

TIMIA CAPITAL CORP.
MANAGEMENT DISCUSSION AND ANALYSIS

The following discussion and analysis is for the quarter ended February 28, 2021 . This MD&A was approved by the Board of Directors on April 28, 2021.

INTRODUCTION

The Management’s Discussion and Analysis (MD&A) for the quarter ended February 28, 2021 provides detailed information on the operating activities, performance and financial position of TIMIA Capital Corp. “TIMIA”, the “Company”, “we”, “us” or “our” refer to TIMIA Capital Corp. and its consolidated entities. This analysis of the operating results and financial position of the Company should be read in conjunction with the February 28, 2021 consolidated Financial Statements and related Notes (the “Financial Statements”), which have been prepared in accordance with International Financial Reporting Standards (“IFRS”). All monetary amounts are expressed in Canadian dollars unless otherwise indicated. This discussion and analysis may contain forward-looking statements about the Company’s future prospects, and the Company provides no assurance that actual results will meet management’s expectations. Additional information relating to TIMIA Capital Corp. is available on SEDAR at www.sedar.com.

TIMIA Capital Corp. 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”.

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.

BUSINESS OVERVIEW

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, thereby creating 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. Specific investee financings are contracted for various expected durations typically between 3 and 5 years. Payments are received monthly and each investment’s value is assessed for impairment at each reporting date based on the performance of the Investee’s gross revenue and other financial performance measures.

The capital for all of TIMIA’s investments comes from private investors through a Limited Partnership fund, lender finance arrangements, co-investor syndication, and issuances of preferred and common shares.

TIMIA'S BUSINESS AND STRATEGY

The Company targets companies seeking capital in the following three subsectors: SaaS, software enabled service companies and hardware enabled service companies. Using proprietary software, the Company is able to efficiently originate transactions, automate underwriting as well as manage the loan portfolio and investors on an ongoing basis. The key contributors to growth in value to the shareholders are recurring revenue, continued improvement in efficiency at originating deals, acceleration in number of deals originated and maintaining economies of scale. TIMIA has demonstrated origination efficiencies with a 3 year increase of 400% in value of deals originated, while only increasing operating expenses by 147%. Management currently believes value for common shareholders is best created by growing capital under management through limited partnerships as it provides income while providing non-dilutive capital. Gross return on the portfolio since inception is 24.2%.

Key Statistics

	Quarter ended February 28, 2021	Date from inception (August, 2015) to February 28, 2021
Loan Facilities Issued	\$3,275,000	\$83,648,500
Loan Funds Disbursed	\$2,361,630	\$51,251,000
Loans Settled, Disbursed Value	\$1,862,102	\$22,746,000
Income (Loss) from Settlement of Loans	(\$22,875)	\$3,472,125
Realized Credit Losses	\$-	\$155,196

Structure and basis of consolidation

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

- On March 6, 2019, the Company established its first Limited Partnership (“LP I”);
- On November 28, 2019, the Company established TIMIA Capital Holdings Limited Partnership for purposes of facilitating a lender finance arrangement to help fund growth in a warehouse format for future limited partnerships; and
- On July 15, 2020, the Company established its third Limited Partnership (“LP II”).

TIMIA Capital GP Inc. and TIMIA Capital II GP Inc. (wholly owned subsidiaries of the Company) each act on behalf of the general partners for LP I and LP II (together the limited partnerships). The Company owns 12.39% and 6.96% of total units as at February 28, 2021, respectively of LP I and LP II, while TIMIA Capital Holdings is 100% owned. All the benefits and rewards of ownership of the limited partnership flow to the limited partners; the external parties that funded the limited partnership. The Company earns a management fee and a performance fee for managing the business activities of the limited partnerships. In addition, this capital is non-dilutive to the common shareholders of TIMIA Capital Corp. while providing the common shareholders with a share of the profit (loss) of the limited partnership.

LP II has 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 quarter ended February 28, 2021 discussed in this MD&A include results of operations of TIMIA Capital Corp., TIMIA Capital Residual Partner Inc., TIMIA Capital GP Inc., TIMIA Capital II GP Inc., LP I, TIMIA Capital Holdings Limited Partnership and LP II.

RESULTS OF OPERATIONS

TIMIA continues to build the value and size of its portfolio by expanding the number of companies in its loan portfolio, making follow-on investments in existing portfolio companies and actively assisting in the growth plans of the companies in their portfolio.

FINANCIAL HIGHLIGHTS

For the three months ended February 28, 2021, the Company had the following highlights:

- Interest income from investments increased 27% to \$1,197,528 compared to \$939,701 in the same period last year;
- Total revenue decreased 17% to \$1,270,815 from \$1,540,197 in the same period last year. Included in prior period was a \$516,000 gain on settlement;
- Net income decreased \$319,585 to \$124,559 compared to \$444,144 the same period last year;
- Net and comprehensive loss was \$345,096 compared to a comprehensive income of \$444,144 for the same period last year;
- Loan portfolio increased from \$27,247,297 to \$27,257,851 in the last three months, inclusive of one loan buyout being replaced by one new investment, and one follow-on investment; and
- Disbursed \$2,361,630 in new investments and exited from loans totalling \$1,862,102

PORTFOLIO RETURNS AND STATISTICS

From August, 2015 through to the quarter ended February 28, 2021, the Corporation has completed 35 Financing transactions, either directly, through its subsidiaries or through the LP Funds. The Company has earned a cumulative gross IRR of 24.2%. Of these 35 transactions, the Corporation settled 14 of these loans due to merger or other re-financing activity and 21 facilities remain in effect at quarter end.

REVENUE

Interest income in the three months ended February 28, 2021 was \$1,197,528, compared to \$939,701, a 27% increase. During the quarter ended February 28, 2021, the Company continued to expand its loan portfolio by completing two new loan transactions, disbursing capital of US\$1,850,000 to two US companies.

Total revenue for the three months ended February 28, 2021 decreased 17% to \$1,270,815 compared to \$1,540,197 in the comparative period. Chart 1 shows the increase in revenue since Q1 2016. The prior year's quarter included a Gain on Settlement of Loans of \$516,009 that was not present in the current quarter.

Other sources of revenue include income from the settlement of loans as well as transaction fees from due diligence and similar services. Specific investee financings are contracted for various expected durations typically between 3 and 5 years. Payments are received monthly and each investment's value is assessed for impairment at each reporting date based on the performance of the Investee's gross revenue and other financial performance measures.

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

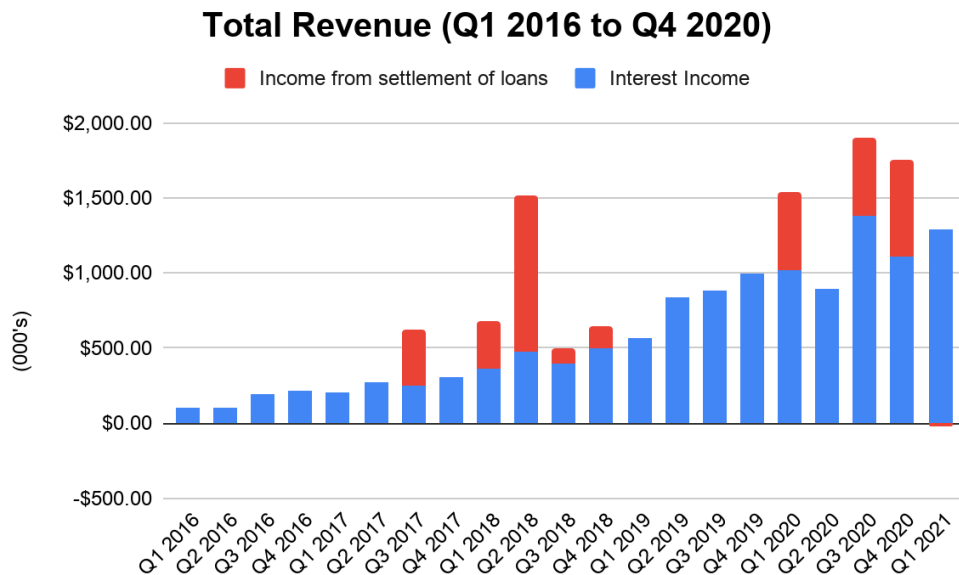
Approximately 17% of TIMIA's loans are structured such that the timing of future monthly cash payments, but not the total amount repayable, are impacted by the underlying revenue growth rate of the borrower. In this group of Revenue Finance loans, management must estimate the expected rate of return for each loan on a quarterly basis,

based upon the expected period of repayment as well as other terms such as minimum monthly payments, maximum term, and other terms provided in the underlying loan agreement. This is not a reduction in monthly payments, but rather a change in the estimate of period of repayment and resulting rate of return for this basket of loans, based on recent economic developments.

Income from transaction and other fees was \$96,163 in the three months ended February 28, 2021 compared to \$84,487 in the comparative period, an increase of 14% as a result of increased due diligence activity.

Loss from settlement of loans for the quarter ended February 28, 2021 was \$22,875 compared to income of \$516,009 in the prior year. This loss was derived from one exit in the period (2020 - 2). Income realized on loan exits is classified as revenue. While income from early repayment of loans is not the primary focus of the Company’s revenue growth forecast, the Company does expect some loans to be repaid prior to maturity either due to change in business needs of the company invested in or as a result of change in ownership through acquisition.

Chart 1



EXPENSES

During the quarter ended February 28, 2021, the Company significantly reduced Finance Costs as a result of the redemption of the Series B, C Debentures at the end of fiscal 2020 and partial redemption of the Series D Debentures during the period ended February 28, 2021. This reduction is expected to continue with the completion of the redemption of the Series D Debentures in the next quarter. The Company held Operational Expenses flat while continuing to invest into the growth of both the origination of deals and the underlying automated platform, as well as general corporate expenses related to portfolio management and public company expenses :

Period ended February 28	2021	2020
Operational Expense, not including Finance Costs and Expected Credit Loss	\$755,720	\$762,822
Finance Costs and Expected Credit Loss	\$264,220	\$519,832
Total Expenses	\$1,019,940	\$1,282,654

Operational Expense

- Administrative, management and directors' fees increased \$75,554 to \$399,961 from \$324,407. This increase is mainly driven by increase in headcount and related salary costs year over year.
- Office, travel, systems, and miscellaneous expenses decreased \$12,334 or 11% from \$125,835 to \$113,501 mainly driven by reduced travel expenses;
- Accounting and legal expenses decreased \$47,237 or 54% from \$86,989 to \$39,752. Prior year costs were higher due to deal legal costs recovered in subsequent quarters, legal fees associated with the expansion of the Company's loans in the United States and other corporate matters.
- IR, communications and regulatory fees decreased \$9,133 or 11% from \$85,067 to \$75,934.

Finance and Expected Credit Loss (ECL) Expense

- Interest expense was \$225,340, a decrease of \$193,403 from \$418,743 in the comparative period. The decrease is a result of settlement of debentures in 2020.
- ECL expense for the period was \$38,880 a decrease of \$62,209 from \$101,089 in the comparative period.

Foreign currency expense and foreign currency translation

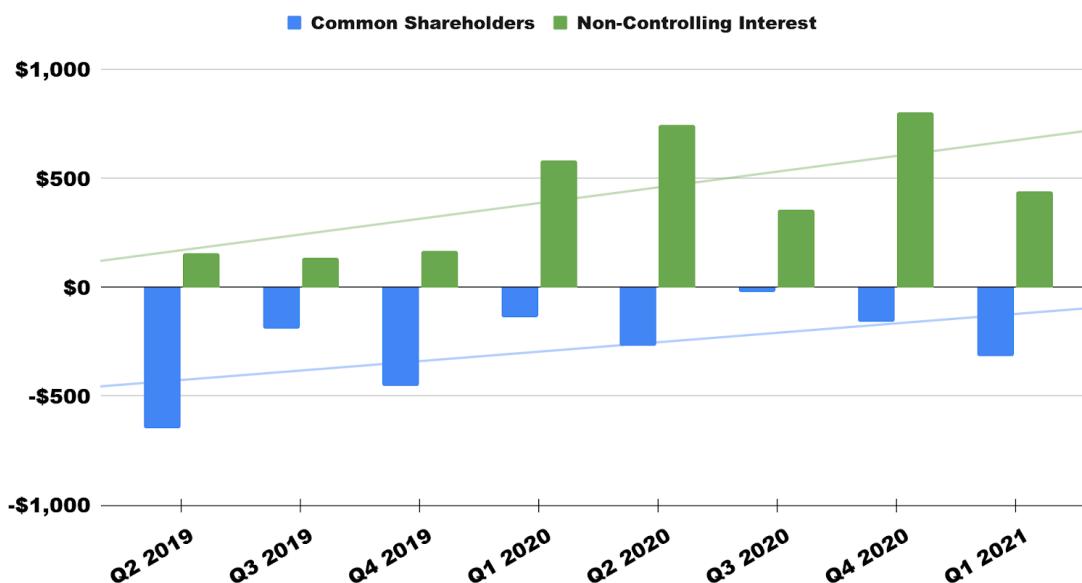
Period ended February 28	2021	2020
Foreign exchange exchange loss (gain)	169,642	(166,601)
Foreign currency translation adjustment	469,655	-

- Foreign exchange loss increased \$336,243 from a gain of \$166,601 to a loss of \$169,642. This is driven entirely by movement in the US exchange rate during the period. The Company has loans receivable of US\$20,367,104.93 relating to US based companies.
- Foreign currency translation adjustment was a loss of \$469,655 for the period ended compared to \$nil in the comparative. This translation adjustment is a result of consolidation of LP II, a US dollar-based partnership formed in July 2020. Majority of this translation difference arises due to the fluctuation in USD to CAD exchange rates from the date of LP II capital closings in 2020. The average exchange rate based on dates of LP II closings was 1.34 compared to a period end close rate of 1.27.

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

Transactions among LP I, LP II and the Company, including management and administration fees and performance fees earned, are fully eliminated on consolidation. The income statement shows an attribution of income (loss) between shareholders of the Company and the non-controlling interest (in this case, TIMIA's Limited Partners in both LP I and LP II). The following chart shows the progression of the attribution of income (loss) between the shareholders of the Company and the non-controlling interest over the last eight quarters:

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



Net Income (Loss) attributable to common shareholders improves in tandem with both increases in the size of TIMIA's investment portfolio and continued satisfactory rates of return. As the Company has maintained its loan performance, it has attracted new limited partner investors, thereby increasing its investment portfolio and improving common shareholder Net Income (Loss). In addition to holding investments through Limited Partnerships, the Company holds investments directly as well. Interest income and any gains or losses that relate to these investments are attributed directly to common shareholders.

The Net Income (Loss) and Comprehensive Income (Loss) for the year ended was allocated as follows:

- Net income attributable to non-controlling interests of \$439,985 representing income from investments held by the Limited Partnerships (LP I and LP II), less allowable costs as defined under the Limited Partnership Agreement, including fees to the manager and expected credit losses.
- Comprehensive income attributable to non-controlling interests of \$1,647 includes foreign currency translation adjustments arising from the consolidation of LP II, a US denominated fund with a functional currency of US dollars.
- Net loss and comprehensive loss of \$346,743 was allocated to the common share equity holders representing income (loss) from investments held by the Company, all transaction fee income, fees and carry earned from the Limited Partnerships and all expenses not incurred by the Limited Partnership as well as the Company's proportionate interest in LP I and LP II.

When the LP's cumulative returns indicate that carried interest is earned by the Company, the LP's recognize an allocation of capital to the Company.

FOREIGN EXCHANGE AND FORWARD CONTRACTS

US dollar denominated investments and subsidiaries are converted to Canadian dollars quarterly at the then prevailing quarter end exchange rates. At the start of the year the US dollar was trading at 1.30 Canadian Dollars. By the end of the quarter the US dollar had fallen to 1.27 Canadian dollars.

Foreign exchange losses result from the conversion to Canadian dollars of investments that are denominated in US dollars. During the period, \$169,642 of foreign exchange losses were recognized in the consolidated net income.

Foreign currency translation adjustment is a result of the conversion of the Company's US dollar denominated subsidiary, LP II. These adjustments are included within net income (loss) and comprehensive Income (loss). During the year translation adjustment losses were \$469,655.

A significant portion of the foreign exchange losses and all of the translation adjustments are unrealized, meaning that increases in the value of the US dollar may result in a reversal of these losses in future periods.

Forward Contracts can be used to manage exposure to foreign exchange losses. TIMIA Capital Corp holds forward contracts to buy \$2,500,000 USD that resulted in an offsetting gain in the period of \$70,000 for a total amount receivable under the contract of \$322,500. The decision to use forward contracts to manage foreign currency fluctuation as it relates to the non-controlling interests is made by the investors in LP I and LP II. LP II functions in USD. As such, other than as seen in the consolidated entity, translation adjustments do not have an impact on the results of LP II.

Attribution of FX Gains/(Losses) For the three months ended February 28, 2021	Common Shareholders	Non-Controlling Interests	Total
Forward contract gain/(loss)	\$70,000	-	\$70,000
Foreign exchange gain/(loss)	(103,240)	(66,402)	(169,642)
Foreign exchange gain/(loss) in Net Income	(33,240)	(66,402)	(99,642)
Foreign currency translation adjustment	(31,317)	(438,338)	(469,655)
Foreign exchange gain/(loss) in Comprehensive Income	(\$64,557)	(\$504,740)	(\$569,297)

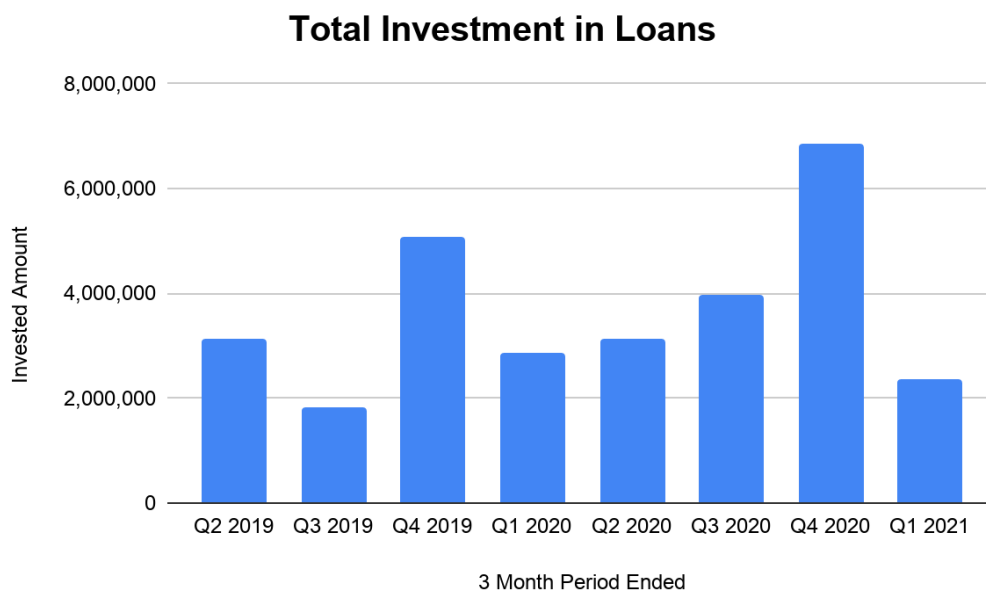
BALANCE SHEET

LOANS RECEIVABLE

TIMIA's current portfolio has 21 unique deals with an aggregate facility size of \$55,075,000. Current disbursements extended under those facilities total \$31,780,000. The Company completed one new loan investment for the quarter ended February 28, 2021 for a total investment of \$1,441,000 (2020: \$1,500,000 USD, new loan investments) and completed follow-on investments of \$982,500 (2020: \$900,000 CAD). In addition, one loan investment was exited for gross proceeds of \$1,525,000. The following table shows the movement in the loan receivable balance, excluding expected credit loss provisions for the three months ended February 28, 2021:

	February 28, 2021
Opening balance	\$27,614,080
Advances on loans receivable	2,361,630
Net: interest revenue (expense) and principal payments	(42,260)
Settlement of investments	(1,862,102)
Foreign exchange	(409,655)
Closing balance	\$27,661,693

The following chart shows gross investments made each quarter based on cash disbursed:



The Company has observed a significant increase in broad-based economic activity in the quarter, including an increase in both growth equity financings, and merger and acquisitions activity. This has impacted both the existing portfolio in terms of loan buyouts and financings, as well as loan originations via increased competition in the marketplace. Management expects to see this increased activity continue into the remainder of 2021, leading to continued loan buyouts from a portion of the remaining investee companies.

The Company continues to evaluate new investment opportunities and has capital ready to deploy to new and follow-on investments. Management evaluates these investments in terms of their current revenue, future expected revenue growth, gross margins, earnings, cash flow, market position, and management quality. Furthermore, every month TIMIA monitors each investment in its portfolio in terms of its growth against plan and financial performance on various key financial metrics. Management continues to evaluate the significant liquidity in the marketplace and its impact on credit quality and yields.

TIMIA also manages a small portfolio of equity investments. The Company is actively managing its equity positions to optimize returns to shareholders however it is no longer making new equity investments or follow-on investments in the existing portfolio. From time to time, TIMIA may acquire new equity holdings as a function of its lending activity.

NON-CONTROLLING INTEREST

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

SUMMARY OF QUARTERLY RESULTS

	Q1 2021	Q4-2020	Q3-2020	Q2-2020	Q1-2020	Q4-2019	Q3-2019	Q2-2019
Revenue	\$1,270,815	\$1,756,853	\$1,899,780	\$891,186	\$1,540,197	\$998,431	\$884,231	\$835,038
Net income (loss)	\$124,559	\$645,182	\$333,243	\$478,611	\$444,144	(\$287,071)	(\$54,658)	(\$490,358)
Net income and Comprehensive income (loss)	(\$345,096)	\$506,440	(\$73,584)	\$478,611	\$444,144	(\$287,071)	(\$54,658)	(\$490,358)
Net loss attributable to shareholders of the Company	(\$315,426)	(\$155,953)	(\$23,580)	(\$269,127) ¹	(\$137,684)	(\$452,992)	(\$189,781)	(\$645,627)
Net income attributable to non-controlling interests	\$439,985	\$801,135	\$356,823	\$747,738	\$581,828	\$165,921	\$135,123	\$155,269
Basic and diluted loss per share	(\$0.01)	(\$0.01)	(\$0.00)	(\$0.01)	(\$0.00)	(\$0.01)	(\$0.00)	(\$0.02)
Total assets	\$38,950,912	\$41,923,767	\$37,015,223	\$31,894,045	\$29,995,311	\$27,107,384	\$22,300,299	\$22,332,091
Total liabilities	\$5,579,992	\$7,569,075	\$12,705,377	\$14,744,095	\$12,996,351	\$12,809,235	\$12,060,304	\$11,486,282

Note 1: During the three months ended May 31, 2020, income of \$143,000 was re-allocated to Net Income (Loss) attributable non-controlling interest from Net Income (Loss) Attributable Shareholders. This adjustment reflects the cumulative effect of a misallocation of income during the consolidation process during prior periods. As the misallocation is not material to any previous period reported, this has been adjusted in the current period. The chart below reflects the adjusted allocations for the prior periods had this adjustment had been made:

	Q4-2020	Q3-2020	Q2-2020	Q1-2020	Q4-2019	Q3-2019	Q2-2019
Net income (loss) and comprehensive income attributable to shareholders of the Company Adjusted	(\$155,953)	(53,618)	(126,127)	(196,684)	(536,992)	(189,781)	(645,627)
Non-controlling interests Adjusted	\$801,135	(19,966)	604,738	640,828	249,921	135,123	155,269

Management will continue to focus on improving the net income (loss) attributable to the common shareholders by increasing its assets under management (or loan book), while maintaining the historically strong investment performance, and thereby earning more fees and share of profit.

LIQUIDITY AND SOLVENCY

As at February 28, 2021, the Company's cash balance was \$9.5 million and working capital was positive \$9.8 million, compared with \$12.9 million and \$11.1 million, respectively, as of November 30, 2020. During the period, a portion of the debentures were settled with cash payments.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

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
- (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 quarter ended February 28, 2021 to a third party company controlled by the CFO.
- (e) Investments by directors, and their family accounts 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 periods ended February 28, 2021 and February 29, 2020:

- (a) Directors fees of \$18,140 (February 29, 2020: \$18,262) were accrued or paid during the quarter ended February 28, 2021.
- (b) Management compensation of \$79,998 (February 29, 2020: \$159,465) were accrued or paid during the quarter ended February 28, 2021 .
- (c) Share-based payments of \$122,164 (February 29, 2020: \$32,496) were recorded for directors and certain officers identified as key management personnel for the quarter ended February 28, 2021 .

OUTLOOK

The following discussion is qualified in its entirety by the caution regarding forward-looking statements at the beginning of this MD&A. The outlook for TIMIA's businesses is contingent on its ability to navigate the current and future impact of COVID-19 on its business.

The Company focuses its investments on SaaS and technology based service companies with healthy financial outlooks and a proven record of growth, and intends to fund investment opportunities with a combination of limited partnerships, debt, equity, and operating profits. To facilitate the origination of these investments, the Company is planning continued investment in its origination platform to source potential investees and assess and evaluate opportunities. Management has developed a scalable process to allow for growth in the portfolio in a cost efficient method, an approach management believes is unmatched by its current competitors.

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 received in the third quarter of the year.

Subsequent to February 28, 2021, Series D debentures with a face value of \$555,700 were redeemed.

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.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

Financial Instruments

The following table summarizes information regarding the carrying values and classification of the Company's financial instruments as at February 28, 2021 and February 29, 2020:

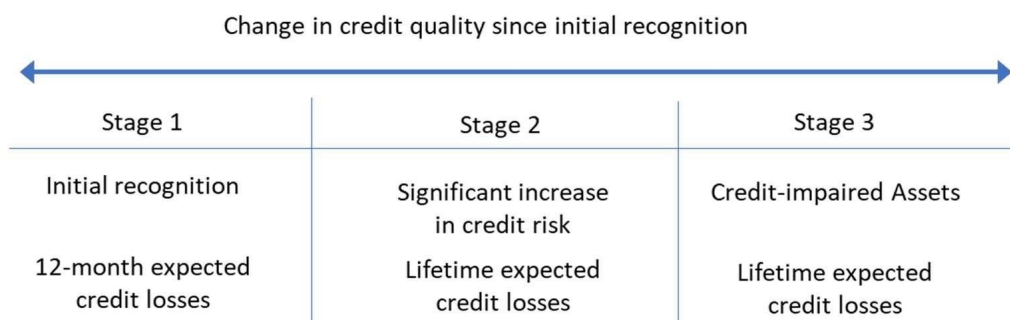
	February 28, 2021		November 30, 2020	
Cash	\$	9,486,874	\$	12,872,769
Accounts receivable – Amortized cost		400,730		413,239
Loans receivable – Amortized cost		27,257,851		27,247,297
Equity investments – FVTPL		1,247,903		965,100
Forward contract receivable – FVTPL		322,500		252,500
Accounts payable – Amortized cost		143,432		300,967
Revolving credit facility – 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.

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 investments. 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.

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 (ECL) based on the 'three stage' model outlined in the diagram below.



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. In the current period, post-model adjustments were recorded due to specific circumstances relating to the underlying loans. The ECL loss this period is \$38,880 and the loan loss accrued is \$403,842 as at February 28, 2021.

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	5,251,478	2,285,052	246,398

Co-investment obligations, having a carrying value of \$279,350, do not contain a contractual cash flow. Co-investors are only entitled to a percentage of revenue, if and when received.

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 \$20,132,984. 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 the year, 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 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.

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 February 28, 2021 and February 29, 2020, together with other financial information included in the Company's interim securities filings. The Certifying Officers have also certified that disclosure controls and procedures have been designed to provide reasonable assurance that material information relating to the Company is made known within the Company and that they operated effectively during the year.

OUTSTANDING SHARE DATA

As of February 28, 2021, the Company had 45,776,225 common shares outstanding, 5,210,994 preferred shares outstanding, 4,555,000 stock options, 6,550,239 share purchase warrants outstanding and 238,759 brokers' warrants outstanding. As of the date of this MD&A, the Company had 46,901,222 common shares outstanding, 5,985,994 preferred shares outstanding, 4,555,000 stock options, 6,311,480 share purchase warrants outstanding and 238,759 brokers' warrants outstanding.

ON BEHALF OF THE BOARD:

"Michael Walkinshaw"

Chief Executive Officer
TIMIA CAPITAL CORP.