FLOW BEVERAGE CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE YEAR ENDED OCTOBER 31, 2021

January 30, 2022

The following Management's Discussion and Analysis ("MD&A") is prepared as of January 30, 2022 and provides information concerning Flow Beverage Corp's ("Flow", the "Company", "we" or "us") financial condition and results of operations. This MD&A should be read in conjunction with our annual audited consolidated financial statements, including the related notes thereto, for the years ended October 31, 2021 and October 31, 2020.

This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results, performance and achievements may differ materially from those implied by these forward-looking statements as a result of various factors, particularly under "Forward-Looking Information" and "Risk Factors".

Basis of Presentation

Our annual audited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and are presented in Canadian dollars. Accordingly, unless otherwise noted herein, all financial information in this MD&A is presented in Canadian dollars. In this MD&A, references to North America refer to Canada and the United States.

All references in this MD&A to "Fiscal 2021" are to the fiscal year ended October 31, 2021 and "Fiscal 2020" are to the fiscal year ended October 31, 2020.

The annual audited consolidated financial statements and the accompanying notes for Fiscal 2021 were reviewed and approved by the Company's Board of Directors (the "Board") on January 30, 2022.

Non-IFRS Measures

This MD&A makes reference to certain non-IFRS measures. These measures are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS, and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of our results of operations from management's perspective. Accordingly, these measures should not be considered in isolation nor as a substitute for analysis of our financial information reported under IFRS. We use non-IFRS measures including "Adjusted EBITDA", "Adjusted Net Loss", and "EBITDA". These non-IFRS measures are used to provide investors with supplemental measures of our operating performance and thus highlight trends in our core business that may not otherwise be apparent when relying solely on IFRS financial measures. We also believe that securities analysts, investors and other interested parties frequently use non-IFRS measures in the evaluation of issuers. Our management also uses non-IFRS measures in order to facilitate operating performance comparisons from period to period, to prepare annual operating budgets and to determine components of management compensation. For definitions and reconciliations of these non-IFRS measures to the relevant reported measures, please see "How We Assess the Performance of Our Business" and "Selected Consolidated Financial Information" sections of this MD&A.

Forward-Looking Information

Some of the information contained in this MD&A contains forward-looking information. This information may relate to anticipated events or results and include, but are not limited to, expectations regarding industry trends, our growth rates and growth strategies, the impact of the COVID-19 pandemic on our business and other statements that are not historical facts. Particularly, information regarding our expectations of future results, targets, performance achievements, prospects or opportunities is forward-looking information. As the context requires, this may include certain targets as disclosed in the AIF filed, which are based on the factors and assumptions, and subject to the risks, as set out therein and herein. Often but not always, forward-looking information can be identified by the use of forward-looking terminology such as “may” “will”, “expect”, “believe”, “estimate”, “plan”, “could”, “should”, “would”, “outlook”, “forecast”, “anticipate”, “foresee”, “continue” or the negative of these terms or variations of them or similar terminology. This information is based on management’s reasonable assumptions and beliefs in light of the information currently available to us and is made as of the date of this MD&A.

However, we do not undertake to update any such forward-looking information whether as a result of new information, future events or otherwise, except as required under applicable securities laws in Canada. Actual results and the timing of events may differ materially from those anticipated in the forward-looking information as a result of various factors, including those described in “Risk Factors”. Additional risks and uncertainties are discussed in the Company’s materials filed with the Canadian securities regulatory authorities from time to time, including the Company’s annual information form dated January 30, 2022 for the fiscal year ended October 31, 2021 (the “AIF”) and the financial statements for the year to date period ended on October 31, 2021, a copy of which is available under the Company’s profile on SEDAR at www.sedar.com. These factors are not intended to represent a complete list of the factors that could affect us; however, these factors should be considered carefully.

We caution that the list of risk factors and uncertainties is not exhaustive and other factors could also adversely affect our results. Readers are urged to consider the risks, uncertainties and assumptions carefully in evaluating the forward-looking information and are cautioned not to place undue reliance on such information. See “Risk Factors” for a discussion of the uncertainties, risks and assumptions associated with these statements.

The purpose of the forward-looking statements is to provide the reader with a description of management’s current expectations regarding the Company’s financial performance and they may not be appropriate for other purposes; readers should not place undue reliance on forward-looking statements made herein. To the extent any forward-looking information in this MD&A constitutes future-oriented financial information or financial outlook, within the meaning of applicable securities laws, such information is being provided to demonstrate the potential of the Company and readers are cautioned that this information may not be appropriate for any other purpose. Future-oriented financial information and financial outlook, as with forward-looking information generally, are based on current assumptions and subject to risks, uncertainties and other factors. Furthermore, unless otherwise stated, the forward-looking statements contained in this MD&A are made as of the date of this MD&A, and we have no intention and undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable securities laws. The forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement.

Business Overview

Our History

Flow was founded by Nicholas Reichenbach in 2014 after seeing mountains of plastic bottle waste while attending the Burning Man Festival in Nevada’s Black Rock Desert. Having grown up on a rural property in Southern Ontario with a natural, mineral rich aquifer, he imagined a packaged water company that could be “better for people and the planet”. After scientific analyses showed that the water was spring water, free from contaminants and packed with natural minerals and electrolytes, Nicholas, along with friends and family, formed Flow and sought out the Tetra Pak Group to provide the most sustainable package available in order to bring the water to consumers while preserving its benefits.

Key Milestones

- May 2015: commenced distribution of its original, unflavoured, natural alkaline spring water in the natural/organic channel in Canada.
- 2016: expanded Canadian distribution into conventional grocery/food channels.
- April 2017: opened its vertically integrated packaging facility in Aurora, Ontario.
- May 2017: commenced the distribution of its products in the United States.
- September 2017: certified as a B Corporation.
- November 2017: purchased its water source in Bruce County, Ontario.
- February 2018: commenced distribution of its award winning organic flavoured products.
- April 2019: purchased its water source known as “Seawright Springs” in Augusta County, Virginia and opened its vertically integrated bottling facility in nearby Verona, Virginia.
- February 2020: acquired substantially all of the assets of 2596059 Ontario Inc. dba Boons Collagen Water and launched Flow branded collagen-infused waters with natural flavours.
- Fiscal 2018 to Fiscal 2020: compound annual growth rate (“CAGR”) of 55%.
- December 2020: entered into a letter of intent with RG One Corp. (“RG One”) to complete a going-public transaction in Canada.
- March 2021: completed a $30,000,000 non-brokered private placement of subscription rights(1)
- February 2021: launched the Direct Store Delivery (“DSD”) model in the United States.
- March 2021: completed a $60,000,089 private placement of subscription receipts (“Subscription Receipts”)(2)
- March 2021: announced Maurizio Patarnello as its new Chief Executive Officer.
- April 2021: RG One and RG One Subco. entered into a Business Combination Agreement pursuant to which Flow and RG One Subco. agreed to amalgamate under the Canadian Business Corporations Act (the “Amalgamation”).
- April 2021: introduced the new digital and social media brand campaign, which is now +5 billion impressions.
- May 2021: completed a $8,910,260 private placement of Subscription Receipts(2)
- June 2021: Flow, RG One and RG One Subco. complete the Amalgamation(3)
- July 2021: Flow commenced trading on the TSX under the ticker symbol FLOW.
- July 2021: received B Corporation “Best for the World” designation, with a score of 126.5.
- August 2021: Flow executes agreement with The Honickman Companies, a leader in beverage distribution whose beverage portfolio includes PepsiCo and Canada Dry products.
- August 2021: Flow repays certain secured equipment lease obligations for a total payment of $7 million.
- October 2021: Flow becomes the official water partner of the Montreal Canadiens, the Bell Centre and the Bell Sports Complex.
- November 2021: Flow commenced trading on the OTCQX under the ticker symbol FLWBF.
- November 2021: Flow becomes the official water partner of the New York Road Runners and the New York City Marathon.

(1) *Non-brokered private placement*
On March 1, 2021, the Company completed a non-brokered private placement for subscription rights [the “Rights”] for gross proceeds of $30.0 million. Immediately prior to the effective time of the Amalgamation, the Rights were converted into one Subordinate Voting Share at $8.25 per share (post-consolidated) and one-half warrant which has an exercise price of $10.00 and is exercisable for 24 months following the Amalgamation. The Company incurred transactions costs of $1.6 million in connection with the transaction, which include $0.5 million of agency fees paid out in cash, $0.1 million related to compensation warrants issued and finder’s fees of $1.0 million. The Company allocated $25.6 million to share capital and $2.8 million to warrants using the relative fair value method.

(2) *Brokered private placement*
On March 11, 2021 and May 14, 2021, the Company completed a brokered private placement for Subscription Receipts [the “Subscription Receipts”] for total gross proceeds of $68.9 million. The Subscription Receipts were held in escrow until the escrow release conditions were met by the Company. On satisfaction of the escrow release conditions in June 2021, the Subscription Receipts converted into one Subordinate Voting Share at $8.25 per share price and one-half warrant which has an exercise price of $10.00 and is exercisable for a period of 24 months following the closing of the Amalgamation. The Company incurred transactions costs of $5.5 million in connection with the transaction, which included $4.6 million paid in cash and $0.9 million related to compensation warrants issued. The Company allocated $57.2 million to share capital and $6.3 million to warrants using the relative fair value method.

(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 the following transactions occurred:

- Prior to the transaction:
  - RG One:
    - Completed a consolidation of its share capital on a 404.84-to-1 basis. The total number of RG One common shares outstanding pre-consolidation was 39,350,001. Post-consolidation, the total number of RG One common shares was 97,191.
    - Issued 24,012 common shares, on a post consolidation basis, for transaction related services.
    - Redesignated its authorized and issued and outstanding common shares as subordinate voting shares ["Subordinate Voting Shares"].
    - Increased its authorized capital by creating an unlimited number of multiple voting shares ["Multiple Voting Shares"].
- Flow Water completed a consolidation of its share capital on 5-to-1 basis.
- 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".

The fair value of the consideration issued to acquire RG One was $0.9 million calculated as 121,203 common shares at $7.70 per share. The Company also incurred transaction costs of $1.7 million for professional services provided in connection with the Amalgamation and recorded in the statement of loss and comprehensive loss.

Our Business Model

Flow is an innovative beverage company and one of the pioneers in the "better for you better for the planet" consumer needs state. The majority of its business is represented by Flow Alkaline Spring Water, however the Company has expanded into a variety of organic flavoured waters and collagen favored waters and has plans to further expand in other adjacent categories of the non-alcoholic beverage market. Flow owns two virtually identical water sources in terms of key minerals, in Bruce County, Ontario and Augusta County, Virginia. Flow packages its products in its production facilities in Aurora, Ontario and Verona, Virginia, both of which are in close proximity to its water sources. The packaging facility in Aurora, Ontario consists of approximately 150,000 square feet, operates three Tetra Pak A3 / Flex filling machines and has a capacity of approximately 500,000 Tetra Paks per day and the packaging facility in Verona, Virginia consists of approximately 52,000 square feet, operates five Tetra Pak A3 / Flex filling machines and has a capacity of approximately 750,000 Tetra Paks per day. In total, the packaging facilities have a total theoretical installed capacity of more than 450M units/year. Flow markets its premium alkaline spring water in in original unflavoured and a range of award-winning organic flavours in sizes ranging from 330 ml to 1 liter, and in six (6), twelve (12), eighteen (18) and twenty-four (24) pack formats and has recently launched new lines of collagen-infused waters with natural flavours. Flow gets product to market through an omni-channel distribution strategy, including the conventional channel, the food service and the convenience channels. As part of this strategy, the Company leverages a network of 35+ distributors to support our coverage of +20,000 stores in North America. Flow operates a fast-growing e-commerce business mostly developed with Shopify with more than 4,100 subscription customers. Flow has also developed strategic partnership with third party premium brands in adjacent categories to co-pack their products in the Tetra Prisma format. As at the date hereof, Flow had approximately 220 full-time employees; 101 in Canada, 118 in the United States and one (1) in Switzerland. Flow has a robust ESG agenda, including sustainable package, resources preservation, carbon neutrality and a high score on our B Corp certification.

Our Market and the Opportunity

The total North America packaged water market is estimated at USD $16.0 billion, of which USD $15.4 billion is in the United States. The market has been growing significantly over the last 20 years and has become the largest beverage category in volume in North America, overtaking soft drinks. However, the overall growth of the packaged water market has decelerated in the last 3 years (CAGR + 3%).

The size of the total addressable shelf stable water market in North America is approximately USD $14 billion dollars annually and is growing at a rate of 9% per year. Within the category, three sub-categories have been the main drivers of the overall category growth and Flow is uniquely positioned at the intersection of those three categories: (i) premium water (23% growth year over year); (ii) sustainably packaged water (56% growth year over year); and (iii) functional water (19% growth year over year).[1]

We see the opportunity to gain significant market share and to become one of the leading premium water brands in North America. We envisage we will continue innovating with highly differentiated products in current and adjacent categories.

Our Goals and Strategy

Our goal is to grow Flow as one of the leading premium water brands in North America. To achieve this aim, Flow`s sales and marketing strategy is fivefold:

1. **Invest in distribution to support continued retail growth.**

   Over the course of the next two to three years further invest in the key building blocks of distribution to achieve higher market penetration, with a focus on the largest US and Canadian regions (4 ‘hydro zones’) and the main enabler being DSD.

3. **Grow our ecommerce business.**

   Leverage the successful direct-to-consumer (DTC) subscription program, continuing to directly engage with our rapidly growing customer base.

2. **Expand into food service**.

   Generate broader consumer product trial alongside incremental revenue while responding to the increasing receptivity to sustainable packaging.

4. **Innovate and expand our product portfolio within our core and adjacent categories.**

   Continue our leadership in product innovation on behalf of our primary consumer, the “wellness woman”, meeting her needs across the functional beverage occasions her lifestyle demands and leveraging our growing retail and DTC channels.

5. **Build and amplify our brand.**

   Further establish Flow as the leading reference brand in the area of “better for you, better for the planet”, and continue to invest in Flow`s brand awareness via digital campaigns, social media and sporting event sponsorship.

Our Financial Model

Our financial model is based on a sustained top line growth, which will require continued investment in distribution, e-commerce, our brand and innovation. These investments will have short-term impact on our profitability. However, the top line growth, associated with healthy margins, will allow us to improve our profitability year-on-year and create significant value for our shareholders in the medium to long-term.

Company Outlook

The Company’s strategy is focused on the profitable growth of the Flow brand, which remains one of the fastest growing brands in the premium water category.[2]

We will continue to utilize co-packing opportunistically to optimize capacity and absorb fixed costs.

The Flow brand continues to benefit from favourable industry trends for premium, sustainable and enhanced water. In FY 2021, the velocity of sales performed particularly well.[1] This acceleration was due to increased brand awareness,

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[1] Source: Quads Trended Report, MULO + Natural Channel, Shelf Stable Water, Non-Carbonated. Data ending Dec 2021
Premium Water: ie. Flow, Just Water, Evian, Fiji, Essentia, Eternal, Smartwater, Hint, Icelandic, Voss, VitaminWater etc. Sustainable Packaging includes: Carton, Box, Can, Glass
Functional Water: ie. Flow, Essentia, Alkaline88, Smartwater, Propel, Cloud Water, Karma, Celsius, VitaminWater, Blk, B-Better, Eternal, etc.
[2] US SPINS MULO, Natural Channel Shelf-stable Non-Carbonated Water. Nielsen CA, Food Drug Mass, and Convenience & Gas Channel, Brand and Item Report. 52 Weeks Ending December 2021 (US MULO + Natural); 52 Weeks Ending December 2021 (CA FDM + C&G).

successful activation programs and the distribution of multi-serve SKUs. Flow also benefited from increasing its points of distribution to over 24,600 locations. As a result, the Company is increasing its net revenue target for Flow branded products in FY 2022 to 45% - 55%, from 35% - 45% previously.

Concurrently, EBITDA losses are expected to decrease by 45% - 50% in FY 2022 as compared to FY 2021 as the Company generates increased gross profit from higher net revenue, and maintains its disciplined approach to cost management.

The Company is also prioritizing asset optimization. This includes both improving its working capital position and significantly reducing capital expenditures.

Financial Highlights

Q4 2021 Highlights:

Select financial highlights include the following:

• Net revenue increased by 74%, or $4.4 million, to $10.4 million, compared to $6 million in Q4 2020.

• Gross profit increased by 773%, or $1.9 million, to $2.1 million, compared to $0.2 million in Q4 2020.

• Gross margin increased by 17% to 21% of revenue, compared to 4% in Q4 2020.

• Net loss increased by 17%, or $2.2 million, to $14.8 million, compared to a loss of $12.6 million in Q4 2020.

• Adjusted EBITDA loss increased by 45%, or $2.4 million, to $7.9 million, compared to $5.5 million in Q4 2020.

• Adjusted net loss increased by 26%, or $2.2 million, to $10.7 million, compared to $8.5 million in Q4 2020.

Year-to-Date Highlights:

• Net revenue increased by 86%, or $19.7 million, to $42.7 million for the period ended October 31, 2021, compared to $23 million for the period ended October 31, 2020.

• Gross profit increased by 776%, or $10.0 million, to $11.3 million for the period ended October 31, 2021, compared to $1.3 million for the period ended October 31, 2020.

• Gross margin increased by 20% to 26% of revenue for the period ended October 31, 2021, compared to 6% for the period ended October 31, 2020.

• Net loss increased by 29%, or $14.2 million, to $62.2 million for the period ended October 31, 2021, compared to $48.1 million for the period ended October 31, 2020.

• Adjusted EBITDA loss decreased by 1%, or $0.3 million, to $27 million for the period ended October 31, 2021, compared to $27.3 million for the period ended October 31, 2020.

• Adjusted net loss decreased by 2%, or $0.9 million, to $37.1 million for the period ended October 31, 2021, compared to $38.0 million for the period ended October 31, 2020.

In Canadian Dollars	Three-month periods ended				Twelve-month periods ended			
	October 31, 2021		October 31, 2020		October 31, 2021		October 31, 2020	
	$	% of Revenue	$	% of Revenue	$	% of Revenue	$	% of Revenue
Net revenue	10,371,339	100%	5,955,474	100%	42,697,547	100%	22,962,308	100%
Cost of revenue	8,225,593	79%	5,709,575	96%	31,390,486	74%	21,671,279	94%
Gross profit	2,145,746	21%	245,899	4%	11,307,061	26%	1,291,029	6%
Operating expenses								
Sales and marketing	2,678,693	26%	1,568,309	26%	9,910,992	23%	5,306,210	23%
General and administrative	4,639,547	45%	2,920,571	49%	15,700,421	37%	16,128,324	70%
Salaries and benefits	3,984,031	38%	2,171,359	36%	15,624,183	37%	9,728,546	42%
Amortization and depreciation	478,743	5%	519,451	9%	1,962,881	5%	2,077,905	9%
Share-based compensation	2,575,035	25%	3,116,279	52%	18,290,947	43%	7,570,596	33%
	14,356,049	138%	10,295,969	173%	61,489,424	144%	40,811,581	178%
Loss before the following	(12,210,303)	-118%	(10,050,070)	-169%	(50,182,363)	-118%	(39,520,552)	-172%
Other income	(7,031)	0%	(455,704)	-8%	(87,829)	0%	(685,750)	-3%
Finance expense, net	2,195,475	21%	1,925,550	32%	6,267,941	15%	6,738,718	29%
Foreign exchange loss (gain)	(89,488)	-1%	93,335	2%	508,411	1%	(16,698)	0%
Reverse take-over costs	190,000	2%	—	0%	2,588,786	6%	—	0%
Restructuring and other costs	278,500	3%	969,262	16%	2,793,793	7%	2,592,525	11%
Loss before income taxes	(14,777,759)	-142%	(12,582,513)	-211%	(62,253,465)	-146%	(48,149,347)	-210%
Income tax expense	—	0%	—	0%	—	0%	—	0%
Net loss for the period	(14,777,759)	-142%	(12,582,513)	-211%	(62,253,465)	-146%	(48,149,347)	-210%
EBITDA loss[1]	(10,988,586)	-106%	(9,570,661)	-161%	(50,711,485)	-119%	(37,483,623)	-163%
Adjusted EBITDA loss[1]	(7,945,051)	-77%	(5,485,120)	-92%	(27,037,959)	-63%	(27,320,502)	-119%
Adjusted net loss[1]	(10,699,882)	-103%	(8,496,972)	-143%	(37,118,097)	-87%	(37,986,226)	-165%
Loss per share - basic and diluted	$ (0.28)		$ (0.35)		$ (1.40)		$ (1.48)	
Weighted average number of common shares outstanding - basic and diluted	53,405,707		35,621,369		44,518,162		32,611,304	
Total Assets	132,901,074		89,913,165					
Non-Current Liabilities	25,562,424		46,234,537					

Note:

(1) See “Non-IFRS Measures”.

Non-IFRS Measures

The following tables provide a reconciliation of consolidated net loss to EBITDA loss, adjusted EBITDA loss and adjusted net loss for the three and twelve-month periods ended October 31, 2021 and October 31, 2020:

In Canadian dollars	Three-month periods ended		Twelve-month periods ended	
	October 31, 2021	October 31, 2020	October 31, 2021	October 31, 2020
Consolidated net loss:	(14,777,759)	(12,582,513)	(62,253,465)	(48,149,347)
Income tax expense	—	—	—	—
Finance expense, net	2,195,475	1,925,550	6,267,941	6,738,718
Amortization and depreciation	1,593,698	1,086,302	5,274,039	3,927,006
EBITDA loss	(10,988,586)	(9,570,661)	(50,711,485)	(37,483,623)
Restructuring and other costs	278,500	969,262	2,793,793	2,592,525
Share-based compensation	2,575,035	3,116,279	18,290,947	7,570,596
Reverse take-over costs	190,000	—	2,588,786	—
Adjusted EBITDA loss	(7,945,051)	(5,485,120)	(27,037,959)	(27,320,502)

In Canadian dollars	Three-month periods ended		Twelve-month periods ended	
	October 31, 2021	October 31, 2020	October 31, 2021	October 31, 2020
Consolidated net loss:	(14,777,759)	(12,582,513)	(62,253,465)	(48,149,347)
Restructuring and other costs	278,500	969,262	2,793,793	2,592,525
One-time debt settlement costs	1,034,342	—	1,461,842	—
Share-based compensation	2,575,035	3,116,279	18,290,947	7,570,596
Reverse take-over costs	190,000	—	2,588,786	—
Adjusted net loss	(10,699,882)	(8,496,972)	(37,118,097)	(37,986,226)

Selected Quarterly Information

The following table presents selected quarterly financial information for the last eight fiscal quarters:

In Canadian Dollars	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
	$	$	$	$	$	$	$	$
Net revenue	10,371,339	12,015,514	11,289,680	9,021,014	5,955,474	6,706,141	6,489,020	3,811,673
Gross profit	2,145,746	2,636,211	3,970,561	2,554,543	245,899	140,514	1,724,762	(820,146)
Net loss	(14,777,759)	(15,604,758)	(19,292,469)	(12,578,479)	(12,582,513)	(14,899,140)	(9,065,813)	(11,601,881)
Loss per share - basic and diluted	$ (0.28)	$ (0.35)	$ (0.48)	$ (0.32)	$ (0.35)	$ (0.44)	$ (0.29)	$ (0.40)

Summary of Factors Affecting Performance

COVID-19

Since the outbreak of COVID-19 and the resulting emergency measures put in place by federal, provincial, state and local governments across North America and internationally, we have seen, and expect to continue to see, a disruption of many of the factors affecting our operations and performance. COVID-19 has resulted in governments worldwide enacting various emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, border shutdowns between Canada and the United States, self-imposed quarantine periods, closing of non-essential businesses, social distancing and the cancellation of gatherings and events, have impacted our operations, our suppliers and our customers. While the Company has experienced the impact of the COVID-19 outbreak on its operations, it continued to operate steadily during the current pandemic, as it is considered an essential service in Canada. The continued effect of such emergency measures, will depend on future developments, including the duration of COVID-19, which are uncertain and cannot be predicted.

We generally believe that our performance and future success depend on a number of factors that present significant opportunities for us. These factors are also subject to a number of inherent risks and challenges, some of which are discussed below and in the "Risk Factors" sections of this MD&A and the Company's AIF, which is available on SEDAR at www.sedar.com.

Foreign Exchange

Our financial statements are presented in Canadian dollars, which is the functional currency of the Company and the presentation currency for the consolidated financial statements. As we continue to execute on our omni-channel distribution strategy and expanded co-packing operations in the US, a larger portion of our revenue and cost of goods sold are derived in U.S. dollars. A significant portion of our revenue and cost of goods sold continue to be derived in Canadian dollars as a result of our continued growth and market penetration. We do not hedge our exchange rate exposure through financial instruments. As we continue to expand our footprint in North America, we will assess our currency exposure and take further steps as may be required to proactively manage this exposure.

Seasonality

The beverage industry is generally subject to seasonal demand fluctuations as consumers increase their consumption during the summer months, which is further impacted by weather during the spring, summer, and fall. Seasonality can have an impact on our net revenue and the comparison year-on year.

Results of Operations

Net revenue

Net revenue increased by 74%, or $4.4 million, to $10.4 million, compared to $6 million in Q4 2020. The increase is primarily related to an increase in gross revenue of $4.8 million, offset by an increase in discounts and trade spend of $0.4 million. The increase in gross revenue is primarily related to an increase in co-packing services of $3.6 million as well as an increase in Flow's retail and e-commerce revenue of $2.6 million, offset by a reduction in barter revenue of $1.4 million.

Net revenue increased by 86%, or $19.7 million, to $42.7 million for the year ended October 31, 2021, compared to $23 million for the year ended October 31, 2020. The increase is primarily related to an increase in gross revenue of $20.6 million, offset by an increase in discounts and trade spend of $0.9 million. The increase in gross revenue is primarily related to an increase in co-packing services of $18.6 million as well as with an increase in Flow's retail and e-commerce revenue of $7.7 million, offset by a reduction in barter revenue of $5.7 million.

Cost of revenue

Cost of revenue increased by 44%, or $2.5 million, to $8.2 million, compared to $5.7 million in Q4 2020. The increase in cost of revenue compared to comparable periods is driven by increased sales volumes, offset by associated savings from efficiencies generated from utilizing more of the plants in both Canada and the US when compared to same quarter in the prior year. These efficiencies were offset partially by increased logistics costs during the quarter related to fulfilling certain contacts as part of re-openings associated with COVD-19. Cost of revenue as a percentage of revenue decreased 17%, to 79%, compared to 96% in Q4 2020.

Cost of revenue increased by 45%, or $9.7 million, to $31.4 million for the year ended October 31, 2021, compared to $21.7 million for the year ended October 31, 2020. Cost of revenue as a percentage of revenue decreased 20%, to 74% for the year ended October 31, 2021, compared to 94% for the year ended October 31, 2020.

Gross profit

Gross profit increased by 773%, or $1.9 million, to $2.1 million, compared to $0.2 million in Q4 2020. Gross margin increased by 17% to 21% of revenue, compared to 4% in Q4 2020. The improvements in gross margin are being driven by increased utilization of the installed lines and increased efficiency on production run by production run basis. In addition, the input costs of raw materials and packaging have been consistent period over period on a per unit basis. These improvements have been offset by increased costs to serve from higher logistics costs.

Gross profit increased by 776%, or $10.0 million, to $11.3 million for the year ended October 31, 2021, compared to $1.3 million for the year ended October 31, 2020. Gross margin increased by 20% to 26% of revenue for the year ended October 31, 2021, compared to 6% for the year ended October 31, 2020. The improvements in gross margin are driven by the increase in co-packing sales at stable margins paired with the improved efficiency on a production run by run basis and increased utilization of the installed lines.

Sales and marketing

Sales and marketing expense increased by 71%, or $1.1 million, to $2.7 million, compared to $1.6 million in Q4 2020. The increase was primarily due to increased trade marketing associated with major retail listings that were not present in Q4 2020. Sales and marketing expense as a percentage of revenue remained consistent at 26% for both Q4 2021 and Q4 2020.

Sales and marketing expense increased by 87%, or $4.6 million, to $9.9 million for the year ended October 31, 2021, compared to $5.3 million for the year ended October 31, 2020. The increase was primarily due to our celebrity campaign during fiscal 2021 and increased trade marketing to support the launch of retailers during the year. Sales and marketing expense as a percentage of revenue remained consistent at 23% for both the year ended October 31, 2021 and October 31, 2020.

General and administrative

General and administrative expense increased by 59%, or $1.7 million, to $4.6 million, compared to $2.9 million in Q4 2020. The increase is related to increased post go-public administrative costs of $1.2 million (accounting, professional services, licenses and insurance) combined with an increase in facility related and brokerage costs of $0.5 million related to increased sales and growth. General and administrative expense as a percentage of revenue decreased 4%, to 45%, compared to 49% in Q4 2020.

General and administrative expense decreased by 3%, or $0.4 million, to $15.7 million for the year ended October 31, 2021, compared to $16.1 million for the year ended October 31, 2020. The decrease is related to significant reductions in warehousing and logistics costs during the year offset by the post go-public administrative costs. General and administrative expense as a percentage of revenue decreased 33%, to 37% for the year ended October 31, 2021, compared to 70% for the year ended October 31, 2020.

Salaries and benefits

Salaries and benefits increased by 83%, or $1.8 million, to $4.0 million, compared to $2.2 million in Q4 2020. The increase is primarily related to an increase in sales and production employees in line with the overall growth in net sales and production, as well as the increase in corporate employees and Board fees related to Flow becoming a public company in fiscal 2021. Salaries and benefits expense as a percentage of revenue increased 2%, to 38%, compared to 36% in Q4 2020.

Salaries and benefits increased by 61%, or $5.9 million, to $15.6 million for the year ended October 31, 2021, compared to $9.7 million for the year ended October 31, 2020. The increase is primarily related to the factors noted above. Salaries and benefits expense as a percentage of revenue decreased 5%, to 37% for the year ended October 31, 2021, compared to 42% for the year ended October 31, 2020.

Amortization and depreciation

Amortization and depreciation expense was consistent at $0.5 million in both Q4 2021 and Q4 2020. Two additional productions lines were added during the Q4 2021 however these costs are allocated in cost of sales.

Amortization and depreciation decreased by 6%, or $0.1 million, to $2.0 million for the year ended October 31, 2021, compared to $2.1 million for the year ended October 31, 2020.

Share-based compensation

Share-based compensation expense decreased by 17%, or $0.5 million, to $2.5 million, compared to $3.1 million in Q4 2020. The decrease was primarily due to share-based compensation for stock options and shares for employment, endorsement and advisory services decreasing $2.7 million, offset by an increase of $2.2 million in relation to the RSU program that was introduced in fiscal 2021. Share based compensation expense as a percentage of revenue decreased 27%, to 25%, compared to 52% in Q4 2020.

Share-based compensation expense increased by 142%, or $10.7 million, to $18.3 million for the year ended October 31, 2021, compared to $7.6 million for the year ended October 31, 2020. The increase was primarily due to share-based compensation of $12.0 million related to the RSU program introduced in fiscal 2021, offset by a decrease of $1.3 million of share-based compensation related to stock options and shares for employment, endorsement and advisory services. Share-based compensation expense as a percentage of revenue increased 10%, to 43% for the year ended October 31, 2021, compared to 33% for the year ended October 31, 2020.

Finance expense

Finance expense increased by 14%, or $0.3 million, to $2.2 million, compared to $1.9 million in Q4 2020.This is primarily related to a $1.0 million loss on lease modification related to a lease buyout in the quarter, as shown with the total lease obligations reduction of $4.0 million. This is offset by a decrease in ordinary finance expense for total borrowings, lease obligations and convertible debentures of $0.7 million given the lease obligation reduction, a decrease in total borrowings of $4.7 million and a decrease in total convertible debentures of $6.1 million at the end of the respective periods.

Finance expense decreased by 7%, or $0.5 million, to $6.3 million for the year ended October 31, 2021, compared to $6.7 million for the year ended October 31, 2020. The decrease is primarily related to the overall reduction in debt balances over the years, offset by the lease modification noted above of $1.0 million as well as $0.9 million related to the loss on settlement and termination fee for the convertible debentures.

Foreign exchange loss (gain)

Foreign exchange gain was consistent at $0.1 million in both Q4 2021 and Q4 2020.

Foreign exchange loss was $0.5 million for the year ended October 31, 2021, compared to $nil for the year ended October 31, 2020, due to fluctuations in the exchange rates of our functional currency relative to various source currencies, primarily the United States dollar, during the year.

Restructuring and other costs

Restructuring and other costs decreased by 71%, or $0.7 million, to $0.3 million, compared to $1.0 million in Q4 2020. The prior period balance is comprised entirely of asset write offs in relation to the termination of a beverage production and licensing agreement in Canada. The current quarter reflects costs related to restructuring the management team of the Company.

Restructuring and other costs increased by 8%, or $0.2 million, to $2.8 million for the year ended October 31, 2021, compared to $2.6 million for the year ended October 31, 2020. The prior year balance of $2.6 million is comprised entirely of termination fees of $1.2 million and asset write offs of $1.4 million in relation to the termination of a beverage production and licensing deal in Canada. The current year balance is comprised of $2.5 million for the termination of a distributor as well as $0.3 million for restructuring the management team of the Company.

Net loss

Net loss increased by 17%, or $2.2 million, to $14.8 million, compared to a loss of $12.6 million in Q4 2020.

Net loss increased by 29%, or $14.2 million, to $62.2 million for the year ended October 31, 2021, compared to $48.1 million for the year ended October 31, 2020.

EBITDA loss

EBITDA loss increased by 15%, or $1.4 million, to $11.0 million, compared to $9.6 million in Q4 2020.

EBITDA loss increased by 35%, or $13.2 million, to $50.7 million for the year ended October 31, 2021, compared to $37.5 million for the year ended October 31, 2020.

Adjusted EBITDA loss (see "Non-IFRS Measures")

Adjusted EBITDA loss increased by 45%, or $2.4 million, to $7.9 million, compared to $5.5 million in Q4 2020.

Adjusted EBITDA loss decreased by 1%, or $0.3 million, to $27 million for the year ended October 31, 2021, compared to $27.3 million for the year ended October 31, 2020.

Adjusted net loss (see "Non-IFRS Measures")

Adjusted net loss increased by 26%, or $2.2 million, to $10.7 million, compared to $8.5 million in Q4 2020.

Adjusted net loss decreased by 2%, or $0.9 million, to $37.1 million for the year ended October 31, 2021, compared to $38 million for the year ended October 31, 2020.

Liquidity and Capital Resources

Overview

Our principal uses of funds are for operating expenses, sales and marketing, capital expenditures, finance costs and debt service requirements. We believe that cash generated from our operations, together with amounts raised through the non-brokered and brokered private placements, will be sufficient to support our 12-month operating expenses, capital expenditures, and future debt service requirements. In addition, we believe that our capital structure provides us with significant financial flexibility to pursue our future growth strategies. However, our ability to fund operating expenses, capital expenditures, future debt service requirements and dividends will depend on, among other things, our future operating performance, which will be affected by general economic, financial and other factors, including factors beyond our control. See "Risk Factors" as well as the "Summary of Factors Affecting Performance" in this MD&A for additional information. We review acquisition and investment opportunities in the normal course of our business and may make select acquisitions and investments to implement our business strategy when suitable opportunities arise.

Cash Flows

The following table presents our cash flows for the year ended October 31, 2021 and October 31, 2020:

In Canadian dollars	**October 31, 2021**	**October 31, 2020**
Cash flow used in operating activities	(27,887,606)	(33,447,933)
Cash flow used in investing activities	(8,005,095)	(4,955,305)
Cash flow from financing activities	69,215,018	54,622,084
Net change in cash during the period	33,322,317	16,218,846
Cash, beginning of the period	18,244,638	2,025,792
Cash, end of the period	51,566,955	18,244,638

Cash flow from operating activities

Cash flow used in operating activities decreased by 17%, or $5.5 million, to negative $27.9 million, compared to negative $33.4 million in fiscal 2020. The decrease in fiscal 2021 is primarily related to related to the large change in Flow's working capital balances. Flow has a favourable variance in the current year when compared to the prior year shown by the decrease in the prepaid expense balance driven by trade credit utilization, an increase in trade and other payable balances in the current year not related to share capital, offset by the increase in trade and other receivables.

Cash flow from investing activities

Cash flow used in investing activities increased by 62%, or $3.0 million, to negative $8 million, compared to negative $5 million in 2020. The decrease is primarily due to an increase in purchases of equipment, which primarily relate to the two new additional Tetra Pak lines in Verona, VA.

Cash flow from financing activities

Cash flow from financing activities increased by 27%, or $14.6 million, to $69.2 million, compared to $54.6 million in 2020. The increase is primarily related to $40.6 million of additional proceeds in the current year related to issuances of shares, and the exercise of stock options and warrants. This is offset by $14.2 million of additional repayments in borrowings, lease obligations, and convertible debt in the current year as compared to the previous year. In addition, the previous year included $12.1 million of additional proceeds from borrowings compared to the current year. This is slightly offset by a $0.3 million repayment for a shareholder loan in the prior year that did not exist in the current year.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements that have or are reasonably likely to have a current or future material effect on our financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

Provisions

Provisions are recognized when the Company has a present obligation [legal or constructive] [a] as a result of a past event; [b] when it is more probable than not an outflow of resources embodying economic benefits will be required to settle the obligation; and [c] when a reliable estimate can be made of the amount of the obligation.

Current Share Information

As of the date hereof, the Company had 6,214,566 Multiple Voting Shares and 47,573,359 Subordinate Voting Shares issued and outstanding. As of the date hereof, an aggregate of 3,164,827 options to acquire common shares are outstanding, an aggregate of 7,575,658 warrants to acquire common shares are outstanding, and an aggregate of 1,792,790 restricted share units representing the right to receive common shares in accordance with the terms of our long-term incentive plan.

Critical Accounting Judgments and Estimates

Please see the Company's audited consolidated financial statements for the year ended October 31, 2021 for a discussion of the accounting policies and estimates that are critical to the understanding of the Company's business operations and the results of its operations.

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.

Fair Values

The carrying values of cash, trade and other receivables, trade and other payables and borrowings approximate fair values due to the short-term nature of these items or being carried at fair value or, for borrowings, interest payables are close to the current market rates. The risk of material change in fair value is not considered to be significant. The Company does not use derivative financial instruments to manage this risk.

Financial instruments recorded at fair value on the consolidated statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The Company categorizes its fair value measurements according to a three-level hierarchy. The hierarchy prioritizes the inputs used by the Company's valuation techniques. A level is assigned to each fair value measurement based on the lowest-level input significant to the fair value measurement in its entirety. The three levels of the fair value hierarchy are defined as follows:

- Level 1 – Unadjusted quoted prices as at the measurement date for identical assets or liabilities in active markets.
- Level 2 – Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3 – Significant unobservable inputs that are supported by little or no market activity. The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value. During the year, there were no transfers of amounts between levels.

Fair value of stock options is determined using the Black-Scholes option-pricing model. Inputs to the model are subject to various estimates related to volatility, interest rates, dividend yields and expected life of the stock options issued. Fair value inputs are subject to market factors, as well as internal estimates.

Significant New Accounting Standards Not Yet Adopted

- IAS 1, *Presentation of financial statements* ("IAS 1")

  In January 2020, the IASB issued Classification of Liabilities as Current or Non-current (Amendments to IAS 1). The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the consolidated statements of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or noncurrent.

  The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity. The amendments are effective for annual reporting periods beginning on or after January 1, 2022, with earlier application permitted. In July 2020, the effective date was deferred to January 1, 2023. The Company is assessing potential impact of these changes.

- IAS 37, *Provisions, Contingent Liabilities and Contingent Assets* ["IAS 37"]

  In May 2020, the IASB issued Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37). The amendments specifies that the cost of fulfilling a contract comprises the costs that relate directly to the contract and can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022, with earlier application permitted. The Company is still assessing the impact of adopting these amendments on its financial statements.

- IAS 16, *Property, Plant and Equipment* ["IAS 16"]

  In May 2020, the IASB issued Property, Plant and Equipment – Proceeds before Intended Use (Amendments to IAS 16). The amendment prohibits deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022, with earlier application permitted. The Company is still assessing the impact of adopting these amendments on its financial statements.

- IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors ["IAS 8"]

  In February 2021, the IASB issued Definition of Accounting Estimates, which amends IAS 8. The amendment replaces the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The amendment provides clarification to help entities to distinguish between

accounting policies and accounting estimates. The amendments are effective for annual periods beginning on or after 1 January 2023. The Company is still assessing the impact of adopting these amendments on its financial statements.

- IAS 12, Income Taxes ["IAS 12"]

  In May 2021, the IASB issued Deferred Tax related to Assets and Liabilities arising from a single transaction (Amendments to IAS 12). The amendment narrows the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offset temporary differences. As a result, companies will need to recognize a deferred tax asset and deferred tax liability for temporary differences arising on initial recognition of transactions such as leases and decommissioning obligations.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and are to be applied retrospectively. The Company is still assessing the impact of adopting these amendments on its financial statements.

- IFRS 9, Financial Instruments ["IFRS 9"]

  As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Company is still assessing the impact of adopting these amendments on its financial statements.

Risk Factors

For a detailed description of risk factors associated with the Company, refer to the "Risk Factors" section of the Company's AIF, which is available on SEDAR at www.sedar.com.

Financial Instruments

In addition, we are exposed to a variety of financial risks in the normal course of operations including credit, market, interest rate, foreign currency and liquidity risk. Our overall risk management program and business practices seek to minimize any potential adverse effects on our consolidated financial performance.

The Board, in conjunction with management, is responsible for risk management and the identification of the principal risks of the Company's business and oversight of management's implementation of appropriate systems to effectively monitor, manage and mitigate the impact of such risks. This includes identifying, evaluating and hedging financial risks based on the requirements of our organization. Our Board provides guidance for overall risk management, covering many areas of risk including but not limited to foreign exchange risks, interest rate risks, credit risks and liquidity risks. As part of assessing and implementing appropriate policies and procedure to address specified risks, the Board may delegate financial and related risk management to the Audit Committee.

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from deposits with banks and outstanding receivables. The Company trades only with recognized, creditworthy third parties. The Company assesses the credit worthiness of customers who wish to trade on credit terms.

The Company does not hold any collateral as security but mitigates this risk by dealing only with what management believes to be financially sound counterparties and, accordingly, does not anticipate significant loss for non-performance.

Credit loss impairment is determined based upon review of specific accounts as the Company does not have significant historical uncollectable receivables.

Interest Rate Risk

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk as at October 31, 2021 as there are no material long-term borrowings outstanding subject to variable interest rates.

Foreign Currency Risk

Foreign currency risk arises on financial instruments that are denominated in a currency other than the functional currency in which they are measured. The Company's primary exposure with respect to foreign currencies is from United States dollar and UK pound denominated cash, trade and other receivables and trade and other payables in entities whose functional currency is other than the currency in which these financial instruments are denominated in.

A change of 1% in foreign currency exchange rates would not have a significant impact on the results of operations. Fluctuations in foreign exchange rates could cause unanticipated fluctuations in the Company's operating results.

Liquidity Risk

Liquidity risk is the risk the Company will not be able to meet its financial obligations as they come due. The Company's exposure to liquidity risk is dependent on the Company's ability to raise additional financing to meet its commitments and sustain operations. The Company mitigates liquidity risk by management of working capital, cash flows, the issuance of share capital and if desired, the issuance of debt. The Company's trade and other payables are all due within twelve months from the date of these consolidated financial statements.

If unanticipated events occur that impact the Company's ability to meet its forecast and continue to fund customer acquisition cost, research and development, and administrative requirements, the Company may need to take additional measures to increase its liquidity and capital resources, including obtaining additional debt or equity financing or strategically altering the business forecast and plan. In this case, there is no guarantee that the Company will obtain satisfactory financing terms or adequate financing. Failure to obtain adequate financing on satisfactory terms could have a material adverse effect on the Company's results of operations or financial condition.

Management of Capital

The Company has implemented various capital policies, procedures and processes that are utilized to achieve its capital management objectives. These include optimizing the cost of capital and maximizing shareholder return while balancing the interests of stakeholders. The Company's capital is composed of share capital and borrowings, which assist in financing (i) acquisitions and/or (ii) working capital requirements. The Company's primary uses of capital are financing its operations, acquisitions of production capability, and fixed assets to support our vertically integrated growth strategy. The Company currently funds these requirements from cash raised through past share issuances, convertible debt, other credit facilities, and funds from operations. The Company's objectives when managing capital are to ensure that the Company will continue to have enough liquidity so it can provide services to its customers and increase shareholder value.

Subsequent Events

On November 9, 2021, the Company received $813,115 USD of financing from Tetra Pak Inc. in the form of 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% and has a maturity date of September 1, 2024.

As at October 31, 2021, the Company has a principal has $9,476,000 million of unsecured debentures maturing on February 28, 2022 (the "2020 Debt Round"). Flow has received the consent of holders representing over 75% of the outstanding principal amount and unpaid interest payments of the 2020 Debt Round to, among other things, amend the maturity date to February 29, 2024. The amendment of the 2020 Debt Round is subject to the approval of The Toronto Stock Exchange and the Corporation has applied to The Toronto Stock Exchange seeking such approval on January 27, 2022. If approved, Flow intends to extend the maturity date of all of the 2020 Debt Round to February 29, 2024.

Disclosure Controls and Procedures and Internal Control Over Financial Reporting

In accordance with National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings, the Company has filed certificates signed by the Chief Executive Officer and the Chief Financial Officer ("Certifying Officers") that, among other things, report on the design and operating effectiveness of disclosure controls and procedures ("DC&P") and the design and operating effectiveness of internal control over financial reporting ("ICFR").

Disclosure Controls and Procedures ("DC&P")

The Company has designed DC&P to provide reasonable assurance that material information relating to the Company is made known to the Certifying Officers, and that information required to be disclosed to satisfy the Company's continuous disclosure obligations is recorded, processed, summarized, and reported within the time periods specified by applicable Canadian securities legislation. Management, under the supervision of the Certifying Officers, has evaluated the effectiveness of the DC&P and based on that evaluation, the Certifying Officers have concluded that the DC&P were effective as at October 31, 2021.

Internal Controls Over Financial Reporting ("ICFR")

The Certifying Officers have designed ICFR or have caused them to be designed under their supervision, in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. In designing and evaluating internal controls, it should be recognized that due to inherent limitations, any controls, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives and may not prevent or detect misstatements.

The control framework used to design the Company's ICFR is based on the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) on Internal Control – Integrated Framework (2013 framework).

Management, under the supervision of the Certifying Officers, has evaluated the effectiveness of ICFR and based on that evaluation, the Certifying Officers have concluded that the Company's ICFR was effective as at October 31, 2021.

There were no changes to the Company's ICFR for the period beginning on August 1, 2021 and ended October 31, 2021, that have materially affected, or are reasonably likely to materially affect, the Company's ICFR.

Additional Information

Additional information relating to the Company, including the Company's AIF is available on SEDAR at www.sedar.com.