

This is Exhibit “W” referred to in the Affidavit of Cliff Rucker sworn by Cliff Rucker of the City of Danvers, in the State of Massachusetts, before me at the City of Toronto, in the Province of Ontario, on September 2, 2025 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

DocuSigned by:

Matthew Cressatti

DA79353421b842b

Commissioner for Taking Affidavits (or as may be)

MATTHEW CRESSATTI

SECURITIES PLEDGE AGREEMENT

THIS SECURITIES PLEDGE AGREEMENT dated with effect as of this 30th day of December, 2022 (as amended, restated, supplemented or replaced from time to time, this “**Agreement**”) is executed and delivered by **FLOW BEVERAGE CORP.**, a corporation formed under the Canada Business Corporations Act (the “**Pledgor**”) to and in favour of **NFS LEASING CANADA LTD.**, as Lender under the Credit Agreement (as defined below) (the “**Lender**”).

WHEREAS:

- A. The Pledgor, is indebted or liable, or may become indebted or liable, to the Lender pursuant to a certain term loan and security agreement dated as of the date hereof among, *inter alios*, the Pledgor, the Lender and Flow Water Inc., Flow Glow Beverages Inc., 2446692 Ontario Limited and Flow Beverages Inc., (individually each a “**Guarantor**” and collectively the “**Guarantors**”) dated as of the date hereof (as amended, modified, extended, renewed, supplemented, replaced or restated from time to time, the “**Credit Agreement**”);
- B. All of the issued and outstanding shares of the Flow Water Inc., are owned by the Pledgor;
- C. As a condition to continuing to extend credit to the Pledgor under the Credit Agreement, the Lender has required, and the Pledgor has agreed, to grant a security interest in and pledge the Collateral (as defined below) to the Lender in order to secure the payment and performance of the Obligations.

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the premises and the covenants herein contained the parties hereto agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions.

Except as otherwise expressly provided herein, capitalized terms used in this Agreement (including in the Recitals hereof) but not defined herein shall have the meanings assigned to such terms in the Credit Agreement. In addition, in this Agreement, unless the context expressly or by necessary implication otherwise requires, the following words and phrases will have the meaning set forth below:

“**Collateral**” means the property and assets subject to the Security Interest constituted by Section 2.1 hereof, including, without limitation, the Pledged Securities;

“**Pledged Securities**” means all of the shares in the capital of the Flow Water Inc., or any other Subsidiary (other than Flow Beverages SA) pledged in favor of the Lender, now owned or hereafter acquired by the Pledgor including, without limitation, the shares listed in **Schedule “A”** hereto; and

“Security Interest” means a mortgage, hypothec, title retention, pledge, lien, right of set-off, charge, security interest, adverse claim, trust claim or other encumbrance whatsoever, whether fixed or floating and howsoever created or arising.

1.2 Sections and Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and will not affect the construction or interpretation of this Agreement. The terms **“this Agreement”**, **“hereof”**, **“hereunder”** and similar expressions refer to this Agreement and not to any particular Article, Section or other portion hereof and include any agreement supplemental hereto. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles and Sections are to Articles and Sections of this Agreement.

1.3 Extended Meanings.

In this Agreement words importing the singular number only include the plural and *vice versa*, words importing any gender include all genders and words importing persons include individuals, partnerships, associations, trusts, unincorporated organisations and corporations.

ARTICLE 2 GRANT OF SECURITY INTEREST AND PLEDGE

2.1 Grant and Pledge of Collateral.

As general and continuing collateral security for the payment and performance of all Obligations, the Pledgor hereby, subject to Permitted Liens, mortgages, charges, assigns, transfers, delivers, pledges, hypothecates and creates a Security Interest in, to and in favour of the Lender all right, title, benefit and interest which the Pledgor now has or may hereafter acquire in and to the following:

- (a) all Pledged Securities, together with any renewals thereof, substitutions thereof or additions thereto and all certificates and instruments evidencing or representing the Pledged Securities;
- (b) any and all dividends, as and where declared, whether in shares, money or property, received or receivable upon or in respect of any Pledged Securities and all interest payments and money or other property paid or payable on account of any return on, or repayment of, capital in respect of any Pledged Securities or that will in any way be charged to, or be payable out of, the capital of in respect of any Pledged Securities;
- (c) any and all other property that may at any time be received or receivable by or otherwise distributed to the Pledgor in respect of, or in substitution for, or in addition to, or in exchange for, or on account of, any of the foregoing, including, without limitation, any shares or other securities resulting from the subdivision, consolidation, change, conversion or reclassification of any of the Pledged Securities, or the reorganization or amalgamation of the Borrower with any other

body corporate, or the occurrence of any event which results in the substitution or exchange of the Pledged Securities; and

- (d) any and all cash, securities and other proceeds in respect of the foregoing and all rights and interest of the Pledgor in respect thereof or evidenced thereby including, without limiting the generality of the foregoing, all money received or receivable from time to time by the Pledgor in connection with the sale of any of the Pledged Securities.

2.2 Delivery of Collateral.

All certificates, instruments or Loan Documents representing the Pledged Securities, duly endorsed in blank for transfer or accompanied by powers of attorney satisfactory to the Lender, shall forthwith be delivered immediately to and remain in the custody of the Lender or its nominee. All certificates, instruments or Loan Documents representing or evidencing any additional Pledged Securities hereinafter acquired by the Pledgor shall forthwith after issuance be delivered to and remain in the custody of the Lender or its nominee. All Pledged Securities may, at the option of the Lender, be registered in the name of the Lender or its nominee. The Pledgor shall execute and deliver to the Lender a certified copy of a resolution of the directors or shareholders of the Borrower or any consents required under such constating documents, as applicable, consenting to the transfers contemplated by this Agreement.

2.3 Attachment.

The Pledgor and the Lender hereby acknowledge that value has been given, the Pledgor has rights in the Collateral and the Pledgor and the Lender have not agreed to postpone the time for attachment.

2.4 Control.

The Pledgor agrees to execute such Loan Documents and to perform such other acts, and to cause any issuer or securities intermediary to execute such Loan Documents and to perform such other acts as may be necessary or appropriate in order to give the Lender “control” of such Collateral, as defined in the *Securities Transfer Act, 2006* (Ontario), which “control” shall be in such manner as the Lender shall designate in its sole judgment and discretion, including, without limitation, an agreement by any issuer or securities intermediary that it will comply with instructions in the case of an issuer or entitlement orders in the case of a securities intermediary, originated by the Lender, whether before or after the security hereby constituted becomes enforceable, without further consent by the Pledgor.

ARTICLE 3 REPRESENTATIONS, WARRANTIES AND COVENANTS

3.1 Representations and Warranties of the Pledgor.

The Pledgor hereby represents and warrants to the Lender, upon each of which representations and warranties the Lender specifically relies, as follows:

- (a) the Pledgor is and will be the sole legal and beneficial owner of the Collateral now in existence or acquired hereafter, free of any Security Interest other than Security Interests in favour of the Lender and Permitted Liens with full right to mortgage, charge, assign, transfer, deliver, pledge and hypothecate the Pledged Securities to the Lender in accordance with the provisions of this Agreement;
- (b) all Pledged Securities are validly issued, fully paid and non-assessable and shall not be subject to any Security Interest other than in favour of the Lender;
- (c) except to the extent disclosed to the Lender in writing, there is no existing agreement, option, right or privilege capable of becoming an agreement or option pursuant to which the Pledgor would be required to sell or otherwise dispose of any of the Pledged Securities; and
- (d) the Security Interest created hereby will constitute a valid perfected Security Interest in the Pledged Securities upon delivery of the share certificates representing the Pledged Securities to the Lender or upon registration of notice thereof in prescribed form under applicable personal property security legislation, if such registration is required in order to perfect a Security Interest in the Pledged Securities.

3.2 Covenants of Pledgor.

The Pledgor covenants to and in favour of the Lender that until all the Obligations are indefeasibly performed and paid in full, it shall:

- (a) defend the Lender's right, title and Security Interest in and to the Collateral;
- (b) except to the extent permitted by Section 4.2, not (and shall not purport to) sell or dispose of, transfer, relinquish or otherwise deal with, any of its interest in the Pledged Securities or other Collateral or incur or permit to exist any Security Interest other than Permitted Liens or any Security Interest that is in favour of the Lender in or with respect to any of the Pledged Securities or other Collateral;
- (c) ensure that, at the request of the Lender, all Pledged Securities shall be registered in the name of the Lender or its nominee, that any certificates representing the Pledged Securities shall be forthwith delivered to and remain in the custody of the Lender or its nominee, and that all certificates, instruments or Loan Documents representing or evidencing any Pledged Securities shall forthwith after issuance be delivered to, and remain in the custody of, the Lender or its nominee;
- (d) ensure that such stock powers of attorney and similar documents with respect to the Pledged Securities as the Lender may reasonably request, satisfactory in the form and substance to the Lender, shall be delivered to the Lender or its nominee from time to time upon request; and

- (e) not, with respect to the Pledged Securities, enter into, amend, or waive any right or obligation under, any shareholder agreement, voting agreement, voting trust, trust deed, irrevocable proxy or other similar agreements or instruments.

ARTICLE 4

DEALING WITH COLLATERAL

4.1 Rights and Duties of the Lender.

- (a) The Lender shall have and be entitled to exercise all such powers hereunder as are specifically delegated to the Lender by the terms hereof, together with such powers as are incidental thereto. The Lender may execute any of its duties hereunder by or through agents or employees and shall be entitled to retain counsel and to act in reliance upon the advice of such counsel concerning all matters pertaining to its duties hereunder.
- (b) The Lender and any nominee on its behalf shall be bound to exercise in the holding of the Pledged Securities and other Collateral the same degree of care as it would exercise with respect to similar property of its own of similar value held in the same place. The Lender and any other nominee on its behalf shall be deemed to have exercised reasonable care with respect to the custody and preservation of the Collateral if it takes such action for this purpose as the Pledgor shall reasonably request in writing, but failure of the Lender or its nominee to comply with any such request shall not in and of itself be deemed a failure to exercise reasonable care, and no failure of the Lender or its nominee to preserve or protect any rights with respect to the Collateral, or to do any act with respect to preservation of the Collateral not so requested by the Pledgor, shall in and of itself be deemed a failure to exercise reasonable care in the custody or preservation of the Collateral. Neither the Lender nor any nominee acting on its behalf, nor any director, officer or employee of the Lender shall be liable for any action taken or omitted to be taken by it hereunder or in connection herewith except for their own gross negligence or wilful misconduct. The Lender is hereby released from all responsibilities for any depreciation in or loss of value of any part of the Collateral except for such depreciation or loss of value that is the result of the Lender's (or its authorized agents' or nominee's or that of its officers, directors or employees) gross negligence or wilful misconduct.

4.2 Voting Rights.

- (a) Unless an Event of Default has occurred that is continuing and that is not waived in writing by the Lender, the Pledgor is entitled to exercise all the rights and powers of a holder of such securities including, without limitation, the right to vote from time to time exercisable in respect of the Collateral and to give proxies, consents and waivers in respect thereof. No such action may be taken if it would violate or be inconsistent with the Credit Agreement, any other document to which the Pledgor is a party, or this Agreement or any other agreements relating thereto or hereto or would have the effect of reducing the value of the Collateral

as security for the Obligations or imposing any restriction on the transferability of any of the Collateral.

- (b) Upon the occurrence of an Event of Default that is continuing and that is not waived in writing by the Lender, the rights and powers of the Pledgor as a holder of such securities including, without limitation, the right to vote the Collateral, will cease immediately and the Lender will have the right to exercise the rights and powers related to such Collateral, including, without limitation, the right to vote unless the Lender shall have given a notice to the Pledgor permitting the Pledgor to continue to exercise such rights and powers subject to any limitations set forth in such notice.
- (c) Prior to the occurrence of an Event of Default that is continuing and that is not waived in writing by the Lender, the Lender shall deliver promptly to the Pledgor all notices, statements or other communications received by it or its nominee. At any time after the occurrence of an Event of Default that is continuing and that is not waived in writing by the Lender, the Pledgor waives all rights to be advised of or to receive any notices, statements or communications received by the Lender or its nominee.

4.3 Dividends and Interest Payments.

- (a) Unless an Event of Default has occurred that is continuing and that is not waived in writing by the Lender, the Pledgor is entitled to receive all dividend payments or other distributions or interest payments in respect of the Collateral.
- (b) Upon the occurrence of an Event of Default that is continuing and that is not waived in writing by the Lender, all rights of the Pledgor pursuant to Section 4.3(a) shall cease and the Lender will have the sole and exclusive right and authority to receive and retain all payments that the Pledgor would otherwise be authorised to retain pursuant to Section 4.3(a). All money and other property received by the Lender pursuant to the provisions of this Section 4.3(b) may be applied on account of the Obligations or may be retained by the Lender as additional Collateral hereunder and be applied in accordance with the provisions of the Credit Agreement.

ARTICLE 5 REMEDIES

5.1 Remedies

- (a) On or after the occurrence and during the continuance of an Event of Default that is not waived in writing by the Lender, (i) any or all of the Obligations will at the option of the Lender become immediately due and payable or be subject to immediate performance, as the case may be, without presentment, protest or notice of dishonour, all of which are expressly waived, (ii) the obligation, if any, of the Lender to extend further credit to the Pledgor will cease, (iii) any or all security granted hereby will, at the option of the Lender, become immediately

enforceable, and (iv) in addition to any right or remedy provided by applicable law, the Lender will have the rights and remedies set out below, all of which rights and remedies will be enforceable successively, concurrently or both:

- (i) transfer any part of the Collateral into the name of the Lender or its nominee;
 - (ii) vote any of the Collateral (whether or not registered in the name of the Lender or its nominee) and give or withhold all consents and waivers in respect thereof;
 - (iii) exercise all rights of conversion, exchange or subscription, or any other rights, privileges or options pertaining to any of the Collateral, including, without limitation, the right to exchange at its discretion any of the Collateral upon the amalgamation, arrangement, merger, consolidation or other reorganization of the issuer of the Collateral, all without liability except to account for property actually received by the Lender and except for gross negligence or wilful misconduct;
 - (iv) from time to time realise upon, collect, sell, transfer, assign, give options to purchase or otherwise dispose of and deliver any Collateral in such manner as may seem advisable to the Lender. For such purposes each requirement relating thereto and prescribed by applicable law or otherwise is hereby waived by the Pledgor to the extent permitted by applicable law and in any offer or sale of any of the Collateral the Lender is authorized to comply with any limitation or restriction in connection with such offer or sale as the Lender may be advised by counsel is necessary in order to avoid any violation of applicable law, or in order to obtain any required approval of the sale or of the purchase by any governmental or regulatory authority or official. Such compliance will not result in such sale being considered (or deemed) not to have been made in a commercially reasonable manner nor will the Lender be liable or accountable to the Pledgor for any discount allowed by reason of the fact that such Collateral is sold in compliance with any such limitation or restriction;
 - (v) purchase any of the Collateral, whether in connection with a sale made under the power of sale herein contained or pursuant to judicial proceedings or otherwise; and
 - (vi) accept the Collateral in satisfaction of the Obligations upon notice to the Pledgor of its intention to do so in the manner required by applicable law.
- (b) The Lender may (i) grant extensions of time, (ii) take and perfect or abstain from taking and perfecting security, (iii) give up securities, (iv) accept compositions or compromises, (v) grant releases and discharges, and (vi) release any part of the Collateral or otherwise deal with the Pledgor, debtors of the Pledgor, sureties and others and with the Collateral and other security as the Lender sees fit, acting in a

commercially reasonable manner, without prejudice to the liability of the Pledgor to the Lender or the Lender's rights hereunder.

- (c) The Lender will not be liable or responsible for any failure to seize, collect, realise, or obtain payment with respect to the Collateral and is not bound to institute proceedings or to take other steps for the purpose of seizing, collecting, realising or obtaining possession or payment with respect to the Collateral or for the purpose of preserving any rights of the Lender, the Pledgor or any other person, in respect of the Collateral.
- (d) The Lender may apply any proceeds of realisation of the Collateral to payment of reasonable expenses in connection with the preservation and realisation of the Collateral as above described and the Lender may apply any balance of such proceeds to payment of the Obligations in accordance with the terms of the Credit Agreement.

5.2 Payment of Expenses.

The Lender may charge on its own behalf and also pay to others all reasonable out-of-pocket expenses of the Lender, and others, including the fees and disbursements of any experts or advisers (including, without limitation, reasonable legal fees) retained by the Lender, incurred in connection with realising, collecting, selling, transferring, delivering or obtaining payment for the Collateral, or in connection with the administration of any amendment of this Agreement or incidental to the care, safekeeping or otherwise of any Collateral. The Lender may deduct the amount of such expenses from any proceeds of disposition of the Lender.

ARTICLE 6 GENERAL

6.1 Benefit of the Agreement.

This Agreement will enure to the benefit of and be binding upon the successors and assigns of the parties hereto.

6.2 Amendments and Waivers.

No amendments to this Agreement will be valid or binding unless set forth in writing and duly executed by all of the parties hereto. No waiver of any breach of any provision of this Agreement will be effective or binding unless made in writing and signed by the party purporting to give the same and, unless otherwise provided in the written waiver, will be limited to the specific breach waived.

6.3 Assignment.

The rights, title, benefits and interest of the Lender under this Agreement may only be assigned by the Lender in accordance with the provisions of the Credit Agreement. The Pledgor may not assign its obligations under this Agreement without the prior written consent of the Lender.

6.4 Severability.

If any provision of this Agreement is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability will attach only to such provision or part thereof and the remaining part of such provision and all other provisions hereof will continue in full force and effect.

6.5 Notices.

Any demand, notice or other communication to be given in connection with this Agreement shall be given in accordance with the provisions of the Credit Agreement.

6.6 Additional Continuing Security.

This Agreement and the Security Interest granted hereby are in addition to and not in substitution for any other security now or hereafter held by the Lender and this Agreement is a continuing agreement and security that will remain in full force and effect until discharged by the Lender.

6.7 Further Assurances.

The Pledgor must at its expense from time to time do, execute and deliver, or cause to be done, executed and delivered, all such financing statements, further assignments, documents, acts, matters and things as may be reasonably requested by the Lender for the purpose of giving effect to this Agreement or for the purpose of establishing compliance with the representations, warranties and covenants herein contained.

6.8 Power of Attorney.

Upon the occurrence of an Event of Default which is continuing and which is not waived in writing by the Lender, the Pledgor hereby irrevocably constitutes and appoints any duly appointed officer of the Lender the true and lawful attorney of the Pledgor, with full power of substitution and coupled with an interest, to do, make and execute all such statements, assignments, documents, acts, matters or things with the right to use the name of the Pledgor whenever and wherever the officer may deem necessary or expedient and from time to time to exercise all rights and powers and to perform all acts of ownership in respect of the Collateral in accordance with this Agreement.

6.9 Discharge.

The Pledgor will not be released or discharged from any of the Obligations or from this Agreement except by a release or discharge signed in writing by the Lender which shall not be unreasonably withheld or delayed. The Lender shall, upon indefeasible satisfaction of all of the Obligations of the Pledgor to the Lender, execute such releases and discharges as the Pledgor may reasonably require, all at the request and sole cost and expense of the Pledgor and return to the Pledgor all Pledged Securities together with all other Collateral in the possession of the Lender and its nominees.

6.10 Governing Law and Attornment.

This Agreement shall be exclusively (without regard to rules or principals relating to conflicts of laws) governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. The Pledgor and the Lender hereby irrevocably and unconditionally attorn to the non-exclusive jurisdiction of the courts of the Province of Ontario and all courts competent to hear appeals therefrom.

6.11 Entire Agreement.

There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, between the Lender and the Pledgor with respect to the subject matter hereof except as expressly set forth herein or in the Credit Agreement and the Loan Documents delivered in connection with the Credit Agreement.

6.12 Executed Copy.

The Pledgor acknowledges receipt of a fully-executed copy of this Agreement.

6.13 Paramountcy

In the event of any conflict or inconsistency between the provisions of this Agreement and the Credit Agreement, notwithstanding anything contained in this Agreement, the provisions contained in the Credit Agreement shall prevail and be paramount to the extent of such conflict or inconsistency and the provisions of this Agreement shall be deemed to be amended to the extent necessary to eliminate such conflict or inconsistency, it being understood that the purpose of this Agreement is to be consistent with, and not add to or detract from, the rights granted to the Lender.

6.14 Counterparts

This Agreement may be executed in several counterparts and delivered by facsimile or other electronic transmission, each of which shall be deemed an original and all of which when taken together shall constitute one and the same agreement

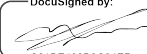
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IN WITNESS WHEREOF the undersigned has executed and delivered this Agreement as of the date first referred to above.

FLOW BEVERAGE CORP.

By:

DocuSigned by:


Name: Nicholas Reichenbach

Title: Chief Executive Officer

SCHEDULE “A”

Pledged Securities

1. 100 Common Shares in the capital of Flow Water Inc., represented by share certificate no. C-1.

This is Exhibit “X” referred to in the Affidavit of Cliff Rucker sworn by Cliff Rucker of the City of Danvers, in the State of Massachusetts, before me at the City of Toronto, in the Province of Ontario, on September 2, 2025 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

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WHEREAS:

- A. The Pledgor, is indebted or liable, or may become indebted or liable, to the Lender pursuant to a certain term loan and security agreement dated as of the date hereof among, *inter alios*, Flow Beverage Corp., a corporation formed under the Canada Business Corporations Act and affiliate of Pledgor (the “**Borrower**”), the Lender and Flow Glow Beverages Inc., 2446692 Ontario Limited, the Pledgor and Flow Beverages Inc., (individually each a “**Guarantor**” and collectively the “**Guarantors**”) dated as of the date hereof (as amended, modified, extended, renewed, supplemented, replaced or restated from time to time, the “**Credit Agreement**”);
- B. All of the issued and outstanding shares of 2446692 Ontario Limited, Flow Beverages Inc. and Flow Glow Beverages Inc. are owned by the Pledgor;
- C. As a condition to continuing to extend credit to the Borrower, the Lender has required the Pledgor to execute and deliver a guarantee, of even date herewith, guaranteeing the payment and performance of all obligations of the Borrower arising under and pursuant to the Credit Agreement and the Loan Documents; and
- D. As a condition to continuing to extend credit to the Borrower under the Credit Agreement, the Lender has required, and the Pledgor has agreed, to grant a security interest in and pledge the Collateral (as defined below) to the Lender in order to secure the payment and performance of the Obligations.

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“Pledged Securities” means all of the shares in the capital of 2446692 Ontario Limited, Flow Beverages Inc. and Flow Glow Beverages Inc., or any other Subsidiary pledged in favor of the Lender (other than Flow Beverages SA), now owned or hereafter acquired by the Pledgor including, without limitation, the shares listed in **Schedule “A”** hereto; and

“Security Interest” means a mortgage, hypothec, title retention, pledge, lien, right of set-off, charge, security interest, adverse claim, trust claim or other encumbrance whatsoever, whether fixed or floating and howsoever created or arising.

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- (a) all Pledged Securities, together with any renewals thereof, substitutions thereof or additions thereto and all certificates and instruments evidencing or representing the Pledged Securities;
- (b) any and all dividends, as and where declared, whether in shares, money or property, received or receivable upon or in respect of any Pledged Securities and all interest payments and money or other property paid or payable on account of any return on, or repayment of, capital in respect of any Pledged Securities or that will in any way be charged to, or be payable out of, the capital in respect of any Pledged Securities;

- (c) any and all other property that may at any time be received or receivable by or otherwise distributed to the Pledgor in respect of, or in substitution for, or in addition to, or in exchange for, or on account of, any of the foregoing, including, without limitation, any shares or other securities resulting from the subdivision, consolidation, change, conversion or reclassification of any of the Pledged Securities, or the reorganization or amalgamation of the Borrower, Pledgor or relevant Subsidiary with any other body corporate, or the occurrence of any event which results in the substitution or exchange of the Pledged Securities; and
- (d) any and all cash, securities and other proceeds in respect of the foregoing and all rights and interest of the Pledgor in respect thereof or evidenced thereby including, without limiting the generality of the foregoing, all money received or receivable from time to time by the Pledgor in connection with the sale of any of the Pledged Securities.

2.2 Delivery of Collateral.

All certificates, instruments or Loan Documents representing the Pledged Securities, duly endorsed in blank for transfer or accompanied by powers of attorney satisfactory to the Lender, shall forthwith be delivered immediately to and remain in the custody of the Lender or its nominee. All certificates, instruments or Loan Documents representing or evidencing any additional Pledged Securities hereinafter acquired by the Pledgor shall forthwith after issuance be delivered to and remain in the custody of the Lender or its nominee. All Pledged Securities may, at the option of the Lender, be registered in the name of the Lender or its nominee. The Pledgor shall execute and deliver to the Lender a certified copy of a resolution of the directors or shareholders of the Borrower or any consents required under such constating documents, as applicable, consenting to the transfers contemplated by this Agreement.

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The Pledgor agrees to execute such Loan Documents and to perform such other acts, and to cause any issuer or securities intermediary to execute such Loan Documents and to perform such other acts as may be necessary or appropriate in order to give the Lender “control” of such Collateral, as defined in the *Securities Transfer Act, 2006* (Ontario), which “control” shall be in such manner as the Lender shall designate in its sole judgment and discretion, including, without limitation, an agreement by any issuer or securities intermediary that it will comply with instructions in the case of an issuer or entitlement orders in the case of a securities intermediary, originated by the Lender, whether before or after the security hereby constituted becomes enforceable, without further consent by the Pledgor.

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3.1 Representations and Warranties of the Pledgor.

The Pledgor hereby represents and warrants to the Lender, upon each of which representations and warranties the Lender specifically relies, as follows:

- (a) the Pledgor is and will be the sole legal and beneficial owner of the Collateral now in existence or acquired hereafter, free of any Security Interest other than Security Interests in favour of the Lender and Permitted Liens with full right to mortgage, charge, assign, transfer, deliver, pledge and hypothecate the Pledged Securities to the Lender in accordance with the provisions of this Agreement;
- (b) all Pledged Securities are validly issued, fully paid and non-assessable and shall not be subject to any Security Interest other than in favour of the Lender;
- (c) except to the extent disclosed to the Lender in writing, there is no existing agreement, option, right or privilege capable of becoming an agreement or option pursuant to which the Pledgor would be required to sell or otherwise dispose of any of the Pledged Securities; and
- (d) the Security Interest created hereby will constitute a valid perfected Security Interest in the Pledged Securities upon delivery of the share certificates representing the Pledged Securities to the Lender or upon registration of notice thereof in prescribed form under applicable personal property security legislation, if such registration is required in order to perfect a Security Interest in the Pledged Securities.

3.2 Covenants of Pledgor.

The Pledgor covenants to and in favour of the Lender that until all the Obligations are indefeasibly performed and paid in full, it shall:

- (a) defend the Lender's right, title and Security Interest in and to the Collateral;
- (b) except to the extent permitted by Section 4.2, not (and shall not purport to) sell or dispose of, transfer, relinquish or otherwise deal with, any of its interest in the Pledged Securities or other Collateral or incur or permit to exist any Security Interest other than Permitted Liens or any Security Interest that is in favour of the Lender in or with respect to any of the Pledged Securities or other Collateral;
- (c) ensure that, at the request of the Lender, all Pledged Securities shall be registered in the name of the Lender or its nominee, that any certificates representing the Pledged Securities shall be forthwith delivered to and remain in the custody of the Lender or its nominee, and that all certificates, instruments or Loan Documents representing or evidencing any Pledged Securities shall forthwith after issuance be delivered to, and remain in the custody of, the Lender or its nominee;

- (d) ensure that such stock powers of attorney and similar documents with respect to the Pledged Securities as the Lender may reasonably request, satisfactory in the form and substance to the Lender, shall be delivered to the Lender or its nominee from time to time upon request; and
- (e) not, with respect to the Pledged Securities, enter into, amend, or waive any right or obligation under, any shareholder agreement, voting agreement, voting trust, trust deed, irrevocable proxy or other similar agreements or instruments.

ARTICLE 4 DEALING WITH COLLATERAL

4.1 Rights and Duties of the Lender.

- (a) The Lender shall have and be entitled to exercise all such powers hereunder as are specifically delegated to the Lender by the terms hereof, together with such powers as are incidental thereto. The Lender may execute any of its duties hereunder by or through agents or employees and shall be entitled to retain counsel and to act in reliance upon the advice of such counsel concerning all matters pertaining to its duties hereunder.
- (b) The Lender and any nominee on its behalf shall be bound to exercise in the holding of the Pledged Securities and other Collateral the same degree of care as it would exercise with respect to similar property of its own of similar value held in the same place. The Lender and any other nominee on its behalf shall be deemed to have exercised reasonable care with respect to the custody and preservation of the Collateral if it takes such action for this purpose as the Pledgor shall reasonably request in writing, but failure of the Lender or its nominee to comply with any such request shall not in and of itself be deemed a failure to exercise reasonable care, and no failure of the Lender or its nominee to preserve or protect any rights with respect to the Collateral, or to do any act with respect to preservation of the Collateral not so requested by the Pledgor, shall in and of itself be deemed a failure to exercise reasonable care in the custody or preservation of the Collateral. Neither the Lender nor any nominee acting on its behalf, nor any director, officer or employee of the Lender shall be liable for any action taken or omitted to be taken by it hereunder or in connection herewith except for their own gross negligence or wilful misconduct. The Lender is hereby released from all responsibilities for any depreciation in or loss of value of any part of the Collateral except for such depreciation or loss of value that is the result of the Lender's (or its authorized agents' or nominee's or that of its officers, directors or employees) gross negligence or wilful misconduct.

4.2 Voting Rights.

- (a) Unless an Event of Default has occurred that is continuing and that is not waived in writing by the Lender, the Pledgor is entitled to exercise all the rights and powers of a holder of such securities including, without limitation, the right to

vote from time to time exercisable in respect of the Collateral and to give proxies, consents and waivers in respect thereof. No such action may be taken if it would violate or be inconsistent with the Credit Agreement, any other document to which the Pledgor is a party, or this Agreement or any other agreements relating thereto or hereto or would have the effect of reducing the value of the Collateral as security for the Obligations or imposing any restriction on the transferability of any of the Collateral.

- (b) Upon the occurrence of an Event of Default that is continuing and that is not waived in writing by the Lender, the rights and powers of the Pledgor as a holder of such securities including, without limitation, the right to vote the Collateral, will cease immediately and the Lender will have the right to exercise the rights and powers related to such Collateral, including, without limitation, the right to vote unless the Lender shall have given a notice to the Pledgor permitting the Pledgor to continue to exercise such rights and powers subject to any limitations set forth in such notice.
- (c) Prior to the occurrence of an Event of Default that is continuing and that is not waived in writing by the Lender, the Lender shall deliver promptly to the Pledgor all notices, statements or other communications received by it or its nominee. At any time after the occurrence of an Event of Default that is continuing and that is not waived in writing by the Lender, the Pledgor waives all rights to be advised of or to receive any notices, statements or communications received by the Lender or its nominee.

4.3 Dividends and Interest Payments.

- (a) Unless an Event of Default has occurred that is continuing and that is not waived in writing by the Lender, the Pledgor is entitled to receive all dividend payments or other distributions or interest payments in respect of the Collateral.
- (b) Upon the occurrence of an Event of Default that is continuing and that is not waived in writing by the Lender, all rights of the Pledgor pursuant to Section 4.3(a) shall cease and the Lender will have the sole and exclusive right and authority to receive and retain all payments that the Pledgor would otherwise be authorised to retain pursuant to Section 4.3(a). All money and other property received by the Lender pursuant to the provisions of this Section 4.3(b) may be applied on account of the Obligations or may be retained by the Lender as additional Collateral hereunder and be applied in accordance with the provisions of the Credit Agreement.

ARTICLE 5 REMEDIES

5.1 Remedies

- (a) On or after the occurrence and during the continuance of an Event of Default that is not waived in writing by the Lender, (i) any or all of the Obligations will at the

option of the Lender become immediately due and payable or be subject to immediate performance, as the case may be, without presentment, protest or notice of dishonour, all of which are expressly waived, (ii) the obligation, if any, of the Lender to extend further credit to the Pledgor will cease, (iii) any or all security granted hereby will, at the option of the Lender, become immediately enforceable, and (iv) in addition to any right or remedy provided by applicable law, the Lender will have the rights and remedies set out below, all of which rights and remedies will be enforceable successively, concurrently or both:

- (i) transfer any part of the Collateral into the name of the Lender or its nominee;
- (ii) vote any of the Collateral (whether or not registered in the name of the Lender or its nominee) and give or withhold all consents and waivers in respect thereof;
- (iii) exercise all rights of conversion, exchange or subscription, or any other rights, privileges or options pertaining to any of the Collateral, including, without limitation, the right to exchange at its discretion any of the Collateral upon the amalgamation, arrangement, merger, consolidation or other reorganization of the issuer of the Collateral, all without liability except to account for property actually received by the Lender and except for gross negligence or wilful misconduct;
- (iv) from time to time realise upon, collect, sell, transfer, assign, give options to purchase or otherwise dispose of and deliver any Collateral in such manner as may seem advisable to the Lender. For such purposes each requirement relating thereto and prescribed by applicable law or otherwise is hereby waived by the Pledgor to the extent permitted by applicable law and in any offer or sale of any of the Collateral the Lender is authorized to comply with any limitation or restriction in connection with such offer or sale as the Lender may be advised by counsel is necessary in order to avoid any violation of applicable law, or in order to obtain any required approval of the sale or of the purchase by any governmental or regulatory authority or official. Such compliance will not result in such sale being considered (or deemed) not to have been made in a commercially reasonable manner nor will the Lender be liable or accountable to the Pledgor for any discount allowed by reason of the fact that such Collateral is sold in compliance with any such limitation or restriction;
- (v) purchase any of the Collateral, whether in connection with a sale made under the power of sale herein contained or pursuant to judicial proceedings or otherwise; and
- (vi) accept the Collateral in satisfaction of the Obligations upon notice to the Pledgor of its intention to do so in the manner required by applicable law.

- (b) The Lender may (i) grant extensions of time, (ii) take and perfect or abstain from taking and perfecting security, (iii) give up securities, (iv) accept compositions or compromises, (v) grant releases and discharges, and (vi) release any part of the Collateral or otherwise deal with the Pledgor, debtors of the Pledgor, sureties and others and with the Collateral and other security as the Lender sees fit, acting in a commercially reasonable manner, without prejudice to the liability of the Pledgor to the Lender or the Lender's rights hereunder.
- (c) The Lender will not be liable or responsible for any failure to seize, collect, realise, or obtain payment with respect to the Collateral and is not bound to institute proceedings or to take other steps for the purpose of seizing, collecting, realising or obtaining possession or payment with respect to the Collateral or for the purpose of preserving any rights of the Lender, the Pledgor or any other person, in respect of the Collateral.
- (d) The Lender may apply any proceeds of realisation of the Collateral to payment of reasonable expenses in connection with the preservation and realisation of the Collateral as above described and the Lender may apply any balance of such proceeds to payment of the Obligations in accordance with the terms of the Credit Agreement.

5.2 Payment of Expenses.

The Lender may charge on its own behalf and also pay to others all reasonable out-of-pocket expenses of the Lender, and others, including the fees and disbursements of any experts or advisers (including, without limitation, reasonable legal fees) retained by the Lender, incurred in connection with realising, collecting, selling, transferring, delivering or obtaining payment for the Collateral, or in connection with the administration of any amendment of this Agreement or incidental to the care, safekeeping or otherwise of any Collateral. The Lender may deduct the amount of such expenses from any proceeds of disposition of the Lender.

ARTICLE 6 GENERAL

6.1 Benefit of the Agreement.

This Agreement will enure to the benefit of and be binding upon the successors and assigns of the parties hereto.

6.2 Amendments and Waivers.

No amendments to this Agreement will be valid or binding unless set forth in writing and duly executed by all of the parties hereto. No waiver of any breach of any provision of this Agreement will be effective or binding unless made in writing and signed by the party purporting to give the same and, unless otherwise provided in the written waiver, will be limited to the specific breach waived.

6.3 Assignment.

The rights, title, benefits and interest of the Lender under this Agreement may only be assigned by the Lender in accordance with the provisions of the Credit Agreement. The Pledgor may not assign its obligations under this Agreement without the prior written consent of the Lender.

6.4 Severability.

If any provision of this Agreement is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability will attach only to such provision or part thereof and the remaining part of such provision and all other provisions hereof will continue in full force and effect.

6.5 Notices.

Any demand, notice or other communication to be given in connection with this Agreement shall be given in accordance with the provisions of the Credit Agreement.

6.6 Additional Continuing Security.

This Agreement and the Security Interest granted hereby are in addition to and not in substitution for any other security now or hereafter held by the Lender and this Agreement is a continuing agreement and security that will remain in full force and effect until discharged by the Lender.

6.7 Further Assurances.

The Pledgor must at its expense from time to time do, execute and deliver, or cause to be done, executed and delivered, all such financing statements, further assignments, documents, acts, matters and things as may be reasonably requested by the Lender for the purpose of giving effect to this Agreement or for the purpose of establishing compliance with the representations, warranties and covenants herein contained.

6.8 Power of Attorney.

Upon the occurrence of an Event of Default which is continuing and which is not waived in writing by the Lender, the Pledgor hereby irrevocably constitutes and appoints any duly appointed officer of the Lender the true and lawful attorney of the Pledgor, with full power of substitution and coupled with an interest, to do, make and execute all such statements, assignments, documents, acts, matters or things with the right to use the name of the Pledgor whenever and wherever the officer may deem necessary or expedient and from time to time to exercise all rights and powers and to perform all acts of ownership in respect of the Collateral in accordance with this Agreement.

6.9 Discharge.

The Pledgor will not be released or discharged from any of the Obligations or from this Agreement except by a release or discharge signed in writing by the Lender which shall not be unreasonably withheld or delayed. The Lender shall, upon indefeasible satisfaction of all of the

Obligations of the Pledgor to the Lender, execute such releases and discharges as the Pledgor may reasonably require, all at the request and sole cost and expense of the Pledgor and return to the Pledgor all Pledged Securities together with all other Collateral in the possession of the Lender and its nominees.

6.10 Governing Law and Attornment.

This Agreement shall be exclusively (without regard to rules or principals relating to conflicts of laws) governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. The Pledgor and the Lender hereby irrevocably and unconditionally attorn to the non-exclusive jurisdiction of the courts of the Province of Ontario and all courts competent to hear appeals therefrom.

6.11 Entire Agreement.

There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, between the Lender and the Pledgor with respect to the subject matter hereof except as expressly set forth herein or in the Credit Agreement and the Loan Documents delivered in connection with the Credit Agreement.

6.12 Executed Copy.

The Pledgor acknowledges receipt of a fully-executed copy of this Agreement.

6.13 Paramountcy

In the event of any conflict or inconsistency between the provisions of this Agreement and the Credit Agreement, notwithstanding anything contained in this Agreement, the provisions contained in the Credit Agreement shall prevail and be paramount to the extent of such conflict or inconsistency and the provisions of this Agreement shall be deemed to be amended to the extent necessary to eliminate such conflict or inconsistency, it being understood that the purpose of this Agreement is to be consistent with, and not add to or detract from, the rights granted to the Lender.

6.14 Counterparts

This Agreement may be executed in several counterparts and delivered by facsimile or other electronic transmission, each of which shall be deemed an original and all of which when taken together shall constitute one and the same agreement

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IN WITNESS WHEREOF the undersigned has executed and delivered this Agreement as of the date first referred to above.

FLOW WATER INC.

By: _____

DocuSigned by:

C81BE40BB8C04ED

Name: Nicholas Reichenbach

Title: Chief Executive Officer

SCHEDULE “A”

Pledged Securities

1. 1500 Common Shares in the capital of Flow Beverages Inc., represented by share certificate no. CS01.
2. 10 Class 1 shares in the capital of 2446692 Ontario Limited, represented by share certificate no. C3.
3. 100 Class A shares in the capital of Flow Glow Beverages Inc., represented by share certificate no. A-01.

This is Exhibit “Y” referred to in the Affidavit of Cliff Rucker sworn by Cliff Rucker of the City of Danvers, in the State of Massachusetts, before me at the City of Toronto, in the Province of Ontario, on September 2, 2025 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

DocuSigned by:

Matthew Cressatti

DA793534221D842D

Commissioner for Taking Affidavits (or as may be)

MATTHEW CRESSATTI

This MASTER EQUIPMENT LEASE (this "**Master Lease**") is effective as of September 22, 2023, and is by and between NFS Leasing Canada Ltd. (collectively, with its successors and assigns, "**Lessor**"), a Canada Corporation having its principal office at 40 Temperance Street, Suite 3200, Bay Adelaide Centre – North Tower, Toronto ON M5H 0B4, and Flow Beverage Corp. ("**Lessee**"), an entity incorporated under the laws of the province of Ontario and having its principal office at 155 Industrial Parkway South, Unit 7-10, Aurora, ON L4G 3G6.

IN CONSIDERATION OF the mutual agreements contained in this Master Lease, the parties agree as follows:

1. PROPERTY LEASED; TITLE:

1.1 Lessor agrees to lease to Lessee, and Lessee agrees to lease from Lessor, the personal property, together with all replacements, parts, repairs, additions, attachments and accessories incorporated therein (individually called a "**Unit of Equipment**" or a "**Unit**" and collectively called the "**Equipment**") described in each Equipment lease schedule executed from time to time pursuant to this Master Lease and substantially in the form attached hereto as Exhibit A ("**Schedule**"). In no event shall Lessee have any right to substitute any similar equipment for any item of Equipment. Each Schedule to this Master Lease will consist of three sub-schedules, designated as Sub-schedule A, B and C substantially in the form attached hereto as Exhibit A (each a "**Sub-schedule**"). Each Schedule shall be consecutively numbered and incorporate all of the terms and conditions of this Master Lease, and contain such additional terms as agreed upon by Lessee and Lessor. Sub-schedule A shall set forth the specific Equipment being leased thereunder, the initial term of the Schedule ("**Initial Term**"), and the periodic rent for such Equipment ("**Monthly Rent**"). Sub-schedule B shall set forth Lessee's purchase option with respect to such Equipment at the end of the Initial Term and Sub-schedule C shall constitute Lessee's (a) acknowledgement that all such Equipment has been delivered to Lessee by Lessee's supplier of such Equipment (the "**Supplier**") and (b) Lessee's acceptance of the Equipment. Accordingly, Sub-schedule C is also referred to in this Agreement as the "**Acceptance Certificate**". In the event of a direct conflict between the provisions of this Master Lease and a Schedule, the provisions of the Schedule shall prevail with respect to that specific Schedule only. Notwithstanding anything to the contrary in this Master Lease or any Schedule, Lessor and Lessee acknowledge and agree that Lessor's obligations under this Master Lease or any Schedule are conditioned upon Lessor's receipt of satisfactory due diligence regarding the Lessee, any Guarantor (defined below), and any collateral pledged by Lessee or any such Guarantor as security for payment and performance by Lessee of Lessee's obligations hereunder or any Schedule to Lessor. If Lessor is not satisfied regarding the Lessee, any Guarantor or the security, Lessor may terminate this Master Lease upon written notice to Lessee and such Guarantor.

1.2 It is expressly understood that the Equipment is, and shall at all times remain the personal property of Lessor. Lessee shall have no right, title or interest in the Equipment except as expressly provided herein. If requested by Lessor, Lessee will obtain, prior to delivery of any Unit or at any time thereafter, an agreement satisfactory to Lessor from all parties with a real property interest in the premises where the Equipment shall be located, waiving any claim with respect to the Equipment. In the event any Equipment will be located at a third party facility, such as a data center, prior to the delivery of any Equipment to such facility, Lessee shall deliver a fully executed agreement in form and substance acceptable to Lessor (it being understood that Lessor's current form of Tri-Party Landlord Agreement is acceptable to Lessor) among Lessor, Lessee, and the owner or operator of such third party facility ("**Landlord Waiver**"). If Lessor supplies Lessee with labels, plates or other markings stating that Lessor owns the Equipment, Lessee shall immediately attach the same in a prominent place on the Equipment acceptable to Lessor. Lessee agrees that Lessor may install a GPS monitoring device, kill switch and/or starter interrupter device and that Lessor may use such device to monitor the location or remotely disable any Equipment.

2. TERM; RENT:

2.1 The Initial Term for each Schedule shall commence on the first day of the month following the date Lessee accepts such Equipment as provided for in Section 4. ("**Commencement Date**") and shall continue until terminated in accordance with the provisions of this Master Lease. Lessee may terminate any Schedule as of the end of the Initial Term thereof by giving Lessor written notice no earlier than 180 days and not later than 120 days prior to the last day of the Initial Term as set forth in Sub-schedule A. If Lessee fails to provide such written notice of termination, then notwithstanding any end of lease purchase options set forth on the applicable Schedule, the Initial Term shall be automatically extended thereafter on a month-to-month basis at the same Monthly Rent, until terminated by Lessee giving the aforesaid written notice, which notice shall be effective on the last date of the

month which is at least 120 days subsequent to the effective date of such notice. Any notice of termination must relate to all the Equipment subject to the appropriate Schedule to which the notice applies. If Lessee fails to timely return the Equipment or pay the Equipment purchase price, in accordance with the terms of this Master Lease and in the condition required herein, on or prior to the last day of the Initial Term, Lessee's notice of its intent to return or purchase the Equipment shall be null and void and Lessee shall be required to give a subsequent notice of its intent to return or purchase the Equipment, which notice shall be effective on the last date of the month which is at least 120 days subsequent to the effective date of such notice. In no event shall Lessee have the right to terminate any Schedule with respect to any Equipment prior to the expiration of the Initial Term except if due to damage or destruction of any such Equipment in accordance with Section 11.2 (b). Any fair market value will be determined by Lessor in Lessor's reasonable judgment, taking into consideration without limitation, the Equipment in use and in place, and the condition of the Equipment relative to the requirements of this Master Lease. Within five days after Lessee receives Lessor's fair market value determination, Lessee shall notify Lessor in writing if Lessee objects to such fair market value. If Lessee fails to provide a timely objection, Lessee shall be deemed to have accepted such fair market value. Upon Lessor's receipt of Lessee's timely written objection, such fair market value (in use and in place) will be determined, at Lessee's expense, by an independent appraiser selected by Lessor. The parties agree that the determination of such appraiser shall be the final fair market value. With respect to any Schedule, if within the later to occur of (a) 60 days after the execution of such Schedule by Lessee or, (b) the date by which such Schedule must commence pursuant to any interim financing loan agreement entered into in connection with such Schedule, and (i) such Schedule has not commenced, or (ii) Lessee attempts to repudiate, cancel and/or terminate any Schedule, Lessee agrees to, immediately upon Lessor's demand, pay to Lessor as liquidated damages, and not as a penalty, a non-commencement fee equal to 20% of the total amount to be financed under such Schedule less any non-commencement fee which must be paid to Lessor under any corresponding interim financing loan agreement entered into in connection with such Schedule (a "**Non-Commencement Fee**"). Lessee and Lessor agree that any Non-Commencement Fee is non-refundable and reasonable with respect to the anticipated harm resulting from the non-commencement, repudiation, cancellation or termination of any Schedule prior to its commencement, and the difficulties of proof of loss and inconvenience or non-feasibility of Lessor obtaining an adequate remedy. In accordance with the foregoing, Lessee further agrees that it is estopped from contesting the validity or enforceability of any such Non-Commencement Fee.

2.2 Lessee's obligation to pay the Monthly Rent under each Schedule shall commence on the date such Equipment has been delivered to Lessee by the Supplier, notwithstanding the actual Commencement Date for such Schedule. For the purposes of this Master Lease, delivery will be defined as FOB origin. Lessee shall have 7 days following its receipt of any such Equipment to notify Lessor as to any missing Equipment, and its failure to do so shall be construed, as between Lessor and Lessee, as Lessee's acknowledgment that all such Equipment has been received by Lessee. In the event such Equipment is delivered to Lessee in multiple shipments, or for any other reason only partial delivery of such Equipment has occurred, Lessor shall provide Lessee with a calculation as to the pro rata amount due to Lessor as Rent (defined below) based upon the Equipment actually received by Lessee for each such partial delivery. All Rent paid by Lessee prior to the Commencement Date shall constitute "**Interim Rent**". Lessee shall be obligated to pay such Interim Rent in an amount equal to 1/30th of the Monthly Rent for each day Lessee's Rent obligation commences in advance of the Commencement Date, less any pro rata adjustments on account of partial delivery of Equipment as aforesaid. Interim Rent shall be invoiced by Lessor on the first date of each month for the prior month's Interim Rent and shall be payable by Lessee within 5 days from the date such invoice is received by Lessee. As of the Commencement Date, the Monthly Rent shall be payable in advance on the Commencement Date and on the first day of each successive month thereafter during the Initial Term of such Schedule or any extension thereof. Unless otherwise agreed by Lessor in writing, Monthly Rent shall be payable by Lessee to Lessor via pre-authorized debit ("**PAD**") or such other electronic funds transfer service reasonably acceptable to Lessor. Lessee agrees to timely execute such authorizations as may be required by Lessor and/or PAD or other similar service acceptable to Lessor to allow direct electronic monthly payments to be made to Lessor. In the event any payment due hereunder is not received by Lessor within 5 days after it is due, Lessee shall pay Lessor a late fee of \$250.00 to cover Lessor's administrative and other costs. In addition to the forgoing late fee, Lessee shall pay interest on such overdue amounts at the rate of 18% per annum or the maximum interest rate legally permissible in Canada, whichever is less ("**Late Payment Rate**"), which interest shall accrue as of the date such payment was due. Upon Lessee's execution of any Schedule to this

Master Lease, Lessee shall pay Lessor an amount equal to the first Monthly Rent payment for each Schedule or such other amounts, including any advance payments as set forth in such Schedule. In the event that Lessee fails to timely pay when due any advance payment required under a Schedule within 30 days after execution of such Schedule, or such other time period required under a Schedule, Lessee shall immediately pay to Lessor a Non-Commencement Fee in connection with such Schedule, and Lessor may at its option, (a) immediately terminate such Schedule, and (b) retain any origination fees or other fees paid in connection with such Schedule. Notwithstanding the foregoing, if no Event of Default exists, and Lessor terminates any Schedule prior to the Commencement Date with respect to any Schedule, Lessor will return to Lessee any origination fees paid pursuant to such Schedule, net of Lessor's costs, fees or expenses incurred. Lessor may otherwise retain any origination fees or other fees paid in connection with any Schedule.

3. NET LEASE: Each Schedule executed hereunder shall constitute a net lease and Lessee agrees that its obligation to pay all Interim Rent, Monthly Rent and other sums payable hereunder ("**Rent**"; "**Interim Rent**" and "**Monthly Rent**" are sometimes referred to herein collectively as "**Rent**"), shall be absolute and unconditional and shall not be subject to any refund, abatement, reduction, set-off, defense, counterclaim or recoupment ("**Abatement**") whatsoever, including without limitation, Abatements due to any past, present or future claims arising under this Master Lease, any Schedule or otherwise of Lessee against Lessor, or against the manufacturer or seller of any Unit or against any person or entity.

4. ACCEPTANCE: Lessee represents and warrants that it has selected all Equipment and each Supplier based upon its own independent business judgment and expressly disclaims any reliance upon any statement or representation made by Lessor as to the quality of any such Supplier or the quality or suitability of any such Equipment for Lessee's intended use. Lessee shall execute an Acceptance Certificate at such time as the Equipment which is referenced thereon is delivered to Lessee by the Supplier. Any disputes concerning any defects or non-conformity of any Equipment shall solely be between Lessee and the Supplier and any such dispute shall not relieve Lessee of its obligation to pay any Interim Rent or Monthly Rent due Lessor. The passage of 7 days from the date any such Equipment is delivered by Supplier, with no notice to the contrary shall, at Lessor's option, constitute conclusive evidence of acceptance by the Lessee regardless of whether or not the Acceptance Certificate has been executed and/or received by the Lessor. Lessee hereby authorizes Lessor to complete any missing or incomplete information on Lessee's behalf if an Acceptance Certificate has been returned incomplete. In the event Lessee fails to timely return any Acceptance Certificate, Lessee hereby authorizes Lessor to complete and acknowledge such Acceptance Certificate on Lessee's behalf.

5. WARRANTIES; DISCLAIMER OF WARRANTIES:

5.1 Lessor warrants that (a) so long as no Event of Default (defined below) has occurred and is continuing hereunder, (i) Lessee shall have the right of quiet and peaceful use, possession and enjoyment of the Equipment, subject to and in accordance with the provisions of this Master Lease, and (ii) notwithstanding any assignment, transfer, or grant of security interest by Lessor, Lessor shall not interfere with Lessee's said right of quiet enjoyment of the Equipment, and (b) as of the installation date of the Equipment, Lessor shall have title to the Equipment or the right to lease the Equipment to Lessee.

5.2 LESSOR MAKES NO OTHER WARRANTY, EXPRESS OR IMPLIED, AS TO ANY MATTER WHATSOEVER INCLUDING, WITHOUT LIMITATION, THE DESIGN OR CONDITION OF THE EQUIPMENT, ITS MERCHANTABILITY OR ITS FITNESS OR CAPACITY OR SUITABILITY OR DURABILITY FOR ANY PARTICULAR PURPOSE, THE QUALITY OF THE MATERIAL OR WORKMANSHIP OF THE EQUIPMENT OR CONFORMITY OF THE EQUIPMENT TO THE PROVISIONS AND SPECIFICATIONS OF ANY PURCHASE ORDER OR ORDERS RELATING THERETO, AND LESSOR EXPRESSLY DISCLAIMS THE SAME, AND, AS TO LESSOR, LESSEE LEASES THE EQUIPMENT "AS IS". LESSOR SHALL HAVE NO LIABILITY TO LESSEE FOR ANY CLAIM, LOSS OR DAMAGE CAUSED OR ALLEGED TO BE CAUSED DIRECTLY, INDIRECTLY, INCIDENTALLY OR CONSEQUENTIALLY BY THE EQUIPMENT, OR BY ANY INADEQUACY THEREOF OR DEFICIENCY OR DEFECT THEREIN, BY ANY INCIDENT WHATSOEVER IN CONNECTION THEREWITH, ARISING IN STRICT LIABILITY, NEGLIGENCE OR OTHERWISE. UNDER NO CIRCUMSTANCE SHALL LESSOR BE LIABLE TO LESSEE FOR ANY CONSEQUENTIAL, INCIDENTAL, PUNITIVE OR SPECIAL DAMAGES OF ANY NATURE OR KIND HOWEVER ARISING, WHETHER UNDER OR IN CONNECTION WITH THIS AGREEMENT OR OTHERWISE, REGARDLESS OF LEGAL THEORY, INCLUDING, BUT NOT LIMITED TO, ANY DAMAGES OR LOSSES RESULTING FROM BUSINESS INTERRUPTION OR FOR LOST PROFITS. LESSOR'S LIABILITY TO LESSEE FOR ANY REASON SHALL IN NO EVENT EXCEED RETURN OF AMOUNTS PAID TO LESSOR BY LESSEE.

Notwithstanding the foregoing, provided no Event of Default exists, during the Initial Term of any Schedule, Lessee shall be entitled to the benefit of any applicable manufacturer's warranties and such warranties are hereby assigned by Lessor to Lessee for the benefit of Lessee, to the extent assignable. As to new Equipment, Lessee acknowledges that Lessee ordered the Equipment from the Supplier thereof, and either (a) Lessee received a copy of the contract by which Lessor acquired the Equipment or (b) Lessor has informed Lessee in writing, either previously or by this Master Lease of (i) the identity of the Supplier, (ii) that Lessee may have rights under said contract and may be entitled, under the *Personal Property Security Act* in effect from time to time in the Province specified in Section 29 ("**PPSA**") or such similar legislation as is in effect in any jurisdiction in Canada, to the benefit of warranties provided to Lessor by the Supplier, and (iii) that Lessee may and should contact the Supplier to receive an accurate and complete description of such rights including any disclaimers or limitations on them or of the remedies thereunder. To the fullest extent permitted by applicable law, Lessee hereby waives all rights and remedies against Lessor that may be conferred upon a lessee by the PPSA.

6. LIENS; TAXES; EXPENSES:

6.1 Lessee shall not directly or indirectly create, incur, assume or suffer to exist any mortgage, lien, security interest, charge, encumbrance or claim (each a "**Lien**") on or with respect to this Master Lease or any Schedule, the Equipment, title thereto or any interest therein except those Liens created by Lessor, and Lessee shall immediately at its own expense take all action as may be necessary to discharge such Lien.

6.2 Lessee shall file and pay all income, ad valorem, value added, leasing, leasing use, stamp or other taxes, levies imposts, duties, charges or withholdings of any nature arising out of the transactions contemplated herein and imposed against Lessor, Lessee, or the Equipment by any federal, provincial, local, or foreign government or taxing authority upon or with respect to the Equipment or upon the sale, purchase, ownership, delivery, leasing, possession, use, operation, return or other disposition thereof, or upon the Rent, receipts, or earnings, arising here from, or upon or with respect to this Master Lease ("**Impositions**"), excluding, however, Impositions on, or measured solely by, the net income of Lessor and franchise or similar taxes based on Lessor's business existence or status. Lessee shall reimburse Lessor for all Impositions to the extent paid by Lessor in accordance with Section 22. Lessee shall also reimburse Lessor for all sales or use taxes assessed on Rent, installation, transportation or any Imposition relating to any charge made by Lessor to Lessee. Lessee shall not report any Equipment as directly assessable to Lessee without the prior consent of Lessor. Lessor shall arrange for the preparation and filing of all personal property tax returns and the payment of any tax assessments related thereto and Lessee shall reimburse Lessor for such Impositions upon Lessor's demand. Lessor shall invoice, and Lessee shall pay estimated personal property taxes on a monthly basis during the term of this Master Lease. Lessor shall reconcile the estimated personal property tax collected from Lessee against the actual personal property tax billed by the taxing authority on an annual basis and shall invoice Lessee for any shortfall or credit Lessee for any excess. If filing by Lessee is required by law, or if requested by Lessor, Lessee shall prepare and file, or cause to be prepared and filed, all necessary filings for the assessment of any Impositions and shall promptly send Lessor a copy of such filing and submit to Lessor written evidence of Lessee's payment thereof. Lessee shall reimburse Lessor for all expenses incurred from the preparation, filing and administration of such Impositions. Any tax returns filed by Lessee shall show Lessor as the owner of the Equipment. All payments and advances made by Lessor shall be deemed Rent, including but not limited to, all Impositions owed directly by Lessor for which Lessee has responsibility for reimbursement hereunder and all amounts advanced by Lessor to pay Impositions otherwise owed by Lessee.

6.3 In addition to the costs, fees and expenses set forth herein, Lessee shall be solely responsible for and shall pay any and all of its own and Lessor's costs, fees, expenses or other charges in connection with this Master Lease or any Schedule hereunder, including without limitation, in connection with (i) Lessor's due diligence, and underwriting, (ii) the Equipment, or (iii) securing, perfecting, and maintaining any security interest which Lessor may have in or to any Equipment or any other collateral securing Lessee's obligations hereunder and any Schedule.

7. INDEMNIFICATION: Except for matters solely attributable to Lessor's gross negligence or willful misconduct, Lessee shall indemnify and hold harmless Lessor, its transferees and their respective employees, officers, directors, managers, financing sources, and/or agents (collectively, the "**Indemnified Persons**"), from and against any loss (including any loss of tax benefits arising as a result of an act, omission or misrepresentation of Lessee), liabilities, damages, penalties, claims, suits, costs, expenses and disbursements at law or in equity, including legal fees, imposed on, incurred by or asserted against the Indemnified Persons arising out of the leasing, ownership, use, possession, control, maintenance, operation and transportation of the Equipment, including but not limited to, claims (a) related to that certain Sales Agreement dated on or about the

date hereof among Lessor, Lessee and Tetra Pak Canada Inc. (as amended, restated, supplemented, replaced or otherwise modified from time to time, the “**Sales Agreement**”), and (b) for patent, trademark or copyright infringement by Lessee and claims for property damage, personal injury or wrongful death arising in strict liability or negligence. All indemnities contained in any section of this Master Lease, including this Section 7, shall survive the expiration or other termination of this Master Lease or any Schedule with respect to acts or events occurring or alleged to occur prior to return of any Unit to Lessor and are expressly made for the benefit of, and shall be enforceable by any or all of the Indemnified Persons.

8. USE; INSTALLATION; MAINTENANCE; INSPECTION:

8.1 Lessee shall comply with all laws, regulations, and orders of any governmental branch or agency which relate to the installation, use, possession or operation of the Equipment, and shall use the Equipment in the regular course of its business only, within its normal capacity, without abuse. Lessee shall remain responsible for all payments due under this Master Lease and any Schedules regardless of any changes to provincial or federal law regarding the installation, use, possession or operation of the Equipment.

8.2 Lessee shall pay all applicable installation, transportation, rigging, unpacking and repacking, drayage, handling and insurance charges on the Equipment upon its initial delivery to Lessee. Upon the expiration or earlier termination of the Initial Term or any extension thereof, Lessee shall pay all such applicable charges in connection with the redelivery of the Equipment to such destination as is specified by Lessor (“**Return Location**”).

8.3 Lessee, at its own expense, shall maintain the Equipment in good operating condition, repair and appearance, and protect the same from deterioration other than normal wear and tear, and shall enter into, and keep in force a maintenance agreement with the manufacturer of the Equipment. Lessee shall cause the manufacturer to keep the Equipment in good and efficient working order, less normal wear and tear, in full compliance and in accordance with the provisions of such maintenance agreement and shall furnish evidence of such agreement to Lessor upon request. During Lessee's normal business hours, Lessee shall provide the manufacturer's field engineering representatives with access to the Equipment to install engineering changes necessary to keep the Equipment at currently announced engineering change levels. Upon deinstallation of any Unit, Lessee shall provide Lessor evidence from the manufacturer stating the Equipment is at currently announced engineering change levels and is qualified for the manufacturer's maintenance agreement.

8.4 During Lessee's normal business hours, upon prior written notice to Lessee and subject to Lessee's reasonable security procedures, Lessee shall permit Lessor or its designee to inspect the Equipment, Lessee's equipment log and maintenance records.

9. DEFAULT: The occurrence of any of the following events shall constitute a default by Lessee hereunder (“**Event of Default**”):

(a) Lessee shall fail to pay when due any Rent, including any interest thereon, or any other amount due hereunder, and such failure continues unremedied for a period of 5 days after written notice thereof from Lessor to Lessee; (b) Except for defaults set forth in Sections 9(a), (e) or (j) Lessee shall fail to perform or observe any covenant, condition or agreement to be performed or observed by it hereunder and such failure continues unremedied for 15 days after such default; (c) Lessee shall have made any representation or warranty herein, or in any document or certificate executed by Lessee incidental hereto, which is found to have been false in any material respect at the time such representation or warranty was made; (d) Lessee, or any guarantor of Lessee's obligations hereunder (“**Guarantor**”) shall cease doing business as a going concern, makes an assignment for the benefit of creditor, admits in writing its inability to pay its debts as they become due, files a voluntary petition in bankruptcy, is adjudicated a bankrupt or an insolvent, files a petition seeking for itself any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar arrangement under any present or future statute, law or regulation or files an answer admitting the material allegations of a petition filed against it in any such proceeding, consents to or acquiesces in appointment of a trustee, receiver, or liquidator of it or of all or any substantial part of its assets or properties, or if it or its shareholders shall take any action toward its dissolution or liquidation; (e) within 30 days after the commencement of any proceedings against Lessee or any Guarantor seeking reorganization, arrangement, readjustment, liquidation, dissolution or similar relief under any present or future statute, law or regulation, such proceedings shall not have been dismissed or set aside, or if within 30 days after the appointment, without Lessee's or Guarantor's consent or acquiescence, of any trustee, receiver or liquidator of it or of all or any substantial part of its assets and properties, such appointment shall not be vacated; (f) Lessee shall attempt to remove, sell, transfer, encumber, part with possession, sublet or assign this Master Lease or any Equipment, except as expressly permitted hereunder; (g) Lessee or any Guarantor defaults (after the expiration of any applicable cure period) on any indebtedness for borrowed money or under any lease or installment sale obligation, provided that the Lessee's and/or Guarantor's

financial obligation for such indebtedness or obligation is at least \$50,000 in any one instance or in the aggregate as to all such obligations then in default; (h) Lessee fails to obtain a Landlord Waiver, or similar agreement acceptable to Lessor, executed by the applicable third party facility or owner of the real estate where the Equipment under corresponding Schedule is located; (i) Lessee changes its legal name, form of corporate organization or province of organization without providing at least 30 days advance notice to Lessor and executing such additional documents as may be required by Lessor in connection therewith; (j) if the Commencement Date of a Schedule does not occur within 60 days (or (jsuch other time period set forth in the Schedule or related interim financing loan agreement) after execution of such Schedule; (k) occurrence of any default or event of default under any interim financing loan agreement or other agreement, document or instrument, between Lessor and Lessee or entered into by Lessee in favor of Lessor; (l) Lessee attempts to remove, disable or tamper with any Lessor required GPS monitoring units, kill switches, starter interrupters, or similar devices, or (m) a default occurs under the Sales Agreement.

10. REMEDIES: Upon the occurrence of an Event of Default and at any time thereafter, Lessor may, with or without terminating this Master Lease and any Schedule hereto, in its sole discretion, do any one or more of the following: (a) proceed by appropriate court action to enforce performance by Lessee of the applicable covenants of this Master Lease or any Schedule; (b) accelerate and declare immediately payable all sums due and to become due hereunder for the full term of any and all Schedules to this Master Lease; (c) notify Lessee to assemble any and all Equipment for pick up by Lessor at a designated time and date. Lessee hereby agrees that 24 hours advance notice shall be sufficient for purposes of making such Equipment available for pick up by Lessor, and such Equipment shall be in the condition set forth in Section 13. (d) take possession (by summary proceedings or otherwise) of the Equipment without prejudice to any other remedy or claim referred to herein; (e) recover from Lessee, as liquidated damages and not as a penalty, an amount equal to the sum of (i) any then accrued and unpaid Rent or other payments or amounts owed hereunder plus interest thereon at the Late Payment Rate, (ii) the present value of all future remaining Rent contracted to be paid over the unexpired portion of the Initial Term of any outstanding Schedule discounted to present value at a rate equal to 5% per annum (the “**Discount Rate**”), plus interest thereon at the Late Payment Rate until paid and plus, if applicable, any lender breakage costs and/or prepayment penalty fees charged to Lessor, and (iii) Lessor's estimate of the fair market value of the Equipment, in use and in place, at the end of the Initial Term discounted to present value at the Discount Rate. The Discount Rate is hereby acknowledged by Lessee and Lessor as being commercially reasonable. In addition to the foregoing, in the event Lessor, in its sole discretion chooses to repossess any or all of the Equipment, Lessee shall be liable for the payment of all costs and expenses incurred by Lessor in connection with the repossession, recovery, storage, or repair, sale, re-lease or other disposition of any of the Equipment, including reasonable legal fees and costs incurred in connection therewith or otherwise resulting from Lessee's default; (f) re-lease or sell any or all of the Equipment at a public or private sale, with the privilege of becoming the purchaser or lessee thereof, and whether the Equipment is present or not and in such manner, terms and notice as Lessor shall deem reasonable, without any duty to account to Lessee or to mitigate any damages and thereafter Lessor shall apply the proceeds of any such sale or lease exclusively for the benefit of Lessor and in no event shall Lessee be entitled to any such proceeds; and (g) exercise any other right or remedy which may be available to it under the PPSA, or such similar legislation as is in effect in any jurisdiction in Canada, as applicable, or any other applicable law. A termination hereunder shall occur only upon notice by Lessor to Lessee in writing and only as to such Schedules as Lessor specifically elects to terminate and, if applicable, this Master Lease and all remaining Schedules hereto shall continue in full force and effect. No remedy referred to in this Section 10 is intended to be exclusive, but each shall be cumulative and in addition to any other remedy referred to above or otherwise available to Lessor at law or in equity, and Lessee shall in any event be liable for all costs, expenses and reasonable legal or other collection fees incurred by Lessor in enforcing this Master Lease or pursuing any remedy provided to Lessor hereunder. No express or implied waiver by Lessor of any default shall constitute a waiver of any other default by Lessee or a waiver of any of Lessor's rights. Lessee agrees that in the event Lessee refuses or otherwise fails to assemble and allow Lessor access to any Equipment which Lessor seeks to repossess in accordance with Lessor's rights under this Section 10, then in that event Lessor shall be entitled to obtain injunctive relief against Lessee to recover possession of such Equipment. Lessee agrees that it shall not contest the reasonableness of any liquidated damages as set forth in this Section 10. If the Lessor is entitled to exercise any of its rights or remedies hereunder, including in accordance with this Section 10, the Lessor may, at its option, take proceedings in any court of competition jurisdiction for the appointment of a receiver (which term shall include a receiver and manager) of the Equipment or may by appointment in writing appoint any person to be a receiver of the Equipment and may remove any

receiver as so appointed by the Lessor and appoint another in such receiver's stead; any such receiver appointed by instrument in writing shall have all powers of the Lessor hereunder including, without limitation, to (a) take possession of the Equipment, (b) borrow money required for the maintenance, preservation or protection of the Equipment and (c) sell, or otherwise dispose of a whole or any part of the Equipment at public auction by public tender or by private sale, either for cash or upon credit, at such time and upon such terms and conditions as the receiver may determine; provided that, to the extent permitted and in the manner prescribed by law any such receiver shall be deemed to be an agent of the Lessee and the Lessor shall not in any way be responsible for any misconduct or negligence of any such receiver. Upon the occurrence of any Event of Default, Lessee waives any and all possessory rights or interests which Lessee may have as to any Equipment.

11. DAMAGE; DESTRUCTION OR LOSS:

11.1 Upon delivery of the Equipment to Lessee and until the Equipment is delivered to Lessor, Lessee shall bear the entire risk of loss, damage, or destruction with respect to the Equipment resulting from any cause whatsoever.

11.2 If any Unit becomes damaged beyond repair, lost, stolen, destroyed or permanently rendered unfit, or in the event of any condemnation or requisition of title or use of any Unit by any governmental authority (any such occurrence being hereinafter referred to as an "**Event of Loss**"), then Lessee shall notify Lessor within 24 hours of such Event of Loss and shall notify Lessor within 15 days after the occurrence of an Event of Loss that it chooses to either: (a) At its expense, promptly replace the affected Unit with a newer Unit of identical make, model, configuration, capacity and condition, in good repair, free and clear of all Liens, in which case any such replacement Unit shall become the property of Lessor and for all purposes of this Master Lease shall be deemed to be the Unit which it replaced; or (b) terminate the Schedule with respect to the affected Unit and pay to Lessor, an amount equal to the sum as calculated in Section 10(e) as of the date of the Event of Loss. Payments of Rent and other amounts due Lessor hereunder shall not be abated on account of any such Event of Loss and Lessee shall diligently pursue the replacement of or payment for the affected Unit(s), which in any event shall be completed within 60 days of the Event of Loss.

12. INSURANCE: Lessee shall, at its expense, insure the Equipment against all risks and in such amounts as Lessor shall reasonably require (but no less than the full replacement value) with carriers reasonably acceptable to Lessor, shall maintain a loss payable endorsement in favour of Lessor affording to Lessor such additional protection as Lessor shall reasonably require, and Lessee shall maintain liability insurance reasonably satisfactory to Lessor. All such insurance policies shall name Lessee and Lessor as additional insured and loss payees, and shall provide that insurance coverage shall not be canceled or altered without at least 30 days prior written notice to Lessor assignee, and that no breach of warranty by Lessor shall invalidate such insurance with respect to any additional insured. Lessee shall furnish appropriate evidence of such insurance to Lessor. In accordance with the provisions of Section 22, Lessor may procure such insurance on behalf of Lessee in the event Lessee fails to insure the Equipment in accordance with the provisions hereof.

13. SURRENDER AND RETURN OF EQUIPMENT:

13.1 Surrender of Equipment: Upon the expiration or other termination of any Schedule as provided for in this Master Lease, and provided Lessee has not duly exercised any applicable purchase option with respect to the Equipment, Lessee shall surrender and otherwise relinquish all control over the Equipment to Lessor.

13.2 Condition of Equipment and Packaging: At Lessee's expense, Lessee shall de-install the Equipment from Lessee's other systems and premises or any third party facility, and repackage the Equipment in its original packaging or otherwise package the Equipment in accordance with applicable manufacturer's recommendations. With respect to any software component of the Equipment ("**Software**"), Lessee shall destroy all intangible items constituting such Software and shall deliver to Lessor all tangible items constituting such software, including but not limited to original certificate of authenticity issued by the licensor of such Software, if any, the end user license agreement, any CD-ROM, diskettes or other media relating to such Software. Lessee acknowledges that Lessee rights to the use any such Software terminate upon the expiration or other termination of the applicable Schedule and Lessee shall not thereafter use any such Software. If requested by Lessor, Lessee shall provide a written certification that Lessee has complied with the foregoing Software return provisions and that it will not use any such Software subsequent to the expiration or termination of the applicable Schedule. Lessee further agrees to authorize Lessor and/or the Supplier of such Software to inspect all Equipment locations to verify compliance with the terms hereof. All Equipment shall be in the working condition specified in Section 8.3 and Lessee shall arrange and pay for all such repairs and work required as to any Unit of Equipment for the manufacturer to accept the Equipment at the time of surrender under the manufacturer's standard maintenance agreement. All Equipment shall be returned to Lessor free of any labeling or advertising placed

thereon by Lessee. Any expenses incurred by Lessor on account of Lessee's failure to comply with this Section 13.2 shall be reimbursed by Lessee to Lessor in accordance with the provisions of Section 22.

13.3 Return Location: Lessee at its expense shall deliver the Equipment to the Return Location and Lessee shall bear the risk of damage or loss until delivery of the Equipment to the Return Location.

14. ASSIGNMENT BY LESSOR: LESSOR MAY ASSIGN OR TRANSFER THIS MASTER LEASE OR ANY SCHEDULE HERETO OR LESSOR'S INTEREST IN THE EQUIPMENT OR GRANT A SECURITY INTEREST THEREIN TO ONE OR MORE ASSIGNEES WITHOUT NOTICE TO LESSEE. Any assignee of Lessor shall have all of the rights but none of the obligations of Lessor hereunder unless expressly agreed in writing, and Lessee agrees that it will not assert against any assignee any defense, counterclaim or offset that Lessee may have against Lessor. Lessee shall have no greater obligations to any assignee than it had to Lessor at the time of assignment, and such assignment shall not limit or otherwise restrict the rights afforded Lessee hereunder. Lessee hereby (a) consents to such assignments and/or grants, (b) agrees to promptly execute and deliver such further acknowledgements, agreements, and other instruments as may be reasonably requested by Lessor or assignee to effect such assignments and/or grants from time to time as each Schedule is executed and (c) agrees to comply fully with the terms of any such assignments and/or grants. Lessee acknowledges that any assignment or transfer by Lessor made in accordance with the provisions of this Section 14 shall not materially change Lessee's duties or obligations under this Lease nor materially increase the burdens or risks imposed on Lessee. In the event of an assignment, all references herein to Lessor shall include such assignee.

15. SECURITY DEPOSIT: If requested by Lessor for any Schedule, Lessee shall pay to Lessor, as a security deposit ("**Security Deposit**"), the amount which is specified on such Schedule. The Security Deposit shall be paid upon Lessee's execution of such Schedule and will be returned to the Lessee within 30 days after Lessor has been paid in full under this Agreement and each Schedule; provided that (a) all the Equipment under the Schedule has been returned to Lessor at the place and in the condition required herein or has been purchased in accordance with the end of lease options on the applicable Schedule, and (b) no Event of Default exists. Lessor shall have the right to deduct from the Security Deposit any amount not paid to Lessor when due. No such deduction shall diminish Lessee's obligation to pay any and all sums due Lessor and any amounts deducted from the Security Deposit which are subsequently paid by Lessee shall be used to restore the Security Deposit to its original amount. Upon demand from Lessor, Lessee shall pay the amount necessary to so restore the Security Deposit. Lessee agrees that the Security Deposit may be co-mingled with Lessor's other funds and that no interest shall be due to Lessee on account of the Security Deposit. Lessor's failure to require a Security Deposit on any Schedule shall not affect its rights to require a Security Deposit on any subsequent Schedule.

16. ASSIGNMENT OR SUBLEASE BY LESSEE: LESSEE SHALL NOT ASSIGN OR IN ANY WAY DISPOSE OF ALL OR ANY PART OF ITS RIGHTS OR OBLIGATIONS UNDER THIS LEASE OR ENTER INTO ANY SUBLEASE OF ALL OR ANY UNIT OF EQUIPMENT WITHOUT THE PRIOR WRITTEN CONSENT OF LESSOR, WHICH CONSENT SHALL NOT BE UNREASONABLY WITHHELD SUBJECT TO THE FOLLOWING CONDITIONS WHICH SHALL APPLY SEPARATELY TO EACH SUCH PROPOSED ASSIGNMENT OR SUBLEASE: (a) Equipment shall not be relocated outside of Canada; (b) Lessee shall give to Lessor written notice of the requested assignment or sublease which notice shall include the identity of the proposed lessee thereof ("**Subsequent Lessee**"), any proposed new location of the Equipment, and a true copy of the proposed assignment or sublease agreement including all terms and provisions thereof; (c) Lessee shall furnish or cause to be furnished to Lessor such financial and other information concerning the Subsequent Lessee as Lessor may request; (d) No sublease or assignment shall in any way discharge or diminish any of Lessee's obligations to Lessor under this Master Lease or any Schedule thereto and Lessee shall pay any excess Rent paid by the Subsequent Lessee over to Lessor; (e) The Subsequent Lessee shall agree to comply with all terms and provisions of this Master Lease and the applicable Schedules and shall furnish such proof of insurance and other documents required under this Master Lease to Lessor. Lessee shall assign its rights under any permitted assignment or sublease to Lessor or Lessor's assignee as additional collateral and security for the performance of Lessee's obligations hereunder; and (f) Lessor shall have 30 days from the date it receives all required or requested information concerning such assignment or sublease to notify Lessee that it either consents thereto or specifying the reasons it does not consent. If consented to, any such assignment or sublease shall be effective as of the date the next Rent payment is due under the applicable Schedules. Lessee agrees that for purposes of this Section 16, a transfer of 50% or more on the ownership interest in Lessee, or a sale or transfer of substantially all of Lessee's assets shall be deemed to be an assignment.

17. RELOCATION: Lessee shall not move or permit to be moved any

Equipment from the Equipment location without the prior written consent of Lessor, which consent shall not be unreasonably withheld; provided, however, in no event shall any Equipment be moved to a location outside of Canada, and further provided that all manufacturers' original warranties and maintenance programs shall continue to remain in effect subsequent to any such relocation. Risk of loss and all costs and expenses incurred in connection with any movement of Equipment shall be the responsibility of the Lessee.

18. ALTERATIONS AND MODIFICATIONS: Lessee shall not make modifications, alterations, features, options or additions to Equipment (other than normal operating accessories or controls) without the prior written consent of Lessor, which consent shall not be unreasonably withheld. Notwithstanding the foregoing, Lessee shall be entitled to acquire and install, at Lessee's expense, such additional features or options ("**Permitted Modifications**") which (a) will not impair the originally intended function or use of the Equipment in which the Permitted Modifications are installed, (b) will not require removal of any part of the Equipment, (c) will not interfere with Lessee's ability to obtain and maintain the maintenance contract required by Section 8.3 and (d) the addition of which will not have an adverse impact upon the value of the underlying Equipment or Lessor's rights therein. Such Permitted Modifications shall be of the type which are readily installed and removed without damage to the Equipment so as to restore the Equipment to the condition in which it existed prior to the installation of such Permitted Modifications provided, however, that if Lessor so agrees in writing, Lessee shall not be required to remove such Permitted Modifications. Any Permitted Modifications not so removed shall become the property of Lessor. All Permitted Modifications must qualify for the manufacturer's maintenance agreement and be maintained in accordance with Section 8. Lessee shall grant to Lessor the right and opportunity to first submit or match the last proposal for the lease, financing or supply of any Permitted Modification.

19. REPRESENTATIONS AND WARRANTIES OF LESSEE: Lessee represents and warrants for the benefit of Lessor: (a) Lessee is a legal entity, duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation and is in good standing in each jurisdiction where the Equipment will be located and has adequate corporate power to enter into and perform this Master Lease and each Schedule; (b) This Master Lease and each Schedule have been duly authorized, executed and delivered by Lessee and constitute a valid, legal and binding agreement of Lessee, enforceable in accordance with their terms, subject to enforcement limitations imposed by provincial or federal laws generally affecting the rights of creditors and general equitable principles; (c) The execution and delivery of and the performance by Lessee of its obligations under this Master Lease and each Schedule will not violate any judgment, order, law or governmental regulation applicable to Lessee or any provision of Lessee's articles of incorporation, by-laws or other constituting documents or result in any breach of or constitute a default under any instrument or agreement to which Lessee is a party or by which Lessee or its assets may be bound or result in the creation of any Lien; (d) To the best of Lessee's knowledge, and after diligent inquiry, there are no actions, suits or proceedings pending before any court, administrative agency, arbitration tribunal or governmental body which will, if determined adversely to Lessee, materially adversely affect its ability to perform its obligations under this Master Lease, each Schedule or any related agreement to which it is a party; and (e) All information concerning Lessee's business organization, business operations and financial condition furnished by Lessee to Lessor at any time prior to or subsequent to the execution of this Master Lease is true and accurate in all material respects. If requested by Lessor, Lessee will provide for each Schedule an incumbency certificate or similar document in form and substance acceptable to Lessor, identifying the signatures and establishing the authority of the signers of the lease documents

20. NOTICES: Any notices required by this Master Lease shall be transmitted by either registered or certified mail, return receipt requested, or overnight delivery or other form of expedited delivery which requires the signature or acknowledgement of the receiving party, or via facsimile provided that a successful transmission report is generated. All such notices shall be issued to the addresses of the parties set forth above, or to such other address as a party may hereafter specify by written notice given in accordance with the requirements of this Section 20, and shall be deemed effective on the earlier of the date received or 3 days after the date notice is postmarked.

21. SOFTWARE: Lessee acknowledges that in the event the Equipment includes Software, Lessee shall have no ownership or other proprietary rights to any such Software and Lessee agrees to enter into such Software license or other agreement for the use of such Software as may be required by the owner or other authorized distributor of such Software. Any software agreement shall be separate and distinct from this Master Lease and any Schedule, and Lessor shall not be obligated thereunder. The indemnification provisions of Section 7 shall apply to Lessee's unauthorized use of the Software or other violation of any software agreement. To the extent not specifically set forth in any other section of this Master Lease, Lessor

shall have the right to require Lessee to terminate Lessee's use of the Software if an Event of Default shall occur and shall be continuing hereunder.

22. LESSOR'S RIGHT TO CURE: If Lessee fails to perform any obligations hereunder, then Lessor, in addition to all of its rights and remedies hereunder, may perform the same, but shall not be obligated to do so, at the cost and expense of Lessee. In such event, Lessee shall promptly reimburse Lessor for any administrative or other costs and expenses, including but not limited to legal or other professional fees, incurred by Lessor, together with interest thereon at the Late Payment Rate from the date incurred to the date reimbursement is made. All payments and advances made by Lessor shall be deemed Rent.

23. FINANCIAL STATEMENTS AND INFORMATION; SALES AGREEMENT: During the term of this Master Lease, Lessee shall furnish to Lessor within 90 days following the close of its fiscal year, Lessee's audited or unaudited (as the case may be) financial statement (including balance sheet and income statement), all prepared in accordance with generally accepted accounting principles or international financial reporting standards, as applicable, consistently applied, and, from time to time, such other information concerning the Equipment as Lessor may reasonably request. In the event Lessee's financial statement is unaudited, then Lessee shall furnish a true copy of its Federal tax return within 10 days after the date such return has been filed. In addition to Lessee's indemnification obligations under Section 7, immediately upon Lessor's demand, Lessee agrees to reimburse Lessor for all payments made by Lessor, and any costs, fees and expenses incurred in connection with the Sales Agreement.

24. EXECUTION; COUNTERPARTS; FINANCING STATEMENT; POWER OF ATTORNEY; CORRECTIVE DOCUMENTS; PRIVACY POLICY:

24.1 This Master Lease and any Schedule hereto may be executed in multiple counterparts, with each such counterpart constituting an original. Either party may execute this Master Lease and any Schedule hereto via electronic or facsimile signature or via electronic mail, in which event an original signature page shall promptly be forwarded to the other party, provided however that the failure to forward such original signature shall not relieve that party of any obligation thereunder. The parties hereby expressly consent to the use of (a) electronic signatures as an additional method of signing and/or initialing all documents relating to this Master Lease and each Schedule (the "Documents" and each of "Document"), (b) the use of the DocuSign platform (or such other platform acceptable to Lessor in its sole discretion) and products for electronic signing, delivery and transmission of all Documents, including but not limited to this Master Lease, and (c) the electronic version of this Master Lease and each Schedule to embody the entire agreement and the understanding between Lessor and Lessee.

24.2 Lessee agrees that by its execution of this Master Lease, Lessor is authorized to file any PPSA financing statements or related filings in all applicable jurisdictions as Lessor may reasonably deem necessary to protect or perfect the interest of Lessor, its successors or assigns in this Master Lease, any Schedule, the payments due hereunder or the Equipment. Lessee agrees to execute such documents as may be required by applicable law in connection therewith. Lessee agrees that a copy of this Master Lease or any Schedule may be filed by Lessor as a financing statement. Lessee further agrees that if for any reason this Master Lease and/or any Schedule is determined to be other than a "lease for a term of more than one year" as defined in the PPSA, Lessee hereby grants to Lessor a first priority security interest in the Equipment and all proceeds attributable thereto to secure payment of all sums due and to become due under this Master Lease and/or any Schedule, including without limitation, all Rent and Impositions. In the event that Lessee at any time purchases any Equipment from Lessor under any Schedule to this Master Lease, then in such event Lessee hereby grants to Lessor a perfected first priority security interest in all such Equipment and all proceeds attributable thereto to secure payment of all sums due and to become due from Lessee to Lessor on account of such purchase.

24.3 Lessee hereby appoints Lessor as its agent and attorney-in-fact to execute, deliver, file and record any and all PPSA financing statements and any amendments thereto as are deemed necessary by Lessor or any assignee, to indicate the interest of Lessor or any assignee in this Master Lease, any Schedule, the Equipment and any proceeds thereof. To the extent permitted by law, Lessee hereby waives its right to receive a copy of any financing statement, financing change statement or verification statement filed or received by or on behalf of Lessor in connection with Lessor's interest in the Equipment and all proceeds attributable thereto.

24.4 Lessee and Lessor agree to cooperate with each other with respect to the execution of any documents which may reasonably be required to correct any errors or omissions in this Master Lease or any Schedule hereto.

24.5 Lessor will collect and use any personal information in accordance with Lessor's Privacy Policy, as amended from time to time at Lessor's sole discretion, which is presently available at <https://nfsleasing.com/wp-content/uploads/2021/01/NFS-Leasing-Inc.-Privacy-Policy.pdf>, which is incorporated by reference herein and hereby accepted by Lessee.

25. SUSPENSION OF OBLIGATIONS: Prior to delivery of any Unit, the obligations of Lessor may be suspended to the extent that Lessor is hindered or prevented from complying therewith because of labor disturbances, acts of God, fire, storms, accidents, failure of the manufacturer to deliver any Unit, governmental regulations or interference, or any cause whatsoever not within the sole control of Lessor.

26. SURVIVAL OF REPRESENTATIONS, WARRANTIES, INDEMNITIES AND COVENANTS: All representations, warranties, indemnities and covenants of Lessee contained in this Master Lease or any other document or certificate delivered pursuant thereto shall continue in full force and

effect and shall survive notwithstanding the full payment of all amounts due hereunder or the expiration or earlier termination of this Master Lease in any manner whatsoever, except to the extent any such representation or warranty by its nature expires upon the termination of this Master Lease.

27. EFFECT OF WAIVER: The failure or delay of Lessor in exercising any rights granted hereunder shall not constitute a waiver of any such right and any single or partial exercise of any particular right by Lessor shall not exhaust the same or constitute a waiver of any other right provided herein.

28. WAIVER OF JURY TRIAL: To the fullest extent permitted by applicable law, Lessee hereby waives Lessee's right to a trial by jury as to any cause of action arising out of or related to this Master Lease to which any such right attaches.

29. GOVERNING LAW AND VENUE: THIS MASTER LEASE SHALL BE CONSTRUED IN ACCORDANCE WITH, AND SHALL BE GOVERNED BY, THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN. Any action which is commenced to enforce or interpret any provision of this Master Lease, or which otherwise in any manner relates hereto, shall be commenced only in a court of competent jurisdiction sitting within the City of Toronto, Province of Ontario. Notwithstanding the foregoing, and not in limitation thereof, Lessee agrees that Lessor shall have the right, in its sole discretion, to commence any claims or actions in any court of competent jurisdiction where any Equipment or other collateral securing Lessee's obligations hereunder is located or where any other assets of the Lessee are located, for purposes of obtaining any pre judgment security or attachment, or similar proceeding, or for purposes of recovering or obtaining possession of any such Equipment or other collateral, and Lessor may bring any ancillary proceedings or claims necessary to obtain such prejudgment security or attachment, or similar relief.

30. ENTIRE AGREEMENT; MODIFICATION; BINDING EFFECT; SEVERABILITY; INTERPRETATION; INTEREST ACT; CURRENCY: There are no agreements or understandings, oral or written, between Lessor and

Lessee with respect to the Equipment, other than as set forth in this Master Lease including any addenda or Schedule hereto. This Master Lease and each Schedule contain the entire agreement between Lessee and Lessor with respect to the subject matter hereof. Neither this Master Lease nor any Schedule may be altered, modified, terminated or discharged except by a writing signed by both Lessor and Lessee. This Master Lease and each Schedule shall be binding upon and shall inure to the benefit of Lessor, Lessee and their respective successors and assigns. In the event that any provision of this Master Lease or any Schedule shall be held to be invalid or otherwise unenforceable, the remaining portions of this Master Lease and all Schedules shall remain in full force and effect to the extent that they can be given effect without the invalid portions. Nothing in any of the Documents, expressed or implied, shall be construed to confer upon any person or entity (other than the parties hereto, or the Indemnified Persons) any legal or equitable right, remedy or claim under or by reason of such Document. Lessee and Lessor have each had the opportunity to draft, review and edit the language of this Master Lease and each Schedule and no presumption for or against either Lessee or Lessor will be applied in any action requiring the interpretation of any terms hereunder. For the purposes of the *Interest Act* (Canada) and disclosure under such Act, wherever interest to be paid under this Agreement is to be calculated on the basis of any period of time that is less than a calendar year (a "**Deemed Year**"), such rate of interest shall be expressed as a yearly rate by multiplying such rate of interest for the Deemed Year by the actual number of days in the calendar year in which the rate is to be ascertained and dividing it by the number of days in the Deemed Year. Lessee is liable to pay to Lessor the obligations owing under this Master Lease and each Schedule in the currency in which it is payable by Lessee and identified under this Master Lease and each Schedule (the "**Required Currency**"). If Lessee makes payment in respect of any portion of the obligations in any other currency (the "**Payment Currency**"), such payment shall constitute satisfaction of the said liability of Lessee only to the extent that Lessor is able to purchase such portion of the obligations in the Required Currency using the amount of the Payment Currency received from Lessee on the date of receipt, in accordance with Lessor's normal practice, and Lessee shall remain liable to Lessor for any deficiency.

IN WITNESS WHEREOF, the parties have caused this Master Lease to be duly executed as set forth above.

DocuSigned by:
LESSOR: NFS Leasing Canada Ltd.

By: Dana Calumby
970D051AED5C4AA...

Name: Dana Calumby

Title: Chief Financial Officer

Date: 9/22/2023 | 6:03 PM PDT

DocuSigned by:
LESSEE: Flow Beverage Corp.

By: Nicholas Reichenbach
79E41069B4AE4A8...

Name: Nicholas Reichenbach

Title: Chief Executive Officer

Date: 9/22/2023 | 5:58 PM PDT



September 22, 2023

LEASE AGREEMENT

Client Name: Flow Beverage Corp.

Client Address: 155 Industrial Parkway, Unit 7-10
Aurora, ON L4G 3G6

NFS Leasing Canada Ltd. is pleased to provide the following lease proposal for your review. **Please note all amounts listed are in Canadian dollars.**

LESSOR:	NFS Leasing Canada Ltd. ("Lessor")
LESSEE:	Flow Beverage Corp. ("Lessee")
EQUIPMENT PROVIDER:	Tetra Pak Canada Inc.
TOTAL SALES PRICE:	\$4,536,392.49 Exclusive of Shipping and Tax
ADVANCE PAYMENT(S):	\$1,673,937.06 (inclusive of tax) comprised of: (a) a down payment in the amount of \$1,360,917.75 (30% down), (b) tax on the down payment in the amount of \$176,919.31, and (c) a fully earned non-refundable origination fee in the amount of \$136,100.00.
AMOUNT FINANCED:	\$3,175,474.74 Exclusive of Shipping and Tax
LEASE TERMS:	84 monthly (such 84-month period is the "Term") lease payments in the amount of \$58,822.17 plus applicable tax (collectively, the "Monthly Payments" and individually, a "Monthly Payment").
CREDIT CONDITIONS:	• Advance Payment shall be made via wire transfer. • Monthly Payments shall be made via Lessor initiated PAP. • Pricing is calculated using a 1.00 US Dollar to 1.34875 Canadian Dollar conversion rate, this rate is subject to a one-time adjustment after all fundings under this Schedule and related IFA (defined below) are disbursed using a blended rate of the actual conversion rates as of date of each funding. • The Total Sales Price shall be determined by Lessor based on Lessor's receipt and approval of Equipment quotes and/or invoices. • Lessee shall be responsible for all duties, taxes, costs and fees, including without limitation import fees, taxes, costs and fees associated with the Equipment and the Collateral. • All of Lessor's costs and fees, including without limitation, legal expenses, filing fees, collateral monitoring fees and fees associated with the perfection of Lessor's security interest in, and/or ownership of, the Equipment or any Collateral (defined below), will be passed through and paid by Lessee, and at Lessor's option, made via Lessor initiated PAP. • Lessor shall maintain its existing first position all-asset lien against all of the Lessee's assets (and all existing Corporate Guarantors' (defined below) assets as applicable) (collectively the "Collateral"). • Lessor's receipt of Corporate Guaranty Agreements, or similar agreements, by Flow Beverages Inc., a Delaware corporation, Flow Water Inc., a Canada corporation, Flow Glow Beverages Inc., a Canada corporation, and 2446692 Ontario Limited, an Ontario corporation (the "Corporate Guarantor(s)") in favor of Lessor in a form and substance acceptable to Lessor. • Lessor's receipt of Lessee's and Corporate Guarantors' formation and organizational documentation including certificate of incorporation and by-laws, certificate of formation and operating agreement, resolutions, or similar documentation (if not already on file). • Lessor shall receive satisfactory evidence of Lessee's insurance, including without limitation, general liability, property and other customary insurance coverage with respect to the Equipment, together with certain endorsements in form and substance acceptable to Lessor and issued by an insurance company acceptable to Lessor.

- Lessor's receipt of a Tri-Party Landlord Agreement in form and substance acceptable to Lessor among Lessor, Lessee and the landlord with respect to locations where Equipment and/or Collateral may be located.
- On or before October 31, 2023, Lessee shall provide Lessor evidence in form and substance acceptable to Lessor reflecting extension of the maturity date of certain existing unsecured debt in the current principal amount of \$9.8MM with a certain shareholder from February 2024 to February of 2026.
- If required by Lessor in connection with any prefunding requirements prior to acceptance and delivery of the Equipment, Lessee and Lessor shall enter into an Interim Financing Loan Agreement ("IFA") in form and substance acceptable to Lessor, and payment and performance under the IFA shall be secured by the Collateral.
- Subject to Lessor's satisfactory completion of credit underwriting, financial analysis and due diligence with respect to the Lessee, the Corporate Guarantors, the Equipment and the Collateral.

EARLY BUYOUT OPTION:

At any time prior to December 31, 2023, and provided no Event of Default (as defined in the Documentation) exists, Lessee may terminate and buy out the lease by paying Lessor an amount equal to all remaining outstanding payments present value discounted at the imputed interest rate, *plus* a termination fee in the amount of \$454,600.00.

At Month 60 (after Lessor's receipt of the Monthly Payment due in Month 60) of the Term, Lessee may terminate and buy out the lease by paying Lessor an early buyout payment in the amount of \$2,013,934.70 (the "EBO"). In the event that Lessee does not elect to exercise the EBO, Lessee shall pay to Lessor in Month 60 a one-time continuation fee in the amount of \$489,150.47 ("Continuation Fee"), and Lessee shall continue to pay the remaining 24 scheduled monthly payments due under the lease through the end of the Term.

PAYMENT FREQUENCY:

Monthly in Advance.

TERMINATION FEE:

Prior to Month 60 of the Term and upon the occurrence of an Event of Default, Lessee shall pay the remaining Monthly Payments payable through the end of the Term, *plus* an amount equal to the Continuation Fee.

LEASE EXPIRATION OPTION:

Purchase Equipment for \$1.00.

DOCUMENTATION:

Master Lease Agreement 2023-0256, Schedule 01

PROPOSAL EXPIRATION:

09/28/2023

This is an offer to lease and is not binding upon either party until a master lease schedule is executed.

LESSOR: IPS Leasing Canada Ltd.

By: 
970D051AED5C4AA...

Name: Dana Calumby

Title: Chief Financial Officer

Date: 9/22/2023 | 6:03 PM PDT

LESSEE: Row Beverage Corp.

By: 
79E41069B4AE4A8...

Name: Nicholas Reichenbach

Title: Chief Executive Officer

Date: 9/22/2023 | 5:58 PM PDT

EXHIBIT A
SUB-SCHEDULE 1A

EQUIPMENT LEASE SCHEDULE NO. 01
TO MASTER EQUIPMENT LEASE NO. 2023-0256
DATED AS OF 09/22/2023
BETWEEN NFS Leasing Canada Ltd. ("LESSOR")
AND Flow Beverage Corp. ("LESSEE")

LESSEE: EQUIPMENT LOCATION:

Flow Beverage Corp. 155 Industrial Parkway, Unit 7-10
Aurora, ON L4G 3G6

EQUIPMENT DESCRIPTION:

<u>Vendor</u>	<u>Quote No.</u>	<u>Price</u>
Tetra Pak Canada Inc.	CA-11254637 Rev A	\$4,536,392.49
Total Sales Price:		\$4,536,392.49

See Sub-Schedule 1D for detailed equipment quote

Original Equipment Cost: \$4,536,392.49 Exclusive of Shipping and Tax

Monthly Payment: \$58,822.17 plus applicable tax

Initial Term: 84 months

Advance Payment: Down Payment and Origination Fee = \$1,673,937.06 Inclusive of Tax

The terms and conditions of the Master Lease are hereby incorporated and made a part hereof as if such terms and conditions were fully set forth herein.

LESSOR, NFS Leasing Canada Ltd.

By: 
970D051AED5C4AA...

Name: Dana Calumby

Title: Chief Financial Officer

Date: 9/22/2023 | 6:03 PM PDT

LESSEE, Flow Beverage Corp.

By: 
79E41069B4AE4A8...

Name: Nicholas Reichenbach

Title: Chief Executive Officer

Date: 9/22/2023 | 5:58 PM PDT

EXHIBIT B
SUB-SCHEDULE 1B
EQUIPMENT LEASE SCHEDULE NO. 01
TO MASTER EQUIPMENT LEASE NO. 2023-0256
DATED AS OF 09/22/2023
BETWEEN NFS Leasing Canada Ltd. ("LESSOR")
AND Flow Beverage Corp. ("LESSEE")

LESSEE:	EQUIPMENT LOCATION:
Flow Beverage Corp.	155 Industrial Parkway, Unit 7-10 Aurora, ON L4G 3G6

Pursuant to the above referenced Schedule and Lease, Lessor offers the following End of Lease Purchase Options to Lessee:

Upon payment of final Rent Payment, Lessee will have the option to:

Purchase Equipment for \$1.00.

Early Buyout Option:

At any time prior to December 31, 2023, and provided no Event of Default (as defined in the Documentation) exists, Lessee may terminate and buy out the lease by paying Lessor an amount equal to all remaining outstanding payments present value discounted at the imputed interest rate, plus a termination fee in the amount of \$454,600.00.

At Month 60 (after Lessor's receipt of the Monthly Payment due in Month 60) of the Term, Lessee may terminate and buy out the lease by paying Lessor an early buyout payment in the amount of \$2,013,934.70 (the "EBO"). In the event that Lessee does not elect to exercise the EBO, Lessee shall pay to Lessor in Month 60 a one-time continuation fee in the amount of \$489,150.47 ("Continuation Fee"), and Lessee shall continue to pay the remaining 24 scheduled monthly payments due under the lease through the end of the Term.

LESSOR: NFS Leasing Canada Ltd.

By: 
970D051AED5C4AA...

Name: Dana Calumby

Title: Chief Financial Officer

Date: 9/22/2023 | 6:03 PM PDT

LESSEE: Flow Beverage Corp.

By: 
79E41069B4AE4A8...

Name: Nicholas Reichenbach

Title: Chief Executive Officer

Date: 9/22/2023 | 5:58 PM PDT

EXHIBIT C
SUB-SCHEDULE 1C

EQUIPMENT LEASE SCHEDULE NO. 01
TO MASTER EQUIPMENT LEASE NO. 2023-0256
DATED AS OF 09/22/2023
BETWEEN NFS Leasing Canada Ltd. ("LESSOR")
AND Flow Beverage Corp. ("LESSEE")

LESSEE: EQUIPMENT LOCATION:

Flow Beverage Corp. 155 Industrial Parkway, Unit 7-10
Aurora, ON L4G 3G6

Pursuant to the above referenced Schedule and Master Lease, Lessee by its below signature, hereby certifies that the Units of Equipment described in the Schedule and below have been delivered by the Supplier of such Equipment at the location of Lessee described herein, have been inspected by authorized representatives of Lessee, have been found to be in good repair, condition and working order and are accepted by Lessee as Equipment under the Schedule on the applicable Delivery or Installation Date(s) set forth below:

EQUIPMENT DESCRIPTION:

<u>Vendor</u>	<u>Quote No.</u>	<u>Price</u>
Tetra Pak Canada Inc.	CA-11254637 Rev A	\$4,536,392.49
Total Sales Price:		\$4,536,392.49

See Sub-Schedule 1D for detailed equipment quote

The terms and conditions of the Master Lease are hereby incorporated and made a part hereof as if such terms and conditions were fully set forth herein.

LESSEE: Flow Beverage Corp.

By: _____

Name: Nicholas Reichenbach

Title: Chief Executive Officer

Date: _____

EXHIBIT D

SUB-SCHEDULE 1D

EQUIPMENT LEASE SCHEDULE NO. 01
TO MASTER EQUIPMENT LEASE NO. 2023-0256
DATED AS OF 09/22/2023
BETWEEN NFS Leasing Canada Ltd. ("LESSOR")
AND Flow Beverage Corp. ("LESSEE")

Original Equipment Quotes Attached.



Sales Agreement

Packaging Equipment and Installation Services

This Sales Agreement is made April 14, 2023 between:

Tetra Pak Canada Inc. , with its principal place of business at
20 DeBoers Drive, Suite 420, Toronto, ON M35 OH1 ("Tetra Pak")

and

Flow Water Inc., with its principal place of business at
1600 Carling Avenue, Suite 620, Ottawa, Ontario K1Z 1G3 ("Customer")

Agreement Number:	CA-11254637 Rev A dated April 14, 2023

“Confidential information not for 3rd party disclosure”

1. Preamble

Tetra Pak is engaged in the business of developing, manufacturing and commercialising processing and packaging systems for liquid and other food products, as well as providing a wide range of technical services, and has many years' experience, know-how and technology in such field.

Customer is engaged in the business of manufacturing and commercialising food products and has many years' experience, know-how and technology in such field.

Customer wishes to purchase certain equipment and installation services to enable it to process and package certain food products utilizing Tetra Pak's equipment and know-how. Tetra Pak is willing and able to supply such equipment and tailor-made installation services.

2. Definitions

In this Agreement words and expressions shall have the meanings respectively assigned to them in the General Terms and Conditions referred to below, unless the context would clearly indicate otherwise.

3. The Contract

The below-listed documents and their attachments (if any) shall together constitute the Contract between the Customer and Tetra Pak. The Contract supersedes all prior quotations and negotiations on the subject matter and any reference to "the quotation" in any of the Contract documents shall be deemed to be a reference to the Contract.

This Agreement and General Terms and Conditions	
Exhibit 1	Specification of Equipment and Services (Scope of Supply)
Exhibit 2	Price and Payment Terms

In case of conflict between any of the Contract documents, the order of precedence shall be: (a) the Exhibits, (b) the General Terms and Conditions and (c) this Agreement.

4. Tetra Pak's responsibilities

Tetra Pak shall supply the Equipment, execute and complete the Installation Services and remedy defects therein in accordance with the terms of the Contract. Packaging material, additional material and parts to be used with the Equipment may be purchased from Tetra Pak or from any other supplier.

5. Customer's responsibilities

Customer shall fully comply with its responsibilities as outlined in the Contract.

Customer shall be solely responsible for the commercial operation of the Equipment and for the food packages produced by the Equipment.

It is Customer's responsibility to obtain confirmation from Customer's suppliers of packaging material, additional material and other products that interact with the Equipment that any such material or product is compatible with the Equipment and with the use of the Equipment for the production of safe food packages, including with respect to compliance with applicable food and product safety laws and regulations.

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The Equipment has been designed for the packaging of certain food products and is suitable for the safe packaging of the food products specified in *Products to be packed*. Customer may consult Tetra Pak regarding the suitability of the Equipment for packaging any products other than those specified in *Products to be packed*.

6. Delivery

Tetra Pak shall deliver the Equipment to 155 Industrial Parkway South, Aurora, Ontario L4G 3G6 in accordance with the delivery terms specified in *Exhibit 2 Price and Payment Terms*.

7. Time schedule

The Equipment delivery and the Installation Services defined in the Contract will be performed according to *Project Time Schedule*.

8. Price and terms of payment

As consideration for Tetra Pak's performance of its responsibilities under the Contract, the Customer shall pay to Tetra Pak all amounts owed under the Contract, at the times and in the manner prescribed in *Exhibit 2 Price and Payment Terms*.

9. Named representatives

Tetra Pak appoints Johan SA Nilsson to act as the contact person for the purposes of this Agreement.

The Customer appoints Nicholas Reichenbach to act as the contact person for the purposes of this Agreement.

10. Language

The Parties expressly required that this Agreement and all related documents be drawn up in English only. Les Parties ont expressément exigé que la présente convention et tous les documents qui s'y rapportent soient rédigés en anglais seulement.

[Signature page follows.]

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Both Parties represent that they are duly represented and have the capacity to enter into this Agreement. The Parties have executed this Contract in two original copies.

For and on behalf of **Flow Water Inc.**

For and on behalf of **Tetra Pak Canada Inc.**

By: _____
Name: _____
Title _____
Date: _____

By: _____
Name: _____
Title _____
Date: _____

By: _____
Name: _____
Title _____
Date: _____

By: _____
Name: _____
Title _____
Date: _____

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General Terms and Conditions

Sale of Installation Services - Packaging

Preamble

These General Terms and Conditions shall apply to the Contract.

Definitions

“Agreement” means that Sales Agreement between the Parties;

“Commissioning Criteria” means such criteria as may be specified as “commissioning criteria” in *Specification of Equipment and Installation Services* or *Plant Completion Procedures* (as the case may be) with respect to the Equipment, Section(s) or the Works, or if no such criteria has been specified the criteria deemed appropriate by Tetra Pak in order to show that the Equipment, Section(s) or the Works serves its/their intended purpose as specified in the Contract;

“Commissioning Tests” means the start-up of the Equipment, any Section thereof, or the Works including certain testing procedures pursuant to the terms and conditions appearing in the Contract;

“Contract” means the Agreement, these General Terms and Conditions and any additional documents identified in the Agreement as being part of the Contract;

“Customer” means the person or entity named in the Agreement as represented by any agent, employee, affiliate, contractor and any other person or entity functioning on its behalf;

“End of Commissioning Tests” means the point at which the Works or any section thereof may be put in commercial use under the control of Customer as described in *Specification of Equipment and Services* or in the *Plant Completion Procedures* (as the case may be);

“Equipment” means the apparatus, products, parts, material and Software Products (including specific applications made by Tetra Pak) listed in the Contract supplied under a separate agreement;

“Installation Services” means such engineering, project administration, procurement, supervision, construction, installation, installation material and apparatus, commissioning or other services to be provided by Tetra Pak or Tetra Pak subcontractors in accordance with the descriptions in the Contract;

“Party” may refer to either Tetra Pak or the Customer, individually.

“Parties” means, collectively, Tetra Pak and the Customer.

“Performance Targets” means such levels of performance as may be specified as “performance targets” in the Contract with respect to the Equipment, Section(s) or the Works;

“Plant Completion Procedures” means the document in which the rights and obligations of Customer and Tetra Pak in the inspection and testing of the Works in respect of Tetra Pak processing equipment are defined;

“Price” means the amount of money to be paid by the Customer to Tetra Pak for the Installation Services specified in the Contract;

“Product Losses” means the Customer’s net costs for the following documented costs and losses suffered due to defects in its products caused by a failure or break-down event: (i) the purchase price of any raw material, ingredients or other materials used in the Customer’s production of the damaged product; (ii) the cost price of any extra costs incurred for production-related labour and utilities used during the time of Customer’s production of replacement products for the damaged product, for example overtime compensation to employees; (iii) the cost price

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for any labour used for sorting, disposal, and recovery of packages due to the damaged product; and (iv) transport cost, storage costs and other direct costs of a similar nature due to the damage. Product Losses shall only include those costs and losses explicitly mentioned above and no other costs or losses shall be included, and for the avoidance of doubt no costs related to recalling the Customer's products from the market shall be included.

"Project Time Schedule" means the program for the performance and completion of the obligations of Customer and Tetra Pak including, as applicable, the agreed master time schedule and any subsequently agreed detailed project time schedule;

"Quality Control System" means a quality control system agreed to by the Parties in accordance with applicable industry standards and which is at all times in compliance with all regulations applicable to the Customer's operations;

"Recall Costs" means the Customer's net costs for the following documented costs and losses suffered due to having to recall the Customer's defective products that have been distributed to the market caused by a failure or break-down event: (i) Product Losses, (ii) costs for customer notification, transportation and disposal of defective products, and (iii) any other direct cost or direct loss of a similar nature incurred by Customer as a result of the recall of the product from the market. Customer's right to compensation for Recall Costs shall only include those costs and losses explicitly mentioned above and no other costs or losses shall be compensated.

"Section" means a specific processing or packaging line or other distinguished part of the equipment specifically identified as such in the Contract;

"Site" means the physical location where the Equipment will be installed;

"Software Products" means software products that may be delivered by Tetra Pak under the Contract in connection with the Installation Services;

"Tetra Pak" means the entity identified as "Tetra Pak" in the Agreement as represented by any agent, employee, affiliate, contractor and any other person or entity functioning on its behalf;

"Third Party Goods or Services" means any equipment, part, product, component, instrument, hardware, software automation or other material or services not supplied by Tetra Pak;

"Works" means the combination of the Equipment and the result of the Installation Services.

1. Tetra Pak's obligations

- 1.1 Tetra Pak shall supply the Installation Services in accordance with the terms of this Contract. .
- 1.2 Tetra Pak shall, at its own cost and expense, fully comply with its obligations as specified in the Contract in a timely and professional manner. Where the manner of execution is not specifically set out in the Contract, the work shall be executed in a proper and workmanlike manner in accordance with recognized good practice.
- 1.3 Tetra Pak shall fulfill its obligations in accordance with the Project Time Schedule. If there is no such time schedule, Tetra Pak shall deliver the Installation Services within a reasonable period of time, considering (i) the desired completion date of Customer's project, (ii) the technical complexity of the project and (iii) the required co-ordination between the different functions and suppliers.

2. Customer obligations

- 2.1 Customer shall, at its own cost and expense, fully comply with its responsibilities as outlined in the Contract. Customer shall also assume full responsibility for the

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procurement, cost, delivery and quality of fabrication and installation of any Third Party Goods or Services.

- 2.2 All responsibilities of Customer hereunder shall be fulfilled as specified with due care, sound judgement and good engineering and shall be consistent with the Project Time Schedule, provided that the delay is not caused by Tetra Pak.
- 2.3 If training is included in the Installation Services, Customer shall make available suitable employees of Customer to be trained by Tetra Pak. Customer and Tetra Pak shall agree in writing upon a suitable training plan.
- 2.4 At the successful completion of each appropriate phase of Mechanical Completion, Commissioning and Performance Validation, or each appropriate phase of the Plant Completion Procedure (if applicable), irrespective of minor deficiencies not affecting the operation of the relevant Section, Customer shall execute the certificates required by the Contract. Customer shall, if requested by Tetra Pak, execute a certificate for each relevant Section when completed rather than the Works as a whole.
- 2.5 Unless otherwise specified in the Contract, Customer shall obtain all necessary licenses, permits and approvals for the installation of the Equipment and the execution and completion of the Installation Services.
- 2.6 Tetra Pak will notify Customer before the installation of the Equipment and Customer shall give Tetra Pak unhindered access to the Site and provide skilled operators and all tools, utilities, raw materials, consumables, packaging material, spare parts, facilities, labor, services and connections required for the proper delivery of the Equipment and if applicable, start-up, commissioning and testing of the Equipment unless it is agreed in writing that this is Tetra Pak's responsibility. Customer shall provide all ancillary installations, including but not limited to electricity and utility connections, and ensure that the conditions necessary for the installation and the testing procedures of the Equipment are fulfilled, to the extent not performed by Tetra Pak according to this Contract. Packaging materials, additional material and spare parts provided by Customer for the installation and testing procedures of the Equipment may be purchased from Tetra Pak or from any other supplier.
- 2.7 Customer shall provide Tetra Pak with all information regarding its premises, equipment, operations, software and internal processes including security, safety and emergency procedures that are necessary for Tetra Pak to perform the Installation Services. Customer shall assure that all such information provided to Tetra Pak is true, accurate and complete. Tetra Pak shall not be required to verify such information and shall be entitled to rely on such information in providing services to Customer.

3. Price and Payment

- 3.1 Customer shall pay the Price of the Installation Services in accordance with the payment terms set out in *Price and Commercial Terms*.
- 3.2 If required in *Price and Commercial Terms*, the formation of any agreement between Customer and Tetra Pak shall be subject to Customer providing appropriate security (form, content and issuer to the satisfaction of Tetra Pak) for the full and timely payment of the Price.
- 3.3 In case of delayed payment, Customer shall pay Tetra Pak interest on the amount delayed at the rate specified in *Price and Commercial Terms*.

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- 3.4 If Customer fails to pay any amount when due in accordance with *Price and Commercial Terms*, Tetra Pak may suspend and withhold performance of any obligations it may have under the Contract until such date as Customer pays the amount due without prejudice to any of Tetra Pak's other rights in the event of Customer's non-compliance with the payment terms.

4. Delivery

- 4.1 Delivery terms (including insurance premiums and freight) shall be in accordance with the Incoterm rule specified in the Contract. In the absence of such specification, the risk of loss of or damage to the installation material and apparatus and responsibility for payment of insurance premiums and freight passes to Customer upon Tetra Pak's delivery of the installation material and apparatus to the first transport company.
- 4.2 Unless otherwise specified in writing, Tetra Pak shall pack the installation material and apparatus in a manner suitable to protect the items during transport. Each package shall be appropriately marked and labelled.
- 4.3 Tetra Pak's obligation to execute and complete the Installation Services within the agreed period of time is expressly contingent on the timely performance by Customer of all Customer's obligations in the Contract.
- 4.4 Unless otherwise specified in writing, the time for delivery and execution of the Installation Services shall commence upon the resolution of all technical and commercial terms including receipt by Tetra Pak of any agreed advance payment and of any applicable security for the remaining part of the Price.
- 4.5 If Tetra Pak is unable to supply the Installation Services in accordance with the Project Time Schedule due to the fault of Customer, Customer shall nevertheless pay Tetra Pak in accordance with the payment schedule and Customer shall reimburse Tetra Pak for any additional costs incurred by Tetra Pak as a result thereof. Customer shall upon Tetra Pak's request issue a variation order in accordance with clause 6 below in order to make any necessary changes in Tetra Pak's scope of delivery caused by Customer.
- 4.6 If Customer is unable or unwilling to accept physical delivery of the Installation Services at the time specified in the Project Time Schedule, Tetra Pak may, at its sole discretion, store the items at Customer's cost and risk. In such an event, the Installation Services shall be deemed delivered as of the date of storage.
- 4.7 The Parties are aware of the ongoing global supply chain interruptions, including shortages and delays of semiconductors and limited transportation availability and extended lead times. Tetra Pak has used reasonable efforts in preparing this Contract and relied on information available as of the date hereof. However, the Customer acknowledges that despite such reasonable efforts, Tetra Pak may not be in a position to timely fulfil all its obligations under the Contract. As a result, the Customer accepts that timetables for Tetra Pak's performance may have to be extended and waives its rights to remedies for such delays under the Contract and applicable law. Tetra Pak shall notify Customer of the delay within reasonable time, including expected duration if such estimation is possible. To the extent the length of a delay can be mitigated, such actions shall be agreed on a case-by-case basis between the Parties.

5. Retention of Title

- 5.1 Title to the Works shall remain with Tetra Pak until Customer has made full payment of the Price to Tetra Pak, and Customer shall upon Tetra Pak's request sign such

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documents, and act as may reasonably be required, in order to protect Tetra Pak's interest in the Works until fully paid. Until title passes, Customer shall not sell, transfer, lease, rent, charge, pledge or create any lien over the Works, in whole or in part.

- 5.2 If Customer fails to pay any installment of the Price within thirty (30) days from its due date, Tetra Pak may enter the site and repossess parts of the Installation Services in reduction of any amounts owed to Tetra Pak by Customer.

6. Variation Orders

Customer may request variations to the scope of Tetra Pak's obligations. Tetra Pak shall have no obligation to accept such variation until both Tetra Pak and Customer have executed a variation order in the form provided in the Contract. The variation order form shall specify the variation to the scope of Tetra Pak's obligations as well as any modification of the Price, Commissioning Criteria, Performance Targets, delivery, *Project Time Schedule* or other Contract provisions, to the extent agreed upon by Tetra Pak and Customer.

7. Intellectual Property Rights

- 7.1 Tetra Pak owns patents, designs, trademarks, copyrights, rights in databases and other intellectual property rights including but not limited to rights in software ("Intellectual Property Rights") for the Installation Services, e.g. software and spare parts. Tetra Pak hereby grants to Customer a license to use such rights only as far as already incorporated in the Installation Services for the purpose set out in the Contract. Tetra Pak does not convey nor shall Customer obtain any right, title or interest in the Intellectual Property Rights or any know-how, methodology, programs, systems, unpatented inventions or technical concepts used, provided or developed by Tetra Pak or obtained by Customer from Tetra Pak in connection with the Installation Services ("Know-how").
- 7.2 Based upon pre-existing Tetra Pak Intellectual Property Rights or Know-how, Tetra Pak will have sole ownership of all right, title and interest in and to any and all derivative Intellectual Property Rights and Know-How generated or developed by Tetra Pak or in collaboration with the Customer during the course of the Contract.
- 7.3 Tetra Pak shall defend or settle, at its sole option, any claim or suit against Customer by a third party (due to the Installation Services) based on infringement of any intellectual property right of any third party and shall reimburse the Customer for damages and fines finally awarded or settled and for Customer's direct costs (including reasonable legal costs), resulting from the claim or suit, provided Customer gives Tetra Pak immediate notice hereof and that Tetra Pak is given sole control of the defence. However, Tetra Pak shall not be liable to the extent such claim or suit is based on or resulting from (i) use of the Installation Services in connection or combination with Material not supplied by Tetra Pak or agreed between the Parties, or (ii) on use of the Installation Services outside its intended purpose, or (iii) Customer's failure to observe instructions for the installation, operation, maintenance, cleaning or repair of the Equipment, or (iv) information or materials provided by, or design stipulated or specified by Customer, or (v) modifications of the Installation Services undertaken by Customer. This clause 7.3 set forth the entire liability and the sole and exclusive remedy for Customer with respect to any claims, suits, losses or damages relating to infringement of third party intellectual property rights.

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8. Confidentiality, Drawings and Data

- 8.1 Prior to and during the term of this Contract, either Party may disclose to the other Party information, which is confidential or proprietary to it including, but not limited to, drawings or data, business, financial or technical information ("Confidential Information"). A Party receiving Confidential Information (the "Receiving Party") shall treat any Confidential Information that it receives from the other Party or its affiliates (the "Disclosing Party") as confidential and shall not disclose it to any third party in whole or in part, or use such information other than for the purposes for which such Confidential Information has been disclosed. The foregoing restriction shall not apply to (i) information which is or comes into the public domain through no fault of the Receiving Party, (ii) information that the Receiving Party can provide evidence was known to the Receiving Party prior to the disclosure, and (iii) information that the Receiving Party can provide evidence was independently developed by the Receiving Party without the benefit of the Confidential Information of the Disclosing Party. All Confidential Information will remain property of the Disclosing Party.
- 8.2 Notwithstanding the above, the Receiving Party shall be permitted to disclose Confidential Information of the Disclosing Party (with an obligation to ensure that the same duties of confidentiality apply) (i) to any company in the same group of companies as the Receiving Party ; (ii) to its professional advisers; (iii) to any sub-contractors engaged in the performance of its obligations under this Agreement; and/or (iv) if it has been ordered to disclose Confidential Information by a competent court or authority provided that it shall immediately notify the Disclosing Party of such disclosure to the extent not prohibited by law, use reasonable efforts to limit the extent of the disclosure, and will inform the court or competent authority of the rights of the Disclosing Party in the Confidential Information. The Parties agree to treat this Contract as Confidential Information. This clause shall remain in force throughout the term of this Contract and for a period of 5 years thereafter.
- 8.3 Any drawings identified in the Contract as requiring Customer's approval shall be approved or disapproved by Customer and, in case of disapproval, shall include detailed comments explaining the reason(s) for disapproval by Customer within ten (10) days after receipt. Failure to disapprove within such time limit shall be deemed as an approval by Customer.
- 8.4 The Equipment and other related activities may generate data on performance and output ("Equipment Performance Data") which is fully available to the Customer. Tetra Pak may use Equipment Performance Data for providing services, issue resolution, development of upgrades and services and as input to subsequent data evaluation, analyses and benchmarking. Tetra Pak may under no circumstances disclose Equipment Performance Data to third parties except in an anonymised and/or aggregated form which prevents any data or information from being traced back to its origin or identifying the Customer. Tetra Pak may keep Equipment Performance Data for the purposes set out herein which permission shall survive termination of the confidentiality undertaking in this Contract. Any data derived by Tetra Pak from the utilization of Equipment Performance Data, and for which the form of the information does not allow it to be traced back to the Customer, shall be information belonging to Tetra Pak.

9. Software

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- 9.1 Tetra Pak hereby grants Customer a non-exclusive, royalty-free license to use the Software Products on the terms stated herein for the purpose set out in the Contract. Customer will own only the media on which the Software Products are recorded. No title or ownership to the Software Products is transferred to Customer.
- 9.2 The source code is not licensed to Customer and shall remain the sole property of Tetra Pak. Customer shall not copy, modify or enhance, disassemble reverse engineer, translate, or otherwise de-compile the object code of the Software Products except as permitted by applicable law. Customer shall at all times treat the Software Products as Tetra Pak Confidential Information. The Customer will be responsible for all costs of operating and maintaining the Software products and any upgrades of the Software Products is subject to a charge.
- 9.3 The Customer shall not alter or remove any copyright, trademark, or other proprietary-rights notices contained in the Software Products. The Customer shall not assign, sublicense, transfer, resell, rent, lease, lend, distribute, network or otherwise dispose of the Software Products or create or have created derivative works based on the Software Products. The Customer acknowledges that the Software Products might have trivial defects. Tetra Pak will not be required to correct any such trivial defects.
- 9.4 In respect of any third party software product or component which is integrated into or provided to Customer together with the Software Products ("Third Party Software"), Customer's rights and obligations shall be governed exclusively by the terms of the respective separate license agreement between Customer and such third party. Customer agrees to comply with any and all such terms. Customer also agrees (i) to accept such terms and separate license agreements if prompted to by the Third Party Software in conjunction with the use of it, and (ii) that Tetra Pak shall have the right to accept such terms and separate license agreements on behalf of Customer in the event Tetra Pak pre-installs any Third Party Software on the Works.

10. Warranty

- 10.1 Tetra Pak warrants that the installation material and apparatus delivered as part of the Installation Services shall be fit for the purpose of packaging or processing the products set out in this Contract and shall be free from material defects in workmanship, materials and design ("Defect"), for a period of twelve (12) months from the End of Commissioning Tests or eighteen (18) months from delivery whichever comes first ("Warranty Period"). In case of secondhand equipment renovated by Tetra Pak Certified Renovation Centers, the warranty period shall be nine (9) months from the End of Commissioning Tests or twelve (12) months from delivery, whichever comes first. Secondhand equipment otherwise refurbished by Tetra Pak shall have a warranty period of six (6) months from End of Commissioning or nine (9) months from delivery, whichever comes first. However, Tetra Pak does not warrant that the use of any Software Product will be free of defects which do not impact the Customer's operation of the equipment or that all such defects will be corrected by Tetra Pak. If Customer begins using the Equipment for commercial production prior to signing the Commissioning Certificate, Customer shall be deemed to have signed the Commissioning Certificate in the form presented by Tetra Pak and the applicable warranty period shall commence on such date.
- 10.2 Tetra Pak shall, at its sole option, repair, replace free of charge (including cost of transport) or refund such limited part of the installation material and apparatus or
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Software Products which contains a Defect and will inform the Customer as to Tetra Pak's final decision. Tetra Pak may also perform upgrades, repairs or replacements of the Works as deemed necessary for human and product safety or corrections of systemic issues. Replaced or repaired parts shall be subject to the same warranty as set out above for the remainder of the original Warranty Period or six (6) months from the repair or installation of the replacement part, whichever is longer. Customer shall notify Tetra Pak of any Defect within 30 days after the Defect was, or ought to have been, discovered, and any claim in respect of such Defect must comply with the stipulations in clause 19.3.

- 10.3 Tetra Pak shall not be liable for a Defect damage or loss, or to such extent a Defect, damage or loss is, caused by:
- (i) ordinary wear and tear;
 - (ii) use of installation material and apparatus other than for intended use described in the Contract, for example packaging or processing of products other than those expressly specified in the Contract;
 - (iii) use of the Installation material and apparatus in combination with Third Party Goods or Services not supplied by Tetra Pak;
 - (iv) information provided by, or use of a design stipulated or specified by, Customer;
 - (v) failure by Customer to observe instructions for the installation, operation, maintenance, cleaning or repair of the installation material and apparatus;
 - (vi) failure to use properly trained staff to install, operate, maintain, clean or repair the Installation material and apparatus; or
 - (vii) any move of the installation material and apparatus from its original place of installation, alteration or rebuilding of the Installation material and apparatus made by or at the request of the Customer.
- 10.4 In order to prove the fulfilment of the above conditions, Customer is advised to keep, as a minimum, accurate records of all maintenance, repair and service performed on the installation material and apparatus and Software Products.
- 10.5 Tetra Pak warrants that it will perform the Installation Services, or shall ensure that the Installation Services are performed, in a competent, diligent manner and with reasonable care and skill using sound judgement and good engineering.
- 10.6 Any Installation Services which are not performed materially in accordance with clause 10.5 shall be re-performed by Tetra Pak as soon as reasonably practicable provided that (i) the Customer notifies Tetra Pak in writing of the claimed non-conformity as soon as reasonably practicable after the non-conformity is or ought to have reasonably been discovered; and (ii) Tetra Pak's obligation to re-perform any Installation Services will be limited to any material non-compliance with clause 10.5 which is discovered during the performance of the Installation Services and for a period of thirty (30) days thereafter.
- 10.7 Tetra Pak shall have no responsibility under clauses 10.1, 10.2 or 10.6 hereof to the extent that any non-conformity is caused as a result of the Customer's negligence or its failure or delay in performing any of its obligations in accordance with this Contract.
- 10.8 The Works will conform to applicable laws in the country/state where the Site is located
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and with norms and standards specified in the Contract, when operated in accordance with the purpose stated in the Contract as well as in compliance with Tetra Pak's manuals and instructions. However, in the event of any enactment of or change in any law or introduction or amendment of any norm or standard after the date of the Contract which affects the costs and expenses of Tetra Pak and/or the Project Time Schedule, the Price shall be correspondingly increased or decreased and/or the Project Time Schedule shall be reasonably adjusted to the extent that Tetra Pak has thereby been affected in the performance of any of its obligations. For the avoidance of doubt, this warranty applies only to the Works and not to foods processed and/or food packages produced by the Works.

- 10.9 Except as expressly set out in clause 7 and this clause 10, Tetra Pak does not make any representations or warranties of any kind with respect to the Installation Services, whether implied by law or otherwise, and to the extent permitted by applicable law, any such representations or warranties are hereby expressly disclaimed. The warranties set forth in clause 7 and this clause 10 are given in lieu of and exclude all other warranties, conditions or liabilities implied by law or otherwise, save for those which cannot be lawfully restricted or excluded. For the avoidance of doubt, if a breach of a warranty obligation has caused the Customer to suffer such costs or losses governed by clause 13 of this Contract (such as Product Losses, Recall Costs or Property Damage) Tetra Pak shall be liable for such costs and losses only to such extent as set out in clause 13 below.

11. Delay of Delivery

- 11.1 If, due to Tetra Pak's sole fault, Tetra Pak fails to deliver the Installation Services at the date(s) specified for the particular milestones that are subject to liquidated damages as provided in the Project Time Schedule Tetra Pak shall be obliged to pay Customer liquidated damages. Unless otherwise specified in writing, such liquidated damages shall for each complete week of delay, amount to 0.5% of the Price attributable to the Section(s) that cannot be used as intended by the Parties because of the delay. In no event shall such liquidated damages exceed five (5) percent of that portion of the Price. Tetra Pak's total aggregated liability for liquidated damages in case of delay under the Contract shall never exceed five (5) percent of the Price.
- 11.2 Customer must notify Tetra Pak of any claims for liquidated damages within 30 days from the delay.
- 11.3 Liquidated damages as set out in clause 11.1 shall constitute Customer's sole remedy in case of delayed delivery by Tetra Pak and no further liability in this respect shall exist or arise against Tetra Pak.

12. Performance Targets

- 12.1 The Contract specifies all applicable Performance Targets that the Works shall obtain and the Customer's sole remedies in case of failure to attain such Performance Targets.
- 12.2 Tetra Pak will perform all services and tests related to the performance validation as set out in the Contract.

13. Liability for damage and losses

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13.1 Notwithstanding anything to the contrary set out in this Contract, Tetra Pak's total liability under this Contract is limited as set out below:

13.1.1 Indirect and consequential damages

Tetra Pak will not be liable for any indirect, consequential special, punitive, or incidental damages including but not limited to the following types of losses (whether they are considered as direct or indirect damages or losses), loss of profit, loss of revenue, production or operating losses, down time, lost sales or contracts, contractual damages or penalties to third parties, loss of opportunity, loss of savings, loss of good will, reputational losses or losses relating to marketing activity arising out of or relating to this Contract even if Tetra Pak has knowledge of the possibility of any such damages and losses and whether contractual or non-contractual.

13.1.2 Death and personal injury.

Tetra Pak is liable for any mandatory damages payable under local law due to death or personal injury to the extent caused by Tetra Pak's negligent acts or omissions in fulfilling its obligations under this Contract.

13.1.3 Property damage

Tetra Pak's liability for any damage to the Customer's equipment and buildings or a third party's property is limited to damage caused by Tetra Pak's negligent acts or omissions in fulfilling its obligations under this Contract up to a maximum amount of USD 1,500,000. For the avoidance of doubt, Tetra Pak's liability for any Product Losses and Product Recall suffered by the Customer is governed exclusively by clause 13.1.5 and clause 13.1.6 below and excluded from Tetra Pak's liability under this clause 13.1.3.

13.1.4 Intellectual Property infringements

Tetra Pak's liability for intellectual property infringements is exclusively governed by clause 7.3.

13.1.5 Product losses

Tetra Pak's liability for any Product Losses is limited to Product Losses caused by Tetra Pak's negligent acts or omissions in fulfilling its obligations under this Contract and subject to the following limitations:

- (i) Tetra Pak shall only be liable for Product Losses if the equipment and all material and apparatus have been handled, operated and maintained in accordance with this Contract and Tetra Pak's manuals and instructions,
- (ii) Tetra Pak shall only be liable for Product Losses if the Customer has adopted and operates a Quality Control System, and to the extent such Quality Control System has not found any defects in the Customer's products,
- (iii) Tetra Pak's total aggregate liability for Product Losses under this Contract shall be limited to 20% of the Price, and
- (iv) Tetra Pak's liability shall be limited to Product Losses occurring no later than three months after the End of the Commissioning Tests.

13.1.6 Product Recall

Tetra Pak's liability for any Recall Costs is limited to such Recall Costs caused by Tetra Pak's negligent acts or omissions in fulfilling its obligations under this Contract and subject to the following limitations:

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- (i) Tetra Pak shall only be liable for Recall Costs if the Equipment has been handled, operated and maintained in accordance with this Contract and Tetra Pak's instructions,
- (ii) Tetra Pak shall only be liable for Recall Costs if the Customer has adopted and operates a Quality Control System and to the extent such Quality Control System has not found any defects in the Customer's products,
- (iii) Tetra Pak shall only be liable for Recall Costs to the extent an official authority has requested or would request that the Customer's products to be recalled from the market due to food safety concerns,
- (iv) Tetra Pak shall only be liable for Recall Costs up to a total aggregate of maximum 20% of the Price, under this Contract,
- (v) Tetra Pak's liability for Recall Costs shall be limited to events occurring within the Warranty Period.

13.1.7 *Any other*

Tetra Pak's total aggregate liability under this Contract for any other damage or loss, including, but not limited to, liquidated damages for delay, suffered by the Customer due to Tetra Pak's breach of this Contract or in tort, that has not been subject to a specific liability provisions under this clause 13.1, is limited to 20% of the Price.

- 13.2 Customer understands and agrees that the liabilities and limitations set out in this clause 13 exclusively govern Tetra Pak's liability under this Contract and that they are given in lieu of and exclude all other conditions or liabilities implied by law or otherwise, save for those which cannot be lawfully restricted or excluded.
- 13.3 The limitations on Tetra Pak's liability set out in the Contract shall not apply in case Tetra Pak's non-performance of its obligations is the result of Tetra Pak's fraudulent actions, wilful misconduct or gross negligence or if such limitations are found to be invalid under applicable law. If such limitation is found to be invalid, Tetra Pak's liability shall be determined at the minimum level under applicable law.
- 13.4 Customer understands and agrees that the limitations included in clause 10 and this clause 13 are essential elements of the Contract and in the absence of such limits the material and economic terms herein would have been substantially different.

14. Third party claims

- 14.1 Customer will defend, indemnify, and hold harmless Tetra Pak, its officers, employees, and agents (collectively "Tetra Pak") against and from any and all liabilities, claims, suits, judgments, damages, or costs (including reasonable attorneys' fees and expenses) resulting from any claim, suit or demand by any third party (including claims allegedly arising from the active or passive negligence of Customer or Tetra Pak in connection therewith) for injuries to or deaths of persons arising out of (i) use of the products or services of Customer, (ii) use of products, facilities, services, materials, data, or information not provided by Tetra Pak, (iii) use by Customer of non-genuine, "knock-off" or "pirate" parts, or (iv) compliance by Tetra Pak with any request or instruction by Customer, except to the extent caused by the gross negligence or willful misconduct of Tetra Pak.
- 14.2 Tetra Pak will defend, indemnify, and hold harmless Customer, its officers, employees,

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and agents (collectively "Customer") against and from any and all liabilities, claims, suits, judgments, damages, or costs (including reasonable attorneys' fees and expenses) resulting from any claim, suit or demand by any third party (including claims allegedly arising from the active or passive negligence of Customer or Tetra Pak in connection therewith) for injuries to or deaths of persons arising out of the products or services provided by Tetra Pak except to the extent caused by the gross negligence or willful misconduct of Customer.

- 14.3 The Party indemnifying the other Party shall have the right to assume the control of the defense of any claim against the indemnified Party and to settle such claim, all at its own cost and expense.
- 14.4 The indemnification obligations will survive termination of this Agreement.

15. Transfer of risk and Insurance

- 15.1 In the absence of specific Incoterms in the Contract, the risk of loss of or damage to the installation material and apparatus delivered as part of the Installation Services and responsibility for payment of insurance premiums and freight passes to Customer upon Tetra Pak's delivery of the installation material and apparatus delivered as part of the Installation Services to the first transport company.
- 15.2 From when risk of loss is transferred according to clause 15.1 and until title to the Installation Services passes to Customer, Customer shall insure the Installation Services against any loss, damage, destruction, fire, theft or other casualty, for the full replacement value of the Installation Services.
- 15.3 Both Parties shall keep and maintain adequate liability insurance with a reputable insurer, including physical damage to property and personal injury, covering their respective obligations out of or in connection with the Contract.

16. Termination

- 16.1 Until full and final payment of the purchase price for the Installation Services, either Party may terminate the Contract immediately by giving written notice to the other if the other Party is in material breach of any of its obligations under the Contract which is not remediable, or, if remediable, has failed to remedy it within thirty (30) days of receipt of written notice requiring it to do so; or ceases to do business, or becomes or is otherwise deemed insolvent.
- 16.2 If Customer terminates the Contract is due to Tetra Pak's breach of its obligations under the Contract, Customer shall return the Installation Services (when relevant) by placing it at the disposal of Tetra Pak. In such event Tetra Pak shall: (a) bear any of the reasonable cost incurred by Customer under the Contract; and (b) return to Customer any instalments already paid on the Price.
- 16.3 If Tetra Pak terminates the Contract is due to Customer's breach of its obligations under the Contract Customer shall: (a) on its own costs return the Installation Services by placing it at the disposal of Tetra Pak; and (b) bear any reasonable costs incurred by Tetra Pak under the Contract (including but not limited to Tetra Pak's technicians' man-hours, transport costs and costs of intervention, depreciation of value of the Installation Services, any cost of Installation Services and engineering incurred by Tetra Pak, and

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any legal expenses). The total amount calculated under this clause 16.3 (b) may be set off against any instalments already paid by Customer under this Contract.

- 16.4 Customer may at any time terminate any part of the Installation Services for convenience by written notice to Tetra Pak. Upon receipt of Customer's notice, Tetra Pak will cease and cause any subcontractors to cease all work so terminated by Customer. Customer will indemnify and hold Tetra Pak harmless for all damages, costs or losses incurred by Tetra Pak due to Customer's termination and pay adequate compensation for Tetra Pak's loss of revenue due to the termination. In the event of Customer's termination hereunder, the terms and conditions of this Contract will remain in full force and effect for part of the Installation Services delivered prior to Tetra Pak's receipt of the notice of termination.
- 16.5 Termination of the Contract for whatever reason shall be without prejudice to any rights or obligations which may have come into existence prior to the termination (for instance, any right to claim for breach), or which are agreed, or by their nature intended, to remain in force after such termination.

17. Force Majeure

Either Party may suspend performance hereunder (except for any obligation to pay a sum of money) to the extent that such performance is impeded or made unreasonably onerous by any circumstance beyond its reasonable control including but not limited to industrial disputes, fire, war (whether declared or undeclared), terrorism, epidemics, severe weather, earthquake, flood, extensive military mobilization, insurrection, mass protests, civil war, requisition, seizure, embargo, new or amended export control regulations, governmental or judicial acts, restrictions in the use of power and defects and delays in deliveries by sub-contractors or essential suppliers due to: (i) any circumstances referred to in this clause, (ii) subcontractor or essential supplier insolvency, or (iii) non-performance by essential suppliers necessary for Tetra Pak to be able to perform its obligations under the Contract. A Party invoking this provision shall notify the other Party as soon as practicable of the circumstances affecting it and must also take all reasonable steps to mitigate the length and effect of such circumstances. If this provision is invoked for more than three (3) consecutive months, either Party may terminate the Contract with immediate effect by providing written notice to the other Party.

18. Export Control, Anti-Bribery and Personal Data

- 18.1 Tetra Pak's supply or export of the Installation Services may be subject to sanctions or other applicable export control regulations that could be interpreted by any relevant public authority or court to prohibit or limit the fulfilment of the Contract, or be subject to authorization requirements by competent authorities. Tetra Pak shall not be subject to any obligation or liability that, subject to Tetra Pak's sole discretion, could violate any sanctions or applicable regulations. Tetra Pak therefore reserves the right to unilaterally cancel any part of the Installation Services without incurring any liability to the Customer for damage or loss arising out of or relating to such cancellation, in the event any required authorization is not granted or revoked or be entitled to suspend and/or terminate the Contract if it is impeded or made unreasonably onerous by any embargo, sanction or similar trade or export restriction, whether foreseen or unforeseen at the time of entering into the Contract.
- 18.2 Customer undertakes that no item supplied by Tetra Pak will be sold, supplied, transferred or exported, directly or indirectly by Customer, its agents or affiliates in conflict with any export or international trade control laws and regulations or to any

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embargoed or sanctioned country or to any person, entity or body if this is prohibited by economic or financial sanctions or trade embargos imposed, administered or enforced by the United Nations, United States of America, the European Union and/or any other country's applicable export control laws unless all necessary authorisations have been granted and that such item is only used for its intended purpose under the Contract.

- 18.3 The Parties undertake to comply with all anti-bribery and anti-money laundering laws, rules, and regulations that are applicable for each Party's performance under this Contract. The Customer shall promptly notify Tetra Pak of any request or demand for any undue financial or other advantage of any kind received by the Customer in connection with the performance of this agreement. Any breach of this clause, shall be considered a material breach of the Contract.
- 18.4 In performing its obligations under or in connection with this Contract, each Party undertakes to comply with its respective obligations under applicable data protection and privacy laws to the extent that a Party processes (i.e. collects, stores, transfers, etc.) personal data. For the purpose of this clause, personal data means any information relating to an identified or identifiable natural person, including but not limited to (i) Customer's employees and/or sub-contractors, (ii) Tetra Pak's employees and/or sub-contractors, (iii) other identifiable natural persons. Upon becoming aware of a security incident relating to personal data, each Party shall inform the other Party without undue delay and shall provide all such timely information and cooperation as the other Party may reasonably require in order for it to fulfil its data breach reporting obligations under (and in accordance with the timescales required by) applicable data protection law.

19. General

- 19.1 The Contract constitutes the entire agreement between the Parties relating to the subject matter hereof and supersedes all previous communications, representations, or agreements, whether oral or written. Tetra Pak will not be bound by any statements made by any Tetra Pak representative or appearing in any printed material, which are not also stated herein and Customer acknowledges that it has not relied on any such statement in entering into the Contract. No course of dealing, trade usage or course of performance will be relevant to explain or supplement any term in the Contract. Tetra Pak hereby rejects any different terms proposed by Customer, including those contained in any purchase order or in any other writing not expressly incorporated herein.
- 19.2 Nothing in this Contract shall restrict or limit Customer's general obligation to mitigate its losses to the fullest extent possible which includes, in respect of Product Losses or Recall Costs, an obligation for the Customer to sell any defective product at the highest price that can be obtained in the market in compliance with all applicable regulations.
- 19.3 Customer shall notify Tetra Pak of any claim for financial compensation under this Contract within 30 days from when the Customer became, or ought to reasonably have become, aware of having grounds to make a claim in respect of an event. The final claim including all details thereof must be presented by Customer in writing within three (3) months from when the claim has been notified, and no longer than twelve (12) months from when the event occurred. If no claim is notified or presented in writing within the above stipulated time periods, Tetra Pak shall have no liability for the event.

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- 19.4 The Contract may only be amended by written agreement of the Parties, evidencing a clear intention to amend the terms of the Contract.
- 19.5 Neither Party may assign or transfer its rights or obligations under the Contract to any third party, without the prior written notice to or consent of the other Party (such consent will not be unreasonably withheld).
- 19.6 Tetra Pak has the right to appoint sub-contractors to perform its obligations under the Contract. Tetra Pak will assume the same liability for work performed by sub-contractors as for its own part.
- 19.7 Any provision of the Contract which contemplates performance after termination or expiration of the Contract will survive and remain in full force and effect. All provisions will survive the expiration or termination of the Contract to the fullest extent necessary to give the Parties the full benefit of the bargain expressed herein.
- 19.8 Unless otherwise provided in the Contract, no delay or failure by a Party in exercising any right, claim or remedy provided by law or under the Contract shall constitute or be construed as a waiver or variation of the same and shall not affect that Party's right later to enforce or to exercise it.
- 19.9 The invalidity in whole or in part of any part of the Contract shall not affect the validity of the remainder of this Contract. The rights and remedies set forth in this Contract are the exclusive rights and remedies of each part with respect to this Contract, its performance and breach.

20. Governing Law and Jurisdiction

The Contract and all non-contractual or other obligations arising out of or in connection with it shall be governed by and construed in accordance with the laws of the Province of Ontario, excluding that Province's choice-of-law principles. The provincial court in Toronto, Ontario and federal court in the Province of Ontario shall have exclusive jurisdiction over any dispute arising hereunder and over any non-contractual or other obligations arising out of or in connection with the transactions governed hereby. The 1980 Vienna Convention on the International Sale of Goods does not apply.

"Confidential information not for 3rd party disclosure"

Exhibit 2: Price and Payment Terms

The price and payment terms for the supplied Equipment and Services are specified below.

1. Price

The Price payable by Customer for the Equipment and Services (excluding any items not specifically listed in *Exhibit 1 Specification of Equipment and Services*, excluding sales taxes if applicable) shall be as follows. Customer will provide Tetra Pak with a valid tax exemption certificate upon executing this Sales Agreement if applicable.

The Price payable is summarized as follows:

<i>EQUIPMENT</i>	
Tetra Pak A/Flex TPA 500E 0600V	\$ 1,716,520 USD
Tetra Pak ACHX 30 0800 50m	\$ 196,021 USD
Renovated Tetra Pak Cap 30 Flex	\$ 394,748 USD
Tetra Pak Cardboard Packer 34	\$ 459,702 USD
Tetra Pak Line Controller 40	\$ 85,651 USD
Container ANSI	\$ 971 USD
Matching Transformer	\$ 12.000 USD
Conveyors(estimated)	<u>\$ 175,000 USD</u>
<u>TOTAL EQUIPMENT PRICE</u>	\$ 3,040,613 USD
LESS: 10% Cash Discount	<u>\$ 304,061 USD</u>
<u>NET EQUIPMENT PRICE</u>	\$ 2,736,552 USD
<u>INSTALLATION TO PERFORMANCE SERVICES</u>	\$ 526,853 USD
<u>OTHER COSTS</u>	
<i>Estimated Freight</i>	\$ 50,000 USD
<i>Estimated Rigging</i>	\$ 50,000 USD
TOTAL PROJECT PRICE	<u>\$ 3,363,405 USD</u>

“Confidential information not for 3rd party disclosure”

2. Payment Terms

Customer shall pay the Price to Tetra Pak in accordance with the schedule of milestone payments below. Specific requirements for each milestone payment shall be completed by Tetra Pak, with the exception of minor uncompleted items which do not prevent subsequent work from being performed or the relevant Section from being used as intended by the Parties, before Tetra Pak may invoice the milestone payment. Any such minor uncompleted items shall be recorded and shall not delay the payment process, provided that Tetra Pak shall complete such outstanding items without unnecessary delay.

The Customer shall pay any Tetra Pak invoice no later than 30 days after the date of the invoice date.

Equipment Payment Schedule:

Net Equipment Price will be invoiced per schedule below.	<u>\$ 2,736,552 USD</u>
15% upon execution of the Sales Agreement (non-refundable)	\$ 410,483 USD
65% upon delivery of Equipment	\$1,778,758 USD
20% upon issuance of the Commissioning Certificate	\$ 547,311 USD

If Tetra Pak informs Customer that the Equipment is ready for delivery and Customer does not accept delivery within thirty (30) days of such notice, then the balance of the Equipment price shall be due thirty (30) days after Tetra Pak notifies Customer that the Equipment is ready for delivery.

If Tetra Pak has delivered the Equipment but, not due to the fault of Tetra Pak, has been unable to install or perform the process to install and commission the Equipment, then the balance of the Equipment and Services' Price shall be due sixty (60) days from date of delivery.

“Confidential information not for 3rd party disclosure”

Installation Services to Performance, Other costs Payment Schedule:

Tetra Pak will invoice Installation Service to Performance to Customer following the completion of the contract.

Charges for Freight and Rigging will be invoiced at actual charges as incurred. Customer will remit to Tetra Pak net thirty (30) days from invoice date.

3. Delivery Terms

The price of the Equipment is based upon delivery FCA: USA Port of Entry or USA point of manufacture based upon Terms of Delivery Incoterms 2020.

Delivery of Equipment will be DDP customer site, all inland freight to site(including between US and Canada) from port of entry to point of manufacturer, USA will be prepaid by Tetra Pak and invoiced to Customer at cost.

Risk of loss passes to customer upon delivery to customer site.

4. Delayed Payment

If payment of any sum is delayed, the Price shall be increased by an amount equivalent to **one (1)** percent per month of the sum unpaid during the period of delay commencing on the due date and accruing until the payment is made in full, whether before or after judgement or arbitral award.

5. Remedies on Failure to Make Payment

Without prejudice to any other remedies available to Tetra Pak, Tetra Pak shall be entitled to suspend its performance by giving two days' notice to Customer, if (1) Customer fails to open the letter of credit in a form and by an issuer acceptable to Tetra Pak within the stated time or (2) Customer would fail to extend or amend such letter of credit pursuant to the terms in the Contract or (3) Customer would fail to make payment of any portion of the Price on the due dates. If Tetra Pak suspends its performance as set forth in this clause, the costs incurred by Tetra Pak as a result of such suspension or the resumption of Tetra Pak's performance shall be added to the Price.

6. Free and Clear Funds

The Customer shall pay the Price to Tetra Pak without set-off or counter-claim and free and clear of any deduction or withholding on account of any present or future taxes, levies, imposts, duties, withholdings or deductions of any nature whatsoever. Any such impositions which are not clearly specified in the Contract as the responsibility of Tetra Pak shall be paid by Customer, and if levied on Tetra Pak, Customer shall immediately reimburse Tetra Pak the full amount thereof.

“Confidential information not for 3rd party disclosure”

September 22, 2023

LEASE AGREEMENT

Client Name: Flow Beverage Corp.

Client Address: 155 Industrial Parkway, Unit 7-10
Aurora, ON L4G 3G6

NFS Leasing Canada Ltd. is pleased to provide the following lease proposal for your review. **Please note all amounts listed are in Canadian dollars.**

LESSOR:	NFS Leasing Canada Ltd. ("Lessor")
LESSEE:	Flow Beverage Corp. ("Lessee")
EQUIPMENT PROVIDER:	Simmtech Process Engineering Ltd.
TOTAL SALES PRICE:	\$5,442,000.00 Exclusive of Shipping and Tax
ADVANCE PAYMENT(S):	\$2,008,138.00 (inclusive of tax) comprised of: (a) a down payment in the amount of \$1,632,600.00 (30% down), (b) tax on the down payment in the amount of \$212,238.00, and (c) a fully earned non-refundable origination fee in the amount of \$163,300.00.
AMOUNT FINANCED:	\$3,175,474.74 Exclusive of Shipping and Tax
LEASE TERMS:	84 monthly (such 84-month period is the "Term") lease payments in the amount of \$70,564.94 plus applicable tax (collectively, the "Monthly Payments" and individually, a "Monthly Payment").
CREDIT CONDITIONS:	• Advance Payment shall be made via wire transfer. • Monthly Payments shall be made via Lessor initiated PAP. • The Total Sales Price shall be determined by Lessor based on Lessor's receipt and approval of Equipment quotes and/or invoices. • Lessee shall be responsible for all duties, taxes, costs and fees, including without limitation import fees, taxes, costs and fees associated with the Equipment and the Collateral. • All of Lessor's costs and fees, including without limitation, legal expenses, filing fees, collateral monitoring fees and fees associated with the perfection of Lessor's security interest in, and/or ownership of, the Equipment or any Collateral (defined below), will be passed through and paid by Lessee, and at Lessor's option, made via Lessor initiated PAP. • Lessor shall maintain its existing first position all-asset lien against all of the Lessee's assets (and all existing Corporate Guarantors' (defined below) assets as applicable) (collectively the "Collateral"). • Lessor's receipt of Corporate Guaranty Agreements, or similar agreements, by Flow Beverages Inc., a Delaware corporation, Flow Water Inc., a Canada corporation, Flow Glow Beverages Inc., a Canada corporation, and 2446692 Ontario Limited, an Ontario corporation (the "Corporate Guarantor(s)") in favor of Lessor in a form and substance acceptable to Lessor. • Lessor's receipt of Lessee's and Corporate Guarantors' formation and organizational documentation including certificate of incorporation and by-laws, certificate of formation and operating agreement, resolutions, or similar documentation (if not already on file). • Lessor shall receive satisfactory evidence of Lessee's insurance, including without limitation, general liability, property and other customary insurance coverage with respect to the Equipment, together with certain endorsements in form and substance acceptable to Lessor and issued by an insurance company acceptable to Lessor. • Lessor's receipt of a Tri-Party Landlord Agreement in form and substance acceptable to Lessor among Lessor, Lessee and the landlord with respect to locations where Equipment and/or Collateral may be located. • On or before October 31, 2023, Lessee shall provide Lessor evidence in form

and substance acceptable to Lessor reflecting extension of the maturity date of certain existing unsecured debt in the current principal amount of \$9.8MM with a certain shareholder from February 2024 to February of 2026.

- If required by Lessor in connection with any prefunding requirements prior to acceptance and delivery of the Equipment, Lessee and Lessor shall enter into an Interim Financing Loan Agreement (“IFA”) in form and substance acceptable to Lessor, and payment and performance under the IFA shall be secured by the Collateral.
- Subject to Lessor’s satisfactory completion of credit underwriting, financial analysis and due diligence with respect to the Lessee, the Corporate Guarantors, the Equipment and the Collateral.

EARLY BUYOUT OPTION:

At any time prior to December 31, 2023, and provided no Event of Default (as defined in the Documentation) exists, Lessee may terminate and buy out the lease by paying Lessor an amount equal to all remaining outstanding payments present value discounted at the imputed interest rate, *plus* a termination fee in the amount of \$545,400.00.

At Month 60 (after Lessor’s receipt of the Monthly Payment due in Month 60) of the Term, Lessee may terminate and buy out the lease by paying Lessor an early buyout payment in the amount of \$2,415,979.60 (the “EBO”). In the event that Lessee does not elect to exercise the EBO, Lessee shall pay to Lessor in Month 60 a one-time continuation fee in the amount of \$579,485.46 (“Continuation Fee”), and Lessee shall continue to pay the remaining 24 scheduled monthly payments due under the lease through the end of the Term.

PAYMENT FREQUENCY:

Monthly in Advance.

TERMINATION FEE:

Prior to Month 60 of the Term and upon the occurrence of an Event of Default, Lessee shall pay the remaining Monthly Payments payable through the end of the Term, *plus* an amount equal to the Continuation Fee.

LEASE EXPIRATION OPTION:

Purchase Equipment for \$1.00.

DOCUMENTATION:

Master Lease Agreement 2023-0256, Schedule 02

PROPOSAL EXPIRATION:

09/28/2023

This is an offer to lease and is not binding upon either party until a master lease schedule is executed.

LESSOR: NFS Leasing Canada Ltd.

LESSEE: Flow Beverage Corp.

By: _____

By: _____

Name: Dana Calumby

Name: Nicholas Reichenbach

Title: Chief Financial Officer

Title: Chief Executive Officer

Date: _____

Date: _____

EXHIBIT A
SUB-SCHEDULE 2A
EQUIPMENT LEASE SCHEDULE NO. 02
TO MASTER EQUIPMENT LEASE NO. 2023-0256
DATED AS OF 09/22/2023
BETWEEN NFS Leasing Canada Ltd. ("LESSOR")
AND Flow Beverage Corp. ("LESSEE")

LESSEE: EQUIPMENT LOCATION:

Flow Beverage Corp. 155 Industrial Parkway, Unit 7-10
Aurora, ON L4G 3G6

EQUIPMENT DESCRIPTION:

<u>Vendor</u>	<u>Quote No.</u>	<u>Price</u>
Simmtech Process Engineering Ltd.	E23-017 Rev 0_12,000 LPH UHT	\$1,564,000.00
Simmtech Process Engineering Ltd.	E23-017 R0_Receiving and Batching	\$3,040,000.00
Simmtech Process Engineering Ltd.	E23-017 R0_25,000l AT	\$838,000.00
	Total Sales Price:	\$5,442,000.00

See Sub-Schedule 2D for detailed equipment quote

Original Equipment Cost: \$5,442,000.00 Exclusive of Shipping and Tax

Monthly Payment: \$70,564.94 plus applicable tax

Initial Term: 84 months

Advance Payment: Down Payment and Origination Fee = \$2,008,138.00 Inclusive of Tax

The terms and conditions of the Master Lease are hereby incorporated and made a part hereof as if such terms and conditions were fully set forth herein.

LESSOR: NFS Leasing Canada Ltd.

LESSEE: Flow Beverage Corp.

By: _____

By: _____

Name: Dana Calumby

Name: Nicholas Reichenbach

Title: Chief Financial Officer

Title: Chief Executive Officer

Date: _____

Date: _____

EXHIBIT B
SUB-SCHEDULE 2B
EQUIPMENT LEASE SCHEDULE NO. 02
TO MASTER EQUIPMENT LEASE NO. 2023-0256
DATED AS OF 09/22/2023
BETWEEN NFS Leasing Canada Ltd. ("LESSOR")
AND Flow Beverage Corp. ("LESSEE")

LESSEE:	EQUIPMENT LOCATION:
Flow Beverage Corp.	155 Industrial Parkway, Unit 7-10 Aurora, ON L4G 3G6

Pursuant to the above referenced Schedule and Lease, Lessor offers the following End of Lease Purchase Options to Lessee:

Upon payment of final Rent Payment, Lessee will have the option to:

Purchase Equipment for \$1.00.

Early Buyout Option:

At any time prior to December 31, 2023, and provided no Event of Default (as defined in the Documentation) exists, Lessee may terminate and buy out the lease by paying Lessor an amount equal to all remaining outstanding payments present value discounted at the imputed interest rate, plus a termination fee in the amount of \$545,400.00.

At Month 60 (after Lessor's receipt of the Monthly Payment due in Month 60) of the Term, Lessee may terminate and buy out the lease by paying Lessor an early buyout payment in the amount of \$2,415,979.60 (the "EBO"). In the event that Lessee does not elect to exercise the EBO, Lessee shall pay to Lessor in Month 60 a one-time continuation fee in the amount of \$579,485.46 ("Continuation Fee"), and Lessee shall continue to pay the remaining 24 scheduled monthly payments due under the lease through the end of the Term.

LESSOR: NFS Leasing Canada Ltd.

LESSEE: Flow Beverage Corp.

By: _____

By: _____

Name: Dana Calumby

Name: Nicholas Reichenbach

Title: Chief Financial Officer

Title: Chief Executive Officer

Date: _____

Date: _____

EXHIBIT C
SUB-SCHEDULE 2C
EQUIPMENT LEASE SCHEDULE NO. 02
TO MASTER EQUIPMENT LEASE NO. 2023-0256
DATED AS OF 09/22/2023
BETWEEN NFS Leasing Canada Ltd. ("LESSOR")
AND Flow Beverage Corp. ("LESSEE")

LESSEE: EQUIPMENT LOCATION:

Flow Beverage Corp. 155 Industrial Parkway, Unit 7-10
Aurora, ON L4G 3G6

Pursuant to the above referenced Schedule and Master Lease, Lessee by its below signature, hereby certifies that the Units of Equipment described in the Schedule and below have been delivered by the Supplier of such Equipment at the location of Lessee described herein, have been inspected by authorized representatives of Lessee, have been found to be in good repair, condition and working order and are accepted by Lessee as Equipment under the Schedule on the applicable Delivery or Installation Date(s) set forth below:

EQUIPMENT DESCRIPTION:

<u>Vendor</u>	<u>Quote No.</u>	<u>Price</u>
Simmtech Process Engineering Ltd.	E23-017 Rev 0_12,000 LPH UHT	\$1,564,000.00
Simmtech Process Engineering Ltd.	E23-017 R0_Receiving and Batching	\$3,040,000.00
Simmtech Process Engineering Ltd.	E23-017 R0_25,000l AT	\$838,000.00
Total Sales Price:		\$5,442,000.00

See Sub-Schedule 2D for detailed equipment quote

The terms and conditions of the Master Lease are hereby incorporated and made a part hereof as if such terms and conditions were fully set forth herein.

LESSEE: Flow Beverage Corp.

By: _____

Name: Nicholas Reichenbach

Title: Chief Executive Officer

Date: _____

EXHIBIT D
SUB-SCHEDULE 2D
EQUIPMENT LEASE SCHEDULE NO. 02
TO MASTER EQUIPMENT LEASE NO. 2023-0256
DATED AS OF 09/22/2023
BETWEEN NFS Leasing Canada Ltd. ("LESSOR")
AND Flow Beverage Corp. ("LESSEE")

Original Equipment Quotes Attached.

For: Flow Water

Enquiry No: E23-017 Rev 0_12,000 LPH UHT

Aurora, Ontario

Date: June 30, 2023

Attn: Mr. Drew Legge
Plant Manager

PROPOSAL

Simmtech Process Engineering ("Simmtech") is pleased to offer the following proposal for your consideration and approval:

12,000 LPH UHT Sterilizer

Rev #	Description	Issued Date
0	Original proposal – 12,000 LPH UHT Sterilizer	June 30, 2023

1. Scope of Supply

The scope of supply includes the design, supply, installation and commissioning of a 12,000 LPH UHT Sterilizer (The System), which will be installed at Flow Water (Owner) in Aurora, ON.

Site installation/reassemble of the System and Start-up & Commissioning are quoted as options.

Utilities connections, including power, regular steam, culinary steam, condensate, city water, iced water, Glycol, compressed air, chemical, etc. are NOT included in this proposal and they are Owner's responsibility.

2. Process Description

The System will be designed and equipment sized based on the following operational requirements specified by the owner.

The System will be designed and built in full compliance with 3A sanitary standards, CFIA DEIM (Chapter 14); FDA 21CFR 113, Local electrical and safety codes – CSA, ESA and CRN, ASME where applicable.

For: Flow Water

Enquiry No: E23-017 Rev 0_12,000 LPH UHT

Aurora, Ontario

Date: June 30, 2023

Attn: Mr. Drew Legge
Plant Manager

PROPOSAL

Product Specification:Table No. 1:

Product	Inlet Temp (deg C)	Sterilization Temp (deg C)	Outlet Temp (deg C)
Water, flavored water and fruit juices	15-20	140-145	20-25

Operational Parameters:

- Process and filling capacity: 12,000 LPH

Heat treatment requirements:

- Temperatures as per Table No. 1
- Holding tube: 4 seconds to be confirmed and validated by Process Authority

Running Times between CIPs:

- Product PHE will be designed and supplied considering extra fouling margins to guarantee extended running times
- The System will have short washes and water rinses options to prolong/extend running times taking advantage of any down time generated down stream (i.e., high level on AST, filler down, packaging equipment down, etc.)
- Run times depends on multiple factors including ingredients composition, operational temperatures, proper cleaning and operational procedures.

For: Flow Water

Enquiry No: E23-017 Rev 0_12,000 LPH UHT

Aurora, Ontario

Date: June 30, 2023

 Attn: Mr. Drew Legge
 Plant Manager

PROPOSAL

Operational Performance Parameters:

Site Acceptance Test (SAT) shall be based on the following:

- Commercial sterility, in terms of hold time, sterilization temperature, divert temperature and pressure, as per Process Authority specification and approved Process and Instrumentation Diagram (P&ID).
- Products (current) that will be used, for process validation as per Table No.1.
- Critical Process parameters as per description below:

○ **Final Heat Temperature Requirement:**

Parameter:	Ability to maintain temperature during production
Product:	As per Table No.1.
Flow Rate:	12,000 L/H
Sterilizer final heat:	As per Table No.1.
Tolerance:	$\Delta T \leq 2^\circ\text{C}$ and $\sigma \leq 2^\circ\text{C}$
Test point:	TT After Holding Tube
Test method:	• Reading of Criteria every 15 minutes. • Sampling shall not be done during changes in operating mode or within 5 minutes from such changes

○ **Sterilization Temperature Accuracy:**

Parameter:	Temperature control accuracy
Product:	As per Table No.1.
Flow Rate:	12,000 L/H
Sterilizer final heat:	As per Table No.1.
Tolerance:	$\Delta T \leq 2^\circ\text{C}$ and $\sigma \leq 2^\circ\text{C}$
Test point:	TT After Holding Tube
Test method:	• This is done 30 times within a period of 30 minutes (approximately 1 minute between) • The average temperature and the standard deviation are calculated. The result is then checked against the Process Performance Target

For: Flow Water
 Aurora, Ontario

Enquiry No: E23-017 Rev 0_12,000 LPH UHT

Date: June 30, 2023

 Attn: Mr. Drew Legge
 Plant Manager

PROPOSAL

○ Flow Control Accuracy:

Parameter:	Flow control accuracy
Product:	As per Table No.1.
Flow Rate:	12,000 L/H
Tolerance:	$\Delta Q \leq 1\%$ and $\sigma \leq 1\%$
Test point:	Flow meter (Production mode)
Test method:	- This is done 30 times within a period of 30 minutes (approximately 1 minute between) - The average flow rate and the standard deviation are calculated. The result is then checked against the Process Performance Target

3. In Direct UHT Sterilizer

One (1) Plate Heat Exchanger

Function: To provide the pre – heating, regen and cooling of the product as well as sterilization cooler during sterilization phase.

Description: AGC Model Pro8-XPL, with low profile legs, adjustable ball feet, 3” tri-clamp connections, and (6) stainless steel tie-bolts. with SS terminal with 3” tri-clamp fittings.
 312 Pro8, 0.6mm Hastelloy plates c/w EPDM snap-in gaskets

Make: AGC. Design to be validated and confirmed during final engineering.

Duty(s): The design is based on the rheology of the product listed on Table 1. See below

Heater

(Approx. 923600 Btu/hr) 6x7,1x6/7x7 = 98 Pro8 B-H plates with EPDM
 12000 l/hr Juice, 255°F - 290°F, Pressure Drop = 8.0psi
 24000 l/hr Hot Water, 291°F - 273°F, Pressure Drop = 14psi

For: Flow Water

Enquiry No: E23-017 Rev 0_12,000 LPH UHT

Aurora, Ontario

Date: June 30, 2023

Attn: Mr. Drew Legge
Plant Manager

PROPOSAL

Regenerator 2

(Approx. 2903000 Btu/hr) 5x7/5x7 = 71 Pro8 B-H plates with EPDM
12000 l/hr Raw Juice, 145°F - 255°F, Pressure Drop = 6.0psi
12000 l/hr Past. Juice, 290°F - 180°F, Pressure Drop = 6.0psi

Regenerator 1

(Approx. 2243000 Btu/hr) 5x7/5x7 = 71 Pro8 B-H plates with EPDM
12000 l/hr Raw Juice, 60°F - 145°F, Pressure Drop = 10psi
12000 l/hr Past. Juice, 180°F - 95°F, Pressure Drop = 10psi

Cooler

(Approx. -475000 Btu/hr) 4x7/1x8,3x7 = 58 Pro8 B-H plates with EPDM
12000 l/hr Past. Juice, 95°F - 77°F, Pressure Drop = 6.0psi
10000 l/hr City Water, 60°F - 82°F, Pressure Drop = 3.0psi

Sterile Cooler

(Approx. -3096000 Btu/hr) 1x6/1x7 = 14 Pro8 B-H plates with EPDM
13500 l/hr Sterile Water, 285°F - 176°F, Pressure Drop = 1.0psi
18000 l/hr City Water, 60°F - 138°F, Pressure Drop = 2.0psi

One (1) Balance Tank

Function: To provide a buffer for the Sterilizer and maintain constant level for product supply.
Type: Cylindrical, flat sloped bottom.
Capacity: 100 USG.

One (1) Holding Tube

Function: To provide the required hold time for legal pasteurization.
Type: Sloped sanitary tubing.
Size: 2.5" tubing – length to be confirmed by Process Authority and approved by Owner.

For: Flow Water

Enquiry No: E23-017 Rev 0_12,000 LPH UHT

Aurora, Ontario

Date: June 30, 2023

Attn: Mr. Drew Legge
Plant Manager

PROPOSAL

Material: AL6XN

Lot (1) Pumps and Valves

Function: To provide routing of the product and CIP solution through the system.

Type: Alfa Laval LKH centrifugal pumps and single seat valves air actuated as required.

Lot (1) Tubing & Fittings and Skid

Function: To interconnect all the various items of equipment listed above and mount on a Stainless Steel Sq. tube skid.

Size: 2.5"

Specification: Unless approved or specified by the Owner, all sanitary lines, any product contact surface and CIP lines are to be installed from new AISI grade 316L stainless steel with a No. 4 finish (Ra = 30 µin max). Stainless steel 304 No. 2B finish will be used in any non-product contact surfaces such as skid frames, hangers, etc.).

4. Automation and Control SystemOne (1) Main Electrical Panel

Function: To control all the valves and pumps on the skid.

Type: Stainless Steel, NEMA 4 enclosure.

Includes: (1) Allen-Bradley CompactLogix PLC with necessary IO.

(1) Industrial HMI Panel

(2) ABB paper Chart Recorders

(1) Jumo paperless

(1) Anderson DART, digital reference thermometer.

(2) Festo 16 solenoid valve bank.

For: Flow Water

Enquiry No: E23-017 Rev 0_12,000 LPH UHT

Aurora, Ontario

Date: June 30, 2023

Attn: Mr. Drew Legge
Plant Manager

PROPOSAL

One (1) Legal Panel

Function: To control all the legal components on the Sterilizer.

Type: Polycarbonate panel with transparent door, mounted inside the main panel.

Includes: (1) Allen-Bradley Compact Logix PLC with necessary IO. All legal signals are hard wired. Ethernet communication with main PLC.

One (1) Motor Control Panel

Type: Stainless Steel with AC unit.

Includes: Allen-Bradley PowerFlex 525 VFD's and Starters.

Lot (1) Sensors

Function: To provide necessary control signals to the PLC.

Type: Sanitary, 2" Tri-Clamp, Endress & Hauser, Anderson, IFM

Includes: Magnetic Flow Meter, 2".
Balance Tank Level Transmitter.
Temperature Transmitters.
Conductivity Sensor.
Pressure Transmitters.Lot (1) Programming and Commissioning

Includes: PLC and HMI programming, software installation and programming, site commissioning and operator training. Simmtech will provide one (1) set of Equipment Manuals for training purposes and a digital version.

For: Flow Water

Enquiry No: E23-017 Rev 0_12,000 LPH UHT

Aurora, Ontario

Date: June 30, 2023

Attn: Mr. Drew Legge
Plant Manager

PROPOSAL

5. Aseptic Homogenizer**Process Data**

Model: M300

Product: Beverages

Capacity: 6000 - 12000 L/h

Working Pressure: 3500 psi

Minimum Feed Pressure: 45 psi (60 psi for products > 100 cP)

Temperature: <140.5 °C (<285 °F)

Technical Data

Electrical Data: 575V / 60 Hz / 3-Phase

Piston Diameter: 63 mm

Motor Rating: 150 HP (110 kW)

Required Power: 126 HP (94.1 kW)

Crankshaft RPM: 82 - 163 RPM

Water Consumption: 165 gph

Steam Consumption: 55 pph

Machine Capacity: 40.8 - 81.6 %

Model Dimensions: 81.6 L x 68.4 W x 77.9 H (inches)

Machine Weight: 11105 lbs

Wet End:

- * **10 year warranty against cracking of pump block.**
- * One piece cylinder block of forged stainless steel.
- * Self-aligning piston bushing, separate from pump block to prevent cracking of pump block.
- * Spring loaded valves and removable valve seat.
- * Double piston seal arrangement for working temperatures up to <140.5 °C (<285 °F)
- * Piston seals in quick-change cartridge
- * 56 mm Chromium Plated Pistons
- * Mushroom valves made of stellite

For: Flow Water

Enquiry No: E23-017 Rev 0_12,000 LPH UHT

Aurora, Ontario

Date: June 30, 2023

Attn: Mr. Drew Legge
Plant Manager

PROPOSAL

- * Reversible seats for double lifetime
- * Pulsation dampers for product suction and discharge lines

Head Design:

- * Hydraulically actuated two stage homogenization device
- * Hydraulic unit mounted on frame, including pressure control valves
- * Homogenization seat and forcer of cobalt carbide
- * Homogenization seat and forcer disc are reversible for double lifetime
- * Analogue pressure display of homogenization pressure on front panel
- * Identical first and second stage homogenization heads

Frame:

- * Welded mild steel construction with stainless steel self-supporting housing.
- * Hinged panels for quick internal access and easy serviceability

Drive End:

- * Whole crankshaft drive installed in totally enclosed housing of cast iron.
- * Heavy-duty crankshaft of one-piece cast steel construction.
- * Splash lubrication of all moving parts
- * Cooling coils for gearbox and crankcase
- * Drive system consists of electric motor, V-belts, and reduction gearbox
- * Heavy duty crankshaft of one-piece cast steel construction
- * Drive motor AC, inverter duty rated, 100 HP (75 kW) motor
- * US NEMA, EISA compliant, TEFC, High Efficiency Type
- * Hour meter

Electrical Equipment:

- * AC motor for hydraulic unit, 0.25 kW / 0.35 HP
- * Emergency Stop pushbutton on machine
- * Start/Stop pushbuttons on machine
- * Terminal box inside machine and wiring to same

Standard Equipment:

- * (1) One set commissioning kit including tools.
-

For: Flow Water

Enquiry No: E23-017 Rev 0_12,000 LPH UHT

Aurora, Ontario

Date: June 30, 2023

Attn: Mr. Drew Legge
Plant Manager

PROPOSAL

- * (1) One set of instruction manuals.
- * (1) One oil filling for hydraulic unit, gearbox, and crankcase

Machine Control Equipment:

- * Oil temperature and oil level sensor
- * Thermostatic valve for automatic regulation of cooling water
- * Cooling water flow indicator
- * Feed pressure transmitter (4-20mA) to machine

Starter Panel Equipment:

- * Starter panel including 150 HP (110 kW) main motor drive
- * Starter enclosure safety class: NEMA 4X
- * 0.35 kW / 0.5 HP direct start motor starter for hydraulic unit
- * 0.75 kW / 1.0 HP direct start motor starter for pressure lubrication unit
- * 150 HP (110 kW) programmable frequency inverter containing a display showing motor speed and current
- * Automated normal start and stop sequences
- * Hour meter for main motor
- * Interconnect drawings between homogenizer and starter panel provided

Tetra Pak® Alex 250 Options Included:

- * Abrasive Resistance Package (Pistons, Valves, and Head)
- * Remote Control & Feedback Homogenization Pressure
- * Pneumatic Valve for Cooling Water
- * NEMA 4X Enclosure with A/C unit

6. Site Installation, Start Up and Commissioning

- Site mechanical and electrical installation of the System, including rigging mechanical reassembly and wiring of the System.

For: Flow Water

Enquiry No: E23-017 Rev 0_12,000 LPH UHT

Aurora, Ontario

Date: June 30, 2023

Attn: Mr. Drew Legge
Plant Manager

PROPOSAL

- Supply electrical installation (including controls, power and pneumatic tubing) for all equipment supplied by Simmtech.
- Owner is responsible to provide power to main MCC panel and to Homogenizer panel.
- Owner is responsible to provide isolation valves at each utilities tie in point.
- Owner is responsible to supply and connect all utilities as specified by Simmtech.
- Owner is responsible to supply and connect new feed product line from batching room to the System and CIP lines.
- Owner is responsible to supply and install piping insulation to process (product and CIP lines) and services lines (steam, condensate and iced water).
- Start up and Commission of the System, including IO validation, water trials, products trials, operators training.

7. Project Documentation:

Project documentation will include the following files:

- P&ID
- Critical Control Limits of the process.
- Certificate of calibration, for all measuring devices.
- Electrical schematics.
- Parts list.
- Recommended equipment maintenance as recommended by manufacturers
- Operator instructional manual.
- Provide installation technical details, in terms of:
 - Footprint of the equipment
 - Utility capacities/consumptions (i.e., Compressed Air, Steam, City water, Ice water, Tower Water, Glycol, Cleaning Chemicals, etc.), connection sizes and locations.
 - Drain locations and requirements

For: Flow Water

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Aurora, Ontario

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Attn: Mr. Drew Legge
Plant Manager

PROPOSAL

8. System Validation:

Below is the list of critical path items that will need to be completed prior to commercial production on the System.

Simmtech is responsible for the following items:

- Provide site support during the validation process of the System.
- All critical instruments to be sealed and tagged with individual traceable identifiers
- Onsite calibration binder for the System to be set up to include all instrument calibration documents.
- All critical functions of the process (Flow, Divert, Pressure, Sterilization Timer, Return temperature, Pressure Differential, divert valve communication) to be housed in an individual, stand alone legal control/monitoring PLC. To be hard wired to main PLC, tagged, and sealed from access.
- Operational Qualification on Water procedure to be documented
- Dynamic Challenges of all critical factors to be conducted and documented to verify the system functions and reacts as expected and designed
- Training to be conducted for each individual operator to ensure continuity of process
- CIP validation to be conducted with assistance of the chemical supplier and documented.

Owner is responsible for the following items:

- If the System includes a new sterile surge tank a Temperature Distribution test/study to be conducted to demonstrate that the tank, associated sterile air and product supply line can be brought to a state of commercial sterility prior to production
- Inoculated Pack Study to be conducted to microbiologically validate the processing system and to document that the system can produce a commercially sterile product. By demonstrating a reduction of C. Sporogeneses spores of at least 5 LOGS at the minimum process temperature.
- Any cost associated to product testing including labour (Flow Water's employees only), ingredients, packaging materials and laboratory testing.

For: Flow Water

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 Attn: Mr. Drew Legge
 Plant Manager

PROPOSAL

9. Pricing:

Prices presented below include additional special discount offered to Flow Water Foods.

Item	Description	PRICE (\$ CAD)
1.	One (1) 12,000 LPH UHT Sterilizer as described in this proposal.	\$1,100,000.00
2.	One (1) TETRA PAK® 300 Homogenizer as described in section 5 of this proposal.	\$368,000.00
3.	Estimated Freight to site and rigging in place including Homogenizer - To be charged at cost. Note: All field work to be done during working days Monday to Friday, 10 hours/day. Any work required during the weekend will be charged as an extra.	\$16,000.00
4.	Site mechanical and electrical installation of the System, including reassembly and wiring of the System. Note: All field work to be done during working days Monday to Friday, 10 hours/day. Any work required during the weekend will be charged as an extra.	\$35,000.00
5.	Start up and Commission of the System, including IO validation, water trials, products trials, operators training. Note: All field work to be done during working days Monday to Friday, 10 hours/day. Any work required during the weekend will be charged as an extra.	\$45,000.00
	Total Price:	\$1,564,000.00

For: Flow Water
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 Attn: Mr. Drew Legge
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PROPOSAL

Estimated Delivery:	UHT system 26-28 weeks from receipt of purchase order (PO) and down payment. Homogenizer: 33-35 weeks from receipt of purchase order (PO) and down payment.
Payment Terms:	30% Down payment with the order 30% Progress payment upon components are delivered to fabrication shop. Net 30 days 30% Progress payment upon System is delivered to site. Net 30 days. 10% Final payment based upon successful completion of Performance Test Certificate. Net 30 days
F.O.B. Point:	Flow Water's Plant, Aurora, Ontario
Validity:	This proposal is valid for thirty (30) days from date of issue. IMPORTANT NOTE: Prices quoted are based on current costs of raw materials and components. Due to current global prices fluctuation and volatility, Simmtech reserves the right to apply differences to our prices, up or down, based on stainless steel material cost, components cost and transportation cost at the time of order.

For: Flow Water

Enquiry No: E23-017 Rev 0_12,000 LPH UHT

Aurora, Ontario

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Attn: Mr. Drew Legge
Plant Manager

PROPOSAL

10. Customer's Responsibilities:

- To provide free and clear access to facility and work areas
- To allow and schedule field work during regular hours of operation (Monday to Friday).
- To size, procure and connect all utilities required to operate the Systems, including power, regular steam, culinary steam, condensate, city water, iced water, glycol, compressed air, chemical, etc.
- To install product supply and return lines from Batching system and all CIP supply and return lines.
- To power the new MCC panels (DSIS and Homogenizer)
- Perform Pre-Start Health and Safety Reviews (PSHSR) of new equipment. PSHSR must be performed during the engineering approval process, prior fabrication of the System.
- All building work, including foundation, mezzanines, flashing, supporting structures, monorails, cranes, wall opening, etc.
- Room accessories, such as sinks, shelves, brackets, safety showers, water hoses, etc.
- Design and build the process room considering all process and regulatory requirements, such as: drainage, ventilation, cleanability, lighting, piping support, safety, etc.
- Store the System under controlled conditions in the event the plant is not ready to receive it.
- To ensure structural integrity of ceiling is adequate to support piping and cable trays
- To provide Process Authority Services, to develop, validate and file intended scheduled process of the System for three (3) products as described in section 2 of this proposal.

11. Terms and Obligations:

Intellectual Property:	Simmttech shall defend, indemnify, and hold Owner harmless from and against any claim or suit against Owner by a third party (due to use of the System), based on infringement of any intellectual property right of any third party.

For: Flow Water
 Aurora, Ontario

Enquiry No: E23-017 Rev 0_12,000 LPH UHT

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 Attn: Mr. Drew Legge
 Plant Manager

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	Owner shall notify Simmtech immediately of its receipt of notice of an alleged third-party patent infringement claim, and Simmtech shall thereupon assume defence of the claim at its expense. Simmtech shall have the responsibility to settle and compromise such third-party claim, including but not limited to: a. Secure for The Owner the right to continue to use the System (or any part thereof), in accordance with the terms of this agreement. b. Modify the System so that it ceases to be infringing. c. Replace the Works with a non-infringing product, so long as, the replacement or modification comply with the warranties contained in this agreement.
Force Majeure:	Either party may suspend performance hereunder, to the extent that such performance is impeded by any circumstance beyond its reasonable control including but not limited to industrial disputes, fire, severe weather, flood, embargo, new or amended export control regulations, governmental or judicial acts. Contract Schedule may be extended by additional time, should delays or suspensions occur outside the sole control of Simmtech. Delays caused by the Owner, including suspension in accordance with the Contract, whether downtime, and any time spent or lost on additional work or standby (e.g., Delays in gaining access to the building or services availability).
Termination:	The Owner may terminate the Contract, if Simmtech is in material breach of any of its obligations under the Contract; within forty-five (45) days from receipt of a written notice. This material breach will include but not limited to: a. Items that are deemed not remediable, or b. Simmtech failed to remedy it, or c. Simmtech ceases to do business, or d. Simmtech is deemed insolvent, or

For: Flow Water

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	e. Until full and final payment of the purchase price for the Works. If the termination of the Contract is due to Simmtech's breach of the obligations under the Contract, then Owner shall return the System, by placing it at the disposal of Simmtech. In such an event, Simmtech shall: a. Undertake any of the reasonable cost incurred by Owner under the Contract b. Return to Owner any instalments already paid, on the Price. If the Owner fails to make required payments in a timely manner as specified in this contract, Simmtech shall have the right to withhold further work.

ACCEPTANCE AND AGREEMENT

Buyer

Seller

Flow Water

Simmtech Process Engineering Ltd.

Name of Purchaser

Name of Seller

By: _____

By: Herman Arias

Signature _____

Signature _____

Title: _____

Title: Director of Technical Sales

Date: _____

Date: June 30, 2023

For: Flow Water

Enquiry No: E23-017 Rev 0_12,000 LPH UHT

Aurora, Ontario

Date: June 30, 2023

Attn: Mr. Drew Legge
Plant Manager

PROPOSAL

**SIMMTECH PROCESS ENGINEERING LIMITED
GENERAL TERMS OF SALES**

UNLESS OTHERWISE SPECIFICALLY PROVIDED:

1. **PRICE**
As shown on Proposal subject to these general terms of sale.
2. **DEFINITIONS:**
"SIMMTECH" – shall mean Simmtech Process Engineering Limited.
"User" – shall mean the Buyer.
"Equipment" shall mean – equipment, materials, parts and accessories described in the specifications forming part of the proposal
3. **SALE AND DELIVERY:**
User shall pay all freight and insurance charges from F.O.B point and all demurrage rigging and unloading charges at destination point.
4. **TAXES:**
User shall pay all applicable taxes, assessments and duties.
5. **WARRANTY:**
SIMMTECH warrants Equipment of its own manufacture to be free from defects in materials and workmanship for a period of twelve (12) months from shipment. THIS WARRANTY EXTENDS ONLY TO USER, AND IN NO EVENT SHALL SIMMTECH BE LIABLE FOR PROPERTY DAMAGE SUSTAINED BY A PERSON DESIGNATED BY THE LAW OF ANY JURISDICTION AS A THIRD PARTY BENEFICIARY OF THIS WARRANTY OR ANY OTHER WARRANTY HELD TO SURVIVE SIMMTECH's DISCLAIMER. Replacement parts provided under the terms of this warranty are warranted for the remainder of the warranty period applicable to the Equipment, as if such parts were original components of the Equipment. With respect to equipment, materials, parts and accessories manufactured by others, SIMMTECH will undertake to obtain for User the full benefits of the manufacturer's warranties, BUT IN NO EVENT SHALL USER OR ANY OTHER PERSON HAVE ANY REMEDY AGAINST SIMMTECH FOR BREACH OF A MANUFACTURER'S WARRANTY. A defect in a part shall not condemn the whole machine. THE WARRANTY DESCRIBED IN THIS PARAGRAPH SHALL BE IN LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.
6. **EXCLUSIVE REMEDY:**
Upon written notification received by SIMMTECH within the above stated warranty period of any failure to conform to the above warranty, upon return prepaid to SIMMTECH of any nonconforming original part or component, and upon inspection by SIMMTECH to verify said nonconformity, SIMMTECH shall repair or replace said original part or component without charge to User. SIMMTECH shall ship the repaired or replaced part or component to User at User's expense. Cost for removal and/or installation of repaired or replaced parts supplied under the above warranty shall be at the User's expense. Correction of nonconformities, in the manner and for the period of time provided above, shall constitute fulfillment of all liabilities of SIMMTECH to User or any other person whether based upon contract, tort (including negligence), strict liability or otherwise.
THE REMEDIES SET FORTH HEREIN ARE EXCLUSIVE, WITHOUT REGARD TO WHETHER ANY DEFECT WAS DISCOVERABLE OR LATENT AT THE TIME OF DELIVERY OF THE EQUIPMENT TO USER. The essential purpose of this exclusive remedy shall be to provide User with repair or replacement of parts or components that prove to be defective within the period and under the conditions previously set forth. This exclusive remedy shall not have failed of its essential purpose (as that term is used in the Uniform Commercial Code) provided SIMMTECH remains willing to repair or replace

For: Flow Water

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Attn: Mr. Drew Legge
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PROPOSAL

defective parts or components within a commercially reasonable time after it obtains actual knowledge of the existence of a particular defect.

7. CORROSION EXCLUSION:

The Seller specifically excludes corrosion of stainless steel or other metals normally used in the fabrication of the Equipment from its warranty. The Seller is not liable for loss or damage due to corrosion from exposure to aggressive liquids or atmospheres. Nor shall Seller be held liable for User's failure to properly clean or care for this Equipment.

8. LIMITATION OF LIABILITY:

In no event shall SIMMTECH be liable for any special, consequential, incidental or indirect damages, nor shall SIMMTECH be liable for any loss of profit, loss by reason of any plant shutdown, non-operation or increased expense of operation, loss of product materials, with respect to this contract or anything done in connection therewith, (including without limitation, services provided pursuant to paragraph 8 below). Whether based upon contract, tort, (including negligence), strict liability or otherwise.

9. INSTALLATION:

Unless otherwise specifically agreed, user assumes full responsibility for the installation and start up of the Equipment and any loss or damage of whatever nature caused thereby to persons or property.

10. ACCELERATION:

If the terms of payment for the Equipment allow for installment payments, User agrees that SIMMTECH, at its discretion, may accelerate and make immediately due and payable all remaining installments if (a) User shall fail to make one or more installments when due, or (b) any of the events constituting cause for automatic cancellation under paragraph 13 (b) below shall have occurred before or after delivery of the Equipment.

11. SHIPMENT:

Shipments dates are not guaranteed. SIMMTECH shall not be liable for delayed delivery or non- delivery for any reason. Where shipment is deferred at User's request for more than 30 days beyond the originally scheduled date of shipment, the order will be subject to invoicing, payment and storage charges from scheduled date or shipment, or in lieu thereof, interest on any unpaid balance at 2% per month.

12. ACCEPTANCE:

The Proposal shall not be a binding contract on either party until acceptance in writing thereof by SIMMTECH.

13. THIRD PARTY LEASES:

If User elects that SIMMTECH sell the machine to a third party who will lease the machine to User, SIMMTECH must have an acceptable purchase order from that third party lessor prior to shipment and that the third party must agree to this contract in writing by executing this document.

14. CANCELLATION:

(a) SIMMTECH may cancel this order before shipment if User refuses to authorize shipment within thirty (30) days after notice that the Equipment is ready, or fails to make any payments or execute any document required prior to shipment.

(b) This Proposal and any orders are automatically cancelled if User has become insolvent or bankrupt or admits in writing its inability to pay its debts as they mature, or if proceedings are commenced by or against User in any jurisdiction under a provision or chapter of any bankruptcy act, or if User suffers the appointment of a receiver or trustee or makes an assignment for the benefit of creditors.

(c) User may not cancel except upon payment of twenty percent (20%) of the total price of the Equipment, plus SIMMTECH non-recoverable costs, (including incidental and consequential damages), attributable to this order, plus restocking charges to be determined by SIMMTECH.

For: Flow Water

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Date: June 30, 2023

Attn: Mr. Drew Legge
Plant Manager

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15. PURCHASE MONEY SECURITY INTEREST (PMSI):

User represents that the Equipment is to be used for business, and shall remain personalty. User grants SIMMTECH a PMSI in the Equipment to secure the payment of the purchase price. User will not sell, lease, transfer or encumber the Equipment and will keep it free from any and all liens and security interests until SIMMTECH has been paid in full. If user does not purchase from SIMMTECH but elects to lease the Equipment from a third party, the third party grants SIMMTECH a PMSI. SIMMTECH's PMSI herein granted shall be fully discharged upon receipt by SIMMTECH of the unpaid balance of the purchase price from the third party. Upon default by the User of the terms herein, SIMMTECH shall have all the remedies available to it under any applicable laws of the province in which the Equipment is located and shall be entitled to all legal costs, reasonable legal fees and all other reasonable expenses and costs permitted by law which are incurred by SIMMTECH in enforcing its remedies. User grants SIMMTECH a license and right of way over User's premises including right of forced entry to repossess Equipment in the event of default of User. In addition to its other remedies, SIMMTECH may require User to make the Equipment available at a place designated by SIMMTECH which is reasonably convenient to both parties.

User agrees: (a) to execute and deliver to SIMMTECH all such instruments or documents that SIMMTECH may reasonably believe are necessary to secure any unpaid balance of the price of the Equipment, (b) if movement of the Equipment to another location is allowed under any other documents relating to this Proposal, to give SIMMTECH at least thirty (30) days advance written notice of any such change in location; (c) to inform SIMMTECH of any change in the law of jurisdiction in which the Equipment is located, whether such change is statutory or otherwise, which change could affect the continued status of the Equipment personalty; and (d) to procure and maintain insurance on the Equipment for its full purchase price, the policy to name SIMMTECH as loss payee.

16. MODIFICATION OR WAIVER OR PROVISIONS:

This Proposal cannot be modified except by agreement in writing signed by SIMMTECH. A waiver, or repeated waiver by SIMMTECH of any provision, or the breach of any provision, shall not constitute a further waiver of such provision or breach.

17. MERGER CLAUSE:

This Proposal signed by both parties, including the Specifications and Pricing Agreement and General Terms of Sale attached hereto, constitutes all of the terms of this Proposal and is a complete and exclusive statement of those terms, and any and all representations, promises, warranties or statements by SIMMTECH's agent that differ in any way from the terms of this written Proposal shall be given no force or effect.

18. PROPOSAL RESTRICTION:

This Proposal, including any drawings and/or manuals submitted pertaining thereto, is the property of SIMMTECH, it contains confidential information and is delivered to Purchaser on condition that Purchaser and Purchaser's representatives, by receiving it, have agreed not to reproduce or copy it, in whole or in part, or to furnish information from it to others, or to make any use of it that is, or may be, injurious to SIMMTECH, and Purchaser agrees to return it upon the request of SIMMTECH.

19. ORDERS:

All subsequent orders will be governed by this contract. A Purchase Order signed by a representative of User shall deem to be an order under the terms of this contract

End of Document

For: Flow Water
 Aurora, Ontario

Enquiry No: E23-017 R0_25,000L AT

Date: June 30, 2023

 Attn: Mr. Drew Legge
 Plant Manager

PROPOSAL

Simmtech Process Engineering is pleased to offer the following proposal for your consideration and approval:

25,000 Litre Aseptic Tank & Valve Cluster

Rev #	Description	Issued Date
0	Original proposal – 25,000 Litre Aseptic Tank & Valve Cluster	June 30, 2023

1 Scope of Supply

Design, fabrication and commissioning of One (1) 25,000 Liter Aseptic Tank with an aseptic valve cluster (The System).

2 Equipment Supply

One (1) 25,000 Litre Aseptic Storage Tank:

Design:	51 PSIG/F.V. @ 300 deg.F
Dimensions:	Ø114" OD Shell, 5/16" Thk, SA240 316/316L shell Length will be approx. 126" Lg. Includes QTY 3- 3"x3" angle stiffening rings. Top and bottom of shell to be terminated with 114" OD, 3/8" THK, ASME 80:10 Heads, SA240 316/316L
Vessel Materials:	T316 stainless steel product contact. T304 stainless steel non-product contact.
Surface Finish:	Internal surfaces #4 Finish, welds ground smooth and polished to match. External surfaces #4 Finish, welds left as is with heat stain and splatter removed.
Support:	QTY(3) Legs made from, SA312 304/304L 8" pipe wi. Legs terminated on 1" THK Baseplates, SA240 304/304L

For: Flow Water
 Aurora, Ontario

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Date: June 30, 2023

 Attn: Mr. Drew Legge
 Plant Manager

PROPOSAL

Connections:	Outlet – One (1) 3" ASME TC - Bottom Inlet – One (1) 3" ASME TC - Side CIP Mount - Two (2) 3" ASME TC
Accessories:	One (1) 18" Bottom Manway, ASME rated, gasketed One (1) set of Lifting Lugs. Two (2) 1 1/3" TC removable static CIP Assemblies – Top One (1) 1/2" NPT Thermowell Two (2) 1" Tube cooling spray rings comes with a 14GA outer cladding 304SS on side wall only
Registration:	The vessel will be ASME "U" stamped and registered for a CRN in Ontario
Agitator:	Steridose Sanimixer 30,000 bottom magnetic mixer. Cost includes mixer and fabrication required to install the mixer. Assumptions and Limitations: Steridose's sizing procedure assumes that the mixer's duty is blending ONLY. Product to be homogeneous and the mixer is only being used for gentle stirring based on a SG of 1.2 and a maximum viscosity of 1000 cps.
Heat Transfer:	Dimple Jacket on Shell only. Jacket material made from 14GA, 2.5" X 2.5" Dimple Spacing, SA240 304/304L, to be designed for 55 psi at 300°F. QTY(2) Zones on sidewall c/w with 1" NPT, 3000# connections (Inlet, Outlet) on each Zone. Coverage is approximately 240 sq ft. 2" Mineral Wool Insulation on Side Wall only. Coverage is approximately 300 sq ft.
Safety ladder and top railing:	One (1) vertical Ladder and top safety railing: Railing to encompass the top head and will be welded to top head. Railing to be 42" tall with a mid-rail and a kickplate. SS 304 MOC Safety gate also included at ladder entrance to top.

For: Flow Water
Aurora, Ontario

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Date: June 30, 2023

Attn: Mr. Drew Legge
Plant Manager

PROPOSAL

Sterile Steam and Air Skid:

- One (1) Lot of steam and air filters, valves and instrumentation as required.
- Provides culinary steam for sterilization and steam barriers
- Provides sterile air for the tank.

One (1) Aseptic Inlet Valve Clusters

- One (1) Lot of valves and instrumentation as required
- Provides sterile steam barrier between the Process and Aseptic Tank

One (1) End of Line Steam Barriers

- One (1) Lot of valves and instrumentation as required
- Provides steam barrier at the end of product line (after the filler)

One (1) Main Electrical Panel

Function: To control all the valves and tank agitator.
Type: Stainless Steel, NEMA 4 enclosure.
Includes: One (1) Allen-Bradley CompactLogix PLC with necessary IO.
One (1) Industrial 15" Colour Touch Screen.
One (1) Jumo Paperless Chart Recorder
One (1) Festo 16 solenoid valve bank.
One (1) Allen Bradley PowerFlex 525 Variable Frequency Drive.
All components installed of the valve cluster will be wired and connected to the main panel.

3 Site Installation

- Supply all stainless-steel sanitary piping installation as per specification below.
Pipe Materials: Unless approved or specified by the Owner, all sanitary lines, any product contact surface and CIP lines are to be installed from new AISI grade 316L stainless steel with a No. 4 finish (Ra = 30 µin max). Stainless steel 304 No. 2B finish will be used in any non-product contact surfaces such as skid frames, hangers, etc.).
- Supply electrical installation (including controls, power and pneumatic tubing) for all equipment supplied by Simmtech.
- Owner is responsible to provide isolation valves at each utilities tie in point.
- Owner is responsible to supply and connect all utilities as specified by Simmtech.

For: Flow Water
 Aurora, Ontario

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Date: June 30, 2023

 Attn: Mr. Drew Legge
 Plant Manager

PROPOSAL

- Owner is responsible to supply and install piping insulation to process (product and CIP lines) and services lines (steam, condensate and iced water, etc.).

4 Utility Requirements

City Water:	Sterilization Cooling: 12,000 L/Hr at 50 psig
Steam:	Sterilization: 2,000 lb/Hr, Production: 10 lb/Hr – 60 psig
Air:	270 SCFM during cooling (approximately 3 minutes)
Electrical:	20 A, 575V

5 Pricing and Terms

Item	Description	PRICE (\$ CAD)
1.	One (1) 25,000 Litre aseptic tank with one (1) aseptic valve cluster as described in this proposal.	\$788,000.00
2.	Site sanitary mechanical and electrical installation of the System, including reassembly and wiring of the System. Notes: Work to be completed during regular hours.	\$25,000.00
3.	Start up and Commission of the System, including IO validation, water trials, product trial (one product only), operators training.	\$15,000.00
4.	Estimated Freight to site and rigging in place. Assuming aseptic tank is manufactured in Ontario. Freight to site will be charged at cost. Notes: Work to be completed during regular hours	\$10,000.00
	Total Price:	\$838,000.00

For: Flow Water
 Aurora, Ontario

Enquiry No: E23-017 R0_25,000L AT

Date: June 30, 2023

 Attn: Mr. Drew Legge
 Plant Manager

PROPOSAL

Estimated Delivery:	38-42 weeks from receipt of purchase order (PO) and down payment.
Payment Terms:	40% Down payment with the order 40% Progress payment upon equipment is delivered to site. Net 30 days 20% Final payment based upon successful completion of Performance Test Certificate. Net 30 days
F.O.B. Point:	Flow Water's Plant, Aurora, Ontario
Validity:	This proposal is valid for thirty (30) days from date of issue. IMPORTANT NOTE: Prices quoted are based on current costs of raw materials and components. Due to current global prices fluctuation and volatility, Simmtech reserves the right to apply differences to our prices, up or down, based on stainless steel material cost, components cost and transportation cost at the time of order.

6 Customer's Responsibilities:

- To provide free and clear access to facility and work areas
- To allow and schedule field work during regular hours of operation (Monday to Friday).
- To size, procure and connect all utilities required to operate the Systems, including power, regular steam, condensate and compressed air.
- To power the new main electrical panel mounted on the valve cluster.
- To provide all utilities to the System, including culinary steam, city water, compressed air, etc.
- To install of process and CIP lines, including interconnecting lines between sterilizer and the System and the System and filler.
- Perform Pre-Start Health and Safety Reviews (PSHSR) of new equipment. PSHSR must be performed during the engineering approval process, prior fabrication of the System.
- All building work, including foundation, mezzanines, flashing, supporting structures, monorails, cranes, wall opening, etc.
- Room accessories, such as sinks, shelves, brackets, safety showers, water hoses, etc.
- Design and build the process room considering all process and regulatory requirements, such as: drainage, ventilation, cleanability, lighting, piping support, safety, etc.



72 Devon Road, Unit 5
Brampton, ON L6T 5B4
Tel. 905-799-6111 Fax. 905-799-6566

For: Flow Water
Aurora, Ontario

Enquiry No: E23-017 R0_25,000L AT

Date: June 30, 2023

Attn: Mr. Drew Legge
Plant Manager

PROPOSAL

ACCEPTANCE AND AGREEMENT

Buyer

Seller

Flow Water

Simmtech Process Engineering Ltd.

Name of Purchaser

Name of Seller

By: _____

By: Herman Arias

Signature _____

Signature _____

Title: _____

Title: Director of Technical Sales

Date: _____

Date: June 30, 2023

For: Flow Water
Aurora, Ontario

Enquiry No: E23-017 R0_25,000L AT

Date: June 30, 2023

Attn: Mr. Drew Legge
Plant Manager

PROPOSAL

SIMMTECH PROCESS ENGINEERING LIMITED GENERAL TERMS OF SALES

UNLESS OTHERWISE SPECIFICALLY PROVIDED:

1. **PRICE**
As shown on Proposal subject to these general terms of sale.
2. **DEFINITIONS:**
"SIMMTECH" – shall mean Simmtech Process Engineering Limited.
"User" – shall mean the Buyer.
"Equipment" shall mean – equipment, materials, parts and accessories described in the specifications forming part of the proposal
3. **SALE AND DELIVERY:**
User shall pay all freight and insurance charges from F.O.B point and all demurrage rigging and unloading charges at destination point.
4. **TAXES:**
User shall pay all applicable taxes, assessments and duties.
5. **WARRANTY:**
SIMMTECH warrants Equipment of its own manufacture to be free from defects in materials and workmanship for a period of twelve (12) months from shipment. THIS WARRANTY EXTENDS ONLY TO USER, AND IN NO EVENT SHALL SIMMTECH BE LIABLE FOR PROPERTY DAMAGE SUSTAINED BY A PERSON DESIGNATED BY THE LAW OF ANY JURISDICTION AS A THIRD PARTY BENEFICIARY OF THIS WARRANTY OR ANY OTHER WARRANTY HELD TO SURVIVE SIMMTECH'S DISCLAIMER. Replacement parts provided under the terms of this warranty are warranted for the remainder of the warranty period applicable to the Equipment, as if such parts were original components of the Equipment. With respect to equipment, materials, parts and accessories manufactured by others, SIMMTECH will undertake to obtain for User the full benefits of the manufacturer's warranties, BUT IN NO EVENT SHALL USER OR ANY OTHER PERSON HAVE ANY REMEDY AGAINST SIMMTECH FOR BREACH OF A MANUFACTURER'S WARRANTY. A defect in a part shall not condemn the whole machine. THE WARRANTY DESCRIBED IN THIS PARAGRAPH SHALL BE IN LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.
6. **EXCLUSIVE REMEDY:**
Upon written notification received by SIMMTECH within the above stated warranty period of any failure to conform to the above warranty, upon return prepaid to SIMMTECH of any nonconforming original part or component, and upon inspection by SIMMTECH to verify said nonconformity, SIMMTECH shall repair or replace said original part or component without charge to User. SIMMTECH shall ship the repaired or replaced part or component to User at User's expense. Cost for removal and/or installation of repaired or replaced parts supplied under the above warranty shall be at the User's expense. Correction of nonconformities, in the manner and for the period of time provided above, shall constitute fulfillment of all liabilities of SIMMTECH to User or any other person whether based upon contract, tort (including negligence), strict liability or otherwise.
THE REMEDIES SET FORTH HEREIN ARE EXCLUSIVE, WITHOUT REGARD TO WHETHER ANY DEFECT WAS DISCOVERABLE OR LATENT AT THE TIME OF DELIVERY OF THE EQUIPMENT TO USER. The essential purpose of this exclusive remedy shall be to provide User with repair or replacement of parts or components that prove to be defective within the period and under the conditions previously set forth. This exclusive remedy shall not have failed of its essential purpose (as that term is used in the Uniform Commercial Code) provided SIMMTECH remains willing to repair or replace defective parts or components within a commercially reasonable time after it obtains actual knowledge of the existence of a particular defect.
7. **CORROSION EXCLUSION:**
The Seller specifically excludes corrosion of stainless steel or other metals normally used in the fabrication of the Equipment from its warranty. The Seller is not liable for loss or damage due to corrosion from exposure to aggressive liquids or atmospheres. Nor shall Seller be held liable for User's failure to properly clean or care for this Equipment.
8. **LIMITATION OF LIABILITY:**
In no event shall SIMMTECH be liable for any special, consequential, incidental or indirect damages, nor shall SIMMTECH be liable for any loss of profit, loss by reason of any plant shutdown, non-operation or increased expense of operation, loss of product

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materials, with respect to this contract or anything done in connection therewith, (including without limitation, services provided pursuant to paragraph 8 below). Whether based upon contract, tort, (including negligence), strict liability or otherwise.

9. **INSTALLATION:**
Unless otherwise specifically agreed, user assumes full responsibility for the installation and start up of the Equipment and any loss or damage of whatever nature caused thereby to persons or property.
10. **ACCELERATION:**
If the terms of payment for the Equipment allow for installment payments, User agrees that SIMMTECH, at its discretion, may accelerate and make immediately due and payable all remaining installments if (a) User shall fail to make one or more installments when due, or (b) any of the events constituting cause for automatic cancellation under paragraph 13 (b) below shall have occurred before or after delivery of the Equipment.
11. **SHIPMENT:**
Shipments dates are not guaranteed. SIMMTECH shall not be liable for delayed delivery or non- delivery for any reason. Where shipment is deferred at User's request for more than 30 days beyond the originally scheduled date of shipment, the order will be subject to invoicing, payment and storage charges from scheduled date or shipment, or in lieu thereof, interest on any unpaid balance at 2% per month.
12. **ACCEPTANCE:**
The Proposal shall not be a binding contract on either party until acceptance in writing thereof by SIMMTECH.
13. **THIRD PARTY LEASES:**
If User elects that SIMMTECH sell the machine to a third party who will lease the machine to User, SIMMTECH must have an acceptable purchase order from that third party lessor prior to shipment and that the third party must agree to this contract in writing by executing this document.
14. **CANCELLATION:**
(a) SIMMTECH may cancel this order before shipment if User refuses to authorize shipment within thirty (30) days after notice that the Equipment is ready, or fails to make any payments or execute any document required prior to shipment.
(b) This Proposal and any orders are automatically cancelled if User has become insolvent or bankrupt or admits in writing its inability to pay its debts as they mature, or if proceedings are commenced by or against User in any jurisdiction under a provision or chapter of any bankruptcy act, or if User suffers the appointment of a receiver or trustee or makes an assignment for the benefit of creditors.
(c) User may not cancel except upon payment of twenty percent (20%) of the total price of the Equipment, plus SIMMTECH non-recoverable costs, (including incidental and consequential damages), attributable to this order, plus restocking charges to be determined by SIMMTECH.
15. **PURCHASE MONEY SECURITY INTEREST (PMSI):**
User represents that the Equipment is to be used for business, and shall remain personalty. User grants SIMMTECH a PMSI in the Equipment to secure the payment of the purchase price. User will not sell, lease, transfer or encumber the Equipment and will keep it free from any and all liens and security interests until SIMMTECH has been paid in full. If user does not purchase from SIMMTECH but elects to lease the Equipment from a third party, the third party grants SIMMTECH a PMSI. SIMMTECH's PMSI herein granted shall be fully discharged upon receipt by SIMMTECH of the unpaid balance of the purchase price from the third party. Upon default by the User of the terms herein, SIMMTECH shall have all the remedies available to it under any applicable laws of the province in which the Equipment is located and shall be entitled to all legal costs, reasonable legal fees and all other reasonable expenses and costs permitted by law which are incurred by SIMMTECH in enforcing its remedies. User grants SIMMTECH a license and right of way over User's premises including right of forced entry to repossess Equipment in the event of default of User. In addition to its other remedies, SIMMTECH may require User to make the Equipment available at a place designated by SIMMTECH which is reasonably convenient to both parties.

User agrees: (a) to execute and deliver to SIMMTECH all such instruments or documents that SIMMTECH may reasonably believe are necessary to secure any unpaid balance of the price of the Equipment, (b) if movement of the Equipment to another location is allowed under any other documents relating to this Proposal, to give SIMMTECH at least thirty (30) days advance written notice of any such change in location; (c) to inform SIMMTECH of any change in the law of jurisdiction in which the Equipment is located, whether such change is statutory or otherwise, which change could affect the continued status of the Equipment personalty; and (d) to procure and maintain insurance on the Equipment for its full purchase price, the policy to name SIMMTECH as loss payee.

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16. MODIFICATION OR WAIVER OR PROVISIONS:

This Proposal cannot be modified except by agreement in writing signed by SIMMTECH. A waiver, or repeated waiver by SIMMTECH of any provision, or the breach of any provision, shall not constitute a further waiver of such provision or breach.

17. MERGER CLAUSE:

This Proposal signed by both parties, including the Specifications and Pricing .Agreement and General Terms of Sale attached hereto, constitutes all of the terms of this Proposal and is a complete and exclusive statement of those terms, and any and all representations, promises, warranties or statements by SIMMTECH's agent that differ in any way from the terms of this written Proposal shall be given no force or effect.

18. PROPOSAL RESTRICTION:

This Proposal, including any drawings and/or manuals submitted pertaining thereto, is the property of SIMMTECH, it contains confidential information and is delivered to Purchaser on condition that Purchaser and Purchaser's representatives, by receiving it, have agreed not to reproduce or copy it, in whole or in part, or to furnish information from it to others, or to make any use of it that is, or may be, injurious to SIMMTECH, and Purchaser agrees to return it upon the request of SIMMTECH.

19. INTELLECTUAL PROPERTY RIGHTS:

You agree that SIMMTECH owns all right, title and interest to all intellectual property and other proprietary rights to documents and materials, calculations, drawings, models, plans, technology, software, designs, engineering details, schematics and similar data relating to or incorporated in the Equipment and Software and any accompanying documentation or information derived from the foregoing. You shall take reasonable precautions to prevent unauthorized access and use of the Software and documentation by third parties. To the extent permitted by relevant law, you shall not, nor allow any third party to copy, decompile, disassemble or otherwise reverse engineer the Equipment or Software, or attempt to do so. We reserve all rights in the Equipment and Software not specifically granted to you under these Terms.

20. ORDERS:

All subsequent orders will be governed by this contract. A Purchase Order signed by a representative of User shall deem to be an order under the terms of this contract

End of Document

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BUDGET ESTIMATE

Simmtech Process Engineering ("Simmtech") is pleased to offer the following proposal for your consideration and approval:

Alcohol Receiving and Batching System

Rev #	Description	Issued Date
0	Original proposal	June 30, 2023

1. Project Overview

The scope of supply includes the design, supply, installation and commissioning of one (1) Alcohol receiving system and one (1) blending/batching system (The System), which will be installed at Flow Water (Owner) in Aurora, ON.

Site installation/reassemble of the System and Start-up & Commissioning are quoted as options.

Utilities connections, including power, regular steam, culinary steam, condensate, city water, iced water, Glycol, compressed air, chemical, etc. are NOT included in this proposal and they are Owner's responsibility.

2. Scope of Work

Simmtech's scope of supply will include the following:

- Process engineering including P&ID and mechanical drawings.
- Equipment and components (valves, pumps and instrumentation).
- Shop fabrication of tanks and modules.
- Mechanical field installation.
- Automation and Electrical installation.
- Programming and Commissioning of the System.
- Project Management

Final P&ID and drawings must be approved by Owner prior to commencement of fabrication. Any modifications and/or additions after P&ID is approved by Owner will be treated as a Change Order.

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3. Design Criteria

Project will be designed and equipment sized based on the following operational requirements specified by Owner.

Receiving system:

- Product: Alcohol less or equal to 20% ABV (alcohol by volume)
- Temperature: >25 deg C.
- Capacity: 1,000 l/min max throughput.

Note: Explosion proof design considerations in equipment and field installation are NOT included in this proposal.

Batching & Blending system:

- Ingredients: Alcohol (Alcohol less or equal to 20%), water and powers
- Capacity: 14,000 L batch / hour max throughput.

Note: Explosion proof design considerations in equipment and field installation are NOT included in this proposal.

Regulations and Requirements:

- CSA/ESL for electrical hardware and electrical installation
- TSSA/CRN – utilities, vessels and pressure piping, where applicable

4. Project Deliverables

4.1 Engineering Services

- Supply Process & Instrumentation Diagram (P&ID)
- Supply Equipment & Piping Layout drawing
- Supply Equipment List and component specifications
- Supply process electrical design, including panel drawings and wiring diagrams
- PLC and HMI Programming and Commissioning
- Supply skidded module(s) fabrication drawings

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- Supply services requirements to equipment supplied by Simmtech.
- Field I/O testing, commissioning, water trials and final start-up of the System
- Employees Training, which include:
 - Review of overall project design, P&ID, equipment layout and control strategy
 - Basic components training by manufacture specialists (i.e., valves, pumps, instruments, etc.)
 - Training material and project documentation
 - IO testing and water trials of the system to ensure its proper operation before turnover to plant personnel.
 - Operators “hand on” training during IO testing, water trails and production trials.
- Project schedule

4.2 Equipment and Components

Simmtech will supply and install all process equipment and components as specified in the Process and Instrumentation Diagram. Simmtech's price is based on the following main components.

- Product and process valves: Alfa Laval
- Product /CIP centrifugal pumps: Alfa Laval
- High shear mixer: Likwifier
- Inline instrumentation: Endress+Hauser, IFM, Anderson Negele.
- Flow transmitter: Endress+Hauser and Krohne
- Services On/Off automatic valves: Burkert (with solenoid valves inside the control panels)
- Process Control Valves: Alfa Laval

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5. Equipment and Services Supplied

5.1 Receiving System

- One (1) pump: 3" Inlet x 2" Outlet
- Air Eliminator: 550 mm Diameter pressure fed with internal mechanical air release assembly [1000 l/min max throughput]
- Automated vent port shut off valve to control and mitigate evaporation when the system is full of fluid – 3" inlet and outlet
- Flowmeter: Krohne Coriolis dual pulse output to CTI control system with MODBUS RS485 RTU sized to ~ match the pump capacity
- Three (3) Port Outlet manifold directing incoming product to the tank destination of choice operated selected from CTI controller front panel
- Valves: Automated butterfly with linear pneumatic automated ~80 PSIG supply pressure for actuators inlet with nominal manual valves as required
- Air Purge Port installed in inlet stream
- Prime Level Sensor Installed down stream of the flowmeter
- Supplied fully integrated on a 304 Stainless Steel Skid

5.2 Alcohol storage tanks

- Three (3) 38,000L storage tanks.
 - Body: Approx. Ø120" OD Shell, 7GA, SA240 316/316L shell, length will be approx. 204" LG. Top and bottom of shell to be terminated with approx. 120" OD, 7GA, ASME F&D Heads, SA240 316/316L.
 - Nozzles:
 - 1 x Side Entry Manway 18"
 - 1 x 6" Vent Nozzle Assembly
 - 1 x 3" T/C Ferrule
 - 1 x 1" IFM Welding Adapter E30130
 - Support: 6 x Legs made from 4" SCH40S, SA312 304/304L pipe, terminated on SA240 304/304L Baseplates.
 - Design: The vessel will be designed for atmospheric pressure at 300°F Max temperature.
 - Accessories:
 - 1 x 0.5" NPT Thermowell
 - 1 x 1" CIP Removable Sprayball Assembly

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- Hardware and Gasket included for Manways
 - 2 x lifting lugs
 - Surface finish:
 - Internal surfaces to be 2B mill finish, welds ground smooth.
 - External surfaces to be 2B mill finish, welds left as is with heat stains removed
- Product and CIP Pumps and valves:
 - Function: To provide motive force and routing for the product (three type of alcohol) and CIP solution through the system.
 - Details:
 - 3 x Alfa Laval LKH 20 centrifugal pumps
 - 12 x Alfa Laval single seat valves, air actuated.
 - 15 x Alfa Laval Unique 7000 reverse acting flow diversion valves.
 - Size: 3.0"
- Instrumentation:
 - Function: To monitor the product flow rate, tank level, product pressure and product temperature and provide the necessary control information to the PLC.
 - Details:
 - 1 x Coriolis dual pulse output flow transmitter.
 - 3 x Pressure transmitters
 - 3 x Temperature transmitters
 - 3 x Level transmitter
 - 3 x High level switch
- Valve cluster and interconnecting piping:
 - Function: To interconnect all the various items of equipment listed above and mount on a Stainless Steel Sq. tube skid.
 - Size: 3.0"
 - Design: According with ASME B31.3 Process Piping Code, including:
 - ASME Certificates of Authorization for fabrication of pressure vessels.
 - Welders/Welding Operator Certificates
 - Certificates of Analysis for Welding Consumables
 - Mill Test Reports (MTR)
 - Hydrostatic Pressure Test Report
 - Material: Unless approved or specified by the Owner, all sanitary lines, any product contact surface and CIP lines are to be installed from new AISI grade 316L stainless steel with a No. 4 finish (Ra = 30 µin max). Stainless steel 304 No. 2B

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finish will be used in any non-product contact surfaces such as skid frames, hangers, etc.).

5.3 Blending & Batching System

- One (1) 300 USG L bottom high shear mixer, single speed direct drive square vessel 48" x 48", 40 HP motor.
 - Design: Stainless steel, 12-gauge type 304, 150 grit construction, No. 4 finish on product contact surfaces, heavy-duty stainless-steel impeller and quick assembly impeller to motor coupling.
 - Accessories:
 - 1 x 0.5" NPT Thermowell
 - 1 x 1" CIP Removable Sprayball Assembly
 - Hardware and Gasket included for Manways
 - 1 x Top Entry Manway 24"
 - 1 x 4" Vent
- Two (2) 14,000L storage tanks.
 - Fabrication details:
 - Approx. 96" diameter x 120" straight shell.
 - Top / bottom shall be fitted with 15-degree cone.
 - Tank shall be single wall 10 Gauge 316L polished
 - Nozzles:
 - 1 x Top Entry Manway 20"
 - 1 x 4" Vent Nozzle Assembly
 - 2 x 3" T/C Ferrule – bottom outlet and side entry
 - 2 x 2" T/C Ferrule – LSL and LT
 - Support: 4 x Legs made from 4" SCH80S, SA312 304/304L pipe, terminated on SA240 304/304L Baseplates.
 - Design: The vessel will be designed for atmospheric pressure at 300°F Max temperature.
 - Accessories:
 - 1 x 0.5" NPT Thermowell
 - 2 x 1" CIP Removable Sprayball Assembly
 - 2 x lifting lugs
 - Hardware and Gasket included for Manways
 - Surface finish: All wetted surfaces shall be 316L and all non-wetted surfaces shall be T304. All welds ground smooth

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- Product and CIP Pumps and valves:
 - Function: To provide motive force and routing for the product and CIP solution through the system.
 - Details:
 - 2 x Alfa Laval LKH 20 centrifugal pumps
 - 14 x Alfa Laval single seat valves, air actuated.
 - 16 x Alfa Laval Unique 7000 reverse acting flow diversion valves.
 - Size: 2.5" and 3.0"
- Instrumentation:
 - Function: To monitor the product flow rate, tank level, product pressure and product temperature and provide the necessary control information to the PLC.
 - Details:
 - 2 x Coriolis dual pulse output flow transmitter (Product)
 - 1 x Mag flow transmitter (water)
 - 3 x Pressure transmitters
 - 3 x Temperature transmitters
 - 3 x Level transmitter
 - 2 x High level switch
 - 1 x flow switch
- Valve cluster and interconnecting piping:
 - Function: To interconnect all the various items of equipment listed above and mount on a Stainless Steel Sq. tube skid.
 - Size: 3.0"
 - Design: According with ASME B31.3 Process Piping Code, including:
 - ASME Certificates of Authorization for fabrication of pressure vessels.
 - Welders/Welding Operator Certificates
 - Certificates of Analysis for Welding Consumables
 - Mill Test Reports (MTR)
 - Hydrostatic Pressure Test Report
 - Material: Unless approved or specified by the Owner, all sanitary lines, any product contact surface and CIP lines are to be installed from new AISI grade 316L stainless steel with a No. 4 finish (Ra = 30 µin max). Stainless steel 304 No. 2B finish will be used in any non-product contact surfaces such as skid frames, hangers, etc.).

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5.4 Automation and Control System

- One (1) Main Electrical Panel, including:
 - (1) Stainless Steel, NEMA 4 enclosure.
 - (1) Allen-Bradley CompactLogix PLC with necessary IO
 - (1) Allen-Bradley PanelView Plus, 15" Colour Touch Screen
 - (1) Anderson PPR Paperless Process Recorder, including 1 year license plus initial set up and configuration.
 - (1) Anderson DART, digital reference thermometer
 - (1) Festo 16 solenoid valve bank
 - (2) Allen Bradley PowerFlex 525 VFD's, 480 VAC
 - (2) Motor Contactors
 - (1) Panel Air Conditioning Unit - 230 VAC power supply
- One (1) Legal Panel within the main panel to control all the legal components on the System, including:
 - Polycarbonate panel with transparent door, mounted inside the main panel.
 - (1) Allen-Bradley MicroLogix PLC with necessary IO
- Controls and Automation Strategy:
 - The system will be designed to work as a stand-alone process with a local 15" HMI for operator input installed in the control panel attached to each skid. All electrical design and specifications will conform to the current edition of the US Electrical Code.
 - After a successful commissioning of the System, Simmtech will supply a hard copy & electronic copy of all the updated drawings, PLC & HMI programs and user manuals of the System. As part of the automation services offered in this proposal, Simmtech will provide Remote support (VPN) for a period of 3 months to support plant operation.

6. Customer's Responsibilities

- To pay ALL applicable taxes.
- Freight to site from Ontario, Canada, including Import and Customs clearance fees.
- To provide free and clear access to facility and work areas.
- To allow and schedule field work during regular hours of operation (Monday to Friday).
- To unload and rig in place the System.

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- To size, procure and connect all utilities required to operate the System, including power, regular steam, condensate, city water, glycol, compressed air, chemicals, etc.
- To design, install and integrate product and CIP supply and return lines before and after the System, including raw milk silos, pasteurized silos, fillers, etc.
- To insulate product, CIP and utilities lines as per plant standards.
- To power the new MCC panels and to connect System to plant's network.
- Perform Pre-Start Health and Safety Reviews (PSHSR) of new equipment. PSHSR must be performed during the engineering approval process, prior fabrication of the System.
- All building work, including foundation, floor drains, mezzanines, flashing, supporting structures, monorails, cranes, wall opening, etc.
- Room accessories, such as sinks, shelves, brackets, safety showers, water hoses, etc.
- Design and build the process room considering all process and regulatory requirements, such as: drainage, ventilation, cleanability, lighting, piping support, safety, etc.
- Store the System under controlled conditions in the event the plant is not ready to receive it.
- To ensure structural integrity of ceiling is adequate to support piping and cable trays.
- To provide Process Authority Services, to develop, validate and file intended scheduled process of the System according with FDA and CFIA regulations.
- To field calibration of instruments.

7. Budget Pricing

Prices presented below include additional special discount offered to Flow Water Foods.

Item	Description	PRICE (\$ CAD)
1.	One (1) alcohol receiving and one (1) blending & batching systems as described in section in this proposal.	\$2,300,000.00
2.	Estimated Freight to site and rigging in place. Price to be validated/confirmed. Note: All field work to be done during working days Monday to Friday, 10 hours/day. Any work required during the weekend will be charged as an extra.	\$90,000.00

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3.	Estimated site mechanical installation of the System, including relocation of existing equipment, clean up and installation of new equipment. Price to be validated/confirmed. Note: All field work to be done during working days Monday to Friday, 10 hours/day. Any work required during the weekend will be charged as an extra.	\$350,000.00
4.	Estimated site electrical installation of the System, including relocation of existing equipment, clean up and installation of new equipment. Price to be validated/confirmed. Note: All field work to be done during working days Monday to Friday, 10 hours/day. Any work required during the weekend will be charged as an extra.	\$220,000.00
5.	Start up and Commission of the System, including IO validation, water trials, products trials, operators training. Note: All field work to be done during working days Monday to Friday, 10 hours/day. Any work required during the weekend will be charged as an extra.	\$80,000.00
	Total Price (CAD): All taxes, brokerage and duty extra where applicable.	\$3,040,000.00

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Estimated Delivery:	Receiving and Batching systems: 38-40 weeks from receipt of purchase order (PO) and down payment.
Payment Terms:	30% Down payment with the order 30% Progress payment upon components are delivered to fabrication shop. Net 30 days 30% Progress payment upon System is delivered to site. Net 30 days. 10% Final payment based upon successful completion of Performance Test Certificate. Net 30 days
F.O.B. Point:	Flow Water's Plant, Aurora, Ontario
Validity:	This proposal is valid for thirty (30) days from date of issue. IMPORTANT NOTE: Prices quoted are based on current costs of raw materials and components. Due to current global prices fluctuation and volatility, Simmtech reserves the right to apply differences to our prices, up or down, based on stainless steel material cost, components cost and transportation cost at the time of order.

8. Customer's Responsibilities

- To provide free and clear access to facility and work areas
- To allow and schedule field work during regular hours of operation (Monday to Friday).
- To size, procure and connect all utilities required to operate the Systems, including power, regular steam, culinary steam, condensate, city water, iced water, glycol, compressed air, chemical, etc.
- To install product supply and return lines from Batching system and all CIP supply and return lines.

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- To power the new MCC panels
- Perform Pre-Start Health and Safety Reviews (PSHSR) of new equipment. PSHSR must be performed during the engineering approval process, prior fabrication of the System.
- All building work, including foundation, mezzanines, flashing, supporting structures, monorails, cranes, wall opening, etc.
- Room accessories, such as sinks, shelves, brackets, safety showers, water hoses, etc.
- Design and build the process room considering all process and regulatory requirements, such as: drainage, ventilation, cleanability, lighting, piping support, safety, etc.
- Store the System under controlled conditions in the event the plant is not ready to receive it.
- To ensure structural integrity of ceiling is adequate to support piping and cable trays

9. Terms and Conditions

Intellectual Property:	Simmtech shall defend, indemnify, and hold Owner harmless from and against any claim or suit against Owner by a third party (due to use of the System), based on infringement of any intellectual property right of any third party. Owner shall notify Simmtech immediately of its receipt of notice of an alleged third-party patent infringement claim, and Simmtech shall thereupon assume defence of the claim at its expense. Simmtech shall have the responsibility to settle and compromise such third-party claim, including but not limited to: a. Secure for The Owner the right to continue to use the System (or any part thereof), in accordance with the terms of this agreement. b. Modify the System so that it ceases to be infringing. c. Replace the Works with a non-infringing product, so long as, the replacement or modification comply with the warranties contained in this agreement.

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Force Majeure:	Either party may suspend performance hereunder, to the extent that such performance is impeded by any circumstance beyond its reasonable control including but not limited to industrial disputes, fire, severe weather, flood, embargo, new or amended export control regulations, governmental or judicial acts. Contract Schedule may be extended by additional time, should delays or suspensions occur outside the sole control of Simmtech. Delays caused by the Owner, including suspension in accordance with the Contract, whether downtime, and any time spent or lost on additional work or standby (e.g., Delays in gaining access to the building or services availability).
Termination:	The Owner may terminate the Contract, if Simmtech is in material breach of any of its obligations under the Contract; within forty-five (45) days from receipt of a written notice. This material breach will include but not limited to: - Items that are deemed not remediable, or - Simmtech failed to remedy it, or - Simmtech ceases to do business, or - Simmtech is deemed insolvent, or - Until full and final payment of the purchase price for the Works. If the termination of the Contract is due to Simmtech's breach of the obligations under the Contract, then Owner shall return the System, by placing it at the disposal of Simmtech. In such an event, Simmtech shall: - Undertake any of the reasonable cost incurred by Owner under the Contract - Return to Owner any instalments already paid, on the Price. If the Owner fails to make required payments in a timely manner as specified in this contract, Simmtech shall have the right to withhold further work.

For: Flow Water
Aurora, ON

Enquiry No: E23-017 R0_Receiving and Batching
Date: June 30, 2023

Attn: Mr. Drew Legge
Plant Manager

BUDGET ESTIMATE

ACCEPTANCE AND AGREEMENT

Buyer

Seller

Flow Water

Simmtech Process Engineering Ltd.

Name of Purchaser

Name of Seller

By: _____

By: Herman Arias

Signature _____

Signature _____

Title: _____

Title: Director of Technical Sales

Date: _____

Date: June 30, 2023

For:	Flow Water Aurora, ON	Enquiry No:	E23-017 R0_Receiving and Batching
		Date:	June 30, 2023
Attn:	Mr. Drew Legge Plant Manager		

BUDGET ESTIMATE

SIMMTECH PROCESS ENGINEERING LIMITED GENERAL TERMS OF SALES

UNLESS OTHERWISE SPECIFICALLY PROVIDED:

10. PRICE
As shown on Proposal subject to these general terms of sale.
11. DEFINITIONS:
"SIMMTECH" – shall mean Simmtech Process Engineering Limited.
"User" – shall mean the Buyer.
"Equipment" shall mean – equipment, materials, parts and accessories described in the specifications forming part of the proposal
12. SALE AND DELIVERY:
User shall pay all freight and insurance charges from F.O.B point and all demurrage rigging and unloading charges at destination point.
13. TAXES:
User shall pay all applicable taxes, assessments and duties.
14. WARRANTY:
SIMMTECH warrants Equipment of its own manufacture to be free from defects in materials and workmanship for a period of twelve (12) months from shipment. THIS WARRANTY EXTENDS ONLY TO USER, AND IN NO EVENT SHALL SIMMTECH BE LIABLE FOR PROPERTY DAMAGE SUSTAINED BY A PERSON DESIGNATED BY THE LAW OF ANY JURISDICTION AS A THIRD PARTY BENEFICIARY OF THIS WARRANTY OR ANY OTHER WARRANTY HELD TO SURVIVE SIMMTECH'S DISCLAIMER. Replacement parts provided under the terms of this warranty are warranted for the remainder of the warranty period applicable to the Equipment, as if such parts were original components of the Equipment. With respect to equipment, materials, parts and accessories manufactured by others, SIMMTECH will undertake to obtain for User the full benefits of the manufacturer's warranties, BUT IN NO EVENT SHALL USER OR ANY OTHER PERSON HAVE ANY REMEDY AGAINST SIMMTECH FOR BREACH OF A MANUFACTURER'S WARRANTY. A defect in a part shall not condemn the whole machine. THE WARRANTY DESCRIBED IN THIS PARAGRAPH SHALL BE IN LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.
15. EXCLUSIVE REMEDY:
Upon written notification received by SIMMTECH within the above stated warranty period of any failure to conform to the above warranty, upon return prepaid to SIMMTECH of any nonconforming original part or component, and upon inspection by SIMMTECH to verify said nonconformity, SIMMTECH shall repair or replace said original part or component without charge to User. SIMMTECH shall ship the repaired or replaced part or component to User at User's expense. Cost for removal and/or installation of repaired or replaced parts supplied under the above warranty shall be at the User's expense. Correction of nonconformities, in the manner and for the period of time provided above, shall constitute fulfillment of all liabilities of SIMMTECH to User or any other person whether based upon contract, tort (including negligence), strict liability or otherwise. THE REMEDIES SET FORTH HEREIN ARE EXCLUSIVE, WITHOUT REGARD TO WHETHER ANY DEFECT WAS DISCOVERABLE OR LATENT AT THE TIME OF DELIVERY OF THE EQUIPMENT TO USER. The essential purpose of this exclusive remedy shall be to provide User with repair or replacement of parts or components that prove to be defective within the period and under the conditions previously set forth. This exclusive remedy shall not have failed of its essential purpose (as that term is used in the Uniform Commercial Code) provided SIMMTECH remains willing to repair or replace defective parts or components within a commercially reasonable time after it obtains actual knowledge of the existence of a particular defect.
16. CORROSION EXCLUSION:

For: Flow Water
Aurora, ON

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Attn: Mr. Drew Legge
Plant Manager

BUDGET ESTIMATE

The Seller specifically excludes corrosion of stainless steel or other metals normally used in the fabrication of the Equipment from its warranty. The Seller is not liable for loss or damage due to corrosion from exposure to aggressive liquids or atmospheres. Nor shall Seller be held liable for User's failure to properly clean or care for this Equipment.

17. LIMITATION OF LIABILITY:

In no event shall SIMMTECH be liable for any special, consequential, incidental or indirect damages, nor shall SIMMTECH be liable for any loss of profit, loss by reason of any plant shutdown, non-operation or increased expense of operation, loss of product materials, with respect to this contract or anything done in connection therewith, (including without limitation, services provided pursuant to paragraph 8 below). Whether based upon contract, tort, (including negligence), strict liability or otherwise.

18. INSTALLATION:

Unless otherwise specifically agreed, user assumes full responsibility for the installation and start up of the Equipment and any loss or damage of whatever nature caused thereby to persons or property.

19. ACCELERATION:

If the terms of payment for the Equipment allow for installment payments, User agrees that SIMMTECH, at its discretion, may accelerate and make immediately due and payable all remaining installments if (a) User shall fail to make one or more installments when due, or (b) any of the events constituting cause for automatic cancellation under paragraph 13 (b) below shall have occurred before or after delivery of the Equipment.

20. SHIPMENT:

Shipments dates are not guaranteed. SIMMTECH shall not be liable for delayed delivery or non- delivery for any reason. Where shipment is deferred at User's request for more than 30 days beyond the originally scheduled date of shipment, the order will be subject to invoicing, payment and storage charges from scheduled date of shipment, or in lieu thereof, interest on any unpaid balance at 2% per month.

21. ACCEPTANCE:

The Proposal shall not be a binding contract on either party until acceptance in writing thereof by SIMMTECH.

22. THIRD PARTY LEASES:

If User elects that SIMMTECH sell the machine to a third party who will lease the machine to User, SIMMTECH must have an acceptable purchase order from that third party lessor prior to shipment and that the third party must agree to this contract in writing by executing this document.

23. CANCELLATION:

- (a) SIMMTECH may cancel this order before shipment if User refuses to authorize shipment within thirty (30) days after notice that the Equipment is ready, or fails to make any payments or execute any document required prior to shipment.
- (b) This Proposal and any orders are automatically cancelled if User has become insolvent or bankrupt or admits in writing its inability to pay its debts as they mature, or if proceedings are commenced by or against User in any jurisdiction under a provision or chapter of any bankruptcy act, or if User suffers the appointment of a receiver or trustee or makes an assignment for the benefit of creditors.
- (c) User may not cancel except upon payment of twenty percent (20%) of the total price of the Equipment, plus SIMMTECH non-recoverable costs, (including incidental and consequential damages), attributable to this order, plus restocking charges to be determined by SIMMTECH.

24. PURCHASE MONEY SECURITY INTEREST (PMSI):

User represents that the Equipment is to be used for business, and shall remain personalty. User grants SIMMTECH a PMSI in the Equipment to secure the payment of the purchase price. User will not sell, lease, transfer or encumber the Equipment and will keep it free from any and all liens and security interests until SIMMTECH has been paid in full. If user does not purchase from SIMMTECH but elects to lease the Equipment from a third party, the third party grants SIMMTECH a PMSI. SIMMTECH's PMSI herein granted shall be fully discharged upon receipt by SIMMTECH of the unpaid balance of the purchase price from the third party. Upon default by the User of the terms herein, SIMMTECH shall have all the remedies available to it under any applicable laws of the province in which the Equipment is located and shall be entitled to all legal costs, reasonable legal fees and all other

For:	Flow Water Aurora, ON	Enquiry No:	E23-017 R0_Receiving and Batching
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BUDGET ESTIMATE

reasonable expenses and costs permitted by law which are incurred by SIMMTECH in enforcing its remedies. User grants SIMMTECH a license and right of way over User's premises including right of forced entry to repossess Equipment in the event of default of User. In addition to its other remedies, SIMMTECH may require User to make the Equipment available at a place designated by SIMMTECH which is reasonably convenient to both parties.

User agrees: (a) to execute and deliver to SIMMTECH all such instruments or documents that SIMMTECH may reasonably believe are necessary to secure any unpaid balance of the price of the Equipment, (b) if movement of the Equipment to another location is allowed under any other documents relating to this Proposal, to give SIMMTECH at least thirty (30) days advance written notice of any such change in location; (c) to inform SIMMTECH of any change in the law of jurisdiction in which the Equipment is located, whether such change is statutory or otherwise, which change could affect the continued status of the Equipment personality; and (d) to procure and maintain insurance on the Equipment for its full purchase price, the policy to name SIMMTECH as loss payee.

25. MODIFICATION OR WAIVER OR PROVISIONS:

This Proposal cannot be modified except by agreement in writing signed by SIMMTECH. A waiver, or repeated waiver by SIMMTECH of any provision, or the breach of any provision, shall not constitute a further waiver of such provision or breach.

26. MERGER CLAUSE:

This Proposal signed by both parties, including the Specifications and Pricing Agreement and General Terms of Sale attached hereto, constitutes all of the terms of this Proposal and is a complete and exclusive statement of those terms, and any and all representations, promises, warranties or statements by SIMMTECH's agent that differ in any way from the terms of this written Proposal shall be given no force or effect.

27. PROPOSAL RESTRICTION:

This Proposal, including any drawings and/or manuals submitted pertaining thereto, is the property of SIMMTECH, it contains confidential information and is delivered to Purchaser on condition that Purchaser and Purchaser's representatives, by receiving it, have agreed not to reproduce or copy it, in whole or in part, or to furnish information from it to others, or to make any use of it that is, or may be, injurious to SIMMTECH, and Purchaser agrees to return it upon the request of SIMMTECH.

28. ORDERS:

All subsequent orders will be governed by this contract. A Purchase Order signed by a representative of User shall be deemed to be an order under the terms of this contract



September 28, 2023

LEASE AGREEMENT

Client Name: Flow Beverage Corp.

Client Address: 155 Industrial Parkway, Unit 7-10
Aurora, ON L4G 3G6

NFS Leasing Canada Ltd. is pleased to provide the following lease proposal for your review. **Please note all amounts listed are in Canadian dollars.**

LESSOR:	NFS Leasing Canada Ltd. ("Lessor")
LESSEE:	Flow Beverage Corp. ("Lessee")
EQUIPMENT PROVIDER:	Various
TOTAL SALES PRICE:	\$1,421,607.51 Exclusive of Shipping and Tax
ADVANCE PAYMENT(S):	\$524,924.94 (inclusive of tax) comprised of: (a) a down payment in the amount of \$426,482.25 (30% down), (b) tax on the down payment in the amount of \$55,442.69, and (c) a fully earned non-refundable origination fee in the amount of \$43,000.00.
AMOUNT FINANCED:	\$995,125.26 Exclusive of Shipping and Tax
LEASE TERMS:	84 monthly (such 84-month period is the "Term") lease payments in the amount of \$18,433.60 plus applicable tax (collectively, the "Monthly Payments" and individually, a "Monthly Payment").
CREDIT CONDITIONS:	• Advance Payment shall be made via wire transfer. • Monthly Payments shall be made via Lessor initiated PAP. • The Total Sales Price shall be determined by Lessor based on Lessor's receipt and approval of Equipment quotes and/or invoices. • Lessee shall be responsible for all duties, taxes, costs and fees, including without limitation import fees, taxes, costs and fees associated with the Equipment and the Collateral. • All of Lessor's costs and fees, including without limitation, legal expenses, filing fees, collateral monitoring fees and fees associated with the perfection of Lessor's security interest in, and/or ownership of, the Equipment or any Collateral (defined below), will be passed through and paid by Lessee, and at Lessor's option, made via Lessor initiated PAP. • Lessor shall maintain its existing first position all-asset lien against all of the Lessee's assets (and all existing Corporate Guarantors' (defined below) assets as applicable) (collectively the "Collateral"). • Lessor's receipt of Corporate Guaranty Agreements, or similar agreements, by Flow Beverages Inc., a Delaware corporation, Flow Water Inc., a Canada corporation, Flow Glow Beverages Inc., a Canada corporation, and 2446692 Ontario Limited, an Ontario corporation (the "Corporate Guarantor(s)") in favor of Lessor in a form and substance acceptable to Lessor. • Lessor's receipt of Lessee's and Corporate Guarantors' formation and organizational documentation including certificate of incorporation and by-laws, certificate of formation and operating agreement, resolutions, or similar documentation (if not already on file). • Lessor shall receive satisfactory evidence of Lessee's insurance, including without limitation, general liability, property and other customary insurance coverage with respect to the Equipment, together with certain endorsements in form and substance acceptable to Lessor and issued by an insurance company acceptable to Lessor. • Lessor's receipt of a Tri-Party Landlord Agreement in form and substance acceptable to Lessor among Lessor, Lessee and the landlord with respect to locations where Equipment and/or Collateral may be located. • On or before October 31, 2023, Lessee shall provide Lessor evidence in form

and substance acceptable to Lessor reflecting extension of the maturity date of certain existing unsecured debt in the current principal amount of \$9.8MM with a certain shareholder from February 2024 to February of 2026.

- If required by Lessor in connection with any prefunding requirements prior to acceptance and delivery of the Equipment, Lessee and Lessor shall enter into an Interim Financing Loan Agreement ("IFA") in form and substance acceptable to Lessor, and payment and performance under the IFA shall be secured by the Collateral.
- Subject to Lessor's satisfactory completion of credit underwriting, financial analysis and due diligence with respect to the Lessee, the Corporate Guarantors, the Equipment and the Collateral.

EARLY BUYOUT OPTION:

At any time prior to December 31, 2023, and provided no Event of Default (as defined in the Documentation) exists, Lessee may terminate and buy out the lease by paying Lessor an amount equal to all remaining outstanding payments present value discounted at the imputed interest rate, plus any costs and fees required under the Master Lease, including without limitation, the Termination Fee.

At Month 60 (after Lessor's receipt of the Monthly Payment due in Month 60) of the Term, Lessee may terminate and buy out the lease by paying Lessor an early buyout payment in the amount of \$631,123.54 (the "EBO"). In the event that Lessee does not elect to exercise the EBO, Lessee shall pay to Lessor in Month 60 a one-time continuation fee in the amount of \$151,378.26 ("Continuation Fee"), and Lessee shall continue to pay the remaining 24 scheduled monthly payments due under the lease through the end of the Term.

PAYMENT FREQUENCY:

Monthly in Advance.

TERMINATION FEE:

Prior to Month 60 of the Term and upon the occurrence of an Event of Default, Lessee shall pay the remaining Monthly Payments payable through the end of the Term, *plus* an amount equal to the Continuation Fee.

LEASE EXPIRATION OPTION:

Purchase Equipment for \$1.00.

DOCUMENTATION:

Master Lease Agreement 2023-0256, Schedule 03

PROPOSAL EXPIRATION:

09/29/2023

This is an offer to lease and is not binding upon either party until a master lease schedule is executed.

LESSOR: NES Leasing Canada Ltd.

By: Dana Calumby
970D051AED5C4AA...

Name: Dana Calumby

Title: Chief Financial Officer

Date: 9/28/2023 | 12:15 PM PDT

LESSEE: Prow Beverage Corp.

By: Nicholas Reichenbach
79E41069B4AE4A8...

Name: Nicholas Reichenbach

Title: Chief Executive Officer

Date: 9/28/2023 | 11:59 AM PDT

EXHIBIT A
SUB-SCHEDULE 3A

EQUIPMENT LEASE SCHEDULE NO. 03
TO MASTER EQUIPMENT LEASE NO. 2023-0256
DATED AS OF 09/22/2023
BETWEEN NFS Leasing Canada Ltd. ("LESSOR")
AND Flow Beverage Corp. ("LESSEE")

LESSEE: EQUIPMENT LOCATION:

Flow Beverage Corp. 155 Industrial Parkway, Unit 7-10
Aurora, ON L4G 3G6

EQUIPMENT DESCRIPTION:

Various Equipment Providers TBD

Original Equipment Cost: \$1,421,607.51 Exclusive of Shipping and Tax

Monthly Payment: \$18,433.60 plus applicable tax

Initial Term: 84 months

Advance Payment: Down Payment and Origination Fee = \$524,924.94 Inclusive of Tax

The terms and conditions of the Master Lease are hereby incorporated and made a part hereof as if such terms and conditions were fully set forth herein.

LESSOR: NFS Leasing Canada Ltd.

By: 
970D051AED5C4AA...

Name: Dana Calumby

Title: Chief Financial Officer

Date: 9/28/2023 | 12:15 PM PDT

LESSEE: Flow Beverage Corp.

By: 
79E41069B4AE4A8...

Name: Nicholas Reichenbach

Title: Chief Executive Officer

Date: 9/28/2023 | 11:59 AM PDT

EXHIBIT B
SUB-SCHEDULE 3B
EQUIPMENT LEASE SCHEDULE NO. 03
TO MASTER EQUIPMENT LEASE NO. 2023-0256
DATED AS OF 09/22/2023
BETWEEN NFS Leasing Canada Ltd. ("LESSOR")
AND Flow Beverage Corp. ("LESSEE")

LESSEE:	EQUIPMENT LOCATION:
Flow Beverage Corp.	155 Industrial Parkway, Unit 7-10 Aurora, ON L4G 3G6

Pursuant to the above referenced Schedule and Lease, Lessor offers the following End of Lease Purchase Options to Lessee:

Upon payment of final Rent Payment, Lessee will have the option to:

Purchase Equipment for \$1.00.

Early Buyout Option:

At any time prior to December 31, 2023, and provided no Event of Default (as defined in the Documentation) exists, Lessee may terminate and buy out the lease by paying Lessor an amount equal to all remaining outstanding payments present value discounted at the imputed interest rate, plus any costs and fees required under the Master Lease, including without limitation, the Termination Fee.

At Month 60 (after Lessor's receipt of the Monthly Payment due in Month 60) of the Term, Lessee may terminate and buy out the lease by paying Lessor an early buyout payment in the amount of \$631,123.54 (the "EBO"). In the event that Lessee does not elect to exercise the EBO, Lessee shall pay to Lessor in Month 60 a one-time continuation fee in the amount of \$151,378.26 ("Continuation Fee"), and Lessee shall continue to pay the remaining 24 scheduled monthly payments due under the lease through the end of the Term.

LESSOR: NFS Leasing Canada Ltd.
By: 
970D051AED5C4A...
Name: Dana Calumby
Title: Chief Financial Officer
Date: 9/28/2023 | 12:15 PM PDT

LESSEE: Flow Beverage Corp.
By: 
79E41069B4AE4A8...
Name: Nicholas Reichenbach
Title: Chief Executive Officer
Date: 9/28/2023 | 11:59 AM PDT

EXHIBIT C

SUB-SCHEDULE 3C

EQUIPMENT LEASE SCHEDULE NO. 03
TO MASTER EQUIPMENT LEASE NO. 2023-0256
DATED AS OF 09/22/2023
BETWEEN NFS Leasing Canada Ltd. ("LESSOR")
AND Flow Beverage Corp. ("LESSEE")

LESSEE:

EQUIPMENT LOCATION:

Flow Beverage Corp.

155 Industrial Parkway, Unit 7-10
Aurora, ON L4G 3G6

Pursuant to the above referenced Schedule and Master Lease, Lessee by its below signature, hereby certifies that the Units of Equipment described in the Schedule and below have been delivered by the Supplier of such Equipment at the location of Lessee described herein, have been inspected by authorized representatives of Lessee, have been found to be in good repair, condition and working order and are accepted by Lessee as Equipment under the Schedule on the applicable Delivery or Installation Date(s) set forth below:

EQUIPMENT DESCRIPTION:

Various Equipment Providers TBD

The terms and conditions of the Master Lease are hereby incorporated and made a part hereof as if such terms and conditions were fully set forth herein.

LESSEE: Flow Beverage Corp.

By: _____

Name: Nicholas Reichenbach

Title: Chief Executive Officer

Date: _____

EXHIBIT D

SUB-SCHEDULE 3D

EQUIPMENT LEASE SCHEDULE NO. 03
TO MASTER EQUIPMENT LEASE NO. 2023-0256
DATED AS OF 09/22/2023
BETWEEN NFS Leasing Canada Ltd. ("LESSOR")
AND Flow Beverage Corp. ("LESSEE")

Original Equipment Quotes Attached.

This is Exhibit “Z” referred to in the Affidavit of Cliff Rucker sworn by Cliff Rucker of the City of Danvers, in the State of Massachusetts, before me at the City of Toronto, in the Province of Ontario, on September 2, 2025 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

DocuSigned by:

Matthew Cressatti

DA79350421D642D...

Commissioner for Taking Affidavits (or as may be)

MATTHEW CRESSATTI

INTERIM FINANCING LOAN AGREEMENT

THIS INTERIM FINANCING LOAN AGREEMENT (this “**Agreement**”) dated September 22, 2023, is between FLOW BEVERAGE CORP., a corporation formed under the Canada Business Corporations Act having a principal place of business at 155 Industrial Parkway South, Aurora, ON L4G 3G6, Attention: Nicholas Reichenbach, CEO, Trent McDonald, CFO, nicholas@flowhydration.com and trent.macdonald@flowhydration.com (the “**Borrower**”), and NFS Leasing Canada Ltd., having an office at Suite 3200, Bay Adelaide Centre – North Tower, 40 Temperance Street, Toronto, ON M5H 0B4, Attention: Legal Department, Email: Legal@NFSLeasing.com (together with its successors and assigns, the “**Lender**”).

WHEREAS, Lender is engaged in the equipment leasing business and Borrower desires to lease certain equipment which is to be used by Borrower in connection with its business operations;

WHEREAS, the parties anticipate that Lender will be required to advance, by way of payments to the Vendor (below defined), in an amount of FIVE MILLION, FOUR HUNDRED FORTY-TWO THOUSAND 00/100 CAD (\$5,442,000.00) in connection with the purchase and installation of the equipment prior to the commencement of the Equipment Lease (below defined);

WHEREAS, the parties are entering into this Agreement to provide for Borrower’s repayment to Lender of all amounts paid by Lender to the Vendor; and

NOW THEREFORE, in consideration of the extension of credit by the Lender to the Borrower, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Borrower, the parties covenant and agree as follows:

1. **Definitions.**

1.1 **Defined Terms.** As used in this Agreement, the following terms shall have the meanings set forth below:

“**Advance**” any payment under this Agreement made by the Lender to any Vendor(s) pursuant to Section 2.1 of this Agreement.

“**Affiliate**” means, as to Borrower, individually and collectively, as of this date and/or subsequent to this date, any other person(s), trust, limited liability company, limited liability partnership, corporation(s) or other entity or entities which directly or indirectly control, or is controlled by, or is under common control with the Borrower, and/or any member or relative of any member of the Borrower.

“**Collateral**” means collectively, the Equipment, “Collateral” as defined in the Security Documents, and any other collateral given by, or on behalf of, the Borrower in connection with this Agreement, whether pursuant to Section 3.1 or otherwise, whether as of this date or subsequent to this date.

“**Equipment**” means all equipment leased to Borrower by Lender under the Equipment Lease.

“**Equipment Lease**” means the Master Equipment Lease Number: 2023-0256 dated as of September 22, 2023, between Borrower as Lessee and Lender as Lessor.

“**Event of Default**” means as defined in Section 7.1.

“Guarantee(s)” means those certain Guarantee Agreements dated on or about the date hereof by each Guarantor in favor of Lender to guarantee the payment and performance of the Obligations.

“Guarantor(s)” means jointly and severally Flow Water Inc., Flow Beverages Inc., 2446692 Ontario Limited, Flow Glow Beverages Inc., and each other Person executing a guaranty in favor of Lender with respect to the Obligations.

“IFRS” means International Financial Reporting Standards issued by the IFRS Foundation and the International Accounting Standards Board. If Borrower, or the party to which references to IFRS are intended to apply, has adopted those Generally Accepted Accounting Principles which are recognized as being generally accepted in Canada from time to time as set out in the handbook published by the Canadian Institute of Chartered Accountants (**“GAAP”**), then the applicable references in this Agreement to IFRS may be interpreted to mean GAAP, but only if Lender has consented to such change.

“Indebtedness” means the total of all obligations of a Person, whether current or long-term, which in accordance with IFRS would be included as liabilities upon such Person’s balance sheet at the date as of which Indebtedness is to be determined, and shall also include guarantees, endorsements (other than for collection in the ordinary course of business) or other arrangements whereby responsibility is assumed for the obligations of others, whether by agreement to purchase or otherwise acquire the obligations of others, including any agreement, contingent or otherwise, to furnish funds through the purchase of goods, supplies or services for the purpose of payment of the obligations of others.

“Lien” means, any mortgage, pledge, assignment, lien, charge, encumbrance or security interest of any kind whatsoever, or the interest of a vendor or lessor under a conditional sale, title retention or lease for a term of more than one year (as defined in the PPSA).

“Loan(s)” means, any Advance made by Lender to the Vendor or otherwise on account of the Equipment, and Borrower’s obligation to repay such amounts to the Lender under this Agreement or any of the other Loan Documents.

“Loan Documents” means, collectively, this Agreement, the Security Documents, each Guarantee, and each and all documents executed and/or delivered to the Lender as of this date and hereafter in connection with the Loan, all as may be modified, amended, substituted and/or restated.

“Material Adverse Change” means any event, fact, circumstance, change in, or effect on, the business of the Borrower which, individually or in the aggregate, on a cumulative basis with any other circumstances, changes in, or effect on the Borrower or its respective assets which:

- (a) is, or could be reasonably expected to be, materially adverse to the business, operations, assets or liabilities (including, without limitation, contingent liabilities), employee relationships, customer or supplier relationships, results of operations or the condition (financial or otherwise), or prospects of the Borrower;
- (b) could be reasonably expected to materially adversely affect the ability of the Borrower to operate or conduct business in all material respects in the manner in which they are currently operated or conducted by the Borrower, or to perform its obligations under the Loan Documents; or
- (c) could be reasonably expected to have a material adverse effect or result in an adverse change in value, enforceability, collectability or the nature of its assets.

“Non-Commencement Fee” means a fee equal to twenty percent (20%) of the aggregate amount of Advances made by Lender, due from Borrower to Lender as set forth herein.

“Obligations” means all loans, advances, debts, liabilities, obligations, agreements, undertakings, covenants and duties owing or to be performed or observed by the Borrower to or in favor of Lender in connection with the Loan, of every kind and description (whether or not evidenced by any note or other instrument; for the payment of money under any of the Loan Documents; arising out of this Agreement or any other agreement between the Lender and the Borrower evidencing the Loan, or any other instrument in favor of the Lender in connection with the Loan; arising out of or relating to transactions described herein), direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising, including without limitation all interest, fees, charges, and amounts chargeable to the Borrower under this Agreement.

“Permitted Indebtedness” shall mean any Indebtedness incurred by Borrower on or after the date of this Agreement which has been approved by Lender in accordance with Section 6.1 (d).

“Permitted Liens” means such of the following as to which no enforcement, collection, execution, levy or foreclosure proceeding shall have been commenced and be continuing (unless such enforcement, collection, levy or foreclosure is being contested by the Borrower in good faith by appropriate proceedings diligently conducted and for which adequate reserves are being maintained in accordance with IFRS): (a) Liens for taxes, assessments and other governmental charges or levies or the claims or demands of landlords, carriers, warehousemen, mechanics, laborers, materialmen and other like Persons arising by operation of law in the ordinary course of business for sums which are not yet due and payable or are being disputed in good faith, (b) deposits or pledges (other than Liens on Borrower’s receivables) to secure the payment of worker’s compensation, unemployment insurance or other social security benefits or obligations, public or statutory obligations, surety or appeal bonds, bid or performance bonds, or other obligations of a like nature incurred in the ordinary course of business, (c) zoning restrictions, easements, encroachments, licenses, restrictions or covenants on the use of any Property which do not materially impair either the use of such Property in the operation of the business of Borrower or the value of such Property, (d) inchoate Liens arising under a Canadian Pension Plan to secure current service pension liabilities as they are incurred under the provisions of employee benefit plans from time to time in effect which are not due and owing, and (e) rights of general application reserved to or vested in any governmental authority to control or regulate any Property, or to use any Property in a manner which does not materially impair the use of such Property for the purposes for which it is held by the Borrower, provided that the foregoing Liens under clauses (a) through (d) hereof do not secure liabilities in excess of \$200,000.00 in the aggregate at any time, and provided, further that Permitted Liens shall not include any Lien securing Indebtedness or than in favor of the Lender.

“Person” means an individual, corporation, limited liability company, partnership, limited liability partnership, joint venture, trust, or or unincorporated organization or other business entity, or a government or any agency or political subdivision thereof.

“PPSA” means the Personal Property Security Act (Ontario) or any substantially similar legislation applicable to the Borrower in any other jurisdiction.

“Security Agreement” means that certain General Security Agreement dated December 30, 2022, by the Borrower in favor of the Lender, granting to the Lender a first priority security interest in all assets of the Borrower, as such may be amended, restated, supplemented, replaced, or otherwise modified from time to time.

“**Security Documents**” has the meaning ascribed to such term in the Term Loan and Security Agreement.

“**Subsidiary**” or “**Subsidiaries**” means any partnership, corporation, association, trust, limited liability company or partnership or other business entity which the Borrower shall at any time own directly or indirectly through a Subsidiary or Subsidiaries at least a majority of the outstanding voting interests.

“**Term Loan and Security Agreement**” means that certain Term Loan and Security Agreement dated December 30, 2022, among the Borrower, Lender, and the additional parties thereto from time to time, as such may be amended, restated, supplemented, replaced, or otherwise modified from time to time.

“**Vendor**” means Simmtech Process Engineering Ltd. with its principal place of business at 72 Devon Road, Unit 5, Brampton, ON L6T 5B4, who will be providing the Equipment and related installation services, as well as any other person or entity, not yet identified, who provides any such Equipment or related services.

1.2. Use of Defined Terms. Any defined term used in the plural preceded by the definite article shall be taken to encompass all members of the relevant class. Any defined term used in the singular preceded by “any” shall be taken to indicate any number of the members of the relevant class. All references to Borrower in this Agreement shall be deemed to include, where the context permits, any Subsidiary of Borrower. Unless the context of this Agreement otherwise clearly requires, references to the plural include the singular, the singular the plural and the part the whole, and “or” has the inclusive meaning represented by the phrase “and/or”.

2. **Interim Financing.**

2.1 General Terms. Pursuant to this Agreement, the Lender agrees to purchase the Equipment and the related services and to use the proceeds from each Advance pay to the Vendor such amounts in accordance with the purchase order documents or other agreements between the Lender and Vendor with respect to ordering, delivery and installation of the Equipment as a condition precedent to the commencement of the Equipment Lease. It is anticipated by the parties that the aggregate amount of Advances to be made by Lender to the Vendor hereunder will be in the amount of FIVE MILLION, FOUR HUNDRED FORTY-TWO THOUSAND AND 00/100 CAD (\$5,442,000.00). Any Advance made by Lender to Vendor under this Agreement shall require authorization by Borrower in the form attached hereto as Schedule 2.1.

2.2 Interest. Interest on the Advances shall accrue interest from the date of the first Advance through the date of repayment at the rate of fourteen percent (14%) per annum based upon a 365-day year. In the event that any interest or other payment payable hereunder would result in a payment in an amount or calculated at a rate that would be in violation in applicable law, then despite that provision, the amount or rate will be deemed to have been adjusted retroactively to the maximum amount or rate, as applicable, as would not be prohibited by applicable law or would not result in the Lender receiving a criminal rate.

2.3. Payments and Unconditional Nature of Obligations

2.3.1 Payments.

a. Borrower shall make monthly payments of interest only on each Advance, which shall be due and payable in arrears commencing on the first day of the first full calendar month after the funding date of each Advance, and thereafter, on the first day of each consecutive calendar month thereafter, until

the earlier of (i) "Commencement Date" as defined and specified in the Equipment Lease, and (ii) the occurrence of an Event of Default. If an Advance is funded on a date other than the first date of any calendar month, a prorated amount of interest on the Advance shall accrue from the funding date of such Advance and shall be due and payable in arrears upon the first day of the first full calendar month after the funding date of the Advance.

b. Provided that the interest payments are timely made and the Commencement Date under the Equipment Lease occurs on or before January 1, 2024 Borrower's obligations under this Agreement shall be replaced by Borrower's obligations as Lessee under the Equipment Lease, in which event this Agreement shall be deemed to have been satisfied in full. In the event that, for any reason, the Equipment Lease does not commence on or before January 1, 2024, Borrower shall immediately pay to Lender the sum of, the Non-Commencement Fee, *plus* all accrued and unpaid interest on the Advances, *plus* the aggregate outstanding principal amount of the Advances paid by Lender to the Vendor or otherwise on account of the Equipment, *less* any refunds made by Vendor to Lender.

2.3.2 Unconditional Nature of Borrower's Obligations. Borrower acknowledges that Borrower has selected the Equipment and the Vendor without any input or influence by Lender. Borrower's Obligations under this Agreement and the Loan Documents are unconditional irrespective of: (a) the failure of any Vendor to provide any of the Equipment or any related services; (b) any delays in the delivery of any Equipment to Borrower or related installation or other services; (c) any defects in any of the Equipment or failure of any of the Equipment to perform as expected by Borrower; or (d) any damage, destruction or casualty of any kind or description to any of the Equipment, provided Borrower shall be credited with any amounts paid to Lender on account of any such casualty loss.

2.4 Notations Reflecting Loan. The Borrower hereby irrevocably authorizes the Lender to make or cause to be made on the books of the Lender, at or following the time of making each Advance on account of the Equipment and of receiving any payment of interest or principal, an appropriate notation reflecting such transaction and the then aggregate unpaid interest and principal due from Borrower to Lender. The amount so noted, and other regular entries by the Lender on its books with respect to interest and other charges, shall constitute presumptive evidence as to the amount owed by the Borrower with respect to principal of the Loan and with respect to interest and other charges, absent manifest error.

2.5 Borrower's Designation. The Borrower hereby designates Nicholas Reichenbach, CEO, nicholas@flowhydration.com, and Trent McDonald, CFO, trent.macdonald@flowhydration.com to act on behalf of the Borrower with respect to any correspondence and/or notices between the Borrower and the Lender under any of the Loan Documents. Notices to the Borrower may be sent care of the Borrower, to the address set forth in the preamble to this Agreement, or such other address as the Borrower may designate in writing delivered to the Lender in accordance with the terms of this Agreement.

3. **Security for Loan.**

3.1. The Obligations under the Loan shall be secured by the Security Documents and the other Loan Documents, as applicable.

4. **Conditions to Loan.**

4.1. Information to be Provided to Lender. Lender's obligation make Advances is conditioned upon the Lender's receipt of: (i) a true and correct copy of the organizational documents of the Borrower, in the case of articles of incorporation and by-laws (or the equivalent), certified by an officer of the Borrower; (ii) certificates of good standing (or the equivalent) in each such jurisdiction where the Borrower carries on business; (iii) a certificate of an officer of the Borrower as to the incumbency and authority of the

Persons signing the Loan Documents on behalf of the Borrower; (iv) the duly executed Loan Documents and all registrations under the PPSA to perfect the Lender's rights under the Security Agreement; (v) the necessary certificates of insurance required by either Equipment Lease or the Security Agreement and the Loan Documents; and (vi) the execution and/or delivery of all other documentation and information required by Lender in connection with the Loan Documents or the Equipment Lease.

4.2. Additional Conditions to Loan by Lender. The funding of a Loan is further conditioned upon the following: (i) the Borrower's representations and warranties herein shall be true and correct as of the date of such Loan; (ii) there shall exist no Event of Default nor any event which, with notice or lapse of time or both, would become such an Event of Default; (iii) there shall have occurred no Material Adverse Change in the financial condition, business or prospects of the Borrower or the Guarantor since the date of the last financial statements provided to the Lender; (iv) if it shall have so requested, the Lender shall have received a certificate signed by the Borrower as to the foregoing, (v) the Lender shall have reviewed and be satisfied with all closing conditions imposed upon Borrower. Its acceptance of the Loan shall constitute the Borrower's representation and warranty to the effect set forth in clauses (i), (ii) and (iii) above.

5. **Representations and Warranties.**

5.1. The Borrower represents and warrants to the Lender that it is a duly organized, validly existing corporation, in good standing under the laws of its jurisdiction of incorporation is in good standing and is duly qualified to do business and is in good standing under the laws of each other jurisdiction in which its business is conducted or properties owned requiring such qualification. The Borrower further represents and warrants as to itself that: (a) it has full power to enter into and perform this Agreement, and the other Loan Documents to which it is a party and has taken all necessary action to authorize, or to cause, the execution, delivery and performance of this Agreement and the other Loan Documents to which it is a party; (b) this Agreement, and the other Loan Documents to which it is a party constitute the legal, valid and binding obligations of the Borrower, enforceable in accordance with their respective terms; (c) the execution, delivery and performance of this Agreement, and the other Loan Documents will not violate any provision of any existing law or regulation applicable to it or its governing documents or of any order or decree of any court, arbitrator or governmental authority or of any contractual undertaking to which it is a party or by which it may be bound; (d) no consents, licenses, approvals or authorizations of, exemptions by or registrations or declarations with, any governmental authority are required with respect to this Agreement, or the other Loan Documents, which shall not have been obtained by the closing of this Loan; (e) the Borrower has filed all income and other material tax returns required to be filed by it and has paid all taxes due under this Agreement or under any assessment received by it, other than those set forth on Schedule 5.1 or those being contested in good faith by appropriate proceedings and where appropriate reserves have been established; (f) except as set forth on Schedule 5.1 attached hereto, there is no assessment, claim, action, suit or proceeding pending against, or to the Borrower's actual knowledge threatened in writing against or affecting the Borrower before any court, arbitrator or governmental authority in which there is a reasonable possibility of an adverse decision which could affect materially the business or financial condition of the Borrower or any of its ability to enter into and perform its obligations under this Agreement, or the other Loan Documents; and (g) the Borrower's balance sheets and the related statements of operations for the fiscal period then ended last provided to Lender, fairly present the financial condition and results of operations of the Borrower as of such date and for such period, and there has occurred no Material Adverse Change since such date.

5.2 Subsidiaries. The Guarantors comprise all of the Borrower's Subsidiaries.

6. **Covenants of Borrower.**

6.1. Covenants. The Borrower covenants and agrees with the Lender as follows:

a. Loan Payments. The Borrower shall pay all amounts due under this Agreement at the times and places and in the manner provided for herein, and promptly pay when due all other amounts owing to the Lender with respect to fees and otherwise as required by the Loan Documents.

b. Licenses etc. The Borrower shall preserve its existence as it is as of the date of this Agreement, and all licenses and franchises necessary or convenient for its business as currently operated and as set forth on **Schedule 6.1 (b)**; comply with all applicable laws and regulations; maintain all material property necessary or useful in its business as currently operated in good working order and repair reasonable wear and tear and insured casualty excepted; and pay when due all taxes and all lawful claims which otherwise might result in liens on its property.

c. Merger; Ownership. The Borrower shall not merge or consolidate with any Person or sell any material assets, except in the ordinary course of business. There shall occur no change in the controlling management of the Borrower, and there shall be no change of Borrower's majority ownership permitted at any time the Loan remains outstanding.

d. Indebtedness. On and after the date of this Agreement, the Borrower shall not incur or become liable for any Indebtedness in addition to the Indebtedness disclosed to Lender on the date hereof, without the Lender's prior written consent (which consent shall be within the Lender's sole discretion).

e. Liens. The Borrower shall not create, permit to be created or suffer to exist any security interest, mortgage, lien or other encumbrance upon any material asset or property of the Borrower, except liens securing the Indebtedness of the Loan, the Indebtedness of the Term Loan and Security Agreement, and Permitted Liens.

f. Loans. The Borrower shall not make any loans or advances to (or guaranty or become contingently liable for obligations of any Person), except (i) endorsement of negotiable instruments for deposit or collection in the ordinary course of business, (ii) customary advances for reimbursable employee business expenses in the ordinary course of business, and (iii) as related to Permitted Indebtedness.

g. Investments. The Borrower shall not make any investments in securities or obligations of another Person except deposits with or under the control of the Lender or financial institutions approved by the Lender, guaranteed investment certificates issued by the Government of Canada or Canada Savings Bonds and provided that Borrower executes and delivers to the Lender such documents as the Lender requires to maintain a properly perfected security interest in such assets.

h. Event of Default. The Borrower shall immediately notify the Lender upon the Borrower's actual knowledge of the occurrence of any Event of Default or any event that, with notice or lapse of time or both, would become such an event.

i. Taxes. The Borrower will pay and discharge all taxes, assessments and governmental charges or levies imposed upon it, or upon its income or profits, or upon any properties belonging to it, prior to the date on which penalties or interest would attach thereto, and all lawful claims which, if unpaid, might become a Lien upon any property of the Borrower; provided that the Borrower shall not be required to pay any such tax, assessment, charge, levy or claim which is being contested in good faith and by proper proceedings which serve as a matter of law to stay the enforcement of any remedy of the taxing

authority or claimant and as to which the Borrower shall have set aside on its books adequate reserves satisfactory to the Lender.

j. Insurance. The Borrower shall maintain insurance with responsible and reputable insurance companies or associations reasonably satisfactory to the Lender in such amounts and covering such risks as shall be reasonably satisfactory to the Lender from time to time consistent with common commercial lending practice for similar loans and collateral within the geographical area in which any of the Collateral is located, but in any event in amounts sufficient to prevent the Borrower from becoming a co-insurer. The Borrower shall keep all inventory, equipment, furnishings and other tangible personal property owned by it and kept or used therein in connection with the business as currently operated fully insured against fire, lightning and extended coverage perils and against such other risks as the Lender may from time to time reasonably require consistent with common commercial lending practice for similar loans and collateral within the geographical area in which any of the Collateral is located, in an amount equal to the aggregate full insurable value thereof. The Borrower shall in addition ensure compliance with the requirements of the Security Agreement with respect to insurance.

k. Asset Sales. Sales of assets by the Borrower shall only be permitted with the Lender's prior written consent, except for: (i) sales in the Borrower's ordinary course of business, and (ii) sales of equipment, furniture or other tangible personal property deemed obsolete or which is replaced by other equipment, furniture or tangible personal property (as is applicable) of equal or greater value.

l. Transactions with Affiliates. Transactions by the Borrower with shareholders, officers or Affiliates shall not be permitted except on an "arms-length" basis on terms no less favorable than those which might be obtained at the time from Persons who are not such a shareholder, officer or Affiliate.

m. Field Examinations. At all times that any part of the Loan is outstanding, and otherwise upon an Event of Default, the Lender shall be entitled to conduct field audits of the Borrower at Borrower's sole reasonable cost, provided that prior to an Event of Default, the Lender shall give the Borrower not less than three (3) business days prior written notice.

n. Inspections. The Borrower shall permit the Lender and/or its designees to discuss the affairs, finances and accounts of the Borrower with its officers, representatives, its accountants upon prior written notice of not less than three (3) business days (except upon the occurrence of an Event of Default) to visit and inspect the Collateral and other property of the Borrower, and to examine and make copies of and take abstracts from the books and records of the Borrower. If any of the Borrower's properties, books or records is in the possession of a third party, the Borrower shall promptly upon Lender's request (but no later than two (2) business days following each such request), authorize that third party to permit the Lender or its agents to have access to perform inspections or audits and to respond to the Lender's requests for information concerning such properties, books and records.

o. Other Information. The Borrower shall provide the Lender with such other information as the Lender may from time to time reasonably request related to the Borrower's financial condition, the Collateral or the operation of the Borrower's business as currently operated.

7. Events of Default; Remedies.

7.1 Events of Default. The occurrence of any of the following events shall constitute an "Event of Default" under this Agreement.

a. Borrower shall fail to pay any principal, interest, fees, expenses or other Obligations when payable, whether at stated maturity, by acceleration, or otherwise and such default continues for a period of ten (10) days; or

b. The Borrower shall default in the performance of any term, covenant or agreement contained in this Agreement or other Loan Documents (other than a default under Section 7.1(a) above), an such default continues for a period of ten (10) days; or

c. Any material representation or warranty of the Borrower contained herein or in any of the other Loan Documents shall at any time prove to have been incorrect in any material respect when made or any representation or warranty made by the Borrower in connection with the execution and delivery of this Agreement or any other instrument, document, certificate or statement executed and delivered in connection with any Loan shall at any time prove to have been incorrect in any material respect when made; or

d. a Security Document shall for any reason cease to create a valid and perfected first priority Lien on the Collateral (subject to Permitted Liens) purported to be covered thereby; or

e. There shall occur any default in the payment or performance of any term or condition contained in any of the Permitted Indebtedness or commencement of rights and remedies of any holder of any Permitted Liens, which is not remedied within applicable grace and cure periods related thereto; or

f. Any default shall exist and remain unwaived or uncured with respect to any material Indebtedness of the Borrower, or any such material Indebtedness shall not have been paid when due (but after passage of applicable grace and cure periods without remedy), whether by acceleration or otherwise, or shall have been declared to be due and payable prior to its stated maturity, or any event or circumstance shall occur which permits, or with the lapse of time or giving of notice or both would permit, the acceleration of the maturity of any such material Indebtedness by the holder or holders thereof; or

g. The Borrower shall be dissolved, shall become insolvent or bankrupt or shall cease paying its debts as they mature or shall make an assignment for the benefit of creditors; or a trustee, receiver or liquidator shall be appointed for the Borrower or for a substantial part of the property of the Borrower; or bankruptcy, reorganization, arrangement, insolvency or similar proceedings shall be instituted by or against the Borrower under the laws of any jurisdiction (provided that, if involuntary, such proceedings shall not be an Event of Default unless they are not stayed or dismissed within forty-five (45) days); or

h. Any execution or similar process claiming an amount in excess of \$50,000.00 shall be issued or levied against the Borrower or any of its property and such writ, attachment, execution or similar process shall not be paid, released, vacated or fully bonded within twenty (20) days after its issue or levy; or any writ of attachment or trustee process shall be served upon the Lender relating to goods, effects or credits of the Borrower in the possession of or maintained with the Lender; or

i. The Borrower shall suffer any Material Adverse Change or shall suffer substantial loss, theft, taking, damage or destruction to or of any of its property, not covered by insurance; or

j. There shall be entered against the Borrower any final judgment not covered by insurance in excess of \$50,000.00; or

k. The Borrower shall become liable (beyond all applicable appeals) under federal or state law for environmental remediation or other measures, the cost of compliance with which is not covered by insurance; or

l. Entry of any court order against the Borrower which enjoins, restrains or in any way prevents the Borrower from conducting all or any material part of its business activities as currently conducted by the Borrower, or materially interferes with the ownership, use or occupation of any of its assets, which court order is not rescinded or dismissed within ten (10) days of its issuance; or

m. The criminal conviction or indictment of the Borrower or the entry of any judgment against the Borrower (in both instances, beyond applicable appeals) for any act involving moral turpitude, dishonesty, theft, unethical business conduct which, in the sole reasonable discretion of the Lender, impairs or injures the reputation of the Borrower or harms the Borrower in any way; or

n. Any default shall exist under the Term Loan and Security Agreement; or

For purposes of clauses (i), (j) and (k) above, a loss or liability shall not be deemed to be “not covered by insurance,” notwithstanding that the insurer has not paid the claim, if a claim has been submitted in writing and the Borrower reasonably believes that it is covered by the relevant insurance, provided that any claim not paid or agreed to be covered by the insurer within one hundred twenty (120) days after it is submitted shall be deemed to be not covered by insurance.

7.2. Rights and Remedies on Default. Upon the occurrence of any Event of Default and at any time thereafter, in addition to any other rights and remedies available to the Lender under this Agreement or otherwise, the Lender may exercise any one or more of the following rights and remedies (all of which shall be cumulative):

a. Declare the entire unpaid principal amount due Lender then outstanding, all interest accrued and unpaid thereon and all other amounts payable under this Agreement, and all other Indebtedness of the Borrower to the Lender due under or in connection with this Agreement or the Loan Documents, to be forthwith due and payable, whereupon the same shall become forthwith due and payable, (except with respect to any Event of Default specified in Section 7.1(g), in which case all Obligations shall automatically become immediately due and payable) without presentment, demand, protest or notice of any kind, all of which are hereby expressly waived by the Borrower.

b. Enforce the provisions of this Agreement and/or the other Loan Documents by legal proceedings for the specific performance of any covenant or agreement contained herein or therein or for the enforcement of any other appropriate legal or equitable remedy, and the Lender may recover damages caused by any breach by the Borrower of the provisions of this Agreement or the other Loan Documents, including court costs, reasonable out-of-pocket legal fees and other reasonable out-of-pocket costs and expenses incurred in the enforcement of the obligations of the Borrower under this Agreement.

c. Exercise all rights and remedies under this Agreement and/or under the other Loan Documents and any other agreement with the Lender; and exercise all other rights and remedies which the Lender may have under applicable law.

7.3. Set-off. In addition to any rights now or hereafter granted under applicable law and not by way of limitation of any such rights, upon the occurrence of any Event of Default, the Lender is hereby authorized at any time or from time to time, without presentment, demand, protest or other notice of any kind to the Borrower, all of which are hereby expressly waived, to set off and to appropriate and apply any and all deposits (general or special) and any other Indebtedness at any time held (directly or

indirectly) or owing by the Lender to or for the credit or the account of the Borrower against and on account of the obligations and liabilities of the Borrower to the Lender under this Agreement or otherwise, irrespective of whether or not the Lender shall have made any demand under this Agreement and although said obligations, liabilities or claims, or any of them, may then be contingent or unmatured and without regard for the availability or adequacy of other collateral. The Borrower also grants to the Lender a security interest with respect to all its deposits and all securities or other property in the possession or under the control of the Lender from time to time, and, upon the occurrence of any Event of Default, the Lender may exercise all rights and remedies of a secured party under the PPSA with respect thereto.

8. Assignment.

This Agreement shall inure to the benefit of and be binding upon the parties' respective successors and assigns, provided that the Borrower may not assign any rights or obligations under this Agreement without the prior written consent of the Lender. It is agreed that the Lender may grant to third parties participations in the Loan under this Agreement.

9. Interpretation, Etc.

This Agreement and the other Loan Documents constitute the entire agreement of the parties with respect to the subject matter hereof and supersede any prior correspondence or agreements relating thereto. The headings herein are for convenience of reference only and shall not affect the interpretation hereof. No provision of this Agreement, or the other Loan Documents may be amended or waived except by a written instrument signed by the party or parties to be charged. No failure or delay by the Lender in exercising any right, power or privilege under this Agreement or under this Agreement shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other right, power or privilege. The rights and remedies herein and therein provided shall be cumulative and not exclusive of any rights or remedies provided by law. If any provision hereof or thereof is prohibited or unenforceable in any jurisdiction, the same shall not affect the remaining provisions hereof and thereof nor affect the validity or enforceability of such provision in any other jurisdiction. This Agreement shall remain in effect as long as there remains outstanding any sum hereunder or prior to demand for repayment by Lender or the maturity dates contained herein. This Agreement shall be governed by and construed in accordance with the laws of The Province of Ontario and shall take effect as a sealed instrument. The Borrower irrevocably submits to the exclusive jurisdiction of any Ontario court or any federal court sitting within the Province of Ontario over any suit, action or proceeding arising out of or relating to this Agreement. The Borrower irrevocably waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of venue of any such suit, action or proceeding brought in such a court and any claim that any such suit, action or proceeding has been brought in an inconvenient forum. Notwithstanding the foregoing the Borrower agrees that Lender shall be entitled to protect and/or enforce its rights with respect to any Collateral by bringing an action in any Federal or Provincial court in each jurisdiction in which any such Collateral is located.

10. Notices.

Any notice, request, demand or other communication required or permitted under this Agreement shall be given in writing by delivering the same in person to the intended addressee, under Section 2.5 above, by overnight courier service with guaranteed next day delivery or sent to the Borrower at the applicable address set forth in Section 2.5 of this Agreement, and if to Lender, at 40 King Street West, Suite 2100, Scotia Plaza, Toronto ON M5H 3C2, or to such different address as the Borrower or the Lender shall have designated by written notice to the other sent in accordance herewith. Copies of all notices shall be sent simultaneously via electronic mail to the Lender at legal@nfsleasing.com and to the

Borrower at nicholas@flowhydration.com and trent.macdonald@flowhydration.com. Such notices shall be deemed given on the next business day or other business day specified for delivery.

11. Costs and Expenses.

The Borrower agrees to pay on demand all reasonable and customary out-of-pocket costs and expenses (including without limitation, reasonable out-of-pocket legal fees) of the Lender in connection with the preparation, execution and delivery of this Agreement, and the other Loan Documents and any amendments or modifications of any of the foregoing, or in connection with the examination, review or administration of any of the foregoing, as well as the costs and expenses (including, without limitation, the reasonable out-of-pocket fees and reasonable out-of-pocket expenses of legal counsel and independent public accountants) incurred by the Lender in connection with interpreting, administering, preserving, enforcing or exercising any rights or remedies under this Agreement, and any other Loan Documents, all whether or not legal action is instituted.

12. Counterparts.

This Agreement and any amendment hereof may be, executed in several counterparts and by each party on a separate counterpart, each of which when so executed and delivered shall be an original, and all of which together shall constitute instrument. In proving this Agreement, it shall not be necessary to produce or account for more than one such counterpart signed by the party against whom enforcement is sought. The counterpart signature pages signed by each party hereto are expressly agreed and acknowledged to be integrated parts of this Agreement.

13. Joint and Several.

Borrower agrees that Lender's remedies against any Borrower or Guarantor for breach of this Agreement shall be separate and distinct from its remedies against any other Borrower or Guarantor and any other guarantor or obligor, and Lender may, at its sole option, proceed directly against a Guarantor without first proceeding against Borrower or any other guarantor or obligor. Neither the failure of Lender in any particular instance to insist upon Guarantor's strict performance, nor the granting by Lender of any particular indulgence, forbearance or concession to any Guarantor, individual Borrower, or any other guarantor or obligor, shall operate as a waiver on the part of Lender to thereafter insist upon Guarantor's or any Borrower's strict performance of this Agreement.

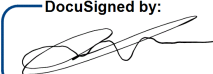
14. Release and Indemnification. The Borrower hereby unconditionally releases, remises and forever discharges the Lender and all past, present and future officers, directors, shareholders, agents, employees, attorneys, subsidiaries, affiliates, participants, successors and assigns of the Lender from any and all claims, demands and causes of action of any kind, whether known or unknown, arising out of or related to the Loan, this Agreement and/or the other Loan Documents including, without limitation, any so-called "lender liability" claims or defenses which they may have to the effect that the Lender or any of its affiliates, officers, directors, employees, agents or attorneys may have in any way acted or failed to act in such a manner as to cause injury to the Borrower or anyone claiming through the Borrower, from the beginning of time through the date of this Agreement. Except for the Lender's gross negligence, willful misconduct or illegal action, the Borrower will indemnify and save the Lender harmless from all loss, cost, damage, liability or expenses (including, without limitation, court costs and reasonable out-of-pocket attorneys' fees) that the Lender may sustain or incur (a) by reason of defending or protecting its liens and security interests in the collateral securing the Loan(s) or the priority thereof, (b) in enforcing or collecting the Obligations, or (c) in the prosecution or defense of any action or proceeding concerning any matter growing out of or in connection with the Loan, this Agreement, the other Loan Documents or any other documents, instruments or agreements now or hereafter executed in connection with the Loan, this

Agreement, the other Loan Documents, the Obligations or the Collateral. This indemnity shall survive the repayment of the Obligations, and the termination of any agreement by the Lender to make the Loan to the Borrower.

[Remainder of Page Intentionally Left Blank- Signature Pages to Follow]

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed as a document under seal by its proper and duly authorized officer as of the date first set forth above.

BORROWER:
FLOW BEVERAGE CORP.

By:  DocuSigned by:
79E41069B4AE4A8...
Nicholas Reichenbach, Chief Executive Officer

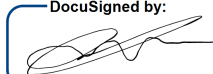
LENDER:
NFS LEASING CANADA LTD.

By:  DocuSigned by:
970D051AED5C4AA...
Dana Calumby, Chief Financial Officer

Acknowledged and agreed:

GUARANTORS:

FLOW WATER, INC., as a Guarantor

By:  DocuSigned by:
79E41069B4AE4A8...
Nicholas Reichenbach, Chief Executive Officer

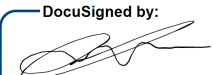
FLOW BEVERAGES INC., as a Guarantor

By:  DocuSigned by:
79E41069B4AE4A8...
Nicholas Reichenbach, Chief Executive Officer

2446692 ONTARIO LIMITED, as a Guarantor

By:  DocuSigned by:
79E41069B4AE4A8...
Nicholas Reichenbach, Chief Executive Officer

FLOW GLOW BEVERAGES INC., as a Guarantor

By:  DocuSigned by:
79E41069B4AE4A8...
Nicholas Reichenbach, Chief Executive Officer

**SCHEDULE 2.1
FORM
AUTHORIZATION FOR ADVANCE**

Date: _____

FLOW BEVERAGE CORP. (the “**Borrower**”) and NFS LEASING CANADA LTD. (together with its successors and assigns, the “**Lender**”) are parties to that certain Interim Financing Loan Agreement (as amended, restated, supplemented, replaced or otherwise modified from time to time, the “**IFA**” capitalized terms used herein without definition shall have the meanings as set forth in the IFA) dated September 22, 2023 providing for interim financing of Equipment to be leased to Borrower under the Equipment Lease.

In accordance with the IFA, Borrower hereby requests that Lender fund an Advance in the principal amount of \$_____ to be used to make certain payments due to the Vendor (the “**Current Advance**”). Borrower acknowledges [a] prior Advance[s] was[were] funded by Lender in the [aggregate] amount of \$_____. Borrower hereby certifies to Lender that:

(a) each of the representations and warranties made by the Borrower in the IFA, and each other Loan Document are true and correct on and as of the date hereof as if made on the date hereof, except to the extent that (i) any change to the representations and warranties has been disclosed to NFS in writing and accepted by NFS, or (ii) any representation and warranty is stated to be made as of a particular time; and

(b) on and as of the date hereof, no Event of Default exists, or will result in funding of the Current Advance.

Borrower irrevocably authorizes and directs Lender to disburse the proceeds of the Current Advance on the date set forth below by wire transfer of funds to the account(s) and payee(s) indicated below. Borrower acknowledges and agrees that the disbursements are being made strictly on the basis of the information set forth below and in the event such information is inaccurate, Borrower shall be liable for any and all losses, costs and expenses arising from any inaccuracy in such information. Borrower agrees that a credit to its account with Lender pursuant to this Authorization for Advance shall constitute full receipt by Borrower of the funds hereby requested.

Current Advance: \$_____
Funding Date: _____, 20____

To Simmtech Process Engineering Ltd. in the amount of \$_____ in \$_____ accordance with the following wire instructions:

Bank:

ABA/Routing:

Account Name: Simmtech Process Engineering Ltd.

Account No.:

Reference: Simmtech Invoice #_____

BORROWER:
FLOW BEVERAGE CORP.

By: _____
Nicholas Reichenbach, Chief Executive Officer

SCHEDULE 5.1
MATERIAL ASSESSMENTS, CLAIMS, AND LITIGATION

A. Tax Assessments

B. Pending or Threatened Litigation

SCHEDULE 6.1 (b)
LICENSES

SCHEDULE 6.1 (e)
PERMITTED LIENS

AMENDED AND RESTATED INTERIM FINANCING LOAN AGREEMENT

THIS AMENDED AND RESTATED INTERIM FINANCING LOAN AGREEMENT (this “**Agreement**”) dated December 1, 2023, is between FLOW BEVERAGE CORP., a corporation formed under the Canada Business Corporations Act having a principal place of business at 155 Industrial Parkway South, Aurora, ON L4G 3G6, Attention: Nicholas Reichenbach, CEO, Trent McDonald, CFO, nicholas@flowhydration.com and trent.macdonald@flowhydration.com (the “**Borrower**”), and NFS Leasing Canada Ltd., having an office at Suite 3200, Bay Adelaide Centre – North Tower, 40 Temperance Street, Toronto, ON M5H 0B4, Attention: Legal Department, Email: Legal@NFSLeasing.com (together with its successors and assigns, the “**Lender**”).

WHEREAS, Lender is engaged in the equipment leasing business and Borrower desires to lease certain equipment which is to be used by Borrower in connection with its business operations;

WHEREAS, the parties anticipate that Lender will be required to advance, by way of payments to the Vendor (below defined), in an amount of FIVE MILLION, FIVE HUNDRED NINETY-SEVEN THOUSAND 00/100 CAD (\$5,597,000.00) in connection with the purchase and installation of the equipment prior to the commencement of the Equipment Lease (below defined);

WHEREAS, the parties are entering into this Agreement to provide for Borrower’s repayment to Lender of all amounts paid by Lender to the Vendor; and

NOW THEREFORE, in consideration of the extension of credit by the Lender to the Borrower, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Borrower, the parties covenant and agree as follows:

1. **Definitions.**

1.1 **Defined Terms.** As used in this Agreement, the following terms shall have the meanings set forth below:

“**Advance**” any payment under this Agreement made by the Lender to any Vendor(s) pursuant to Section 2.1 of this Agreement.

“**Affiliate**” means, as to Borrower, individually and collectively, as of this date and/or subsequent to this date, any other person(s), trust, limited liability company, limited liability partnership, corporation(s) or other entity or entities which directly or indirectly control, or is controlled by, or is under common control with the Borrower, and/or any member or relative of any member of the Borrower.

“**Collateral**” means collectively, the Equipment, “Collateral” as defined in the Security Documents, and any other collateral given by, or on behalf of, the Borrower in connection with this Agreement, whether pursuant to Section 3.1 or otherwise, whether as of this date or subsequent to this date.

“**Equipment**” means all equipment leased to Borrower by Lender under the Equipment Lease.

“**Equipment Lease**” means the Master Equipment Lease Number: 2023-0256 dated as of September 22, 2023, between Borrower as Lessee and Lender as Lessor.

“**Event of Default**” means as defined in Section 7.1.

“Guarantee(s)” means those certain Guarantee Agreements dated on or about the date hereof by each Guarantor in favor of Lender to guarantee the payment and performance of the Obligations.

“Guarantor(s)” means jointly and severally Flow Water Inc., Flow Beverages Inc., 2446692 Ontario Limited, Flow Glow Beverages Inc., and each other Person executing a guaranty in favor of Lender with respect to the Obligations.

“IFRS” means International Financial Reporting Standards issued by the IFRS Foundation and the International Accounting Standards Board. If Borrower, or the party to which references to IFRS are intended to apply, has adopted those Generally Accepted Accounting Principles which are recognized as being generally accepted in Canada from time to time as set out in the handbook published by the Canadian Institute of Chartered Accountants (**“GAAP”**), then the applicable references in this Agreement to IFRS may be interpreted to mean GAAP, but only if Lender has consented to such change.

“Indebtedness” means the total of all obligations of a Person, whether current or long-term, which in accordance with IFRS would be included as liabilities upon such Person’s balance sheet at the date as of which Indebtedness is to be determined, and shall also include guarantees, endorsements (other than for collection in the ordinary course of business) or other arrangements whereby responsibility is assumed for the obligations of others, whether by agreement to purchase or otherwise acquire the obligations of others, including any agreement, contingent or otherwise, to furnish funds through the purchase of goods, supplies or services for the purpose of payment of the obligations of others.

“Lien” means, any mortgage, pledge, assignment, lien, charge, encumbrance or security interest of any kind whatsoever, or the interest of a vendor or lessor under a conditional sale, title retention or lease for a term of more than one year (as defined in the PPSA).

“Loan(s)” means, any Advance made by Lender to the Vendor or otherwise on account of the Equipment, and Borrower’s obligation to repay such amounts to the Lender under this Agreement or any of the other Loan Documents.

“Loan Documents” means, collectively, this Agreement, the Security Documents, each Guarantee, and each and all documents executed and/or delivered to the Lender as of this date and hereafter in connection with the Loan, all as may be modified, amended, substituted and/or restated.

“Material Adverse Change” means any event, fact, circumstance, change in, or effect on, the business of the Borrower which, individually or in the aggregate, on a cumulative basis with any other circumstances, changes in, or effect on the Borrower or its respective assets which:

- (a) is, or could be reasonably expected to be, materially adverse to the business, operations, assets or liabilities (including, without limitation, contingent liabilities), employee relationships, customer or supplier relationships, results of operations or the condition (financial or otherwise), or prospects of the Borrower;
- (b) could be reasonably expected to materially adversely affect the ability of the Borrower to operate or conduct business in all material respects in the manner in which they are currently operated or conducted by the Borrower, or to perform its obligations under the Loan Documents; or
- (c) could be reasonably expected to have a material adverse effect or result in an adverse change in value, enforceability, collectability or the nature of its assets.

“Non-Commencement Fee” means a fee equal to twenty percent (20%) of the aggregate amount of Advances made by Lender, due from Borrower to Lender as set forth herein.

“Obligations” means all loans, advances, debts, liabilities, obligations, agreements, undertakings, covenants and duties owing or to be performed or observed by the Borrower to or in favor of Lender in connection with the Loan, of every kind and description (whether or not evidenced by any note or other instrument; for the payment of money under any of the Loan Documents; arising out of this Agreement or any other agreement between the Lender and the Borrower evidencing the Loan, or any other instrument in favor of the Lender in connection with the Loan; arising out of or relating to transactions described herein), direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising, including without limitation all interest, fees, charges, and amounts chargeable to the Borrower under this Agreement.

“Permitted Indebtedness” shall mean any Indebtedness incurred by Borrower on or after the date of this Agreement which has been approved by Lender in accordance with Section 6.1 (d).

“Permitted Liens” means such of the following as to which no enforcement, collection, execution, levy or foreclosure proceeding shall have been commenced and be continuing (unless such enforcement, collection, levy or foreclosure is being contested by the Borrower in good faith by appropriate proceedings diligently conducted and for which adequate reserves are being maintained in accordance with IFRS): (a) Liens for taxes, assessments and other governmental charges or levies or the claims or demands of landlords, carriers, warehousemen, mechanics, laborers, materialmen and other like Persons arising by operation of law in the ordinary course of business for sums which are not yet due and payable or are being disputed in good faith, (b) deposits or pledges (other than Liens on Borrower’s receivables) to secure the payment of worker’s compensation, unemployment insurance or other social security benefits or obligations, public or statutory obligations, surety or appeal bonds, bid or performance bonds, or other obligations of a like nature incurred in the ordinary course of business, (c) zoning restrictions, easements, encroachments, licenses, restrictions or covenants on the use of any Property which do not materially impair either the use of such Property in the operation of the business of Borrower or the value of such Property, (d) inchoate Liens arising under a Canadian Pension Plan to secure current service pension liabilities as they are incurred under the provisions of employee benefit plans from time to time in effect which are not due and owing, and (e) rights of general application reserved to or vested in any governmental authority to control or regulate any Property, or to use any Property in a manner which does not materially impair the use of such Property for the purposes for which it is held by the Borrower, provided that the foregoing Liens under clauses (a) through (d) hereof do not secure liabilities in excess of \$200,000.00 in the aggregate at any time, and provided, further that Permitted Liens shall not include any Lien securing Indebtedness or than in favor of the Lender.

“Person” means an individual, corporation, limited liability company, partnership, limited liability partnership, joint venture, trust, or or unincorporated organization or other business entity, or a government or any agency or political subdivision thereof.

“PPSA” means the Personal Property Security Act (Ontario) or any substantially similar legislation applicable to the Borrower in any other jurisdiction.

“Security Agreement” means that certain General Security Agreement dated December 30, 2022, by the Borrower in favor of the Lender, granting to the Lender a first priority security interest in all assets of the Borrower, as such may be amended, restated, supplemented, replaced, or otherwise modified from time to time.

“**Security Documents**” has the meaning ascribed to such term in the Term Loan and Security Agreement.

“**Subsidiary**” or “**Subsidiaries**” means any partnership, corporation, association, trust, limited liability company or partnership or other business entity which the Borrower shall at any time own directly or indirectly through a Subsidiary or Subsidiaries at least a majority of the outstanding voting interests.

“**Term Loan and Security Agreement**” means that certain Term Loan and Security Agreement dated December 30, 2022, among the Borrower, Lender, and the additional parties thereto from time to time, as such may be amended, restated, supplemented, replaced, or otherwise modified from time to time.

“**Vendor**” means Simmtech Process Engineering Ltd. with its principal place of business at 72 Devon Road, Unit 5, Brampton, ON L6T 5B4, who will be providing the Equipment and related installation services, as well as any other person or entity, not yet identified, who provides any such Equipment or related services.

1.2. Use of Defined Terms. Any defined term used in the plural preceded by the definite article shall be taken to encompass all members of the relevant class. Any defined term used in the singular preceded by “any” shall be taken to indicate any number of the members of the relevant class. All references to Borrower in this Agreement shall be deemed to include, where the context permits, any Subsidiary of Borrower. Unless the context of this Agreement otherwise clearly requires, references to the plural include the singular, the singular the plural and the part the whole, and “or” has the inclusive meaning represented by the phrase “and/or”.

2. **Interim Financing.**

2.1 General Terms. Pursuant to this Agreement, the Lender agrees to purchase the Equipment and the related services and to use the proceeds from each Advance pay to the Vendor such amounts in accordance with the purchase order documents or other agreements between the Lender and Vendor with respect to ordering, delivery and installation of the Equipment as a condition precedent to the commencement of the Equipment Lease. It is anticipated by the parties that the aggregate amount of Advances to be made by Lender to the Vendor hereunder will be in the amount of FIVE MILLION, FIVE HUNDRED NINETY-SEVEN THOUSAND AND 00/100 CAD (\$5,597,000.00). Any Advance made by Lender to Vendor under this Agreement shall require authorization by Borrower in the form attached hereto as Schedule 2.1.

2.2 Interest. Interest on the Advances shall accrue interest from the date of the first Advance through the date of repayment at the rate of fourteen percent (14%) per annum based upon a 365-day year. In the event that any interest or other payment payable hereunder would result in a payment in an amount or calculated at a rate that would be in violation in applicable law, then despite that provision, the amount or rate will be deemed to have been adjusted retroactively to the maximum amount or rate, as applicable, as would not be prohibited by applicable law or would not result in the Lender receiving a criminal rate.

2.3. Payments and Unconditional Nature of Obligations

2.3.1 Payments.

a. Borrower shall make monthly payments of interest only on each Advance, which shall be due and payable in arrears commencing on the first day of the first full calendar month after the funding date of each Advance, and thereafter, on the first day of each consecutive calendar month thereafter, until

the earlier of (i) “Commencement Date” as defined and specified in the Equipment Lease, and (ii) the occurrence of an Event of Default. If an Advance is funded on a date other than the first date of any calendar month, a prorated amount of interest on the Advance shall accrue from the funding date of such Advance and shall be due and payable in arrears upon the first day of the first full calendar month after the funding date of the Advance.

b. Provided that the interest payments are timely made and the Commencement Date under the Equipment Lease occurs on or before January 1, 2024 Borrower’s obligations under this Agreement shall be replaced by Borrower’s obligations as Lessee under the Equipment Lease, in which event this Agreement shall be deemed to have been satisfied in full. In the event that, for any reason, the Equipment Lease does not commence on or before January 1, 2024, Borrower shall immediately pay to Lender the sum of, the Non-Commencement Fee, *plus* all accrued and unpaid interest on the Advances, *plus* the aggregate outstanding principal amount of the Advances paid by Lender to the Vendor or otherwise on account of the Equipment, *less* any refunds made by Vendor to Lender.

2.3.2 Unconditional Nature of Borrower’s Obligations. Borrower acknowledges that Borrower has selected the Equipment and the Vendor without any input or influence by Lender. Borrower’s Obligations under this Agreement and the Loan Documents are unconditional irrespective of: (a) the failure of any Vendor to provide any of the Equipment or any related services; (b) any delays in the delivery of any Equipment to Borrower or related installation or other services; (c) any defects in any of the Equipment or failure of any of the Equipment to perform as expected by Borrower; or (d) any damage, destruction or casualty of any kind or description to any of the Equipment, provided Borrower shall be credited with any amounts paid to Lender on account of any such casualty loss.

2.4 Notations Reflecting Loan. The Borrower hereby irrevocably authorizes the Lender to make or cause to be made on the books of the Lender, at or following the time of making each Advance on account of the Equipment and of receiving any payment of interest or principal, an appropriate notation reflecting such transaction and the then aggregate unpaid interest and principal due from Borrower to Lender. The amount so noted, and other regular entries by the Lender on its books with respect to interest and other charges, shall constitute presumptive evidence as to the amount owed by the Borrower with respect to principal of the Loan and with respect to interest and other charges, absent manifest error.

2.5 Borrower’s Designation. The Borrower hereby designates Nicholas Reichenbach, CEO, nicholas@flowhydration.com, and Trent McDonald, CFO, trent.macdonald@flowhydration.com to act on behalf of the Borrower with respect to any correspondence and/or notices between the Borrower and the Lender under any of the Loan Documents. Notices to the Borrower may be sent care of the Borrower, to the address set forth in the preamble to this Agreement, or such other address as the Borrower may designate in writing delivered to the Lender in accordance with the terms of this Agreement.

3. **Security for Loan.**

3.1. The Obligations under the Loan shall be secured by the Security Documents and the other Loan Documents, as applicable.

4. **Conditions to Loan.**

4.1. Information to be Provided to Lender. Lender’s obligation make Advances is conditioned upon the Lender’s receipt of: (i) a true and correct copy of the organizational documents of the Borrower, in the case of articles of incorporation and by-laws (or the equivalent), certified by an officer of the Borrower; (ii) certificates of good standing (or the equivalent) in each such jurisdiction where the Borrower carries on business; (iii) a certificate of an officer of the Borrower as to the incumbency and authority of the

Persons signing the Loan Documents on behalf of the Borrower; (iv) the duly executed Loan Documents and all registrations under the PPSA to perfect the Lender's rights under the Security Agreement; (v) the necessary certificates of insurance required by either Equipment Lease or the Security Agreement and the Loan Documents; and (vi) the execution and/or delivery of all other documentation and information required by Lender in connection with the Loan Documents or the Equipment Lease.

4.2. Additional Conditions to Loan by Lender. The funding of a Loan is further conditioned upon the following: (i) the Borrower's representations and warranties herein shall be true and correct as of the date of such Loan; (ii) there shall exist no Event of Default nor any event which, with notice or lapse of time or both, would become such an Event of Default; (iii) there shall have occurred no Material Adverse Change in the financial condition, business or prospects of the Borrower or the Guarantor since the date of the last financial statements provided to the Lender; (iv) if it shall have so requested, the Lender shall have received a certificate signed by the Borrower as to the foregoing, (v) the Lender shall have reviewed and be satisfied with all closing conditions imposed upon Borrower. Its acceptance of the Loan shall constitute the Borrower's representation and warranty to the effect set forth in clauses (i), (ii) and (iii) above.

5. **Representations and Warranties.**

5.1. The Borrower represents and warrants to the Lender that it is a duly organized, validly existing corporation, in good standing under the laws of its jurisdiction of incorporation is in good standing and is duly qualified to do business and is in good standing under the laws of each other jurisdiction in which its business is conducted or properties owned requiring such qualification. The Borrower further represents and warrants as to itself that: (a) it has full power to enter into and perform this Agreement, and the other Loan Documents to which it is a party and has taken all necessary action to authorize, or to cause, the execution, delivery and performance of this Agreement and the other Loan Documents to which it is a party; (b) this Agreement, and the other Loan Documents to which it is a party constitute the legal, valid and binding obligations of the Borrower, enforceable in accordance with their respective terms; (c) the execution, delivery and performance of this Agreement, and the other Loan Documents will not violate any provision of any existing law or regulation applicable to it or its governing documents or of any order or decree of any court, arbitrator or governmental authority or of any contractual undertaking to which it is a party or by which it may be bound; (d) no consents, licenses, approvals or authorizations of, exemptions by or registrations or declarations with, any governmental authority are required with respect to this Agreement, or the other Loan Documents, which shall not have been obtained by the closing of this Loan; (e) the Borrower has filed all income and other material tax returns required to be filed by it and has paid all taxes due under this Agreement or under any assessment received by it, other than those set forth on Schedule 5.1 or those being contested in good faith by appropriate proceedings and where appropriate reserves have been established; (f) except as set forth on Schedule 5.1 attached hereto, there is no assessment, claim, action, suit or proceeding pending against, or to the Borrower's actual knowledge threatened in writing against or affecting the Borrower before any court, arbitrator or governmental authority in which there is a reasonable possibility of an adverse decision which could affect materially the business or financial condition of the Borrower or any of its ability to enter into and perform its obligations under this Agreement, or the other Loan Documents; and (g) the Borrower's balance sheets and the related statements of operations for the fiscal period then ended last provided to Lender, fairly present the financial condition and results of operations of the Borrower as of such date and for such period, and there has occurred no Material Adverse Change since such date.

5.2 Subsidiaries. The Guarantors comprise all of the Borrower's Subsidiaries.

6. **Covenants of Borrower.**

6.1. Covenants. The Borrower covenants and agrees with the Lender as follows:

a. Loan Payments. The Borrower shall pay all amounts due under this Agreement at the times and places and in the manner provided for herein, and promptly pay when due all other amounts owing to the Lender with respect to fees and otherwise as required by the Loan Documents.

b. Licenses etc. The Borrower shall preserve its existence as it is as of the date of this Agreement, and all licenses and franchises necessary or convenient for its business as currently operated and as set forth on **Schedule 6.1 (b)**; comply with all applicable laws and regulations; maintain all material property necessary or useful in its business as currently operated in good working order and repair reasonable wear and tear and insured casualty excepted; and pay when due all taxes and all lawful claims which otherwise might result in liens on its property.

c. Merger; Ownership. The Borrower shall not merge or consolidate with any Person or sell any material assets, except in the ordinary course of business. There shall occur no change in the controlling management of the Borrower, and there shall be no change of Borrower's majority ownership permitted at any time the Loan remains outstanding.

d. Indebtedness. On and after the date of this Agreement, the Borrower shall not incur or become liable for any Indebtedness in addition to the Indebtedness disclosed to Lender on the date hereof, without the Lender's prior written consent (which consent shall be within the Lender's sole discretion).

e. Liens. The Borrower shall not create, permit to be created or suffer to exist any security interest, mortgage, lien or other encumbrance upon any material asset or property of the Borrower, except liens securing the Indebtedness of the Loan, the Indebtedness of the Term Loan and Security Agreement, and Permitted Liens.

f. Loans. The Borrower shall not make any loans or advances to (or guaranty or become contingently liable for obligations of any Person), except (i) endorsement of negotiable instruments for deposit or collection in the ordinary course of business, (ii) customary advances for reimbursable employee business expenses in the ordinary course of business, and (iii) as related to Permitted Indebtedness.

g. Investments. The Borrower shall not make any investments in securities or obligations of another Person except deposits with or under the control of the Lender or financial institutions approved by the Lender, guaranteed investment certificates issued by the Government of Canada or Canada Savings Bonds and provided that Borrower executes and delivers to the Lender such documents as the Lender requires to maintain a properly perfected security interest in such assets.

h. Event of Default. The Borrower shall immediately notify the Lender upon the Borrower's actual knowledge of the occurrence of any Event of Default or any event that, with notice or lapse of time or both, would become such an event.

i. Taxes. The Borrower will pay and discharge all taxes, assessments and governmental charges or levies imposed upon it, or upon its income or profits, or upon any properties belonging to it, prior to the date on which penalties or interest would attach thereto, and all lawful claims which, if unpaid, might become a Lien upon any property of the Borrower; provided that the Borrower shall not be required to pay any such tax, assessment, charge, levy or claim which is being contested in good faith and by proper proceedings which serve as a matter of law to stay the enforcement of any remedy of the taxing

authority or claimant and as to which the Borrower shall have set aside on its books adequate reserves satisfactory to the Lender.

j. Insurance. The Borrower shall maintain insurance with responsible and reputable insurance companies or associations reasonably satisfactory to the Lender in such amounts and covering such risks as shall be reasonably satisfactory to the Lender from time to time consistent with common commercial lending practice for similar loans and collateral within the geographical area in which any of the Collateral is located, but in any event in amounts sufficient to prevent the Borrower from becoming a co-insurer. The Borrower shall keep all inventory, equipment, furnishings and other tangible personal property owned by it and kept or used therein in connection with the business as currently operated fully insured against fire, lightning and extended coverage perils and against such other risks as the Lender may from time to time reasonably require consistent with common commercial lending practice for similar loans and collateral within the geographical area in which any of the Collateral is located, in an amount equal to the aggregate full insurable value thereof. The Borrower shall in addition ensure compliance with the requirements of the Security Agreement with respect to insurance.

k. Asset Sales. Sales of assets by the Borrower shall only be permitted with the Lender's prior written consent, except for: (i) sales in the Borrower's ordinary course of business, and (ii) sales of equipment, furniture or other tangible personal property deemed obsolete or which is replaced by other equipment, furniture or tangible personal property (as is applicable) of equal or greater value.

l. Transactions with Affiliates. Transactions by the Borrower with shareholders, officers or Affiliates shall not be permitted except on an "arms-length" basis on terms no less favorable than those which might be obtained at the time from Persons who are not such a shareholder, officer or Affiliate.

m. Field Examinations. At all times that any part of the Loan is outstanding, and otherwise upon an Event of Default, the Lender shall be entitled to conduct field audits of the Borrower at Borrower's sole reasonable cost, provided that prior to an Event of Default, the Lender shall give the Borrower not less than three (3) business days prior written notice.

n. Inspections. The Borrower shall permit the Lender and/or its designees to discuss the affairs, finances and accounts of the Borrower with its officers, representatives, its accountants upon prior written notice of not less than three (3) business days (except upon the occurrence of an Event of Default) to visit and inspect the Collateral and other property of the Borrower, and to examine and make copies of and take abstracts from the books and records of the Borrower. If any of the Borrower's properties, books or records is in the possession of a third party, the Borrower shall promptly upon Lender's request (but no later than two (2) business days following each such request), authorize that third party to permit the Lender or its agents to have access to perform inspections or audits and to respond to the Lender's requests for information concerning such properties, books and records.

o. Other Information. The Borrower shall provide the Lender with such other information as the Lender may from time to time reasonably request related to the Borrower's financial condition, the Collateral or the operation of the Borrower's business as currently operated.

7. Events of Default; Remedies.

7.1 Events of Default. The occurrence of any of the following events shall constitute an "Event of Default" under this Agreement.

a. Borrower shall fail to pay any principal, interest, fees, expenses or other Obligations when payable, whether at stated maturity, by acceleration, or otherwise and such default continues for a period of ten (10) days; or

b. The Borrower shall default in the performance of any term, covenant or agreement contained in this Agreement or other Loan Documents (other than a default under Section 7.1(a) above), an such default continues for a period of ten (10) days; or

c. Any material representation or warranty of the Borrower contained herein or in any of the other Loan Documents shall at any time prove to have been incorrect in any material respect when made or any representation or warranty made by the Borrower in connection with the execution and delivery of this Agreement or any other instrument, document, certificate or statement executed and delivered in connection with any Loan shall at any time prove to have been incorrect in any material respect when made; or

d. a Security Document shall for any reason cease to create a valid and perfected first priority Lien on the Collateral (subject to Permitted Liens) purported to be covered thereby; or

e. There shall occur any default in the payment or performance of any term or condition contained in any of the Permitted Indebtedness or commencement of rights and remedies of any holder of any Permitted Liens, which is not remedied within applicable grace and cure periods related thereto; or

f. Any default shall exist and remain unwaived or uncured with respect to any material Indebtedness of the Borrower, or any such material Indebtedness shall not have been paid when due (but after passage of applicable grace and cure periods without remedy), whether by acceleration or otherwise, or shall have been declared to be due and payable prior to its stated maturity, or any event or circumstance shall occur which permits, or with the lapse of time or giving of notice or both would permit, the acceleration of the maturity of any such material Indebtedness by the holder or holders thereof; or

g. The Borrower shall be dissolved, shall become insolvent or bankrupt or shall cease paying its debts as they mature or shall make an assignment for the benefit of creditors; or a trustee, receiver or liquidator shall be appointed for the Borrower or for a substantial part of the property of the Borrower; or bankruptcy, reorganization, arrangement, insolvency or similar proceedings shall be instituted by or against the Borrower under the laws of any jurisdiction (provided that, if involuntary, such proceedings shall not be an Event of Default unless they are not stayed or dismissed within forty-five (45) days); or

h. Any execution or similar process claiming an amount in excess of \$50,000.00 shall be issued or levied against the Borrower or any of its property and such writ, attachment, execution or similar process shall not be paid, released, vacated or fully bonded within twenty (20) days after its issue or levy; or any writ of attachment or trustee process shall be served upon the Lender relating to goods, effects or credits of the Borrower in the possession of or maintained with the Lender; or

i. The Borrower shall suffer any Material Adverse Change or shall suffer substantial loss, theft, taking, damage or destruction to or of any of its property, not covered by insurance; or

j. There shall be entered against the Borrower any final judgment not covered by insurance in excess of \$50,000.00; or

k. The Borrower shall become liable (beyond all applicable appeals) under federal or state law for environmental remediation or other measures, the cost of compliance with which is not covered by insurance; or

l. Entry of any court order against the Borrower which enjoins, restrains or in any way prevents the Borrower from conducting all or any material part of its business activities as currently conducted by the Borrower, or materially interferes with the ownership, use or occupation of any of its assets, which court order is not rescinded or dismissed within ten (10) days of its issuance; or

m. The criminal conviction or indictment of the Borrower or the entry of any judgment against the Borrower (in both instances, beyond applicable appeals) for any act involving moral turpitude, dishonesty, theft, unethical business conduct which, in the sole reasonable discretion of the Lender, impairs or injures the reputation of the Borrower or harms the Borrower in any way; or

n. Any default shall exist under the Term Loan and Security Agreement; or

For purposes of clauses (i), (j) and (k) above, a loss or liability shall not be deemed to be “not covered by insurance,” notwithstanding that the insurer has not paid the claim, if a claim has been submitted in writing and the Borrower reasonably believes that it is covered by the relevant insurance, provided that any claim not paid or agreed to be covered by the insurer within one hundred twenty (120) days after it is submitted shall be deemed to be not covered by insurance.

7.2. Rights and Remedies on Default. Upon the occurrence of any Event of Default and at any time thereafter, in addition to any other rights and remedies available to the Lender under this Agreement or otherwise, the Lender may exercise any one or more of the following rights and remedies (all of which shall be cumulative):

a. Declare the entire unpaid principal amount due Lender then outstanding, all interest accrued and unpaid thereon and all other amounts payable under this Agreement, and all other Indebtedness of the Borrower to the Lender due under or in connection with this Agreement or the Loan Documents, to be forthwith due and payable, whereupon the same shall become forthwith due and payable, (except with respect to any Event of Default specified in Section 7.1(g), in which case all Obligations shall automatically become immediately due and payable) without presentment, demand, protest or notice of any kind, all of which are hereby expressly waived by the Borrower.

b. Enforce the provisions of this Agreement and/or the other Loan Documents by legal proceedings for the specific performance of any covenant or agreement contained herein or therein or for the enforcement of any other appropriate legal or equitable remedy, and the Lender may recover damages caused by any breach by the Borrower of the provisions of this Agreement or the other Loan Documents, including court costs, reasonable out-of-pocket legal fees and other reasonable out-of-pocket costs and expenses incurred in the enforcement of the obligations of the Borrower under this Agreement.

c. Exercise all rights and remedies under this Agreement and/or under the other Loan Documents and any other agreement with the Lender; and exercise all other rights and remedies which the Lender may have under applicable law.

7.3. Set-off. In addition to any rights now or hereafter granted under applicable law and not by way of limitation of any such rights, upon the occurrence of any Event of Default, the Lender is hereby authorized at any time or from time to time, without presentment, demand, protest or other notice of any kind to the Borrower, all of which are hereby expressly waived, to set off and to appropriate and apply any and all deposits (general or special) and any other Indebtedness at any time held (directly or

indirectly) or owing by the Lender to or for the credit or the account of the Borrower against and on account of the obligations and liabilities of the Borrower to the Lender under this Agreement or otherwise, irrespective of whether or not the Lender shall have made any demand under this Agreement and although said obligations, liabilities or claims, or any of them, may then be contingent or unmatured and without regard for the availability or adequacy of other collateral. The Borrower also grants to the Lender a security interest with respect to all its deposits and all securities or other property in the possession or under the control of the Lender from time to time, and, upon the occurrence of any Event of Default, the Lender may exercise all rights and remedies of a secured party under the PPSA with respect thereto.

8. Assignment.

This Agreement shall inure to the benefit of and be binding upon the parties' respective successors and assigns, provided that the Borrower may not assign any rights or obligations under this Agreement without the prior written consent of the Lender. It is agreed that the Lender may grant to third parties participations in the Loan under this Agreement.

9. Interpretation, Etc.

This Agreement and the other Loan Documents constitute the entire agreement of the parties with respect to the subject matter hereof and supersede any prior correspondence or agreements relating thereto. The headings herein are for convenience of reference only and shall not affect the interpretation hereof. No provision of this Agreement, or the other Loan Documents may be amended or waived except by a written instrument signed by the party or parties to be charged. No failure or delay by the Lender in exercising any right, power or privilege under this Agreement or under this Agreement shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other right, power or privilege. The rights and remedies herein and therein provided shall be cumulative and not exclusive of any rights or remedies provided by law. If any provision hereof or thereof is prohibited or unenforceable in any jurisdiction, the same shall not affect the remaining provisions hereof and thereof nor affect the validity or enforceability of such provision in any other jurisdiction. This Agreement shall remain in effect as long as there remains outstanding any sum hereunder or prior to demand for repayment by Lender or the maturity dates contained herein. This Agreement shall be governed by and construed in accordance with the laws of The Province of Ontario and shall take effect as a sealed instrument. The Borrower irrevocably submits to the exclusive jurisdiction of any Ontario court or any federal court sitting within the Province of Ontario over any suit, action or proceeding arising out of or relating to this Agreement. The Borrower irrevocably waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of venue of any such suit, action or proceeding brought in such a court and any claim that any such suit, action or proceeding has been brought in an inconvenient forum. Notwithstanding the foregoing the Borrower agrees that Lender shall be entitled to protect and/or enforce its rights with respect to any Collateral by bringing an action in any Federal or Provincial court in each jurisdiction in which any such Collateral is located.

10. Notices.

Any notice, request, demand or other communication required or permitted under this Agreement shall be given in writing by delivering the same in person to the intended addressee, under Section 2.5 above, by overnight courier service with guaranteed next day delivery or sent to the Borrower at the applicable address set forth in Section 2.5 of this Agreement, and if to Lender, at 40 King Street West, Suite 2100, Scotia Plaza, Toronto ON M5H 3C2, or to such different address as the Borrower or the Lender shall have designated by written notice to the other sent in accordance herewith. Copies of all notices shall be sent simultaneously via electronic mail to the Lender at legal@nfsleasing.com and to the

Borrower at nicholas@flowhydration.com and trent.macdonald@flowhydration.com. Such notices shall be deemed given on the next business day or other business day specified for delivery.

11. Costs and Expenses.

The Borrower agrees to pay on demand all reasonable and customary out-of-pocket costs and expenses (including without limitation, reasonable out-of-pocket legal fees) of the Lender in connection with the preparation, execution and delivery of this Agreement, and the other Loan Documents and any amendments or modifications of any of the foregoing, or in connection with the examination, review or administration of any of the foregoing, as well as the costs and expenses (including, without limitation, the reasonable out-of-pocket fees and reasonable out-of-pocket expenses of legal counsel and independent public accountants) incurred by the Lender in connection with interpreting, administering, preserving, enforcing or exercising any rights or remedies under this Agreement, and any other Loan Documents, all whether or not legal action is instituted.

12. Counterparts.

This Agreement and any amendment hereof may be, executed in several counterparts and by each party on a separate counterpart, each of which when so executed and delivered shall be an original, and all of which together shall constitute instrument. In proving this Agreement, it shall not be necessary to produce or account for more than one such counterpart signed by the party against whom enforcement is sought. The counterpart signature pages signed by each party hereto are expressly agreed and acknowledged to be integrated parts of this Agreement.

13. Joint and Several.

Borrower agrees that Lender's remedies against any Borrower or Guarantor for breach of this Agreement shall be separate and distinct from its remedies against any other Borrower or Guarantor and any other guarantor or obligor, and Lender may, at its sole option, proceed directly against a Guarantor without first proceeding against Borrower or any other guarantor or obligor. Neither the failure of Lender in any particular instance to insist upon Guarantor's strict performance, nor the granting by Lender of any particular indulgence, forbearance or concession to any Guarantor, individual Borrower, or any other guarantor or obligor, shall operate as a waiver on the part of Lender to thereafter insist upon Guarantor's or any Borrower's strict performance of this Agreement.

14. Release and Indemnification. The Borrower hereby unconditionally releases, remises and forever discharges the Lender and all past, present and future officers, directors, shareholders, agents, employees, attorneys, subsidiaries, affiliates, participants, successors and assigns of the Lender from any and all claims, demands and causes of action of any kind, whether known or unknown, arising out of or related to the Loan, this Agreement and/or the other Loan Documents including, without limitation, any so-called "lender liability" claims or defenses which they may have to the effect that the Lender or any of its affiliates, officers, directors, employees, agents or attorneys may have in any way acted or failed to act in such a manner as to cause injury to the Borrower or anyone claiming through the Borrower, from the beginning of time through the date of this Agreement. Except for the Lender's gross negligence, willful misconduct or illegal action, the Borrower will indemnify and save the Lender harmless from all loss, cost, damage, liability or expenses (including, without limitation, court costs and reasonable out-of-pocket attorneys' fees) that the Lender may sustain or incur (a) by reason of defending or protecting its liens and security interests in the collateral securing the Loan(s) or the priority thereof, (b) in enforcing or collecting the Obligations, or (c) in the prosecution or defense of any action or proceeding concerning any matter growing out of or in connection with the Loan, this Agreement, the other Loan Documents or any other documents, instruments or agreements now or hereafter executed in connection with the Loan, this

Agreement, the other Loan Documents, the Obligations or the Collateral. This indemnity shall survive the repayment of the Obligations, and the termination of any agreement by the Lender to make the Loan to the Borrower.

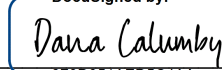
[Remainder of Page Intentionally Left Blank- Signature Pages to Follow]

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed as a document under seal by its proper and duly authorized officer as of the date first set forth above.

BORROWER:
FLOW BEVERAGE CORP.

By: 
79E41069B4AF4A8...
Nicholas Reichenbach, Chief Executive Officer

LENDER:
NFS LEASING CANADA LTD.

By: 
970D051AED5C4AA...
Dana Calumby, Chief Financial Officer

Acknowledged and agreed:

GUARANTORS:

FLOW WATER, INC., as a Guarantor

By: 
79E41069B4AF4A8...
Nicholas Reichenbach, Chief Executive Officer

FLOW BEVERAGES INC., as a Guarantor

By: 
79E41069B4AF4A8...
Nicholas Reichenbach, Chief Executive Officer

2446692 ONTARIO LIMITED, as a Guarantor

By: 
79E41069B4AF4A8...
Nicholas Reichenbach, Chief Executive Officer

FLOW GLOW BEVERAGES INC., as a Guarantor

By: 
79E41069B4AF4A8...
Nicholas Reichenbach, Chief Executive Officer

**SCHEDULE 2.1
FORM
AUTHORIZATION FOR ADVANCE**

Date: 12/1/2023 | 10:39 AM PST

FLOW BEVERAGE CORP. (the “**Borrower**”) and NFS LEASING CANADA LTD. (together with its successors and assigns, the “**Lender**”) are parties to that certain Amended and Restated Interim Financing Loan Agreement (as amended, restated, supplemented, replaced or otherwise modified from time to time, the “**IFA**” capitalized terms used herein without definition shall have the meanings as set forth in the IFA) dated December 1, 2023 providing for interim financing of Equipment to be leased to Borrower under the Equipment Lease.

In accordance with the IFA, Borrower hereby requests that Lender fund an Advance in the principal amount of **\$632,461.00 CAD** to be used to make certain payments due to the Vendor (the “**Current Advance**”). Borrower acknowledges no prior Advances have been funded by Lender. Borrower hereby certifies to Lender that:

- (a) each of the representations and warranties made by the Borrower in the IFA, and each other Loan Document are true and correct on and as of the date hereof as if made on the date hereof, except to the extent that (i) any change to the representations and warranties has been disclosed to NFS in writing and accepted by NFS, or (ii) any representation and warranty is stated to be made as of a particular time; and
- (b) on and as of the date hereof, no Event of Default exists, or will result in funding of the Current Advance.

Borrower irrevocably authorizes and directs Lender to disburse the proceeds of the Current Advance on the date set forth below by wire transfer of funds to the account(s) and payee(s) indicated below. Borrower acknowledges and agrees that the disbursements are being made strictly on the basis of the information set forth below and in the event such information is inaccurate, Borrower shall be liable for any and all losses, costs and expenses arising from any inaccuracy in such information. Borrower agrees that a credit to its account with Lender pursuant to this Authorization for Advance shall constitute full receipt by Borrower of the funds hereby requested.

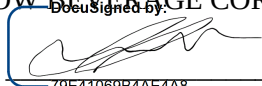
Current Advance: \$632,461.00 CAD

Funding Date: December 4, 2023

To Simmtech Process Engineering Ltd. in the amount of \$632,461.00 in accordance with the following wire instructions:

Bank:	Royal Bank of Canada
Address:	9115 Airport Road Brampton, ON L6S 0B8
Bank Code No.:	003
Transit No.:	00667
Account No.:	1035732
Swift Code:	ROYCCAT2
Reference:	Simmtech Invoices 23017A-01, 23017B-01, and 23017C-01

BORROWER:
FLOW BEVERAGE CORP.

By: 
79E41069B4AE4A8...
Nicholas Reichenbach, Chief Executive Officer

SCHEDULE 5.1
MATERIAL ASSESSMENTS, CLAIMS, AND LITIGATION

A. Tax Assessments

B. Pending or Threatened Litigation

SCHEDULE 6.1 (b)
LICENSES

SCHEDULE 6.1 (e)
PERMITTED LIENS

INTERIM FINANCING LOAN AGREEMENT

THIS INTERIM FINANCING LOAN AGREEMENT (this “**Agreement**”) dated January 12, 2024, is between FLOW BEVERAGE CORP., a corporation formed under the Canada Business Corporations Act having a principal place of business at 155 Industrial Parkway South, Aurora, ON L4G 3G6, Attention: Nicholas Reichenbach, CEO, Trent McDonald, CFO, nicholas@flowhydration.com and trent.macdonald@flowhydration.com (the “**Borrower**”), and NFS Leasing Canada Ltd., having an office at Suite 3200, Bay Adelaide Centre – North Tower, 40 Temperance Street, Toronto, ON M5H 0B4, Attention: Legal Department, Email: Legal@NFSLeasing.com (together with its successors and assigns, the “**Lender**”).

WHEREAS, Lender is engaged in the equipment leasing business and Borrower desires to lease certain equipment which is to be used by Borrower in connection with its business operations;

WHEREAS, the parties anticipate that Lender will be required to advance, by way of payments to the Vendor (below defined), in an amount of SIX HUNDRED SIX THOUSAND, EIGHT HUNDRED FIFTY-TWO AND 88/100 CAD (\$606,852.88) in connection with the purchase and installation of the equipment prior to the commencement of the Equipment Lease (below defined);

WHEREAS, the parties are entering into this Agreement to provide for Borrower’s repayment to Lender of all amounts paid by Lender to the Vendor; and

NOW THEREFORE, in consideration of the extension of credit by the Lender to the Borrower, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Borrower, the parties covenant and agree as follows:

1. Definitions.

1.1 Defined Terms. As used in this Agreement, the following terms shall have the meanings set forth below:

“**Advance**” any payment under this Agreement made by the Lender to any Vendor(s) pursuant to Section 2.1 of this Agreement.

“**Affiliate**” means, as to Borrower, individually and collectively, as of this date and/or subsequent to this date, any other person(s), trust, limited liability company, limited liability partnership, corporation(s) or other entity or entities which directly or indirectly control, or is controlled by, or is under common control with the Borrower, and/or any member or relative of any member of the Borrower.

“**Collateral**” means collectively, the Equipment, “Collateral” as defined in the Security Documents, and any other collateral given by, or on behalf of, the Borrower in connection with this Agreement, whether pursuant to Section 3.1 or otherwise, whether as of this date or subsequent to this date.

“**Equipment**” means all equipment leased to Borrower by Lender under the Equipment Lease.

“**Equipment Lease**” means the Master Equipment Lease Number: 2023-0256 dated as of September 22, 2023, between Borrower as Lessee and Lender as Lessor.

“**Event of Default**” means as defined in Section 7.1.

“Guarantee(s)” means those certain Guarantee Agreements dated on or about the date hereof by each Guarantor in favor of Lender to guarantee the payment and performance of the Obligations.

“Guarantor(s)” means jointly and severally Flow Water Inc., Flow Beverages Inc., 2446692 Ontario Limited, Flow Glow Beverages Inc., and each other Person executing a guaranty in favor of Lender with respect to the Obligations.

“IFRS” means International Financial Reporting Standards issued by the IFRS Foundation and the International Accounting Standards Board. If Borrower, or the party to which references to IFRS are intended to apply, has adopted those Generally Accepted Accounting Principles which are recognized as being generally accepted in Canada from time to time as set out in the handbook published by the Canadian Institute of Chartered Accountants (**“GAAP”**), then the applicable references in this Agreement to IFRS may be interpreted to mean GAAP, but only if Lender has consented to such change.

“Indebtedness” means the total of all obligations of a Person, whether current or long-term, which in accordance with IFRS would be included as liabilities upon such Person’s balance sheet at the date as of which Indebtedness is to be determined, and shall also include guarantees, endorsements (other than for collection in the ordinary course of business) or other arrangements whereby responsibility is assumed for the obligations of others, whether by agreement to purchase or otherwise acquire the obligations of others, including any agreement, contingent or otherwise, to furnish funds through the purchase of goods, supplies or services for the purpose of payment of the obligations of others.

“Lien” means, any mortgage, pledge, assignment, lien, charge, encumbrance or security interest of any kind whatsoever, or the interest of a vendor or lessor under a conditional sale, title retention or lease for a term of more than one year (as defined in the PPSA).

“Loan(s)” means, any Advance made by Lender to the Vendor or otherwise on account of the Equipment, and Borrower’s obligation to repay such amounts to the Lender under this Agreement or any of the other Loan Documents.

“Loan Documents” means, collectively, this Agreement, the Security Documents, each Guarantee, and each and all documents executed and/or delivered to the Lender as of this date and hereafter in connection with the Loan, all as may be modified, amended, substituted and/or restated.

“Material Adverse Change” means any event, fact, circumstance, change in, or effect on, the business of the Borrower which, individually or in the aggregate, on a cumulative basis with any other circumstances, changes in, or effect on the Borrower or its respective assets which:

- (a) is, or could be reasonably expected to be, materially adverse to the business, operations, assets or liabilities (including, without limitation, contingent liabilities), employee relationships, customer or supplier relationships, results of operations or the condition (financial or otherwise), or prospects of the Borrower;
- (b) could be reasonably expected to materially adversely affect the ability of the Borrower to operate or conduct business in all material respects in the manner in which they are currently operated or conducted by the Borrower, or to perform its obligations under the Loan Documents; or
- (c) could be reasonably expected to have a material adverse effect or result in an adverse change in value, enforceability, collectability or the nature of its assets.

“Non-Commencement Fee” means a fee equal to twenty percent (20%) of the aggregate amount of Advances made by Lender, due from Borrower to Lender as set forth herein.

“Obligations” means all loans, advances, debts, liabilities, obligations, agreements, undertakings, covenants and duties owing or to be performed or observed by the Borrower to or in favor of Lender in connection with the Loan, of every kind and description (whether or not evidenced by any note or other instrument; for the payment of money under any of the Loan Documents; arising out of this Agreement or any other agreement between the Lender and the Borrower evidencing the Loan, or any other instrument in favor of the Lender in connection with the Loan; arising out of or relating to transactions described herein), direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising, including without limitation all interest, fees, charges, and amounts chargeable to the Borrower under this Agreement.

“Permitted Indebtedness” shall mean any Indebtedness incurred by Borrower on or after the date of this Agreement which has been approved by Lender in accordance with Section 6.1 (d).

“Permitted Liens” means such of the following as to which no enforcement, collection, execution, levy or foreclosure proceeding shall have been commenced and be continuing (unless such enforcement, collection, levy or foreclosure is being contested by the Borrower in good faith by appropriate proceedings diligently conducted and for which adequate reserves are being maintained in accordance with IFRS): (a) Liens for taxes, assessments and other governmental charges or levies or the claims or demands of landlords, carriers, warehousemen, mechanics, laborers, materialmen and other like Persons arising by operation of law in the ordinary course of business for sums which are not yet due and payable or are being disputed in good faith, (b) deposits or pledges (other than Liens on Borrower’s receivables) to secure the payment of worker’s compensation, unemployment insurance or other social security benefits or obligations, public or statutory obligations, surety or appeal bonds, bid or performance bonds, or other obligations of a like nature incurred in the ordinary course of business, (c) zoning restrictions, easements, encroachments, licenses, restrictions or covenants on the use of any Property which do not materially impair either the use of such Property in the operation of the business of Borrower or the value of such Property, (d) inchoate Liens arising under a Canadian Pension Plan to secure current service pension liabilities as they are incurred under the provisions of employee benefit plans from time to time in effect which are not due and owing, and (e) rights of general application reserved to or vested in any governmental authority to control or regulate any Property, or to use any Property in a manner which does not materially impair the use of such Property for the purposes for which it is held by the Borrower, provided that the foregoing Liens under clauses (a) through (d) hereof do not secure liabilities in excess of \$200,000.00 in the aggregate at any time, and provided, further that Permitted Liens shall not include any Lien securing Indebtedness or than in favor of the Lender.

“Person” means an individual, corporation, limited liability company, partnership, limited liability partnership, joint venture, trust, or or unincorporated organization or other business entity, or a government or any agency or political subdivision thereof.

“PPSA” means the Personal Property Security Act (Ontario) or any substantially similar legislation applicable to the Borrower in any other jurisdiction.

“Security Agreement” means that certain General Security Agreement dated December 30, 2022, by the Borrower in favor of the Lender, granting to the Lender a first priority security interest in all assets of the Borrower, as such may be amended, restated, supplemented, replaced, or otherwise modified from time to time.

“**Security Documents**” has the meaning ascribed to such term in the Term Loan and Security Agreement.

“**Subsidiary**” or “**Subsidiaries**” means any partnership, corporation, association, trust, limited liability company or partnership or other business entity which the Borrower shall at any time own directly or indirectly through a Subsidiary or Subsidiaries at least a majority of the outstanding voting interests.

“**Term Loan and Security Agreement**” means that certain Term Loan and Security Agreement dated December 30, 2022, among the Borrower, Lender, and the additional parties thereto from time to time, as such may be amended, restated, supplemented, replaced, or otherwise modified from time to time.

“**Vendor**” means collectively Simmtech Process Engineering Ltd., Tetra Pak Canada Inc., Neogen Corporation (CA), Valley Mechanical Inc., DEMA Industries Limited, Naylor Building Partnerships Inc., BRG Inc. (1707277 Ontario Inc.), Trade-Mark Industrial, Inc., Sheridan Electric Services Ltd., Weber Marking System – Canada, and VWR International Co. (CA) who will be providing the Equipment and related installation services, as well as any other person or entity, not yet identified, who provides any such Equipment or related services.

1.2. Use of Defined Terms. Any defined term used in the plural preceded by the definite article shall be taken to encompass all members of the relevant class. Any defined term used in the singular preceded by “any” shall be taken to indicate any number of the members of the relevant class. All references to Borrower in this Agreement shall be deemed to include, where the context permits, any Subsidiary of Borrower. Unless the context of this Agreement otherwise clearly requires, references to the plural include the singular, the singular the plural and the part the whole, and “or” has the inclusive meaning represented by the phrase “and/or”.

2. **Interim Financing.**

2.1 General Terms. Pursuant to this Agreement, the Lender agrees to purchase the Equipment and the related services and to use the proceeds from each Advance pay to the Vendor such amounts in accordance with the purchase order documents or other agreements between the Lender and Vendor with respect to ordering, delivery and installation of the Equipment as a condition precedent to the commencement of the Equipment Lease. It is anticipated by the parties that the aggregate amount of Advances to be made by Lender to the Vendor hereunder will be in the amount of SIX HUNDRED SIX THOUSAND, EIGHT HUNDRED FIFTY-TWO AND 88/100 CAD (\$606,852.88). Any Advance made by Lender to Vendor under this Agreement shall require authorization by Borrower in the form attached hereto as Schedule 2.1.

2.2 Interest. Interest on the Advances shall accrue interest from the date of the first Advance through the date of repayment at the rate of fourteen percent (14%) per annum based upon a 365-day year. In the event that any interest or other payment payable hereunder would result in a payment in an amount or calculated at a rate that would be in violation in applicable law, then despite that provision, the amount or rate will be deemed to have been adjusted retroactively to the maximum amount or rate, as applicable, as would not be prohibited by applicable law or would not result in the Lender receiving a criminal rate.

2.3. Payments and Unconditional Nature of Obligations

2.3.1 Payments.

a. Borrower shall make monthly payments of interest only on each Advance, which shall be due and payable in arrears commencing on the first day of the first full calendar month after the funding date of each Advance, and thereafter, on the first day of each consecutive calendar month thereafter, until the earlier of (i) “Commencement Date” as defined and specified in the Equipment Lease, and (ii) the occurrence of an Event of Default. If an Advance is funded on a date other than the first date of any calendar month, a prorated amount of interest on the Advance shall accrue from the funding date of such Advance and shall be due and payable in arrears upon the first day of the first full calendar month after the funding date of the Advance.

b. Provided that the interest payments are timely made and the Commencement Date under the Equipment Lease occurs on or before April 1, 2024 Borrower’s obligations under this Agreement shall be replaced by Borrower’s obligations as Lessee under the Equipment Lease, in which event this Agreement shall be deemed to have been satisfied in full. In the event that, for any reason, the Equipment Lease does not commence on or before April 1, 2024, Borrower shall immediately pay to Lender the sum of, the Non-Commencement Fee, *plus* all accrued and unpaid interest on the Advances, *plus* the aggregate outstanding principal amount of the Advances paid by Lender to the Vendor or otherwise on account of the Equipment, *less* any refunds made by Vendor to Lender.

2.3.2 Unconditional Nature of Borrower’s Obligations. Borrower acknowledges that Borrower has selected the Equipment and the Vendor without any input or influence by Lender. Borrower’s Obligations under this Agreement and the Loan Documents are unconditional irrespective of: (a) the failure of any Vendor to provide any of the Equipment or any related services; (b) any delays in the delivery of any Equipment to Borrower or related installation or other services; (c) any defects in any of the Equipment or failure of any of the Equipment to perform as expected by Borrower; or (d) any damage, destruction or casualty of any kind or description to any of the Equipment, provided Borrower shall be credited with any amounts paid to Lender on account of any such casualty loss.

2.4 Notations Reflecting Loan. The Borrower hereby irrevocably authorizes the Lender to make or cause to be made on the books of the Lender, at or following the time of making each Advance on account of the Equipment and of receiving any payment of interest or principal, an appropriate notation reflecting such transaction and the then aggregate unpaid interest and principal due from Borrower to Lender. The amount so noted, and other regular entries by the Lender on its books with respect to interest and other charges, shall constitute presumptive evidence as to the amount owed by the Borrower with respect to principal of the Loan and with respect to interest and other charges, absent manifest error.

2.5 Borrower’s Designation. The Borrower hereby designates Nicholas Reichenbach, CEO, nicholas@flowhydration.com, and Trent McDonald, CFO, trent.macdonald@flowhydration.com to act on behalf of the Borrower with respect to any correspondence and/or notices between the Borrower and the Lender under any of the Loan Documents. Notices to the Borrower may be sent care of the Borrower, to the address set forth in the preamble to this Agreement, or such other address as the Borrower may designate in writing delivered to the Lender in accordance with the terms of this Agreement.

3. **Security for Loan.**

3.1. The Obligations under the Loan shall be secured by the Security Documents and the other Loan Documents, as applicable.

4. Conditions to Loan.

4.1. Information to be Provided to Lender. Lender's obligation make Advances is conditioned upon the Lender's receipt of: (i) a true and correct copy of the organizational documents of the Borrower, in the case of articles of incorporation and by-laws (or the equivalent), certified by an officer of the Borrower; (ii) certificates of good standing (or the equivalent) in each such jurisdiction where the Borrower carries on business; (iii) a certificate of an officer of the Borrower as to the incumbency and authority of the Persons signing the Loan Documents on behalf of the Borrower; (iv) the duly executed Loan Documents and all registrations under the PPSA to perfect the Lender's rights under the Security Agreement; (v) the necessary certificates of insurance required by either Equipment Lease or the Security Agreement and the Loan Documents; and (vi) the execution and/or delivery of all other documentation and information required by Lender in connection with the Loan Documents or the Equipment Lease.

4.2. Additional Conditions to Loan by Lender. The funding of a Loan is further conditioned upon the following: (i) the Borrower's representations and warranties herein shall be true and correct as of the date of such Loan; (ii) there shall exist no Event of Default nor any event which, with notice or lapse of time or both, would become such an Event of Default; (iii) there shall have occurred no Material Adverse Change in the financial condition, business or prospects of the Borrower or the Guarantor since the date of the last financial statements provided to the Lender; (iv) if it shall have so requested, the Lender shall have received a certificate signed by the Borrower as to the foregoing, (v) the Lender shall have reviewed and be satisfied with all closing conditions imposed upon Borrower. Its acceptance of the Loan shall constitute the Borrower's representation and warranty to the effect set forth in clauses (i), (ii) and (iii) above.

5. Representations and Warranties.

5.1. The Borrower represents and warrants to the Lender that it is a duly organized, validly existing corporation, in good standing under the laws of its jurisdiction of incorporation is in good standing and is duly qualified to do business and is in good standing under the laws of each other jurisdiction in which its business is conducted or properties owned requiring such qualification. The Borrower further represents and warrants as to itself that: (a) it has full power to enter into and perform this Agreement, and the other Loan Documents to which it is a party and has taken all necessary action to authorize, or to cause, the execution, delivery and performance of this Agreement and the other Loan Documents to which it is a party; (b) this Agreement, and the other Loan Documents to which it is a party constitute the legal, valid and binding obligations of the Borrower, enforceable in accordance with their respective terms; (c) the execution, delivery and performance of this Agreement, and the other Loan Documents will not violate any provision of any existing law or regulation applicable to it or its governing documents or of any order or decree of any court, arbitrator or governmental authority or of any contractual undertaking to which it is a party or by which it may be bound; (d) no consents, licenses, approvals or authorizations of, exemptions by or registrations or declarations with, any governmental authority are required with respect to this Agreement, or the other Loan Documents, which shall not have been obtained by the closing of this Loan; (e) the Borrower has filed all income and other material tax returns required to be filed by it and has paid all taxes due under this Agreement or under any assessment received by it, other than those set forth on Schedule 5.1 or those being contested in good faith by appropriate proceedings and where appropriate reserves have been established; (f) except as set forth on Schedule 5.1 attached hereto, there is no assessment, claim, action, suit or proceeding pending against, or to the Borrower's actual knowledge threatened in writing against or affecting the Borrower before any court, arbitrator or governmental authority in which there is a reasonable possibility of an adverse decision which could affect materially the business or financial condition of the Borrower or any of its ability to enter into and perform its obligations under this Agreement, or the other Loan Documents; and (g) the Borrower's balance sheets and the related statements of operations for the fiscal period then ended last provided to Lender, fairly

present the financial condition and results of operations of the Borrower as of such date and for such period, and there has occurred no Material Adverse Change since such date.

5.2 Subsidiaries. The Guarantors comprise all of the Borrower's Subsidiaries.

6. **Covenants of Borrower.**

6.1. Covenants. The Borrower covenants and agrees with the Lender as follows:

a. Loan Payments. The Borrower shall pay all amounts due under this Agreement at the times and places and in the manner provided for herein, and promptly pay when due all other amounts owing to the Lender with respect to fees and otherwise as required by the Loan Documents.

b. Licenses etc. The Borrower shall preserve its existence as it is as of the date of this Agreement, and all licenses and franchises necessary or convenient for its business as currently operated and as set forth on **Schedule 6.1 (b)**; comply with all applicable laws and regulations; maintain all material property necessary or useful in its business as currently operated in good working order and repair reasonable wear and tear and insured casualty excepted; and pay when due all taxes and all lawful claims which otherwise might result in liens on its property.

c. Merger; Ownership. The Borrower shall not merge or consolidate with any Person or sell any material assets, except in the ordinary course of business. There shall occur no change in the controlling management of the Borrower, and there shall be no change of Borrower's majority ownership permitted at any time the Loan remains outstanding.

d. Indebtedness. On and after the date of this Agreement, the Borrower shall not incur or become liable for any Indebtedness in addition to the Indebtedness disclosed to Lender on the date hereof, without the Lender's prior written consent (which consent shall be within the Lender's sole discretion).

e. Liens. The Borrower shall not create, permit to be created or suffer to exist any security interest, mortgage, lien or other encumbrance upon any material asset or property of the Borrower, except liens securing the Indebtedness of the Loan, the Indebtedness of the Term Loan and Security Agreement, and Permitted Liens.

f. Loans. The Borrower shall not make any loans or advances to (or guaranty or become contingently liable for obligations of any Person), except (i) endorsement of negotiable instruments for deposit or collection in the ordinary course of business, (ii) customary advances for reimbursable employee business expenses in the ordinary course of business, and (iii) as related to Permitted Indebtedness.

g. Investments. The Borrower shall not make any investments in securities or obligations of another Person except deposits with or under the control of the Lender or financial institutions approved by the Lender, guaranteed investment certificates issued by the Government of Canada or Canada Savings Bonds and provided that Borrower executes and delivers to the Lender such documents as the Lender requires to maintain a properly perfected security interest in such assets.

h. Event of Default. The Borrower shall immediately notify the Lender upon the Borrower's actual knowledge of the occurrence of any Event of Default or any event that, with notice or lapse of time or both, would become such an event.

i. Taxes. The Borrower will pay and discharge all taxes, assessments and governmental charges or levies imposed upon it, or upon its income or profits, or upon any properties belonging to it, prior to the date on which penalties or interest would attach thereto, and all lawful claims which, if unpaid, might become a Lien upon any property of the Borrower; provided that the Borrower shall not be required to pay any such tax, assessment, charge, levy or claim which is being contested in good faith and by proper proceedings which serve as a matter of law to stay the enforcement of any remedy of the taxing authority or claimant and as to which the Borrower shall have set aside on its books adequate reserves satisfactory to the Lender.

j. Insurance. The Borrower shall maintain insurance with responsible and reputable insurance companies or associations reasonably satisfactory to the Lender in such amounts and covering such risks as shall be reasonably satisfactory to the Lender from time to time consistent with common commercial lending practice for similar loans and collateral within the geographical area in which any of the Collateral is located, but in any event in amounts sufficient to prevent the Borrower from becoming a co-insurer. The Borrower shall keep all inventory, equipment, furnishings and other tangible personal property owned by it and kept or used therein in connection with the business as currently operated fully insured against fire, lightning and extended coverage perils and against such other risks as the Lender may from time to time reasonably require consistent with common commercial lending practice for similar loans and collateral within the geographical area in which any of the Collateral is located, in an amount equal to the aggregate full insurable value thereof. The Borrower shall in addition ensure compliance with the requirements of the Security Agreement with respect to insurance.

k. Asset Sales. Sales of assets by the Borrower shall only be permitted with the Lender's prior written consent, except for: (i) sales in the Borrower's ordinary course of business, and (ii) sales of equipment, furniture or other tangible personal property deemed obsolete or which is replaced by other equipment, furniture or tangible personal property (as is applicable) of equal or greater value.

l. Transactions with Affiliates. Transactions by the Borrower with shareholders, officers or Affiliates shall not be permitted except on an "arms-length" basis on terms no less favorable than those which might be obtained at the time from Persons who are not such a shareholder, officer or Affiliate.

m. Field Examinations. At all times that any part of the Loan is outstanding, and otherwise upon an Event of Default, the Lender shall be entitled to conduct field audits of the Borrower at Borrower's sole reasonable cost, provided that prior to an Event of Default, the Lender shall give the Borrower not less than three (3) business days prior written notice.

n. Inspections. The Borrower shall permit the Lender and/or its designees to discuss the affairs, finances and accounts of the Borrower with its officers, representatives, its accountants upon prior written notice of not less than three (3) business days (except upon the occurrence of an Event of Default) to visit and inspect the Collateral and other property of the Borrower, and to examine and make copies of and take abstracts from the books and records of the Borrower. If any of the Borrower's properties, books or records is in the possession of a third party, the Borrower shall promptly upon Lender's request (but no later than two (2) business days following each such request), authorize that third party to permit the Lender or its agents to have access to perform inspections or audits and to respond to the Lender's requests for information concerning such properties, books and records.

o. Other Information. The Borrower shall provide the Lender with such other information as the Lender may from time-to-time reasonably request related to the Borrower's financial condition, the Collateral or the operation of the Borrower's business as currently operated.

7. Events of Default; Remedies.

7.1 Events of Default. The occurrence of any of the following events shall constitute an “Event of Default” under this Agreement.

a. Borrower shall fail to pay any principal, interest, fees, expenses or other Obligations when payable, whether at stated maturity, by acceleration, or otherwise and such default continues for a period of ten (10) days; or

b. The Borrower shall default in the performance of any term, covenant or agreement contained in this Agreement or other Loan Documents (other than a default under Section 7.1(a) above), and such default continues for a period of ten (10) days; or

c. Any material representation or warranty of the Borrower contained herein or in any of the other Loan Documents shall at any time prove to have been incorrect in any material respect when made or any representation or warranty made by the Borrower in connection with the execution and delivery of this Agreement or any other instrument, document, certificate or statement executed and delivered in connection with any Loan shall at any time prove to have been incorrect in any material respect when made; or

d. a Security Document shall for any reason cease to create a valid and perfected first priority Lien on the Collateral (subject to Permitted Liens) purported to be covered thereby; or

e. There shall occur any default in the payment or performance of any term or condition contained in any of the Permitted Indebtedness or commencement of rights and remedies of any holder of any Permitted Liens, which is not remedied within applicable grace and cure periods related thereto; or

f. Any default shall exist and remain unwaived or uncured with respect to any material Indebtedness of the Borrower, or any such material Indebtedness shall not have been paid when due (but after passage of applicable grace and cure periods without remedy), whether by acceleration or otherwise, or shall have been declared to be due and payable prior to its stated maturity, or any event or circumstance shall occur which permits, or with the lapse of time or giving of notice or both would permit, the acceleration of the maturity of any such material Indebtedness by the holder or holders thereof; or

g. The Borrower shall be dissolved, shall become insolvent or bankrupt or shall cease paying its debts as they mature or shall make an assignment for the benefit of creditors; or a trustee, receiver or liquidator shall be appointed for the Borrower or for a substantial part of the property of the Borrower; or bankruptcy, reorganization, arrangement, insolvency or similar proceedings shall be instituted by or against the Borrower under the laws of any jurisdiction (provided that, if involuntary, such proceedings shall not be an Event of Default unless they are not stayed or dismissed within forty-five (45) days); or

h. Any execution or similar process claiming an amount in excess of \$50,000.00 shall be issued or levied against the Borrower or any of its property and such writ, attachment, execution or similar process shall not be paid, released, vacated or fully bonded within twenty (20) days after its issue or levy; or any writ of attachment or trustee process shall be served upon the Lender relating to goods, effects or credits of the Borrower in the possession of or maintained with the Lender; or

i. The Borrower shall suffer any Material Adverse Change or shall suffer substantial loss, theft, taking, damage or destruction to or of any of its property, not covered by insurance; or

j. There shall be entered against the Borrower any final judgment not covered by insurance in excess of \$50,000.00; or

k. The Borrower shall become liable (beyond all applicable appeals) under federal or state law for environmental remediation or other measures, the cost of compliance with which is not covered by insurance; or

l. Entry of any court order against the Borrower which enjoins, restrains or in any way prevents the Borrower from conducting all or any material part of its business activities as currently conducted by the Borrower, or materially interferes with the ownership, use or occupation of any of its assets, which court order is not rescinded or dismissed within ten (10) days of its issuance; or

m. The criminal conviction or indictment of the Borrower or the entry of any judgment against the Borrower (in both instances, beyond applicable appeals) for any act involving moral turpitude, dishonesty, theft, unethical business conduct which, in the sole reasonable discretion of the Lender, impairs or injures the reputation of the Borrower or harms the Borrower in any way; or

n. Any default shall exist under the Term Loan and Security Agreement; or

For purposes of clauses (i), (j) and (k) above, a loss or liability shall not be deemed to be “not covered by insurance,” notwithstanding that the insurer has not paid the claim, if a claim has been submitted in writing and the Borrower reasonably believes that it is covered by the relevant insurance, provided that any claim not paid or agreed to be covered by the insurer within one hundred twenty (120) days after it is submitted shall be deemed to be not covered by insurance.

7.2. Rights and Remedies on Default. Upon the occurrence of any Event of Default and at any time thereafter, in addition to any other rights and remedies available to the Lender under this Agreement or otherwise, the Lender may exercise any one or more of the following rights and remedies (all of which shall be cumulative):

a. Declare the entire unpaid principal amount due Lender then outstanding, all interest accrued and unpaid thereon and all other amounts payable under this Agreement, and all other Indebtedness of the Borrower to the Lender due under or in connection with this Agreement or the Loan Documents, to be forthwith due and payable, whereupon the same shall become forthwith due and payable, (except with respect to any Event of Default specified in Section 7.1(g), in which case all Obligations shall automatically become immediately due and payable) without presentment, demand, protest or notice of any kind, all of which are hereby expressly waived by the Borrower.

b. Enforce the provisions of this Agreement and/or the other Loan Documents by legal proceedings for the specific performance of any covenant or agreement contained herein or therein or for the enforcement of any other appropriate legal or equitable remedy, and the Lender may recover damages caused by any breach by the Borrower of the provisions of this Agreement or the other Loan Documents, including court costs, reasonable out-of-pocket legal fees and other reasonable out-of-pocket costs and expenses incurred in the enforcement of the obligations of the Borrower under this Agreement.

c. Exercise all rights and remedies under this Agreement and/or under the other Loan Documents and any other agreement with the Lender; and exercise all other rights and remedies which the Lender may have under applicable law.

7.3. Set-off. In addition to any rights now or hereafter granted under applicable law and not by way of limitation of any such rights, upon the occurrence of any Event of Default, the Lender is hereby

authorized at any time or from time to time, without presentment, demand, protest or other notice of any kind to the Borrower, all of which are hereby expressly waived, to set off and to appropriate and apply any and all deposits (general or special) and any other Indebtedness at any time held (directly or indirectly) or owing by the Lender to or for the credit or the account of the Borrower against and on account of the obligations and liabilities of the Borrower to the Lender under this Agreement or otherwise, irrespective of whether or not the Lender shall have made any demand under this Agreement and although said obligations, liabilities or claims, or any of them, may then be contingent or unmatured and without regard for the availability or adequacy of other collateral. The Borrower also grants to the Lender a security interest with respect to all its deposits and all securities or other property in the possession or under the control of the Lender from time to time, and, upon the occurrence of any Event of Default, the Lender may exercise all rights and remedies of a secured party under the PPSA with respect thereto.

8. Assignment.

This Agreement shall inure to the benefit of and be binding upon the parties' respective successors and assigns, provided that the Borrower may not assign any rights or obligations under this Agreement without the prior written consent of the Lender. It is agreed that the Lender may grant to third parties participations in the Loan under this Agreement.

9. Interpretation, Etc.

This Agreement and the other Loan Documents constitute the entire agreement of the parties with respect to the subject matter hereof and supersede any prior correspondence or agreements relating thereto. The headings herein are for convenience of reference only and shall not affect the interpretation hereof. No provision of this Agreement, or the other Loan Documents may be amended or waived except by a written instrument signed by the party or parties to be charged. No failure or delay by the Lender in exercising any right, power or privilege under this Agreement or under this Agreement shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other right, power or privilege. The rights and remedies herein and therein provided shall be cumulative and not exclusive of any rights or remedies provided by law. If any provision hereof or thereof is prohibited or unenforceable in any jurisdiction, the same shall not affect the remaining provisions hereof and thereof nor affect the validity or enforceability of such provision in any other jurisdiction. This Agreement shall remain in effect as long as there remains outstanding any sum hereunder or prior to demand for repayment by Lender or the maturity dates contained herein. This Agreement shall be governed by and construed in accordance with the laws of The Province of Ontario and shall take effect as a sealed instrument. The Borrower irrevocably submits to the exclusive jurisdiction of any Ontario court or any federal court sitting within the Province of Ontario over any suit, action or proceeding arising out of or relating to this Agreement. The Borrower irrevocably waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of venue of any such suit, action or proceeding brought in such a court and any claim that any such suit, action or proceeding has been brought in an inconvenient forum. Notwithstanding the foregoing the Borrower agrees that Lender shall be entitled to protect and/or enforce its rights with respect to any Collateral by bringing an action in any Federal or Provincial court in each jurisdiction in which any such Collateral is located.

10. Notices.

Any notice, request, demand or other communication required or permitted under this Agreement shall be given in writing by delivering the same in person to the intended addressee, under Section 2.5 above, by overnight courier service with guaranteed next day delivery or sent to the Borrower at the applicable address set forth in Section 2.5 of this Agreement, and if to Lender, at 40 King Street West,

Suite 2100, Scotia Plaza, Toronto ON M5H 3C2, or to such different address as the Borrower or the Lender shall have designated by written notice to the other sent in accordance herewith. Copies of all notices shall be sent simultaneously via electronic mail to the Lender at legal@nfsleasing.com and to the Borrower at nicholas@flowhydration.com and trent.macdonald@flowhydration.com. Such notices shall be deemed given on the next business day or other business day specified for delivery.

11. Costs and Expenses.

The Borrower agrees to pay on demand all reasonable and customary out-of-pocket costs and expenses (including without limitation, reasonable out-of-pocket legal fees) of the Lender in connection with the preparation, execution and delivery of this Agreement, and the other Loan Documents and any amendments or modifications of any of the foregoing, or in connection with the examination, review or administration of any of the foregoing, as well as the costs and expenses (including, without limitation, the reasonable out-of-pocket fees and reasonable out-of-pocket expenses of legal counsel and independent public accountants) incurred by the Lender in connection with interpreting, administering, preserving, enforcing or exercising any rights or remedies under this Agreement, and any other Loan Documents, all whether or not legal action is instituted.

12. Counterparts.

This Agreement and any amendment hereof may be, executed in several counterparts and by each party on a separate counterpart, each of which when so executed and delivered shall be an original, and all of which together shall constitute instrument. In proving this Agreement, it shall not be necessary to produce or account for more than one such counterpart signed by the party against whom enforcement is sought. The counterpart signature pages signed by each party hereto are expressly agreed and acknowledged to be integrated parts of this Agreement.

13. Joint and Several.

Borrower agrees that Lender's remedies against any Borrower or Guarantor for breach of this Agreement shall be separate and distinct from its remedies against any other Borrower or Guarantor and any other guarantor or obligor, and Lender may, at its sole option, proceed directly against a Guarantor without first proceeding against Borrower or any other guarantor or obligor. Neither the failure of Lender in any particular instance to insist upon Guarantor's strict performance, nor the granting by Lender of any particular indulgence, forbearance or concession to any Guarantor, individual Borrower, or any other guarantor or obligor, shall operate as a waiver on the part of Lender to thereafter insist upon Guarantor's or any Borrower's strict performance of this Agreement.

14. Release and Indemnification. The Borrower hereby unconditionally releases, remises and forever discharges the Lender and all past, present and future officers, directors, shareholders, agents, employees, attorneys, subsidiaries, affiliates, participants, successors and assigns of the Lender from any and all claims, demands and causes of action of any kind, whether known or unknown, arising out of or related to the Loan, this Agreement and/or the other Loan Documents including, without limitation, any so-called "lender liability" claims or defenses which they may have to the effect that the Lender or any of its affiliates, officers, directors, employees, agents or attorneys may have in any way acted or failed to act in such a manner as to cause injury to the Borrower or anyone claiming through the Borrower, from the beginning of time through the date of this Agreement. Except for the Lender's gross negligence, willful misconduct or illegal action, the Borrower will indemnify and save the Lender harmless from all loss, cost, damage, liability or expenses (including, without limitation, court costs and reasonable out-of-pocket attorneys' fees) that the Lender may sustain or incur (a) by reason of defending or protecting its liens and security interests in the collateral securing the Loan(s) or the priority thereof, (b) in enforcing or

collecting the Obligations, or (c) in the prosecution or defense of any action or proceeding concerning any matter growing out of or in connection with the Loan, this Agreement, the other Loan Documents or any other documents, instruments or agreements now or hereafter executed in connection with the Loan, this Agreement, the other Loan Documents, the Obligations or the Collateral. This indemnity shall survive the repayment of the Obligations, and the termination of any agreement by the Lender to make the Loan to the Borrower.

[Remainder of Page Intentionally Left Blank- Signature Pages to Follow]

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed as a document under seal by its proper and duly authorized officer as of the date first set forth above.

BORROWER:
FLOW BEVERAGE CORP.

LENDER:
NFS LEASING CANADA LTD.

By: _____
Nicholas Reichenbach, Chief Executive Officer

By: _____
Dana Calumby, Chief Financial Officer

Acknowledged and agreed:
GUARANTORS:

FLOW WATER, INC., as a Guarantor

By: _____
Nicholas Reichenbach, Chief Executive Officer

FLOW BEVERAGES INC., as a Guarantor

By: _____
Nicholas Reichenbach, Chief Executive Officer

2446692 ONTARIO LIMITED, as a Guarantor

By: _____
Nicholas Reichenbach, Chief Executive Officer

FLOW GLOW BEVERAGES INC., as a Guarantor

By: _____
Nicholas Reichenbach, Chief Executive Officer

SCHEDULE 2.1
FORM
AUTHORIZATION FOR ADVANCE

Date: _____

FLOW BEVERAGE CORP. (the “**Borrower**”) and NFS LEASING CANADA LTD. (together with its successors and assigns, the “**Lender**”) are parties to that certain Interim Financing Loan Agreement (as amended, restated, supplemented, replaced or otherwise modified from time to time, the “**IFA**” capitalized terms used herein without definition shall have the meanings as set forth in the IFA) dated January 12, 2024, providing for interim financing of Equipment to be leased to Borrower under the Equipment Lease.

In accordance with the IFA, Borrower hereby requests that Lender fund an Advance in the principal amount of \$_____ to be used to make certain payments due to the Vendor (the “**Current Advance**”). Borrower hereby certifies to Lender that:

- (a) each of the representations and warranties made by the Borrower in the IFA, and each other Loan Document are true and correct on and as of the date hereof as if made on the date hereof, except to the extent that (i) any change to the representations and warranties has been disclosed to NFS in writing and accepted by NFS, or (ii) any representation and warranty is stated to be made as of a particular time; and
- (b) on and as of the date hereof, no Event of Default exists, or will result in funding of the Current Advance.

Borrower irrevocably authorizes and directs Lender to disburse the proceeds of the Current Advance on the date set forth below by wire transfer of funds to the account(s) and payee(s) indicated below. Borrower acknowledges and agrees that the disbursements are being made strictly on the basis of the information set forth below and in the event such information is inaccurate, Borrower shall be liable for any and all losses, costs and expenses arising from any inaccuracy in such information. Borrower agrees that a credit to its account with Lender pursuant to this Authorization for Advance shall constitute full receipt by Borrower of the funds hereby requested.

Current Advance: \$_____
Funding Date: _____, 2024

To _____ in the amount of \$_____ in accordance with the following wire instructions:

Bank:

ABA/Routing:
Account Name:
Account No.:
Reference:

BORROWER:
FLOW BEVERAGE CORP.

By: _____
Nicholas Reichenbach, Chief Executive Officer

SCHEDULE 5.1
MATERIAL ASSESSMENTS, CLAIMS, AND LITIGATION

A. Tax Assessments

B. Pending or Threatened Litigation

SCHEDULE 6.1 (b)
LICENSES

SCHEDULE 6.1 (e)
PERMITTED LIENS

AMENDED AND RESTATED INTERIM FINANCING LOAN AGREEMENT

THIS AMENDED AND RESTATED INTERIM FINANCING LOAN AGREEMENT (this “**Agreement**”) dated May 1, 2024, is between FLOW BEVERAGE CORP., a corporation formed under the Canada Business Corporations Act having a principal place of business at 155 Industrial Parkway South, Aurora, ON L4G 3G6, Attention: Nicholas Reichenbach, CEO, Trent McDonald, CFO, nicholas@flowhydration.com and trent.macdonald@flowhydration.com (the “**Borrower**”), and NFS Leasing Canada Ltd., having an office at Suite 3200, Bay Adelaide Centre – North Tower, 40 Temperance Street, Toronto, ON M5H 0B4, Attention: Legal Department, Email: Legal@NFSLeasing.com (together with its successors and assigns, the “**Lender**”).

WHEREAS, Lender is engaged in the equipment leasing business and Borrower desires to lease certain equipment which is to be used by Borrower in connection with its business operations;

WHEREAS, the parties anticipate that Lender will be required to advance, by way of payments to the Vendor (below defined), in an amount of ONE MILLION, TWO HUNDRED SIXTY-THREE THOUSAND, SEVEN HUNDRED NINETY-ONE AND 73/100 CAD (\$1,263,791.73) in connection with the purchase and installation of the equipment prior to the commencement of the Equipment Lease (below defined);

WHEREAS, the parties are entering into this Agreement to provide for Borrower’s repayment to Lender of all amounts paid by Lender to the Vendor; and

NOW THEREFORE, in consideration of the extension of credit by the Lender to the Borrower, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Borrower, the parties covenant and agree as follows:

1. **Definitions.**

1.1 **Defined Terms.** As used in this Agreement, the following terms shall have the meanings set forth below:

“**Advance**” any payment under this Agreement made by the Lender to any Vendor(s) pursuant to Section 2.1 of this Agreement.

“**Affiliate**” means, as to Borrower, individually and collectively, as of this date and/or subsequent to this date, any other person(s), trust, limited liability company, limited liability partnership, corporation(s) or other entity or entities which directly or indirectly control, or is controlled by, or is under common control with the Borrower, and/or any member or relative of any member of the Borrower.

“**Collateral**” means collectively, the Equipment, “Collateral” as defined in the Security Documents, and any other collateral given by, or on behalf of, the Borrower in connection with this Agreement, whether pursuant to Section 3.1 or otherwise, whether as of this date or subsequent to this date.

“**Equipment**” means all equipment leased to Borrower by Lender under the Equipment Lease.

“**Equipment Lease**” means the Master Equipment Lease Number: 2023-0256 dated as of September 22, 2023, between Borrower as Lessee and Lender as Lessor.

“**Event of Default**” means as defined in Section 7.1.

“Guarantee(s)” means those certain Guarantee Agreements dated on or about the date hereof by each Guarantor in favor of Lender to guarantee the payment and performance of the Obligations.

“Guarantor(s)” means jointly and severally Flow Water Inc., Flow Beverages Inc., 2446692 Ontario Limited, Flow Glow Beverages Inc., and each other Person executing a guaranty in favor of Lender with respect to the Obligations.

“IFRS” means International Financial Reporting Standards issued by the IFRS Foundation and the International Accounting Standards Board. If Borrower, or the party to which references to IFRS are intended to apply, has adopted those Generally Accepted Accounting Principles which are recognized as being generally accepted in Canada from time to time as set out in the handbook published by the Canadian Institute of Chartered Accountants (**“GAAP”**), then the applicable references in this Agreement to IFRS may be interpreted to mean GAAP, but only if Lender has consented to such change.

“Indebtedness” means the total of all obligations of a Person, whether current or long-term, which in accordance with IFRS would be included as liabilities upon such Person’s balance sheet at the date as of which Indebtedness is to be determined, and shall also include guarantees, endorsements (other than for collection in the ordinary course of business) or other arrangements whereby responsibility is assumed for the obligations of others, whether by agreement to purchase or otherwise acquire the obligations of others, including any agreement, contingent or otherwise, to furnish funds through the purchase of goods, supplies or services for the purpose of payment of the obligations of others.

“Lien” means, any mortgage, pledge, assignment, lien, charge, encumbrance or security interest of any kind whatsoever, or the interest of a vendor or lessor under a conditional sale, title retention or lease for a term of more than one year (as defined in the PPSA).

“Loan(s)” means, any Advance made by Lender to the Vendor or otherwise on account of the Equipment, and Borrower’s obligation to repay such amounts to the Lender under this Agreement or any of the other Loan Documents.

“Loan Documents” means, collectively, this Agreement, the Security Documents, each Guarantee, and each and all documents executed and/or delivered to the Lender as of this date and hereafter in connection with the Loan, all as may be modified, amended, substituted and/or restated.

“Material Adverse Change” means any event, fact, circumstance, change in, or effect on, the business of the Borrower which, individually or in the aggregate, on a cumulative basis with any other circumstances, changes in, or effect on the Borrower or its respective assets which:

- (a) is, or could be reasonably expected to be, materially adverse to the business, operations, assets or liabilities (including, without limitation, contingent liabilities), employee relationships, customer or supplier relationships, results of operations or the condition (financial or otherwise), or prospects of the Borrower;
- (b) could be reasonably expected to materially adversely affect the ability of the Borrower to operate or conduct business in all material respects in the manner in which they are currently operated or conducted by the Borrower, or to perform its obligations under the Loan Documents; or
- (c) could be reasonably expected to have a material adverse effect or result in an adverse change in value, enforceability, collectability or the nature of its assets.

“Non-Commencement Fee” means a fee equal to twenty percent (20%) of the aggregate amount of Advances made by Lender, due from Borrower to Lender as set forth herein.

“Obligations” means all loans, advances, debts, liabilities, obligations, agreements, undertakings, covenants and duties owing or to be performed or observed by the Borrower to or in favor of Lender in connection with the Loan, of every kind and description (whether or not evidenced by any note or other instrument; for the payment of money under any of the Loan Documents; arising out of this Agreement or any other agreement between the Lender and the Borrower evidencing the Loan, or any other instrument in favor of the Lender in connection with the Loan; arising out of or relating to transactions described herein), direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising, including without limitation all interest, fees, charges, and amounts chargeable to the Borrower under this Agreement.

“Permitted Indebtedness” shall mean any Indebtedness incurred by Borrower on or after the date of this Agreement which has been approved by Lender in accordance with Section 6.1 (d).

“Permitted Liens” means such of the following as to which no enforcement, collection, execution, levy or foreclosure proceeding shall have been commenced and be continuing (unless such enforcement, collection, levy or foreclosure is being contested by the Borrower in good faith by appropriate proceedings diligently conducted and for which adequate reserves are being maintained in accordance with IFRS): (a) Liens for taxes, assessments and other governmental charges or levies or the claims or demands of landlords, carriers, warehousemen, mechanics, laborers, materialmen and other like Persons arising by operation of law in the ordinary course of business for sums which are not yet due and payable or are being disputed in good faith, (b) deposits or pledges (other than Liens on Borrower's receivables) to secure the payment of worker's compensation, unemployment insurance or other social security benefits or obligations, public or statutory obligations, surety or appeal bonds, bid or performance bonds, or other obligations of a like nature incurred in the ordinary course of business, (c) zoning restrictions, easements, encroachments, licenses, restrictions or covenants on the use of any Property which do not materially impair either the use of such Property in the operation of the business of Borrower or the value of such Property, (d) inchoate Liens arising under a Canadian Pension Plan to secure current service pension liabilities as they are incurred under the provisions of employee benefit plans from time to time in effect which are not due and owing, and (e) rights of general application reserved to or vested in any governmental authority to control or regulate any Property, or to use any Property in a manner which does not materially impair the use of such Property for the purposes for which it is held by the Borrower, provided that the foregoing Liens under clauses (a) through (d) hereof do not secure liabilities in excess of \$200,000.00 in the aggregate at any time, and provided, further that Permitted Liens shall not include any Lien securing Indebtedness or than in favor of the Lender.

“Person” means an individual, corporation, limited liability company, partnership, limited liability partnership, joint venture, trust, or or unincorporated organization or other business entity, or a government or any agency or political subdivision thereof.

“PPSA” means the Personal Property Security Act (Ontario) or any substantially similar legislation applicable to the Borrower in any other jurisdiction.

“Security Agreement” means that certain General Security Agreement dated December 30, 2022, by the Borrower in favor of the Lender, granting to the Lender a first priority security interest in all assets of the Borrower, as such may be amended, restated, supplemented, replaced, or otherwise modified from time to time.

“**Security Documents**” has the meaning ascribed to such term in the Term Loan and Security Agreement.

“**Subsidiary**” or “**Subsidiaries**” means any partnership, corporation, association, trust, limited liability company or partnership or other business entity which the Borrower shall at any time own directly or indirectly through a Subsidiary or Subsidiaries at least a majority of the outstanding voting interests.

“**Term Loan and Security Agreement**” means that certain Term Loan and Security Agreement dated December 30, 2022, among the Borrower, Lender, and the additional parties thereto from time to time, as such may be amended, restated, supplemented, replaced, or otherwise modified from time to time.

“**Vendor**” means collectively Simmtech Process Engineering Ltd., Tetra Pak Canada Inc., Neogen Corporation (CA), Valley Mechanical Inc., DEMA Industries Limited, Naylor Building Partnerships Inc., BRG Inc. (1707277 Ontario Inc.), Trade-Mark Industrial, Inc., Sheridan Electric Services Ltd., Weber Marking System – Canada, VWR International Co. (CA), The Equipment Kings, True Concrete Solutions Inc., and 1568234 Ontario Inc (Gourmet Brew Solutions) who will be providing the Equipment and related installation services, as well as any other person or entity, not yet identified, who provides any such Equipment or related services.

1.2. Use of Defined Terms. Any defined term used in the plural preceded by the definite article shall be taken to encompass all members of the relevant class. Any defined term used in the singular preceded by “any” shall be taken to indicate any number of the members of the relevant class. All references to Borrower in this Agreement shall be deemed to include, where the context permits, any Subsidiary of Borrower. Unless the context of this Agreement otherwise clearly requires, references to the plural include the singular, the singular the plural and the part the whole, and “or” has the inclusive meaning represented by the phrase “and/or”.

2. **Interim Financing.**

2.1 General Terms. Pursuant to this Agreement, the Lender agrees to purchase the Equipment and the related services and to use the proceeds from each Advance pay to the Vendor such amounts in accordance with the purchase order documents or other agreements between the Lender and Vendor with respect to ordering, delivery and installation of the Equipment as a condition precedent to the commencement of the Equipment Lease. It is anticipated by the parties that the aggregate amount of Advances to be made by Lender to the Vendor hereunder will be in the amount of ONE MILLION, TWO HUNDRED SIXTY-THREE THOUSAND, SEVEN HUNDRED NINETY-ONE AND 73/100 CAD (\$1,263,791.73). Any Advance made by Lender to Vendor under this Agreement shall require authorization by Borrower in the form attached hereto as Schedule 2.1.

2.2 Interest. Interest on the Advances shall accrue interest from the date of the first Advance through the date of repayment at the rate of fourteen percent (14%) per annum based upon a 365-day year. In the event that any interest or other payment payable hereunder would result in a payment in an amount or calculated at a rate that would be in violation in applicable law, then despite that provision, the amount or rate will be deemed to have been adjusted retroactively to the maximum amount or rate, as applicable, as would not be prohibited by applicable law or would not result in the Lender receiving a criminal rate.

2.3. Payments and Unconditional Nature of Obligations

2.3.1 Payments.

a. Borrower shall make monthly payments of interest only on each Advance, which shall be due and payable in arrears commencing on the first day of the first full calendar month after the funding date of each Advance, and thereafter, on the first day of each consecutive calendar month thereafter, until the earlier of (i) “Commencement Date” as defined and specified in the Equipment Lease, and (ii) the occurrence of an Event of Default. If an Advance is funded on a date other than the first date of any calendar month, a prorated amount of interest on the Advance shall accrue from the funding date of such Advance and shall be due and payable in arrears upon the first day of the first full calendar month after the funding date of the Advance.

b. Provided that the interest payments are timely made and the Commencement Date under the Equipment Lease occurs on or before August 1, 2024 Borrower’s obligations under this Agreement shall be replaced by Borrower’s obligations as Lessee under the Equipment Lease, in which event this Agreement shall be deemed to have been satisfied in full. In the event that, for any reason, the Equipment Lease does not commence on or before August 1, 2024, Borrower shall immediately pay to Lender the sum of, the Non-Commencement Fee, *plus* all accrued and unpaid interest on the Advances, *plus* the aggregate outstanding principal amount of the Advances paid by Lender to the Vendor or otherwise on account of the Equipment, *less* any refunds made by Vendor to Lender.

2.3.2 Unconditional Nature of Borrower’s Obligations. Borrower acknowledges that Borrower has selected the Equipment and the Vendor without any input or influence by Lender. Borrower’s Obligations under this Agreement and the Loan Documents are unconditional irrespective of: (a) the failure of any Vendor to provide any of the Equipment or any related services; (b) any delays in the delivery of any Equipment to Borrower or related installation or other services; (c) any defects in any of the Equipment or failure of any of the Equipment to perform as expected by Borrower; or (d) any damage, destruction or casualty of any kind or description to any of the Equipment, provided Borrower shall be credited with any amounts paid to Lender on account of any such casualty loss.

2.4 Notations Reflecting Loan. The Borrower hereby irrevocably authorizes the Lender to make or cause to be made on the books of the Lender, at or following the time of making each Advance on account of the Equipment and of receiving any payment of interest or principal, an appropriate notation reflecting such transaction and the then aggregate unpaid interest and principal due from Borrower to Lender. The amount so noted, and other regular entries by the Lender on its books with respect to interest and other charges, shall constitute presumptive evidence as to the amount owed by the Borrower with respect to principal of the Loan and with respect to interest and other charges, absent manifest error.

2.5 Borrower’s Designation. The Borrower hereby designates Nicholas Reichenbach, CEO, nicholas@flowhydration.com, and Trent McDonald, CFO, trent.macdonald@flowhydration.com to act on behalf of the Borrower with respect to any correspondence and/or notices between the Borrower and the Lender under any of the Loan Documents. Notices to the Borrower may be sent care of the Borrower, to the address set forth in the preamble to this Agreement, or such other address as the Borrower may designate in writing delivered to the Lender in accordance with the terms of this Agreement.

3. **Security for Loan.**

3.1. The Obligations under the Loan shall be secured by the Security Documents and the other Loan Documents, as applicable.

4. **Conditions to Loan.**

4.1. Information to be Provided to Lender. Lender's obligation make Advances is conditioned upon the Lender's receipt of: (i) a true and correct copy of the organizational documents of the Borrower, in the case of articles of incorporation and by-laws (or the equivalent), certified by an officer of the Borrower; (ii) certificates of good standing (or the equivalent) in each such jurisdiction where the Borrower carries on business; (iii) a certificate of an officer of the Borrower as to the incumbency and authority of the Persons signing the Loan Documents on behalf of the Borrower; (iv) the duly executed Loan Documents and all registrations under the PPSA to perfect the Lender's rights under the Security Agreement; (v) the necessary certificates of insurance required by either Equipment Lease or the Security Agreement and the Loan Documents; and (vi) the execution and/or delivery of all other documentation and information required by Lender in connection with the Loan Documents or the Equipment Lease.

4.2. Additional Conditions to Loan by Lender. The funding of a Loan is further conditioned upon the following: (i) the Borrower's representations and warranties herein shall be true and correct as of the date of such Loan; (ii) there shall exist no Event of Default nor any event which, with notice or lapse of time or both, would become such an Event of Default; (iii) there shall have occurred no Material Adverse Change in the financial condition, business or prospects of the Borrower or the Guarantor since the date of the last financial statements provided to the Lender; (iv) if it shall have so requested, the Lender shall have received a certificate signed by the Borrower as to the foregoing, (v) the Lender shall have reviewed and be satisfied with all closing conditions imposed upon Borrower. Its acceptance of the Loan shall constitute the Borrower's representation and warranty to the effect set forth in clauses (i), (ii) and (iii) above.

5. **Representations and Warranties.**

5.1. The Borrower represents and warrants to the Lender that it is a duly organized, validly existing corporation, in good standing under the laws of its jurisdiction of incorporation is in good standing and is duly qualified to do business and is in good standing under the laws of each other jurisdiction in which its business is conducted or properties owned requiring such qualification. The Borrower further represents and warrants as to itself that: (a) it has full power to enter into and perform this Agreement, and the other Loan Documents to which it is a party and has taken all necessary action to authorize, or to cause, the execution, delivery and performance of this Agreement and the other Loan Documents to which it is a party; (b) this Agreement, and the other Loan Documents to which it is a party constitute the legal, valid and binding obligations of the Borrower, enforceable in accordance with their respective terms; (c) the execution, delivery and performance of this Agreement, and the other Loan Documents will not violate any provision of any existing law or regulation applicable to it or its governing documents or of any order or decree of any court, arbitrator or governmental authority or of any contractual undertaking to which it is a party or by which it may be bound; (d) no consents, licenses, approvals or authorizations of, exemptions by or registrations or declarations with, any governmental authority are required with respect to this Agreement, or the other Loan Documents, which shall not have been obtained by the closing of this Loan; (e) the Borrower has filed all income and other material tax returns required to be filed by it and has paid all taxes due under this Agreement or under any assessment received by it, other than those set forth on Schedule 5.1 or those being contested in good faith by appropriate proceedings and where appropriate reserves have been established; (f) except as set forth on Schedule 5.1 attached hereto, there is no assessment, claim, action, suit or proceeding pending against, or to the Borrower's actual knowledge threatened in writing against or affecting the Borrower before any court, arbitrator or governmental authority in which there is a reasonable possibility of an adverse decision which could affect materially the business or financial condition of the Borrower or any of its ability to enter into and perform its obligations under this Agreement, or the other Loan Documents; and (g) the Borrower's balance sheets and the related statements of operations for the fiscal period then ended last provided to Lender, fairly

present the financial condition and results of operations of the Borrower as of such date and for such period, and there has occurred no Material Adverse Change since such date.

5.2 Subsidiaries. The Guarantors comprise all of the Borrower's Subsidiaries.

6. **Covenants of Borrower.**

6.1. Covenants. The Borrower covenants and agrees with the Lender as follows:

a. Loan Payments. The Borrower shall pay all amounts due under this Agreement at the times and places and in the manner provided for herein, and promptly pay when due all other amounts owing to the Lender with respect to fees and otherwise as required by the Loan Documents.

b. Licenses etc. The Borrower shall preserve its existence as it is as of the date of this Agreement, and all licenses and franchises necessary or convenient for its business as currently operated and as set forth on **Schedule 6.1 (b)**; comply with all applicable laws and regulations; maintain all material property necessary or useful in its business as currently operated in good working order and repair reasonable wear and tear and insured casualty excepted; and pay when due all taxes and all lawful claims which otherwise might result in liens on its property.

c. Merger; Ownership. The Borrower shall not merge or consolidate with any Person or sell any material assets, except in the ordinary course of business. There shall occur no change in the controlling management of the Borrower, and there shall be no change of Borrower's majority ownership permitted at any time the Loan remains outstanding.

d. Indebtedness. On and after the date of this Agreement, the Borrower shall not incur or become liable for any Indebtedness in addition to the Indebtedness disclosed to Lender on the date hereof, without the Lender's prior written consent (which consent shall be within the Lender's sole discretion).

e. Liens. The Borrower shall not create, permit to be created or suffer to exist any security interest, mortgage, lien or other encumbrance upon any material asset or property of the Borrower, except liens securing the Indebtedness of the Loan, the Indebtedness of the Term Loan and Security Agreement, and Permitted Liens.

f. Loans. The Borrower shall not make any loans or advances to (or guaranty or become contingently liable for obligations of any Person), except (i) endorsement of negotiable instruments for deposit or collection in the ordinary course of business, (ii) customary advances for reimbursable employee business expenses in the ordinary course of business, and (iii) as related to Permitted Indebtedness.

g. Investments. The Borrower shall not make any investments in securities or obligations of another Person except deposits with or under the control of the Lender or financial institutions approved by the Lender, guaranteed investment certificates issued by the Government of Canada or Canada Savings Bonds and provided that Borrower executes and delivers to the Lender such documents as the Lender requires to maintain a properly perfected security interest in such assets.

h. Event of Default. The Borrower shall immediately notify the Lender upon the Borrower's actual knowledge of the occurrence of any Event of Default or any event that, with notice or lapse of time or both, would become such an event.

i. Taxes. The Borrower will pay and discharge all taxes, assessments and governmental charges or levies imposed upon it, or upon its income or profits, or upon any properties belonging to it, prior to the date on which penalties or interest would attach thereto, and all lawful claims which, if unpaid, might become a Lien upon any property of the Borrower; provided that the Borrower shall not be required to pay any such tax, assessment, charge, levy or claim which is being contested in good faith and by proper proceedings which serve as a matter of law to stay the enforcement of any remedy of the taxing authority or claimant and as to which the Borrower shall have set aside on its books adequate reserves satisfactory to the Lender.

j. Insurance. The Borrower shall maintain insurance with responsible and reputable insurance companies or associations reasonably satisfactory to the Lender in such amounts and covering such risks as shall be reasonably satisfactory to the Lender from time to time consistent with common commercial lending practice for similar loans and collateral within the geographical area in which any of the Collateral is located, but in any event in amounts sufficient to prevent the Borrower from becoming a co-insurer. The Borrower shall keep all inventory, equipment, furnishings and other tangible personal property owned by it and kept or used therein in connection with the business as currently operated fully insured against fire, lightning and extended coverage perils and against such other risks as the Lender may from time to time reasonably require consistent with common commercial lending practice for similar loans and collateral within the geographical area in which any of the Collateral is located, in an amount equal to the aggregate full insurable value thereof. The Borrower shall in addition ensure compliance with the requirements of the Security Agreement with respect to insurance.

k. Asset Sales. Sales of assets by the Borrower shall only be permitted with the Lender's prior written consent, except for: (i) sales in the Borrower's ordinary course of business, and (ii) sales of equipment, furniture or other tangible personal property deemed obsolete or which is replaced by other equipment, furniture or tangible personal property (as is applicable) of equal or greater value.

l. Transactions with Affiliates. Transactions by the Borrower with shareholders, officers or Affiliates shall not be permitted except on an "arms-length" basis on terms no less favorable than those which might be obtained at the time from Persons who are not such a shareholder, officer or Affiliate.

m. Field Examinations. At all times that any part of the Loan is outstanding, and otherwise upon an Event of Default, the Lender shall be entitled to conduct field audits of the Borrower at Borrower's sole reasonable cost, provided that prior to an Event of Default, the Lender shall give the Borrower not less than three (3) business days prior written notice.

n. Inspections. The Borrower shall permit the Lender and/or its designees to discuss the affairs, finances and accounts of the Borrower with its officers, representatives, its accountants upon prior written notice of not less than three (3) business days (except upon the occurrence of an Event of Default) to visit and inspect the Collateral and other property of the Borrower, and to examine and make copies of and take abstracts from the books and records of the Borrower. If any of the Borrower's properties, books or records is in the possession of a third party, the Borrower shall promptly upon Lender's request (but no later than two (2) business days following each such request), authorize that third party to permit the Lender or its agents to have access to perform inspections or audits and to respond to the Lender's requests for information concerning such properties, books and records.

o. Other Information. The Borrower shall provide the Lender with such other information as the Lender may from time-to-time reasonably request related to the Borrower's financial condition, the Collateral or the operation of the Borrower's business as currently operated.

7. Events of Default; Remedies.

7.1 Events of Default. The occurrence of any of the following events shall constitute an “Event of Default” under this Agreement.

a. Borrower shall fail to pay any principal, interest, fees, expenses or other Obligations when payable, whether at stated maturity, by acceleration, or otherwise and such default continues for a period of ten (10) days; or

b. The Borrower shall default in the performance of any term, covenant or agreement contained in this Agreement or other Loan Documents (other than a default under Section 7.1(a) above), an such default continues for a period of ten (10) days; or

c. Any material representation or warranty of the Borrower contained herein or in any of the other Loan Documents shall at any time prove to have been incorrect in any material respect when made or any representation or warranty made by the Borrower in connection with the execution and delivery of this Agreement or any other instrument, document, certificate or statement executed and delivered in connection with any Loan shall at any time prove to have been incorrect in any material respect when made; or

d. a Security Document shall for any reason cease to create a valid and perfected first priority Lien on the Collateral (subject to Permitted Liens) purported to be covered thereby; or

e. There shall occur any default in the payment or performance of any term or condition contained in any of the Permitted Indebtedness or commencement of rights and remedies of any holder of any Permitted Liens, which is not remedied within applicable grace and cure periods related thereto; or

f. Any default shall exist and remain unwaived or uncured with respect to any material Indebtedness of the Borrower, or any such material Indebtedness shall not have been paid when due (but after passage of applicable grace and cure periods without remedy), whether by acceleration or otherwise, or shall have been declared to be due and payable prior to its stated maturity, or any event or circumstance shall occur which permits, or with the lapse of time or giving of notice or both would permit, the acceleration of the maturity of any such material Indebtedness by the holder or holders thereof; or

g. The Borrower shall be dissolved, shall become insolvent or bankrupt or shall cease paying its debts as they mature or shall make an assignment for the benefit of creditors; or a trustee, receiver or liquidator shall be appointed for the Borrower or for a substantial part of the property of the Borrower; or bankruptcy, reorganization, arrangement, insolvency or similar proceedings shall be instituted by or against the Borrower under the laws of any jurisdiction (provided that, if involuntary, such proceedings shall not be an Event of Default unless they are not stayed or dismissed within forty-five (45) days); or

h. Any execution or similar process claiming an amount in excess of \$50,000.00 shall be issued or levied against the Borrower or any of its property and such writ, attachment, execution or similar process shall not be paid, released, vacated or fully bonded within twenty (20) days after its issue or levy; or any writ of attachment or trustee process shall be served upon the Lender relating to goods, effects or credits of the Borrower in the possession of or maintained with the Lender; or

i. The Borrower shall suffer any Material Adverse Change or shall suffer substantial loss, theft, taking, damage or destruction to or of any of its property, not covered by insurance; or

j. There shall be entered against the Borrower any final judgment not covered by insurance in excess of \$50,000.00; or

k. The Borrower shall become liable (beyond all applicable appeals) under federal or state law for environmental remediation or other measures, the cost of compliance with which is not covered by insurance; or

l. Entry of any court order against the Borrower which enjoins, restrains or in any way prevents the Borrower from conducting all or any material part of its business activities as currently conducted by the Borrower, or materially interferes with the ownership, use or occupation of any of its assets, which court order is not rescinded or dismissed within ten (10) days of its issuance; or

m. The criminal conviction or indictment of the Borrower or the entry of any judgment against the Borrower (in both instances, beyond applicable appeals) for any act involving moral turpitude, dishonesty, theft, unethical business conduct which, in the sole reasonable discretion of the Lender, impairs or injures the reputation of the Borrower or harms the Borrower in any way; or

n. Any default shall exist under the Term Loan and Security Agreement; or

For purposes of clauses (i), (j) and (k) above, a loss or liability shall not be deemed to be “not covered by insurance,” notwithstanding that the insurer has not paid the claim, if a claim has been submitted in writing and the Borrower reasonably believes that it is covered by the relevant insurance, provided that any claim not paid or agreed to be covered by the insurer within one hundred twenty (120) days after it is submitted shall be deemed to be not covered by insurance.

7.2. Rights and Remedies on Default. Upon the occurrence of any Event of Default and at any time thereafter, in addition to any other rights and remedies available to the Lender under this Agreement or otherwise, the Lender may exercise any one or more of the following rights and remedies (all of which shall be cumulative):

a. Declare the entire unpaid principal amount due Lender then outstanding, all interest accrued and unpaid thereon and all other amounts payable under this Agreement, and all other Indebtedness of the Borrower to the Lender due under or in connection with this Agreement or the Loan Documents, to be forthwith due and payable, whereupon the same shall become forthwith due and payable, (except with respect to any Event of Default specified in Section 7.1(g), in which case all Obligations shall automatically become immediately due and payable) without presentment, demand, protest or notice of any kind, all of which are hereby expressly waived by the Borrower.

b. Enforce the provisions of this Agreement and/or the other Loan Documents by legal proceedings for the specific performance of any covenant or agreement contained herein or therein or for the enforcement of any other appropriate legal or equitable remedy, and the Lender may recover damages caused by any breach by the Borrower of the provisions of this Agreement or the other Loan Documents, including court costs, reasonable out-of-pocket legal fees and other reasonable out-of-pocket costs and expenses incurred in the enforcement of the obligations of the Borrower under this Agreement.

c. Exercise all rights and remedies under this Agreement and/or under the other Loan Documents and any other agreement with the Lender; and exercise all other rights and remedies which the Lender may have under applicable law.

7.3. Set-off. In addition to any rights now or hereafter granted under applicable law and not by way of limitation of any such rights, upon the occurrence of any Event of Default, the Lender is hereby

authorized at any time or from time to time, without presentment, demand, protest or other notice of any kind to the Borrower, all of which are hereby expressly waived, to set off and to appropriate and apply any and all deposits (general or special) and any other Indebtedness at any time held (directly or indirectly) or owing by the Lender to or for the credit or the account of the Borrower against and on account of the obligations and liabilities of the Borrower to the Lender under this Agreement or otherwise, irrespective of whether or not the Lender shall have made any demand under this Agreement and although said obligations, liabilities or claims, or any of them, may then be contingent or unmatured and without regard for the availability or adequacy of other collateral. The Borrower also grants to the Lender a security interest with respect to all its deposits and all securities or other property in the possession or under the control of the Lender from time to time, and, upon the occurrence of any Event of Default, the Lender may exercise all rights and remedies of a secured party under the PPSA with respect thereto.

8. Assignment.

This Agreement shall inure to the benefit of and be binding upon the parties' respective successors and assigns, provided that the Borrower may not assign any rights or obligations under this Agreement without the prior written consent of the Lender. It is agreed that the Lender may grant to third parties participations in the Loan under this Agreement.

9. Interpretation, Etc.

This Agreement and the other Loan Documents constitute the entire agreement of the parties with respect to the subject matter hereof and supersede any prior correspondence or agreements relating thereto. The headings herein are for convenience of reference only and shall not affect the interpretation hereof. No provision of this Agreement, or the other Loan Documents may be amended or waived except by a written instrument signed by the party or parties to be charged. No failure or delay by the Lender in exercising any right, power or privilege under this Agreement or under this Agreement shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other right, power or privilege. The rights and remedies herein and therein provided shall be cumulative and not exclusive of any rights or remedies provided by law. If any provision hereof or thereof is prohibited or unenforceable in any jurisdiction, the same shall not affect the remaining provisions hereof and thereof nor affect the validity or enforceability of such provision in any other jurisdiction. This Agreement shall remain in effect as long as there remains outstanding any sum hereunder or prior to demand for repayment by Lender or the maturity dates contained herein. This Agreement shall be governed by and construed in accordance with the laws of The Province of Ontario and shall take effect as a sealed instrument. The Borrower irrevocably submits to the exclusive jurisdiction of any Ontario court or any federal court sitting within the Province of Ontario over any suit, action or proceeding arising out of or relating to this Agreement. The Borrower irrevocably waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of venue of any such suit, action or proceeding brought in such a court and any claim that any such suit, action or proceeding has been brought in an inconvenient forum. Notwithstanding the foregoing the Borrower agrees that Lender shall be entitled to protect and/or enforce its rights with respect to any Collateral by bringing an action in any Federal or Provincial court in each jurisdiction in which any such Collateral is located.

10. Notices.

Any notice, request, demand or other communication required or permitted under this Agreement shall be given in writing by delivering the same in person to the intended addressee, under Section 2.5 above, by overnight courier service with guaranteed next day delivery or sent to the Borrower at the applicable address set forth in Section 2.5 of this Agreement, and if to Lender, at 40 King Street West,

Suite 2100, Scotia Plaza, Toronto ON M5H 3C2, or to such different address as the Borrower or the Lender shall have designated by written notice to the other sent in accordance herewith. Copies of all notices shall be sent simultaneously via electronic mail to the Lender at legal@nfsleasing.com and to the Borrower at nicholas@flowhydration.com and trent.macdonald@flowhydration.com. Such notices shall be deemed given on the next business day or other business day specified for delivery.

11. **Costs and Expenses.**

The Borrower agrees to pay on demand all reasonable and customary out-of-pocket costs and expenses (including without limitation, reasonable out-of-pocket legal fees) of the Lender in connection with the preparation, execution and delivery of this Agreement, and the other Loan Documents and any amendments or modifications of any of the foregoing, or in connection with the examination, review or administration of any of the foregoing, as well as the costs and expenses (including, without limitation, the reasonable out-of-pocket fees and reasonable out-of-pocket expenses of legal counsel and independent public accountants) incurred by the Lender in connection with interpreting, administering, preserving, enforcing or exercising any rights or remedies under this Agreement, and any other Loan Documents, all whether or not legal action is instituted.

12. **Counterparts.**

This Agreement and any amendment hereof may be, executed in several counterparts and by each party on a separate counterpart, each of which when so executed and delivered shall be an original, and all of which together shall constitute instrument. In proving this Agreement, it shall not be necessary to produce or account for more than one such counterpart signed by the party against whom enforcement is sought. The counterpart signature pages signed by each party hereto are expressly agreed and acknowledged to be integrated parts of this Agreement.

13. **Joint and Several.**

Borrower agrees that Lender's remedies against any Borrower or Guarantor for breach of this Agreement shall be separate and distinct from its remedies against any other Borrower or Guarantor and any other guarantor or obligor, and Lender may, at its sole option, proceed directly against a Guarantor without first proceeding against Borrower or any other guarantor or obligor. Neither the failure of Lender in any particular instance to insist upon Guarantor's strict performance, nor the granting by Lender of any particular indulgence, forbearance or concession to any Guarantor, individual Borrower, or any other guarantor or obligor, shall operate as a waiver on the part of Lender to thereafter insist upon Guarantor's or any Borrower's strict performance of this Agreement.

14. **Release and Indemnification.** The Borrower hereby unconditionally releases, remises and forever discharges the Lender and all past, present and future officers, directors, shareholders, agents, employees, attorneys, subsidiaries, affiliates, participants, successors and assigns of the Lender from any and all claims, demands and causes of action of any kind, whether known or unknown, arising out of or related to the Loan, this Agreement and/or the other Loan Documents including, without limitation, any so-called "lender liability" claims or defenses which they may have to the effect that the Lender or any of its affiliates, officers, directors, employees, agents or attorneys may have in any way acted or failed to act in such a manner as to cause injury to the Borrower or anyone claiming through the Borrower, from the beginning of time through the date of this Agreement. Except for the Lender's gross negligence, willful misconduct or illegal action, the Borrower will indemnify and save the Lender harmless from all loss, cost, damage, liability or expenses (including, without limitation, court costs and reasonable out-of-pocket attorneys' fees) that the Lender may sustain or incur (a) by reason of defending or protecting its liens and security interests in the collateral securing the Loan(s) or the priority thereof, (b) in enforcing or

collecting the Obligations, or (c) in the prosecution or defense of any action or proceeding concerning any matter growing out of or in connection with the Loan, this Agreement, the other Loan Documents or any other documents, instruments or agreements now or hereafter executed in connection with the Loan, this Agreement, the other Loan Documents, the Obligations or the Collateral. This indemnity shall survive the repayment of the Obligations, and the termination of any agreement by the Lender to make the Loan to the Borrower.

[Remainder of Page Intentionally Left Blank- Signature Pages to Follow]

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed as a document under seal by its proper and duly authorized officer as of the date first set forth above.

BORROWER:

FLOW BEVERAGE CORP.

LENDER:

NFS LEASING CANADA LTD.

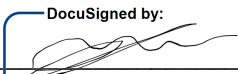
By: 
79E41069B4AE4A8...
Nicholas Reichenbach, Chief Executive Officer

By: _____
Dana Calumby, Chief Financial Officer

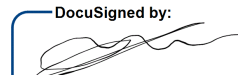
Acknowledged and agreed:

GUARANTORS:

FLOW WATER, INC., as a Guarantor

By: 
79E41069B4AE4A8...
Nicholas Reichenbach, Chief Executive Officer

FLOW BEVERAGES INC., as a Guarantor

By: 
79E41069B4AE4A8...
Nicholas Reichenbach, Chief Executive Officer

2446692 ONTARIO LIMITED, as a Guarantor

By: 
79E41069B4AE4A8...
Nicholas Reichenbach, Chief Executive Officer

FLOW GLOW BEVERAGES INC., as a Guarantor

By: 
79E41069B4AE4A8...
Nicholas Reichenbach, Chief Executive Officer

**SCHEDULE 2.1
FORM
AUTHORIZATION FOR ADVANCE**

Date: _____

FLOW BEVERAGE CORP. (the “**Borrower**”) and NFS LEASING CANADA LTD. (together with its successors and assigns, the “**Lender**”) are parties to that certain Amended and Restated Interim Financing Loan Agreement (as amended, restated, supplemented, replaced or otherwise modified from time to time, the “**IFA**” capitalized terms used herein without definition shall have the meanings as set forth in the IFA) dated May 1, 2024, providing for interim financing of Equipment to be leased to Borrower under the Equipment Lease.

In accordance with the IFA, Borrower hereby requests that Lender fund an Advance in the principal amount of \$_____ to be used to make certain payments due to the Vendor (the “**Current Advance**”). Borrower hereby certifies to Lender that:

- (a) each of the representations and warranties made by the Borrower in the IFA, and each other Loan Document are true and correct on and as of the date hereof as if made on the date hereof, except to the extent that (i) any change to the representations and warranties has been disclosed to NFS in writing and accepted by NFS, or (ii) any representation and warranty is stated to be made as of a particular time; and
- (b) on and as of the date hereof, no Event of Default exists, or will result in funding of the Current Advance.

Borrower irrevocably authorizes and directs Lender to disburse the proceeds of the Current Advance on the date set forth below by wire transfer of funds to the account(s) and payee(s) indicated below. Borrower acknowledges and agrees that the disbursements are being made strictly on the basis of the information set forth below and in the event such information is inaccurate, Borrower shall be liable for any and all losses, costs and expenses arising from any inaccuracy in such information. Borrower agrees that a credit to its account with Lender pursuant to this Authorization for Advance shall constitute full receipt by Borrower of the funds hereby requested.

Current Advance: \$_____
Funding Date: _____, 2024

To _____ in the amount of \$_____ in accordance with the following wire instructions:

Bank:

ABA/Routing:
Account Name:
Account No.:
Reference:

BORROWER:
 FLOW BEVERAGE CORP.

By: _____
 Nicholas Reichenbach, Chief Executive Officer

SCHEDULE 5.1
MATERIAL ASSESSMENTS, CLAIMS, AND LITIGATION

A. Tax Assessments

B. Pending or Threatened Litigation

SCHEDULE 6.1 (b)
LICENSES

SCHEDULE 6.1 (e)
PERMITTED LIENS

This is Exhibit “AA” referred to in the Affidavit of Cliff Rucker sworn by Cliff Rucker of the City of Danvers, in the State of Massachusetts, before me at the City of Toronto, in the Province of Ontario, on September 2, 2025 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

DocuSigned by:

Matthew Cressatti

BA70363424D842D...

Commissioner for Taking Affidavits (or as may be)

MATTHEW CRESSATTI

FIRST AMENDMENT TO SECURITIES PLEDGE AGREEMENT

THIS FIRST AMENDMENT TO SECURITIES PLEDGE AGREEMENT (this “**Amendment**”) effective as of September 22, 2023, is between FLOW BEVERAGE CORP. (the “**Pledgor**”) to and in favour of NFS LEASING CANADA LTD. (together with its successors and assigns, the “**Lender**”).

WHEREAS, the Pledgor and Lender are parties to that certain Securities Pledge Agreement dated as of December 30, 2020 (as amended, restated, supplemented, or otherwise modified from time to time, the “**Pledge Agreement**”), pursuant to which Pledgor, among other terms and conditions thereof, granted a continuing security interest in the Collateral (as defined therein) in favor of Lender (“**Security Interest**”) in connection with that certain Term Loan and Security Agreement dated December 30, 2022 among Pledgor, Lender, and each of the Guarantors named therein (as amended, modified, extended, renewed, supplemented, replaced or restated from time to time, the “**Credit Agreement**”);

WHEREAS, Pledgor and Lender are entering into a Master Lease Equipment Lease No. 2023-0256 dated as of the date hereof (as amended, restated, supplemented with equipment schedules, or otherwise modified from time to time, the “**Master Lease**”) and as a condition to the Lender extending credit to the Pledgor under the Master Lease, the Lender is requiring the Security Interest as credit support for Pledgor’s payment and performance under the Master Lease and each other Lease Document (defined below); and

WHEREAS, Pledgor has requested, and the Lender has agreed, subject to the terms and conditions set forth herein, to amend the Pledge Agreement as expressly set forth below.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. Definitions. Except as otherwise expressly provided herein, capitalized terms used in this Agreement but not defined herein shall have the meanings assigned to such terms in the Credit Agreement.

2. Acknowledgement of Outstanding Obligations under Credit Agreement. The Pledgor acknowledges and agrees that, as of the date hereof the Pledgor is indebted to the Lender under the Credit Agreement.

3. Ratification and Reaffirmation of Obligations and Liens.

(a) The Pledgor hereby ratifies and reaffirms the validity and enforceability of all of the Obligations, the Credit Agreement, and the other Loan Documents to which it is a party, and agrees that its Obligations under the Credit Agreement, the other Loan Documents and this Amendment are its legal, valid and binding obligations enforceable against it in accordance with the respective terms thereof, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors’ rights generally and subject to general principles of equity, regardless of whether considered a proceeding in equity or at law. The Pledgor further acknowledges and agrees that all payments to be made by the Pledgor under the Credit Agreement shall be made without condition or deduction for any counterclaim, defense, recoupment or set-off in accordance with the terms of the Credit Agreement and the other Loan Documents.

(b) The Pledgor hereby ratifies and reaffirms all of the liens heretofore granted pursuant to the Pledge Agreement, Credit Agreement, and other Loan Documents (as in effect on the date hereof) as collateral for the Obligations incurred pursuant to the Credit Agreement and the other Loan Documents, and acknowledges that all of such liens, and collateral heretofore pledged as security for the

Obligations, continues to be and remains collateral for the Obligations from and after the date hereof.

4. Amendments to the Pledge Agreement. Subject to the satisfaction of the conditions precedent specified in Section 5 below, the following amendments shall be incorporated into the Pledge Agreement:

(a) The Recitals to the Pledge Agreement are hereby amended by the addition of the following new recital “D” as follows:

“D. It is a condition precedent to the extension of credit under (i) that certain Master Lease Equipment Lease No. 2023-0256 dated September 22, 2023 between the Pledgor, and Lender, (as amended, restated, supplemented, replaced, or otherwise modified from time to time, the “**Master Lease**”), and (ii) each equipment schedule, interim financing loan agreement, and all other documents, instruments, agreements, each of the foregoing related to the Master Lease (collectively, with the Master Lease, the “**Lease Documents**” and individually, a “**Lease Document**”), that the Pledgor execute and deliver that certain First Amendment to Pledge Agreement dated September 22, 2023 as security for the payment and performance of Pledgor’s obligations and liabilities under the Master Lease and each other Lease Document.”

(b) Section 1.1 “Defined Terms,” of the Pledge Agreement is hereby amended by amending and restating such section in its entirety as follows:

“1.1 Defined Terms

Except as otherwise expressly provided herein, capitalized terms used in this Agreement but not defined herein shall have the meanings assigned to such terms in the Credit Agreement, the other Loan Documents, the Master Lease, and the other Lease Documents.”

(c) Section 4.2 “Voting Rights,” of the Pledge Agreement is hereby amended by amending and restating subsection (a) in its entirety as follows:

“(a) Unless an Event of Default has occurred that is not waived in writing by the Lender, the Pledgor is entitled to exercise all the rights and powers of a holder of such securities including, without limitation, the right to vote from time to time exercisable in respect of the Collateral and to give proxies, consents and waivers in respect thereof. No such action may be taken if it would violate or be inconsistent with the Credit Agreement, any other Loan Document, the Master Lease, any other Lease Document, any other document to which the Pledgor is a party, or this Agreement or any other agreements relating thereto or hereto or would have the effect of reducing the value of the Collateral as security for the Obligations or imposing any restriction on the transferability of any of the Collateral.”

(d) Section 4.3 “Dividends and Interest Payments,” of the Pledge Agreement is hereby amended by amending and restating subsection (b) in its entirety as follows:

“(b) Upon the occurrence of an Event of Default that is not waived in writing by the Lender, all rights of the Pledgor pursuant to Section 4.3(a) shall cease

and the Lender will have the sole and exclusive right and authority to receive and retain all payments that the Pledgor would otherwise be authorised to retain pursuant to Section 4.3(a). All money and other property received by the Lender pursuant to the provisions of this Section 4.3(b) may be applied on account of the Obligations or may be retained by the Lender as additional Collateral hereunder and be applied in accordance with the provisions of the Credit Agreement, any other Loan Document, the Master Lease, and any other Lease Document.”

(e) Section 5.1 “Remedies,” of the Pledge Agreement is hereby amended by amending and restating subsection (d) in its entirety as follows:

“(d) The Lender may apply any proceeds of realisation of the Collateral to payment of reasonable expenses in connection with the preservation and realisation of the Collateral as above described and the Lender may apply any balance of such proceeds to payment of the Obligations in accordance with the terms of the Credit Agreement, any other Loan Document, the Master Lease, and any other Lease Document.”

(f) Section 6.3 “Assignment,” of the Pledge Agreement is hereby amended by amending and restating such section in its entirety as follows:

“6.3 Assignment

The rights, title, benefits and interest of the Lender under this Agreement may only be assigned by the Lender in accordance with the provisions of the Credit Agreement and the Master Lease. The Pledgor may not assign its obligations under this Agreement without the prior written consent of the Lender.”

(g) Section 6.5 “Notices,” of the Pledge Agreement is hereby amended by amending and restating such section in its entirety as follows:

“6.5 Notices

Any demand, notice or other communication to be given in connection with this Agreement shall be given in accordance with the provisions of the Credit Agreement, any other Loan Document, the Master Lease, and any other Lease Document.”

(h) Section 6.11 “Entire Agreement,” of the Pledge Agreement is hereby amended by amending and restating such section in its entirety as follows:

“6.11 Entire Agreement

There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, between the Lender and the Pledgor with respect to the subject matter hereof except as expressly set forth herein or in the (a) Credit Agreement and the Loan Documents delivered in connection with the Credit Agreement, and (b) Master Lease and the Lease Documents delivered in connection with the Master Lease.”

(i) Section 6.13 “Paramountcy,” of the Pledge Agreement is hereby amended by amending and restating such section in its entirety as follows:

“6.13 Paramountcy

In the event of any conflict or inconsistency between the provisions of this Agreement and the Credit Agreement and other Loan Document or the Master Lease and any other Lease Document, notwithstanding anything contained in this Agreement, the provisions contained in the Credit Agreement and other Loan Document or the Master Lease and any other Lease Document shall prevail and be paramount to the extent of such conflict or inconsistency and the provisions of this Agreement shall be deemed to be amended to the extent necessary to eliminate such conflict or inconsistency, it being understood that the purpose of this Agreement is to be consistent with, and not add to or detract from, the rights granted to the Lender.”

5. Conditions Precedent. This Amendment shall not be effective until the first date upon which each of the following conditions precedent have been fulfilled to the satisfaction of Lender:

(a) Lender shall have received in form and substance acceptable to Lender:

(i) fully executed counterparts of this Amendment;

(ii) a fully executed counterparts of the Lease Documents;

(iii) such documents and certifications as the Lender may reasonably require to evidence that the Pledgor is duly organized or formed, and that each of the Pledgor and its Subsidiaries are validly existing, in good standing and qualified to engage in business in each jurisdiction where its ownership, lease or operation of properties or the conduct of its business requires such qualification, except to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect.

(b) Pledgor shall have paid all reasonable fees, charges and disbursements of counsel to the Lender, plus such additional amounts of such fees, charges and disbursements as shall constitute its reasonable estimate of such fees, charges and disbursements incurred or to be incurred by it through the closing proceedings;

(c) the representations and warranties of the Pledgor set forth in Section 6 below, Article 3 of the Pledge Agreement, Article VI of the Credit Agreement and each other Loan Document, Section 19 of the Master Lease and each other Lease Document, shall be true and correct in all material respects (or, to the extent such representation and warranty is qualified by materiality, in all respects) on and as of the date hereof (except to the extent that they refer to an earlier date, in which case they shall be true and correct in all material respects (or, to the extent such representation and warranty is qualified by materiality, in all respects) as of such earlier date); and

(d) after giving effect to this Amendment, no Default or Event of Default shall have occurred and be continuing on date hereof under the Credit Agreement, any other Loan Document, the Master Lease, or any other Lease Document, or would result from this Amendment and the transactions contemplated to occur on the date hereof.

6. Representations and Warranties. The Pledgor hereby represents and warrants to the Lender that (a) the execution, delivery and performance by the Pledgor of this Amendment has been duly

authorized by all necessary corporate or other organizational action, and do not (i) contravene the terms of any of the Pledgor's organization documents; (ii) conflict with or result in any breach or contravention of, or the creation of any Lien (other than Permitted Liens) under, or require any payment to be made under any material order, injunction, writ or decree of any Governmental Authority or any material arbitral award to which the Pledgor, or its property is subject, in each case, where such conflict could reasonably be expected to have a Material Adverse Effect; or (iii) violate any law where such violation could reasonably be expected to have a Material Adverse Effect; (b) this Amendment constitutes a legal, valid and binding obligation of the Pledgor, enforceable against the Pledgor, in accordance with its terms, except as enforcement thereof may be limited by applicable bankruptcy, reorganization, insolvency, fraudulent conveyance, moratorium or similar laws affecting the enforcement of creditor's rights, generally and by general principles of equity (regardless of whether enforcement is considered in a proceeding in law or equity); and (c) this Amendment has been duly executed and delivered by the Pledgor.

7. Release. In consideration of the agreements of the Lender contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Pledgor, on behalf of itself and its successors, assigns, and other legal representatives, hereby absolutely, unconditionally and irrevocably releases, remises and forever discharges the Lender and its successors and assigns, and its present and former shareholders, affiliates, trustees, subsidiaries, divisions, predecessors, directors, officers, attorneys, employees, agents, financing sources, and other representatives (the Lender and all such other Persons being hereinafter referred to collectively as the "**Releasees**" and individually as a "**Releasee**"), of and from all demands, actions, causes of action, suits, controversies, sums of money, damages and any and all other claims, counterclaims, defenses, rights of set-off, demands and liabilities whatsoever (individually, a "**Claim**" and collectively, "**Claims**") of every name and nature, known or unknown, suspected or unsuspected, both at law and in equity, which the Pledgor, or any of its successors, assigns or other legal representatives may now own, hold, have or claim to have against the Releasees or any of them for, upon, or by reason of any circumstance, action, cause or thing whatsoever which arises at any time on or prior to the day and date of this Amendment, for or on account of, or in relation to, or in any way in connection with any of the Credit Agreement, any of the other Loan Documents, the Master Lease, any other Lease Document, or the transactions thereunder or related thereto. The Pledgor understands, acknowledges and agrees that the release set forth above may be pleaded as a full and complete defense and may be used as a basis for an injunction against any action, suit or other proceeding which may be instituted, prosecuted or attempted in breach of the provisions of such release. The Pledgor agrees that no fact, event, circumstance, evidence or transaction which could now be asserted or which may hereafter be discovered shall affect in any manner the final, absolute and unconditional nature of the release set forth herein.

8. Choice of Law. THIS AMENDMENT IS TO BE EXCLUSIVELY CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE INTERNAL LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN WITHOUT GIVING EFFECT TO ANY CHOICE OF LAW RULE OR PRINCIPLE THAT WOULD CAUSE THE APPLICATION OF THE LAWS OF ANY JURISDICTION OTHER THAN THE INTERNAL LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN TO THE RIGHTS AND DUTIES OF THE PLEDGOR AND THE LENDER.

9. Counterparts; Electronic Transmission. This Amendment may be executed in any number of counterparts and by different parties and separate counterparts, each of which when so executed and delivered, shall be deemed an original, and all of which, when taken together, shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page to this Amendment by electronic transmission shall be as effective as delivery of a manually executed counterpart of this Amendment. Any party delivering an executed counterpart of this Amendment by electronic transmission also shall deliver a

manually executed counterpart of this Amendment but the failure to deliver a manually executed counterpart shall not affect the validity, enforceability, and binding effect of this Amendment.

10. Effect on Pledge Agreement. The Pledge Agreement, as amended hereby, and there security interests granted therein, shall be and remain in full force and effect in accordance with its terms and hereby is ratified and confirmed in all respects. The execution, delivery, and performance of this Amendment shall not, except as expressly set forth herein, operate as an amendment or waiver of or forbearance from the exercise of, any right, power or remedy of the Lender, or consent to any action of the Pledgor, any Guarantor, under the Credit Agreement, any other Loan Document, Master Lease, or any other Lease Document, as in effect prior to the date hereof.

11. Miscellaneous.

(a) Upon and after the effectiveness of this Amendment, each reference in the Pledge Agreement to “this Agreement”, “hereunder”, “herein”, “hereof” or words of like import referring to the Pledge Agreement, and each reference in the other Loan Documents, the Master Lease, or any other Lease Document to “the Pledge Agreement”, “thereunder”, “therein”, “thereof” or words of like import referring to the Pledge Agreement, shall mean and be a reference to the Pledge Agreement as modified and amended hereby.

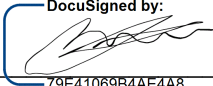
(b) The Pledge Agreement, all other Loan Documents, Master Lease and all other Lease Documents are and shall continue to be in full force and effect and are hereby in all respects ratified and confirmed and shall constitute the legal, valid, binding and enforceable obligations of the Pledgor to the Lender.

[Remainder of Page Intentionally Left Blank; Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed by their respective authorized officers as of the day and year first above written.

PLEDGOR:

FLOW BEVERAGE CORP.

By:  DocuSigned by:
79E41069B4AE4A8...
Nicholas Reichenbach, CEO

LENDER:

NFS LEASING CANADA LTD.

DocuSigned by:
By: Dana Calumby
Dana Calumby, Chief Financial Officer

FIRST AMENDMENT TO SECURITIES PLEDGE AGREEMENT

THIS FIRST AMENDMENT TO SECURITIES PLEDGE AGREEMENT (this “**Amendment**”) effective as of September 22, 2023, is between FLOW WATER INC. (the “**Pledgor**”) to and in favour of NFS LEASING CANADA LTD. (together with its successors and assigns, the “**Lender**”).

WHEREAS, the Pledgor and Lender are parties to that certain Securities Pledge Agreement dated as of December 30, 2020 (as amended, restated, supplemented, or otherwise modified from time to time, the “**Pledge Agreement**”), pursuant to which Pledgor, among other terms and conditions thereof, granted a continuing security interest in the Collateral (as defined therein) in favor of Lender (“**Security Interest**”) in connection with that certain Term Loan and Security Agreement dated December 30, 2022 among Pledgor, Lender, and each of the Guarantors named therein (as amended, modified, extended, renewed, supplemented, replaced or restated from time to time, the “**Credit Agreement**”);

WHEREAS, Flow Beverage Corp., a corporation formed under the Canada Business Corporations Act and an affiliate of Guarantor (the “**Lessee**”) and Lender are entering into a Master Lease Equipment Lease No. 2023-0256 dated as of the date hereof (as amended, restated, supplemented with equipment schedules, or otherwise modified from time to time, the “**Master Lease**”) and as a condition to the Lender extending credit to the Pledgor under the Master Lease, the Lender is requiring the Security Interest as credit support for Pledgor’s payment and performance under the Master Lease and each other Lease Document (defined below);

WHEREAS, Pledgor is delivering that certain Guarantee Agreement dated as of September 22, 2023 in favor of Lender pursuant to (as amended, restated, supplemented, replaced or otherwise modified from time to time, the “**Guarantee**”) which Debtor will guaranty Lessee’s payment and performance obligations under the Master Lease and the other Lease Documents and the Lender is requiring the obligations under the Guarantee to be secured by the Pledge Agreement; and

WHEREAS, Pledgor has requested, and the Lender has agreed, subject to the terms and conditions set forth herein, to amend the Pledge Agreement as expressly set forth below.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. Definitions. Except as otherwise expressly provided herein, capitalized terms used in this Agreement but not defined herein shall have the meanings assigned to such terms in the Credit Agreement.
2. Acknowledgement of Outstanding Obligations under Credit Agreement. The Pledgor acknowledges and agrees that, as of the date hereof the Pledgor is indebted to the Lender under the Credit Agreement.
3. Ratification and Reaffirmation of Obligations and Liens.

(a) The Pledgor hereby ratifies and reaffirms the validity and enforceability of all of the Obligations, the Credit Agreement, and the other Loan Documents to which it is a party, and agrees that its Obligations under the Credit Agreement, the other Loan Documents and this Amendment are its legal, valid and binding obligations enforceable against it in accordance with the respective terms thereof, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors’ rights generally and subject to general principles of equity, regardless of whether considered a proceeding in

equity or at law. The Pledgor further acknowledges and agrees that all payments to be made by the Pledgor under the Credit Agreement shall be made without condition or deduction for any counterclaim, defense, recoupment or set-off in accordance with the terms of the Credit Agreement and the other Loan Documents.

(b) The Pledgor hereby ratifies and reaffirms all of the liens heretofore granted pursuant to the Pledge Agreement, Credit Agreement, and other Loan Documents (as in effect on the date hereof) as collateral for the Obligations incurred pursuant to the Credit Agreement and the other Loan Documents, and acknowledges that all of such liens, and collateral heretofore pledged as security for the Obligations, continues to be and remains collateral for the Obligations from and after the date hereof.

4. Amendments to the Pledge Agreement. Subject to the satisfaction of the conditions precedent specified in Section 5 below, the following amendments shall be incorporated into the Pledge Agreement:

(a) The Recitals to the Pledge Agreement are hereby amended by the addition of the following new recital “D” as follows:

“D. It is a condition precedent to the extension of credit under (i) that certain Master Lease Equipment Lease No. 2023-0256 dated September 22, 2023 between the Pledgor, and Lender, (as amended, restated, supplemented, replaced, or otherwise modified from time to time, the “**Master Lease**”), and (ii) each equipment schedule, interim financing loan agreement, and all other documents, instruments, agreements, each of the foregoing related to the Master Lease (collectively, with the Master Lease, and the Guarantee, the “**Lease Documents**” and individually, a “**Lease Document**”), that the Pledgor execute and deliver that certain First Amendment to Pledge Agreement dated September 22, 2023 as security for the payment and performance of Pledgor’s obligations and liabilities under the Guarantee, Master Lease and each other Lease Document.”

(b) Section 1.1 “Defined Terms,” of the Pledge Agreement is hereby amended by amending and restating such section in its entirety as follows:

“1.1 Defined Terms

Except as otherwise expressly provided herein, capitalized terms used in this Agreement but not defined herein shall have the meanings assigned to such terms in the Credit Agreement, the other Loan Documents, the Master Lease, and the other Lease Documents.”

(c) Section 4.2 “Voting Rights,” of the Pledge Agreement is hereby amended by amending and restating subsection (a) in its entirety as follows:

“(a) Unless an Event of Default has occurred that is not waived in writing by the Lender, the Pledgor is entitled to exercise all the rights and powers of a holder of such securities including, without limitation, the right to vote from time to time exercisable in respect of the Collateral and to give proxies, consents and waivers in respect thereof. No such action may be taken if it would violate or be inconsistent with the Credit Agreement, any other Loan Document, the Master Lease, any other Lease Document, any other document to which the Pledgor is a party, or this Agreement or any other

agreements relating thereto or hereto or would have the effect of reducing the value of the Collateral as security for the Obligations or imposing any restriction on the transferability of any of the Collateral.”

(d) Section 4.3 “Dividends and Interest Payments,” of the Pledge Agreement is hereby amended by amending and restating subsection (b) in its entirety as follows:

“(b) Upon the occurrence of an Event of Default that is not waived in writing by the Lender, all rights of the Pledgor pursuant to Section 4.3(a) shall cease and the Lender will have the sole and exclusive right and authority to receive and retain all payments that the Pledgor would otherwise be authorised to retain pursuant to Section 4.3(a). All money and other property received by the Lender pursuant to the provisions of this Section 4.3(b) may be applied on account of the Obligations or may be retained by the Lender as additional Collateral hereunder and be applied in accordance with the provisions of the Credit Agreement, any other Loan Document, the Master Lease, and any other Lease Document.”

(e) Section 5.1 “Remedies,” of the Pledge Agreement is hereby amended by amending and restating subsection (d) in its entirety as follows:

“(d) The Lender may apply any proceeds of realisation of the Collateral to payment of reasonable expenses in connection with the preservation and realisation of the Collateral as above described and the Lender may apply any balance of such proceeds to payment of the Obligations in accordance with the terms of the Credit Agreement, any other Loan Document, the Master Lease, and any other Lease Document.”

(f) Section 6.3 “Assignment,” of the Pledge Agreement is hereby amended by amending and restating such section in its entirety as follows:

“6.3 Assignment

The rights, title, benefits and interest of the Lender under this Agreement may only be assigned by the Lender in accordance with the provisions of the Credit Agreement and the Master Lease. The Pledgor may not assign its obligations under this Agreement without the prior written consent of the Lender.”

(g) Section 6.5 “Notices,” of the Pledge Agreement is hereby amended by amending and restating such section in its entirety as follows:

“6.5 Notices

Any demand, notice or other communication to be given in connection with this Agreement shall be given in accordance with the provisions of the Credit Agreement, any other Loan Document, the Master Lease, and any other Lease Document.”

(h) Section 6.11 “Entire Agreement,” of the Pledge Agreement is hereby amended by amending and restating such section in its entirety as follows:

“6.11 Entire Agreement

There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, between the Lender and the Pledgor with respect to the subject matter hereof except as expressly set forth herein or in the (a) Credit Agreement and the Loan Documents delivered in connection with the Credit Agreement, and (b) Master Lease and the Lease Documents delivered in connection with the Master Lease.”

(i) Section 6.13 “Paramountcy,” of the Pledge Agreement is hereby amended by amending and restating such section in its entirety as follows:

“6.13 Paramountcy

In the event of any conflict or inconsistency between the provisions of this Agreement and the Credit Agreement and other Loan Document or the Master Lease and any other Lease Document, notwithstanding anything contained in this Agreement, the provisions contained in the Credit Agreement and other Loan Document or the Master Lease and any other Lease Document shall prevail and be paramount to the extent of such conflict or inconsistency and the provisions of this Agreement shall be deemed to be amended to the extent necessary to eliminate such conflict or inconsistency, it being understood that the purpose of this Agreement is to be consistent with, and not add to or detract from, the rights granted to the Lender.”

5. Conditions Precedent. This Amendment shall not be effective until the first date upon which each of the following conditions precedent have been fulfilled to the satisfaction of Lender:

(a) Lender shall have received in form and substance acceptable to Lender:

(i) fully executed counterparts of this Amendment;

(ii) a fully executed counterparts of the Lease Documents;

(iii) such documents and certifications as the Lender may reasonably require to evidence that the Pledgor is duly organized or formed, and that each of the Pledgor and its Subsidiaries are validly existing, in good standing and qualified to engage in business in each jurisdiction where its ownership, lease or operation of properties or the conduct of its business requires such qualification, except to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect.

(b) Pledgor shall have paid all reasonable fees, charges and disbursements of counsel to the Lender, plus such additional amounts of such fees, charges and disbursements as shall constitute its reasonable estimate of such fees, charges and disbursements incurred or to be incurred by it through the closing proceedings;

(c) the representations and warranties of the Pledgor set forth in Section 6 below, Article 3 of the Pledge Agreement, Article VI of the Credit Agreement and each other Loan Document, Article 4 of the Guarantee, and each other Lease Document, shall be true and correct in all material respects (or, to the extent such representation and warranty is qualified by materiality, in all respects) on and as of the date hereof (except to the extent that they refer to an earlier date, in which case they shall be true and

correct in all material respects (or, to the extent such representation and warranty is qualified by materiality, in all respects) as of such earlier date); and

(d) after giving effect to this Amendment, no Default or Event of Default shall have occurred and be continuing on date hereof under the Credit Agreement, any other Loan Document, the Master Lease, or any other Lease Document, or would result from this Amendment and the transactions contemplated to occur on the date hereof.

6. Representations and Warranties. The Pledgor hereby represents and warrants to the Lender that (a) the execution, delivery and performance by the Pledgor of this Amendment has been duly authorized by all necessary corporate or other organizational action, and do not (i) contravene the terms of any of the Pledgor's organization documents; (ii) conflict with or result in any breach or contravention of, or the creation of any Lien (other than Permitted Liens) under, or require any payment to be made under any material order, injunction, writ or decree of any Governmental Authority or any material arbitral award to which the Pledgor, or its property is subject, in each case, where such conflict could reasonably be expected to have a Material Adverse Effect; or (iii) violate any law where such violation could reasonably be expected to have a Material Adverse Effect; (b) this Amendment constitutes a legal, valid and binding obligation of the Pledgor, enforceable against the Pledgor, in accordance with its terms, except as enforcement thereof may be limited by applicable bankruptcy, reorganization, insolvency, fraudulent conveyance, moratorium or similar laws affecting the enforcement of creditor's rights, generally and by general principles of equity (regardless of whether enforcement is considered in a proceeding in law or equity); and (c) this Amendment has been duly executed and delivered by the Pledgor.

7. Release. In consideration of the agreements of the Lender contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Pledgor, on behalf of itself and its successors, assigns, and other legal representatives, hereby absolutely, unconditionally and irrevocably releases, remises and forever discharges the Lender and its successors and assigns, and its present and former shareholders, affiliates, trustees, subsidiaries, divisions, predecessors, directors, officers, attorneys, employees, agents, financing sources, and other representatives (the Lender and all such other Persons being hereinafter referred to collectively as the "**Releasees**" and individually as a "**Releasee**"), of and from all demands, actions, causes of action, suits, controversies, sums of money, damages and any and all other claims, counterclaims, defenses, rights of set-off, demands and liabilities whatsoever (individually, a "**Claim**" and collectively, "**Claims**") of every name and nature, known or unknown, suspected or unsuspected, both at law and in equity, which the Pledgor, or any of its successors, assigns or other legal representatives may now own, hold, have or claim to have against the Releasees or any of them for, upon, or by reason of any circumstance, action, cause or thing whatsoever which arises at any time on or prior to the day and date of this Amendment, for or on account of, or in relation to, or in any way in connection with any of the Credit Agreement, any of the other Loan Documents, the Master Lease, any other Lease Document, or the transactions thereunder or related thereto. The Pledgor understands, acknowledges and agrees that the release set forth above may be pleaded as a full and complete defense and may be used as a basis for an injunction against any action, suit or other proceeding which may be instituted, prosecuted or attempted in breach of the provisions of such release. The Pledgor agrees that no fact, event, circumstance, evidence or transaction which could now be asserted or which may hereafter be discovered shall affect in any manner the final, absolute and unconditional nature of the release set forth herein.

8. Choice of Law. THIS AMENDMENT IS TO BE EXCLUSIVELY CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE INTERNAL LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN WITHOUT GIVING EFFECT TO ANY CHOICE OF LAW RULE OR PRINCIPLE THAT WOULD CAUSE THE APPLICATION OF THE LAWS OF ANY JURISDICTION OTHER THAN THE INTERNAL LAWS OF

THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN
TO THE RIGHTS AND DUTIES OF THE PLEDGOR AND THE LENDER.

9. Counterparts; Electronic Transmission. This Amendment may be executed in any number of counterparts and by different parties and separate counterparts, each of which when so executed and delivered, shall be deemed an original, and all of which, when taken together, shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page to this Amendment by electronic transmission shall be as effective as delivery of a manually executed counterpart of this Amendment. Any party delivering an executed counterpart of this Amendment by electronic transmission also shall deliver a manually executed counterpart of this Amendment but the failure to deliver a manually executed counterpart shall not affect the validity, enforceability, and binding effect of this Amendment.

10. Effect on Pledge Agreement. The Pledge Agreement, as amended hereby, and there security interests granted therein, shall be and remain in full force and effect in accordance with its terms and hereby is ratified and confirmed in all respects. The execution, delivery, and performance of this Amendment shall not, except as expressly set forth herein, operate as an amendment or waiver of or forbearance from the exercise of, any right, power or remedy of the Lender, or consent to any action of the Pledgor, any Guarantor, under the Credit Agreement, any other Loan Document, Master Lease, or any other Lease Document, as in effect prior to the date hereof.

11. Miscellaneous.

(a) Upon and after the effectiveness of this Amendment, each reference in the Pledge Agreement to “this Agreement”, “hereunder”, “herein”, “hereof” or words of like import referring to the Pledge Agreement, and each reference in the other Loan Documents, the Master Lease, or any other Lease Document to “the Pledge Agreement”, “thereunder”, “therein”, “thereof” or words of like import referring to the Pledge Agreement, shall mean and be a reference to the Pledge Agreement as modified and amended hereby.

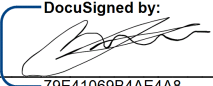
(b) The Pledge Agreement, all other Loan Documents, Master Lease and all other Lease Documents are and shall continue to be in full force and effect and are hereby in all respects ratified and confirmed and shall constitute the legal, valid, binding and enforceable obligations of the Pledgor to the Lender.

[Remainder of Page Intentionally Left Blank; Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed by their respective authorized officers as of the day and year first above written.

PLEDGOR:

FLOW WATER INC.

By: 
79E41069B4AE4A8...
Nicholas Reichenbach, CEO

LENDER:

NFS LEASING CANADA LTD.

DocuSigned by:
By: Dana Calumby
Dana Calumby, Chief Financial Officer

GUARANTEE AGREEMENT

THIS GUARANTEE AGREEMENT (as amended, restated, supplemented or replaced from time to time, this “**Guarantee**”) is dated with effect as of this 30th day of December, 2022 and executed and delivered by **FLOW WATER INC.** (the “**Guarantor**”) to and in favour of **NFS LEASING CANADA LTD.**, as Lender under the Credit Agreement (as defined below) (the “**Lender**”).

RECITALS:

- A. The Lender has agreed to make certain credit facilities available to Flow Beverage Corp. (the “**Borrower**”) on the terms and conditions contained in a term loan and security agreement between, *inter alios*, the Borrower and the Lender dated as of the date hereof (as amended, modified, extended, renewed, supplemented, replaced or restated from time to time, the “**Credit Agreement**”);
- B. The Guarantor has agreed to guarantee payment of the Obligations to the Lender under the Credit Agreement and the other Loan Documents on the terms and subject to the conditions hereinafter set forth; and
- C. It is in the best interests of the Guarantor to execute and deliver this Guarantee, inasmuch as the Guarantor will derive substantial direct and indirect benefits from the credit facilities provided by the Lender to and in favour of the Borrower under the Credit Agreement.

NOW THEREFORE in consideration of the extension of credit by the Lender to the Borrower, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Guarantor, the Guarantor hereby covenants and agrees to and in favour of the Lender as follows

ARTICLE 1 INTERPRETATION

1.1 Defined Terms

Except as otherwise expressly provided herein, capitalized terms used in this Guarantee (including in the recitals hereof) but not defined herein shall have the meanings assigned to such terms in the Credit Agreement. In addition, in this Agreement, unless the context expressly or by necessary implication otherwise requires, the following words and phrases will have the meaning set forth below:

- (a) “**Guarantor Security Documents**” means the general security agreement and the securities pledge agreement executed and delivered contemporaneously herewith and any other security held by the Lender, from time to time in respect of the obligations under this Guarantee.
- (b) “**Intercompany Indebtedness**” has the meaning specified in Section 3.5.

- (c) **“Other Taxes”** means present and future stamp and documentary taxes and any other excise and property taxes, charges, duties, debits, taxes and similar levies which arise from any payment made by the Guarantor under this Guarantee or under any of the Guarantor Security Documents or from the execution, delivery or registration of, or otherwise with respect to, this Guarantee or any of the Guarantor Security Documents.

1.2 Interpretation

- (a) In this Guarantee the words “including”, “includes” and “include” mean “including (or includes or include) without limitation”. The phrase “the aggregate of”, “the total of”, “the sum of”, or a phrase of similar meaning means “the aggregate (or total or sum), without duplication, of”. The expression “Article”, “Section” or other subdivision followed by a number mean and refer to the specified Article, Section or other subdivision of this Guarantee.
- (b) Any reference in this Guarantee to gender includes all genders. Words importing the singular number only include the plural and vice versa.
- (c) The division of this Guarantee into Articles, Sections and other subdivisions and the insertion of headings are for convenient reference only and are not to affect its interpretation.
- (d) Any schedules attached to this Guarantee form an integral part of it for all purposes.
- (e) Except as otherwise provided in this Guarantee, any reference to this Guarantee, any other Loan Documents or any Guarantor Security Document refers to this Guarantee or such Loan Documents or Guarantor Security Document as the same may have been or may from time to time be amended, modified, extended, renewed, restated, replaced or supplemented and includes all schedules to it. Except as otherwise provided in this Guarantee, any reference in this Guarantee to a statute refers to such statute and all rules and regulations made under it as the same may have been or may from time to time be amended or re-enacted.
- (f) All references in this Guarantee to dollars, unless otherwise specifically indicated, are expressed in the lawful currency of Canada.

ARTICLE 2 GUARANTEE

2.1 Guarantee

The Guarantor irrevocably and unconditionally guarantees to the Lender the due and punctual payment, and the due performance, whether at stated maturity, by acceleration or otherwise, of the Obligations. The Guarantor agrees that the Obligations will be paid to the Lender strictly in accordance with their terms and conditions.

2.2 Solidarity

The Guarantor shall be bound to the Lender as solidary surety. As a result of the foregoing, the Guarantor, the Borrower and any other person(s) presently or in the future guaranteeing any of the Obligations are and shall be obliged to the Lender for the same thing, such that each Guarantor, Borrower and any other person(s) presently or in the future guaranteeing any or all of the Obligations may be compelled separately to pay or fulfill all of the Obligations.

2.3 Indemnity

If any or all of the Obligations are not duly performed by the Borrower and are not performed by the Guarantor under Section 2.1 for any reason whatsoever, the Guarantor will, as a separate and distinct obligation, indemnify and save harmless the Lender from and against all losses resulting from the failure of the Borrower to duly perform such Obligations.

2.4 Primary Obligation

If any or all of the Obligations are not duly performed by the Borrower are not performed by the Guarantor under Section 2.1 or the Lender is not indemnified under Section 2.2, in each case, for any reason whatsoever, such Obligations will, as a separate and distinct obligation be performed by the Guarantor as primary obligor.

2.5 Absolute Liability

To the extent permitted by law, the Guarantor agrees that the liability of the Guarantor hereunder is given on an unlimited basis, and is absolute and unconditional irrespective of:

- (a) the lack of validity or enforceability of any terms of any of the Loan Documents;
- (b) any contest by the Borrower or any other Person as to the amount of the Obligations, the validity or enforceability of any terms of the Loan Documents or the perfection or priority of any security granted to the Lender;
- (c) any defence, counter claim or right of set-off available to the Borrower or any other Person other than the wilful misconduct of the Lender;
- (d) any release, compounding or other variance of the liability of the Borrower or any other Person liable in any manner under or in respect of the Obligations or the extinguishment of all or any part of the Obligations by operation of law;
- (e) any change in the time or times for, or place or manner or terms of payment or performance of the Obligations or any consent, waiver, renewal, alteration, extension, compromise, arrangement, concession, release, discharge or other indulgences which the Lender may grant to the Borrower or any other Person;
- (f) any amendment or supplement to, or alteration or renewal of, or restatement, replacement, refinancing or modification or variation of (including any increase in the amounts available thereunder or the inclusion of an additional borrower

thereunder), or other action or inaction under, the Credit Agreement, the Loan Documents or any other related document or instrument, or the Obligations;

- (g) any discontinuance, termination, reduction, renewal, increase, abstention from renewing or other variation of any credit or credit facilities to, or the terms or conditions of any transaction with, the Borrower or any other Person;
- (h) any change in the ownership, control, name, objects, businesses, assets, capital structure or constitution of the Borrower, the Guarantor and any other Loan Party or any reorganization (whether by way of reconstruction, consolidation, amalgamation, merger, transfer, sale, lease or otherwise) of the Borrower, the Guarantor and any other Loan Party or their respective businesses;
- (i) any dealings with the security which the Lender holds or may hold pursuant to any of the terms and conditions of the Loan Documents, including the taking, giving up or exchange of securities, their variation or realization, the accepting of compositions and the granting of releases and discharges;
- (j) any limitation of status or power, disability, incapacity or other circumstance relating to the Borrower, the Guarantor and any other Loan Party or any other Person, including any bankruptcy, insolvency, reorganization, composition, adjustment, dissolution, liquidation, winding-up or other like proceeding involving or affecting the Borrower, the Guarantor and any other or any other Person or any action taken with respect to this Guarantee by any trustee or receiver, or by any court, in any such proceeding, whether or not the Guarantor shall have notice or knowledge of any of the foregoing;
- (k) the assignment of all or any part of the benefits of this Guarantee by the Lender;
- (l) any impossibility, impracticability, frustration of purpose, force majeure or illegality of any Loan Document, or the occurrence of any change in the laws, rules, regulations or ordinances of any jurisdiction or by any present or future action of (i) any governmental entity that amends, varies, reduces or otherwise affects, or purports to amend, vary, reduce or otherwise affect, any of the Obligations or the obligations of the Guarantor under this Guarantee, or (ii) any court or tribunal order that amends, varies, reduces or otherwise affects any of the Obligations;
- (m) any taking or failure to take security, any loss of, or loss of value of, any security, or any invalidity, non-perfection or unenforceability of any security held by the Lender, or any exercise or enforcement of, or failure to exercise or enforce, security, or irregularity or defect in the manner or procedure by which the Lender realize on such security;
- (n) any application of any sums received to the Obligations, or any part thereof, and any change in such application; and

- (o) any other circumstances which might otherwise constitute a defence available to, or a discharge of, the Guarantor, the Borrower or any other Person in respect of the Obligations or this Guarantee.

ARTICLE 3 ENFORCEMENT

3.1 Remedies

The Lender is not bound to exhaust its recourse against the Borrower or any other Person or realize on any security they may hold in respect of the Obligations before being entitled to (i) enforce payment and performance under this Guarantee, or (ii) pursue any other remedy against the Guarantor, and the Guarantor renounces all benefits of discussion and division.

3.2 Amount of Obligations

Any account settled or stated by or between the Lender and the Borrower, or if any such account has not been settled or stated immediately before demand for payment under this Guarantee, any account stated by the Lender shall, in the absence of manifest error, be accepted by the Guarantor as conclusive evidence of the amount of the Obligations which is due by the Borrower to the Lender or remains unpaid by the Borrower to the Lender.

3.3 Payment on Demand

The Guarantor will pay and perform the Obligations and pay all other amounts payable by it to the Lender under this Guarantee, and the obligation to do so arises, immediately after demand for such payment or performance is made in writing to it. The liability of the Guarantor bears interest from the date of such demand at the rate or rates of interest then applicable to the Obligations under and calculated in the manner provided in the Credit Agreement (including any adjustment to give effect to the provisions of the *Interest Act* (Canada)).

3.4 Costs and Expenses

The Guarantor is liable for and will pay on demand by the Lender any and all reasonable expenses, costs and charges incurred by or on behalf of the Lender in connection with this Guarantee, including all reasonable legal fees, courts costs, receivers or agent's remuneration and other expenses in connection with enforcing any of its rights under this Guarantee and any of the other Loan Documents.

3.5 Assignment and Postponement

- (a) All obligations, liabilities and indebtedness of the Borrower to the Guarantor of any nature whatsoever and all security therefor (the “**Intercorporate Indebtedness**”) are assigned and transferred to the Lender, as general, continuing and collateral security for the Guarantor's obligations under this Guarantee and postponed to the indefeasible payment and performance in full of all the Obligations. Until the occurrence of an Event of Default which is continuing, the Guarantor may receive payments in respect of the Intercorporate Indebtedness as

permitted under the Credit Agreement. The Guarantor will not assign all or any part of the Intercompany Indebtedness to any Person other than the Lender.

- (b) Upon the occurrence of an Event of Default which is continuing, all Intercompany Indebtedness shall be, and shall be deemed to be, held in trust for the Lender, for the benefit of itself, and will be collected, enforced or proved subject to, and for the purpose of, this Guarantee. In such event, any payments received by the Guarantor in respect of the Intercompany Indebtedness shall be, and shall be deemed to be, held exclusively in trust for the Lender, and segregated from other funds and property held by the Guarantor and immediately paid to the Lender, on account of the Obligations.
- (c) The Intercompany Indebtedness shall not be released or withdrawn by the Guarantor without the prior written consent of the Lender. The Guarantor will not allow a limitation period to expire on the Intercompany Indebtedness or ask for or obtain any security or negotiable paper for, or other evidence of, the Intercompany Indebtedness except for the purpose of delivering the same to the Lender.
- (d) In the event of any insolvency, bankruptcy or other proceeding involving the liquidation, arrangement, compromise, reorganization or other relief with respect to the Borrower or its debts, the Guarantor will, upon the request of the Lender, make and present a proof of claim or commence such other proceedings against the Borrower on account of the Intercompany Indebtedness as may be reasonably necessary to establish the Guarantor's entitlement to payment of any Intercompany Indebtedness. Such proof of claim or other proceeding must be made or commenced prior to the earlier of (i) the day which is 30 days after notice requesting such action is delivered by or on behalf of the Lender to the Guarantor, and (ii) the day which is 10 days preceding the date when such proof of claim or other proceeding is required by applicable law to be made or commenced. Such proof of claim or other proceeding must be in form and substance acceptable to the Lender, acting reasonably.
- (e) If the Guarantor fails to make and file such proof of claim or commence such other proceeding in accordance with this Section, the Lender is irrevocably authorized, empowered and directed and appointed the true and lawful attorney of the Guarantor (but is not obliged) with full power of substitution (and which is coupled with an interest) and with the power to exercise for and on behalf of the Guarantor the following rights, upon the occurrence of an Event of Default which is continuing: (i) to make and present for and on behalf of the Guarantor proofs of claims or other such proceedings against the Borrower on account of the Intercompany Indebtedness, (ii) to demand, sue for, receive and collect any and all dividends or other payments or disbursements made in respect of the Intercompany Indebtedness in whatever form the same may be paid or issued and to apply the same on account of the Obligations, and (iii) to demand, sue for, collect and receive each such payment and distribution and give acquittance therefor and to file claims and take such other actions, in its own name or in the

name of the Guarantor or otherwise, as the Lender may deem necessary or advisable to enforce its rights under this Guarantee.

- (f) The Guarantor will execute all subordinations, postponements, assignments and other agreements as the Lender may reasonably request to more effectively subordinate and postpone the Intercompany Indebtedness to the payment and performance of the Obligations.
- (g) The provisions of this Section 3.5 survive the termination of this Guarantee and remain in full force and effect until (i) the Obligations and all other amounts owing under the Loan Documents are indefeasibly paid and performed in full, and (ii) the Lender has no further Obligations under any of the Loan Documents.

3.6 Suspension of Guarantor Rights

So long as there are any Obligations, the Guarantor shall not exercise any rights which it may at any time have by reason of the performance of any of its obligations under this Guarantee (i) to be indemnified by the Borrower, (ii) to claim contribution from any other Person in respect of the Obligations of the Borrower, or (iii) subject to Section 3.8, to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Lender under any of the Loan Documents.

3.7 No Prejudice to Lender

The Lender is not prejudiced in any way in the right to enforce any provision of this Guarantee by any act or failure to act on the part of the Borrower or the Lender. The Lender, may, at any time and from time to time, in such manner as they determine is expedient, without any consent of, or notice to, the Guarantor and without impairing or releasing the obligations of the Guarantor (i) change the manner, place, time or terms of payment or performance of the Obligations, (ii) renew or alter the Obligations, (iii) amend, vary, modify, supplement or replace any Loan Document or any other related document or instrument, other than such documents that require the written consent of the Guarantor to take such action in accordance with the terms thereof, (iv) discontinue, reduce, renew, increase, abstain from renewing or otherwise vary any credit or credit facilities to, any transaction with, the Borrower or any other Person, (v) release, compound or vary the liability of the Borrower or any other Person liable in any manner under or in respect of the Obligations, (vi) take or abstain from taking securities or collateral from any other Person, or from perfecting securities or collateral of any other Person, (vii) exercise or enforce or refrain from exercising or enforcing any right or security against the Borrower, the Guarantor or any other Person, (viii) accept compromises or arrangement from any Person, (ix) apply any sums from time to time received to the Obligations, or any part thereof, and change any such application in whole or in part from time to time, (x) otherwise deal with, or waive or modify its right to deal with, any Person and security. In its dealings with the Borrower, the Lender need not enquire into the authority or power of any Person purporting to act for or on behalf of the Borrower.

3.8 Rights of Subrogation

Any rights of subrogation acquired by the Guarantor by reason of payment under this Guarantee shall not be exercised until the Obligations and all other amounts due to the Lender has been indefeasibly paid and performed in full and such rights of subrogation shall be no greater than the rights held by the Lender. In the event (i) of the liquidation, winding up or bankruptcy of the Borrower (whether voluntary or compulsory), (ii) that the Borrower makes a bulk sale of any of its assets within the meaning of any bulk sales or insolvency legislation, or (iii) that the Borrower makes any composition with creditors or enters into any scheme of arrangement, the Lender has the right to rank in priority to the Guarantor for its full claims in respect of the Obligations and receive all dividends and other payments until its claims have been indefeasibly paid in full. The Guarantor will continue to be liable, less any payments made by it, for any balance which may be owing to the Lender by the Borrower. No valuation or retention of its security by the Lender shall, as between the Lender and the Guarantor, be considered as a purchase of such security or as payment or satisfaction or reduction of all or any part of the Obligations. If any amount is paid to the Guarantor at any time when all the Obligations and other amounts due to the Lender has not been indefeasibly paid in full, the amount shall be, and shall be deemed to be, held in trust exclusively for the benefit of the Lender and immediately paid to the Lender to be credited and applied to the Obligations as it sees fit, whether matured or unmatured. The Guarantor has no recourse against the Lender for any invalidity, non-perfection or unenforceability of any security held by the Lender or any irregularity or defect in the manner or procedure by which the Lender realizes on such security.

3.9 No Set-off

To the fullest extent permitted by applicable law, the Guarantor shall make all payments under this Guarantee without regard to any defence, adverse claim, counter-claim or right of set-off available to it.

3.10 Successors of the Borrower

This Guarantee will not be revoked by any change in the constitution of the Borrower and this Guarantee and the Guarantor Security Documents shall extend and apply to any Person acquiring, or from time to time carrying on the business of, or resulting from any amalgamation involving, the Borrower.

3.11 Continuing Guarantee and Continuing Obligations

The obligations of the Guarantor hereunder are continuing obligations. Each of Section 2.1, Section 2.2 and Section 2.4 extends to all present and future Obligations, applies to and secures the ultimate balance of the Obligations due or remaining due to the Lender and is binding as a continuing obligation of the Guarantor until the Lender releases the Guarantor in writing. This Guarantee shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the Obligations is rescinded or must otherwise be returned by the Lender upon the insolvency, bankruptcy or reorganization of the Borrower or otherwise, all as though the payment had not been made.

3.12 Supplemental Security

This Guarantee is in addition and supplemental to and without prejudice to all other guarantees, indemnities, obligations and security now held or which may hereafter be held by the Lender.

3.13 Security for Guarantee

The Guarantor acknowledges that this Guarantee is intended to secure payment and performance of the Obligations and that the payment and performance of the Obligations and the other obligations of the Guarantor under this Guarantee are secured pursuant to the terms and provisions of the Guarantor Security Documents.

3.14 Right of Set-off

Upon the occurrence of any Event of Default which is continuing, the Lender is authorized by the Guarantor at any time and from time to time and may, to the fullest extent permitted by applicable law, set-off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by the Lender to or for the credit or the account of the Guarantor against any and all of the obligations of the Guarantor now or hereafter existing irrespective of whether or not (i) the Lender has made any demand under this Guarantee, or (ii) any of the Obligations comprising the Obligations which are contingent or unmatured. The Lender agrees to promptly notify the Guarantor after any such set-off and application made by the relevant Lender or Lender, provided that the failure to give notice shall not affect the validity of the set-off and application. The rights of the Lender under this Section 3.14 are in addition and without prejudice to and supplemental to other rights and remedies which the Lender may have.

3.15 Interest Act (Canada)

The Guarantor acknowledges that certain of the rates of interest applicable to the Obligations may be computed on the basis of a period of less than 365 days. For purposes of the *Interest Act* (Canada), whenever any interest is calculated using a rate based on a period of less than 365 days, such rate determined pursuant to such calculation, when expressed as an annual rate is equivalent to (i) the applicable rate based on a period of less than 365 days, (ii) multiplied by the actual number of days in the calendar year in which the period for such interest is payable (or compounded) ends, and (iii) divided by the number of days in the period that is less than 365 days.

Any rate that is calculated with reference to a period (the “**deemed interest period**”) that is less than the actual number of days in the calendar year of calculation is, for the purposes of the *Interest Act* (Canada), equivalent to a rate based on a calendar year calculated by multiplying that rate of interest by the actual number of days in the calendar year of calculation and dividing by the number of days in the deemed interest period. Each of the parties hereto acknowledge that there is a material distinction between the nominal and effective rates of interest and that they are capable of making the calculations necessary to compare such rates and that the calculations herein are to be made using the nominal rate method and not the basis of effective yearly rates or on any basis that gives effect to the principle of deemed reinvestment of interest. Each of the Loan Parties confirms that they fully understand and are able to calculate the rate of interest

applicable to the loans based on the methodology for calculating per annum rates provided for in this Agreement. Each of the Loan Parties hereby irrevocably agrees not to plead or assert, whether by way of defense or otherwise, in any proceeding relating to this Agreement, the Credit Agreement or any one of the Loan Documents, that the interest payable under this Agreement and the calculation thereof has not been adequately disclosed to Loan Parties as required pursuant to Section 4 of the *Interest Act* (Canada).

3.16 Taxes

- (a) All payments to the Lender by the Guarantor under this Guarantee or under any of the Guarantor Security Documents will be made free and clear of and without deduction or withholding for any and all Taxes, unless such Taxes are required by applicable law to be deducted or withheld. If the Guarantor is required by applicable law to deduct or withhold any such Taxes from or in respect of any amount payable under this Guarantee or under any of the Guarantor Security Documents (i) the amount payable shall be increased (and for greater certainty, in the case of interest, the amount of interest shall be increased) as may be necessary so that after making all required deductions or withholdings (including deductions or withholdings applicable to any additional amounts paid under this Section 3.16), the Lender receives an amount equal to the amount they would have received if no such deduction or withholding had been made, (ii) the Guarantor will make such deductions or withholdings, and (iii) the Guarantor will immediately pay the full amount deducted or withheld to the relevant Governmental Body in accordance with applicable law.
- (b) The Guarantor agrees to immediately pay any Other Taxes.
- (c) The Guarantor will indemnify the Lender for the full amount of Taxes and Other Taxes (including, without limitation, any Taxes or Other Taxes imposed by any jurisdiction on amounts payable by the Guarantor under this Section 3.16 but specifically excluding regular income tax paid on interest income) paid by the Lender and any liability (including penalties, interest and expenses) arising from or with respect to such Taxes and Other Taxes, whether or not they were correctly or legally asserted. Payment under this indemnification will be made within thirty (30) days from the date the Lender makes written demand for it. A certificate as to the amount of such Taxes and Other Taxes submitted to the Guarantor by the Lender is conclusive evidence, absent manifest error, of the amount due from the Guarantor to the Lender.
- (d) The Guarantor will furnish to the Lender the original or a certified copy of a receipt evidencing payment of any Taxes or Other Taxes made by the Guarantor within thirty (30) days after the date of any payment of such Taxes or Other Taxes.
- (e) The provisions of this Section 3.16 survive the termination of this Guarantee.

3.17 Judgment Currency.

If, for the purposes of obtaining judgment in any court, it is necessary to convert all or any part of the Obligations or any other amount due to the Lender in respect of the Guarantor's obligations under this Guarantee in any currency (the “**Original Currency**”) into another currency (the “**Other Currency**”), the Guarantor, to the fullest extent that it may effectively do so, agrees that the rate of exchange used shall be that at which, in accordance with normal banking procedures, the Lender, as the case may be, could purchase the Original Currency with the Other Currency on the Business Day preceding that on which final judgment is indefeasibly paid or satisfied.

The obligations of the Guarantor in respect of any sum due in the Original Currency from it to the Lender or any Lender shall, notwithstanding any judgment in any Other Currency, be discharged only to the extent that on the Business Day following receipt by the Lender of any sum adjudged to be so due in such Other Currency, the Lender in accordance with its normal banking procedures, purchase the Original Currency with such Other Currency. If the amount of the Original Currency so purchased is less than the sum originally due to the Lender in the Original Currency, the Guarantor agrees, as a separate obligation and notwithstanding any such judgment, to indemnify the Lender against such loss, and if the amount of the Original Currency so purchased exceeds the sum originally due to the Lender in the Original Currency, the Lender agrees to remit such excess to the Guarantor.

ARTICLE 4

REPRESENTATIONS, WARRANTIES AND COVENANTS

4.1 Representations and Warranties

The Guarantor represents and warrants, acknowledging and confirming that that the Lender is relying on such representations and warranties in connection with the acceptance of this Guarantee, that each representation and warranty made by the Guarantor under the Credit Agreement and under the other Loan Documents to which the Guarantor is a party, is true, accurate and complete in all material respects.

4.2 Covenants

Until the Obligations and all other amounts owing under this Guarantee are indefeasibly paid and performed in full and the Lender has no obligations under the Credit Agreement and the other Loan Documents, the Guarantor covenants and agrees that:

- (a) it will take, or will refrain from taking, as the case may be, all actions that are necessary to be taken or not taken so that no Event of Default is caused by the actions of the Guarantor; and
- (b) it will not surrender or lose possession of, sell, encumber, lease, rent, or otherwise dispose of or transfer any of its real or personal property or right or interest therein, other than in the ordinary course of business consistent with past practice or as are not prohibited by the Credit Agreement, without prior written consent of the Lender, which shall not be unreasonably withheld or delayed.

ARTICLE 5 GENERAL

5.1 Notices, etc

Any notice, direction or other communication given regarding the matters contemplated by this Guarantee shall be given in accordance with the provisions of the Credit Agreement. Notices to be sent to the Guarantors shall be sent care of the Borrower in accordance with the provisions of the Credit Agreement.

5.2 No Merger, Survival of Representations and Warranties

The representations, warranties and covenants of the Guarantor in this Guarantee survive the execution and delivery of this Guarantee. Notwithstanding any investigation made by or on behalf of the Lender, the representations, warranties and covenants in this Guarantee continue in full force and effect.

5.3 Further Assurances

- (a) The Guarantor will do all acts and things and execute and deliver, or cause to be executed and delivered, all documents and instruments that the Lender may reasonably request to give full effect to this Guarantee and to perfect and preserve the rights and powers of the Lender under this Guarantee, including any acknowledgements and confirmations of this Guarantee and the Guarantor Security Documents.
- (b) The Guarantor acknowledges and confirms that the Guarantor itself has established its own adequate means of obtaining from the Borrower on a continuing basis all information desired by the Guarantor concerning the financial condition of the Borrower and that the Guarantor will look to the Borrower in order for the Guarantor to keep adequately informed of changes in the Borrower's financial condition. Notwithstanding the foregoing, at the written request of the Guarantor, the Lender shall provide the Guarantor with any useful information respecting the content and the terms and conditions of the Obligations and the progress made in the performance of the Obligations, the whole subject to the provisions hereof. Any request by the Guarantor for such information hereunder shall be in writing and shall be as precise as possible in the circumstances. The Lender shall not be bound to furnish any information which shall not have been requested in writing. The Borrower, by its signature hereto, as hereinafter provided, hereby unconditionally and irrevocable consents to the Lender providing any present or future information concerning the Borrower, to the Guarantor.

5.4 Successors and Assigns

This Guarantee is binding upon the Guarantor, its successors and assigns, and enures to the benefit of the Lender and its successors and assigns. This Guarantee may be assigned by the Lender in accordance with the provisions of the Credit Agreement. The Guarantor may not

assign, transfer or delegate any of its rights or obligations under this Guarantee without the prior written consent of the Lender, which may be unreasonably withheld.

5.5 Amendment

This Guarantee may only be amended, supplemented or otherwise modified by written agreement executed by the Lender and the Guarantor.

5.6 Waivers, etc.

- (a) No consent or waiver by the Lender in respect of this Guarantee is binding unless made in writing and signed by an authorized officer of the Lender. Any consent or waiver given under this Guarantee is effective only in the specific instance and for the specific purpose for which given. No waiver of any of the provisions of this Guarantee constitutes a waiver of any other provision.
- (b) A failure or delay on the part of the Lender in exercising a right under this Guarantee does not operate as a waiver of, or impair, any right of the Lender however arising. A single or partial exercise of a right on the part of the Lender does not preclude any other or further exercise of that right or the exercise of any other right by the Lender.

5.7 Severability

If any court of competent jurisdiction from which no appeal exists or is taken, determines that any provision of this Guarantee is illegal, invalid or unenforceable, that provision will be severed from this Guarantee and the remaining provisions will remain in full force and effect.

5.8 Application of Proceeds

All monies collected by the Lender under this Guarantee will be applied as provided in the Credit Agreement.

5.9 Governing Law

- (a) This Guarantee shall exclusively (without regard to any principle or rule relating to conflicts of laws) be governed by, interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.
- (b) The Guarantor irrevocably attorns and submits to the non-exclusive jurisdiction of any court of competent jurisdiction of the Province of Ontario sitting in the district of Toronto in any action or proceeding arising out of or relating to this Guarantee and the Loan Documents to which it is a party. The Guarantor irrevocably waives objection to the venue of any action or proceeding in such court or that such court provides an inconvenient forum. Nothing in this Section 5.9 limits the right of the Lender to bring proceedings against the Guarantor in the courts of any other jurisdiction.

- (c) The Guarantor hereby irrevocably consents to the service of any and all process in any such action or proceeding in accordance with the terms of the Credit Agreement. Nothing in this Section 5.9 affects the right of the Lender to serve process in any manner permitted by applicable law.

5.10 Paramountcy

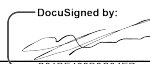
In the event of any conflict or inconsistency between the provisions hereof and the provisions of the Credit Agreement, the provisions of the Credit Agreement shall prevail and govern but only to the extent of such conflict or inconsistency.

[Signature Page Follows]

IN WITNESS WHEREOF the Guarantor has executed and delivered this Guarantee to and in favour of the Lender with effect as of the date first written above.

FLOW WATER INC.

Per:

DocuSigned by:


Name: Nicholas Reichenbach

Title: Chief Executive Officer

GUARANTEE AGREEMENT

THIS GUARANTEE AGREEMENT (as amended, restated, supplemented or replaced from time to time, this “**Guarantee**”) is dated with effect as of this 30th day of December, 2022 and executed and delivered by **2446692 ONTARIO LIMITED** (the “**Guarantor**”) to and in favour of **NFS LEASING CANADA LTD.**, as Lender under the Credit Agreement (as defined below) (the “**Lender**”).

RECITALS:

- A. The Lender has agreed to make certain credit facilities available to Flow Beverage Corp. (the “**Borrower**”) on the terms and conditions contained in a term loan and security agreement between, *inter alios*, the Borrower and the Lender dated as of the date hereof (as amended, modified, extended, renewed, supplemented, replaced or restated from time to time, the “**Credit Agreement**”);
- B. The Guarantor has agreed to guarantee payment of the Obligations to the Lender under the Credit Agreement and the other Loan Documents on the terms and subject to the conditions hereinafter set forth; and
- C. It is in the best interests of the Guarantor to execute and deliver this Guarantee, inasmuch as the Guarantor will derive substantial direct and indirect benefits from the credit facilities provided by the Lender to and in favour of the Borrower under the Credit Agreement.

NOW THEREFORE in consideration of the extension of credit by the Lender to the Borrower, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Guarantor, the Guarantor hereby covenants and agrees to and in favour of the Lender as follows

ARTICLE 1 INTERPRETATION

1.1 Defined Terms

Except as otherwise expressly provided herein, capitalized terms used in this Guarantee (including in the recitals hereof) but not defined herein shall have the meanings assigned to such terms in the Credit Agreement. In addition, in this Agreement, unless the context expressly or by necessary implication otherwise requires, the following words and phrases will have the meaning set forth below:

- (a) “**Guarantor Security Documents**” means the general security agreement executed and delivered contemporaneously herewith and any other security held by the Lender, from time to time in respect of the obligations under this Guarantee.
- (b) “**Intercompany Indebtedness**” has the meaning specified in Section 3.5.

- (c) **“Other Taxes”** means present and future stamp and documentary taxes and any other excise and property taxes, charges, duties, debits, taxes and similar levies which arise from any payment made by the Guarantor under this Guarantee or under any of the Guarantor Security Documents or from the execution, delivery or registration of, or otherwise with respect to, this Guarantee or any of the Guarantor Security Documents.

1.2 Interpretation

- (a) In this Guarantee the words “including”, “includes” and “include” mean “including (or includes or include) without limitation”. The phrase “the aggregate of”, “the total of”, “the sum of”, or a phrase of similar meaning means “the aggregate (or total or sum), without duplication, of”. The expression “Article”, “Section” or other subdivision followed by a number mean and refer to the specified Article, Section or other subdivision of this Guarantee.
- (b) Any reference in this Guarantee to gender includes all genders. Words importing the singular number only include the plural and vice versa.
- (c) The division of this Guarantee into Articles, Sections and other subdivisions and the insertion of headings are for convenient reference only and are not to affect its interpretation.
- (d) Any schedules attached to this Guarantee form an integral part of it for all purposes.
- (e) Except as otherwise provided in this Guarantee, any reference to this Guarantee, any other Loan Documents or any Guarantor Security Document refers to this Guarantee or such Loan Documents or Guarantor Security Document as the same may have been or may from time to time be amended, modified, extended, renewed, restated, replaced or supplemented and includes all schedules to it. Except as otherwise provided in this Guarantee, any reference in this Guarantee to a statute refers to such statute and all rules and regulations made under it as the same may have been or may from time to time be amended or re-enacted.
- (f) All references in this Guarantee to dollars, unless otherwise specifically indicated, are expressed in the lawful currency of Canada.

ARTICLE 2 GUARANTEE

2.1 Guarantee

The Guarantor irrevocably and unconditionally guarantees to the Lender the due and punctual payment, and the due performance, whether at stated maturity, by acceleration or otherwise, of the Obligations. The Guarantor agrees that the Obligations will be paid to the Lender strictly in accordance with their terms and conditions.

2.2 Solidarity

The Guarantor shall be bound to the Lender as solidary surety. As a result of the foregoing, the Guarantor, the Borrower and any other person(s) presently or in the future guaranteeing any of the Obligations are and shall be obliged to the Lender for the same thing, such that each Guarantor, Borrower and any other person(s) presently or in the future guaranteeing any or all of the Obligations may be compelled separately to pay or fulfill all of the Obligations.

2.3 Indemnity

If any or all of the Obligations are not duly performed by the Borrower and are not performed by the Guarantor under Section 2.1 for any reason whatsoever, the Guarantor will, as a separate and distinct obligation, indemnify and save harmless the Lender from and against all losses resulting from the failure of the Borrower to duly perform such Obligations.

2.4 Primary Obligation

If any or all of the Obligations are not duly performed by the Borrower are not performed by the Guarantor under Section 2.1 or the Lender is not indemnified under Section 2.2, in each case, for any reason whatsoever, such Obligations will, as a separate and distinct obligation be performed by the Guarantor as primary obligor.

2.5 Absolute Liability

To the extent permitted by law, the Guarantor agrees that the liability of the Guarantor hereunder is given on an unlimited basis, and is absolute and unconditional irrespective of:

- (a) the lack of validity or enforceability of any terms of any of the Loan Documents;
- (b) any contest by the Borrower or any other Person as to the amount of the Obligations, the validity or enforceability of any terms of the Loan Documents or the perfection or priority of any security granted to the Lender;
- (c) any defence, counter claim or right of set-off available to the Borrower or any other Person other than the wilful misconduct of the Lender;
- (d) any release, compounding or other variance of the liability of the Borrower or any other Person liable in any manner under or in respect of the Obligations or the extinguishment of all or any part of the Obligations by operation of law;
- (e) any change in the time or times for, or place or manner or terms of payment or performance of the Obligations or any consent, waiver, renewal, alteration, extension, compromise, arrangement, concession, release, discharge or other indulgences which the Lender may grant to the Borrower or any other Person;
- (f) any amendment or supplement to, or alteration or renewal of, or restatement, replacement, refinancing or modification or variation of (including any increase in the amounts available thereunder or the inclusion of an additional borrower

thereunder), or other action or inaction under, the Credit Agreement, the Loan Documents or any other related document or instrument, or the Obligations;

- (g) any discontinuance, termination, reduction, renewal, increase, abstention from renewing or other variation of any credit or credit facilities to, or the terms or conditions of any transaction with, the Borrower or any other Person;
- (h) any change in the ownership, control, name, objects, businesses, assets, capital structure or constitution of the Borrower, the Guarantor and any other Loan Party or any reorganization (whether by way of reconstruction, consolidation, amalgamation, merger, transfer, sale, lease or otherwise) of the Borrower, the Guarantor and any other Loan Party or their respective businesses;
- (i) any dealings with the security which the Lender holds or may hold pursuant to any of the terms and conditions of the Loan Documents, including the taking, giving up or exchange of securities, their variation or realization, the accepting of compositions and the granting of releases and discharges;
- (j) any limitation of status or power, disability, incapacity or other circumstance relating to the Borrower, the Guarantor and any other Loan Party or any other Person, including any bankruptcy, insolvency, reorganization, composition, adjustment, dissolution, liquidation, winding-up or other like proceeding involving or affecting the Borrower, the Guarantor and any other or any other Person or any action taken with respect to this Guarantee by any trustee or receiver, or by any court, in any such proceeding, whether or not the Guarantor shall have notice or knowledge of any of the foregoing;
- (k) the assignment of all or any part of the benefits of this Guarantee by the Lender;
- (l) any impossibility, impracticability, frustration of purpose, force majeure or illegality of any Loan Document, or the occurrence of any change in the laws, rules, regulations or ordinances of any jurisdiction or by any present or future action of (i) any governmental entity that amends, varies, reduces or otherwise affects, or purports to amend, vary, reduce or otherwise affect, any of the Obligations or the obligations of the Guarantor under this Guarantee, or (ii) any court or tribunal order that amends, varies, reduces or otherwise affects any of the Obligations;
- (m) any taking or failure to take security, any loss of, or loss of value of, any security, or any invalidity, non-perfection or unenforceability of any security held by the Lender, or any exercise or enforcement of, or failure to exercise or enforce, security, or irregularity or defect in the manner or procedure by which the Lender realize on such security;
- (n) any application of any sums received to the Obligations, or any part thereof, and any change in such application; and

- (o) any other circumstances which might otherwise constitute a defence available to, or a discharge of, the Guarantor, the Borrower or any other Person in respect of the Obligations or this Guarantee.

ARTICLE 3 ENFORCEMENT

3.1 Remedies

The Lender is not bound to exhaust its recourse against the Borrower or any other Person or realize on any security they may hold in respect of the Obligations before being entitled to (i) enforce payment and performance under this Guarantee, or (ii) pursue any other remedy against the Guarantor, and the Guarantor renounces all benefits of discussion and division.

3.2 Amount of Obligations

Any account settled or stated by or between the Lender and the Borrower, or if any such account has not been settled or stated immediately before demand for payment under this Guarantee, any account stated by the Lender shall, in the absence of manifest error, be accepted by the Guarantor as conclusive evidence of the amount of the Obligations which is due by the Borrower to the Lender or remains unpaid by the Borrower to the Lender.

3.3 Payment on Demand

The Guarantor will pay and perform the Obligations and pay all other amounts payable by it to the Lender under this Guarantee, and the obligation to do so arises, immediately after demand for such payment or performance is made in writing to it. The liability of the Guarantor bears interest from the date of such demand at the rate or rates of interest then applicable to the Obligations under and calculated in the manner provided in the Credit Agreement (including any adjustment to give effect to the provisions of the *Interest Act* (Canada)).

3.4 Costs and Expenses

The Guarantor is liable for and will pay on demand by the Lender any and all reasonable expenses, costs and charges incurred by or on behalf of the Lender in connection with this Guarantee, including all reasonable legal fees, courts costs, receivers or agent's remuneration and other expenses in connection with enforcing any of its rights under this Guarantee and any of the other Loan Documents.

3.5 Assignment and Postponement

- (a) All obligations, liabilities and indebtedness of the Borrower to the Guarantor of any nature whatsoever and all security therefor (the “**Intercorporate Indebtedness**”) are assigned and transferred to the Lender, as general, continuing and collateral security for the Guarantor's obligations under this Guarantee and postponed to the indefeasible payment and performance in full of all the Obligations. Until the occurrence of an Event of Default which is continuing, the Guarantor may receive payments in respect of the Intercorporate Indebtedness as

permitted under the Credit Agreement. The Guarantor will not assign all or any part of the Intercompany Indebtedness to any Person other than the Lender.

- (b) Upon the occurrence of an Event of Default which is continuing, all Intercompany Indebtedness shall be, and shall be deemed to be, held in trust for the Lender, for the benefit of itself, and will be collected, enforced or proved subject to, and for the purpose of, this Guarantee. In such event, any payments received by the Guarantor in respect of the Intercompany Indebtedness shall be, and shall be deemed to be, held exclusively in trust for the Lender, and segregated from other funds and property held by the Guarantor and immediately paid to the Lender, on account of the Obligations.
- (c) The Intercompany Indebtedness shall not be released or withdrawn by the Guarantor without the prior written consent of the Lender. The Guarantor will not allow a limitation period to expire on the Intercompany Indebtedness or ask for or obtain any security or negotiable paper for, or other evidence of, the Intercompany Indebtedness except for the purpose of delivering the same to the Lender.
- (d) In the event of any insolvency, bankruptcy or other proceeding involving the liquidation, arrangement, compromise, reorganization or other relief with respect to the Borrower or its debts, the Guarantor will, upon the request of the Lender, make and present a proof of claim or commence such other proceedings against the Borrower on account of the Intercompany Indebtedness as may be reasonably necessary to establish the Guarantor's entitlement to payment of any Intercompany Indebtedness. Such proof of claim or other proceeding must be made or commenced prior to the earlier of (i) the day which is 30 days after notice requesting such action is delivered by or on behalf of the Lender to the Guarantor, and (ii) the day which is 10 days preceding the date when such proof of claim or other proceeding is required by applicable law to be made or commenced. Such proof of claim or other proceeding must be in form and substance acceptable to the Lender, acting reasonably.
- (e) If the Guarantor fails to make and file such proof of claim or commence such other proceeding in accordance with this Section, the Lender is irrevocably authorized, empowered and directed and appointed the true and lawful attorney of the Guarantor (but is not obliged) with full power of substitution (and which is coupled with an interest) and with the power to exercise for and on behalf of the Guarantor the following rights, upon the occurrence of an Event of Default which is continuing: (i) to make and present for and on behalf of the Guarantor proofs of claims or other such proceedings against the Borrower on account of the Intercompany Indebtedness, (ii) to demand, sue for, receive and collect any and all dividends or other payments or disbursements made in respect of the Intercompany Indebtedness in whatever form the same may be paid or issued and to apply the same on account of the Obligations, and (iii) to demand, sue for, collect and receive each such payment and distribution and give acquittance therefor and to file claims and take such other actions, in its own name or in the

name of the Guarantor or otherwise, as the Lender may deem necessary or advisable to enforce its rights under this Guarantee.

- (f) The Guarantor will execute all subordinations, postponements, assignments and other agreements as the Lender may reasonably request to more effectively subordinate and postpone the Intercompany Indebtedness to the payment and performance of the Obligations.
- (g) The provisions of this Section 3.5 survive the termination of this Guarantee and remain in full force and effect until (i) the Obligations and all other amounts owing under the Loan Documents are indefeasibly paid and performed in full, and (ii) the Lender has no further Obligations under any of the Loan Documents.

3.6 Suspension of Guarantor Rights

So long as there are any Obligations, the Guarantor shall not exercise any rights which it may at any time have by reason of the performance of any of its obligations under this Guarantee (i) to be indemnified by the Borrower, (ii) to claim contribution from any other Person in respect of the Obligations of the Borrower, or (iii) subject to Section 3.8, to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Lender under any of the Loan Documents.

3.7 No Prejudice to Lender

The Lender is not prejudiced in any way in the right to enforce any provision of this Guarantee by any act or failure to act on the part of the Borrower or the Lender. The Lender, may, at any time and from time to time, in such manner as they determine is expedient, without any consent of, or notice to, the Guarantor and without impairing or releasing the obligations of the Guarantor (i) change the manner, place, time or terms of payment or performance of the Obligations, (ii) renew or alter the Obligations, (iii) amend, vary, modify, supplement or replace any Loan Document or any other related document or instrument, other than such documents that require the written consent of the Guarantor to take such action in accordance with the terms thereof, (iv) discontinue, reduce, renew, increase, abstain from renewing or otherwise vary any credit or credit facilities to, any transaction with, the Borrower or any other Person, (v) release, compound or vary the liability of the Borrower or any other Person liable in any manner under or in respect of the Obligations, (vi) take or abstain from taking securities or collateral from any other Person, or from perfecting securities or collateral of any other Person, (vii) exercise or enforce or refrain from exercising or enforcing any right or security against the Borrower, the Guarantor or any other Person, (viii) accept compromises or arrangement from any Person, (ix) apply any sums from time to time received to the Obligations, or any part thereof, and change any such application in whole or in part from time to time, (x) otherwise deal with, or waive or modify its right to deal with, any Person and security. In its dealings with the Borrower, the Lender need not enquire into the authority or power of any Person purporting to act for or on behalf of the Borrower.

3.8 Rights of Subrogation

Any rights of subrogation acquired by the Guarantor by reason of payment under this Guarantee shall not be exercised until the Obligations and all other amounts due to the Lender has been indefeasibly paid and performed in full and such rights of subrogation shall be no greater than the rights held by the Lender. In the event (i) of the liquidation, winding up or bankruptcy of the Borrower (whether voluntary or compulsory), (ii) that the Borrower makes a bulk sale of any of its assets within the meaning of any bulk sales or insolvency legislation, or (iii) that the Borrower makes any composition with creditors or enters into any scheme of arrangement, the Lender has the right to rank in priority to the Guarantor for its full claims in respect of the Obligations and receive all dividends and other payments until its claims have been indefeasibly paid in full. The Guarantor will continue to be liable, less any payments made by it, for any balance which may be owing to the Lender by the Borrower. No valuation or retention of its security by the Lender shall, as between the Lender and the Guarantor, be considered as a purchase of such security or as payment or satisfaction or reduction of all or any part of the Obligations. If any amount is paid to the Guarantor at any time when all the Obligations and other amounts due to the Lender has not been indefeasibly paid in full, the amount shall be, and shall be deemed to be, held in trust exclusively for the benefit of the Lender and immediately paid to the Lender to be credited and applied to the Obligations as it sees fit, whether matured or unmatured. The Guarantor has no recourse against the Lender for any invalidity, non-perfection or unenforceability of any security held by the Lender or any irregularity or defect in the manner or procedure by which the Lender realizes on such security.

3.9 No Set-off

To the fullest extent permitted by applicable law, the Guarantor shall make all payments under this Guarantee without regard to any defence, adverse claim, counter-claim or right of set-off available to it.

3.10 Successors of the Borrower

This Guarantee will not be revoked by any change in the constitution of the Borrower and this Guarantee and the Guarantor Security Documents shall extend and apply to any Person acquiring, or from time to time carrying on the business of, or resulting from any amalgamation involving, the Borrower.

3.11 Continuing Guarantee and Continuing Obligations

The obligations of the Guarantor hereunder are continuing obligations. Each of Section 2.1, Section 2.2 and Section 2.4 extends to all present and future Obligations, applies to and secures the ultimate balance of the Obligations due or remaining due to the Lender and is binding as a continuing obligation of the Guarantor until the Lender releases the Guarantor in writing. This Guarantee shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the Obligations is rescinded or must otherwise be returned by the Lender upon the insolvency, bankruptcy or reorganization of the Borrower or otherwise, all as though the payment had not been made.

3.12 Supplemental Security

This Guarantee is in addition and supplemental to and without prejudice to all other guarantees, indemnities, obligations and security now held or which may hereafter be held by the Lender.

3.13 Security for Guarantee

The Guarantor acknowledges that this Guarantee is intended to secure payment and performance of the Obligations and that the payment and performance of the Obligations and the other obligations of the Guarantor under this Guarantee are secured pursuant to the terms and provisions of the Guarantor Security Documents.

3.14 Right of Set-off

Upon the occurrence of any Event of Default which is continuing, the Lender is authorized by the Guarantor at any time and from time to time and may, to the fullest extent permitted by applicable law, set-off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by the Lender to or for the credit or the account of the Guarantor against any and all of the obligations of the Guarantor now or hereafter existing irrespective of whether or not (i) the Lender has made any demand under this Guarantee, or (ii) any of the Obligations comprising the Obligations which are contingent or unmatured. The Lender agrees to promptly notify the Guarantor after any such set-off and application made by the relevant Lender or Lender, provided that the failure to give notice shall not affect the validity of the set-off and application. The rights of the Lender under this Section 3.14 are in addition and without prejudice to and supplemental to other rights and remedies which the Lender may have.

3.15 Interest Act (Canada)

The Guarantor acknowledges that certain of the rates of interest applicable to the Obligations may be computed on the basis of a period of less than 365 days. For purposes of the *Interest Act* (Canada), whenever any interest is calculated using a rate based on a period of less than 365 days, such rate determined pursuant to such calculation, when expressed as an annual rate is equivalent to (i) the applicable rate based on a period of less than 365 days, (ii) multiplied by the actual number of days in the calendar year in which the period for such interest is payable (or compounded) ends, and (iii) divided by the number of days in the period that is less than 365 days.

Any rate that is calculated with reference to a period (the “**deemed interest period**”) that is less than the actual number of days in the calendar year of calculation is, for the purposes of the *Interest Act* (Canada), equivalent to a rate based on a calendar year calculated by multiplying that rate of interest by the actual number of days in the calendar year of calculation and dividing by the number of days in the deemed interest period. Each of the parties hereto acknowledge that there is a material distinction between the nominal and effective rates of interest and that they are capable of making the calculations necessary to compare such rates and that the calculations herein are to be made using the nominal rate method and not the basis of effective yearly rates or on any basis that gives effect to the principle of deemed reinvestment of interest. Each of the Loan Parties confirms that they fully understand and are able to calculate the rate of interest

applicable to the loans based on the methodology for calculating per annum rates provided for in this Agreement. Each of the Loan Parties hereby irrevocably agrees not to plead or assert, whether by way of defense or otherwise, in any proceeding relating to this Agreement, the Credit Agreement or any one of the Loan Documents, that the interest payable under this Agreement and the calculation thereof has not been adequately disclosed to Loan Parties as required pursuant to Section 4 of the *Interest Act* (Canada).

3.16 Taxes¹

- (a) All payments to the Lender by the Guarantor under this Guarantee or under any of the Guarantor Security Documents will be made free and clear of and without deduction or withholding for any and all Taxes, unless such Taxes are required by applicable law to be deducted or withheld. If the Guarantor is required by applicable law to deduct or withhold any such Taxes from or in respect of any amount payable under this Guarantee or under any of the Guarantor Security Documents (i) the amount payable shall be increased (and for greater certainty, in the case of interest, the amount of interest shall be increased) as may be necessary so that after making all required deductions or withholdings (including deductions or withholdings applicable to any additional amounts paid under this Section 3.16), the Lender receives an amount equal to the amount they would have received if no such deduction or withholding had been made, (ii) the Guarantor will make such deductions or withholdings, and (iii) the Guarantor will immediately pay the full amount deducted or withheld to the relevant Governmental Body in accordance with applicable law.
- (b) The Guarantor agrees to immediately pay any Other Taxes.
- (c) The Guarantor will indemnify the Lender for the full amount of Taxes and Other Taxes (including, without limitation, any Taxes or Other Taxes imposed by any jurisdiction on amounts payable by the Guarantor under this Section 3.16 but specifically excluding regular income tax paid on interest income) paid by the Lender and any liability (including penalties, interest and expenses) arising from or with respect to such Taxes and Other Taxes, whether or not they were correctly or legally asserted. Payment under this indemnification will be made within thirty (30) days from the date the Lender makes written demand for it. A certificate as to the amount of such Taxes and Other Taxes submitted to the Guarantor by the Lender is conclusive evidence, absent manifest error, of the amount due from the Guarantor to the Lender.
- (d) The Guarantor will furnish to the Lender the original or a certified copy of a receipt evidencing payment of any Taxes or Other Taxes made by the Guarantor within thirty (30) days after the date of any payment of such Taxes or Other Taxes.
- (e) The provisions of this Section 3.16 survive the termination of this Guarantee.

¹ NTD: The tax indemnity in the Credit Agreement only covers the Borrower

3.17 Judgment Currency.

If, for the purposes of obtaining judgment in any court, it is necessary to convert all or any part of the Obligations or any other amount due to the Lender in respect of the Guarantor's obligations under this Guarantee in any currency (the “**Original Currency**”) into another currency (the “**Other Currency**”), the Guarantor, to the fullest extent that it may effectively do so, agrees that the rate of exchange used shall be that at which, in accordance with normal banking procedures, the Lender, as the case may be, could purchase the Original Currency with the Other Currency on the Business Day preceding that on which final judgment is indefeasibly paid or satisfied.

The obligations of the Guarantor in respect of any sum due in the Original Currency from it to the Lender or any Lender shall, notwithstanding any judgment in any Other Currency, be discharged only to the extent that on the Business Day following receipt by the Lender of any sum adjudged to be so due in such Other Currency, the Lender in accordance with its normal banking procedures, purchase the Original Currency with such Other Currency. If the amount of the Original Currency so purchased is less than the sum originally due to the Lender in the Original Currency, the Guarantor agrees, as a separate obligation and notwithstanding any such judgment, to indemnify the Lender against such loss, and if the amount of the Original Currency so purchased exceeds the sum originally due to the Lender in the Original Currency, the Lender agrees to remit such excess to the Guarantor.

ARTICLE 4 REPRESENTATIONS, WARRANTIES AND COVENANTS

4.1 Representations and Warranties

The Guarantor represents and warrants, acknowledging and confirming that that the Lender is relying on such representations and warranties in connection with the acceptance of this Guarantee, that each representation and warranty made by the Guarantor under the Credit Agreement and under the other Loan Documents to which the Guarantor is a party, is true, accurate and complete in all material respects.

4.2 Covenants

Until the Obligations and all other amounts owing under this Guarantee are indefeasibly paid and performed in full and the Lender has no obligations under the Credit Agreement and the other Loan Documents, the Guarantor covenants and agrees that:

- (a) it will take, or will refrain from taking, as the case may be, all actions that are necessary to be taken or not taken so that no Event of Default is caused by the actions of the Guarantor; and
- (b) it will not surrender or lose possession of, sell, encumber, lease, rent, or otherwise dispose of or transfer any of its real or personal property or right or interest therein, other than in the ordinary course of business consistent with past practice or as are not prohibited by the Credit Agreement, without prior written consent of the Lender, which shall not be unreasonably withheld or delayed.

ARTICLE 5 GENERAL

5.1 Notices, etc

Any notice, direction or other communication given regarding the matters contemplated by this Guarantee shall be given in accordance with the provisions of the Credit Agreement. Notices to be sent to the Guarantors shall be sent care of the Borrower in accordance with the provisions of the Credit Agreement.

5.2 No Merger, Survival of Representations and Warranties

The representations, warranties and covenants of the Guarantor in this Guarantee survive the execution and delivery of this Guarantee. Notwithstanding any investigation made by or on behalf of the Lender, the representations, warranties and covenants in this Guarantee continue in full force and effect.

5.3 Further Assurances

- (a) The Guarantor will do all acts and things and execute and deliver, or cause to be executed and delivered, all documents and instruments that the Lender may reasonably request to give full effect to this Guarantee and to perfect and preserve the rights and powers of the Lender under this Guarantee, including any acknowledgements and confirmations of this Guarantee and the Guarantor Security Documents.
- (b) The Guarantor acknowledges and confirms that the Guarantor itself has established its own adequate means of obtaining from the Borrower on a continuing basis all information desired by the Guarantor concerning the financial condition of the Borrower and that the Guarantor will look to the Borrower in order for the Guarantor to keep adequately informed of changes in the Borrower's financial condition. Notwithstanding the foregoing, at the written request of the Guarantor, the Lender shall provide the Guarantor with any useful information respecting the content and the terms and conditions of the Obligations and the progress made in the performance of the Obligations, the whole subject to the provisions hereof. Any request by the Guarantor for such information hereunder shall be in writing and shall be as precise as possible in the circumstances. The Lender shall not be bound to furnish any information which shall not have been requested in writing. The Borrower, by its signature hereto, as hereinafter provided, hereby unconditionally and irrevocable consents to the Lender providing any present or future information concerning the Borrower, to the Guarantor.

5.4 Successors and Assigns

This Guarantee is binding upon the Guarantor, its successors and assigns, and enures to the benefit of the Lender and its successors and assigns. This Guarantee may be assigned by the Lender in accordance with the provisions of the Credit Agreement. The Guarantor may not

assign, transfer or delegate any of its rights or obligations under this Guarantee without the prior written consent of the Lender, which may be unreasonably withheld.

5.5 Amendment

This Guarantee may only be amended, supplemented or otherwise modified by written agreement executed by the Lender and the Guarantor.

5.6 Waivers, etc.

- (a) No consent or waiver by the Lender in respect of this Guarantee is binding unless made in writing and signed by an authorized officer of the Lender. Any consent or waiver given under this Guarantee is effective only in the specific instance and for the specific purpose for which given. No waiver of any of the provisions of this Guarantee constitutes a waiver of any other provision.
- (b) A failure or delay on the part of the Lender in exercising a right under this Guarantee does not operate as a waiver of, or impair, any right of the Lender however arising. A single or partial exercise of a right on the part of the Lender does not preclude any other or further exercise of that right or the exercise of any other right by the Lender.

5.7 Severability

If any court of competent jurisdiction from which no appeal exists or is taken, determines that any provision of this Guarantee is illegal, invalid or unenforceable, that provision will be severed from this Guarantee and the remaining provisions will remain in full force and effect.

5.8 Application of Proceeds

All monies collected by the Lender under this Guarantee will be applied as provided in the Credit Agreement.

5.9 Governing Law

- (a) This Guarantee shall exclusively (without regard to any principle or rule relating to conflicts of laws) be governed by, interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.
- (b) The Guarantor irrevocably attorns and submits to the non-exclusive jurisdiction of any court of competent jurisdiction of the Province of Ontario sitting in the district of Toronto in any action or proceeding arising out of or relating to this Guarantee and the Loan Documents to which it is a party. The Guarantor irrevocably waives objection to the venue of any action or proceeding in such court or that such court provides an inconvenient forum. Nothing in this Section 5.9 limits the right of the Lender to bring proceedings against the Guarantor in the courts of any other jurisdiction.

- (c) The Guarantor hereby irrevocably consents to the service of any and all process in any such action or proceeding in accordance with the terms of the Credit Agreement. Nothing in this Section 5.9 affects the right of the Lender to serve process in any manner permitted by applicable law.

5.10 Paramountcy

In the event of any conflict or inconsistency between the provisions hereof and the provisions of the Credit Agreement, the provisions of the Credit Agreement shall prevail and govern but only to the extent of such conflict or inconsistency.

[Signature Page Follows]

IN WITNESS WHEREOF the Guarantor has executed and delivered this Guarantee to and in favour of the Lender with effect as of the date first written above.

2446692 ONTARIO LIMITED

Per:

DocuSigned by:


Name: Nicholas Reichenbach

Title: President

GUARANTEE AGREEMENT

THIS GUARANTEE AGREEMENT (as amended, restated, supplemented or replaced from time to time, this “**Guarantee**”) is dated with effect as of this 30th day of December, 2022 and executed and delivered by **FLOW GLOW BEVERAGES INC.** (the “**Guarantor**”) to and in favour of **NFS LEASING CANADA LTD.**, as Lender under the Credit Agreement (as defined below) (the “**Lender**”).

RECITALS:

- A. The Lender has agreed to make certain credit facilities available to Flow Beverage Corp. (the “**Borrower**”) on the terms and conditions contained in a term loan and security agreement between, *inter alios*, the Borrower and the Lender dated as of the date hereof (as amended, modified, extended, renewed, supplemented, replaced or restated from time to time, the “**Credit Agreement**”);
- B. The Guarantor has agreed to guarantee payment of the Obligations to the Lender under the Credit Agreement and the other Loan Documents on the terms and subject to the conditions hereinafter set forth; and
- C. It is in the best interests of the Guarantor to execute and deliver this Guarantee, inasmuch as the Guarantor will derive substantial direct and indirect benefits from the credit facilities provided by the Lender to and in favour of the Borrower under the Credit Agreement.

NOW THEREFORE in consideration of the extension of credit by the Lender to the Borrower, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Guarantor, the Guarantor hereby covenants and agrees to and in favour of the Lender as follows

ARTICLE 1 INTERPRETATION

1.1 Defined Terms

Except as otherwise expressly provided herein, capitalized terms used in this Guarantee (including in the recitals hereof) but not defined herein shall have the meanings assigned to such terms in the Credit Agreement. In addition, in this Agreement, unless the context expressly or by necessary implication otherwise requires, the following words and phrases will have the meaning set forth below:

- (a) “**Guarantor Security Documents**” means the general security agreement executed and delivered contemporaneously herewith and any other security held by the Lender, from time to time in respect of the obligations under this Guarantee.
- (b) “**Intercompany Indebtedness**” has the meaning specified in Section 3.5.

- (c) **“Other Taxes”** means present and future stamp and documentary taxes and any other excise and property taxes, charges, duties, debits, taxes and similar levies which arise from any payment made by the Guarantor under this Guarantee or under any of the Guarantor Security Documents or from the execution, delivery or registration of, or otherwise with respect to, this Guarantee or any of the Guarantor Security Documents.

1.2 Interpretation

- (a) In this Guarantee the words “including”, “includes” and “include” mean “including (or includes or include) without limitation”. The phrase “the aggregate of”, “the total of”, “the sum of”, or a phrase of similar meaning means “the aggregate (or total or sum), without duplication, of”. The expression “Article”, “Section” or other subdivision followed by a number mean and refer to the specified Article, Section or other subdivision of this Guarantee.
- (b) Any reference in this Guarantee to gender includes all genders. Words importing the singular number only include the plural and vice versa.
- (c) The division of this Guarantee into Articles, Sections and other subdivisions and the insertion of headings are for convenient reference only and are not to affect its interpretation.
- (d) Any schedules attached to this Guarantee form an integral part of it for all purposes.
- (e) Except as otherwise provided in this Guarantee, any reference to this Guarantee, any other Loan Documents or any Guarantor Security Document refers to this Guarantee or such Loan Documents or Guarantor Security Document as the same may have been or may from time to time be amended, modified, extended, renewed, restated, replaced or supplemented and includes all schedules to it. Except as otherwise provided in this Guarantee, any reference in this Guarantee to a statute refers to such statute and all rules and regulations made under it as the same may have been or may from time to time be amended or re-enacted.
- (f) All references in this Guarantee to dollars, unless otherwise specifically indicated, are expressed in the lawful currency of Canada.

ARTICLE 2 GUARANTEE

2.1 Guarantee

The Guarantor irrevocably and unconditionally guarantees to the Lender the due and punctual payment, and the due performance, whether at stated maturity, by acceleration or otherwise, of the Obligations. The Guarantor agrees that the Obligations will be paid to the Lender strictly in accordance with their terms and conditions.

2.2 Solidarity

The Guarantor shall be bound to the Lender as solidary surety. As a result of the foregoing, the Guarantor, the Borrower and any other person(s) presently or in the future guaranteeing any of the Obligations are and shall be obliged to the Lender for the same thing, such that each Guarantor, Borrower and any other person(s) presently or in the future guaranteeing any or all of the Obligations may be compelled separately to pay or fulfill all of the Obligations.

2.3 Indemnity

If any or all of the Obligations are not duly performed by the Borrower and are not performed by the Guarantor under Section 2.1 for any reason whatsoever, the Guarantor will, as a separate and distinct obligation, indemnify and save harmless the Lender from and against all losses resulting from the failure of the Borrower to duly perform such Obligations.

2.4 Primary Obligation

If any or all of the Obligations are not duly performed by the Borrower are not performed by the Guarantor under Section 2.1 or the Lender is not indemnified under Section 2.2, in each case, for any reason whatsoever, such Obligations will, as a separate and distinct obligation be performed by the Guarantor as primary obligor.

2.5 Absolute Liability

To the extent permitted by law, the Guarantor agrees that the liability of the Guarantor hereunder is given on an unlimited basis, and is absolute and unconditional irrespective of:

- (a) the lack of validity or enforceability of any terms of any of the Loan Documents;
- (b) any contest by the Borrower or any other Person as to the amount of the Obligations, the validity or enforceability of any terms of the Loan Documents or the perfection or priority of any security granted to the Lender;
- (c) any defence, counter claim or right of set-off available to the Borrower or any other Person other than the wilful misconduct of the Lender;
- (d) any release, compounding or other variance of the liability of the Borrower or any other Person liable in any manner under or in respect of the Obligations or the extinguishment of all or any part of the Obligations by operation of law;
- (e) any change in the time or times for, or place or manner or terms of payment or performance of the Obligations or any consent, waiver, renewal, alteration, extension, compromise, arrangement, concession, release, discharge or other indulgences which the Lender may grant to the Borrower or any other Person;
- (f) any amendment or supplement to, or alteration or renewal of, or restatement, replacement, refinancing or modification or variation of (including any increase in the amounts available thereunder or the inclusion of an additional borrower

thereunder), or other action or inaction under, the Credit Agreement, the Loan Documents or any other related document or instrument, or the Obligations;

- (g) any discontinuance, termination, reduction, renewal, increase, abstention from renewing or other variation of any credit or credit facilities to, or the terms or conditions of any transaction with, the Borrower or any other Person;
- (h) any change in the ownership, control, name, objects, businesses, assets, capital structure or constitution of the Borrower, the Guarantor and any other Loan Party or any reorganization (whether by way of reconstruction, consolidation, amalgamation, merger, transfer, sale, lease or otherwise) of the Borrower, the Guarantor and any other Loan Party or their respective businesses;
- (i) any dealings with the security which the Lender holds or may hold pursuant to any of the terms and conditions of the Loan Documents, including the taking, giving up or exchange of securities, their variation or realization, the accepting of compositions and the granting of releases and discharges;
- (j) any limitation of status or power, disability, incapacity or other circumstance relating to the Borrower, the Guarantor and any other Loan Party or any other Person, including any bankruptcy, insolvency, reorganization, composition, adjustment, dissolution, liquidation, winding-up or other like proceeding involving or affecting the Borrower, the Guarantor and any other or any other Person or any action taken with respect to this Guarantee by any trustee or receiver, or by any court, in any such proceeding, whether or not the Guarantor shall have notice or knowledge of any of the foregoing;
- (k) the assignment of all or any part of the benefits of this Guarantee by the Lender;
- (l) any impossibility, impracticability, frustration of purpose, force majeure or illegality of any Loan Document, or the occurrence of any change in the laws, rules, regulations or ordinances of any jurisdiction or by any present or future action of (i) any governmental entity that amends, varies, reduces or otherwise affects, or purports to amend, vary, reduce or otherwise affect, any of the Obligations or the obligations of the Guarantor under this Guarantee, or (ii) any court or tribunal order that amends, varies, reduces or otherwise affects any of the Obligations;
- (m) any taking or failure to take security, any loss of, or loss of value of, any security, or any invalidity, non-perfection or unenforceability of any security held by the Lender, or any exercise or enforcement of, or failure to exercise or enforce, security, or irregularity or defect in the manner or procedure by which the Lender realize on such security;
- (n) any application of any sums received to the Obligations, or any part thereof, and any change in such application; and

- (o) any other circumstances which might otherwise constitute a defence available to, or a discharge of, the Guarantor, the Borrower or any other Person in respect of the Obligations or this Guarantee.

ARTICLE 3 ENFORCEMENT

3.1 Remedies

The Lender is not bound to exhaust its recourse against the Borrower or any other Person or realize on any security they may hold in respect of the Obligations before being entitled to (i) enforce payment and performance under this Guarantee, or (ii) pursue any other remedy against the Guarantor, and the Guarantor renounces all benefits of discussion and division.

3.2 Amount of Obligations

Any account settled or stated by or between the Lender and the Borrower, or if any such account has not been settled or stated immediately before demand for payment under this Guarantee, any account stated by the Lender shall, in the absence of manifest error, be accepted by the Guarantor as conclusive evidence of the amount of the Obligations which is due by the Borrower to the Lender or remains unpaid by the Borrower to the Lender.

3.3 Payment on Demand

The Guarantor will pay and perform the Obligations and pay all other amounts payable by it to the Lender under this Guarantee, and the obligation to do so arises, immediately after demand for such payment or performance is made in writing to it. The liability of the Guarantor bears interest from the date of such demand at the rate or rates of interest then applicable to the Obligations under and calculated in the manner provided in the Credit Agreement (including any adjustment to give effect to the provisions of the *Interest Act* (Canada)).

3.4 Costs and Expenses

The Guarantor is liable for and will pay on demand by the Lender any and all reasonable expenses, costs and charges incurred by or on behalf of the Lender in connection with this Guarantee, including all reasonable legal fees, courts costs, receivers or agent's remuneration and other expenses in connection with enforcing any of its rights under this Guarantee and any of the other Loan Documents.

3.5 Assignment and Postponement

- (a) All obligations, liabilities and indebtedness of the Borrower to the Guarantor of any nature whatsoever and all security therefor (the “**Intercorporate Indebtedness**”) are assigned and transferred to the Lender, as general, continuing and collateral security for the Guarantor's obligations under this Guarantee and postponed to the indefeasible payment and performance in full of all the Obligations. Until the occurrence of an Event of Default which is continuing, the Guarantor may receive payments in respect of the Intercorporate Indebtedness as

permitted under the Credit Agreement. The Guarantor will not assign all or any part of the Intercompany Indebtedness to any Person other than the Lender.

- (b) Upon the occurrence of an Event of Default which is continuing, all Intercompany Indebtedness shall be, and shall be deemed to be, held in trust for the Lender, for the benefit of itself, and will be collected, enforced or proved subject to, and for the purpose of, this Guarantee. In such event, any payments received by the Guarantor in respect of the Intercompany Indebtedness shall be, and shall be deemed to be, held exclusively in trust for the Lender, and segregated from other funds and property held by the Guarantor and immediately paid to the Lender, on account of the Obligations.
- (c) The Intercompany Indebtedness shall not be released or withdrawn by the Guarantor without the prior written consent of the Lender. The Guarantor will not allow a limitation period to expire on the Intercompany Indebtedness or ask for or obtain any security or negotiable paper for, or other evidence of, the Intercompany Indebtedness except for the purpose of delivering the same to the Lender.
- (d) In the event of any insolvency, bankruptcy or other proceeding involving the liquidation, arrangement, compromise, reorganization or other relief with respect to the Borrower or its debts, the Guarantor will, upon the request of the Lender, make and present a proof of claim or commence such other proceedings against the Borrower on account of the Intercompany Indebtedness as may be reasonably necessary to establish the Guarantor's entitlement to payment of any Intercompany Indebtedness. Such proof of claim or other proceeding must be made or commenced prior to the earlier of (i) the day which is 30 days after notice requesting such action is delivered by or on behalf of the Lender to the Guarantor, and (ii) the day which is 10 days preceding the date when such proof of claim or other proceeding is required by applicable law to be made or commenced. Such proof of claim or other proceeding must be in form and substance acceptable to the Lender, acting reasonably.
- (e) If the Guarantor fails to make and file such proof of claim or commence such other proceeding in accordance with this Section, the Lender is irrevocably authorized, empowered and directed and appointed the true and lawful attorney of the Guarantor (but is not obliged) with full power of substitution (and which is coupled with an interest) and with the power to exercise for and on behalf of the Guarantor the following rights, upon the occurrence of an Event of Default which is continuing: (i) to make and present for and on behalf of the Guarantor proofs of claims or other such proceedings against the Borrower on account of the Intercompany Indebtedness, (ii) to demand, sue for, receive and collect any and all dividends or other payments or disbursements made in respect of the Intercompany Indebtedness in whatever form the same may be paid or issued and to apply the same on account of the Obligations, and (iii) to demand, sue for, collect and receive each such payment and distribution and give acquittance therefor and to file claims and take such other actions, in its own name or in the

name of the Guarantor or otherwise, as the Lender may deem necessary or advisable to enforce its rights under this Guarantee.

- (f) The Guarantor will execute all subordinations, postponements, assignments and other agreements as the Lender may reasonably request to more effectively subordinate and postpone the Intercompany Indebtedness to the payment and performance of the Obligations.
- (g) The provisions of this Section 3.5 survive the termination of this Guarantee and remain in full force and effect until (i) the Obligations and all other amounts owing under the Loan Documents are indefeasibly paid and performed in full, and (ii) the Lender has no further Obligations under any of the Loan Documents.

3.6 Suspension of Guarantor Rights

So long as there are any Obligations, the Guarantor shall not exercise any rights which it may at any time have by reason of the performance of any of its obligations under this Guarantee (i) to be indemnified by the Borrower, (ii) to claim contribution from any other Person in respect of the Obligations of the Borrower, or (iii) subject to Section 3.8, to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Lender under any of the Loan Documents.

3.7 No Prejudice to Lender

The Lender is not prejudiced in any way in the right to enforce any provision of this Guarantee by any act or failure to act on the part of the Borrower or the Lender. The Lender, may, at any time and from time to time, in such manner as they determine is expedient, without any consent of, or notice to, the Guarantor and without impairing or releasing the obligations of the Guarantor (i) change the manner, place, time or terms of payment or performance of the Obligations, (ii) renew or alter the Obligations, (iii) amend, vary, modify, supplement or replace any Loan Document or any other related document or instrument, other than such documents that require the written consent of the Guarantor to take such action in accordance with the terms thereof, (iv) discontinue, reduce, renew, increase, abstain from renewing or otherwise vary any credit or credit facilities to, any transaction with, the Borrower or any other Person, (v) release, compound or vary the liability of the Borrower or any other Person liable in any manner under or in respect of the Obligations, (vi) take or abstain from taking securities or collateral from any other Person, or from perfecting securities or collateral of any other Person, (vii) exercise or enforce or refrain from exercising or enforcing any right or security against the Borrower, the Guarantor or any other Person, (viii) accept compromises or arrangement from any Person, (ix) apply any sums from time to time received to the Obligations, or any part thereof, and change any such application in whole or in part from time to time, (x) otherwise deal with, or waive or modify its right to deal with, any Person and security. In its dealings with the Borrower, the Lender need not enquire into the authority or power of any Person purporting to act for or on behalf of the Borrower.

3.8 Rights of Subrogation

Any rights of subrogation acquired by the Guarantor by reason of payment under this Guarantee shall not be exercised until the Obligations and all other amounts due to the Lender has been indefeasibly paid and performed in full and such rights of subrogation shall be no greater than the rights held by the Lender. In the event (i) of the liquidation, winding up or bankruptcy of the Borrower (whether voluntary or compulsory), (ii) that the Borrower makes a bulk sale of any of its assets within the meaning of any bulk sales or insolvency legislation, or (iii) that the Borrower makes any composition with creditors or enters into any scheme of arrangement, the Lender has the right to rank in priority to the Guarantor for its full claims in respect of the Obligations and receive all dividends and other payments until its claims have been indefeasibly paid in full. The Guarantor will continue to be liable, less any payments made by it, for any balance which may be owing to the Lender by the Borrower. No valuation or retention of its security by the Lender shall, as between the Lender and the Guarantor, be considered as a purchase of such security or as payment or satisfaction or reduction of all or any part of the Obligations. If any amount is paid to the Guarantor at any time when all the Obligations and other amounts due to the Lender has not been indefeasibly paid in full, the amount shall be, and shall be deemed to be, held in trust exclusively for the benefit of the Lender and immediately paid to the Lender to be credited and applied to the Obligations as it sees fit, whether matured or unmatured. The Guarantor has no recourse against the Lender for any invalidity, non-perfection or unenforceability of any security held by the Lender or any irregularity or defect in the manner or procedure by which the Lender realizes on such security.

3.9 No Set-off

To the fullest extent permitted by applicable law, the Guarantor shall make all payments under this Guarantee without regard to any defence, adverse claim, counter-claim or right of set-off available to it.

3.10 Successors of the Borrower

This Guarantee will not be revoked by any change in the constitution of the Borrower and this Guarantee and the Guarantor Security Documents shall extend and apply to any Person acquiring, or from time to time carrying on the business of, or resulting from any amalgamation involving, the Borrower.

3.11 Continuing Guarantee and Continuing Obligations

The obligations of the Guarantor hereunder are continuing obligations. Each of Section 2.1, Section 2.2 and Section 2.4 extends to all present and future Obligations, applies to and secures the ultimate balance of the Obligations due or remaining due to the Lender and is binding as a continuing obligation of the Guarantor until the Lender releases the Guarantor in writing. This Guarantee shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the Obligations is rescinded or must otherwise be returned by the Lender upon the insolvency, bankruptcy or reorganization of the Borrower or otherwise, all as though the payment had not been made.

3.12 Supplemental Security

This Guarantee is in addition and supplemental to and without prejudice to all other guarantees, indemnities, obligations and security now held or which may hereafter be held by the Lender.

3.13 Security for Guarantee

The Guarantor acknowledges that this Guarantee is intended to secure payment and performance of the Obligations and that the payment and performance of the Obligations and the other obligations of the Guarantor under this Guarantee are secured pursuant to the terms and provisions of the Guarantor Security Documents.

3.14 Right of Set-off

Upon the occurrence of any Event of Default which is continuing, the Lender is authorized by the Guarantor at any time and from time to time and may, to the fullest extent permitted by applicable law, set-off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by the Lender to or for the credit or the account of the Guarantor against any and all of the obligations of the Guarantor now or hereafter existing irrespective of whether or not (i) the Lender has made any demand under this Guarantee, or (ii) any of the Obligations comprising the Obligations which are contingent or unmatured. The Lender agrees to promptly notify the Guarantor after any such set-off and application made by the relevant Lender or Lender, provided that the failure to give notice shall not affect the validity of the set-off and application. The rights of the Lender under this Section 3.14 are in addition and without prejudice to and supplemental to other rights and remedies which the Lender may have.

3.15 Interest Act (Canada)

The Guarantor acknowledges that certain of the rates of interest applicable to the Obligations may be computed on the basis of a period of less than 365 days. For purposes of the *Interest Act* (Canada), whenever any interest is calculated using a rate based on a period of less than 365 days, such rate determined pursuant to such calculation, when expressed as an annual rate is equivalent to (i) the applicable rate based on a period of less than 365 days, (ii) multiplied by the actual number of days in the calendar year in which the period for such interest is payable (or compounded) ends, and (iii) divided by the number of days in the period that is less than 365 days.

Any rate that is calculated with reference to a period (the “**deemed interest period**”) that is less than the actual number of days in the calendar year of calculation is, for the purposes of the *Interest Act* (Canada), equivalent to a rate based on a calendar year calculated by multiplying that rate of interest by the actual number of days in the calendar year of calculation and dividing by the number of days in the deemed interest period. Each of the parties hereto acknowledge that there is a material distinction between the nominal and effective rates of interest and that they are capable of making the calculations necessary to compare such rates and that the calculations herein are to be made using the nominal rate method and not the basis of effective yearly rates or on any basis that gives effect to the principle of deemed reinvestment of interest. Each of the Loan Parties confirms that they fully understand and are able to calculate the rate of interest

applicable to the loans based on the methodology for calculating per annum rates provided for in this Agreement. Each of the Loan Parties hereby irrevocably agrees not to plead or assert, whether by way of defense or otherwise, in any proceeding relating to this Agreement, the Credit Agreement or any one of the Loan Documents, that the interest payable under this Agreement and the calculation thereof has not been adequately disclosed to Loan Parties as required pursuant to Section 4 of the *Interest Act* (Canada).

3.16 Taxes

- (a) All payments to the Lender by the Guarantor under this Guarantee or under any of the Guarantor Security Documents will be made free and clear of and without deduction or withholding for any and all Taxes, unless such Taxes are required by applicable law to be deducted or withheld. If the Guarantor is required by applicable law to deduct or withhold any such Taxes from or in respect of any amount payable under this Guarantee or under any of the Guarantor Security Documents (i) the amount payable shall be increased (and for greater certainty, in the case of interest, the amount of interest shall be increased) as may be necessary so that after making all required deductions or withholdings (including deductions or withholdings applicable to any additional amounts paid under this Section 3.16), the Lender receives an amount equal to the amount they would have received if no such deduction or withholding had been made, (ii) the Guarantor will make such deductions or withholdings, and (iii) the Guarantor will immediately pay the full amount deducted or withheld to the relevant Governmental Body in accordance with applicable law.
- (b) The Guarantor agrees to immediately pay any Other Taxes.
- (c) The Guarantor will indemnify the Lender for the full amount of Taxes and Other Taxes (including, without limitation, any Taxes or Other Taxes imposed by any jurisdiction on amounts payable by the Guarantor under this Section 3.16 but specifically excluding regular income tax paid on interest income) paid by the Lender and any liability (including penalties, interest and expenses) arising from or with respect to such Taxes and Other Taxes, whether or not they were correctly or legally asserted. Payment under this indemnification will be made within thirty (30) days from the date the Lender makes written demand for it. A certificate as to the amount of such Taxes and Other Taxes submitted to the Guarantor by the Lender is conclusive evidence, absent manifest error, of the amount due from the Guarantor to the Lender.
- (d) The Guarantor will furnish to the Lender the original or a certified copy of a receipt evidencing payment of any Taxes or Other Taxes made by the Guarantor within thirty (30) days after the date of any payment of such Taxes or Other Taxes.
- (e) The provisions of this Section 3.16 survive the termination of this Guarantee.

3.17 Judgment Currency.

If, for the purposes of obtaining judgment in any court, it is necessary to convert all or any part of the Obligations or any other amount due to the Lender in respect of the Guarantor's obligations under this Guarantee in any currency (the “**Original Currency**”) into another currency (the “**Other Currency**”), the Guarantor, to the fullest extent that it may effectively do so, agrees that the rate of exchange used shall be that at which, in accordance with normal banking procedures, the Lender, as the case may be, could purchase the Original Currency with the Other Currency on the Business Day preceding that on which final judgment is indefeasibly paid or satisfied.

The obligations of the Guarantor in respect of any sum due in the Original Currency from it to the Lender or any Lender shall, notwithstanding any judgment in any Other Currency, be discharged only to the extent that on the Business Day following receipt by the Lender of any sum adjudged to be so due in such Other Currency, the Lender in accordance with its normal banking procedures, purchase the Original Currency with such Other Currency. If the amount of the Original Currency so purchased is less than the sum originally due to the Lender in the Original Currency, the Guarantor agrees, as a separate obligation and notwithstanding any such judgment, to indemnify the Lender against such loss, and if the amount of the Original Currency so purchased exceeds the sum originally due to the Lender in the Original Currency, the Lender agrees to remit such excess to the Guarantor.

ARTICLE 4

REPRESENTATIONS, WARRANTIES AND COVENANTS

4.1 Representations and Warranties

The Guarantor represents and warrants, acknowledging and confirming that that the Lender is relying on such representations and warranties in connection with the acceptance of this Guarantee, that each representation and warranty made by the Guarantor under the Credit Agreement and under the other Loan Documents to which the Guarantor is a party, is true, accurate and complete in all material respects.

4.2 Covenants

Until the Obligations and all other amounts owing under this Guarantee are indefeasibly paid and performed in full and the Lender has no obligations under the Credit Agreement and the other Loan Documents, the Guarantor covenants and agrees that:

- (a) it will take, or will refrain from taking, as the case may be, all actions that are necessary to be taken or not taken so that no Event of Default is caused by the actions of the Guarantor; and
- (b) it will not surrender or lose possession of, sell, encumber, lease, rent, or otherwise dispose of or transfer any of its real or personal property or right or interest therein, other than in the ordinary course of business consistent with past practice or as are not prohibited by the Credit Agreement, without prior written consent of the Lender, which shall not be unreasonably withheld or delayed.

ARTICLE 5 GENERAL

5.1 Notices, etc

Any notice, direction or other communication given regarding the matters contemplated by this Guarantee shall be given in accordance with the provisions of the Credit Agreement. Notices to be sent to the Guarantors shall be sent care of the Borrower in accordance with the provisions of the Credit Agreement.

5.2 No Merger, Survival of Representations and Warranties

The representations, warranties and covenants of the Guarantor in this Guarantee survive the execution and delivery of this Guarantee. Notwithstanding any investigation made by or on behalf of the Lender, the representations, warranties and covenants in this Guarantee continue in full force and effect.

5.3 Further Assurances

- (a) The Guarantor will do all acts and things and execute and deliver, or cause to be executed and delivered, all documents and instruments that the Lender may reasonably request to give full effect to this Guarantee and to perfect and preserve the rights and powers of the Lender under this Guarantee, including any acknowledgements and confirmations of this Guarantee and the Guarantor Security Documents.
- (b) The Guarantor acknowledges and confirms that the Guarantor itself has established its own adequate means of obtaining from the Borrower on a continuing basis all information desired by the Guarantor concerning the financial condition of the Borrower and that the Guarantor will look to the Borrower in order for the Guarantor to keep adequately informed of changes in the Borrower's financial condition. Notwithstanding the foregoing, at the written request of the Guarantor, the Lender shall provide the Guarantor with any useful information respecting the content and the terms and conditions of the Obligations and the progress made in the performance of the Obligations, the whole subject to the provisions hereof. Any request by the Guarantor for such information hereunder shall be in writing and shall be as precise as possible in the circumstances. The Lender shall not be bound to furnish any information which shall not have been requested in writing. The Borrower, by its signature hereto, as hereinafter provided, hereby unconditionally and irrevocable consents to the Lender providing any present or future information concerning the Borrower, to the Guarantor.

5.4 Successors and Assigns

This Guarantee is binding upon the Guarantor, its successors and assigns, and enures to the benefit of the Lender and its successors and assigns. This Guarantee may be assigned by the Lender in accordance with the provisions of the Credit Agreement. The Guarantor may not

assign, transfer or delegate any of its rights or obligations under this Guarantee without the prior written consent of the Lender, which may be unreasonably withheld.

5.5 Amendment

This Guarantee may only be amended, supplemented or otherwise modified by written agreement executed by the Lender and the Guarantor.

5.6 Waivers, etc.

- (a) No consent or waiver by the Lender in respect of this Guarantee is binding unless made in writing and signed by an authorized officer of the Lender. Any consent or waiver given under this Guarantee is effective only in the specific instance and for the specific purpose for which given. No waiver of any of the provisions of this Guarantee constitutes a waiver of any other provision.
- (b) A failure or delay on the part of the Lender in exercising a right under this Guarantee does not operate as a waiver of, or impair, any right of the Lender however arising. A single or partial exercise of a right on the part of the Lender does not preclude any other or further exercise of that right or the exercise of any other right by the Lender.

5.7 Severability

If any court of competent jurisdiction from which no appeal exists or is taken, determines that any provision of this Guarantee is illegal, invalid or unenforceable, that provision will be severed from this Guarantee and the remaining provisions will remain in full force and effect.

5.8 Application of Proceeds

All monies collected by the Lender under this Guarantee will be applied as provided in the Credit Agreement.

5.9 Governing Law

- (a) This Guarantee shall exclusively (without regard to any principle or rule relating to conflicts of laws) be governed by, interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.
- (b) The Guarantor irrevocably attorns and submits to the non-exclusive jurisdiction of any court of competent jurisdiction of the Province of Ontario sitting in the district of Toronto in any action or proceeding arising out of or relating to this Guarantee and the Loan Documents to which it is a party. The Guarantor irrevocably waives objection to the venue of any action or proceeding in such court or that such court provides an inconvenient forum. Nothing in this Section 5.9 limits the right of the Lender to bring proceedings against the Guarantor in the courts of any other jurisdiction.

- (c) The Guarantor hereby irrevocably consents to the service of any and all process in any such action or proceeding in accordance with the terms of the Credit Agreement. Nothing in this Section 5.9 affects the right of the Lender to serve process in any manner permitted by applicable law.

5.10 Paramountcy

In the event of any conflict or inconsistency between the provisions hereof and the provisions of the Credit Agreement, the provisions of the Credit Agreement shall prevail and govern but only to the extent of such conflict or inconsistency.

[Signature Page Follows]

IN WITNESS WHEREOF the Guarantor has executed and delivered this Guarantee to and in favour of the Lender with effect as of the date first written above.

FLOW GLOW BEVERAGES INC.

Per:

DocuSigned by:


Name: Nicholas Reichenbach

Title: Chief Executive Officer

GUARANTY AGREEMENT

THIS GUARANTY AGREEMENT (as amended, amended and restated, supplemented, replaced or otherwise modified from time to time, this “**Guaranty**”) dated as of December 30, 2022, is by **FLOW BEVERAGES INC.**, a Delaware corporation and affiliate of Borrower (the “**Guarantor**”) in favor of **NFS LEASING CANADA LTD.**, a Canada corporation (together with its successors and assigns, collectively, the “**Lender**”) pursuant to that certain Term Loan and Security Agreement, dated as of the date hereof, by and among **FLOW BEVERAGE CORP.**, a corporation formed under the Canada Business Corporations Act and an affiliate of Guarantor (the “**Borrower**”), the Guarantor and each of the other guarantors party thereto, as Guarantors, and Lender (as amended, amended and restated, supplemented, replaced or otherwise modified from time to time, the “**Loan Agreement**”). Capitalized terms defined in the Loan Agreement and not otherwise defined herein, when used in this Agreement, shall have the respective meanings provided for in the Loan Agreement.

WHEREAS, pursuant to the Loan Agreement, Lender has agreed to extend a term loan to the Borrower pursuant to, and upon the terms and subject to the conditions specified in, the Loan Agreement;

WHEREAS, it is a condition precedent to the obligations of Lender under the Loan Agreement that the Guarantor provide this Guaranty Agreement to guaranty all Obligations of the Borrower, and the Guarantor desires to satisfy such condition precedent;

WHEREAS, the Guarantor will obtain substantial direct and indirect financial and other benefits from the Term Loan made by Lender to the Borrower pursuant to the Loan Agreement and the other Loan Documents, and accordingly, Guarantor desires to enter into this Guaranty Agreement; and

NOW, THEREFORE, in consideration of the premises and mutual covenants herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Guarantor agrees as follows:

1. **Consideration.** This Guaranty Agreement is made for good and valuable consideration and to induce Lender to extend credit to the Borrower. Guarantor has a substantial financial interest in Borrower and Guarantor acknowledges the receipt and adequacy of the consideration received by Guarantor in connection with the Loan Documents between Lender and Borrower.
2. **Financial Guaranty:** Guarantor hereby unconditionally, absolutely, and irrevocably guarantees to Lender the full and punctual payment and performance of all present and future Obligations required to be observed and performed or paid or reimbursed by Borrower under or relating to the Loan Agreement, each other Loan Document, and all amendments, modifications, supplements, substitutions, additions, renewals, replacements and extensions thereof including but not specifically limited to finance fees, principal and interest, per diem, late fees, default interest, expenses and other amounts due under each of the Loan Documents, expenses incurred by Lender to cure any default by Borrower, costs, expenses and attorneys’ fees, liquidated damages and other amounts or damages which may be due or awarded to Lender upon the default of Borrower, plus all costs, expenses and fees (including the reasonable fees and expenses of Lender’s counsel) in any way relating to the enforcement or protection of Lender’s rights hereunder. By executing this Guaranty Agreement, Guarantor hereby acknowledges that Guarantor has reviewed the various provisions of the Loan Documents, has had sufficient opportunity to consult with legal counsel, and fully understands Guarantor’s financial and other obligations and exposure under this Guaranty Agreement.
3. **Payment by Guarantor:** Guarantor hereby agrees that in the event Borrower fails to pay any amount due Lender within five (5) days after the date such payment is due, and/or in the event any other amount is due hereunder, Guarantor will pay any such amounts in full to Lender within five (5) days of the date Guarantor receives a written notice of payment due from Lender, with such

notice delivered in accordance with Section 11.1 of the Loan Agreement.

4. **Nature of Guarantor's Liability:** Guarantor agrees that Guarantor's payment and other obligations under this Guaranty Agreement are an independent contractual undertaking on the part of Guarantor, and that Guarantor's liability to Lender shall be joint and several with Borrower and any other guarantors' or obligors' obligations towards Lender under the Loan Documents. Guarantor further agrees that Lender's remedies against Guarantor hereunder shall be separate and distinct from its remedies against Borrower and any other guarantor or obligor, and Lender may, at its sole option, proceed directly against Guarantor without first proceeding against Borrower or any other guarantor or obligor. Lender may, at Lender's option, proceed against Guarantor and Borrower, jointly and severally, or against Guarantor only, without having obtained a judgment against Borrower. Neither the failure of Lender in any particular instance to insist upon Guarantor's strict performance, nor the granting by Lender of any particular indulgence, forbearance or concession to either Guarantor, Borrower, or any other guarantor or obligor, shall operate as a waiver on the part of Lender to thereafter insist upon Guarantor's strict performance of this Guaranty Agreement. Guarantor hereby unconditionally and irrevocably waives promptness, diligence, notice of acceptance, presentment, demand for performance, notice of non-performance, default, acceleration, protest or dishonor and any other notice with respect to any of the Obligations and this Guaranty Agreement and any requirement that Lender protect, secure, perfect or insure any lien or any property subject thereto. Guarantor agrees that, absent an express agreement in writing to the contrary signed by Lender, this Guaranty Agreement shall be irrevocable by Guarantor until the complete, irrevocable and indefeasible payment and satisfaction in full of the Obligations. Notwithstanding anything contained herein to the contrary, the obligations of Guarantor shall be limited to the maximum amount so as to not constitute a fraudulent transfer or conveyance for purposes of the United States Bankruptcy Code or any applicable state law or otherwise to the extent applicable to this Guaranty Agreement and the obligations of Guarantor hereunder. Guarantor agrees that its guaranty hereunder shall continue to be effective or be reinstated, as the case may be, if at any time all or part of any payment of any Obligation is voided, rescinded or recovered or must otherwise be returned by Lender upon the insolvency, bankruptcy or reorganization of Borrower.
5. **Security:** This Guaranty Agreement is secured by that certain (a) Security Agreement (as amended, amended and restated, supplemented, replaced or otherwise modified from time to time) dated as of the date hereof by Guarantor, as Debtor, in favor of Lender, pursuant to which Guarantor granted a security interest with respect to all of Guarantor's personal property in favor of Lender, (b) Trademark Security Agreement (as amended, amended and restated, supplemented, replaced or otherwise modified from time to time) dated as of the date hereof by Guarantor in favor of Lender, pursuant to which Guarantor granted a security interest with respect to all of Guarantor's trademarks in favor of Lender, (c) Collateral Assignment of Rights (as amended, amended and restated, supplemented, replaced or otherwise modified from time to time) dated as of the date hereof by Guarantor in favor of Lender, pursuant to which Guarantor granted a security interest in favor of Lender with respect to certain Acquisition Undertakings granted to Guarantor, and (D) Credit Line Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing dated as of the date hereof by the Guarantor in favor of the Lender, and recorded in the Land Records of Augusta County, Virginia.
6. **Guaranty Absolute and Unconditional.** Guarantor agrees that its obligations under this Guaranty Agreement are irrevocable, continuing, absolute and unconditional and shall not be discharged or impaired or otherwise affected by, and Guarantor hereby irrevocably waives any defenses to enforcement it may have (now or in the future) by reason of:
 - (a) Any illegality, invalidity or unenforceability of any Obligation or the Loan Documents or any related agreement or instrument, or any law, regulation, decree or order of any jurisdiction or any other event affecting any term of the Obligations.

- (b) Any change in the time, place or manner of payment or performance of, or in any other term of the Obligations, or any rescission, waiver, release, assignment, amendment or other modification of the Loan Documents.
 - (c) Any taking, exchange, substitution, release, impairment, amendment, waiver, modification or non-perfection of any collateral or any other guaranty for the Obligations, or any manner of sale, disposition or application of proceeds of any collateral or other assets to all or part of the Obligations.
 - (d) Any default, failure or delay, willful or otherwise, in the performance of the Obligations.
 - (e) Any change, restructuring or termination of the corporate structure, ownership or existence of Guarantor or Borrower or any insolvency, bankruptcy, reorganization or other similar proceeding affecting Borrower or its assets or any resulting restructuring, release or discharge of any Obligations.
 - (f) Any failure of Lender to disclose to Guarantor any information relating to the business, condition (financial or otherwise), operations, performance, properties or prospects of Borrower now or hereafter known to Lender, Guarantor waiving any duty of Lender to disclose such information.
 - (g) The failure of any other guarantor or third party to execute or deliver this Guaranty Agreement or any other guaranty or agreement, or the release or reduction of liability of Guarantor or any other guarantor or surety with respect to the Obligations.
 - (h) The failure of Lender to assert any claim or demand or to exercise or enforce any right or remedy under the provisions of the Loan Documents or otherwise.
 - (i) The existence of any claim, set-off, counterclaim, recoupment or other rights that Guarantor or Borrower may have against Lender (other than a defense of payment or performance).
 - (j) Any other circumstance (including, without limitation, any statute of limitations), act, omission or manner of administering the Loan Documents or any existence of or reliance on any representation by Lender that might vary the risk of Guarantor or otherwise operate as a defense available to, or a legal or equitable discharge of, Guarantor.
7. **Due Authority and Binding Effect.** Guarantor represents and warrants to Lender that the individual who is executing this Guaranty Agreement on behalf of Guarantor is duly authorized to do so without the need to obtain any additional consent or authorization, and that once so executed, this Guaranty Agreement will constitute a binding and enforceable agreement in accordance with its terms, to which Guarantor is duly bound.

8. **Governing Law; Jurisdiction; Consent to Service of Process.**

- (a) THIS GUARANTY AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE GUARANTOR HEREUNDER SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAW OF THE STATE OF DELAWARE, (EXCLUDING ALL CHOICE OF LAW AND CONFLICT OF LAW RULES). EXCEPT TO THE EXTENT THAT CERTAIN REMEDIES MAY BE GOVERNED BY THE LAWS OF ANY JURISDICTION OTHER THAN DELAWARE.
- (b) Guarantor irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of the United States District Court of the District of Delaware, and of any state court of the State of Delaware located in Kent County and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Guaranty Agreement or any other Loan Document or the transactions contemplated hereby or thereby, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such Delaware state court or, to the extent permitted by applicable law, such Federal court. Guarantor agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Guaranty Agreement or any other Loan Document

shall affect any right that Lender may otherwise have to bring any action or proceeding relating to this Guaranty Agreement or any other Loan Document against such Debtor or its properties in the courts of any jurisdiction.

- (c) Guarantor irrevocably and unconditionally waives any objection which it may now or hereafter have to the laying of venue of any such suit, action or proceeding described in paragraph (b) of this Section and brought in any court referred to in paragraph (b) of this Section. Guarantor irrevocably waives, to the fullest extent permitted by applicable law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.
- (d) Guarantor irrevocably consents to the service of process in the manner provided for notices in the Loan Agreement. Nothing in this Guaranty Agreement or in any other Loan Document will affect the right of any party hereto to serve process in any other manner permitted by applicable law.

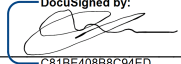
- 9. **WAIVER OF JURY TRIAL.** GUARANTOR IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING AMONG THE PARTIES HERETO DIRECTLY OR INDIRECTLY ARISING OUT OF THIS GUARANTY AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). GUARANTOR (A) CERTIFIES THAT NO REPRESENTATIVE, LENDER OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, AND (B) ACKNOWLEDGES THAT Lender HAS BEEN INDUCED TO ACCEPT THIS GUARANTY AGREEMENT AND ENTER INTO THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE WAIVERS AND CERTIFICATIONS IN THIS SECTION.
- 10. **Severability.** In case any provision in or obligation under this Guaranty Agreement shall be invalid, illegal or unenforceable, in whole or in part, in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.
- 11. **Assignment.** This Guaranty Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns; provided, however, that Guarantor may not, without the prior written consent of Lender, assign any of its rights, powers or obligations hereunder. Lender may assign this Guaranty Agreement and its rights hereunder without the consent of Guarantor. Any attempted assignment by Guarantor in violation of this section shall be null and void.
- 12. **Cumulative Rights.** Each right, remedy and power hereby granted to Lender or allowed it by applicable law or other agreement shall be cumulative and not exclusive of any other, and may be exercised by Lender at any time or from time to time.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK - SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the undersigned has caused this Guaranty Agreement to be duly executed by its authorized officer as of the day and year first above written.

GUARANTOR:

FLOW BEVERAGES INC.

By:  DocuSigned by:
C81BE408B8C94ED

Nicholas Reichenbach, CEO

[Signature Page to Guaranty Agreement-Flow Beverages Inc.]

This is Exhibit “BB” referred to in the Affidavit of Cliff Rucker sworn by Cliff Rucker of the City of Danvers, in the State of Massachusetts, before me at the City of Toronto, in the Province of Ontario, on September 2, 2025 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

DocuSigned by:

Matthew Cressatti

DA70253421D842D...

Commissioner for Taking Affidavits (or as may be)

MATTHEW CRESSATTI

TERM LOAN AND SECURITY AGREEMENT

TERM LOAN AND SECURITY AGREEMENT dated as of October 31, 2024, is by and among **FLOW BEVERAGE CORP.**, a corporation formed under the Canada Business Corporations Act ("Flow Beverage"), **FLOW WATER INC.**, a corporation formed under the Canada Business Corporations Act (together with Flow Beverage, on a joint and several basis, the "Borrower"), and **RI FLOW LLC**, a Delaware limited liability company (together with its successors and assigns, collectively, the "Lender").

WHEREAS, the Borrower wishes to obtain a term loan facility; and

WHEREAS, upon the terms and subject to the conditions set forth herein, the Lender is willing to make a loan to the Borrower in the amount of US\$3,000,000.00.

NOW, THEREFORE, the Borrower and the Lender hereby covenant and agree as follows:

ARTICLE I. **DEFINITIONS**

SECTION 1.1. General Definitions. As used herein, the following terms shall have the meanings herein specified (to be equally applicable to both the singular and plural forms of the terms defined):

"Affiliate" means, as to any Person, any other Person who directly or indirectly controls, is under common control with, is controlled by or is a director, officer, manager or general partner of such Person. As used in this definition, "control" (including its correlative meanings, "controlled by" and "under common control with") means possession, directly or indirectly, of the power to direct or cause the direction of management or policies (whether through ownership of voting securities or partnership or other ownership interests, by contract or otherwise), provided that, in any event, any Person who owns directly or indirectly fifty percent (50%) or more of the securities having ordinary voting power for the election of the members of the board of directors or other governing body of a corporation or fifty percent (50%) or more of the partnership or other ownership interests of any other Person (other than as a limited partner of such other Person) will be deemed to control such corporation, partnership or other Person.

"Agreement" means this Term Loan and Security Agreement, as amended, restated, amended and restated, supplemented or otherwise modified from time to time.

"Auditors" means a firm of independent public accountants selected by the Borrower and reasonably satisfactory to the Lender.

"Bankruptcy Laws" means, collectively: (a) the US Bankruptcy Code; (b) the BIA, (c) the CCAA, (d) the WURA, (e) any governing corporate statute providing for arrangements, (f) all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor-relief laws of the United States or Canada or other applicable jurisdictions from time to time in effect and affecting the rights of creditors generally; and (g) such other applicable rules, laws or statutes of any Governmental Authority or court of a jurisdiction outside of the United States of America or Canada relating to bankruptcy, insolvency, receiverships, liquidations, wind ups, assignments for the benefit of creditors, formal or informal moratoria, compositions, or extensions generally with creditors, or proceedings seeking reorganization, arrangement, or other similar relief, as amended and in effect from time to time, and any successor rule, law or statute.

“BIA” means the *Bankruptcy and Insolvency Act* (Canada), as amended from time to time, and includes any successor statute.

“Business Day” means any day other than a Saturday, a Sunday or any other day on which commercial banks in Toronto, Ontario or Boston, Massachusetts are required or permitted by law to close.

“Canadian Anti-Terrorism Laws” shall mean the *Criminal Code*, R.S.C. 1985, c. C-46, the *Proceeds of Crime* (Money Laundering) and *Terrorist Financing Act*, S.C. 2000, c. 17 and the *United Nations Act*, R.S.C. 1985, c.U-2, the *Corruption of Foreign Public Officials Act*, S.C. 1998, c. 34, or any similar Canadian legislation, together with all rules, regulations and interpretations thereunder or related thereto including, without limitation, the Regulations Implementing the United Nations Resolutions on the Suppression of Terrorism and the United Nations al-Qaida and Taliban Regulations promulgated under the United Nations Act.

“Canadian Benefit Plan” means any plan, fund, program or policy, whether oral or written, formal or informal, funded or unfunded, insured or uninsured, providing employee benefits, including medical, hospital care, dental, sickness, accident, disability, life insurance, pension, retirement or savings benefits, under which the Borrower has any liability with respect to any of its employees or former employees employed in Canada, and includes any Canadian Pension Plan.

“Canadian Dollars”, and “\$” each mean lawful money of Canada.

“Canadian Pension Plan(s)” shall mean each “registered pension plan,” as such term is defined under the *Income Tax Act* (Canada) that is maintained or contributed to by the Borrower for its employees or former employees, but does not include the Canada Pension Plan or The Quebec Pension Plan.

“Capital Expenditures” means expenditures made or liabilities incurred for the acquisition of any fixed assets or improvements (or of any replacements or substitutions thereof or additions thereto) which have a useful life of more than one year and which, in accordance with IFRS, would be classified as capital expenditures. Capital Expenditures shall include the total principal portion of Capitalized Lease Obligations and any leasehold improvements.

“Capitalized Lease Obligations” means any rental obligation which, under IFRS, is or will be required to be capitalized on the books of the lessee, taken at the amount thereof accounted for as Indebtedness (net of Interest Expense) in accordance with IFRS; provided, however, that for purposes of this Agreement.

“CCAA” means the *Companies’ Creditor Arrangement Act* (Canada), as amended from time to time, and includes any successor statute.

“Closing Date” means October 31, 2024.

“Code” has the meaning specified in Section 1.3.

“Collateral” means and includes:

- (a) all Receivables;
- (b) all Equipment;
- (c) all General Intangibles, and Intellectual Property;

- (d) all Inventory;
- (e) all Investment Property;
- (f) all Subsidiary Stock of all Subsidiaries;

(g) all of the Borrower's right, title and interest in and to, whether now owned or hereafter acquired and wherever located, (i) goods and other property including, but not limited to, all merchandise returned or rejected by account debtors, relating to or securing any of the Receivables; (ii) all of the Borrower's rights as a consignor, a consignee, an unpaid vendor, mechanic, artisan, or other lienor, including stoppage in transit, setoff, detinue, replevin, reclamation, revendication, and repurchase; (iii) all additional amounts due to the Borrower from any account debtor relating to the Receivables; (iv) other property, including warranty claims, relating to any goods securing the Obligations; (v) all of the Borrower's contract rights, rights of payment which have been earned under a contract right, instruments (including promissory notes), documents, chattel paper (including electronic chattel paper), warehouse receipts, deposit accounts, letters of credit and money; (vi) all commercial tort claims (whether now existing or hereafter arising); (vii) if and when obtained by the Borrower, all real and personal property of third parties in which the Borrower has been granted a Lien or security interest as security for the payment or enforcement of Receivables; (viii) all letter of credit rights (whether or not the respective letter of credit is evidenced by a writing); (ix) all supporting obligations; and (x) any other goods, personal property or real property now owned or hereafter acquired in which the Borrower has expressly granted a Lien, charge, or security interest or may in the future grant a Lien, charge, or security interest to Lender hereunder, or in any amendment or supplement hereto or thereto, or under any other agreement between Lender and the Borrower;

(h) all ledger sheets, ledger cards, files, correspondence, records, books of account, business papers, computers, computer software (owned by the Borrower or in which the Borrower has an interest), computer programs, tapes, disks and documents relating to (a), (b), (c), (d), (e), (f) or (g) above;

(i) (i) all cash held as cash collateral to the extent not otherwise constituting Collateral, all other cash or property at any time on deposit with or held by Lender for the Borrower's account (whether for safekeeping, custody, pledge, transmission or otherwise), (ii) all present or future deposit and operating accounts (whether time or demand or interest or non-interest bearing) of the Borrower with Lender or any other Person including those to which any such cash may at any time and from time to time be credited, (iii) all investments and reinvestments (however evidenced) of amounts from time to time credited to such accounts, and (iv) all interest, dividends, distributions and other proceeds payable on or with respect to (x) such investments and reinvestments and (y) such accounts;

(j) all Property, together with all water and other mineral rights held by the Borrower related therewith;

(k) all documents of title, policies and certificates of insurance, securities, chattel paper, permits, authorization, other documents or instruments evidencing or pertaining to (a), (b), (c), (d), (e), (f), (g), (h), (i) or (j) above;

(l) all guaranties, Liens on real or personal property, leases, and other agreements and property which in any way secure or relate to (a), (b), (c), (d), (e), (h), (i), (j) or (k) above, or are acquired for the purpose of securing and enforcing any item thereof; and

(m) all proceeds and products of (a), (b), (c), (d), (e), (f), (g), (h), (i), (j), (k), and (l) in whatever form, including, but not limited to: cash, deposit and operating accounts (whether or not

comprised solely of proceeds), certificates of deposit, insurance proceeds (including hazard, flood and credit insurance), negotiable instruments and other instruments for the payment of money, chattel paper, security agreements, documents, eminent domain proceeds, condemnation proceeds and tort claim/choses in act proceeds.

“Collections” means all cash, funds, checks, notes, instruments, any other form of remittance tendered by account debtors in respect of payment of Receivables of the Borrower and any other payments received by the Borrower with respect to any Collateral.

“Contingent Obligation” means any direct, indirect, contingent or non-contingent guaranty or obligation for the Indebtedness of another Person, except endorsements in the ordinary course of business.

“Control Agreement” means a control agreement or blocked account agreement, in form and substance satisfactory to the Lender, among the Borrower or one of their Subsidiaries, the Lender and the applicable securities intermediary or depository bank with respect to the applicable Securities Account and related Investment Property or cash collateral or deposit account, as the case may be.

“Convertible Debenture” means any convertible subordinated debenture or promissory note issued by the Borrower which includes, but is not limited to, the following characteristics:

- (a) such debenture or promissory note is unsecured,
- (b) the final maturity date of such debenture or promissory note shall occur after the Maturity Date,
- (c) no scheduled payments of principal are permitted prior to the Maturity Date, or the payment in full of all outstanding Obligations,
- (d) the obligations and liabilities under such debenture or promissory note, including the payment of any principal and interest, are fully subordinated and postponed in right of payment to the Lender, and the holders of such debenture or promissory note or an agent or trustee on their behalf, shall deliver an executed subordination and postponement agreement in favour of the Lender, in form and substance satisfactory to the Lender in Lender’s sole discretion, acting reasonably, and
- (e) no enforcement proceedings may be commenced by the holders of such debenture or promissory note prior to the Maturity Date, or the payment in full of all outstanding Obligations.

“Default” an event, circumstance or condition that, with the giving of notice or passage of time or both, would constitute an Event of Default

“Dollars” and the sign “\$” means freely transferable lawful currency of Canada.

“Environmental Laws” means all federal, state, provincial, territorial and local or municipal statutes, laws (including common or case law), rulings, regulations or governmental, administrative or judicial policies, directives, orders or interpretations applicable to the business or property of a Person relating to pollution or protection of human health or the environment (including, without limitation, ambient air, surface water, ground water, land surface or subsurface strata) including, without limitation, laws and regulations relating to emissions, discharges, releases or threatened releases of Hazardous Materials, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of any Hazardous Materials, including, without limitation, all waste materials subject to regulation under the *Canadian Environmental Assessment Act*, the *Environmental*

Protection and Enhancement Act (Ontario), Canadian Environmental Protection Act, the Federal Comprehensive Environmental Response, Compensation and Liability Act (1980), the Federal Superfund Amendments and Reauthorization Act, the Federal Water Pollution Control Act (1972), the Federal Clean Water Act, the Federal Clean Air Act, the Federal Resource Conservation and Recovery Act (1976) (including the amendments thereto), the Federal Solid Waste Disposal Act and the Federal Toxic Substances Control Act, the Federal Insecticide, Fungicide and Rodenticide Act, and the Federal Safe Drinking Water Act (1974).

“Equipment” means all machinery, equipment, furniture, fixtures, leasehold improvements, conveyors, tools, materials, storage and handling equipment, hydraulic presses, cutting equipment, computer equipment and hardware, including central processing units, terminals, drives, memory units, embedded computer programs and supporting information, printers, keyboards, screens, peripherals and input or output devices, molds, dies, stamps, and other equipment of every kind and nature and wherever situated now or hereafter owned by a Person or in which a Person may have any interest as lessee or otherwise (to the extent of such interest), together with all additions and accessions thereto, all replacements and all accessories and parts therefor, all manuals, blueprints, know-how, warranties and records in connection therewith and all rights against suppliers, warrantors, manufacturers, and sellers or others in connection therewith, together with all substitutes for any of the foregoing.

“Equity Interests” of any Person means any and all shares, rights to purchase, options, warrants, general or limited partnership interests, limited or unlimited liability company or member interests, participation or other equivalents of or interest in (regardless of how designated) equity of such Person, whether voting or nonvoting, including common stock, preferred stock, convertible securities but specifically excluding any Equity Interests issued or granted to the directors, officers or consultants of the Borrower pursuant to the Borrower’s compensation plans.

“Equivalent Amount” means on any date of determination, with respect to obligations or valuations denominated in one currency, (the “**first currency**”), the amount of another currency (the “**second currency**”) which would result from the conversion of the relevant amount of the first currency into the second currency at the rate of exchange selected by the Lender on such date for the purchase of the first currency with the second currency.

“ERISA” means the Employee Retirement Income Security Act of 1974, 29 U.S.C. §§ 1000 et seq., amendments thereto, successor statutes, and regulations or guidelines promulgated thereunder.

“Event of Default” means the occurrence of any of the events specified in Section 9.1.

“Federal Reserve Board” means the Board of Governors of the Federal Reserve System or any Person succeeding to the functions thereof.

“Financial Covenants” means the covenants set forth in **Article VIII**.

“Financial Statements” means the balance sheets, profit and loss statements, statements of cash flow, and statements of changes in intercompany accounts, if any, of the Borrower for the period specified, prepared in accordance with IFRS and consistent with prior practices

“General Intangibles” means all present and future general intangibles as defined in the Code or the PPSA, including, without limitation, documents, certificates, patents, patent applications, copyrights (registered and unregistered), licenses, permits, franchise rights, authorizations, customer and supplier lists, rights of indemnification, contribution and subrogation, leases, computer tapes, programs, discs and software, trade secrets, computer service contracts, trademarks, trade names, service marks, service names,

domain names, logos, goodwill, deposits, causes of action (including, without limitation, commercial tort claims), choses in action, judgments, designs, blueprints, plans, know-how, trade secrets, industrial design, drafts, acceptances, letters of credit, book accounts, deposit and other accounts and all money, balances, credits, deposits or other financial assets therein or represented thereby, credits and reserves and all forms of obligations whatsoever owing, instruments, documents of title, leasehold rights in any goods, and books, ledgers, files and records with respect to any collateral or security.

“General Security Agreement” means the general security agreement executed by the Borrower in favour of the Lender and dated as of the date hereof, as amended, restated, supplemented, replaced, or otherwise modified from time to time.

“Governing Documents” means, with respect to any Person, the certificate of incorporation, articles, bylaws or similar organizational documents of such Person.

“Governmental Authority” means any nation or government, any province, state, territory or other political subdivision thereof or any entity exercising executive, legislative, judicial, regulatory or administrative functions thereof or pertaining thereto.

“Guarantor” means any Person who may hereafter guaranty payment or performance of the whole or any part of the Obligations.

“Hazardous Materials” means any and all pollutants, contaminants and toxic, caustic, radioactive and hazardous materials, substances and wastes including, without limitation, petroleum or petroleum distillates, asbestos or urea formaldehyde foam insulation or asbestos containing materials, whether or not friable, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature that are regulated under any Environmental Laws.

“Hedging Agreement” means any interest rate protection agreement, foreign currency exchange agreement, commodity price protection agreement or other interest or currency exchange rate or commodity price hedging agreement.

“IFRS” means International Financial Reporting Standards issued by the IFRS Foundation and the International Accounting Standards Board. If the Borrower, or the party to which references to IFRS are intended to apply, has adopted those Generally Accepted Accounting Principles which are recognized as being generally accepted in Canada from time to time as set out in the handbook published by the Canadian Institute of Chartered Accountants (“GAAP”), then the applicable references in this Agreement to IFRS may be interpreted to mean GAAP, but only if Lender has consented to such change.

“Indebtedness” means, with respect to any Person, as of the date of determination thereof (without duplication of the same obligation under any other clause hereof), (i) all obligations of such Person for borrowed money of any kind or nature, including funded and unfunded Indebtedness, (ii) all obligations of such Person under Hedging Agreements (specifically excluding commodity purchase contracts entered into in the ordinary course of business, but including, without limitation, all payments such Person would have to make in the event of an early termination of a Hedging Agreement (specifically excluding commodity purchase contracts entered into in the ordinary course of business) calculated as of the date Indebtedness of such Person is being determined hereunder) or arrangements therefor, regardless of whether the same is evidenced by any note, debenture, bond or other instrument, (iii) all obligations of such Person to pay the deferred purchase price of property or services (other than current trade accounts payable under normal trade terms and accrued expenses and which are incurred in the ordinary course of business that are not overdue for a period greater than six months or that are contested in good faith by appropriate proceedings), (iv) all obligations of such Person to acquire or for the acquisition or use of any fixed asset, including

Capitalized Lease Obligations determined in accordance with IFRS (other than, in any such case, any portion thereof representing interest or deemed interest or payments in respect of taxes, insurance, maintenance or service), or improvements which are payable over a period longer than one year, regardless of the term thereof or the Person or Persons to whom the same are payable, (v) all Indebtedness of others secured by (or for which the holder of such Indebtedness has an existing right to be secured) a Lien on any asset of such Person whether or not the Indebtedness is assumed by such Person, (vi) all Indebtedness of others to the extent guaranteed by such Person, (vii) all obligations of such Person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even though the rights and remedies of the seller or lender under such agreements in the event of default are limited to repossession or sale of such property), (viii) all obligations of such Person to purchase, redeem, retire, defease or otherwise acquire for value any Equity Interests of such Person, valued, in the case of redeemable preferred stock, at the greater of its voluntary or involuntary liquidation preference plus accrued and unpaid dividends, (ix) all reimbursement or other obligations of such Person in respect of letters of credit, bankers acceptances, surety bonds, performance bonds or similar instruments issued or accepted by banks or other financial institutions for the account of such Person, whether or not matured, (x) the Obligations, and (xi) obligations under any Convertible Debenture.

“Insolvency Event” means, with respect to any Person, the occurrence of any of the following: (i) such Person shall be adjudicated insolvent or bankrupt or institutes proceedings to be adjudicated insolvent or bankrupt, or shall generally fail to pay or admit in writing its inability to pay its debts as they become due, (ii) such Person shall seek dissolution or reorganization or the appointment of a receiver, receiver and manager, interim receiver, monitor, liquidator, conservator, trustee, administrator, custodian, or assignee for it or a substantial portion of its property, assets or business or to effect a plan or other arrangement with its creditors, (iii) such Person shall make a general assignment for the benefit of its creditors, or consent to or acquiesce in the appointment of a receiver, trustee, custodian, monitor or liquidator for a substantial portion of its property, assets or business, (iv) such Person shall file a voluntary petition, or initiate any other proceedings, under any bankruptcy, insolvency or similar law, including without limitation the Bankruptcy Laws, (v) such Person shall take any corporate or similar act in furtherance of any of the foregoing, or (vi) such Person, or a substantial portion of its property, assets or business, shall become the subject of an involuntary proceeding or petition for (A) its dissolution, wind up, liquidation, receivership, bankruptcy, arrangement, or reorganization or (B) the appointment of a receiver, receiver and manager, interim receiver, monitor, liquidator, conservator, trustee, administrator, custodian, assignee, or like Person, and (I) such proceeding shall not be immediately stayed or dismissed within sixty (60) days or (II) such receiver, trustee, custodian, monitor, or liquidator shall be appointed; provided, however, that the Lender shall have no obligation to make any other advance hereunder during the pendency of any sixty-day period described in clause (I).

“Intellectual Property” means any and all licenses, patents, patent registrations, copyrights, copyright registrations, trademarks, trademark registrations, trade secrets and customer lists.

“Interest Expense” means, for any period, all interest with respect to Indebtedness (including, without limitation, the interest component of Capitalized Lease Obligations) accrued or capitalized during such period (whether or not actually paid during such period) determined in accordance with IFRS.

“Internal Revenue Code” means the Internal Revenue Code of 1986, any amendments thereto, any successor statute and any regulations and guidelines promulgated thereunder.

“Internal Revenue Service” or “IRS” means the United States Internal Revenue Service, the Canada Revenue Agency, and any successor agency.

“Inventory” means all present and future goods intended for sale, lease or other disposition including, without limitation, all raw materials, work in process, finished goods and other retail inventory, goods in the possession of outside processors or other third parties, consigned goods (to the extent of the consignee’s interest therein), materials, display items, samples, and supplies of any kind, nature or description which are or might be used in connection with the manufacture, packing, shipping, advertising, selling or finishing of any such goods, all documents of title or documents representing the same and all records, files and writings with respect thereto.

“Investment Property” means all present and future investment property, including without limitation, all (i) securities and Equity Interests, whether certificated or uncertificated, and including stocks, bonds, debentures, notes, bills, certificates, warrants, options, rights and shares, (ii) security entitlements, (iii) securities accounts, (iv) commodity contracts except to the extent such contracts are entered into in the ordinary course of business, (v) commodity accounts and (vi) dividends and other distributions in respect of any of the foregoing.

“ITA” means the *Income Tax Act* (Canada) any amendments thereto, any successor statute and any regulations and guidelines promulgated thereunder.

“Liabilities” of a Person as of the date of determination thereof means the liabilities of such Person on such date as determined in accordance with IFRS. Liabilities to Affiliates of such Person shall be treated as Liabilities except where eliminated by consolidation in financial statements prepared in accordance with IFRS or as otherwise provided herein.

“Lien” means any lien, claim, charge, pledge, security interest, assignment, hypothecation, deed of trust, mortgage, lease, conditional sale, retention of title, adverse right/claim/interest/deemed trust (statutory or otherwise) or other preferential arrangement having substantially the same economic effect as any of the foregoing, whether voluntary or imposed by law.

“Loan Documents” means this Agreement and all documents and instruments to be delivered by the Borrower (or any of its Subsidiaries or other Affiliates) or any Guarantor under or in connection with this Agreement, as each of the same may be amended, restated, amended and restated, supplemented or otherwise modified from time to time, including, without limitation, each Security Document, any subordination agreement with respect to the Senior Credit Agreement, a Convertible Debenture, and any Control Agreement.

“Material Adverse Effect” means in Lender’s determination, acting reasonably, (i) an event, occurrence, fact, condition or change that has a material adverse effect on the business, operations, results of operations, assets, Liabilities or condition (financial or otherwise) of the Borrower (or any of its Subsidiaries or Affiliates), (ii) the impairment of (A) the Borrower’s ability to perform its obligations under the Loan Documents to which it is a party or (B) the ability of the Lender to enforce the Obligations or realize upon the Collateral or (iii) a material adverse effect on the value of the Collateral or the amount that the Lender would be likely to receive (after giving consideration to delays in payment and costs of enforcement) in the liquidation of the Collateral.

“Material Contract” means any contract or other arrangement to which the Borrower (or any Subsidiary thereof) is a party (other than the Loan Documents), all material permits for the operation of the Borrower’s business (or such Subsidiary’s business), for which breach, nonperformance, cancellation or failure to renew could reasonably be expected to have a Material Adverse Effect, including without limitation, any agreements with vendors accounting for 10% or more of purchases or customers accounting for 10% or more of sales.

“Material Indebtedness” means Indebtedness (other than the Term Loan), or obligations in respect of one or more Hedging Agreements (specifically excluding commodity purchase contracts entered into in the ordinary course of business), of the Borrower in an aggregate principal amount exceeding \$250,000.00. For purposes of this definition, the “principal amount” of the obligations of the Borrower in respect of any Hedging Agreement at any time shall be the maximum aggregate amount (giving effect to any netting agreements) that the Borrower would be required to pay if such Hedging Agreement were terminated at such time.

“Maturity Date” shall have the meaning set forth in Section 3 of the Schedule.

“Next AGM” has the meaning specified in Section 7.2(l).

“Obligations” means and includes all loans (including the Term Loan), advances, debts, liabilities, obligations, covenants and duties owing by the Borrower to the Lender of any kind or nature, present or future, whether or not evidenced by any note, guaranty or other instrument, which may arise under, out of, or in connection with, this Agreement, the other Loan Documents or any other agreement executed in connection herewith or therewith. The term includes, without limitation, all interest (including interest accruing on or after an Insolvency Event, whether or not such interest constitutes an allowed claim), the Variable Interest Amount, charges, expenses, commitment, facility, closing and collateral management fees, letter of credit fees, cash management and other fees, interest, charges, expenses, fees, attorneys’ fees and disbursements, and any other sum chargeable to the Borrower under this Agreement, the other Loan Documents, any lease agreement or any other agreement executed in connection herewith or therewith.

“Permitted Liens” means such of the following as to which no enforcement, collection, execution, levy or foreclosure proceeding shall have been commenced and be continuing (unless such enforcement, collection, levy or foreclosure is being contested by the Borrower in good faith by appropriate proceedings diligently conducted and for which adequate reserves are being maintained in accordance with IFRS): (i) Liens for taxes, assessments and other governmental charges or levies or the claims or demands of landlords, carriers, warehousemen, mechanics, laborers, materialmen and other like Persons arising by operation of law in the ordinary course of business for sums which are not yet due and payable or are being disputed in good faith, (ii) deposits or pledges (other than Liens on Receivables of the Borrower) to secure the payment of worker’s compensation, unemployment insurance or other social security benefits or obligations, public or statutory obligations, surety or appeal bonds, bid or performance bonds, or other obligations of a like nature incurred in the ordinary course of business, (iii) zoning restrictions, easements, encroachments, licenses, restrictions or covenants on the use of any Property which do not materially impair either the use of such Property in the operation of the business of the Borrower or the value of such Property, (iv) inchoate Liens arising under a Canadian Pension Plan to secure current service pension liabilities as they are incurred under the provisions of employee benefit plans from time to time in effect which are not due and owing, (v) Liens security Indebtedness in favor of the Senior Lender, (vi) rights of general application reserved to or vested in any Governmental Authority to control or regulate any Property, or to use any Property in a manner which does not materially impair the use of such Property for the purposes for which it is held by the Borrower, provided that the foregoing Liens under clauses (i) through (iv) hereof do not secure liabilities in excess of \$200,000.00 in the aggregate at any time.

“Person” means any individual, sole proprietorship, partnership, limited and unlimited liability company, joint venture, trust, unincorporated organization, joint stock company, association, corporation, institution, entity, party or government (including any division, agency or department thereof) or any other legal entity, whether acting in an individual, fiduciary or other capacity, and, as applicable, the successors, heirs and assigns of each.

“PPSA” shall mean the *Personal Property Security Act* (Ontario), or any other applicable Canadian federal or provincial statute, including the Civil Code of Quebec, pertaining to the granting, perfecting, priority or ranking of security interests, Liens, hypothecs on personal property, and any successor statutes, together with any regulations thereunder, in each case as in effect from time to time. References to sections of the PPSA shall be construed to also refer to any successor sections.

“Priority Payables” shall mean the full amount of the obligations, liabilities or indebtedness of the Borrower which (i) have a trust, deemed trust or statutory Lien imposed to provide for payment or a Lien, choate or inchoate, ranking or capable of ranking senior to or pari passu with Liens securing the Obligations on any collateral under any applicable law or (ii) have a right imposed to provide for payment ranking or capable of ranking senior to or pari passu with the Obligations under any applicable law, including, but not limited to, claims for unremitted and/or accelerated rents, utilities, taxes (including sales taxes and goods and services taxes and harmonized sales taxes and withholding taxes), amounts payable to an insolvency administrator, wages, employee withholdings or deductions and vacation pay, severance and termination pay, including pursuant to the *Wage Earner Protection Program Act* (Canada), government royalties and any amounts due and not contributed with respect to a Canadian Pension Plan, including with respect to any wind-up deficiency, together with the amount equal to the aggregate value of the Inventory which the Lender, in good faith, and on a reasonable basis, considers is or may be subject to retention of title by a supplier or a right of a supplier to recover possession thereof, where such supplier’s right has priority over the security interests, Liens, hypothecs or charges securing the Obligations, including, without limitation, Inventory subject to a right of a supplier to repossess goods pursuant to Section 81.1 of the *Bankruptcy and Insolvency Act* (Canada) or any applicable laws granting revendication or similar rights to unpaid suppliers or any similar laws of Canada or any other applicable jurisdiction.

“Property” means any real property owned, leased or controlled by the Borrower or any Subsidiary of the Borrower.

“Qualified Equity Financing” means the next sale (or series of related sales) by the Borrower of its Equity Securities following the Closing Date from which the Borrower receives aggregate gross proceeds of not less than \$8,000,000.00.

“Receivables” means all present and future accounts, contracts, contract rights, promissory notes, chattel paper, tax refunds, rights to receive tax refunds, rights to receive payments under bonds and insurance policies (including, without limitation, claims under health care insurance policies), insurance proceeds, royalties, claims against third parties of every kind or nature, and rights to receive payments under letters of credit, together with all supporting obligations and all right, title, security and guaranties with respect to any of the foregoing, including any right of stoppage in transit.

“Requirement of Law” means (i) the Governing Documents, (ii) any law, treaty, rule, regulation, order or determination of an arbitrator, court or other Governmental Authority or (iii) any franchise, license, lease, permit, certificate, authorization, qualification, easement, right of way, or other right or approval binding on the Borrower, any of its Subsidiaries or Affiliates, or any of their respective properties.

“Responsible Officer” means the president, the chief executive officer, the chief financial officer or the chief operating officer of the Borrower.

“Sanctioned Person” has the meaning specified in Section 6.1(ii).

“Schedule” means the Schedule to Term Loan and Security Agreement attached hereto and incorporated herein by reference.

“Securities Account” has the meaning specified in Section 8-501 of the Code or such analogous definition under the PPSA.

“Security Documents” means this Agreement, the General Security Agreement, any cash collateral security agreement and any other agreement delivered in connection herewith which purports to grant a Lien in favor of the Lender to secure all or any of the Obligations.

“Senior Credit Agreement” means that certain Term Loan and Security Agreement dated December 30, 2022 among the Senior Lender (as herein defined) and the Borrower, as amended, restated, supplemented, replaced or otherwise modified from time to time.

“Senior Lender” means NFS Leasing Canada Ltd., a Canada corporation.

“Solvent” means, when used with respect to any Person, that as of the date as to which such Person’s solvency is to be measured:

(i) the fair saleable value of its assets is in excess of (A) the total amount of its liabilities (including contingent, subordinated, absolute, fixed, matured, unmatured, liquidated and unliquidated liabilities) and (B) the amount that will be required to pay the probable liability of such Person on its debts as such debts become absolute and matured;

(ii) it has sufficient capital to conduct its business; and

(iii) it is able to meet its debts as they mature.

“Subsidiary” means, as to any Person, a corporation or other entity in which that Person directly or indirectly owns or controls the shares of stock or other ownership interests or Equity Interests having ordinary voting power to elect a majority of the board of directors or other governing body, or to appoint the majority of the managers of, such corporation or other entity.

“Subsidiary Stock” means all of the issued and outstanding Equity Interests of a Subsidiary owned by Borrower.

“Term Loan” has the meaning specified in Section 2.1.

“Term Loan Amount” means the amount set forth in Section 1.1 of the Schedule.

“TSX” means the Toronto Stock Exchange.

“US Bankruptcy Code” means Title 11 of the United States Code entitled “Bankruptcy,” as that title may be amended from time to time, or any successor statute.

“Variable Interest Amount” has the meaning set forth in Section 2.1 of the Schedule.

“WURA” means the Winding Up and Restructuring Act (Canada), any amendments thereto and including any successor statute.

SECTION 1.2. Accounting Terms and Determinations. Unless otherwise defined or specified herein, all accounting terms used in this Agreement shall be construed in accordance with IFRS, applied on a basis consistent in all material respects with the Financial Statements delivered to the Lender on or before the Closing Date. All accounting determinations for purposes of determining compliance with **Article VIII** shall be made in accordance with IFRS as in effect on the Closing Date and applied on a basis consistent in

all material respects with the audited Financial Statements delivered to the Lender on or before the Closing Date. All Financial Statements required to be delivered hereunder from and after the Closing Date, and all financial records, shall be maintained in accordance with IFRS.

SECTION 1.3. Other Terms; Headings. All terms used herein and defined in the Uniform Commercial Code as adopted in the State of Delaware from time to time (the “Code”) shall have the meaning given therein unless otherwise defined herein. Without limiting the foregoing, the terms “accounts”, “chattel paper” (and “electronic chattel paper” and “tangible chattel paper”), “commercial tort claims”, “deposit accounts”, “documents”, “equipment”, “financial asset”, “fixtures”, “general intangibles”, “goods”, “instruments”, “inventory”, “investment property”, “letter-of-credit rights”, “payment intangibles”, “proceeds”, “promissory note” “securities”, “software” and “supporting obligations” as and when used in the description of Collateral shall have the meanings given to such terms in Articles 8 or 9 of the Uniform Commercial Code. In addition, without limiting the foregoing, the terms “accounts”, “chattel paper”, “goods”, “instruments”, “intangibles”, “proceeds”, “securities”, “investment property”, “document of title”, “inventory” and “equipment”, as and when used in the description of Collateral located in Canada shall have the meanings given to such terms in the PPSA. To the extent the definition of any category or type of collateral is expanded by any amendment, modification or revision to the Uniform Commercial Code or the PPSA, such expanded definition will apply automatically as of the date of such amendment, modification or revision. In this Agreement, (i) any term defined in this Agreement by reference to the Uniform Commercial Code shall also have any extended, alternative or analogous meaning given to such term in applicable Canadian personal property security and other laws (including, without limitation, the PPSA, the *Bills of Exchange Act* (Canada) and the *Depository Bills and Notes Act* (Canada)), in all cases for the extension, preservation or betterment of the security and rights of the Lender, (ii) all references in this Agreement to “Article 8 of the Uniform Commercial Code” shall be deemed to refer also to applicable Canadian securities transfer laws (including, without limitation, the *Securities Transfer Act*, 2006 (Ontario) and the Securities Transfer Act (British Columbia), as applicable), (iii) all references in this Agreement to the United States Copyright Office or the United States Patent and Trademark Office shall be deemed to refer also to the Canadian Intellectual Property Office, (iv) all references in this Agreement to a financing statement, continuation statement, amendment or termination statement shall be deemed to refer also to the analogous documents used under applicable Canadian personal property security laws, (v) all references to federal or state securities law of the United States shall be deemed to refer also to analogous federal, provincial and territorial securities laws in Canada, (vi) all references to “state or federal bankruptcy laws” shall be deemed to refer also to any insolvency proceeding occurring in Canada or under Canadian law, and all references to the United States of America or any state, department, instrumentality or agency thereof shall be deemed to refer also to Canada and any province, territory, municipality, department, instrumentality or agency thereof, and (vii) all references to any Code provision shall be deemed to be references to the comparable provision in the *Income Tax Act* (Canada), if any. An Event of Default shall “continue” or be “continuing” unless and until such Event of Default has been waived or cured within any grace period specified therefor under Section 9.1. The headings are for convenience only and shall not affect the meaning or construction of any provision of this Agreement. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include”, “includes” and “including” shall be deemed to be followed by the phrase “without limitation”. The word “will” shall be construed to have the same meaning and effect as the word “shall”. Unless the context requires otherwise (i) any definition of or reference to any agreement, instrument or other document herein or in any other Loan Document shall be construed as referring to such agreement, instrument or other document as from time to time amended, restated, amended and restated, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein or in any other Loan Document), (ii) any reference herein to any Person shall be construed to include such Person’s successors and assigns, (iii) the words “herein”, “hereof” and “hereunder”, and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (iv) all references herein to Articles, Sections, Exhibits and Schedules

shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement and (v) the words “asset” and “property” shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

SECTION 1.4. Permitted Liens. Any reference in this Agreement or any of the documents delivered herewith to a Permitted Lien is not intended to subordinate or postpone, and shall not be interpreted as subordinating or postponing, or as any agreement to subordinate or postpone, any Lien created by any of the security granted in favour of the Lender to any Permitted Lien.

SECTION 1.5. Currency Matters. Unless stated otherwise, all calculations, comparisons, measurements, determinations and asset values under this Agreement shall be made in Canadian Dollars. For the purpose of such calculations, comparisons, measurements or determinations, amounts denominated in US Dollars shall be converted to the Equivalent Amount thereof based on the exchange rate for US Dollars selected by the Lender on the date of calculation, comparison, measurement or determination.

ARTICLE II.

TERM LOAN

SECTION 2.1. Term Loan. The Lender agrees, subject to the terms and conditions of this Agreement, to make a term loan to the Borrower on the Closing Date (the “Term Loan”) in the principal amount set forth in Section 1.1 of the Schedule. Borrower shall make interest only payments on the outstanding principal balance of the Term Loan in accordance with Section 4.1 and shall pay half of the interest due in cash and the remainder of the outstanding interest then due in kind (by adding such outstanding interest to the aggregate principal amount of the Term Loan). Each monthly payment shall be payable on the first day of each month, commencing with the first day of the first full calendar month immediately following the funding of the Term Loan, provided that the entire outstanding principal amount of the Term Loan, together with all accrued and unpaid interest thereon and the entire accrued Variable Interest Amount, shall become due and payable on the Maturity Date. Amounts repaid on account of the Term Loan may not be reborrowed.

SECTION 2.2. Use of Proceeds. The proceeds of the Term Loan shall be used by the Borrower only for working capital purposes.

SECTION 2.3. Payments.

In addition to any prepayment required as a result of an Event of Default hereunder, the Term Loan shall be subject to payment as follows:

(a) the Obligations shall be immediately prepaid if the Borrower, or any successor-in-interest thereto established for the purpose of clause (i) or clause (ii) of this Section 2.3(a), (i) consummates a Qualified Equity Financing and/or (ii) is listed on NASDAQ;

(b) Borrower may, at any time by providing ten (10) days’ prior written notice to the Lender, prepay the entire principal balance of the Term Loan then outstanding, together with all accrued interest and the entire accrued Variable Interest Amount, without premium, penalty, or bonus; and

(c) the entire outstanding principal amount of the Term Loan, together with all accrued and unpaid interest thereon (and upon an Event of Default, and default interest as provided in Section 4.2) and the entire accrued Variable Interest Amount, and all fees, costs and expenses payable by the Borrower hereunder, shall become due and payable on the Maturity Date.

SECTION 2.4. Term.

(a) The term of this Agreement shall be for a period from the Closing Date to, but not including, the Maturity Date unless sooner terminated in accordance with the terms of this Agreement. Notwithstanding the foregoing, the Borrower shall have no right to terminate this Agreement at any time that any principal of or interest the Term Loan is outstanding, except upon prepayment of all Obligations and the satisfaction of all other conditions set forth in the Loan Documents with respect thereto.

(b) Notwithstanding the provisions set forth in Section 2.4(a) above, the Borrower may extend the Maturity Date, upon at least thirty (30) days' prior written notice to the Lender, for up to six (6) months from the then-current Maturity Date, provided that, in each such instance, (i) no Event of Default has occurred and is continuing as of such then-current Maturity Date, (ii) as part of such written notice, the Borrower provides to the Lender evidence (which evidence must be reasonably satisfactory to the Lender) of TSX and any other approval or consent the Borrower is required to obtain with respect to such extension, including, but not limited to, of the Senior Lender or the Borrower's shareholders, and (iii) the Borrower shall not have any right to extend the Maturity Date beyond the third (3rd) anniversary of the date of this Agreement.

SECTION 2.5. Payment Procedures.

(a) The Borrower hereby authorizes the Lender to charge such account required by Lender, via PAP, automatic clearing house fund transfer, or such other manner acceptable to Lender in its sole discretion, with the amount of all principal, interest, fees, expenses and other payments to be made hereunder and under the other Loan Documents. The Lender may, but shall not be obligated to, discharge the Borrower's payment obligations hereunder by so charging such account.

(b) All payments to be made by the Borrower hereunder, whether on account of principal, interest, fees or otherwise, shall be made without setoff, deduction or counterclaim and shall be made prior to 2:00 p.m. (Boston, Massachusetts time) on the due date thereof to the Lender.

(c) Whenever any payment to be made hereunder shall be stated to be due on a day that is not a Business Day, the payment may be made on the next succeeding Business Day and such extension of time shall be included in the computation of the amount of interest due hereunder. All payment obligations of the Borrower hereunder and under the other Loan Documents shall be absolute and unconditional and without any rights of rescission, setoff, counterclaim, or defense of any kind.

ARTICLE III. SECURITY

SECTION 3.1. General. To secure the prompt and complete payment and performance when due (whether at stated maturity, by acceleration or otherwise) of all of the Obligations, the Borrower hereby grants to the Lender a second priority Lien (subject to Permitted Liens, but junior only to the Senior Lender's security interest in the Collateral) on and security interest in all of its right, title and interest in and to all the Collateral and all other personal property, wherever located, whether now owned or hereafter acquired, and all additions and accessions thereto and substitutions and replacements therefor and improvements thereon, and all proceeds (whether in the form of cash or other property) and products thereof including, without limitation, all proceeds of insurance covering the same and all tort claims in connection therewith, whether or not such Collateral is subject to the PPSA or Article 9 of the Code. This Agreement shall constitute a security agreement for purposes of the PPSA and the Code.

SECTION 3.2. Further Security; License. The Borrower hereby grants to the Lender an irrevocable, non-exclusive license (exercisable upon the occurrence and during the continuance of an Event of Default without payment of royalty or other compensation to the Borrower, any Affiliate thereof, or any of its Subsidiaries) to use, transfer, license or sublicense any Intellectual Property now owned, licensed to, or hereafter acquired by the Borrower (or any Subsidiary of the Borrower or any Affiliate of the Borrower), and wherever the same may be located, and including in such license access to all media in which any of the licensed items may be recorded or stored and to all computer and automatic machinery software and programs used for the compilation or printout thereof, and represents, promises and agrees that any such license or sublicense is not and will not be in conflict with the contractual or commercial rights of any third Person; provided, that such license will terminate on the termination of this Agreement and the indefeasible payment in full of all Obligations.

SECTION 3.3. Recourse to Security. Recourse to security shall not be required for any Obligation hereunder, and the Borrower hereby waives any requirement that the Lender exhaust any right or take any action against any of the Collateral before proceeding to enforce the Obligations against the Borrower.

SECTION 3.4. Special Provisions Relating to Inventory.

(a) All Inventory. The security interest in the Inventory granted to the Lender hereunder shall continue through all steps of manufacture and sale and attach without further act to raw materials, work in process, finished goods, returned goods, documents of title and warehouse receipts, and to proceeds resulting from the sale or other disposition of such Inventory. Until all of the Obligations have been satisfied, the Lender's security interest in such Inventory and in all proceeds thereof shall continue in full force and effect and the Lender shall have, in its sole and absolute discretion at any time if an Event of Default has occurred and is continuing or the Lender believes, in its discretion, that fraud has occurred, the right to take physical possession of such Inventory and to maintain it on the premises of the Borrower, in a public warehouse, or at such other place as the Lender may deem appropriate. If the Lender exercises such right to take possession of such Inventory, the Borrower will, upon demand, and at the Borrower's cost and expense, assemble such Inventory and make it available to the Lender at a place or places convenient to the Lender.

(b) No Liens. All Inventory of the Borrower shall be maintained at the locations therefor shown on Schedule 6.1(b), except for Inventory moved from such locations solely for the purpose of sale in the ordinary course of the Borrower's business(es) and Inventory in transit in the ordinary course of the Borrower's business(es) with an aggregate value not greater than \$100,000 at any time.

(c) Further Assurances. The Borrower shall perform (and shall cause its Subsidiaries to perform) any and all steps that the Lender may request to perfect the Lender's security interests in the Borrower's Inventory including, without limitation, placing and maintaining signs, filing financing or continuation statements in form and substance satisfactory to the Lender, maintaining stock records and conducting Lien searches. In each case, the Borrower shall take (and shall cause its Subsidiaries to take) such action as promptly as possible after requested by the Lender but in any event within five (5) Business Days after any such request is made except that the Borrower shall take (and shall cause its Subsidiaries to take) such action immediately upon the Lender's request following the occurrence of an Event of Default. A physical verification of all of the Inventory wherever located will be taken by the Borrower at least every twelve (12) months or more frequently if requested by the Lender during the continuance of an Event of Default and a copy of such physical verification shall be promptly thereafter submitted to the Lender. If so requested by the Lender, the Borrower shall also submit to the Lender a report of the annual physical Inventory of the Borrower as observed and tested by their public accountants in accordance with generally accepted auditing standards and IFRS. If so requested by the Lender, Borrower shall execute and deliver

to the Lender a confirmatory written instrument, in form and substance satisfactory to the Lender, listing all its Inventory, but any failure to execute or deliver the same shall not limit or otherwise affect the Lender's security interest in and to such Inventory.

(d) Inventory Records. The Borrower shall maintain (and shall cause its Subsidiaries to maintain) full, accurate and complete records of its Inventory describing the kind, type and quantity of such Inventory and the Borrower's cost therefor, withdrawals therefrom and additions thereto, including a perpetual Inventory for raw materials, work in process and finished goods.

SECTION 3.5. Special Provisions Relating to Receivables.

(a) Invoices, Etc. On the Lender's request therefor, the Borrower shall furnish to the Lender copies of invoices to customers and shipping and delivery receipts or warehouse receipts thereof. The Borrower shall deliver to the Lender (i) the originals of all letters of credit, notes, and instruments in its favor, (ii) such endorsements or assignments related thereto as the Lender may reasonably request and (iii) the written consent of the issuer of any letter of credit to the assignment of the proceeds of such letter of credit by the Borrower to the Lender.

(b) Records, Collections, Etc. Upon the occurrence and during the continuance of an Event of Default or at any time that the Lender believes that fraud has occurred, the Lender may (i) settle or adjust disputes or claims directly with account debtors for amounts and upon terms which it considers advisable and (ii) notify account debtors on the Borrower's Receivables that such Receivables have been assigned to the Lender, and that payments in respect thereof shall be made directly to the Lender. Where the Borrower receives collateral of any kind or nature by reason of transactions between itself and its customers or account debtors, the Borrower will hold the same on the Lender's behalf, subject to the Lender's instructions, and as property forming part of the Borrower's Receivables. The Borrower hereby irrevocably authorizes and appoints the Lender, or any Person the Lender may designate, as its attorney-in-fact, at the Borrower's sole cost and expense, to exercise, if an Event of Default has occurred and is continuing or the Lender believes that fraud has occurred, all of the following powers, which being coupled with an interest, shall be irrevocable until all of the Obligations have been indefeasibly paid and satisfied in full in cash: (A) to receive, take, endorse, sign, assign and deliver, all in the name of the Lender or the Borrower, any and all checks, notes, drafts, and other documents or instruments relating to the Collateral; (B) to receive, open and dispose of all mail addressed to the Borrower and to notify postal authorities to change the address for delivery thereof to such address as the Lender may designate; and (C) to take or bring, in the name of the Lender or the Borrower, all steps, actions, suits or proceedings deemed by the Lender necessary or desirable to enforce or effect collection of the Borrower's Receivables or file and sign the Borrower's name on a proof of claim in bankruptcy or similar document against any obligor of the Borrower. The Borrower shall maintain a record of its electronic chattel paper that identifies the Lender as the assignee thereof and otherwise in a manner such that the Lender has control over such chattel paper for purposes of the PPSA and the Code.

SECTION 3.6. Special Provisions Relating to Equipment and Owned Property.

(a) Location. Each item of Equipment of the Borrower, now owned or hereafter acquired, will be kept at a location shown on Schedule 6.1(b) and may not be moved (except to another location on Schedule 6.1(b)) without the prior written consent of the Lender. The Borrower shall at all times hereafter keep correct and accurate records itemizing and describing the location, kind, type, age and condition of its Equipment, the Borrower's cost therefor and accumulated depreciation thereof, and retirements, sales, or other dispositions thereof, all of which records shall be available during the Borrower's usual business hours upon reasonable notice and demand to any of the officers, employees or agents of the Lender.

(b) Repair. The Borrower shall keep all of its Equipment, and owned Property in a satisfactory state of repair and satisfactory operating condition in accordance with industry standards, ordinary wear and tear excepted, and will, consistent with the exercise of its reasonable business judgment, make all repairs and replacements when and where necessary and practical, will not waste or destroy it or any part thereof, and will not be negligent in the care or use thereof. The Borrower shall repair and maintain all of its Equipment in accordance with industry practices in a manner sufficient to continue the operation of its business as heretofore conducted. The Borrower will use or cause its Equipment, and owned Property to be used in accordance with law and the manufacturer's instructions. The Borrower shall keep its Equipment separate from, and will not annex or affix any of its Equipment to, any part of any Property or any other realty.

(c) Disposal. Where the Borrower is permitted to dispose of any of its Equipment under this Agreement or by any consent thereto hereafter given by the Lender, the Borrower shall do so at arm's length, in good faith and by obtaining the maximum amount of recovery practicable therefor and without impairing the operating integrity or value of its remaining Equipment.

SECTION 3.7. Continuation of Liens, Etc. The Borrower shall defend the Collateral against all claims and demands of all Persons at any time claiming any interest therein, other than claims relating to Permitted Liens. The Borrower agrees to comply with the requirements of all state, provincial, territorial and federal laws to grant to the Lender valid and perfected second priority security interest in the Collateral (subject to Permitted Liens, but junior only to the Senior Lender's security interest in the Collateral). The Lender is hereby authorized by the Borrower to sign the Borrower's name on any document or instrument as may be necessary or desirable to establish and maintain the Liens covering the Collateral and the priority and continued perfection thereof or file any financing or continuation statements or similar documents or instruments covering the Collateral whether or not the Borrower's signature appears thereon. The Borrower agrees, from time to time, at the Lender's request, to file notices of Liens, financing statements, similar documents or instruments, and amendments, renewals and continuations thereof, and cooperate with the Lender's representatives, in connection with the continued perfection (and the priority status thereof) and protection of the Collateral and the Lender's Liens thereon. The Borrower agrees that the Lender may file a carbon, photographic or other reproduction of this Agreement (or any financing statement related hereto) as a financing statement.

SECTION 3.8. Power of Attorney. In addition to all of the powers granted to the Lender in this **Article III**, the Borrower hereby appoints and constitutes the Lender as the Borrower's attorney-in-fact to sign the Borrower's name on any of the documents, instruments and other items described in Section 3.7, to make any filings under the PPSA and the Code covering any of the Collateral, and, upon the occurrence and during the continuance of an Event of Default, (i) to convey any item of Collateral to any purchaser thereof (ii) to request at any time from customers indebted on its Receivables verification of information concerning such Receivables and the amount owing thereon and (iii) to make any payment or take any act necessary or desirable to protect or preserve any Collateral. Following the occurrence and during the continuance of an Event of Default, the Lender's authority hereunder shall include, without limitation, the authority to execute and give receipt for any certificate of ownership or any document, to transfer title to any item of Collateral and to take any other actions arising from or incident to the powers granted to the Lender under this Agreement. This power of attorney is coupled with an interest and is irrevocable.

SECTION 3.9. Attachment. The Borrower agrees that the security interest created hereby attaches to its existing Collateral upon the execution of this Agreement and that the security interest will attach to such Collateral acquired after the date of execution of this Agreement at the time that the Borrower acquires any rights in its Collateral. The Borrower agrees that value has been given and represents and warrants that it has rights in its Collateral or the power and authority to transfer rights in its Collateral.

SECTION 3.10. Guarantors. After the Closing Date, upon the request of the Lender, the Borrower shall cause each Subsidiary and Affiliate, in each case of the Borrower, to execute and/or deliver to the Lender a guarantee and other Security Documents similar to those delivered by the Borrower and any other supporting documents, including but not limited to, policies of insurance, as the Lender may require.

ARTICLE IV. INTEREST, FEES, AND EXPENSES

SECTION 4.1. Interest. The Borrower shall pay to the Lender interest on the Term Loan, payable monthly in arrears on the first day of each month, commencing with the month immediately following the Closing Date and on the Maturity Date, at the rate per annum and in accordance with the respective provisions set forth in Section 2.1 of the Schedule and Section 2.1 above. In the event of any change in any interest rate, the interest rate shall change as of the first calendar day of the month following the date of such change.

SECTION 4.2. Interest After Event of Default. From the date of occurrence of any Event of Default until the earlier of the date upon which (i) all Obligations shall have been paid and satisfied in full or (ii) such Event of Default shall have been waived or cured, interest on the Term Loan shall be payable on demand at a rate per annum equal to the rate that would be otherwise applicable thereto under Section 4.1 plus up to an additional five percent (5%).

SECTION 4.3. Origination Fee. On the Closing Date, the Borrower shall pay to the Lender a non-refundable, fully earned Origination Fee in the amount set forth in Section 2.2 of the Schedule; provided, that the Lender may, and the Borrower hereby authorizes the Lender to, net the Origination Fee against the Lender's disbursement of the Term Loan.

SECTION 4.4. Calculations. (a) Except as provided in the next sentence, all interest and fees hereunder shall be computed on the basis of the actual number of days elapsed divided by 365. For purposes of the *Interest Act* (Canada): (i) whenever any interest or fee under this Agreement is calculated on the basis of a period of time other than a calendar year, such rate used in such calculation, when expressed as an annual rate, is equivalent to (x) such rate, multiplied by (y) the actual number of days in the calendar year in which the period for which such interest or fee is calculated ends, and divided by (z) the number of days in such period of time; (ii) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement; and (iii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields. Any rate that is calculated with reference to a period (the "deemed interest period") that is less than the actual number of days in the calendar year of calculation is, for the purposes of the *Interest Act* (Canada), equivalent to a rate based on a calendar year calculated by multiplying that rate of interest by the actual number of days in the calendar year of calculation and dividing by the number of days in the deemed interest period. Each of the parties hereto acknowledge that there is a material distinction between the nominal and effective rates of interest and that they are capable of making the calculations necessary to compare such rates and that the calculations herein are to be made using the nominal rate method and not the basis of effective yearly rates or on any basis that gives effect to the principle of deemed reinvestment of interest. The Borrower confirms that the Borrower fully understands and is able to calculate the rate of interest applicable to the loans based on the methodology for calculating per annum rates provided for in this Agreement. The Borrower hereby irrevocably agrees not to plead or assert, whether by way of defense or otherwise, in any proceeding relating to this Agreement or any related document delivered herewith, that the interest payable under this Agreement and the calculation thereof has not been adequately disclosed to the Borrower as required pursuant to Section 4 of the *Interest Act* (Canada). In calculating interest or fees payable hereunder for any period, unless otherwise specifically stated, the first day of such period shall be included and the last day of such period shall be

excluded. Each determination by the Lender of an interest rate, fee or other payment hereunder shall be conclusive and binding for all purposes, absent manifest error.

SECTION 4.5. Indemnification in Certain Events. If, after the Closing Date, (i) any change in or in the interpretation of any law or regulation is introduced including, without limitation, with respect to reserve requirements, applicable to the Lender or any other banking or financial institution from which the Lender borrows funds or obtains credit, (ii) the Lender complies with any future guideline or request from any central bank or other Governmental Authority or (iii) the Lender determines that the adoption of any applicable law, rule or regulation regarding capital adequacy, or any change therein, or any change in the interpretation or administration thereof by any Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof has or would have the effect described below, or the Lender complies with any request or directive regarding capital adequacy (whether or not having the force of law) of any such authority, central bank or comparable agency, and in the case of any event set forth in this clause (iii), such adoption, change or compliance has or would have the direct or indirect effect of reducing the rate of return on the Lender's capital as a consequence of its obligations hereunder to a level below that which the Lender could have achieved but for such adoption, change or compliance (taking into consideration the Lender's policies as the case may be with respect to capital adequacy) by an amount deemed by the Lender to be material, and any of the foregoing events described in clauses (i), (ii) and (iii) increases the cost to the Lender of funding or maintaining the Term Loan, or reduces the amount receivable in respect thereof by the Lender, then the Borrower shall, upon demand, pay to the Lender additional amounts sufficient to indemnify the Lender against such increase in cost or reduction in amount receivable. Notwithstanding anything herein to the contrary, for all purposes under this Agreement, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, regulations, guidelines or directives thereunder or issued in connection therewith and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority), Canada, or the United States of America or foreign regulatory authorities, in each case pursuant to Basel III, shall, in either case, be deemed to have gone into effect after the Closing Date, regardless of the date enacted, adopted or issued.

SECTION 4.6. Taxes.

(a) Any and all payments by the Borrower hereunder shall be made free and clear of and without deduction for any and all present or future taxes, levies, imposts, deductions, charges or withholdings and penalties, interest and all other liabilities with respect thereto ("Taxes"), including any Taxes imposed under Section 7701(l) of the Internal Revenue Code or pursuant to the ITA, excluding in the case of the Lender, taxes imposed on its net income (including, without limitation, any taxes imposed on branch profits) and franchise taxes imposed on it by any applicable jurisdiction. If Borrower shall be required by law to deduct any Taxes from or in respect of any sum payable hereunder or under any Term Loan to or for the benefit of the Lender, (A) the sum payable shall be increased as may be necessary so that after making all required deductions of Taxes (including deductions of Taxes applicable to additional sums payable under this Section 4.6) the Lender receives an amount equal to the sum it would have received had no such deductions been made, (B) Borrower shall make such deductions and (C) Borrower shall pay the full amount so deducted to the relevant taxation authority or other authority in accordance with applicable law.

(b) The Borrower shall pay any present or future stamp, documentary, excise, privilege, intangible or similar taxes or levies that arise at any time or from time to time (i) from any payment made under any and all Loan Documents, or (ii) from the execution or delivery by the Borrower of, or from the filing or recording or maintenance of, or otherwise with respect to the exercise by the Lender of its rights under, any and all Loan Documents (hereinafter referred to as "Other Taxes").

(c) The Borrower shall indemnify the Lender for the full amount of (i) Taxes imposed on or with respect to amounts payable hereunder (excluding any Taxes imposed on the Lender's income), (ii) Other Taxes and (iii) any Taxes (other than Taxes imposed by any jurisdiction on amounts payable under this Section 4.6) paid by the Lender and any liability (including penalties, interest and expenses) arising solely therefrom or with respect thereto.

(d) Within thirty days after the date of any payment of Taxes or Other Taxes, the Borrower will, upon request, furnish to the Lender the original or a certified copy of a receipt evidencing payment thereof.

(e) Without prejudice to the survival of any other agreement of the Borrower hereunder, the agreements and obligations of the Borrower contained in this Section 4.6 shall survive the indefeasible payment in full of the Obligations for a period of one year from the payment in full of the Obligations.

ARTICLE V. CONDITIONS OF LENDING

SECTION 5.1. Conditions to Term Loan. The obligation of the Lender to make the Term Loan is subject to the satisfaction of the following conditions prior to or concurrent therewith:

(a) The Lender shall have received the following, each dated the date of the Term Loan or as of an earlier date acceptable to the Lender, each in form and substance satisfactory to the Lender and its counsel in all respects:

(i) this Agreement duly executed by the Borrower;

(ii) the General Security Agreement duly executed by the Borrower;

(iii) acknowledgment copies of PPSA filings and Code financing statements (naming the Lender as secured party and the Borrower as debtor and containing a description of the applicable Collateral) and duly authorized release or termination statements, duly filed (or an authorization from all required Persons to file release or termination statements) in all jurisdictions that the Lender deems necessary or desirable to perfect and protect the Liens created hereunder and under the Security Documents (or where real property registrations have not yet been completed because of land registry office registration delays, the title insurer has confirmed that gap coverage is in effect under the title insurance policy or commitment to title insure);

(iv) a solvency certificate of a Responsible Officer of the Borrower;

(v) copies of the Governing Documents of the Borrower and a copy of the resolutions of the Board of Directors (or similar evidence of authorization) of the Borrower authorizing the execution, delivery, and performance of this Agreement, the other Loan Documents, and the transactions contemplated hereby and thereby, attached to which is a certificate of the Secretary or an Assistant Secretary of the Borrower certifying (A) that such copies of the Governing Documents and resolutions (or similar evidence of authorization) are true, complete and accurate copies thereof, have not been amended or modified since the date of such certificate and are in full force and effect and (B) the incumbency, names and true signatures of the officers of the Borrower authorized to sign the Loan;

(vi) evidence satisfactory to Lender, in its sole and absolute discretion, of Senior Lender's consent to (A) this Agreement, the other Loan Documents, and the transactions

contemplated hereby and thereby and (B) the Borrower's execution, delivery, and performance of this Agreement, the other Loan Documents, and the transactions contemplated hereby and thereby;

(vii) a good standing certificate from the Governmental Authority of the jurisdiction in which the Borrower is qualified as a corporation to conduct business, dated within thirty (30) days of the Closing Date; and

(viii) such other agreements, instruments, documents and evidence as the Lender deems necessary in its sole and absolute discretion in connection with the transactions contemplated hereby.

(b) There shall be no pending or, to the knowledge of the Borrower after due inquiry, threatened litigation, proceeding, inquiry or other action (i) seeking an injunction or other restraining order, damages or other relief with respect to the transactions contemplated by this Agreement or the other Loan Documents or (ii) which affects or could affect the business, prospects, operations, assets, liabilities or condition (financial or otherwise) of the Borrower (or any Subsidiary thereof), except, in the case of clause (ii), where such litigation, proceeding, inquiry or other action could not reasonably be expected to have a Material Adverse Effect.

(c) The Borrower shall have paid (i) all fees and expenses of the Lender in connection with the negotiation, preparation, execution and delivery of the Loan Documents (including, without limitation, all of the Lender's examination, audit, appraisal and travel expenses and the fees and expenses of counsel to the Lender) and (ii) the Origination Fee and all other fees referred to in this Agreement that are required to be paid on the Closing Date.

(d) All PPSA filings and financing and termination statements under the Code specified in Section 5.1(a)(iii) shall have been filed or authorized to be filed and consents or authorizations specified in Schedule 6.1(e) shall have been obtained.

(e) No change, occurrence, event or development that would reasonably be expected to have a Material Adverse Effect shall have occurred and be continuing.

(f) The Borrower and its Subsidiaries shall be in compliance with all Requirements of Law, governmental permits, and Material Contracts, other than such noncompliance that could not reasonably be expected to have a Material Adverse Effect.

(g) The Liens in favor of the Lender shall have been duly perfected and shall constitute second priority Liens (junior only to the Senior Lender's security interest in the Collateral), and the Collateral shall be free and clear of all Liens other than Liens in favor of the Lender and Permitted Liens.

(h) The Lender shall be reasonably satisfied with the capital, ownership, corporate, legal, tax and management structure of the Borrower and its Subsidiaries.

ARTICLE VI.

REPRESENTATIONS AND WARRANTIES

SECTION 6.1. Representations and Warranties of the Borrower; Reliance by the Lender. The Borrower hereby represents and warrants as follows:

(a) Organization, Good Standing and Qualification. The Borrower and each Subsidiary thereof (i) is an entity duly organized, validly existing and in good standing under the laws of

the jurisdiction of organization, (ii) has the requisite power and authority to own its properties and assets and to transact the businesses in which it presently is, or proposes to be, engaged and (iii) is duly qualified, authorized to do business and in good standing in each jurisdiction where it presently is, or proposes to be, engaged in business, except to the extent that the failure to so qualify or be in good standing could not reasonably be expected to have a Material Adverse Effect. Schedule 6.1(a) specifies the jurisdiction in which the Borrower is organized and all the jurisdictions in which the Borrower is qualified to do business as a foreign entity as of the Closing Date.

(b) Authority. The Borrower has the requisite power and authority to execute, deliver and perform its obligations under each of the Loan Documents. All necessary organizational action for the execution, delivery and performance by the Borrower of the Loan Documents (including the consent of holders of Equity Interests where required) has been taken.

(c) Enforceability. This Agreement is and, when executed and delivered, each other Loan Document, will be, the legal, valid and binding obligation of the Borrower enforceable in accordance with its terms, except as enforceability may be limited by (i) Bankruptcy Laws, or similar laws affecting creditors' rights generally and (ii) general principles of equity.

(d) No Conflict. The execution, delivery and performance by the Borrower of each Loan Document do not and will not contravene (i) any of the Governing Documents of the Borrower, (ii) any Requirement of Law or (iii) except as disclosed to Lender in writing, any governmental permit, or Material Contract and will not result in the imposition of any Liens upon any of its properties except in favor of the Lender.

(e) Consents and Filings. No consent, authorization or approval of, or filing with or other act by, any holder of Equity Interests of the Borrower or any Governmental Authority or any other Person is required in connection with the execution, delivery, performance, validity or enforceability of this Agreement or any other Loan Document, the consummation of the transactions contemplated hereby or thereby or the continuing operations of the Borrower following such consummation, except (i) those that have been obtained or made and (ii) the filing of PPSA filings and financing and termination statements under the Code.

(f) Solvency. The Borrower is Solvent and will be Solvent upon the completion of all transactions contemplated to occur on or before the Closing Date.

(g) Accuracy and Completeness of Information. All data, reports and information heretofore, contemporaneously or hereafter furnished by or on behalf of the Borrower to the Lender or its representatives or the Auditors (whether provided orally, by hard copy or by the Borrower submitting computer generated files to Lender or a third party service company acting on behalf of Lender) are or will be true and accurate in all material respects as of the date of certification of such data, reports and information and are not and will not be incomplete by omitting to state any material fact necessary to make such data, reports and information not misleading at such time. There are no facts now known to any Responsible Officer of the Borrower which individually or in the aggregate would have a Material Adverse Effect and which have not been specified herein, in the Financial Statements, or any certificate, opinion or other written statement previously furnished by the Borrower to the Lender.

(h) Organizational and Trade Name. During the past year, the Borrower has not been known by or used any other organizational, trade or fictitious name except for its name as set forth in the introductory paragraph and on the signature page of this Agreement, which is the exact correct legal name of the Borrower.

(i) No Broker's or Finder's Fees. No broker or finder brought about the obtaining, making or closing of the Term Loan or financial accommodations afforded hereunder or in connection herewith by the Lender. No broker's or finder's fees or commissions will be payable by the Borrower to any Person in connection with the transactions contemplated by this Agreement.

(j) Taxes and Tax Returns.

(i) The Borrower and each Subsidiary thereof has properly completed and timely filed all income tax returns it is required to file. The information filed is complete and accurate in all material respects. All deductions taken in such income tax returns are appropriate and in accordance with applicable laws and regulations, except deductions that may have been disallowed but are being challenged in good faith and for which adequate reserves have been established in accordance with IFRS.

(ii) All taxes, assessments, fees and other governmental charges and Priority Payables for periods beginning prior to the date hereof have been timely paid (or, if not yet due, adequate reserves therefor have been established) by it and neither the Borrower nor any Subsidiary thereof has any liability for taxes in excess of the amounts so paid or reserves so established.

(iii) No deficiencies for taxes or Priority Payables have been claimed, proposed or assessed by any taxing or other Governmental Authority against the Borrower and no Liens in respect thereof have been filed with respect thereto. There are no pending or threatened audits, investigations or claims for or relating to any liability of the Borrower or any Subsidiary thereof for taxes or Priority Payables and there are no matters under discussion with any Governmental Authority which could result in an additional liability for taxes or Priority Payables. No extension of a statute of limitations relating to taxes, assessments, fees or other governmental charges is in effect with respect to the Borrower.

(iv) Neither the Borrower nor any Subsidiary thereof is a party to, or has obligations under, any written tax sharing agreement or agreement regarding payments in lieu of taxes.

(k) No Judgments or Litigation. Except as specified in Schedule 6.1(k), no judgments, orders, writs or decrees are outstanding against the Borrower or any Subsidiary thereof, nor is there now pending or, to the knowledge of the Borrower after due inquiry, threatened litigation, contested claim, investigation, arbitration, or governmental proceeding by or against the Borrower or any Subsidiary thereof that (i) individually or in the aggregate could reasonably be expected to have a Material Adverse Effect or (ii) purports to affect the legality, validity or enforceability of this Agreement, any other Loan Document or the consummation of the transactions contemplated hereby or thereby.

(l) Title to Property. The Borrower and each Subsidiary thereof has (i) good and marketable fee simple title to or valid leasehold interests in all its Property and (ii) good and marketable title to all of its other property, in each case free and clear of Liens other than Liens permitted by Section 7.2(f).

(m) No Other Indebtedness. On the Closing Date and after giving effect to the transactions contemplated hereby, the Borrower has no Indebtedness other than Indebtedness permitted under Section 7.2(a).

(n) Compliance with Laws. On the Closing Date, after giving effect to the transactions contemplated hereby, neither the Borrower nor any Subsidiary thereof is in default under any term of any Requirement of Law other than any default which, when taken together with all other similar defaults, could

reasonably be expected to have a Material Adverse Effect or would require more than \$50,000.00 to remediate. Each product of the Borrower and each Subsidiary thereof is in compliance with, and their respective operations related to each such product are in compliance with, applicable laws, and, to the knowledge of the Borrower, no product sold by the Borrower or any Subsidiary thereof has been adulterated, misbranded or mislabeled in violation of applicable laws, in each case, except for which the non-compliance with which could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(o) Rights in Collateral; Priority of Liens. All Collateral is owned or leased by it free and clear of any and all Liens in favor of third parties, other than Liens in favor of the Lender and Permitted Liens. Upon the proper filing of the financing and termination statements specified in Section 5.1(a)(xii), the Liens granted by the Borrower pursuant to the Loan Documents constitute valid, enforceable and perfected second priority Liens (subject to Permitted Liens, but junior only to the Senior Lender's security interest in the Collateral) on the Collateral.

(p) Canadian Pension Plans. Each Canadian Pension Plan maintained by the Borrower or any Subsidiary thereof is duly registered under the ITA and any other laws which require registration, have been administered in accordance with the ITA and such other laws and no event has occurred which would reasonably be expected to cause the loss of such registered status, except to the extent that any failure to do so or such loss would not reasonably be expected to have a Material Adverse Effect. As of the date of this Agreement, no Canadian Pension Plan provides benefits determined on a defined benefit basis. All material obligations of the Borrower and each of its Subsidiaries (including fiduciary, funding, investment and administration obligations) required to be performed in connection with the Canadian Pension Plans and the funding agreements therefor have been performed on a timely basis except to the extent that such non-performance would not reasonably be expected to have a Material Adverse Effect. As of the Closing Date, there are no outstanding disputes concerning the assets of any of the Benefit Plans which would reasonably be expected to have a Material Adverse Effect. No promises of benefit improvements under any of the Canadian Benefit Plans have been made except where such improvement would not reasonably be expected to have a Material Adverse Effect. All employer and employee payments, contributions or premiums required to be made or paid by the Borrower or any of its Subsidiaries to the Canadian Benefit Plans have been made on a timely basis in accordance with the terms of such plans and all laws except to the extent failure to do so would reasonably be expected to have a Material Adverse Effect. There have been no improper withdrawals or applications of the assets of the Canadian Benefit Plans that would reasonably be expected to have a Material Adverse Effect. There has been no partial termination of any Canadian Pension Plan and no facts or circumstances have occurred or existed that could result, or be reasonably anticipated to result, in the declaration of a partial termination of any of the Canadian Pension Plans under law which would reasonably be expected to have a Material Adverse Effect.

(q) ERISA. Neither the Borrower nor any Subsidiary thereof is subject to ERISA, including maintenance of plans or offer other benefits that would be subject to ERISA.

(r) Intellectual Property. The Borrower owns or licenses all Intellectual Property, which is necessary or advisable for the operation of its business as presently conducted or proposed to be conducted. The Borrower has not infringed any patent, trademark, service mark, trade name, copyright, license or other right owned by any other Person by the sale or use of any product, process, method, substance, part or other material presently contemplated to be sold or used, where such sale or use could reasonably be expected to have a Material Adverse Effect and no claim or litigation is pending, or, to the best of the Borrower's knowledge, threatened against the Borrower or any Subsidiary thereof that contests its right to sell or use any such product, process, method, substance, part or other material.

(s) Labor Matters. There are no union or collective bargaining contracts to the Borrower or any Subsidiary thereof is a party as of the Closing Date. There are no existing or threatened strikes, lockouts or other disputes relating to any collective bargaining or similar agreement to the Borrower or any Subsidiary thereof is a party which, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

(t) Compliance with Environmental Laws. (i) Neither the Borrower nor any Subsidiary thereof is the subject of any judicial or administrative proceeding or investigation relating to the violation of any Environmental Law or asserting potential liability arising from the release or disposal by any Person of any Hazardous Materials, (ii) neither the Borrower nor any Subsidiary thereof has filed with or received from any Governmental Authority or other Person any notice, order, stipulation or directive under any Environmental Law, nor is it aware of any pending discussions within any Governmental Authority, concerning the treatment, storage, disposal, spill or release or threatened release of any Hazardous Materials at, on, beneath or adjacent to Property owned or leased by it, or the release or threatened release at any other location of any Hazardous Material generated, used, stored, treated, transported or released by or on behalf of the Borrower, (iii) the Borrower and each Subsidiary thereof has disposed of all its waste in accordance with all applicable laws and it has not improperly stored or disposed of any waste at, on, beneath or adjacent to any of its Property and none of its Property contains any waste fill, (iv) the Borrower has no knowledge of any contingent liability for any release of any Hazardous Materials, and there has been no spill or release of any Hazardous Materials at any Property of the Borrower or any Subsidiary thereof in violation of Environmental Laws, (v) to the knowledge of the Borrower, all Property of the Borrower and each Subsidiary thereof (including, without limitation, owned Property, and Equipment) is free, and has at all times been free, of Hazardous Materials and underground storage tanks and (vi) to the knowledge of the Borrower, neither its Property nor the Property of any Subsidiary of the Borrower has ever been used as a waste disposal site, whether registered or unregistered.

(u) Licenses and Permits. The Borrower and each Subsidiary thereof has obtained and holds in full force and effect all franchises, licenses, leases, permits, certificates, authorizations, qualifications, easements, rights of way and other rights and approvals which are necessary or advisable for the operation of its business as presently conducted and as proposed to be conducted, except where the failure to possess any of the foregoing (individually or in the aggregate) could not reasonably be expected to have a Material Adverse Effect.

(v) Government Regulation. Neither the Borrower nor any Subsidiary thereof is subject to regulation under the Energy Policy Act of 2005, Federal Power Act, the Interstate Commerce Act or any other Requirement of Law that limits its ability to incur Indebtedness or consummate the transactions contemplated by this Agreement and the other Loan Documents.

(w) Compliance with Anti-Terrorism Laws. Each of the Borrower and its Subsidiaries is and will remain in full compliance with all laws and regulations applicable to it including, without limitation, (A) ensuring that no Person who owns a controlling interest in or otherwise controls the Borrower or any Subsidiary thereof is or shall be (1) listed on the Specially Designated Nationals and Blocked Person List maintained by the Office of Foreign Assets Control (“OFAC”), Department of the Treasury, or any other similar list maintained by the OFAC under any authorizing statute, Executive Order or regulation, (2) a Person designated under Section 1(b), (c) or (d) of Executive Order No. 13224 (September 23, 2001), any related enabling legislation or any similar Executive Order (a “Sanctioned Person”), or (3) the Canadian Anti-Terrorism Laws, and (B) compliance with all applicable Bank Secrecy Act (“BSA”) laws, regulations and government guidance on BSA compliance and on the prevention and detection of money laundering violations. The Borrower acknowledges that pursuant to the USA Patriot Act, 31 U.S.C. §5318, the *Proceeds of Crime Money Laundering and Terrorist Financing Act* (Canada) and other applicable anti-money laundering, anti-terrorist financing, government sanction and “know your

client” laws, under the laws of Canada or the United States (collectively, including any guidelines or orders thereunder, “AML Legislation”), the Lender may be required to obtain, verify and record information regarding the Borrower, its directors, authorized signing officers, direct or indirect shareholders or other Persons in control of the Borrower, and the transactions contemplated hereby. The Borrower shall promptly provide (or cause to be provided) all such information, including supporting documentation and other evidence, as may be reasonably requested by the Lender necessary in order to comply with any applicable AML Legislation, whether now or hereafter in existence.

(x) Insurance. The Borrower and its Subsidiaries maintain insurance, to such extent and against such risks, including fire and other risks insured against by extended coverage, as is customary with companies engaged in the same or similar businesses, operating in the same or similar locations, including public liability insurance against claims for personal injury or death or property damage occurring upon, in, about or in connection with the use of any Properties owned, occupied or controlled by them. Such policies are in full force and effect on the Closing Date, and neither the Borrower nor any Subsidiary thereof has received notice of cancellation with respect to any such policy. All premiums payable that are now due with respect to such policies have been paid through the Closing Date.

All representations and warranties made by the Borrower in this Agreement and in each other Loan Document to which it is a party shall survive the execution and delivery hereof and thereof and the closing of the transactions contemplated hereby and thereby. The Borrower acknowledges and confirms that the Lender is relying on such representations and warranties without independent inquiry in entering into this Agreement.

ARTICLE VII. COVENANTS OF THE BORROWER

SECTION 7.1. Affirmative Covenants. Until the indefeasible payment and satisfaction of all Obligations in full:

(a) Organizational Existence. The Borrower shall, and shall cause each of its Subsidiaries to, (i) maintain its organizational existence, (ii) maintain in full force and effect all material licenses, bonds, franchises, leases, trademarks, qualifications and authorizations to do business, and all material patents, contracts and other rights necessary or advisable to the profitable conduct of its businesses, and (iii) continue in the same lines of business as presently conducted by it.

(b) Maintenance of Property. The Borrower shall, and shall cause each of its Subsidiaries to, keep all property useful and necessary to its business in good working order and condition (ordinary wear and tear excepted) in accordance with its past operating practices.

(c) Affiliate Transactions. The Borrower shall, and shall cause each of its Subsidiaries to, conduct transactions with any of its Affiliates on a basis no less favorable to the Borrower or such Subsidiary than would apply in a transaction with a non-Affiliate and which are approved by the board of directors (or similar governing body) of the Borrower or such Subsidiary.

(d) Taxes. The Borrower shall, and shall cause each of its Subsidiaries to, pay, when due, (i) all Priority Payables, tax assessments, and other governmental charges and levies imposed against it or any of its property and (ii) all lawful claims that, if unpaid, might by law become a Lien upon its property; provided, however, that, unless such tax assessment, charge, levy or claim has become a Lien on any of the property of the Borrower or such Subsidiary, it need not be paid if it is being contested in good faith, by appropriate proceedings diligently conducted and an adequate reserve or other appropriate provision shall have been established therefor as required in accordance with IFRS.

(e) Requirements of Law. The Borrower shall, and shall cause each of its Subsidiaries to, comply with all Requirements of Law applicable to it, including, without limitation, all applicable federal, state, local or foreign laws and regulations, including, without limitation, those relating to environmental and employee matters (including the collection, payment and deposit of employees' income, unemployment, Social Security and Medicare hospital insurance taxes) and with respect to pension liabilities.

(f) Insurance. The Borrower shall, and shall cause each of its Subsidiaries to, (i) keep all its insurable properties and properties in which the Borrower or such Subsidiary has an interest insured against the hazards of fire, flood, sprinkler leakage, those hazards covered by extended coverage insurance and such other hazards, and for such amounts, as is customary in the case of companies engaged in businesses similar to business of the Borrower or such Subsidiary, including business interruption insurance, directors and officers liability insurance and cybersecurity insurance; (ii) maintain a bond in such amounts as is customary in the case of companies engaged in businesses similar to the Borrower or such Subsidiary insuring against larceny, embezzlement or other criminal misappropriation of insured's officers and employees who may either singly or jointly with others at any time have access to the assets or funds of the Borrower or such Subsidiary either directly or through authority to draw upon such funds or to direct generally the disposition of such assets; (iii) maintain public and product liability insurance against claims for personal injury, death or property damage suffered by others; (iv) maintain all such worker's compensation or similar insurance as may be required under the laws of any state or jurisdiction in which the Borrower or such Subsidiary is engaged in business; (v) furnish the Lender with (1) copies of all policies and evidence of the maintenance of such policies by the renewal thereof at least thirty (30) days before any expiration date, and (2) appropriate loss payable endorsements in form and substance satisfactory to Lender, naming Lender as an additional insured and mortgagee and/or lender loss payee (as applicable) as its interests may appear with respect to all insurance coverage referred to in clauses (i) and (iii) above.

(g) Notification Requirements. The Borrower shall timely give the Lender the following notices and other documents:

(i) Notice of Defaults. Promptly, and in any event within five Business Days after becoming aware of the occurrence of a Default or Event of Default, a certificate of a Responsible Officer specifying the nature thereof and the Borrower's proposed response thereto, each in reasonable detail.

(ii) Proceedings or Changes. Promptly, and in any event within five Business Days after the Borrower becomes aware of (A) any proceeding including, without limitation, any proceeding the subject of which is based in whole or in part on a commercial tort claim/chose in action being instituted or threatened to be instituted by or against the Borrower or any of its Subsidiaries in any federal, state, provincial, territorial, local, municipal, or foreign court or before any commission or other regulatory body (federal, state, provincial, territorial, local, municipal or foreign) involving a sum, together with the sum involved in all other similar proceedings, in excess of \$250,000.00 in the aggregate, (B) any order, judgment, fine, or decree involving a sum, together with the sum of all other orders, judgments, fines or decrees, in excess of \$250,000.00 in the aggregate being entered against the Borrower or any of its Subsidiaries or any of their respective property or assets, (C) any notice or correspondence issued to the Borrower or any Subsidiary thereof by a Governmental Authority warning, threatening or advising of the commencement of any investigation involving the Borrower, any Subsidiary, or any of its property or assets, (D) any actual or prospective change, development or event which has had or could reasonably be expected to have a Material Adverse Effect, or (E) a proposed or actual change of the name, identity, organizational structure or jurisdiction of organization of the Borrower or any Subsidiary thereof, a written statement describing such proceeding, order,

judgment, decree, change, development or event and any action being taken by the Borrower or any of its Subsidiaries with respect thereto.

(h) Qualify to Transact Business. The Borrower shall, and shall cause each of its Subsidiaries to, qualify to transact business as a foreign corporation, limited partnership or limited liability company, as the case may be, in each jurisdiction where the nature or extent of its business or the ownership of its property requires it to be so qualified or authorized and where failure to qualify or be authorized could reasonably be expected to have a Material Adverse Effect.

(i) Reporting. The Borrower shall deliver to the Lender (i) notice of the occurrence of any Default or Event of Default immediately upon knowledge thereof and (ii) promptly after the request by the Lender therefor, such additional Financial Statements and other related data and information as to the business, prospects, operations, results of operations, assets, liabilities or condition (financial or otherwise) of the Borrower or any Subsidiary as the Lender may from time to time reasonably request. Additionally, the Borrower shall deliver to the Lender, no less frequently than on a monthly basis, a report detailing the accrued Variable Interest Amount (both in the aggregate and for the period elapsed since the Borrower's immediately preceding report), the Borrower's calculation thereof, and reasonable backup documentation for all the foregoing (including, without limitation, sales data giving rise to the Variable Interest Amount), together with such other information or data as the Lender may from time to time reasonably request in connection therewith.

(j) Payment of Liabilities. The Borrower shall, and shall cause each of its Subsidiaries to, pay and discharge, in the ordinary course of business, all obligations and liabilities (including, without limitation, tax liabilities and other governmental charges), except where the same may be contested in good faith by appropriate proceedings and for which adequate reserves with respect thereto have been established in accordance with IFRS.

(k) Solvency. The Borrower shall, and shall cause each of its Subsidiaries to, be and remain Solvent at all times.

(l) Next Annual Meeting. At the Borrower's first annual general meeting of its shareholders to occur following the Closing Date (the "Next AGM"), the Borrower shall include on the agenda of the Next AGM and seek approval by its shareholders of (a) the transactions contemplated by this Agreement and the other Loan Documents and (b) any future loan or equity transaction in an amount up to US\$5,000,000.00 that requires, or would require, approval of the Borrower's shareholders pursuant to Section 501(c), Section 604(a)ii or Section 607(g)ii of the TSX Company Manual by virtue of involving Clifford L. Rucker, as a "reporting insider" of the Borrower, or any Affiliate of Clifford L. Rucker (including, but not limited to, the Lender and the Senior Lender).

SECTION 7.2. Negative Covenants. Until the indefeasible payment and satisfaction of all Obligations in full:

(a) Indebtedness. The Borrower shall not, and the Borrower shall not permit any of its Subsidiaries to, directly or indirectly, at any time create, incur, assume or suffer to exist any Indebtedness other than:

- (i) Indebtedness under the Loan Documents;
- (ii) Indebtedness existing on the Closing Date and listed on Schedule 7.2(a)(ii);

(iii) endorsement of negotiable instruments for deposit or collection in the ordinary course of business;

(iv) Indebtedness (including Capitalized Lease Obligations) incurred or committed to be incurred (a) existing on the Closing Date and listed on Schedule 7.2(a)(ii) and (b) unfinanced Capital Expenditures in each fiscal year thereafter, in an amount not to exceed, in the aggregate, \$200,000.00;

(v) Indebtedness incurred in connection with the incurrence of a Lien pursuant to Section 7.2(f)(iv); and

(vi) Indebtedness incurred in connection with the Senior Credit Agreement.

(b) Contingent Obligations. The Borrower shall not, and the Borrower shall not permit any of its Subsidiaries to, directly or indirectly, incur, assume, or suffer to exist any Contingent Obligation, excluding indemnities given in connection with this Agreement or the other Loan Documents in favor of the Lender.

(c) Organizational Changes, Etc. The Borrower shall not, and the Borrower shall not permit any of its Subsidiaries to, directly or indirectly, merge or consolidate with any Person or amend, alter or modify its Governing Documents or its legal name, mailing address, chief executive office or principal places of business, structure, status or existence, or liquidate or dissolve itself (or suffer any liquidation or dissolution) or issue any Equity Interests.

(d) Use of Proceeds. The Borrower shall not (i) use any portion of the proceeds of the Term Loan in violation of Section 2.3 or for the purpose of purchasing or carrying any “margin stock” (as defined in Regulation U of the Federal Reserve Board) in any manner which violates the provisions of Regulation T, U or X of the Federal Reserve Board or for any other purpose in violation of any applicable statute or regulation, or of the terms and conditions of this Agreement or (ii) take, or permit any Person acting on its behalf to take, any action which could reasonably be expected to cause this Agreement or any other Loan Document to violate any regulation of the Federal Reserve Board.

(e) Transactions with Affiliates. The Borrower shall not, and the Borrower shall not permit any of its Subsidiaries to, directly or indirectly, purchase, acquire or lease any property from, or sell, transfer or lease any property to, or otherwise deal with, any Affiliate, except (a) transactions in the ordinary course of business, on terms no less favorable than terms which would have been obtainable from a Person other than an Affiliate, (b) the payment of reasonable compensation and benefits in the ordinary course of business to members, officers and employees for services actually rendered to Borrower, (c) customary indemnification arrangements with officers, directors and managers of Borrower.

(f) Liens, Etc. The Borrower shall not, and the Borrower shall not permit any of its Subsidiaries to, directly or indirectly, at any time create, incur, assume or suffer to exist any Lien on or with respect to any assets, other than:

(i) Liens created hereunder and by the Security Documents;

(ii) Liens existing on the Closing Date and listed on Schedule 7.2(f);

(iii) Liens securing Indebtedness permitted by Section 7.2(a)(iv);

(iv) Liens securing Indebtedness permitted by Section 7.2(a)(v) incurred to finance the acquisition of fixed or capital assets, provided that (A) such Liens shall be created substantially simultaneously with the acquisition of such assets, (B) such Liens do not at any time encumber any assets other than the assets financed by such Indebtedness, (C) such Liens are not modified to secure other Indebtedness and the amount of Indebtedness secured thereby is not increased and (D) the principal amount of Indebtedness secured by any such Lien shall at no time exceed the original purchase price of such assets; and

(v) Permitted Liens.

(g) Negative Pledge. The Borrower shall not, and the Borrower shall not permit any of its Subsidiaries to, enter into or suffer to exist any agreement (other than in favor of the Lender) prohibiting or conditioning the creation or assumption of any Lien upon any of its assets.

ARTICLE VIII.

[RESERVED]

ARTICLE IX.

EVENTS OF DEFAULT; RIGHTS AND REMEDIES

SECTION 9.1. Events of Default. The occurrence of any of the following events shall constitute an “Event of Default”:

(a) the Borrower fails to pay any principal, interest, fees, expenses or other Obligations when payable, whether at stated maturity, by acceleration, or otherwise and such Default continues for a period of ten (10) days; or

(b) the Borrower (i) Defaults in the performance or observance of any agreement, covenant, condition, provision or term contained in Sections 2.2, 2.3, 2.5, Article III, 7.1, 7.2, Article VIII or 10.1 hereof; or (ii) Defaults in the performance or observance of any agreement, covenant, condition, provision or term contained in this Agreement or any other Loan Document (other than those referred to in Section 9.1(a) and Section 9.1 (b)(i)) and such Default continues for a period of ten (10) days; or

(c) the Borrower, or any Subsidiary thereof, becomes de-listed on the Toronto Stock Exchange or dissolves, winds up or otherwise ceases to conduct its business; or

(d) the Borrower, or any Subsidiary thereof, becomes the subject of an Insolvency Event; or

(e) (i) the Borrower, or any Subsidiary thereof, fails to make any payment (whether of principal, interest or otherwise and regardless of amount) in respect of any Material Indebtedness when due (whether at scheduled maturity or by required prepayment, acceleration, demand or otherwise) unless such amount is being disputed in good faith, or (ii) any event or condition occurs that results in any Material Indebtedness becoming due prior to its scheduled maturity or that enables or permits the holder or holders (or a trustee or agent on behalf of such holder or holders) to declare any Material Indebtedness to be due, or to require the prepayment, repurchase, redemption or defeasance thereof, prior to its scheduled maturity and such default continues for a period of ten (10) days; or

(f) any material representation or warranty made by the Borrower under or in connection with any Loan Document or amendment or waiver thereof, or in any Financial Statement, report,

document or certificate delivered in connection therewith, shall prove to have been incorrect in any material respect when made or deemed made; or

(g) any judgment or order for the payment of money which, when taken together with all other judgments and orders rendered against the Borrower (or any Subsidiary thereof) taken together, exceeds \$50,000.00 in the aggregate is rendered against the Borrower (or any Subsidiary thereof) and such judgment or order is not stayed, vacated, bonded or discharged within thirty (30) days; or

(h) any Guarantor defaults in the performance or observance of any agreement, covenant, condition, provision or term contained any other Loan Document to which such Guarantor is a party; or

(i) the occurrence of any change in control or similar event with respect to Borrower as defined or described under any indenture or agreement in respect of Indebtedness to which the Borrower is a party; or

(j) any covenant, agreement, or obligation of the Borrower contained in or evidenced by any of the Loan Documents ceases to be enforceable, or shall be determined to be unenforceable, in accordance with its terms; the Borrower denies or disaffirms its obligations under any of the Loan Documents or any Liens granted in connection therewith or otherwise challenges any of its obligations under any of the Loan Documents; or any Liens granted on any of the Collateral is, or are, determined to be void, voidable, or invalid, are subordinated or are not given the priority contemplated by this Agreement or any other Loan Document; or

(k) a Security Document shall for any reason cease to create a valid and perfected second priority Lien on the Collateral (subject to Permitted Liens) purported to be covered thereby; or

(l) the occurrence of a Material Adverse Effect; or

(m) (i) the occurrence and continuance of an Event of Default (as defined in the Senior Credit Agreement) under the Senior Credit Agreement or any security document related thereto, or (ii) the Borrower, or any of the Borrower's Subsidiaries or Affiliates, defaults under, or breaches, any other agreement, instrument, or document with the Senior Lender.

SECTION 9.2. Acceleration. Upon the occurrence and during the continuance of an Event of Default, the Lender may, without prejudice to the rights of the Lender to enforce its claims against the Borrower, declare all Obligations immediately due and payable (except with respect to any Event of Default specified in Section 9.1(d), in which case all Obligations shall automatically become immediately due and payable) without presentment, demand, protest or any other action or obligation of the Lender. Notwithstanding any such termination, until all Obligations shall have been fully and indefeasibly paid and satisfied, the Lender shall retain all rights under guaranties and all security in existing and future Receivables, Inventory, General Intangibles, Investment Property and Equipment of the Borrower and all other Collateral held by it hereunder and under the Security Documents.

SECTION 9.3. Other Remedies.

(a) Upon the occurrence and during the continuance of an Event of Default, the Lender shall have all rights and remedies with respect to the Obligations and the Collateral under applicable law and the Loan Documents, and the Lender may do any or all of the following:

(i) remove for copying all documents, instruments, files and records (including the copying of any computer records) relating to the Borrower's Receivables or use (at the expense of the Borrower) such supplies or space of the Borrower at the Borrower's places of business necessary to administer, enforce and collect such Receivables including, without limitation, any supporting obligations;

(ii) accelerate or extend the time of payment, compromise, issue credits, or bring suit on the Borrower's Receivables (in the name of the Borrower or the Lender) and otherwise administer and collect such Receivables;

(iii) sell, assign and deliver the Borrower's Receivables with or without advertisement, at public or private sale, for cash, on credit or otherwise, subject to applicable law; and

(iv) enforce or foreclose the security interests created pursuant to the Loan Documents by any available procedure, or take possession of any or all of the Collateral, without judicial process and enter any premises where any Collateral may be located for the purpose of taking possession of or removing the same.

(b) The Lender may bid or become a purchaser at any sale, free from any right of redemption, which right is expressly waived by the Borrower. If notice of intended disposition of any Collateral is required by law, it is agreed that ten days' notice shall constitute reasonable notification. The Borrower will assemble the Collateral and make it available at such locations as the Lender may specify, whether at the premises of the Borrower or elsewhere, and will make available to the Lender the premises and facilities of the Borrower for the purpose of the Lender's taking possession of or removing the Collateral or putting the Collateral in saleable form. The Lender may sell the Collateral or any part thereof in one or more parcels at public or private sale, at any exchange, broker's board or at any of the Lender's offices or elsewhere, for cash, on credit or for future delivery, and upon such other terms as the Lender may deem commercially reasonable. The Lender shall not be obligated to make any sale of Collateral regardless of notice of sale having been given. The Lender may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned. The Borrower hereby grants the Lender a license to enter and occupy any of the Borrower's leased or owned premises and facilities, without charge, to exercise any of the Lender's rights or remedies.

(c) The Lender may seek the appointment of a receiver, receiver-manager or keeper (a "Receiver") under the laws of Canada or any Province thereof to take possession of all or any portion of the Collateral of the Borrower or to operate same and, to the maximum extent permitted by law, may seek the appointment of such a receiver without the requirement of prior notice or a hearing. Any such Receiver shall, so far as concerns responsibility for his/her acts, be deemed agent the Borrower and not the Lender, and the Lender shall not be in any way responsible for any misconduct, negligence or non-feasance on the part of any such Receiver, his/her servants or employees. Subject to the provisions of the instrument appointing him/her, any such Receiver shall have power to take possession of Collateral of the Borrower, to preserve Collateral of the Borrower or its value, to carry on or concur in carrying on all or any part of the business of the Borrower and to sell, lease, license or otherwise dispose of or concur in selling, leasing, licensing or otherwise disposing of Collateral of the Borrower. To facilitate the foregoing powers, any such Receiver may, to the exclusion of all others, including the Borrower, enter upon, use and occupy all premises owned or occupied by the Borrower (or any of its Subsidiaries or Affiliates) wherein Collateral of the Borrower may be situated, maintain Collateral of the Borrower upon such premises, borrow money on a secured or unsecured basis and use Collateral of the Borrower directly in carrying on the Borrower's business or as security for loans or advances to enable the Receiver to carry on the Borrower's business or otherwise, as such Receiver shall, in its discretion, determine. Except as may be otherwise directed by the

Lender, all money received from time to time by such Receiver in carrying out his/her appointment shall be received in trust for and paid over to the Lender. Every such Receiver may, in the Lender's discretion, be vested with all or any of the rights and powers of the Lender. The Lender may, either directly or through its nominees, exercise any or all powers and rights given to a Receiver by virtue of the foregoing provisions of this Section 9.3(c).

SECTION 9.4. License for Use of Software and Other Intellectual Property. The Borrower hereby grants to the Lender a license or other right to use, without charge, all computer software programs, data bases, processes, trademarks, tradenames, copyrights, labels, trade secrets, service marks, advertising materials and other rights, assets and materials used by the Borrower (or any Subsidiary of Borrower or Affiliate of Borrower) in connection with its businesses or in connection with the Collateral.

SECTION 9.5. No Marshalling; Deficiencies; Remedies Cumulative. The Lender shall have no obligation to marshal any Collateral or to seek recourse against or satisfaction of any of the Obligations from one source before seeking recourse against or satisfaction from another source. The net cash proceeds resulting from the Lender's exercise of any of the foregoing rights to liquidate all or substantially all of the Collateral, including any and all Collections (after deducting all of the Lender's expenses related thereto), shall be applied by the Lender to such of the Obligations and in such order as the Lender shall elect in its sole and absolute discretion, whether due or to become due. The Borrower shall remain liable to the Lender for any deficiencies, and the Lender in turn agrees to remit to the Borrower or its successor or assign any surplus resulting therefrom. All of the Lender's remedies under the Loan Documents shall be cumulative, may be exercised simultaneously against any Collateral and the Borrower or in such order and with respect to such Collateral or the Borrower as the Lender may deem desirable, and are not intended to be exhaustive.

SECTION 9.6. Waivers. Except as may be otherwise specifically provided herein or in any other Loan Document, the Borrower hereby waives any right to a judicial or other hearing with respect to any action or prejudgment remedy or proceeding by the Lender to take possession, exercise control over, or dispose of any item of Collateral in any instance (regardless of where the same may be located) where such action is permitted under the terms of this Agreement or any other Loan Document or by applicable law or of the time, place or terms of sale in connection with the exercise of the Lender's rights hereunder and also waives any bonds, security or sureties required by any statute, rule or other law as an incident to any taking of possession by the Lender of any Collateral. The Borrower also waives any damages (direct, consequential or otherwise) occasioned by the enforcement of the Lender's rights under this Agreement or any other Loan Document including the taking of possession of any Collateral or the giving of notice to any account debtor or the collection of any Receivable of the Borrower. The Borrower also consents that the Lender may enter upon any premises owned by or leased to it without obligations to pay rent or for use and occupancy, through self-help, without judicial process and without having first obtained an order of any court. These waivers and all other waivers provided for in this Agreement and the other Loan Documents have been negotiated by the parties, and the Borrower acknowledges that it has been represented by counsel of its own choice, has consulted such counsel with respect to its rights hereunder and has freely and voluntarily entered into this Agreement and the other Loan Documents as the result of arm's-length negotiations.

SECTION 9.7. Further Rights of the Lender.

(a) Further Assurances. The Borrower shall do all things and shall execute and deliver all documents and instruments reasonably requested by the Lender to protect or perfect any Lien (and the priority thereof) of the Lender on the Collateral. The Lender is authorized to describe the Collateral covered by any PPSA filing and financing statement filed by it under the Code as "all assets" or "all personal property" of the Borrower or by using a similar supergeneric description.

(b) Insurance; Etc. If the Borrower shall fail to purchase or maintain insurance (where applicable), or to pay any tax, assessment, governmental charge or levy, except as the same may be otherwise permitted hereunder or which is being contested in good faith by appropriate proceedings and for which adequate reserves have been established in accordance with IFRS, or if any Lien prohibited hereby shall not be paid in full and discharged or if the Borrower shall fail to perform or comply with any other covenant, promise or obligation to the Lender hereunder or under any other Loan Document, the Lender may (but shall not be required to) perform, pay, satisfy, discharge or bond the same for the account of the Borrower, and all amounts so paid by the Lender shall constitute part of the Obligations.

SECTION 9.8. Interest After Event of Default. The Borrower agrees and acknowledges that the additional interest and fees that may be charged under Section 4.2, (a) are an inducement to the Lender to make the Term Loan hereunder and that the Lender would not consummate the transactions contemplated by this Agreement without the inclusion of such provisions, (b) are fair and reasonable estimates of the Lender's costs of administering the credit facility upon an Event of Default, and (c) are intended to estimate the Lender's increased risks upon an Event of Default.

ARTICLE X. ASSIGNMENTS

SECTION 10.1. Assignments. The Borrower shall not assign this Agreement or any right or obligation hereunder without the prior written consent of the Lender. The Lender may assign or pledge as security (without the consent of the Borrower) to one or more Persons all or a portion of its rights and obligations under this Agreement, and the other Loan Documents.

SECTION 10.2. Disclosure. The Lender may, in connection with any assignment or proposed assignment pursuant to this **Article X**, disclose to the assignee or proposed assignee any information relating to the Borrower and its Subsidiaries.

ARTICLE XI. GENERAL PROVISIONS

SECTION 11.1. Notices. Any notice or request hereunder may be given to the Borrower or Lender at their respective addresses set forth below or at such other address as may hereafter be specified in a notice designated as a notice of change of address under this Section 11.1. Any notice or request hereunder shall be given by (a) hand delivery, (b) overnight courier, (c) registered or certified mail, return receipt requested, or (d) telecopy or such other electronic transmission (i.e. portable document form and email) to the number set out below (or such other number or electronic address as may hereafter be specified in a notice designated as a notice of change of address) with electronic confirmation of its receipt. Any notice or other communication required or permitted pursuant to this Agreement shall be deemed given (a) when personally delivered to any officer of the party to whom it is addressed, (b) on the earlier of actual receipt thereof or on the date on which delivery is refused if sent by certified or registered mail, postage prepaid, (c) upon actual receipt thereof when sent by a recognized overnight delivery service or (d) upon actual receipt thereof when sent by telecopier or electronic address to the number set forth below with electronic confirmation of its receipt, in each case addressed to each party at its address set forth below or at such other address as has been furnished in writing by a party to the other by like notice:

(i) If to Lender:	RI Flow LLC c/o Rucker Investments LLC 500 Cummings Center, Suite 6050 Beverly, MA 01915 Attention: Legal Department

Email: legal@ruckerinv.com

with a copy to:

Miller Thomson LLP
Scotia Plaza
40 King Street West, Suite 5800
P.O. Box 1011
Toronto, Ontario M5H 3S1
Attention: Kenneth R. Rosenstein
Telephone: (416) 595-7923
Facsimile: (416) 595-8695
Email: krosenstein@millerthomson.com

(ii) If to Borrower:

Flow Beverage Corp.
155 Industrial Parkway South
Aurora, ON L4G 3G6
Attention: Nicholas Reichenbach, CEO
Trent McDonald, CFO
Telephone: (917) 951-9371
Email: nicholas@flowhydration.com
trent.macdonald@flowhydration.com

SECTION 11.2. Delays; Partial Exercise of Remedies. No delay or omission of the Lender to exercise any right or remedy hereunder shall impair any such right or operate as a waiver thereof. No single or partial exercise by the Lender of any right or remedy shall preclude any other or further exercise thereof, or preclude any other right or remedy.

SECTION 11.3. Right of Setoff. In addition to and not in limitation of all rights of offset that the Lender may have under applicable law, and whether or not the Lender has made any demand or the Obligations of the Borrower have matured, the Lender shall have the right to set off and apply any and all deposits (general or special, time or demand, provisional or final, or any other type) at any time held and any other Indebtedness at any time owing by the Lender to or for the credit or the account of the Borrower or any of its Affiliates against any and all of the Obligations. In the event that the Lender exercises any of its rights under this Section 11.3, the Lender shall provide notice to the Borrower of such exercise, provided that the failure to give such notice shall not affect the validity of the exercise of such rights.

SECTION 11.4. Indemnification; Reimbursement of Expenses of Collection.

(a) The Borrower hereby agrees that, whether or not any of the transactions contemplated by this Agreement or the other Loan Documents are consummated, the Borrower will indemnify, defend and hold harmless (on an after-tax basis) the Lender and its successors, assigns, directors, officers, agents, employees, advisors, shareholders, attorneys and Affiliates (each, an “*Indemnified Party*”) from and against any and all losses, claims, damages, liabilities, deficiencies, obligations, fines, penalties, actions (whether threatened or existing), judgments, suits (whether threatened or existing) or expenses (including, without limitation, fees and disbursements of counsel, experts, consultants and other professionals) incurred by any of them (collectively, “*Claims*”) (except, in the case of each Indemnified Party, to the extent that any Claim is determined in a final and non-appealable judgment by a court of competent jurisdiction to have directly resulted from such Indemnified Party’s gross negligence or willful misconduct) arising out of or by reason of (i) any litigation, investigation, claim or proceeding related to (A) this Agreement, any other Loan Document or the transactions contemplated hereby or thereby, (B) any actual or proposed use by the Borrower of the proceeds of the Term Loan or (C) the Lender’s entering into

this Agreement, the other Loan Documents or any other agreements and documents relating hereto (other than consequential damages and loss of anticipated profits or earnings), including, without limitation, amounts paid in settlement, court costs and the fees and disbursements of counsel incurred in connection with any such litigation, investigation, claim or proceeding, (ii) any remedial or other action taken or required to be taken by the Borrower in connection with compliance by the Borrower, or any of its properties, with any federal, state, provincial, territorial, municipal or local Environmental Laws and (iii) any pending, threatened or actual action, claim, proceeding or suit by any holder of an Equity Interest of the Borrower or any actual or purported violation of the Borrower's Governing Documents or any other agreement or instrument to which the Borrower is a party or by which any of its properties is bound. In addition, the Borrower shall, upon demand, pay to the Lender all costs and expenses incurred by the Lender (including the fees and disbursements of counsel and other professionals) in connection with the preparation, execution, delivery, administration, modification and amendment of the Loan Documents, and pay to the Lender all costs and expenses (including the fees and disbursements of counsel and other professionals) paid or incurred by the Lender in (A) enforcing or defending its rights under or in respect of this Agreement, the other Loan Documents or any other document or instrument now or hereafter executed and delivered in connection herewith, (B) collecting the Obligations or otherwise administering this Agreement and (C) foreclosing or otherwise realizing upon the Collateral or any part thereof. If and to the extent that the obligations of the Borrower hereunder are unenforceable for any reason, the Borrower hereby agrees to make the maximum contribution to the payment and satisfaction of such obligations that is permissible under applicable law.

(b) The Borrower's obligations under Section 4.8 and this Section 11.4 shall survive any termination of this Agreement and the other Loan Documents and the payment in full of the Obligations, and are in addition to, and not in substitution of, any of the other Obligations.

SECTION 11.5. Amendments and Waivers. Any provision of this Agreement or any other Loan Document may be amended or waived if, but only if, such amendment or waiver is in writing and signed by the Lender and the Borrower, and then any such amendment or waiver shall be effective only to the extent set forth therein.

SECTION 11.6. Counterparts; Electronic or Telecopied Signatures. This Agreement and any waiver or amendment hereto may be executed in counterparts and by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all of which shall together constitute one and the same instrument. This Agreement and each of the other Loan Documents may be executed and delivered by telecopier or other facsimile transmission or in "pdf" format all with the same force and effect as if the same was a fully executed and delivered original manual counterpart.

SECTION 11.7. Severability. In case any provision in or obligation under this Agreement or any other Loan Document shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

SECTION 11.8. Maximum Rate. If any provision of this Agreement or of any of the other Loan Documents would obligate the Borrower to make any payment of interest or other amount payable to Lender in an amount or calculated at a rate which would be prohibited by law or would result in a receipt by Lender of interest at a criminal rate (as such terms are construed under the Criminal Code (Canada)) then, notwithstanding such provisions, such amount or rate shall be deemed to have been adjusted with retroactive effect to the maximum amount or rate of interest, as the case may be, as would not be so prohibited by law or so result in a receipt by such Lender of interest at a criminal rate, such adjustment to be effected, to the extent necessary, as follows: (a) firstly, by reducing the amount or rate of interest required to be paid to Lender under the applicable Loan Document, and (b) thereafter, by reducing any fees,

commissions, premiums and other amounts required to be paid to Lender which would constitute “interest” for purposes of Section 347 of the Criminal Code (Canada). Notwithstanding the foregoing, and after giving effect to all adjustments contemplated thereby, if Lender shall have received an amount in excess of the maximum permitted by applicable law or that section of the Criminal Code (Canada), the Borrower shall be entitled, by notice in writing to Lender, to obtain reimbursement from Lender in an amount equal to such excess and, pending such reimbursement, such amount shall be deemed to be an amount payable by Lender to the Borrower. Any amount or rate of interest referred to in this Section 11.8 shall be determined in accordance with generally accepted actuarial practices and principles as an effective annual rate of interest over the term that the Obligations remain outstanding on the assumption that any charges, fees or expenses that fall within the meaning of “interest” (as defined in the Criminal Code (Canada)) shall, if they relate to a specific period of time, be pro-rated over that period of time and otherwise be pro-rated over the period from the date of this Agreement to the payment date of such Obligation and, in the event of a dispute, a certificate of a Fellow of the Canadian Institute of Actuaries appointed by the Lender shall be conclusive for the purposes of such determination.

SECTION 11.9. Entire Agreement; Successors and Assigns; Interpretation. This Agreement and the other Loan Documents constitute the entire agreement between the parties, supersede any prior written and verbal agreements between them with respect to the subject matter hereof and thereof, and shall bind and benefit the parties and their respective successors and permitted assigns. This Agreement shall be deemed to have been jointly drafted, and no provision of it shall be interpreted or construed for or against a party because such party purportedly prepared or requested such provision, any other provision, or this Agreement as a whole.

SECTION 11.10. LIMITATION OF LIABILITY. THE LENDER SHALL HAVE NO LIABILITY TO THE BORROWER (WHETHER SOUNDING IN CONTRACT, TORT OR EQUITY OR OTHERWISE) FOR LOSSES SUFFERED BY THE BORROWER IN CONNECTION WITH, ARISING OUT OF, OR IN ANY WAY RELATED TO THE TRANSACTIONS OR RELATIONSHIPS CONTEMPLATED BY THIS AGREEMENT, OR ANY ACT, OMISSION OR EVENT OCCURRING IN CONNECTION THEREWITH, UNLESS IT IS DETERMINED BY A FINAL AND NONAPPEALABLE JUDGMENT OR COURT ORDER BINDING ON THE LENDER THAT THE LOSSES WERE THE RESULT OF ACTS OR OMISSIONS CONSTITUTING GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF THE LENDER. THE BORROWER HEREBY WAIVES ALL FUTURE CLAIMS AGAINST THE LENDER FOR SPECIAL, INDIRECT, CONSEQUENTIAL OR PUNITIVE DAMAGES.

SECTION 11.11. GOVERNING LAW. THIS AGREEMENT SHALL BE EXCLUSIVELY (WITHOUT REGARD TO ANY RULES OR PRINCIPLES RELATING TO CONFLICTS OF LAWS) GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE PROVINCE OF ONTARIO AND THE LAWS OF CANADA APPLICABLE TO THAT PROVINCE.

SECTION 11.12. SUBMISSION TO JURISDICTION. THE BORROWER IRREVOCABLY AND UNCONDITIONALLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE NONEXCLUSIVE JURISDICTION OF THE COMMERCIAL COURTS OF THE PROVINCE OF ONTARIO SITTING IN TORONTO, AND ANY APPELLATE COURT FROM ANY THEREOF, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT, AND EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH COURT. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY

OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS AGREEMENT OR IN ANY OTHER LOAN DOCUMENT SHALL AFFECT ANY RIGHT THAT THE LENDER MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT AGAINST THE BORROWER OR ITS PROPERTIES IN THE COURTS OF ANY JURISDICTION.

SECTION 11.13. WAIVER OF VENUE. THE BORROWER IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER CREDIT DOCUMENT IN ANY COURT REFERRED TO IN SECTION 11.12. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.

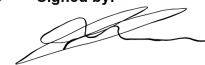
SECTION 11.14. WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

SECTION 11.15. Waiver of Subrogation. The Borrower expressly waives any and all rights of subrogation, reimbursement, indemnity, exoneration, contribution of any other claim which the Borrower may now or hereafter have against any Person directly or contingently liable for the Obligations hereunder, or against or with respect to the Borrower's property (including any property which is Collateral for the Obligations), arising from the existence or performance of this Agreement, until termination of this Agreement and repayment in full of the Obligations.

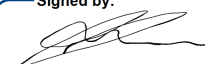
[Remainder of Page Intentionally Left Blank-Signature Pages Follow]

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed as a document under seal by its proper and duly authorized officer as of the date first set forth above.

FLOW BEVERAGE CORP., as the Borrower

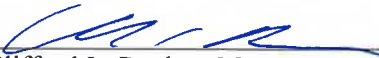
Signed by: 
By: _____
Nicholas Reichenbach, CEO
CF6217DA1A4B4E2...

FLOW WATER INC., as the Borrower

Signed by: 
By: _____
Nicholas Reichenbach, CEO
CF6217DA1A4B4E2...

LENDER:

RI FLOW LLC

By: 
Clifford L. Rucker, Manager

SCHEDULE TO TERM LOAN AND SECURITY AGREEMENT

SECTION 1. TERM LOAN

1.1. Term Loan Amount: US\$3,000,000.00

SECTION 2. INTEREST, FEES, AND EXPENSES

2.1. Interest Rate: Fifteen percent (15.00%) per annum

Variable Interest Amount: An amount equal to \$0.01 per product pack sold by the Borrower (whether directly or indirectly via any of its Subsidiaries or Affiliates) to any third party, whether under the “Flow” brand, pursuant to any co-packing relationship, or otherwise, during the period (i) commencing on the Closing Date and (ii) continuing until the indefeasible payment and satisfaction of all Obligations in full.

2.2. Origination Fee: US\$30,000.00

SECTION 3. TERM

Maturity Date: The earlier to occur of (a) the date of the last regularly scheduled payment of Section 2.1(a), which is six (6) months after the first interest only payment of the Term Loan (subject to the provisions set forth in Section 2.4(b)), and (b) the occurrence of an Event of Default and Lender’s acceleration of the Obligations.

SCHEDULES

Schedule 6.1(a)	Jurisdictions
Schedule 6.1(b)	Collateral Locations
Schedule 6.1(e)	Consents
Schedule 6.1(k)	Judgments; Litigation
Schedule 7.2(a)(ii)	Existing Indebtedness
Schedule 7.2(f)	Existing Liens

Schedule 6.1(a) – Jurisdictions

Jurisdiction of Borrower

Borrower	Jurisdiction	Qualified to do Business
Flow Beverage Corp.	Canada	Canada
Flow Water Inc.	Canada	Canada

Schedule 6.1(b) – Collateral Locations

No Collateral is in possession of Borrower, except in the Locations listed below.

Location	Record Owner of Location
155 Industrial Parkway S., Unit 7-10 Aurora, on L4G 3G6	Aurora Investments Inc.
145 Industrial Parkway S., Unit 5, 6-11 Aurora, ON L4G 3V5	Aurora Investments Inc.
420 Addison Hall Circle Aurora, ON L4G 7C7	Giusticon Contracting Inc.
11511 No 5 Rd, Richmond, BC V7A 4E8	Bolt Technologies Incorporated
51 Mobis Drive, Markham, ON L6C 0Y3	Bolt Technologies Incorporated
12315 Colraine Dr, Bolton, ON. L7E 3A9	Proactive Supply Chain Solutions Inc.
20 Heroux Devtek Cambridge ON N3E 0A8	Kinsbrae Group Inc.
395 Raglan Street, Unit 1A, Collingwood, ON L9Y 3Z1	LaunchPad Co-pack Inc.

Schedule 6.1 (e) – Consents

Nil.

Schedule 6.1(k) – Judgements; Litigation

Nil.

Schedule 7.2(a)(ii) – Existing Indebtedness

1. Per attached Spreadsheet
2. Secured Convertible Note bearing number 2024-1 in the principal amount of CA\$2,788,345.06 issued October 31, 2024 by Flow Beverage Corp. to Future Proof Brands LLC d/b/a BeatBox Beverages in accordance with the terms and conditions set forth herein and in the subscription agreement dated July 29, 2024 between Flow Beverage Corp. and Future Proof Brands LLC d/b/a BeatBox Beverages.

Schedule 7.2(f) – Existing Liens

(See attached)

This is Exhibit “CC” referred to in the Affidavit of Cliff Rucker sworn by Cliff Rucker of the City of Danvers, in the State of Massachusetts, before me at the City of Toronto, in the Province of Ontario, on September 2, 2025 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

DocuSigned by:

Matthew Cressatti

0A793534210842D...

Commissioner for Taking Affidavits (or as may be)

MATTHEW CRESSATTI

GENERAL SECURITY AGREEMENT

THIS GENERAL SECURITY AGREEMENT (as amended, restated, supplemented or replaced from time to time, this “**Agreement**”) is dated with effect as of October 31, 2024 by **FLOW BEVERAGE CORP.** (the “**Debtor**”) to and in favour of **RI FLOW LLC**, as Lender under the Credit Agreement (as defined below) (the “**Lender**”).

RECITALS:

- A. The Lender has agreed to make a certain term credit facility available to the Debtor on the terms and conditions contained in a Term Loan and Security Agreement among the Debtor, Flow Water Inc., and the Lender dated as of the date hereof (as amended, modified, extended, renewed, supplemented, replaced or restated from time to time, the “**Credit Agreement**”); and
- B. It is a condition precedent to the extension of credit under the Credit Agreement that the Debtor execute and deliver this Agreement as security for the payment and performance of the obligations and liabilities of the Debtor to the Lender under or in connection with the Credit Agreement and the Loan Documents to which it is a party.

NOW THEREFORE in consideration of the extension of credit by the Lender to the Debtor, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Debtor, the Debtor covenants and agrees to and in favour of the Lender, as follows:

ARTICLE 1 - DEFINITIONS; INTERPRETATION

1.1 Defined Terms

Except as otherwise expressly provided herein, capitalized terms used in this Agreement but not defined herein shall have the meanings assigned to such terms in the Credit Agreement.

1.2 Terms Defined in Ontario Personal Property Security Act

Where applicable and except as defined herein, terms used herein shall have the meanings assigned to them in the *Personal Property Security Act* as the same may, from time to time, be in effect in the Province of Ontario (the “**PPSA**”). Such terms include: “**accounts**”, “**chattel paper**”, “**documents of title**”, “**equipment**”, “**intangibles**”, “**instruments**”, “**inventory**”, “**investment property**”, “**money**”, “**proceeds**” and “**security**”.

ARTICLE 2 - GRANT OF SECURITY INTEREST; COLLATERAL

2.1 Grant of Security Interest

As security for the payment and performance of the Secured Obligations (as defined in Section 3.1), the Debtor hereby grants to the Lender a security interest in, to and under all of its personal property, wherever located and whether now owned or hereafter acquired or arising, including, without limitation, the following property (collectively and severally, the “**Collateral**”):

- (a) all present and after-acquired personal property;
- (b) all present and future investment property held by the Debtor, including securities, security entitlements, securities accounts, future contracts, future accounts, shares, options, rights, warrants, joint venture interests, interests in limited partnerships, trust units, bonds, debentures and all Loan Documents which constitute evidence of a share, participation or interest of the Debtor in property or in an enterprise or which constitute evidence of an obligation of the issuer; and all substitutions therefore, and subject to Section 6.3, dividends and income derived therefrom, (collectively, the “**Pledged Collateral**”);
- (c) all accounts and book debts of the Debtor, chattel paper, documents of title, instruments, and intangibles of the Debtor, including all debts, dues, claims choses in action and demands of every nature and kind, howsoever arising or secured, including letters of credit, guarantees and advances of credit that are now due, owing or accruing or growing due to or owned by or which may hereafter become due, owing or accruing or growing due to or owned by the Debtor, whether or not arising out of or in connection with the sale or lease of goods or the rendering of services, and all supporting obligations of any or all of the foregoing (“**Accounts**”);
- (d) all inventory of the Debtor, including all merchandise, goods and other personal property that are held for sale or lease or that have been leased by the Debtor or that are to be furnished under a contract of service, all raw materials, work in process, materials used or consumed in the Debtor’s business and finished goods, all goods in which the Debtor has an interest in mass or a joint or other interest or gifts of any kind (including goods in which the Debtor has an interest or right as consignee), and all goods which are returned to or repossessed by the Debtor, together with all additions and accessions thereto and replacements therefor and products thereof and documents therefor (“**Inventory**”);
- (e) all equipment of the Debtor and all parts thereof and all accessions, additions, attachments, improvements, substitutions and replacements thereto and therefor, including, all machinery, tools, dies, blueprints, catalogues, computer hardware and software, furniture, furnishings, vehicles and fixtures (“**Equipment**”);
- (f) all Intellectual Property Collateral (as defined in Section 7.1 hereof);
- (g) all money maintained in a deposit, blocked, lockbox or other account in the Debtor’s name with any financial institution, and all certificates, instruments and other writings, if any, from time to time representing, evidencing or deposited into such accounts, and all interest, dividends, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of the foregoing;
- (h) all now existing and hereafter arising contracts and agreements to which the Debtor is party (each, an “**Assigned Agreement**”), including, without limitation, all rights of the Debtor to receive moneys due and to become due under or pursuant to the

Assigned Agreements, all rights of the Debtor to receive proceeds of any insurance, indemnity, warranty or guaranty with respect to the Assigned Agreements, all claims of the Debtor for damages arising out of or for breach of or default under the Assigned Agreements, and all rights of the Debtor to terminate, amend, supplement or modify the Assigned Agreements, to perform thereunder and to compel performance and otherwise exercise all remedies thereunder; *provided, however,* that with respect to any such contract or agreement that is a Restricted Asset (as defined in Section 2.2), the Collateral shall include only the rights of the Debtor to receive moneys due and to become due, if any, under or pursuant to such contract or agreement;

- (i) all books, records, writings, databases, information and other property relating to, used or useful in connection with, embodying, incorporating or referring to, any of the foregoing Collateral;
- (j) all cash and cash equivalents held by the Debtor not otherwise included in the foregoing Collateral; and
- (k) all products and proceeds of the foregoing Collateral (with the term “**proceeds**” having the meaning provided in the PPSA and also including any voluntary or involuntary disposition, and all rights to payment, including return premiums, with respect to any insurance).

2.2 Excluded Collateral

Notwithstanding Section 2.1, the Collateral shall not include:

- (a) any property held in trust by the Debtor and lawfully belonging to others,
- (b) the last day of the term of any lease or sub-lease of real property or any agreement for a lease or sublease of real property, now held or hereafter acquired by the Debtor, provided that the Debtor shall stand possessed of such last day in trust to assign and transfer such interest as instructed by the Lender;
- (c) any consumer goods;
- (d) the interests described in the proviso to Section 2.1(h); or
- (e) United States intent-to-use trademark applications to the extent that, and solely during the period in which, the grant of a security interest therein would impair the validity or enforceability of such intent-to-use trademark applications under applicable law.

To the extent that an assignment of amounts payable and other proceeds arising under or in connection with, or the grant of a security interest in any agreement, licence, permit or quota of the Debtor would result in the breach of such agreement, licence, permit or quota or is prohibited by the terms thereof, or would give any other party the right to terminate its obligations thereunder, or is not permitted because any necessary consent to such grant has not been obtained (each, a

“**Restricted Asset**”), the security interest hereunder with respect to each Restricted Asset will constitute a trust created in favour of the Lender, for the benefit of the Lender, pursuant to which the Debtor holds as trustee all proceeds arising under or in connection with the Restricted Asset in trust for the Lender, for the benefit the Lender, on the following basis:

- (a) subject to the Credit Agreement, until the security interest hereunder is enforceable, the Debtor is entitled to receive all such proceeds; and
- (b) whenever the security interest hereunder is enforceable, (i) all rights of the Debtor to receive such proceeds cease and all such proceeds will be immediately paid over to the Lender for the benefit of the Lenders, and (ii) the Debtor will forthwith take all actions requested by the Lender to collect and enforce payment and other rights arising under the Restricted Asset.

Until an Event of Default occurs that is continuing (as such term is used, defined and interpreted under the Credit Agreement), the grant of the security interest in the Intellectual Property Collateral does not affect in any way the Debtor's rights to commercially exploit the Intellectual Property Collateral, defend it, enforce the Debtor's rights in it or with respect to it against third parties in any court or claim and be entitled to receive any damages with respect to any infringement of it.

2.3 Debtor Remains Liable

Anything herein to the contrary notwithstanding, (a) the Debtor shall remain liable under all Assigned Agreements, to the extent set forth therein, to perform all of its duties and obligations thereunder to the same extent as if this Agreement had not been executed, (b) the exercise by the Lender of any of the rights hereunder shall not release the Debtor from any of its duties or obligations under such Assigned Agreements, and (c) the Lender shall not have any obligation or liability under any Assigned Agreements by reason of this Agreement, nor shall the Lender be obligated to perform any of the obligations or duties of the Debtor thereunder or to take any action to collect or enforce any such contract, agreement or other document included in the Collateral hereunder.

2.4 Continuing Security Interest

The Debtor agrees that this Agreement shall create a general collateral continuing security interest in the Collateral which shall remain in effect until terminated in accordance with this Agreement.

2.5 Attachment

The Debtor and the Lender intend that the security interest created hereby attaches to existing Collateral upon the execution of this Agreement and that the security interest will attach to Collateral acquired after the date of execution of this Agreement at the time that the Debtor acquires rights in that Collateral. The Debtor and the Lender agree that value has been given. The Debtor represents and warrants that (i) it has rights in the existing Collateral or the power to transfer rights in the existing Collateral to the Lender; and (ii) it has not agreed to postpone the time of attachment of the security interest created hereby.

ARTICLE 3 - SECURED OBLIGATIONS

3.1 Secured Obligations

The obligations secured by this Agreement shall consist of all Obligations of the Debtor to the Lender arising under the Credit Agreement and any other Loan Documents or in connection with, and relating to the Loan Documents, whether now existing or hereafter arising, as principal or surety, voluntary or involuntary, whether or not jointly owed with others, direct or indirect, absolute or contingent, liquidated or unliquidated, and whether or not from time to time decreased or extinguished and later increased, created or incurred, together with all expenses (including reasonable legal fees on a solicitor and client basis) incurred by the Lender, its receiver, receiver-manager or agent in the preparation, perfection and enforcement of security and other agreements held by the Lender in respect of such obligations and liabilities and interest thereon (all of which obligations, liabilities, expenses and interest are referred to collectively as the “**Secured Obligations**”).

ARTICLE 4 - REPRESENTATIONS AND WARRANTIES

In addition to all representations and warranties of the Debtor set forth in the Loan Documents, which are incorporated herein by this reference, the Debtor hereby represents and warrants that:

4.1 Sole Owner

The Debtor is the sole owner of and has good and marketable title to the Collateral (or will be the sole owner of and will have good and marketable title to, in the case of after-acquired Collateral), subject to Permitted Liens.

4.2 Delivery of Collateral

The Debtor shall, upon the Lender’s written request, deliver to the Lender all instruments and chattel paper and other items of Collateral in which a security interest is or may be perfected by possession, together with such additional writings, including assignments, with respect thereto as the Lender shall reasonably request.

4.3 Enforceability; Priority of Security Interest

This Agreement creates a security interest which is enforceable against the Collateral in which the Debtor now has rights and will create a security interest which is enforceable against the Collateral in which the Debtor hereafter acquires rights at the time the Debtor acquires any such rights, subject only to any limitation under applicable laws relating to (i) bankruptcy, insolvency, fraudulent conveyance, arrangement, reorganization or creditors’ rights generally, and (ii) the discretion that a court may exercise in the granting of equitable remedies. Other than Permitted Liens (but junior only to the Senior Lender’s security interest in the Collateral), the Lender (i) has a perfected priority security interest in the Collateral, in which the Debtor now has rights, and (ii) will have a perfected priority security interest in the Collateral in which the Debtor hereafter acquires rights at the time the Debtor acquires any such rights, in each case securing the payment and performance of the Secured Obligations.

4.4 Rights to Payment

- (a) The Accounts and any and all of the Debtor's rights and claims to the payment or receipt of money or other forms of consideration of any kind in, to and under or with respect to its chattel paper, documents of title, intangibles, instruments, proceeds and supporting obligations (collectively, "**Rights to Payment**") represent valid, binding and enforceable obligations of the account debtors or other Persons obligated thereon, representing undisputed, bona fide transactions completed in accordance with the terms and provisions contained in any documents related thereto, and are genuine, free from any Lien and not subject to any adverse claims, counterclaims, setoffs, defaults, disputes, defenses, discounts, retainages, holdbacks or conditions precedent of any kind of character, except to the extent reflected by the Debtor's reserves for uncollectible Rights to Payment or to the extent, if any, that such account debtors or other Persons may be entitled to normal and ordinary course trade discounts, returns, adjustments and allowances;
- (b) to the best of the Debtor's knowledge, all account debtors and other obligors on the Rights to Payment are solvent and generally paying their debts as they come due;
- (c) all Rights to Payment comply with all applicable laws concerning form, content and manner of preparation and execution, including where applicable any federal or state consumer credit laws;
- (d) the Debtor has not assigned any of its rights under the Rights to Payment other than Permitted Liens as provided in this Agreement or as set forth in the Credit Agreement or any other of the Loan Documents;
- (e) all statements made, all unpaid balances and all other information in the Debtor's books and other documentation relating to the Rights to Payment are true and correct and in all respects what they purport to be; and
- (f) the Debtor has no knowledge of any fact or circumstance which would impair the validity or collectability of any of the Rights to Payment not otherwise disclosed to the Lender in writing.

4.5 Inventory

No inventory is stored with any bailee, warehouseman or similar Person or on any premises leased to the Debtor, nor has any inventory been consigned to the Debtor or consigned by the Debtor to any Person or is held by the Debtor for any Person under any "bill and hold" or other arrangement, except as disclosed to the Lender in writing.

4.6 Equipment

None of the Equipment or other Collateral is affixed to real property except Collateral with respect to which the Debtor has supplied the Lender with all information and documentation necessary to make all fixture filings required to perfect and protect the priority of the security interest of the

Lender, in all such Collateral which may be fixtures as against all Persons having an interest in the premises to which such property may be affixed.

4.7 Valid Issuance of Pledged Collateral

All the Pledged Collateral have been, and upon issuance any Pledged Collateral will be, duly and validly issued, and are and will be fully paid and non assessable.

4.8 Capitalization of the Pledged Subsidiary

The Pledged Collateral constitute 100% of the issued and outstanding shares of capital stock and other ownership interests of the various issuers owned by the Debtor (which, as of the date hereof, constitutes 100% of the issued and outstanding shares of capital stock and other ownership interests of each issuer).

4.9 Options, Warrants, Etc.

Other than pursuant to the Loan Documents, no securities convertible into or exchangeable for any shares of capital stock or other ownership interests of any issuer of Pledged Collateral or any options, warrants or other commitments entitling any Person to purchase or otherwise acquire any shares of capital stock or other ownership interests of any issuer of Pledged Collateral are issued and outstanding.

4.10 Transfer Restrictions

There are no restrictions under corporate law on the transferability of the Pledged Collateral to the Lender or with respect to the foreclosure, transfer or disposition thereof by the Lender.

4.11 Shareholders Agreements

There are no shareholders, partners or members agreements, voting trusts, proxy agreements or other agreements or understandings which affect or relate to the voting or giving of written consents with respect to any of the Pledged Collateral.

4.12 Pledged Collateral

The Debtor is not in default in the payment of any portion of any mandatory capital contribution, if any, required to be made under any agreement to which the Debtor is a party relating to the Pledged Collateral pledged by it, and there is no Material Adverse Effect in respect of any other provisions of any such agreement to which the Debtor is a party, or otherwise in default or violation thereunder. No Pledged Collateral pledged by the Debtor is subject to any defense, offset or counterclaim, nor have any of the foregoing been asserted or alleged against the Debtor by any Person with respect thereto, and as of the date hereof, there are no certificates, instruments, documents or other writings (other than the organizational documents and certificates, if any, delivered to the Lender) which evidence any Pledged Collateral of the Debtor.

4.13 No Violation of Securities Laws

None of the Pledged Collateral has been issued, converted or transferred in violation of the securities registration, securities disclosure or similar laws of any jurisdiction to which they may be subject.

4.14 Control Agreements

No control agreements exist with respect to any Collateral other than any control agreements in favour of the Lender.

4.15 Leases

The Debtor will not enter into any customer agreement or other agreement governing the location of Collateral at the premises of another Person pursuant to which the lessor or such other Person may obtain any rights in any of the Collateral, and no such lease or other such agreement now prohibits, restrains, impairs or will prohibit, restrain or impair such Debtor's right to remove any Collateral from the premises at which such Collateral is situated, except in each case for the usual and customary provisions contained in such leases of real property.

ARTICLE 5 - COVENANTS AND AGREEMENTS

In addition to all covenants and agreements of the Debtor set forth in the Loan Documents, which are incorporated herein by this reference, the Debtor hereby agrees, at no cost or expense to the Lender:

5.1 Preservation of Security Interest

To do all acts (other than acts which are required to be done by the Lender) that may be reasonably necessary, in the opinion of the Lender, to maintain, preserve and protect the Collateral and the first (subject to Permitted Liens) priority, perfected security interest of the Lender therein.

5.2 Actions and Proceedings

To appear in and defend any action or proceeding which may affect its title to the Collateral or the interest of the Lender in the Collateral.

5.3 Use of Collateral

Not to use any Collateral, or permit any Collateral to be used, unlawfully or in violation of any provision of this Agreement that would create a Material Adverse Effect, any other agreement with the Lender related hereto, or any law, rule, regulation, order, writ, judgment, injunction, decree or award binding on the Debtor or affecting any of the Collateral or any contractual obligation affecting any of the Collateral.

5.4 Shareholders Agreements

The Debtor will not enter into any shareholders, partners or members agreement, voting trust, proxy agreement or other agreement or understanding which affects or relates to the voting or giving of written consents with respect to any of the shares in the capital of the Debtor or the Pledged Collateral without the prior written consent of the Lender.

5.5 Delivery of Collateral

Subject to the security granted to the Senior Lender and such instruments being previously delivered to the Senior Lender, to account fully for and promptly deliver to the Lender, in the form received, all documents of title, chattel paper, all certificated securities with respect to investment property and instruments constituting Collateral hereunder, all endorsed to the Lender or in blank, as requested by the Lender, and accompanied by such stock powers as appropriate and until so delivered all such documents of title, chattel paper, instruments and certificated securities shall be held by the Debtor in trust for the Lender separate from all other property of the Debtor.

5.6 Records

To keep separate, accurate and complete records of the Collateral and to provide the Lender with such records and such other reports and information relating to the Collateral as the Lender may reasonably request from time to time. To keep the records concerning the Collateral at the location(s) referred to in the Credit Agreement and not to remove such records from such location(s) without the prior written notice of the Lender.

5.7 Chief Executive Office; Names

To give the Lender thirty (30) days' prior written notice of any change in the Debtor's chief executive office or legal name.

5.8 Location of Collateral

To keep the Collateral at the location(s) provided for in Schedule "A" and not to remove the Collateral from such locations (other than disposals and uses of Collateral expressly permitted by the Loan Documents) without providing at least 30 days' prior written notice to the Lender, provided that Collateral may be moved to another location as long as such other location is in a jurisdiction in which the Lender has a valid and perfected security interest in the Collateral.

5.9 Maintenance of Collateral

To keep the Collateral in good condition and repair (normal wear and tear excepted) and not to cause or permit any waste or unusual or unreasonable depreciation of the Collateral.

5.10 Leased Premises

At the Lender's request, to use commercially reasonable efforts to obtain from each Person from whom the Debtor leases any premises or supplies any customer at which any Collateral is at any

time present such collateral access, subordination, waiver, consent and estoppel agreements as the Lender may require, in form and substance satisfactory to the Lender.

5.11 Rights to Payment

To:

- (a) give only normal discounts, allowances and credits as to Accounts and other Rights to Payment, in the ordinary course of business, according to normal trade practices utilized by the Debtor in the past, and enforce all Accounts and other Rights to Payment strictly in accordance with their terms, and take all such action to such end as may from time to time be reasonably requested by the Lender, except that the Debtor may grant any extension of the time for payment or enter into any agreement to make a rebate or otherwise to reduce the amount owing on or with respect to, or compromise or settle for less than the full amount thereof, any Account or other Right to Payment, in the ordinary course of business, according to normal trade practices utilized by the Debtor in the past;
- (b) if any Accounts arise from contracts with the government of the United States of America or any state thereof or any department, agency or instrumentality thereof, or the government of Canada, immediately notify the Lender thereof and execute any documents and instruments and take any other steps requested by the Lender in order that all monies due and to become due thereunder shall be assigned to the Lender and notice thereof given to the appropriate authorities under the *Federal Assignment of Claims Act* of the United States of America or the *Financial Administration Act* of Canada;
- (c) in accordance with its sound business judgment, perform and comply in all material respects with its obligations in respect of the Accounts and other Rights to Payment;
- (d) upon the reasonable request of the Lender (i) at any time, notify all or any designated portion of the account debtors and other obligors on the Rights to Payment of the security interest hereunder, and (ii) upon the occurrence of an Event of Default which is continuing, notify the account debtors and other obligors on the Rights to Payment or any designated portion thereof that payment shall be made directly to the Lender or to such other Person or location as the Lender shall specify; and
- (e) upon the occurrence of any Event of Default which is continuing, establish such lockbox or similar arrangements for the payment of the Accounts and other Rights to Payment as the Lender shall require.

5.12 Inventory

Subject to the provisions of the Credit Agreement, to not store any Inventory with a bailee, warehouseman or similar Person or on premises leased to the Debtor, nor dispose of any Inventory on a bill-and-hold, guaranteed sale, sale and return, sale on approval, consignment or similar basis,

nor acquire any Inventory from any Person on any such basis, without in each case giving the Lender prior written notice thereof.

ARTICLE 6 - AUTHORIZED ACTION BY THE LENDER; RIGHTS TO PAYMENT

6.1 Authorized Action by the Lender

The Debtor hereby agrees that following the occurrence of an Event of Default which is continuing, without presentment, notice or demand, and without affecting or impairing in any way the rights of the Lender with respect to the Collateral, the obligations of the Debtor hereunder or the Secured Obligations, the Lender may, but shall not be obligated to and shall incur no liability to the Debtor or any third party for failure to, take any action that the Debtor is obligated by this Agreement to do and to exercise such lawful rights and powers as the Debtor might exercise with respect to the Collateral, and the Debtor hereby irrevocably appoints the Lender as its attorney-in-fact to exercise such rights and powers upon the occurrence of an Event of Default that is continuing, including without limitation, the power and authority to:

- (a) collect by legal proceedings or otherwise and endorse, receive and receipt for all dividends, interest, payments, proceeds and other sums and property now or hereafter payable on or on account of the Collateral;
- (b) enter into any extension, reorganization, deposit, merger, consolidation or other agreement pertaining to, or deposit, surrender, accept, hold or apply other property in exchange for the Collateral;
- (c) insure, process and preserve the Collateral;
- (d) transfer the Collateral to its own or its nominee's name;
- (e) make any compromise or settlement, and take any action it deems advisable, with respect to the Collateral; and
- (f) notify any obligor on any Collateral to make payment directly to the Lender .

The foregoing power of attorney is coupled with an interest and irrevocable so long as the Lender has any obligation to make any credit facility available or the Secured Obligations have not been indefeasibly paid and performed in full and has been given for valuable consideration, the receipt and sufficiency of which is hereby acknowledged. The Debtor hereby ratifies, to the extent permitted by applicable law, all that the Lender shall lawfully and in good faith do or cause to be done by virtue of and in compliance with this Section 6.1. The Debtor agrees to reimburse the Lender upon demand for any costs and expenses, including reasonable legal fees, the Lender may incur while acting as the Debtor's attorney-in-fact hereunder, all of which costs and expenses are included in the Secured Obligations.

6.2 Collection of Rights to Payment

Until the Lender exercises its rights hereunder to collect Rights to Payment, the Debtor shall endeavor in the first instance diligently to collect all amounts due or to become due on or with

respect to the Rights to Payment. At the request of the Lender, upon and after the occurrence of any Event of Default which is continuing, all remittances received by the Debtor shall be and shall be deemed to be held separate and apart and in trust exclusively for the Lender and, in accordance with the Lender's instructions, remitted to the Lender in the form received (with any necessary endorsements or instruments of assignment or transfer).

6.3 Investment Property and Instruments

Until the occurrence of an Event of Default which is continuing, the Debtor is entitled to vote the securities and other financial assets that are part of the Collateral and to receive all dividends and distributions on such securities and financial assets.

Upon and after the occurrence of any Event of Default which is continuing, the Lender shall be entitled to receive all distributions and payments of any nature with respect to any investment property or instruments, and all such distributions or payments received by the Debtor shall be and shall be deemed to be held separate and apart and in trust exclusively for the Lender and, in accordance with the Lender's instructions, remitted to the Lender in the form received (with any necessary endorsements or instruments of assignment or transfer). Following the occurrence of an Event of Default which is continuing, any such distributions and payments with respect to any investment property held in any securities account shall be held and retained in such securities account, in each case as part of the Collateral hereunder. Additionally, the Lender shall have the right, upon the occurrence of an Event of Default which is continuing, following prior written notice to the Debtor, to vote and to give consents, ratifications and waivers with respect to any investment property and instruments of the Debtor, and to exercise all rights of conversion, exchange, subscription or any other rights, privileges or options pertaining thereto, as if the Lender were the absolute owner thereof; *provided* that the Lender shall have no duty to exercise any of the foregoing rights afforded to it and shall not be responsible to the Debtor or any other Person for any failure to do so or delay in doing so.

ARTICLE 7 - ADDITIONAL PROVISIONS REGARDING INTELLECTUAL PROPERTY

7.1 Additional Definition

As used in this Agreement, "**Intellectual Property Collateral**" means the following properties and assets owned or held by the Debtor or in which the Debtor otherwise has any interest, now existing or hereafter acquired or arising:

- (a) all Intellectual Property of the Debtor;
- (b) all patents and patent applications, domestic or foreign, all licenses relating to any of the foregoing and all income and royalties with respect to any licenses, all rights to sue for past, present or future infringement thereof, all rights arising therefrom and pertaining thereto and all reissues, divisions, continuations, renewals, extensions and continuations-in-part thereof;
- (c) all copyrights and applications for copyright, domestic or foreign, together with the underlying works of authorship (including titles), whether or not the underlying

works of authorship have been published and whether said copyrights are statutory or arise under the common law, and all other rights and works of authorship, all computer programs, computer databases, computer program flow diagrams, source codes, object codes and all tangible property embodying or incorporating any copyrights, all licenses relating to any of the foregoing and all income and royalties with respect to any licenses, and all other rights, claims and demands in any way relating to any such copyrights or works, including royalties and rights to sue for past, present or future infringement, and all rights of renewal and extension of copyright;

- (d) all state and provincial (including common law), federal and foreign trade-marks, service marks and trade names, and applications for registration of such trade-marks, service marks and trade names, all licenses relating to any of the foregoing and all income and royalties with respect to any licenses, whether registered or unregistered and wherever registered, all rights to sue for past, present or future infringement or unconsented thereof, all rights arising therefrom and pertaining thereto and all reissues, extensions and renewals thereof;
- (e) all trade secrets, trade dress, trade styles, logos, other source of business identifiers, mask-works, mask-work registrations, mask-work applications, software, confidential information, customer lists, license rights, advertising materials, operating manuals, methods, processes, know-how, algorithms, formulae, databases, quality control procedures, product, service and technical specifications, operating, production and quality control manuals, sales literature, drawings, specifications, blue prints, descriptions, inventions, name plates and catalogs;
- (f) the entire goodwill of or associated with the businesses now or hereafter conducted by the Debtor connected with and symbolized by any of the aforementioned properties and assets; and
- (g) all accounts, all intangible intellectual or other similar property and other general intangibles associated with or arising out of any of the aforementioned properties and assets and not otherwise described above.

ARTICLE 8 - REMEDIES; NOTICE OF SALE; RECEIVERS

8.1 Remedies

Upon the occurrence of an Event of Default which is continuing, the Lender may at its option, without notice to or demand on the Debtor, except to the extent required by applicable law, and in addition to all rights and remedies available to the Lender with respect to the Secured Obligations, at law, in equity or otherwise, do any one or more of the following:

- (a) foreclose or otherwise enforce the security interest of the Lender in any manner permitted by applicable law or provided for in this Agreement;
- (b) sell, lease or otherwise dispose of any Collateral at one or more public or private sales at the place of business of the Lender or any other place or places, including

any broker's board or securities exchange, whether or not such Collateral is present at the place of sale, for cash or credit or future delivery, on commercially reasonable terms;

- (c) use or transfer the Debtor's rights and interests in any Intellectual Property Collateral by license, by sublicense (to the extent permitted by an applicable license), assignment or otherwise, on commercially reasonable terms;
- (d) recover from the Debtor all costs and expenses, including reasonable legal fees and disbursements, incurred or paid by the Lender in exercising any right, power or remedy provided by this Agreement;
- (e) require the Debtor to assemble the Collateral and make it available to the Lender at a place to be designated by the Lender;
- (f) enter onto property where any Collateral is located and take possession thereof by any method permitted by applicable law; and
- (g) prior to the disposition of the Collateral, store, process, repair or recondition it or otherwise prepare it for disposition in any manner and to the extent the Lender deems appropriate and in connection with such preparation and disposition, without charge, use any trade-mark, tradename, copyright, patent or technical process used by the Debtor.

8.2 Notice of Sale

The Debtor shall be given 15 calendar days' prior notice (or such additional notice as required by applicable law) of the time and place of any public sale or of the time after which any private sale or other intended disposition of Collateral is to be made, under Section 8.1, which notice the Debtor hereby agrees shall be deemed reasonable notice thereof. Upon any sale or other disposition pursuant to this Agreement, the Lender shall have the right to deliver, assign and transfer to the purchaser thereof, the Collateral or portion thereof so sold or disposed of. The Lender shall have the right upon any public sale, and, to the extent permitted by applicable law, upon any private sale, to purchase the whole or any part of the Collateral so sold. Each purchaser at any such sale or other disposition (including the Lender) shall hold the Collateral free from any claim or right of whatever kind, including any equity or right of redemption of the Debtor and the Debtor specifically waives (to the extent permitted by applicable law) all rights of redemption, stay or appraisal which it has or may have under any rule of law or statute now existing or hereafter adopted.

8.3 Appointment of Receiver

Upon the occurrence of an Event of Default which is continuing, the Lender may, in addition to any other rights they may have, appoint by instrument in writing a receiver, monitor, consultant, liquidator or receiver and manager (all of which are herein called a "**Receiver**") of all or any part of the Collateral or may institute proceedings in any court of competent jurisdiction for the appointment of such a Receiver. Any such Receiver is hereby given and shall have the same powers and rights and exclusions and limitations of liability as the Lender has under this

Agreement, at law or in equity. In exercising any such powers, any such Receiver shall, to the extent permitted by applicable law, act as and for all purposes be deemed to be the Lender of the Debtor, and the Lender shall not be responsible for any act or default of any such Receiver. The Lender may appoint one or more Receivers hereunder and may remove any such Receiver or Receivers and appoint another or others in his or their stead from time to time. Any Receiver so appointed may be an officer or employee of the Lender. A court need not appoint, ratify the appointment by the Lender of or otherwise supervise in any manner the actions of any Receiver. Upon the Debtor receiving notice from the Lender of the taking of possession of the Collateral or the appointment of a Receiver, all powers, functions, rights and privileges of the Debtor and, to the extent permitted by applicable law, its directors and officers with respect to the Collateral shall cease, unless specifically continued by the written consent of the Lender.

8.4 Carrying on Business

Upon the occurrence of an Event of Default which is continuing, the Lender may carry on, or concur in the carrying on of, all or any part of the business or undertaking of the Debtor, and may, subject to the rights and Liens of third parties but to the exclusion of the Debtor, enter upon, occupy and use all or any of the premises, buildings, plant and undertakings of or occupied or used by the Debtor and may use all or any of the tools, machinery, equipment and intangibles of the Debtor for such time as the Lender or such Lender sees fit, free of charge, to carry on the business of the Debtor and, if applicable, to manufacture or complete the manufacture of any Inventory and to pack and ship the finished product.

8.5 Dealing with Collateral

Upon the occurrence of an Event of Default which is continuing, the Lender may seize, collect, realize, dispose of, enforce, release to third parties or otherwise deal with the Collateral or any part thereof in such manner, upon such terms and conditions and at such time or times in the Lender's sole discretion, exercised in a commercially reasonable manner, all without notice to the Debtor except as otherwise required by any applicable law. Upon the occurrence of an Event of Default which is continuing, the Lender may demand, sue for and receive any Accounts with or without notice to the Debtor, give such receipts, discharges and extensions of time and make such compromises in respect of any Accounts which may, in the Lender's or such Lender's absolute discretion, seem bad or doubtful. The Lender may charge on its own behalf and pay to others, sums for costs and expenses incurred including, without limitation, legal fees and expenses on a solicitor and his own client scale and Receivers' and accounting fees, in or in connection with seizing, collecting, realizing, disposing, enforcing or otherwise dealing with the Collateral and in connection with the protection and enforcement of the rights of the Lender hereunder including, without limitation, in connection with advice with respect to any of the foregoing. The amount of such sums shall be deemed advanced to the Debtor by the Lender, shall become part of the Secured Obligations, shall bear interest at the highest rate per annum charged by the Lender on the Secured Obligations or any part thereof and shall be secured by this Agreement.

8.6 Right to Use

The Debtor hereby grants to the Lender a license or other right to use, without charge, all of the Debtor's present and future property, whether real or personal, including, without limitation,

labels, patents, copyrights, rights of use of any name, trade secrets, trade names, trade-marks, services marks, and advertising matter, or any other property of any nature or of a similar nature, as it pertains to the Collateral, in completing production of, advertising for sale, and selling of any Collateral, pursuant to Section 8.1, and the Debtor's rights under all licenses and all franchise agreements shall enure to the Lender upon and during the continuance of an Event of Default.

8.7 Retention of Collateral

Upon notice to the Debtor and subject to any obligation to dispose of any of the Collateral, as provided in the PPSA, the Lender may elect to retain all or any part of the Collateral in satisfaction of the Secured Obligations or any of them.

8.8 Pay Liens

Upon the occurrence of an Event of Default which is continuing, the Lender may pay any Liens that may exist or be threatened against the Collateral. In addition, the Lender may borrow money required for the maintenance, preservation or protection of the Collateral or for the carrying on of the business or undertaking of the Debtor and may grant further security interests in the Collateral in priority to the security interest created hereby as security for the money so borrowed. In every such case the amounts so paid or borrowed together with costs, charges and expenses incurred in connection therewith shall be deemed to have been advanced to the Debtor by the Lender, shall become part of the Secured Obligations, shall bear interest at the highest rate per annum charged by the Lender on the Secured Obligations or any part thereof and shall be secured by this Agreement.

8.9 Application of Payments

Any and all payments made in respect of the Secured Obligations from time to time and moneys realized on the Collateral may be applied to such part or parts of the Secured Obligations in accordance with the Credit Agreement. The Lender shall, at all times and from time to time, have the right to change any appropriation as they may see fit. Any insurance moneys received by the Lender pursuant to this Agreement may, at the option of the Lender or such Lender, be applied against the Secured Obligations as the Lender or such Lender thinks fit.

8.10 Set-off

The Secured Obligations will be paid by the Debtor without regard to any equities between the Debtor and the Lender or any right of set-off or cross-claim. If an Event of Default is continuing, any indebtedness owing by the Lender to the Debtor may be set-off and applied by the Lender against the Secured Obligations either before or after maturity, without demand upon or notice to anyone and regardless of the currency in which the indebtedness is denominated.

8.11 Deficiency

If the proceeds of the realization of the Collateral are insufficient to repay to the Lender all amounts owing to them, the Debtor shall forthwith pay such deficiency or cause such deficiency to be paid to the Lender.

8.12 Lender Not Liable

The Lender shall not be liable or accountable for any failure to seize, collect, realize, dispose of, enforce or otherwise deal with the Collateral, shall not be bound to institute proceedings for any such purposes or for the purpose of preserving any rights of the Lender, the Debtor or any other person, firm or corporation in respect of the Collateral and shall not be liable or responsible for any loss, cost or damage whatsoever which may arise in respect of any such failure including without limitation, resulting from the negligence of the Lender or any of its officers, servants, Lenders, solicitors, attorneys, Receivers or otherwise unless arising from gross negligence or wilful misconduct. The Lender and its officers, servants, Lenders, or Receivers shall not be liable by reason of any entry into possession of the Collateral or any part thereof, to account as a mortgagee in possession, for anything except actual receipts, for any loss on realization, for any act or omission for which a mortgagee in possession might be liable, for any negligence in the carrying on or occupation of the business or undertaking of the Debtor or for any loss, cost, damage or expense whatsoever which may arise in respect of any such actions, omissions or negligence unless arising from gross negligence or wilful misconduct.

8.13 Extensions of Time

The Lender may grant renewals, extensions of time and other indulgences, take and give up securities, accept compositions, grant releases and discharges, perfect or fail to perfect any securities, release any part of the Collateral to third parties and otherwise deal or fail to deal with the Debtor, subsidiaries of the Debtor, guarantors, sureties and others and with the Collateral and other securities as the Lender may see fit, all without prejudice to the liability of the Debtor to the Lender or the rights of the Lender and powers under this Agreement.

8.14 Rights in Addition

The rights and powers conferred by this Section are in supplement of and in addition to and not in substitution for any other rights or powers the Lender may have from time to time under this Agreement or under applicable law. The Lender may proceed by way of any action, suit, remedy or other proceeding at law or in equity and no such remedy for the enforcement of the rights of the Lender shall be exclusive of or dependent on any other such remedy. Any one or more of such remedies may from time to time be exercised separately or in combination.

ARTICLE 9 - PERFECTION AND PRIORITY

9.1 Financing Statements, Etc.

The Debtor hereby authorizes the Lender, to file at any time and from time to time any financing statements describing the Collateral, and the Debtor shall execute and deliver to the Lender, and the Debtor hereby authorizes the Lender to file (with or without the Debtor's signature), at any time and from time to time, all amendments to financing statements, continuation financing statements, termination statements, assignments, fixture filings, affidavits, reports, notices and all Loan Documents and instruments, in form satisfactory to the Lender, as the Lender, in its opinion, may reasonably request, to perfect and continue perfected, maintain the priority of or provide notice of the security interest of the Lender, in the Collateral and to accomplish the purposes of

this Agreement. Without limiting the generality of the foregoing, the Debtor ratifies and authorizes the filing by the Lender of any financing statements filed prior to the date hereof.

9.2 Bailees

Any Person (other than the Lender) at any time and from time to time holding all or any portion of the Collateral shall be deemed to, and shall, hold the Collateral as the Lender of, and as pledge holder for, the Lender. At any time and from time to time, the Lender may give notice to any such Person holding all or any portion of the Collateral that such Person is holding the Collateral as the Lender and bailee of, and as pledge holder for, the Lender, and obtain such Person's written acknowledgment thereof. Without limiting the generality of the foregoing, the Debtor will join with the Lender in notifying any Person who has possession of any Collateral of the security interest of the Lender therein and obtaining an acknowledgment from such Person that it is holding the Collateral for the benefit of the Lender.

9.3 Control

If any of the Collateral consists of investment property, (a) the Debtor authorizes the Lender, after the occurrence of an Event of Default which is continuing, to transfer such Collateral or any part thereof into its own name or that of its nominee so that the Lender or its nominee may appear of record as the sole owner thereof; and (b) the Debtor further agrees to execute such Loan Documents and to perform such other acts, and to cause any issuer of Pledged Collateral or securities intermediary to execute such Loan Documents and to perform such other acts as may be necessary or appropriate in order to give the Lender "control" of such Investment Property, as defined in the *Securities Transfer Act* (Ontario), which "control" shall be in such manner as the Lender shall designate in its sole judgement and discretion, including, without limitation, an agreement by an issuer of Pledged Collateral or securities intermediary that it will comply with instructions in the case of an issuer of Pledged Collateral or entitlement orders in the case of a securities intermediary, originated by the Lender, after security hereby constituted becomes enforceable, without further consent by the Debtor.

ARTICLE 10 - MISCELLANEOUS

10.1 Amendments and Waivers

Except to the extent otherwise provided herein or in any of the Loan Documents, (a) no amendment to any provision of this Agreement shall in any event be effective unless the same shall be in writing and signed by the Debtor and the Lender; and (b) no waiver of any provision of this Agreement, or consent to any departure by the Debtor or other party therefrom, shall in any event be effective unless the same shall be in writing and signed by the Lender. Any such amendment, waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

10.2 Notices

All notices required or permitted under this Agreement shall be given in the manner and to the addresses specified in the Credit Agreement.

10.3 No Waiver; Cumulative Remedies

No failure on the part of the Lender to exercise, and no delay in exercising, any right, remedy, power or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, remedy, power or privilege preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights and remedies under this Agreement are cumulative and not exclusive of any rights, remedies, powers and privileges that may otherwise be available to the Lender.

10.4 Binding Effect

This Agreement shall be binding upon the Debtor and its successors and assigns, including any successor by reason of amalgamation, and inure to the benefit of and be enforceable by the Lender and its successors, endorsees, transferees and assigns.

10.5 Assignment

The Debtor may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Lender, and any attempted assignment in violation of this provision shall be null and void. The Lender may assign this Agreement in whole or in part to any Person acquiring an interest in the Secured Obligations in accordance with the provisions of the Credit Agreement.

10.6 Costs and Expenses

The Debtor agrees to pay on demand all reasonable costs and expenses of the Lender, any Receiver, or the agents of the Lender or any Receiver, and reasonable legal fees and disbursements in connection with the perfection, enforcement, or preservation of any rights under, this Agreement and the Loan Documents.

10.7 Severability

Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under all applicable laws and regulations. If, however, any provision of this Agreement shall be prohibited by or invalid under any such law or regulation, it shall be deemed modified to conform to the minimum requirements of such law or regulation, or, if for any reason it is not deemed so modified, it shall be ineffective and invalid only to the extent of such prohibition or invalidity without affecting the remaining provisions of this Agreement.

10.8 Governing Law

This Agreement is to be exclusively construed in accordance with and governed by the internal laws of the Province of Ontario and the federal laws of Canada applicable therein without giving effect to any choice of law rule or principle that would cause the application of the laws of any jurisdiction other than the internal laws of the Province of Ontario and the federal laws of Canada applicable therein to the rights and duties of the Debtor and the Lender.

10.9 Submission to Jurisdiction

The Debtor hereby (a) submits to the non-exclusive jurisdiction of the courts of the Province of Ontario sitting in Toronto for the purpose of any action or proceeding arising out of or relating to this Agreement and the Loan Documents, (b) agrees that all claims in respect of any such action or proceeding may be heard and determined in such courts, (c) irrevocably waives (to the extent permitted by applicable law) any objection which it now or hereafter may have to the laying of venue of any such action or proceeding brought in any of the foregoing courts, and any objection on the ground that any such action or proceeding in any such court has been brought in an inconvenient forum and (d) agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner permitted by law.

10.10 Judgment Currency

If, for the purposes of obtaining judgment in any court, it is necessary to convert a sum due hereunder or any other Loan Documents in one currency into another currency, the rate of exchange used shall be that at which in accordance with practices of the Lender could purchase the first currency with such other currency on the Business Day preceding that on which final judgment is given. The obligation of the Debtor in respect of any such sum due from it to the Lender hereunder or under the Loan Documents shall, notwithstanding any judgment in a currency (the “**Judgment Currency**”) other than that in which such sum is denominated in accordance with the applicable provisions of the Loan Documents or other relevant document (the “**Agreement Currency**”), be discharged only to the extent that on the Business Day following receipt by the Lender of any sum adjudged to be so due in the Judgment Currency, the Lender or any of the Lender may, in accordance with normal practices, purchase the Agreement Currency with the Judgment Currency. If the amount of the Agreement Currency so purchased is less than the sum originally due to the Lender or any Lender from the Debtor in the Agreement Currency, the Debtor agrees, as a separate obligation and notwithstanding any such judgment, to indemnify the Lender against such loss. If the amount of the Agreement Currency so purchased is greater than the sum originally due to the Lender in such currency, the Lender agrees to return the amount of any excess to the Debtor (or to any other Person who may be entitled thereto under applicable law). The agreements in this Section 10.10 shall survive the repayment of all Secured Obligations.

10.11 Entire Agreement

This Agreement and the other Loan Documents constitutes the entire agreement of the parties hereto with respect to the matters set forth herein and supersede any prior agreements, commitments, drafts, communications, discussions and understandings, oral or written, with respect thereto.

10.12 Counterparts

This Agreement may be executed in several counterparts and delivered by facsimile or other electronic transmission, each of which shall be deemed an original and all of which when taken together shall constitute one and the same agreement.

10.13 Indemnity

The Debtor hereby agrees to indemnify the Lender, and its successors, assigns, agents and employees, from and against any and all liabilities, damages, penalties, suits, costs, and expenses of any kind and nature (including, without limitation, all reasonable expenses of litigation or preparation therefor whether or not the Lender) imposed on, incurred by or asserted against the Lender, or its successors, assigns, agents and employees, in any way relating to or arising out of this Agreement, or the manufacture, purchase, acceptance, rejection, ownership, delivery, lease, possession, use, operation, condition, sale, return or other disposition of any Collateral (including, without limitation, latent and other defects, whether or not discoverable by the Lender or the Debtor, and any claim for patent, trade-mark or copyright infringement), except for the gross negligence or wilful misconduct of the Lender.

10.14 Acknowledgement of Receipt

The Debtor acknowledges receipt of a copy of this Agreement.

10.15 Further Assurances

In addition to all covenants and agreements of the Debtor set forth in the Loan Documents, which are incorporated herein by this reference, the Debtor hereby agrees, at no cost or expense to the Lender to do all acts (other than acts which are required to be done by the Lender) that may, in the opinion of the Lender, reasonably be necessary or desirable to (i) maintain, preserve and protect the Collateral and (subject only to Permitted Liens but junior only to the Senior Lender's security interest in the Collateral) priority, perfected security interest of the Lender, therein, and (ii) to carry into effect the purposes hereof or better to assure and confirm unto the Lender or permit the Lender to exercise and enforce its rights, powers and remedies hereunder with respect to any Collateral. Without limiting the generality of the foregoing, the Debtor shall make, execute, endorse, acknowledge, file or refile and/or deliver to the Lender from time to time upon reasonable request such lists, descriptions and designations of the Collateral, copies of warehouse receipts, receipts in the nature of warehouse receipts, bills of lading, documents of title, vouchers, invoices, schedules, confirmatory assignments, supplements, additional security agreements, conveyances, financing statements, transfer endorsements, powers of attorney, certificates, reports and other assurances or instruments. If an Event of Default has occurred and is continuing, the Lender may institute and maintain, in its own name or in the name of the Debtor, such suits and proceedings as the Lender may be advised by counsel shall be necessary or expedient to prevent any impairment of the security interest in or the perfection thereof in the Collateral. All of the foregoing shall be at the sole cost and expense of the Debtor.

[Signature Page Follows]

IN WITNESS WHEREOF the Debtor has executed and delivered this Agreement under seal with effect as of the date first written above.

FLOW BEVERAGE CORP

Signed by:

By: _____

Name: Nicholas Reichenbach

Title: Director

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SCHEDULE “A”

LOCATION OF COLLATERAL

Location	Record Owner of Location
155 Industrial Parkway S., Unit 7-10 Aurora, on L4G 3G6	Aurora Investments Inc.
145 Industrial Parkway S., Unit 5, 6-11 Aurora, ON L4G 3V5	Aurora Investments Inc.
420 Addison Hall Circle Aurora, ON L4G 7C7	Giusticon Contracting Inc.

GENERAL SECURITY AGREEMENT

THIS GENERAL SECURITY AGREEMENT (as amended, restated, supplemented or replaced from time to time, this “**Agreement**”) is dated with effect as of October 31, 2024 by **FLOW WATER INC.** (the “**Debtor**”) to and in favour of **RI FLOW LLC**, as Lender under the Credit Agreement (as defined below) (the “**Lender**”).

RECITALS:

- A. The Lender has agreed to make a certain term credit facility available to the Debtor on the terms and conditions contained in a Term Loan and Security Agreement among the Debtor, Flow Beverage Corp., and the Lender dated as of the date hereof (as amended, modified, extended, renewed, supplemented, replaced or restated from time to time, the “**Credit Agreement**”); and
- B. It is a condition precedent to the extension of credit under the Credit Agreement that the Debtor execute and deliver this Agreement as security for the payment and performance of the obligations and liabilities of the Debtor to the Lender under or in connection with the Credit Agreement and the Loan Documents to which it is a party.

NOW THEREFORE in consideration of the extension of credit by the Lender to the Debtor, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Debtor, the Debtor covenants and agrees to and in favour of the Lender, as follows:

ARTICLE 1 - DEFINITIONS; INTERPRETATION

1.1 Defined Terms

Except as otherwise expressly provided herein, capitalized terms used in this Agreement but not defined herein shall have the meanings assigned to such terms in the Credit Agreement.

1.2 Terms Defined in Ontario Personal Property Security Act

Where applicable and except as defined herein, terms used herein shall have the meanings assigned to them in the *Personal Property Security Act* as the same may, from time to time, be in effect in the Province of Ontario (the “**PPSA**”). Such terms include: “**accounts**”, “**chattel paper**”, “**documents of title**”, “**equipment**”, “**intangibles**”, “**instruments**”, “**inventory**”, “**investment property**”, “**money**”, “**proceeds**” and “**security**”.

ARTICLE 2 - GRANT OF SECURITY INTEREST; COLLATERAL

2.1 Grant of Security Interest

As security for the payment and performance of the Secured Obligations (as defined in Section 3.1), the Debtor hereby grants to the Lender a security interest in, to and under all of its personal property, wherever located and whether now owned or hereafter acquired or arising, including, without limitation, the following property (collectively and severally, the “**Collateral**”):

- (a) all present and after-acquired personal property;
- (b) all present and future investment property held by the Debtor, including securities, security entitlements, securities accounts, future contracts, future accounts, shares, options, rights, warrants, joint venture interests, interests in limited partnerships, trust units, bonds, debentures and all Loan Documents which constitute evidence of a share, participation or interest of the Debtor in property or in an enterprise or which constitute evidence of an obligation of the issuer; and all substitutions therefore, and subject to Section 6.3, dividends and income derived therefrom, (collectively, the **"Pledged Collateral"**);
- (c) all accounts and book debts of the Debtor, chattel paper, documents of title, instruments, and intangibles of the Debtor, including all debts, dues, claims choses in action and demands of every nature and kind, howsoever arising or secured, including letters of credit, guarantees and advances of credit that are now due, owing or accruing or growing due to or owned by or which may hereafter become due, owing or accruing or growing due to or owned by the Debtor, whether or not arising out of or in connection with the sale or lease of goods or the rendering of services, and all supporting obligations of any or all of the foregoing (**"Accounts"**);
- (d) all inventory of the Debtor, including all merchandise, goods and other personal property that are held for sale or lease or that have been leased by the Debtor or that are to be furnished under a contract of service, all raw materials, work in process, materials used or consumed in the Debtor's business and finished goods, all goods in which the Debtor has an interest in mass or a joint or other interest or gifts of any kind (including goods in which the Debtor has an interest or right as consignee), and all goods which are returned to or repossessed by the Debtor, together with all additions and accessions thereto and replacements therefor and products thereof and documents therefor (**"Inventory"**);
- (e) all equipment of the Debtor and all parts thereof and all accessions, additions, attachments, improvements, substitutions and replacements thereto and therefor, including, all machinery, tools, dies, blueprints, catalogues, computer hardware and software, furniture, furnishings, vehicles and fixtures (**"Equipment"**);
- (f) all Intellectual Property Collateral (as defined in Section 7.1 hereof);
- (g) all money maintained in a deposit, blocked, lockbox or other account in the Debtor's name with any financial institution, and all certificates, instruments and other writings, if any, from time to time representing, evidencing or deposited into such accounts, and all interest, dividends, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of the foregoing;
- (h) all now existing and hereafter arising contracts and agreements to which the Debtor is party (each, an **"Assigned Agreement"**), including, without limitation, all rights of the Debtor to receive moneys due and to become due under or pursuant to the

Assigned Agreements, all rights of the Debtor to receive proceeds of any insurance, indemnity, warranty or guaranty with respect to the Assigned Agreements, all claims of the Debtor for damages arising out of or for breach of or default under the Assigned Agreements, and all rights of the Debtor to terminate, amend, supplement or modify the Assigned Agreements, to perform thereunder and to compel performance and otherwise exercise all remedies thereunder; *provided, however,* that with respect to any such contract or agreement that is a Restricted Asset (as defined in Section 2.2), the Collateral shall include only the rights of the Debtor to receive moneys due and to become due, if any, under or pursuant to such contract or agreement;

- (i) all books, records, writings, databases, information and other property relating to, used or useful in connection with, embodying, incorporating or referring to, any of the foregoing Collateral;
- (j) all cash and cash equivalents held by the Debtor not otherwise included in the foregoing Collateral; and
- (k) all products and proceeds of the foregoing Collateral (with the term “**proceeds**” having the meaning provided in the PPSA and also including any voluntary or involuntary disposition, and all rights to payment, including return premiums, with respect to any insurance).

2.2 Excluded Collateral

Notwithstanding Section 2.1, the Collateral shall not include:

- (a) any property held in trust by the Debtor and lawfully belonging to others,
- (b) the last day of the term of any lease or sub-lease of real property or any agreement for a lease or sublease of real property, now held or hereafter acquired by the Debtor, provided that the Debtor shall stand possessed of such last day in trust to assign and transfer such interest as instructed by the Lender;
- (c) any consumer goods;
- (d) the interests described in the proviso to Section 2.1(h); or
- (e) United States intent-to-use trademark applications to the extent that, and solely during the period in which, the grant of a security interest therein would impair the validity or enforceability of such intent-to-use trademark applications under applicable law.

To the extent that an assignment of amounts payable and other proceeds arising under or in connection with, or the grant of a security interest in any agreement, licence, permit or quota of the Debtor would result in the breach of such agreement, licence, permit or quota or is prohibited by the terms thereof, or would give any other party the right to terminate its obligations thereunder, or is not permitted because any necessary consent to such grant has not been obtained (each, a

“**Restricted Asset**”), the security interest hereunder with respect to each Restricted Asset will constitute a trust created in favour of the Lender, for the benefit of the Lender, pursuant to which the Debtor holds as trustee all proceeds arising under or in connection with the Restricted Asset in trust for the Lender, for the benefit the Lender, on the following basis:

- (a) subject to the Credit Agreement, until the security interest hereunder is enforceable, the Debtor is entitled to receive all such proceeds; and
- (b) whenever the security interest hereunder is enforceable, (i) all rights of the Debtor to receive such proceeds cease and all such proceeds will be immediately paid over to the Lender for the benefit of the Lenders, and (ii) the Debtor will forthwith take all actions requested by the Lender to collect and enforce payment and other rights arising under the Restricted Asset.

Until an Event of Default occurs that is continuing (as such term is used, defined and interpreted under the Credit Agreement), the grant of the security interest in the Intellectual Property Collateral does not affect in any way the Debtor's rights to commercially exploit the Intellectual Property Collateral, defend it, enforce the Debtor's rights in it or with respect to it against third parties in any court or claim and be entitled to receive any damages with respect to any infringement of it.

2.3 Debtor Remains Liable

Anything herein to the contrary notwithstanding, (a) the Debtor shall remain liable under all Assigned Agreements, to the extent set forth therein, to perform all of its duties and obligations thereunder to the same extent as if this Agreement had not been executed, (b) the exercise by the Lender of any of the rights hereunder shall not release the Debtor from any of its duties or obligations under such Assigned Agreements, and (c) the Lender shall not have any obligation or liability under any Assigned Agreements by reason of this Agreement, nor shall the Lender be obligated to perform any of the obligations or duties of the Debtor thereunder or to take any action to collect or enforce any such contract, agreement or other document included in the Collateral hereunder.

2.4 Continuing Security Interest

The Debtor agrees that this Agreement shall create a general collateral continuing security interest in the Collateral which shall remain in effect until terminated in accordance with this Agreement.

2.5 Attachment

The Debtor and the Lender intend that the security interest created hereby attaches to existing Collateral upon the execution of this Agreement and that the security interest will attach to Collateral acquired after the date of execution of this Agreement at the time that the Debtor acquires rights in that Collateral. The Debtor and the Lender agree that value has been given. The Debtor represents and warrants that (i) it has rights in the existing Collateral or the power to transfer rights in the existing Collateral to the Lender; and (ii) it has not agreed to postpone the time of attachment of the security interest created hereby.

ARTICLE 3 - SECURED OBLIGATIONS

3.1 Secured Obligations

The obligations secured by this Agreement shall consist of all Obligations of the Debtor to the Lender arising under the Credit Agreement and any other Loan Documents or in connection with, and relating to the Loan Documents, whether now existing or hereafter arising, as principal or surety, voluntary or involuntary, whether or not jointly owed with others, direct or indirect, absolute or contingent, liquidated or unliquidated, and whether or not from time to time decreased or extinguished and later increased, created or incurred, together with all expenses (including reasonable legal fees on a solicitor and client basis) incurred by the Lender, its receiver, receiver-manager or agent in the preparation, perfection and enforcement of security and other agreements held by the Lender in respect of such obligations and liabilities and interest thereon (all of which obligations, liabilities, expenses and interest are referred to collectively as the “**Secured Obligations**”).

ARTICLE 4 - REPRESENTATIONS AND WARRANTIES

In addition to all representations and warranties of the Debtor set forth in the Loan Documents, which are incorporated herein by this reference, the Debtor hereby represents and warrants that:

4.1 Sole Owner

The Debtor is the sole owner of and has good and marketable title to the Collateral (or will be the sole owner of and will have good and marketable title to, in the case of after-acquired Collateral), subject to Permitted Liens.

4.2 Delivery of Collateral

The Debtor shall, upon the Lender’s written request, deliver to the Lender all instruments and chattel paper and other items of Collateral in which a security interest is or may be perfected by possession, together with such additional writings, including assignments, with respect thereto as the Lender shall reasonably request.

4.3 Enforceability; Priority of Security Interest

This Agreement creates a security interest which is enforceable against the Collateral in which the Debtor now has rights and will create a security interest which is enforceable against the Collateral in which the Debtor hereafter acquires rights at the time the Debtor acquires any such rights, subject only to any limitation under applicable laws relating to (i) bankruptcy, insolvency, fraudulent conveyance, arrangement, reorganization or creditors’ rights generally, and (ii) the discretion that a court may exercise in the granting of equitable remedies. Other than Permitted Liens (but junior only to the Senior Lender’s security interest in the Collateral), the Lender (i) has a perfected priority security interest in the Collateral, in which the Debtor now has rights, and (ii) will have a perfected priority security interest in the Collateral in which the Debtor hereafter acquires rights at the time the Debtor acquires any such rights, in each case securing the payment and performance of the Secured Obligations.

4.4 Rights to Payment

- (a) The Accounts and any and all of the Debtor's rights and claims to the payment or receipt of money or other forms of consideration of any kind in, to and under or with respect to its chattel paper, documents of title, intangibles, instruments, proceeds and supporting obligations (collectively, "**Rights to Payment**") represent valid, binding and enforceable obligations of the account debtors or other Persons obligated thereon, representing undisputed, bona fide transactions completed in accordance with the terms and provisions contained in any documents related thereto, and are genuine, free from any Lien and not subject to any adverse claims, counterclaims, setoffs, defaults, disputes, defenses, discounts, retainages, holdbacks or conditions precedent of any kind of character, except to the extent reflected by the Debtor's reserves for uncollectible Rights to Payment or to the extent, if any, that such account debtors or other Persons may be entitled to normal and ordinary course trade discounts, returns, adjustments and allowances;
- (b) to the best of the Debtor's knowledge, all account debtors and other obligors on the Rights to Payment are solvent and generally paying their debts as they come due;
- (c) all Rights to Payment comply with all applicable laws concerning form, content and manner of preparation and execution, including where applicable any federal or state consumer credit laws;
- (d) the Debtor has not assigned any of its rights under the Rights to Payment other than Permitted Liens as provided in this Agreement or as set forth in the Credit Agreement or any other of the Loan Documents;
- (e) all statements made, all unpaid balances and all other information in the Debtor's books and other documentation relating to the Rights to Payment are true and correct and in all respects what they purport to be; and
- (f) the Debtor has no knowledge of any fact or circumstance which would impair the validity or collectability of any of the Rights to Payment not otherwise disclosed to the Lender in writing.

4.5 Inventory

No inventory is stored with any bailee, warehouseman or similar Person or on any premises leased to the Debtor, nor has any inventory been consigned to the Debtor or consigned by the Debtor to any Person or is held by the Debtor for any Person under any "bill and hold" or other arrangement, except as disclosed to the Lender in writing.

4.6 Equipment

None of the Equipment or other Collateral is affixed to real property except Collateral with respect to which the Debtor has supplied the Lender with all information and documentation necessary to make all fixture filings required to perfect and protect the priority of the security interest of the

Lender, in all such Collateral which may be fixtures as against all Persons having an interest in the premises to which such property may be affixed.

4.7 Valid Issuance of Pledged Collateral

All the Pledged Collateral have been, and upon issuance any Pledged Collateral will be, duly and validly issued, and are and will be fully paid and non assessable.

4.8 Capitalization of the Pledged Subsidiary

The Pledged Collateral constitute 100% of the issued and outstanding shares of capital stock and other ownership interests of the various issuers owned by the Debtor (which, as of the date hereof, constitutes 100% of the issued and outstanding shares of capital stock and other ownership interests of each issuer).

4.9 Options, Warrants, Etc.

Other than pursuant to the Loan Documents, no securities convertible into or exchangeable for any shares of capital stock or other ownership interests of any issuer of Pledged Collateral or any options, warrants or other commitments entitling any Person to purchase or otherwise acquire any shares of capital stock or other ownership interests of any issuer of Pledged Collateral are issued and outstanding.

4.10 Transfer Restrictions

There are no restrictions under corporate law on the transferability of the Pledged Collateral to the Lender or with respect to the foreclosure, transfer or disposition thereof by the Lender.

4.11 Shareholders Agreements

There are no shareholders, partners or members agreements, voting trusts, proxy agreements or other agreements or understandings which affect or relate to the voting or giving of written consents with respect to any of the Pledged Collateral.

4.12 Pledged Collateral

The Debtor is not in default in the payment of any portion of any mandatory capital contribution, if any, required to be made under any agreement to which the Debtor is a party relating to the Pledged Collateral pledged by it, and there is no Material Adverse Effect in respect of any other provisions of any such agreement to which the Debtor is a party, or otherwise in default or violation thereunder. No Pledged Collateral pledged by the Debtor is subject to any defense, offset or counterclaim, nor have any of the foregoing been asserted or alleged against the Debtor by any Person with respect thereto, and as of the date hereof, there are no certificates, instruments, documents or other writings (other than the organizational documents and certificates, if any, delivered to the Lender) which evidence any Pledged Collateral of the Debtor.

4.13 No Violation of Securities Laws

None of the Pledged Collateral has been issued, converted or transferred in violation of the securities registration, securities disclosure or similar laws of any jurisdiction to which they may be subject.

4.14 Control Agreements

No control agreements exist with respect to any Collateral other than any control agreements in favour of the Lender.

4.15 Leases

The Debtor will not enter into any customer agreement or other agreement governing the location of Collateral at the premises of another Person pursuant to which the lessor or such other Person may obtain any rights in any of the Collateral, and no such lease or other such agreement now prohibits, restrains, impairs or will prohibit, restrain or impair such Debtor's right to remove any Collateral from the premises at which such Collateral is situated, except in each case for the usual and customary provisions contained in such leases of real property.

ARTICLE 5 - COVENANTS AND AGREEMENTS

In addition to all covenants and agreements of the Debtor set forth in the Loan Documents, which are incorporated herein by this reference, the Debtor hereby agrees, at no cost or expense to the Lender:

5.1 Preservation of Security Interest

To do all acts (other than acts which are required to be done by the Lender) that may be reasonably necessary, in the opinion of the Lender, to maintain, preserve and protect the Collateral and the first (subject to Permitted Liens) priority, perfected security interest of the Lender therein.

5.2 Actions and Proceedings

To appear in and defend any action or proceeding which may affect its title to the Collateral or the interest of the Lender in the Collateral.

5.3 Use of Collateral

Not to use any Collateral, or permit any Collateral to be used, unlawfully or in violation of any provision of this Agreement that would create a Material Adverse Effect, any other agreement with the Lender related hereto, or any law, rule, regulation, order, writ, judgment, injunction, decree or award binding on the Debtor or affecting any of the Collateral or any contractual obligation affecting any of the Collateral.

5.4 Shareholders Agreements

The Debtor will not enter into any shareholders, partners or members agreement, voting trust, proxy agreement or other agreement or understanding which affects or relates to the voting or giving of written consents with respect to any of the shares in the capital of the Debtor or the Pledged Collateral without the prior written consent of the Lender.

5.5 Delivery of Collateral

Subject to the security granted to the Senior Lender and such instruments being previously delivered to the Senior Lender, to account fully for and promptly deliver to the Lender, in the form received, all documents of title, chattel paper, all certificated securities with respect to investment property and instruments constituting Collateral hereunder, all endorsed to the Lender or in blank, as requested by the Lender, and accompanied by such stock powers as appropriate and until so delivered all such documents of title, chattel paper, instruments and certificated securities shall be held by the Debtor in trust for the Lender separate from all other property of the Debtor.

5.6 Records

To keep separate, accurate and complete records of the Collateral and to provide the Lender with such records and such other reports and information relating to the Collateral as the Lender may reasonably request from time to time. To keep the records concerning the Collateral at the location(s) referred to in the Credit Agreement and not to remove such records from such location(s) without the prior written notice of the Lender.

5.7 Chief Executive Office; Names

To give the Lender thirty (30) days' prior written notice of any change in the Debtor's chief executive office or legal name.

5.8 Location of Collateral

To keep the Collateral at the location(s) provided for in Schedule "A" and not to remove the Collateral from such locations (other than disposals and uses of Collateral expressly permitted by the Loan Documents) without providing at least 30 days' prior written notice to the Lender, provided that Collateral may be moved to another location as long as such other location is in a jurisdiction in which the Lender has a valid and perfected security interest in the Collateral.

5.9 Maintenance of Collateral

To keep the Collateral in good condition and repair (normal wear and tear excepted) and not to cause or permit any waste or unusual or unreasonable depreciation of the Collateral.

5.10 Leased Premises

At the Lender's request, to use commercially reasonable efforts to obtain from each Person from whom the Debtor leases any premises or supplies any customer at which any Collateral is at any

time present such collateral access, subordination, waiver, consent and estoppel agreements as the Lender may require, in form and substance satisfactory to the Lender.

5.11 Rights to Payment

To:

- (a) give only normal discounts, allowances and credits as to Accounts and other Rights to Payment, in the ordinary course of business, according to normal trade practices utilized by the Debtor in the past, and enforce all Accounts and other Rights to Payment strictly in accordance with their terms, and take all such action to such end as may from time to time be reasonably requested by the Lender, except that the Debtor may grant any extension of the time for payment or enter into any agreement to make a rebate or otherwise to reduce the amount owing on or with respect to, or compromise or settle for less than the full amount thereof, any Account or other Right to Payment, in the ordinary course of business, according to normal trade practices utilized by the Debtor in the past;
- (b) if any Accounts arise from contracts with the government of the United States of America or any state thereof or any department, agency or instrumentality thereof, or the government of Canada, immediately notify the Lender thereof and execute any documents and instruments and take any other steps requested by the Lender in order that all monies due and to become due thereunder shall be assigned to the Lender and notice thereof given to the appropriate authorities under the *Federal Assignment of Claims Act* of the United States of America or the *Financial Administration Act* of Canada;
- (c) in accordance with its sound business judgment, perform and comply in all material respects with its obligations in respect of the Accounts and other Rights to Payment;
- (d) upon the reasonable request of the Lender (i) at any time, notify all or any designated portion of the account debtors and other obligors on the Rights to Payment of the security interest hereunder, and (ii) upon the occurrence of an Event of Default which is continuing, notify the account debtors and other obligors on the Rights to Payment or any designated portion thereof that payment shall be made directly to the Lender or to such other Person or location as the Lender shall specify; and
- (e) upon the occurrence of any Event of Default which is continuing, establish such lockbox or similar arrangements for the payment of the Accounts and other Rights to Payment as the Lender shall require.

5.12 Inventory

Subject to the provisions of the Credit Agreement, to not store any Inventory with a bailee, warehouseman or similar Person or on premises leased to the Debtor, nor dispose of any Inventory on a bill-and-hold, guaranteed sale, sale and return, sale on approval, consignment or similar basis,

nor acquire any Inventory from any Person on any such basis, without in each case giving the Lender prior written notice thereof.

ARTICLE 6 - AUTHORIZED ACTION BY THE LENDER; RIGHTS TO PAYMENT

6.1 Authorized Action by the Lender

The Debtor hereby agrees that following the occurrence of an Event of Default which is continuing, without presentment, notice or demand, and without affecting or impairing in any way the rights of the Lender with respect to the Collateral, the obligations of the Debtor hereunder or the Secured Obligations, the Lender may, but shall not be obligated to and shall incur no liability to the Debtor or any third party for failure to, take any action that the Debtor is obligated by this Agreement to do and to exercise such lawful rights and powers as the Debtor might exercise with respect to the Collateral, and the Debtor hereby irrevocably appoints the Lender as its attorney-in-fact to exercise such rights and powers upon the occurrence of an Event of Default that is continuing, including without limitation, the power and authority to:

- (a) collect by legal proceedings or otherwise and endorse, receive and receipt for all dividends, interest, payments, proceeds and other sums and property now or hereafter payable on or on account of the Collateral;
- (b) enter into any extension, reorganization, deposit, merger, consolidation or other agreement pertaining to, or deposit, surrender, accept, hold or apply other property in exchange for the Collateral;
- (c) insure, process and preserve the Collateral;
- (d) transfer the Collateral to its own or its nominee's name;
- (e) make any compromise or settlement, and take any action it deems advisable, with respect to the Collateral; and
- (f) notify any obligor on any Collateral to make payment directly to the Lender .

The foregoing power of attorney is coupled with an interest and irrevocable so long as the Lender has any obligation to make any credit facility available or the Secured Obligations have not been indefeasibly paid and performed in full and has been given for valuable consideration, the receipt and sufficiency of which is hereby acknowledged. The Debtor hereby ratifies, to the extent permitted by applicable law, all that the Lender shall lawfully and in good faith do or cause to be done by virtue of and in compliance with this Section 6.1. The Debtor agrees to reimburse the Lender upon demand for any costs and expenses, including reasonable legal fees, the Lender may incur while acting as the Debtor's attorney-in-fact hereunder, all of which costs and expenses are included in the Secured Obligations.

6.2 Collection of Rights to Payment

Until the Lender exercises its rights hereunder to collect Rights to Payment, the Debtor shall endeavor in the first instance diligently to collect all amounts due or to become due on or with

respect to the Rights to Payment. At the request of the Lender, upon and after the occurrence of any Event of Default which is continuing, all remittances received by the Debtor shall be and shall be deemed to be held separate and apart and in trust exclusively for the Lender and, in accordance with the Lender's instructions, remitted to the Lender in the form received (with any necessary endorsements or instruments of assignment or transfer).

6.3 Investment Property and Instruments

Until the occurrence of an Event of Default which is continuing, the Debtor is entitled to vote the securities and other financial assets that are part of the Collateral and to receive all dividends and distributions on such securities and financial assets.

Upon and after the occurrence of any Event of Default which is continuing, the Lender shall be entitled to receive all distributions and payments of any nature with respect to any investment property or instruments, and all such distributions or payments received by the Debtor shall be and shall be deemed to be held separate and apart and in trust exclusively for the Lender and, in accordance with the Lender's instructions, remitted to the Lender in the form received (with any necessary endorsements or instruments of assignment or transfer). Following the occurrence of an Event of Default which is continuing, any such distributions and payments with respect to any investment property held in any securities account shall be held and retained in such securities account, in each case as part of the Collateral hereunder. Additionally, the Lender shall have the right, upon the occurrence of an Event of Default which is continuing, following prior written notice to the Debtor, to vote and to give consents, ratifications and waivers with respect to any investment property and instruments of the Debtor, and to exercise all rights of conversion, exchange, subscription or any other rights, privileges or options pertaining thereto, as if the Lender were the absolute owner thereof; *provided* that the Lender shall have no duty to exercise any of the foregoing rights afforded to it and shall not be responsible to the Debtor or any other Person for any failure to do so or delay in doing so.

ARTICLE 7 - ADDITIONAL PROVISIONS REGARDING INTELLECTUAL PROPERTY

7.1 Additional Definition

As used in this Agreement, "**Intellectual Property Collateral**" means the following properties and assets owned or held by the Debtor or in which the Debtor otherwise has any interest, now existing or hereafter acquired or arising:

- (a) all Intellectual Property of the Debtor;
- (b) all patents and patent applications, domestic or foreign, all licenses relating to any of the foregoing and all income and royalties with respect to any licenses, all rights to sue for past, present or future infringement thereof, all rights arising therefrom and pertaining thereto and all reissues, divisions, continuations, renewals, extensions and continuations-in-part thereof;
- (c) all copyrights and applications for copyright, domestic or foreign, together with the underlying works of authorship (including titles), whether or not the underlying

works of authorship have been published and whether said copyrights are statutory or arise under the common law, and all other rights and works of authorship, all computer programs, computer databases, computer program flow diagrams, source codes, object codes and all tangible property embodying or incorporating any copyrights, all licenses relating to any of the foregoing and all income and royalties with respect to any licenses, and all other rights, claims and demands in any way relating to any such copyrights or works, including royalties and rights to sue for past, present or future infringement, and all rights of renewal and extension of copyright;

- (d) all state and provincial (including common law), federal and foreign trade-marks, service marks and trade names, and applications for registration of such trade-marks, service marks and trade names, all licenses relating to any of the foregoing and all income and royalties with respect to any licenses, whether registered or unregistered and wherever registered, all rights to sue for past, present or future infringement or unconsented thereof, all rights arising therefrom and pertaining thereto and all reissues, extensions and renewals thereof;
- (e) all trade secrets, trade dress, trade styles, logos, other source of business identifiers, mask-works, mask-work registrations, mask-work applications, software, confidential information, customer lists, license rights, advertising materials, operating manuals, methods, processes, know-how, algorithms, formulae, databases, quality control procedures, product, service and technical specifications, operating, production and quality control manuals, sales literature, drawings, specifications, blue prints, descriptions, inventions, name plates and catalogs;
- (f) the entire goodwill of or associated with the businesses now or hereafter conducted by the Debtor connected with and symbolized by any of the aforementioned properties and assets; and
- (g) all accounts, all intangible intellectual or other similar property and other general intangibles associated with or arising out of any of the aforementioned properties and assets and not otherwise described above.

ARTICLE 8 - REMEDIES; NOTICE OF SALE; RECEIVERS

8.1 Remedies

Upon the occurrence of an Event of Default which is continuing, the Lender may at its option, without notice to or demand on the Debtor, except to the extent required by applicable law, and in addition to all rights and remedies available to the Lender with respect to the Secured Obligations, at law, in equity or otherwise, do any one or more of the following:

- (a) foreclose or otherwise enforce the security interest of the Lender in any manner permitted by applicable law or provided for in this Agreement;
- (b) sell, lease or otherwise dispose of any Collateral at one or more public or private sales at the place of business of the Lender or any other place or places, including

any broker's board or securities exchange, whether or not such Collateral is present at the place of sale, for cash or credit or future delivery, on commercially reasonable terms;

- (c) use or transfer the Debtor's rights and interests in any Intellectual Property Collateral by license, by sublicense (to the extent permitted by an applicable license), assignment or otherwise, on commercially reasonable terms;
- (d) recover from the Debtor all costs and expenses, including reasonable legal fees and disbursements, incurred or paid by the Lender in exercising any right, power or remedy provided by this Agreement;
- (e) require the Debtor to assemble the Collateral and make it available to the Lender at a place to be designated by the Lender;
- (f) enter onto property where any Collateral is located and take possession thereof by any method permitted by applicable law; and
- (g) prior to the disposition of the Collateral, store, process, repair or recondition it or otherwise prepare it for disposition in any manner and to the extent the Lender deems appropriate and in connection with such preparation and disposition, without charge, use any trade-mark, tradename, copyright, patent or technical process used by the Debtor.

8.2 Notice of Sale

The Debtor shall be given 15 calendar days' prior notice (or such additional notice as required by applicable law) of the time and place of any public sale or of the time after which any private sale or other intended disposition of Collateral is to be made, under Section 8.1, which notice the Debtor hereby agrees shall be deemed reasonable notice thereof. Upon any sale or other disposition pursuant to this Agreement, the Lender shall have the right to deliver, assign and transfer to the purchaser thereof, the Collateral or portion thereof so sold or disposed of. The Lender shall have the right upon any public sale, and, to the extent permitted by applicable law, upon any private sale, to purchase the whole or any part of the Collateral so sold. Each purchaser at any such sale or other disposition (including the Lender) shall hold the Collateral free from any claim or right of whatever kind, including any equity or right of redemption of the Debtor and the Debtor specifically waives (to the extent permitted by applicable law) all rights of redemption, stay or appraisal which it has or may have under any rule of law or statute now existing or hereafter adopted.

8.3 Appointment of Receiver

Upon the occurrence of an Event of Default which is continuing, the Lender may, in addition to any other rights they may have, appoint by instrument in writing a receiver, monitor, consultant, liquidator or receiver and manager (all of which are herein called a "**Receiver**") of all or any part of the Collateral or may institute proceedings in any court of competent jurisdiction for the appointment of such a Receiver. Any such Receiver is hereby given and shall have the same powers and rights and exclusions and limitations of liability as the Lender has under this

Agreement, at law or in equity. In exercising any such powers, any such Receiver shall, to the extent permitted by applicable law, act as and for all purposes be deemed to be the Lender of the Debtor, and the Lender shall not be responsible for any act or default of any such Receiver. The Lender may appoint one or more Receivers hereunder and may remove any such Receiver or Receivers and appoint another or others in his or their stead from time to time. Any Receiver so appointed may be an officer or employee of the Lender. A court need not appoint, ratify the appointment by the Lender of or otherwise supervise in any manner the actions of any Receiver. Upon the Debtor receiving notice from the Lender of the taking of possession of the Collateral or the appointment of a Receiver, all powers, functions, rights and privileges of the Debtor and, to the extent permitted by applicable law, its directors and officers with respect to the Collateral shall cease, unless specifically continued by the written consent of the Lender.

8.4 Carrying on Business

Upon the occurrence of an Event of Default which is continuing, the Lender may carry on, or concur in the carrying on of, all or any part of the business or undertaking of the Debtor, and may, subject to the rights and Liens of third parties but to the exclusion of the Debtor, enter upon, occupy and use all or any of the premises, buildings, plant and undertakings of or occupied or used by the Debtor and may use all or any of the tools, machinery, equipment and intangibles of the Debtor for such time as the Lender or such Lender sees fit, free of charge, to carry on the business of the Debtor and, if applicable, to manufacture or complete the manufacture of any Inventory and to pack and ship the finished product.

8.5 Dealing with Collateral

Upon the occurrence of an Event of Default which is continuing, the Lender may seize, collect, realize, dispose of, enforce, release to third parties or otherwise deal with the Collateral or any part thereof in such manner, upon such terms and conditions and at such time or times in the Lender's sole discretion, exercised in a commercially reasonable manner, all without notice to the Debtor except as otherwise required by any applicable law. Upon the occurrence of an Event of Default which is continuing, the Lender may demand, sue for and receive any Accounts with or without notice to the Debtor, give such receipts, discharges and extensions of time and make such compromises in respect of any Accounts which may, in the Lender's or such Lender's absolute discretion, seem bad or doubtful. The Lender may charge on its own behalf and pay to others, sums for costs and expenses incurred including, without limitation, legal fees and expenses on a solicitor and his own client scale and Receivers' and accounting fees, in or in connection with seizing, collecting, realizing, disposing, enforcing or otherwise dealing with the Collateral and in connection with the protection and enforcement of the rights of the Lender hereunder including, without limitation, in connection with advice with respect to any of the foregoing. The amount of such sums shall be deemed advanced to the Debtor by the Lender, shall become part of the Secured Obligations, shall bear interest at the highest rate per annum charged by the Lender on the Secured Obligations or any part thereof and shall be secured by this Agreement.

8.6 Right to Use

The Debtor hereby grants to the Lender a license or other right to use, without charge, all of the Debtor's present and future property, whether real or personal, including, without limitation,

labels, patents, copyrights, rights of use of any name, trade secrets, trade names, trade-marks, services marks, and advertising matter, or any other property of any nature or of a similar nature, as it pertains to the Collateral, in completing production of, advertising for sale, and selling of any Collateral, pursuant to Section 8.1, and the Debtor's rights under all licenses and all franchise agreements shall enure to the Lender upon and during the continuance of an Event of Default.

8.7 Retention of Collateral

Upon notice to the Debtor and subject to any obligation to dispose of any of the Collateral, as provided in the PPSA, the Lender may elect to retain all or any part of the Collateral in satisfaction of the Secured Obligations or any of them.

8.8 Pay Liens

Upon the occurrence of an Event of Default which is continuing, the Lender may pay any Liens that may exist or be threatened against the Collateral. In addition, the Lender may borrow money required for the maintenance, preservation or protection of the Collateral or for the carrying on of the business or undertaking of the Debtor and may grant further security interests in the Collateral in priority to the security interest created hereby as security for the money so borrowed. In every such case the amounts so paid or borrowed together with costs, charges and expenses incurred in connection therewith shall be deemed to have been advanced to the Debtor by the Lender, shall become part of the Secured Obligations, shall bear interest at the highest rate per annum charged by the Lender on the Secured Obligations or any part thereof and shall be secured by this Agreement.

8.9 Application of Payments

Any and all payments made in respect of the Secured Obligations from time to time and moneys realized on the Collateral may be applied to such part or parts of the Secured Obligations in accordance with the Credit Agreement. The Lender shall, at all times and from time to time, have the right to change any appropriation as they may see fit. Any insurance moneys received by the Lender pursuant to this Agreement may, at the option of the Lender or such Lender, be applied against the Secured Obligations as the Lender or such Lender thinks fit.

8.10 Set-off

The Secured Obligations will be paid by the Debtor without regard to any equities between the Debtor and the Lender or any right of set-off or cross-claim. If an Event of Default is continuing, any indebtedness owing by the Lender to the Debtor may be set-off and applied by the Lender against the Secured Obligations either before or after maturity, without demand upon or notice to anyone and regardless of the currency in which the indebtedness is denominated.

8.11 Deficiency

If the proceeds of the realization of the Collateral are insufficient to repay to the Lender all amounts owing to them, the Debtor shall forthwith pay such deficiency or cause such deficiency to be paid to the Lender.

8.12 Lender Not Liable

The Lender shall not be liable or accountable for any failure to seize, collect, realize, dispose of, enforce or otherwise deal with the Collateral, shall not be bound to institute proceedings for any such purposes or for the purpose of preserving any rights of the Lender, the Debtor or any other person, firm or corporation in respect of the Collateral and shall not be liable or responsible for any loss, cost or damage whatsoever which may arise in respect of any such failure including without limitation, resulting from the negligence of the Lender or any of its officers, servants, Lenders, solicitors, attorneys, Receivers or otherwise unless arising from gross negligence or wilful misconduct. The Lender and its officers, servants, Lenders, or Receivers shall not be liable by reason of any entry into possession of the Collateral or any part thereof, to account as a mortgagee in possession, for anything except actual receipts, for any loss on realization, for any act or omission for which a mortgagee in possession might be liable, for any negligence in the carrying on or occupation of the business or undertaking of the Debtor or for any loss, cost, damage or expense whatsoever which may arise in respect of any such actions, omissions or negligence unless arising from gross negligence or wilful misconduct.

8.13 Extensions of Time

The Lender may grant renewals, extensions of time and other indulgences, take and give up securities, accept compositions, grant releases and discharges, perfect or fail to perfect any securities, release any part of the Collateral to third parties and otherwise deal or fail to deal with the Debtor, subsidiaries of the Debtor, guarantors, sureties and others and with the Collateral and other securities as the Lender may see fit, all without prejudice to the liability of the Debtor to the Lender or the rights of the Lender and powers under this Agreement.

8.14 Rights in Addition

The rights and powers conferred by this Section are in supplement of and in addition to and not in substitution for any other rights or powers the Lender may have from time to time under this Agreement or under applicable law. The Lender may proceed by way of any action, suit, remedy or other proceeding at law or in equity and no such remedy for the enforcement of the rights of the Lender shall be exclusive of or dependent on any other such remedy. Any one or more of such remedies may from time to time be exercised separately or in combination.

ARTICLE 9 - PERFECTION AND PRIORITY

9.1 Financing Statements, Etc.

The Debtor hereby authorizes the Lender, to file at any time and from time to time any financing statements describing the Collateral, and the Debtor shall execute and deliver to the Lender, and the Debtor hereby authorizes the Lender to file (with or without the Debtor's signature), at any time and from time to time, all amendments to financing statements, continuation financing statements, termination statements, assignments, fixture filings, affidavits, reports, notices and all Loan Documents and instruments, in form satisfactory to the Lender, as the Lender, in its opinion, may reasonably request, to perfect and continue perfected, maintain the priority of or provide notice of the security interest of the Lender, in the Collateral and to accomplish the purposes of

this Agreement. Without limiting the generality of the foregoing, the Debtor ratifies and authorizes the filing by the Lender of any financing statements filed prior to the date hereof.

9.2 Bailees

Any Person (other than the Lender) at any time and from time to time holding all or any portion of the Collateral shall be deemed to, and shall, hold the Collateral as the Lender of, and as pledge holder for, the Lender. At any time and from time to time, the Lender may give notice to any such Person holding all or any portion of the Collateral that such Person is holding the Collateral as the Lender and bailee of, and as pledge holder for, the Lender, and obtain such Person's written acknowledgment thereof. Without limiting the generality of the foregoing, the Debtor will join with the Lender in notifying any Person who has possession of any Collateral of the security interest of the Lender therein and obtaining an acknowledgment from such Person that it is holding the Collateral for the benefit of the Lender.

9.3 Control

If any of the Collateral consists of investment property, (a) the Debtor authorizes the Lender, after the occurrence of an Event of Default which is continuing, to transfer such Collateral or any part thereof into its own name or that of its nominee so that the Lender or its nominee may appear of record as the sole owner thereof; and (b) the Debtor further agrees to execute such Loan Documents and to perform such other acts, and to cause any issuer of Pledged Collateral or securities intermediary to execute such Loan Documents and to perform such other acts as may be necessary or appropriate in order to give the Lender "control" of such Investment Property, as defined in the *Securities Transfer Act* (Ontario), which "control" shall be in such manner as the Lender shall designate in its sole judgement and discretion, including, without limitation, an agreement by an issuer of Pledged Collateral or securities intermediary that it will comply with instructions in the case of an issuer of Pledged Collateral or entitlement orders in the case of a securities intermediary, originated by the Lender, after security hereby constituted becomes enforceable, without further consent by the Debtor.

ARTICLE 10 - MISCELLANEOUS

10.1 Amendments and Waivers

Except to the extent otherwise provided herein or in any of the Loan Documents, (a) no amendment to any provision of this Agreement shall in any event be effective unless the same shall be in writing and signed by the Debtor and the Lender; and (b) no waiver of any provision of this Agreement, or consent to any departure by the Debtor or other party therefrom, shall in any event be effective unless the same shall be in writing and signed by the Lender. Any such amendment, waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

10.2 Notices

All notices required or permitted under this Agreement shall be given in the manner and to the addresses specified in the Credit Agreement.

10.3 No Waiver; Cumulative Remedies

No failure on the part of the Lender to exercise, and no delay in exercising, any right, remedy, power or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, remedy, power or privilege preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights and remedies under this Agreement are cumulative and not exclusive of any rights, remedies, powers and privileges that may otherwise be available to the Lender.

10.4 Binding Effect

This Agreement shall be binding upon the Debtor and its successors and assigns, including any successor by reason of amalgamation, and inure to the benefit of and be enforceable by the Lender and its successors, endorsees, transferees and assigns.

10.5 Assignment

The Debtor may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Lender, and any attempted assignment in violation of this provision shall be null and void. The Lender may assign this Agreement in whole or in part to any Person acquiring an interest in the Secured Obligations in accordance with the provisions of the Credit Agreement.

10.6 Costs and Expenses

The Debtor agrees to pay on demand all reasonable costs and expenses of the Lender, any Receiver, or the agents of the Lender or any Receiver, and reasonable legal fees and disbursements in connection with the perfection, enforcement, or preservation of any rights under, this Agreement and the Loan Documents.

10.7 Severability

Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under all applicable laws and regulations. If, however, any provision of this Agreement shall be prohibited by or invalid under any such law or regulation, it shall be deemed modified to conform to the minimum requirements of such law or regulation, or, if for any reason it is not deemed so modified, it shall be ineffective and invalid only to the extent of such prohibition or invalidity without affecting the remaining provisions of this Agreement.

10.8 Governing Law

This Agreement is to be exclusively construed in accordance with and governed by the internal laws of the Province of Ontario and the federal laws of Canada applicable therein without giving effect to any choice of law rule or principle that would cause the application of the laws of any jurisdiction other than the internal laws of the Province of Ontario and the federal laws of Canada applicable therein to the rights and duties of the Debtor and the Lender.

10.9 Submission to Jurisdiction

The Debtor hereby (a) submits to the non-exclusive jurisdiction of the courts of the Province of Ontario sitting in Toronto for the purpose of any action or proceeding arising out of or relating to this Agreement and the Loan Documents, (b) agrees that all claims in respect of any such action or proceeding may be heard and determined in such courts, (c) irrevocably waives (to the extent permitted by applicable law) any objection which it now or hereafter may have to the laying of venue of any such action or proceeding brought in any of the foregoing courts, and any objection on the ground that any such action or proceeding in any such court has been brought in an inconvenient forum and (d) agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner permitted by law.

10.10 Judgment Currency

If, for the purposes of obtaining judgment in any court, it is necessary to convert a sum due hereunder or any other Loan Documents in one currency into another currency, the rate of exchange used shall be that at which in accordance with practices of the Lender could purchase the first currency with such other currency on the Business Day preceding that on which final judgment is given. The obligation of the Debtor in respect of any such sum due from it to the Lender hereunder or under the Loan Documents shall, notwithstanding any judgment in a currency (the “**Judgment Currency**”) other than that in which such sum is denominated in accordance with the applicable provisions of the Loan Documents or other relevant document (the “**Agreement Currency**”), be discharged only to the extent that on the Business Day following receipt by the Lender of any sum adjudged to be so due in the Judgment Currency, the Lender or any of the Lender may, in accordance with normal practices, purchase the Agreement Currency with the Judgment Currency. If the amount of the Agreement Currency so purchased is less than the sum originally due to the Lender or any Lender from the Debtor in the Agreement Currency, the Debtor agrees, as a separate obligation and notwithstanding any such judgment, to indemnify the Lender against such loss. If the amount of the Agreement Currency so purchased is greater than the sum originally due to the Lender in such currency, the Lender agrees to return the amount of any excess to the Debtor (or to any other Person who may be entitled thereto under applicable law). The agreements in this Section 10.10 shall survive the repayment of all Secured Obligations.

10.11 Entire Agreement

This Agreement and the other Loan Documents constitutes the entire agreement of the parties hereto with respect to the matters set forth herein and supersede any prior agreements, commitments, drafts, communications, discussions and understandings, oral or written, with respect thereto.

10.12 Counterparts

This Agreement may be executed in several counterparts and delivered by facsimile or other electronic transmission, each of which shall be deemed an original and all of which when taken together shall constitute one and the same agreement.

10.13 Indemnity

The Debtor hereby agrees to indemnify the Lender, and its successors, assigns, agents and employees, from and against any and all liabilities, damages, penalties, suits, costs, and expenses of any kind and nature (including, without limitation, all reasonable expenses of litigation or preparation therefor whether or not the Lender) imposed on, incurred by or asserted against the Lender, or its successors, assigns, agents and employees, in any way relating to or arising out of this Agreement, or the manufacture, purchase, acceptance, rejection, ownership, delivery, lease, possession, use, operation, condition, sale, return or other disposition of any Collateral (including, without limitation, latent and other defects, whether or not discoverable by the Lender or the Debtor, and any claim for patent, trade-mark or copyright infringement), except for the gross negligence or wilful misconduct of the Lender.

10.14 Acknowledgement of Receipt

The Debtor acknowledges receipt of a copy of this Agreement.

10.15 Further Assurances

In addition to all covenants and agreements of the Debtor set forth in the Loan Documents, which are incorporated herein by this reference, the Debtor hereby agrees, at no cost or expense to the Lender to do all acts (other than acts which are required to be done by the Lender) that may, in the opinion of the Lender, reasonably be necessary or desirable to (i) maintain, preserve and protect the Collateral and (subject only to Permitted Liens but junior only to the Senior Lender's security interest in the Collateral) priority, perfected security interest of the Lender, therein, and (ii) to carry into effect the purposes hereof or better to assure and confirm unto the Lender or permit the Lender to exercise and enforce its rights, powers and remedies hereunder with respect to any Collateral. Without limiting the generality of the foregoing, the Debtor shall make, execute, endorse, acknowledge, file or refile and/or deliver to the Lender from time to time upon reasonable request such lists, descriptions and designations of the Collateral, copies of warehouse receipts, receipts in the nature of warehouse receipts, bills of lading, documents of title, vouchers, invoices, schedules, confirmatory assignments, supplements, additional security agreements, conveyances, financing statements, transfer endorsements, powers of attorney, certificates, reports and other assurances or instruments. If an Event of Default has occurred and is continuing, the Lender may institute and maintain, in its own name or in the name of the Debtor, such suits and proceedings as the Lender may be advised by counsel shall be necessary or expedient to prevent any impairment of the security interest in or the perfection thereof in the Collateral. All of the foregoing shall be at the sole cost and expense of the Debtor.

[Signature Page Follows]

IN WITNESS WHEREOF the Debtor has executed and delivered this Agreement under seal with effect as of the date first written above.

FLOW WATER INC.

By: _____

Name: Nicholas Reichenbach

Title: Director

Signed by: 
CF6217DA1A4B4E2...

SCHEDULE “A”**LOCATION OF COLLATERAL**

Location	Record Owner of Location
155 Industrial Parkway S., Unit 7-10 Aurora, on L4G 3G6	Aurora Investments Inc.
145 Industrial Parkway S., Unit 5, 6-11 Aurora, ON L4G 3V5	Aurora Investments Inc.
420 Addison Hall Circle Aurora, ON L4G 7C7	Giusticon Contracting Inc.
11511 No 5 Rd, Richmond, BC V7A 4E8	Bolt Technologies Incorporated
51 Mobis Drive, Markham, ON L6C 0Y3	Bolt Technologies Incorporated
12315 Colraine Dr, Bolton, ON. L7E 3A9	Proactive Supply Chain Solutions Inc.
20 Heroux Devtek Cambridge ON N3E 0A8	Kinsbrae Group Inc.
395 Raglan Street, Unit 1A, Collingwood, ON L9Y 3Z1	LaunchPad Co-pack Inc.

This is Exhibit “DD” referred to in the Affidavit of Cliff Rucker sworn by Cliff Rucker of the City of Danvers, in the State of Massachusetts, before me at the City of Toronto, in the Province of Ontario, on September 2, 2025 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

DocuSigned by:

Matthew Cressatti

DA79353421D642D...

Commissioner for Taking Affidavits (or as may be)

MATTHEW CRESSATTI

FIRST AMENDMENT TO TERM LOAN AND SECURITY AGREEMENT

FIRST AMENDMENT TO TERM LOAN AND SECURITY AGREEMENT dated effective as of June 3, 2025 (this “**Agreement**”) by and among FLOW BEVERAGE CORP., a corporation formed under the *Canada Business Corporations Act* (“**Flow Beverage**”), FLOW WATER INC., a corporation formed under the *Canada Business Corporations Act* (together with Flow Beverage, on a joint and several basis, the “**Borrower**”), and RI FLOW LLC, a Delaware limited liability company (together with its successors and assigns, collectively, the “**Lender**”).

RECITALS:

- A. Pursuant to a term loan and security agreement dated October 31, 2024 (the “**Original Loan Agreement**”), the Lender has established that certain credit facility in favour of the Borrower; and
- B. The Lender and the Borrower have agreed to make certain amendments to the Original Loan Agreement subject to the terms and conditions set out in this Agreement and Exhibit 1 hereto (the Original Loan Agreement, as so amended by this Agreement, is hereinafter referred to as the “**Loan Agreement**”) to provide for the Convertible Loan.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each of the undersigned hereby agrees as follows:

1. Interpretation

- 1.1 The recitals to this Agreement are true and correct and form an integral part hereof.
- 1.2 In this Agreement, unless otherwise defined herein, or unless the context otherwise requires, all capitalized terms shall have the respective meanings specified in the Loan Agreement.
- 1.3 All references herein to Sections of or Schedules to an agreement other than this Agreement are to Sections of and Schedules to the Loan Agreement, unless otherwise expressly stated.

2. Amendments

- 2.1 Effective as of the First Amendment Effective Date (as defined below), the Original Loan Agreement and the applicable Schedules (each as defined in the Original Loan Agreement) thereto are hereby amended (a) to delete the red stricken text (indicated textually in the same manner as the following example: ~~stricken-text~~) and (b) to add the blue double-underlined text (indicated textually in the same manner as the following example: double-underlined text), in each case, as set forth in the conformed copy of the Loan Agreement attached hereto as Exhibit 1.

3. Covenants, Representations and Warranties of the Borrower.

- 3.1 The Borrower represents, warrants and covenants to the Lender as follows, which representations, warranties and covenants shall survive the execution and delivery hereof:
 - (i) the Borrower is an entity duly organized, validly existing and in good standing under the laws of Canada;

- (ii) the Borrower has the requisite power and authority to execute, deliver and perform its obligations under this Agreement and all necessary organizational action for the execution, delivery and performance by the Borrower of this Agreement (including the consent of holders of Equity Interests where required) has been taken;
- (iii) this Agreement is a legal, valid and binding obligation of the Borrower enforceable in accordance with its terms, except as enforceability may be limited by (i) Bankruptcy Laws, or similar laws affecting creditors' rights generally and (ii) general principles of equity;
- (iv) the execution, delivery and performance by the Borrower of this Agreement do not contravene (i) any of the Governing Documents of the Borrower, (ii) any Requirement of Law or (iii) except as disclosed to Lender in writing, any governmental permit, or Material Contract, and will not result in the imposition of any Liens upon any of its properties except in favor of the Lender;
- (v) no consent, authorization or approval of, or filing with or other act by, any holder of Equity Interests of the Borrower or any Governmental Authority or any other Person is required in connection with the execution, delivery or performance of this Agreement by the Borrower, the consummation of the transactions contemplated hereby by the Borrower, or the continuing operations of the Borrower following such consummation, except (i) those that have been obtained or made, (ii) the approval of the TSX of the Convertible Loan and the listing of the subordinate voting shares in the capital of Flow Beverage issuable on conversion of the Convertible Loan (the "**Subject Shares**"), (iii) the consent of the Senior Lender to the terms of this Agreement, (iv) notice to Future Proof Brands LLC d/b/a BeatBox Beverages of the Convertible Loan pursuant to the Intercreditor Agreement effective as of October 31, 2024 among, *inter alios*, the Lender, Future Proof Brands LLC d/b/a BeatBox Beverages and the Borrower, (v) the filing of a report of trade with applicable securities regulators containing information about the Lender, and (vi) any consent, authorization, approval, or filing required to be obtained or made by the Lender or any of its Affiliates;
- (vi) this Agreement, and each of the other Loan Documents to which the Borrower is a party, remains in full force and effect, unamended (other than as set forth in this Agreement), and is enforceable against the Borrower in accordance with their respective terms (except as such enforcement may be subject to any applicable bankruptcy, insolvency or similar laws generally affecting the enforcement of creditors' rights and the judgment exercisable by the courts in granting orders of specific performance and other equitable remedies), and the security interests, assignments, mortgages, charges, hypothecations and pledges granted by the Borrower in favour of the Lender continue to secure all debts, liabilities and obligations at any time or from time to time due or accruing due and owing by the Borrower to the Lender pursuant to the Loan Agreement and the other Loan Documents; and
- (vii) the Borrower shall use commercially reasonable efforts to, at its own expense, obtain the approval of the TSX of the Convertible Loan and the listing of the Subject Shares on the TSX, including obtaining any requisite approval, in accordance with the TSX Company Manual, of the shareholders of Flow Beverage in respect to the transactions contemplated hereby as required by the TSX, either by way of written consent or by

shareholder resolution passed at a duly constituted meeting of the shareholders of Flow Beverage.

4. **Effectiveness**

4.1 This Agreement shall not become effective until the satisfaction or waiver of the following conditions, each in form and substance satisfactory to the Lender (the date upon which all such conditions precedent have been satisfied, waived, or otherwise fulfilled to the satisfaction of the Lender being referred to herein as the “**First Amendment Effective Date**”):

- (a) duly executed signature pages for this Agreement signed by the Borrower shall have been delivered to the Lender, and the Lender shall have duly executed this Agreement;
- (b) the Senior Lender shall have consented to the terms of this Agreement;
- (c) the Borrower shall have received conditional approval from the TSX in respect of the Convertible Loan and the listing of the SV Shares issuable upon conversion of the Convertible Loan;
- (d) the incurrence of the Convertible Loan and the issuance of the SV Shares issuable upon conversion of the Convertible Loan shall be exempt from the prospectus requirements of any and all securities laws and the respective rules and regulations made thereunder, together with published fee schedules, prescribed forms, policy statements, notices, orders, blanket rulings and other regulatory instruments of the relevant securities regulatory authorities and, where applicable, of all other securities regulators or other securities regulatory authorities having jurisdiction over the matter in question (“**Applicable Securities Laws**”);
- (e) the Lender shall have duly executed and delivered to the Borrower a certificate substantially in the form attached hereto as Exhibit 2 containing certain acknowledgements and certifications required under Applicable Securities Laws and the rules and policies of the TSX;
- (f) the Borrower shall have delivered to the Lender a certificate duly executed by a senior officer of the Borrower confirming that the applicable lending conditions set forth in the Loan Agreement have been satisfied as of the First Amendment Effective Date; and
- (g) the Borrower shall have reimbursed the Lender for, or, if instructed by the Lender, shall have paid directly, all fees, costs and expenses (including, without limitation, the fees, costs and expenses of counsel) in connection with this Agreement, the other agreements and documents executed in connection herewith, and the respective transactions contemplated hereby and thereby.

5. **Confirmation.**

5.1 Except as provided for in this Agreement, the parties ratify and confirm all of the terms and conditions of the Loan Agreement and the other Loan Documents and acknowledge and agree that they are and shall remain in full force and effect, unamended and in the case of any documents, agreements and instruments delivered as a Loan Document granting a Lien to the Lender, shall continue in full force and effect as continuing collateral security for any and all of the obligations of the Borrower and any Guarantor to the Lender, secured thereby.

- 5.2 The execution, delivery and effectiveness of this Agreement and any consents and waivers set forth herein shall not directly or indirectly (a) constitute a consent or waiver of any past, present or future violations of any provisions of the Loan Agreement or any other Loan Document; (b) except to the extent expressly set forth herein, amend, modify or operate as a waiver of any provision of the Loan Agreement or any other Loan Document or any right, power or remedy of the Lender thereunder; or (c) constitute a course of dealing or other basis for altering any obligations or any other contract or instrument. The Lender reserves all of its rights, powers and remedies under the Loan Agreement, the other Loan Documents and applicable law; provided that the Defaults and Events of Default under the Original Loan Agreement previously and specifically waived by the Lender will remain so waived strictly and to the extent expressly set forth in those certain letter agreements, effective as of April 30, 2025 and May 23, 2025, among the Borrower and the Lender.

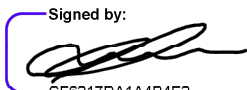
6. **Miscellaneous**

- 6.1 This Agreement shall enure to the benefit of and shall be binding upon the parties to this Agreement and their respective successors and permitted assigns.
- 6.2 The Borrower agrees to reimburse the Lender (or, if instructed by the Lender, pay directly) on demand for all fees, costs and expenses, including, without limitation, the fees, costs and expenses of counsel, in connection with this Agreement, the other agreements and documents executed in connection herewith, and the respective transactions contemplated hereby and thereby.
- 6.3 If any provision of Section 2 of this Agreement is inconsistent or conflicts with any provision of the Loan Agreement, the relevant provision of Section 2 of this Agreement shall prevail and be paramount.
- 6.4 This Agreement will be governed by the laws of the Province of Ontario and the laws of Canada applicable therein.
- 6.5 This Agreement may be signed in any number of counterparts, each of which is an original, and all of which taken together constitute one single document. Each party agrees that the electronic signatures, whether digital or encrypted, of the parties included in this Agreement are intended to authenticate this writing and to have the same force and effect as manual signatures. Delivery of an executed copy of this Agreement by facsimile or electronic transmission constitutes valid and effective delivery.

[REMINDER OF PAGE INTENTIONALLY BLANK]

IN WITNESS WHEREOF, each of the parties hereto has caused this First Amendment To Term Loan and Security Agreement to be executed as a document under seal by its proper and duly authorized officer as of the date first set forth above.

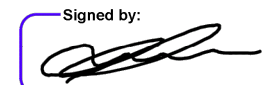
FLOW BEVERAGE CORP., as the Borrower

By:  Signed by:
CF6217DA1A4B4E2...

Name: Nicholas Reichenbach

Title: Chief Executive Officer

FLOW WATER INC., as the Borrower

By:  Signed by:
CF6217DA1A4B4E2...

Name: Nicholas Reichenbach

Title: Chief Executive Officer

LENDER:

RI FLOW LLC

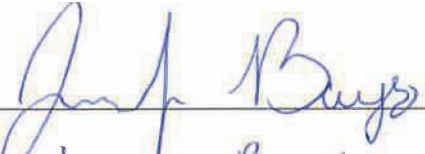
By: 
Name: Jennifer Barys
Title: Authorized Person

EXHIBIT 1

CONFORMED TERM LOAN AND SECURITY AGREEMENT

[attached]

TERM LOAN AND SECURITY AGREEMENT

TERM LOAN AND SECURITY AGREEMENT dated as of October 31, 2024, is by and among **FLOW BEVERAGE CORP.**, a corporation formed under the *Canada Business Corporations Act* (“Flow Beverage”), **FLOW WATER INC.**, a corporation formed under the *Canada Business Corporations Act* (together with Flow Beverage, on a joint and several basis, the “Borrower”), and **RI FLOW LLC**, a Delaware limited liability company (together with its successors and assigns, collectively, the “Lender”).

WHEREAS, the Borrower wishes to obtain ~~a term loan facility~~ certain Loans (as defined herein) from the Lender; and

WHEREAS, upon the terms and subject to the conditions set forth herein, the Lender is willing to make (i) a term loan to the Borrower in the amount of US\$3,000,000.00, and (ii) a 15.00% convertible loan in the aggregate principal amount of up to \$6,000,000.00.

NOW, THEREFORE, the Borrower and the Lender hereby covenant and agree as follows:

ARTICLE I.
DEFINITIONS

SECTION 1.1. General Definitions. As used herein, the following terms shall have the meanings herein specified (to be equally applicable to both the singular and plural forms of the terms defined):

“1933 Act” means the United States Securities Act of 1933, as amended.

“Affiliate” means, as to any Person, any other Person who directly or indirectly controls, is under common control with, is controlled by or is a director, officer, manager or general partner of such Person. As used in this definition, “control” (including its correlative meanings, “controlled by” and “under common control with”) means possession, directly or indirectly, of the power to direct or cause the direction of management or policies (whether through ownership of voting securities or partnership or other ownership interests, by contract or otherwise), provided that, in any event, any Person who owns directly or indirectly fifty percent (50%) or more of the securities having ordinary voting power for the election of the members of the board of directors or other governing body of a corporation or fifty percent (50%) or more of the partnership or other ownership interests of any other Person (other than as a limited partner of such other Person) will be deemed to control such corporation, partnership or other Person.

“Agreement” means this Term Loan and Security Agreement, as amended, restated, amended and restated, supplemented or otherwise modified from time to time.

“Auditors” means a firm of independent public accountants selected by the Borrower and reasonably satisfactory to the Lender.

“Bankruptcy Laws” means, collectively: (a) the US Bankruptcy Code; (b) the BIA, (c) the CCAA, (d) the WURA, (e) any governing corporate statute providing for arrangements, (f) all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor-relief laws of the United States or Canada or other applicable jurisdictions from time to time in effect and affecting the rights of creditors generally; and (g) such other applicable rules, laws or statutes of any Governmental Authority or court of

a jurisdiction outside of the United States of America or Canada relating to bankruptcy, insolvency, receiverships, liquidations, wind ups, assignments for the benefit of creditors, formal or informal moratoria, compositions, or extensions generally with creditors, or proceedings seeking reorganization, arrangement, or other similar relief, as amended and in effect from time to time, and any successor rule, law or statute.

“BIA” means the *Bankruptcy and Insolvency Act* (Canada), as amended from time to time, and includes any successor statute.

“Business Day” means any day other than a Saturday, a Sunday or any other day on which commercial banks in Toronto, Ontario or Boston, Massachusetts are required or permitted by law to close.

“Canadian Anti-Terrorism Laws” shall mean the *Criminal Code*, R.S.C. 1985, c. C-46, the *Proceeds of Crime* (Money Laundering) and *Terrorist Financing Act*, S.C. 2000, c. 17 and the *United Nations Act*, R.S.C. 1985, c.U-2, the *Corruption of Foreign Public Officials Act*, S.C. 1998, c. 34, or any similar Canadian legislation, together with all rules, regulations and interpretations thereunder or related thereto including, without limitation, the Regulations Implementing the United Nations Resolutions on the Suppression of Terrorism and the United Nations al-Qaida and Taliban Regulations promulgated under the United Nations Act.

“Canadian Benefit Plan” means any plan, fund, program or policy, whether oral or written, formal or informal, funded or unfunded, insured or uninsured, providing employee benefits, including medical, hospital care, dental, sickness, accident, disability, life insurance, pension, retirement or savings benefits, under which the Borrower has any liability with respect to any of its employees or former employees employed in Canada, and includes any Canadian Pension Plan.

“Canadian Dollars”, and “\$” each mean lawful money of Canada.

“Canadian Pension Plan(s)” shall mean each “registered pension plan,” as such term is defined under the *Income Tax Act* (Canada) that is maintained or contributed to by the Borrower for its employees or former employees, but does not include the Canada Pension Plan or The Quebec Pension Plan.

“Capital Expenditures” means expenditures made or liabilities incurred for the acquisition of any fixed assets or improvements (or of any replacements or substitutions thereof or additions thereto) which have a useful life of more than one year and which, in accordance with IFRS, would be classified as capital expenditures. Capital Expenditures shall include the total principal portion of Capitalized Lease Obligations and any leasehold improvements.

“Capitalized Lease Obligations” means any rental obligation which, under IFRS, is or will be required to be capitalized on the books of the lessee, taken at the amount thereof accounted for as Indebtedness (net of Interest Expense) in accordance with IFRS; provided, however, that for purposes of this Agreement.

“CCAA” means the *Companies’ Creditor Arrangement Act* (Canada), as amended from time to time, and includes any successor statute.

“Change of Control or Aurora Facility Divestiture” means: (i) the acquisition by any person or group of persons acting jointly or in concert of beneficial ownership of, or voting control or direction over, voting shares carrying more than 50% of the voting rights attached to all of the issued and

outstanding voting shares in the capital of Flow Beverage; (ii) the acquisition of all or substantially all of Flow Beverage's assets, by any person or group of persons acting jointly or in concert; (iii) there is consummated any amalgamation, consolidation, statutory arrangement (involving a business combination) or merger of Flow Beverage in which Flow Beverage is not the continuing or surviving corporation or pursuant to which any voting shares in the capital of Flow Beverage would be reclassified, changed or converted into or exchanged for cash, securities or other property, in which the holders of the voting shares in the capital of Flow Beverage immediately prior to the amalgamation, consolidation, statutory arrangement or merger have, directly or indirectly, less than 50% of the voting shares in the capital of the continuing or surviving corporation immediately after such transaction; (iv) the removal by resolution of the shareholders of Flow Beverage of more than 51% of the then incumbent directors of Flow Beverage which removal has not been recommended in Flow Beverage's management information circular, or the failure to elect to the board of directors of Flow Beverage a majority of the directors proposed for election by management of Flow Beverage in Flow Beverage's management information circular; or (v) any acquisition of Flow Beverage's facility in Aurora, Ontario (including, without limitation, any acquisition of Flow Beverage's rights and interests therein) and related operations, taken as a whole, by any person or group of persons acting jointly or in concert. For purposes of this definition of "Change of Control or Aurora Facility Divestiture": (A) each reference to "Flow Beverage" (other than in subparagraph (iv)) means Flow Beverage together with its Subsidiaries (including, but not limited to, Flow Water), individually and collectively, and (B) the phrases "beneficial ownership", "control or direction" and "acting jointly or in concert" have the respective meanings given to such phrases under National Instrument 62-104 *Take-Over Bids and Issuer Bids* of the Canadian Securities Administrators.

"Change of Control or Aurora Facility Divestiture Conversion" has the meaning specified in Section 2.7(b).

"Change of Control or Aurora Facility Divestiture Notice" has the meaning specified in Section 2.4(b)(ii).

"Closing Date" means October 31, 2024.

"Code" has the meaning specified in Section 1.3.

"Collateral" means and includes:

- (a) all Receivables;
- (b) all Equipment;
- (c) all General Intangibles, and Intellectual Property;
- (d) all Inventory;
- (e) all Investment Property;
- (f) all Subsidiary Stock of all Subsidiaries;
- (g) all of the Borrower's right, title and interest in and to, whether now owned or hereafter acquired and wherever located, (i) goods and other property including, but not limited to, all merchandise returned or rejected by account debtors, relating to or securing any of the Receivables; (ii) all of the Borrower's rights as a consignor, a consignee, an unpaid vendor, mechanic, artisan, or other lienor, including stoppage in transit, setoff, detinue, replevin, reclamation, revendication, and repurchase; (iii) all additional amounts due to the Borrower from any account debtor relating to the Receivables; (iv)

other property, including warranty claims, relating to any goods securing the Obligations; (v) all of the Borrower's contract rights, rights of payment which have been earned under a contract right, instruments (including promissory notes), documents, chattel paper (including electronic chattel paper), warehouse receipts, deposit accounts, letters of credit and money; (vi) all commercial tort claims (whether now existing or hereafter arising); (vii) if and when obtained by the Borrower, all real and personal property of third parties in which the Borrower has been granted a Lien or security interest as security for the payment or enforcement of Receivables; (viii) all letter of credit rights (whether or not the respective letter of credit is evidenced by a writing); (ix) all supporting obligations; and (x) any other goods, personal property or real property now owned or hereafter acquired in which the Borrower has expressly granted a Lien, charge, or security interest or may in the future grant a Lien, charge, or security interest to Lender hereunder, or in any amendment or supplement hereto or thereto, or under any other agreement between Lender and the Borrower;

(h) all ledger sheets, ledger cards, files, correspondence, records, books of account, business papers, computers, computer software (owned by the Borrower or in which the Borrower has an interest), computer programs, tapes, disks and documents relating to (a), (b), (c), (d), (e), (f) or (g) above;

(i) (i) all cash held as cash collateral to the extent not otherwise constituting Collateral, all other cash or property at any time on deposit with or held by Lender for the Borrower's account (whether for safekeeping, custody, pledge, transmission or otherwise), (ii) all present or future deposit and operating accounts (whether time or demand or interest or non-interest bearing) of the Borrower with Lender or any other Person including those to which any such cash may at any time and from time to time be credited, (iii) all investments and reinvestments (however evidenced) of amounts from time to time credited to such accounts, and (iv) all interest, dividends, distributions and other proceeds payable on or with respect to (x) such investments and reinvestments and (y) such accounts;

(j) all Property, together with all water and other mineral rights held by the Borrower related therewith;

(k) all documents of title, policies and certificates of insurance, securities, chattel paper, permits, authorization, other documents or instruments evidencing or pertaining to (a), (b), (c), (d), (e), (f), (g), (h), (i) or (j) above;

(l) all guaranties, Liens on real or personal property, leases, and other agreements and property which in any way secure or relate to (a), (b), (c), (d), (e), (h), (i), (j) or (k) above, or are acquired for the purpose of securing and enforcing any item thereof; and

(m) all proceeds and products of (a), (b), (c), (d), (e), (f), (g), (h), (i), (j), (k), and (l) in whatever form, including, but not limited to: cash, deposit and operating accounts (whether or not comprised solely of proceeds), certificates of deposit, insurance proceeds (including hazard, flood and credit insurance), negotiable instruments and other instruments for the payment of money, chattel paper, security agreements, documents, eminent domain proceeds, condemnation proceeds and tort claim/choses in act proceeds.

"Collections" means all cash, funds, checks, notes, instruments, any other form of remittance tendered by account debtors in respect of payment of Receivables of the Borrower and any other payments received by the Borrower with respect to any Collateral.

“Contingent Obligation” means any direct, indirect, contingent or non-contingent guaranty or obligation for the Indebtedness of another Person, except endorsements in the ordinary course of business.

“Control Agreement” means a control agreement or blocked account agreement, in form and substance satisfactory to the Lender, among the Borrower or one of their Subsidiaries, the Lender and the applicable securities intermediary or depository bank with respect to the applicable Securities Account and related Investment Property or cash collateral or deposit account, as the case may be.

“Convertible Debenture” means any convertible subordinated debenture or promissory note issued by the Borrower which includes, but is not limited to, the following characteristics:

- (a) such debenture or promissory note is unsecured,
- (b) the final maturity date of such debenture or promissory note shall occur after the Maturity Date,
- (c) no scheduled payments of principal are permitted prior to the Maturity Date, or the payment in full of all outstanding Obligations,
- (d) the obligations and liabilities under such debenture or promissory note, including the payment of any principal and interest, are fully subordinated and postponed in right of payment to the Lender, and the holders of such debenture or promissory note or an agent or trustee on their behalf, shall deliver an executed subordination and postponement agreement in favour of the Lender, in form and substance satisfactory to the Lender in Lender’s sole discretion, acting reasonably, and
- (e) no enforcement proceedings may be commenced by the holders of such debenture or promissory note prior to the Maturity Date, or the payment in full of all outstanding Obligations.

“Conversion” means an Optional Conversion or a Change of Control or Aurora Facility Divestiture Conversion, as applicable.

“Conversion Date” has the meaning specified in Section 2.7(c)(iii).

“Conversion Notice” has the meaning specified in Section 2.7(c)(i).

“Conversion Price” has the meaning specified in Section 2.7(a).

“Converted Amount” has the meaning specified in Section 2.7(c)(i).

“Convertible Loan” has the meaning specified in Section 2.2.

“Convertible Loan Amount” means the amount set forth in Section 1 of Schedule B.

“Convertible Loan Maturity Date” shall have the meaning set forth in Section 3 of Schedule B.

“Current Market Price” of the SV Shares at any date, means: (a) if the SV Shares are listed and posted for trading on a stock exchange at the relevant time, the VWAP for the SV Shares for the 10 consecutive trading days ending one trading day before such date on such stock exchange on which the SV Shares may then be listed (or if the SV Shares are listed and posted for trading on more than one stock exchange at the relevant time, the stock exchange with the highest volume during such 10

consecutive trading days); or (b) if the SV Shares are not listed and posted for trading on a stock exchange at the relevant time, the fair market value of the SV Shares as determined by the board of directors of Flow Beverage from time to time, or absent such determination, as determined by Flow Beverage's auditors.

-“Default” an event, circumstance or condition that, with the giving of notice or passage of time or both, would constitute an Event of Default.

“Dollars” and the sign “\$” means freely transferable lawful currency of Canada.

“Environmental Laws” means all federal, state, provincial, territorial and local or municipal statutes, laws (including common or case law), rulings, regulations or governmental, administrative or judicial policies, directives, orders or interpretations applicable to the business or property of a Person relating to pollution or protection of human health or the environment (including, without limitation, ambient air, surface water, ground water, land surface or subsurface strata) including, without limitation, laws and regulations relating to emissions, discharges, releases or threatened releases of Hazardous Materials, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of any Hazardous Materials, including, without limitation, all waste materials subject to regulation under the *Canadian Environmental Assessment Act*, the *Environmental Protection and Enhancement Act* (Ontario), *Canadian Environmental Protection Act*, the *Federal Comprehensive Environmental Response, Compensation and Liability Act* (1980), the *Federal Superfund Amendments and Reauthorization Act*, the *Federal Water Pollution Control Act* (1972), the *Federal Clean Water Act*, the *Federal Clean Air Act*, the *Federal Resource Conservation and Recovery Act* (1976) (including the amendments thereto), the *Federal Solid Waste Disposal Act* and the *Federal Toxic Substances Control Act*, the *Federal Insecticide, Fungicide and Rodenticide Act*, and the *Federal Safe Drinking Water Act* (1974).

“Equipment” means all machinery, equipment, furniture, fixtures, leasehold improvements, conveyors, tools, materials, storage and handling equipment, hydraulic presses, cutting equipment, computer equipment and hardware, including central processing units, terminals, drives, memory units, embedded computer programs and supporting information, printers, keyboards, screens, peripherals and input or output devices, molds, dies, stamps, and other equipment of every kind and nature and wherever situated now or hereafter owned by a Person or in which a Person may have any interest as lessee or otherwise (to the extent of such interest), together with all additions and accessions thereto, all replacements and all accessories and parts therefor, all manuals, blueprints, know-how, warranties and records in connection therewith and all rights against suppliers, warrantors, manufacturers, and sellers or others in connection therewith, together with all substitutes for any of the foregoing.

“Equity Interests” of any Person means any and all shares, rights to purchase, options, warrants, general or limited partnership interests, limited or unlimited liability company or member interests, participation or other equivalents of or interest in (regardless of how designated) equity of such Person, whether voting or nonvoting, including common stock, preferred stock, convertible securities but specifically excluding any Equity Interests issued or granted to the directors, officers or consultants of the Borrower pursuant to the Borrower's compensation plans.

“Equivalent Amount” means on any date of determination, with respect to obligations or valuations denominated in one currency, (the “*first currency*”), the amount of another currency (the “*second currency*”) which would result from the conversion of the relevant amount of the first currency into the second currency at the rate of exchange selected by the Lender on such date for the purchase of the first currency with the second currency.

“ERISA” means the Employee Retirement Income Security Act of 1974, 29 U.S.C. §§ 1000 et seq., amendments thereto, successor statutes, and regulations or guidelines promulgated thereunder.

“Event of Default” means the occurrence of any of the events specified in Section 9.1.

“Federal Reserve Board” means the Board of Governors of the Federal Reserve System or any Person succeeding to the functions thereof.

~~“Financial Covenants” means the covenants set forth in Article VIII.~~

“Financial Statements” means the balance sheets, profit and loss statements, statements of cash flow, and statements of changes in intercompany accounts, if any, of the Borrower for the period specified, prepared in accordance with IFRS and consistent with prior practices.

“First Amendment Agreement” means the First Amendment to Term Loan and Security Agreement dated the First Amendment Date made between the Lender and the Borrower.

“First Amendment Date” means June 3, 2025.

“General Intangibles” means all present and future general intangibles as defined in the Code or the PPSA, including, without limitation, documents, certificates, patents, patent applications, copyrights (registered and unregistered), licenses, permits, franchise rights, authorizations, customer and supplier lists, rights of indemnification, contribution and subrogation, leases, computer tapes, programs, discs and software, trade secrets, computer service contracts, trademarks, trade names, service marks, service names, domain names, logos, goodwill, deposits, causes of action (including, without limitation, commercial tort claims), choses in action, judgments, designs, blueprints, plans, know-how, trade secrets, industrial design, drafts, acceptances, letters of credit, book accounts, deposit and other accounts and all money, balances, credits, deposits or other financial assets therein or represented thereby, credits and reserves and all forms of obligations whatsoever owing, instruments, documents of title, leasehold rights in any goods, and books, ledgers, files and records with respect to any collateral or security.

“General Security Agreement” means the general security agreement executed by the Borrower in favour of the Lender and dated as of the date hereof, as amended, restated, supplemented, replaced, or otherwise modified from time to time.

“Governing Documents” means, with respect to any Person, the certificate of incorporation, articles, bylaws or similar organizational documents of such Person.

“Governmental Authority” means any nation or government, any province, state, territory or other political subdivision thereof or any entity exercising executive, legislative, judicial, regulatory or administrative functions thereof or pertaining thereto.

“Guarantor” means any Person who may hereafter guaranty payment or performance of the whole or any part of the Obligations.

“Hazardous Materials” means any and all pollutants, contaminants and toxic, caustic, radioactive and hazardous materials, substances and wastes including, without limitation, petroleum or petroleum distillates, asbestos or urea formaldehyde foam insulation or asbestos containing materials, whether or not friable, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature that are regulated under any Environmental Laws.

“Hedging Agreement” means any interest rate protection agreement, foreign currency exchange agreement, commodity price protection agreement or other interest or currency exchange rate or commodity price hedging agreement.

“IFRS” means International Financial Reporting Standards issued by the IFRS Foundation and the International Accounting Standards Board. If the Borrower, or the party to which references to IFRS are intended to apply, has adopted those Generally Accepted Accounting Principles which are recognized as being generally accepted in Canada from time to time as set out in the handbook published by the Canadian Institute of Chartered Accountants (“GAAP”), then the applicable references in this Agreement to IFRS may be interpreted to mean GAAP, but only if Lender has consented to such change.

“Indebtedness” means, with respect to any Person, as of the date of determination thereof (without duplication of the same obligation under any other clause hereof), (i) all obligations of such Person for borrowed money of any kind or nature, including funded and unfunded Indebtedness, (ii) all obligations of such Person under Hedging Agreements (specifically excluding commodity purchase contracts entered into in the ordinary course of business, but including, without limitation, all payments such Person would have to make in the event of an early termination of a Hedging Agreement (specifically excluding commodity purchase contracts entered into in the ordinary course of business) calculated as of the date Indebtedness of such Person is being determined hereunder) or arrangements therefor, regardless of whether the same is evidenced by any note, debenture, bond or other instrument, (iii) all obligations of such Person to pay the deferred purchase price of property or services (other than current trade accounts payable under normal trade terms and accrued expenses and which are incurred in the ordinary course of business that are not overdue for a period greater than six months or that are contested in good faith by appropriate proceedings), (iv) all obligations of such Person to acquire or for the acquisition or use of any fixed asset, including Capitalized Lease Obligations determined in accordance with IFRS (other than, in any such case, any portion thereof representing interest or deemed interest or payments in respect of taxes, insurance, maintenance or service), or improvements which are payable over a period longer than one year, regardless of the term thereof or the Person or Persons to whom the same are payable, (v) all Indebtedness of others secured by (or for which the holder of such Indebtedness has an existing right to be secured) a Lien on any asset of such Person whether or not the Indebtedness is assumed by such Person, (vi) all Indebtedness of others to the extent guaranteed by such Person, (vii) all obligations of such Person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even though the rights and remedies of the seller or lender under such agreements in the event of default are limited to repossession or sale of such property), (viii) all obligations of such Person to purchase, redeem, retire, defease or otherwise acquire for value any Equity Interests of such Person, valued, in the case of redeemable preferred stock, at the greater of its voluntary or involuntary liquidation preference plus accrued and unpaid dividends, (ix) all reimbursement or other obligations of such Person in respect of letters of credit, bankers acceptances, surety bonds, performance bonds or similar instruments issued or accepted by banks or other financial institutions for the account of such Person, whether or not matured, (x) the Obligations, and (xi) obligations under any Convertible Debenture.

“Insolvency Event” means, with respect to any Person, the occurrence of any of the following: (i) such Person shall be adjudicated insolvent or bankrupt or institutes proceedings to be adjudicated insolvent or bankrupt, or shall generally fail to pay or admit in writing its inability to pay its debts as they become due, (ii) such Person shall seek dissolution or reorganization or the appointment of a receiver, receiver and manager, interim receiver, monitor, liquidator, conservator, trustee, administrator, custodian, or assignee for it or a substantial portion of its property, assets or business or to effect a plan or other arrangement with its creditors, (iii) such Person shall make a general assignment for the benefit of its creditors, or consent to or acquiesce in the appointment of a receiver, trustee, custodian, monitor or liquidator for a substantial portion of its property, assets or business, (iv) such Person shall file a

voluntary petition, or initiate any other proceedings, under any bankruptcy, insolvency or similar law, including without limitation the Bankruptcy Laws, (v) such Person shall take any corporate or similar act in furtherance of any of the foregoing, or (vi) such Person, or a substantial portion of its property, assets or business, shall become the subject of an involuntary proceeding or petition for (A) its dissolution, wind up, liquidation, receivership, bankruptcy, arrangement, or reorganization or (B) the appointment of a receiver, receiver and manager, interim receiver, monitor, liquidator, conservator, trustee, administrator, custodian, assignee, or like Person, and (I) such proceeding shall not be immediately stayed or dismissed within sixty (60) days or (II) such receiver, trustee, custodian, monitor, or liquidator shall be appointed; provided, however, that the Lender shall have no obligation to make any other advance hereunder during the pendency of any sixty-day period described in clause (I).

“Intellectual Property” means any and all licenses, patents, patent registrations, copyrights, copyright registrations, trademarks, trademark registrations, trade secrets and customer lists.

“Interest Expense” means, for any period, all interest with respect to Indebtedness (including, without limitation, the interest component of Capitalized Lease Obligations) accrued or capitalized during such period (whether or not actually paid during such period) determined in accordance with IFRS.

“Internal Revenue Code” means the Internal Revenue Code of 1986, any amendments thereto, any successor statute and any regulations and guidelines promulgated thereunder.

“Internal Revenue Service” or “IRS” means the United States Internal Revenue Service, the Canada Revenue Agency, and any successor agency.

“Inventory” means all present and future goods intended for sale, lease or other disposition including, without limitation, all raw materials, work in process, finished goods and other retail inventory, goods in the possession of outside processors or other third parties, consigned goods (to the extent of the consignee’s interest therein), materials, display items, samples, and supplies of any kind, nature or description which are or might be used in connection with the manufacture, packing, shipping, advertising, selling or finishing of any such goods, all documents of title or documents representing the same and all records, files and writings with respect thereto.

“Investment Property” means all present and future investment property, including without limitation, all (i) securities and Equity Interests, whether certificated or uncertificated, and including stocks, bonds, debentures, notes, bills, certificates, warrants, options, rights and shares, (ii) security entitlements, (iii) securities accounts, (iv) commodity contracts except to the extent such contracts are entered into in the ordinary course of business, (v) commodity accounts and (vi) dividends and other distributions in respect of any of the foregoing.

“ITA” means the *Income Tax Act* (Canada) any amendments thereto, any successor statute and any regulations and guidelines promulgated thereunder.

“Liabilities” of a Person as of the date of determination thereof means the liabilities of such Person on such date as determined in accordance with IFRS. Liabilities to Affiliates of such Person shall be treated as Liabilities except where eliminated by consolidation in financial statements prepared in accordance with IFRS or as otherwise provided herein.

“Lien” means any lien, claim, charge, pledge, security interest, assignment, hypothecation, deed of trust, mortgage, lease, conditional sale, retention of title, adverse right/claim/interest/deemed trust

(statutory or otherwise) or other preferential arrangement having substantially the same economic effect as any of the foregoing, whether voluntary or imposed by law.

“Loan Documents” means this Agreement and all documents and instruments to be delivered by the Borrower (or any of its Subsidiaries or other Affiliates) or any Guarantor under or in connection with this Agreement, as each of the same may be amended, restated, amended and restated, supplemented or otherwise modified from time to time, including, without limitation, each Security Document, any subordination agreement with respect to the Senior Credit Agreement, a Convertible Debenture, and any Control Agreement.

“Loans” means, collectively, the Term Loan and the Convertible Loan.

“Material Adverse Effect” means in Lender’s determination, acting reasonably, (i) an event, occurrence, fact, condition or change that has a material adverse effect on the business, operations, results of operations, assets, Liabilities or condition (financial or otherwise) of the Borrower (or any of its Subsidiaries or Affiliates), (ii) the impairment of (A) the Borrower’s ability to perform its obligations under the Loan Documents to which it is a party or (B) the ability of the Lender to enforce the Obligations or realize upon the Collateral or (iii) a material adverse effect on the value of the Collateral or the amount that the Lender would be likely to receive (after giving consideration to delays in payment and costs of enforcement) in the liquidation of the Collateral.

“Material Contract” means any contract or other arrangement to which the Borrower (or any Subsidiary thereof) is a party (other than the Loan Documents), all material permits for the operation of the Borrower’s business (or such Subsidiary’s business), for which breach, nonperformance, cancellation or failure to renew could reasonably be expected to have a Material Adverse Effect, including without limitation, any agreements with vendors accounting for 10% or more of purchases or customers accounting for 10% or more of sales.

“Material Indebtedness” means Indebtedness (other than the Term Loan and the Convertible Loan), or obligations in respect of one or more Hedging Agreements (specifically excluding commodity purchase contracts entered into in the ordinary course of business), of the Borrower in an aggregate principal amount exceeding \$250,000.00. For purposes of this definition, the “principal amount” of the obligations of the Borrower in respect of any Hedging Agreement at any time shall be the maximum aggregate amount (giving effect to any netting agreements) that the Borrower would be required to pay if such Hedging Agreement were terminated at such time.

“Maturity Date” ~~shall have the meaning set forth in Section 3 of the Schedule~~ means the later of (i) the Term Loan Maturity Date and (ii) the Convertible Loan Maturity Date.

“Net Sales Proceeds” has the meaning specified in Section 2.4(b)(ii).

“Next AGM” has the meaning specified in Section 7.2(l).

“Obligations” means and includes all loans (including the Term Loan and the Convertible Loan), advances, debts, liabilities, obligations, covenants and duties owing by the Borrower to the Lender of any kind or nature, present or future, whether or not evidenced by any note, guaranty or other instrument, which may arise under, out of, or in connection with, this Agreement, the other Loan Documents or any other agreement executed in connection herewith or therewith. The term includes, without limitation, all interest (including interest accruing on or after an Insolvency Event, whether or not such interest constitutes an allowed claim), the Variable Interest Amount, charges, expenses, commitment, facility, closing and collateral management fees, letter of credit fees, cash management and other fees, interest,

charges, expenses, fees, attorneys' fees and disbursements, and any other sum chargeable to the Borrower under this Agreement, the other Loan Documents, any lease agreement or any other agreement executed in connection herewith or therewith.

"Optional Conversion" has the meaning specified in Section 2.7(a).

"Permitted Liens" means such of the following as to which no enforcement, collection, execution, levy or foreclosure proceeding shall have been commenced and be continuing (unless such enforcement, collection, levy or foreclosure is being contested by the Borrower in good faith by appropriate proceedings diligently conducted and for which adequate reserves are being maintained in accordance with IFRS): (i) Liens for taxes, assessments and other governmental charges or levies or the claims or demands of landlords, carriers, warehousemen, mechanics, laborers, materialmen and other like Persons arising by operation of law in the ordinary course of business for sums which are not yet due and payable or are being disputed in good faith, (ii) deposits or pledges (other than Liens on Receivables of the Borrower) to secure the payment of worker's compensation, unemployment insurance or other social security benefits or obligations, public or statutory obligations, surety or appeal bonds, bid or performance bonds, or other obligations of a like nature incurred in the ordinary course of business, (iii) zoning restrictions, easements, encroachments, licenses, restrictions or covenants on the use of any Property which do not materially impair either the use of such Property in the operation of the business of the Borrower or the value of such Property, (iv) inchoate Liens arising under a Canadian Pension Plan to secure current service pension liabilities as they are incurred under the provisions of employee benefit plans from time to time in effect which are not due and owing, (v) Liens security Indebtedness in favor of the Senior Lender, (vi) rights of general application reserved to or vested in any Governmental Authority to control or regulate any Property, or to use any Property in a manner which does not materially impair the use of such Property for the purposes for which it is held by the Borrower, provided that the foregoing Liens under clauses (i) through (iv) hereof do not secure liabilities in excess of \$200,000.00 in the aggregate at any time.

"Person" means any individual, sole proprietorship, partnership, limited and unlimited liability company, joint venture, trust, unincorporated organization, joint stock company, association, corporation, institution, entity, party or government (including any division, agency or department thereof) or any other legal entity, whether acting in an individual, fiduciary or other capacity, and, as applicable, the successors, heirs and assigns of each.

"PIK Interest" has the meaning specified in Section 2.2.

"PPSA" shall mean the *Personal Property Security Act* (Ontario), or any other applicable Canadian federal or provincial statute, including the Civil Code of Quebec, pertaining to the granting, perfecting, priority or ranking of security interests, Liens, hypothecs on personal property, and any successor statutes, together with any regulations thereunder, in each case as in effect from time to time. References to sections of the PPSA shall be construed to also refer to any successor sections.

"Priority Payables" shall mean the full amount of the obligations, liabilities or indebtedness of the Borrower which (i) have a trust, deemed trust or statutory Lien imposed to provide for payment or a Lien, choate or inchoate, ranking or capable of ranking senior to or pari passu with Liens securing the Obligations on any collateral under any applicable law or (ii) have a right imposed to provide for payment ranking or capable of ranking senior to or pari passu with the Obligations under any applicable law, including, but not limited to, claims for unremitted and/or accelerated rents, utilities, taxes (including sales taxes and goods and services taxes and harmonized sales taxes and withholding taxes), amounts payable to an insolvency administrator, wages, employee withholdings or deductions and vacation pay, severance and termination pay, including pursuant to the *Wage Earner Protection Program*

Act (Canada), government royalties and any amounts due and not contributed with respect to a Canadian Pension Plan, including with respect to any wind-up deficiency, together with the amount equal to the aggregate value of the Inventory which the Lender, in good faith, and on a reasonable basis, considers is or may be subject to retention of title by a supplier or a right of a supplier to recover possession thereof, where such supplier's right has priority over the security interests, Liens, hypothecs or charges securing the Obligations, including, without limitation, Inventory subject to a right of a supplier to repossess goods pursuant to Section 81.1 of the *Bankruptcy and Insolvency Act* (Canada) or any applicable laws granting revendication or similar rights to unpaid suppliers or any similar laws of Canada or any other applicable jurisdiction.

"Property" means any real property owned, leased or controlled by the Borrower or any Subsidiary of the Borrower.

"Qualified Equity Financing" means the next sale (or series of related sales) by the Borrower of its Equity Securities following the Closing Date from which the Borrower receives aggregate gross proceeds of not less than \$8,000,000.00.

"Receivables" means all present and future accounts, contracts, contract rights, promissory notes, chattel paper, tax refunds, rights to receive tax refunds, rights to receive payments under bonds and insurance policies (including, without limitation, claims under health care insurance policies), insurance proceeds, royalties, claims against third parties of every kind or nature, and rights to receive payments under letters of credit, together with all supporting obligations and all right, title, security and guaranties with respect to any of the foregoing, including any right of stoppage in transit.

"Requirement of Law" means (i) the Governing Documents, (ii) any law, treaty, rule, regulation, order or determination of an arbitrator, court or other Governmental Authority or (iii) any franchise, license, lease, permit, certificate, authorization, qualification, easement, right of way, or other right or approval binding on the Borrower, any of its Subsidiaries or Affiliates, or any of their respective properties.

"Responsible Officer" means the president, the chief executive officer, the chief financial officer or the chief operating officer of the Borrower.

"Sanctioned Person" has the meaning specified in Section 6.1(iiiw).

"Schedule A" means ~~the~~ Schedule A to Term Loan and Security Agreement attached hereto and incorporated herein by reference.

"Schedule B" means Schedule B to Term Loan and Security Agreement attached hereto and incorporated herein by reference.

"Securities Account" has the meaning specified in Section 8-501 of the Code or such analogous definition under the PPSA.

"Security Documents" means this Agreement, the General Security Agreement, any cash collateral security agreement and any other agreement delivered in connection herewith which purports to grant a Lien in favor of the Lender to secure all or any of the Obligations.

“Senior Credit Agreement” means that certain Term Loan and Security Agreement dated December 30, 2022 among the Senior Lender (as herein defined) and the Borrower, as amended, restated, supplemented, replaced or otherwise modified from time to time.

“Senior Lender” means NFS Leasing Canada Ltd., a Canada corporation.

“Solvent” means, when used with respect to any Person, that as of the date as to which such Person’s solvency is to be measured:

- (i) the fair saleable value of its assets is in excess of (A) the total amount of its liabilities (including contingent, subordinated, absolute, fixed, matured, unmatured, liquidated and unliquidated liabilities) and (B) the amount that will be required to pay the probable liability of such Person on its debts as such debts become absolute and matured;
- (ii) it has sufficient capital to conduct its business; and
- (iii) it is able to meet its debts as they mature.

“Subsidiary” means, as to any Person, a corporation or other entity in which that Person directly or indirectly owns or controls the shares of stock or other ownership interests or Equity Interests having ordinary voting power to elect a majority of the board of directors or other governing body, or to appoint the majority of the managers of, such corporation or other entity.

“Subsidiary Stock” means all of the issued and outstanding Equity Interests of a Subsidiary owned by Borrower.

“SV Share” has the meaning specified in [Section 2.7\(a\)](#).

“SV Share Reorganization” has the meaning specified in [Section 2.7\(d\)\(i\)](#).

“Term Loan” has the meaning specified in [Section 2.1](#).

“Term Loan Amount” means the amount set forth in [Section 1.1](#) of ~~the~~ [Schedule A](#).

“Term Loan Maturity Date” shall have the meaning set forth in [Section 3 of Schedule A](#).

“Tranche” has the meaning specified in [Schedule B](#).

“TSX” means the Toronto Stock Exchange.

“US Bankruptcy Code” means Title 11 of the United States Code entitled “Bankruptcy,” as that title may be amended from time to time, or any successor statute.

“Variable Interest Amount” has the meaning set forth in [Section 2.1](#) of ~~the~~ [Schedule A](#).

“WURA” means the Winding Up and Restructuring Act (Canada), any amendments thereto and including any successor statute.

SECTION 1.2. Accounting Terms and Determinations. Unless otherwise defined or specified herein, all accounting terms used in this Agreement shall be construed in accordance with IFRS, applied on a basis consistent in all material respects with the Financial Statements

delivered to the Lender on or before the Closing Date. All accounting determinations for purposes of determining compliance with **Article VIII** shall be made in accordance with IFRS as in effect on the Closing Date and applied on a basis consistent in all material respects with the audited Financial Statements delivered to the Lender on or before the Closing Date. All Financial Statements required to be delivered hereunder from and after the Closing Date, and all financial records, shall be maintained in accordance with IFRS.

SECTION 1.3. Other Terms; Headings. All terms used herein and defined in the Uniform Commercial Code as adopted in the State of Delaware from time to time (the “Code”) shall have the meaning given therein unless otherwise defined herein. Without limiting the foregoing, the terms “accounts”, “chattel paper” (and “electronic chattel paper” and “tangible chattel paper”), “commercial tort claims”, “deposit accounts”, “documents”, “equipment”, “financial asset”, “fixtures”, “general intangibles”, “goods”, “instruments”, “inventory”, “investment property”, “letter-of-credit rights”, “payment intangibles”, “proceeds”, “promissory note”, “securities”, “software” and “supporting obligations” as and when used in the description of Collateral shall have the meanings given to such terms in Articles 8 or 9 of the Uniform Commercial Code. In addition, without limiting the foregoing, the terms “accounts”, “chattel paper”, “goods”, “instruments”, “intangibles”, “proceeds”, “securities”, “investment property”, “document of title”, “inventory” and “equipment”, as and when used in the description of Collateral located in Canada shall have the meanings given to such terms in the PPSA. To the extent the definition of any category or type of collateral is expanded by any amendment, modification or revision to the Uniform Commercial Code or the PPSA, such expanded definition will apply automatically as of the date of such amendment, modification or revision. In this Agreement, (i) any term defined in this Agreement by reference to the Uniform Commercial Code shall also have any extended, alternative or analogous meaning given to such term in applicable Canadian personal property security and other laws (including, without limitation, the PPSA, the *Bills of Exchange Act* (Canada) and the *Depository Bills and Notes Act* (Canada)), in all cases for the extension, preservation or betterment of the security and rights of the Lender, (ii) all references in this Agreement to “Article 8 of the Uniform Commercial Code” shall be deemed to refer also to applicable Canadian securities transfer laws (including, without limitation, the *Securities Transfer Act*, 2006 (Ontario) and the *Securities Transfer Act* (British Columbia), as applicable), (iii) all references in this Agreement to the United States Copyright Office or the United States Patent and Trademark Office shall be deemed to refer also to the Canadian Intellectual Property Office, (iv) all references in this Agreement to a financing statement, continuation statement, amendment or termination statement shall be deemed to refer also to the analogous documents used under applicable Canadian personal property security laws, (v) all references to federal or state securities law of the United States shall be deemed to refer also to analogous federal, provincial and territorial securities laws in Canada, (vi) all references to “state or federal bankruptcy laws” shall be deemed to refer also to any insolvency proceeding occurring in Canada or under Canadian law, and all references to the United States of America or any state, department, instrumentality or agency thereof shall be deemed to refer also to Canada and any province, territory, municipality, department, instrumentality or agency thereof, and (vii) all references to any Code provision shall be deemed to be references to the comparable provision in the *Income Tax Act* (Canada), if any. An Event of Default shall “continue” or be “continuing” unless and until such Event of Default has been waived or cured within any grace period specified therefor under Section 9.1. The headings are for convenience only and shall not affect the meaning or construction of any provision of this Agreement. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include”, “includes” and “including” shall be deemed to be followed by the phrase “without limitation”. The word “will” shall be construed to have the same meaning and effect as the word “shall”. Unless the context requires otherwise (i) any definition of or reference to any

agreement, instrument or other document herein or in any other Loan Document shall be construed as referring to such agreement, instrument or other document as from time to time amended, restated, amended and restated, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein or in any other Loan Document), (ii) any reference herein to any Person shall be construed to include such Person's successors and assigns, (iii) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (iv) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement and (v) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

SECTION 1.4. Permitted Liens. Any reference in this Agreement or any of the documents delivered herewith to a Permitted Lien is not intended to subordinate or postpone, and shall not be interpreted as subordinating or postponing, or as any agreement to subordinate or postpone, any Lien created by any of the security granted in favour of the Lender to any Permitted Lien.

SECTION 1.5. Currency Matters. Unless stated otherwise, all calculations, comparisons, measurements, determinations and asset values under this Agreement shall be made in Canadian Dollars. For the purpose of such calculations, comparisons, measurements or determinations, amounts denominated in US Dollars shall be converted to the Equivalent Amount thereof based on the exchange rate for US Dollars selected by the Lender on the date of calculation, comparison, measurement or determination.

ARTICLE II. TERM LOAN LOANS

SECTION 2.1. Term Loan Term Loan. The Lender agrees, subject to the terms and conditions of this Agreement, to make a term loan to the Borrower on the Closing Date (the "**Term Loan**") in the principal amount set forth in Section 1.1 of ~~the~~ Schedule A. Borrower shall make interest only payments on the outstanding principal balance of the Term Loan in accordance with Section 4.1(a) and shall pay half of the interest due in cash and the remainder of the outstanding interest then due in kind (by adding such outstanding interest to the aggregate principal amount of the Term Loan). Each monthly payment shall be payable on the first day of each month, commencing with the first day of the first full calendar month immediately following the funding of the Term Loan, provided that the entire outstanding principal amount of the Term Loan, together with all accrued and unpaid interest thereon and the entire accrued Variable Interest Amount, shall become due and payable on the Term Loan Maturity Date. Amounts repaid on account of the Term Loan may not be reborrowed.

SECTION 2.2. Convertible Loan. The Lender agrees, subject to the terms and conditions of this Agreement, to make a convertible loan to the Borrower in the principal amount of up to \$6,000,000.00 (the "**Convertible Loan**"), to be funded in separate Tranches in accordance with Schedule B. The Borrower shall make interest-only payments on the outstanding principal balance of the Convertible Loan entirely in kind (such interest, "**PIK Interest**"), by adding all accrued interest to the aggregate principal amount of the Convertible Loan, in accordance with Section 4.1(b). PIK Interest shall be earned on a monthly basis on the first day of each month commencing with the first day of the first full calendar month immediately following the funding of the initial Tranche of the Convertible Loan. The PIK Interest shall be capitalized and added to the principal amount of the Convertible Loan on an

annual basis based on a 365-day period commencing upon the funding of the initial Tranche. The entire outstanding principal amount of the Convertible Loan, together with all accrued and unpaid PIK Interest, not elected for conversion into SV Shares shall become due and payable on the Convertible Loan Maturity Date in full in cash. Amounts repaid on account of the Convertible Loan may not be reborrowed.

SECTION 2.3. ~~SECTION 2.2.~~ Use of Proceeds.

(a) ~~—~~The proceeds of the Term Loan shall be used by the Borrower only for working capital purposes.

(b) The proceeds of the Convertible Loan shall be used by the Borrower for working capital and corporate purposes; provided that, at the Lender's election, proceeds of any Tranche may be advanced directly to third-party recipients thereof (e.g., Borrower's vendors, other payables, etc.) as deemed necessary or desirable by the Lender. The Lender may elect to direct proceeds of the Convertible Loan to third-party recipients thereof by giving written notice to Borrower within three (3) Business Days of receiving a written request by the Borrower for the funding of a Tranche (which request by Borrower shall include such information as required under Section 3.2 of Schedule B), which notice will set out the Lender's proposed third-party recipients thereof and the amount of net proceeds of the requested Tranche the Lender proposes to be paid to such third-party recipients. During such three (3) Business Day period, the Lender will consult with the Borrower and will consider in good faith any comments and changes of the Borrower to the Lender's proposed allocation of the net proceeds. Borrower shall not use any Convertible Loan proceeds to pay amounts owing on any of the unsecured subordinate debentures issued in 2020 by any Borrower in the aggregate principal amount of approximately \$10,329,619.

SECTION 2.4. ~~SECTION 2.3.~~ Payments.

(a) In addition to any prepayment required as a result of an Event of Default hereunder, the Term Loan shall be subject to payment as follows:

- (i) ~~(a)~~ the Obligations shall be immediately prepaid if the Borrower, or any successor-in-interest thereto established for the purpose of clause ~~(iA)~~ or clause ~~(iiB)~~ of this ~~Section 2.3.2.4(a)~~, (i), (A) consummates a Qualified Equity Financing and/or ~~(iiB)~~ is listed on NASDAQ;
- (ii) ~~(b)~~ Borrower may, at any time by providing ten (10) days' prior written notice to the Lender, prepay the entire principal balance of the Term Loan then outstanding, together with all accrued interest and the entire accrued Variable Interest Amount, without premium, penalty, or bonus; ~~and~~
- (iii) the entire outstanding principal amount of the Term Loan, together with all accrued and unpaid interest thereon (and upon an Event of Default, and default interest as provided in Section 4.2) and the entire accrued Variable Interest Amount, and all fees, costs and expenses payable by the Borrower hereunder, shall become due and payable on the closing date of any Change of Control or Aurora Facility Divestiture; and

(iv) ~~(e)~~ the entire outstanding principal amount of the Term Loan, together with all accrued and unpaid interest thereon (and upon an Event of Default, and default interest as provided in Section 4.2) and the entire accrued Variable Interest Amount, and all fees, costs and expenses payable by the Borrower hereunder, shall become due and payable on the Term Loan Maturity Date.

(b) In addition to any prepayment required as a result of an Event of Default hereunder, the Convertible Loan shall be subject to payment as follows:

(i) the entire outstanding principal amount of the Convertible Loan, together with all accrued and unpaid PIK Interest thereon (and any default interest, if applicable, as provided in Section 4.2), not elected for conversion into SV Shares shall become immediately due and payable on the Convertible Loan Maturity Date in cash; and

(ii) the Lender shall have the right to accelerate payment of the whole or any part of the outstanding principal amount of the Convertible Loan, and any accrued and unpaid PIK Interest, in cash in the event of any Change of Control or Aurora Facility Divestiture which results in the Borrower receiving net cash proceeds at closing of such Change of Control or Aurora Facility Divestiture of at least \$12,000,000.00 (the “**Net Sales Proceeds**”), which Net Sales Proceeds will be calculated taking into account the following (without duplication): (A) the closing payment paid to Borrower under such Change of Control or Aurora Facility Divestiture; (B) Borrower’s transaction expenses incurred in respect of such Change of Control or Aurora Facility Divestiture; and (C) (I) all amounts payable to Tetra Pak Canada Inc. upon the direct or indirect sale of equipment leased by Tetra Pak Canada Inc., directly or indirectly, to any of the Borrowers or their Subsidiaries in connection with such Change of Control or Aurora Facility Divestiture (but only to the extent of amounts necessary to sell such equipment, directly or indirectly, free and clear of any Liens in favor of Tetra Pak Canada Inc.), (II) all amounts due under the Senior Credit Agreement, (III) all amounts due under the Term Loan, and (IV) all amounts due to Future Proof Brands LLC d/b/a BeatBox Beverages, to the extent necessary to sell Borrower’s assets, directly or indirectly, free and clear of any Lien in favor of Future Proof Brands LLC d/b/a BeatBox Beverages, in each case of (I) through (IV) at closing of such Change of Control or Aurora Facility Divestiture. The Lender may exercise such right to accelerate payment by delivering written notice to the Borrower no later than ten (10) Business Days following the closing of the applicable Change of Control or Aurora Facility Divestiture identifying the principal amount of the Convertible Loan, and any accrued and unpaid PIK Interest, so accelerated. The Borrower shall pay the principal amount and accrued and unpaid PIK Interest in cash within five (5) Business Days of its receipt of such written notice from the Lender. The Borrower shall provide the Lender written notice of a Change of Control or Aurora Facility Divestiture, which notice shall include the Borrower’s reasonable good faith estimate of the Net Sales Proceeds to be received by the Borrower upon closing of such Change of Control or Aurora Facility Divestiture on a *pro forma* basis (a “**Change of Control or Aurora Facility Divestiture Notice**”) at least twenty (20) Business Days prior to the anticipated closing date of such Change of Control or Aurora Facility Divestiture; provided, however, that if it is not reasonably

practicable for the Borrower to provide such notice at least twenty (20) Business Days in advance of a Change of Control or Aurora Facility Divestiture (as determined by the Borrower in its reasonable discretion), the Borrower shall provide such notice as far in advance of such Change of Control or Aurora Facility Divestiture as is reasonably practicable, and in any event, no less than ten (10) Business Days prior to the anticipated closing date of such Change of Control or Aurora Facility Divestiture. Upon delivery of a Change of Control or Aurora Facility Divestiture Notice, Lender shall be deemed to have consented to the sale of the applicable Collateral to be acquired by the applicable purchaser, directly or indirectly, as part of the applicable Change of Control or Aurora Facility Divestiture; provided, that such consent shall be subject to the following conditions: (A) the repayment of the Term Loan in accordance with Section 2.4(a)(iii) and without prejudice to Lender's right pursuant to, and subject to the conditions of, this Section 2.4(b)(ii), to accelerate payment of the whole or any part of the outstanding principal amount of the Convertible Loan, and any accrued and unpaid PIK Interest, in cash in the event of such Change of Control or Aurora Facility Divestiture; and (B) Borrower shall, simultaneously with the completion of such Change of Control or Aurora Facility Divestiture, grant, and cause each of its Subsidiaries to grant, to Lender a security interest in all of the remaining assets and property of Borrower and its Subsidiaries after giving effect to such Change of Control or Aurora Facility Divestiture, with priority that is junior only to (x) the Senior Lender's security interest in such assets or property and (y) the security interest granted in favour of Seawright Mineral Springs, LLC pursuant to that certain Deed of Trust dated April 3, 2019 (as the same may be amended, restated, amended and restated, supplemented or otherwise modified from time to time) in respect of the real property of Borrower and its Subsidiaries described in Exhibit A to such Deed of Trust; provided that, for greater certainty, in no event shall such consent constitute, or be deemed to constitute, a release by Lender of any Lien in respect of any Collateral that is not acquired by the applicable purchaser, directly or indirectly, as part of the applicable Change of Control or Aurora Facility Divestiture.

SECTION 2.5. ~~SECTION 2.4.~~ Term.

(a) The term of this Agreement shall be for a period from the Closing Date to, but not including, the Maturity Date unless sooner terminated in accordance with the terms of this Agreement. Notwithstanding the foregoing, the Borrower shall have no right to terminate this Agreement at any time that any ~~principal of or interest the Term~~ Loan is outstanding, except upon prepayment of all Obligations and the satisfaction of all other conditions set forth in the Loan Documents with respect thereto.

(b) Notwithstanding the provisions set forth in Section 2.42.5(a) above, the Borrower may extend the Term Loan Maturity Date, upon at least thirty (30) days' prior written notice to the Lender, for up to six (6) months from the then-current Term Loan Maturity Date, provided that, in each such instance, (i) no Event of Default has occurred and is continuing as of such then-current Term Loan Maturity Date, (ii) as part of such written notice, the Borrower provides to the Lender evidence (which evidence must be reasonably satisfactory to the Lender) of TSX and any other approval or consent the Borrower is required to obtain with respect to such extension, including, but not limited to, of the Senior Lender or the Borrower's shareholders, and (iii) the Borrower shall not have any right to

extend the Term Loan Maturity Date beyond the third (3rd) anniversary of the ~~date of this Agreement~~Closing Date.

SECTION 2.6. ~~SECTION 2.5.~~ Payment Procedures.

(a) The Borrower hereby authorizes the Lender to charge such account required by Lender, via PAP, automatic clearing house fund transfer, or such other manner acceptable to Lender in its sole discretion, with the amount of all principal, interest, fees, expenses and other payments to be made hereunder and under the other Loan Documents. The Lender may, but shall not be obligated to, discharge the Borrower's payment obligations hereunder by so charging such account.

(b) All payments to be made by the Borrower hereunder, whether on account of principal, interest, fees or otherwise, shall be made without setoff, deduction or counterclaim and shall be made prior to 2:00 p.m. (Boston, Massachusetts time) on the due date thereof to the Lender.

(c) Whenever any payment to be made hereunder shall be stated to be due on a day that is not a Business Day, the payment may be made on the next succeeding Business Day and such extension of time shall be included in the computation of the amount of interest due hereunder. All payment obligations of the Borrower hereunder and under the other Loan Documents shall be absolute and unconditional and without any rights of rescission, setoff, counterclaim, or defense of any kind.

SECTION 2.7. Conversion of Convertible Loan.

(a) Optional Conversion. Commencing on June 2, 2026, the Lender shall have the right, at any time and from time to time, to convert all or any portion of the outstanding principal amount of the Convertible Loan (and any accrued and unpaid PIK Interest) into subordinate voting shares in the capital of Flow Beverage (each, a "SV Share") at a conversion price of \$0.065 per SV Share (the "Conversion Price") on not less than three (3) Business Days' prior written notice to the Borrower (an "Optional Conversion").

(b) Change of Control or Aurora Divestiture Conversion. Upon the occurrence of a Change of Control or Aurora Facility Divestiture, the Lender shall have the right, at any time and from time to time, to convert all or any portion of the outstanding principal amount of the Convertible Loan, and any accrued and unpaid PIK Interest, into SV Shares at the Conversion Price (a "Change of Control or Aurora Facility Divestiture Conversion"), on not less than five (5) Business Days' prior written notice to the Borrower. The Borrower shall provide the Lender a Change of Control or Aurora Facility Divestiture Notice at least twenty (20) Business Days prior to the anticipated closing date of such Change of Control or Aurora Facility Divestiture; provided, however, that if it is not reasonably practicable for the Borrower to provide such Change of Control or Aurora Facility Divestiture Notice at least twenty (20) Business Days in advance of a Change of Control or Aurora Facility Divestiture (as determined by the Borrower in its reasonable discretion), the Borrower shall provide such Change of Control or Aurora Facility Divestiture Notice as far in advance of such Change of Control or Aurora Facility Divestiture as is reasonably practicable, and in any event, no less than ten (10) Business Days prior to the anticipated closing date of such Change of Control or Aurora Facility Divestiture.

(c) Manner of Exercise of Conversion.

(i) Subject to Section 2.7(a)(a) or Section 2.7(b), as applicable, any Conversion shall be exercised by the Lender delivering to the Borrower at its address specified in Section 11.1 a written notice of conversion in the form attached as Exhibit "A" to Schedule B (a "Conversion Notice"), duly executed by the Lender. The Conversion Notice shall identify the aggregate principal

amount of the Convertible Loan and any accrued and unpaid PIK Interest thereon outstanding on the date of the Conversion Notice and, if less than all or any portion of the outstanding principal amount of the Convertible Loan and any accrued and unpaid PIK Interest is to be converted pursuant to the Conversion, the portion of the outstanding principal amount of the Convertible Loan and any accrued and unpaid PIK Interest thereon to be converted into SV Shares pursuant to such Conversion (such amount in respect of any Conversion, the “**Converted Amount**”).

(ii) Upon delivery of a valid Conversion Notice in accordance with the terms of this Agreement, Flow Beverage shall enter, or cause to be entered, the Lender in the books of Flow Beverage as at the Conversion Date as the holder of the number of SV Shares issuable on such Conversion in accordance with the provisions of this Section 2.7(c) and, as soon as practicable thereafter, Flow Beverage shall deliver or cause to be delivered to the Lender a certificate or certificates (or a Direct Registration System (DRS) Advice, if such SV Shares are DRS eligible) representing the number of SV Shares issuable on such Conversion.

(iii) A Conversion of any Converted Amount, and the issuance to the Lender of the SV Shares issuable upon such Conversion, shall be deemed to occur on the date specified in the Conversion Notice for such Conversion (provided such date must be after the date on which the applicable Conversion Notice is delivered by the Lender in accordance with Section 11.1 and be within the time periods contemplated by Section 2.7(a) or Section 2.7(b), as applicable), or if such date is a day on which the register of SV Shares is closed, on the date on which such register is next reopened (such date, the “**Conversion Date**”).

(iv) Flow Beverage shall not be required to issue fractional SV Shares upon the Conversion of any Converted Amount. The number of whole SV Shares issuable upon Conversion of any Converted Amount shall be computed on the basis of the Converted Amount, divided by the Conversion Price, rounding down to the nearest whole SV Share.

(v) Notwithstanding anything contrary in this subsection, if at any time the issuance of SV Shares to the Lender upon conversion by the Lender of any portion of the Convertible Loan is not permitted by the TSX (or any other stock exchange on which the SV Shares are listed), then the unconverted portion of the Convertible Loan (and any accrued and unpaid PIK Interest) will remain outstanding or become due and payable in cash on the Convertible Loan Maturity Date.

(d) Adjustment of Conversion Price. The Conversion Price and the SV Shares issuable upon Conversion shall be subject to adjustment as follows:

(i) if at any time from and after the First Amendment Date Flow Beverage (A) subdivides the outstanding SV Shares into a greater number of SV Shares, (B) combine or consolidates the outstanding SV Shares into a smaller number of SV Shares or (C) fixes a record date for the issue of SV Shares to the holders of all or substantially all the outstanding SV Shares by way of a share dividend (other than the issue of SV Shares or securities exchangeable for or convertible into SV Shares to holders of SV Shares pursuant to any dividend reinvestment plan or as contemplated by Section 2.7(d)(iii)) (any of the events in (A) through (B), a “**SV Share Reorganization**”), then effective immediately after such SV Share Reorganization the Conversion Price shall be adjusted so that it equals the *product of* (I) the Conversion Price in effect immediately before such SV Share Reorganization, *multiplied by* (II) a fraction, (x) the numerator of which shall be the total number of SV Shares outstanding immediately before such SV Share Reorganization and (y) the denominator of which shall be the total number of SV Shares outstanding immediately after such SV Share Reorganization (on an undiluted basis; provided that for the purpose of calculating the number of outstanding SV Shares immediately after a SV Share Reorganization referred to in paragraph (C) of this Section 2.7(d)(i), the

issue of SV Shares by way of a share dividend shall be deemed to have been made on the record date for such share dividend);

(ii) if at any time from and after the First Amendment Date Flow Beverage fixes a record date for the issuance of rights, options or warrants to all or substantially all the holders of the outstanding SV Shares entitling them, for a period expiring not more than 45 days after such record date, to subscribe for or purchase SV Shares (or securities convertible into or exchangeable for SV Shares) at a price per SV Share (or having a conversion or exchange price per SV Share) of less than 95% of the Current Market Price on such record date, then effective immediately after such record date the Conversion Price shall be adjusted so that it equals the *product of* (A) the Conversion Price in effect on such record date, *multiplied by* (B) a fraction, (I) the numerator of which shall be the sum of (x) the total number of SV Shares outstanding on such record date *plus* (y) a number of SV Shares equal to the *quotient of* the aggregate purchase price of the total number of additional SV Shares offered for subscription or purchase (or the aggregate conversion or exchange price of the convertible securities so offered) *divided by* such Current Market Price, and (II) the denominator of which shall be the *sum of* (x) the total number of SV Shares outstanding on such record date *plus* (y) the total number of additional SV Shares offered for subscription or purchase (or into which the convertible securities so offered are convertible or exchangeable); provided that, to the extent that any such rights, options or warrants are not so issued or any such rights, options or warrants are not exercised prior to the expiration thereof, the Conversion Price shall be readjusted to the Conversion Price which would then be in effect if such record date had not been fixed or, effective as at the date of such expiration, to the Conversion Price which would then be in effect based upon the number of SV Shares actually issued upon the exercise of such rights, options or warrants, as the case may be;

(iii) if at any time from and after the First Amendment Date Flow Beverage fixes a record date for the making of a distribution to all or substantially all of the holders of its outstanding SV Shares of (A) shares of any class other than SV Shares and other than shares distributed to holders of SV Shares pursuant to a dividend reinvestment plan, (B) rights, options or warrants (excluding those referred to in Section 2.7(d)(ii)), (C) evidences of Indebtedness, or (D) assets (excluding dividends or distributions paid in the ordinary course, including the value of any securities or other property or assets distributed in lieu of cash dividends paid in the ordinary course), then, in each such case, then effective immediately after such record date the Conversion Price shall be adjusted so that it equals the *product of* (I) the Conversion Price in effect on such record date, *multiplied by* (II) a fraction, (x) the numerator of which shall be the *sum of* (AA) the *product of* the total number of SV Shares outstanding on such record date *multiplied by* the Current Market Price on such record date, *minus* (BB) the fair market value on a per SV Share basis (as determined by the board of directors of Flow Beverage, which determination shall be conclusive, subject to the approval of the TSX) of such shares or rights, options or warrants or evidences of Indebtedness or assets so distributed, as applicable, and (y) the denominator of which shall be the *product of* (AA) the total number of SV Shares outstanding on such record date *multiplied by* (BB) such Current Market Price. Any SV Shares owned by or held for the account of Flow Beverage shall be deemed not to be outstanding for the purpose of any such computation. Such adjustment shall be made successively whenever such a record date is fixed. To the extent that such distribution is not so made, the Conversion Price shall be readjusted to the Conversion Price which would then be in effect if such record date had not been fixed or to the Conversion Price which would then be in effect based upon such shares or rights, options or warrants or evidences of Indebtedness or assets actually distributed, as the case may be;

(iv) if at any time from and after the First Amendment Date there is any reclassification or other capital reorganization of the SV Shares (other than a Share Reorganization), a transaction whereby all of the Borrower's undertaking and assets become the property of any other Person (other than a Subsidiary of a Borrower), or a merger, amalgamation or arrangement the result of

which is the combination of Flow Beverage with or into, or the acquisition of all of the outstanding Equity Securities of Flow Beverage by, any other Person, the Lender shall be entitled to receive upon Conversion and shall accept in lieu of the number of SV Shares to which it was theretofore entitled upon such Conversion the number or amount and class, series or kind of shares and other securities, cash or other property, as applicable, which the Lender would have been entitled to receive as a result of such reclassification, capital reorganization, sale, or merger, amalgamation or arrangement if, on the effective date thereof, the Lender had been the registered holder of the number of SV Shares to which it was theretofore entitled upon Conversion. If necessary, appropriate adjustments shall be made in the application of the provisions set forth in this Section 2.7(d) with respect to the rights and interests thereafter of the Lender to the end that the provisions set forth in this Section 2.7(d) shall thereafter correspondingly be made applicable as nearly as may be possible in relation to any shares or other securities or property thereafter deliverable upon the Conversion. Any such adjustments contemplated by this Section 2.7(d)(iv) shall be made by and set forth in a supplemental amendment to this Loan Agreement approved by the board directors of Flow Beverage and the Lender, and shall for all purposes be conclusively deemed to be an appropriate adjustment;

(v) notwithstanding any other provision of this Section 2.7(d): (A) no adjustment shall be made which would result in an increase in the Conversion Price (except on a combination or consolidation of the outstanding SV Shares); provided, however, that any adjustments which by reason of this Section 2.7(d)(v) are not required to be made shall be carried forward and taken into account in any subsequent adjustment; and (B) for the purpose of calculating the number of SV Shares outstanding, SV Shares owned by or for the benefit of Flow Beverage or any of its Subsidiaries shall not be counted.

(vi) in the event of any question arising with respect to the adjustments provided in this this Section 2.7(d), such question shall be conclusively determined by the auditors of Flow Beverage, acting reasonably and in good faith, whereby such auditors shall have access to all necessary records of Flow beverage and such determination shall be binding upon the Borrower and the Lender, subject, if applicable, to the approval of the TSX; and

(vii) except as stated above in this Section 2.7(d), no adjustment will be made in the Conversion Price as a result of the issuance of SV Shares for value, including, but not limited to, in the case of a public offering of securities, a private placement of securities, an acquisition the consideration for such acquisition being securities of Flow Beverage, lender or dealer compensation, or employee compensation. Notwithstanding anything herein to the contrary, (A) no adjustment will be made in the Conversion Price as a result of the payment of any cash dividends or other distributions on the SV Shares in the ordinary course and (B) no adjustment in the Conversion Price shall be made in respect of any event described above in this Section 2.7(d) (other than the events described in clauses (A) and (B) of Section 2.7(d)(i) if, subject to TSX Approval, the Lender is entitled to participate in such event on the same terms *mutatis mutandis* as if it had exercised the Conversion prior to the effective date or record date, as the case may be, of such event.

(e) Borrower to Reserve Shares. The Borrower shall at all times reserve and keep available out of its authorized SV Shares and solely for the purpose of satisfying a Conversion, and conditionally allot to the Lender, such number of SV Shares as shall then be issuable upon Conversion. The Borrower covenants with the Lender that all SV Shares so issuable shall, when issued upon Conversion, be duly and validly issued as fully paid and non-assessable.

(f) Hold Period and Legend.

(i) The Lender acknowledges and agrees that it is providing the Convertible Loan pursuant to exemptions from prospectus requirements of applicable securities law and that any SV Shares issued upon Conversion may be subject to restricted hold periods pursuant to applicable securities laws. Each certificate or DRS Advice representing SV Shares issued upon Conversion shall bear a legend in the following form:

“UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE [INSERT THE DATE THAT IS FOUR MONTHS AND A DAY AFTER THE ISSUANCE DATE].”

“THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “U.S. SECURITIES ACT”), OR ANY STATE SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING THESE SECURITIES, AGREES FOR THE BENEFIT OF THE CORPORATION THAT THESE SECURITIES MAY BE OFFERED, SOLD, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED OR ENCUMBERED ONLY (A) TO THE CORPORATION, (B) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 904 OF REGULATION S (“REGULATION S”) UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH APPLICABLE LOCAL LAWS AND REGULATIONS, (C) WITHIN THE UNITED STATES IN ACCORDANCE WITH (1) RULE 144A UNDER THE U.S. SECURITIES ACT OR (2) RULE 144 UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH APPLICABLE STATE SECURITIES LAWS, OR (D) IN ANOTHER TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT OR ANY APPLICABLE STATE SECURITIES LAWS, PROVIDED THAT IN THE CASE OF TRANSFERS PURSUANT TO (C)(2) OR (D) ABOVE, A LEGAL OPINION SATISFACTORY TO THE CORPORATION MUST FIRST BE PROVIDED TO THE CORPORATION OR THE TRANSFER AGENT, IF ANY, OF THE CORPORATION.

THESE SECURITIES MAY NOT CONSTITUTE “GOOD DELIVERY” IN SETTLEMENT OF TRANSACTIONS ON CANADIAN STOCK EXCHANGES. IF THE CORPORATION IS A “FOREIGN ISSUER” WITHIN THE MEANING OF REGULATION S AT THE TIME OF TRANSFER, A NEW CERTIFICATE, BEARING NO LEGEND, MAY BE OBTAINED FROM THE TRANSFER AGENT, IF ANY, OF THE CORPORATION, UPON DELIVERY OF THIS CERTIFICATE AND A DULY EXECUTED DECLARATION, IN A FORM SATISFACTORY TO THE CORPORATION AND THE TRANSFER AGENT OF THE CORPORATION AND, IF SO REQUIRED BY THE TRANSFER AGENT OF THE CORPORATION, AN OPINION OF COUNSEL, TO THE EFFECT THAT THE SALE OF THE SECURITIES REPRESENTED HEREBY IS BEING MADE IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT.”

(i) The Lender further acknowledges that the SV Shares have not been and will not be registered under the 1933 Act or the securities laws of any state of the United States and that these securities may not be offered or sold, directly or indirectly, in the United States without registration under the 1933 Act and the applicable securities laws of all applicable states of the United States or in compliance with an exemption from the registration requirements of the 1933 Act and the applicable laws of all applicable states of the United States. The Lender acknowledges that the Borrower has no present intention of filing a registration statement under the 1933 Act or applicable state securities laws with respect to the re-sale of the SV Shares.

(ii) The Lender undertakes and agrees that it will not offer or sell any of the SV Shares in the United States unless such securities are registered under the 1933 Act and the securities laws of all applicable states of the United States or an exemption from such registration requirements is available, and further that the Lender will not resell any of the SV Shares, except in accordance with the provisions of applicable securities laws and stock exchange rules.

(g) Lender not a Shareholder by Virtue of Convertible Loan. Nothing in this Agreement shall, in itself, confer or be construed as conferring upon the Lender any right or interest whatsoever as a holder of any SV Shares issuable on a Conversion, including the right to vote at, to receive, notice of, or to attend, meetings of shareholders or any other proceedings of the Borrower, or the right to receive dividends and other distributions in respect of such SV Shares.

ARTICLE III. SECURITY

SECTION 3.1. General. To secure the prompt and complete payment and performance when due (whether at stated maturity, by acceleration or otherwise) of all of the Obligations, the Borrower hereby grants to the Lender a second priority Lien (subject to Permitted Liens, but junior only to the Senior Lender's security interest in the Collateral) on and security interest in all of its right, title and interest in and to all the Collateral and all other personal property, wherever located, whether now owned or hereafter acquired, and all additions and accessions thereto and substitutions and replacements therefor and improvements thereon, and all proceeds (whether in the form of cash or other property) and products thereof including, without limitation, all proceeds of insurance covering the same and all tort claims in connection therewith, whether or not such Collateral is subject to the PPSA or Article 9 of the Code. This Agreement shall constitute a security agreement for purposes of the PPSA and the Code.

SECTION 3.2. Further Security; License. The Borrower hereby grants to the Lender an irrevocable, non-exclusive license (exercisable upon the occurrence and during the continuance of an Event of Default without payment of royalty or other compensation to the Borrower, any Affiliate thereof, or any of its Subsidiaries) to use, transfer, license or sublicense any Intellectual Property now owned, licensed to, or hereafter acquired by the Borrower (or any Subsidiary of the Borrower or any Affiliate of the Borrower), and wherever the same may be located, and including in such license access to all media in which any of the licensed items may be recorded or stored and to all computer and automatic machinery software and programs used for the compilation or printout thereof, and represents, promises and agrees that any such license or sublicense is not and will not be in conflict with the contractual or commercial rights of any third Person; provided, that such license will terminate on the termination of this Agreement and the indefeasible payment in full of all Obligations.

SECTION 3.3. Recourse to Security. Recourse to security shall not be required for any Obligation hereunder, and the Borrower hereby waives any requirement that the Lender exhaust any right or take any action against any of the Collateral before proceeding to enforce the Obligations against the Borrower.

SECTION 3.4. Special Provisions Relating to Inventory.

(a) All Inventory. The security interest in the Inventory granted to the Lender hereunder shall continue through all steps of manufacture and sale and attach without further act to raw materials, work in process, finished goods, returned goods, documents of title and warehouse receipts, and to proceeds resulting from the sale or other disposition of such Inventory. Until all of the

Obligations have been satisfied, the Lender's security interest in such Inventory and in all proceeds thereof shall continue in full force and effect and the Lender shall have, in its sole and absolute discretion at any time if an Event of Default has occurred and is continuing or the Lender believes, in its discretion, that fraud has occurred, the right to take physical possession of such Inventory and to maintain it on the premises of the Borrower, in a public warehouse, or at such other place as the Lender may deem appropriate. If the Lender exercises such right to take possession of such Inventory, the Borrower will, upon demand, and at the Borrower's cost and expense, assemble such Inventory and make it available to the Lender at a place or places convenient to the Lender.

(b) No Liens. All Inventory of the Borrower shall be maintained at the locations therefor shown on Schedule 6.1(b), except for Inventory moved from such locations solely for the purpose of sale in the ordinary course of the Borrower's business(es) and Inventory in transit in the ordinary course of the Borrower's business(es) with an aggregate value not greater than \$100,000 at any time.

(c) Further Assurances. The Borrower shall perform (and shall cause its Subsidiaries to perform) any and all steps that the Lender may request to perfect the Lender's security interests in the Borrower's Inventory including, without limitation, placing and maintaining signs, filing financing or continuation statements in form and substance satisfactory to the Lender, maintaining stock records and conducting Lien searches. In each case, the Borrower shall take (and shall cause its Subsidiaries to take) such action as promptly as possible after requested by the Lender but in any event within five (5) Business Days after any such request is made except that the Borrower shall take (and shall cause its Subsidiaries to take) such action immediately upon the Lender's request following the occurrence of an Event of Default. A physical verification of all of the Inventory wherever located will be taken by the Borrower at least every twelve (12) months or more frequently if requested by the Lender during the continuance of an Event of Default and a copy of such physical verification shall be promptly thereafter submitted to the Lender. If so requested by the Lender, the Borrower shall also submit to the Lender a report of the annual physical Inventory of the Borrower as observed and tested by their public accountants in accordance with generally accepted auditing standards and IFRS. If so requested by the Lender, Borrower shall execute and deliver to the Lender a confirmatory written instrument, in form and substance satisfactory to the Lender, listing all its Inventory, but any failure to execute or deliver the same shall not limit or otherwise affect the Lender's security interest in and to such Inventory.

(d) Inventory Records. The Borrower shall maintain (and shall cause its Subsidiaries to maintain) full, accurate and complete records of its Inventory describing the kind, type and quantity of such Inventory and the Borrower's cost therefor, withdrawals therefrom and additions thereto, including a perpetual Inventory for raw materials, work in process and finished goods.

SECTION 3.5. Special Provisions Relating to Receivables.

(a) Invoices, Etc. On the Lender's request therefor, the Borrower shall furnish to the Lender copies of invoices to customers and shipping and delivery receipts or warehouse receipts thereof. The Borrower shall deliver to the Lender (i) the originals of all letters of credit, notes, and instruments in its favor, (ii) such endorsements or assignments related thereto as the Lender may reasonably request and (iii) the written consent of the issuer of any letter of credit to the assignment of the proceeds of such letter of credit by the Borrower to the Lender.

(b) Records, Collections, Etc. Upon the occurrence and during the continuance of an Event of Default or at any time that the Lender believes that fraud has occurred, the Lender may (i) settle or adjust disputes or claims directly with account debtors for amounts and upon terms which it considers advisable and (ii) notify account debtors on the Borrower's Receivables that such Receivables

have been assigned to the Lender, and that payments in respect thereof shall be made directly to the Lender. Where the Borrower receives collateral of any kind or nature by reason of transactions between itself and its customers or account debtors, the Borrower will hold the same on the Lender's behalf, subject to the Lender's instructions, and as property forming part of the Borrower's Receivables. The Borrower hereby irrevocably authorizes and appoints the Lender, or any Person the Lender may designate, as its attorney-in-fact, at the Borrower's sole cost and expense, to exercise, if an Event of Default has occurred and is continuing or the Lender believes that fraud has occurred, all of the following powers, which being coupled with an interest, shall be irrevocable until all of the Obligations have been indefeasibly paid and satisfied in full in cash: (A) to receive, take, endorse, sign, assign and deliver, all in the name of the Lender or the Borrower, any and all checks, notes, drafts, and other documents or instruments relating to the Collateral; (B) to receive, open and dispose of all mail addressed to the Borrower and to notify postal authorities to change the address for delivery thereof to such address as the Lender may designate; and (C) to take or bring, in the name of the Lender or the Borrower, all steps, actions, suits or proceedings deemed by the Lender necessary or desirable to enforce or effect collection of the Borrower's Receivables or file and sign the Borrower's name on a proof of claim in bankruptcy or similar document against any obligor of the Borrower. The Borrower shall maintain a record of its electronic chattel paper that identifies the Lender as the assignee thereof and otherwise in a manner such that the Lender has control over such chattel paper for purposes of the PPSA and the Code.

SECTION 3.6. Special Provisions Relating to Equipment and Owned Property.

(a) Location. Each item of Equipment of the Borrower, now owned or hereafter acquired, will be kept at a location shown on Schedule 6.1(b) and may not be moved (except to another location on Schedule 6.1(b)) without the prior written consent of the Lender. The Borrower shall at all times hereafter keep correct and accurate records itemizing and describing the location, kind, type, age and condition of its Equipment, the Borrower's cost therefor and accumulated depreciation thereof, and retirements, sales, or other dispositions thereof, all of which records shall be available during the Borrower's usual business hours upon reasonable notice and demand to any of the officers, employees or agents of the Lender.

(b) Repair. The Borrower shall keep all of its Equipment, and owned Property in a satisfactory state of repair and satisfactory operating condition in accordance with industry standards, ordinary wear and tear excepted, and will, consistent with the exercise of its reasonable business judgment, make all repairs and replacements when and where necessary and practical, will not waste or destroy it or any part thereof, and will not be negligent in the care or use thereof. The Borrower shall repair and maintain all of its Equipment in accordance with industry practices in a manner sufficient to continue the operation of its business as heretofore conducted. The Borrower will use or cause its Equipment, and owned Property to be used in accordance with law and the manufacturer's instructions. The Borrower shall keep its Equipment separate from, and will not annex or affix any of its Equipment to, any part of any Property or any other realty.

(c) Disposal. Where the Borrower is permitted to dispose of any of its Equipment under this Agreement or by any consent thereto hereafter given by the Lender, the Borrower shall do so at arm's length, in good faith and by obtaining the maximum amount of recovery practicable therefor and without impairing the operating integrity or value of its remaining Equipment.

SECTION 3.7. Continuation of Liens, Etc.. The Borrower shall defend the Collateral against all claims and demands of all Persons at any time claiming any interest therein, other than claims relating to Permitted Liens. The Borrower agrees to comply with the requirements of all state, provincial, territorial and federal laws to grant to the Lender valid and perfected second priority security interest in the Collateral (subject to Permitted Liens, but junior only to the

Senior Lender's security interest in the Collateral). The Lender is hereby authorized by the Borrower to sign the Borrower's name on any document or instrument as may be necessary or desirable to establish and maintain the Liens covering the Collateral and the priority and continued perfection thereof or file any financing or continuation statements or similar documents or instruments covering the Collateral whether or not the Borrower's signature appears thereon. The Borrower agrees, from time to time, at the Lender's request, to file notices of Liens, financing statements, similar documents or instruments, and amendments, renewals and continuations thereof, and cooperate with the Lender's representatives, in connection with the continued perfection (and the priority status thereof) and protection of the Collateral and the Lender's Liens thereon. The Borrower agrees that the Lender may file a carbon, photographic or other reproduction of this Agreement (or any financing statement related hereto) as a financing statement.

SECTION 3.8. Power of Attorney. In addition to all of the powers granted to the Lender in this **Article III**, the Borrower hereby appoints and constitutes the Lender as the Borrower's attorney-in-fact to sign the Borrower's name on any of the documents, instruments and other items described in Section 3.7, to make any filings under the PPSA and the Code covering any of the Collateral, and, upon the occurrence and during the continuance of an Event of Default, (i) to convey any item of Collateral to any purchaser thereof (ii) to request at any time from customers indebted on its Receivables verification of information concerning such Receivables and the amount owing thereon and (iii) to make any payment or take any act necessary or desirable to protect or preserve any Collateral. Following the occurrence and during the continuance of an Event of Default, the Lender's authority hereunder shall include, without limitation, the authority to execute and give receipt for any certificate of ownership or any document, to transfer title to any item of Collateral and to take any other actions arising from or incident to the powers granted to the Lender under this Agreement. This power of attorney is coupled with an interest and is irrevocable.

SECTION 3.9. Attachment. The Borrower agrees that the security interest created hereby attaches to its existing Collateral upon the execution of this Agreement and that the security interest will attach to such Collateral acquired after the date of execution of this Agreement at the time that the Borrower acquires any rights in its Collateral. The Borrower agrees that value has been given and represents and warrants that it has rights in its Collateral or the power and authority to transfer rights in its Collateral.

SECTION 3.10. Guarantors. After the Closing Date, upon the request of the Lender, the Borrower shall cause each Subsidiary and Affiliate, in each case of the Borrower, to execute and/or deliver to the Lender a guarantee and other Security Documents similar to those delivered by the Borrower and any other supporting documents, including but not limited to, policies of insurance, as the Lender may require.

ARTICLE IV.

INTEREST, FEES, AND EXPENSES

SECTION 4.1. Interest.

(a) — The Borrower shall pay to the Lender interest on the Term Loan, payable monthly in arrears on the first day of each month, commencing with the month immediately following the Closing Date and on the Term Loan Maturity Date, at the rate per annum and in accordance with the respective provisions set forth in Section 2.1 of ~~the~~ Schedule A and Section 2.1 above. In the event of

any change in any interest rate, the interest rate shall change as of the first calendar day of the month following the date of such change.

(b) The Borrower shall pay to the Lender PIK Interest on the Convertible Loan, payable in arrears on the Convertible Loan Maturity Date, at the rate per annum set forth in Section 2.1 of Schedule B and Section 2.2 above.

SECTION 4.2. Interest After Event of Default. From the date of occurrence of any Event of Default until the earlier of the date upon which (i) all Obligations shall have been paid and satisfied in full or (ii) such Event of Default shall have been waived or cured, interest on each of the Term Loan and the Convertible Loan shall be payable on demand at a rate per annum equal to the rate that would be otherwise applicable thereto under Section 4.1(a) plus up to an additional five percent (5%).

SECTION 4.3. Origination Fee. On the Closing Date, the Borrower shall pay to the Lender a non-refundable, fully earned Origination Fee in the amount set forth in Section 2.2 of the Schedule A; provided, that the Lender may, and the Borrower hereby authorizes the Lender to, net the Origination Fee against the Lender's disbursement of the Term Loan.

SECTION 4.4. Calculations. (a) Except as provided in the next sentence, all interest and fees hereunder shall be computed on the basis of the actual number of days elapsed divided by 365. For purposes of the *Interest Act* (Canada): (i) whenever any interest or fee under this Agreement is calculated on the basis of a period of time other than a calendar year, such rate used in such calculation, when expressed as an annual rate, is equivalent to (x) such rate, multiplied by (y) the actual number of days in the calendar year in which the period for which such interest or fee is calculated ends, and divided by (z) the number of days in such period of time; (ii) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement; and (iii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields. Any rate that is calculated with reference to a period (the "deemed interest period") that is less than the actual number of days in the calendar year of calculation is, for the purposes of the *Interest Act* (Canada), equivalent to a rate based on a calendar year calculated by multiplying that rate of interest by the actual number of days in the calendar year of calculation and dividing by the number of days in the deemed interest period. Each of the parties hereto acknowledge that there is a material distinction between the nominal and effective rates of interest and that they are capable of making the calculations necessary to compare such rates and that the calculations herein are to be made using the nominal rate method and not the basis of effective yearly rates or on any basis that gives effect to the principle of deemed reinvestment of interest. The Borrower confirms that the Borrower fully understands and is able to calculate the rate of interest applicable to the loans based on the methodology for calculating per annum rates provided for in this Agreement. The Borrower hereby irrevocably agrees not to plead or assert, whether by way of defense or otherwise, in any proceeding relating to this Agreement or any related document delivered herewith, that the interest payable under this Agreement and the calculation thereof has not been adequately disclosed to the Borrower as required pursuant to Section 4 of the *Interest Act* (Canada). In calculating interest or fees payable hereunder for any period, unless otherwise specifically stated, the first day of such period shall be included and the last day of such period shall be excluded. Each determination by the Lender of an interest rate, fee or other payment hereunder shall be conclusive and binding for all purposes, absent manifest error.

SECTION 4.5. Indemnification in Certain Events. If, after the Closing Date, (i) any change in or in the interpretation of any law or regulation is introduced including, without

limitation, with respect to reserve requirements, applicable to the Lender or any other banking or financial institution from which the Lender borrows funds or obtains credit, (ii) the Lender complies with any future guideline or request from any central bank or other Governmental Authority or (iii) the Lender determines that the adoption of any applicable law, rule or regulation regarding capital adequacy, or any change therein, or any change in the interpretation or administration thereof by any Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof has or would have the effect described below, or the Lender complies with any request or directive regarding capital adequacy (whether or not having the force of law) of any such authority, central bank or comparable agency, and in the case of any event set forth in this clause (iii), such adoption, change or compliance has or would have the direct or indirect effect of reducing the rate of return on the Lender's capital as a consequence of its obligations hereunder to a level below that which the Lender could have achieved but for such adoption, change or compliance (taking into consideration the Lender's policies as the case may be with respect to capital adequacy) by an amount deemed by the Lender to be material, and any of the foregoing events described in clauses (i), (ii) and (iii) increases the cost to the Lender of funding or maintaining ~~the Term~~any Loan, or reduces the amount receivable in respect thereof by the Lender, then the Borrower shall, upon demand, pay to the Lender additional amounts sufficient to indemnify the Lender against such increase in cost or reduction in amount receivable. Notwithstanding anything herein to the contrary, for all purposes under this Agreement, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, regulations, guidelines or directives thereunder or issued in connection therewith and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority), Canada, or the United States of America or foreign regulatory authorities, in each case pursuant to Basel III, shall, in either case, be deemed to have gone into effect after the Closing Date, regardless of the date enacted, adopted or issued.

SECTION 4.6. Taxes.

(a) Any and all payments by the Borrower hereunder shall be made free and clear of and without deduction for any and all present or future taxes, levies, imposts, deductions, charges or withholdings and penalties, interest and all other liabilities with respect thereto ("Taxes"), including any Taxes imposed under Section 7701(l) of the Internal Revenue Code or pursuant to the ITA, excluding in the case of the Lender, taxes imposed on its net income (including, without limitation, any taxes imposed on branch profits) and franchise taxes imposed on it by any applicable jurisdiction. If Borrower shall be required by law to deduct any Taxes from or in respect of any sum payable hereunder or under any ~~Term~~ Loan to or for the benefit of the Lender, (A) the sum payable shall be increased as may be necessary so that after making all required deductions of Taxes (including deductions of Taxes applicable to additional sums payable under this Section 4.6) the Lender receives an amount equal to the sum it would have received had no such deductions been made, (B) Borrower shall make such deductions and (C) Borrower shall pay the full amount so deducted to the relevant taxation authority or other authority in accordance with applicable law.

(b) The Borrower shall pay any present or future stamp, documentary, excise, privilege, intangible or similar taxes or levies that arise at any time or from time to time (i) from any payment made under any and all Loan Documents, or (ii) from the execution or delivery by the Borrower of, or from the filing or recording or maintenance of, or otherwise with respect to the exercise by the Lender of its rights under, any and all Loan Documents (hereinafter referred to as "Other Taxes").

(c) The Borrower shall indemnify the Lender for the full amount of (i) Taxes imposed on or with respect to amounts payable hereunder (excluding any Taxes imposed on the Lender's

income), (ii) Other Taxes and (iii) any Taxes (other than Taxes imposed by any jurisdiction on amounts payable under this Section 4.6) paid by the Lender and any liability (including penalties, interest and expenses) arising solely therefrom or with respect thereto.

(d) Within thirty days after the date of any payment of Taxes or Other Taxes, the Borrower will, upon request, furnish to the Lender the original or a certified copy of a receipt evidencing payment thereof.

(e) Without prejudice to the survival of any other agreement of the Borrower hereunder, the agreements and obligations of the Borrower contained in this Section 4.6 shall survive the indefeasible payment in full of the Obligations for a period of one year from the payment in full of the Obligations.

ARTICLE V.

CONDITIONS OF LENDING

SECTION 5.1. Conditions to Term Loan-. The obligation of the Lender to make the Term Loan is subject to the satisfaction of the following conditions prior to or concurrent therewith:

(a) The Lender shall have received the following, each dated the date of the Term Loan or as of an earlier date acceptable to the Lender, each in form and substance satisfactory to the Lender and its counsel in all respects:

(i) this Agreement duly executed by the Borrower;

(ii) the General Security Agreement duly executed by the Borrower;

(iii) acknowledgment copies of PPSA filings and Code financing statements (naming the Lender as secured party and the Borrower as debtor and containing a description of the applicable Collateral) and duly authorized release or termination statements, duly filed (or an authorization from all required Persons to file release or termination statements) in all jurisdictions that the Lender deems necessary or desirable to perfect and protect the Liens created hereunder and under the Security Documents (or where real property registrations have not yet been completed because of land registry office registration delays, the title insurer has confirmed that gap coverage is in effect under the title insurance policy or commitment to title insure);

(iv) a solvency certificate of a Responsible Officer of the Borrower;

(v) copies of the Governing Documents of the Borrower and a copy of the resolutions of the Board of Directors (or similar evidence of authorization) of the Borrower authorizing the execution, delivery, and performance of this Agreement, the other Loan Documents, and the transactions contemplated hereby and thereby, attached to which is a certificate of the Secretary or an Assistant Secretary of the Borrower certifying (A) that such copies of the Governing Documents and resolutions (or similar evidence of authorization) are true, complete and accurate copies thereof, have not been amended or modified since the date of such certificate and are in full force and effect and (B) the incumbency, names and true signatures of the officers of the Borrower authorized to sign the Loan;

(vi) evidence satisfactory to Lender, in its sole and absolute discretion, of Senior Lender's consent to (A) this Agreement, the other Loan Documents, and the transactions

contemplated hereby and thereby and (B) the Borrower's execution, delivery, and performance of this Agreement, the other Loan Documents, and the transactions contemplated hereby and thereby;

(vii) a good standing certificate from the Governmental Authority of the jurisdiction in which the Borrower is qualified as a corporation to conduct business, dated within thirty (30) days of the Closing Date; and

(viii) such other agreements, instruments, documents and evidence as the Lender deems necessary in its sole and absolute discretion in connection with the transactions contemplated hereby.

(b) There shall be no pending or, to the knowledge of the Borrower after due inquiry, threatened litigation, proceeding, inquiry or other action (i) seeking an injunction or other restraining order, damages or other relief with respect to the transactions contemplated by this Agreement or the other Loan Documents or (ii) which affects or could affect the business, prospects, operations, assets, liabilities or condition (financial or otherwise) of the Borrower (or any Subsidiary thereof), except, in the case of clause (ii), where such litigation, proceeding, inquiry or other action could not reasonably be expected to have a Material Adverse Effect.

(c) The Borrower shall have paid (i) all fees and expenses of the Lender in connection with the negotiation, preparation, execution and delivery of the Loan Documents (including, without limitation, all of the Lender's examination, audit, appraisal and travel expenses and the fees and expenses of counsel to the Lender) and (ii) the Origination Fee and all other fees referred to in this Agreement that are required to be paid on the Closing Date.

(d) All PPSA filings and financing and termination statements under the Code specified in Section 5.1(a)(iii) shall have been filed or authorized to be filed and consents or authorizations specified in Schedule 6.1(e) shall have been obtained.

(e) No change, occurrence, event or development that would reasonably be expected to have a Material Adverse Effect shall have occurred and be continuing.

(f) The Borrower and its Subsidiaries shall be in compliance with all Requirements of Law, governmental permits, and Material Contracts, other than such noncompliance that could not reasonably be expected to have a Material Adverse Effect.

(g) The Liens in favor of the Lender shall have been duly perfected and shall constitute second priority Liens (junior only to the Senior Lender's security interest in the Collateral), and the Collateral shall be free and clear of all Liens other than Liens in favor of the Lender and Permitted Liens.

(h) The Lender shall be reasonably satisfied with the capital, ownership, corporate, legal, tax and management structure of the Borrower and its Subsidiaries.

SECTION 5.2. Conditions to Convertible Loan. The obligation of the Lender to commit to make, and to make, the Convertible Loan (or any portion thereof) is subject to the satisfaction (or waiver by the Lender in its sole discretion) of the conditions set forth in Section 4 of the First Amendment Agreement. The obligation of the Lender to fund each Tranche of the Convertible Loan is subject to the satisfaction (or waiver by the Lender in its sole discretion) of the conditions set forth in Schedule B.

ARTICLE VI.
REPRESENTATIONS AND WARRANTIES

SECTION 6.1. Representations and Warranties of the Borrower; Reliance by the Lender. The Borrower hereby represents and warrants as follows:

(a) Organization, Good Standing and Qualification. The Borrower and each Subsidiary thereof (i) is an entity duly organized, validly existing and in good standing under the laws of the jurisdiction of organization, (ii) has the requisite power and authority to own its properties and assets and to transact the businesses in which it presently is, or proposes to be, engaged and (iii) is duly qualified, authorized to do business and in good standing in each jurisdiction where it presently is, or proposes to be, engaged in business, except to the extent that the failure to so qualify or be in good standing could not reasonably be expected to have a Material Adverse Effect. Schedule 6.1(a) specifies the jurisdiction in which the Borrower is organized and all the jurisdictions in which the Borrower is qualified to do business as a foreign entity as of the Closing Date.

(b) Authority. The Borrower has the requisite power and authority to execute, deliver and perform its obligations under each of the Loan Documents. All necessary organizational action for the execution, delivery and performance by the Borrower of the Loan Documents (including the consent of holders of Equity Interests where required) has been taken.

(c) Enforceability. This Agreement is and, when executed and delivered, each other Loan Document, will be, the legal, valid and binding obligation of the Borrower enforceable in accordance with its terms, except as enforceability may be limited by (i) Bankruptcy Laws, or similar laws affecting creditors' rights generally and (ii) general principles of equity.

(d) No Conflict. The execution, delivery and performance by the Borrower of each Loan Document do not and will not contravene (i) any of the Governing Documents of the Borrower, (ii) any Requirement of Law or (iii) except as disclosed to Lender in writing, any governmental permit, or Material Contract and will not result in the imposition of any Liens upon any of its properties except in favor of the Lender.

(e) Consents and Filings. No consent, authorization or approval of, or filing with or other act by, any holder of Equity Interests of the Borrower or any Governmental Authority or any other Person is required in connection with the execution, delivery, performance, validity or enforceability of this Agreement or any other Loan Document, the consummation of the transactions contemplated hereby or thereby or the continuing operations of the Borrower following such consummation, except (i) those that have been obtained or made and (ii) the filing of PPSA filings and financing and termination statements under the Code.

(f) Solvency. The Borrower is Solvent and will be Solvent upon the completion of all transactions contemplated to occur on or before the Closing Date.

(g) Accuracy and Completeness of Information. All data, reports and information heretofore, contemporaneously or hereafter furnished by or on behalf of the Borrower to the Lender or its representatives or the Auditors (whether provided orally, by hard copy or by the Borrower submitting computer generated files to Lender or a third party service company acting on behalf of Lender) are or will be true and accurate in all material respects as of the date of certification of such data, reports and information and are not and will not be incomplete by omitting to state any material fact necessary to make such data, reports and information not misleading at such time. There are no facts now known to any Responsible Officer of the Borrower which individually or in the aggregate would have a Material

Adverse Effect and which have not been specified herein, in the Financial Statements, or any certificate, opinion or other written statement previously furnished by the Borrower to the Lender.

(h) Organizational and Trade Name. During the past year, the Borrower has not been known by or used any other organizational, trade or fictitious name except for its name as set forth in the introductory paragraph and on the signature page of this Agreement, which is the exact correct legal name of the Borrower.

(i) No Broker's or Finder's Fees. No broker or finder brought about the obtaining, making or closing of the Term Loan or financial accommodations afforded hereunder or in connection herewith by the Lender. No broker's or finder's fees or commissions will be payable by the Borrower to any Person in connection with the transactions contemplated by this Agreement.

(j) Taxes and Tax Returns.

(i) The Borrower and each Subsidiary thereof has properly completed and timely filed all income tax returns it is required to file. The information filed is complete and accurate in all material respects. All deductions taken in such income tax returns are appropriate and in accordance with applicable laws and regulations, except deductions that may have been disallowed but are being challenged in good faith and for which adequate reserves have been established in accordance with IFRS.

(ii) All taxes, assessments, fees and other governmental charges and Priority Payables for periods beginning prior to the date hereof have been timely paid (or, if not yet due, adequate reserves therefor have been established) by it and neither the Borrower nor any Subsidiary thereof has any liability for taxes in excess of the amounts so paid or reserves so established.

(iii) No deficiencies for taxes or Priority Payables have been claimed, proposed or assessed by any taxing or other Governmental Authority against the Borrower and no Liens in respect thereof have been filed with respect thereto. There are no pending or threatened audits, investigations or claims for or relating to any liability of the Borrower or any Subsidiary thereof for taxes or Priority Payables and there are no matters under discussion with any Governmental Authority which could result in an additional liability for taxes or Priority Payables. No extension of a statute of limitations relating to taxes, assessments, fees or other governmental charges is in effect with respect to the Borrower.

(iv) Neither the Borrower nor any Subsidiary thereof is a party to, or has obligations under, any written tax sharing agreement or agreement regarding payments in lieu of taxes.

(k) No Judgments or Litigation. Except as specified in Schedule 6.1(k), no judgments, orders, writs or decrees are outstanding against the Borrower or any Subsidiary thereof, nor is there now pending or, to the knowledge of the Borrower after due inquiry, threatened litigation, contested claim, investigation, arbitration, or governmental proceeding by or against the Borrower or any Subsidiary thereof that (i) individually or in the aggregate could reasonably be expected to have a

Material Adverse Effect or (ii) purports to affect the legality, validity or enforceability of this Agreement, any other Loan Document or the consummation of the transactions contemplated hereby or thereby.

(l) Title to Property. The Borrower and each Subsidiary thereof has (i) good and marketable fee simple title to or valid leasehold interests in all its Property and (ii) good and marketable title to all of its other property, in each case free and clear of Liens other than Liens permitted by Section 7.2(f).

(m) No Other Indebtedness. On the Closing Date and after giving effect to the transactions contemplated hereby, the Borrower has no Indebtedness other than Indebtedness permitted under Section 7.2(a).

(n) Compliance with Laws. On the Closing Date, after giving effect to the transactions contemplated hereby, neither the Borrower nor any Subsidiary thereof is in default under any term of any Requirement of Law other than any default which, when taken together with all other similar defaults, could reasonably be expected to have a Material Adverse Effect or would require more than \$50,000.00 to remediate. Each product of the Borrower and each Subsidiary thereof is in compliance with, and their respective operations related to each such product are in compliance with, applicable laws, and, to the knowledge of the Borrower, no product sold by the Borrower or any Subsidiary thereof has been adulterated, misbranded or mislabeled in violation of applicable laws, in each case, except for which the non-compliance with which could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(o) Rights in Collateral; Priority of Liens. All Collateral is owned or leased by it free and clear of any and all Liens in favor of third parties, other than Liens in favor of the Lender and Permitted Liens. Upon the proper filing of the financing and termination statements specified in Section 5.1(a)(xii), the Liens granted by the Borrower pursuant to the Loan Documents constitute valid, enforceable and perfected second priority Liens (subject to Permitted Liens, but junior only to the Senior Lender's security interest in the Collateral) on the Collateral.

(p) Canadian Pension Plans. Each Canadian Pension Plan maintained by the Borrower or any Subsidiary thereof is duly registered under the ITA and any other laws which require registration, have been administered in accordance with the ITA and such other laws and no event has occurred which would reasonably be expected to cause the loss of such registered status, except to the extent that any failure to do so or such loss would not reasonably be expected to have a Material Adverse Effect. As of the date of this Agreement, no Canadian Pension Plan provides benefits determined on a defined benefit basis. All material obligations of the Borrower and each of its Subsidiaries (including fiduciary, funding, investment and administration obligations) required to be performed in connection with the Canadian Pension Plans and the funding agreements therefor have been performed on a timely basis except to the extent that such non-performance would not reasonably be expected to have a Material Adverse Effect. As of the Closing Date, there are no outstanding disputes concerning the assets of any of the Benefit Plans which would reasonably be expected to have a Material Adverse Effect. No promises of benefit improvements under any of the Canadian Benefit Plans have been made except where such improvement would not reasonably be expected to have a Material Adverse Effect. All employer and employee payments, contributions or premiums required to be made or paid by the Borrower or any of its Subsidiaries to the Canadian Benefit Plans have been made on a timely basis in accordance with the terms of such plans and all laws except to the extent failure to do so would reasonably be expected to have a Material Adverse Effect. There have been no improper withdrawals or applications of the assets of the Canadian Benefit Plans that would reasonably be expected to have a Material Adverse Effect. There has been no partial termination of any Canadian Pension Plan and no facts or circumstances have occurred or existed that could result, or be reasonably anticipated to result, in the declaration of a partial

termination of any of the Canadian Pension Plans under law which would reasonably be expected to have a Material Adverse Effect.

(q) ERISA. Neither the Borrower nor any Subsidiary thereof is subject to ERISA, including maintenance of plans or offer other benefits that would be subject to ERISA.

(r) Intellectual Property. The Borrower owns or licenses all Intellectual Property, which is necessary or advisable for the operation of its business as presently conducted or proposed to be conducted. The Borrower has not infringed any patent, trademark, service mark, trade name, copyright, license or other right owned by any other Person by the sale or use of any product, process, method, substance, part or other material presently contemplated to be sold or used, where such sale or use could reasonably be expected to have a Material Adverse Effect and no claim or litigation is pending, or, to the best of the Borrower's knowledge, threatened against the Borrower or any Subsidiary thereof that contests its right to sell or use any such product, process, method, substance, part or other material.

(s) Labor Matters. There are no union or collective bargaining contracts to the Borrower or any Subsidiary thereof is a party as of the Closing Date. There are no existing or threatened strikes, lockouts or other disputes relating to any collective bargaining or similar agreement to the Borrower or any Subsidiary thereof is a party which, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

(t) Compliance with Environmental Laws. (i) Neither the Borrower nor any Subsidiary thereof is the subject of any judicial or administrative proceeding or investigation relating to the violation of any Environmental Law or asserting potential liability arising from the release or disposal by any Person of any Hazardous Materials, (ii) neither the Borrower nor any Subsidiary thereof has filed with or received from any Governmental Authority or other Person any notice, order, stipulation or directive under any Environmental Law, nor is it aware of any pending discussions within any Governmental Authority, concerning the treatment, storage, disposal, spill or release or threatened release of any Hazardous Materials at, on, beneath or adjacent to Property owned or leased by it, or the release or threatened release at any other location of any Hazardous Material generated, used, stored, treated, transported or released by or on behalf of the Borrower, (iii) the Borrower and each Subsidiary thereof has disposed of all its waste in accordance with all applicable laws and it has not improperly stored or disposed of any waste at, on, beneath or adjacent to any of its Property and none of its Property contains any waste fill, (iv) the Borrower has no knowledge of any contingent liability for any release of any Hazardous Materials, and there has been no spill or release of any Hazardous Materials at any Property of the Borrower or any Subsidiary thereof in violation of Environmental Laws, (v) to the knowledge of the Borrower, all Property of the Borrower and each Subsidiary thereof (including, without limitation, owned Property, and Equipment) is free, and has at all times been free, of Hazardous Materials and underground storage tanks and (vi) to the knowledge of the Borrower, neither its Property nor the Property of any Subsidiary of the Borrower has ever been used as a waste disposal site, whether registered or unregistered.

(u) Licenses and Permits. The Borrower and each Subsidiary thereof has obtained and holds in full force and effect all franchises, licenses, leases, permits, certificates, authorizations, qualifications, easements, rights of way and other rights and approvals which are necessary or advisable for the operation of its business as presently conducted and as proposed to be conducted, except where the failure to possess any of the foregoing (individually or in the aggregate) could not reasonably be expected to have a Material Adverse Effect.

(v) Government Regulation. Neither the Borrower nor any Subsidiary thereof is subject to regulation under the Energy Policy Act of 2005, Federal Power Act, the Interstate Commerce

Act or any other Requirement of Law that limits its ability to incur Indebtedness or consummate the transactions contemplated by this Agreement and the other Loan Documents.

(w) Compliance with Anti-Terrorism Laws. Each of the Borrower and its Subsidiaries is and will remain in full compliance with all laws and regulations applicable to it including, without limitation, (A) ensuring that no Person who owns a controlling interest in or otherwise controls the Borrower or any Subsidiary thereof is or shall be (1) listed on the Specially Designated Nationals and Blocked Person List maintained by the Office of Foreign Assets Control ("OFAC"), Department of the Treasury, or any other similar list maintained by the OFAC under any authorizing statute, Executive Order or regulation, (2) a Person designated under Section 1(b), (c) or (d) of Executive Order No. 13224 (September 23, 2001), any related enabling legislation or any similar Executive Order (a "Sanctioned Person"), or (3) the Canadian Anti-Terrorism Laws, and (B) compliance with all applicable Bank Secrecy Act ("BSA") laws, regulations and government guidance on BSA compliance and on the prevention and detection of money laundering violations. The Borrower acknowledges that pursuant to the USA Patriot Act, 31 U.S.C. §5318, the *Proceeds of Crime Money Laundering and Terrorist Financing Act* (Canada) and other applicable anti-money laundering, anti-terrorist financing, government sanction and "know your client" laws, under the laws of Canada or the United States (collectively, including any guidelines or orders thereunder, "AML Legislation"), the Lender may be required to obtain, verify and record information regarding the Borrower, its directors, authorized signing officers, direct or indirect shareholders or other Persons in control of the Borrower, and the transactions contemplated hereby. The Borrower shall promptly provide (or cause to be provided) all such information, including supporting documentation and other evidence, as may be reasonably requested by the Lender necessary in order to comply with any applicable AML Legislation, whether now or hereafter in existence.

(x) Insurance. The Borrower and its Subsidiaries maintain insurance, to such extent and against such risks, including fire and other risks insured against by extended coverage, as is customary with companies engaged in the same or similar businesses, operating in the same or similar locations, including public liability insurance against claims for personal injury or death or property damage occurring upon, in, about or in connection with the use of any Properties owned, occupied or controlled by them. Such policies are in full force and effect on the Closing Date, and neither the Borrower nor any Subsidiary thereof has received notice of cancellation with respect to any such policy. All premiums payable that are now due with respect to such policies have been paid through the Closing Date.

All representations and warranties made by the Borrower in this Agreement and in each other Loan Document to which it is a party shall survive the execution and delivery hereof and thereof and the closing of the transactions contemplated hereby and thereby. The Borrower acknowledges and confirms that the Lender is relying on such representations and warranties without independent inquiry in entering into this Agreement.

ARTICLE VII.

COVENANTS OF THE BORROWER

SECTION 7.1. Affirmative Covenants. Until the indefeasible payment and satisfaction of all Obligations in full:

(a) Organizational Existence. The Borrower shall, and shall cause each of its Subsidiaries to, (i) maintain its organizational existence, (ii) maintain in full force and effect all material licenses, bonds, franchises, leases, trademarks, qualifications and authorizations to do business, and all

material patents, contracts and other rights necessary or advisable to the profitable conduct of its businesses, and (iii) continue in the same lines of business as presently conducted by it.

(b) Maintenance of Property. The Borrower shall, and shall cause each of its Subsidiaries to, keep all property useful and necessary to its business in good working order and condition (ordinary wear and tear excepted) in accordance with its past operating practices.

(c) Affiliate Transactions. The Borrower shall, and shall cause each of its Subsidiaries to, conduct transactions with any of its Affiliates on a basis no less favorable to the Borrower or such Subsidiary than would apply in a transaction with a non-Affiliate and which are approved by the board of directors (or similar governing body) of the Borrower or such Subsidiary.

(d) Taxes. The Borrower shall, and shall cause each of its Subsidiaries to, pay, when due, (i) all Priority Payables, tax assessments, and other governmental charges and levies imposed against it or any of its property and (ii) all lawful claims that, if unpaid, might by law become a Lien upon its property; provided, however, that, unless such tax assessment, charge, levy or claim has become a Lien on any of the property of the Borrower or such Subsidiary, it need not be paid if it is being contested in good faith, by appropriate proceedings diligently conducted and an adequate reserve or other appropriate provision shall have been established therefor as required in accordance with IFRS.

(e) Requirements of Law. The Borrower shall, and shall cause each of its Subsidiaries to, comply with all Requirements of Law applicable to it, including, without limitation, all applicable federal, state, local or foreign laws and regulations, including, without limitation, those relating to environmental and employee matters (including the collection, payment and deposit of employees' income, unemployment, Social Security and Medicare hospital insurance taxes) and with respect to pension liabilities.

(f) Insurance. The Borrower shall, and shall cause each of its Subsidiaries to, (i) keep all its insurable properties and properties in which the Borrower or such Subsidiary has an interest insured against the hazards of fire, flood, sprinkler leakage, those hazards covered by extended coverage insurance and such other hazards, and for such amounts, as is customary in the case of companies engaged in businesses similar to business of the Borrower or such Subsidiary, including business interruption insurance, directors and officers liability insurance and cybersecurity insurance; (ii) maintain a bond in such amounts as is customary in the case of companies engaged in businesses similar to the Borrower or such Subsidiary insuring against larceny, embezzlement or other criminal misappropriation of insured's officers and employees who may either singly or jointly with others at any time have access to the assets or funds of the Borrower or such Subsidiary either directly or through authority to draw upon such funds or to direct generally the disposition of such assets; (iii) maintain public and product liability insurance against claims for personal injury, death or property damage suffered by others; (iv) maintain all such worker's compensation or similar insurance as may be required under the laws of any state or jurisdiction in which the Borrower or such Subsidiary is engaged in business; (v) furnish the Lender with (1) copies of all policies and evidence of the maintenance of such policies by the renewal thereof at least thirty (30) days before any expiration date, and (2) appropriate loss payable endorsements in form and substance satisfactory to Lender, naming Lender as an additional insured and mortgagee and/or lender loss payee (as applicable) as its interests may appear with respect to all insurance coverage referred to in clauses (i) and (iii) above.

(g) Notification Requirements. The Borrower shall timely give the Lender the following notices and other documents:

(i) Notice of Defaults. Promptly, and in any event within five Business Days after becoming aware of the occurrence of a Default or Event of Default, a certificate of a Responsible Officer specifying the nature thereof and the Borrower's proposed response thereto, each in reasonable detail.

(ii) Proceedings or Changes. Promptly, and in any event within five Business Days after the Borrower becomes aware of (A) any proceeding including, without limitation, any proceeding the subject of which is based in whole or in part on a commercial tort claim/choses in action being instituted or threatened to be instituted by or against the Borrower or any of its Subsidiaries in any federal, state, provincial, territorial, local, municipal, or foreign court or before any commission or other regulatory body (federal, state, provincial, territorial, local, municipal or foreign) involving a sum, together with the sum involved in all other similar proceedings, in excess of \$250,000.00 in the aggregate, (B) any order, judgment, fine, or decree involving a sum, together with the sum of all other orders, judgments, fines or decrees, in excess of \$250,000.00 in the aggregate being entered against the Borrower or any of its Subsidiaries or any of their respective property or assets, (C) any notice or correspondence issued to the Borrower or any Subsidiary thereof by a Governmental Authority warning, threatening or advising of the commencement of any investigation involving the Borrower, any Subsidiary, or any of its property or assets, (D) any actual or prospective change, development or event which has had or could reasonably be expected to have a Material Adverse Effect, or (E) a proposed or actual change of the name, identity, organizational structure or jurisdiction of organization of the Borrower or any Subsidiary thereof, a written statement describing such proceeding, order, judgment, decree, change, development or event and any action being taken by the Borrower or any of its Subsidiaries with respect thereto.

(h) Qualify to Transact Business. The Borrower shall, and shall cause each of its Subsidiaries to, qualify to transact business as a foreign corporation, limited partnership or limited liability company, as the case may be, in each jurisdiction where the nature or extent of its business or the ownership of its property requires it to be so qualified or authorized and where failure to qualify or be authorized could reasonably be expected to have a Material Adverse Effect.

(i) Reporting. The Borrower shall deliver to the Lender (i) notice of the occurrence of any Default or Event of Default immediately upon knowledge thereof and (ii) promptly after the request by the Lender therefor, such additional Financial Statements and other related data and information as to the business, prospects, operations, results of operations, assets, liabilities or condition (financial or otherwise) of the Borrower or any Subsidiary as the Lender may from time to time reasonably request. Additionally, the Borrower shall deliver to the Lender, no less frequently than on a monthly basis, a report detailing the accrued Variable Interest Amount (both in the aggregate and for the period elapsed since the Borrower's immediately preceding report), the Borrower's calculation thereof, and reasonable backup documentation for all the foregoing (including, without limitation, sales data giving rise to the Variable Interest Amount), together with such other information or data as the Lender may- may from time to time reasonably request in connection therewith.

(j) Payment of Liabilities. The Borrower shall, and shall cause each of its Subsidiaries to, pay and discharge, in the ordinary course of business, all obligations and liabilities

(including, without limitation, tax liabilities and other governmental charges), except where the same may be contested in good faith by appropriate proceedings and for which adequate reserves with respect thereto have been established in accordance with IFRS.

(k) Solvency. The Borrower shall, and shall cause each of its Subsidiaries to, be and remain Solvent at all times.

(l) Next Annual Meeting. At the Borrower's first annual general meeting of its shareholders to occur following the Closing Date (the "Next AGM"), the Borrower shall include on the agenda of the Next AGM and seek approval by its shareholders of (a) the transactions contemplated by this Agreement and the other Loan Documents and (b) any future loan or equity transaction in an amount up to US\$5,000,000.00 that requires, or would require, approval of the Borrower's shareholders pursuant to Section 501(c), Section 604(a)ii) or Section 607(g)ii) of the TSX Company Manual by virtue of involving Clifford L. Rucker, as a "reporting insider" of the Borrower, or any Affiliate of Clifford L. Rucker (including, but not limited to, the Lender and the Senior Lender).

SECTION 7.2. Negative Covenants. Until the indefeasible payment and satisfaction of all Obligations in full:

(a) Indebtedness. The Borrower shall not, and the Borrower shall not permit any of its Subsidiaries to, directly or indirectly, at any time create, incur, assume or suffer to exist any Indebtedness other than:

(i) Indebtedness under the Loan Documents;

(ii) Indebtedness existing on the Closing Date and listed on Schedule 7.2(a)(ii);

(iii) endorsement of negotiable instruments for deposit or collection in the ordinary course of business;

(iv) Indebtedness (including Capitalized Lease Obligations) incurred or committed to be incurred (a) existing on the Closing Date and listed on Schedule 7.2(a)(ii) and (b) unfinanced Capital Expenditures in each fiscal year thereafter, in an amount not to exceed, in the aggregate, \$200,000.00;

(v) Indebtedness incurred in connection with the incurrence of a Lien pursuant to Section 7.2(f)(iv); and

(vi) Indebtedness incurred in connection with the Senior Credit Agreement.

(b) Contingent Obligations. The Borrower shall not, and the Borrower shall not permit any of its Subsidiaries to, directly or indirectly, incur, assume, or suffer to exist any Contingent Obligation, excluding indemnities given in connection with this Agreement or the other Loan Documents in favor of the Lender.

(c) Organizational Changes, Etc. The Borrower shall not, and the Borrower shall not permit any of its Subsidiaries to, directly or indirectly, merge or consolidate with any Person or amend, alter or modify its Governing Documents or its legal name, mailing address, chief executive

office or principal places of business, structure, status or existence, or liquidate or dissolve itself (or suffer any liquidation or dissolution) or issue any Equity Interests.

(d) Use of Proceeds. The Borrower shall not (i) use any portion of the proceeds of the ~~Term Loan~~ Loans in violation of Section 2.3 or for the purpose of purchasing or carrying any “margin stock” (as defined in Regulation U of the Federal Reserve Board) in any manner which violates the provisions of Regulation T, U or X of the Federal Reserve Board or for any other purpose in violation of any applicable statute or regulation, or of the terms and conditions of this Agreement or (ii) take, or permit any Person acting on its behalf to take, any action which could reasonably be expected to cause this Agreement or any other Loan Document to violate any regulation of the Federal Reserve Board.

(e) Transactions with Affiliates. The Borrower shall not, and the Borrower shall not permit any of its Subsidiaries to, directly or indirectly, purchase, acquire or lease any property from, or sell, transfer or lease any property to, or otherwise deal with, any Affiliate, except (a) transactions in the ordinary course of business, on terms no less favorable than terms which would have been obtainable from a Person other than an Affiliate, (b) the payment of reasonable compensation and benefits in the ordinary course of business to members, officers and employees for services actually rendered to Borrower, (c) customary indemnification arrangements with officers, directors and managers of Borrower.

(f) Liens, Etc. The Borrower shall not, and the Borrower shall not permit any of its Subsidiaries to, directly or indirectly, at any time create, incur, assume or suffer to exist any Lien on or with respect to any assets, other than:

(i) Liens created hereunder and by the Security Documents;

(ii) Liens existing on the Closing Date and listed on Schedule 7.2(f);

(iii) Liens securing Indebtedness permitted by Section 7.2(a)(iv);

(iv) Liens securing Indebtedness permitted by Section 7.2(a)(v) incurred to finance the acquisition of fixed or capital assets, provided that (A) such Liens shall be created substantially simultaneously with the acquisition of such assets, (B) such Liens do not at any time encumber any assets other than the assets financed by such Indebtedness, (C) such Liens are not modified to secure other Indebtedness and the amount of Indebtedness secured thereby is not increased and (D) the principal amount of Indebtedness secured by any such Lien shall at no time exceed the original purchase price of such assets; and

(v) Permitted Liens.

(g) Negative Pledge. The Borrower shall not, and the Borrower shall not permit any of its Subsidiaries to, enter into or suffer to exist any agreement (other than in favor of the Lender) prohibiting or conditioning the creation or assumption of any Lien upon any of its assets.

ARTICLE VIII.
[RESERVED]

ARTICLE IX.
EVENTS OF DEFAULT; RIGHTS AND REMEDIES

SECTION 9.1. Events of Default. The occurrence of any of the following events shall constitute an “Event of Default”:

(a) the Borrower fails to pay any principal, interest, fees, expenses or other Obligations when payable, whether at stated maturity, by acceleration, or otherwise and such Default continues for a period of ten (10) days; or

(b) the Borrower (i) Defaults in the performance or observance of any agreement, covenant, condition, provision or term contained in ~~Sections 2.2, Section 2.3, 2.5~~ Section 2.4, Section 2.6, Article III, Section 7.1, Section 7.2, Article VIII or Section 10.1 hereof; or (ii) Defaults in the performance or observance of any agreement, covenant, condition, provision or term contained in this Agreement or any other Loan Document (other than those referred to in Section 9.1(a) and Section 9.1 (b)(i)) and such Default continues for a period of ten (10) days; or

(c) the Borrower, or any Subsidiary thereof, becomes de-listed on the Toronto Stock Exchange or dissolves, winds up or otherwise ceases to conduct its business; or

(d) the Borrower, or any Subsidiary thereof, becomes the subject of an Insolvency Event; or

(e) (i) the Borrower, or any Subsidiary thereof, fails to make any payment (whether of principal, interest or otherwise and regardless of amount) in respect of any Material Indebtedness when due (whether at scheduled maturity or by required prepayment, acceleration, demand or otherwise) unless such amount is being disputed in good faith, or (ii) any event or condition occurs that results in any Material Indebtedness becoming due prior to its scheduled maturity or that enables or permits the holder or holders (or a trustee or agent on behalf of such holder or holders) to declare any Material Indebtedness to be due, or to require the prepayment, repurchase, redemption or defeasance thereof, prior to its scheduled maturity and such default continues for a period of ten (10) days; or

(f) any material representation or warranty made by the Borrower under or in connection with any Loan Document or amendment or waiver thereof, or in any Financial Statement, report, document or certificate delivered in connection therewith, shall prove to have been incorrect in any material respect when made or deemed made; or

(g) any judgment or order for the payment of money which, when taken together with all other judgments and orders rendered against the Borrower (or any Subsidiary thereof) taken together, exceeds \$50,000.00 in the aggregate is rendered against the Borrower (or any Subsidiary thereof) and such judgment or order is not stayed, vacated, bonded or discharged within thirty (30) days; or

(h) any Guarantor defaults in the performance or observance of any agreement, covenant, condition, provision or term contained any other Loan Document to which such Guarantor is a party; or

(i) the occurrence of any change in control or similar event with respect to Borrower as defined or described under any indenture or agreement in respect of Indebtedness to which the Borrower is a party; or

(j) any covenant, agreement, or obligation of the Borrower contained in or evidenced by any of the Loan Documents ceases to be enforceable, or shall be determined to be unenforceable, in accordance with its terms; the Borrower denies or disaffirms its obligations under any of the Loan Documents or any Liens granted in connection therewith or otherwise challenges any of its obligations under any of the Loan Documents; or any Liens granted on any of the Collateral is, or are, determined to be void, voidable, or invalid, are subordinated or are not given the priority contemplated by this Agreement or any other Loan Document; or

(k) a Security Document shall for any reason cease to create a valid and perfected second priority Lien on the Collateral (subject to Permitted Liens) purported to be covered thereby; or

(l) the occurrence of a Material Adverse Effect; or

(m) (i) the occurrence and continuance of an Event of Default (as defined in the Senior Credit Agreement) under the Senior Credit Agreement or any security document related thereto, or (ii) the Borrower, or any of the Borrower's Subsidiaries or Affiliates, defaults under, or breaches, any other agreement, instrument, or document with the Senior Lender.

SECTION 9.2. Acceleration. Upon the occurrence and during the continuance of an Event of Default, the Lender may, without prejudice to the rights of the Lender to enforce its claims against the Borrower, declare all Obligations immediately due and payable (except with respect to any Event of Default specified in Section 9.1(d), in which case all Obligations shall automatically become immediately due and payable) without presentment, demand, protest or any other action or obligation of the Lender. Notwithstanding any such termination, until all Obligations shall have been fully and indefeasibly paid and satisfied, the Lender shall retain all rights under guaranties and all security in existing and future Receivables, Inventory, General Intangibles, Investment Property and Equipment of the Borrower and all other Collateral held by it hereunder and under the Security Documents.

SECTION 9.3. Other Remedies.

(a) Upon the occurrence and during the continuance of an Event of Default, the Lender shall have all rights and remedies with respect to the Obligations and the Collateral under applicable law and the Loan Documents, and the Lender may do any or all of the following:

(i) remove for copying all documents, instruments, files and records (including the copying of any computer records) relating to the Borrower's Receivables or use (at the expense of the Borrower) such supplies or space of the Borrower at the Borrower's places of business necessary to administer, enforce and collect such Receivables including, without limitation, any supporting obligations;

(ii) accelerate or extend the time of payment, compromise, issue credits, or bring suit on the Borrower's Receivables (in the name of the Borrower or the Lender) and otherwise administer and collect such Receivables;

(iii) sell, assign and deliver the Borrower's Receivables with or without advertisement, at public or private sale, for cash, on credit or otherwise, subject to applicable law; and

(iv) enforce or foreclose the security interests created pursuant to the Loan Documents by any available procedure, or take possession of any or all of the Collateral, without judicial process and enter any premises where any Collateral may be located for the purpose of taking possession of or removing the same.

(b) The Lender may bid or become a purchaser at any sale, free from any right of redemption, which right is expressly waived by the Borrower. If notice of intended disposition of any Collateral is required by law, it is agreed that ten days' notice shall constitute reasonable notification. The Borrower will assemble the Collateral and make it available at such locations as the Lender may specify, whether at the premises of the Borrower or elsewhere, and will make available to the Lender the premises and facilities of the Borrower for the purpose of the Lender's taking possession of or removing the Collateral or putting the Collateral in saleable form. The Lender may sell the Collateral or any part thereof in one or more parcels at public or private sale, at any exchange, broker's board or at any of the Lender's offices or elsewhere, for cash, on credit or for future delivery, and upon such other terms as the Lender may deem commercially reasonable. The Lender shall not be obligated to make any sale of Collateral regardless of notice of sale having been given. The Lender may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned. The Borrower hereby grants the Lender a license to enter and occupy any of the Borrower's leased or owned premises and facilities, without charge, to exercise any of the Lender's rights or remedies.

(c) The Lender may seek the appointment of a receiver, receiver-manager or keeper (a "Receiver") under the laws of Canada or any Province thereof to take possession of all or any portion of the Collateral of the Borrower or to operate same and, to the maximum extent permitted by law, may seek the appointment of such a receiver without the requirement of prior notice or a hearing. Any such Receiver shall, so far as concerns responsibility for his/her acts, be deemed agent the Borrower and not the Lender, and the Lender shall not be in any way responsible for any misconduct, negligence or non-feasance on the part of any such Receiver, his/her servants or employees. Subject to the provisions of the instrument appointing him/her, any such Receiver shall have power to take possession of Collateral of the Borrower, to preserve Collateral of the Borrower or its value, to carry on or concur in carrying on all or any part of the business of the Borrower and to sell, lease, license or otherwise dispose of or concur in selling, leasing, licensing or otherwise disposing of Collateral of the Borrower. To facilitate the foregoing powers, any such Receiver may, to the exclusion of all others, including the Borrower, enter upon, use and occupy all premises owned or occupied by the Borrower (or any of its Subsidiaries or Affiliates) wherein Collateral of the Borrower may be situated, maintain Collateral of the Borrower upon such premises, borrow money on a secured or unsecured basis and use Collateral of the Borrower directly in carrying on the Borrower's business or as security for loans or advances to enable the Receiver to carry on the Borrower's business or otherwise, as such Receiver shall, in its discretion, determine. Except as may be otherwise directed by the Lender, all money received from time to time by such Receiver in carrying out his/her appointment shall be received in trust for and paid over to the Lender. Every such Receiver may, in the Lender's discretion, be vested with all or any of the rights and powers of the Lender. The Lender may, either directly or through its nominees, exercise any or all powers and rights given to a Receiver by virtue of the foregoing provisions of this Section 9.3(c).

SECTION 9.4. License for Use of Software and Other Intellectual Property. The Borrower hereby grants to the Lender a license or other right to use, without charge, all computer

software programs, data bases, processes, trademarks, tradenames, copyrights, labels, trade secrets, service marks, advertising materials and other rights, assets and materials used by the Borrower (or any Subsidiary of Borrower or Affiliate of Borrower) in connection with its businesses or in connection with the Collateral.

SECTION 9.5. No Marshalling; Deficiencies; Remedies Cumulative. The Lender shall have no obligation to marshal any Collateral or to seek recourse against or satisfaction of any of the Obligations from one source before seeking recourse against or satisfaction from another source. The net cash proceeds resulting from the Lender's exercise of any of the foregoing rights to liquidate all or substantially all of the Collateral, including any and all Collections (after deducting all of the Lender's expenses related thereto), shall be applied by the Lender to such of the Obligations and in such order as the Lender shall elect in its sole and absolute discretion, whether due or to become due. The Borrower shall remain liable to the Lender for any deficiencies, and the Lender in turn agrees to remit to the Borrower or its successor or assign any surplus resulting therefrom. All of the Lender's remedies under the Loan Documents shall be cumulative, may be exercised simultaneously against any Collateral and the Borrower or in such order and with respect to such Collateral or the Borrower as the Lender may deem desirable, and are not intended to be exhaustive.

SECTION 9.6. Waivers. Except as may be otherwise specifically provided herein or in any other Loan Document, the Borrower hereby waives any right to a judicial or other hearing with respect to any action or prejudgment remedy or proceeding by the Lender to take possession, exercise control over, or dispose of any item of Collateral in any instance (regardless of where the same may be located) where such action is permitted under the terms of this Agreement or any other Loan Document or by applicable law or of the time, place or terms of sale in connection with the exercise of the Lender's rights hereunder and also waives any bonds, security or sureties required by any statute, rule or other law as an incident to any taking of possession by the Lender of any Collateral. The Borrower also waives any damages (direct, consequential or otherwise) occasioned by the enforcement of the Lender's rights under this Agreement or any other Loan Document including the taking of possession of any Collateral or the giving of notice to any account debtor or the collection of any Receivable of the Borrower. The Borrower also consents that the Lender may enter upon any premises owned by or leased to it without obligations to pay rent or for use and occupancy, through self-help, without judicial process and without having first obtained an order of any court. These waivers and all other waivers provided for in this Agreement and the other Loan Documents have been negotiated by the parties, and the Borrower acknowledges that it has been represented by counsel of its own choice, has consulted such counsel with respect to its rights hereunder and has freely and voluntarily entered into this Agreement and the other Loan Documents as the result of arm's-length negotiations.

SECTION 9.7. Further Rights of the Lender.

(a) Further Assurances. The Borrower shall do all things and shall execute and deliver all documents and instruments reasonably requested by the Lender to protect or perfect any Lien (and the priority thereof) of the Lender on the Collateral. The Lender is authorized to describe the Collateral covered by any PPSA filing and financing statement filed by it under the Code as "all assets" or "all personal property" of the Borrower or by using a similar supergeneric description.

(b) Insurance; Etc. If the Borrower shall fail to purchase or maintain insurance (where applicable), or to pay any tax, assessment, governmental charge or levy, except as the same may be otherwise permitted hereunder or which is being contested in good faith by appropriate proceedings

and for which adequate reserves have been established in accordance with IFRS, or if any Lien prohibited hereby shall not be paid in full and discharged or if the Borrower shall fail to perform or comply with any other covenant, promise or obligation to the Lender hereunder or under any other Loan Document, the Lender may (but shall not be required to) perform, pay, satisfy, discharge or bond the same for the account of the Borrower, and all amounts so paid by the Lender shall constitute part of the Obligations.

SECTION 9.8. Interest After Event of Default. The Borrower agrees and acknowledges that the additional interest and fees that may be charged under Section 4.2, (a) are an inducement to the Lender to make the Term Loan hereunder and that the Lender would not consummate the transactions contemplated by this Agreement without the inclusion of such provisions, (b) are fair and reasonable estimates of the Lender's costs of administering the credit facility upon an Event of Default, and (c) are intended to estimate the Lender's increased risks upon an Event of Default.

ARTICLE X.

ASSIGNMENTS

SECTION 10.1. Assignments.

(a) ~~—~~ The Borrower shall not assign this Agreement or any right or obligation hereunder without the prior written consent of the Lender.

(b) ~~—~~ The Lender may assign or pledge as security (without the consent of the Borrower) to one or more Persons all or a portion of its rights and obligations under this Agreement, and the other Loan Documents, solely as they relate to the Term Loan and Obligations related to the Term Loan.

(c) Notwithstanding the foregoing, the Convertible Loan will not be transferable or assignable by the Lender, other than to a wholly-owned Subsidiary of the Lender (and provided such assignee Subsidiary remains a wholly-owned Subsidiary of the Lender and such assignee Subsidiary and the Lender each undertakes in favour of the Borrower that the Convertible Loan will be re-assigned to the Lender immediately if such assignee ceases to be a wholly-owned Subsidiary of the Lender). For clarity, the restrictions on transfer and assignment contained in this Section 10.1(c) shall also apply to a sale or transfer of any equity of the Lender to a person who is not an Affiliate of the Lender on the First Amendment Date.

SECTION 10.2. Disclosure. The Lender may, in connection with any permitted assignment or proposed permitted assignment pursuant to this **Article X**, disclose to the assignee or proposed assignee any information relating to the Borrower and its Subsidiaries.

ARTICLE XI.

GENERAL PROVISIONS

SECTION 11.1. Notices. Any notice or request hereunder may be given to the Borrower or Lender at their respective addresses set forth below or at such other address as may hereafter be specified in a notice designated as a notice of change of address under this Section 11.1. Any notice or request hereunder shall be given by (a) hand delivery, (b) overnight courier, (c) registered or certified mail, return receipt requested, or (d) telecopy or such other electronic transmission (i.e. portable document form and email) to the number set out below (or such other

number or electronic address as may hereafter be specified in a notice designated as a notice of change of address) with electronic confirmation of its receipt. Any notice or other communication required or permitted pursuant to this Agreement shall be deemed given (a) when personally delivered to any officer of the party to whom it is addressed, (b) on the earlier of actual receipt thereof or on the date on which delivery is refused if sent by certified or registered mail, postage prepaid, (c) upon actual receipt thereof when sent by a recognized overnight delivery service or (d) upon actual receipt thereof when sent by telecopier or electronic address to the number set forth below with electronic confirmation of its receipt, in each case addressed to each party at its address set forth below or at such other address as has been furnished in writing by a party to the other by like notice:

- (i) If to Lender: RI Flow LLC
c/o Rucker Investments LLC
500 Cummings Center, Suite 6050
Beverly, MA 01915
Attention: Legal Department
Email: legal@ruckerinv.com
- with a copy to: Miller Thomson LLP
Scotia Plaza
40 King Street West, Suite 5800
P.O. Box 1011
Toronto, Ontario M5H 3S1
Attention: Kenneth R. Rosenstein
Telephone: (416) 595-7923
Facsimile: (416) 595-8695
Email: krosenstein@millerthomson.com
- (ii) If to Borrower: Flow Beverage Corp.
155 Industrial Parkway South
Aurora, ON L4G 3G6
Attention: Nicholas Reichenbach, CEO
Trent McDonald, CFO
Telephone: (917) 951-9371
Email: nicholas@flowhydration.com
trent.macdonald@flowhydration.com

SECTION 11.2. Delays; Partial Exercise of Remedies. No delay or omission of the Lender to exercise any right or remedy hereunder shall impair any such right or operate as a waiver thereof. No single or partial exercise by the Lender of any right or remedy shall preclude any other or further exercise thereof, or preclude any other right or remedy.

SECTION 11.3. Right of Setoff. In addition to and not in limitation of all rights of offset that the Lender may have under applicable law, and whether or not the Lender has made any demand or the Obligations of the Borrower have matured, the Lender shall have the right to set off and apply any and all deposits (general or special, time or demand, provisional or final, or any other type) at any time held and any other Indebtedness at any time owing by the Lender to or for the credit or the account of the Borrower or any of its Affiliates against any and all of the Obligations. In the event that the Lender exercises any of its rights under this Section 11.3, the

Lender shall provide notice to the Borrower of such exercise, provided that the failure to give such notice shall not affect the validity of the exercise of such rights.

SECTION 11.4. Indemnification; Reimbursement of Expenses of Collection.

(a) The Borrower hereby agrees that, whether or not any of the transactions contemplated by this Agreement or the other Loan Documents are consummated, the Borrower will indemnify, defend and hold harmless (on an after-tax basis) the Lender and its successors, assigns, directors, officers, agents, employees, advisors, shareholders, attorneys and Affiliates (each, an “**Indemnified Party**”) from and against any and all losses, claims, damages, liabilities, deficiencies, obligations, fines, penalties, actions (whether threatened or existing), judgments, suits (whether threatened or existing) or expenses (including, without limitation, fees and disbursements of counsel, experts, consultants and other professionals) incurred by any of them (collectively, “**Claims**”) (except, in the case of each Indemnified Party, to the extent that any Claim is determined in a final and non-appealable judgment by a court of competent jurisdiction to have directly resulted from such Indemnified Party’s gross negligence or willful misconduct) arising out of or by reason of (i) any litigation, investigation, claim or proceeding related to (A) this Agreement, any other Loan Document or the transactions contemplated hereby or thereby, (B) any actual or proposed use by the Borrower of the proceeds of the ~~Term Loan~~ Loans, or (C) the Lender’s entering into this Agreement, the other Loan Documents or any other agreements and documents relating hereto (other than consequential damages and loss of anticipated profits or earnings), including, without limitation, amounts paid in settlement, court costs and the fees and disbursements of counsel incurred in connection with any such litigation, investigation, claim or proceeding, (ii) any remedial or other action taken or required to be taken by the Borrower in connection with compliance by the Borrower, or any of its properties, with any federal, state, provincial, territorial, municipal or local Environmental Laws and (iii) any pending, threatened or actual action, claim, proceeding or suit by any holder of an Equity Interest of the Borrower or any actual or purported violation of the Borrower’s Governing Documents or any other agreement or instrument to which the Borrower is a party or by which any of its properties is bound. In addition, the Borrower shall, upon demand, pay to the Lender all costs and expenses incurred by the Lender (including the fees and disbursements of counsel and other professionals) in connection with the preparation, execution, delivery, administration, modification and amendment of the Loan Documents, and pay to the Lender all costs and expenses (including the fees and disbursements of counsel and other professionals) paid or incurred by the Lender in (A) enforcing or defending its rights under or in respect of this Agreement, the other Loan Documents or any other document or instrument now or hereafter executed and delivered in connection herewith, (B) collecting the Obligations or otherwise administering this Agreement and (C) foreclosing or otherwise realizing upon the Collateral or any part thereof. If and to the extent that the obligations of the Borrower hereunder are unenforceable for any reason, the Borrower hereby agrees to make the maximum contribution to the payment and satisfaction of such obligations that is permissible under applicable law.

(b) The Borrower’s obligations under Section 4.8 and this Section 11.4 shall survive any termination of this Agreement and the other Loan Documents and the payment in full of the Obligations, and are in addition to, and not in substitution of, any of the other Obligations.

SECTION 11.5. Amendments and Waivers. Any provision of this Agreement or any other Loan Document may be amended or waived if, but only if, such amendment or waiver is in writing and signed by the Lender and the Borrower, and then any such amendment or waiver shall be effective only to the extent set forth therein.

SECTION 11.6. Counterparts; Electronic or Telecopied Signatures. This Agreement and any waiver or amendment hereto may be executed in counterparts and by the parties hereto in

separate counterparts, each of which when so executed and delivered shall be an original, but all of which shall together constitute one and the same instrument. This Agreement and each of the other Loan Documents may be executed and delivered by telecopier or other facsimile transmission or in "pdf" format all with the same force and effect as if the same was a fully executed and delivered original manual counterpart.

SECTION 11.7. Severability. In case any provision in or obligation under this Agreement or any other Loan Document shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

SECTION 11.8. Maximum Rate. If any provision of this Agreement or of any of the other Loan Documents would obligate the Borrower to make any payment of interest or other amount payable to Lender in an amount or calculated at a rate which would be prohibited by law or would result in a receipt by Lender of interest at a criminal rate (as such terms are construed under the Criminal Code (Canada)) then, notwithstanding such provisions, such amount or rate shall be deemed to have been adjusted with retroactive effect to the maximum amount or rate of interest, as the case may be, as would not be so prohibited by law or so result in a receipt by such Lender of interest at a criminal rate, such adjustment to be effected, to the extent necessary, as follows: (a) firstly, by reducing the amount or rate of interest required to be paid to Lender under the applicable Loan Document, and (b) thereafter, by reducing any fees, commissions, premiums and other amounts required to be paid to Lender which would constitute "interest" for purposes of Section 347 of the Criminal Code (Canada). Notwithstanding the foregoing, and after giving effect to all adjustments contemplated thereby, if Lender shall have received an amount in excess of the maximum permitted by applicable law or that section of the Criminal Code (Canada), the Borrower shall be entitled, by notice in writing to Lender, to obtain reimbursement from Lender in an amount equal to such excess and, pending such reimbursement, such amount shall be deemed to be an amount payable by Lender to the Borrower. Any amount or rate of interest referred to in this Section 11.8 shall be determined in accordance with generally accepted actuarial practices and principles as an effective annual rate of interest over the term that the Obligations remain outstanding on the assumption that any charges, fees or expenses that fall within the meaning of "interest" (as defined in the Criminal Code (Canada)) shall, if they relate to a specific period of time, be pro-rated over that period of time and otherwise be pro-rated over the period from the date of this Agreement to the payment date of such Obligation and, in the event of a dispute, a certificate of a Fellow of the Canadian Institute of Actuaries appointed by the Lender shall be conclusive for the purposes of such determination.

SECTION 11.9. Entire Agreement; Successors and Assigns; Interpretation. This Agreement and the other Loan Documents constitute the entire agreement between the parties, supersede any prior written and verbal agreements between them with respect to the subject matter hereof and thereof, and shall bind and benefit the parties and their respective successors and permitted assigns. This Agreement shall be deemed to have been jointly drafted, and no provision of it shall be interpreted or construed for or against a party because such party purportedly prepared or requested such provision, any other provision, or this Agreement as a whole.

SECTION 11.10. LIMITATION OF LIABILITY. THE LENDER SHALL HAVE NO LIABILITY TO THE BORROWER (WHETHER SOUNDING IN CONTRACT, TORT OR EQUITY OR OTHERWISE) FOR LOSSES SUFFERED BY THE BORROWER IN CONNECTION WITH, ARISING OUT OF, OR IN ANY WAY RELATED TO THE

TRANSACTIONS OR RELATIONSHIPS CONTEMPLATED BY THIS AGREEMENT, OR ANY ACT, OMISSION OR EVENT OCCURRING IN CONNECTION THEREWITH, UNLESS IT IS DETERMINED BY A FINAL AND NONAPPEALABLE JUDGMENT OR COURT ORDER BINDING ON THE LENDER THAT THE LOSSES WERE THE RESULT OF ACTS OR OMISSIONS CONSTITUTING GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF THE LENDER. THE BORROWER HEREBY WAIVES ALL FUTURE CLAIMS AGAINST THE LENDER FOR SPECIAL, INDIRECT, CONSEQUENTIAL OR PUNITIVE DAMAGES.

SECTION 11.11. GOVERNING LAW. THIS AGREEMENT SHALL BE EXCLUSIVELY (WITHOUT REGARD TO ANY RULES OR PRINCIPLES RELATING TO CONFLICTS OF LAWS) GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE PROVINCE OF ONTARIO AND THE LAWS OF CANADA APPLICABLE TO THAT PROVINCE.

SECTION 11.12. SUBMISSION TO JURISDICTION. THE BORROWER IRREVOCABLY AND UNCONDITIONALLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE NONEXCLUSIVE JURISDICTION OF THE COMMERCIAL COURTS OF THE PROVINCE OF ONTARIO SITTING IN TORONTO, AND ANY APPELLATE COURT FROM ANY THEREOF, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT, AND EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH COURT. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS AGREEMENT OR IN ANY OTHER LOAN DOCUMENT SHALL AFFECT ANY RIGHT THAT THE LENDER MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT AGAINST THE BORROWER OR ITS PROPERTIES IN THE COURTS OF ANY JURISDICTION.

SECTION 11.13. WAIVER OF VENUE. THE BORROWER IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER CREDIT DOCUMENT IN ANY COURT REFERRED TO IN SECTION 11.12. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.

SECTION 11.14. WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT

OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

SECTION 11.15. Waiver of Subrogation. The Borrower expressly waives any and all rights of subrogation, reimbursement, indemnity, exoneration, contribution of any other claim which the Borrower may now or hereafter have against any Person directly or contingently liable for the Obligations hereunder, or against or with respect to the Borrower's property (including any property which is Collateral for the Obligations), arising from the existence or performance of this Agreement, until termination of this Agreement and repayment in full of the Obligations.

[Remainder of Page Intentionally Left Blank-Signature Pages Follow]

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IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed as a document under seal by its proper and duly authorized officer as of the date first set forth above.

FLOW BEVERAGE CORP., as the Borrower

By: _____
Nicholas Reichenbach, CEO

FLOW WATER INC., as the Borrower

By: _____
Nicholas Reichenbach, CEO

LENDER:

RI FLOW LLC

By: _____

SCHEDULE A TO TERM LOAN AND SECURITY AGREEMENT

SECTION 1. TERM LOAN

1.1. Term Loan Amount: US\$3,000,000.00

SECTION 2. INTEREST, FEES, AND EXPENSES

2.1. Interest Rate: Fifteen percent (15.00%) per annum

Variable Interest Amount: An amount equal to \$0.01 per product pack sold by the Borrower (whether directly or indirectly via any of its Subsidiaries or Affiliates) to any third party, whether under the “Flow” brand, pursuant to any co-packing relationship, or otherwise, during the period (i) commencing on the Closing Date and (ii) continuing until the indefeasible payment and satisfaction of all Obligations in full.

2.2. Origination Fee: US\$30,000.00

SECTION 3. TERM

3.1 Term Loan Maturity Date: The earlier to occur of (a) the date of the last regularly scheduled payment of Section 2.1(a), which is six (6) months after the first interest only payment of the Term Loan (subject to the provisions set forth in Section 2.42.5(b)), and (b) the occurrence of an Event of Default and Lender’s acceleration of the Obligations.

SCHEDULE B TO TERM LOAN AND SECURITY AGREEMENT

SECTION 1. CONVERTIBLE LOAN

1.1. Convertible Loan Amount: Up to \$6,000,000.00

SECTION 2. INTEREST, FEES, AND EXPENSES

2.1. Interest Rate: Fifteen percent (15.00%) per annum

Each Tranche (as defined below) advanced under the Convertible Loan will bear interest at a rate of 15.00% per annum from the date such principal amount is advanced, compounded annually on the basis of a 365-day year, until the indefeasible payment thereof in full.

SECTION 3. TERM AND AVAILABILITY

3.1. Convertible Loan Maturity Date: The earlier to occur of (a) eighteen (18) months from the First Amendment Date, (b) Lender's acceleration pursuant to Section 2.4(b)(ii), and (c) the occurrence of an Event of Default and Lender's acceleration of the Obligations.

3.2. Tranche Advances The Lender will, upon at least three (3) Business Days' prior written request by the Borrower, make advances to the Borrower in multiple tranches not to exceed \$6,000,000.000 in aggregate (collectively, the "Tranches" and each a "Tranche") as follows:

- "Tranche 1": \$2,000,000.00 on or about June 3, 2025
- "Tranche 2": \$2,000,000.00 on or about July 1, 2025
- "Tranche 3": \$2,000,000.00 on or about August 1, 2025

Each such written request by Borrower (a) shall specify in detail reasonably satisfactory to Lender the intended use(s) of the proceeds of the applicable Tranche, including any third-party recipients thereof (e.g., vendors or suppliers) and (b) shall include Borrower's calculation of the applicable Monthly Net Revenue Target, together with supporting documentation therefor, in form and substance satisfactory to Lender.

3.3. Conditions to Funding

Notwithstanding the foregoing, the Lender's obligation to advance each Tranche shall be subject to the satisfaction (or waiver by the Lender in its sole discretion) of the following conditions:

(a) the Borrower's achievement of the following net revenue milestones for each of the applicable calendar months of May 2025, June 2025, and July 2025 (each, a "**Monthly Net Revenue Target**"), in each case subject to a variance of minus 10%:

- Tranche 1: net revenue for May 2025 of at least
= \$4,128,000.00
- Tranche 2: net revenue for June 2025 of at least
= \$3,960,000.00
- Tranche 3: net revenue for July 2025 of at least
= \$5,200,000.00

provided that, in the event of a negative variance of 2% or more from any Monthly Net Revenue Target, the Borrower shall, within two (2) Business Days following the end of the applicable calendar month, provide a reconciliation of the variance by net revenue type. Such reconciliation shall identify the root cause of the variance, detail any corrective actions taken or planned, and indicate whether the root cause is expected to affect the following month's target, including, if applicable, an estimate of the anticipated impact; and

(b) an Event of Default (which has not otherwise been specifically waived in writing by Lender in accordance with the terms of this Agreement) has not occurred and continuing.

Exhibit “A” to Schedule “B”

Form of Conversion Notice

See attached.

CONVERSION NOTICE

TO: Flow Beverage Corp. (“Flow Beverage”)

AND TO: Flow Water Inc. (“Flow Water” and together with Flow Beverage, “Borrower”)

Re: 15.0% Convertible Loan pursuant to the Term Loan and Security Agreement dated as of October 31, 2024, among Borrower and RI Flow LLC (“Lender”), as amended by the First Amendment to Term Loan and Security Agreement dated as of June 3, 2025 among Borrower and Lender, as the same amended, restated, amended and restated, supplemented or otherwise modified from time to time (the “Loan Agreement”)

Capitalized terms used but not defined herein have the meaning ascribed thereto in the Loan Agreement.

The Lender irrevocably elects to exercise the Conversion by converting (*check / complete one of (A) or (B)*):

A. ☐ the entire outstanding principal amount of the Convertible Loan, and all accrued and unpaid PIK Interest

- OR -

B. ☐ \$_____ of the outstanding principal amount of the Convertible Loan, and \$_____ accrued and unpaid PIK Interest

into SV Shares at the Conversion Price in accordance with the terms of the Loan Agreement, and, if applicable, directs that the SV Shares issuable upon such conversion be issued and delivered to the Lender.

Dated: _____

(Signature of Lender)

Name: _____

(Address)

(City, Province or State and Postal Code)

SCHEDULES

Schedule 6.1(a)	Jurisdictions
Schedule 6.1(b)	Collateral Locations
Schedule 6.1(e)	Consents
Schedule 6.1(k)	Judgments; Litigation
Schedule 7.2(a)(ii)	Existing Indebtedness
Schedule 7.2(f)	Existing Liens

Schedule 6.1(a) – Jurisdictions

Jurisdiction of Borrower

Borrower	Jurisdiction	Qualified to do Business
Flow Beverage Corp.	Canada	Canada
Flow Water Inc.	Canada	Canada

Schedule 6.1(b) – Collateral Locations

No Collateral is in possession of Borrower, except in the Locations listed below.

Location	Record Owner of Location
155 Industrial Parkway S., Unit 7-10 Aurora, on L4G 3G6	Aurora Investments Inc.
145 Industrial Parkway S., Unit 5, 6-11 Aurora, ON L4G 3V5	Aurora Investments Inc.
420 Addison Hall Circle Aurora, ON L4G 7C7	Giusticon Contracting Inc.
11511 No 5 Rd, Richmond, BC V7A 4E8	Bolt Technologies Incorporated
51 Mobis Drive, Markham, ON L6C 0Y3	Bolt Technologies Incorporated
12315 Colraine Dr, Bolton, ON. L7E 3A9	Proactive Supply Chain Solutions Inc.
20 Heroux Devtek Cambridge ON N3E 0A8	Kinsbrae Group Inc.
395 Raglan Street, Unit 1A, Collingwood, ON L9Y 3Z1	LaunchPad Co-pack Inc.

Schedule 6.1 (e) – Consents

Nil.

Schedule 6.1(k) – Judgements; Litigation

Nil.

Schedule 7.2(a)(ii) – Existing Indebtedness

1. Per attached Spreadsheet
2. Secured Convertible Note bearing number 2024-1 in the principal amount of CA\$2,788,345.06 issued October 31, 2024 by Flow Beverage Corp. to Future Proof Brands LLC d/b/a BeatBox Beverages in accordance with the terms and conditions set forth herein and in the subscription agreement dated July 29, 2024 between Flow Beverage Corp. and Future Proof Brands LLC d/b/a BeatBox Beverages.

Schedule 7.2(f) – Existing Liens

(See attached)

EXHIBIT 2

LENDER CERTIFICATE RE: APPLICABLE SECURITIES LAWS MATTERS

TO: Flow Beverage Corp. (“Flow Beverage” or the “Corporation”)

RE: First Amendment to Term Loan and Security Agreement (“First Amendment”) by and among Flow Beverage, Flow Water Inc. and RI Flow LLC (the “Lender”)

Capitalized terms used but not defined in this certificate have the meanings given to them in the First Amendment. In connection with the Convertible Loan and the issuance of the Subject Shares on conversion of the Convertible Loan by the Lender, the Lender hereby acknowledges, warrants, covenants, represents and certifies, as applicable, to the Corporation that:

1. It has knowledge in financial and business affairs, is capable of evaluating the merits and risks of an investment in the Convertible Loan and Subject Shares, and is able to bear the economic risk of such investment;
2. It has not been provided with a prospectus, an offering memorandum or any other document in connection with its entering into of the Convertible Loan or distribution of the Subject Shares and the decision to provide the Convertible Loan, purchase the Subject Shares (if it elects to convert the Convertible Loan) and execute this Agreement has not been based upon any verbal or written representation made by or on behalf of the Borrower or any employee, advisor or agent of the Borrower, other than as set forth in the First Amendment;
3. The Borrower has provided to it the opportunity to ask questions and receive answers concerning the terms and conditions of the offering and it has had access to such information concerning the Borrower as it has considered necessary or appropriate in connection with its investment decision to enter into the Convertible Loan and acquire the Subject Shares;
4. The Convertible Loan and the distribution of the Subject Shares has not been made through, or as a result of, and is not being accompanied by, (i) any general form of solicitation, (ii) any form of advertisement including articles, notices or other communications published in any newspaper, magazine or similar media or broadcast over radio or television, or (iii) any seminar or meeting whose attendees have been invited by general solicitation or general advertising;
5. the Convertible Loan and the Subject Shares are being offered for sale or issued on a “private placement” basis under Applicable Securities Laws, the Subject Shares will be subject to statutory resale restrictions under applicable Securities Laws, the Lender will not resell the Subject Shares except in compliance with Applicable Securities Laws and the Lender is solely responsible (and Flow Beverage is not in any way responsible) for such compliance, (ii) the resale of the Subject Shares will be subject to, and any certificates or Direct Registration System (DRS) Advices representing such SV Shares will bear, the legends set forth in Section 2.7(f) of the Loan Agreement, and (iii) until the expiry of the applicable hold period under Applicable Securities Laws, the Subject Shares cannot be traded through the facilities of the TSX since such Subject Shares are not freely transferable and consequently are not “good delivery” in settlement of transactions on the TSX;
6. It (i) is an “accredited investor” within the meaning of paragraph (m) of the definition of “accredited investor” in National Instrument 45-106 *Prospectus Exemptions* (“NI 45-106”), (ii) is either (A) entering into the Convertible Loan and subscribing for the Subject Shares as principal or is deemed to be purchasing the Subject Shares as principal in accordance with

Applicable Securities Laws in the jurisdiction in which it resides or (B) is deemed to be entering into the Convertible Loan and purchasing the Subject Shares as principal in accordance with Applicable Securities Laws, and (iii) was not created or used solely to purchase or hold securities as an accredited investor as described in paragraph (m) of the definition of “accredited investor” in NI 45-106;

7. Flow Beverage is required to file a report of trade with all applicable securities regulators under Applicable Securities Laws containing personal information about the Lender, (ii) it consents to such filing, and (ii) it authorizes the indirect collection of such information described by all applicable securities regulators and consents to the disclosure of such information through the filing of a report of trade with all applicable securities regulators;
8. It is a “U.S. Person” (as that term is defined in Regulation S promulgated under the U.S. Securities Act, which definition includes, but is not limited to, an individual resident in the United States, an estate or trust of which any executor or administrator or trustee, respectively, is a U.S. Person and any partnership or company organized or incorporated under the laws of the United States;
9. It is an “accredited investor” as defined in Rule 501(a) of the U.S. Securities Act and that it is acquiring the Convertible Loan for its own account, to be held for investment purposes only and not with a view to any direct or indirect resale, distribution or other disposition of the Convertible Loan and the Subject Shares in violation of United States securities laws or applicable state securities laws provided, however, that this paragraph shall not restrict the Lender from selling or otherwise disposing of any of the Subject Shares pursuant to the U.S. Securities Act and any applicable state securities laws or under an exemption from such registration requirements;
10. It understands that the Convertible Loan and the Subject Shares have not been and will not be registered under the U.S. Securities Act, that the sale contemplated hereby is being made in reliance on the exemption from such registration requirement provided by Rule 506(b) of Regulation D, that as such the Subject Shares will be “restricted securities” are, or will when issued be, “restricted securities” within the meaning of Rule 144(a)(3) under the U.S. Securities Act and may be offered, sold, pledged, or otherwise transferred, directly or indirectly, only (A) to the Corporation; (B) outside the United States in “offshore transactions” (as defined in Regulation S) in accordance with Rule 904 of Regulation S under the U.S. Securities Act and in accordance with local laws and regulations; (C) pursuant to an exemption from registration under the U.S. Securities Act provided by (i) Rule 144 under the U.S. Securities Act, if available, or (ii) Rule 144A under the U.S. Securities Act, if available, and in both cases in compliance with applicable U.S. state securities laws; (D) in compliance with another exemption from registration under the U.S. Securities Act and applicable state securities laws; or (E) pursuant to an effective registration statement under the U.S. Securities Act;
11. It understands that the Borrower is not obligated to file and neither does it have any present intention of filing with the U.S. Securities and Exchange Commission or with any state securities administrators any registration statement in respect of resales of the Convertible Loan and the Subject Shares;
12. It understands and agrees that the financial statements of the Borrower will be prepared in accordance with International Financial Reporting Standards, which differ in some respects from United States generally accepted accounting principles, and thus may not be comparable to financial statements of United States companies;

13. It understands and agrees that there may be material tax consequences to the Lender of an acquisition, disposition or exercise of any of the Convertible Loan and the Subject Shares and that the Borrower gives no opinion and makes no representation with respect to the tax consequences to the Lender under United States, state, local or foreign tax law of the Lender's acquisition or disposition or exercise of such securities;
14. It understands and acknowledges that upon the original issuance thereof, and until such time as the same is no longer required under the applicable requirements of the U.S. Securities Act or applicable state securities laws and regulations, the certificates, or an ownership statement issued under a direct registration system, representing the Subject Shares will bear a legend in substantially the following form:

“THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “U.S. SECURITIES ACT”), OR ANY STATE SECURITIES LAWS, AND THE SECURITIES REPRESENTED HEREBY [AND THE SECURITIES ISSUABLE UPON CONVERSION OR EXERCISE HEREOF] MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (A) TO THE CORPORATION, (B) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH LOCAL LAWS AND REGULATIONS, (C) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE U.S. SECURITIES ACT AND IS AVAILABLE FOR RESALE OF THE SECURITIES, (D) IN COMPLIANCE WITH THE EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER, IF AVAILABLE, OR RULE 144A THEREUNDER, IF AVAILABLE, AND, IN EACH CASE, IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS, OR (E) IN ANOTHER TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT OR ANY APPLICABLE STATE SECURITIES LAWS. THE HOLDER FURTHER UNDERSTANDS AND AGREES THAT IN THE EVENT OF A TRANSFER PURSUANT TO THE FOREGOING CLAUSE (D) OR (E), THE CORPORATION WILL REQUIRE A LEGAL OPINION OF COUNSEL OF RECOGNIZED STANDING OR OTHER EVIDENCE REASONABLY SATISFACTORY TO THE CORPORATION THAT SUCH TRANSFER IS EXEMPT FROM REGISTRATION UNDER THE U.S. SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS.”

provided, that if the Subject Shares are being sold outside the United States in compliance with the requirements of Rule 904 of Regulation S, the legend set forth above may be removed by providing an executed declaration to the registrar and transfer agent of the Borrower and to the Borrower, in a prescribed form and, if requested by the Borrower or the registrar and transfer agent, an opinion of counsel of recognized standing in form and substance reasonably satisfactory to the Borrower and the registrar and transfer agent to the effect that such sale is being made in compliance with Rule 904 of Regulation S;

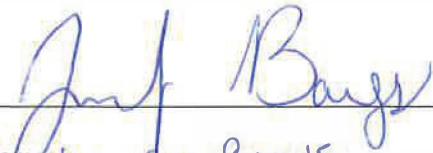
provided further, that if any of the Subject Shares are being sold pursuant to Rule 144 under the U.S. Securities Act and in compliance with any applicable state securities laws, the legend may be removed by delivery to the Borrower's registrar and transfer agent of an opinion reasonably

15. It consents to the Borrower making a notation on its records or giving instruction to the registrar and transfer agent of the Borrower in order to implement the restrictions on transfer set forth and described herein;
16. it understands and acknowledges that the Borrower is not obligated to remain a "foreign issuer";
17. The office of the Lender at which the Lender received and accepted the Convertible Loan is the address listed under Section 11.1(i) of the Original Loan Agreement;
18. Flow Beverage may also be required pursuant to Applicable Securities Laws and the rules and policies of the TSX to file this Agreement on SEDAR+ and it consents to such filing; and
19. it will execute, deliver, file and otherwise assist Flow Beverage (in each instance, at Flow Beverage's cost and expense) in filing any reports, undertakings and other documents required under Applicable Securities Laws and the rules and policies of the TSX (and will otherwise comply with such Applicable Securities Laws and rules and policies of the TSX) in connection with transactions contemplated by this Agreement, including the Convertible Loan and the issuance of the Subject Shares (if it elects to convert the Convertible Loan).

DATED as of June 3, 2025

LENDER:

RI FLOW LLC

By: 
Name: Jennifer Barrys
Title: Authorized Person

This is Exhibit “EE” referred to in the Affidavit of Cliff Rucker sworn by Cliff Rucker of the City of Danvers, in the State of Massachusetts, before me at the City of Toronto, in the Province of Ontario, on September 2, 2025 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

DocuSigned by:

Matthew Cressatti

DA79353421D842D...

Commissioner for Taking Affidavits (or as may be)

MATTHEW CRESSATTI

SECOND AMENDMENT TO TERM LOAN AND SECURITY AGREEMENT

SECOND AMENDMENT TO TERM LOAN AND SECURITY AGREEMENT dated effective as of August 21, 2025 (this “**Agreement**”) by and among FLOW BEVERAGE CORP., a corporation formed under the *Canada Business Corporations Act* (“**Flow Beverage**”), FLOW WATER INC., a corporation formed under the *Canada Business Corporations Act* (together with Flow Beverage, on a joint and several basis, the “**Borrower**”), and RI FLOW LLC, a Delaware limited liability company (together with its successors and assigns, collectively, the “**Lender**”).

RECITALS:

- A. Pursuant to a Term Loan and Security Agreement dated October 31, 2024 (the “**Original Loan Agreement**”), the Lender has established that certain credit facility in favour of the Borrower;
- B. Pursuant to a First Amendment to Term Loan and Security Agreement dated as of June 3, 2025 (together with the Original Loan Agreement, the “**Existing Loan Agreement**”), the Lender and the Borrower made certain amendments to the Original Loan Agreement to provide for the Convertible Loan; and
- C. The Lender and the Borrower have agreed to make certain amendments to the Existing Loan Agreement subject to the terms and conditions set out in this Agreement and Exhibit 1 hereto (the Existing Loan Agreement, as so amended by this Agreement, is hereinafter referred to as the “**Loan Agreement**”) to provide for the Additional Loan.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each of the undersigned hereby agrees as follows:

1. Interpretation

- 1.1 The recitals to this Agreement are true and correct and form an integral part hereof.
- 1.2 In this Agreement, unless otherwise defined herein, or unless the context otherwise requires, all capitalized terms shall have the respective meanings specified in the Loan Agreement.
- 1.3 All references herein to Sections of or Schedules to an agreement other than this Agreement are to Sections of and Schedules to the Loan Agreement, unless otherwise expressly stated.

2. Amendments

- 2.1 Effective as of the Second Amendment Effective Date (as defined below), the Existing Loan Agreement and the applicable Schedules (each as defined in the Existing Loan Agreement) thereto are hereby amended (a) to delete the red stricken text (indicated textually in the same manner as the following example: ~~stricken-text~~) and (b) to add the blue double-underlined text (indicated textually in the same manner as the following example: double-underlined text), in each case, as set forth in the conformed copy of the Loan Agreement attached hereto as Exhibit 1.

3. **Covenants, Representations and Warranties of the Borrower.**

3.1 The Borrower represents, warrants and covenants to the Lender as follows, which representations, warranties and covenants shall survive the execution and delivery hereof:

- (i) the Borrower is an entity duly organized, validly existing and in good standing under the laws of Canada;
- (ii) the Borrower has the requisite power and authority to execute, deliver and perform its obligations under this Agreement and all necessary organizational action for the execution, delivery and performance by the Borrower of this Agreement (including the consent of holders of Equity Interests where required) has been taken;
- (iii) this Agreement is a legal, valid and binding obligation of the Borrower enforceable in accordance with its terms, except as enforceability may be limited by (i) Bankruptcy Laws, or similar laws affecting creditors' rights generally and (ii) general principles of equity;
- (iv) the execution, delivery and performance by the Borrower of this Agreement do not contravene (i) any of the Governing Documents of the Borrower, (ii) any Requirement of Law or (iii) except as disclosed to Lender in writing, any governmental permit, or Material Contract, and will not result in the imposition of any Liens upon any of its properties except in favor of the Lender;
- (v) no consent, authorization or approval of, or filing with or other act by, any holder of Equity Interests of the Borrower or any Governmental Authority or any other Person is required in connection with the execution, delivery or performance of this Agreement by the Borrower, the consummation of the transactions contemplated hereby by the Borrower, or the continuing operations of the Borrower following such consummation, except (i) those that have been obtained or made, (ii) the consent of the Senior Lender to the terms of this Agreement, (iii) notice to Future Proof Brands LLC d/b/a BeatBox Beverages of the Convertible Loan pursuant to the Intercreditor Agreement effective as of October 31, 2024 among, *inter alios*, the Lender, Future Proof Brands LLC d/b/a BeatBox Beverages and the Borrower, and (iv) any consent, authorization, approval, or filing required to be obtained or made by the Lender or any of its Affiliates; and
- (vi) this Agreement, and each of the other Loan Documents to which the Borrower is a party, remains in full force and effect, unamended (other than as set forth in this Agreement), and is enforceable against the Borrower in accordance with their respective terms (except as such enforcement may be subject to any applicable bankruptcy, insolvency or similar laws generally affecting the enforcement of creditors' rights and the judgment exercisable by the courts in granting orders of specific performance and other equitable remedies), and the security interests, assignments, mortgages, charges, hypothecations and pledges granted by the Borrower in favour of the Lender continue to secure all debts, liabilities and obligations at any time or from time to time due or accruing due and owing by the Borrower to the Lender pursuant to the Loan Agreement and the other Loan Documents.

4. **Effectiveness**

4.1 This Agreement shall not become effective until the satisfaction or waiver of the following conditions, each in form and substance satisfactory to the Lender (the date upon which all such conditions precedent have been satisfied, waived, or otherwise fulfilled to the satisfaction of the Lender being referred to herein as the "**Second Amendment Effective Date**");

- (a) duly executed signature pages for this Agreement signed by the Borrower shall have been delivered to the Lender, and the Lender shall have duly executed this Agreement;
- (b) the Senior Lender shall have consented to the terms of this Agreement;
- (c) the Borrower shall have delivered to the Lender a certificate duly executed by a senior officer of the Borrower confirming that the applicable lending conditions set forth in the Loan Agreement have been satisfied as of the Second Amendment Effective Date; and
- (d) the Borrower shall have reimbursed the Lender for, or, if instructed by the Lender, shall have paid directly, all fees, costs and expenses (including, without limitation, the fees, costs and expenses of counsel) in connection with this Agreement, the other agreements and documents executed in connection herewith, and the respective transactions contemplated hereby and thereby.

5. **Confirmation.**

- 5.1 Except as provided for in this Agreement, the parties ratify and confirm all of the terms and conditions of the Loan Agreement and the other Loan Documents and acknowledge and agree that they are and shall remain in full force and effect, unamended and in the case of any documents, agreements and instruments delivered as a Loan Document granting a Lien to the Lender, shall continue in full force and effect as continuing collateral security for any and all of the obligations of the Borrower and any Guarantor to the Lender, secured thereby.
- 5.2 The execution, delivery and effectiveness of this Agreement and any consents and waivers set forth herein shall not directly or indirectly (a) constitute a consent or waiver of any past, present or future violations of any provisions of the Loan Agreement or any other Loan Document; (b) except to the extent expressly set forth herein, amend, modify or operate as a waiver of any provision of the Loan Agreement or any other Loan Document or any right, power or remedy of the Lender thereunder; or (c) constitute a course of dealing or other basis for altering any obligations or any other contract or instrument. The Lender reserves all of its rights, powers and remedies under the Loan Agreement, the other Loan Documents and applicable law; provided that the Defaults and Events of Default under the Existing Loan Agreement previously and specifically waived by the Lender will remain so waived strictly and to the extent expressly set forth in those certain letter agreements, effective as of April 30, 2025, May 23, 2025, and July 31, 2025, among the Borrower and the Lender.

6. **Miscellaneous**

- 6.1 This Agreement shall enure to the benefit of and shall be binding upon the parties to this Agreement and their respective successors and permitted assigns.
- 6.2 The Borrower agrees to reimburse the Lender (or, if instructed by the Lender, pay directly) on demand for all fees, costs and expenses, including, without limitation, the fees, costs and expenses of counsel, in connection with this Agreement, the other agreements and documents executed in connection herewith, and the respective transactions contemplated hereby and thereby.
- 6.3 If any provision of Section 2 of this Agreement is inconsistent or conflicts with any provision of the Loan Agreement, the relevant provision of Section 2 of this Agreement shall prevail and be paramount.

- 6.4 This Agreement will be governed by the laws of the Province of Ontario and the laws of Canada applicable therein.
- 6.5 This Agreement may be signed in any number of counterparts, each of which is an original, and all of which taken together constitute one single document. Each party agrees that the electronic signatures, whether digital or encrypted, of the parties included in this Agreement are intended to authenticate this writing and to have the same force and effect as manual signatures. Delivery of an executed copy of this Agreement by facsimile or electronic transmission constitutes valid and effective delivery.

[REMINDER OF PAGE INTENTIONALLY BLANK]

IN WITNESS WHEREOF, each of the parties hereto has caused this Second Amendment To Term Loan and Security Agreement to be executed as a document under seal by its proper and duly authorized officer as of the date first set forth above.

FLOW BEVERAGE CORP., as the Borrower

By:  Signed by:
E957C62A041B4E0...

Name: Paul Dowdall

Title: CFO

FLOW WATER INC., as the Borrower

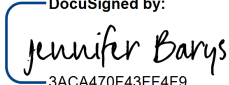
By:  Signed by:
E957C62A041B4E0...

Name: Paul Dowdall

Title: CFO

LENDER:

RI FLOW LLC

By:  3ACA470F43FF4F9...

Name: Jennifer Barys

Title: Authorized Person

EXHIBIT 1

CONFORMED TERM LOAN AND SECURITY AGREEMENT

[attached]

This is Exhibit “FF” referred to in the Affidavit of Cliff Rucker sworn by Cliff Rucker of the City of Danvers, in the State of Massachusetts, before me at the City of Toronto, in the Province of Ontario, on September 2, 2025 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

DocuSigned by:

Matthew Cressatti

DA79350421D042D...

Commissioner for Taking Affidavits (or as may be)

MATTHEW CRESSATTI

Consolidated financial statements of

Flow Beverage Corp.

For the years ended October 31, 2024 and 2023
(expressed in Canadian dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Flow Beverage Corp.

Opinion

We have audited the consolidated financial statements of Flow Beverage Corp. and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at October 31, 2024 and October 31, 2023, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in shareholders' equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at October 31, 2024 and 2023 and of its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 2 in the consolidated financial statements, which indicates that the Group has an accumulated deficit of \$325.4 million and for the year ended October 31, 2024, a net loss of \$38.3 million and cash flows used in operating activities of \$10.3 million. As stated in note 2, these events and conditions, along with other matters as set forth in note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified with respect to this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements of the current period. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matter described below to be the key audit matters to be communicated in our report. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key Audit Matter

How our audit addressed the key audit matter

Inventories Costing – finished goods

As at October 31, 2024, the finished goods inventories balance was \$2.6 million. As described in Note 3 of the consolidated financial statements, inventories are measured at the lower of cost and net realizable value. The cost for finished goods includes direct costs incurred in production including raw materials, direct labour, depreciation and directly attributable overhead costs and indirect overhead costs based on normal operating capacity.

Auditing the Group's inventories costing process requires significant audit effort in performing procedures to evaluate management's application of the standard cost and overhead absorption for finished goods inventories due to the inputting of various inventory cost elements and nature of the Group's process. As a result, the nature of management's process gives rise to a risk that an error may occur in the costing process for finished goods inventories.

The procedures, amongst others, performed to test the inventories costing process for finished goods, included the following:

- We assessed the adequacy of the Group's accounting policy for inventories.
- We assessed the completeness of overhead costs allocated by review of all cost accounts and recalculated the allocation to inventories on hand at year-end.
- For a sample of labour and overhead costs, we examined the actual costs of direct labour and overhead by comparing the amounts to external and internal data sources such as invoices and payroll records.
- For a sample of finished goods inventories, we agreed the raw material costs to external data sources, namely third-party invoices.
- We obtained management's over/under absorption analysis and recalculated the allocation of labour and overhead cost to inventories to the actual costs incurred.

Other information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

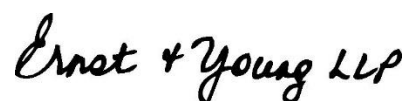
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Laura Sluce.

The logo for Ernst & Young LLP, featuring the company name in a stylized, handwritten-style script.

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada

January 29, 2025

Flow Beverage Corp.
Consolidated statements of financial position
(expressed in Canadian dollars)
Basis of presentation and going concern uncertainty – refer to Note 2

As at		October 31, 2024	October 31, 2023
	Notes	\$	\$
ASSETS			
Current assets			
Cash	22	8,607,678	6,494,733
Trade and other receivables	4, 5, 22	7,305,214	11,674,289
Inventories	6, 8, 9	6,562,300	12,464,993
Prepaid expenses and deposits	7	11,078,658	3,387,507
		33,553,850	34,021,522
Assets held for sale	4	—	14,584,263
Non-current assets			
Other receivables		903,500	—
Right-of-use assets, net	8	32,857,094	116,637
Property and equipment, net	9	9,869,435	5,716,706
Intangible assets, net	10	447,946	496,419
TOTAL ASSETS		77,631,825	54,935,547
LIABILITIES			
Current liabilities			
Trade and other payables	22	27,393,147	23,746,927
Deferred revenue	17	4,209,059	367,189
Lease obligations	8	3,465,830	136,784
Borrowings	11	24,035,653	1,800,373
Other current liabilities		—	432,112
		59,103,689	26,483,385
Liabilities directly associated with assets held for sale	4	—	6,584,901
Non-current liabilities			
Lease obligations	8	27,869,162	—
Borrowings	11	22,888,508	27,482,240
Convertible debt	12	2,575,702	
Other non-current liabilities		25,589	96,093
		112,462,650	60,646,619
SHAREHOLDERS' DEFICIT			
Share capital	13	106,908,904	100,397,703
Warrants	14	2,465,596	1,803,990
Contributed surplus	15	179,898,478	179,131,835
Foreign currency translation reserve		1,283,244	91,133
Deficit		(325,387,047)	(287,135,733)
		(34,830,825)	(5,711,072)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT		77,631,825	54,935,547
Contingencies	19		
Subsequent events	26		

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

Signed "Nicholas Reichenbach", Director

Signed "Stephen A. Smith", Director

Flow Beverage Corp.
Consolidated statements of loss and comprehensive loss
(expressed in Canadian dollars, except number of shares)

For the years ended October 31,		2024	2023
	Notes	\$	\$
Net revenue	17,23	45,930,046	46,675,139
Cost of revenue	6, 8	36,745,319	40,001,644
Gross profit		9,184,727	6,673,495
Operating expenses			
Sales and marketing		5,524,960	7,476,394
General and administrative	8, 20	14,177,804	21,960,622
Salaries and benefits		8,735,143	12,592,725
Amortization and depreciation	8, 9, 10	3,236,149	571,866
Share-based compensation	15	3,104,563	2,422,104
		34,778,619	45,023,711
Loss before the following		(25,593,892)	(38,350,216)
Other income, net		(47,316)	(854,576)
Finance expense, net	24	9,782,863	3,322,307
Foreign exchange loss		126,925	506,254
Restructuring and other transactional costs	25	2,865,454	1,563,579
Loss (gain) on option revaluation		(70,504)	86,416
Loss before income taxes		(38,251,314)	(42,974,196)
Income tax expense	18	—	—
Net loss for the year		(38,251,314)	(42,974,196)
Other comprehensive income			
Exchange gain on translation of foreign operations		1,192,111	1,230,438
Comprehensive loss		(37,059,203)	(41,743,758)
Loss per share - basic and diluted	16	\$ (0.54)	\$ (0.77)
Weighted average number of shares outstanding - basic and diluted	16	70,421,432	55,723,267

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

Flow Beverage Corp.

Consolidated statements of changes in shareholders' deficit

For the years ended October 31, 2024 and 2023

(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 14)	—	—	(9,195,238)	9,195,238	—	—	—
Warrants cancelled (Note 14)	—	—	(1,275,133)	1,275,133	—	—	—
Warrants issued (Note 14)	—	—	877,076	—	—	—	877,076
Share issuance on RSU release (Notes 13,15)	1,714,851	4,931,639	—	(4,931,639)	—	—	—
Share issuance on DSU release (Notes 13,15)	524,094	279,163	—	(279,163)	—	—	—
Settlement of DSU	—	—	—	(52,999)	—	—	(52,999)
Cancellation of modification of options	—	—	—	(309,656)	—	—	(309,656)
Share-based compensation (Note 15)	—	—	—	2,422,104	—	—	2,422,104
Comprehensive income (loss)	—	—	—	—	1,230,438	(42,974,196)	(41,743,758)
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)
Shares issued for private placement – Tranche 1 (Note 13)	6,473,000	1,800,871	—	—	—	—	1,800,871
Shares issued for private placement – Tranche 2 (Note 13)	5,577,000	1,551,584	—	—	—	—	1,551,584
Shares issued for advisory agreements (Note 13)	1,885,984	594,086	—	—	—	—	594,086
Share issuance on RSU release (Notes 13,15)	9,534,192	2,397,993	—	(2,397,993)	—	—	—
Share issuance on DSU release (Notes 13,15)	272,812	166,667	—	(166,667)	—	—	—
Warrants issued (Note 14)	—	—	661,606	—	—	—	661,606
Conversion feature	—	—	—	226,741	—	—	226,741
Share-based compensation (Note 15)	—	—	—	3,104,562	—	—	3,104,562
Comprehensive income (loss)	—	—	—	—	1,192,111	(38,251,314)	(37,059,203)
Balance as at October 31, 2024	80,794,527	106,908,904	2,465,596	179,898,478	1,283,244	(325,387,047)	(34,830,825)

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

Flow Beverage Corp.
Consolidated statements of cash flows
(expressed in Canadian dollars)

For the years ended October 31,	2024	2023
	\$	\$
Cash flows used in operating activities		
Net loss for the year	(38,251,314)	(42,974,196)
Adjustments to reconcile net loss to net cash used in operating activities:		
Unrealized foreign exchange loss (gain)	(187,268)	732,856
Amortization and depreciation	4,602,767	1,506,521
Share-based compensation	3,104,562	2,422,104
Finance expense, net	10,410,840	3,322,307
Loss on sale of equipment	36,622	—
Gain on debt modification	(627,977)	—
Other non-cash income	(463,901)	—
Loss (gain) on option revaluation	(70,504)	86,416
Other non-cash items	—	(88,076)
	(21,446,173)	(34,992,068)
Changes in non-cash working capital items:		
Trade and other receivables	3,990,962	1,348,046
Prepaid expenses and deposits	(6,531,184)	(768,814)
Inventories	7,058,115	(1,934,288)
Trade and other payables	2,839,976	10,162,198
Deferred revenue	3,832,685	367,189
Cash flows used in operating activities	(10,255,619)	(25,817,737)
Cash flows provided by (used in) investing activities		
Purchase of property and equipment	(957,055)	—
Purchase of intangible assets	(10,316)	—
Proceeds from sale of property and equipment	54,452	—
Proceeds from sale of disposal group	—	16,810,237
Cash flows provided by (used in) investing activities	(912,919)	16,810,237
Cash flows provided by (used in) financing activities		
Proceeds from borrowings	19,947,993	19,375,497
Repayment of borrowings	(2,568,113)	(3,543,606)
Repayment of interest	(4,141,494)	—
Proceeds from issuance of common shares	3,352,454	—
Cash-settled stock options	—	(87,120)
Payment of lease obligations	(3,309,357)	(2,524,059)
Cash flows provided by financing activities	13,281,483	13,220,712
Net change in cash during the year	2,112,945	4,213,212
Cash, beginning of the year	6,494,733	2,281,521
Cash, end of the year	8,607,678	6,494,733

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

Flow Beverage Corp.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended October 31, 2024 and 2023
(expressed in Canadian dollars, except share amounts)

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 consolidated financial statements ("Financial Statements") have been prepared on a going concern basis in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These Financial Statements were approved and authorized for issuance by the Board of Directors of the Company on January 29, 2025.

Basis of measurement

The Financial Statements have been prepared on a historical cost basis. Historical costs are generally based on the fair value of the consideration given in exchange for goods and services received.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company considers the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these Financial Statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, *Share-based Payment* and measurements that have some similarities to fair value but are not fair value, such as value in use in International Accounting Standard ("IAS") 36, *Impairment of Assets*.

Basis of presentation and 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 October 31, 2024, the Company has an accumulated deficit of \$325.4 million and for the year ended October 31, 2024, a net loss of \$38.3 million and cash flows used in operating activities of \$10.3 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, obtain financing and maintain 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 and negotiate modifications to the Company's existing borrowings to fund its planned operations and meet its obligations. While the Company has been successful in obtaining financing to date and negotiating modifications to its existing borrowings, 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 favourable 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.

Flow Beverage Corp.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended October 31, 2024 and 2023
(expressed in Canadian dollars, except share amounts)

Basis of consolidation

The Financial Statements comprise the financial statements of the Company and its wholly owned subsidiaries:

Entity	Country	Ownership percentage	Ownership percentage
		October 31, 2024	October 31, 2023
		%	%
Flow Water Inc.	Canada	100	100
Flow Beverages Inc.	US	100	100
2446692 Ontario Limited	Canada	100	100
Flow Glow Beverages Inc.	Canada	100	100
Flow Beverages (Switzerland) SA	Switzerland	N/A	100

Subsidiaries are fully consolidated from the date of acquisition, which is the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases. Control is achieved when the Company has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee and can use its power to affect its returns. The Company reassesses whether it controls an investee if facts and circumstances indicate there are changes to one or more of the three elements of control listed above. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intercompany balances, transactions, unrealized gains and losses resulting from intercompany transactions and dividends are eliminated on consolidation.

Functional currency and presentation currency

These Financial Statements are presented in Canadian dollars. Flow's functional currency is Canadian dollars, and the functional currencies of the Company's wholly owned subsidiaries are as follows:

Flow Water Inc.	Canadian dollars
Flow Beverages Inc.	US dollars
2446692 Ontario Limited	Canadian dollars
Flow Glow Beverages Inc.	Canadian dollars
Flow Beverages (Switzerland) SA	Swiss francs

Foreign currency translation

Foreign currency transactions are translated into functional currencies at exchange rates in effect on the date of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated into functional currencies at the foreign exchange rate applicable at the period end date. Non-monetary assets and liabilities that are measured at historical cost are translated using the exchange rate at the date of the transaction. Expenses are translated at the exchange rates that approximate those in effect on the date of the transaction. Realized and unrealized exchange gains and losses are recognized in the consolidated statements of loss and comprehensive loss.

On consolidation, assets and liabilities of operations with a functional currency other than Canadian dollars are translated into Canadian dollars at period-end foreign currency rates. Revenue and expenses of such operations are translated into Canadian dollars at average rates for the period. Foreign currency translation gains and losses are recognized in other comprehensive loss in the consolidated statements of loss and comprehensive loss. The relevant amount in cumulative foreign currency translation adjustment is reclassified into earnings upon disposition of a foreign operation.

Use of estimates and judgment

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

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

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The following are the critical judgments, apart from those involving estimations, that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the Financial Statements:

- Promotional incentives

For various promotional incentives, the Company estimates the most likely amount payable to each customer under each trade and incentive program using expected sales volume and historical spending patterns.

- Assets held for sale

The determination as to whether a disposal group meets the requirements to be classified as held for sale, and the assets and liabilities to be included within that disposal group, requires management's judgment. Management must also exercise judgment when determining at which date all the criteria are satisfied for the asset or liability to be classified as held for sale. Management must use estimates when determining the fair value less costs to sell of the disposal group to assess if the carrying value of the disposal group is greater than its recoverable amount.

- Trade and other receivables

The recognition of trade and other receivables and loss allowances requires the Company to assess credit risk and collectability. The Company considers historical trends and any available information indicating a customer could be experiencing liquidity or going concern problems and the status of any contractual or legal disputes with customers in performing this assessment. The Company has established a process to review historical credit loss experiences and assess forward-looking factors specific to the debtors and the economic environment.

- Inventories

Inventories consist of raw materials and finished goods recorded at the lower of cost and net realizable value. Inventories are written down to net realizable value when the cost of inventories is estimated to be unrecoverable due to obsolescence, damage or slow movement. Actual net realizable value can vary from the estimated provision.

The cost of inventories also involves estimates in determining the allocation of fixed and variable production overhead. These estimates include determination of normal production capacity and nature of expenses to be allocated.

- Debt modifications

In accordance with IFRS 9 *Financial Instruments* ("IFRS 9"), the Company is required to assess whether a modification to a debt instrument results in a modification or extinguishment. In an extinguishment, the financial liability, which represents the obligation to pay coupon interest and principal in the future, is initially measured at its fair value and subsequently measured at amortized cost. When measuring the fair value of the liability, it is based on several assumptions, including contractual future cash flows, discount rates and the presence of any derivative financial instruments.

- Co-packing revenue

The Company enters into co-packing agreements with customers. The Company is required to make estimates regarding the total number of units to be delivered under the contract. The Company also makes estimates regarding the total consideration to which the Company expects to be entitled to in exchange for the services provided. The total consideration to which the Company expects to be entitled to can vary based on estimates regarding penalties for minimum purchase commitments, total expected units to be delivered and pricing discounts. Revenue is recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur.

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3 Summary of material accounting policies

Revenue recognition

The Company recognizes revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods and services by applying the following steps:

- Identify the contract with a customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations; and
- Recognize revenue when, or as, the Company satisfies a performance obligations.

For sales to distributors, revenue is recognized when control of the goods has transferred to the distributor, which is dependent on specific shipping terms. Following shipping, the distributor has full discretion over the manner of distribution, and has the primary responsibility when selling the goods, and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognized by the Company when control of the goods has transferred to the distributor as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

For sales to retailers, revenue is recognized when control of the goods has transferred, which is dependent on the specific shipping terms. Payment of the transaction price is due at the point in which control transfers.

For co-packing services provided by the Company, revenue is recognized as the service is provided at an amount that reflects the consideration the Company expects to receive in exchange for the services provided.

The Company provides sales discounts and reductions through contract price discounts, payment terms, point of sale price reduction arrangements and customer returns, and markdowns. If variable, the Company uses its accumulated historical experience to estimate the variable consideration to which it is entitled to, using the most likely outcome method. If considered highly probable that a significant reversal in the cumulative revenue recognized will not occur, such consideration shall be recognized in revenue.

The Company conducts extensive promotional activities, primarily using cooperative advertising, coupons, in-store displays, slotting fees and other funded costs from retail partners. The costs of such activities are recorded as a reduction of revenue over the period in which the goods or services are transferred to the customer, to the extent the consideration is not in exchange for a distinct good or service.

Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is determined on a first-in, first-out basis. Net realizable value represents the estimated selling price for inventories less estimated costs necessary to make the sale.

The cost for finished goods includes direct costs incurred in production including raw materials, direct labour, depreciation, and directly attributable overhead costs and indirect overhead costs based on normal operating capacity. The cost of purchase comprises the purchase price, non-recoverable taxes, transport, handling and other costs directly attributable to the acquisition of goods. Inventory allowances are recorded in the period in which management determines the inventory to be obsolete or impaired.

Property and equipment

The Company's property and equipment are measured at cost less accumulated depreciation and impairment losses.

The cost of an item of property and equipment includes expenditures that are directly attributable to the acquisition or construction of the asset.

Depreciation is recorded using straight-line and declining balance methods as detailed below on an annual basis, except for land, which is not depreciated:

Equipment	5 – 19 years straight-line
Furniture and fixtures	20% declining balance
Leasehold improvements	Lesser of 10 to 25 years straight-line and lease term

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The Company assesses an asset's residual value, useful life and depreciation method on an annual basis and adjusts them if any events indicate a change.

Gains and losses on disposal of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of the property and equipment and are recognized in the consolidated statements of loss and comprehensive loss.

Intangible assets

Intangible assets are stated at cost less accumulated amortization and any accumulated impairment losses. Separately acquired intangible assets are measured at cost on initial recognition. An intangible asset with a finite life is amortized over the useful economic life on a straight-line basis. Each reporting period, the useful lives of such assets are reviewed. Amortization is recorded over the estimated useful lives of the assets as outlined below:

Domain name	5 years
Trademark	5 – 15 years
Intellectual property	10 years

The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on an intangible asset with a finite life is recognized in the consolidated statements of loss and comprehensive loss over its estimated useful life.

Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed for impairment as at each consolidated statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. For impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less cost to sell and its value in use. If the carrying amount of an asset exceeds its recoverable amount, an impairment charge is recognized immediately in profit or loss by the amount by which the carrying amount of the asset exceeds the recoverable amount. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lesser of the revised estimate of recoverable amount and the carrying amount that would have been recorded had no impairment loss been recognized previously.

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.

Income taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before tax" as reported in the consolidated statements of loss and comprehensive loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the year.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent it is probable taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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The carrying amount of deferred tax assets is reviewed at the end of each year and reduced to the extent it is not probable sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the year.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the way the Company expects, at the end of the year, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

The Company has not recognized deferred tax assets as at October 31, 2024 and 2023, as it is not considered probable at this time that the assets can be recovered.

Share-based payments

For equity-settled plans, expense is based on the fair value of the awards granted, calculated on the grant date, with a corresponding increase in equity. The expense is recognized over the vesting period, which is the period over which all the specified vesting conditions are satisfied.

The Company uses the Black-Scholes valuation model to determine the fair value of equity-settled stock options and warrants. Estimates are required for inputs to this model including the fair value of the underlying shares, the expected life of the option or warrant, volatility, expected dividend yield and the risk-free interest rate. Variation in actual results for any of these inputs will result in a different value of the stock option or warrant realized from the original estimate. The assumptions and estimates used are outlined in Note 15.

The Company has equity-settled Restricted Share Unit ("RSU") plans for various members of management and the Board of Directors. The units are awarded at no cost to the recipient and the fair market value determined at the grant date is expensed over the vesting period. The fair market value of the award is based on the volume-weighted average trading price for the shares on the TSX for the five trading days immediately preceding the grant date. RSU expense is recognized over the vesting period with a related credit to contributed surplus. Flow recognizes the expense based on the best available estimate of the number of RSUs expected to vest and revises the estimate if necessary. Upon share issuance of RSU release, the contributed surplus balance is reduced through a credit to share capital.

The Company's Board of Directors may fix, from time to time, a portion of the total compensation paid by the Company to a director in a fiscal year for service on the Board (the "Director Fees") that are to be payable in the form of Deferred Share Units ("DSUs"). Directors may elect to receive all or a portion of their quarterly retainer Director Fees in the form of DSUs. The number of DSUs that a director will receive in respect of any period is calculated by dividing (a) the amount of any bonus or similar payment that is to be paid in DSUs by (b) the market price of a share on the date of the grant. The DSUs are treated as equity-settled instruments for accounting purposes. The Company expects that vested DSUs will be paid at settlement through the issuance of one common share per DSU. DSUs shall vest immediately upon grant.

Where the terms of an equity-settled award are modified, an additional expense is recognized for any modification that increases the total fair value of the share-based payment arrangement as measured at the date of modification. The additional expense recognized is calculated as the incremental increase in fair value of the modified stock options compared to the original terms as at the date of modification.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received. When the fair value of the goods or services received in exchange for the share-based payment cannot be reliably estimated, the transaction is measured at the fair value of the equity instrument granted.

For cash-settled plans, the fair value of the award is determined at the grant date and is recognized as an expense over the vesting period of the awards. The total expense recognized in the consolidated statements of loss and comprehensive loss represents the fair value of the cash-settled awards, with a corresponding increase in liabilities on the consolidated statements of financial position. The Company remeasures the fair value of the award at each reporting date and on settlement.

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Loss per share

The Company presents basic and diluted loss per share data for its common shares. Basic loss per share is calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year.

Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding, adjusted for the effects of all dilutive potential common shares, which consist of additional shares from the assumed exercise or conversion of warrants, share options, RSUs and DSUs.

Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss ("FVTPL") are recognized immediately in profit or loss.

- **Financial assets**

On initial recognition, a financial asset is classified as measured at amortized cost, fair value through other comprehensive income or FVTPL. The classification of financial assets is based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets.

Financial assets at FVTPL	Subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	Subsequently measured at amortized cost using the effective interest rate method, less any impairment losses. Interest income, foreign exchange gains and losses and impairment losses are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or when the contractual rights to those assets are transferred.

- **Financial liabilities**

The Company initially recognizes financial liabilities at fair value on the date at which the Company becomes a party to the contractual provisions of the instrument.

The Company classifies its financial liabilities as either financial liabilities at FVTPL or amortized cost.

Subsequent to initial recognition, other liabilities are measured at amortized cost using the effective interest rate method. Financial liabilities at FVTPL are stated at fair value with changes being recognized in profit or loss.

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The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

- Financial liabilities and equity instruments

- Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

- Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

- Classification of financial instruments

The Company classifies its financial assets and financial liabilities depending on the purpose for which the financial instruments were acquired, their characteristics and management intent as outlined below:

Classification

Cash	Amortized cost
Trade and other receivables	Amortized cost
Trade and other payables	Amortized cost
Borrowings	Amortized cost
Convertible debenture	Amortized cost

- Impairment of financial assets

An expected credit loss ("ECL") model applies to financial assets measured at amortized cost. The Company's financial assets measured at amortized cost and subject to the ECL model consist primarily of trade receivables. The Company applies the simplified approach to impairment for trade and other receivables by recognizing lifetime expected losses on initial recognition through both the analysis of historical defaults and a reassessment of counterparty credit risk in revenue contracts on a quarterly basis.

Compound financial instruments

Compound financial instruments issued by the Company include debt issued with warrants and convertible debentures. The components of compound financial instruments are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. The liability component of a compound financial instrument is recognized initially at fair value by comparison to the fair value of a liability without an equity conversion feature or equity component. The residual value is assigned to the equity component. Where there are multiple equity components, the residual value is assigned to each based on the fair values of the equity components. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying values.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest rate method, except for conversion features that fail the fixed-for-fixed criteria and are recognized as a derivative liability at FVTPL.

Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right of control for the use of an identified asset for a period in exchange for consideration. The Company recognizes a right-of-use ("ROU") asset and a lease liability at the lease commencement date, which is the date the leased asset is available for use. The ROU asset primarily relates to equipment, plant and

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warehouse and is initially measured based on the initial amount of the lease liability. The lease liabilities include the net present value of the following lease payments:

- Fixed payments (including any in-substance fixed payments, less any lease incentives receivable);
- Variable lease payments that are based on an index or a rate;
- Amounts expected to be payable by the lessee under residual value guarantees;
- Exercise price of any purchase option if the Company is reasonably certain to exercise that option; and
- Payments for penalties for terminating the lease, if the lease term reflects the Company exercising that option.

The ROU assets are depreciated to the earlier of the end of their useful lives or the lease term using the straight-line method as this most closely reflects the expected pattern of the consumption of the future economic benefits.

The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise that option. In addition, the ROU asset can be periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Lease payments are discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate, which is the rate the Company would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

ROU assets are measured at cost comprising the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs and restoration costs.

The lease liability is classified and accounted for at the amortized cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the ROU asset unless it has been reduced to zero. Any further reduction in the lease liability is then recognized in profit or loss.

The Company has elected to apply the practical expedient not to recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less and for leases of low-value assets. The lease payments associated with those leases are recognized as an expense on a straight-line basis over the lease term.

A lease modification will be accounted for as a separate lease if the modification increases the scope of the lease and if the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope. For a modification that is not a separate lease or where the increase in consideration is not commensurate at the effective date of the lease modification, the Company will remeasure the lease liability using the Company's incremental borrowing rate, when the rate implicit to the lease is not readily available, with a corresponding adjustment to the ROU asset.

When the Company acts as an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The Company assesses the lease classification of a sublease with reference to the ROU asset arising from the head lease, not with reference to the underlying asset. To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all the risks and rewards incidental to ownership of the ROU asset. If this is the case, then the lease is accounted for as a net investment in finance lease. If not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the ROU asset.

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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.

Amendments to IFRS 9 and IFRS 7: Classification and Measurement of Financial Instruments

In May 2024, the IASB issued amendments to IFRS 9 and IFRS 7, relating to the classification and measurement requirements of financial instruments recognized within those standards. These amendments clarify that a financial liability is to be derecognized on the "settlement date" and introduces an accounting policy to derecognize financial liabilities settled through an electronic payment system before settlement date if certain conditions are met; clarify how to assess the contractual cash flow characteristics of financial assets that include "environmental, social and governance" - linked features and other similar contingent features; clarify the treatment of non-recourse assets and contractually linked instruments; and require additional disclosures for financial assets and liabilities with contractual terms that reference a contingent event and equity instruments classified at fair value through other comprehensive income. These amendments will be effective for annual periods beginning on or after January 1, 2026 and will be applied retrospectively with an adjustment to opening retained earnings. Prior periods will not be required to be restated and can only be restated without using hindsight. Entities can early adopt the amendments that relate to the classification of financial assets plus the related disclosures, and can apply other amendments subsequently. The Company does not expect material impacts from these amendments on its annual Financial Statements.

Issuance of IFRS 18 ("IFRS 18"): Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, which will replace IAS 1. The issuance introduces new categories and subtotals in the consolidated statements of loss and comprehensive loss, requires disclosure of management-defined performance measures, and includes new requirements for the location, aggregation and disaggregation of financial information. The new standard will require the classification of all income and expenses within the consolidated statements of loss and comprehensive loss into one of five categories: operating, investing,

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financing, income taxes, and discontinued operations. In addition, entities will be required to present subtotals and totals for “operating profit or loss”, “profit or loss before financing and incomes taxes” and “profit or loss”; introduce the concept of a management-defined performance measure (“MPM”), which it defines as a subtotal of income and expenses that an entity uses in public communications outside financial statements, to communicate Management’s view of an aspect of the financial performance of the entity. The standard will require the disclosure of information about an entity’s MPMs, including how the measure is calculated and reconciled to the most comparable subtotal specified by IFRS; and introduce a principle for determining the location of information based on identified “roles” of the primary financial statements and the notes as well as require aggregation and disaggregation of information with reference to similar and dissimilar characteristics. IFRS 18 will be effective for annual periods beginning on or after January 1, 2027, and will apply retrospectively. Early adoption is permitted and must be disclosed. The Company is in the process of evaluating the impact of this standard on its annual Financial Statements.

4 Sales of assets and assets held for sale

Sale of assets

On November 8, 2022, the Company entered into an Asset Purchase Agreement to sell all of the Company’s assets located at its US facility in Verona, Virginia (the “Verona Disposal Group”) for a purchase price of USD \$19.5 million (CAD \$26.6 million), comprising USD \$13.2 million (CAD \$18.0 million) in cash and USD \$6.3 million (CAD \$8.6 million) for the repayment of debt and the retirement of lease obligations related to the Verona Disposal Group. In addition, the Company assigned to the purchaser certain lease assets and related liabilities as part of the sale.

The carrying values of the assets and liabilities included in the Verona Disposal Group were as follows:

	\$
Equipment	21,370,826
Right-of-use assets	11,421,330
Lease obligations retired	(5,028,699)
Lease obligations assigned	(6,281,062)
Borrowings	(3,737,055)
Net book value of Disposal Group	17,745,340
Net consideration received	17,711,853
Loss on disposal	33,487

The disposal resulted in a loss on sale of \$33,487, recognized in other income, net, in the consolidated statements of loss and comprehensive loss for the year ended October 31, 2023. Net consideration received consisted of cash of USD \$11,572,481 (CAD \$15,554,572) and holdbacks of USD \$1,605,000 (CAD \$2,157,281) recognized in trade and other receivables (Note 5). The total amount settled related to the holdbacks during the 2023 fiscal year was USD \$955,000. A provision was taken against the remaining balance of USD \$650,000 and was included in general and administrative expense within the consolidated statements of loss and comprehensive loss for the year ended October 31, 2023.

Assets held for sale

In April 2023, the Company made a strategic decision to pursue the sale of all 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. On January 30, 2024, the Company determined that the divestiture 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.

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.

Flow Beverage Corp.

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Assets held for sale as at October 31, 2024 consisted of the following:

	2024	2023
	\$	\$
Prepaid expenses	—	150,661
Property and equipment	—	5,091,369
Right-of-use assets	—	9,342,233
	<u>—</u>	<u>14,584,263</u>

Liabilities directly associated with assets held for sale as at October 31, 2024 consisted of the following:

	2024	2023
	\$	\$
Lease obligations	—	6,584,901
Borrowings	—	—
	<u>—</u>	<u>6,584,901</u>

The Company recorded \$1,715,230 within the consolidated statements of loss and comprehensive loss for the year ended October 31, 2024, to recognize the amortization and depreciation that would have been recognized had the assets not been classified as held for sale.

5 Trade and other receivables

	2024	2023
	\$	\$
Trade receivables, net	3,937,102	8,443,745
Accrued and other receivables	2,336,590	683,994
Harmonized sales tax receivables	1,031,522	2,546,550
	<u>7,305,214</u>	<u>11,674,289</u>

6 Inventories

	2024	2023
	\$	\$
Finished goods	2,623,317	7,763,717
Raw materials	4,551,927	4,805,450
	<u>7,175,243</u>	<u>12,569,167</u>
Allowance	(612,943)	(104,174)
	<u>6,562,300</u>	<u>12,464,993</u>

The amount of inventories recognized as cost of revenue during the year ended October 31, 2024, is \$28,094,466 (2023 – \$32,748,063). At October 31, 2024, the Company recognized an inventory provision of \$612,943 (2023 – \$104,174). In addition, the Company recorded \$558,109 (2023 - \$nil) of inventory write-downs during the year which is recognized within cost of revenue on the consolidated statements of loss and comprehensive loss.

7 Prepaid expenses and deposits

Prepaid expenses primarily consist of deferred amounts related to lease deposits and sponsorship agreements. As at October 31, 2024, prepaid and deferred expenses total \$1,763,464 (2023 – \$1,617,486).

As at October 31, 2024, the Company recorded deposits of \$9,315,194 primarily related to the purchase and installation of equipment at the Aurora facility (2023 – \$1,770,021).

Flow Beverage Corp.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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8 Right-of-use assets and lease obligations

The company leases both property and equipment as part of its ongoing operations. During the year, the company entered into a new lease agreement for expanded storage capabilities, and renewed existing property leases.

The Company's ROU assets by asset class are as follows:

Cost	Equipment \$	Plant and warehouse \$	Vehicles \$	Premises \$	Total \$
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)
Transfers 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	6,299,122	20,249,660	—	—	26,548,782
Completed leases	—	(1,403,175)	(294,635)	(547,681)	(2,245,491)
Transfers from assets held for	9,155,262	6,665,030	—	—	15,820,292
Balance, October 31, 2024	15,454,384	25,511,515	—	—	40,965,899
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
Transfers to assets held for sale	(2,986,811)	(3,491,248)	—	—	(6,478,059)
Balance, October 31, 2023	—	—	250,585	475,094	725,679
Completed leases	—	(1,403,175)	(294,636)	(547,681)	(2,245,492)
Amortization	1,683,435	1,350,487	44,051	72,587	3,150,560
Transfers from assets held for	2,986,810	3,491,248	—	—	6,478,058
Balance, October 31, 2024	4,670,245	3,438,560	—	—	8,108,805
Net book value					
Balance, October 31, 2023	—	—	44,050	72,587	116,637
Balance, October 31, 2024	10,784,139	22,072,955	—	—	32,857,094

Amortization expense related to ROU assets of \$1,606,395 (2023 – \$538,607) is recorded in the consolidated statements of loss and comprehensive loss within amortization and depreciation. Amortization expense of \$1,544,165 (2023 – \$432,876) was allocated to inventories produced in the year, which is included in inventories on the consolidated statements of financial position, and in inventories sold in the year, which is recorded within cost of revenue on the consolidated statements of loss and comprehensive loss.

Flow Beverage Corp.

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The Company's lease obligations are as follows:

	2024	2023
	\$	\$
Balance, beginning of year	136,784	8,951,243
Additions	26,548,782	—
Interest accretion	1,373,887	294,497
Lease payments	(3,309,357)	(1,446,239)
Classified as held for sale	—	(7,662,717)
Transfers out of held for sale	6,584,896	—
Balance, end of year	31,334,992	136,784
Current	3,465,830	136,784
Non-current	27,869,162	—

Expenses incurred for the fiscal year ended October 31, 2024, relating to variable, short-term leases and leases of low-value assets were \$271,112 (2023 – \$386,879) recorded in the consolidated statements of loss and comprehensive loss within general and administrative.

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Flow Beverage Corp.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended October 31, 2024 and 2023
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9 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)
Transfers 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
Additions	—	601,559	55,905	160,935	138,656	957,055
Disposals	—	(86,476)	(28,647)	(211,766)	—	(326,889)
Transfers from assets held for sale	—	6,420,737	4,633	1,756,220	—	8,181,590
Effects of foreign exchange	11,872	(1,019)	—	—	—	10,853
Balance, October 31, 2024	5,118,668	7,450,503	95,845	1,927,455	138,656	14,731,127
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
Transfers 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
Disposals	—	(68,647)	(28,647)	(209,888)	—	(307,182)
Depreciation	—	1,316,633	16,920	235,811	—	1,569,364
Transfers from assets held for sale	—	3,020,809	2,534	384,904	—	3,408,247
Effects of foreign exchange	—	(548)	—	—	—	(548)
Balance, October 31, 2024	—	4,320,133	38,042	503,517	—	4,861,692
Net book value						
Balance, October 31, 2023	5,106,796	463,816	16,719	129,376	—	5,716,706
Balance, October 31, 2024	5,118,668	3,130,370	57,803	1,423,938	138,656	9,869,435

Depreciation expense of \$1,569,364 (2023 – \$nil) is recorded in the consolidated statements of loss and comprehensive loss within amortization and depreciation. Depreciation expense of \$nil (2023 – \$689,099) was allocated to inventories produced, which is included in inventories on the consolidated statements of financial position, and in inventories sold in the year, which is recorded within cost of revenue on the consolidated statements of loss and comprehensive loss.

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10 Intangible assets

	Domain name \$	Trademark \$	Intellectual property \$	Total \$
Cost				
Balance, October 31, 2022	213,017	790,758	—	1,003,775
Effects of foreign exchange	1,887	11,970	—	13,857
Balance, October 31, 2023	214,904	802,728	—	1,017,632
Additions	—	—	10,316	10,316
Disposals	(215,286)	(54,846)	—	(270,132)
Effects of foreign exchange	382	2,426	—	2,808
Balance, October 31, 2024	—	750,308	10,316	760,624
Accumulated amortization				
Balance, October 31, 2022	164,470	250,539	—	415,009
Amortization	41,407	57,968	—	99,375
Effects of foreign exchange	2,066	4,763	—	6,829
Balance, October 31, 2023	207,943	313,270	—	521,213
Amortization	6,851	51,800	516	59,167
Disposals	(215,286)	(54,846)	—	(270,132)
Effects of foreign exchange	492	1,938	—	2,430
Balance, October 31, 2024	—	312,162	516	312,678
Net book value				
Balance, October 31, 2023	6,961	489,458	—	496,419
Balance, October 31, 2024	—	438,146	9,800	447,946

Flow Beverage Corp.

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11 Borrowings

The following table presents the borrowings for the Company:

	October 31, 2024	October 31, 2023
	\$	\$
Tetra Pak Canada Loan VI [a]	—	43,667
Seawright Mineral Springs Loan [b]	34,838	52,702
Debt Round [c]	5,604,684	—
NFS Leasing Canada Ltd. – Senior Term Loan [d]	802,617	698,661
NFS Leasing Canada Ltd. – Delayed Draw Term Loan [d]	394,156	467,024
NFS Leasing Canada Ltd. – Second Amended Term Loan	4,493,250	538,319
NFS Leasing Canada Ltd. – Interim Financing Agreement	7,532,950	—
NFS Leasing Canada Ltd. – Bridge Short Term Note [d]	997,500	—
Rucker Investment - Interim Financing Agreement [d]	4,175,658	—
Total current	24,035,653	1,800,373
Seawright Mineral Springs Loan [b]	1,791,340	1,804,423
Debt Round [c]	4,883,697	8,377,816
NFS Leasing Canada Ltd. – Senior Term Loan [d]	12,009,954	12,895,654
NFS Leasing Canada Ltd. – Delayed Draw Term Loan [d]	4,203,517	4,404,347
Total non-current	22,888,508	27,482,240
Total	46,924,161	29,282,613

[a] Tetra Pak Canada Loans

Tetra Pak Canada Loan VI

On April 13, 2021, the Company received USD \$211,047 (CAD \$265,612) of financing from Tetra Pak Canada in the form of a promissory note to cover the installation cost of equipment. The promissory note was secured by a first priority security interest against the equipment. The promissory note accrued 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 (CAD \$7,829). The loan was recorded at amortized cost and accounted for using the effective interest rate method. The promissory note had a maturity date of March 1, 2024, and was fully repaid. During the year ended October 31, 2024, the Company incurred USD \$430 (CAD \$586) of interest expense (2023 – \$4,991).

[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%, matured 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 (CAD \$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. 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 (CAD \$15,920).

As part of the Seawright loan amendments, the Company issued 180,187 subordinate voting shares ("SVS") purchase warrants (the "Warrants"), each Warrant providing Seawright with the option or right to purchase one SVS at an exercise price of USD\$0.36 (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 year ended October 31, 2024, the Company incurred USD \$110,024 (CAD \$149,776) of interest expense (2023 – USD \$10,513) in connection with the amended Seawright mineral Springs Loan.

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[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 give 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 is accounted for at amortized cost and using the effective interest rate method. The effective interest rate applicable to this loan is 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 was 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 fair value through profit and loss.

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 were classified as equity and not remeasured subsequent to initial recognition.

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 warrants ('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, and were subsequently issued in Q1 2024. The amended agreement cancelled the Interest Adjustment embedded derivative liability. The amended agreement cancelled the interest rate adjustment derivative liability.

The amendment was treated as an extinguishment under IFRS 9, with a gain on extinguishment of \$2,141,531 recognized in the consolidated statements of loss and comprehensive loss for the year ended October 31, 2023.

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.

During the year ended October 31, 2024, the Company incurred \$2,078,405 of interest expense (2023 - \$2,079,536). During the year ended October 31, 2024, the debt was further amended to revise the principal payment and related interest payments per the table below. The change was treated as a loan modification, with a gain on modification of \$71,367 recognized within gain on debt modification and other in the statements of loss and comprehensive loss.

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

Date	Interest \$	Principal \$	Balance outstanding \$
1-Jun-24	—	—	9,476,000
1-Aug-24	—	—	9,476,000
1-Nov-24	1,188,005	1,184,500	8,291,500
1-Feb-25	292,588	1,184,500	7,107,000
1-May-25	242,612	1,184,500	5,922,500
1-Aug-25	208,991	1,184,500	4,738,000
1-Nov-25	167,193	1,184,500	3,553,500
1-Feb-26	125,395	3,553,500	—

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

	\$
Balance at modification	9,738,907
Add (less):	
Interest and accretion	820,841
Gain on modification	(71,367)
Balance, October 31, 2024	10,488,381
Current	5,604,684
Non-current	4,883,697

[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 year ended October 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.

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 year ended October 31, 2024, the Company incurred \$2,955,383 of interest expense (2023 – \$2,330,160).

During the year, the Senior Term Loan was amended to include an additional amendment fee. The amendment

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was treated as a modification under IFRS 9, with a gain on modification of \$27,727 recognized in the consolidated statements of loss and comprehensive loss for the year ended October 31, 2024.

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

	\$
Principal balance	13,137,458
Add (deducts):	
Gain on modification	(27,727)
Amendment fee	(300,855)
Interest and accretion	1,139,877
Payments	(1,136,182)
Balance, October 31, 2024	12,812,571
Current	802,617
Non-current	12,009,954

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 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 year ended October 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.

During the year ended October 31, 2024, the Company incurred \$905,445 of interest expense (2023 – \$274,616).

During the year, the Delayed Draw Term Loan was amended to include an additional amendment fee. The amendment was treated as a modification under IFRS 9, with a loss on modification of \$60,738 recognized in the consolidated statements of loss and comprehensive loss for the year ended October 31, 2024.

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

	\$
Principal balance	4,683,837
Add (deduct):	
Loss on modification	60,738
Amendment fee	(98,101)
Interest and accretion	329,682
Payments	(378,483)
Balance, October 31, 2024	4,597,673
Current	394,156
Non-current	4,203,517

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The Senior Term Loan and the Delayed Draw Term Loan contain certain covenants, measured quarterly, based on minimum liquidity values. As at October 31, 2024, in anticipation of not being in compliance of the covenants, the Company obtained from the lender an agreement to waive the Company's compliance with the covenants solely for the fiscal quarter ending October 31, 2024.

Second Amendment Term Loan

On November 15, 2023, the Company drew \$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 five 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. During the year ended October 31, 2024, the number of Series F warrants was further amended to 1,278,500.

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 year ended October 31, 2024, the Company incurred \$1,674,351 of interest expense (2023 – \$nil).

During the year, the Second Amendment Term Loan was amended to include an additional amendment fee. The amendment was treated as a modification under IFRS 9, with a gain on modification of \$13,311 recognized in the consolidated statements of loss and comprehensive loss for the year ended October 31, 2024. During Q1 2024, \$702,574 was recognized within gain on debt modification and other in the statement of loss and other comprehensive loss.

The Second Amendment Term Loan as at October 31, 2024 is as follows:

	\$
Balance at modification	4,440,485
Add (less):	
Gain on modification	(13,311)
Amendment fee	(101,044)
Interest and accretion	683,452
Payments	(516,332)
Balance, October 31, 2024	4,493,250
Current	4,493,250
Non-current	—

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.

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On December 1, 2023, the Company entered into a second IFA with NFS for advances up to \$5,597,000 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 to an 84-month financing lease. At October 31, 2024, \$5,597,000 had been advanced pursuant to this agreement, and is recorded within prepaid expenses and deposits. During the year ended October 31, 2024, the Company incurred \$330,392 of interest expense (2023 - \$nil) in connection with the IFA. The related lease commenced on November 1, 2024.

On June 14, 2024 the Company entered into a third IFA with NFS for advances up to \$2,192,106 exclusive of tax in connection with the purchase and installation of equipment at the Aurora facility. Upon delivery and acceptance by the Company of the equipment, the IFA will convert to an 84-month financing lease. At October 31, 2024, \$1,935,950 had been advanced pursuant to this agreement, and is recorded within prepaid expenses and deposits. During the year ended October 31, 2024, the Company incurred \$85,892 of interest expense (2023 - \$nil) in connection with the IFA.

Bridge Short Term Note

On August 30, 2024, Flow obtained financing from NFS in the amount of \$997,500, maturing on December 1, 2024. The loan bears interest at a rate of 3% per month. Repayment will occur in four consecutive monthly instalments of interest. The outstanding principal and any accrued interest and fees are payable on the maturity date.

During the year ended October 31, 2024, the Company incurred \$59,850 of interest expense (2023 - \$nil) in connection with the subscription agreement (Note 26).

RI Flow LLC Term Loan

On October 31, 2024, the Company entered into a term loan with RI Flow LLC in the amount of USD \$3,000,000 (CAD \$4,174,800). The loan matures six months from closing, bears interest at 15% annually and is secured against the Company's assets. Repayment will occur in six consecutive monthly payments of interest, with principal due on maturity. Variable interest is payable monthly in arrears, based on a percentage of co-pack unit sales.

During the year ended October 31, 2024, the Company incurred USD \$1,232 (CAD \$1,677) of interest expense (2023 - \$nil) in connection with the term loan.

12 Convertible debt

On October 31, 2024, BeatBox Beverages ('BeatBox') and Flow entered into a binding subscription agreement whereby BeatBox purchased a USD \$2,000,000 (CAD \$2,802,443) convertible note, due October 29, 2029, secured against the assets of Flow (the "Note"). The Note bears interest at the rate of 10% per annum from the Closing Date, payable quarterly in arrears on the last day of each of fiscal quarter of Flow, and is convertible, at BeatBox's option and at any time after the Closing Date, into SVS of Flow at a conversion price of \$1.00.

The Company calculated the fair value of the liability portion of the convertible debenture, using a discount rate of 12% with the difference between the fair value and the proceeds being ascribed to the conversion feature. The fair value of the liability portion was calculated to be \$2,575,702, resulting in \$226,741 being allocated to the conversion feature, which was recognized in contributed surplus. The balance of the convertible debenture outstanding as at October 31, 2024 was \$2,575,702 (October 31, 2023 - \$nil).

During the year ended October 31, 2024, the Company incurred \$19,443 of interest expense (2023 - \$nil) in connection with the convertible note.

13 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").

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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	—	—	1,714,851	4,931,639	4,931,639
Share issuance on DSU release	—	—	524,094	279,163	279,163
Balance, October 31, 2023	6,214,566	1	50,836,973	100,397,702	100,397,703
Shares issued for private placement – Tranche 1	—	—	6,473,000	1,800,871	1,800,871
Shares issued for private placement – Tranche 2	—	—	5,577,000	1,551,584	1,551,584
Shares issued for advisory agreements	—	—	1,885,984	594,086	594,086
Share issuance on RSU release	—	—	9,534,192	2,397,993	2,397,993
Share issuance on DSU release	—	—	272,812	166,667	166,667
Common share exchange	(108,000)	—	108,000	—	—
Balance, October 31, 2024	6,106,566	1	74,687,961	106,908,903	106,908,904

(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 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. The Company issued 5,577,000 SVS as part of the second tranche of the transaction for gross proceeds of \$1,561,560, and incurred transaction costs of \$9,976.

(b) During the year ended October 31, 2024, the Company issued 1,885,984 SVS of the Company to advisors of the Company for services valued at \$594,086.

14 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 years ended October 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 year	4,247,067	0.50
Expired during the year	(6,059,396)	9.98
Cancelled during the year	(8,536,942)	1.11
Balance, October 31, 2023	4,497,067	0.85
	Number of warrants	Weighted average exercise price
	#	\$
Balance, October 31, 2023	4,497,067	0.85
Granted during the year	5,850,400	0.46
Expired during the year	(781,500)	0.40
Balance, October 31, 2024	9,565,967	0.61

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(a) On November 15, 2023, as part of the Second Amendment Term Loan, the Company issued 2,060,000 Series F Warrants, which have an exercise price of \$0.40 and an expiry date of November 15, 2033. The number of warrants was further amended to 1,278,500 Series F Warrants. The fair value of these warrants is \$206,757.

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

On December 21, 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 fair value of these warrants is \$454,849.

The following table is a summary of the Company's warrants outstanding as at October 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	1,278,500	0.40
February 1, 2026	3,790,400	0.50
	9,565,967	0.61

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

Expiration date	Instruments outstanding #	Weighted average exercise price \$
January 5, 2027	250,000	6.75
December 30, 2032	3,066,880	0.50
June 30, 2033	1,000,000	0.50
September 30, 2028	180,187	0.50
	4,497,067	0.85

15 Share-based compensation

(a) Deferred Share Units

The Company granted 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 year ended October 31, 2024, are as follows:

	Number of DSUs #
Balance, October 31, 2022	1,100,748
Granted during the year	153,983
Settled for cash	(64,288)
Settled through share issuance	(524,094)
Balance, October 31, 2023	666,349
Granted during the year	1,759,940
Settled through share issuance	(272,812)
Balance, October 31, 2024	2,153,477

The Company recognized an expense of \$177,750 (2023 - \$116,505) in share-based compensation expense for the year ended October 31, 2024, related to DSUs issued during the year.

During the year ended October 31, 2024, conditional DSU grants of 199,561 (2023 – 293,352) were made to members of the Board of Directors. A total of 750,857 units were granted in connection with these conditional

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grants during the year ended October 31, 2024. An expense related to conditional DSU grants of \$59,250 (2023 - \$177,750) is recognized in the consolidated statements of loss and comprehensive loss.

(b) Restricted Share Units

On December 31, 2020, the Board of Directors approved a 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 year ended October 31, 2024, the Company recorded \$669,319 (2023 – \$1,357,407) of share-based compensation expense, associated with the vested portion of the RSUs. 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 4,685,314 units were granted in connection with these conditional grants during the year ended October 31, 2024.

During the year ended October 31, 2024, the Board of Directors conditionally approved grants of 14,656,858 to various members of senior management, of which 430,550 were forfeited during the year. 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 2,869,455 units were granted in connection with these conditional grants during the year ended October 31, 2024. An expense related to conditional RSU grants of \$2,198,244 (2023 - \$704,954) is recognized in the consolidated statements of loss and comprehensive loss for the year ended October 31, 2024. A total of 13,734,854 conditional RSUs are outstanding as at October 31, 2024 (2023 – 7,027,971).

The changes in the number of RSUs during the year ended October 31, 2024 (excluding conditional RSUs) are as follows:

	Number of RSUs
	#
Balance, October 31, 2022	646,816
Granted during the year	3,356,639
Forfeited during the year	(50,837)
Share issuance on RSU release	(1,714,851)
Balance, October 31, 2023	2,237,767
Granted during the year	9,815,515
Forfeited during the year	(171,697)
Share issuance on RSU release	(10,202,466)
Balance, October 31, 2024	1,679,119

(c) 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 and 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 SVS 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.

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In respect of options held by US 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 US 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 US. 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 year ended October 31, 2024, the Company recorded \$nil (2023 – \$65,488) of share-based compensation associated with the vested portion of the share options issued under the Legacy Option Plan and the Omnibus Incentive Plan.

The changes in the number of share options during the years ended October 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 year	1,486,778	5.22	2,999,491	5.61
Options cancelled/forfeited	—	—	(1,199,917)	5.91
Options expired	—	—	(312,796)	6.29
Options outstanding, end of year	1,486,778	5.22	1,486,778	5.22
Options exercisable, end of year	1,486,778	5.22	1,486,778	5.22

No options were granted during the years ended October 31, 2024 and 2023.

The following table is a summary of the Company's share options outstanding as at October 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	2.18	1.50	138,667
2.50	392,884	2.18	2.50	392,884
5.00	5,000	2.18	5.00	5,000
6.55	209,243	2.18	6.55	209,243
6.60	115,593	2.18	6.60	115,593
6.65	49,062	2.18	6.65	49,062
6.70	22,742	2.18	6.70	22,742
6.75	349,737	2.18	6.75	349,737
6.85	5,000	2.18	6.85	5,000
6.95	10,000	2.18	6.95	10,000
7.00	76,000	2.18	7.00	76,000
8.25	112,850	2.18	8.25	112,850
5.22	1,486,778	2.18	5.22	1,486,778

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

Options outstanding			Options exercisable	
Exercise price	Number outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price	Number exercisable
\$	#	#	\$	#
1.50	138,667	3.18	1.50	138,667
2.50	392,884	3.18	2.50	392,884
5.00	5,000	3.18	5.00	5,000
6.55	209,243	3.18	6.55	209,243
6.60	115,593	3.18	6.60	115,593
6.65	49,062	3.18	6.65	49,062
6.70	22,742	3.18	6.70	22,742
6.75	349,737	3.18	6.75	349,737
6.85	5,000	3.18	6.85	5,000
6.95	10,000	3.18	6.95	10,000
7.00	76,000	3.18	7.00	76,000
8.25	112,850	3.18	8.25	112,850
5.22	1,486,778	3.18	5.22	1,486,778

During the year ended October 31, 2024, a total of nil (2023 – 1,199,917) stock options were cancelled. For options deemed cash settled, nil (2023 - \$104,375) was reclassified from contributed surplus to other non-current liabilities, and a loss of \$70,504 (2023 – gain of \$86,416) was recognized on revaluation of cash-settled options.

16 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 year ended October 31, 2024, was 70,421,432 (2023 – 55,723,267).

For all the periods presented, diluted loss per share equals basic loss per share due to the anti-dilutive effect of share options, RSUs, DSUs 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 loss per share in the future but would have decreased the loss per share (anti-dilutive) for the years ended October 31 are as follows:

	2024	2023
	#	#
Stock options	1,486,778	1,486,778
RSUs	1,679,119	2,237,767
DSUs	2,153,477	666,349
Warrants	9,565,967	4,497,067
	14,885,341	8,887,961

The amount does not include conditional RSUs of 13,734,848 (2023 – 7,321,363).

17 Revenue

Disaggregation of revenue

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

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The following table represents disaggregation of revenue for the years ended October 31.

	2024	2023
	\$	\$
Packaged water	37,734,093	45,367,415
Co-packing services	17,695,512	12,970,021
Gross revenue	55,429,605	58,337,436
Less:		
Discounts	(1,850,980)	(1,513,320)
Trade spend	(7,648,579)	(10,148,977)
Net revenue	45,930,046	46,675,139

Deferred revenue

The Company recognized \$4.2 million of deferred revenue during the year, of which \$3.8 million remains in deferred revenue as at October 31, 2024. This deferred revenue is expected to be recognized as revenue over the next fiscal year as the related services are performed in accordance with the terms of the contracts.

18 Income taxes

The reconciliation of income tax expense for the years ended October 31 consists of the following:

	2024	2023
	\$	\$
Loss before income taxes	(38,251,314)	(42,974,196)
Statutory tax rate	26.5%	26.5%
Expected income tax recovery at the statutory tax rate	(10,136,598)	(11,388,162)
Non-deductible items	1,436,647	142,573
Change in estimates and others	(239,197)	687,046
Tax rate differences	(8,481)	1,734,663
Deferred tax related to prior years	(211,120)	331,879
Change in deferred tax assets not recognized	9,158,749	8,492,001
Income tax expense	—	—

Deferred income tax assets in excess of deferred income tax liabilities have not been recognized in respect of the following attributes because it is not probable that future taxable profit will be available against which the Company can use the benefits.

	2024	2023
	\$	\$
Deferred income tax assets (liabilities)		
Non-capital loss carry forward	75,616,889	69,078,872
Leases	(203,422)	(404,781)
Capital assets	(189,935)	(247,877)
Financing fees	(115,879)	(242,962)
Finance expense	2,040,645	—
Other	405,356	211,653
Total deferred tax assets	77,553,654	68,394,905
Unrecognized deferred tax asset	(77,553,654)	(68,394,905)
Non-capital loss carry forward	—	—

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The Company has non-capital loss carry forwards of approximately \$284.9 million, which may be used to reduce taxable income in the future. If not utilized, certain of these losses by jurisdiction will expire as follows:

	Canada \$	United States \$	Total \$
2032	1,168,000	—	1,168,000
2033	2,250,000	—	2,250,000
2034	1,540,000	—	1,540,000
2035	6,359,000	—	6,359,000
2036	9,848,000	—	9,848,000
2037	22,728,000	—	22,728,000
2038	20,208,000	7,572,000	27,780,000
2039	5,354,000	33,671,000	39,025,000
2040	7,428,000	28,265,000	35,693,000
2041	10,453,000	43,926,000	54,379,000
2042	11,132,000	27,034,000	38,166,000
2043	22,636,000	—	22,636,000
2044	11,826,000	11,548,000	23,374,000
	132,930,000	152,016,000	284,946,000

19 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.

20 Related party transactions

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling activities of the entity, directly or indirectly including the Chief Executive Officer, Chief Financial Officer and Directors.

Compensation expense for the Company's key management personnel for the years ended October 31, is as follows:

	2024 \$	2023 \$
Salaries, bonuses and benefits	1,552,000	2,245,538
Share-based compensation	2,303,622	1,849,668
	3,855,622	4,095,206

During the year ended October 31, 2024, the Company purchased \$432,421 (2023 – \$995,617) of consulting services from related parties. This amount is included in general and administrative expenses on the consolidated statements of loss and comprehensive loss. As at October 31, 2024, the Company has an outstanding balance of \$49,812 (2023 – \$433,140) recorded in trade and other payables.

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21 Capital management

The Company's capital management objectives are to maintain financial flexibility to pursue its strategy of organic growth and to provide returns to its shareholders. The Company defines capital as the aggregate of its capital stock and borrowings.

Total managed capital is as follows:

	2024 \$	2023 \$
Borrowings	46,924,161	29,282,613
Convertible debt	2,575,702	—
Share capital	106,908,904	100,397,703
	156,408,767	129,680,316

The Company manages its capital structure in accordance with changes in economic conditions. To maintain or adjust its capital structure, the Company may elect to issue or repay financial liabilities, issue shares, repurchase shares, pay dividends or undertake any other activities as deemed appropriate under the specific circumstances. The Company is not subject to any externally imposed capital requirements.

22 Financial instruments and risk management

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 creditworthiness of customers who wish to trade on credit terms. As at October 31, 2024, the Company has three customers (2023 – two customers) that owed the Company more than 10% of the outstanding receivable balance and accounted for 55% (2023 – 40%) of total trade receivables outstanding.

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.

The aging of trade receivables as at October 31 is as follows:

	2024 \$	2023 \$
Current	2,675,435	2,033,658
1-30 days past due	981,019	3,785,617
31-60 days past due	269,979	845,154
Greater than 60 days past due	1,293,766	4,557,503
Total trade receivables	5,220,199	11,221,932
Less allowance for doubtful accounts	1,283,097	2,778,186
	3,937,102	8,443,745

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

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 12 months from the date of these Financial Statements.

If unanticipated events occur that impact the Company's ability to meet its forecast and continue to fund customer acquisition costs, research and development, and administrative requirements, the Company may need to take

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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 consolidated results of operations or consolidated financial condition.

The Company is obligated to the following contractual maturities of undiscounted cash flows as at October 31, 2024:

	Carrying amount \$	Year 1 \$	Year 2 \$	Year 3 \$	Year 4 \$	Year 5 and over \$	Total \$
Trade and other payables	27,393,147	27,393,147	—	—	—	—	27,393,147
Lease obligations (Note 8)	31,334,992	4,559,504	5,346,608	4,075,781	4,176,525	25,929,035	44,087,453
Borrowings (Note 11)	46,924,161	29,338,130	24,075,680	—	—	—	53,413,810
Convertible debt (Note 12)	2,575,702	280,244	280,244	280,244	280,244	3,082,687	4,203,663
	108,228,002	61,571,025	29,702,532	4,356,025	4,456,769	29,011,722	129,098,073

Both Cash and Trade and other payables include USD \$2,500,000 (CAD \$3,393,500) related to a transfer of funds from a foreign exchange service provider on October 31, 2024. The amount was fully settled the following day, in line with the settlement terms of the provider.

Market risk

Market risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign currency risk, interest rate risk and other price risk.

- 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 US 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.

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 consolidated operating results.

- 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, 2024 as there are no material long-term borrowings outstanding subject to variable interest rates.

- Other price risk

Other price risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or foreign currency risk, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to other price risk as at October 31, 2024.

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.

Flow Beverage Corp.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended October 31, 2024 and 2023
(expressed in Canadian dollars, except share amounts)

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.

23 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 tables present details on revenue derived from property and equipment domiciled in the following geographical locations as at and for the years ended October 31, 2024 and 2023.

Revenue for the years ended October 31, consist of the following:

	2024 \$	2023 \$
Canada	32,998,946	27,168,333
United States	12,931,100	19,506,806
Total	45,930,046	46,675,139

Property and equipment as at October 31, consist of the following:

	2024 \$	2023 \$
Canada	6,189,459	2,021,901
United States	3,679,976	3,694,805
Total	9,869,435	5,716,706

Right-of-use assets as at October 31, consist of the following:

	2024 \$	2023 \$
Canada	32,857,094	116,637

Flow Beverage Corp.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended October 31, 2024 and 2023
(expressed in Canadian dollars, except share amounts)

Intangible assets as at October 31, consist of the following:

	2024 \$	2023 \$
Canada	9,800	3,959
United States	438,146	492,460
Total	447,946	496,419

24 Finance expense, net

Finance expense for the years ended October 31, 2024 and 2023 consists of the following:

	2024 \$	2023 \$
Interest on lease obligations	1,373,887	552,039
Interest on borrowings	9,036,953	4,823,723
Loss on change in fair value of derivative liability	—	88,076
Gain on debt extinguishment	(627,977)	(2,141,531)
Total	9,782,863	3,322,307

25 Restructuring and other transactional costs

During the year ended October 31, 2024, the Company recorded \$2,593,462 related to organizational restructuring costs (2023 - \$1,013,917) and \$271,992 related to severance and other employee benefits paid to previous senior executives (2023 - \$549,662).

26 Subsequent events

Subsequent to October 31, 2024, the terms of the Debt Round were amended, such that accrued interest for the period from November 1, 2023 to August 1, 2024 at the rate of 12% will be paid on November 1, 2025. Repayment of the four principal payments scheduled to commence November 1, 2024 will now be repaid on November 1, 2025.

Subsequent to October 31, 2024, the terms of the Bridge Short Term Note were amended to be paid in monthly payments of \$56,876 over a period of 36 months at a rate of 18% and a principal balance of \$1,573,247 which represents the outstanding principal and interest owing at the time of the amendment.

On December 31, 2024, the Company announced the closing of the first tranche of a non-brokered private placement offering (the "Private Placement") of unsecured convertible debenture units of the Company (collectively, the "Convertible Debenture Units"), in which it issued and sold 172.992 Convertible Debenture Units at a price of CDN\$10,000 per Convertible Debenture Unit for gross proceeds of CAD \$1.73 million.

This is Exhibit “GG” referred to in the Affidavit of Cliff Rucker sworn by Cliff Rucker of the City of Danvers, in the State of Massachusetts, before me at the City of Toronto, in the Province of Ontario, on September 2, 2025 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

DocuSigned by:

Matthew Cressatti

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Commissioner for Taking Affidavits (or as may be)

MATTHEW CRESSATTI

Condensed consolidated interim financial statements of

Flow Beverage Corp.

For the three months ended January 31, 2025 and 2024
(unaudited) (expressed in Canadian dollars)

Flow Beverage Corp.
Condensed consolidated interim statements of financial position
(unaudited) (expressed in Canadian dollars)
See Basis of preparation and going concern – Note 2

As at		January 31, 2025	October 31, 2024
	Notes	<u>\$</u>	<u>\$</u>
ASSETS			
Current assets			
Cash		598,050	8,607,678
Trade and other receivables	3	9,375,181	7,305,214
Inventories	4	6,814,458	6,562,300
Prepaid expenses and deposits	5	5,709,289	11,078,658
		<u>22,496,978</u>	<u>33,553,850</u>
Non-current assets			
Other receivables		602,333	903,500
Right-of-use assets, net	6	39,545,760	32,857,094
Property and equipment, net	7	10,074,197	9,869,435
Intangible assets, net		452,284	447,946
		<u>73,171,552</u>	<u>77,631,825</u>
TOTAL ASSETS			
LIABILITIES			
Current liabilities			
Trade and other payables		26,452,388	27,393,147
Deferred revenue	14	3,991,124	4,209,059
Lease obligations	6	3,671,145	3,465,830
Borrowings	8	31,137,659	24,035,653
Convertible debt	9	33,991	—
		<u>65,286,307</u>	<u>59,103,689</u>
Non-current liabilities			
Lease obligations	6	34,689,489	27,869,162
Borrowings	8	10,992,017	22,888,508
Convertible debt	9	4,334,120	2,575,702
Other non-current liabilities		14,246	25,589
		<u>115,316,179</u>	<u>112,462,650</u>
SHAREHOLDERS' EQUITY			
Share capital	10	107,527,372	106,908,904
Warrants	11	2,465,596	2,465,596
Contributed surplus	12	180,313,124	179,898,478
Foreign currency translation reserve		1,342,768	1,283,244
Deficit		(333,793,487)	(325,387,047)
		<u>(42,144,627)</u>	<u>(34,830,825)</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			
		<u>73,171,552</u>	<u>77,631,825</u>
Contingencies	15		
Subsequent events	19		

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	2025 \$	2024 \$
Net revenue	14	11,438,224	8,267,809
Cost of revenue		9,012,424	9,525,328
Gross profit		2,425,800	(1,257,519)
Operating expenses			
Sales and marketing		401,299	1,316,981
General and administrative		2,452,184	4,882,396
Salaries and benefits		2,649,142	2,303,170
Amortization and depreciation	6, 7	408,713	1,795,209
Share-based compensation	12	1,000,056	1,541,796
		6,911,394	11,839,552
Loss before the following		(4,485,594)	(13,097,071)
Other expenses, net		(6,679)	(46,258)
Finance expense, net	8, 17	2,919,888	2,674,535
Foreign exchange loss		360,396	93,431
Restructuring and other costs	18	221,343	97,101
(Gain) loss on option revaluation		(11,343)	25,248
Loss (gain) on debt modification and other		437,241	(576,309)
Net loss for the period		(8,406,440)	(15,364,819)
Other comprehensive income			
Exchange gain on translation of foreign operations		59,524	954,309
Comprehensive loss for the period		(8,346,916)	(14,410,510)
Loss per share – basic and diluted	13	\$ (0.10)	\$ (0.27)
Weighted average number of shares outstanding – basic and diluted	13	82,463,665	57,446,119

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, 2025 and 2024
(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, 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 12)	6,473,000	1,800,871	—	—	—	—	1,800,871
Share issuance – Tranche 2 (Note 12)		1,551,584	—	—	—	—	1,551,584
Shares issued for advisory agreements (Note 12)	617,711	177,800	—	—	—	—	177,800
Warrants issued (Note 11)	—	—	660,764	—	—	—	660,764
Share-based compensation (Note 12)	—	—	—	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)
Balance as at October 31, 2024	80,794,527	106,908,904	2,465,596	179,898,478	1,283,244	(325,387,047)	(34,830,825)
Shares issued for advisory agreements (Note 10)	499,227	71,750	—	—	—	—	71,750
RSUs issued for advisory agreements (Note 12)	—	—	—	5,667	—	—	5,667
Share issuance on RSU release	2,377,769	546,718	—	(546,718)	—	—	—
Conversion feature	—	—	—	33,620	—	—	33,620
Share-based compensation (Note 12)	—	—	—	922,077	—	—	922,077
Comprehensive loss	—	—	—	—	59,524	(8,406,440)	(8,346,916)
Balance as at January 31, 2025	83,671,523	107,527,372	2,465,596	180,313,124	1,342,768	(333,793,487)	(42,144,627)

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

	2025	2024
	\$	\$
Net loss for the period	(8,406,440)	(15,364,819)
Adjustments to reconcile net loss to net cash used in operating activities		
Unrealized foreign exchange loss	(116,783)	1,252,608
Amortization and depreciation	919,568	1,794,338
Share-based compensation	922,077	1,541,796
Finance expense	2,919,888	2,674,535
Gain on sale of equipment	—	36,380
Loss on debt modification and other	437,241	—
Gain on option revaluation	(11,343)	—
Other non-cash items	545,823	(1,040,210)
	(2,789,969)	(9,105,372)
Changes in non-cash working capital items:		
Trade and other receivables	(2,049,411)	(943,997)
Prepaid expenses	52,630	948,677
Inventories	103,737	1,783,843
Trade and other payables	(1,010,581)	3,028,893
Deferred revenue	(220,192)	68,652
Cash flows used in operating activities	(5,913,786)	(4,219,304)
Purchase of equipment	(255,763)	(540,635)
Proceeds from sale of equipment	—	53,588
Cash flows used in investing activities	(255,763)	(487,047)
Proceeds from borrowings	1,729,920	5,000,000
Repayment of borrowings	(810,814)	(1,151,576)
Repayment of interest	(1,364,004)	—
Proceeds from issuance of common shares	—	3,352,455
Payment of lease obligations	(1,395,181)	(1,730,069)
Cash flows (used in) provided by financing activities	(1,840,079)	5,470,810
Net change in cash during the period	(8,009,628)	764,459
Cash, beginning of the period	8,607,678	6,494,733
Cash, end of the period	598,050	7,259,192

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

FLOW BEVERAGE CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months ended January 31, 2025 and 2024
(unaudited) (expressed in Canadian dollars, except share amounts)

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, 2024, which have been prepared in accordance with IFRS. These Financial Statements are based on accounting policies as described in Note 3 of the 2024 annual consolidated financial statements, except for the adoptions of new standards effective November 1, 2024.

These Financial Statements were approved and authorized for issuance by the Board of Directors of the Company on March 17, 2025.

The Financial Statements include the accounts of the Company and its wholly owned subsidiaries as of January 31, 2025: Flow Water Inc. (Canada), Flow Beverages Inc. (US), 2446692 Ontario Limited (Canada), and Flow Glow Beverages Inc. (Canada).

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, 2025, the Company has an accumulated deficit of \$333.8 million and for the three months ended January 31, 2025, a net loss of \$8.4 million and cash flows used in operating activities of \$5.9 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 favourable 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.

FLOW BEVERAGE CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months ended January 31, 2025 and 2024
(unaudited) (expressed in Canadian dollars, except share amounts)

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.

Co-packing revenue

The Company enters into co-packing agreements with customers. The Company is required to make estimates regarding the total number of units to be delivered under the contract. The Company also makes estimates regarding the total consideration to which the Company expects to be entitled to in exchange for the services provided. The total consideration to which the Company expects to be entitled to can vary based on estimates regarding penalties for minimum purchase commitments, total expected units to be delivered and pricing discounts. Revenue is recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur.

New standards, amendments and interpretations adopted by the Company

International Accounting Standards 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 amendments did not have an impact on the Financial Statements.

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

Amendments to IFRS 9 and IFRS 7: Classification and Measurement of Financial Instruments

In May 2024, the IASB issued amendments to IFRS 9 Financial Instruments ("IFRS 9") and IFRS 7 Financial Instruments: Disclosures ("IFRS 7"), relating to the classification and measurement requirements of financial instruments recognized within those standards. These amendments clarify that a financial liability is to be derecognized on the "settlement date" and introduces an accounting policy to derecognize financial liabilities settled through an electronic payment system before settlement date if certain conditions are met; clarify how to assess the contractual cash flow characteristics of financial assets that include "environmental, social and governance" - linked features and other similar contingent features; clarify the treatment of non-recourse assets and contractually linked instruments; and require additional disclosures for financial assets and liabilities with contractual terms that reference a contingent event and equity instruments classified at fair value through other comprehensive income. These amendments will be effective for annual periods beginning on or after January 1, 2026 and will be applied retrospectively with an adjustment to opening retained earnings. Prior periods will not be required to be restated and can only be restated without using hindsight. Entities can early adopt the amendments that relate to the classification of financial assets plus the related disclosures and can apply other amendments subsequently. The Company does not expect material impacts from these amendments on its annual Financial Statements.

Issuance of IFRS 18: Presentation and Disclosure in Financial Statements ("IFRS 18")

In April 2024, the IASB issued IFRS 18, which will replace IAS 1. The issuance introduces new categories and subtotals in the consolidated statements of loss and comprehensive loss, requires disclosure of management-defined performance measures, and includes new requirements for the location, aggregation and disaggregation of financial information. The new standard will require the classification of all income and expenses within the consolidated statements of loss and comprehensive loss into one of five categories: operating, investing, financing, income taxes, and discontinued operations. In addition, entities will be required to present subtotals and totals for "operating profit or loss", "profit or loss before financing and incomes taxes" and "profit or loss"; introduce the concept of a management-defined performance measure ("MPM"), which it defines as a subtotal of income and expenses that an entity uses in public communications outside financial statements, to communicate Management's view of an aspect of the financial performance of the entity. The standard will require the disclosure of information about an entity's MPMs, including how the measure is calculated and reconciled to the most comparable subtotal specified by IFRS; and introduce a principle for determining the location of information based on identified "roles" of the primary financial statements and the notes as well as require aggregation and disaggregation of information with reference to similar and dissimilar

FLOW BEVERAGE CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months ended January 31, 2025 and 2024
(unaudited) (expressed in Canadian dollars, except share amounts)

characteristics. IFRS 18 will be effective for annual periods beginning on or after January 1, 2027, and will apply retrospectively. Early adoption is permitted and must be disclosed. The Company is in the process of evaluating the impact of this standard on its annual Financial Statements.

3 Trade and other receivables

	January 31, 2025	October 31, 2024
	\$	\$
Trade receivables, net	5,584,594	3,937,102
Accrued and other receivables	2,974,483	2,336,590
Harmonized sales tax receivables	816,104	1,031,522
Total	9,375,181	7,305,214

4 Inventories

	January 31, 2025	October 31, 2024
	\$	\$
Finished goods	3,360,530	2,623,317
Raw materials	4,160,761	4,551,927
	7,521,291	7,175,243
Allowance	(706,833)	(612,943)
Total	6,814,458	6,562,300

The amount of inventories recognized as cost of revenue during the quarter ended January 31, 2025, is \$7,308,395 (2024 – \$6,549,294). At January 31, 2025, the Company recognized an inventory provision of \$706,833 (2024 – \$612,943). In addition, the Company recorded \$88,168 (2024 – \$605,430) of inventory write-downs during the quarter which is recognized within cost of revenue on the consolidated statements of loss and comprehensive loss.

5 Prepaid expenses and deposits

Prepaid expenses primarily consist of deferred amounts related to lease deposits and sponsorship agreements. As at January 31, 2025, prepaid and deferred expenses total \$2,148,568 (2024 – \$1,287,249).

As at January 31, 2025, the Company recorded deposits of \$3,560,721 primarily related to the purchase and installation of equipment at the Aurora facility (2024 – \$1,121,460).

FLOW BEVERAGE CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months ended January 31, 2025 and 2024
(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:

Cost	Equipment \$	Plant and warehouse \$	Vehicles \$	Premises \$	Total \$
Balance, October 31, 2023	—	—	294,635	547,681	842,316
Additions	6,299,122	20,249,660	—	—	26,548,782
Completed leases	—	(1,403,175)	(294,635)	(547,681)	(2,245,491)
Transfers from assets held for sale	9,155,262	6,665,030	—	—	15,820,292
Balance, October 31, 2024	15,454,384	25,511,515	—	—	40,965,899
Additions	7,760,165	—	—	—	7,760,165
Balance, January 31, 2025	23,214,549	25,511,515	—	—	48,726,064
Accumulated amortization					
Balance, October 31, 2023	—	—	250,585	475,094	725,679
Completed leases	—	(1,403,175)	(294,636)	(547,681)	(2,245,492)
Amortization	1,683,435	1,350,487	44,051	72,587	3,150,560
Transfers from assets held for sale	2,986,810	3,491,248	—	—	6,478,058
Balance, October 31, 2024	4,670,245	3,438,560	—	—	8,108,805
Amortization	540,648	530,851	—	—	1,071,499
Balance, January 31, 2025	5,210,893	3,969,411	—	—	9,180,304
Net book value					
Balance, October 31, 2024	10,784,139	22,072,955	—	—	32,857,094
Balance, January 31, 2025	18,003,656	21,542,104	—	—	39,545,760

The Company's lease obligations are as follows:

	January 31, 2025 \$	October 31, 2024 \$
Balance – Beginning of period	31,334,992	136,784
Additions	7,760,165	26,548,782
Interest accretion	660,658	1,373,887
Lease payments	(1,395,181)	(3,309,357)
Transfers out of held for sale	—	6,584,896
Balance – End of period	38,360,634	31,334,992
Current	3,671,145	3,465,830
Non-current	34,689,489	27,869,162

FLOW BEVERAGE CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months ended January 31, 2025 and 2024
(unaudited) (expressed in Canadian dollars, except share amounts)

7 Property and equipment

The Company's property and equipment by asset class are as follows:

Cost	Land \$	Equipment \$	Furniture and fixtures \$	Leasehold improvements \$	Construction in progress \$	Total \$
Balance, October 31, 2023	5,106,796	515,702	63,954	222,066	—	5,908,516
Additions	—	601,559	55,905	160,935	138,656	957,055
Disposals	—	(86,476)	(28,647)	(211,766)	—	(326,889)
Transfers from assets held for sale	—	6,420,737	4,633	1,756,220	—	8,181,590
Effects of foreign exchange	11,872	(1,019)	—	—	—	10,853
Balance, October 31, 2024	5,118,668	7,450,503	95,845	1,927,455	138,656	14,731,127
Additions	—	83,915	—	14,500	157,348	255,763
Effects of foreign exchange	149,849	9,094	—	—	—	158,943
Balance, January 31, 2025	5,268,517	7,543,512	95,845	1,941,955	296,004	15,145,833
Accumulated depreciation						
Balance, October 31, 2023	—	51,886	47,235	92,690	—	191,810
Disposals	—	(68,647)	(28,647)	(209,888)	—	(307,182)
Depreciation	—	1,316,633	16,920	235,811	—	1,569,364
Transfers from assets held for sale	—	3,020,809	2,534	384,904	—	3,408,247
Effects of foreign exchange	—	(548)	—	—	—	(548)
Balance, October 31, 2024	—	4,320,133	38,042	503,517	—	4,861,692
Depreciation	—	170,373	2,890	27,922	—	201,185
Effects of foreign exchange	—	8,759	—	—	—	8,759
Balance, January 31, 2025	—	4,499,265	40,932	531,439	—	5,071,636
Net book value						
Balance, October 31, 2024	5,118,668	3,130,370	57,803	1,423,938	138,656	9,869,435
Balance, January 31, 2025	5,268,517	3,044,247	54,913	1,410,516	296,004	10,074,197

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8 Borrowings

The following table presents the borrowings for the Company:

	January 31, 2025	October 31, 2024
	\$	\$
Seawright Mineral Springs Loan [a]	26,760	34,838
Debt Round [b]	7,127,924	5,604,684
NFS Leasing Canada Ltd. – Senior Term Loan [c]	12,397,340	802,617
NFS Leasing Canada Ltd. – Delayed Draw Term Loan [c]	400,278	394,156
NFS Leasing Canada Ltd. – Second Amended Term Loan [c]	4,376,437	4,493,250
NFS Leasing Canada Ltd. – Interim Financing Agreement [c]	1,957,498	7,532,950
NFS Leasing Canada Ltd. – Bridge Short Term Note [c]	423,330	997,500
Rucker Investment - Interim Financing Agreement [c]	4,428,092	4,175,658
Total current	31,137,659	24,035,653
Seawright Mineral Springs Loan [a]	1,868,006	1,791,340
Debt Round [b]	3,955,738	4,883,697
NFS Leasing Canada Ltd. – Senior Term Loan [c]	—	12,009,954
NFS Leasing Canada Ltd. – Delayed Draw Term Loan [c]	4,038,711	4,203,517
NFS Leasing Canada Ltd. – Bridge Short Term Note [c]	1,129,562	—
Total non-current	10,992,017	22,888,508
Total	42,129,676	46,924,161

[a] 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%, and matured 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 (CAD \$15,920).

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 USD \$0.36 (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 months ended January 31, 2025, the Company incurred USD \$30,183 (CAD \$42,882) of interest expense in connection with the amended Seawright Loan (2024 – USD \$30,560, CAD \$41,327).

[b] 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.

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On February 28, 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 fair value through profit and loss.

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 were classified as equity and not remeasured subsequent to initial recognition.

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 warrants ('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 on February 1, 2026, and was subsequently issued in Q1 2024. 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 recognized in the consolidated statements of loss and comprehensive loss for the year ended October 31, 2023.

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.

During the three months ended January 31, 2025, the Company incurred \$492,426 of interest expense (2024 – \$708,587). During the fiscal year ended October 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 gain on modification of \$71,367 recognized within gain on debt modification and other in the statements of loss and comprehensive loss.

On November 1, 2024, the debt was further amended to defer principal and accrued interest payments to November 1, 2025 per the table below. The amendment was treated as a modification under IFRS 9, with a loss on modification of \$437,241 recognized in the consolidated statements of loss and comprehensive loss for the period ended January 31, 2025.

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

Date	Interest \$	Principal \$	Balance outstanding \$
1-Jun-24	—	—	10,329,619
1-Aug-24	—	—	10,329,619
1-Nov-24	334,386	—	10,329,619
1-Feb-25	364,508	—	10,329,619
1-May-25	364,508	—	10,329,619
1-Aug-25	364,508	—	10,329,619
1-Nov-25	1,218,127	6,456,012	3,873,607
1-Feb-26	136,691	3,873,607	—

The Debt Round as at January 31, 2025 is as follows:

	\$
Balance, October 31, 2024	10,488,381
Add (less):	
Interest and accretion	492,426
Payments	(334,386)
Loss on modification	437,241
Balance, January 31, 2025	11,083,662
Current	7,127,924
Non-current	3,955,738

[c] 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 maturity date of the loan is February 1, 2026.

The Series D Warrants had an original exercise price of \$0.50 with an expiration date of December 30, 2032. During the year ended October 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.

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 months ended January 31, 2025, the Company incurred \$436,905 of interest expense (2024 – \$694,649).

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During the fiscal year ended October 31, 2024, the Senior Term Loan was amended to include an additional amendment fee. The amendment was treated as a modification under IFRS 9, with a gain on modification of \$27,727 recognized in the consolidated statements of loss and comprehensive loss for the twelve months ended October 31, 2024.

The Senior Term Loan as at January 31, 2025 is as follows:

	\$
Balance, October 31, 2024	12,812,571
Add (less):	
Interest and accretion	436,905
Payments	(852,136)
Balance, January 31, 2025	12,397,340
Current	12,397,340
Non-current	—

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 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 year ended October 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.

During the three months ended January 31, 2025, the Company incurred \$125,178 of interest expense (2024 – \$221,016).

During the fiscal year ended October 31, 2024, the Delayed Draw Term Loan was amended to include an additional amendment fee. The amendment was treated as a modification under IFRS 9, with a loss on modification of \$60,738 recognized in the consolidated statements of loss and comprehensive loss for the twelve months ended October 31, 2024.

The Delayed Draw Term Loan as at January 31, 2025 is as follows:

	\$
Balance, October 31, 2024	4,597,673
Add (less):	
Interest and accretion	125,178
Payments	(283,862)
Balance, January 31, 2025	4,438,989
Current	400,278
Non-current	4,038,711

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The Senior Term Loan and the Delayed Draw Term Loan contain certain covenants, measured quarterly, based on minimum liquidity values. As at January 31, 2025, in anticipation of not being in compliance of the covenants, the Company obtained from the lender an agreement to waive the Company's compliance with the covenants solely for the fiscal quarter ending January 31, 2025.

Second Amendment Term Loan

On November 15, 2023, the Company drew \$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 five 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. During the year ended October 31, 2024, the number of Series F warrants was further amended to 1,278,500.

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 months ended January 31, 2025, the Company incurred \$270,436 of interest expense (2024 – \$372,990).

During the year ended October 31, 2024, the Second Amendment Term Loan was amended to include an additional amendment fee. The amendment was treated as a modification under IFRS 9, with a gain on modification of \$13,311 recognized in the consolidated statements of loss and comprehensive loss for the twelve months ended October 31, 2024.

The Second Amendment Term Loan as at January 31, 2025 is as follows:

	\$
Balance, October 31, 2024	4,493,250
Add (less):	
Interest and accretion	270,436
Payments	(387,249)
Balance, January 31, 2025	4,376,437
Current	4,376,437
Non-current	—

Interim Financing Agreement ("IFA")

On December 1, 2023, the Company entered into a second IFA with NFS for financing of \$5,597,000 exclusive of tax for certain alcohol production equipment to be purchased by the Company from Simmtech Process Engineering Ltd. On November 1, 2024, 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 \$5,597,000 exclusive of tax. During the three months ended January 31, 2025, the Company incurred \$77,668 of interest expense (2024 – \$18,852) in connection with the IFA.

On June 14, 2024 the Company entered into a third IFA with NFS for advances up to \$2,192,106 exclusive of tax in connection with the purchase and installation of equipment at the Aurora facility. Upon delivery and acceptance by the Company of the equipment, the IFA will convert to an 84-month financing lease. At January 31, 2025, \$1,957,498 had been advanced pursuant to this agreement, and is recorded within prepaid expenses and deposits. During the quarter ended January 31, 2025, the Company incurred \$nil of interest expense (2024 – \$nil) in connection with the IFA.

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Bridge Short-Term Note

On August 30, 2024, Flow obtained financing from NFS in the amount of \$997,500, maturing on December 1, 2024. The loan bears interest at a rate of 3% per month. Repayment will occur in four consecutive monthly instalments of interest. The outstanding principal and any accrued interest and fees are payable on the maturity date.

On December 31, 2024, the terms of the Bridge Short-Term Note were amended to be paid in monthly payments of \$56,876 over a period of 36 months at a rate of 18% and a principal balance of \$1,573,247 which represents the outstanding principal and interest owing at the time of the amendment, and a \$500,000 term loan amendment fee that was previously accrued as a short-term payable.

During the three months ended January 31, 2025, the Company incurred \$115,242 of interest expense (2024 – \$nil) in connection with Bridge Short-Term Note.

RI Flow LLC Term Loan

On October 31, 2024, the Company entered into a term loan with RI Flow LLC in the amount of USD \$3,000,000 (CAD \$4,174,800). The loan matures six months from closing, bears interest at 15% annually and is secured against the Company's assets. Repayment will occur in six consecutive monthly payments of interest, with principal due on maturity. Variable interest is payable monthly in arrears, based on a percentage of co-pack unit sales.

During the three months ended January 31, 2025, the Company incurred \$162,831 of interest expense and \$167,789 of variable interest expense (2024 – \$nil and \$nil).

9 Convertible debt

BeatBox Beverages subscription agreement

On October 31, 2024, BeatBox Beverages ("BeatBox") and Flow entered into a binding subscription agreement whereby BeatBox purchased a USD \$2,000,000 (CAD \$2,802,443) convertible note, due October 29, 2029, secured against the assets of Flow (the "Note"). The Note bears interest at the rate of 10% per annum from the Closing Date, payable quarterly in arrears on the last day of each of fiscal quarter of Flow, and is convertible, at BeatBox's option and at any time after the Closing Date, into SVS of Flow at a conversion price of \$1.00.

The Company calculated the fair value of the liability portion of the convertible debenture, using a discount rate of 12% with the difference between the fair value and the proceeds being ascribed to the conversion feature. The fair value of the liability portion was calculated to be \$2,575,702, resulting in \$226,741 being allocated to the conversion feature, which was recognized in contributed surplus. The balance of the convertible debenture outstanding as at January 31, 2025 was \$2,654,782 (2024 – nil).

During the three months ended January 31, 2025, the Company incurred \$79,080 of interest expense (2024 – \$nil) in connection with the convertible note.

Non-brokered private placement

On December 31, 2024, the Company announced the closing of the first tranche of a non-brokered private placement offering (the "Private Placement") of unsecured convertible debenture units of the Company (collectively, the "Convertible Debenture Units"), in which it issued and sold 172,992 Convertible Debenture Units at a price of CDN\$10,000 per Convertible Debenture Unit for gross proceeds of USD \$1,200,000 (CAD \$1,729,920). The maturity date of the convertible debenture is December 31, 2027.

The Company calculated the fair value of the liability portion of the convertible debenture, using a discount rate of 12% with the difference between the fair value and the proceeds being ascribed to the conversion feature. The fair value of the liability portion was calculated to be \$1,696,299, resulting in \$33,621 being allocated to the conversion feature, which was recognized in contributed surplus. The balance of the convertible debenture outstanding as at January 31, 2025 was \$1,713,329 (2024 – nil).

During the three months ended January 31, 2025, the Company incurred \$17,030 of interest expense (2024 – nil) in connection with the convertible note.

10 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").

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Issued and outstanding

	Multiple Voting Shares		Subordinate Voting Shares		Total
	#	\$	#	\$	\$
Balance, October 31, 2023	6,214,566	1	50,836,973	100,397,702	100,397,703
Shares issued for private placement – Tranche 1	—	—	6,473,000	1,800,871	1,800,871
Shares issued for private placement – Tranche 2	—	—	—	1,551,584	1,551,584
Shares issued for advisory agreements	—	—	617,711	177,800	177,800
Balance, January 31, 2024	6,214,566	1	57,927,684	103,927,957	103,927,958
Balance, October 31, 2024	6,106,566	1	74,687,961	106,908,903	106,908,904
Shares issued for advisory agreements [a]	—	—	499,227	71,750	71,750
Share issuance on RSU release	—	—	2,377,769	546,718	546,718
Balance, January 31, 2025	6,106,566	1	77,564,957	107,527,371	107,527,372

[a] During the three months ended January 31, 2025, the Company issued 499,227 SVS of the Company to advisors of the Company for services valued at \$71,750.

11 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 periods ended January 31, 2025 and 2024 were as follows:

	Number of warrants #	Weighted average exercise price \$
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
	Number of warrants #	Weighted average exercise price \$
Balance, October 31, 2024	9,565,967	0.61
Granted during the period	843,855	0.41
Balance, January 31, 2025	10,409,822	0.59

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[a] On December 31, 2024, as part of the non-brokered private placement, the Company issued 843,855 warrants, which have an exercise price of \$0.41 and an expiry date of December 31, 2027.

The following table is a summary of the Company's warrants outstanding as at January 31, 2025:

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	1,278,500	0.40
February 1, 2026	3,790,400	0.50
December 31, 2027	843,855	0.41
	10,409,822	0.59

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

12 Share-based compensation

[a] 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 months ended January 31, 2025 and 2024, are as follows:

	DSUs #
Balance, October 31, 2023	666,349
Balance, January 31, 2024	666,349
Balance, October 31, 2024	2,153,477
Balance, January 31, 2025	2,153,477

The Company recognized an expense of \$78,000 in share-based compensation expense for the three months ended January 31, 2025 (2024 – \$nil), related to DSUs issued during the period.

During the three months ended January 31, 2025, conditional DSU grants of nil (2024 – 199,561) were made to members of the Board of Directors. An expense related to conditional DSU grants of \$nil for the three months ended January 31, 2025 (2024 – \$59,250) is recognized in the consolidated statements of loss and comprehensive loss.

[b] 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.

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During the three months ended January 31, 2025, the Company recorded \$3,286 of share-based compensation expense associated with the vested portion of the RSUs (2024 – \$233,115). 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. A total of 1,171,329 units (2024 – 1,171,329) were granted in connection with these conditional grants during the three-month period ended January 31, 2025.

During the year ended October 31, 2024, the Board of Directors conditionally approved grants of 14,656,858 RSUs to various members of senior management, of which 468,414 were forfeited. A total of 665,799 units (2024 – 702,940 units) were granted in connection with these conditional grants during the three months ended January 31, 2025.

During the three months ended January 31, 2025, the Board of Directors conditionally approved grants of 28,065,272 (2024 – 14,278,234) to various members of management, of which 372,834 were forfeited. The RSUs will be conditionally 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 2,077,387 units (2024 – nil) were granted in connection with these conditional grants during the three months ended January 31, 2025. An expense related to conditional RSU grants of \$918,791 (2024 – \$1,259,431) is recognised in the consolidated statements of loss and comprehensive loss for the three months ended January 31, 2025. A total of 37,433,946 conditional RSUs were outstanding as at January 31, 2025 (October 31, 2024 – 19,431,937).

The changes in the number of RSUs during the periods ended January 31, 2025 and 2024 (excluding conditional RSUs) are as follows:

	RSUs #
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
Balance, October 31, 2024	1,679,119
Granted during the period	4,380,408
Forfeited during the period	(81,827)
Share issuance on RSU release	(2,876,996)
Balance, January 31, 2025	3,100,704

[c] 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 SVS 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.

FLOW BEVERAGE CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months ended January 31, 2025 and 2024
(unaudited) (expressed in Canadian dollars, except share amounts)

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 months ended January 31, 2025, the Company recorded \$nil (2024 – \$nil) 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 statements of loss and comprehensive loss. The change in fair value of the plan during the period was a gain of \$11,343 (2024 – loss of \$25,248).

The changes in the number of share options during the three months ended January 31, 2025 and 2024 were as follows:

	2025		2024
	Number of	Weighted	Weighted
	options	average	average
	#	exercise price	exercise price
	\$	\$	\$
Options outstanding, beginning of period	1,486,778	5.22	1,486,778
Options outstanding – January 31	1,486,778	5.22	1,486,778
Options exercisable – January 31	1,486,778	5.22	1,486,778

No options were granted during the periods ended January 31, 2025, and 2024.

The following table is a summary of the Company's share options outstanding as at January 31, 2025:

Options outstanding			Options exercisable	
Exercise price	Number	Weighted average	Weighted average	Number
\$	outstanding	remaining	exercise price	exercisable
#	(years)	\$	#	#
1.50	138,667	1.93	1.50	138,667
2.50	392,884	1.93	2.50	392,884
5.00	5,000	1.93	5.00	5,000
6.55	209,243	1.93	6.55	209,243
6.60	115,593	1.93	6.60	115,593
6.65	49,062	1.93	6.65	49,062
6.70	22,742	1.93	6.70	22,742
6.75	349,737	1.93	6.75	349,737
6.85	5,000	1.93	6.85	5,000
6.95	10,000	1.93	6.95	10,000
7.00	76,000	1.93	7.00	76,000
8.25	112,850	1.93	8.25	112,850
5.22	1,486,778	1.93	5.22	1,486,778

FLOW BEVERAGE CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months ended January 31, 2025 and 2024
(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, 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

13 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 months ended January 31, 2025 was 82,463,665 (2024 – 57,446,119).

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 periods ended January 31, 2025 and 2024 presented are as follows:

	2025	2024
	#	#
Stock options	1,486,778	1,486,778
Restricted share units	3,100,704	4,112,034
Deferred share units	2,153,477	666,349
Warrants	10,409,822	10,347,467
	17,150,781	16,612,628

FLOW BEVERAGE CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months ended January 31, 2025 and 2024
(unaudited) (expressed in Canadian dollars, except share amounts)

Conditional RSUs and DSUs of 37,433,946 and nil (2024 – 19,431,937 and 750,857), respectively, are excluded from the above.

14 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, 2025 and 2024:

	Three months ended January 31	
	2025	2024
	\$	\$
Packaged water	7,675,576	8,676,891
Co-packing services	5,295,989	1,676,293
Gross revenue	12,971,565	10,353,184
Less:		
Discounts	(219,374)	(235,358)
Trade spend	(1,313,967)	(1,850,017)
Net revenue	11,438,224	8,267,809

Deferred revenue for the three months ended January 31, 2025, includes amounts related to prepayment of co-packing services.

15 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.

16 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 tables present details on revenue for the three months ended January 31, 2025 and 2024:

	2025	2024
	\$	\$
Canada	8,893,446	5,016,089
United States	2,544,778	3,251,720
Total	11,438,224	8,267,809

FLOW BEVERAGE CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months ended January 31, 2025 and 2024
(unaudited) (expressed in Canadian dollars, except share amounts)

Property and equipment as at January 31, 2025 and January 31, 2024:

	2025	2024
	\$	\$
Canada	6,245,034	6,631,401
United States	3,829,163	3,547,865
Total	10,074,197	10,179,266

Right-of-use assets as at January 31, 2025 and January 31, 2024:

	2025	2024
	\$	\$
Canada	39,545,760	14,008,073
Total	39,545,760	14,008,073

17 Finance expense

Finance expense for the three months ended January 31, 2025 and January 31, 2024 consists of the following:

	2025	2024
	\$	\$
Interest on lease obligations	660,659	425,100
Interest on borrowings	2,259,229	2,249,435
Total	2,919,888	2,674,535

18 Restructuring and other costs

During the three months ended January 31, 2025, the Company incurred restructuring and other costs of \$221,343 (2024 – \$97,101) primarily related to staffing changes.

19 Subsequent events

Subsequent to the period ended January 31, 2025, the Company announced the closing of the second tranche of the Private Placement of the Convertible Debenture Units, in which it issued and sold 43.382 Convertible Debenture Units at a price of CDN\$10,000 per Convertible Debenture Unit for gross proceeds of USD \$300,000 (CAD \$433,820).

This is Exhibit “HH” referred to in the Affidavit of Cliff Rucker sworn by Cliff Rucker of the City of Danvers, in the State of Massachusetts, before me at the City of Toronto, in the Province of Ontario, on September 2, 2025 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

DocuSigned by:

Matthew Cressatti

DA79353421D842D

Commissioner for Taking Affidavits (or as may be)

MATTHEW CRESSATTI

Condensed consolidated interim financial statements of

Flow Beverage Corp.

For the three and six months ended April 30, 2025 and 2024
(unaudited) (expressed in Canadian dollars)

Flow Beverage Corp.
Condensed consolidated interim statements of financial position
(unaudited) (expressed in Canadian dollars)
See Basis of preparation and going concern – Note 2

As at		April 30, 2025	October 31, 2024
	Notes	\$	\$
ASSETS			
Current assets			
Cash		732,106	8,607,678
Trade and other receivables	3	7,452,784	7,305,214
Inventories	4	5,962,817	6,562,300
Prepaid expenses and deposits	5	5,354,143	11,078,658
		<u>19,501,850</u>	<u>33,553,850</u>
Non-current assets			
Other receivables		301,167	903,500
Right-of-use assets, net	6	38,622,934	32,857,094
Property and equipment, net	7	10,019,134	9,869,435
Intangible assets, net		418,791	447,946
		<u>68,863,876</u>	<u>77,631,825</u>
TOTAL ASSETS			
LIABILITIES			
Current liabilities			
Trade and other payables		26,070,465	27,393,147
Deferred revenue	14	4,290,974	4,209,059
Lease obligations	6	3,800,593	3,465,830
Borrowings	8	45,743,382	24,035,653
Convertible debt	9	4,794,603	—
		<u>84,700,017</u>	<u>59,103,689</u>
Non-current liabilities			
Lease obligations	6	33,764,729	27,869,162
Borrowings	8	2,782,998	22,888,508
Convertible debt	9	—	2,575,702
Other non-current liabilities		2,674	25,589
		<u>121,250,418</u>	<u>112,462,650</u>
SHAREHOLDERS' EQUITY			
Share capital	10	107,983,077	106,908,904
Warrants	11	2,497,675	2,465,596
Contributed surplus	12	179,923,668	179,898,478
Foreign currency translation reserve		1,464,551	1,283,244
Deficit		(344,255,513)	(325,387,047)
		<u>(52,386,542)</u>	<u>(34,830,825)</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			
		<u>68,863,876</u>	<u>77,631,825</u>
Contingencies	15		
Subsequent events	19		

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)

		Three months ended April 30		Six months ended April 30	
		2025	2024	2025	2024
		\$	\$	\$	\$
Notes					
Net revenue	14	10,040,460	12,054,530	21,478,684	20,322,339
Cost of revenue	4	7,758,626	8,712,814	16,771,050	18,238,142
Gross profit		2,281,834	3,341,716	4,707,634	2,084,197
Operating expenses					
Sales and marketing		430,070	1,554,983	831,369	2,871,964
General and administrative		2,940,739	2,900,732	5,392,923	7,783,128
Salaries and benefits		2,799,007	2,640,987	5,448,149	4,944,157
Amortization and depreciation	6, 7	400,011	422,224	808,724	2,217,433
Share-based compensation	12	(24,828)	510,845	975,228	2,052,641
		6,544,999	8,029,771	13,456,393	19,869,323
Loss before the following		(4,263,165)	(4,688,055)	(8,748,759)	(17,785,126)
Other income		(15,762)	(838)	(22,441)	(47,096)
Finance expense, net	8, 17	3,025,066	2,126,601	5,944,954	4,801,136
Foreign exchange (gain) loss		(197,339)	(947)	163,057	92,484
Restructuring and other costs	18	202,678	298,640	424,021	395,741
Gain on option revaluation	12	(11,571)	(83,018)	(22,914)	(57,770)
Loss (gain) on debt modification and other	8	3,195,789	—	3,633,030	(576,309)
Net loss for the period		(10,462,026)	(7,028,493)	(18,868,466)	(22,393,312)
Other comprehensive income					
Exchange gain on translation of foreign operations		121,783	339,234	181,307	1,293,543
Comprehensive loss for the period		(10,340,243)	(6,689,259)	(18,687,159)	(21,099,769)
Loss per share – basic and diluted	13	\$ (0.12)	\$ (0.10)	\$ (0.22)	\$ (0.33)
Weighted average number of shares outstanding – basic and diluted	13	86,436,195	69,815,209	84,401,734	63,531,532

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

Flow Beverage Corp.
Condensed consolidated interim statements of changes in shareholders' equity
For the six months ended April 30, 2025, and 2024
(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, 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 10,12)	6,473,000	1,800,871	—	—	—	—	1,800,871
Share issuance – Tranche 2 (Note 10,12)	5,577,000	1,551,584	—	—	—	—	1,551,584
Shares issued for advisory agreements (Note 12)	1,117,711	312,100	—	—	—	—	312,100
Share issuance on RSU release (Note 10,12)	1,673,586	517,962	—	(517,962)	—	—	—
Warrants issued (Note 11)	—	—	661,606	—	—	—	661,606
Share-based compensation (Note 12)	—	—	—	2,052,641	—	—	2,052,641
Comprehensive loss	—	—	—	—	1,293,543	(22,393,312)	(21,099,769)
Balance as at April 30, 2024	71,892,836	104,580,220	2,465,596	180,666,514	1,384,676	(309,529,045)	(20,432,039)
Balance as at October 31, 2024	80,794,527	106,908,904	2,465,596	179,898,478	1,283,244	(325,387,047)	(34,830,825)
Shares issued for advisory agreements (Note 10,12)	532,560	77,417	—	—	—	—	77,417
RSUs issued for advisory agreements (Note 12)	—	—	—	4,666	—	—	4,666
Share issuance on RSU release (Note 10,12)	5,385,140	996,756	—	(996,756)	—	—	—
Conversion feature	—	—	—	42,052	—	—	42,052
Warrants issued (Note 11)	—	—	32,079	—	—	—	32,079
Share-based compensation (Note 12)	—	—	—	975,228	—	—	975,228
Comprehensive loss	—	—	—	—	181,307	(18,868,466)	(18,687,159)
Balance as at April 30, 2025	86,712,227	107,983,077	2,497,675	179,923,668	1,464,551	(344,255,513)	(52,386,542)

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

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

For the six months ended April 30

	2025	2024
	\$	\$
Net loss for the period	(18,868,466)	(22,393,312)
Adjustments to reconcile net loss to net cash used in operating activities		
Unrealized foreign exchange loss	312,499	743,621
Amortization and depreciation	2,216,293	2,469,127
Share-based compensation	975,228	2,052,641
Finance expense, net	5,944,954	4,801,136
Loss on sale of equipment	—	36,449
Loss on debt modification and other	3,633,030	—
Gain on option revaluation	(22,914)	—
Other non-cash items	50,000	(1,040,210)
	(5,759,376)	(13,330,548)
Changes in non-cash working capital items:		
Trade and other receivables	(127,740)	1,707,405
Prepaid expenses	714,593	(2,561,081)
Inventories	907,799	3,360,240
Trade and other payables	2,198,807	(1,941,798)
Deferred revenue	87,078	3,105,959
Cash flows used in operating activities	(1,978,839)	(9,659,823)
Purchase of equipment	(577,169)	(540,635)
Proceeds from sale of equipment	—	54,984
Cash flows used in investing activities	(577,169)	(485,651)
Proceeds from borrowings	2,163,740	7,238,800
Repayment of borrowings	(1,567,426)	(2,622,279)
Repayment of interest	(2,981,448)	—
Proceeds from issuance of common shares	—	3,352,454
Payment of lease obligations	(2,934,430)	(2,622,489)
Cash flows (used in) provided by financing activities	(5,319,564)	5,346,486
Net change in cash during the period	(7,875,572)	(4,798,988)
Cash, beginning of the period	8,607,678	6,494,733
Cash, end of the period	732,106	1,695,745

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

FLOW BEVERAGE CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three and six months ended April 30, 2025 and 2024
(unaudited) (expressed in Canadian dollars, except share amounts)

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, 2024, which have been prepared in accordance with IFRS. These Financial Statements are based on accounting policies as described in Note 3 of the 2024 annual consolidated financial statements, except for the adoptions of new standards effective November 1, 2024.

These Financial Statements were approved and authorized for issuance by the Board of Directors of the Company on June 16, 2025.

The Financial Statements include the accounts of the Company and its wholly owned subsidiaries as of April 30, 2025: Flow Water Inc. (Canada), Flow Beverages Inc. (US), 2446692 Ontario Limited (Canada), and Flow Glow Beverages Inc. (Canada).

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 April 30, 2025, the Company has an accumulated deficit of \$344.3 million, and for the six months ended April 30, 2025, a net loss of \$18.9 million and cash flows used in operating activities of \$2.0 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 favourable 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.

FLOW BEVERAGE CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three and six months ended April 30, 2025 and 2024
(unaudited) (expressed in Canadian dollars, except share amounts)

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.

Co-packing revenue

The Company enters into co-packing agreements with customers. The Company is required to make estimates regarding the total number of units to be delivered under the contract. The Company also makes estimates regarding the total consideration to which the Company expects to be entitled in exchange for the services provided. The total consideration to which the Company expects to be entitled can vary based on estimates regarding penalties for minimum purchase commitments, total expected units to be delivered and pricing discounts. Revenue is recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur.

New standards, amendments and interpretations adopted by the Company

International Accounting Standard 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 amendments did not have an impact on the Financial Statements.

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

Amendments to IFRS 9 and IFRS 7, Classification and Measurement of Financial Instruments

In May 2024, the IASB issued amendments to IFRS 9, *Financial Instruments* ("IFRS 9") and IFRS 7, *Financial Instruments: Disclosures* ("IFRS 7"), relating to the classification and measurement requirements of financial instruments recognized within those standards. These amendments clarify that a financial liability is to be derecognized on the "settlement date" and introduces an accounting policy to derecognize financial liabilities settled through an electronic payment system before the settlement date if certain conditions are met; clarify how to assess the contractual cash flow characteristics of financial assets that include "environmental, social and governance"-linked features and other similar contingent features; clarify the treatment of non-recourse assets and contractually linked instruments; and require additional disclosures for financial assets and liabilities with contractual terms that reference a contingent event and equity instruments classified at fair value through other comprehensive income. These amendments will be effective for annual periods beginning on or after January 1, 2026 and will be applied retrospectively with an adjustment to opening retained earnings. Prior periods will not be required to be restated and can only be restated without using hindsight. Entities can early adopt the amendments that relate to the classification of financial assets plus the related disclosures and can apply other amendments subsequently. The Company does not expect material impacts from these amendments on its annual Financial Statements.

Issuance of IFRS 18, Presentation and Disclosure in Financial Statements ("IFRS 18")

In April 2024, the IASB issued IFRS 18, which will replace IAS 1. The issuance introduces new categories and subtotals in the consolidated statements of loss and comprehensive loss, requires disclosure of management-defined performance measures, and includes new requirements for the location, aggregation and disaggregation of financial information. The new standard will require the classification of all income and expenses within the consolidated statements of loss and comprehensive loss into one of five categories: operating, investing, financing, income taxes and discontinued operations. In addition, entities will be required to present subtotals and totals for "operating profit or loss", "profit or loss before financing and incomes taxes" and "profit or loss"; introduce the concept of a management-defined performance measure ("MPM"), which it defines as a subtotal of income and expenses that an entity uses in public communications outside financial statements, to communicate management's view of an aspect of the financial performance of the entity. The standard will require the disclosure of information about an entity's MPMs, including how the measure is calculated and reconciled to the most comparable subtotal specified by IFRS; and introduce a principle for determining the location of information based on identified "roles" of the primary financial statements and the notes as well as require aggregation and disaggregation of information with reference to similar and dissimilar

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characteristics. IFRS 18 will be effective for annual periods beginning on or after January 1, 2027, and will apply retrospectively. Early adoption is permitted and must be disclosed. The Company is in the process of evaluating the impact of this standard on its annual Financial Statements.

3 Trade and other receivables

	April 30, 2025	October 31, 2024
	\$	\$
Trade receivables, net	4,543,254	3,937,102
Accrued and other receivables	2,563,602	2,336,590
Harmonized sales tax receivables	345,928	1,031,522
Total	7,452,784	7,305,214

4 Inventories

	April 30, 2025	October 31, 2024
	\$	\$
Finished goods	3,146,264	2,623,317
Raw materials	3,690,557	4,551,927
	6,836,821	7,175,243
Allowance	(874,004)	(612,943)
Total	5,962,817	6,562,300

The amount of inventories recognized as cost of revenue during the three and six months ended April 30, 2025 is \$7,088,378 and \$14,396,773 (2024 – \$6,745,581 and \$13,294,875). As at April 30, 2025, the Company recognized an inventory provision of \$874,004 (October 31, 2024 – \$612,943). In addition, the Company recorded \$114,051 (2024 – \$605,430) of inventory write-downs during the quarter, which are recognized within cost of revenue on the condensed consolidated interim statements of loss and comprehensive loss.

The ending inventory balance as at April 30, 2025, includes \$459,372 (2024 – \$nil) related to co-pack inventory for which possession has not yet transferred to the customer.

5 Prepaid expenses and deposits

Prepaid expenses primarily consist of deferred amounts related to lease deposits and sponsorship agreements. As at April 30, 2025, prepaid and deferred expenses total \$1,800,815 (October 31, 2024 – \$1,763,464).

As at April 30, 2025, the Company recorded deposits of \$3,553,328 primarily related to the purchase and installation of equipment at the Aurora facility (October 31, 2024 – \$9,315,194).

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6 Right-of-use assets and lease obligations

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

Cost	Equipment \$	Plant and warehouse \$	Vehicles \$	Premises \$	Total \$
Balance, October 31, 2023	—	—	294,635	547,681	842,316
Additions	6,299,122	20,249,660	—	—	26,548,782
Completed leases	—	(1,403,175)	(294,635)	(547,681)	(2,245,491)
Transfers from assets held for sale	9,155,262	6,665,030	—	—	15,820,292
Balance, October 31, 2024	15,454,384	25,511,515	—	—	40,965,899
Additions	7,760,165	—	116,573	—	7,876,738
Balance, April 30, 2025	23,214,549	25,511,515	116,573	—	48,842,637
Accumulated amortization					
Balance, October 31, 2023	—	—	250,585	475,094	725,679
Completed leases	—	(1,403,175)	(294,636)	(547,681)	(2,245,492)
Amortization	1,683,435	1,350,487	44,051	72,587	3,150,560
Transfers from assets held for sale	2,986,810	3,491,248	—	—	6,478,058
Balance, October 31, 2024	4,670,245	3,438,560	—	—	8,108,805
Amortization	1,063,856	1,042,637	4,405	—	2,110,898
Balance, April 30, 2025	5,734,101	4,481,197	4,405	—	10,219,703
Net book value					
Balance, October 31, 2024	10,784,139	22,072,955	—	—	32,857,094
Balance, April 30, 2025	17,480,448	21,030,318	112,168	—	38,622,934

The Company's lease obligations are as follows:

	April 30, 2025 \$	October 31, 2024 \$
Balance – Beginning of period	31,334,992	136,784
Additions	7,876,738	26,548,782
Interest accretion	1,288,022	1,373,887
Lease payments	(2,934,430)	(3,309,357)
Transfers out of held for sale	—	6,584,896
Balance – End of period	37,565,322	31,334,992
Current	3,800,593	3,465,830
Non-current	33,764,729	27,869,162

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7 Property and equipment

The Company's property and equipment by asset class are as follows:

Cost	Land \$	Equipment \$	Furniture and fixtures \$	Leasehold improvements \$	Construction in progress \$	Total \$
Balance, October 31, 2023	5,106,796	515,702	63,954	222,066	—	5,908,516
Additions	—	601,559	55,905	160,935	138,656	957,055
Disposals	—	(86,476)	(28,647)	(211,766)	—	(326,889)
Transfers from assets held for sale	—	6,420,737	4,633	1,756,220	—	8,181,590
Effects of foreign exchange	11,872	(1,019)	—	—	—	10,853
Balance, October 31, 2024	5,118,668	7,450,503	95,845	1,927,455	138,656	14,731,127
Additions	—	83,915	—	14,500	478,754	577,169
Effects of foreign exchange	(27,437)	(1,665)	—	—	—	(29,102)
Balance, April 30, 2025	5,091,231	7,532,753	95,845	1,941,955	617,410	15,279,194
Accumulated depreciation						
Balance, October 31, 2023	—	51,886	47,235	92,690	—	191,811
Disposals	—	(68,647)	(28,647)	(209,888)	—	(307,182)
Depreciation	—	1,316,633	16,920	235,811	—	1,569,364
Transfers from assets held for sale	—	3,020,809	2,534	384,904	—	3,408,247
Effects of foreign exchange	—	(548)	—	—	—	(548)
Balance, October 31, 2024	—	4,320,133	38,042	503,517	—	4,861,692
Depreciation	—	337,986	5,780	56,258	—	400,024
Effects of foreign exchange	—	(1,656)	—	—	—	(1,656)
Balance, April 30, 2025	—	4,656,463	43,822	559,775	—	5,260,060
Net book value						
Balance, October 31, 2024	5,118,668	3,130,370	57,803	1,423,938	138,656	9,869,435
Balance, April 30, 2025	5,091,231	2,876,290	52,023	1,382,180	617,410	10,019,134

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8 Borrowings

The following table presents the borrowings for the Company:

	April 30, 2025	October 31, 2024
	\$	\$
Seawright Mineral Springs Loan [a]	26,095	34,838
Debt Round [b]	11,174,001	5,604,684
NFS Leasing Canada Ltd. – Senior Term Loan [c]	12,207,009	802,617
NFS Leasing Canada Ltd. – Delayed Draw Term Loan [c]	4,344,738	394,156
NFS Leasing Canada Ltd. – Second Amendment Term Loan [c]	7,288,458	4,493,250
NFS Leasing Canada Ltd. – Interim Financing Agreement [c]	1,957,498	7,532,950
NFS Leasing Canada Ltd. – Bridge Short-Term Note [c]	—	997,500
NFS Leasing Canada Ltd. – Amended and restated Term Note [c]	443,266	—
RI Flow LLC - Short-Term Loan [d]	4,302,317	4,175,658
Export Development Canada Loan [e]	4,000,000	—
Total current	45,743,382	24,035,653
Seawright Mineral Springs Loan [a]	1,773,583	1,791,340
Debt Round [b]	—	4,883,697
NFS Leasing Canada Ltd. – Senior Term Loan [c]	—	12,009,954
NFS Leasing Canada Ltd. – Delayed Draw Term Loan [c]	—	4,203,517
NFS Leasing Canada Ltd. – Amended and restated Term Note [c]	1,009,415	—
Total non-current	2,782,998	22,888,508
Total	48,526,380	46,924,161

[a] 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%, and matured 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 (CAD \$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 (CAD \$15,920).

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 USD \$0.36 (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 and six months ended April 30, 2025, the Company incurred USD \$29,095 (CAD \$42,882) and USD \$59,277 (CAD \$84,238) of interest expense in connection with the amended Seawright Loan (2024 – USD \$29,805 (CAD \$40,838) and USD \$49,945 (CAD \$67,256)).

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[b] 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 28, 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 fair value through profit and loss.

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 were classified as equity and not remeasured subsequent to initial recognition.

There were no transaction costs incurred.

2022 Debt Amendment

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 warrants ("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 on February 1, 2026, and was subsequently issued in Q1 2024. 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 recognized in the consolidated statements of loss and comprehensive loss for the year ended October 31, 2023.

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.

During the three and six months ended April 30, 2025, the Company incurred \$271,727 and \$764,153 of interest expense (2024 – \$408,732 and \$1,117,320). During the fiscal year ended October 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 gain on modification of \$620,361 recognized within loss (gain) on debt modification and other in the statements of condensed consolidated interim loss and comprehensive loss.

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On November 1, 2024, the debt was further amended to defer principal and accrued interest payments to February 1, 2026 per the table below. The amendment was treated as a modification under IFRS 9, with a loss on modification of \$620,361 recognized in the condensed consolidated interim statements of loss and comprehensive loss for the six months ended April 30, 2025.

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

Date	Interest \$	Principal \$	Balance outstanding \$
1-Jun-24	—	—	10,329,619
1-Aug-24	—	—	10,329,619
1-Nov-24	334,386	—	10,329,619
1-Feb-25	364,508	—	10,329,619
1-May-25	364,508	—	10,329,619
1-Aug-25	364,508	—	10,329,619
1-Nov-25	1,218,127	6,456,012	3,873,607
1-Feb-26	136,691	3,873,607	—

The Debt Round as at April 30, 2025 is as follows:

	\$
Balance, October 31, 2024	10,488,381
Add (less):	
Interest and accretion	764,153
Payments	(698,894)
Loss on modification	620,361
Balance, April 30, 2025	11,174,001
Current	11,174,001
Non-current	—

[c] 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 maturity date of the loan is February 1, 2026.

The Series D Warrants had an original exercise price of \$0.50 with an expiration date of December 30, 2032. During the year ended October 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.

During the three and six months ended April 30, 2025, the Company incurred \$661,805 and \$1,098,711 of interest expense (2024 – \$671,068 and \$1,365,717).

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The Senior Term Loan as at April 30, 2025 is as follows:

	\$
Balance, October 31, 2024	12,812,571
Add (less):	
Interest and accretion	1,098,711
Payments	(1,704,273)
Balance, April 30, 2025	12,207,009
Current	12,207,009
Non-current	—

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 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 year ended October 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.

During the three and six months ended April 30, 2025, the Company incurred \$189,611 and \$314,790 of interest expense (2024 – \$214,824 and \$435,840).

The Delayed Draw Term Loan as at April 30, 2025 is as follows:

	\$
Balance, October 31, 2024	4,597,673
Add (less):	
Interest and accretion	314,790
Payments	(567,725)
Balance, April 30, 2025	4,344,738
Current	4,344,738
Non-current	—

Second Amendment Term Loan

On November 15, 2023, the Company drew \$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 five 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.

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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. During the year ended October 31, 2024, the number of Series F Warrants was further amended to 1,278,500.

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. As prepayment did not occur on or before February 28, 2025, the loan continuation fee in the amount of \$3,000,000 was fully earned and accrued.

During the three and six months ended April 30, 2025, the Company incurred \$368,680 and \$639,116 of interest expense (2024 – \$428,227 and \$801,217).

On February 24, 2025, the Second Amendment Term Loan was further amended to amend the payment date of the continuation fee which became due effective February 28, 2025, to be payable July 1, 2025, with the maturity date of the loan remaining November 1, 2028. The amendment was treated as an extinguishment under IFRS 9, with a loss on extinguishment of \$2,980,591 recognized in the condensed consolidated interim statements of loss and comprehensive loss for the three and six months ended April 30, 2025.

The Second Amendment Term Loan as at April 30, 2025 is as follows:

	\$
Balance, October 31, 2024	4,493,250
Add (less):	
Loss on extinguishment	2,980,591
Amendment fee	(50,000)
Interest and accretion	639,116
Payments	(774,499)
Balance, April 30, 2025	7,288,458
Current	7,288,458
Non-current	—

The Senior Term Loan, the Delayed Draw Term Loan, and the Second Amendment Term Loan contain certain covenants, measured quarterly, based on minimum liquidity values. As at April 30, 2025, in anticipation of not being in compliance with the covenants, the Company obtained from the lender an agreement to waive the Company's compliance with the covenants solely for the fiscal quarter ending April 30, 2025.

As at April 30, 2025, the Company was not in compliance with certain covenants under the NFS Loan Agreement, including those related to aged payables and the timely notification of proceedings. A waiver of these covenant breaches was obtained from the lender subsequent to the end of the reporting period.

Interim Financing Agreement ("IFA")

On December 1, 2023, the Company entered into a second IFA with NFS for financing of \$5,597,000 exclusive of tax for certain alcohol production equipment to be purchased by the Company from Simmtech Process Engineering Ltd. On November 1, 2024, 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 \$5,597,000 exclusive of tax. During the three and six months ended April 30, 2025, the Company incurred \$nil of interest expense (2024 – \$45,941 and \$64,794) in connection with the second IFA.

On June 14, 2024, the Company entered into a third IFA with NFS for advances up to \$2,192,106 exclusive of tax in connection with the purchase and installation of equipment at the Aurora facility. Upon delivery and acceptance by the Company of the equipment, the IFA will convert to an 84-month financing lease. As at April 30, 2025, \$1,957,498 had been advanced pursuant to this agreement, and is recorded within prepaid expenses and deposits. During the three and six months ended April 30, 2025, the Company incurred \$66,823 and \$144,491 of interest expense (2024 – \$nil) in connection with the third IFA.

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Bridge Short-Term Note

On August 30, 2024, Flow obtained financing from NFS in the amount of \$997,500, maturing on December 1, 2024. The loan bears interest at a rate of 3% per month. Repayment will occur in four consecutive monthly instalments of interest. The outstanding principal and any accrued interest and fees are payable on the maturity date.

On December 31, 2024, the terms of the Bridge Short-Term Note were amended to be paid in monthly payments of \$56,876 over a period of 36 months at a rate of 18% and a principal balance of \$1,573,247, which represents the outstanding principal and interest owing at the time of the amendment, and a \$500,000 term loan amendment fee that was previously accrued as a short-term payable (the "Amended and restated Term Note").

During the three and six months ended April 30, 2025, the Company incurred \$70,418 and \$185,660 of interest expense (2024 – \$nil) in connection with Bridge Short-Term Note.

[d] RI Flow LLC Short-Term Loan

On October 31, 2024, the Company entered into a short-term loan with RI Flow LLC, a related party of the Company, in the amount of USD \$3,000,000 (CAD \$4,174,800). The loan matures six months from closing, bears interest at 15% annually and is secured against the Company's assets. Repayment will occur in six consecutive monthly payments of interest, with principal due on maturity. Variable interest is payable monthly in arrears, based on a percentage of co-pack unit sales.

On April 29, 2025, the RI Flow LLC Short-Term Loan was amended to extend the maturity date to October 31, 2025.

During the three and six months ended April 30, 2025, the Company incurred \$165,034 and \$327,865 of interest expense and \$226,162 and \$384,206 of variable interest expense (2024 – \$nil).

[e] Export Development Canada Loan

On February 28, 2025, the Company obtained a letter of credit with JPMorgan Chase Bank ("JPMorgan") in the amount of \$4,000,000, expiring on February 28, 2026. The beneficiary of the line of credit was Tetra Pak Canada Inc. ("Tetra Pak"), and the line of credit was guaranteed by Export Development Canada ("EDC"). During the three and six months ended April 30, 2025, Tetra Pak drew down on the line of credit for a total of \$4,000,000. Per the recourse demand letter dated May 16, 2025, EDC made payments to JPMorgan of \$2,739,308 on April 14, 2025, and \$1,260,692 on April 24, 2025. The Company is required to reimburse EDC for a total of \$4,000,000. Interest will accrue from May 8, 2025, until the date of final payment at a rate of 8.5% per annum.

During the three and six months ended April 30, 2025, the Company incurred \$nil of interest expense (2024 – \$nil) in connection with the EDC loan.

9 Convertible debt

BeatBox Beverages subscription agreement

On October 31, 2024, BeatBox Beverages ("BeatBox") and Flow entered into a binding subscription agreement whereby BeatBox purchased a USD \$2,000,000 (CAD \$2,802,443) convertible note, due October 29, 2029, secured against the assets of Flow (the "Note"). The Note bears interest at the rate of 10% per annum from the Closing Date, payable quarterly in arrears on the last day of each of fiscal quarter of Flow, and is convertible, at BeatBox's option and at any time after the Closing Date, into SVS of Flow at a conversion price of \$1.00.

The Company calculated the fair value of the liability portion of the convertible debenture using a discount rate of 12% with the difference between the fair value and the proceeds being ascribed to the conversion feature. The fair value of the liability portion was calculated to be \$2,575,702, resulting in \$226,741 being allocated to the conversion feature, which was recognized in contributed surplus. The balance of the convertible debenture outstanding as at April 30, 2025 was \$2,591,404 (October 31, 2024 – nil).

During the three and six months ended April 30, 2025, the Company incurred \$76,744 and \$155,824 of interest expense (2024 – \$nil) in connection with the convertible note.

FLOW BEVERAGE CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three and six months ended April 30, 2025 and 2024
(unaudited) (expressed in Canadian dollars, except share amounts)

Non-brokered private placement

On December 31, 2024, the Company announced the closing of the first tranche of a non-brokered private placement offering (the "Private Placement") of unsecured convertible debenture units of the Company (collectively, the "Convertible Debenture Units"), in which it issued and sold 172.992 Convertible Debenture Units at a price of CAD \$10,000 per Convertible Debenture Unit for gross proceeds of USD \$1,200,000 (CAD \$1,729,920). The maturity date of the convertible debenture is December 31, 2027.

The Company calculated the fair value of the liability portion of the convertible debenture using a discount rate of 12% with the difference between the fair value and the proceeds being ascribed to the conversion feature. The fair value of the liability portion was calculated to be \$1,696,299, resulting in \$33,621 being allocated to the conversion feature, which was recognized in contributed surplus.

On February 5, 2025, the Company announced the closing of the second tranche of the Private Placement of Convertible Debenture Units, in which it issued and sold 43.382 Convertible Debenture Units at a price of CAD \$10,000 per Convertible Debenture Unit for gross proceeds of USD \$300,000 (CAD \$433,820). The maturity date of the convertible debenture is February 5, 2028.

The Company calculated the fair value of the liability portion of the convertible debenture, using a discount rate of 12% with the difference between the fair value and the proceeds being ascribed to the conversion feature. The fair value of the liability portion was calculated to be \$425,389, resulting in \$8,431 being allocated to the conversion feature, which was recognized in contributed surplus. The balance of the convertible debentures outstanding as at April 30, 2025 was \$2,203,199 (October 31, 2024 – nil).

During the three and six months ended April 30, 2025, the Company incurred \$64,481 and \$81,511 of interest expense (2024 – nil) in connection with the convertible note.

10 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.

FLOW BEVERAGE CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three and six months ended April 30, 2025 and 2024
(unaudited) (expressed in Canadian dollars, except share amounts)

Issued and outstanding

	Multiple Voting Shares		Subordinate Voting Shares		Total
	#	\$	#	\$	\$
Balance, October 31, 2023	6,214,566	1	50,836,973	100,397,702	100,397,703
Shares issued for Private Placement – Tranche 1	-	-	6,473,000	1,800,871	1,800,871
Shares issued for Private Placement – Tranche 2	-	-	5,577,000	1,551,584	1,551,584
Shares issued for advisory agreements	-	-	1,117,711	312,100	312,100
Share issuance on RSU release	-	-	1,673,586	517,962	517,962
Common share exchange	(108,000)	-	108,000	-	-
Balance, April 30, 2024	6,106,566	1	65,786,270	104,580,219	104,580,220
Balance, October 31, 2024	6,106,566	1	74,687,961	106,908,903	106,908,904
Shares issued for advisory agreements [a]	—	—	532,560	77,417	77,417
Share issuance on RSU release	—	—	5,385,140	996,756	996,756
Balance, April 30, 2025	6,106,566	1	80,605,661	107,983,076	107,983,077

[a] During the six months ended April 30, 2025, the Company issued 532,560 SVS of the Company to advisors of the Company for services valued at \$77,417.

11 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 six months ended April 30, 2025 and 2024 were as follows:

	Number of warrants #	Weighted average exercise price \$
Balance, October 31, 2023	4,497,067	0.85
Granted during the period	5,850,400	0.46
Cancelled during the period	(781,500)	0.40
Balance, April 30, 2024	9,565,967	0.61
	Number of warrants #	Weighted average exercise price \$
Balance, October 31, 2024	9,565,967	0.61
Granted during the period	1,055,472	0.41
Balance, April 30, 2025	10,621,439	0.59

On December 31, 2024, as part of the Private Placement, the Company issued 843,855 warrants, which have an exercise price of \$0.41 and an expiry date of December 31, 2027. On February 5, 2025, as part of the Private

FLOW BEVERAGE CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three and six months ended April 30, 2025 and 2024
(unaudited) (expressed in Canadian dollars, except share amounts)

Placement, the Company issued 211,617 warrants, which have an exercise price of \$0.41 and an expiry date of February 5, 2028.

The following table is a summary of the Company's warrants outstanding as at April 30, 2025:

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	1,278,500	0.40
February 1, 2026	3,790,400	0.50
December 31, 2027	843,855	0.41
February 5, 2028	211,617	0.41
	10,621,439	0.59

The following table is a summary of the Company's warrants outstanding as at April 30, 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	1,278,500	0.40
February 1, 2026	3,790,400	0.50
	9,565,967	0.61

12 Share-based compensation

[a] 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 six months ended April 31, 2025 and 2024 were as follows:

	DSUs #
Balance, October 31, 2023	666,349
Granted during the period	1,082,603
Balance, April 30, 2024	1,748,952
Balance, October 31, 2024	2,153,477
Granted during the period	1,565,494
Balance, April 30, 2025	3,718,971

The Company recognized expenses of \$78,000 and \$156,000 in share-based compensation expense for the three and six months ended April 30, 2025 (2024 – \$59,250 and \$59,250), related to DSUs issued during the period.

During the six months ended April 30, 2025, conditional DSU grants of nil (2024 – 531,307) were made to members of the Board of Directors. An expense related to conditional DSU grants of \$nil for the six months ended April 30, 2025 (2024 – \$59,250) is recognized in the condensed consolidated interim statements of loss and comprehensive loss.

[b] 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.

FLOW BEVERAGE CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three and six months ended April 30, 2025 and 2024
(unaudited) (expressed in Canadian dollars, except share amounts)

During the three and six months ended April 30, 2025, the Company recorded \$1,231 and \$4,517 of share-based compensation expense associated with the vested portion of the RSUs (2024 – \$360,689 and \$583,804). 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. A total of 2,342,657 units (2024 – 2,342,654) were granted in connection with these conditional grants during the six months ended April 30, 2025.

During the year ended October 31, 2024, the Board of Directors conditionally approved grants of 14,656,858 RSUs to various members of senior management, of which 508,803 were forfeited. A total of 1,253,358 units (2024 – 1,340,973 units) were granted in connection with these conditional grants during the six months ended April 30, 2025.

During the six months ended April 30, 2025, the Board of Directors conditionally approved grants of 28,421,912 (2024 – 14,278,234) to various members of management, of which 2,038,103 were forfeited. The RSUs will be conditionally 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 3,962,412 units (2024 – nil) were granted in connection with these conditional grants during six months ended April 30, 2025. An expense related to conditional RSU grants of (\$104,080) and \$814,711 (2024 – \$90,906 and \$1,350,337) is recognized in the condensed consolidated interim statements of loss and comprehensive loss for the three and six months ended April 30, 2025. A total of 32,481,977 conditional RSUs were outstanding as at April 30, 2025 (October 31, 2024 – 13,734,854).

The changes in the number of RSUs during the six months ended April 30, 2025 and 2024 (excluding conditional RSUs) are as follows:

	RSUs #
Balance, October 31, 2023	2,237,767
Granted during the period	4,376,106
Forfeited during the period	(115,413)
Share issuance on RSU release	(1,673,586)
Balance, April 30, 2024	4,824,874
Balance, October 31, 2024	1,679,119
Granted during the period	8,024,329
Forfeited during the period	(125,394)
Share issuance on RSU release	(5,917,701)
Balance, April 30, 2025	3,660,353

[c] Share options

In connection with the Amalgamation, the Company adopted an omnibus incentive plan (the "Omnibus Incentive Plan"), which allows for the Board of Directors to grant long-term equity-based awards, including SVS 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 to the Omnibus Incentive Plan. The Board of Directors has the discretion and authority to determine, among other things, the vesting schedule of share options and the settlement periods of RSUs or DSUs issued under the Omnibus Incentive Plan.

The maximum number of 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 and six months ended April 30, 2025, the Company recorded \$nil (2024 – \$nil) 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 condensed consolidated interim statements of loss and comprehensive loss. The change in fair value of the plan during the six months ended April 30, 2025 was a gain of \$22,914 (2024 – \$55,770).

FLOW BEVERAGE CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three and six months ended April 30, 2025 and 2024
(unaudited) (expressed in Canadian dollars, except share amounts)

The changes in the number of share options during the six months ended April 30, 2025 and 2024 were as follows:

	2025		2024
	Number of options #	Weighted average exercise price \$	Number of options #
Options outstanding, beginning of period	1,486,778	5.22	1,486,778
Options outstanding – April 30	1,486,778	5.22	1,486,778
Options exercisable – April 30	1,486,778	5.22	1,486,778

No options were granted during the six months ended April 30, 2025 and 2024.

The following table is a summary of the Company's share options outstanding as at April 30, 2025:

Options outstanding			Options exercisable	
Exercise price \$	Number outstanding #	Weighted average remaining contractual life (years) #	Weighted average exercise price \$	Number exercisable #
1.50	138,667	1.68	1.50	138,667
2.50	392,884	1.68	2.50	392,884
5.00	5,000	1.68	5.00	5,000
6.55	209,243	1.68	6.55	209,243
6.60	115,593	1.68	6.60	115,593
6.65	49,062	1.68	6.65	49,062
6.70	22,742	1.68	6.70	22,742
6.75	349,737	1.68	6.75	349,737
6.85	5,000	1.68	6.85	5,000
6.95	10,000	1.68	6.95	10,000
7.00	76,000	1.68	7.00	76,000
8.25	112,850	1.68	8.25	112,850
5.22	1,486,778	1.68	5.22	1,486,778

The following table is a summary of the Company's share options outstanding as at April 30, 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	2.68	1.50	138,667
2.50	392,884	2.68	2.50	392,884
5.00	5,000	2.68	5.00	5,000
6.55	209,243	2.68	6.55	209,243
6.60	115,593	2.68	6.60	115,593
6.65	49,062	2.68	6.65	49,062
6.70	22,742	2.68	6.70	22,742
6.75	349,737	2.68	6.75	349,737
6.85	5,000	2.68	6.85	5,000
6.95	10,000	2.68	6.95	10,000
7.00	76,000	2.68	7.00	76,000
8.25	112,850	2.68	8.25	112,850
5.22	1,486,778	2.68	5.22	1,486,778

FLOW BEVERAGE CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three and six months ended April 30, 2025 and 2024
(unaudited) (expressed in Canadian dollars, except share amounts)

13 Loss per share

Loss per share is calculated using the weighted average number of shares outstanding. The weighted average number of shares outstanding for the three and six months ended April 30, 2025 was 86,436,195 and 84,401,734 (2024 – 69,815,209 and 63,531,532).

For all periods presented, diluted loss per share equals basic loss per share due to the anti-dilutive effect of share options, RSU's, DSU's and warrants, given the Company was in a net loss position during those periods.

The outstanding number and type of securities that could potentially dilute basic net income per share in the future but would have decreased the loss per share (anti-dilutive) for the six months ended April 30, 2025 and 2024 presented are as follows:

	2025	2024
	#	#
Stock options	1,486,778	1,486,778
Restricted share units	3,660,353	4,824,874
Deferred share units	3,718,971	1,748,952
Warrants	10,621,439	9,565,967
	19,487,541	17,626,571

Conditional RSUs and DSUs of 32,481,977 and nil (2024 – 17,334,100 and nil), respectively, are excluded from the amounts above.

14 Disaggregation of revenue

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

The following table represents disaggregation of revenue for the three and six months ended April 30, 2025 and 2024:

	Three months ended April 30		Six months ended April 30	
	2025	2024	2025	2024
	\$	\$	\$	\$
Packaged water	6,157,184	9,186,923	13,832,760	17,863,814
Co-packing services	6,862,123	5,033,979	12,158,112	6,710,272
Gross revenue	13,019,307	14,220,902	25,990,872	24,574,086
Less:				
Discounts	(226,224)	(479,508)	(445,598)	(714,866)
Trade spend	(2,752,623)	(1,686,864)	(4,066,590)	(3,536,881)
Net revenue	10,040,460	12,054,530	21,478,684	20,322,339

Deferred revenue as of April 30, 2025, includes amounts related to prepayment of co-packing services.

15 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.

16 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.

FLOW BEVERAGE CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three and six months ended April 30, 2025 and 2024
(unaudited) (expressed in Canadian dollars, except share amounts)

The following tables present details on revenue for the three and six months ended April 30, 2025 and 2024:

	Three months ended April 30		Six months ended April 30	
	2025	2024	2025	2024
	\$	\$	\$	\$
Canada	8,695,869	8,594,280	17,589,315	13,610,370
United States	1,344,591	3,460,250	3,889,369	6,711,969
Total	10,040,460	12,054,530	21,478,684	20,322,339

Property and equipment as at April 30, 2025 and 2024:

	2025	2024
	\$	\$
Canada	6,368,599	6,976,483
United States	3,650,535	3,638,534
Total	10,019,134	10,615,017

Right-of-use assets as at April 30, 2025 and 2024:

	2025	2024
	\$	\$
Canada	38,622,934	19,500,037
Total	38,622,934	19,500,037

17 Finance expense

Finance expense for the three and six months ended April 30, 2025 and 2024 consists of the following:

	Three months ended April 30		Six months ended April 30	
	2025	2024	2025	2024
	\$	\$	\$	\$
Interest on lease obligations	627,364	276,772	1,288,023	701,872
Interest on borrowings	2,256,478	1,849,829	4,419,597	4,099,264
Interest on convertible debt	141,224	—	237,334	—
Total	3,025,066	2,126,601	5,944,954	4,801,136

18 Restructuring and other costs

During the three and six months ended April 30, 2025, the Company incurred restructuring and other costs of \$202,678 and \$424,021 (2024 – \$298,640 and 395,741) primarily related to organizational and staff restructuring.

19 Subsequent events

Effective May 2025, the Company entered into a \$2 million secured term note with NFS, bearing interest at 15% per annum, maturing May 23, 2028. Under the agreement, no payments are required for the first three months, followed by equal monthly installments over 33 months. This is a related party transaction.

On June 4, 2025, the Company closed secured term financing facilities with NFS of up to \$4 million ("NFS Term Loan"). The NFS Term Loan will mature on a date that is three years from the date of issue and bears interest at a rate of 15% per annum. Under the agreement, no payments are required for the first three months, followed by equal monthly installments over 33 months. This is a related party transaction.

On June 4, 2025, the Company closed a secured convertible loan facility with RI Flow LLC of up to \$6 million. The convertible facility bears interest at 15% per annum, matures in 18 months and includes a conversion option into SVS at CAD \$0.065 per share after one year. This is a related party transaction.

This is Exhibit “II” referred to in the Affidavit of Cliff Rucker sworn by Cliff Rucker of the City of Danvers, in the State of Massachusetts, before me at the City of Toronto, in the Province of Ontario, on September 2, 2025 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

DocuSigned by:

Matthew Cressatti

Commissioner for Taking Affidavits (or as may be)

MATTHEW CRESSATTI



Canada, United States, Mexico
(888) 589-0386 / +52 800 099 1144
www.totalonelogistics.com

August 26, 2025

Flow Beverage Corp. et al. (Flow Hydration)

ATT: Nicholas Reichenbach

Unit 7-10, 155 Industrial Parkway South
Aurora, Ontario L4G 3G6

United Natural Foods, Inc.

ATT: LEGAL DEPARTMENT

313 Iron Horse Way
Providence, Rhode Island, 02908-5637

**Subject: Total One Logistics Inc. vs. Flow Beverage Corp. et al. and United Natural Foods, Inc.
(Distribution centers - UNFI Manchester, UNFI Riverside, UNFI Sturtevant, UNFI Atlanta)**

Madam,
Sir,

We are writing to address the outstanding balance owed by Flow Hydration (hereinafter referred to as the “**Customer**”), and United Natural Foods, Inc. (hereinafter referred to as the “**Consignees**”) to Total One Logistics Inc. (hereinafter referred to as “**Total One**”) for logistics services provided between March 17, 2025 and March 27, 2025.

Despite Total One’s diligent effort to communicate with the Customer regarding this matter, we have not received the due payment. As of the date of this letter, the outstanding balance stands at **\$28,886.13 CAD**. For your convenience, we have attached the eight (8) invoices, which provides a breakdown of the outstanding charges.

As you are aware, all parties that benefit from the shipment, including shippers and consignees, are to be held jointly and severally liable for unpaid freight charges.

To facilitate a swift resolution, Total One formally demands the full payment of **\$28,886.13 CAD** from the Consignees. We request that this payment be made within the next five (5) days from the receipt of this letter. Below are the necessary payment options:

1. ACH/EFT (Electronic Funds Transfer):

Customer Name: Total One Logistics Inc.

Address: 220-1020 Boul. Monseigneur Langlois, Valleyfield, Quebec, J6S 0M2

Bank: The Bank of Nova Scotia

Institute Number: 002

Transit Number: 63081

Account Number Canada (CAD): 63081 08597 10

Account Number USA (USD): 63081 03389 15

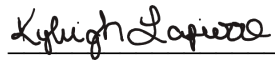
Branch Address: 4715 Tahoe Boulevard, Mississauga, Ontario L4W 0B4

- 2. E-Transfer:** To make payments via e-transfer, kindly send the payment to
AR@totalonelogistics.com

Upon remittance of the payment, kindly inform us via email, providing comprehensive transaction details, including method of payment and the date of issuance. This will enable us to promptly verify the payment and update our records accordingly.

Please be advised that failure to adhere to the specified payment timeline will leave Total One with no choice but to initiate legal proceedings to recover the outstanding amount, interest, court-related costs, and any other legally entitled amounts.

GUIDE YOURSELVES ACCORDINGLY



Kyleigh Lapierre, Chief Legal Officer

Total One Logistics Inc.

220-1020 Boul. Monseigneur Langlois, Valleyfield, Quebec, J7S 0M2

(514) 393-0386 Ext #202

This is Exhibit “JJ” referred to in the Affidavit of Cliff Rucker sworn by Cliff Rucker of the City of Danvers, in the State of Massachusetts, before me at the City of Toronto, in the Province of Ontario, on September 2, 2025 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

DocuSigned by:

Matthew Cressatti

DA79353421D842D...

Commissioner for Taking Affidavits (or as may be)

MATTHEW CRESSATTI



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MILLERTHOMSON.COM

August 22, 2025

Gregory Azeff
Direct Line: +1 416.595.2660
gazeff@millerthomson.com

Private and Confidential

Sent via Courier and via Email to nicholas@flowhydration.com &
trent.macdonald@flowhydration.com

Flow Beverage Corp.
155 Industrial Parkway South
Unit #7-10
Aurora, ON L4G 3G6

Attn: Nicholas Reichenbach, CEO & Trent McDonald, CFO

Dear Sirs/Mesdames:

Re: Indebtedness of Flow Beverage Corp. (the “Borrower”) to NFS Leasing Canada Ltd. (the “Lender”)

We are the solicitors for the Lender, a secured creditor of the Borrower, with respect to the above-noted matter.

We refer to the Loan Documents and Security Documents (together, the “**Loan and Security Documents**”) identified on Schedule “A” hereto.

Pursuant to the Loan and Security Documents, the Borrower is indebted to the Lender and jointly and severally liable for the repayment of all amounts owing thereunder (the “**Indebtedness**”).

The Borrower is in default of its obligations under the Loan and Security Documents, including without limitation, the failure to make timely payments of principal and interest. As a result, and in accordance with the terms of the Loan and Security Documents, the Lender has exercised its right to accelerate all obligations and demand immediate repayment in full of the Indebtedness.

All monetary amounts referred to herein are Canadian dollars, unless stated otherwise.

As of August 22, 2025, the Indebtedness is comprised of the following, as set out in more detail in Schedule “B” hereto (exclusive of legal fees):

Past Due Monthly Payments thru 08/21/2025 (Inclusive of Applicable Tax)	\$803,427.10
Default Interest accrued thru 08/21/2025	\$416,866.88
Administrative Collection Fees and/or Delinquency Charges	\$1,076,833.39
Remaining Contractual Payments	\$48,310,811.68

Continuation Fees		\$4,732,986.63
End of Lease Purchase Option		\$3.00
Sales Tax (ON 13%)		\$2,139,273.19
Termination Filing Fees		\$4,500.00
Legal Fees		\$4,025.00 USD
Total due as of 08/21/2025	\$57,640,095.62 CAD and \$4,025.00 USD	

On behalf of the Lender, we hereby demand payment in full of the Indebtedness, namely the sum of **\$57,640,095.62 CAD and \$4,025.00 USD**, together with interest accruing thereon and all costs, including legal fees, incurred by the Lender to the date of payment.

Interest continues to accrue on the Indebtedness at the rate of:

- 19% with respect to the Closing Date Term Loan Principal
- 19.75% with respect to the Delayed Draw Term Loan Principal
- 21.08 with respect to the Second Amendment Term Loan Principal;
- 18% with respect to the Master Equipment Lease;
- 14% with respect to the Interim Financing Loan agreements; and
- 24% with respect to the Amended and Restated Business Purpose Term Note, December 31, 2024; Business Purpose Term Note, June 2, 2025; Business Purpose Term Note, August 20, 2025.

As of today's date, interest is accruing at a rate of \$21,623.51 per day. Please contact the undersigned in advance of making payment to confirm the final amount due on the payment date.

In the event that you fail to pay the sum indicated by no later than 5:00 p.m. (Toronto time) on September 2, 2025, the Lender shall pursue its remedies against you under the Loan and Security Documents and will take such further steps as it deems necessary or appropriate to recover the amounts outstanding.

We also enclose herewith a Notice of Intention to Enforce Security pursuant to Section 244 of the *Bankruptcy and Insolvency Act* (Canada).



Please immediately contact the undersigned to discuss the repayment of the Indebtedness.

Yours truly,

MILLER THOMSON LLP

Per:

A handwritten signature in blue ink, appearing to be 'Gregory Azeff', with a stylized, cursive script.

Gregory Azeff
GA/MC

Encl.

- c. Kenneth Rosenstein, Miller Thomson LLP
Patrick Corney, Miller Thomson LLP
Florind Polo, Miller Thomson LLP
Lee Nicholson, Stikeman Elliott LLP
Guarantors under Loan and Security Documents



SCHEDULE “A”

LOAN AND SECURITY DOCUMENTS

The following documents constitute the “**Loan Documents**”:

1. Term Loan and Security Agreement dated December 30, 2022 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
2. Master Equipment Lease dated September 22, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
3. Equipment Lease Schedule 1 to Master Equipment Lease dated September 22, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
4. Equipment Lease Schedule 2 to Master Equipment Lease dated September 22, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
5. Interim Financing Loan Agreement dated September 22, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd. related to Equipment Lease Schedule 1;
6. Interim Financing Loan Agreement dated September 22, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd. related to Equipment Lease Schedule 2;
7. Equipment Lease Schedule 3 to Master Equipment Lease dated September 28, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
8. First Amendment to Term Loan and Security Agreement dated October 13, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
9. Amended and Restated First Amendment to Term Loan and Security Agreement dated October 13, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
10. Second Amendment to Term Loan and Security Agreement dated November 15, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
11. Amended and Restated Interim Financing Loan Agreement dated December 1, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd. related to Equipment Lease Schedule 2;
12. Amended and Restated Equipment Lease Schedule 2 to Master Equipment Lease dated December 1, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd.
13. Amended and Restated Second Amendment to Term Loan and Security Agreement dated January 22, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
14. Interim Financing Loan Agreement dated January 12, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd. related to Equipment Lease Schedule 3
15. Amended and Restated Equipment Lease Schedule 3 to Master Equipment Lease dated January 26, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
16. Third Amendment to Term Loan and Security Agreement dated March 21, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
17. Amended and Restated Interim Financing Loan Agreement dated May 1, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd., related to Equipment Lease Schedule 3;
18. Fourth Amendment to Term Loan and Security Agreement dated May 30, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
19. Amended and Restated Equipment Lease Schedule 1 to Master Equipment Lease dated June 18, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;

20. Second Amended and Restated Equipment Lease Schedule 3 to Master Equipment Lease dated June 18, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
21. Business Purpose Bridge Term Note dated August 28, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
22. Fifth Amendment to Term Loan and Security Agreement dated December 30, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
23. Amended and Restated Business Purpose Term Note dated December 31, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
24. Sixth Amendment to Term Loan and Security Agreement dated February 24, 2025 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
25. Third Amended and Restated Equipment Lease Schedule 3 to Master Equipment Lease dated April 29, 2025 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
26. Business Purpose Term Note dated May 23, 2025 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
27. Business Purpose Term Note dated June 2, 2025 between Flow Beverage Corp. and NFS Leasing Canada Ltd.; and
28. Seventh Amendment to Term Loan and Security Agreement dated June 30, 2025 between Flow Beverage Corp. and NFS Leasing Canada Ltd.
29. Business Purpose Term Note dated August 20, 2025 between Flow Beverage Corp. and NFS Leasing Canada Ltd.

The following documents constitute the “**Security Documents**”:

1. General Security Agreement dated December 30, 2022 between 2446692 Ontario Limited and NFS Leasing Canada Ltd.;
2. General Security Agreement dated December 30, 2022 between Flow Glow Beverages Inc. and NFS Leasing Canada Ltd.;
3. General Security Agreement dated December 30, 2022 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
4. General Security Agreement dated December 30, 2022 between Flow Water Inc. and NFS Leasing Canada Ltd.;
5. Guarantee Agreement dated December 30, 2022 between 2446692 Ontario Limited and NFS Leasing Canada Ltd.;
6. Guarantee Agreement dated December 30, 2022 between Flow Glow Beverages Inc. and NFS Leasing Canada Ltd.;
7. Guarantee Agreement dated December 30, 2022 between Flow Water Inc. and NFS Leasing Canada Ltd.;
8. Guaranty Agreement dated December 30, 2022 between Flow Beverages Inc. and NFS Leasing Canada Ltd.;
9. Security Agreement dated December 30, 2022 between Flow Beverages Inc. and NFS Leasing Canada Ltd.;
10. Securities Pledge Agreement dated December 30, 2022 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
11. Securities Pledge Agreement dated December 30, 2022 between Flow Water Inc. and NFS Leasing Canada Ltd.;
12. Collateral mortgage granted by 2446692 Ontario Limited in favour of the NFS Leasing Canada Ltd. over the real property municipally known as 468 Bruce St. 28, South

Bruce, Ontario and recorded on December 30, 2022 and as amended on December 4, 2023 and recorded on April 18, 2024;

13. General Assignment of Rents and Leases dated December 30, 2022 between 2446692 Ontario Limited and NFS Leasing Canada Ltd;
14. Trademark Security Agreement dated December 30, 2022 between Flow Beverages Inc. and NFS Leasing Canada Ltd;
15. Tri-Party Landlord Agreement dated December 30, 2022 between Flow Beverages Inc., Railside Industries, Inc., and NFS Leasing Canada Ltd.;
16. Collateral Assignment of Rights dated December 30, 2022 between Flow Beverages Inc. and NFS Canada Ltd;
17. Warehouse Agreement dated January 13, 2023 between OHI Technologies, Inc. and NFS Leasing Canada Ltd. Related to the warehouse located at 100 Harbor Drive, Jersey City, NJ;
18. Warehouse Agreement dated January 13, 2023 between OHI Technologies, Inc. and NFS Leasing Canada Ltd. related to the warehouse located at 12320 4th Street, Rancho Cucamonga, CA;
19. Warehouse Agreement dated March 31, 2023 between Biosteel Manufacturing LLC and NFS Leasing Canada Ltd. Related to the warehouse located at 33 Lakeview Court, Verona, VA;
20. First Amendment to General Security Agreement dated September 22, 2023 between 2446692 Ontario Limited and NFS Leasing Canada Ltd.;
21. First Amendment to General Security Agreement dated September 22, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
22. First Amendment to General Security Agreement dated September 22, 2023 between Flow Glow Beverages Inc. and NFS Leasing Canada Ltd.;
23. First Amendment to General Security Agreement dated September 22, 2023 between Flow Water Inc. and NFS Leasing Canada Ltd.;
24. First Amendment to Security Agreement dated September 22, 2023 between Flow Beverages Inc. and NFS Leasing Canada Ltd.;
25. Guarantee Agreement dated September 22, 2023 between 2446692 Ontario Limited and NFS Leasing Canada Ltd.;
26. Guarantee Agreement dated September 22, 2023 between Flow Glow Beverages Inc. and NFS Leasing Canada Ltd.;
27. Guarantee Agreement dated September 22, 2023 between Flow Water Inc. and NFS Leasing Canada Ltd.;
28. Guaranty Agreement dated September 22, 2023 between Flow Beverages Inc. and NFS Leasing Canada Ltd.;
29. First Amendment to Securities Pledge Agreement dated September 22, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
30. First Amendment to Securities Pledge Agreement dated September 22, 2023 between Flow Water Inc. and NFS Leasing Canada Ltd.;
31. Deed of Movable Hypothec dated November 15, 2023 between Flow Water Inc. and NFS Leasing Canada Ltd.; and
32. Deficiency Guaranty dated May 23, 2025 between Nicholas Reichenbach and NFS Leasing Canada Ltd.

Notice of Intention to Enforce Security
(Subsection 244(1) of the *Bankruptcy and Insolvency Act*)

TO: FLOW BEVERAGE CORP., (the “**Debtor**”) an insolvent person

Take notice that:

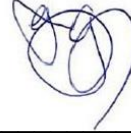
1. NFS Leasing Canada Ltd. (the “**Lender**”), a secured creditor, intends to enforce its security on the property of the insolvent person, being:
 - (a) all present and after-acquired receivables, equipment, general intangibles, intellectual property; inventory, investment property, subsidiary stock of subsidiaries, chattel paper, documents, commercial tort claims, letters of credit, ledger sheets, books and records, cash including investments and reinvestments, property, documents of title, policies and certificates of insurance, securities, and the proceeds thereof, as more particularly described in the Term Loan and Security Agreement dated December 30, 2022, as amended on October 13, 2023, November 15, 2023, January 22, 2024, March 21, 2024, May 30, 2024 December 30, 2024, February 24, 2025, and June 30, 2025 (the “**Loan Agreement**”);
 - (b) all present and after-acquired personal property, all present and future investment property held by the Debtor, all accounts and book debts of the Debtor, chattel paper, documents of title, instruments, and intangibles, inventory, equipment, intellectual property, patents, copyrights, trademarks, licenses, trade secrets, goodwill, all monies, all contracts, books and records, cash and cash equivalents, and the proceeds thereof, as more particularly described in the General Security Agreement granted by the Debtor in favour of the Lender dated December 30, 2022, as amended on September 22, 2023 (the “**General Security Agreement**”); and
 - (c) all pledged securities, as more particularly described in the Securities Pledge Agreement granted by the Debtor in favour of the Lender dated December 30, 2022, as amended on September 22, 2023 (collectively with the Loan Agreement and the General Security Agreement, the “**Security Documents**”).
2. The security that is to be enforced is in the form of the Security Documents.
3. The total amount of indebtedness secured by the security is as set out in the attached demand letter dated August 22, 2025 from Miller Thomson LLP to the Debtor.

4. The Lender will not have the right to enforce the security until after the expiry of the ten-day period following the sending of this Notice, unless the insolvent person consents to an earlier enforcement.

Dated at Toronto this 22nd day of August, 2025

NFS LEASING CANADA LTD. by its
lawyers, Miller Thomson LLP

Per:



Gregory Azeff
Telephone: (416) 595-2660
gazeff@millerthomson.com

CONSENT
(s.244(2) of the *Bankruptcy and Insolvency Act*)

THE UNDERSIGNED hereby acknowledges receipt of a copy of NFS Leasing Canada Ltd.'s demand dated August 22, 2025 and the Notice of Intention to Enforce Security dated August 22, 2025 pursuant to s.244(1) of the *Bankruptcy and Insolvency Act* and hereby waives the 10 day period set out in the demand and notice and consents to the immediate enforcement of NFS Leasing Canada Ltd.'s security.

DATED at _____, Ontario, this _____ day of _____, 2025.

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)
)
)
)
)
)
)

FLOW BEVERAGE CORP.

Per: _____
Name: _____
Title: _____
I/We have the authority to bind the
corporation



MILLER THOMSON LLP
SCOTIA PLAZA
40 KING STREET WEST, SUITE 6600
P.O. BOX 1011
TORONTO, ON M5H 3S1
CANADA

T 416.595.8500
F 416.595.8695

MILLERTHOMSON.COM

August 22, 2025

Private and Confidential

Gregory Azeff
Direct Line: +1 416.595.2660
gazeff@millerthomson.com

Sent via Courier and via Email to nicholas@flowhydration.com & trent.macdonald@flowhydration.com

2446692 Ontario Limited
99 Yorkville Avenue
Suite #200
Toronto, Ontario M5R 3K5

Flow Glow Beverages Inc.
283 Dalhousie Street
Unit #200
Ottawa, Ontario K1N 7E5

Flow Water Inc.
99 Yorkville Avenue
Suite #200
Toronto, ON M5R 3K5

Flow Beverages Inc.
33 Lake View Court
Verona, VA 24482
United States

2446692 Ontario Limited
Flow Glow Beverages Inc.
Flow Water Inc.
Flow Beverages Inc.
c/o
Flow Beverage Corp.
155 Industrial Parkway South
Unit #7-10
Aurora, ON L4G 3G6

Attn: Nicholas Reichenbach, CEO & Trent McDonald, CFO

Nicholas Reichenbach, CEO & Trent McDonald, CFO
Dear Sirs/Mesdames:

Re: Indebtedness of Flow Beverage Corp. (the “Borrower”) Flow Water Inc. (“FWI”), Flow Beverages Inc. (“FBI”), 2446692 Ontario Limited (“244”) and Flow Glow Beverages Inc. (“FGB”, and together with FWI, FBI, and 244, the “Guarantors” and together with the Borrower, the “Obligors” and each an “Obligor”) to NFS Leasing Canada Ltd. (the “Lender”)

We are the solicitors for the Lender, a secured creditor of the Obligor, with respect to the above-noted matter.

We refer to the Credit Agreements, the Guarantee Documents, and the Security Documents (together, the “**Loan and Security Documents**”) identified on Schedule “A” hereto.

Each of the Guarantors executed a guarantee pursuant to which it guaranteed payment of all amounts due and owing by the Borrower to the Lender.

The Borrower is in default of its obligations under the Loan and Security Documents. The Lender has demanded payment of the obligations of the Borrower to the Lender by way of letter dated today's date. A copy of that demand letter (the “**Borrower Demand Letter**”) is enclosed.

We hereby demand payment of the obligations of the Borrower to the Lender from each of the Guarantors, in accordance with the time periods and terms of payment in the Borrower Demand Letter and the terms of the Guarantee Documents.

A notice of intention to enforce security to each of the Guarantors is enclosed, in accordance with the provisions of the *Bankruptcy and Insolvency Act* (Canada), with respect to the security that you issued in favour of the Lender in support of your obligations in that regard.

Thank you for your prompt attention to this matter. Please do not hesitate to contact the undersigned with any questions or comments.

Yours truly,

MILLER THOMSON LLP

Per:



Gregory Azeff
MC/GA

- c. Kenneth Rosenstein, Miller Thomson LLP
Patrick Corney, Miller Thomson LLP
Florind Polo, Miller Thomson LLP
Lee Nicholson, Stikeman Elliott LLP



SCHEDULE “A”

LOAN AND SECURITY DOCUMENTS

The following documents constitute the “**Loan Documents**”:

1. Term Loan and Security Agreement dated December 30, 2022 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
2. Master Equipment Lease dated September 22, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
3. Equipment Lease Schedule 1 to Master Equipment Lease dated September 22, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
4. Equipment Lease Schedule 2 to Master Equipment Lease dated September 22, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
5. Interim Financing Loan Agreement dated September 22, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd. related to Equipment Lease Schedule 1;
6. Interim Financing Loan Agreement dated September 22, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd. related to Equipment Lease Schedule 2;
7. Equipment Lease Schedule 3 to Master Equipment Lease dated September 28, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
8. First Amendment to Term Loan and Security Agreement dated October 13, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
9. Amended and Restated First Amendment to Term Loan and Security Agreement dated October 13, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
10. Second Amendment to Term Loan and Security Agreement dated November 15, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
11. Amended and Restated Interim Financing Loan Agreement dated December 1, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd. related to Equipment Lease Schedule 2;
12. Amended and Restated Equipment Lease Schedule 2 to Master Equipment Lease dated December 1, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd.
13. Amended and Restated Second Amendment to Term Loan and Security Agreement dated January 22, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;

14. Interim Financing Loan Agreement dated January 12, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd. related to Equipment Lease Schedule 3
15. Amended and Restated Equipment Lease Schedule 3 to Master Equipment Lease dated January 26, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
16. Third Amendment to Term Loan and Security Agreement dated March 21, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
17. Amended and Restated Interim Financing Loan Agreement dated May 1, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd., related to Equipment Lease Schedule 3;
18. Fourth Amendment to Term Loan and Security Agreement dated May 30, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
19. Amended and Restated Equipment Lease Schedule 1 to Master Equipment Lease dated June 18, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
20. Second Amended and Restated Equipment Lease Schedule 3 to Master Equipment Lease dated June 18, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
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22. Fifth Amendment to Term Loan and Security Agreement dated December 30, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
23. Amended and Restated Business Purpose Term Note dated December 31, 2024 between Flow Beverage Corp and NFS Leasing Canada Ltd.;
24. Sixth Amendment to Term Loan and Security Agreement dated February 24, 2025 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
25. Third Amended and Restated Equipment Lease Schedule 3 to Master Equipment Lease dated April 29, 2025 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
26. Business Purpose Term Note dated May 23, 2025 between Flow Beverage Corp and NFS Leasing Canada Ltd.;
27. Business Purpose Term Note dated June 2, 2025 between Flow Beverage Corp. and NFS Leasing Canada Ltd.; and
28. Seventh Amendment to Term Loan and Security Agreement dated June 30, 2025 between Flow Beverage Corp. and NFS Leasing Canada Ltd.
29. Business Purpose Term Note dated August 20, 2025 between Flow Beverage Corp. and NFS Leasing Canada Ltd.

The Following documents constitute the “**Guarantee Documents**”:

1. Guarantee Agreement dated December 30, 2022 between 2446692 Ontario Limited and NFS Leasing Canada Ltd.; (the “**244 Guarantee**”)
2. Guarantee Agreement dated December 30, 2022 between Flow Glow Beverages Inc. and NFS Leasing Canada Ltd.; (the “**FGB Guarantee**”)
3. Guarantee Agreement dated December 30, 2022 between Flow Water Inc. and NFS Leasing Canada Ltd.; (the “**FWI Guarantee**”)
4. Guaranty Agreement dated December 30, 2022 between Flow Beverages Inc. and NFS Leasing Canada Ltd.; (the “**FBI Guarantee**” and together with the 244 Guarantee, the FGB Guarantee, and the FWI Guarantee, the “**Guarantees**”)
5. Guarantee Agreement dated September 22, 2023 between 2446692 Ontario Limited and NFS Leasing Canada Ltd.;
6. Guarantee Agreement dated September 22, 2023 between Flow Glow Beverages Inc. and NFS Leasing Canada Ltd.;
7. Guarantee Agreement dated September 22, 2023 between Flow Water Inc. and NFS Leasing Canada Ltd.;
8. Guaranty Agreement dated September 22, 2023 between Flow Beverages Inc. and NFS Leasing Canada Ltd.;

The following documents constitute the “**Security Documents**”:

1. General Security Agreement dated December 30, 2022 between 2446692 Ontario Limited and NFS Leasing Canada Ltd.;
2. General Security Agreement dated December 30, 2022 between Flow Glow Beverages Inc. and NFS Leasing Canada Ltd.;
3. General Security Agreement dated December 30, 2022 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
4. General Security Agreement dated December 30, 2022 between Flow Water Inc. and NFS Leasing Canada Ltd.;
5. Security Agreement dated December 30, 2022 between Flow Beverages Inc. and NFS Leasing Canada Ltd.;
6. Securities Pledge Agreement dated December 30, 2022 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
7. Securities Pledge Agreement dated December 30, 2022 between Flow Water Inc. and NFS Leasing Canada Ltd.;

8. Collateral mortgage granted by 2446692 Ontario Limited in favour of the NFS Leasing Canada Ltd. over the real property municipally known as 468 Bruce St. 28, South Bruce, Ontario and recorded on December 30, 2022 and as amended on December 4, 2023 and recorded on April 18, 2024;
9. General Assignment of Rents and Leases dated December 30, 2022 between 2446692 Ontario Limited and NFS Leasing Canada Ltd;
10. Trademark Security Agreement dated December 30, 2022 between Flow Beverages Inc. and NFS Leasing Canada Ltd;
11. Tri-Party Landlord Agreement dated December 30, 2022 between Flow Beverages Inc., Railside Industries, Inc., and NFS Leasing Canada Ltd.;
12. Collateral Assignment of Rights dated December 30, 2022 between Flow Beverages Inc. and NFS Canada Ltd;
13. Warehouse Agreement dated January 13, 2023 between OHI Technologies, Inc. and NFS Leasing Canada Ltd. Related to the warehouse located at 100 Harbor Drive, Jersey City, NJ;
14. Warehouse Agreement dated January 13, 2023 between OHI Technologies, Inc. and NFS Leasing Canada Ltd. related to the warehouse located at 12320 4th Street, Rancho Cucamonga, CA;
15. Warehouse Agreement dated March 31, 2023 between Biosteel Manufacturing LLC and NFS Leasing Canada Ltd. Related to the warehouse located at 33 Lakeview Court, Verona, VA;
16. First Amendment to General Security Agreement dated September 22, 2023 between 2446692 Ontario Limited and NFS Leasing Canada Ltd.;
17. First Amendment to General Security Agreement dated September 22, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
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19. First Amendment to General Security Agreement dated September 22, 2023 between Flow Water Inc. and NFS Leasing Canada Ltd.;
20. First Amendment to Security Agreement dated September 22, 2023 between Flow Beverages Inc. and NFS Leasing Canada Ltd.;
21. First Amendment to Securities Pledge Agreement dated September 22, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
22. First Amendment to Securities Pledge Agreement dated September 22, 2023 between Flow Water Inc. and NFS Leasing Canada Ltd.;

23. Deed of Movable Hypothec dated November 15, 2023 between Flow Water Inc. and NFS Leasing Canada Ltd.; and
24. Deficiency Guaranty dated May 23, 2025 between Nicholas Reichenbach and NFS Leasing Canada Ltd.

Notice of Intention to Enforce Security
(Subsection 244(1) of the *Bankruptcy and Insolvency Act*)

TO: **FLOW WATER INC.**, (the “**Debtor**”) an insolvent person

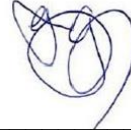
Take notice that:

1. NFS Leasing Canada Ltd. (the “**Lender**”), a secured creditor, intends to enforce its security on the property of the insolvent person, being:
 - (a) all present and after-acquired receivables, equipment, general intangibles, intellectual property; inventory, investment property, subsidiary stock of subsidiaries, chattel paper, documents, commercial tort claims, letters of credit, ledger sheets, books and records, cash including investments and reinvestments, property, documents of title, policies and certificates of insurance, securities, and the proceeds thereof, as more particularly described in the Term Loan and Security Agreement dated December 30, 2022, as amended on October 13, 2023, November 15, 2023, January 22, 2024, March 21, 2024, May 30, 2024 December 30, 2024, February 24, 2025, and June 30, 2025 (the “**Loan Agreement**”);
 - (b) all present and after-acquired personal property, all present and future investment property held by the Debtor, all accounts and book debts of the Debtor, chattel paper, documents of title, instruments, and intangibles, inventory, equipment, intellectual property, patents, copyrights, trademarks, licenses, trade secrets, goodwill, all monies, all contracts, books and records, cash and cash equivalents, and the proceeds thereof, as more particularly described in the General Security Agreement granted by the Debtor in favour of the Lender dated December 30, 2022, as amended on September 22, 2023 (the “**General Security Agreement**”);
 - (c) all pledged securities, as more particularly described in the Securities Pledge Agreement granted by the Debtor in favour of the Lender dated December 30, 2022, as amended on September 22, 2023 (the “**Securities Pledge Agreement**”); and
 - (d) the universality of the Debtor’s moveable property, corporal and incorporeal, present and future, of every nature and kind and wherever situated as more particularly described in the deed of moveable hypothec made by the Debtor in favour of the Lender on November 15, 2023 (the “**Deed of Hypothec**” and collectively with the Loan Agreement, the General Security Agreement and the Securities Pledge Agreement, the “**Security Documents**”).
2. The security that is to be enforced is in the form of the Security Documents.
3. The total amount of indebtedness secured by the security is as set out in the attached demand letter dated August 22, 2025 from Miller Thomson LLP to the Debtor.

4. The Lender will not have the right to enforce the security until after the expiry of the ten-day period following the sending of this Notice, unless the insolvent person consents to an earlier enforcement.

Dated at Toronto this 22nd day of August, 2025

NFS LEASING CANADA LTD. by its
lawyers, Miller Thomson LLP



Per: _____
Gregory Azeff
Telephone: (416) 595-2660
gazeff@millerthomson.com

CONSENT
(s.244(2) of the *Bankruptcy and Insolvency Act*)

THE UNDERSIGNED hereby acknowledges receipt of a copy of NFS Leasing Canada Ltd.'s demand dated August 22, 2025 and the Notice of Intention to Enforce Security dated August 22, 2025 pursuant to s.244(1) of the *Bankruptcy and Insolvency Act* and hereby waives the 10 day period set out in the demand and notice and consents to the immediate enforcement of NFS Leasing Canada Ltd.'s security.

DATED at _____, Ontario, this _____ day of _____, 2025.

)
)
)
)
)
)
)
)

FLOW WATER INC.

Per: _____

Name:

Title:

I/We have the authority to bind the corporation



MILLER THOMSON LLP
SCOTIA PLAZA
40 KING STREET WEST, SUITE 6600
P.O. BOX 1011
TORONTO, ON M5H 3S1
CANADA

T 416.595.8500
F 416.595.8695

MILLERTHOMSON.COM

August 22, 2025

Gregory Azeff
Direct Line: +1 416.595.2660
gazeff@millerthomson.com

Private and Confidential

Sent via Courier and via Email to nicholas@flowhydration.com &
trent.macdonald@flowhydration.com

Flow Beverage Corp.
155 Industrial Parkway South
Unit #7-10
Aurora, ON L4G 3G6

Attn: Nicholas Reichenbach, CEO & Trent McDonald, CFO

Dear Sirs/Mesdames:

Re: Indebtedness of Flow Beverage Corp. (the “Borrower”) to NFS Leasing Canada Ltd. (the “Lender”)

We are the solicitors for the Lender, a secured creditor of the Borrower, with respect to the above-noted matter.

We refer to the Loan Documents and Security Documents (together, the “**Loan and Security Documents**”) identified on Schedule “A” hereto.

Pursuant to the Loan and Security Documents, the Borrower is indebted to the Lender and jointly and severally liable for the repayment of all amounts owing thereunder (the “**Indebtedness**”).

The Borrower is in default of its obligations under the Loan and Security Documents, including without limitation, the failure to make timely payments of principal and interest. As a result, and in accordance with the terms of the Loan and Security Documents, the Lender has exercised its right to accelerate all obligations and demand immediate repayment in full of the Indebtedness.

All monetary amounts referred to herein are Canadian dollars, unless stated otherwise.

As of August 22, 2025, the Indebtedness is comprised of the following, as set out in more detail in Schedule “B” hereto (exclusive of legal fees):

Past Due Monthly Payments thru 08/21/2025 (Inclusive of Applicable Tax)	\$803,427.10
Default Interest accrued thru 08/21/2025	\$416,866.88
Administrative Collection Fees and/or Delinquency Charges	\$1,076,833.39
Remaining Contractual Payments	\$48,310,811.68

Continuation Fees		\$4,732,986.63
End of Lease Purchase Option		\$3.00
Sales Tax (ON 13%)		\$2,139,273.19
Termination Filing Fees		\$4,500.00
Legal Fees		\$4,025.00 USD
Total due as of 08/21/2025	\$57,640,095.62 CAD and \$4,025.00 USD	

On behalf of the Lender, we hereby demand payment in full of the Indebtedness, namely the sum of **\$57,640,095.62 CAD and \$4,025.00 USD**, together with interest accruing thereon and all costs, including legal fees, incurred by the Lender to the date of payment.

Interest continues to accrue on the Indebtedness at the rate of:

- 19% with respect to the Closing Date Term Loan Principal
- 19.75% with respect to the Delayed Draw Term Loan Principal
- 21.08 with respect to the Second Amendment Term Loan Principal;
- 18% with respect to the Master Equipment Lease;
- 14% with respect to the Interim Financing Loan agreements; and
- 24% with respect to the Amended and Restated Business Purpose Term Note, December 31, 2024; Business Purpose Term Note, June 2, 2025; Business Purpose Term Note, August 20, 2025.

As of today's date, interest is accruing at a rate of \$21,623.51 per day. Please contact the undersigned in advance of making payment to confirm the final amount due on the payment date.

In the event that you fail to pay the sum indicated by no later than 5:00 p.m. (Toronto time) on September 2, 2025, the Lender shall pursue its remedies against you under the Loan and Security Documents and will take such further steps as it deems necessary or appropriate to recover the amounts outstanding.

We also enclose herewith a Notice of Intention to Enforce Security pursuant to Section 244 of the *Bankruptcy and Insolvency Act* (Canada).



Please immediately contact the undersigned to discuss the repayment of the Indebtedness.

Yours truly,

MILLER THOMSON LLP

Per:

A handwritten signature in blue ink, appearing to read 'Gregory Azeff', with a stylized, cursive flourish.

Gregory Azeff
GA/MC

Encl.

- c. Kenneth Rosenstein, Miller Thomson LLP
Patrick Corney, Miller Thomson LLP
Florind Polo, Miller Thomson LLP
Lee Nicholson, Stikeman Elliott LLP
Guarantors under Loan and Security Documents



SCHEDULE “A”

LOAN AND SECURITY DOCUMENTS

The following documents constitute the “**Loan Documents**”:

1. Term Loan and Security Agreement dated December 30, 2022 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
2. Master Equipment Lease dated September 22, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
3. Equipment Lease Schedule 1 to Master Equipment Lease dated September 22, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
4. Equipment Lease Schedule 2 to Master Equipment Lease dated September 22, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
5. Interim Financing Loan Agreement dated September 22, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd. related to Equipment Lease Schedule 1;
6. Interim Financing Loan Agreement dated September 22, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd. related to Equipment Lease Schedule 2;
7. Equipment Lease Schedule 3 to Master Equipment Lease dated September 28, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
8. First Amendment to Term Loan and Security Agreement dated October 13, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
9. Amended and Restated First Amendment to Term Loan and Security Agreement dated October 13, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
10. Second Amendment to Term Loan and Security Agreement dated November 15, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
11. Amended and Restated Interim Financing Loan Agreement dated December 1, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd. related to Equipment Lease Schedule 2;
12. Amended and Restated Equipment Lease Schedule 2 to Master Equipment Lease dated December 1, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd.
13. Amended and Restated Second Amendment to Term Loan and Security Agreement dated January 22, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
14. Interim Financing Loan Agreement dated January 12, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd. related to Equipment Lease Schedule 3
15. Amended and Restated Equipment Lease Schedule 3 to Master Equipment Lease dated January 26, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
16. Third Amendment to Term Loan and Security Agreement dated March 21, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
17. Amended and Restated Interim Financing Loan Agreement dated May 1, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd., related to Equipment Lease Schedule 3;
18. Fourth Amendment to Term Loan and Security Agreement dated May 30, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
19. Amended and Restated Equipment Lease Schedule 1 to Master Equipment Lease dated June 18, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;

20. Second Amended and Restated Equipment Lease Schedule 3 to Master Equipment Lease dated June 18, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
21. Business Purpose Bridge Term Note dated August 28, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
22. Fifth Amendment to Term Loan and Security Agreement dated December 30, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
23. Amended and Restated Business Purpose Term Note dated December 31, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
24. Sixth Amendment to Term Loan and Security Agreement dated February 24, 2025 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
25. Third Amended and Restated Equipment Lease Schedule 3 to Master Equipment Lease dated April 29, 2025 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
26. Business Purpose Term Note dated May 23, 2025 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
27. Business Purpose Term Note dated June 2, 2025 between Flow Beverage Corp. and NFS Leasing Canada Ltd.; and
28. Seventh Amendment to Term Loan and Security Agreement dated June 30, 2025 between Flow Beverage Corp. and NFS Leasing Canada Ltd.
29. Business Purpose Term Note dated August 20, 2025 between Flow Beverage Corp. and NFS Leasing Canada Ltd.

The following documents constitute the “**Security Documents**”:

1. General Security Agreement dated December 30, 2022 between 2446692 Ontario Limited and NFS Leasing Canada Ltd.;
2. General Security Agreement dated December 30, 2022 between Flow Glow Beverages Inc. and NFS Leasing Canada Ltd.;
3. General Security Agreement dated December 30, 2022 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
4. General Security Agreement dated December 30, 2022 between Flow Water Inc. and NFS Leasing Canada Ltd.;
5. Guarantee Agreement dated December 30, 2022 between 2446692 Ontario Limited and NFS Leasing Canada Ltd.;
6. Guarantee Agreement dated December 30, 2022 between Flow Glow Beverages Inc. and NFS Leasing Canada Ltd.;
7. Guarantee Agreement dated December 30, 2022 between Flow Water Inc. and NFS Leasing Canada Ltd.;
8. Guaranty Agreement dated December 30, 2022 between Flow Beverages Inc. and NFS Leasing Canada Ltd.;
9. Security Agreement dated December 30, 2022 between Flow Beverages Inc. and NFS Leasing Canada Ltd.;
10. Securities Pledge Agreement dated December 30, 2022 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
11. Securities Pledge Agreement dated December 30, 2022 between Flow Water Inc. and NFS Leasing Canada Ltd.;
12. Collateral mortgage granted by 2446692 Ontario Limited in favour of the NFS Leasing Canada Ltd. over the real property municipally known as 468 Bruce St. 28, South

Bruce, Ontario and recorded on December 30, 2022 and as amended on December 4, 2023 and recorded on April 18, 2024;

13. General Assignment of Rents and Leases dated December 30, 2022 between 2446692 Ontario Limited and NFS Leasing Canada Ltd;
14. Trademark Security Agreement dated December 30, 2022 between Flow Beverages Inc. and NFS Leasing Canada Ltd;
15. Tri-Party Landlord Agreement dated December 30, 2022 between Flow Beverages Inc., Railside Industries, Inc., and NFS Leasing Canada Ltd.;
16. Collateral Assignment of Rights dated December 30, 2022 between Flow Beverages Inc. and NFS Canada Ltd;
17. Warehouse Agreement dated January 13, 2023 between OHI Technologies, Inc. and NFS Leasing Canada Ltd. Related to the warehouse located at 100 Harbor Drive, Jersey City, NJ;
18. Warehouse Agreement dated January 13, 2023 between OHI Technologies, Inc. and NFS Leasing Canada Ltd. related to the warehouse located at 12320 4th Street, Rancho Cucamonga, CA;
19. Warehouse Agreement dated March 31, 2023 between Biosteel Manufacturing LLC and NFS Leasing Canada Ltd. Related to the warehouse located at 33 Lakeview Court, Verona, VA;
20. First Amendment to General Security Agreement dated September 22, 2023 between 2446692 Ontario Limited and NFS Leasing Canada Ltd.;
21. First Amendment to General Security Agreement dated September 22, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
22. First Amendment to General Security Agreement dated September 22, 2023 between Flow Glow Beverages Inc. and NFS Leasing Canada Ltd.;
23. First Amendment to General Security Agreement dated September 22, 2023 between Flow Water Inc. and NFS Leasing Canada Ltd.;
24. First Amendment to Security Agreement dated September 22, 2023 between Flow Beverages Inc. and NFS Leasing Canada Ltd.;
25. Guarantee Agreement dated September 22, 2023 between 2446692 Ontario Limited and NFS Leasing Canada Ltd.;
26. Guarantee Agreement dated September 22, 2023 between Flow Glow Beverages Inc. and NFS Leasing Canada Ltd.;
27. Guarantee Agreement dated September 22, 2023 between Flow Water Inc. and NFS Leasing Canada Ltd.;
28. Guaranty Agreement dated September 22, 2023 between Flow Beverages Inc. and NFS Leasing Canada Ltd.;
29. First Amendment to Securities Pledge Agreement dated September 22, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
30. First Amendment to Securities Pledge Agreement dated September 22, 2023 between Flow Water Inc. and NFS Leasing Canada Ltd.;
31. Deed of Movable Hypothec dated November 15, 2023 between Flow Water Inc. and NFS Leasing Canada Ltd.; and
32. Deficiency Guaranty dated May 23, 2025 between Nicholas Reichenbach and NFS Leasing Canada Ltd.

Notice of Intention to Enforce Security
(Subsection 244(1) of the *Bankruptcy and Insolvency Act*)

TO: FLOW BEVERAGE CORP., (the “**Debtor**”) an insolvent person

Take notice that:

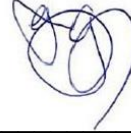
1. NFS Leasing Canada Ltd. (the “**Lender**”), a secured creditor, intends to enforce its security on the property of the insolvent person, being:
 - (a) all present and after-acquired receivables, equipment, general intangibles, intellectual property; inventory, investment property, subsidiary stock of subsidiaries, chattel paper, documents, commercial tort claims, letters of credit, ledger sheets, books and records, cash including investments and reinvestments, property, documents of title, policies and certificates of insurance, securities, and the proceeds thereof, as more particularly described in the Term Loan and Security Agreement dated December 30, 2022, as amended on October 13, 2023, November 15, 2023, January 22, 2024, March 21, 2024, May 30, 2024 December 30, 2024, February 24, 2025, and June 30, 2025 (the “**Loan Agreement**”);
 - (b) all present and after-acquired personal property, all present and future investment property held by the Debtor, all accounts and book debts of the Debtor, chattel paper, documents of title, instruments, and intangibles, inventory, equipment, intellectual property, patents, copyrights, trademarks, licenses, trade secrets, goodwill, all monies, all contracts, books and records, cash and cash equivalents, and the proceeds thereof, as more particularly described in the General Security Agreement granted by the Debtor in favour of the Lender dated December 30, 2022, as amended on September 22, 2023 (the “**General Security Agreement**”); and
 - (c) all pledged securities, as more particularly described in the Securities Pledge Agreement granted by the Debtor in favour of the Lender dated December 30, 2022, as amended on September 22, 2023 (collectively with the Loan Agreement and the General Security Agreement, the “**Security Documents**”).
2. The security that is to be enforced is in the form of the Security Documents.
3. The total amount of indebtedness secured by the security is as set out in the attached demand letter dated August 22, 2025 from Miller Thomson LLP to the Debtor.

4. The Lender will not have the right to enforce the security until after the expiry of the ten-day period following the sending of this Notice, unless the insolvent person consents to an earlier enforcement.

Dated at Toronto this 22nd day of August, 2025

NFS LEASING CANADA LTD. by its
lawyers, Miller Thomson LLP

Per:



Gregory Azeff
Telephone: (416) 595-2660
gazeff@millerthomson.com

CONSENT
(s.244(2) of the *Bankruptcy and Insolvency Act*)

THE UNDERSIGNED hereby acknowledges receipt of a copy of NFS Leasing Canada Ltd.'s demand dated August 22, 2025 and the Notice of Intention to Enforce Security dated August 22, 2025 pursuant to s.244(1) of the *Bankruptcy and Insolvency Act* and hereby waives the 10 day period set out in the demand and notice and consents to the immediate enforcement of NFS Leasing Canada Ltd.'s security.

DATED at _____, Ontario, this _____ day of _____, 2025.

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)
)
)
)
)
)
)

FLOW BEVERAGE CORP.

Per: _____
Name: _____
Title: _____
I/We have the authority to bind the
corporation



MILLER THOMSON LLP
SCOTIA PLAZA
40 KING STREET WEST, SUITE 6600
P.O. BOX 1011
TORONTO, ON M5H 3S1
CANADA

T 416.595.8500
F 416.595.8695

MILLERTHOMSON.COM

August 22, 2025

Private and Confidential

Gregory Azeff
Direct Line: +1 416.595.2660
gazeff@millerthomson.com

Sent via Courier and via Email to nicholas@flowhydration.com & trent.macdonald@flowhydration.com

2446692 Ontario Limited
99 Yorkville Avenue
Suite #200
Toronto, Ontario M5R 3K5

Flow Glow Beverages Inc.
283 Dalhousie Street
Unit #200
Ottawa, Ontario K1N 7E5

Flow Water Inc.
99 Yorkville Avenue
Suite #200
Toronto, ON M5R 3K5

Flow Beverages Inc.
33 Lake View Court
Verona, VA 24482
United States

2446692 Ontario Limited
Flow Glow Beverages Inc.
Flow Water Inc.
Flow Beverages Inc.
c/o
Flow Beverage Corp.
155 Industrial Parkway South
Unit #7-10
Aurora, ON L4G 3G6

Attn: Nicholas Reichenbach, CEO & Trent McDonald, CFO

Nicholas Reichenbach, CEO & Trent McDonald, CFO
Dear Sirs/Mesdames:

Re: Indebtedness of Flow Beverage Corp. (the “Borrower”) Flow Water Inc. (“FWI”), Flow Beverages Inc. (“FBI”), 2446692 Ontario Limited (“244”) and Flow Glow Beverages Inc. (“FGB”, and together with FWI, FBI, and 244, the “Guarantors” and together with the Borrower, the “Obligors” and each an “Obligor”) to NFS Leasing Canada Ltd. (the “Lender”)

We are the solicitors for the Lender, a secured creditor of the Obligor, with respect to the above-noted matter.

We refer to the Credit Agreements, the Guarantee Documents, and the Security Documents (together, the “**Loan and Security Documents**”) identified on Schedule “A” hereto.

Each of the Guarantors executed a guarantee pursuant to which it guaranteed payment of all amounts due and owing by the Borrower to the Lender.

The Borrower is in default of its obligations under the Loan and Security Documents. The Lender has demanded payment of the obligations of the Borrower to the Lender by way of letter dated today's date. A copy of that demand letter (the “**Borrower Demand Letter**”) is enclosed.

We hereby demand payment of the obligations of the Borrower to the Lender from each of the Guarantors, in accordance with the time periods and terms of payment in the Borrower Demand Letter and the terms of the Guarantee Documents.

A notice of intention to enforce security to each of the Guarantors is enclosed, in accordance with the provisions of the *Bankruptcy and Insolvency Act* (Canada), with respect to the security that you issued in favour of the Lender in support of your obligations in that regard.

Thank you for your prompt attention to this matter. Please do not hesitate to contact the undersigned with any questions or comments.

Yours truly,

MILLER THOMSON LLP

Per:



Gregory Azeff
MC/GA

- c. Kenneth Rosenstein, Miller Thomson LLP
Patrick Corney, Miller Thomson LLP
Florind Polo, Miller Thomson LLP
Lee Nicholson, Stikeman Elliott LLP



SCHEDULE “A”

LOAN AND SECURITY DOCUMENTS

The following documents constitute the “**Loan Documents**”:

1. Term Loan and Security Agreement dated December 30, 2022 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
2. Master Equipment Lease dated September 22, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
3. Equipment Lease Schedule 1 to Master Equipment Lease dated September 22, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
4. Equipment Lease Schedule 2 to Master Equipment Lease dated September 22, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
5. Interim Financing Loan Agreement dated September 22, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd. related to Equipment Lease Schedule 1;
6. Interim Financing Loan Agreement dated September 22, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd. related to Equipment Lease Schedule 2;
7. Equipment Lease Schedule 3 to Master Equipment Lease dated September 28, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
8. First Amendment to Term Loan and Security Agreement dated October 13, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
9. Amended and Restated First Amendment to Term Loan and Security Agreement dated October 13, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
10. Second Amendment to Term Loan and Security Agreement dated November 15, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
11. Amended and Restated Interim Financing Loan Agreement dated December 1, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd. related to Equipment Lease Schedule 2;
12. Amended and Restated Equipment Lease Schedule 2 to Master Equipment Lease dated December 1, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd.
13. Amended and Restated Second Amendment to Term Loan and Security Agreement dated January 22, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;

14. Interim Financing Loan Agreement dated January 12, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd. related to Equipment Lease Schedule 3
15. Amended and Restated Equipment Lease Schedule 3 to Master Equipment Lease dated January 26, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
16. Third Amendment to Term Loan and Security Agreement dated March 21, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
17. Amended and Restated Interim Financing Loan Agreement dated May 1, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd., related to Equipment Lease Schedule 3;
18. Fourth Amendment to Term Loan and Security Agreement dated May 30, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
19. Amended and Restated Equipment Lease Schedule 1 to Master Equipment Lease dated June 18, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
20. Second Amended and Restated Equipment Lease Schedule 3 to Master Equipment Lease dated June 18, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
21. Business Purpose Bridge Term Note dated August 28, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
22. Fifth Amendment to Term Loan and Security Agreement dated December 30, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
23. Amended and Restated Business Purpose Term Note dated December 31, 2024 between Flow Beverage Corp and NFS Leasing Canada Ltd.;
24. Sixth Amendment to Term Loan and Security Agreement dated February 24, 2025 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
25. Third Amended and Restated Equipment Lease Schedule 3 to Master Equipment Lease dated April 29, 2025 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
26. Business Purpose Term Note dated May 23, 2025 between Flow Beverage Corp and NFS Leasing Canada Ltd.;
27. Business Purpose Term Note dated June 2, 2025 between Flow Beverage Corp. and NFS Leasing Canada Ltd.; and
28. Seventh Amendment to Term Loan and Security Agreement dated June 30, 2025 between Flow Beverage Corp. and NFS Leasing Canada Ltd.
29. Business Purpose Term Note dated August 20, 2025 between Flow Beverage Corp. and NFS Leasing Canada Ltd.

The Following documents constitute the “**Guarantee Documents**”:

1. Guarantee Agreement dated December 30, 2022 between 2446692 Ontario Limited and NFS Leasing Canada Ltd.; (the “**244 Guarantee**”)
2. Guarantee Agreement dated December 30, 2022 between Flow Glow Beverages Inc. and NFS Leasing Canada Ltd.; (the “**FGB Guarantee**”)
3. Guarantee Agreement dated December 30, 2022 between Flow Water Inc. and NFS Leasing Canada Ltd.; (the “**FWI Guarantee**”)
4. Guaranty Agreement dated December 30, 2022 between Flow Beverages Inc. and NFS Leasing Canada Ltd.; (the “**FBI Guarantee**” and together with the 244 Guarantee, the FGB Guarantee, and the FWI Guarantee, the “**Guarantees**”)
5. Guarantee Agreement dated September 22, 2023 between 2446692 Ontario Limited and NFS Leasing Canada Ltd.;
6. Guarantee Agreement dated September 22, 2023 between Flow Glow Beverages Inc. and NFS Leasing Canada Ltd.;
7. Guarantee Agreement dated September 22, 2023 between Flow Water Inc. and NFS Leasing Canada Ltd.;
8. Guaranty Agreement dated September 22, 2023 between Flow Beverages Inc. and NFS Leasing Canada Ltd.;

The following documents constitute the “**Security Documents**”:

1. General Security Agreement dated December 30, 2022 between 2446692 Ontario Limited and NFS Leasing Canada Ltd.;
2. General Security Agreement dated December 30, 2022 between Flow Glow Beverages Inc. and NFS Leasing Canada Ltd.;
3. General Security Agreement dated December 30, 2022 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
4. General Security Agreement dated December 30, 2022 between Flow Water Inc. and NFS Leasing Canada Ltd.;
5. Security Agreement dated December 30, 2022 between Flow Beverages Inc. and NFS Leasing Canada Ltd.;
6. Securities Pledge Agreement dated December 30, 2022 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
7. Securities Pledge Agreement dated December 30, 2022 between Flow Water Inc. and NFS Leasing Canada Ltd.;

8. Collateral mortgage granted by 2446692 Ontario Limited in favour of the NFS Leasing Canada Ltd. over the real property municipally known as 468 Bruce St. 28, South Bruce, Ontario and recorded on December 30, 2022 and as amended on December 4, 2023 and recorded on April 18, 2024;
9. General Assignment of Rents and Leases dated December 30, 2022 between 2446692 Ontario Limited and NFS Leasing Canada Ltd;
10. Trademark Security Agreement dated December 30, 2022 between Flow Beverages Inc. and NFS Leasing Canada Ltd;
11. Tri-Party Landlord Agreement dated December 30, 2022 between Flow Beverages Inc., Railside Industries, Inc., and NFS Leasing Canada Ltd.;
12. Collateral Assignment of Rights dated December 30, 2022 between Flow Beverages Inc. and NFS Canada Ltd;
13. Warehouse Agreement dated January 13, 2023 between OHI Technologies, Inc. and NFS Leasing Canada Ltd. Related to the warehouse located at 100 Harbor Drive, Jersey City, NJ;
14. Warehouse Agreement dated January 13, 2023 between OHI Technologies, Inc. and NFS Leasing Canada Ltd. related to the warehouse located at 12320 4th Street, Rancho Cucamonga, CA;
15. Warehouse Agreement dated March 31, 2023 between Biosteel Manufacturing LLC and NFS Leasing Canada Ltd. Related to the warehouse located at 33 Lakeview Court, Verona, VA;
16. First Amendment to General Security Agreement dated September 22, 2023 between 2446692 Ontario Limited and NFS Leasing Canada Ltd.;
17. First Amendment to General Security Agreement dated September 22, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
18. First Amendment to General Security Agreement dated September 22, 2023 between Flow Glow Beverages Inc. and NFS Leasing Canada Ltd.;
19. First Amendment to General Security Agreement dated September 22, 2023 between Flow Water Inc. and NFS Leasing Canada Ltd.;
20. First Amendment to Security Agreement dated September 22, 2023 between Flow Beverages Inc. and NFS Leasing Canada Ltd.;
21. First Amendment to Securities Pledge Agreement dated September 22, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
22. First Amendment to Securities Pledge Agreement dated September 22, 2023 between Flow Water Inc. and NFS Leasing Canada Ltd.;

23. Deed of Movable Hypothec dated November 15, 2023 between Flow Water Inc. and NFS Leasing Canada Ltd.; and
24. Deficiency Guaranty dated May 23, 2025 between Nicholas Reichenbach and NFS Leasing Canada Ltd.

Notice of Intention to Enforce Security
(Subsection 244(1) of the *Bankruptcy and Insolvency Act*)

TO: 2446692 ONTARIO LIMITED, (the “**Debtor**”) an insolvent person

Take notice that:

1. NFS Leasing Canada Ltd. (the “**Lender**”), a secured creditor, intends to enforce its security on the property of the insolvent person, being:
 - (a) all present and after-acquired receivables, equipment, general intangibles, intellectual property; inventory, investment property, subsidiary stock of subsidiaries, chattel paper, documents, commercial tort claims, letters of credit, ledger sheets, books and records, cash including investments and reinvestments, property, documents of title, policies and certificates of insurance, securities, and the proceeds thereof, as more particularly described in the Term Loan and Security Agreement dated December 30, 2022, as amended on October 13, 2023, November 15, 2023, January 22, 2024, March 21, 2024, May 30, 2024 December 30, 2024, February 24, 2025, and June 30, 2025 (the “**Loan Agreement**”);
 - (b) all present and after-acquired personal property, all present and future investment property held by the Debtor, all accounts and book debts of the Debtor, chattel paper, documents of title, instruments, and intangibles, inventory, equipment, intellectual property, patents, copyrights, trademarks, licenses, trade secrets, goodwill, all monies, all contracts, books and records, cash and cash equivalents, and the proceeds thereof, as more particularly described in the General Security Agreement granted by the Debtor in favour of the Lender dated December 30, 2022, as amended on September 22, 2023 (the “**General Security Agreement**” and together with the Loan Agreement, the “**Security Documents**”); and
 - (c) the Debtor’s real property legally described as PIN 33213 – 0492 (LT) (the “**Real Property**”).
2. The security that is to be enforced is in the form of:
 - (a) the Security Documents;
 - (b) the Charge/Mortgage by the Debtor of the Real Property in favour of the Bank registered in LRO # 3 against title to the Real Property on December 30, 2022 as BR190885, as amended on December 4, 2023, such registration being registered in LRO #3 against title to the Real Property on April 18, 2024 as BR203491; and
 - (c) the General Assignment of Rents and Leases in respect of the Real Property made on December 30, 2022 by the Debtor in favour of the Bank registered in LRO # 3 against title to the Real Property on December 30, 2022 as BR190886.
3. The total amount of indebtedness secured by the security is as set out in the attached demand letter dated August 22, 2025 from Miller Thomson LLP to the Debtor.

4. The Lender will not have the right to enforce the security until after the expiry of the ten-day period following the sending of this Notice, unless the insolvent person consents to an earlier enforcement.

Dated at Toronto this 22nd day of August, 2025

NFS LEASING CANADA LTD. by its
lawyers, Miller Thomson LLP



Per: _____
Gregory Azeff
Telephone: (416) 595-2660
gazeff@millerthomson.com

CONSENT
(s.244(2) of the *Bankruptcy and Insolvency Act*)

THE UNDERSIGNED hereby acknowledges receipt of a copy of NFS Leasing Canada Ltd.'s demand dated August 22, 2025 and the Notice of Intention to Enforce Security dated August 22, 2025 pursuant to s.244(1) of the *Bankruptcy and Insolvency Act* and hereby waives the 10 day period set out in the demand and notice and consents to the immediate enforcement of NFS Leasing Canada Ltd.'s security.

DATED at _____, Ontario, this _____ day of _____, 2025.

)
)
)
)
)
)
)
)

2446692 ONTARIO LIMITED

Per: _____

Name:

Title:

I/We have the authority to bind the
corporation



MILLER THOMSON LLP
SCOTIA PLAZA
40 KING STREET WEST, SUITE 6600
P.O. BOX 1011
TORONTO, ON M5H 3S1
CANADA

T 416.595.8500
F 416.595.8695

MILLERTHOMSON.COM

August 22, 2025

Gregory Azeff
Direct Line: +1 416.595.2660
gazeff@millerthomson.com

Private and Confidential

Sent via Courier and via Email to nicholas@flowhydration.com &
trent.macdonald@flowhydration.com

Flow Beverage Corp.
155 Industrial Parkway South
Unit #7-10
Aurora, ON L4G 3G6

Attn: Nicholas Reichenbach, CEO & Trent McDonald, CFO

Dear Sirs/Mesdames:

Re: Indebtedness of Flow Beverage Corp. (the “Borrower”) to NFS Leasing Canada Ltd. (the “Lender”)

We are the solicitors for the Lender, a secured creditor of the Borrower, with respect to the above-noted matter.

We refer to the Loan Documents and Security Documents (together, the “**Loan and Security Documents**”) identified on Schedule “A” hereto.

Pursuant to the Loan and Security Documents, the Borrower is indebted to the Lender and jointly and severally liable for the repayment of all amounts owing thereunder (the “**Indebtedness**”).

The Borrower is in default of its obligations under the Loan and Security Documents, including without limitation, the failure to make timely payments of principal and interest. As a result, and in accordance with the terms of the Loan and Security Documents, the Lender has exercised its right to accelerate all obligations and demand immediate repayment in full of the Indebtedness.

All monetary amounts referred to herein are Canadian dollars, unless stated otherwise.

As of August 22, 2025, the Indebtedness is comprised of the following, as set out in more detail in Schedule “B” hereto (exclusive of legal fees):

Past Due Monthly Payments thru 08/21/2025 (Inclusive of Applicable Tax)	\$803,427.10
Default Interest accrued thru 08/21/2025	\$416,866.88
Administrative Collection Fees and/or Delinquency Charges	\$1,076,833.39
Remaining Contractual Payments	\$48,310,811.68

Continuation Fees		\$4,732,986.63
End of Lease Purchase Option		\$3.00
Sales Tax (ON 13%)		\$2,139,273.19
Termination Filing Fees		\$4,500.00
Legal Fees		\$4,025.00 USD
Total due as of 08/21/2025	\$57,640,095.62 CAD and \$4,025.00 USD	

On behalf of the Lender, we hereby demand payment in full of the Indebtedness, namely the sum of **\$57,640,095.62 CAD and \$4,025.00 USD**, together with interest accruing thereon and all costs, including legal fees, incurred by the Lender to the date of payment.

Interest continues to accrue on the Indebtedness at the rate of:

- 19% with respect to the Closing Date Term Loan Principal
- 19.75% with respect to the Delayed Draw Term Loan Principal
- 21.08 with respect to the Second Amendment Term Loan Principal;
- 18% with respect to the Master Equipment Lease;
- 14% with respect to the Interim Financing Loan agreements; and
- 24% with respect to the Amended and Restated Business Purpose Term Note, December 31, 2024; Business Purpose Term Note, June 2, 2025; Business Purpose Term Note, August 20, 2025.

As of today's date, interest is accruing at a rate of \$21,623.51 per day. Please contact the undersigned in advance of making payment to confirm the final amount due on the payment date.

In the event that you fail to pay the sum indicated by no later than 5:00 p.m. (Toronto time) on September 2, 2025, the Lender shall pursue its remedies against you under the Loan and Security Documents and will take such further steps as it deems necessary or appropriate to recover the amounts outstanding.

We also enclose herewith a Notice of Intention to Enforce Security pursuant to Section 244 of the *Bankruptcy and Insolvency Act* (Canada).



Please immediately contact the undersigned to discuss the repayment of the Indebtedness.

Yours truly,

MILLER THOMSON LLP

Per:

A handwritten signature in blue ink, appearing to read 'Gregory Azeff', with a stylized, cursive flourish.

Gregory Azeff
GA/MC

Encl.

- c. Kenneth Rosenstein, Miller Thomson LLP
Patrick Corney, Miller Thomson LLP
Florind Polo, Miller Thomson LLP
Lee Nicholson, Stikeman Elliott LLP
Guarantors under Loan and Security Documents



SCHEDULE “A”

LOAN AND SECURITY DOCUMENTS

The following documents constitute the “**Loan Documents**”:

1. Term Loan and Security Agreement dated December 30, 2022 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
2. Master Equipment Lease dated September 22, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
3. Equipment Lease Schedule 1 to Master Equipment Lease dated September 22, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
4. Equipment Lease Schedule 2 to Master Equipment Lease dated September 22, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
5. Interim Financing Loan Agreement dated September 22, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd. related to Equipment Lease Schedule 1;
6. Interim Financing Loan Agreement dated September 22, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd. related to Equipment Lease Schedule 2;
7. Equipment Lease Schedule 3 to Master Equipment Lease dated September 28, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
8. First Amendment to Term Loan and Security Agreement dated October 13, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
9. Amended and Restated First Amendment to Term Loan and Security Agreement dated October 13, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
10. Second Amendment to Term Loan and Security Agreement dated November 15, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
11. Amended and Restated Interim Financing Loan Agreement dated December 1, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd. related to Equipment Lease Schedule 2;
12. Amended and Restated Equipment Lease Schedule 2 to Master Equipment Lease dated December 1, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd.
13. Amended and Restated Second Amendment to Term Loan and Security Agreement dated January 22, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
14. Interim Financing Loan Agreement dated January 12, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd. related to Equipment Lease Schedule 3
15. Amended and Restated Equipment Lease Schedule 3 to Master Equipment Lease dated January 26, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
16. Third Amendment to Term Loan and Security Agreement dated March 21, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
17. Amended and Restated Interim Financing Loan Agreement dated May 1, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd., related to Equipment Lease Schedule 3;
18. Fourth Amendment to Term Loan and Security Agreement dated May 30, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
19. Amended and Restated Equipment Lease Schedule 1 to Master Equipment Lease dated June 18, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;

20. Second Amended and Restated Equipment Lease Schedule 3 to Master Equipment Lease dated June 18, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
21. Business Purpose Bridge Term Note dated August 28, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
22. Fifth Amendment to Term Loan and Security Agreement dated December 30, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
23. Amended and Restated Business Purpose Term Note dated December 31, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
24. Sixth Amendment to Term Loan and Security Agreement dated February 24, 2025 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
25. Third Amended and Restated Equipment Lease Schedule 3 to Master Equipment Lease dated April 29, 2025 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
26. Business Purpose Term Note dated May 23, 2025 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
27. Business Purpose Term Note dated June 2, 2025 between Flow Beverage Corp. and NFS Leasing Canada Ltd.; and
28. Seventh Amendment to Term Loan and Security Agreement dated June 30, 2025 between Flow Beverage Corp. and NFS Leasing Canada Ltd.
29. Business Purpose Term Note dated August 20, 2025 between Flow Beverage Corp. and NFS Leasing Canada Ltd.

The following documents constitute the “**Security Documents**”:

1. General Security Agreement dated December 30, 2022 between 2446692 Ontario Limited and NFS Leasing Canada Ltd.;
2. General Security Agreement dated December 30, 2022 between Flow Glow Beverages Inc. and NFS Leasing Canada Ltd.;
3. General Security Agreement dated December 30, 2022 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
4. General Security Agreement dated December 30, 2022 between Flow Water Inc. and NFS Leasing Canada Ltd.;
5. Guarantee Agreement dated December 30, 2022 between 2446692 Ontario Limited and NFS Leasing Canada Ltd.;
6. Guarantee Agreement dated December 30, 2022 between Flow Glow Beverages Inc. and NFS Leasing Canada Ltd.;
7. Guarantee Agreement dated December 30, 2022 between Flow Water Inc. and NFS Leasing Canada Ltd.;
8. Guaranty Agreement dated December 30, 2022 between Flow Beverages Inc. and NFS Leasing Canada Ltd.;
9. Security Agreement dated December 30, 2022 between Flow Beverages Inc. and NFS Leasing Canada Ltd.;
10. Securities Pledge Agreement dated December 30, 2022 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
11. Securities Pledge Agreement dated December 30, 2022 between Flow Water Inc. and NFS Leasing Canada Ltd.;
12. Collateral mortgage granted by 2446692 Ontario Limited in favour of the NFS Leasing Canada Ltd. over the real property municipally known as 468 Bruce St. 28, South

Bruce, Ontario and recorded on December 30, 2022 and as amended on December 4, 2023 and recorded on April 18, 2024;

13. General Assignment of Rents and Leases dated December 30, 2022 between 2446692 Ontario Limited and NFS Leasing Canada Ltd;
14. Trademark Security Agreement dated December 30, 2022 between Flow Beverages Inc. and NFS Leasing Canada Ltd;
15. Tri-Party Landlord Agreement dated December 30, 2022 between Flow Beverages Inc., Railside Industries, Inc., and NFS Leasing Canada Ltd.;
16. Collateral Assignment of Rights dated December 30, 2022 between Flow Beverages Inc. and NFS Canada Ltd;
17. Warehouse Agreement dated January 13, 2023 between OHI Technologies, Inc. and NFS Leasing Canada Ltd. Related to the warehouse located at 100 Harbor Drive, Jersey City, NJ;
18. Warehouse Agreement dated January 13, 2023 between OHI Technologies, Inc. and NFS Leasing Canada Ltd. related to the warehouse located at 12320 4th Street, Rancho Cucamonga, CA;
19. Warehouse Agreement dated March 31, 2023 between Biosteel Manufacturing LLC and NFS Leasing Canada Ltd. Related to the warehouse located at 33 Lakeview Court, Verona, VA;
20. First Amendment to General Security Agreement dated September 22, 2023 between 2446692 Ontario Limited and NFS Leasing Canada Ltd.;
21. First Amendment to General Security Agreement dated September 22, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
22. First Amendment to General Security Agreement dated September 22, 2023 between Flow Glow Beverages Inc. and NFS Leasing Canada Ltd.;
23. First Amendment to General Security Agreement dated September 22, 2023 between Flow Water Inc. and NFS Leasing Canada Ltd.;
24. First Amendment to Security Agreement dated September 22, 2023 between Flow Beverages Inc. and NFS Leasing Canada Ltd.;
25. Guarantee Agreement dated September 22, 2023 between 2446692 Ontario Limited and NFS Leasing Canada Ltd.;
26. Guarantee Agreement dated September 22, 2023 between Flow Glow Beverages Inc. and NFS Leasing Canada Ltd.;
27. Guarantee Agreement dated September 22, 2023 between Flow Water Inc. and NFS Leasing Canada Ltd.;
28. Guaranty Agreement dated September 22, 2023 between Flow Beverages Inc. and NFS Leasing Canada Ltd.;
29. First Amendment to Securities Pledge Agreement dated September 22, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
30. First Amendment to Securities Pledge Agreement dated September 22, 2023 between Flow Water Inc. and NFS Leasing Canada Ltd.;
31. Deed of Movable Hypothec dated November 15, 2023 between Flow Water Inc. and NFS Leasing Canada Ltd.; and
32. Deficiency Guaranty dated May 23, 2025 between Nicholas Reichenbach and NFS Leasing Canada Ltd.

Notice of Intention to Enforce Security
(Subsection 244(1) of the *Bankruptcy and Insolvency Act*)

TO: FLOW BEVERAGE CORP., (the “**Debtor**”) an insolvent person

Take notice that:

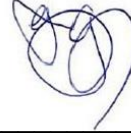
1. NFS Leasing Canada Ltd. (the “**Lender**”), a secured creditor, intends to enforce its security on the property of the insolvent person, being:
 - (a) all present and after-acquired receivables, equipment, general intangibles, intellectual property; inventory, investment property, subsidiary stock of subsidiaries, chattel paper, documents, commercial tort claims, letters of credit, ledger sheets, books and records, cash including investments and reinvestments, property, documents of title, policies and certificates of insurance, securities, and the proceeds thereof, as more particularly described in the Term Loan and Security Agreement dated December 30, 2022, as amended on October 13, 2023, November 15, 2023, January 22, 2024, March 21, 2024, May 30, 2024 December 30, 2024, February 24, 2025, and June 30, 2025 (the “**Loan Agreement**”);
 - (b) all present and after-acquired personal property, all present and future investment property held by the Debtor, all accounts and book debts of the Debtor, chattel paper, documents of title, instruments, and intangibles, inventory, equipment, intellectual property, patents, copyrights, trademarks, licenses, trade secrets, goodwill, all monies, all contracts, books and records, cash and cash equivalents, and the proceeds thereof, as more particularly described in the General Security Agreement granted by the Debtor in favour of the Lender dated December 30, 2022, as amended on September 22, 2023 (the “**General Security Agreement**”); and
 - (c) all pledged securities, as more particularly described in the Securities Pledge Agreement granted by the Debtor in favour of the Lender dated December 30, 2022, as amended on September 22, 2023 (collectively with the Loan Agreement and the General Security Agreement, the “**Security Documents**”).
2. The security that is to be enforced is in the form of the Security Documents.
3. The total amount of indebtedness secured by the security is as set out in the attached demand letter dated August 22, 2025 from Miller Thomson LLP to the Debtor.

4. The Lender will not have the right to enforce the security until after the expiry of the ten-day period following the sending of this Notice, unless the insolvent person consents to an earlier enforcement.

Dated at Toronto this 22nd day of August, 2025

NFS LEASING CANADA LTD. by its
lawyers, Miller Thomson LLP

Per:



Gregory Azeff
Telephone: (416) 595-2660
gazeff@millerthomson.com

CONSENT
(s.244(2) of the *Bankruptcy and Insolvency Act*)

THE UNDERSIGNED hereby acknowledges receipt of a copy of NFS Leasing Canada Ltd.'s demand dated August 22, 2025 and the Notice of Intention to Enforce Security dated August 22, 2025 pursuant to s.244(1) of the *Bankruptcy and Insolvency Act* and hereby waives the 10 day period set out in the demand and notice and consents to the immediate enforcement of NFS Leasing Canada Ltd.'s security.

DATED at _____, Ontario, this _____ day of _____, 2025.

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)
)
)
)
)

FLOW BEVERAGE CORP.

Per: _____
Name: _____
Title: _____
I/We have the authority to bind the
corporation



MILLER THOMSON LLP
SCOTIA PLAZA
40 KING STREET WEST, SUITE 6600
P.O. BOX 1011
TORONTO, ON M5H 3S1
CANADA

T 416.595.8500
F 416.595.8695

MILLERTHOMSON.COM

August 22, 2025

Private and Confidential

Gregory Azeff
Direct Line: +1 416.595.2660
gazeff@millerthomson.com

Sent via Courier and via Email to nicholas@flowhydration.com & trent.macdonald@flowhydration.com

2446692 Ontario Limited
99 Yorkville Avenue
Suite #200
Toronto, Ontario M5R 3K5

Flow Glow Beverages Inc.
283 Dalhousie Street
Unit #200
Ottawa, Ontario K1N 7E5

Flow Water Inc.
99 Yorkville Avenue
Suite #200
Toronto, ON M5R 3K5

Flow Beverages Inc.
33 Lake View Court
Verona, VA 24482
United States

2446692 Ontario Limited
Flow Glow Beverages Inc.
Flow Water Inc.
Flow Beverages Inc.
c/o
Flow Beverage Corp.
155 Industrial Parkway South
Unit #7-10
Aurora, ON L4G 3G6

Attn: Nicholas Reichenbach, CEO & Trent McDonald, CFO

Nicholas Reichenbach, CEO & Trent McDonald, CFO
Dear Sirs/Mesdames:

Re: Indebtedness of Flow Beverage Corp. (the “Borrower”) Flow Water Inc. (“FWI”), Flow Beverages Inc. (“FBI”), 2446692 Ontario Limited (“244”) and Flow Glow Beverages Inc. (“FGB”, and together with FWI, FBI, and 244, the “Guarantors” and together with the Borrower, the “Obligors” and each an “Obligor”) to NFS Leasing Canada Ltd. (the “Lender”)

We are the solicitors for the Lender, a secured creditor of the Obligor, with respect to the above-noted matter.

We refer to the Credit Agreements, the Guarantee Documents, and the Security Documents (together, the “**Loan and Security Documents**”) identified on Schedule “A” hereto.

Each of the Guarantors executed a guarantee pursuant to which it guaranteed payment of all amounts due and owing by the Borrower to the Lender.

The Borrower is in default of its obligations under the Loan and Security Documents. The Lender has demanded payment of the obligations of the Borrower to the Lender by way of letter dated today's date. A copy of that demand letter (the “**Borrower Demand Letter**”) is enclosed.

We hereby demand payment of the obligations of the Borrower to the Lender from each of the Guarantors, in accordance with the time periods and terms of payment in the Borrower Demand Letter and the terms of the Guarantee Documents.

A notice of intention to enforce security to each of the Guarantors is enclosed, in accordance with the provisions of the *Bankruptcy and Insolvency Act* (Canada), with respect to the security that you issued in favour of the Lender in support of your obligations in that regard.

Thank you for your prompt attention to this matter. Please do not hesitate to contact the undersigned with any questions or comments.

Yours truly,

MILLER THOMSON LLP

Per:



Gregory Azeff
MC/GA

- c. Kenneth Rosenstein, Miller Thomson LLP
Patrick Corney, Miller Thomson LLP
Florind Polo, Miller Thomson LLP
Lee Nicholson, Stikeman Elliott LLP



SCHEDULE “A”

LOAN AND SECURITY DOCUMENTS

The following documents constitute the “**Loan Documents**”:

1. Term Loan and Security Agreement dated December 30, 2022 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
2. Master Equipment Lease dated September 22, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
3. Equipment Lease Schedule 1 to Master Equipment Lease dated September 22, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
4. Equipment Lease Schedule 2 to Master Equipment Lease dated September 22, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
5. Interim Financing Loan Agreement dated September 22, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd. related to Equipment Lease Schedule 1;
6. Interim Financing Loan Agreement dated September 22, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd. related to Equipment Lease Schedule 2;
7. Equipment Lease Schedule 3 to Master Equipment Lease dated September 28, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
8. First Amendment to Term Loan and Security Agreement dated October 13, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
9. Amended and Restated First Amendment to Term Loan and Security Agreement dated October 13, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
10. Second Amendment to Term Loan and Security Agreement dated November 15, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
11. Amended and Restated Interim Financing Loan Agreement dated December 1, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd. related to Equipment Lease Schedule 2;
12. Amended and Restated Equipment Lease Schedule 2 to Master Equipment Lease dated December 1, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd.
13. Amended and Restated Second Amendment to Term Loan and Security Agreement dated January 22, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;

14. Interim Financing Loan Agreement dated January 12, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd. related to Equipment Lease Schedule 3
15. Amended and Restated Equipment Lease Schedule 3 to Master Equipment Lease dated January 26, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
16. Third Amendment to Term Loan and Security Agreement dated March 21, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
17. Amended and Restated Interim Financing Loan Agreement dated May 1, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd., related to Equipment Lease Schedule 3;
18. Fourth Amendment to Term Loan and Security Agreement dated May 30, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
19. Amended and Restated Equipment Lease Schedule 1 to Master Equipment Lease dated June 18, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
20. Second Amended and Restated Equipment Lease Schedule 3 to Master Equipment Lease dated June 18, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
21. Business Purpose Bridge Term Note dated August 28, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
22. Fifth Amendment to Term Loan and Security Agreement dated December 30, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
23. Amended and Restated Business Purpose Term Note dated December 31, 2024 between Flow Beverage Corp and NFS Leasing Canada Ltd.;
24. Sixth Amendment to Term Loan and Security Agreement dated February 24, 2025 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
25. Third Amended and Restated Equipment Lease Schedule 3 to Master Equipment Lease dated April 29, 2025 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
26. Business Purpose Term Note dated May 23, 2025 between Flow Beverage Corp and NFS Leasing Canada Ltd.;
27. Business Purpose Term Note dated June 2, 2025 between Flow Beverage Corp. and NFS Leasing Canada Ltd.; and
28. Seventh Amendment to Term Loan and Security Agreement dated June 30, 2025 between Flow Beverage Corp. and NFS Leasing Canada Ltd.
29. Business Purpose Term Note dated August 20, 2025 between Flow Beverage Corp. and NFS Leasing Canada Ltd.

The Following documents constitute the “**Guarantee Documents**”:

1. Guarantee Agreement dated December 30, 2022 between 2446692 Ontario Limited and NFS Leasing Canada Ltd.; (the “**244 Guarantee**”)
2. Guarantee Agreement dated December 30, 2022 between Flow Glow Beverages Inc. and NFS Leasing Canada Ltd.; (the “**FGB Guarantee**”)
3. Guarantee Agreement dated December 30, 2022 between Flow Water Inc. and NFS Leasing Canada Ltd.; (the “**FWI Guarantee**”)
4. Guaranty Agreement dated December 30, 2022 between Flow Beverages Inc. and NFS Leasing Canada Ltd.; (the “**FBI Guarantee**” and together with the 244 Guarantee, the FGB Guarantee, and the FWI Guarantee, the “**Guarantees**”)
5. Guarantee Agreement dated September 22, 2023 between 2446692 Ontario Limited and NFS Leasing Canada Ltd.;
6. Guarantee Agreement dated September 22, 2023 between Flow Glow Beverages Inc. and NFS Leasing Canada Ltd.;
7. Guarantee Agreement dated September 22, 2023 between Flow Water Inc. and NFS Leasing Canada Ltd.;
8. Guaranty Agreement dated September 22, 2023 between Flow Beverages Inc. and NFS Leasing Canada Ltd.;

The following documents constitute the “**Security Documents**”:

1. General Security Agreement dated December 30, 2022 between 2446692 Ontario Limited and NFS Leasing Canada Ltd.;
2. General Security Agreement dated December 30, 2022 between Flow Glow Beverages Inc. and NFS Leasing Canada Ltd.;
3. General Security Agreement dated December 30, 2022 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
4. General Security Agreement dated December 30, 2022 between Flow Water Inc. and NFS Leasing Canada Ltd.;
5. Security Agreement dated December 30, 2022 between Flow Beverages Inc. and NFS Leasing Canada Ltd.;
6. Securities Pledge Agreement dated December 30, 2022 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
7. Securities Pledge Agreement dated December 30, 2022 between Flow Water Inc. and NFS Leasing Canada Ltd.;

8. Collateral mortgage granted by 2446692 Ontario Limited in favour of the NFS Leasing Canada Ltd. over the real property municipally known as 468 Bruce St. 28, South Bruce, Ontario and recorded on December 30, 2022 and as amended on December 4, 2023 and recorded on April 18, 2024;
9. General Assignment of Rents and Leases dated December 30, 2022 between 2446692 Ontario Limited and NFS Leasing Canada Ltd;
10. Trademark Security Agreement dated December 30, 2022 between Flow Beverages Inc. and NFS Leasing Canada Ltd;
11. Tri-Party Landlord Agreement dated December 30, 2022 between Flow Beverages Inc., Railside Industries, Inc., and NFS Leasing Canada Ltd.;
12. Collateral Assignment of Rights dated December 30, 2022 between Flow Beverages Inc. and NFS Canada Ltd;
13. Warehouse Agreement dated January 13, 2023 between OHI Technologies, Inc. and NFS Leasing Canada Ltd. Related to the warehouse located at 100 Harbor Drive, Jersey City, NJ;
14. Warehouse Agreement dated January 13, 2023 between OHI Technologies, Inc. and NFS Leasing Canada Ltd. related to the warehouse located at 12320 4th Street, Rancho Cucamonga, CA;
15. Warehouse Agreement dated March 31, 2023 between Biosteel Manufacturing LLC and NFS Leasing Canada Ltd. Related to the warehouse located at 33 Lakeview Court, Verona, VA;
16. First Amendment to General Security Agreement dated September 22, 2023 between 2446692 Ontario Limited and NFS Leasing Canada Ltd.;
17. First Amendment to General Security Agreement dated September 22, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
18. First Amendment to General Security Agreement dated September 22, 2023 between Flow Glow Beverages Inc. and NFS Leasing Canada Ltd.;
19. First Amendment to General Security Agreement dated September 22, 2023 between Flow Water Inc. and NFS Leasing Canada Ltd.;
20. First Amendment to Security Agreement dated September 22, 2023 between Flow Beverages Inc. and NFS Leasing Canada Ltd.;
21. First Amendment to Securities Pledge Agreement dated September 22, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
22. First Amendment to Securities Pledge Agreement dated September 22, 2023 between Flow Water Inc. and NFS Leasing Canada Ltd.;

23. Deed of Movable Hypothec dated November 15, 2023 between Flow Water Inc. and NFS Leasing Canada Ltd.; and
24. Deficiency Guaranty dated May 23, 2025 between Nicholas Reichenbach and NFS Leasing Canada Ltd.

Notice of Intention to Enforce Security
(Subsection 244(1) of the *Bankruptcy and Insolvency Act*)

TO: FLOW GLOW BEVERAGES INC., (the “Debtor”) an insolvent person

Take notice that:

1. NFS Leasing Canada Ltd. (the “**Lender**”), a secured creditor, intends to enforce its security on the property of the insolvent person, being:
 - (a) all present and after-acquired receivables, equipment, general intangibles, intellectual property; inventory, investment property, subsidiary stock of subsidiaries, chattel paper, documents, commercial tort claims, letters of credit, ledger sheets, books and records, cash including investments and reinvestments, property, documents of title, policies and certificates of insurance, securities, and the proceeds thereof, as more particularly described in the Term Loan and Security Agreement dated December 30, 2022, as amended on October 13, 2023, November 15, 2023, January 22, 2024, March 21, 2024, May 30, 2024 December 30, 2024, February 24, 2025, and June 30, 2025 (the “**Loan Agreement**”); and
 - (b) all present and after-acquired personal property, all present and future investment property held by the Debtor, all accounts and book debts of the Debtor, chattel paper, documents of title, instruments, and intangibles, inventory, equipment, intellectual property, patents, copyrights, trademarks, licenses, trade secrets, goodwill, all monies, all contracts, books and records, cash and cash equivalents, and the proceeds thereof, as more particularly described in the General Security Agreement granted by the Debtor in favour of the Lender dated December 30, 2022, as amended on September 22, 2023 (the “**General Security Agreement**” and together with the Loan Agreement, the “**Security Documents**”).
2. The security that is to be enforced is in the form of the Security Documents.
3. The total amount of indebtedness secured by the security is as set out in the attached demand letter dated August 22, 2025 from Miller Thomson LLP to the Debtor.
4. The Lender will not have the right to enforce the security until after the expiry of the ten-day period following the sending of this Notice, unless the insolvent person consents to an earlier enforcement.

Dated at Toronto this 22nd day of August, 2025

NFS LEASING CANADA LTD. by its
lawyers, Miller Thomson LLP



Per: _____
Gregory Azeff
Telephone: (416) 595-2660
gazeff@millerthomson.com

CONSENT
(s.244(2) of the *Bankruptcy and Insolvency Act*)

THE UNDERSIGNED hereby acknowledges receipt of a copy of NFS Leasing Canada Ltd.'s demand dated August 22, 2025 and the Notice of Intention to Enforce Security dated August 22, 2025 pursuant to s.244(1) of the *Bankruptcy and Insolvency Act* and hereby waives the 10 day period set out in the demand and notice and consents to the immediate enforcement of NFS Leasing Canada Ltd.'s security.

DATED at _____, Ontario, this _____ day of _____, 2025.

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)
)
)

FLOW GLOW BEVERAGES INC.

Per: _____

Name:

Title:

I/We have the authority to bind the corporation



MILLER THOMSON LLP
SCOTIA PLAZA
40 KING STREET WEST, SUITE 6600
P.O. BOX 1011
TORONTO, ON M5H 3S1
CANADA

T 416.595.8500
F 416.595.8695

MILLERTHOMSON.COM

August 22, 2025

Gregory Azeff
Direct Line: +1 416.595.2660
gazeff@millerthomson.com

Private and Confidential

Sent via Courier and via Email to nicholas@flowhydration.com &
trent.macdonald@flowhydration.com

Flow Beverage Corp.
155 Industrial Parkway South
Unit #7-10
Aurora, ON L4G 3G6

Attn: Nicholas Reichenbach, CEO & Trent McDonald, CFO

Dear Sirs/Mesdames:

Re: Indebtedness of Flow Beverage Corp. (the “Borrower”) to NFS Leasing Canada Ltd. (the “Lender”)

We are the solicitors for the Lender, a secured creditor of the Borrower, with respect to the above-noted matter.

We refer to the Loan Documents and Security Documents (together, the “**Loan and Security Documents**”) identified on Schedule “A” hereto.

Pursuant to the Loan and Security Documents, the Borrower is indebted to the Lender and jointly and severally liable for the repayment of all amounts owing thereunder (the “**Indebtedness**”).

The Borrower is in default of its obligations under the Loan and Security Documents, including without limitation, the failure to make timely payments of principal and interest. As a result, and in accordance with the terms of the Loan and Security Documents, the Lender has exercised its right to accelerate all obligations and demand immediate repayment in full of the Indebtedness.

All monetary amounts referred to herein are Canadian dollars, unless stated otherwise.

As of August 22, 2025, the Indebtedness is comprised of the following, as set out in more detail in Schedule “B” hereto (exclusive of legal fees):

Past Due Monthly Payments thru 08/21/2025 (Inclusive of Applicable Tax)	\$803,427.10
Default Interest accrued thru 08/21/2025	\$416,866.88
Administrative Collection Fees and/or Delinquency Charges	\$1,076,833.39
Remaining Contractual Payments	\$48,310,811.68

Continuation Fees		\$4,732,986.63
End of Lease Purchase Option		\$3.00
Sales Tax (ON 13%)		\$2,139,273.19
Termination Filing Fees		\$4,500.00
Legal Fees		\$4,025.00 USD
Total due as of 08/21/2025	\$57,640,095.62 CAD and \$4,025.00 USD	

On behalf of the Lender, we hereby demand payment in full of the Indebtedness, namely the sum of **\$57,640,095.62 CAD and \$4,025.00 USD**, together with interest accruing thereon and all costs, including legal fees, incurred by the Lender to the date of payment.

Interest continues to accrue on the Indebtedness at the rate of:

- 19% with respect to the Closing Date Term Loan Principal
- 19.75% with respect to the Delayed Draw Term Loan Principal
- 21.08 with respect to the Second Amendment Term Loan Principal;
- 18% with respect to the Master Equipment Lease;
- 14% with respect to the Interim Financing Loan agreements; and
- 24% with respect to the Amended and Restated Business Purpose Term Note, December 31, 2024; Business Purpose Term Note, June 2, 2025; Business Purpose Term Note, August 20, 2025.

As of today's date, interest is accruing at a rate of \$21,623.51 per day. Please contact the undersigned in advance of making payment to confirm the final amount due on the payment date.

In the event that you fail to pay the sum indicated by no later than 5:00 p.m. (Toronto time) on September 2, 2025, the Lender shall pursue its remedies against you under the Loan and Security Documents and will take such further steps as it deems necessary or appropriate to recover the amounts outstanding.

We also enclose herewith a Notice of Intention to Enforce Security pursuant to Section 244 of the *Bankruptcy and Insolvency Act* (Canada).



Please immediately contact the undersigned to discuss the repayment of the Indebtedness.

Yours truly,

MILLER THOMSON LLP

Per:

A handwritten signature in blue ink, appearing to read 'Gregory Azeff', with a stylized, cursive script.

Gregory Azeff
GA/MC

Encl.

- c. Kenneth Rosenstein, Miller Thomson LLP
Patrick Corney, Miller Thomson LLP
Florind Polo, Miller Thomson LLP
Lee Nicholson, Stikeman Elliott LLP
Guarantors under Loan and Security Documents



SCHEDULE “A”

LOAN AND SECURITY DOCUMENTS

The following documents constitute the “**Loan Documents**”:

1. Term Loan and Security Agreement dated December 30, 2022 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
2. Master Equipment Lease dated September 22, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
3. Equipment Lease Schedule 1 to Master Equipment Lease dated September 22, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
4. Equipment Lease Schedule 2 to Master Equipment Lease dated September 22, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
5. Interim Financing Loan Agreement dated September 22, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd. related to Equipment Lease Schedule 1;
6. Interim Financing Loan Agreement dated September 22, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd. related to Equipment Lease Schedule 2;
7. Equipment Lease Schedule 3 to Master Equipment Lease dated September 28, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
8. First Amendment to Term Loan and Security Agreement dated October 13, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
9. Amended and Restated First Amendment to Term Loan and Security Agreement dated October 13, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
10. Second Amendment to Term Loan and Security Agreement dated November 15, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
11. Amended and Restated Interim Financing Loan Agreement dated December 1, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd. related to Equipment Lease Schedule 2;
12. Amended and Restated Equipment Lease Schedule 2 to Master Equipment Lease dated December 1, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd.
13. Amended and Restated Second Amendment to Term Loan and Security Agreement dated January 22, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
14. Interim Financing Loan Agreement dated January 12, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd. related to Equipment Lease Schedule 3
15. Amended and Restated Equipment Lease Schedule 3 to Master Equipment Lease dated January 26, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
16. Third Amendment to Term Loan and Security Agreement dated March 21, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
17. Amended and Restated Interim Financing Loan Agreement dated May 1, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd., related to Equipment Lease Schedule 3;
18. Fourth Amendment to Term Loan and Security Agreement dated May 30, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
19. Amended and Restated Equipment Lease Schedule 1 to Master Equipment Lease dated June 18, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;

20. Second Amended and Restated Equipment Lease Schedule 3 to Master Equipment Lease dated June 18, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
21. Business Purpose Bridge Term Note dated August 28, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
22. Fifth Amendment to Term Loan and Security Agreement dated December 30, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
23. Amended and Restated Business Purpose Term Note dated December 31, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
24. Sixth Amendment to Term Loan and Security Agreement dated February 24, 2025 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
25. Third Amended and Restated Equipment Lease Schedule 3 to Master Equipment Lease dated April 29, 2025 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
26. Business Purpose Term Note dated May 23, 2025 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
27. Business Purpose Term Note dated June 2, 2025 between Flow Beverage Corp. and NFS Leasing Canada Ltd.; and
28. Seventh Amendment to Term Loan and Security Agreement dated June 30, 2025 between Flow Beverage Corp. and NFS Leasing Canada Ltd.
29. Business Purpose Term Note dated August 20, 2025 between Flow Beverage Corp. and NFS Leasing Canada Ltd.

The following documents constitute the “**Security Documents**”:

1. General Security Agreement dated December 30, 2022 between 2446692 Ontario Limited and NFS Leasing Canada Ltd.;
2. General Security Agreement dated December 30, 2022 between Flow Glow Beverages Inc. and NFS Leasing Canada Ltd.;
3. General Security Agreement dated December 30, 2022 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
4. General Security Agreement dated December 30, 2022 between Flow Water Inc. and NFS Leasing Canada Ltd.;
5. Guarantee Agreement dated December 30, 2022 between 2446692 Ontario Limited and NFS Leasing Canada Ltd.;
6. Guarantee Agreement dated December 30, 2022 between Flow Glow Beverages Inc. and NFS Leasing Canada Ltd.;
7. Guarantee Agreement dated December 30, 2022 between Flow Water Inc. and NFS Leasing Canada Ltd.;
8. Guaranty Agreement dated December 30, 2022 between Flow Beverages Inc. and NFS Leasing Canada Ltd.;
9. Security Agreement dated December 30, 2022 between Flow Beverages Inc. and NFS Leasing Canada Ltd.;
10. Securities Pledge Agreement dated December 30, 2022 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
11. Securities Pledge Agreement dated December 30, 2022 between Flow Water Inc. and NFS Leasing Canada Ltd.;
12. Collateral mortgage granted by 2446692 Ontario Limited in favour of the NFS Leasing Canada Ltd. over the real property municipally known as 468 Bruce St. 28, South

Bruce, Ontario and recorded on December 30, 2022 and as amended on December 4, 2023 and recorded on April 18, 2024;

13. General Assignment of Rents and Leases dated December 30, 2022 between 2446692 Ontario Limited and NFS Leasing Canada Ltd;
14. Trademark Security Agreement dated December 30, 2022 between Flow Beverages Inc. and NFS Leasing Canada Ltd;
15. Tri-Party Landlord Agreement dated December 30, 2022 between Flow Beverages Inc., Railside Industries, Inc., and NFS Leasing Canada Ltd.;
16. Collateral Assignment of Rights dated December 30, 2022 between Flow Beverages Inc. and NFS Canada Ltd;
17. Warehouse Agreement dated January 13, 2023 between OHI Technologies, Inc. and NFS Leasing Canada Ltd. Related to the warehouse located at 100 Harbor Drive, Jersey City, NJ;
18. Warehouse Agreement dated January 13, 2023 between OHI Technologies, Inc. and NFS Leasing Canada Ltd. related to the warehouse located at 12320 4th Street, Rancho Cucamonga, CA;
19. Warehouse Agreement dated March 31, 2023 between Biosteel Manufacturing LLC and NFS Leasing Canada Ltd. Related to the warehouse located at 33 Lakeview Court, Verona, VA;
20. First Amendment to General Security Agreement dated September 22, 2023 between 2446692 Ontario Limited and NFS Leasing Canada Ltd.;
21. First Amendment to General Security Agreement dated September 22, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
22. First Amendment to General Security Agreement dated September 22, 2023 between Flow Glow Beverages Inc. and NFS Leasing Canada Ltd.;
23. First Amendment to General Security Agreement dated September 22, 2023 between Flow Water Inc. and NFS Leasing Canada Ltd.;
24. First Amendment to Security Agreement dated September 22, 2023 between Flow Beverages Inc. and NFS Leasing Canada Ltd.;
25. Guarantee Agreement dated September 22, 2023 between 2446692 Ontario Limited and NFS Leasing Canada Ltd.;
26. Guarantee Agreement dated September 22, 2023 between Flow Glow Beverages Inc. and NFS Leasing Canada Ltd.;
27. Guarantee Agreement dated September 22, 2023 between Flow Water Inc. and NFS Leasing Canada Ltd.;
28. Guaranty Agreement dated September 22, 2023 between Flow Beverages Inc. and NFS Leasing Canada Ltd.;
29. First Amendment to Securities Pledge Agreement dated September 22, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
30. First Amendment to Securities Pledge Agreement dated September 22, 2023 between Flow Water Inc. and NFS Leasing Canada Ltd.;
31. Deed of Movable Hypothec dated November 15, 2023 between Flow Water Inc. and NFS Leasing Canada Ltd.; and
32. Deficiency Guaranty dated May 23, 2025 between Nicholas Reichenbach and NFS Leasing Canada Ltd.

Notice of Intention to Enforce Security
(Subsection 244(1) of the *Bankruptcy and Insolvency Act*)

TO: FLOW BEVERAGE CORP., (the “**Debtor**”) an insolvent person

Take notice that:

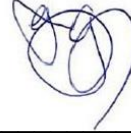
1. NFS Leasing Canada Ltd. (the “**Lender**”), a secured creditor, intends to enforce its security on the property of the insolvent person, being:
 - (a) all present and after-acquired receivables, equipment, general intangibles, intellectual property; inventory, investment property, subsidiary stock of subsidiaries, chattel paper, documents, commercial tort claims, letters of credit, ledger sheets, books and records, cash including investments and reinvestments, property, documents of title, policies and certificates of insurance, securities, and the proceeds thereof, as more particularly described in the Term Loan and Security Agreement dated December 30, 2022, as amended on October 13, 2023, November 15, 2023, January 22, 2024, March 21, 2024, May 30, 2024 December 30, 2024, February 24, 2025, and June 30, 2025 (the “**Loan Agreement**”);
 - (b) all present and after-acquired personal property, all present and future investment property held by the Debtor, all accounts and book debts of the Debtor, chattel paper, documents of title, instruments, and intangibles, inventory, equipment, intellectual property, patents, copyrights, trademarks, licenses, trade secrets, goodwill, all monies, all contracts, books and records, cash and cash equivalents, and the proceeds thereof, as more particularly described in the General Security Agreement granted by the Debtor in favour of the Lender dated December 30, 2022, as amended on September 22, 2023 (the “**General Security Agreement**”); and
 - (c) all pledged securities, as more particularly described in the Securities Pledge Agreement granted by the Debtor in favour of the Lender dated December 30, 2022, as amended on September 22, 2023 (collectively with the Loan Agreement and the General Security Agreement, the “**Security Documents**”).
2. The security that is to be enforced is in the form of the Security Documents.
3. The total amount of indebtedness secured by the security is as set out in the attached demand letter dated August 22, 2025 from Miller Thomson LLP to the Debtor.

4. The Lender will not have the right to enforce the security until after the expiry of the ten-day period following the sending of this Notice, unless the insolvent person consents to an earlier enforcement.

Dated at Toronto this 22nd day of August, 2025

NFS LEASING CANADA LTD. by its
lawyers, Miller Thomson LLP

Per:



Gregory Azeff
Telephone: (416) 595-2660
gazeff@millerthomson.com

CONSENT
(s.244(2) of the *Bankruptcy and Insolvency Act*)

THE UNDERSIGNED hereby acknowledges receipt of a copy of NFS Leasing Canada Ltd.'s demand dated August 22, 2025 and the Notice of Intention to Enforce Security dated August 22, 2025 pursuant to s.244(1) of the *Bankruptcy and Insolvency Act* and hereby waives the 10 day period set out in the demand and notice and consents to the immediate enforcement of NFS Leasing Canada Ltd.'s security.

DATED at _____, Ontario, this _____ day of _____, 2025.

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)
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)
)
)

FLOW BEVERAGE CORP.

Per: _____
Name: _____
Title: _____
I/We have the authority to bind the
corporation



MILLER THOMSON LLP
SCOTIA PLAZA
40 KING STREET WEST, SUITE 6600
P.O. BOX 1011
TORONTO, ON M5H 3S1
CANADA

T 416.595.8500
F 416.595.8695

MILLERTHOMSON.COM

August 22, 2025

Private and Confidential

Gregory Azeff
Direct Line: +1 416.595.2660
gazeff@millerthomson.com

Sent via Courier and via Email to nicholas@flowhydration.com & trent.macdonald@flowhydration.com

2446692 Ontario Limited
99 Yorkville Avenue
Suite #200
Toronto, Ontario M5R 3K5

Flow Glow Beverages Inc.
283 Dalhousie Street
Unit #200
Ottawa, Ontario K1N 7E5

Flow Water Inc.
99 Yorkville Avenue
Suite #200
Toronto, ON M5R 3K5

Flow Beverages Inc.
33 Lake View Court
Verona, VA 24482
United States

2446692 Ontario Limited
Flow Glow Beverages Inc.
Flow Water Inc.
Flow Beverages Inc.
c/o
Flow Beverage Corp.
155 Industrial Parkway South
Unit #7-10
Aurora, ON L4G 3G6

Attn: Nicholas Reichenbach, CEO & Trent McDonald, CFO

Nicholas Reichenbach, CEO & Trent McDonald, CFO
Dear Sirs/Mesdames:

Re: Indebtedness of Flow Beverage Corp. (the “Borrower”) Flow Water Inc. (“FWI”), Flow Beverages Inc. (“FBI”), 2446692 Ontario Limited (“244”) and Flow Glow Beverages Inc. (“FGB”, and together with FWI, FBI, and 244, the “Guarantors” and together with the Borrower, the “Obligors” and each an “Obligor”) to NFS Leasing Canada Ltd. (the “Lender”)

We are the solicitors for the Lender, a secured creditor of the Obligor, with respect to the above-noted matter.

We refer to the Credit Agreements, the Guarantee Documents, and the Security Documents (together, the “**Loan and Security Documents**”) identified on Schedule “A” hereto.

Each of the Guarantors executed a guarantee pursuant to which it guaranteed payment of all amounts due and owing by the Borrower to the Lender.

The Borrower is in default of its obligations under the Loan and Security Documents. The Lender has demanded payment of the obligations of the Borrower to the Lender by way of letter dated today's date. A copy of that demand letter (the “**Borrower Demand Letter**”) is enclosed.

We hereby demand payment of the obligations of the Borrower to the Lender from each of the Guarantors, in accordance with the time periods and terms of payment in the Borrower Demand Letter and the terms of the Guarantee Documents.

A notice of intention to enforce security to each of the Guarantors is enclosed, in accordance with the provisions of the *Bankruptcy and Insolvency Act* (Canada), with respect to the security that you issued in favour of the Lender in support of your obligations in that regard.

Thank you for your prompt attention to this matter. Please do not hesitate to contact the undersigned with any questions or comments.

Yours truly,

MILLER THOMSON LLP

Per:



Gregory Azeff
MC/GA

- c. Kenneth Rosenstein, Miller Thomson LLP
Patrick Corney, Miller Thomson LLP
Florind Polo, Miller Thomson LLP
Lee Nicholson, Stikeman Elliott LLP



SCHEDULE “A”

LOAN AND SECURITY DOCUMENTS

The following documents constitute the “**Loan Documents**”:

1. Term Loan and Security Agreement dated December 30, 2022 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
2. Master Equipment Lease dated September 22, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
3. Equipment Lease Schedule 1 to Master Equipment Lease dated September 22, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
4. Equipment Lease Schedule 2 to Master Equipment Lease dated September 22, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
5. Interim Financing Loan Agreement dated September 22, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd. related to Equipment Lease Schedule 1;
6. Interim Financing Loan Agreement dated September 22, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd. related to Equipment Lease Schedule 2;
7. Equipment Lease Schedule 3 to Master Equipment Lease dated September 28, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
8. First Amendment to Term Loan and Security Agreement dated October 13, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
9. Amended and Restated First Amendment to Term Loan and Security Agreement dated October 13, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
10. Second Amendment to Term Loan and Security Agreement dated November 15, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
11. Amended and Restated Interim Financing Loan Agreement dated December 1, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd. related to Equipment Lease Schedule 2;
12. Amended and Restated Equipment Lease Schedule 2 to Master Equipment Lease dated December 1, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd.
13. Amended and Restated Second Amendment to Term Loan and Security Agreement dated January 22, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;

14. Interim Financing Loan Agreement dated January 12, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd. related to Equipment Lease Schedule 3
15. Amended and Restated Equipment Lease Schedule 3 to Master Equipment Lease dated January 26, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
16. Third Amendment to Term Loan and Security Agreement dated March 21, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
17. Amended and Restated Interim Financing Loan Agreement dated May 1, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd., related to Equipment Lease Schedule 3;
18. Fourth Amendment to Term Loan and Security Agreement dated May 30, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
19. Amended and Restated Equipment Lease Schedule 1 to Master Equipment Lease dated June 18, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
20. Second Amended and Restated Equipment Lease Schedule 3 to Master Equipment Lease dated June 18, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
21. Business Purpose Bridge Term Note dated August 28, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
22. Fifth Amendment to Term Loan and Security Agreement dated December 30, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
23. Amended and Restated Business Purpose Term Note dated December 31, 2024 between Flow Beverage Corp and NFS Leasing Canada Ltd.;
24. Sixth Amendment to Term Loan and Security Agreement dated February 24, 2025 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
25. Third Amended and Restated Equipment Lease Schedule 3 to Master Equipment Lease dated April 29, 2025 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
26. Business Purpose Term Note dated May 23, 2025 between Flow Beverage Corp and NFS Leasing Canada Ltd.;
27. Business Purpose Term Note dated June 2, 2025 between Flow Beverage Corp. and NFS Leasing Canada Ltd.; and
28. Seventh Amendment to Term Loan and Security Agreement dated June 30, 2025 between Flow Beverage Corp. and NFS Leasing Canada Ltd.
29. Business Purpose Term Note dated August 20, 2025 between Flow Beverage Corp. and NFS Leasing Canada Ltd.

The Following documents constitute the “**Guarantee Documents**”:

1. Guarantee Agreement dated December 30, 2022 between 2446692 Ontario Limited and NFS Leasing Canada Ltd.; (the “**244 Guarantee**”)
2. Guarantee Agreement dated December 30, 2022 between Flow Glow Beverages Inc. and NFS Leasing Canada Ltd.; (the “**FGB Guarantee**”)
3. Guarantee Agreement dated December 30, 2022 between Flow Water Inc. and NFS Leasing Canada Ltd.; (the “**FWI Guarantee**”)
4. Guaranty Agreement dated December 30, 2022 between Flow Beverages Inc. and NFS Leasing Canada Ltd.; (the “**FBI Guarantee**” and together with the 244 Guarantee, the FGB Guarantee, and the FWI Guarantee, the “**Guarantees**”)
5. Guarantee Agreement dated September 22, 2023 between 2446692 Ontario Limited and NFS Leasing Canada Ltd.;
6. Guarantee Agreement dated September 22, 2023 between Flow Glow Beverages Inc. and NFS Leasing Canada Ltd.;
7. Guarantee Agreement dated September 22, 2023 between Flow Water Inc. and NFS Leasing Canada Ltd.;
8. Guaranty Agreement dated September 22, 2023 between Flow Beverages Inc. and NFS Leasing Canada Ltd.;

The following documents constitute the “**Security Documents**”:

1. General Security Agreement dated December 30, 2022 between 2446692 Ontario Limited and NFS Leasing Canada Ltd.;
2. General Security Agreement dated December 30, 2022 between Flow Glow Beverages Inc. and NFS Leasing Canada Ltd.;
3. General Security Agreement dated December 30, 2022 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
4. General Security Agreement dated December 30, 2022 between Flow Water Inc. and NFS Leasing Canada Ltd.;
5. Security Agreement dated December 30, 2022 between Flow Beverages Inc. and NFS Leasing Canada Ltd.;
6. Securities Pledge Agreement dated December 30, 2022 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
7. Securities Pledge Agreement dated December 30, 2022 between Flow Water Inc. and NFS Leasing Canada Ltd.;

8. Collateral mortgage granted by 2446692 Ontario Limited in favour of the NFS Leasing Canada Ltd. over the real property municipally known as 468 Bruce St. 28, South Bruce, Ontario and recorded on December 30, 2022 and as amended on December 4, 2023 and recorded on April 18, 2024;
9. General Assignment of Rents and Leases dated December 30, 2022 between 2446692 Ontario Limited and NFS Leasing Canada Ltd;
10. Trademark Security Agreement dated December 30, 2022 between Flow Beverages Inc. and NFS Leasing Canada Ltd;
11. Tri-Party Landlord Agreement dated December 30, 2022 between Flow Beverages Inc., Railside Industries, Inc., and NFS Leasing Canada Ltd.;
12. Collateral Assignment of Rights dated December 30, 2022 between Flow Beverages Inc. and NFS Canada Ltd;
13. Warehouse Agreement dated January 13, 2023 between OHI Technologies, Inc. and NFS Leasing Canada Ltd. Related to the warehouse located at 100 Harbor Drive, Jersey City, NJ;
14. Warehouse Agreement dated January 13, 2023 between OHI Technologies, Inc. and NFS Leasing Canada Ltd. related to the warehouse located at 12320 4th Street, Rancho Cucamonga, CA;
15. Warehouse Agreement dated March 31, 2023 between Biosteel Manufacturing LLC and NFS Leasing Canada Ltd. Related to the warehouse located at 33 Lakeview Court, Verona, VA;
16. First Amendment to General Security Agreement dated September 22, 2023 between 2446692 Ontario Limited and NFS Leasing Canada Ltd.;
17. First Amendment to General Security Agreement dated September 22, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
18. First Amendment to General Security Agreement dated September 22, 2023 between Flow Glow Beverages Inc. and NFS Leasing Canada Ltd.;
19. First Amendment to General Security Agreement dated September 22, 2023 between Flow Water Inc. and NFS Leasing Canada Ltd.;
20. First Amendment to Security Agreement dated September 22, 2023 between Flow Beverages Inc. and NFS Leasing Canada Ltd.;
21. First Amendment to Securities Pledge Agreement dated September 22, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
22. First Amendment to Securities Pledge Agreement dated September 22, 2023 between Flow Water Inc. and NFS Leasing Canada Ltd.;

23. Deed of Movable Hypothec dated November 15, 2023 between Flow Water Inc. and NFS Leasing Canada Ltd.; and
24. Deficiency Guaranty dated May 23, 2025 between Nicholas Reichenbach and NFS Leasing Canada Ltd.

Notice of Intention to Enforce Security
(Subsection 244(1) of the *Bankruptcy and Insolvency Act*)

TO: FLOW BEVERAGES INC., (the “**Debtor**”) an insolvent person

Take notice that:

1. NFS Leasing Canada Ltd. (the “**Lender**”), a secured creditor, intends to enforce its security on the property of the insolvent person, being:
 - (a) all present and after-acquired receivables, equipment, general intangibles, intellectual property; inventory, investment property, subsidiary stock of subsidiaries, chattel paper, documents, commercial tort claims, letters of credit, ledger sheets, books and records, cash including investments and reinvestments, property, documents of title, policies and certificates of insurance, securities, and the proceeds thereof, as more particularly described in the Term Loan and Security Agreement dated December 30, 2022, as amended on October 13, 2023, November 15, 2023, January 22, 2024, March 21, 2024, May 30, 2024 December 30, 2024, February 24, 2025, and June 30, 2025 (the “**Loan Agreement**”);
 - (b) all present and after-acquired personal property, all present and future investment property held by the Debtor, all accounts and book debts of the Debtor, chattel paper, documents of title, instruments, and intangibles, inventory, equipment, intellectual property, patents, copyrights, trademarks, licenses, trade secrets, goodwill, all monies, all contracts, books and records, cash and cash equivalents, and the proceeds thereof, as more particularly described in the Security Agreement granted by the Debtor in favour of the Lender dated December 30, 2022, as amended on September 22, 2023 (the “**Security Agreement**”); and
 - (c) all trademarks, as more particularly described in the Trademark Security Agreement granted by the Debtor in favour of the Lender dated December 30, 2022 (the “**Trademark Security Agreement**” and collectively with the Loan Agreement and the Security Agreement, the “**Security Documents**”).
2. The security that is to be enforced is in the form of the Security Documents.
3. The total amount of indebtedness secured by the security is as set out in the attached demand letter dated August 22, 2025 from Miller Thomson LLP to the Debtor.
4. The Lender will not have the right to enforce the security until after the expiry of the ten-day period following the sending of this Notice, unless the insolvent person consents to an earlier enforcement.

Dated at Toronto this 22nd day of August, 2025

NFS LEASING CANADA LTD. by its
lawyers, Miller Thomson LLP



Per: _____
Gregory Azeff
Telephone: (416) 595-2660
gazeff@millerthomson.com

CONSENT
(s.244(2) of the *Bankruptcy and Insolvency Act*)

THE UNDERSIGNED hereby acknowledges receipt of a copy of NFS Leasing Canada Ltd.'s demand dated August 22, 2025 and the Notice of Intention to Enforce Security dated August 22, 2025 pursuant to s.244(1) of the *Bankruptcy and Insolvency Act* and hereby waives the 10 day period set out in the demand and notice and consents to the immediate enforcement of NFS Leasing Canada Ltd.'s security.

DATED at _____, Ontario, this _____ day of _____, 2025.

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)
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)

FLOW BEVERAGES INC.

Per: _____

Name:

Title:

I/We have the authority to bind the corporation



MILLER THOMSON LLP
SCOTIA PLAZA
40 KING STREET WEST, SUITE 6600
P.O. BOX 1011
TORONTO, ON M5H 3S1
CANADA

T 416.595.8500
F 416.595.8695

MILLERTHOMSON.COM

August 22, 2025

Gregory Azeff
Direct Line: +1 416.595.2660
gazeff@millerthomson.com

Private and Confidential

Sent via Courier and via Email to nicholas@flowhydration.com &
trent.macdonald@flowhydration.com

Flow Beverage Corp.
155 Industrial Parkway South
Unit #7-10
Aurora, ON L4G 3G6

Attn: Nicholas Reichenbach, CEO & Trent McDonald, CFO

Dear Sirs/Mesdames:

Re: Indebtedness of Flow Beverage Corp. (the “Borrower”) to NFS Leasing Canada Ltd. (the “Lender”)

We are the solicitors for the Lender, a secured creditor of the Borrower, with respect to the above-noted matter.

We refer to the Loan Documents and Security Documents (together, the “**Loan and Security Documents**”) identified on Schedule “A” hereto.

Pursuant to the Loan and Security Documents, the Borrower is indebted to the Lender and jointly and severally liable for the repayment of all amounts owing thereunder (the “**Indebtedness**”).

The Borrower is in default of its obligations under the Loan and Security Documents, including without limitation, the failure to make timely payments of principal and interest. As a result, and in accordance with the terms of the Loan and Security Documents, the Lender has exercised its right to accelerate all obligations and demand immediate repayment in full of the Indebtedness.

All monetary amounts referred to herein are Canadian dollars, unless stated otherwise.

As of August 22, 2025, the Indebtedness is comprised of the following, as set out in more detail in Schedule “B” hereto (exclusive of legal fees):

Past Due Monthly Payments thru 08/21/2025 (Inclusive of Applicable Tax)	\$803,427.10
Default Interest accrued thru 08/21/2025	\$416,866.88
Administrative Collection Fees and/or Delinquency Charges	\$1,076,833.39
Remaining Contractual Payments	\$48,310,811.68

Continuation Fees		\$4,732,986.63
End of Lease Purchase Option		\$3.00
Sales Tax (ON 13%)		\$2,139,273.19
Termination Filing Fees		\$4,500.00
Legal Fees		\$4,025.00 USD
Total due as of 08/21/2025	\$57,640,095.62 CAD and \$4,025.00 USD	

On behalf of the Lender, we hereby demand payment in full of the Indebtedness, namely the sum of **\$57,640,095.62 CAD and \$4,025.00 USD**, together with interest accruing thereon and all costs, including legal fees, incurred by the Lender to the date of payment.

Interest continues to accrue on the Indebtedness at the rate of:

- 19% with respect to the Closing Date Term Loan Principal
- 19.75% with respect to the Delayed Draw Term Loan Principal
- 21.08 with respect to the Second Amendment Term Loan Principal;
- 18% with respect to the Master Equipment Lease;
- 14% with respect to the Interim Financing Loan agreements; and
- 24% with respect to the Amended and Restated Business Purpose Term Note, December 31, 2024; Business Purpose Term Note, June 2, 2025; Business Purpose Term Note, August 20, 2025.

As of today's date, interest is accruing at a rate of \$21,623.51 per day. Please contact the undersigned in advance of making payment to confirm the final amount due on the payment date.

In the event that you fail to pay the sum indicated by no later than 5:00 p.m. (Toronto time) on September 2, 2025, the Lender shall pursue its remedies against you under the Loan and Security Documents and will take such further steps as it deems necessary or appropriate to recover the amounts outstanding.

We also enclose herewith a Notice of Intention to Enforce Security pursuant to Section 244 of the *Bankruptcy and Insolvency Act* (Canada).



Please immediately contact the undersigned to discuss the repayment of the Indebtedness.

Yours truly,

MILLER THOMSON LLP

Per:

A handwritten signature in blue ink, appearing to be 'Gregory Azeff', with a stylized, cursive script.

Gregory Azeff
GA/MC

Encl.

- c. Kenneth Rosenstein, Miller Thomson LLP
Patrick Corney, Miller Thomson LLP
Florind Polo, Miller Thomson LLP
Lee Nicholson, Stikeman Elliott LLP
Guarantors under Loan and Security Documents



SCHEDULE “A”

LOAN AND SECURITY DOCUMENTS

The following documents constitute the “**Loan Documents**”:

1. Term Loan and Security Agreement dated December 30, 2022 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
2. Master Equipment Lease dated September 22, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
3. Equipment Lease Schedule 1 to Master Equipment Lease dated September 22, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
4. Equipment Lease Schedule 2 to Master Equipment Lease dated September 22, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
5. Interim Financing Loan Agreement dated September 22, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd. related to Equipment Lease Schedule 1;
6. Interim Financing Loan Agreement dated September 22, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd. related to Equipment Lease Schedule 2;
7. Equipment Lease Schedule 3 to Master Equipment Lease dated September 28, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
8. First Amendment to Term Loan and Security Agreement dated October 13, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
9. Amended and Restated First Amendment to Term Loan and Security Agreement dated October 13, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
10. Second Amendment to Term Loan and Security Agreement dated November 15, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
11. Amended and Restated Interim Financing Loan Agreement dated December 1, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd. related to Equipment Lease Schedule 2;
12. Amended and Restated Equipment Lease Schedule 2 to Master Equipment Lease dated December 1, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd.
13. Amended and Restated Second Amendment to Term Loan and Security Agreement dated January 22, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
14. Interim Financing Loan Agreement dated January 12, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd. related to Equipment Lease Schedule 3
15. Amended and Restated Equipment Lease Schedule 3 to Master Equipment Lease dated January 26, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
16. Third Amendment to Term Loan and Security Agreement dated March 21, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
17. Amended and Restated Interim Financing Loan Agreement dated May 1, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd., related to Equipment Lease Schedule 3;
18. Fourth Amendment to Term Loan and Security Agreement dated May 30, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
19. Amended and Restated Equipment Lease Schedule 1 to Master Equipment Lease dated June 18, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;

20. Second Amended and Restated Equipment Lease Schedule 3 to Master Equipment Lease dated June 18, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
21. Business Purpose Bridge Term Note dated August 28, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
22. Fifth Amendment to Term Loan and Security Agreement dated December 30, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
23. Amended and Restated Business Purpose Term Note dated December 31, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
24. Sixth Amendment to Term Loan and Security Agreement dated February 24, 2025 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
25. Third Amended and Restated Equipment Lease Schedule 3 to Master Equipment Lease dated April 29, 2025 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
26. Business Purpose Term Note dated May 23, 2025 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
27. Business Purpose Term Note dated June 2, 2025 between Flow Beverage Corp. and NFS Leasing Canada Ltd.; and
28. Seventh Amendment to Term Loan and Security Agreement dated June 30, 2025 between Flow Beverage Corp. and NFS Leasing Canada Ltd.
29. Business Purpose Term Note dated August 20, 2025 between Flow Beverage Corp. and NFS Leasing Canada Ltd.

The following documents constitute the “**Security Documents**”:

1. General Security Agreement dated December 30, 2022 between 2446692 Ontario Limited and NFS Leasing Canada Ltd.;
2. General Security Agreement dated December 30, 2022 between Flow Glow Beverages Inc. and NFS Leasing Canada Ltd.;
3. General Security Agreement dated December 30, 2022 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
4. General Security Agreement dated December 30, 2022 between Flow Water Inc. and NFS Leasing Canada Ltd.;
5. Guarantee Agreement dated December 30, 2022 between 2446692 Ontario Limited and NFS Leasing Canada Ltd.;
6. Guarantee Agreement dated December 30, 2022 between Flow Glow Beverages Inc. and NFS Leasing Canada Ltd.;
7. Guarantee Agreement dated December 30, 2022 between Flow Water Inc. and NFS Leasing Canada Ltd.;
8. Guaranty Agreement dated December 30, 2022 between Flow Beverages Inc. and NFS Leasing Canada Ltd.;
9. Security Agreement dated December 30, 2022 between Flow Beverages Inc. and NFS Leasing Canada Ltd.;
10. Securities Pledge Agreement dated December 30, 2022 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
11. Securities Pledge Agreement dated December 30, 2022 between Flow Water Inc. and NFS Leasing Canada Ltd.;
12. Collateral mortgage granted by 2446692 Ontario Limited in favour of the NFS Leasing Canada Ltd. over the real property municipally known as 468 Bruce St. 28, South

Bruce, Ontario and recorded on December 30, 2022 and as amended on December 4, 2023 and recorded on April 18, 2024;

13. General Assignment of Rents and Leases dated December 30, 2022 between 2446692 Ontario Limited and NFS Leasing Canada Ltd;
14. Trademark Security Agreement dated December 30, 2022 between Flow Beverages Inc. and NFS Leasing Canada Ltd;
15. Tri-Party Landlord Agreement dated December 30, 2022 between Flow Beverages Inc., Railside Industries, Inc., and NFS Leasing Canada Ltd.;
16. Collateral Assignment of Rights dated December 30, 2022 between Flow Beverages Inc. and NFS Canada Ltd;
17. Warehouse Agreement dated January 13, 2023 between OHI Technologies, Inc. and NFS Leasing Canada Ltd. Related to the warehouse located at 100 Harbor Drive, Jersey City, NJ;
18. Warehouse Agreement dated January 13, 2023 between OHI Technologies, Inc. and NFS Leasing Canada Ltd. related to the warehouse located at 12320 4th Street, Rancho Cucamonga, CA;
19. Warehouse Agreement dated March 31, 2023 between Biosteel Manufacturing LLC and NFS Leasing Canada Ltd. Related to the warehouse located at 33 Lakeview Court, Verona, VA;
20. First Amendment to General Security Agreement dated September 22, 2023 between 2446692 Ontario Limited and NFS Leasing Canada Ltd.;
21. First Amendment to General Security Agreement dated September 22, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
22. First Amendment to General Security Agreement dated September 22, 2023 between Flow Glow Beverages Inc. and NFS Leasing Canada Ltd.;
23. First Amendment to General Security Agreement dated September 22, 2023 between Flow Water Inc. and NFS Leasing Canada Ltd.;
24. First Amendment to Security Agreement dated September 22, 2023 between Flow Beverages Inc. and NFS Leasing Canada Ltd.;
25. Guarantee Agreement dated September 22, 2023 between 2446692 Ontario Limited and NFS Leasing Canada Ltd.;
26. Guarantee Agreement dated September 22, 2023 between Flow Glow Beverages Inc. and NFS Leasing Canada Ltd.;
27. Guarantee Agreement dated September 22, 2023 between Flow Water Inc. and NFS Leasing Canada Ltd.;
28. Guaranty Agreement dated September 22, 2023 between Flow Beverages Inc. and NFS Leasing Canada Ltd.;
29. First Amendment to Securities Pledge Agreement dated September 22, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
30. First Amendment to Securities Pledge Agreement dated September 22, 2023 between Flow Water Inc. and NFS Leasing Canada Ltd.;
31. Deed of Movable Hypothec dated November 15, 2023 between Flow Water Inc. and NFS Leasing Canada Ltd.; and
32. Deficiency Guaranty dated May 23, 2025 between Nicholas Reichenbach and NFS Leasing Canada Ltd.

Notice of Intention to Enforce Security
(Subsection 244(1) of the *Bankruptcy and Insolvency Act*)

TO: FLOW BEVERAGE CORP., (the “**Debtor**”) an insolvent person

Take notice that:

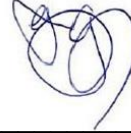
1. NFS Leasing Canada Ltd. (the “**Lender**”), a secured creditor, intends to enforce its security on the property of the insolvent person, being:
 - (a) all present and after-acquired receivables, equipment, general intangibles, intellectual property; inventory, investment property, subsidiary stock of subsidiaries, chattel paper, documents, commercial tort claims, letters of credit, ledger sheets, books and records, cash including investments and reinvestments, property, documents of title, policies and certificates of insurance, securities, and the proceeds thereof, as more particularly described in the Term Loan and Security Agreement dated December 30, 2022, as amended on October 13, 2023, November 15, 2023, January 22, 2024, March 21, 2024, May 30, 2024 December 30, 2024, February 24, 2025, and June 30, 2025 (the “**Loan Agreement**”);
 - (b) all present and after-acquired personal property, all present and future investment property held by the Debtor, all accounts and book debts of the Debtor, chattel paper, documents of title, instruments, and intangibles, inventory, equipment, intellectual property, patents, copyrights, trademarks, licenses, trade secrets, goodwill, all monies, all contracts, books and records, cash and cash equivalents, and the proceeds thereof, as more particularly described in the General Security Agreement granted by the Debtor in favour of the Lender dated December 30, 2022, as amended on September 22, 2023 (the “**General Security Agreement**”); and
 - (c) all pledged securities, as more particularly described in the Securities Pledge Agreement granted by the Debtor in favour of the Lender dated December 30, 2022, as amended on September 22, 2023 (collectively with the Loan Agreement and the General Security Agreement, the “**Security Documents**”).
2. The security that is to be enforced is in the form of the Security Documents.
3. The total amount of indebtedness secured by the security is as set out in the attached demand letter dated August 22, 2025 from Miller Thomson LLP to the Debtor.

4. The Lender will not have the right to enforce the security until after the expiry of the ten-day period following the sending of this Notice, unless the insolvent person consents to an earlier enforcement.

Dated at Toronto this 22nd day of August, 2025

NFS LEASING CANADA LTD. by its
lawyers, Miller Thomson LLP

Per:



Gregory Azeff
Telephone: (416) 595-2660
gazeff@millerthomson.com

CONSENT
(s.244(2) of the *Bankruptcy and Insolvency Act*)

THE UNDERSIGNED hereby acknowledges receipt of a copy of NFS Leasing Canada Ltd.'s demand dated August 22, 2025 and the Notice of Intention to Enforce Security dated August 22, 2025 pursuant to s.244(1) of the *Bankruptcy and Insolvency Act* and hereby waives the 10 day period set out in the demand and notice and consents to the immediate enforcement of NFS Leasing Canada Ltd.'s security.

DATED at _____, Ontario, this _____ day of _____, 2025.

)
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)
)
)
)
)
)

FLOW BEVERAGE CORP.

Per: _____
Name: _____
Title: _____
I/We have the authority to bind the
corporation



MILLER THOMSON LLP
SCOTIA PLAZA
40 KING STREET WEST, SUITE 6600
P.O. BOX 1011
TORONTO, ON M5H 3S1
CANADA

T 416.595.8500
F 416.595.8695

MILLERTHOMSON.COM

August 22, 2025

Sent via Courier and via email to
nicholas@flowhydration.com &
trent.macdonald@flowhydration.com

Flow Beverage Corp.
Flow Water Inc.
155 Industrial Parkway South
Unit #7-10
Aurora, ON L4G 3G6

Attention: Nicholas Reichenbach, CEO
Trent McDonald, CFO

Gregory Azeff
Direct Line: +1 416.595.2660
gazeff@millerthomson.com

Private and Confidential

Dear Sirs:

Re: Indebtedness of Flow Beverage Corp. and Flow Water Inc. (the “Borrowers”) to RI Flow LLC (the “Lender”)

We are the solicitors for the Lender, a secured creditor of the Borrowers, with respect to the above-noted matter.

We refer to the term loan facility made available by the Lender to the Borrowers pursuant to the Term Loan and Security Agreement dated October 31, 2024, as amended on June 3, 2025 and on August 21, 2025 (the “**Loan Agreement**”).

Pursuant to the Loan Agreement and related general security agreements dated October 31, 2024 (the “**Security Agreements**”), the Borrowers are indebted to the Lender and jointly and severally liable for the repayment of all amounts owing thereunder (the “**Indebtedness**”).

The Borrowers are in default of their obligations under the Loan Agreement and the Security Agreements, including, without limitation, the occurrence and continuance of an Event of Default under the Senior Credit Agreement (each term as defined in the Loan Agreement). As a result, and in accordance with Section 9.2 of the Loan Agreement, the Lender has exercised its right to accelerate all obligations and demand immediate repayment in full of the Indebtedness.

As of August 22, 2025, the Indebtedness is comprised of the following:

Term Loan Principal:	\$3,000,000.00 USD
Accrued Interest on Term Loan:	\$200,556.78 USD
Convertible Loan Principal (incl. PIK Interest):	\$4,465,087.08 USD
Royalty payments (defined in the Loan Agreement as the Variable Interest Amount):	\$736,111.14 USD

Additional Loan Principal:	\$1,276,217.17 USD
Legal Fees and Costs:	\$208,531.15 USD
Total Indebtedness:	\$9,886,503.32 USD

On behalf of the Lender, we hereby demand payment in full of the Indebtedness, namely the sum of **\$9,886,503.32 USD**, together with interest accruing thereon and all costs, including legal fees, incurred by the Lender to the date of payment.

Interest continues to accrue on the Indebtedness at the rate of:

- 20% per annum on the Term Loan Principal and the Convertible Loan Principal; and
- 8.5% per annum on the Additional Loan Principal;

each in accordance with Section 4.2 of the Loan Agreement.

As of today's date, interest is accruing at a rate of \$4,387.66 per day. Please contact the undersigned in advance of making payment to confirm the final amount due on the payment date.

In the event that you fail to pay the sum indicated by no later than 5:00 p.m. (Toronto time) on September 2, 2025, the Lender shall pursue its remedies against you under the Loan Agreement and Security Agreements and will take such further steps as it deems necessary or appropriate to recover the amounts outstanding.

We also enclose herewith a Notice of Intention to Enforce Security pursuant to Section 244 of the *Bankruptcy and Insolvency Act* (Canada).

Please immediately contact the undersigned to discuss the repayment of the Indebtedness.

Yours truly,

MILLER THOMSON LLP

Per:



Gregory Azeff
Partner
GA/sg
Encl.

- c. Kenneth Rosenstein, Miller Thomson LLP
Patrick Corney, Miller Thomson LLP
Florind Polo, Miller Thomson LLP
Lee Nicholson, Stikeman Elliott LLP



Notice of Intention to Enforce Security
(Subsection 244(1) of the *Bankruptcy and Insolvency Act*)

TO: **FLOW BEVERAGE CORP.**, (the “**Debtor**”) an insolvent person

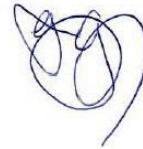
Take notice that:

1. RI Flow LLC (the “**Lender**”), a secured creditor, intends to enforce its security on the property of the insolvent person, being
 - (a) all present and after-acquired receivables, equipment, general intangibles, intellectual property; inventory, investment property, subsidiary stock of subsidiaries, chattel paper, documents, commercial tort claims, letters of credit, ledger sheets, books and records, cash including investments and reinvestments, property, documents of title, policies and certificates of insurance, securities, and the proceeds thereof, as more particularly described in the Term Loan and Security Agreement dated October 31, 2024, as amended on June 3, 2025 and on August 21, 2025 (the “**Loan Agreement**”); and
 - (b) all present and after-acquired personal property, all present and future investment property held by the Debtor, all accounts and book debts of the Debtor, chattel paper, documents of title, instruments, and intangibles, inventory, equipment, intellectual property, patents, copyrights, trademarks, licenses, trade secrets, goodwill, all monies, all contracts, books and records, cash and cash equivalents, and the proceeds thereof, as more particularly described in the general security agreement dated October 31, 2024 made by the Debtor in favour of the Lender (the “**General Security Agreement**” and together with the Loan Agreement, the “**Security Documents**”).
2. The security that is to be enforced is in the form of the Security Documents.
3. The total amount of indebtedness secured by the security is as set out in the attached demand letter dated August 22, 2025 from Miller Thomson LLP to the Debtor.

4. The Lender will not have the right to enforce the security until after the expiry of the ten-day period following the sending of this Notice, unless the insolvent person consents to an earlier enforcement.

Dated at Toronto this 22nd day of August, 2025

RI FLOW LLC by its lawyers, Miller
Thomson LLP



Per:

Gregory Azeff
Telephone: (416) 595-2660
gazeff@millerthomson.com

CONSENT
(s.244(2) of the *Bankruptcy and Insolvency Act*)

THE UNDERSIGNED hereby acknowledges receipt of a copy of RI Flow LLC's demand dated August 22, 2025 and the Notice of Intention to Enforce Security dated August 22, 2025 pursuant to s. 244(1) of the *Bankruptcy and Insolvency Act* and hereby waives the 10 day period set out in the demand and notice and consents to the immediate enforcement of RI Flow LLC's security.

DATED at _____, Ontario, this _____ day of _____, 2025.

)
) **FLOW BEVERAGE CORP.**
)
) Per: _____
) Name:
) Title:
) I/We have the authority to bind the
) corporation



MILLER THOMSON LLP
SCOTIA PLAZA
40 KING STREET WEST, SUITE 6600
P.O. BOX 1011
TORONTO, ON M5H 3S1
CANADA

T 416.595.8500
F 416.595.8695

MILLERTHOMSON.COM

August 22, 2025

Sent via Courier and via email to
nicholas@flowhydration.com &
trent.macdonald@flowhydration.com

Flow Beverage Corp.
Flow Water Inc.
155 Industrial Parkway South
Unit #7-10
Aurora, ON L4G 3G6

Attention: Nicholas Reichenbach, CEO
Trent McDonald, CFO

Gregory Azeff
Direct Line: +1 416.595.2660
gazeff@millerthomson.com

Private and Confidential

Dear Sirs:

Re: Indebtedness of Flow Beverage Corp. and Flow Water Inc. (the “Borrowers”) to RI Flow LLC (the “Lender”)

We are the solicitors for the Lender, a secured creditor of the Borrowers, with respect to the above-noted matter.

We refer to the term loan facility made available by the Lender to the Borrowers pursuant to the Term Loan and Security Agreement dated October 31, 2024, as amended on June 3, 2025 and on August 21, 2025 (the “**Loan Agreement**”).

Pursuant to the Loan Agreement and related general security agreements dated October 31, 2024 (the “**Security Agreements**”), the Borrowers are indebted to the Lender and jointly and severally liable for the repayment of all amounts owing thereunder (the “**Indebtedness**”).

The Borrowers are in default of their obligations under the Loan Agreement and the Security Agreements, including, without limitation, the occurrence and continuance of an Event of Default under the Senior Credit Agreement (each term as defined in the Loan Agreement). As a result, and in accordance with Section 9.2 of the Loan Agreement, the Lender has exercised its right to accelerate all obligations and demand immediate repayment in full of the Indebtedness.

As of August 22, 2025, the Indebtedness is comprised of the following:

Term Loan Principal:	\$3,000,000.00 USD
Accrued Interest on Term Loan:	\$200,556.78 USD
Convertible Loan Principal (incl. PIK Interest):	\$4,465,087.08 USD
Royalty payments (defined in the Loan Agreement as the Variable Interest Amount):	\$736,111.14 USD

Additional Loan Principal:	\$1,276,217.17 USD
Legal Fees and Costs:	\$208,531.15 USD
Total Indebtedness:	\$9,886,503.32 USD

On behalf of the Lender, we hereby demand payment in full of the Indebtedness, namely the sum of **\$9,886,503.32 USD**, together with interest accruing thereon and all costs, including legal fees, incurred by the Lender to the date of payment.

Interest continues to accrue on the Indebtedness at the rate of:

- 20% per annum on the Term Loan Principal and the Convertible Loan Principal; and
- 8.5% per annum on the Additional Loan Principal;

each in accordance with Section 4.2 of the Loan Agreement.

As of today's date, interest is accruing at a rate of \$4,387.66 per day. Please contact the undersigned in advance of making payment to confirm the final amount due on the payment date.

In the event that you fail to pay the sum indicated by no later than 5:00 p.m. (Toronto time) on September 2, 2025, the Lender shall pursue its remedies against you under the Loan Agreement and Security Agreements and will take such further steps as it deems necessary or appropriate to recover the amounts outstanding.

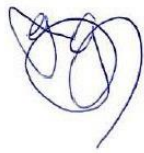
We also enclose herewith a Notice of Intention to Enforce Security pursuant to Section 244 of the *Bankruptcy and Insolvency Act* (Canada).

Please immediately contact the undersigned to discuss the repayment of the Indebtedness.

Yours truly,

MILLER THOMSON LLP

Per:



Gregory Azeff
Partner
GA/sg
Encl.

- c. Kenneth Rosenstein, Miller Thomson LLP
Patrick Corney, Miller Thomson LLP
Florind Polo, Miller Thomson LLP
Lee Nicholson, Stikeman Elliott LLP



Notice of Intention to Enforce Security
(Subsection 244(1) of the *Bankruptcy and Insolvency Act*)

TO: **FLOW WATER INC.**, (the “**Debtor**”) an insolvent person

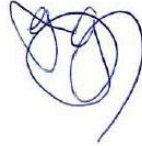
Take notice that:

1. RI Flow LLC (the “**Lender**”), a secured creditor, intends to enforce its security on the property of the insolvent person, being
 - (c) all present and after-acquired receivables, equipment, general intangibles, intellectual property; inventory, investment property, subsidiary stock of subsidiaries, chattel paper, documents, commercial tort claims, letters of credit, ledger sheets, books and records, cash including investments and reinvestments, property, documents of title, policies and certificates of insurance, securities, and the proceeds thereof, as more particularly described in the Term Loan and Security Agreement dated October 31, 2024, as amended on June 3, 2025 and on August 21, 2025 (the “**Loan Agreement**”); and
 - (d) all present and after-acquired personal property, all present and future investment property held by the Debtor, all accounts and book debts of the Debtor, chattel paper, documents of title, instruments, and intangibles, inventory, equipment, intellectual property, patents, copyrights, trademarks, licenses, trade secrets, goodwill, all monies, all contracts, books and records, cash and cash equivalents, and the proceeds thereof, as more particularly described in the general security agreement dated October 31, 2024 made by the Debtor in favour of the Lender (the “**General Security Agreement**” and together with the Loan Agreement, the “**Security Documents**”).
2. The security that is to be enforced is in the form of the Security Documents.
3. The total amount of indebtedness secured by the security is as set out in the attached demand letter dated August 22, 2025 from Miller Thomson LLP to the Debtor.

4. The Lender will not have the right to enforce the security until after the expiry of the ten-day period following the sending of this Notice, unless the insolvent person consents to an earlier enforcement.

Dated at Toronto this 22nd day of August, 2025

RI FLOW LLC by its lawyers, Miller
Thomson LLP

A handwritten signature in blue ink, appearing to be 'G. Azeff', with a stylized, cursive script.

Per:

Gregory Azeff
Telephone: (416) 595-2660
gazeff@millerthomson.com

CONSENT
(s.244(2) of the *Bankruptcy and Insolvency Act*)

THE UNDERSIGNED hereby acknowledges receipt of a copy of RI Flow LLC's demand dated August 22, 2025 and the Notice of Intention to Enforce Security dated August 22, 2025 pursuant to s.244(1) of the *Bankruptcy and Insolvency Act* and hereby waives the 10 day period set out in the demand and notice and consents to the immediate enforcement of RI Flow LLC's security.

DATED at _____, Ontario, this _____ day of _____, 2025.

)
)
)
)
)
)
)
)

FLOW WATER INC.

Per: _____
Name:
Title:
I/We have the authority to bind the
corporation

This is Exhibit “KK” referred to in the Affidavit of Cliff Rucker sworn by Cliff Rucker of the City of Danvers, in the State of Massachusetts, before me at the City of Toronto, in the Province of Ontario, on September 2, 2025 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

DocuSigned by:

Matthew Cressatti

DA79353421D842D...

Commissioner for Taking Affidavits (or as may be)

MATTHEW CRESSATTI

Flow Beverage Corp. Announces Receipt of Demand Letters and Notices of Enforcement of Security and Departure of Chief Executive Officer

TORONTO--(BUSINESS WIRE)--August 25, 2025--**Flow Beverage Corp.** (TSX:FLOW; OTCQX:FLWBF) (“**Flow**” or the “**Company**”) announced today that the Company and certain of its subsidiaries have received demand letters of repayment dated August 22, 2025 and notices of intention to enforce a security under section 241 of the *Bankruptcy and Insolvency Act* (Canada) dated August 22, 2025 (the “**Notices**”) from NFS Leasing Canada Ltd. (“**NFS**”) and RI Flow LLC (“**RI Flow**”) with respect to alleged defaults under certain secured loans made to the Company and the Subsidiaries by NFS (the “**NFS Loans**”) and RI Flow (the “**RI Flow Loans**”) and, together with the NFS Loans, the “**Loans**”). NFS and RI Flow have indicated an intention to foreclose on the Company and its subsidiaries’ assets in satisfaction of the indebtedness owing pursuant to the Loans.

Flow’s Board of Directors (the “**Board**”) remains in place and is committed to steering the Company through these challenges. A special committee of independent directors (the “**Special Committee**”) is actively considering various alternatives to address the situation and pursue strategic alternatives in the best of interest of the Company and its stakeholders. Origin Merchant Partners has previously been retained as financial advisor to assist with the exploration of such alternatives and such strategic review remains ongoing.

The Company also announced today the departure of Nicholas Reichenbach, effective immediately, from his current executive positions with the Company as Executive Chairman and Chief Executive Officer. Mr. Reichenbach remains a member of the Board. An Office of the Interim Chief Executive Officer, comprised of the Chair of the Special Committee, the Chief Financial Officer and the General Counsel and Corporate Secretary, will carry out the responsibilities of the Chief Executive Officer on an interim basis.

Cautionary Statement Regarding Forward-Looking Statements

This press release contains forward-looking information and forward-looking statements within the meaning of applicable securities laws (“**Forward-Looking Statements**”). The Forward-Looking Statements contained in this press release relate to future events or Flow’s future plans, operations, strategy, performance or financial position and are based on Flow’s current expectations, estimates, projections, beliefs and assumptions. Such Forward-Looking Statements have been made by Flow in light of the information available to it at the time the statements were made and reflect its experience and perception of historical trends. All statements and information other than historical fact may be forward-looking statements. Such Forward-Looking Statements are often, but not always, identified by the use of words such as “may”, “would”, “should”, “could”, “expect”, “intend”, “estimate”, “anticipate”, “plan”, “foresee”, “believe”, “continue”, “expect”, “believe”, “anticipate”, “estimate”, “will”, “potential”, “proposed” and other similar words and expressions.

Forward-Looking Statements are based on certain expectations and assumptions and are subject to known and unknown risks and uncertainties and other factors, many of which are beyond Flow's control, that could cause actual events, results, performance and achievements to differ materially from those anticipated in these Forward-Looking Statements, including: there can be no assurances Flow will be able to execute on any alternatives or avoid foreclosure; and the Company does not expect to be able to continue as a going concern without a near-term infusion of capital and there can be no assurances as to whether the Company will be able to source such capital. Forward-Looking Statements are provided for the purpose of assisting the reader in understanding Flow and its business, operations, prospects, and risks at a point in time in the context of historical and possible future developments, and the reader is therefore cautioned that such information may not be appropriate for other purposes. Forward-Looking Statements should not be read as guarantees of future performance or results. Readers are cautioned not to place undue reliance on these Forward-Looking Statements, which speak only as of the date of this press release. Unless otherwise noted or the context otherwise indicates, the Forward-Looking Statements contained herein are provided as of the date hereof, and the Company disclaims any intention or obligation, except to the extent required by law, to update or revise any Forward-Looking Statements as a result of new information or future events, or for any other reason.

The following press release should be read in conjunction with the management's discussion and analysis and unaudited condensed consolidated interim financial statements and notes thereto as at and for the three and six months ended April 30, 2025. Additional information about Flow is available on the Company's profile on SEDAR+ at www.sedar.com, including the Company's Annual Information Form for the year ended October 31, 2024 dated January 29, 2025.

Contacts

Paul Dowdall, Chief Financial Officer
1-844-356-9426
investors@flowhydration.com

Investors:
Marc Charbin
investors@flowhydration.com

Media:
Natasha Koifman
nk@nkpr.net

This is Exhibit “LL” referred to in the Affidavit of Cliff Rucker sworn by Cliff Rucker of the City of Danvers, in the State of Massachusetts, before me at the City of Toronto, in the Province of Ontario, on September 2, 2025 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

DocuSigned by:

Matthew Cressatti

DA79353421D842D...

Commissioner for Taking Affidavits (or as may be)

MATTHEW CRESSATTI

EXECUTION VERSION

SUPPORT AGREEMENT

THIS SUPPORT AGREEMENT is made as of this 1st day of September, 2025.

AMONG:

NFS LEASING CANADA LTD.

(“**NFS Canada**”)

- and –

RI FLOW LLC

(“**RI Flow**” and, together with NFS Canada, “**Lenders**”)

- and –

**FLOW BEVERAGE CORP., FLOW WATER INC., FLOW
BEVERAGES INC., FLOW GLOW BEVERAGES INC. AND
2246692 ONTARIO LIMITED**

(collectively, “**Debtors**”)

RECITALS

WHEREAS NFS Canada and the Debtors (as borrower or guarantors, as the case may be) are parties to a term loan and security agreement dated as of December 30, 2022 (as amended from time to time, “**Term Loan and Security Agreement**”), and related documents delivered in connection with the Term Loan and Security Agreement (including, without limitation, the documents listed at Schedule “A” hereto, “**NFS Loan and Security Documents**”);

WHEREAS RI Flow, as lender, and Flow Beverage Corp. and Flow Water Inc., as co-borrowers, are parties to a term loan and security agreement dated as of October 31, 2024 (as amended from time to time, “**RI Term Loan and Security Agreement**”, and related documents delivered in connection with the RI Term Loan and Security Agreement (including, without limitation, the documents listed at Schedule “B” hereto, “**RI Loan and Security Documents**” and, together with the NFS Loan and Security Documents, “**Loan and Security Documents**”);

AND WHEREAS, as at the date of this Support Agreement, the Debtors are indebted to the Lenders for the principal advanced under the Loan and Security Documents, together with all interest, costs, fees and expenses owing to the Lenders in accordance with their respective Loan and Security Documents and their respective Security (as hereinafter defined), until the date of repayment (collectively, the “**Indebtedness**”);

AND WHEREAS, as security for the payment and performance of the Obligations (as defined under the Loan and Security Documents), the Debtors granted to the Lenders, for and on behalf of the Lenders;

AND WHEREAS the Debtors are in default under the Loan and Security Documents;

AND WHEREAS the Debtors have attempted proactively, diligently, and with good faith and best efforts to identify a Potential Buyer (“**Marketing Process**”) without success;

AND WHEREAS the Lenders have delivered demand letters and notices pursuant to Section 244 of the *Bankruptcy and Insolvency Act* (as amended); and

AND WHEREAS considering the results and indications received in connection with the Marketing Process, the Debtors and Lenders have agreed to support the Restructuring Transaction as defined herein in order to transition ownership of the Debtors’ business to the Lenders, through their designee, in an orderly manner and preserve and protect the going-concern value of the Debtors’ business;

AND WHEREAS through the Restructuring Transaction the Lenders, through their designee, intend to maintain the Debtors’ business as a going concern, including the maintenance of Flow’s current product lines, and providing new offers of employment for certain operational employees;

NOW THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

ACKNOWLEDGMENTS

1. Each of the Debtors acknowledges and agrees that:
 - (a) the facts as set out in the recitals to this Support Agreement are true and accurate in all respects and the recitals form an essential part of this Support Agreement;
 - (b) without limitation, as at the close of business on the date of this Support Agreement, the Indebtedness remains owing to the Lenders;
 - (c) without limitation, each of the Loan and Security Documents is valid and enforceable in accordance with its terms;
 - (d) without limitation, the Lenders are in a position to enforce the security they hold under the Loan and Security Documents and to pursue all remedies, including the right to enforce their Security as they deem appropriate (“**Enforcement Rights**”); and
 - (e) without limitation, the Lenders (either by themselves or through their employees or agents) have made no promises, nor have they taken any action or omitted to take any action, that would constitute a waiver of their rights to pursue their remedies, including their Enforcement Rights, or that would estop the Lenders from so doing.
2. Each of the Lenders acknowledges and agrees that the facts as set out in the recitals to this Support Agreement are true and accurate in all respects and the recitals form an essential part of this Support Agreement.
3. Each of the Debtors agrees that they do not dispute their respective liability to repay the Indebtedness and/or the amounts they have guaranteed, on any basis whatsoever, and each

of the Debtors acknowledges and agrees in favour of the Lenders that they have no claims for set-off, counterclaim or damages, on any basis whatsoever, against the Lenders or any of their respective directors, officers, employees, representatives, affiliates, advisors, and agents.

RESTRUCTURING TRANSACTION

4. The Debtors agree to support the Lenders commencing an application for the appointment of a court-appointed receiver (the “**Receiver**”) that will be authorized to consent, on behalf of the Debtors, to a “**Restructuring Transaction**” structured as a foreclosure under the *Personal Property Security Act* (Ontario). The Debtors hereby agree to support the Restructuring Transaction on the terms set forth in Schedule “C” and in this Support Agreement.

COVENANTS AND REPRESENTATIONS

5. Each of Debtors covenants and agrees that, subject to the terms and conditions of this Support Agreement, the Debtors shall:
 - (a) support the Restructuring Transaction in good faith;
 - (b) consent to an order of the Court, as defined below, appointing the Receiver, in a form satisfactory to the Lenders, and generally support the Lenders’ application for the appointment of the Receiver, including before the Court;
 - (c) provide transitional services to the Lenders, the Receiver and to NewCo for, among other things, technology, finance, human resources, government relations, food safety certifications, operations or as otherwise identified by the Lenders;
 - (d) assist the Receiver, the Lenders and NewCo in ensuring the proper assignment of the Debtors’ rights and privileges under any license or permit currently issued to the Debtors and necessary for the operations of the Debtors’ business;
 - (e) reinstate Mr. Cliff Rucker’s access to the Wolf reporting system, forthwith upon the execution of this Support Agreement;
 - (f) lift any restrictions placed on any of their employees regarding communicating with Mr. Cliff Rucker, forthwith upon the execution of this Support Agreement;
 - (g) provide, forthwith upon the execution of this Support Agreement: (i) the particulars regarding tenure, duration of service, total compensation, pension and benefit particulars, location of service, and job titles of each of the Debtors’ employees, and (ii) (x) copies of all contracts of employment between the Debtors and their employees, and (y) copies of any other related documents or information to be requested by the Lenders, all by no later than 12:00 p.m. (Toronto time) on September 1, 2025 (the “**Employee Information Covenant**” and such information, “**Employee Information**”);
 - (h) do all things that are reasonably necessary and appropriate in furtherance of, and to consummate and make effective, the Restructuring Transaction, including, without

limitation, using best efforts to permit completion of the Restructuring Transaction; and

- (i) not take any action, directly or indirectly, that is inconsistent with, or is intended or is likely to interfere with the consummation of, the Restructuring Transaction, except as required by applicable law or by any stock exchange rules, by any other regulatory authority having jurisdiction over the Debtors or by any court of competent jurisdiction.
6. The Lenders covenant and agree that, subject to the terms and conditions of this Support Agreement, the Lenders shall:
- (a) pursue, support and use commercially reasonable efforts to complete the Restructuring Transaction in good faith;
 - (b) do all things that are reasonably necessary and appropriate in furtherance of, and to consummate and make effective, the Restructuring Transaction, including, without limitation, using commercially reasonable efforts to complete the Restructuring Transaction;
 - (c) not take any action, directly or indirectly, that is materially inconsistent with, or is intended or is likely to interfere with the consummation of, the Transaction, except as required by applicable law or by any stock exchange rules, by any other regulatory authority having jurisdiction over the Debtors or by any court of competent jurisdiction; and
 - (d) use all reasonable efforts to obtain consents of other secured creditors of the Debtors to the Restructuring Transaction.
7. The Debtors shall release the press release attached as Schedule “D” announcing the Restructuring Transaction in accordance with applicable securities law.
8. The Lenders shall hold the Employee Information in strict confidence and in accordance with applicable privacy laws. The Lenders shall only provide the Employee Information to those on a “need to know” basis who are involved in the decision to make offers of employment on behalf of NewCo (as defined below). The Lenders shall solely use Employee Information for purposes of evaluating making offers of employment on behalf of NewCo and not for any other purpose.
9. Each of the Debtors represents and warrants that it has all of the corporate power and authority to enter into this Support Agreement, and each of the Debtors has obtained all of the requisite approvals in favour of entering into this Support Agreement.

RELEASES

10. Except in connection with any obligations of the Debtors contained in this Support Agreement, the Loan and Security Documents, and the Debtors’ consulting agreement with Mr. Cliff Rucker (the “**Advisor Agreement**”), each Lender, Cliff Rucker and NewCo (as defined below) hereby release and forever discharge all current officers, directors, employees, and financial and legal advisors of the Debtors, of and from, and hereby

unconditionally and irrevocably waives, any and all claims, debts, obligations, expenses, costs, damages, losses, actions, liabilities, of any kind or nature whatsoever whether direct or indirect, known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, matured or unmatured or due or not yet due, in law or in equity or whether based in statute or otherwise and whether in this jurisdiction or any other. For greater certainty, this release shall not affect or impair the Indebtedness or the Loan and Security Documents as against the Debtors.

11. Each of the Debtors hereby releases and forever discharges each of the Debtors' officers, directors, employees, and financial and legal advisors, of and from, and hereby unconditionally and irrevocably waives, any and all claims, debts, obligations, expenses, costs, damages, losses, actions, liabilities, of any kind or nature whatsoever whether direct or indirect, known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, matured or unmatured or due or not yet due, in law or in equity or whether based in statute or otherwise and whether in this jurisdiction or any other (collectively, the "**Debtor Claims**"). The Lenders consent to the Debtors granting such release and agree and acknowledge they shall not contest that it be binding upon the Receiver and any trustee-in-bankruptcy of the Debtors or encourage the Receiver and/or the trustee-in-bankruptcy to take a contrary position. Without limiting the generality of the foregoing, the Lenders agree that to the extent the any Debtor Claims as against the Debtors' officers, directors, employees, and financial and legal advisors are not released hereby, such Debtor Claims constitute part of the Lenders' Collateral which shall be acquired by NewCo (as defined below) pursuant to the Restructuring Transaction which will be subject to the release provided by the Lenders and NewCo as set forth herein. The Lenders and NewCo covenant and agree not to sue or commence proceedings against the Debtors' officers, directors, employees, and financial and legal advisors in respect of any Debtor Claims acquired pursuant to the Restructuring Transaction.
12. Except in connection with any obligations of each Lender contained in this Support Agreement, each of the Debtors hereby releases and forever discharges the Lenders and their officers, directors, employees, affiliates, and financial and legal advisors, of and from, and hereby unconditionally and irrevocably waives, any and all claims, debts, obligations, expenses, costs, damages, losses, actions, liabilities, of any kind or nature whatsoever whether direct or indirect, known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, matured or unmatured or due or not yet due, in law or in equity or whether based in statute or otherwise and whether in this jurisdiction or any other.
13. The parties agree that the releases set forth in this Support Agreement shall enure to the benefit of the releasees hereunder and the releasees shall be third party beneficiaries under the Support Agreement and entitled to enforce such releases contained herein.

GENERAL

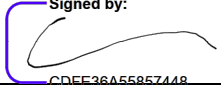
14. This Support Agreement shall be binding upon and enure to the benefit of each of the parties hereto and its respective successors and permitted assigns. The Lenders shall have the right to assign their interest in the Loan and Security Documents and in this Support

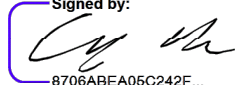
Agreement to NewCo, provided that no assignment shall absolve the Lenders of their obligations under this Support Agreement.

15. Words importing the singular include the plural and vice-versa, and words importing gender include all genders unless the context expressly requires otherwise. The headings contained in this Support Agreement are for convenience only and shall not affect the interpretation of this Support Agreement.
16. The Lenders and the Debtors acknowledge that time is of the essence of this Support Agreement.
17. This Support Agreement, the Loan and Security Documents, and the Advisor Agreement constitute the entire agreement of the parties relating to the subject matter hereof and may not be amended or modified, except by written consent executed by all parties. No provision of this Support Agreement shall be deemed waived by any course of conduct unless such waiver is in writing and signed by all parties, specifically stating that it is intended to modify this Support Agreement. In the event of an express conflict between the terms and conditions of this Support Agreement and the terms and conditions of any of the Loan and Security Documents, the terms and conditions of this Support Agreement shall govern to the extent necessary to resolve such conflict.
18. This Support Agreement shall be governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein. All references in this Support Agreement to currency are to Canadian currency unless expressly stated otherwise.
19. If any provision of this Support Agreement shall be deemed by any court of competent jurisdiction to be invalid or void, the remaining provisions shall remain in full force and effect.
20. The Lenders and the Debtors acknowledge and agree that the Ontario Superior Court of Justice (sitting in Toronto) (the “**Court**”) is the most convenient and appropriate forum for any disputes related to this Support Agreement, and each hereby unconditionally attorn to the jurisdiction of the Court.
21. The parties hereto shall execute and deliver such supplemental documents and take such supplemental action as may be necessary or desirable to give effect to the provisions and purposes of this Support Agreement.
22. This Support Agreement may be executed in any number of counterparts, all of which shall, collectively, constitute one agreement. This Support Agreement may be executed and delivered by any of the parties by transmitting to the other a copy of this Support Agreement (executed by such delivering party) by email and/or PDF and/or similar means of electronic communications, and delivery in that manner by a party shall be binding upon such party.
23. Each of the Debtors hereby acknowledges that they have reviewed this Support Agreement in its entirety with their legal counsel prior to executing this Support Agreement.

[signatures contained on next two pages]

IN WITNESS WHEREOF AND FOR VALUABLE CONSIDERATION, this Support Agreement has been executed and delivered by the parties hereto.

)
) **NFS LEASING CANADA LTD.**
)
)
) Per: 
) Signed by:
) CDFE36A55957448...
) Name: Ashley Whyman
) Title: President
)
) I have the authority to bind the
) Lender

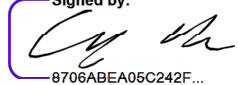
)
) **RI FLOW LLC**
)
)
) Per: 
) Signed by:
) 8706ABFA05C242F
) Name: Cliff Rucker
) Title: Manager
)
) I have the authority to bind the
) Lender

**Acknowledging and agreeing to the
releases set forth above:**

)
)
)
)
)
)
)
)
)

CLIFF RUCKER

Per:

Signed by:

8706ABEA05C242F...

Name: Cliff Rucker

Title: Director

SCHEDULE "A"

NFS LOAN DOCUMENTS

Term Loan:

1. Term Loan and Security Agreement dated December 30, 2022 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
2. First Amendment to Term Loan and Security Agreement dated October 13, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
3. Amended and Restated First Amendment to Term Loan and Security Agreement dated October 13, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
4. Second Amendment to Term Loan and Security Agreement dated November 15, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
5. Amended and Restated Second Amendment to Term Loan and Security Agreement dated January 22, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
6. Third Amendment to Term Loan and Security Agreement dated March 21, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
7. Fourth Amendment to Term Loan and Security Agreement dated May 30, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
8. Fifth Amendment to Term Loan and Security Agreement dated December 30, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
9. Sixth Amendment to Term Loan and Security Agreement dated February 24, 2025 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
10. Seventh Amendment to Term Loan and Security Agreement dated June 30, 2025 between Flow Beverage Corp. and NFS Leasing Canada Ltd.

Equipment Lease:

11. Master Equipment Lease dated September 22, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
12. Equipment Lease Schedule 1 to Master Equipment Lease dated September 22, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
13. Equipment Lease Schedule 2 to Master Equipment Lease dated September 22, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
14. Equipment Lease Schedule 3 to Master Equipment Lease dated September 28, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;

15. Amended and Restated Equipment Lease Schedule 2 to Master Equipment Lease dated December 1, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd.
16. Amended and Restated Equipment Lease Schedule 3 to Master Equipment Lease dated January 26, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
17. Amended and Restated Equipment Lease Schedule 1 to Master Equipment Lease dated June 18, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
18. Second Amended and Restated Equipment Lease Schedule 3 to Master Equipment Lease dated June 18, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
19. Third Amended and Restated Equipment Lease Schedule 3 to Master Equipment Lease dated April 29, 2025 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;

Interim Financing Agreement:

20. Interim Financing Loan Agreement dated September 22, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd. related to Equipment Lease Schedule 1;
21. Interim Financing Loan Agreement dated September 22, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd. related to Equipment Lease Schedule 2;
22. Amended and Restated Interim Financing Loan Agreement dated December 1, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd. related to Equipment Lease Schedule 2;
23. Interim Financing Loan Agreement dated January 12, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd. related to Equipment Lease Schedule 3
24. Amended and Restated Interim Financing Loan Agreement dated May 1, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd., related to Equipment Lease Schedule 3;

Business Purpose Term Note:

25. Business Purpose Bridge Term Note dated August 28, 2024 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
26. Amended and Restated Business Purpose Term Note dated December 31, 2024 between Flow Beverage Corp and NFS Leasing Canada Ltd.;
27. Business Purpose Term Note dated May 23, 2025 between Flow Beverage Corp and NFS Leasing Canada Ltd.;
28. Business Purpose Term Note dated June 2, 2025 between Flow Beverage Corp. and NFS Leasing Canada Ltd.

Business Purpose Term Note dated August 20, 2025 between Flow Beverage Corp. and NFS Leasing Canada Ltd.

NFS SECURITY DOCUMENTS

General Security Agreements:

29. General Security Agreement dated December 30, 2022 between 2446692 Ontario Limited and NFS Leasing Canada Ltd.;
30. General Security Agreement dated December 30, 2022 between Flow Glow Beverages Inc. and NFS Leasing Canada Ltd.;
31. General Security Agreement dated December 30, 2022 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
32. General Security Agreement dated December 30, 2022 between Flow Water Inc. and NFS Leasing Canada Ltd.
33. Security Agreement dated December 30, 2022 between Flow Beverages Inc. and NFS Leasing Canada Ltd.
34. First Amendment to General Security Agreement dated September 22, 2023 between 2446692 Ontario Limited and NFS Leasing Canada Ltd.;
35. First Amendment to General Security Agreement dated September 22, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
36. First Amendment to General Security Agreement dated September 22, 2023 between Flow Glow Beverages Inc. and NFS Leasing Canada Ltd.;
37. First Amendment to General Security Agreement dated September 22, 2023 between Flow Water Inc. and NFS Leasing Canada Ltd.;
38. First Amendment to Security Agreement dated September 22, 2023 between Flow Beverages Inc. and NFS Leasing Canada Ltd.;
39. Tri-Party Landlord Agreement dated December 30, 2022 between Flow Beverages Inc., Railside Industries, Inc., and NFS Leasing Canada Ltd.;
40. Collateral Assignment of Rights dated December 30, 2022 between Flow Beverages Inc. and NFS Canada Ltd.;
41. Warehouse Agreement dated January 13, 2023 between OHI Technologies, Inc. and NFS Leasing Canada Ltd. Related to the warehouse located at 100 Harbor Drive, Jersey City, NJ;
42. Warehouse Agreement dated January 13, 2023 between OHI Technologies, Inc. and NFS Leasing Canada Ltd. related to the warehouse located at 12320 4th Street, Rancho Cucamonga, CA;
43. Warehouse Agreement dated March 31, 2023 between Biosteel Manufacturing LLC and NFS Leasing Canada Ltd. Related to the warehouse located at 33 Lakeview Court, Verona, VA;

44. Deed of Movable Hypothec dated November 15, 2023 between Flow Water Inc. and NFS Leasing Canada Ltd.;

Guarantees:

45. Guarantee Agreement dated December 30, 2022 between 2446692 Ontario Limited and NFS Leasing Canada Ltd.;
46. Guarantee Agreement dated December 30, 2022 between Flow Glow Beverages Inc. and NFS Leasing Canada Ltd.;
47. Guarantee Agreement dated December 30, 2022 between Flow Water Inc. and NFS Leasing Canada Ltd.;
48. Guaranty Agreement dated December 30, 2022 between Flow Beverages Inc. and NFS Leasing Canada Ltd.
49. Guarantee Agreement dated September 22, 2023 between 2446692 Ontario Limited and NFS Leasing Canada Ltd.;
50. Guarantee Agreement dated September 22, 2023 between Flow Glow Beverages Inc. and NFS Leasing Canada Ltd.;
51. Guarantee Agreement dated September 22, 2023 between Flow Water Inc. and NFS Leasing Canada Ltd.;
52. Guaranty Agreement dated September 22, 2023 between Flow Beverages Inc. and NFS Leasing Canada Ltd.;
53. Deficiency Guaranty dated May 23, 2025 between Nicholas Reichenbach and NFS Leasing Canada Ltd.

Securities Pledges:

54. Securities Pledge Agreement dated December 30, 2022 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
55. Securities Pledge Agreement dated December 30, 2022 between Flow Water Inc. and NFS Leasing Canada Ltd.;
56. First Amendment to Securities Pledge Agreement dated September 22, 2023 between Flow Beverage Corp. and NFS Leasing Canada Ltd.;
57. First Amendment to Securities Pledge Agreement dated September 22, 2023 between Flow Water Inc. and NFS Leasing Canada Ltd.;

Real Property Security:

58. Collateral mortgage granted by 2446692 Ontario Limited in favour of the NFS Leasing Canada Ltd. over the real property municipally known as 468 Bruce St. 28, South Bruce, Ontario and recorded on December 30, 2022 and as amended on April 18, 2024;

59. General Assignment of Rents and Leases dated December 30, 2022 between 2446692 Ontario Limited and NFS Leasing Canada Ltd

Intellectual Property Security:

60. Trademark Security Agreement dated December 30, 2022 between Flow Beverages Inc. and NFS Leasing Canada Ltd;

SCHEDULE “B”

RI LOAN AND SECURITY DOCUMENTS

“Loan Agreements”:

1. Term Loan and Security Agreement dated October 31, 2024 between Flow Beverage Corp., Flow Water Inc., and RI Flow LLC;
2. First Amendment to the Term Loan and Security Agreement dated June 3, 2025 between Flow Beverage Corp., Flow Water Inc., and RI Flow LLC; and
3. Second Amendment to Term Loan and Security Agreement dated August 21, 2025 between Flow Beverage Corp., Flow Water Inc., and RI Flow LLC.

“Security Documents”:

4. General Security Agreement dated October 31, 2024 between Flow Beverage Corp. and RI Flow LLC; and
5. General Security Agreement dated October 31, 2024 between Flow Water Inc. and RI Flow LLC.

SCHEDULE “C”**RESTRUCTURING TRANSACTION**

Summary:	The Lenders shall seek the appointment of a court-appointed receiver (the “ Receiver ”) which shall consent on behalf of the Debtors to a Restructuring Transaction structured as a foreclosure under the <i>Personal Property Security Act</i> (Ontario), whereby an assignee of RI Flow and NFS (“ NewCo ”) shall foreclose on the acquired assets and complete the Restructuring Transaction on the terms and conditions set forth below.
Acquired Assets:	The assets to be acquired by NewCo in connection with foreclosure shall consist of those assets of the Debtors that the Lenders or NewCo, as applicable, elect to foreclose upon, in their sole discretion.
Interim Financing:	The Lenders will provide interim financing prior to closing of the Restructuring Transaction to be funded under Receiver’s borrowing certificates as authorized by the Court order appointing the Receiver, in an amount determined by the Lenders, in their sole discretion, in order to fund ongoing operations of the Debtors’ business.
Assumed Liabilities:	NewCo will be responsible for the liabilities associated with the obligations arising in connection with the operation of the Debtors’ business following completion of the Restructuring Transaction arising under any agreements being foreclosed upon by the Lenders or NewCo, as applicable, in their sole discretion.
Excluded Liabilities:	All liabilities not specifically assumed by the Lenders and/or Newco shall be excluded and remain with the Debtors.
Licenses and Regulatory Authorization:	The Debtors shall make best efforts to assist the Receiver, the Lenders and NewCo in ensuring the proper assignment of the Debtors’ rights and privileges under any license or permit currently issued to the Debtors and necessary for the operations of the Debtors’ business.
Employees:	Subject to the satisfaction of the Employee Information Covenant: 1. NewCo shall, by no later than 11:59p.m. (Toronto time) on September 2, 2025, provide the Debtors with a list (the “Transferring Employees List”) of the Debtors’ employees to whom NewCo shall, at its sole discretion, offer employment on substantially similar

	terms to the terms existing prior to the implementation of the Restructuring Transaction (the “Transferring Employees”); and 2. The Lenders shall pay any accrued and unpaid wages and vacation pay for the Debtors’ employees who are not Transferring Employees, which are owed up to the date of the issuance of the Appointment Order (as defined below). The Debtors represent and warrant that there are no current employees who have not resigned that are resident in the Province of Quebec or who are employed by the Debtors pursuant to an employment contract governed by the laws of the Province of Quebec. If the Lenders become aware of an employee resident in the Province of Quebec or who are employed by the Debtors pursuant to an employment contract governed by the laws of the Province of Quebec that will not be a Transferring Employee, the Debtors covenant and agree to terminate such employee prior to the Appointment Order. For greater certainty, NewCo shall assume all liabilities for accrued and unpaid wages and vacation pay in respect of the Transferring Employees, to be paid in the ordinary course.
Customers:	NewCo shall fulfil customer orders placed prior to the Restructuring Transaction in its sole discretion.
Receivership Proceedings:	The Lenders shall commence receivership proceedings (the “Receivership Proceedings”) before the Ontario Superior Court of Justice (Commercial List) (the “Court”) to seek an order (the “Appointment Order”) which, among other things: 1) appoints the Receiver in respect of each of the Debtors; 2) authorizes the Receiver to borrow interim financing from the Lenders to operate the Debtors’ business prior to closing of the Restructuring Transaction; 3) authorizes the Receiver to consent to the Restructuring Transaction on behalf of the Debtors; 4) confirms the Restructuring Transaction is fair and reasonable in the circumstances;

	5) deems the resignation of each of the directors and officers of the Debtors upon the granting of the Appointment Order; 6) ceases the Debtors and the Receiver from incurring any further expenses in connection with filings under applicable securities law and orders that the directors, officers or employees of the Debtors and the Receiver shall have no personal liability for any failure to make such filings; and 7) authorizes the Receiver to make assignments in bankruptcy, and act as trustee in bankruptcy, on behalf of the Debtors. In connection with the Receivership Proceedings, the Lenders and/or the Receiver shall make commercially reasonable efforts to obtain a court-ordered release for the current independent directors of Flow Beverage Corp. which are members of the special committee in respect of liabilities incurred in their capacity as directors.
Wind-Down Reserve:	The Lenders will establish a wind-down reserve to cover expenses, including legal and other professional fees and costs, incurred by the Debtors in connection with the Restructuring Transaction, including any bankruptcy proceedings involving the Debtors, up to a maximum of \$100,000, which shall be paid to Stikeman Elliott LLP in trust as soon as reasonably practicable following execution of the Support Agreement, which funds shall be used solely for this purpose.

SCHEDULE “D”
PRESS RELEASE

[Attached]

FLOW BEVERAGE CORP. ENTERS INTO SUPPORT AGREEMENT WITH NFS LEASING CANADA INC. AND RI FLOW LLC

TORONTO-Flow Beverage Corp. (TSX:FLOW; OTCQK:FLWBF) (“**Flow**” or the “**Company**”) announced today that Flow and its subsidiaries entered into a support agreement (the “**Support Agreement**”) with NFS Leasing Canada Inc. and RI Flow LLC (together, the “**Lenders**”) whereby the ownership of Flow’s business will be transitioned to the Lenders or their designee through a structured foreclosure (the “**Restructuring Transaction**”) to be implemented pursuant to receivership proceedings commenced before the Ontario Superior Court of Justice (Commercial List)(the “**Court**”). The Lenders have agreed to provide bridge financing to the Company while the Restructuring Transaction is implemented, which will permit the Company’s business to operate in the ordinary course.

The Support Agreement follows an exhaustive strategic review conducted under the supervision of a special committee of independent directors (the “**Special Committee**”), which considered all alternatives in the circumstances to address the Company’s liquidity challenges. The Special Committee had previously engaged Origin Merchant Partners as financial advisor to assist with the exploration of such alternatives.

Pursuant to the Support Agreement, the key elements of the Restructuring Transaction are as follows:

- The Lenders or their assignee (“**NewCo**”) will accept substantially all of the assets of the Company and its subsidiaries in full satisfaction and extinguishment of their indebtedness;
- NewCo will offer employment to certain of Flow’s current employees;
- Certain other existing indebtedness will remain with Flow which will result in NewCo operating the business with an improved and deleveraged balance sheet;
- The receiver will be authorized to consent to the Restructuring Transaction, including the foreclosure, on behalf of the Company and its subsidiaries; and
- Following the completion of the Restructuring Transaction, the Company and its subsidiaries and their remaining assets and liabilities will be wound-down under the supervision of the receiver and the Court pursuant to proceedings commenced under the *Bankruptcy and Insolvency Act* (Canada).

Cautionary Statement Regarding Forward-Looking Statements

This press release contains forward-looking information and forward-looking statements within the meaning of applicable securities laws (“**Forward-Looking Statements**”). The Forward-Looking Statements contained in this press release relate to future events or Flow’s future plans, operations, strategy, performance or financial position and are based on Flow’s current expectations, estimates, projections, beliefs and assumptions. Such Forward-Looking Statements have been made by Flow in light of the information available to it at the time the statements were made and reflect its experience and perception of historical trends. All statements and information other than historical fact may be forward-looking statements. Such Forward-Looking Statements are often, but not always, identified by the use of words such as “may”, “would”, “should”, “could”, “expect”, “intend”, “estimate”, “anticipate”, “plan”, “foresee”, “believe”, “continue”, “expect”, “believe”, “anticipate”, “estimate”, “will”, “potential”, “proposed” and other similar words and expressions.

Forward-Looking Statements are based on certain expectations and assumptions and are subject to known and unknown risks and uncertainties and other factors, many of which are beyond Flow's control, that could cause actual events, results, performance and achievements to differ materially from those anticipated in these Forward-Looking Statements, including: there can be no assurances that Flow and the Lenders will be able to execute the Restructuring Transaction on the terms reflected in the Support Agreement. Forward-Looking Statements are provided for the purpose of assisting the reader in understanding Flow and its business, operations, prospects, and risks at a point in time in the context of historical and possible future developments, and the reader is therefore cautioned that such information may not be appropriate for other purposes. Forward-Looking Statements should not be read as guarantees of future performance or results. Readers are cautioned not to place undue reliance on these Forward-Looking Statements, which speak only as of the date of this press release. Unless otherwise noted or the context otherwise indicates, the Forward-Looking Statements contained herein are provided as of the date hereof, and the Company disclaims any intention or obligation, except to the extent required by law, to update or revise any Forward-Looking Statements as a result of new information or future events, or for any other reason.

RI FLOW LLC et al.
Applicants

and

FLOW BEVERAGE CORP. et al. Court File No.: CV
Respondents

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceeding Commenced at Toronto

**AFFIDAVIT OF CLIFF RUCKER
(sworn September 2, 2025)**

MILLER THOMSON LLP
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Lawyers for the Applicants

TAB 3

Court File No.

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

THE HONOURABLE MR.	)	WEDNESDAY, THE 3RD
	)	
JUSTICE OSBORNE	)	DAY OF SEPTEMBER, 2025

B E T W E E N:

RI FLOW LLC and NFS LEASING CANADA LTD.

Applicants

and

**FLOW BEVERAGE CORP., FLOW WATER INC., FLOW GLOW BEVERAGES INC.,
FLOW BEVERAGES INC. and 2446692 ONTARIO LIMITED**

Respondents

APPLICATION UNDER Section 243 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended, and Section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended

**ORDER
(appointing Receiver)**

THIS APPLICATION made by the Applicants for an Order pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”) and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the “**CJA**”) appointing Richter Inc. (“**Richter**”) as receiver (in such capacities, the “**Receiver**”) without security, of all of the assets, undertakings and properties of Flow Beverage Corp., Flow Water Inc., Flow Beverages Inc., and 2446692 Ontario Limited, and Flow Glow Beverages Inc., (collectively, the “**Debtors**”) acquired for, or used in relation to a business carried on by the Debtors, was heard this day at 330 University Avenue, Toronto, Ontario, via videoconference.

ON READING the affidavit of Cliff Rucker sworn September 2, 2025 (the “**Rucker Affidavit**”, which term includes the Exhibits thereto) and on hearing the submissions of counsel to the Applicants, counsel to the Debtors, counsel to the proposed Receiver, and such other counsel as are listed on the participant information sheet, no one else appearing and making submissions for any other person, although properly served as appears from the affidavit of service of Jaclyn Tarola sworn September 3, 2025, and on reading the consent of Richter to act as the Receiver,

SERVICE

1. THIS COURT ORDERS that the time for service of the Notice of Application and the Application is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.

APPOINTMENT

2. THIS COURT ORDERS that pursuant to section 243(1) of the BIA and section 101 of the CJA, Richter is hereby appointed Receiver, without security, of all of the assets, undertakings and properties of the Debtors acquired for, or used in relation to a business carried on by the Debtors, including all proceeds thereof (the “**Property**”), for the limited purposes (the “**Limited Scope**”) of monitoring the Debtors’ business and financial affairs and facilitating the Restructuring Transaction proposed by the Applicants, as defined and particularly described in the Rucker Affidavit (the “**Restructuring Transaction**”), which shall be completed in accordance with the Support Agreement dated as of September 1, 2025 (“**Support Agreement**”) between the Applicants and the Debtors. For greater certainty, the Receiver shall not manage and shall not be deemed to manage the business of the Debtors.

3. THIS COURT ORDERS that the Receiver shall not take possession of or exercise control over, and shall not be deemed to have taken possession of or exercised control over, the Property, without further Order of the Court.

4. THIS COURT ORDERS that the directors and officers of the Debtors are deemed to have resigned in such capacities as of the date of this Order and subject to assisting the Receiver as former directors and officers in accordance with this Order, such directors and officers shall have

no further duties or responsibilities in respect of the Debtors or the business carried out by the Debtors.

RECEIVER'S POWERS

5. THIS COURT ORDERS that, notwithstanding the Limited Scope, the Receiver is hereby empowered and authorized, but not obligated, and to the extent necessary or advisable, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

- a) subject to paragraph 12, enter the Debtors' business premises and to examine or make copies of any paper or electronic document or record found on such premises;
- b) to take such steps as it deems necessary or appropriate to preserve and protect the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
- c) to receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
- d) to oversee and monitor the business of the Debtors;
- e) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;
- f) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtor or any part or parts thereof;
- g) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtors, for any purpose pursuant to this Order;

- h) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- i) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- j) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtors;
- k) subject to compliance by the Applicants with the Support Agreement to, on behalf of the Debtors, waive the statutory notice period prescribed by section 65(3) of the *Personal Property Security Act*, R.S.O. 1990, c. P.10 (as amended, the “**PPSA**”) and to give written consent under section 65(6)(b) of the PPSA;
- l) to make an assignment in bankruptcy under the BIA on behalf of any of the Debtors, and to act as bankruptcy trustee;
- m) to execute and file articles of reorganization, amendment, or such other documents or instruments as may be required to change the legal name of the Debtors; and
- n) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations.
- o) and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtors, and without interference from any other Person.

6. THIS COURT ORDERS that immediately upon signing this Order and without further act or formality, (x) all pre-authorized debit agreements, automatic clearing house withdrawal agreements, and all such similar agreements that result in the automatic withdrawal of funds from the Debtors bank accounts are hereby terminated; and (y) the authority of all of the Debtors’ current bank account signatories is hereby revoked, *except for* the authority of Mr. Syed Raza Ali Naqvi,

who shall retain his signing authority for all of the Debtors' bank accounts. If Mr. Naqvi is unable to exercise his authority, the Receiver is hereby empowered to do so in supplement to Mr. Naqvi. For certainty, following completion of the Restructuring Transaction, the new owner(s) of the Debtors are free to choose the appropriate bank account signatories.

7. THIS COURT ORDERS that the Receiver's appointment is for the Limited Scope described herein and accordingly:

- (a) the Receiver has no obligation or power to market, advertise or solicit offers in respect of the Property or any part thereof unless the Court orders otherwise;
- (b) in connection with the facilitation of the Restructuring Transaction, including executing any documents, the Receiver shall not be required and shall have no obligation to conduct or cause to be conducted any public marketing or sale process in respect of the Property, nor shall the Receiver be required to and shall have no obligation to consider any efforts by the Debtors or their advisors to market or sell the Property prior to the date of this Order;
- (c) the Receiver is not required and shall have no obligation to file any tax returns for on behalf of any of the Debtors, including for income taxes, GST, HST or PST;
- (d) subject to any terms or agreement governing borrowings made by the Receiver hereunder, the Receiver is not required to and shall have no obligation to approve or otherwise independently verify the appropriateness or reasonableness of proposed payments to be made by the Debtors to fund operations;
- (e) the Receiver shall have no obligation or requirement in relation to any filings (including financial statements), disclosures, core or non-core documents, and press releases (collectively, the "**Securities Filings**") that may be required by any federal, provincial or other law respecting securities or capital markets in Canada, or by the rules and regulations of a stock exchange, including, without limitation, the *Securities Act* (Ontario), RSO 1990, c S.5 and comparable statutes enacted by other provinces of Canada, and the rules, regulations and policies of the Canadian Securities Exchange (collectively, the "**Securities Legislation**"), provided that nothing in this paragraph shall prohibit any securities regulator or stock exchange from taking any action or exercising any discretion that it may

have as a regulatory body in the performance of its regulatory function as a consequence of the appointment of the Receiver and any failure to make any Securities Filings required by the Securities Provisions; and

- (f) the Receiver, and the Debtors and their directors and officers shall have no personal liability for any failure by the Receiver or the Debtors to make any Securities Filings required by the Securities Provisions, provided that nothing in this paragraph shall prohibit any securities regulator or stock exchange from taking any action or exercising any discretion that it may have as a regulatory body in the performance of its regulatory function as a consequence of any such failure. For greater certainty, nothing in this order is intended to or shall encroach on the jurisdiction of any securities regulatory authorities (the “**Regulators**”) in the matter of regulating the conduct of market participants and to issue cease trade orders if and when required pursuant to applicable securities law. Further, nothing in this Order shall constitute or be construed as an admission by the Regulators that the court has jurisdiction over matters that are within the exclusive jurisdiction of the Regulators under the Securities Legislation.

8. THIS COURT ORDERS that the Receiver and/or the Debtors are authorized and directed to pay, strictly as prescribed by the Support Agreement, wages and vacation pay from funding provided by the Lenders pursuant to this Order to any employees or former employees of the Debtors who are not offered employment in connection with the Restructuring Transaction.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

9. THIS COURT ORDERS that (i) the Debtors, (ii) all of their current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being “**Persons**” and each being a “**Person**”) shall forthwith advise the Receiver of the existence of any Property in such Person’s possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver’s request.

10. THIS COURT ORDERS that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtors, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the “**Records**”) in that Person’s possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 10 or in paragraph 11 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

11. THIS COURT ORDERS that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

12. THIS COURT ORDERS that if the Receiver obtains possession of Records which contains or may contain solicitor-client privileged information or material, the Receiver shall not review such information or material, which shall be held pending further order of the Court and, for avoidance of doubt, no Records which contain solicitor-client privileged information or material

shall be conveyed, delivered or disclosed to any third-party (including the Applicants or their assignee) in connection with the Restructuring Transaction.

13. THIS COURT ORDERS that the Receiver shall provide each of the relevant landlords with notice of the Receiver's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Receiver's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Receiver, or by further Order of this Court upon application by the Receiver on at least two (2) days' notice to such landlord and any such secured creditors.

NO PROCEEDINGS AGAINST THE RECEIVER

14. THIS COURT ORDERS that no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY

15. THIS COURT ORDERS that no Proceeding against or in respect of the Debtor or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtor or the Property are hereby stayed and suspended pending further Order of this Court, provided that the Applicants (and their assignee(s)) shall be authorized to issue and deliver notices under section 65(2) of the PPSA and to take any other steps the Applicants (and their assignee(s)) deem necessary or advisable to complete the Restructuring Transaction. For certainty, nothing in this Order bars any Person (except for the Debtors) in receipt of a notice issued by the Applicants (and their assignee(s)) under section 65(2) of the PPSA from exercising their rights under section 65(3) of the PPSA, nor does this Order restrict the rights prescribed by sections 65(4) through (7) of the PPSA.

NO EXERCISE OF RIGHTS OR REMEDIES

16. THIS COURT ORDERS that all rights and remedies against the Debtors, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any “eligible financial contract” as defined in the BIA, and further provided that nothing in this paragraph shall (i) empower the Receiver or the Debtor to carry on any business which the Debtor is not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtor from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien, provided that the Applicants (and their assignee(s)) shall be authorized to issue and deliver notices under subsection 65(2) of the PPSA and to take any other steps the Applicants (and their assignee(s)) deem necessary or advisable to complete the Restructuring Transaction.

NO INTERFERENCE WITH THE RECEIVER

17. THIS COURT ORDERS that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtors, without written consent of the Receiver and the Applicants or leave of this Court.

18. **THIS COURT ORDERS** that, for greater certainty, the proceeding paragraphs 15 and 16 prohibit any landlord of any Debtor from terminating any lease without further Order of the Court or the consent of the Receiver and the Applicants, provided that rent is paid in the ordinary course from the date of this Order.

CONTINUATION OF SERVICES

19. THIS COURT ORDERS that all Persons having oral or written agreements with the Debtors or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Debtors are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the

Receiver, and that the Receiver shall be entitled to the continued use of the Debtors' current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtors or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

EMPLOYEES

20. THIS COURT ORDERS that all employees of the Debtors shall remain the employees of the Debtors until such time as the Receiver, on the Debtors' behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*.

PIPEDA

21. THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Receiver shall disclose personal information of identifiable individuals to the Applicants and to their advisors, but only to the extent desirable or required to attempt to complete the Restructuring Transaction. The Applicants shall maintain and protect the privacy of such information and limit the use of such information to the Restructuring Transaction, and if it does not complete the Restructuring Transaction, shall return all such information to the Receiver, or in the alternative destroy all such information. The Applicants shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtors, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

22. THIS COURT ORDERS that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a

pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the “**Environmental Legislation**”), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver’s duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

LIMITATION ON THE RECEIVER’S LIABILITY

23. THIS COURT ORDERS that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*. Nothing in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation.

RECEIVER’S ACCOUNTS

24. THIS COURT ORDERS that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges unless otherwise ordered by the Court on the passing of accounts, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the “**Receiver’s Charge**”) on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver’s Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person except for the Applicants, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

25. THIS COURT ORDERS that, upon completion of the foreclosure contemplated by the Restructuring Transaction, the Receiver's Charge will cease to attach to the Property foreclosed upon through the Restructuring Transaction *provided that* no amounts remain outstanding to the Receiver that are subject to the Receiver's Charge. If, immediately prior to the time of foreclosure, amounts remain outstanding to the Receiver that are subject to the Receiver's Charge, the outstanding amount may be paid or the foreclosure may be completed with the Receiver's Charge continuing to attach to the Property foreclosed upon.

26. THIS COURT ORDERS that the Receiver and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

27. THIS COURT ORDERS that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the standard rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

28. THIS COURT ORDERS that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$3,000,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "**Receiver's Borrowings Charge**") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

29. THIS COURT ORDERS that neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

30. THIS COURT ORDERS that the Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "A" hereto (the "**Receiver's Certificates**") for any amount borrowed by it pursuant to this Order.

31. THIS COURT ORDERS that the monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

SERVICE AND NOTICE

32. THIS COURT ORDERS that the E-Service Protocol of the Commercial List (the "**Protocol**") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a case website shall be established in accordance with the Protocol.

33. THIS COURT ORDERS that if the service or distribution of documents in accordance with the Protocol is not practicable, the Receiver is at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Debtors' creditors or other interested parties at their respective addresses as last shown on the records of the Debtors and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

SEALING

34. THIS COURT ORDERS that Confidential Appendix “A” to the Rucker Affidavit is hereby sealed and shall not form part of the public record until the earlier of the completion of the Restructuring Transaction or the further order of this Court.

NAME CHANGE

35. THIS COURT ORDERS that any articles of reorganization, amendment, or other such documents or instruments filed by the Receiver with the Director (as defined in the *Canada Business Corporations Act*) to effect a name change in respect of the Debtors is deemed to be duly authorized, valid and effective, and shall be accepted by the Director without the requirement (if any) of obtaining director, partner or shareholder approval pursuant to any federal or provincial legislation, and (b) any third party requirements, required consents or solvency requirement pursuant to any federal or provincial legislation relating to same shall be waived.

GENERAL

36. THIS COURT ORDERS that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

37. THIS COURT ORDERS that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtors.

38. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

39. THIS COURT ORDERS that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that

the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

40. THIS COURT ORDERS that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

41. THIS COURT ORDERS that this order is effective as of today's date and is enforceable without the need for entry and filing.

SCHEDULE "A"

RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$_____

THIS IS TO CERTIFY that Richter Inc., the receiver (the "**Receiver**") of the assets, undertakings and properties of Flow Beverage Corp., Flow Water Inc., Flow Beverages Inc., 2446692 Ontario Limited, and Flow Glow Beverages Inc. and (collectively, the "**Debtors**") acquired for, or used in relation to a business carried on by the Debtors, including all proceeds thereof (collectively, the "**Property**") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated the ____ day of _____, 20__ (the "**Order**") made in an action having Court file number __-CL-_____, has received as such Receiver from the holder of this certificate (the "**Lender**") the principal sum of \$_____, being part of the total principal sum of \$_____ which the Receiver is authorized to borrow under and pursuant to the Order.

The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily][monthly not in advance on the _____ day of each month] after the date hereof at a notional rate per annum equal to the rate of _____ per cent above the prime commercial lending rate of Bank of _____ from time to time.

Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.

All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario.

Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any

person other than the holder of this certificate without the prior written consent of the holder of this certificate.

The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the ____ day of _____, 20__.

RICHTER INC., solely in its capacity
as Receiver of the Property, and not in its
personal capacity

Per: _____

Name:

Title:

RI FLOW LLC et al.
Applicants

and

FLOW BEVERAGE CORP. et al. Court File No.: CV-25-
Respondents

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceeding Commenced at Toronto

ORDER

MILLER THOMSON LLP
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Lawyers for the Applicants

TAB 4

Court File No.

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE ~~—~~MR.) ~~WEEKDAY~~WEDNESDAY, THE
)
JUSTICE ~~—~~OSBORNE) ~~#~~3RD
)
DAY OF ~~MONTH~~SEPTEMBER,
~~20YR~~2025

~~PLAINTIFF~~[†]

Plaintiff

B E T W E E N:

RI FLOW LLC and NFS LEASING CANADA LTD.

Applicants

- and -

~~DEFENDANT~~

Defendant

FLOW BEVERAGE CORP., FLOW WATER INC., FLOW GLOW BEVERAGES INC.,
FLOW BEVERAGES INC. and 2446692 ONTARIO LIMITED

Respondents

APPLICATION UNDER Section 243 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c.
B-3, as amended, and Section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended

[†]~~The Model Order Subcommittee notes that a receivership proceeding may be commenced by action or by application. This model order is drafted on the basis that the receivership proceeding is commenced by way of an action.~~

ORDER (appointing Receiver)

THIS ~~MOTION~~APPLICATION made by the ~~Plaintiff~~²Applicants for an Order pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA") and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "CJA") appointing ~~[RECEIVER'S NAME]~~Richter Inc. ("Richter") as receiver ~~[and manager]~~ (in such capacities, the "Receiver") without security, of all of the assets, undertakings and properties of ~~[DEBTOR'S NAME]~~ (Flow Beverage Corp., Flow Water Inc., Flow Beverages Inc., and 2446692 Ontario Limited, and Flow Glow Beverages Inc., (collectively, the "Debtor" "Debtors") acquired for, or used in relation to a business carried on by the ~~Debtor~~Debtors, was heard this day at 330 University Avenue, Toronto, Ontario, via videoconference.

ON READING the affidavit of ~~[NAME]~~Cliff Rucker sworn ~~[DATE]~~and September 2, 2025 (the "Rucker Affidavit", which term includes the Exhibits thereto) and on hearing the submissions of counsel ~~for [NAMES]~~to the Applicants, counsel to the Debtors, counsel to the proposed Receiver, and such other counsel as are listed on the participant information sheet, no one else appearing ~~for [NAME]~~and making submissions for any other person, although duly properly served as appears from the affidavit of service of ~~[NAME]~~● sworn ~~[DATE]~~September 3, 2025, and on reading the consent of ~~[RECEIVER'S NAME]~~Richter to act as the Receiver,

SERVICE

1. THIS COURT ORDERS that the time for service of the Notice of ~~Motion~~Application and the ~~Motion~~Application is hereby abridged and validated³ so that this motion is properly returnable today and hereby dispenses with further service thereof.

² ~~Section 243(1) of the BIA provides that the Court may appoint a receiver "on application by a secured creditor".~~

³ ~~If service is effected in a manner other than as authorized by the Ontario Rules of Civil Procedure, an order validating irregular service is required pursuant to Rule 16.08 of the Rules of Civil Procedure and may be granted in appropriate circumstances.~~

APPOINTMENT

2. THIS COURT ORDERS that pursuant to section 243(1) of the BIA and section 101 of the CJA, ~~[RECEIVER'S NAME]~~ Richter is hereby appointed Receiver, without security, of all of the assets, undertakings and properties of the ~~Debtor~~ Debtors acquired for, or used in relation to a business carried on by the ~~Debtor~~ Debtors, including all proceeds thereof (the ~~"Property"~~), for the limited purposes (the "Limited Scope") of monitoring the Debtors' business and financial affairs and facilitating the Restructuring Transaction proposed by the Applicants, as defined and particularly described in the Rucker Affidavit (the "Restructuring Transaction"), which shall be completed in accordance with the Support Agreement dated as of September 1, 2025 ("Support Agreement") between the Applicants and the Debtors. For greater certainty, the Receiver shall not manage and shall not be deemed to manage the business of the Debtors.

3. THIS COURT ORDERS that the Receiver shall not take possession of or exercise control over, and shall not be deemed to have taken possession of or exercised control over, the Property, without further Order of the Court.

4. THIS COURT ORDERS that the directors and officers of the Debtors are deemed to have resigned in such capacities as of the date of this Order and subject to assisting the Receiver as former directors and officers in accordance with this Order, such directors and officers shall have no further duties or responsibilities in respect of the Debtors or the business carried out by the Debtors.

RECEIVER'S POWERS

5. ~~3-~~ THIS COURT ORDERS that, notwithstanding the Limited Scope, the Receiver is hereby empowered and authorized, but not obligated, and to the extent necessary or advisable, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

- a) subject to paragraph 12, enter the Debtors' business premises and to examine or make copies of any paper or electronic document or record found on such premises;

b) ~~(a)~~ to take ~~possession of and exercise control over~~ such steps as it deems necessary or appropriate to preserve and protect the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;

c) ~~(b)~~ to receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;

~~(c) — to manage, operate, and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtor;~~

d) to oversee and monitor the business of the Debtors;

e) ~~(d)~~ to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;

f) ~~(e)~~ to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtor or any part or parts thereof;

~~(f) — to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;~~

~~(g) — to settle, extend or compromise any indebtedness owing to the Debtor;~~

g) ~~(h)~~ to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the ~~Debtor~~ Debtors, for any purpose pursuant to this Order;

- ~~(i) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtor, the Property or the Receiver, and to settle or compromise any such proceedings.⁴ The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;~~
 - ~~(j) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;~~
 - ~~(k) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,~~
 - ~~(i) without the approval of this Court in respect of any transaction not exceeding \$_____, provided that the aggregate consideration for all such transactions does not exceed \$_____; and~~
 - ~~(ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;~~
- ~~and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act*, [or section 31 of the Ontario *Mortgages Act*, as the case may be,]⁵ shall not be required, and in each case the Ontario *Bulk Sales Act* shall not apply.~~

⁴ This model order does not include specific authority permitting the Receiver to either file an assignment in bankruptcy on behalf of the Debtor, or to consent to the making of a bankruptcy order against the Debtor. A bankruptcy may have the effect of altering the priorities among creditors, and therefore the specific authority of the Court should be sought if the Receiver wishes to take one of these steps.

⁵ If the Receiver will be dealing with assets in other provinces, consider adding references to applicable statutes in other provinces. If this is done, those statutes must be reviewed to ensure that the Receiver is exempt from or can be exempted from such notice periods, and further that the Ontario Court has the jurisdiction to grant such an exemption.

~~(l) — to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;~~

h) ~~(m)~~ to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;

i) ~~(n)~~ to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;

j) ~~(o)~~ to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the ~~Debtor~~ Debtors;

~~(p) — to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor;~~

~~(q) — to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have; and~~

k) subject to compliance by the Applicants with the Support Agreement to, on behalf of the Debtors, waive the statutory notice period prescribed by section 65(3) of the *Personal Property Security Act*, R.S.O. 1990, c. P.10 (as amended, the “PPSA”) and to give written consent under section 65(6)(b) of the PPSA;

l) to make an assignment in bankruptcy under the BIA on behalf of any of the Debtors, and to act as bankruptcy trustee;

m) to execute and file articles of reorganization, amendment, or such other documents or instruments as may be required to change the legal name of the Debtors; and

n) ~~(+)~~ to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations.

o) and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the ~~Debtor~~Debtors, and without interference from any other Person.

6. THIS COURT ORDERS that immediately upon signing this Order and without further act or formality, (x) all pre-authorized debit agreements, automatic clearing house withdrawal agreements, and all such similar agreements that result in the automatic withdrawal of funds from the Debtors bank accounts are hereby terminated; and (y) the authority of all of the Debtors' current bank account signatories is hereby revoked, except for the authority of Mr. Syed Raza Ali Naqvi, who shall retain his signing authority for all of the Debtors' bank accounts. If Mr. Naqvi is unable to exercise his authority, the Receiver is hereby empowered to do so in supplement to Mr. Naqvi. For certainty, following completion of the Restructuring Transaction, the new owner(s) of the Debtors are free to choose the appropriate bank account signatories.

7. THIS COURT ORDERS that the Receiver's appointment is for the Limited Scope described herein and accordingly:

(a) the Receiver has no obligation or power to market, advertise or solicit offers in respect of the Property or any part thereof unless the Court orders otherwise;

(b) in connection with the facilitation of the Restructuring Transaction, including executing any documents, the Receiver shall not be required and shall have no obligation to conduct or cause to be conducted any public marketing or sale process in respect of the Property, nor shall the Receiver be required to and shall have no obligation to consider any efforts by the Debtors or their advisors to market or sell the Property prior to the date of this Order;

(c) the Receiver is not required and shall have no obligation to file any tax returns for on behalf of any of the Debtors, including for income taxes, GST, HST or PST;

- (d) subject to any terms or agreement governing borrowings made by the Receiver hereunder, the Receiver is not required to and shall have no obligation to approve or otherwise independently verify the appropriateness or reasonableness of proposed payments to be made by the Debtors to fund operations;
- (e) the Receiver shall have no obligation or requirement in relation to any filings (including financial statements), disclosures, core or non-core documents, and press releases (collectively, the “Securities Filings”) that may be required by any federal, provincial or other law respecting securities or capital markets in Canada, or by the rules and regulations of a stock exchange, including, without limitation, the Securities Act (Ontario), RSO 1990, c S.5 and comparable statutes enacted by other provinces of Canada, and the rules, regulations and policies of the Canadian Securities Exchange (collectively, the “Securities Legislation”), provided that nothing in this paragraph shall prohibit any securities regulator or stock exchange from taking any action or exercising any discretion that it may have as a regulatory body in the performance of its regulatory function as a consequence of the appointment of the Receiver and any failure to make any Securities Filings required by the Securities Provisions; and
- (f) the Receiver, and the Debtors and their directors and officers shall have no personal liability for any failure by the Receiver or the Debtors to make any Securities Filings required by the Securities Provisions, provided that nothing in this paragraph shall prohibit any securities regulator or stock exchange from taking any action or exercising any discretion that it may have as a regulatory body in the performance of its regulatory function as a consequence of any such failure. For greater certainty, nothing in this order is intended to or shall encroach on the jurisdiction of any securities regulatory authorities (the “Regulators”) in the matter of regulating the conduct of market participants and to issue cease trade orders if and when required pursuant to applicable securities law. Further, nothing in this Order shall constitute or be construed as an admission by the Regulators that the court has jurisdiction over matters that are within the exclusive jurisdiction of the Regulators under the Securities Legislation.

8. THIS COURT ORDERS that the Receiver and/or the Debtors are authorized and directed to pay, strictly as prescribed by the Support Agreement, wages and vacation pay from funding provided by the Lenders pursuant to this Order to any employees or former employees of the Debtors who are not offered employment in connection with the Restructuring Transaction.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

9. ~~4-~~THIS COURT ORDERS that (i) the ~~Debtor~~Debtors, (ii) all of ~~its~~their current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "Persons" and each being a "Person") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

10. ~~5-~~THIS COURT ORDERS that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the ~~Debtor~~Debtors, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "Records") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph ~~5~~10 or in paragraph ~~6~~11 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

11. ~~6-~~THIS COURT ORDERS that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give

unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

12. THIS COURT ORDERS that if the Receiver obtains possession of Records which contains or may contain solicitor-client privileged information or material, the Receiver shall not review such information or material, which shall be held pending further order of the Court and, for avoidance of doubt, no Records which contain solicitor-client privileged information or material shall be conveyed, delivered or disclosed to any third-party (including the Applicants or their assignee) in connection with the Restructuring Transaction.

13. ~~7.~~ THIS COURT ORDERS that the Receiver shall provide each of the relevant landlords with notice of the Receiver's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Receiver's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Receiver, or by further Order of this Court upon application by the Receiver on at least two (2) days' notice to such landlord and any such secured creditors.

NO PROCEEDINGS AGAINST THE RECEIVER

14. ~~8.~~ THIS COURT ORDERS that no proceeding or enforcement process in any court or tribunal (each, a "Proceeding"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY

15. ~~9.~~ THIS COURT ORDERS that no Proceeding against or in respect of the Debtor or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtor or the Property are hereby stayed and suspended pending further Order of this Court, provided that the Applicants (and their assignee(s)) shall be authorized to issue and deliver notices under section 65(2) of the PPSA and to take any other steps the Applicants (and their assignee(s)) deem necessary or advisable to complete the Restructuring Transaction. For certainty, nothing in this Order bars any Person (except for the Debtors) in receipt of a notice issued by the Applicants (and their assignee(s)) under section 65(2) of the PPSA from exercising their rights under section 65(3) of the PPSA, nor does this Order restrict the rights prescribed by sections 65(4) through (7) of the PPSA.

NO EXERCISE OF RIGHTS OR REMEDIES

16. ~~10.~~ THIS COURT ORDERS that all rights and remedies against the ~~Debtor~~Debtors, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any "eligible financial contract" as defined in the BIA, and further provided that nothing in this paragraph shall (i) empower the Receiver or the Debtor to carry on any business which the Debtor is not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtor from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien, provided that the Applicants (and their assignee(s)) shall be authorized to issue and deliver notices under subsection 65(2) of the PPSA and to take any other steps the Applicants (and their assignee(s)) deem necessary or advisable to complete the Restructuring Transaction.

NO INTERFERENCE WITH THE RECEIVER

17. ~~11.~~ THIS COURT ORDERS that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the ~~Debtor~~Debtors, without written consent of the Receiver and the Applicants or leave of this Court.

18. THIS COURT ORDERS that, for greater certainty, the proceeding paragraphs 15 and 16 prohibit any landlord of any Debtor from terminating any lease without further Order of the Court or the consent of the Receiver and the Applicants, provided that rent is paid in the ordinary course from the date of this Order.

CONTINUATION OF SERVICES

19. ~~12.~~ THIS COURT ORDERS that all Persons having oral or written agreements with the ~~Debtor~~Debtors or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the ~~Debtor~~Debtors are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and that the Receiver shall be entitled to the continued use of the ~~Debtor's~~Debtors' current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the ~~Debtor~~Debtors or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

~~RECEIVER TO HOLD FUNDS~~

~~13. — THIS COURT ORDERS that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "Post Receivership Accounts") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.~~

EMPLOYEES

20. ~~14.~~ THIS COURT ORDERS that all employees of the ~~Debtor~~Debtors shall remain the employees of the ~~Debtor~~Debtors until such time as the Receiver, on the ~~Debtor's~~Debtors' behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*.

PIPEDA

21. ~~15.~~ THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Receiver shall disclose personal information of identifiable individuals to ~~prospective purchasers or bidders for the~~ Property Applicants and to their advisors, but only to the extent desirable or required to ~~negotiate and attempt to complete one or more sales of the Property (each, a "Sale"). Each prospective purchaser or bidder to whom such personal information is disclosed~~ the Restructuring Transaction. The Applicants shall maintain and protect the privacy of such information and limit the use of such information to ~~its evaluation of the Sale~~ Restructuring Transaction, and if it does not complete ~~a Sale~~ the Restructuring Transaction, shall return all such information to the Receiver, or in the alternative destroy all such information. The ~~purchaser of any~~ Property Applicants shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the ~~Debtor~~Debtors, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

22. ~~16.~~ THIS COURT ORDERS that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, ~~"Possession"~~ "Possession") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the

protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the **“Environmental Legislation”**), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

LIMITATION ON THE RECEIVER'S LIABILITY

23. ~~17.~~ THIS COURT ORDERS that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*. Nothing in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation.

RECEIVER'S ACCOUNTS

24. ~~18.~~ THIS COURT ORDERS that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges unless otherwise ordered by the Court on the passing of accounts, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the **“Receiver's Charge”**) on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person except for the Applicants, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.⁶

~~⁶ Note that subsection 243(6) of the BIA provides that the Court may not make such an order "unless it is satisfied that the secured creditors who would be materially affected by the order were given reasonable notice and an~~

25. THIS COURT ORDERS that, upon completion of the foreclosure contemplated by the Restructuring Transaction, the Receiver's Charge will cease to attach to the Property foreclosed upon through the Restructuring Transaction *provided that* no amounts remain outstanding to the Receiver that are subject to the Receiver's Charge. If, immediately prior to the time of foreclosure, amounts remain outstanding to the Receiver that are subject to the Receiver's Charge, the outstanding amount may be paid or the foreclosure may be completed with the Receiver's Charge continuing to attach to the Property foreclosed upon.

26. ~~19.~~ THIS COURT ORDERS that the Receiver and its legal counsel shall pass ~~its~~their accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

27. ~~20.~~ THIS COURT ORDERS that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the standard rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

28. ~~21.~~ THIS COURT ORDERS that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$~~_____~~3,000,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the ~~"~~"Receiver's Borrowings

~~that the secured creditors who would be materially affected by the order were given reasonable notice and an opportunity to make representations".~~

Charge["]) as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

29. ~~22.~~ THIS COURT ORDERS that neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

30. ~~23.~~ THIS COURT ORDERS that the Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule ~~"A"~~ hereto (the **Receiver's Certificates["]**) for any amount borrowed by it pursuant to this Order.

31. ~~24.~~ THIS COURT ORDERS that the monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

SERVICE AND NOTICE

32. ~~25.~~ THIS COURT ORDERS that the E-Service Protocol of the Commercial List (the **"Protocol"**) is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a ~~Case Website~~ [case website](#) shall be established in accordance with the Protocol ~~with the following URL: '<@>'.~~

33. ~~26.~~ THIS COURT ORDERS that if the service or distribution of documents in accordance with the Protocol is not practicable, the Receiver is at liberty to serve or distribute

this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the ~~Debtor's~~Debtors' creditors or other interested parties at their respective addresses as last shown on the records of the ~~Debtor~~Debtors and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

SEALING

34. THIS COURT ORDERS that Confidential Appendix "A" to the Rucker Affidavit is hereby sealed and shall not form part of the public record until the earlier of the completion of the Restructuring Transaction or the further order of this Court.

NAME CHANGE

35. THIS COURT ORDERS that any articles of reorganization, amendment, or other such documents or instruments filed by the Receiver with the Director (as defined in the *Canada Business Corporations Act*) to effect a name change in respect of the Debtors is deemed to be duly authorized, valid and effective, and shall be accepted by the Director without the requirement (if any) of obtaining director, partner or shareholder approval pursuant to any federal or provincial legislation, and (b) any third party requirements, required consents or solvency requirement pursuant to any federal or provincial legislation relating to same shall be waived.

GENERAL

36. ~~27.~~ THIS COURT ORDERS that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

37. ~~28.~~ THIS COURT ORDERS that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the ~~Debtor~~Debtors.

38. ~~29.~~ THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this

Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

39. ~~30.~~ THIS COURT ORDERS that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

~~31. — THIS COURT ORDERS that the Plaintiff shall have its costs of this motion, up to and including entry and service of this Order, provided for by the terms of the Plaintiff's security or, if not so provided by the Plaintiff's security, then on a substantial indemnity basis to be paid by the Receiver from the Debtor's estate with such priority and at such time as this Court may determine.~~

40. ~~32.~~ THIS COURT ORDERS that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

41. THIS COURT ORDERS that this order is effective as of today's date and is enforceable without the need for entry and filing.

SCHEDULE "A"
RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

~~1.~~ THIS IS TO CERTIFY that ~~[RECEIVER'S NAME]~~ Richter Inc., the receiver (the "Receiver") of the assets, undertakings and properties ~~[DEBTOR'S NAME]~~ of Flow Beverage Corp., Flow Water Inc., Flow Beverages Inc., 2446692 Ontario Limited, and Flow Glow Beverages Inc. and (collectively, the "Debtors") acquired for, or used in relation to a business carried on by the ~~Debtor~~ Debtors, including all proceeds thereof (collectively, the **"Property"**) appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated the ____ day of _____, 20__ (the "Order") made in an action having Court file number ____-CL-_____, has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of \$ _____, being part of the total principal sum of \$ _____ which the Receiver is authorized to borrow under and pursuant to the Order.

~~2.~~ The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily][monthly not in advance on the _____ day of each month] after the date hereof at a notional rate per annum equal to the rate of _____ per cent above the prime commercial lending rate of Bank of _____ from time to time.

~~3.~~ Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.

~~4.~~ All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario.

~~5.~~ Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

~~6.~~ The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

~~7.~~ The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the ____ day of _____, 20__.

~~[RECEIVER'S NAME]~~ RICHTER INC., solely
in its capacity
as Receiver of the Property, and not in its
personal capacity

Per: _____

Name: _____

Title: _____

RI FLOW LLC et al.
Applicants

and

FLOW BEVERAGE CORP. et al.
Respondents

Court File No.: CV-25-

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding Commenced at Toronto

ORDER

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RI FLOW LLC et al.
Applicants

and

FLOW BEVERAGE CORP. et al. Court File No.:
Respondents

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceeding Commenced at Toronto

**APPLICATION RECORD
(RETURNABLE SEPTEMBER 3, 2025)**

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