

FRNT Financial Inc.
(also referred to as “FRNT”, the “Corporation”, or the “Company”)

Management’s Discussion & Analysis

The following management’s discussion and analysis should be read in conjunction with the unaudited condensed interim consolidated financial statements for the three and nine months ended March 31, 2024 and 2023 prepared in accordance with International Financial Reporting Standards (“IFRS”), including International Accounting Standards (“IAS”) 34 - Interim Financial Reporting, as issued by the International Accounting Standards Board (“IASB”) and interpretations of the IFRS Interpretations Committee (“IFRIC”).

All dollar figures included therein and in the following discussion and analysis are quoted in Canadian dollars unless otherwise noted.

Date

This management’s discussion and analysis (“MD&A”) is dated May 28, 2024 and is in respect of the nine months ended March 31, 2024. The discussion in this MD&A focuses on this period. Estimates and forward-looking information are based on assumptions of future events and actual results may vary from these estimates. This MD&A is prepared in conformity with National Instrument 51-102F1 and has been approved by the Board of Directors.

Disclaimer for Forward-Looking Statements

This MD&A contains forward-looking statements relating to future events. In some cases, forward-looking statements can be identified by such words as “anticipate”, “continue”, “estimate”, “expect”, “may”, “will”, “project”, “should”, “believe” or similar expressions. These statements represent management’s best projections, but undue reliance should not be placed upon them as they are derived from numerous assumptions. These assumptions are subject to known and unknown risks and uncertainties, including the business risks discussed in the MD&A which may cause actual performance and financial results to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements. Accordingly, readers are cautioned that events or circumstances could cause results to differ materially from those predicted.

Description of the Business

FRNT Financial Inc. was incorporated under the Canada Business Corporations Act on April 24, 2018. The Company’s head office and registered records office is located at 49 Wellington Street East, Unit 200, Toronto, Ontario, M5E 1C9. The Company is a financial technology company that provides a capital markets trading platform for institutional investors to access alternative trade opportunities.

The Company completed its Initial Public Offering (“IPO”) on April 12, 2022 and its common shares were listed on the TSX Venture Exchange on April 19, 2022, under the trading symbol “FRNT”.

FRNT is a next generation institutional sales and trading platform. The Company intends to present a new set of opportunities, primarily through synthetic exposure to cryptocurrency, targeted to institutional investors (non-retail) while maintaining a lean, technology-forward operation. FRNT further believes that synthetic products (such as over-the-counter derivatives) offer a more operationally efficient method of exposure in many circumstances, as opposed to direct ownership of the underlying assets.

FRNT leverages different technologies in its business, including: (i) its SEM Trade user interface and chat interface to interact with clients and automatically deliver quotes for OTC derivatives; and (ii) front-end and back-end trading technology developed by FRNT and licensed to different trading firms.

FRNT is a next generation capital markets platform targeting institutional investors as clients. FRNT’s focus is to deliver these clients expertise and products which allow them to effectively access alternative trade opportunities, such as those available in cryptocurrency. FRNT’s client-facing business lines are: (i) OTC derivatives; (ii) technology licensing around ‘deliverable’ services; (iii) treasury management; and (iv) research licensing.

On December 7, 2020, the Company incorporated a new, wholly owned subsidiary, FRNT Asset Management Inc. (“FRNT AM”). FRNT AM is registered as a portfolio manager with the Ontario Securities Commission. FRNT AM solicits asset managers to sub-advise funds on its behalf.

On July 14, 2022, the Company incorporated a new, wholly owned subsidiary, FRNT Financial UK Limited (“FRNT UK”). FRNT UK has applied to the Financial Conduct Authority (“FCA”) for registration. During the last months the FRNT team has worked diligently with its regulatory counsel in the UK to submit to the FCA to act as a market in financial instruments directive ("MiFID") advisor and arranger. In carrying out this objective, FRNT UK will seek to provide its services as an introducer to the Company's industry leading technology and trading infrastructure.

LIFE Offering

On May 21, 2024, the Company closed a brokered private placement offering and issued 2,070,000 Units at a price of \$0.60 per Unit for aggregate gross proceeds of \$1,242,000 (the “LIFE Offering”). Each Unit comprised of one common share of the Company (a “Common Share”) and one-half of one Common Share purchase warrant (each whole warrant, a “Warrant”). Each Warrant entitles the holder thereof to purchase one Common Share at an exercise price of \$0.90 until May 21, 2027.

In connection with the LIFE Offering, the Company paid to an agent a cash commission of \$74,520 and issued 124,200 warrants of the Company (the “Broker Warrants”). Each Broker Warrant entitles the holder thereof to acquire one Unit at a price of \$0.60 at any time on or before May 21, 2027.

Consolidation

The Company’s condensed interim consolidated financial statements are presented on a consolidated basis and include the accounts of the Company and its controlled subsidiaries. Control occurs when the Company is exposed to, or has right to, variable returns from its involvement with an investee and has the ability to affect those returns through its power over the investee. Details of the controlled subsidiaries are as follows:

Entity	Principal activities	Country of incorporation	Percentage Owned	
			March 31, 2024	June 30, 2023
FRNT Asset Management Inc.	Financial technology services	Canada	100%	100%
FRNT Financial UK Limited	Financial technology services	United Kingdom	100%	100%

Summary of Quarterly Results

The following table provides selected quarterly financial data for the eight most recently completed quarters:

Three months ended								
	March 31, 2024	Dec 31, 2023	Sept 30, 2023	June 30, 2023	Mar 31, 2023	Dec 31, 2022	Sept 30, 2022	June 30, 2022
Revenue	38,096	648,274	190,027	75,332	109,383	63,176	190,611	73,169
Net loss for the period	(695,980)	(310,577)	(350,144)	(688,640)	(395,767)	(1,243,421)	(477,336)	(1,677,727)
Basic and diluted loss per share	(0.02)	(0.01)	(0.01)	(0.02)	(0.01)	(0.04)	(0.01)	(0.05)

The Company incurred a net loss of \$695,980 during the three months ended March 31, 2024 compared to a net loss of \$395,767 during the 2023 comparative period, an increase in net loss of \$300,213. A primary reason for the increase in net loss is the lower revenue from capital markets, which decreased by \$66,281 due to a decrease in transactions facilitated by the Company and total transaction value from trading activity. Professional fees increased by \$151,895 due to an increase in consulting fees paid to strategic advisors, and legal fees related to general corporate matters. Share-based compensation also increased by \$87,564 due to the January and February stock option grants. The Company also recognized a gain on the change in fair value of its investments of \$276,248 as compared to a gain of \$390,230 in the comparative period – a variance of \$113,982. The increase in net loss was offset by a decrease in salaries and wages, which decreased by \$72,033 from changes in employee composition.

The Company incurred a net loss of \$310,577 during the three months ended December 31, 2023 compared to a net loss of \$1,243,421 during the 2022 comparative period, a decrease in net loss of \$932,844. A primary reason for the decrease in net loss is due to higher revenue from capital markets and consulting and advisory fees, which increased by \$225,498 and \$359,600, respectively. The Company reduced its spending on advertising and promotion by \$21,221 and investor relations by \$80,216. Salaries and wages decreased by \$116,045 resulting from changes in employee composition and share-based payments decreased by \$70,129 due to less tranches vesting in the period. The Company recognized a gain on the change in fair value of its investments of \$178,497 as compared to a loss of \$256,445 in the comparative period – a variance of \$434,942. The Company also incurred \$318,732 more in professional fees in the current period due to an increase in legal fees, and consulting fees paid to strategic advisors.

The Company incurred a net loss of \$350,144 during the three months ended September 30, 2023 compared to a net loss of \$477,336 during the 2022 comparative period, a decrease in net loss of \$127,192. A primary reason for the decrease in net loss is due to the Company reducing its spending on advertising and promotion by \$62,100 and investor relations by \$75,360. Share-based payments also decreased by \$168,765 due to less tranches vesting in the period – no options were granted in the current period either. The Company recognized an unrealized gain on its investments of \$278,358 during the three months ended September 30, 2023, in comparison to a gain of \$419,986 in the comparative period – a decrease of \$141,628. The Company also incurred \$91,871 more in professional fees in the current period due to an increase in audit fees, and consulting fees paid to strategic advisors.

The Company incurred a net loss of \$688,640 during the three months ended June 30, 2023 compared to a net loss of \$1,677,727 in the 2022 comparative period, a decrease in net loss of \$989,087. A primary reason for the decrease in net loss is due to the nonrecurring listing expense of \$636,863 incurred upon the

Company's listing in Q4 2022. In addition, the Company reduced spending on advertising and promotion, investor relations and share-based payments by a combined \$670,526. The Company's investment in the Paradox Fund also performed better during the three months ended June 30, 2023, compared to the same period in 2022, resulting in an increase in net realized and unrealized gains on investments of \$36,838. As a result of growing operations and incorporation of a new subsidiary in the UK, salaries and wages increased by \$20,725 due to the addition of new employees, and professional fees increased by \$270,506, primarily due to an increase in consulting fees paid to strategic advisors, as well as an increase in legal and accounting fees.

Selected Quarterly Financial Information

The following table sets out selected quarterly financial information for our Company, which has been prepared in accordance with IFRS:

	3 months ended March 31,		9 months ended March 31,	
	2024	2023	2024	2023
Total revenue	\$38,096	\$109,383	\$876,397	\$363,170
Total operating expenses	\$(1,007,970)	\$(886,946)	\$(2,959,507)	\$(3,016,218)
Net loss and comprehensive loss	\$(695,945)	\$(395,767)	\$(1,356,802)	\$(2,116,524)
Basic and diluted loss per share	\$(0.02)	\$(0.01)	\$(0.04)	\$(0.06)
Weighted average number outstanding	35,149,329	35,149,329	35,149,329	35,149,329

As at	March 31, 2024	June 30, 2023
Cash	\$902,069	\$447,314
Current assets	\$4,574,831	\$5,860,369
Total assets	\$5,003,615	\$6,382,887
Total liabilities	\$425,860	\$765,579
Shareholders' equity	\$4,577,755	\$5,617,308

Results of Operations for the three months ended March 31, 2024

For the three months ended March 31, 2024, revenues decreased by \$71,287 from the comparative period. Capital markets revenue decreased by \$66,281 due to a decrease in transactions facilitated by the Company and total transaction value from trading activity. The Company did not recognize any consulting and advisory revenue, resulting in a decrease of \$5,006 in comparison to the comparative quarter.

For the three months ended March 31, 2024, the Company incurred a net loss and comprehensive loss of \$695,945 compared to a net loss and comprehensive loss of \$395,767 for the three months ended March 31, 2023, an increase of \$300,178. The change is largely due to a decrease in revenue from capital markets, which decreased by \$66,281 due to a decrease in transactions facilitated by the Company and total transaction value from trading activity. Total operating expenses increased by \$121,024, largely due to an increase of professional fees by \$151,895 due to greater consulting fees paid to strategic advisors, and an increase in legal fees related to general corporate matters. Share-based compensation also increased by \$87,564 due to the January and February stock option grants. The increase in net loss was offset by a decrease in salaries and wages, which decreased by \$72,033 from changes in employee composition. The Company also recognized a gain on the change in fair value of its investments of \$276,248 during the three months ended March 31, 2024, compared to a gain of \$390,230 during the three months ended March 31, 2023.

Results of Operations for the nine months ended March 31, 2024

For the nine months ended March 31, 2024, revenues increased by \$513,227 from the comparative period. Capital markets, and consulting and advisory revenues increased by \$66,383 and \$446,844, respectively, due to the closing of transactions where the Company was acting as an intermediary and earned a succession fee, and an increase in total transaction value from trading activity. Consulting and advisory revenue also increased due to the Company completing its deliverables in connection with the Consulting Services Agreement, whereby the Company would provide certain professional services to the lender of the promissory note. More details on the promissory note can be found on Note 11 in the accompanying condensed interim consolidated financial statements.

For the nine months ended March 31, 2024, the Company incurred a net loss and comprehensive loss of \$1,356,802 compared to a net loss and comprehensive loss of \$2,116,524 for the nine months ended March 31, 2023, a decrease of \$759,823. A primary reason for the decrease in net loss and comprehensive loss is due to an increase in revenue of \$513,227. The Company reduced its spending on advertising and promotion by \$84,897 and investor relations by \$203,491. Salaries and wages decreased by \$190,781 due to changes in employee composition and share-based payments decreased by \$151,330 due to less tranches vesting in the period.

The decrease in net loss and comprehensive loss was offset by an increase in professional fees of \$562,498 due to greater consulting fees paid to strategic advisors, and legal fees related to general corporate matters.

The Company recognized a gain on the change in fair value of its investments of \$733,103 during the nine months ended March 31, 2024 compared to a gain of \$553,771 during the nine months ended March 31, 2023, an increase of \$179,332.

Disclosure of Outstanding Share Data

Authorized share capital of the Company consists of an unlimited number of common shares, non-cumulative discretionary dividends, voting, no par value.

As of May 28, 2024, the Company had 37,219,329 common shares issued and outstanding. In addition, there are 3,235,000 warrants, 4,414,321 stock options outstanding, 2,500,000 compensation options, and 124,200 broker warrants outstanding.

Liquidity and Capital Resources

Historically and prospectively, the Company's primary source of liquidity and capital resources has been proceeds from the issuance of common shares. Based on our current level of operations and our expected results of operations over the next 12 months, we believe that cash generated from operations and anticipated future capital raises, will be adequate to meet our anticipated liquidity requirements, capital expenditures and working capital needs for the next 12 months. However, we cannot be certain that our business will be able to raise capital through the issuance of equity to continue operations.

As at March 31, 2024, the Company had working capital of \$4,194,654 (June 30, 2023: \$5,197,765), a decrease of \$1,003,111. The decrease in working capital is primarily attributable to the decrease in trade and other receivables of \$414,383 as the Company received funds from its redemption in the Paradox Fund of \$662,390, and \$164,655 from its SR&ED refund application, which is offset by an increase in trade receivables from revenue generated during the nine months ended March 31, 2024. Investments decreased by \$1,327,837 due to the partial redemptions on the Company's investment in the Paradox Fund. The decrease in working capital was offset by cash increasing by \$454,755, and the promissory note and loans payable decreasing by \$241,334 and \$38,124, respectively, due to their repayments.

Working capital without the Company's investment in the Paradox Fund as at March 31, 2024 would be \$1,129,722 (June 30, 2023: \$804,996). As at March 31, 2024, the Company had cash on hand of \$902,069 (June 30, 2023: \$477,314) to meet accounts payable and accrued liabilities of \$302,057 (June 30, 2023: \$317,888). In the event the Company has insufficient cash to meet its accounts payable and accrued liabilities, it intends to redeem its investment in the Paradox Fund as needed to fund business operations and investment. On November 1, 2023, the Company redeemed \$750,000 USD of its investment in the Paradox Fund, and the funds were received on November 15, 2023. On March 1, 2024, the Company redeemed \$750,000 USD of its investment in the Paradox Fund, and the funds were received on March 6, 2024.

Net cash used in operating activities for the nine months ended March 31, 2024 was \$1,940,580 compared to net cash used of \$1,915,654 in the comparative period, an increase of \$24,926. The Company continues to generate net losses and negative cash flows from operating activities due to the revenues still being insufficient in size to cover its operating expenses. The Company expects to have sufficient working capital to meet any operating cash outflow or working capital requirements for the immediate future. This expectation relies on the Company redeeming its investment in the Paradox Fund as and if necessary (See "Investment in Paradox Fund").

Net cash provided by investing activities for the nine months ended March 31, 2024 was \$2,720,398, compared to net cash used of \$129,195 in the comparative period. During the nine months ended March 31, 2024, the Company received \$2,720,398 in funds from its partial redemption in the Paradox Fund that took place on June 30, 2023 and during nine months ended March 31, 2024. In the comparative period, the Company made purchases of shares in its investment of Paradox Fund in the amount of \$2,956,576 and received proceeds of \$2,836,077 on partial redemption of its investment in Paradox Fund that took place during the nine months ended March 31, 2023. The remaining change is due to the difference in equipment acquired during the nine months ended March 31, 2023.

Net cash used in financing activities for the nine months ended March 31, 2024 was \$325,063, compared to \$55,439 used in the comparative period. During the nine months ended March 31, 2024, the Company made lease liability payments of \$44,430 and settled \$240,633 in principal and interest on its promissory note and repaid \$40,000 on its loans payable. Cash used during the nine months ended March 31, 2023, solely related to lease liability payments.

Other Factors Affecting Liquidity

The Company may raise additional equity or debt capital or enter into arrangements to secure necessary financing to fund the completion of development projects, to meet obligations or for the general corporate purposes of the Company. Such arrangements may take the form of loans, strategic agreements, or other agreements. The sale of additional equity could result in additional dilution to the Company's existing shareholders, and financing arrangements may not be available to us, or may not be available in sufficient amounts or on acceptable terms.

Off Balance Sheet Arrangements

The Company has no off balance sheet arrangements.

Proposed Transactions

The Company has no proposed transactions as of the date of this MD&A.

Reconciliation of Use of Proceeds from Financing Activities

The following table sets out a comparison of how the Company intended to use the net proceeds from its IPO financing that closed in April 2022 (as described in the Prospectus) and its actual use of the proceeds from the closing of the IPO to date. The Company is tracking towards achieving its objectives and has not experienced any significant variances compared to its intended use to date.

Objective	Intended use of net proceeds	Actual spend to date	Remaining
Scaling initiatives (Business Objective #1)	\$960,000	\$960,000	\$ -
Regulatory and legal requirements review (Business Objective #2)	\$3,300,000	\$3,300,000	\$ -
Total	\$4,260,000	\$4,260,000	\$ -

Investment in Paradox Fund and Long-term Investment

The Company holds a total investment of 6.71% (being \$2,381,623 USD of total assets under management) (June 30, 2023: 18.29%) in the Paradox Fund, a fund registered in the Cayman Islands. As at March 31, 2024, the investment in the Paradox Fund represents 65% of the Company's total assets.

During the year ended June 30, 2023, Paradox decided to sell the fund's holdings and right to claims in FTX, a now-bankrupt crypto exchange. Paradox's directors determined it was in the best interests of the fund to side pocket the realized value of the claim sale in an illiquid share class, denoted by "SPC". The SPC is non-redeemable until the directors determine that the realized value of the claim sale is free and clear of claw back risk and the fund's claim value is finally determined by the Bankruptcy courts with all interim adjustments settled out of or into the SPC. On May 7, 2024, FTX filed a plan of reorganization that is currently pending approval from the Delaware Bankruptcy courts. This plan aims to address FTX's outstanding liabilities, including those from legal proceedings and customer claims. As a final filing has yet to be made, the SPC is classified as a long-term investment.

On August 29, 2022, the Company participated in a private placement for an early-stage crypto technology company by investing \$114,755 (75,000 GBP). On March 6, 2023, the Company made an additional investment of \$11,585 (7,065 GBP). The investment has been classified as a long-term investment.

The reconciliations of investments are presented as follows:

	Paradox Fund	Paradox Fund – SPC	Private Company	Total
	\$	\$	\$	\$
Balance, June 30, 2022	1,705,704	-	-	1,705,704
Additions	2,830,236	-	126,340	2,956,576
Proceeds on redemption of shares	(662,390)	-	-	(662,390)
Fair value gain (loss) on investments	519,219	158,634	(26,463)	651,390
Balance, June 30, 2023	4,392,769	158,634	99,877	4,651,280
Proceeds on redemption of shares	(2,058,008)	-	-	(2,058,008)
Fair value gain (loss) on investments	730,171	1,080	1,852	733,103
Balance, March 31, 2024	3,064,932	159,714	101,729	3,326,375

The Paradox Subscription Agreements placed conditions on the redemption of Paradox Fund shares. These conditions require FRNT, if it were to redeem all or part of its shares, to do so by providing ninety (90) days prior written notice to the Paradox Fund. FRNT would also be subject to a certain redemption fee if the redemption request is made within twelve (12) months of the date of subscribing for the shares being

redeemed. Thereafter, subject to certain conditions as set forth in the Memorandum, the Paradox Fund would endeavor to pay the redemption proceeds within thirty (30) days, or if the redemption request is submitted within twelve (12) months of the date of subscribing for the shares being redeemed, the Paradox Fund shall make the redemption payments within ninety (90) days.

On January 1, 2022 and June 30, 2022, the Company partially redeemed \$1,500,000 USD and \$2,200,000 USD, respectively, of its investment in the Paradox Fund. These redemptions were made without penalty and the cash from redemption was received by the Company for use in operations. During July 2022, the Company reinvested \$2,200,000 USD into the Paradox Fund.

On June 30, 2023, the Company partially redeemed \$500,000 USD of its investment in the Paradox Fund. This redemption was made without penalty and the cash from the redemption was received on July 27, 2023, by the Company for use in operations.

On November 1, 2023, the Company partially redeemed \$750,000 USD of its investment in the Paradox Fund. This redemption was made without penalty and the cash from the redemption was received on November 15, 2023, by the Company for use in operations.

On March 1, 2024, the Company partially redeemed \$750,000 USD of its investment in the Paradox Fund. This redemption was made without penalty and the cash from the redemption was received on March 6, 2024, by the Company for use in operations.

Transactions with Related Parties

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. Key management personnel comprise officers and directors of the Company.

Related parties consist of the following individuals:

- Stéphane Ouellette, CEO and Director
- Alex McAulay, CFO
- Adam Rabie, Director
- Dan Cristall, Director
- Eric Richmond, Director
- Geoff Browne, Director
- David Washburn, President

Remuneration attributed to key management personnel are summarized as follows:

	Three months ended		Nine months ended	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Salaries and wages				
Stéphane Ouellette	\$ 56,250	\$ 56,250	\$ 169,986	\$ 169,615
Alex McAulay	4,500	4,500	13,598	13,615
Share based payments				
Eric Richmond	6,579	2,577	6,716	13,279
Dan Cristall	6,579	1,142	6,579	7,675
Geoff Browne	6,579	2,165	6,579	11,839
Alex McAulay	13,104	17,868	14,645	89,686
David Washburn	77,490	69,212	195,593	290,549
Professional Fees				
Company controlled by Alex McAulay	26,481	28,168	107,905	113,214
Company controlled by David Washburn	62,500	62,500	187,500	187,500
Total	\$ 260,062	\$ 244,382	\$ 709,101	\$ 896,972

Other related party transactions:

During the three and nine months ended March 31, 2024, the Company earned capital markets revenue of \$4,375 and \$51,238 (2023: \$104,377 and \$258,164), respectively, from customer agency trades with Paradox Fund, which is managed by a company controlled by a director of the Company. Of these amounts \$943 (June 30, 2023: \$16,719) remained in trade and other receivables as of March 31, 2024.

As at March 31, 2024, \$4,667 (June 30, 2023: \$6,641) in accounts payable and accrued liabilities were owed to Treewalk Consulting Inc., a Company controlled by Alex McAulay.

As at March 31, 2024, \$2,089 (June 30, 2023: \$1,558) in accounts payable and accrued liabilities were owed to Alex McAulay.

As at March 31, 2024, \$24,818 (June 30, 2023: \$20,769) in accounts payable and accrued liabilities were owed to Stéphane Ouellette.

As at March 31, 2024, \$23,542 (June 30, 2023: \$Nil) in accounts payable and accrued liabilities were owed to Opeongo Advantage Corp., a Company controlled by David Washburn.

Financial Instruments

Fair values

The Company's financial instruments consist of cash, trade and other receivables, investments, accounts payable and accrued liabilities, loans payable, and promissory note payable. Cash and investments are carried at fair value, while trade and other receivables, accounts payable and accrued liabilities, loans payable, and promissory note payable are carried at amortized cost. The fair values of trade and other receivables, accounts payable and accrued liabilities, loans payable, and promissory note payable approximate their carrying value due to their current nature.

The Company classifies its financial assets at FVTPL according to the fair value hierarchy as follows:

Level 1 - fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's financial instruments that are recorded at fair value generally are classified within Level 1 or Level 3 within the fair value hierarchy using quoted market prices or quotes from administrators.

As at March 31, 2024 and June 30, 2023, cash was classified at Level 1 in the fair value hierarchy. The Company's investment in Paradox Fund and Paradox Fund – SPC was classified at Level 3 in the fair value hierarchy, and the Company's long-term investment in the private company was classified at Level 2 in the fair value hierarchy. The Company is exposed in varying degrees to a variety of financial instrument related risks.

The Company's exposure to financial instrument related risks and the methods used to manage those risks have not changed significantly over the last year. Significant risks that are relevant to the Company, as well as methods to manage the various types of risk to which it is exposed, are discussed below:

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprised three types of risk: foreign exchange risk, interest rate risk and other price risk. Market risk arises as a result of the Company generating revenues in foreign currencies, holding assets and liabilities denominated in foreign currencies, holding liabilities with variable interest rates and measuring investments at fair value.

Foreign Exchange Risk

Foreign exchange risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange rates. As at March 31, 2024, the Company is exposed to the following foreign exchange risk:

		CAD Equivalent
<i>Denominated in USD</i>		
Cash	\$	481,074
Trade and other receivables		943
Investment in Paradox Fund		3,064,932
Investment in Paradox Fund – SPC		159,714
		3,706,663
<i>Denominated in GBP</i>		
Long-term investment		101,729
Accounts payable and accrued liabilities		(29,485)
		72,244
Net assets exposure	\$	3,778,907

The Company does not currently hedge its foreign exchange risk. Based on current exposures as at March 31, 2024 and assuming that all other variables remain constant, a 10% depreciation or appreciation of the United States dollar against the Canadian dollar would result in an increase or decrease of approximately \$371,000 (March 31, 2023: \$541,000) in the Company's profit or loss.

A 10% depreciation or appreciation of the British pound sterling against the Canadian dollar would result in an increase or decrease of approximately \$7,000 (March 31, 2023: \$13,000) in the Company's profit or loss.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not materially exposed to this risk.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign currency risk), whether caused by factors specific to the individual investment or its issuers or factors affecting all financial instruments traded in the market. A 10% increase (decrease) in the quotes obtained from third-party administrators on the investment would change net losses by approximately \$306,493 (June 30, 2023: \$439,277) on its regular investment, and \$15,971 (June 30, 2023: \$15,863) on the SPC.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash and trade and other receivables are exposed to credit risk.

The Company reduces its credit risk on cash by placing these instruments with either Schedule 1 Canadian bank or reputable institutions with a sufficiently long operating history to be considered reliable for credit worthiness purposes.

The Company manages its exposure to accounts receivable credit risk by assessing the associated risk of default prior to accepting new customers, monitoring the level of accounts receivable attributable to each customer, the length of time taken for amounts to be settled, and maintaining reserves for potential credit losses. In addition, if the age of an outstanding invoice reaches one year, the Company records an allowance for the doubtful account for the full amount of the invoice. Where necessary, management takes the appropriate action to collect those balances considered overdue.

The maximum exposure to loss arising from trade and other receivables is equal to their total carrying amounts. \$399,600 of the trade receivables balance at March 31, 2024 relates to one customer in Canada. Trade and other receivables also include \$943 in accrued income with one customer in the Cayman Islands, and \$73,729 in sales tax receivable. The Company's sales tax receivable bears minimal risk as they are receivable from the Canadian government. The Company has determined that no allowance is required as all amounts outstanding are considered collectible.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk by maintaining sufficient cash balances to enable settlement of transactions on the due date. The Company addresses its liquidity by raising capital through the issuance of debt and equity. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future.

The table below summarized the maturity profile of the Company's financial liabilities based on the remaining period to the contractual maturity date as at March 31, 2024 and June 30, 2023.

March 31, 2024	On demand	Less than 1 year	1-3 years	Total
Accounts payable and accrued liabilities	\$ 302,057	\$ -	\$ -	\$ 302,057
Lease liability	-	85,950	46,882	132,832
June 30, 2023	On demand	Less than 1 year	1-3 years	Total
Accounts payable and accrued liabilities	\$ 317,888	\$ -	\$ -	\$ 317,888
Promissory note payable	-	241,334	-	241,334
Loans payable	-	38,124	-	38,124
Lease liability	-	78,137	109,391	187,528

Capital Management

The Company's objectives when managing capital are to pursue its operations and to maintain a flexible capital structure, which optimizes the costs of capital at an acceptable risk level. The Company considers its capital for this purpose to be its equity, \$4,577,755 (June 30, 2023: \$5,617,308).

The Company's primary source of capital is through the issuance of common shares and debt. The Company manages and adjusts its capital structure when changes in economic conditions occur. To maintain or adjust the capital structure, the Company may seek additional funding.

The Company believes it will be able to raise capital as required but recognizes there will be risks involved that may be beyond its control. During the nine months ended March 31, 2024, the Company did not raise any capital. There are no external restrictions on the management of the Company's capital. There have been no changes in the way in which the Company manages capital in the period.

The Company's subsidiary, FRNT Asset Management Inc., is subject to the regulatory capital requirements of NI 31-103 for portfolio managers, which require that it maintain minimum working capital of at least \$25,000 plus the Financial Institution Bond ("FIB") insurance deductible and other margin requirements, if any. As at March 31, 2024 and June 30, 2023, FRNT Asset Management Inc. was in compliance with its regulatory capital requirements.

Critical Accounting Estimates and Judgments

The preparation of the condensed interim consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The significant accounting estimates and judgments are set out in Note 4 to the audited consolidated financial statements for the year ended June 30, 2023, and Note 4 to the condensed interim consolidated financial statements for the period ended March 31, 2024.

Significant Accounting Policies

The accounting policies followed by the Company are set out in Note 3 of the audited consolidated financial statements of the Company for the years ended June 30, 2023 and 2022 and Note 3 of the condensed interim consolidated financial statements for the three and nine months ended March 31, 2024 and 2023.

Adoption of New Standards and Interpretations, and Recent Accounting Pronouncements

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any new standards and determined that there are no standards that are relevant to the Company.

Management's Responsibility for Financial Statements

Management of the Company, under the supervision of the Chief Executive Officer and the Chief Financial Officer, is responsible for the design and operations of internal controls over financial reporting. There have been no changes in the Company's disclosure controls and procedures during the year ended June 30, 2023, that have materially affected, or are reasonably likely to materially affect, its internal controls over financial reporting.

The Company's management is responsible for establishing and maintaining adequate internal controls over financial reporting and the preparation of financial statements in accordance with generally accepted accounting principles. Any system of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Limitations of Controls and Procedures

The Company's management, including the Chief Executive Officer and Chief Financial Officer, believe that any disclosure controls and procedures or internal controls over financial reporting, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgements in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control. The design of any systems of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under be detected.