

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 unaudited condensed interim consolidated financial statements for the three and six months ended December 31, 2025 and 2024 prepared in accordance with International Financial Reporting Standards (“IFRS”), including International Accounting Standards (“IAS”) 34 - Interim Financial Reporting, as issued by the International Accounting Standards Board (“IASB”) and interpretations of the IFRS Interpretations Committee (“IFRIC”).

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

Date

This management’s discussion and analysis (“MD&A”) is dated February 26, 2026 and is in respect of the three and six months ended December 31, 2025. The discussion in this MD&A focuses on this period. Estimates and forward-looking information are based on assumptions of future events and actual results may vary from these estimates. This MD&A is prepared in conformity with National Instrument 51- 102F1 and has been approved by the Board of Directors.

Disclaimer for Forward-Looking Statements

This MD&A contains forward-looking statements relating to future events. In some cases, forward-looking statements can be identified by such words as “anticipate”, “continue”, “estimate”, “expect”, “may”, “will”, “project”, “should”, “believe” or similar expressions. These statements represent management’s best projections, but undue reliance should not be placed upon them as they are derived from numerous assumptions. These assumptions are subject to known and unknown risks and uncertainties, including the business risks discussed in the MD&A which may cause actual performance and financial results to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements. Accordingly, readers are cautioned that events or circumstances could cause results to differ materially from those predicted.

Description of the Business

FRNT Financial Inc. was incorporated under the Canada Business Corporations Act on April 24, 2018. The Company’s head office and registered records office is located at 49 Wellington Street East, Unit 200, Toronto, Ontario, M5E 1C9. The Company is a financial technology company that provides a capital markets trading platform for institutional investors to access alternative trade opportunities.

The Company completed its Initial Public Offering (“IPO”) on April 12, 2022 and its common shares were listed on the TSX Venture Exchange on April 19, 2022, under the trading symbol “FRNT”. 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 and holds the Company’s digital asset investments.

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	
			December 31, 2025	June 30, 2025
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%	100%

Summary of Quarterly Results

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

	Three months ended							
	Dec 31, 2025	Sept 30, 2025	Jun 30, 2025	Mar 31, 2025	Dec 31, 2024	Sept 30, 2024	June 30, 2024	March 31, 2024
Revenue	262,170	222,341	271,081	238,138	33,559	208,476	683,576	38,096
Net loss for the period	(853,412)	(634,906)	(912,041)	(690,640)	(496,648)	(812,904)	(661,203)	(695,980)
Basic and diluted loss per share	(0.02)	(0.02)	(0.02)	(0.02)	(0.01)	(0.02)	(0.02)	(0.02)

The Company incurred a net loss of \$853,412 during the three months ended December 31, 2025, compared to a net loss of \$496,648 during the 2024 comparative period, an increase in net loss of \$356,764. The primary drivers of the increase in net loss were a decrease in fair value gain on investments of \$465,222 and a loss on revaluation of digital assets of \$163,019. These losses were partially offset by increases in capital markets revenue of \$68,213 and consulting and advisory revenue of \$160,398 during the three months ended December 31, 2025.

The Company incurred a net loss of \$634,906 during the three months ended September 30, 2025, compared to a net loss of \$812,904 during the 2024 comparative period, a decrease in net loss of \$177,998. Primary reasons for the decrease in net loss are increases in consulting and advisory revenue of \$144,499 and in fair value gain on investments of \$103,273. Additionally, there were decreases in share-based payments relating to the vesting of stock options. These were partially offset by a decrease in capital markets revenue of \$130,634 and an increase in investor relations expenses of \$71,560 during the three months ended September 30, 2025.

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.

Selected Quarterly Financial Information

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

	3 months ended December 31,		6 months ended December 31,	
	2025	2024	2025	2024
Total revenue	\$262,170	\$33,559	\$484,511	\$242,035
Fair value gain on investments	\$12,011	\$477,233	\$174,023	\$535,972
Total operating expenses	\$1,012,985	\$1,087,061	\$2,026,315	\$2,157,932
Net loss and comprehensive loss	\$(862,413)	\$(497,729)	\$(1,488,955)	\$(1,308,323)
Basic and diluted loss per share	\$(0.020)	\$(0.013)	\$(0.036)	\$(0.035)
Weighted average number outstanding	42,545,904	37,243,585	41,703,513	37,234,629

As at	December 31, 2025	June 30, 2025
Cash	\$202,773	\$399,519
Current assets	\$3,107,192	\$2,626,466
Total assets	\$3,571,446	\$2,899,974
Total liabilities	\$546,425	\$357,922
Shareholders' equity	\$3,025,021	\$2,542,052

Results of Operations for the Three Months ended December 31, 2025

For the three months ended December 31, 2025, the Company incurred a net loss and comprehensive loss of \$862,413 compared to a net loss and comprehensive loss of \$497,729 for the three months ended December 31, 2024, an increase of \$ \$364,684.

The increase in net loss and comprehensive loss was primarily driven by fair market changes on investments. The company's fair value gain on investments decreased to \$12,011 from \$477,233 for a total decrease of \$465,222. This change was driven by market fluctuations in the Company's Paradox holdings.

The Company incurred a loss on revaluation of digital assets relating to its Bitcoin holdings of \$163,019, whereas in the comparative period the Company did not hold any Bitcoin and therefore did not incur any gain or loss.

The increase in net loss and comprehensive loss was partially offset by increases in capital markets revenue of \$68,213 and consulting and advisory revenue of \$160,398. This increase in capital markets is driven by increases in transaction volume facilitated by the Company and higher total transaction values from trading activity. The increase in consulting and advisory revenue is driven by the Company engaging in additional

consulting contracts with new clients that were not present in the comparative period.

Total operating expenses decreased from \$1,087,061 to \$1,012,985. Salaries and wages decreased by \$124,498, driven by a reduction in staff. Share-based payments decreased by \$79,413, relating to the vesting of stock options in the current period. There were no new stock options issued in the current period. Additionally, general and administrative expenses decreased by \$45,755, driven by reductions in rent, travel insurance and office expenses.

Results of Operations for the Six Months ended December 31, 2025

For the six months ended December 31, 2025, the Company incurred a net loss and comprehensive loss of \$1,488,955 compared to a net loss and comprehensive loss of \$1,308,323 for the six months ended December 31, 2024, an increase of \$180,632.

The increase in net loss and comprehensive loss was primarily driven by fair market changes on investments. The company's fair value gain on investments decreased to \$174,023 from \$535,972 for a total decrease of \$361,949. This change was driven by market fluctuations in the Company's Paradox holdings.

The Company incurred a loss on revaluation of digital assets relating to its Bitcoin holdings of \$167,231, whereas in the comparative period the Company did not hold any Bitcoin and therefore did not incur any gain or loss.

The increase in net loss and comprehensive loss was partially offset by an increase in consulting and advisory revenue of \$304,897, offset by a decrease in capital markets revenue of \$62,421, for a net increase in revenue of \$242,476. The increase in consulting and advisory revenue is driven by the Company engaging in additional consulting contracts with new clients that were not present in the comparative period.

Total operating expenses decreased to \$2,026,315 from \$2,157,932. Salaries and wages decreased by \$107,637, driven by a reduction in staff. Share-based payments decreased by \$157,785, relating to the vesting of stock options in the current period. There were no new stock options issued in the current period. Additionally, general and administrative expenses decreased by \$45,220, driven by reductions in insurance, rent, recruitment, travel, and office expenses.

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 4,771,685 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 December 31, 2025, the Company had working capital of \$2,804,715 (June 30, 2025 – \$2,268,544), an increase of \$536,171. The increase in working capital was primarily attributable to additional capital raised through the Company’s 2025 LIFE Offering, which closed on August 1, 2025, for gross proceeds of \$2,000,000, partially offset by the renegotiation of the Company’s office lease agreement, which increased the current portion of the lease liability.

Working capital without the Company’s investment in the Paradox Fund and Bitcoin as at December 31, 2025 would be \$181,380 (June 30, 2025: \$289,107). As at December 31, 2025, the Company had cash on hand of \$202,773 (June 30, 2025: \$399,519) to meet accounts payable and accrued liabilities of \$240,911 (June 30, 2025: \$334,826). 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 and or Bitcoin as needed to fund business operations and investment.

Net cash used in operating activities for the six months ended December 31, 2025 was \$1,514,250 compared to net cash used of \$1,602,598 in the comparative year, an improvement of \$88,348. 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 and or Bitcoin as and if necessary (See “Investment in Paradox Fund”).

Net cash used in investing activities for the six months ended December 31, 2025, was \$546,220, compared to \$Nil in the comparative period. During the six months ended December 31, 2025, the Company used \$700,000 (508,425 USD) to purchase digital assets (Bitcoin) and \$27,976 (15,000 GBP) to invest in an early-stage crypto technology company. Additionally, the company sold its Paradox SPC holdings for 182,452 (130,000 USD).

Net cash provided by financing activities for the six months ended December 31, 2025, was \$1,863,110, compared to net cash used of \$27,389 in the comparative period. During the six months ended December 31, 2025, the Company received gross proceeds of \$2,000,000 from its 2025 LIFE Offering, partially offset by \$107,817 in share issuance costs and \$29,073 in lease liability payments. In the comparative period, the Company used funds solely for lease liability payments.

Other Factors Affecting Liquidity

The Company may raise additional equity or debt capital or enter into arrangements to secure necessary financing to fund the completion of 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 intended 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. The Company did not experience any significant variances compared to its intended use.

Objective	Intended use of net proceeds⁽¹⁾	Actual spend	Remaining
Sales capacity growth	\$ 363,836	\$ 363,836	\$ -
Regulatory discovery with respect to new business lines	65,782	65,782	-
Geographical expansion	161,543	161,543	-
Expansion of advisory practice	145,535	145,535	-
Technology staff growth	122,249	122,249	-
General marketing / awareness initiatives	58,214	58,214	-
Total	\$ 917,159	\$ 917,159	\$ -

- (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.

The following table sets out a comparison of how the Company intends to use the net proceeds from its 2025 LIFE Offering that closed in August 2025 (as described in the Offering Document) and its actual use of the proceeds from the closing of the 2025 LIFE Offering to date. The Company did not experience any significant variances compared to its intended use to date.

Objective	Intended use of net proceeds⁽²⁾	Actual spend to date	Remaining
Investment in Bitcoin	\$ 1,250,000	\$ 700,000	\$ 550,000
General marketing, awareness initiatives	325,000	139,473	185,527
Total	\$ 1,575,000	\$ 839,473	\$ 735,527

- (2) Net cash proceeds from the 2025 LIFE Offering amounted to \$1,892,183 compared to an estimated \$1,710,000 as disclosed in the Offering Document. The difference has been allocated to working capital and general corporate purposes.

Investment in Paradox Fund and Long-term Investment

The Company holds a total investment of 1.09% (Being \$1,526,115 USD of total assets under management) (June 30, 2025: 1.49%) in the Paradox Fund, a fund registered in the Cayman Islands. As at December 31, 2025, the investment in the Paradox Fund represents approximately 59% 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 was non-redeemable and classified as a long-term investment until the directors determined that the realized value of the claim sale is free and clear of claw back risk. On December 1, 2025, the Company redeemed its investment in the Paradox Fund SPC and received \$182,452 (\$130,000 USD) which was collected in full during the period ended December 31, 2025. The Company realized a cumulative gain of \$182,452 on this redemption.

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 and August 13, 2025, the Company made an additional investment of \$11,585 (7,065 GBP) and \$27,976 (15,000 GBP).

The reconciliations of investments are presented as follows:

	Paradox Fund (i)	Paradox Fund – SPC (i)	Private Company (ii)	Total
	\$	\$	\$	\$
Balance, June 30, 2024	3,181,519	160,531	102,975	3,445,025
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
Balance, June 30, 2025	1,979,437	118,205	111,471	2,209,113
Additions	695	-	27,977	28,672
Proceeds on redemption of shares	-	(182,452)	-	(182,452)
Fair value gain (loss) on investments	111,744	64,247	(1,968)	174,023
Balance, December 31, 2025	2,091,876	-	137,480	2,229,356

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, Vice Chairman

Effective December 31, 2025, David Washburn transitioned from President to Non-Executive Vice Chairman and continues to be a related party.

Remuneration attributed to key management personnel are summarized as follows:

	Three months ended		Six months ended	
	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Salaries and wages				
Stéphane Ouellette	\$ 55,459	\$ 58,723	\$ 110,473	\$ 113,737
Alex McAulay	4,401	4,698	8,802	9,099
Share based payments				
Eric Richmond	1,415	3,356	3,111	7,013
Dan Cristall	1,415	3,356	3,111	7,013
Geoff Browne	1,415	3,356	3,111	7,013
Alex McAulay	-	6,413	163	16,666
David Washburn	-	27,438	2,182	66,668
Referral fees				
Company controlled by Adam Rabie	-	-	10,945	-
Professional Fees				
Companies controlled by Alex McAulay	53,619	28,306	114,832	73,199
Company controlled by David Washburn	97,500	82,500	232,670	145,000
Total	\$ 215,224	\$ 218,146	\$ 489,400	\$ 445,408

Other related party transactions:

During the three and six months ended December 31, 2025, the Company earned capital markets revenue of \$101,771 and \$153,386 (2024: \$33,559 and \$175,446) from customer agency trades with Paradox Fund, which is managed by a company controlled by Adam Rabie. Of these amounts \$18,643 (June 30, 2025: \$9,043) remained in trade and other receivables as of December 31, 2025. Refer to information under “Investments 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.

During the three and six months ended December 31, 2025, the Company earned consulting revenue of \$55,630 and \$122,700 (2024: \$Nil) from contractor services with OSF Management Corp. which is managed by a company controlled by a director of the Company. Of these amounts \$55,630 (June 30, 2025: \$Nil) remained in trade and other receivables as of December 31, 2025.

As at December 31, 2025, \$9,558 (June 30, 2025: \$32,110) 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 December 31, 2025, \$1,335 (June 30, 2025: \$1,014) in accounts payable and accrued liabilities was owed to Alex McAulay.

As at December 31, 2025, \$29,055 (June 30, 2025: \$16,999) in accounts payable and accrued liabilities was owed to Stéphane Ouellette for salaries and wages, and reimbursable expenses.

As at December 31, 2025, \$Nil (June 30, 2025: \$23,542) in accounts payable and accrued liabilities was 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. Investments are carried at fair value, while cash, trade and other receivables, and accounts payable and accrued liabilities 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 December 31, 2025 and June 30, 2025, 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. Additionally, as at December 31, 2025, the Company's Bitcoin holdings were classified within Level 2 of 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 December 31, 2025, the Company is exposed to the following foreign exchange risk:

		CAD Equivalent
<i>Denominated in USD</i>		
Cash	\$	97,005
Trade and other receivables		18,619
Investment in Paradox Fund		2,091,876
Accounts payable		(28,086)
		2,179,414
<i>Denominated in GBP</i>		
Cash		847
Investment in private company		137,480
Accounts receivable		3,229
Accounts payable and accrued liabilities		(45,016)
		96,540
Net assets exposure	\$	2,275,954

The Company does not currently hedge its foreign exchange risk. Based on current exposures as at December 31, 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 \$218,000 (June 30, 2025: \$229,000) 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, 2025: \$12,000) 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 \$209,200 (June 30, 2025: \$198,000) on its regular investment, and \$Nil (June 30, 2025: \$12,000) on the SPC.

A 10% increase (decrease) in the estimated fair value of the Company's investment in the private company would result in a change in net loss of approximately \$13,748 (June 30, 2025: \$11,150).

A 10% increase (decrease) in the fair value of the Company's Bitcoin holdings would result in a change in net loss of approximately \$53,000 (June 30, 2025: \$Nil).

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 six months ended December 30, 2025, the Company recorded no additional expected credit losses. 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 more than 90 days. As a result of this assessment, an allowance for expected credit losses of \$399,000 was recognized. This allowance remains outstanding as at December 31, 2025. All other customer balances in accounts receivable as at December 31, 2025 were current and considered fully collectible.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk by maintaining sufficient cash balances to enable settlement of 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 summarizes the maturity profile of the Company's financial liabilities based on the remaining period to the contractual maturity date as at December 31, 2025 and June 30, 2025.

December 31, 2025	On demand	Less than 1 year	1-3 years	4-5 years	Total
	\$	\$	\$	\$	\$
Accounts payable and accrued liabilities	240,911	-	-	-	240,911
Lease liability	-	87,904	279,694	-	367,598
June 30, 2025	On demand	Less than 1 year	1-3 years	4-5 years	Total
	\$	\$	\$	\$	\$
Accounts payable and accrued liabilities	334,826	-	-	-	334,826
Lease liability	-	23,441	-	-	23,441

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, \$3,025,021 (June 30, 2025: \$2,542,052).

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 December 31, 2025 and June 30, 2025, FRNT Asset Management Inc. was in compliance with its regulatory capital requirements.

Critical Accounting Estimates and Judgments

The preparation of the condensed interim consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The significant accounting estimates and judgments are set out in Note 4 to the audited consolidated financial statements for the year ended June 30, 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. In addition, the Company's accounting policy to account for digital assets is included in Note 3 of the condensed interim consolidated financial statements for the three and six months ended December 31, 2025.

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 three and six months ended December 31, 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.