



MCAN FINANCIAL GROUP ANNOUNCES CLOSING OF RIGHTS OFFERING

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Toronto, Ontario – December 23, 2022. MCAN Mortgage Corporation d/b/a MCAN Financial Group ("MCAN", the "Company" or "we") (TSX: "MKP") today announced the successful completion of its previously announced rights offering (the "Rights Offering") to eligible holders of its common shares (the "Common Shares") which expired at 5:00 p.m. (Toronto time) on December 20, 2022 (the "Expiry Date"). The Rights Offering was oversubscribed by 1.75 times.

Upon closing of the Rights Offering, MCAN issued 2,450,407 Common Shares at a price of \$14.00 per Common Share for aggregate gross proceeds of \$34.3 million (1,826,553 Common Shares were issued under the basic subscription privilege and 623,854 Common Shares were issued under the additional subscription privilege). Pursuant to the terms of the Rights Offering, each eligible shareholder was entitled to subscribe for one Common Share for every 13 rights (the "Rights") held by such shareholder.

Following the completion of the Rights Offering, MCAN has 34,305,704 Common Shares issued and outstanding. The Rights were halted from trading on the Toronto Stock Exchange as of 12:00 p.m. (Toronto time) on the Expiry Date.

MCAN intends to use all of the proceeds less offering expenses to fund the Company's mortgage lending and investment business.

"We are very pleased with our capital raise. The proceeds of this Rights Offering increases our asset capacity, which we will use to take advantage of accretive opportunities that we see in our construction and residential mortgage lending business and investment business, in line with our risk appetite." said Karen Weaver, President and Chief Executive Officer. "We appreciate the continued strong support from our existing shareholders, demonstrated by this successful capital raise."

Details of the Rights Offering were set out in a Notice and Circular, which are available under the Company's profile on SEDAR at www.sedar.com.

The Rights and Common Shares issuable upon exercise of the Rights have not been, and will not be, registered under the United States Securities Act of 1933, as amended, and accordingly, the Rights and the Common Shares were not publicly offered for sale in the "United States" or to "U.S. persons" (as such terms are defined in Regulation S under the United States Securities Act of 1933, as amended). This press release does not constitute an offer to sell or the solicitation of an offer to buy the securities in any jurisdiction. There shall be no sale of the securities in any jurisdiction in which an offer to sell, a solicitation of an offer to buy or a sale would be unlawful.

MCAN is a public company listed on the Toronto Stock Exchange under the symbol MKP and is a reporting issuer in all provinces and territories in Canada. MCAN also qualifies as a mortgage investment corporation ("MIC") under the Income Tax Act (Canada) (the "Tax Act").

The Company's primary objective is to generate a reliable stream of income by investing in a diversified portfolio of Canadian mortgages, including residential, residential construction, non-residential construction and commercial loans, as well as other types of securities, loans and real estate investments. MCAN employs leverage by issuing term deposits that are eligible for Canada Deposit Insurance Corporation deposit insurance that are sourced through a network of independent financial agents. We manage our capital and asset balances based on the regulations and limits of both the Tax Act and the Office of the Superintendent of Financial Institutions.

As a MIC, we are entitled to deduct the dividends that we pay to shareholders from our taxable income. Regular dividends are treated as interest income to shareholders for income tax purposes. We are also able to pay capital gains dividends, which would be treated as capital gains to shareholders for income tax purposes. Dividends paid to foreign investors may be subject to withholding taxes. To meet the MIC criteria, 67% of our non-consolidated assets measured on a tax basis are required to be held in cash or cash equivalents and residential mortgages.

Our MCAN Home division operates through MCAN's wholly owned subsidiary, XMC Mortgage Corporation, which has legally changed its name effective April 1, 2022, to MCAN Home Mortgage Corporation.

For further information, please contact:

MCAN Financial Group

Website: www.mcanfinancial.com

e-mail: mcanexecutive@mcanfinancial.com

Karen Weaver
President and Chief Executive Officer
(416) 203-5931

Floriana Cipollone
Senior Vice President and Chief Financial Officer
(416) 591-5204

A Caution About Forward-looking Information and Statements

This news release contains “forward-looking information” within the meaning of applicable securities laws. Forward-looking information can be identified by words such as: “expect”, “intend,” “plan,” “seek,” “believe,” “estimate,” “future,” “likely,” “may,” “should,” “will” and similar forward-looking language. The expected use of the proceeds raised under the Rights Offering, including MCAN’s ability to deploy the proceeds on an accretive basis, constitutes forward-looking information. The forward-looking information contained in this news release is based on a number of assumptions which we believe to be reasonable, including assumptions relating to the investment opportunities that will be available to MCAN in its core mortgage lending and investment business and the expected use of proceeds from the Rights Offering. Forward-looking information entails various risks and uncertainties that could cause actual results to differ materially from those expressed or implied in such forward-looking information. Risks that could cause actual results to differ materially from those expressed or implied in the forward-looking information contained in this press release include, but are not limited to, that the Company may not be able to find a suitable use of the proceeds of the Rights Offering on an accretive basis. In addition, general risks relating to capital markets, economic conditions, regulatory changes, as well as the operations of our business may also cause actual results to differ materially from those expressed or implied in such forward-looking information. Forward-looking information is not a guarantee of future performance, and management’s assumptions upon which such forward-looking information are based may prove to be incorrect. Investors are cautioned not to place undue reliance on any forward-looking information contained herein. The Company disclaims any obligation to update or revise any forward-looking information contained in this news release, whether as a result of new information, future events or otherwise, except to the extent required by law.