Montfort

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

Independent auditor's report

To the Shareholders of Montfort Capital Corp.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Montfort Capital Corp. and its subsidiaries (together, the Company) as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

What we have audited
The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2024 and 2023;
- the consolidated statements of net and comprehensive income (loss) for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

We draw attention to note 2 to the consolidated financial statements, which describes events or conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of goodwill for Langhaus and Pivot Cash Generating Units (CGUs) *Refer to note 2 – Basis of presentation and material accounting policies and note 7 – Intangible assets and goodwill to the consolidated financial statements.* As at December 31, 2024, the Company had goodwill of $11.8 million related to Langhaus and Pivot CGUs. Goodwill is tested for impairment on an annual basis, or more frequently as specific events or circumstances indicate that the carrying amount of the asset group may not be fully recoverable. Impairment testing involves comparing the carrying amount of the CGU, including the goodwill, with its recoverable amount. If the carrying amount of the CGU exceeds its recoverable amount, the Company will recognize an impairment loss first to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets in the CGU pro rata on the basis of the carrying amount of each asset in the CGU. Annual impairment tests were performed for Langhaus and Pivot in the fourth quarter. 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 Langhaus and Pivot CGUs were determined by a value in use calculation using discounted cash flow models. Key assumptions used by management in determining the recoverable amounts included revenue growth rates and discount rates. No	Our approach to addressing the matter included the following procedures, among others: • Tested how management determined the recoverable amounts of the Langhaus and Pivot CGUs, which included the following: – Tested the appropriateness of the valuation method and the discounted cash flow models. – Tested the underlying data used in the discounted cash flow models. – Assessed the reasonableness of the revenue growth rates by considering historical, current market and industry data. – Professionals with specialized skill and knowledge in the field of valuation assisted in assessing the reasonableness of the discount rates applied by management based on available data of comparable companies. • Tested the disclosures made in the consolidated financial statements, particularly with regard to the sensitivity of the key management assumptions.

Key audit matter	How our audit addressed the key audit matter
impairment was identified as a result of the 2024 impairment tests. We considered this a key audit matter due to the significant judgment by management in determining the recoverable amounts of the CGUs, including the development of key assumptions. This in turn led to a high degree of auditor judgment, subjectivity and effort in performing procedures and evaluating audit evidence relating to the key management assumptions. The audit effort involved the use of professionals with specialized skill and knowledge in the field of valuation.	

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Ryan Leopold.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
May 27, 2025

MONTFORT CAPITAL CORPORATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2024 AND 2023
(Expressed in Canadian Dollars)

ASSETS		**December 31, 2024**		**December 31, 2023**
Cash	$	2,028,712	$	6,846,487
Restricted cash		226,832		1,434,560
Accounts receivable - net of allowance (Note 4)		1,914,418		8,605,909
Carried interest receivable		-		2,430,337
Other assets		306,141		3,247,191
Loans receivable - net of allowance (Note 5)		189,538,678		320,581,709
Investments (Note 3)		-		4,504,869
Right-of-use asset (Note 6)		1,173,458		1,539,680
Deferred tax asset		-		429,888
Intangible assets (Note 7)		3,980,270		8,101,294
Goodwill (Note 7)		11,840,271		44,786,309
Assets Held for sale (Note 3)		202,072,258		-
TOTAL ASSETS	**$**	**413,081,038**		**402,508,233**
LIABILITIES				
Accounts payable and accrued liabilities	$	3,553,389	$	7,389,695
Income taxes payable		18,323		-
Other liability (Note 11)		413,547		1,705,145
Loans payable (Note 9)		166,895,824		252,978,471
Promissory notes payable (Note 10)		42,617,038		98,392,840
Lease liability (Note 6)		1,284,551		1,622,232
Deferred tax liability		1,047,327		2,187,840
Liabilities held for sale (Note 3)		185,398,914		-
TOTAL LIABILITIES	$	401,228,913		364,276,223
EQUITY				
Common shares (Note 12)		23,386,035		22,308,139
Preferred shares (Note 12)		39,812,301		39,812,301
Share-based payments reserve (Note 12)		3,090,685		2,917,021
Non-controlling interests (Note 14)		-		2,457,304
Contributed surplus		82,070		82,070
Accumulated other comprehensive loss		-		(3,348)
Accumulated deficit		(54,518,966)		(29,341,477)
TOTAL EQUITY	$	11,852,125		38,232,010
TOTAL LIABILITIES AND EQUITY	**$**	**413,081,038**	**$**	**402,508,233**

Nature of operations, Going concern and Subsequent events (Notes 1, 2, and 21)

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 CORPORATION
CONSOLIDATED STATEMENTS OF NET AND COMPREHENSIVE INCOME (LOSS)
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in Canadian Dollars)

		December 31, 2024		December 31, 2023
REVENUE				
Interest income	$	20,733,099	$	23,051,254
Interest and financing fees		(19,547,634)		(22,081,529)
Net interest income		1,185,465		969,725
Income from transaction and other fees		2,912,962		2,002,899
Income from settlement of loans		67,982		17,677
Performance fee income		555,527		491,752
TOTAL REVENUE		4,721,936		3,482,053
EXPENSES				
Accounting and legal		1,595,999		2,035,364
Administrative, management and directors fees		4,911,898		3,812,902
Amortization		1,085,563		1,055,200
Expected credit loss (Note 5)		547,403		986,443
Investor relations, communications and regulatory fees		246,985		478,444
Impairment loss on intangible assets (Note 7)		-		3,564,441
Office, travel, systems, and miscellaneous		574,521		778,837
Impairment of equity investments (Note 3)		1,055,847		-
Restructuring (Note 19)		-		650,000
Share-based payments		671,164		1,093,967
Foreign exchange losses (gains)		(201,165)		58,305
TOTAL EXPENSES		10,488,215		14,513,903
LOSS FROM CONTINUING OPERATIONS BEFORE TAXES		(5,766,279)		(11,031,850)
Current income tax expense		236,838		127,264
Deferred tax recovery		(217,794)		(240,250)
NET AND COMPREHENSIVE LOSS FROM CONTINUING OPERATIONS		(5,785,323)		(10,918,864)
NET AND COMREHENSIVE LOSS FROM DISCONTINUED OPERATIONS		(17,900,795)		(1,583,860)
NET AND COMPREHENSIVE LOSS	**$**	**(23,686,118)**	**$**	**(12,502,724)**
BASIC AND DILUTED NET LOSS PER COMMON SHARE FROM CONTINUING OPERATIONS	**$**	(0.09)	**$**	(0.15)
BASIC AND DILUTED NET LOSS PER COMMON SHARE FROM DISCONTINUED OPERATIONS	**$**	(0.19)	**$**	(0.02)
TOTAL BASIC AND DILUTED NET LOSS PER COMMON SHARE	**$**	(0.28)	**$**	(0.17)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING		96,583,567		92,138,065

MONTFORT CAPITAL CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(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, 2022	**91,631,956**	**21,956,183**	**29,732,994**	**39,848,214**	**2,103,570**	**2,599,264**	**44,144**	**(13,686,555)**	**-**	**52,864,820**
Dividends paid on Montfort preferred shares	-	-	-	-	-	-	-	(2,890,194)	-	(2,890,194)
Dividends paid on Langhaus preferred shares	-	-	-	-	-	-	-	(374,100)	-	(374,100)
Issuance of Series 1 Class C preferred shares (Note 12)	-	-	498,800	12,434,087	-	-	-	-	-	12,434,087
Share exchange (Note 12)	-	-	(1,247,000)	(12,470,000)	-	-	-	-	-	(12,470,000)
Share-based payments	-	-	-	-	1,112,677	-	-	-	-	1,112,677
Options exercised	1,072,500	383,976	-	-	(299,226)	-	-	-	-	84,750
Shares repurchased and cancelled	(133,500)	(32,020)	-	-	-	-	37,926	(29,864)	-	(23,958)
Other comprehensive loss	-	-	-	-	-	-	-	-	(3,348)	(3,348)
Net loss	-	-	-	-	-	(141,960)	-	(12,360,764)	-	(12,502,724)
As at December 31, 2023	**92,570,956**	**22,308,139**	**28,984,794**	**39,812,301**	**2,917,021**	**2,457,304**	**82,070**	**(29,341,477)**	**(3,348)**	**38,232,010**
Dividends paid on Montfort preferred shares	-	-	-	-		-	-	(3,368,279)	-	(3,368,279)
Share-based payments	-	-	-	-	671,164	-	-	-	-	671,164
Restricted stock units exercised	1,970,000	497,500	-	-	(497,500)	-	-	-	-	-
Shares issued to acquire NCI (Note 14)	5,276,326	580,396	-	-	-	(2,477,915)	-	1,897,519	-	-
Other comprehensive income	-	-	-	-	-	-	-	-	3,348	3,348
Net loss	-	-	-	-	-	20,611	-	(23,706,729)	-	(23,686,118)
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**

See accompanying notes to the consolidated financial statements.

MONTFORT CAPITAL CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in Canadian Dollars)

		December 31, 2024		December 31, 2023
OPERATING ACTIVITIES				
Net loss from continuing operations	$	(5,785,320)	$	(10,918,864)
Non-cash items				
Share-based payments		671,164		1,093,967
Deferred tax expense (recovery)		(217,794)		(240,250)
Amortization		1,085,563		1,055,200
Expected credit loss - loans receivable		547,403		986,443
Impairment loss		-		3,564,441
Loss (gain) on investments		1,055,847		-
Unrealized foreign exchange loss (gain)		(201,165)		58,305
Net change in loans receivable		(55,546,920)		54,195,913
Changes in working capital items:				
Accounts receivable		(940,953)		168,918
Other current assets		(55,226)		(15,973)
Carried interest receivable		-		-
Accounts payable and accrued liabilities		(102,293)		776,749
Other liability		(1,291,598)		(632,833)
Change in restricted cash		(123,162)		(103,671)
Cashflow from operating activities (discontinued operations)		17,213,453		(4,578,352)
CASHFLOW PROVIDED BY (USED IN) OPERATING ACTIVITIES		**(43,691,001)**		**45,409,993**
INVESTING ACTIVITIES				
Recovery on disposal of investments		200,016		-
Cashflow from investing activities (discontinued operations)		3,561,149		(965,127)
CASHFLOW PROVIDED BY (USED IN) INVESTING ACTIVITIES		**3,761,165**		**(965,127)**
FINANCING ACTIVITIES				
Net change in promissory notes payable		(669,228)		16,169,772
Net change in loans payable		(8,046,344)		(65,420,519)
Share issuance costs		-		(35,913)
Dividends paid on preferred shares		(3,368,279)		(3,264,294)
Proceeds on exercise of options		-		84,750
Purchase of common shares under NCIB		-		(23,958)
Lease payments		(343,181)		(78,159)
Cashflow from financing activities (discontinued operations)		49,248,963		7,961,631
CASHFLOW PROVIDED BY (USED IN) FINANCING ACTIVITIES		**36,821,931**		**(44,606,690)**
CHANGE IN CASH DURING THE PERIOD		(3,107,905)		(161,824)
CASH, BEGINNING OF PERIOD		6,846,487		7,008,311
CASH, END OF PERIOD	**$**	**3,738,582**	**$**	**6,846,487**
Cash on the Consolidated Statement of Financial Position	$	2,028,712	$	6,846,487
Cash included in assets held for sale	$	1,709,870	$	-

Cash flows above include: Income tax refunds received $2,438,026 (2023 – income taxes paid $2,035,768); interest received $46,614,386 (2023 - $37,498,181) and interest paid $45,021,535 (2023 - $35,857,265).

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 May 26, 2025.

The Company builds and manages private credit portfolios that have focused investing strategies for the institutional and accredited investors markets. During the year, the Company operated under five divisions, two of which have been divested.

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 subsequent to year end 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.. As at December 31, 2024, the assets and liabilities of Brightpath are classified as held for sale and the operating results are included under discontinued operations.

The TIMIA business unit was sold on November 1, 2024 and its operating results are included in discontinued operations. 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.

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.

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

Going concern (continued)

These challenging market conditions have resulted in a net loss for 2024 of $23.7 million (2023 - $12.5 million) of which $17.9 million (2023 - $1.6 million) relates to discontinued operations and $5.8 million (2023 - $10.9 million) is from continuing operations. As at December 31, 2024 the company had an accumulated deficit of $54.5 million (2023 – $29.3 million, cash of $2.0 million ($6.8 million - December 31, 2023) and working capital of $0.4 million ($8.1 million – December 31, 2023). The decline in cash and working capital reflects the impact of net losses experienced by the Company and the reclassification of Brightpath assets as held for sale. 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. Subsequent to yearend, the Company also sold its Brightpath mortgage business that has incurred significant net losses over the past two years (see Note 3). Following these dispositions the Company's lending assets are materially reduced and subsequent to year end, 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 required total net debt to subordinated debt covenant, however, to date no change to the loans' status has been required by its lenders. Pivot is currently negotiating the refinancing of its revolving credit facility that matured on April 30, 2025 and 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.

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 December 31, 2024:

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

Basis of presentation (continued)

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%
Brightpath Capital Corporation	Canada	100%
Brightpath Residential Mortgage LP I	Canada	100%
Brightpath Servicing Corporation	Canada	100%
Brightpath Residential Mortgage LP II	Canada	100%
Brightpath II Servicing Corporation	Canada	100%
Brightpath Opportunity Corporation	Canada	100%

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

Material accounting policies

Cash and cash equivalents and restricted cash

Cash is comprised of cash at banks and short-term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash. Restricted cash is held in accounts controlled by senior lenders for the collection of payments and settlement of loan balances and is therefore not available for general purposes.

Financial assets

The Company has applied IFRS 9 and classifies its financial assets in the following measurement categories:

- Amortized cost;
- Fair value through other comprehensive income or “FVOCI”; and
- Fair value through profit or loss or “FVTPL”.

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

Financial assets (continued)

Classification and subsequent measurement

The classification and subsequent measurement of financial assets depends on:

(i) The Company's business model for managing assets; and
(ii) The cash flow characteristics of the asset.

Based on these factors the Company classifies its financial assets in one of the following three measurement categories.

Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVTPL, are measured at amortized cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognized and measured as described in Note 5. Interest income from these financial assets is included in 'Interest income' using the effective interest method.

Amortized cost and effective interest rate

The amortized cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortized cost before any impairment allowance) or to the amortized cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees paid or received that are integral to the effective interest rate, such as origination fees.

When the Company revises the estimates of future cash flows, the carrying amounts of the respective financial assets or financial liabilities are adjusted to reflect the new estimates discounted using the effective interest rate. Any changes are recognized in the consolidated statement of net income (loss) and comprehensive income (loss).

Fair value through other comprehensive income (FVOCI): Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVTPL, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortized cost which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is included in 'Interest income' using the effective interest method.

Fair value through profit or loss (FVTPL): Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on a financial asset that is subsequently measured at FVTPL and is not part of a hedging relationship is recognized in profit or loss and presented in the profit or loss statement in the period in which it arises, unless it arises from financial assets that were designated at fair value or which are not held for trading, in which case they are presented separately. Interest income from these financial assets is included in 'Interest income' using the effective interest method.

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

Financial assets (continued)

Initial recognition and measurement

At initial recognition, the Company measures a financial asset at its fair value plus or minus costs such as fees and commissions that are directly attributable to its acquisition or issue. Transaction costs are expensed in profit or loss as incurred. Immediately after initial recognition, an expected credit loss (ECL) allowance is recognized for financial assets measured at amortized cost and FVOCI, as described in the section entitled *Expected Credit Loss Measurement* (Note 16), which results in an accounting loss being recognized in profit or loss when an asset is newly originated.

Business model: The business model reflects how the Company manages the assets in order to generate cash flows. That is, whether the Company's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVTPL. Factors considered by the Company in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

It has been determined by Company management that the objective of the Company is solely to collect contractual cash flows arising from the loans receivable. Historic profits generated from the early extinguishment of the obligations by the borrower are not within the control of the Company and are considered to be incidental to the business model.

SPPI: As the Company's business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, that is to say the asset fails the SPPI test, the related financial asset is classified and measured at FVTPL.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the year.

Impairment

The Company assesses on a forward-looking basis the ECL associated with its financial assets carried at amortized cost and with the exposure arising from loan commitments. The Company recognizes a loss allowance for such losses at each reporting date. In addition, the Company also completes a loan specific analysis to assess whether there are indications of impairment. The Company reviews a variety of factors such as maintenance of loan repayments in accordance with the contractual obligations and general economic conditions. For loans made to corporations, the Company also reviews the underlying stability of the company to which the loan was granted and has periodic discussions with the management of each company. The Company then makes an assessment using this information on whether or not the loan is impaired.

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

Financial assets (continued)

Impairment (continued)

The Company assigns each loan in the portfolio to a credit quality stage of Stage 1, Stage 2 or Stage 3. This credit quality staging is then used to calculate the ECL. The ECL is based on the estimated loss given default adjusted for the probability of default. At each reporting period, the ECL is calculated for each loan receivable. The Company periodically reviews the ECL model to determine if industry trends or macro-economic factors have changed, causing a need to adjust the ECL model.

The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Loans receivable

The Company invests in the following types of loans receivable:

1) Insurance-backed loans include loans to individuals and corporations that are secured by one or a combination of an assignment of life insurance policies, assignment of Cash Surrender Value (CSV), personal and/or corporate guarantees, pledge of cash held in trust, collateral mortgages and/or general security agreements over the borrower's assets. These loans consist of a combination of interest only payments and interest and principal payments that are due monthly at either fixed or variable rates of interest.

2) Asset-backed loans that are 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 bank prime rates.

3) Mortgages consist of first and second mortgages to Canadian consumers that are secured by residential properties. These loans are repayable monthly with either fixed or variable interest only payments, with the principal balance due on maturity.

The Company evaluates the characteristics of each loan investment at initial recognition to determine if the the SPPI test, as described above and it the loan passes it is carried at amortized cost.

Modification of loans

The Company sometimes renegotiates or otherwise modifies the contractual cash flows of its loans. When this happens, the Company assesses whether or not the new terms are substantially different from the original terms. The Company does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows the borrower is expected to be able to pay.
- Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan.
- Significant extension of the loan term when the borrower is not in financial difficulty.
- Significant change in the interest rate.
- Change in the currency the loan is denominated in.
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

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

Financial assets (continued)

Modification of loans (continued)

If the terms are substantially different, the Company derecognizes the original loan and recognizes a 'new' loan at fair value and recalculates a new effective interest rate for the loan. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Company also assesses whether the new loan recognized is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognized in profit or loss as a gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Company recalculates the gross carrying amount based on the revised cash flows of the loan and recognizes a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired loans).

Derecognition other than on a modification

Loans, or a portion thereof, are derecognized when the contractual rights to receive the cash flows from the loans have expired, or when they have been transferred and either:

(i) the Company transfers substantially all the risks and rewards of ownership, or
(ii) the Company neither transfers nor retains substantially all the risks and rewards of ownership and the Company has not retained control.

The Company enters into Co-investment agreements where it retains the contractual rights to receive cash flows from loans but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards. These transactions are accounted for as 'pass through' transfers that result in derecognition if the Company:

(i) Has no obligation to make payments unless it collects equivalent amounts from the loans;
(ii) Is prohibited from selling or pledging the loans; and
(iii) Has an obligation to remit any cash it collects from the loans without material delay.

Equity instruments

The Company measures all equity investments at FVTPL, except where the Company's management has elected, at initial recognition, to irrevocably designate an equity investment at FVOCI. The Company's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognized in OCI and are not subsequently reclassified to profit or loss, including on disposal.

Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognized in profit or loss as other income when the Company's right to receive payments is established.

Gains and losses on equity investments at FVTPL are included in the consolidated statement of net income (loss).

At the end of each financial reporting period, the Company's management estimates the fair value of its investments based on the criteria below and records such valuations in the consolidated financial statements.

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

Financial assets (continued)

Equity instruments (continued)

Equity investments are initially recorded at cost at the time of acquisition. At each reporting period thereafter, the fair value of an investment may, depending on circumstances, be adjusted by taking into account the following circumstances:

- There has been a significant subsequent equity financing provided by outside investors at a valuation above or below the current fair value of the investee, in which case the fair value of the investment is adjusted to reflect the value at which the financing took place;
- Based on financial information received from the investee it is apparent to the Company that the investee is unlikely to be able to continue as a going concern, in which case the fair value of the investment is adjusted downward;
- The investee is placed into receivership or bankruptcy; or
- There have been significant corporate, political, operating or economic events affecting the investee that, in the Company's opinion, have a positive or negative impact on the investee's prospects and, therefore, its fair value. In these circumstances, the adjustment to the fair value of the investment will be based on management's judgment and any value estimated may not be ultimately realized or realizable. Such events include, without limitation:

    - receipt or denial of necessary approvals that allow or prevent the investee to proceed with its project(s);
    - release by the investee of positive or negative technical results, which either proves or disproves its technical prospects; or
    - management personnel changes at the investee level that the Company's management believes will have a very positive or negative impact on the investee's ability to achieve its objectives and build value for shareholders.

In addition to the circumstances described above, the Company will take into account general market conditions when determining if an adjustment to the fair value of an investment is warranted at the end of each reporting period. Absent the occurrence of any of these events, or any significant change in general market conditions, the fair value of the investment is left unchanged.

Application of the valuation techniques described above may involve uncertainties and determinations based on the Company's judgment and any value estimated from these techniques may not be realized. The amount at which an investment could be disposed of may differ from its carrying value due to the availability and/or reliability of information available to, and determinations reached by, the Company. Any fair value estimated by the application of these techniques may not ultimately be realized. Transaction costs incurred in the purchase and sale of investments are recorded as an expense in the consolidated statement of net income (loss).

Financial liabilities

Classification and subsequent measurement

Financial liabilities are classified and subsequently measured at amortized cost, except for financial liabilities that are designated as FVTPL. An entity may, at initial recognition, irrevocably designate a financial liability as measured at FVTPL when doing so results in more relevant information because either:

(a) it eliminates or significantly reduces a measurement or recognition inconsistency or (b) a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy and information about the group is provided internally on that basis to the entity's key management personnel.

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

Financial liabilities (continued)

Derecognition

Financial liabilities are derecognized when they are extinguished (i.e. when the obligation specified in the contract is discharged, canceled or expires).

The exchange between the Company and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in covenants are also taken into consideration. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognized as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, the difference between fair values at the date of modification is recognized through gain or loss on modification and the difference along with any costs or fees incurred adjust the carrying amount of the liability and are amortized over the remaining term of the modified liability.

Debentures

The Company uses the relative fair value method when allocating the fair value of the share purchase warrants issued in conjunction with debentures. The Company measures the fair value of the debentures issued at the fair value of the consideration received. The Company measures the fair value of the warrants on the date of issuance as determined using the Black-Scholes Option Pricing Model.

Equity method investments

Investments in entities over which the Company does not have a controlling financial interest but has significant influence, are accounted for using the equity method, with the Company's share of losses reported in loss from equity method investments on the consolidated statement of net income (loss). Equity method investments are recorded at cost, plus the Company's share of undistributed earnings or losses, and impairment, if any, within Investments on the statements of financial position.

Revenue recognition

Interest income on loans

Interest income is calculated by applying the effective interest rate to the gross carrying amount of the loan (i.e. amortized cost). When a loan that is carried at amortized cost subsequently becomes credit-impaired, interest income is calculated by applying the effective interest rate to the amortized cost, net of the expected credit loss provision. Such amounts are recorded in income when management is reasonably assured of collection. The impact of changes in the expected cash flows is recorded in interest income in the period of the change in estimate.

Mortgage interest is recognized using the effective interest method. Late fees and penalties are recognized as incurred.

Income from settlement of loans

The difference between proceeds received to settle a loan receivable before its stated maturity date and its carrying value is recorded in income.

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

Revenue recognition (continued)

Income from transaction and other fees

Income from diligence fees, setup fees as well as other fees are recognized when a contract with a customer exists, performance obligations are met, transaction price is determinable and collectability is reasonably assured. Late fees and penalties are recognized as incurred.

Lender fees are recognized using the effective interest method.

In addition, management fee income and income earned on investments held in TIMIA LP's is recognized on a monthly basis as earned.

Performance fee revenue

The Company has been engaged to perform sub-adviser services to a third party fund, including assessing credit risk of proposed debt securities to the fund, advisory services and portfolio management services. Income is earned by the Company when advisory services are performed under the terms of the agreement. The fees are calculated on a monthly basis based on a percentage of the change in the fund's net assets. The Company recognizes the total amount of accrued performance fees at the end of each month. Performance fees are collected in cash on a monthly basis and are not subject to clawback.

Carried interest revenue

Carried interest is a performance fee arrangement in which the Company receives a percentage of investment returns, generated based on a contractual formula. The Company is eligible to earn carried interest from funds managed once returns exceed the fund's contractually defined performance hurdles at which point additional fund profit is shared between the Company as fund manager and other investors. Revenue is recognized for carried interest when earned by the fund and probable that a significant reversal will not occur.

Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive income (loss). Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years.

Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date. Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. Management considers the scheduled reversal of future income tax liabilities, projected future taxable income, and tax planning strategies in making this assessment.

The amount of deferred income tax asset considered realizable could change materially in the near term based on future taxable income during the carry forward period. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

Basic and diluted earnings (loss) per share

The Company presents basic and diluted earnings (loss) per share data for its common shares, calculated by dividing the income (loss) attributable to common shareholders of the Company, less any dividends declared in the year, by the weighted average number of common shares outstanding during the year. Diluted earnings (loss) per share is determined by adjusting the earnings (loss) attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares. The calculation of diluted earnings (loss) per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

Business combinations and goodwill

The Company measures goodwill as the fair value of the consideration transferred including the recognized amount of any non-controlling interest in the acquiree, less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. Non-controlling interests in the acquiree are measured on the basis of the non-controlling interests' proportionate share of equity in the acquiree's identifiable net assets. The determination of fair values for the acquired intangible assets involves the use of discounted cash flow analysis.

Goodwill is allocated to the cash generating unit ("CGU") or group of CGUs which are expected to benefit from the synergies of the business combination. Goodwill is not amortized but is reviewed for impairment annually, or more frequently when there is an indication of impairment, including when assets are reclassified as held for sale. Impairment testing involves comparing the carrying amount of the CGU, including the goodwill, with the recoverable amount of the CGU. If the recoverable amount of the CGU exceeds the carrying amount of the CGU, the CGU and the goodwill allocated to that unit is not impaired. If the carrying amount of the CGU exceeds the recoverable amount of the CGU, the entity will recognize an impairment loss first to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets in the CGU pro rata on the basis of the carrying amount of each asset in the CGU.

Share-based payment transactions

The share option plan allows Company employees, directors and consultants to acquire shares of the Company. All options granted are measured at fair value and are recognized in expenses as share-based payments with a corresponding increase in equity reserves. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The fair value of employee options is measured at grant date, and each tranche is recognized using the graded vesting method over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes Option Pricing Model ("Black-Scholes Model"), taking into account the terms and conditions upon which the options were granted. Share options granted to non-employees or consultants are measured at the fair value of goods or services received. At each financial reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

Leases

Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use, with the exception of leases of low-value assets or leases with a term of twelve months or less, which are recognized on a straight-line basis as an expense. Each lease payment is allocated between the repayment of the lease liability and finance cost. The finance cost is charged to the consolidated statement of net income (loss) over the lease period to produce a constant periodic rate of interest on the remaining balance of the lease liability for each period. The right-of-use asset is depreciated on a straight-line basis over the shorter of the asset's useful life and the lease term. Right-of-use assets and lease liabilities arising from a lease are initially measured on a present value basis.

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

Significant accounting judgements and estimates

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

Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. 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 16);
- Fair value of identifiable assets acquired and liabilities assumed in a business combination (Note 3).

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

- Indicators of impairment of financial instruments, intangible assets and goodwill.

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 programme 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. The operating results of Brightpath have been reclassified as discontinued operations and Brightpath assets and liabilities held for sale as at December 31, 2024 are as follows:

ASSETS		
Cash	$	1,709,870
Restricted cash		3,097,746
Accounts receivable - net of allowance (Note 4)		4,816,344
Other assets		176,303
Loans receivable - net of allowance (Note 5)		156,835,602
Intangible assets (Note 7)		2,490,356
Goodwill (Note 7)		32,946,038
TOTAL ASSETS	**$**	**202,072,258**
LIABILITIES		
Accounts payable and accrued liabilities		2,325,838
Promissory notes payable (Note 11)		59,802,510
Loans payable (Note 10)		122,598,170
Deferred tax liability		672,396
TOTAL LIABILITIES	**$**	**185,398,914**

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.

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").

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

Sale of Brightpath (continued)

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.

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 ten months ended October 31, 2024 and the twelve months ended December 31, 2023 have been reclassified as discontinued operations.

Equity Investments related to TIMIA

The Company holds several equity investments in private companies that are connected to TIMIA that were not included in the TIMIA sale. During the year, the Company recovered $142,000 on the AvenueHQ investment and recognized a loss for the remainder. The Company was unable to find any buyers for the remaining investments and as a result management decided to write down their fair value to nil following the sale of the TIMIA business. In total, the Company recorded a loss on the value of these equity investments of $1,105,803, included in continuing operations since the investments were not part of the TIMIA sale agreement. The fair value of equity investments as at December 31, 2024 and 2023 are outlined in the table below:

	Common Shares	Capital Contributed	December 31, 2024 Fair Value	December 31, 2023 Fair Value
Equity instruments				
Moj.io Inc.	427,998	$ 43	$ -	$ 462,300
Lambda Solutions Inc.	185,000	46,538	-	77,700
CamDo Solutions Inc.	1,062,500	25,100	-	425,100
AvenueHQ	50,000	282,803	-	282,803
		$ 354,484	**$ -**	**$ 1,247,903**

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

Results of discontinued operations for the years ended December 31, 2024 and 2023 are as follows:

	December 31, 2024			December 31, 2023		
	Brightpath	**TIMIA**	**Total**	**Brightpath**	**TIMIA**	**Total**
REVENUE						
Interest income	$ 17,357,846	$ 2,071,881	$ 19,429,727	$ 20,227,541	$ 3,398,789	$ 23,626,330
Interest and financing fees	(21,952,907)	(2,480,555)	(24,433,462)	(20,156,211)	(2,798,469)	(22,954,680)
Net interest income	(4,595,061)	(408,674)	(5,003,734)	71,330	600,320	671,650
Income from transaction and other fees	6,199,592	1,070,898	7,270,490	9,228,136	1,908,877	11,137,013
Income from settlement of loans	-	342,590	342,590	-	44,349	44,349
Performance fee income	-	208,437	208,437	-	874,512	874,512
TOTAL REVENUE	1,604,531	1,213,251	2,817,782	9,299,466	3,428,059	12,727,525
EXPENSES						
Accounting and legal	939,076	503,411	1,442,487	551,294	298,624	849,918
Administrative, management and directors fees	1,878,113	(46,028)	1,832,085	3,688,605	1,376,044	5,064,649
Amortization	932,443	-	932,443	934,373	83,892	1,018,265
Expected credit loss (Note 4 and 5)	15,329,426	274,968	15,604,394	5,311,799	711,861	6,023,660
Investor relations, communications and regulatory fees	46,106	7,050	53,156	4,780	11,915	16,695
Marketing services and promotion	8,157	208,359	216,516	33,411	622,282	655,693
Office, travel, systems, and miscellaneous	562,880	171,498	734,378	526,183	316,794	842,977
Foreign exchange losses (gains)	172	(124,648)	(124,475)	-	94,544	94,544
TOTAL EXPENSES	19,696,374	994,610	20,690,984	11,050,444	3,515,956	14,566,400
OPERATING (LOSS) INCOME BEFORE TAXES	(18,091,843)	218,641	(17,873,202)	(1,750,978)	(87,897)	(1,838,876)
Gain on disposal	-	(441,526)	(441,526)	-	-	-
Current income taxes on operating income	244,194	45,360	289,554	172,616	-	172,616
Deferred tax (recovery)/expense	179,565	-	179,565	(427,632)	-	(427,632)
NET (LOSS) INCOME	**$ (18,515,602)**	**$ 614,807**	**$ (17,900,795)**	**$ (1,495,963)**	**$ (87,897)**	**$ (1,583,860)**

4. ACCOUNTS RECEIVABLE

Accounts receivable consists primarily of current and aged interest and fees related to loans receivable.

	December 31, 2024	December 31, 2023
Accounts receivable	$ 763,331	$ 371,515
Interest receivable	1,151,087	5,943,720
Penalties and late fees	-	6,843,749
Other receivables	-	311,981
Expected credit loss (accounts receivable)	-	(4,865,056)
	$ 1,914,418	**$ 8,605,909**

Credit risk is described in Note 16 and the following tables present the continuity of accounts receivable and expected credit loss (accounts receivable) by stage for the years ended December 31, 2024 and 2023.

As at December 31, 2024	Stage 1	Stage 2	Stage 3	Total
Opening accounts receivable balance	$ 4,382,021	$ 1,171,602	$ 7,917,342	$ 13,470,965
Change in accounts receivable	(478,135)	(120,407)	9,819,362	9,220,819
Write-off of accounts receivable	-	-	(12,807,355)	(12,807,355)
Reclassification to assets held for sale	(1,989,468)	(1,051,195)	(4,929,349)	(7,970,011)
Closing accounts receivable balance	**$ 1,914,418**	**$ -**	**$ -**	**$ 1,914,418**
Expected credit loss (accounts receivable), opening balance	$ -	$ -	$ (4,865,056)	$ (4,865,056)
Less: write-off of allowance for written off accounts receivable	-	-	12,807,355	12,807,355
Add: expected credit loss (accounts receivable) expense	-	-	(11,095,966)	(11,095,966)
Reclassification to assets held for sale	-	-	3,153,667	3,153,667
Expected credit loss (accounts receivable), closing balance	**$ -**	**$ -**	**$ -**	**$ -**
Closing balance prior to expected credit loss (accounts receivable)	$ 1,914,418	$ -	$ -	$ 1,914,418
Expected credit loss (accounts receivable)	-	-	-	-
Accounts receivable, net of allowance	**$ 1,914,418**	**$ -**	**$ -**	**$ 1,914,418**

As at December 31, 2023	Stage 1	Stage 2	Stage 3	Total
Opening accounts receivable balance	$ 3,393,357	$ 1,999,741	$ 839,383	$ 6,232,481
Change in accounts receivable	988,664	- 828,139	7,099,020	7,259,545
Write-off of accounts receivable	-	-	(21,061)	(21,061)
Closing accounts receivable balance	**$ 4,382,021**	**$ 1,171,602**	**$ 7,917,342**	**$ 13,470,965**
Expected credit loss (accounts receivable), opening balance	$ -	$ -	$ (141,265)	$ (141,265)
Add: expected credit loss (accounts receivable) expense	-	-	(4,723,791)	(4,723,791)
Expected credit loss (accounts receivable), closing balance	**$ -**	**$ -**	**$ (4,865,056)**	**$ (4,865,056)**
Closing balance prior to expected credit loss (accounts receivable)	$ 4,382,021	$ 1,171,602	$ 7,917,342	$ 13,470,965
Expected credit loss (accounts receivable)	-	-	(4,865,056)	(4,865,056)
Accounts receivable, net of allowance	**$ 4,382,021**	**$ 1,171,602**	**$ 3,052,286**	**$ 8,605,909**

5. LOANS RECEIVABLE

The Company's loans receivable by business line as at December 31, 2024 and 2023 are as follows:

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

As at December 31, 2023	Gross carrying amount	ECL allowance	Carrying amount
Langhaus insurance-backed loans	$ 122,017,748	$ (87,554)	$ 121,930,194
Pivot loans	12,948,271	(339,304)	12,608,967
TIMIA loans	20,315,921	(769,152)	19,546,769
Brightpath mortgages	167,802,384	(1,306,605)	166,495,779
Total loans receivable	**$ 323,084,324**	**$ (2,502,615)**	**$ 320,581,709**

As at December 31, 2024, loans receivable included in the balance of assets held for sale on the Consolidated Statement of Financial Position were as follows:

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

Langhaus insurance-backed loans

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 hefld 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. At year end, $2,913,965 ($nil - December 31, 2023) of loans carried a fixed rate of 6.7%. 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 year end ($891,747 – December 31, 2023) 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 ($893,534 – December 31, 2023) is recorded in other liability.

Pivot loans

Pivot provides term loan that generally have fixed interest rates ranging from 12% - 15%, are secured by business assets and are either due on demand or mature in a period of less than one year.

5. LOANS RECEIVABLE (continued)

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. At year end, all loans are due on demand.

Brightpath mortgages

Mortgages receivable consist of loans secured by residential property and are repayable monthly with interest-only payments, with the principal balance due on maturity. Mortgages have a combination of fixed and variable rates of interest ranging between 8.2% and 20.8% (December 2023 – 7.7% and 22.2%) and all mature within one year of origination. The weighted average effective yield of the portfolio as at December 31, 2024 is 11.22% (December 2023 - 17.65%), which includes the effect of interest plus the effect of the lender fees earned on the portfolio. Mortgage lender fees are charged to customers upon issuance of the loan and withheld from the principal funds forwarded to the customer.

TIMIA loans

TIMIA originates, underwrites and services private-market, loan opportunities in the technology space. The Company's TIMIA business offered amortizing loans that provided growth capital companies with the timing of loan payments tied to the forecast revenue of the company. Any unamortized amounts were due and payable at the end of the term. TIMIA's also offered interest only loans, with terms typically between two to five years, that required the borrower to pay approximately two thirds of the interest monthly. The remainder of the interest is accrued over the term of the loan and is due and payable at the end of the term.

Geographic breakdown

The following table presents the Company's loan portfolio breakdown between loans in Canada and the United States, all denominated in Canadian dollars:

		December 31, 2024		December 31, 2023
Canada	$	189,538,678	$	304,321,857
United States of America		-		16,259,852
Total	**$**	**189,538,678**	**$**	**320,581,709**

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, 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**

5. LOANS RECEIVABLE (continued)

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

	Stage 1	Stage 2	Stage 3	Total
Opening amortized loan balance	$ 357,458,903	$ 13,415,664	$ 10,871,274	$ 381,745,841
Advances on loans receivable	349,032,327	5,886,464	-	354,918,791
Interest and transaction fee revenue, net of interest and principal payments	(48,340,026)	300,931	176,468	(47,862,627)
Foreign currency	(87,506)	-	-	(87,506)
Loans receivable moved to stage 1	3,685,835	(2,685,835)	(1,000,000)	-
Loans receivable moved to stage 2	(28,266,995)	23,901,462	4,365,533	-
Loans receivable moved to stage 3	(14,550,735)	(6,470,505)	21,021,240	-
Transfer of LSFC loans receivable	(74,533,460)	-	-	(74,533,460)
Settlement of loans	(271,554,504)	(10,446,227)	(9,095,984)	(291,096,715)
Closing balance	**$ 272,843,839**	**$ 23,901,954**	**$ 26,338,531**	**$ 323,084,324**
Provision for expected credit loss, opening balance	$ (534,042)	$ (116,216)	$ (406,028)	$ (1,056,286)
Change in provision for expected credit loss, outstanding loans	76,792	(377,676)	(1,964,367)	(2,265,251)
Loan receivable written off	$ -	-	817,560	817,560
Foreign currency translation adjustment	1,362	-	-	1,362
Provision for expected credit loss, closing balance	**$ (455,888)**	**$ (493,892)**	**$ (1,552,835)**	**$ (2,502,615)**
Closing balance	$ 272,843,839	$ 23,901,954	$ 26,338,531	$ 323,084,324
Provision for expected credit loss, closing balance	(455,888)	(493,892)	(1,552,835)	(2,502,615)
Loans receivable, net of expected credit losses	**$ 272,387,951**	**$ 23,408,062**	**$ 24,785,696**	**$ 320,581,709**

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%.

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

In December of 2023, the Company entered into a lease agreement for its Waterloo office space for a monthly lease payment of $15,787 with a term of five years. The Company expects to assign this lease agreement to Brightpath as a result of the Brightpath sale transaction (see Note 3).

As part of its decision to sell its TIMIA business, the Company did not extend its Vancouver office lease agreement that ended in May 2024 and had a monthly lease payment of $8,731.

The details of the right-of-use assets and lease liabilities recognized as at December 31, 2024 and 2023 are as follows:

Right-of-use asset		**December 31, 2024**		**December 31, 2023**
Beginning balance	$	1,539,680	$	125,258
Additions		-		1,650,184
Amortization		(366,222)		(235,762)
Ending balance	**$**	**1,173,458**	**$**	**1,539,680**

Lease Liability		**December 31, 2024**		**December 31, 2023**
Beginning balance	$	1,622,232	$	146,796
Additions		-		1,650,184
Accrued interest		116,474		69,243
Cash payment		(454,155)		(243,991)
Ending balance	**$**	**1,284,551**	**$**	**1,622,232**

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 Brightpath acquisition included lender relationships that were 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 and related deferred tax liability have been reclassified on the balance sheet as part of assets held for sale. 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.

7. INTANGIBLE ASSETS AND GOODWILL (continued)

The continuity of intangible assets for the years ended December 31, 2024 and 2023 are presented in the tables below:

	Intangibles			
	Pivot	**Brightpath**	**Langhaus**	**Total**
Balance at December 31, 2023	$ 1,736,263	$ 3,417,480	$ 2,947,551	$ 8,101,294
Less: amortization	(372,048)	(927,123)	(331,496)	(1,630,667)
Reclassified as held for sale	-	(2,490,357)	-	(2,490,357)
Balance at December 31, 2024	**$ 1,364,215**	**$ -**	**$ 2,616,055**	**$ 3,980,270**

	Intangibles			
	Pivot	**Brightpath**	**Langhaus**	**Total**
Beginning balance - January 1, 2023	$ 2,108,309	$ 4,344,603	$ 3,475,123	$ 9,928,035
Additions	3,564,441	-	-	3,564,441
Less: Impairment loss	(3,564,441)	-	-	(3,564,441)
Less: amortization	(372,046)	(927,123)	(527,572)	(1,826,741)
Ending balance - December 31, 2023	**$ 1,736,263**	**$ 3,417,480**	**$ 2,947,551**	**$ 8,101,294**

The intangible asset addition to Pivot in 2023 was a result of assets assumed on foreclosure of a loan receivable. The intangible assets assumed included intellectual property relating to certain patents used by the underlying portfolio company. During the year the Company explored the potential for realizing cash flows from the sale of the intangible asset but ultimately determined the recoverable amount of the intellectual property was $nil. Accordingly, an impairment charge of $3,564,441 was recorded on the consolidated statements of net income (loss).

Goodwill

Goodwill was acquired as part of the Pivot, Brightpath and Langhaus acquisitions and is tested for impairment on an annual basis. The Company performs its annual test for impairment of goodwill in the fourth quarter. Assessment of impairment of goodwill and intangible assets is performed more frequently as specific events or circumstances indicate that the carrying amount of the asset group may not be fully recoverable. An additional impairment assessment was performed as at December 31, 2024 for Langhaus in conjunction with management's going concern assessment.

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. The goodwill related to Brightpath has been reclassified on the consolidated balance sheet as part of assets held for sale.

7. INTANGIBLE ASSETS AND GOODWILL (continued)

	Goodwill			
	Pivot	Brightpath	Langhaus	Total
Balance at December 31, 2023 and December 31, 2024	$ 3,533,801	$ 32,946,038	$ 8,306,470	$ 44,786,309
Reclassified as held for sale	-	(32,946,038)	-	(32,946,038)
Balance at December 31, 2024	**$ 3,533,801**	**$ -**	**$ 8,306,470**	**$ 11,840,271**

The recoverable amounts of the Pivot and Langhaus 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 (2023 – 14.4% and 15.1%). 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.

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.

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

9. LOANS PAYABLE

Loans payable consist of the following as at year-end:

Business Unit	Interest Rate	Security	December 31, 2024	December 31, 2023
Pivot				
Loans payable	Higher of prime + 5.3% or 9.25%	Secured	18,069,022	17,027,100
Loans payable	Higher of prime + 5.5% or 9.5%	Secured	10,000,000	60,000,000
			$ 28,069,022	$ 77,027,100
Langhaus				
Bank Loan	Higher of prime + 0.25% or 3%	Secured	48,712,269	42,520,082
Bank Loan	Higher of prime + 0.70% or 3%	Secured	76,968,092	55,354,985
Bank Loan	Prime + 0.20%	Secured	8,234,318	-
LifeCo Facility	Gov't Canada + 2.5%	Secured	2,630,848	-
Bank Loan	Interest Free	Unsecured	-	40,000
			$ 136,545,527	$ 97,915,067
Nuvo				
Bank Loan	Higher of prime + 1.75% or 4.2%	Secured	2,281,275	-
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	65,686,952
Reclassified as held for sale			(122,598,170)	-
			$ -	$ 65,686,952
TIMIA				
Debenture notes	8%	Secured	-	12,349,351
Total Loans Payable			**$ 166,895,824**	**$ 252,978,470**

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. 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. The remainder of the facility is used to fund various loans made by Pivot, including an additional $7.7 million of advances to Brightpath.

On August 2, 2024, the Company entered into an amended agreement under which the facility will mature on April 30, 2025 with an option to extend for one year. The agreement includes covenants regarding reporting requirements, liens on account, distribution limitations and cash investment limits. Covenants also restrict total debt levels relative to permitted investments as well as total net debt relative to subordinated debt. As at December 31, 2024, Pivot's total net debt to subordinated debt ratio was 1.04, which was above the debt covenant limit of 1.0. 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.

9. LOANS PAYABLE (continued)

Langhaus

Langhaus Insurance Finance LP I has an uncommitted revolving credit facility of $100,000,000 with a schedule 1 bank to fund up to 95% of the value of loans acquired from 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 4). As at December 31, 2024, the Group has drawn $48,712,269 ($42,520,082 - December 31, 2023) on this facility.

In 2023, Langhaus Insurance Finance LP I amended the uncommitted revolving credit facility, increasing the facility from $75,000,000 to $100,000,000, incurring financing fees of $62,500 related to this amendment. The facility is subject to an annual review fee equal to 10 bps of the maximum available amount. Annual review fees expensed during the year were $100,000 ($75,000 - 2023).

Langhaus Insurance Finance LP II has an uncommitted revolving credit facility of $90,000,000 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 December 31, 2023, the Group has drawn $76,968,092 ($55,354,985 - December 31, 2023) on this facility.

In 2023, Langhaus Insurance Finance LP II amended the uncommitted revolving credit facility, increasing the facility from $50,000,000 to $90,000,000, incurring financing fees of $100,000 related to this amendment. The facility is subject to an annual review fee equal to 10 bps of the maximum available amount. Annual review fees expensed during the year were $90,000 ($90,000 - 2023).

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 December 31, 2024, 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 December 31, 2024, LH LP IV has drawn $8,234,318 ($nil - December 31, 2023) 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 December 31, 2024, 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 December 31, 2024, LH LP III has drawn $2,630,848 ($nil - December 31, 2023) on this facility.

In January 2024, the Group repaid $30,000 of the principal amount owing on a non-interest bearing loan received under the federal government's Canada Emergency Business Account program. Under the terms established by the government the remaining portion of the original $40,000 loan amount was forgiven.

9. LOANS PAYABLE (continued)

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 lesser 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 In., and is due on demand.

Brightpath

During the year 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 Brighpath can borrow under this agreement is $100,000,000 and the commitment may be increased from time to time up to an aggregate total of $200,000,000 upon the satisfaction of certain conditions. The debt for each individual mortgage is due on each mortgage settlement date. The loan facility is secured by mortgages held by Brightpath, granting the lender first priority lien on all collateral. The loan facility is guaranteed by a limited recourse and pledge agreement made by the Company. In addition, the Company has committed to providing to the lender a minimal annual rate of return. As at December 31, 2024 the balance was $41,508,509 ($nil - December 31, 2023). Subsequent to year end, 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 reduce the maximum principal that Brightpath can borrow was amended to $39,500,000 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 December 31, 2024 the balance was $81,089,661 ($65,686,952 - December 31, 2023).

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

TIMIA

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

10. PROMISSORY NOTES PAYABLE

Promissory notes payable for the years ended December 31, 2024 and 2023 were as follows:

		December 31, 2024		December 31, 2023	
Business Unit	**Security**	**Amount**	**Weighted Average Interest Rate**	**Amount**	**Weighted Average Interest Rate**
Montfort					
Fixed rate notes	Unsecured	$ 1,390,000	12.0%	$ 3,600,000	12.5%
Pivot					
Fixed rate notes	Unsecured	24,114,251	10.9%	22,160,039	11.1%
Langhaus					
Fixed rate notes	Unsecured	4,327,787	9.1%	2,275,985	8.8%
Variable rate notes	Secured	9,725,000	P+0.63%	15,250,243	P+0.86%
Nuvo					
Fixed rate notes	Unsecured	3,060,000	12.0%	-	
Brightpath					
Fixed rate notes	Secured	59,802,510	12.0%	55,106,574	12.0%
Reclassified as held for sale		(59,802,510)			
Total Loans Payable		**$ 42,617,038**		**$ 98,392,841**	

Montfort

During the year, Montfort issued unsecured promissory notes bearing interest at 12.0% per annum, compounded monthly and due on demand. As at December 31, 2024 there were $1,390,000 of these notes outstanding. At December 31, 2023, Montfort had a promissory note payable in the amount of $3,600,000 that was unsecured with interest at 12.50% per annum, compounded monthly. This note was repaid at maturity on September 30, 2024.

Pivot

As at December 31, 2024 Pivot had unsecured promissory notes outstanding of $24,114,251 ($22,160,139 – December 31, 2023) with fixed interest rates between 10% and 11.75%. These notes matured between March and October 2025 and were subsequently extended to new maturity dates between July 2025 and February 2026 with an updated fixed interest rate of 12%. These notes are subject to reporting total debt levels relative to permitted investments. As at December 31, 2024, the Company was not in compliance with the covenant. All covenant breaches have been communicated to the lenders and they have not requested any change to the loans status as a result.

Langhaus

As at December 31, 2024, Langhaus had fixed rate promissory notes outstanding of $4,327,787 ($2,275,985 – December 31, 2023). These fixed rate promissory notes are unsecured, have no fixed terms of repayment and are due on demand. Interest is paid monthly and as at December 31, 2024 the weighted average fixed rate on these promissory notes is 9.1% (8.8% - December 31, 2023).

10. PROMISSORY NOTES PAYABLE (continued)

As at December 31, 2024, Langhaus had variable rate promissory notes outstanding of $8,925,000 ($15,035,000 - December 31, 2023) 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 $800,000 ($215,242 - December 31, 2023) of these variable rate promissory notes are unsecured and have maturity dates up to December 2029. Interest is paid monthly and as at December 31, 2024 the weighted average variable rate on these promissory notes is Prime + 0.63% (P + 0.86% - December 31, 2023).

Nuvo

As at December 31, 2024, Nuvo had fixed rate promissory notes outstanding of $3,060,000 ($nil – December 31, 2023) that are unsecured and are due upon a 180-day demand period. Interest is paid monthly and as at December 31, 2024 the weighted average variable rate on these promissory notes is 12% per annum.

Brightpath

As at December 31, 2024, Brightpath had investor notes outstanding of $59,802,510 ($55,106,574 – December 31, 2023) 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 December 31, 2024 was 12.0% (12.0% - December 31, 2023). As of December 31, 2024, $7,150,000 of investor loans had been demanded for repayment. Subsequent to year end, proceeds from new investor loans were $4,438,955 and repayments of investor loans were $1,825,000.

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

11. OTHER LIABILITY

Other liability for the years ended December 31, 2024 and 2023 consisted of the following:

	Note	December 31, 2024	December 31, 2023
Other liability	(i)	$ 413,547	$ 893,534
Contingent consideration	(ii)	-	811,611
Total Other liability		**$ 413,547**	**$ 1,705,145**

(i) Other liability

One loan in the Langhaus portfolio with a balance of $413,547 at year end ($891,747 – December 31, 2023) 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.

(i) Contingent Consideration

As part of the Langhaus acquisition that occurred in 2022, if Langhaus achieved certain financial targets on or before August 31, 2027, the vendors were eligible to receive additional contingent cash consideration of up to $2,340,000. During the year ended December 31, 2023, two cash payments were made related to this contingent consideration and as at December 31, 2023 there was a remaining amount owing of $811,611. Final settlement of this amount occurred on January 22, 2024. A portion was repaid in cash and $600,000 was exchanged for a promissory note issued to a related party.

12. SHARE CAPITAL

(a) *Common shares:*

The Company is authorized to issue an unlimited number of common voting shares without par value. As of December 31, 2024 Montfort had 99,817,282 (92,570,956 – December 31, 2023) common shares issued and outstanding.

(b) *Preferred shares:*

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

Series A Class A (Series A)

As of December 31, 2024, Montfort has 28,485,994 non-cumulative Series A Class A Preferred shares issued and outstanding (28,485,994 - December 31, 2023). Holders of Preferred shares will be entitled to receive fixed non-cumulative preferential cash dividends, if, as and when declared by the Board of Directors of the Company at an annual rate equal to $0.08 per Preferred share. Dividends, if declared, will be payable on the last day of December, March, June and September in each year, or if such day is not a business day, on the next business day, at a quarterly rate of $0.02 per Preferred Share (see Note 20 Subsequent Events).

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 December 31, 2024, Montfort has 498,800 non-cumulative Series 1 Class C Preferred shares issued and outstanding (nil - December 31, 2023). On July 1, 2023, the board of directors of the Company resolved to create the Series 1, Class C Preferred Shares to facilitate the share exchange with the preferred shareholders of Langhaus Financial Corporation. Under the terms of the Series 1 Shares, holders of the Series 1 Shares are entitled to a non-cumulative annual dividend rate equal to the yield on the Canadian dollar denominated non-callable Government of Canada bond with a two-year maturity ("Canadian 2YR Yield") plus 5.0% (the "Dividend Rate"), payable quarterly if and when such dividend is declared by the Company. Under the terms of the Series 1 Shares, if the actual Canadian 2YR Yield is less than 1.00%, the Canadian 2YR Yield will be deemed to be 1.00% for the purposes of the Dividend Rate and if the actual Canadian 2YR Yield is greater than 7.00%, the Canadian 2YR Yield will be deemed to be 7.00% for the purposes of calculating the Dividend Rate. The Dividend Rate will be calculated on the last day of the previous quarter in which a dividend is payable (see Note 20 Subsequent Events).

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.

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.

(c) *Dividends declared:*

Dividends approved by the Company's Board of Directors and paid each quarter were as follows:

Dividend declaration date	Dividend rate		Total dividends paid
February 22, 2024	Series 1 0.55	$	275,338
February 22, 2024	Series A 0.02		569,720
June 19, 2024	Series 1 0.57		284,313
June 19, 2024	Series A 0.02		569,720
September 19, 2024	Series 1 0.56		281,795
September 19, 2024	Series A 0.02		569,720
November 27, 2024	Series 1 0.56		247,953
November 27, 2024	Series A 0.02		569,720
		$	**3,368,278**

Dividends paid during the year ended December 31, 2023 were as follows:

Dividend declaration date	Dividend payment date	Dividend rate		Total dividends paid
February 22, 2023	March 31, 2023	Series A 0.02	$	569,720
May 24, 2023	June 28, 2023	Series A 0.02		569,720
August 31, 2023	September 29, 2023	Series 1 0.06		301,111
August 31, 2023	September 29, 2023	Series A 0.02		569,720
November 22, 2023	December 29, 2023	Series 1 0.06		310,204
November 22, 2023	December 29, 2023	Series A 0.02		569,720
			$	**2,890,195**

(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 granting, or as permitted by the policies of TSX-V. Options granted may not exceed a term of ten years from the grant date. The vesting period for all other options will be determined by the Board of Directors at the time of each grant.

12. SHARE CAPITAL (continued)

	Number of Options		Exercise Price
Balance, December 31, 2022	**6,655,000**	**$**	**0.31**
Issued	2,395,001		0.35
Forfeited	(335,000)		0.29
Exercised	(700,000)		0.18
Balance, December 31, 2023	**8,015,001**	**$**	**0.34**
Issued	500,000		0.06
Forfeited	(575,000)		0.30
Expired	(1,170,000)		0.28
Balance, December 31, 2024	**6,770,001**	**$**	**0.33**

Additional information regarding stock options outstanding as at December 31, 2024 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
235,000	1.05	0.19	235,000	0.19
350,000	0.19	0.20	350,000	0.20
300,000	0.42	0.17	300,000	0.17
275,000	1.72	0.30	275,000	0.30
400,000	1.82	0.44	400,000	0.44
50,000	3.07	0.44	32,237	0.44
425,000	2.09	0.42	412,580	0.42
900,000	2.62	0.42	714,247	0.42
30,000	2.40	0.38	26,027	0.38
705,000	3.16	0.40	432,014	0.40
195,000	2.73	0.47	147,804	0.47
955,001	3.21	0.35	572,128	0.35
1,090,000	2.76	0.39	1,054,840	0.39
20,000	3.64	0.16	9,059	0.16
20,000	3.66	0.20	8,968	0.20
10,000	3.72	0.19	4,265	0.19
310,000	3.91	0.13	112,676	0.13
500,000	4.97	0.06	8,676	0.06
6,770,001	**2.63**	**0.33**	**5,095,521**	**0.35**

12. SHARE CAPITAL (continued)

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

	2024	2023
Weighted average assumptions:		
Risk-free interest rate	2.75%	2.88% - 4.25%
Expected dividend yield	-	-
Expected option life (years)	5	5
Expected stock price volatility	70%	69% - 72%
Weighted average fair value at grant date	$0.04	$0.08-$0.44
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 December 31, 2024 is 18,744,191.

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

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

A summary of the SU activity is presented as follows:

12. SHARE CAPITAL (continued)

	SUs	
	# of PSUs	**# of RSUs**
SUs outstanding, January 1, 2023	**5,650,000**	**700,000**
Issued	-	2,701,050
Exercised	-	(500,000)
SUs outstanding, December 31, 2023	**5,650,000**	**2,901,050**
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**
Weighted average fair value at grant	-	0.17
Weighted average remaining contractual life (years)	0.67	1.33

(d) *Normal Course Issuer Bid*

During the year ended December 31, 2023, the Company canceled 133,500 common shares that were repurchased under a normal course issuer bid (NCIB) that had been approved by the TSX-V and initiated on November 1, 2022. The NCIB expired in November 2023 and was not continued in 2024.

(e) Warrants:

During the year, warrants issued in 2022 expired unexercised.

	Number of Warrants		Exercise Price
Balance, December 31, 2023	**2,511,861**	**$**	**0.50**
Expired	(2,511,861)		
Balance, December 31, 2024	**-**	**$**	**-**

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) In 2024, the Company paid interest of $556,519 (year ended December 31, 2023 - $502,793) to related parties on promissory notes payable. The balance of promissory notes payable to related parties as at December 31, 2024 was $2,677,787 (as at December 31, 2023 - $4,899,985).

(b) As at December 31, 2024, accounts payable included amounts due to related parties of $19,463 (as at December 31, 2023 - $94,454).

(c) In 2024, the Company paid rent expenses of $214,390 (year ended December 31, 2023 - $56,352) to a company controlled by members of management.

(d) In 2024, the Company recognized financing fee revenue of $216,396 (year ended December 31, 2023 - $29,438) received from a related party. In 2023 the Company recognized interest revenue of $427,788 on a loan receivable to an entity is controlled by a member of the Company's management. The loan was repaid prior to December 31, 2023.

(e) In 2024, the Company paid guarantee fees of $296,357 (year ended December 31, 2023 - $66,464) 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 2.5% of the amount drawn and $2,500,000. 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 year included $1,296,968 (year ended December 31, 2023 - $1,293,048) paid to directors and officers of the Company.

The Company considers the Chief Executive Officer, Chief Financial Officer, Chief Capital Officer and Directors as key management personnel. Key management compensation for the year ended December 31, 2024 and 2023 were as follows:

(a) Directors fees accrued or paid during the year ended December 31, 2024 was $299,906 (year ended December 31, 2023 - $324,000).

(b) Management compensation accrued or paid during the year ended December 31, 2024 was $1,584,750 (year ended December 31, 2023 - $1,464,438).

(c) Share-based payments expenses of $291,187 (December 31, 2023 - $619,680) were recorded for directors and certain officers identified as key management personnel for the year ended December 31, 2023.

14. NON-CONTROLLING INTEREST

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

	December 31, 2024	December 31, 2023
Balance at the beginning of the year	**$ 2,457,304**	**$ 2,599,264**
Net income attributable to NCI	20,611	(141,960)
Acquisition of non-controlling interest	(2,477,915)	-
Balance at the end of the year	**$ -**	**$ 2,457,304**

15. INCOME TAX

The following table reconciles the amount of income tax expense on application of the combined statutory Canadian federal and provincial income tax rates:

		2024		2023
Net income before taxes from continuing operations	$	(5,766,276)	$	(11,031,850)
Combined Canadian statutory income tax rate		26.5%		27.1%
Income tax expense at statutory rate		(1,528,063)		(2,987,354)
Non-deductible items and other permanent differences		317,976		285,917
Change in tax benefit not recognized		(459,957)		2,788,889
Effect of deconsolidation		433,076		(101,750)
True up of prior periods		444,242		(173,869)
Assets held for sale		807,402		-
Other		4,368		75,182
Income tax expense	**$**	**19,044**	**$**	**(112,986)**

Current and deferred taxes related to continuing operations for the years ended December 31, 2024 and 2023 were as follows:

		2024		2023
Current tax expense	$	236,838	$	127,264
Deferred tax recovery		(217,794)		(240,250)
Income tax expense	**$**	**19,044**	**$**	**(112,986)**

Changes to the Company's net deferred tax liability for the years ended December 31, 2024 and 2023 were as follows:

		2024		2023
Opening balance	$	(1,757,952)	$	(2,425,834)
Tax (expense) recovery recognized in continuing operations		217,794		240,250
Tax (expense) recovery recognized in discontinued operations		(179,565)		427,632
Reclassified to held for sale		672,396		-
Net deferred tax liability	**$**	**(1,047,327)**	**$**	**(1,757,952)**

15. INCOME TAX (continued)

Significant components of the Company's deferred tax assets (liabilities) are shown below:

	2024	2023
Non-capital loss carryforwards	$	$ 452,400
Financing fees and share issuance costs	-	51,072
Reserves and other temporary differences	-	353,230
Carried interest receivable	-	(656,191)
Intangible assets	(1,047,327)	(2,187,349)
Investments	-	203,792
Other	-	25,095
Net deferred tax liability	**$ (1,047,327)**	**$ (1,757,952)**

The Company has not recognized any deferred tax assets related to non-capital loss carryforwards. As of December 31, 2024, Montfort has approximately $25,283,724 of non-capital losses for tax purposes which may be used to reduce income taxes of future years and will expire from 2028 to 2044.

16. FINANCIAL INSTRUMENTS AND RISK

Financial instruments

The following table summarizes information regarding the carrying values and classification of the Company's financial instruments as of the years ended December 31, 2024 and 2023:

		Carrying value	
	Classification	December 31, 2024	December 31, 2023
Cash and restricted cash	Amortized Cost	$ 2,255,544	$ 8,281,046
Accounts receivable	Amortized Cost	1,914,418	8,605,909
Carried interest receivable	Amortized Cost	-	2,430,338
Loans receivable	Amortized Cost	189,538,678	320,581,709
Investments	FVTPL	-	1,247,903
Accounts payable	Amortized Cost	3,050,592	7,375,530
Loans payable (Note 10)	Amortized Cost	166,895,824	291,371,311
Loans payable (Note 10)	FVTPL	10,000,000	60,000,000
Other liability	Amortized Cost	463,660	893,534
Other liability	FVTPL	-	811,611

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

16. FINANCIAL INSTRUMENTS AND RISK (continued)

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 be 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:

December 31, 2024	Carrying value	Level 1	Level 2	Level 3
Loans payable	$ 10,000,000	$ -	$ -	$ 10,000,000

December 31, 2023	Carrying value	Level 1	Level 2	Level 3
Investments	$ 1,247,903	$ -	$ -	$ 1,247,903
Loans payable	60,000,000	-	-	60,000,000
Other liability	811,611	-	-	811,611

Investments classified as Level 3 related to shares held in private companies that were connected to the TIMIA business. Fair value of equity interests held was determined using a market approach. Management reviewed the financial results of underlying companies and used recent equity transactions to estimate the value of these investments. Following the sale of TIMIA, the Company was unable to find any buyers for these shares and as a result management decided to write down the value of these investments to nil (see Note 3).

Loans payable classified as Level 3 relate to variable interest debt from a third party. During the years ended December 31, 2024 and 2023 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.

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

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.

16. FINANCIAL INSTRUMENTS AND RISK (continued)

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 December 31, 2024	Carrying amount	Due on Demand	Within 1 year	Within 2 years	Within 5 years
Accounts payable	$ 3,553,388	$ -	$ 3,553,388	$ -	$ -
Promissory notes payable	42,617,038	32,892,038	8,925,000	-	800,000
Loans payable	166,895,824	136,195,954	30,699,870	-	-
Lease liability	1,284,551	-	405,842	409,417	469,292
Other liability	413,547		413,547	-	-
Total	**$ 214,764,349**	**$ 169,087,993**	**$ 43,997,648**	**$ 409,417**	**$ 1,269,292**

As at December 31, 2023	Carrying amount	Due on Demand	Within 1 year	Within 2 years	Within 5 years
Accounts payable	$ 7,389,696	$ -	$ 7,389,696	$ -	$ -
Promissory notes payable	98,392,841	79,542,598	18,850,243	-	-
Loans payable	252,978,470	163,562,019	78,055,065	987,965	10,373,422
Lease liability	1,622,232	-	453,790	405,842	762,600
Other liability	1,705,145	-	1,705,145	-	-
Total	**$ 362,088,384**	**$ 243,104,617**	**$ 106,453,939**	**$ 1,393,807**	**$ 11,136,022**

Foreign exchange risk

The Company's foreign exchange risk is due to the Company's USD loan investments, which total US$1,739,295 as at December 31, 2024 ($12,265,107 - December 31, 2023). The Company's exposure to USD loan investments has been significantly reduced in 2024 following the sale of the TIMIA business. 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 $250,000.

16. 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, the estimated effect over a twelve month period of a 1% increase in market interest rates is the Company's net interest income would increase by $0.1 million and a 1% decrease in market interest rates would decrease net interest income by $0.1 million.

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, 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.

16. 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.

17. 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 as described in Note 10. The Company's share capital is not subject to external restrictions. The capital of the Company comprises shareholders' equity, loans payable 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.

18. RESTRUCTURING

The Company incurred restructuring costs in 2023 related to severance due to relocation of its head office. All amounts expensed in the period were paid, no further expenditures relating to this restructuring are expected.

19. 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. For 2024, management decided to identify and report on its operating segments based on lines of business aligned to separate legal entities. This was in part driven by the sales of TIMIA and Brightpath that led to those results being classified as discontinued operations (see note 3). 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.

19. SEGMENT DISCLOSURES (continued)

Selected information by segment for continuing operations for the years ended December 31, 2024 and 2023 is presented in the tables below. The results of discontinued operations are not included below, nor are assets and liabilities held for sale (see Note 3).

	For the year ended December 31, 2024				
	Langhaus	**Nuvo**	**Pivot**	**Montfort**	**Total**
REVENUE					
Interest income	$ 12,956,366	$ 329,998	$ 8,085,773	$ 299,769	$ 21,671,906
Interest and financing fees	(11,190,748)	(391,828)	(7,607,884)	(1,296,999)	(20,487,459)
Net interest income	1,765,618	(61,830)	477,889	(997,230)	1,184,447
Income from transaction and other fees	1,134,639	158,750	1,219,946	409,203	2,922,537
Income from settlement of loans	28,937	-	39,045	-	67,982
Performance fee income	-	-	531,705	23,821	555,527
TOTAL REVENUE	2,929,193	96,920	2,268,585	(564,206)	4,730,492
EXPENSES					
Accounting and legal	568,880	53,573	400,665	572,881	1,595,999
Administrative, management and directors fees	1,420,921	6,852	615,901	2,626,680	4,670,353
Amortization	1,455	-	-	1,084,108	1,085,563
Expected credit loss (Note 5)	434,587	10,883	101,934	-	547,403
Investor relations, communications and regulatory fees	-	-	-	47,082	47,082
Marketing services and promotion	-	-	-	-	-
Office, travel, systems, and miscellaneous	127,404	6,187	147,231	293,698	574,521
Impairment of/loss on investments	-	-	399,945	1,105,903	1,505,847
Share-based payments	-	-	-	671,164	671,164
Foreign exchange losses (gains)	66	-	(243,917)	42,687	(201,165)
TOTAL EXPENSES	2,553,314	77,495	1,421,758	6,444,202	10,496,768
OPERATING (LOSS) INCOME BEFORE TAXES	375,880	19,424	846,827	(7,008,408)	(5,766,276)
Current income tax expense	19,120	-	217,658	60	236,838
Deferred tax recovery	-	-	-	(217,794)	(217,794)
NET (LOSS) INCOME	**$ 356,760**	**$ 19,424**	**$ 629,169**	**$ (6,790,674)**	**$ (5,785,320)**

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

19. SEGMENT DISCLOSURES (continued)

	For the year ended December 31, 2023				
	Langhaus	**Nuvo**	**Pivot**	**Montfort**	**Total**
REVENUE					
Interest income	$ 10,800,047	$ -	$ 13,108,179	$ -	$ 23,908,227
Interest and financing fees	(9,297,462)	-	(12,527,937)	(1,113,332)	(22,938,731)
Net interest income	1,502,585	-	580,242	(1,113,332)	969,495
Income from transaction and other fees	532,086	-	1,460,814	10,000	2,002,899
Income from settlement of loans	-	-	17,677	-	17,677
Performance fee income	-	-	491,752	-	491,752
TOTAL REVENUE	2,034,670	-	2,550,485	(1,103,332)	3,481,824
EXPENSES					
Accounting and legal	502,132	258,597	409,100	1,013,824	2,183,653
Administrative, management and directors fees	2,079,622	33,438	1,533,436	371,593	4,018,089
Amortization	3,708	-	-	1,051,492	1,055,200
Expected credit loss (Note 5)	21,566	-	964,877	-	986,443
Investor relations, communications and regulatory fees	-	-	-	83,149	83,149
Impairment loss on intangible assets (Note 7)			3,564,441		3,564,441
Marketing services and promotion	-	-	-	-	-
Office, travel, systems, and miscellaneous	74,720	284	192,047	553,375	820,426
Restructuring (Note 19)				650,000	650,000
Share-based payments	-	-	-	1,093,967	1,093,967
Foreign exchange losses (gains)	-	-	70,133	(11,829)	58,305
TOTAL EXPENSES	2,681,748	292,320	6,734,034	4,805,571	14,513,673
OPERATING (LOSS) INCOME BEFORE TAXES	(647,078)	(292,320)	(4,183,549)	(5,908,903)	(11,031,850)
Current income tax expense	(1,808)	-	126,402	2,670	127,264
Deferred tax recovery	-	-	-	(240,250)	(240,250)
NET (LOSS) INCOME	**$ (645,270)**	**$ (292,320)**	**$ (4,309,951)**	**$ (5,671,323)**	**$ (10,918,864)**

As at December 31, 2023					
Total assets	$ 123,984,131	$ -	$ 13,863,613	$ 56,971,664	$ 194,819,408
Total liabilities	118,047,050	233,926	100,452,987	8,966,921	227,700,884
Cash	1,082,067	-	1,105,021	1,123,332	3,310,420
Loans receivable - net of allowance	121,930,194	-	12,608,967	-	134,539,161
Loans and promissory notes payable	115,441,295	-	99,187,139	3,600,000	218,228,434
Intangible assets and goodwill	-	-	-	52,887,603	52,887,603

20. 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

21. SUBSEQUENT EVENTS

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.

On April 2, 2025, the Company announced it had closed the sale of its mortgage lending business, Brightpath to a company controlled by a related party for an aggregate purchase price of $16,567,250. See note 3 for additional details.

On April 3, 2025, the Company announced that it had elected to pause the quarterly dividend on the Series A Class A Preferred Shares and Series 1 Class C Preferred Shares. 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.

Under its agreements with senior lenders, the Company is required to provide its audited year end financial statements within 120 days of the year end. Due to a delay in finalizing its year end filings the Company did not meet the April 30, 2025 reporting deadline. Extensions have been requested and the audited financial statements will be provided to the Company's lenders in May 2025.