Montfort

**CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS**
**FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2025 AND 2024**

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, 2025 AND DECEMBER 31, 2024
(Expressed in Canadian Dollars)

| ASSETS | | June 30, 2025 | | December 31, 2024 |
|---|---|---|---|---|
| Cash | $ | 2,748,455 | $ | 2,028,712 |
| Restricted cash | | 127,758 | | 226,832 |
| Accounts receivable - net of allowance (Note 4) | | 1,455,523 | | 1,914,418 |
| Other assets | | 557,596 | | 306,141 |
| Loans receivable - net of allowance (Note 5) | | 222,069,855 | | 189,538,678 |
| Right-of-use asset (Note 6) | | 1,096,915 | | 1,173,458 |
| Intangible assets (Note 7) | | 3,628,489 | | 3,980,270 |
| Goodwill (Note 7) | | 11,840,271 | | 11,840,271 |
| Assets Held for sale (Note 3) | | - | | 202,072,258 |
| **TOTAL ASSETS** | **$** | **243,524,862** | | **413,081,038** |
| **LIABILITIES** | | | | |
| Accounts payable and accrued liabilities | $ | 3,256,355 | $ | 3,553,389 |
| Income taxes payable | | 18,323 | | 18,323 |
| Other liability (Note 11) | | 413,547 | | 413,547 |
| Loans payable (Note 9) | | 184,048,142 | | 166,895,824 |
| Promissory notes payable (Note 10) | | 44,511,017 | | 42,617,038 |
| Lease liability (Note 6) | | 1,252,110 | | 1,284,551 |
| Deferred tax liability | | 953,181 | | 1,047,327 |
| Liabilities held for sale (Note 3) | | - | | 185,398,914 |
| **TOTAL LIABILITIES** | $ | 234,452,675 | | 401,228,913 |
| **EQUITY** | | | | |
| Common shares (Note 12) | | 19,072,157 | | 23,386,035 |
| Preferred shares (Note 12) | | 31,893,315 | | 39,812,301 |
| Share-based payments reserve (Note 12) | | 2,950,155 | | 3,090,685 |
| Contributed surplus | | 82,070 | | 82,070 |
| Accumulated deficit | | (44,925,510) | | (54,518,966) |
| **TOTAL EQUITY** | $ | 9,072,187 | | 11,852,125 |
| **TOTAL LIABILITIES AND EQUITY** | **$** | **243,524,862** | **$** | **413,081,038** |

Nature of operations, Going concern and Subsequent events (Notes 1, 2, and 18)

Signed on behalf of the Board of Directors:

*/signed – H. Atkinson/*
H. Atkinson, Chair of the Board

*/signed – D. Demers/*
D. Demers, Director

**MONTFORT CAPITAL CORP.**
CONSOLIDATED CONDENSED INTERIM STATEMENTS OF NET AND COMPREHENSIVE INCOME (LOSS)
FOR THE THREE MONTHS ENDED JUNE 30, 2025 AND 2024
(Expressed in Canadian Dollars)

| | Three months ended June 30, 2025 | Three months ended June 30, 2024 | Six months ended June 30, 2025 | Six months ended June 30, 2024 |
|---|---|---|---|---|
| **REVENUE** | | | | |
| Interest income | $ 4,375,424 | $ 4,985,031 | $ 8,479,201 | $ 11,000,524 |
| Interest and financing fees | (3,824,685) | (4,616,144) | (7,659,230) | (10,419,186) |
| Net interest income | 550,739 | 368,887 | 819,971 | 581,338 |
| Income from transaction and other fees | 420,071 | 741,744 | 720,681 | 1,418,485 |
| Income from settlement of loans | - | 25,066 | - | 44,606 |
| Performance fee income | 153,633 | 126,297 | 297,485 | 255,159 |
| **TOTAL REVENUE** | 1,124,443 | 1,261,994 | 1,838,137 | 2,299,588 |
| **EXPENSES** | | | | |
| Accounting and legal | 293,121 | 329,619 | 668,599 | 784,454 |
| Administrative, management and directors fees | 927,385 | 1,028,732 | 1,782,838 | 2,287,045 |
| Amortization | 508,548 | 283,052 | 543,721 | 564,194 |
| Bad debts | (12,326) | - | 208,509 | - |
| Expected credit losses (Note 5) | 2,509,294 | 340,205 | 2,509,294 | 371,301 |
| Investor relations, communications and regulatory fees | 22,261 | 25,499 | 40,846 | 81,740 |
| Marketing | 16,649 | 300 | 24,899 | 10,564 |
| Office, travel, systems, and miscellaneous | 69,231 | 190,884 | 128,802 | 361,425 |
| Share-based payments | 41,514 | 168,506 | 144,476 | 445,038 |
| Foreign exchange losses (gains) | 159,177 | 8,065 | 150,583 | 8,973 |
| Unrealized (gain) loss on investments | - | 140,803 | - | 140,803 |
| **TOTAL EXPENSES** | 4,534,854 | 2,515,666 | 6,202,567 | 5,055,538 |
| **LOSS FROM CONTINUING OPERATIONS BEFORE TAXES** | (3,410,411) | (1,253,673) | (4,364,430) | (2,755,950) |
| Current income tax expense | 35,130 | 142,624 | 11,026 | 142,708 |
| Deferred tax recovery | (47,073) | (47,072) | (94,146) | (94,145) |
| **NET AND COMPREHENSIVE LOSS FROM CONTINUING OPERATIONS** | (3,398,468) | (1,349,224) | (4,281,310) | (2,804,513) |
| **NET AND COMREHENSIVE INCOME (LOSS) FROM DISCONTINUED OPERATIONS** | 8,973,536 | (1,889,068) | 4,924,152 | (2,592,792) |
| **NET AND COMPREHENSIVE INCOME (LOSS)** | **$ 5,575,068** | **$ (3,238,292)** | **$ 642,842** | **$ (5,397,305)** |
| **BASIC AND DILUTED NET LOSS PER COMMON SHARE FROM CONTINUING OPERATIONS** | $ (0.04) | $ (0.01) | $ (0.05) | $ (0.03) |
| **BASIC AND DILUTED NET INCOME (LOSS) PER COMMON SHARE FROM DISCONTINUED OPERATIONS** | $ 0.10 | $ (0.02) | $ 0.06 | $ (0.03) |
| **TOTAL BASIC AND DILUTED NET INCOME (LOSS) PER COMMON SHARE** | $ 0.06 | $ (0.03) | $ 0.01 | $ (0.06) |
| **WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING** | 88,317,282 | 93,971,834 | 94,067,282 | 93,342,784 |

**MONTFORT CAPITAL CORP.**
CONSOLIDATED CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2025 AND 2024
(Expressed in Canadian Dollars)

| | Common Shares | | Preferred Shares | | Share-based Payment Reserve | Non-controlling interest | Contributed Surplus | Deficit | Accumulated Other Comprehensive Income (Loss) | Total Equity |
|---|---|---|---|---|---|---|---|---|---|---|
| | Number of Shares | Amount | Number of Shares | Amount | | | | | | |
| **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 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 | 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** |
| **As at December 31, 2024** | **99,817,282** | **23,386,035** | **28,984,794** | **39,812,301** | **3,090,685** | **-** | **82,070** | **(54,518,966)** | **-** | **11,852,125** |
| Share-based payments | - | - | - | - | 144,476 | - | - | - | - | 144,476 |
| Shares repurchased for cancellation (Note 3) | (11,500,000) | (4,313,878) | (8,000,000) | (7,918,986) | (285,006) | - | - | 8,950,614 | - | (3,567,256) |
| Net income | - | - | - | - | - | | - | 642,842 | - | 642,841 |
| **As at June 30, 2025** | **88,317,282** | **19,072,157** | **20,984,794** | **31,893,315** | **2,950,155** | **-** | **82,070** | **(44,925,510)** | **-** | **9,072,186** |

See accompanying notes to the consolidated condensed interim financial statements.

**MONTFORT CAPITAL CORP.**
CONSOLIDATED CONDENSED INTERIM STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2025 AND 2024
(Expressed in Canadian Dollars)

| | | June 30, 2025 | | June 30, 2024 |
|---|---|---|---|---|
| **OPERATING ACTIVITIES** | | | | |
| Net loss from continuing operations | $ | (4,281,310) | $ | (2,804,510) |
| Non-cash items | | | | |
| Share-based payments | | 144,476 | | 445,035 |
| Deferred tax expense (recovery) | | (94,146) | | (94,145) |
| Amortization | | 543,721 | | 564,194 |
| Bad debts | | 208,509 | | - |
| Expected credit losses | | 2,509,294 | | 31,096 |
| Unrealized foreign exchange loss (gain) | | (8,594) | | 970 |
| Net change in loans receivable | | (35,040,470) | | (44,376,469) |
| Changes in working capital items: | | | | |
| Accounts receivable | | 250,386 | | (340,968) |
| Other current assets | | (251,454) | | (44,766) |
| Accounts payable and accrued liabilities | | (288,447) | | (747,440) |
| Other liability | | - | | (576,802) |
| Change in restricted cash | | 99,074 | | (2,448) |
| Cashflow from operating activities (discontinued operations) | | 21,863,584 | | 10,524,437 |
| **CASHFLOW PROVIDED BY (USED IN) OPERATING ACTIVITIES** | | **(14,345,377)** | | **(37,421,816)** |
| **INVESTING ACTIVITIES** | | | | |
| Recovery on disposal of investments | | - | | 11,639 |
| Cashflow from investing activities (discontinued operations) | | - | | 543,852 |
| **CASHFLOW PROVIDED BY (USED IN) INVESTING ACTIVITIES** | | **-** | | **555,491** |
| **FINANCING ACTIVITIES** | | | | |
| Net change in promissory notes payable | | 1,893,979 | | 2,801,882 |
| Net change in loans payable | | 17,152,318 | | (7,552,749) |
| Dividends paid on preferred shares | | - | | (1,699,090) |
| Lease payments | | (147,845) | | (198,115) |
| Cashflow from financing activities (discontinued operations) | | (5,543,200) | | 44,314,838 |
| **CASHFLOW PROVIDED BY (USED IN) FINANCING ACTIVITIES** | | **13,355,252** | | **37,666,766** |
| **CHANGE IN CASH DURING THE PERIOD** | | (990,125) | | 800,441 |
| **CASH, BEGINNING OF PERIOD** | | 3,738,581 | | 6,846,487 |
| **CASH, END OF PERIOD** | **$** | **2,748,456** | **$** | **7,646,928** |
| Cash related to continuing operations | $ | 2,748,455 | $ | 2,591,142 |
| Cash included in assets held for sale | $ | - | $ | 5,055,786 |

Cash flows above include: Income taxes paid $19,583 (2024 – $2,995); interest received $8,409,799 (2024 - $8,874,217) and interest paid $6,419,129 (2024 - $9,421,413).

## 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". The Company's head office and principal place of business is 2920-181 Bay St, Toronto, Ontario, Canada. These consolidated financial statements were authorized for issuance by the Board of Directors on August 29, 2025.

The Company builds and manages private credit portfolios that have focused investing strategies for the institutional and accredited investors markets. The Company's financial results are comprised of three business lines classified as continuing operations and two business lines which are classified as discontinued operations.

**Continuing Operations:**

Langhaus provides insurance policy-backed lending solutions to high-net-worth individuals and entrepreneurs in Canada. Langhaus' loans are collateralized by the assignment of the borrower's whole life insurance policy, personal and/or corporate guarantees and, in some cases, other tangible collateral.

Nuvo partners with Canadian alternative asset managers and ultra high-net-worth individuals to provide revolving net asset value based loans (ie. 'NAV loans').

Pivot specializes in asset-based lending targeting SME borrowers in Canada. Sources of revenue include net interest income from loans receivable, origination fees and amendment fees. In addition, Pivot earns loan servicing fees and performance fee income for loan management services performed.

**Discontinued Operations:**

The Brightpath business was sold on April 2, 2025. Brightpath is a registered mortgage brokerage and mortgage administrator, administering a portfolio of first and second mortgages secured by residential properties.

The TIMIA business unit was sold on November 1, 2024 and its operating results are included in discontinued operations for the ten months of 2024 that it was owned by the Company. TIMIA originated, underwrote and serviced private-market loans in the technology space. TIMIA offered revenue-based investment to fast growing, business-to-business recurring revenue software businesses in North America.

## 2. BASIS OF PRESENTATION AND MATERIAL ACCOUNTING POLICIES

Montfort prepares its consolidated 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. The Company's material accounting policies are described in Note 2 of the consolidated financial statements for the year ended December 31, 2024.

(a) Statement of compliance

These unaudited interim condensed consolidated financial statements ("interim financial statements") of the Company have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" using accounting policies consistent with the IFRS Accounting Standards issued by the International Accounting Standards Board ("IASB"). These interim financial statements do not include all the information required for annual financial statements and should be read in conjunction with the Company's audited annual consolidated financial statements and accompanying notes for the year ended December 31, 2024.

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

### Going concern

These consolidated financial statements have been prepared assuming the Company will continue as a going concern. The going concern assumption contemplates the realization of assets and satisfaction of liabilities in the normal course of business. However, significant doubt about the Company's ability to continue as a going concern exists.

Over the past two years, the Company has experienced challenging conditions in certain of its business segments, losses have been incurred and the Company's share price has declined. During this period, the Company has experienced significant loan losses across several of its businesses, specifically credit losses on mortgages in Brightpath and the write-down of loans in Pivot and TIMIA.

These challenging market conditions resulted in a net loss for fiscal 2024 of $23.7 million that included $17.9 million from discontinued operations and $5.8 million from continuing operations. As at June 30, 2025, the company had an accumulated deficit of $44.9 million (December 31, 2024 – $54.5 million), cash of $2.7 million (December 31, 2024 - $2.0 million) and working capital of $0.9 million (December 31, 2024 – $0.4 million). The Company will require additional liquidity to continue its operations over the next twelve months.

The Company has initiated action plans to improve its profitability and financial position by restructuring operations to decrease expenses and focus on more profitable, lower risk lending operations. In the fourth quarter of 2024, the Company reduced risk and complexity and also lowered overhead costs by selling its TIMIA tech lending business. On April 2, 2025, the Company also sold its Brightpath mortgage business that has incurred significant net losses over the past two years (see Note 3). As a result of these dispositions, the Company's lending assets were materially reduced and during the first quarter of 2025, the Board determined it was prudent to pause paying dividends on the Company's preferred shares to maintain financial flexibility for the Company.

The Company's Langhaus and Nuvo businesses have sufficient funding capacity in place with senior lenders to support growth plans over the next twelve months, however, most of this funding is due on demand. The Company is also making arrangements to raise additional subordinated debt financing to support planned asset growth. Pivot has been offside the related party advance covenant, however, to date no change to the loans' status has been required by its lenders. Pivot extended its revolving credit facility that matured on April 30, 2025 to June 30, 2025 and its lender has requested no changes to the status at that time. Pivot promissory note holders have currently also agreed to short term maturity extensions. Strategies to obtain additional funding may include, but are not limited to, obtaining equity financing, issuing debt or entering into new or revised financing arrangements in conjunction with the continued reorganization of the Company's businesses. Given the nature of its existing financial condition, results and funding arrangements, there can be no assurance that the Company will be able to obtain additional funding when needed or under acceptable terms.

These consolidated financial statements have been prepared on a going concern basis and therefore they do not reflect adjustments that would be necessary if the going concern assumption was not appropriate. Should the Company be unable to access funds through equity and debt financing activities, the carrying value of the Company's assets could be subject to material adjustments and other adjustments may be necessary to these consolidated financial statements should such adverse events impair the Company's ability to continue as a going concern.

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

### Basis of presentation

The 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. These consolidated financial statements include the accounts of the Company and the following subsidiaries in the statement of financial position as of June 30, 2025:

| Legal Entity | Country | Percentage Ownership of Parent |
|---|---|---|
| Montfort Capital Corp. | Canada | - |
| 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 Specialty Finance Corporation | Canada | 100% |
| Nuvo Financial Inc | Canada | 100% |
| Nuvo Financial LP | Canada | 100% |
| Nuvo Financial GP Inc | Canada | 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% |

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

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

- Goodwill impairment;
- Going concern assessment;
- Variables used in determining expected credit losses (Note 14);
- Fair value of identifiable assets acquired and liabilities assumed in a business combination (Note 3).

In preparing the consolidated financial statements management applies significant judgment when assessing indicators of impairment of financial instruments, intangible assets and goodwill.

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

### Assets held for sale and discontinued operations

The Company classifies assets and liabilities within disposal groups as held for sale if the assets and liabilities are available immediately for sale in their present condition, management is committed to a plan to sell and an active program to locate a buyer and complete the plan is in progress. It should also be highly probable that their carrying amounts will be recovered principally through a sale transaction rather than through continuing use and the sale is expected to be completed within one year from the date of the initial classification.

On initial classification as held for sale, the assets and liabilities are reviewed for impairment with any impairment loss first recorded against goodwill and any remainder allocated proportionately. Once classified as held for sale, the assets and liabilities are measured at the lower of their carrying amount and fair value less costs to sell and intangible assets are not depreciated or amortized. Assets and liabilities held for sale are presented separately in the consolidated statement of financial position. Where operations constitute a separately reportable business unit and have been disposed of, or are classified as held for sale, the Company classifies such operations as discontinued.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the Consolidated Statements of Net Income. Discontinued operations are also excluded from segment reporting. All other notes to the consolidated financial statements include amounts for continuing operations, unless indicated otherwise.

Transactions between continuing and discontinued operations are eliminated in the Consolidated Statements of Net Income, except to the extent that management considers that the commercial relationships with discontinued operations will continue post-disposal.

## 3. ASSETS HELD FOR SALE and DISCONTINUED OPERATIONS

### Sale of Brightpath

On November 26, 2024, the Company announced the planned sale of its mortgage lending business, which was comprised of Brightpath Capital Corporation, Brightpath Servicing Corporation and Brightpath II Servicing Corporation (collectively, "Brightpath"). Management determined that this planned sale met the criteria for held for sale accounting and also re-assessed goodwill for potential impairment. Management compared the estimated carrying value of Brightpath's net assets with the estimated proceeds to be received from the sale and determined that goodwill was not impaired. The fair value less cost to sell of the assets and liabilities held for sale was determined to approximate their carrying values, as particularly in the case of mortgages receivable they have been measured net of expected credit losses.

On April 2, 2025, the Company announced it had closed the sale of Brightpath (the "Sale Transaction") to a company (the "Buyer") controlled by Mr. Blake Albright. Mr. Albright was a related party as at December 31, 2024 due to his positions as both a director and senior officer of the Company. Prior to closing the sale, Mr. Albright resigned from those positions in February 2025 but remained a related party as CEO of Brightpath. Pursuant to the definitive share purchase agreement with the Buyer (the "Definitive Agreement"), the Company sold all of the shares of Brightpath to the Buyer for an aggregate purchase price of $16,567,250 comprised of $13,000,000 of indebtedness owing from the Company to Brightpath (the "Intercompany Indebtedness"), and $3,567,250, representing the aggregate value of 17,500,000 common shares (the "Montfort Shares") in the capital of Montfort at a price of $0.0475 per Montfort Share and 8,000,000 8% Class A preferred shares (the "Montfort Preferred Shares") in the capital of Montfort at a price of $0.342 per Montfort Preferred Share.

## 3. ASSETS HELD FOR SALE and DISCONTINUED OPERATIONS (continued)

### Sale of Brightpath (continued)

The Buyer satisfied the purchase price for the Sale Transaction by: (a) transferring 11,500,000 Montfort Shares to the Company for cancellation; (b) transferring all of the Montfort Preferred Shares to the Company for cancellation; (c) transferring all security-based compensation held by Mr. Albright, including 160,125 options, 80,350 restricted stock units and 1,200,000 performance share units of the Company, to the Company for cancellation; (d) assuming the Intercompany Indebtedness; and (e) issuing a non-interest bearing promissory note to the Company with a face value of $285,000 (the "Promissory Note").

Pursuant to the Definitive Agreement, the Company has the right, but not the obligation, to purchase the remaining 6,000,000 Montfort Shares (the "Sale Option Shares") held by the Buyer for cancellation at a price of $0.0475 per Sale Option Share (the "Call Right"), in exchange for the cancellation of the Promissory Note. The Company can only exercise the Call Right if the purchase of the Sale Option Shares does not result in the creation of a new "Control Person" (as such term is defined in the TSXV Corporate Finance Manual), and the then market price of the Montfort Shares equals or exceeds $0.0475 per Montfort Share.

If it is not exercised within three years of April 2, 2025, the Call Right will terminate and the Buyer will be permitted to transfer all, or any portion of, the Sale Option Shares to an arm's length third party, provided that any proceeds received by the Buyer from such transaction be paid to the Company and set off against the Promissory Note.

This transaction was with a related party under IAS 24, Related Party Disclosures. The terms of the sale were reviewed and approved by the independent members of the Board of Directors. Management has disclosed the nature of the relationship, the consideration exchanged, and the fact that terms were consistent with fair value as determined by reference to quoted market prices of the Company's securities and the assumption of existing indebtedness.

The operating results of Brightpath have been reclassified as discontinued operations and Brightpath assets and liabilities held for sale as at June 30, 2025 were $nil, and as at December 31, 2024 are as follows:

| | | |
|---|---|---|
| **ASSETS** | | |
| Cash | $ | 1,709,870 |
| Restricted cash | | 3,097,746 |
| Accounts receivable - net of allowance | | 4,816,344 |
| Other assets | | 176,303 |
| Loans receivable - net of allowance | | 156,835,602 |
| Intangible assets (Note 7) | | 2,490,356 |
| Goodwill (Note 7) | | 32,946,038 |
| **TOTAL ASSETS** | **$** | **202,072,258** |
| **LIABILITIES** | | |
| Accounts payable and accrued liabilities | | 2,325,838 |
| Loans payable (Note 9) | | 122,598,170 |
| Promissory notes payable (Note 10) | | 59,802,510 |
| Deferred tax liability | | 672,396 |
| **TOTAL LIABILITIES** | **$** | **185,398,914** |

## 3. ASSETS HELD FOR SALE and DISCONTINUED OPERATIONS (continued)

### Sale of Brightpath (continued)

On the date of sale, April 2, 2025, the Company disposed of Brightpath assets totalling $171,146,307, liabilities totalling $198,084,827 and associated intangible assets, and goodwill of $27,927,180, net of accumulated amortization, deferred tax liability, and retained deficit assumed upon purchase. This resulted in a net carrying value of the Brightpath business of negative $7,818,881. Upon receiving proceeds on sale of $16,567,250, the Company recognized a gain on disposal of $8,748,369, representing the difference between proceeds and the net carrying value. No taxes are expected to be payable on the gain on disposal because the Company has loss carryforwards available to apply against the taxable income.

On April 1, 2025, the Company provided a guarantee to Pivot Financial I Limited Partnership ("Pivot LP") in respect of a Brightpath Capital Corporation secured promissory note receivable. As of June 30, 2025 the guarantee remains in force up to an amount of $2,500,000. No amounts have been demanded and no provision has been recorded.

### Sale of TIMIA

On November 1, 2024, the Company finalized the sale of all of its right, title and interest to TIMIA Capital Inc., TIMIA II GP Inc., TIMIA III GP Inc., TIMIA Capital Holdings Limited Partnership, TIMIA SPIV I Inc., and Montfort USA 1 Corp. The assets sold also included the Company's equity interests in TIMIA LP II and TIMIA LP III. These entities together comprised the TIMIA business unit that offered a technology-based lending platform that provided debt capital to recurring revenue technology businesses in North America ("TIMIA").

TIMIA was sold pursuant to a securities purchase agreement with an affiliate of Round 13 Capital, an arm's length third party to the Company. The total value of the transaction included an all-cash purchase price of $4.5 million that was later reduced to $3.6 million due to agreed on purchase price adjustments. Round 13 Capital also acquired $2.0 million of TIMIA debt that had previously been issued by Pivot. Based on the final adjusted purchase price the Company recognized a gain on disposal of $441,526. No taxes are expected to be payable on the gain on disposal because the Company has loss carryforwards available to apply against the taxable income. The operating results of TIMIA for the six months ended June 30, 2024 have been reclassified as discontinued operations.

## 3. ASSETS HELD FOR SALE and DISCONTINUED OPERATIONS (continued)

Results of discontinued operations for the three months ended June 30, 2025 and 2024 are as follows:

| | Three-months ending June 30, 2025 | | | Three-months ending June 30, 2024 | | |
|---|---|---|---|---|---|---|
| | **Brightpath** | **TIMIA** | **Total** | **Brightpath** | **TIMIA** | **Total** |
| **REVENUE** | | | | | | |
| Interest income | $ - | $ - | $ - | $ 3,950,089 | $ 459,615 | $ 4,409,705 |
| Interest and financing fees | - | - | - | (5,305,035) | (792,670) | (6,097,705) |
| Net interest income | - | - | - | (1,354,946) | (333,055) | (1,688,000) |
| Income from transaction and other fees | - | - | - | 1,423,713 | 467,863 | 1,891,576 |
| Performance fee income | - | - | - | - | 138,757 | 138,757 |
| **TOTAL REVENUE** | - | - | - | 68,768 | 273,565 | 342,333 |
| **EXPENSES** | | | | | | |
| Accounting and legal | - | - | - | 193,115 | 216,813 | 409,928 |
| Administrative, management and directors fees | - | - | - | 508,768 | 366,460 | 875,229 |
| Amortization | - | - | - | 233,111 | - | 233,111 |
| Expected credit losses (recovery) | - | - | - | 557,990 | (30,250) | 527,740 |
| Investor relations, communications and regulatory fees | - | - | - | 12,251 | - | 12,251 |
| Marketing services and promotion | - | - | - | 4,475 | 68,532 | 73,007 |
| Office, travel, systems, and miscellaneous | - | - | - | 157,057 | 50,606 | 207,663 |
| Foreign exchange losses (gains) | - | - | - | - | (64,667) | (64,667) |
| **TOTAL EXPENSES** | - | - | - | 1,666,767 | 607,494 | 2,274,261 |
| **OPERATING LOSS BEFORE TAXES** | - | - | - | (1,597,999) | (333,929) | (1,931,928) |
| Current income taxes | - | - | - | 102 | 19,168 | 19,270 |
| Deferred tax recovery | - | - | - | (62,581) | - | (62,581) |
| **NET LOSS** | **$ -** | **$ -** | **$ -** | **$ (1,535,520)** | **$ (353,097)** | **$ (1,888,617)** |

Results of discontinued operations for the six months ended June 30, 2025 and 2024 are as follows:

| | Six-months ending June 30, 2025 | | | Six-months ending June 30, 2024 | | |
|---|---|---|---|---|---|---|
| | **Brightpath** | **TIMIA** | **Total** | **Brightpath** | **TIMIA** | **Total** |
| **REVENUE** | | | | | | |
| Interest income | $ 4,084,279 | $ - | $ 4,084,279 | $ 8,834,208 | $ 1,237,390 | $ 10,071,598 |
| Interest and financing fees | (5,159,038) | - | (5,159,038) | (10,591,881) | (1,540,193) | (12,132,074) |
| Net interest income | (1,074,759) | - | - | (1,757,672) | (302,803) | (2,060,475) |
| Income from transaction and other fees | 1,652,429 | - | 1,652,429 | 2,990,847 | 891,336 | 3,882,183 |
| Performance fee income | - | - | - | - | 238,876 | 238,876 |
| **TOTAL REVENUE** | 577,670 | - | - | 1,233,174 | 827,409 | 2,060,583 |
| **EXPENSES** | | | | | | |
| Accounting and legal | 466,015 | - | 466,015 | 307,046 | 389,314 | 696,360 |
| Administrative, management and directors fees | 603,032 | - | 603,032 | 1,121,804 | 681,315 | 1,803,119 |
| Amortization | 1,330 | - | 1,330 | 466,222 | - | 466,222 |
| Expected credit losses (recovery) | 3,877,791 | - | 3,877,791 | 1,383,329 | (8,713) | 1,374,616 |
| Investor relations, communications and regulatory fees | (730,582) | - | (730,582) | 27,744 | 7,050 | 34,794 |
| Marketing services and promotion | 10,377 | - | 10,377 | 5,148 | 204,359 | 209,507 |
| Office, travel, systems, and miscellaneous | - | - | - | 277,442 | 98,413 | 375,855 |
| Foreign exchange losses (gains) | 166,709 | - | 166,709 | - | (201,656) | (201,656) |
| **TOTAL EXPENSES** | 4,394,672 | - | - | 3,588,735 | 1,170,082 | 4,758,817 |
| **OPERATING LOSS BEFORE TAXES** | (3,817,002) | - | - | (2,355,561) | (342,673) | (2,698,234) |
| Current income taxes | - | - | - | 102 | 19,168 | 19,270 |
| Deferred taxes (recovery) | 602 | - | 602 | (125,162) | - | (125,162) |
| **NET LOSS** | **$ (3,817,603)** | **$ -** | **$ -** | **$ (2,230,501)** | **$ (361,841)** | **$ (2,592,342)** |

## 4. ACCOUNTS RECEIVABLE

Accounts receivable consists of current and aged interest and fees related to loans receivable and other short term receivable balances. All amounts are considered collectible and as such the expected credit loss allowance for accounts receivable as at June 30, 2025 is $nil (December 31, 2024 - $nil).

| | | June 30, 2025 | | December 31, 2024 |
|---|---|---|---|---|
| Accounts receivable | $ | 348,361 | $ | 763,331 |
| Interest receivable | | 1,107,162 | | 1,151,087 |
| | **$** | **1,455,523** | **$** | **1,914,418** |

## 5. LOANS RECEIVABLE

The Company's loans receivable by business line as at June 30, 2025 and December 31, 2024 are as follows:

| As at June 30, 2025 | | Gross carrying amount | | ECL allowance | | Carrying amount |
|---|---|---|---|---|---|---|
| Langhaus loans | $ | 177,261,066 | $ | (521,523) | $ | 176,739,544 |
| Nuvo loans | | 10,291,275 | | (10,883) | | 10,280,392 |
| Pivot loans | | 38,000,450 | | (2,950,531) | | 35,049,919 |
| **Total loans receivable** | **$** | **225,552,791** | **$** | **(3,482,936)** | **$** | **222,069,855** |

| As at December 31, 2024 | | Gross carrying amount | | ECL allowance | | Carrying amount |
|---|---|---|---|---|---|---|
| Langhaus loans | $ | 158,633,738 | $ | (522,141) | $ | 158,111,597 |
| Nuvo loans | | 5,441,275 | | (10,883) | | 5,430,392 |
| Pivot loans | | 26,437,926 | | (441,238) | | 25,996,689 |
| **Total loans receivable** | **$** | **190,512,939** | **$** | **(974,261)** | **$** | **189,538,678** |

Brightpath mortgage assets included in assets held for sale as at June 30, 2025 and December 31, 2024 on the Consolidated Statement of Financial Position were as follows:

**Assets held for sale**

| Brightpath mortgages | | Gross carrying amount | | ECL allowance | | Carrying amount |
|---|---|---|---|---|---|---|
| **As at June 30, 2025** | **$** | **-** | **$** | **-** | **$** | **0** |
| **As at December 31, 2024** | **$** | **162,328,389** | **$** | **(5,492,787)** | **$** | **156,835,602** |

## 5. LOANS RECEIVABLE (continued)

### Langhaus insurance-backed loans (continued)

Langhaus loans receivable consist of a portfolio of loans to individuals and corporations 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. Loans require interest-only payments due monthly and most of the portfolio is subject to variable interest rates of interest that adjust in relation to base rates that include bank prime, and bankers' acceptances. As at June 30, 2025 $5,088,913 of loans carried a weighted average fixed rate of 6.7% ($2,913,965 at 6.7% - December 31, 2024). All loans are due on demand except for one loan as described below.

One loan in the portfolio with a balance of $413,547 at period end ($413,547 - December 31, 2024) is due within one year and is secured by cash collateral formally pledged to LFC. LFC has discretion to invest the collateral funds for any provident purpose in its normal course of business. If investment losses result in a reduction in the principal amount invested, LFC undertakes to make available the full amount of funds pledged. A corresponding amount of $413,547 ($413,547 - December 31, 2024) is recorded in other liability.

### Nuvo loans

Loans receivables consist of a portfolio of senior secured demand loans to corporations and limited partnerships, secured by general security agreements over the borrower's assets and personal and/or corporate guarantees. Loans require interest-only payments due monthly, subject to variable rates of interest that adjust in relation to TD Bank prime.

### Pivot loans

Pivot provides term loans that generally have fixed interest rates ranging from 12% - 17%, are secured by business assets and are either due on demand or mature in a period of less than one year.

### Expected credit losses

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. Details of the expected credit loss model can be found in Note 16 under the heading *Expected Credit Loss Measurement*.

## 5. LOANS RECEIVABLE (continued)

The expected credit loss provision for the period from January 1, 2025 to June 30, 2025 is calculated as follows:

| | Stage 1 | Stage 2 | Stage 3 | Total |
|---|---|---|---|---|
| **Opening loans receivable balance** | $ 184,996,782 | $ - | $ 5,516,157 | $ 190,512,939 |
| Advances on loans receivable | 81,270,028 | - | 2,691 | 81,272,718 |
| Loans receivable moved to stage 1 | 3,961,058 | - | (3,961,058) | - |
| Loans receivable moved to stage 2 | - | - | - | - |
| Loans receivable moved to stage 3 | (15,147,534) | - | 15,147,534 | - |
| Net change in deferred lender fees | - | - | - | - |
| Settlement of loans receivables | (45,939,615) | - | (293,252) | (46,232,866) |
| **Closing balance** | **$ 209,140,718** | **$ -** | **$ 16,412,073** | **$ 225,552,791** |
| **Allowance for expected credit loss, opening balance** | $ (114,986) | $ - | $ (859,275) | $ (974,261) |
| Add: provision for expected credit loss, outstanding loans | (8,676) | - | (2,500,000) | (2,508,676) |
| **Allowance for expected credit loss, closing balance** | **$ (123,661)** | **$ -** | **$ (3,359,275)** | **$ (3,482,936)** |
| Closing balance | $ 209,140,718 | $ - | $ 16,412,073 | $ 225,552,791 |
| Allowance for expected credit loss, closing balance | (123,661) | - | (3,359,275) | (3,482,936) |
| **Loans receivable, net of expected credit losses** | **$ 209,017,057** | **$ -** | **$ 13,052,798** | **$ 222,069,855** |

The expected credit loss provision for the period from January 1, 2024 to December 31, 2024 is calculated as follows:

| | Stage 1 | Stage 2 | Stage 3 | Total |
|---|---|---|---|---|
| **Opening loans receivable balance** | $ 272,843,839 | $ 23,901,954 | $ 26,338,531 | $ 323,084,324 |
| Advances on loans receivable | 229,415,124 | - | - | 229,415,124 |
| Loans receivable moved to stage 1 | 4,788,210 | (6,380,566) | 1,592,356 | (0) |
| Loans receivable moved to stage 2 | (36,527,758) | 38,875,578 | (2,347,820) | - |
| Loans receivable moved to stage 3 | (11,690,828) | (20,285,609) | 31,976,437 | - |
| Net change in deferred lender fees | (38,150) | - | - | (38,150) |
| Settlement of loans receivables | (163,646,056) | (16,427,363) | (19,546,552) | (199,619,971) |
| Reclassified as held for sale | (110,147,600) | (19,683,994) | (32,496,795) | (162,328,389) |
| **Closing balance** | **$ 184,996,782** | **$ -** | **$ 5,516,157** | **$ 190,512,939** |
| **Allowance for expected credit loss, opening balance** | $ (455,888) | $ (493,892) | $ (1,552,835) | $ (2,502,615) |
| Add: provision for expected credit loss, outstanding loans | (637,303) | (407,484) | (2,919,646) | (3,964,433) |
| Reclassified as held for sale | 978,206 | 901,376 | 3,613,206 | 5,492,787 |
| **Allowance for expected credit loss, closing balance** | **$ (114,986)** | **$ -** | **$ (859,275)** | **$ (974,261)** |
| Closing balance | $ 184,996,782 | $ - | $ 5,516,157 | $ 190,512,939 |
| Allowance for expected credit loss, closing balance | (114,986) | - | (859,275) | (974,261) |
| **Loans receivable, net of expected credit losses** | **$ 184,881,796** | **$ -** | **$ 4,656,882** | **$ 189,538,678** |

## 6. RIGHT-OF-USE ASSET AND LEASE LIABILITY

The Company recognizes lease liabilities measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rates. The discount rate applied to all lease liabilities is 8%.

The details of the right-of-use assets and lease liabilities recognized as at June 30, 2025 and December 31, 2024 are as follows:

| **Right-of-use asset** | | **June 30, 2025** | | **December 31, 2024** |
|---|---|---|---|---|
| Beginning balance | $ | 1,173,458 | $ | 1,539,680 |
| Additions | | - | | - |
| Amortization | | (76,543) | | (366,222) |
| **Ending balance** | **$** | **1,096,916** | **$** | **1,173,458** |

| **Lease liability** | | **June 30, 2025** | | **December 31, 2024** |
|---|---|---|---|---|
| Beginning balance | $ | 1,284,551 | $ | 1,622,232 |
| Additions | | - | | - |
| Accrued interest | | 139,445 | | 116,474 |
| Cash payment | | (171,887) | | (454,155) |
| **Ending balance** | **$** | **1,252,109** | **$** | **1,284,551** |

## 7. INTANGIBLE ASSETS AND GOODWILL

### Intangible assets

Intangible assets were recognized by the Company on the acquisitions of each of its Pivot, Brightpath and Langhaus business units. In the Pivot transaction, the Company acquired a customer relationship and service contract. The intangible assets acquired as part of the Langhaus acquisition included a service contract and customer relationships. The service contract was amortized over a one year period and the customer relationships are amortized on a straight-line basis over an estimated useful life of ten years, based on the life of the associated insurance policies held by those customers. The balance of intangible assets on the consolidated statements of financial position as at June 30, 2025 and December 31, 2024 are presented in the table below:

| | | **Intangibles** | | | | |
|---|---|---|---|---|---|---|
| | | **Pivot** | | **Langhaus** | | **Total** |
| Balance at December 31, 2024 | $ | 1,364,215 | $ | 2,616,055 | $ | 3,980,270 |
| Less: amortization | | (186,028) | | (165,753) | | (351,781) |
| **Balance at June 30, 2025** | **$** | **1,178,187** | **$** | **2,450,302** | **$** | **3,628,489** |

The Brightpath acquisition included lender relationships that were being amortized on a straight-line basis over an estimated useful life of five years. As at December 31, 2024, Brightpath is treated as a held for sale disposal group and as a result the associated intangible asset balance of $2,490,356 and related deferred tax liability of $672,396 were reclassified on the balance sheet as part of assets held for sale (see Note 3).

## 7. INTANGIBLE ASSETS AND GOODWILL (continued)

### Goodwill

| | Goodwill | | |
|---|---|---|---|
| | Pivot | Langhaus | Total |
| **Balance at June 30, 2025 and December 31, 2024** | **$ 3,533,801** | **$ 8,306,470** | **$ 11,840,271** |

Goodwill was acquired as part of the Pivot, Brightpath and Langhaus acquisitions and is tested for impairment on an annual basis. The Company performed its annual test for impairment of goodwill in the fourth quarter of 2024. 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. An additional impairment assessment was performed as at December 31, 2024 for Langhaus in conjunction with management's going concern assessment.

The recoverable amounts of the Pivot and Langhaus cash generating units (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 that considered projected loan receivable growth based on past experience, capital sources available and market and economic conditions. The discounted cash flow models incorporate key assumptions related to revenue growth rates 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 CGUs 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 of 13.9% and 15.1% were used to evaluate Pivot and Langhaus, respectively. Increases to discount rates could have the impact of reducing recoverable amounts.

The determination of fair values is sensitive to the assumptions for 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 CGUs.

For the Langhaus CGU, an increase of more than 3% to the discount rate or a reduction in annual revenue growth of greater than 11% would result in an impairment of goodwill. For the Pivot CGU, an increase of more than 20% to the discount rate or a reduction in annual revenue growth of greater than 10% would result in an impairment of goodwill.

As a result of the Company's decision to sell Brightpath and the subsequent sale transaction on April 2, 2025, goodwill and intangibles were reviewed again for impairment as at November 26, 2024 and were further assessed as at December 31, 2024. Based on the carrying value of Brightpath's net assets and the purchase price to be received, which was confirmed on the completion of the sale on April 2, 2025, no impairment of goodwill or intangibles was identified. As at December 31, 2024, the $32,946,038 goodwill amount related to Brightpath was reclassified on the consolidated balance sheet as part of assets held for sale (see Note 3).

## 8. COMMITMENTS AND CONTINGENCIES

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

In January 2025, Langhaus signed a memorandum of understanding ("MOU") with a major Canadian life insurance company to achieve certain business volume targets over a five year period that commenced December 31, 2024. If volume targets have not been achieved by the end of the five year period, Langhaus could be liable for a payment to the life insurance company of up to $2.1 million. Management estimates the business volume targets are achievable in the normal course of operations and the probability of a payment being required at the end of the five year period is very low. As a result, no contingent liability is expected to be recorded in relation to this MOU.

## 9. LOANS PAYABLE

Loans payable consisted of the following as at June 30, 2025 and December 31, 2024:

| Business Unit | Interest Rate | Security | June 30, 2025 | December 31, 2024 |
|---|---|---|---|---|
| **Langhaus** | | | | |
| Bank Loan | Higher of prime + 0.25% or 3% | Secured | 32,532,180 | 48,712,269 |
| Bank Loan | Higher of prime + 0.70% or 3% | Secured | 81,031,368 | 76,968,092 |
| Bank Loan | Prime + 0.20% | Secured | 34,279,860 | 8,234,318 |
| LifeCo Facility | GOC 5 Year + 2.5% | Secured | 4,681,800 | 2,630,848 |
| | | | $ 152,525,208 | $ 136,545,527 |
| **Nuvo** | | | | |
| Bank Loan | Higher of prime + 1.75% or 4.2% | Secured | 7,156,275 | 2,281,275 |
| **Pivot** | | | | |
| Loans payable | Higher of prime + 5.3% or 9.25% | Secured | 14,366,659 | 18,069,022 |
| Loans payable | Higher of prime + 5.5% or 9.5% | Secured | 10,000,000 | 10,000,000 |
| | | | $ 24,366,659 | $ 28,069,022 |
| **Brightpath** | | | | |
| Loan facility | Higher of CORRA + 5% or 15% | Secured | - | 41,508,509 |
| Demand loan | Higher of prime + 1.15% or 4.2% | Secured | - | 81,089,661 |
| Reclassified as held for sale | | | - | (122,598,170) |
| | | | $ - | $ - |
| **Total Loans Payable** | | | **$ 184,048,142** | **$ 166,895,824** |

### Langhaus

Langhaus Insurance Finance LP I has an uncommitted revolving credit facility of $90,000,000 ($100,000,000 - December 31, 2024) with a schedule 1 bank to fund up to 95% of the value of loans acquired from 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 the partnership's assets and a guarantee from LFC and is due on demand. Additional guarantees have been provided by related parties (Note 13). As at June 30, 2025, the Group has drawn $32,532,180 ($48,712,269 - December 31, 2024) on this facility.

## 9. LOANS PAYABLE (continued)

### Langhaus (continued)

Langhaus Insurance Finance LP II has an uncommitted revolving credit facility of $100,000,000 ($90,000,000 - December 31, 2024) with a schedule 1 bank to fund up to 90% of the value of full premium loans acquired from LFC. The facility bears a variable rate of interest at the greater of prime rate plus 0.70% and 3.00% per annum on Eligible Loans and a variable rate of interest at the greater of prime rate plus 0.80% and 3.00% per annum on loans with an Approved Issuer, payable monthly. The facility is secured by the partnership's assets and a guarantee from LFC and is due on demand. As at June 30, 2025, the Group has drawn $81,031,368 ($76,968,092 - December 31, 2024) on this facility.

The credit facilities impose financial covenants with respect to yield, delinquency and loss ratio of the related loans receivable, as well as maintaining minimum tangible net worth. As at June 30, 2025, Langhaus is in compliance with all covenants.

On February 21, 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, 2025, LH LP IV has drawn $34,279,860 ($8,234,318 - December 31, 2024) on this facility.

The bank facility imposes financial covenants with respect to yield and loss ratios on the related loans receivable, as well as interest coverage. As at June 30, 2025, Langhaus is in compliance with all covenants.

During the third quarter of 2024, Langhaus Insurance Finance LP III ("LH LP III") entered into a committed securitization lending facility of $25,000,000 with a large life insurance company to fund up to 92% of the value of fixed term loans acquired from LFC. The facility bears fixed rate interest on each drawdown based on the applicable Canada bond rate plus 2.5%. The facility is secured by the Partnership's assets, a cash reserve account equal to 1% of amounts drawn and performance guarantees. As at June 30, 2025, LH LP III has drawn $4,681,800 ($2,630,848 - December 31, 2024) on this facility.

### Nuvo

Nuvo Financial LP has an uncommitted revolving credit facility of $25,000,000 with a schedule 1 bank (the "Bank") to fund up to 80% of the value of loans acquired from Nuvo Financial Inc. The facility bears a variable rate of interest at the greater of the Bank's prime rate plus 1.75% and 4.20% per annum, payable monthly. The facility is secured by a senior general security agreement over the partnership's assets and a guarantee from Nuvo Financial Inc., and Nuvo Financial GP Inc., and is due on demand.

### Pivot

The secured loans payable is a revolving credit facility from a senior lender that is secured by a general security agreement over the assets of the Company. On March 21, 2024, $50 million of the $60 million facility was repaid and the Company amended the revolving credit facility, decreasing the combined authorized limit to $32.75 million and $3 million USD. The prior amount of $60 million and the remaining $10 million is part of a flow through financing arrangement for the Brightpath mortgage business (Note 3). This 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.

## 9. LOANS PAYABLE (continued)

### Pivot (continued)

On August 2, 2024, the Company entered into an amended agreement under which the facility was scheduled to mature on April 30, 2025 with an option to extend for one year and is currently being renegotiated (see Note 18 Subsequent Events). The agreement includes covenants regarding reporting requirements, liens on account, distribution limitations and cash investment limits. Covenants also restrict tangible net worth to a minimum of $16.5 million, and restriction limits on advances to related parties. As of June 30, 2025, Pivot was not compliant with these covenants. Covenant breaches have been communicated to Pivot's lenders and they have not requested any change to the loans' status. There is no assurance that Pivot will reach mutually agreed upon terms with the lenders regarding refinancing of the facility or that results or changes to covenants will return the loan to compliant status with covenants.

### Brightpath

In 2024, Brightpath established a new senior secured revolving credit demand loan 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 netted against the loan value. The loan facility incurs interest equal to the higher of adjusted daily compounded CORRA plus 5.00% or 15% per annum. The initial maximum principal that Brightpath was entitled to borrow under this agreement was $100,000,000 and the commitment could 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, which was released in connection with the sale of Brightpath on April 2, 2025. In addition, the Company has committed to providing to the lender a minimal annual rate of return. As at June 30, 2025 the balance was $nil ($41,508,509 - December 31, 2024). At the time of sale, Brightpath was not in compliance with certain covenants related to this facility. As a result of the non-compliance, effective April 2, 2025, the loan facility was amended to reduce the maximum principal that Brightpath can borrow to $41,780,739 and the scheduled commitment termination date was amended to April 1, 2026.

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 1.15%, 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, 2025 the balance was $nil ($81,089,661 - December 31, 2024).

Due to the sale transaction completed on April 2, 2025 (see Note 3), loans payable balances related to Brightpath were reclassified to liabilities held for sale as at December 31, 2024.

## 10. PROMISSORY NOTES PAYABLE

Promissory notes payable as at June 30, 2025 and December 31, 2024 were as follows:

| | | June 30, 2025 | | December 31, 2024 | |
|---|---|---|---|---|---|
| **Business Unit** | **Security** | **Amount** | **Weighted Average Interest Rate** | **Amount** | **Weighted Average Interest Rate** |
| **Montfort** | | | | | |
| Fixed rate notes | Unsecured | $ - | - | $ 1,390,000 | 12.0% |
| **Langhaus** | | | | | |
| Fixed rate notes | Unsecured | 6,577,787 | 9.1% | 4,327,787 | 9.1% |
| Variable rate notes | Secured | 12,840,000 | P+0.75% | 9,725,000 | P+0.63% |
| **Nuvo** | | | | | |
| Fixed rate notes | Unsecured | 3,110,000 | 12.0% | 3,060,000 | 12.0% |
| **Pivot** | | | | | |
| Fixed rate notes | Unsecured | 21,983,230 | 11.3% | 24,114,251 | 10.9% |
| **Brightpath** | | | | | |
| Fixed rate notes | Secured | - | - | 59,802,510 | 12.0% |
| Reclassified as held for sale | | - | | (59,802,510) | |
| **Total Loans Payable** | | **$ 44,511,017** | | **$ 42,617,038** | |

### Montfort

Montfort issued unsecured promissory notes bearing interest at 12.0% per annum, compounded monthly and due on demand. As at June 30, 2025 there were $nil ($1,390,000 – December 31, 2024) of these notes outstanding.

### Langhaus

As at June 30, 2025, Langhaus had fixed rate promissory notes outstanding of $6,577,787 ($4,327,787 – December 31, 2024). These fixed rate promissory notes are unsecured, have no fixed terms of repayment and are due on demand, except for $110,000 which is due in January 2029. Interest is paid monthly and as at June 30, 2025, the weighted average fixed rate on these promissory notes is 9.1% (9.1% - December 31, 2024).

As at June 30, 2025, Langhaus had variable rate promissory notes outstanding of $9,925,000 ($8,925,000 - December 31, 2024) that are secured through the assignment of life insurance policies and have maturity dates within the next fiscal year with an option to extend. The remaining $2,915,000 ($800,000 - December 31, 2024) of these variable rate promissory notes are unsecured and have maturity dates up to December 2029. Interest is paid monthly and as at June 30, 2025 the weighted average variable rate on these promissory notes is Prime + 0.75% (P + 0.63% - December 31, 2024).

### Nuvo

As at June 30, 2025, Nuvo had fixed rate promissory notes outstanding of $3,110,000 ($3,060,000 – December 31, 2024) that are unsecured and are due upon a 180-day demand period. Interest is paid monthly and as at June 30, 2025 the weighted average variable rate on these promissory notes is 12% per annum.

## 10. PROMISSORY NOTES PAYABLE (continued)

**Pivot**

As at June 30, 2025 Pivot had unsecured promissory notes outstanding of $21,983,230 ($24,114,251 – December 31, 2024) with fixed interest rates between 10.0% and 12.0% with maturity dates between September 2025 and February 2026. During the six months ended June 30, 2025 several of these notes had their maturity dates extended and the fixed interest rate increased to 12%. These notes are subject to reporting total debt levels relative to permitted investments. As at June 30, 2025, the Company was not in compliance with the covenant with a total debt level to permitted investments of 1.06. All covenant breaches have been communicated to the lenders and they have not requested any change to the status as a result.

**Brightpath**

As at June 30, 2025, Brightpath had investor notes outstanding of $nil ($59,802,510 – December 31, 2024) that are unsecured, due on demand with maturity dates ranging between 90 to 180 days from day of demand. The weighted average interest rate to maturity as at June 30, 2025 was nil% (12.0% - December 31, 2024). As at December 31, 2024, $7,150,000 of investor notes had been demanded for repayment and during the six-months ended June 30, 2025 $875,000 of these investor notes was repaid and proceeds from new investor loans were $4,438,955.

Due to the sale transaction completed on April 2, 2025 (see Note 3), investor notes balances related to Brightpath were reclassified to liabilities held for sale as at December 31, 2024.

## 11. OTHER LIABILITY

As at June 30, 2025 one loan in the Langhaus portfolio with a balance of $413,547 ($413,547 – December 31, 2024) is due within one year and is secured by cash collateral formally pledged to Langhaus. Langhaus has discretion to invest the collateral funds for any provident purpose in its normal course of business. If investment losses result in a reduction in the principal amount invested, Langhaus undertakes to make available the full amount of funds pledged.

## 12. SHARE CAPITAL

***(a)*** *Common shares:*

The Company is authorized to issue an unlimited number of common voting shares without par value. As of June 30, 2025 Montfort has 88,317,282 (99,817,282 – December 31, 2024) common shares issued and outstanding.

***(b)*** *Preferred shares:*

| | | June 30, 2025 | | December 31, 2024 |
|---|---|---|---|---|
| Montfort preferred shares - Series A Class A | $ | 19,459,228 | $ | 27,378,214 |
| Montfort preferred shares - Series 1 Class C | | 12,434,087 | | 12,434,087 |
| **Total preferred shares** | **$** | **31,893,315** | **$** | **39,812,301** |

*Series A Class A (Series A)*

As of June 30, 2025, Montfort has 20,485,994 non-cumulative Series A Class A Preferred shares issued and outstanding (28,485,994 - December 31, 2024). 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.

## 12. SHARE CAPITAL (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.

*Series 1 Class C (Series 1)*

As of June 30, 2025, Montfort has 498,800 non-cumulative Series 1 Class C Preferred shares issued and outstanding (498,800 - December 31, 2024). 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.

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. Upon notice of retraction by the Company, holders of the Preferred Shares may elect to receive a cash payment equal to the offering price. The Preferred shares do not have a fixed maturity date and are not redeemable at the option of the holders of Preferred shares.

***(c)*** *Dividends declared:*

No dividends were declared or paid during the first or second quarter of 2025. The Board of Directors of the Company determined that, in consideration of ongoing restructuring activities and in order to preserve capital and to ensure financial flexibility, this pause was a prudent and necessary decision for the Company. Dividends declared and paid during the six months ended June 30, 2024 were as follows:

| Dividend declaration date | Dividend rate | | Total dividends paid |
|---|---|---|---|
| February 22, 2024 | Series 1 0.55 | $ | 275,337 |
| February 22, 2024 | Series A 0.02 | | 569,720 |
| June 19, 2025 | Series 1 0.57 | | 284,313 |
| June 19, 2025 | Series A 0.02 | | 569,720 |
| | | **$** | **1,699,090** |

## 12. SHARE CAPITAL (continued)

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

Stock options

The Company has adopted an equity incentive plan for granting options to directors, employees and consultants. Under the plan, the exercise price of an option shall not be less than the discounted market price at the time of grant, 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, 2023** | **8,015,001** | **$** | **0.34** |
| Issued | 500,000 | | 0.06 |
| Forfeited | (575,000) | | - |
| Expired | (1,170,000) | | - |
| **Balance, December 31, 2024** | **6,770,001** | **$** | **0.34** |
| Forfeited | (3,551,001) | | |
| Expired | (390,000) | | |
| **Balance, June 30, 2025** | **2,829,000** | **$** | **0.34** |

Additional information regarding stock options outstanding as at June 30, 2025 is as follows:

| Outstanding | | | Exercisable | |
|---|---|---|---|---|
| Number of Options | Weighted Average Remaining Contractual Life (years) | Weighted Average Exercise Price | Number of Options | Weighted Average Exercise Price |
| 100,000 | 0.80 | 0.19 | 100,000 | 0.19 |
| 275,000 | 1.23 | 0.30 | 275,000 | 0.30 |
| 400,000 | 1.32 | 0.44 | 400,000 | 0.44 |
| 270,000 | 1.59 | 0.42 | 270,000 | 0.42 |
| 690,000 | 2.26 | 0.37 | 677,982 | 0.37 |
| 30,000 | 2.57 | 0.44 | 24,301 | 0.44 |
| 175,000 | 2.67 | 0.40 | 136,164 | 0.40 |
| 589,000 | 2.71 | 0.35 | 450,222 | 0.35 |
| 300,000 | 3.42 | 0.13 | 158,630 | 0.13 |
| **2,829,000** | **2.15** | **0.34** | **2,492,300** | **0.35** |

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:

## 12. SHARE CAPITAL (continued)

| | 2025 | 2024 |
|---|---|---|
| Weighted average assumptions: | | |
| Risk-free interest rate | N/A | 2.75% |
| Expected dividend yield | N/A | - |
| Expected option life (years) | N/A | 5 |
| Expected stock price volatility | N/A | 70% |
| Weighted average fair value at grant date | N/A | $0.04 |
| Expected forfeiture rate | - | - |

Share units

The Company has a share unit (SU) plan that allows for the granting of restricted share units (RSUs), performance share units (PSUs), deferred share units (DSUs) and Stock Appreciation Rights (SARs) to directors and employees. The maximum number of the Company's common shares that may be issued under the share unit plan as of June 30, 2025 is 17,663,456.

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.

| | SUs | |
|---|---|---|
| | # of PSUs | # of RSUs |
| **SUs outstanding, January 1, 2024** | **5,650,000** | **2,901,050** |
| Issued | - | 1,000,000 |
| Expired | (1,200,000) | (50,000) |
| Exercised | - | (1,970,000) |
| **SUs outstanding, December 31, 2024** | **4,450,000** | **1,881,050** |
| Forfeited | (1,450,000) | (80,350) |
| Exercised | - | - |
| Expired | - | (640,000) |
| **SUs outstanding, June 30, 2025** | **3,000,000** | **1,160,700** |
| | | |
| **Weighted average fair value at grant** | - | 0.17 |
| **Weighted average remaining contractual life (years)** | 0.12 | 1.28 |

## 13. RELATED PARTY TRANSACTIONS AND EXECUTIVE COMPENSATION

The Company has transactions 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. Transactions with related parties were in the normal course of operations and were measured at market based on exchange amounts. The Company had the following related party transactions:

(a) During the six months ended June 30, 2025, the Company paid interest of $116,696 (six months ended June 30, 2024 - $271,545) to related parties on promissory notes payable. The balance of promissory notes payable to related parties as at June 30, 2025 was $2,487,787 (as at December 31, 2024 - $2,677,787).

(b) As at June 30, 2025, accounts payable included amounts due to related parties of $8,843 (as at December 31, 2024 - $19,463).

(c) During the six months ended June 30, 2025, the Company paid rent expenses of $116,826 (six months ended June 30, 2024 - $107,033) to a company controlled by members of management.

(d) During the six months ended June 30, 2025, the Company refunded a financing fee of $91,671 (six months ended June 30, 2024 - $nil) previously received from a related party.

(e) During the six months ended June 30, 2025, the Company paid guarantee fees of $74,949 (six months ended June 30, 2024 - $113,469) to related parties. The Company has agreed to pay guarantee fees to related parties for personal guarantees made on the bank loans in Langhaus Insurance Finance LP I, limited to the lesser of 5% of the amount drawn and $4,500,000 (December 31, 2025 - $5,000,000). Nuvo has agreed to pay guarantee fees to two related parties for personal guarantees made on the Nuvo Financial LP credit facility, limited to the lesser of the amount drawn and $1,000,000.

(f) Dividends paid on Series A Class A Preferred shares during the six months ended June 30, 2024 included $648,484 paid to directors and officers of the Company. No dividends were paid in the three months ended June 30, 2025.

The Company considers the Chief Executive Officer, Chief Financial Officer, Chief Capital Officer and Directors as key management personnel. Key management compensation for the six months ended June 30, 2025 and 2024 were as follows:

(a) Directors fees accrued or paid during the six months ended June 30, 2025 were $108,00 (six months ended June 30, 2024 - $154,625).

(b) Management compensation accrued or paid during the six months ended June 30, 2025 were $330,250 (six months ended June 30, 2024 - $1,105,083).

(c) Share-based payments expenses for the six months ended June 30, 2025 of $73,766 (six months ended June 30, 2024 - $243,102) were recorded for directors and certain officers identified as key management personnel.

Subsequent to June 30, 2025, the Company agreed to repurchase and cancel certain preferred and common shares held by a related party for approximately $0.6 million, to be settled by a non-interest-bearing promissory note. The transaction is subject to regulatory approval and will close immediately prior to the sale of the Pivot business (see Note 18).

## 14. FINANCIAL INSTRUMENTS AND RISK

### Financial instruments

The following table summarizes information regarding the carrying values and classification of the Company's financial instruments as at June 30, 2025 and December 31, 2024:

| | | Carrying value | |
|---|---|---|---|
| | **Classification** | **June 30, 2025** | **December 31, 2024** |
| Cash and restricted cash | Amortized Cost | $ 2,876,213 | $ 2,255,544 |
| Accounts receivable (Note 4) | Amortized Cost | 1,455,523 | 1,914,418 |
| Loans receivable (Note 5) | Amortized Cost | 224,569,855 | 189,538,678 |
| Accounts payable | Amortized Cost | 3,256,355 | 3,053,389 |
| Loans payable (Note 9) | Amortized Cost | 174,048,142 | 156,895,824 |
| Loan payable (Note 9) | FVTPL | 10,000,000 | 10,000,000 |
| Promissory notes payable (Note 10) | Amortized Cost | 44,511,017 | 42,617,038 |
| Other liability (Note 11) | Amortized Cost | 413,547 | 413,547 |

The estimated fair values of cash and accounts payable approximate their respective carrying values due to their nature and short terms to maturity. All other financial instruments are classified at amortized cost except for one loan payable which is measured at fair value through profit or loss ("FVTPL").

The fair value measurements use a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The levels of the fair value hierarchy require increasingly more judgment to estimate the fair values of financial assets and liabilities and realized values may differ. The fair value hierarchy has the following levels:

(a) Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
(b) Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability; and
(c) Level 3 - inputs for the asset or liability that are not based on observable market data.

The level in the fair value hierarchy within which a financial instrument is categorized is determined on the basis of the lowest level of input that is significant to 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 tables present the Company's financial instruments, measured at fair value in the consolidated statements of financial position and categorized into levels of the fair value hierarchy:

| June 30, 2025 and December 31, 2024 | **Carrying value** | **Level 1** | **Level 2** | **Level 3** |
|---|---|---|---|---|
| Loans payable | $ 10,000,000 | $ - | $ - | $ 10,000,000 |

## 14. FINANCIAL INSTRUMENTS AND RISK (continued)

### Financial instruments (continued)

Loans payable classified as Level 3 relate to variable interest debt from a third party. During the three and six months ended June 30, 2025 and 2024 no gains or losses were recognized in the statement of net income (loss) for changes in fair value 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, however as the loans are repayable on demand the fair value is not measured at an amount below the present value of the loans that is required to be repaid on demand. As such the fair value disclosed may not be the same as the settlement amount in all circumstances.

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. As detailed under Note 2 going concern, the Company has incurred net losses over the past two years and has initiated action plans to reorganize its businesses and reduce operating expenses to maintain sufficient levels of working capital. The Company is also dependent on maintaining relationships with senior lenders and issuing additional subordinated debt financing to support asset growth plans. The Company's Pivot business is offside of one of its debt ratio covenants and is currently negotiating refinancing, which to date has included obtaining short term maturity date extensions for its promissory notes. Despite previous success in arranging financing to meet the Company's needs, there is no guarantee of obtaining future financing on acceptable terms. Cash consists of cash deposited in business accounts held by high credit quality financial institutions.

The tables below indicate the Company's cash outflow commitments for its financial liabilities over a five year period.

| As at June 30, 2025 | Carrying amount | Due on Demand | Within 1 year | Within 2 years | Within 5 years |
|---|---|---|---|---|---|
| Accounts payable | $ 3,256,355 | $ - | $ 3,256,355 | $ - | $ - |
| Promissory notes payable | 44,511,017 | 31,311,017 | 9,925,000 | 250,000 | 3,025,000 |
| Loans payable | 184,048,141 | 154,999,683 | 29,048,459 | - | - |
| Lease liability | 1,295,649 | - | 449,278 | 452,896 | 393,475 |
| Other liability | 413,547 | - | 413,547 | - | - |
| **Total** | **$ 233,524,709** | **$ 186,310,700** | **$ 43,092,639** | **$ 702,896** | **$ 3,418,475** |

### Foreign exchange risk

The Company's foreign exchange risk is due to the Company's USD loan investments, which total US$1,420,662 as at June 30, 2025 (US$1,739,295 - December 31, 2024). 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 $193,821.

## 14. FINANCIAL INSTRUMENTS AND RISK (continued)

### 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. All of Nuvo's net asset value based loans and substantially all of Langhaus' insurance policy-backed loans bear interest at variable rates. Pivot's loans carry fixed rates of interest, which exposes the Company to some interest rate risk as it borrows from its senior lender at variable interest rates. On a consolidated basis, over a twelve month period a 1% increase or decrease in market interest rates is estimated to have only a minimal effect on the Company's net interest income.

### 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 including 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. 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, restricted cash, accounts receivable and loan receivables. The Company limits exposure to credit risk by maintaining its cash with large Canadian Schedule 1 banks. The Company's maximum exposure to credit risk at the reporting date is the carrying value of cash, restricted cash, accounts receivable, and loans receivable.

*Credit risk measurement*

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

*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.

## 14. FINANCIAL INSTRUMENTS AND RISK (continued)

### Credit risk (continued)

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 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.

*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.

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. If the Company has no reasonable expectations of recovering on any portion of a financial asset it is written off. The Company's credit risk exposure by ECL staging is included in a table in Note 5.

## 15. MANAGEMENT OF CAPITAL

The Company's objectives for the management of capital are to: a) identify and to invest in investments with strong cash-flow and long-term growth potential; b) maintain financial strength, to protect its ability to meet its ongoing liabilities and maintain creditworthiness; c) maximize returns for shareholders over the long-term.

The Company is subject to certain restrictions based on covenant requirements for its loans payable and promissory notes payable as described in Notes 9 and 10. The Company's share capital is not subject to external restrictions. The capital of the Company comprises shareholders' equity, loans payable and promissory notes payable.

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 consider issuing new shares, raising additional financing or disposing 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. Management identifies and reports on its operating segments based on lines of business aligned to separate legal entities. The Company's continuing operations consist of the following reporting segments:

- Langhaus
- Nuvo
- Pivot
- Montfort Operations

Langhaus provides insurance policy-backed lending solutions to high-net-worth individuals and entrepreneurs in Canada. Langhaus' loans are collateralized by the assignment of the borrower's whole life insurance policy, personal and/or corporate guarantees and, in some cases, other tangible collateral.

Nuvo partners with Canadian alternative asset managers and ultra high-net-worth individuals to provide revolving net asset value based loans (ie. 'NAV loans').

Pivot specializes in asset-based lending targeting SME borrowers in Canada. Sources of revenue include net interest income from loans receivable, origination fees and amendment fees. In addition, Pivot earns loan servicing fees and performance fee income for loan management services performed.

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 rent, interest expense and salaries 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 the Chief Executive Officer. The performance of the segments is measured on the basis of net income or loss before tax, and net assets, which is defined as total segment assets less total segment liabilities which is used as the basis of assessing the allocation of resources.

Selected information by segment for continuing operations for the six months ended June 30, 2025 and 2024 is presented in the tables below. The results of discontinued operations are not included below (see Note 3).

## 16. SEGMENT DISCLOSURES (continued)

| | For the six months ended June 30, 2025 | | | | |
|---|---|---|---|---|---|
| | **Langhaus** | **Nuvo** | **Pivot** | **Montfort** | **Total** |
| **REVENUE** | | | | | |
| Interest income | $ 5,347,345 | $ 482,747 | $ 2,830,169 | $ 53,974 | $ 8,714,235 |
| Interest and financing fees | (4,508,493) | (398,512) | (2,645,945) | (341,314) | (7,894,264) |
| Net interest income | 838,852 | 84,235 | 184,224 | (287,340) | 819,971 |
| Income from transaction and other fees | 321,988 | 37,000 | 279,692 | 82,001 | 720,681 |
| Income from settlement of loans | - | - | - | - | - |
| Performance fee income | - | - | 297,485 | - | 297,485 |
| **TOTAL REVENUE** | 1,160,840 | 121,235 | 761,401 | (205,339) | 1,838,137 |
| **EXPENSES** | | | | | |
| Accounting and legal | 265,879 | 8,043 | 121,378 | 273,299 | 668,599 |
| Administrative, management and directors fees | 811,570 | 1,912 | 444,629 | 524,730 | 1,782,840 |
| Amortization | - | - | - | 543,721 | 543,721 |
| Bad debts | 208,509 | - | 2,509,294 | - | 2,717,803 |
| Investor relations, communications and regulatory fees | 1,995 | - | 1,500 | 37,351 | 40,846 |
| Marketing services and promotion | 24,062 | 471 | - | 366 | 24,899 |
| Office, travel, systems, and miscellaneous | 36,701 | 190 | 29,986 | 61,925 | 128,802 |
| Share-based payments | - | - | - | 144,476 | 144,476 |
| Foreign exchange losses (gains) | (1,884) | - | 154,838 | (2,371) | 150,583 |
| **TOTAL EXPENSES** | 1,346,832 | 10,616 | 3,261,625 | 1,583,497 | 6,202,569 |
| **OPERATING (LOSS) INCOME BEFORE TAXES** | (185,992) | 110,619 | (2,500,224) | (1,788,836) | (4,364,432) |
| Current income tax expense (recovery) | - | - | 3,230 | 7,796 | 11,026 |
| Deferred tax expense (recovery) | - | - | - | (94,146) | (94,146) |
| **NET (LOSS) INCOME** | **$ (185,992)** | **$ 110,619** | **$ (2,503,454)** | **$ (1,702,486)** | **$ (4,281,312)** |

| As at June 30, 2025 | | | | | |
|---|---|---|---|---|---|
| Total assets | $ 179,942,341 | $ 10,385,980 | $ 38,746,190 | $ 16,950,350 | $ 246,024,861 |
| Total liabilities | 174,268,598 | 10,400,110 | 47,073,612 | 2,710,355 | 234,452,675 |
| Cash | 1,654,663 | 69,372 | 987,855 | 36,565 | 2,748,455 |
| Loans receivable - net of allowance | 176,739,544 | 10,280,392 | 37,549,919 | - | 224,569,855 |
| Loans and promissory notes payable | 171,942,996 | 10,266,275 | 46,349,888 | - | 228,559,159 |
| Intangible assets and goodwill | - | - | - | 15,468,760 | 15,468,760 |

## 16. SEGMENT DISCLOSURES (continued)

| | For the six months ended June 30, 2024 | | | | |
|---|---|---|---|---|---|
| | **Langhaus** | **Nuvo** | **Pivot** | **Montfort** | **Total** |
| **REVENUE** | | | | | |
| Interest income | $ 6,460,344 | $ 86,787 | $ 4,269,652 | $ 183,741 | $ 11,000,524 |
| Interest and financing fees | (5,526,085) | (151,575) | (4,049,919) | (691,607) | (10,419,186) |
| Net interest income | 934,259 | (64,788) | 219,733 | (507,866) | 581,338 |
| Income from transaction and other fees | 529,250 | 72,750 | 621,397 | 195,088 | 1,418,485 |
| Income from settlement of loans | 10,000 | - | 34,606 | - | 44,606 |
| Performance fee income | - | - | 255,159 | - | 255,159 |
| **TOTAL REVENUE** | 1,473,509 | 7,962 | 1,130,895 | (312,778) | 2,299,588 |
| **EXPENSES** | | | | | |
| Accounting and legal | 255,265 | 43,522 | 154,875 | 330,792 | 784,454 |
| Administrative, management and directors fees | 735,337 | 3,919 | (147,422) | 1,695,211 | 2,287,045 |
| Amortization | 1,455 | - | - | 562,739 | 564,194 |
| Expected credit losses | 357,419 | 5,200 | 8,682 | - | 371,301 |
| Investor relations, communications and regulatory fees | - | - | - | 81,740 | 81,740 |
| Marketing services and promotion | 8,379 | 1,300 | - | 885 | 10,564 |
| Office, travel, systems, and miscellaneous | 21,886 | 3,197 | 32,357 | 303,985 | 361,425 |
| Share-based payments | - | - | - | 445,038 | 445,038 |
| Foreign exchange losses (gains) | - | - | (75,483) | 84,456 | 8,973 |
| Unrealized (gain) loss on investments | - | - | - | 140,803 | 140,803 |
| **TOTAL EXPENSES** | 1,379,741 | 57,138 | (26,991) | 3,645,649 | 5,055,537 |
| **OPERATING (LOSS) INCOME BEFORE TAXES** | 93,768 | (49,176) | 1,157,886 | (3,958,427) | (2,755,949) |
| Current income tax expense | 84 | - | 142,624 | - | 142,708 |
| Deferred tax recovery | - | - | - | (94,145) | (94,145) |
| **NET (LOSS) INCOME** | **$ 93,684** | **$ (49,176)** | **$ 1,015,262** | **$ (3,864,282)** | **$ (2,804,512)** |

| As at December 31, 2024 | | | | | |
|---|---|---|---|---|---|
| Total assets | $ 160,645,175 | $ 5,529,392 | $ 26,935,349 | $ 17,898,865 | $ 211,008,781 |
| Total liabilities | 153,017,465 | 5,470,213 | 52,642,199 | 4,700,126 | 215,830,003 |
| Cash | 1,021,247 | 49,538 | 767,931 | 189,996 | 2,028,712 |
| Loans receivable - net of allowance | 158,111,597 | 5,430,392 | 25,996,689 | - | 189,538,678 |
| Loans and promissory notes payable | 150,598,314 | 5,341,275 | 52,183,273 | 1,390,000 | 209,512,862 |
| Intangible assets and goodwill | - | - | - | 15,820,541 | 15,820,541 |

## 17. COMPARATIVE FIGURES

Certain of the comparative figures have changed to conform to the presentation adopted in the current year. These changes include:

- Presentation of the Consolidated Statements of Financial Position on an unclassified basis
- Loans payable and promissory notes payable are now presented as separate line items on the Consolidated Statements of Financial Position with additional details in Notes 9 and 10, respectively.
- Net interest income is presented as a subtotal in the Consolidated Statements of Net Income (Loss)
- Presentation revised to show net change in loans receivable and loans payable on the Consolidated Statements of Cash Flow

## 18. SUBSEQUENT EVENTS

On July 1, 2025, Pivot's senior lending facility matured and is currently being renegotiated under a short-term extension. The senior lender has not made any modifications to the status of this loan post-maturity and during the ongoing renegotiation phase. For the six-months ending, June 30, 2025, Pivot incurred fees of $32,983.

On August 1, 2025, the Company entered into agreements to sell its Pivot business for cash consideration of approximately $2.3 million, subject to customary conditions and regulatory approval, with closing expected in September 2025. Concurrently, the Company agreed to repurchase and cancel certain preferred and common shares held by a related party for approximately $0.6 million, to be settled by a non-interest-bearing promissory note. These transactions are considered non-adjusting subsequent events under IAS 10, and no adjustments have been made to the consolidated financial statements as at and for the six months ended June 30, 2025.