MONTFORT CAPITAL CORP.

MANAGEMENT DISCUSSION AND ANALYSIS

The following discussion and analysis is for the three and nine month period ended September 30, 2024 and 2023. All amounts are in Canadian dollars unless otherwise indicated. This Management discussion and analysis ("MD&A") was approved by the Board of Directors on November 25, 2024.

This MD&A provides a review of Montfort Capital Corporation's (the "Company") interim consolidated financial results for the three and nine month period ended September 30, 2024 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 Corporation and its consolidated entities. This analysis of the operating results and financial position of the Company should be read in conjunction with the September 30, 2024 consolidated condensed interim 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 MD&A may contain forward-looking statements about the Company's future prospects and there is no assurance that actual results will be in line with forward-looking statements made in this MD&A. Additional information relating to the Company is available on SEDAR+ at www.sedarplus.ca. The Company is listed on the TSX Venture Exchange (the "TSX-V'') trading under the symbol "MONT". The Company's preferred shares trade under the ticker symbol MONT.PR.A.

FORWARD-LOOKING STATEMENTS

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

FINANCIAL HIGHLIGHTS

For the three and nine months ended September 30, 2024 and 2023:

Financial Highlights		Three months ended September 30, 2024		Three months ended September 30, 2023		Nine months ended September 30, 2024		Nine months ended September 30, 2023
Revenue	$	12,581,908	$	12,967,337	$	35,898,965	$	39,320,489
Net Loss		(2,317,389)		(3,892,151)		(7,714,694)		(6,919,549)
Earnings per common share		(0.04)		(0.05)		(0.11)		(0.10)

		As at September 30, 2023		As at December 31, 2023		As at June 30, 2024		As at September 30, 2024
Loans receivable - net of ECL	$	292,182,115	$	320,581,709	$	348,805,445	$	359,467,328

For the three months ended September 30, 2024 and 2023 the Company had the following highlights:

- Loans receivable - net of ECL as at September 30, 2024 increased by $10.6 million or 3% compared to June 30, 2024.
- Total revenue for the quarter decreased $0.4 million or 3% compared to the prior year, as although the average loan portfolio balance was larger there was lower revenue earned on transactions and other fees.
- Total expenses decreased $2.0 million or 12% to $14.8 million from $16.8 million, mainly driven by an impairment loss on intangible assets of $3.6 million recognized in the comparative prior year period, partially offset by increased ECL provisions and interest and financing fees.
- The net loss of $2.3 million was an improvement of $1.6 million or 41% compared to a net loss of $3.9 million in the prior year period, reflecting the lower expenses incurred in Q3 2024.

For the nine months ended September 30, 2024 and 2023 the Company had the following highlights:

- Loans receivable - net of ECL as at September 30, 2024 increased by $38.9 million or 12% compared to December 31, 2023 and by $67.3 million or 23% compared to September 30, 2023.
- Total revenue decreased $3.4 million or 9% compared to the prior year, as although the average loan portfolio balance was larger, lower interest revenue was earned as interest rates began to come down in 2024 and there was lower revenue earned on transaction and other fees.
- Total expenses decreased $1.9 million or 4% from $45.5 million in the prior year to $43.6 million year to date 2024, mainly driven by the impairment loss on intangible assets and restructuring costs recognized in the prior year period, partially offset by increases in ECL provisions and interest and financing fees.
- Net loss of $7.7 million was $0.8 million or 11% higher compared to a net loss of $6.9 million in the prior year period, as the decline in revenue from lower interest rates and transaction fees has been higher than expense savings.

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 provides investment opportunities for the institutional and accredited investor markets under the following business units: Pivot Financial (Pivot), Brightpath Capital Corporation (Brightpath), Nuvo Financial Inc. (Nuvo), Langhaus Financial Partners Inc. (Langhaus).

- 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 that is not part of interest income.
- 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.
- 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.

On November 1, 2024, the Company completed the sale of its TIMIA Capital business unit (the “TIMIA Group”), together with its equity interests in the TIMIA Group investment funds, to an affiliate of Round 13 Capital (“Round 13”). TIMIA offers revenue-based investment to fast growing, business-to-business recurring revenue software businesses in North America. The sale of the TIMIA Group included all-cash consideration of $4.5 million, subject to certain purchase price adjustments, and the purchaser’s acquisition from Pivot Financial I Limited Partnership, of $2 million in principal indebtedness of TIMIA Capital Holdings Limited Partnership.

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.

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 the 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 increasing 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

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 nearly 500 residential 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 period ended September 30, 2024 discussed in this MD&A include results of operations of:

- **Montfort Capital Corporation**
- **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
  - Brightpath Residential Mortgage LP I
  - Brightpath Residential Mortgage LP II
  - Brightpath Servicing Corporation
  - Brightpath II Servicing Corporation
  - Brightpath Opportunity Corporation

- **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 Insurance Finance Limited Partnership IV
  - Langhaus Insurance Finance GP IV Corporation
  - Langhaus Speciality Finance 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.

REVENUE

Total consolidated revenue for the three and nine months ended September 30, 2024 was $12.6 million and $35.9 compared to $13.0 million and $39.3 million for the three and nine months ended in the comparative prior year periods, decreases of 3% and 9% respectively.

The largest portion of the Company's revenue is interest income generated from its various loan portfolios. Interest income in the three and nine months ended September 30, 2024 was $9.3 million and $27.1 million compared to $9.2 million and $28.5 million in the comparative prior year periods, a 2% increase and 5% decrease respectively. Although the average loan portfolio balance was larger than the prior year, this portfolio increase has been driven primarily by insurance backed loans, which have lower average interest rates.

Income from transaction and other fees was $2.8 million and $7.8 million in the three and nine months ended September 30, 2024 compared to $3.4 million and $9.7 million in comparative prior year periods, decreases of 18% and 19% respectively. This decline was driven primarily by fewer loan origination fees recorded by Brightpath, as origination of residential mortgages has slowed in the current year.

Other sources of revenue include income from the settlement of loans and performance fees. Income from settlements was $0.3 million for both the three and nine months ended September 30, 2024, compared to $0.04 million for both the three and nine months ended September 30, 2023. Performance fee income for the three and nine months ended September 30, 2024 was $0.2 million and $0.7 million, compared to $0.3 million and $1.1 million, in the comparative prior year periods, decreases of 53% and 40% respectively. Higher income from settlement of loans and lower performance fees both reflect reduced activity in the Pivot and TIMIA lending units.

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

- Corporate Lending provides loans to small to medium-sized enterprises, composed of TIMIA Capital which operates primarily in the technology sector, Nuvo provides revolving net asset value based loans and Pivot Financial offers asset-backed loans and factoring facilities.
- Consumer Lending is composed of Brightpath, which provides first and second residential mortgages to individuals with contract terms on average of one year and Langhaus, which provides insurance policy-backed lending solutions.

Total Revenues by segment for the nine month period ended September 30, 2024 and 2023:

September 30, 2024		Corporate Lending		Consumer Lending		Montfort Operations		Total
Interest income	$	3,857,013	$	23,201,111	$	-	$	27,058,124
Income from transaction and other fees		2,296,381		5,539,909		6,952		7,843,242
Income from settlement of loans		323,461		23,750		-		347,211
Performance fee income		650,382		-		-		650,382
Total Revenue	**$**	**7,127,237**	**$**	**28,764,770**	**$**	**6,952**	**$**	**35,898,959**

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

EXPENSES

During the nine month period ended September 30, 2024, the Company's operating expenses declined overall compared to the prior year comparative period. Increases in interest expense and expected credit loss provisions were more than offset by reduced operational expenses as detailed below.

		Nine months ended September 30, 2024		Nine months ended September 30, 2023
Operational expense, not including interest expense and expected credit loss	$	11,404,529	$	17,057,186
Interest expense and expected credit loss		32,318,960		28,482,617
Total Expenses	**$**	**43,723,489**	**$**	**45,539,803**

Operational expenses for the nine month period ended September 30, 2024 were $11.4 million, a decrease of $5.7 million or 33% compared to the prior year. Year over year changes in operational expenses were as follows:

- The majority of the overall decrease was driven by an impairment loss on intangible assets of $3.6 million recognized in the prior year period.
- Administrative, management and directors' fees decreased $0.54 million or 9% to $5.7 million from $6.3 million, mainly reflecting reduced headcount.
- Office, travel, systems, and miscellaneous expenses decreased $0.2 million or 19% to $1.0 million compared to $1.2 million in the prior period, mainly driven by reduced travel and office costs.
- Marketing services and promotion expenses decreased $0.3 million or 55% to $0.2 million from $0.5 million as spending on contractors and services was reduced.
- Accounting and legal expenses increased $0.1 million or 7% from $2.0 million to $2.2 million, reflecting set up costs for new funding facilities arranged by Brightpath and Langhaus.

- Investor relations, communications and regulatory decreased $0.3 million or 65% from $0.4 million to $0.1 million after previously contracted IR services were insourced.
- In the prior year, the Company incurred restructuring related severance costs of $0.65 million due to relocation of its head office.

Interest and expected credit loss (ECL) expenses for the nine month period ended September 30, 2024 were $32.3 million, an increase of $3.8 million or 13% compared to the prior year. Year over year changes in interest and ECL expenses were as follows:

- Total interest expense and financing fees was $29.7 million compared to $27.2 million, an increase of $2.5 million or 9%. This increase is mainly driven by increased interest rates on loans payable year over year and a year over year increase in financing fees of $0.4 million, incurred to set up new funding facilities.
- Expected credit loss provisions were $2.5 million compared to $1.3 million, an increase of $1.2 million or 95% compared to the prior year period. The increase is due mainly to defaulted mortgages receivable that were discharged with insufficient proceeds to cover all principal, interest and fees owing.

Operational expenses by segment for the nine month period ended September 30, 2024 and 2023:

September 30, 2024	Corporate Lending	Consumer Lending	Montfort Operations	Total
Administrative, management and directors fees	$ 1,347,901	$ 2,137,287	$ 2,258,125	$ 5,743,313
Office, travel, systems, and miscellaneous	196,590	435,532	367,299	999,421
Marketing services and promotion	209,734	15,043	995	225,772
Accounting and legal	787,523	961,049	440,616	2,189,188
Investor relations, communications and regulatory fees	36,273	35,833	68,219	140,325
Impairment loss	-	-	-	-
Interest and financing fees	4,013,718	24,929,381	747,373	29,690,472
Expected credit loss (accounts receivable)	-	1,935,422	-	1,935,422
Expected credit loss (loans receivable)	326,794	366,272	-	693,066
Restructuring	-	-	-	-

September 30, 2023	Corporate Lending	Consumer Lending	Montfort Operations	Total
Administrative, management and directors fees	$ 1,907,901	$ 2,539,363	$ 1,837,006	$ 6,284,270
Office, travel, systems, and miscellaneous	381,762	442,785	407,199	1,231,746
Marketing services and promotion	469,239	32,224	1,064	502,527
Accounting and legal	559,265	765,027	723,180	2,047,472
Investor relations, communications and regulatory fees	114,973	314	285,445	400,732
Impairment loss	3,564,441	-	-	3,564,441
Interest and financing fees	3,996,770	22,420,734	779,927	27,197,431
Expected credit loss (loans receivable)	993,378	291,809	-	1,285,187
Restructuring	-	-	650,000	650,000

REVIEW OF FINANCIAL POSITION

Total assets increased $42.4 million or 10.5% to $444.9 million as at September 30, 2024 compared to $402.5 million as at December 31, 2023. The change in total assets was driven primarily by an increase in loans receivable, which increased by $38.9 million or 12% to $359.5 million as at September 30, 2024 compared to $320.6 million as at December 31, 2023. A breakdown of loans receivable by lending segment is as follows:

	Gross carrying amount	ECL allowance	Balance as at September 30, 2024	Balance as at December 31, 2023
Consumer lending				
Mortgages	$ 155,704,944	$ (1,313,290)	$ 154,391,654	$ 166,495,779
Insurance-backed loans	167,542,395	(447,129)	167,095,266	121,930,193
Total consumer loans receivables	**$ 323,247,339**	**$ (1,760,419)**	**$ 321,486,920**	**$ 288,425,972**
Corporate lending				
Interest only loans	$ 31,260,076	$ (430,684)	$ 30,829,392	$ 15,700,551
Amortized Loans	8,157,049	(1,006,033)	7,151,016	13,413,880
Factored facilities	-	-	-	3,041,046
Total corporate loans receivables	**$** 39,417,125	**$** (1,436,717)	**$** 37,980,408	**$** 32,155,477
Total loan receivables	**$ 362,664,464**	**$ (3,197,136)**	**$ 359,467,328**	**$ 320,581,449**

SUMMARY OF QUARTERLY RESULTS

	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022
Revenue	$ 12,581,908	$ 11,342,823	$ 11,974,234	$ 12,145,894	$ 12,967,337	$ 13,299,755	$ 13,053,397	$ 13,858,173
Net income (loss)	(2,317,389)	(3,238,232)	(2,159,073)	(5,583,175)	(3,892,151)	(1,136,658)	(1,890,740)	1,163,140
Basic and diluted loss per share	(0.04)	(0.04)	(0.03)	(0.07)	(0.05)	(0.02)	(0.03)	(0.00)
Total assets**	444,817,066	432,356,516	432,485,782	402,508,233	374,369,291	463,273,893	458,362,406	455,469,362
Total liabilities	416,206,160	400,765,932	396,972,225	364,276,223	329,974,636	414,374,944	408,127,848	402,604,542
Weighted average number of shares (in thousands)	99,727	93,972	92,714	92,693	92,193	91,859	91,650	107,161

***Revised Total assets for Q2 2023, Q1 2023 and Q4 2022*

LIQUIDITY AND SOLVENCY

The Company defines working capital as total current assets less total current liabilities. As at September 30, 2024, the Company's cash balance was $11.6 million ($8.3 million - December 31, 2023) and the Company had working capital of $18.2 million (negative $21.5 million - December 31, 2023). The move to positive working capital is mainly driven by the refinancing of one loan payable for $49.2 million in 2024 that moved from current to long-term as a result. The new funding secured in the period has a term of 3 years. Management believes the Company has sufficient working capital to meet its obligations and objectives. The Company continues to monitor the matching between loans receivable and loans payable to manage cash inflows and outflows. 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 $406.1 million, the majority $306.2 million is subject to variable rates ranging from prime -1% to prime +5.5%, while the remaining $99.9 million 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, which helps manage the matching of interest rate risk to maintain interest rate spread. The Company was in compliance with all loan covenants other than for one subsidiary. The covenant breaches have been communicated to the lenders and they have not requested any change to the loan status as a result.

As at September 30, 2024, the majority of the loans payable held by entities within the consolidated group 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 is used to support the financing requirements of specific Limited Partnerships established.

The table below summarizes the amount of debt in consolidated entities that have recourse to the common shareholders as of September 30, 2024:

		Recourse		Non recourse		Total
Corporate	$	39,585,141	$	34,787,631	$	74,372,772
Consumer		-		331,753,043		331,753,043
Total	**$**	**39,585,141**	**$**	**366,540,674**	**$**	**406,125,815**

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.

FINANCIAL INSTRUMENTS AND RISK

Financial instruments

Financial instruments

The following table summarizes information regarding the carrying values and classification of the Company's financial instruments:

	Classification		September 30, 2024		December 31, 2023
Cash	Amortized Cost	$	11,635,771	$	8,281,046
Accounts receivable	Amortized Cost		14,668,770		8,605,909
Carried interest receivable	Amortized Cost		790,612		2,430,338
Loans receivable	Amortized Cost		359,467,328		320,581,709
Investments	FVTPL		965,100		1,247,903
Accounts payable	Amortized Cost		5,612,702		7,375,530
Loans payable	Amortized Cost		396,125,815		291,371,311
Loans payable	FVTPL		10,000,000		60,000,000
Other liability	Amortized Cost		1,128,343		893,534
Other liability	FVTPL		-		811,611

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 and accounts payable 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 a financial instrument is categorized is determined on the basis of the lowest level input that is significant to 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 interim consolidated statements of financial position and categorized into levels of the fair value hierarchy as at September 30, 2024:

	Balance at September 30, 2024	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments	$ 965,100	$ -	$ -	$ 965,100
Loans payable	10,000,000	-	-	10,000,000

Loans payable were transferred from Level 1 to Level 3 during the period were $nil (2023 - $nil).

The consolidated statements of financial position and categorized into levels of the fair value hierarchy as at December 31, 2023:

	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

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 occurred during the period.

Loans payable classified as Level 3 relate to variable interest debt from a third party. During the period ended September 30, 2024 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 September 30, 2024.

For information regarding the valuation of Other liability above refer to Note 10.

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$7,795,068 ($14,507,547 - September 30, 2023) which are currently valued at $10,536,593 ($19,588,090 - September 30, 2023) and loans payable totaling US$8,924,343 ($12,315,343 - September 30, 2023) which are currently valued at $12,063,034 ($16,628,177 - September 30, 2023). 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 $152,644 ($295,991 - September 30, 2023).

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.

As of September 30, 2024, 1.53% (6.5% - December 31, 2023) of mortgage loans receivable bear interest at fixed rates and 98.47% 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. 100% (100% - December 31, 2023) of loans in Nuvo's net asset value based loans and Langhaus' insurance policy-backed loans bear interest at variable rates. Changing interest rates may result in changes in interest income and expense for the variable rate mortgages and loans. 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 and loan receivable could be significant. On a consolidated basis, the estimated effect of a 1% increase in market interest rates is that the Company's net interest income would be $1.2 million lower over a twelve month period and a 1% decrease in market interest rates would increase net interest income by $1.1 million.

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, accounts receivable and loan receivables. The Company limits exposure to credit risk by maintaining its cash with large Canadian Schedule 1 banks. The Company's maximum exposure to credit risk at the reporting date is the carrying value of cash, restricted cash, accounts receivable, and loans receivable.

Credit risk measurement

In monitoring credit risk, the Company performs ongoing credit evaluations of its investees' financial condition. The evaluation considers delinquency trends, sales volumes and the investee's ability to maintain its financial condition. In accordance with IFRS 9, the Company calculates a provision for expected credit loss as outlined below.

Expected credit loss measurement

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarized below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Company.
- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired.
- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.

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

The Company assigns each financial instrument 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 or accounts 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.

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 investee may not be sufficient to meet ongoing needs; or
- The investment has significantly underperformed with respect to revenue growth and expense control.

A financial instrument 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 accounts receivable and 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 value of the security provided 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 accounts receivable and loan receivable and recalculates the ECL every reporting period. Changes to the ECL are recognized on the interim consolidated statement of income (loss) in the period of the change.

Credit risk exposure

The Company's credit risk exposure by ECL staging is included in a table in Note 4 of the interim financial statements..

MANAGEMENT OF CAPITAL

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

The Company is subject to certain restrictions on its assets as described in 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.

RELATED PARTY TRANSACTIONS

Transactions with related parties are in the normal course of operations and are measured at market based on exchange amounts. The Company had the following related party transactions:

	Nine months ended September 30, 2024	Nine months ended September 30, 2023	Relationship
Interest expense paid	$ 369,709	$ 335,358	Directors, officers and corporations controlled by/family members of directors/officers
Debentures and loans payable	5,670,128	4,899,380	Directors, officers and corporations controlled by/family members of directors/officers
Accounts payable	135,232	94,454	Director/Officers
Rent expense paid	160,549	44,811	Corporation controlled by directors/officers or family member of management
Interest revenue recognized	216,936	427,788	Director/Officers (earned on loans outstanding during the year that were fully repaid prior to year-end).
Loans receivable	-	-	Director/Officers
Guarantee fees	170,104	31,960	Director/Officers

OUTLOOK

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 in order to support growth of its operating businesses.

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

SUBSEQUENT EVENTS

On November 25, 2024, the Company's board of directors declared a quarterly cash dividend of $0.02 per Series A Preferred Shares and $0.4971 per Series 1 Class C, payable on December 31, 2024 to preferred shareholders of record as of December 17, 2024.

On November 1, 2024, the Company completed the sale of its TIMIA Capital business unit (the "TIMIA Group"), together with its equity interests in the TIMIA Group investment funds, to an affiliate of Round 13 Capital ("Round 13"). The sale of the TIMIA Group included all-cash consideration of $4.5 million, subject to certain purchase price adjustments, and the purchaser's acquisition from Pivot Financial I Limited Partnership, of $2 million in principal indebtedness of TIMIA Capital Holdings Limited Partnership.

On November 26, 2024, the Company entered into a non-binding letter of intent to, among other things, sell Brightpath Capital Corporation and its subsidiaries (collectively, "Brightpath") to Blake Albright, a director of Montfort and current CEO of Brightpath in exchange for shares of Montfort held by him (the "Proposed Divestiture"). The completion of the Proposed Divestiture is contingent upon, among other things, securing all requisite regulatory and third-party approvals, including the TSXV and certain lenders of Brightpath, and the negotiation and execution of final documentation. The board of directors of Montfort established an independent special committee to evaluate and negotiate the Proposed Divestiture. Further details of the Proposed Divestiture will be provided upon the execution of final documentation.

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 periods ended September 30, 2024 and 2023, together with other financial information included in the Company's interim securities filings.

OUTSTANDING SHARE DATA

As of September 30, 2024, the Company had 99,817,282 common shares outstanding, 28,485,994 Series A preferred shares outstanding, 498,800 Series 1 preferred shares 6,270,001 stock options, 881,050 restricted stock units and 4,450,000 performance share units. As of the date of this MD&A, the Company had the same shares, stock options and share units outstanding as at September 30, 2024.

ON BEHALF OF THE BOARD:

"Ken Thomson"
Chief Executive Officer
MONFORT CAPITAL CORP.