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

Interim Condensed Consolidated Financial Statements

For the three months ended March 31, 2019

(Unaudited)

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

Consolidated Statements of Financial Position

(Canadian dollars)

	Note		March 31, 2019		December 31, 2018
Assets					
Current Assets					
Cash and cash equivalents	9	$	9,078,815	$	8,607,686
Accounts receivable and accrued income			766,103		828,005
Income tax recoverable			5,991		79,790
Investments at fair value – current portion	10		3,165,776		162,005
Finance lease asset – current portion			731,113		-
Prepaid expenses and other receivables			870,738		1,175,122
			14,618,536		10,852,608
Assets held for sale	5		11,897,816		-
Total Current Assets			**26,516,352**		**10,852,608**
Non-Current Assets					
Property and equipment			490,087		222,596
Finance lease asset – non-current portion			1,282,198		-
Deferred tax asset	12		9,283,615		9,365,187
Other receivables			195,255		195,255
Intangible assets	11		-		12,115,869
Investments at fair value – non-current portion	10		21,466,217		23,913,834
Total Non-Current Assets			**32,717,372**		**45,812,741**
Total Assets		**$**	**59,233,724**	**$**	**56,665,349**
Liabilities and Shareholders' Equity					
Current Liabilities					
Accounts payable and accrued liabilities		$	2,649,088	$	2,311,361
Deferred fee income – current portion			200,000		200,000
Provisions – current portion	13		-		493,110
Convertible debentures	14		16,601,640		16,667,633
Lease liability – current portion			1,237,986		2,888
Total Current Liabilities			**20,688,714**		**19,674,992**
Non-Current Liabilities					
Deferred fee income – non-current portion			500,000		550,000
Provisions – non-current portion	13		375,440		1,518,022
Lease liability – non-current portion			2,552,599		-
Convertible debentures	14		3,936,073		3,742,526
Total Non-Current Liabilities			**7,364,112**		**5,810,548**
Shareholders' Equity (Note 15)					
Share capital		$	55,262,674	$	55,443,299
Warrants			486,624		486,624
Contributed surplus			1,261,008		1,206,422
Equity component of convertible debentures	14		558,831		558,831
Accumulated other comprehensive income			70,945		127,861
Accumulated deficit			(26,459,184)		(26,643,228)
Total Shareholders' Equity			**31,180,898**		**31,179,809**
Total Liability and Shareholders' Equity		**$**	**59,233,724**	**$**	**56,665,349**

See accompanying notes to financial statements.

Approved on behalf of the Board of Directors on May 16, 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 March 31, 2019		Three months ended March 31, 2018
Revenues					
Income from investments at fair value					
Royalty and loan payment income	16	$	1,527,833	$	1,038,506
Foreign exchange (loss) gain	16		(349,267)		411,804
Realized gain (loss) from sale of investments	16		(893,838)		125,000
Realized loss investments written-off	16		(3,947,861)		-
Adjustments to fair value	16		5,632,062		227,474
Income from investments at fair value			1,968,929		1,802,784
Other income					
Consulting and license fee income	16		-		9,328
Fee and other income	16		50,000		10,161
Other interest income and gains	16		34,866		22,147
Total Revenues			**2,053,795**		**1,844,420**
Operating Expenses					
Salaries, benefits and staffing costs	17	$	293,617	$	343,621
Restructuring costs			-		312,500
Share-based compensation	18		54,586		63,336
Depreciation			39,607		24,812
Professional fees			435,490		362,559
Office and general administrative			144,233		97,789
Total Operating Expenses			**967,533**		**1,204,617**
Operating Profit		**$**	**1,086,262**	**$**	**639,803**
Financing expense	14		656,053		443,869
Profit before income taxes			**430,209**		**195,934**
Income Taxes					
Current income tax	12	$	64,554	$	122,363
Deferred tax expense (recovery)	12		86,253		(55,651)
Total Income Tax		**$**	**150,807**	**$**	**66,712**
Net Profit from continuing operations		**$**	**279,402**	**$**	**129,222**
Net Loss from discontinued operations, net of taxes			(65,852)		-
Net Profit		**$**	**213,550**	**$**	**129,222**
Other comprehensive income					
Foreign currency translation reserve			70,945		-
Total Comprehensive Income		**$**	**284,495**	**$**	**129,222**
Earnings per share (Note 19)					
Earnings per share					
Basic and diluted earnings per share		$	0.0025	$	0.0012
Earnings per share – continuing operations					
Basic and diluted earnings per share		$	0.0033	$	0.0012

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**
Share-based compensation	-	**18**	-	-	-	63,336	-	-	63,336
Comprehensive income for the period	-		-	-	-	-	-	129,222	129,222
Balance, March 31, 2018	**106,317,656**		**$ 50,261,640**	**$ -**	**$ -**	**$ 1,074,296**	**$ 558,831**	**$(29,544,169)**	**$ 22,350,698**
Balance, January 1, 2019	**86,786,764**		**$ 55,443,299**	**$ 127,861**	**$ 486,624**	**$ 1,206,422**	**$ 558,831**	**$(26,643,229)**	**$ 31,179,808**
Adjustment - IFRS 16 implementation	-	**4**	-	-	-	-	-	(29,505)	(29,505)
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	-	**18**	-	-	-	54,586	-	-	54,586
Treasury shares	(1,500,000)	**15**	(180,625)	-	-	-	-	-	(180,625)
Foreign currency translation	-		-	(56,916)	-	-	-	-	(56,916)
Net profit for the period	-		-	-	-	-	-	213,550	213,550
Balance, March 31, 2019	**85,286,764**		**$ 55,262,674**	**$ 70,945**	**$ 486,624**	**$ 1,261,008**	**$ 558,831**	**$(26,459,184)**	**$ 31,180,898**

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 March 31, 2019		Three months ended March 31, 2018
Cash flows from operating activities					
Profit before income taxes		$	430,208	$	195,934
Adjustments for non-cash items					
Share-based compensation	18		54,586		63,336
Amortization of intangible asset			(407,485)		-
Loss on disposing property and equipment			-		(10,161)
Depreciation			39,607		24,813
Amortization of deferred fee income	16		(50,000)		-
Adjustments relating to investments at fair value					
Unrealized foreign exchange loss (gain)	16		349,433		(416,512)
Adjustments to fair value	16		(5,632,062)		(227,474)
Realized loss on investments written-off	16		3,947,861		-
Realized loss on sale of equity securities	16		899,224		-
New investments and loan advances	10		-		950,000
Proceeds received on sale of shares	10		124,865		-
Buyout and redemption of investments	10		-		143,368
Other Adjustments					
Financing expense	14		656,053		443,869
Income tax (paid) recovery	12		9,246		(123,964)
Changes in working capital items	21		176,433		260,684
Net Cash Flows generated from (used in) continuing operations - Operating Activities			**597,969**		**(596,107)**
Net Cash Flows generated from discontinued operations - Operating Activities	5		**341,633**		**-**
Net Cash Flows generated from (used in) Operating Activities			**939,602**		**(596,107)**
Cash flows from financing activities					
Common shares repurchased for treasury	15	$	(180,625)		-
Convertible debentures redeemed	14		(190,000)		-
Lease liability payments			(263,789)		(856)
Debenture interest paid	14		(1,355)		-
Net Cash flows from Financing Activities			**(635,769)**		**(856)**
Cash flows from investing activity					
Purchase of property and equipment		$	(1,708)		(27,634)
Finance lease asset			169,004		-
Net Cash flows from Investing Activities			**167,296**		**(27,634)**
Net increase in cash during the year			**471,129**		**(624,597)**
Cash and cash equivalents, beginning of year			8,607,686		7,534,383
Cash and cash equivalents, end of year	**9**	**$**	**9,078,815**	**$**	**6,909,786**

See accompanying notes to financial statements.

In Canadian dollars, for the three months ended March 31, 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, accordingly, the comparative figures include only the results of Grenville. 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
Grenville Corporation	Subsidiary of Flow Capital	100
LOGiQ Asset Management Ltd.	Subsidiary of Flow Capital	100
LOGiQ Capital 2016	Subsidiary of Flow Capital	100
Tuscarora Capital Inc.	Subsidiary of Flow Capital	100

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.

Going concern considerations

These financial statements have been prepared using accounting principles applicable to a going concern. The going concern basis of presentation assumes that the Company will continue its operations for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of the business. On April 15, 2019, the Company as detailed on Note 5 announced the sale of the Global Partners business for a total consideration of $12,375,000. As of March 31, 2019, the Company's liquid assets were approximately $26,500,000 and management has initiatives to augment the cash-on-hand with cash returned from expected royalty buyouts in the forthcoming months. The outstanding principal on the Series A convertible debentures ("Series A debentures") was $16,971,000 and the remaining term to maturity is nine months. Management has a plan in place to manage the maturity of the Series A debentures that involves using the Company's existing liquid assets and the initiatives augmenting the cash-on-hand. Other than the plan that is in place, management have other options available to manage the maturity.

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The financial statements were approved and authorized by the Board of Directors on May 16, 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 leases, 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 $29,505 adjustment is required to the accumulated deficit as at the date of Initial Application.

In Canadian dollars, for the three months ended March 31, 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. Disposal group held for sale

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 Partners assets owned by LOGiQ Asset Management Ltd. ("LAML") (the "Transaction"). The assets are comprised of the Global Partners 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. 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. Flow's proceeds of disposition, net of transaction costs, resulted in a gain of $536,616.

As part of the Transaction, Flow disposed of assets that as at March 31, 2019 had a carrying value of $11,897,816. As at March 31, 2019, the Company considered that the probability of the closing of the Transaction as very high and therefore reflected these assets as assets held for sale in accordance with *IFRS 5 Non-current Assets Held for Sale and Discontinued Operations ("IFRS 5").* The assets held for sale at March 31, 2019, were measured at the lower of the carrying amount and fair value less costs to sell. The carrying amount was made up as follows:

Prepaid expenses	$	57,716
Property and equipment, net of accumulated amortization		1,716
Notes receivable		130,000
Intangible asset, net of accumulated amortization (**Note 11**)		11,708,384
Total assets held for sale	**$**	**11,897,816**

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

		March 31, 2019
Revenues		
Management fee revenue	$	745,951
Total Revenues		**745,951**
Operating Expenses		
Salaries, benefits and staffing costs	$	327,312
Amortization of intangible asset		407,485
Office and general administrative		77,005
Total Operating Expenses		**811,803**
Net (loss) before income taxes		**(65,852)**
Income Taxes		
Income taxes		-
Net and comprehensive income (loss)	**$**	**(65,852)**
Earnings/(Loss) per share (Note 19)		
Basic and diluted (loss) per share – discontinued operations	$	(0.0008)

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

		March 31, 2019
Cash flows from operating activities		
Net (loss) for the year	$	(65,852)
Adjustments for non-cash items		
Amortization of intangible asset		407,485
Net cash generated from operating activities	**$**	**341,633**

In Canadian dollars, for the three months ended March 31, 2019

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 Partners sales-related fee earning contracts **(Note 11)**		13,000,000
Accounts payable and accrued liabilities		(2,798,861)
Deferred fee income		(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. The Company is in the process of finalizing the fair values of all assets acquired and liabilities assumed.

Intangible asset – Global Partners 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.

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.

In Canadian dollars, for the three months ended March 31, 2019

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.

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 months ended March 31, 2019, the Global Partners business has contributed $745,951 to revenues and an operating profit of $(65,852) (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.

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 – financial assets measured at fair value

All financial assets are measured at fair value. All financial liabilities are measured at amortized cost.

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.

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.

	Total	Level 1	Level 2	Level 3
March 31, 2019				
Cash and cash equivalents	$ 9,078,815	$ 9,078,815	$ -	$ -
Royalty agreements acquired	16,828,481	-	-	16,828,481
Promissory notes receivable	2,800,566	-	-	2,800,566
Equity securities in investee companies	5,002,946	4,332,632	-	670,314
	$33,710,808	**$ 13,411,447**	**$ -**	**$ 20,299,361**

In Canadian dollars, for the three months ended March 31, 2019

	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 three months ended March 31, 2019, there was no transfers from equity securities in investee companies under Level 3 into equity securities in investee companies under Level 1. 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 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 March 31, 2019
Royalty agreements acquired	$21,104,132	$(1,616,252)	$ -	$ -	$(2,659,400)	-	$16,828,481
Equity securities in investee companies	850,570	(180,256)	-	-	-	-	670,314
Promissory notes receivable	-	141,166	2,659,400	-	-	-	2,800,566
Total	**$ 21,954,702**	**$(1,655,342)**	**$2,659,400**	**$ -**	**$(2,659,400)**	**$ -**	**$ 20,299,361**

	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 4.2%-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.

c) Sensitivity of fair value measurement to changes in unobservable inputs

For fair value measurements of the royalty agreements acquired 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 March 31, 2019 and December 31, 2018 as follows:

March 31, 2019			December 31, 2018		
Discount rate	**Revenue growth rate**	**Liquidity premium**	**Discount rate**	**Revenue growth rate**	**Liquidity premium**
$ 564,679	$ 116,681	$ 16,991	$ 591,858	$ 116,681	$ 17,774

d) Financial liabilities not measured at fair value

All 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 March 31, 2019	Fair Value March 31, 2019	Carrying Amount December 31, 2018	Fair Value December 31, 2018
Financial liabilities				
Accounts payable and accrued liabilities	$ 2,649,088	$ 2,649,088	$ 2,311,361	$ 2,311,361
Convertible debentures	20,537,713	18,767,475	20,410,159	19,886,553
Total	**$ 23,186,801**	**$ 21,416,563**	**$ 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 March 31, 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, 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 seven investees, of which three are actively traded as the securities are listed on a recognized exchange. The fair value of the listed equity securities, similar to any other Level 1 asset, were measured using the quoted price of the shares by the numbers of shares held. The shares in Medical Imaging Corp. and Crimson Energy Ltd., the warrants in Boardwalktech Software Corp. and DionyMed Holdings 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 March 31, 2019 was $5,002,946 (December 31, 2018: $2,971,707) and a 1% change in the share price has an impact of $50,029 (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 March 31, 2019 was $13,755,864 (December 31, 2018: $14,389,742) United States dollars and a 1% movement in the exchange rate has an impact of $137,559 (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 March 31, 2019 was $29,962,426 (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.

In Canadian dollars, for the three months ended March 31, 2019

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 March 31, 2019 and December 31, 2018 respectively:

Contractual obligations	< 1 year	1-2 years	3-5 years	Total
Accounts payable and accrued liabilities	$ 2,649,088	$-	$-	$ 2,649,088
Lease Liability	1,237,986	2,415,730	136,869	3,790,585
Convertible debenture	16,971,000	-	5,122,590	22,093,590
Total	**$20,858,074**	**$2,415,730**	**$5,259,459**	**$ 28,533,263**

Contractual obligations	< 1 year	1-2 years	3-5 years	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 March 31, 2019, the outstanding principal on the Series A convertible debentures ("Series A debentures") was $16,971,000 and the remaining term to maturity was nine months. At the same date, the Company's liquid assets were approximately $26,500,000.

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. For the year ended December 31, 2018, the realized gain on royalty buyouts was $807,846 and for the three months ended March 31, 2019, the realized gain on royalty buyouts was $5,388.

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

	March 31, 2019	December 31, 2018
Cash held in bank accounts	$ 7,008,607	$ 5,487,750
Canadian treasury bill maturing less than three months	-	77,649
Guaranteed investment certificates cashable at any time	2,070,208	3,042,287
	$ 9,078,815	**$ 8,607,686**

Included in the guaranteed investment certificates was $171,180 (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	March 31, 2019	December 31, 2018
Due within 1 year	$ 365,210	$ 162,005
Due after more than 1 year	16,463,271	20,942,127
Total	**$ 16,828,481**	**$ 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.

Equity securities in investee companies	March 31, 2019	December 31, 2018
Due after more than 1 year	**$ 5,002,946**	**$ 2,971,707**

Promissory notes receivable	**March 31, 2019**	**December 31, 2018**
Due within 1 year	$ 2,800,566	$ -
Total carrying amount of investments at fair value	**$ 24,631,993**	**$ 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:

	March 31, 2019	**December 31, 2018**
Royalty agreements	$ 2,396,614	$ 5,569,279
Promissory notes receivable	2,800,566	-
	$ 5,197,180	**$ 5,569,279**

The Company has provided a 100% cash backed financial guarantee of up to $110,000 (December 31, 2018: $110,000) on behalf of an investee. The value of this financial guarantee recognized at March 31, 2019 was nil (December 31, 2018: nil).

On January 29, 2019, the Company closed the sale of the royalty agreement with Agnity to mCloud (TSX-V: MCLD). The purchase price was $2,000,000 in United States dollars in the form of a senior secured note, plus $525,000 or 1.5 million mCloud shares, chosen at Flow's election, and another 3.5 million shares if certain milestones are met within the next six years. The senior secured note is for a term of up-to twelve months, paying monthly interest of $41,667 in United States dollars. Flow will receive the $525,000 or 1.5 million mCloud shares when the note is repaid.

b) Equity securities in investee companies

	Fair Value Hierarchy	**Cost March 31, 2019**	**Carrying amount March 31, 2019**	**Cost December 31, 2018**	**Carrying Amount December 31, 2018**
Common shares					
Lattice Biologics Ltd	Level 1	$ 1,348,567	$ 169,840	$ 2,372,657	$ 119,526
Inner Spirit Holdings Ltd.	Level 1	1,004,050	4,119,675	1,004,050	1,951,425
Boardwalktech Software Corp.	Level 1	152,841	43,117	152,841	50,186
Medical Imaging Corp.	Level 3	0	0	0	0
Crimson Energy Ltd.	Level 3	299,528	205,926	299,528	249,607
Warrants					
Boardwalktech Software Corp.	Level 3	1,365,572	43,831	1,365,572	56,322
DionyMed Holdings Inc.	Level 3	53,442	332,011	53,442	454,246
Stability Healthcare Inc.	Level 3	90,395	88,546	90,395	90,395
Total		**$ 4,290,263**	**$ 5,002,946**	**$ 5,338,485**	**$ 2,971,707**

The Company owns 14,455,000 shares or approximately 7 percent of the total issued and outstanding common shares of Inner Spirit Holding Ltd. ("Inner Spirit"). Inner Spirit was listed on the Canadian Securities Exchange (the "CSE") and the fair value of the shares as at March 31,2019 was determined using a price of $0.285 (December 2018: $0.135).

c) Movement during the period

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

	Three months ended March 31, 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**
Proceeds received on sale of shares	-	(124,865)	-	-	(124,865)
Loss recognized on sale of shares - net	-	(899,224)	-	-	(899,224)
Investments written-off	(2,471,433)	-	-	(1,447,318)	(3,918,751)
Royalty sold in exchange for a note	(2,659,400)	-	2,659,400	-	-
Royalty earned and payments received-net	236,315	-	-	-	236,315
Royalty payment written-off	(29,110)	-	-	-	(29,110)

In Canadian dollars, for the three months ended March 31, 2019

Foreign exchange movements	(351,622)	(1,851)	13,200	-	(340,273)
Adjustment to fair value	999,599	3,057,179	127,966	1,447,318	5,632,062
Ending balance	**$ 16,828,481**	**$ 5,002,946**	**$ 2,800,566**	**$ -**	**$ 24,631,993**

	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	-	-	-
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 Partners sales-related fee earning contracts that have a finite life.

	March 31, 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 (**Note 5**)	(11,708,384)	-
Ending Balance	**$ -**	**$ 12,115,869**

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. As at March 31, 2019, the Global Partners business was transferred to assets held for sale due to the disposal of the business **(Note 5)**.

12. Income taxes

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

	Thee months ended March 31, 2018	**Three months ended March 31, 2017**
Income tax expense – current year	$ 64,557	$ 122,363
Deferred tax expense (recovery)		
Deferred tax expense (recovery)– prior year	(70,961)	(616)
Origination and reversal of temporary differences in period	157,211	(55,035)
Total income taxes	**$ 150,807**	**$ 66,712**

In Canadian dollars, for the three months ended March 31, 2019

(b) Reconciliation of effective tax rate

	Three months ended March 31, 2019		Three months ended March 31, 2018	
Profit/(Loss) before tax		**$364,357**		**$195,934**
Tax at the combined Canadian federal and provincial statutory tax rate	26.50%	96,555	26.50%	51,923
Income and deferred tax expense (recovery) – prior year		(70,961)		(616)
Losses where no tax recognized	27.34%	99,609		-
Tax cost (benefit) of non-deductible expenses and non-taxable income	7.03%	25,604	7.19%	15,405
Incomes taxes recognized in statements of comprehensive Income (Loss) and effective tax rate	**60.87%**	**$ 150,807**	**33.69%**	**$66,712**

(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 December 31, 2018. The composition of the deferred tax asset at March 31, 2019 and December 31, 2018 was as follows:

Amounts recognized in statement of comprehensive income (loss)	**March 31, 2019**	**December 31, 2018**
Transaction costs on common shares issue and convertible debenture	$ (393,288)	$ (386,276)
Property and equipment	56,660	(280,210)
Tax losses carried forward	8,240,154	8,309,955
RTO expense	200,661	201,132
Unrealized gain on foreign exchange differences	(215,905)	(308,504)
Adjustments to fair value	657,684	879,685
Other temporary differences	156,090	367,846
	8,702,056	**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 March 31, 2019 and December 31, 2018	**$ 9,283,615**	**$ 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 March 31, 2019 was $1,720,830 (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 located in 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 $8,240,154 (December 31, 2018; $8,309,955) was recognized on tax losses carried forward.

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 March 31, 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.

In Canadian dollars, for the three months ended March 31, 2019

14. Convertible debentures

	March 31, 2019	December 31, 2018
Convertible debenture - Series A	$ 16,601,640	$ 16,667,633
Convertible debenture - Series B	3,936,073	3,742,526
Ending Balance	**$ 20,537,713**	**$ 20,410,159**
Current	16,601,640	16,667,633
Non-current	3,936,073	3,742,526

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 March 31, 2019	$ **16,971,000**
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 three months ended March 31, 2019	(185,000)
Accretion of finance expense for the three months ended March 31, 2019	119,007
Balance at March 31, 2019	**$ 16,601,640**
Equity	
Equity component initially recognized	$ 760,314
Deferred tax liability recognized	(201,483)
Balance at March 31, 2019 and December 31, 2018	**$ 558,831**

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 March 31, 2019	$ **5,122,590**
Balance at December 31, 2018	$ **5,127,590**

In Canadian dollars, for the three months ended March 31, 2019

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)
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	**$**	**3,742,526**
Redemption of debentures for the three months ended March 31, 2019		(5,000)
Accretion of finance expense for the three months ended March 31, 2019		198,547
Balance at March 31, 2019	**$**	**3,936,073**

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 NCIB for both the Series A Debentures and Series B Debentures will terminate upon the earliest of (i) August 1, 2019, (ii) the Company providing notice of termination and (iii) the Company purchasing $1,720,100 Series A Debentures and $521,000 Series B debentures. The details of the Series A Debenture and Series B Debenture purchased between August 2, 2018 and March 31, 2019 was as follows:

		Series A Debentures		**Series B Debentures**
Number repurchased		279,000		91,000
Weighted-average price per share	$	0.9243	$	0.75
Repurchase cost	$	257,880	$	68,250

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

		Three months ended March 31, 2019		**Three months ended March 31, 2017**
Interest expense on convertible debentures				
Series A	$	338,490	$	345,000
Series B		90,940		-
		429,430		345,000
Accretion of finance expense for the period				
Series A		119,007		98,869
Series B		107,616		-
		226,623		98,869
Total	**$**	**656,053**	**$**	**443,869**

15. 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 March 31, 2019 were 85,286,764.

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

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$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 Corp. 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 runs until August 1, 2019. The Common Share NCIB will terminate upon the earliest of (i) August 1, 2019, (ii) the Company providing notice of termination and (iii) the Company purchasing 4,666,666 common shares. Between January 1 and March 31, 2019, 1,500,000 common shares were repurchased at a weighted-average price per share of $0.1204 for a total cost of $180,625. Between August 2, 2018 and March 31, 2019, 2,450,500 common shares were repurchased at a weighted-average price per share of $0.1282 for a total cost of $315,315.

Share warrants

The details of the share warrants outstanding at March 31, 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	4.25

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:

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)
April 3, 2014	505,208	505,208	$0.96	April 3, 2019	0.25
May 25, 2015	197,917	119,792	$1.69	May 25, 2020	1.39
September 21, 2015	156,250	78,125	$1.23	September 21, 2020	1.72
June 3, 2016	403,646	-	$0.85	June 3, 2021	2.42
November 18, 2016	403,646	78,125	$0.29	November 18, 2021	2.88
June 13, 2018	3,400,000	510,000	$0.18	June 13, 2023	4.45
December 4, 2018	2,000,000	-	$0.18	December 4, 2023	4.93
Total	**7,066,667**	**1,291,250**			
Weighted average exercise price	**$0.3454**	**$0.6952**		Weighted average remaining contractual life	**3.69**

No new options were granted or any of the outstanding options expired or were forfeited, during the three months ended March 31, 2019. 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 and were forfeited.

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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 March 31, 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

16. Revenues

i) Income from investments at fair value

	Three months ended March 31, 2019	**Three months ended March 31, 2018**
Royalty and loan payment income		
Royalty payment income	$ 1,373,217	$ 999,520
Promissory notes receivable payment income	154,616	38,986
Total	**$ 1,527,833**	**$ 1,038,506**
Foreign exchange gains (losses)		
Royalty agreements acquired	$ (362,468)	$ 342,065
Promissory notes receivable	13,200	69,739
Total	**$ (349,268)**	**$ 411,804**
Unrealized foreign exchange (loss) gain	$ (349,433)	$ 416,511
Realized foreign exchange gain	165	(4,707)
Total	**$ (349,268)**	**$ 411,804**
Realized gains (losses) from sale of investment		
Royalty agreements acquired	$ 5,386	$ -
Promissory notes receivable	-	125,000
Equity securities in investee companies - loss recognized on sale	(899,224)	-
Total	**$ (893,838)**	**$ 125,000**
Realized losses from investments written-off		
Royalty agreements acquired	$ (3,947,861)	$ -
Promissory notes receivable	-	-
Equity securities in investee companies	-	-
Total	**$ (3,947,861)**	**$ -**
Adjustments to fair value		
Royalty agreements acquired	$ 2,446,917	$ 409,940
Promissory notes receivable	127,966	-
Equity securities in investee companies	3,057,179	(182,466)
Total	**$ 5,632,062**	**$ 227,474**
Consulting and license fee income		
License fee income	$ -	$ 9,328
Total	**$ -**	**$ 9,328**

In Canadian dollars, for the three months ended March 31, 2019

Fee and other income

Amortization of deferred fee income	$	50,000	$	-
Share of joint venture profit, net of tax		-		10,161
Total	**$**	**50,000**	**$**	**10,161**

Other investment income and gains

Interest income on invested cash and cash equivalents	$	21,823	$	22,146
Gain on repurchase of convertible debentures		13,043		-
Total	**$**	**34,866**	**$**	**22,146**

17. Employee benefit expense

		Three months ended March 31, 2019		Three months ended March 31, 2018
Wages and salaries	$	270,000	$	262,079
Other benefits		10,416		9,534
Recruitment expense		-		60,101
Employer related costs for insurance, health tax		13,201		11,907
Salaries, benefits and other staffing costs		**293,617**		**343,621**
Share-based compensation **(Note 18**)		54,586		63,336
Total	$	348,203	$	406,957

18. Share-based compensation

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

		Three months ended March 31, 2019		Three months ended March 31, 2018
Expense recognized for services provided based on vesting conditions of stock options	**$**	**54,586**	**$**	**63,336**

19. 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 March 31, 2019		Three months ended March 31, 2018
Profit/(loss) attributable to ordinary equity holders for basic earnings /(loss) per share	$	213,550	$	129,222
Financing expense (**Note 14**) after tax at 26.5%		482,199		326,244
Profit/(loss) attributable to ordinary equity holders for diluted earnings /(loss) per share		695,749		455,466
Basic weighted average number of shares outstanding		85,584,081		106,317,656
Diluted weighted average number of shares outstanding		101,681,656		132,835,281

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 ended March 31, 2019 and March 31, 2018.

20. Operating segment information

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

As the Global Partners business was classified as an asset held for sale as at March 31, 2019 and a discontinued operation for the three months ended March 31, 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:

In Canadian dollars, for the three months ended March 31, 2019

	Three months ended March 31, 2019	Three months ended March 31, 2018
Canada	$ 722,276	$ 926,854
United States	1,331,518	918,854
Total	**$ 2,053,794**	**$ 1,844,420**

For the three-month period ended March 31, 2019, the royalty payment income and the interest income on promissory notes received for 3 (2018: 3) investees are greater than 10% of the total.

21. Changes in working capital items

	Three months ended March 31, 2019	Three months ended March 31, 2018
Royalty agreements acquired – current portion	$ (309,062)	$ 92,579
Accounts receivable and accrued income	61,902	-
Prepaid royalty	-	(61,484)
Provisions	(94,858)	-
Deferred fee income	(50,000)	-
Prepaid expense and other receivables	230,723	21,719
Accounts payable and accrued liabilities	337,728	207,870
Total changes in working capital items	**$ 176,433**	**$ 260,684**

22. Events after the reporting period

Royalty agreement with Spiridon Technologies Ltd. ("Spiridon")

On April 4, 2019, Flow closed a new investment for $250,000 United States dollars with Spiridon. In addition to receiving a royalty under the investment, Flow received warrants to purchase 3,000,000 Class A Common Shares of Spiridon at an exercise price of $0.001 Canadian dollars for a period of five years.

Sale of Global Partners business

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 Partners assets owned by LOGiQ Asset Management Ltd. ("LAML") (the "Transaction") (see **Note 5**).

23. 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 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 have filed a Notice of Intent to Defend. This claim is over two years and as a result the amount of the losses, if any, cannot be reasonably determined at this time.

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24. Related party disclosures

Key management personnel

	Three months ended March 31, 2019	Three months ended March 31, 2018
Short term employee benefits	$ 207,452	$ 161,669
Share-based compensation	40,154	25,458
Consultancy fees	86,149	69,791
Total	**$ 333,755**	**$ 256,918**

During the three months ended March 31, 2018, an employee who was included in key management personnel in previous reporting periods ceased to be an employee of the Company. The Company has recognized an expense of $362,500 in respect of the termination of the employment agreement.

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.

The number of key management personnel as at March 31, 2019 was 8 (2018: 8) and are identified as the members of the board of directors and the officers of the Company.