

TIMIA Capital Announces First Quarter 2021 Financial Results

~Company continues with solid interest revenue growth in conjunction with a decrease in operating expenses~

VANCOUVER, BC, April 29, 2021 /CNW/ - **TIMIA Capital Corporation ("TIMIA" or the "Company")** (TSXV: TCA) (OTC: TIMCF) today announced financial results for the first quarter ended February 28, 2021. All figures are reported in Canadian dollars unless otherwise noted.

First Quarter 2021 Highlights include:

- Interest income from investments increased 27% year-over-year to \$1.2 million.
- Total revenue of \$1.3 million versus \$1.5 million in the same period last year with the last year's total revenue including a \$516,000 gain on settlement.
- Total assets of \$39.0 million as at February 28, 2021 compared to \$42 million at November 30, 2020. Cash balance, as part of assets, was \$9.5 million compared to \$12.9 million as at November 30, 2020.
- TIMIA's loan investment portfolio (loans receivable) increased to \$27.3 million in the first quarter 2021 compared to \$27.2 million as of November 30, 2020.
- Reduced operating expenses in the first quarter of 2021 over the first quarter of 2020 by approximately \$260,000 primarily as a result of reduced interest expense due to the redemption of debentures during Q4, 2020, and Q1, 2021.
- Reported consolidated net income of \$124,559, which includes a primarily unrealized foreign exchange loss of 169,642, compared to consolidated net income of \$444,144 for the same period last year which included a material unrealized foreign exchange gain.
- Outside of foreign exchange impacts and the income from the settlement of loan exits in 2020, the Company continues to grow and improve efficiencies on a year-over-year basis with a 27% increase in interest revenue and a 20% decrease in operating expenses.

On a comprehensive basis:

- Reported consolidated net comprehensive loss of \$345,096 compared to consolidated net comprehensive income of \$444,144 for the same period last year. The current year includes a foreign currency translation adjustment of \$469,655 for the consolidation of the Company's second Limited Partnership ("LP II"), which is denominated in US\$.

"The first quarter 2021 results continued our trend of growth with an 27% increase in interest income and a 26% decrease in operating expenses," said Mike Walkinshaw, CEO of TIMIA Capital Corporation. "Our team continues to become more efficient relying on our proprietary fintech platform to accomplish more with less. While the platform continues to originate sound investment opportunities completing one new loan investment and recognizing a single loan exit in Q1 2021, the year-over-year comparison was impacted by a \$516,009 gain in Q1 2020. Loan exits are unpredictable but an indicator of the value of the origination platform. With the additional \$1.6 million of loan capital added to the balance sheet from the third close of the Limited Partnership II, we are aggressively pursuing new opportunities to continue our growth trajectory into 2021."

Portfolio and Revenue Review

TIMIA's investment portfolio has continued to deliver returns in accordance with the underlying loan agreements during the quarter. For the 3 month period ended February 28, 2021, the Company completed one new loan investment and follow-on investments for an aggregate \$2.4 million. In addition, one loan investment was exited for gross proceeds of \$1.5 million.

TIMIA's current portfolio has 21 unique deals with an aggregate facility size of \$55,075,000. Current disbursements extended under those facilities total \$31,780,000.

Total revenue for the three months ended February 28, 2021 was \$1.3 million compared to \$1.5 million for the three months ended February 28, 2020. Interest income earned from the portfolio increased 27% in the three months ended February 28, 2021 to \$1.2 million compared to \$0.9 million in the same period last year. Income from transaction and other fees was \$96,162 in the three months ended February 28, 2021 compared to \$84,487 in the same period last year. The \$538,884 difference in income from the settlement of loans reflects two exits posted in Q1 2020 versus one in Q1 2021.

Impact of Foreign Exchange

The Company generated positive financial returns this past quarter but also experienced negative foreign exchange influences related to the Canadian to US dollar exchange rate. The Company has hedged a substantial portion of the foreign exchange risk related to common shareholders, however the limited partners of the Company's first Limited Partnership ("LP I") and LP II have chosen to bear the risk of foreign exchange swings. These foreign exchange losses are reflected in the consolidated net income of \$124,559.

The foreign currency translation adjustment is a result of the conversion of the Company's US dollar denominated subsidiary, LP II. These adjustments are included within net income (loss) and comprehensive income (loss). During the quarter the translation adjustment losses were \$469,655, which is included in the consolidated comprehensive net loss of \$345,096.

Consolidated net income, prior to unrealized foreign exchange losses and the offsetting gains from the forward contract, was \$224,201*.

Operational and Interest Expenses

The Company continues to invest to support its future growth and the continued development of its fintech platform, while improving efficiencies where possible. Total expenses, including interest expense, for the quarter ended February 28, 2021 decreased 26% to \$1.0 million compared with \$1.3 million for the same period last year. The change mainly reflects a decrease in accounting and legal, expected credit loss, and interest expense, offset by increases in administrative, management, and director fees, year-over-year.

Balance Sheet

As at February 28, 2021, the Company's consolidated cash balance was \$9.5 million and consolidated working capital was \$9.8 million, compared with \$12.9 million and \$11.1 million, respectively, as of November 30, 2020.

On February 24, 2021, TIMIA announced its intention to commence a normal course issuer bid through the facilities of the TSX Venture Exchange to repurchase, for cancellation, up to 3,313,699 common shares of the Company ("Shares"), representing approximately 10% of the Company's public float of issued and outstanding Shares (the "NCIB"). The Company believes that, from time to time, the market price of its Shares does not adequately reflect the Company's underlying value and future prospects and that, at such times, the purchase of the Company's Shares represents an appropriate use of the Company's financial resources and will enhance shareholder value. The first acquisition from NCIB occurred on March 12, 2021.

Subsequent to the end of the first quarter TIMIA announced the closing of the first tranche, \$775,000 through the issuance of 775,000 of series A preferred shares ("Preferred Shares") at a price of \$1.00 per Preferred Share, of a non-brokered private placement of up to an aggregate \$1,275,000. The Company has received a subscription agreement for the remaining \$500,000 and

anticipates closing this balance of the private placement in the coming weeks.

On March 18, 2021 the Company announced the receipt of an additional US\$1.3 million (\$1.6 million) in subscriptions towards LP II previously announced on July 16, 2020. With this third close, LP II has raised US\$16.1 million (\$21.4 million) exceeding the success of LP I offered in 2019 and bringing the total non-dilutive capital raised through 2 limited partnerships, after recent successful exits, to more than \$47.1 million.

In addition to the closing of LP II, the Company has paid out \$1.8 million of series D debentures and plans to pay out the remaining balance of series D debentures in the amount of \$1.1 million in Q2 of fiscal 2021.

Net Loss Attributable to Common Shareholders

The Company has generated strong returns for its yield-based investors benefiting common shareholders by earning a portion of those returns in the form of management fees, recovery of administrative costs, and performance fees. As the size of the loan book increases, these fees should also increase. In the current quarter, the net loss attributable to common shareholders is \$315,426 as compared to \$137,684 in the same period prior year. There were three key drivers impacting the results first quarter of 2021: 1) the prior year quarter contained a gain on settlement of loans of \$516,009 for which there was no similar amount in Q1, 2021 2) the impact of a \$169,642 foreign exchange loss in Q1 2021 compared to a \$166,601 gain in Q1 2020, 3) the impact of the \$469,655 foreign currency translation adjustment in first quarter 2021 compared to nil in the same period in 2020.

This news release is qualified in its entirety by the Company's condensed interim financial statements for the three months ended February 28, 2021 and February 28, 2020 and the associated Management's Discussion & Analysis respecting the same periods, which can be downloaded from the Company's profile on SEDAR at <http://www.sedar.com>.

* Defined as net income removing foreign exchange loss and the gain on forward contract.

About TIMIA Capital Corporation

TIMIA Capital Corporation has developed a proprietary loan origination platform that services private market, high-yield loan opportunities, thereby earning recurring fees and a share of the profit. While focusing on the fast growing, global, business-to-business Software-as-a-Service (or SaaS) segment, TIMIA's automated loan origination system is applicable to multiple technology sectors, it creates scalable and profitable growth for TIMIA's stakeholders. For more information about TIMIA Capital Corporation, please visit www.timiacapital.com

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this news release.

Forward-Looking Information

Certain information and statements in this news release contain and constitute forward-looking information or forward-looking statements as defined under applicable securities laws (collectively, "forward-looking statements"). Forward-looking statements normally contain words like 'believe', 'expect', 'anticipate', 'plan', 'intend', 'continue', 'estimate', 'may', 'will', 'should', 'ongoing' and similar expressions, and within this news release include any statements (express or implied) respecting the planned additional debenture payout of \$1.1 million planned for Q2, 2021, LP II successfully closing additional tranches in the Private Placement, expected benefits from the non-dilutive capital via the generation of fee income and profit share from the limited partnerships, the market price of the Shares not reflecting the Company's underlying value and future prospects, the Company's successful repurchase of the Shares pursuant to the NCIB, receiving the final approval of the TSX

Venture Exchange with respect to the NCIB or private placement, the continued improvement and increase in efficiencies of the Company, and the future growth of the Company and its investments. Forward-looking statements are not guarantees of future performance, actions, or developments and are based on expectations, assumptions and other factors that management currently believes are relevant, reasonable and appropriate in the circumstances, including, without limitation, the following assumptions: that the Company and its investee companies are able to meet their respective future objectives and priorities, assumptions concerning general economic growth and the absence of unforeseen changes in the legislative and regulatory framework for the Company. Although management believes that the forward-looking statements are reasonable, actual results could be substantially different due to the risks and uncertainties associated with and inherent to TIMIA's business. Material risks and uncertainties applicable to the forward-looking statements set out herein include, but are not limited to, the Company having insufficient financial resources to achieve its objectives; availability of further investments that are appropriate for the Company on terms that it finds acceptable or at all; successful completion of exits from investments on terms that constitute a gain when no such exits are currently anticipated; intense competition in all aspects of business; reliance on limited management resources; general economic risks; new laws and regulations; risks associated with hedging strategies; and risk of litigation. Although TIMIA has attempted to identify factors that may cause actual actions, events or results to differ materially from those disclosed in the forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, predicted, estimated or intended. Also, many of the factors are beyond the control of TIMIA. Accordingly, readers should not place undue reliance on forward-looking statements. TIMIA undertakes no obligation to reissue or update any forward-looking statements as a result of new information or events after the date hereof except as may be required by law. All forward-looking statements contained in this news release are qualified by this cautionary statement.

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