FREQUENCY EXCHANGE CORP.

FORM 51-102F1
MANAGEMENT DISCUSSION AND ANALYSIS
For the Nine Months Ended September 30, 2023

INTRODUCTION

This Management's Discussion and Analysis ("MD&A") has been prepared by the management of Frequency Exchange Corp. (the "Company") as of November 29, 2023, and should be read in conjunction with the unaudited interim condensed consolidated financial statements and related notes of the Company for the nine month period ended September 30, 2023, and the audited financial statements of the Company together with the related notes thereto for the year ended December 31, 2022. The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). All amounts are stated in Canadian dollars unless otherwise indicated.

Additional information related to the Company and its operations is available on SEDAR at www.sedar.com and on the Company web site at https://frequencyexchangecorp.com.

FORWARD-LOOKING STATEMENTS

This MD&A contains certain forward-looking information and statements. The use of any of the words "target", "plans", "anticipate", "continue", "estimate", "intends", "expect", "may", "will", "project", "should", "believe", "potential", and similar expressions are intended to identify forward-looking information. Forward-looking information is based on management's current expectations and projections about its future results. Forward-looking statements are statements that are not historical facts, and include, but are not limited to, the Company's expectation of future activities and results, of its working capital needs and its ability to identify, evaluate and pursue suitable business opportunity. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results of events to differ materially from those anticipated in these forward-looking statements. Readers should not put undue reliance on forward-looking information.

Forward-looking statements used in this MD&A are subject to various risks, uncertainties and other factors, most of which are difficult to predict and are generally beyond the control of the Company. These risks, uncertainties and other factors may include, but are not limited to, those set forth under "*Risks and Uncertainties*" below.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this MD&A or as of the date otherwise specifically indicated herein. Due to risks, uncertainties and other factors, including the risks, uncertainties and other factors identified above and elsewhere in this MD&A, actual events may differ materially from current expectations. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by securities law.

COMPANY OVERVIEW

Frequency Exchange Corp. (the "Company") was incorporated on August 15, 2019 under the Business Corporations Act (British Columbia). The Company was a Capital Pool Company ("CPC") as defined in the TSX Venture Exchange ("TSX-V") Policy 2.4 ("Policy 2.4") after completing its initial public offering on May 8, 2020. The Company's head office and principal address is Suite 2050, 1055 West Georgia Street, Vancouver BC, V6E 3P3. The registered and records office is Suite 2501, 550 Burrard Street, Vancouver BC V6C 2B5.

On January 14, 2022, the Company entered into a Securities Exchange Agreement with FREmedica Technologies Inc. ("FREmedica") and its parent company Waveforce Electronics Inc. ("Waveforce") whereby the Company agreed to acquire all the issued and outstanding securities of FREmedica from Waveforce by issuing 18,000,000 common shares

of the Company (the **"**Transaction"). Two directors and officers of the Company own approximately 19.49% of the issued and outstanding shares of Waveforce prior to the Transaction. The Transaction, therefore, is considered a non-arm's length transaction. The Transaction was completed on February 2, 2022. Upon completion of the Transaction, the Company completed a name change from "Israel Capital Canada Corp." to "Frequency Exchange Corp.".

As a result of the Transaction, control of the Company passed to the former shareholders of FREmedica. The Transaction constituted a Reverse Takeover ("RTO") under applicable securities law. The consolidated statements of financial position are presented as a continuance of FREmedica and the comparative figures presented are those FREmedica (Note 4). The Transaction is the Qualifying Transaction of the Company pursuant to Policy 2.4 of the TSX-V. The common shares of the Company commenced trading on the TSX-V under the trading symbol "FREQ" on February 7, 2022.

The Company will continue the business which was previously conducted by FREmedica. 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 Wave 1 is the third-generation frequency emitter released from FREmedica, specifically to deliver a Frequency Support Program to help clients with the symptoms of chronic Lyme disease. In November 2022, the Company expanded its current frequency program through the development of a wearable frequency emitter that delivers special frequency sets designed for the consumer general wellness and performance enhancement market, specifically to target better sleep, less stress & anxiety, pain & inflammation to name a few. The new NIKKI is the fifth-generation frequency device to be released by FREmedica. FREmedica has taken the benefits from the Frequency Support Program for symptoms of chronic Lyme Disease and have now applied this know how to deliver frequencies sets for general wellness and performance enhancement. The technology, combined with the Frequency Support Program and now the new frequency emitter, NIKKI, is the result of years of development and experimentation with the latest in bio-energetic technology.

Key activities:

- On February 23, 2023, the Company announced that FREmedica has shipped the first 536 NIKKI wearables.

- On March 30, 2023, the Company announced that FREmedica has been approved for its new App "NIKKI CONNECT" to be registered with both the iOS App Store and Android Play Store. The app will allow NIKKI owners to update their own devices and frequency sets.

- On May 10, 2023, the Company announced that FREmedica has signed its first White Label Agreement with Beleaf Pharma, a global company at the forefront of developing plant-based medicinal products based on ancient remedies.

- On May 19, 2023, the Company announced that FREmedica has successfully launched its new App "NIKKI CONNECT" to be registered with both the iOS App Store and Android Play Store. One of the features exclusive to NIKKI is the ability to download the frequencies and then turn off the Bluetooth. This is a key feature that sets us apart from other wearable.

- On August 29, 2023, the Company completed a non-brokered private placement of 4,738,171 units at a price of $0.10 per unit for gross proceeds of $473,817. 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 of $0.15.

- On September 14, 2023, the Company announced that FREmedica has achieved overwhelmingly positive results in pilot testing of a new hardware delivery device for its Lyme Frequency Support Program. The six-month trial compared results from the currently offered WAVE 1 frequency emitter and the newly launched watch-size NIKKI.

- On November 17, 2023, the Company announced that FREmedica has had its rights expanded permitting the company to sell NIKKI direct to the consumer or through partnerships that open several new revenue opportunities.

DISCUSSION OF OPERATIONS

Three months ended September 30, 2023

During the three months ended September 30, 2023, the Company reported a net loss of $354,310 compared to a net loss of $457,631 incurred in the three months ended September 30, 2022. The loss in the third quarter relates primarily to general operating expenses of $469,691 (2022 - $580,606), partially offset by gross profit of $114,369 (2022 - $95,223). Revenue for the third quarter increased 29% to $159,111 from $123,097 in the 2022 quarter. The gross profit margin decreased 5% to 72% from 77% in the 2022 quarter.

The general operating expenses excluding share-based payment expenses for the three months ended September 30, 2023 were $421,614 (2022 - $503,288). Some of the significant expense items are summarized as follows:

- Advertising and marketing of $123,924 (2022 - $157,802) have decreased from the comparative period due to decreased advertising campaigns in the current quarter.
- Management fees of $95,400 (2022 - $127,284) have decreased from the comparative period due to the reduction in fees paid to the former President of FREmedica who resigned in September 2022.
- Wages and benefits of $93,324 (2022 - $72,598) have increased from the comparative period due to the hiring of additional staff in the current period.

Nine months ended September 30, 2023

During the nine months ended September 30, 2023, the Company reported a net loss of $1,082,879 as compared to a net loss of $4,184,915 for the nine months ended September 30, 2022. The loss in the first nine months of 2023 relates primarily to general operating expenses of $1,469,589 (2022 - $2,093,472), partially offset by gross profit of $371,166 (2022 - $264,178) and interest and other income of $15,544 (2022 - $11,032). Revenue for the 2023 period increased 17% to $569,439 from $488,254 in the 2022 period. The gross profit margin increased 20% to 65% from 54% in the 2022 comparative period. The loss in the 2022 period also included the listing expense of $2,387,177, a non-cash charge representing the fair value of share considerations paid on the RTO Transaction.

The general operating expenses excluding share-based payment expenses for the nine months ended September 30, 2023 were $1,412,449 (2022 - $1,567,308). The variance was mainly attributable to:

- Advertising and marketing of $465,993 (2022 - $305,976) have increased from the comparative period due to increased advertising campaigns for new product launch and promotion in the current period.
- Legal fees of $12,904 (2022 - $208,825) have decreased significantly as a result of less activity in the current period compared to the same period in 2022 in which the Company incurred significant legal work in connection with the RTO transaction.
- Management fees of $286,200 (2022 - $362,084) have decreased from the comparative period due to the reduction in fees paid to the former President of FREmedica who resigned in September 2022.
- Regulatory and transfer agent of $15,957 (2022 - $57,775) have decreased from the comparative period due to the lower level of activity after the completion of the RTO in the first quarter of 2022.
- Research and development of $64,622 (2022 - $146,479) relate mainly to NIKKI and other new frequency program products.
- Wages and benefits of $277,413 (2022 - $218,637) have increased from the comparative period due to the hiring of additional staff in the current period.

Share-based payment expenses of $57,140 (2022 - $526,164), a non-cash charge, are the estimated fair value of the stock options granted and vested during the period. The Company used the Black-Scholes Option Pricing Model for the fair value calculation.

SUMMARY OF QUARTERLY RESULTS

The following table sets forth selected unaudited financial information for the Company's eight most recent quarters ending with the last quarter for the three month period ended September 30, 2023.

	For the Three Months Ended							
	Fiscal 2023			Fiscal 2022				Fiscal 2021
	Sept. 30, 2023	Jun. 30, 2023	Mar. 31, 2023	Dec. 31, 2022	Sept. 30, 2022	Jun. 30, 2022	Mar. 31, 2022	Dec. 31, 2021
	($)	($)	($)	($)	($)	($)	($)	($)
Total revenues	159,111	192,956	217,372	210,838	123,097	134,801	230,356	217,847
Net income (loss)	(354,310)	(328,766)	(399,803)	(673,475)	(457,631)	(508,884)	(3,218,400)	(151,934)
Earnings (loss) per share - basic and diluted	(0.01)	(0.01)	(0.01)	(0.02)	(0.01)	(0.01)	(0.10)	(0.01)

LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2023, the Company had a cash balance of $291,009, a decrease of $667,752 from the cash balance of $958,761 on December 31, 2022. During the nine months ended September 30, 2023, cash utilized in operating activities amounted to $968,655. The Company received net proceeds of $473,817 from a private placement financing and repaid a note principal of $133,201 and interest expense of $33,963 during the nine month period of 2023.

The Company had a working capital deficiency of $353,590 as at September 30, 2023 compared to a working capital of $172,011 as at December 31, 2022.

Going Concern

The Company has incurred losses since inception and 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. Management believes it will be able to raise equity capital as required in the long term, but recognizes there will be risks involved that may be beyond their control. The annual consolidated financial statements do not include any adjustments to the recoverability and classification of reduced asset amounts and classification of liabilities that might be necessary should the Company be unable to continue operations. These adjustments could be material. The Company is not subject to material externally-imposed capital constraints.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

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 nine month periods ended September 30 is as follows:

	2023	2022
Management fees	$ 286,200	$ 362,084
Share-based payments	19,663	154,746
Total	$ 305,863	$ 516,830

The Company has entered into two management consulting agreements with the CEO and the President of the Company with a monthly fee of $10,000 and $10,800, respectively.

On February 2, 2022, the Company engaged Varshney Capital Corp. ("VCC"), a company with a director in common, for administrative services for a monthly fee of $5,000 plus taxes for a six-month term with a renewal option for an additional six months at a monthly fee of $7,500 plus taxes and thereafter on an annual basis until otherwise terminated. During the nine months ended September 30, 2023, the Company paid $67,500 (2022 - $45,000) for administrative fees to VCC.

Amounts due to related parties of $47,781 as at September 30, 2023 (December 31, 2022 - $16,553) are 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 for resale 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 nine months ended September 30, 2023, the Company incurred royalty expense of $34,298 (2022 - $73,604).

During the year ended December 31, 2022, the Company issued 4,185,714 common shares to settle $1,465,000 of debt due to Waveforce.

On July 6, 2022, FREmedica entered into an agreement with Frequency Warehouse Inc. ("Warehouse") 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 pertaining to the sale of the membership and any fees collected for additional frequency services being offered through the membership. Warehouse is controlled by Waveforce, which has directors and officers in common with the Company. The transaction, therefore, is considered a non-arm's length transaction. During the nine months ended September 30, 2023, the Company incurred royalty expense of $10,099 (2022 - $nil).

CRITICAL ACCOUNTING ESTIMATES

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the period. Actual results could differ from these estimates. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised. Significant areas requiring the use of management estimates include:

Leases

Lease terms are based on assumptions regarding extension terms that allow for operational flexibility and future market conditions. The incremental borrowing rates are based on estimates including economic environment, term, currency, and the underlying risk inherent to the asset. The carrying balance of the right-of-use assets, lease liabilities, and the resulting interest expense and depreciation expense, may differ due to changes in the market conditions and lease term.

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.

Share-based payments
The determination of the fair value of stock options and agent's warrants using stock 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.

Revenue
Revenue is recognized when the goods are delivered and have been activated by the customers. The critical assumptions and estimates used in determining the total revenue to be recognized for each reporting period, is based on an estimate when performance obligation is satisfied over time.

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.

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, trade receivables, deposits, trade and other payables, amounts due to related party, notes payable, and CEBA loan payable. The carrying amount of cash, trade and other receivables, trade and other payables, amounts due to related parties, convertible notes payable, and 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 exposures to these risks and the policies on how to mitigate these risks are set out below. Management monitors and manages these exposures 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 and other 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 30 days from invoice date.

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, notes payable, and CEBA loan payable are due within the next 12 months.

Currency risk

The Company operates primarily in Canadian dollars and as such is not significantly affected by the fluctuations of the Canadian dollar with other currencies. The Company is, however, subject to currency risk due to its online sales to customers in foreign jurisdictions.

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 convertible notes 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.

OUTSTANDING SHARE DATA

The Company had the following common shares, stock options and warrants outstanding as at the date of this report:

Issued and Outstanding Common shares	41,517,724
Stock options	3,345,000
Warrants	8,344,418
	53,207,512

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

New or revised accounting standards not yet adopted

New standards and amendments to existing standards have been issued by the IASB, which are mandatory but not yet effective for the year ended December 31, 2022. The new standards and amendments have not been applied in preparing these consolidated financial statements.

Accounting Policy Disclosures (Amendments to IAS 1)
The amendments change the requirements with regards to disclosure of accounting policies. The amendments require companies to disclose the material accounting policies rather than the significant accounting policies and also clarify that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed. The amendments apply for annual reporting periods beginning on or after January 1, 2023. Early adoption is permitted. The adoption of the amendments is not expected to have a material impact on the Company's consolidated financial statements.

Definition of Accounting Estimates (Amendments to IAS 8)

The amendments introduce a new definition for accounting estimates, clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments apply for annual reporting periods beginning on or after January 1, 2023. Early adoption is permitted. The Company is currently evaluating the impact of adopting the amendment on the Company's consolidated financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leases and decommissioning liabilities. The amendments apply for annual reporting periods beginning on or after January 1, 2023. Early adoption is permitted. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented. The Company is currently evaluating the impact of adopting the amendment on the Company's consolidated financial statements.

RISK AND UNCERTAINTIES

Limited operating history

The Company has a limited operating history (5 years) and will be subject to all of the business risks and uncertainties associated with any new business enterprise, including the risk that it will not achieve its operating goals or have sufficient capital to continue operations on a long-term basis. In order for the Company to meet future operating and debt service requirements, the Company will need to be successful in its growing, marketing and sales efforts. If the Company's products and services are not accepted by new customers, the Company's operating results may be materially and adversely affected.

Additional financing

Future capital expenditures may be financed out of funds generated from future equity sales and borrowings. The Company's ability to do so is dependent on, among other factors, the performance of the Company and its investments, the overall state of capital markets and investor appetite for investments in the alternative health industry and the Company's securities in particular. From time to time the Company may enter into transactions to acquire assets or the shares of other companies. These transactions may be financed partially or wholly with debt, which may temporarily increase the Company's debt levels above industry standards.

Failure to obtain any financing necessary for the Company's capital expenditure plans may result in a delay in the development and pursuit of the Company's business. There can be no assurance that the Company will be successful in its efforts to arrange additional financing in amounts sufficient to meet its goals or requirements, or on terms that are acceptable to it. If additional financing is raised by the issuance of shares from treasury of the Company, control of the Company may change and shareholders may suffer additional dilution.

Dependence on management and key personnel

The Company will be dependent upon the personal efforts and commitment of its directors, officers and key personnel. If one or more of the Company's proposed executive officers become unavailable for any reason, a severe disruption to the business and operations of the Company could result and the Company may not be able to replace them readily, if at all. As the Company's business activity grows, the Company will require additional key financial, administrative and technical personnel as well as additional operations staff. There can be no assurance that the Company will be successful in attracting, training and retaining qualified personnel as competition for persons with these skill sets increase. If the Company is not successful in attracting, training and retaining qualified personnel, the efficiency of its operations could be impaired, which could have an adverse impact on theCompany's future cash flows, earnings, results of operations and financial condition.

New industry

The Company operates its business in a relatively new industry and market. In addition to being subject to general business risks, the Company must continue to build brand awareness in this industry and market through significant investments in its strategy, its production capacity, quality assurance and compliance with regulations. In addition, there is no assurance that the industry and market will continue to exist and grow as currently estimated or anticipated or function and evolve in the manner consistent with management's expectations and assumptions. Any event or circumstance that adversely affects the alternative health industry and market could have a material adverse effect on the Company's business, financial conditions and results of operations.

Product liability

As a manufacturer and distributor of products designed to be used by humans, the Company will face an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused damages, loss or injury. In addition, the sale of products involve the risk of injury to consumers due to tampering by unauthorized third parties or product malfunction. A product liability claim or regulatory action against the Company could result in increased costs, could adversely affect the Company's reputation with its clients and consumers generally, and could have a material adverse effect on the results of operations and financial condition of the Company. There can be no assurances that the Company will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all.

Changes in alternative health device laws

Health Canada and the FDA may regulate medical or health-related software if such software falls within the definition of a "device" under the FDCA. However, the FDA exercises enforcement discretion for certain low risk software, as described in the FDA guidelines. Although FREmedica's management believes that its products and proposed products are currently not subject to active FDA regulation, management continues to follow the FDA's developments in this area. There is a risk that the FDA could disagree with management's determination or that the FDA could develop new guidance documents that would subject products of the Company to active FDA oversight. If the FDA determines that any of the current or future products of the Company are regulated as medical devices, the Company would become subject to various requirements under the FDCA and the FDA's implementing regulations. Depending on the functionality and FDA classification of the analytics applications of the Company, the parties may be required to:

- register and list their products with the FDA;
- notify the FDA and demonstrate substantial equivalence to other products on the market before marketing their products;
- submit a de novo request to the FDA to down-classify their products prior to marketing; or
- obtain FDA approval by demonstrating safety and clinical activity before marketing their products.

The FDA can impose extensive requirements governing pre- and post-market conditions, such as service investigation and others relating to approval, labeling, and manufacturing. In addition, the FDA can impose extensive requirements governing software development controls and quality assurance processes.

These laws and regulations may change rapidly, and it is frequently unclear how they may apply to businesses such as the Company. Any failure of their products or services to comply with these laws and regulations could result in substantial civil or criminal liability and could, among other things, adversely affect demand for the services of the Company, forcing them to expend significant capital, research and development, and other resources to address the failure, invalidate all or portions of some of its contracts with customers, require them to change or terminate some portions of its business, require them to refund portions of its revenue, cause them to be disqualified from serving customers, and give customers the right to terminate contracts, any one of which could have an adverse effect on the business of the Company Additionally, the introduction of new services may require the Company to comply with additional, yet undetermined, laws and regulations.

Regulatory compliance

Achievement of the Company's business objectives is subject to compliance with regulatory requirements enacted by governmental authorities. The Company may incur costs and obligations related to regulatory compliance. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures or remedial actions. The Company may be required to compensate those suffering loss or damage by reason of its operations and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Going-Concern risk

The Company's financial statements have been prepared on a going-concern basis under which an entity is considered to be able to realize its assets and satisfy its liabilities in the ordinary course of business. The Company's future operations are dependent upon the identification and successful completion of equity or debt financing and the achievement of profitable operations at an indeterminate time in the future. There can be no assurances that the Company will be successful in completing equity or debt financing or in achieving profitability. The financial statements do not give effect to any adjustments relating to the carrying values and classification of assets and liabilities that would be necessary should the Company be unable to continue as a going concern.

DISCLOSURE CONTROLS

In connection with Exemption Orders issued by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Basic Certificate with respect to the financial information contained in the audited annual financial statements and respective accompanying Management's Discussion and Analysis.

In contrast to the certificates under National Instrument ("NI") 52-109 (Certification of disclosure in an Issuer's Annual and Interim Filings), the Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting as defined in NI 52-109.

APPROVAL

The Board of Directors of Frequency Exchange Corp. has approved the contents of this management discussion and analysis on November 29, 2023.