Lorne Park Capital Partners Inc.

Interim Condensed Consolidated Financial Statements (Unaudited)

As at September 30, 2021

Interim Condensed Consolidated Financial Statements

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Auditor's Involvement

In accordance with National Instrument 51-102, Part 4, subsection 4.3 (3)(a), notice is hereby given that the accompanying statements of the Company for the nine-month periods ended September 30, 2021 and September 30, 2020 have not been reviewed by the Company's auditors in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of the interim consolidated financial statements by the Company's auditors.

Lorne Park Capital Partners Inc.

Interim Condensed Consolidated Statements of Financial Position ($ Canadian)

As at September 30, 2021 (Unaudited) and December 31, 2020

	September 30, 2021	December 31, 2020
Assets		
Current assets		
Cash and cash equivalents	**$ 4,497,907**	$ 1,957,648
Short-term investments (Note 3)	**1,443,642**	1,386,387
Accounts receivable	**2,271,402**	2,049,749
Other current assets	**118,999**	69,293
	8,331,950	5,463,077
Property and equipment (Note 4)	**161,238**	51,915
Right-of-use assets (Note 5)	**669,491**	83,295
Intangible assets (Note 9)	**15,798,447**	17,298,357
Goodwill (Notes 7 and 10)	**1,684,761**	1,684,761
Total assets	**$ 26,645,887**	$ 24,581,405
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 15)	**$ 3,327,790**	$ 2,015,689
Lease obligations (Note 12)	**116,320**	104,558
Debentures payable (Note 11)	**2,055,000**	-
	5,499,110	2,120,247
Long term liabilities		
Debentures payable (Note 11)	**4,143,330**	6,170,493
Earn out payable on intangible assets (Note 6)	**188,077**	177,563
Lease obligations (Note 12)	**563,556**	-
Deferred tax liabilities	**281,384**	341,386
Total liabilities	**10,675,457**	8,809,689
Shareholders' Equity		
Share capital (Note 13)	**11,919,376**	11,887,532
Reserve for options and warrants (Note 13)	**1,064,138**	928,709
Accumulated deficit	**(4,615,909)**	(5,365,397)
Total shareholders' equity attributable to the Company's shareholders	**8,367,605**	7,450,844
Non-controlling interest	**7,602,825**	8,320,872
Total shareholders' equity	**15,970,430**	15,771,716
Total liabilities and shareholders' equity	**$ 26,645,887**	$ 24,581,405

Signed on the Company’s behalf by:

R. Sewell

(signed) “Robert Sewell”, Director

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

Lorne Park Capital Partners Inc.

Interim Condensed Consolidated Statements of Income (Loss) and Comprehensive Income (Loss) ($ Canadian)

For the Nine-month and Three-month Periods Ended September 30, 2021 and 2020 (Unaudited)

	Nine Months Ended		Three Months Ended	
	September 30, 2021	September 30, 2020	**September 30, 2021**	September 30, 2020
Revenue (Note 2(v))				
Management and administration fees	**$ 16,783,419**	$ 13,688,548	**$ 5,873,551**	$ 4,693,107
Operating Expenses				
Salaries and benefits	**11,467,188**	10,204,198	**4,005,758**	3,439,677
Professional fees	**303,752**	234,773	**97,200**	74,447
Investment research fees	**240,784**	190,507	**78,945**	64,945
Direct fund costs	**815,317**	712,870	**263,669**	245,098
Rent and facility	**93,434**	117,335	**29,798**	35,194
Marketing and client retention	**133,201**	135,087	**30,658**	56,703
Depreciation and amortization	**1,635,882**	1,086,753	**538,903**	362,373
Other administrative costs	**260,078**	245,482	**94,603**	79,006
	14,949,636	12,927,005	**5,139,534**	4,357,443
Other Expense (Income)				
Public company expenses	**61,551**	56,824	**18,993**	16,555
Financing costs (Note 14)	**431,164**	427,484	**153,966**	142,559
Interest income (Note 14)	**(2,254)**	(12,993)	**(700)**	(1,790)
Share-based compensation (Note 13(iv))	**147,273**	201,102	**35,104**	44,166
	15,587,370	13,599,422	**5,346,897**	4,558,933
Net income before income taxes	**1,196,049**	89,126	**526,654**	134,174
Income tax expense	**647,243**	3,402	**240,457**	-
Net income and comprehensive income	**$ 548,806**	$ 85,724	**$ 286,197**	$ 134,174
Net income (loss) and comprehensive income (loss) attributable to:				
Company's shareholders	**$ 1,266,853**	$ 451,964	**$ 526,976**	$ 257,680
Non-controlling interest	**(718,047)**	(366,240)	**(240,779)**	(123,506)
	$ 548,806	$ 85,724	**$ 286,197**	$ 134,174
Weighted-average number of common shares (Note 13(vi))				
Basic	**51,738,955**	51,133,194	**51,766,555**	51,406,577
Diluted	**53,273,840**	52,250,986	**53,301,440**	52,524,369
Income per common share (Note 13(vi))				
Basic	**$ 0.024**	$ 0.009	**$ 0.010**	$ 0.005
Diluted	**$ 0.024**	$ 0.009	**$ 0.010**	$ 0.005

Lorne Park Capital Partners Inc.

Interim Condensed Consolidated Statements of Cash Flows ($ Canadian)

For the Nine-month and Three-month Periods Ended September 30, 2021 and 2020 (Unaudited)

	Nine Months Ended		Three Months Ended	
	September 30, 2021	September 30, 2020	**September 30, 2021**	September 30, 2020
Cash provided by (used in)				
Operating activities				
Net income and comprehensive income	**$ 548,806**	$ 85,724	**$ 286,197**	$ 134,174
Changes not involving cash				
Attributed debenture interest expense (Note 11)	**21,513**	19,619	**7,376**	6,884
Accreted interest on earn out payment (Note 6)	**10,514**	9,769	**3,611**	3,343
Amortization of debenture issue costs (Note 11)	**6,324**	5,885	**2,159**	2,079
Accreted interest on lease obligations (Note 12)	**16,422**	14,606	**13,867**	3,759
Amortization of intangible assets (Note 9)	**1,499,910**	913,569	**499,971**	304,523
Depreciation of property and equipment (Note 4)	**18,344**	15,552	**7,718**	5,306
Depreciation of right-of-use assets (Note 5)	**117,628**	157,632	**31,214**	52,544
Share-based compensation (Note 13(iv))	**147,273**	201,102	**35,104**	44,166
	2,386,734	1,423,458	**887,217**	556,778
Net interest expense (Note 14)	**374,138**	364,612	**126,254**	124,704
Net change in accounts receivable	**(221,653)**	143,925	**(70,728)**	(27,959)
Net change in accounts payable and accrued liabilities	**1,390,400**	98,151	**660,597**	271,779
Net change in deferred tax liabilities	**(60,002)**	-	**(24,180)**	-
Net change in other working capital balances	**(49,706)**	(23,084)	**(3,104)**	21,347
Net cash generated by operating activities	**3,819,911**	2,007,062	**1,576,056**	946,649
Financing activities				
Interest paid (Notes 11 and 14)	**(454,691)**	(380,153)	**(202,491)**	(127,262)
Proceeds on exercise of options (Note 13(iii))	**20,000**	-	**3,000**	-
Payment of lease obligations (Note 12)	**(144,928)**	(181,136)	**(33,971)**	(70,018)
Payment of dividends (Note 13(vii))	**(517,365)**	-	**(258,807)**	-
Proceeds on exercise of warrants (Note 13(iii) and (v))	**-**	355,990	**-**	355,990
Net cash used in financing activities	**(1,096,984)**	(205,299)	**(492,269)**	158,710
Investing activities				
Net change in short-term investments (Note 3)	**(57,255)**	(512,234)	**(700)**	(1,789)
Payment on acquisition of book of business (Note 6)	**-**	(18,250)	**-**	-
Payment on acquisition of entity (Note 7)	**-**	(13,125)	**-**	(13,125)
Interest income (Note 14)	**2,254**	12,993	**700**	1,790
Acquisition of property and equipment (Note 4)	**(127,667)**	(5,526)	**(25,993)**	(1,375)
Net cash used in investing activities	**(182,668)**	(536,142)	**(25,993)**	(14,499)
Net increase in cash and cash equivalents	**2,540,259**	1,265,621	**1,057,794**	1,090,860
Cash and cash equivalents, beginning of period	**1,957,648**	2,348,879	**3,440,113**	2,523,640
Cash and cash equivalents, end of period	**$ 4,497,907**	$ 3,614,500	**$ 4,497,907**	$ 3,614,500

Lorne Park Capital Partners Inc.

Interim Condensed Consolidated Statements of Changes in Equity ($ Canadian)

For the Nine-month Periods Ended September 30, 2021 and 2020 and the Three-month Period Ended December 31, 2020 (Unaudited)

	Number of Common Shares	Share Capital	Reserve for Options and Warrants	Accumulated Deficit	Equity Attributable to Company's Shareholders	Non-Controlling Interest	Total Shareholders' Equity
Balance, December 31, 2019	50,995,001	$ 11,449,902	$ 765,081	$ (6,004,322)	$ 6,210,661	$ 4,531,785	$ 10,742,446
Net income (loss) and comprehensive income (loss)	-	-	-	451,964	451,964	(366,240)	85,724
Exercise of warrants (Note 13(iii) and (v))	711,500	437,630	(81,640)	-	355,990	-	355,990
Share-based compensation (Note 13(iv))	-	-	201,102	-	201,102	-	201,102
Balance, September 30, 2020	51,706,501	$ 11,887,532	$ 884,543	$ (5,552,358)	$ 7,219,717	$ 4,165,545	$ 11,385,262
Net income (loss) and comprehensive income (loss)	-	-	-	186,961	186,961	(162,596)	24,365
Investment in partnership (Note 8)	-	-	-	-	-	4,317,923	4,317,923
Share-based compensation (Note 13(iv))	-	-	44,166	-	44,166	-	44,166
Balance, December 31, 2020	51,706,501	$ 11,887,532	$ 928,709	$ (5,365,397)	$ 7,450,844	$ 8,320,872	$ 15,771,716
Net income (loss) and comprehensive income (loss)	-	-	-	1,266,853	1,266,853	(718,047)	548,806
Exercise of options (Note 13(iii))	62,500	31,844	(11,844)	-	20,000	-	20,000
Common share dividends (Note 13(vii))	-	-	-	(517,365)	(517,365)	-	(517,365)
Share-based compensation (Note 13(iv))	-	-	147,273	-	147,273	-	147,273
Balance, September 30, 2021	**51,769,001**	**$ 11,919,376**	**$ 1,064,138**	**$ (4,615,909)**	**$ 8,367,605**	**$ 7,602,825**	**$ 15,970,430**

1. Nature of Operations

Lorne Park Capital Partners Inc. (the "Company" or "LPCP") is a Tier II issuer on the TSX Venture Exchange ("TSX-V") and its common shares trade under the symbol "LPC-V". The address of the registered office for the Company and its wholly owned subsidiaries, Bellwether Investment Management Inc. ("Bellwether") and Bellwether Estate and Insurance Services Inc. ("Bellwether Estate"), is 1267 Cornwall Road, Oakville, Ontario, Canada.

Bellwether is the Manager and Trustee of the Bellwether Funds (the "Funds") and is registered as a Portfolio Manager ("PM") as well as an Exempt Market Dealer ("EMD") and Investment Fund Manager ("IFM") with the Ontario Securities Commission. Bellwether Estate is registered as an insurance agent corporation with the Financial Services Commission of Ontario.

As at September 30, 2021, 50.3% (December 31, 2020 – 50.3%) of the Company's common shares were held by its Chief Executive Officer and by a member of the Board of Directors.

2. Significant Accounting Policies

(i) Basis of Presentation and Statement of Compliance

The interim condensed consolidated financial statements for the three and nine months ended September 30, 2021 have been prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*, under the International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), and interpretations of the IFRS Interpretations Committee ("IFRIC"), following the same accounting policies and methods of computation as the audited consolidated financial statements for the fiscal year ended December 31, 2020. The interim condensed consolidated financial statements do not include all the disclosures included in the annual audited consolidated financial statements and accordingly should be read in conjunction with the December 31, 2020 annual audited consolidated financial statements and the notes thereto. Certain prior year amounts have been reclassified for consistency with the current period presentation. All intercompany balances, transactions, income and expenses, and losses have been eliminated on consolidation.

The interim condensed consolidated financial statements were authorized for issuance by the Board of Directors of the Company on October 26, 2021.

(ii) Basis of Measurement

The interim condensed consolidated financial statements have been prepared under the historical cost convention except for certain financial assets and liabilities which have been measured at fair value. The Company's functional currency is the Canadian dollar.

2. Significant Accounting Policies (Continued)

(iii) Basis of Consolidation

The interim condensed consolidated financial statements include the accounts of the Company and its subsidiaries on a consolidated basis after elimination of intercompany transactions and balances. Subsidiaries are entities the Company controls when it is exposed, or has rights, to variable returns from its involvement and can affect those returns through its power to direct the relevant activities of the entity.

(iv) Leases

The Company's accounting policy under IFRS 16, Leases, is as follows:

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date. The assets are depreciated to the earlier of the end of the useful life of the right-of-use asset or the lease term using the straight-line method as this most closely reflects the expected pattern of consumption of the future economic benefits.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if the rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate, estimated to be 8%, as the discount rate (December 31, 2020 – 8%).

The Company has elected to apply the practical expedient not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases is recognized as an expense on a straight-line basis over the lease term.

(v) Revenue Recognition

The Company has adopted IFRS 15, Revenue from Contracts with Customers. The standard is based on the principle that revenue is recognized at an expected amount of consideration in exchange for transferring promised goods or services to a customer. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

The Company's revenue consists primarily of investment management fees, which are calculated and charged monthly based on the month end assets under management multiplied by an agreed rate with the customer. Fees are recognized on an accrual basis when the performance obligation has been completed, the fees are no longer susceptible to market factors, and it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Consideration is collected within a short period from the date of revenue recognition.

2. Significant Accounting Policies (Continued)

(v) Revenue Recognition (Continued)

In addition, the Company can earn a performance fee on one of its managed pooled funds, the Bellwether Canadian Performance Fund, equal to 20% of the amount by which the performance of the fund exceeds 12% per annum, calculated and payable at the end of the year. The performance fee is recognized when the amount is no longer susceptible to market factors and it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Consideration is collected within a short period from the date of revenue recognition. During the three and nine months ended September 30, 2021 and 2020, the Company did not recognize a performance fee.

(vi) Use of Judgments, Estimates and Assumptions

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively from the period in which the estimates are revised. The following are the key estimate and assumption uncertainties that are significant for the nine-month and three-month periods ended September 30, 2021 and 2020, and as at September 30, 2021 and December 31, 2020:

i. Valuation of the fair value of the debentures payable (Notes 11 and 18)
ii. Valuation of the warrants and share-based compensation (Notes 11 and 13)
iii. Estimate of the earn out payable (Note 6)
iv. Valuation of the fair value of the customer relationship intangible assets (Notes 6, 7, 8 and 9)
v. Valuation of the fair value of non-controlling interests arising from partnership investments (Note 8)
vi. Judgement with respect to control arising from partnership investments (Note 8)
vii. Valuation of the fair value of deferred cash payments (Note 7)
viii. Goodwill impairment test (Note 10)
ix. Valuation of the fair value of the right-of-use assets and lease obligations (Notes 5 and 12)
x. Impact of COVID (Note 19)

In the preparation of these interim condensed consolidated financial statements management has made judgments, aside from those that involve estimates, in the process of applying the accounting policies. These judgments can influence the amounts recognized in the interim condensed consolidated financial statements.

(vii) Business Combinations

Acquisitions of a business or entity are reported as a business combination and accounted for using the acquisition method. The purchase price for each acquisition is measured as the aggregate of the fair values at the date of exchange of assets given, liabilities incurred or assumed, contingent consideration and equity instruments issued by the Company in exchange for control of the acquiree. Acquisition costs incurred are expensed and included in professional fees. Under the acquisition method, assets, liabilities and contingent liabilities acquired are initially recorded at the fair value as of the acquisition date. The excess of the purchase price over the fair values of identifiable assets, liabilities and contingent liabilities recognized, is recorded as goodwill.

2. Significant Accounting Policies (Continued)

(viii) Property and Equipment

Items of property and equipment are recorded at cost less accumulated depreciation and impairment losses. The Company recognizes, in the carrying amount of an item of equipment, the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Company and the cost of the item can be measured reliably. All other costs are charged to profit or loss as incurred.

Depreciation of equipment is provided on a declining-balance basis over the estimated useful lives at the following annual rates: computer equipment – 30%; furniture and fixtures – 20%. Leasehold improvements are amortized on a straight-line basis over the term of the lease.

(ix) Intangible Assets

The Company includes acquired client relationships as intangible assets, and these assets have been assessed to have finite lives equal to an estimate of the expected retention period of the clients acquired. Accordingly, these intangible assets are amortized over a 10-year period.

3. Short-Term Investments

As at September 30, 2021, short-term investments include $1,443,642 (December 31, 2020 – $1,386,387) in Canadian money market mutual funds and guaranteed investment certificates.

4. Property and Equipment

	Computer Equipment	Furniture and Fixtures	Leasehold Improvements	Total
Cost				
As at December 31, 2019	$ 74,802	$ 84,342	$ 22,300	$ 181,444
Acquisitions during the year	5,526	-	-	5,526
As at December 31, 2020	80,328	84,342	22,300	186,970
Acquisitions during the period	3,660	9,876	114,131	127,667
Disposals during the period	-	-	(22,300)	(22,300)
As at September 30, 2021	**$ 83,988**	**$ 94,218**	**$ 114,131**	**$ 292,337**
Accumulated depreciation				
As at December 31, 2019	$ 52,402	$ 51,326	$ 10,864	$ 114,592
Depreciation during the year	6,674	6,030	7,759	20,463
As at December 31, 2020	59,076	57,356	18,623	135,055
Depreciation during the period	4,725	4,374	9,245	18,344
Disposals during the period	-	-	(22,300)	(22,300)
As at September 30, 2021	**$ 63,801**	**$ 61,730**	**$ 5,568**	**$ 131,099**
Net book value, as at December 31, 2020	$ 21,252	$ 26,986	$ 3,677	$ 51,915
Net book value, as at September 30, 2021	**$ 20,187**	**$ 32,488**	**$ 108,563**	**$ 161,238**

5. Right-of-Use Assets

		Offices
Cost		
As at December 31, 2019	$	645,623
Increases		21,855
Decreases		(53,551)
As at December 31, 2020	$	613,927
Increases		703,824
Decreases		(592,072)
As at September 30, 2021	**$**	**725,679**
Accumulated depreciation		
As at December 31, 2019	$	373,134
Depreciation		211,049
Decreases		(53,551)
As at December 31, 2020	$	530,632
Depreciation		117,628
Decreases		(592,072)
As at September 30, 2021	**$**	**56,188**
Net book value, as at December 31, 2020	$	83,295
Net book value, as at September 30, 2021	**$**	**669,491**

6. Acquisitions of Advisor Books of Business

On September 18, 2015, the Company entered into an agreement with an investment advisor to acquire that advisor's book of business (the "Book") for a total purchase price of $793,701, including recruitment fees and legal costs. The advisor became an employee of the Company and is being compensated based on the revenues of the Book. The Company is committed to an additional earn out payment related to the Book at the time the advisor voluntarily retires or is terminated by the Company.

The estimate of the future undiscounted earn out is $375,000 based on the estimated annualized management fees related to the Book. The earn out was recorded as part of the total purchase price at an initial fair value of $118,216, based on a discounted valuation using an 8% discount rate and an expectation that the advisor would remain an employee for 15 years.

6. Acquisitions of Advisor Books of Business (Continued)

The earn out payable is as follows:

	September 30, 2021	December 31, 2020
Initial fair value of earn out payment at 8.0% discount rate	**$ 118,216**	$ 118,216
Accreted interest	**69,861**	59,347
	$ 188,077	$ 177,563

On December 4, 2019, the Company entered into an agreement with an investment advisor to acquire that advisor's book of business for a total purchase price of $73,000, of which $54,750 was paid in 2019 and $18,250 was paid during the year ended December 31, 2020.

7. Acquisition of Adaptive Asset Management Ltd.

On August 20, 2018, Bellwether completed the acquisition of 100% of the outstanding securities of Adaptive Asset Management Ltd. ("Adaptive"), an independent portfolio manager. Bellwether acquired all the shares of the parent company of Adaptive, following which Adaptive transferred to Bellwether all assets, business, and undertaking associated with its portfolio management business, and Adaptive was dissolved.

The transaction was accounted for as a business combination in accordance with guidance provided in IFRS 3 Business Combinations. The Company completed an analysis of the consideration transferred and the net assets acquired.

Included in the fair value of the consideration transferred as part of the acquisition of Adaptive was $200,000 of common shares of LPCP on the date of closing, resulting in a total number of shares being issued of 500,000. Also included in the Adaptive purchase agreement were two future cash payments of $75,000 each, due on the first and second anniversary dates of the closing, subject to adjustments based on the trailing revenue of Adaptive on the payment dates. The carrying value and fair value of the deferred future payments were estimated to be approximately the same.

During the year ended December 31, 2019, the Company reduced the estimate of the deferred cash payments due to a significant loss of Adaptive revenue. The actual cash paid relating to the first deferred cash payment was $50,559, and the second deferred cash payment was reduced to $12,000, resulting in income of $87,441 on the consolidated statements of income and comprehensive income for the year ended December 31, 2019. The actual cash paid relating to the second deferred cash payment was $13,125, which was higher than the revised estimate, resulting in a charge of $1,125 on the consolidated statements of income and comprehensive income for the year ended December 31, 2020.

8. Investment in Kingston Road Financial LP

On November 30, 2020, Bellwether made a cash contribution of $3,500,000 to Kingston Road Financial LP ("Kingston"), an Ontario limited partnership. On the date of investment, Kingston had approximately $234 million in assets under management, all of which was managed by Bellwether. The general partners of Kingston are two advisors engaged with Bellwether and those advisors' personal corporation. In exchange for this investment, Bellwether was granted admission as a limited partner of Kingston and granted certain strategic rights and privileges, including the right for Bellwether to remain the investment manager over the assets of the partnership and the right of first refusal in the event the partnership receives a third party offer for its assets.

The Company identified the only asset of Kingston as client relationship intangible assets and concluded that Kingston is not a business as defined in IFRS 3 Business Combinations. The Company also concluded that Bellwether has control over Kingston per IFRS 10 Consolidated Financial Statements.

The Company assessed the value of the client relationship intangible assets based on the fair value of the consideration paid and the fair value of the non-controlling interest on the date of the transaction, as follows:

Fair value of the consideration paid	$ 3,500,000
Fair value of the non-controlling interest	4,317,923
	$ 7,817,923

The fair value of the non-controlling interest was assessed as the sum of the present value of the expected cash distribution of profits which will be made to the non-controlling interest. The expected cash distribution of profits was estimated using an annual growth rate of 4%, and an annual retention factor of 95%. The discount rate used to bring the future cash flows to the present value was 18.4%.

9. Intangible Assets

Intangible assets include the following finite life assets:

	September 30, 2021	December 31, 2020
Customer relationships, cost		
As at beginning of the period	**$ 19,998,841**	$ 12,180,918
Additions during the period		
Arising from the investment in Kingston (Note 8)	**-**	7,817,923
As at end of the period	**$ 19,998,841**	$ 19,998,841
Customer relationships, accumulated amortization		
As at beginning of the period	**$ 2,700,484**	$ 1,417,243
Amortization during the period	**1,499,910**	1,283,241
As at end of the period	**$ 4,200,394**	$ 2,700,484
Net book value		
As at end of the period	**$ 15,798,447**	$ 17,298,357

9. Intangible Assets (Continued)

The weighted average remaining life of the intangible assets as at September 30, 2021 is 7.9 years (December 31, 2020 – 8.7 years).

10. Goodwill

As at September 30, 2021, the Company had goodwill of $1,684,761 (December 31, 2020 – $1,684,761) which arose from various acquisitions. Goodwill is attributable to the addition of experienced teams of professionals and expanded national reach resulting from those acquisitions.

Impairment Assessment of Goodwill

The Company identified Bellwether as the group's CGU which is considered the smallest identifiable group of assets that generates cash flows that are largely independent of the cash flows from other assets in the group. The CGU is represented by the investment management services provided to all assets under management and is the sole operating segment of the Company. The Company assesses goodwill for any impairment annually on September 30. No impairment was recognized as at September 30, 2021 and December 31, 2020.

11. Debentures Payable

(i) June 15, 2017 Offering

On June 15, 2017, the Company closed a non-brokered private placement offering of debentures for an aggregate principal amount of $2,055,000 and related costs of $22,324. The debentures are unsecured, mature and become payable on June 15, 2022, and bear interest at a rate of 8% per annum, paid semi-annually. $520,000 of the debentures were subscribed to by related parties of the Company (Note 15).

The debentures are financial instruments and the private placement included the granting of 513,750 investor warrants that are embedded derivatives within the transaction. Thus, the principal amount has been bifurcated from the cost of the related warrants and the debentures are recorded at an acquisition value of $2,029,412 based on a fair-value discount rate of 8.3%.

(ii) August 15, 2019 Offering

On August 15, 2019, the Company closed a non-brokered private placement offering of debentures for an aggregate principal amount of $3,199,000 and related costs of $12,948. The debentures are unsecured, mature and become payable on August 15, 2024, and bear interest at a rate of 8% per annum, paid semi-annually. $286,000 of the debentures were subscribed to by related parties of the Company (Note 15).

The debentures are financial instruments and the private placement included the granting of 799,750 investor warrants that are embedded derivatives within the transaction. Thus, the principal amount has been bifurcated from the cost of the related warrants and the debentures are recorded at an acquisition value of $3,107,292 based on a fair-value discount rate of 8.7%.

11. Debentures Payable (Continued)

(iii) October 4, 2019 Offering

On October 4, 2019, the Company closed a non-brokered private placement offering of debentures for an aggregate principal amount of $1,042,000 and related costs of $5,200. The debentures are unsecured, mature and become payable on October 4, 2024, and bear interest at a rate of 8% per annum, paid semi-annually.

The debentures are financial instruments and the private placement included the granting of 260,500 investor warrants that are embedded derivatives within the transaction. Thus, the principal amount has been bifurcated from the cost of the related warrants and the debentures are recorded at an acquisition value of $1,010,423 based on a fair-value discount rate of 8.8%.

Summary

Debentures payable as at September 30, 2021 and December 31, 2020 are as follows:

	September 30, 2021	December 31, 2020
Debentures payable, as at the beginning of the period	**$ 6,170,493**	$ 6,135,840
Amortization of issue costs	**6,324**	7,996
Attributed interest expense	**21,513**	26,657
	$ 6,198,330	$ 6,170,493
Current portion	**$ 2,055,000**	$ -
Long term portion	**4,143,330**	6,170,493
	$ 6,198,330	$ 6,170,493

12. Contingencies and Contractual Commitments

In the ordinary course of business activities, the Company may be contingently liable for litigation and claims. Management believes that adequate provisions have been recorded in the accounts for claims and contingencies, where required.

The contractual undiscounted cash flows for lease obligations as at September 30, 2021 is as follows:

Due within 1 year	$ 120,768
Due beyond 1 year	762,348
	$ 883,116

Accreted interest expense on lease obligations for the nine months and three months ended September 30, 2021 was $16,422 and $13,867, respectively (2020 – $14,606 and $3,759, respectively). Total cash outflow for leases for the nine months and three months ended September 30, 2021 was $144,928 and $33,971, respectively (2020 – $181,136 and $70,018, respectively).

13. Share Capital

(i) Authorized share capital

The Company is authorized to issue an unlimited number of common shares with no par value.

(ii) Issued share capital

As at September 30, 2021, the Company's issued and outstanding share capital consisted of 51,769,001 (December 31, 2020 – 51,706,501) common shares with a stated value of $11,919,376 (December 31, 2020 – $11,887,532).

(iii) Issuances of share capital

Pursuant to the August 15, 2019 and the October 4, 2019 debenture offerings referred to in Note 12, the following exercise of debenture warrants occurred:

Date of exercise	Number of debenture warrants exercised	Number of common shares issued	Exercise price per share	Total cash proceeds	Amount transferred from reserve for options and warrants	Total increase in share capital
July 10, 2020	750	750	$ 0.50	$ 375	$ 86	$ 461
July 23, 2020	54,500	54,500	0.50	27,250	6,249	33,499
August 7, 2020	510,750	510,750	0.50	255,375	58,568	313,943
August 14, 2020	137,500	137,500	0.50	68,750	15,767	84,517
September 30, 2020	8,000	8,000	0.53	4,240	970	5,210
	711,500	711,500		$ 355,990	$ 81,640	$ 437,630

On March 5, 2021, 5,000 stock options were exercised at an exercise price of $0.40 for total cash proceeds of $2,000. Related to this exercise, $1,197 was transferred from reserve for options and warrants, for a total increase in share capital of $3,197.

On May 6, 2021, 50,000 stock options were exercised at an exercise price of $0.30 for total cash proceeds of $15,000. Related to this exercise, $8,766 was transferred from reserve for options and warrants, for a total increase in share capital of $23,766.

On July 30, 2021, 7,500 stock options were exercised at an exercise price of $0.40 for total cash proceeds of $3,000. Related to this exercise, $1,881 was transferred from reserve for options and warrants, for a total increase in share capital of $4,881.

(iv) Share-based compensation

The Company offers share-based compensation plans to certain key employees and to our non-employee directors. The share-based compensation plans include an Employee Stock Savings Plan ("ESSP") and a Stock Option Plan ("SOP").

13. Share Capital (Continued)

(iv) Share-based compensation (Continued)

Employee Stock Savings Plan (Continued)

The aggregate number of common shares of the Company reserved for issuance from treasury under the ESSP shall not exceed 2,000,000 common shares, provided, however, the number of common shares reserved for issuance from the treasury pursuant to all security-based compensation arrangements shall, in the aggregate, not exceed 20% of the number of common shares issues and outstanding.

Under the ESSP, eligible employees can elect to have a percentage of their earnings withheld, subject to a maximum, to allocate into a registered account (the "Employee Contribution"). The employee can elect all or a portion of the Employee Contribution to be used to acquire common shares of the Company. The Company matches the Employee Contribution, subject to a maximum, which will be used to acquire common shares of the Company (the "Company Contribution").

The ESSP trustee is Bellwether (the "Trustee"). The Trustee, on behalf of the employees, will acquire common shares of the Company from treasury, at a purchase price which is the lesser of:

i. the closing market price of the common shares traded on the TSX Venture Exchange (the "TSX Venture") on the previous business day; and
ii. the greater of:
    a. the trailing 30-day volume weighted average price of the common shares traded on the TSX Venture; and
    b. 85% of the closing market price of the common shares traded on the TSX Venture on the previous business day.

The Company, in its sole discretion, shall determine the timing of the treasury issuance, which will be dependent on various factors, including the aggregate amount of funds available for the purchase of common shares.

The common shares issued to an employee pursuant to the ESSP may be subject to a four-month resale restriction imposed by the TSX Venture. In addition, all common shares purchased with Company Contributions are subject to a hold period of twelve-months following the receipt of such shares in the account of the employee, subject to certain exceptions.

The Company Contributions are recorded in salaries and benefits as paid. The issuance of shares from treasury is recorded in share capital when issued. The ESSP was approved on June 25, 2021 and became effective July 1, 2021. During the nine-month and three-month periods ended September 30, 2021, $36,036 was expensed (2020 - $Nil), and no shares have been issued under the ESSP (2020 – Nil).

Stock Option Plan

The Company's SOP, limits option grants to 10% of the issued and outstanding common shares, as approved by the Company's Board of Directors. The exercise price of any option may not be less than the Company's closing market price on the day prior to the option grant date, less the applicable discount permitted by the TSX Venture.

13. Share Capital (Continued)

(iv) Share-based compensation (Continued)

Stock Option Plan (Continued)

The maximum exercise period after the grant of the option is 10 years. When an employee's service ends, the expiry date of his/her options is accelerated to either 30 days or 90 days thereafter, depending on the terms of the related option agreement.

On April 6, 2021, the Company granted 325,000 stock options with an exercise price of $0.75. Of these options, one-quarter vested on the grant date, and one-quarter vest on each of the next three years on the anniversary of the grant date.

On March 31, 2020, the Company granted 895,000 stock options with an exercise price of $0.60. Of these options, one-quarter vested on the grant date, and one-quarter vest on each of the next three years on the anniversary of the grant date.

A summary of the stock options granted and forfeited as of September 30, 2021 and December 31, 2020, and changes during the periods then ended are as follows:

	September 30, 2021			December 31, 2020		
	Number of options		**Weighted average price**	Number of options		Weighted average price
Options, beginning of period	**3,685,000**	**$**	**0.41**	2,790,000	$	0.35
Options granted	**325,000**		**0.75**	895,000		0.60
Options exercised	**(62,500)**		**0.32**	-		-
Options expired	**(32,500)**		**(0.55)**	-		-
Options outstanding, end of period	**3,915,000**	**$**	**0.44**	3,685,000	$	0.41
Options exercisable, end of period	**3,201,250**	**$**	**0.40**	2,803,750	$	0.37

The following table summarizes information about stock options outstanding at September 30, 2021:

		Options outstanding			**Options exercisable**		
Exercise prices	**Number outstanding at September 30, 2021**	**Weighted average remaining life in years**		**Weighted average exercise prices**	**Number exercisable at September 30, 2021**		**Weighted average exercise prices**
$ 0.30	**1,425,000**	**2.1**	**$**	**0.30**	**1,425,000**	**$**	**0.30**
0.40	**945,000**	**6.8**		**0.40**	**897,500**		**0.40**
0.43	**350,000**	**4.3**		**0.43**	**350,000**		**0.43**
0.60	**870,000**	**8.5**		**0.60**	**447,500**		**0.60**
0.75	**325,000**	**9.5**		**0.75**	**81,250**		**0.75**
	3,915,000	**5.4**	**$**	**0.44**	**3,201,250**	**$**	**0.40**

13. Share Capital (Continued)

(iv) Share-based compensation (Continued)

Stock Option Plan (Continued)

The following table summarizes information about stock options outstanding at December 31, 2020:

	Options outstanding			Options exercisable	
Exercise prices	Number outstanding at December 31, 2020	Weighted average remaining life in years	Weighted average exercise prices	Number exercisable at December 31, 2020	Weighted average exercise prices
$ 0.30	1,475,000	2.8	$ 0.30	1,475,000	$ 0.30
0.40	965,000	7.5	0.40	755,000	0.40
0.43	350,000	5.0	0.43	350,000	0.43
0.60	895,000	9.3	0.60	223,750	0.60
	3,685,000	5.8	$ 0.41	2,803,750	$ 0.37

The fair value of each option granted was estimated using the Black-Scholes option pricing model on the date of grant using the following assumptions:

	September 30, 2021	December 31, 2020
Risk free interest rate	**1.6%**	0.9%
Expected volatility	**51.8%**	54.6%
Dividend yield	**0.0%**	0.0%
Weighted average expected life	**10 years**	10 years
Weighted average value per option at grant date	**$0.46**	$0.38

(v) Debenture warrants

In connection with the issuance of $3,199,000 in debentures on August 15, 2019 as referred to in Note 11(ii), the Company issued the debenture subscribers an aggregate of 799,750 warrants, each of which entitled a debenture holder to purchase one common share of the Corporation at an exercise price of $0.50 per common share. Based on the bifurcation of the debenture proceeds, a value of $91,708 was recorded in reserves for options and warrants. During the year ended December 31, 2020, 703,500 of these warrants were exercised and the remainder expired.

In connection with the issuance of $1,042,000 in debentures on October 4, 2019 as referred to in Note 11(iii), the Company issued the debenture subscribers an aggregate of 260,500 warrants, each of which entitles a debenture holder to purchase one common share of the Corporation at an exercise price of $0.53 per common share. Based on the bifurcation of the debenture proceeds, a value of $31,577 was recorded in reserves for options and warrants. During the year ended December 31, 2020, 8,000 of these warrants were exercised and the remainder expired.

13. Share Capital (Continued)

(vi) Income per share

Income per share calculations use the weighted-average number of common shares outstanding of 51,738,955 for basic and 53,273,840 for diluted for the nine-month period ended September 30, 2021, and 51,766,555 for basic and 53,301,440 for diluted for the three-month period ended September 30, 2021. The determination of the weighted-average number of shares outstanding for the calculation of diluted income per share for the nine-month and three-month periods ended September 30, 2021 includes the potential effect of 3,201,250 exercisable options.

Income per share calculations use the weighted-average number of common shares outstanding of 51,133,194 for basic and 52,250,986 for diluted for the nine-month period ended September 30, 2020, and 51,406,577 for basic and 52,524,369 for diluted for the three-month period ended September 30, 2020. The determination of the weighted-average number of shares outstanding for the calculation of diluted income per share for the nine-month and three-month periods ended September 30, 2020 includes the potential effect of 2,803,750 exercisable options and 252,500 outstanding warrants.

(vii) Dividends

On March 30, 2021, the Company's Board adopted a quarterly cash dividend policy. Such quarterly dividends are only payable as and when declared by the Board and there is no entitlement to any dividends prior thereto.

During the nine-month and three-month periods ended September 30, 2021, the Board declared dividends on its common shares totaling $517,365 and $258,807, respectively (2020 – $Nil). As at September 30, 2021, all dividends declared had been paid and no amount remained in accounts payable and accrued liabilities on the consolidated statement of financial position (December 31, 2020 – $Nil).

14. Financing Costs and Interest Income

Financing costs include the following:

	Nine Months Ended		Three Months Ended	
	September 30, 2021	September 30, 2020	**September 30, 2021**	September 30, 2020
Interest on debentures payable, at 8% (Note 11)	**$ 376,392**	$ 377,605	**$ 126,954**	$ 126,494
Interest income	**(2,254)**	(12,993)	**(700)**	(1,790)
Net interest expense	**374,138**	364,612	**126,254**	124,704
Accreted interest on lease obligations (Note 11)	**16,421**	14,606	**13,866**	3,759
Attributed interest and amortization of issue costs from future payments and debentures payable (Notes 6 and 11)	**38,351**	35,273	**13,146**	12,306
Net expense	**$ 428,910**	$ 414,491	**$ 153,266**	$ 140,769

15. Related Party Transactions

The Company considers its related parties to consist of key members of its Board of Directors and officers, including their close family members, and companies controlled or significantly influenced by such individuals, and reporting shareholders and their affiliates which may exert significant influence over the Company's activities.

Total compensation and other benefits to directors and employees classified as key management, being individuals having authority and responsibility for planning, directing and controlling the activities of the Company, are included as related party transactions.

The following transactions occurred with related parties during the nine-month and three-month periods ended September 30, 2021 and 2020:

	Nine Months Ended		Three Months Ended	
	September 30, 2021	September 30, 2020	**September 30, 2021**	September 30, 2020
Transactions with key management				
Salaries, bonuses and net fees	**$ 1,430,266**	$ 1,297,125	**$ 530,966**	$ 429,625
Debenture interest expense* (Note 9)	**37,560**	37,560	**12,520**	12,520
Share-based compensation (Note 10(iv))	**96,952**	134,587	**24,030**	29,671
	$ 1,564,778	$ 1,469,272	**$ 567,516**	$ 471,816
Other transactions with entities related to directors				
Legal fees	**$ 38,168**	$ 26,130	**$ 4,716**	$ 6,402

The following balances were outstanding with related parties as at September 30, 2021 and December 31, 2020:

	September 30, 2021	December 31, 2020
Amounts payable to key management, due on demand	**$ 549,309**	$ 312,433
Amounts payable to entities related to directors, due on demand	**$ 2,735**	$ 1,718
Debentures payable to key management, bearing interest at 8% per annum, paid semi-annually, and due on the following maturity dates:		
June 15, 2022*	**$ 340,000**	$ 340,000
August 15, 2024*	**286,000**	286,000

* The debenture transactions were made on the same terms, including interest rate, maturity, and security, as provided to third parties.

16. Funds under Management

The Company has interests in the following funds through management fee and performance fee agreements:

Bellwether AdaptiveETF Fund
Bellwether Alternative Income Fund
Bellwether Canadian Stock Fund
Bellwether Canadian Performance Fund
Bellwether Global Real Estate and Infrastructure Fund
Bellwether Fixed Income Fund
Bellwether US Stock Fund

The Company is subject to the terms and conditions of the management fee and performance fee agreements as well as each fund's respective offering memorandum/prospectus. The Company's earnings from its interests in the funds are dependent upon the assets under management ("AUM") in each of the funds, which is primarily impacted by equity and fixed income market performance.

Included in accounts receivable at September 30, 2021 is $326,321 (December 31, 2020 – $333,305) from the funds relating to the management fees and performance fees.

17. Capital Management

Refer to the Company's consolidated financial statements for the year ended December 31, 2020 for an explanation of the Company's capital management policy.

18. Fair Value of Financial Instruments

Refer to the Company's consolidated financial statements for the year ended December 31, 2020 for an explanation of the Company's management policy as it relates to financial instruments.

As at September 30, 2021 and December 31, 2020, except for the debentures payable, the carrying values and fair values of the Company's financial instruments are approximately the same. There have been no transfers between fair value hierarchy levels.

The fair value of the debentures payable, as at September 30, 2021 has been estimated by discounting future payments at a rate of 8.59% (December 31, 2020 – 7.89%) for the June 15, 2017 offering, at a rate of 8.66% (December 31, 2020 – 7.96%) for the August 15, 2019 offering, and at a rate of 8.77% (December 31, 2020 – 8.07%) for the October 4, 2019 offering, such rates determined by adjusting the initial effective rate of the debentures by the change in the Bank of Canada 5-year benchmark rate over the period since the respective debentures were issued.

18. Fair Value of Financial Instruments (Continued)

The fair value of the Company's financial instruments consists of financial assets and liabilities as outlined below:

	September 30, 2021	December 31, 2020
Financial assets		
Fair value through profit or loss		
Short-term investments	**$ 1,443,642**	$ 1,386,387
Amortized cost		
Cash and cash equivalents	**4,497,907**	1,957,648
Accounts receivable	**2,271,402**	2,049,749
	6,769,309	4,007,397
	$ 8,212,951	$ 5,393,784
Financial liabilities		
Amortized cost		
Accounts payable and accrued liabilities	**$ 3,327,790**	$ 2,015,689
Lease obligations	**679,876**	104,558
Earn out payable on intangible assets	**188,077**	177,563
Debentures payable	**6,233,717**	6,323,141
	$ 10,429,460	$ 8,620,951

19. COVID Impact

On March 12, 2020, the World Health Organization declared the novel coronavirus, or COVID-19, a pandemic, and this continues to have an impact on stock markets and the economy around the world. Efforts by governments to control the spread of COVID-19 have disrupted normal economic activity both domestically and globally and uncertainty related to the extent, duration and severity of the pandemic has contributed to significant volatility in the financial markets. To control the spread of COVID-19, many governments at all levels have imposed severe restrictions on business activity and travel. Although certain of these restrictions were eased, and vaccines have begun to be administered, there can be no certainty when these restrictions will be fully lifted or that they will not be expanded.

The Company activated its business continuity plan in early March 2020 to mitigate risks, maintain operational efficiency and service levels, and address the health and safety concerns of its employees, clients, and advisors. With few exceptions, all the business operations are being carried out remotely. The extensive use of remote communication tools and third-party services may lead to heightened cybersecurity and privacy risks. Stress on technology resources, new workplace constraints, personal stress and health concerns may all lead to higher operational risks. As part of the plan, the Company implemented enhanced monitoring of network assets and management oversight of business processes, active employee engagement and client communication, and built redundancy for critical services and infrastructure, however there can be no guarantee that this will be effective to mitigate these risks.

19. COVID Impact (Continued)

The Company continues to review the financial impact of the COVID-19 pandemic and market risk to its capital position and profitability should the duration, spread or intensity of the pandemic further develop. Company revenues are directly related to the market value of our AUM. During the first quarter of 2020, the Company experienced a decline in its AUM of 11.6%, however, this decline was recovered during the remainder of 2020 and the Company ended the year with market appreciation in its AUM of 5.8%. During the nine months ended September 30, 2021, the Company experienced market appreciation in its AUM of 10.6%. It is not possible to forecast with certainty the duration and full scope of the economic impact of COVID-19 both in the short- and long-term and, as a result, it is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.

The Company proactively lowered the overall volatility risk in client portfolios by regularly evaluating exposure to higher volatility investments, and continues to closely monitor the markets and client portfolios and risk tolerances to identify ways to protect capital and to take advantage of any opportunities that this market has provided. However, the Company may face declines in its AUM as a result of client redemptions related to a variety of COVID-19 related factors including general market pessimism, poor fund performance, or clients' needs for immediate cash.

The Company maintains sufficient liquidity to satisfy all of its financial obligations for the foreseeable future. Despite this liquidity, the Company may see an impact to the cost of capital in the future as a result of disrupted credit markets or potential credit rating actions in relation to the Company's debt. Furthermore, a sustained period of significant market volatility could result in a write-down of the Company's goodwill and intangible assets in subsequent periods, and provides a higher level of uncertainty with respect to management's judgments and estimates.

20. Subsequent Events

On October 1, 2021, the Board declared a dividend totaling $0.005 per share on each of its common shares, such dividend to be paid on October 29, 2021 to the shareholders of record on October 15, 2021.