



Montfort

CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND MARCH 31, 2022

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor. The accompanying unaudited consolidated condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these consolidated condensed interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of the interim financial statements by an entity's auditor.

MONTFORT CAPITAL CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT MARCH 31, 2023 AND DECEMBER 31, 2022
(Expressed in Canadian Dollars)

ASSETS		March 31, 2023	December 31, 2022
Cash	\$	8,964,865	\$ 7,008,311
Accounts receivable (Note 4)		8,318,322	6,091,216
Current portion of loans receivable - net of allowance (Note 5)		362,454,094	371,817,166
Other current assets		964,761	824,966
Total Current Assets		380,702,042	385,741,659
Non-current assets			
Loans receivable - net of allowance (Note 5)		16,485,508	8,872,389
Carried interest receivable		2,246,003	2,088,735
Investments (Note 6)		3,536,318	3,674,397
Right-of-use asset (Note 7)		937,626	125,258
Deferred tax asset		252,580	252,580
Intangible assets (Note 8)		9,416,020	9,928,035
Goodwill (Note 8)		51,785,729	51,785,729
TOTAL ASSETS	\$	465,361,826	\$ 462,468,782
LIABILITIES			
Accounts payable and accrued liabilities (Note 13)	\$	8,611,585	\$ 4,847,557
Debentures & co-investment obligations		2,463	2,463
Lease liability (Note 7)		975,022	146,796
Current portion of loans payable (Note 10, 13)		366,056,957	286,977,138
Current portion of other liability (Note 3, 11)		19,133,712	19,843,266
Total Current Liabilities		394,779,739	311,817,220
Non-current liabilities			
Deferred tax liability		2,541,106	2,678,414
Loans payable (Note 10, 13)		9,291,651	86,607,477
Other liability (Note 3, 11)		1,515,352	1,501,431
TOTAL LIABILITIES		408,127,848	402,604,542
EQUITY			
Common shares (Note 12)		21,993,657	21,956,183
Preferred shares (Note 12)		39,848,214	39,848,214
Share-based payments reserve (Note 12)		2,262,267	2,103,570
Non-controlling interests (Note 14)		2,575,003	2,599,264
Contributed surplus (Note 12)		82,070	44,144
Accumulated deficit		(9,527,233)	(6,687,135)
TOTAL EQUITY		57,233,978	59,864,240
TOTAL LIABILITIES AND EQUITY	\$	465,361,826	\$ 462,468,782
Nature of operations, Commitments and contingencies and Subsequent events (Notes 1, 9, 19)			

Approved on behalf of the Board of Directors:

/s/ "Howard Atkinson"

Howard Atkinson, Director

/s/ "David Demers"

David Demers, Director

See accompanying notes to the condensed interim consolidated financial statements.

MONTFORT CAPITAL CORP.
CONSOLIDATED CONDENSED INTERIM STATEMENTS OF NET INCOME (LOSS)
FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND MARCH 31, 2022
(Expressed in Canadian Dollars)

	Three months ended March 31, 2023	Three months ended March 31, 2022
REVENUE		
Interest income (Note 5)	\$ 9,506,961	\$ 3,533,583
Income from transaction and other fees (Note 5)	3,065,336	589,784
Performance fee income	481,100	104,567
TOTAL REVENUE	13,053,397	4,227,934
EXPENSES		
Accounting and legal	774,503	251,243
Administrative, management and directors fees (Note 13)	2,354,323	872,904
Amortization (Note 8)	549,941	112,528
Expected credit loss (recovery) (Note 5)	1,013,526	(196,337)
Investor relations, communications and regulatory fees	139,003	147,681
Interest and financing fees (Note 10)	8,727,941	1,784,858
Marketing services and promotion	146,632	152,450
Office, travel, systems, and miscellaneous	342,585	171,888
Restructuring (Note 18)	650,000	-
Share-based payments (Note 12)	174,457	97,761
TOTAL EXPENSES	14,872,911	3,394,976
OPERATING INCOME	(1,819,514)	832,958
Foreign exchange gains	(118,715)	(18,402)
Loss on settlement of debentures	-	21,297
Gain on forward contract	-	(30,716)
Acquisition costs (Note 3)	29,938	22,050
NET INCOME (LOSS) BEFORE TAXES	(1,730,737)	838,729
Current income tax expense	297,311	20,790
Deferred tax recovery	(137,308)	(30,383)
NET INCOME (LOSS)	\$ (1,890,740)	\$ 848,322
NET INCOME (LOSS) ATTRIBUTABLE TO:		
Shareholders of the corporation	(1,866,479)	93,491
Non-controlling interest (Note 14)	(24,261)	754,831
NET INCOME (LOSS)	\$ (1,890,740)	\$ 848,322
NET LOSS PER COMMON SHARE BASIC AND DILUTED	\$ (0.03)	\$ (0.01)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	91,649,917	59,191,130

See accompanying notes to the condensed interim consolidated financial statements.

MONTFORT CAPITAL CORP.
CONSOLIDATED CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND MARCH 31, 2022
(Expressed in Canadian Dollars)

	Three months ended March 31, 2023	Three months ended March 31, 2022
OTHER COMPREHENSIVE INCOME (LOSS)		
Net income (loss)	\$ (1,890,740)	\$ 848,322
Other comprehensive income (loss)		
Items that may be reclassified to net income:		
Foreign currency translation adjustment	-	(413,158)
NET COMPREHENSIVE INCOME (LOSS)	\$ (1,890,740)	\$ 435,164
Comprehensive income (loss) attributable to:		
Shareholders of the corporation	(1,866,479)	70,473
Non-controlling interest	(24,261)	364,691
NET COMPREHENSIVE INCOME (LOSS)	\$ (1,890,740)	\$ 435,164

MONTFORT CAPITAL CORP.
CONSOLIDATED CONDENSED INTERIM STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND MARCH 31, 2022
(Expressed in Canadian Dollars)

	Three months ended March 31, 2023	Three months ended March 31, 2022
OPERATING ACTIVITIES		
Net income (loss) for the period	\$ (1,890,740)	\$ 848,322
Non-cash items		
Share-based payments	205,925	97,761
Deferred tax expenses	(137,308)	(60,766)
Amortization	546,551	132,793
Interest accrued and interest accretion	913,647	-
Expected credit loss	1,013,526	(196,337)
Investment income	156,107	-
Loss on extinguishment of debentures	-	21,297
Unrealized foreign exchange loss (gain)	(209,286)	626,836
Repayment of loans receivable	84,129,468	33,959,179
Advances of loans receivable	(83,198,809)	(41,244,674)
	1,529,081	(5,815,589)
Changes in non-cash working capital items:		
Restricted cash	-	443,506
Accounts receivable	(2,227,106)	(317,956)
Cash received in advance of share capital issuance	-	149,964
Deposits and prepaid expenses	(157,823)	(16,191)
Forward contract receivable	-	290,500
Carried interest receivable	(157,268)	-
Accounts payable and accrued liabilities	3,689,984	(3,504,670)
Other liability	(695,633)	-
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	1,981,235	(8,770,436)
FINANCING ACTIVITIES		
Payments on redemption of debentures and co-investors, net	-	(1,421,914)
Proceeds on issuance of common shares	-	1,247,226
Proceeds on issuance of Limited Partnership units	-	3,596,504
Proceeds on issuance of loans payable	33,949,511	9,544,339
Repayments of loans payable	(33,017,380)	(2,000,000)
Distributions paid through the Limited Partnerships	-	(2,708,363)
Dividends paid	(943,820)	(209,720)
Proceeds on exercise of options and warrants	38,000	74,727
Lease payments, net	(27,099)	-
Repayment of revolving credit facility	-	(4,485,129)
Purchase of common shares under NCIB	(23,893)	(1,894)
CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(24,681)	3,635,776
CHANGE IN CASH DURING THE PERIOD	1,956,554	(5,134,660)
EFFECT OF FOREIGN EXCHANGE ON CASH	-	(411,636)
CASH, BEGINNING OF PERIOD	7,008,311	9,314,526
CASH, END OF PERIOD	\$ 8,964,865	\$ 3,768,230

The Company paid \$484,952 of income taxes, interest received \$9,506,961 and all interest paid has been disclosed above. See accompanying notes to the condensed interim consolidated financial statements.

MONTFORT CAPITAL CORP.
CONSOLIDATED CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND MARCH 31, 2022
(Expressed in Canadian Dollars)

	Common Shares		Preferred Shares		Share-based Payment Reserve	Non- controlling interest	Contributed Surplus	Deficit	AOCL	Total Equity
	Number of Shares	Amount	Number of Shares	Amount						
As at December 31, 2021	53,041,463	7,777,918	10,485,994	9,560,495	1,608,314	-	68,370	(5,843,738)	(44,097)	13,127,262
Shares issued for cash	6,253,571	2,188,750	-	-	-	-	-	-	-	2,188,750
Dividends paid	-	-	-	-	-	-	-	(209,720)	-	(209,720)
Share-based payments	-	-	-	-	97,761	-	-	-	-	97,761
Options exercised	194,146	36,229	-	-	-	-	-	-	-	36,229
Warrants exercised	128,327	38,498	-	-	-	-	-	-	-	38,498
Shares repurchased and cancelled	(35,500)	(7,940)	-	-	-	-	13,700	(7,654)	-	(1,894)
Other comprehensive loss	-	-	-	-	-	-	-	-	(23,015)	(23,015)
Net income	-	-	-	-	-	-	-	93,491	-	93,491
As at March 31, 2022	59,582,007	10,033,455	10,485,994	9,560,495	1,706,075	-	82,070	(5,967,621)	(67,112)	15,347,362
As at December 31, 2022	91,631,956	21,956,183	29,732,994	39,848,214	2,103,570	2,599,264	44,144	(6,687,135)	-	59,864,240
Dividends paid on Montfort preferred shares	-	-	-	-	-	-	-	(569,720)	-	(569,720)
Dividends paid on Langhaus preferred shares	-	-	-	-	-	-	-	(374,100)	-	(374,100)
Share-based payments	-	-	-	-	190,191	-	-	-	-	190,191
Options exercised	200,000	69,494	-	-	(31,494)	-	-	-	-	38,000
Shares repurchased and cancelled	(133,500)	(32,020)	-	-	-	-	37,926	(29,799)	-	(23,893)
Net loss	-	-	-	-	-	(24,261)	-	(1,866,479)	-	(1,890,740)
As at March 31, 2023	91,698,456	21,993,657	29,732,994	39,848,214	2,262,267	2,575,003	82,070	(9,527,233)	-	57,233,978

See accompanying notes to the condensed interim consolidated financial statements.

MONTFORT CAPITAL CORP.

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND MARCH 31, 2022

(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS

Montfort Capital Corp. ("Montfort" or the "Company") is incorporated under the Business Corporations Act of British Columbia. The Company is listed on the TSX Venture Exchange (the "TSX-V") trading under the symbol "MONT" as well as the OTCQB Venture Market ("OTCQB") under the symbol of MONTF.

The Company builds and manages private credit portfolios that have focused investing strategies for the institutional and accredited investors markets under four divisions: TIMIA Capital (TIMIA), Pivot Financial (Pivot), Brightpath Capital Corporation (Brightpath) and Langhaus Financial Partners Inc. (Langhaus).

- TIMIA utilizes a proprietary loan origination platform to originate, underwrite and service private-market, high-yield loan opportunities in the technology space. TIMIA offers revenue-based investment to fast growing, business-to-business recurring revenue software businesses in North America.
- Pivot specializes in asset-based private credit targeting mid-market borrowers in Canada. Sources of revenue include interest income from loans receivable, as well as income from the settlement of loans and transaction fees from due diligence. In addition, Pivot earns loan servicing fees and performance fee income for loan management services performed that is not part of interest income.
- Brightpath uses investor loans to administer first and second mortgages secured by residential properties. Brightpath is a registered Mortgage Brokerage and Mortgage Administrator.
- Langhaus provides insurance policy-backed lending solutions to high-net-worth individuals and entrepreneurs in Canada that are ensuring their personal and corporate affairs are optimally structured to allow for planning opportunities that generate more after-tax liquidity.

The Company's head office and principal place of business is 2920-181 Bay St, Toronto, Ontario, Canada. These condensed interim consolidated financial statements were authorized for issuance by the Board of Directors on May 29, 2023.

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

Montfort prepares its condensed interim consolidated financial statements ("financial statements") in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The preparation of condensed interim consolidated financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires that management exercise judgment in applying Montfort's accounting policies.

Basis of presentation

The condensed interim consolidated financial statements have been prepared using the historical cost basis except for certain financial instruments, which are measured at fair value. All amounts are expressed in Canadian dollars unless otherwise stated.

Basis of consolidation

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies.

MONTFORT CAPITAL CORP.**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND MARCH 31, 2022**

(Expressed in Canadian Dollars)

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES (continued)**Basis of consolidation (continued)**

These condensed interim consolidated financial statements include the accounts of the Company and the following subsidiaries in the statement of financial position as of March 31, 2023:

Legal Entity	Country	Percentage Ownership of Parent
Montfort Capital Corp.	Canada	-
TIMIA Capital GP Inc.	Canada	100%
TIMIA Capital II GP Inc.	Canada	100%
TIMIA Capital III GP Inc.	Canada	100%
TIMIA Capital Holdings Limited Partnership	Canada	100%
TIMIA SPIV I Inc.	Canada	100%
Pivot Financial Services Inc.	Canada	100%
Pivot Financial I Limited Partnership	Canada	100%
2862454 Ontario Inc.	Canada	100%
Brightpath Capital Corporation*	Canada	100%
Brightpath Residential Mortgage LP I	Canada	100%
Brightpath Servicing Corporation	Canada	100%
14637208 Canada Inc. (Albright Holdings Inc.)*	Canada	100%
2754681 Ontario Inc.*	Canada	100%
9975756 Canada Inc.*	Canada	100%
10260835 Canada Corp.*	Canada	100%
Langhaus Financial Partners Inc.	Canada	78%
Langhaus Financial Corporation	Canada	78%
Langhaus Insurance Finance Limited Partnership	Canada	78%
Langhaus Insurance Finance GP Corporation	Canada	78%
Langhaus Insurance Finance Limited Partnership II	Canada	78%
Langhaus Insurance Finance GP II Corporation	Canada	78%
Langhaus Insurance Finance Limited Partnership III	Canada	78%
Langhaus Insurance Finance GP III Corporation	Canada	78%
Langhaus Speciality Finance Corporation	Canada	78%

All significant intercompany balances and transactions have been eliminated on consolidation.

*Effective April 1, 2023, the Company amalgamated Brightpath Capital Corporation, 10260835 Canada Corp., 14637208 Canada Inc. (Albright Holdings Inc.), 9975756 Canada Inc., and 14637542 Canada Inc. (formerly 2754681 Ontario Inc.), to continue as one corporation under the name "Brightpath Capital Corporation". The authorized but unissued shares and the issued and outstanding shares of each of the amalgamating corporations were cancelled or converted into issued, fully paid and non-assessable common shares of Brightpath Capital Corporation.

MONTFORT CAPITAL CORP.

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND MARCH 31, 2022

(Expressed in Canadian Dollars)

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES (continued)

Significant accounting judgements and estimates

The preparation of the condensed interim consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the condensed interim consolidated financial statements and reported amounts of revenues and expenses during the reporting period.

Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Goodwill arising from business acquisitions is tested for impairment annually or more frequently if specific events or circumstances dictate that the carrying amount of the asset group may not be fully recoverable. Management makes assumptions and estimates in determining the recoverable amount of its assets and groups of CGUs' goodwill, including significant key assumptions relating to revenue growth (driven by loan portfolio growth assumptions) and discount rates. In addition, assumptions are required pertaining to expenses, cash flows and operating margins.

The directors and management have considered and assessed reasonably possible changes for other key assumptions and have not identified any instances that could cause the carrying amount of the CGUs to exceed its recoverable amount.

Loans receivable are reviewed on a quarterly basis as to their collectability and an appropriate impairment charge is provided where considered necessary. The Company estimates an expected credit loss on a quarterly basis by reviewing the underlying loan portfolio. The allowance represents the Company's estimate of the expected credit losses inherent in the loan portfolio, net of the future income stream belonging to the holders of the co-investment agreements. In addition, the Company also completes a loan specific analysis to assess whether there are indications of impairment. The Company reviews a variety of factors such as maintenance of loan repayments in accordance with the contractual obligations, general economic conditions, the underlying stability of the company to which the loan was granted and has periodic discussions with the management of each company. The Company then makes an assessment using this information on whether or not the loan is impaired.

Changes in these estimates and assessments may have a material impact on these condensed interim consolidated financial statements. Other significant areas of estimation uncertainty considered by management in preparing the condensed interim consolidated financial statements are:

- Classification of financial assets on initial recognition;
- Goodwill impairment;
- Variables used in determining expected credit losses (Note 15);
- Fair value of equity investments not quoted in an active market (Note 15);
- Estimated fair values of share-based payments awards (Note 12);
- Fair value of identifiable assets acquired and liabilities assumed in a business combination (Note 3).

Significant areas of judgment considered by management in preparing the condensed interim consolidated financial statements are:

- Determination of control of entities, giving rise to the consolidation thereof; and
- Indicators of impairment of financial instruments, intangible assets and goodwill.

MONTFORT CAPITAL CORP.**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND MARCH 31, 2022**

(Expressed in Canadian Dollars)

3. BUSINESS ACQUISITIONS**Brightpath Capital Corporation**

On August 15, 2022, the Company acquired all the outstanding common shares of Brightpath Capital Corporation ("Brightpath Capital"), Brightpath Servicing Corporation ("Brightpath Servicing"), Albright Holdings Inc., 9975756 Canada Inc., 2754681 Ontario Inc., 10260835 Canada Corp. and all outstanding limited partnership units of Brightpath Residential Mortgage LP I (together "Brightpath"), together the "Acquisition" or "Acquired Companies". Brightpath is a private provider of residential mortgages focused in Ontario and British Columbia. Brightpath offers private credit to individuals who are self-employed, experiencing credit issues, or looking at real estate renovation or development projects. The acquisition is intended to accelerate the growth of Brightpath in combination with Montfort.

The acquisition has been accounted for as a business combination under the acquisition method. The results of operations of the business since the date of acquisition have been consolidated.

Consideration

Total consideration transferred by the Company was \$29,540,213, consisting of 31,250,000 common shares issued for \$11,722,494 and 18,000,000 Series A preferred shares issued for \$17,817,719. The working capital adjustment had not yet been determined as at March 31, 2023. The number of shares issued was determined based on the trading price on closing of the transaction less a discount due to trading restrictions on each tranche of shares issued.

Identifiable assets acquired and liabilities assumed

The Company is in the process of finalizing the fair values of the net assets acquired and, as a result, the fair value of the net assets acquired may be subject to adjustments pending completion of final valuations and post closing adjustments, therefore amounts recognized for assets acquired, specifically relating to intangible assets and goodwill, are provisional. Specifically the areas being finalized are the working capital post closing adjustment.

The table below summarizes the preliminary estimated fair value of the assets acquired and the liabilities assumed at the acquisition date:

	Total
Cash	4,295,678
Accounts receivable	2,796,498
Prepaid expenses	108,392
Loans receivable	158,474,873
Other current assets	14,547
Right-of-use-asset	1,492
Intangible assets	4,700,000
Accounts payable and accrued liabilities	(1,135,213)
Loans payable	(171,391,345)
Lease liabilities	(1,747)
Deferred tax liability	(1,269,000)
Total identifiable net assets at fair value	(3,405,825)
Goodwill arising on acquisition	32,946,038
Total	29,540,213

MONTFORT CAPITAL CORP.

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND MARCH 31, 2022**

(Expressed in Canadian Dollars)

3. BUSINESS ACQUISITIONS (continued)

Brightpath Capital Corporation (continued)

Identifiable assets acquired and liabilities assumed (continued)

Purchase Price

Total value of shares issued on acquisition	29,540,213
Working capital payment	-
Total Purchase Price	29,540,213

The fair value of the loan receivables determined above approximate the gross contractual amount on the date of the acquisition. In addition, there was an inconsequential amount of contractual cash flows not expected to be collected as at the acquisition date.

The determination and measurement of fair value of the identifiable intangible assets was based on the estimated net present value of future cash flow streams associated with each intangible asset. These estimates are based on management's best estimates and assumptions and utilizes established methodologies. Estimates in valuing the identifiable intangible assets include future expected cash flows and discount rates applied to future expected cash flows.

During the year ended December 31, 2022, acquisition related costs of \$336,191 have been expensed as incurred. Revenue included in the consolidated statement of income since the acquisition date for the year ended December 31, 2022 related to Brightpath was \$11,359,127. The net income before income taxes included in the consolidated statement of income since the acquisition date to December 31, 2022 was \$2,339,030. Revenue and net income before tax of the combined entity for the year ended December 31, 2022 as though the acquisition date had occurred at the beginning of the year would be \$45,784,056 and \$7,973,172, respectively on a proforma basis.

The primary factors that contributed to a residual purchase price resulting in the recognition of goodwill include Brightpath's assembled workforce, expected synergies, intangible assets not separately identified and other benefits from combining the assets and activities with those of the Company. The goodwill is not deductible for tax purposes.

Langhaus Financial Partners Inc.

On October 3, 2022, the Company acquired 78% of the outstanding common shares of Langhaus Financial Partners Inc. ("Langhaus"). Langhaus is the parent company of Langhaus Financial Corporation ("LFC"), Canada's largest independent provider of insurance policy-backed loans, with a specific focus on high-net worth individuals and entrepreneurs. The acquisition is intended to accelerate the growth of Langhaus in combination with Montfort.

The acquisition has been accounted for as a business combination under the acquisition method. The results of operations of the business since the date of acquisition have been consolidated.

Consideration

Total consideration transferred by the Company consisted of a cash payment of \$7,021,377 for 78% of the outstanding common shares. In the event that Langhaus achieves certain financial targets on or before August 31, 2027, the vendors shall be eligible to receive additional contingent cash consideration of up to \$2,340,000. The Company determined that the closing date fair value of this contingent consideration was \$2,281,584.

MONTFORT CAPITAL CORP.**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND MARCH 31, 2022**

(Expressed in Canadian Dollars)

3. BUSINESS ACQUISITIONS (continued)**Langhaus Financial Partners Inc. (continued)****Identifiable assets acquired and liabilities assumed**

The Company is in the process of determining the fair values of the net assets acquired and, as a result, the fair value of the net assets acquired may be subject to adjustments pending completion of final valuations, therefore amounts recognized for assets acquired, specifically relating to intangible assets and goodwill, are provisional. Specifically the areas being finalized are the deferred tax balances.

The table below summarizes the preliminary estimated fair value of the assets acquired and the liabilities assumed at the acquisition date:

	Total
Cash	825,050
Accounts receivable	1,080,280
Current portion of loans receivable	173,926,215
Other current assets	51,484
Intangible assets	3,541,000
Accounts payable and accrued liabilities	(941,278)
Current portion of loans payable	(144,890,958)
Current portion of other liability	(22,998,633)
Deferred tax liability	(938,365)
Loans payable	(566,151)
Preferred shares	(12,470,000)
Total identifiable net assets at fair value	(3,381,356)
Goodwill arising on acquisition	15,305,890
Non-controlling interest	(2,621,573)
Total	9,302,961

Purchase Price

Total cash paid on acquisition	7,021,377
Contingent consideration	2,281,584
Total Purchase Price	9,302,961

The fair value of the loan receivables determined above approximate the gross contractual amount on the date of the acquisition. In addition, there was an inconsequential amount of contractual cash flows not expected to be collected as at the acquisition date.

The determination and measurement of fair value of the identifiable intangible assets was based on the estimated net present value of future cash flow streams associated with each intangible asset. These estimates are based on management's best estimates and assumptions and utilizes established methodologies. Estimates in valuing the identifiable intangible assets include future expected cash flows and discount rates applied to future expected cash flows.

MONTFORT CAPITAL CORP.**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND MARCH 31, 2022**

(Expressed in Canadian Dollars)

3. BUSINESS ACQUISITIONS (continued)**Langhaus Financial Partners Inc. (continued)****Identifiable assets acquired and liabilities assumed (continued)**

During the period ended December 31, 2022, acquisition related costs of \$221,415 have been expensed as incurred. Revenue included in the consolidated statement of income since the acquisition date for the period ended December 31, 2022 related to Langhaus was \$2,909,704. The net loss before income taxes included in the consolidated statement of income since the acquisition date to December 31, 2022 was \$101,404. Revenue and net income before tax of the combined entity for the period ended December 31, 2022 as though the acquisition date had occurred at the beginning of the period would be \$39,751,851 and \$4,516,392, respectively on a proforma basis.

The primary factors that contributed to a residual purchase price resulting in the recognition of goodwill include Langhaus's assembled workforce, expected synergies, intangible assets not separately identified and other benefits from combining the assets and activities with those of the Company. The goodwill is not deductible for tax purposes.

4. ACCOUNTS RECEIVABLE

	March 31, 2023	December 31, 2022
Accounts receivable	\$ 2,436,088	\$ 506,389
Interest receivable	2,245,748	3,433,609
Penalties and late fees	2,935,677	2,047,873
Other receivables	916,821	244,610
Allowance for doubtful accounts	(216,012)	(141,265)
	\$ 8,318,322	\$ 6,091,216

MONTFORT CAPITAL CORP.**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
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(Expressed in Canadian Dollars)

5. LOANS RECEIVABLE

The Company makes loans through its operating segments, consumer and corporate lending. The term of loans receivable range from on demand to ten years.

	March 31, 2023	December 31, 2022
Opening balance	\$ 381,745,841	\$ 106,916,931
Loans acquired in acquisition	-	332,401,087
Loan eliminated through intercompany consolidation	-	(64,000,000)
Advances on loans receivable and renewals	83,198,809	251,442,123
Interest revenue	9,726,634	23,468,462
Interest and principal payments	(24,521,146)	(128,953,548)
Net change in deferred lender fees	344,079	971,989
Settlement of investments	(69,679,035)	(100,181,646)
Foreign exchange	194,233	2,196,580
Derecognition of loans receivable as a result of loss of control	-	(42,516,137)
Closing balance prior to expected credit loss	\$ 381,009,415	\$ 381,745,841
Provision for expected credit loss, opening balance	\$ (1,056,286)	\$ (799,130)
Provision for expected credit loss, acquired in acquisitions	-	(87,551)
Add: provision for expected credit loss, outstanding loans	(1,013,526)	(615,631)
Add: Fx translation adjustment	-	(21,088)
Derecognition of loans receivable as a result of loss of control	-	467,114
Provision for expected credit loss, closing balance	\$ (2,069,812)	\$ (1,056,286)
Closing balance prior to expected credit loss	\$ 381,009,415	\$ 381,745,841
Less: current portion	(362,454,094)	(371,817,166)
Provision for expected credit loss, closing balance	(2,069,812)	(1,056,286)
Loans receivable, net of ECL, non-current portion	\$ 16,485,509	\$ 8,872,389

MONTFORT CAPITAL CORP.**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS****FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND MARCH 31, 2022**

(Expressed in Canadian Dollars)

5. LOANS RECEIVABLE (continued)

The expected credit loss provision for the period from January 1, 2023 to March 31, 2023 is calculated as follows:

	Stage 1	Stage 2	Stage 3	Total
Opening amortized loan balance	\$ 357,458,903	\$ 13,415,664	\$ 10,871,274	\$ 381,745,841
Advances on loans receivable	79,300,560	2,932,249	966,000	83,198,809
Interest revenue, net of interest and principal payments	(14,512,388)	18,268	43,687	(14,450,433)
Foreign exchange	194,233	-	-	194,233
Loans receivable moved to stage 1	3,347,540	(3,347,540)	-	-
Loans receivable moved to stage 2	(14,906,379)	15,270,175	(363,796)	-
Loans receivable moved to stage 3	(6,999,946)	(5,478,790)	12,478,736	-
Settlement of loans	(62,140,077)	(4,767,558)	(2,771,400)	(69,679,035)
Closing balance	\$ 341,742,446	\$ 18,042,468	\$ 21,224,501	\$ 381,009,415
Provision for expected credit loss, opening balance	\$ (534,042)	\$ (116,216)	\$ (406,028)	\$ (1,056,286)
Add: provision for expected credit loss, outstanding loans	159,808	(1,025,426)	(147,909)	(1,013,527)
Provision for expected credit loss, closing balance	\$ (374,234)	\$ (1,141,642)	\$ (553,937)	\$ (2,069,813)
Closing balance prior to ECL	\$ 341,742,446	\$ 18,042,468	\$ 21,224,501	\$ 381,009,415
Less: current portion	(324,882,704)	(16,900,826)	(20,670,564)	(362,454,094)
Provision for expected credit loss, closing balance	(374,234)	(1,141,642)	(553,937)	(2,069,813)
Loans receivable, net of ECL, non-current portion	\$ 16,485,508	\$ -	\$ -	\$ 16,485,508

MONTFORT CAPITAL CORP.**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS****FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND MARCH 31, 2022**

(Expressed in Canadian Dollars)

5. LOANS RECEIVABLE (continued)

The expected credit loss provision for the period from January 1, 2022 to December 31, 2022 is calculated as follows:

	Stage 1	Stage 2	Stage 3	Total
Opening amortized loan balance	\$ 104,470,716	\$ 2,446,216	\$ -	\$ 106,916,932
Loans acquired in acquisitions	332,401,087	-	-	332,401,087
Loan eliminated through intercompany consolidation	(64,000,000)	-	-	(64,000,000)
Advances on loans receivable	257,172,677	19,604,315	-	276,776,992
Interest revenue, net of interest and principal payments	(82,005,297)	(19,769,451)	-	(101,774,748)
Foreign exchange	2,012,196	184,384	-	2,196,580
Loans receivable moved to stage 1	871,808	(871,808)	-	-
Loans receivable moved to stage 2	(14,610,418)	14,610,418	-	-
Loans receivable moved to stage 3	(10,871,274)	-	10,871,274	-
Derecognition of loans receivable as a result of loss of control	(39,727,728)	(2,788,410)	-	(42,516,138)
Settlement of loans	(128,254,864)	-	-	(128,254,864)
Closing balance	\$ 357,458,903	\$ 13,415,664	\$ 10,871,274	\$ 381,745,841
Provision for expected credit loss, opening balance	\$ (358,811)	\$ (440,319)	\$ -	\$ (799,130)
Provision for expected credit loss, acquired in acquisitions	(71,609)	(15,942)	-	(87,551)
Add: provision for expected credit loss, outstanding loans	(329,855)	120,254	(406,028)	(615,629)
Add: Fx translation adjustment	(21,090)	-	-	(21,090)
Derecognition of loans receivable as a result of loss of control	247,323	219,791	-	467,114
Provision for expected credit loss, closing balance	\$ (534,042)	\$ (116,216)	\$ (406,028)	\$ (1,056,286)
Closing balance prior to ECL	\$ 357,458,903	\$ 13,415,664	\$ 10,871,274	\$ 381,745,841
Less: current portion	(348,052,472)	(13,299,448)	(10,465,246)	(371,817,166)
Provision for expected credit loss, closing balance	(534,042)	(116,216)	(406,028)	(1,056,286)
Loans receivable, net of ECL, non-current portion	\$ 8,872,389	\$ -	\$ -	\$ 8,872,389

Details of the expected credit loss model can be found in Note 15 under the heading *Expected Credit Loss Measurement*.

MONTFORT CAPITAL CORP.

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND MARCH 31, 2022

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5. LOANS RECEIVABLE (continued)

Loans receivable by type

- TIMIA utilizes a proprietary loan origination platform to originate, underwrite and service private-market, high-yield loan opportunities in the technology space. TIMIA offers revenue-based investment to fast growing, business-to-business recurring revenue software businesses in North America.
- Pivot specializes in asset-based private credit targeting mid-market borrowers in Canada. Sources of revenue include interest income from loans receivable, as well as income from the settlement of loans and transaction fees from due diligence. In addition, Pivot earns loan servicing fees and performance fee income for loan management services performed.
- Brightpath uses investor loans to administer first and second mortgages secured by residential properties. Brightpath is a registered Mortgage Brokerage and Mortgage Administrator.
- Langhaus provides insurance policy-backed lending solutions to high-net-worth individuals and entrepreneurs in Canada that are ensuring their personal and corporate affairs are optimally structured to allow for planning opportunities that generate more after-tax liquidity.

The Company manages private credit offerings through its four divisions and various loan types as follows:

Interest Only Loans

TIMIA and Brightpath offer Interest Only Loans that are designed for borrowers that anticipate achieving a financing milestone in the relatively near future. TIMIA's loans, typically two to five years in length, require the borrower to pay approximately two thirds of the interest monthly. The remainder of the interest is accrued over the term of the loan and is due and payable at the end of the term.

Amortized Loans

TIMIA offers Amortized Loans which are a type of growth capital provided to a company in which the timing of loan payments are tied to the forecast revenue of the company. Any unamortized amounts are due and payable at the end of the term.

Mortgages

Brightpath's mortgages consist of loans secured by residential property and are repayable monthly, with the principal balance due on maturity. Mortgages have a combination of fixed and variable rates of interest ranging between 7.7% and 21.7% (7.7% and 21.7% - December 31, 2022) and all mature within one year of origination. The weighted average effective interest rate of the portfolio as at March 31, 2023 is 16.57% (21.16% - December 31, 2022), which includes the effect of interest plus the effect of the lender fees earned on the portfolio. Included in accounts receivable is accrued interest on mortgages receivable of \$2,245,748 (\$1,742,521 - December 31, 2022).

Mortgage lender fees are charged to customers upon issuance of the loan and withheld from the principal funds forwarded to the customer. These fees make up part of the effective interest earned on the loans and as such are recognized into income over the life of the loan. As at March 31, 2023 there was \$1,614,153 (\$1,958,231 - December 31, 2022) of unrecognized lender fees on outstanding mortgage loans receivables which is netted against the receivable.

Term Loans and Factored Facilities

Pivot Financial provides Term Loan and Factored Facilities that are asset-based loans with fixed or determinable payments. Factored facilities earn administration fees up to 1.5% and are purchased with recourse. Term loans have generally fixed interest rates ranging from 9.5% - 15%, secured and range in maturity generally are due on demand or in a period less than one year.

MONTFORT CAPITAL CORP.**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS****FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND MARCH 31, 2022**

(Expressed in Canadian Dollars)

5. LOANS RECEIVABLE (continued)*Langhaus Loans*

Langhaus loans to individuals and corporations. Rates of interest vary with positive or negative adjustments to interest rate bases, including bank prime, bankers' acceptance and others; and fixed rates between 1% and 7% (1% and 7% - December 31, 2022). At quarter end, \$7,180,956 (\$6,464,210 - December 31, 2022) of loans carried a fixed rate and \$159,207,238 (\$162,709,433 - December 31, 2022) carried a variable rate.

Within the portfolio, \$78,539,323 (\$78,525,306 - December 31, 2022) or 83 (78 - December 31, 2022) loans are secured by one or a combination of an assignment of life insurance policies, assignment of Cash Surrender Value (CSV), personal and/or corporate guarantees, pledge of cash held in trust, collateral mortgages, and/or general security agreements over the borrower's assets. The full balance of Langhaus Speciality Finance Corporation ("LSFC") loans receivable of \$87,848,871 (\$90,583,792 - December 31, 2022) or 84 (89 - December 31, 2022) loans are secured by a "put option" that allows the Group, in the event of default, to put the loan back to the seller or lender, as the case may be, and the corresponding debt is extinguished. Included in Loans payable and Other liabilities are \$69,845,457 (\$90,758,531 - December 31, 2022) and \$18,367,480 (\$19,063,113 - December 31, 2022) respectively, subject to this put option (see Note 10 and Note 11).

The Company periodically evaluates whether there are any indications of loan impairment due to a significant change in the expected timing or amount of future cash flows generated by the loan, including the realization of security. Management prepares a probability-weighted range of possible outcomes to arrive at an appropriate provision for expected credit losses. At period end, the Company has concluded a provision for loan impairment was not material for adjustment.

The following table presents a breakdown of the loan portfolio by type of loan:

	At March 31, 2023	At December 31, 2022
	Carrying	Carrying
	Value	Value
Interest only loans	\$ 7,130,484	\$ 4,859,375
Amortized Loans	12,616,285	6,812,790
Term Loans	21,793,466	18,678,584
Factored facilities	6,602,877	5,535,256
Mortgages	164,408,296	175,695,895
Insurance-backed loans	166,388,194	169,107,655
Total	\$ 378,939,602	\$ 380,689,555

Loans receivable by geography

The Company advances loans in Canada and the United States of America. The following table presents a breakdown of the loan portfolio by geography, denominated in Canadian dollars.

	At March 31, 2023	At December 31, 2022
Canada	\$ 363,464,501	\$ 373,090,821
United States of America	15,475,101	7,598,734
Total	\$ 378,939,602	\$ 380,689,555

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6. INVESTMENTS

As at March 31, 2023 and December 31, 2022, the Company held the following investments:

	Common Shares	Cost	March 31, 2023 Fair Value	December 31, 2022 Fair Value
<i>Equity instruments</i>				
Moj.io Inc.	427,998	\$ 43	\$ 462,300	\$ 462,300
Lambda Solutions Inc.	185,000	46,538	77,700	77,700
CamDo Solutions Inc.	1,062,500	25,100	425,100	425,100
Greenspace Brands Inc.	1,428,572	100,000	7,143	7,143
AvenueHQ	50,000	282,803	282,803	282,803
		454,484	1,255,046	1,255,046
<i>Investments - equity method</i>				
	LP Units			
TIMIA Capital I LP - Class B units	2,400	1,192,365	464,774	513,513
TIMIA Capital II LP - Class B units	1,036	1,401,804	1,270,706	1,296,880
TIMIA Capital III LP - Class A and M units	77,154	1,042,319	953,106	1,034,300
Total Investments		\$ 4,090,972	\$ 3,943,632	\$ 4,099,739
Less: current portion		-	(407,314)	(425,342)
Total Investments		\$ 4,090,972	\$ 3,536,318	\$ 3,674,397

7. RIGHT-OF-USE ASSET AND LEASE LIABILITY

In May 2021, the Company relocated its Vancouver location and entered into a lease agreement for office space for a monthly lease payment of \$8,731 with a term of three years. There is no extension contemplated in the lease agreement. In March 2023, the Company entered into a lease agreement for its head office space in Toronto for a monthly lease payment of \$15,068 with a term of five years. There is no extension contemplated in the lease agreement.

Under IFRS 16, the Company recognizes lease liabilities measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rates. The rate applied to the lease liabilities was 8%. The details of the right-of-use assets and lease liabilities recognized as at March 31, 2023 are as follows:

Right-of-use asset		March 31, 2023	December 31, 2022
Beginning balance	\$	125,258	\$ 202,655
Additions		846,904	7,736
Amortization		(34,536)	(85,133)
Ending balance	\$	937,626	\$ 125,258
Lease Liability		March 31, 2023	December 31, 2022
Beginning balance	\$	146,796	\$ 218,618
Additions		846,904	7,736
Accrued interest		8,421	15,177
Cash payment		(27,099)	(94,735)
Ending balance	\$	975,022	\$ 146,796

MONTFORT CAPITAL CORP.**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS****FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND MARCH 31, 2022**

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8. INTANGIBLE ASSETS AND GOODWILL

Intangible assets were acquired by Montfort as part of the Pivot, Brightpath and Langhaus acquisitions. In the Pivot acquisition, the Company acquired a customer relationship and service contract. The customer relationship was subject to accelerated amortization in the prior year as a result of the acquisition of Brightpath.

The intangible asset acquired as part of the Brightpath acquisition included lender relationships which have a limited life and are amortized on a straight-line basis over the useful life, estimated to be approximately five years from acquisition. The intangible assets acquired as part of the Langhaus acquisition included a service contract and customer relationships with a limited life and are amortized on a straight-line basis over the useful life, estimated to be approximately one year and ten years, respectively. The useful lives of the customer relationships are linked to the life of the policies within each of the relationships.

Goodwill was acquired as part of the Pivot, Brightpath and Langhaus acquisition and is tested for impairment on an annual basis. The Company performs its annual test for impairment of goodwill in the fourth quarter. Assessment of impairment of goodwill and intangible assets is performed more frequently as specific events or circumstances indicate that the carrying amount of the asset group may not be fully recoverable. See breakdown of intangibles and goodwill by CGU below:

	Intangibles			
	Pivot	Brightpath	Langhaus	Total
Beginning balance - January 1, 2023	\$ 2,108,309	\$ 4,344,603	\$ 3,475,123	\$ 9,928,035
Less: amortization	(93,009)	(231,781)	(187,225)	(512,015)
Ending balance - March 31, 2023	\$ 2,015,300	\$ 4,112,822	\$ 3,287,898	\$ 9,416,020

	Goodwill			
	Pivot	Brightpath	Langhaus	Total
Balance - December 31, 2022 and March 31, 2023	\$ 3,533,801	\$ 32,946,038	\$ 15,305,890	\$ 51,785,729

Fair value is determined using a discounted cash flow model that incorporates significant assumptions relating to revenue growth and discount rates. The loan portfolio and revenue growth rates are derived from Board approved budgets which consider projected loan receivable growth based on past experience, capital sources available as well as market and economic conditions.

Discount rates applied to CGU's represent the Company's assessment of the risks specific to each CGU regarding the time value of money and individual risks of the underlying assets. Discount rates used in the initial recognition of intangible assets were between 8% and 20.6%. The higher discount rates primarily reflect the cost of borrowing applicable to certain CGU's. Increases to discount rates could have the impact of reducing recoverable amounts.

The determination of fair values is sensitive to the above assumptions rates relating to revenue growth and discount rates. The risk premiums expected by market participants related to uncertainties about the industry and assumptions relating to future cash flows may differ, depending on economic conditions and other events. It is reasonably possible that future changes in assumptions may negatively impact future assessments of recoverable amounts for CGU's.

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8. INTANGIBLE ASSETS AND GOODWILL (continued)

See breakdown of intangible assets and goodwill by type below:

	Intangible assets				Goodwill
	Service contract	Customer relationships	Lender relationships		
Beginning balance - January 1, 2023	\$ 2,244,421	\$ 3,339,011	\$ 4,344,603	\$	51,785,729
Less: amortization	(137,397)	(142,837)	(231,781)		-
Ending balance - March 31, 2023	\$ 2,107,024	\$ 3,196,174	\$ 4,112,822	\$	51,785,729

	Intangible assets				Goodwill
	Service contract	Customer relationships	Lender relationships		
Beginning balance - January 1, 2022	\$ 2,485,400	\$ 520,000	\$ -	\$	3,533,801
Additions through business acquisition (see Note 3)	180,000	3,361,000	4,700,000		48,251,928
Less: amortization	(420,979)	(541,989)	(355,397)		-
Ending balance - December 31, 2022	\$ 2,244,421	\$ 3,339,011	\$ 4,344,603	\$	51,785,729

9. COMMITMENTS AND CONTINGENCIES

The Company has provided guarantees and limited recourse guarantees to certain lenders with respect to loan payable agreements in place. These arrangements were acquired as part of the Pivot acquisition. Recourse is limited to the lender's right, title and interest in collateral under the loan agreement, such as cash and other assets defined.

Brightpath Capital has been named as a defendant in a lawsuit arising in the ordinary course of business. Due to the nature of the claim and the inability to estimate the outcome, no amount has been recorded in these financial statements.

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10. LOANS PAYABLE

Loans payable consists of the following as at March 31, 2023 and December 31, 2022:

	Interest Rate	Security	Note	March 31, 2023	December 31, 2022
Loans payable	10%	Unsecured	(i)	1,000,000	1,000,000
Loans payable	10.75%	Unsecured	(i)	8,500,000	10,500,000
Loans payable	11%	Unsecured	(i)	7,064,797	6,876,617
Loans payable	11.75%	Unsecured	(i)	2,000,000	-
Loans payable	Higher of prime + 5.3% or 9.25%	Secured	(i)	26,355,300	26,077,600
Loans payable	Higher of prime + 5.5% or 9.5%	Secured	(i)	60,000,000	60,000,000
Investor loans	8% - 15%	Unsecured	(ii)	50,298,771	49,485,313
Demand loan	Higher of prime + 1.5% or 4.20%	Secured	(iii)	68,660,917	75,683,234
Bank Loan	Higher of prime + 0.25% or 3%	Secured	(iv)	26,396,451	36,637,586
Bank Loan	Higher of prime + 0.70% or 3%	Secured	(iv)	36,958,849	26,848,969
Bank Loan	Interest Free	Unsecured	(iv)	40,000	40,000
Credit agreement	Prime -0.55% to Prime +1.55%	Unsecured	(v)	17,809,741	17,945,544
Credit agreement	BA +0.75% to BA 1.55%	Unsecured	(v)	52,703,216	55,216,245
Credit agreement	0.92%	Unsecured	(v)	7,168,915	6,368,630
Promissory notes	5%	Unsecured	(vi)	409,808	404,877
Promissory note	8%	Unsecured	(vii)	500,000	500,000
Promissory note	Prime + 0.5%	Unsecured	(viii)	725,000	-
Debenture notes	8%	Secured	(ix)	8,756,843	-
				375,348,608	373,584,615
Less: current portion				366,056,957	286,977,138
				9,291,651	86,607,477

Loans payable

- (i) For all loans payable, the initial term is set at one year. The lender has the option to extend while the Company has the option to repay at any time, therefore all loans payable are classified as current liabilities.

The secured loans payable is a revolving credit facility from a senior lender and has a combined authorized limit of \$60,000,000. The agreement also includes covenants regarding reporting requirements, liens on account, distribution limitations and cash investment limits. The loan is designated as FVTPL to ensure measurement consistency with the credit risk associated with the related loan receivable that is security to the loan.

All loans include covenants which the Company is required to report on a regular basis. Covenants restrict total debt levels relative to permitted investments as well as total net debt relative to subordinated debt. The Company was in compliance with all covenants as at March 31, 2023.

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10. LOANS PAYABLE (continued)*(ii) Investor loans*

Investor loans are unsecured, due on demand with maturity dates ranging between 30 to 180 days from day of demand with fixed interest rates ranging between 10.0% - 12.0%. The weighted average interest rate to maturity for March 31, 2023 is:

		2023 Weighted	Average Term
	Principal	Average	(days)
Fixed rate due less than one year	\$ 50,298,771	11.96%	175

(iii) Demand loan

The demand loan is in the form of an uncommitted senior secured revolving credit demand facility for the purpose of purchasing eligible mortgages and incurs interest at the greater of the Canadian Bank Prime Rate plus 1.5%, or 4.2% per annum. The maximum capacity that the Brightpath Residential Mortgage LP I can draw on under this loan is the lesser of the maximum borrowing amount on the date of the loan, and \$100,000,000. The debt for each individual mortgage is due on each mortgage settlement date. The demand loan is secured by mortgages held by Brightpath Residential Mortgage LP I as well as the co-ownership interest of mortgages held by Brightpath Capital Corporation, granting the lender first priority lien on all collateral. The demand loan is guaranteed by a limited recourse guarantee made by the General Partner of Brightpath LP in favour of the lender. As at March 31, 2023 the balance was \$68,660,917 (\$75,683,234 - December 31, 2022).

The Company incurred financing fees in order to obtain financing. These fees are expensed as incurred.

(iv) Bank Loans

Langhaus Insurance Finance LP ("LH LP") has an uncommitted revolving credit facility of \$75,000,000 with a schedule 1 bank to fund up to 90% (90% - December 31, 2022) of the value of loans acquired from Langhaus Financial Corporation ("LFC"). The facility bears a variable rate of interest at the greater of prime rate plus 0.25% and 3.00% (prime plus 0.25% and 3.00% - December 31, 2022) per annum, payable monthly. The facility is secured by LH LP's assets and a guarantee from LFC. As at March 31, 2023, LH LP has drawn \$26,396,451 (\$36,637,586 - December 31, 2022) on this facility.

Langhaus Insurance Finance LP II ("LH LP II") has entered an uncommitted revolving credit facility of \$50,000,000 with a schedule 1 bank to fund up to 90% (90% - December 31, 2022) of the value of full premium loans acquired from LFC in the period. The facility bears variable rate of interest at the greater of prime rate plus 0.70% and 3.00% (prime plus 0.70% and 3.00% - December 31, 2022) per annum, payable monthly. The facility is secured by the Partnership's assets and a guarantee from LFC. As at March 31, 2023, LH LP II has drawn \$36,958,849 (\$26,848,969 - December 31, 2022) on the facility.

The bank loans impose financial covenants with respect to yield, delinquency and loss ratio of the loans receivable, as well as maintaining minimum tangible net worth. As at March 31, 2023, the Group is in compliance with all covenants.

Langhaus Insurance Finance LP III ("LH LP III") has entered an uncommitted loan receivable sale facility of \$50,000,000 with a schedule 1 bank to fund up to 100% of the value of loans acquired from LFC. The facility bears a fixed rate of interest determined at the average life Government of Canada bond yield plus 3.00% to a floor of 0.50%. The facility is secured by the Partnership's assets, and a performance guarantee from LFC. As of March 31, 2023, the LH LP III has not drawn on the facility.

The bank facility imposes financial covenants with respect to yield, delinquency and loss ratio of the loans receivable, as well as maintaining minimum tangible net worth. As at March 31, 2023, the Group is in compliance with all covenants.

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10. LOANS PAYABLE (continued)

Also included in bank loans is a \$40,000, non-interest bearing loan received under the Canada Emergency Business Account program launched in response to the pandemic. The loan shall be considered repaid in full if LFC repays at least 75% or \$30,000 of the principal amount on or before the termination date of December 31, 2023 ("Forgiveness Benefit"). If this loan amount is not repaid by this date, the Forgiveness Benefit will not be available to the Organization and the loan will be extended for a term of three years until December 31, 2025, with interest-only payments of 5% per annum due monthly.

(v) Credit Agreements

Credit agreements of \$77,681,872 (\$79,530,419 - December 31, 2022) include borrowed funds from private lenders under several credit agreements. Credit agreements correlate to loan receivables being funded.

Amounts payable bear differing rates of variable interest based on bank prime -0.55% to +0.55% (bank prime -0.55% to +0.55% - December 31, 2022), and bankers' acceptance +0.75% to +1.55% (bankers' acceptance +0.75% to +1.55% - December 31, 2022). Interest-only payments are due monthly so long as the loan receivable being funded by the debt is outstanding. Upon receipt of the loan receivable the reciprocal credit obligation must be repaid. Other than funding related to short-term bridge loans receivable, the credit agreements have a 10 year term.

Expected required repayments of principal over the next five years and thereafter, are as follows:

2024	77,556,872
2025	125,000
2026	-
2027	-
2028	-
Thereafter	-

(vi) Promissory notes - 5%

Promissory notes are unsecured, due on demand with no maturity, bearing interest at 5% per annum payable on maturity. As of March 31, 2023, \$49,177 of \$409,808 (\$48,585 of \$404,877 - December 31, 2022) is due to a member of key management (Note 13).

(vii) Promissory note - 8%

Promissory note of \$500,000 (\$500,000 - December 31, 2022) are due to a company controlled by a member of key management (Note 13). The amount due is unsecured, bearing interest at 8% per annum with interest payable monthly and no fixed terms of repayment. The note is due on the date of demand.

(viii) Promissory note - Prime + 0.5%

Promissory note of \$725,000 (\$nil - December 31, 2022) is unsecured, bearing interest at prime + 0.5% per annum with interest compounded monthly and a maturity date of August 27, 2023 with a six month extension option.

(ix) Debenture notes

Debenture notes have maturity dates of five years from the date of issuance and a fixed interest rate of 8% plus quarterly non-cumulative bonus interest, calculated and paid quarterly in cash at a variable rate. Debentures are held in a wholly owned corporation and secured by assets held within that specific corporation.

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11. OTHER LIABILITY

Other liability consists of the following as at March 31, 2023 and December 31, 2022:

	Note	March 31, 2023	December 31, 2022
Other liability	(i)	\$ 18,367,480	\$ 19,063,113
Contingent consideration	(ii)	2,281,584	2,281,584
Total Other liability		\$ 20,649,064	\$ 21,344,697
Less: current portion		(19,133,712)	(19,843,266)
Total Other liability		\$ 1,515,352	\$ 1,501,431

(i) Other liability

Included in loans receivable, are loan portfolios that LSFC purchased under various purchase agreements with lenders ("Purchased Loan Portfolio"). The purchase price for the Purchased Loan Portfolio was lower than the amount of the portfolio loan principal, whose principal was determined to be fair value on the purchase date. As at March 31, 2023, pursuant to the purchase agreements, the following liabilities associated with the purchased loan portfolio exist:

- (a) For each purchased loan in the purchased loan portfolio, any amount collected by LSFC from the borrowers that is in excess of its purchase price must be repaid to the lenders. This liability bears interest at the bankers acceptance rate plus 0.30% to 1.45%. At March 31, 2023, the entire Purchased Loan Portfolio is considered collectible, therefore the liability of \$18,367,480 (\$19,063,113 - December 31, 2022) has been recorded as the difference between the remaining purchased principal and the purchase price.

During the period, interest expense of \$293,845 relating to other liability has been included in interest expense in the consolidated statement of net income (loss).

(ii) Contingent Consideration

As part of the Langhaus acquisition, in the event that Langhaus achieves certain financial targets on or before August 31, 2027, the vendors shall be eligible to receive additional contingent cash consideration of up to \$2,340,000. The Company determined that the closing date fair value of this contingent consideration was \$2,281,584. The fair value was determined based on the expected date of payment in the forecast and a discount rate based on the equity rate of return. As at March 31, 2023, \$766,232 (\$766,232 - December 31, 2022) was classified as current as management expects to payout the first milestone payment within 2023. There was no significant change to the fair value of the contingent consideration as at March 31, 2023.

12. SHARE CAPITAL*(a) Common shares:*

An unlimited number of common voting shares are authorized without par value. As of March 31, 2023 Montfort had 91,698,456 common shares issued and outstanding.

(b) Preferred shares:

	Note	March 31, 2023	December 31, 2022
Montfort preferred shares	(i)	\$ 27,378,214	\$ 27,378,214
Langhaus preferred shares	(ii)	12,470,000	12,470,000
Total preferred shares		\$ 39,848,214	\$ 39,848,214

MONTFORT CAPITAL CORP.

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12. SHARE CAPITAL (continued)

(b) Preferred shares: (continued)

(i) Montfort preferred shares

As of March 31, 2023, Montfort has 28,485,994 non-cumulative Series A Preferred shares issued and outstanding (28,485,994 - December 31, 2022). Holders of Preferred shares will be entitled to receive fixed non-cumulative preferential cash dividends, if, as and when declared by the Board of Directors of the Company at an annual rate equal to \$0.08 per Preferred share. Dividends, if declared, will be payable on the last day of December, March, June and September in each year, or if such day is not a business day, on the next business day, at a quarterly rate of \$0.02 per Preferred Share.

The Preferred Shares will rank senior to the Common shares of the Company with respect to declared but unpaid dividends. The Preferred Shares are retractable by the Corporation at any time on or after the date that is three years after the Closing Date. On or after the date that is three years after the closing date, the Company may, at its option, upon 10 days' prior written notice, retract all or any number of the Preferred shares. Upon notice of retraction by the Company, holders of the Preferred Shares may elect to receive either: (a) a cash payment equal to the offering price; or (b) one Common share in exchange for each one Preferred share, subject to adjustment. The Preferred shares do not have a fixed maturity date and are not redeemable at the option of the holders of Preferred shares. Holders of the Preferred shares may elect to convert the Preferred shares into Common shares on the basis of one Common share for each Preferred share held, subject to adjustment, at any time.

(ii) Langhaus preferred shares

Authorized, unlimited number

LFC has Class A preferred shares issued in series that are non-voting and redeemable by LFC. In addition, these shares have an annual cumulative fixed distribution of capital in respect of each Class A preferred share that has paid up capital of greater than \$0.01 per share, at the rate that is set for the applicable series of Class A preferred shares when created, payable within 60 days of the fiscal year end, at the discretion of the Langhaus board. After such time as the paid up capital of the applicable class preferred shares is equal to \$0.01 or lower, distributions are dividends. Discretionary special distribution, which shall be characterized as either (or a combination of both) (i) a return of capital to the extent that paid up capital is greater than \$0.01 or (ii) a dividend after such time the paid up capital is equal to \$0.01.

The holders of the Class A preferred shares shall be entitled to receive for each Class A preferred share held, an amount equal to the preferred liquidation amount, on parity with the Class A preferred shares of every other series and in priority over the common shares and non-voting common shares.

LFC may redeem the whole or any part of the issued Class A preferred shares of any series that have been issued and outstanding for a period of three years or longer on payment for each share to be redeemed of an amount equal to the sum of:

- (i)* An amount equal to the preferred liquidation amount for such Class A preferred share;
- (ii)* If redeemed prior to the 7th anniversary of the date of issuance of such Class A preferred share, an amount equal to 5% of the preferred share original issue price of such Class A preferred share per annum, calculated as simple, non-compounding interest, for the period from the date of redemption to the 7th anniversary date of issuance of such Class A preferred share; and
- (iii)* If determined to be included by the corporation in its sole discretion, an additional amount equal to the fair market value of securities of the corporation determined to be distributed to the holder of such Class A preferred share upon redemption (collectively, the "redemption price").

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12. SHARE CAPITAL (continued)(b) *Preferred shares: (continued)*(ii) *Langhaus preferred shares (continued)*

The portion of the redemption price referred to in clauses (i) and (ii) in the preceding sentence shall be satisfied in cash, and the portion of the redemption price referred to in clause (iii) in the preceding sentence, if any, shall be satisfied in securities of the corporation that are determined to be distributed.

As of March 31, 2023, Langhaus has 1,247,000 Class A preferred shares issued and outstanding (1,247,000 - December 31, 2022). Dividends declared and paid during the period ended were \$374,100.

Issued		March 31, 2023		December 31, 2022
740,000 Class A preferred shares - series I	\$	7,400,000	\$	7,400,000
197,000 Class A preferred shares - series II		1,970,000		1,970,000
85,000 Class A preferred shares - series III		850,000		850,000
85,000 Class A preferred shares - series IV		250,000		250,000
85,000 Class A preferred shares - series V		2,000,000		2,000,000
	\$	12,470,000	\$	12,470,000

(c) *Dividends declared:*

On a quarterly basis the Company's Board of Directors declared and paid dividends on Series A Preferred shares as follows:

Dividend declaration date	Dividend payment date	Dividend rate	Total dividends paid
February 22, 2023	March 31, 2023	0.0200 \$	569,720
		\$	569,720

(d) *Stock options and share unit plan:*Stock options

The Company has adopted an equity incentive plan for granting options to directors, employees and consultants, under which the total outstanding options are limited to 10% of the issued and outstanding Common Shares as at the grant date. Under the plan, the exercise price of an option shall not be less than the discounted market price at the time of granting, or as permitted by the policies of TSX-V. Options granted may not exceed a term of ten years from the grant date. The vesting period for all other options will be determined by the Board of Directors at the time of each grant.

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12. SHARE CAPITAL (continued)*(d) Stock options and share unit plan: (continued)*

	Number of Options	Weighted Average Exercise Price
Balance, December 31, 2021	4,830,000	\$ 0.22
Issued	2,915,000	0.41
Forfeited	(96,628)	0.29
Exercised	(993,372)	0.17
Balance, December 31, 2022	6,655,000	\$ 0.31
Issued	2,035,001	0.39
Exercised	(200,000)	0.19
Balance, March 31, 2023	8,490,001	\$ 0.33

Additional information regarding stock options outstanding as at March 31, 2023 is as follows:

Outstanding			Exercisable		
Exercise Price	Number of Options	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
0.17	500,000	0.11	0.17	500,000	0.17
0.18	75,000	0.88	0.18	75,000	0.18
0.19	405,000	2.40	0.19	323,110	0.19
0.22	700,000	1.12	0.22	700,000	0.22
0.20	490,000	1.80	0.20	490,000	0.20
0.165	550,000	2.20	0.165	546,164	0.165
0.30	275,000	3.48	0.30	139,498	0.30
0.435	600,000	3.58	0.435	600,000	0.44
0.44	50,000	4.82	0.44	2,968	0.44
0.42	1,545,000	4.02	0.42	490,922	0.42
0.375	30,000	4.15	0.375	8,466	0.38
0.40	830,000	4.92	0.40	22,740	0.42
0.48	145,000	4.48	0.48	25,160	0.48
0.46	50,000	4.49	0.46	8,493	0.46
0.31	250,000	4.51	0.31	248,801	0.19
0.35	955,001	4.96	0.35	13,082	0.35
0.41	840,000	4.51	0.41	194,530	0.41
0.50	200,000	1.13	0.50	0	0.00
	8,490,001	3.35	0.33	4,388,934	0.27

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12. SHARE CAPITAL (continued)*(d) Stock options and share unit plan: (continued)*

Option-pricing requires the use of highly subjective estimates and assumptions including the expected stock price volatility. The expected volatility used in valuing stock options is based on volatility observed in historical periods. Changes in the underlying assumptions can materially affect the fair value estimates. The fair value of the options re-priced and granted to officers, directors, consultants, and employees was calculated using the Black-Scholes Option Pricing Model with the following weighted average assumptions and resulting grant date fair value:

	2023	2022
Weighted average assumptions:		
Risk-free interest rate	2.88% - 3.59%	1.64% - 3.50%
Expected dividend yield	-	-
Expected option life (years)	5	5
Expected stock price volatility	70% - 72%	79% - 83%
Weighted average fair value at grant date	\$0.35-\$0.44	\$0.31-\$0.48
Expected forfeiture rate	-	-

The Company has a share unit (SU) plan that allows for the granting of restricted share units (RSUs), performance share units (PSUs), deferred share units (DSUs) and Stock Appreciation Rights (SARs) to directors and employees. The maximum number of the Company's common shares that may be issued under the share unit plan as of March 31, 2023 is 9,169,846.

RSUs granted entitle participants to receive one common share of the Company for each share unit granted if certain vesting and performance conditions are achieved. PSUs entitle participants to receive common shares of the Company if certain performance and vesting criteria are achieved. DSUs granted entitle participants the right to receive one common share of the Company for each share unit granted if certain vesting conditions are achieved. Each DSU shall initially have a value equal to the market price of a common share as at the date the DSU is granted. SARs granted entitle participants to receive one common share of the Company, a cash payment or a combination thereof for each right if certain performance and vesting criteria are achieved. Under the plan, the exercise price of an option shall not be less than the market price at the time of grant.

The performance criteria of the share units may be based upon the achievement of corporate or individual goals, and may be applied relative to performance relative to an index or comparator group, or on any other basis determined by the Board. The Board may modify the performance criteria as necessary to align them with the Corporation's corporate objectives. A summary of the SU activity is presented as follows:

	SUs	
	# of PSUs	# of RSUs
SUs outstanding, January 1, 2022	-	-
Issued	5,650,000	700,000
SUs outstanding, December 31, 2022	5,650,000	700,000
Issued	-	1,500,000
SUs outstanding, March 31, 2023	5,650,000	2,200,000
Weighted average fair value	0.00	0.38
Weighted average remaining contractual life (years)	2.38	1.73

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12. SHARE CAPITAL (continued)(d) *Normal Course Issuer Bid*

On February 24, 2021, the TSXV approved and the Company announced its intention to commence a normal course issuer bid (NCIB) to repurchase the Company's common shares. Under the NCIB the Company may purchase for cancellation up to 3,313,699 common shares over a 12-month period ending February 28, 2022. Transactions were executed from time to time in the open market in accordance with the rules and policies of the TSXV. Purchase and payment for the shares made by the Company were made in accordance with the rules of the TSXV and the price that the Company paid for any shares acquired by it at the market price of the shares at the time of acquisition. The Company entered into a share purchase plan with a broker in order to facilitate the repurchase of its shares under the NCIB which covers the period from March 1, 2021 to February 28, 2022. Under the Plan, the Company's broker was able to repurchase common shares under the NCIB. Purchases were made by Montfort's broker based upon the parameters prescribed by the TSXV and the terms of the plan.

On November 1, 2022, the TSXV approved and the Company announced its intention to commence a NCIB to repurchase the Company's common shares. Under the NCIB the Company may purchase for cancellation up to 4,575,286 common shares over a 12-month period ending November 3, 2023. Transactions were executed from time to time in the open market in accordance with the rules and policies of the TSXV. During the period ended, the Company canceled 133,500 shares under the NCIB of which 52,500 were purchased during the period and 81,000 shares previously repurchased in 2022.

(e) Warrants:

	Number of Warrants	Weighted Average Exercise Price
Balance, December 31, 2021	431,667	\$ 0.30
Granted	2,511,681	0.50
Exercised	(133,339)	0.30
Expired	(298,328)	0.30
Balance, December 31, 2022 and March 31, 2023	2,511,681	\$ 0.50

Additional information regarding warrants outstanding and exercisable as at March 31, 2023 is as follows:

Exercise Price	Number of Warrants	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price
0.50	2,511,681	1.01	\$ 0.50

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13. RELATED PARTY TRANSACTIONS AND EXECUTIVE COMPENSATION

The Company may have transactions in the normal course of business with individuals (as well as their family members or entities they control) who are related to the Company either as key management personnel or a member of the board of directors. Any such transactions are in the normal course of operations and are measured at market based on exchange amounts. The Company had the following related party transactions:

- (a) For the three months ended March 31, 2023, \$182,442 of interest from \$9,414,000 of debentures and loans payable (\$30,160 and \$nil respectively - March 31, 2022) was paid to certain directors, officers, family members of directors and officers and companies controlled by a director.
- (b) Accounts payable of \$81,069 (\$141,723 - December 31, 2022) was due to directors and/or officers identified as key management personnel as at March 31, 2023.
- (c) Rent expense of \$14,937 (\$12,940 - March 31, 2022) was accrued or paid for the three months ended March 31, 2023 to a third party company controlled by the CFO.
- (d) The Company recognized interest revenue and fee revenue of \$131,025 on loans receivable from companies or individuals related to the Company in the amount of \$4,403,178 (\$110,425 and \$54,457,744 respectively - March 31, 2022) where the entity is controlled by a member of the Company's management, is a significant shareholder of the entity and a member of the entity's board of directors.

The Company considers the Chief Executive Officer, Chief Financial Officer, Chief Strategy Officer, Chief Credit Officer, and Directors as key management personnel. Key management compensation for the three months ended March 31, 2023 and March 31, 2022 were as follows:

- (a) Directors fees of \$88,307 (\$34,293 - March 31, 2022) were accrued or paid during the three months ended March 31, 2023.
- (b) Management compensation of \$506,105 (\$118,750 - March 31, 2022) was accrued or paid during the three months ended March 31, 2023.
- (c) Share-based payments expenses of \$86,465 (\$88,100 - March 31, 2022) were recorded for directors and certain officers identified as key management personnel for the three months ended March 31, 2023.

14. NON-CONTROLLING INTEREST ("NCI")

The Company's ownership in Langhaus is 78%, therefore a non-controlling interest is recognized representing the 22% of shares not purchased by the Company.

Details of the change in non-controlling interest for the period were as follows:

NCI Balance, December 31, 2022	\$	2,599,264
Net loss attributable to NCI		(24,261)
NCI Balance, March 31, 2023	\$	2,575,003

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14. NON-CONTROLLING INTEREST (“NCI”) (continued)

	TIMIA Capital I LP	TIMIA Capital II LP	TIMIA Capital III LP	Langhaus	Total
NCI Balance, December 31, 2021	\$ 5,956,600	\$ 24,556,976	\$ -	\$ -	\$ 30,513,576
Contributions by LP's	-	-	8,246,881	-	8,246,881
Distributions paid to LP's	(2,674,986)	(3,767,841)	(446,230)	-	(6,889,057)
Reinvestment of distributions	-	-	19,249	-	19,249
Acquired as part of business acquisition (Note 3)	-	-	-	2,621,573	2,621,573
Net income (loss) attributable to NCI	672,323	2,345,293	345,306	(22,309)	3,340,613
Foreign currency translation	-	1,636,227	393,038	-	2,029,265
Loss of control adjustment	(3,953,937)	(24,770,655)	(8,558,244)	-	(37,282,836)
NCI Balance, December 31, 2022	\$ -	\$ -	\$ -	\$ 2,599,264	\$ 2,599,264

Summarized financial information

Statements of financial position as at March 31, 2023 and statements of net income (loss) for the period ended March 31, 2023:

	Langhaus
Total current assets	\$ 168,565,477
Total non-current assets	3,404
Total Assets	168,568,881
Total liabilities	162,668,654
Shareholders' Equity	5,900,227
Total liabilities & Shareholders' equity	\$ 168,568,881

For the 3 months ended March 31, 2023	Total
Total revenue	\$ 2,983,877
Total expense and other income	3,094,154
Total net income and comprehensive income	\$ (110,277)

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14. NON-CONTROLLING INTEREST (“NCI”)

Statements of financial position as at December 31, 2022 and statements of net income (loss) for period ended March 31, 2022:

	Total
Total current assets	\$ 170,481,909
Total non-current assets	-
Total Assets	170,481,909
Total liabilities	164,097,304
Partners' capital	6,384,605
Total liabilities & Partners' capital	\$ 170,481,909

For the 3 months ended March 31, 2022	TIMIA Capital I LP	TIMIA Capital II LP	TIMIA Capital III LP	Total
Total revenue	\$ 259,841	\$ 1,039,071	\$ 85,905	\$ 1,384,817
Total expense and other income	176,606	112,231	103,311	392,148
Total net income and comprehensive income	\$ 83,235	\$ 926,840	(\$ 17,406)	\$ 992,669

15. FINANCIAL INSTRUMENTS AND RISK**Financial instruments**

The following table summarizes information regarding the carrying values and classification of the Company's financial instruments as of the periods ended March 31, 2023 and December 31, 2022:

	Classification	Carrying value	
		March 31, 2023	December 31, 2022
Cash	FVTPL	\$ 8,964,865	\$ 7,008,311
Accounts receivable	Amortized Cost	8,318,322	6,091,216
Carried interest receivable	Amortized Cost	2,246,003	2,088,735
Loans receivable	Amortized Cost	378,939,602	380,689,555
Investments	FVTPL	1,255,046	1,255,046
Accounts payable	Amortized Cost	8,602,424	3,557,016
Debentures & co-investment obligations	Amortized Cost	2,463	2,463
Loans payable (Note 10)	Amortized Cost	315,348,608	313,584,615
Loans payable (Note 10)	FVTPL	60,000,000	60,000,000
Other liability	Amortized Cost	18,367,480	19,063,113
Other liability	FVTPL	2,281,584	2,281,584

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15. FINANCIAL INSTRUMENTS AND RISK (continued)**Financial instruments (continued)**

The estimated fair values of cash and accounts payable approximate their respective carrying values due to their nature and short terms to maturity. Investments are carried at their fair value. Loans receivable, accounts receivable, carried interest receivable, co-investment obligations and debentures and are carried at amortized cost. Loans payable and other liability are split between amortized cost and FVTPL.

The fair value measurements use a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- (a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (b) Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); and
- (c) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The level in the fair value hierarchy within which the fair value measurement is categorized in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

The following table presents the Company's financial instruments, measured at fair value on the consolidated statements of financial position and categorized into levels of the fair value hierarchy:

	Balance at March 31, 2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash	\$ 8,964,865	\$ 8,964,865	\$ -	\$ -
Investments	1,255,046	7,143	-	1,247,903
Loans payable	60,000,000	-	-	60,000,000
Other liability	2,281,584	-	-	2,281,584

There were no transfers during the period (Loans payable were transferred from Level 1 to Level 3 during the period - December 31, 2022).

Investments classified as Level 3 relate to shares held in private companies. Fair value of equity interests held is determined using a market approach. Management reviews financial results of underlying companies and uses recent equity transactions to value the investment. No change in methodology or fair value noted during the period.

Loans payable classified as Level 3 relate to variable interest debt from a third party. During the period ended March 31, 2023 no gains or losses were recognized in the statement of net income (loss) for changes in fair value related to the loans payable. Factors considered in determining the fair value of loans payable include changes to own credit risk as well as variable interest rate associated with this debt which did not have a significant impact on the fair value at March 31, 2023.

For information regarding the valuation of Other liability above refer to Note 11.

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15. FINANCIAL INSTRUMENTS AND RISK (continued)**Financial instruments (continued)**

The investment operations of the Company's business involve the purchase and sale of securities, and accordingly, a portion of the Company's assets are currently composed of financial instruments. The use of financial instruments can expose the Company to several risks, a discussion of which is provided below.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company maintains sufficient cash balances to meet current working capital requirements. The Company is dependent on obtaining regular financings in order to continue as a going concern. Despite previous success in acquiring these financings, there is no guarantee of obtaining future financings. The Company's cash consists of cash deposited in business accounts held by high credit quality financial institutions.

	Carrying amount	Contractual cash flows	Within 1 year	Within 2 years	Within 5 years
Accounts payable	\$ 8,602,424	\$ 8,602,424	\$ 8,602,424	\$ -	\$ -
Loans payable	375,348,608	375,348,608	366,056,957	9,291,651	-
Debentures & Co-investment obligations	2,463	2,463	2,463	-	-
Lease liability	975,022	1,173,204	297,315	232,019	643,870
Other liability	20,649,064	20,649,064	19,133,712	1,515,352	-
Total	\$ 405,577,581	\$ 405,775,763	\$ 394,092,871	\$ 11,039,022	\$ 643,870

Foreign exchange risk

The Company's foreign exchange risk is due to the Company's loan investments totaling US\$12,044,347 which are currently valued at \$16,314,068.

The Company also consolidates one wholly owned subsidiary which operates with a functional currency of US dollars. Changes in US and Canadian dollar exchange rates will give rise to foreign currency translation adjustments that may have an impact on the other comprehensive income recognized by the Company.

The Company also holds loans receivable and loans payable denominated in US dollars. A 10% movement in the US dollar exchange rate would increase/decrease foreign exchange gains/losses on the consolidated statement of net income (loss) by \$799,358.

Interest rate risk

The Company's exposure to interest rate risk arises from the interest rate impact on its cash, loans receivable as it relates to mortgages, and loans payable. The Company's practice has been to invest cash at floating rates of interest in order to maintain liquidity, while achieving a satisfactory return for shareholders. A 10% change in the interest rate would have resulted in an increase in interest expense of \$645,962.

As of March 31, 2023, 9.3% of mortgage loans receivable bear interest at fixed rates and 90.7% of mortgages receivable bear interest at variable rates. The interest rate risk associated with variable rate mortgages receivable is mitigated by a minimum interest rate being the greater of the stated variable rate and fixed rate determined at mortgage origination for each respective variable rate mortgage loan receivable. Changing interest rates may result in changes in interest income and expense for the Brightpath variable rate mortgages. The extent of the future impact on the market rates of interest and the corresponding effect on the fair value of the Company's mortgage receivable could be significant.

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15. FINANCIAL INSTRUMENTS AND RISK (continued)**Market risk**

Market risk is the risk that the fair value of, or future cash flows from the Company's financial instruments will significantly fluctuate due to changes in market prices. The value of financial instruments can be affected by changes in interest rates, foreign exchange rates, and equity prices. The Company is exposed to market risk in trading its investments and unfavourable market conditions could result in dispositions of investments at less than favourable prices. Additionally, the Company adjusts its investments to fair value at the end of each reporting period. This process could result in significant write-downs of the Company's investments over one or more reporting periods, particularly during periods of overall market instability, which could have a significant unfavourable effect on the Company's financial position.

The Company manages market risk by having a portfolio of investments not singularly exposed to any one issuer. The Company also manages its market risk by reviewing individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

Concentration Risk

Concentration risk arises related to the mortgage loans receivable as a result of the concentration of geographical locations and security position. The following is a summary of the Company's concentration risk:

	March 31, 2023	December 31, 2022
1st charge	85.15%	85.16%
2nd charge	14.85%	14.84%

	March 31, 2023	December 31, 2022
South Western Ontario	57.06%	57.67%
Greater Toronto Area	26.60%	25.53%
North Eastern Ontario	9.84%	10.08%
Other	6.50%	6.72%

Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash and loan receivables. The Company limits exposure to credit risk by maintaining its cash with financial institutions. Deposits held with these institutions may exceed the amount of insurance provided on such deposits. The Company's maximum exposure to credit risk at the reporting date is the carrying value of cash, accounts receivable, and loans receivable.

Credit risk measurement

In monitoring credit risk, the Company performs ongoing credit evaluations of its investees' financial condition. The evaluation considers delinquency trends, sales volumes and the investee's ability to maintain its financial condition. In accordance with IFRS 9, the Company calculates a provision for expected credit loss as outlined below.

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15. FINANCIAL INSTRUMENTS AND RISK (continued)

Credit Risk (continued)

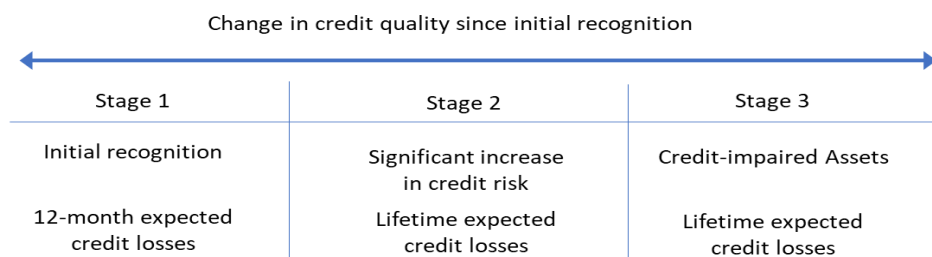
Expected credit loss measurement

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarized below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Company.
- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired.
- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.

Calculating the ECL allowance involves a number of interrelated inputs and assumptions including probability of default, indications of SICR and collateral value. Key judgments relate to the estimated value of collateral, in the current macroeconomic environment.

The following diagram summarizes the impairment requirements under IFRS 9:



The Company assigns each loan in the portfolio to a credit quality stage of Stage 1, Stage 2 or Stage 3. This credit quality staging is then used to calculate the lifetime ECL. The lifetime ECL is the maximum loss in default adjusted for the probability of loss. At each reporting period, the ECL is calculated for each loan receivable. The Company periodically reviews the ECL model to determine if industry trends or macro-economic factors have changed, causing a need to adjust the ECL model. The expected credit loss (recovery) recorded in the consolidated statement of net income (loss) is \$1,013,526 as at March 31, 2023 ((\$196,337) - March 31, 2022).

Significant increase in credit risk (SICR)

The Company considers a financial instrument to have experienced a SICR when one or more of the following quantitative or qualitative criteria have been met:

- The investment is more than 30 days but less than 90 days in arrears on its contractual payment obligations;
- The Company's management believes the cash resources available to the investment may not be sufficient to meet ongoing needs; or
- The investment has significantly underperformed with respect to revenue growth and expense control.

MONTFORT CAPITAL CORP.

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15. FINANCIAL INSTRUMENTS AND RISK (continued)

Credit Risk (continued)

A loan is considered to be in stage 3 if:

- The borrower is 90 days past due on contractual payments;
- The borrower is in long-term forbearance;
- The borrower is insolvent; or
- The borrower is in material breach of financial covenants.

Expected credit loss model

The Company determines the lifetime expected credit loss to be the maximum loss in a default adjusted for the probability of loss. At each reporting period, the ECL is calculated for each loan receivable.

The maximum default loss is a function of the relative exposure of the Company to a particular investment. The Company assesses this as a ratio of the enterprise value of the underlying entity to the amortized loan balance. Based on this ratio, the Company assigns the loan receivable to a maximum default loss band. Each band has a loss percentage based on historic experience.

The probability of default represents the likelihood that the borrower defaults on its financial obligation. As such it is dependent on the stage of the investment at the measurement date. An investment in stage 3 is in default by definition so the likelihood of default is 100%. Stage 1 and stage 2 credits are assigned default probabilities based on historic experience and an assessment of forward looking macro-economic trends. If Company management determines that a segment of the portfolio is facing macro-economic trends that differ from other investments in the portfolio, the probability of default will be adjusted accordingly for that segment.

The Company reviews the stage of each loan receivable and recalculates the ECL every reporting period. Changes to the ECL are recognized on the consolidated statement of income (loss) in the period of the change.

Credit risk exposure

The Company's credit risk exposure by ECL staging is included in a table in Note 5.

16. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to: a) identify and to invest in investments with strong cash-flow and long-term growth potential; b) to maintain financial strength, to protect its ability to meet its ongoing liabilities and to continue as a going concern and maintain creditworthiness; c) maximize returns for shareholders over the long-term. If the Company does not receive sufficient cash flows from its activities, it may have to undertake a private placement to cover its cash outflows.

The Company is subject to certain restrictions on its assets as described in Note 10. The Company's share capital is not subject to external restrictions. The capital of the Company comprises shareholders' equity, loans payable, debentures and co-investment obligations.

The Company manages and adjusts the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or dispose of assets.

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17. SEGMENT DISCLOSURES

Segments are identified on the same basis that is used internally to manage and to report performance, taking into account the services of each segment and the organizational structure of the Company. The Company's operations consist of the following reporting segments:

- Corporate Lending
- Consumer Lending
- Montfort Operations

The Company's Corporate Lending business consists of TIMIA and Pivot, which both provide corporate financing to small and medium sized enterprises. TIMIA Capital offers revenue-based investment to fast growing, business-to-business recurring revenue software businesses in North America and Pivot Financial, specializes in asset-based private credit targeting mid-market borrowers in Canada.

The Company's Consumer Lending business consists of Brightpath and Langhaus. Brightpath uses investor loans to administer first and second mortgages secured by residential properties within Canada and Langhaus provides insurance policy-backed loans to high-net-worth individuals and entrepreneurs in Canada.

Montfort Operations includes management of corporate borrowings and equity instruments, which fund a portion of the capital invested as well as operations. Certain corporate costs such as interest expense and salary allocations are allocated to each operating segment based on an internal framework.

The role of the "chief operating decision maker" with respect to resource allocation and performance assessment is embodied in the position of the Chief Executive Officer. The performance of the segments is measured on the basis of net income or loss before tax, and net assets, which is defined as total segment assets less total segment liabilities which is used as the basis of assessing the allocation of resources.

Selected information by segment for the three months ended March 31, 2023 and March 31, 2022 is presented in the tables below:

	Three months ended March 31, 2023			
	Corporate Lending	Consumer Lending	Montfort Operations	Total
REVENUE				
Interest income	\$ 1,612,900	\$ 7,894,061	\$ -	9,506,961
Income from transaction and other fees	669,315	2,396,021	-	3,065,336
Income from settlement of loans	-	-	-	-
Performance fee income	481,100	-	-	481,100
TOTAL REVENUE	2,763,315	10,290,082	-	13,053,397
TOTAL OPERATING EXPENSES	3,563,584	8,950,759	2,358,568	14,872,911
TOTAL NON-OPERATING EXPENSES	(116,965)	-	28,188	(88,777)
NET INCOME BEFORE TAXES	(683,304)	1,339,323	(2,386,756)	(1,730,737)
Income tax expense	-	297,311	-	297,311
Deferred tax expense	-	-	(137,308)	(137,308)
NET INCOME	\$ (683,304)	\$ 1,042,012	\$ (2,249,448)	\$ (1,890,740)
As at March 31, 2023				
Total assets	\$ 54,926,388	\$ 346,609,689	\$ 63,825,749	\$ 465,361,826
Total liabilities	118,441,693	283,172,309	6,513,845	408,127,847
Cash	892,057	7,791,098	281,710	8,964,865
Loans receivable	48,143,111	330,796,491	-	378,939,602
Provision for expected credit loss	(1,199,691)	(870,122)	-	(2,069,813)
Intangibles and Goodwill	-	-	61,201,749	61,201,749

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17. SEGMENT DISCLOSURES (continued)

	Three months ended March 31, 2022			Total
	Corporate Lending	Consumer Lending	Montfort Operations	
REVENUE				
Interest income	\$ 3,533,583	\$ -	\$ -	3,533,583
Income from transaction and other fees	589,784	-	-	589,784
Income from settlement of loans	-	-	-	-
Performance fee income	104,567	-	-	104,567
TOTAL REVENUE	4,227,934	-	-	4,227,934
TOTAL OPERATING EXPENSES	2,632,498	-	762,478	3,394,976
TOTAL NON-OPERATING EXPENSES	(18,402)	-	12,631	(5,771)
NET INCOME BEFORE TAXES	1,613,838	-	(775,109)	838,729
Income tax expense	20,790	-	-	20,790
Deferred tax expense	-	-	(30,383)	(30,383)
NET INCOME	\$ 1,593,048	\$ -	(744,726)	\$ 848,322
As at December 31, 2022				
Total assets	\$ 92,051,970	\$ 356,853,161	\$ 13,563,651	\$ 462,468,782
Total liabilities	47,333,180	355,771,381	(500,019)	402,604,542
Cash	2,774,373	4,233,938	-	7,008,311
Loans receivable	35,886,006	344,803,549	-	380,689,555
Provision for expected credit loss	(250,640)	(805,646)	-	(1,056,286)
Intangibles and Goodwill	-	-	61,713,764	61,713,764

18. RESTRUCTURING

The Company incurred restructuring costs related to severance due to relocation of its head office. All amounts expensed in the period were paid, no further expenditures relating to this restructuring are expected.

19. SUBSEQUENT EVENTS

Effective April 1, 2023, the Company amalgamated Brightpath Capital Corporation, 10260835 Canada Corp., 14637208 Canada Inc. (Albright Holdings Inc.), 9975756 Canada Inc., and 14637542 Canada Inc. (formerly 2754681 Ontario Inc.), to continue as one corporation under the name "Brightpath Capital Corporation". The authorized but unissued shares and the issued and outstanding shares of each of the amalgamating corporations were cancelled or converted into issued, fully paid and non-assessable common shares of Brightpath Capital Corporation.

On May 24, 2023, the Company's board of directors declared a quarterly cash dividend of \$0.02 per Series A Preferred Shares, payable on June 30, 2023, to Series A preferred shareholders of record as of June 21, 2023.