

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

Management’s Discussion & Analysis

The following management discussion and analysis should be read in conjunction with the condensed interim consolidated financial statements for the three months ended September 30, 2022 prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”).

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 November 28, 2022 and is in respect of the three months ended September 30, 2022. 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. (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 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.

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 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

Summary of Quarterly Results

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

	Sept 30, 2022	June 30, 2022	Mar 31, 2022	Dec 31, 2021	Sept 30, 2021	June 30, 2021	March 31, 2021	Dec 31, 2020
Revenue	190,611	73,169	133,551	58,276	27,981	27,531	41,581	30,688
Net income (loss) for the period	(477,336)	(1,677,727)	(509,261)	(439,978)	(99,923)	(1,605,562)	(249,917)	71,852
Basic and diluted loss per share	(0.01)	(0.05)	(0.02)	(0.01)	(0.00)	(0.02)	(0.01)	0.00

The Company incurred a net loss of \$477,336 during the three months ended September 30, 2022 compared to a net loss of \$99,923 during the 2021 comparative period. Despite an increase in revenue of \$162,630, the increase in net loss is driven by an increase in operating expenses by \$412,651, and lower appreciation of the Company's shares in the Paradox Fund by \$133,643. With growing operations and additional employees, salaries and wages increased by \$113,733 and general and administrative expenses increased by \$115,438. Professional fees and investor relations increased by \$30,497 and \$77,338, respectively. Share-based payments increased by \$64,808 due to the continued vesting of options issued toward the end of Q4 2022 (the Company did not issue any new options in the current period). The increase in revenue is driven by an increase in advisory and management fees of \$102,630 and consulting fees of \$60,000. The Company did not generate any consulting fees in the comparative period. The Company increased its advisory and management fees in the current period due to an increase in the fee percentage taken as revenue and an overall increase in total transaction value from trading activity.

The Company incurred a net loss of \$1,677,727 during the three months ended June 30, 2022 compared to a net loss of \$1,605,562 during the 2021 comparative period. This change is mostly derived from an increase in salaries and wages of \$151,739 due to growing operations, as well as an increase in professional fees, investor relations, and general and administrative expenses of \$41,257, \$505,125, and \$137,543, respectively. The Company did not incur investor relations expenses in the comparative period. In the current period, the Company incurred significant investor relations expenses as part of the IPO process and subsequently as a public company. The increase in professional fees was largely due to an increase in accounting fees leading up to the Company's IPO. In addition, the Company expensed \$636,863 in listing expenses upon the closing of its IPO in the current period, most of these costs were deferred in prior periods pending the completion of the IPO. The increase in net loss was offset by a decrease in share-based payments of \$884,803 as 2,500,000 compensation options vested immediately in the comparative period compared to graded vesting of remaining options in the current period. The increase in the net loss was further offset by an increase in revenue of \$45,638, driven by consulting fees of \$60,000 generated in the current period compared to \$nil in the prior period, and the realized gain on investments of \$620,408 recorded in the current period due to the partial redemption of shares held in the Paradox Fund. The majority of the realized gain on investments were previously recorded as an unrealized gain and as a result the realized gain in the period is partly offset by a \$485,951 loss resulting from the change in the accumulated unrealized gain on the investment. The increase in net loss was also offset by an increase in SR&ED tax credits of \$145,142, which resulted from the Company filing its SR&ED refund application for its fiscal 2021 expenditures during the year ended June 30, 2022.

The Company incurred a net loss of \$509,261 during the three months ended March 31, 2022 compared to a net loss of \$249,917 during the 2021 comparative period. This change is mostly derived from lower appreciation of the Company's shares in the Paradox Fund by \$744,210 in comparison to the comparative period. With growing operations, salaries and wages increased by \$117,485 due to additional employees and general and administrative expenses increased by \$123,220. These amounts are offset by lower share-based compensation by \$586,383, as higher compensation was recorded in the comparative period due to a higher volume of granted of options, many of which vested on the date of grant. The Company experienced an increase in revenue by \$91,970, this increase is mostly a result an increase in consulting revenue of \$130,006 via consulting services provided. The Company also generated a realized gain of \$1,007,271 recognized on the Company's partial redemption of its shares held in the Paradox Fund. This gain was previously reported as unrealized and, as a result of the redemption, the unrealized gain was reversed through the change in unrealized gain on investment line item in the financial statements.

The Company incurred a net loss of \$439,978 during the three months ended December 31, 2021 compared to a net income of \$71,852 during the 2020 comparative period. This change was largely due to an increase in operating expenses of \$330,763 which can mainly be attributed to an increase in share based payments expense, salaries and wages and general and administrative expenses. Share based payments increased by \$124,649 due to an increase in the number of stock options vested in the quarter. As a result of the Company's

growing operations, salaries and wages increased by \$188,514 due to the addition of new employees, along with an increase in general and administrative expenses of \$69,945. The Company also saw a decrease of \$194,523 in the unrealized appreciation of investments during the three months ended December 31, 2021 compared to the 2020 comparative period. The Company saw an increase in revenue during the three months ended December 31, 2021, as a result of recognized consulting revenue of \$50,000, which resulted from a short-term contract that concluded at the end of the quarter. Advisory and management fee revenue of \$8,276 for the three months ended December 31, 2021 decreased compared to \$30,688 during the 2020 comparative period due to a decrease in the fee percentage taken as revenue while the Company saw and overall increase in total transaction value from trading activity from the Company's sole customer.

Selected Quarterly Financial Information

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

Three months ended September 30,	2022	2021
Total revenue	\$190,611	\$27,981
Total operating expenses	\$1,091,473	\$678,822
Net (loss) income and comprehensive (loss) income	\$(477,336)	\$(99,923)
Basic and diluted (loss) income per share	\$(0.01)	\$(0.00)
Weighted average number outstanding	35,149,329	31,149,329

As at	September 30, 2022	June 30, 2022
Cash	\$2,888,014	\$3,403,771
Current assets	\$7,996,422	\$8,309,693
Total assets	\$8,422,536	\$8,639,327
Total liabilities	\$798,272	\$768,985
Shareholders' equity	\$7,624,264	\$7,870,342

Results of Operations for the three months ended September 30, 2022

For the three months ended September 30, 2022, revenues increased by \$162,630 from the comparative period. Advisory and management fee revenue increased by \$102,630 due to an increase in the fee percentage taken as revenue and an overall increase in total transaction value from trading activity. The Company also earned consulting revenue of \$60,000 in the current period.

For the three months ended September 30, 2022, the Company incurred a net loss of \$477,336 compared to a net loss of \$99,923 in the comparative period. The increase in net loss is driven by an increase in operating expenses by \$412,651, and lower appreciation of the Company's shares in the Paradox Fund by \$133,643. With growing operations and additional employees, salaries and wages increased by \$113,733 and general and administrative expenses increased by \$115,438. Professional fees and investor relations increased by \$30,497 and \$77,338, respectively. Share-based payments increased by \$64,808 due to the continued vesting of options issued toward the end of Q4 2022 (the Company did not issue any new options in the current period). These amounts are offset by an increase in advisory and management fees and consulting revenue of \$102,630 and 60,000, respectively.

Adjusting the net loss for the period for non-cash items (i.e. interest expense, change in unrealized gain on investments, share-based compensation and depreciation), would result in an adjusted net loss of \$633,879 for the three months ended September 30, 2022 compared to an adjusted net loss of \$483,543 for the same period in 2021:

Three months ended September 30,	2022	2021
Net loss and comprehensive loss	\$(477,336)	\$(99,923)
Interest expense	8,970	2,753
Change in unrealized (gain) loss on investment	(419,986)	(553,671)
Share-based payments	231,258	166,450
Depreciation	23,215	848
Adjusted net loss	(633,879)	(483,543)

Disclosure of Outstanding Share Data

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.

As of November 28, 2022, the Company had 35,149,329 common shares issued and outstanding. In addition, there are 2,200,000 warrants, 3,328,453 stock options outstanding and 2,500,000 compensation options 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 September 30, 2022, the Company had working capital of \$7,390,046 (June 30, 2022: \$7,751,413). Working capital mainly decreased due to cash used in operating and investing activities. Partly offset by unrealized gains on the Company's investment in the Paradox Fund.

Working capital without the Company's investment in the Paradox Fund as at September 30, 2022 would be \$2,434,077 (June 30, 2022: \$6,045,709). As at September 30, 2022, the Company had cash on hand of \$2,888,014 (June 30, 2022: \$3,403,771) to meet accounts payable and accrued liabilities of \$307,280 (June 30, 2022: \$263,521). 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.

Net cash used in operating activities for the three months ended September 30, 2022 was \$378,420 compared to \$706,969 in the comparative period. 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 and Long-term Investment").

Net cash used in investing activities for the three months ended September 30, 2022 was \$113,896 compared to net cash used of \$6,801 in the comparative period. This change in net cash used is mostly due the Company's participation in a private placement of an early stage crypto technology company for \$114,755 (75,000 GBP). During the three months ended September 30, 2022, the Company made purchases of shares in its investment of Paradox Fund in the amount of \$2,830,236 and received proceeds of \$2,836,077 on partial redemption of its investment in Paradox Fund that took place during the year ended June 30, 2022. In the comparative period, there was no activity related to the investments.

Net cash used in financing activities for the three months ended September 30, 2022 was \$23,441 compared to \$21,250 used in the comparative period. Amounts used in the comparative period related to dividends paid. In the current period, amounts generated were related to principal repayments of the Company's lease.

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.

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	\$488,035	\$471,965
Regulatory and legal requirements review (Business Objective #2)	\$3,300,000	\$1,032,381	\$2,267,619
Total	\$4,260,000	\$1,520,416	\$2,739,584

Investment in Paradox Fund and Long-term Investment

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. As at September 30, 2022 the investment in the Paradox Fund represents 59% of the Company's total assets.

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 investment has been classified as a long-term investment.

The reconciliations of investments are presented as follows:

	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

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 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 April and July 2022, the Company reinvested \$1,350,000 USD and \$2,200,000 USD, respectively into the Paradox Fund.

There were no redemptions of Paradox Fund shares during the three months ended September 30, 2022.

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 September 30,	
	2022	2021
Salaries and wages		
Stéphane Ouellette	\$ 57,115	\$ 31,693
Alex McAulay	4,615	-
Share based payments		
Eric Richmond	6,390	2,517
Dan Cristall	4,038	15,684
Geoff Browne	5,832	14,099
Alex McAulay	42,798	-
David Washburn	130,259	
Professional Fees		
Company controlled by Alex McAulay	44,282	-
Company controlled by David Washburn	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 Treewalk (formerly ACM Management Inc.), a Company controlled by Alex McAulay.

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

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

As at September 30, 2022, \$23,542 (June 30, 2022: \$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 investment 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.

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, and the Company's long-term investment was classified at Level 2 in the fair value hierarchy.

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. The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below:

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: currency 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)
		<hr/> 5,252,207
<i>Denominated in GBP</i>		
Long-term investment		114,713
Accounts payable and accrued liabilities		(382)
		<hr/> 114,331
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).

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.

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

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.

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 three months ended September 30, 2022, the Company did not raise any capital. There are no external restrictions on the management of 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.

Critical Accounting Estimates and Judgments

This MD&A is based on the condensed interim consolidated financial statements which have been prepared in accordance with IFRS. The preparation of the condensed interim consolidated financial statements requires that certain estimates and judgements are based on historical experience and on various other assumptions 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 subsidiary 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 made in applying accounting policies that have the most significant effects on the amounts recognized in the condensed interim 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.

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 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.

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, 2022 and 2021.

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.

Additional Disclosure for IPO Venture Issuers Without Significant Revenue

During the three months ended September 30, 2022 the Company incurred the following research and development expenses pursuant to the development of its technology platform:

	Three months ended	
	September 30, 2022	September 30, 2021
Salaries and wages	\$ 128,380	\$ 84,447
Subcontractors	-	-
Total research and development	\$ 128,380	\$ 84,447

The Company plans to finance its research and development activities through the April 12, 2022 IPO offering and ongoing operations. Through continued improvements to its technology platform, the Company expects to increase revenues from technology licensing. These revenues will be used to fund anticipated operating expenses. The Company expects to focus on the following milestone and feature developments over the next 6 – 12 months:

Milestone/Feature	Description
Market Data Dashboard	Creating a UI which integrates various metric across the ecosystem into an easily digestible unified experience
Automated market makers	Streamlining order flows with automated market maker pricing in order to enhance and scale trade order processes
Security Audits	Auditing all API endpoints to ensure access controls based on user roles
Automated Testing and Deployment Systems	Greatly increasing the code coverage of our automated testing suites
Rewriting of our chat/trade bot infrastructure	Enabling safer and more rapid deployment of new features
Performance/Scalability	Enhancing of the code base to more easily enable chat bots on a variety of platforms, which was key to enabling the new Telegram trade experience
UI/UX	Integration of a number of new tools around reporting, monitoring, performance & tracing to ensure handling and responding to increasing load. After a recent refactoring of the entire backend infrastructure there is currently a lot of runway
News Bots	After having put a lot of focus on our backend infrastructure we have brought on new team members with a focus on UI/UX & design. They will be key in reimagining some of our key client facing functions as well as unifying and refactoring our front end code bases into into something that can speed up development as well as enable better user experiences

The Company expects to incur \$904,000 in research and development costs in conjunction with these milestones and features. \$544,000 of these costs is expected to be incurred on developer compensation with the remaining \$360,000 to be expended on scaling the Company's technology platform for future expansion.

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 period ended September 30, 2022, 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 all potential future conditions. Accordingly, because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.