

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 audited consolidated financial statements for the three months ended September 30, 2023 and 2022 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 November 27, 2023 and is in respect of the three months ended September 30, 2023. 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.

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	
			September 30, 2023	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							
	Sept 30, 2023	June 30, 2023	Mar 31, 2023	Dec 31, 2022	Sept 30, 2022	June 30, 2022	March 31, 2022	Dec 31, 2021
Revenue	190,027	75,332	109,383	63,176	190,611	73,169	133,551	58,276
Net loss for the period	(350,144)	(688,640)	(395,767)	(1,243,421)	(477,336)	(1,677,727)	(509,261)	(439,978)
Basic and diluted loss per share	(0.01)	(0.02)	(0.01)	(0.04)	(0.01)	(0.05)	(0.02)	(0.01)

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.

The Company incurred a net loss of \$395,767 during the three months ended March 31, 2023, compared to a net loss of \$509,261 during the 2022 comparative period, a decrease of \$113,494. This change was largely due to an unrealized gain of \$390,230 on the Company's investments compared to a net realized and unrealized gain of \$15,567 in the comparative period, this contributed a decrease of \$374,663 in the net loss, which was then offset by an increase in operating expenses and decrease in revenue. The Company saw an increase in operating expenses of \$234,075. With growing operations, pursuit of business objectives, and additional employees, salaries and wages increased by \$113,498. Professional fees and investor relations increased by \$137,131 and \$51,415, respectively. The increase in professional fees is largely due to an increase in advisory services received as the Company pursues its business objectives. Share-based payments decreased by \$70,982, largely due to the forfeiture of 100,000 unvested options during the period. The Company saw an increase of \$100,832 in advisory and management fees due to an overall increase in total transaction value from greater trading activity. However, this increase in revenue was offset by a decrease in consulting fees of \$125,000, as a consulting contract with a customer ended in November 2022.

The Company incurred a net loss of \$1,243,421 during the three months ended December 31, 2022 compared to a net loss of \$439,978 during the 2021 comparative period, an increase of \$803,443. This change was largely due to an increase in operating expenses of \$461,728, and a loss on the Company's investment in the Paradox Fund compared to a gain in the comparative period, contributing to an increase in the net loss by \$347,171. With growing operations, pursuit of business objectives and additional employees, salaries and wages increased by \$94,389 and general and administrative expenses increased by \$51,571. Professional fees and investor relations increased by \$161,035 and \$85,513, respectively. The increase in professional fees is largely due to an increase in advisory services received as the Company pursues its business objectives. Share-based payments increased by \$32,036 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 Company saw an overall increase of \$4,900 in revenues. The increase in revenues is driven by an increase in advisory and management fees of \$14,900, offset by a decrease in consulting fees of \$10,000.

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,	2023	2022
Total revenue	\$190,027	\$190,611
Total operating expenses	\$829,960	\$1,091,473
Net loss and comprehensive loss	\$(350,665)	\$(477,336)
Basic and diluted loss per share	\$(0.01)	\$(0.01)
Weighted average number outstanding	35,149,329	35,149,329

As at	September 30, 2023	June 30, 2023
Cash	\$545,451	\$447,314
Current assets	\$5,361,605	\$5,860,369
Total assets	\$5,861,883	\$6,382,887
Total liabilities	\$532,747	\$765,579
Shareholders' equity	\$5,329,136	\$5,617,308

Results of Operations for the three months ended September 30, 2023

For the three months ended September 30, 2023, revenues decreased by \$584 from the comparative period. Advisory and management fees revenue decreased by \$92,834 due to a decrease in total transaction value from trading activity. The decrease in advisory and management fee revenue was offset by a \$92,250 increase in consulting revenue 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. Overall revenue was consistent between both periods.

For the three months ended September 30, 2023, the Company incurred a net loss of \$350,144 compared to a net loss of \$477,336 for the three months ended September 30, 2022, 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.

Adjusting the net loss for the period for interest expense, change in unrealized gain on investments, government assistance, share-based compensation and depreciation, would result in an adjusted net loss of \$537,756 for the three months ended September 30, 2023 compared to an adjusted net loss of \$633,879 for the same period in 2022:

Three months ended September 30	2023		2022	
Net loss	\$	(350,144)	\$	(477,336)
Interest expense		4,345		8,970
Change in unrealized (gain) loss on investment		(278,358)		(419,986)
Share-based payments		62,493		231,258
Depreciation		23,908		23,215
Adjusted net loss	\$	(537,756)	\$	(633,879)

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 November 27, 2023, the Company had 35,149,329 common shares issued and outstanding. In addition, there are 2,200,000 warrants, 2,953,453 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, 2023, the Company had working capital of \$4,910,536 (June 30, 2023: \$5,197,765), a decrease of \$287,229. The decrease in working capital is primarily attributable to the decrease in trade and other receivables of \$846,744 as the Company received funds from its redemption in the Paradox Fund of \$662,390, and \$164,655 from its SR&ED refund application. However, despite these amounts being collected, the Company's cash only increased by \$98,137. This was primarily due to net cash used in operating activities of \$369,601, and lease liability payments of \$19,652.

Working capital without the Company's investment in the Paradox Fund as at September 30, 2023 would be \$241,325 (June 30, 2023: \$804,996). As at September 30, 2023, the Company had cash on hand of \$545,451 (June 30, 2023: \$477,314) to meet accounts payable and accrued liabilities of \$279,482 (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.

Net cash used in operating activities for the three months ended September 30, 2023 was \$369,601 compared to net cash used of \$378,420 in the comparative period, a decrease of \$8,819. 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 three months ended September 30, 2023 was \$662,390, compared to net cash used of \$113,896 in the comparative period. During the three months ended September 30, 2023, the Company received \$662,390 in funds from its partial redemption in the Paradox Fund that took

place during the year ended June 30, 2023, while in the comparative period 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. The Company also participated in a private placement of an early stage crypto technology company for \$114,755 (75,000 GBP). The remaining change is due to the difference in equipment acquired during the three months ended September 30, 2022.

Net cash used in financing activities for the three months ended September 30, 2023 was \$194,652, compared to \$23,441 used in the comparative period. During the three months ended September 30, 2023, the Company made lease liability payments of \$19,652 and settled \$175,000 in principal on its promissory note. Cash used during the three months ended September 30, 2022, 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.

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	\$906,319	\$53,681
Regulatory and legal requirements review (Business Objective #2)	\$3,300,000	\$3,115,473	\$184,527
Total	\$4,260,000	\$4,021,792	\$238,208

Investment in Paradox Fund and Long-term Investment

The Company holds an investment of 18.03% (being \$3,557,901 USD of total assets under management) (June 30, 2023: 18.29%) in the Paradox Fund, a fund registered in the Cayman Islands. As at September 30, 2023, the investment in the Paradox Fund represents 82% 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. It is cited that the resolution of this bankruptcy may take a significant amount of time. As such, 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)
Realized gain on investment	73,808	-	-	73,808
Change in unrealized gain (loss) on investment	445,411	158,634	(26,463)	577,582
Balance, June 30, 2023	4,392,769	158,634	99,877	4,651,280
Change in unrealized gain (loss) on investment	276,442	3,146	(1,230)	278,358
Balance, September 30, 2023	4,669,211	161,780	98,647	4,929,638

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 July 2022, the Company reinvested \$2,200,000 USD into the Paradox Fund.

On June 30, 2023, the Company 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.

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,	
	2023	2022
Salaries and wages		
Stéphane Ouellette	\$ 56,868	\$ 57,115
Alex McAulay	4,549	4,615
Share-based payments		
Eric Richmond	137	6,391
Dan Cristall	-	4,038
Geoff Browne	-	5,832
Alex McAulay	1,541	42,798
David Washburn	46,182	130,259
Professional fees		
Company controlled by Alex McAulay	44,036	44,282
Company controlled by David Washburn	62,500	62,500
Total	\$ 215,813	\$ 357,830

Other related party transactions:

During the three months ended September 30, 2023, the Company earned advisory and management fees of \$37,777 (2022: \$130,611) from customer agency trades with Paradox Fund, which is managed by a company controlled by Adam Rabie.

As at September 30, 2023, \$14,981 (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 September 30, 2023, \$1,521 (June 30, 2023: \$1,558) in accounts payable and accrued liabilities were owed to Alex McAulay.

As at September 30, 2023, \$51,076 (June 30, 2023: \$20,769) in accounts payable and accrued liabilities were owed to Stéphane Ouellette.

As at September 30, 2023, \$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 September 30, 2023 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 September 30, 2023, the Company is exposed to the following foreign exchange risk:

		CAD Equivalent
<i>Denominated in USD</i>		
Cash	\$	259,464
Trade and other receivables		5,073
Investment in Paradox Fund		4,669,211
Investment in Paradox Fund – SPC		161,780
Accounts payable and accrued liabilities		(34,514)
		<u>5,061,014</u>
<i>Denominated in GBP</i>		
Long-term investment		98,647
Accounts payable and accrued liabilities		(3,269)
		<u>95,378</u>
Net assets exposure	\$	<u>5,156,392</u>

The Company does not currently hedge its foreign exchange risk. Based on current exposures as at September 30, 2023 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 \$506,000 (September 30, 2022: \$525,000) 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 \$10,000 (September 30, 2022: \$11,000) 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's outstanding promissory note payable bears interest equal to the prime rate, which is a floating interest rate. A 1% increase in the interest rate on the promissory note would not result in a material impact to net loss.

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 \$466,921 (September 30, 2022: \$507,000) on its regular investment, and \$16,178 (September 30, 2022: \$Nil) 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.

Management does not believe that there is significant credit risk arising from the current customer base. The maximum exposure to loss arising from trade and other receivables is equal to their total carrying amounts. \$27,627 of the trade receivables balance at September 30, 2023 relates to one customer in the United Kingdom, \$247 relates to one customer in the Cayman Islands. Both outstanding balances were not collected in full subsequent to September 30, 2023; however, the Company does not anticipate any collection issues on these amounts given its relationship with both customers. Trade and other receivables also include \$5,077 in accrued income with one customer in the Cayman Islands, and \$8,960 in GST/HST receivable. The amounts sitting in accrued income were collected subsequent to September 30, 2023. 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 September 30, 2023 and June 30, 2023.

September 30, 2023	On demand	Less than 1 year	1-3 years	Total
Accounts payable and accrued liabilities	\$ 279,482	\$ -	\$ -	\$ 279,482
Promissory note payable	-	65,633	-	65,633
Loans payable	-	39,051	-	39,051
Lease liability	-	78,137	85,950	164,087
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, \$5,329,136 (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 three months ended September 30, 2023, 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 September 30, 2023 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 September 30, 2023.

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.

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.