

FRNT Financial Inc.

CONSOLIDATED FINANCIAL STATEMENTS

For the years ended June 30, 2024 and 2023

(Expressed in Canadian dollars, unless otherwise indicated)



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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of FRNT Financial Inc.:

Opinion

We have audited the consolidated financial statements of FRNT Financial Inc. and its subsidiary (together the "Company"), which comprise the consolidated statements of financial position as at June 30, 2024 and 2023, and the consolidated statements of net loss and comprehensive loss, consolidated statements of changes in shareholders' equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at June 30, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended June 30, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matter described below to be the key audit matter to be communicated in our auditor's report.

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Key audit matter	How our audit addressed the key audit matter
Valuation of Paradox Fund Investment	
Refer to Note 7	Our approach to addressing the matter included the following procedures, among others:
<p>As at June 30, 2024, the Company has an investment of \$3,181,519 in the Paradox Fund. This investment is measured at fair value through profit or loss and classified in Level 3 of the fair value hierarchy.</p> <p>To facilitate the valuation of this investment, management was required to refer to unobservable inputs, which included evidence from fund statements provided directly by third-party administrators.</p> <p>We considered this a key audit matter due to the significance of the investment to the consolidated financial statements and the auditor attention required with respect to the significant judgment and estimation uncertainty applied by management in determining the fair value of the Company's investment in the Paradox Fund.</p>	<ul style="list-style-type: none"> • Obtaining fund statements directly from third-party administrators and agreeing the fair value and ownership percentage reported by management to the fair value and ownership percentage reported in the fund statements. • Assessing the competency and capability of the third-party administrators. • Reviewing the investment reconciliation. • Validating the accuracy of proceeds from redemption of a portion of the investment by agreeing the cash redeemed to the bank statements and to the fund statements. • Recalculating the realized fair value gain on redemption of the investment and unrealized fair value gain for the year ended June 30, 2024, and comparing these amounts to the amounts recorded by management. • Assessing the adequacy of the Company's disclosures in the consolidated financial statements related to the Paradox Fund.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Management's Discussion and Analysis filed with the relevant Canadian securities commissions.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going

concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Anna C. Moreton.

Baker Tilly WM LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, B.C.
October 17, 2024

FRNT Financial Inc.

Consolidated Statements of Financial Position

(Expressed in Canadian dollars, unless otherwise indicated)

	Notes	June 30, 2024	June 30, 2023
ASSETS			
Current assets			
Cash		\$ 1,552,482	\$ 447,314
Trade and other receivables	5, 17	274,301	888,655
Prepaid expenses and deposits	6	117,007	131,631
Investments	7	3,181,519	4,392,769
		5,125,309	5,860,369
Deposits	6	12,306	38,588
Investments	7	263,506	258,511
Equipment	8	17,543	30,382
Right-of-use asset	9	114,332	195,037
Total assets		\$ 5,532,996	\$ 6,382,887
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	15	\$ 392,492	\$ 317,888
Promissory note payable	11	-	241,334
Loans payable	10	-	38,124
Lease liability	12	72,066	65,258
		464,558	662,604
Lease liability	12	23,096	102,975
Total liabilities		487,654	765,579
SHAREHOLDERS' EQUITY			
Share capital	13(a)	11,565,336	10,678,834
Stock option reserve	13(c)(d)	3,524,891	3,062,017
Warrant reserve	13(e)	284,858	188,228
Accumulated other comprehensive loss		(1,670)	(1,602)
Accumulated deficit		(10,328,073)	(8,310,169)
Total shareholders' equity		5,045,342	5,617,308
Total liabilities and shareholders' equity		\$ 5,532,996	\$ 6,382,887
Nature of operations	1		
Subsequent events	20		

APPROVED BY THE BOARD OF DIRECTORS:*Stéphane Ouellette*

Director

Adam Rabie

Director

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

FRNT Financial Inc.

Consolidated Statements of Net Loss and Comprehensive Loss

For the years ended June 30, 2024 and 2023

(Expressed in Canadian dollars, unless otherwise indicated)

	Notes	June 30, 2024	June 30, 2023
Revenue			
Capital markets	15	\$ 1,005,506	\$ 273,600
Consulting and advisory		554,467	164,902
		1,559,973	438,502
Operating expenses			
Advertising and promotion		1,462	94,535
Depreciation	8, 9	93,544	93,948
General and administrative	14	637,515	668,109
Investor relations		117,775	218,221
Professional fees	14, 15	1,750,657	1,050,026
Salaries and wages	15	1,063,916	1,349,593
Share-based payments	13(c)(d), 15	462,874	553,732
		4,127,743	4,028,164
Loss before the undernoted		(2,567,770)	(3,589,662)
Other income (expenses)			
Fair value gain (loss) on investments	7	851,753	651,390
Change in expected credit loss allowance	5, 17	(290,000)	-
Interest expense	10, 11, 12	(20,319)	(36,007)
Foreign exchange		(17,365)	4,460
SR&ED tax credits	5	25,797	164,655
		549,866	784,498
Net loss		(2,017,904)	(2,805,164)
Other comprehensive (loss)			
Items that may be subsequently reclassified to profit or loss:			
Cumulative translation adjustment		(68)	(1,602)
Net loss and comprehensive loss		\$ (2,017,972)	\$ (2,806,766)
Loss per share – basic and diluted		\$ (0.06)	\$ (0.08)
Weighted average shares outstanding – basic and diluted		35,381,214	35,149,329

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

FRNT Financial Inc.

Consolidated Statements of Changes in Shareholders' Equity

For the years ended June 30, 2024 and 2023

(Expressed in Canadian dollars, unless otherwise indicated)

	Number of common shares	Share capital	Stock option reserve	Warrant reserve	Accumulated other comprehensive loss	Accumulated deficit	Total shareholders' equity
Balance, June 30, 2022	35,149,329	\$ 10,678,834	\$ 2,508,285	\$ 188,228	\$ -	\$ (5,505,005)	\$ 7,870,342
Share-based payments	-	-	553,732	-	-	-	553,732
Net loss and comprehensive loss	-	-	-	-	(1,602)	(2,805,164)	(2,806,766)
Balance, June 30, 2023	35,149,329	10,678,834	3,062,017	188,228	(1,602)	(8,310,169)	5,617,308
Shares issued pursuant to private placement	2,070,000	1,200,600	-	41,400	-	-	1,242,000
Share issuance costs	-	(258,868)	-	-	-	-	(258,868)
Share issuance costs – broker warrants	-	(55,230)	-	55,230	-	-	-
Share-based payments	-	-	462,874	-	-	-	462,874
Net loss and comprehensive loss	-	-	-	-	(68)	(2,017,904)	(2,017,972)
Balance, June 30, 2024	37,219,329	\$ 11,565,336	\$ 3,524,891	\$ 284,858	\$ (1,670)	\$ (10,328,073)	\$ 5,045,342

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

FRNT Financial Inc.

Consolidated Statements of Cash Flows

For the years ended June 30, 2024 and 2023

(Expressed in Canadian dollars, unless otherwise indicated)

	June 30, 2024	June 30, 2023
Cash flows from operating activities		
Net loss for the year	\$ (2,017,904)	\$ (2,805,164)
Adjustments for non-cash items:		
Fair value gain on investments	(851,753)	(651,390)
Share-based payments	462,874	553,732
Interest expense	1,175	16,885
Depreciation	93,544	93,948
Change in expected credit loss allowance	290,000	-
Changes in non-cash working capital items:		
Trade and other receivables	(513,035)	(56,815)
Prepaid expenses and deposits	41,270	49,864
Accounts payable and accrued liabilities	74,171	51,985
Net cash used in operating activities	(2,419,658)	(2,746,955)
Cash flows from investing activities		
Proceeds on redemption of investment	2,720,398	2,836,077
Purchase of investment	-	(2,956,576)
Purchase of equipment	-	(14,345)
Net cash provided by (used in) investing activities	2,720,398	(134,844)
Cash flows from financing activities		
Proceeds from issuance of units	1,242,000	-
Share issuance costs	(258,868)	-
Lease liability payments	(73,071)	(74,658)
Settlement of promissory note	(65,633)	-
Repayment of loans payable	(40,000)	-
Net cash provided by (used in) financing activities	804,428	(74,658)
Net change in cash	1,105,168	(2,956,457)
Cash, beginning	447,314	3,403,771
Cash, ending	\$ 1,552,482	\$ 447,314
Supplemental Cash Flow Disclosures		
Income tax paid	-	-
Interest (paid)	(19,144)	(19,122)
Interest received	-	-
Non-cash transactions:	-	-
Settlement of promissory note	175,000	-

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

FRNT Financial Inc.

Notes to the Consolidated Financial Statements

For the years ended June 30, 2024 and 2023

(Expressed in Canadian dollars, unless otherwise indicated)

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.

The Company’s common shares are listed on the TSX Venture Exchange under the trading symbol “FRNT” and on the OTCQB Market under the trading symbol “FRFLF”.

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

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the IFRS Interpretations Committee (“IFRIC”).

These consolidated financial statements were authorized for issue by the Board of Directors on October 17 2024.

b) Basis of measurement

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

c) Consolidation

These 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 the 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	
			June 30, 2024	June 30, 2023
FRNT Asset Management Inc.	Financial technology services	Canada	100%	100%
FRNT Financial UK Limited	Financial technology services	United Kingdom	100%	100%

FRNT Financial Inc.

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3. MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, unless otherwise indicated.

a) Foreign currency transactions*Functional and presentation currency*

The functional currency of the Company is determined based on the currency of the primary economic environment in which the Company operates. The functional currency of both the Company and FRNT Asset Management Inc. is the Canadian dollar. The functional currency of FRNT Financial UK Limited is the Great British Pound. The presentation currency of the Company is the Canadian dollar.

Transactions and balances

In preparation of the consolidated financial statements of the Company, the results of foreign operations with a functional currency other than Canadian dollars are translated to Canadian dollars upon consolidation. Each entity's assets and liabilities are translated to Canadian dollars at the prevailing exchange rate at the reporting date. The revenue and expenses of these foreign operations are translated to Canadian dollars using average exchange rates prevailing for each reporting period. Foreign exchange differences arising on translation are recognized directly in the consolidated statement of net loss and comprehensive loss and presented in accumulated other comprehensive income or loss within equity. On disposal of a foreign operation, the related cumulative translation difference recognized in equity are reclassified to profit or loss and are recognized as part of the gain or loss on disposal.

At the entity level, transactions in currencies other than the entity's functional currency are recorded at the exchange rates prevailing on the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are translated at the prevailing exchange rates on the date of the statement of financial position. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the prevailing exchange rates on the date when the fair value was determined. Non-monetary items measured at historical costs in foreign currency are not re-translated. Exchange differences arising on the settlement of monetary items, and on the remeasurement of monetary items, are included in profit or loss for the period.

b) Earnings (loss) per share

Basic earnings (loss) per share is calculated by dividing the Company's net earnings (loss) for the period by the weighted average number of shares outstanding. Diluted earnings per share is calculated by dividing the Company's net earnings by the sum of the weighted average number of shares issued and outstanding assuming all additional shares that would have been outstanding if potentially dilutive instruments were converted. Diluted loss per share excludes potentially dilutive instruments from the calculation, as their inclusion would be anti-dilutive. Therefore, diluted loss per share is equivalent to basic loss per share.

FRNT Financial Inc.

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(Expressed in Canadian dollars, unless otherwise indicated)

c) Revenue recognition*Capital markets revenue*

Capital markets revenue earned on customer agency transactions are recorded net of commission rebates at a point in time, upon satisfaction of the performance obligation, which is on the trade date when the client deploys their funds, the pricing is agreed upon, and collection is reasonably assured.

During the year ended June 30, 2024, the Company renamed this revenue line item on the consolidated statements of net loss and comprehensive loss from “Advisory and management fees” to “Capital markets” to better align with its core business as disclosed in Note 1.

Consulting and advisory revenue

Consulting and advisory revenue is earned on consulting services provided to customers when the performance obligation has been satisfied, the pricing is agreed upon, and collection is reasonably assured. Performance obligations are satisfied at either a point in time or over time depending on the specifics of the contract with the customer.

d) Leases

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control an identified asset for a period of time in exchange for consideration.

Leases of right-of-use assets are recognized at the lease commencement date at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, and otherwise at the Company’s incremental borrowing rate. At the commencement date, a right-of-use asset is measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

Each lease payment is allocated between repayment of the lease principal and interest. Interest on the lease liability in each period during the lease term is allocated to produce a constant periodic rate of interest on the remaining balance of the lease liability. The Company recognizes in profit or loss (a) the interest on a lease liability and (b) variable lease payments not included in the measurement of a lease liability in the period in which the event or condition that triggers those payments occurs. The Company subsequently measures a right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses; and adjusted for any remeasurement of the lease liability. Right-of-use assets are depreciated over the shorter of the asset’s useful life and the lease term, except where the lease contains a bargain purchase option a right-of-use asset is depreciated over the asset’s useful life.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

FRNT Financial Inc.

Notes to the Consolidated Financial Statements

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e) Financial instruments*Recognition, classification and measurement*

Financial assets are classified and measured based on the business model for managing the financial assets and the contractual cash flow characteristics of the financial assets in these categories: amortized cost, fair value through other comprehensive income ("FVTOCI") and fair value through profit or loss ("FVTPL"). Financial assets are derecognized when the rights to receive cash flows from the asset have expired or were transferred and the Company has transferred substantially all risks and rewards of ownership.

All financial liabilities are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instruments. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial instruments are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The classification of the Company's financial instruments is as follows:

Cash	Amortized cost
Trade and other receivables	Amortized cost
Deposits	Amortized cost
Investments	FVTPL
Accounts payable and accrued liabilities	Amortized cost
Loans payable	Amortized cost
Promissory note payable	Amortized cost

Financial instruments classified as amortized cost are recognized initially at fair value inclusive of any directly attributable transaction costs and subsequently carried at amortized cost using the effective interest method, less any impairment losses. The effective interest rate is the rate that discounts estimated future cash flows over the expected life of the financial instruments, or where appropriate, a shorter period. Interest income and expense, foreign exchange gains and losses and impairments are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial asset held at FVTPL are included in profit or loss in the period in which they arise. Realized gain or loss on an investment is calculated as the proceeds received from the sale of the investment less its assigned original cost. The Company's unrealized gain or loss on an investment consists of both the change in fair value on the investment from the beginning of the year and the reversal of any previously recognized unrealized gain or loss on an investment sold during the year.

Financial assets and financial liabilities are offset and the net amount presented in the consolidated statements of financial position when, and only when, the Company has a legal right

FRNT Financial Inc.

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to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Impairment of financial assets

The Company recognizes loss allowances for expected credit losses on financial assets measured at amortized cost. Loss allowances for trade and other receivables are always measured at an amount equal to lifetime expected credit losses if the amount is not considered fully recoverable. A financial asset carried at amortized cost is considered credit-impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Individually significant financial assets are tested for credit-impairment on an individual basis. The remaining financial assets are assessed collectively.

Losses are recognized in profit or loss and reflected in an allowance account against trade and other receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

f) Government assistance

The Company is entitled to certain investment tax credits for qualifying scientific research and experimental development activities performed in Canada (“SR&ED”). SR&ED are recorded as SR&ED tax credits income in profit or loss. The benefits are recognized when the Company has complied with the terms and conditions of the applicable tax legislation provided there is reasonable assurance of realization.

g) Income taxes

Income tax comprises current income tax and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case the income tax is also recognized directly in equity or other comprehensive income.

Current income tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years. Current income tax assets and current income tax liabilities are only offset if a legally enforceable right exists to offset the amounts and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax is recognized in respect of all qualifying temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the end of the reporting period and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Deferred tax assets are recognized to the extent future recovery is probable.

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At each reporting period end, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

i) Share-based payments

Equity-settled share-based payments to employees are measured at the fair value of the instruments at the grant date using the Black-Scholes option pricing model, and recognized in expense over the vesting periods. Estimated volatility was based on a combination of the available historical stock prices of the Company since its initial public offering and historical stock prices of comparable public companies. Equity-settled share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued if it is determined that the fair value of the goods or services received cannot be reliably measured. Non-employee share-based payments are either recognized in expense at the date the goods or services are received or treated as share issuance costs deducted against share capital. The corresponding amount is recorded to stock option reserve. Upon the exercise of stock options, consideration received on the exercise is recorded as share capital and the related amount in stock option reserve is transferred to share capital.

Where a grant of options is cancelled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company accounts for the cancellation as an acceleration of vesting and immediately recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense. When unvested options are forfeited, the amount previously recognized in stock-based compensation expense is reversed.

j) Share capital and warrants

The Company records proceeds from common share and unit issuances net of issue costs and any related tax effects. The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method allocates the fair value of the proceeds received first to the more easily measurable component, which the Company has determined to be the Company's common shares, with the residual value being allocated to the less easily measurable component.

Proceeds from unit offerings, which consist of common shares and share purchase warrants, are bifurcated using the residual value approach whereby the common share component of the unit is measured at fair value, by reference to the quoted market price of the Company's common shares on the date of issuance, and the warrant component is allocated the residual value, if any. Any value allocated to the warrant component is credited to warrant reserve.

k) Impairment of assets

The carrying amount of the Company's long-lived non-financial assets is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or

FRNT Financial Inc.

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For the years ended June 30, 2024 and 2023

(Expressed in Canadian dollars, unless otherwise indicated)

its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

The recoverable amount of assets is the greater of an asset's fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount. Any reversal of impairment cannot increase the carrying value of the asset to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

1) New and amended IFRS pronouncements*Amendments to IAS 1 Presentation of Financial Statements*

Effective July 1, 2023, amendments to IAS 1 were adopted with respect to disclosure of the Company's accounting policies. The adoption of the amendments did not result in any changes to the Company's accounting policies, the only impact was to the accounting policy information disclosed in the consolidated financial statements. As a result of the adoption of the amendments, the title of note 2 was changed from "significant accounting policies" which had been used in all previous periods. Where management determined necessary, clarifying language was applied in order to enhance focus on the materiality of a policy, and immaterial policy language was deleted.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

Effective July 1, 2023, the Company adopted the amendments to IAS 8 with respect to the new definition of "accounting estimates". The amendments clarify how measurement techniques and inputs are used to develop accounting estimates, and clarifies the distinction between changes in accounting policies, correction of prior period errors, and when changes are made to accounting estimates, including the facts and circumstances that are considered. The definition of a change in accounting estimates was deleted. The adoption of the amendments did not result in any impact to the Company's consolidated financial statements.

There are no IFRS's or IFRIC interpretations that are not yet effective that are expected to have a material impact on the Company's consolidated financial statements.

4. MANAGEMENT USE OF JUDGEMENTS AND ESTIMATES

The preparation of these 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 consolidated

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financial statements and the reported amount of revenues and expenses during the period. Actual results could differ from these estimates.

These consolidated financial statements include estimates and judgements which, by their nature, are uncertain. The impact of such estimates and judgements is pervasive throughout these 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.

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 judgement 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.

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 where 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. Accordingly, actual values realized in future market transactions may differ from the estimates presented in these consolidated financial statements and the differences may be material. The use of different market assumptions and/or valuation methodologies may have a material effect on the estimated fair values of securities owned.

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

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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.

5. TRADE AND OTHER RECEIVABLES

	June 30, 2024	June 30, 2023
Trade receivables	\$ 401,271	\$ 55,746
Allowance for expected credit loss (Note 17)	(290,000)	-
Redemption in Paradox Fund (Note 7)	-	662,390
SR&ED tax credits receivable	-	164,655
Accrued income	32,582	5,864
Sales tax receivable	130,448	-
	\$ 274,301	\$ 888,655

During the year ended June 30, 2024, the Company performed an expected credit loss assessment and recorded an allowance of \$290,000 on a balance owing from one customer. No allowances were recorded during the year ended June 30, 2023.

During the year ended June 30, 2024, the Company filed its SR&ED refund application for its fiscal 2023 expenditures. The SR&ED claim was approved by the Canada Revenue Agency and the full amount of the claim was received. The refund of \$25,797 is presented as SR&ED tax credits.

During the year ended June 30, 2023, the Company filed its SR&ED refund application for its fiscal 2022 expenditures. Accordingly, the Company recorded a receivable related to the refund of \$164,655, which is presented as SR&ED tax credits. During the year ended June 30, 2024, the SR&ED claim was approved by the Canada Revenue Agency and the full amount of the claim was received.

6. PREPAID EXPENSES AND DEPOSITS

	June 30, 2024	June 30, 2023
Prepaid expenses	\$ 102,817	\$ 119,768
Short-term deposits	14,190	11,863
Prepaid expenses and deposits	117,007	131,631
Long-term deposits ⁽¹⁾	12,306	38,588
	\$ 129,313	\$ 170,219

(1) Security deposits, relating to operating costs and taxes, 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 \$12,306 (June 30, 2023 - \$18,459). Additionally, a deposit of \$20,129 (12,000 GBP) was made during the year ended June 30, 2023. The deposit forfeits after 2 years from the date of invoice if the firm is not used for a future hire. As at June 30, 2024, this deposit was applied against services provided.

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7. INVESTMENT

	Paradox Fund (i)	Paradox Fund – SPC (i)	Private Company (ii)	Total
	\$	\$	\$	\$
Balance, June 30, 2022	1,705,704	-	-	1,705,704
Additions	2,830,236	-	126,340	2,956,576
Proceeds on redemption of shares	(662,390)	-	-	(662,390)
Fair value gain (loss) on investments	519,219	158,634	(26,463)	651,390
Balance, June 30, 2023	4,392,769	158,634	99,877	4,651,280
Proceeds on redemption of shares	(2,058,008)	-	-	(2,058,008)
Fair value gain (loss) on investments	846,758	1,897	3,098	851,753
Balance, June 30, 2024	3,181,519	160,531	102,975	3,445,025

(i) The Company holds a total investment of 5.94% (being \$2,326,148 USD of total assets under management) (June 30, 2023: 18.29%) 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 17).

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. During the year ended June 30, 2024, FTX filed a plan of reorganization that is currently pending approval from the Delaware Bankruptcy Court. This plan aims to address FTX's outstanding liabilities, including those from legal proceedings and customer claims. As a final filing has yet to be made, the SPC is classified as a long-term investment.

During the year ended June 30, 2024, the change in fair value on the investment resulted in a gain of \$846,758 (2023: \$519,219 gain), and a gain on the SPC of \$1,897 (2023: \$158,634 gain).

On November 1, 2023, the Company partially redeemed its investment in the Paradox Fund and received \$1,040,475 (\$750,000 USD) which was collected in full during the year ended June 30, 2024. The Company realized a cumulative gain of \$205,842 on this redemption.

On March 1, 2024, the Company partially redeemed its investment in the Paradox Fund and received \$1,017,533 (\$750,000 USD) which was collected in full during the year ended June 30, 2024. The Company realized a cumulative gain of \$71,637 on this redemption.

As at June 30, 2023, \$662,390 was included in trade and other receivables related to redemption of shares. This amount was received in full during the year ended June 30, 2024.

(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). On March 6, 2023, the Company made an additional investment of \$11,585 (7,065 GBP).

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During the year ended June 30, 2024, the change in fair value on the investment resulted in a gain of \$3,098 (2023: \$26,463 loss). The fair value of the investment is determined based on the most recently observable market transactions. Management concluded that the most recent financing of this private company is a reasonable indication of the fair value of the investment as at June 30, 2024, which was determined to be a subscription price of 5.92 GBP per share. The investment has been classified as a long-term investment and is categorized within Level 2 of the fair value hierarchy.

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 June 30, 2024 and June 30, 2023 are shown below:

Description	Input	Sensitivity	June 30, 2024	June 30, 2023
Paradox Fund	Net asset value	10%	\$ 318,152	\$ 439,277
Paradox Fund - SPC	Net asset value	10%	\$ 16,053	\$ 15,863

During the years ended June 30, 2024 and 2023, there were no transfers into or out of Level 1, Level 2 or Level 3 investments.

8. EQUIPMENT

Cost	Computer equipment	Office equipment	Total
Balance, June 30, 2022	\$ 29,478	\$ 8,265	\$ 37,743
Additions	10,631	3,714	14,345
Balance, June 30, 2023	40,109	11,979	52,088
Additions	-	-	-
Balance, June 30, 2024	\$ 40,109	\$ 11,979	\$ 52,088
Accumulated Depreciation			
Balance, June 30, 2022	\$ 8,041	\$ 421	\$ 8,462
Depreciation	11,595	1,649	13,244
Balance, June 30, 2023	19,636	2,070	21,706
Depreciation	11,177	1,662	12,839
Balance, June 30, 2024	\$ 30,813	\$ 3,732	\$ 34,545
Carrying amounts			
At June 30, 2023	\$ 20,473	\$ 9,909	\$ 30,382
At June 30, 2024	\$ 9,296	\$ 8,247	\$ 17,543

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9. RIGHT-OF-USE ASSET

Cost		Office
Balance, June 30, 2022	\$	322,819
Additions		-
Balance, June 30, 2023 and June 30, 2024	\$	322,819
Accumulated Depreciation		
Balance, June 30, 2022	\$	47,078
Depreciation		80,704
Balance, June 30, 2023		127,782
Depreciation		80,705
Balance, June 30, 2024	\$	208,487
Carrying amounts		
At June 30, 2023	\$	195,037
At June 30, 2024	\$	114,332

10. 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 the repayment deadline as set and extended from time to time by the Government of Canada, 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.

On September 14, 2023, the Prime Minister announced extended deadlines for CEBA loan repayments. The repayment deadline for CEBA loans to qualify for partial loan forgiveness was extended to January 18, 2024.

On January 5, 2024, the Company repaid \$40,000 on the CEBA loans and the remaining \$20,000 was forgiven in full.

During the year ended June 30, 2024, the Company recorded accretion expense of \$1,876 (2023: \$3,466) on these loans.

		June 30, 2024		June 30, 2023
Balance, beginning of year	\$	38,124	\$	34,658
Accretion expense		1,876		3,466
Repayment		(40,000)		-
Balance, end of year	\$	-	\$	38,124

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11. 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. The parties have since agreed to extend the original maturity date of May 1, 2022 to September 29, 2023. 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 June 30, 2023, the Company entered into a Consulting Services Agreement with the lender. The Company agreed to perform certain services for and deliver certain deliverables to the lender to set-off any amounts owing to the lender. These services commence within two weeks from the date of the agreement and conclude within 12 weeks from the date of the agreement. During the year ended June 30, 2023, there were no services provided in relation to the Consulting Services Agreement.

During the year ended June 30, 2024, the Company completed its deliverables in connection with the Consulting Services Agreement. The services reduced the amount of principal owing by \$175,000.

The Company agreed to settle the remainder of principal and interest, amounting to \$65,633, in cash, which the Company paid on January 31, 2024.

As at June 30, 2024, the principal balance of \$Nil (June 30, 2023: \$200,000) and interest of \$Nil (June 30, 2023: \$41,334) was outstanding.

		Carrying Value
Balance, June 30, 2022	\$	227,915
Interest expense		13,419
Balance, June 30, 2023		241,334
Settlement of promissory note		(240,633)
Interest expense		(701)
Balance, June 30, 2024	\$	-

12. 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, 2022	\$	242,891
Lease liability payments		(93,764)
Accretion expense		19,106
Balance, June 30, 2023		168,233
Lease liability payments		(85,950)
Accretion expense		12,879
Balance, June 30, 2024	\$	95,162

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Allocated as:		Office
Current	\$	72,066
Non-current		23,096
Balance, June 30, 2024	\$	95,162

The maturity analysis of the undiscounted contractual balance of the lease liability and a reconciliation to the recorded lease liability is as follows:

Maturity analysis	June 30, 2024	
Less than one year	\$	78,137
One to three years		23,441
Total undiscounted lease liability		101,578
Amount representing implicit interest		(6,416)
Lease liability	\$	95,162

13. SHAREHOLDERS' EQUITY**(a) Share capital**

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

During the year ended June 30, 2024

On May 21, 2024, the Company closed a brokered private placement offering and issued 2,070,000 Units at a price of \$0.60 per Unit for aggregate gross proceeds of \$1,242,000 (the "LIFE Offering"). Each Unit comprised of one common share of the Company (a "Common Share") and one-half of one Common Share purchase warrant (each whole warrant, a "Warrant"). Each Warrant entitles the holder thereof to purchase one Common Share at an exercise price of \$0.90 until May 21, 2027. A value of \$41,400 was allocated to the Warrants based on the residual method.

In connection with the LIFE Offering, the Company paid to an agent a cash commission of \$74,520 and issued 124,200 warrants of the Company (the "Broker Warrants") with a fair value of \$55,230 (Note 13(e)). Each Broker Warrant entitles the holder thereof to acquire one Unit at a price of \$0.60 at any time on or before May 21, 2027.

In addition to the Broker Warrants and agent cash commission, \$184,348 of share issuance costs were incurred in conjunction with the LIFE Offering.

During the year ended June 30, 2023

There were no share capital transactions during the year ended June 30, 2023.

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(b) Shares in Escrow

23,342,349 common shares were subject to escrow provisions as a result of the Company's initial public offering in fiscal 2022. As at June 30, 2024, 7,002,703 common shares (June 30, 2023: 14,005,409) remain in escrow. The remaining shares held in escrow will be released over a period of 9.6 months.

(c) 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.

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

	Number of options	Weighted average exercise price	Weighted average fair value
Outstanding, June 30, 2022	3,328,453	\$ 1.24	\$ 0.56
Cancelled	(20,000)	1.50	0.75
Forfeited	(100,000)	1.50	0.80
Outstanding, June 30, 2023	3,208,453	1.23	0.55
Granted	1,735,000	0.50	0.30
Expired	(29,133)	0.72	0.25
Cancelled	(300,000)	1.92	0.69
Outstanding, June 30, 2024	4,614,320	\$ 0.86	\$ 0.45
Exercisable, June 30, 2024	2,443,348	\$ 0.84	\$ 0.44

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As at June 30, 2024, the following options were outstanding:

Grant date	Vesting commencement date	Options outstanding	Options exercisable	Exercise price	Expiry date	Remaining contractual life (years)
January 1, 2019	September 1, 2019 ⁽¹⁾	500,671	500,671	\$0.16	January 23, 2025 ⁽¹⁾	0.57
December 4, 2019	January 1, 2019 ⁽²⁾	203,929	203,929	\$0.72	July 1, 2024 – October 1, 2027 ⁽²⁾	0.00 – 3.25
May 1, 2020	May 1, 2021 ⁽²⁾	155,401	126,263	\$0.78	May 1, 2026 – February 1, 2030 ⁽²⁾	1.83 – 5.59
November 9, 2020	February 1, 2021 ⁽²⁾	31,088	27,202	\$0.78	February 1, 2026 – November 1, 2029 ⁽²⁾	1.59 – 5.34
January 14, 2021	March 1, 2021 ⁽²⁾	465,731	407,515	\$0.60	March 1, 2026 – December 1, 2029 ⁽²⁾	1.67 – 5.42
April 30, 2021	June 30, 2021 ⁽³⁾	15,000	15,000	\$1.50	June 30, 2026 – March 31, 2028 ⁽³⁾	2.00 – 3.75
April 30, 2021	April 30, 2022 ⁽⁴⁾	52,500	39,375	\$1.50	April 30, 2027 – January 31, 2030 ⁽⁴⁾	2.83 – 5.59
May 10, 2021	June 30, 2021 ⁽³⁾	90,000	90,000	\$1.50	June 30, 2026 – March 31, 2028 ⁽³⁾	2.00 – 3.75
September 1, 2021	September 1, 2021 ⁽³⁾	90,000	90,000	\$1.50	September 1, 2026 – June 1, 2028 ⁽³⁾	2.17 – 3.92
October 12, 2021	October 12, 2021 ⁽³⁾	75,000	75,000	\$1.50	October 12, 2026 – July 12, 2028 ⁽³⁾	2.28 – 4.03
November 18, 2021	April 19, 2022 ⁽⁵⁾	200,000	200,000	\$1.50	April 19, 2027 – July 19, 2028 ⁽⁵⁾	2.80 – 4.05
November 18, 2021	April 19, 2022 ⁽⁵⁾	100,000	100,000	\$2.00	April 19, 2027 – July 19, 2028 ⁽⁵⁾	2.80 – 4.05
November 18, 2021	April 19, 2022 ⁽⁵⁾	100,000	100,000	\$2.50	April 19, 2027 – July 19, 2028 ⁽⁵⁾	2.80 – 4.05
June 20, 2022	September 20, 2022 ⁽⁶⁾	800,000	-	\$1.50	February 20, 2030 – June 20, 2030 ⁽⁶⁾	5.64 – 5.97
November 1, 2023	November 1, 2023 ⁽⁴⁾	120,000	30,000	\$0.35	November 1, 2028 – August 31, 2031 ⁽⁴⁾	4.34 – 7.17
November 1, 2023	November 1, 2023 ⁽³⁾	45,000	16,875	\$0.35	November 1, 2028 – August 31, 2030 ⁽³⁾	4.34 – 6.17
November 1, 2023	November 1, 2024 ⁽⁷⁾	40,000	-	\$0.40	November 30, 2029 – August 31, 2032 ⁽⁷⁾	5.42 – 8.17
December 6, 2023	December 6, 2023 ⁽³⁾	500,000	187,500	\$0.40	December 6, 2028 – September 1, 2030 ⁽³⁾	4.44 – 6.17
December 6, 2023	December 6, 2023 ⁽³⁾	200,000	75,000	\$0.75	December 6, 2028 – September 1, 2030 ⁽³⁾	4.44 – 6.17
December 6, 2023	December 6, 2023 ⁽³⁾	100,000	37,500	\$1.00	December 6, 2028 – September 1, 2030 ⁽³⁾	4.44 – 6.17
January 5, 2024	March 1, 2024 ⁽⁴⁾	260,000	43,332	\$0.40	March 1, 2029 – December 1, 2031 ⁽⁴⁾	4.67 – 7.42
February 15, 2024	February 15, 2024 ⁽⁸⁾	120,000	39,996	\$0.50	March 15, 2029 – February 15, 2030 ⁽⁸⁾	4.71 – 5.63
February 28, 2024	February 28, 2024 ⁽⁹⁾	100,000	27,775	\$0.57	February 28, 2029 – July 28, 2030 ⁽⁹⁾	4.67 – 6.08
February 28, 2024	February 28, 2024 ⁽¹⁰⁾	50,000	10,415	\$0.57	February 28, 2029 – January 28, 2031 ⁽¹⁰⁾	4.67 – 6.58
June 26, 2024	July 26, 2024 ⁽⁴⁾	200,000	-	\$0.50	July 26, 2029 – April 26, 2032 ⁽⁴⁾	5.07 – 7.82
		4,614,320	2,443,348			

(1) 1/16 of the stock options vest on the vesting commencement date and thereafter on a quarterly basis for 15 quarters. Given the cessation of services, these vested stock options will expire and be cancelled on January 23, 2025 (i.e. 12 months after the cessation of services).

(2) 1/16 of the stock options vest on the vesting commencement date and thereafter on a quarterly basis for 15 quarters. The stock options expire 5 years after their vesting date.

(3) 1/8 of the stock options vest on the vesting commencement date and thereafter on a quarterly basis for 7 quarters. The stock options expire 5 years after their vesting date.

(4) 1/12 of the stock options vest on the vesting commencement date and thereafter on a quarterly basis for 11 quarters. The stock options expire 5 years after their vesting date.

(5) 1/6 of the stock options vest on the vesting commencement date, which began on the day the Company commenced trading publicly, and thereafter on a quarterly basis for 5 quarters. The stock options expire 5 years after their vesting date.

(6) Vesting was modified on December 7, 2023, and the first ten installments now vest on February 20, 2025, and expire on February 20, 2030. The last two instalments retain the original vesting conditions: 1/12 of the stock options vest on the vesting commencement date and thereafter on a quarterly basis for 11 quarters. The stock options expire 5 years after their vesting date.

(7) 1/12 of the stock options vest at the end of the first calendar month following the vesting commencement date and thereafter on a quarterly basis for 11 quarters. The stock options expire 5 years after their vesting date.

(8) 1/12 of the stock options vest one month after the vesting commencement date and thereafter on a quarterly basis for 11 quarters. The stock options expire 5 years after their vesting date.

(9) 1/18 of the stock options vest on the vesting commencement date and thereafter on a quarterly basis for 17 quarters. The stock options expire 5 years after their vesting date.

(10) 1/24 of the stock options vest on the vesting commencement date and thereafter on a quarterly basis for 23 quarters. The stock options expire 5 years after their vesting date.

The weighted average remaining contractual life of options outstanding and exercisable as at June 30, 2024 was 4.26 and 2.87 years, respectively.

During the year ended June 30, 2024

On August 31, 2023, 300,000 vested stock options were cancelled. The stock options had a weighted average exercise price of \$1.92.

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On December 7, 2023, the Company modified 800,000 stock options granted on June 20, 2022 to amend the vesting terms from twelve equal quarterly installments to the first ten installments vesting on February 20, 2025. The increase in the vesting period resulted in a non-beneficial modification. As a result, the Company is to continue to account for the services received as consideration for the equity instruments granted as if that modification had not occurred, and the fair value of the options are recognized over the original vesting period.

On June 24, 2024, the Company modified 465,731 stock options granted on January 14, 2021 to reprice the exercise price from \$1.17 to \$0.60. This resulted in a beneficial modification. As a result, the incremental fair value of the unvested options will be recognized over the remaining vesting period, while the incremental fair value of the vested options will be recognized immediately. The incremental fair value for the year ended June 30, 2024, was determined to be \$20,435, with \$18,857 being recognized immediately as the modification occurred after the vesting period. The remainder will be recognized over the remaining vesting period. The incremental fair value is the difference between the fair value of the modified share-based payment and that of the original share-based payment, both measured at the date of the modification.

During the year ended June 30, 2024, 29,133 stock options expired. The stock options had an exercise price of \$0.72.

During the year ended June 30, 2024, the Company granted 1,735,000 stock options to its directors, employees, and a consultant. The range of assumptions used in the stock option pricing model for the options granted during the year ended June 30, 2024 were as follows:

Risk-free rate:	3.14% – 3.97%
Share price:	\$0.28 – \$0.64
Expected life:	5.06 – 7.46 years
Expected volatility:	91.33% – 104.95%
Expected dividends:	Nil
Weighted average fair value per option:	\$0.30

During the year ended June 30, 2023

On February 2, 2023, 20,000 vested stock options were cancelled, and 100,000 unvested stock options were forfeited. The stock options had an exercise price of \$1.50.

(d) 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 until June 1, 2024. These options had fair values 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) risk free rate: 0.33%.

On June 1, 2024, all 2,500,000 compensation stock options expired.

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(e) Warrants

Continuity of the Company's warrants is as follows:

	Number of warrants	Weighted average exercise price
Outstanding, June 30, 2022 and June 30, 2023	2,200,000	\$ 1.50
Granted	1,159,200	0.87
Outstanding, June 30, 2024	3,359,200	\$ 1.28

As at June 30, 2024, the following warrants were outstanding:

Grant date	Warrants outstanding	Exercise price	Expiry date	Remaining contractual life (years)
March 17, 2021	2,000,000	\$1.50	July 17, 2024	0.05
April 12, 2022	200,000	\$1.50	April 12, 2025	0.78
May 21, 2024	1,035,000	\$0.90	May 21, 2027	2.89
May 21, 2024	124,200	\$0.60	May 21, 2027	2.89
	3,359,200	\$1.28		1.07

In connection with the LIFE Offering (Note 13(a)), the Company issued 124,200 warrants of the Company (the "Broker Warrants") to an agent, with a fair value of \$55,230. The Broker Warrants had a fair value of \$0.44 per Broker Warrant using the Black-Scholes option pricing model with the following inputs: i) exercise price: \$0.60; ii) share price: \$0.60; iii) term: 3.00 years; iv) volatility: 126.05%; v) risk free rate: 4.02%.

14. OPERATING EXPENSES**General and administrative**

The following is a breakdown of general and administrative expenses for the years ended June 30, 2024 and 2023:

	June 30, 2024	June 30, 2023
Bank charges	\$ 25,347	\$ 24,413
Insurance	103,847	102,299
Rent and rent related expenses	147,433	141,586
Travel, meals, and entertainment	50,603	94,237
Recruitment and sign on fees	95,036	83,515
Office	19,109	26,325
Telephone, IT, and web services	53,750	45,876
Dues and subscriptions	142,390	149,858
Total	\$ 637,515	\$ 668,109

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Professional fees

The following is a breakdown of professional fees for the years ended June 30, 2024 and 2023:

	June 30, 2024	June 30, 2023
Legal and corporate services	\$ 206,998	\$ 147,784
Accounting, audit, and related services	224,455	209,784
Transfer agent and filing fees	66,868	47,608
Advisory and consulting services ⁽¹⁾	1,252,336	644,850
Total	\$ 1,750,657	\$ 1,050,026

⁽¹⁾ The Company engages a number of individuals in a consulting capacity. Services provided by these consultants include, but are not limited to:

- Acting as the Company's President (Note 15);
- Driving revenue and development of product offerings;
- Develop and maintain customer relationships;
- Regulatory compliance and registration;
- Website and application maintenance, design and development.

15. RELATED PARTY TRANSACTIONS

Related parties and related party transactions impacting the consolidated financial statements not disclosed elsewhere in these 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.

Remuneration attributed to key management personnel are summarized as follows:

	June 30, 2024	June 30, 2023
Salaries and wages		
CEO	\$ 226,236	\$ 225,865
CFO	18,098	18,115
Share based payments		
Directors	41,240	34,830
CFO	31,804	98,850
President	249,335	346,835
Professional fees		
Company controlled by CFO	152,954	141,852
Company controlled by President	250,000	250,000
Share issuance cost		
Company controlled by CFO	8,752	-
Total	\$ 978,419	\$ 1,116,347

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Other related party transactions

During the year ended June 30, 2024, the Company earned capital markets revenue of \$87,213 (2023: \$273,600) from customer agency trades with Paradox Fund, which is managed by a company controlled by a director of the Company. Of these amounts \$1,671 (June 30, 2023: \$16,719) remained in trade and other receivables as of June 30, 2024. Refer to Note 7 for investment related balances, transactions and fair value gains associated with the Company's investment in the Paradox Fund.

As at June 30, 2024, \$14,453 (June 30, 2023: \$6,641) in accounts payable and accrued liabilities were owed to a Company controlled by the CFO of the Company.

As at June 30, 2024, \$964 (June 30, 2023: \$1,558) in accounts payable and accrued liabilities were owed to the CFO of the Company.

As at June 30, 2024, \$12,054 (June 30, 2023: \$20,769) in accounts payable and accrued liabilities were owed to the CEO of the Company.

As at June 30, 2024, \$23,542 (June 30, 2023: \$Nil) in accounts payable and accrued liabilities were owed to a Company controlled by the President of the Company.

16. 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, \$5,045,342 (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. 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 June 30, 2024 and June 30, 2023, FRNT Asset Management Inc. was in compliance with its regulatory capital requirements.

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17. 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. Investments are carried at fair value, while 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 2 or Level 3 within the fair value hierarchy using quoted market prices or quotes from administrators.

As at June 30, 2024 and June 30, 2023, the Company's investment in Paradox Fund and Paradox Fund – SPC was classified at Level 3 in the fair value hierarchy (Note 7), and the Company's long-term investment in the private company was classified at Level 2 in the fair value hierarchy (Note 7).

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 June 30, 2024, the Company is exposed to the following foreign exchange risk:

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		CAD Equivalent
<i>Denominated in USD</i>		
Cash	\$	812,771
Trade and other receivables		34,253
Investment in Paradox Fund		3,181,519
Investment in Paradox Fund – SPC		160,531
Accounts payable		(7,476)
		4,181,598
<i>Denominated in GBP</i>		
Long-term investment		102,975
Trade and other receivables		-
Accounts payable		(5,621)
		97,354
Net assets exposure	\$	4,278,952

The Company does not currently hedge its foreign exchange risk. Based on current exposures as at June 30, 2024 and assuming that all other variables remain constant, a 10% depreciation or appreciation of the United States dollar against the Canadian dollar would result in an increase or decrease of approximately \$418,000 (June 30, 2023: \$524,000) 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 (June 30, 2023: \$15,000) in the Company's profit or loss.

Interest Rate Risk

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

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign currency risk), whether caused by factors specific to the individual investment or its issuers or factors affecting all financial instruments traded in the market. A 10% increase (decrease) in the quotes obtained from third-party administrators on the investment would change net losses by approximately \$318,000 (June 30, 2023: \$439,000) on its regular investment, and \$16,000 (June 30, 2023: \$16,000) 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

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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.

During the year ended June 30, 2024, the Company performed an expected credit loss assessment on a \$399,600 balance owing from one customer that had been outstanding for over 90 days. As a result of the assessment, an allowance for expected credit losses of \$290,000 (2023: \$Nil) was recorded. All other customer balances in accounts receivable as at June 30, 2024 and 2023 were current and expected to be collected in full.

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 obligations 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 June 30, 2024 and June 30, 2023.

June 30, 2024	On demand	Less than 1 year	1-3 years	Total
Accounts payable and accrued liabilities	\$ 392,492	\$ -	\$ -	\$ 392,492
Lease liability	-	78,137	23,441	101,578
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

18. SEGMENTED INFORMATION

The Company operates in one operating segment focused around developing and offering its capital market trading platform to institutional investors.

All of the Company's non-current assets, excluding financial instruments and deferred tax assets, are located in Canada.

The Company generated 36% of total revenues with two customers in Canada and generated 64% of total revenues from six customers located in foreign countries, of which 6% was generated from one customer domiciled in the Cayman Islands, and 59% from five customers in the United States.

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During the year ended June 30, 2023, the Company generated 23% of total revenues with one customer in Canada and generated 77% of total revenues from three customers located in foreign countries, of which 62% was generated from one customer domiciled in the Cayman Islands, and 15% from two customers in the United Kingdom.

The Company generated 41%, 26%, and 10% (2023: 62%, 23%, and 13%), respectively, of its total revenues from its three major customers.

19. INCOME TAXES

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.50% (2023: 26.50%) to the effective tax rate is as follows:

	June 30, 2024	June 30, 2023
Net loss before taxes	\$ (2,017,904)	\$ (2,805,164)
Expected income tax (recovery) expense	(535,000)	(743,000)
Non-deductible expenses and other adjustments	10,000	65,000
Change in estimate	(13,000)	-
Share issuance costs	(83,000)	-
Effect of rate change	-	21,000
Effect of different jurisdiction rates	-	2,000
Change in tax benefits not recognized	621,000	655,000
Total income tax expense	\$ -	\$ -

Unrecognized deferred tax asset

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	June 30, 2024	June 30, 2023
	\$	\$
Investment	(155,000)	(79,000)
Equipment	9,000	6,000
Accounts receivable	77,000	-
Right-of-use asset	(18,000)	(39,000)
Lease liability	25,000	45,000
Promissory note payable and loans payable	-	(6,000)
Share issuance costs	194,000	197,000
Non-capital losses carried forward	2,279,000	1,667,000
	2,411,000	1,791,000
Less: unrecognized deferred tax assets	(2,411,000)	(1,791,000)
Total	-	-

The Company's Canadian non-capital income tax losses expiring in the years 2040 to 2043 are \$8,565,114. The Company's UK non-capital income tax losses are \$47,912.

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20. SUBSEQUENT EVENTS

On September 5, 2024, the Company granted 250,000 stock options with an exercise price of \$0.57 per option.

On September 5, 2024, the Company issued 22,450 common shares pursuant to the exercise of stock options with an exercise price of \$0.16 per option.