Flow Capital Corp.

Interim Condensed Consolidated Financial Statements

For the three and six-month period ended June 30, 2025

(Unaudited)

Flow Capital Corp.

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

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

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

Flow Capital Corp.
Interim Condensed Consolidated Statements of Financial Position

(Canadian dollars - Unaudited)

	Note		June 30, 2025		December 31, 2024
Assets					
Current Assets					
Cash		$	3,605,214	$	2,365,287
Accounts receivable and accrued income			120,944		146,883
Investments – current portion	9		4,023,453		11,295,905
Prepaid expenses and other receivables	8		253,738		430,345
Total Current Assets			**8,003,349**		**14,238,420**
Non-Current Assets					
Property and equipment	10		95		547
Transaction cost			307,972		399,439
Deferred tax asset			9,041,003		8,537,463
Investments – non-current portion	9		68,144,574		48,847,831
Total Non-Current Assets			**77,493,644**		**57,785,280**
Total Assets		**$**	**85,496,993**	**$**	**72,023,700**
Liabilities and Shareholders' Equity					
Current Liabilities					
Accounts payable and accrued liabilities	11	$	2,807,143	$	1,922,966
Preferred shares – current portion			366,667		366,667
Income tax liability			13,603		13,603
Total Current Liabilities			**3,187,413**		**2,303,236**
Non-Current Liabilities					
Preferred shares – non-current portion	14		733,334		733,334
Revolving credit facility			13,643,000		4,316,700
Redeemable debt – non-current portion	13		32,245,095		27,773,954
Total Non-Current Liabilities			**46,621,429**		**32,823,988**
Total Liabilities		**$**	**49,808,842**	**$**	**35,127,224**
Shareholders' Equity (Note 15)					
Common shares		$	51,796,496	$	52,069,055
Contributed surplus			1,065,680		962,787
Accumulated deficit			(17,174,025)		(16,135,366)
Total Shareholders' Equity			**35,688,151**		**36,896,476**
Total Liabilities and Shareholders' Equity		**$**	**85,496,993**	**$**	**72,023,700**

See accompanying notes to the consolidated financial statements.

Approved on behalf of the Board of Directors on August 13, 2025:

"Vernon Lobo"
Vernon Lobo, Director

"Alan Torrie"
Alan Torrie, Director

Flow Capital Corp.
Interim Condensed Consolidated Statements of Comprehensive Income

(Canadian dollars - Unaudited)

	Note	Three months ended June 30, 2025	Three months ended June 30, 2024	Six months ended June 30, 2025	Six months ended June 30, 2024
Revenues					
Income from financial assets					
Loan interest and royalty revenue	16	$ 3,244,233	$ 2,112,885	$ 6,148,374	$ 4,118,471
Income (loss) from changes in values of financial assets	16	(2,299,816)	(449,985)	(2,660,136)	(609,721)
Total income from financial assets		944,417	1,662,900	3,488,238	3,508,750
Other interest, fee income and gains	16	447,612	172,520	455,020	241,115
Total Revenues		**1,392,029**	**1,835,420**	**3,943,258**	**3,749,865**
Operating Expenses					
Salaries, benefits and staffing costs	18	$ 725,664	$ 510,233	$ 1,332,063	$ 937,513
Share-based compensation	19	50,089	163,580	102,893	356,067
Depreciation		226	168	452	335
Professional fees		93,488	188,451	263,173	287,551
Office and general administrative		235,395	193,431	454,860	364,633
Total Operating Expenses		**1,104,862**	**1,055,863**	**2,153,441**	**1,946,099**
Operating Income		**$ 287,167**	**$ 779,557**	**$ 1,789,817**	**$ 1,803,766**
Financing expense	20	(903,834)	(683,043)	(1,724,072)	(1,327,163)
Foreign exchange gains and (losses)	17	(1,518,568)	198,681	(1,607,944)	823,103
Income (loss) before income taxes		**(2,135,235)**	**295,195**	**(1,542,199)**	**1,299,706**
Income tax (expense) recovery	12	$ 662,695	$ (105,224)	$ 503,540	$ (389,498)
Net Income (Loss)		**$ (1,472,540)**	**$ 189,971**	**$ (1,038,659)**	**$ 910,208**
Other comprehensive income that may be subsequently reclassified to profit or loss					
Foreign currency translation		-	3,914	-	15,999
Comprehensive Income		**$ (1,472,540)**	**$ 193,885**	**$ (1,038,659)**	**$ 926,207**
Earnings per share (Note 21)					
Earnings per share					
Basic earnings per share		$ (0.0483)	$ 0.0062	$ (0.0340)	$ 0.0292
Diluted earnings per share		$ (0.0483)	$ 0.0061	$ (0.0340)	$ 0.0291

See accompanying notes to the consolidated financial statements.

Flow Capital Corp.
Interim Condensed Consolidated Statements of Changes in Shareholders Equity

(Canadian dollars- Unaudited)

	Note	Number of shares	Share capital	Accumulated other comprehensive loss	Contributed surplus	Accumulated deficit	Total
Balance, January 1, 2024		**31,618,363**	**$ 52,567,360**	**$ (250,069)**	**$ 620,369**	**$ (15,282,829)**	**$ 37,654,831**
Treasury shares cancelled	15	(991,500)	(501,743)	-	-	-	(501,743)
Share cancellation cost		-	(4,958)	-	-	-	(4,958)
Share-based compensation	19	-	-	-	356,067	-	356,067
Foreign currency translation		-	-	15,999	-	-	15,999
Net income for the period		-	-	-	-	910,208	910,208
Balance, June 30, 2024		**30,626,863**	**$ 52,060,659**	**$ (234,070)**	**$ 976,436**	**$ (14,372,621)**	**$ 38,430,404**
Balance, January 1, 2025		**30,700,363**	**$ 52,069,055**	**$ -**	**$ 962,787**	**$ (16,135,366)**	**$ 36,896,476**
Treasury shares cancelled	15	(325,500)	(269,343)	-	-	-	(269,343)
Share cancellation cost		-	(3,216)	-	-	-	(3,216)
Share-based compensation	19	-	-	-	102,893	-	102,893
Net loss for the period		-	-	-	-	(1,038,659)	(1,038,659)
Balance, June 30, 2025		**30,374,863**	**$ 51,796,496**	**$ -**	**$ 1,065,680**	**$ (17,174,025)**	**$ 35,688,151**

See accompanying notes to the consolidated financial statements.

Flow Capital Corp.

Interim Condensed Consolidated Statements of Cash Flows

(Canadian dollars- Unaudited)

	Note	Three months ended June 30, 2025	Three months ended June 30, 2024	Six months ended June 30, 2025	Six months ended June 30, 2024
Cash flows from operating activities					
Net income (loss)		$(1,472,540)	$ 189,971	$ (1,038,659)	$ 910,208
Adjustments for non-cash items					
Share-based compensation		50,089	163,580	102,893	356,067
Depreciation		226	168	452	335
Adjustments relating to investments at carrying value					
Unrealized foreign exchange loss (gain)		839,637	(120,259)	975,596	(685,978)
Adjustments to fair value and expected credit losses		2,643,580	300,940	2,692,914	460,676
Realized loss on loan buyout		-	97,354	-	97,354
New investments and loan advances		(16,275,248)	(8,595,744)	(19,513,009)	(15,210,744)
Loan amortization income		(438,206)	(254,691)	(717,157)	(502,724)
Amortization transaction cost		36,483	-	74,191	-
Loan and royalty interest earned in excess of cash received		103,708	(90,519)	(74,127)	(109,666)
Realized (gain)/loss on loan modification		(343,765)	51,691	(32,779)	51,691
Proceeds received on sale of shares, buyouts and loan repayments		3,549,000	6,164,100	3,549,000	14,172,671
Other Adjustments					
Financing expense		903,834	683,043	1,323,691	1,327,163
Income tax expense		(662,695)	105,224	(503,540)	389,498
Income tax paid		-	-	-	(5,672)
Dividend received		-	-	19,291	-
Changes in working capital items	23	1,386,832	158,658	1,096,100	(474,177)
Net Cash Flows from (used in) Operating Activities		**(9,679,065)**	**(1,146,484)**	**(12,045,143)**	**776,702**
Cash flows from financing activities					
Common shares repurchased for treasury		$ (173,073)	$ (388,044)	$ (272,559)	$ (506,701)
Interest and dividends paid		(844,338)	(674,866)	(1,359,008)	(1,313,658)
Redemption of debentures		(600,000)	(2,888,000)	(1,313,400)	(2,888,000)
Advance from Triumph		9,693,600	-	9,693,600	-
Debentures issued		3,686,048	2,931,883	6,572,196	4,291,826
Net Cash flows from (used in) Financing Activities		**11,762,236**	**(1,019,027)**	**13,320,829**	**(416,533)**
Foreign exchange impact on cash		**(11,955)**	**57,428**	**(35,759)**	**140,986**
Net increase in cash during the period		**2,071,216**	**(2,108,083)**	**1,239,927**	**501,155**
Cash, beginning		1,533,998	7,832,067	2,365,287	5,222,829
Cash, ending		**$ 3,605,214**	**$ 5,723,984**	**$ 3,605,214**	**$ 5,723,984**

See accompanying notes to the consolidated financial statements.

In Canadian dollars, for the three and six months ended June 30, 2025

1. Corporate information and reporting entity

Flow Capital Corp. ("Flow Capital", or "the Company") is a company under the jurisdiction of the laws of the Province of British Columbia, Canada, and is domiciled in Canada. The common shares of the Company are traded on the TSX Venture Exchange ("TSXV") under the symbol FW. The registered and records office of the Company is Suite 2600, Three Bentall Centre, 595 Burrard Street, Vancouver, British Columbia, V7X 1L3. The head office of the Company is Suite 303, 47 Colborne Street, Toronto, Ontario, M5E 1P8.

The following is a summary of the list of material subsidiaries:

Legal name	Legal status	Ownership interest %
Flow Investment Services Corp. (formerly LOGiQ Asset Management Ltd.)	Subsidiary of Flow Capital, Canada	100

On September 30, 2024, Flow Capital wound up several inactive subsidiaries consisting of Flow Investment Holdings Corp, LogiQ Capital 2016, Tuscarora Capital Inc, Flow Capital Partnership Holding Corp, and Flow Priority Return Fund II LP. The US subsidiary, Flow Capital US Corp., was wound up on October 31, 2024.

Flow Capital is a venture debt lender. Venture debt is a form of capital provided to high growth companies, that enables them to finance their growth and avoid the dilutive effect of an equity issuance or the personal guarantees, restrictive covenants, and need for amortization payments usually associated with traditional lenders, such as banks. Generally, companies that use venture debt are private and have venture capital backers. They may be profitable or near profitable but choose to delay substantial near-term profitability in order maximize growth and thus long-term profitability.

2. Basis of presentation

The financial statements have been prepared on a historical cost basis, except for cash, and investments at fair value that have been measured at fair value. The presentation currency for these financial statements is the Canadian dollar which is also the functional currency of the Company. The functional currency of the Company's subsidiary Flow Capital US Corp. was the United States dollar and the financial statements of the subsidiary are translated from its functional currency to Canadian dollars. Amounts are stated in and recorded to the nearest Canadian dollar except where otherwise indicated.

Statement of compliance

These unaudited interim condensed consolidated financial statements have been prepared based on the principles of IFRS Accounting Standards and International Accounting Standard 34, "Interim Financial Reporting" as issued by the International Accounting Standards Board ("IASB"), and follow the same accounting policies and methods of application as the Company's most recent annual financial statements. The unaudited interim condensed consolidated financial statements should be read in conjunction with the Company's 2024 audited annual consolidated financial statements and accompanying notes.

The financial statements were approved and authorized by the Board of Directors on August 13, 2025.

3. Significant accounting judgements, estimates, and assumptions

Investments acquired and measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values for financial assets and liabilities. The Company has established a control framework with respect to the measurement of fair values. This includes that all significant fair value measurements have been reviewed and approved by the Investment Committee of the Company. The Investment Committee reviews on a quarterly basis, significant unobservable inputs and valuation adjustments used in the fair value measurement of equity securities and royalty agreements. Further information about the assumptions made in measuring fair values for financial instruments are included in Note 6.

Royalty agreements

The terms of the royalty agreements entered into by the Company provide that, payments to be made by investee companies are fixed or determinable. In addition, each of the Company's royalty agreements contains one or more of the following terms: (i) a right in favour of the investee company to buydown or buyout part or all of the Company's royalty in exchange for a principal payment that, when combined with royalty payments made to the date of the buydown or buyout, exceed the value of the Company's initial investment; and (ii) the payment of a minimum monthly royalty payment by the investee company, which provides the Company with certainty of payment over time.

For the royalty agreements, the term of the agreement is normally perpetual, and the royalty amount received can be dependent on the revenues of the investee. The term of the royalty agreement can also be influenced by the termination of the royalty agreement after a contract buyout event. As a result, uncertainties exist as to how long the agreements will exist and the royalty payment income that will be received. The Company is primarily focused on building a portfolio of investments in companies that have carried on business for several years and have a demonstrable history of revenues. This enables the Company to use historical revenues as the starting base for estimating expected cash flows from an investment. Those royalty agreements that contain a provision requiring an investee company to make a minimum monthly royalty payment provide the Company with a strong indication of what expected cash flows under the royalty agreement should be over time. In addition to historical revenues of investee companies, the Company also considers other factors, such as external market factors, future performance, and industry performance, in estimating expected cash flows from an investment.

Fair value of stock options, warrants and PSUs

Determining the fair value of stock options and warrants requires judgement related to the choice of a pricing model, the estimation of stock price volatility, the expected forfeiture rate and the expected term of the underlying instruments.

Determining the fair value of PSUs requires judgement related to the choice of model to estimate the value of the market-based condition, the estimation of the expected period to meet performance targets, the estimation of stock price volatility, and the expected forfeiture rate.

Fair value of unquoted equity instruments

The fair value of unquoted instruments included in equity securities in investee companies that are not traded in an active market is determined using valuation techniques. The Company uses its judgement to select a variety of methods and make assumptions that are mainly based on transaction and market conditions existing at the end of each reporting period. For details of the key assumptions used and the impact of changes to these assumptions see Note 6.

Assessing credit risk in loan investments

The Company has to continuously assesses the credit risk in its loan investments. This requires an assessment of the risk of various counterparties to financial instruments failing to meet their contractual obligations and to estimate a reasonable amount to be maintained as an allowance for expected credit losses ("ECL") or, to assess if the collateral offered by the security position held by the Company is sufficient and if needed, record an impairment. Factors considered include timely servicing of loan payments and other contractual obligations (e.g., maintaining any other financial covenants such as a minimum cash balance, and meeting reporting requirements), as well as industry and macroeconomic developments. Inputs are gathered directly from the investee company management teams and reinforced / validated through independent industry research.

Deferred income taxes

Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates at the reporting date in effect for the period in which the temporary differences are expected to be recovered or settled and the value of tax losses carried forward. The deferred tax asset is supported by the expected future utilization of tax attributes based upon future cashflows derived from the Company's updated forecasts. The recognition of deferred tax assets is based on the significant assumptions and estimations regarding future revenues and expenses and the probability that the deductible temporary differences will reverse in the foreseeable future, and the accumulated tax losses will be utilized. The key assumptions developed by management used to determine the recoverability of the deferred tax assets included expected rates of capital deployment and funds raised, the spreads between the pricing of capital deployed and the cost of funds raised, operating expenses, and corporate general and administrative expenses. Changes in the tax rates or assumptions and estimates used in the recognition of deferred taxes may result in material adjustment to the amount recognized.

4. Accounting Standard Changes

IAS 1, Presentation of Financial Statements

The IASB issued an amendment to IAS 1, Presentation of Financial Statements, to clarify one of the requirements under the standard for classifying a liability as non-current in nature, specifically for the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. This amendment includes:

- Specifying that an entity's right to defer settlement must exist at the end of the reporting period;

-Clarifying that classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement;

- Clarifying how lending conditions affect classification; and

- Clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity investments.

The amendment is effective for annual periods beginning on or after January 1, 2024. There was no impact to the financial statements as a result of this amendment.

5. Standards issued but not yet effective

At the date of authorization of these financial statements, certain new standards, amendments, and interpretations to existing IFRS Accounting Standards have been published but are not yet effective and have not been adopted early by the Company.

IFRS 18, Presentation and Disclosure in Financial statements

On 9 April 2024, the IASB issued a new standard – IFRS 18, 'Presentation and Disclosure in Financial Statements' – in response to investors' concerns about the comparability and transparency of entities' performance reporting. The new requirements introduced in IFRS 18 will help to achieve comparability of the financial performance of similar entities, especially related to how 'operating profit or loss' is defined. The new disclosures required for some management-defined performance measures will also enhance transparency.

The key new concepts introduced in IFRS 18 relate to:

- the structure of the statement of profit or loss;
- required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

In Canadian dollars, for the three and six months ended June 30, 2025

IFRS 18 will replace IAS 1; many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its 'operating profit or loss'.

IFRS 18 will apply for reporting periods beginning on or after 1 January 2027 and also applies to comparative information. The changes in presentation and disclosure required by IFRS 18 will require system and process changes for Flow and we will start preparing now to be ready for adoption.

6. Fair values

a) Valuation Technique

The Company uses valuation techniques with the objective of determining a fair value measurement that reflects the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of the royalty agreements held by the Company are determined using discounted cash flow models with fair value estimated by applying a discount rate based on a weighted average cost of capital using variables from the industry in which each investee company operates as well as company specific variables. Future cash flows are weighted by the Company using a combination of a probability approach and a terminal value approach, as applicable, and the fair value for each investment is individually calculated. Some or all the inputs used in the cash flow model may not be observable in the market and are generally derived from published sources that are commonly used by market participants.

The fair value of equity securities in investee companies that are classified as Level 1 in the fair value hierarchy are determined using the closing share price on the last business day of the reporting period provided that such securities have actively been traded.

As a result of the significant use of unobservable inputs, a high degree of management judgement and estimation is required. Management judgement is required for the determination of the expected future cash flows on the financial instrument being measured, determination of the probability of the outcomes, adjustments to the discount rate for liquidity risk, model uncertainties and investee-specific risk factors. The extent of the adjustments to the discount rate is based on management's assessment that a third-party market participant would take them into account in pricing the transaction.

b) Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:
Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Cash, royalty agreements, and equity securities in investee companies are measured at fair value. The financial assets measured at fair value by hierarchy are shown in the table below. The amounts shown are based on the amounts recognized in the statements of financial position. These financial assets are measured at fair value through profit and loss.

	Level 1	Level 2	Level 3	Total
June 30, 2025				
Cash	$ 3,605,214	$ -	$ -	$ 3,605,214
Royalty agreements	-	-	1,909,760	1,909,760
Equity securities in investee companies	624,235	-	5,158,032	5,782,267
	$ 4,229,449	**$ -**	**$ 7,067,792**	**$ 11,297,241**

	Level 1	Level 2	Level 3	Total
December 31, 2024				
Cash	$ 2,365,287	$ -	$ -	$ 2,365,287
Royalty agreements	-	-	2,079,296	2,079,296
Equity securities in investee companies	787,040	-	4,377,006	5,164,046
	$ 3,152,327	**$**	**$ 6,456,302**	**$ 9,608,629**

The following table shows a reconciliation between the opening balances to the closing balances for fair value measurements for financial assets measured at fair value through profit and loss in Level 3 of the fair value hierarchy.

In Canadian dollars, for the three and six months ended June 30, 2025

	Balance at December 31, 2024	Total gains and (losses) recognized in profit or loss	Investments	Buyouts and Redemptions	Balance at June 30, 2025
Royalty agreements	$ 2,079,296	$ (80,248)	$ (89,288)	$ -	$ 1,909,760
Equity securities in investee companies	4,377,006	(1,346,087)	2,127,113	-	5,158,032
Total	**$ 6,456,302**	**$ (1,426,335)**	**$ 2,037,825**	**$ -**	**$ 7,067,792**

The valuation technique used to determine the fair value of royalty agreements is a discounted cash flow model. The most significant unobservable inputs used in the valuation are the discount rate (range is between 15.0%-24.3%), growth rate of the revenues of the investee (range is between no growth and 3%). The low and high input values represent the actual highest and lowest level of values used over the portfolio and represent the range on an individual investment basis. The input ranges will therefore vary from period to period based on the characteristic of the underlying investment at each statement of financial position date.

For fair value measurements of royalty agreements in Level 3, changing the most significant unobservable inputs by 1% would have the following impact on the fair value of the royalty agreements as at June 30, 2025 as follows:

June 30, 2025		June 30, 2025	
Revenue growth rate -1%	Revenue growth rate +1%	Discount rate -1%	Discount rate +1%
$ (41,931)	$ 57,983	$ 96,119	$(69,562)

The listed equity instruments included in equity securities in investee companies are included in Level 1. The valuation technique used for listed equity instruments is the last quoted price on an actively traded market.

The unlisted equity instruments included in equity securities in investee companies are included in Level 3. The valuation technique used for unlisted equity instruments in general is the market approach (“Market Approach”). The Market Approach uses transaction prices paid for an identical or similar instrument of the investee or comparable company valuation multiples. The unobservable inputs used are prices used in recent transactions involving the investee and company valuation multiples using such measures as EBITDA, revenues, enterprise value and multiples taken from information available on similar types of companies.

For June 30, 2025, a 10% variance in the market price per share for listed equity securities and the unobservable inputs for unlisted equity securities would have the following impact on the unlisted equity securities in Level 3.

June 30, 2025		June 30, 2025	
Share price 10% lower	Share price 10% higher	Volatility 10% lower	Volatility 10% higher
$ (409,791)	$ 423,459	$ 73,937	$ 357,245

c) Loans receivable measured at amortized cost

Promissory notes and loans receivable are recorded at amortized cost net of expected credit losses. The carrying amounts at June 30, 2025 and December 31, 2024 are $64,476,000 and $52,900,394, respectively, and approximate the fair value.

The following table summarizes loans receivable assessed at each stage of impairment (refer note 7) and the expected credit loss allowance, at June 30, 2025.

June 30, 2025	Stage 1	Stage 2	Stage 3	Total
Loans receivable at amortized cost	$ 63,538,641	$ -	$ 5,798,275	$ 69,336,916
Allowance for expected credit losses	(691,262)	-	(4,169,654)	(4,860,916)
	$ 62,847,379	**$ -**	**$ 1,628,621**	**$ 64,476,000**

d) Financial liabilities not measured at fair value

The below noted financial liabilities are measured at amortized cost. The table below is a comparison of the carrying amount and the fair value of the financial liabilities that are recognized in the statements of financial position:

	Carrying Amount June 30, 2025	Fair Value June 30, 2025	Carrying Amount December 31, 2024	Fair Value December 31, 2024
Financial liabilities				
Accounts payable and accrued liabilities	$ 2,807,143	$ 2,807,143	$ 1,922,966	$ 1,922,966
Revolving credit facility	13,643,000	13,643,000	4,316,700	4,316,700
Debentures	32,245,095	32,245,095	27,773,954	27,773,954
Series I Preferred Shares	1,100,001	1,100,001	1,100,001	1,100,001
Total	**$ 49,795,239**	**$ 49,795,239**	**$ 35,113,621**	**$ 35,113,621**

Accounts payable and accrued liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The carrying value of the Debentures and Series I Preferred Shares approximate fair value, as they pay a dividend rate at the market rates of interest.

7. Financial risk management objectives and policies

The Company's primary risk management objective is to protect the Company's assets and cash flow. The Company is exposed to market risks including interest rate, equity price risk, credit, foreign exchange and liquidity risks. The Company's management team oversees the management of these risks. It is the Company's policy that no trading for speculative purposes shall be undertaken.

The Board of Directors reviews and agrees to policies for managing each of these risks, which are summarized below:

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise several types of risk: interest rate risk, currency risk, commodity price risk, and other price risk, such as equity risk. The Company is not directly subject to commodity price risk and has exposure to equity price risk on the equity securities held in investee companies.

Interest rate risk

The Company invests surplus cash in bank deposits which, due to their short-term nature, do not expose the Company to any material interest rate risks. For royalty agreements acquired, the income can vary on a monthly basis and is not a function of an underlying interest rate. 95% of the Company's loan receivable investments earn interest at fixed rates and 5% earn interest at variable rates. Debentures incur interest at variable rates. The revolving credit facility is exposed to interest rate risk due to its variability based on the secured overnight financing rate plus a commercially reasonable credit spread.

Equity price risk

In certain circumstances, the Company may exchange the loan and royalty investments for equity instruments in the investee company. The Company will also usually acquire share purchase warrants in investee companies when it advances loans. The Company held significant equity security interests in twenty eight investees, of which three are actively traded as the securities are listed on a recognized exchange. The fair value of the listed equity securities, similar to any other Level 1 asset, were measured using the quoted price of the shares by the numbers of shares held. The common shares and the warrants held in private companies are not actively traded and were classified as Level 3 assets. For two of its investments, the Company is also entitled to success fees of 2% and 5% of the value of a change of control or business sale transaction. These Level 3 investments were measured using commonly used valuation models. The equity price risk exposure at June 30, 2025 was $5,782,267 (December 31, 2024: $5,164,046). Refer to Note 6 for sensitivity analysis on equity price risk exposure at June 30, 2025.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company has foreign currency exposures to receivables in United States dollars. The Company continually monitors its transaction and translation exposure and its related impact on reported results. The Canadian Dollar equivalent amount of the foreign exchange exposure to US Dollar denominated net assets at June 30, 2025 was $36,474,374 (December 31, 2024: $26,274,850) and a 1% movement in the exchange rate has an impact of $364,744 (December 31, 2024: $262,749) on the Company's results.

Credit risk

Credit risk is the risk that the counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company has two legacy royalty arrangements with investees in which a purchase price was advanced in return for participation in the investees' revenue stream. Loan agreements are made where the return is in the form of interest payments and are in the form of a loan receivable. The carrying amount of cash, accounts receivable and accrued income, investments at fair value and amortized cost, excluding equity securities in investee companies, represents the maximum exposure to credit risk.

The maximum exposure at June 30, 2025 was $69,878,189 (December 31, 2024 was $57,652,246). The cash is held by a Canadian bank which is rated A+ and the cash is invested in short term liquid investments.

The Company has adopted the 'three-stage' model for testing its loan investments for impairment based on changes in credit quality since initial recognition, as outlined under IFRS 9. This is 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. In monitoring credit risk, the Company considers industry, sales volume and aging trends, maturity, and other relevant factors. The Company performs ongoing credit evaluations of its customers' financial condition and limits the amount of credit extended when deemed necessary.

If a significant increase in credit risk since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired. An investment moved to 'Stage 2' if one or more of the following criteria are evidenced, and there is no reasonable explanation from the investee company:

- The investee is more than 30 days but less than 90 days in arrears on its contractual payment obligations;
- Company management believes the cash resources available to the investee may not be sufficient to meet ongoing needs; or
- The investee has significantly underperformed the previously provided business plans / investment thesis.

In Canadian dollars, for the three and six months ended June 30, 2025

A financial instrument is considered credit-impaired and is then moved to 'Stage 3' if:

- The investee is 90 days past due on contractual payments;
- The investee is in material breach of financial covenants.
- The investee is in long term forbearance; or
- The investee's assets and / or estimated equity value (subject to the Company's security position) is insufficient to cover the investment or if the investee is insolvent

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.

The Company assigns each loan in the portfolio to a credit quality stage (Stage 1, Stage 2 or Stage 3). This credit quality staging is then used to calculate the lifetime ECL as the maximum loss in default adjusted for the probability of loss. The ECL is reviewed for each loan at each reporting period, to incorporate changes in macroeconomic and industry factors, and company specific information. The ECL is recorded as an allowance through the statement of comprehensive income and reported on the statement of financial position as a net amount of loans receivable.

The loans receivable are typically secured with a senior charge on the assets of the borrower, trademarks and any other intellectual property, and in some cases, with a pledge of the promoters shareholding in the venture. Currently, two of the loan investments are considered credit impaired. At June 30, 2025, the Company has booked an allowance of $4,860,916(December 31, 2024: $4,186,002).

Concentration risk

Concentration risk is the risk that a small number of investments represent a disproportionate share of the total investment portfolio, and the impairment of one or more investment with a higher weightage would present a disproportionately higher risk. The Company's approach to managing concentration risk is to ensure, as far possible, that capital allocation is balanced across investments and sectors such that no single investment / sector represents over 20% of the investment portfolio. The Company manages this risk by reviewing its investment portfolio, upcoming maturities, and pipeline qualification criteria to maintain this balance. At June 30, 2025, 3 investments each represented over 10% of the total carried value of the investment portfolio, at 12%, 12% and 11% respectively.

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's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under normal and stressed conditions. The Company manages liquidity risk by reviewing its capital requirements on an ongoing basis and by continuously reviewing both actual and forecasted cash flows to ensure that the Company has appropriate capital capacity and liquidity.

The following table summarizes the maturity of all financial liabilities as at June 30, 2025, and December 31, 2024 respectively:

Contractual obligations at June 30, 2025	**< 1 year**	**1-2 years**	**3-6 years**	**Expected more than 6 year**	**Total**
Accounts payable and accrued liabilities	$ 2,807,143	$ -	$ -	$ -	$ 2,807,143
Redeemable Debenture	-	-	-	32,245,095	32,245,095
Interest on Redeemable Debentures	2,389,938	4,779,876	7,169,814	31,069,194	45,408,822
Revolving credit facility		13,643,000	-	-	13,643,000
Interest on revolving credit facility	663,353	2,211,175	-	-	2,874,528
Series I Preferred Shares	366,667	-	733,334	-	1,100,001
Dividend Series I Preferred Shares	101,200	202,400	49,352	-	352,952
Total	**$ 6,328,301**	**$20,836,451**	**$ 7,952,500**	**$ 63,314,289**	**$ 98,431,541**
Contractual obligations at December 31, 2024	**< 1 year**	**1-2 years**	**3-6 years**	**Expected more than 6 year**	**Total**
Accounts payable and accrued liabilities	$ 1,922,966	$ -	$ -	$ -	$ 1,922,966
Redeemable Debentures	-	-	-	27,773,954	27,773,954
Interest on Redeemable Debentures	2,678,700	5,357,401	8,036,101	10,714,802	26,787,004
Revolving credit facility	-	4,316,700	-	-	4,316,700
Interest – revolving credit facility	449,640	899,280	-	-	1,348,920
Series I Preferred Shares	366,667	-	733,334	-	1,100,001
Dividend Series I Preferred Shares	101,200	134,933	49,352	-	336,228
Total	**$5,519,173**	**$10,708,314**	**$ 8,869,530**	**$ 38,488,756**	**$ 63,585,773**

Capital management

The Company's primary capital management objective is to make long term investments that generate recurring cash flow and capital appreciation, while safeguarding the capital invested and providing sufficient working capital to sustain day-to-day operations, to deliver long term shareholder equity growth.

In Canadian dollars, for the three and six months ended June 30, 2025

The Company's share capital is not subject to external restrictions. The capital of the Company comprises shareholders' equity, the Debentures and the Series I Class A Preferred Shares. Loan interest and royalty payments, realized gains on equity securities and fee income will continue to be important sources of capital for the Company.

The Company will continually assess the adequacy of its capital structure and capacity and make adjustments within the context of the Company's strategy, economic conditions, and the risk characteristics of the business.

Disclosure of Externally Imposed Covenants

The Company is subject to externally imposed capital requirements under its revolving credit facility with TBK. These requirements are designed to ensure that the Company maintains an adequate level of capital to meet its obligations and manage risk effectively.

These requirements include maintaining a minimum interest coverage ratio of 1.25:1 and a minimum tangible net worth of C$50,000,000. These metrics are measured on a quarterly basis and must be met to avoid defaults or restrictions under the terms of the credit facility.

The Company manages its capital requirements by monitoring and adjusting its financial structure to ensure compliance with the externally imposed capital requirements. This includes:

- Maintaining an optimal mix of debt and equity: Ensuring that the Company's financing structure aligns with the capital ratios required by the lenders.
- Managing liquidity and cash flows: Monitoring cash flows to ensure sufficient funds are available to meet obligations and debt service requirements.
- Regularly reviewing forecasts and financial projections: Ensuring that the Company stays within the required financial metrics throughout the year.

Meeting the Objective of Managing Capital:

The Company's primary objective for managing capital is to ensure that it can continue as a going concern while maximizing shareholder value. This is achieved by:

- Maintaining a solid capital base to support its ongoing operations and strategic initiatives.
- Balancing risk and return by adjusting the capital structure to ensure compliance with covenants and maintain financial stability.
- Prioritizing long-term sustainability: The Company is committed to ensuring that its capital structure is sustainable in the long term, minimizing risks related to excessive debt and maintaining sufficient liquidity.

The Company has complied with all externally imposed capital requirements during the reporting period and has not experienced any breaches of the financial covenants.

8. Prepaid expenses and other receivables

	June 30, 2025	December 31, 2024
Prepaid insurance, rent deposit and other prepaid expenses	$ 90,594	$ 270,123
Staff loans receivable	163,144	160,222
	$ 253,738	**$ 430,345**

9. Investments

a) Carrying value of investments

Royalty agreements (at FVTPL)	June 30, 2025	December 31, 2024
Expected within 1 year	$ 1,094,634	$ 1,219,599
Expected after more than 1 year	815,126	859,697
Total	**$ 1,909,760**	**$ 2,079,296**

The term of the typical royalty agreement is normally perpetual where the investee has a buyout and buydown option.

Loans receivable (at Amortized Cost)	June 30, 2024	December 31, 2024
Due within 1 year	$ 2,928,819	$ 10,076,306
Due after more than 1 year	61,547,181	42,824,088
Total	**$ 64,476,000**	**$ 52,900,394**

At June 30, 2025, the portfolio of loans receivable have interest rates of 15% to 22% (2023: 15% to 22%) and mature in 1 to 3 years. The Company also holds a note payable, acquired through an RTO transaction in 2018, which has a 8-year term left, and earns an interest of 10%.

In Canadian dollars, for the three and six months ended June 30, 2025

Equity securities in investee companies (at FVTPL)	**June 30, 2025**	**December 31, 2024**
Expected exit within 1 year	$ -	$ -
Expected exit after more than 1 year	5,782,267	5,164,046
Total	**$ 5,782,267**	**$ 5,164,046**
Total carrying amount of investments	**$ 72,168,027**	**$ 60,143,736**

For particular investments, the Company has in place a charge on the assets of the investees under General Security Agreements. The carrying value of these investments with such security in place was as follows:

	June 30, 2025	**December 31, 2024**
Promissory notes receivable	63,351,187	52,314,320
	$ 63,351,187	**$ 52,314,320**

b) Equity securities in investee companies

	Fair Value Hierarchy	**Cost June 30, 2025**	**Carrying amount June 30, 2025**	**Cost December 31, 2024**	**Carrying amount December 31, 2024**
Common shares (publicly traded)	Level 1	$ 1,933,723	$ $624,236	$ 1,933,723	$ 787,040
Common shares (not publicly traded)	Level 3	973,497	214,051	688,655	536,135
Warrants (not publicly traded)	Level 3	6,780,308	4,943,980	4,709,430	3,840,871
Total		**$ 9,687,528**	**$ 5,782,267**	**$ 7,331,808**	**$ 5,164,046**

c) Movement during the period

The changes in the carrying amount in investments at fair value during the reporting period were:

	Six-months ended June 30, 2025			
	Royalty agreements	**Equity securities in investee companies**	**Loans receivable**	**Total**
Balance as at December 31, 2024	**$ 2,079,296**	**$ 5,164,046**	**$ 52,900,394**	**$ 60,143,736**
Proceeds from exits	-	-	(3,549,000)	(3,549,000)
Gain/(loss) on loan modification	-	710,546	(677,768)	32,778
Royalty earned and payments received- net	(89,289)	-	560,296	471,007
New investments	-	2,127,112	17,385,897	19,513,009
Foreign exchange impact on the investment portfolio	(80,247)	(201,437)	(2,186,063)	(2,467,747)
Loan amortization income	-	-	717,157	717,157
Adjustment to fair value / expected credit losses	-	(2,018,000)	(674,913)	(2,692,913)
Balance as at June 30, 2025	**$ 1,909,760**	**$ 5,782,267**	**$ 64,476,000**	**$ 72,168,027**

10. Property and equipment

	Right-of-use asset	**Office equipment & furniture**	**Leasehold improvements**	**Total**
Cost				
Balance at December 31 2024	112,201	192,631	220,339	525,171
Balance at June 30, 2025	**$ 112,201**	**$ 192,631**	**$ 220,339**	**$ 525,171**
Accumulated depreciation				
Balance at December 31 2024	112,201	192,084	220,339	524,624
Charge in period	-	452	-	452
Balance at June 30, 2025	**$ 112,201**	**$ 192,534**	**$ 220,339**	**$ 525,076**
Carrying amount				
At December 31, 2024	**$ -**	**$ 547**	**$ -**	**$ 547**
At June 30, 2025	**$ -**	**$ 95**	**$ -**	**$ 95**

11. Accounts payable and accrued liabilities

	June 30, 2025	December 31, 2024
Accounts payable	$ 195,417	$ 453,436
Accrued expenditures	554,851	771,427
Financing cost payable to holders of the Debentures	229,558	224,961
Financing cost payable to holders of the Preferred Shares	25,231	25,508
Financing cost payable to revolving credit line	110,276	41,995
Other liabilities	1,691,810	405,639
Total	**$ 2,807,143**	**$ 1,922,966**

12. Income taxes

Income tax expense for the period comprises:

	Three months ended June 30, 2025	Three months ended June 30, 2024	Six months ended June 30, 2025	Six months ended June 30, 2024
Current income tax expense	-	28,566	-	65,069
Deferred Income tax expense(recovery)	(662,695)	76,658	(503,540)	324,429
Total income tax expense (recovery)	**$ (662,695)**	**$ 105,224**	**$ (503,540)**	**$ 389,498**

The current income tax expense is accrued on income from investments held by Flow Capital US Corp. As the Company is consolidating all its investments into Flow Capital Corp. and has wound up Flow Capital US Corp. on October 31, 2024, there should be no material income tax expense at Flow Capital US Corp., going forward.

The deferred income tax expense is accrued on investments held by Flow Capital Corp. and is offset by a corresponding reduction in the deferred tax asset.

13. Redeemable debt

The redeemable debt of the Company comprises two components:

Debentures

Pursuant to the terms of a debenture indenture dated August 1, 2023 (the “Indenture”), the Company will issue debentures (the “Debentures”) in multiple series in Canadian or U.S. dollars bearing interest at varying floating rates.

The Series A CDN Debentures shall bear interest from the date of issue at a rate per annum equal to the Bank of Canada Overnight Rate in effect from time to time plus 4.5%, subject to a minimum interest rate of 7% and a maximum interest rate of 11%, payable in Canadian dollars.

The Series A+ CDN Debentures shall bear interest from the date of issue at a rate per annum equal to the Bank of Canada Overnight Rate in effect from time to time plus 5%, subject to a minimum interest rate of 7.5% and a maximum interest rate of 11.5%, payable in Canadian dollars.

The Series F CDN Debentures shall bear interest from the date of issue at a rate per annum equal to the Bank of Canada Overnight Rate in effect from time to time plus 5.5%, subject to a minimum interest rate of 8% and a maximum interest rate of 12%, payable in Canadian dollars.

The Series F+ CDN Debentures shall bear interest from the date of issue at a rate per annum equal to the Bank of Canada Overnight Rate in effect from time to time plus 6%, subject to a minimum interest rate of 8.5% and a maximum interest rate of 12.5%, payable in Canadian dollars.

The Series UA USD Debentures shall bear interest from the date of issue at a rate per annum equal to the U.S. Federal Funds Rate in effect from time to time plus 4.5%, subject to a minimum interest rate of 7% and a maximum interest rate of 11%, payable in United States dollars.

The Series UA+ USD Debentures shall bear interest from the date of issue at a rate per annum equal to the U.S. Federal Funds Rate in effect from time to time plus 5%, subject to a minimum interest rate of 7.5% and a maximum interest rate of 11.5%, payable in United States dollars.

The Series UF USD Debentures shall bear interest from the date of issue at a rate per annum equal to the U.S. Federal Funds Rate in effect from time to time plus 5.5%, subject to a minimum interest rate of 8% and a maximum interest rate of 12%, payable in United States dollars.

The Series UF+ USD Debentures shall bear interest from the date of issue at a rate per annum equal to the U.S. Federal Funds Rate in effect from time to time plus 6%, subject to a minimum interest rate of 8.5% and a maximum interest rate of 12.5%, payable in United States dollars.

In Canadian dollars, for the three and six months ended June 30, 2025

The Debentures will mature on August 1, 2043, subject to earlier redemption by the Company or retraction by the Debenture holders. The Debentures may be retracted by Debenture holders subject to a 90-day notice period and the Company maintaining the discretion to limit the monthly retraction amounts to 1% of the value of the Debentures then outstanding. The Indenture also provides the Company with the ability to defer the retraction date by 12 months if repayment of the retraction price would impair, or reasonably be expected to impair, the business, operations, financial condition, financial performance, profitability, debt or equity funding prospects, or investm ent capabilities of the Company. The Debentures are unsecured, non-convertible, non-voting and carry no right to participate in the earnings of the company. No portion of the principal or interest outstanding under the Debentures may be repaid in securities of the Company.

	Class F		Class F Plus		Class UF		Class UF Plus		Class A		Total
	Number of units	Amount	Number of units	Amount	Number of units	Amount	Number of units	Amount	Number of units	Amount	Amount
Balance Dece 31, 2024	4,697	4,696,640	8,762	8,762,164	7,504	10,797,661	2,358	3,392,489	125	125,000	27,773,955
Issued	1,040	1,040,000	3,931	3,931,000.0	50	72,110	1,000	1,442,800	-	-	6,485,910
Redeemed	(600)	(600,000)	-	-	-	-	(500)	(713,400)	-	-	(1,313,400)
Drip	12	12,271	47	46,725	11	15,925	8	11,363	-	-	86,285
FX impact	-	-	-	-	-	(564,179)	-	(223,475)	-	-	(787,654)
Balance at June 30, 2025	**5,149**	**5,148,911**	**12,740**	**12,739,889**	**7,565**	**10,321,517**	**2,866**	**3,909,778**	**125**	**125,000**	**32,245,095**

For the six months ended June 30, 2025, $1,385,131 was recorded as interest (2024 - $1,276,702).

Series I Class A preferred shares

On June 28, 2022 the Company issued 406,667 Series I Class A preferred shares priced at $3 per share to raise $1,220,001. One of the investors redeemed their investments for $120,000 on October 10, 2023. For the three and six-months period ended June 30, 2025, $25,231 and $50,184 was recorded as dividend (2024 - $25,231 and $50,461) (also refer Note 15).

14. Revolving Credit Facility

On August 22, 2024 the Company entered into a loan agreement, for a revolving committed credit facility in the principal amount of up to US $15,000,000. The Company can request an increase in the principal loan amount, the increase may not be less than $5,000,000, subject to the lender credit approvals.

The credit facility has a term of 36 months, with monthly interest payments to be made on the outstanding balance of the loan, calculated monthly in arrears, based on Secured overnight financing rate ('SOFR") plus a commercially reasonable credit spread. The loan is secured against all present and after-acquired property of the Company. The loan agreement contains standard financial and negative covenants typical for a revolving credit facility.

The Company at any time on or after the closing date, upon not less than thirty (30) days and not more than sixty (60) days prior written notice, repay in full the loan together with unpaid interest accrued thereon in connection with the termination of the financing under this agreement subject to an early termination fees which is 2.00% of the maximum loan amount in the event the termination date occurs after the closing date and on or prior to the first anniversary of the closing date and (ii) 1.00% of the maximum loan amount in the event the termination date occurs after the first anniversary of the closing date and on or prior to the second anniversary of the closing date (the "early termination fee"). No early termination fee will be payable if the termination date occurs for any reason after the second anniversary of the closing date.

The borrowing base is determined by the eligibility criteria which is (a) 75% of the aggregate receivable balance of eligible loan receivables which constitute SaaS loan receivables; plus (b) 55% of the aggregate receivable balance of eligible loan receivables which constitute cash flow loan receivables; minus (c) Reserves, royalty investments shall not form part of the borrowing base.

Disclosure of Externally Imposed Covenants

As of June 30, 2025, the Company is subject to certain financial covenants under its revolving credit facility agreement, including the requirement to maintain a minimum interest coverage ratio of 1.25:1 and a minimum tangible net worth of $50,000,000. These covenants will be tested at the end of each quarter. The Company has complied with these covenants as of the reporting date.

15. Share capital and other components of equity

The authorized share capital of the Company consists of an unlimited number of voting common shares without par value, and 1,811,666 Series I Class A preferred shares with a face value of $3 per share.

Series I Class A preferred shares

On December 12, 2021, the Company received approval from the TSXV to create a new class of Series I Class A preferred shares, pursuant to the shareholder approval obtained at a meeting of the shareholders held on May 26, 2020. Subsequently, pursuant to the board approvals for amendments obtained via consent resolutions dated November 16, 2021 and June 3, 2022, on June 28, 2022, the Company issued a first tranche of 406,667 Series I Class A preferred shares priced at $3 per share to raise $1,220,001.

From the date of issuance, the Series 1 Class A Preferred Shares shall accrue dividends at the rate of 9.2%, payable quarterly when declared by the board. The preferred shares have a mandatory redemption at the end of a maximum term of 6 years from initial issuance. On each of the third, fourth and fifth anniversaries, respectively, of the initial issuance, a holder may request that the Company redeem up to one-third (1/3rd) of the Series I Class A Preferred Shares originally acquired by the holder. At any time or times after the 1-year anniversary of the initial issuance, the Company shall be entitled, at its option, to repurchase all or any portion of the Series 1 Class A Preferred Shares.

In Canadian dollars, for the three and six months ended June 30, 2025

The Company may exercise such repurchase pro rata in respect of all or any lesser number (as determined by the Company in its sole discretion) of the Series 1 Class A Preferred Shares held by each holder of Series 1 Class A Preferred Shares. Upon exercise of the repurchase, each Holder shall have the option to receive either: (i) validly issued, fully paid and non-assessable Common Shares in exchange for such Holder's Series 1 Class A Preferred Shares at the Exchange Rate; or (ii) a cash payment in an amount per Series I Class A Preferred Share equal to the Redemption Price, at the choice of the holder.

The issued and outstanding preferred shares at June 30, 2025 were 366,667 (December 31, 2024 – 366,667). The Series I Class A preferred shares are redeemable and accrue a cumulative interest and are classified as a financial liability. For the three and six-month periods ended June 30, 2025, $25,231 and $50,184 was recorded as dividend (2024 - $25,231 and $50,461).

Common shares

The issued and outstanding common shares at June 30, 2025 were 30,374,863 (December 31, 2024 – 30,700,363).

A Normal Course Issuer Bid ("NCIB") initiated by the Company on November 23, 2023 terminated on November 22, 2024 and on November 21, 2024, the Company initiated another NCIB which will terminate upon the earliest of (i) the Company purchasing 2,289,547 common shares, (ii) the Company providing notice of termination of the NCIB, and (iii) November 22, 2025. The NCIB will be made through the facilities of the TSXV and the purchase and payment for the common shares will be made from the Company's existing working capital at the market price of the applicable securities at the time of acquisition, plus brokerage fees, if any, charged by the Broker. All common shares purchased by the Company under the NCIB will be cancelled. In the six-month period ended June 30, 2025, 325,500 shares were purchased under the NCIB at a weighted-average price per share of $0.8275 for a total cost of $269,343 (2024 – 991,500 common shares repurchased at a weighted-average price per share of $0.5060 for a total cost of $501,743), and subsequently returned to treasury for cancellation.

Share based payments

On December 7, 2023, the shareholders approved the Corporation's omnibus equity incentive plan (the "Omnibus Plan") that gives the Board flexibility in the types of incentive awards that can be granted to directors, officers, employees and consultants of the Corporation and its subsidiaries. Pursuant to the terms of the Omnibus Plan, the Company has awarded Stock Options and Performance Stock Units ("PSUs").

Stock options

The Company maintains a 10% "rolling" stock option plan to develop the interest of and provide an incentive to eligible employees, directors and consultants of the corporation and its affiliates. The Plan provides for the issuance of a maximum of 10% of the issued and outstanding common shares. Options granted may vest over certain time periods within the option period, which will limit the number of options that may be exercised. Each stock option is exercisable into one common share of the Company at the price specified in the terms of the option.

The following options were outstanding under the plan, on June 30, 2025:

Original Issue Date	Number of Options Outstanding	Number of Options Exercisable	Exercise Price	Expiry Date	Remaining contractual life (years)
May 27, 2020	100,000	100,000	$0.36	May 26, 2027	1.90
January 10, 2023	50,000	25,000	$0.60	Jan 9, 2030	4.53
June 13, 2023	1,672,759	1,672,759	$0.58	June 12, 2028	2.95
October 25, 2023	560,000	196,000	$0.54	October 24, 2028	3.32
May 2, 2024	50,000	12,500	$0.50	May 1, 2034	8.84
January 9, 2025	100,000	10,000	$0.83	January 8, 2035	9.53
February 7, 2025	85,000	8,500	$0.80	February 6, 2035	9.61
Total	**2,617,759**	**2,024,759**			
Weighted average exercise price	**$0.5786**	**$0.5672**		Weighted average remaining contractual life	**3.60**

The Company uses the Black-Scholes Option Pricing Model to calculate the fair value of any options granted. The model requires management to make estimates, which are subjective and may not be representative of actual results. Changes in assumptions can materially affect estimates of fair values.

In Canadian dollars, for the three and six months ended June 30, 2025

Performance Stock Units ("PSUs")

The Company did not award any PSUs in the three-month period ended June 30, 2025 (2024: Nil). All PSUs are subject to the following performance vesting criteria established by the Board:

Metric: Share Price		**Metric: Recurring Free Cash Flow**	
Vesting Portion	Threshold	Vesting Portion	Threshold
1/6th	$1.00	1/6th (Vested in 2022)	$2,000,000
1/6th	$2.00	1/6th	$5,000,000
1/6th	$3.00	1/6th	$8,000,000

The fair value of the performance stock units awarded is determined as follows:

For the share price-based components of the PSUs, the 'market condition' (share price) thresholds were incorporated into the estimate of the fair value, using a Monte Carlo simulation, and was estimated to have a nominal value. The fair value of this component is expensed over the vesting period and not adjusted for performance.

For the performance condition (recurring free cash flow) based components of the PSUs, the fair value per share equals the stock price on grant date. The fair value expensed over the vesting period is adjusted based on the number of shares that vest.

A total of $21,149 and $35,989 was expensed towards share-based compensation on account of PSUs, in the three and six-month periods ended June 30, 2025 (2024 - $22,062 and $33,213). A total of 1,322,834 PSUs are outstanding as on June 30, 2025.

16. Revenues

i) Income from investments at fair value

	Three months ended June 30, 2025	**Three months ended June 30, 2024**	**Six months ended June 30, 2025**	**Six months ended June 30, 2024**
Loan and royalty income				
Royalty payment income	$ 49,334	$ 98,392	$ 324,976	$ 299,484
Loan interest income	3,194,899	2,014,493	5,823,398	3,818,987
Total	**$ 3,244,233**	**$ 2,112,885**	**$ 6,148,374**	**$ 4,118,471**
Realized gains from sale of investment				
Realized gain (loss) on loan modification	$ 343,764	$ (51,691)	$ 32,778	$ (51,691)
Realized gain (loss) on loan buyout	-	(97,354)	-	(97,354)
Total	**$ 343,764**	**$ (149,045)**	**$ 32,779**	**$ (149,045)**
Adjustments to fair value				
Royalty agreements	$ -	$ (16,821)	$ -	$ (22,749)
Equity securities in investee companies	(1,927,430)	(306,354)	(2,018,000)	(428,917)
Total	**$ (1,927,430)**	**$ (323,176)**	**$ (2,018,000)**	**$ (451,666)**
Change in expected credit losses				
Movement in expected credit losses	$ (716,150)	$ **22,236**	$ (674,914)	$ (9,010)
Total	**$ (716,150)**	**$ 22,236**	**$** (674,914)	**$ (9,010)**
Other investment income and gains				
Interest income on invested cash and other fee income	$ 447,612	$ 172,520	$ 455,020	$ 241,115
Total	**$ 447,612**	**$ 172,520**	**$ 455,020**	**$ 241,115**

Loan interest income for the six-month period ended June 30, 2025, includes $292,874 in prepayment fees (2024 - $Nil) and $717,157 in loan amortization income (2024 - $502,724).

In Canadian dollars, for the three and six months ended June 30, 2025

17. Foreign exchange gains (losses)

	Three months ended June 30, 2025	Three months ended June 30, 2024	Six months ended June 30, 2025	Six months ended June 30, 2024
Foreign exchange gains (losses)				
Unrealized foreign exchange gain (loss)	$ (1,666,818)	$ 210,531	$ (1,756,194)	$ 650,453
Realized foreign exchange gain (loss)	148,250	(11,850)	148,250	172,650
Total	**$ (1,518,568)**	**$198,681**	**$ (1,607,944)**	**$ 823,103**

18. Employee benefit expense

	Three months ended June 30, 2025	Three months ended June 30, 2023	Six months ended June 30, 2025	Six months ended June 30, 2024
Wages and salaries	$ 657,794	$ 407,188	$ 1,129,489	$ 785,171
Other benefits	18,621	58,824	75,953	73,036
Employer related costs for insurance, health tax	49,249	44,221	126,621	79,306
Salaries, benefits and other staffing costs	**725,664**	**510,233**	**1,332,063**	**937,513**
Share-based compensation (Note 19)	50,089	163,580	102,893	356,067
Total	**$ 775,753**	**$ 673,831**	**$ 1,434,956**	**$ 1,293,580**

19. Share-based compensation

The amounts recognized for share-based compensation in the statement of comprehensive income were made up as follows:

	Three months ended June 30, 2025	Three months ended June 30, 2024	Six months ended June 30, 2025	Six months ended June 30, 2024
Expense recognized based on vesting conditions of stock options	$ 28,939	$ 141,518	$ 66,904	$ 322,854
Expense recognized based on vesting conditions of PSUs	21,150	22,062	35,989	33,213
	$ 50,089	**$ 163,580**	**$ 102,893**	**$ 356,067**

20. Financing expense

	Three months ended June 30, 2025	Three months ended June 30, 2024	Six months ended June 30, 2025	Six months ended June 30, 2024
Revolving Credit Interest	$ 189,820	$ -	$ 288,757	$ -
Series I Class A preferred shares dividend	25,231	25,230	50,184	50,461
Debenture Interest	688,783	657,813	1,385,131	1,276,702
Total	**$ 903,834**	**$ 683,043**	**$ 1,724,072**	**$ 1,327,163**

In Canadian dollars, for the three and six months ended June 30, 2025

21. Earnings per share

The following reflects the profit, loss and unit data used in the basic and diluted earnings per share computations:

	Three months ended June 30, 2025	Three months ended June 30, 2024	Six months ended June 30, 2025	Six months ended June 30, 2024
Profit (loss) attributable to ordinary equity holders for basic earnings / per share	$ (1,472,540)	$ 189,971	$ (1,038,659)	$ 910,208
Basic weighted average number of shares outstanding	30,502,286	30,831,242	30,558,711	31,136,998
Dilutive effect of options and warrants	-	137,059	-	117,623
Diluted weighted average number of shares outstanding	30,502,286	30,968,301	30,558,711	31,254,621
Basic earnings per share	$ 0.0483	$ 0.0062	$ 0.0340	$ 0.0292
Diluted earnings per share	$ 0.0483	$ 0.0061	$ 0.0340	$ 0.0291

The potential dilutive impact of the holders right to receive shares on the redemption of the Class I Series A Preferred Shares has been excluded as it would be anti-dilutive. For the three and six month ended June 30, 2025, diluted loss per share equals basic loss per share as the impact of the dilutive instruments would be anti-dilutive.

22. Operating segment information

Flow Capital operates as an investment firm providing growth capital to emerging growth businesses comprising one operating segment. All of the Company's reported revenue is from external customers. The breakdown of the recognized revenue by country was:

	Three months ended June 30, 2025	Three months ended June 30, 2024	Six months ended June 30, 2025	Six months ended June 30, 2024
Canada	$ 51,067	$ 197,768	$ 93,751	$ 227,178
United States	443,392	1,519,579	2,402,330	2,420,897
United Kingdom	897,570	563,184	1,447,177	1,101,790
Total	**$ 1,392,029**	**$ 1,835,420**	**$ 3,943,258**	**$ 3,749,865**

For the six-month ended June 30, 2025, the loan and royalty payment income and the interest income on promissory notes received for 2 (2024: 3) investees was over 10% of the total loan and royalty payment income, at 11.47% and 11.22% of the total, respectively.

23. Changes in working capital items

	Three months ended June 30, 2025	Three months ended June 30, 2024	Six months ended June 30, 2025	Six months ended June 30, 2024
Prepaid expenses and other receivables	86,545	39,102	176,607	98,705
Accounts payable and accrued liabilities	1,300,287	119,556	919,493	(572,882)
Total	**$ 1,386,832**	**$ 158,658**	**$ 1,096,100**	**$ (474,177)**

24. Related party disclosures

Key management personnel

The number of key management personnel as at June 30, 2025 was 7 (December 31, 2024: 6) and are identified as the members of the board of directors and the officers of the Company.

i) Compensation

	Three months ended June 30, 2025	Three months ended June 30, 2024	Six months ended June 30, 2025	Six months ended June 30, 2024
Short term employee benefits	$ 217,337	$ 208,329	$ 466,505	$ 416,558
Share-based compensation	30,696	155,112	62,275	345,684
Total	**$ 248,033**	**$ 363,441**	**$ 528,780**	**$ 762,242**

ii) Other transactions

On June 28, 2022, Company issued the first tranche of its Series I Class A preferred shares. At June 30, 2025, 166,667 preferred shares with a face value of $500,001 (December 31, 2024: $500,001) were held by a director's family, and dividend of $11,469 and $22,811 was accrued and expensed on these preferred shares during the three and six-month periods ended June 30, 2025 (2024: $11,469 and $22,937).

On August 31, 2022, the Company advanced loans to two Directors in the total amount of $26,559. On June 28, 2023, the Company advanced an additional $120,758 as loans to the two Directors. These loans in the total amount of $162,960 remain outstanding on June 30, 2025 (December 31, 2024: $160,222). For the three and six-month period ended June 30, 2025, the Company earned interest income on these loans in the amount of $1,453 and $2,922 (2024 - $2,204 and $4,407) at the CRA prescribed rate.

On August 1, 2023, the Company issued the first tranche of its Debentures of multiple series. As at June 30, 2025, $4,415,329 (December 31, 2024- $4,452,256) of the debentures was held by key management personnel and a company with common directors, and interest of $84,812 and $185,892 was accrued and expensed on the debentures held by related parties, during the three and six-month periods ended June 30, 2025 (2024 - $53,010 and $102,697).

25. Subsequent Events

Between July 1, 2025, and August 13, 2025, the Company purchased 348,500 shares at an average price of $0.7080 per share. All common shares purchased by the Company under the NCIB are returned to treasury and cancelled.

Following June 30, 2025, the Company issued 450 Series F and 100 Series UF Debentures, raising $586,855.