Montfort

CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2024 AND 2023

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 CONDENSED STATEMENTS OF FINANCIAL POSITION
AS AT JUNE 30, 2024 and DECEMBER 31, 2023
(Expressed in Canadian Dollars)

ASSETS		**June 30, 2024**		**December 31, 2023**
Cash	$	7,753,046	$	8,281,046
Accounts receivable - net of allowance (Note 3)		13,137,522		8,605,909
Current portion of loans receivable - net of allowance (Note 4)		337,097,407		302,899,364
Other current assets		3,266,635		3,247,191
Total Current Assets		**361,254,610**		**323,033,510**
Non-current assets				
Loans receivable - net of allowance (Note 4)		11,708,038		17,682,345
Carried interest receivable		1,550,705		2,430,338
Investments (Note 5)		4,005,456		4,504,869
Right-of-use asset (Note 6)		1,335,656		1,539,680
Deferred tax asset		429,888		429,888
Intangible assets (Note 7)		7,285,960		8,101,294
Goodwill (Note 7)		44,786,309		44,786,309
Total Non-Current Assets	$	**71,102,012**	**$**	**79,474,723**
TOTAL ASSETS	**$**	**432,356,622**	**$**	**402,508,233**
LIABILITIES				
Accounts payable and accrued liabilities (Note 12)	$	5,302,713	$	7,389,695
Lease liability (Note 6)		1,431,060		1,622,232
Current portion of loans payable (Note 9, 12)		337,092,412		333,771,960
Current portion of other liability (Note 10)		1,128,343		1,705,145
Total Current Liabilities		344,954,528		344,489,032
Non-current liabilities				
Deferred tax liability		1,968,534		2,187,840
Loans payable (Note 9, 12)		53,842,870		17,599,351
Other liability (Note 3, 10)		-		-
Total Non-Current Liabilities	$	55,811,404	$	19,787,191
TOTAL LIABILITIES		400,765,932		364,276,223
EQUITY				
Common shares (Note 11)		23,386,035		22,308,139
Preferred shares (Note 11)		39,812,301		39,812,301
Share-based payments reserve (Note 11)		2,864,552		2,917,021
Non-controlling interests (Note 13)		-		2,457,304
Contributed surplus (Note 11)		82,070		82,070
Accumulated other comprehensive loss		6,696		(3,348)
Accumulated deficit		(34,560,964)		(29,341,477)
TOTAL EQUITY		**31,590,690**		**38,232,010**
TOTAL LIABILITIES AND EQUITY	**$**	**432,356,622**	**$**	**402,508,233**

Nature of operations, Commitments and contingencies and Subsequent events (Notes 1, 8, 17)

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 interim consolidated condensed financial statements.

MONTFORT CAPITAL CORP.
CONSOLIDATED CONDENSED INTERIM STATEMENTS OF NET LOSS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2024 AND 2023
(Expressed in Canadian Dollars)

	Three months ended June 30, 2024	Three months ended June 30, 2023	Six months ended June 30, 2024	Six months ended June 30, 2023
REVENUE				
Interest income	$ 8,486,963	$ 9,848,843	$ 17,733,349	$ 19,355,804
Income from transaction and other fees	2,565,741	3,187,505	5,045,067	6,252,841
Income from settlement of loans	25,066	-	44,606	-
Performance fee income	265,053	263,407	494,035	744,507
TOTAL REVENUE	**11,342,823**	**13,299,755**	**23,317,057**	**26,353,152**
EXPENSES				
Accounting and legal	739,547	657,806	1,480,814	1,432,309
Administrative, management and directors fees (Note 12)	1,849,767	1,968,681	3,863,340	4,323,004
Amortization (Note 6, 7)	515,778	516,283	1,030,416	1,066,224
Expected credit loss (accounts receivable) (Note 3)	680,230	-	1,425,541	-
Expected credit loss (loans receivable) (Note 4)	202,968	291,469	320,376	1,304,995
Investor relations, communications and regulatory fees	47,129	104,895	125,913	243,898
Interest and financing fees (Note 9)	9,806,080	9,411,146	19,212,493	18,139,087
Marketing services and promotion	72,498	196,365	220,146	342,997
Office, travel, systems, and miscellaneous	361,665	436,103	698,992	778,688
Restructuring	-	-	-	650,000
Share-based payments (Note 11)	168,504	323,420	445,031	497,877
TOTAL EXPENSES	**14,444,166**	**13,906,168**	**28,823,062**	**28,779,079**
OPERATING LOSS	(3,101,343)	(606,413)	(5,506,005)	(2,425,927)
Foreign exchange (gain) loss	(56,605)	361,943	(192,625)	243,228
Unrealized (gain) loss on investments	140,803	-	140,803	-
Acquisition costs	-	12,637	-	42,575
NET LOSS BEFORE TAXES	**(3,185,541)**	**(980,993)**	**(5,454,183)**	**(2,711,730)**
Current income tax expense	162,344	277,081	162,428	574,392
Deferred tax recovery	(109,653)	(121,416)	(219,306)	(258,724)
NET LOSS	**(3,238,232)**	**(1,136,658)**	**$ (5,397,305)**	**$ (3,027,398)**
NET LOSS ATTRIBUTABLE TO:				
Shareholders of the corporation	(3,252,850)	(1,113,243)	(5,417,916)	(2,979,722)
Non-controlling interest (Note 13)	14,618	(23,415)	20,611	(47,676)
NET LOSS	**(3,238,232)**	**(1,136,658)**	**$ (5,397,305)**	**$ (3,027,398)**
NET LOSS PER COMMON SHARE BASIC AND DILUTED	(0.04)	(0.02)	$ (0.08)	$ (0.04)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	93,971,834	91,858,680	93,344,873	91,779,998

(Expressed in Canadian Dollars)

	Three months ended June 30, 2024	Three months ended June 30, 2023	Six months ended June 30, 2024	Six months ended June 30, 2023
OTHER COMPREHENSIVE LOSS				
Net loss	$ (3,238,232)	$ (1,136,658)	$ (5,397,305)	$ (3,027,398)
Other comprehensive (loss) income				
Items that may be reclassified to net income:				
Foreign currency translation adjustment	56,295	(1,805)	56,295	(1,805)
TOTAL COMPREHENSIVE LOSS	**$ (3,181,937)**	**$ (1,138,463)**	**$ (5,341,010)**	**$ (3,029,203)**
Comprehensive loss attributable to:				
Shareholders of the corporation	(3,196,555)	(1,115,048)	(5,361,621)	(2,981,527)
Non-controlling interest	14,618	(23,415)	20,611	(47,676)
TOTAL COMPREHENSIVE LOSS	**$ (3,181,937)**	**$ (1,138,463)**	**$ (5,341,010)**	**$ (3,029,203)**

MONTFORT CAPITAL CORP.
CONSOLIDATED CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2024 AND 2023
(Expressed in Canadian Dollars)

	Common Shares		Preferred Shares							
	Number of Shares	Amount	Number of Shares	Amount	Share-based Payment Reserve	Non-controlling interest	Contributed Surplus	Deficit (Revised)	Accumulated Other Comprehensive Income (Loss)	Total Equity
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**	**(13,686,555)**	**-**	**52,864,820**
Dividends paid on Montfort preferred shares	-	-	-	-	-	-	-	(1,139,440)	-	(569,720)
Dividends paid on Langhaus preferred shares	-	-	-	-	-	-	-	(374,100)	-	(374,100)
Share-based payments	-	-	-	-	516,017	-	-	-	-	190,191
Options exercised	572,500	116,244	-	-	(31,494)	-	-	-	-	38,000
Shares repurchased and cancelled	(133,500)	(32,020)	-	-	-	-	37,926	(29,801)	-	(23,893)
Other comprehensive loss	-	-	-	-	-	-	-	-	(1,805)	(1,805)
Net loss	-	-	-	-	-	(47,676)	-	(2,979,722)	-	(1,890,740)
As at June 30, 2023	**92,070,956**	**22,040,407**	**29,732,994**	**39,848,214**	**2,588,093**	**2,551,588**	**82,070**	**(18,209,618)**	**(1,805)**	**50,232,753**
As at December 31, 2023	**92,570,956**	**22,308,139**	**28,984,794**	**39,812,301**	**2,917,021**	**2,457,304**	**82,070**	**(29,341,477)**	**(3,348)**	**38,232,010**
Dividends paid on Montfort preferred shares	-	-	-	-	-	-	-	(1,699,090)	-	(1,699,090)
Share-based payments	-	-	-	-	445,031	-	-	-	-	445,031
Options exercised	1,400,000	497,500	-	-	(497,500)	-	-	-	-	-
Shares issued to acquire NCI (Note 13)	5,276,326	580,396	-	-	-	(2,477,915)	-	1,897,519	-	-
Other comprehensive loss	-	-	-	-	-	-	-	-	10,044	10,044
Net loss	-	-	-	-	-	20,611	-	(5,417,916)	-	(5,397,305)
As at June 30, 2024	**99,247,282**	**23,386,035**	**28,984,794**	**39,812,301**	**2,864,552**	**-**	**82,070**	**(34,560,964)**	**6,696**	**31,590,690**

MONTFORT CAPITAL CORP.
CONSOLIDATED CONDENSED STATEMENT OF CASH FLOWS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2024 AND 2023
(Expressed in Canadian Dollars)

		Six months ended June 30, 2024		Six months ended June 30, 2023
OPERATING ACTIVITIES				
Net loss for the period	$	(5,397,305)	$	(3,027,398)
Non-cash items				
Share-based payments		445,031		534,157
Current and deferred tax recovery		(219,306)		(258,724)
Amortization		1,030,416		1,066,224
Loss on settlement of loans		(18,816)		-
Interest accrued and interest accretion		640,784		1,236,298
Expected credit loss - accounts receivable		1,425,541		-
Expected credit loss - loans receivable		320,376		1,304,995
Investment income		(399,572)		(2,495,312)
Realized and unrealized loss on investment		115,013		7,143
Unrealized foreign exchange loss (gain)		139,224		3,574,999
Repayment of loans receivable		90,563,095		174,346,536
Advances of loans receivable		(118,915,050)		(172,069,309)
		(30,270,569)		4,219,609
Changes in non-cash working capital items:				
Accounts receivable		(5,946,495)		(3,730,065)
Other current assets		480,875		(21,956)
Carried interest receivable		923,547		(155,061)
Accounts payable and accrued liabilities		(2,400,114)		401,497
Other liability		(595,573)		(1,940,048)
CASH USED IN OPERATING ACTIVITIES		**(37,808,329)**		**(1,226,024)**
INVESTING ACTIVITIES				
Purchase of other current assets		(43,760)		(4,856,593)
Distributions from investments		421,444		(685,932)
Redemptions from investments		-		774,140
CASH PROVIDED BY INVESTING ACTIVITIES		**377,684**		**(4,768,385)**
FINANCING ACTIVITIES				
Proceeds on issuance of loans payable		180,760,079		75,825,461
Repayments of loans payable		(141,925,178)		(63,936,053)
Dividends & share issuance costs paid		(1,699,090)		(1,513,540)
Proceeds on exercise of options and warrants		-		84,750
Lease payments		(253,039)		(66,778)
Purchase of common shares under NCIB		-		(23,895)
CASH PROVIDED BY FINANCING ACTIVITIES		**36,882,772**		**10,369,945**
CHANGE IN CASH DURING THE PERIOD		(547,873)	-	4,375,536
EFFECT OF FOREIGN EXCHANGE ON CASH		19,873		(1,805)
CASH, BEGINNING OF PERIOD		8,281,046		7,008,311
CASH, END OF PERIOD	**$**	**7,753,046**	**$**	**11,382,042**

Cash flows operating activities include: Income taxes paid $186 (2023 - $840,414); interest received $16,221,598 (2023 - $19,355,804) and interest paid $18,308,240 (2023 - $17,819,919).
See accompanying notes to the consolidated condensed interim financial statements.

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 five divisions: TIMIA Capital (TIMIA), Pivot Financial (Pivot), Brightpath Capital Corporation (Brightpath), Nuvo Financial Inc (Nuvo) and Langhaus Financial Partners Inc. (Langhaus).

- TIMIA originates, underwrites and services private-market, loans 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.
- Nuvo partners with both private equity and private debt funds to provide revolving net asset value based loans that help achieve the unique goals of the fund.
- 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 consolidated condensed interim financial statements were authorized for issuance by the Board of Directors on August 21, 2024.

2. BASIS OF PRESENTATION AND MATERIAL ACCOUNTING POLICIES

Montfort prepares its consolidated condensed interim financial statements (“financial statements”) in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board. The preparation of consolidated financial statements in accordance with IFRS Accounting Standards 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.

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.
All significant intercompany balances and transactions have been eliminated on consolidation. These consolidated financial statements include the accounts of the Company and the following subsidiaries in the statement of financial position as of June 30, 2024:

(Expressed in Canadian Dollars)

2. BASIS OF PRESENTATION AND MATERIAL ACCOUNTING POLICIES (continued)

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%
TIMIA Capital Inc.	Canada	100%
Montfort USA 1 Corp.	USA	100%
Pivot Financial Services Inc.	Canada	100%
Pivot Financial I Limited Partnership	Canada	100%
2862454 Ontario Inc.	Canada	100%
SQI Diagnostics Systems Ltd	Canada	100%
Brightpath Capital Corporation	Canada	100%
Brightpath Residential Mortgage LP I	Canada	100%
Brightpath Servicing Corporation	Canada	100%
Brightpath Residential Mortgage LP II	Canada	100%
Brightpath II Servicing Corporation	Canada	100%
Brightpath Opportunity Corporation	Canada	100%
Nuvo Financial Inc	Canada	100%
Nuvo Financial LP	Canada	100%
Nuvo Financial GP Inc	Canada	100%
Langhaus Financial Partners Inc.	Canada	100%
Langhaus Financial Corporation	Canada	100%
Langhaus Insurance Finance Limited Partnership	Canada	100%
Langhaus Insurance Finance GP Corporation	Canada	100%
Langhaus Insurance Finance Limited Partnership II	Canada	100%
Langhaus Insurance Finance GP II Corporation	Canada	100%
Langhaus Insurance Finance Limited Partnership III	Canada	100%
Langhaus Insurance Finance GP III Corporation	Canada	100%
Langhaus Insurance Finance Limited Partnership IV	Canada	100%
Langhaus Insurance Finance GP IV Corporation	Canada	100%
Langhaus Speciality Finance Corporation	Canada	100%

2. BASIS OF PRESENTATION AND MATERIAL ACCOUNTING POLICIES (continued)

Significant accounting judgements and estimates

The preparation of the 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 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 consolidated financial statements. Other significant areas of estimation uncertainty considered by management in preparing the consolidated financial statements are:

- Goodwill impairment;
- Variables used in determining expected credit losses (note 14);
- Estimated fair values of share-based payments awards (note 11);

Significant areas of judgment considered by management in preparing the 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.

(Expressed in Canadian Dollars)

3. ACCOUNTS RECEIVABLE

		June 30, 2024		December 31, 2023
Accounts receivable	$	413,576	$	371,515
Interest receivable		6,999,630		5,943,720
Penalties and late fees		11,619,250		6,843,749
Other receivables		360,643		311,981
Expected credit loss (accounts receivable)		(6,255,577)		(4,865,056)
	$	**13,137,522**	**$**	**8,605,909**

Accounts receivable consists of both current and aged interest and fees related to loans receivable. Credit risk is described in Note 14 and the following is the continuity of accounts receivable and expected credit loss (accounts receivable) by stage for January 1 - June 30, 2024.

		Stage 1		Stage 2		Stage 3		Total
Opening accounts receivable balance	$	4,382,021	$	1,171,602	$	7,917,342	$	13,470,965
Change in accounts receivable		(102,645)		(124,134)		6,148,913		5,922,134
Write-off of accounts receivable		-		-		-		-
Closing accounts receivable balance	**$**	**4,279,376**	**$**	**1,047,468**	**$**	**14,066,255**	**$**	**19,393,099**
Expected credit loss (accounts receivable), opening balance	$	-	$	-	$	(4,865,056)	$	(4,865,056)
Add: expected credit loss (accounts receivable) expense		-		-		(1,390,521)		(1,390,521)
Expected credit loss (accounts receivable), closing balance	**$**	**-**	**$**	**-**	**$**	**(6,255,577)**	**$**	**(6,255,577)**
Closing balance prior to expected credit loss (accounts receivable)	$	4,279,376	$	1,047,468	$	14,066,255	$	19,393,099
Expected credit loss (accounts receivable)		-		-		(6,255,577)		(6,255,577)
Accounts receivable, net of allowance, current portion	**$**	**4,279,376**	**$**	**1,047,468**	**$**	**7,810,678**	**$**	**13,137,522**

(Expressed in Canadian Dollars)

3. ACCOUNTS RECEIVABLE (continued)

The following is the continuity of accounts receivable and expected credit loss (accounts receivable) by stage for January 1 - December 31, 2023:

	Stage 1	Stage 2	Stage 3	Total
Opening accounts receivable balance	$ 3,393,357	$ 1,999,741	$ 839,383	$ 6,232,481
Change in accounts receivable	988,664	(828,139)	7,099,020	7,259,545
Write-off of accounts receivable	-	-	(21,061)	(21,061)
Closing accounts receivable balance	**$ 4,382,021**	**$ 1,171,602**	**$ 7,917,342**	**$ 13,470,965**
Expected credit loss (accounts receivable), opening balance	$ -	$ -	$ (141,265)	$ (141,265)
Add: expected credit loss (accounts receivable) expense	-	-	(4,723,791)	(4,723,791)
Expected credit loss (accounts receivable), closing balance	**$ -**	**$ -**	**$ (4,865,056)**	**$ (4,865,056)**
Closing balance prior to expected credit loss (accounts receivable)	$ 4,382,021	$ 1,171,602	$ 7,917,342	$ 13,470,965
Expected credit loss (accounts receivable)	-	-	(4,865,056)	(4,865,056)
Accounts receivable, net of allowance, current portion	**$ 4,382,021**	**$ 1,171,602**	**$ 3,052,286**	**$ 8,605,909**

4. 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. The following is the breakdown of loans receivable as of June 30, 2024:

	Gross carrying amount	ECL allowance	Current portion	Carrying amount
Consumer lending				
Mortgages	$ 152,389,558	$ (1,264,394)	$ (151,125,164)	$ -
Insurance-backed loans	164,318,212	(444,972)	(163,873,240)	-
	$ 316,707,770	**$ (1,709,366)**	**$ (314,998,404)**	**$ -**
Corporate lending				
Interest only loans	$ 25,806,280	$ (405,377)	$ (19,552,664)	$ 5,848,239
Amortized Loans	9,116,639	(710,501)	(2,546,339)	5,859,799
Factored facilities	-	-	-	-
	$ 34,922,919	**$ (1,115,878)**	**$ (22,099,003)**	**$ 11,708,038**
Total loan receivables	**$ 351,630,689**	**$ (2,825,244)**	**$ (337,097,407)**	**$ 11,708,038**

(Expressed in Canadian Dollars)

4. LOANS RECEIVABLE (continued)

The following is the breakdown of loans receivable as of December 31, 2023:

		Gross carrying amount		ECL allowance		Current portion		Carrying amount
Consumer lending								
Mortgages	$	167,802,384	$	(1,306,605)	$	(166,495,779)	$	-
Insurance-backed loans		122,017,747		(87,554)		(121,930,193)		-
	$	**289,820,131**	**$**	**(1,394,159)**	**$**	**(288,425,972)**	**$**	**-**
Corporate lending								
Interest only loans	$	16,067,630	$	(367,079)	$	(9,570,164)	$	6,130,387
Amortized Loans		14,152,213		(738,333)		(1,861,922)		11,551,958
Factored facilities		3,044,350		(3,044)		(3,041,306)		-
	$	**33,264,193**	**$**	**(1,108,456)**	**$**	**(14,473,392)**	**$**	**17,682,345**
Total loan receivables	**$**	**323,084,324**	**$**	**(2,502,615)**	**$**	**(302,899,364)**	**$**	**17,682,345**

The expected credit loss provision movement for the period from January 1, 2024 to June 30, 2024 is as follows:

		Stage 1		Stage 2		Stage 3		Total
Balance at 1 January	**$**	**349,566**	**$**	**600,214**	**$**	**1,552,835**	**$**	**2,502,615**
Transfer to Stage 1		1,832		(1,557)		(275)		-
Transfer to Stage 2		(34,567)		38,703		(4,136)		-
Transfer to Stage 3		(350,449)		(36,556)		387,005		-
Net remeasurement of loss allowance		365,171		218,345		192,897		776,413
New financial asset originated or purchased		83,225		-		-		83,225
Financial assets that have been derecognized		(56,603)		(56,758)		(12,779)		(126,140)
Write-offs		-		(6,354)		(407,329)		(413,683)
FX or other movements		2,814		-		-		2,814
Balance at June 30, 2024	**$**	**360,989**	**$**	**756,037**	**$**	**1,708,218**	**$**	**2,825,244**

(Expressed in Canadian Dollars)

4. LOANS RECEIVABLE (continued)

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

	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January	**$ 382,326**	**$ 267,933**	**$ 406,028**	**$ 1,056,287**
Transfer to Stage 1	2,116	(616)	(1,500)	-
Transfer to Stage 2	(31,569)	31,569	-	-
Transfer to Stage 3	(42,382)	(50,583)	92,965	-
Net remeasurement of loss allowance	48,048	390,625	1,149,366	1,588,039
New financial asset originated or purchased	233,110	26,037	-	259,147
Financial assets that have been derecognized	(239,295)	(64,549)	(8,986)	(312,830)
Write-offs	(2,694)	(202)	(85,038)	(87,934)
FX or other movements	(94)	-	-	(94)
Balance at December 31, 2023	**$ 349,566**	**$ 600,214**	**$ 1,552,835**	**$ 2,502,615**

Details of the expected credit loss model can be found in Note 14 under the heading *Expected Credit Loss Measurement*.

Loans receivable by type

- TIMIA originates, underwrites and services private-market, 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.
- Nuvo offers net asset value-backed loans primarily to small and mid-sized private market fund managers

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

Interest Only Loans
TIMIA, Brightpath and Nuvo 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. Nuvo loans, typically two years in length, require interest only payments payable monthly with the principal due at the earlier of the demand date and maturity.

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.

4. LOANS RECEIVABLE (continued)

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 22.4% and all mature within one year of origination. The weighted average effective interest rate of the portfolio as at June 30, 2024 was 15.47% (17.65% - December 31, 2023), 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 $5,498,997 ($4,748,616 - December 31, 2023).

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 June 30, 2024 there was $1,002,726 ($1,322,934 - December 31, 2023) 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 1.25% and are purchased with recourse. Term loans have generally fixed interest rates ranging from 12.7% - 17%, secured and range in maturity generally are due on demand or in a period less than one year.

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. At period end, $nil ($nil - December 31, 2023) of loans are carried at a fixed rate and $163,873,241 ($121,930,194 - December 31, 2023) are carried at a variable rate.

Within the Langhaus portfolio, $162,100,991 ($121,038,447 - December 31, 2023) or 128 (112 - December 31, 2022) loans, representing 98.9% of the value of the Langhaus portfolio, 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.

Within the portfolio, a loan of $891,747 is secured by a cash collateral formally pledged to Langhaus Financial Corporation ("LFC"). LFC will have discretion to invest the collateral funds for any provident purpose in its normal course of business. Should the LFC investment of these funds result in a reduction in the principal amount invested, Langhaus undertakes to make available the full amount of funds pledged. The amount of $893,534 is currently classified in other liability (note 10).

The full balance of Langhaus Speciality Finance Corporation ("LSFC") loans receivable of $880,502 or 2 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 Promissory Notes and Other liabilities are $645,869 and $234,809 respectively, subject to this put option.

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.

4. LOANS RECEIVABLE (continued)

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.

		June 30, 2024		December 31, 2023
Canada	$	335,959,486		$304,321,857
United States of America		12,845,959		16,259,852
Total	**$**	**348,805,445**	**$**	**320,581,709**

5. INVESTMENTS

As at June 30, 2024 and December 31, 2023, the Company held the following investments:

	Common Shares		Capital Contributed		June 30, 2024 Fair Value		December 31, 2023 Fair Value
Equity instruments							
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
AvenueHQ	50,000		282,803		142,000		282,803
			354,484		1,107,100		1,247,903
Investments - equity method	**LP Units**						
TIMIA Capital I LP - Class B units	2,400		178,579		122,930		138,401
TIMIA Capital I LP - Class A units	1,980		212,350		197,670		218,674
TIMIA Capital II LP - Class B units	1,036		622,912		783,140		825,795
TIMIA Capital II LP - Class A units	1,845		1,100,497		1,383,149		1,458,929
TIMIA Capital III LP - Class A and M units	71,128		1,052,862		962,678		932,841
TIMIA Ventures I LLC	-		269,360		472,761		264,471
Kane Biotech	-		-		33,750		7,960
Total Investments		**$**	**3,791,044**	**$**	**5,063,178**	**$**	**5,094,975**
Less: current portion			-		(1,057,722)		(590,106)
Total non-current Investments		**$**	**3,791,044**	**$**	**4,005,456**	**$**	**4,504,869**

As of June 30, 2024, the Company is expecting to receive $1,057,722 in the form of return of capital within the next 12 months.

(Expressed in Canadian Dollars)

6. RIGHT-OF-USE ASSET AND LEASE LIABILITY

In March 2023, the Company entered into a lease agreement for its head office space in Toronto for a monthly lease payment of $17,721 ($17,678 - December 31, 2023) with a term of five years. There is no extension contemplated in the lease agreement.

In December of 2023, the Company entered into a lease agreement for its Waterloo office space for a monthly lease payment of $15,787 with a term of five years. 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 all lease liabilities is 8%. The details of the right-of-use assets and lease liabilities recognized as at June 30, 2024 and December 31, 2023 are as follows:

Right-of-use asset		June 30, 2024		December 31, 2023
Beginning balance	$	1,539,680	$	125,258
Additions		-		1,650,184
Amortization		(204,024)		(235,762)
Ending balance	**$**	**1,335,656**	**$**	**1,539,680**

Lease Liability		June 30, 2024		December 31, 2023
Beginning balance	$	1,622,232	$	146,796
Additions		-		1,650,184
Accrued interest		61,867		69,243
Cash payment		(253,039)		(243,991)
Ending balance	**$**	**1,431,060**	**$**	**1,622,232**

7. INTANGIBLE ASSETS AND GOODWILL

Intangible assets were recognized 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 2022 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.

(Expressed in Canadian Dollars)

7. INTANGIBLE ASSETS AND GOODWILL (continued)

		Intangibles			
		Pivot	Brightpath	Langhaus	Total
Balance at December 31, 2023	$	1,736,263 $	3,417,480 $	2,947,551 $	8,101,294
Less: amortization		(186,025)	(463,562)	(165,748)	(815,334)
Balance at June 30, 2024	**$**	**1,550,238 $**	**2,953,918 $**	**2,781,803 $**	**7,285,960**

		Goodwill			
		Pivot	Brightpath	Langhaus	Total
Balance at December 31, 2023 and June 30, 2024	**$**	**3,533,801 $**	**32,946,038 $**	**8,306,470 $**	**44,786,309**

The recoverable amount of the CGUs were determined by a value in use calculation. Cash flow projections for a five year period were based on a one year financial budget approved by the Board of Directors. The Board approved budgets consider projected loan receivable growth based on past experience, capital sources available as well as market and economic conditions. The discounted cash flow models incorporate key assumptions related to revenue growth rate and discount rates. The forecasted revenue growth rates are based on the Company's expectation of future performance and the Company has set the terminal value to reflect a 2.0% growth rate for the present value calculation.

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 were between 14.36% and 23.08% (2023 - 14.36% to 23.08%). 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.

For the Brightpath CGU, a 12% change in the discount rate would result in an impairment of $983,000 and a 12% reduction in revenue forecasts would result in an impairment of $431,000. For the Langhaus CGU, a 3% change in the discount rate would result in an impairment of $2,017,000 and a 5% reduction in revenue forecasts would result in an impairment of $3,540,000. For the Pivot CGU, a 3% change in the discount rate would result in an impairment of $1,270,000 and a 5% change in the revenue forecasts would result in an impairment of $2,350,000.

		Intangible assets						
		Service contract		Customer relationships		Lender relationships		Goodwill
Balance at December 31, 2023	$	1,736,263	$	3,417,480	$	2,947,551	$	44,786,309
Less: amortization		(186,025)		(165,748)		(463,562)		-
Balance at June 30, 2024	**$**	**1,550,238**	**$**	**3,251,732**	**$**	**2,483,989**	**$**	**44,786,309**

(Expressed in Canadian Dollars)

7. INTANGIBLE ASSETS AND GOODWILL (continued)

		Intangible assets						
		Service contract		Customer relationships		Lender relationships		Goodwill (Revised)
Balance at December 31, 2022	$	2,244,421	$	3,339,011	$	4,344,603	$	44,786,309
Less: amortization		(274,795)		(225,711)		(463,562)		-
Balance at June 30, 2023	**$**	**1,969,626**	**$**	**3,113,300**	**$**	**3,881,041**	**$**	**44,786,309**

8. COMMITMENTS AND CONTINGENCIES

The Company has provided guarantees and limited recourse guarantees to certain lenders with respect to loan payable agreements in place. 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 lawsuits 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.

(Expressed in Canadian Dollars)

9. LOANS PAYABLE

Loans payable consist of the following as of June 30, 2024 and December 31, 2023:

	Interest Rate	Security	Note	June 30, 2024	December 31, 2023
Loans payable	10%	Unsecured	(i)	$ 500,000	$ 500,000
Loans payable	10.75%	Unsecured	(i)	11,000,000	7,500,000
Loans payable	11%	Unsecured	(i)	8,760,097	9,160,039
Loans payable	11.75%	Unsecured	(i)	-	5,000,000
Loans payable	Higher of prime + 5.3% or 9.25%	Secured	(i)	19,649,944	17,027,100
Loans payable	Higher of prime + 5.5% or 9.5%	Secured	(i)	10,000,000	60,000,000
Investor loans	10% - 12%	Unsecured	(iii)	58,325,518	55,106,574
Loan facility	CORRA + 5%	Secured	(ii)	41,098,548	-
Demand loan	Higher of prime + 1.25% or 4.2%	Secured	(iv)	65,289,329	65,686,952
Bank Loan	Higher of prime + 0.25% or 3%	Secured	(v)	67,852,952	42,520,082
Bank Loan	Higher of prime + 0.70% or 3%	Secured	(v)	57,079,265	52,269,899
Bank Loan	Higher of prime + 0.80% or 3%	Secured	(v)	5,542,219	3,085,086
Bank Loan	Prime + 0.2%	Secured	(v)	5,185,039	-
Bank Loan	Interest Free	Unsecured	(v)	-	40,000
Promissory notes	5%	Unsecured	(vi)	52,182	50,985
Promissory notes	9%	Unsecured	(xvi)	1,500,000	1,500,000
Promissory note	8.50%	Unsecured	(viii)	725,000	725,000
Promissory note	8%	Unsecured	(vii)	250,000	-
Promissory note	10%	Unsecured	(xvii)	1,000,000	-
Promissory note	Prime +0.25%	Secured	(ix)	5,250,000	5,250,000
Promissory note	12.50%	Unsecured	(x)	3,600,000	3,600,000
Bank Loan	Higher of prime + 1.75% or 4.20%	Secured	(v)	2,080,000	-
Promissory note	12%	Unsecured	(xi)	2,950,000	-
Promissory note	Prime + 1.25%	Secured	(xiv)	7,975,000	7,975,000
Promissory note	Prime + 1.00%	Secured	(xiii)	1,810,000	1,810,000
Promissory note	Prime - 0.50%	Unsecured	(xv)	70,000	70,000
Promissory note	Prime	Unsecured	(xviii)	645,868	-
Promissory note	Prime	Unsecured	(xii)	-	145,243
Debenture notes	8%	Secured	(xix)	12,744,321	12,349,351
				390,935,281	351,371,311
Less: current portion				(337,092,412)	(333,771,960)
Total Loans Payable				**$ 53,842,870**	**$ 17,599,351**

(Expressed in Canadian Dollars)

9. LOANS PAYABLE (continued)

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

2024	331,842,412
2025	5,250,000
2026	-
2027	-
2028	53,842,870
Thereafter	-

(i) Loans payable

For all new loans payable, the initial term is set at one year. The lender has the option to extend while the Company also 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 had a combined authorized limit of $60,000,000. On March 21, 2024, $50,000,000 of the $60,000,000 facility was repaid and the Company amended the revolving credit facility, decreasing the combined authorized limit to $32,750,000 and $3,000,000 USD. On August 2, 2024, subsequent to the end of the period, the Company entered into an amended agreement. Under the new agreement, the loan will mature on April 30, 2025 with an option to extend 1 year. The agreement includes covenants regarding reporting requirements, liens on account, distribution limitations and cash investment limits. The Company was in compliance with covenants related to the secured loans payable. 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 other unsecured loans listed were subject to reporting total debt levels relative to permitted investments. For some of these loans, the Company was not in compliance with the covenant. All covenant breaches have been communicated to the lenders and they have not requested any change to the loans status as a result.

(ii) Loan facility

On March 21, 2024, Brightpath completed an initial draw on a new loan facility of $51,240,255. The loan facility is in the form of a senior secured revolving credit demand facility for the purpose of purchasing eligible mortgages. The Company incurred financing fees to obtain the loan facility, some of which were expensed as incurred and the remaining amount deferred and net against the loan value. The loan facility incurs interest equal to the adjusted daily compounded CORRA plus 5.00% per annum. The initial maximum principal that Brighpath can borrow under this agreement is $100,000,000, as such commitment may be increased from time to time up to an aggregate total of $200,000,000 upon the satisfaction of certain conditions. The debt for each individual mortgage is due on each mortgage settlement date. The loan facility is secured by mortgages held by Brightpath, granting the lender first priority lien on all collateral. The loan facility is guaranteed by a limited recourse and pledge agreement made by the Company. In addition, the Company has committed to providing to the lender a minimal annual rate of return. The value of the loan amount drawn as of June 30, 2024 was $44,470,425 and unaccreted deferred financing fees were $3,371,877. As at June 30, 2024 the balance was $41,098,548 ($nil - December 31, 2023).

(Expressed in Canadian Dollars)

9. LOANS PAYABLE (continued)

(iii) 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 June 30, 2024 is:

	Principal	2024 Weighted Average	Average Term (days)
Fixed rate due less than one year	$ 58,325,518	11.96%	178

(iv) 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 1.25%, 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 June 30, 2024 the balance was $65,289,329 ($65,686,952 - December 31, 2023). The Company incurred financing fees in order to obtain financing. These fees are expensed as incurred.

(v) Bank Loans

Langhaus Insurance Finance LP ("LH LP") has an uncommitted revolving credit facility of $100,000,000 with a schedule 1 bank to fund up to 95% 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% per annum, payable monthly. The facility is secured by LH LP's assets, a guarantee from LFC and personal guarantees by four related parties (Note 12). As at June 30, 2024, LH LP has drawn $67,852,952 ($42,520,082 - December 31, 2023) on this facility.

Langhaus Insurance Finance LP II ("LH LP II") has entered an uncommitted revolving credit facility of $90,000,000 with a schedule 1 bank to fund up to 90% (90% - December 31, 2023) 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% on eligible loans and a variable rate of interest at the greater of prime rate plus 0.80% and 3.00% on loans with an Approved Issuer per annum, payable monthly. The facility is secured by the Partnership's assets and a guarantee from LFC. As at June 30, 2024, LH LP II has drawn $57,079,265 ($52,269,899 - December 31, 2023) on the facility relating to eligible loans and $5,542,219 ($3,085,086 - December 31, 2023) on the facility relating to loans with an Approved Issuer.

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 June 30, 2024, Langhaus is in compliance with all covenants.

On February 22, 2024, Langhaus Insurance Finance LP IV ("LH LP IV") entered an uncommitted loan receivable sale facility of $50,000,000 with a schedule 1 bank to fund up to 90% of the value of loans acquired from LFC. The facility bears a variable rate of interest at prime rate + 0.2%. The facility is secured by the Partnership's assets, and a performance guarantee as well as a pledge agreement from LFC and LIF GP IV. As at June 30, 2024, LH LP IV has drawn $5,185,039 ($nil - December 31, 2023) on this facility.

9. LOANS PAYABLE (continued)

The bank facility imposes financial covenants with respect to yield and loss ratio on their loan receivable, as well as interest coverage. As at June 30, 2024, the Group is in compliance with all covenants.

On January 17, 2024, Nuvo Financial LP ("Nuvo LP") closed a $25,000,000 secured revolving credit facility with a schedule 1 bank to fund up to 80% of the value of loans acquired by Nuvo. The facility will be due on demand and bear an interest rate at the higher of prime plus 1.75% and 4.20% per annum. The facility is secured by a general security agreement, limited recourse and pledge agreement, and personal guarantees by two related parties (Note 13). As at June 30, 2024, Nuvo LP has drawn $2,080,000 ($nil - December 31, 2023) on this facility.

The bank loans impose financial covenants with respect to yield, and loss ratio of the loans receivable, as well as maintaining minimum tangible net worth and the Group's minimum investment in Nuvo.

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 January 18, 2024 ("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. On January 9, 2024, $30,000 of the principal amount was paid and the remaining portion was forgiven.

(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 June 30, 2024, $52,182 of $52,182 ($50,985 of $50,985 - December 31, 2023) is due to a member of key management (Note 12).

(vii) *Promissory notes* - 8%

Promissory note of $250,000 ($nil - December 31, 2023) is unsecured, bearing interest at 8% per annum with interest compounded monthly and is due on demand.

(viii) *Promissory notes* - 8.5%

Promissory note of $725,000 ($725,000 - December 31, 2023) is unsecured, bearing interest at 8.5% per annum with interest compounded monthly and is due on demand.

(ix) *Promissory notes* - Prime + 0.25%

Promissory note of $5,250,000 ($5,250,000 - December 31, 2022) is secured through the assignment of life insurance policies, bearing interest at prime + 0.25% per annum with interest compounded monthly and a maturity date of April 1, 2025 with the option to extend at the discretion of both parties.

(x) *Promissory notes* - 12.5%

Promissory note of $3,600,000 ($3,600,000 - December 31, 2023) is unsecured, bearing interest at 12.50% per annum with interest compounded monthly and a maturity date of September 30, 2024.

(xi) *Promissory notes* - 12%

Promissory note of $2,950,000 ($nil - December 31, 2023) is unsecured, bearing interest at 12.00% per annum with interest compounded monthly and is due on demand.

9. LOANS PAYABLE (continued)

(xii) *Promissory notes* - Prime

Promissory note of $nil ($145,243 - December 31, 2023) is unsecured, bearing interest at prime per annum with interest compounded monthly and a maturity date of September 1, 2024.

(xiii) *Promissory notes* - Prime + 1.00%

Promissory note of $1,810,000 ($1,810,000 - December 31, 2023) is secured through the assignment of a life insurance policy, bearing interest at prime + 1.00% per annum with interest compounded monthly and a maturity date of December 31, 2024 with a twelve month extension option.

(xiv) *Promissory notes - Prime +* 1.25%

Promissory note of $7,975,000 ($7,975,000 - December 31, 2023) is secured through the assignment of a life insurance policy, bearing interest at prime + 1.25% per annum with interest compounded monthly and a maturity date of September 30, 2024 with a twelve month extension option.

(xv) *Promissory notes* - Prime - 0.5%

Promissory note of $70,000 ($70,000 - December 31, 2023) is unsecured, bearing interest at prime - 0.5% per annum with interest compounded monthly and a maturity date of July 31, 2024.

(xvi) *Promissory notes - 9%*

Promissory note of $1,500,000 ($1,500,000 - December 31, 2023) is unsecured, bearing interest at 9.00% per annum with interest compounded monthly and no fixed terms of repayment. The note is due on the date of demand.

(xvii) *Promissory notes - 10%*

Promissory note of $1,000,000 ($nil - December 31, 2023) is unsecured, bearing interest at 9.00% per annum with interest compounded monthly and no fixed terms of repayment. The note is due on the date of demand.

(xviii) *Promissory notes - Prime*

Promissory note of $645,868 ($nil - December 31, 2023) is unsecured, bearing interest at prime rate per annum with interest compounded monthly and a maturity date of the earlier of 30 days from the date of written demand by the lender and July 31, 2024.

(xix) *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.

(Expressed in Canadian Dollars)

10. OTHER LIABILITY

Other liability consists of the following as at period-end:

	Note		June 30, 2024		December 31, 2023
Other liability	(i)	$	1,128,343	$	893,534
Contingent consideration	(ii)		-		811,611
Total Other liability		**$**	**1,128,343**	**$**	**1,705,145**
Less: current portion			(1,128,343)		(1,705,145)
Total Other liability		**$**	**‘-**	**$**	**-**

(i) Other liability

- The purchase price for the LSFC loans receivable of $880,502 or 2 loans was lower than the amount of the loan principal, whose principal was determined to be fair value on the purchase date. At June 30, 2024, the entire LSFC loans receivable balance is considered collectible, therefore a liability of $234,809 ($nil - December 31, 2023) has been recorded representing the difference between the remaining loan principal collectible and the purchase price.

- Within the loans receivable on June 30, 2024, $893,534 ($893,534 - December 31, 2023) or 1 loan is secured by a cash collateral formally pledged to LFC. LFC will have discretion to invest the collateral funds for any provident purpose in its normal course of business. Should the LFC investment of these funds result in a reduction in the principal amount invested, LFC undertakes to make available the full amount of funds pledged.

(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 acquisition 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. During the year ended December 31, 2023, two cash payments were made related to this contingent consideration. During the period ended June 30, 2024, the remaining amount owing of $811,611 was settled on January 22, 2024. A portion was repaid in cash and $600,000 was exchanged for a promissory note with a related party.

(Expressed in Canadian Dollars)

11. SHARE CAPITAL

(a) Common shares:

An unlimited number of common voting shares are authorized without par value. As of June 30, 2024 Montfort had 99,247,282 common shares issued and outstanding.

(b) Preferred shares:

	Note		June 30, 2024		December 31, 2023
Montfort preferred shares - Series A Class A	(i)	$	27,378,214	$	27,378,214
Montfort preferred shares - Series 1 Class C	(i)	$	12,434,087	$	12,434,087
Total preferred shares		**$**	**39,812,301**	**$**	**39,812,301**

(i) Montfort preferred shares

Series A Class A (Series A)

As of June 30, 2024, Montfort has 28,485,994 non-cumulative Series A Class A Preferred shares issued and outstanding (28,485,994 - December 31, 2023). 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.

Series 1 Class C (Series 1)

As of June 30, 2024, Montfort has 498,800 non-cumulative Series 1 Class C Preferred shares issued and outstanding (498,800 - December 31, 2023). On July 1, 2023, the board of directors of the Company resolved to create the Series 1, Class C Preferred Shares to facilitate the share exchange with the preferred shareholders of Langhaus Financial Corporation. Under the terms of the Series 1 Shares, holders of the Series 1 Shares are entitled to a non-cumulative annual dividend rate equal to the yield on the Canadian dollar denominated non-callable Government of Canada bond with a two-year maturity ("Canadian 2YR Yield") plus 5.0% (the "Dividend Rate"), payable quarterly if and when such dividend is declared by the Company. Under the terms of the Series 1 Shares, if the actual Canadian 2YR Yield is less than 1.00%, the Canadian 2YR Yield will be deemed to be 1.00% for the purposes of the Dividend Rate and if the actual Canadian 2YR Yield is greater than 7.00%, the Canadian 2YR Yield will be deemed to be 7.00% for the purposes of calculating the Dividend Rate. The Dividend Rate will be calculated on the last day of the previous quarter in which a dividend is payable.

The Series 1 Shares are also redeemable by the Company at $25.00 per Series 1 Share and rank senior to the Common shares and subordinate to the Class A Preferred Shares upon liquidation, dissolution or winding-up of the Company or other distributions of assets among shareholders for the purposes of winding-up affairs.

(Expressed in Canadian Dollars)

11. SHARE CAPITAL (continued)

(i) Montfort preferred shares (continued)

Series 1 Class C (Series 1) (continued)

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.

(c) Dividends declared:

On a quarterly basis the Company's Board of Directors declared and paid dividends on Series A and Series 1 Preferred shares as follows:

Dividend declaration date	Dividend payment date	Dividend rate	Total dividends paid
February 22, 2024	March 28, 2024	Series 1 0.55	275,338
February 22, 2024	March 28, 2024	Series A 0.02	569,720
June 19, 2024	June 28, 2024	Series 1 0.57	284,313
June 19, 2024	June 28, 2024	Series A 0.02	569,720
			1,699,090

(d) Stock options and share unit plan:

The Company has adopted an equity incentive plan for granting share based compensation to directors, employees and consultants, under which the total rewards granted or issued may not exceed 18,744,191.

Stock options

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.

	Number of Options	Weighted Average Exercise Price
Balance, December 31, 2022	**6,655,000**	**$ 0.31**
Issued	2,395,001	0.35
Forfeited	(335,000)	0.29
Exercised	(700,000)	0.18
Balance, December 31, 2023	**8,015,001**	**$ 0.31**

(Expressed in Canadian Dollars)

11. SHARE CAPITAL (continued)

Balance, December 31, 2023	**8,015,001**	**$ 0.31**
Issued	-	-
Forfeited	(1,170,000)	0.28
Exercised	(35,000)	0.41
Balance, June 30, 2024	**6,810,001**	**$ 0.35**

Additional information regarding stock options outstanding as at June 30, 2024 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
0.19	255,000	1.55	0.19	255,000	0.19
0.20	350,000	0.69	0.20	350,000	0.20
0.165	550,000	0.94	0.17	550,000	0.165
0.30	275,000	2.23	0.30	254,269	0.30
0.44	600,000	2.32	0.44	600,000	0.44
0.44	50,000	3.57	0.44	23,836	0.44
0.42	1,365,000	2.89	0.42	935,465	0.42
0.38	30,000	2.90	0.38	20,986	0.38
0.40	735,000	3.52	0.40	326,069	0.32
0.480	145,000	3.23	0.48	85,676	0.480
0.46	50,000	3.24	0.46	29,361	0.46
0.310	250,000	3.26	0.310	250,000	0.310
0.35	955,001	3.71	0.35	411,653	0.35
0.41	840,000	3.26	0.41	691,178	0.41
0.16	20,000	4.15	0.16	5,699	0.16
0.20	20,000	4.16	0.20	5,607	0.20
0.19	10,000	4.23	0.19	2,584	0.19
0.13	310,000	4.42	0.13	60,586	0.13
	6,810,001	**2.83**	**0.35**	**4,857,969**	**0.34**

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:

(Expressed in Canadian Dollars)

11. SHARE CAPITAL (continued)

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

	2024	**2023**
Weighted average assumptions:		
Risk-free interest rate	-	2.88% - 3.59%
Expected dividend yield	-	-
Expected option life (years)	-	5
Expected stock price volatility	-	70% - 72%
Weighted average fair value at grant date	-	$0.35-$0.44
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.

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, 2023	**5,650,000**	**700,000**
Issued	-	2,701,050
Exercised	-	(500,000)
SUs outstanding, December 31, 2023	**5,650,000**	**2,901,050**
Exercised	-	(1,150,000)
SUs outstanding, June 30, 2024	**5,650,000**	**1,751,050**
Weighted average fair value	0.00	0.27
Weighted average remaining contractual life (years)	1.38	1.25

(Expressed in Canadian Dollars)

11. SHARE CAPITAL (continued)

(d) *Normal Course Issuer Bid*

On November 1, 2022, 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 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 year ended December 31, 2023, the Company canceled 133,500 shares under the NCIB of which 52,500 were purchased during the year and 81,000 shares previously repurchased in 2022. There was no activity under this plan in the period ended June 30, 2024.

(e) Warrants:

	Number of Warrants		Weighted Average Exercise Price
Balance, December 31, 2022 and 2023	**2,511,681**	**$**	**0.50**
Expired	(2,511,681)		0.50
Balance, June 30, 2024	**-**	**$**	**-**

12. 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 period ended June 30, 2024, $271,545 of interest from $5,472,258 of debentures and loans payable ($215,409 and $4,158,775 respectively - June 30, 2023) was paid to certain directors, officers, family members of directors and officers and companies controlled by a director.

(b) Accounts payable of $86,380 ($94,454 - December 31, 2023) was due to directors and/or officers identified as key management personnel as at June 30, 2024.

(c) Rent expense of $107,033 ($29,874 - June 30, 2023) was accrued or paid for the three months ended June 30, 2024 to a third party company controlled by key management personnel.

(d) During the period the Company recognized interest and fee revenue of $38,890 on loans receivable from related parties in the amount of $nil ($295,692 and $4,403,178 respectively - June 30, 2023) 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. Amounts earned on loans outstanding during the year were fully repaid prior to year-end.

(e) The Company has agreed to pay guarantee fees to two related parties for personal guarantees made on the bank loan in LH LP, limited to the lesser of 2.5% of the amount drawn and $2,500,000 ("Guarantor's Exposure"). Guarantee fees of $113,469 ($nil - June 30, 2023) have been paid to related parties equal to 8% of the Guarantor's exposure as at June 30, 2024.

(Expressed in Canadian Dollars)

12. RELATED PARTY TRANSACTIONS AND EXECUTIVE COMPENSATION (continued)

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 period ended June 30, 2024 and 2023 were as follows:

(a) Directors fees of $154,625 ($88,307 - June 30, 2023) were accrued or paid during the six month period ended June 30, 2024.

(b) Management compensation of $1,105,083 ($814,438 - June 30, 2023) was accrued or paid during the six month period ended June 30, 2024.

(c) Share-based payments expenses of $243,102 ($281,128 - June 30, 2023) were recorded for directors and certain officers identified as key management personnel for the year ended June 30, 2024.

13. NON-CONTROLLING INTEREST ("NCI")

Non-controlling interest represents the 22% of shares in Langhaus not originally purchased by the Company. On June 27, 2024, the Company acquired the remaining 22% of Langhaus. A total of 5,276,327 common shares were issued for share consideration valued at $580,396. The balance of non-controlling interest was eliminated and the difference of $1,897,519 was recorded in retained earnings/deficit.

		NCI Balance
January 1, 2024	**$**	**2,457,304**
Net income attributable to NCI		20,611
Acquisition of non-controlling interest		(2,477,915)
June 30, 2024	**$**	**-**

The following table shows the movement in NCI for the year ended December 31, 2023:

		NCI Balance
January 1, 2023	**$**	**2,599,264**
Net income (loss) attributable to NCI		(141,960)
December 31, 2023	**$**	**2,457,304**

Summarized financial information

Statements of financial position as at June 30, 2024 and 2023, and statements of net income (loss) for the periods then ended:

		June 30, 2024
Total current assets	$	165,337,366
Total non-current assets		1
Total Assets		**165,337,367**
Total current liabilities		153,576,268
Total non-current liabilities		6,302,182
Shareholders' equity		5,458,917
Total liabilities & Shareholders' equity	**$**	**165,337,367**

(Expressed in Canadian Dollars)

13. NON-CONTROLLING INTEREST ("NCI") (continued)

		December 31, 2023
Total current assets	$	123,982,676
Total non-current assets		1,455
Total Assets		**123,984,131**
Total current liabilities		118,618,896
Shareholders' equity		5,365,235
Total liabilities & Shareholders' equity	**$**	**123,984,131**

For the 6 months ended		**June 30, 2024**		**June 30, 2023**
Total revenue	$	6,999,594	$	6,140,980
Total expense and other income		6,905,827		6,357,689
Total net income and comprehensive income	**$**	**93,768**	**$**	**(216,709)**

14. FINANCIAL INSTRUMENTS AND RISK

Financial instruments

The following table summarizes information regarding the carrying values and classification of the Company's financial instruments:

		Carrying value		
	Classification		**June 30, 2024**	**December 31, 2023**
Cash	Amortized Cost	$	7,753,046	$ 8,281,046
Accounts receivable	Amortized Cost		13,137,522	8,605,909
Carried interest receivable	Amortized Cost		1,550,705	2,430,338
Loans receivable	Amortized Cost		348,805,445	320,581,709
Investments	FVTPL		1,107,100	1,247,903
Accounts payable	Amortized Cost		5,251,786	7,375,530
Loans payable (Note 10)	Amortized Cost		380,935,282	291,371,311
Loans payable (Note 10)	FVTPL		10,000,000	60,000,000
Other liability	Amortized Cost		1,128,343	893,534
Other liability	FVTPL		-	811,611

(Expressed in Canadian Dollars)

14. FINANCIAL INSTRUMENTS AND RISK (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 and accounts payable 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 as at June 30, 2024:

	Balance at June 30, 2024	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments	$ 1,107,100	$ -	$ -	$ 1,107,100
Loans payable	10,000,000	-	-	10,000,000

Loans payable were transferred from Level 1 to Level 3 during the period were $nil (2023 - $nil).

The consolidated statements of financial position and categorized into levels of the fair value hierarchy as at December 31, 2023:

	Balance at December 31, 2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments	$ 1,247,903	$ -	$ -	$ 1,247,903
Loans payable	60,000,000	-	-	60,000,000
Other liability	811,611	-	-	811,611

(Expressed in Canadian Dollars)

14. FINANCIAL INSTRUMENTS AND RISK (continued)

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 June 30, 2024 no gains or losses were recognized in the statement of net income (loss) for changes in fair value related to the loans payable as there were no material movements in the fair value of 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 June 30, 2024.

For information regarding the valuation of Other liability above refer to Note 10.

The investment operations of the Company's business involve the origination and purchase of loans receivable and 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. The following lists the contractual cash flows as of June 30, 2024:

	Carrying amount	Contractual cash flows	Within 1 year	Within 2 years	Within 5 years
Accounts payable	$ 5,251,786	$ 5,251,786	$ 5,251,786	$ -	$ -
Loans payable	390,935,282	411,990,961	343,503,349	5,047,221	63,440,392
Lease liability	1,431,060	46,974	46,974	-	-
Other liability	1,128,343	1,128,343	1,128,343	-	-
Total	**$ 398,746,471**	**$ 418,418,065**	**$ 349,930,452**	**$ 5,047,221**	**$ 63,440,392**

The following lists the contractual cash flows as of December 31, 2023:

	Carrying amount	Contractual cash flows	Within 1 year	Within 2 years	Within 5 years
Accounts payable	$ 7,375,530	$ 7,375,530	$ 7,375,530	$ -	$ -
Loans payable	351,371,311	358,817,322	337,135,530	6,368,340	15,313,452
Lease liability	1,622,232	1,939,834	453,790	405,842	1,080,202
Other liability	1,705,145	1,705,145	1,705,145	-	-
Total	**$ 362,074,218**	**$ 369,837,831**	**$ 346,669,995**	**$ 6,774,182**	**$ 16,393,654**

14. FINANCIAL INSTRUMENTS AND RISK (continued)

Foreign exchange risk

The Company's foreign exchange risk is due to the Company's loan investments totaling US$9,453,974 ($18,420,309 - June 30, 2023) which are currently valued at $12,939,654 ($24,425,330 - June 30, 2023) and loans payable totaling US$12,315,343 ($13,161,744 - June 30, 2023) which are currently valued at $16,848,621 ($17426149 - June 30, 2023). 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 $391,636 ($696,234 - June 30, 2023).

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 result in an increase or decrease in interest expense of $1,220,796 ($1,296,054 - June 30, 2023).

As of June 30, 2024, 2.3% (6.5% - December 31, 2023) of mortgage loans receivable bear interest at fixed rates and 97.7% 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. 100% (100% - December 31, 2023) of loans in Nuvo's net asset value based loans and Langhaus' insurance policy-backed loans bear interest at variable rates. Changing interest rates may result in changes in interest income and expense for the variable rate mortgages and loans. 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 and loan receivable could be significant. On a consolidated basis, a 10% change in interest rates would result in an increase or decrease in interest revenue of $1,220,796 ($1,577,042 - June 30, 2023).

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.

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, accounts receivable 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, restricted cash, accounts receivable, forward contract and loans receivable.

14. FINANCIAL INSTRUMENTS AND RISK (continued)

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.

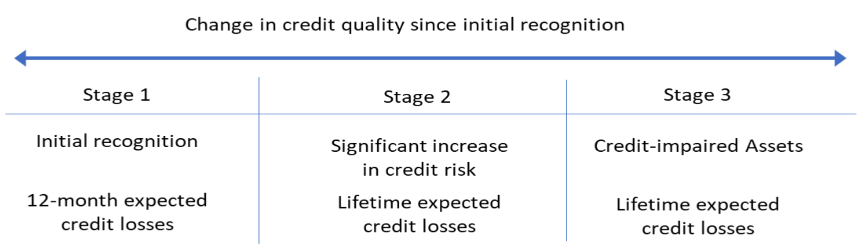
Expected credit loss measurement

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 financial instrument 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 ECL - loans receivable recorded in the consolidated statement of net income (loss) is $320,376 as at June 30, 2024 (June 30, 2023 - $1,304,995) and ECL - accounts receivable recorded is $1,425,541 (June 30, 2023 - $nil).

14. FINANCIAL INSTRUMENTS AND RISK (continued)

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.

A financial instrument 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 accounts receivable and 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.

Credit risk (continued)

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 accounts receivable and 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 4.

15. 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, notes 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.

16. 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, Pivot and Nuvo, 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. Nuvo partners with both private equity and private debt funds to provide revolving net asset value based loans that help achieve the unique goals of the fund.

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.

(Expressed in Canadian Dollars)

16. SEGMENT DISCLOSURES (continued)

Selected information by segment for the periods ended June 30, 2024 and 2023 is presented in the tables below:

	Six months ended June 30, 2024			
	Corporate Lending	**Consumer Lending**	**Montfort Operations**	**Total**
REVENUE				
Interest income	$ 2,438,796	$ 15,294,553	$ -	$ 17,733,349
Income from transaction and other fees	1,509,722	3,535,345	-	5,045,067
Income from settlement of loans	34,606	10,000	-	44,606
Performance fee income	494,035	-	-	494,035
TOTAL REVENUE	4,477,159	18,839,898	-	23,317,057
TOTAL OPERATING EXPENSES	4,563,224	20,279,036	3,980,802	28,823,062
TOTAL NON-OPERATING EXPENSES	(277,139)	-	225,317	(51,822)
NET INCOME BEFORE TAXES	191,074	(1,439,138)	(4,206,119)	(5,454,183)
Income tax expense	162,242	186	-	162,428
Deferred tax recovery	-	-	(219,306)	(219,306)
NET INCOME (LOSS)	**$ 28,832**	**$ (1,439,324)**	**$ (3,986,813)**	**$ (5,397,305)**
As at June 30, 2024	**Corporate Lending**	**Consumer Lending**	**Montfort Operations**	**Total**
Total assets	$ 43,091,661	$ 333,639,210	$ 55,625,751	$ 432,356,622
Total liabilities	41,794,902	340,746,245	18,224,785	400,765,932
Cash	2,861,303	3,971,148	920,595	7,753,046
Loans receivable	33,807,040	314,998,405	-	348,805,445
Provision for expected credit loss (loans receivable)	(1,115,879)	(1,709,365)	-	(2,825,244)
Loans payable	65,294,362	319,650,920	5,990,000	390,935,282
Intangibles and Goodwill	-	-	52,072,269	52,072,269

(Expressed in Canadian Dollars)

16. SEGMENT DISCLOSURES (continued)

	Six Months ended June 30, 2023			
	Corporate Lending	Consumer Lending	Montfort Operations	Total
REVENUE				
Interest income	$ 3,585,384	$ 15,770,420	$ -	$ 19,355,804
Income from transaction and other fees	1,467,289	4,785,552	-	6,252,841
Income from settlement of loans	-	-	-	-
Performance fee income	744,507	-	-	744,507
TOTAL REVENUE	5,797,180	20,555,972	-	26,353,152
TOTAL OPERATING EXPENSES	6,003,093	18,078,547	4,697,439	28,779,079
TOTAL NON-OPERATING EXPENSES	215,800	-	70,003	285,803
NET INCOME BEFORE TAXES	(421,713)	2,477,425	(4,767,442)	(2,711,730)
Income tax expense	165,855	408,537	-	574,392
Deferred tax expense	-	-	(258,724)	(258,724)
NET INCOME (LOSS)	**$ (587,568)**	**$ 2,068,888**	**$ (4,508,718)**	**$ (3,027,398)**

As at December 31, 2023	**Corporate Lending**	**Consumer Lending**	**Montfort Operations**	**Total**
Total assets (revised)	$ 41,724,481	$ 303,811,089	$ 56,972,663	$ 402,508,233
Total liabilities	38,912,196	308,334,890	17,029,137	364,276,223
Cash and restricted cash	2,466,699	4,691,015	1,123,332	8,281,046
Loans receivable	32,155,735	288,425,974	-	320,581,709
Provision for expected credit loss	(1,108,457)	(1,394,158)	-	(2,502,615)
Loans payable	111,536,490	236,234,821	3,600,000	351,371,311
Intangibles and Goodwill (revised)	-	-	52,887,603	52,887,603

17. SUBSEQUENT EVENTS

On August 21, 2024, the Company's board of directors declared a quarterly cash dividend of $0.02 per Series A Preferred Shares and $0.5649 per Series 1 Class C, payable on September 30, 2024, to preferred shareholders of record as of September 19, 2024.