Condensed consolidated interim financial statements of

Flow Beverage Corp.

For the three months ended January 31, 2024 and 2023
(unaudited) (expressed in Canadian dollars)

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

As at	Notes	**January 31, 2024 $**	October 31, 2023 $
ASSETS			
Current assets			
Cash		**7,259,192**	6,494,733
Trade and other receivables	4	**12,501,462**	11,674,289
Inventories	5	**10,526,326**	12,464,993
Prepaid expenses and deposits		**2,408,709**	3,387,507
		32,695,689	34,021,522
Assets held for sale	3	—	14,584,263
Non-current assets			
Right-of-use assets, net	6	**14,008,073**	116,637
Property and equipment, net	7	**10,179,266**	5,716,706
Intangible assets, net		**459,877**	496,419
TOTAL ASSETS		**57,342,905**	54,935,547
LIABILITIES			
Current liabilities			
Trade and other payables		**26,273,681**	23,746,927
Deferred revenue		**435,841**	367,189
Lease obligations	6	**3,326,144**	136,784
Borrowings	8	**3,148,132**	1,800,373
Other current liabilities		—	432,112
		33,183,798	26,483,385
Liabilities directly associated with assets held for sale	3	—	6,584,901
Non-current liabilities			
Lease obligations	6	**7,430,689**	—
Borrowings	8	**30,995,844**	27,482,240
Other non-current liabilities		**121,341**	96,093
		71,731,672	60,646,619
SHAREHOLDERS' EQUITY			
Share capital	9	**103,927,958**	100,397,703
Warrants	10	**2,464,754**	1,803,990
Contributed surplus	11	**180,673,631**	179,131,835
Foreign currency translation reserve		**1,045,442**	91,133
Deficit		**(302,500,552)**	(287,135,733)
		(14,388,767)	(5,711,072)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**57,342,905**	54,935,547
Contingencies	14		
Subsequent events	17		

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

Signed "Nicholas Reichenbach", Director *Signed "Stephen A. Smith", Director*

Flow Beverage Corp.

Condensed consolidated interim statements of loss and comprehensive loss

(unaudited) (expressed in Canadian dollars, except number of shares)

For the three-month period ended January 31,	Notes	**2024** $	2023 $
Net revenue	13	**8,267,809**	9,851,465
Cost of revenue		**9,525,328**	6,931,906
Gross profit		**(1,257,519)**	2,919,559
Operating expenses			
Sales and marketing		**1,316,981**	1,411,391
General and administrative		**4,882,396**	4,080,215
Salaries and benefits		**2,303,170**	3,364,240
Amortization and depreciation	6, 7	**1,795,209**	298,434
Share-based compensation	11	**1,541,796**	256,049
		11,839,552	9,410,329
Loss before the following		**(13,097,071)**	(6,490,770)
Other expenses, net		**(46,258)**	27,890
Finance expense, net	8, 16	**2,674,535**	390,112
Foreign exchange loss		**93,431**	238,349
Restructuring and other costs		**97,101**	551,227
Loss on option revaluation		**25,248**	—
Gain on debt modification and other		**(576,309)**	—
Net loss for the period		**(15,364,819)**	(7,698,348)
Other comprehensive income (loss)			
Exchange gain (loss) on translation of foreign operations		**954,309**	(264,626)
Comprehensive loss for the period		**(14,410,510)**	(7,962,974)
Loss per share – basic and diluted	12	**$ (0.27)**	$ (0.14)
Weighted average number of shares outstanding – basic and diluted	12	**57,446,119**	55,288,027

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 three-month period ended January 31, 2024 and 2023
(unaudited) (expressed in Canadian dollars, except number of shares)

	Share capital		Warrants	Contributed surplus	Foreign currency translation reserve	Deficit	Total
	#	$	$	$	$	$	$
Balance as at October 31, 2022	54,812,594	95,186,901	11,397,285	171,812,817	(1,139,305)	(244,161,537)	33,096,161
Warrants expired (Note 10)	—	—	(106,411)	106,411	—	—	—
Warrants issued (Note 10)	—	—	635,606	—	—	—	635,606
Share issuance on RSU release (Note 11)	203,400	1,404,389	—	(1,404,389)	—	—	—
Share issuance on DSU release (Note 11)	524,094	279,163	—	(279,163)	—	—	—
Share-based compensation (Note 11)	—	—	—	256,049	—	—	256,049
Comprehensive loss	—	—	—	—	(264,626)	(7,698,348)	(7,962,974)
Balance as at January 31, 2023	**55,540,088**	**96,870,453**	**11,926,480**	**170,491,725**	**(1,403,931)**	**(251,859,885)**	**26,024,842**
Balance as at October 31, 2023	57,051,539	100,397,703	1,803,990	179,131,835	91,133	(287,135,733)	(5,711,072)
Share issuance – Tranche 1 (Note 11)	6,473,000	1,800,871	—	—	—	—	1,800,871
Share issuance – Tranche 2 (Note 11)		1,551,584					1,551,584
Shares issued for advisory agreements (Note 11)	617,711	177,800	—	—	—	—	177,800
Warrants issued (Note 10)	—	—	660,764	—	—	—	660,764
Share-based compensation (Note 11)	—	—	—	1,541,796	—	—	1,541,796
Comprehensive loss	—	—	—	—	954,309	(15,364,819)	(14,410,510)
Balance as at January 31, 2024	**64,142,250**	**103,927,958**	**2,464,754**	**180,673,631**	**1,045,442**	**(302,500,552)**	**(14,388,767)**

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 three-month period ended January 31,	**2024**	2023
	$	$
Net loss for the period	**(15,364,819)**	(7,698,348)
Adjustments to reconcile net loss to net cash used in operating activities		
Unrealized foreign exchange loss	**1,252,608**	325,959
Amortization and depreciation	**1,794,338**	301,996
Share-based compensation	**1,541,796**	256,049
Finance expense	**2,674,535**	390,112
Gain on sale of equipment	**36,380**	—
Other non-cash items	**(1,040,210)**	—
	(9,105,372)	(6,424,232)
Changes in non-cash working capital items:		
Trade and other receivables	**(943,997)**	4,164,385
Prepaid expenses	**948,677**	175,533
Inventories	**1,783,843**	208,484
Trade and other payables	**3,028,893**	(2,886,310)
Deferred revenue	**68,652**	—
Cash flows used in operating activities	**(4,219,304)**	(4,762,140)
Additions to intangible assets	**—**	(24,080)
Purchase of equipment	**(540,635)**	—
Proceeds from sale of equipment	**53,588**	—
Proceeds from sale of disposal group	**—**	15,554,572
Cash flows provided by investing activities	**(487,047)**	15,530,492
Proceeds from borrowings	**5,000,000**	13,837,178
Repayment of borrowings	**(1,151,576)**	(439,600)
Proceeds from issuance of common shares	**3,352,455**	—
Payment of lease obligations	**(1,730,069)**	(669,243)
Cash flows provided by financing activities	**5,470,810**	12,728,335
Net change in cash during the period	**764,459**	23,496,687
Cash, beginning of the period	**6,494,733**	2,281,521
Cash, end of the period	**7,259,192**	25,778,208

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

1 Nature of business

Flow Beverage Corp. (the “Company” or “Flow”), 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”).

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 (“IASB”) for annual financial statements. These Financial Statements should be read in conjunction with the annual consolidated financial statements for the year ended October 31, 2023, which have been prepared in accordance with IFRS. These Financial Statements are based on accounting policies as described in Note 3 of the 2023 annual consolidated financial statements, except for the adoptions of new standards effective November 1, 2023.

These Financial Statements were approved and authorized for issuance by the Board of Directors of the Company on March 15, 2024.

The Financial Statements include the accounts of the Company and its wholly owned subsidiaries as of January 31, 2024: Flow Water Inc. (Canada), Flow Beverages Inc. (US), 2446692 Ontario Limited (Canada), Flow Glow Beverages Inc. (Canada) and Flow Beverages (Switzerland) SA (Switzerland).

Going concern

The Company's Financial Statements were prepared on a going concern basis. The going concern basis assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. The Financial Statements do not include any adjustments to the amounts and classification of assets and liabilities that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

As at January 31, 2024, the Company has an accumulated deficit of $302.5 million and for the three-months ended January 31, 2024, a net loss of $15.4 million and cash flows used in operating activities of $4.2 million. Whether, and when, the Company can attain profitability and positive cash flows from operations is subject to material uncertainty. The application of the going concern assumption is dependent upon the Company’s ability to generate future profitable operations, obtaining financing and maintaining compliance with debt covenants. The Company will also seek to improve its results from operations and cash flows by prioritizing higher margin channels and reducing operating costs by streamlining its operations and support functions. The Company will need to raise additional capital to fund its planned operations and meet its obligations. While the Company has been successful in obtaining financing to date and believes it will be able to obtain sufficient funds in the future and ultimately achieve profitability and positive cash flows from operations, there can be no assurance that the Company will achieve profitability and be able to do so on terms favorable for the Company. The above events and conditions indicate there is a material uncertainty that may cast significant doubt on the Company’s ability to continue as a going concern.

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 as 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.

New standards, amendments and interpretations adopted by the Company

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 will require the disclosure of material accounting policy information rather than disclosing significant accounting policies and clarifies how to distinguish changes in accounting policies from changes in 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 January 1, 2023. The amendments did not have an impact on the 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 taxable and deductible 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 amendments did not have an impact on the Financial Statements.

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

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 non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.

The amendments are effective for annual periods beginning on or after January 1, 2024. The Company is still assessing the impact of adopting these amendments on its Financial Statements.

All other IFRS and amendments issued but not yet effective have been assessed by the Company and are not expected to have a material impact on the Financial Statements.

3 Assets held for sale

In April 2023, the Company made a strategic decision to pursue the sale of all of the Company's assets located at its Canadian facility in Aurora, Ontario (the "Aurora Disposal Group") to allow the Company to focus on pursuing growth of the Flow brand and to simplify its operating structure.

As at October 31, 2023, in accordance with IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*, the assets held for sale were assessed for impairment based on fair value less costs to sell. The fair value was measured using the proposed price at which the Company expects to sell the Aurora Disposal Group less estimates for the costs of disposal. The fair value less costs to sell was higher than the carrying value of the Aurora Disposal Group resulting in recognition of the resulting group at its carrying value.

On January 30, 2024, the Company determined that the divesture of the Aurora plant was no longer considered a necessity to deliver on the Company's strategic goals and made the decision not to pursue the sale of the assets located at its Canadian facility in Aurora.

(unaudited) (expressed in Canadian dollars, except share amounts)

Assets held for sale consisted of the following:

	January 31, 2024	October 31, 2023
	$	$
Prepaid expenses	**—**	150,661
Property and equipment	**—**	5,091,369
Right-of-use assets	**—**	9,342,233
	—	14,584,263

Liabilities directly associated with assets held for sale consisted of the following:

	January 31, 2024	October 31, 2023
	$	$
Lease obligations	**—**	6,584,901

The Company has recorded $1,715,230 within the statement of loss and comprehensive loss for the three-month period ended January 31, 2024, to recognize the amortization and depreciation that would have been recognized had the assets not been classified as held for sale.

4 Trade and other receivables

	January 31, 2024	October 31, 2023
	$	$
Trade receivables, net	**8,297,595**	8,443,745
Accrued and other receivables	**579,677**	683,994
Harmonized sales tax receivables	**3,624,190**	2,546,550
	12,501,462	11,674,289

5 Inventories

	January 31,2024	October 31,2023
	$	$
Finished goods	**7,123,131**	7,763,717
Raw materials	**3,454,181**	4,805,450
	10,577,312	12,569,167
Allowance	**(50,986)**	(104,174)
	10,526,326	12,464,993

During the three-month period ended January 31, 2024, the Company recognized an inventory provision of $605,430 (2023 – $nil).

(unaudited) (expressed in Canadian dollars, except share amounts)

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, 2022	9,155,263	6,665,029	1,196,386	637,253	17,653,931
Completed leases	—	—	(901,751)	(89,572)	(991,323)
Transfer to assets held for sale	(9,155,263)	(6,665,029)	—	—	(15,820,292)
Balance, October 31, 2023	—	—	294,635	547,681	842,316
Additions	5,623,219	—	—	—	5,623,219
Transfers out of assets held for sale	9,155,262	6,665,030	—	—	15,820,292
Balance, January 31, 2024	**14,778,481**	**6,665,030**	**294,635**	**547,681**	**22,285,827**
Accumulated amortization					
Balance, October 31, 2022	2,645,562	3,125,028	999,843	453,145	7,223,578
Completed leases	—	—	(901,751)	(89,572)	(991,323)
Amortization	341,249	366,220	152,493	111,521	971,483
Transfer to assets held for sale	(2,986,811)	(3,491,248)	—	—	(6,478,059)
Balance, October 31, 2023	—	—	250,585	475,094	725,679
Amortization	591,548	440,031	14,844	27,592	1,074,015
Transfers out of assets held for sale	2,986,812	3,491,248			6,478,060
Balance, January 31, 2024	**3,578,360**	**3,931,279**	**265,429**	**502,686**	**8,277,754**
Net book value					
Balance, October 31, 2023	—	—	44,050	72,587	116,637
Balance, January 31, 2024	**11,200,121**	**2,733,751**	**29,206**	**44,995**	**14,008,073**

The Company’s lease obligations are as follows:

	January 31, 2024	October 31, 2023
	$	$
Balance – Beginning of period	136,784	8,951,243
Additions	4,262,301	
Interest accretion	425,100	294,497
Lease payments	(1,730,069)	(1,446,239)
Classified as held for sale	—	(7,662,717)
Transfers out of held for sale	7,662,717	
Balance – End of period	**10,756,833**	136,784
Current	**3,326,144**	136,784
Non-current	**7,430,689**	—

(unaudited) (expressed in Canadian dollars, except share amounts)

7 Property and equipment

	Land	Equipment	Furniture and fixtures	Leasehold improvements	Construction in progress	Total
Cost	**$**	**$**	**$**	**$**	**$**	**$**
Balance, October 31, 2022	5,048,229	6,931,388	68,587	1,959,870	106,893	14,114,967
Additions	—	—	—	18,416	—	18,416
Disposals	—	—	—	—	(105,857)	(105,857)
Transfer to assets held for sale	—	(6,420,737)	(4,633)	(1,756,220)	—	(8,181,590)
Effects of foreign exchange	58,567	5,050	—	—	(1,036)	62,581
Balance, October 31, 2023	5,106,796	515,702	63,954	222,066	—	5,908,516
Transfers out of held for sale	—	6,420,737	4,633	1,756,221	—	8,181,591
Additions	—	—	—	—	540,635	540,635
Disposals	—	(91,145)	—	—	—	(91,145)
Effects of foreign exchange	(125,050)	(9,935)	—	—	—	(134,985)
Balance, January 31, 2024	**4,981,746**	**6,835,359**	**68,587**	**1,978,287**	**540,635**	**14,404,612**
Accumulated depreciation						
Balance, October 31, 2022	—	2,454,486	45,356	407,037	—	2,906,879
Depreciation	—	614,129	4,413	70,557	—	689,099
Transfer to assets held for sale	—	(3,021,463)	(2,534)	(384,904)	—	(3,408,901)
Effects of foreign exchange	—	4,733	—	—	—	4,733
Balance, October 31, 2023	—	51,886	47,235	92,690	—	191,810
Transfers out of held for sale		3,021,463	2,534	384,904		3,408,901
Depreciation	—	639,212	1,164	65,178	—	705,552
Disposal	—	(71,996)	—	—		(71,996)
Effects of foreign exchange	—	(8,921)	—	—	—	(8,921)
Balance, January 31, 2024	**—**	**3,631,644**	**50,933**	**542,772**	**—**	**4,225,346**
Net book value						
Balance, October 31, 2023	5,106,796	463,816	16,719	129,376	—	5,716,706
Balance, January 31, 2024	**4,981,746**	**3,203,715**	**17,654**	**1,435,515**	**540,635**	**10,179,266**

(unaudited) (expressed in Canadian dollars, except share amounts)

8 Borrowings

The following table presents the borrowings for the Company:

	January 31, 2024	October 31, 2023
	$	$
Tetra Pak Canada Loan VI [a]	16,958	43,667
Seawright Mineral Springs Loan [b]	32,358	52,702
Debt Round [c]	912,655	—
NFS Leasing Canada Ltd. – Senior Term Loan [d]	735,918	698,661
NFS Leasing Canada Ltd. – Delayed Draw Term Loan (d)	324,535	467,024
NFS Leasing Canada Ltd. – Amended Term Loan [d]	566,008	
NFS Leasing Canada Ltd. – Short-term Loan (d)	559,700	538,319
Total current	**3,148,132**	1,800,373
Tetra Pak Canada Loan VI [a]	**—**	—
Seawright Mineral Springs Loan [b]	1,742,347	1,804,423
Debt Round [c]	8,277,276	8,377,816
NFS Leasing Canada Ltd. – Senior Term Loan [d]	12,700,910	12,895,654
NFS Leasing Canada Ltd. – Delayed Draw Term Loan (d)	4,477,659	4,404,347
NFS Leasing Canada Ltd. – Amended Term Loan [d]	3,797,652	—
Total non-current	**30,995,844**	27,482,240
	34,143,976	29,282,613

[a] Tetra Pak Canada Loans

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. During the three-month period ended January 31, 2024, the Company incurred $468 of interest expense (2023 – $1,739).

[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 on October 31, 2023 with a principal balance of USD $1,440,000 (CAD $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.

Amendment to Seawright Mineral Springs Loan

In September, 2023, the Company amended the terms of the Seawright Mineral Springs Loan ("Seawright Loan"). The amendments include an extension of the maturity date from October 1, 2023, to October 1, 2026 and an increase to the interest rate from 6.25% per annum to 9.25% per annum with repayment terms consisting of 36 consecutive monthly blended instalments of interest and principal in the amount of USD $11,440.

As part of the Seawright Loan amendments, the Company issued 180,187 subordinate voting shares ("SVS") purchase warrants, each warrant providing Seawright with the option or right to purchase one SVS at an exercise price of CAD$0.50 until September 30, 2028.

The loan is recorded at amortized cost and accounted for using the effective interest rate method. During the three-month period ended January 31, 2024, the Company incurred $41,327 of interest expense in connection with the amended Seawright Loan.

(unaudited) (expressed in Canadian dollars, except share amounts)

[c] Debt Round

During the year ended October 31, 2020, the Company issued debt ("2020 Debt") to individual holders along with the issuance of warrants. The Company issued $9,476,000 of 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 gave the warrant holder the right to purchase SVS. The Company issued 189,520 warrants at an exercise price of $6.75 per warrant and 189,520 warrants at an exercise price of $10.00 per warrant for up to two years from the issuance date. These warrants expired in October 2022. The debt was accounted for at amortized cost using the effective interest rate method. The effective interest rate applicable to this loan was approximately 13%. The debt accrued interest at a rate of 10% and matured in February 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 2020 Debt holders.

The 2022 Debt had an initial maturity date of February 29, 2024 and accrued interest at 12% per annum, payable monthly. In addition, the 2022 Debt included an interest rate adjustment clause (the "Interest Adjustment") whereby the Company was 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 SVS is not equal to or greater than $1.28 for any 10 consecutive trading days between March 1, 2022 and February 29, 2024, and provided that the Series C Warrants remained unexercised.

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 SVS is at a price equal to or greater than $1.28 for a period of 10 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 met the definition of an embedded derivative that was required to be separated as it was not closely related to the host debt instrument. Therefore, the Interest Adjustment was separated from the 2022 Debt and was accounted for as a financial liability measured at FVTPL.

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

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

On issuance, the Company recorded the following amounts:

	$
Interest Adjustment embedded derivative	550,000
2022 Debt	7,650,867
Series C Warrants	1,275,133
	9,476,000

There were no transaction costs incurred.

2022 Debt

In September 2023, the Company amended the 2022 Debt such that the maturity date was extended to February 1, 2026 and the interest rate increased from 12% per annum to 14% per annum. All of the 8,536,942 Series C warrants previously issued to the debenture holders were cancelled, and 3,790,400 ('Series D warrants') were issued for every $1,000 principal amount of the debenture at an exercise price of $0.50 such that the number of Series D Warrants issued equals 20% warrant coverage. Each Series D Warrant will expire February 1, 2026. The amended agreement cancelled the Interest Adjustment embedded derivative liability.

The amendment was treated as an extinguishment under IFRS 9, with a gain on extinguishment of $2,141,531 recognised in the consolidated statements of loss and comprehensive loss.

(unaudited) (expressed in Canadian dollars, except share amounts)

The fair value of the 2022 Debt Amendment at the time of issuance was calculated as $8,377,815 based on the discounted cash flows for the 2022 Debt Amendment assuming a 19% discount rate, which was the estimated rate for a similar instrument without warrants issued as part of the transaction. The fair value of the warrants issued was $454,849. The change in fair value is recognized within gain on debt modification and other in the statement of loss and other comprehensive loss.

The repayment of the principal and interest amounts are payable in arrear on the dates set in the table below:

Payments	Interest	Principal	Balance Outstanding
01-Jun-24	663,580	-	$9,476,000
01-Aug-24	190,039	-	$9,476,000
01-Nov-24	334,386	1,184,500	$8,291,500
01-Feb-25	292,588	1,184,500	$7,107,000
01-May-25	242,612	1,184,500	$5,922,500
01-Aug-25	208,991	1,184,500	$4,738,000
01-Nov-25	167,193	1,184,500	$3,553,500
01-Feb-26	125,395	3,553,500	-

During the three-month period ended January 31, 2024, the Company incurred $775,235 of interest expense, (2023 – $503,268). During the three-month period ended January 31, 2024, the debt was further amended to revise the principal balance and related interest payments. The change was treated as a loan modification, with a loss on modification of $36,878 recognised within gain on debt modification and other in the statement of loss and other comprehensive loss.

The 2022 Debt Amendment as at January 31, 2024 is as follows:

	$
Balance at Modification	8,377,816
Add:	
Interest and accretion	775,236
Loss on modification	36,879
Balance, January 31, 2024	**9,189,931**
Current	912,655
Non-current	8,277,276

[d] NFS Leasing Canada Ltd. Loans

Senior Term Loan

In December 2022, the Company entered into a 36-month senior secured term loan (the "Senior Term Loan") with NFS Leasing Canada Ltd. ("NFS") for up to $20,334,000. The Senior Term Loan is secured by a first priority lien on all Company assets. The Company initially drew $15,334,000 and had the ability, subject to certain conditions, to draw an additional $5,000,000 prior to the one-year anniversary of the initial draw. The Company also issued 3,066,880 Series D Warrants.

The Senior Term Loan bears interest at 14% per annum, payable monthly for the first six months. After the first six months, payments of $284,045 comprising principal and interest are payable monthly, with the remaining principal balance due at maturity.

The Series D Warrants had an original exercise price of $0.50 with an expiration date of December 30, 2032. During the three-month period ended January 31, 2024, the exercise price of the Series D Warrants was amended to $0.40. The expiry date of the Series D Warrants may be accelerated by the Company if, after the issue date, the volume weighted average price of the Company's SVS is at a price equal to or greater than $1.75 for a period of 10 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 D Warrants.

(unaudited) (expressed in Canadian dollars, except share amounts)

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

The fair value of the Senior Term Loan at the time of issuance was calculated as $14,629,638 based on the discounted cash flows for the Senior Term Loan assuming a 16% discount rate, which was the estimated rate for a similar instrument without warrants issued as part of the transaction. Cash transaction expenses were allocated pro rata, $1,428,066 to the Senior Term Loan and $68,756 to the warrants.

During the three-month period ended January 31, 2024, the Company incurred $694,649 of interest expense, (2023 – $248,158).

The Senior Term Loan as at January 31, 2024 is as follows:

	$
Principal balance	15,334,000
Add (deduct):	
Transaction expenses	(1,428,066)
Series D Warrants	(704,362)
Interest and accretion	3,024,809
Payments	(2,789,553)
Balance, January 31, 2024	**13,436,828**
Current	735,918
Non-current	12,700,910

Delayed Draw Term Loan

On June 30, 2023, the Company drew down the remaining $5,000,000 under the Senior Term Loan (the “Delayed Draw Term Loan”). The Company received gross proceeds of $4,000,000 and $1,000,000 was deposited into an interest reserve account (the “Reserve Account”). The Reserve Account was for the benefit of NFS until the earlier of an event of default, the maturity date or upon written approval from NFS for its release. During the quarter ended October 31, 2023, the restricted cash was released, and the company received proceeds of $1,000,000.

The Delayed Draw Term Loan is for a 36-month term and bears interest at a rate of 14.75% per annum.

The Company also issued 1,000,000 warrants (the “Series E Warrants”) to acquire SVS of the Company. The Series E Warrants had an original exercise price of $0.50 with an expiration date of June 30, 2033. During the three-month period ended January 31, 2024, the exercise price of the Series E Warrants was amended to $0.40. The expiry date of the Series E Warrants may be accelerated by the Company if, after the issue date, the volume weighted average price of the Company’s SVS is at a price equal to or greater than $1.75 for a period of 10 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 E Warrants.

The fair value of the Delayed Draw Term Loan at the time of issuance was calculated as $4,783,176 based on the discounted cash flows for the Delayed Draw Term Loan assuming a 16.75% discount rate, which was the estimated rate for a similar instrument without warrants issued as part of the transaction. The Delayed Draw Term Loan was classified as a financial liability at amortized cost and is accounted for using the effective interest rate method. Cash transaction expenses were $nil.

The Senior Term Loan and the Delayed Draw Term Loan contain certain covenants, measured quarterly, based on minimum liquidity values. As at January 31, 2024, the Company is in compliance with its covenants.

During the three-month period ended January 31, 2024, the Company incurred $221,016 of interest expense, (2023 – $nil).

(unaudited) (expressed in Canadian dollars, except share amounts)

The Delayed Draw Term Loan as of January 31, 2024 is as follows:

	$
Principal balance	5,000,000
Add (deduct):	
Transaction Costs	(101,670)
Series E Warrants	(216,824)
Interest and accretion	491,483
Payments	(370,795)
Balance, January 31, 2024	**4,802,194**
Current	324,535
Non-current	4,477,659

Second Amendment Term Loan

On November 15, 2023, the Company drew down $5,150,000 under the Second Amendment Term Loan. The Company received gross proceeds of $5,000,000.

The Second Amendment Term Loan is for a period of 5 years and bears interest at a rate of 14% per annum. Repayment will occur in 54 consecutive monthly instalments of principal and interest, following a six-month finance fee only period. The finance fee only period requires six monthly payments of $103,000 per month paid in advance, and due the first day following the funding of the loan.

The Company also issued 2,060,000 warrants ('Series F Warrants') to acquire SVS of the Company. The Series F Warrants have an exercise price of $0.40 with an expiration date of November 15, 2033.

The fair value of the Second Amendment Term Loan at the time of issuance was calculated as $4,693,243 based on the discounted cash flows assuming a 16% discount rate, which was the estimated rate for a similar instrument without warrants issued as part of the transaction. The Second Amendment Term Loan was classified as a financial liability at amortized cost and is accounted for using the effective interest rate method. The Second Amendment Term Loan agreement provides for prepayment of the entire principal balance together with all unpaid interest and finance fees that would have been due through February 28, 2025. If prepayment does not occur on or before February 28, 2025, the Company shall pay a continuation fee in the amount of $3,000,000 on March 1, 2025.

During the three-month period ended January 31, 2024, the Company incurred $578,991 of interest expense, (2023 – $nil). During the three-month period ended January 31, 2024, the debt was further amended, and the change was treated as a loan modification, with a gain on modification of $702,574 recognised within gain on debt modification and other in the statement of loss and other comprehensive loss.

The Second Amendment Term Loan as of January 31, 2024 is as follows:

	$
Balance at Modification	4,694,000
Add (deduct):	
Series F Warrants	(206,757)
Interest and accretion	578,991
Gain on modification	(702,574)
Balance, January 31, 2024	**4,363,660**
Current	566,008
Non-current	3,797,652

(unaudited) (expressed in Canadian dollars, except share amounts)

Interim Financing Agreement

On September 22, 2023, the Company entered into an interim financing agreement ("IFA") with NFS for advances up to $4,536,392 in connection with the purchase and installation of equipment at the Aurora facility. On November 7, 2023 upon delivery and acceptance of the equipment, the IFA with NFS matured and was converted to an 84-month financing lease for the purchase of the Tetra Pak equipment with the amount financed of $3,175,475 exclusive of tax.

On December 1, 2023, the Company entered into a second IFA with NFS for financing of $3,917,900 exclusive of tax for certain alcohol production equipment to be purchased by the Company from Simmtech Process Engineering Ltd. ("Simmtech"). Upon delivery by Simmtech and acceptance by the Company of the equipment, the IFA will convert into an 84-month financing lease. At January 31, 2024, $559,700 had been advanced pursuant to this agreement. During the three-month period ended January 31, 2024, the Company incurred $18,852 of interest expense in connection with the IFA.

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 SVS, voting at one vote per share. Prior to the Amalgamation, Flow Water completed a share consolidation on a five-to-one 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, 2022	6,214,566	1	48,598,028	95,186,900	95,186,901
Share issuance on RSU release	—	—	203,400	1,404,389	1,404,389
Share issuance on DSU release	—	—	524,094	279,163	279,163
Balance, January 31, 2023	6,214,566	1	49,325,522	96,870,452	96,870,453
Balance, October 31, 2023	6,214,566	1	50,836,973	100,397,702	100,397,703
Shares issued for private placement – Tranche 1 [a]	—	—	6,473,000	1,800,871	1,800,871
Shares issued for private placement – Tranche 2 (Note 17)	—	—	—	1,551,584	1,551,584
Shares issued for advisory agreements [b]	—	—	617,711	177,800	177,800
Balance, January 31, 2024	**6,214,566**	**1**	**57,927,684**	**103,927,957**	**103,927,958**

[a] On January 30, 2024, the Company completed a non-brokered private placement for the issue and sale of SVS of the Company to Rucker Investments LLC ("RI LLC") at a price of $0.28 per share. The Company issued 6,473,000 SVS of the Company as part of the initial closing of the transaction for gross proceeds of $1,812,440, and incurred transaction costs of $11,569.

[b] During the three-month period ended January 31, 2024, the company issued 617,177 SVS of the Company to advisors of the Company for services valued at $177,800.

(unaudited) (expressed in Canadian dollars, except share amounts)

10 Warrants

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

The changes in the number of warrants during the three-month period ended January 31, 2024 and 2023 were as follows:

	Number of warrants #	Weighted average exercise price $
Balance, October 31, 2022	14,846,338	4.83
Granted during the period	3,066,880	0.50
Expired during the period	(64,801)	8.25
Balance, January 31, 2023	**17,848,417**	**4.07**
Balance, October 31, 2023	4,497,067	0.85
Granted during the period	5,850,400	0.46
Balance, January 31, 2024	**10,347,467**	**0.59**

[a] On November 15, 2023, as part of the Second Amendment Term Loan, the Company issued 2,060,000 Series F Warrants, which an exercise price of $0.40 and an expiry date of November 15, 2033.

The exercise price of the previously issued Series D and Series E warrants was reduced from $0.50 to $0.40.

In September 2023, as part of the amendment of the 2022 Debt, the Company issued 3,790,400 warrants at an exercise price of $0.50. Each warrant will expire February 1, 2026.

The following table is a summary of the Company's warrants outstanding as at January 31, 2024:

Expiration date	Instruments outstanding #	Weighted average exercise price $
January 5, 2027	250,000	6.75
December 30, 2032	3,066,880	0.40
June 30, 2033	1,000,000	0.40
September 30, 2028	180,187	0.50
November 15, 2033	2,060,000	0.40
February 1, 2026	3,790,400	0.50
	10,347,467	**0.59**

The following table is a summary of the Company's warrants outstanding as at January 31, 2023:

Expiration date	Instruments outstanding #	Weighted average exercise price $
June 29, 2023	5,994,595	10.00
February 28, 2025	8,536,942	1.11
January 5, 2027	250,000	6.75
December 30, 2032	3,066,880	0.50
	17,848,417	**4.07**

(unaudited) (expressed in Canadian dollars, except share amounts)

11 Share-based compensation

(i) Deferred Share Units

The Company granted Deferred Share Units ("DSUs") to members of the Board of Directors as part of their compensation in accordance with the Company's Omnibus Incentive Plan, as defined below.

The changes in the number of DSUs during the three-month period ended January 31, 2024, are as follows:

	Number of DSUs \#
Balance, October 31, 2023	666,349
Granted during the period	—
Settled	—
Balance, January 31, 2024	**666,349**

The Company recognized an expense of $nil in share-based compensation expense for the three-month period ended January 31, 2024 (2023 – $116,505), related to DSUs issued during the period.

During the three-month period ended January 31, 2024, conditional DSU grants of 199,561 were made to members of the Board of Directors. During the year ended October 31, 2023, conditional DSU grants of 293,352 were made to members of the Board of Directors. The DSUs will be granted, subject to availability under the Company's Omnibus Incentive Plan. The estimated fair value may be revised in the subsequent reporting periods based on the final grant date fair value of the equity instruments awarded. An expense related to conditional DSU grants of $59,250 (2023 - $nil) is recognized in the consolidated statements of loss and comprehensive loss.

(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 RSUs to retain qualified personnel, employees, advisors, and contractors in order to align their interests with those of the Company's shareholders. Vested RSUs are settled with SVS.

During the three-month period ended January 31, 2024, the Company recorded $223,115 of share-based compensation expense associated with the vested portion of the RSUs (2023 – $105,569). During the year ended October 31, 2023, the Board of Directors conditionally approved grants of 7,720,450 RSUs to various members of senior management, of which 692,479 were forfeited during the year. A total of 1,171,329 units were granted in connection with these conditional grants during the three-month period ended January 31, 2024.

During the three-month period ended January 31, 2024, the Board of Directors conditionally approved grants of 14,278,234 to various members of senior management. The RSUs will be unconditionally granted, subject to availability under the Company's Omnibus Incentive Plan. The estimated fair value may be revised in the subsequent reporting periods based on the final grant date fair value of the equity instruments awarded. A total of 702,940 units were granted in connection with these conditional grants during the three-month period ended January 31, 2024. An expense related to conditional RSU grants of $1,259,431 (2023 - $nil) is recognised in the consolidated statements of loss and comprehensive loss for the three-month period ended January 31, 2024.

(unaudited) (expressed in Canadian dollars, except share amounts)

The changes in the number of RSUs during the three months ended January 31, 2024 and 2023 (excluding conditional RSUs) are as follows:

	Number of RSUs
	#
Balance, October 31, 2022	646,816
Granted during the period	240,000
Forfeited during the period	(40,000)
Share issuance on RSU release	(203,400)
Balance, January 31, 2023	**643,416**
Balance, October 31, 2023	2,237,767
Granted during the period	1,874,267
Share issuance on RSU release	—
Balance, January 31, 2024	**4,112,034**

(iii) Share options

In January 2017, the Company established a stock option plan (the “Legacy Option Plan”) for the Company’s directors, officers, advisors, employees, and contractors. The Legacy Option Plan automatically terminates 10 years after its adoption by the Board of Directors. Under the Legacy Option Plan, the options generally vest immediately or equally monthly between 12 months to 48 months from the date of grant and generally have a maximum contractual life of 10 years or less. The exercise price of options is determined by the Board of Directors. Under the Legacy Option Plan, options are generally granted with a strike price no less than the fair value of the underlying common shares at the date of the grant.

In connection with the Amalgamation completed on June 29, 2021, the Legacy Option Plan was amended such that no further awards can be made under the Legacy Option Plan. 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 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 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.

In respect of options held by U.S. persons only, pursuant to the terms of the Legacy Option Plan, each outstanding option immediately prior to the effective time of the Amalgamation entitles each holder of an option that is a U.S. person to receive upon exercise of an option that number of SVS that such option would be entitled to had the holder of the option exercised the option (taking into account the Flow Consolidation) immediately prior to the Amalgamation.

Each option held by persons other than U.S. persons, outstanding immediately prior to the effective time of the Amalgamation was exchanged for an option issued by the Company to purchase SVS in accordance with the Omnibus Incentive Plan.

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

During the three-month period ended January 31, 2024, the Company recorded $nil (2023 – $33,975) 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 share-based compensation plan is deemed to be cash-settled, and as such, it is classified as a liability and revalued at each reporting period with any changes in fair value included in the statement of loss and comprehensive loss. The change in fair value of the plan during the period was $25,248 (2023 - $nil).

(unaudited) (expressed in Canadian dollars, except share amounts)

The changes in the number of share options during the three months ended January 31, 2024 and 2023 were as follows:

	2024		**2023**	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
	#	**$**	#	$
Options outstanding, beginning of period	**1,486,778**	**5.22**	2,999,491	5.61
Options forfeited	**—**	**—**	(75,234)	5.58
Options outstanding – January 31	**1,486,778**	**5.22**	2,924,257	5.61
Options exercisable – January 31	**1,486,778**	**5.22**	2,907,317	5.60

No options were granted during the three months ended January 31, 2024 and 2023.

The following table is a summary of the Company's share options outstanding as at January 31, 2024:

Options outstanding			**Options exercisable**	
Exercise price	**Number outstanding**	**Weighted average remaining contractual life (years)**	**Weighted average exercise price**	**Number exercisable**
$	**#**	**#**	**$**	**#**
1.50	138,667	2.93	1.50	138,667
2.50	392,884	2.93	2.50	392,884
5.00	5,000	2.93	5.00	5,000
6.55	209,243	2.93	6.55	209,243
6.60	115,593	2.93	6.60	115,593
6.65	49,062	2.93	6.65	49,062
6.70	22,742	2.93	6.70	22,742
6.75	349,737	2.93	6.75	349,737
6.85	5,000	2.93	6.85	5,000
6.95	10,000	2.93	6.95	10,000
7.00	76,000	2.93	7.00	76,000
8.25	112,850	2.93	8.25	112,850
5.22	**1,486,778**	**2.93**	**5.22**	**1,486,778**

(unaudited) (expressed in Canadian dollars, except share amounts)

The following table is a summary of the Company's share options outstanding as at January 31, 2023:

Options outstanding			Options exercisable	
Exercise price $	**Number outstanding #**	**Weighted average remaining contractual life (years) #**	**Weighted average exercise price $**	**Number exercisable #**
1.50	146,001	3.93	1.50	146,001
2.50	617,200	3.93	2.50	617,200
5.00	5,000	3.93	5.00	5,000
6.55	875,245	3.85	6.55	865,711
6.60	250,099	3.93	6.60	250,099
6.65	275,624	3.93	6.65	275,624
6.70	22,742	3.93	6.70	22,742
6.75	456,307	3.93	6.75	452,897
6.85	5,000	3.93	6.85	5,000
6.95	10,000	3.93	6.95	10,000
7.00	76,000	3.93	7.00	76,000
8.25	185,039	3.90	8.25	181,043
5.61	2,924,257	3.90	5.60	2,907,317

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-month period ended January 31, 2024, was 57,446,119 (2023 – 55,288,027).

For all periods presented, diluted loss per share equals basic loss per share due to the anti-dilutive effect of share options, restricted share units, deferred share units 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 three months ended January 31, 2024 and 2023 presented are as follows:

	2024 #	2023 #
Stock options	1,486,778	2,924,257
Restricted share units	4,112,034	643,416
Deferred share units	666,349	730,637
Warrants	10,347,467	17,848,417
	16,612,628	**22,146,727**

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 months ended January 31, 2024 and 2023:

	2024 $	2023 $
Packaged water	**8,676,891**	9,268,174
Co-packing services	**1,676,293**	2,632,491
Gross revenue	**10,353,184**	11,900,665
Less:		
Discounts	**(235,358)**	(567,703)
Trade spend	**(1,850,017)**	(1,481,497)
Net revenue	**8,267,809**	9,851,465

(unaudited) (expressed in Canadian dollars, except share amounts)

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 and for the three months ended January 31, 2024 and 2023.

Revenue for the three months ended January 31, 2024 and 2023:

	2024	2023
	$	$
Canada	5,016,089	5,141,928
United States	3,251,720	4,709,537
Total	**8,267,809**	**9,851,465**

Property and equipment as at January 31, 2024 and October 31, 2023:

	2024	2023
	$	$
Canada	6,631,401	2,021,901
United States	3,547,865	3,694,805
Total	**10,179,266**	**5,716,706**

Right-of-use assets as at January 31, 2024 and October 31, 2023:

	2024	2023
	$	$
Canada	14,008,073	116,637
Total	**14,008,073**	**116,637**

16 Finance expense

Finance expense for the three months ended January 31, 2024 and 2023 consists of the following:

	2024	2023
	$	$
Interest on lease obligations	425,100	151,825
Interest on borrowings	2,249,435	782,239
Gain on change in fair value of derivative liability	—	(543,952)
Total	**2,674,535**	**390,112**

17 Subsequent events

On March 1, 2024, the Company completed a non-brokered private placement of 5,577,000 SVS at a price of $0.28 per share to RI LLC for gross proceeds of $1,561,560, less share issuance costs of $9,974, following the initial closing on January 30, 2024, of the non-brokered private placement of 6,473,000 SVS for gross proceeds of $1,812,440.