

FRNT Financial Inc.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENT

For the three months ended September 30, 2022 and 2021

(Expressed in Canadian dollars)

(Unaudited)

Notice to Reader

Under National Instrument 51-102 Continuous Disclosure Obligations, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements have been prepared by management and were not reviewed by FRNT Financial Inc.'s independent auditor.

FRNT Financial Inc.

Condensed Interim Consolidated Statements of Financial Position

(Expressed in Canadian dollars)

(Unaudited)

As at	Notes	September 30,		June 30,	
		2022		2022	
ASSETS					
Current assets					
Cash		\$	2,888,014	\$	3,403,771
Trade and other receivables	4		41,495		3,005,527
Prepaid expenses and deposits	5		110,944		194,691
Investment	6		4,955,969		1,705,704
			7,996,422		8,309,693
Equipment	7		31,224		29,281
Deposits	5		24,612		24,612
Long-term investment	6		114,713		-
Right-of-use asset	8		255,565		275,741
Total assets		\$	8,422,536	\$	8,639,327
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Accounts payable and accrued liabilities		\$	307,280	\$	263,521
Promissory note payable	10		230,747		227,915
Lease liability	11		68,349		66,844
			606,376		558,280
Loans payable	9		35,501		34,658
Lease liability	11		156,395		176,047
Total liabilities			798,272		768,985
SHAREHOLDERS' EQUITY					
Share capital	12		10,678,834		10,678,834
Stock option reserve	12		2,739,543		2,508,285
Warrant reserve	12		188,228		188,228
Accumulated deficit			(5,982,341)		(5,505,005)
Total shareholders' equity			7,624,264		7,870,342
Total liabilities and shareholders' equity		\$	8,422,536	\$	8,639,327

Nature of operations 1

APPROVED BY THE BOARD OF DIRECTORS:

Stéphane Ouellette

Director

Adam Rabie

Director

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

FRNT Financial Inc.

Condensed Interim Consolidated Statements of Net Loss and Comprehensive Loss

(Expressed in Canadian dollars)

(Unaudited)

	Notes	Three months ended September 30,	
		2022	2021
Income			
Advisory and management fees		\$ 130,611	\$ 27,981
Consulting		60,000	-
		190,611	27,981
Operating expenses			
Advertising and promotion		63,000	74,530
Depreciation	7, 8	23,215	848
General and administrative expenses	13	192,214	76,776
Investor relations		77,338	-
Professional fees	13	216,252	185,755
Salaries and wages		288,196	174,463
Share-based payments		231,258	166,450
		1,091,473	678,822
Loss before the undernoted		(900,862)	(650,841)
Interest expense	8,9,10	(8,970)	(2,753)
Change in unrealized gain on investment	6	419,986	553,671
Foreign exchange		12,510	-
		423,526	550,918
Net loss and comprehensive loss for the period		\$ (477,336)	\$ (99,923)
Loss per share – Basic and diluted		\$ (0.01)	\$ (0.00)
Weighted average shares outstanding – Basic and diluted		35,149,329	31,149,329

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

FRNT Financial Inc.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

For the three months ended September 30, 2022 and 2021

(Expressed in Canadian dollars)

(Unaudited)

	Number of Class A common shares	Number of common shares	Share capital	Stock option reserve	Warrant reserve	Accumulated deficit	Total shareholders' equity
Balance, June 30, 2021	10,808,120	20,341,209	\$ 5,766,716	\$ 1,873,680	\$ -	\$ (2,714,366)	\$ 4,926,030
Share-based payments	-	-	-	166,450	-	-	166,450
Dividends paid	-	-	-	-	-	(21,250)	(21,250)
Net loss and comprehensive loss	-	-	-	-	-	(99,923)	(99,923)
Balance, September 30, 2021	10,808,120	20,341,209	\$ 5,766,716	\$ 2,040,130	\$ -	\$ (2,835,539)	\$ 4,971,307
Balance, June 30, 2022	-	35,149,329	\$ 10,678,834	\$ 2,508,285	\$ 188,228	\$ (5,505,005)	\$ 7,870,342
Share-based payments	-	-	-	231,258	-	-	231,258
Net loss and comprehensive loss	-	-	-	-	-	(477,336)	(477,336)
Balance, September 30, 2022	-	35,149,329	\$ 10,678,834	\$ 2,739,543	\$ 188,228	\$ (5,982,341)	\$ 7,624,264

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

FRNT Financial Inc.

Condensed Interim Consolidated Statements of Cash Flows

(Expressed in Canadian dollars)

(Unaudited)

	Three months ended September 30,	
	2022	2021
Cash flows from operating activities		
Net loss for the period	\$ (477,336)	\$ (99,923)
Adjustments for non-cash items:		
Change in unrealized gain on investment	(419,986)	(553,671)
Share-based payments	231,258	166,450
Interest expense	8,970	2,753
Depreciation	23,215	848
Changes in non-cash working capital items:		
Trade and other receivables	127,955	37,452
Prepaid expenses and deposits	83,747	(266,493)
Accounts payable and accrued liabilities	43,757	5,615
Net cash used in operating activities	(378,420)	(706,969)
Cash flows from investing activities		
Proceeds on redemption of investment	2,836,077	-
Purchase of equipment	(4,982)	(6,801)
Purchase of investments	(2,944,991)	-
Net cash used in investing activities	(113,896)	(6,801)
Cash flows from financing activities		
Dividends paid	-	(21,250)
Lease liability payments	(23,441)	-
Net cash used in financing activities	(23,441)	(21,250)
Net change in cash	(515,757)	(735,020)
Cash, beginning	3,403,771	1,497,895
Cash, ending	\$ 2,888,014	\$ 762,875
Supplemental Cash Flow Disclosures		
Income tax paid	-	-
Interest paid (received)	-	-
Non-cash transactions	-	-

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FRNT Financial Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended September 30, 2022 and 2021

(Expressed in Canadian dollars)

(Unaudited)

1. NATURE OF OPERATIONS

FRNT Financial Inc. (the “Company”) 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 trading opportunities.

During the year ended June 30, 2022, the Company filed a preliminary prospectus pursuant to its goal of completing an Initial Public offering (“IPO”). The Company completed its 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”.

These condensed interim consolidated financial statements were authorized for issue by the Board of Directors on November 28, 2022.

2. BASIS OF PRESENTATION**a) Statement of compliance**

These condensed interim consolidated financial statements have been 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 International Financial Reporting Issues Committee (“IFRIC”). They have been prepared in accordance with the same accounting policies and methods of application as the most recent audited financial statements for the year ended June 30, 2022, except that they do not include all the disclosures required for the annual audited financial statements. These condensed interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the Company for year ended June 30, 2022.

b) Basis of measurement

These condensed interim consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments measured at fair value. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information. The condensed interim consolidated financial statements are presented in Canadian dollars, unless otherwise noted.

The preparation of these condensed interim consolidated financial statements in accordance with IFRS requires management to make estimates, judgements and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Actual results could differ from these estimates.

FRNT Financial Inc.

Notes to the Condensed Interim Consolidated Financial Statements

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(Expressed in Canadian dollars)

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2. BASIS OF PREPARATION (continued)**b) Basis of measurement (continued)**

These condensed interim consolidated financial statements include estimates and judgments which, by their nature, are uncertain. The impact of such estimates and judgments is pervasive throughout these condensed interim consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The global pandemic related to an outbreak of COVID-19 has cast additional uncertainty on the assumptions used by management in making its judgements and estimates. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operating subsidiaries in future periods. Given that the full extent of the impact that COVID-19, including government and/or regulatory responses to the outbreak, will have on the global economy and the Company's business is highly uncertain and difficult to predict at this time, there is a higher level of uncertainty with respect to management's judgements and estimates.

The Company's business, financial condition, and results of operations may be further negatively affected by economic and other consequences from Russia's military action against Ukraine and the sanctions imposed in response to that action in late February 2022. While the Company expects any direct impacts, of the pandemic and the war in the Ukraine, to the business to be limited, the indirect impacts on the economy, the industry the Company operates in, and other industries in general could negatively affect the business and may make it more difficult to raise equity or debt financing. There can be no assurance that the Company will not be impacted by adverse consequences that may be brought about on its business, results of operations, financial position, and cash flows in the future.

Judgements

Judgements made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements are outlined below.

Functional currency

Functional currency was determined based on the currency that mainly influences salaries and wages, and in which financing is raised. The Company applies judgment in determining its functional currency given that revenue and expenses are denominated in both USD and CAD.

FRNT Financial Inc.

Notes to the Condensed Interim Consolidated Financial Statements

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2. BASIS OF PREPARATION (continued)**b) Basis of measurement (continued)***Investment tax credits*

The Company must exercise judgement when assessing the qualification of research and development expenditures for determining SR&ED tax credits receivable.

Deferred share issuance and listing expenses

Management applies judgement when assessing whether costs are incurred in association with issuing shares or the Company's IPO transaction. Costs related to these activities are capitalized. Upon completion of the related share financing or IPO transaction costs are allocated to share issuance costs and listing expenses, respectively.

Estimates

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods are outlined below.

Valuation of unquoted equity instruments

For investments which observable inputs are not available, the fair value may be based on quotes obtained from third-party administrators who determines the estimated fair value in accordance with the applicable valuation policy. Unrealized and realized gains and losses on investments are recognized in profit or loss.

Share-based payments

The Company measures the cost of equity-settled transactions with employees and directors by reference to the fair value of the equity instruments at the date on which they are granted using the Black-Scholes option pricing model. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining and making assumptions about the most appropriate inputs to the valuation model including the expected life, volatility, dividend yield, and forfeiture rate.

Such judgements and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

FRNT Financial Inc.

Notes to the Condensed Interim Consolidated Financial Statements

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2. BASIS OF PREPARATION (continued)**c) Consolidation**

These condensed interim consolidated financial statements are presented on a consolidated basis and include the accounts of the Company and its wholly owned subsidiaries, FRNT Asset Management Inc. and FRNT Financial UK Limited. Subsidiaries are consolidated from the date on which the Company obtains control over the subsidiary. 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 controlled subsidiaries are as follows:

Entity	Principal activities	Country of incorporation	Percentage Owned	
			September 30, 2022	June 30, 2022
FRNT Asset Management Inc.	Financial technology services	Canada	100%	100%
FRNT Financial UK Limited	Financial technology services	United Kingdom	100%	N/A

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these condensed interim consolidated financial statements are consistent with the accounting policies disclosed in Note 3 of the audited consolidated financial statements for the year ended June 30, 2022.

4. TRADE AND OTHER RECEIVABLES

	September, 2022	June 30, 2022
Trade receivables	\$ 20,000	\$ 20,000
Redemption in Paradox Fund	-	2,836,077
SR&ED tax credits receivables	-	145,142
Accrued income	21,495	4,308
	\$ 41,495	\$ 3,005,527

During the year ended June 30, 2022, the Company filed its SR&ED refund application for its fiscal 2021 expenditures. Accordingly, the Company recorded a receivable related to the refund of \$145,142, which was presented as SR&ED income during the year ended June 30, 2022. During the three months ended September 30, 2022, the SR&ED claim was approved by the Canada Revenue Agency and the full amount of the claim was received.

5. PREPAID EXPENSES AND DEPOSITS

	September 30, 2022	June 30, 2022
Prepaid expenses	\$ 99,081	\$ 183,769
Deposits ⁽¹⁾	36,475	35,534
	\$ 135,556	\$ 219,303

(1) Security deposits on the Company's office lease that will be applied to lease payments after the next 12 months are classified as non-current and amounts to \$24,612.

FRNT Financial Inc.

Notes to the Condensed Interim Consolidated Financial Statements

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6. INVESTMENTS

	Paradox Fund (i)	Private Company (ii)	Total
Balance, June 30, 2021	\$ 3,929,705	\$ -	\$ 3,929,705
Additions	1,733,737	-	1,733,737
Proceeds on redemption of shares	(4,744,095)	-	(4,744,095)
Realized gain on investment	1,627,679	-	1,627,679
Change in unrealized gain on investment	(841,322)	-	(841,322)
Balance, June 30, 2022	\$ 1,705,704	\$ -	\$ 1,705,704
Additions	2,830,236	114,755	2,944,991
Proceeds on redemption of shares	-	-	-
Realized gain on investment	-	-	-
Change in unrealized gain on investment	420,028	(42)	419,986
Balance, September 30, 2022	\$ 4,955,969	\$ 114,713	\$ 5,070,682

(i) The Company holds an investment of 2.47% (being \$3,607,326 USD of total assets under management) (June 30, 2022: 0.55%) interest in the Paradox Fund, a fund registered in the Cayman Islands. The investment is measured at fair value using unobservable inputs (Level 3) (Note 16).

During the three months ended September 30, 2022, the change in the unrealized gain (loss) on the investment resulted in a gain of \$420,028 (2021 - \$553,671 gain).

As at June 30, 2022, \$2,836,077 is included in trade and other receivables related to redemption of shares. This amount was collected in full during the three months ended September 30, 2022.

(ii) 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). The fair value of the investment is determined based on the most recently observable market transactions and there were no changes in the value (in GBP) since its initial recognition. The investment has been classified as a long-term investment.

Sensitivity analysis to significant changes in unobservable inputs within the Level 3 hierarchy

The significant unobservable inputs used in the fair value measurement categorized within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at September 30, 2022 and June 30, 2022 are shown below:

Description	Input	Sensitivity	September 30, 2022	June 30, 2022
Investment in Paradox Fund	Net asset value	10%	\$ 495,597	\$ 170,570

During the three months ended September 30, 2022 and the year ended June 30, 2022, there were no transfers into or out of Level 1, Level 2 or Level 3 investments.

FRNT Financial Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended September 30, 2022 and 2021

(Expressed in Canadian dollars)

(Unaudited)

7. EQUIPMENT

Cost		Computer equipment		Office equipment		Total
Balance, June 30, 2021	\$	9,161	\$	-	\$	9,161
Additions		20,317		8,265		28,582
Balance, June 30, 2022		29,478		8,265		37,743
Additions		4,982		-		4,982
Balance, September 30, 2022	\$	34,460	\$	8,265	\$	42,725
Accumulated Depreciation						
Balance, June 30, 2021	\$	2,266	\$	-	\$	2,266
Depreciation		5,775		421		6,196
Balance, June 30, 2022		8,041		421		8,462
Depreciation		2,627		412		3,039
Balance, September 30, 2022	\$	10,668	\$	833	\$	11,501
Carrying amounts						
At June 30, 2022	\$	21,437	\$	7,844	\$	29,281
At September 30, 2022	\$	23,792	\$	7,432	\$	31,224

8. RIGHT-OF-USE ASSET

Cost		Office
Balance, June 30, 2021	\$	-
Additions		322,819
Balance, June 30, 2022 and September 30, 2022	\$	322,819
Accumulated Depreciation		
Balance, June 30, 2021	\$	-
Depreciation		47,078
Balance, June 30, 2022		47,078
Depreciation		20,176
Balance, September 30, 2022	\$	67,254
Carrying amounts		
At June 30, 2022	\$	275,741
At September 30, 2022	\$	255,565

9. LOANS PAYABLE

The Company entered into interest free Canada Emergency Business Account “CEBA” loans of \$40,000 and \$20,000. If the loans are repaid by December 31, 2022, 25% being \$10,000 will be forgiven of the \$40,000 and 50% being \$10,000 of the \$20,000 loan will be forgiven. If repayment is not made, the loans will convert into loans with a three-year term bearing interest at 5% per annum.

FRNT Financial Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended September 30, 2022 and 2021

(Expressed in Canadian dollars)

(Unaudited)

9. LOANS PAYABLE (continued)

The \$40,000 loan was recorded at a fair value of \$23,711 using an effective rate of 10%, considering the below market interest rate and the forgivable portion. The \$20,000 loan was recorded at a fair value of \$8,264 using an effective rate of 10%, considering the below market interest rate and the forgivable portion. The benefit of the below market interest rate of \$6,290 and \$1,735 were recorded as government assistance along with the \$20,000 forgivable portion of the loans.

On January 12, 2022, the Government of Canada extended the loan forgiveness repayment deadline for the CEBA loans to December 31, 2023. Outstanding loans as of January 1, 2024 would convert to two-year terms bearing interest at 5% per annum, with the loans fully due by December 31, 2025. As a result of the extended deadline, a gain of \$3,306 was recognized as government assistance.

During the three months ended September 30, 2022, the Company recorded accretion expense of \$843 (2021: \$843) on these loans.

		September 30, 2022		June 30, 2021
Balance, beginning of period	\$	34,658	\$	34,658
Gain on modified terms		-		(3,306)
Accretion expense		843		3,306
Balance, end of period	\$	35,501	\$	34,658

10. PROMISSORY NOTE PAYABLE

On May 9, 2018, the Company issued a promissory note for \$200,000 to a company with a former common director. The note bears an interest rate equal to that of the Canadian Prime Rate per annum, as reported by the Royal Bank of Canada. On April 29, 2022, the parties agreed to extend the original maturity date of May 1, 2022 to November 1, 2022. On September 21, 2022 the maturity date was further extended to December 1, 2022. Interest is payable on the maturity date. The note is secured against all of the existing assets of the Company. The Company incurred \$8,000 in professional fees attributable to the issuance of the note. The note was recorded at amortized cost of \$192,000.

On October 28, 2019, the Company entered into an agreement to amend the terms of the promissory note. The lender agreed to provide certain professional services (“Services”) to the Company. Upon achieving profitability, the Company has committed to repayments using up to 50% of the Company’s net profits. The net profits will be first applied to the repayment of the promissory note in full, and second, towards payment in full the fees owing for any Services accrued. During the three months ended September 30, 2022, no Services were provided.

As at September 30, 2022, the principal balance of \$200,000 (June 30, 2022: \$200,000) and interest of \$30,747 (June 30, 2022: \$27,915) was outstanding.

FRNT Financial Inc.

Notes to the Condensed Interim Consolidated Financial Statements

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10. PROMISSORY NOTE PAYABLE (continued)

	Face Value	Carrying Value
Balance, June 30, 2021	\$ 221,850	\$ 219,991
Interest expense	6,065	1,305
Accretion expense	-	6,619
Balance, June 30, 2022	\$ 227,915	\$ 227,915
Interest expense	2,832	2,832
Balance, September 30, 2022	\$ 230,747	\$ 230,747

11. LEASE LIABILITY

The Company entered into a lease agreement for office space commencing December 1, 2021 for a term of four years at a monthly lease payment of \$7,814. The lease liability is calculated using an incremental borrowing rate of 10%.

	Office
Balance, June 30, 2021	\$ -
Additions	275,938
Lease liability payments	(46,882)
Accretion expense	13,835
Balance, June 30, 2022	\$ 242,891
Lease liability payments	(23,441)
Accretion expense	5,294
Balance, September 30, 2022	\$ 224,744
Allocated as:	
	Office
Current	\$ 68,349
Non-current	156,395
Balance, September 30, 2022	\$ 224,744

The maturity analysis of the undiscounted contractual balance of the lease liability is as follows:

Maturity analysis	September 30, 2022
Less than one year	\$ 85,950
One to three years	171,901
Total undiscounted lease liability	257,851
Amount representing implicit interest	(33,107)
Lease liability	\$ 224,744

FRNT Financial Inc.

Notes to the Condensed Interim Consolidated Financial Statements

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(Unaudited)

12. SHAREHOLDERS' EQUITY**Share capital**

Authorized share capital of the Company consists of:

- an unlimited number of Class A common shares, non-cumulative discretionary dividends, voting, no par value
- an unlimited number of common shares, non-cumulative discretionary dividends, voting, no par value.

The Class A common shares and common shares rank equally as the most subordinate classes of shares and accordingly, are classified as equity. The Class A common shares may be converted into common shares on the basis of one common share for each Class A common share. The Class A common shares are mandatorily convertible into common shares in the event that a take-over bid or issuer bid is made solely for the Class A common shares.

	Class A common shares #	Common shares #	Class A Common shares \$	Common shares \$	Total share capital
Balance, July 1, 2021	10,808,120	20,341,209	\$ 55	\$ 5,766,661	\$ 5,766,716
Shares issued	-	-	-	-	-
Balance, September 30, 2021	10,808,120	20,341,209	\$ 55	\$ 5,766,661	\$ 5,766,716
Balance, July 1, 2022	-	35,149,329	\$ -	\$ 10,678,834	\$ 10,678,834
Share issued	-	-	-	-	-
Balance, September 30, 2022	-	31,149,329	\$ -	\$ 10,678,834	\$ 10,678,834

During the three months ended September 30, 2022 and 2021

There were no share capital transactions during the three months ended September 30, 2022 and 2021.

Options

The Company has adopted a fixed stock option plan (the "Plan") under which the aggregate number of common shares reserved for issuance under the Plan, including any common shares which may be issued pursuant to any other stock option granted by the Company outside of the Plan, shall not exceed twenty percent (20%) of the total number of issued and outstanding common shares of the Company (calculated on a non-diluted basis) as at the date of implementation of the Plan by the Company, being 7,029,865 common shares. The Plan is administered by the Board of Directors (the "Board"), which has full and final authority with respect to the granting of all options on such terms and conditions, consistent with the Plan, as the Board shall determine. The Board will establish the exercise price which will not be less than the closing market price of common shares on the date of grant of the stock options. All options granted under the Plan will expire on the fifth anniversary of the vesting date of such options, provided that in no event will the exercise period on an option exceed 10 years from the grant date. Options granted under the Plan are not transferable or assignable other than by testamentary instrument or pursuant to the laws of succession.

FRNT Financial Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended September 30, 2022 and 2021

(Expressed in Canadian dollars)

(Unaudited)

12. SHAREHOLDERS' EQUITY (continued)**Options (continued)**

Continuity of the Company's stock options is as follows:

	Number of options	Weighted average exercise price	Weighted average fair value
Outstanding, June 30, 2021	2,076,515	\$ 0.93	\$ 0.80
Granted	210,000	1.50	0.69
Forfeited	(233,062)	0.78	0.78
Outstanding, September 30, 2021	2,053,453	\$ 1.09	\$ 0.44
Outstanding, June 30, 2022	3,328,453	\$ 1.24	\$ 0.56
Granted	-	-	-
Forfeited	-	-	-
Outstanding, September 30, 2022	3,328,453	\$ 1.24	\$ 0.56
Exercisable, September 30, 2022	1,592,175	\$ 1.08	\$ 0.45

The options have a weighted average remaining life of 5.06 years.

During the three months ended September 30, 2022

During the three months ended September 30, 2022, there were no stock option transactions.

During the three months ended September 30, 2021

On August 16, 2021, 233,062 stock options with a weighted average exercise price of \$0.78 were forfeited pursuant to the termination of an independent contractor agreement with the Company.

On September 1, 2021, the Company granted 90,000 stock options to a director of the Company. The options are exercisable at a price of \$1.50 per option for a period of five years from the vesting date. These options had a grant date fair value of \$0.69 per option using the Black Scholes model with the following inputs: i) exercise price: \$1.50; ii) share price: \$1.00; iii) term: 5 years; iv) volatility: 100%; v) discount rate: 0.79%. One-eighth of the options vest on September 1, 2021, and every quarter thereafter for the next seven periods.

On September 18, 2021, the Company granted 120,000 stock options to an employee of the Company. The options are exercisable at a price of \$1.50 per option for a period of five years from the vesting date. These options had a grant date fair value of \$0.74 per option using the Black Scholes model with the following inputs: i) exercise price: \$1.50; ii) share price: \$1.00; iii) term: 5 years; iv) volatility: 100%; v) discount rate: 1.07%. One-twelfth of the options vest on September 18, 2022, and every quarter thereafter for the next eleven periods.

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12. SHAREHOLDERS' EQUITY (continued)**Compensation Options**

Separate of the options set out in the previous section, on February 1, 2021, the Company granted 2,500,000 compensation stock options which vested immediately on the date of grant. 1,000,000 of the options are exercisable at a price of \$1.00 per option, 1,000,000 are exercisable at a price of \$1.50 per option and 500,000 are exercisable at a price of \$2.00 per option. The options are exercisable for the lesser of 40 months following the grant date or 36 months after the grant date in the event the Company's shares are listed on a Canadian stock exchange. These options had a fair value of \$0.64, \$0.56 and \$0.51 respectively per option using the Black-Scholes option pricing model with the following inputs: i) exercise prices: \$1.00, \$1.50 and \$2.00 respectively; ii) share price: \$1.00; iii) term: 3.33 years; iv) volatility: 100%; v) discount rate: 0.33%.

Continuity of the Company's compensation options is as follows:

	Number of compensation options		Weighted average exercise price
Outstanding, June 30, 2021	-	\$	-
Granted	2,500,000		1.40
Outstanding, September 30, 2021	2,500,000	\$	1.40
Outstanding, June 30, 2022	2,500,000	\$	1.40
Granted	-		-
Outstanding, September 30, 2022	2,500,000	\$	1.40

The compensation options have a remaining life of 1.67 years.

Warrants

Continuity of the Company's warrants is as follows:

	Number of warrants		Weighted average exercise price
Outstanding, June 30, 2021	2,000,000	\$	1.50
Granted	200,000		1.50
Outstanding, June 30, 2022	2,200,000	\$	1.50
Outstanding, June 30, 2022	2,200,000	\$	1.50
Granted	-		-
Outstanding, September 30, 2022	2,200,000	\$	1.50

The warrants have a remaining life of 1.86 years.

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13. OPERATING EXPENSES**General and administrative**

The following is a breakdown of general and administrative expenses for the three months ended September 30, 2022 and 2021:

		2022		2021
Bank charges	\$	6,324	\$	3,429
Insurance		26,426		-
Rent and rent related expenses		18,127		5,583
Travel, meals, and entertainment		23,958		11,737
Recruitment and sign on fees		45,236		-
Office		13,213		34,370
Utilities		16,823		-
Telephone, IT, and web services		10,727		8,864
Dues and subscriptions		31,380		12,793
	\$	192,214	\$	76,776

Professional fees

The following is a breakdown of professional fees for the three months ended September 30, 2022 and 2021:

		2022		2021
Legal and corporate services	\$	39,237	\$	-
Accounting, audit, and related services		57,011		82,690
Transfer agent and filing fees		10,518		1,218
Advisory services		109,486		101,847
	\$	216,252	\$	185,755

14. RELATED PARTY TRANSACTIONS

Related parties and related party transactions impacting the condensed interim consolidated financial statements not disclosed elsewhere in these condensed interim consolidated financial statements are summarized below and include transactions with key management personnel of the Company.

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.

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14. RELATED PARTY TRANSACTIONS (continued)

Remuneration attributed to key management personnel are summarized as follows:

	Three months ended September 30,	
	2022	2021
Salaries and wages		
CEO	\$ 57,115	\$ 31,693
CFO	4,615	-
Share-based payments		
Directors	16,261	32,300
CFO	42,798	-
President	130,259	-
Professional fees		
Company controlled by CFO	44,282	-
Company controlled by President	62,500	-
Total	\$ 357,830	\$ 63,993

Other related party transactions

During the three months ended September 30, 2022, the Company earned advisory and management fees of \$130,611 (2021: \$27,981) from customer agency trades with Paradox Fund.

As at September 30, 2022, \$18,881 (June 30, 2022: \$20,476) in accounts payable and accrued liabilities were owed to a Company controlled by the CFO of the Company.

As at September 30, 2022, \$433 (June 30, 2022: \$3,862) in accounts payable and accrued liabilities were owed to the CFO of the Company.

As at September 30, 2022, \$7,408 (June 30, 2022: \$8,364) in accounts payable and accrued liabilities were owed to the CEO of the Company.

As at September 30, 2022, \$23,542 (June 30, 2022: \$Nil) in accounts payable and accrued liabilities were owed to a Company controlled by the President of the Company.

15. 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, \$7,624,264 (June 30, 2022 - \$7,870,342).

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.

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15. CAPITAL MANAGEMENT (continued)

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. 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 year.

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 September 30, 2022 and June 30, 2022, FRNT Asset Management Inc. was in compliance with its regulatory capital requirements.

16. FINANCIAL RISK MANAGEMENT*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 cash, 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 September 30, 2022 and June 30, 2022, cash was classified at Level 1 in the fair value hierarchy. The Company's investment in Paradox Fund was classified at Level 3 in the fair value hierarchy (Note 6), and the Company's long-term investment was classified at Level 2 in the fair value hierarchy (Note 6).

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:

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16. FINANCIAL RISK MANAGEMENT (continued)*Market risk*

Market risk is the risk that the fair value or future cash flows of a financial instruments 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 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 September 30, 2022, the Company is exposed to the following foreign exchange risk:

		CAD Equivalent
<i>Denominated in USD</i>		
Cash	\$	293,705
Trade and other receivables		21,349
Investment in Paradox Fund		4,955,969
Accounts payable and accrued liabilities		(18,816)
		<u>5,252,207</u>
<i>Denominated in GBP</i>		
Long-term investment		114,713
Accounts payable and accrued liabilities		(382)
		<u>114,331</u>
Net assets exposure	\$	5,366,538

The Company does not currently hedge its foreign exchange risk. Based on current exposures as at September 30, 2022 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 \$525,000 (June 30, 2022 - \$472,000) 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 \$11,000 (June 30, 2022 - \$Nil) 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's outstanding promissory note payable bears interest equal to the prime rate. Since this is a floating interest rate, a 1% increase in the interest rate on the promissory note would change net losses by approximately \$500 for the three months ended September 30, 2022 (September 30, 2021 - \$500).

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16. FINANCIAL RISK MANAGEMENT (continued)*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 in Paradox Fund or a change in the fair value of the Company's long-term investment would change net losses by approximately \$507,000 (September 30, 2021 - \$448,000).

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 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.

Management does not believe that there is significant credit risk arising from the current customer base. The maximum exposure to loss arising from accounts receivable is equal to their total carrying amounts. 100% of the trade and other receivable balance at September 30, 2022 relates to one customer in Canada. This outstanding balance was collected in full subsequent to September 30, 2022.

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 September 30, 2022 and June 30, 2022.

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16. FINANCIAL RISK MANAGEMENT (continued)

September 30, 2022	On demand	Less than 1 year	1-3 years	Total
Accounts payable and accrued liabilities	\$ 307,280	\$ -	\$ -	\$ 307,280
Loans payable	-	-	35,501	35,501
Promissory note payable	-	230,747	-	230,747

June 30, 2022	On demand	Less than 1 year	1-3 years	Total
Accounts payable and accrued liabilities	\$ 263,521	\$ -	\$ -	\$ 263,521
Loans payable	-	-	34,658	34,658
Promissory note payable	-	227,915	-	227,915

17. SEGMENTED INFORMATION

The Company operates in one operating segment focused around developing and offering its capital market trading platform to institutional investors. The Company generates 100% (2021 – 100%) of its revenues from customers located in Canada. All of the Company's non-current assets are located in Canada. 100% (2021 – 100%) of advisory and management fee revenue recognized during the period was earned from one customer located in Canada. 100% (2021 – N/A) of consulting revenue recognized during the period was earned from one customer.