HAMPTON FINANCIAL CORPORATION

Management's Discussion and Analysis

For the Three and Six Months Ended February 28, 2025

Introduction

Unless otherwise indicated, all references to the "Company", "we", "our, "us", "Hampton", and "Hampton Financial" refers to Hampton Financial Corporation.

This management's discussion and analysis ("MD&A") is intended to provide additional information regarding Hampton Financials operations, business environment and factors affecting business and financial results of the three and six months ended February 28, 2025, compared to the corresponding periods in the preceding fiscal year. This MD&A was written to comply with the requirements of National Instrument 51-102 – *Continuous Disclosure Obligations*. Results are reported in Canadian dollars, unless otherwise noted. In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included. The results presented for the three and six months ended February 28, 2025, are not necessarily indicative of the results that be expected for any future period.

This MD&A should be read in conjunction with the unaudited condensed interim consolidated financial statements for the three and six months ended February 28, 2025, and is the responsibility of the management of the Company. The Company's Board of Directors approved these documents on April 28, 2025, and the MD&A is current as of that date.

The Company applies International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**") and interpretations issued by the International Financial Reporting Interpretations Committee ("**IFRIC**").

Further information about the Company and its operations can be obtained from the offices of the Company or from www.sedar.com.

Cautionary Note Regarding Forward-Looking Information

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "**forward-looking statements**"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results, "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement.

Forward-Looking Statements

Forward-looking statements involve known and unknown risks, uncertainties and other factors that cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement. Specifically, this MD&A includes, but is not limited to, forward-looking statements regarding: the Company's ability to meet its working capital needs at the current level for the next twelve-month period; management's outlook regarding future trends; sensitivity analysis on financial instruments, which vary from amounts disclosed; and general business and economic conditions.

Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company's ability to predict or control. These risks, uncertainties and other factors include those risk factors listed herein. Readers are cautioned that the foregoing list of factors is not exhaustive of the factors that affect the forward-looking statements. Actual results and developments are likely to differ, and differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A. Such statements are based on a number of assumptions that prove to be incorrect.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that cause the Company's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements, whether as a result of new information or future events or otherwise, except as be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

Non-IFRS Financial Measures

For internal purposes, the Company uses certain measures not defined by IFRS. These non-IFRS financial measures do not have standard meanings and are not directly comparable to any IFRS measure or similar measures used by other companies.

The following are non-IFRS measures used by the Company in this MD&A:

EBITDA refers to net earnings (loss) for the period adjusted for items not affecting cash as presented on the Unaudited Condensed Interim Consolidated Statements of Cash Flows. EBITDA is a measurement the Company uses to assess financial performance.

Assets under administration (AUA) represent the market value of client assets administered by the Company, where the Company earns financial planning commissions and other financial management-type fees.

Commissionable revenue represents those revenues of the Company that result in a corresponding variable commission payout to its employees.

Description of Business & Operational Highlights

The Company is a publicly traded management and holding company listed on the TSX Venture Exchange (HFC). The Company's principal operating subsidiary is Hampton Securities Limited ("HSL"), a registered investment dealer, providing investment advisory and brokerage services.

The address of the Company's registered head office is 141 Adelaide Street West, Suite 1800, Toronto, Ontario. The Company is controlled by Deeb & Company Limited (the "Parent Company"). The Parent Company is controlled by Peter M. Deeb, a director and officer of the Company. See Note 1 to the August 31, 2024 annual consolidated financial statements for further information.

Intercorporate Relationships

The Company's corporate structure includes:

- Hampton Financial Corporation ("HFC");
- Hampton Equity Partners Limited ("HEPL"), wholly-owned by HFC;
- Oxygen Working Capital Corp. ("OWCC"), wholly-owned by HFC;
- Hampton Securities Incorporated ("HSI"), wholly-owned by HEPL; and,
- Hampton Securities Limited ("HSL"), wholly-owned by HSI.

Other wholly-owned subsidiary corporations of HSI, which are either inactive or not material to the business include:

- Hampton Securities Corporation;
- Hampton Securities (USA), Inc.;
- Hampton Realty Partners Limited;
- Hampton Insurance Brokers Inc.; and,
- Hampton Insurance Solutions Inc.

Discussion of Operations and Outlook

Investment Dealer Business:

HSL generates revenue in four ways: Commissions earned from acting as agent for trading securities on behalf of clients; fees charged to clients for managing their investments and administering their accounts; principal transactions including net realized and unrealized gains and losses on principal investments held as well as on a limited amount of institutional and pro-trading; and fees received from issuers for investment banking and syndication services.

HSL is regulated by the Canadian Investment Regulatory Organization ("**CIRO**") and is registered to trade in securities in Alberta, British Columbia, Manitoba, Nova Scotia, Northwest Territories, Ontario, Quebec and Saskatchewan. HSL utilizes Laurentian Bank Securities Inc. ("LBSI") as custodian of its clients' assets.

LBSI provides securities clearing services to HSL, in order to settle trades made on behalf of its clients or for its own accounts.

HSL continues to aggressively work to increase its scale with a mandate of recruiting reputable advisors and evaluating acquisition opportunities.

Our financial performance is dependent, in part on the general performance of the Canadian, U.S. and global markets. It varies from quarter to quarter and year to year due to factors beyond the Company's controls and as a result, revenues and net earnings are expected to fluctuate.

Factoring Business:

On April 1, 2024, the Company acquired 100% of the issued and outstanding common shares of Oxygen Working Capital Corp. ("OWCC"), a specialized lender focused on the commercial factoring business with clients across Canada.

OWCC generates factoring revenue which is comprised of interest on factored accounts receivable and other non-refundable factoring fees as well as interest on loans receivable. Accounts and loans receivable are collateralized by GSAs, personal guarantees and debtor's assets that include equipment and real estate and are subject to the Company's credit review and monitoring procedures.

OWCC's financial performance is dependent on the size and composition of its factoring portfolio and availability of financing.

Basis of Presentation

Statement of Compliance

These unaudited condensed interim consolidated financial statements of the Company have been prepared in accordance with the International Accounting Standard 34, Interim Financial Reporting ("IAS 34") and do not include all the information required for full annual consolidated financial statements. The unaudited condensed interim consolidated financial statements were approved by the Board of Directors on April 28, 2025.

Basis of Accounting

This condensed interim consolidated financial report does not include all the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual report of the Company for the year ended August 31, 2024.

The unaudited condensed interim consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assume the Company will generate sufficient income or financing to fund its ongoing operations.

The preparation of these unaudited condensed interim consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenses. Actual results may differ from these estimates.

These estimates and judgments are consistent with those disclosed in the Company's audited consolidated financial statements for the years ended August 31, 2024 and 2023.

The material accounting policies used in preparing these unaudited condensed interim consolidated financial statements are unchanged from those disclosed in the Company's audited consolidated financial statements for the years ended August 31, 2024 and 2023, and have been applied consistently to all periods presented in these unaudited condensed interim consolidated financial statements.

Financial Highlights

Unaudited Three Months Ended February 28 and February 29 (in thousands of Canadian dollars, except loss per share	2025	2024
Revenues	**2,854**	1,864
Net loss	**(1,312)**	(751)
Loss per share		
Basic	**(0.02)**	(0.02)
Diluted	**(0.02)**	(0.01)
Weighted average number of shares outstanding		
Basic	**53,532,676**	31,288,305
Diluted	**70,872,676**	50,994,972

Unaudited Six Months Ended February 28 and February 29 (in thousands of Canadian dollars, except loss per share	2025	2024
Revenues	**5,986**	3,607
Net loss	**(2,111)**	(1,314)
Loss per share		
Basic	**(0.04)**	(0.04)
Diluted	**(0.03)**	(0.02)
Weighted average number of shares outstanding		
Basic	**53,523,835**	31,172,993
Diluted	**70,863,835**	50,879,659

Unaudited Condensed Consolidated Overview (in thousands of Canadian dollars)	**Three months ended Feb. 28, 2025**	**Three months ended Feb. 29, 2024**	**Six months ended Feb. 28, 2025**	**Six months ended Feb. 29, 2024**
	$	$	$	$
Revenues				
Commissions	**1,013**	818	**2,030**	1,639
Principal transactions	**685**	(17)	**658**	(106)
Asset-based fees	**260**	325	**523**	624
Corporate finance	**88**	263	**319**	464
Other income	**87**	59	**198**	117
Interest and dividends	**285**	365	**552**	818
Factoring revenue	**436**	-	**1,706**	-
Insurance proceeds	**-**	51	**-**	51
	2,854	1,864	**5,986**	3,607
Expenses				
General and administrative	**1,235**	981	**2,444**	1,867
Commission and other variable compensation	**724**	474	**1,670**	787
Other compensation and benefits	**806**	739	**1,629**	1,439
Interest	**503**	274	**1,209**	553
Trade execution charges	**138**	71	**263**	164
Provision for bad debts	**641**	-	**431**	-
Loss on disposition of asset	**-**	40	**-**	40
Amortization and depreciation	**216**	38	**431**	79
	4,263	2,617	**8,077**	4,929
Loss before income taxes	**(1,409)**	(753)	**(2,091)**	(1,322)
Income tax expense (recovery)	**(97)**	(2)	**20**	(8)
Net loss for the period	**(1,312)**	(751)	**(2,111)**	(1,314)
Other comprehensive income	**-**	-	**-**	1
Comprehensive loss for the period	**(1,312)**	(751)	**(2,111)**	(1,313)

Financial Performance for the three months ended February 28, 2025 and February 29, 2024

The Company reported net loss of approximately $(1,312) for the three months ended February 28, 2025, as compared to net loss of $(751) for the three months ended February 29, 2024.

As defined under section *Non-IFRS Financial Measures,* EBITDA is a non-GAAP financial measure that does not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other companies. The Company calculates EBITDA as total net income (loss), plus (minus) income taxes (recovery), plus interest expense (other than interest incurred in earning interest income), plus depreciation, plus amortization, as follows:

(in thousands of Canadian dollars)

	Three Months Ended February 28 (29)	
	2025	**2024**
	$	**$**
Net loss for the period	**(1,312)**	(751)
Income taxes (recovery)	**(97)**	(2)
Interest, other than interest incurred in earning interest income	**503**	274
Amortization and depreciation	**216**	38
EBITDA	**(690)**	(441)

The Company reported EBITDA of approximately $(690) for the three months ended February 28, 2025, as compared to EBITDA of $(441) for the three months ended February 29, 2024.

Revenues

Total revenue for the three-month period ended February 28, 2025, was $2,854, an increase of $990 or 53% over the comparative three months ended February 29, 2024. The Company experienced increases across all categories of its revenues, compared to the corresponding period of the previous year, except asset-based fees, corporate finance and interest and dividends. The increase in revenues was attributable to market conditions as well as consolidation of operational results of OWCC in the three months ended February 28, 2025.

Commissions

For the three-month period ended February 28, 2025, commission revenues increased to $1,013 from $818, or by $195, being a 24% increase over the comparative three months ended February 29, 2024. Commission revenue is transactional in nature and changes are associated with trading frequency and/or the dollar value per trade generating the commission. During the three-month period ended February 28, 2025, even though the dollar value per trade has decreased by 3%, the volume of trades increased by 27%, compared to the volume of trades and dollar value per trade during the three-month period ended February 29, 2024, which is reflected in the higher commission income in 2025.

Principal transactions

The Company invests its excess cash in securities that are intended to be held for a long period of time, subject to market conditions, for their own accounts. The Company has followed a generally passive investment strategy for its own account. The Company's passive investment strategy with respect to securities held for its own account is focused on obtaining interim income for its excess cash reserves while waiting for other opportunities, as opposed to active trading. From time to time, any positions held may be liquidated and turned into cash to mitigate risk exposure. Starting December 2024, the Company added a limited amount of institutional and pro-trading to its own account and any gains and losses generated by this activity are included in the Company's principal transactions revenue.

For the three months ended February 28, 2025, principal transactions revenue representing net realized and unrealized gains and losses on principal investments held, as well as gains and losses on institutional and pro-trading, increased to $685 from $(17), a $702 or 4,129% increase from the comparative period. Any variances result solely from realized and unrealized gains/losses which are reflective of market conditions and portfolio composition during the period. $226 or 32% of the total increase in principal transactions revenue for the three months ended February 28, 2025 resulted from introduction of institutional and pro-trading, while the remaining $476 or 68% of the total increase can be attributed to realized gains on firm's inventory and revaluation of the Company's holdings in broker warrants, both private and public.

Although the value of the portfolio has increased from $1,039 on February 29, 2024, to $1,332 on February 28, 2025, the composition of the portfolio remained consistent. On both comparative dates the portfolio was represented mostly by private equity investments as well as broker warrants, both public and private.

Asset-based fees

For the three months ended February 28, 2025, asset-based fees decreased to $260 from $325, or by $65, being a 20% decrease over the comparative three months ended February 29, 2024. The decrease occurred despite a 25% increase in assets under administration during the period due to a decrease in proportion of asset-based accounts in the total assets under administration.

Corporate finance

For the three-month period ended February 28, 2025, corporate finance revenue decreased to $88 from $263, or by $175, being a 67% decrease over the comparative three months ended February 29, 2024. Corporate finance comprises advisory revenue and underwriting income. Advisory revenue slightly increased in the three months ended February 28, 2025, over the comparative period, due to a higher number of contracts. Underwriting income decreased over comparative period due to a 33% lower number of deals and a significant decrease in dollar value per transaction, compared to the three months period ended February 29, 2024.

Other income

Other income for the three months ended February 28, 2025, was $87 as compared to $59 for the three months ended February 29, 2024, representing a $28 or 47% increase. The increase is attributed to both higher volume of transactions and higher transactional service charges in 2025.

Interest and dividends

Interest and dividends decreased to $285 for the three months ended February 28, 2025, as compared to $365 for the three months ended February 29, 2024, representing a $80 or 22% decrease. The decrease was caused by the lower net client debit balances, which can fluctuate period over period, as well as the lower interest rates in 2025.

Factoring revenue

On April 1, 2024, the Company acquired 100% of common shares of Oxygen Working Capital Corp. ("OWCC"), a specialized lender focused on the commercial factoring business with clients across Canada. OWCC's only revenue stream is represented by factoring income which comprises interest on factored accounts receivable and loans receivable and other factoring fees. The Company began consolidating the operating results, cash flows and net assets of OWCC from April 1, 2024, onwards. Post-consolidation factoring revenue included in the three-month period ended February 28, 2025, is $436.

Insurance proceeds

Insurance proceeds revenue is related to the insurance proceeds regarding a company-owned stolen vehicle in the comparative period that ended February 29, 2024.

Expenses

Total expenses for the three-month period ended February 28, 2025, were $4,263 as compared to $2,617 for the three-month period ended February 29, 2024, representing a $1,646 or 63% increase. The Company experienced increases across all categories of its expenses in 2024.

General and administrative expenses for the three-month period ended February 28, 2025, was $1,235, compared to $981 for the three-month period ending February 29, 2024, representing an increase of $254 or 26% due to an increase in legal fees and business promotion expenses.

Commission and other variable compensation were $724 for the three-month period ended February 28, 2025, as compared to $474 for the same three-month period of the prior year. The increase of $250 or 53% was reflective of the addition of OWCC's commission expense which is based on the amount of factoring revenue generated during the three months ended February 28, 2025. In addition, an increase in commission expense is function of increase in commission revenue, which was partially offset by a decrease in commission expense due to a decrease in asset-based fees and corporate finance revenue.

Other compensation and benefits were $806 for the three months ended February 28, 2025, as compared to $739 for the same three-month period of the prior year. The increase of $67 or 9% was reflective of an addition of one executive in OWCC in 2025.

Interest expense for the three months ended February 28, 2025, was $503, or a $229 or 84% increase from $274 for the three months ended February 29, 2024. The increase was caused by 1) additional interest in connection with convertible debentures issued in February, September and October 2024; and 2) long-term debt interest in OWCC.

Trade execution charges for the three months ended February 28, 2025, was $138, compared to $71 incurred for the three months ended February 29, 2024, representing an increase of $67 or 94%. The increase in trade execution charges is due to a higher volume of trading in 2025, which is consistent with a higher commission revenue.

The Company recorded a $641 bad debts provision, related to factoring accounts and loans receivable in OWCC during the three months ended February 28, 2025.

The Company incurred a loss on disposition of asset which resulted from a write off of a stolen corporate vehicle in the comparative period that ended February 29, 2024.

The Company recorded amortization and depreciation of $216 for the three months ended February 28, 2025, which was a $178 or 468% increase over comparative period. The increase is due to an addition in the current period of amortization of customer relationships, an intangible asset that was identified and recorded as part of acquisition of OWCC.

(in thousands of Canadian dollars)

Financial Performance for the six months ended February 28, 2025 and February 29, 2024

The Company reported net loss of approximately $(2,111) for the six months ended February 28, 2025, as compared to net loss of $(1,314) for the six months ended February 29, 2024.

As defined under section *Non-IFRS Financial Measures,* EBITDA is a non-GAAP financial measure that does not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other companies. The Company calculates EBITDA as total net income (loss), plus (minus) income taxes (recovery), plus interest expense (other than interest incurred in earning interest income), plus depreciation, plus amortization, as follows:

	Six Months Ended February 28 (29)	
	2025	**2024**
	$	**$**
Net loss for the period	**(2,111)**	(1,314)
Income taxes (recovery)	**20**	(8)
Interest, other than interest incurred in earning interest income	**1,209**	553
Amortization and depreciation	**431**	79
EBITDA	**(451)**	(690)

The Company reported EBITDA of approximately $(451) for the six months ended February 28, 2025, as compared to EBITDA of $(690) for the six months ended February 29, 2024.

Revenues

Total revenue for the six-month period ended February 28, 2025, was $5,986, an increase of $2,379 or 66% over the comparative six months ended February 29, 2024. The Company experienced increases across all categories of its revenues, compared to the corresponding period of the previous year, except asset-based fees, corporate finance and interest and dividends. The increase in revenues was attributable to market conditions as well as consolidation of operational results of OWCC in the six months ended February 28, 2025.

Commissions

For the six-month period ended February 28, 2025, commission revenues increased to $2,030 from $1,639, or by $391, being a 24% increase over the comparative six months ended February 29, 2024. Commission revenue is transactional in nature and changes are associated with trading frequency and/or the dollar value per trade generating the commission. During the six-month period ended February 28, 2025, even though the dollar value per trade has increased only slightly by 2%, the volume of trades increased by 21%, compared to the volume of trades and dollar value per trade during the six-month period ended February 29, 2024, which is reflected in the higher commission income in 2025.

Principal transactions

The Company invests its excess cash in securities that are intended to be held for a long period of time, subject to market conditions, for their own accounts. The Company has followed a generally passive investment strategy for its own account. The Company's passive investment strategy with respect to securities held for its own account is focused on obtaining interim income for its excess cash reserves while waiting for other opportunities, as opposed to active trading. From time to time, any positions held may be liquidated and turned into cash to mitigate risk exposure. Starting December 2024, the Company added a limited amount of institutional and pro-trading to its own account and any gains and losses generated by this activity are included in the Company's principal transactions revenue.

For the six months ended February 28, 2025, principal transactions revenue representing net realized and unrealized gains and losses on principal investments held, as well as gains and losses on institutional and pro-trading, increased to $658 from $(106), a $764 or 720% increase from the comparative period. Any variances result solely from realized and unrealized gains/losses which are reflective of market conditions and portfolio composition during the period. $226 or 30% of the total increase in principal transactions revenue for the six months ended February 28, 2025 resulted from introduction of institutional and pro-trading, while the remaining $538 or 70% of the total increase can be attributed to realized gains on firm's inventory and revaluation of the Company's holdings in broker warrants, both private and public.

Although the value of the portfolio has increased from $1,039 on February 29, 2024, to $1,332 on February 28, 2025, the composition of the portfolio remained consistent. On both comparative dates the portfolio was represented mostly by private equity investments as well as broker warrants, both public and private.

Asset-based fees

For the six months ended February 28, 2025, asset-based fees decreased to $523 from $624, or by $101, being a 16% decrease over the comparative six months ended February 29, 2024. The decrease occurred despite a 14% increase in assets under administration during the period due to a decrease in proportion of asset-based accounts in the total assets under administration.

Corporate finance

For the six-month period ended February 28, 2025, corporate finance revenue decreased to $319 from $464, or by $145, being a 31% decrease over the comparative six months ended February 29, 2024. Corporate finance comprises advisory revenue and underwriting income. Advisory revenue increased in the six months ended February 28, 2025, over the comparative period, due to a higher number of contracts. Underwriting income decreased over comparative period due to a 9% lower number of deals and a 47% decrease in dollar value per transaction, compared to the six months period ended February 29, 2024.

Other income

Other income for the six months ended February 28, 2025, was $198 as compared to $117 for the six months ended February 29, 2024, representing a $81 or 69% increase. The increase is attributed to both higher volume of transactions and higher transactional service charges in 2025.

Interest and dividends

Interest and dividends decreased to $552 for the six months ended February 28, 2025, as compared to $818 for the six months ended February 29, 2024, representing a $266 or 33% decrease. The decrease was caused by the lower net client debit balances, which can fluctuate period over period, as well as the lower interest rates in 2025.

Factoring revenue

On April 1, 2024, the Company acquired 100% of common shares of Oxygen Working Capital Corp. ("OWCC"), a specialized lender focused on the commercial factoring business with clients across Canada. OWCC's only revenue stream is represented by factoring income which comprises interest on factored accounts receivable and loans receivable and other factoring fees. The Company began consolidating the operating results, cash flows and net assets of OWCC from April 1, 2024, onwards. Post-consolidation factoring revenue included in the six-month period ended February 28, 2025, is $1,706.

Insurance proceeds

Insurance proceeds revenue is related to the insurance proceeds regarding a company-owned stolen vehicle in the comparative period that ended February 29, 2024.

Expenses

Total expenses for the six-month period ended February 28, 2025, were $8,077 as compared to $4,929 for the six-month period ended February 29, 2024, representing a $3,148 or 64% increase. The Company experienced increases across all categories of its expenses in 2024.

General and administrative expenses for the six-month period ended February 28, 2025, was $2,444, compared to $1,867 for the six-month period ending February 29, 2024, representing an increase of $577 or 31% due to an increase in legal fees and business promotion expenses.

Commission and other variable compensation were $1,670 for the six-month period ended February 28, 2025, as compared to $787 for the same six-month period of the prior year. The increase of $883 or 112% was reflective of the addition of OWCC's commission expense which is based on the amount of factoring revenue generated during the six months ended February 28, 2025. In addition, an increase in commission expense is function of increase in commission revenue, which was partially offset by a decrease in commission expense due to a decrease in asset-based fees and corporate finance revenue.

Other compensation and benefits were $1,629 for the six months ended February 28, 2025, as compared to $1,439 for the same six-month period of the prior year. The increase of $190 or 13% was reflective of an addition of share-based compensation and increase in payroll due to addition of one executive in OWCC in 2025.

Interest expense for the six months ended February 28, 2025, was $1,209, or a $656 or 119% increase from $553 for the six months ended February 29, 2024. The increase was caused by 1) additional interest in connection with convertible debentures issued in February, September and October 2024; and 2) long-term debt interest in OWCC.

Trade execution charges for the six months ended February 28, 2025, was $263, compared to $164 incurred for the six months ended February 29, 2024, representing an increase of $99 or 60%. The increase in trade execution charges is due to a higher volume of trading in 2025, which is consistent with a higher commission revenue.

The Company recorded a $431 bad debts provision (presented net of $210 bad debts recovery), related to factoring accounts and loans receivable in OWCC during the six months ended February 28, 2025.

The Company incurred a loss on disposition of asset which resulted from a write off of a stolen corporate vehicle in the comparative period that ended February 29, 2024.

The Company recorded amortization and depreciation of $431 for the six months ended February 28, 2025, which was a $352 or 446% increase over comparative period. The increase is due to an addition in the current period of amortization of customer relationships, an intangible asset that was identified and recorded as part of the acquisition of OWCC.

Liquidity and Capital Resources

The unaudited condensed interim consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assume the Company will generate sufficient income or financing to fund its ongoing operations.

For the three months ended February 28, 2025, the Company reported a decrease in cash of $779 as compared to an increase of $997 for the comparative period of three months ended February 29, 2024. For the six months ended February 28, 2025, the Company reported a decrease in cash of $1,564 as compared to an increase of $753 for the comparative period of six months ended February 29, 2024.

Cash provided by operations for the three months ended February 28, 2025, was $2,203 as compared to $63 used in operations in the three months ended February 29, 2024. Cash used in financing activities was $2,982 for the three months ended February 28, 2025, compared to $1,009 provided in the three months ended February 29, 2024. There was no cash provided by or used in investing activities in the three months ended February 28, 2025, compared to $51 provided in the three months ended February 29, 2024.

Cash provided by operations for the six months ended February 28, 2025, was $4,510 as compared to $12 used in operations in the six months ended February 29, 2024. Cash used in financing activities was $6,074 for the six months ended February 28, 2025, compared to $714 provided in the six months ended February 29, 2024. There was no cash provided by or used in investing activities in the six months ended February 28, 2025, compared to $51 provided in the six months ended February 29, 2024.

The Company holds highly liquid assets due to regulatory requirements and operational needs. Those investments considered highly liquid, included in securities owned on the unaudited condensed interim consolidated statement of financial position, were $537 as of February 28, 2025, compared to $150 as of August 31, 2024.

The Company provides investment advisory and brokerage services and has a Type II Introducing/Carrying Broker arrangement with Laurentian Bank Securities Inc. ("LBSI"). LBSI acts as a carrying broker and settlement agent and provides certain securities trading, clearing and recordkeeping activities. Under the Type II arrangement, HSL is required to maintain a prescribed deposit amount with LBSI, held in the form of short-term money market instruments. As of February 28, 2025, the Company had a deposit of $1,119 with LBSI in the form of $nil cash and two short-term treasury bills of $615 and $504 with maturity dates of March 12, 2025, and March 27, 2025, respectively.

Hampton Financial Corporation
Management's Discussion and Analysis
For the Three and Six Months Ended February 28, 2025
(in thousands of Canadian dollars)

The following tables summarize Hampton's unaudited condensed interim consolidated statements of cash flows:

Unaudited Condensed Consolidated Statements of Cash Flows **Three months ended February 28 and February 29**		
	2025	**2024**
	$	**$**
Cash used in operating activities before items not affesting cash and before changes in non-cash operating accounts	**(1,312)**	(751)
Items not affecting cash	**215**	433
Changes in non-cash operating accounts	**3,300**	255
Cash provided by (used in) operating activities	**2,203**	(63)
Cash provided by (used in) financing activities	**(2,982)**	1,009
Cash provided by invetsting activities	**-**	51
Change in cash during the period	**(779)**	997

Unaudited Condensed Consolidated Statements of Cash Flows **Six months ended February 28 and February 29**		
	2025	**2024**
	$	**$**
Cash used in operating activities before items not affesting cash and before changes in non-cash operating accounts	**(2,111)**	(1,314)
Items not affecting cash and operating activities	**1,072**	785
Change in non-cash operating accounts	**5,549**	517
Cash provided by (used in) operating activities	**4,510**	(12)
Cash provided by (used in) financing activities	**(6,074)**	714
Cash provided by investng activities	**-**	51
Change in cash during the period	**(1,564)**	753

The Company expects positive cash flow from operating activities and negative total cash flow of approximately $1.5M for the upcoming twelve months period. This estimate has been updated since the previous discussion in the MD&A for the three months ended November 30, 2024, which stated that the Company expected positive cash flow from operating activities and positive total cash flow for the upcoming twelve months. For the forecasted period, the Company anticipates requiring cash for redeeming debentures maturing during the year, debenture and long-term debt interest payments as well as lease payments. The Company expects to be able to continue its operations using its currently available sources of cash resources within the next twelve months. The Company's working capital as of February 28, 2025, was approximately $4,383 (August 31, 2024 - $10,965). The foregoing forward-looking statements regarding cash flows and cash resources are based on the assumption that the Corporation will continue to perform in the near term at substantially the same levels that it has in the most recent financial quarter and that there will be no significant changes to performance of stock market and interest rates as well as the operations of the Company's newly-acquired subsidiary OWCC, the forecasted performance of which is discussed below. If such assumptions do not occur or if the Company raises additional capital in the near future, then the Company's forecasted numbers will be affected either positively or negatively, and in the latter case the Company may require additional cash resources to ensure liquidity.

Under the leadership of its experienced current management team and as part of the broader Hampton business platform, OWCC is expected to contribute to the growth of the Company's consolidated revenues and earnings, as well as its cash flows. In the upcoming twelve months period, OWCC is estimated to generate approximately $5,000 in factoring revenues and $3,500 in expenses, contributing an estimated $1,500 to the consolidated profits and $1,300 to cash inflows of the Company. The estimated amounts are based on the actual performance of OWCC during the eleven months post-acquisition period and remain consistent with the amounts estimated previously in the MD&A for the three months ended November 30, 2024. Actual results may vary from the aforementioned forward-looking financial information. The foregoing forward-looking statement regarding expected financial performance of OWCC is based on the assumption that OWCC will continue generating revenues, profits and cash inflows at the same rate as during the eleven post-acquisition months ending the reporting date, excluding the impact of bad debts. If OWCC's provision for doubtful accounts and loans receivable significantly increases in the upcoming year due to a material increase in impaired amounts receivable, this will negatively affect the estimated amounts. On the contrary, if OWCC is to collect on previously provided for doubtful accounts receivable or if it is to secure additional financing at a lower interest rate, this will improve the forecasted financial performance.

(in thousands of Canadian dollars)

Payments due by fiscal period

In the normal course of business, Hampton enters arrangements and contracts that give rise to commitments of future minimum payments that affect our liquidity. The table below provides a summary of our future funding commitments by fiscal year as of February 28, 2025:

	Total	Less than 1 year	1-3 years	After 3 years
Accounts payable and accrued liabilities	$ 1,876	$1,876	$ -	$ -
Legal provision	175	175	-	-
Due to carrying broker	2	2	-	-
Brokers and dealers trading balances	51	51	-	-
Long-term debt	8,494	816	1,632	6,046
Debentures	15,282	4,083	9,142	2,057
Lease liability	1,920	288	576	1,056
Total	**$27,800**	**$7,291**	**$11,350**	**$9,159**

Debentures

On February 21, 2025, the Company's non-convertible debenture in the aggregate principal amount of $1,175 was redeemed.

On February 21, 2025, the Company issued $2,000 of non-convertible debentures. Each non-convertible debenture bears interest at the rate of 10.0% per annum payable quarterly in arrears on the last day of March, June, September and December in each year, commencing March 31, 2025. The debentures mature on December 29, 2025.

On September 6 and September 7, 2022, the Company issued a total of $1,142 of unsecured convertible debentures. Each debenture bears interest at the rate of 9.0% per annum payable quarterly in arrears on the last day of March, June, September and December in each year, commencing September 30, 2022. The whole, or any part, of the principal amount of the debenture is convertible into subordinate voting shares of the Company, at the option of the holder thereof, at any time prior to September 7, 2027 at a conversion price of $0.60 per share. As the conversion feature results in a fixed number of shares and fixed exercise price, it satisfies the fixed-for-fixed criteria of IAS 32. Consequently, the fair value of the liability component was determined at initial recognition as $1,142 first using a market interest rate of 9% with the residual value of $nil allocated to the equity component. The liability component was subsequently measured at amortized cost. As of February 28, 2025, the total amortized cost of the debt was $1,111 (August 31, 2024 - $1,097).

On November 7, 2022, the Company issued $2,636 of unsecured convertible debentures. Each debenture bears interest at the rate of 9.0% per annum payable quarterly in arrears on the last day of March, June, September and December in each year, commencing December 31, 2022. The whole, or any part, of the principal amount of the debenture is convertible into subordinate voting shares of the Company, at the option of the holder thereof, at any time prior to November 7, 2027, at a conversion price of $0.60 per share. As the conversion feature results in a fixed number of shares and fixed exercise price, it satisfies the fixed-for-fixed criteria of IAS 32. Consequently, the fair value of the liability component was determined at initial recognition as $2,636 first using a market interest rate of 9% with the residual value of $nil allocated to the equity component. The liability component was subsequently measured at amortized cost. As of February 28, 2025, the total amortized cost of the debt was $2,549 (August 31, 2024 - $2,527).

On November 30, 2022, the Company issued $385 of unsecured convertible debentures. Each debenture bears interest at the rate of 9.0% per annum payable quarterly in arrears on the last day of March, June, September and December in each year, commencing December 31, 2022. The whole, or any part, of the principal amount of the debenture is convertible into subordinate voting shares of the Company, at the option of the holder thereof, at any time prior to November 30, 2027, at a conversion price of $0.60 per share. As the conversion feature results in a fixed number of shares and fixed exercise price, it satisfies the fixed-for-fixed criteria of IAS 32. Consequently, the fair value of the liability component was determined at initial recognition as $385 first using a market interest rate of 9% with the residual value of $nil allocated to the equity component. The liability component was subsequently measured at amortized cost. As of February 28, 2025, the total amortized cost of the debt was $365 (August 31, 2024 - $364).

On February 27, 2024, the Company issued $1,000 of unsecured convertible debentures. Debenture bears interest at the rate of 12.0% per annum payable quarterly in arrears on the last day of March, June, September and December in each year, commencing March 31, 2024. The Company has the option, at any time after the date that is six months following the date of issue of this debenture, to prepay in full the principal amount of the debenture together with accrued and unpaid interest to the redemption date. The prepayment option constitutes an embedded derivative with the economic characteristics closely related to the economic characteristics of the host debenture contract. Consequently, the combined debenture is accounted for as a single instrument, according to IAS 39. The whole, or any part, of the principal amount of the debenture is convertible into subordinate voting shares of the Company, at the option of the holder thereof, at any time prior to February 28, 2029, at a conversion price of $0.60 per share. As the conversion feature results in a fixed number of shares and fixed exercise price, it satisfies the fixed-for-fixed criteria of IAS 32. Consequently, the fair value of the liability component was determined at initial recognition as $884 first using a market interest rate of 15.3% with the residual value of $116 allocated to the equity component. The liability component was subsequently measured at amortized cost. As of February 28, 2024, the total amortized cost of the debt was $905 (August 31, 2024 - $905).

On September 27, 2024, the Company issued $500 of unsecured convertible debentures. Debenture bears interest at the rate of 11.0% per annum payable quarterly in arrears on the last day of March, June, September and December in each year, commencing December 31, 2024. The Company has the option, at any time after the date that is twelve months following the date of issue of this debenture, to prepay in full or in part the principal amount of the debenture together with accrued and unpaid interest to the redemption date. The prepayment option constitutes an embedded derivative with the economic characteristics closely related to the economic characteristics of the host debenture contract. Consequently, the combined debenture is accounted for as a single instrument, according to IAS 39. The whole, or any part, of the principal amount of the debenture is convertible into common shares of OWCC, at the option of the holder thereof, at any time prior to September 28, 2029, and following the successful completion of a go-public transaction by OWCC at a conversion price of $0.50 per share. As the conversion feature results in a fixed number of shares and fixed exercise price, it satisfies the fixed-for-fixed criteria of IAS 32. Consequently, the fair value of the liability component was determined at initial recognition as $500 first using a market interest rate of 11% with the residual value of $nil allocated to the equity component. The liability component was subsequently measured at amortized cost. As of February 28, 2025, the total amortized cost of the debt was $496 (August 31, 2024 - $nil). The debenture issuance cost incurred is comprised of cash commission of $15.

On October 29, 2024, the Company issued $300 of unsecured convertible debentures. Debenture bears interest at the rate of 10.0% per annum payable quarterly in arrears on the last day of March, June, September and December in each year, commencing December 31, 2024. The Company has the option, at any time after the date that is twelve months following the date of issue of this debenture, to prepay in full or in part the principal amount of the debenture together with accrued and unpaid interest to the redemption date. The prepayment option constitutes an embedded derivative with the economic characteristics closely related to the economic characteristics of the host debenture contract. Consequently, the combined debenture is accounted for as a single instrument, according to IAS 39. The whole, or any part, of the principal amount of the debenture is convertible into common shares of OWCC, at the option of the holder thereof, at any time prior to October 30, 2029, and following the successful completion of a go-public transaction by OWCC at a conversion price of $0.50 per share. As the conversion feature results in a fixed number of shares and fixed exercise price, it satisfies the fixed-for-fixed criteria of IAS 32. Consequently, the fair value of the liability component was determined at initial recognition as $294 first using a market interest rate of 10.5% with the residual value of $6 allocated to the equity component. The liability component was subsequently measured at amortized cost. As of February 28, 2025, the total amortized cost of the debt was $285 (August 31, 2024 - $nil). The debenture issuance cost incurred is comprised of cash commission of $15.

On February 21, 2025, one of the Company's unsecured convertible debentures in the aggregate principal amount of $1,000 was redeemed. Upon debenture's redemption, $38 fair value of its equity component was transferred from convertible debenture reserve to contributed surplus.

Capital Stock

As of the date of this MD&A, the Corporation had 15,149,845 Multiple Voting Share (MVS) and 38,620,491 Subordinate Voting Shares (SVS) for a combined total of 53,770,336 outstanding shares.

On February 21, 2025, the Company completed a private placement of 255,050 subordinate voting shares of the Company at the price of $0.70 per share for aggregate proceeds of $179. The sole subscriber under the private placement was a director and officer of the Company.

On April 1, 2024, the Company acquired 100% of outstanding common shares of Oxygen Working Capital Corp. in exchange for 21,755,071 subordinate voting shares of the Company, having an aggregate fair market value of $11,095 (see Note 5). The cost of issuance of subordinate voting shares totaling $2 has been offset against the value of the issued shares.

On January 31, 2024, the Company completed a private placement of 700,000 subordinate voting shares of the Company at the price of $0.50 per share for aggregate proceeds of $350. The sole subscriber under the private placement was Deeb & Company Limited, a corporation controlled by a director and officer of the Company.

In connection with the issue of $3,521 of 9% non-convertible debentures on June 30 and July 29, 2022, the Company issued 293,416 warrants to the broker which entitle the warrant holder, upon the exercise thereof, to purchase one subordinate voting share in the capital of the Company at the price of $0.60 per warrant share for a period of 60 months following the date of the closing. The fair value of the warrants granted during the year ended August 31, 2022, of $101 was estimated on the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions: dividend yield – 0%, expected volatility – 123%, risk-free interest rate – 3%, and expected life – 3 years.

In connection with the issue of $4,163 of 9% convertible debentures on September 6, September 7, November 7 and November 30, 2022, the Company issued 368,416 warrants which entitle the warrant holders, upon the exercise thereof, to purchase one subordinate voting share in the capital of the Company at the price of $0.60 per warrant share for a period of 60 months following the date of the closing. The fair value of the warrants granted during the year ended August 31, 2023, of $149 was estimated on the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions: dividend yield – 0%, expected volatility – 123%, risk-free interest rate – 3.63%, and expected life – 3 years.

On February 21, 2025, 587,500 warrants having fair value of $2, expired. Fair value of the expired warrants was transferred from warrants reserve to contributed surplus.

Warrants representing non-controlling interests

On March 31, 2024, prior to the acquisition by the Company, Oxygen Working Capital Corp. ("OWCC") issued 5,438,776 warrants which entitle the warrant holders, upon the exercise thereof, to purchase one common share in the capital of OWCC at the price of $0.50 per share for a period of 60 months following the date of grant. The warrants may be exercised by the warrant holders on the earlier of the following: 1) upon OWCC completing one or more private placements or public offerings with aggregate gross proceeds of no less than $5,000 and a per share issue price of no less than $0.50; and 2) three years from the date of grant. If all of the OWCC's warrants are exercised, the Company will own a fully diluted 80% equity stake in OWCC.The fair value of the warrants of $910 was estimated as of the acquisition date using the Black-Scholes option pricing model with the following weighted average assumptions: dividend yield – 10%, expected volatility – 55%, risk-free interest rate – 3.48%, and expected life – 5 years.

(in thousands of Canadian dollars)

Stock Options and Long-Term Incentive Plan (LTIP)

On March 9, 2023, the Company granted 400,000 stock options that vested immediately upon grant. The fair value of the options of $153 was estimated on the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions: dividend yield - 0%, expected volatility – 85.70%, risk-free interest rate – 3.25%, and expected life -10 years.

On November 29, 2024, the Company granted 200,000 stock options that vested immediately upon grant. The fair value of the options of $69 was estimated on the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions: dividend yield - 0%, expected volatility – 86.8%, risk-free interest rate – 3.00%, and expected life -10 years.

During the three and six months ended February 28, 2025, nil (2024 - nil) options having fair value of $nil (2024- $nil) were cancelled, and fair value of the cancelled options was transferred from options reserve to contributed surplus, accordingly.

For the three and six months ended February 28, 2025, the Company recorded a stock option expense of $nil and $69 (2024 - $nil), included in other compensation and benefits on the consolidated statements of income (loss) and comprehensive income (loss).

As at February 28, 2025, 400,000 long-term incentive plan options with an estimated fair value of $14 were outstanding.

During the three and six ended February 28, 2025, nil units (2024 – nil) of LTIP having fair value of $nil (2024- $nil) were cancelled or expired.

Loss per Share

The loss per share for the three and six months ended February 28, 2025, basic of $(0.02) and $(0.04) and diluted of $(0.02) and $(0.03) (2024 – basic of $(0.02) and $(0.04) and diluted of $(0.01) and $(0.02), respectively), has been calculated using the basic and diluted weighted-average number of shares outstanding for the three- and six- months periods ended February 28, 2025, which was 53,532,676 and 53,523,835 (basic), and 70,872,676,and 70,863,835 (diluted) (2024 – 31,288,305 and 31,172,993 (basic) and 50,994,972 and 50,879,659 (diluted)).

The determination of the weighted-average number of shares outstanding for the calculation of diluted loss per share for the three and six months ended February 28, 2025 and February 29, 2024 excludes the following as these are anti-dilutive in nature:

	Three months ended 28-Feb-25	**Three months ended 29-Feb-24**	**Six months ended 28-Feb-25**	**Six months ended 29-Feb-24**
Stock options	**900,000**	-	**900,000**	-
Warrants	**2,328,499**	2,915,999	**2,328,499**	2,915,999
Total	**3,228,499**	2,915,999	**3,228,499**	2,915,999

(in thousands of Canadian dollars)

A reconciliation of basic and diluted weighted average number of shares for the three and six months ended February 28, 2025 and February 29, 2024 is as follows:

	Three months ended 28-Feb-25	**Three months ended 29-Feb-24**	**Six months ended 28-Feb-25**	**Six months ended 29-Feb-24**
Basic weighted number of shares	**53,532,676**	31,288,305	**53,523,835**	31,172,993
Shares to be issued on conversion of convertible debentures	**16,140,000**	17,806,667	**16,140,000**	17,806,667
Shares to be issued for stock options	**1,200,000**	1,900,000	**1,200,000**	1,900,000
Diluted weighted average number of shares	**70,872,676**	50,994,972	**70,863,835**	50,879,659

Selected Quarterly Information

The Company's revenues and expenses are primarily generated by its wealth management operations as well as its factoring business and can fluctuate from quarter to quarter due to economic conditions, market sentiment, the addition or withdrawal of investment advisors and increases or decreases in its factoring portfolio. A summary of selected information for the fiscal quarters presented below is as follows:

Unaudited three months ended	**Total Revenue** $	**Net Income/(Loss)** $
February 28, 2025	2,854	(1,312)
November 30, 2024	3,133	(799)
August 31, 2024	3,351	(1,925)
May 31, 2024	2,837	500
February 29, 2024	1,864	(751)
November 30, 2023	1,744	(563)
August 31, 2023	1,360	(405)
May 31, 2023	2,180	(1,023)
February 28, 2023	2,780	(904)
November 30, 2022	2,099	(588)
August 31, 2022	2,384	142
May 31, 2022	5,157	370
February 28, 2022	3,638	187

Off-Balance Sheet Arrangements

As of the date of this MD&A, the Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company, including, without limitation, such considerations as liquidity and capital resources that have not previously been discussed.

Related Party Transactions

The Company enters into certain transactions with its affiliates (i.e. other companies under common control). Transactions with affiliates are entered into during the normal course of business and are measured at the exchange amount agreed to between the parties.

i) Advisor loans

Certain investment advisors have received loans/advances against future commission which are non-interest bearing and due on demand or within the year. As of February 28, 2025, the loans balance receivable classified as current and included in accounts receivable in the unaudited condensed interim consolidated statements of financial position was $37 (August 31, 2024 - $6). The loans balance receivable classified as non-current as at February 28, 2025 was $32 (August 31, 2024 - $43).

ii) Shareholder loan receivable

In 2020, the Company assumed from its former carrying broker, National Bank Independent Network Inc., an unsecured margin loan receivable due from the Company's director and controlling shareholder. The loan carried interest at 2% per annum with principal and accrued interest payable monthly with the final repayment due on August 31, 2028.

On August 1, 2022, according to the Company's director and controlling shareholder's amended employment agreement, the Company advanced to the director and controlling shareholder a loan of $1,000 which was immediately paid back in reduction of the amount receivable from director and controlling shareholder. The loan is interest-free and is to be repaid by August 1, 2032. In addition, the loan is forgivable over the term of ten years in equal annual instalments of $100 on August 1 each year, commencing in year 2023, subject to the director and controlling shareholder remaining employed by the Company. In case the employment is terminated for any reason by the Company at any time prior to the loan's maturity, the unforgiven balance of the loan will immediately be forgiven.

On December 29, 2023, according to the Company's director and controlling shareholder's amended employment agreement, the Company further advanced to the director and controlling shareholder a loan of $1,890 which was immediately paid back to eliminate the remaining amount receivable from director and controlling shareholder. The loan is interest-free and is to be repaid by December 29, 2033. In addition, the loan is forgivable over the term of ten years in equal annual instalments of $189 as of December 29 each year, commencing in year 2024, subject to the director and controlling shareholder remaining employed by the Company. In case the employment is terminated for any reason by the Company at any time prior to the loan's maturity, the unforgiven balance of the loan will immediately be forgiven.

(in thousands of Canadian dollars)

iii) Other transactions

a) The Company leases its office premises from Hampton Capital Corporation and paid lease costs for the three and six months ended February 28, 2025, of $195 and $387 (2024 - $191 and $379). Hampton Capital Corporation is owned by the shareholders of Deeb & Company Limited.

b) Officers and directors, their related companies and employees use the brokerage facilities of the Company on terms equivalent to those that prevail in arm's length transactions.

c) Included in accounts receivable is an unsecured on-demand loan receivable of $582 (August 31, 2024 - $458) from the Company's director and controlling shareholder. The amount represents advances against future commission and is non-interest bearing and due on demand.

d) Key management personnel compensation comprised:

For the three months ended February 28 and 29:	**2025**	2024
Short-term benefits	**$ 439**	$ 382
	$ 439	$ 382

For the six months ended February 28 and 29:	**2025**	2024
Short-term benefits	**$ 972**	$ 720
	$ 972	$ 720

e) Included in accounts payable is an amount of $50 (August 31, 2024 - $53) due to directors, related to compensation.

(in thousands of Canadian dollars)

The following table summarizes the related party transactions:

Related Party Transaction	Name of Realted Party	Business Purpose
1. In 2018, the Company issued an unsecured promissory note of $400 to a former director and officer of HSI	Daniel Lam	Termination
2. Certain investment advisors have received loans/advances against future commission	Kurt Mull, David Rice	HSL funds development expenses in advance of fees being generated
3. On December 2, 2020, the Company assumed from its former carrying broker, NBIN, an unsecured margin loan receivable due from the Company's director and controlling shareholder in the amount of $2,828, inclusive of accrued interest	Peter Deeb	The assumption of the obligation was required in connection with the transfer of carrying broker responsibilities from NBIN to Laurentian Bank Securities
4. Compensation of management personnel	Peter Deeb, Mike Deeb, Andrew Deeb, Haidar Flahat, Olga Juravlev, Alina Korovyakovska, William Thomson, Dan Mathieson, Ralph Lean, John Sununu, Mike Harris	Compensatory
5. On August 29, 2022, according to the Company's director and controlling shareholder's amended employment agreement, the Company advances to the director and controlling shareholder loan of $1,000	Peter Deeb	Compensatory
6. The Company leases its office premises from Hampton Capital Corporation	Peter Deeb	Interposition of corporate entity for asset management purposes. Hampton Capital Corporation rents from landlord and sulets to HSL on a flow-through basis for no additional consideration
7. Included in accounts receivable is an unsecured on-demand loan receivable of $478 (August 31, 2024-$458) from the Company's director controlling shareholder	Peter Deeb	To fund out of pocket expenses of CEO related to ongoing business of the Issuer
8. On February 24, 2020, the Company issued a non-convertible debenture of $175 to the Company's controlling shareholder	Peter Deeb	Investment
9. On December 29, 2023, according to the Company's director and controlling shareholder's amended employment agreement, the Company advances to the director and controlling shareholder loan of $1,890	Peter Deeb	Compensatory

Risk Management

Risk management at the Company is an integrated process with independent oversight, which requires constant communication, judgment and knowledge of specialized products and markets. The Company's senior management takes an active role in the risk management process and has developed policies and procedures to assist in the identification, assessment and control of various risks.

Risk Factors

Inherent in Hampton's business operations are certain risks, including market, liquidity, credit, operational, legal and regulatory risks, could be substantial and are. Hampton's future development and operating results could be very different from those expected as at the date of this MD&A. Readers should carefully consider all such risks. Risk factors relating to the Company include, but are not limited to, the following:

Financial Instruments Risk

The Company enters into various transactions involving financial instruments. These transactions are for the Company's proprietary trading, financing and settlement activities and are subject to varying degrees of market, liquidity, credit and operational risk.

Market risk

Market risk refers to the risk that a change in the level of one or more market prices, interest rates, indices, volatilities, correlations or other market factors, such as liquidity, will result in losses. Market risk is managed through implicit hedging strategies that correlate price movements of trading positions with the related securities owned and securities held short. As of February 28, 2025, based on a 1% change in the fair value of the Company's securities owned and sold short, there would be an increase or decrease of $13 in net income (loss) (August 31, 2024 - $10). The Company is subject to minimal interest rate risk.

Credit risk

The Company incurs credit risk when entering into, settling, and financing various investment and client transactions. If clients or counterparties fail to satisfy their obligations, the Company may be required to purchase or sell the financial instruments at unfavorable market prices.

Two primary sources of credit risk for the Company are in connection with trading activity by private clients and private client margin accounts as well as with the portfolio of factoring accounts and loans receivable. To minimize its exposure in connection with trading activity, the Company applies certain credit standards, applies limits to transactions and requires settlement of securities transactions on a cash basis or delivery against payment. To minimize its exposure in connection with factoring activity and loans receivable, the Company implements various risk management strategies, such as due diligence, assessing debtor creditworthiness and invoice legitimacy and collateral checks, as well as debtor credit monitoring and risk distribution.

Margin transactions are collateralized by securities in the client's accounts in accordance with limits established by the applicable regulatory authorities and are subject to the Company's credit review and monitoring procedures. Accounts and loans receivable are collateralized by GSAs, personal guarantees and debtor's assets that include equipment and real estate and are subject to the Company's credit review and monitoring procedures.

The Company faces a risk of financial loss in the event a client fails to meet a margin call if market prices for the securities held as collateral decline and if the Company is unable to recover sufficient value from the collateral held. In addition, the Company faces a risk of financial loss in the event of non-performing factoring accounts and loans receivable due to debtor insolvency or disputes and if the Company is unable to recover sufficient value from the collateral held. Management and the Carrying Broker monitor the collectability of receivables and estimates an allowance for ECL. It is the Company's policy to provide an allowance against all unsecured accounts. Accounts and loans receivable are presented net of allowance for ECL that was recorded in the reporting periods preceding the acquisition of OWCC (see Note 5) and the first post-acquisition period ended August 31, 2024. In addition, during the three and six months ended February 28, 2025, ECL allowance of $492 and $2,019, was recorded in connection with factoring accounts receivable (2024 – $nil) and ECL allowance of $1,297 and $1,297 was recorded in connection with loans receivable (2024 – $nil). The resulting allowance for ECL includes $4,517 allowance for ECL related to accounts receivable and $3,624 allowance related to loans receivable (August 31, 2024 - $2,498 and $2,327, respectively).

Credit risk is managed in a number of ways. Management applies certain credit standards, conducts ongoing financial reviews with respect to clients and monitors credit exposure to individual counterparties on an ongoing basis. In addition, the Company reviews security and loan concentrations. During the three and six months period ended February 28, 2025, and historically, the Company has not incurred any material loss from a client or counterparty default.

The maximum credit risk relating to client and broker receivables as well as accounts and loans receivable, without consideration of collateral, is represented by the carrying value on the consolidated statements of financial position as at February 28, 2025. The Company considers its credit risk to be medium-to-low.

Liquidity risk

Liquidity risk is the possibility that assets of the Company cannot be readily converted into cash when required. Liquidity risk is partially managed by investing the majority of the Company's assets in investments that can be readily disposed of. While the Company aims to retain sufficient cash and cash equivalent positions to maintain liquidity, since a significant portion of the liabilities of the Company are due within a short period of the condensed interim consolidated financial statements date the Company may rely on subordinated loans from related parties to manage liquidity risk.

Concentration risk

The Company is subject to concentration risk by holding large positions in certain types of securities or commitments to purchase securities of a single issuer, issuers located in a particular country or geographic area, public and private issuers. The Company seeks to limit concentration risk through the use of the systems and procedures described in the preceding discussions of market and credit risk. The most significant concentration risk is with LBSI (the Company's carrying broker which has a "BBB" credit rating by Standard & Poor's and an "A" rating by Dominion Bond Rating Service).

Currency risk

The Company is exposed to currency risk relating to transactions and assets denominated in foreign currency. Presently the Company does not use derivative instruments to hedge its foreign currency exposure.

A 5% appreciation (or depreciation) of the Canadian dollar in relation to all foreign currencies, with all other factors remaining constant, would have a trivial impact on net income for the three and six months ended February 28, 2025 and February 29, 2024.

Legal and Regulatory Risk

Legal and Regulatory Risk is the risk of loss due to adverse legal developments and regulatory non-compliance. The Company is subject to extensive regulation and supervision by regulatory authorities, particularly in Canada where it primarily operates. Compliance with such regulations involves a number of risks, particularly in areas where applicable regulations be subject to interpretation. The Company's compliance department actively supports the management of regulatory and legal risk through the distribution of its compliance handbook to all employees, as well as the specific policies, procedures, and controls in areas such as anti-money laundering, privacy and information protection, conflicts of interest, insider trading, and investment banking practices.

Operational Risk

Operational risk is the risk of loss due to inadequate or failed internal processes, people, and systems. Failure to manage operational risk can result in the failure to manage other risks, such as those from financial instruments or regulatory risk. Operational risk management at the Company starts with the active participation of senior management in the continuous process of identifying and mitigating key operational risks across the firm. Over the Company's history management has put in place long-standing, but continuously evolving control standards such as the training, supervision, and development of employees, as well as a framework of independent control personnel that monitor operational risk on a daily basis.

Contingencies

In the ordinary course of business, the Company and its subsidiaries are involved in lawsuits, including wrongful dismissal, breach of contract, negligence and commercial matters. The Company, and its subsidiaries, are also subject to claims and proceedings arising in the ordinary course of business, which as of year-end, have not resulted in the commencement of legal actions. The effect of claims on the Company's financial position cannot always be determined by management. However, when such losses are considered probable and can reliably be estimated by management, the Company records a provision.

A subsidiary of the Company is subject to certain rules, regulations, and other regulatory requirements specific to the broker-dealer business and as such, is regulated by certain agencies and organizations. As a regulated entity and in the normal course of operations, the Company is subject to periodic reviews and examinations by regulatory authorities. If a regulatory authority determines that there was a failure by the Company to follow or comply with certain procedures or regulatory requirements or there is a deficiency in the Company's records or reports or some other compliance or financial failure, the regulatory authority may impose a fine, penalty or other sanction. If such circumstances arise, the Company records a provision for any matter where a payment is considered probable and can be reliably estimated.

In connection with this regulatory oversight, the Company's CEO, director and controlling shareholder and the Company are involved in an enforcement matter arising from a regulatory review of the Company's trading activities and records. The outcome of this matter is subject to future resolution and encompasses uncertainties relating to the amount and timing of any outflow as well as the possibility of any reimbursement. Although the outcome of any legal proceedings cannot be predicted with certainty and the Company may incur a significant penalty and additional costs related to its business or become subject to other terms and conditions that may adversely impact its business, management currently estimates the total fines and penalties in connection with the matter at $175. At present, it is unknown the potential amount of these fines, penalties, or other costs that will be incurred by the Company and the amounts that will be charged directly to the registered representative.

Management evaluated the matter and is of the view that as of August 31, 2024, the Company had a present obligation as a result of this past event for which it is possible that an outflow of resources will be required to settle the obligation. Accordingly, a legal provision of $175 was recorded as of August 31, 2024. Management has further evaluated the matter as of February 28, 2025, and is of the view that no further provision is required at this time, in addition to the provision that was recorded as of August 31, 2024.

Subsequent Events

On March 28, 2025, The Company issued a total of $1,267 of non-convertible debentures. Debentures bear interest at the rate of 10.5% per annum payable quarterly in arrears on the last day of March, June, September and December in each year, commencing June 30, 2025. The debentures mature on March 29, 2030.