TIMIA
CAPITAL

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THIRTEEN MONTHS ENDED DECEMBER 31, 2021 AND TWELVE MONTHS ENDED NOVEMBER 30, 2020

manning elliott
17th floor, 1030 West Georgia St., Vancouver, BC, Canada V6E 2Y3
Tel: 604. 714. 3600 Fax: 604. 714. 3669 Web: manningelliott.com

INDEPENDENT AUDITORS' REPORT

To the Shareholders and Directors of TIMIA Capital Corp.

Opinion

We have audited the consolidated financial statements of TIMIA Capital Corp. and its subsidiaries (the "Company") which comprise the consolidated statements of financial position as at December 31, 2021 and November 30, 2020, and the consolidated statements of net income (loss), comprehensive income (loss), cash flows and changes in equity for the thirteen months ended December 31, 2021 and the twelve months ended November 30, 2020, and the related notes comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021 and November 30, 2020, and its financial performance and its cash flows for the thirteen months ended December 31, 2021 and the twelve months ended November 30, 2020 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information, which comprises the information included in the Company's Management Discussion & Analysis to be filed with the relevant Canadian securities commissions.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditors' report is Herbert Wong.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, British Columbia
April 20, 2022

TIMIA CAPITAL CORP.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2021 AND NOVEMBER 30, 2020

(Expressed in Canadian Dollars)

ASSETS		**December 31, 2021**		**November 30, 2020 (Recast - Note 22)**
Cash	$	9,314,526	$	12,872,769
Restricted cash (Notes 2, 4)		443,506		-
Accounts receivable		687,596		413,239
Current portion of loans receivable (Note 4)		70,481,905		894,540
Prepaid expenses and deposits		150,566		146,297
Total Current Assets		81,078,099		14,326,845
Non-current assets				
Loans receivable (Note 4)		35,635,896		26,352,757
Equity investments (Note 5)		1,333,618		965,100
Right-of-use asset (Note 6)		202,655		26,565
Forward contract receivable (Note 11)		290,500		252,500
Goodwill (Note 7)		3,533,801		-
Intangible assets (Note 7)		3,005,400		-
TOTAL ASSETS	**$**	**125,079,969**	**$**	**41,923,767**
LIABILITIES				
Accounts payable and accrued liabilities (Note 16)	$	5,676,371	$	615,576
Current portion of debentures & co-investment obligations (Notes 9, 10)		105,488		87,855
Lease liability (Note 6)		218,618		29,430
Cash received in advance of share capital issuance (Note 14)		941,524		-
Revolving credit facilities (Note 12)		4,485,129		2,510,320
Loans payable (Note 13)		67,810,891		-
Total Current Liabilities		79,238,021		3,243,181
Non-current liabilities				
Debentures & co-investment obligations (Notes 9, 10)		1,363,030		4,325,895
Deferred tax liability (Note 15)		838,080		-
Non-controlling interests (Notes 17, 22)		30,513,576		26,794,796
TOTAL LIABILITIES		111,952,707		34,363,872
EQUITY				
Common shares (Note 14)	$	7,777,918		5,807,175
Preferred shares (Note 14)		9,560,495		4,584,495
Share-based payments reserve (Note 14)		1,608,314		1,465,059
Contributed surplus (Note 14)		68,370		82,070
Accumulated other comprehensive loss		(44,097)		(37,974)
Accumulated deficit		(5,843,738)		(4,340,930)
Total equity		13,127,262		7,559,895
TOTAL LIABILITIES AND EQUITY	**$**	**125,079,969**	**$**	**41,923,767**

Nature of operations, Commitments and contingencies and Subsequent events (Notes 1, 8, 21)

Approved on behalf of the Board of Directors:

/s/ *"Howard Atkinson"* — Howard Atkinson, Director

/s/ *"David Demers"* — David Demers, Director

See accompanying notes to the consolidated financial statements.

TIMIA CAPITAL CORP.

CONSOLIDATED STATEMENTS OF NET INCOME (LOSS)

FOR THE THIRTEEN AND TWELVE MONTHS ENDED DECEMBER 31, 2021 AND NOVEMBER 2020

(Expressed in Canadian Dollars)

		Thirteen months ended December 31, 2021		Twelve months ended November 30, 2020
REVENUE				
Interest income	$	7,626,829	$	4,075,578
Income from transaction and other fees		946,878		301,132
Income from settlement of loans		1,037,917		1,711,306
Performance fee income		116,028		-
TOTAL REVENUE		9,727,652		6,088,016
EXPENSES				
Accounting and legal		270,163		331,044
Administrative, management and directors fees (Note 16)		1,702,571		1,144,573
Amortization		98,600		-
Expected credit loss		57,084		(81,742)
Investor relations, communications and regulatory fees		492,801		238,834
Interest expense		2,716,498		1,492,324
Marketing services and promotion		560,530		328,102
Office, travel, systems, and miscellaneous		603,756		490,405
Share-based payments		149,662		183,218
TOTAL EXPENSES		6,651,665		4,126,758
OPERATING INCOME		3,075,987		1,961,258
Foreign exchange losses		353,457		286,975
Loss on settlement of debentures		44,584		-
Gain on forward contract		(38,000)		(252,500)
Fund structuring and financing recovery		-		(9,665)
Acquisition costs		272,136		-
NET INCOME BEFORE TAXES		2,443,810		1,936,448
Income tax expense (Note 15)		2,109		35,268
NET INCOME	$	2,441,701	$	1,901,180
NET INCOME (LOSS) ATTRIBUTABLE TO:				
Shareholders of the corporation		(759,870)		(586,344)
Non-controlling interest		3,201,571		2,487,524
NET INCOME		2,441,701		1,901,180
NET LOSS PER COMMON SHARE BASIC AND DILUTED	$	(0.03)	$	(0.01)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING		47,910,437		40,703,008

See accompanying notes to the consolidated financial statements.

TIMIA CAPITAL CORP.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

FOR THE THIRTEEN AND TWELVE MONTHS ENDED DECEMBER 31, 2021 AND NOVEMBER 2020

(Expressed in Canadian Dollars)

		Thirteen months ended December 31, 2021		Twelve months ended November 30, 2020
OTHER COMPREHENSIVE INCOME (LOSS)				
Net income	$	2,441,701		1,901,180
Other comprehensive earnings (loss)				
Items that may be reclassified to net earnings (loss):				
Foreign currency translation adjustment		(429,178)		(545,569)
NET COMPREHENSIVE INCOME		2,012,523		1,355,611
Comprehensive Income attributable to:				
Shareholders of the corporation		(765,994)		(624,318)
Non-controlling interest		2,778,517		1,979,929
NET COMPREHENSIVE INCOME	$	2,012,523	$	1,355,611

See accompanying notes to the consolidated financial statements.

TIMIA CAPITAL CORP.

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE THIRTEEN AND TWELVE MONTHS ENDED DECEMBER 31, 2021 AND NOVEMBER 2020

(Expressed in Canadian Dollars)

		Thirteen months ended December 31, 2021		Twelve months ended November 30, 2020
OPERATING ACTIVITIES				
Net income for the period	$	2,441,701	$	1,901,180
Share-based payments		149,662		183,218
Provision for income taxes		2,109		35,268
Amortization		179,211		58,444
Interest expense (income)		-		233,432
Interest accrued and interest accretion		(344,405)		315,172
Expected credit (recovery) loss		57,084		(81,742)
Loss on extinguishment of debentures		44,584		-
Realized gain on investments		(1,037,917)		(1,849,502)
Gain on forward contract		(38,000)		(252,500)
Unrealized foreign exchange loss		162,007		422,676
Repayment of loans receivable		48,367,870		12,016,546
Advances of loans receivable		(60,491,923)		(16,756,814)
		(10,508,017)		(3,774,622)
Changes in non-cash working capital items:				
Restricted cash		(443,506)		-
Accounts receivable		(119,047)		(128,913)
Deposits and prepaid expenses		(4,269)		(348,991)
Share capital subscriptions received in advance		941,524		(250,000)
Accounts payable and accrued liabilities		4,602,245		80,017
CASH USED IN OPERATING ACTIVITIES		(5,531,070)		(4,422,509)
INVESTING ACTIVITIES				
Acquisition of Pivot		176,435		-
CASH PROVIDED BY INVESTING ACTIVITIES		176,435		-
FINANCING ACTIVITIES				
Payments on redemption of debentures and co-investors, net		(2,538,777)		(4,709,608)
Proceeds on issuance of preferred shares		1,227,000		3,582,392
Proceeds on issuance of common shares		500,000		-
Proceeds on issuance of Limited Partnership units		7,375,973		21,447,709
Proceeds on issuance of notes payable		758,628		-
Distributions paid through the Limited Partnerships		(6,435,711)		(8,242,798)
Dividends paid		(569,112)		-
Proceeds on exercise of options and warrants		341,292		116,900
Payments on lease, net		(51,231)		(55,579)
Proceeds from revolving credit facility		1,975,000		2,539,675
Repayment of revolving credit facility		-		(1,500,000)
Purchase of common shares under NCIB		(357,494)		-
CASH PROVIDED BY FINANCING ACTIVITIES		2,225,568		13,178,691
CHANGE IN CASH DURING THE PERIOD		(3,129,067)		8,756,182
EFFECT OF FOREIGN EXCHANGE ON CASH		(429,176)		(545,569)
CASH, BEGINNING OF PERIOD		12,872,769		4,662,156
CASH, END OF PERIOD	$	9,314,526	$	12,872,769

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

See accompanying notes to the consolidated financial statements.

TIMIA CAPITAL CORP.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE THIRTEEN AND TWELVE MONTHS ENDED DECEMBER 31, 2021 AND NOVEMBER 2020

(Expressed in Canadian Dollars)

	Common Shares		Preferred Shares		Share-based Payment Reserve	Contributed Surplus	Deficit	AOCL	Equity
	Number of Shares	Amount	Number of Shares	Amount					
As at November 30, 2019 (Recast - Note 22)	39,774,796	4,977,427	-	-	1,383,282	82,070	(3,754,586)	-	2,688,193
Common shares issued for conversion of debt	4,321,429	605,000	-	-	-	-	-	-	605,000
Preferred shares issued for conversion of debt	-	-	5,210,994	5,210,994	-	-	-	-	5,210,994
Preferred shares issuance cost	-	-	-	(626,499)	6,407	-	-	-	(620,092)
Options exercised	1,660,000	219,748	-	-	(107,848)	-	-	-	111,900
Warrants exercised	20,000	5,000	-		-	-	-	-	5,000
Share-based payments	-	-	-	-	183,218	-	-	-	183,218
Other comprehensive loss (Recast - Note 22)	-	-	-	-	-	-	-	(37,974)	(37,974)
Net income (loss) (Recast - Note 22)	-	-	-	-	-	-	(586,344)	-	(586,344)
As at November 30, 2020 (Recast - Note 22)	45,776,225	5,807,175	5,210,994	4,584,495	1,465,059	82,070	(4,340,930)	(37,974)	7,559,895
Preferred shares issued for conversion of debt	-	-	500,000	500,000	-	-	-	-	500,000
Shares issued for cash	1,666,667	500,000	1,275,000	1,275,000	-	-	-	-	1,775,000
Shares issued for acquisition (Note 3)	5,000,000	1,288,000	3,500,000	3,201,000	-	-	-	-	4,489,000
Treasury stock	17,906	4,477	-	-	-	(13,700)	-	-	(9,223)
Dividends declared	-	-	-	-	-	-	(569,112)	-	(569,112)
Share-based payments	-	-	-	-	143,255	-	6,942	-	150,197
Options exercised	600,000	84,000	-	-	-	-	-	-	84,000
Warrants exercised	1,254,168	257,292	-	-	-	-	-	-	257,292
Shares repurchased and canceled	(1,273,503)	(163,026)	-	-	-	-	(180,768)	-	(343,794)
Other comprehensive loss	-	-	-	-	-	-	-	(6,123)	(6,123)
Net income (loss)	-	-	-	-	-	-	(759,870)	-	(759,870)
As at December 31, 2021	53,041,463	7,777,918	10,485,994	9,560,495	1,608,314	68,370	(5,843,738)	(44,097)	13,127,262

See accompanying notes to the consolidated financial statements.

1. NATURE OF OPERATIONS

TIMIA Capital Corp. ("TIMIA" or the "Company") is incorporated under the Business Corporations Act of British Columbia. The Company is listed on the TSX Venture Exchange (the "TSX-V") trading under the symbol "TCA" as well as the OTCQB Venture Market ("OTCQB") under the symbol of TIMIA. The Company builds and manages private credit limited partnerships that have focused investing strategies for the institutional and accredited investors markets. In the technology space TIMIA utilizes a proprietary loan origination platform to originate, underwrite and service private-market, high-yield loan opportunities. TIMIA offers revenue-based investment to fast growing, business-to-business Software-as-a-Service (or SaaS) businesses in North America. Recently acquired Pivot Financial 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. The Company's head office and principal place of business is 835-1100 Melville St, Vancouver, British Columbia, Canada. These consolidated financial statements were authorized for issuance by the Board of Directors on April 20, 2022.

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

TIMIA prepares its 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.

Basis of presentation

The consolidated 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 the 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 "LPs". 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 to 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.

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.

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies.

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 December 31, 2021)
TIMIA Capital Corp.	Canada	-
TIMIA Capital GP Inc.	Canada	100%
TIMIA Capital I Limited Partnership	Canada	12.39%
TIMIA Capital II Limited Partnership	Canada	6.96%
TIMIA Capital II GP Inc.	Canada	100%
TIMIA Capital Holdings Limited Partnership	Canada	100%
PIVOT Financial Services Inc.	Canada	100%
PIVOT Financial I Limited Partnership	Canada	100%
2862454 Ontario Inc.	Canada	100%

All significant intercompany balances and transactions have been eliminated on consolidation.

Foreign currency translation

Functional and presentation currency

TIMIA determines its subsidiaries' functional currency by reviewing the currency of the primary economic environment in which each entity operates (the "functional currency"). The functional currency of LP II is the United States dollar. The functional currency of all other entities in the group is the Canadian dollar. The consolidated financial statements are presented in Canadian dollars.

Transaction and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Generally, foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in currencies other than an operation's functional currency are recognized in the consolidated statements of net income (loss).

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

Subsidiaries

The results and balances of LP II, a subsidiary that has a functional currency different from the presentation currency, is translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position and capital contributions are translated at the historical exchange rate at the time of contribution;
- Income and expenses for each statement of net income (loss) and comprehensive income (loss) are translated at average exchange rates, and
- All resulting exchange differences are recognized in other comprehensive income.

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 an 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 consolidated financial statements. The information about other significant areas of estimation uncertainty considered by management in preparing the consolidated financial statements is:

- Variables used in determining expected credit losses;
- Fair value of equity investments not quoted in an active market;
- Measurement of equity and liability components of convertible debentures;
- Recognition of deferred tax assets;
- Estimated fair values of share-based payments awards;
- Fair value of identifiable assets acquired and liabilities assumed in business combination.

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES (continued)

Significant accounting judgements and estimates (continued)

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

- Determination of control of entities, giving rise to the consolidation thereof; and
- Indicators of impairment of financial instruments, intangible assets and goodwill.

Derivative financial instruments

The Company may enter into forward contracts to reduce its exposure to fluctuations in foreign exchange rates. The Company does not account for these forward contracts using hedge accounting. As a result, these instruments are measured at fair value on initial recognition with changes in fair value recognized through profit and loss. The timing and amount of these forward foreign exchange contracts are estimated based on expected future cash outflows. The fair values of the currency forward contracts are based upon the difference between the forward exchange rate and the contract rate.

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.

Cash, cash equivalents and restricted cash.

Cash is comprised of cash at banks and on hand, and short-term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash. The amount of cash equivalents is $Nil (2020: $Nil). Restricted cash is held in LP II and relates to a cash deposit held on behalf of a portfolio company in the amount of $443,506 (2020: $Nil).

Financial assets

The Company has applied IFRS 9 and classifies its financial assets in the following measurement categories:

- Fair value through profit or loss or “FVTPL”;
- Fair value through other comprehensive income or “FVOCI”; and
- Amortized cost.

Debt instruments

The classification and subsequent measurement of debt instruments depends on:

(i) The Company’s business model for managing assets; and
(ii) The cash flow characteristics of the asset.

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES (continued)

Financial assets (continued)

Based on these factors the Company classifies its debt instruments in one of the following three measurement categories.

Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVTPL, are measured at amortized cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognized and measured as described in note 4. Interest income from these financial assets is included in 'Interest income' using the effective interest method.

Amortized cost and effective interest rate

The amortized cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortized cost before any impairment allowance) or to the amortized cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate, such as origination fees.

When the Company revises the estimates of future cash flows, the carrying amounts of the respective financial assets or financial liabilities are adjusted to reflect the new estimates discounted using the effective interest rate. Any changes are recognized in the consolidated statement of net income (loss) and comprehensive income (loss).

Initial recognition and measurement

At initial recognition, the Company measures a financial asset or financial liability at its fair value plus or minus costs such as fees and commissions that are directly attributable to its acquisition or issue. Transaction costs are expensed in profit or loss. Immediately after initial recognition, an expected credit loss (ECL) allowance is recognized for financial assets measured at amortized cost and for investments in debt instruments measured at FVOCI, as described the section entitled *Expected Credit Loss Measurement*, which results in an accounting loss being recognized in profit or loss when an asset is newly originated.

Fair value through other comprehensive income (FVOCI): Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVTPL, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortized cost which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss.

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES (continued)

Financial assets (continued)

Interest income from these financial assets is included in 'Interest income' using the effective interest method.

Fair value through profit or loss (FVTPL): Assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and presented in the profit or loss statement in the period in which it arises, unless it arises from debt instruments that were designated at fair value or which are not held for trading, in which case they are presented separately. Interest income from these financial assets is included in 'Interest income' using the effective interest method.

Business model: The business model reflects how the Company manages the assets in order to generate cash flows. That is, whether the Company's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVTPL. Factors considered by the Company in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

It has been determined by Company management that the objective of the Company is solely to collect contractual cash flows arising from the investments. Historic profits generated from the early extinguishment of the obligations by the borrower are not within the control of the Company and are considered to be incidental to the business model.

SPPI: As the Company's business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, that is to say the asset fails the SPPI test, the related financial asset is classified and measured at fair value through profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Company reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the year.

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES (continued)

Financial assets (continued)

Impairment

The Company assesses on a forward-looking basis the ECL associated with its debt instrument assets carried at amortized cost and FVOCI and with the exposure arising from loan commitments. The Company recognizes a loss allowance for such losses at each reporting date.

The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Modification of loans

The Company sometimes renegotiates or otherwise modifies the contractual cash flows of its loans. When this happens, the Company assesses whether or not the new terms are substantially different from the original terms. The Company does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows the borrower is expected to be able to pay.
- Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan.
- Significant extension of the loan term when the borrower is not in financial difficulty.
- Significant change in the interest rate.
- Change in the currency the loan is denominated in.
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

If the terms are substantially different, the Company derecognizes the original financial asset and recognizes a ‘new’ asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Company also assesses whether the new financial asset recognized is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognized in profit or loss as a gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Company recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognizes a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES (continued)

Financial assets (continued)

Derecognition other than on a modification

Financial assets, or a portion thereof, are derecognized when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either:

(i) the Company transfers substantially all the risks and rewards of ownership, or
(ii) the Company neither transfers nor retains substantially all the risks and rewards of ownership and the Company has not retained control.

The Company enters into Co-investment agreements where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards. These transactions are accounted for as 'pass through' transfers that result in derecognition if the Company:

(i) Has no obligation to make payments unless it collects equivalent amounts from the assets;
(ii) Is prohibited from selling or pledging the assets; and
(iii) Has an obligation to remit any cash it collects from the assets without material delay.

Loans receivable

There are two types of debt instruments held by the Company:

1) Loans receivable consisting of loans provided to North American technology companies in exchange for either a variable monthly payment schedule structured either as a percentage of applicable revenue, subject to minimum monthly payments or a fixed schedule of predetermined monthly payments.

2) Asset-backed loans receivable consisting of loans provided to North American companies and generally collateralized by a first charge on the borrowers' assets or factored receivables which the Company owns. Collateral securing these loans includes receivables or purchase orders as well as real estate and guarantees.

On initial recognition the Company evaluates the characteristics of each investment to determine if the loan passes the SPPI test, as described above. If the loan is determined to pass the SPPI test, it is carried at amortized cost.

Equity instruments

The Company measures all equity investments at fair value through profit or loss, except where the Company's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The Company's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognized in OCI and are not subsequently reclassified to profit or loss, including on disposal.

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES (continued)

Financial assets (continued)

Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognized in profit or loss as other income when the Company's right to receive payments is established.

Gains and losses on equity investments at FVTPL are included in the consolidated statement of net income (loss).

The Company holds equity investments consisting of common shares held in non-public technology companies. At the end of each financial reporting period, the Company's management estimates the fair value of its investments based on the criteria below and records such valuations in the consolidated financial statements.

Equity investments are initially recorded at cost at the time of acquisition. At each reporting period thereafter, the fair value of an investment may, depending on circumstances, be adjusted by taking into account the following circumstances:

- There has been a significant subsequent equity financing provided by outside investors at a valuation above or below the current fair value of the investee, in which case the fair value of the investment is adjusted to reflect the value at which the financing took place;
- Based on financial information received from the investee it is apparent to the Company that the investee is unlikely to be able to continue as a going concern, in which case the fair value of the investment is adjusted downward;
- The investee is placed into receivership or bankruptcy; or
- There have been significant corporate, political, operating or economic events affecting the investee that, in the Company's opinion, have a positive or negative impact on the investee's prospects and, therefore, its fair value. In these circumstances, the adjustment to the fair value of the investment will be based on management's judgment and any value estimated may not be ultimately realized or realizable. Such events include, without limitation:

    - receipt or denial of necessary approvals that allow or prevent the investee to proceed with its project(s);
    - release by the investee of positive or negative technical results, which either proves or disproves its technical prospects; or
    - management personnel changes at the investee level that the Company's management believes will have a very positive or negative impact on the investee's ability to achieve its objectives and build value for shareholders.

In addition to the circumstances described above, the Company will take into account general market conditions when determining if an adjustment to the fair value of an investment is warranted at the end of each reporting period. Absent the occurrence of any of these events, or any significant change in general market conditions, the fair value of the investment is left unchanged.

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES (continued)

Financial assets (continued)

Application of the valuation techniques described above may involve uncertainties and determinations based on the Company's judgment and any value estimated from these techniques may not be realized. The amount at which an investment could be disposed of may differ from its carrying value due to the availability and/or reliability of information available to, and determinations reached by, the Company. Any fair value estimated by the application of these techniques may not ultimately be realized. Transaction costs incurred in the purchase and sale of investments are recorded as an expense in the consolidated statement of net income (loss).

Financial liabilities

Classification and subsequent measurement

Financial liabilities are classified and subsequently measured at amortized cost, except for financial liabilities that are designated as fair value through profit or loss. An entity may, at initial recognition, irrevocably designate a financial liability as measured at fair value through profit or loss when doing so results in more relevant information because either: (a) it eliminates or significantly reduces a measurement or recognition inconsistency or (b) a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy and information about the group is provided internally on that basis to the entity's key management personnel.

Derecognition

Financial liabilities are derecognized when they are extinguished (i.e. when the obligation specified in the contract is discharged, canceled or expires).

The exchange between the Company and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in covenants are also taken into consideration. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognized as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, the difference between fair values at the date of modification is recognized through gain or loss on modification and the difference along with any costs or fees incurred adjust the carrying amount of the liability and are amortized over the remaining term of the modified liability.

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES (continued)

Convertible debentures

Convertible debentures, where applicable, are separated into their liability and equity components using the effective interest method. The fair value of the liability component at the time of issue is determined based on an estimated interest rate of the debentures without the conversion feature. The fair value of the equity component is determined as the difference between the face value and the fair value of the liability component.

Debentures

The Company uses the relative fair value method when allocating the fair value of the share purchase warrants issued in conjunction with debentures. The Company measures the fair value of the debentures issued at the fair value of the consideration received. The Company measures the fair value of the warrants on the date of issuance as determined using the Black-Scholes Option Pricing Model.

Revenue recognition

Interest income on loans

Interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial asset. (i.e. amortized cost). When a financial asset that is carried at amortized cost subsequently becomes credit-impaired, interest income is calculated by applying the effective interest rate to the amortized cost, net of the expected credit loss provision. Such amounts are recorded in income when management is reasonably assured of collection. The impact of changes in the expected cash flows is recorded in interest income in the period of the change in estimate.

Income from settlement of loans

The difference between proceeds received to settle a loan receivable before its stated maturity date and its carrying value is recorded in income.

Income from transaction and other fees

Income from diligence fees, setup fees as well as other fees and penalties are recognized when a contract with a customer exists, performance obligations are met, transaction price is determinable and collectability is reasonably assured.

Performance fee revenue

The Company has been engaged to perform sub-adviser services to a third party fund, including assessing credit risk of proposed debt securities to the fund, advisory services and portfolio management services. Income is earned by the Company when advisory services are performed under the terms of the agreement. The fees are calculated on a monthly basis based on a percentage of the change in fund’s net assets. The Company recognizes the total amount of accrued performance fees at the end of each month. Performance fees are collected in cash on a monthly basis and are not subject to clawback.

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES (continued)

Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive income/loss.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years.

Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date. Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. Management considers the scheduled reversal of future income tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. The amount of deferred income tax asset considered realizable could change materially in the near term based on future taxable income during the carry forward period. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Basic and diluted earnings (loss) per share

The Company presents basic and diluted earnings (loss) per share data for its common shares, calculated by dividing the income (loss) attributable to common shareholders of the Company, less any dividends declared in the year, by the weighted average number of common shares outstanding during the year. Diluted earnings (loss) per share is determined by adjusting the earnings (loss) attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares. However, the calculation of diluted earnings (loss) per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive. For the period ended December 31, 2021 the numerator consist of loss attributable to shareholders $759,870 less dividends declared $569,112.

Business combinations and goodwill

The Company measured goodwill as the fair value of the consideration transferred including the recognized amount of any non-controlling interest in the acquiree, less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. The determination of fair values for the acquired intangible assets involves the use of discounted cash flow analysis.

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES (continued)

Business combinations and goodwill (continued)

The allocation of goodwill represents the excess of the cost of an acquisition over the fair value of the Company's share of the net identifiable assets of the acquired business at the date of acquisition. Goodwill is allocated to the cash generating unit ("CGU") or group of CGUs which are expected to benefit from the synergies of the combination. Goodwill is not subject to amortization. However, the CGU to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the CGU may be impaired, by comparing the carrying amount of the CGU, including the goodwill, with the recoverable amount of the CGU. If the recoverable amount of the CGU exceeds the carrying amount of the CGU, the CGU and the goodwill allocated to that unit is not impaired. If the carrying amount of the CGU exceeds the recoverable amount of the CGU, the entity will recognize an impairment loss first to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets in the CGU pro rata on the basis of the carrying amount of each asset in the CGU.

Share-based payment transactions

The share option plan allows Company employees, directors and consultants to acquire shares of the Company. All options granted are measured at fair value and are recognized in expenses as share-based payments with a corresponding increase in equity reserves. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The fair value of employee options is measured at grant date, and each tranche is recognized using the graded vesting method over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes Option Pricing Model ("Black-Scholes Model"), taking into account the terms and conditions upon which the options were granted. Share options granted to nonemployees or consultants are measured at the fair value of goods or services received. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

Leases

Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use, with the exception of leases of low-value assets or leases with a term of 12 months or less, which are recognized on a straight-line basis as an expense. Each lease payment is allocated between the repayment of the lease liability and finance cost. The finance cost is charged to the consolidated statement of net income (loss) over the lease period to produce a constant periodic rate of interest on the remaining balance of the lease liability for each period. The right-of-use asset is depreciated on a straight-line basis over the shorter of the asset's useful life and the lease term. Right-of-use assets and lease liabilities arising from a lease are initially measured on a present value basis. See Note 6. During the year ended November 30, 2020, the Company recognized $16,800 in rent expense for contracts exempted under the IFRS 16 provisions due to lease terms of less than 12 months.

3. ACQUISITION OF PIVOT FINANCIAL

On September 20, 2021, the Company acquired certain assets and liabilities of Pivot Financial Inc. and all issued and outstanding shares of Pivot Financial Services Inc. (together "Pivot"). Pivot is a private lender established in 2015 to address the borrowing needs of small to mid-sized enterprises. Pivot tailors a financing structure that suits the specific requirements of each one of their clients. The acquisition is intended to enhance TIMIA's loan portfolio and product offerings to customers.

A new entity, Pivot Financial I Limited Partnership (PFLP) was formed to acquire certain assets and assume certain liabilities of Pivot Financial Inc. The acquisition involved the purchase of Pivot Financial Services Inc.'s (PFSI) existing contract to provide sub advisory services to a third party fund.

The acquisition has been accounted for as a business combination under the acquisition method. The results of operations of the business since the date of acquisition have been consolidated.

Consideration

Total consideration transferred by the Company was $5,966,953, consisting of 5,000,000 common shares issued for $1,288,000, 3,500,000 preferred shares issued for $3,201,000 and cash payments of $1,000,000 at closing and $477,953 of working capital adjustment post closing. The number of shares issued was determined based on the trading price on closing of the transaction less a discount due to trading restrictions on each tranche of shares issued.

Identifiable assets acquired and liabilities assumed

The fair values of the assets acquired and liabilities assumed in the acquisition are as follows:

Assets	**Total**
Cash	1,654,388
Receivables & prepaid expenses	155,501
Loans receivable	65,927,625
Intangible assets	3,104,000
Accounts payable	(518,019)
Loans payable	(67,052,263)
Deferred tax liability	(838,080)
Total identifiable net assets at fair value	**2,433,152**
Goodwill arising on acquisition	3,533,801
Total	**5,966,953**
Purchase Price	
Total value of shares issued on acquisition	4,489,000
Working capital payment	477,953
Total cash paid on acquisition	1,000,000
Total Purchase Price	**5,966,953**

3. ACQUISITION OF PIVOT FINANCIAL (continued)

The determination and measurement of fair value of the identifiable intangible assets was based on the estimated net present value of future cash flow streams associated with each intangible asset. These estimates are based on management's best estimates and assumptions and utilizes established methodologies. Estimates in valuing the identifiable intangible assets include future expected cash flows and discount rates applied to future expected cash flows. During the period ended December 31, 2021, acquisition related costs of $272,136 have been expensed as incurred. Revenue included in the consolidated statement of income since the acquisition date for the period ended December 31, 2021 related to Pivot was $2,487,729. The net income before income taxes included in the consolidated statement of income since the acquisition date to December 31, 2021 was $363,296. Revenue and net income of the combined entity for the period ended December 31, 2021 as though the acquisition date had occurred at the beginning of the period would be $13,886,948 and $2,852,470, respectively.

The primary factors that contributed to a residual purchase price resulting in the recognition of goodwill include Pivot's assembled workforce, expected synergies, intangible assets not separately identified and other benefits from combining the assets and activities with those of the Company. The goodwill is not deductible for tax purposes.

4. LOAN RECEIVABLE

The Company makes loans to software companies who have a recurring revenue business model in Canada and the United States of America. The term of loans receivable range from on demand to six years.

		December 31, 2021		November 30, 2020
Opening balance	$	27,614,080	$	21,596,037
Loans acquired in Pivot acquisition		66,303,932		-
Advances on loans receivable		60,491,923		16,756,814
Interest revenue		7,649,247		3,871,649
Interest and principal payments		(39,625,310)		(4,020,700)
Settlement of investments		(15,354,934)		(10,167,044)
Foreign exchange		(162,007)		(422,676)
Closing balance	$	106,916,931	$	27,614,080
Less: current portion		(70,481,905)		(894,540)
Non-current portion	$	36,435,026	$	26,719,540
ECL (loan loss) provision, opening balance		(366,783)		(448,525)
ECL (loan loss) provision, acquired in Pivot acquisition		(376,307)		-
Add: ECL provision for outstanding loans		(57,084)		81,742
Add: Fx translation adjustment		1,044		-
ECL (loan loss) provision, closing balance	$	(799,130)	$	(366,783)
Loans receivable, non-current portion		36,435,026		26,719,540
ECL (loan loss) provision, closing balance		(799,130)		(366,783)
Loans receivable, net of ECL, non-current portion	$	35,635,896	$	26,352,757

4. LOANS RECEIVABLE (continued)

Details of the expected credit loss model can be found in Note 18 under the heading *Expected Credit Loss Measurement*.

The expected credit loss provision for the period from December 1, 2020 to December 31, 2021 is calculated as follows:

	Stage 1	Stage 2	Stage 3	Total
Opening amortized loan balance	$ 26,831,100	$ 782,980	$ -	$ 27,614,080
Loans acquired in Pivot acquisition	64,852,892	1,451,040	-	66,303,932
Advances on loans receivable	60,491,923	-	-	60,491,923
Interest revenue, net of interest and principal payments	(31,928,729)	(47,334)	-	(31,976,063)
Foreign exchange	(144,448)	(17,559)	-	(162,007)
Loans receivable moved to stage 1	-	-	-	-
Loans receivable moved to stage 2	(277,089)	277,089	-	-
Loans receivable moved to stage 3	-	-	-	-
Settlement of investments	(15,354,934)	-	-	(15,354,934)
Closing balance	104,470,715	2,446,216	-	106,916,931
Less: current portion	(68,700,565)	(1,781,340)	-	(70,481,905)
Closing balance, non-current portion	$ 35,770,150	$ 664,876	$ -	$ 36,435,026
Expected Credit Loss, opening balance	$ (225,846)	$ (140,937)	$ -	$ (366,783)
ECL (loan loss) provision, acquired in Pivot acquisition	(115,120)	(261,187)	-	(376,307)
Add: ECL for outstanding loans	33,522	(90,606)	-	(57,084)
Foreign exchange translation adjustment	1,044	-	-	1,044
Expected Credit Loss, closing balance	$ (306,400)	$ (492,730)	$ -	$ (799,130)
Loans receivable, non-current portion	$ 35,770,150	$ 664,876	$ -	$ 36,435,026
ECL provision, closing balance	(306,400)	(492,730)	-	(799,130)
Loans receivable, net of ECL, non-current portion	$ 35,463,750	$ 172,146	$ -	$ 35,635,896

4. LOANS RECEIVABLE (continued)

The expected credit loss provision for the period from December 1, 2019 to November 30, 2020 is calculated as follows:

	Stage 1	Stage 2	Stage 3	Total
Opening amortized loan balance	$ 18,635,118	$ 2,960,919	$ -	$ 21,596,037
Loans acquired in Pivot acquisition	-	-	-	-
Advances on loans receivable	16,756,814	-	-	16,756,814
Interest revenue, net of interest and principal payments	(140,078)	(8,973)	-	(149,051)
Foreign exchange	(402,509)	(20,167)	-	(422,676)
Loans receivable moved to stage 1	2,148,799	(2,148,799)	-	-
Loans receivable moved to stage 2	-	-	-	-
Loans receivable moved to stage 3	-	-	-	-
Settlement of investments	(10,167,044)	-	-	(10,167,044)
Closing balance	26,831,100	782,980	-	27,614,080
Less: current portion	(849,999)	(44,541)	-	(894,540)
Closing balance, non-current portion	$ 25,981,101	$ 738,439	$ -	$ 26,719,540
Expected Credit Loss, opening balance	$ (102,479)	$ (346,046)	$ -	$ (448,525)
ECL (loan loss) provision, acquired in Pivot acquisition	-	-	-	-
Add: ECL for outstanding loans	(123,367)	205,109	-	81,742
Foreign exchange translation adjustment	-	-	-	-
Expected Credit Loss, closing balance	$ (225,846)	$ (140,937)	$ -	$ (366,783)
Loans receivable, non-current portion	$ 25,981,101	$ 738,439	$ -	$ 26,719,540
ECL provision, closing balance	(225,846)	(140,937)	-	(366,783)
Loans receivable, net of ECL, non-current portion	$ 25,755,255	$ 597,502	$ -	$ 26,352,757

4. LOANS RECEIVABLE (continued)

Loans receivable by type

The Company provides three main types of loan facilities.

- TIMIA offers **Interest Only Loans** that are 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.

- TIMIA offers **Amortized Loans** which are a type of growth capital provided 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.

- Pivot Financial provides **Term Loan** and **Factored Facilities** that are asset-based loans with fixed or determinable payments. Factored facilities earn administration fees up to 1.5% and are purchased with recourse. Term loans have generally fixed interest rates ranging from 9.5% - 15%, secured and range in maturity generally are due on demand or in a period less than one year.

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

		At December 31, 2021		**At November 30, 2020**
		Carrying Value		Carrying Value
Interest Only Loans (TIMIA)	$	17,447,964	$	17,061,824
Amortized Loans (TIMIA)		20,905,388		10,185,473
Term Loans (Pivot)		63,455,852		-
Factored Facilities (Pivot)		4,308,597		-
Total	**$**	**106,117,801**	**$**	**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 year-end, restricted cash relates to cash held on behalf of a portfolio company.

		At December 31, 2021		**At November 30, 2020**
		Carrying Value		Carrying Value
Canada	$	74,781,519	$	9,070,997
United States of America		31,336,282		18,176,300
Total	**$**	**106,117,801**	**$**	**27,247,297**

5. EQUITY INVESTMENTS

As at December 31, 2021 and November 30, 2020, the Company held the following equity investments:

Investees	Common Shares		Cost		December 31, 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
Greenspace Brands Inc.	1,428,572		100,000		85,715		-
AvenueHQ	50,000		282,803		282,803		-
		$	**454,484**	**$**	**1,333,618**	**$**	**965,100**

6. RIGHT-OF-USE ASSET AND LEASE LIABILITY

In May 2021, the Company's head office relocated and entered into a lease agreement for office space in Vancouver for a monthly lease payment of $6,721 with a term of three years. There is no extension contemplated in the lease agreement. Under IFRS 16, the Company recognizes lease liabilities measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rates. The rate applied to the lease liabilities on May 1, 2021 was 8%. The right-of-use assets of $249,666 recognized during the period was measured at an amount equal to the recognized lease liabilities and comprises of a real estate premises. The details of the right-of-use assets and lease liabilities recognized as at December 31, 2021 are as follows:

Right-of-use asset

		December 31, 2021		November 30, 2020
Beginning balance	$	26,565	$	-
Present value of lease payments		230,132		85,009
Amortization		(54,042)		(58,444)
Ending balance	**$**	**202,655**	**$**	**26,565**

Lease liability

		December 31, 2021		November 30, 2020
Beginning balance	$	29,430	$	-
Present value of lease payments		227,266		85,009
Accrued interest		13,153		6,667
Cash payment		(51,231)		(62,246)
Ending balance	**$**	**218,618**	**$**	**29,430**

7. INTANGIBLE ASSETS AND GOODWILL

Intangible assets consist of a customer relationship and service contract acquired through the Company's business acquisition of Pivot. Identifiable intangible assets acquired by TIMIA includes the contract to provide sub-adviser services to a third party fund. The contract has a limited life and the intangible asset is amortized on a straight-line basis over the useful life, estimated to be approximately seven years from acquisition. In addition, a customer relationship was acquired. This relationship is amortized on a straight-line basis over the useful life, estimated to be approximately five years.

Goodwill was acquired as part of the Pivot acquisition and is tested for impairment on an annual basis.

		Intangible assets			
		Service contract		Customer relationship	Goodwill
Beginning balance - December 1, 2020	$	-	$	-	-
Additions through business acquisition (see Note 3)		2,584,000		520,000	3,533,801
Less: amortization		(98,600)		-	-
Ending balance - December 31, 2021	**$**	**2,485,400**	**$**	**520,000**	**3,533,801**

8. COMMITMENTS AND CONTINGENCIES

The Company has provided guarantees and limited recourse guarantees to certain lenders with respect to loan payable agreements in place. These arrangements were acquired as part of the Pivot acquisition. Recourse is limited to the lender's right, title and interest in collateral under the loan agreement, such as cash and other assets defined.

9. DEBENTURES

The Company has one series of debentures, Series E, issued and outstanding as of December 31, 2021. 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 TIMIA Capital Corp (excluding Pivot) specific 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.

9. DEBENTURES (continued)

		2021		2020
Series D debentures	$	-	$	2,930,411
Series E debentures		1,225,455		1,203,989
Total Debentures	**$**	**1,225,455**	**$**	**4,134,400**
Less: current portion		(19,558)		(54,903)
Debentures balance - December 31, 2021	**$**	**1,205,897**	**$**	**4,079,497**

During the thirteen months ended December 31, 2021, all Series D debentures were redeemed. Series D debentures of $548,000 were converted to preferred shares as part of a private placement during the period. All remaining Series D debentures, including all accrued interest, were redeemed in cash. A loss on settlement of debentures of $44,584 (2020 - $nil) recorded in the consolidated statement of net income (loss).

10. 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. Total amounts owing at December 31, 2021 are recorded as Co-investment obligations on the consolidated statement of financial position.

11. 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. In March 2021, the maturity date was extended to August 31, 2021. In August 2021 the maturity date was extended to December 31, 2021 and the settlement amount revised to $3,460,000. In November 2021 the maturity date was extended to January 14, 2022. Based on fluctuation in the USD exchange rate since the date of issuance of the facility through to December 31, 2021, a derivative asset has been recorded of $290,500 (November 30, 2020: $252,500) to account for the net amount under the agreement and was recognized as a gain (loss) on forward contract in the consolidated statements of net income (loss).

Subsequent to year-end, the forward contract matured on January 14, 2022 and was net settled with the counterparty. The gross amount receivable was $3,130,538.

12. REVOLVING CREDIT FACILITIES

On November 22, 2019, the Company secured a revolving credit facility (the "Credit Facility") from a lender.

12. REVOLVING CREDIT FACILITIES (continued)

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 January 15, 2022. 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%. Amounts drawn in excess of 50% of assets held by this facility is subject to an interest rate of 15%. 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 $3,500,000.

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 method. On March 15, 2021 an additional amount of $1,975,000 was drawn on the facility. The carrying value as at December 31, 2021 $4,485,129 (November 30, 2020 $2,510,320). On January 17, 2022, the facility with accrued interest was repaid in the amount of $4,508,423.

13. LOANS PAYABLE

As part of the Pivot acquisition, the Company assumed a number of loans payable. Loans payable consists of the following as at December 31, 2021:

	Interest Rate	**Security**	**December 31, 2021**
Loans payable	10%	Unsecured	1,340,000
Loans payable	10.75%	Unsecured	5,500,000
Loans payable	11%	Unsecured	11,120,891
Loans payable	Higher of prime + 5.5% or 9.5%	Secured	49,850,000
			67,810,891

For all loans payable, the initial term is set at one year. The lender has the option to extend while the Company has the option to repay at any time, therefore all loans payable are classified as current liabilities.

The secured loans payable is a revolving credit facility from a senior lender and has a combined authorized limit of $50,000,000. The security on the secured loan payable to the lender is a general security agreement and directly related to a loan receivable from a related party. The agreement also includes covenants regarding reporting requirements, liens on account, distribution limitations and cash investment limits. The loan is designated as FVTPL to ensure measurement consistency with the credit risk associated with the related loan receivable that is security to the loan.

All loans include covenants which the Company is required to report on a regular basis. Covenants restrict total debt levels relative to permitted investments as well as total net debt relative to subordinated debt. The Company was in compliance with all covenants as at December 31, 2021.

14. SHARE CAPITAL

(a) *Common shares*:

An unlimited number of common voting shares are authorized without par value. As of December 31, 2021 TIMIA has 53,041,463 common shares issued and outstanding. On January 5, 2022, the Company closed a private placement having raised an aggregate of $2,188,750 and issued 6,253,571 units at a price of $0.35 per unit. Each unit consists of one common share and one half of one common share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of $0.50 for a period of 24 months following the closing date. At December 31, 2021, $941,524 of cash proceeds relating to this private placement had been received and recorded in "Cash received in advance of share issuance" on the consolidated statement of financial position.

(b) *Preferred shares*:

As of December 31, 2021, TIMIA has 10,485,994 non-cumulative Series A Preferred shares issued and outstanding. Holders of Preferred shares will be entitled to receive fixed non-cumulative preferential cash dividends, if, as and when declared by the board of Directors of the Company at an annual rate equal to $0.08 per Preferred share. Dividends, if declared, will be payable on the last day of December, March, June and September in each year, or if such day is not a business day, on the next business day, at a quarterly rate of $0.02 per Preferred Share.

The Preferred Shares will rank senior to the Common shares of the Company with respect to declared but unpaid dividends. The Preferred Shares are retractable by the Corporation at any time on or after the date that is three years after the Closing Date. On or after the date that is three years after the closing date, the Company may, at its option, upon 10 days' prior written notice, retract all or any number of the Preferred shares. Upon notice of retraction by the Company, holders of the Preferred Shares may elect to receive either: (a) a cash payment equal to the offering price; or (b) one Common share in exchange for each one Preferred share, subject to adjustment. The Preferred shares do not have a fixed maturity date and are not redeemable at the option of the holders of Preferred shares. Holders of the Preferred shares may elect to convert the Preferred shares into Common shares on the basis of one Common share for each Preferred share held, subject to adjustment, at any time.

(c) *Dividends declared*:

On a quarterly basis the Company's Board of Directors declared and paid dividends on Series A Preferred shares as follows:

Dividend declaration date	**Dividend payment date**	**Dividend rate**		**Total dividends paid**
March 9, 2021	March 31, 2021	0.0211	$	109,952
June 11, 2021	June 30, 2021	0.02		119,720
September 10, 2021	September 30, 2021	0.02		129,720
December 10, 2021	December 31, 2021	0.02		209,720
			$	**569,112**

14. SHARE CAPITAL (continued)

(d) 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 8,000,000 Common Shares. 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.

	Number of Options		Weighted Average Exercise Price
Balance, November 30, 2019	**5,175,000**	**$**	**0.14**
Issued	1,255,000		0.18
Expired	(695,000)		0.17
Exercised	(1,660,000)		0.07
Balance, November 30, 2020	**4,075,000**	**$**	**0.18**
Issued	1,355,000		0.32
Exercised	(600,000)		0.14
Balance, December 31, 2021	**4,830,000**	**$**	**0.22**

Additional information regarding stock options outstanding as at December 31, 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	480,000	0.36	0.14	480,000	0.14
0.17	745,000	1.36	0.17	745,000	0.17
0.18	75,000	2.13	0.18	75,000	0.18
0.19	480,000	4.05	0.19	151,671	0.19
0.22	920,000	2.37	0.22	871,416	0.22
0.20	605,000	3.19	0.20	365,210	0.20
0.17	600,000	3.47	0.17	600,000	0.17
0.17	50,000	3.48	0.17	25,388	0.17
0.30	275,000	4.73	0.30	25,616	0.30
0.44	600,000	4.82	0.44	106,849	0.44
	4,830,000	**2.87**	**0.22**	**3,446,150**	**0.19**

14. SHARE CAPITAL (continued)

Stock options (continued)

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% - 1.42%	0.39% - 0.59%
Expected dividend yield	-	-
Expected option life (years)	5	5
Expected stock price volatility	89%	101% - 104%
Weighted average fair value at grant date	$0.32	$0.17 - $0.20
Expected forfeiture rate	-	-

(e) *Normal Course Issuer Bid*

On February 24, 2021, the TSXV approved and the Company announced its intention to commence a normal course issuer bid (NCIB) to repurchase the Company's common shares. Under the NCIB the Company may purchase for cancellation up to 3,313,699 common shares over a 12-month period ending February 28, 2022. Transactions were executed from time to time in the open market in accordance with the rules and policies of the TSXV. Purchase and payment for the shares made by the Company were made in accordance with the rules of the TSXV and the price that the Company paid for any shares acquired by it at the market price of the shares at the time of acquisition. The Company entered into a share purchase plan with a broker in order to facilitate the repurchase of its shares under the NCIB which covers the period from March 1, 2021 to February 28, 2022. Under the Plan, the Company's broker was able to repurchase common shares under the NCIB. Purchases were made by TIMIA's broker based upon the parameters prescribed by the TSX and the terms of the plan.

During the 13 months ended December 31, 2021, the Company repurchased 1,309,000 shares under the 2021 NCIB for a total cost of $357,921. The excess amount of $180,768 paid for these shares, relative to their weighted average carrying amount of $163,026 was charged to retained earnings. Of the shares repurchased, 1,273,500 have been canceled leaving 35,500 remaining in treasury stock at period-end. Subsequent to period end, the Company has canceled 35,500 shares.

14. SHARE CAPITAL (continued)

(f) Warrants:

	Number of Warrants		Weighted Average Exercise Price
Balance, November 30, 2019	**6,331,480**	**$**	**0.22**
Issued	238,759		0.25
Exercised	(20,000)		0.25
Balance, November 30, 2020	**6,550,239**	**$**	**0.22**
Exercised	(1,254,168)		0.21
Expired	(4,864,404)		0.20
Balance, December 31, 2021	**431,667**	**$**	**0.30**

Additional information regarding warrants outstanding and exercisable as at December 31, 2021 is as follows:

Exercise Price	Number of Warrants	Weighted Average Remaining Contractual Life (years)		Weighted Average Exercise Price
$0.30	258,333	1.92		0.30
0.30	173,334	2.16		0.30
	431,667	**2.01**	**$**	**0.30**

15. INCOME TAX

The following table reconciles the amount of income tax expense on application of the combined statutory Canadian federal and provincial income tax rates:

		2021		2020
Combined Canadian statutory income tax rate		27.00%		27.00%
Income tax expense at statutory rate	$	659,259	$	513,319
Income taxes attributable to non-controlling interests in partnerships		(1,188,470)		(671,631)
Non-deductible items and other timing differences		(152,070)		84,736
Change in unrecognized deferred tax assets		683,390		108,844
Income tax expense	**$**	**2,109**	**$**	**35,268**

15. INCOME TAX (continued)

Significant components of the Company's deferred tax assets (liabilities) are shown below:

		2021		2020
Non-capital loss carry forwards	$	1,661,776	$	1,080,000
Share issuance costs		101,614		-
Intangible assets		(838,080)		-
Investments		(120,612)		(120,612)
Unrecognized deferred tax assets		(1,642,778)		(959,388)
Net deferred tax asset (liability)	**$**	**(838,080)**	**$**	**-**

As of December 31, 2021, TIMIA Capital Corp. has approximately $6,155,000 of non-capital losses for tax purposes which may be used to reduce income taxes of future years and will expire from 2027 to 2041.

16. 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 December 31, 2021, there was $1,529 (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 13 months ended December 31, 2021, $30,160 (November 30, 2020: $180,283) 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 $586 (November 30, 2020: $24,053) was due to directors and/or officers identified as key management personnel as at December 31, 2021.

(d) Rent expense of $18,647 (November 30, 2020: $16,800) was accrued or paid during the 13 months ended December 31, 2021 to a third party company controlled by the CFO.

(e) Investments held by officers and directors, and their family members or companies controlled by them, for $4,824,909 of Limited Partner net assets as at December 31, 2021 and $5,731,418 at November 30, 2020.

(f) The Company has loans receivable due from an entity in the amount of $48,398,641 (November 30, 2020: $nil) where the entity is related by virtue of a member of the Company's management is a significant shareholder of the entity and a member of the entity's board of directors. The Company earned administration fees of $117,178 (November 30, 2020: $nil) which were recorded in other revenue in the period ended December 31, 2021 related to these arrangements.

16. RELATED PARTY TRANSACTIONS AND EXECUTIVE COMPENSATION (continued)

The Company considers the Chief Executive Officer, Chief Financial Officer, Chief Credit Officer, and Directors as key management personnel. Key management compensation for the 13 months ended December 31, 2021 and 12 months ended November 30, 2020 were as follows:

(a) Directors fees of $121,672 (November 30, 2020: $72,680) were accrued or paid during the 13 months ended December 31, 2021.

(b) Management compensation of $424,509 (November 30, 2020: $475,271) was accrued or paid during the 13 months ended December 31, 2021.

(c) Share-based payments expenses of $99,954 (November 30, 2020: $122,164) were recorded for directors and certain officers identified as key management personnel for the 13 months ended December 31, 2021.

17. 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 consolidated statement of financial position (see Note 22). The term of LP I is ten years plus 3 optional 1 year extensions and the term of LP II is five years with 2 optional 1 year extensions. Details of the change in non-controlling interest for the year were as follows:

	TIMIA Capital LP I	TIMIA Capital LP II	Gross limited partners' interests
NCI Balance, November 30, 2020	$ 9,031,885	$ 17,762,911	$ 26,794,796
Contributions	-	7,375,973	7,375,973
Distributions paid to limited partners	(4,230,961)	(2,204,749)	(6,435,710)
Net income (loss) attributable to NCI	1,155,676	2,045,897	3,201,573
Foreign currency translation	-	(423,056)	(423,056)
NCI Balance, December 31, 2021	**$ 5,956,600**	**$ 24,556,976**	**$ 30,513,576**

	TIMIA Capital LP I	TIMIA Capital II LP	Gross limited partners' interests
NCI Balance, November 30, 2019	$ 11,609,956	$ -	$ 11,609,956
Contributions by limited partners	3,070,000	18,377,709	21,447,709
Distributions paid to limited partners	(7,996,115)	(246,683)	(8,242,798)
Net income (loss) attributable to NCI	2,348,044	139,480	2,487,524
Foreign currency translation	-	(507,595)	(507,595)
NCI Balance, November 30, 2020	**$ 9,031,885**	**$ 17,762,911**	**$ 26,794,796**

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

Summarized financial information

Statements of financial position as at December 31, 2021:

		TIMIA Capital LP I		TIMIA Capital LP II
Total current assets	$	3,865,525	$	4,902,594
Total non-current assets		4,887,751		21,882,885
Total Assets		**8,753,275**		**26,785,478**
Total liabilities		1,122,882		792,337
Partners' capital		7,630,393		27,003,046
Translation adjustment		-		(1,009,905)
Total liabilities & Partners' capital	**$**	**8,753,275**		**26,785,478**

		TIMIA Capital LP I		TIMIA Capital LP II
Total revenue	$	2,367,280	$	2,976,483
Total expense and other income		690,424		672,585
Total net income and comprehensive income	**$**	**1,676,856**	**$**	**2,303,898**

Statements of financial position as at November 30, 2020:

		TIMIA Capital LP I		TIMIA Capital LP II
Total current assets	$	1,038,351	$	10,103,100
Total non-current assets		10,129,416		9,220,618
Total Assets		**11,167,767**		**19,323,718**
Total liabilities		253,314		144,998
Partners' capital		10,914,453		19,648,057
Translation adjustment		-		(469,337)
Total liabilities & Partners' capital	**$**	**11,167,767**		**19,323,718**

		TIMIA Capital LP I		TIMIA Capital LP II
Total revenue	$	3,954,587	$	335,547
Total expense and other income		572,563		171,196
Total net income and comprehensive income	**$**	**3,382,024**	**$**	**164,351**

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

TIMIA Capital LP I

Since inception 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

Since inception of LP II, the Company closed financings of $27,146,565 (US $16,215,000) 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.

18. FINANCIAL INSTRUMENTS AND RISK

Financial instruments

The following table summarizes information regarding the carrying values and classification of the Company's financial instruments as of the periods ended December 31, 2021 and November 30, 2020:

	December 31, 2021	November 30, 2020
Cash & restricted cash - FVTPL	$ 9,758,032	$ 12,872,769
Accounts receivable - Amortized cost	687,596	413,239
Loans receivable - Amortized cost	106,117,801	27,247,297
Equity investments - FVTPL	1,333,618	965,100
Forward contract receivable - FVTPL	290,500	252,500
Accounts payable - Amortized cost	5,674,751	300,967
Loans payable (Note 13) - Amortized cost	26,810,891	-
Loans payable (Note 13) - FVTPL	41,000,000	-
Revolving credit facilities - Amortized cost	4,485,129	2,510,320
Debentures & co-investment obligations - Amortized cost	1,468,518	4,413,750
Non-controlling interests - Amortized cost	30,513,576	26,794,796

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. Loans payable 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:

18. FINANCIAL INSTRUMENTS AND RISK (continued)

Financial Instruments (continued)

(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
(a) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The level in the fair value hierarchy within which the fair value measurement is categorized in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

The following table presents the Company's financial instruments, measured at fair value on the consolidated statements of financial position and categorized into levels of the fair value hierarchy:

	Balance at December 31, 2021	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash	9,758,032	9,758,032	-	-
Forward contract receivable	290,500	-	290,500	-
Equity investments	1,333,618	85,714	-	1,247,904

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

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.

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.

18. FINANCIAL INSTRUMENTS AND RISK (continued)

Liquidity risk (continued)

	Carrying amount	Contractual cash flows	Within 1 year	Within 2 years	Within 5 years
	$	$	$	$	$
Accounts payable	5,119,508	5,119,508	5,119,508	-	-
Loans payable	67,810,891	67,810,891	-	-	
Revolving credit facility	4,485,129	4,485,129	4,485,129	-	-
Non-controlling interests	30,513,576	30,513,576	5,308,684	16,166,433	9,038,459
Debentures & Co-investment obligations	1,468,518	1,468,518	105,488	1,205,897	157,133
Total	109,397,622	109,397,622	15,018,809	17,372,330	9,195,592

Cash flows relating to non-controlling interests are based on expected cash flows. The Company is obligated to return the net assets attributable to limited partners at the end of each partnership agreement. Timing in the above table is based on estimated cash flows and expected maturities of the investments held.

Foreign exchange risk

The Company's foreign exchange risk is due to the Company's 12 loan investments totaling US$24,717,056 which are currently valued at $31,336,283. 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 and 2021, 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. A 10% movement in the US dollar exchange rate would increase/decrease the accumulated other comprehensive translation adjustment on the consolidated statement of financial position by $2,675,545.

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

18. FINANCIAL INSTRUMENTS AND RISK (continued)

Market risk (continued)

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, restricted cash, accounts receivable, forward contract and loans receivable.

Credit risk measurement

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

Expected credit loss measurement

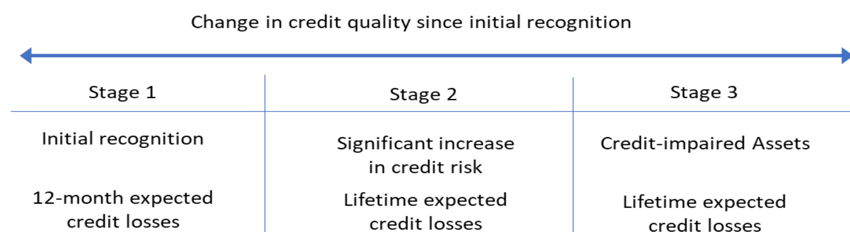
IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarized below:

- 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.

18. FINANCIAL INSTRUMENTS AND RISK (continued)

Credit risk (continued)

The following diagram summarizes the impairment requirements under IFRS 9:



The Company assigns each loan in the portfolio to a credit quality stage of Stage 1, Stage 2 or Stage 3. This credit quality staging is then used to calculate the lifetime ECL. The lifetime ECL is the maximum loss in default adjusted for the probability of loss. At each reporting period, the ECL is calculated for each loan receivable. The Company periodically reviews the ECL model to determine if industry trends or macro-economic factors have changed, causing a need to adjust the ECL model. The expected credit loss recorded in the consolidated statement of net income (loss) is $57,084 for the 13 months ended December 31, 2021 and the expected credit loss accrued on the consolidated statement of financial position is $799,130 as at December 31, 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.

A loan is considered to be in stage 3 if:

- The borrower is 90 days past due on contractual payments;
- The borrower is in long-term forbearance;
- The borrower is insolvent; or
- The borrower is in material breach of financial covenants.

Expected credit loss model

The Company determines the lifetime expected credit loss to be the maximum loss in a default adjusted for the probability of loss. At each reporting period, the ECL is calculated for each loan receivable. The maximum default loss is a function of the relative exposure of the Company to a particular investment. The Company assesses this as a ratio of the enterprise value of the underlying entity to the amortized loan

18. FINANCIAL INSTRUMENTS AND RISK (continued)

Credit risk (continued)

balance. Based on this ratio, the Company assigns the loan receivable to a maximum default loss band. Each band has a loss percentage based on historic experience.

The probability of default represents the likelihood that the borrower defaults on its financial obligation. As such it is dependent on the stage of the investment at the measurement date. An investment in stage 3 is in default by definition so the likelihood of default is 100%. Stage 1 and stage 2 credits are assigned default probabilities based on historic experience and an assessment of forward looking macro-economic trends. If Company management determines that a segment of the portfolio is facing macro-economic trends that differ from other investments in the portfolio, the probability of default will be adjusted accordingly for that segment.

The Company reviews the stage of each loan receivable and recalculates the ECL every reporting period. Changes to the ECL are recognized on the consolidated statement of income (loss) in the period of the change.

Credit risk exposure

The Company's credit risk exposure by ECL staging is included in a table in Note 3 Loans receivable.

19. 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 Notes 9, 10, 12 and 13. The Company's share capital is not subject to external restrictions. The capital of the Company comprises shareholders' equity, Limited Partnership capital, note payable, revolving credit facility, debentures and co-investment obligations.

The Company manages and adjusts the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or dispose of assets.

20. SEGMENT DISCLOSURES

The Company has one reportable segment. The Company utilizes a proprietary loan origination platform to originate, underwrite and service private-market, high-yield loan opportunities. The Company has two operating divisions: TIMIA Capital which offers revenue-based investment to fast growing, business-to-business Software-as-a-Service (or SaaS) businesses in North America and Pivot Financial, which specializes in asset-based private credit targeting mid-market borrowers in Canada. The Company's operations are all related to providing debt financing and the earnings attributable to shareholders' is primarily fees earned on assets under management.

21. SUBSEQUENT EVENTS

On January 10, 2022, the Company formed TIMIA Capital III GP Inc., an Ontario corporation, and its third fund, TIMIA Capital III Preferred Return Fund Limited Partnership. On January 26, 2022 the Company launched a trust, TIMIA Capital III Preferred Return Fund (the "Trust").

The Trust was established for the purposes of investing in TIMIA Capital III Preferred Return Fund Limited Partnership. The Limited Partnership's purpose is to generate returns for its partners, principally through long-term capital appreciation, collecting cash flows and earning income, by identifying, evaluating, acquiring, holding and disposing of privately negotiated loans for technology companies located in North America. The trustee is TIMIA Capital III GP Inc. Since formation the Limited Partnership has closed $6,300,000 ($4,920,000 USD) of invested capital.

On February 2, 2022, the Company granted 700,000 stock options to staff and officers which are exercisable into common shares of the Company at a price of $0.42 per common share. Of the 700,000 options, officers received 240,000 with the staff receiving the remainder. The options have a term of five years and will expire on February 2, 2027.

On February 24, 2022, the Company's board of directors declared a quarterly cash dividend of $0.02 per Series A Preferred Shares, payable on March 31, 2022, to Series A preferred shareholders of record as at March 15, 2022.

On March 9, 2022, the Company secured a demand revolving line of credit grid promissory note from a lender. The amount that is available to be drawn under the facility is $6,300,000 ($5,000,000 USD) and due on demand of the lender. The initial principal drawn on the facility is $1,890,000 ($1,500,000 USD) and will bear an interest rate equal to the greater of 10.25% or prime +6.3%. A utilization fee of 2.45% is owing on the unutilized portion of the loan commitment. The Credit Facility contains general covenants and financial reporting requirements to be reported by the Company on a monthly basis.

On March 31, 2022, the Company repaid all issued and outstanding Series E debentures ahead of the scheduled maturity date. Total repayment amount including principal and interest was $1,103,864.

22. RECAST OF COMPARATIVE FINANCIAL STATEMENTS

In preparing the Company's consolidated financial statements for the 13 months ended December 31, 2021, the Company identified that its non-controlling interests in LP I and LP II do not meet the requirements in IFRS to be classified within equity because of the limited lives of the partnership. As a result, the Company has concluded that non-controlling interests should not have been presented within equity, but should be presented within liabilities. In these consolidated financial statements, the Company has corrected the presentation by reclassifying non-controlling interests to liabilities from equity.

22. RECAST OF COMPARATIVE FINANCIAL STATEMENTS (continued)

This reclassification had the following effects on the consolidated statement of financial position as of November 30, 2020:

		November 30, 2020 as reported	Adjustment	November 30, 2020 as recast
Total liabilities	$	7,569,076	26,794,796	34,363,872
Total TIMIA Capital shareholders' equity		7,559,895	-	7,559,895
Non-controlling interests		26,794,796	(26,794,796)	-
Total equity		34,354,691	(26,794,796)	7,559,895
Total liabilities and equity		41,923,767	-	41,923,767

In addition, equity as of December 1, 2019 was revised to $2,688,193 from $14,298,149 to reflect the impact of reclassification on the opening equity position. This reclassification did not have an impact on Net Loss Attributable to Shareholders of the Corporation of $586,344, Net Loss per common share (basic and diluted) of $0.01 or on the Company's cash flows from operating activities, investing activities or financing activities as reported in its consolidated statement of cash flows for the 12 months ended November 30, 2020.