TIMIA CAPITAL CORP.

CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED

FEBRUARY 28, 2021 AND FEBRUARY 29, 2020

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited consolidated condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these consolidated condensed interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of the interim financial statements by an entity's auditor.

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Howard Atkinson
Director and Chair of the Audit Committee

TIMIA CAPITAL CORP.

CONSOLIDATED CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION (UNAUDITED)

AS AT FEBRUARY 28, 2021 AND NOVEMBER 30, 2020

(Expressed in Canadian Dollars)

		February 28, 2021		November 30, 2020
ASSETS				
Cash	$	9,486,874	$	12,872,769
Accounts receivable		400,730		413,239
Current portion of loans receivable (Note 3)		2,695,135		894,540
Deposits and prepaid expenses		213,802		146,297
Total current assets		12,796,541		14,326,845
Non-current assets				
Loans receivable (Note 3)		24,562,716		26,352,757
Equity investments (Note 4)		1,247,903		965,100
Right-of-use asset		21,252		26,565
Forward contract receivable (Note 7)		322,500		252,500
TOTAL ASSETS	$	38,950,912	$	41,923,767
LIABILITIES				
Accounts payable and accrued liabilities (Note 11)	$	471,946	$	645,006
Current portion of debentures (Note 5)		33,324		54,903
Current portion of co-investment obligations (Note 6)		32,952		32,952
Revolving credit facilities (Note 8)		2,510,320		2,510,320
Total current liabilities		3,048,542		3,243,181
Non-current liabilities				
Debentures (Note 5)		2,285,052		4,079,497
Co-investment obligations (Note 6)		246,398		246,398
TOTAL LIABILITIES		5,579,992		7,569,076
EQUITY				
Share capital (Note 9)		5,807,175		5,807,175
Preferred shares (Note 9)		4,584,495		4,584,495
Share-based payment reserve (Note 9)		1,509,798		1,465,059
Equity component of convertible debentures		82,070		82,070
Accumulated other comprehensive loss		(69,290)		(37,974)
Deficit		(4,656,356)		(4,340,930)
Total TIMIA Capital Corp. shareholders' equity		7,257,892		7,559,895
Non-controlling interests (Note 12)		26,113,028		26,794,796
Total equity		33,370,920		34,354,691
TOTAL LIABILITIES AND EQUITY	$	38,950,912	$	41,923,767

Nature of operations (Note 1)
Subsequent events (Note 15)
Approved on behalf of the Board of Directors:

/s/ "Howard Atkinson"	*/s/ "David Demers"*
Howard Atkinson, Director	David Demers, Director

(The accompanying notes are an integral part of these consolidated condensed interim financial statements)

TIMIA CAPITAL CORP.

CONSOLIDATED CONDENSED INTERIM STATEMENTS OF NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS) (UNAUDITED)

FOR THE THREE MONTHS ENDED FEBRUARY 28, 2021 AND FEBRUARY 29, 2020

(Expressed in Canadian Dollars)

		Three months ended February 28, 2021		Three months ended February 29, 2020
REVENUE				
Interest income	$	1,197,528	$	939,701
Income from transaction and other fees		96,162		84,487
(Loss) income from settlement of loans		(22,875)		516,009
TOTAL REVENUE		1,270,815		1,540,197
EXPENSES				
Accounting and legal		39,752		86,989
Administrative, management, and directors' fees (Note 11)		399,961		324,407
Expected credit (recovery) loss (Note 3)		38,880		101,089
IR, communications and regulatory fees		75,934		85,067
Interest expense (Note 11)		225,340		418,743
Marketing services and promotion		81,833		90,751
Office, travel, systems, and miscellaneous (Notes 5 and 11)		113,501		125,835
Share-based payments (Notes 9 and 11)		44,739		49,773
		1,019,940		1,282,654
OPERATING INCOME (LOSS)		250,875		257,543
Gain on forward contract (Note 7)		70,000		-
Loss on settlement of debentures		(26,674)		-
Fund structuring and financing (costs) recovery		-		20,000
Foreign exchange (loss) gain		(169,642)		166,601
NET INCOME (LOSS)		124,559		444,144
				-
OTHER COMPREHENSIVE LOSS				
Foreign currency translation adjustment		(469,655)		-
NET (LOSS) INCOME AND COMPREHENSIVE (LOSS) INCOME		(345,096)		444,144
Net income (loss) attributable to:				
Shareholders of the Company		(315,426)		(137,684)
Non-Controlling Interests (Note 12)		439,985		581,828
		124,559		444,144
Comprehensive income (loss) attributable to:				
Shareholders of the Company		(346,743)		(137,684)
Non-Controlling Interests (Note 12)		1,647		581,828
	$	(345,096)	$	444,144
NET LOSS PER COMMON SHARE BASIC AND DILUTED	$	(0.01)	$	(0.00)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING		45,776,225		39,972,018

(The accompanying notes are an integral part of these consolidated condensed interim financial statements)

TIMIA CAPITAL CORP.

CONSOLIDATED CONDENSED INTERIM STATEMENTS OF CASH FLOWS (UNAUDITED)

FOR THE THREE MONTHS ENDED FEBRUARY 28, 2021 AND FEBRUARY 29, 2020

(Expressed in Canadian Dollars)

	Three months ended February 28, 2021	Three months ended February 29, 2020
OPERATING ACTIVITIES		
Net income for the year	$ 124,559	$ 444,140
Adjustments for:		
Share-based payments	44,739	49,773
Amortization expense	16,649	11,102
Interest expense (income)	17,564	82,390
Interest accrued and interest accretion	17,345	73,287
Expected credit (recovery) loss	38,880	101,089
Loss on extinguishment of debentures	26,674	-
Realized loss (gain) on investments	22,875	(516,009)
Unrealized gain on forward contract	(70,000)	-
Unrealized foreign exchange loss (gain)	409,655	(162,647)
	648,940	83,129
Changes in non-cash working capital items:		
Accounts receivable	12,509	(44,042)
Deposits and prepaid expenses	(67,505)	(129,974)
Share capital subscriptions received in advance	-	(250,000)
Accounts payable and accrued liabilities	(202,654)	51,372
Repayment of loans receivable	1,579,299	2,953,099
Advances of loans receivable	(2,361,630)	(2,861,700)
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(391,041)	(198,116)
FINANCING ACTIVITIES		
Proceeds on issuance (redemption) of debentures, net	(1,837,500)	(100,000)
Proceeds on issuance of Limited Partnership units	-	3,070,000
Distributions paid through the Limited Partners	(683,418)	(896,606)
Proceeds on exercise of options	-	33,500
Payments to co-investors	(7,858)	(256,540)
Payments on lease, net	702	(10,344)
Proceeds from revolving credit facility, net	-	497,362
Repayment of revolving credit facility	-	-
CASH AND CASH EQUIVALENTS PROVIDED BY FINANCING ACTIVITIES	(2,528,074)	2,337,372
CHANGE IN CASH DURING THE PERIOD	(2,919,115)	2,139,256
EFFECT OF FOREIGN EXCHANGE ON CASH AND CASH EQUIVALENTS	(466,780)	-
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	12,872,769	4,662,156
CASH AND CASH EQUIVALENT, END OF PERIOD	$ 9,486,874	$ 6,801,412

The Company has not paid any income taxes and all interest paid has been disclosed above.

(The accompanying notes are an integral part of these consolidated condensed interim financial statements)

TIMIA CAPITAL CORP.

CONSOLIDATED CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)

FOR THE THREE MONTHS ENDED FEBRUARY 28, 2021 AND FEBRUARY 29, 2020

(Expressed in Canadian Dollars)

	Common shares		Preferred shares							
	Issued	**Amount**	**Issued**	**Amount**	**Share-based payment reserve**	**Equity component of convertible debentures**	**Deficit**	**Accumulated other comprehensive loss**	**Non-controlling interest**	**Total**
As at December 1, 2019	39,774,796	$ 4,977,427	-	$ -	$ 1,383,282	$ 82,070	$ (3,754,586)	$ -	$ 11,609,956	$ 14,298,149
TIMIA LP I subscriptions (Note 13)	-	-	-	-	-	-	-	-	2,173,394	2,173,394
Options exercised	250,000	63,049	-	-	(29,549)	-	-	-	-	33,500
Share-based payments	-	-	-	-	49,773	-	-	-	-	49,776
Net income (loss) and comprehensive income (loss)	-	-	-	-	-	-	(137,684)	-	581,828	444,144
As at February 29, 2020	40,024,796	5,040,476	-	-	1,403,506	82,070	(3,892,270)	-	14,365,178	16,998,960
As at December 1, 2020	45,776,225	5,807,175	5,210,994	4,584,495	1,465,059	82,070	(4,340,930)	(37,974)	26,794,796	34,354,691
Share-based payments	-	-	-	-	44,739	-	-	-	-	44,739
Capital distributions	-	-	-	-	-	-	-	-	(683,416)	(683,416)
Other comprehensive loss	-	-	-	-	-	-	-	(31,316)	(438,339)	(469,655)
Net income (loss) and comprehensive income (loss)	-	-	-	-	-	-	(315,426)	-	439,987	124,561
As at February 28, 2021	45,776,225	5,807,175	5,210,994	4,584,495	1,509,798	82,070	(4,656,356)	(69,290)	26,113,028	33,370,920

(The accompanying notes are an integral part of these consolidated condensed interim financial statements)

1. NATURE OF OPERATIONS

TIMIA Capital Corp. ("TIMIA" or the "Company") was incorporated under the Business Corporations Act of British Columbia on October 26, 2007 under the name Angelwest Capital Corp. The Company changed its name to GreenAngel Energy Corp. on October 27, 2009 and then to TIMIA Capital Corp. on September 23, 2015 and is listed on the TSX Venture Exchange (the "TSX-V") trading under the symbol "TCA". The Company commenced trading on the OTCQB Venture Market ("OTCQB") under the symbol of TIMCF effective September 9, 2019. TIMIA Capital Corporation has developed a proprietary loan origination platform that services private market, high-yield loan opportunities, thereby earning recurring fees and a share of the profit. While focusing on the fast growing, global, business-to-business Software-as-a-Service (or SaaS) segment, TIMIA's automated loan origination system is applicable to multiple technology sectors, it creates scalable and profitable growth for TIMIA's stakeholders. Other sources of revenue include income from the settlement of loans as well as transaction fees from due diligence and similar services. The Company's head office and principal place of business is 789 West Pender St. Suite 1530, Vancouver, British Columbia, Canada.

These consolidated condensed interim financial statements were authorized for issuance by the Board of Directors on April 28, 2021.

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

TIMIA prepares its unaudited interim condensed consolidated financial statements ("financial statements") in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The preparation of consolidated financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires that management exercise judgment in applying TIMIA's accounting policies. These unaudited interim condensed consolidated financial statements are presented in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting. The disclosures contained in these unaudited interim condensed consolidated financial statements do not contain all requirements of IFRS for annual consolidated financial statements and should be read in conjunction with the audited consolidated financial statements for the year ended November 30, 2020. These unaudited interim condensed consolidated financial statements follow the same accounting policies and methods of application as the audited financial statements for the year ended November 30, 2020, with the exception of any the accounting standards adopted in the current year.

Basis of presentation

The consolidated condensed interim financial statements have been prepared using the historical cost basis except for certain financial instruments, which are measured at fair value. All amounts are expressed in Canadian dollars unless otherwise stated. Certain comparative figures in these consolidated financial statements have been reclassified in order to conform with current year presentation.

Basis of consolidation

The Company uses the criteria outlined in IFRS 10 in order to determine whether it has control of its Limited Partnerships. In applying the criteria outlined in IFRS 10, judgment is required in determining whether TIMIA controls TIMIA Capital I Limited Partnership ("LP I") and TIMIA Capital II Limited Partnership ("LP II"), together the "LP's". Making this judgment involves taking into consideration the concepts of power over LP I and LP II, exposure and rights to variable returns, and the ability to use power to direct the relevant activities of the LP's so as the generate economic returns. Using these criteria, management has determined that TIMIA does control the LP's and as a result consolidates the accounts of LP I and LP II.

(Expressed in Canadian Dollars)

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

Subsidiaries are those entities which the Company controls by having the power to govern the financial and operating policies of such entities so as to obtain economic benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity.

These consolidated financial statements include the accounts of the Company and the following subsidiaries:

Entity	Country	Percentage Ownership of Parent (based on units as at February 28, 2021)
TIMIA Capital Corp.	Canada	-
TIMIA Capital General Partner Inc.	Canada	100%
TIMIA Capital I Limited Partnership	Canada	12.3919%(1)
TIMIA Capital II Limited Partnership	Canada	6.96%(2)
TIMIA Capital II General Partner Inc.	Canada	100%
TIMIA Capital Holdings Limited Partnership	Canada	100%

Notes:
(1) TIMIA Capital Corp. holds its 12.3919% interest in TIMIA Capital I Limited Partnership which was formed on March 6, 2019.
(2) TIMIA Capital Corp. holds 6.96% of TIMIA Capital II Limited Partnership which was formed on April 30, 2020.

All significant inter-company balances and transactions have been eliminated on consolidation.

Significant accounting judgements and estimates

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period.

Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. Loans receivable are reviewed on a quarterly basis as to their collectability and an appropriate impairment charge is provided where considered necessary. The Company estimates a expected credit loss on a quarterly basis by reviewing the underlying loan portfolio. The allowance represents the Company's estimate of the expected credit losses inherent in the loan portfolio, net of the future income stream belonging to the holders of the co-investment agreements. In addition, the Company also completes a loan specific analysis to assess whether there are indications of impairment. The Company reviews a variety of factors such as maintenance of loan repayments in accordance with the contractual obligations, general economic conditions, the underlying stability of the Company to which the loan was granted and has periodic discussions with the management of each company. The Company then makes an assessment using this information on whether or not the loan is impaired.

Changes in these estimates and assessments may have a material impact on these interim condensed consolidated financial statements. The information about other significant areas of estimation uncertainty considered by management in preparing the consolidated financial statements is:

(Expressed in Canadian Dollars)

Significant accounting judgements and estimates (continued)

- Fair value of equity investments not quoted in an active market;
- Variables used in estimating values of loans receivable;
- Variables used in determining expected credit losses;
- Recognition of deferred tax assets; and
- Calculation of share-based payments expense.

The information about significant areas of judgement considered by management in preparing the consolidated financial statements are:

- Determination of control of entities, giving rise to the consolidation thereof;
- The classification of financial instruments;
- Indicators of impairment of financial instruments; and
- The valuation of financial assets and liabilities recorded on the statement of financial position which is derived from a variety of valuation techniques.

3. LOANS RECEIVABLE

The Company makes loans to software companies who have a recurring revenue business model in Canada and the United States of America. All loans receivable are between two and six years in terms and all of the loans receivable in the Company's portfolio are secured by General Security Agreements.

		February 28, 2021		November 30, 2020
Opening balance	$	27,614,080	$	21,596,037
Advances on loans receivable		2,361,630		16,756,814
Interest revenue		1,197,165		3,871,649
Interest and principal payments		(1,239,425)		(4,020,700)
Settlement of investments		(1,862,102)		(10,167,044)
Foreign exchange		(409,655)		(422,676)
Closing balance		27,661,693		27,614,080
Less: current portion		(2,695,135)		(894,540)
Non-current portion		24,966,558		26,719,540
ECL (loan loss) provision, opening balance		(366,783)		(448,525)
Add: ECL released (provision) for outstanding loans [(1)]		(38,880)		81,742
Less: Foreign exchange translation adjustment		1,821		-
ECL (loan loss) provision, closing balance	$	(403,842)	$	(366,783)
Loans receivable, non-current portion	$	24,966,558	$	26,719,540
ECL (loan loss) provision, closing balance		(403,842)		(366,783)
Loans receivable, net of ECL (loan loss), non-current portion	$	24,562,716	$	26,352,757

[(1)] The expected credit loss represents the net amount required to adjust to the ECL as calculated under IFRS 9.

Details of the expected credit loss model can be found in Note 13 under the heading *Expected Credit Loss Measurement*.

(Expressed in Canadian Dollars)

3. LOANS RECEIVABLE (continued)

The expected credit loss provision for the period from December 1, 2020 to February 28, 2021 is calculated as follows:

	Stage 1	Stage 2	Stage 3	Total
Opening amortized loan balance	$ 26,831,100	782,980	$ -	$ 27,614,080
Advances on loans receivable	2,361,630	-	-	2,361,630
Interest revenue, net of interest and principal payments	(20,606)	(21,654)	-	(42,260)
Loans receivable moved to stage 2	(732,010)	732,010	-	-
Settlement of investments	(1,862,102)	-	-	(1,862,102)
Foreign exchange	(392,125)	(17,530)	-	(409,655)
Less: current portion	(2,597,948)	(97,187)	-	(2,695,135)
Closing balance, non-current portion	$ 23,587,939	1,378,619	$ -	$ 24,966,558
Expected Credit Loss, opening balance	$ (225,846)	(140,937)	$ -	$ (366,783)
Add: ECL for outstanding loans	34,293	(73,173)	-	(38,880)
Less: Foreign exchange translation adjustment	1,821	-	-	1,821
Expected Credit Loss, closing balance	$ (189,732)	(214,110)	$ -	$ (403,842)
Loans receivable, non-current portion	$ 23,587,939	1,378,619	$ -	$ 24,966,558
ECL provision, closing balance	(189,732)	(214,110)	-	(403,842)
Loans receivable, net of ECL, non-current portion	$ 23,398,207	1,164,509	$ -	$ 24,562,716

Loans receivable by type

The Company provides two main types of loan facilities.

- A **Short-Term Loan** is designed for borrowers that anticipate achieving a financing milestone in the relatively near future. Typically, two to three years in length, these facilities require the borrower to pay approximately two thirds of the interest monthly. The remainder of the interest is accrued over the term of the loan and is due and payable at the end of the term.

- A **Revenue Finance Loan** is a type of growth capital provided by TIMIA to a company in which the timing of loan payments are tied to the forecast revenue of the company. Any unamortized amounts are due and payable at the end of the term.

3. LOANS RECEIVABLE (continued)

Loans receivable by type (continued)

The following table presents a breakdown of the loan portfolio by type of loan.

	At February 28, 2021		At November 30, 2020	
	Number of Loans	Carrying Value	Number of Loans	Carrying Value
Short Term Loans	9	15,830,390	9	$ 16,687,300
Revenue Finance Loans	12	11,427,461	11	10,559,997
Total	21	27,257,851	20	$ 27,247,297

Loans receivable by geography

The Company advances loans in Canada and the United States of America. The following table presents a breakdown of the loan portfolio by geography, denominated in Canadian dollars.

	At February 28, 2021		At November 30, 2020	
	Number of Loans	Carrying Value	Number of Loans	Carrying Value
Canada	10	7,124,868	11	$ 9,070,997
United States of America	11	20,132,983	9	18,176,300
Total	21	27,257,851	20	$ 27,247,297

4. EQUITY INVESTMENTS

As at February 28, 2021 and November 30, 2020, the Company held the following equity investments:

Investees	**Common Shares**	Cost	February 28, 2021 Fair Value	November 30, 2020 Fair Value
Moj.io Inc.	427,998	$ 43	$ 462,300	$ 462,300
Lambda Solutions Inc.	185,000	46,538	77,700	77,700
CamDo Solutions Inc.	1,062,500	25,100	425,100	425,100
AvenueHQ	50,000	282,803	282,803	-
		$ 354,484	$ 1,247,903	$ 965,100

During the period, an equity investment in AvenueHQ was acquired in exchange for settlement of a loan receivable outstanding.

5. DEBENTURES

The Company has issued and outstanding two series of debentures as of February 28, 2021.

- During the year ended November 30, 2017, the Company initiated Series D Debenture offerings. The Debentures pay 12% annual interest with quarterly payments and are secured against the assets of the Company with a maturity date of June 15, 2022, with an option for early redemption by the Company after three years from the date of issuance. Investors who subscribed for more than $50,000 of the Debentures were entitled to common share purchase warrants at a rate of 4,000 warrants per $10,000 of Debentures. Each warrant will entitle the holder to purchase one common share of the Company at a price of $0.25 and will have an expiry date of June 15, 2022.
- During fiscal 2018 and 2019 the Company issued Series E debentures for a total of $1,320,000 with warrants. This private placement which was priced at $100 per unit resulted in a total issuance of 13,200 debentures and 440,000 warrants. The debentures bear an interest rate of 12% per annum, payable quarterly in arrears, have a term of five years from November 30, 2018 and are secured against the assets of the Company. The warrants are exercisable for five years from November 30, 2018, at a price of $0.30 per share. A total commission of $28,700 and 95,666 broker warrants, exercisable at $0.30 with a two-year term, were paid as part of this transaction.

The Company has agreed not to allow any liens or charges to be registered against its assets as long as the Debentures are outstanding, except with the permission of more than 67% of the Debenture holders, except in certain limited circumstances and conditions.

As at February 28, 2021, $33,324 (2020: $54,903) of interest payable was outstanding and classified as current portion of debentures.

During the period ended February 28, 2021, the Company redeemed $1,837,500 of the Series D debentures plus accrued interest for a total payment of $1,860,096. See also Note 15, Subsequent Events, for redemptions occurring after February 28, 2021.

6. CO-INVESTMENT OBLIGATIONS

The Company entered into co-investment agreements that provide non-dilutive capital in exchange for the ability for qualified investors to participate directly in the Company's portfolio of investments ("Co-investors"). Under this model, Co-investors enter into an agreement that entitles them to receive a fixed percentage of all cash flow derived from a specified portfolio of investments. The co-investment agreements will terminate upon the discharge of all of the obligations of the respective parties that make up the underlying loans receivable portfolio. The actual amounts paid and timing of payments under the co-investment agreements depend on the performance of the underlying loans receivable. In total, the Company has raised $4,850,000 using such arrangements. Total amounts owing at February 28, 2021 are recorded as Co-investment obligations on the statement of financial position.

7. FOREIGN CURRENCY FORWARD CONTRACT

On April 16, 2020, the Company entered into a forward contract to secure access to US funds for a fixed foreign exchange rate. The Company uses foreign currency forward contracts to manage risk related to variable foreign exchange rates. Under the forward contract, the Company agreed to sell US$2,500,000 for $3,493,750 on April 29, 2021. Based on fluctuation in the USD exchange rate since the date of issuance of the facility through to February 29, 2021, a derivative asset has been recorded of $322,500 (November 30, 2020: $252,500) to account for the net amount under the agreement and was recognized as a gain on forward contract in the consolidated statements of net income (loss) and comprehensive income (loss). Subsequent to February 28, 2021, the maturity date was extended to August 31, 2021.

8. REVOLVING CREDIT FACILITIES

On November 22, 2019, the Company secured a revolving credit facility (the "Credit Facility") from a lender. The amount that was available to be drawn under the Credit Facility was $7,500,000 with a maturity of November 22, 2020 ("Maturity Date"). Subsequently the maturity date was amended to May 21, 2021. The principal drawn on the Credit Facility will bear an interest rate equal to the greater of a) prime plus 5.7%, or b) 10.5%. The standby fee on the undrawn balance is equal to 1% of the undrawn principal amount of the facility is payable monthly. A minimum usage fee is due if at any time the principal amount outstanding under the facility falls below $2,000,000.

The Credit Facility contains both general and financial covenants which the Company is required to report on a regular basis and restrict the level of indebtedness as a ratio to current assets and require a minimum cash balance.

The balance outstanding under the Credit Facility is classified as amortized cost and accounted for using the effective interest rate method. The carrying value as at February 29, 2021 and November 30, 2020 was $2,510,320.

On March 15, 2021, subsequent to period end, the Company entered into an amended agreement and an additional amount of $1,975,000 was drawn. In addition, the minimum usage threshold was increased from $2,000,000 to $3,500,000 and the maturity date was amended to October 31, 2021.

9. SHARE CAPITAL

(a) *Common shares:*

An unlimited number of common voting shares are authorized without par value. As of February 28, 2021 TIMIA has 45,776,225 common shares issued and outstanding.

(b) *Preferred shares:*

As of February 28, 2021, TIMIA has 5,210,994 Series A Preferred Shares issued and outstanding.

(c) Stock options:

The Company has adopted an incentive share option plan for granting options to directors, employees and consultants, under which the total outstanding options are limited to 5,500,000 Common Shares, being a number equal to 15.95% of the outstanding issue as of the date of shareholder approval of the plan. Under the plan, the exercise price of an option shall not be less than the discounted market price at the time of granting, or as permitted by the policies of TSX-V. Options granted may not exceed a term of five years from the grant date. The vesting period for all other options will be determined by the Board of Directors at the time of each grant.

(Expressed in Canadian Dollars)

9. SHARE CAPITAL (continued)

(b) Stock options: (continued)

	Number of Options		Weighted Average Exercise Price
Balance, November 30, 2019	5,175,000	$	0.14
Issued	1,255,000		0.18
Exercised	(1,660,000)		0.07
Expired	(695,000)		0.17
Balance, November 30, 2020	4,075,000		0.18
Issued	480,000		0.19
Balance, February 28, 2021	4,555,000	$	0.18

Additional information regarding stock options outstanding as at February 28, 2021 is as follows:

	Outstanding			Exercisable		
Exercise Price	Number of Options	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price	Number of Options		Weighted Average Exercise Price
$ 0.14	1,080,000	1.44	$ 0.14	1,080,000		$ 0.14
0.17	745,000	2.44	0.17	716,553		0.17
0.18	75,000	2.96	0.18	75,000		0.18
0.19	480,000	4.89	0.19	17,534		0.19
0.22	920,000	3.45	0.22	759,635		0.22
0.20	605,000	4.27	0.20	196,142		0.20
0.17	600,000	4.55	0.17	415,890		0.17
$ 0.17	50,000	4.56	0.17	11,416		0.17
	4,555,000	3.03	$ 0.18	3,272,170		$ 0.18

Option-pricing requires the use of highly subjective estimates and assumptions including the expected stock price volatility. The expected volatility used in valuing stock options is based on volatility observed in historical periods. Changes in the underlying assumptions can materially affect the fair value estimates. The fair value of the options re-priced and granted to officers, directors, consultants, and employees was calculated using the Black-Scholes option pricing model with following weighted average assumptions and resulting grant date fair value:

	2021	**2020**
Weighted average assumptions:		
Risk-free interest rate	0.41%	0.39% - 0.59%
Expected dividend yield	-	-
Expected option life (years)	5.00	5.00
Expected stock price volatility	89%	101% - 104%
Weighted average fair value at grant date	$0.18	$0.17 - $0.20
Expected forfeiture rate	-	-

(Expressed in Canadian Dollars)

9. SHARE CAPITAL (continued)

(e) Warrants:

	Number of Warrants		Weighted Average Exercise Price
Balance, November 30, 2019	6,331,480	$	0.22
Issued	238,759		0.25
Exercised	(20,000)		0.25
Balance, November 30, 2020 and February 28, 2021	6,550,239	$	0.22

Additional information regarding warrants outstanding and exercisable as at February 28, 2021 is as follows:

Exercise Price	Number of Warrants	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price
$ 0.20	2,175,000	0.25	$ 0.20
0.20	625,000	0.39	0.20
0.20	925,000	0.75	0.20
0.20	875,000	1.00	0.20
0.25	120,080	1.07	0.25
0.20	22,500	1.00	0.20
0.25	44,800	1.25	0.25
0.25	288,600	1.50	0.25
0.20	62,500	1.75	0.20
0.25	260,000	1.75	0.25
0.25	307,800	2.00	0.25
0.25	165,200	2.25	0.25
0.30	258,333	2.75	0.30
0.30	181,667	3.00	0.30
$ 0.25	238,759	0..75	0.25
	6,550,239	0.91	$ 0.22

Subsequent to February 28, 2021, 212,500 warrants were exercised.

10. RELATED PARTY TRANSACTIONS AND EXECUTIVE COMPENSATION

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

(a) Debentures of $150,000 (November 30, 2020: $1,107,500) are held by directors, officers, family members of directors and officers and a company controlled by a family member of a director and officer identified as key management personnel. As at February 28, 2021, there was $151,381 (November 30, 2020: $1,123,010) due to directors, officers, family members of directors and officers and a company controlled by a director.

(Expressed in Canadian Dollars)

11. RELATED PARTY TRANSACTIONS AND EXECUTIVE COMPENSATION (continued)

(b) During the three months ended February 28, 2021, $11,671 (February 29, 2020: $55,173) of interest from debentures was accrued or paid to certain directors, officers, family members of directors and officers and a company controlled by a director.

(c) Accounts payable of $15,452 (November 30, 2020: $24,053) was due to directors and/or officers identified as key management personnel as at February 28, 2021.

(d) Rent expense of $4,746 (February 29, 2020: $4,200) was accrued or paid during the three months ended February 28, 2021 to a third party company controlled by the CFO.

(e) Investments by officers and directors, and their family members or companies controlled by them, for $5,731,418 of Limited Partner contributions as at February 28, 2021 and November 30, 2020.

The Company considers the Chief Executive Officer, Chief Financial Officer, Chief Credit Officer, and Directors as key management personnel. Key management compensation for the three months ended February 28, 2021 and February 29, 2020 were as follows:

(a) Directors fees of $18,140 (February 29, 2020: $18,262) were accrued or paid during the three months ended February 28, 2021.

(b) Management compensation of $79,998 (February 29, 2020: $159,465) was accrued or paid during the three months ended February 28, 2021.

(c) Share-based payments expense of $32,904 (February 29, 2020: $32,496) were recorded for directors and certain officers identified as key management personnel for the three months ended February 28, 2021.

12. NON-CONTROLLING INTEREST ("NCI")

The investments in TIMIA Capital LP's by those other than TIMIA Capital Corp are presented in non-controlling interests in the statement of financial position. Details of the change in non-controlling interest for the year were as follows:

	TIMIA Capital I LP 87.79%	TIMIA Capital II LP 93.04%	Gross limited partners' interests
NCI Balance, November 30, 2020	$ 9,031,885	$ 17,762,911	$ 26,794,796
Distributions paid to limited partners	(372,919)	(310,497)	(683,416)
Net income (loss) attributable to NCI	57,008	382,979	439,987
Other comprehensive income (loss) attributable to NCI	-	(438,339)	(438,339)
NCI Balance, February 28, 2021	$ 8,715,974	$ 17,397,054	$ 26,113,028

(Expressed in Canadian Dollars)

12. NON-CONTROLLING INTEREST ("NCI") (continued)

	TIMIA Capital I LP 87.79%
NCI Balance, November 30, 2019	$ 11,609,956
Contributions by limited partners	3,070,000
Distributions paid to limited partners	(896,606)
Net income (loss) attributable to NCI	581,828
NCI Balance, February 29, 2020	$ 14,365,178

Summarized Financial information

Statements of financial position as at February 28, 2021:

		TIMIA Capital LP I		**TIMIA Capital LP II**
Total current assets	$	2,883,531	$	7,590,642
Total non-current assets		7,874,851		11,445,436
Total assets	**$**	**10,758,382**	**$**	**19,036,078**
Total liabilities	$	231,385	$	274,130
Partners' equity		10,526,997		19,778,645
Translation adjustment		-		(1,016,697)
Total liabilities & Partners' equity	**$**	**10,758,382**	**$**	**19,036,078**

Statements of net income and comprehensive net income for the three months ended February 28, 2021:

		TIMIA Capital LP I		**TIMIA Capital LP II**
Total revenue	$	474,428	$	463,368
Total expense and other income		(360,522)		(13,704)
Total net income and comprehensive income	**$**	**113,906**	**$**	**449,664**

TIMIA Capital LP I

During 2019 the Company completed financings for a total of $18,420,000 ("Committed Capital") financing in its first Limited Partnership ("LP I"). In addition to holding units in LP I, TIMIA is entitled to receive a management fee of 1.5% of Committed Capital for the first six years and 0.75% thereafter. In addition, LP I reimburses TIMIA for operating expenses incurred on its behalf.

TIMIA Capital LP II

During 2020, the Company closed financings of $19,770,592 (US$14,785,000) The Company is invested in LP II and is entitled to receive a management fee of 1.5% of Invested Capital and a performance fee based upon the profit of LP II for the life of the fund. In addition, LP II reimburses TIMIA for operating expenses incurred on its behalf.

(Expressed in Canadian Dollars)

13. FINANCIAL INSTRUMENTS AND RISK

Financial instruments

The following table summarizes information regarding the carrying values and classification of the Company's financial instruments as of the periods ended February 28, 2021 and November 30, 2020:

	February 28, 2021	November 30, 2020
Cash	$ 9,486,874	$ 12,872,769
Accounts receivable – Amortized cost	400,730	413,239
Loans receivable – Amortized cost	27,257,851	27,247,297
Equity investments – FVTPL	1,247,903	965,100
Forward contract receivable – FVTPL	322,500	252,500
Accounts payable – Amortized cost	143,432	300,967
Revolving credit facilities – Amortized cost	2,510,320	2,510,320
Debentures – Amortized cost	2,318,376	4,134,400
Co-investment obligations – Amortized cost	$ 279,350	$ 279,350

The estimated fair values of cash and accounts payable approximate their respective carrying values due to their nature and short terms to maturity. Equity investments and forward contract receivable are carried at their fair value. Loans receivable, accounts receivable, co-investment obligations, revolving credit facility and debentures are carried at amortized cost.

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).

Market risk

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 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 net assets and categorized into levels of the fair value hierarchy:

	Balance at February 28, 2021	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash	$ 9,486,874	$ 9,486,874	$ -	$ -
Forward contract receivable	$ 322,500	$ -	$ 322,500	$ -
Equity investments	$ 1,247,903	$ -	$ 1,247,903	$ -

(Expressed in Canadian Dollars)

13. FINANCIAL INSTRUMENTS AND RISK (continued)

Financial instruments (continued)

Market risk (continued)

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

There were no transfers from Level 1 to 2 or Level 2 to 1 during the period.

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. The Company is not invested in any asset backed commercial paper.

	Carrying amount	Contractual cash flows	Within 1 year	Within 2 years	Within 5 years
	$	$	$	$	$
Accounts payable	143,432	143,432	143,432	-	-
Revolving credit facilities	2,510,320	2,510,320	2,510,320	-	-
Debentures	2,318,376	2,318,376	33,324	2,285,052	-
Co-investment obligations	279,350	279,350	32,952	-	246,398
Total	5,251,478	5,251,478	2,720,028	2,285,052	246,398

Foreign exchange risk

The Company's foreign exchange risk is due to the Company's eleven loan investments totaling US$15,900,000 which are currently valued at $20,132,983. In addition, the Company has entered into a forward contract which commits the Company to buy US$2,500,000 at a fixed exchange rate. Changes in the foreign exchange rate could impact the gain (loss) realized on this contract.

During 2020, the Company also completed a close in a second Limited Partnership ("LP II") which has a functional currency of US dollars. Changes in US and Canadian dollar exchange rates will give rise to foreign currency translation adjustments that may have a material impact on the other comprehensive income recognized by the Company.

Interest rate risk

The Company's exposure to interest rate risk arises from the interest rate impact on its cash. 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 not result in a material impact on the Company's operations.

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

13. FINANCIAL INSTRUMENTS AND RISK (continued)

Financial instruments (continued)

Market risk (continued)

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; however, its investment activities are currently concentrated primarily in the technology and energy sectors. The Company also manages its market risk by reviewing commodity prices, 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 and loan 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, which was adopted December 1, 2018, the Company calculates an 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.

13. FINANCIAL INSTRUMENTS AND RISK (continued)

Financial instruments (continued)

Credit risk (continued)

Expected credit loss measurement (continued)

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 expected credit loss expense recorded in the statement of net income (loss) and comprehensive income (loss) is $38,880 and the expected credit loss accrued on the consolidated statement of financial position is $403,842 as at February 28, 2021.

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.

An investment is considered to be in stage 3 if:

- The investment is 90 days past due on contractual payments;
- The investment is in long term forbearance;
- The investment is insolvent; or
- The investment 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.

13. FINANCIAL INSTRUMENTS AND RISK (continued)

Financial instruments (continued)

Credit risk (continued)

Expected credit loss model (continued)

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 Statement of Income (Loss) and Comprehensive Income or 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 3 Loans receivable.

14. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to identify and to invest in investments with strong cash-flow and long-term growth potential, to maintain financial strength, to protect its ability to meet its ongoing liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long-term. The Company is subject to certain restrictions on its assets as described in Notes 5 and 9. The Company does not have any other externally imposed capital requirements to which it is subject. The capital of the Company comprises shareholders' equity, private placements through Limited Partnership funds, 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.

The Company's investment policy is to invest in software companies that have strong revenue growth and gross margins. Management looks to invest in assets that will create routine monthly cash-flow, as well as periodic gains when the investments are sold or achieve an initial public offering.

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.

15. SUBSEQUENT EVENTS

On March 1, 2021, the Company completed a closing for an additional $1,701,000 (USD $1,350,000) of Class A units in LP II. This third close brings the total capital invested to $20,330,100 (USD $16,135,000).

On March 9, 2021, the Company declared a $0.0211 dividend payable to Series A preferred shareholders. This initial dividend covered the period from issuance to February 28, 2021 for those shareholders of record as at the start of business on March 15, 2021 and was paid March 31, 2021.

On March 25, 2021 the Company announced its plans to close a private placement of up to 1,000,000 Series A preferred shares at a price of $1.00 per preferred share for proceeds of up to $1,000,000. On April 14, 2021 the Company announced a further increase to $1,275,000. This placement has been closed with $775,000 of cash payments and a subscription agreement for $500,000 expected to be closed in the third quarter of the year.

Subsequent to February 28, 2021, all Series D debentures were redeemed. Debentures with a face value of $555,700 were redeemed in cash while the remaining $385,000 converted to preferred shares as part of the private placement.

In March the Company completed an exit of a portfolio investment held by LP II. The Canadian based company repaid their outstanding loan of $1,250,000 in full. In April the Company completed an exit of a portfolio investment held by LP I. The US based company repaid their outstanding loan of USD $1,550,000 in full.

On February 24, 2021, the Company announced its intention to commence a normal course issue bid to repurchase, for cancellation, up to 3,313,699 common shares of the Company. Subsequent to February 28, 2021 the Company has repurchased 280,500 shares under this arrangement to date.