Condensed consolidated interim financial statements of

Flow Beverage Corp.

For the three and six months ended April 30, 2022 and 2021

[unaudited] [expressed in Canadian dollars]

Flow Beverage Corp.
Condensed consolidated interim statements of financial position
[unaudited] [expressed in Canadian dollars]

As at	Notes	April 30, 2022 $	October 31, 2021 $
ASSETS			
Current assets			
Cash		**25,561,920**	51,566,955
Trade and other receivables	4	**14,341,781**	8,693,402
Inventories	5	**8,306,565**	8,934,025
Prepaid expenses		**3,969,148**	3,365,476
		52,179,414	72,559,858
Non-current assets			
Deposits		**145,313**	115,300
Right-of-use assets, net	6	**24,591,395**	25,680,427
Property and equipment, net	7	**32,752,602**	32,956,755
Intangible assets, net		**1,501,532**	1,588,734
TOTAL ASSETS		**111,170,256**	132,901,074
LIABILITIES			
Current liabilities			
Trade and other payables		**11,095,238**	15,563,262
Deferred revenue		**11,615**	16,644
Lease obligations	6	**3,343,307**	3,309,502
Borrowings	8	**9,048,584**	18,274,326
		23,498,744	37,163,734
Non-current liabilities			
Lease obligations	6	**19,730,381**	20,917,135
Derivative liability	8	**1,229,385**	—
Borrowings	8	**12,574,966**	4,645,289
		57,033,476	62,726,158
SHAREHOLDERS' EQUITY			
Share capital	9	**92,022,594**	87,026,834
Warrants	10	**12,440,230**	11,976,400
Contributed surplus	11	**171,101,773**	171,811,237
Foreign currency translation reserve		**(3,362,838)**	(4,185,352)
Deficit		**(218,064,979)**	(196,454,203)
		54,136,780	70,174,916
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**111,170,256**	132,901,074

Contingencies 14

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Signed "Nicholas Reichenbach", Director *Signed "Joseph Jackman", Director*

Flow Beverage Corp.

Condensed consolidated interim statements of loss and comprehensive loss

[unaudited] [expressed in Canadian dollars, except number of shares]

	Notes	Three months ended April 30, 2022 $	Three months ended April 30, 2021 $	Six months ended April 30, 2022 $	Six months ended April 30, 2021 $
Net revenue	13	**8,958,241**	11,289,680	**20,846,176**	20,310,694
Cost of revenue		**7,839,878**	7,319,119	**16,664,524**	13,785,590
Gross profit		**1,118,363**	3,970,561	**4,201,652**	6,525,104
Operating expenses					
Sales and marketing		**1,357,227**	2,840,468	**2,820,822**	3,805,012
General and administrative		**4,011,680**	4,431,507	**8,120,671**	7,112,596
Salaries and benefits		**3,830,089**	4,143,188	**7,494,902**	7,592,752
Amortization and depreciation	6, 7	**491,611**	486,423	**995,765**	985,828
Share-based compensation	11	**1,605,502**	7,036,876	**3,784,483**	12,719,981
		11,296,109	18,938,462	**23,216,643**	32,216,169
Loss before the following		**(10,177,746)**	(14,967,901)	**(19,014,991)**	(25,691,065)
Other income		**(24,249)**	(17,965)	**(15,566)**	(73,822)
Finance expense, net	16	**1,514,720**	1,130,765	**2,642,900**	2,916,333
Foreign exchange loss (gain)		**29,598**	239,054	**(55,334)**	214,996
Reverse take-over costs	3	—	457,421	**—**	607,083
Restructuring and other costs	17	—	2,515,293	**23,785**	2,515,293
Loss before income taxes		**(11,697,815)**	(19,292,469)	**(21,610,776)**	(31,870,948)
Income tax expense		**—**	—	**—**	—
Net loss		**(11,697,815)**	(19,292,469)	**(21,610,776)**	(31,870,948)
Other comprehensive income (loss)					
Exchange gain (loss) on translation of foreign operations		**149,102**	(1,315,808)	**822,514**	(3,232,050)
Comprehensive loss		**(11,548,713)**	(20,608,277)	**(20,788,262)**	(35,102,998)
Loss per share - basic and diluted	12	**$ (0.22)**	$ (0.48)	**$ (0.40)**	$ (0.80)
Weighted average number of shares outstanding - basic and diluted	12	**53,976,325**	40,037,268	**53,863,341**	39,695,674

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Flow Beverage Corp.
Condensed consolidated interim statements of changes in shareholders' equity
For the six months ended April 30, 2022 and 2021
[unaudited] [expressed in Canadian dollars, except number of shares]

	Share capital		Subscription receipts	Warrants	Contributed surplus	Foreign currency translation reserve	Deficit	Total
	#	$	$	$	$	$	$	$
Balance as at October 31, 2020	38,238,214	134,224,940	—	2,177,308	9,672,075	(1,426,296)	(134,200,738)	10,447,289
Share issuance [note 9]	1,225,815	7,982,636	—	—	1,286,450	—	—	9,269,086
Conversion of debt	150,087	805,053	—	—	(54,618)	—	—	750,435
Warrants exercised [note 10]	116,830	788,258	—	(144,638)	—	—	—	643,620
Warrants issued [note 10]	—	—	—	908,696	—	—	—	908,696
Warrants expired [note 10]	—	—	—	(118,638)	118,638	—	—	—
Options exercised [note 11]	346,149	1,430,251	—	—	(518,554)	—	—	911,697
Share-based compensation [notes 9 and 11]	178,079	1,257,209	—	—	11,462,772	—	—	12,719,981
Issuance of subscription receipts [note 9]	—	—	28,438,310	—	—	—	—	28,438,310
Comprehensive loss	—	—	—	—	—	(3,232,050)	(31,870,948)	(35,102,998)
Balance as at April 30, 2021	40,255,174	146,488,347	28,438,310	2,822,728	21,966,763	(4,658,346)	(166,071,686)	28,986,116
Balance as at October 31, 2021	53,504,527	87,026,834	—	11,976,400	171,811,237	(4,185,352)	(196,454,203)	70,174,916
Warrants expired [note 10]	**—**	**—**	**—**	**(501,813)**	**501,813**	**—**	**—**	**—**
Warrants issued [note 8]	**—**	**—**	**—**	**965,643**	**—**	**—**	**—**	**965,643**
Share issuance on RSU release [note 11]	**660,198**	**4,995,760**	**—**	**—**	**(4,995,760)**	**—**	**—**	**—**
Share-based compensation [note 11]	**—**	**—**	**—**	**—**	**3,784,483**	**—**	**—**	**3,784,483**
Comprehensive gain (loss)	**—**	**—**	**—**	**—**	**—**	**822,514**	**(21,610,776)**	**(20,788,262)**
Balance as at April 30, 2022	**54,164,725**	**92,022,594**	**—**	**12,440,230**	**171,101,773**	**(3,362,838)**	**(218,064,979)**	**54,136,780**

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Flow Beverage Corp.
Condensed consolidated interim statements of cash flows
[unaudited] [expressed in Canadian dollars]

For the six months ended April 30,	**2022**	2021
	$	$
Cash flows used in operating activities		
Net loss for the period	**(21,610,776)**	(31,870,948)
Adjustments to reconcile net loss to net cash used in operating activities		
Unrealized foreign exchange loss (gain)	**175,353**	(30,626)
Amortization and depreciation	**2,542,487**	2,271,384
Share-based compensation	**3,784,483**	12,719,981
Finance expense	**2,642,900**	2,916,333
	(12,465,553)	(13,993,876)
Changes in non-cash working capital items		
Trade and other receivables	**(5,623,285)**	(7,674,520)
Prepaid expenses	**(584,563)**	61,268
Inventories	**1,453,387**	322,802
Trade and other payables	**(4,532,537)**	(1,986,282)
Deferred revenue	**(5,029)**	(51,923)
Cash flows used in operating activities	**(21,757,580)**	(23,322,531)
Cash flows used in investing activities		
Purchase of property and equipment	**(688,701)**	(4,870,814)
Cash flows used in investing activities	**(688,701)**	(4,870,814)
Cash flows provided by (used in) financing activities		
Proceeds from borrowings	**1,029,485**	851,230
Repayment of borrowings	**(2,207,118)**	(5,073,715)
Proceeds from issuance of common shares	**—**	7,996,360
Proceeds from subscription receipts	**—**	30,000,000
Proceeds from exercise of stock options	**—**	911,697
Proceeds from exercise of warrants	**—**	643,620
Payment of lease obligations	**(2,381,121)**	(3,278,004)
Repayment of convertible debt	**—**	(6,470,606)
Cash flows provided by (used in) financing activities	**(3,558,754)**	25,580,582
Net change in cash during the period	**(26,005,035)**	(2,612,763)
Cash, beginning of the period	**51,566,955**	18,244,638
Cash, end of the period	**25,561,920**	15,631,875

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

1 Nature of business

Flow Beverage Corp. [the “Company”], formerly RG One Corp. [“RG One”] up to the completion of the Amalgamation, as defined below, is engaged in the business of extraction, value-added packaging and sale of water in Canada and the United States.

The Company was incorporated on October 30, 2014, under the *Canada Business Corporations Act* [“CBCA”]. The Company’s registered office is 155 Industrial Parkway South, Unit 7-10, Aurora, Ontario, Canada, L4G 3G6.

On April 7, 2021, Flow Water Inc. [“Flow Water”] entered into a Business Combination Agreement with RG One and RG One Subco Inc. [“RG One Subco”], a wholly owned subsidiary of RG One formed solely for the purpose of completing the Amalgamation, pursuant to which Flow Water and RG One Subco agreed to amalgamate in accordance with the provisions of the CBCA [the “Amalgamation”] [see note 3].

2 Basis of preparation

Statement of compliance

These unaudited condensed consolidated interim financial statements [“Financial Statements”] have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*. The disclosures contained in these Financial Statements do not include all of the requirements of International Financial Reporting Standards [“IFRS”] as issued by the International Accounting Standards Board for annual financial statements. These Financial Statements should be read in conjunction with the annual consolidated financial statements for the year ended October 31, 2021, which have been prepared in accordance with IFRS. These Financial Statements are based on accounting policies as described in note 3 of the 2021 annual consolidated financial statements, except for the adoptions of new standards effective as of November 1, 2021.

These Financial Statements were approved and authorized for issuance by the Board of Directors of the Company on June 13, 2022.

The Financial Statements include the accounts of the Company and its wholly owned subsidiaries as of April 30, 2022: Flow Water Inc. [Canada], Flow Beverages Inc. [US], 2446692 Ontario Limited [Canada], Flow Glow Beverages Inc. [Canada] and Flow Beverages (Switzerland) SA [Switzerland].

Use of estimates and judgments

The preparation of these Financial Statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities at the date of the Financial Statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Estimates are based on management’s best knowledge of current events and actions the Company may undertake in the future. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In early 2020, the novel coronavirus disease [“COVID-19”] was confirmed in multiple countries throughout the world and on March 11, 2020, the World Health Organization declared a global pandemic.

As a result of the continued and uncertain economic and business impact of the COVID-19 pandemic, the Company has reviewed the estimates, judgments and assumptions used in the preparation of its Financial Statements, including with respect to the valuation of the credit risk of its counterparties and determination of whether indicators of impairment exist for its tangible and intangible assets. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods including the use of estimates and judgments, which are subject to significant uncertainty. The Company continues to actively monitor the situation and will continue to respond as the impact of the COVID-19 pandemic evolves.

[unaudited] [expressed in Canadian dollars, except number of shares]

New standards, amendments and interpretations not yet adopted by the Company

The Company is assessing the impact of new standards, amendments and interpretations not yet effective on its Financial Statements.

3 Amalgamation

On June 29, 2021, the Amalgamation was completed by way of a “three-cornered” amalgamation whereby RG One Subco amalgamated with Flow Water and RG One changed its name to “Flow Beverage Corp.”.

In connection with the Amalgamation, Flow Water completed a consolidation of its share capital on a 5-to-1 basis and 6,214,566 post-consolidation Flow Water Class A common shares were exchanged for 6,214,566 Multiple Voting Shares [post-consolidated] and 34,818,730 post-consolidation Flow Water Class B common shares were exchanged for 34,818,730 Subordinate Voting Shares [post-consolidated].

On July 14, 2021, the Subordinate Voting Shares began trading upon the Toronto Stock Exchange under the symbol “FLOW”.

During the three and six months ended April 30, 2021 the Company incurred $457,421 and $607,083, respectively, of costs in connection with the amalgamation. These costs have been reclassified from ‘General and administrative’ to ‘Reverse take-over costs’ on the statements of loss and comprehensive loss.

4 Trade and other receivables

	April 30, 2022 $	October 31, 2021 $
Net trade receivables	**3,568,995**	4,755,347
Accrued and other receivables	**7,111,554**	983,676
Harmonized sales tax receivables	**3,661,232**	2,954,379
	14,341,781	8,693,402

5 Inventories

	April 30, 2022 $	October 31, 2021 $
Finished goods	**3,136,561**	4,188,398
Raw materials	**5,232,377**	4,886,645
	8,368,938	9,075,043
Allowance	**(62,373)**	(141,018)
	8,306,565	8,934,025

[unaudited] [expressed in Canadian dollars, except number of shares]

6 Right-of-use assets and lease obligations

The Company's right-of-use assets by asset class are as follows:

	Equipment $	Plant and warehouse $	Vehicles $	Premises $	Total $
Cost					
Balance, October 31, 2020	22,402,160	14,545,582	1,565,568	1,189,713	39,703,023
Completed leases	(90,015)	—	(129,327)	(571,438)	(790,780)
Additions	5,243,429	579,803	—	—	5,823,232
Modifications	—	1,209,905	—	25,854	1,235,759
Transfer from construction in progress	872,766	—	—	—	872,766
Transfer on acquisition [note 7]	(12,765,633)	—	—	—	(12,765,633)
Effects of foreign exchange	(314,313)	(585,956)	—	(6,876)	(907,145)
Balance, October 31, 2021	15,348,394	15,749,334	1,436,241	637,253	33,171,222
Effects of foreign exchange	202,998	299,289	—	—	502,287
Balance, April 30, 2022	**15,551,392**	**16,048,623**	**1,436,241**	**637,253**	**33,673,509**
Accumulated amortization					
Balance, October 31, 2020	3,243,026	2,658,876	735,673	761,201	7,398,776
Completed leases	(90,015)	—	(129,327)	(571,438)	(790,780)
Amortization	1,755,005	1,545,732	331,309	135,040	3,767,086
Transfer on acquisition [note 7]	(2,759,311)	—	—	—	(2,759,311)
Effects of foreign exchange	(39,635)	(78,465)	—	(6,876)	(124,976)
Balance, October 31, 2021	2,109,070	4,126,143	937,655	317,927	7,490,795
Amortization	519,137	782,831	154,659	67,053	1,523,680
Effects of foreign exchange	6,181	61,458	—	—	67,639
Balance, April 30, 2022	**2,634,388**	**4,970,432**	**1,092,314**	**384,980**	**9,082,114**
Net book value					
Balance, October 31, 2021	13,239,324	11,623,191	498,586	319,326	25,680,427
Balance, April 30, 2022	**12,917,004**	**11,078,191**	**343,927**	**252,273**	**24,591,395**

The Company's lease obligations are as follows:

	$
Balance, October 31, 2020	28,192,425
Additions	6,695,998
Interest accretion	1,847,655
Lease payments	(7,069,625)
Payment on exercise of purchase option [note 7]	(6,972,891)
Modifications [note 7]	2,270,101
Effects of foreign exchange	(737,026)
Balance, October 31, 2021	24,226,637
Interest accretion	796,702
Lease payments	(2,381,121)
Effects of foreign exchange	431,470
Balance, April 30, 2022	**23,073,688**
Current	**3,343,307**
Non-current	**19,730,381**

[unaudited] [expressed in Canadian dollars, except number of shares]

7 Property and equipment

	Land $	Equipment $	Furniture and fixtures $	Leasehold improvements $	Construction in progress $	Total $
Cost						
Balance, October 31, 2020	4,960,905	12,638,648	87,796	3,740,831	—	21,428,180
Additions	—	2,563,943	83,029	153,213	4,332,144	7,132,329
Transfers	—	3,312,453	—	—	(3,312,453)	—
Transfer to right-of-use assets	—	—	—	—	(872,766)	(872,766)
Transfer on acquisition	—	10,006,322	—	—	—	10,006,322
Disposals	—	(22,055)	—	—	—	(22,055)
Effects of foreign exchange	(246,406)	(932,876)	(2,582)	(131,043)	2,255	(1,310,652)
Balance, October 31, 2021	4,714,499	27,566,435	168,243	3,763,001	149,180	36,361,358
Additions	—	453,376	74,953	32,186	128,186	688,701
Transfers	—	80,624	—	5,700	(86,324)	—
Effects of foreign exchange	107,638	697,213	4,045	60,223	5,341	874,460
Balance, April 30, 2022	**4,822,137**	**28,797,648**	**247,241**	**3,861,110**	**196,383**	**37,924,519**
Accumulated depreciation						
Balance, October 31, 2020	—	1,060,222	38,256	405,278	—	1,503,756
Depreciation	—	1,687,774	11,152	282,910	—	1,981,836
Effects of foreign exchange	—	(62,772)	(485)	(17,732)	—	(80,989)
Balance, October 31, 2021	—	2,685,224	48,923	670,456	—	3,404,603
Depreciation	—	1,524,331	18,629	146,929	—	1,689,889
Effects of foreign exchange	—	63,860	469	13,096	—	77,425
Balance, April 30, 2022	**—**	**4,273,415**	**68,021**	**830,481**	**—**	**5,171,917**
Net book value						
Balance, October 31, 2021	4,714,499	24,881,211	119,320	3,092,545	149,180	32,956,755
Balance, April 30, 2022	**4,822,137**	**24,524,233**	**179,220**	**3,030,629**	**196,383**	**32,752,602**

During the year ended October 31, 2021, the Company entered into an agreement to modify existing lease agreements to allow for the early exercise of purchase options. The Company recognized a loss of $1,034,342, which is recorded within finance expense on the consolidated statements of loss and comprehensive loss, and a corresponding increase in the Company's lease obligations on modification. On the buyout date, the Company paid the lessor $6,972,891 and transferred $10,006,322 of right-of-use assets to equipment.

During the year ended October 31, 2021, the Company paid deposits on leased equipment prior to lease commencement. Upon commencement, the Company transferred $872,766 of construction in progress to right-of-use assets.

[unaudited] [expressed in Canadian dollars, except number of shares]

8 Borrowings

The following table presents the borrowings for the Company:

	April 30, 2022 $	October 31, 2021 $
Tetra Pak Canada Loan II [a]	**—**	59,659
Tetra Pak Canada Loan III [a]	**53,769**	158,785
Seawright Mineral Springs Loan [b]	**37,794**	35,475
DLL Finance LLC Loan I [c]	**277,398**	260,061
Bank Term Loan I [d]	**36,469**	72,859
Bank Term Loan II [d]	**2,922**	10,763
Tetra Pak Canada Loan IV [a]	**125,709**	239,703
Tetra Pak Canada Loan V [a]	**218,020**	310,813
Tetra Pak Canada Loan VI [a]	**90,312**	85,066
Tetra Pak Canada Loan VII [a]	**206,198**	194,218
DLL Finance LLC Loan II [c]	**264,036**	248,631
Tetra Pak Canada Loan VIII [a]	**338,306**	—
Debt Round [e]	**7,397,651**	16,598,293
Total current	**9,048,584**	18,274,326
Seawright Mineral Springs Loan [b]	**1,714,808**	1,678,877
DLL Finance LLC I Loan [c]	**1,129,424**	1,231,178
Tetra Pak Canada Loan V [a]	**—**	54,873
Tetra Pak Canada Loan VI [a]	**86,981**	128,621
Tetra Pak Canada Loan VII [a]	**198,591**	293,664
DLL Finance LLC Loan II [c]	**1,164,395**	1,258,076
Tetra Pak Canada Loan VIII [a]	**508,860**	—
Debt Round [e]	**7,771,907**	—
Total non-current	**12,574,966**	4,645,289
	21,623,550	22,919,615

[a] Tetra Pak Canada Loans

Tetra Pak Canada Loan II
In May 2019, the Company received $330,793 of financing with Tetra Pak Inc. ["Tetra"] for the installation of equipment. The loan is secured as a first priority security interest over the equipment. The loan accrues interest at 6.80% with repayment terms consisting of 36 consecutive monthly blended instalments of interest and principal in the amount of $10,184. The loan is classified at amortized cost and accounted for using the effective interest rate method. The effective interest rate applicable to this loan is 6.48%.

Tetra Pak Canada Loan III
In August 2019, the Company received $591,603 of financing with Tetra for the installation of equipment. The loan is secured as a first priority security interest over the equipment. The loan accrues interest at 6.81% with repayment terms consisting of 36 consecutive monthly blended instalments of interest and principal in the amount of $18,216. The loan is recorded at amortized cost and accounted for using the effective interest rate method. The effective interest rate applicable to this loan is 6.49%.

Tetra Pak Canada Loan IV
In November 2019, the Company received USD $546,534 [$735,635] of financing with Tetra for the installation of equipment. The loan is secured as a first priority security interest over the equipment. The loan accrues interest at 6.55% with repayment terms consisting of 36 consecutive monthly blended instalments of interest and principal in the amount of USD $16,763 [$22,223]. The loan is recorded at amortized cost and accounted for using the effective interest rate method. The effective interest rate applicable to this loan is 6.24%.

Tetra Pak Canada Loan V
In January 2020, the Company received USD $712,567 [$946,717] of financing with Tetra for the installation of equipment. The loan is secured as a first priority security interest over the equipment. The loan accrues interest at 6.82% with repayment terms consisting of 36 consecutive monthly blended instalments of interest and principal in

the amount of USD $21,943 [$29,090]. The loan is recorded at amortized cost and accounted for using the effective interest rate method. The effective interest rate applicable to this loan is 6.5%.

Tetra Pak Canada Loan VI
On April 13, 2021, the Company received USD $211,047 [$265,612] of financing from Tetra in the form of a Promissory Note to cover the installation cost of equipment. The Promissory Note is secured by a first priority security interest against the equipment. The Promissory Note accrues interest at a rate of 5.50% with repayment terms consisting of 36 consecutive monthly blended instalments of interest and principal in the amount of USD $6,373 [$7,829]. The loan is recorded at amortized cost and accounted for using the effective interest rate method. The Promissory Note has a maturity date of March 1, 2024.

Tetra Pak Canada Loan VII
On April 13, 2021, the Company received USD $481,855 [$606,435] of financing from Tetra in the form of a Promissory Note to cover the installation cost of equipment. The Promissory Note is secured by a first priority security interest against the equipment. The Promissory Note accrues interest at a rate of 5.50% with repayment terms consisting of 36 consecutive monthly blended instalments of interest and principal in the amount of USD $14,550 [$17,875]. The loan is recorded at amortized cost and accounted for using the effective interest rate method. The Promissory Note has a maturity date of March 1, 2024.

Tetra Pak Canada Loan VIII
In November 2021, the Company received USD $813,115 [$1,029,485] of financing from Tetra in the form of a Promissory Note to cover the installation cost of equipment. The Promissory Note is secured by a first priority security interest against the equipment. The Promissory Note accrues interest at a rate of 5.65% with repayment terms consisting of 36 consecutive monthly blended instalments of interest and principal in the amount of USD $24,608 [$31,299]. The loan is recorded at amortized cost and accounted for using the effective interest rate method. The Promissory Note has a maturity date of September 1, 2024.

[b] Seawright Mineral Springs Loan

In April 2019, the Company acquired a 144-acre spring in Virginia from Seawright Mineral Springs Limited ["Seawright"]. The Company obtained financing in 2019 with Seawright for the purchase of the spring. The loan accrues interest at 6.25% maturing October 2023 with a principal balance of USD $1,440,000 [$1,913,184] with repayment terms consisting of 60 consecutive monthly blended instalments of interest and principal in the amount of USD $9,497 [$12,590] beginning in June 2019. The loan is secured by a first lien on the spring and land. The loan is recorded at amortized cost and accounted for using the effective interest rate method. The effective interest rate applicable to this loan is 6.24%.

[c] DLL Finance LLC Loans

DLL Finance LLC Loan I
In October 2019, the Company received USD $1,580,983 [$2,100,494] of financing with DLL Finance LLC for the purchase of equipment. The loan is secured against the purchased equipment. The loan accrues interest at 6.46% with repayment terms consisting of 84 consecutive monthly blended instalments of interest and principal in the amount of USD $23,446 [$30,855]. The loan is recorded at amortized cost and accounted for using the effective interest rate method. The effective interest rate applicable to this loan is 6.33%.

DLL Finance LLC Loan II
In October 2020, the Company received USD $1,401,760 [$1,886,769] of financing with DLL Finance LLC for the purchase of equipment. The loan is secured against the purchased equipment. The loan accrues interest at 5.57% with repayment terms consisting of 76 consecutive monthly blended instalments of interest and principal in the amount of USD $21,931 [$29,073]. The loan is recorded at amortized cost and accounted for using the effective interest rate method. The effective interest rate applicable to this loan is 5.44%.

[d] Bank Borrowings

In 2017, the Company arranged for a $350,000 variable rate term facility with its financial institution. These borrowings are secured by a personal guarantee of two shareholders and a chattel mortgage on specific equipment and leasehold improvements. The term loan facility accrues interest at a rate equal to 3% above the financial institution's prime rate. The repayment terms begin 90 days after the first drawdown and consist of a monthly payment of $6,117 plus interest. In 2017, the Company borrowed $342,530 and commenced payment starting in November 2017 for a 54-month term.

In September 2018, the Company arranged for a $75,000 variable rate term facility with its financial institution. These borrowings are secured by a personal guarantee of two shareholders and a chattel mortgage on specific equipment and leasehold improvements. The term loan facility accrues interest at a rate equal to 3% above the financial institution's prime rate. The repayment terms began 90 days after the first drawdown and consist of a monthly payment of $1,316 plus interest. In 2019, the Company borrowed $45,624 and commenced payment in March 2019 for a 36-month term.

In May 2020, as a result of COVID-19, the Company was granted a six-month extension for its term loan facilities and was not required to make repayments of principal amounts for the period from May 2020 to October 2020.

The term facilities are classified at amortized cost and accounted for using the effective interest rate method. The effective interest rate applicable to these loans is approximately 5.92%.

[e] Debt Round

In 2019, the Company issued debt to individual holders along with the issuance of warrants. The Company issued $11,593,440 of debt and incurred transaction costs of $283,557. The warrants give the warrant-holder the right to purchase Subordinate Voting Shares. The Company issued 231,869 warrants at an exercise price of $6.25 per warrant ["$6.25 Warrant"] and 231,869 warrants at an exercise price of $10.00 per warrant ["$10.00 Warrant"]. The warrants expire in December 2020. The fair value of the $6.25 Warrant was $442,434 and the fair value of the $10.00 Warrant was $117,207. The debt accrued interest at a rate of 10% and matured in December 2020. The debt is accounted for at amortized cost and accounted for using the effective interest rate method. The effective interest rate applicable to this loan is approximately 14%.

On October 8, 2020, the Company amended its debt round maturing December 2020 with participating debt holders to extend the repayment terms by 18 months, expiring July 30, 2022. The total principal amount modified was $6,335,440. The Company determined that the contract modification was not substantial and recognized a gain on the modification of the loan of $239,979, which was recognized in other income. In consideration for the extension, the Company extended the maturity of the existing warrants over the same period and issued new warrants, with an exercise price of $10.00. The fair value of the new warrants was $69,438 and was recognized in finance expense. The new warrants were valued using the Black-Scholes pricing model using the following inputs: exercise price of $10.00, underlying stock price of $6.70, expected life of 1.81 years, risk-free rate of 0.41% and volatility of 55%.

In December 2020, the Company amended its debt round maturing December 2020 with the remaining participating debt holders to extend the repayment terms by 18 months, expiring July 30, 2022. The total principal amount modified was $1,118,000. The Company determined that the contract modification was not substantial and recognized a gain on the modification of the loan of $46,572, which was recognized in other income. In consideration for the extension, the Company extended the maturity of the existing warrants over the same period and issued 11,180 new warrants, with an exercise price of $10.00. The fair value of the new warrants was $11,350 and was recognized in finance expense. The new warrants were valued using the Black-Scholes pricing model using the following inputs: exercise price of $10.00, underlying stock price of $6.70, expected life of 1.66 years, risk-free rate of 0.41% and volatility of 55%.

In December 2020, the Company repaid $4,140,000 of the original debt.

During the year ended October 31, 2020, the Company issued debt to individual holders along with the issuance of warrants. The Company issued $9,476,000 of debt [the "2020 Debt"] and incurred cash transaction costs of $48,270 and finder's fees of $343,200, which were settled through the issuance of stock options. The warrants give the warrant-holder the right to purchase Subordinate Voting Shares. The Company issued 189,520 warrants at an exercise price of $6.75 per warrant ["$6.75 Warrant"] and 189,520 warrants at an exercise price of $10.00 per warrant ["$10.00 Warrant"] for up to two years from the issuance. The fair value of the $6.75 Warrant was $293,156 and the $10.00 Warrant was $162,108. The debt accrues interest at a rate of 10% and matured on February 28, 2022.

On February 29, 2022, the Company issued $9,476,000 in principal amount of debt ["2022 Debt"] and issued 8,536,942 warrants ["Series C Warrants"] in settlement of the 2020 Debt on maturity to the original debt holders.

The 2022 Debt matures on February 29, 2024, and accrues interest at 12% per annum, payable monthly. In addition, the 2022 Debt includes an interest rate adjustment clause (the "Interest Adjustment") whereby the Company is obligated to pay additional interest, on a non-compounding basis, at the rate of 12% per annum at maturity of the 2022 Debt in the event the closing price of the Company's subordinate voting shares is not equal to or greater than $1.28 for any ten consecutive trading days between March 1, 2022, and February 29, 2024, and provided that the Series C Warrants remain unexercised.

[unaudited] [expressed in Canadian dollars, except number of shares]

The Series C Warrants have an exercise price of $1.11 with an expiration date of February 28, 2025. The expiry date of the Series C Warrants may be accelerated by the Company if, after the issue date, the volume weighted average price of the Company's subordinate voting shares is at a price equal to or greater than $1.28 for a period of ten consecutive trading days. The new expiry date would be the date that is not less than 20 days following the date upon which the Company issues notices to all holders of the Series C Warrants.

The Company determined that the Interest Adjustment meets the definition of an embedded derivative that is required to be separated as it is not closely related to the host debt instrument. Therefore, the Interest Adjustment is separated from the 2022 Debt and is accounted for as a financial liability measured at fair value through profit or loss.

The 2022 Debt is classified as a financial liability at amortized cost and is accounted for using the effective interest rate method and the Series C Warrants are classified as equity and is not remeasured subsequent to initial recognition.

Total fair value of $9,476,000 was allocated to the Interest Adjustment embedded derivative liability, 2022 Debt and the Series C Warrants.

On issuance, the Company recorded the following amounts:

	$
Interest Adjustment embedded derivative	859,490
2022 Debt	7,650,867
Series C Warrants	965,643
	9,476,000

There were no transaction costs incurred.

Interest Adjustment

The fair value of the Interest Adjustment was calculated using the Monte Carlo simulation. The fair value of the Interest Adjustment is classified as Level 2 in the fair value hierarchy. The fair value of the Interest Adjustment was $1,229,385 on April 30, 2022 resulting in loss on change in fair value of $369,895 recognized through 'Finance expense, net' on the statement of loss and comprehensive loss.

The key assumptions used in the valuation were:

	February 28, 2022	**April 30, 2022**
Term	2.0 years	1.85 years
Expected volatility	65%	70%
Risk free interest rate	1.4%	2.6%
Dividend yield	0%	0%

2022 Debt

The fair value of the New Debt at the time of issue was calculated as the discounted cash flows for the New Debt assuming a 24% discount rate, which was the estimated rate for a similar instrument without Interest Adjustment feature and with no warrants.

[unaudited] [expressed in Canadian dollars, except number of shares]

	$
Principal balance	9,476,000
Add (less):	
Interest Adjustment on issuance	(859,490)
Series C Warrants	(965,643)
Interest and accretion expense	311,079
Interest paid	(190,039)
Balance, April 30, 2022	**7,771,907**
Current	—
Non-current	7,771,907

9 Share capital

Authorized

The Company has authorized capital of an unlimited number of Multiple Voting Shares, voting at 10 votes per share and an unlimited number of Subordinate Voting Shares, voting at 1 vote per share. Prior to the Amalgamation [note 3], Flow Water completed a share consolidation on a 5-to-1 basis for all issued and outstanding Class A common shares and Class B common shares [the “Flow Consolidation”].

Issued and outstanding

	Multiple Voting Shares		Subordinate Voting Shares		Total
	#	$	#	$	$
Balance, October 31, 2020	6,066,566	7,226,749	32,171,648	126,998,191	134,224,940
Share issuance [a]	—	—	1,225,815	7,982,636	7,982,636
Conversion of debt [b]	—	—	150,087	805,053	805,053
Warrants exercised	—	—	116,830	788,258	788,258
Options exercised	28,000	71,367	318,149	1,358,884	1,430,251
Employment and consulting services	120,000	810,005	58,079	447,204	1,257,209
Balance, April 30, 2021	6,214,566	8,108,121	34,040,608	138,380,226	146,488,347
Balance, October 31, 2021	6,214,566	1	47,289,961	87,026,833	87,026,834
Share issuance on RSU release	—	—	660,198	4,995,760	4,995,760
Balance, April 30, 2022	**6,214,566**	**1**	**47,950,159**	**92,022,593**	**92,022,594**

[a] During the six months ended April 30, 2021, the Company issued 1,225,815 Subordinate Voting Shares for cash consideration of $7,982,636.

[b] During the six months ended April 30, 2021, debenture agreements were converted resulting in the issuance of 150,087 Subordinate Voting Shares. The Company recognized in share capital $54,618 related to the conversion feature that was transferred from contributed surplus to share capital.

Subscription receipts

On March 1, 2021, the Company completed a non-brokered private placement for Subscription Receipts [“the Receipts”] for gross proceeds of $30,000,000. The Company incurred transaction costs of $1,561,690 in connection with the transaction, which includes $450,000 of agency fees, $101,012 related to warrants issued and finder’s fees of $1,010,678. Subsequently, on June 29, 2021, upon satisfaction of the escrow release conditions and immediately prior to the effective time of the Amalgamation, the Company issued 3,636,364 Class B common shares [post-consolidation] for the conversion of the Receipts at a fair value per share of $7.70. Each such Class B common share was then immediately exchanged for one [1] Subordinate Voting Share.

[unaudited] [expressed in Canadian dollars, except number of shares]

Brokered private placement

On March 11, 2021, the Company completed a brokered private placement for Subscription Receipts [“the Subscription Receipts”] for gross proceeds of $60,000,088. The Company incurred transaction costs of $4,775,590 in connection with the transaction, which included $3,979,257 which will be paid in cash and $796,333 related to warrants issued. Subsequently, on June 29, 2021, upon satisfaction of the escrow release conditions and immediately prior to the effective time of the Amalgamation, the Company issued 7,272,738 Class B common shares [post-consolidation] for the conversion of the Subscription Receipts at a fair value per share of $7.70. Each such Class B common share was then immediately exchanged for one [1] Subordinate Voting Share.

10 Warrants

The Company issued warrants to accompany certain Subordinate Voting Shares, debt round and convertible debt. Each warrant is exercisable at the option of the holder for one Subordinate Voting Share.

The changes in the number of warrants during the six months ended April 30, 2022 and 2021 were as follows:

	Number of warrants **#**	**Weighted average exercise price** **$**
Balance, October 31, 2020	1,314,861	8.03
Granted during the period	495,731	8.29
Expired during the period	(120,100)	8.71
Exercised during the period	(116,830)	5.51
Balance, April 30, 2021	1,573,662	8.25
Balance, October 31, 2021	7,608,658	9.63
Granted during the period	8,536,942	1.11
Expired during the period	(390,040)	8.30
Balance, April 30, 2022	**15,755,560**	**5.05**

The following table is a summary of the Company’s warrants outstanding as at April 30, 2022:

Expiration date	**Weighted average exercise price** **$**	**Instruments outstanding** **#**
June 30, 2022	6.75	30,000
July 17, 2022	12.50	68,400
July 30, 2022	8.68	326,270
September 11, 2022	8.25	484,552
December 29, 2022	8.25	64,801
June 29, 2023	10.00	5,994,595
February 28, 2025	1.11	8,536,942
January 5, 2027	6.75	250,000
	5.05	**15,755,560**

[unaudited] [expressed in Canadian dollars, except number of shares]

The following table is a summary of the Company's warrants outstanding as at April 30, 2021:

Expiration date	**Weighted average exercise price** $	**Instruments outstanding** #
December 4, 2021	6.55	33,000
February 28, 2022	8.47	357,040
June 30, 2022	6.75	30,000
July 17, 2022	12.50	68,400
July 30, 2022	8.55	350,670
September 11, 2022	8.25	484,552
January 5, 2027	6.75	250,000
	8.25	1,573,662

During the six months ended April 30, 2022, with the amendment of the debt round previously maturing on February 28, 2022, the Company issued 8,536,942 warrants with an exercise price of $1.11 and an expiry date of February 28, 2025 [note 8].

During the six months ended April 30, 2021, with the amendment of the debt round previously maturing in December 2020, the Company issued 20 warrant agreements for 11,180 warrants with an exercise price of $10.00 per share with a maturity date of July 2022. In addition, the Company extended the maturity of 44,720 existing warrants to July 2022. The warrants were valued at $11,350 using the Black-Scholes model with the following inputs: exercise price of $10.00, underlying stock price of $6.70, expected life of 1.6 years, risk-free rate of 0.41% and volatility of 55%.

During the six months ended April 30, 2021, the Company issued 484,551 warrants with an exercise price of $8.25 in relation to the brokered and non-brokered financings. The warrants were valued at $897,345. The warrants were valued using the Black-Scholes model using the following inputs: exercise price of $8.25, expected life of 1.5 years, risk-free rate of 0.25% and volatility of 55%.

During the six months ended April 30, 2021, 116,830 warrants were exercised at an average price of $5.50 for total cash consideration of $643,620, for which the Company issued 116,830 Subordinate Voting Shares.

11 Share-based compensation

[i] Share equity grant program

Commencing in 2017, the Company instituted an equity grant compensation program [the "Program"] in which the Company's executives and directors can participate. Under the Program, participants were able to receive Class A common shares as part of their compensation plan, prior to the Amalgamation. Certain shares issued under the Program carried a period of repurchase between 24 months and 48 months, allowing the Company to repurchase such shares for cancellation should the participant leave the Company prior to the end of the repurchase period. The amount subject to repurchase at the date of grant was reduced proportionately over the repurchase period. In addition, the shares issued under the Program required the participant to assign all of the voting rights associated with the granted shares to the Company's CEO. The Program has been superseded by the Company's Omnibus Incentive Plan, as defined below.

During the six months ended April 30, 2022, the Company granted nil [2021 – 120,000] Multiple Voting Shares to participants of the Program valued at $nil [2021 – $6.75] per share for total compensation expense of $nil [2021 – $810,005] recognized in share-based compensation expense. As of April 30, 2022, the number of shares subject to the repurchase agreement was nil [2021 – 311,912].

[ii] Restricted Share Units

On December 31, 2020, the Board of Directors approved a Restricted Share Unit Plan ["RSU Plan"] for the Company. The RSU Plan provides for the issuance of Restricted Share Units ["RSUs"] to retain qualified personnel, employees, advisors, and contractors in order to align their interests with those of the Company's shareholders.

[unaudited] [expressed in Canadian dollars, except number of shares]

Vested RSUs are settled with Subordinate Voting Shares. The RSUs vest over various periods from immediately to pro rata over 36 months.

During the six months ended April 30, 2022, the Board of Directors approved grants of 157,374 [2021 – 2,499,163] RSUs to various members of management and the Board of Directors with a grant value of $1.53 – $1.55 [2021 – $7.70] per unit. During the six months ended April 30, 2021, of the 3,161,696 RSUs granted, 655,522 RSUs were granted to various members of management as replacement awards for cancelled share options. The incremental fair value of the replacement awards was determined to be $3.50 per unit with vesting over various periods from immediately to pro rata over 36 months.

During the three and six months ended April 30, 2022, the Company recorded $1,449,036 [2021 – $5,433,204] and $3,315,187, [2021 – $8,002,177], respectively, of share-based compensation associated with the vested portion of the RSUs.

The changes in the number of RSUs during the six months ended April 30, 2022 and 2021 are as follows:

	Number of RSUs #
Balance, October 31, 2020	—
Granted during the period	3,161,696
Balance, April 30, 2021	3,161,696
Balance, October 31, 2021	1,932,151
Granted during the period	157,374
Forfeited during the period	(13,337)
Share issuance on RSU release	(660,198)
Balance, April 30, 2022	**1,415,990**

[iii] Share options

In connection with the Amalgamation, the Company adopted an omnibus incentive plan [the “Omnibus Incentive Plan”], which allows for the Board of Directors to grant long-term equity-based awards, including subordinate voting share purchase options, RSUs and deferred share units [“DSUs”], to the eligible directors, officers, employees, and consultants of the Company and its subsidiaries in accordance with the terms of the Omnibus Incentive Plan. The Company’s Governance, Human Resources and Compensation Committee makes recommendations to the Board of Directors in respect of matters relating to the Omnibus Incentive Plan. The Board of Directors has the discretion and authority to determine, among other things, the vesting schedule of share options and the settlement periods of RSUs or DSUs, issued under the Omnibus Incentive Plan.

The maximum number of Subordinate Voting Shares reserved and available for grant and issuance pursuant to the Omnibus Incentive Plan shall not exceed 15% of the total issued and outstanding Subordinate Voting Shares on a non-diluted basis.

During the three and six months ended April 30, 2022, the Company recorded $156,466 [2021 – $1,603,672] and $469,296 [2021 – $3,460,595] of share-based compensation associated with the vested portion of the share options issued under the Legacy Option Plan and the Omnibus Incentive Plan.

The changes in the number of share options during the six months ended April 30, 2022 and 2021 were as follows:

	2022		**2021**	
	Number of options #	**Weighted average exercise price** $	**Number of options** #	**Weighted average exercise price** $
Options outstanding, beginning of period	**3,178,358**	**5.59**	3,375,545	4.83
Options granted	**—**	**—**	879,384	6.61
Options forfeited	**(68,009)**	**4.21**	(4,673)	4.82
Options cancelled	**—**	**—**	(670,536)	6.50
Options exercised	**—**	**—**	(346,149)	2.63
Options outstanding – April 30	**3,110,349**	**5.63**	3,233,571	5.20
Options exercisable – April 30	**2,556,660**	**5.45**	2,214,169	4.66

[unaudited] [expressed in Canadian dollars, except number of shares]

No options were granted during the six months ended April 30, 2022. The weighted average fair value of share options granted during the six months ended April 30, 2021 was estimated at the date of grant using the Black-Scholes option pricing model using the following inputs:

	2021
Grant date share price	\$6.75 – \$7.70
Exercise price	\$6.55 – \$7.00
Expected dividend yield	\$nil
Risk-free interest rate	0.24% – 1.43%
Expected option life	0.39 years – 6.19 years
Expected volatility	55%

The expected volatility was estimated using the volatility of publicly traded companies that the Company considered to be comparable. The expected option life represents the period of time that options granted are expected to be outstanding. The risk-free interest rate is based on government bonds with a term equal to the expected life of the options.

The following table is a summary of the Company's share options outstanding as at April 30, 2022:

Options outstanding			**Options exercisable**	
Exercise price $	**Number outstanding** #	**Weighted average remaining contractual life [years]** #	**Weighted average exercise price** $	**Number exercisable** #
1.50	148,001	4.69	1.50	148,001
2.50	652,140	4.69	2.50	651,072
5.00	5,000	4.69	5.00	5,000
6.55	993,017	4.66	6.55	932,727
6.60	250,099	4.69	6.60	233,637
6.65	275,624	4.69	6.65	275,624
6.70	22,742	4.69	6.70	20,030
6.75	471,432	4.69	6.75	440,892
6.85	5,000	4.69	6.85	5,000
6.95	10,000	4.69	6.95	10,000
7.00	76,000	4.69	7.00	71,631
8.25	201,294	4.69	8.25	188,765
5.63	**3,110,349**	**4.68**	**5.58**	**2,982,379**

[unaudited] [expressed in Canadian dollars, except number of shares]

The following table is a summary of the Company's share options outstanding as at April 30, 2021:

Options outstanding			Options exercisable	
Exercise price $	**Number outstanding** #	**Weighted average remaining contractual life [years]** #	**Weighted average exercise price** $	**Number exercisable** #
1.25	40,000	5.69	1.25	40,000
1.50	215,667	5.69	1.50	215,667
2.50	800,477	5.69	2.50	738,082
5.00	5,000	5.69	5.00	2,596
6.55	1,059,521	5.69	6.55	559,063
6.60	250,102	5.69	6.60	183,285
6.65	275,625	5.69	6.65	145,705
6.70	22,743	5.69	6.70	10,030
6.75	473,436	5.67	6.75	255,593
6.85	5,000	5.69	6.85	5,000
6.95	10,000	5.69	6.95	5,041
7.00	76,000	5.69	7.00	54,107
5.20	3,233,571	5.69	4.66	2,214,169

12 Loss per share

Loss per share is calculated using the weighted average number of shares outstanding. The weighted average number of shares outstanding for the three and six months ended April 30, 2022 was 53,976,325 [2021 – 40,037,268] and 53,863,341 [2021 – 39,695,674], respectively.

For all the periods presented, diluted loss per share equals basic loss per share due to the anti-dilutive effect of share options, RSUs and warrants, given the Company was in a net loss position during those periods. The outstanding number and type of securities that could potentially dilute basic net income per share in the future but would have decreased the loss per share [anti-dilutive] for the six months ended April 30, 2022 and 2021 presented are as follows:

	2022 #	2021 #
Stock options	**3,110,349**	3,233,571
Restricted share units	**1,415,990**	3,161,696
Warrants	**15,755,560**	1,573,662
	20,281,899	7,968,929

[unaudited] [expressed in Canadian dollars, except number of shares]

13 Disaggregation of revenue

The Company derives its revenue primarily from two main sources: the sale of packaged water and co-packing services.

The following table represents disaggregation of revenue for the three and six months ended April 30, 2022 and 2021:

	Three months ended April 30,		Six months ended April 30,	
	2022	**2021**	**2022**	**2021**
	$	**$**	**$**	**$**
Packaged water	**6,903,557**	6,715,102	**13,673,105**	11,697,647
Co-packing services	**4,156,136**	6,062,703	**10,883,394**	11,236,200
Gross revenue	**11,059,693**	12,777,805	**24,556,499**	22,933,847
Less:				
Discounts	**285,234**	233,496	**585,106**	643,418
Trade spend	**1,816,218**	1,254,629	**3,125,217**	1,979,735
Net revenue	**8,958,241**	11,289,680	**20,846,176**	20,310,694

14 Contingencies

In the ordinary course of business, from time to time, the Company is involved in various claims related to operations, rights, commercial, employment or other claims. Although such matters cannot be predicted with certainty, management does not consider the Company's exposure to these claims to be material to these Financial Statements.

15 Segmented information

The Company reports segment information based on internal reports used by the chief operating decision maker ["CODM"] to make operating and resource decisions and to assess performance. The CODM is the Chief Executive Officer. The CODM makes decisions and assesses performance of the Company on a consolidated basis such that the Company is a single reportable operating segment.

The following table presents details on revenue derived and details on property and equipment domiciled in the following geographical locations as at April 30, 2022 and October 31, 2021 and for the three and six months ended April 30, 2022 and 2021.

Revenue for the three and six months ended April 30, 2022 and 2021:

	Three months ended April 30,		Six months ended April 30,	
	2022	**2021**	**2022**	**2021**
	$	**$**	**$**	**$**
Canada	**4,076,341**	7,652,414	**9,560,418**	14,602,827
United States	**4,881,900**	3,637,266	**11,285,758**	5,707,867
Total	**8,958,241**	11,289,680	**20,846,176**	20,310,694

Property and equipment as at April 30, 2022 and October 31, 2021:

	2022	2021
	$	$
Canada	**8,019,625**	8,650,022
United States	**24,732,977**	24,306,733
Total	**32,752,602**	32,956,755

[unaudited] [expressed in Canadian dollars, except number of shares]

Right-of-use assets as at April 30, 2022 and October 31, 2021:

	2022	2021
	$	$
Canada	**11,400,106**	12,298,991
United States	**13,191,289**	13,381,436
Total	**24,591,395**	25,680,427

16 Finance expense

Finance expense for the three and six months ended April 30, 2022 and 2021 consists of the following:

	Three months ended April 30,		**Six months ended April 30,**	
	2022	**2021**	**2022**	**2021**
	$	**$**	**$**	**$**
Interest on lease obligations	**387,343**	460,439	**796,702**	939,499
Interest on borrowings	**757,482**	670,326	**1,476,303**	1,347,437
Interest on convertible debentures	**—**	—	**—**	186,583
Loss on convertible debenture settlement	**—**	—	**—**	509,651
Convertible debenture termination fee	**—**	—	**—**	427,500
Warrants issued on debt round extension	**—**	—	**—**	11,350
Loss (gain) on change in fair value of derivative liability	**369,895**	—	**369,895**	(505,687)
Total	**1,514,720**	1,130,765	**2,642,900**	2,916,333

17 Restructuring and other

During the six months ended April 30, 2021, the Company recorded a loss of $2,515,293 relating to the termination of a distribution agreement with a US distributor. This loss has been reclassified from ‘General and administrative’ to ‘Restructuring and other’ on the statements of loss and comprehensive loss.