FORM 45-106F2

OFFERING MEMORANDUM FOR NON-QUALIFYING ISSUERS

Unless otherwise specified, all references to "dollars" or "$" in this Offering Memorandum shall refer to Canadian dollars.

Date:	May 29, 2025
The Issuer:	Flow Capital Corp. ("**Flow Capital**", "**Flow**", or the "**Company**")
Head Office:	Flow Capital Corp. 303-47 Colborne Street Toronto, Ontario M5E 1P8
Phone Number:	+1 (416) 777-0383
Email Address:	info@flowcap.com
Website Address:	www.flowcap.com
Currently Listed or Quoted:	Yes. The common shares of the Company (the "**Common Shares**") are listed on the TSX Venture Exchange ("**TSXV**") under the symbol FW. The Debentures of the Company (as defined below) do not trade on any exchange or market.
Reporting Issuer:	Yes. The Company is a Reporting Issuer in the provinces of Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Nova Scotia, Ontario, Prince Edward Island, Québec, and Saskatchewan.
SEDAR Filer:	Yes

The Offering – Summary

This summary is qualified by the more detailed information appearing elsewhere in this Offering Memorandum. Purchasers should read the entire Offering Memorandum for full details about the Offering.

Securities Offered	Private placement offering of floating rate retractable debentures of the Company in series (the "**Debentures**"), with the initial series of Debentures bearing the attributes listed below.
Price per Security	$1,000 per $1,000 principal amount of Series A CDN Debentures, Series A+ CDN Debentures, Series F CDN Debentures or Series F+ CDN Debentures. US$1,000 per US$1,000 principal amount of Series UA USD Debentures, Series UA+ USD Debentures, Series UF USD Debentures or Series UF+ USD Debentures.
Minimum/Maximum Offering	A Minimum Offering of 1,000 Debentures for aggregate proceeds of $1,000,000 and a Maximum Offering of 50,000 Debentures for aggregate proceeds of $50,000,000.
Minimum Subscription Amount:	$20,000, such amount to be waived at the Company's discretion.
Payment Terms	Certified cheque, bank draft, wire transfer or other form of guaranteed funds acceptable to the Company, payable to the Company, with delivery of a fully executed and completed subscription agreement. See Item 5.2 "Subscription Procedures".
Proposed Closing Date(s)	July 1, 2025 (the "**Initial Closing Date**"). Additional closings monthly or on such other dates as determined by the board of directors of the Company.
Maturity:	August 1, 2043 (the "**Maturity Date**"). Unless earlier repaid, the outstanding principal together with accrued and unpaid interest thereon will be due and payable on the Maturity Date.
Interest Rate:	Payable monthly in cash in arrears on the 15th day of the following month at the following rates: Series A CDN Debentures - Bank of Canada Overnight Rate plus 4.5%, subject to a minimum interest rate of 7% and a maximum interest rate of 11% Series A+ CDN Debentures - Bank of Canada Overnight Rate plus 5%, subject to a minimum interest rate of 7.5% and a maximum interest rate of 11.5%

	Series F CDN Debentures - Bank of Canada Overnight Rate plus 5.5%, subject to a minimum interest rate of 8% and a maximum interest rate of 12% Series F+ CDN Debentures - Bank of Canada Overnight Rate plus 6%, subject to a minimum interest rate of 8.5% and a maximum interest rate of 12.5% Series UA USD Debentures – US Federal Funds Rate plus 4.5%, subject to a minimum interest rate of 7% and a maximum interest rate of 11% Series UA+ USD Debentures – US Federal Funds Rate plus 5%, subject to a minimum interest rate of 7.5% and a maximum interest rate of 11.5% Series UF USD Debentures – US Federal Funds Rate plus 5.5%, subject to a minimum interest rate of 8% and a maximum interest rate of 12% Series UF+ USD Debentures – US Federal Funds Rate plus 6%, subject to a minimum interest rate of 8.5% and a maximum interest rate of 12.5%
Retraction by Holder:	The Debentures will be retractable by holders on not more than 150-days and not less than 90-days notice, at an amount equal to the aggregate principal amount of the Debentures to be retracted, plus accrued and unpaid interest, if any.
Short Term Trading Fee:	5% of the principal amount of the Debenture to be retracted if a holder elects to retract a Debenture prior to the first anniversary of the date of issuance of such Debenture.
Conditions on Repurchases:	**You will have a right to require the Company to repurchase the securities from you, but this right is qualified by certain restrictions. As a result, you might not receive the amount of proceeds that you want. See Item 5.1.**
Redemption by the Company:	The Debentures may be redeemed in whole or in part at the option of the Company on not more than 60 days and not less than 30 days prior notice at a price equal to the principal amount thereof plus accrued and unpaid interest.
Certain Covenants:	Typical covenants for a security of this nature, including covenants requiring the Company to make payments on the Debentures, restricting the Company's ability to take certain corporate actions without consent of the holders, and requiring the Company to preserve its existence and provide notice of default.
Certain Related Party Transactions:	This Offering Memorandum contains disclosure with respect to one or more transactions between Flow Capital and a related party. See Item 2.7 – "Related Party Transactions".
Registered Account Eligibility:	The Debentures will be eligible for investment under RRSPs, RESPs, RRIFs, RDSPs, TFSAs and DPSPs.

Compensation Paid to Sellers and Finders:	The Company may pay a service or finder's fee to the dealer of each holder of Debentures equal to a negotiated percentage, per annum, of the aggregate amount of Debentures held. See Item 8 – "Compensation Paid to Seller and Finders".
Purchaser's Right:	You have 2 business days to cancel your agreement to purchase these securities. If there is a misrepresentation in this Offering Memorandum, you have a right to damages or to cancel the agreement. See Item 12 – "Purchasers Rights".
Resale Restrictions:	You will be restricted from selling your securities for 4 months and a day. See Item 11 – "Resale Restrictions".

No securities regulatory authority or regulator has assessed the merits of these securities or reviewed this Offering Memorandum. Any representation to the contrary is an offence. This is a risky investment. See Item 9 – "Risk Factors".

This Offering Memorandum and documents incorporated by reference contain certain "forward-looking information" within the meaning of applicable Canadian securities legislation and may also contain statements that may constitute "forward-looking statements" within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. Such forward-looking information and forward-looking statements are not representative of historical facts or information or current condition, but instead represent only the Company's beliefs regarding future events, plans or objectives, many of which, by their nature, are inherently uncertain and outside of the Company's control. Generally, such forward-looking information or forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or may contain statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "will continue", "will occur" or "will be achieved". The forward-looking information contained herein may include, but is not limited to, information with respect to: prospective financial performance; including the Company's opinion regarding the current and future performance of its portfolio, expenses and operations; anticipated cash needs and need for additional financing; anticipated funding sources; future growth plans; loan investments; estimated operating costs; estimated market drivers and demand; business prospects and strategy; anticipated trends and challenges in the Company's business and the markets in which it operates; the Company's ability to pay dividends in the future and the amount and timing of those dividends; and the Company's financial position. By identifying such information and statements in this manner, the Company is alerting the reader that such information and statements are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance, or achievements of the Company to be materially different from those expressed or implied by such information and statements.

An investment in securities of the Company is speculative and subject to a number of risks including, without limitation, risks relating to: the need for additional financing; the Company's ability to pay dividends in the future and the timing and amount of those dividends; the relative speculative and illiquid nature of an investment in the Company; the potential volatility of the Company's share price; the Company's limited operating history; the Company's ability to generate sufficient revenues; the Company's ability to manage future growth; the Company's ability to negotiate additional loan investments from new investee companies; the Company's dependence on the operations, assets and financial health of its investee companies; the Company's limited ability to exercise control or direction over investee companies; potential defaults by investee companies; the Company's ability to enforce on any default by an investee company; competition with other investment entities; tax matters; reliance on key personnel; dilution of shareholders’ interest through future financings; changes to the Company's accounting policies and methods; and general economic and political conditions, and the risks discussed herein. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in the forward-looking information and forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended.

In connection with the forward-looking information and forward-looking statements contained in this Offering Memorandum, the Company has made certain assumptions. Assumptions about the performance of the Canadian and U.S. economies over the next 24 months and how that will affect the Company's business and its ability to identify and close new opportunities with new investees are material factors that the Company considered when setting its strategic priorities and objectives, and its outlook for its business.

Key assumptions include, but are not limited to: assumptions that the Canadian and U.S. economies relevant to the Company’s investment focus, will remain on recession watch over the next 12 months; that while interest rates have increased dramatically in the recent past, rates will stabilize or decline in the near future; that the Company's existing investees will continue to make interest payments to the Company as and when required; that the businesses of the Company's investees will not experience material negative results; that the Company will continue to grow its portfolio in a manner similar to what has already been established; that tax rates and tax laws will not change significantly in Canada and the U.S.; that more small to medium private and public companies will continue to require access to alternative sources of capital; and that the Company will have the ability to raise required equity and/or debt financing on acceptable terms.

The Company has also assumed that access to the capital markets will remain relatively stable, that the capital markets will perform with normal levels of volatility. In determining expectations for economic growth, the Company primarily considers historical economic data provided by the Canadian and U.S. governments and their agencies. Although the Company believes that the assumptions and factors used in preparing, and the expectations contained in, the forward-looking information and statements are reasonable, undue reliance should not be placed on such information and statements, and no assurance or guarantee can be given that such forward-looking information and statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information and statements.

The forward-looking information and forward-looking statements contained in this Offering Memorandum are made as of the date of this Offering Memorandum, and the Company does not undertake to update any forward-looking information and/or forward-looking statements that are contained or referenced herein, except in accordance with applicable securities laws. All subsequent written and oral forward-looking information and statements attributable to the Company or persons acting on its behalf is expressly qualified in its entirety by this notice.

TABLE OF CONTENTS

ITEM 1 – USE OF AVAILABLE FUNDS 7
1.1 Funds 7
1.2 Use of Available Funds 7
ITEM 2 – BUSINESS OF THE ISSUER AND OTHER INFORMATION AND TRANSACTIONS 8
2.1 Structure 8
2.2 The Business 8
2.3 Development of Business 15
2.4 Long Term Objectives 17
2.5 Short Term Objectives 17
2.6 Material Contracts 17
2.7 Related Party Agreements 18
ITEM 3 - COMPENSATION AND SECURITY HOLDINGS OF CERTAIN PARTIES 19
3.1 Compensation and Securities Held 19
3.2 Management Experience 20
3.3 Penalties, Sanctions, Bankruptcy, Insolvency and Criminal or Quasi-Criminal Matters 23
3.4 Certain Loans 23
ITEM 4 - CAPITAL STRUCTURE 24
4.1 Securities Except for Debt Securities 24
4.2 Long Term Debt 25
4.3 Prior Sales 25
ITEM 5 - SECURITIES OFFERED 26
5.1 Terms of the Debentures 26
5.2 Subscription Procedure 29
ITEM 6 - REPURCHASE REQUESTS 30
ITEM 7 - INCOME TAX CONSEQUENCES AND RRSP ELIGIBILITY 30
ITEM 8 - COMPENSATION PAID TO SELLERS AND FINDERS 31
ITEM 9 - RISK FACTORS 31
ITEM 10 - REPORTING OBLIGATIONS 39
ITEM 11 - RESALE RESTRICTIONS 39
ITEM 12 - PURCHASERS' RIGHTS 40
ITEM 13 - FINANCIAL STATEMENTS 44
ITEM 14 - DATE AND CERTIFICATE 45

ITEM 1 – USE OF AVAILABLE FUNDS

1.1 Funds

		Assuming Minimum Offering	Assuming Maximum Offering
A	Amount to be raised by this offering	$1,000,000	$50,000,000
B	Selling commissions and fees(1)	$0	$0
C	Estimated offering costs (including legal, accounting and audit)	$20,000	$20,000
D	Available funds: D = A - (B+C)	$980,000	$49,980,000
E	Additional sources of funding required	$0	$0
F	Working capital deficiency	$0	$0
G	Total: G = (D+E) - F	$980,000	$49,980,000

(1) Under the assumption that all Debentures issued are Series F CDN, Series F+ CDN, Series UF USD, or Series UF+ USD Debentures. The Company may pay a service or finder's fee to the dealer of each holder of Debentures equal to a negotiated percentage, per annum, of the aggregate amount of Debentures held. See Item 8 – "Compensation Paid to Seller and Finders".

1.2 Use of Available Funds

Description of intended use of available funds listed in order of priority	Assuming minimum offering	Assuming maximum offering
Funds to be used to make growth venture debt loans	$980,000	$49,980,000
Total:	$980,000	$49,980,000

1.3 Reallocation

We intend to spend the available funds as stated. We will reallocate funds only for sound business reasons.

ITEM 2 – BUSINESS OF THE ISSUER AND OTHER INFORMATION AND TRANSACTIONS

2.1 Structure

Flow Capital Corp. is a corporation under the jurisdiction of the laws of the Province of British Columbia, Canada, and was incorporated on June 16, 1993. The Company's current operations were established on June 7, 2018, upon the closing of a plan of arrangement between LOGIQ Asset Management Inc. and Grenville Strategic Royal Corp. and the renaming of the Company as Flow Capital Corp. The Common Shares are traded on the TSX Venture Exchange under the symbol FW. The registered and records office of the Company is Suite 1200, 750 West Pender Street, Vancouver, British Columbia, V6C 2T8. The head office of the Company is 303-47 Colborne St, Toronto, Ontario, M5E 1P8.

2.2 The Business

A Growth Capital Provider

Flow Capital provides growth funding primarily to software, technology, and technology-enabled businesses with strong management teams, compelling unit economics, rapid growth, and high levels of recurring revenue. Flow's primary offering is venture debt, a form of capital designed for high-growth companies to fund their expansion.

Companies that use venture debt are generally private and often backed by venture capital. They may already be profitable or approaching profitability but choose to defer near-term profits by investing in growth initiatives in order to maximize their growth and, ultimately, their long-term profitability.

Flow's value proposition to borrowers is that we fill the gap between bank debt and venture capital investors. By using capital from Flow, borrowers are able to defer equity funding in order to obtain a higher valuation, or in some cases avoid issuing equity altogether as the company matures to substantial profitability, an IPO, or a strategic sale. In this way founders maintain more equity in their business and avoid control issues such as board control, shareholder agreements and forced liquidity.

Our capital also allows high growth companies to finance their expansion without the personal guarantees, restrictive covenants, and need for amortization payments usually demanded by traditional lenders, such as banks.

Borrowers are also attracted to Flow since we will fund founder owned companies in addition to companies sponsored by venture capitalists.

Our Business Objective

Flow Capital's business objective is to deliver an attractive, risk-adjusted return to its shareholders and holders of Debentures ("**Debentureholders**") through a diversified portfolio of growth venture debt investments. These returns come from various sources, including cash interest on loans, prepayment and early exit fees, as well as equity gains earned through warrants, shares, options, and success fees associated with each loan.

Our Market: Venture Debt and Growth Venture Debt

Venture debt is a well-established asset class widely used by high-growth private companies. It has seen increasing adoption by both individual and institutional investors seeking to diversify their portfolios with a high-yielding asset that offers relatively low default rates and low correlation with public equity and bond markets.

Venture debt is particularly well-suited to young, high-growth companies. These companies benefit from equity valuations that increase rapidly, making venture debt a more cost-effective form of capital than selling additional equity. Flow Capital focuses on this segment, with a portfolio primarily composed of technology and technology-enabled businesses, especially SaaS (Software-as-a-Service) companies, known for their rapid expansion. While Flow considers investments outside the technology sector, it does not invest in real estate, extractive, or commodity-based industries. Our solutions are especially suited to asset-light businesses.

These young technology-driven companies are often underserved by traditional lenders such as commercial banks, which typically focus on hard assets and consistent profitability. Banks are also not typically structured to conduct in-depth due diligence on young rapidly growing technology-driven companies, making venture debt lenders like Flow Capital a critical funding alternative.

Flow Capital specializes in *growth venture debt*, a distinct approach compared to traditional venture debt. Growth venture debt structures include cash interest payments along with equity-linked components such as warrants, options, and success fees. This contrasts with traditional venture debt, which typically consists of interest-only loans.

Growth venture debt loans are generally smaller, ranging from $1 million to $10 million, and are made to companies that are founder-owned or backed by local or smaller venture capital firms. In contrast, traditional venture debt loans usually start at $10 million and are extended to larger companies with backing from well-known venture capital firms. Flow Capital targets loans in the $2 million to $10 million range and lends to both founder-owned and venture capital-backed businesses.

Flow Capital evaluates a borrower's potential to reach valuation milestones and achieve positive cash flow within the loan term. These outcomes not only ensure loan repayment but also unlock significant value through equity-related features that Flow acquires in association with its loans. In contrast, traditional venture debt providers, lacking equity upside, rely more heavily on the assumption that venture capital backers will continue to fund borrowers—even in challenging circumstances.

Flow Capital believes that growth venture debt requires more rigorous due diligence than traditional venture debt lenders typically conduct. Traditional venture debt lenders tend to perform high-level credit analysis and rely on the reputation of a borrower's venture capital backers rather than conducting deep risk assessments. Their focus is often more aligned with the interests of the venture capital firm than the borrower. In contrast, Flow Capital conducts thorough due diligence and detailed risk/reward analysis for each borrower. This ensures that each investment is likely to generate a return, through interest and equity-linked components, that significantly exceeds our cost of capital.

Flow's ability to perform this level of analysis is driven by the extensive venture capital, technology investing, investment banking, and equity research experience of its management and credit team.

We believe that the growth venture debt market is underserved and, therefore, less competitive than traditional venture debt. As a result, companies seeking growth venture debt typically work directly with a single lender—often one they know or who comes recommended—to structure a tailored financing solution. In contrast, traditional venture debt is often secured through a competitive bidding process organized by venture capitalists, who invite multiple lenders to submit term sheets.

Flow Capital believes this underserved, less competitive market creates an opportunity for experienced lenders to earn superior risk-adjusted returns. Our performance supports this belief: in the 7 years from March 2018 to March 2025, Flow's portfolio-level internal rate of return (IRR) was 23.4%, net of loan losses of just 1.5%.

Flow Capital finances companies in the U.S., U.K., and Canada. Our typical borrower is a profitable or near-profitable technology or technology-enabled company experiencing rapid growth and in need of immediate capital to continue scaling.

Venture Loan Underwriting Criteria

Flow Capital's underwriting standards are designed to manage portfolio credit risk while achieving our target investment returns. We apply a rigorous, disciplined, and multi-layered due diligence process to ensure that each loan is priced appropriately based on its underlying credit risk. Our approach helps us avoid investments that exceed acceptable risk levels and supports the maximization of risk-adjusted returns.

Investment Focus

Flow Capital primarily finances high-growth companies seeking capital to support expansion. Typical uses of funds include: working capital, runway extensions, sales and marketing investment, new product launches, international expansion, strategic acquisitions and IPO preparation. We generally do not provide financing for debt refinancing or shareholder buyouts.

We may require companies to raise additional equity or subordinated capital as a condition of our loan. This helps extend their cash runway and demonstrate continued backing from equity holders and other financial partners.

Key Underwriting Criteria

Our evaluation process considers the following areas:

- Financial Analysis
    - Review of historical and projected financial performance
    - Accuracy of forecasting and consistency in meeting targets
    - Clear paths to both revenue growth and profitability
    - Predictable, recurring revenue
    - Customer concentration risk
    - Cash runway and capital efficiency
    - Operating leverage and budgetary controls
    - Financial forecast volatility and stress-testing
    - Tradeoffs between growth and near-term cash flow
    - Timing and likelihood of reaching cash flow breakeven
    - Asset coverage and enterprise value
    - Capital structure and resilience in downturns

- Market and Customer Analysis
    - Market potential and business opportunity

    - Criticality of the company's product or service
    - Industry trends, competitive dynamics, and risks
    - Understanding of target customer segments and their growth
    - Speed of innovation and disruption within the market
    - Interviews with current and former customers

- Sales and Marketing Strategy
    - Assessment of marketing plans and sales processes
    - Conversion rates and customer acquisition economics
    - Lifetime customer value and payback periods
    - Customer and revenue retention
    - Evidence of product-market fit
    - Strength and depth of the sales team

- Technology and Intellectual Property
    - Review of proprietary technology, patents, and R&D capabilities
    - Evaluation of defensibility and innovation pipeline

- Legal and Compliance Review
    - Review of corporate legal documents, contracts, and regulatory compliance
    - Assessment of corporate governance and anti-fraud protocols
    - Insurance coverage adequacy

- Management and Stakeholders
    - Interviews with management, key personnel, board members, investors, and—when appropriate—former employees
    - Evaluation of strategic vision and exit planning
    - Operational and leadership capabilities, including track record of success
    - Capacity to scale operations
    - Comprehensive background checks

- Equity Backing
    - Assessment of the company's equity investors
    - Evaluation of their reputation, experience, and alignment with Flow Capital's objectives
    - Understanding of their ongoing support and risk appetite

This structured and selective approach ensures that Flow Capital engages only with companies that meet our risk-return standards and demonstrate strong potential for growth and value creation.

Growth Venture Debt General Structure and Terms

Flow Capital typically provides funding in the range of $2 million to $7 million, with the capacity to invest up to $10 million per borrower. Larger commitments can be delivered either upfront or in multiple tranches, with each tranche subject to further due diligence and confirmation of the borrower's continued strong performance.

Each investment is tailored to the specific needs and risk profile of the borrower. While terms vary, Flow Capital loans generally carry a senior secured or first lien position, have a three-year non-amortizing term, and pay cash interest in the mid-teens. In addition to interest, loans include an equity-linked component—such as warrants or a success fee payable upon a successful sale or initial public offering of the borrower. These equity instruments typically represent between one and three percent of the borrower's equity value.

Risk is actively managed through covenants built into each loan agreement. These may include requirements for minimum cash balances, sufficient cash runway, and minimum levels of revenue growth. Such conditions help ensure that borrowers remain financially stable and aligned with performance expectations throughout the term of the loan.

Flow Capital's loans generate immediate, stable, and predictable returns by producing regular cash interest payments that exceed the company's cost of capital. As a result, the Company enjoys positive free cash flow after covering operating expenses and debt service obligations. This surplus cash flow can be reinvested into additional loan opportunities or allocated to other strategic initiatives aimed at enhancing long-term shareholder value.

In addition to near-term cash returns, Flow Capital also benefits from the long-term upside potential of the warrants and success fees associated with its loans. However, unlike cash interest, these equity-related returns are less predictable and tend to materialize over a longer time horizon. As a result, Flow Capital manages its operations based primarily on the recurring monthly cash revenue generated from interest payments, viewing the equity upside, while often significant, as irregular value creation.

Management Based on Predictable Free Cash Flow

Flow Capital manages its business based on the recurring free cash flow generated from the cash interest payments on its loan portfolio. The Company does not undertake activities or strategic initiatives that rely on the realization of returns from its equity holdings—such as warrants, shares, or success fees. While these equity-linked components can deliver significant upside, their inherently unpredictable nature requires a prudent and conservative approach to their management.

Historically, the returns from Flow Capital's equity portfolio have been substantial, and management remains confident that this trend will continue. This confidence is supported by Flow Capital's portfolio-level internal rate of return (IRR) of 23.4% over the seven-year period from March 2018 to March 2025, net of loan losses of just 1.5%.

Public Company Advantages

Flow Capital is not an investment fund and does not operate under the traditional general partner–limited partner (GP/LP) structure commonly used by private investment vehicles. Instead, it is a publicly listed company that internally manages its operations, providing growth venture debt to high-growth businesses. Flow Capital does not outsource its investment management or administrative functions, nor does it pay fees to an external manager.

Being a public company offers Flow Capital's shareholders and Debentureholders several distinct advantages over private GP/LP fund structures:

- **Governance and control are in the hands of shareholders**. Flow Capital's common shareholders elect its directors, who in turn appoint and oversee the executive team. This board has the authority to remove management in response to underperformance or unethical conduct. In contrast, investors in a GP/LP fund typically have no ability to influence or replace the fund's general partner, even in the face of poor management.

- **Regulatory oversight ensures transparency and accountability**. As a public issuer, Flow Capital must file annual and quarterly financial statements, including disclosure of all related party transactions. Securities issuances are often subject to regulatory review by the Ontario Securities Commission and other provincial regulators, as well as the TSX Venture Exchange, helping to ensure fairness and mitigate conflicts of interest. Private funds are not held to equivalent disclosure or oversight standards.

- **Flow Capital is subject to continuous public disclosure requirements**. Any material change in the business must be promptly reported, allowing investors to remain informed in real time. By contrast, private fund managers are not required to disclose such changes to their investors.

- **Executive compensation is disclosed publicly on an annual basis**. This allows investors to evaluate whether management is being appropriately rewarded relative to performance. Compensation practices within GP/LP funds are typically opaque and not disclosed to investors.

- **No external management fees**. The company is managed directly by its internal executive team under the supervision of the board. In a typical GP/LP structure, investors pay both management and performance fees to the general partner, often under contracts that are difficult and costly to terminate.

- **Access to 100% of the company's profits**. Because there is no external manager, all earnings flow directly to shareholders and Debentureholders. In contrast, investors in a private GP/LP fund do not benefit from the portion of returns paid out as fees to the general partner, which can be substantial.

Operations

Flow Capital operates with a team of thirteen professionals, including Executive Chairman Vernon Lobo, who plays a key role on the Investment Committee and contributes significantly to setting the Company's overall strategy and standards.

Under the leadership of the CEO, the Company is organized into four core functional groups: (1) loan origination, (2) due diligence and portfolio monitoring, (3) Debenture sales and investor relations, and (4) finance and administration

Flow Capital conducts extensive due diligence on every prospective borrower, carefully evaluating the business, its management team, and the market in which it operates before finalizing any loan. This rigorous, in-depth approach to analysis sets Flow Capital apart from many other venture debt lenders, who may rely primarily on high-level assessments.

Beyond the Investment Committee's approval, Flow Capital's governance framework includes active oversight by its board of directors, the majority of whom are independent. The board reviews and approves management's quarterly valuations of the Company's loans and investments, approves any new loan that exceeds 10% of the total loan book, and must also approve all material amendments to existing loan agreements that affect 5% or more of the portfolio.

Venture Debt Market

According to *Statista*, a global data and business intelligence firm, the North American venture debt market reached approximately US$23.7 billion in 2024. This included US$20.4 billion in traditional venture debt and US$3.3 billion in growth venture debt. For 2025, Statista forecasts the market will grow to approximately US$29.2 billion, with traditional venture debt at US$25.2 billion and growth venture debt at US$4.0 billion.

Similarly, *PitchBook Data*, a capital markets intelligence provider, reported in late 2024 that the U.S. venture debt market reached US$23.9 billion in 2023 and is expected to grow to US$34.7 billion in 2024. The number of deals completed annually between 2019 and 2024 has ranged from 1,600 to 2,250.

Loan Originations

Flow Capital sources prospective borrowers through a combination of direct enquiries, online marketing, formal and informal referrals, and direct marketing efforts. Direct enquiries come from venture capital funds, investment banks, debt advisors, and brokers or may involve companies approaching Flow Capital independently via its website, email, or phone. Online marketing generates inbound leads through targeted digital campaigns. Referrals may come from formal partnerships with capital markets advisors or informal introductions through the personal networks of Flow Capital's management, board, and current or former borrowers. Direct marketing efforts stem from Flow Capital's active presence at conferences, webinars, and industry events.

Each year, management prioritizes increasing inbound enquiries—especially through online marketing and referrals—to ensure a robust pipeline of high-quality borrower candidates.

All enquiries are reviewed by the business origination team. If a potential borrower meets Flow Capital's criteria regarding industry, growth trajectory, and company size, a conversation is initiated. Should this initial conversation suggest mutual interest, the company is asked to share internal information, enabling Flow's due diligence team to begin preliminary research. If this assessment supports the origination team's initial evaluation, the origination team presents the company and indicative terms to the investment committee. Based on agreement to proceed and input from the investment committee Flow issues an indicative, non-binding term sheet to the borrower.

Once the indicative terms are accepted and signed back by the borrower, the due diligence team resumes and completes its investigation, guided by the investment committee's insights and direction. A final report is then presented for the committee's decision to proceed or decline.

In 2024, Flow Capital generated 1,039 loan enquiries. From these, it issued 25 non-binding term sheets, 11 of which were signed back. Following due diligence, the Investment Committee approved seven transactions, a highly selective close rate of less than 1%.

During 2024 Flow completed a record $28.5 million in new investments and its total assets grew by 13% to $72.0 million.

Competitive Landscape

Flow Capital competes with venture debt providers in Canada, the United States, and the United Kingdom. Providers in this space typically focus on specific segments defined by deal size, growth profile, ownership structure (sponsored vs. founder-owned), geography, and industry.

Flow Capital targets companies seeking between $2 million and $10 million in growth venture debt. These companies are typically founder-owned or have minimal external sponsorship. Flow believes this segment is less competitive than other areas of the venture debt market.

This belief is supported by Flow Capital's track record. From March 31, 2018, to March 31, 2025, the company deployed US$88.8 million across 25 companies, generating a portfolio-level internal rate of return (IRR) of 23.4%, net of 1.5% in loan losses. This performance, which substantially exceeds the company's hurdle rate, is attributed to its rigorous due diligence, investment discipline, and the relatively limited competition in its niche. However, there is no assurance that Flow Capital will continue to achieve similar IRRs in the future.

Traditional venture debt providers include the lending divisions of commercial banks such as CIBC and RBC in Canada, and Comerica, PacWest Bancorp, and Wells Fargo in the United States. Independent venture debt funds like Espresso Capital and Vistara Growth in Canada, and TriplePoint Capital, Hercules Capital, and Horizon Technology Finance in the U.S., also compete in this space. While these institutions primarily offer traditional venture debt, they occasionally pursue growth venture debt opportunities.

Notable growth venture debt lenders include TIMIA Capital (Canada), which was recently acquired by Round13 Capital, as well as SaaS Capital and Lighter Capital in the U.S.

The venture debt market remains dynamic. Firms with strong performance attract capital and expand, while those with weaker results tend to exit the market. Flow Capital monitors these trends closely as it continues to refine its competitive positioning and value proposition.

2.3 Development of Business

Flow Capital's current business was established on June 7, 2018, following the completion of a plan of arrangement between LOGIQ Asset Management Inc. and Grenville Strategic Royal Corp. The transaction involved the consolidation and restructuring of the predecessor businesses and the renaming of the combined entity as Flow Capital Corp. Since then, the Company has focused on the growth venture debt market.

Flow Capital is a publicly traded company and its Common Shares are listed on the TSX-Venture Exchange under the symbol FW. Its historical financial disclosures and material events filings are available on its website www.flowcap.com and www.sedarplus.ca.

As of May 29, 2025 Flow has deployed $95.7 million in 26 investments since inception.

Flow Capital's summary financials for the last five years are set out below:

(in thousands of dollars, except per share data)

	Year Ended December 31, 2020	Year Ended December 31, 2021	Year Ended December 31, 2022	Year Ended December 31, 2023	Year Ended December 31, 2024
Loan interest and royalty income	5,374	6,091	7,795	7,115	9,306
Income (loss) from changes in values of financial assets	4,856	4,321	2,368	(1,429)	(6,111)
Other interest, fee income and gains	426	200	133	159	491
Total revenues	10,656	10,612	10,296	5,845	3,686
Operating expenses	3,886	3,085	3,317	3,270	3,941
Operating income	6,770	7,527	6,979	2,575	(255)
Financing expense	(3,483)	(1,579)	(1,798)	(2,039)	(3,008)
Foreign exchange gains and (losses)	(277)	(185)	1,739	(583)	1,864
Other expense recovery	-	768	-	-	-
Income before income taxes	3,010	6,531	6,920	(47)	(1,399)
Total income tax	(888)	(934)	7,591	(322)	546
Net income (loss)	2,122	5,597	14,511	(369)	(853)
Basic earnings per share	$0.06	$0.18	$0.46	($0.01)	($0.03)
Total Assets	37,857	44,018	58,682	63,593	72,024

In 2024 Flow's loan interest and royalty revenue grew by 31% to $9.3 million, up from $7.1 million in 2023. This growth was a continuation of the growth the Company has experienced since 2020 when loan interest and royalty income was $5.4 million.

During 2024, the Company recorded a $6.1 million non-cash loss in the fair value of financial assets. This reflects a mark-to-market reduction in the value of Flow's equity holdings, which are primarily warrants obtained in connection with loan agreements. These warrants, mostly in high-growth software and technology companies, are inherently volatile. Management believes that quarter-to-quarter fluctuations in fair value do not reflect the long-term value creation in the equity portfolio.

When viewed over a five-year horizon, 2020 to 2024, Flow Capital's cumulative income from changes in the value of financial assets totals $4.0 million, even after accounting for the 2024 loss of $6.1 million. This supports management's view that the equity component of Flow's portfolio continues to generate meaningful long-term value.

From 2020 to 2024, Flow Capital's total assets increased from $37.9 million to $72.0 million, representing a compound annual growth rate (CAGR) of 17.4%.

In terms of capital deployment:

- In 2023, Flow received $2.1 million from investment exits and loan repayments and invested $12.6 million into new opportunities.
- In 2024, the Company had a record year, with $15.8 million received from exits and repayments and $28.8 million invested into new loans and investments.

To support its continued growth, Flow Capital entered into a committed US$15 million revolving credit facility with TBK Bank on August 22, 2024. This facility is intended to provide liquidity and financial flexibility to expand Flow's loan book.

Portfolio

As of December 31, 2024 Flow's investment portfolio, at fair market value, was valued at $60.1 million and consisted of 15 loans worth $52.9 million, 2 royalty investment valued at $2.1 million, and 26 warrant and equity investments valued at $5.2 million.

The loan breakdown includes 11 software SaaS companies representing 84% of the loan book's value and four non-SaaS companies representing 14%. Included are companies in consumer services, cleantech, recreation, financial services, and enterprise software industries using technologies such as artificial intelligence, machine learning, and the internet of things (IoT).

2.4 Long Term Objectives

Flow Capital's long-term objective is to become one of Canada's largest managers of venture debt. The Company aims to achieve this by identifying high-quality lending opportunities that deliver consistent and growing returns to the Company's investors.

Management believes that Flow can significantly expand its assets under management while maintaining, and potentially enhancing, profitability. This growth is expected to be driven by a combination of investing retained earnings and deploying capital raised through equity and debt offerings.

2.5 Short Term Objectives

Actions to be taken	Target completion date or, if not known, number of months to complete	Cost to complete
Current investment program in providing venture debt loans	12 months	$15 to $50 million

Over the next twelve months Flow Capital intends to make between $15 and $50 million in additional loans from a combination of cash proceeds from maturing loans, retained earnings, and proceeds from the sale of the Debentures. During this period Flow Capital expects to maintain profitable operations.

2.6 Material Contracts

Loan Agreements

Each of the Company's loan agreements is a material contract. While the specific terms and conditions of each agreement are tailored to the borrower and Flow Capital's risk assessment, these agreements generally share several core features. Loans are typically structured with a three-year term, during which the Company receives both cash interest payments and equity participation in the form of warrants or similar securities. These loans are senior secured against all assets of the borrower. Each agreement also includes covenants specific to the borrower's financial and operational profile, reflecting Flow Capital’s assessment of the associated credit risk.

Warrants

In most cases, borrowers grant Flow warrants to purchase common shares in their companies as part of the loan agreement. These warrants provide Flow with potential equity upside, aligning Flow’s interests with the borrower’s long-term success.

Off-Balance Sheet Arrangements

The Company has no special purchase vehicles, pledges, assignments, or other off-balance sheet arrangements or agreements.

Revolving Credit Facility

On August 22, 2024, Flow Capital entered into a committed revolving credit facility agreement with TBK Bank for a principal amount of up to US$15 million. The Company may request increases in the credit facility in increments of no less than US$5 million, subject to the lender’s credit approval.

The facility has a 36-month term with interest payable monthly in arrears on the outstanding balance. Interest is calculated using SOFR plus a commercially reasonable credit spread. The facility is secured by all present and after-acquired property of Flow Capital and includes standard financial and negative covenants typical of revolving credit arrangements.

The Company may repay the facility in full at any time upon providing 30 to 60 days’ prior written notice. Early repayment is subject to the following early termination fees: (i) 2.00% of the maximum loan amount if termination occurs on or before the first anniversary of the closing date; and (ii) 1.00% if termination occurs after the first but on or before the second anniversary. No early termination fee applies if the loan is repaid after the second anniversary of the closing date.

The borrowing base is calculated as: (a) 75% of the aggregate receivable balance of eligible SaaS loan receivables; plus (b) 55% of the aggregate receivable balance of eligible cash flow loan receivables; minus (c) applicable reserves.

2.7 Related Party Transactions

On August 31, 2022, the Company advanced loans to two of its directors in the total amount of $26,559 which mature on July 31, 2032. On June 28, 2023, the Company advanced an additional $120,758 as loans to the two directors which mature on June 27, 2033. These loans are associated with options exercised by the directors. As of December 31, 2024, these loans totaling $160,222 remain outstanding. For the year ended December 31, 2024, the Company earned interest income of $8,121 on these loans at the CRA prescribed rate.

ITEM 3 – COMPENSATION AND SECURITY HOLDINGS OF CERTAIN PARTIES

3.1 Compensation and Securities Held

Name and Municipality of Principal Residence	Position held (e.g., director, officer, promoter and/or principal holder) and the date of obtaining that position	Compensation paid by Company or related party in the most recently completed financial year and the compensation expected to be paid in the current financial year	Number, type and percentage of securities of the Company held after completion of minimum offering	Number, type and percentage of securities of the Company held after completion of maximum offering[(1)]
Vernon Lobo Toronto, Ontario	Executive Chairman since June 2018	2024 - $150,000 2025 - $150,000 (expected)	4,764,471 Common Shares - 15.6%[(2)] 853,448 Options – 31.6% 166,667 Preferred Shares - 45.5%[(3)] 1,000 CAD Debentures – 6.2%[(3)] 391,667 Performance Stock Units - 29.6%	4,764,471 Common Shares – 15.6%[(2)] 853,448 Options – 31.6% 166,667 Preferred Share - 45.5%[(3)] 1,000 CAD Debentures – 6.2%[(3)] 391,667 Performance Stock Units - 29.6%
Catherine McLeod-Seltzer West Vancouver, British Columbia	Director since June 2018	2024 - $45,000 2025 - $45,000 (expected)	664,815 Common Shares - 2.2%[(4)] 88,276 Options – 3.3% 58 CAD Debentures – 0.4% 162 USD Debentures – 1.6%	664,815 Common Shares - 2.2%[(4)] 88,276 Options – 3.3% 58 CAD Debentures – 0.1% 162 USD Debentures – 1.6%
Alan Torrie Toronto, Ontario	Director since June 2018	2024 - $50,000 2025 - $50,000 (expected)	537,931 Common Shares - 1.8% 88,276 Options – 3.3% 30 CAD Debentures – 0.2% 53 USD Debentures – 0.5%	537,931 Common Shares - 1.8% 88,276 Options – 3.3% 30 CAD Debentures – 0.0% 53 USD Debentures – 0.5%
Michael Zych Oakville, Ontario	Director since April 2020	2024 - $45,000 2025 - $45,000 (expected)	1,189,000 Common Shares - 3.9% 120,000 Options - 4.4% 147 CAD Debentures – 0.9% 280 USD Debentures - 2.7%	1,189,000 Common Shares - 3.9% 120,000 Options - 4.4% 147 CAD Debentures – 0.2% 280 USD Debentures - 2.7%
Brian Beattie Toronto, Ontario	Director since January 2025	2025 - $45,000 (expected)	120,000 Options - 4.4%	120,000 Options - 4.4%
Alex Baluta Toronto, Ontario	CEO since December 2018 and Director	2024 - $275,000 2025 - $275,000 (expected)	538,671 Common Shares - 1.8% 732,759 Options – 27.2%	538,671 Common Shares - 1.8% 732,759 Options – 27.2%

Name and Municipality of Principal Residence	Position held (e.g., director, officer, promoter and/or principal holder) and the date of obtaining that position	Compensation paid by Company or related party in the most recently completed financial year and the compensation expected to be paid in the current financial year	Number, type and percentage of securities of the Company held after completion of minimum offering	Number, type and percentage of securities of the Company held after completion of maximum offering(1)
	since June 2020		375,000 Performance Stock Units - 28.3%	375,000 Performance Stock Units - 28.3%
Michael Denny Toronto, Ontario	CFO since September 2023	2024 - $253,500 2025 - $250,000 (expected)	176,757 Common Shares - 0.6% 500,000 Options – 18.5% 125 CAD Debentures – 0.8% 210,000 Performance Stock Units – 15.8%	176,757 Common Shares - 0.6% 500,000 Options – 18.5% 125 CAD Debentures – 0.2% 210,000 Performance Stock Units – 15.8%
Josh Axler Toronto, Ontario	Managing Director since March 2025	2025 - $225,000 (expected)	144,398 Common Shares - 0.5% 75,000 Options - 2.8% 191,667 Performance Stock Units – 14.5%	144,398 Common Shares - 0.5% 75,000 Options – 2.8% 191,667 Performance Stock Units – 14.5%
Matthew Gan Toronto, Ontario	Managing Director since March 2025	2025 - $225,000 (expected)	99,465 Common Shares - 0.3% 75,000 Options – 2.8% 157,500 Performance Stock Units – 11.9%	99,465 Common Shares - 0.3% 75,000 Options – 2.8% 157,500 Performance Stock Units – 11.9%

(1) Assuming a maximum offering of $50,000,000 in Canadian dollar Debentures
(2) 2,477,500 of these Common Shares are registered in the name of Kilimanjaro Capital Inc., a private company controlled by Mr. Lobo.
(3) Registered in the name of the spouse of Mrs. Lobo.
(4) 17,052 of these Common Shares are registered in the name of 538800 B.C. Ltd., a private company of which Ms. McLeod-Seltzer holds a one-third interest.

3.2 Management Experience

Name	Principal Occupation and Related Experience
Vernon Lobo, Executive Chairman	Mr. Lobo is a founder and the Managing Director of Mosaic Capital, a private investment fund, since 2004. With over more than 25 years in the investment industry, Mr. Lobo has built several companies from start-up to acquisition or public listing, eight of which achieved valuations in excess of $100 million. Earlier in his career, Mr. Lobo was a consultant with McKinsey & Company and a software engineer at Nortel Networks. Mr. Lobo holds a Bachelor of Science in Engineering from the University of Waterloo and a

Name	Principal Occupation and Related Experience
	Master of Business Administration from Harvard Business School, where he was a Baker Scholar.
Alex Baluta, CEO	Mr. Baluta has over 25 years of professional experience in Canada and the US in investment banking, equity research, mergers and acquisitions, operations, consulting, and entrepreneurship. His primary focus throughout his careers has been advising, analyzing, operating, and investing in small and medium-sized enterprises, primarily in high-growth technology sectors. He has been the Chief Executive Officer of the Company since December 2018.
Michael Denny, CFO	Michael Denny has over 30 years of experience as a finance executive and as an investment banker to growth companies, advising them on equity and debt placements and strategic acquisitions, and divestitures. Prior to joining Flow Capital as Chief Financial Officer in September 2023, Mr. Denny was the Managing Director of Lynx Investment Corp, a division of Lynx Equity Limited. Prior to joining Lynx, Mr. Denny was an investment banker with Research Capital, Westwind Partners, and Yorkton Securities, generally covering the healthcare and biotechnology sectors. During his career as a senior investment banker, Mr. Denny completed 86 lead managed equity offerings for 56 companies, including eight initial public offerings. Collectively, these lead managed transactions raised $1.5 billion from investors. Mr. Denny is director of Lynx Investment Corp. and a Trustee of the Lynx Equity Income Trust. He is a past Chair of Ottawa-based BIOTECanada, Canada's national association of biotechnology companies. He holds an MBA from the Ivey Business School at Western University.
Josh Axler, Managing Director, Originations	Prior to joining Flow Capital, Mr. Axler deployed over $200 million of credit facilities as an Investment Manager at Crown Capital Partners and as a Commercial Banking Associate at CIBC. Mr. Axler has also worked in business development roles with Hay Group and Xerox. He holds a Bachelor of Arts, Honours Business Administration (HBA), and a Master of Business Administration from the Ivey Business School at Western University. He also holds the Chartered Financial Analyst designation.
Matthew Gan, Managing Director, Credit and Due Diligence	Mr. Gan joined Flow in 2021 and has since led the deployment of $50M in capital. Prior to Flow, he spent 10 years in capital markets and corporate financial advisory including investment banking and equity research. Mr. Gan holds a Bachelor of Arts in Honours Business Administration (HBA) degree from the Ivey Business School at Western University and is a Chartered Financial Analyst.
Michael Zych, Director	Mr. Zych is the former Global Head of Fixed Income, Global Banking and Markets for Scotiabank, where he had overall responsibility for the strategy and execution of the fixed income business. At Scotiabank, his oversight included trading, sales and origination of fixed income products globally as well as credit and interest rate derivatives. Mr. Zych has built, led and

Name	Principal Occupation and Related Experience
	managed teams in eleven countries across North America, Latin America, Europe and Asia. He was also a member of both the Global Banking and Markets' Strategy Committee and Human Investment Committee at Scotiabank. Mr. Zych retired from Scotiabank in 2015 and has since been actively engaged with the start-up ecosystem as a successful advisor and angel investor, as the Chief Executive Officer of Payments International Inc. Mr. Zych holds a Bachelor of Commerce Degree from McMaster University and a Masters Degree in Business Administration from the University of Toronto. He is a member in good standing with the CFA Institute.
Catherine McLeod-Seltzer, Director	Ms. McLeod-Seltzer is the Chairman of Bear Creek Mining Corporation and a recognized leader in the minerals industry for her ability to create growth-focused companies that generate significant shareholder value. Ms. McLeod-Seltzer partners with successful geological teams and has been instrumental in helping build a number of successful mineral companies in the past 20 years, including Arequipa Resources Ltd., Francisco Gold Corp., Miramar Mining (TSX: MAE), Bear Creek Mining Corporation (TSXV: BCM), Stornoway Diamonds Corp. and Peru Copper Inc. Ms. McLeod-Seltzer was named Mining Man of the Year by The Northern Miner in 1999, she was given the "Award for Performance" by the Association of Women in Finance in 1997, and was given the "Award for Significant Board Contribution" by the Association of Women in Finance in 2021. She has also held a position on the Financial Post's "Power 50" and received Canada's Most Powerful Women Top 100 Award. Ms. McLeod-Seltzer has raised more than $750 million in working capital for mining exploration in the past 25 years and been directly involved in more than $7 billion in corporate transactions in the mining industry. Her leadership and financial expertise, access to capital and respect from the exploration and mining community have been invaluable assets to the companies she is involved in and have created significant wealth for shareholders. Ms. McLeod-Seltzer's directorships in other publicly traded companies include Bear Creek Mining Corporation (TSXV: BCM) and Kinross Gold Corporation (TSX:K; NYSE: KGC).
Alan Torrie, Director	Mr. Torrie has held several senior executive roles, including as the former President and Chief Executive Officer of Morneau Shepell Limited, MDS Diagnostics and former Chief Executive Officer of Discovery Air Inc. He currently serves as Chair of the Board of Extendicare Inc. (TSX: EXE) and the Chair of Green Shield Canada. He previously served as a Director of Trillium Health Partners, Cynapsus Therapeutics, and Appleby College. He holds a BSc from McMaster university, DHA from the University of Toronto and is a graduate of the AMP at Harvard Business School.
Brian Beattie, Director	Mr. Beattie is the Chief Operating Officer and Chief Financial Officer of Volaris Group, an operating group of Constellation Software Inc. (TSX:CSU) and a director of Lumine Group Inc. (TSXV:LMN) and Pivotree Inc. (TSXV:PVT). At Volaris, Mr. Beattie maintains the financial stability needed

Name	Principal Occupation and Related Experience
	to support the sustainable growth of portfolio companies and oversees the legal, tax, audit, IT, and corporate finance functions. He has helped lead the expansion of Volaris into new verticals and countries and is an expert on every stage of the M&A process – from sourcing possible deals, to leading diligence, to executing the sales purchase agreement. Mr. Beattie joined Constellation Software in 2005, holds an HBA from The University of Toronto and is a Chartered Accountant.

3.3 Penalties, Sanctions, Bankruptcy, Insolvency and Criminal or Quasi-Criminal Matters

There are no penalties or sanctions that have been in effect during the last ten (10) years or any cease trade order that has been in effect for a period of more than 30 consecutive days during the past 10 years against any director, officer or control person of the Company or against a company or issuer of which any of the foregoing was an director, executive officer or control person. No declaration of bankruptcy, voluntary assignment in bankruptcy, proposal under any bankruptcy or insolvency legislation, proceedings, arrangement or compromise with creditors or appointment of a receiver, receiver manager or trustee to hold assets, has been in effect during the last ten (10) years with regard to those individuals or any companies of which any of those individuals was a director, executive officer or control person at that time.

3.4 Certain Loans

On August 31, 2022, the Company loaned Vernon Lobo, Executive Chair, $10,500 and loaned Alex Baluta, CEO, $16,059. Both loans mature on July 31, 2032 and bear interest at a rate per annum equal to the rate prescribed from time to time by Canada Revenue Agency for the purposes of calculating taxable benefits for employees and shareholders from interest-free and low-interest loans.

On June 28, 2023, the Company loaned Vernon Lobo, Executive Chair, $61,875 and loaned Alex Baluta, CEO, $58,883. Both loans mature on June 27, 2033, and bear interest at a rate per annum equal to the rate prescribed from time to time by Canada Revenue Agency for the purposes of calculating taxable benefits for employees and shareholders from interest-free and low-interest loans.

These loans totaling $160,222 remain outstanding on December 31, 2024, and are unsecured. For the year ended December 31, 2024, the Company earned interest income on these loans in the amount of $8,121. Since the issuance of these loans there has been no amendment to the agreements, or any release, cancellation, or forgiveness of these loans.

ITEM 4 - CAPITAL STRUCTURE

4.1 Securities Except for Debt Securities

Description of Security	Number Authorized to be Issued	Price per Security	Number of Outstanding Securities as at the date of this Offering Memorandum	Number of Securities Outstanding after Minimum Offering	Number of Securities Outstanding after Maximum Offering
Common Shares	Unlimited	N/A	30,580,863	30,580,863	30,580,863
Series I Class A preferred shares(1)	Unlimited	$3.00	366,667	366,667	366,667
Options to acquire Common Shares	10% of issued and outstanding Common Shares	N/A	2,697,759	2,697,759	2,697,759
Restricted Sharer Units (“**RSUs**”)	3,124,007 in the aggregate with DSUs and PSUs	N/A	0	0	0
Deferred Share units (“**DSUs**”)	3,124,007 in the aggregate with RSUs and PSUs	N/A	0	0	0
Performance Share Units (“**PSUs**”)	3,124,007 in the aggregate with RSUs and DSUs	N/A	1,322,834	1,322,834	1,322,834

(1) Series 1 Class A Preferred Shares were issued on June 26, 2022 and accrue dividends at the rate of 9.2% per year, payable quarterly when declared by the board. The preferred shares have a mandatory redemption on June 26, 2028. 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. The Company is entitled, at its option, to repurchase all or any portion of the Series 1 Class A Preferred Shares. 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 of one for one; 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.

4.2 Long Term Debt

Description of Long-Term Debt	Interest Rate	Repayment Terms	Amount Outstanding as at date not more than 30 days before the date of the Offering Memorandum	Amount Outstanding Assuming Minimum Offering	Amount Outstanding Assuming Maximum Offering
Revolving loan facility – secured(1)	SOFR plus a commercially reasonable credit spread	Due August 22, 2027	$13,775,014	N/A	N/A
Debentures - unsecured	Floating rate(2)	Due August 1, 2043(3)	$29,367,311	$30,367,311	79,367,311

(1) On August 22, 2024, Flow Capital entered into a committed revolving credit facility agreement with TBK Bank for a principal amount of up to US$15 million. The Company may request increases in the credit facility in increments of no less than US$5 million, subject to the lender's credit approval. The facility has a 36-month term with interest payable monthly in arrears on the outstanding balance. Interest is calculated using SOFR plus a commercially reasonable credit spread. The facility is secured by all present and after-acquired property of Flow Capital and includes standard financial and negative covenants typical of revolving credit arrangements. The Company may repay the facility in full at any time upon providing 30 to 60 days' prior written notice. Early repayment is subject to the following early termination fees: (i) 2.00% of the maximum loan amount if termination occurs on or before the first anniversary of the closing date; and (ii) 1.00% if termination occurs after the first but on or before the second anniversary. No early termination fee applies if the loan is repaid after the second anniversary of the closing date. The borrowing base is calculated as: (a) 75% of the aggregate receivable balance of eligible SaaS loan receivables; plus (b) 55% of the aggregate receivable balance of eligible cash flow loan receivables; minus (c) applicable reserves.

(2) The rate on the Debentures floats between 7.00% and 12.50% depending on the series issued and on the current U.S. Federal Funds Rate and the Bank of Canada Overnight Rate. See Section 5.1 Terms of the Debentures.

(3) The Debentures are retractable by holders on not more than 150-days and not less than 90-days notice, at an amount equal to the aggregate principal amount of the Debentures to be retracted, plus accrued and unpaid interest, if any.

4.3 Prior Sales

Date of Issuance	Type of Security Issued	Number of Securities Issued	Price per Security	Total Funds Received
June 3, 2024	Debentures	100.00	$1,000	$100,000
June 15, 2024	Debentures	4.25	$1,000/US$1,000	$4,968
July 2, 2024	Debentures	295.00	$1,000	$295,000
July 15, 2024	Debentures	4.25	$1,000/US$1,000	$4,951
July 22, 2024	Debentures	735.00	$1,000	$735,000
July 23, 2024	Debentures	3380.00	$1,000	$3,380,000
July 24, 2024	Debentures	710.00	$1,000/US$1,000	$979,374
August 15, 2024	Debentures	4.26	$1,000/US$1,000	$4,984
September 15, 2024	Debentures	4.25	$1,000/US$1,000	$4,959
September 18, 2024	Debentures	400.00	$1,000/US$1,000	$453,850
October 15, 2024	Debentures	4.20	$1,000/US$1,000	$4,944

October 17, 2024	Debentures	20.00	$1,000	$20,000
October 24, 2024	Debentures	30.00	$1,000	$30,000
November 15, 2024	Debentures	7.61	$1,000/US$1,000	$8,943
December 1, 2024	Debentures	130.00	$1,000/US$1,000	$142,168
December 15, 2024	Debentures	7.45	$1,000/US$1,000	$8,824
January 1, 2025	Debentures	1,331.00	$1,000	$1,331,000
January 15, 2025	Debentures	7.33	$1,000/US$1,000	$8,722
February 15, 2025	Debentures	14.39	$1,000/US$1,000	$15,721
March 1, 2025	Debentures	1,090.00	$1,000/US$1,000	$1,554,940
March 15, 2025	Debentures	14.21	$1,000/US$1,000	$15,597
April 15, 2025	Debentures	14.13	$1,000/US$1,000	$15,397
May 15, 2025	Debentures	14.11	$1,000/US$1,000	$15,414

ITEM 5 - SECURITIES OFFERED

5.1 Terms of the Debentures

The Debentures are issued under a trust indenture dated August 1, 2023 and supplemented February 5, 2024 (the "**Indenture**") between Flow Capital and Olympia Trust Company (the "**Trustee**"). A copy of the Indenture has been filed on www.sedarplus.ca and is also available on the Company's website www.flowcap.com.

The following description of the Debentures is a summary only of certain terms in the Indenture which, together with other summaries of additional terms of the Indenture appearing elsewhere in this Offering Memorandum, are qualified in their entirety by reference to the actual text of the Indenture, a review of which is recommended to subscribers of Debentures ("Subscribers") and available to Subscribers upon request. The Indenture is also available for inspection at the offices of the Trustee and filed on the Company's SEDAR+ profile at www.sedearplus.ca. Capitalized terms not otherwise defined herein shall have the meaning ascribed to such terms in the Indenture.

General Overview of the Debentures

The Debentures are unsecured obligations of the Company, issued in multiple series. All Debentures issued rank pari passu with each other and with all other unsecured obligations of the Company, except subordinated indebtedness. They are subordinated to secured indebtedness of the Company.

Interest Rate and Payments

The interest rate paid on each series of the Debentures is tied to an applicable benchmark rate, the Bank of Canada Overnight Rate for Canadian denominated Debentures or the U.S. Federal Funds Rate for U.S. dollar denominated Debentures, plus a fixed premium. In addition, the interest rate for each series is subject to minimum and maximum interest rate.

Series A CDN Debentures: Benchmark + 4.5%, minimum 7.0%, maximum 11.0%.

Series A+ CDN Debentures: Benchmark + 5.0%, minimum 7.5%, maximum 11.5%.

Series F CDN Debentures: Benchmark + 5.5%, minimum 8.0%, maximum 12.0%.

Series F+ CDN Debentures: Benchmark + 6.0%, minimum 8.5%, maximum 12.5%.

Series UA USD Debentures: Benchmark + 4.5%, minimum 7.0%, maximum 11.0%.

Series UA+ USD Debentures: Benchmark + 5.0%, minimum 7.5%, maximum 11.5%.

Series UF USD Debentures: Benchmark + 5.5%, minimum 8.0%, maximum 12.0%.

Series UF+ USD Debentures: Benchmark + 6.0%, minimum 8.5%, maximum 12.5%.

Interest is payable monthly in arrears on the 15th day of each month. Payments are made in the currency of the Debenture (CAD or USD). If a payment date is not a business day, payment will be made on the next business day without additional interest.

Retraction and Redemption Rights

Debentureholders may request early redemption ("retraction") of their Debentures at a price equal to 100% of the principal amount of the Debentures submitted for retraction together with accrued and unpaid interest up to, but not including the retraction date; provided, however, that if the notice of retraction is received by the Company prior to the first anniversary of the date of issuance of the Debenture to be retracted, the Company may, in its sole discretion, impose a retraction fee of up to 5% of the principal amount of the Debenture to be retracted. Retraction requests must be submitted no more than 150 days and no less than 90 prior to the proposed date of retraction.

The Company, in its sole discretion, has the right to impose limits on the aggregate value of Debentures that may be retracted during a specified period, namely: (a) the aggregate dollar value of retractions payable by the Company during any calendar month shall not exceed an amount equal to 1% of the principal amount of Debentures outstanding; and (b) irrespective of whether the aggregate value of retractions exceeds 1% of the principal amount of Debentures outstanding, if the Company determines that payment of retraction amount would impair, or reasonably be expected to impair, the business, operations, financial condition, financial performance, profitability, debt or equity funding prospects, or investment capabilities of the Company (including the ability of the Company to fund potential investments), or would result in non-compliance by the Company with applicable laws or the rules and policies of any stock exchange on which any securities of the Company may then be listed, the Company may elect to defer the retraction to the one year anniversary of the then-effective applicable retraction date. If the Company elects to defer a retraction date, it will, no later than 10 days following the originally scheduled retraction date, deliver to each applicable Debentureholder and the Trustee a written notice setting out the new retraction date.

The Company may redeem all or part of the Debentures prior to maturity upon 60 to 30 days notice to Debentureholders. The redemption price will include 100% of principal amount of the Debentures being redeemed together with accrued and unpaid interest up to but not including the redemption date.

Events of Default and Remedies

Each of the following events constitutes, and is herein sometimes referred to as, an "Event of Default": (a) failure to pay interest on the Debentures when due, which default continues for 10 days; (b) failure to pay principal or premium, if any, when due on the Debentures whether at maturity, upon redemption, retraction or a Change of Control, by declaration or otherwise; (c) default in the observance or performance of any covenant or condition of this Indenture by the Company and the failure to cure (or obtain a waiver for) such default for a period of 30 days after notice in writing has been given by the Trustee or from holders of not less than 25% in aggregate principal amount of the Debentures to the Company specifying such default and requiring the Company to rectify such default or obtain a waiver for same; (d) if a decree or order of a Court having jurisdiction is entered adjudging the Company or any Material Subsidiary a bankrupt or insolvent under the *Bankruptcy and Insolvency Act* (Canada) or any other bankruptcy, insolvency or analogous laws, or issuing sequestration or process of execution against, or against any substantial part of, the property of the Company or any Material Subsidiary, or appointing a receiver of, or of any substantial part of, the property of the Company or any Material Subsidiary or ordering the winding-up or liquidation of its affairs, and any such decree or order continues unstayed and in effect for a period of 60 days; (e) if the Company or any Material Subsidiary institutes proceedings to be adjudicated a bankrupt or insolvent, or consents to the institution of bankruptcy or insolvency proceedings against it under the *Bankruptcy and Insolvency Act* (Canada) or any other bankruptcy, insolvency or analogous laws, or consents to the filing of any such petition or to the appointment of a receiver of, or of any substantial part of, the property of the Company or any Material Subsidiary or makes a general assignment for the benefit of creditors, or admits in writing its inability to pay its debts generally as they become due; (f) if a resolution is passed for the winding-up or liquidation of the Company or any Material Subsidiary except in the course of carrying out or pursuant to a transaction in respect of which certain conditions are duly observed and performed; or (g) if, after the date of this Indenture, any proceedings with respect to the Company or any Material Subsidiary are taken with respect to a compromise or arrangement, with respect to creditors of the Company or any Material Subsidiary generally, under the applicable legislation of any jurisdiction.

In each and every Event of Default listed above, the Trustee may, in its discretion, but subject to the provisions of this section, and shall, upon receipt of a request in writing signed by the holders of not less than 25% in principal amount of the Debentures then outstanding by notice in writing to the Company declare the principal of and interest on all Debentures then outstanding and all other monies outstanding hereunder to be due and payable and the same shall thereupon forthwith become immediately due and payable to the Trustee, and on the occurrence of an Event of Default under (d), (e) or (f) above, the principal of and interest on all Debentures then outstanding hereunder and all other monies outstanding hereunder, shall automatically without any declaration or other act on the part of the Trustee or any Debentureholder become immediately due and payable to the Trustee and the Company shall forthwith pay to the Trustee for the benefit of the Debentureholders such principal, and accrued and unpaid interest.

Amendments to the Indenture

The Indenture provides that a meeting of the Debentureholders shall have the power by Extraordinary Resolution, subject to the prior approval of the TSXV (if applicable), to assent to any modification of or change in or addition to or omission from the provisions contained in the Indenture which shall be agreed to by the Company and to authorize the Trustee to concur in and execute any indenture supplemental hereto embodying any modification, change, addition or omission. The Indenture provides all actions which may be taken and all powers that may be exercised by the Debentureholders at a meeting of Debentureholders may also be taken and exercised by the holders of 66 2/3% of the principal amount of all the outstanding Debentures by an instrument in writing signed in one or more counterparts.

Governing Law

The Indenture and all Debentures issued under it are governed by the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

5.2 Subscription Procedure

Under the terms of this Offering Memorandum, the Debentures are offered to persons resident in the provinces and territories of Canada pursuant to certain exemptions from the prospectus requirements contained in the securities legislation in such jurisdictions. Under no circumstances will the Company accept a subscription for Debentures if their distribution cannot be made in reliance on any such exemption. This offering is being conducted, except in relation to persons resident in the province of Québec, pursuant to the offering memorandum exemption contained in Section 2.9 of NI 45-106. In the province of Québec, the Offering is being conducted pursuant to the exemptions from the prospectus requirements afforded by Section 2.3 of NI 45-106 and Section 2.10 of NI 45-106 and to those persons Debentures may otherwise be sold in accordance with applicable securities laws.

Subscribing for Debentures

An investor who wishes to subscribe for Debentures must: (a) complete and execute the subscription form which accompanies this Offering Memorandum, including all applicable schedules thereto; (b) pay the subscription price by certified cheque or bank draft made payable to "Flow Capital Corp." dated the date of the subscription in the amount of: $1,000 per Series A, A+, F, and F+ Debentures and US$1,000 for Series UA, UA+, UF and UF+ Debentures; (c) complete and execute any other documents deemed necessary by the Administrator to comply with applicable securities laws; and deliver the foregoing to the Trust at 303-47 Colborne St, Toronto, ON, M5E 1P8 or such other location which the Company may specify.

In respect of a subscription for the Debentures, subject to the exercise of discretion by the Company, the minimum individual subscription is $20,000 in Canadian or U.S. dollars. Cheques will be held in trust until at least midnight on the second business day after the Subscriber signs the subscription agreement. Thereafter the funds will be deposited and held in escrow by the Company pending closing of the sale of Debentures to the Subscribers. Closings will occur at such times and on such dates as may be determined by the Company from time to time. Interest will not be payable on a Subscriber's subscription funds held in escrow pending closing and interest earned, if any, will be paid to and retained by the Company. A Subscriber will become a Debentureholder following the acceptance of a subscription by the Company. Subscriptions will be received subject to rejection or allotment in whole or in part and the Company reserves the right to close the subscription books at any time and without notice. The Company has the right, in its sole and absolute discretion, to reject any subscription for Debentures in whole or in part, for any reason. If subscriptions are not received and accepted and certain other conditions have not been satisfied or waived on or before the date selected by the Company (in its sole discretion), subscriptions and subscription funds will be returned to Subscribers without interest or deduction. Upon acceptance by the Company of a Subscriber's subscription for Debentures and receipt of the subscription price therefor and satisfaction of Closing conditions, the Subscriber shall become a Debentureholder. Following Closing, each Subscriber who becomes a Debentureholder will be entered in the records and/or registers of the Company as a Debentureholder. If so determined and instructed by the Company, the registrar and transfer agent for the Company will hold the Subscriber's Debentures in their book-based system which means that no physical certificate will be produced but the Subscriber's Debentures will be recorded in the Debenture registers. With Debentures being held in the book-based system there is no risk of losing unit certificates which can be costly to replace. Based on the foregoing, Debentures representing the Subscriber's Debentures may not be issued and sent to such Subscriber.

The Company is not responsible for, and undertakes no obligation to, determine the general investment needs and objectives of a potential investor and the suitability of the Debentures having regard to any such investment needs and objectives of the potential investor.

Representation of Qualification to Purchase

By executing a subscription agreement for Debentures, each Subscriber will make the representation that the Subscriber meets the conditions of the applicable prospectus exemption in purchasing Debentures pursuant to this Offering and is thus entitled under such prospectus exemption to purchase such securities without the benefit of a prospectus qualified under applicable securities laws.

Acceptance of Subscription Form

The acceptance by the Company of a Subscriber's subscription for Debentures, whether in whole or in part, constitutes an agreement between the Subscriber and the Company upon the terms and conditions set out in such subscription agreement whereby the Subscriber, among other things: (i) acknowledges that he or she, upon purchase of the Debentures, is bound by the terms of the Indenture; and (ii) makes various representations and warranties as more particularly set forth in the subscription agreement.

ITEM 6 - REPURCHASE REQUESTS

Description of security	Date of end of financial year	Number of securities with outstanding repurchase requests on the first day of the year	Number of securities for which investors made repurchase requests during the year	Number of securities repurchased during the year	Average price paid for the repurchased securities	Source of funds used to complete the repurchases	Number of securities with outstanding repurchase requests on the last day of the year
Debentures	2023-12-31	0	0	0	N/A	N/A	0
Debentures	2024-12-31	0	6,227	6,227	$1,000/US$1,000	Cash on hand	0

Description of security	Beginning and end dates of the period	Number of securities with outstanding repurchase requests on the first day of the period	Number of securities for which investors made repurchase requests during the period	Number of securities repurchased during the period	Average price paid for the repurchased securities	Source of funds used to complete the repurchases	Number of securities with outstanding repurchase requests on the last day of the period
Debentures	2025-01-01 to 2025-05-27	0	500	500	$1,000/US$1,000	Cash on hand	0

ITEM 7 - INCOME TAX CONSEQUENCES AND RRSP ELIGIBILITY

You should consult your own professional advisers to obtain advice on the income tax consequences that apply to you.

The Debentures will be eligible for investment under RRSPs, RESPs, RRIFs, RDSPs, TFSAs and DPSPs.

ITEM 8 - COMPENSATION PAID TO SELLERS AND FINDERS

The Company will retain one or more securities dealers on a non-exclusive basis to effect sales of Debentures. The Company may pay a service or finder's fee to the dealer of each holder of Debentures of up to 1.00% per annum of the aggregate principal amount of Series A CDN Debentures, Series A+ CDN Debentures, Series UA USD Debentures, and Series UA+ USD Debentures. No such fee will be paid on the Series F CDN Debentures, Series F+ CDN Debentures, Series UF USD Debentures, and Series UF+ USD Debentures.

Flow Capital may may also incur marketing and other professional service expenses in connection with the Offering.

ITEM 9 - RISK FACTORS

An investment in the Company's securities should only be considered by those investors who can afford a total loss of their investment. The risks presented below should not be considered as exhaustive and may not represent all the risks that the Company may face. Additional risks and uncertainties not presently known to the Company or that the Company currently considers immaterial may also impair the Company's business operations. If any of the risks described below or in the Company's other public filings occur (including the risks discussed in the management information circular of the Company) the Company's business, financial condition, results of operation or prospects could be materially adversely affected and the Company's ability to satisfy its obligations, pay dividends or continue as a going concern could be threatened.

INVESTMENT RISKS

No Market for the Securities

This Offering Memorandum constitutes a private offering of Debentures by the Company only in those jurisdictions where and to those persons to whom, they may be lawfully ordered for sale under exemptions in applicable securities laws. This Offering Memorandum is not, and under no circumstances is to be construed as a prospectus, advertisement or public offering of these Debentures. Securityholders to this Offering Memorandum will not have the benefit of a review of the material by any regulator or regulatory authority.

As the Debentures are being offered without the benefit of a prospectus, the Debentures will be subject to a number of resale restrictions, including a restriction on trading. The Debentures may not be resold or otherwise transferred until the trading restriction expires or unless the securityholder complies with very limited exemptions from the prospectus requirements under applicable securities law. Therefore, there is significant risk that securityholders may be unable to liquidate their investment in the Debentures in a timely manner, if at all, withdraw their capital, or pledge their securities as collateral, and securityholders must be prepared to bear the economic risk of an investment. In executing the subscription agreement associated with these securities, an investor agrees to comply with applicable securities laws in connection with the purchase, holding and resale of any securities purchased.

Highly Speculative

An investment in the securities is highly speculative. Investors should buy them only if they are able to bear the risk of the entire loss of their investment and have no need for immediate liquidity in their investment.

The Debentures are Unsecured and Subordinate

The Debentures are unsecured and the payment of the principal of, and interest on, the Debentures will be subordinate in right of payment to the prior payment in full of all senior indebtedness. See Item 5.1 – “Terms of the Debentures”.

Additional Debt

The Company may issue additional debt or equity instruments in the future. Such additional financings may be issued without the approval of holders of Debentures and may be issued in such number and for such price as determined in the sole discretion of the Company. Debentureholders have no pre-emptive rights in connection with such additional issuances. It is not possible to predict the effect, if any, that future issuances of securities will have on the fair market value of the Debentures. With any additional issuance of securities, securityholders may experience dilution.

ISSUER RISKS

Dependence on the Performance of Investee Companies

The Company will be dependent on the operations, assets and financial health of the companies to which loans are advanced. The ability to meet operating expenses in the long-term will be largely dependent on the loan interest received from investee companies and realized gains on exits which will be the primary sources of cash flow. Loan interest payments will generally be based as a percentage of the principal amount advanced. The failure of any investee company to fulfill its loan interest obligations could adversely affect the Company’s results of operations, prospects or cash flow and could threaten the Company’s business, financial condition, ability to satisfy its obligations, pay dividends, or continue as a going concern. The Company conducts due diligence on each of its investee companies prior to entering into agreements with them and monitors investee company activities by receiving and reviewing regular financial reports. Nonetheless, there is a risk that there may be some liabilities or other matters that are not identified through the due diligence or ongoing monitoring that may have an adverse effect on an investee company's business, and this could have a material adverse impact on the Company’s business, financial condition, results of operations or prospects and could threaten the Company’s ability to satisfy its obligations, pay dividends or continue as a going concern.

Limited Number of Investee Companies and Concentration Risk

The Company has advanced funds against promissory notes and loan agreements from a small number of investee companies to date. While the intention is to make promissory notes investments in numerous companies in different technology and technology related industry sectors, it will take time to attain such diversification, if such diversification can be achieved at all. Until further diversification is achieved, the Company may have a significant portion of its assets dedicated to a single business sector or industry. In the event that any such business or industry is unsuccessful or experiences a downturn, this could have a material adverse effect on the Company’s business, financial condition, and results of operations or prospects and could threaten the Company’s ability to satisfy its obligations, pay dividends or continue as a going concern.

Limited Control Over Investee Company Management

Although loans do contain covenants and security provisions in the Company's favour, the Company does not have significant influence or control over any of the investee companies or their operations as the Company does not mandate board representation as a condition to investment. Interest payments received from the investee companies therefore depend upon several factors that may be outside of the Company's control.

Risk of Payment Defaults under Promissory Notes

While the Company believes that the Company has structured, and will continue to structure promissory notes in such a way as to encourage payment of interest and discourage default, there is no guarantee that investee companies will not default on their interest payment obligations as a result of business failure, obligations to shareholders, obligations to lenders or to other investors or stakeholders, or that on the occurrence of a default by an investee company the Company will be able to recover all or any of the investment. Such failure could have a material adverse effect on the Company's business, financial condition, results of operations or prospects and could threaten the Company's ability to satisfy its obligations or pay dividends.

Equity Risk

Equity risk is the potential for financial loss on shares held by the Company from declines or volatility in equity market prices. The Company's equity risk relates to all the shareholdings held by the Company. Accordingly, the Company has further exposure to equity risk as adverse fluctuations in the market value of such assets will result in corresponding adverse impacts on our revenue and profits.

Volatility of Share Price

Securities markets throughout the world are cyclical and, over time, tend to undergo high levels of price and volume volatility. A publicly traded company will not necessarily trade at values determined by reference to the underlying value of its business. The prices at which the Company's listed securities will trade cannot be predicted. The market price of the Company's listed securities could be subject to significant fluctuations in response to variations in quarterly and annual operating results, the results of any public announcements the Company makes, general economic conditions, and other factors. Increased levels of volatility and resulting market turmoil may adversely impact the price of the Company's listed securities. If as the Company expects, the Company is required to access capital markets to carry out its development objectives, the state of domestic and international capital markets and other financial systems could affect the Company's access to, and cost of, capital. Such capital may not be available on terms acceptable to the Company or at all, and this could have a material adverse impact on the Company's business, financial condition, results of operations or prospects and could threaten the Company's ability to satisfy its obligations, pay dividends or continue as a going concern.

Financing Risks

The Company has some history of earnings from operations. Due to the nature of the Company's business, there can be no assurance that the Company will always be profitable. While the Company may generate additional working capital through equity or debt offerings or through the receipt of interest payments from the Company's investee companies, there is no assurance that such funds will be sufficient to facilitate the development of the Company's business as currently planned or, in the case of equity financings, whether such funds will be available on terms acceptable to us or at all.

Outstanding Debt

Certain features of the Company’s outstanding debt could adversely affect the Company’s ability to raise additional capital, fund operations or pay dividends, could expose the Company to interest rate risks or limit the Company’s ability to react to changes in the economy and its industry, or could prevent the Company from meeting certain of its business objectives.

Dilution

The Company may be required to conduct additional equity financings to finance additional loan investments and develop the Company’s business as currently planned, if suitable credit facilities are not available. Any further issuance of equity shares pursuant to such equity financings will dilute the interests of existing shareholders, and existing shareholders will have no pre-emptive rights in connection with any such future issuances.

Ability to Negotiate Additional Promissory Notes

A key element of the Company's growth strategy involves writing promissory notes to new investee companies. The Company's ability to identify investee companies and acquire additional promissory notes is not guaranteed. Achieving the benefits of future investments will depend in part on successfully identifying and capturing such opportunities in a timely and efficient manner and in structuring such arrangements to ensure a stable and growing stream of revenues.

Ability to Manage Future Growth

The ability to achieve desired growth will depend on the Company’s ability to identify, evaluate and successfully negotiate new promissory notes from investee companies. Achieving this objective in a cost-effective manner will be a product of the Company’s sourcing capabilities, the management of the investment process, the ability to provide capital on terms that are attractive to potential investee companies and the Company's access to financing on acceptable terms. As the Company grows, the Company will also be required to hire, train, supervise and manage new employees. Failure to effectively manage any future growth or to successfully negotiate suitable new promissory notes could have a material adverse effect on the Company's business, financial condition, and results of operations or prospects and could threaten the Company’s ability to satisfy its obligations, pay dividends or continue as a going concern.

Exercise of Prepayment Option on Loans

Most loan agreements with investee companies contain or will contain prepayment options which allow investee companies to prepay the loan by paying an interest penalty.

While the prepayment provisions are designed to produce enhanced returns, if the Company has miscalculated the value of a buyout relative to the ongoing value of a lost loan interest stream, the return on an investment may be lower than expected, which could have a material adverse effect on the Company's business, financial condition, results of operations or prospects and could threaten the Company’s ability to satisfy its obligations or pay dividends. In addition, if the lost loan interest stream is not replaced with a new loan interest stream on a timely basis, there will be a reduction in the Company’s revenues in the financial periods following the exercise of the prepayment which could have a material adverse effect on the Company's business, financial condition, results of operations or prospects and could threaten the Company's ability to satisfy its obligations or pay dividends.

Risks Facing Investee Companies

As previously noted, the financial condition and results of operations will be affected by the performance of the companies in which the Company invests capital through loan investments. Each investee company will also be subject to risks which will affect their financial condition. Given that the Company is not privy to all aspects of the businesses in which we will make future investments, it is impossible to predict exactly what risks investee companies will face. Nonetheless, the Company expects that typical risks which companies might face include the following:

- Investee companies may need to raise capital through equity or debt financing. Such equity or debt may impair the ability of the investee companies to finance their future operations and capital needs. Flexibility to respond to changing business and economic conditions and to business opportunities may thereby be limited.
- The success of the Company's investee companies may depend on the management talents and efforts of one or two persons or a small group of persons. The death, disability or resignation of one or more of these persons could have a material adverse impact on an investee company.
- Investee companies may require additional working capital to carry out their business activities and to expand their businesses. If such working capital is not available, the financial performance and development of the businesses of the investee companies may be adversely affected.
- Damage to the reputation of the brands of the investee companies could negatively impact consumer opinion of those companies or their related products and services, which could have an adverse effect on their businesses.
- Investee companies may face intense competition, including competition from companies with greater financial and other resources, more extensive development, manufacturing, marketing, and other capabilities. There can be no assurance that the investee companies will be able to successfully compete against their competitors or that such competition will not have a material adverse effect on their businesses.
- Investee companies may experience reduced revenues with the loss of a customer representing a high percentage of their monthly revenues.
- Investee companies may experience reduced revenues due to an inability to meet regulatory requirements or may experience losses of revenues due to unforeseeable changes in regulations imposed by various levels of government.
- Investee companies may rely on government or other subsidy programs for revenue or profit generation. Changes or elimination of such programs may have an adverse effect on the Company.
- Investee companies may derive some of their revenues from non-domestic sources and may experience negative financial results based on foreign exchange losses.

Impact of Regulation and Regulatory Changes

The Company and investees are subject to a variety of laws, regulations, and guidelines in the jurisdictions in which the Company and investees operate and may become subject to additional laws, regulations and guidelines in the future in such jurisdictions. The financial and managerial resources necessary to ensure such compliance could escalate significantly in the future which could have a material adverse effect on the business, resources, financial condition, results of operations and cash flow of the Company and the investee companies and could threaten the Company's ability to satisfy its obligations, pay dividends or continue as a going concern. Such laws and regulations are also subject to change, and it is impossible for us to predict the cost or impact of changes to such laws and regulations on its future operations.

Foreign Account Tax Compliance

The Foreign Account Tax Compliance Act ("FATCA") is U.S. tax legislation that came into effect on July 1, 2014. FATCA generally imposes certain U.S. reporting and information gathering requirements, as well as a 30 percent withholding tax applied to certain payments received by a "foreign financial institution". Specifically, with respect to a Canadian entity, FATCA (as modified by the intergovernmental agreement between Canada and the United States, the "IGA", and the Income Tax Act (Canada) and the regulations thereunder (the "Tax Act")) requires a "reporting Canadian financial institution" to, amongst other things: (a) report to the Canada Revenue Agency (the "CRA") certain information regarding its U.S. holders and certain U.S. persons that indirectly hold interests in such reporting Canadian financial institution (other than equity and debt interests that are regularly traded on an established securities market); and (b) comply with certain reporting, verification, due diligence and other procedures established by the U.S. Internal Revenue Service (the "IRS") and/or the CRA. Further, unless a reporting Canadian financial institution complies with the FATCA reporting requirements (as modified by the IGA), it may be subject to 30 percent tax on certain payments it receives from U.S. withholding agents. A Canadian entity that is not a financial institution generally will be a non-financial foreign entity ("NFFE"). An NFFE does not have registration requirements on the IRS portal but may face a similar 30 percent FATCA withholding on certain payments unless it provides certain documentation to applicable withholding agents. Pursuant to the IGA, the Tax Act and published CRA guidance, we may be a reporting Canadian financial institution. We will continuously monitor any future guidance from the IRS and/or the CRA and will comply with any future changes in guidance as they relate to us to ensure that we are fully compliant with any differing or additional requirements that such guidance may dictate.

Tax Matters

The validity and measurement of tax benefits associated with various tax positions taken or expected to be taken in our tax filings are a matter of tax law and are subject to interpretation. Tax laws are complex, and their interpretation requires significant judgement. The provision for income taxes reflects management’s interpretation of the relevant tax laws and its best estimate of income tax implications of the transactions and events during the period. There can be a risk that tax authorities could differ in their interpretation of the relevant laws and could assert that tax positions taken by the Company give rise to a need for reassessment, including reassessment under specific or general anti-avoidance rules.

The assessment of additional taxes, interest and penalties or damage to the Company’s reputation could be materially adverse to our future results of operations or financial position. Under the liability method of accounting for income taxes, deferred tax assets are recognized for the carry forward of unused tax losses and tax credits, as well as amounts that have already been recorded in the financial statements but will not result in deductible amounts in determining taxable income until future periods. Deferred tax assets are recognized only to the extent that it is probable that taxable profit will be available against which the future tax deductions and unused tax losses can be utilized. At the end of each reporting period, we must assess the value of our deferred tax assets. The determination of our deferred tax assets is dependent upon projections of future taxable profits. Our projections require significant judgements and estimates about future events, including global economic conditions and the future profitability of the business. If the profitability of our business is lower than our projections or if our outlook diminishes significantly, we may be required to reduce the value of our deferred tax assets. Any change to our deferred tax assets could have a material adverse impact on our future results of operations or financial position. From time to time, there are changes to statutory corporate income tax rates. These changes require the Company to review and re-measure our deferred tax assets and liabilities as of the date of substantive enactment. Any future tax rate decreases could result in a reduction in the carrying value of the deferred tax asset and a corresponding income tax expense at the time of substantive enactment of a rate reduction.

Competition from Other Investment Companies

The Company competes with a number of venture debt funds, mezzanine funds, commercial banks, and venture capital funds, and other sources of financing, including the public capital markets. Some of the Company’s competitors are substantially larger and have considerably greater financial resources than the Company does. Competitors may have a lower cost of funds and many have access to funding sources and unique structures that are not available to the Company. In addition, some of the competitors may have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of investments than the Company. Pressure from the Company’s competitors may have a material adverse effect on the Company’s business, financial condition, results of operations or prospects and could threaten the Company’s ability to satisfy its obligations, pay dividends or continue as a going concern.

Impact of Quarterly and Annual Financial Reporting

There can be no assurance that the Company will be profitable on a quarterly or annual basis. The business strategies may not be successful. As a reporting company, the Company will be required to report financial results on an annual and quarterly basis. If the Company’s business is not profitable, the market price of the Company’s shares may decline.

Payment of Dividends

There is uncertainty with respect to future dividend payments by the Company and the level thereof. Holders of the Company’s Common Shares do not have a right to dividends on such shares unless declared by the Board of Directors of the Company. The declaration of dividends is at the discretion of the Board of Directors of the Company, even if the Company has sufficient funds, net of its liabilities, to pay such dividends, and the declaration of any dividend will depend on the Company’s financial results, cash requirements, future prospects and other factors deemed relevant by the Board of Directors of the Company.

Currency Fluctuations

Certain of the Company’s interest payments may be paid and received in United States dollars and potentially other foreign currencies. The Canadian dollar relative to the United States dollar or other foreign currencies is subject to fluctuations. Failure to adequately manage foreign exchange risk could therefore adversely affect the Company's business, financial condition, results of operations or prospects and could threaten the Company’s ability satisfy its obligations or pay dividends.

Reliance on Key Personnel

The Company's success will depend on the abilities, experience, efforts and industry knowledge of the Company’s senior management and other key employees. The long-term loss of the services of any key personnel for any reason could have a material adverse effect on business, financial condition, results of operations or prospects and could threaten the Company’s ability to satisfy its obligations, pay dividends or continue as a going concern. In addition, the growth plans may require additional employees, increase the demand on management and produce risks in both productivity and retention levels. The Company may not be able to attract and retain additional qualified management and employees as needed in the future. There can be no assurance that the Company will be able to effectively manage growth, and any failure to do so could have a material adverse effect on the Company's business, financial condition, results of operations or prospects.

Conflicts of Interest

Certain of the Company's directors and officers will also serve as directors and/or officers of other companies. Consequently, there exists the possibility for such directors and officers to be in a position of conflict. Any decision made by any of such directors and officers will be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of the Company and its shareholders. In addition, each of the directors is required to declare and refrain from voting on any matter in which such director may have a conflict of interest in accordance with the procedures set forth in applicable corporate legislation and under other applicable laws and could threaten the Company's ability to satisfy its obligations, pay dividends or continue as a going concern.

Effect of General Economic and Political Conditions

The Company's business, and the business of each of its investee companies, is subject to the impact of changes in national economic conditions including, but not limited to, recessionary or inflationary trends, equity market conditions, consumer credit availability, interest rates, consumers' disposable income and spending levels, job security and unemployment, and overall consumer confidence. These economic conditions may be further affected by political events throughout the world that cause disruptions in the financial markets, either directly or indirectly. Adverse economic and political developments could have a material adverse effect on the business, financial condition, results of operations or prospects of the Company and its investee companies and could threaten the Company's ability to satisfy its obligations, pay dividends or continue as a going concern.

Sale of Common Shares by Existing Shareholders

If the Company's shareholders sell substantial amounts of the Company's shares in the public market, the market price of the Company's shares may decline.

Legal Proceedings

In the normal course of business, the Company may be subject to lawsuits, claims, regulatory proceedings, and litigation for amounts not covered by the Company's liability insurance. Some of these proceedings could result in significant costs, whether or not resolved in the Company's favour.

Analyst Reports

The trading price of the Company's Common Shares will be influenced by the research and other reports that industry or securities analysts publish about it, its business, its market or its competitors. If any of the analysts who cover the Company changes his or her recommendation regarding the Company's stock adversely or provides more favourable relative recommendations about the Company's competitors, the Company's stock price would likely decline. If any analyst who covers the Company were to cease such coverage or fail to regularly publish reports on the Company, the Company could lose visibility in the financial markets, which in turn could cause the stock price or trading volume to decline.

Accounting Policies and Methods

The accounting policies and methods the Company utilizes determine how the Company reports its financial condition and results of operations, and they may require management to make estimates or rely on assumptions about matters that are inherently uncertain. Such estimates and assumptions may require revisions, and these changes may materially adversely affect the Company's business, financial condition, and results of operations or prospects. The Company accounts for its investments in financial assets under IFRS 9. IFRS 9 requires that certain investments be measured at fair value through profit or loss rather than amortized cost. Changes in the fair value of certain investments are recognized in consolidated comprehensive income (loss) reflecting market conditions. The Company may have to amend the valuation of its investment in an investee company if the value of such investee company declines, which could have a material adverse effect on the Company's business, financial condition, results of operations or prospects.

ITEM 10 - REPORTING OBLIGATIONS

We are not required to send you any documentation on an annual or ongoing basis. However, the Company will provide all Debentureholders with access to the same materials as are received by holders of Common Shares by posting the same on SEDAR+, which can be accessed at www.sedarplus.ca or on the Company’s website.

As a reporting issuer, Flow Capital is required to comply with the provisions of National Instrument 51-102 *Continuous Disclosure Obligations*, which includes the periodic filing of its financial statements and reporting all material information.

ITEM 11 - RESALE RESTRICTIONS

The Debentures will be subject to a number of resale restrictions under securities legislation, including a restriction on trading. The Debentures are not listed on any stock exchange or market. Until the restriction on trading expires, you will not be able to trade the Debentures except pursuant to an exemption from the prospectus requirements under securities legislation. For more information about these resale restrictions, you should consult a lawyer.

Unless permitted under securities legislation, you cannot trade the Debentures before the date that is 4 months and a day after the distribution date.

ITEM 12 - PURCHASERS' RIGHTS

If you purchase these securities, you will have certain rights, some of which are described below. For more information about your rights, you should consult a lawyer.

Two Day Cancellation Right for a Subscriber

You can cancel your agreement to purchase these Debentures. To do so, you must send a notice to us by midnight on the second (2^{nd}) Business Day after you sign the agreement to buy the Debentures.

Statutory Rights of Action in the Event of a Misrepresentation

Applicable securities legislation in the provinces and territories of Canada provides purchasers with a statutory right of action for damages or recission in cases where an offering memorandum or any amendment thereto contains an untrue statement of a material fact or omits to state a material fact that is required to be stated or is necessary to make any statement contained therein no misleading in light of the circumstances in which it was made (a "**misrepresentation**"). These rights, or notice with respect thereto, must be exercised or delivered, as the case may be, by purchasers within the time limits prescribed and are subject to the defences and limitations contained under applicable securities legislation.

Purchasers in Alberta

If there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue: (a) the Company to cancel your agreement to buy these securities; or (b) for damages against the Company, every person who was a director of the Company at the date of this Offering Memorandum, and every person who signed this Offering Memorandum.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defences available to the persons or companies that you have a right to sue. In particular, they have a defence if you knew about the misrepresentation when you purchased the securities. If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after the date of the transaction that gave rise to the cause of action. You must commence your action for damages within the earlier of: (a) 180 days after learning of the misrepresentation; or (b) three years after the date of the transaction that gave rise to the cause of action.

Purchasers in British Columbia

If there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue: (a) the Company to cancel your agreement to buy these securities; or (b) for damages against the Company, every person who was a director of the Company at the date of this Offering Memorandum, and every person who signed this Offering Memorandum.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defences available to the persons or companies that you have a right to sue. In particular, they have a defence if you knew about the misrepresentation when you purchased the securities. If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after the date of the transaction that gave rise to the cause of action. You must commence your action for damages within the earlier of: (a) 180 days after learning of the misrepresentation; or (b) three years after the date of the transaction that gave rise to the cause of action.

Purchasers in Saskatchewan

If there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue: (a) the Company to cancel your agreement to buy these securities; or (b) for damages against the Company, every promoter of the Company and every person who was a director of the Company at the date of this Offering Memorandum, every person whose consent has been filed respecting the offering but only with respect to reports, opinions or statements that have been made by them, every person who or company that signed this Offering Memorandum and every person who or company that sells securities on behalf of the Company under this Offering Memorandum.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defences available to the persons or companies that you have a right to sue. In particular, they have a defence if you knew about the misrepresentation when you purchased the securities. If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after the date of the transaction that gave rise to the cause of action. You must commence your action for damages within the earlier of: (a) one year after learning of the misrepresentation; or (b) six years after the date of the transaction that gave rise to the cause of action.

Purchasers in Ontario

If there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue: (a) the Company to cancel your agreement to buy these securities; or (b) for damages against the Company.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defences available to the persons or companies that you have a right to sue. In particular, they have a defence if you knew about the misrepresentation when you purchased the securities. If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after the date of the transaction that gave rise to the cause of action. You must commence your action for damages within the earlier of: (a) 180 days after learning of the misrepresentation; or (b) three years after the date of the transaction that gave rise to the cause of action.

Purchasers in Manitoba

If there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue: (a) the Company to cancel your agreement to buy these securities; or (b) for damages against the Company, every person who was a director of the Company at the date of this Offering Memorandum, and every person who signed this Offering Memorandum.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defences available to the persons or companies that you have a right to sue. In particular, they have a defence if you knew about the misrepresentation when you purchased the securities. If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after the date of the transaction that gave rise to the cause of action. You must commence your action for damages within the earlier of: (a) 180 days after learning of the misrepresentation; or (b) two years after the date of the transaction that gave rise to the cause of action.

Purchasers in New Brunswick

If there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue: (a) the Company to cancel your agreement to buy these securities; or (b) for damages against the Company.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defences available to the persons or companies that you have a right to sue. In particular, they have a defence if you knew about the misrepresentation when you purchased the securities. If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after the date of the transaction that gave rise to the cause of action. You must commence your action for damages within the earlier of: (a) one year after learning of the misrepresentation; or (b) six years after the date of the transaction that gave rise to the cause of action.

Purchasers in Nova Scotia

If there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue: (a) the Company to cancel your agreement to buy these securities; or (b) for damages against the Company, every person who was a director of the Company at the date of this Offering Memorandum, and every other person who signed this Offering Memorandum.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defences available to the persons or companies that you have a right to sue. In particular, they have a defence if you knew about the misrepresentation when you purchased the securities. If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after the date of the transaction that gave rise to the cause of action. You must commence your action for damages within the earlier of: (a) 180 days after learning of the misrepresentation; or (b) three years after the date of the transaction that gave rise to the cause of action. Furthermore, no action shall be commenced to enforce the right of action discussed above unless an action is commenced to enforce that right not later than 120 days after the date on which payment was made for the securities or after the date on which the initial payment for the securities was made where payments subsequent to the initial payment are made pursuant to a contractual commitment assumed prior to, or concurrently with, the initial payment.

Purchasers in Newfoundland and Labrador

If there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue: (a) the Company to cancel your agreement to buy these securities; or (b) for damages against the Company, every person who was a director of the Company at the date of this Offering Memorandum, and every person who signed this Offering Memorandum.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defences available to the persons or companies that you have a right to sue. In particular, they have a defence if you knew about the misrepresentation when you purchased the securities. If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after the date of the transaction that gave rise to the cause of action. You must commence your action for damages within the earlier of: (a) 180 days after learning of the misrepresentation; or (b) three years after the date of the transaction that gave rise to the cause of action.

Purchasers in Prince Edward Island, Northwest Territories, Nunavut and Yukon

If there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue: (a) the Company to cancel your agreement to buy these securities; or (b) for damages against the Company, every person who was a director of the Company at the date of this Offering Memorandum and every person who signed this Offering Memorandum.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defences available to the persons or companies that you have a right to sue. In particular, they have a defence if you knew about the misrepresentation when you purchased the securities. If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after the date of the transaction that gave rise to the cause of action. You must commence your action for damages within the earlier of: (a) 180 days after learning of the misrepresentation; or (b) three years after the date of the transaction that gave rise to the cause of action.

Contractual Rights of Action in the Event of a Misrepresentation

If you reside outside of Canada or in Quebec you are not entitled to the statutory rights of action described above. However, if there is a misrepresentation in this Offering Memorandum, you have a contractual right to sue the Company the Company: (a) to cancel your agreement to buy these securities, or (b) for damages.

This contractual right to sue is available to you whether or not you relied on the misrepresentation. However, in an action for damages, the amount you may recover will not exceed the price that you paid for your securities and will not include any part of the damages that the Company proves does not represent the depreciation in value of the securities resulting from the misrepresentation. The Company has a defence if it proves that you knew of the representation when you purchased the securities. If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after you signed the agreement to purchase securities. You must commence your action for damages within the earlier of 180 days after learning of the misrepresentation and 3 years after you signed the agreement to purchase the securities.

Cautionary Statement Regarding Report, Statement or Opinion by Expert

This Offering Memorandum includes the Independent Auditor’s Reports of Dale Matheson Carr-Hilton LaBonte LLP. You do not have a statutory right of action against this party for a misrepresentation in the Offering Memorandum. You should consult with a legal advisor for further information.

ITEM 13 - FINANCIAL STATEMENTS

Flow Capital Corp.

Consolidated Financial Statements

For the year ended December 31, 2024

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Independent Auditor's Report

To the Shareholders of Flow Capital Corp.

Opinion

We have audited the consolidated financial statements of Flow Capital Corp. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2024 and 2023, and the consolidated statements of comprehensive income (loss), changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information. (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the 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.

Key Audit Matters

Key audit matters are those matters, that in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be key audit matters to be communicated in our report.

KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN THE AUDIT
Allowance for expected credit losses on loans receivable We draw attention to Notes 7 and 11 to the financial statements. As at December 31, 2024, the Company has recognized an expected credit loss allowance of $4,186,002 relating to its loan receivable balance of $57,086,396. The Company recognizes an allowance for expected credit losses based on an assessment of the risk of various counterparties to financial instruments failing to meet their contractual obligations and the expected loss given an event of default. We considered this a key audit matter due to: • the significant potential impact that the allowance for expected credit losses could have on the Company's total assets and net loss; and • the significant management estimates and judgments required to determine the inputs used in the Company's expected credit loss model and that these estimates and judgments are subjective. Auditing these estimates requires a high degree of judgment and subjectivity in applying audit procedures and in evaluating the results of those procedures. This resulted in an increased extent of audit effort, including the involvement of valuation specialists.	Our approach to addressing the matter included the following procedures, among others: • Evaluated the reasonableness of the probability of default and management's classification of its loans receivables and whether there had been a significant increase in credit risk by testing that the borrowers were current with their loan payments during the reporting period and assessed the borrowers' recent performance and financial condition; • Inspected the loan agreements and confirmed with borrowers to verify the types of security positions held by the Company; • Assessed the potential value of collateral offered by the security position held by the Company and the extent to which it would reduce the quantum of the loss in the event of default; • Based on third-party publicly available information, assessed the reasonableness of managements assessment of the allowance for expected credit losses on both individual loan receivables and the loan receivable portfolio as a whole; • With the assistance of a valuation specialists, evaluated the reasonableness of inputs used by management in the determination of the allowance for expected credit losses; and • Assessed the adequacy of the Company's financial statement disclosures relating to this matter.

Value of investments classified as fair value through profit or loss
 	
We draw attention to Notes 7 and 11 to the financial statements. As at December 31, 2024, the Company holds $7,243,342 of investments that are classified at fair value through profit or loss. These investments consist of royalty investments, common shares that are publicly traded, common shares that are not publicly traded, and share purchase warrants. The common shares that are publicly traded are measured based on a quoted share price. The other investments classified at fair value through profit or loss are measured using various valuation models and techniques, including:
• Discounted cash flows models;
	Our approach to addressing the matter included the following procedures, among others:
	• With the assistance of valuation specialists,
	  ○ Evaluated the reasonableness of the valuation models and techniques selected by management; and
	  ○ Assessed the reasonableness of the inputs used by management in estimating the fair value of its investments, including by:
	    ▪ developing a range of independent estimates for various inputs, such as discount rates and share price

- Black-Scholes Option Pricing Models;
- Revenue multiples; and
- Implied prices from historical transactions, adjusted where applicable.

We considered this a key audit matter due to:

- the significant carrying value of the Company's investments classified at fair value through profit or loss and the sensitivity a change in an input used in the applicable valuation model could have on the Company's total assets and net income; and
- the significant management estimates and judgments required to determine the inputs used in the valuation models and that these estimates and judgments are subjective.

Auditing these estimates requires a high degree of judgment and subjectivity in applying audit procedures and in evaluating the results of those procedures. This resulted in an increased extent of audit effort, including the involvement of valuation specialists.

volatilities, revenue multiples and comparing those ranges to the inputs selected by management,

- testing the reasonableness of growth rates and other unobservable inputs by comparing these inputs to historical information and other applicable data, and
- testing the accuracy of observable inputs used by agreeing to the applicable source of the data;

- Performed sensitivity analysis;
- Performed recalculation of certain inputs in the valuation models for mathematical accuracy; and
- Assessed the adequacy of the Company's financial statement disclosures relating to this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

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

In connection with our audit of the 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 financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, 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 Financial Statements

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

In preparing the 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 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 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 auditor's report to the related disclosures in the 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 auditor's 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Heather McGhie.

DMCL.

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

April 30, 2025

Flow Capital Corp.
Consolidated Statements of Financial Position

(Canadian dollars)

	Note		December 31, 2024		December 31, 2023
Assets					
Current Assets					
Cash	9	$	2,365,287	$	5,222,829
Accounts receivable & accrued income			146,883		-
Investments – current portion	11		11,295,905		22,394,870
Prepaid expenses and other receivables	10		430,345		370,272
Total Current Assets			**14,238,420**		**27,987,971**
Non-Current Assets					
Property and equipment	12		547		1,217
Transaction cost	16		399,439		-
Deferred tax asset	14		8,537,463		8,075,153
Investments – non-current portion	11		48,847,831		27,528,192
Total Non-Current Assets			57,785,280		35,604,562
Total Assets		**$**	**72,023,700**	**$**	**63,592,533**
Liabilities and Shareholders' Equity					
Current Liabilities					
Accounts payable and accrued liabilities	13	$	1,922,966	$	2,714,286
Income tax liability			13,603		151,091
Preferred shares – current portion	15		366,667		-
Total Current Liabilities			**2,303,236**		**2,865,377**
Non-Current Liabilities					
Preferred shares – non current portion	15		733,334		1,100,001
Revolving credit facility	16		4,316,700		-
Redeemable debt – non-current portion	15		27,773,954		21,972,324
Total Non-Current Liabilities			32,823,988		23,072,325
Total Liabilities		**$**	**35,127,224**	**$**	**25,937,702**
Shareholders' Equity (Note 17)					
Common shares		$	52,069,055	$	52,567,360
Contributed surplus			962,787		620,369
Accumulated other comprehensive loss			-		(250,069)
Accumulated deficit			(16,135,366)		(15,282,829)
Total Shareholders' Equity			**36,896,476**		**37,654,831**
Total Liabilities and Shareholders' Equity		**$**	**72,023,700**	**$**	**63,592,533**

See accompanying notes to the consolidated financial statements.

Approved on behalf of the Board of Directors on April 30, 2025:

"Vernon Lobo"
Vernon Lobo, Director

"Alan Torrie"
Alan Torrie, Director

Flow Capital Corp.
Consolidated Statements of Comprehensive Income (Loss)

(Canadian dollars)

	Note	Year ended December 31, 2024	Year ended December 31, 2023
Revenues			
Income from financial assets			
Loan interest and royalty revenue	18	$ 9,305,658	$ 7,114,942
Income from changes in values of financial assets	18	(6,110,894)	(1,428,862)
Total income from financial assets		3,194,764	5,686,080
Other interest, fee income and gains	18	491,306	158,820
Total Revenues		**3,686,070**	**5,844,900**
Operating Expenses			
Salaries, benefits and staffing costs	20	$ 2,028,679	$ 1,679,119
Restructuring costs	20	70,000	293,750
Share-based compensation	21	425,550	424,383
Depreciation		670	25,107
Professional fees		680,670	641,187
Office and general administrative		735,629	206,030
Total Operating Expenses		**3,941,198**	**3,269,576**
Operating Loss		**$ (255,128)**	**$ 2,575,324**
Financing expense	22	(3,008,130)	(2,038,940)
Foreign exchange gains and (losses)	19	1,864,727	(583,438)
Loss before income taxes		**(1,398,531)**	**(47,054)**
Income Taxes			
Current income tax (expense) recovery	14	$ 83,684	$ (456,183)
Deferred tax (expense) recovery	14	462,310	133,760
Total Income Tax		**$ 545,994**	**$** (322,423)
Net Loss		**$ (852,537)**	**$ (369,477)**
Other comprehensive loss that may be subsequently reclassified to profit or loss			
Foreign currency translation		-	(25,039)
Comprehensive Loss		**$ (852,537)**	**$ (394,516)**
Loss per share (Note 23)			
Loss per share			
Basic loss per share		$ (0.028)	$ (0.012)
Diluted loss per share		$ (0.028)	$ (0.012)

See accompanying notes to the consolidated financial statements.

Flow Capital Corp.
Consolidated Statements of Changes in Shareholders' Equity

(Canadian dollars)

	Note	Number of common shares	Common share capital	Accumulated other comprehensive loss	Warrants	Contributed surplus	Accumulated deficit	Total
Balance, January 1, 2023		**31,290,610**	**$ 52,164,711**	**$ (225,030)**	**$ 477,496**	**$ 798,504**	**$ (15,075,254)**	**$ 38,140,427**
Shares issued								
Options execised		929,308	602,518	-	-	(602,518)	-	-
Warrants exercised		1,631,945	1,033,650	-	(315,594)	-	-	718,056
Warrants expired	17	-	-	-	(161,902)	-	161,902	-
Share-based compensation						424,383		424,383
Treasury shares cancelled	17	(2,233,500)	(1,222,351)	-	-	-	-	(1,222,351)
Share cancellation cost		-	(11,168)	-	-	-	-	(11,168)
Foreign currency translation		-	-	(25,039)	-	-	-	(25,039)
Net income for the year		-	-	-	-	-	(369,477)	(369,477)
Balance, December 31, 2023		**31,618,363**	**$ 52,567,360**	**$ (250,069)**	**$ -**	**$ 620,369**	**$ (15,282,829)**	**$ 37,654,831**
Balance, January 1, 2024		**31,618,363**	**$ 52,567,360**	**$ (250,069)**	**$ -**	**$ 620,369**	**$ (15,282,829)**	**$ 37,654,831**
Shares issued								
Options exercised		189,500	87,631	-	-	(83,131)	-	4,500
Share-based compensation	17	-	-	-	-	425,549	-	425,549
Treasury shares cancelled	17	(1,107,500)	(580,398)	-	-	-	-	(580,398)
Share cancellation cost		-	(5,538)	-	-	-	-	(5,538)
Foreign currency translation		-	-	250,069	-	-	-	250,069
Net loss for the year		-	-	-	-	-	(852,537)	(852,537)
Balance, December 31, 2024		**30,700,363**	**$ 52,069,055**	**$ -**	**$ -**	**$ 962,787**	**$ (16,135,366)**	**$ 36,896,476**

See accompanying notes to consolidated financial statements.

Flow Capital Corp.

Consolidated Statements of Cash Flows

(Canadian dollars)

	Note	Year ended December 31, 2024	Year ended December 31, 2023
Cash flows from operating activities			
Net loss		$ (852,537)	$ (369,477)
Adjustments for non-cash items			
Share-based compensation		425,550	424,383
Depreciation		670	25,107
Adjustments relating to investments at carrying value			
Unrealized foreign exchange loss (gain)		(307,560)	656,295
Adjustments to fair value and expected credit losses		6,180,872	(324,606)
Realized loss on investments written-off		468,506	1,860,000
Realized (gain) on sale of investments		(590,174)	-
Gain on loan modification		51,691	(106,531)
New investments and loan advances		(28,794,014)	(12,587,495)
Loan amortization income		(1,022,796)	(848,706)
Amortization transaction cost		52,240	-
Loan interest and royalty revenue earned in excess of cash received		(290,749)	(61,894)
Proceeds received on sale of shares and loan repayments		15,783,769	2,053,107
Other Adjustments			
Financing expense		3,008,130	2,038,940
Income tax expense		(545,994)	322,423
Income tax paid		(225,831)	(876,164)
Tax refund receivable		(127,589)	-
Dividend receivable		(6,643,398)	-
Dividend received		6,673,389	-
Changes in working capital items	25	(1,025,699)	1,477,195
Net Cash Flows used in Operating Activities		**(7,781,524)**	**(6,317,423)**
Cash flows from financing activities			
Common shares repurchased for treasury		(585,936)	$ (1,233,519)
Lease liability payments		-	(22,554)
Interest paid		(2,941,741)	(1,841,156)
Advance from revolving credit facility, net of transaction costs		3,731,345	-
Redemption of redeemable debt		-	(147,000)
Debentures redeemed		(6,749,332)	(280,280)
Redemption of preference shares		-	(120,000)
Debentures issued		11,368,712	4,988,200
Common shares issued		4,500	718,056
Net Cash flows from Financing Activities		**4,827,548**	**2,061,747**
Foreign exchange impact on cash		**$ 96,434**	**$ (82,105)**
Net decrease in cash during the year		**(2,857,542)**	**(4,337,781)**
Cash, beginning		5,222,829	9,560,610
Cash, ending		**$ 2,365,287**	**$ 5,222,829**

See accompanying notes to the consolidated financial statements.

In Canadian dollars, for the year ended December 31, 2024

1. Corporate information and nature of business

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, Tuscaora Capital Inc, Flow Capital Partnership Holding Corp, and Flow Priority Return Fund II LP. The US subsidiary 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 issue 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, Flow Investment Services Corp., Flow Investment Holdings Corp., LogiQ Capital 2016, Tuscaora Capital Inc., Flow Capital Partnership Holdings Corp., and Flow Priority Return Fund II. The functional currency of the Company's subsidiary Flow Capital US Corp. is 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 consolidated financial statements have been prepared based on IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The financial statements were approved and authorized by the Board of Directors on April 30, 2025.

3. Material accounting policy information

(A) Basis of consolidation

The financial statements of all entities controlled by the Company are included in the consolidated financial statements from the date control commenced. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Company's subsidiaries have the same reporting date as the Company. Intra-group balances and transactions are eliminated on consolidation.

(B) Foreign currency translation

Transactions and balances

Transactions in foreign currencies are initially recorded by the Company at the foreign currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchange at the reporting date. All differences are taken to the consolidated statements of comprehensive income and loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Translation to the Presentation Currency

Prior to wind up financial statements of the US subsidiary were translated from its functional currency to Canadian dollars. Assets and liabilities were translated at the closing exchange rate at the statement of financial position date, and income and expenses translated using the average exchange rates. The accumulated gains or losses arising from translation of functional currencies to the presentation currency, were included as a separate component of Other Comprehensive Income within equity.

(C) Revenue recognition

Income from investments

i) Loan interest and royalty revenue

Loan interest and royalty revenue are recognized in the statement of comprehensive income when earned and collection is probable.

ii) Adjustments to fair value

Adjustments to fair value of the investments measured at fair value through profit and loss is recognized in the statement of comprehensive income under Adjustments to fair value. The change in the fair value consists of gains or losses both realized and unrealized in the fair value of the investment.

iii) Realized gain (loss) from sale of investments and realized loss from investments written-off

Realized gain (loss) from sale of investments is recognized in the statement of comprehensive income when an investee buyout occurs or when gains or losses are incurred on the sale of equity instruments. Realized loss from investments written-off is recognized at the date the investment is written off when there is no expectation of any recovery in the future.

iv) Allowance for expected credit losses

An allowance for expected credit losses (“ECL”) is maintained based on 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 or, to assess if the collateral offered by the security position held by the Company is sufficient and if needed, record an impairment. Changes to the ECL are recorded in revenue from financial assets.

Other interest, fee income and gains (losses)

Other interest income includes interest income earned on short term money market investments. Other interest income, one-time fee income and gains is accrued in the statement of comprehensive income when earned and is presented in Other interest, fee income and gains.

(D) Taxes

Current income tax

Current income tax assets and liabilities for the respective period are measured at the amount expected to be recovered from or paid to taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the reporting date, in the countries where the Company operates and generates taxable income.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of any deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred tax relate to the same taxable entity and the same taxation authority.

(E) Financial instruments

(i) Financial assets

Initial recognition and measurement

A financial asset is measured initially at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. On initial recognition, a financial asset is classified as measured at amortised cost or fair value through profit or loss. A financial asset is measured at amortised cost if it meets the conditions that i) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows, ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, and iii) is not designated as fair value through profit or loss.

For investments at fair value, the Company has determined that these assets must be classified as financial assets measured at fair value through profit or loss as the contractual terms of the agreements do not give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company also classifies equity-accounted investments and cash as fair value through profit and loss.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets measured at fair value through profit and loss are carried in the statement of financial position at fair value with changes in fair value therein, recognized in the statement of comprehensive income and loss. Cash and investments in royalties and equity securities are classified within these categories.

Financial assets measured at amortized cost

A financial asset is subsequently measured at amortized cost, using the effective interest method and net of any impairment allowance, if:

- the asset is held within a business whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest.

Accounts receivable and loans receivable are classified as measured at amortized cost.

(ii) Derecognition

A financial asset or, where applicable a part of a financial asset or part of a group of similar financial assets is derecognized when:

- the contractual rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

(iii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or financial liabilities subsequently measured at amortized cost. The Company determines the classification of its financial liabilities at initial recognition. The Company’s financial liabilities are accounts payable and accrued liabilities, redeemable debt and preferred share liability, which are recognized on an amortized cost basis.

(iv) Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(v) Fair value of financial instruments

Fair value is determined based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Fair value is measured using the assumptions that market participants would use when pricing an asset or liability. Typically, fair value is determined by using quoted prices in active markets for identical or similar assets or liabilities. When quoted prices in active markets are not available, fair value is determined using valuation techniques that maximize the use of observable inputs. When observable valuation inputs are not available, significant judgement is required through determining the valuation technique to apply, the valuation techniques such as discounted cash flow analysis and selecting inputs. The use of alternative valuation techniques or valuation inputs may result in a different fair value. A description of the fair value methodologies and assumptions by type of asset is included in Note 7.

(vi) Transaction costs

Transaction costs for financial instruments classified as fair value through profit and loss are recognized as an expense in professional fees, in the period the cost was incurred. For all financial instruments measured at amortized cost, the transaction costs are included in the initial measurement of the financial asset or financial liability and are amortized using the effective interest rate method over a period that corresponds with the term of the financial instruments.

(vii) Embedded Derivatives

For financial liabilities measured at amortized cost, under certain conditions, an embedded derivative must be separated from its host contract and accounted for as a derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, a credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. For financial assets at fair value through profit or loss, any embedded derivatives are not separated from its host contract.

(F) Cash

Cash in the statement of financial position comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less.

The Company uses the indirect method of reporting cash flow from operating activities.

(G) Provisions

Provisions are recognized when the Company has a present obligation, legal or constructive, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized in the statement of comprehensive income or loss.

(H) Earnings per share

Basic earnings per share is calculated by dividing the income or loss for the period by the weighted average number of common shares outstanding during the period. The Company uses the treasury stock method for calculating the dilutive effect of the outstanding stock options and other dilutive securities. Under the treasury stock method, the weighted average number of common shares outstanding used for the calculation of diluted income or loss per share assumes that the proceeds to be received on the exercise of dilutive share options are used to repurchase common shares at the average market price during the period.

(I) Share-based compensation

The Company has a share-based compensation plan. The Company accounts for share-based compensation options and Performance Stock Units (**"PSUs"**) granted to employees and consultants using the fair value method. Under this method, compensation expense for share-based compensation granted is measured at the fair value at the grant date, using a Black-Scholes Option Pricing Model. In accordance with the fair value method, the Company recognizes estimated compensation expense related to share-based compensation over the vesting period of the options granted, with the related credit being charged to contributed surplus. Consideration paid by employees on the exercise of share-based compensation is recorded as share capital and the related share-based compensation is transferred from contributed surplus to share capital.

4. 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 royalty agreements and equity securities. Fair values are categorized into different levels of a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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.

Further information about the assumptions made in measuring fair values for financial instruments are included in Note 7.

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 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 7.

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.

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. Refer to note 13 for additional information relating to this estimate.

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 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.

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.

In Canadian dollars, for the year ended December 31, 2024

6. 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.

7. 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
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**

	Level 1	Level 2	Level 3	Total
December 31, 2023				
Cash	$ 5,222,829	$ -	$ -	$ 5,222,829
Royalty agreements	-	-	3,624,082	3,624,082
Equity securities in investee companies	390,953	-	4,465,613	4,856,566
	$ 5,613,782	**$ -**	**$ 8,089,695**	**$ 13,703,477**

In Canadian dollars, for the year ended December 31, 2024

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.

	Balance at December 31, 2023	Total losses recognized in profit or loss	Investments	Buyouts and Redemptions	Balance at December 31, 2024
Royalty agreements	$ 3,624,082	$ (132,156)	$ 117,439	$ (1,530,069)	$ 2,079,296
Equity securities in investee companies	4,465,613	(1,980,421)	1,891,814	-	4,377,006
Total	**$ 8,089,695**	**$ (2,112,577)**	**$ 2,009,253**	**$ (1,530,069)**	**$ 6,456,302**

	Balance at December 31, 2022	Total losses recognized in profit or loss	Investments	Buyouts and Redemptions	Balance at December 31, 2023
Royalty agreements	$ 4,023,033	$ (325,562)	$ (40,632)	$ (32,757)	$ 3,624,082
Equity securities in investee companies	4,735,354	(718,462)	448,721	-	4,465,613
Total	**$ 8,758,387**	**$ (1,044,024)**	**$ 408,089**	**$ (32,757)**	**$ 8,089,695**

The valuation technique used to determine the fair value of the royalty agreements is a discounted cash flow model. The most significant unobservable inputs used in the valuation are the discount rate (range is between 18.2%-20%), growth rate of the revenues of the investee (range is between -3% 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 the 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 December 31, 2024 as follows:

December 31, 2024		December 31, 2024	
Revenue growth rate -1%	Revenue growth rate +1%	Discount rate -1%	Discount rate +1%
$ (8,597)	$ 8,597	$ 55,554	$ (49,196)

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, which includes common shares and warrants to purchase shares 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 December 31, 2024, 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.

December 31, 2024		December 31, 2024	
Share price 10% lower	Share price 10% higher	Volatility 10% lower	Volatility 10% higher
$ (476,443)	$ 638,683	$ (139,223)	$ 350,415

c) Loans receivable measured at amortized cost

Loans receivable are recorded at amortized cost net of expected credit losses. The carrying amounts at December 31, 2024 and December 31, 2023 are $52,900,394 and $41,442,414, respectively, and approximate the fair value.

The following table summarizes loans receivable assessed at each stage of impairment (refer note 8) and the expected credit loss allowance, at December 31, 2024 and December 31, 2023.

In Canadian dollars, for the year ended December 31, 2024

December 31, 2024	Stage 1	Stage 2	Stage 3	Total
Loans receivable at amortized cost	$ **50,971,071**	$ **2,518,075**	$ **3,597,250**	$ **57,086,396**
Allowance for expected credit losses	(579,942)	(777,273)	(2,828,787)	(4,186,002)
	$ **50,391,129**	$ **1,740,802**	$ **768,463**	$ **52,900,394**

December 31, 2023	Stage 1	Stage 2	Stage 3	Total
Loans receivable at amortized cost	$ **32,001,148**	$ **9,330,842**	$ **1,255,264**	$ **42,587,254**
Allowance for expected credit losses	(124,566)	(485,556)	(534,718)	(1,144,840)
	$ **31,876,582**	$ **8,845,286**	$ **720,546**	$ **41,442,414**

A continuity of the allowance for expected credit losses for the years ended December 31, 2024 and 2023 is as follows:

	Year ended December 31, 2024	Year ended December 31, 2023
Beginning of year	$ 1,144,840	$ 454,834
Increase in allowance for outstanding loans	3,041,162	690,006
End of year	**$ 4,186,002**	**$ 1,144,840**

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 December 31, 2024	Fair Value December 31, 2024	Carrying Amount December 31, 2023	Fair Value December 31, 2023
Financial liabilities				
Accounts payable and accrued liabilities	$ 1,922,966	$ 1,922,966	$ 2,714,286	$ 2,714,286
Revolving credit facility	4,316,700	4,316,700	-	-
Debentures	27,773,954	27,773,954	21,972,324	21,972,324
Series I Preferred Shares	1,100,001	1,100,001	1,100,001	1,100,001
Total	**$ 35,113,621**	**$ 35,113,621**	**$ 25,786,611**	**$ 25,786,611**

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 interest/ dividends at the market rates of interest.

8. 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. Approximately 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 one of its investments, the Company is also entitled to success fees of 2% 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 December 31, 2024 was $5,164,046 (December 31, 2023: $4,856,566). Refer to Note 7 for sensitivity analysis on equity price risk exposure at December 31, 2024.

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 cash, receivables and payables in United States dollars. The Company continually monitors its transaction and translation exposure and its related impact on reported results. The foreign exchange exposure at December 31, 2024 was $26,274,850 (December 31, 2023: $21,072,434) United States dollars and a 1% movement in the exchange rate has an impact of $262,749 (December 31, 2023: $210,724) 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 enters into royalty arrangements with investees in which a purchase price is advanced in return for participation in the investees' revenue stream and loan agreements where the return is in the form of interest payments and takes the form of a royalty or loan receivable, without limitation. 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 December 31, 2024 was $57,652,246 (December 31, 2023 was $50,441,427). 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 is 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.

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 assessed as having a significant increase in credit risk and a further loan is considered credit impaired. At December 31, 2024, the Company has booked an allowance of $4,186,002 (December 31, 2023: $1,144,840).

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 December 31, 2024, 3 investments each represented over 10% of the total carried value of the investment portfolio, at 10.60%, 13.92%, and 14.24%, respectively.

In Canadian dollars, for the year ended December 31, 2024

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 December 31, 2024 and December 31, 2023 respectively:

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	100,095	-	336,228
Total	**$5,519,173**	**$ 10,708,314**	**$ 8,869,530**	**$ 38,488,756**	**$ 63,585,773**

Contractual obligations at December 31, 2023	< 1 year	1-2 years	3-6 years	Expected more than 6 year	Total
Accounts payable and accrued liabilities	$ 2,714,286	$ -	$ -	$ -	$ 2,714,286
Lease Liability	-	-	-	-	-
Redeemable debentures	-	-	-	21,972,324	21,972,324
Interest on redeemable debentures	2,406,804	4,813,609	7,220,413	12,034,021	26,474,847
Series I Preferred Shares	-	-	1,100,001	-	1,100,001
Dividend Series I Preferred Shares	101,477	202,400	150,553	-	454,430
Total	**$ 5,222,567**	**$5,016,009**	**$8,470,967**	**$34,006,345**	**$52,715,888**

Capital management

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

The Company's share capital is not subject to external restrictions. The capital of the Company comprises shareholders' equity, Debentures, and the Series I Class A Preferred Shares. Loan interest and royalty revenue, realized gains on equity securities and fee income will continue to be an important source 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. There have been no changes to the Company's approach to capital management during the year.

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.

In Canadian dollars, for the year ended December 31, 2024

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.

9. Cash

	December 31, 2024	December 31, 2023
Cash held in bank accounts	$ 2,365,287	$ 5,222,829
	$ 2,365,287	**$ 5,222,829**

10. Prepaid expenses and other receivables

	December 31, 2024	December 31, 2023
Prepaid insurance, rent deposit and other prepaid expenses	$ 270,123	$ 218,171
Staff loans receivable	160,222	152,101
	$ 430,345	**$ 370,272**

11. Investments

a) Carrying value of investments

Royalty agreements (at FVTPL)	December 31, 2024	December 31, 2023
Expected within 1 year	$ 1,219,599	$ 2,493,016
Expected after more than 1 year	859,697	1,131,066
Total	**$ 2,079,296**	**$ 3,624,082**

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

Loans receivable (at Amortized Cost)	December 31, 2024	December 31, 2023
Due within 1 year	$ 10,076,306	$ 19,901,854
Due after more than 1 year	42,824,088	21,540,560
Total	**$ 52,900,394**	**$ 41,442,414**

At December 31, 2024, 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 10-year term and earns an interest of 10%.

Equity securities in investee companies (at FVTPL)	December 31, 2024	December 31, 2023
Expected exit within 1 year	$ -	$ -
Expected exit after more than 1 year	5,164,046	4,856,566
Total	**$ 5,164,046**	**$ 4,856,566**
Total carrying amount of investments	**$ 60,143,736**	**$ 49,923,062**

In Canadian dollars, for the year ended December 31, 2024

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:

	December 31, 2024	December 31, 2023
Royalty agreements	$ -	$ 303,984
Loans receivable	52,314,320	40,723,198
	$ 52,314,320	**$ 41,027,182**

b) Equity securities in investee companies

	Fair Value Hierarchy	Cost December 31, 2024	Carrying amount December 31, 2024	Cost December 31, 2023	Carrying amount December 31, 2023
Common shares (publicly traded)	Level 1	$ 1,933,723	$ 787,040	$ 1,350,389	$ 390,953
Common shares (not publicly traded)	Level 3	688,655	536,135	354,448	-
Warrants (not publicly traded)	Level 3	4,709,430	3,840,871	3,154,279	4,465,613
Total		**$ 7,331,808**	**$ 5,164,046**	**$ 4,859,116**	**$ 4,856,566**

c) Movement during the period

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

Year ended December 31, 2024	Royalty agreements	Equity securities in investee companies	Loans receivable	Total
Balance as at December 31, 2023	**$ 3,624,082**	**$ 4,856,566**	**$ 41,442,414**	**$ 49,923,062**
Proceeds from exits	(1,530,069)	-	(14,253,700)	(15,783,769)
Gain /(loss) realized on recognized on exits	590,174	-	-	590,174
Losses from investments written off	-	-	(468,506)	(468,506)
Loss on loan modification	-	-	(51,691)	(51,691)
New investments	-	2,475,148	26,318,866	28,794,014
Royalty earned and payments received- net	117,439	-	25,610	143,049
Foreign exchange impact on the investment portfolio	(687,068)	362,439	2,480,109	2,155,480
Loan amortization income	-	-	1,022,796	1,022,796
Adjustment to fair value / expected credit losses	(35,262)	(2,530,107)	(3,615,504)	(6,180,873)
Balance as at December 31, 2024	**$ 2,079,296**	**$ 5,164,046**	**$ 52,900,394**	**$ 60,143,736**

Year ended December 31, 2023	Royalty agreements	Equity securities in investee companies	Loans receivable	Total
Balance as at December 31, 2022	**$ 4,023,033**	**$ 5,072,497**	**$ 31,713,870**	**$ 40,809,400**
Proceeds from exits	(32,757)	-	(2,020,350)	(2,053,107)
Gain on loan modification	-	-	106,531	106,531
Losses from investments written off	(1,860,000)	-	-	(1,860,000)
New investments	-	448,721	12,138,774	12,587,495
Royalty earned and payments received- net	(40,632)	-	102,526	61,894
Foreign exchange impact on the investment portfolio	(45,627)	(99,200)	(757,637)	(902,464)
Loan amortization income	-	-	848,706	848,706
Adjustment to fair value / expected credit losses	1,580,065	(565,452)	(690,006)	324,606
Balance as at December 31, 2023	**$ 3,624,082**	**$ 4,856,566**	**$ 41,442,414**	**$ 49,923,062**

In Canadian dollars, for the year ended December 31, 2024

12. Property and equipment

	Right-of-use asset	Office equipment & furniture	Leasehold improvements	Total
Cost				
Balance at December 31, 2023	$ 112,201	$ 192,631	$ 220,339	$ 525,171
Additions	-	-	-	-
Balance at December 31, 2024	**$ 112,201**	**$ 192,631**	**$ 220,339**	**$ 525,171**
Accumulated depreciation				
Balance at December 31, 2023	112,201	191,414	220,339	523,954
Charge in period	-	670	-	670
Balance at December 31, 2024	**$ 112,201**	**$ 192,084**	**$ 220,339**	**$ 524,624**
Carrying amount				
At December 31, 2023	**$ -**	**$ 1,217**	**$ -**	**$ 1,217**
At December 31, 2024	**$ -**	**$ 547**	**$ -**	**$ 547**

13. Accounts payable and accrued liabilities

	December 31, 2024	December 31, 2023
Accounts payable	$ 453,436	$ 227,152
Accrued expenditures	771,427	971,457
Financing cost payable to holders of the Debentures	224,961	200,567
Financing cost payable to holders of the Preferred Shares	25,508	25,508
Financing cost payable to revolving credit line	41,995	-
Other liabilities	405,639	1,289,602
Total	**$ 1,922,966**	**$ 2,714,286**

During the year ended December 31, 2023, the Company reversed liabilities of $538,640 as the likelihood that the Company would be required to make any payment to settle these liabilities was assessed as remote. The reversal is included in office and general administrative expenses.

14.

14. Income taxes

(a) Amounts recognized in statements of comprehensive income (loss)

	Year ended December 31, 2024	Year ended December 31, 2023
Income tax expense – current year	$ (83,684)	$ 194,608
Income tax expense (recovery) – prior year	-	261,575
Total current income tax expense (recovery)	**(83,684)**	**456,183**
Deferred tax expense (recovery)		
Origination and reversal of temporary differences in year	(462,310)	(133,760)
Recognition of deferred tax asset from prior period	-	-
Total deferred income tax expense (recovery)	**(462,310)**	**(133,760)**
Total income tax expense (recovery)	**$ 545,994**	**$ 322,423**

(b) Reconciliation of effective tax rate

	Year ended December 31, 2024	Year ended December 31, 2023
Net Income (Loss) before tax	**$ (1,398,531)**	**$ (47,054)**
Tax at the combined Canadian federal and provincial statutory tax rate of 26.5%	(370,611)	(12,469)
Adjustments related to prior year	-	261,575
Tax cost (benefit) of non-deductible expenses and non-taxable income	(228,786)	115,539
Tax consequences of undistributed profits of subsidiary	53,403	(42,222)
Incomes tax expense	**$ (545,994)**	**$ 322,423**

In Canadian dollars, for the year ended December 31, 2024

(c) Deferred tax asset (liability)

Balance at December 31, 2022	$	7,941,393
Deferred tax recovery		133,760
Balance at December 31, 2023	$	8,075,153
Deferred tax recovery		(462,310)
Balance at December 31, 2024	$	8,537,463

The Company's recognized deferred tax assets (liabilities) relate to the Company's Canadian parent company and the details are as follows:

	December 31, 2024		December 31, 2023	
Canadian non-capital loss carry-forwards	$	7,551,917	$	8,231,822
Investments		193,053		(659,456)
Property and equipment		469,421		441,240
Other deductible and taxable temporary differences		323,072		61,547
Net deferred tax asset	**$**	**8,537,463**	**$**	**8,075,153**

As at December 31, 2024, based on the long-term financial plan prepared by management, the Company forecasts that the non-capital loses and other deductible temporary differences can be utilized before their expiry date. Therefore, the Company has recognized the resulting deferred tax asset.

15. Redeemable debt

The redeemable debt of the Company comprises two components:

Priority Return Fund II LP

On September 30, 2020, the Company launched Priority Return Fund II("PRF II") LP to raise capital up to $25,000,000 against the issuance of A, F and S Units. In June 2021, PRF II introduced Class B and Class G units to allow the Company the flexibility to raise US$ denominated funds and better match currency exposure in its assets and liabilities. FISC, a wholly owned subsidiary of Flow Capital, became the general partner of PRF II and made a capital contribution of ten dollars for one GP unit. FISC controls all the relevant activities of the Priority Return Fund II through the PRF II LPA. The limited partners of the Priority Return Fund II appointed FISC as General Partner to administer all the activities of PRF II in accordance with the LPA. FISC has no contractual obligation to provide financial or other support to the Priority Return Fund II other than the services detailed in the LPA. FISC does not receive any consideration for the services provided to the Priority Return Fund II.

The purpose of the Priority Return Fund II is to raise capital for Flow Capital. Under the terms of the PRF II Limited Partnership Agreement ("PRF II LPA"), Pursuant to the terms of the PRF II LPA Flow Capital will subscribe for Class S units in the amount of 25% of the senior preferred units (A, B, F and G units) issued in each tranche of funds raised, giving rise to a maximum raise of $20,000,000, excluding S units. In exchange for the investment amount raised, Flow Capital grants a royalty to the Priority Return Fund II. PRF II is considered a subsidiary of Flow Capital for the purposes of consolidation.

Under the LPA, A, B, F and G Unit investors will receive an amount equal to the lesser of the (i) sum of 9% per year, payable monthly, of the outstanding Investment Amount (the "Class A Return"), 8.25% per year, payable monthly, of the outstanding Investment Amount (the "Class B Return"), 10% per year, payable monthly, of the outstanding Investment Amount (the "Class F Return") and 9.25% per year, payable monthly, of the outstanding Investment Amount (the "Class G Return") or (ii) royalty and loan interest payments received by Flow Capital from the underlying royalty investments and promissory notes receivable. To date, the interest paid on the Class F and G units has been at the maximum rate of 10% and 9.25% per annum, respectively.

The A, B, F and G Units are pari passu senior units ranking in priority over the subordinated S units and any cash buyout payments received by Flow Capital from the Underlying Royalty Contracts will be used to redeem senior A, B, F and G units of PRF II held by investors in priority to subordinated units as and when such buyout payments are received by Flow Capital, until the preferred units are fully redeemed. If by the fifth anniversary of the establishment of PRF II there has been less than 50% in redemptions of senior A, B, Fand G units, the Company will redeem, at every quarterly period thereafter, such number of senior A and F units as is equal to 20% of the Adjusted Net Royalty Payments divided by the applicable unit redemption price, until such time as there have been 50% in redemptions of senior A,B, F and G units.

The Priority Return Fund II does not have any additional obligation or liability to the Limited Partners beyond the payments under the Class A, Class B, Class F and Class G units detailed above and as a result, the Class A, Class B, Class F and Class G units are subject to asset-specific performance risk.

Flow Priority Return Fund II

The obligation to make the monthly payment to the Limited Partners was classified as an interest expense and was included as part of the financing expense. The amounts recognized in the statements of comprehensive income (loss) were made up as follows:

	Year ended December 31, 2024	Year ended December 31, 2023
Interest expense on PRF II Class F units	$ -	$ 259,292
Interest expense on PRF II Class G units	-	710,601
Total	**$ -**	**$ 969,893**

On August 1, 2023, the Company redeemed all the outstanding Class F and Class G units of the PRF II. Subsequently, on August 15, 2023, all the outstanding Class S units of PRF II were redeemed and the capital contributions of Flow Capital and FISC were repaid on the winding up of PRF-II

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.

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 investment 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.

In Canadian dollars, for the year ended December 31, 2024

	Series F		Series F +		Series UF		Series UF +		Class A		
	# of units	Amount	# of units	Amount	# of units	Amount	# of units	Amount	# of units	Amount	**Total**
Balance at December 31, 2022	**-**	**$ -**	**-**	**$ -**	**-**	**$ -**	**-**	**-**	**-**	**$ -**	**$ -**
Issued	5,293	5,293,000	3,420	3,420,000	8,029	10,579,813	2,205	2,905,529	-	-	$22,198,342
Redeemed	(91)	(91,000)	-	-	(140)	(189,280)	-	-	-	-	(280,280)
FX impact	-	-	-	-	-	43,458	-	10,804	-	-	54,262
Balance at December 31, 2023	**5,202**	**$5,202,000**	**3,420**	**$3,420,000**	**7,889**	**$10,433,991**	**2,205**	**$2,916,333**	**-**	**$ -**	**$21,972,324**
Issued	1,958	1,957,640	7,762	7,762,164	249	325,657	863	1,193,452	125	125,000	11,363,913
Redeemed	(2,463)	(2,463,000)	(2,420)	(2,420,000)	(634)	(883,266)	(710)	(983,066)	-	-	(6,749,332)
FX impact	-	-	-	-	-	921,279		265,770	-	-	1,187,049
Balance at December 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**	**$27,773,954**

For the year ended December 31, 2024, $2,701,021 was recorded as Interest (2023- $958,864).

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 his investments for $120,000 on October 10, 2023, with $1,100,001 oustanding as at December 31, 2024. For the year ended December 31, 2024, $101,477 was recorded as dividend (2023- $110,183) (also refer **Note 17**).

16. 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 million. The Company can request an increase in the principal loan amount, the increase may not be less than US $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.

During the year ended December 31, 2024, the Company incurred transaction costs of $451,679, of which $52,240 has been recognized during the year in profit and loss.

Disclosure of Externally Imposed Covenants

As of December 31, 2024, 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 C$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.

17. 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. 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 December 31, 2024 were 366,667(December 31, 2023 – 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 year ended December 31, 2024, $101,477 was recorded as dividend (2023- $110,183).

Common shares

The issued and outstanding common shares at December 31, 2024 were 30,700,363 (December 31, 2023 – 31,618,363).

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. For the year ended December 31, 2024, 1,107,500 shares were purchased under the NCIB at a weighted-average price per share of $0.5237 for a total cost of $580,398 (2023 – 2,233,500 common shares repurchased at a weighted-average price per share of $0.5473 for a total cost of $1,222,351), and subsequently returned to treasury for cancellation.

In the year ended December 31, 2024, the Company issued 182,000 common shares on the net cashless exercise of 350,000 options at a weighted-average exercise price of $0.36 per share and a market price of $0.75 per share, and $79,960 was reallocated from contributed surplus to share capital.

In the year ended December 31, 2024, the Company also issued 7,500 common shares on the exercise of 7,500 options at a weighted-average exercise price of $0.60 per share and a market price of $0.75 per share, and $3,171 was reallocated from contributed surplus to share capital.

In the year ended December 31, 2023, the Company issued 929,308 common shares on the net cashless exercise of 2,450,000 options at a weighted-average exercise price of $0.36 per share and a market price of $0.58 per share, and $602,518 was reallocated from contributed surplus to share capital.

In the year ended December 31, 2023, the Company issued 1,631,945 common shares on exercise of warrants, and $315,594 was reallocated from the warrant reserve to share capital.

Share warrants

During the year ended December 31, 2023, 837,200 warrants expired unexercised and $161,902 was reallocated from the warrant reserve to retained earnings.

Share based payments

On December 31, 2021, the Board approved the replacement of the Corporation's stock option plan with a new omnibus equity incentive plan (the "Omnibus Plan") to give the Board greater flexibility in the types of incentive awards that can be granted to directors, officers, employees and consultants of the Corporation and its subsidiaries. The Omnibus Plan subsequently received shareholder approval at the Annual General Meeting held on October 4, 2022.

Pursuant to the terms of the Omnibus Plan, the Company has awarded Stock Options and Performance Stock Units ("PSUs").

In Canadian dollars, for the year ended December 31, 2024

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, at December 31, 2024:

Original Issue Date	Number of Options Outstanding	Number of Options Exercisable	Exercise Price	Expiry Date	Remaining contractual life (years)
May 27, 2020	100,000	95,000	$0.36	May 26, 2027	2.40
January 10, 2023	50,000	20,000	$0.60	Jan 9, 2030	5.03
June 13, 2023	1,672,759	1,672,759	$0.58	June 12, 2028	3.45
October 25, 2023	560,000	140,000	$0.54	October 25, 2033	8.82
May 2, 2024	50,000	7,500	$0.50	May 1, 2034	9.34
Total	**2,432,759**	**1,935,259**			
Weighted average exercise price	**$0.5605**	**$0.5662**		Weighted average remaining contractual life	**4.80**

Below is the continuity schedule for the options for the years ended December 31, 2024 and 2023:

	Year ended December 31, 2024		**Year ended December 31, 2023**	
	Number of options	**Weighted average exercise price**	**Number of options**	**Weighted average exercise price**
Options outstanding, beginning	2,757,759	$ 0.54	3,050,000	$0.36
Granted	50,000	0.50	2,307,759	0.57
Exercised	(357,500)	0.37	(2,450,000)	0.36
Forfeited	(17,500)	0.60	(150,000)	0.36
Options outstanding, ending	**2,432,759**	**$ 0.56**	**2,757,759**	**$ 0.54**

For the options granted during the year ended December 31, 2024, 50,000 vest on a quarterly basis over five years commencing on the grant date.

The weighted average fair value of the options granted during the year was $0.3903 per option. 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.

Performance Stock Units (“PSUs”)

During the year ended December 31, 2024, the Company awarded 100,000 PSUs (2023: 210,000).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	$2,000,000
1/6th	$2.00	1/6th	$5,000,000

In Canadian dollars, for the year ended December 31, 2024

Metric: Share Price		**Metric: Recurring Free Cash Flow**	
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.

Below is the continuity schedule for the PSUs for the years ended December 31, 2024 and 2023:

	Year ended December 31, 2024	**Year ended December 31, 2023**
PSUs outstanding, beginning	940,834	939,167
Granted	100,000	210,000
Forfeited	(18,000)	(208,333)
PSUs outstanding, ending	**1,022,834**	**940,834**

The weighted average fair value of the PSUs granted during the year was 0.45 per PSU. A total of $59,287 was expensed towards share based compensation on account of PSUs, for the year ended December 31, 2024 (2023-$47,608). A total of 1,022,834 PSUs are outstanding as on December 31, 2024.

18. Revenues

i) Revenue from investments at fair value

	Year ended December 31, 2024	**Year ended December 31, 2023**
Loan interest and royalty revenue		
Loan interest revenue	$ 8,682,296	$ 6,446,937
Royalty revenue	623,362	668,005
Total	**$ 9,305,658**	**$ 7,114,942**
Realized gains from sale of investment		
Realized gain (loss) on loan modification	$ (51,691)	$ 106,531
Total	**(51,691)**	**106,531**
Realized loss on investments recovered (written-off)		
Royalty agreements recovered (written-off)	590,174	(1,860,000)
Loans receivable written-off	(468,506)	-
Total	**121,668**	**(1,860,000)**
Adjustments to fair value		
Royalty agreements	(35,262)	1,580,065
Equity securities in investee companies	(2,530,107)	(565,452)
Total	**(2,565,369)**	**1,014,613**
Change in expected credit losses		
Movement in expected credit losses	**(3,615,504)**	**(690,006)**
Total	**(3,615,504)**	**(690,006)**
Other investment income and gains		

Interest income on invested cash and other fee income	$ 491,306	$ 158,820
Total	**$ 491,306**	**$ 158,820**

Loan interest revenue for the year-ended December 31, 2024, includes $nil in prepayment fees (2023 - $161,628) and $1,022,796 in loan amortization income (2023 - $848,706) (also refer Note 11). Loan amortization income and prepayment fees are collected in cash on repayment / early repayment of the loans.

19. Foreign exchange gains (losses)

	Year ended December 31, 2024	Year ended December 31, 2023
Foreign exchange gains (losses)		
Unrealized foreign exchange (loss) gain	$ 1,442,008	$ (380,377)
Realized foreign exchange (loss) gain	172,650	(203,061)
Reclassification of foreign currency translation	250,069	-
Total	**$ 1,864,727**	**$ (583,438)**

20. Employee benefit expense

	Year ended December 31, 2024	Year ended December 31, 2023
Wages and salaries	$ 1,787,605	$ 1,440,574
Other benefits	115,500	106,197
Employer related costs for insurance, health tax	125,574	132,348
Salaries, benefits and other staffing costs	**2,028,679**	**1,679,119**
Restrucuting costs	70,000	293,750
Share-based compensation **(Note 21**)	425,550	424,383
Total	**$ 2,524,229**	**$ 2,397,252**

21. Share-based compensation

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

	Year ended December 31, 2024	Year ended December 31, 2023
Expense recognized based on vesting conditions of stock options	$ 366,263	$ 376,775
Expense recognized based on vesting conditions of PSUs	59,287	47,608
	$ 425,550	**$ 424,383**

22. Financing expense

	Year ended December 31, 2024	Year ended December 31, 2023
Priority Return Fund II interest	$ -	$ 969,893
Series I Class A preferred shares dividend	101,477	110,183
Bank loan	205,632	-
Debenture	2,701,021	958,864
Total	**$ 3,008,130**	**$ 2,038,940**

23. Earnings per share

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

	Year ended December 31, 2024	Year ended December 31, 2023
Loss attributable to ordinary equity holders for basic loss/ per share	$ (852,537)	$ (369,477)

In Canadian dollars, for the year ended December 31, 2024

	Year ended December 31, 2024	Year ended December 31, 2023
Basic weighted average number of shares outstanding	30,880,536	31,729,392
Dilutive effect of options and warrants	-	-
Diluted weighted average number of shares outstanding	30,880,536	31,729,392
Basic earnings (loss) per share	$ (0.028)	$ (0.012)
Diluted earnings (loss) per share	$ (0.028)	$ (0.012)

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 year ended December 31, 2024, diluted loss per share equals basic loss per share as the impact of the dilutive instruments would be anti-dilutive.

24. 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:

	Year ended December 31, 2024	Year ended December 31, 2023
Canada	$ 1,331,264	$ 456,757
United States	639,088	3,711,055
United Kingdom	1,715,718	1,677,088
Total	**$ 3,686,070**	**$ 5,844,900**

For the year ended December 31, 2024, the loan interest and royalty revenue and the interest income on promissory notes received for 3 investees was over 10% of the total loan interest and royalty revenue, Company A at 12.48%, Company B at 10.4%, and Company C at 10.36% of the total, respectively. For the year ended December 31, 2023, the loan interest and royalty revenue and the interest income on promissory notes received for 3 investees was over 10% of the total loan interest and royalty revenue, Company D at 18.74%, Company A at 15.80% and Company E at 14.13%.

25. Changes in working capital items

	Year ended December 31, 2024	Year ended December 31, 2023
Prepaid expenses and other receivables	$ (60,073)	$ (25,577)
Accounts payable and accrued liabilities	(965,626)	1,502,772
Total	**$ (1,025,699)**	**$ 1,477,195**

26. Related party disclosures

Key management personnel

The number of key management personnel as at December 31, 2024 was 6 (December 31, 2023: 6) and are identified as the members of the board of directors and the officers of the Company.

i) Compensation

	Year ended December 31, 2024	Year ended December 31, 2023
Short term employee benefits	$ 844,207	$ 855,966
Termination Benefits	-	293,750
Share-based compensation	396,268	393,074
Total	**$ 1,240,475**	**$ 1,542,790**

ii) Other transactions

On September 30, 2020, the Company launched Priority Return Fund II LP. As at December 31, 2024, $nil (December 31, 2023, $nil) of the redeemable debt was held by key management personnel and a company with common directors, and interest of $nil was accrued and expensed on that redeemable debt during the year ended December 31, 2024 (2023: $90,971).

On June 28, 2022, Company issued the first tranche of its Series I Class A preferred shares. As at December 31, 2024, 166,667 preferred shares with a face value of $500,001 (December 31, 2023 $500,001) were held by a director, and interest of $46,126 was accrued and expensed on these preferred shares during the year ended December 31, 2024 (2023: $46,126).

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 $160,222 remain outstanding on December 31, 2024. For the year ended December 31, 2024, the Company earned interest income on these loans in the amount of $8,121(December 31, 2023 - $4,356) at the CRA prescribed rate.

On August 1, 2023, the Company issued first tranche of its Debentures of multiple class. As at December 31, 2024, $4,452,256 (December 31, 2023- $1,820,955) of the debentures was held by key management personnel and a company with common directors, and interest of $364,257 was accrued and expensed on the debentures held by related parties, during the year ended December 31, 2024 (2023 - $82,779).

27. Wind up of Entities

On September 30, 2024, Flow Capital wound up several inactive subsidiaries consisting of Flow Investment Holdings Corp, LogiQ Capital 2016, Tuscaora Capital Inc, Flow Capital Partnership Holding Corp, and Flow Priority Return Fund II. The US entity was wound up on October 31, 2024. The net gain on the windup of all Canadian and US entities is $63,100 and is being recorded in the other income portion of the Income statement.

28. Subsequent Events

a. Subsequent to December 31, 2024, the Company purchased 130,000 common shares at an average price of $0.8233, under the ongoing NCIB, and subsequently returned to treasury for cancellation.

b. Subsequent to December 31, 2024, the Company issued 40,000 Series F, 1,931,000 Series F plus, 50,000 Series UF, and 1,000,000 Series UF Debentures to raise $3,480,480. One of the investors retracted 500,000 from Series UF plus debentures.

c. On March 11, 2025 the Company made a US$1.7 million follow-on investment in Miniluxe Holding Corp.

d. On March 28, 2025 the Company made a $750,000 follow-on investment in a Canadian fintech SaaS company.

e. On April 8, 2025 the Company received a US$2.7 million for the full repayment of an outstanding loan.

f. On April 14, 2025, the Company's promissory note with Askvet has been extended until June 30, 2025. Under the revised terms, Askvet will pay Flow an extension fee of $50,000 upon final payment and a success fee of 5% on the value of AskVet upon the sale of the business.

g. On April 30, 2025 Flow issued the third Tranche of US$ 400,000 to TVisions Insights Inc.

ITEM 14 - DATE AND CERTIFICATE

Dated May 29, 2025.

This offering memorandum does not contain a misrepresentation.

Per: (signed) "*Alex Baluta*"
Name: Alex Baluta
Title: Chief Executive Officer

Per: (signed) "*Michael Denny*"

Name: Michael Denny

Title: Chief Financial Officer

Per: (signed) "*Vernon Lobo*"

Name: Vernon Lobo

Title: Director

Per: (signed) "*Alan Torrie*"

Name: Alan Torrie

Title: Director

ADDITIONAL CERTIFICATE

Dated the 14th day of August, 2025.

This Offering Memorandum dated May 29, 2025 does not contain a misrepresentation as of August 14, 2025. There has been no material change in relation to the Company that is not disclosed in this Offering Memorandum and this Offering Memorandum when read as of August 14, 2025 provides a reasonable purchaser with sufficient information to make an informed investment decision.

Per: (signed) "*Alex Baluta*"

Name: Alex Baluta

Title: Chief Executive Officer

Per: (signed) "*Michael Denny*"

Name: Michael Denny

Title: Chief Financial Officer

Per: (signed) "*Vernon Lobo*"

Name: Vernon Lobo

Title: Director

Per: (signed) "*Alan Torrie*"

Name: Alan Torrie

Title: Director