

Flow Capital Announces 2023 Annual Audited Financial Results

Flow Capital reports record recurring revenue of \$1.65 million in Q4.

TORONTO, April 29, 2024 – Flow Capital Corp. (TSXV:FW) (“Flow Capital” and “Company”), a leading provider of flexible growth capital and alternative debt solutions, announces its audited financial and operating results for the three-months (Q4 2023) and year ended December 31, 2023.

Q4 2023 Performance Highlights

- \$1.65 million in Recurring Loan Interest and Royalty Income¹ in Q4 2023, up 15.2% from Q4 2022. The \$1.65 million of recurring revenue represents the highest recurring revenue that Flow has achieved in the past 6 years.
- \$0.3 million in Recurring Free Cash Flow² in Q4 2023; and \$1 million over the last four-quarters.
- \$63.6 million in total assets compared to \$58.7 million at Q4 2022.
- \$10 million in two loan maturities in 2023 and early 2024.
- \$5.2 million in cash, compared to \$9.6 million at Q4 2022.

“Q4 2023 wrapped up what was a strong second half of 2023 in terms of deployment of capital. During the second half of 2023, we closed \$12.8 million in new investments into 5 companies. The recurring interest revenue generated from these new investments contributed to the record recurring revenue of \$1.65 million that we reported in the quarter”, said Alex Baluta, CEO of Flow Capital.

(1) Recurring Loan Interest and Royalty Income is an internally defined, non-IFRS measure calculated as Loan Interest and Royalty Income less Loan Amortization Income and one-time payments (e.g. prepayment fees). Reconciliations of non-IFRS measures to the nearest IFRS measure can be found in this press release under “Reconciliation of Non-IFRS Measures”.

(2) Recurring Free Cash Flow is an internally defined, non-IFRS measure calculated as Recurring Loan Interest and Royalty Income less Salaries, Professional fees, Office and general administrative and Financing expenses. Reconciliations of non-IFRS measures to the nearest IFRS measure can be found in this press release under “Reconciliation of Non-IFRS Measures”.

“The deployment strength we saw in the second half of 2023 has continued into 2024, with an additional \$9.5 million deployed into three investments so far this year. We also had two loans mature in 2023 and early 2024 returning approximately \$10 million in cash. Notably, the IRR on one of the loans was 21.6% and on the second was 36.2%”, continued Mr. Baluta.

“As an additional highlight during the year, we were excited about the introduction of the new debenture structure in July. By providing investors with a floating rate of interest (currently at 10.5%), redeemability, and seniority to almost \$38M in equity, we expect we can use it to raise additional capital over time”, said Mr. Baluta. “We expect this structure will help us grow our asset base for the foreseeable future”.

Flow Capital continues to focus its efforts on originating and investing in high growth companies looking to fuel expansion without the excessive and expensive dilution of equity, or restrictive covenants of conventional debt.

Detailed Financial results are available on our website at www.flowcap.com or on www.sedar.com.

Results of Operations

	Three-months ended December 31, 2023	Three-months ended December 31, 2022	Year ended December 31, 2023	Year ended December 31, 2022
Recurring Loan Interest and Royalty Income ⁽¹⁾	\$1,646,657	\$1,428,862	\$ 6,104,392	\$6,218,279
Loan Interest and Royalty Income	1,882,908	2,263,790	7,114,942	7,795,300
Total Revenues	1,117,466	2,365,702	5,844,900	10,296,116
Net income	(999,262)	9,089,332	(369,477)	14,510,720
Adjusted Recurring Free Cash Flow ⁽²⁾	337,883	47,458	1,000,476	1,315,665
Basic Earnings per share	(0.0312)	0.2905	(0.0116)	0.4640
Diluted Earnings per share	(0.0311)	0.2765	(0.0116)	0.4490
Book Value per outstanding share ⁽³⁾	1.19	1.22	1.19	1.22
Weighted basic average number of shares outstanding	31,993,510	31,289,176	31,729,392	31,276,125
Weighted diluted average number of shares outstanding	32,104,020	32,872,201	31,926,402	32,314,769

(1) Recurring Loan Interest and Royalty Income is an internally defined, non-IFRS measure calculated as Loan Interest and Royalty Income less Loan Amortization Income and one-time payments (e.g. prepayment fees). See the section “Use of Non-IFRS Financial Measures”.

(2) Recurring Free Cash Flow is an internally defined, non-IFRS measure calculated as Recurring Loan Interest and Royalty Income less Salaries, Professional fees, Office and general administrative and Financing expenses. See the section “Use of Non-IFRS Financial Measures”.

(3) Calculated by taking Total Shareholders’ Equity as reported on the Statements of Financial Position over the number of outstanding shares. See the section “Use of Non-IFRS Financial Measures”.

Conference Call Details

Flow Capital will host a conference call to discuss these results at 9:00 a.m. Eastern Time, on Tuesday, April 30, 2024. Participants should call +1 800 717 1738 or +1 289 514 5100, and ask an operator for the Flow Capital earnings call, Conference ID 65275. Please dial in 10 minutes prior to the call to secure a line. A replay will be available shortly after the call. To access the replay, please dial (+1) 888 660 6264 or +1 289 819 1325 and enter passcode 65275 #.

An audio recording of the conference call will be also available on the investors' page of Flow Capital's website at www.flowcap.com/financials.

About Flow Capital

Flow Capital Corp. is a diversified alternative asset investor and advisor, specializing in providing minimally dilutive capital to emerging growth businesses. To apply for financing, visit www.flowcap.com.

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Non-IFRS Financial Measures

This press release includes references to certain non-IFRS financial measures such as recurring Loan Interest and Royalty income and recurring free cash flow. These financial measures are employed by the Company to measure its operating and economic performance and to assist in business decision-making, as well as providing key performance information to senior management. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, certain investors and analysts use this information to evaluate the Company's operating and financial performance. These financial measures are not defined

under IFRS nor do they replace or supersede any standardized measure under IFRS. Other companies in our industry may calculate these measures differently than we do, limiting their usefulness as comparative measures. Reconciliations of non-IFRS measures to the nearest IFRS measure can be found in this press release under “Reconciliation of Non-IFRS Measures”.

Reconciliation of Non-IFRS Measures

The tables below reconcile Loan Interest and Royalty Income to recurring Loan Interest and Royalty income and recurring free cash flow for the periods indicated.

Recurring Loan Interest and Royalty Income is an internally defined, non-IFRS measure calculated as Loan Interest and Royalty Income less Loan Amortization Income and one-time payments (e.g. prepayment fees).

	Three-months ended December 31, 2023	Three-months ended December 31, 2022	Year ended December 31, 2023	Year ended December 31, 2022
Loan Interest and Royalty Income	\$ 1,882,908	\$ 2,263,790	\$ 7,114,942	\$ 7,795,300
Less: Loan Amortization Income	\$ (236,251)	\$ (373,304)	\$ (848,706)	\$ (802,854)
Less: One-time payments	-	\$ (461,624)	\$ (161,844)	\$ (774,167)
Total Adjustments	\$ (236,251)	\$ (834,928)	\$ (1,010,550)	\$ 1,577,021)
Recurring Loan Interest and Royalty Income	\$ 1,646,657	\$ 1,428,862	\$ 6,104,392	\$ 6,218,279

Recurring Free Cash Flow is an internally defined, non-IFRS measure calculated as Recurring Loan Interest and Royalty Income less Salaries, Professional fees, Office and general administrative and Financing expense.

	Three-months ended December 31, 2023	Three-months ended December 31, 2022	Year ended December 31, 2023	Year ended December 31, 2022
Recurring Loan Interest and Royalty Income	\$ 1,646,657	\$ 1,428,862	\$ 6,104,392	\$ 6,218,27
Less: Salaries	\$ (463,971)	\$ (393,929)	\$ (1,679,119)	\$ (1,482,244)
Less: Professional fees	\$ (18,167)	\$ (184,996)	\$ (641,187)	\$ (741,373)
Less: Office and general administrative	\$ (201,767)	\$ (334,869)	\$ (744,670)	\$ (880,895)
Less: Financing Expense	\$ (624,869)	\$ (467,610)	\$ (2,038,940)	\$ (1,798,102)
Total Adjustments	\$ (1,308,774)	\$ (1,381,404)	\$ (5,103,916)	\$ (4,902,614)
Recurring Free Cash Flow	\$ 337,883	\$ 47,458	\$ 1,000,476	\$ 1,315,665

Forward-Looking Information and Statements

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

An investment in securities of the Company is speculative and subject to a number of risks including, without limitation, risks relating to: the need for additional financing; the relative speculative and illiquid nature of an investment in the Company; the volatility of the Company’s share price; the Company’s limited operating history; the Company’s ability to generate sufficient revenues; the Company’s ability to manage future growth; the limited diversification in the Company’s existing investments; the Company’s ability to negotiate additional royalty purchases from new investee companies; the Company’s dependence on the operations, assets and financial health of its investee companies; the Company’s limited ability to exercise control or direction over investee companies; potential defaults by investee companies and the unsecured nature of the Company’s investments; the Company’s ability to enforce on any default by an investee company; competition with

other investment entities; tax matters, including the potential impact of the Foreign Account Tax Compliance Act on the Company; the potential impact of the Company being classified as a Passive Foreign Investment Company (“PFIC”); the Company’s ability to pay dividends in the future and the timing and amount of those dividends; reliance on key personnel, particularly the Company’s founders; dilution of shareholders’ interest through future financings; and general economic and political conditions; as well as the risks discussed in the joint management information circular of the Company dated May 2, 2018 and the risks discussed herein. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in the forward- looking information and forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended.

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

Key assumptions include, but are not limited to: assumptions that the Canadian and U.S. economies relevant to the Company’s investment focus will remain relatively stable over the next 12 to 24 months; that interest rates will not increase dramatically over the next 12 to 24 months; that the Company’s existing investees will continue to make royalty payments to the Company as and when required; that the businesses of the Company’s investees will not experience material negative results; that the Company will continue to grow its portfolio in a manner similar to what has already been established; that tax rates and tax laws will not change significantly in Canada and the U.S.; that more small to medium private and public companies will continue to require access to alternative sources of capital; that the Company will have the ability to raise required equity and/or debt financing on acceptable terms; and that the Company will have sufficient free cash flow to pay dividends. The Company has also assumed that access to the capital markets will remain relatively stable, that the capital markets will perform with normal levels of volatility and that the Canadian dollar will not have a high amount of volatility relative to the U.S. dollar. In determining expectations for economic growth, the Company primarily considers historical economic data provided by the Canadian and U.S. governments and their agencies. Although the Company believes that the assumptions and factors used in preparing, and the expectations contained in, the forward- looking information and statements are reasonable, undue reliance should not be placed on such information and statements, and no assurance or guarantee can be given that such forward-looking

information and statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information and statements.

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

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.