

Interim Condensed Consolidated Financial Statements of

GURU ORGANIC ENERGY CORP.
(formerly Mira X Acquisition Corp.)

Three-month and six-month periods ended April 30, 2021 and 2020
(Unaudited)

GURU ORGANIC ENERGY CORP.

(formerly Mira X Acquisition Corp.)

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(Unaudited)

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GURU ORGANIC ENERGY CORP.

(formerly Mira X Acquisition Corp.)

Interim Condensed Consolidated Statements of Financial Position

April 30, 2021 and October 31, 2020

(Unaudited)

	April 30, 2021	October 31, 2020
Assets		
Current assets:		
Cash and cash equivalents	\$ 24,071,357	\$ 30,418,296
Trade and other receivables	4,365,264	2,949,806
Income taxes receivable	341,773	-
Refundable investment tax credits	194,029	72,375
Inventories	7,532,223	6,311,783
Prepaid expenses	449,494	395,210
	36,954,140	40,147,470
Fixed assets	729,239	43,794
Intangible assets	33,504	39,416
Right-of-use assets (note 7)	2,047,125	206,113
Other assets	641,932	364,033
Long-term deposit	48,250	-
Deferred tax assets	585,821	993,623
	\$ 41,040,011	\$ 41,794,449

See accompanying notes to interim condensed consolidated financial statements.

GURU ORGANIC ENERGY CORP.

(formerly Mira X Acquisition Corp.)

Interim Condensed Consolidated Statements of Financial Position (continued)

April 30, 2021 and October 31, 2020

(Unaudited)

	April 30, 2021	October 31, 2020
Liabilities and Shareholders' Equity		
Current liabilities:		
Credit facilities (note 8)	\$ —	\$ 13,318
Accounts payable and accrued liabilities	5,165,600	7,345,147
Income taxes payable	165,902	315,405
Current portion of long-term debt (note 9)	—	155,000
Current portion of lease liabilities (note 10)	317,798	81,586
	<u>5,649,300</u>	<u>7,910,456</u>
Deferred tax liabilities	101,656	93,483
Long-term debt (note 9)	—	120,000
Lease liabilities (note 10)	1,730,917	102,038
	<u>7,481,873</u>	<u>8,225,977</u>
Shareholders' equity:		
Share capital	38,818,916	36,550,646
Contributed surplus	368,824	639,682
Deficit	(5,404,572)	(3,569,375)
Accumulated other comprehensive loss	(225,030)	(52,481)
	<u>33,558,138</u>	<u>33,568,472</u>
Subsequent event (note 18)		
	<u>\$ 41,040,011</u>	<u>\$ 41,794,449</u>

See accompanying notes to interim condensed consolidated financial statements.

On behalf of the Board:

_____ Director

_____ Director

GURU ORGANIC ENERGY CORP.

(formerly Mira X Acquisition Corp.)

Interim Condensed Consolidated Statements of Loss and Comprehensive Loss

Three-month and six-month periods ended April 30, 2021 and 2020
(Unaudited)

	Three-month periods ended		Six-month periods ended	
	April 30, 2021	April 30, 2020	April 30 2021	April 30 2020
Revenue (note 12)	\$ 7,073,741	\$ 4,062,426	\$ 13,676,246	\$ 9,390,511
Cost of goods sold	2,639,074	1,622,502	5,144,307	3,408,092
Gross profit	4,434,667	2,439,924	8,531,939	5,982,419
Selling, general and administration expenses (note 13)	5,530,031	3,238,240	10,209,860	6,120,750
Net financial expenses (note 14)	74,500	69,021	102,925	180,292
Reverse acquisition of Mira X expenses	85,205	—	110,463	—
	5,689,736	3,307,261	10,423,248	6,301,042
Loss before income taxes	(1,255,069)	(867,337)	(1,891,309)	(318,623)
Income taxes (recovery):				
Current	(280,886)	(162,602)	(422,315)	(67,641)
Deferred	229,896	(15,433)	366,203	(3,623)
	(50,990)	(178,035)	(56,112)	(71,264)
Net loss	(1,204,079)	(689,302)	(1,835,197)	(247,359)
Other comprehensive (loss) income:				
Item that may be reclassified subsequently to consolidated statements of (loss) income:				
Foreign operations - foreign currency translation differences	(85,494)	103,725	(172,549)	111,472
Total comprehensive loss	\$ (1,289,573)	\$ (585,577)	\$ (2,007,746)	\$ (135,887)
Basic and diluted loss per share (note 11)	\$ (0.04)	\$ (0.03)	\$ (0.06)	\$ (0.01)

See accompanying notes to interim condensed consolidated financial statements.

GURU ORGANIC ENERGY CORP.

(formerly Mira X Acquisition Corp.)

Interim Condensed Consolidated Statements of Changes in Equity

Six-month periods ended April 30, 2021 and 2020

(Unaudited)

	Share capital			Contributed surplus	Accumulated other comprehensive loss - foreign currency translation	Total
	Number	Amount	Deficit			
Balance as of October 31, 2020	28,907,954	\$ 36,550,646	\$ 639,682	\$ (3,569,375)	\$ (52,481)	\$33,568,472
Net loss	–	–	–	(1,835,197)	–	(1,835,197)
Stock options exercised	326,058	2,268,270	(495,106)	–	–	1,773,164
Stock-based compensation expense	–	–	224,248	–	–	224,248
Foreign operations foreign currency translation differences	–	–	–	–	(172,549)	(172,549)
Balance as of April 30, 2021	29,234,012	\$ 38,818,916	\$ 368,824	\$ (5,404,572)	\$ (225,030)	\$33,558,138
Balance as of October 31, 2019	22,448,069	\$ 3,425,576	\$ 60,000	\$ (1,412,981)	\$ (67,021)	\$ 2,005,574
Net loss	–	–	–	(247,359)	–	(247,359)
Stock-based compensation expense	–	–	43,315	–	–	43,315
Foreign operations foreign currency translation differences	–	–	–	–	111,472	111,472
Balance as of April 30, 2020	22,448,069	\$ 3,425,576	\$ 103,315	\$ (1,660,340)	\$ 44,451	\$ 1,913,002

See accompanying notes to interim condensed consolidated financial statements.

GURU ORGANIC ENERGY CORP.

(formerly Mira X Acquisition Corp.)

Interim Condensed Consolidated Statements of Cash Flows

Six-month periods ended April 30, 2021 and 2020

(Unaudited)

	Six-month periods ended	
	April 30 2021	April 30 2020
Cash provided by (used in):		
Operating:		
Net loss	\$ (1,835,197)	\$ (247,359)
Adjustments for:		
Depreciation and amortization (note 13)	189,608	164,210
Income tax expense (recovery)	(56,112)	(71,264)
Net financial expenses	59,392	131,577
Stock-based compensation expense (note 16)	224,248	43,315
Derecognition of right-of-use asset and lease liability	(329)	–
Additions to other assets	(319,168)	(39,567)
Loss on disposition of capital assets	23,362	–
Income tax (paid) received	(3,115)	7,958
Net change in non-cash operating working capital (note 15)	(5,149,991)	(2,100,945)
	(6,867,302)	(2,112,075)
Financing:		
Exercise of stock options	1,773,164	–
Net change in credit facilities	(13,318)	2,355,363
Repayment of long-term debt	(275,000)	(165,000)
Interest and financing fees paid	(97,124)	(131,577)
Payment of lease obligation (note 10)	(138,416)	(88,413)
	1,249,306	1,970,373
Investing:		
Additions to fixed assets	(692,873)	–
Deposits on leases	(53,500)	–
Interest received	37,732	–
	(708,641)	–
Effect of movements in exchange rate on cash and cash equivalents held in foreign currency	(20,302)	511
Decrease in cash and cash equivalents	(6,346,939)	(141,191)
Cash and cash equivalents, beginning of period	30,418,296	149,652
Cash and cash equivalents, end of period	\$ 24,071,357	\$ 8,461

See accompanying notes to interim condensed consolidated financial statements.

GURU ORGANIC ENERGY CORP.

(formerly Mira X Acquisition Corp.)

Notes to Interim Condensed Consolidated Financial Statements

Three-month and six-month periods ended April 30, 2021 and 2020
(Unaudited)

1. Reporting entity:

GURU Organic Energy Corp. (the "Company" or "GURU"), formerly Mira X Acquisition Corp. ("Mira X") up to the completion of the Amalgamation, as defined below, was incorporated under the *Canada Business Corporations Act* on April 28, 2005. The address of its registered office is 7236 Waverly, suite 602, Montréal, QC, Canada H2R 0C2. These interim condensed consolidated financial statements comprise the Company and its wholly-owned subsidiaries GURU Beverage Inc. and GURU Beverage Co. (together, the "Group"). The Group produces, markets and distributes energy drinks for sale in the Canadian and U.S. markets.

Private placement, Amalgamation and reverse takeover

On September 28, 2020, 6384269 Canada Inc. (doing business as GURU) entered into an amalgamation agreement with Mira X and Mira X Subco Inc. ("Mira X Subco"), pursuant to which 6384269 Canada Inc. and Mira X Subco agreed to amalgamate (the "Amalgamation") under the *Canada Business Corporations Act* to form a new entity, "Amalco", to complete an arm's-length qualifying transaction in accordance with the policies of the TSX Exchange (the "Qualifying Transaction").

Concurrently with the qualifying transaction, 6384269 Canada Inc. completed a private placement resulting in the issuance of 6,330,750 common shares for aggregate proceeds of \$34,502,587.

On October 29, 2020, the Amalgamation was completed, and Mira X changed its name to GURU Organic Energy Corp. On November 2, 2020, the common shares of GURU Organic Energy Corp began trading upon the Toronto Stock Exchange under the symbol "GURU" and the common shares of the former Mira X were delisted from the TSX Exchange.

For accounting purposes, it has been determined that Mira X was the accounting acquiree and 6384269 Canada Inc. was the accounting acquirer. Since 6384269 Canada Inc. is considered the accounting acquirer, these consolidated financial statements are prepared as a continuation of the financial statements of 6384269 Canada Inc. As a result, the 2020 comparative information included herein is solely that of 6384269 Canada Inc. For simplicity, transactions undertaken by 6384269 Canada Inc. are referred to as being undertaken by the Company in these condensed consolidated financial statements.

GURU ORGANIC ENERGY CORP.

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Notes to Interim Condensed Consolidated Financial Statements (continued)

Three-month and six-month periods ended April 30, 2021 and 2020

(Unaudited)

1. Reporting entity (continued):

COVID-19 pandemic

The COVID-19 pandemic continues to cause significant financial market and social dislocation. The situation is dynamic with various cities and countries around the world responding in different ways to address the outbreak. While the Company has experienced the impact of the outbreak of COVID-19 on its operations, it continued to operate during the current pandemic as it is considered an essential service in Canada and in the United States. The Company will continue to monitor developments of the pandemic and continuously assess its potential further impact on its operations to prevent any disruptions to customer demand. The Company has put in place multiple contingency plans to ensure its supply chain and general operations can be maintained with minimal disruption throughout the crisis. In the event of a prolonged continuation of the pandemic, it is not clear what the potential impact may be on the Company's business, financial position and financial performance.

2. Basis of accounting:

These interim condensed consolidated financial statements of the Company have been prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting* as issued by the International Accounting Standards Board ("IASB"). These interim condensed consolidated financial statements do not include all of the disclosures required for annual consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") and should be read in conjunction with the annual audited consolidated financial statements of the Company for the years ended October 31, 2020 and 2019.

The interim condensed consolidated financial statements of the Company for the three-month and six-month periods ended on April 30, 2021 and 2020 were authorized by the Board of Directors ("Board") for issuance on June 14, 2021.

Operating segment

The Company determined that it operated a single operating segment.

Seasonality of interim operations

In Canada, GURU's sales are somewhat seasonal, tending to be higher in the spring through the fall, from the middle of the second quarter through the end of the fourth quarter, and somewhat lower in winter, from the start of the first quarter through the middle of the second quarter. In contrast, the U.S. market, with its overall warmer climate, generally does not see the same type of seasonal sales trend.

GURU ORGANIC ENERGY CORP.

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Notes to Interim Condensed Consolidated Financial Statements (continued)

Three-month and six-month periods ended April 30, 2021 and 2020

(Unaudited)

3. Functional and presentation currency and basis of measurement:

These interim condensed consolidated financial statements are presented in Canadian dollars, the Company's functional currency.

The interim condensed consolidated financial statements have been prepared on the historical cost basis, except for the following:

- equity classified share-based payment arrangements which are measured at fair value at grant date pursuant to IFRS 2, *Share-based payment*; and
- lease liabilities, which are measured at the present value of minimum lease payments at lease inception.

4. Use of judgments and estimates:

The preparation of the Company's interim condensed consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. These assumptions and estimates are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

The Company's main judgments, estimates, and assumptions are the same as those applied and described in the Company's audited consolidated financial statements for the year ended October 31, 2020.

5. Significant accounting policies:

Significant accounting policies applied in these interim condensed consolidated financial statements are the same as those applied to the Company's annual audited consolidated financial statements for the year ended October 31, 2020.

6. Standards issued but not yet effective:

The new standards below are effective for annual periods beginning after November 1, 2022 and earlier application is permitted; however, the Company has not early adopted these new or amended standards in preparing these consolidated financial statements.

The following amended standards and interpretations are not expected to have a significant impact on the Company's consolidated financial statements:

- Classification of liabilities as current or non-current (Amendments to IAS 1);

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Notes to Interim Condensed Consolidated Financial Statements (continued)

Three-month and six-month periods ended April 30, 2021 and 2020

(Unaudited)

6. Standards issued but not yet effective (continued):

- Disclosure of accounting policy (Amendments to IAS 1);
- Definition of accounting estimates (Amendments to IAS 8).

7. Right-of-use assets:

	Building	Automotive equipment	Total
Balance as at October 31, 2019	\$ 145,153	\$ 168,687	\$ 313,840
Additions	–	74,261	74,261
Depreciation	(120,424)	(61,564)	(181,988)
Balance as at October 31, 2020	24,729	181,384	206,113
Additions	1,875,354	144,830	2,020,184
Depreciation	(125,223)	(43,292)	(168,515)
Derecognition	–	(10,657)	(10,657)
Balance as at April 30, 2021	\$ 1,774,860	\$ 272,265	\$ 2,047,125

During the six-month period ended April 30, 2021, the Company signed a new seven-year lease for its head office located in Montréal, Canada, for which leasehold improvements were recently completed. An amount of \$55,830 of right-of-use asset depreciation has been capitalized to leasehold improvements within fixed assets.

8. Credit facilities:

On March 31, 2021, the Company signed a new committed revolving operating credit facility of a maximum authorized amount of CA\$10,000,000 maturing on March 30, 2024. The operating credit facility can be used in the form of Canadian dollar loans bearing interest at the prime rate (2.45% as at April 30, 2021) plus 0.50%, Canadian dollar bankers' acceptances bearing interest at 1.75%, American dollar loans bearing interest at the US base rate (3.75% as at April 30, 2021) plus 0.50% or in American dollar LIBOR loans bearing interest at the LIBOR rate (0.11% as at April 30, 2021) plus 1.75%. As at April 30, 2021, the credit facilities were not used (October 31, 2020 - US\$10,000 (CA\$13,318)).

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Notes to Interim Condensed Consolidated Financial Statements (continued)

Three-month and six-month periods ended April 30, 2021 and 2020

(Unaudited)

8. Credit facilities (continued):

The Company also has an uncommitted credit that can be used in the form of foreign exchange contracts or interest rate swaps for a maximum amount of US\$500,000 (October 31, 2020 - US\$550,000). This credit facility was not used as at April 30, 2021 (October 31, 2020 - nil).

The Company has a letter of credit for a maximum available of \$2,500,000 for which an amount of EUR300,000 (CA\$443,154) has been used as of April 30, 2021 (October 31, 2020 - EUR300,000 (CA\$465,492)).

The credit facilities noted above are secured by a movable hypothec on the universality of the present and future Company's assets located in the province of Quebec to a maximum of \$25,000,000, a first ranking security on all present and future property in all other Canadian provinces and in the United States and an unlimited corporate guarantee of its US subsidiary. These credit facilities are subject to certain financial covenants which were met as at April 30, 2021. The previous existing long-term debt has been repaid in full on March 2, 2021.

9. Long-term debt:

	April 30, 2021	October 31, 2020
Term loan, repayable in monthly payments of \$17,500 in principal only plus interest at prime rate plus 2.50%, with additional repayments if free cash flows are available up to a maximum of \$130,000 annually, repaid in full during the period	\$ –	\$ 35,000
Term loan, repayable in monthly payments of \$10,000 in principal only plus interest at prime plus 2.50%, repaid in full during the period	–	240,000
		275,000
Current portion of long-term debt	–	(155,000)
	\$ –	\$ 120,000

The principal instalments payable over the next years, and debts maturing during that period, are as follows:

	April 30, 2021	October 31, 2020
Less than 1 year	\$ –	\$ 155,000
Between 1 and 5 years	–	120,000

GURU ORGANIC ENERGY CORP.

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Notes to Interim Condensed Consolidated Financial Statements (continued)

Three-month and six-month periods ended April 30, 2021 and 2020

(Unaudited)

10. Lease liabilities:

The following table presents the lease obligations of the Company:

Lease obligations as at October 31, 2019	\$ 297,663
Additions	65,738
Payment of lease obligations including interest	(191,861)
Interest expense on lease obligations	12,084
Lease obligations as at October 31, 2020	183,624
Additions	2,014,493
Payment of lease obligations including interest	(168,258)
Interest expense on lease obligations	29,842
Derecognition	(10,986)
Lease obligations as at April 30, 2021	\$ 2,048,715

The following table presents the lease obligations of the Company:

	April 30, 2021	October 31, 2020
Contractual undiscounted cash flows:		
Less than 1 year	\$ 381,625	\$ 88,022
Between 1 and 5 years	1,354,989	103,171
More than 5 years	509,537	5,226
Total undiscounted lease liabilities	\$ 2,246,151	\$ 196,419
Lease liabilities included in the interim condensed consolidated statement of financial position	\$ 2,048,715	\$ 183,624
Current	317,798	81,586
Non-current	1,730,917	102,038

During the six-month period ended April 30, 2021, the Company signed a new seven-year lease for its head office located in Montréal, Canada. Fixed rent payments for this lease represent a total commitment of \$2.1 million over the term of the lease. The lease agreement contains two five-year renewal options. Since the Company is not reasonably certain to exercise these options, they have not been considered in the lease liability.

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Notes to Interim Condensed Consolidated Financial Statements (continued)

Three-month and six-month periods ended April 30, 2021 and 2020

(Unaudited)

11. Earnings per share:

	Three-month periods ended		Six-month periods ended	
	April 30, 2021	April 30, 2020	April 30, 2021	April 30, 2020
Net loss	\$ (1,204,079)	\$ (689,302)	\$ (1,835,197)	\$ (247,359)
Basic weighted average number of common shares	29,234,012	22,448,069	29,049,813	22,448,069
Basic loss per share, also being diluted loss per share	\$ (0.04)	\$ (0.03)	\$ (0.06)	\$ (0.01)

For the periods ended April 30, 2021 and 2020, the diluted earnings per share calculation did not take into consideration the potential dilutive effect of the stock options, RSUs and DSUs as they are anti-dilutive.

12. Revenue and assets by geography:

The following tables include revenues and non-current assets other than deferred tax assets by geography:

	Three-month periods ended		Six-month periods ended	
	April 30, 2021	April 30, 2020	April 30, 2021	April 30, 2020
Revenue:				
Canada	\$ 5,956,204	\$ 3,147,726	\$ 11,443,114	\$ 7,544,388
United States	1,117,537	914,700	2,233,132	1,846,123
	\$ 7,073,741	\$ 4,062,426	\$ 13,676,246	\$ 9,390,511

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Notes to Interim Condensed Consolidated Financial Statements (continued)

Three-month and six-month periods ended April 30, 2021 and 2020

(Unaudited)

12. Revenue and assets by geography (continued):

	As at	
	April 30, 2021	October 31, 2020
Non-current assets other than deferred tax assets:		
Canada	\$ 3,232,431	\$ 442,480
United States	267,619	210,876
	\$ 3,500,050	\$ 653,356

13. Additional information on interim condensed consolidated statement of loss and comprehensive loss:

	Three-month periods ended		Six-month periods ended	
	April 30, 2021	April 30, 2020	April 30, 2021	April 30, 2020
Employee benefit expense	\$ 1,801,039	\$ 855,539	\$ 3,307,980	\$ 1,802,486
Depreciation and amortization	109,823	83,320	189,608	164,210

14. Net financial expenses:

	Three-month periods ended		Six-month periods ended	
	April 30, 2021	April 30, 2020	April 30, 2021	April 30, 2020
Interest on long-term debt	\$ 1,229	\$ 7,181	\$ 4,219	\$ 16,138
Interest on line of credit	-	36,335	923	62,896
Interest on lease liabilities	27,498	3,193	29,842	6,838
Bank fees	19,960	34,819	43,533	48,715
Financing fees	26,160	20,795	37,550	69,247
Foreign exchange loss (gain)	17,299	(33,302)	24,590	(23,542)
Interest revenue	(17,646)	-	(37,732)	-
	\$ 74,500	\$ 69,021	\$ 102,925	\$ 180,292

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Notes to Interim Condensed Consolidated Financial Statements (continued)

Three-month and six-month periods ended April 30, 2021 and 2020

(Unaudited)

15. Additional cash flow information:

The following details the change in non-cash operating working capital:

	Six-month periods ended	
	April 30, 2021	April 30, 2020
Trade and other receivables	\$ (1,483,957)	\$ 394,027
Income taxes receivable	(342,056)	7,035
Inventories	(1,306,043)	(2,158,746)
Prepaid expenses	(56,984)	67,926
Refundable investment tax credits	(121,654)	147,123
Accounts payable and accrued liabilities	(1,689,928)	(305,538)
Income taxes payable	(149,369)	(252,772)
	<hr/>	<hr/>
	\$ (5,149,991)	\$ (2,100,945)

GURU ORGANIC ENERGY CORP.

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Notes to Interim Condensed Consolidated Financial Statements (continued)

Three-month and six-month periods ended April 30, 2021 and 2020

(Unaudited)

16. Stock-based incentive plan:

The Company may grant its key employees, directors and consultants stock options to purchase common shares, and also grant restricted share units ("RSUs") and deferred share units ("DSUs"). The omnibus incentive plan (the "Plan") provides for the granting of options to purchase common shares, RSUs and DSUs where at any given time the number of stock options, RSUs and DSUs reserved for issuance should not exceed 10% of the Company's issued and outstanding common shares. Under the Plan, options generally vest over a period of four years and expire ten years from the grant date, RSUs generally vest over a period of three years, and DSUs are fully vested when granted. As at April 30, 2021, 2,684,017 stock options, RSUs and/or DSUs were available for issuance (October 31, 2020 - 2,355,826). Changes in the number of outstanding options, RSUs and DSUs related to the Plan were as follows:

	Options		RSU	DSU
	Number	Weighted average exercise price	Number	Number
Outstanding as at October 31, 2020	534,970	\$ 4.27	–	–
Granted	18,556	18.21	5,436	6,480
Exercised	(1,259)	2.39	–	–
Compensation options granted to agents exercised	(324,799)	5.45	–	–
Outstanding as at April 30, 2021	227,468	\$ 3.72	5,436	6,480
Exercisable as at April 30, 2021	78,570	\$ 3.79	–	–
Outstanding as at October 31, 2019	53,624	\$ 2.63	–	–
Granted	163,343	2.39	–	–
Outstanding as at April 30, 2020	216,967	\$ 2.45	–	–
Exercisable as at April 30, 2020	–	\$ –	–	–

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Notes to Interim Condensed Consolidated Financial Statements (continued)

Three-month and six-month periods ended April 30, 2021 and 2020
(Unaudited)

16. Stock-based incentive plan (continued):

During the three-month period ended April 30, 2021, stock-based compensation expense recorded in the interim condensed consolidated statements of (loss) income and comprehensive (loss) income for options granted amounted to \$74,417 (2020 - \$377), \$17,703 for RSUs (2020 - nil); and \$60,000 for DSUs (2020 - nil).

During the six-month period ended April 30, 2021, stock-based compensation expense amounted to \$85,946 (2020 - \$43,315), \$18,302 for RSUs (2020 - nil); and \$120,000 for DSUs (2020 - nil).

For the six-month period ended April 30, 2021, the weighted average share price of the Company's common share upon the exercise date of options was \$5.44 (2020 - nil).

The fair value of the options granted during the three-month and six-month periods ended April 30, 2021 was calculated using the Black-Scholes option model with the following assumptions and results:

	Three-month periods ended April 30, 2021	Six-month periods ended April 30, 2021
Options granted	12,043	18 556
Weighted average fair value of at grant date	\$ 9.75	\$ 10.87
Weighted average exercise price	16.19	18.21
Risk-free interest rate	1.492%	1.000%
Expected dividend yield	—	—
Expected volatility	50%	50%
Expected life	10 years	10 years

The risk-free interest rate is based on the yield of a risk-free Canadian government security with a maturity equal to the expected life of the option from the date of the grant. The assumption of expected volatility is based on the average historical volatility of comparable companies for the period immediately preceding the option grant. The Company does not anticipate paying any cash dividends in the foreseeable future and, therefore, uses an expected dividend yield of zero in the option-pricing model.

The fair value of the RSUs and DSUs granted during the three-month period ended April 30, 2021 was based on the volume weighted average trading price of the Company's common shares for the five trading days preceding the grant date. At date of grant, the weighted average trading price of the Company's common shares was \$21.94 for the grants of RSUs and \$18.52 for the grant of DSUs.

GURU ORGANIC ENERGY CORP.

(formerly Mira X Acquisition Corp.)

Notes to Interim Condensed Consolidated Financial Statements (continued)

Three-month and six-month periods ended April 30, 2021 and 2020

(Unaudited)

17. Financial instruments:

Financial risks:

(a) Liquidity risk:

Liquidity risk is the Company's ability to meet its financial obligations when they come due. The Company is exposed to liquidity risk with respect to its contractual obligations and financial liabilities. The Company manages liquidity risk by continuously monitoring forecasted and actual cash flows and matching maturity profiles of financial assets and liabilities. The Company's objective is to maintain a balance between continuity of funding and flexibility through borrowing facilities available through the Company's bank and other lenders. The Company's policy is to ensure adequate funding is available from operations and other sources as required.

The following are the contractual maturities of financial obligations:

As at April 30, 2021	Carrying amount	Contractual cash flows	Less than 1 year	1-5 years	More than 5 years
Trade and other payables	\$ 5,165,600	\$ 5,165,600	\$ 5,165,600	\$ -	\$ -
Lease liabilities, including current portion ⁽ⁱ⁾	2,048,715	2,246,151	381,625	1,354,989	509,537

As at October 31, 2020	Carrying amount	Contractual cash flows	Less than 1 year	1-5 years	More than 5 years
Credit facilities	\$ 13,318	\$ 13,318	\$ 13,318	\$ -	\$ -
Trade and other payables	7,345,147	7,345,147	7,345,147	-	-
Lease liabilities, including current portion ⁽ⁱ⁾	183,624	196,419	88,022	103,171	5,226
Long-term debt, including current portion ⁽ⁱ⁾	275,000	287,571	164,363	123,208	-

⁽ⁱ⁾ Contractual cash flows include principal and interest.

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Notes to Interim Condensed Consolidated Financial Statements (continued)

Three-month and six-month periods ended April 30, 2021 and 2020

(Unaudited)

17. Financial instruments (continued):

Financial risks (continued):

(a) Liquidity risk (continued):

Capital management:

The Company's capital is composed of shareholders' equity. The Company's objective in managing its capital is to ensure a sufficient liquidity position to finance its operations, to maximize the preservation of capital and to deliver competitive returns on invested capital. To fund its activities, the Company has relied on private and public financing. The Company manages its excess cash to ensure that it has sufficient reserves to fund its operations and capital expenditures.

The Company is not subject to any capital requirements imposed by a regulator.

(b) Credit risk:

Credit risk is the risk that one party to a financial asset will cause a financial loss for the Company by failing to discharge an obligation. The Company's credit risk is mainly related to cash and cash equivalents and accounts receivable. Management believes the credit risk of its cash and cash equivalents is limited given that the Company deals with major North American financial institutions.

The Company provides credit to its clients in the normal course of its operations. It carries out, on a continuing basis, credit checks on its clients and maintains provisions for contingent credit losses which, once they materialize, are consistent with management's forecasts. However, the Company deals with a majority of well-established banners and distributors, thus reducing its credit risk. As of the current balance sheet date, 30% (October 31, 2020 - 50%) of accounts receivable are concentrated with three (October 31, 2020 - three) clients who represent together 34% (October 31, 2020 - 49%) of the period's revenues. The Company does not normally require a guarantee.

The carrying amount of financial assets, net of any impairment provisions, represents the Company's maximum credit exposure.

(c) Currency risk:

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company realizes sales and purchases in foreign currency. Consequently, some assets and liabilities are exposed to foreign exchange fluctuations. The total net monetary assets denominated in US dollars is USD\$1,357,016 (October 31, 2020 – USD\$1,028,824).

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Notes to Interim Condensed Consolidated Financial Statements (continued)

Three-month and six-month periods ended April 30, 2021 and 2020

(Unaudited)

17. Financial instruments (continued):

Financial risks (continued):

(d) Interest rate risk:

The Company's credit facility has a variable rate based on the bank's prime rate, US base rate or LIBOR rate plus a margin. As a result, the Company is exposed to interest rate risk due to fluctuations in the bank's prime rate during the year. At April 30, 2021, the Company had no amounts outstanding under its credit facilities.

Fair value measurement:

The Company has determined that the fair values of cash and cash equivalents, trade and other receivables, credit facilities and accounts payable and accrued liabilities approximate their respective carrying amounts at the consolidated statement of financial position date due to the short-term maturity of those instruments.

The Company determined that the fair value of its long-term debt approximates its carrying amount as it bears interest at market interest rates for financial instruments with similar terms and risks.

For the three-month period ended April 30, 2021, no financial instruments were recorded at fair value and transferred between levels 1, 2 and 3.

18. Subsequent event:

On June 14, 2021, the Company signed a distribution agreement with PepsiCo Beverages Canada whereas it will become its exclusive national Canadian distributor for its plant-based GURU energy drinks effective October 4, 2021.