



Flow Capital Announces Q3 2023 Financial Results

Book Value of \$1.20 per share; up 26% over the past four-quarters.

TORONTO, November 21, 2023 – Flow Capital Corp. (TSXV:FW) (“Flow Capital” and “Company”), a leading provider of flexible growth capital and alternative debt solutions, announces its unaudited financial and operating results for the quarter ending September 30, 2023 (“Q3 2023”). Financial references are in Canadian dollars unless otherwise specified.

Q3 2023 Highlights

- Book Value of \$1.20 per share; up 26% over the past four-quarters.
- Recurring Royalty and Loan Interest Income¹ of \$1.50 million in Q3, up 3.9% from the prior quarter.
- Recurring Free Cash Flow² of approx. \$237,000 in Q3; and \$710,000 over the past four-quarters.
- Total assets of approximately \$62.5 million compared to \$53.0 million at Q3 2022.
- Cash of over \$9.3 million compared to \$9.5 million at Q3 2022.
- \$12.5M in new investments made since May of 2023.

“Q3 was in line with our expectations and reflects recent loan maturities and modest capital deployments in the past year ” said Alex Baluta, CEO of Flow Capital. “ Our balance sheet remains very strong and we continue to generate positive cash flow from recurring operations”.

“Since May of this year, we have deployed over \$12M into 4 new investments, and our pipeline remains very strong with currently 5 potential investments currently in

(1) Recurring Royalty and Loan Interest Income is an internally defined, non-IFRS measure calculated as Royalty and Loan Interest 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 Royalty and Loan Interest 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”.

due diligence. We are starting to see the results of both the positive market opportunity for Growth Debt solutions, as well as our ongoing effort to increase deal flow quantity and quality. Given the number of deals we have in due diligence at the current time, we expect we will be deploying new capital in the coming weeks and months”, said Mr. Baluta.

To raise additional capital to support our ongoing deployment growth, in July we launched our redeemable/retractable floating rate debenture. “We are excited about the introduction of the new debenture structure. By providing investors with a floating rate of interest (currently at 10.5%), redeemability, and seniority to almost \$40M 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. With over thirty million small and medium sized business in the United States and Canada, and tens of millions of others in Flow Capital’s addressable geographies and sectors, there is a large market of potential investment opportunities.

RESULTS OF OPERATIONS

	Three-months ended September 30, 2023	Three-months ended September 30, 2022
Recurring Royalty and Loan Interest Income ⁽¹⁾	\$ 1,502,093	\$ 1,530,022
Royalty and Loan Interest Income	\$ 1,697,147	\$ 1,676,567
Total Revenues per IFRS	\$ 1,003,477	\$ 670,337
Net income	\$ 20,229	\$ 502,663
Adjusted Recurring Free Cash Flow ⁽²⁾	\$ 236,941	\$ 253,422
Basic Earnings per share	0.0006	0.0160
Diluted Earnings per share	0.0006	0.0158
Book Value per outstanding share ⁽³⁾	\$ 1.1984	\$ 0.9517
Weighted basic average number of shares outstanding	32,462,803	31,333,994
Weighted diluted average number of shares outstanding	32,608,230	31,914,613

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(3) Calculated by taking Total Shareholders’ Equity as reported on the Statements of Financial Position over the number of outstanding shares.

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

Revenues

Total revenue for the three-month period ended September 30, 2023, was \$1,003,477 compared to \$670,337 in the three-month period ended September 30, 2022. Loan interest and royalty payment income for the three-month period ended September 30, 2023, was \$1,697,147 representing a 1.23% increase from the \$1,676,567, earned in the three-month period ended September 30, 2022.

Of the \$1,697,147 loan interest and royalty payment income earned during the three-month period ended September 30, 2023, \$321,276 was contributed by interest earned from new investments acquired in the last twelve months, \$1,197,583 from loan interest and royalty payment income from the existing portfolio and \$178,289 on account of loan amortization adjustments.

Income from changes in value of financial assets for the three-month period ended September 30, 2023 was \$(722,558) compared to \$(1,006,139) for the three-month period ended September 30, 2022.

Operating Expense

Total operating expenses for the three and nine-month periods ended September 30, 2023 were \$872,554 (2022 - \$881,638) and \$ 2,615,664 (2022 - \$2,363,882), respectively. The increase is primarily due to higher salaries and professional fees compared to the previous corresponding periods.

The decline in operating expenses for three months ended September 30, 2023 compared to the three months ended September 30, 2022 was primarily driven by lower professional fees, offset by higher salaries and share-based compensation. The increase in operating expenses for nine months ended September 30, 2023 compared to the nine months ended September 30, 2022 was primarily driven by higher salaries, professional fees and share-based compensation.

Profit After Taxes

Profit (loss) after taxes for the three and nine-month periods ended September 30, 2023 were \$20,229 (2022 - \$502,663) and \$453,789 (2022 - \$5,421,388), respectively. The decline in profit after taxes for three months ended September 30, 2023 compared to the three months ended September 30, 2022 was primarily driven by lower foreign exchange gains, offset by higher revenues and lower operating

expenses. The decline in profit after taxes for nine months ended September 30, 2023 compared to the nine months ended September 30, 2022 was primarily driven by lower income from changes in values of financial assets, higher total operating expenses and lower foreign exchange gains.

Assets

	As at September 30, 2023	As at September 30, 2022
Cash and Cash Equivalents	\$ 9,341,082	\$ 9,468,760
Investments	\$ 44,975,071	\$ 43,038,555
Total assets	\$ 62,528,800	\$ 52,971,149

Portfolio Update

	Three-months ended September 30, 2023	Three-months ended September 30, 2022
Number of active company investments	16	13
Number of new company investments in period	1	-
Total capital deployed during the period	\$ 1,691,500	\$ 0
Carrying value of investments, at the end of period	\$ 44,975,071	\$ 43,038,555

Non-IFRS Financial Measures

This press release includes references to certain non-IFRS financial measures such as recurring royalty and loan interest 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 royalty and loan interest Income to recurring royalty and loan interest income and recurring free cash flow for the periods indicated.

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

	Three-months ended September 30, 2023	Three-months ended June 30, 2023	Three-months ended March 31, 2023	Three-months ended December 31, 2022	Three-months ended September 30, 2022
Royalty and Loan Interest Income	\$ 1,697,147	\$ 1,843,406	\$ 1,691,481	\$ 2,263,790	\$ 1,676,567
Less: Loan Amortization Income	\$ (195,054)	\$ (235,357)	\$ (182,044)	\$ (373,304)	\$ (146,545)
Less: One-time payments	\$ 0	\$ (161,844)	\$ 0	\$ (461,624)	\$ 0
Total Adjustments	\$ (195,054)	\$ (397,201)	\$ (182,044)	\$ (834,928)	\$ (146,545)
Recurring Royalty and Loan Interest Income	\$ 1,502,093	\$ 1,446,205	\$ 1,509,437	\$ 1,428,862	\$ 1,530,022

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

	Three-months ended September 30, 2023	Three-months ended June 30, 2023	Three-months ended March 31, 2023	Three-months ended December 31, 2022	Three-months ended September 30, 2022
Recurring Royalty and Loan Interest Income	\$ 1,502,093	\$ 1,446,205	\$ 1,509,437	\$ 1,428,862	\$ 1,530,022
Less: Salaries	\$ (426,714)	\$ (411,828)	\$ (376,606)	\$ (393,929)	\$ (360,812)
Less: Professional fees	\$ (132,767)	\$ (276,601)	\$ (213,652)	\$ (184,996)	\$ (253,091)
Less: Office and general administrative	\$ (180,284)	\$ (187,408)	\$ (175,211)	\$ (334,869)	\$ (196,216)
Less: Financing Expense	\$ (525,387)	\$ (443,472)	\$ (445,212)	\$ (467,610)	\$ (466,481)
Total Adjustments	\$ (1,265,152)	\$ (1,319,309)	\$ (1,210,681)	\$ (1,381,404)	\$ (1,276,600)
Recurring Free Cash Flow	\$ 236,941	\$ 126,896	\$ 298,756	\$ 47,458	\$ 253,422

Conference Call Details

Flow Capital will host a conference call to discuss these results at 9:00 a.m. Eastern Time, on Wednesday, November 22, 2023. Participants should call +1 (888) 886-7786 or +1 (416) 764-8658 and ask an operator for the Flow Capital earnings call, Conference ID 47648691. 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 (416) 764-8692 or +1 (877) 674-7070 and enter passcode 648691#. The replay recording will be available until 11:59 p.m. Eastern Time, December 22, 2023.

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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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.