

Flow Capital Corp.

Interim Condensed Consolidated Financial Statements

For the three and six-month period ended June 30, 2026

(Unaudited)

Flow Capital Corp.

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

Flow Capital Corp.

Interim Condensed Consolidated Statements of Financial Position

(Canadian dollars - Unaudited)

	Note	June 30, 2026	December 31, 2025
Assets			
Current Assets			
Cash		\$ 2,101,160	\$ 1,987,089
Accounts receivable and accrued income		183,947	99,807
Prepaid expenses and other receivables	8	237,843	494,061
Transaction cost		165,533	197,307
Financial assets at fair value through profit and loss	3,5	1,065,750	1,027,950
Loan receivables, at amortized cost	6	8,223,954	8,966,688
Total Current Assets		11,978,187	12,772,902
Non-Current Assets			
Transaction cost		68,972	128,294
Deferred tax asset		7,379,393	8,319,203
Financial assets at fair value through profit and loss	3,5	7,591,610	7,339,634
Loan receivables, at amortized cost	6	54,453,247	56,156,711
Total Non-Current Assets		69,493,222	71,943,842
Total Assets		\$ 81,471,409	\$ 84,716,743
Liabilities and Shareholders' Equity			
Current Liabilities			
Accounts payable and accrued liabilities	9	\$ 989,415	\$ 1,188,295
Preferred shares	11,13	366,667	366,667
Income tax liability		188,588	275,491
Total Current Liabilities		1,544,670	1,830,453
Non-Current Liabilities			
Preferred shares	11,13	733,334	733,334
Revolving credit facility	12	5,428,204	13,554,456
Debentures	11	34,423,919	31,608,084
Total Non-Current Liabilities		40,585,457	45,895,874
Total Liabilities		\$ 42,130,128	\$ 47,726,327
Shareholders' Equity (Note 13)			
Common shares		\$ 51,038,264	\$ 51,006,284
Contributed surplus		1,042,035	1,171,795
Accumulated deficit		(12,739,017)	(15,187,663)
Total Shareholders' Equity		39,341,282	36,990,416
Total Liabilities and Shareholders' Equity		\$ 81,471,409	\$ 84,716,743

See accompanying notes to the interim condensed consolidated financial statements.

Approved on behalf of the Board of Directors on August 20, 2026:

“Vernon Lobo”
Vernon Lobo, Director

“Brian Beattie”
Brian Beattie, Director

Flow Capital Corp.
Interim Condensed Consolidated Statements of Comprehensive Income
(Canadian dollars - Unaudited)

	Note	Three months ended June 30, 2026	Three months ended June 30, 2025	Six months ended June 30, 2026	Six months ended June 30, 2025
Revenues					
Income from financial assets					
Loan interest income		\$ 4,086,646	\$ 3,194,899	\$ 7,415,453	\$ 5,823,398
Financial royalty income		145,391	49,334	333,827	324,976
		4,232,037	3,244,233	7,749,280	6,148,374
Investment gains/(losses)					
Fair value gains/(losses) from changes in the value of financial assets		(660,072)	(1,927,430)	(\$1,056,025)	(2,018,000)
Total revenue and net investment gains/(losses)		3,571,965	1,316,803	6,693,255	4,130,374
Operating expenses and other					
Expected credit losses (recovery)	6	\$ 38,359	\$ 716,150	\$ 422,887	\$ 674,914
Financing expense	11,12	993,254	903,834	2,049,067	1,724,072
Salaries, benefits and staffing costs	15	647,257	725,664	1,273,701	1,332,063
Restructuring cost		129,577	-	129,577	-
Gain/(loss) on loan modification		-	(343,765)	-	(32,779)
Share-based compensation	16	(66,348)	50,089	(33,538)	102,893
Professional fees		189,447	93,488	389,511	263,173
Office and general administrative costs		280,565	235,621	562,439	455,312
Expenses		2,212,111	2,381,081	4,793,643	4,519,648
Gains/(losses) and other income					
Other income and gains/(losses)		73,949	447,612	77,131	455,020
Foreign exchange gains/(losses)	14	889,690	(1,518,568)	1,379,506	(1,607,944)
Total gains/(losses) and other income		963,639	(1,070,956)	1,456,637	(1,152,924)
Operating income (loss) before income taxes		2,323,493	(2,135,234)	3,356,249	(1,542,199)
Current income tax expense (recovery)		(32,207)	-	(32,207)	-
Deferred tax expense (recovery)	10	728,229	(662,695)	939,810	(503,540)
Total income tax expense (recovery)		\$ 696,022	\$ (662,695)	\$ 907,603	\$ (503,540)
Net Income (Loss)		\$ 1,627,471	\$ (1,472,540)	\$ 2,448,646	\$ (1,038,659)
Other comprehensive income(loss) that may be subsequently reclassified to profit or loss					
Foreign currency translation		-	-	-	-
Comprehensive Income (Loss)		\$ 1,627,471	\$ (1,472,540)	\$ 2,448,646	\$ (1,038,659)
Earnings per share (Note 17)					
<i>Earnings per share</i>					
Basic earnings per share		\$ 0.056	\$ (0.048)	\$ 0.084	\$ (0.034)
Diluted earnings per share		\$ 0.055	\$ (0.048)	\$ 0.082	\$ (0.034)

See accompanying notes to the interim condensed consolidated financial statements.

Flow Capital Corp.
Interim Condensed Consolidated Statements of Changes in Shareholders Equity
(Canadian dollars- Unaudited)

	Note	Number of shares	Share capital	Accumulated other comprehensive loss	Contributed surplus	Accumulated deficit	Total
Balance, January 1, 2025		30,700,363	\$ 52,069,055	\$ -	\$ 962,787	\$ (16,135,366)	\$ 36,896,476
Share-based compensation	16	-	-	-	102,893	-	102,893
Treasury shares repurchased and cancelled	13	(325,500)	(269,343)	-	-	-	(269,343)
Share cancellation cost		-	(3,216)	-	-	-	(3,216)
Net income/(loss) for the period		-	-	-	-	(1,038,659)	(1,038,659)
Balance, June 30, 2025		30,374,863	\$ 51,796,496	\$ -	\$ 1,065,680	\$ (17,174,025)	\$ 35,688,151
Balance, January 1, 2026		29,339,363	\$ 51,006,284	\$ -	\$ 1,171,795	\$ (15,187,663)	\$ 36,990,416
Share-based compensation	16	-	-	-	(33,538)	-	(33,538)
Options exercised		84,615	96,223	-	(96,223)	-	-
Treasury shares repurchased and cancelled	13	(80,000)	(62,860)	-	-	-	(62,860)
Share cancellation cost		-	(1,383)	-	-	-	(1,383)
Net income/(loss) for the period		-	-	-	-	2,448,646	2,448,646
Balance, June 30, 2026		29,343,978	\$ 51,038,264	\$ -	\$ 1,042,035	\$ (12,739,017)	\$ 39,341,282

See accompanying notes to the interim condensed consolidated financial statements.

Flow Capital Corp.
Interim Condensed Consolidated Statements of Cash Flows
(Canadian dollars- Unaudited)

	Note	Three months ended June 30, 2026	Three months ended June 30, 2025	Six months ended June 30, 2026	Six months ended June 30, 2025
Cash flows from operating activities					
Net Income (loss)		\$ 1,627,471	\$ (1,472,540)	\$ 2,448,646	\$ (1,038,659)
Adjustments for non-cash items					
Share-based compensation		(162,570)	50,089	(129,760)	102,893
Depreciation		-	226	-	452
Interest and upfront fees amortized		(510,686)	(438,206)	(1,032,329)	(717,157)
Amortization transaction cost		49,885	36,483	99,238	74,191
Unrealized foreign exchange (gain) loss		(785,525)	839,637	(1,255,848)	975,596
Change in (gain) loss on investments held at fair value through profit and loss		660,072	1,927,430	1,056,025	2,018,000
Gain and (loss) on loan modification		-	(343,765)	-	(32,779)
Expected credit losses	6	38,359	716,150	422,887	674,914
Activities relating to loans and investments					
Advances for loans originated		(4,929,327)	(14,761,408)	(10,922,974)	(17,385,897)
Purchase of equity investments		(669,463)	(1,513,840)	(1,133,517)	(2,127,112)
Change in financial royalty receivable		(41,819)	55,791	(84,141)	89,289
Change in interest receivable		186,353	47,917	(55,469)	(163,416)
Proceeds received on loans receivable		15,203,391	3,549,000	15,833,739	3,549,000
Interest expense		993,254	903,834	2,049,067	1,323,691
Income tax expense		728,229	(662,695)	939,810	(503,540)
Income taxes received (paid)		-	-	(93,214)	-
Dividends received		-	-	-	19,291
Changes in working capital items	19	12,363	1,386,832	6,794	1,096,100
Net Cash Flows from (used in) Operating Activities		12,399,987	(9,679,065)	8,148,954	(12,045,143)
Cash flows from financing activities					
Common shares repurchased for treasury		\$ (34,700)	\$ (173,073)	\$ (64,243)	\$ (272,559)
Common shares issued		96,223	-	96,223	-
Interest paid		(974,588)	(844,338)	(1,998,523)	(1,359,008)
Repayment towards revolving credit facility		(12,041,350)	-	(13,510,995)	-
Proceeds from revolving credit facility		-	9,693,600	5,239,158	9,693,600
Payments on debentures redeemed		(643,089)	(600,000)	(2,445,846)	(1,313,400)
Proceeds on debentures issued		2,052,545	3,686,048	4,606,333	6,572,196
Net Cash Flows from (used in) Financing Activities		(11,544,959)	11,762,236	(8,077,893)	13,320,829
Foreign exchange impact on cash					
		34,198	(11,955)	43,010	(35,759)
Net increase (decrease) in cash during the period		889,226	2,071,216	114,071	1,239,927
Cash, beginning		1,211,934	1,533,998	1,987,089	2,365,287
Cash, ending		\$ 2,101,160	\$ 3,605,214	\$ 2,101,160	\$ 3,605,214

Cash interest received during three- and six-months period ended June 30, 2026 was \$4,271,192 (2025: \$2,928,346) and \$7,396,469 (2025: \$5,444,303) respectively.

See accompanying notes to the interim condensed consolidated financial statements.

Flow Capital Corp.
(Unaudited) Notes to the Unaudited Interim Condensed Consolidated Financial Statements
In Canadian dollars, for the three months ended June 30, 2026

1. Corporate information and reporting entity

Flow Capital Corp. ("Flow Capital", or "the Company") was incorporated on June 27, 2018 under the jurisdiction of the laws of the Province of British Columbia, Canada. The common shares of the Company are traded on the CSE Exchange ("CSE") under the symbol "FW". The registered office of the Company is at 1200 – 750 West Pender Street, Vancouver, British Columbia, V6C 2Y8, and the operating head office of the Company is located at 47 Colborne Street, Suite 303, Toronto, Ontario, M5E 1P8.

On September 30, 2024, Flow Capital wound up several inactive subsidiaries consisting of Flow Investment Holdings Corp, LOGiQ Capital 2016, Tuscarora Capital Inc, Flow Capital Partnership Holding Corp, and Flow Priority Return Fund II LP. The US subsidiary, Flow Capital US Corp, was dissolved on October 31, 2024.

2. Basis of presentation

Basis of measurement

The interim condensed consolidated financial statements have been prepared on a historical cost basis, except for the following items which are recorded at fair value: financial assets and liabilities that are designated at fair value through profit or loss and fair value through other comprehensive income.

Statement of compliance

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting, using accounting policies consistent with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"). Accordingly, certain information and note disclosures normally included in annual financial statements prepared in accordance with IFRS Accounting Standards have been omitted or condensed. These unaudited interim condensed consolidated financial statements were prepared on a going concern basis.

Functional and presentation currency

The presentation currency for these interim condensed consolidated financial statements is the Canadian dollar, which is also the functional currency of the Company, and its subsidiaries, including Flow Investment Services Corp., Amounts are stated in and recorded to the nearest Canadian dollar except where otherwise indicated.

Basis of consolidation

The interim condensed consolidated financial statements include the assets, liabilities and results of operations of the Company and its wholly owned subsidiary, Flow Investment Services Corp. (formerly LOGiQ Asset Management Ltd.). The Company controls an entity when it has a majority or controlling interest and is exposed to, or has rights to, variable returns from its involvement in the entity and has the ability to affect those returns through its power over the entity. The Company has a 100% ownership interest in its subsidiary. The Company's subsidiary has the same reporting date and period as the Company. All intercompany balances and transactions are eliminated upon consolidation.

Use of Estimates

The preparation of interim condensed consolidated financial statements in conformity with IFRS Accounting Standards requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates. Key estimates include the allowance for credit losses on loans receivable, and the fair value of financial assets, at fair value through profit and loss and recognition of deferred tax assets. Refer to note 3 for disclosure on critical estimates and accounting policies relevant to these areas.

3. Significant accounting judgements, estimates, and assumptions

Management uses significant judgment and the use of assumptions in developing estimates in the following key areas:

Financial assets at fair values through profit or loss

The Company makes assumptions and judgments in its determination of the estimated fair values for financial assets and liabilities recognized at fair value through profit or loss. The determination of significant inputs and assumptions into the estimation of fair value includes the oversight and approval of the Investment Committee of the Company. The Investment Committee reviews on a quarterly basis, the valuation results used by management for financial royalty contracts, common and preferred shares, warrants and other derivatives.

Further information about the assumptions made in measuring fair values for financial instruments is included in Note 5.

a) Financial royalty contracts, at fair value through profit and loss

The Company applies significant judgment in estimating the fair value of financial royalty contracts, by applying a discounted cash flow model, including judgment in applying a discount rate, growth rate of the sales of the investee, and the probability of an investee company triggering a buyout clause. Refer to Note 5 for further information on these fair value measurements.

Flow Capital Corp.
(Unaudited) Notes to the Unaudited Interim Condensed Consolidated Financial Statements
In Canadian dollars, for the three months ended June 30, 2026

b) Fair value of level 3 common and preferred shares, warrants and other derivatives

The fair value of level 3 common and preferred shares, warrants and other derivatives that are not traded in an active market are estimated using valuation models or techniques, which includes recent transaction price or prices for comparable companies, and/or the use of a Black Scholes option pricing model or an alternative option pricing model as applicable. For details of the key assumptions used and the impact of changes to these assumptions, see note 5 and 7.

c) Assessing expected credit losses on loans receivable

The Company uses significant judgment in applying the concepts under IFRS 9, and a three-stage model to estimate expected credit losses on loans receivable. At initial recognition, a 12-month expected credit loss estimate is recognized. If credit risk changes significantly, the allowance is adjusted to reflect lifetime expected credit losses.

The significant areas of judgment in estimating the ECL primarily includes the determination on staging, the estimate of probability of default, the loss given default and the forward-looking macroeconomic factors included within these components.

Expected credit losses are estimated based on the present value of all cash shortfalls over the expected life of the loans, using a probability-weighted approach and discounted at the effective interest rate. The calculation incorporates the use of historical credit loss experience, expectations about future cash flows specific to each borrower and forward-looking macroeconomic variables. Refer to Note 6 for discussion on ECL.

d) Deferred income taxes

The determination and recognition of deferred tax assets require judgment by management in assessing the likelihood of future settlement or recovery of temporary tax differences and in particular the utilization and value of tax losses carried forward. The estimation of a deferred tax asset is supported by the expected future utilization of tax attributes based upon future cash flows derived from the Company's estimated business forecasts. The recognition of deferred tax assets is based on significant assumptions and estimations regarding future revenues and expenses and the probability that the deductible temporary differences will reverse in the foreseeable future, and the accumulated tax losses will be utilized. The key assumptions developed by management used to determine the recoverability of the deferred tax assets included expected rates of capital deployment and funds raised, the spreads between the pricing of capital deployed and the cost of funds raised, operating expenses, and corporate general and administrative expenses. Changes in the tax rates or assumptions and estimates used in the recognition of deferred taxes may result in material adjustment to the amount recognized. Refer to note 10 for additional information relating to this estimate.

4. Standards issued but not effective

At the date of authorization of these financial statements, certain new standards, amendments, and interpretations to existing IFRS Accounting Standards have been published but are not yet effective and have not been adopted early by the Company.

IFRS 18, Presentation and Disclosure in Financial Statements

On 9 April 2024, the IASB issued a new standard – IFRS 18, 'Presentation and Disclosure in Financial Statements' – in response to investors' concerns about the comparability and transparency of entities' performance reporting. The new requirements introduced in IFRS 18 will help to achieve comparability of the financial performance of similar entities, especially related to how 'operating profit or loss' is defined. The new disclosures required for some management-defined performance measures will also enhance transparency.

The key new concepts introduced in IFRS 18 relate to:

- the structure of the statement of profit or loss.
- required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

IFRS 18 will replace IAS 1; many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it will result in presentation changes for the statement of operations to categorize activities into operating, financing and investing categories. Management is evaluating the IFRS 18 impacts on the financial statements.

IFRS 18 will apply for reporting periods beginning on or after January 1, 2027 and also applies to comparative information.

Standard issued and effective

Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7 (effective for annual periods beginning on or after 1 January 2026)

In May 2024, the IASB issued Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7. These amendments updated classification and measurement requirements in IFRS 9 Financial Instruments and related disclosure

Flow Capital Corp.
(Unaudited) Notes to the Unaudited Interim Condensed Consolidated Financial Statements
In Canadian dollars, for the three months ended June 30, 2026

requirements in IFRS 7 Financial Instruments: Disclosures. The IASB clarified the recognition and derecognition date of certain financial assets and liabilities, and amended the requirements related to settling financial liabilities using an electronic payment system. The amendments are effective for periods beginning on or after January 1, 2026 and adoption of these amendments did not have a material effect on the Company's financial statements. For financial liabilities settled in cash using a qualifying electronic payment system[s], we applied the election to deem these financial liabilities to be discharged before the settlement date.

5. Fair values

The Company uses valuation models, methods and techniques with the objective of determining a fair value measurement that reflects the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value policies are described in Note 5 and areas of significant judgments are described in Note 3.

The Company estimates the fair value of the financial royalty contracts by applying a discounted cash flow model, including judgment in applying a discount rate based on a weighted average cost of capital using variables from the industry in which the underlying investee company operates as well as company-specific variables. Future cash flows are weighted using a combination of a probability approach and a terminal value approach, as applicable. Some or all the inputs used in the cash flow model may not be observable in the market and are generally derived from published sources that are relevant for comparable companies. In addition, the probability of a buyout clause being triggered is embedded in the estimation of the contract term and potential fair value estimate.

The fair value of common shares in investee companies that are classified as Level 1 in the fair value hierarchy are determined using the closing share price on the last business day of the reporting period provided that such securities have actively been traded.

The fair value of Level 3 common and preferred shares, warrants and other derivatives that are not traded in an active market are estimated using valuation models or techniques, which may include recent transaction price or prices for comparable companies, and/or the use of a Black Scholes option pricing model or an alternative option pricing model. The significant use of unobservable inputs, and a high degree of management judgement and estimation is required in determining the per share price and volatility to be used in models. The extent of the adjustments to the discount rate is based on management's assessment that a third-party market participant would take them into account in pricing a transaction.

a) Fair value hierarchy

The Company measures certain financial instruments at fair value through profit or loss. These financial instruments are categorized into the fair value hierarchy based on the lowest level of input that is determined to be significant to the estimate of fair value measurement. The three levels of the fair value hierarchy are as follows:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: techniques applied which use significant observable inputs, either directly or indirectly.

Level 3: techniques or models applied which use significant unobservable inputs that are not based on observable market data.

Financial assets measured at fair value and recorded at fair value through profit and loss include financial royalty contracts, common and preferred shares, warrants in investee companies and other derivatives from investee companies. The classification of these financial assets based on the fair value hierarchy are shown in the table below.

	Level 1	Level 2	Level 3	Total
June 30, 2026				
Financial royalty contracts	\$ -	\$ -	\$ 1,870,337	\$ 1,870,337
Common and Preferred shares	1,155,595	-	1,751,334	2,906,929
Warrants and other derivatives	-	-	3,880,094	3,880,094
	\$ 1,155,595	\$ -	\$ 7,501,765	\$ 8,657,360
	Level 1	Level 2	Level 3	Total
December 31, 2025				
Financial royalty contracts	\$ -	\$ -	\$ 1,780,832	\$ 1,780,832
Common and Preferred shares	492,366	-	1,597,883	2,090,249
Warrants and other derivatives	-	-	4,496,503	4,496,503
	\$ 492,366	\$ -	\$ 7,875,218	\$ 8,367,584

Common and preferred shares held in investee companies include shares held on listed companies which are classified as Level 1 and shares held on private companies, which are classified as Level 3. There were no transfers between levels during the period ended June 30, 2026. For instruments classified in Level 3, the following table shows a reconciliation between the opening balances to the closing balances for the period.

Flow Capital Corp.
(Unaudited) Notes to the Unaudited Interim Condensed Consolidated Financial Statements
In Canadian dollars, for the three months ended June 30, 2026

	Balance at December 31, 2025	Total gains and (losses) recognized in profit or loss	Investments	Buyouts and Redemptions	Balance at June 30, 2026
Financial royalty contracts	\$ 1,780,832	\$ 89,505	\$ -	\$ -	\$ 1,870,337
Level 3 Common and preferred shares	1,597,883	53,451	100,000	-	1,751,334
Level 3 Warrants and other derivatives	4,496,503	(799,900)	183,491	-	3,880,094
Total	\$ 7,875,218	\$ (656,944)	\$ 283,491	\$ -	\$ 7,501,765

As of June 30, 2026, the net unrealized gain/(loss) recognized during the six-month period on Level 3 financial instruments held at fair value through profit or loss was \$ (656,944).

The valuation technique used to determine the fair value of the financial royalty contracts is a discounted cash flow model. The most significant unobservable inputs used in the valuation are the discount rate (range is between 16%-21%), growth rate of the revenues of the investee (range is between -3% and 3%), and the probability of an investee company triggering a buyout clause. The low and high input values represent the actual highest and lowest level of values used over the portfolio and represent the range on an individual investment basis. The input ranges will therefore vary from period to period based on the characteristic of the underlying investment at each statement of financial position date.

For fair value measurements of the financial royalty contracts, changing the most significant unobservable inputs by 1% would have the following impact on the fair value of the financial royalty contracts, at fair value through profit and loss, as of June 30, 2026 as follows:

June 30, 2026		June 30, 2026	
Revenue growth rate -1%	Revenue growth rate +1%	Discount rate -1%	Discount rate +1%
\$ (52,458)	\$ 59,504	\$ 59,505	\$ (52,458)
December 31, 2025		December 31, 2025	
Revenue growth rate -1%	Revenue growth rate +1%	Discount rate -1%	Discount rate +1%
\$ (44,582)	\$ 50,571	\$ 50,571	\$ (44,582)

The valuation technique used for estimating fair value of level 3 common shares is based on a market approach, using recent transactions involving the investee and company valuation multiples using such measures as EBITDA, revenues, enterprise value and multiples taken from information available on similar types of companies, and, as applicable, any liquidity discount.

The valuation technique used to determine the fair value of the level 3 preferred shares, warrants and other derivatives is estimated using the use of a Black Scholes option pricing model or an alternative option pricing model. The most significant unobservable inputs used in the valuation models are the price per share based on market comparables and volatility of underlying share prices estimated based on comparable companies, as applicable.

Refer Note 7 for sensitivities related to the impact of market risk on listed common and preferred shares, warrants and other derivatives.

b) Financial liabilities and assets not measured at fair value

The Company's financial liabilities, including accounts payable and accrued liabilities, revolving credit facility, debentures and Preferred Shares are measured at amortized cost. The amortized cost of these liabilities approximates the fair value at June 30, 2026. Accounts payable and accrued liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The carrying value of the Debentures and Preferred Shares approximate fair value, as they pay interest/ dividends at the market rates of interest. The Company's financial assets include loans which are measured at amortized cost, the estimated fair value of the loan portfolio is \$64,221,928 as of June 30, 2026 (December 31, 2025, was \$72,330,563).

6. Loans receivables

The Company originates loans which are recorded at amortized cost, net of ECL. Loans are extended at interest rates ranging from 12.5% to 17.5%, with a maturity of 2 to 4 years. The loans are secured by all assets of the borrower as defined in the General Security Agreements granted to the Company, which may be subordinate to other lenders. The Company recognizes an ECL against these loans using a three-stage model.

The Company measures the ECL on the reporting date according to the three-stage ECL impairment model:

Stage 1 - From initial recognition of a loan to the reporting date, where the loan has not experienced a significant increase in credit risk ("SIR") relative to their initial recognition, and a loss allowance is recognized equal to the credit losses expected to result from defaults occurring over the 12 months following the reporting date.

Stage 2 - When a loan experiences a SIR subsequent to initial recognition but is not considered to be in default, a loss allowance is recognized equal to the credit losses expected over the remaining lifetime of the asset.

Flow Capital Corp.
(Unaudited) Notes to the Unaudited Interim Condensed Consolidated Financial Statements
In Canadian dollars, for the three months ended June 30, 2026

Stage 3 - When a loan is considered to be in default, a loss allowance is recognized equal to credit losses expected over the remaining lifetime of the asset. Interest is calculated based on the carrying amount of the instrument, net of the loss allowance, rather than on its gross carrying amount.

Measurement of ECL:

The provision for ECL is based on historical credit loss experience, and expectations about future cash flows specific to each borrower. The measurement of ECL is based primarily on the product of the loan's probability of default ("PD"), exposure at default ("EAD") and loss given default ("LGD") and is discounted to the reporting date. The judgment involved in estimating these factors can be significant.

PD is based on loss rate experience since the inception of the Company, adjusted for future expectations and a risk premium is applied to this value to account for uncertainty.

EAD is equal to total principal and interest outstanding for loans in good standing at the time of assessment.

LGD is based on the Company's historical loss rate on distressed borrowers. Management considers the enterprise value, and other financial health indicators of the borrowers in assessing LGD. For Stage 1 loans, a base case LGD is utilized, plus forward-looking factors, for the Stage 2 and 3, a- borrower specific LGD is utilized, plus forward-looking factors, to calculate lifetime ECL. A risk premium has been estimated by management to this value on a similar basis as the PD calculation, and to account for future uncertainty.

Significant Increase in Credit Risk:

The Company periodically evaluates its loan portfolio against the following criteria:

- The investee is more than 30 days but less than 90 days in arrears on its contractual payment obligations.
- Company management believes the cash resources available to the investee may not be sufficient to meet ongoing needs; or
- The investee has significantly underperformed the previously provided business plans / investment thesis.

A financial instrument is considered credit-impaired and is then moved to 'Stage 3' if:

- The investee is 90 days due on contractual payments;
- The investee is in material breach of financial covenants.
- The investee is in long term forbearance; or
- The investee's assets and / or estimated equity value (subject to the Company's security position) is insufficient to cover the investment or if the investee is insolvent

If one or more of the above criteria are met without reasonable explanation from the borrower, the loan is considered to have had a significant increase in credit risk and is moved to Stage 2 or Stage 3 for loss provisioning.

The following table summarizes the loans receivable assessed at each stage of impairment and the allowance for ECL, at June 30, 2026 and December 31, 2025:

June 30, 2026	Stage 1	Stage 2	Stage 3	Total
Loans receivable at amortized cost	\$ 61,503,620	\$ 1,647,939	\$ 3,939,104	\$ 67,090,663
Allowance for expected credit losses	(1,182,918)	(315,270)	(2,915,274)	(4,413,462)
	\$ 60,320,702	\$ 1,332,669	\$ 1,023,830	\$ 62,677,201

December 31, 2025	Stage 1	Stage 2	Stage 3	Total
Loans receivable at amortized cost	\$ 61,052,965	\$ 4,634,509	\$ 3,426,500	\$ 69,113,974
Allowance for expected credit losses	(865,296)	(741,038)	(2,384,241)	(3,990,575)
	\$ 60,187,669	\$ 3,893,471	\$ 1,042,259	\$ 65,123,399

During the six months ended June 30, 2026, the Company collected approximately \$3.0 million of principal from Stage 2 loans. These repayments reduced the outstanding loan balances and, consequently, the related ECL allowance.

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The changes in the carrying amount of the loans during the six month period ended June 30, 2026 were:

	Six-month period ended June 30, 2026
Balance at December 31, 2025	\$ 65,123,399
Proceeds received on loans receivable	(15,833,739)
Advance for loans originated	10,922,974
Change in interest receivable	55,468
Foreign exchange impact on loans	1,799,656
Loan amortization income	1,032,329
Expected credit losses	(422,887)
Balance at June 30, 2026	\$ 62,677,201

The following table shows the movement in various stages of ECL during the six-month period ended June 30, 2026:

Balance as at December 31, 2025	Stage 1	Stage 2	Stage 3	Total
Provision for credit losses	\$ 865,296	\$ 741,038	\$ 2,384,241	\$ 3,990,575
Purchases	61,420	-	-	61,420
Sales and maturities	(428,082)	-	-	(428,082)
Changes in risk, parameters and exposures	684,283	(425,768)	443,360	701,875
Exchange rate and other	-	-	87,674	87,674
Balance as at June 30, 2026	\$ 1,182,918	\$ 315,270	\$ 2,915,274	\$ 4,413,462

A continuity of the allowance for expected credit losses for the six-months ended June 30, 2026 is as follows:

	Six-month period ended June 30, 2026
Balance at December 31, 2025	\$ 3,990,575
Reversal on loan settlement	(428,082)
Increase in allowance for outstanding loans	763,295
Foreign exchange change gains/ losses	87,674
Balance at June 30, 2026	\$ 4,413,462

7. Financial risk management objectives and policies

The Company's primary risk management objective is to protect the Company's assets and cash flow. The Company is exposed to risks that arise through its use of financial instruments. Those risks include credit risk, liquidity risk and market risk including interest rate, equity price risk, credit, and currency risks. The Company's management team manages these risks as they arise through its use of financial instruments.

Credit risk

Credit risk is the risk that a counterparty to a financial instrument will not meet its obligations under a financial instrument or customer contract, which may result in a financial loss to the Company. The Company has exposure to credit risk through its cash, accounts receivables and accrued income, financial royalty contracts, and loans receivable. The Company is exposed to financial royalty contract arrangements with investees in which a purchase price is advanced in return for participation in the investees' revenue stream. The Company originates loan agreements where the return is in the form of interest and principal payments which may be affected by the credit risk specific to each borrower.

The Company monitors its loan portfolio on a monthly basis and assigns each loan in the portfolio to a credit quality stage (Stage 1, Stage 2 or Stage 3). The credit quality is reviewed for each loan at each reporting date, to incorporate changes in macroeconomic and industry factors, and company specific information. The loans receivable are typically secured with a senior charge on the assets of the borrower, trademarks and any other intellectual property, and in some cases, with a pledge of the promoter's shareholding in the venture. Refer Note 6, for the Company's ECL and risk assessment policy.

The loans receivable are typically secured with a senior charge on the assets of the borrower, trademarks and any other intellectual property, and in some cases, with a pledge of the promoter's shareholding in the venture. Currently, two of the loan investments are assessed as

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having a significant increase in credit risk and a further loan is credit impaired. As of June 30, 2026, the Company has booked an allowance of \$4,413,462 (December 31, 2025 - \$3,990,575).

The Company is exposed to credit risk in respect of its financial royalty investment measured at fair value through profit and loss, as cash flows under the arrangement depend on the counterparty's ability to remit amounts due in accordance with the contractual terms. While the investment is not subject to the IFRS 9 expected credit loss model, credit risk is considered as part of the fair value measurement. The Company monitors this exposure on an ongoing basis through review of payment history, assessment of the timeliness and completeness of financial royalty receipts, monitoring of counterparty financial performance and other relevant information, and investigation of overdue or unusual payment patterns. Any deterioration in counterparty credit quality is considered in the valuation of the investment.

The maximum exposure to credit risk at June 30, 2026 was \$67,076,975 (December 31, 2025 - \$69,156,499), which includes cash balances, loans receivable and financial royalty contracts and accrued interest receivable. Cash is held by a Canadian bank which is rated A+.

Market risk

Market risk is the risk of a financial loss arising from adverse changes in underlying market factors, which may include interest rates, equity prices or other price risk, foreign exchange rates and commodity prices.

i) Interest rate risk

The Company is exposed to interest rate risk primarily through its exposure to loans, which includes fixed rate loans, and through its interest-bearing borrowings, which are predominantly floating rate, with a floor.

The Company's variable rate borrowing exposes it to cash flow interest rate risk, as future interest expense varies with changes in benchmark interest rates. In contrast, fixed rate loans and fixed rate borrowings expose the Company to fair value interest rate risk, as the economic value of these instruments changes with movements in market interest rates, although their contractual cash flows remain fixed, which could negatively impact the Company, should there arise a need to liquidate positions. For the six-months ended June 30, 2026, a 1% change in the interest rate on the revolving credit facility and the debentures would decrease the Company's annual interest expense by \$217,038, while a 1% increase would increase annual interest expense by \$346,659 (December 31, 2025: \$424,626 for a 1% change).

ii) Other price risk or equity price risk

Other price risk or equity price risk is the risk that the fair value or future cash flows for an equity investment or instrument will fluctuate due to changes in market prices (other than those arising from interest rate risk or foreign currency risk, whether those changes are caused by factors specific to the individual investment or its issuer, or other factors affecting all similar investments in the market).

The Company is exposed to other price risk or equity price risk through its investments in equity instruments in an investee company or borrower, including equity or common shares, preferred shares or warrants. The equity price risk exposure at June 30, 2026 was \$6,787,023 (December 31, 2025 - \$6,586,752).

For June 30, 2026, and December 31, 2025, a 10% variance in the market price per share for listed equity securities would have the following impact on the equity values.

June 30, 2026		December 31, 2025	
Share price 10% lower	Share price 10% higher	Share price 10% lower	Share price 10% higher
\$ (84,517)	\$ 153,500	\$ (49,236)	\$ 49,236

At June 30, 2026 and December 31, 2025, a 10% variance in the market price per share for listed equity securities and the unobservable inputs for unlisted equity securities would have the following impact on the unlisted equity securities in Level 3.

The most significant unobservable inputs used in the valuation are the volatility rate (range is between 31%-75%) and the share price of the equity securities.

	June 30, 2026		June 30, 2026	
	Share price 10% lower	Share price 10% higher	Volatility 10% lower	Volatility 10% higher
Level 3 – Common and preferred shares	\$ (175,134)	\$ 175,133	\$ 27,515	\$ (25,077)
Level 3 – Warrants and other derivatives	(440,441)	455,910	(94,444)	95,049
	\$ (615,575)	\$ 631,043	\$ (66,929)	\$ 69,972
	December 31, 2025		December 31, 2025	
	Share price 10% lower	Share price 10% higher	Volatility 10% lower	Volatility 10% higher
Level 3 – Common and preferred shares	\$ (129,566)	\$ 135,829	\$ (30,755)	\$ 28,442
Level 3 – Warrants and other derivatives	(492,013)	480,500	(182,072)	190,702
	\$ (621,579)	\$ 616,329	\$ (212,782)	\$ 219,144

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i) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an asset or liability will fluctuate due to changes in foreign exchange rates. The Company has foreign currency exposures to cash, receivables and payables denominated in U.S. dollars. The foreign exchange exposure at June 30, 2026 was \$32,260,900 (December 31, 2025 - \$34,247,576) and a 1% movement in the exchange rate has an impact of \$322,609 (December 31, 2025 - \$342,476) on the Company's results.

Concentration risk

Concentration risk is the risk that a small number of investments represent a disproportionate share of the total investment portfolio, and the impairment of one or more investments with a higher weighting could result in a loss to the Company. Concentration of credit risk is the risk that a small number of loan exposures could result in a disproportionate loss to the Company. The Company's approach to managing concentration risk is to ensure, that sufficient capital allocation is balanced across investments and deployment of Capital on loans, across sectors such that no single investment or loan or sector exposure represents over 20% of the investment or loan portfolio.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to generate sufficient cash and liquidity to meet its financial obligations as they come due. The Company's approach to managing liquidity is to ensure that sufficient liquidity exists and is projected to meet its liabilities when due, under normal and stressed conditions. The Company manages liquidity risk by reviewing its capital requirements on an ongoing basis and by continuously reviewing both actual and forecasted cash flows to ensure that the Company has appropriate capital capacity and liquidity. The Company also manages access to its revolving credit facility as a means of gaining capital when needed, while balancing the costs of borrowing. The following table summarizes the maturity of all financial assets and liabilities as at June 30, 2026:

Contractual receipts at June 30, 2026	1 year	1-3 years	3-5 years	More than 5 years	Total
Accounts receivable and accrued income	\$ 183,947	\$ -	\$ -	\$ -	\$ 183,947
Financial royalty contracts	1,065,750	-	-	804,587	1,870,337
Loan receivable	8,223,954	54,453,247	-	-	62,677,201
Total	\$ 9,473,651	\$54,453,247	\$ -	\$ 804,587	\$64,731,485

Contractual receipts at December 31, 2025	1 year	1-3 years	3-5 years	More than 5 years	Total
Accounts receivable and accrued income	\$ 99,807	\$ -	\$ -	\$ -	\$ 99,807
Financial royalty contracts	1,027,950	-	-	752,882	1,780,832
Loan receivable	8,966,688	49,890,407	6,266,304	-	65,123,399
Total	\$ 10,094,445	\$49,890,407	\$ 6,266,304	\$ 752,882	\$67,004,038

Contractual obligations at June 30, 2026	On Demand**	1 year	1-3 years	3-5 years	More than 5 years	Total
Accounts payable and accrued liabilities	-	\$ 989,415	\$ -	\$ -	\$ -	\$ 989,415
Redeemable debenture and interest	34,423,919	-	-	-	-	34,423,919
Revolving credit facility and interest	-	759,351	5,554,763	-	-	6,314,114
Preferred shares and interest	-	467,867	834,534	-	-	1,302,401
Total	\$ 34,423,919	\$ 2,216,633	\$6,389,297	\$ -	\$ -	\$43,029,849

Contractual obligations at December 31, 2025	On Demand**	1 year	1-3 years	3-5 years	More than 5 years	Total
Accounts payable and accrued liabilities	-	\$ 1,188,295	\$ -	\$ -	\$ -	\$ 1,188,295
Redeemable debenture and interest	31,608,084	-	-	-	-	31,608,084
Revolving credit facility and interest	-	1,226,033	14,371,811	-	-	15,597,844
Preferred shares and interest	-	467,867	833,702	-	-	1,301,569
Total	\$ 31,608,084	\$ 2,752,195	\$15,205,514	\$ -	\$ -	\$49,695,793

** On the redeemable debenture balance is disclosed as on demand, because investors have the ability to retract the same, subject to monthly caps, and management's ability to defer payment, as noted in Note 11.

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Maturity Pattern of Debentures if redeemed at final redemption date	1 year	1-3 years	3-5 years	More than 5 years	Total
As at June 30, 2026	3,046,624	6,093,247	6,093,247	71,998,944	87,232,062
As at December 31, 2025	2,817,062	5,634,124	5,634,124	68,229,892	82,315,202

Capital management

The Company's primary capital management objective is to make long-term investments that generate recurring cash flow and long-term profitability, while safeguarding the capital invested and providing sufficient working capital to sustain day-to-day operations, to deliver long-term shareholder equity growth.

The Company's share capital is not subject to external restrictions. The capital of the Company comprises shareholders' equity, Debentures, and the Preferred shares. Loan interest and financial royalty income, realized gains/losses on financial assets and other fee income will continue to be an important source of capital for the Company.

The Company continually assesses the adequacy of its capital structure and capacity and make adjustments within the context of the Company's strategy, economic conditions, and the risk characteristics of the business. There have been no changes to the Company's approach to capital management during the period.

The Company is subject to externally imposed capital requirements under its revolving credit facility. The requirements include maintaining a minimum interest coverage ratio of 1.25:1 and a minimum tangible net worth of \$50,000,000. Per the terms of the agreement the minimum tangible net worth is calculated as total shareholders equity less the book value of intangible assets (excluding any deferred tax asset). These metrics are measured and reported on quarterly under the terms of the credit facility.

The Company has complied with all externally imposed capital requirements during the six-months ended June 30, 2026 and June 30, 2025 and has not experienced any breaches of the financial covenants.

The Company has complied with all externally imposed capital requirements during the reporting period and has not experienced any breaches of the financial covenants.

8. Prepaid expenses and other receivables

	June 30, 2026	December 31, 2025
Prepaid insurance, rent deposit and other prepaid expenses	\$ 95,026	\$ 346,744
Staff loans receivable	142,817	147,317
	\$ 237,843	\$ 494,061

9. Accounts payable and accrued liabilities

	June 30, 2026	December 31, 2025
Accounts payable	\$ 265,260	\$ 257,531
Accrued expenditures	301,972	568,332
Funds held in escrow	9,205	-
Financing cost payable to holders of the debentures	256,594	234,755
Financing cost payable to holders of the preferred Shares	25,231	25,508
Financing cost payable to revolving credit line	131,153	102,169
Total	\$ 989,415	\$ 1,188,295

10. Income taxes

Income tax expense for the period comprises:

	Three months ended June 30, 2026	Three months ended June 30, 2025	Six months ended June 30, 2026	Six months ended June 30, 2025
Current income tax recovery – prior period	\$ 32,207	\$ -	\$ 32,207	\$ -
Deferred income tax (expense) recovery	(728,229)	662,695	(939,810)	503,540
Total income tax (expense)	\$ (696,022)	\$ 662,695	\$ (907,603)	\$ 503,540

The deferred income tax expense is accrued on investments held by Flow Capital Corp. and is offset by a corresponding reduction in the deferred tax asset.

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11. Redeemable debt

The Company has issued redeemable debt in the form of debentures and preferred shares as follows:

Debentures

Pursuant to the terms of a debenture indenture dated August 1, 2023 (the "Indenture"), the Company will issue debentures (the "Debentures") in multiple series in Canadian or U.S. dollars bearing interest at varying floating rates, as follows:

The Series A CDN Debentures shall bear interest from the date of issue at a rate per annum equal to the Bank of Canada Overnight Rate in effect from time to time plus 4.5%, subject to a minimum interest rate of 7% and a maximum interest rate of 11%, payable in Canadian dollars.

The Series A+ CDN Debentures shall bear interest from the date of issue at a rate per annum equal to the Bank of Canada Overnight Rate in effect from time to time plus 5%, subject to a minimum interest rate of 7.5% and a maximum interest rate of 11.5%, payable in Canadian dollars.

The Series F CDN Debentures shall bear interest from the date of issue at a rate per annum equal to the Bank of Canada Overnight Rate in effect from time to time plus 5.5%, subject to a minimum interest rate of 8% and a maximum interest rate of 12%, payable in Canadian dollars.

The Series F+ CDN Debentures shall bear interest from the date of issue at a rate per annum equal to the Bank of Canada Overnight Rate in effect from time to time plus 6%, subject to a minimum interest rate of 8.5% and a maximum interest rate of 12.5%, payable in Canadian dollars.

The Series UA USD Debentures shall bear interest from the date of issue at a rate per annum equal to the U.S. Federal Funds Rate in effect from time to time plus 4.5%, subject to a minimum interest rate of 7% and a maximum interest rate of 11%, payable in United States dollars.

The Series UA+ USD Debentures shall bear interest from the date of issue at a rate per annum equal to the U.S. Federal Funds Rate in effect from time to time plus 5%, subject to a minimum interest rate of 7.5% and a maximum interest rate of 11.5%, payable in United States dollars.

The Series UF USD Debentures shall bear interest from the date of issue at a rate per annum equal to the U.S. Federal Funds Rate in effect from time to time plus 5.5%, subject to a minimum interest rate of 8% and a maximum interest rate of 12%, payable in United States dollars.

The Series UF+ USD Debentures shall bear interest from the date of issue at a rate per annum equal to the U.S. Federal Funds Rate in effect from time to time plus 6%, subject to a minimum interest rate of 8.5% and a maximum interest rate of 12.5%, payable in United States dollars.

The Debentures will mature on August 1, 2043, subject to earlier redemption by the Company or retraction by the Debenture holders. The Debentures may be retracted by Debenture holders subject to a 90-day notice period and the Company maintaining the discretion to limit the monthly retraction amounts to 1% of the value of the Debentures then outstanding. The Indenture also provides the Company with the ability to defer the retraction date by 12 months if repayment of the retraction price would impair, or reasonably be expected to impair, the business, operations, financial condition, financial performance, profitability, debt or equity funding prospects, or investment capabilities of the Company. The Debentures are unsecured, non-convertible, non-voting and carry no right to participate in the earnings of the company. No portion of the principal or interest outstanding under the Debentures may be repaid in securities of the Company.

	Class F		Class F Plus		Class UF		Class UF Plus		Class A		Total
	Number of units	Amount	Number of units	Amount	Number of units	Amount	Number of units	Amount	Number of units	Amount	Amount
Balance as at December 31, 2025	5,925	5,924,542	9,414	9,414,141	8,905	12,205,094	2,874	3,939,307	125	125,000	31,608,084
Issued	1,018	1,018,000	50	50,000	135	185,511	2,313	3,203,101	-	-	4,456,612
Redeemed	(658)	(658,000)	(500)	(500,000)	(754)	(1,047,433)	(173)	(240,412)	-	-	(2,445,846)
Drip	45	45,274	57	57,070	30	41,725	4	5,652	-	-	149,722
FX impact	-	-	-	-	-	432,417	-	222,930	-	-	655,347
Balance as at June 30, 2026	6,330	6,329,816	9,021	9,021,210	8,316.20	11,817,314	5,018	7,130,578	125	125,000	34,423,919

For the six-months ended June 30, 2026, the Company recorded interest on debentures totalling \$1,455,888 (2025- \$1,385,131) which is included in financing expense within the interim condensed consolidated statements of comprehensive income (loss), of which \$256,594 was payable as at June 30, 2026 (2025 - \$229,558) and included in accounts payable and accrued expenses within the interim condensed consolidated statements of financial position.

Preferred shares

On June 28, 2022 the Company issued 406,667 preferred shares priced at \$3 per share to raise \$1,220,001. One of the investors redeemed his investments for \$120,000 on October 10, 2023.

For the three and six-months period ended June 30, 2026, the Company recorded dividends on preferred shares totalling \$25,231 and \$50,184 (2025 - \$25,231 and \$50,184) which is included in financing expense within the interim condensed consolidated statement of comprehensive income (loss), which was payable at June 30, 2026 (2025 - \$25,231) and included in accounts payable and accrued expenses within the interim condensed consolidated statements of financial position.

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12. Revolving Credit Facility

On August 22, 2024 the Company entered into a loan agreement, for a revolving credit facility in the principal amount of up to US \$15,000,000. On October 3, 2025 the principal amount of the revolving credit facility was increased to US \$25,000,000.

The credit facility has a term of 36 months, with monthly interest payments to be made on the outstanding balance of the loan, calculated monthly in arrears, based on Secured overnight financing rate ("SOFR") plus 4.75%. The loan is secured against all present and after-acquired property of the Company. The loan agreement contains standard financial and negative covenants typical for a revolving credit facility. The Company recorded interest payments on the revolving credit facility totalling \$542,995 (2025 - \$288,757) which is included in financing expense within the interim condensed consolidated statement of comprehensive income (loss), of which \$131,153 is payable at June 30, 2026 (2025 - \$110,276) and is included in accounts payable and accrued liabilities in the interim condensed consolidated statements of financial position.

The Company at any time on or after the closing date, upon not less than thirty (30) days and not more than sixty (60) days prior written notice, repay in full the loan together with unpaid interest accrued thereon in connection with the termination of the financing under this agreement subject to an early termination fees which is 2.00% of the maximum loan amount in the event the termination date occurs after the closing date and on or prior to the first anniversary of the closing date and (ii) 1.00% of the maximum loan amount in the event the termination date occurs after the first anniversary of the closing date and on or prior to the second anniversary of the closing date (the "early termination fee"). No early termination fee will be payable if the termination date occurs for any reason after the second anniversary of the closing date.

The borrowing base is determined by the eligibility criteria which is (a) 75% of the aggregate receivable balance of eligible loan receivables which constitute SaaS loan receivables; plus (b) 55% of the aggregate receivable balance of eligible loan receivables which constitute cash flow loan receivables; minus (c) Reserves, financial royalty investments shall not form part of the borrowing base.

As of June 30, 2026 and December 31, 2025, the Company is subject to certain financial covenants under its revolving credit facility agreement, as noted in note 7. These covenants are tested at the end of each quarter. The Company has complied with these covenants as of the reporting dates.

13. Share capital and other components of equity

The authorized share capital of the Company consists of an unlimited number of voting common shares without par value, and 1,811,666 preferred shares with a face value of \$3 per share.

Preferred shares

On December 12, 2021, the Company received approval from the TSXV to create a new class of preferred shares, pursuant to the shareholder approval obtained at a meeting of the shareholders held on May 26, 2020. Subsequently, pursuant to the board approvals for amendments obtained via consent resolutions dated November 16, 2021 and June 3, 2022. On June 28, 2022, the Company issued a first tranche of 406,667 preferred shares priced at \$3 per share to raise \$1,220,001.

From the date of issuance, the Preferred shares shall accrue dividends at the rate of 9.2%, payable quarterly when declared by the board. These Preferred Shares have a mandatory redemption at the end of a maximum term of 6 years from initial issuance. On each of the third, fourth and fifth anniversaries, respectively, of the initial issuance, a holder may request that the Company redeem up to one-third (1/3rd) of the Preferred shares originally acquired by the holder. At any time or times after the 1-year anniversary of the initial issuance, the Company shall be entitled, at its option, to repurchase all or any portion of the Preferred Shares. The Company may exercise such repurchase pro rata in respect of all or any lesser number (as determined by the Company in its sole discretion) of the Preferred shares held by each holder of Preferred shares. Upon exercise of the repurchase, each Holder shall have the option to receive either: (i) validly issued, fully paid and non-assessable Common Shares in exchange for such Holder's Preferred Shares at the Exchange Rate; or (ii) a cash payment in an amount per Preferred share equal to the redemption price, at the choice of the holder.

As at June 30, 2026 and June 30, 2025, there were 366,667 Preferred shares issued and outstanding. The preferred shares are redeemable and accrue a cumulative dividend and are classified as a financial liability. For the three and six-months period ended June 30, 2026, dividends of \$25,231 and \$50,184 (2025 - \$25,231 and \$50,184) were recorded, this amount was payable at period end. The dividends declared during the period are included in financing expense in the interim condensed consolidated statement of comprehensive income (loss) and the outstanding dividend at period end is included in accounts payable and accrued liabilities in interim condensed consolidated statement of financial position.

Common shares

The issued and outstanding common shares at June 30, 2026 were 29,343,978 (2025 – 30,580,363).

Flow Capital Corp. delisted its common shares from the TSX Venture Exchange effective Friday May 29, 2026, and commenced trading on the Canadian Securities Exchange on June 1, 2026. The Company had previously initiated a normal course issuer bid ("NCIB") on December 26, 2025, which was scheduled to terminate upon the earliest of: (i) the Company purchasing 2,115,988 common shares; (ii) the Company providing notice of termination of the NCIB; and (iii) December 1, 2026. As a result of the Company's delisting from the TSX Venture Exchange, the NCIB was automatically terminated effective May 29, 2026.

On June 30, 2026, the Company announced its intention to commence a normal course issuer bid through the facilities of the Canadian Securities Exchange (the "CSE") and other alternative trading systems to repurchase, for cancellation, up to 2,131,162 common shares of the Company, representing approximately 10% of the Company's public float (the "NCIB"). The NCIB commenced on July 7, 2026, and will

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terminate upon the earliest of: (i) the Company purchasing 2,131,162 common shares; (ii) the Company providing notice of termination of the NCIB; and (iii) July 6, 2027.

The NCIB will be made through the facilities of the CSE and the purchase and payment for the common shares will be made from the Company's existing working capital at the market price of the applicable securities at the time of acquisition, plus brokerage fees, if any, charged by the Broker. All common shares purchased by the Company under the NCIB will be cancelled. For the six months ended June 30, 2026, 80,000 shares were purchased under the NCIB at a weighted-average price per share of \$0.78 for a total cost of \$62,860 (2025 – 325,500 common shares repurchased at a weighted-average price per share of \$0.8275 for a total cost of \$269,343) and subsequently returned to treasury for cancellation.

Share based payments

On July 25, 2026, the shareholders approved the Corporation's omnibus equity incentive compensation plan (the "Omnibus Plan") that gives the Board flexibility in the types of incentive awards that can be granted to directors, officers, employees and consultants of the Corporation and its subsidiaries. Pursuant to the terms of the Omnibus Plan, the Company has awarded Stock Options and Performance Stock Units ("PSUs"). The Omnibus plan provides for the issuance of a maximum of 6,114,073 common shares.

Stock options

The Company grants stock options to develop the interest of and provide an incentive to eligible employees, directors and consultants of the corporation and its affiliates. Options granted may vest over certain time periods within the option period, which will limit the number of options that may be exercised. Each stock option is exercisable into one common share of the Company at the price specified in the terms of the option.

In the six-month period ended June 30, 2026, the Company issued a total of 84,615 common shares on the net exercise of 275,000 options at a weighted-average exercise price of \$0.54 per share and a market price of \$0.78 per share. \$96,223 was reallocated from contributed surplus to share capital. In addition, 225,000 stock options were forfeited, resulting in the reversal of \$52,642 of share-based compensation expense recognized in prior years. The following options were outstanding under the plan, at June 30, 2026:

Original Issue Date	Number of Options Outstanding	Number of Options Exercisable	Exercise Price	Expiry Date	Remaining contractual life (years)
May 27, 2020	100,000	100,000	\$0.36	May 26, 2027	0.90
January 10, 2023	50,000	35,000	\$0.60	Jan 9, 2030	3.53
June 13, 2023	1,672,759	1,672,759	\$0.58	June 12, 2028	1.95
October 25, 2023	60,000	33,000	\$0.54	October 24, 2028	2.32
May 2, 2024	50,000	22,500	\$0.50	May 1, 2034	7.84
January 9, 2025	100,000	30,000	\$0.83	January 8, 2035	8.53
February 7, 2025	85,000	25,500	\$0.80	February 6, 2035	8.61
April 22, 2025	80,000	20,000	\$0.77	April 21, 2035	8.81
June 23, 2026	145,000	-	\$0.68	June 22, 2036	9.99
Total	2,342,759	1,938,759			
Weighted average exercise price	\$0.599	\$0.576		Weighted average remaining contractual life	3.33

The Company uses the Black-Scholes Option Pricing Model to calculate the fair value of any options granted. The model requires management to make estimates, which are subjective and may not be representative of actual results. Changes in assumptions can materially affect estimates of fair values.

Performance Stock Units ("PSUs")

The Company awarded 292,500 PSUs in the six-month period ended June 30, 2026 (2025: 300,000). All PSUs are subject to the following performance vesting criteria established by the Board:

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Metric: Share Price		Metric: Recurring Free Cash Flow	
Vesting Portion	Threshold	Vesting Portion	Threshold
1/5 th	\$1.00		
1/5 th	\$2.00	1/5 th	\$5,000,000
1/5 th	\$3.00	1/5 th	\$8,000,000

The fair value of the performance stock units awarded is determined as follows:

For the share price-based components of the PSUs, the 'market condition' (share price) thresholds were incorporated into the estimate of the fair value, using a Monte Carlo simulation, and was estimated to have a nominal value. The fair value of this component is expensed over the vesting period and not adjusted for performance.

For the performance condition (recurring free cash flow) based components of the PSUs, the fair value per share equals the stock price on grant date. The fair value expensed over the vesting period is adjusted based on the number of shares that vest.

During the six months ended June 30, 2026, 210,000 performance share units ("PSUs") were forfeited, resulting in the reversal of \$37,800 of share-based compensation expense recognized in prior years. Accordingly, the Company recognized a recovery of PSU-related share-based compensation expense of \$30,932 and \$19,547 for the three- and six-month periods ended June 30, 2026 (2025: \$21,149 and \$35,989). As at June 30, 2026, a total of 1,408,334 PSUs remained outstanding.

14. Foreign exchange gains (losses)

	Three months ended June 30, 2026	Three months ended June 30, 2025	Six months ended June 30, 2026	Six months ended June 30, 2025
Foreign exchange gains (losses)				
Unrealized foreign exchange (loss) gain	\$ 1,078,330	\$(1,666,818)	\$ 1,568,146	\$(1,756,194)
Realized foreign exchange (loss) gain	(188,640)	148,250	(188,640)	148,250
Total	\$ 889,690	\$ (1,518,568)	\$ 1,379,506	\$ (1,607,944)

15. Employee benefit expense

	Three months ended June 30, 2026	Three months ended June 30, 2025	Six months ended June 30, 2026	Six months ended June 30, 2025
Wages and salaries	\$ 571,636	\$ 657,794	\$ 1,127,302	\$ 1,129,489
Severance	129,577		129,577	-
Other benefits	19,618	18,621	38,907	75,953
Employer related costs for insurance, health tax	56,003	49,249	107,492	126,621
Salaries, benefits and other staffing costs	776,834	725,664	1,403,278	1,332,063
Share-based compensation (Note 16)	(70,581)	50,089	(37,771)	102,893
Total	\$ 706,253	\$ 775,753	\$ 1,365,507	\$ 1,434,956

16. Share-based compensation

The amounts recognized for share-based compensation in the statement of comprehensive income were made up as follows:

	Three months ended June 30, 2026	Three months ended June 30, 2025	Six months ended June 30, 2026	Six months ended June 30, 2025
Expense recognized based on vesting conditions of stock options	\$ (35,416)	\$ 28,939	\$ (13,991)	\$ 66,904
Expense recognized based on vesting conditions of PSUs	(30,932)	21,150	(19,547)	35,989
	\$ (66,348)	\$ 50,089	\$ (33,538)	\$ 102,893

17. Earnings per share

The following reflects the profit, loss and unit data used in the basic and diluted earnings per share computations:

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	Three months ended June 30, 2026	Three months ended June 30, 2025	Six months ended June 30, 2026	Six months ended June 30, 2025
Profit (loss) attributable to ordinary equity holders for basic earnings / per share	\$ 1,627,471	\$ (1,472,540)	\$ 1,998,750	\$ (1,038,659)
Basic weighted average number of shares outstanding	29,281,358	30,502,286	29,299,493	30,558,711
Dilutive effect of options and warrants	600,547	-	652,750	-
Diluted weighted average number of shares outstanding	29,881,905	30,502,286	29,952,243	30,558,711
Basic earnings per share	\$ 0.056	\$ (0.048)	\$ 0.084	\$ (0.034)
Diluted earnings per share	\$ 0.055	\$ (0.048)	\$ 0.082	\$ (0.034)

18. Operating segment information

Flow Capital operates as an investment firm providing growth capital to emerging growth businesses comprising one operating segment. All of the Company's reported revenue is from external customers. The breakdown of the recognized revenue by country was:

	Three months ended June 30, 2026	Three months ended June 30, 2025	Six months ended June 30, 2026	Six months ended June 30, 2025
Canada	\$ 401,298	\$ 186,682	\$ 773,310	\$ 329,854
United States	3,226,239	2,470,487	5,778,599	4,647,539
United Kingdom	604,500	587,064	1,197,371	1,170,981
Total	\$ 4,232,037	\$ 3,244,233	\$ 7,749,280	\$ 6,148,374

For the six-months ended June 30, 2026, the loan interest and financial royalty income and the interest income on promissory notes received for 3 investees was over 10% of the total loan interest and financial royalty income, Company C at 17.73%, Company D at 11.24%, and Company E at 10.74%. For the six-months ended, June 30, 2025, the loan interest and financial royalty income and the interest income on promissory notes received for 2 investees was over 10% of the total loan interest and financial royalty income, Company A at 11.47% and Company B at 11.22% of the total, respectively.

19. Changes in working capital items

	Three months ended June 30, 2026	Three months ended June 30, 2025	Six months ended June 30, 2026	Six months ended June 30, 2025
Prepaid expenses and other receivables	116,339	86,545	256,218	176,607
Accounts payable and accrued liabilities	(103,976)	1,300,287	(249,424)	919,493
Total	\$ 12,363	\$ 1,386,832	\$ 6,794	\$ 1,096,100

20. Related party disclosures

Key management personnel

The number of key management personnel as of June 30, 2026 was 8 (December 31, 2025: 9) and are identified as the members of the board of directors and the officers of the Company.

i) Compensation

	Three months ended June 30, 2026	Three months ended June 30, 2025	Six months ended June 30, 2026	Six months ended June 30, 2025
Short term employee benefits	\$ 320,990	\$ 340,167	\$ 657,687	\$ 690,914
Restructuring cost	117,500	-	117,500	-
Share-based compensation	11,206	50,205	42,195	97,694
Total	\$ 449,696	\$ 390,372	\$ 817,382	\$ 788,608

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ii) Other transactions

On June 28, 2022, Company issued the first tranche of its preferred shares. At June 30, 2026, 166,667 preferred shares with a face value of \$500,001 (December 31, 2025: \$500,001) were held by a director's family, and dividend of \$11,469 and \$22,811 was accrued and expensed on these preferred shares during the three and six-month periods ended June 30, 2026 (2025: \$11,469 and \$22,811).

On August 31, 2022, the Company advanced loans to two Directors in the total amount of \$26,559. On June 28, 2023, the Company advanced an additional \$120,758 as loans to the two Directors. These loans in the total amount of \$147,317 remain outstanding on June 30, 2026 (December 31, 2025: \$147,317). For the three and six-month period ended June 30, 2026, the Company earned interest income on these loans in the amount of \$1,073 and \$2,163 (2025: \$1,453 and \$2,922) at the CRA prescribed rate.

On August 1, 2023, the Company issued the first tranche of its Debentures of multiple series. As of June 30, 2026, \$4,563,395 (December 31, 2025: \$4,538,447) of the debentures was held by key management personnel and a company with common directors, and interest of \$96,275 and \$192,426 was accrued and expensed on the debentures held by related parties, during the three and six-month period ended June 30, 2026 (2025: \$84,812 and \$185,892).

21. Subsequent Events

Between July 1, 2026, and August 20, 2026, the Company purchased 81,000 shares at an average price of \$0.74 per share. All common shares purchased by the Company under the NCIB are returned to treasury and cancelled.

Subsequent to June 30, 2026, the Company issued 350 Series F debentures (CAD) resulting in gross proceeds of approximately CAD \$350,000.

On August 17, 2026 the Company made a US 6.0 million investment in Aliaswire, a leader in innovative cloud-based payments technology serving vertical SaaS platforms, financial institutions, and enterprises. Aliaswire provides a receivables and payments platform that helps vertical SaaS providers, SMBs, and enterprises simplify how they accept and manage payments.