FRNT Financial Inc.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended March 31, 2023 and 2022

(Expressed in Canadian dollars)

(Unaudited)

Notice to Reader

Under National Instrument 51-102 Continuous Disclosure Obligations, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements have been prepared by management and were not reviewed by FRNT Financial Inc.'s independent auditor.

FRNT Financial Inc.
Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian dollars)
(Unaudited)

As at	**Notes**		**March 31, 2023**		**June 30, 2022**
ASSETS					
Current assets					
Cash		$	1,303,483	$	3,403,771
Trade and other receivables	4		37,456		3,005,527
Prepaid expenses and deposits	5		188,740		194,691
Investment	6		5,078,741		1,705,704
			6,608,420		8,309,693
Equipment	7		28,386		29,281
Deposits	5		18,459		24,612
Long-term investment	6		137,310		-
Right-of-use asset	8		215,212		275,741
Total assets		**$**	**7,007,787**	**$**	**8,639,327**
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Accounts payable and accrued liabilities		$	323,352	$	263,521
Promissory note payable	10		237,357		227,915
Loans payable	9		37,229		-
Lease liability	11		63,649		66,844
			661,587		558,280
Loans payable	9		-		34,658
Lease liability	11		123,803		176,047
Total liabilities			**785,390**		**768,985**
SHAREHOLDERS' EQUITY					
Share capital	12		10,678,834		10,678,834
Stock option reserve	12		2,976,864		2,508,285
Warrant reserve	12		188,228		188,228
Accumulated deficit			(7,621,529)		(5,505,005)
Total shareholders' equity			**6,222,397**		**7,870,342**
Total liabilities and shareholders' equity		**$**	**7,007,787**	**$**	**8,639,327**
Nature of operations	1				

APPROVED BY THE BOARD OF DIRECTORS:

Stéphane Ouellette Director *Adam Rabie* Director

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

FRNT Financial Inc.
Condensed Interim Consolidated Statements of Net Loss and Comprehensive Loss
(Expressed in Canadian dollars)
(Unaudited)

	Notes		Three months ended March 31, 2023		2022		Nine months ended March 31, 2023		2022
Income									
Advisory and management fees		$	104,377	$	3,545	$	258,164	$	39,802
Consulting			5,006		130,006		105,006		180,006
			109,383		133,551		363,170		219,808
Operating expenses									
Advertising and promotion			1,576		-		86,359		74,530
Depreciation	7, 8		23,417		21,773		70,120		30,708
General and administrative	13		139,357		139,564		486,676		319,874
Investor relations			51,415		-		214,266		-
Professional fees	13		250,901		113,770		656,120		327,457
Salaries and wages			348,721		235,223		1,034,098		712,478
Share-based payments			71,559		142,541		468,579		442,717
			886,946		652,871		3,016,218		1,907,764
Loss before the undernoted			(777,563)		(519,320)		(2,653,048)		(1,687,956)
Interest expense	9,10,11		(9,316)		(8,814)		(26,913)		(16,412)
Realized gain on investment	6		-		1,007,271		-		1,007,271
Change in unrealized gain (loss) on investments	6		390,230		(991,704)		553,771		(355,371)
Government assistance			-		3,306		-		3,306
Foreign exchange			882		-		9,666		-
			381,796		10,059		536,524		638,794
Net loss and comprehensive loss for the period		$	(395,767)	$	(509,261)	$	(2,116,524)	$	(1,049,162)
Loss per share – Basic and diluted		$	(0.01)	$	(0.02)	$	(0.06)	$	(0.03)
Weighted average shares outstanding – Basic and diluted			35,149,329		31,149,329		35,149,329		31,149,329

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

FRNT Financial Inc.
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
For the nine months ended March 31, 2023 and 2022
(Expressed in Canadian dollars)
(Unaudited)

	Number of Class A common shares	Number of common shares		Share capital		Stock option reserve		Warrant reserve		Accumulated deficit		Total shareholders' equity
Balance, June 30, 2021	**10,808,120**	**20,341,209**	**$**	**5,766,716**	**$**	**1,873,680**	**$**	**-**	**$**	**(2,714,366)**	**$**	**4,926,030**
Conversion of Class A common shares	(10,808,120)	10,808,120										
Share-based payments	-	-		-		442,717		-		-		442,717
Dividends paid	-	-		-		-		-		(63,750)		(63,750)
Net loss and comprehensive loss	-	-		-		-		-		(1,049,162)		(1,049,162)
Balance, March 31, 2022	**-**	**31,149,329**	**$**	**5,766,716**	**$**	**2,316,397**	**$**	**-**	**$**	**(3,827,278)**	**$**	**4,255,835**
Balance, June 30, 2022	**-**	**35,149,329**	**$**	**10,678,834**	**$**	**2,508,285**	**$**	**188,228**	**$**	**(5,505,005)**	**$**	**7,870,342**
Share-based payments	-	-		-		468,579		-		-		468,579
Net loss and comprehensive loss	-	-		-		-		-		(2,116,524)		(2,116,524)
Balance, March 31, 2023	**-**	**35,149,329**	**$**	**10,678,834**	**$**	**2,976,864**	**$**	**188,228**	**$**	**(7,621,529)**	**$**	**6,222,397**

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

FRNT Financial Inc.
Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)
(Unaudited)

		Nine months ended March 31, 2023		2022
Cash flows from operating activities				
Net loss for the period	$	(2,116,524)	$	(1,049,162)
Adjustments for non-cash items:				
Change in unrealized gain on investments		(553,771)		355,371
Realized gain on investments		-		(1,007,271)
Share-based payments		468,579		442,717
Interest expense		26,897		16,412
Depreciation		70,120		30,708
Government assistance		-		(3,306)
Changes in non-cash working capital items:				
Trade and other receivables		131,994		(22,182)
Prepaid expenses and deposits		13,105		(755,055)
Accounts payable and accrued liabilities		58,830		327,868
Net cash used in operating activities		**(1,900,770)**		**(1,663,900)**
Cash flows from investing activities				
Proceeds on redemption of investment		2,836,077		1,908,018
Purchase of investments		(2,956,576)		-
Purchase of equipment		(8,696)		(20,096)
Net cash (used in) provided by investing activities		**(129,195)**		**1,887,922**
Cash flows from financing activities				
Dividends paid		-		(63,750)
Lease liability payments		(70,323)		(23,441)
Net cash used in financing activities		**(70,323)**		**(87,191)**
Net change in cash		(2,100,288)		136,831
Cash, beginning		3,403,771		1,497,895
Cash, ending	**$**	**1,303,483**	**$**	**1,634,726**

Supplemental Cash Flow Disclosures		
Income tax paid	-	-
Interest paid (received)	16	-
Non-cash transactions	-	-

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

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.

During the year ended June 30, 2022, the Company filed a preliminary prospectus pursuant to its goal of completing an Initial Public offering ("IPO"). The Company completed its 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".

These condensed interim consolidated financial statements were authorized for issue by the Board of Directors on May 29, 2023.

2. BASIS OF PRESENTATION

a) Statement of compliance

These condensed interim consolidated financial statements have been 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 International Financial Reporting Interpretations Committee ("IFRIC"). They have been prepared in accordance with the same accounting policies and methods of application as the most recent audited financial statements for the year ended June 30, 2022, except that they do not include all the disclosures required for the annual audited financial statements. These condensed interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the Company for year ended June 30, 2022.

b) Basis of measurement

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

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

2. BASIS OF PREPARATION (continued)

b) Basis of measurement (continued)

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

The global pandemic related to an outbreak of COVID-19 has cast additional uncertainty on the assumptions used by management in making its judgements and estimates. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operating subsidiaries in future periods. Given that the full extent of the impact that COVID-19, including government and/or regulatory responses to the outbreak, will have on the global economy and the Company's business is highly uncertain and difficult to predict at this time, there is a higher level of uncertainty with respect to management's judgements and estimates.

The Company's business, financial condition, and results of operations may be further negatively affected by economic and other consequences from Russia's military action against Ukraine and the sanctions imposed in response to that action in late February 2022. While the Company expects any direct impacts, of the pandemic and the war in the Ukraine, to the business to be limited, the indirect impacts on the economy, the industry the Company operates in, and other industries in general could negatively affect the business and may make it more difficult to raise equity or debt financing. There can be no assurance that the Company will not be impacted by adverse consequences that may be brought about on its business, results of operations, financial position, and cash flows in the future.

Judgements

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 judgment in determining its functional currency given that revenue and expenses are denominated in both USD and CAD.

2. BASIS OF PREPARATION (continued)

b) Basis of measurement (continued)

Investment tax credits

The Company must exercise judgement when assessing the qualification of research and development expenditures for determining SR&ED tax credits receivable.

Deferred share issuance and listing expenses

Management applies judgement when assessing whether costs are incurred in association with issuing shares or the Company's IPO transaction. Costs related to these activities are capitalized. Upon completion of the related share financing or IPO transaction costs are allocated to share issuance costs and listing expenses, respectively.

Estimates

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods are outlined below.

Valuation of unquoted equity instruments

For investments which observable inputs are not available, the fair value may be based on quotes obtained from third-party administrators who determines the estimated fair value in accordance with the applicable valuation policy. Unrealized and realized gains and losses on investments are recognized in profit or loss.

Share-based payments

The Company measures the cost of equity-settled transactions with employees and directors by reference to the fair value of the equity instruments at the date on which they are granted using the Black-Scholes option pricing model. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining and making assumptions about the most appropriate inputs to the valuation model including the expected life, volatility, dividend yield, and forfeiture rate.

Such judgements and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

(Expressed in Canadian dollars)

2. BASIS OF PREPARATION (continued)

c) Consolidation

These condensed interim 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 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:

			Percentage Owned	
Entity	Principal activities	Country of incorporation	**March 31, 2023**	**June 30, 2022**
FRNT Asset Management Inc.	Financial technology services	Canada	100%	100%
FRNT Financial UK Limited	Financial technology services	United Kingdom	100%	N/A

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these condensed interim consolidated financial statements are consistent with the accounting policies disclosed in Note 3 of the audited consolidated financial statements for the year ended June 30, 2022.

4. TRADE AND OTHER RECEIVABLES

	March 31, 2023	**June 30, 2022**
Trade receivables	$ -	$ 20,000
Redemption in Paradox Fund	-	2,836,077
SR&ED tax credits receivables	-	145,142
Accrued income	37,456	4,308
	$ 37,456	$ 3,005,527

During the year ended June 30, 2022, the Company filed its SR&ED refund application for its fiscal 2021 expenditures. Accordingly, the Company recorded a receivable related to the refund of $145,142, which was presented as SR&ED income during the year ended June 30, 2022. During the nine months ended March 31, 2023, the SR&ED claim was approved by the Canada Revenue Agency and the full amount of the claim was received.

5. PREPAID EXPENSES AND DEPOSITS

	March 31, 2023	**June 30, 2022**
Prepaid expenses	$ 156,799	$ 183,769
Deposits[(1)]	50,400	35,534
	$ 207,199	$ 219,303

(1) Security deposits 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 $18,459 (June 30, 2022 - $24,612).

(Expressed in Canadian dollars)

6. INVESTMENTS

		Paradox Fund (i)		Private Company (ii)		Total
Balance, June 30, 2021	**$**	**3,929,705**	**$**	**-**	**$**	**3,929,705**
Additions		1,733,737		-		1,733,737
Proceeds on redemption of shares		(4,744,095)		-		(4,744,095)
Realized gain on investment		1,627,679		-		1,627,679
Change in unrealized gain on investment		(841,322)		-		(841,322)
Balance, June 30, 2022	**$**	**1,705,704**	**$**	**-**	**$**	**1,705,704**
Additions		2,830,236		126,340		2,956,576
Change in unrealized gain on investment		542,801		10,970		553,771
Balance, March 31, 2023	**$**	**5,078,741**	**$**	**137,310**	**$**	**5,216,051**

(i) The Company holds an investment of 3.37% (being $3,753,842 USD of total assets under management) (June 30, 2022: 0.55%) 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 16).

During the nine months ended March 31, 2023, the change in the unrealized gain (loss) on the investment resulted in a gain of $542,801 (2022 - $355,371 loss). During the nine months ended March 31, 2022, the Company recognized a $1,007,271 realized gain on redemption of its investment in the Paradox Fund. No realized gain was recognized during the current period.

As at June 30, 2022, $2,836,077 is included in trade and other receivables related to redemption of shares. This amount was collected in full during the nine months ended March 31, 2023.

(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).

During the nine months ended March 31, 2023, the change in the unrealized gain (loss) on the investment resulted in a gain of $10,970 (2022 - $Nil). The fair value of the investment is determined based on the most recently observable market transactions. The investment has been classified as a long-term investment.

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 March 31, 2023 and June 30, 2022 are shown below:

Description	Input	Sensitivity	**March 31, 2023**	**June 30, 2022**
Investment in Paradox Fund	Net asset value	10%	$ 507,874	$ 170,570

During the nine months ended March 31, 2023 and the year ended June 30, 2022, there were no transfers into or out of Level 1, Level 2 or Level 3 investments.

(Expressed in Canadian dollars)

7. EQUIPMENT

Cost		Computer equipment		Office equipment		Total
Balance, June 30, 2021	$	9,161	$	-	$	9,161
Additions		20,317		8,265		28,582
Balance, June 30, 2022		29,478		8,265		37,743
Additions		4,982		3,714		8,696
Balance, March 31, 2023	$	34,460	$	11,979	$	46,439
Accumulated Depreciation						
Balance, June 30, 2021	$	2,266	$	-	$	2,266
Depreciation		5,775		421		6,196
Balance, June 30, 2022		8,041		421		8,462
Depreciation		8,355		1,236		9,591
Balance, March 31, 2023	$	16,396	$	1,657	$	18,053
Carrying amounts						
At June 30, 2022	$	21,437	$	7,844	$	29,281
At March 31, 2023	**$**	**18,064**	**$**	**10,322**	**$**	**28,386**

8. RIGHT-OF-USE ASSET

Cost		Office
Balance, June 30, 2021	$	-
Additions		322,819
Balance, June 30, 2022 and March 31, 2023	$	322,819
Accumulated Depreciation		
Balance, June 30, 2021	$	-
Depreciation		47,078
Balance, June 30, 2022		47,078
Depreciation		60,529
Balance, March 31, 2023	$	107,607
Carrying amounts		
At June 30, 2022	$	275,741
At March 31, 2023	**$**	**215,212**

9. 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 December 31, 2022, 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.

(Expressed in Canadian dollars)

9. LOANS PAYABLE (continued)

The $40,000 loan was recorded at a fair value of $23,711 using an effective rate of 10%, considering the below market interest rate and the forgivable portion. The $20,000 loan was recorded at a fair value of $8,264 using an effective rate of 10%, considering the below market interest rate and the forgivable portion. The benefit of the below market interest rate of $6,290 and $1,735 were recorded as government assistance along with the $20,000 forgivable portion of the loans.

On January 12, 2022, the Government of Canada extended the loan forgiveness repayment deadline for the CEBA loans to December 31, 2023. Outstanding loans as of January 1, 2024 would convert to two-year terms bearing interest at 5% per annum, with the loans fully due by December 31, 2025. As a result of the extended deadline, a gain of $3,306 was recognized as government assistance.

During the nine months ended March 31, 2023, the Company recorded accretion expense of $2,571 (2022: $2,492) on these loans.

		March 31, 2023		June 30, 2022
Balance, beginning of period	$	34,658	$	34,658
Gain on modified terms		-		(3,306)
Accretion expense		2,571		3,306
Balance, end of period	$	37,229	$	34,658

10. 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 June 1, 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 October 28, 2019, the Company entered into an agreement to amend the terms of the promissory note. The lender agreed to provide certain professional services (“Services”) to the Company. Upon achieving profitability, the Company has committed to repayments using up to 50% of the Company’s net profits. The net profits will be first applied to the repayment of the promissory note in full, and second, towards payment in full the fees owing for any Services accrued. During the nine months ended March 31, 2023, no Services were provided.

As at March 31, 2023, the principal balance of $200,000 (June 30, 2022: $200,000) and interest of $37,357 (June 30, 2022: $27,915) was outstanding.

(Expressed in Canadian dollars)

10. PROMISSORY NOTE PAYABLE (continued)

		Face Value		Carrying Value
Balance, June 30, 2021	$	221,850	$	219,991
Interest expense		6,065		1,305
Accretion expense		-		6,619
Balance, June 30, 2022	$	227,915	$	227,915
Interest expense		9,442		9,442
Balance, March 31, 2023	$	237,357	$	237,357

11. 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, 2021	$	-
Additions		275,938
Lease liability payments		(46,882)
Accretion expense		13,835
Balance, June 30, 2022	$	242,891
Lease liability payments		(70,323)
Accretion expense		14,884
Balance, March 31, 2023	$	187,452

Allocated as:		Office
Current	$	63,649
Non-current		123,803
Balance, March 31, 2023	$	187,452

The maturity analysis of the undiscounted contractual balance of the lease liability is as follows:

Maturity analysis		March 31, 2023
Less than one year	$	78,137
One to three years		132,832
Total undiscounted lease liability		210,969
Amount representing implicit interest		(23,517)
Lease liability	$	187,452

(Expressed in Canadian dollars)

12. SHAREHOLDERS' EQUITY

Share capital

Authorized share capital of the Company consists of:

- an unlimited number of Class A common shares, non-cumulative discretionary dividends, voting, no par value
- an unlimited number of common shares, non-cumulative discretionary dividends, voting, no par value.

The Class A common shares and common shares rank equally as the most subordinate classes of shares and accordingly, are classified as equity. The Class A common shares may be converted into common shares on the basis of one common share for each Class A common share. The Class A common shares are mandatorily convertible into common shares in the event that a take-over bid or issuer bid is made solely for the Class A common shares.

	Class A common shares #	Common shares #	Class A Common shares $	Common shares $	Total share capital
Balance, July 1, 2021	10,808,120	20,341,209	$ 55	$ 5,766,661	$ 5,766,716
Conversion of Class A common shares	(10,808,120)	10,808,120	(55)	55	-
Balance, March 31, 2022	-	31,149,329	$ -	$ 5,766,716	$ 5,766,716
Balance, July 1, 2022	-	35,149,329	$ -	$ 10,678,834	$ 10,678,834
Share issued	-	-	-	-	-
Balance, March 31, 2023	-	35,149,329	$ -	$ 10,678,834	$ 10,678,834

During the nine months ended March 31, 2023

There were no share capital transactions during the nine months ended March 31, 2023.

During the nine months ended March 31, 2022

On March 3, 2022, 10,808,120 Class A common shares were converted into 10,808,120 common shares of the Company.

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.

(Expressed in Canadian dollars)

12. SHAREHOLDERS' EQUITY (continued)

Options (continued)

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, 2021	2,076,515	$ 0.93	$ 0.80
Granted	685,000	1.72	0.73
Forfeited	(233,062)	0.78	0.84
Outstanding, March 31, 2022	2,528,453	$ 1.16	$ 0.78
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, March 31, 2023	**3,208,453**	**$ 1.23**	**$ 0.55**
Exercisable, March 31, 2023	**2,083,769**	**$ 1.14**	**$ 0.48**

The options have a weighted average remaining life of 4.51 years.

During the nine months ended March 31, 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.

During the nine months ended March 31, 2022

On August 16, 2021, 233,062 stock options with a weighted average exercise price of $0.78 were forfeited pursuant to the termination of an independent contractor agreement with the Company.

On September 1, 2021, the Company granted 90,000 stock options to a director of the Company. The options are exercisable at a price of $1.50 per option for a period of five years from the vesting date. These options had a grant date fair value of $0.69 per option using the Black Scholes option pricing model with the following inputs: i) exercise price: $1.50; ii) share price: $1.00; iii) term: 5 years; iv) volatility: 100%; v) discount rate: 0.79%. One-eighth of the options vest on September 1, 2021, and every quarter thereafter for the next seven periods.

12. SHAREHOLDERS' EQUITY (continued)

Options (continued)

On September 18, 2021, the Company granted 120,000 stock options to an employee of the Company. The options are exercisable at a price of $1.50 per option for a period of five years from the vesting date. These options had a grant date fair value of $0.74 per option using the Black Scholes option pricing model with the following inputs: i) exercise price: $1.50; ii) share price: $1.00; iii) term: 5 years; iv) volatility: 100%; v) discount rate: 1.07%. One-twelfth of the options vest on September 18, 2022, and every quarter thereafter for the next eleven periods.

On October 12, 2021, the Company granted 75,000 stock options to a director of the Company. The options are exercisable at a price of $1.50 per option for a period of five years from the vesting date. These options had a grant date fair value of $0.69 per option using the Black Scholes option pricing model with the following inputs: i) exercise price: $1.50; ii) share price: $1.00; iii) term: 5 years; iv) volatility: 100%; v) discount rate: 1.24%. One-eighth of the options vest on October 12, 2021, and every quarter thereafter for the next seven periods.

On November 18, 2021, the Company granted 400,000 stock options to the CFO of the Company. 200,000 options are exercisable at a price of $1.50 per option, 100,000 are exercisable at a price of $2.00 per option, and the remaining 100,000 options are exercisable at a price of $2.50 per option. The options are exercisable for a period of five years from the vesting date. These options had a grant date fair value of $0.70, $0.66 and $0.63 respectively, per option using the Black Scholes option pricing model with the following inputs: i) exercise price: $1.50 to $2.50; ii) share price: $1.00; iii) term: 5 years; iv) volatility: 100%; v) discount rate: 1.47%. One-sixth of the options vest upon the date which common shares of the Company are trading on the TSX-V or on a similar exchange, which occurred on April 19, 2022, and every quarter thereafter for the next five periods.

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 for the lesser of 40 months following the grant date or 36 months after the grant date in the event the Company's shares are listed on a Canadian stock exchange. These options had a fair value 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) discount rate: 0.33%.

(Expressed in Canadian dollars)

12. SHAREHOLDERS' EQUITY (continued)

Compensation Options (continued)

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

	Number of compensation options		Weighted average exercise price
Outstanding, June 30, 2021	-	$	-
Granted	2,500,000		1.40
Outstanding, March 31, 2022	2,500,000	$	1.40
Outstanding, June 30, 2022	2,500,000	$	1.40
Granted	-		-
Outstanding, March 31, 2023	2,500,000	$	1.40

The compensation options have a remaining life of 1.17 years.

Warrants

Continuity of the Company's warrants is as follows:

	Number of warrants		Weighted average exercise price
Outstanding, June 30, 2021	2,000,000	$	1.50
Granted	-		-
Outstanding, March 31, 2022	2,000,000	$	1.50
Outstanding, June 30, 2022	2,200,000	$	1.50
Granted	-		-
Outstanding, March 31, 2023	2,200,000	$	1.50

The warrants have a remaining life of 1.36 years.

(Expressed in Canadian dollars)

13. OPERATING EXPENSES

General and administrative

The following is a breakdown of general and administrative expenses for the three and nine months ended March 31, 2023 and 2022:

	Three months ended March 31, 2023	Three months ended March 31, 2022	Nine months ended March 31, 2023	Nine months ended March 31, 2022
Bank charges	$ 10,211	$ 3,742	$ 18,295	$ 10,894
Insurance	24,792	13,948	77,644	19,810
Rent and rent related expenses	35,249	4,907	103,043	14,786
Travel, meals, and entertainment	8,933	29,081	70,768	57,395
Recruitment and sign on fees	9,882	5,490	60,593	5,490
Office	3,145	48,279	19,655	134,676
Utilities	432	15,948	2,453	22,101
Telephone, IT, and web services	11,247	11,921	34,336	30,585
Dues and subscriptions	35,466	6,248	99,889	24,137
	$ 139,357	$ 139,564	$ 486,676	$ 319,874

Professional fees

The following is a breakdown of professional fees for the three and nine months ended March 31, 2023 and 2022:

	Three months ended March 31, 2023	Three months ended March 31, 2022	Nine months ended March 31, 2023	Nine months ended March 31, 2022
Legal and corporate services	$ 31,174	$ 33,126	$ 100,154	$ 39,324
Accounting, audit, and related services	45,203	28,449	161,186	131,359
Transfer agent and filing fees	10,667	28,599	34,157	31,331
Advisory services	163,857	23,596	360,623	125,443
	$ 250,901	$ 113,770	$ 656,120	$ 327,457

(Expressed in Canadian dollars)

14. RELATED PARTY TRANSACTIONS

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

	Three months ended		Nine months ended	
	March 31, 2023	**March 31, 2022**	**March 31, 2023**	**March 31, 2022**
Salaries and wages				
CEO	$ 56,250	$ 32,308	$ 169,615	$ 102,308
CFO	4,500	-	13,615	-
Share-based payments				
Directors	5,884	30,546	32,793	114,050
CFO	17,868	57,924	89,686	117,052
President	69,212	-	290,549	-
Professional fees				
Company controlled by CFO	28,168	29,590	113,214	98,324
Company controlled by President	62,500	-	187,500	-
Total	$ 244,382	$ 150,368	$ 896,972	$ 431,734

Other related party transactions

During the three and nine months ended March 31, 2023, the Company earned advisory and management fees $104,377 and $258,164 (2022: $3,545 and $39,802) from customer agency trades with Paradox Fund.

As at March 31, 2023, $9,941 (June 30, 2022: $20,476) in accounts payable and accrued liabilities were owed to a Company controlled by the CFO of the Company.

As at March 31, 2023, $952 (June 30, 2022: $3,862) in accounts payable and accrued liabilities were owed to the CFO of the Company.

As at March 31, 2023, $13,197 (June 30, 2022: $8,364) in accounts payable and accrued liabilities were owed to the CEO of the Company.

As at March 31, 2023, $23,542 (June 30, 2022: $Nil) in accounts payable and accrued liabilities were owed to a Company controlled by the President of the Company.

15. 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, $6,222,397 (June 30, 2022 - $7,870,342).

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

The Company believes it will be able to raise capital as required but recognizes there will be risks involved that may be beyond its control. There are no external restrictions on the management of the Company's capital. There have been no changes in the way in which the Company manages capital in the period.

The Company's subsidiary, FRNT Asset Management Inc., is subject to the regulatory capital requirements of NI 31-103 for portfolio managers, which require that it maintain minimum working capital of at least $25,000 plus the Financial Institution Bond ("FIB") insurance deductible and other margin requirements, if any. As at March 31, 2023 and June 30, 2022, FRNT Asset Management Inc. was in compliance with its regulatory capital requirements.

16. 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. Cash and investments are carried at fair value, while trade and other receivables, accounts payable and accrued liabilities, loans payable, and promissory note payable are carried at amortized cost. The fair values of 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 marker data (unobservable inputs).

The Company's financial instruments that are recorded at fair value generally are classified within Level 1 or Level 3 within the fair value hierarchy using quoted market prices or quotes from administrators.

16. FINANCIAL RISK MANAGEMENT (continued)

As at March 31, 2023 and June 30, 2022, cash was classified at Level 1 in the fair value hierarchy. The Company's investment in Paradox Fund was classified at Level 3 in the fair value hierarchy (Note 6), and the Company's long-term investment was classified at Level 2 in the fair value hierarchy (Note 6).

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Company's exposure to financial instrument related risks and the methods used to manage those risks have not changed significantly over the last year. Significant risks that are relevant to the Company, as well as methods to manage the various types of risk to which it is exposed, are discussed below:

Market risk
Market risk is the risk that the fair value or future cash flows of a financial instruments 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 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 March 31, 2023, the Company is exposed to the following foreign exchange risk:

		CAD Equivalent
Denominated in USD		
Cash	$	314,952
Trade and other receivables		37,459
Investment in Paradox Fund		5,078,741
Accounts payable and accrued liabilities		(23,590)
		5,407,562
Denominated in GBP		
Long-term investment		137,310
Accounts payable and accrued liabilities		(9,019)
		128,291
Net assets exposure	**$**	**5,535,853**

The Company does not currently hedge its foreign exchange risk. Based on current exposures as at March 31, 2023 and assuming that all other variables remain constant, a 10% depreciation or appreciation of the United States dollar against the Canadian dollar would result in an increase or decrease of approximately $541,000 (June 30, 2022 - $472,000) in the Company's profit or loss. A 10% depreciation or appreciation of the British pound sterling against the Canadian dollar would result in an increase or decrease of approximately $13,000 (June 30, 2022 - $Nil) in the Company's profit or loss.

16. FINANCIAL RISK MANAGEMENT (continued)

Interest Rate Risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's outstanding promissory note payable bears interest equal to the prime rate. Since this is a floating interest rate, a 1% increase in the interest rate on the promissory note would change net losses by approximately $500 and $1,500 for the three and nine months ended March 31, 2023, respectively (March 31, 2022 - $500 and $1,500).

Other price risk
Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign currency risk), whether caused by factors specific to the individual investment or its issuers or factors affecting all financial instruments traded in the market. A 10% increase (decrease) in the quotes obtained from third-party administrators on the investment in Paradox Fund or a change in the fair value of the Company's long-term investment would change net losses by approximately $522,000 (March 31, 2022 - $267,000).

Credit Risk
Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash and trade receivables are exposed to credit risk.

The Company reduces its credit risk on cash by placing these instruments with either Schedule 1 Canadian bank or reputable institutions with a sufficiently long operating history to be considered reliable for credit worthiness purposes.

The Company manages its exposure to accounts receivable credit risk by assessing the associated risk of default prior to accepting new customers, monitoring the level of accounts receivable attributable to each customer, the length of time taken for amounts to be settled, and maintaining reserves for potential credit losses. In addition, if the age of an outstanding invoice reaches one year, the Company records an allowance for the doubtful account for the full amount of the invoice. Where necessary, management takes the appropriate action to collect those balances considered overdue.

Management does not believe that there is significant credit risk arising from the current customer base. The maximum exposure to loss arising from accounts receivable is equal to their total carrying amounts. 100% of the trade and other receivables balance at March 31, 2023 relates to one customer in Canada. The amount was collected in full subsequent to March 31, 2023.

Liquidity Risk
Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk by maintaining sufficient cash balances to enable settlement of transactions on the due date. The Company addresses its liquidity by raising capital through the issuance of debt and equity. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future.

(Expressed in Canadian dollars)

16. FINANCIAL RISK MANAGEMENT (continued)

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 March 31, 2023 and June 30, 2022.

March 31, 2023	On demand	Less than 1 year	1-3 years	Total
Accounts payable and accrued liabilities	$ 323,352	$ -	$ -	$ 323,352
Loans payable	-	37,229	-	37,229
Promissory note payable	-	237,357	-	237,357

June 30, 2022	On demand	Less than 1 year	1-3 years	Total
Accounts payable and accrued liabilities	$ 263,521	$ -	$ -	$ 263,521
Loans payable	-	-	34,658	34,658
Promissory note payable	-	227,915	-	227,915

17. SEGMENTED INFORMATION

The Company operates in one operating segment focused around developing and offering its capital market trading platform to institutional investors. The Company generates 99% (2022 – 99%) of its revenues from customers located in Canada. All of the Company's non-current assets are located in Canada. 100% (2022 – 100%) of advisory and management fee revenue recognized during the period was earned from one customer located in Canada. 95% (2022 – 97%) of consulting revenue recognized during the period was earned from one customer.