

**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 years ended June 30, 2025 and 2024 prepared in accordance with IFRS Accounting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”).

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

**Date**

This management’s discussion and analysis (“MD&A”) is dated October 27, 2025 and is in respect of the year ended June 30, 2025. The discussion in this MD&A focuses on this year. 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”. The Company’s shares are also listed on the OTCQB Market under the trading symbol “FRFLF”.

FRNT Financial refers to itself as a “Specialty Digital Asset Investment Bank” offering capital markets and advisory services to institutional investors participating in or entering the space. FRNT aims to bridge the worlds of traditional and web-based finances with a technology forward and compliant operation. Business lines include deliverable trading services, structured derivative products, merchant banking, advisory, consulting, lending origination and principal investments.

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; (iii) the company employs a suite of proprietary AI tools internally, and to provide value-add content to clients.

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.

On July 14, 2022, the Company incorporated a new, wholly owned subsidiary, FRNT Financial UK Limited (“FRNT UK”). On September 12, 2024, FRNT UK was granted authorization by the Financial Conduct Authority (“FCA”) to operate in the UK. This is a major development in the Company’s international expansion that broadens FRNT’s global regulatory footprint and allows the firm to continue to satisfy the growing needs of regulated institutional investors operating at the intersection of traditional regulated finance, digital assets and other innovative industries.

In August 2024, the Company incorporated a new, wholly owned subsidiary, FRNT Financial (Cayman) Limited (“FRNT Cayman”). FRNT Cayman provides services as a collateral agent on a crypto-backed loans.

### Listed Issuer Financing Exemption (“LIFE”) Offering

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

In connection with the 2024 LIFE Offering, the Company paid to an agent a cash commission of \$74,520 and issued 124,200 warrants of the Company (the “Broker Warrants”). Each Broker Warrant entitles the holder thereof to acquire one Unit at a price of \$0.60 at any time on or before May 21, 2027. An additional \$184,348 in share issuance costs were incurred in conjunction with the 2024 LIFE Offering.

On August 1, 2025, the Company issued 5,000,000 common shares at a price of \$0.40 per common share for aggregate gross proceeds of \$2,000,000 (the “2025 LIFE Offering”). In connection with the 2025 LIFE Offering, the Company paid cash finders fees of \$32,564 and issued 81,410 finder’s warrants with each finder’s warrant entitled to purchase one common share at a price of \$0.40 at any time on or before August 1, 2028. Directors and officers subscribed for an aggregate of 475,000 common shares which is subject to an original hold period of four months and one day.

### Consolidation

The Company’s 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	
			June 30, 2025	June 30, 2024
FRNT Asset Management Inc.	Financial technology services	Canada	100%	100%
FRNT Financial UK Limited	Financial technology services	United Kingdom	100%	100%
FRNT Financial (Cayman) Limited	Financial technology services	Cayman Islands	100%	-

## Summary of Quarterly Results

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

Three months ended								
	Jun 30, 2025	Mar 31, 2025	Dec 31, 2024	Sept 30, 2024	June 30, 2024	March 31, 2024	Dec 31, 2023	Sept 30, 2023
Revenue	271,081	238,138	33,559	208,476	683,576	38,096	648,274	190,027
Net loss for the period	(912,041)	(690,640)	(496,648)	(812,904)	(661,203)	(695,980)	(310,577)	(350,144)
Basic and diluted loss per share	(0.02)	(0.02)	(0.01)	(0.02)	(0.02)	(0.02)	(0.01)	(0.01)

The Company incurred a net loss of \$912,041 during the three months ended June 30, 2025 compared to a net loss of \$661,203 during the 2024 comparative period, an increase in net loss of \$250,838. A primary reason for the increase in net loss is a decrease of \$573,227 in capital markets revenue, along with a decrease of \$132,932 in the fair value gain on investments. During the three months ended June 30, 2025, the Company performed an expected credit loss assessment and recorded an allowance of \$109,600 on a balance owing from one customer. An allowance of \$290,000 was recorded during the three months ended June 30, 2024. This was offset by an increase in consulting and advisory revenue of \$160,732, a decrease in investor relations of \$79,500, and a decrease in share-based payments of \$74,463 during the three months ended June 30, 2025.

The Company incurred a net loss of \$690,640 during the three months ended March 31, 2025, compared to a net loss of \$695,980 during the 2024 comparative period, representing a decrease in net loss of \$5,340. During the period, revenues from capital markets and consulting and advisory increased by \$200,042. There was also a decrease in share-based compensation relating to the vesting of stock options of \$61,548, as well as a decrease in general and administrative expenses of \$17,047. These increases in revenues and decreases in expenses were offset by a decrease in realized and unrealized gains on investments of \$223,853, an increase in professional fees of \$37,561, and an increase in investor relations expenses of \$19,000.

The Company incurred a net loss of \$496,648 during the three months ended December 31, 2024, compared to a net loss of \$310,577 during the 2023 comparative period, an increase in net loss of \$186,071. A primary reason for the increase in net loss is a decrease of \$399,600 in consulting and advisory revenue, along with a decrease of \$215,115 in capital market revenue. This was partially offset by a \$298,736 increase in the fair value gain on investments and a \$24,261 increase in SR&ED tax credits. Additionally, there were decreases of \$35,960 in general and administrative expenses and \$49,596 in professional fees.

The Company incurred a net loss of \$812,904 during the three months ended September 30, 2024 compared to a net loss of \$350,144 during the 2023 comparative period, an increase in net loss of \$462,760. A primary reason for the increase in net loss is due to a decrease of \$219,619 in the fair value gain on investments. In addition, professional fees, specifically advisory and consulting services, increased by \$183,826. This was offset by decreases in salaries and wages and general and administrative costs.

## Selected Annual Financial Information

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

<b>Year ended June 30,</b>	<b>2025</b>	<b>2024</b>	<b>2023</b>
Total revenue	\$751,254	\$1,559,973	\$438,502
Total operating expenses	\$4,186,545	\$4,127,743	\$4,028,164
Net loss and comprehensive loss	\$(2,909,553)	\$(2,017,972)	\$(2,806,766)
Basic and diluted loss per share	\$(0.08)	\$(0.06)	\$(0.08)
Weighted average number of common shares outstanding	37,372,684	35,381,214	35,149,329

<b>As at</b>	<b>June 30, 2025</b>	<b>June 30, 2024</b>
Cash	\$399,519	\$1,552,482
Current assets	\$2,626,466	\$5,125,309
Total assets	\$2,899,974	\$5,532,996
Total liabilities	\$357,922	\$487,654
Shareholders' equity	\$2,542,052	\$5,045,342

### Results of Operations for the year ended June 30, 2025

For the year ended June 30, 2025, the Company incurred a net loss and comprehensive loss of \$2,909,553 compared to a net loss and comprehensive loss of \$2,017,972 for the year June 30, 2024, an increase of \$891,581.

The increase in net loss and comprehensive loss was primarily due to a decrease of \$808,719 in total revenue. This was driven by a \$493,460 decrease in capital markets revenue and a \$315,460 decrease in consulting and advisory revenue. Capital markets revenue decreased due to a decrease in FTX claim sale revenue from \$884,572 in 2024 to \$40,361 in 2025, a decrease of \$844,211, driven by the conclusion of the FTX bankruptcy proceedings. This decrease in capital markets revenue is offset by an increase in OTC transaction revenue which increased from \$87,213 in 2024 to \$410,095 in 2025, an increase of \$322,882, driven by a higher volume of transactions facilitated by the Company and total transaction value from trading activity. Capital markets revenue also includes income earned under a new agreement in which the Company served as a collateral agent on a crypto-backed loan. The consulting and advisory revenue was primarily generated from non-recurring contracts, and there were fewer such contracts in the current period.

The increase in net loss was also driven by a decrease in fair market gains on investments. The Company's unrealized and realized gains from its investments decreased by \$277,668. These gains are primarily from the Company's Paradox holdings.

During the year ended June 30, 2025, the Company performed an expected credit loss assessment and recorded an allowance of \$109,600 on a balance owing from one customer. In the comparative period, a \$290,000 allowance was recorded against the same receivable. The receivable is now fully allowed for.

Total operating expenses increased to \$4,186,545 from \$4,127,743. The increase in operating expenses was primarily due to \$170,257 in referral fees in the current year. This was partly offset by decreases in general and administrative costs of \$69,807 and share-based payments of \$56,611.

## **Results of Operations for the three months ended June 30, 2025**

For the three months ended June 30, 2025, the Company incurred a net loss and comprehensive loss of \$912,019 compared to a net loss and comprehensive loss of \$661,170 for the three months ended June 30, 2024, an increase of \$250,849.

The increase in net loss and comprehensive loss was primarily due to a decrease in revenues, which decreased by \$412,495 from the comparative period. Capital markets revenue decreased by \$573,227 due to no FTX claim sale revenue during the three months ended June 30, 2025, compared to \$644,983 in the comparative period. This decrease in capital markets revenue was offset by an increase in OTC transaction revenue in 2025 compared to 2024. In addition, consulting and advisory revenue during the three months ended June 30, 2025 increased by \$160,732 from the comparative period due to an increase in advisory service agreements.

The increase in net loss and comprehensive loss was offset by a decrease of \$119,069 in total operating expenses. The decrease in operating expenses was primarily due to a decrease in investor relations expenses of \$79,500 due to a decrease in public relations services and a decrease in share-based payments of \$74,463. The decrease in operating expenses was offset by an increase in salaries and wages of \$51,487 from changes in employee composition.

During the three months ended June 30, 2025, the Company performed an expected credit loss assessment and recorded an allowance of \$109,600 on a balance owing from one customer. A \$290,000 allowance was recorded during the three months ended June 30, 2024.

The Company recognized a loss on the change in fair value of its investments of \$14,282 during the three months ended June 30, 2025 compared to a gain of \$118,650 during the three months ended June 30, 2024, a decrease of \$132,932. The fair value loss during the three months ended June 30, 2025 was primarily due to unfavorable CAD:USD foreign currency fluctuations during the last three months of the fiscal year which offset the fair value increase in the Company's investment measured in USD.

## **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 the date of this MD&A, the Company had 42,545,904 common shares issued and outstanding. In addition, there are 1,240,610 warrants, and 4,786,251 stock 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 June 30, 2025, the Company had working capital of \$2,268,544 (June 30, 2024: \$4,660,751), a decrease of \$2,392,207. The decrease in working capital is primarily attributable to a reduction in cash of \$1,152,963, mainly due to operating expenses paid, and a \$1,202,082 decrease in investments following the sale of some holdings in the Paradox Fund to fund operating activities.

Working capital without the Company's investment in the Paradox Fund as at June 30, 2025 would be \$289,107 (June 30, 2024: \$1,479,232). As at June 30, 2025, the Company had cash on hand of \$399,519 (June 30, 2024: \$1,552,482) to meet accounts payable and accrued liabilities of \$334,826 (June 30, 2024: \$392,492). In the event the Company has insufficient cash to meet its accounts payable and accrued liabilities, it intends to redeem its investment in the Paradox Fund as needed to fund business operations and investment.

Net cash used in operating activities for the year ended June 30, 2025 was \$2,891,260 compared to net cash used of \$2,419,658 in the comparative year, an increase of \$471,602. The Company continues to generate net losses and negative cash flows from operating activities due to the revenues 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 year ended June 30, 2025 was \$1,807,862, compared to net cash provided of \$2,720,398 in the comparative year. During the year ended June 30, 2025, the Company received \$1,809,997 in funds from its partial redemption in the Paradox Fund. In the comparative year, the Company received \$2,720,398 in funds from its partial redemption in the Paradox Fund.

Net cash used in financing activities for the year ended June 30, 2025 was \$72,066, compared net cash provided of \$804,428 in the comparative year. During the year ended June 30, 2025, cash used solely related to lease liability payments. In the comparative year, the Company received \$1,242,000 in proceeds and incurred \$258,868 in share issuance costs in connection with the 2024 LIFE Offering. The Company also made lease liability payments of \$73,071, settled \$65,633 in principal and interest on its promissory note, and repaid \$40,000 on its loans payable.

On August 1, 2025, the Company closed the 2025 LIFE Offering for gross proceeds of \$2,000,000.

### **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 research and development projects, to meet obligations or for the general corporate purposes of the Company. Such arrangements may take the form of loans, strategic agreements, or other agreements. The sale of additional equity could result in additional dilution to the Company's existing shareholders, and financing arrangements may not be available to us, or may not be available in sufficient amounts or on acceptable terms.

### **Off Balance Sheet Arrangements**

The Company has no off balance sheet arrangements.

### **Proposed Transactions**

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

## Reconciliation of Use of Proceeds from Financing Activities

The following table sets out a comparison of how the Company intends to use the net proceeds from its 2024 LIFE Offering that closed in May 2024 (as described in the Offering Document) and its actual use of the proceeds from the closing of the 2024 LIFE Offering to date. The Company has not experienced any significant variances compared to its intended use to date.

<b>Objective</b>	<b>Intended use of net proceeds<sup>(1)</sup></b>	<b>Actual spend to date</b>	<b>Remaining</b>
Sales capacity growth	\$ 363,836	\$ 317,972	\$ 45,864
Regulatory discovery with respect to new business lines	65,782	57,489	8,293
Geographical expansion	161,543	141,179	20,364
Expansion of advisory practice	145,535	127,189	18,346
Technology staff growth	122,249	106,838	15,411
General marketing / awareness initiatives	58,214	50,876	7,338
<b>Total</b>	<b>\$ 917,159</b>	<b>\$ 801,543</b>	<b>\$ 115,616</b>

- (1) Net cash proceeds from the 2024 LIFE Offering amounted to \$983,132 compared to an estimated maximum of \$2,596,600 as disclosed in the Offering Document. The intended use of funds have been prorated to take into account the reduction in the actual net cash raised and excludes an adjusted amount of \$65,973 allocated to working capital and general corporate purposes.

## Investment in Paradox Fund and Long-term Investment

The Company holds a total investment of 1.49% (being \$1,449,925 USD of total assets under management) (June 30, 2024: 5.94%) in the Paradox Fund, a fund registered in the Cayman Islands. As at June 30, 2025, the investment in the Paradox Fund represents approximately 72% 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 and will be classified as a long-term investment until the directors determine that the realized value of the claim sale is free and clear of claw back risk.

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:

	<b>Paradox Fund</b>	<b>Paradox Fund – SPC</b>	<b>Private Company</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance, June 30, 2023</b>	<b>4,392,769</b>	<b>158,634</b>	<b>99,877</b>	<b>4,651,280</b>
Proceeds on redemption of shares	(2,058,008)	-	-	(2,058,008)
Fair value gain on investments	846,758	1,897	3,098	851,753
<b>Balance, June 30, 2024</b>	<b>3,181,519</b>	<b>160,531</b>	<b>102,975</b>	<b>3,445,025</b>
Proceeds on redemption of shares	(1,809,997)	-	-	(1,809,997)
Fair value gain (loss) on investments	607,915	(42,326)	8,496	574,085
<b>Balance, June 30, 2025</b>	<b>1,979,437</b>	<b>118,205</b>	<b>111,471</b>	<b>2,209,113</b>

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. All subscriptions have passed the twelve (12) month window and are redeemable without penalties.

### 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:

	<b>Year ended June 30,</b>	
	<b>2025</b>	<b>2024</b>
	\$	\$
<b>Salaries and wages</b>		
Stéphane Ouellette	225,619	226,236
Alex McAulay	18,050	18,098
<b>Share based payments</b>		
Eric Richmond	12,100	13,838
Dan Cristall	12,100	13,701
Geoff Browne	12,100	13,701
Alex McAulay	21,994	31,804
David Washburn	93,131	249,335
<b>Professional fees</b>		
Companies controlled by Alex McAulay	139,980	152,954
Company controlled by David Washburn	290,000	250,000
<b>Share issuance costs</b>		
Company controlled by Alex McAulay	-	8,752
<b>Total</b>	<b>825,074</b>	<b>978,419</b>

#### *Other related party transactions:*

During the year ended June 30, 2025, the Company earned capital markets revenue of \$410,095 (2024: \$87,213) from customer agency trades with Paradox Fund, which is managed by a company controlled by Adam Rabie. Of these amounts \$952 (June 30, 2024: \$1,671) remained in trade and other receivables as of June 30, 2025. Refer to information under “Investment in Paradox Fund and Long-term Investment” for investment related balances, transactions and fair value gains associated with the Company’s investment in the Paradox Fund.

As at June 30, 2025, \$32,110 (June 30, 2024: \$14,453) in accounts payable and accrued liabilities were owed to Treewalk (formerly ACM Management Inc.) and End in Mind Capital Inc., companies controlled by Alex McAulay.

As at June 30, 2025, \$1,014 (June 30, 2024: \$964) in accounts payable and accrued liabilities were owed to Alex McAulay.

As at June 30, 2025, \$16,999 (June 30, 2024: \$12,054) in accounts payable and accrued liabilities were owed to Stéphane Ouellette.

As at June 30, 2025, \$23,542 (June 30, 2024: \$23,542) 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, and accounts payable and accrued liabilities, loans payable, and promissory note payable. Investments are carried at fair value, while cash, trade and other receivables, and accounts payable and accrued liabilities, loans payable, and promissory note payable approximate their carrying value due to their current nature.

Fair value measurements for financial assets classified at FVTPL are included in 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, 2025 and June 30, 2024, 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 investment in the private company was classified at Level 2 in the fair value hierarchy.

The Company's exposure to financial instrument related risks and the methods used to manage those risks have not changed significantly over the last year. 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, 2025, the Company is exposed to the following foreign exchange risk:

		<b>CAD Equivalent</b>
<i>Denominated in USD</i>		
Cash	\$	267,348
Trade and other receivables		9,042
Investment in Paradox Fund		1,979,438
Investment in Paradox Fund – SPC		118,205
Accounts payable		(86,824)
		<hr/> 2,287,209
<i>Denominated in GBP</i>		
Cash		39,126
Investment in private company		111,471
Accounts payable and accrued liabilities		(25,832)
		<hr/> 124,765
<b>Net assets exposure</b>	<b>\$</b>	<b>2,411,974</b>

The Company does not currently hedge its foreign exchange risk. Based on current exposures as at June 30, 2025 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 \$229,000 (June 30, 2024: \$418,000) 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 \$12,000 (June 30, 2024: \$10,000) 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 \$198,000 (June 30, 2024: \$318,000) on its regular investment, and \$12,000 (June 30, 2024: \$16,000) on the SPC. Similarly, a 10% change in the estimated fair value of the Company's investment in the private company would change net losses by approximately \$11,150 (June 30:2024 \$10,300).

### *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.

During the year ended June 30, 2025, 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 \$109,600 (2024: \$290,000) was recorded. All other customer balances in accounts receivable as at June 30, 2025 and 2024 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, or through the partial redemption of its investment in the Paradox Fund. 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, 2025 and June 30, 2024.

<b>June 30, 2025</b>	On demand	Less than 1 year	1-3 years	Total
Accounts payable and accrued liabilities	\$ 334,826	\$ -	\$ -	\$ 334,826
Lease liability	-	23,441	-	23,441
<b>June 30, 2024</b>	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

#### **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, \$2,542,052 (2024: \$5,045,342).

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

The Company believes it will be able to raise capital as required but recognizes there will be risks involved that may be beyond its control. 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, 2025 and June 30, 2024, FRNT Asset Management Inc. was in compliance with its regulatory capital requirements.

### **Critical Accounting Estimates and Judgments**

The preparation of the 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, 2025 and 2024.

### **Material 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, 2025 and 2024.

### **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. As disclosed in Note 4 of the audited consolidated financial statements for the years ended June 30, 2025 and 2024, the Company is currently assessing the impact of new and amended IFRSs on its consolidated financial statements.

### **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, 2025, 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.