



MONTFORT CAPITAL CORP.

MANAGEMENT DISCUSSION AND ANALYSIS

The following discussion and analysis is for the three and nine month period ended September 30, 2023 and 2022. All amounts are in Canadian dollars unless otherwise indicated. This MD&A was approved by the Board of Directors on November 28, 2023.

This Management's Discussion and Analysis (MD&A) provides review of Montfort Capital Corporation's (the "Company") consolidated condensed interim financial results for the three and nine month period ended September 30, 2023 and provides detailed information on the operating activities, performance and financial position of the Company. The "Company", "we", "us" or "our" refer to Montfort Capital Corp. and its consolidated entities. This analysis of the operating results and financial position of the Company should be read in conjunction with the September 30, 2023 consolidated condensed interim Financial Statements and related Notes (the "Financial Statements"), which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). This discussion and analysis may contain forward-looking statements about the Company's future prospects, and the Company provides no assurance that actual results will meet management's expectations. Additional information relating to Montfort Capital Corp. is available on SEDAR+ at www.sedarplus.ca. Montfort Capital Corp. is listed on the TSX Venture Exchange (the "TSX-V") trading under the symbol "MONT". Montfort Capital Corp. preferred shares trade under the ticker symbol MONT.PR.A.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this MD&A constitute "forward-looking information" and "forward-looking statements", collectively "forward looking statements". All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "designed", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements are subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking statements. Based on current available information, the Company believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that those expectations will prove to be correct. The forward-looking statements in this MD&A are expressly qualified by this statement, and readers are advised not to place undue reliance on the forward-looking statements.

FINANCIAL HIGHLIGHTS

For the three and nine month period ended September 30, 2023 and 2022:

Financial Highlights	Three months ended September 30, 2023	Three months ended September 30, 2022	% Change	Nine months ended September 30, 2023	Nine months ended September 30, 2022	% Change
Revenue	\$ 12,967,337	\$ 7,929,159	64%	\$ 39,320,489	\$ 17,408,180	126%
Loans receivable - net of ECL (comparative Dec 31, 2022)				292,182,115	380,689,555	-23%
Net (loss) income	(3,892,151)	514,175	-857%	(6,919,549)	2,768,550	-350%
Net income (loss) attributable to shareholders	(3,912,981)	(337,577)	-1059%	(6,892,703)	389,908	-1868%
Adjusted net income**	(3,062,773)	1,692,979	-281%	(3,833,495)	4,654,850	-182%
Adjusted net income attributable to shareholders**	(3,083,603)	841,227	-467%	(3,806,649)	2,276,208	-267%
Earnings per common share*	(0.05)	0.02	-350%	(0.10)	(0.01)	-868%
Adjusted net income per common share* **	(0.04)	0.00	0%	(0.06)	0.02	0%

*reflects dividends paid

**see Non-GAAP measures section for details of calculations

For the three months ended September 30, 2023, compared to September 30, 2022 the Company had the following highlights:

- Total revenue increased \$5,038,178 or 64% from \$7,929,159 to \$12,967,337, driven by acquisitions and growth in business, offset by a change in basis for accounting of the TIMIA LP's year over year;
- Interest income from investments was up \$3,451,390 or 60% to \$9,184,396 for the three month period compared to \$5,733,006 in the comparative period. This increase is primarily driven by the acquisitions of Brightpath and Langhaus;
- Similarly, income from transaction and other fees increased 63% or \$1,318,118 to \$3,406,659 from \$2,088,541 due to the acquisitions of Brightpath and Langhaus;
- Income from settlement of loans increased \$44,349 or 100% from \$nil to \$44,349.
- Performance fee income increased \$224,321 or 208% from \$107,612 to \$331,933.
- Total expenses increased \$9,556,860 or 133% from \$7,203,864 to \$16,760,724 in line with growth in activity driven by acquisitions and increased interest expense;
- Net income decreased 857% or \$4,406,326 to a loss of \$3,892,151 compared to income of \$514,175 in the comparative period, largely driven by change in accounting for TIMIA LP's and recognition of an impairment loss of \$3,564,441 on intangible assets, as well as other increases in expenses, including interest and financing fee costs.

For the nine months ended September 30, 2023, compared to September 30, 2022 the Company had the following highlights:

- Total revenue increased \$21,912,309 or 126% from \$17,408,180 to \$39,320,489, driven by acquisitions and growth in business, offset by a change in basis for accounting of the TIMIA LP's year over year;
- Interest income from investments was up \$15,529,643 or 119% to \$28,540,200 for the nine month period compared to \$13,010,557 in the comparative period. This increase is primarily driven by the acquisitions of Brightpath and Langhaus;
- Similarly, income from transaction and other fees increased 191.60% or \$6,346,961 to \$9,659,500 from \$3,312,539 due to acquisition of Brightpath and Langhaus;
- Income from settlement of loans decreased \$710,757 or 94% from \$755,106 to \$44,349 due to a decrease in early repayment of loans.
- Performance fee income increased \$746,462 or 226.22% from \$329,978 to \$1,076,440;



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- Total expenses increased 221% or \$31,357,495 from \$14,182,308 to \$45,539,803 in line with growth in activity driven by acquisitions, non-recurring restructuring costs and increased interest expense;
- Net income decreased 350% or \$9,688,099 to a loss of \$6,919,549 compared to income of \$2,768,550 in the comparative period, largely driven by change in accounting for TIMIA LP's and impairment loss of \$3,564,441 as well as increases in expenses, including interest and financing fee costs and foreign exchange unrealized losses, as well as one-time expense items, such as restructuring expense.

BUSINESS OVERVIEW

The Company builds and manages a diversified group of specialized private credit brands with efficient tech-enabled processes and experienced, focused management teams. The Company manages investing strategies for the institutional and accredited investors markets under four divisions: TIMIA Capital (TIMIA), Pivot Financial (Pivot), Brightpath Capital Corporation (Brightpath) and Langhaus Financial Partners Inc. (Langhaus).

- TIMIA utilizes a proprietary loan origination platform to originate, underwrite and service private-market, high-yield loan opportunities in the technology space. TIMIA offers revenue-based investment to fast growing, business-to-business recurring revenue software businesses in North America.
- Pivot specializes in asset-based private credit targeting mid-market borrowers in Canada. Sources of revenue include interest income from loans receivable, as well as income from the settlement of loans and transaction fees from due diligence. In addition, Pivot earns loan servicing fees and performance fee income for loan management services performed.
- Brightpath uses investor loans to administer first and second mortgages secured by residential properties. Brightpath is a registered Mortgage Brokerage and Mortgage Administrator.
- Langhaus provides insurance policy-backed lending solutions to high-net-worth individuals and entrepreneurs in Canada that are ensuring their personal and corporate affairs are optimally structured to allow for planning opportunities that generate more after-tax liquidity.

The Company's business principally involves managing invested capital and earning fee-related revenues from assets under management. The Company builds shareholder value by increasing the assets invested, through limited partnerships, as well as growth in assets managed under service agreements.

The funding and capital for all of the Company's investments comes from institutions and private investors through Limited Partnerships, lender finance arrangements, loans payable, and co-investor syndication. The Company's corporate capital needs are met through the issuance of preferred and common shares.

The Company's results are largely impacted by the two acquisitions closed in 2022, namely Brightpath and Langhaus. In addition, a loss of control is reflected in the statement of financial position for the TIMIA LP's at December 31, 2022, resulting in a decrease mainly in loans receivable and non-controlling interests. In the current period ended September 30, 2023 this loss of control event has also had an impact on gross revenue and expenses, however does not materially impact the net income attributable to shareholders given these net assets were largely owned by non-controlling interests.

Management believes key contributing factors to growth in value to the shareholders of the Company are fee related earnings from our lending activities and assets under management, continued improvement in efficiency at originating deals, acceleration in number of deals originated and maintaining economies of scale. Management intends to continue to shift towards a business model involving growth in revenue and profitability based on both assets owned and managed as well as assets under our administration. One of the primary risk factors for the Company are the potential inability to grow the assets under management and administration, and therefore revenue earned from fees would not be generated. This is dependent on continued sources of debt financing. In addition, the Company is exposed to credit risk, the potential inability of one or more portfolio companies or individuals that are unable to meet their obligations to repay the Company.

INVESTMENT STRATEGY

Corporate Lending

TIMIA targets companies seeking capital primarily in the following three subsectors: Software-as-a-Service (SaaS), software enabled service companies and hardware enabled service companies. The Company is able to efficiently originate transactions, automate aspects of the underwriting process as well as manage the loan portfolio and investors on an ongoing basis.

Pivot addresses the borrowing needs of small to mid-sized enterprises in Canada with bespoke term debt structures, bridge loans, asset-based revolving loan facilities, and accounts receivable factoring facilities. Pivot portfolio companies typically have 1-100 employees and \$1-\$100 million in revenue.

Consumer Lending

Brightpath's Consumer Lending loan portfolio includes a portfolio of over 600 mortgages. Mortgages are secured by residential property, located mainly in Ontario, and typically have a maturity of one year.

Langhaus is primarily involved in providing loans to entrepreneurs that are ensuring their personal and corporate affairs are optimally structured to allow for planning opportunities that generate more after-tax liquidity.

Company Structure and Risk Exposure

The Company continues to evolve as a manager of diverse private credit instruments, some of which are wholly owned and others whereby the Company performs an investment manager role. Our future growth will be a function of increase in both assets under management and assets under administration. Various limited partnerships and corporations allow the company to segregate loan portfolios while also limiting the exposure of Company shareholders. Any debt held within separate structures allows for limited recourse to other Montfort entities, and ultimately reduces risk to the Company's shareholders.

Structure and basis of consolidation

Our capital sourcing strategy has evolved from raising capital directly in the form of debt and equity, to raising non-dilutive capital in the form of limited partnerships and lender finance arrangements. Management expects to continue to use non-dilutive sources of capital to increase per share profitability for shareholders as well as improve our ability to scale with growth.

TIMIA SPIV I Inc. and Montfort USA 1 Corp. have a functional currency of US dollars. On consolidation the results are translated to the Company's presentation currency of Canadian dollars. As a result, exchange differences arising on consolidation from this translation are recorded in other comprehensive income. Historically, the TIMIA LP's have also had a similar impact on comprehensive income, however these entities are no longer consolidated given the loss of control event on December 31, 2022.



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The financial results of the Company as at and for the period ended September 30, 2023 discussed in this MD&A include results of operations of:

- **Montfort Capital Corporation**
- **TIMIA**
 - TIMIA Capital GP Inc
 - TIMIA Capital II GP Inc.
 - TIMIA Capital III GP Inc.
 - TIMIA Capital Holdings Limited Partnership
 - TIMIA SPIV I Inc.
 - TIMIA Capital Inc.
 - Montfort USA 1 Corp.
- **Pivot**
 - Pivot Financial Services Inc.
 - Pivot Financial I Limited Partnership
 - 2862454 Ontario Inc.
 - SQI Diagnostics Systems Ltd
- **Brightpath**
 - Brightpath Capital Corporation*
 - Brightpath Residential Mortgage LP I
 - Brightpath Servicing Corporation
 - 14637208 Canada Inc (Albright Holdings Inc.)*
 - 2754681 Ontario Inc.*
 - 9975756 Canada Inc.*
 - 10260835 Canada Corp.*
- **Langhaus**
 - Langhaus Financial Partners Inc.
 - Langhaus Financial Corporation
 - Langhaus Insurance Finance Limited Partnership
 - Langhaus Insurance Finance GP Corporation
 - Langhaus Insurance Finance Limited Partnership II
 - Langhaus Insurance Finance GP II Corporation
 - Langhaus Insurance Finance Limited Partnership III
 - Langhaus Insurance Finance GP III Corporation
 - Langhaus Speciality Finance Corporation

*Effective April 1, 2023, the Company amalgamated Brightpath Capital Corporation, 10260835 Canada Corp., 14637208 Canada Inc. (Albright Holdings Inc.), 9975756 Canada Inc, and 14637542 Canada Inc. (formerly 2754681 Ontario Inc.), to continue as one corporation under the name "Brightpath Capital Corporation". The authorized but unissued shares and the issued and outstanding shares of each of the Amalgamating Corporations were cancelled or converted into issued, fully paid and non-assessable common shares of Brightpath Capital Corporation.

NON GAAP MEASURES

In addition to the IFRS prepared results and balances presented in the Financial Statements, the Company uses a number of other financial measures to monitor its performance and some of these are presented in this MD&A. These measures may not have standardized meanings or computations as prescribed by IFRS that would ensure consistency and comparability between companies using them and are, therefore, considered to be Non-GAAP measures. The Company primarily derives these measures from amounts presented in its Financial Statements which were prepared in accordance with IFRS. The Company's focus continues to be on IFRS measures and any other information presented herein is purely supplemental to help the reader better understand the key performance indicators used in monitoring its operating performance and financial position. This Management Discussion and Analysis refers to the following Non-GAAP measures:

Adjusted net income and Adjusted net income per common share - adjusted net income presents shareholders' net income before share based payments, business acquisition expenses, restructuring and amortization of intangible assets. Adjusted net income per common share is calculated as adjusted net income attributable to shareholders less dividends paid divided by the weighted average number of common shares outstanding. Management feels this metric is useful to understand the operating income of the Company's lending business before non-cash and expenses that are not directly related to lending activities.

Reconciliation of adjusted net income:	Three months ended September 30, 2023	Three months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
IFRS reported net income	\$ (3,892,151)	\$ 514,175	\$ (6,919,549)	\$ 2,768,550
Add:				
Acquisition costs	17,482	347,478	60,057	582,371
Share-based payments	292,100	179,579	789,977	380,485
Amortization	519,796	651,747	1,586,020	923,444
Restructuring	-	-	650,000	-
Adjusted net income	\$ (3,062,773)	\$ 1,692,979	\$ (3,833,495)	\$ 4,654,850

Reconciliation of adjusted net income attributable to shareholders:	Three months ended September 30, 2023	Three months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
IFRS reported net income attributable to shareholders	\$ (3,912,981)	\$ (337,577)	\$ (6,892,703)	\$ 389,908
Add:				
Acquisition costs	17,482	347,478	60,057	582,371
Share-based payments	292,100	179,579	789,977	380,485
Amortization	519,796	651,747	1,586,020	923,444
Restructuring	-	-	650,000	-
Adjusted net income attributable to shareholders	\$ (3,083,603)	\$ 841,227	\$ (3,806,649)	\$ 2,276,208
Adjusted net income per common share	\$ (0.04)	\$ 0.00	\$ (0.06)	\$ 0.02

REVENUE

Total consolidated revenue for the three and nine months ended September 30, 2023 was \$12,967,337 and \$39,320,489 compared to \$7,929,159 and \$17,408,180 for the three and nine months ended in the comparative period, a 63.54% and 125.87% increase respectively.

Interest income in the three and nine months ended September 30, 2023 was \$9,184,396 and \$28,540,200, compared to \$5,733,006 and \$13,010,557 in the three and nine months ended September 30, 2022, a 60% and 119% increase respectively. This increase is largely driven by the acquisitions of Brightpath and Langhaus and significantly increasing the loan portfolio.

The Company's revenue is primarily interest income generated from the loan portfolio. As the Company loan portfolio grows, interest revenue increases. Interest revenue also includes changes in amortized cost of loan values included in the portfolio.

Specific investee financings are contracted for various expected durations typically between 3 months and 10 years. Payments are received monthly and each investment's value is assessed for impairment at each reporting date based on the performance of the investee's gross revenue and other financial performance measures.

Income from transaction and other fees was \$3,406,659 and \$9,659,500 in the three and nine months ended September 30, 2023 compared to \$2,088,541 and \$3,312,539 in the three and nine months ended September 30, 2022. The growth in portfolio activity with the acquisitions of Brightpath and Langhaus as well as new revenue streams acquired in both transactions, have contributed to this growth. Pivot has a customer relationship earning revenue for sub-advisor and portfolio servicing fees. These fees are earned and recognized on a monthly basis.

Other sources of revenue include income from the settlement of loans. The current period had \$44,349 of income from early settlement of loans, whereas the comparative period included income from 3 early loan settlements. While income from early repayment of loans is not the primary focus of the Company's revenue growth forecast, the Company does expect some loans to be repaid prior to maturity either due to change in business needs of the company invested in or as a result of change in ownership through acquisition.

The Company operates through three reportable segments: Corporate Lending, Consumer Lending and Montfort Operations:

- Corporate Lending is composed of TIMIA Capital which operates primarily in the technology sector and Pivot Financial offering factoring facilities, both providing term loans for small to medium-sized enterprises. Investments are held in Limited Partnership's that are separate legal entities by the LP's. Limited partnerships consist of LP I, LP II, Preferred Return LP III (TIMIA LP's), TIMIA Holdings Limited partnership (wholly owned) and Pivot LP (wholly owned). Due to the loss of control adjustment, the TIMIA LP's are not consolidated in the statement of financial position balances at September 30, 2023 and December 31, 2022.
- Consumer Lending is composed of Brightpath who is a provider of first and second mortgages to individuals with contract terms on average of one year and Langhaus who is a provider of insurance policy-backed lending solutions.

Total Revenues by segment for the nine month periods ended September 30, 2023 and 2022:

Three months ended September 30, 2023	Corporate Lending	Consumer Lending	Montfort Operations	Total
Interest income	\$ 5,116,823	\$ 23,423,377	\$ -	\$ 28,540,200
Income from transaction and other fees	2,099,059	7,553,441	7,000	9,659,500
Income from settlement of loans	44,349	-	-	44,349
Performance fee income	1,076,440	-	-	1,076,440
Total Revenue	\$ 8,336,671	\$ 30,976,818	\$ 7,000	\$ 39,320,489

Three months ended September 30, 2022	Corporate Lending	Consumer Lending	Montfort Operations	Total
Interest income	\$ 10,710,959	\$ 2,299,598	\$ -	\$ 13,010,557
Income from transaction and other fees	1,661,142	1,651,397	-	3,312,539
Income from settlement of loans	755,106	-	-	755,106
Performance fee income	329,978	-	-	329,978
Total Revenue	\$ 13,457,185	\$ 3,950,995	\$ -	\$ 17,408,180

EXPENSES

During the nine month period ended September 30, 2023, the Company's operating expenses increased in relation to revenue growth and were driven by acquisition activity.

	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Operational expense, not including interest expense and expected credit loss	\$ 17,057,186	\$ 7,124,797
Interest expenses and expected credit loss	28,482,617	7,057,511
Total Expenses	\$ 45,539,803	\$ 14,182,308

Overall expenses have increased period over period due to the acquisitions of Brightpath in Q3 2022 and Langhaus in Q4 2022. Operational expenses for the nine month period ended September 30, 2023 and 2022:

- Administrative, management and directors' fees increased \$3,206,720 or 104% to \$6,284,270 from \$3,077,550. This increase is mainly driven by acquisition-related headcount, bonus payments and bringing salary costs in line with industry.
- Office, travel, systems, and miscellaneous expenses increased \$605,810 or 97% from \$625,936 to \$1,231,746. Increased expense levels in the current period relating to relative increase in business activity with growth of the Company through acquisitions.
- Marketing services and promotion expenses remained relatively consistent with a decrease of \$62,888 or 11% from \$565,416 to \$502,528.
- Accounting and legal expenses increased \$865,938 or 73% from \$1,181,534 to \$2,047,472. Current year increase is driven by growth in size of the business and increase in professional services over prior year.
- Investor relations, communications and regulatory increased \$30,300 or 8% from \$370,432 to \$400,732.
- The Company incurred restructuring costs related to severance due to relocation of its head office. All amounts expensed in the period were paid.

Interest and expected credit loss (ECL) expense

- Total interest expense was \$27,197,431 compared to \$7,111,6091, an increase of \$20,085,822. The increase is mainly driven by additional loans payable acquired as part of the acquisitions, which significantly increased the loan portfolio. Interest expense related to Corporate Lending and Consumer Lending is \$3,996,770 and \$22,420,734, respectively.
- ECL expense was \$1,285,186 compared to a recovery of \$54,098 in the comparative period. ECL is assessed at each period end and is expected to increase relative to the loan portfolio size. The increase in the current period was driven by investments change in stages due to increase in credit risk assessed at period end.
- An impairment loss was recognized on intangible assets assumed as a result of foreclosing on a loan within the Corporate Lending segment. The impairment loss expense was driven by changes in expected future recovery of these assets, either through operation of the underlying company or sale of the intangible assets. Management is still actively pursuing recovery of value from the underlying assets, however at this time the outcome is uncertain, therefore an impairment loss has been recorded.

Operational expenses by segment for the nine month period ended September 30, 2023 and 2022:

Three months ended September 30, 2023	Corporate Lending	Consumer Lending	Montfort Operations	Total
Administrative, management and directors fees	\$ 1,907,901	\$ 2,539,363	\$ 1,837,006	6,284,270
Office, travel, systems, and miscellaneous	381,762	442,785	407,199	1,231,746
Marketing services and promotion	469,239	32,224	1,064	502,528
Accounting and legal	559,265	765,027	723,180	2,047,472
Investor relations, communications and regulatory fees	114,973	314	285,445	400,732
Impairment loss	3,564,441	-	-	3,564,441
Interest and financing fees	3,996,770	22,420,734	779,927	27,197,431
Expected credit loss	993,378	291,809	-	1,285,186
Restructuring	-	-	650,000	650,000

Three months ended September 30, 2022	Corporate Lending	Consumer Lending	Montfort Operations	Total
Administrative, management and directors fees	\$ 2,048,869	\$ 159,657	\$ 869,024	3,077,550
Office, travel, systems, and miscellaneous	202,638	31,674	391,624	625,936
Marketing services and promotion	557,692	3,543	4,181	565,416
Accounting and legal	245,612	(33)	935,955	1,181,534
Investor relations, communications and regulatory fees	90,005	-	280,427	370,432
Interest and financing fees	5,836,519	1,245,384	29,706	7,111,609
Expected credit loss	(146,518)	92,420	-	(54,098)

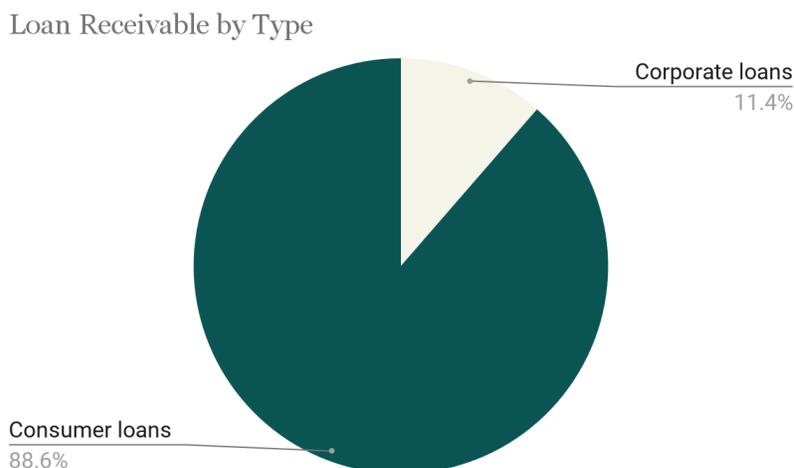
The overall increase in expenses period over period is due to the acquisition of Brightpath in Q3 2022 and Langhaus in Q4 2022 in addition to the other factors mentioned above.

ATTRIBUTION OF NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)

The income statement shows an attribution of income (loss) between shareholders of the Company and the non-controlling interest. Note that as of December 31, 2022 the Company no longer consolidated TIMIA LP entities into the statement of financial position as a result of a loss of control event which will have a significant impact on income allocated to non-controlling interests on a go forward basis.

REVIEW OF FINANCIAL POSITION

Total assets decreased \$81,100,071 or 18% to \$374,369,291 at September 30, 2023 compared to \$455,469,362 at December 31, 2022 (Revised). The main driver for the decrease was the maturity of a purchased loan portfolio returned to the lenders in accordance with the agreement. Upon maturity total loans receivable of \$74,533,460 were derecognized and loans payable of \$58,013,430 and other liabilities of 16,534,017 were extinguished. Gross loans receivable before ECL are broken down as follows at September 30, 2023:



The following chart illustrates movement in the loan receivable balance post ECL from December 31, 2022 to September 30, 2023:

Loans Receivable		Three months ended September 30, 2023
Opening balance	\$	381,745,841
Advances on loans receivable		264,720,136
Interest revenue		28,955,810
Interest and principal payments		(69,956,024)
Net change in deferred lender fees		567,300
Transfer of LSFC loans receivable		(74,533,460)
Settlement of loans		(239,417,760)
Foreign exchange		1,624,146
Expected credit loss		(1,523,874)
Closing balance	\$	292,182,115

Loan Type		Carrying Value
Interest only loans	\$	8,860,737
Amortized Loans		14,582,014
Term Loans		7,195,017
Factored facilities		2,673,285
Mortgages		159,249,254
Insurance-backed loans		99,621,808
Total	\$	292,182,115

SUMMARY OF QUARTERLY RESULTS

	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021 (4M)
Revenue	\$ 12,967,337	\$ 13,299,755	\$ 13,053,397	\$ 13,858,173	\$ 7,929,159	\$ 5,251,087	\$ 4,227,934	\$ 5,095,456
Net income	(3,892,151)	(1,136,658)	(1,890,740)	1,163,140	514,175	1,406,053	848,322	1,410,056
Net income and Comprehensive income (loss)	(3,890,681)	(1,138,463)	(1,890,740)	789,425	2,579,941	2,354,005	435,164	1,545,938
Net income (loss) attributable to shareholders of the Company	(3,912,981)	(1,113,243)	(1,866,479)	201,169	(337,577)	633,994	93,491	60,906
Adjusted Net Income (loss)* attributable to shareholders	(3,083,603)	(260,903)	(462,143)	802,167	841,227	1,109,151	325,830	343,141
Net income (loss) attributable to non-controlling interests	20,830	(23,415)	(24,261)	961,971	851,752	772,059	754,831	1,347,041
Basic and diluted loss per share	(0.05)	(0.02)	(0.03)	(0.00)	(0.02)	0.02	(0.01)	0.00
Adjusted Net Income (Loss) per share*	(0.04)	(0.01)	(0.01)	0.00	-	0.02	-	0.01
Total assets**	374,369,291	463,273,893	458,362,406	455,469,362	302,028,104	138,348,366	125,856,017	125,079,969
Total liabilities	329,974,636	414,374,944	408,127,848	402,604,542	257,059,272	122,328,099	110,508,655	111,952,707
Weighted average number of shares (in thousands)	92,193	91,859	91,650	107,161	75,502	59,874	47,910	52,250

*see Non-GAAP measures section

**Revised Total assets for Q2 2023, Q1 2023 and Q4 2022. Please refer to Note 3 of the September 30, 2023 Financial Statements for further information

LIQUIDITY AND SOLVENCY

The Company defines working capital as total current assets less total current liabilities. As at September 30, 2023, the Company's cash balance was \$6,735,202 (\$7,008,311 - December 31, 2022) and the Company had negative working capital of \$16,023,220 (positive \$73,924,439 - December 31, 2022). The negative working capital is mainly driven by one loan payable that moved from long-term to current as it is due less than one year from September 30, 2023. The secured loans payable is a revolving credit facility from a senior lender and has a combined authorized limit of \$60,000,000. The agreement covering this loan payable has expired in the period, however the lender has agreed to an extension of the existing agreement, under the same terms and conditions, until January 2024 or until another agreement is reached. The Company continues to monitor the matching between loans receivable and loans payable to ensure all obligations are met. The Company generates cash from interest earned on loans receivable as well as fees for assets managed and administered. The Company has sufficient working capital to meet its obligations and objectives.

Loans payable consists of both unsecured and secured loans, investor loans, demand loans, bank loans and promissory notes. Of the total loans payable of \$318,795,019, the majority \$227,094,971 is subject to variable rates ranging from prime -0.50% to prime +5.5%, while the remaining \$91,700,048 is subject to fixed rates ranging from 5.00% to 12.50%. Debt subject to variable rate interest rates is typically invested in variable rate loans receivable, ensuring the company matching of interest rate risk and maintains interest rate spread. The Company remains in compliance with all applicable debt covenants on its loans payable.

As at September 30, 2023, the majority of the loans payable are held by entities within the consolidated group and are subject to restrictions on use of funds within the structure the loan was initially set-up with. The debt held in these structures has limited recourse to the assets and shareholders of the Company and risk of loss is confined to the operations specific to that structure. The Company has access to capital available to each operating division, which may only be used to support the financing requirements of specific Limited Partnerships established.

The table below summarizes the amount of debt in consolidated entities that have recourse to the common shareholders as of September 30, 2023:

	Recourse		Non recourse		Total
Corporate	\$	76,700,600	\$	34,540,911	111,241,511
Consumer		-		207,553,508	207,553,508
Total	\$	76,700,600	\$	242,094,419	318,795,019

In addition, the Company continues to review the availability of resources and take precautionary measures to further bolster the liquidity and manage cash requirements. The Company continues to seek alternative sources of financing that may enhance existing facilities or support the Company's growth.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

Related party transactions are all in the normal course of business with individuals (as well as their family members or entities they control) who are related to the Company either as key management personnel or a member of the board of directors. Any such transactions are in the normal course of operations and are measured at market based on exchange amounts.

The Financial Statements include related party note disclosure detailing the nature of transactions, the following chart is a summary:

	2023	2022	Relationship
Interest expense paid	\$ 335,358	\$ 4,438	Directors, officers and corporations controlled by/family members of directors/officers
Debentures and loans payable	4,899,380	-	Directors, officers and corporations controlled by/family members of directors/officers
Accounts payable	117,478	141,723	Director/Officers
Rent expense paid	44,811	29,055	Corporation controlled by family member of management
Interest revenue recognized	427,788	3,409,723	Director/Officers
Loans receivable	-	-	Director/Officers
Guarantee fees	31,960	-	Director/Officers

OUTLOOK

The Company has had significant growth in loans disbursed, both organically and through acquisition over the last year. To support growth, the Company anticipates using a variety of financing instruments including but not limited to the issuance of preferred shares, the arrangement of additional credit facilities and the utilization of limited partnerships and other special purpose vehicles.

The Company develops, raises and manages funds focused on private credit strategies that generate attractive risk-adjusted returns with loan structures that limit credit losses, healthy financial outlooks and proven records of growth. The Company invests heavily in its origination platform to source and evaluate potential investees to add to the portfolio. This scalable technology-forward approach allows for growth in the portfolio in a cost efficient manner, an approach management believes is unmatched by its current competitors.

SUBSEQUENT EVENTS

On November 22, 2023, the Company's board of directors declared a quarterly cash dividend of \$0.02 per Series A Preferred Shares and \$0.6219 per Series 1 Class C, payable on December 29, 2023, to Series A preferred shareholders of record as of December 19, 2023.

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 periods ended September 30, 2023 and December 31, 2022:

	Classification	September 30, 2023	December 31, 2022
Cash	FVTPL	\$ 6,735,202	\$ 7,008,311
Accounts receivable	Amortized Cost	12,218,339	6,091,216
Carried interest receivable	Amortized Cost	2,332,002	2,088,735
Loans receivable	Amortized Cost	292,182,115	380,689,555
Investments	FVTPL	1,247,903	1,255,046
Accounts payable	Amortized Cost	4,992,371	3,557,016
Debentures & co-investment obligations	Amortized Cost	-	2,463
Loans payable (Note 10)	Amortized Cost	258,795,019	313,584,615
Loans payable (Note 10)	FVTPL	60,000,000	60,000,000
Other liability	Amortized Cost	1,350,000	19,063,113
Other liability	FVTPL	1,529,646	2,281,584

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, co-investment obligations and debentures are carried at amortized cost. Loans payable and other liability are split between amortized cost and FVTPL.

The fair value measurements use a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); and
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The level in the fair value hierarchy within which the fair value measurement is categorized in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

The following table presents the Company's financial instruments, measured at fair value on the consolidated statements of financial position and categorized into levels of the fair value hierarchy:

	Balance at September 30, 2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash	\$ 6,735,202	\$ 6,735,202	\$ -	\$ -
Investments	1,247,903	-	-	1,247,903
Loans payable	60,000,000	-	-	60,000,000
Other liability	1,529,646	-	-	1,529,646

There were no transfers during the period (Loans payable were transferred from Level 1 to Level 3 during the period - December 31, 2022).

Investments classified as Level 3 relate to shares held in private companies. Fair value of equity interests held is determined using a market approach. Management reviews financial results of underlying companies and uses recent equity transactions to value the investment. No change in methodology or fair value noted during the period.

Loans payable classified as Level 3 relate to variable interest debt from a third party. During the period ended September 30, 2023 no gains or losses were recognized in the statement of net income (loss) for changes in fair value related to the loans payable. Factors considered in determining the fair value of loans payable include changes to own credit risk as well as variable interest rate associated with this debt which did not have a significant impact on the fair value at September 30, 2023.

The investment operations of the Company's business involve the purchase and sale of securities, and accordingly, a portion of the Company's assets are currently composed of financial instruments. The use of financial instruments can expose the Company to several risks, a discussion of which is provided below.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company maintains sufficient cash balances to meet current working capital requirements. The Company is dependent on obtaining regular financings in order to continue as a going concern. Despite previous success in acquiring these financings, there is no guarantee of obtaining future financings. The Company's cash consists of cash deposited in business accounts held by high credit quality financial institutions.

	Carrying amount	Contractual cash flows	Within 1 year	Within 2 years	Within 5 years
Accounts payable	\$ 4,992,371	\$ 4,992,371	\$ 4,992,371	\$ -	\$ -
Loans payable	318,795,019	318,795,019	301,642,542	17,152,477	-
Debentures & Co-investment obligations	-	-	-	-	-
Lease liability	875,705	1,138,399	314,716	232,019	591,664
Other liability	2,879,646	2,879,646	2,879,646	-	-
Total	\$ 327,542,741	\$ 327,805,435	\$ 309,829,275	\$ 17,384,496	\$ 591,664

Foreign exchange risk

The Company's foreign exchange risk is due to the Company's loan investments totaling US\$14,507,547 which are currently valued at \$19,588,090.

The Company also consolidates one wholly owned subsidiary which operates with a functional currency of US dollars. Changes in US and Canadian dollar exchange rates will give rise to foreign currency translation adjustments that may have an impact on the other comprehensive income recognized by the Company.

The Company also holds loans receivable and loans payable denominated in US dollars. 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 \$295,991.

Interest rate risk

The Company's exposure to interest rate risk arises from the interest rate impact on its cash, loans receivable as it relates to mortgages, and loans payable. The Company's practice has been to invest cash at floating rates of interest in order to maintain liquidity, while achieving a satisfactory return for shareholders. A 10% change in the interest rate would have resulted in an increase in interest expense of \$1,618,995.

As of September 30, 2023, loans receivable related to the Langhaus portfolio are entirely at variable interest rates, therefore minimizing the impact of changing interest rates on income. Loans receivable related to the TIMIA and Pivot portfolios are at fixed interest rates. While the majority of related interest expense is also fixed to ensure sufficient coverage, there is a portion that is variable and therefore exposed to changing interest rates. This risk is continuously managed and monitored by the Company.

As of September 30, 2023, 9.9% of mortgage loans receivable bear interest at fixed rates and 90.1% of mortgages receivable bear interest at variable rates. The interest rate risk associated with variable rate mortgages receivable is mitigated by a minimum interest rate being the greater of the stated variable rate and fixed rate determined at mortgage origination for each respective variable rate mortgage loan receivable. Changing interest rates may result in changes in interest income and expense for the Brightpath variable rate mortgages. The extent of the future impact on the market rates of interest and the corresponding effect on the fair value of the Company's mortgage receivable could be significant.

Market risk

Market risk is the risk that the fair value of, or future cash flows from the Company's financial instruments will significantly fluctuate due to changes in market prices. The value of financial instruments can be affected by changes in interest rates, foreign exchange rates, and equity prices. The Company is exposed to market risk in trading its investments and unfavourable market conditions could result in dispositions of investments at less than favourable prices. Additionally, the Company adjusts its investments to fair value at the end of each reporting period. This process could result in significant write-downs of the Company's investments over one or more reporting periods, particularly during periods of overall market instability, which could have a significant unfavourable effect on the Company's financial position.

The Company manages market risk by having a portfolio of investments not singularly exposed to any one issuer. The Company also manages its market risk by reviewing individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash and loan receivables. The Company limits exposure to credit risk by maintaining its cash with financial institutions. Deposits held with these institutions may exceed the amount of insurance provided on such deposits. The Company's maximum exposure to credit risk at the reporting date is the carrying value of cash, 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.

Calculating the ECL allowance involves a number of interrelated inputs and assumptions including probability of default, indications of SICR and collateral value. Key judgments relate to the estimated value of collateral, in the current macroeconomic environment.

The following diagram summarizes the impairment requirements under IFRS 9:



The Company assigns each 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 lifetime ECL. The lifetime ECL is the maximum loss in default adjusted for the probability of loss. At each reporting period, the ECL is calculated for each loan receivable. The Company periodically reviews the ECL model to determine if industry trends or macro-economic factors have changed, causing a need to adjust the ECL model. The expected credit loss (recovery) recorded in the consolidated statement of net income (loss) is \$1,285,186 as at September 30, 2023 (Recovery of \$54,098 - September 30, 2022).

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 loan 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 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 loan receivable and recalculates the ECL every reporting period. Changes to the ECL are recognized on the consolidated statement of income (loss) in the period of the change.

Credit risk exposure

The Company's credit risk exposure by ECL staging is included in a table in Note 5 of the financial statements.

MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to: a) identify and to invest in investments with strong cash-flow and long-term growth potential; b) to maintain financial strength, to protect its ability to meet its ongoing liabilities and to continue as a going concern and maintain creditworthiness; c) maximize returns for shareholders over the long-term. If the Company does not receive sufficient cash flows from its activities, it may have to undertake a private placement to cover its cash outflows.

The Company is subject to certain restrictions on its assets as described in the financial statements Note 10. The Company's share capital is not subject to external restrictions. The capital of the Company comprises shareholders' equity, loans payable, debentures and co-investment obligations.

The Company manages and adjusts the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or dispose of assets.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting. Any system of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

In compliance with the requirements of National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings, the Certifying Officers have reviewed and certified the Financial Statements for the period ended September 30, 2023 and 2022, together with other financial information included in the Company's interim securities filings.



OUTSTANDING SHARE DATA

As of September 30, 2023, the Company had 92,570,956 common shares outstanding, 28,485,994 Series A preferred shares outstanding, 498,800 Series 1 preferred shares 7,990,001 stock options, 2,200,000 restricted stock units, 5,650,000 performance share units and 2,511,681 share purchase warrants outstanding. As of the date of this MD&A, the Company had 92,570,956 common shares outstanding, 28,485,994 Series A preferred shares and 498,800 Series C preferred shares outstanding, 7,990,001 stock options, 2,660,000 restricted stock units, 5,650,000 performance share units and 2,511,681 share purchase warrants outstanding.

ON BEHALF OF THE BOARD:

“Andrew Abouchar”

Chief Executive Officer

MONFORT CAPITAL CORP.