Flow Capital Corp. (formerly LOGiQ Asset Management Inc.)

Interim Condensed Consolidated Financial Statements

For the three and nine months ended September 30, 2019

(Unaudited)

Flow Capital Corp. (formerly LOGiQ Asset Management Inc.)

Consolidated Statements of Financial Position

(Canadian dollars)

	Note		September 30, 2019		December 31, 2018
Assets					
Current Assets					
Cash and cash equivalents	9	$	21,842,696	$	8,607,686
Accounts receivable and accrued income			12,758		828,005
Income tax recoverable			-		79,790
Investments at fair value – current portion	10		11,443,806		162,005
Finance lease asset – current portion			778,030		-
Prepaid expenses and other receivables			804,329		1,175,122
Total Current Assets			**34,881,619**		**10,852,608**
Non-Current Assets					
Property and equipment			408,229		222,596
Finance lease asset – non-current portion			791,335		-
Deferred tax asset	12		10,274,621		9,365,187
Other receivables			195,255		195,255
Intangible assets	11		-		12,115,869
Investments at fair value – non-current portion	10		19,184,132		23,913,834
Total Non-Current Assets			**30,853,572**		**45,812,741**
Total Assets		**$**	**65,735,191**	**$**	**56,665,349**
Liabilities and Shareholders' Equity					
Current Liabilities					
Accounts payable and accrued liabilities		$	2,109,174	$	2,311,361
Deferred fee income – current portion			-		200,000
Income tax payable			70,507		-
Provisions – current portion	13		-		493,110
Convertible debentures	14		16,828,525		16,667,633
Redeemable debt – current portion	15		1,982,550		-
Lease liability – current portion			1,311,315		2,888
Total Current Liabilities			**22,302,071**		**19,674,992**
Non-Current Liabilities					
Deferred fee income – non-current portion			-		550,000
Provisions – non-current portion	13		375,440		1,518,022
Lease liability – non-current portion			1,873,637		-
Convertible debentures	14		4,175,940		3,742,526
Redeemable debt – non-current portion	15		8,017,450		-
Total Non-Current Liabilities			**14,442,467**		**5,810,548**
Shareholders' Equity (Note 16)					
Share capital		$	54,897,899	$	55,443,299
Warrants			486,624		486,624
Contributed surplus			1,351,935		1,206,422
Equity component of convertible debentures	14		558,831		558,831
Accumulated other comprehensive income			38,106		127,861
Accumulated deficit			(28,342,742)		(26,643,228)
Total Shareholders' Equity			**28,990,653**		**31,179,809**
Total Liability and Shareholders' Equity		**$**	**65,735,191**	**$**	**56,665,349**

See accompanying notes to financial statements.

Approved on behalf of the Board of Directors on November 14, 2019:

"Vernon Lobo"
Vernon Lobo, Director

"Alan Torrie"
Alan Torrie, Director

Flow Capital Corp. (formerly LOGiQ Asset Management Inc.)

Consolidated Statements of Comprehensive Income/(Loss)

(Canadian dollars)

	Note	Three months ended September 30, 2019	Three months ended September 30, 2018	Nine months ended September 30, 2019	Nine months ended September 30, 2018
Revenues					
Income from investments at fair value					
Royalty and loan payment income	17	$ 1,340,289	$ 1,213,968	$ 4,343,014	$ 3,388,287
Foreign exchange (loss) gain	17	179,709	(245,889)	(505,583)	138,680
Realized gain (loss) from sale of investments	17	807,888	(225,557)	(794,202)	299,643
Realized loss on investments written-off	17	(194,562)	(2,675,784)	(4,247,375)	(8,104,697)
Adjustments to fair value	17	(2,411,597)	2,271,878	2,304,839	7,364,387
Income (loss) from investments at fair value		(278,273)	338,616	1,100,693	3,086,299
Other income					
Consulting and license fee income	17	-	5,259	-	1,422,046
Fee and other income	17	650,000	48,101	750,000	74,977
Other interest income and gains (losses)	17	101,117	27,771	166,003	69,166
Total Revenues		**472,844**	**419,747**	**2,016,696**	**4,652,488**
Operating Expenses					
Salaries, benefits and staffing costs	18	$ 282,659	$ 192,518	$ 920,236	$ 757,961
Restructuring costs		-	50,000	-	706,250
Share-based compensation	19	37,756	52,520	145,513	168,376
Depreciation		40,947	24,707	121,275	74,904
Professional fees		372,132	234,810	1,243,278	991,657
Office and general administrative		156,335	187,320	450,339	562,338
Total Operating Expenses		**889,829**	**741,875**	**2,880,641**	**3,261,486**
Operating Profit (Loss)		**$ (416,985)**	**$ (322,128)**	**$ (863,945)**	**$ 1,391,002**
Bargain purchase (gain)	6	-	-	(304,908)	(5,459,147)
Financing expense	20	910,158	637,004	2,241,982	1,587,791
Profit (loss) before income taxes		**(1,327,143)**	**(959,132)**	**(2,801,019)**	**5,262,358**
Income Taxes					
Current income tax (recovery)	12	$ 65,996	$ (156,630)	$ 137,128	$ (130,462)
Deferred tax expense (recovery)	12	(496,763)	(259,986)	(904,265)	(27,084)
Total Income Tax		**$ (430,767)**	**$ (416,616)**	**$ (767,137)**	**$ (157,546)**
Net Profit (Loss) from continuing operations		**$ (896,376)**	**$ (542,516)**	**$ (2,033,882)**	**$ 5,419,903**
Net profit from discontinued operations, net of taxes	5	13,680	43,110	363,874	68,931
Net Profit (Loss)		**$ (882,696)**	**$ (499,406)**	**$ (1,670,008)**	**$ 5,488,835**
Other comprehensive income (loss)					
Foreign currency translation reserve		31,063	(27,544)	(89,755)	(16,071)
Total Comprehensive Income (Loss)		**$ (851,633)**	**$ 526,950**	**$ (1,759,763)**	**$ 5,472,764**
Earnings (loss) per share (Note 21)					
Earnings (loss) per share					
Basic earnings (loss) per share		$ (0.0106)	$ (0.0057)	$ (0.0198)	$ 0.0800
Diluted earnings (loss) per share		$ (0.0106)	$ (0.0057)	$ (0.0198)	$ 0.0793
Earnings (loss) per share – continuing operations					
Basic earnings (loss) per share		$ (0.0107)	$ (0.0062)	$ (0.0241)	$ 0.0790
Diluted earnings (loss) per share		$ (0.0107)	$ (0.0062)	$ (0.0241)	$ 0.0785

See accompanying notes to financial statements.

Flow Capital Corp. (formerly LOGiQ Asset Management Inc.)

Consolidated Statements of Changes in Equity

(Canadian dollars)

	Number of shares	Note	Share capital	Accumulated other comprehensive income	Warrants	Contributed surplus	Equity component of the convertible debenture	Accumulated deficit	Total
Balance, January 1, 2018			**$ 50,261,640**	**$ -**	**$ -**	**$ 1,010,960**	**$ 558,831**	**$(29,673,391)**	**$ 22,158,040**
Stock options exercised	26,042		1,400	-	-	-	-	-	1,400
Consideration for reverse acquisition	55,397,030	**6**	4,910,671	-	-	-	-	-	4,910,671
Subscription receipts net of costs	5,032,689	**16**	404,278	-	486,624	-	-	-	890,902
Share-based compensation	-	**19**	-	-	-	168,376	-	-	168,376
Treasury shares	(360,500)		(60,202)	-	-	-	-	-	(60,202)
Foreign currency translation	-		-	(16,071)	-	-	-	-	(16,071)
Net profit for the period	-		-	-	-	-	-	5,488,835	5,488,835
Balance, September 30, 2018	**87,376,764**		**$ 55,517,787**	**$ (16,071)**	**$ 486,624**	**$ 1,179,336**	**$ 558,831**	**$(24,184,556)**	**$ 33,541,951**
Balance, January 1, 2019	**86,786,764**		**$ 55,443,299**	**$ 127,861**	**$ 486,624**	**$ 1,206,422**	**$ 558,831**	**$(26,643,228)**	**$ 31,179,809**
Adjustment - IFRS 16 implementation	-	**4**	-	-	-	-	-	(29,506)	(29,506)
Adjusted balance, January 1, 2019	**86,786,764**		**$ 55,443,299**	**$ 127,861**	**$ 486,624**	**$ 1,206,422**	**$ 558,831**	**$(26,672,734)**	**$ 31,150,303**
Share-based compensation	-	**19**	-	-	-	145,513	-	-	145,513
Treasury shares	(3,384,000)	**16**	(417,455)	-	-	-	-	-	(417,455)
Share cancellation costs	-	**16**	(127,945)	-	-	-	-	-	(127,945)
Foreign currency translation	-		-	(89,755)	-	-	-	-	(89,755)
Net loss for the period	-		-	-	-	-	-	(1,670,008)	(1,670,008)
Balance, September 30, 2019	**83,402,764**		**$ 54,897,899**	**$ 38,106**	**$ 486,624**	**$ 1,351,935**	**$ 558,831**	**$(28,342,742)**	**$ 28,990,653**

See accompanying notes to financial statements.

Flow Capital Corp. (formerly LOGiQ Asset Management Inc.)

Consolidated Statements of Cash Flows

(Canadian dollars)

	Note	Three months ended September 30, 2019	Three months ended September 30, 2018	Nine months ended September 30, 2019	Nine months ended September 30, 2018
Cash flows from operating activities					
Profit (Loss) before income taxes		$ (1,327,143)	$ (959,132)	$ (2,801,019)	$ 5,262,358
Adjustments for non-cash items					
Share-based compensation	19	37,756	52,520	145,513	168,376
Bargain purchase gain	6	-	-	(304,908)	(5,459,147)
Consulting and license fee income		-	13,688	-	(1,390,906)
Depreciation		40,947	24,707	121,275	74,904
Provision release		-	(106,033)	-	(141,377)
Amortization of deferred fee income	17	(650,000)	(50,000)	(750,000)	(63,187)
Adjustments relating to investments at fair value					
Unrealized foreign exchange loss (gain)	17	(140,465)	236,060	542,137	(100,065)
Adjustments to fair value	17	2,411,597	(2,271,878)	(2,304,839)	(7,364,386)
Realized loss on investments written-off	17	194,562	2,675,784	4,247,375	8,104,696
Realized loss on sale of equity securities	17	187,981	-	1,790,072	-
New investments	10	(1,487,284)	(2,700,223)	(3,132,309)	(5,746,107)
Proceeds received on sale of shares	10	24,285	-	385,376	-
Buyout and redemption of investments	10	3,615,875	1,036,558	3,628,495	1,587,869
Equity investments received on buyout		(592,500)	-	(592,500)	-
Other Adjustments					
Financing expense	20	910,157	637,004	2,241,982	1,587,791
Income tax (paid) recovery	12	(5,812)	595,718	13,717	573,585
Changes in working capital items	23	359,321	(398,633)	(146,142)	(29,725)
Net Cash Flows generated from (used in) continuing operations - Operating Activities		**3,579,277**	**(1,213,860)**	**3,084,225**	**(2,935,321)**
Net Cash Flows generated from discontinued operations - Operating Activities	5	**190,902**	**449,070**	**931,578**	**186,179**
Net Cash Flows generated from (used in) Operating Activities		**3,770,179**	**(764,790)**	**4,015,803**	**(2,749,142)**
Cash flows from financing activities					
Issue of common shares		$ -	$ (918)	$ -	$ 892,302
Issue of shares for reverse acquisition	16	-	-	-	4,910,671
Other receivables	-	-	(501,426)	-	(501,426)
Common shares repurchased for treasury	16	(207,100)	(60,202)	(545,400)	(60,202)
Convertible debentures redeemed	14	(13,000)	(50,000)	(203,000)	(50,000)
Lease liability payments		(302,827)	(677)	(887,888)	(3,688)
Interest paid		(139,261)	-	(998,747)	(872,475)
Advance from redeemable debt	15	10,000,000	-	10,000,000	-
Net Cash flows from Financing Activities		**9,337,812**	**(616,223)**	**7,364,965**	**4,315,182**
Cash flows from investing activity					
Reverse acquisition net of cash acquired	6	$ -	$ -	$ -	$ (811,857)
Addition to intangible asset		-	-	-	(39,500)
Purchase of property and equipment		(2,000)	(19,776)	(3,708)	(33,108)
Finance lease asset		179,849	-	612,950	-
Net Cash flows from (used in) continuing operations - Investing Activities		**177,849**	**(19,776)**	**609,242**	**(884,465)**
Net Cash Flows generated from discontinued operations - Investing Activities	5	**-**	**-**	**1,245,000**	**-**
Net Cash Flows generated from Investing Activities		**177,849**	**(19,776)**	**1,854,242**	**(884,465)**
Net increase (decrease) in cash during the period		**13,285,840**	**(1,420,313)**	**13,235,010**	**681,575**
Cash and cash equivalents, beginning of period		8,556,856	9,636,271	8,607,686	7,534,383
Cash and cash equivalents, end of period	**9**	**$ 21,842,696**	**$ 8,215,958**	**$ 21,842,696**	**$ 8,215,958**

See accompanying notes to financial statements.

In Canadian dollars, for the nine months ended September 30, 2019

1. Corporate information and reporting entity

Flow Capital Corp. ("Flow Capital", or "the Company") is a company under the jurisdiction of the laws of the Province of British Columbia, Canada, and is domiciled in Canada. Flow Capital resulted from a Plan of Arrangement made under Division 5 of Part 9 of the Business Corporations Act (British Columbia) as set out in the Arrangement Agreement between LOGiQ Asset Management Inc. ("LOGiQ") and Grenville Strategic Royalty Corp. ("Grenville") dated March 11, 2018. The Plan of Arrangement closed on June 7, 2018. On the same date, LOGiQ and Grenville amalgamated as one corporate entity and the corporate entity was named Flow Capital. As described in Note 6, the transaction was accounted for as a reverse acquisition under the acquisition method of accounting for business combinations with Grenville being the accounting acquirer. The transactions and balances of LOGiQ, the legal parent, and its other subsidiaries, are included in these consolidated financial statements from the effective date of the acquisition, being June 7, 2018. The common shares of the Company are traded on the TSX Venture Exchange 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 following is a summary of the list of material subsidiaries:

Legal name	Legal status	Ownership interest %
Flow Capital US Corp.	Subsidiary of Flow Capital	100
Flow Investment Services Corp. (formerly LOGiQ Asset Management Ltd.)	Subsidiary of Flow Capital	100
Flow Investment Holdings Corp. (formerly 2705535 Ontario Inc.)	Subsidiary of Flow Capital	100
LOGiQ Capital 2016	Subsidiary of Flow Capital	100
Flow Priority Return Fund LP	Controlled by Flow through contractual arrangements	0
Tuscarora Capital Inc.	Subsidiary of Flow Capital	100

On September 17, 2019, the Company's former wholly owned subsidiary Grenville Corporation amalgamated with Flow Capital. As the amalgamation resulted in the Company now legally owning the assets and liabilities rather than previously indirectly owning the assets and liabilities through Grenville Corporation, book value accounting was applied in preparing these consolidated financial statements. The impact therefore on these consolidated financial statements was minimal. At the amalgamation date, the assets of Grenville Corporation were $2,013,645 made up primarily of investments and liabilities of $218,338.

On July 19, 2019, Flow Capital formed Flow Priority Return Fund LP (the "Priority Return Fund") and under the limited partnership agreement, Flow Investment Services Corp. the Company's wholly owned subsidiary was appointed as the general partner. The Company has assessed that based on the terms of the limited partnership agreement, the Company has a substantial interest in the variable returns and has the current ability to direct the activities that most significantly affect these returns. Based upon this assessment, the Company has determined that the Priority Return Fund is controlled by the Company and must be consolidated in the financial statements of Flow Capital.

2. Basis of presentation

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

Statement of compliance

These unaudited interim condensed consolidated financial statements have been prepared based on the principles of International Financial Reporting Standards (IFRS) and International Accounting Standard 34, "Interim Financial Reporting" as issued by the International Accounting Standards Board (IASB), London, and the Interpretations of the International Financial Reporting Interpretations Committee (IFRIC). The unaudited interim condensed consolidated financial statements should be read in conjunction with the Company's 2018 audited annual consolidated financial statements and accompanying notes.

The financial statements were approved and authorized by the Board of Directors on November 14, 2019.

3. Significant accounting judgements, estimates, and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates, and assumptions that affect the reported amounts of revenues, expenses, assets, and liabilities, and the disclosure of contingent liabilities, at the end of the reporting periods. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the financial statements. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

Business Combinations

One of the most significant areas of judgement and estimation relates to the determination of the fair value of the assets and liabilities acquired, including the fair value of contingent consideration, if applicable. Further, if any intangible assets are identified, depending on the type of intangible asset and the complexity of determining its fair value, the Company determines the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. These valuations are linked closely to the assumptions made by management regarding the future performance of the assets concerned and any changes in the earnings multiplier applied.

Royalty agreements acquired

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. As a result, the Company has concluded that it is highly probable (which it defines as a probability equal to or exceeding 75%) that it will collect greater than 85% of its initial investment under each royalty agreement.

For the royalty agreements acquired, 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 subsequent to 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 investee companies that have carried on business for a number of 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.

Royalty agreements acquired and promissory notes receivable 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 acquired and promissory notes. 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.

Fair value of stock options and warrants

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. Any changes in the estimates or inputs utilized to determine fair value could result in a significant impact on the Company's future operating results or on other components of equity.

Income taxes

The recognition of deferred income tax assets and liabilities requires estimates and significant judgements about future events such as future taxable profits based on the information available at the reporting date. For each reporting period, the income tax and deferred tax provision reflects our best estimate based on the information available at the reporting date. To the extent that our estimate of tax provisions or the realization of deferred tax assets or liabilities are not as expected, the provision for income taxes may increase or decrease in the future to reflect the actual experience.

4. Changes in significant accounting policies and standards issued but not yet effective

a) Changes in significant accounting policies

The Company has initially applied *IFRS 16 Leases* ("IFRS 16") from January 1, 2019 ("Initial Application") which replaces IAS 17 *Leases* and related interpretations. IFRS 16 establishes a single, on-balance sheet accounting model for leases. As a result, the Company, as a lessee, has recognized a right-of-use asset representing its rights to use the underlying assets and a lease liability representing its obligation to make lease payments. The right-of-use asset, where it relates to an operating lease, has been presented net of accumulated amortization and is disclosed under property and equipment, and for the finance lease, the right-of-use asset is shown as finance lease asset. The lease liability has been disclosed as a separate line item, allocated between current and non-current liabilities. The Company has adopted IFRS 16 using the modified retrospective approach with the effect of initially applying this standard at the date of Initial Application. Accordingly, this election means that the comparative information has not been restated and the disclosure requirements in IFRS 16 have not generally been applied to comparative information. Following a review of the Company's leases, a $29,506 adjustment is required to the accumulated deficit as at the date of Initial Application.

In Canadian dollars, for the nine months ended September 30, 2019

b) 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.

Management anticipates that all the pronouncements will be adopted in the Company's accounting policy for the first period beginning after the effective date of the pronouncement. The new standards and interpretations that have been issued are not expected to have a material impact on the Company's financial statements.

5. Discontinued operations

On April 15, 2019, Flow announced they had entered into an asset purchase agreement (the "Asset Purchase Agreement"), providing for the sale of the Global Partner assets owned by Flow Investment Services Corp. (formerly LOGiQ Asset Management Ltd.) ("LAML") (the "Transaction"). The assets were comprised of the Global Partner sales-related fee earning contracts and certain other business-related assets. Under the terms of the Asset Purchase Agreement, the purchase price for the assets sold was $12,375,000. The purchase price is subject to an adjustment of up to $1,500,000 upward or downward if the revenue of the Global Partners business for the 2019 fiscal year increases or decreases by more than 5% compared to the revenue for the 2018 fiscal year (the "Purchase Price Adjustment").

Under the terms of the Transaction, Flow received a cash payment of $1,375,000, a first note in the principal amount of $9,500,000 bearing interest at an annual rate of 10%, which may be called by Flow any time after August 1, 2019, to be repaid no later than four month's of the demand date, and a second note in the principal amount of $1,500,000 bearing interest at an annual rate of 10%, repayable on the later of: i) the date that is two months following the date on which the first note is repaid and ii) three business days following the determination of the Purchase Price Adjustment.

As a result of this disposal, the Global Partner business is classified as a discontinued operation in accordance with IFRS 5. Net earnings from discontinued operations is comprised of the following:

	Three months ended Sept. 30, 2019	Three months ended Sept. 30, 2018	Nine months ended Sept. 30, 2019	Nine months ended Sept. 30, 2018
Revenues				
Management fee revenue	$ 15,443	$ 750,393	$ 901,475	$ 933,037
Total Revenues	**15,443**	**750,393**	**901,475**	**933,037**
Operating Expenses				
Salaries, benefits and staffing costs	$ -	$ 219,858	$ 600,988	$ 264,144
Amortization of intangible asset	-	406,250	407,485	514,583
Office and general administrative	1,763	81,747	65,744	85,379
Total Operating Expenses	**1,763**	**707,283**	**1,074,217**	**864,106**
Gain on assets held for sale	-	-	536,616	-
Net income before income taxes	**13,680**	**43,110**	**363,874**	**68,931**
Income Taxes				
Income taxes	-	-	-	-
Net and comprehensive income	**$ 13,680**	**$ 43,110**	**$ 363,874**	**$ 68,931**
Earnings per share (Note 21)				
Basic earnings per share – discontinued operations	$ 0.0002	$ 0.0005	$ 0.0044	$ 0.0010
Diluted earnings per share – discontinued operations	$ 0.0001	$ 0.0004	$ 0.0034	$ 0.0008

The gain of $536,616 related to the intangible asset sold was made up as follows:

Proceeds allocated to the intangible assets sold	$ 12,245,000
Cost, net of accumulated amortization of the intangible asset **(Note 11)**	11,708,384
Total gain	**$ 536,616**

Cash flows from the discontinued operations is comprised of the following:

	Three months ended Sept. 30, 2019	Three months ended Sept. 30, 2018	Nine months ended Sept. 30, 2019	Nine months ended Sept. 30, 2018
Cash flows from operating activities				
Net income (loss) for the year	$ 13,680	$ 43,110	$ 363,874	$ 68,931
Adjustments for non-cash items				
Amortization of intangible asset	-	406,250	407,485	514,583

In Canadian dollars, for the nine months ended September 30, 2019

Gain on assets held for sale	-	-	(536,616)	-
Changes in working capital items	177,222	(290)	696,835	(397,335)
Net cash generated from operating activities	**190,902**	**449,070**	**931,578**	**186,179**
Cash flows from investing activities				
Sale of intangible asset	**$ -**	**$ -**	**$ 1,245,000**	**$ -**

6. Business acquisition

Reverse acquisition of LOGiQ Asset Management Inc.

On March 12, 2018, Grenville and LOGiQ announced that they had entered into an arrangement agreement (the "Arrangement Agreement") pursuant to which LOGiQ had agreed to acquire all of the issued and outstanding common shares of Grenville on the basis of 6.25 common shares of LOGiQ for each outstanding Grenville Share (the "Transaction"). The purpose of the Transaction was to provide scale to the existing business to allow both businesses to grow and enhance shareholder value. The Transaction was completed on June 7, 2018, with the pre-transaction owners of LOGiQ holding approximately 33% and the pre-transaction owners of Grenville owning approximately 67% of the combined company. Simultaneously, Grenville and LOGiQ amalgamated to form one corporate entity named Flow Capital Corp. which will continue as one corporation. The board of directors of Flow Capital was comprised of 6 people, of which 4 were designated by Grenville and the remaining 2 by LOGIQ, with the majority of the management of Flow Capital coming from Grenville. Based on the composition of the board of directors, the composition of key management personnel and the proportionate ownership of each control block, Grenville was deemed to have obtained control and was considered to be the acquirer of LOGiQ for accounting purposes. The transaction is accounted for as a reverse acquisition under the acquisition method of accounting for business combinations in accordance with the principles *of IFRS 3 Business Combinations.* Accordingly, the results of the acquisition have been recognized from the date of closing.

The details of the consideration and the fair value allocation to the acquired identifiable assets and liabilities assumed are as follows:

Consideration		
327,378,042 common shares outstanding at $0.015 per share	$	4,910,671
Fair value of assets acquired and liabilities assumed		
Cash and cash equivalents	$	4,098,814
Accounts receivable and accrued income		1,507,336
Current income tax recoverable		74,708
HST recoverable		687,280
Prepaid expense and other receivables		928,044
Intangible asset – Global Partner sales-related fee earning contracts **(Note 11)**		13,000,000
Accounts payable and accrued liabilities		(2,798,861)
Deferred fee income **(Note 17)**		(863,187)
Provisions **(Note 13)**		(2,267,050)
Convertible debentures **(Note 14)**		(3,757,434)
Deferred tax liability		(239,832)
Net identifiable assets acquired	$	**10,369,818**
Bargain purchase gain		(5,459,147)
Total consideration	**$**	**4,910,671**

Consideration

The consideration was based upon the closing number of shares outstanding in LOGiQ as at June 6, 2018. The $0.015 share price used to calculate the consideration was the closing price of LOGiQ's shares on June 6, 2018. As part of the transaction, there were some stock options replaced by the acquirer, but due to the small amount involved it was not considered material to include as part of the consideration.

Intangible asset – Global Partner sales related fee earning contracts

The valuation of the intangible asset was valued at a multiple of 7.59 times the gross annual revenue less direct costs in respect of the acquired contracts. The valuation also considered inputs from third parties who were looking to purchase the contracts when LOGiQ were actively planning to sell the contracts. Employees that are key to the success and growth of the acquired asset will continue to work for the Company. The useful life of the acquired contracts was determined to be eight years, with the contracts to be amortized on a straight-line basis over the expected useful life.

In Canadian dollars, for the nine months ended September 30, 2019

Convertible debentures

The 7.00% senior unsecured convertible debentures mature on June 30, 2021. The face value of the outstanding debentures was $5,213,590 and the fair value was based on a price of $0.7207, which was the last traded price prior to the closing of the Transaction. An accretion amount of $1,614,436 was recognized and this amount will be amortized over the period from June 7, 2018 to June 30, 2021.

Bargain purchase gain

The bargain purchase gain of $5,459,147 arose due to the fall in the share price of LOGiQ since the Arrangement Agreement was negotiated and the share price of $0.015 at the closing date. This gain was calculated based on the information available as at August 23, 2018 and since that date, the Company was in the process of finalizing the fair values of all assets acquired and liabilities assumed. This process was finalized in June 2019 and an additional bargain purchase gain of $304,908 was recognized during the nine-months ended September 30, 2019. This adjustment did not have a material impact on the acquired assets and assumed liabilities previously recognized.

Transaction costs and contribution

During the year ended December 31, 2018, transaction costs of $365,859 were incurred in connection with the Transaction and have been expensed in the consolidated statements of net and comprehensive income. Excluding the transaction costs expensed in the period, for the year ended December 31, 2018, the acquisition has contributed $1,889,302 to revenues and an operating loss of $182,907 to the net and comprehensive income. For the three and nine months ended September 30, 2019, the Global Partners business has contributed $15,443 and $901,475, respectively, to revenues and an operating gain of $13,680 and $363,874, respectively (**Note 5**).

Reverse acquisition net of cash acquired

Net identifiable assets acquired less bargain purchase gain	$	4,910,671
less: Cash and cash equivalents acquired		(4,098,814)
Reverse acquisition net of cash acquired		**811,857**

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 acquired and promissory notes receivable 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. The fair value of the redeemable debt is determined by the change in fair values of the underlying royalty agreements in that significant changes in the fair value may have an impact on the valuation of the redeemable debt.

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.

i) Financial assets

All financial assets 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. All financial assets are classified as financial assets and measured at fair value through profit and loss.

In Canadian dollars, for the nine months ended September 30, 2019

	Total	Level 1	Level 2	Level 3
September 30, 2019				
Cash and cash equivalents	$21,842,696	$ 21,842,696	$ -	$ -
Royalty agreements acquired	14,246,746	-	-	14,246,746
Promissory notes receivable	13,124,300	-	-	13,124,300
Equity securities in investee companies	3,256,892	3,025,105	-	231,787
	$52,470,634	**$ 24,867,801**	**$ -**	**$ 27,602,833**

	Total	Level 1	Level 2	Level 3
December 31, 2018				
Cash and cash equivalents	$ 8,607,686	$ 8,607,686	$ -	$ -
Royalty agreements acquired	21,104,132	-	-	21,104,132
Equity securities in investee companies	2,971,707	2,121,137	-	850,570
	$32,683,525	**$ 10,728,823**	**$ -**	**$ 21,954,702**

For the year ended December 31, 2018, there was $4,050 transferred from equity securities in investee companies under Level 3 into equity securities in investee companies under Level 1.

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 January 1, 2019	Total gains and (losses) recognized in profit or loss	Purchases	Sales	Maturities and repayment	Transfers in/(out) of Level 3	Balance at September 30, 2019
Royalty agreements acquired	$21,104,132	$(4,250,100)	$1,021,209	$ -	$(3,628,495)	-	$14,246,746
Equity securities in investee companies	850,570	(618,783)	-	-	-	-	231,787
Promissory notes receivable	-	13,200	13,111,100	-	-	-	13,124,300
Total	**$ 21,954,702**	**$(4,855,683)**	**$14,132,309**	**$ -**	**$(3,628,495)**	**$ -**	**$ 27,602,833**

	Balance at January 1, 2018	Total gains and (losses) recognized in profit or loss	Purchases	Sales	Maturities and repayment	Transfers in/(out) of Level 3	Balance at December 31, 2018
Royalty agreements acquired	$18,683,489	$ (890,078)	$5,183,424	$(1,778,115)	$(94,588)	$-	$21,104,132
Equity securities in investee companies	4,050	559,332	291,238	-	-	(4,050)	850,570
Loans	-	(1,447,318)	1,447,318	-	-	-	-
Promissory notes receivable	2,506,822	(981,902)	-	-	(1,524,920)	-	-
Total	**$ 21,194,361**	**$ (2,759,966)**	**$6,921,980**	**$(1,778,115)**	**$(1,619,508)**	**$(4,050)**	**$ 21,954,702**

The valuation technique used to determine the fair value of the royalty agreements acquired is a discounted cash flow model. The most significant unobservable inputs used in the valuation are the discount rate (range is between 13.8%-27.2%), growth rate of the revenues of the investee (range is between no growth and 50%) and the liquidity premium (range is between 4.5%-13.5%). 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 acquired and promissory notes receivable in Level 3, changing the most significant unobservable inputs by 1% would have the following impact on the fair value of these assets as at September 30, 2019 and December 31, 2018 as follows:

In Canadian dollars, for the nine months ended September 30, 2019

September 30, 2019			December 31, 2018		
Discount rate	Revenue growth rate	Liquidity premium	Discount rate	Revenue growth rate	Liquidity premium
$ 494,927	$ 67,191	$ 13,780	$ 591,858	$ 116,681	$ 17,774

ii) Financial liabilities measured at fair value through profit and loss

The only financial liability measured at fair value is redeemable debt and as at September 30, 2019, the fair value recognized was $10,000,000. Redeemable debt is classified as Level 3 in the fair value hierarchy.

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

	Balance at January 1, 2019	Total gains and (losses) recognized in profit or loss	Issues	Sales	Maturities and repayment	Transfers in/(out) of Level 3	Balance at September 30, 2019
Redeemable debt	$ -	$-	$10,000,000	$ -	-	$- $ -	$ 10,000,000

The valuation technique used to determine the fair value of the redeemable debt is a discounted cash flow model that ultimately reflects the changes in the underlying royalty agreements (**Note 15**).

For the fair value measurement of the redeemable debt classified in Level 3, changing the most significant unobservable inputs by 1% would have the following impact on the fair value of the underlying royalty agreements and therefore the redeemable debt as at September 30, 2019:

September 30, 2019		
Discount rate	Revenue growth rate	Liquidity premium
$ 381,142	$ 45,206	$ 11,795

c) 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 September 30, 2019	Fair Value September 30, 2019	Carrying Amount December 31, 2018	Fair Value December 31, 2018
Financial liabilities				
Accounts payable and accrued liabilities	$ 2,109,174	$ 2,109,174	$ 2,311,828	$ 2,311,361
Convertible debentures	21,004,465	21,774,482	20,410,159	19,886,553
Total	**$ 23,113,639**	**$ 23,883,656**	**$ 22,721,520**	**$ 22,197,914**

The following methods and assumptions were used to estimate the fair values:

- Accounts payable and accrued liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
- The fair value of the debt component of the convertible debentures for September 30, 2019 and December 31, 2018 was based on the listed price of the security at that date less a calculated price for the convertible option using a Black Scholes model.

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 and promissory notes receivable, the income can vary on a monthly basis and is not a function of an underlying interest rate. The Company has no material interest rate exposure.

Equity price risk

In certain circumstances, the Company may exchange the royalty investments for equity instruments in the investee company. The Company held significant equity security interests in nine investees, of which four 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 shares in Medical Imaging Corp. and Crimson Energy Ltd., the warrants in Boardwalktech Software Corp., DionyMed Holdings Inc., Stability Healthcare Inc., Spiridon Technologies Ltd., Echobox Inc. and DirecTech Labs, Inc. are not actively traded and were classified as Level 3 assets. These Level 3 investments were measured using commonly used valuation models. The equity price risk exposure at September 30, 2019 was $3,256,892 (December 31, 2018: $2,971,707) and a 1% change in the share price has an impact of $32,569 (December 31, 2018: $29,717) on the results.

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. Starting in 2014, the Company has foreign currency exposures to receivables in United States dollars. The Company continually monitors its transaction and translation exposure and its related impact on reported results. The foreign exchange exposure at September 30, 2019 was $9,965,807 (December 31, 2018: $14,389,742) United States dollars and a 1% movement in the exchange rate has an impact of $99,658 (December 31, 2018: $143,897) 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. This can take the form of a royalty or promissory note, without limitation. The carrying amount of cash, accounts receivable and accrued income, and investments at fair value, excluding equity securities in investee companies, represents the maximum exposure to credit risk. The maximum exposure at September 30, 2019 was $48,857,843 (December 31, 2018: $30,880,616). The cash is held by a Canadian bank which is rated A+ and the cash is invested in short term liquid investments.

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.

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 amount of contractual future cash flow requirements including all financial instruments as at September 30, 2019 and December 31, 2018 respectively:

Contractual obligations	**< 1 year**	**1-2 years**	**3-5 years**	**Not determinable**	**Total**
Accounts payable and accrued liabilities	$ 2,109,174	$-	$-	$-	$ 2,109,174
Lease Liability	1,311,315	1,777,221	96,416	-	3,184,952
Redeemable debt	1,982,550	-	-	8,017,450	10,000,000
Convertible debenture	16,958,000	5,122,590	-	-	22,080,590
Total	**$22,361,039**	**$6,899,811**	**$96,416**	**$8,017,450**	**$ 37,374,716**

Contractual obligations	**< 1 year**	**1-2 years**	**3-5 years**	**Not determinable**	**Total**
Accounts payable and accrued liabilities	$ 2,311,361	$-	$-	$-	$ 2,311,361
Lease liability	2,888	-	-	-	2,888
Convertible debenture	17,156,000	-	5,127,590	-	22,283,590
Total	**$19,470,2494**	**$-**	**$ 5,127,590**	**$ -**	**$24,597,839**

As of September 30, 2019, the outstanding principal on the Series A convertible debentures ("Series A debentures") was $16,958,000 of which $14,000,000 are scheduled to be redeemed on November 15, 2019. For the balance of $2,958,000, the maturity date is December 31, 2019. As at the date of these financial statements, the Company's cash and cash equivalents were approximately $4,400,000. The repayment of the redeemable debt is determined by buyouts from the underlying royalty agreements (see **Note 15**) and as the timing of buyouts are uncertain, the Company is unable determine the repayment date of $8,017,450.

In Canadian dollars, for the nine months ended September 30, 2019

Capital management

The Company manages its capital with the primary objective of safeguarding it while providing sufficient working capital to sustain day-to-day operations. An important source of capital for the Company will continue to be from royalty payment income, realized gains on contract buyouts and fee income. On July 24, 2019, the Company announced that it had raised capital of $10,000,000 through Flow Priority Return Fund LP (**Note 15**) a limited partnership. As repayments to the limited partners must match payments received from the underlying royalty investments, the Company is able to manage the balance sheet obligations. This type of financing is expected to become an important source of capital for the Company as the more recent investments in the portfolio mature.

Flow Investment Services Corp. (formerly LOGiQ Asset Management Ltd.) ("LAML") is registered under the Ontario Securities Act as an investment fund manager, portfolio manager, and exempt market dealer. LAML is subject to externally imposed capital requirements and LAML is currently required to maintain minimum working capital of $100,000, plus $10,000 deductible under its bonding insurance policy. In the event of non-compliance, the Company is required to file additional financial information and to review its policies and procedures for compliance with securities law and to file a compliance report. At September 30, 2019, the Company is in compliance with all externally imposed restrictions on capital.

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.

9. Cash and cash equivalents

	September 30, 2019	December 31, 2018
Cash held in bank accounts	$ 3,687,145	$ 5,487,750
Canadian treasury bill maturing less than three months	-	77,649
Guaranteed investment certificates cashable at any time	18,155,551	3,042,287
	$ 21,842,696	**$ 8,607,686**

Included in the guaranteed investment certificates was $15,010 (December 31, 2018: $171,180) that was held as collateral for security purposes.

10. Investments at fair value

a) At fair value through profit and loss

Royalty agreements acquired	September 30, 2019	December 31, 2018
Due within 1 year	$ 443,806	$ 162,005
Due after more than 1 year	13,802,940	20,942,127
Total	**$ 14,246,746**	**$ 21,104,132**

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

Promissory notes receivable	September 30, 2019	December 31, 2018
Due within 1 year	$ 11,000,000	$ -
Due after more than 1 year	2,124,300	-
Total	**$ 13,124,300**	**$ -**

Equity securities in investee companies	September 30, 2019	December 31, 2018
Due after more than 1 year	**$ 3,256,892**	**$ 2,971,707**
Total carrying amount of investments at fair value	**$ 30,627,938**	**$ 24,075,839**

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

	September 30, 2019	December 31, 2018
Royalty agreements	$ 2,979,675	$ 5,569,279
Promissory notes receivable	2,124,300	-
	$ 5,103,975	**$ 5,569,279**

In Canadian dollars, for the nine months ended September 30, 2019

As detailed in Note 5, the assets of the Global Partners business were sold for a purchase price of $12,375,000. The Company received a cash payment of $1,375,000 and two notes issued by the buyer for $9,500,000 (the **"First Note**") and $1,500,000 (the **"Second Note**") respectively that are recognized under promissory notes receivable. On August 1, 2019, the Company exercised it's option to call for the full repayment of the First Note for a due date of December 2, 2019. The Second Note also becomes payable and payment is expected in early 2020. The Second Note is subject to an adjustment of up to $1,500,000 upward or downward if the revenue of the Global Partners business for the 2019 fiscal year increases or decreases by more than 5% compared to the revenue for the 2018 fiscal year (the "Purchase Price Adjustment"). The fair value of the Purchase Price Adjustment was zero at April 15, 2019 and September 30, 2019.

b) Equity securities in investee companies

	Fair Value Hierarchy	Cost September 30, 2019	Carrying amount September 30, 2019	Cost December 31, 2018	Carrying Amount December 31, 2018
Common shares					
Lattice Biologics Ltd	Level 1	$ 236,142	$ 29,740	$ 2,372,657	$ 119,526
Inner Spirit Holdings Ltd.	Level 1	962,374	2,355,350	1,004,050	1,951,425
Boardwalktech Software Corp.	Level 1	152,841	32,515	152,841	50,186
Universal mCloud Corp.	Level 1	592,500	607,500	152,841	50,186
Medical Imaging Corp.	Level 3	0	0	0	0
Crimson Energy Ltd.	Level 3	299,528	118,563	299,528	249,607
Warrants					
Boardwalktech Software Corp.	Level 3	1,365,572	25,473	1,365,572	56,322
DionyMed Holdings Inc.	Level 3	53,442	-	53,442	454,246
Stability Healthcare Inc.	Level 3	90,395	87,751	90,395	90,395
Total		**$ 3,752,794**	**$ 3,256,892**	**$ 5,338,485**	**$ 2,971,707**

c) Movement during the period

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

Nine months ended September 30, 2019	Royalty agreement acquired	Equity securities in investee companies	Promissory notes receivable	Loans	Total
Starting balance	**$ 21,104,132**	**$ 2,971,707**	**$ -**	**$ -**	**$ 24,075,839**
New investments during the period	1,021,209	-	2,111,100	-	3,132,309
Promissory note received on sale of Global Partners assets	-	-	11,000,000	-	11,000,000
Proceeds received on sale of shares	-	(385,376)	-	-	(385,376)
Loss recognized on sale of shares – net	-	(1,792,815)	-	-	(1,792,815)
Investments written-off	(2,471,433)	-	-	(1,447,318)	(3,918,751)
Redemptions and contract buydowns	(3,628,495)	-	-	-	(3,628,495)
Royalty earned and payments received- net	502,072	-	-	-	502,072
Royalty payment written-off	(223,673)	-	-	-	(223,673)
Foreign exchange movements	(449,622)	(2,644)	14,255	-	(438,011)
Adjustment to fair value	(1,607,444)	2,466,020	(1,055)	1,447,318	2,304,839
Ending balance	**$ 14,246,746**	**$ 3,256,892**	**$ 13,124,300**	**$ -**	**$ 30,627,938**

Year ended December 31, 2018	Royalty agreement acquired	Equity securities in investee companies	Promissory notes receivable	Loans	Total
Starting balance	**$ 18,683,489**	**$ 1,098,846**	**$ 2,506,822**	**$ -**	**$ 22,289,157**
New investments during the period	5,183,424	268,755	-	1,447,318	6,899,497
New fair value recognized for shares	-	299,528	-	-	299,528
Warrants granted	-	22,483	-	-	22,483
Contract buyout	(778,115)	-	-	-	(778,115)
Royalty investment converted into equity	(1,000,000)	1,000,000	-	-	-

In Canadian dollars, for the nine months ended September 30, 2019

Proceeds received on sale of shares	-	(190,672)	-	-	(190,672)
Loss recognized on sale of shares – net	-	(1,078,615)	-	-	(1,078,615)
Investments written-off	(17,384,801)	-	-	-	(17,384,801)
Warrants earned through services provided	-	1,390,906	-	-	1,390,906
Redemptions and contract buydowns	(94,588)	-	(1,524,920)	-	(1,619,508)
Royalty earned and payments received-net	(311)	-	-	-	(311)
Royalty payment written-off	(547,325)	-	-	-	(547,325)
Foreign exchange movements	621,151	-	135,092	-	756,243
Adjustment to fair value	16,421,208	160,476	(1,116,994)	(1,447,318)	14,017,372
Ending balance	**$ 21,104,132**	**$ 2,971,707**	**$ -**	**$ -**	**$ 24,075,839**

11. Intangible assets

The asset is for Global Partner sales-related fee earning contracts that have a finite life.

	September 30, 2019	December 31, 2018
Starting balance	**$ 12,115,869**	**$ -**
Acquired through business acquisition **(Note 6**)	-	13,000,000
Additions during the period	-	39,500
Amortization	(407,485)	(923,631)
Transfer to assets held for sale	(11,708,384)	-
Ending Balance	**$ -**	**$ 12,115,869**

As at March 31, 2019, the Global Partner business was transferred to assets held for sale due to the disposal of the business **(Note 5**). On April 15, 2019, the sale of the business was closed and following the closing, there are no more intangible assets recognized.

Prior to the sale, the useful life of the acquired contracts was determined to be eight years with amortization determined on a straight-line basis over the expected useful life. The Company assesses at the end of each reporting period whether there is an indication that the asset may be impaired. If any such indication exists, the Company will determine the recoverable amount of the asset and if required, recognize an impairment allowance.

12. Income taxes

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

	Three months ended September 30, 2019	Three months ended September 30, 2018	Nine months ended September 30, 2019	Nine months ended September 30, 2018
Income tax expense – current year	$ 65,996	$ 12,039	$ 137,128	$ 38,207
Income tax (recovery) – current year		(168,669)	-	(168,669)
Deferred tax expense (recovery)				
Deferred tax expense (recovery) -prior year	-	-	(71,257)	-
Origination and reversal of temporary differences in period	(496,763)	(259,986)	(833,008)	(27,084)
Total income taxes	**$ (430,767)**	**$ (416,616)**	**$ (767,137)**	**$ (157,546)**

(b) Reconciliation of effective tax rate

	Nine months ended September 30, 2019		Nine months ended September 30, 2018	
Profit/(Loss) before tax		**$(2,801,019)**		**$5,331,289**
Tax at the combined Canadian federal and provincial statutory tax rate	26.50%	(742,270)	26.50%	1,412,792
Income and deferred tax expense (recovery) – prior year		(71,257)		(168,669)
Income recognized where no tax provision is required	(10.03)%	(244,526)		-
Losses and deductible temporary differences where no tax recognized	12.30%	299,872		-
Tax cost (benefit) of non-deductible expenses and non-taxable income	(0.37)%	(8,956)	(26.29%)	(1,401,669)
Incomes taxes recognized in statements of comprehensive Income (Loss) and effective tax rate	**27.39%**	**$ (767,137)**	**(2.96)%**	**$(157,546)**

Due to its nature, the bargain purchase gain of $304,908 and $5,459,147 that was recognized for the periods are not taxable and therefore the tax impact of $80,801 and $1,446,674 was reflected in the tax cost benefit of non-deductible expenses and non-taxable income.

In Canadian dollars, for the nine months ended September 30, 2019

(c) Movement in deferred tax balances

The Company has established, based on the financial performance, that it is probable that the Company will have future taxable income. As a result, the Company recognized a deferred tax asset for temporary differences existing at September 30, 2019. The composition of the deferred tax asset at September 30, 2019 and December 31, 2018 was as follows:

Amounts recognized in statement of comprehensive income (loss)	**September 30, 2019**	**December 31, 2018**
Transaction costs on common shares issue and convertible debenture	$ (407,895)	**$** (386,276)
Property and equipment	77,837	(280,210)
Tax losses carried forward	8,362,843	8,309,955
RTO expense	199,777	201,132
Unrealized gain on foreign exchange differences	(161,468)	(308,504)
Adjustments to fair value	1,601,956	879,685
Other temporary differences	20,011	367,846
	9,693,062	**8,783,628**
Amounts recognized in equity		
Equity component of convertible debenture	(201,483)	(201,483)
Issuance cost for special warrants and common shares	783,042	783,042
	581,559	**581,559**
Balance at September 30, 2019 and December 31, 2018	**$ 10,274,621**	**$ 9,365,187**

The effective tax rate used in determining the value of the deferred tax asset was 26.50%. The unrecognized deferred tax asset at September 30, 2019 was $1,498,428 (December 31, 2018; $1,498,428). The deferred tax asset was not recognized as it was not probable that the tax entity where the deductible temporary differences were incurred will have future taxable income.

(d) Tax losses carried forward

The amalgamation of LOGiQ and Grenville on June 7, 2018 resulted in an acquisition of control under the provisions of the Income Tax Act ("Act"). Under the provisions of the Act, all unrealized losses on the date of the acquisition of control became realized. As of June 7, 2018, there was $29,075,818 non-capital losses created bringing the total accumulated non-capital losses available for use to $33,522,798 with an expiry in 2037-2038. Based on a long-term financial plan prepared by management and considering the reversal of existing deductible and taxable temporary differences, the Company expects that all the available tax losses will be utilized before the expiry date. As a result, a deferred tax asset of $8,362,843 (December 31, 2018; $8,309,955) was recognized on tax losses carried forward. In accordance with the Company's policy, a detailed review will take place at the year end to see if the Company can support that all the available tax losses will be used before the expiry date.

13. Provisions

	Onerous contracts	**Retail funds indemnity**	**Other**	**Total**
Balance at December 31, 2018	$ 1,635,692	$ 333,000	$ 42,440	$ 2,011,132
Reclassification as impairment allowance	(1,635,692)	-	-	(1,635,692)
Balance at September 30, 2019	**$ -**	**$ 333,000**	**$ 42,440**	**$ 375,440**
Current	-	-	-	-
Non-current	-	333,000	42,440	375,440

Onerous contracts

The onerous contracts provision related to contractual obligations for operating leases for office space in Calgary and Toronto that did not provide future economic benefits to the Company. On Initial Application of IFRS 16, the onerous contracts provision was reclassified as an impairment allowance against the right-of-use asset for the underlying subleases recognized as finance leases under IFRS 16.

Retail funds indemnity

The Company assumed an indemnity to the buyer related to certain representations and warranties as part of the transaction prior to the reverse take-over on June 7, 2018. The indemnity assumed was recognized at the fair value of the liability assumed. There have been no claims made under the indemnity.

14. Convertible debentures

	September 30, 2019	**December 31, 2018**
Convertible debenture - Series A	$ 16,828,525	$ 16,667,633
Convertible debenture - Series B	4,175,940	3,742,526
Total	**$ 21,004,465**	**$ 20,410,159**
Current	16,828,525	16,667,633
Non-current	4,175,940	3,742,526

In Canadian dollars, for the nine months ended September 30, 2019

On July 10, 2014 and July 17, 2014, the Company closed an offering for convertible unsecured subordinated debentures (the "**Series A Debentures**"), for aggregate gross proceeds of $17,250,000. The issue costs were $1,343,425, resulting in net proceeds of $15,906,575. The Series A Debentures bear interest from the date of issue at 8% per annum, payable semi-annually in arrears on June 30 and December 31 in each year commencing December 31, 2014. The Series A Debentures have a maturity date of December 31, 2019 (the "Maturity Date"). On the maturity date, the Company can satisfy its repayment obligations, either in whole or in part, in cash or with freely tradeable shares of the Company. The Series A Debentures are convertible at the holder's option at any time prior to the close of business on the earlier of the Maturity Date and the business day immediately preceding the date specified by the Company for redemption of the Series A Debentures into common shares at a conversion price of $1.7664 per common share, being a conversion rate of 566.12 common shares for each $1,000 principal amount of Series A Debentures. The Series A Debentures are listed for trading on the TSX Venture Exchange under the symbol FW.DB.A.

For accounting purposes, the Series A Debentures are separated into their liability and equity components using the effective interest rate method. The fair value of the liability component at the time of issue was determined based on an estimated rate of 8.96% for the Debentures without the conversion feature. The fair value of the equity component was determined as the difference between the face value of the Series A Debentures and the fair value of the liability component.

The Debentures are direct, unsecured obligations of the Company, subordinated to other indebtedness of the Company for borrowed money and ranking equally with all other unsecured subordinated indebtedness. On or after December 31, 2017, but prior to the Maturity Date, the Company may, at its option, redeem the Debentures, in whole or in part, at a price equal to the principal amount of the Debentures plus all accrued and unpaid interest up to but excluding the date of redemption.

The following table summarizes the outstanding balance and changes in the amounts recognized in the liability and equity during the period:

Principal		
Balance at September 30, 2019	$	**16,958,000**
Balance at December 31, 2018	$	**17,156,000**
Liability		
Gross proceeds	$	17,250,000
Transaction costs		(1,343,425)
Equity component less issue costs allocated		(760,314)
Liability component initially recognized		15,146,261
Redemption of debentures for the year ended December 31, 2018		(94,000)
Accretion of finance expense for the period from July 10, 2014 to December 31, 2018		1,615,372
Balance at December 31, 2018		**16,667,633**
Redemption of debentures for the nine months ended September 30, 2019		(198,000)
Accretion of finance expense for the nine months ended September 30, 2019		358,892
Balance at September 30, 2019	**$**	**16,828,525**
Equity		
Equity component initially recognized	$	760,314
Deferred tax liability recognized		(201,483)
Balance at September 30, 2019 and December 31, 2018	**$**	**558,831**

As outlined in Note 24, on October 10, 2019, Flow Capital announced that a redemption notice to redeem on November 15, 2019 (the “Redemption Date”), $14,000,000 of the $16,958,000 total principal amount of its 8% convertible unsecured subordinated debentures (“Series A Debentures”) was issued. The Series A Debentures will be redeemed on the Redemption Date at par, plus accrued and unpaid interest to but excluding the Redemption Date. Each holder will receive $1,030.25 per $1,000 principal amount of debenture redeemed. The remaining principal balance of $2,958,000 plus accrued interest will be paid by cash on the Maturity Date.

On the reverse acquisition as described in Note 6, the Company assumed 7% senior unsecured convertible debentures (“Series B debentures”) with a maturity date of June 30, 2021 with the outstanding balance of $5,213,590. The conversion price of $3.60 per common share, being a conversion rate of 277.78 common shares for each $1,000 principal amount of Series B Debentures. The fair value of the Series B debentures was determined to be $3,757,434 using Level 1 of fair value hierarchy based on the last traded price prior to the closing of the reverse acquisition. The fair value was fully allocated to the liability component.

The following table summarizes the outstanding balance and changes in the amounts recognized in the liability during the period:

Principal		
Balance at September 30, 2019	$	**5,122,590**
Balance at December 31, 2018	$	**5,127,590**
Liability		
Face value of the debenture	$	5,213,590
Accrued interest at June 7, 2018		158,280
Adjustment to recognize the fair value		(1,614,436)

In Canadian dollars, for the nine months ended September 30, 2019

Liability component initially recognized		3,757,434
Interest and accretion for the period from June 7, 2018 to December 31, 2018		435,448
Interest payment on June 30, 2018 and December 31, 2018		(364,356)
Redemption of debentures for the period from June 7, 2018 to December 31, 2018		(86,000)
Balance at December 31, 2018	**$**	**3,742,526**
Redemption of debentures for the nine months ended September 30, 2019		(5,000)
Interest and accretion of finance expense for the nine months ended September 30, 2019		617,713
Interest payment on June 30, 2019		(179,299)
Balance at September 30, 2019	**$**	**4,175,940**

Normal Course Issuer Bid (“NCIB”)

On July 30, 2017, the Company announced a Normal Course Issuer Bid (“NCIB”), commencing August 2, 2018, to purchase up to $1,720,100 principal amount of the $17,250,000 principal amount Series A Debentures due December 31, 2019 and up to $521,000 principal amount of the $5,213,590 principal amount Series B Debentures due June 30, 2021 for cancellation. Both amounts represented 10% of the public float. The details of the Series A Debenture and Series B Debenture purchased between August 2, 2018 and September 30, 2019 was as follows:

		Series A Debentures		**Series B Debentures**
Number repurchased		292,000		91,000
Weighted-average price per share	$	0.9267	$	0.75
Repurchase cost	$	270,585	$	68,250

The financing expense amounts for the convertible debentures recognized in the statements of comprehensive income (loss) were made up as follows:

		Three months ended September 30, 2019		**Three months ended September 30, 2018**		**Nine months ended September 30, 2019**		**Nine months ended September 30, 2018**
Interest expense on convertible debentures								
Series A	$	343,649	$	343,995	$	1,026,209	$	1,033,995
Series B		89,646		91,328		269,927		115,433
		433,295		435,233		1,296,136		1,149,428
Accretion of finance expense for the period								
Series A		116,926		104,568		358,892		314,365
Series B		120,769		97,203		347,786		123,998
		237,695		201,771		706,678		438,363
Total	**$**	**670,990**	**$**	**637,004**	**$**	**2,002,814**	**$**	**1,587,791**

15. Redeemable debt

At fair value through profit and loss		**September 30, 2019**		**December 31, 2018**
Priority Return Fund – 10,000,000 Class A units redeemable at $1 per unit	$	9,999,990	$	-
Priority Return Fund – 10,000,000 Class D units redeemable at $0.10 per unit		10		-
Ending Balance	**$**	**10,000,000**	**$**	**-**
Current		1,982,550		-
Non-current		8,017,450		-

On July 19, 2019, the Company closed a $10,000,000 financing through a limited partnership called Priority Return Fund, which is considered a subsidiary of Flow Capital for the purposes of consolidation. A collection of institutional and high net worth investors (the “Limited Partners”) invested $10 million into the Priority Return Fund. Under the limited partnership agreement dated July 19, 2019 (the “LPA”), in exchange for the $10,000,000 investment, the Limited Partners were granted 10,000,000 of Class A units and 10,000,000 of Class D units. The initial fair value of the Class A and Class D units was recognized as $10,000,000.

Under the LPA, Class A units will receive i) an amount equal to the lesser of 1% per month of the outstanding amount under the Class A units or the royalty payments received by the Company from royalty agreements specified under the LPA (the "Underlying Royalty Contracts") and ii) all cash buyout payments received by Flow Capital from the Underlying Royalty Contracts up to a maximum of $10,000,000. After all Class A units have been redeemed, Class D units will receive up to $1,000,000 from any further buyout payments from the Underlying Royalty Contracts. If by the third anniversary of the establishment of the Priority Return Fund there has been less than $5 million in redemptions, the Limited Partners will receive an enhanced return equal to 20% of the net adjusted royalty payments on a monthly basis from the Underlying Royalty Contracts until such time as there have been $5 million in redemptions. The Priority Return Fund does not have any additional obligation or liability to the Limited Partners beyond the Underlying Royalty Contracts and as a result, the Class A and Class D units are subject to asset-specific performance risk.

In Canadian dollars, for the nine months ended September 30, 2019

For accounting purposes, as the Underlying Royalty Contracts are measured at fair value through profit and loss, the Company has, to avoid an accounting mismatch and therefore provide more relevant information, elected to measure the Class A and Class D units at fair value through profit and loss. Since July 19, 2019, the fair value of the Underlying Royalty Contracts has not changed and therefore the fair value of the Class A and Class D units remained unchanged at $10,000,000 and there are no gains or losses relating to fair value adjustments recognized in the consolidated statements of comprehensive income/(loss) for the reporting period.

On October 4, 2019, 1,982,550 Class A units were redeemed at $1 per unit following the buyout of one of the Underlying Royalty Contracts. This amount was classified as a current liability on the statement of financial position.

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:

	Three months ended September 30, 2019	Three months ended September 30, 2019	Nine months ended September 30, 2019	Nine months ended September 30, 2018
Interest expense on Class A unit	$ 239,168	$ -	$ 239,168	$ -

16. Share capital and other components of equity

Common shares

The authorized share capital of the Company consists of an unlimited number of voting common shares without par value. The issued and outstanding common shares at September 30, 2019 were 83,402,764.

As part of the reverse acquisition described in Note 6, LOGiQ issued 664,764,363 common shares to the shareholders of Grenville in exchange for all the outstanding shares of Grenville based on an exchange rate of 6.25 leaving 992,142,405 of outstanding common shares. The amount recognized for the issue of the 664,764,363 common shares was $4,910,671. On June 7, 2018, following the amalgamation of LOGiQ and Grenville, the board of directors approved the consolidation of the issued and outstanding shares into a lesser number of common shares at a rate of 12 pre-consolidated common shares for one post-consolidated common share. Following the consolidation, the number of outstanding shares was 82,678,533. For the purposes of the presentation in these financial statements, no transactions prior to June 7, 2018 are shown.

On July 5, 2018, the Company announced a non-brokered private placement (the “Offering“) had been closed. The Company issued on July 4, 2018, 5,032,689 units (each, a “Unit“) at a price of $0.18 per Unit for aggregate gross proceeds of $905,884. Each Unit consists of one common share of the Company and one common share purchase warrant of the Company. Each warrant is exercisable at a price of $0.22 for a period of sixty (60) months following closing and the fair value of the warrants were calculated as $0.0967. The Company received the aggregate gross proceeds of $905,884 during the reporting period and this amount net of $14,982 transaction costs and $486,624 for the value of the warrants is shown under share capital in the consolidated statements of changes in equity. Certain directors and officers of the Company subscribed for an aggregate of 4,893,800 Units under the Offering for aggregate cash consideration of $880,884.

Flow Capital announced on July 30, 2018, that approval was received from the TSX Venture Exchange ("TSXV") to commence a normal course issuer bid (“Common Share NCIB”) through the facilities of the TSXV, permitting the Company to repurchase, for cancellation up to 4,666,666 common shares of the Company, representing approximately 5.32% of the Company’s presently issued and outstanding common shares. The Common Share NCIB started on August 2, 2018 and finished on August 1, 2019. Between January 1 and August 1, 2019, 3,384,000 common shares were repurchased at a weighted-average price per share of $0.1234 for a total cost of $417,455. Between August 2, 2018 and August 1, 2019, 4,334,500 common shares were repurchased at a weighted-average price per share of $0.1533 for a total cost of $472,990.

Share warrants

The details of the share warrants outstanding at September 30, 2019 were:

Number of Warrants outstanding	Fair value of warrants outstanding	Exercise price	Expiry date	Remaining contractual life (years)
5,032,689	$486,624	$0.22	June 26, 2023	3.75

As part of the Offering, 5,032,689 share warrants with an expiry date of June 26, 2023 were issued at an exercise price of $0.22 per warrant with a fair value of $486,624. Each share warrant is convertible into one common share of the Company. The fair value of the share warrants at the date of issue was estimated using the Black-Scholes Option Pricing Model using the following assumptions:

In Canadian dollars, for the nine months ended September 30, 2019

Assumption	
Expected stock price volatility	119.62%
Expected life in years	5
Risk free interest rate	1.80%
Expected dividend yield	0.0%
Weighted average fair value per warrant granted	$0.0967

Stock Options

Under the Plan of Arrangement, the Company adopted the 10% "rolling" stock option plain maintained by Grenville. This stock option plan ("the "Plan") is 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. As part of the reverse acquisition the Company maintained all outstanding stock options and no modifications were made to the terms that would be considered as beneficial to either the Company or the holder.

Original Issue Date	Number of Options Outstanding	Number of Options Exercisable	Exercise Price	Expiry Date	Remaining contractual life (years)
May 25, 2015	197,917	119,792	$1.69	May 25, 2020	0.65
June 3, 2016	312,500	78,125	$0.85	June 3, 2021	1.67
November 18, 2016	377,604	146,484	$0.29	November 18, 2021	2.13
June 13, 2018	3,300,000	660,000	$0.18	June 13, 2023	3.70
December 4, 2018	2,000,000	200,000	$0.18	December 4, 2023	4.18
Total	**6,188,021**	**1,204,401**			
Weighted average exercise price	**$0.2684**	**$0.3864**		Weighted average remaining contractual life	**3.56**

No new options were granted during the nine months ended September 30, 2019. For the same period, 878,646 options expired and were forfeited. Between June 6, 2018 and December 31, 2018, 5,400,000 options were granted at an exercise price of $0.18. For the same period, 2,424,861 options expired or were cancelled and were forfeited.

Share-based payments

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. The following weighted average assumptions were used to estimate the weighted average grant date fair value: The following weighted average assumptions were used to estimate the weighted average grant date fair value of the outstanding options as at September 30, 2019;

Assumption	
Expected stock price volatility	104.34%
Expected life	5
Risk free interest rate	1.82%
Expected dividend yield	0.33%
Weighted average fair value per option granted	$0.1300

17. Revenues

i) Income from investments at fair value

	Three months ended September 30, 2019	Three months ended September 30, 2018	Nine months ended September 30, 2019	Nine months ended September 30, 2018
Royalty and loan payment income				
Royalty payment income	$ 926,738	$ 1,040,591	$ 3,374,845	$ 3,155,641
Loan interest income	-	10,356	-	10,356
Promissory notes receivable payment income	413,551	163,021	968,169	222,290
Total	**$ 1,340,289**	**$ 1,213,968**	**$ 4,343,014**	**$ 3,388,287**

In Canadian dollars, for the nine months ended September 30, 2019

Foreign exchange gains (losses)								
Royalty agreements acquired	$	134,011	$	(241,094)	$	(506,638)	$	27,983
Promissory notes receivable		45,698		4,795		1,055		110,697
Total	**$**	**179,709**	**$**	**(245,889)**	**$**	**(505,583)**	**$**	**138,680**
Unrealized foreign exchange (loss) gain	$	140,465	$	(236,060)	$	(542,137)	$	100,065
Realized foreign exchange gain		39,244		(9,829)		36,554		38,615
Total	**$**	**179,709**	**$**	**(245,889)**	**$**	**(505,583)**	**$**	**138,680**
Realized gains (losses) from sale of investment								
Royalty agreements acquired	$	993,225	$	-	$	998,612	$	(88,851)
Promissory notes receivable		-		-		-		400,200
Equity securities in investee companies								
- gain recognized on sale		-		-		84,404		-
- loss recognized on sale		(185,337)		(225,557)		(1,877,218)		(11,706)
Total	**$**	**807,888**	**$**	**(225,557)**	**$**	**(794,202)**	**$**	**299,643**
Realized losses from investments written-off								
Royalty agreements acquired	$	(194,562)	$	(2,675,784)	$	(4,247,375)	$	(8,104,697)
Total	**$**	**(194,562)**	**$**	**(2,675,784)**	**$**	**(4,247,375)**	**$**	**(8,104,697)**
Adjustments to fair value								
Royalty agreements acquired	$	(2,080,435)	$	1,434,711	$	(160,126)	$	6.862,141
Promissory notes receivable		(513,134)		-		(1,055)		(1,116,994)
Equity securities in investee companies		181,972		837,167		2,466,020		1,619,239
Total	**$**	**(2,411,597)**	**$**	**2,271,878**	**$**	**2,304,839**	**$**	**7,364,387**
ii) ***Other income***								
Consulting and license fee income								
License fee income	$	-	$	18,947	$	-	$	31,140
Consulting fee		-		(13,688)		-		1,390,906
Total	**$**	**-**	**$**	**5,259**	**$**	**-**	**$**	**1,422,046**
Fee and other income								
Amortization of deferred fee income	$	50,000	$	50,000	$	150,000	$	63,187
Release of deferred fee income		600,000		-		600,000		-
Share of joint venture profit, net of tax		-		(1,899)		-		11,790
Total	**$**	**650,000**	**$**	**48,101**	**$**	**750,000**	**$**	**74,977**
Other investment income and gains								
Interest income on invested cash and cash equivalents	$	100,822	$	27,771	$	152,665	$	69,166
Gain on repurchase of convertible debentures		295		-		13,338		-
Total	**$**	**101,117**	**$**	**27,771**	**$**	**166,003**	**$**	**69,166**

The Company as part of the reverse acquisition of LOGiQ **(Note 6)** recognized $863,187 as deferred fee income. The amount relates to a fee received on services contracts that were subsequently terminated and depending on certain circumstances, the Company may be obliged to return using these services provided by the payor at some time in the future. To date the fee received was recognized as income over a period of five years or $50,000 per quarter to take account of this potential obligation. The Company carried out a review during the quarter and concluded that it was highly unlikely that the Company will ever require the services of the payor. As the Company has concluded that it is probable that there will not be an obligation at any time in the future, the remaining balance of $600,000 as at September 30, 2019 was released and realized into income during the three months ended September 30, 2019.

In Canadian dollars, for the nine months ended September 30, 2019

18. Employee benefit expense

	Three months ended September 30, 2019	Three months ended September 30, 2018	Nine months ended September 30, 2019	Nine months ended September 30, 2018
Wages and salaries	$ 264,593	$ 174,583	$ 849,176	$ 609,232
Contract payment	-	-	-	10,000
Other benefits	8,880	7,062	29,440	21,161
Recruitment expense	-	-	-	95,300
Employer related costs for insurance, health tax	9,186	10,873	41,620	32,268
Salaries, benefits and other staffing costs	**282,659**	**192,518**	**920,236**	**757,961**
Share-based compensation **(Note 19)**	37,756	52,520	145,513	168,376
Total	$ 320,415	$ 245,038	$ 1,065,749	$ 936,337

19. Share-based compensation

The amounts recognized in the statement of comprehensive income (loss) were made up as follows:

	Three months ended September 30, 2019	Three months ended September 30, 2018	Nine months ended September 30, 2019	Nine months ended September 30, 2018
Expense recognized for services provided based on vesting conditions of stock options	**$ 37,756**	**$ 52,520**	**$ 145,513**	**$ 168,376**

20. Financing expense

	Three months ended September 30, 2019	Three months ended September 30, 2018	Nine months ended September 30, 2019	Nine months ended September 30, 2018
Convertible debentures **(Note 14)**	$ 670,990	$ 637,004	$ 2,002,814	$ 1,587,791
Redeemable debt **(Note 15)**	239,168	-	239,168	-
Total	**$ 910,158**	**$ 637,004**	**$ 2,241,982**	**$ 1,587,791**

21. Earnings/ (Loss) per share

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

	Three months ended September 30, 2019	Three months ended September 30, 2018	Nine months ended September 30, 2019	Nine months ended September 30, 2018
Profit/(loss) attributable to ordinary equity holders for basic earnings /(loss) per share	$ (882,696)	$ (499,406)	$ (1,670,008)	$ 5,488,835
Financing expense (**Note 20**) after tax at 26.5%	493,178	468,198	1,472,068	1,167,026
Profit/(loss) attributable to ordinary equity holders for diluted earnings /(loss) per share	(389,518)	(31,208)	(197,940)	6,655,861
Basic weighted average number of shares outstanding	83,480,959	87,466,856	84,529,160	68,602,818
Diluted weighted average number of shares outstanding	105,779,065	104,367,110	107,196,989	83,918,112

Due to the anti-dilutive impact, the same net loss attributable to ordinary equity holders and weighted average number of common shares have been used for both the basic and diluted earnings and loss calculations for the three months and nine months ended September 30, 2019.

In Canadian dollars, for the nine months ended September 30, 2019

22. Operating segment information

Flow operates as an investment firm providing revenue-linked capital and advisory services to emerging growth businesses.

As the Global Partner business was classified as an asset held for sale as at March 31, 2019 and a discontinued operation for the three and nine months ended September 30, 2019, the Company activities are now managed and monitored by senior management as one operating and reportable segment. All of the Company's reported revenue is from external customers. The breakdown of the recognized revenue by country was:

	Three months ended September 30, 2019	Three months ended September 30, 2018	Nine months ended September 30, 2019	Nine months ended September 30, 2018
Canada	$ 560,284	$ 456,148	$ 2,009,136	$ 367,195
United States	(87,440)	(36,401)	7,560	4,285,293
Total	**$ 472,844**	**$ 419,747**	**$ 2,016,696**	**$ 4,652,488**

For the nine-month period ended September 30, 2019, the royalty payment income and the interest income on promissory notes received for 4 (2018: 3) investees are greater than 10% of the total.

23. Changes in working capital items

	Three months ended September 30, 2019	Three months ended September 30, 2018	Nine months ended September 30, 2019	Nine months ended September 30, 2018
Royalty agreements acquired – current portion	$ 307,410	$ (200,580)	$ (271,624)	$ (258,914)
Accounts receivable and accrued income	(22,982)	(4,934)	-	1,501,167
Prepaid royalty	-	(70,883)	-	(198,270)
Prepaid expense and other receivables	17,932	556,186	(151,557)	1,579,120
Accounts payable and accrued liabilities	56,569	(678,422)	277,039	(2,652,828)
Total changes in working capital items	**$ 359,321**	**$ (398,633)**	**$ (146,142)**	**$ (29,725)**

24. Events after the reporting period

Completion of Substantial Issuer Bid

Flow Capital announced on August 29, 2019, the commencement of a substantial issuer bid (the "SIB"), permitting the Company to repurchase for cancellation up to $4,000,000 of its common shares. The SIB started on August 29, 2019 and expired on October 7, 2019. The SIB allowed shareholders to submit auction tenders in which they specified the number of shares being tendered at a specific price per share, being within the range of $0.15 and $0.20 per common share. On October 7, 2019, the Company announced that 5,708,090 shares were tendered at a price of $0.20 per common share. On October 17, 2019, the Company announced that 5,708,090 shares were repurchased for cancellation at a price of $0.20 per common share and the total cost was $1,141,618.

Partial Redemption of Series A Convertible Debentures

On October 10, 2019, Flow Capital announced that it had issued a redemption notice to redeem on November 15, 2019, $14,000,000 of the $16,958,000 total principal amount of its 8% convertible unsecured subordinated debentures ("Series A Debentures"). The Series A Debentures will be redeemed on the redemption date at par, plus accrued and unpaid interest to but excluding the redemption date. Each holder will receive $1,030.25 per $1,000 principal amount of debenture redeemed.

25. Contingencies

As described in Note 6, the Company acquired identifiable assets and assumed liabilities on the reverse acquisition of LOGiQ. The Company assumed some contingent liabilities of LOGiQ that have been outstanding for a number of years. Due to the low possibility of a payment or a loss, the Company assessed the fair value as nil as of June 7, 2018. A background to the contingent liabilities is described below.

LOGiQ Capital 2016, as a co-defendant has had litigation commenced against it by Performance Diversified Fund seeking damages of $5,000,000 from Front Street Investment Management Inc. and LOGiQ Capital 2016 (collectively, "the co-defendants"). In the claim, Performance Diversified Fund alleges that the co-defendants, in co-managing the assets of Flatiron LP with Sprott Inc. and Sprott Asset Management LP, breached their duty of care and fiduciary duty to Performance Diversified Fund. The Partnership along with the other co-defendants has commenced a third-party claim with respect to certain service providers to Performance Diversified Fund. The Company will continue to defend against the claim. The amount of the losses, if any, cannot be reasonably determined at this time.

Under a share purchase agreement dated March 11, 2016 (the "SPA") with Brant Securities Limited ("Brant"), the wholly owned subsidiary, Aston Hill Securities Inc. ("AHS"), was sold to Brant. Under the SPA, the Company agreed to indemnify Brant in respect of certain claims, limited to a maximum amount of $300,000. A notice of claim has been received in respect of this indemnity arising from a third-party claim against Brant by a former AHS client. The Company based upon the terms in other agreements with Brant believe that it is unlikely that the Company will have to make a $300,000 payment.

In Canadian dollars, for the nine months ended September 30, 2019

In January 2019, the Company was served with a statement of claim on behalf of a former employee of Front Street Capital 2004. The claim is for damages and wrongful dismissal and relates back to the period prior to December 2016. On January 31, 2019, the Company filed a Notice of Intent to Defend. This claim is over two years and as a result the amount of the liability, if any, cannot be reasonably determined at this time.

In June 2019, the Company was served with a statement of claim on behalf of an employee who was employed by the Global Partners business and who decided not to take up the employment offer by the buyer when the business was sold in April 2019. The claim is for damages for wrongful dismissal and breach of employment contract. On June 19, 2019, the Company filed a Notice of Intent to Defend. As the employee himself terminated his employment with the Company and decided not to take up the buyer's employment offer, the amount of the liability, if any, cannot be reasonably determined at this time.

26. Related party disclosures

Key management personnel

The number of key management personnel as at September 30, 2019 was 8 (2018: 7) and are identified as the members of the board of directors and the officers of the Company.

i) Compensation

	Three months ended September 30, 2019	Three months ended September 30, 2018	Nine months ended September 30, 2019	Nine months ended September 30, 2018
Short term employee benefits	$ 207,979	$ 133,385	$ 619,369	$ 429,050
Share-based compensation	43,539	41,328	129,524	92,245
Consultancy fees	109,619	86,012	279,753	235,363
Total	**$ 361,137**	**$ 260,725**	**$ 1,028,646**	**$ 756,658**

On April 23, 2018, the Company announced that Steven Parry resigned as a director of the Company and will assume an advisory role to the Company. In accordance with the terms of Mr. Parry's employment agreement, Mr. Parry is entitled to the sum of $343,750 in connection with the transition to a new role.

ii) Other transactions

In July 2019, the Company, through a limited partnership called Priority Return Fund, raised $10,000,000 in financing **(Note 15)**. Of the $10,000,000 redeemable debt raised, $1,600,000 was subscribed for by certain key management personnel. During the three months ended September 30, 2019, interest of $38,684 was accrued and expensed on the redeemable debt held by the key management personnel. As at September 30, 2019, $1,600,000 of redeemable debt was held by key management personnel.

In 2019, the Company has made an investment in a company effectively jointly controlled by a member of the key management personnel. The terms of the investment were based on similar terms offered on other investments and other investees. The amounts payable under the investment are in accordance with normal payment terms.

A subsidiary of the Company has provided a loan of US$150,000 to a member of the key management personnel that was still outstanding as at September 30, 2019. The interest income received was as follows:

	Three months ended September 30, 2019	Three months ended September 30, 2018	Nine months ended September 30, 2019	Nine months ended September 30, 2018
Total	**$ 876**	**$ 857**	**$ 2,600**	**$ 903**