



MONTFORT CAPITAL CORP.

MANAGEMENT DISCUSSION AND ANALYSIS

The following discussion and analysis is for the year ended December 31, 2022 compared with the thirteen months ended December 31, 2021. All amounts are in Canadian dollars unless otherwise indicated. This MD&A was approved by the Board of Directors on May 1, 2023.

This Management's Discussion and Analysis (MD&A) provides review of Montfort Capital Corporation's (the "Company") consolidated financial results for the year ended December 31, 2022 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 December 31, 2022 consolidated 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.sedar.com. 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 twelve month period ended December 31, 2022 and for the thirteen month period ended December 31, 2021. *see *Non-GAAP measures section for details of calculations.*

Financial Highlights	December 31, 2022	December 31, 2021	% Change
Revenue	31,266,353	9,727,652	221%
Loans receivable - net of ECL	380,689,555	106,117,801	259%
Net income	3,931,690	2,441,701	61%
Net income (loss) attributable to shareholders	591,077	(759,870)	178%
Adjusted net income	6,418,988	2,962,099	117%
Adjusted net income attributable to shareholders	3,078,375	(239,472)	1385%
Earnings per common share*	(0.0135)	(0.0300)	55%
Adjusted net income per common share*	0.0212	(0.0169)	226%

**reflects dividends paid*



MONTFORT CAPITAL CORP. – MD&A

For the three months ended December 31, 2022, compared to the four months ended December 31, 2021 the Company had the following highlights:

- Total revenue increased \$8,646,689 or 166% from \$5,211,484 to \$13,858,173, driven by acquisitions and growth in business;
- Interest income from investments was up \$6,429,807 or 160% to \$10,457,906 for the three month period compared to \$4,028,099 for the four month period last year. This increase is primarily driven by the acquisitions of Pivot, Brightpath and Langhaus;
- Similarly, income from transaction and other fees increased 504% or \$2,739,368 to \$3,282,506 from \$543,138 due to acquisition of Pivot, Brightpath and Langhaus;
- Performance fee income earned by Pivot increased \$1,733 or 1% from \$116,028 to \$117,761;
- Total expenses increased \$9,014,313 from \$3,661,188 to \$12,675,501 in line with growth in activity driven by acquisitions;
- Net income decreased 18% or \$249,807 to \$1,158,140 compared to \$1,407,947 in the prior four month period;
- Langhaus acquisition closed October 3, 2022.

For the twelve months ended December 31, 2022, compared to the thirteen months ended December 31, 2021 the Company had the following highlights:

- Total revenue increased \$21,538,701 or 221% from \$9,727,652 to \$31,266,353 driven by acquisitions and growth in business;
- Interest income from investments was up \$15,841,634 or 208% to \$23,468,463 for the twelve month period compared to \$7,626,829 for the thirteen month period last year. This increase is primarily driven by the acquisitions of Pivot (September 2021), Brightpath (August 2022) and Langhaus (October 2022);
- Similarly, Income from transaction and other fees increased 597% or \$5,648,167 to \$6,595,045 from \$946,878 due to acquisition of Pivot, Brightpath and Langhaus;
- Income from settlements of loans decreased \$282,811 or 27% from \$1,037,917 to \$755,106 as a result of less portfolio exits in the current period compared to exit activities in the comparative period;
- Total expenses increased \$20,201,144 from \$6,651,665 to \$26,852,809 consistent with growth in activity driven by acquisitions;
- Net income increased 61% or \$1,489,989 to \$3,931,690 compared to \$2,441,701 in the prior thirteen month period.

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 has had a transformative year in 2022. The financial statements for the year ended December 31, 2022 include the closing of two acquisitions, resulting in significant year over year growth in total assets and net income. 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. 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. 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 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.

SUMMARY OF THE IMPACT OF RECENT MARKET CHANGES

Interest Rates

The increase in interest rates over recent quarters has led to a sizable correction in stock markets and a general tightening of credit availability. Interest rate fluctuations can impact Montfort in several ways:

- Improved new loan credit quality and pricing

Tightening venture capital and private equity markets have caused companies in the Montfort market space to seek alternative sources of capital. Both of the Montfort investment strategies have seen an increase in the number and credit quality of potential borrowers given tightening in credit availability. Our underwriting policy focuses on well priced facilities to very attractive credits.



- Continued strong performance of the existing portfolio

The Company continues to monitor the performance metrics of their portfolio investments and actively assist investees to manage their capital and cash needs. The Company has not seen factors that would indicate the need for substantial revisions in the expected credit loss provision during this period.

- Maintained availability of capital to Montfort

Montfort sources its capital from alternative credit providers, institutional investors, and individuals, depending on the particular strategy. We have had conversations with our credit providers and institutional sources and generally all remain very supportive of Montfort. Additionally, we continue to add capital from new and existing individual investors.

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 Capital II Limited Partnership and TIMIA Capital III Preferred Return Fund Limited Partnership 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. Due to a loss of control event on December 31, 2022, the statement of financial position no longer consolidates the following: TIMIA Capital I Limited Partnership, TIMIA Capital II Limited Partnership, TIMIA Capital III Preferred Return Fund Limited Partnership and TIMIA Capital III Preferred Return Fund.

The financial results of the Company as at and for the year ended December 31, 2022 discussed in this MD&A include results of operations of:

- **Montfort Capital Corporation**
- **TIMIA**
 - TIMIA Capital I Limited Partnership
 - TIMIA Capital II Limited Partnership
 - TIMIA Capital III Preferred Return Fund Limited Partnership
 - TIMIA Capital III Preferred Return Fund
 - TIMIA Capital GP Inc
 - TIMIA Capital II GP Inc.
 - TIMIA Capital III GP Inc.
 - TIMIA Capital Holdings Limited Partnership
- **Pivot**
 - Pivot Financial Services Inc.
 - Pivot Financial I Limited Partnership
 - 2862454 Ontario Inc.

- **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 Partners Inc.
 - 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

*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 stock-based compensation, business acquisition expenses and amortization of intangible assets. Adjusted net income per common share is calculated as adjusted net income 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:	Twelve months ended December 31, 2022	Thirteen months ended December 31, 2021
IFRS reported net income	\$ 3,931,690	\$ 2,441,701
Add:		
Acquisition costs	557,607	272,136
Share-based payments	606,611	149,662
Amortization	1,323,080	98,600
Adjusted net income	6,418,988	2,962,099

Reconciliation of adjusted net income:	Twelve months ended December 31, 2022	Thirteen months ended December 31, 2021
IFRS reported net income attributable to shareholders	591,077	(759,870)
Add:		
Acquisition costs	557,607	272,136
Share-based payments	606,611	149,662
Amortization	1,323,080	98,600
Adjusted net income attributable to shareholders	3,078,375	(239,472)
Adjusted net income per common share	0.02	(0.02)

Nature of revenue - Revenue for the Company is earned from a variety of sources. The table below summarizes the revenue earned by virtue of the operating activities and interest income earned by the investment vehicles (the limited partnerships). Management uses this information to better understand the sources of revenue attributed to common shareholders. The following selected financial information agrees in total to consolidated revenue per the financial statements.

	Operational entities	Limited Partnerships	Intercompany eliminations	Total consolidated
Interest income	6,380,123	19,803,338	(2,714,998)	23,468,463
Income from transaction and other fees	6,830,336	20,213	(255,504)	6,595,045
Income from settlement of loans	-	755,106	-	755,106
Performance/management fee income	2,670,669	-	(2,222,930)	447,739
Income from investment in LP's	298,571	-	(298,571)	-
	16,179,699	20,578,657	(5,492,003)	31,266,353

REVENUE

Total consolidated revenue for the three and twelve months ended December 31, 2022 was \$13,858,173 and \$31,266,353, compared to \$5,095,456 and \$9,727,652 for the three and thirteen months ended comparative period, a 166% and 221% increase respectively.

Interest income in the three and twelve months ended December 31, 2022 was \$10,457,906 and \$23,468,463, compared to \$4,028,099 and \$7,626,829 in the three and thirteen months ended comparative period, a 160% and 208% increase respectively. This increase is largely driven by the acquisitions of Pivot, 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 5 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.

Other sources of revenue include income from the settlement of loans. The current period had no income from early settlement of loans, consistent with the same period in prior year. 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.

Income from transaction and other fees was \$3,282,506 and \$6,595,045 in the three and twelve months ended December 31, 2022 compared to \$543,138 and \$946,878 in the three and thirteen month comparative period. The growth in portfolio activity with the acquisitions of Pivot, Brightpath and Langhaus as well as new revenue streams acquired in all three transactions, have contributed to this growth. Pivot has two customer relationships earning revenue for sub-advisor and portfolio servicing fees. These fees are earned and recognized on a monthly basis.

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 Holdings Limited partnership (wholly owned) and Pivot LP (wholly owned). Due to the loss of control adjustment, LP I, LP II and Preferred Return LP III are not included in the statement of financial position balances at 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 twelve and thirteen month periods ended December 31, 2022 and December 31, 2021:

December 31, 2022	Corporate Lending	Consumer Lending	Montfort Operations	Total
Interest income	13,711,711	9,756,752	-	23,468,463
Income from transaction and other fees	2,082,966	4,512,079	-	6,595,045
Income from settlement of loans	755,106	-	-	755,106
Performance fee income	447,739	-	-	447,739
Total Revenue	16,997,522	14,268,831	-	31,266,353

December 31, 2021	Corporate Lending	Consumer Lending	Montfort Operations	Total
Interest income	7,626,829	-	-	7,626,829
Income from transaction and other fees	946,878	-	-	946,878
Income from settlement of loans	1,037,917	-	-	1,037,917
Performance fee income	116,028	-	-	116,028
Total Revenue	9,727,652	-	-	9,727,652

The overall increase in revenue period over period is due to the acquisition of Pivot in Q4 of 2021, Brightpath in Q3 2022 and Langhaus in Q4 2022 in addition to the other factors mentioned above.

EXPENSES

During the twelve month period ended December 31, 2022, the Company's operating expenses increased in relation to revenue growth and were driven by acquisition activity.

	12 months ended December 31, 2022	13 months ended December 31, 2021
Operational expense, not including interest expense and expected credit loss	10,864,435	3,878,083
Interest expenses and expected credit loss	15,988,374	2,773,582
Total Expenses	26,852,809	6,651,665

Overall expenses have increased period over period due to the acquisition of Pivot in Q4 of 2021, Brightpath in Q3 2022 and Langhaus in Q4 2022. Operational expenses for the twelve month period ended December 31, 2022 and thirteen month period ended December 31, 2021:

- Administrative, management and directors' fees increased \$3,344,909 or 196% to \$5,047,480 from \$1,702,571. 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 \$406,445 or 67% from \$603,756 to \$1,010,201. Increased expense levels in the current period relating to new website launch, increased office and CAM costs, IT servicing costs with respect to loan origination process and increases related to acquiring Pivot, Brightpath and Langhaus.
- Marketing services and promotion expenses increased \$174,150 or 31% from \$560,530 to \$734,680. This increase is driven by increased use and expansion of online marketing tools.
- Accounting and legal expenses increased \$1,388,043 or 514% from \$270,163 to \$1,658,206. Current year increase is driven by growth in size of the business, increase in fees for audit and tax services and acquisition related audit and legal expenses.
- Investor relations, communications and regulatory remained fairly consistent year over year with fees decreasing \$8,624 or -2% from \$492,801 to \$484,177. In 2022 the Company launched its third fund, TIMIA Capital Preferred Return LP III. In 2021 the Company incurred costs relating to a investor awareness strategy.

Interest and expected credit loss (ECL) expense

- Total interest expense was \$15,285,192 compared to \$2,716,498, an increase of \$12,573,694. The increase is mainly driven by additional loans payable acquired as part of the Pivot, Brightpath and Langhaus acquisitions, which significantly increased the loan portfolio, offset by a decrease in debenture interest paid from settlement of debentures throughout 2020/2021. Interest expense related to Corporate Lending and Consumer Lending is \$8,749,636 and \$6,502,457, respectively.
- ECL expense was \$703,182 compared to \$57,804 in the comparative thirteen month period. ECL is assessed at each period end and is expected to increase relative to the loan portfolio size. The recovery in the current and prior year was driven by investments exited and loan provision releases.

Operational expenses by segment for the twelve month period ended December 31, 2022 and thirteen month period ended December 31, 2021:

December 31, 2022	Corporate Lending	Consumer Lending	Montfort Operations	Total
Administrative, management and directors fee	2,615,506	934,740	1,497,234	5,047,480
Office, travel, systems, and miscellaneous	243,500	131,933	634,769	1,010,202
Marketing services and promotion	710,419	20,079	4,182	734,680
Accounting and legal	274,780	666,786	716,639	1,658,205
Investor relations, communications and regulatory fees	124,906	-	359,271	484,177
Interest and financing fees	5,779,821	9,467,273	38,098	15,285,192
Expected credit loss	(102,464)	805,646	-	703,182

December 31, 2021	Corporate Lending	Consumer Lending	Montfort Operations	Total
Administrative, management and directors fees	1,119,528	-	583,043	1,702,571
Office, travel, systems, and miscellaneous	182,450	-	421,306	603,756
Marketing services and promotion	559,116	-	1,414	560,530
Accounting and legal	32,936	-	237,227	270,163
Investor relations, communications and regulatory fees	92,046	-	400,755	492,801
Interest and financing fees	2,394,511	-	321,987	2,716,498
Expected credit loss	57,084	-	-	57,084

The overall increase in expenses period over period is due to the acquisition of Pivot in Q4 of 2021, Brightpath in Q3 2022 and Langhaus in Q4 2022 in addition to the other factors mentioned above.

FOREIGN EXCHANGE AND FORWARD CONTRACTS

US dollar denominated investments and subsidiaries are converted to Canadian dollars quarterly at the then prevailing quarter end exchange rates. At the start of the Company's fiscal year, January 1, 2022, the US dollar was trading at 1.27 Canadian Dollars. By the end of the fourth quarter the US dollar had risen to 1.35 Canadian dollars. Common Shareholder income was affected by movements in foreign exchange rates in several ways including the recognition of unrealised gains/losses on US denominated assets owned directly by the Company, and also through the recognition of carried interest income earned by the Company in its capacity as the manager of the limited partnerships.

Foreign exchange gains and losses result from the conversion to Canadian dollars of investments that are denominated in US dollars. During the twelve month period, \$70,682 of foreign exchange gains were recognized in the consolidated net income.

Foreign currency translation adjustment is a result of the conversion of the Company's US dollar denominated subsidiaries, LP II and LP III. These adjustments are included within net comprehensive income. During the three and twelve month period, the translation adjustment was a loss of \$373,715 and \$2,226,845 respectively (December 31, 2021 - \$137,991 gain and \$429,178 loss respectively). This translation adjustment is a result of consolidation of LP II and Preferred Return LP III, US dollar-based partnerships formed in July 2020 and January 2022, respectively. Majority of this translation difference arises due to the fluctuation in USD to CAD exchange rates from the date of LP II and Preferred Return LP III capital initial closings in 2020 and 2022. The average exchange rate based on dates of LP II closings was 1.30 compared to a quarter end close rate of 1.35. The average exchange rate based on dates of Preferred Return LP III closings was 1.30 compared to a quarter end close rate of 1.35.

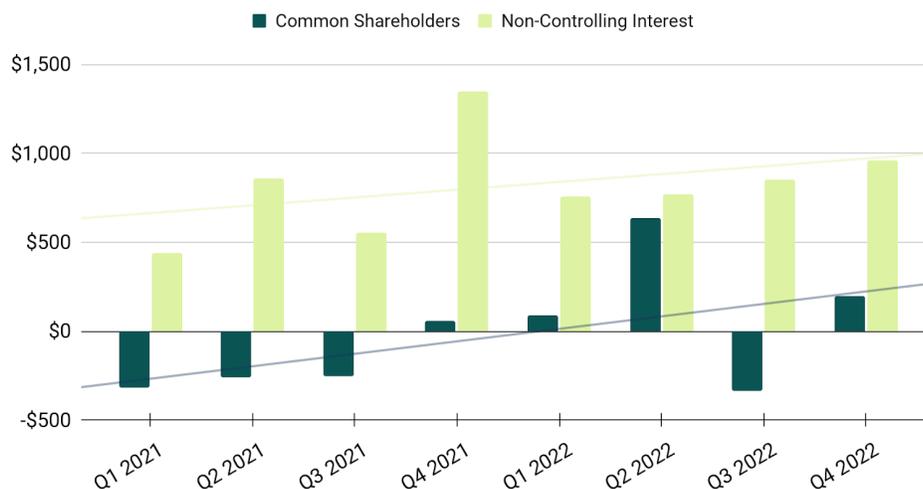
A significant portion of the foreign exchange gains/losses and all of the translation adjustments are unrealized, meaning that increases in the value of the US dollar may result in a reversal of these gains/losses in future periods. With the change in control of the TIMIA LP's as of December 31, 2022, the impact of foreign exchange fluctuations will not have an impact on the consolidated financial statements on a go forward basis (refer to Note 2 of the financial statements).

Attribution of FX Gains/(Losses) For the twelve months ended December 31, 2022	Common Shareholders	Non-Controlling Interests	Total
Forward contract gain/(loss)	-	-	-
Foreign exchange gain/(loss)	102,564	(31,882)	70,682
Foreign exchange gain/(loss) in Net income	102,564	(31,882)	70,682
Foreign currency translation adjustment	197,580	2,029,265	2,226,845
Foreign exchange gain/(loss) in comprehensive income	197,580	2,029,265	2,226,845

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

Transactions among LP I, LP II, Preferred Return LP III and the Company, including management and administration fees and performance fees earned, are fully eliminated on consolidation. The income statement shows an attribution of income (loss) between shareholders of the Company and the non-controlling interest (in this case, TIMIA's Limited Partners in both LP I, LP II and LP III). Note that as of December 31, 2022 the Company no longer consolidated these entities into the statement of financial position as a result of a loss of control event. The following chart shows the progression of the attribution of income (loss) between the shareholders of the Company and the non-controlling interest over the last eight quarters:

Net Income (Loss) Attributable to Common Shareholders and Non-controlling interests



Net income (loss) attributable to common shareholders improves in tandem with both increases in the size of the Company's investment portfolio and continued satisfactory rates of return, as well as the acquisition of Pivot, Brightpath and Langhaus which resulted in increased profits attributable to shareholders. As the Company has maintained its loan performance, it has attracted new limited partner investors, thereby increasing its investment portfolio and improving common shareholder net income (loss). In addition to

holding investments through Limited Partnerships, the Company holds investments directly as well. Interest income and any gains or losses that relate to these investments are attributed directly to common shareholders.

While net income (loss) attributable to common shareholders includes foreign exchange gain/loss, a significant portion is unrealized and driven by US dollar loans receivable. Foreign exchange gains/loss will continue to fluctuate until the investments are exited. Management is specifically focused on operating income attributable to common shareholders as a key performance measurement. The net income (loss) and comprehensive income (loss) for the three and twelve months ended December 31, 2022 was attributed as follows:

Non-controlling Interests

- Net income attributable to non-controlling interests of \$961,971 and \$3,340,613 represents income from investments held by the TIMIA Limited Partnerships (LP I, LP II and LP III) for the three and twelve months ended, less allowable costs as defined under the Limited Partnership Agreement, including fees to the manager and expected credit losses. From December 31, 2022 onward, due to the loss of control, results of the TIMIA Limited Partnerships will no longer be consolidated in the statement of net income (loss).
- In addition, as a result of the acquisition of Langhaus, a non-controlling interest was recognized representing the 22% of shares not purchased by the Company.
- Comprehensive income attributable to non-controlling interests of \$616,322 and \$5,369,881 for the three and twelve months ended includes foreign currency translation adjustments arising from the consolidation of LP II and LP III, a US denominated fund with a functional currency of US dollars.

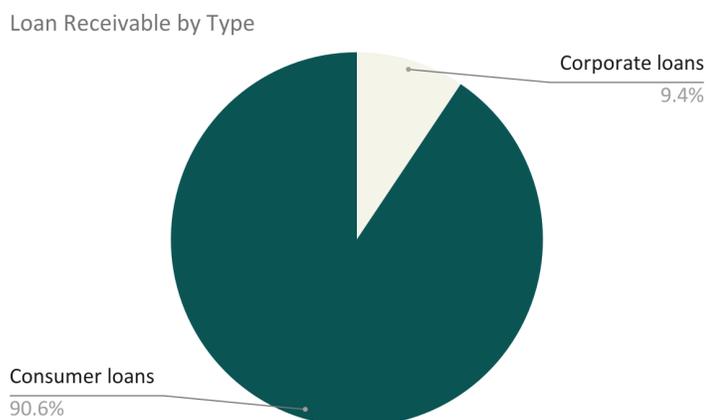
Shareholders of the Company

- Net income attributable to shareholders of the Company of \$201,169 and \$591,077 and comprehensive income of \$173,103 and \$788,654 for the three and twelve months ended was allocated to the common share equity holders representing income from investments held by the Company, all transaction fee income, fees and carry earned from the Limited Partnerships and all expenses not incurred by the Limited Partnership as well as the Company's proportionate interest in LP I, LP II and LP III.

When the LP's cumulative returns indicate that carried interest is earned by the Company, the LP's recognize an allocation of capital to the Company. Subsequent to the loss of control event on December 31, 2022, these amounts will be recognized as revenue in the statement of net income (loss).

REVIEW OF FINANCIAL POSITION

Total assets increased by 270% to \$462,468,782 at December 31, 2022 compared to \$125,079,969 at December 31, 2021. Gross loans receivable before ECL are broken down as follows at December 31, 2022:



The following chart illustrates movement in the loan receivable balance (before ECL) from December 31, 2021 to December 31, 2022:

Loans Receivable		December 31, 2022
Opening balance	\$	106,916,931
Loans acquired in acquisition		332,401,087
Loans eliminated through intercompany consolidation		(64,000,000)
Advances on loans receivable		251,442,123
Interest revenue		23,468,462
Interest and principal payments		(128,953,548)
Net change in deferred lender fees		971,989
Settlement of investments		(100,181,646)
Foreign exchange		2,196,580
Derecognition of loans receivable as a result of loss of control		(42,516,137)
Closing balance	\$	381,745,841

SUMMARY OF QUARTERLY RESULTS

	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021 (4M)	Q3 2021	Q2 2021	Q1 2021
Revenue	13,858,173 \$	7,929,159 \$	5,251,087 \$	4,227,934 \$	5,095,456 \$	1,407,679 \$	1,837,674 \$	1,270,815
Net income	1,163,140	514,175	1,406,053	848,322	1,410,056	307,161	602,034	124,559
Net income and Comprehensive income (loss)	789,425	2,579,941	2,354,005	435,164	1,545,938	1,218,910	(407,229)	(345,096)
Net income (loss) attributable to shareholders of the Company	201,169	(337,577)	633,994	93,491	60,906	(249,774)	(255,576)	(315,426)
Adjusted Net Income (loss)* attributable to shareholders	802,167	841,227	1,109,151	325,830	343,141	(102,769)	(209,157)	(270,687)
Net income attributable to non-controlling interests	961,971	851,752	772,059	754,831	1,347,041	556,935	857,610	439,985
Basic and diluted loss per share	(0.00)	(0.02)	0.02	(0.01)	0.00	(0.01)	(0.01)	(0.01)
Adjusted Net Income (Loss) per share*	0.00	-	0.02	-	0.01	-	-	(0.01)
Total assets	462,468,782	302,028,104	138,348,366	125,856,017	125,079,969	46,087,453	39,463,518	38,950,912
Total liabilities	402,604,542	257,059,272	122,328,099	110,508,655	111,952,707	6,939,295	6,669,109	5,579,992
Weighted average number of shares (in thousands)	107,161	75,502	59,874	47,910	52,250	46,372	46,107	45,776

*see Non-GAAP measures section

LIQUIDITY AND SOLVENCY

The Company defines working capital as total current assets less total current liabilities. As at December 31, 2022, the Company's cash balance was \$7,008,311 (2021 - 9,314,526) and the Company had working capital of \$73,924,438 (2021 - positive \$1,840,078). The positive working capital is mainly driven by limited partnerships whereby a portion of initial capital is funded by equity sources and the remainder funded by debt facilities. 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 \$373,584,615, the majority \$298,409,178 is subject to variable rates ranging from prime +0.25% to prime +5.5% , while the remaining \$75,175,437 is subject to fixed rates ranging from 5% to 11%. 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 December 31, 2022, 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 divisions, 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 shareholder.

Summary of Loans with recourse to the common shareholders

	Recourse	Non recourse	Total
Corporate	86,077,600	18,376,617	104,454,217
Consumer	-	269,130,398	269,130,398
Total	86,077,600	287,507,015	373,584,615

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 Company has loaned funds (loans receivable) on a secured basis to companies whereby an officer of the Company is also a significant shareholder and/or director. Of the total loans receivable at December 31, 2021 of \$106,117,801, \$48,395,641 was receivable from a related party. With the acquisition of Brightpath, this loan is now fully eliminated on consolidation at December 31, 2022.

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

	2022	2021	Relationship
Interest expense paid	\$ 4,438	\$ 30,160	Directors, officers and corporations controlled by/family members of directors/officers
Accounts payable	141,723	586	Director/Officers
Rent expense paid	44,818	18,647	Corporation controlled by family member of management
Loans payable	500,000	-	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 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

As announced on February 28, 2023 the Company announced the President and CEO will be stepping down. An interim CEO was announced while the Board undertakes a process to identify a permanent CEO for Montfort in the coming months.

On March 16, 2023, the Company's board of directors declared a quarterly cash dividend of \$0.02 per Series A Preferred Shares, payable on March 31, 2023, to Series A preferred shareholders of record as of March 24, 2023.

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.

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 December 31, 2022 and December 31, 2021:

	Classification	December 31, 2022	December 31, 2021
Cash & restricted cash	FVTPL	7,008,311	9,758,032
Accounts receivable	Amortized Cost	6,091,216	687,596
Carried interest receivable	Amortized Cost	2,088,735	-
Loans receivable	Amortized Cost	380,689,555	106,117,801
Investments	FVTPL	1,255,046	1,333,618
Forward contract receivable	FVTPL	-	290,500
Accounts payable	Amortized Cost	3,557,016	5,674,751
Debentures & co-investment obligations	Amortized Cost	2,463	1,468,518
Revolving credit facilities	Amortized Cost	-	4,485,129
Loans payable (Note 13)	Amortized Cost	313,584,615	26,810,891
Loans payable (Note 13)	FVTPL	60,000,000	41,000,000
Other liability	Amortized Cost	19,063,113	-
Other liability	FVTPL	2,281,584	-
Non-controlling interests	Amortized Cost	-	30,513,576

The estimated fair values of cash and accounts payable approximate their respective carrying values due to their nature and short terms to maturity. Investments and forward contract receivable are carried at their fair value. Loans receivable, accounts receivable, carried interest receivable, co-investment obligations, revolving credit facility, debentures and non-controlling interests 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:

- (a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (b) 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
- (c) 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 December 31, 2022	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash	7,008,311	7,008,311	-	-
Investments	1,255,046	7,143	-	1,247,903
Loans payable	60,000,000	-	-	60,000,000
Other liability	2,281,584	-	-	2,281,584

Loans payable were transferred from Level 1 to Level 3 during the period (2021 - \$nil).

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 year ended December 31, 2022 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 December 31, 2022.

For information regarding the valuation of Other liability above refer to Note 14 in the financial statements.

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	\$ 3,557,016	\$ 3,557,016	\$ 3,557,016	\$ -	-
Loans payable	373,584,615	373,584,615	286,977,138	86,607,477	-
Debentures & Co-investment obligations	2,463	2,463	2,463	-	-
Lease liability	146,796	156,189	104,776	51,413	-
Other liability	21,344,697	21,344,697	19,843,266	1,501,431	-
Total	\$ 398,635,587	\$ 398,644,980	\$ 310,484,659	\$ 88,160,321	-

Foreign exchange risk

The Company's foreign exchange risk is due to the Company's loan investments totaling US\$6,295,919 which are currently valued at \$8,527,193.

The Company also consolidates two limited partnerships which operate 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 a material impact on the other comprehensive income recognized by the Company. A 10% movement in the US dollar exchange rate would increase/decrease the accumulated other comprehensive translation adjustment on the consolidated statement of financial position by \$3,701,280.

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 interest rates would have resulted in an increase in interest expense of \$1,097,480.

As of December 31, 2022, 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.

Concentration Risk

Concentration risk arises related to the mortgage loans receivable as a result of the concentration of geographical locations and security position. The following is a summary of the Company's concentration risk:

	December 31, 2022
1st charge	85.16%
2nd charge	14.84%
South Western Ontario	57.67%
Greater Toronto Area	25.53%
North Eastern Ontario	10.08%
Other	6.72%

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, restricted cash, accounts receivable, forward contract 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.

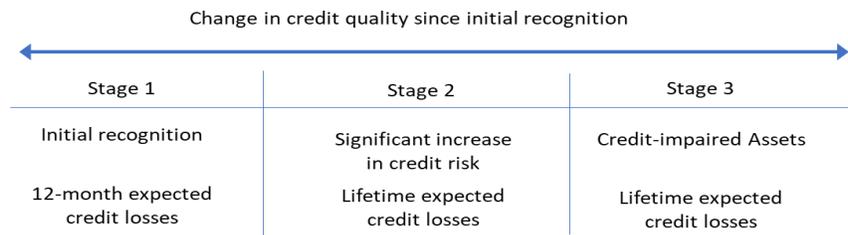
Expected credit loss measurement

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 recorded in the consolidated statement of net income (loss) is \$703,182 as at December 31, 2022 (December 31, 2021 - \$57,084).

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 the financial statements Note 5.

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 Notes 8, 9, 10, 12 and 13. The Company's share capital is not subject to external restrictions. The capital of the Company comprises shareholders' equity, Limited Partnership capital, loans payable, revolving credit facility, 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 twelve month period ended December 31, 2022 and the thirteen month period ended December 31, 2021, together with other financial information included in the Company's interim securities filings.

OUTSTANDING SHARE DATA

As of December 31, 2022, the Company had 91,631,956 common shares outstanding, 28,485,994 preferred shares outstanding, 6,655,000 stock options, 700,000 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 91,698,456 common shares outstanding, 28,485,994 preferred shares outstanding, 8,490,001 stock options, 2,200,000 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.