

## Flow Capital Q1 2026 Earnings Release Conference Call

*This transcript has been edited and condensed for clarity.*

### Operator

Good morning, ladies and gentlemen, and welcome to Flow Capital's Q1 2026 earnings call. Today's discussion may contain forward-looking statements that reflect current views with respect to future events. These statements are subject to risks and uncertainties that could cause actual results to differ materially from those projected.

For more information on Flow Capital's risks and uncertainties related to forward-looking statements, please refer to the Q1 2026 Company's Management Discussion and Analysis, available on SEDAR.

Today's call is being recorded on Tuesday, May 12, 2026.

I would now like to turn the meeting over to Alex Baluta, Chief Executive Officer of Flow Capital.

### Alex Baluta

Thank you, Operator, and thank you, everybody, for joining. We are pleased to announce continued growth in Q1 2026.

### Q1 2026 Highlights

- Revenue increased 21% to \$3.5 million, up from \$2.9 million.
- Recurring free cash flow increased 4% to just under \$900,000, up from \$850,000.
- Recurring free cash flow per share increased 8% to \$0.03 per share.
- Total investment assets increased 27% to \$80.3 million, up from \$63.4 million a year ago and \$73.5 million in December 2025.
- Book value increased 6% from a year ago to \$1.29, compared with \$1.22 a year ago and \$1.275 in December 2025.
- \$6.5 million of new investments, compared with \$3.2 million a year ago.

Another strong quarter overall. We are well into our sixth consecutive year of quarterly profitability, with free cash flow approaching \$900,000 this quarter, and things continue to be on track.

## **Market Environment**

I'd like to comment briefly on the market environment. I touched on some of this during our [Q4 call](#) about a month ago, and I encourage everyone to listen to that as well.

Over the past couple of years, we've seen tighter competition on deal flow and declining pricing, particularly on headline interest rates. High valuations from 2021 through 2023 were followed by a significant influx of capital into private credit through 2023, 2024, and 2025, especially at the very large end of the market, where there were announcements of private credit available capital nearly doubling.

Flow Capital operates in the growth segment of smaller companies: non-asset-backed, high-growth companies. Still, we saw pricing pressure trickle down as larger players gradually moved into our space. Maintaining discipline through that period has been a real challenge.

The good news is that we're starting to see a reversal of that trend. Many larger players are now dealing with redemptions, investor concerns, and the gating of funds. To be clear, that has nothing to do with us—we are not in that scenario—but as excess capital gets pulled back, the trickle-down pressure is easing. Pricing is stabilizing, and in some cases ticking upward.

More broadly, valuations are also stabilizing, if not recovering. Even within our own portfolio, we're seeing business growth rates firm up.

## **Business Model & Portfolio News**

As I've mentioned on a prior call, I believe our portfolio is in the strongest, healthiest condition it has been in a long time. That's not to say it was in bad shape before, but both objectively and in terms of perception, it is in very good shape today.

We have a unique, evergreen business model. Unlike a traditional fund that must redeploy or pay their limited partners back when loans are repaid. In our model, we can pay back

our lenders at both levels of the capital stack and then redraw, particularly on our senior line of credit, to redeploy on our own terms.

In practice, this means we are not pressured into investments that don't meet our risk-return thresholds. Over the last couple of quarters, we've been cautious and disciplined in deploying capital, and that approach has served us well. We're also seeing portfolio companies improve, with several being refinanced, raising new equity rounds, or completing M&A transactions.

In fact, in Q2 we announced TVision's M&A transaction. It was a good exit for the company and for Flow Capital, generating a 25% IRR and over a \$1 million gain to book value that will hit in Q2. This outcome demonstrates the strength and resilience of our model. We wish TVision well in its future endeavors with the acquirer, it was an excellent result and the kind of outcome we hope to see across all of our deals.

## **Conclusion**

Despite pricing pressures, we have been cautious and conservative, and our portfolio health is strong. The one downside is that we have deployed less capital than I had hoped, though investment assets on our balance sheet still grew to \$80.3 million from \$73.5 million at the end of Q4. Slower deployment will have some effect on near-term growth; we continue to grow, but at a rate below what we achieved last year.

We also continue to grow book value per share, and, since management holds a significant stake in the company, our alignment is firmly with shareholders and shareholder return.

Overall, it was a good quarter. We remain very selective, and the environment is shifting in our favor: pricing pressures are easing, our pipeline of quality deals is improving, and some of our more direct competitors are feeling challenged. We will continue to invest in our business and pursue excellent opportunities on a risk-adjusted basis.

Thank you, everybody. I look forward to speaking with you after Q2.

## **Operator**

This concludes today's conference call. Thank you so much for your participation.

