MONTFORT CAPITAL CORP.

MANAGEMENT DISCUSSION AND ANALYSIS

The following discussion and analysis is for the year ended December 31, 2023 and 2022. All amounts are in Canadian dollars unless otherwise indicated. This Management discussion and analysis ("MD&A") was approved by the Board of Directors on April 25, 2024.

This MD&A provides review of Montfort Capital Corporation's (the "Company") consolidated financial results for the year ended December 31, 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 December 31, 2023 consolidated Financial Statements and related Notes (the "Financial Statements"), which have been prepared in accordance with IFRS accounting Standards as issued by the International Accounting Standards Board. This discussion and analysis may contain forward-looking statements about the Company's future prospects, there is no assurance that actual results will be in line with forward-looking statements made in this MD&A. 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 years ended December 31, 2023 and 2022:

Financial Highlights	December 31, 2023	December 31, 2022	% Change
Revenue	$ 51,466,383	$ 31,266,353	65%
Loans receivable - net of ECL	320,581,709	380,689,555	-16%
Net (loss) income	(12,502,724)	3,931,690	-418%
Net (loss) income attributable to shareholders	(12,360,764)	591,077	-2191%
Adjusted net income**	(8,612,266)	6,418,988	-234%
Adjusted net income attributable to shareholders**	(8,470,306)	3,078,375	-375%
Earnings per common share*	(0.17)	(0.01)	-1126%
Adjusted net income per common share* **	(0.12)	0.02	-682%

**reflects dividends paid*
***refer to Non-GAAP measures section for details of calculations*

For the three months ended December 31, 2023 and 2022 the Company had the following highlights:

- Total revenue decreased $1,712,279 or 12.4% from $13,858,173 to $12,145,894. The change was driven by a decline in loan portfolio size, as well as the comparatives including TIMIA LP's revenue prior to the change in control adjustment
- Interest income from investments was down $1,499,925 or 14.3% to $8,957,981 for the three month period compared to $10,457,906 in the comparative period driven by decrease in portfolio size in the second half of 2023 (mainly driven by return of Langhaus portfolio in July 2023). In addition, the comparative includes TIMIA LP's revenue which is $nil in the current period due to a change in basis for accounting of the TIMIA LP's year over year;
- Income from transaction and other fees decreased 12.2% or $402,094 to $2,880,412 from $3,282,506 due to a decline in fee generating activities;
- Income from settlement of loans increased $17,677 or 100.0% from $nil to $17,677;
- Performance fee income increased $172,063 or 146.1% from $117,761 to $289,824;
- Total expenses increased $5,900,930 or 46.6% from $12,670,501 to $18,571,431 in line with growth in activity driven by acquisitions and increased interest expense of $486,251 as well as increased expenses related to expected credit loss (loans receivable) expense of $222,785 and expected credit loss (accounts receivable) expense of $4,747,086;
- Net income decreased 580% or $6,746,315 to a loss of $5,583,175 compared to income of $1,163,140 in the comparative period, largely driven by change in accounting for TIMIA LP's and recognition of an expected credit loss (loans receivable) of $980,065 and expected credit loss (accounts receivable) expense of $4,490,117.

For the year ended December 31, 2023 and 2022 the Company had the following highlights:

- Total revenue increased $20,200,030 or 64.6% from $31,266,353 to $51,466,383. The change was driven by the impact of the timing of the prior year acquisitions and higher interest rates on the Company's loans and receivables, offset by a change in basis for accounting of the TIMIA LP's year over year;
- Interest income was up $14,029,718 or 59.8% to $37,498,181 for the year compared to $14,029,718 in the comparative period. This increase is primarily driven by the acquisitions of Brightpath and Langhaus;
- Similarly, income from transaction and other fees increased 90.1% or $5,944,867 to $12,539,912 from $6,595,045 due to acquisition of Brightpath and Langhaus;
- Income from settlement of loans decreased $693,080 or 92% from $755,106 to $62,026 due to a decrease in volume of early repayment of loans and change in basis of accounting for the TIMIA LP's;
- Performance fee income increased $918,525 or 205.2% from $447,739 to $1,366,264;
- Total expenses increased 138.8% or $37,258,425 from $26,852,809 to $64,111,234 in line with growth in activity driven by acquisitions and increased interest expense, as well as increase in non-recurring

restructuring costs, expected credit loss (loans receivable) and expected credit loss (accounts receivable) expense;
- Net income decreased 418.0% or $16,434,414 to a loss of $12,502,724 compared to income of $3,931,690 in the comparative period. This decrease is largely driven by the following: change in accounting for TIMIA LP's; an impairment loss of $3,564,441; expected credit loss expense (loans receivable) of $2,265,251 and expected credit loss (accounts receivable) expense of $4,747,086. In addition, increases in expenses contributed to the current year net loss with increases in expenses, including interest and financing fee costs and foreign exchange unrealized losses, as well as one-time expense items, such as restructuring expenses.

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 five divisions: TIMIA Capital (TIMIA), Pivot Financial (Pivot), Brightpath Capital Corporation (Brightpath), Nuvo Financial Inc. (Nuvo) 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.
- Nuvo partners with both private equity and private debt funds to provide revolving net asset value based loans that help achieve the unique goals of the fund. This division launched late 2023 and results for the year ended does not include any significant transactions from this division.
- 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 in loan portfolios through its subsidiaries, 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 in gross revenue and expenses, however does not materially impact the net income attributable to shareholders given the related net assets were largely owned by non-controlling interests.

Management believes key contributing factors to increase value to the shareholders of the Company are increasing 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 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.

Nuvo launched late 2023 and secured its first investment in Q1 2024. Nuvo is focused on providing net asset value (NAV) loans to small and mid-sized investment funds in Canada.

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 includes raising capital 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.

The financial results of the Company as at and for the year ended December 31, 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
- **Nuvo**
  - Nuvo Financial Inc
  - Nuvo Financial LP
  - Nuvo Financial GP Inc
- **Brightpath**
  - Brightpath Capital Corporation[1]
  - Brightpath Residential Mortgage LP I
  - Brightpath Residential Mortgage LP II
  - Brightpath Servicing Corporation
  - Brightpath II Servicing Corporation
  - Brightpath Opportunity Corporation
  - 14637208 Canada Inc (Albright Holdings Inc.)[1]
  - 2754681 Ontario Inc.[1]
  - 9975756 Canada Inc.[1]
  - 10260835 Canada Corp.[1]
- **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

[1] 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:		December 31, 2023		December 31, 2022
IFRS reported net income	$	(12,502,724)	$	3,931,690
Add:				
Acquisition costs		73,026		557,607
Share-based payments		1,093,967		606,611
Amortization		2,073,465		1,323,080
Restructuring		650,000		-
Adjusted net income	**$**	**(8,612,266)**	**$**	**6,418,988**

Reconciliation of adjusted net income attributable to shareholders:		December 31, 2023		December 31, 2022
IFRS reported net income attributable to shareholders	$	(12,360,764)	$	591,077
Add:				
Acquisition costs		73,026		557,607
Share-based payments		1,093,967		606,611
Amortization		2,073,465		1,323,080
Restructuring		650,000		-
Adjusted net income attributable to shareholders	**$**	**(8,470,306)**	**$**	**3,078,375**
Adjusted net income per common share	**$**	**(0.12)**	**$**	**0.02**

REVENUE

Total consolidated revenue for the three and twelve months ended December 31, 2023 was $12,145,894 and $51,466,383 compared to $13,858,173 and $31,266,353 for the comparative period ended December 31, 2022 three and twelve months ended in the comparative period, a decrease of 12.4% and 64.6% increase respectively.

Interest income in the three and twelve months ended December 31, 2023 was $8,957,981 and $37,498,181, compared to $10,457,906 and $23,468,463 in the comparative period ended December 31, 2022, a decrease of 14.3% and an increase of 59.8% respectively. This year over year increase is largely driven by the acquisitions of Brightpath and Langhaus significantly increasing the Company's loan portfolio compared to the Company's loan portfolio pre-acquisition of the entities and increasing interest rates over the period.

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

Specific investee financings are contracted for various expected durations typically between 3 months and 10 years. Payments are received monthly and each loan'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 $2,880,412 and $12,539,912 in the three and twelve months ended December 31, 2023 compared to $3,282,506 and $6,595,045 in the comparative period ended December 31, 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. In addition, the Company earns management fees from services provided to managing the TIMIA LP's.

Other sources of revenue include income from the settlement of loans. Income from settlements in the three and twelve months ended December 31, 2023 was $17,677 and 62,026 compared to $nil and $755,106 for the comparative period ended December 31, 2022. 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.
- 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 year ended December 31, 2023 and 2022:

December 31, 2023	Corporate Lending	Consumer Lending	Montfort Operations	Total
Interest income	$ 6,470,592	$ 31,027,589	$ -	$ 37,498,181
Income from transaction and other fees	2,769,691	9,760,221	10,000	12,539,912
Income from settlement of loans	62,026	-	-	62,026
Performance fee income	1,366,264	-	-	1,366,264
Total Revenue	**$ 10,668,573**	**$ 40,787,810**	**$ 10,000**	**$ 51,466,383**

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		2,082,965		4,512,080		-		6,595,045
Income from settlement of loans		755,106		-		-		755,106
Performance fee income		447,739		-		-		447,739
Total Revenue	**$**	**16,997,521**	**$**	**14,268,832**	**$**	**-**	**$**	**31,266,353**

EXPENSES

During the year ended December 31, 2023, the Company's operating expenses increased in relation to revenue growth and were driven by acquisition activity.

		December 31, 2023		December 31, 2022
Operational expense, not including interest expense and expected credit loss	$	25,988,718	$	10,864,435
Interest expense and expected credit loss		38,122,516		15,988,374
Total Expenses	**$**	**64,111,234**	**$**	**26,852,809**

Overall expenses have increased period over period due to the acquisitions of Brightpath in Q3 2022 and Langhaus in Q4 2022. Therefore only a partial period of expenses are included in 2022, notably 4.5 months for Brightpath and 3 months for Langhaus. Operational expenses for the twelve month period ended December 31, 2023 and 2022:

- Administrative, management and directors' fees increased $3,292,948 or 67% to $8,199,163 from $4,906,215. 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 $611,613 or 61% from $1,010,201 to $1,621,814. 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.
- Accounting and legal expenses increased $1,227,077 or 74% from $1,658,206 to $2,885,283. 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 $10,962 or 2% from $484,177 to $495,139.
- 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 $35,857,265 compared to $15,285,192, an increase of $20,572,073. The increase is mainly driven by additional loans payable acquired as part of the acquisitions, which significantly increased the loan portfolio, as well as increased interest rates over the year. Interest expense related to Corporate Lending and Consumer Lending is $9,728,568 and $25,015,366, respectively.
- Expected credit loss (loans receivable) expense was $2,265,251 compared to $703,182 in the comparative period. Expected credit loss (accounts receivable) expense was $4,747,086 compared to $141,265 in the comparative period. Expected credit loss 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 of $3,564,441 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 twelve month period ended December 31, 2023 and 2022:

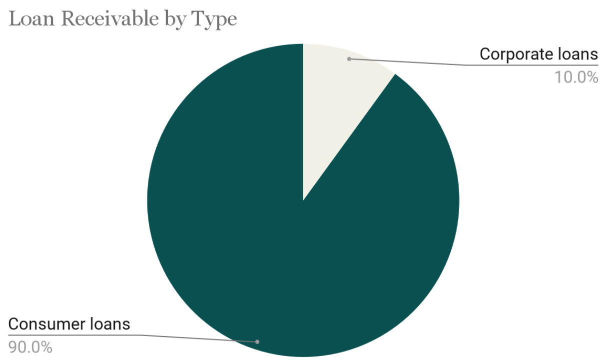
December 31, 2023		Corporate Lending		Consumer Lending		Montfort Operations		Total
Administrative, management and directors fees	$	2,435,447	$	3,158,438	$	2,605,278	$	8,199,163
Office, travel, systems, and miscellaneous		442,060		589,860		589,894		1,621,814
Marketing services and promotion		617,738		38,888		1,735		658,360
Accounting and legal		966,322		1,053,426		865,535		2,885,283
Investor relations, communications and regulatory fees		137,688		15,823		341,627		495,139
Impairment loss		3,564,441		-		-		3,564,441
Interest and financing fees		5,290,260		29,453,674		1,113,332		35,857,265
Expected credit loss		1,676,738		588,513		-		2,265,251
Restructuring		-		-		650,000		650,000

December 31, 2022		Corporate Lending		Consumer Lending		Montfort Operations		Total
Administrative, management and directors fees	$	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

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.

REVIEW OF FINANCIAL POSITION

Total assets decreased $52,961,129 or 12% to $402,508,233 at December 31, 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. Adjusting for this one time return of loans, total assets increased $21,572,331. Gross loans receivable before ECL are broken down as follows at December 31, 2023:



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

Loans Receivable		December 31, 2023
Opening balance	$	381,745,841
Advances on loans receivable		354,918,791
Interest revenue		38,018,807
Interest and principal payments		(86,516,731)
Net change in deferred lender fees		635,297
Transfer of LSFC loans receivable		(74,533,460)
Settlement of loans		(291,096,715)
Foreign exchange		(87,506)
Expected credit loss		(2,502,615)
Closing balance	**$**	**320,581,709**

Loan Type		Carrying Value
Interest only loans	$	6,132,889
Amortizing Loans		13,413,881
Term Loans		9,582,077
Factored facilities		3,026,889
Mortgages		166,495,779
Insurance-backed loans		121,930,194
Total	**$**	**320,581,709**

SUMMARY OF QUARTERLY RESULTS

	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Revenue	$ 12,145,894	$ 12,967,337	$ 13,299,755	$ 13,053,397	$ 13,858,173	$ 7,929,159	$ 5,251,087	$ 4,227,934
Net income (loss)	(5,583,175)	(3,892,151)	(1,136,658)	(1,890,740)	1,163,140	514,175	1,406,053	848,322
Net income and Comprehensive income (loss)	(5,583,938)	(3,890,681)	(1,138,463)	(1,890,740)	789,425	2,579,941	2,354,005	435,164
Net income (loss) attributable to shareholders of the Company	(5,468,061)	(3,912,981)	(1,113,243)	(1,866,479)	201,169	(337,577)	633,994	93,491
Adjusted Net Income (loss)* attributable to shareholders	(4,663,657)	(3,083,603)	(260,903)	(462,143)	802,167	841,227	1,109,151	325,830
Net income (loss) attributable to non-controlling interests	(115,114)	20,830	(23,415)	(24,261)	961,971	851,752	772,059	754,831
Basic and diluted loss per share	(0.07)	(0.05)	(0.02)	(0.03)	(0.00)	(0.02)	0.02	(0.01)
Adjusted Net Income (Loss) per share*	(0.06)	(0.04)	(0.01)	(0.01)	0.00	-	0.02	-
Total assets**	402,508,233	374,369,291	463,273,893	458,362,406	455,469,362	302,028,104	138,348,366	125,856,017
Total liabilities	364,276,223	329,974,636	414,374,944	408,127,848	402,604,542	257,059,272	122,328,099	110,508,655
Weighted average number of shares (in thousands)	92,693	92,193	91,859	91,650	107,161	75,502	59,874	47,910

**see Non-GAAP measures section*

***Revised Total assets for Q2 2023, Q1 2023 and Q4 2022. Please refer to Note 3 of the December 31, 2023 Financial Statements for further information*

LIQUIDITY AND SOLVENCY

The Company defines working capital as total current assets less total current liabilities. As at December 31, 2023, the Company's cash balance was $12,719,354 ($7,008,311 - December 31, 2022) and the Company had negative working capital of $17,875,151 (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 December 31, 2023. The secured loans payable is a revolving credit facility from a senior lender and has a combined authorized limit of $60,000,000, which was fully drawn as at December 31, 2023. The agreement covering this loan payable has expired as of December 31, 2023, however as of year-end the lender has agreed to an extension of the existing agreement, under the same terms and conditions until another agreement is reached. Subsequent to year-end, this loan was refinanced with a different lender under a new debt facility and an amount of $50,000,000 related to this loan was repaid. The remaining $10,000,000 was renegotiated with the existing lender with similar terms and a repayment debt of March 21, 2025.

The new funding secured in Q1 2024 with a term of 3 years will remedy the negative working capital deficiency as at December 31, 2023. The Company has sufficient working capital to meet its obligations and objectives. In addition, the secured new financing will move the Company into a positive working capital position. 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.

Loans payable consists of both unsecured and secured loans, investor loans, demand loans, bank loans and promissory notes. Of the total loans payable of $351,371,311, the majority $255,839,362 is subject to variable rates ranging from prime -0.5% to prime +5.5%, while the remaining $95,531,949 is subject to fixed rates ranging from 5.0% to 12.5%. 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 was in compliance with all covenants other than for 1 subsidiary. The covenant breaches have been communicated to the lenders and they have not requested any change to the loan status as a result. Related to the most significant loan payable, subsequent to year-end, $50,000,000 of the outstanding $60,000,000 was repaid and the loan agreement was amended such that historical breaches were waived and covenants were amended.

As at December 31, 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 December 31, 2023:

	Recourse	Non recourse	Total
Corporate	$ 80,627,100	$ 34,509,390	$ 115,136,490
Consumer	-	236,234,821	236,234,821
Total	**$ 80,627,100**	**$ 270,744,211**	**$ 351,371,311**

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 (see subsequent event note with respect to recent facility closing).

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	$ 502,793	$ 4,438	Directors, officers and corporations controlled by/family members of directors/officers
Debentures and loans payable	4,899,985	-	Directors, officers and corporations controlled by/family members of directors/officers
Accounts payable	94,454	141,723	Director/Officers
Rent expense paid	56,352	44,818	Corporation controlled by family member of management
Interest revenue recognized	457,226	3,409,723	Director/Officers (earned on loans outstanding during the year that were fully repaid prior to year-end).
Loans receivable	-	-	Director/Officers
Guarantee fees	66,464	-	Director/Officers

OUTLOOK

The Company has had significant growth in loans disbursed, both organically and through acquisition. 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 February 22, 2024, the Company's board of directors declared a quarterly cash dividend of $0.02 per Series A Preferred Shares and $0.5520 per Series 1 Class C, payable on March 28, 2023, to preferred shareholders of record as of March 19, 2023.

On January 22, 2024, the Company announced that its subsidiary Langahus achieved certain financial targets, including assets under management growth, which resulted in the settlement of the remaining contingent consideration. Cash payments of $217,056 were made to various sellers and the remaining $603,326 was rolled into a promissory note with a maturity date of April 15 2024.

On January 17, 2024, the Company announced the launch of a new strategic growth initiative, Nuvo Financial (Nuvo), which is focused on providing net asset value (NAV) loans to small and mid-sized investment funds in Canada. Nuvo closed a financing arrangement with a Canadian bank to provide up to $50,000,000 of funding. The facility will be due on demand and bear an interest rate of prime plus 1.75% per annum. Nuvo will be an operating segment and fall within the corporate lending reporting segment.

In addition, on February 22, 2024, the Company announced a further debt facility closing with the launch of Langhaus LP IV and the closing of a new financing arrangement with a Canadian bank to provide up to $50,000 000 of funding.

On March 19, 2024, the Company announced it has agreed to acquire the remaining 22.0% issued and outstanding share capital of Langhaus Financial Partners Inc. Langhaus achieved its financial target for assets under management, which allowed the Company to exercise its call option to acquire the remaining Langahus interest.

On March 22, 2024 the Company announced the closing of a senior secured, revolving credit facility for up to $200,000,000 ("new credit facility"). The initial commitment of $100,000,000 will be used by a subsidiary of the Company to finance its current portfolio and future originations as well as $50,000,000 of loans payable were repaid during Q1 2024. The facility will bear interest at a floating rate equal to the Canadian Overnight Repo Rate Average ("CORRA") plus a commercially reasonable credit spread and matures on April 1, 2028.

As a result of the new credit facility, the Company renegotiated the terms of the existing term loan. The Company repaid $50,000,000 of the $60,000,000 of the term loan due to a lender and the remaining balance is due March 21, 2025.

FINANCIAL INSTRUMENTS AND RISK

Financial instruments

The following table summarizes information regarding the carrying values and classification of the Company's financial instruments as of the years ended December 31, 2023 and 2022 :

	Classification	December 31, 2023	December 31, 2022
Cash	Amortized Cost	$ 8,281,046	$ 7,008,311
Accounts receivable	Amortized Cost	8,605,909	6,091,216
Carried interest receivable	Amortized Cost	2,430,338	2,088,735
Loans receivable	Amortized Cost	320,581,709	380,689,555
Investments	FVTPL	1,247,903	1,255,046
Accounts payable	Amortized Cost	7,375,530	3,557,016
Debentures & co-investment obligations	Amortized Cost	-	2,463
Loans payable	Amortized Cost	291,371,311	313,584,615
Loans payable	FVTPL	60,000,000	60,000,000
Other liability	Amortized Cost	893,534	19,063,113
Other liability	FVTPL	811,611	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, 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, 2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments	1,247,903	-	-	1,247,903
Loans payable	60,000,000	-	-	60,000,000
Other liability	811,611	-	-	811,611

Loans payable were transferred from Level 1 to Level 3 during the period were $nil (2022 - $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, 2023 no gains or losses were recognized in the statement of net income (loss) for changes in fair value related to the loans payable as there were no material movements in the fair value of the loans payable. Factors considered in determining the fair value of loans payable include changes to own credit risk as well as variable interest rate associated with this debt which did not have a significant impact on the fair value at December 31, 2023.

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

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.

Foreign exchange risk

The Company's foreign exchange risk is due to the Company's loan investments totaling US$12,265,107 ($6,295,919 - December 31, 2022) which are currently valued at $16,259,852 ($8,527,193 - December 31, 2022) and loans payable totaling US$12,315,343 ($4,000,000 - December 31, 2022) which are currently valued at $16,326,451 ($5,417,600 - December 31, 2022). 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 $6,660.

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 $2,195,048.

As of December 31, 2023, 6.5% of mortgage loans receivable bear interest at fixed rates and 93.5% 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.

On a consolidated basis, a 10% change in interest rates would have resulted in an increase or decrease in interest revenue of $3,102,759 ($3,363,686 - December 31, 2022).

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, 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:

Change in credit quality since initial recognition

Stage 1	Stage 2	Stage 3
Initial recognition	Significant increase in credit risk	Credit-impaired Assets
12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses

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 ECL - loans receivable recorded in the consolidated statement of net income (loss) is $2,265,251 as at December 31, 2023 (December 31, 2022 - $703,182) and ECL - accounts receivable recorded is $1,413,351 (December 31, 2022 - $141,265).

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 and account receivable balance.

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.

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 Note 10. The Company's share capital is not subject to external restrictions. The capital of the Company comprises shareholders' equity, notes 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 years ended December 31, 2023 and 2022, together with other financial information included in the Company's annual securities filings.

OUTSTANDING SHARE DATA

As of December 31, 2023, the Company had 92,570,956 common shares outstanding, 28,485,994 Series A preferred shares outstanding, 498,800 Series 1 preferred shares 8,300,001 stock options, 2,901,050 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 93,720,956 common shares outstanding, 28,485,994 Series A preferred shares and 498,800 Series C preferred shares outstanding, 7,980,001 stock options, 1,751,050 restricted stock units, 5,650,000 performance share units and nil share purchase warrants outstanding.

ON BEHALF OF THE BOARD:

"Ken Thomson"
Chief Executive Officer
MONFORT CAPITAL CORP.