transaction is that of an agent, revenue is recognized on a net basis with revenue approximating the margin earned and is recorded in the consolidated statements of loss and comprehensive loss. This determination of whether the Company is acting as principal or agent requires the exercise of judgement.

Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and common share warrants are recognized as a deduction from equity. Common shares issued for non-monetary consideration are measured based on their market value at the date the common shares are issued.

Warrants issued in equity financing transactions

The Company engages in equity financing transactions to obtain the funds necessary to continue operations. These equity financing transactions may involve the issuance of common shares or units. A unit comprises a certain number of common shares and a certain number of share purchase warrants. Depending on the terms and conditions of each equity financing agreement, warrants are exercisable into additional common shares prior to expiry at a price stipulated by the financing agreement. Warrants that are part of units are valued based on the residual value method. Warrants that are issued as payment for agency fees or other transactions costs are accounted for as share-based payments.

Earnings (loss) per share

The Company presents basic and diluted earnings (loss) per share data for its common shares, calculated by dividing the earnings (loss) attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings per share is determined by adjusting the earnings attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares. Basic and diluted loss per share is the same for the years presented. All of the outstanding stock options and the share purchase warrants were anti-dilutive for the years ended December 31, 2025 and 2024.

3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd...)

Share-based payments

Share-based payments to employees and others providing similar services are measured at grant date at the fair value of the instruments issued and amortized over the vesting periods using a graded approach. The amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest. Each tranche in an award is considered a separate grant with a different vesting date and fair value and is accounted for on that basis.

Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received.

The offset to the recorded cost is to share-based payments reserve. The number of options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount ultimately recognized as an expense is based on the number of options that eventually vest. Consideration received on the exercise of stock options is recorded as share capital and the related share-based payments reserve is transferred to share capital.

The fair value of the stock options is determined using the Black-Scholes Option Pricing Model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility), weighted average expected life of the instruments (based on historical experience), expected dividends, and the risk-free interest rate (based on government bonds).

Income taxes

Income tax comprises current and deferred tax. Income tax is recognized in profit or loss and comprehensive loss except to the extent that it relates to items recognized directly in equity, in which case the income tax is also recognized directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the statement of financial position date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered.

Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except in the case of subsidiaries, where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are presented as non-current.

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3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd...)

New or revised accounting standards

New and amended standards not yet effective

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements ("IFRS 18") which replaces IAS 1 Presentation of Financial Statements. This standard aims to improve how companies communicate in their financial statements, with a focus on information about financial performance in the statement of profit or loss, in particular additional defined subtotals, disclosures about management-defined performance measures and new principles for aggregation and disaggregation of information. IFRS 18 is accompanied by limited amendments to the requirements in IAS 7 Statement of Cash Flows. IFRS 18 is effective from January 1, 2027. Companies are permitted to apply IFRS 18 before that date. The Company is currently assessing the impact the new standard will have on its consolidated financial statements.

There are no other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

4. CASH

During the year ended December 31, 2025, the Company held a cash balance of \$17,562 (2024 - \$84,324) with non-banking financial institutions.

5. TRADE AND OTHER RECEIVABLES

	December 31, 2025	December 31, 2024
Trade receivables	\$ 3,619	\$ 11,158
Goods and services taxes recoverable	16,882	24,541
	<u>\$ 20,501</u>	<u>\$ 35,699</u>

The Company anticipates full recovery of its receivables and therefore no allowance has been recorded against these amounts as at December 31, 2025 (2024 - \$nil).

6. INVENTORY

As at December 31, 2025, the Company's inventory consisted of finished goods with a value of \$124,068 (2024 - \$41,910). During the year ended December 31, 2025, the total amount of inventory recognized as a cost of sales was \$40,506 (2024 - \$44,085).

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7. EQUIPMENT

		Computer
Cost		
Balance at December 31, 2023	\$	11,390
Acquisition		3,960
Balance at December 31, 2024 and 2025	\$	15,350
Accumulated depreciation		
Balance at December 31, 2023	\$	11,390
Depreciation		495
Balance at December 31, 2024		11,885
Depreciation		1,980
Balance at December 31, 2025	\$	13,865
Net amount		
Balance at December 31, 2024	\$	3,465
Balance at December 31, 2025	\$	1,485

8. INTANGIBLE ASSETS

	License	Trademarks	Website	Certification	Total
Cost					
Balance at December 31, 2023	\$ 150,000	\$ 11,134	\$ 15,041	\$ -	\$ 176,175
Additions	-	-	-	3,097	3,097
Balance at December 31, 2024 and 2025	\$ 150,000	\$ 11,134	\$ 15,041	\$ 3,097	\$ 179,272
Accumulated depreciation					
Balance at December 31, 2023	\$ 45,000	\$ 1,842	\$ 2,454	\$ -	\$ 49,296
Amortization	30,000	557	752	258	31,567
Balance at December 31, 2024	75,000	2,399	3,206	258	80,863
Amortization	30,000	557	752	1,549	32,858
Balance at December 31, 2025	\$ 105,000	\$ 2,956	\$ 3,958	\$ 1,807	\$ 113,721
Net amount					
Balance at December 31, 2024	\$ 75,000	\$ 8,735	\$ 11,835	\$ 2,839	\$ 98,409
Balance at December 31, 2025	\$ 45,000	\$ 8,178	\$ 11,083	\$ 1,290	\$ 65,551

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9. TRADE AND OTHER PAYABLES

	December 31, 2025	December 31, 2024
Trade payables	\$ 187,617	\$ 346,845
Accrued liabilities	63,750	-
Other payables	6,725	39,901
	\$ 258,092	\$ 386,746

10. DEFERRED REVENUE

	December 31, 2025	December 31, 2024
Balance, beginning of the year	\$ 13,924	\$ 37,063
Deferred revenue recognized	(13,924)	(37,063)
Revenue deferred	6,435	13,924
Balance, end of the year	\$ 6,435	\$ 13,924

11. NOTES PAYABLE

- a) On November 9, 2021, the Company issued a convertible note of \$200,000 to a company controlled by a director of the Company. The convertible note was secured by the inventory of the Company, had a maturity date of February 2, 2023, and bore interest at a rate of 15% per annum, payable on maturity. The notes were convertible at any time following the maturity date at the holder's option into common shares of the Company at \$0.195 per share.

On February 2, 2023, the Company rolled over the convertible note of \$200,000 together with accrued interest of \$57,341 into two promissory notes totaling \$257,341. Both promissory notes bore interest at 8% per annum, payable on maturity, and are secured by 200 units of the product inventory of the Company. The promissory notes had a maturity of August 2, 2023, which were subsequently changed to on demand. On October 8, 2025, both promissory notes were amended to extend the maturity date to December 31, 2026 and to set a payment plan of \$50,000 on signing of the amendment agreement (paid) and every three months commencing March 31, 2026 and thereafter with the remaining principal and interest paid in full on December 31, 2026. If the Company completes an equity financing greater than \$2 million in a single funding round, the Company shall repay the balance outstanding in full within 10 business days upon receipt of the financing proceeds. As at December 31, 2025, the Company repaid partial notes of \$100,000 and the Company accrued interest of \$58,107 on the notes (December 31, 2024 - \$43,582). During the year ended December 31, 2025, the Company recognized interest expense of \$18,680 (2024 - \$20,644). As at December 31, 2025, the principal and accrued interests on its loan totaled \$215,448 (2024- \$300,923).

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11. NOTES PAYABLE (cont'd)

- b) On November 9, 2021, the Company issued a convertible note of \$200,000 to a third party. The convertible note was secured by the inventory of the Company, had a maturity date of February 2, 2023, and bore interest at a rate of 15% per annum, payable on maturity. The note was convertible at any time following the maturity date at the holder's option into common shares of the Company at \$0.195 per share.

On February 2, 2023, the Company rolled over the convertible note of \$200,000 together with accrued interest of \$57,341 into two promissory notes totaling \$257,341. Both promissory notes bore interest at 8% per annum, payable on maturity, and are secured by 200 units of the product inventory of the Company. The promissory notes had a maturity of August 2, 2023, which were subsequently changed to on demand. On October 8, 2025, both promissory notes were amended to extend the maturity date to December 31, 2026 and to set a payment plan that included a partial principal payment upon signing of the amendment agreement and quarterly installment payments commencing March 31, 2026 with the remaining principal and interest paid in full on December 31, 2026. If the Company completes an equity financing greater than \$2 million in a single funding round, the Company shall repay the balance outstanding in full within 10 business days upon receipt of the financing proceeds. As at December 31, 2025, the Company repaid partial notes of \$101,203 and the Company accrued interest of \$58,176 on the notes (December 31, 2024 - \$38,420). During the year ended December 31, 2025, the Company recognized interest expense of \$18,750 (2024 - \$20,644). As at December 31, 2025, the principal and accrued interests on its loan totaled \$214,314 (2024- \$295,761).

12. CEBA LOAN PAYABLE

During the year ended December 31, 2021, the Company opened a Canada Emergency Business Account ("CEBA") and received loans totaling \$60,000 funded by the Government of Canada. The loan is interest-free until December 31, 2023. The Company did not repay the loan on December 31, 2023 and as a result, the loan is converted to a 3 year term loan at an interest rate of 5% per annum. The Company initially measured the loan at a fair value of \$48,226, using a discount rate of 12%, resulting in a loan benefit of \$11,774 recognized in net loss as other income in 2023.

	December 31, 2025	December 31, 2024
Balance, beginning of the year	\$ 51,343	\$ 48,226
Interest expense	3,893	3,117
Balance, ending of the year	\$ 55,236	\$ 51,343

13. RELATED PARTY TRANSACTIONS

Related parties include key management personnel, the Board of Directors, close family members and entities that are controlled by these individuals as well as certain persons performing similar functions.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, and consist of directors and officers of the Company. The compensation paid or payable to key management personnel during the years ended December 31, 2025 and 2024 is as follows:

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13. RELATED PARTY TRANSACTIONS (cont'd...)

	December 31, 2025	December 31, 2024
Management fees	\$ 517,654	\$ 404,770
Share-based payments	219,537	140,328
Total	\$ 737,191	\$ 545,098

The Company has entered into two management consulting agreements with the CEO and the President of the Company, each with a monthly fee of \$10,000 and expense allowance of \$1,000. As of April 1, 2025, the Company increased the monthly fee to \$12,500 following the completion of financing activities, per the management agreement. During the year ended December 31, 2025, the Company paid or accrued \$335,154 (2024 - \$284,770) for management fees to both CEO and the President of the Company.

The Company agreed on a compensation arrangement with the former CFO of the Company, for a monthly fee of \$2,500 for CFO services. This arrangement was terminated on November 30, 2025 upon resignation of the former CFO. During the year ended December 31, 2025, the Company paid or accrued \$27,500 (2024 - \$30,000) for management fees to the former CFO of the Company.

The Company entered into a management agreement with the CFO of the Company, effective December 1, 2025, for a monthly fee of \$5,000. During the year ended December 31, 2025, the Company paid or accrued \$5,000 (2024- \$nil) for management fees to the CFO of the Company. In addition, the Company paid or accrued \$60,000 (2024-\$nil) for management fees for FREmedica's operation during fiscal 2025. As at December 31, 2025, \$266 (2024 - \$nil) was owed to the CFO pursuant to this agreement for related business expense reimbursements. This amount is included in trades payables.

The Company has entered into an agreement with Varshney Capital Corp. ("VCC"), a company with a director in common, for administrative services for a monthly fee of \$7,500 plus taxes. During the year ended December 31, 2025, the Company paid or accrued \$90,000 (2024 - \$90,000) for administrative fees to VCC.

Amounts due from related parties of \$nil as at December 31, 2025 (2024 - \$39,708) are trade receivables which are unsecured, non-interest bearing and have contractual maturities of 30 days. In addition, amounts due to related parties of \$13,998 as at December 31, 2025 (2024 - \$72,488 included in trade payables) which are unsecured, non-interest bearing and have contractual maturities of 30 days.

FREmedica has an agreement with Waveforce, a company with common directors of the Company, whereby FREmedica licenses the technology from Waveforce, which entitles a 30% royalty. The royalty was reduced to 10% effective February 2, 2022 upon completion of the RTO Transaction. During the year ended December 31, 2025, the Company incurred royalty expense of \$50,137 (2024 - \$37,842).

On July 6, 2022, FREmedica entered into an agreement with Frequency Warehouse Inc. ("Warehouse"), a fully-owned subsidiary of Waveforce, whereby FREmedica acquired an exclusive, royalty-bearing, non-transferable license from Warehouse to build a membership subscription program (including finished products, modules, and components) which delivers frequency packages through a wearable frequency emitter. In consideration for the license granted, FREmedica paid Warehouse a one-time license fee of \$150,000 and agreed to pay a royalty equal to 10% of annual gross revenue. Warehouse is controlled by Waveforce, which has directors and officers in common with the Company. During the year ended December 31, 2025, the Company incurred royalty expense of \$22,790 (2024 - \$63,073).

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13. RELATED PARTY TRANSACTIONS (cont'd...)

On June 30, 2025, FREmedica entered into an amending agreement with Warehouse and Waveforce whereby the royalties payable by FREmedica to Warehouse under the July 6, 2022 agreement between FREmedica and Warehouse would no longer be payable to Warehouse but to Waveforce. All other terms of the agreements remain the same.

14. SHARE CAPITAL

Authorized share capital

The Company is authorized to issue an unlimited number of common shares and preferred shares with no par value.

Issued share capital

At December 31, 2025, the Company had 58,079,456 common shares and nil preferred shares outstanding (2024 – 47,336,555 common shares and nil preferred shares).

Escrowed shares

Upon completion of the Company's Initial Public Offering ("IPO") in 2020 and pursuant to an escrow agreement dated March 6, 2020, 4,000,000 common shares issued to directors and officers of the Company prior to the IPO were placed into escrow. Under the escrow agreement, 10% of the escrowed common shares will be released from escrow on the date of the issuance of the final Exchange bulletin (the "Initial Release") upon completion of a Qualifying Transaction, and an additional 15% will be released every six months following the Initial Release over a period of thirty-six months. As at December 31, 2025, nil common shares remained in escrow (2024 - 600,000).

In addition, 16,965,582 common shares held by the former shareholder of FREmedica, directors and promoters are also subject to escrow in which 10% of escrowed securities was released on February 2, 2022 and 15% every 6 months thereafter. As at December 31, 2025, nil common shares remained in escrow (2024 – 2,427,858).

Share issuances

During the year ended December 31, 2025, the Company:

- a) completed a private placement of 414,102 units at a price of \$0.25 per unit for gross proceeds of \$103,526. Each unit consists of one common share and one common share purchase warrant. Each warrant allows the holder to acquire one additional common share for a period of 24 months at an exercise price equal to \$0.40 per share. \$14,494 of proceeds was allocated to the warrants based on the residual method. The Company incurred regulatory fees of \$1,269 in connection with the private placement.
- b) completed a private placement of 7,352,133 units at a price of \$0.25 per unit for gross proceeds of \$1,838,033. Each unit consists of one common share and one common share purchase warrant. Each warrant allows the holder to acquire one additional common share for a period of 24 months at an exercise price equal to \$0.40 per share. No value was assigned to the warrants based on the residual method. The Company paid a cash commission of \$18,200, issued 72,800 agent's warrants, and incurred other expenses of \$14,415 in connection with the private placement. The agent's warrants were valued at \$19,874 using the Black-Scholes Option Pricing Model (assuming a risk-free interest rate of 3.41%, an expected life of 2 years, annualized volatility of 210.80% and a dividend rate of 0%).

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14. SHARE CAPITAL (cont'd...)

Share issuances (cont'd)

- c) issued 560,000 common shares at \$0.10 per share from the exercise of options for gross proceeds of \$56,000. Accordingly, \$34,221 was transferred from share-based payments reserve to share capital.
- d) issued 2,416,666 common shares at \$0.15 per share from the exercise of warrants for gross proceeds of \$362,500. Accordingly, \$120,833 was transferred from share-based payments reserve to share capital.

During the year ended December 31, 2024, the Company:

- a) completed a private placement of 5,087,178 units at a price of \$0.15 per unit for gross proceeds of \$763,077. Each unit consists of one common share and one common share purchase warrant. Each warrant allows the holder to acquire one additional common share for a period of 24 months at an exercise price equal to \$0.25 per share. \$136,359 of proceeds was allocated to the warrants based on the residual method. The Company paid a cash commission of \$9,000, issued 60,000 agent's warrants, and incurred legal and other expenses of \$18,853 in connection with the private placement. The agent's warrants were valued at \$7,521 using the Black-Scholes Option Pricing Model (assuming a risk-free interest rate of 2.93%, an expected life of 2 years, annualized volatility of 246.57% and a dividend rate of 0%).
- b) issued 731,653 common shares at \$0.10 per share from the exercise of options for gross proceeds of \$73,165. Accordingly, \$148,427 was transferred from share-based payments reserve to share capital.

Basic and diluted loss per share

The calculation of basic and diluted loss per share for the year ended December 31, 2025 was based on the loss attributable to shareholders of \$1,690,801 (2024 - \$1,181,257) and a weighted average number of shares outstanding of 51,125,310 (2024 - 44,316,597).

At December 31, 2025, 4,340,000 stock options (2024 - 4,688,347) and 12,986,213 warrants (2024 - 9,885,349) were excluded from the diluted weighted average number of common shares calculation as their effect would have been anti-dilutive.

15. SHARE-BASED PAYMENTS

Stock options

The Company has adopted a rolling stock option plan under which it is authorized to grant options to executive officers, directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common shares of the Company. The exercise price of each option shall not be less than the market price of the Company's stock at the date of grant. The options can be granted for a maximum term of 5 years and vest as determined by the board of directors.

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15. SHARE-BASED PAYMENTS (cont'd...)

Stock option transactions are summarized as follows:

	Number of options	Weighted Average Exercise Price
Balance, December 31, 2023	3,545,000	\$ 0.10
Stock options granted	2,600,000	0.20
Exercised	(731,653)	0.10
Forfeited	(100,000)	0.15
Expired	(625,000)	0.10
Balance, December 31, 2024	4,688,347	0.15
Stock options granted	2,065,000	0.33
Exercised	(560,000)	0.10
Forfeited	(325,000)	0.20
Expired	(1,528,347)	0.10
Balance, December 31, 2025	4,340,000	\$ 0.26
Exercisable at December 31, 2025	3,879,167	\$ 0.25
Weighted average fair value of options granted during the period	\$ 0.24	\$ 0.15

The options outstanding and exercisable at December 31, 2025 have exercise prices ranging from \$0.20 to \$0.33 (2024 - \$0.10 to \$0.20) and a weighted average remaining contractual life of 2.40 years (2024 - 2.42 years). The fair value calculated for stock options granted during the year ended December 31, 2025 was \$602,299 (2024 - \$365,989) using the Black-Scholes Option Pricing Model. During the year ended December 31, 2025, the Company recognized share-based payment expense of \$555,694 (2024 - \$347,537) based on the vesting provisions of stock options granted.

The following weighted average assumptions were used for the Black-Scholes Option Pricing Model valuation of stock options granted:

	December 31, 2025	December 31, 2024
Risk-free interest rate	3.55 %	3.34%
Expected life of options	2.02 years	3 years
Annualized volatility	221.38%	137.36%
Share prices	\$ 0.33	\$ 0.19
Forfeiture rate	Nil	Nil
Dividend rate	Nil	Nil

The average share price on its date of exercised the options was \$0.24.

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15. SHARE-BASED PAYMENTS (cont'd...)

Warrants

Warrants are issued as private placement incentives and measured using the residual method. Agents' warrants and bonus warrants are measured at fair value on the date of the grant as determined using the Black-Scholes Option Pricing Model.

	Number of Warrants	Weighted Average Exercise Price
Balance, December 31, 2023	8,344,418	\$ 0.39
Warrants granted	5,087,178	0.25
Agent's warrants granted	60,000	0.25
Warrants expired	(3,606,247)	0.70
Balance, December 31, 2024	9,885,349	0.20
Warrants granted	7,766,235	0.40
Agent's warrants granted	72,800	0.40
Warrants exercised	(2,416,666)	0.15
Warrants expired	(2,321,505)	0.15
Balance, December 31, 2025	12,986,213	\$ 0.34

The warrants outstanding at December 31, 2025, have exercise prices ranging from \$0.25 to \$0.40 (2024 - \$0.15 to \$0.25) and a weighted average remaining contractual life of 1.24 (2024 - 1.14) years.

The average share price on its date of exercised the warrants was \$0.24.

16. SUPPLEMENTAL CASH FLOW INFORMATION

Significant non-cash transactions during the year ended December 31, 2025 included:

- a) Issued 72,800 agent's warrants with a value of \$19,873 in connection with private placement financings.

Significant non-cash transactions during the year ended December 31, 2024 included:

- b) Issued 60,000 agent's warrants with a value of \$7,521 in connection with private placement financings.

17. SEGMENTED INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The board of directors which have been identified as the chief operating decision maker assesses the financial performance and position of the Company and makes strategic decisions. The Company has one operating and reportable segment, the sale of wearable devices. All of the Company's non-current assets are based in Canada.

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17. SEGMENTED INFORMATION (cont'd)

The Company's revenue and operations by geographical regions are outlined below.

	Canada	United States	International	Total
	\$	\$	\$	\$
Year ended December 31, 2024				
Revenue	175,184	845,699	26,726	1,047,609
Year ended December 31, 2025				
Revenue	23,162	756,013	107,292	886,467

18. CAPITAL MANAGEMENT

The Company's capital structure consists of shareholders' equity and convertible notes. The Company's objective when managing capital is to maintain adequate levels of funding to support the development of its businesses and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through advances from related parties. Future financings are dependent on the willingness of the related parties to advance funds to the Company and market conditions and there can be no assurance the Company will be able to raise funds in the future. The Company is not subject to externally imposed capital requirements. The Company may raise additional debt or equity financing in the near future to meet its obligations. There was no change in the Company's approach to capital management from the prior year.

19. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	December 31, 2025	December 31, 2024
Loss before income taxes	\$ (1,690,801)	\$ (1,181,257)
Statutory tax rate	27%	27%
Expected income tax recovery at statutory rates	\$ (457,000)	\$ (319,000)
Change in statutory tax rates, adjustment to prior years provision and other	-	(11,000)
Share issue cost and other temporal differences	(30,000)	
Permanent differences	150,000	89,000
Unrecognized temporary differences	337,000	241,000
Income tax expense	\$ -	\$ -

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19. INCOME TAXES (cont'd)

The significant components of the Company's deferred tax assets and liabilities are as follows:

	December 31, 2025	December 31, 2024
Non-capital loss carry forwards	\$ 1,959,000	\$ 1,609,000
Equipment and intangible assets	31,000	19,000
Share issuance costs	25,000	50,000
Unrecognized deferred tax assets	\$ 2,015,000	\$ 1,676,000

As at December 31, 2025, the Company has non-capital losses of approximately \$7,255,000 (2024 - \$5,952,000) for Canadian income tax purposes that may be carried forward to reduce taxable income derived in future years. These losses, if not utilized, will expire between 2039 and 2045. Subject to certain restrictions, the Company also has share issuance costs of approximately \$93,000 (2024 - \$184,000) available to reduce taxable income in future years. Deferred tax assets which may arise as a result of these non-capital losses have not been recognized in these consolidated financial statements as the Company determined that, as at December 31, 2025, their realization is uncertain.

20. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, trade receivables, due from related party, trade and other payables, amounts due to related parties, notes payable, and CEBA loan payable. The carrying amount of trade receivables, trade and other payables, amounts due from/ to related parties, notes payable, and CEBA loans payable, carried at amortized cost is a reasonable approximation of fair value due to the relatively short period to maturity of these financial instruments and/or the rate of interest being charged.

Financial risk management

The Company's financial risks arising from its financial instruments are credit risk, liquidity risk, foreign currency exchange risk, and interest rate risk. The Company's exposure to these risks and the policies on how to mitigate these risks are set out below. Management monitors and manages the exposure to ensure appropriate measures are implemented on a timely basis and in an effective manner.

Credit risk

Credit risk arises when one party to a financial instrument will cause a financial loss for the other party by failing to discharge its obligation. Financial instruments that subject the Company to credit risk consist primarily of cash and trade receivables. The credit risk relating to cash balances is limited because the Company holds its cash in Canadian rated financial institutions and will only consider investment of excess cash in highly rated government and corporate debt securities or guaranteed certificates from Canadian chartered banks. The amounts reported for trade receivables in the consolidated statements of financial position are net of allowances for credit losses and bad debts and the net carrying value represents the Company's maximum exposure to credit risk. Trade receivables credit exposure is minimized by entering into transactions with creditworthy counterparties and monitoring the age and balances outstanding on an ongoing basis. Payment terms with customers are generally payment prior to shipment. Credit risk is assessed as low.

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20. FINANCIAL INSTRUMENTS (cont'd)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. To the extent that the Company does not believe it has sufficient liquidity to meet its current obligations, the Board of Directors considers securing additional funds through issuances of equity and debt or partnering transactions. The Board of Directors approves any material transactions outside the ordinary course of business. Management regularly reviews the Company's operating and capital budgets and maintains short-term cash flow forecasts. The Company monitors its risk of shortage of funds by monitoring the maturity dates of existing trade and other accounts payable. The Company's trade payables which have contractual maturities of 30 days or are due on demand. Amounts due to related party and notes payable within the next 12 months. The CEBA loan payable has a maturity date on December 31, 2026. Liquidity risk is considered as high.

Currency risk

The Company's operating expenses are primarily in Canadian dollars. The Company is subject to currency risk as sales are transacted in USD, which is partially mitigated by inventory purchases being denominated in USD. The Company's currency risk exposure is assessed as moderate.

Interest rate risk

The Company is exposed to interest rate risk arising from cash held in Canadian financial institutions. The interest rate risk on cash is not considered significant due to its short-term nature and maturity. The Company's notes payable bear interest at fixed rates. The exposure to interest rates for the Company is considered minimal. The Company has not used any financial instrument to hedge potential fluctuations in interest rates.

21. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data or other means. Level 3 inputs are unobservable (supported by little or no market activity). The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

As at December 31, 2025 and 2024, the Company has no financial assets or liabilities recorded at FVOCI. Cash is classified as FVTPL using level 1 inputs.

22. EVENTS AFTER THE REPORTING YEAR

On February 3, 2026, the Company granted 120,000 stock options to an officer of the Company, exercisable for a period of 3 years, at a price of \$0.33 per share.