MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three-month and six-month periods ended April 30, 2022 and 2021

BASIS OF PRESENTATION

The following has been prepared for the purposes of providing management's discussion and analysis ("**MD&A**") of the consolidated financial position of GURU Organic Energy Corp. ("**GURU**" or the "**Company**") as at April 30, 2022, and the consolidated operating results of the Company for the period then ended.

This MD&A is dated June 13, 2022 and was prepared with information available to this date. This document should be read in conjunction with the audited annual consolidated financial statements and notes thereto for the year ended October 31, 2021, and the unaudited interim condensed consolidated financial statements and notes thereto for the three-month and six-month periods ended April 30, 2022 and 2021. Discrepancies in recalculated amounts or percentages may occur due to rounding. All amounts in this MD&A are expressed in Canadian dollars unless otherwise indicated. All financial information presented in this MD&A has been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**") and the financial information herein was derived from those statements.

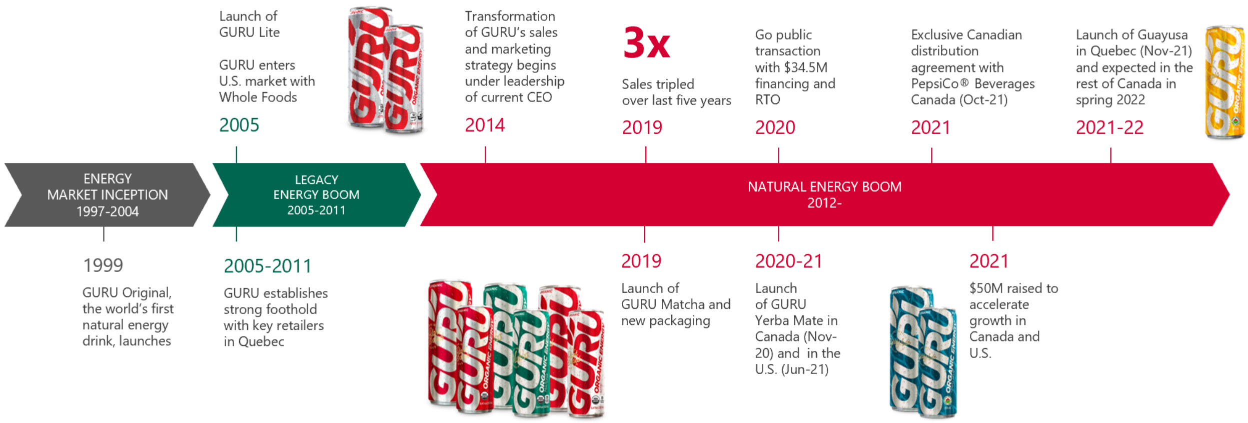
FORWARD-LOOKING STATEMENTS

This MD&A contains "forward-looking statements" within the meaning of applicable Canadian securities legislation. Such forward-looking statements include, but are not limited to, information with respect to our objectives and the strategies for achieving those objectives, as well as information with respect to our beliefs, plans, expectations, anticipations, estimates and intentions. Forward-looking statements are typically identified by the use of words such as "may", "would", "should", "could", "expect", "intend", "estimate", "anticipate", "plan", "foresee", "believe", or "continue", although not all forward-looking statements contain these words. Forward-looking statements are provided for the purposes of assisting the reader in understanding the Company 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 are based on assumptions and are subject to a number of risks and uncertainties, many of which are beyond our control, which could cause actual results to differ materially from those that are disclosed in or implied by such forward-looking statements. Those risks and uncertainties include the following, which are discussed in greater detail under "Risk Factors" in the Company's Annual Information Form for the year ended October 31, 2021, available on SEDAR at www.sedar.com: management of growth; reliance on key personnel; changes in consumer preferences; significant changes in government regulation; criticism of energy drink products and/or the energy drink market; economic downturn and continued uncertainty in the financial markets and other adverse changes in general economic or political conditions, as well as the COVID-19 pandemic or other major macroeconomic phenomena; global or regional catastrophic events; fluctuations in foreign currency exchange rates; net revenues derived entirely from energy drinks; increased competition; relationships with co-packers and distributors and/or their ability to manufacture and/or distribute GURU's products; relationships with existing customers; changing retail landscape; increases in costs and/or shortages of raw materials and/or ingredients and/or fuel and/or costs of co-packing; failure to accurately estimate demand for its products; history of negative cash flow and no assurance of continued profitability or positive EBITDA; intellectual property rights; maintenance of brand image or product quality; retention of the full-time services of senior management; climate change; litigation; information technology systems; fluctuation of quarterly operating results; risks associated with the PepsiCo distribution agreement; and conflicts of interest. Certain assumptions were made in preparing the forward-looking statements concerning availability of capital resources, business performance, market conditions and consumer demand. Consequently, all of the forward-looking statements contained herein are qualified by the foregoing cautionary statements, and there can be no guarantee that the results or developments that we anticipate will be realized or, even if substantially realized, that they will have the expected consequences or effects on our business, financial condition, or results of operation. Unless otherwise noted or the context otherwise indicates, the forward-looking statements contained herein are provided as of the date hereof, and we do not undertake to update or amend such forward-looking statements whether as a result of new information, future events or otherwise, except as may be required by applicable law.

BUSINESS OVERVIEW

Our Story

Initiated by the smart drink movement in Montreal, our founders drew their inspiration from the trend of mixing energy-releasing plants and exotic combinations. They wanted to provide their consumers with a source of energy that was not artificial – natural, plant-based organic energy. GURU, the world's first natural energy drink, was launched in 1999, and none of us have looked back since.



Our Business

GURU (TSX: GURU) is a dynamic, fast-growing beverage company based in Montreal, Quebec. Its activities consist of developing, marketing, selling, and distributing natural, organic, plant-based (100% Crap Free™) energy drinks under the GURU brand name. Manufacturing is outsourced to a network of established third-party co-packers. We do, however, provide our production partners with our recipes, flavours, ingredient blends, cans, and other raw materials for our beverages, purchased by us from various suppliers across the globe.

As at June 13, 2022, GURU increased its estimated points of sale to over 25,000 in Canada and across the United States. Our organic plant-based energy drinks are also available online through Amazon and guruenergy.com.

Our Market[1]

The North American energy drink industry is estimated at US$15 billion in annual sales, with energy drinks being the fastest growing category of non-alcoholic beverages, steadily gaining market share from soft drinks and juices.

The North American energy drink industry is estimated to reach US$19.4 billion in sales by 2024, an 8.1% compound annual growth rate ("CAGR").

Retail sales of sports and energy drinks in Canada are forecast to reach about US$1.03 billion in 2022, an increase of about US$0.2 billion in sales since 2017.[2]

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[1] Mintel, May 2020. Does not include the energy shots segment.
[2] Statista (November 30, 2020).

The Market Opportunity
Millennials and Gen Z consumers account for 70% of consumption in the energy drink market. They love energy drinks, but they are concerned by their safety and their ingredients. The North American market, which is currently dominated by two legacy brands that share about 75% of the market, is ready for disruption. Differentiated brands like GURU have started to grind that market share lead with plant-based products aimed at solving the industry's biggest problem: its ingredients list.

The main differentiators for GURU's products are its clean list of organic plant-based ingredients and its brand positioning as a good, natural, authentic, progressive and adventurous brand which aims to be a source of good energy. GURU offers consumers healthy energy drinks that feel and taste like mainstream energy drinks without detriment to their health (long lasting energy with no jitters, certified organic, plant-based ingredients, no artificial sweeteners, no taurine, no synthetic caffeine yet similar caffeine content).

Our Strategy
GURU's current sales channel mix consists mainly of convenience stores and gas stations, grocery stores and pharmacies, and online sales in Canada and the U.S.

On October 4, 2021, PepsiCo® Beverages Canada ("**PepsiCo®**") became the exclusive national Canadian distributor for GURU's plant-based energy drinks in the retail and food service channels. Partnering with PepsiCo® at this stage of our growth for the Canadian distribution of our better-for-you energy drinks was a game changer for GURU and has the potential to accelerate our sales and distribution plans.

Online sales have experienced strong growth in the past twenty-four months, in large part due to the impact of COVID-19 on consumers' shopping habits, and we anticipate this trend to continue.

GURU's methodical sales and marketing approach aims to maximize return on investment through appropriate top-of-funnel and bottom-of-funnel spend, depending on product distribution in each geographical region. We have invested significant marketing efforts in building brand awareness and trial through a proven strategy that has allowed us to build a loyal following ("GURU Nation"), become the #3 brand in our primary market, Quebec, and experience significantly stronger year-over-year retail sales growth than the industry in our largest channel, convenience and gas[3].

Financial and Business Outlook

GURU's closing of its $34.5 million financing in October 2020 and private placement and bought deal financing of $49.6 million in July 2021 are paramount in achieving our mission of cleaning the energy drink industry and growing our business in Canada and the United States. Our primary Quebec market has been a success story in terms of sales and profitability, and our aim is to replicate and adapt our model across North America. We believe that GURU is poised to gain significant market share in North America as it addresses the industry's biggest issue: consumer concern about the safety of energy drink ingredients.

To achieve our growth objectives, we raised the funds we needed to pursue our investments in sales and marketing and grow our brand over the next few years, especially with the recent PepsiCo® Canadian distribution agreement. While these investments will impact our short-term profitability, they will allow us to improve our cost structure and achieve our long-term margin and profitability goals, which supports our commitment to create sustained long-term shareholder value.

At the date of this MD&A, as part of our expansion strategy in Canada and the U.S., we increased our total estimated points of sale to over 25,000 since the beginning of the fiscal year and expect further growth in Canada with PepsiCo® and, in the U.S., as we reallocate our sales resources towards this large and growing market.

COVID-19

The COVID-19 pandemic has caused significant financial market and social dislocation, with cities and countries around the world responding in various ways to mitigate its impact and curb its spread, impacting businesses and consumers. The pandemic continues to impact the Company and its operations since its onset in the spring of 2020 and it remains difficult to predict how the ongoing pandemic will impact the Company's future business, operations, and financial performance. The Company continues to monitor the situation closely while assessing any potential impact on its operations and to avoid disruptions in customer supply. The Company has proactively put in place multiple contingency plans to ensure its supply chain and general operations can be maintained with minimal disruption. Considered an essential service in Canada since the beginning of the pandemic, the Company steadily maintained its operations throughout fiscal 2021, and the first six months of 2022.

[3] Nielsen: Last 52-week period ending April 23, 2022, Convenience & Gas (C&G), Quebec vs. same period year ago.

NON-GAAP FINANCIAL MEASURES

Adjusted EBITDA[4]

Adjusted EBITDA is a non-GAAP financial measure. Adjusted EBITDA is defined as net income or loss before reverse acquisition of Mira X expenses, income taxes, net financial expenses, depreciation and amortization, and stock-based compensation expense. The exclusion of the reverse acquisition of Mira X expenses eliminates the impact on earnings of costs that are not expected to re-occur in the near term. The exclusion of net finance expense eliminates the impact on earnings derived from non-operational activities, and the exclusion of depreciation, amortization, and share-based compensation eliminates the non-cash impact of these items.

We believe that adjusted EBITDA is a useful measure of financial performance without the variation caused by the impacts of the items described above because it provides an indication of the Company's ability to seize growth opportunities in a cost-effective manner, finance its ongoing operations and service long-term debt. Excluding these items does not imply that they are necessarily non-recurring. Management believes this non-GAAP financial measure, in addition to conventional measures prepared in accordance with IFRS, enable investors to evaluate the Company's operating results, underlying performance and future prospects in a manner similar to management. Although Adjusted EBITDA is frequently used by securities analysts, lenders and others in their evaluation of companies, it has limitations as an analytical tool, and should not be considered in isolation, or as a substitute for analysis of the Company's results as reported under IFRS.

Liquidities

Liquidities is a non-GAAP financial measure. Liquidities are defined as the sum of cash and cash equivalents, and short-term investments. We believe that liquidities are a useful measure of financial condition because they provide an indication of the Company's available cash resources to support operating activities. Management believes this non-GAAP financial measure, in addition to conventional measures prepared in accordance with IFRS, enable investors to evaluate the Company's underlying financial condition in a manner similar to management.

These non-GAAP financial measures are not earnings or cash flow measures, or measures of financial condition, recognized by International Financial Reporting Standards (IFRS) and don't have a standardized meaning prescribed by IFRS. Our method of calculating these financial measures may differ from the methods used by other issuers and, accordingly, our definition of these non-GAAP financial measures may not be comparable to similar measures presented by other issuers. Investors are cautioned that non-GAAP financial measures should not be construed as an alternative to net income determined in accordance with IFRS as indicators of our performance or financial condition, or to cash flows from operating activities as measures of liquidity and cash flows.

KEY SOURCES OF ESTIMATES AND ASSUMPTIONS

Measurement of net revenue

Net revenue is measured at the fair value of consideration received net of refunds, discounts, rebates and other fees paid to customers. The Company recognizes revenue when it transfers control of a product to a customer. Revenue is recognized at a point in time, which is when a customer takes possession of the goods, as it meets the criteria to satisfy the performance obligation.

[4] Refer to reconciliation of net (loss) income to adjusted EBITDA section of the MD&A.

MAIN ACHIEVEMENTS AND GROWTH DRIVERS

Record Q2 net revenue vs Q2 2021	**#1 brand with Quebec young adults under 25[5]**	**over $62M of liquidities[6] and unused credit facilities**
#3 brand in Quebec (14% market share)[7]	**Fastest growing energy drink in Canada in the last 52 weeks[8]**	**over 25,000 points of sale in North America**

[5] Market research conducted by element54 and Patterson Langlois for GURU in June 2021 with 1,500 participants in the province of Quebec.
[6] Liquidities are comprised of cash and cash equivalents ($32 million), and short-term investments ($20.8 million). The Company also has $10 million in unused credit facilities. Refer to the NON-GAAP FINANCIAL MEASURES section of this MD&A.
[7] Nielsen: Last 52-week period ending April 23, 2022, Grocery Drug Mass (GDM) + Convenience & Gas (C&G), Quebec vs. same period year ago.
[8] Nielsen: Last 52 weeks, period ending April 23, 2022 - All Channels, Canada

Q2 2022 HIGHLIGHTS

- Record Q2 net revenue of $7.6 million, compared to $7.1 million in Q2 2021, despite COVID-19 related impact on sales and marketing activities in Canada during the first half of Q2 2022.
    - U.S. sales, which represented approximately 28% of net revenue in Q2 2022, grew by 92% in U.S. dollars, or 93% in Canadian dollars in Q2 2022.

- GURU continues to be the fastest-growing energy drink in Canada in the last 52 weeks[9].

- Launch of the "Made in Plants" marketing campaign and introduction of GURU Guayusa Tropical Punch across Canada following the successful launch in Quebec, where Guayusa ranks as the #1 Innovation SKU[10].

- Launch of 500 ml format and listing of 355 ml 4-pack format across Canada, initiatives that will allow GURU to be even more competitive in the market by providing consumers with a broader range of choices.

- Sustained, strong margins, as gross profit totalled $4.1 million, compared to $4.4 million in Q2 2021. Gross margin[11] was 54% of net revenue, compared to 55% in Q1 2022

- Net loss of $4.0 million in Q2 2022, compared to a net loss of $1.2 million in Q2 2021, mainly due to increased brand marketing activities as well as field and trade marketing launch activities across Canada, and other investments in support of growth plans, including new product launches.

- Adjusted EBITDA[12] of $(3.7) million in Q2 2022, compared to $(0.8) million in Q2 2021.

YEAR-TO-DATE HIGHLIGHTS

- Net revenue increased by 7% to $14.6 million for the six-month period ended April 30, 2022, compared to $13.7 million for the same period last year.

- Gross profit totalled $7.9 million, compared to $8.5 million for the same period a year ago, under a different business model. Gross margin was 54% of net revenue, compared to 62% in 2021.

- Cash flow used in operating activities was $14.0 million, compared to $6.9 million in 2021.

- Net loss of $7.2 million, compared to a net loss of $1.8 million in 2021.

- Adjusted EBITDA[12] of $(6.8) million, compared to $(1.3) million in 2021.

- Strong financial position with cash and cash equivalents of $32 million, and short-term investments of $20.8 million and unused credit facilities of $10.0 million as of April 30, 2022.

[9] Nielsen Last 52 weeks, period ending April 23, 2022 - All Channels, Canada
[10] Nielsen Last 12 weeks, period ending April 23, 2022 – Convenience and Gas (C&G) channel, Quebec
[11] Gross margin, a supplementary financial measure, is the result of gross profit divided by net revenue
[12] Refer to reconciliation of net (loss) income to adjusted EBITDA section of the MD&A.

SELECTED QUARTERLY FINANCIAL INFORMATION

The selected financial information below was derived from the Company's financial statements, prepared in accordance with IFRS, for the three-month and six-month periods ended April 30, 2022, and 2021.

	Three-month periods ended				Six-month periods ended			
	April 30, 2022		April 30, 2021		April 30, 2022		April 30, 2021	
(In thousands of Canadian dollars, except per share data)	$	% of revenue	$	% of revenue	$	% of revenue	$	% of revenue
Net revenue	**7,603**	**100%**	7,074	100%	**14,569**	**100%**	**13,676**	100%
Cost of goods sold	3,477	46%	2,639	37%	6,646	46%	5,144	38%
Gross profit	**4,126**	**54%**	4,435	63%	**7,923**	**54%**	**8,532**	62%
Selling, general and administrative expenses	8,194	108%	5,530	78%	15,274	105%	10,210	75%
Net financial (income) expenses	(113)	-1%	75	1%	(227)	-2%	103	1%
Reverse acquisition of Mira X expenses	-	0%	85	1%	-	0%	110	1%
Loss before income taxes	**(3,955)**	**-52%**	(1,255)	-18%	**(7,124)**	**-49%**	**(1,891)**	-14%
Income taxes	19	0%	(51)	-1%	39	0%	(56)	0%
Net loss	**(3,974)**	**-52%**	(1,204)	-17%	**(7,163)**	**-49%**	**(1,835)**	-13%
Basic and diluted loss per share	$ (0.12)		$ (0.04)		$ (0.22)		$ (0.06)	
Adjusted EBITDA[13]	(3,748)	-49%	(833)	-12%	(6,762)	-46%	(1,264)	-9%
Net revenue by geography								
Canada	5,441	72%	5,956	84%	11,212	77%	11,443	84%
United States	2,163	28%	1,118	16%	3,357	23%	2,233	16%

	As at	
	April 30, 2022	October 31, 2021
	$	$
Total assets	74,679	85,005

RECONCILIATION OF NET LOSS TO ADJUSTED EBITDA

	Three-month periods ended		Six-month periods ended	
	April 30, 2022	April 30, 2021	April 30, 2022	April 30, 2021
(In thousands of Canadian dollars)	$	$	$	$
Net loss	(3,974)	(1,204)	(7,163)	(1,835)
Reverse acquisition of Mira X expenses	-	85	-	110
Net financial (income) expenses	(113)	75	(227)	103
Depreciation and amortization	218	110	409	190
Income taxes	19	(51)	39	(56)
Stock-based compensation expense	102	152	180	224
Adjusted EBITDA	(3,748)	(833)	(6,762)	(1,264)

[13] Refer to reconciliation of net income (loss) to adjusted EBITDA section of the MD&A.

RESULTS OF OPERATIONS

Net Revenue

Net revenue for the quarter increased by 7% or $0.5 million to $7.6 million, compared to $7.1 million for the three-month period ended April 30, 2021. The increase is reflected by a 26% growth in volume overall, as a result of higher velocities, new product launches, and increased points of sale in Canada, and a new limited-time rotational program in the U.S. wholesale club channel, partially offset by costs associated with the exclusive Canadian distribution agreement. Net revenue in Canada contracted despite volume growth in Q2 2022, reflecting the change in the Company's business model in Canada following the exclusive Canadian distribution agreement with PepsiCo® that launched on October 4, 2021. U.S. sales grew by 92% in U.S. dollars, or 93% in Canadian dollars, during Q2 2022, compared to the same period last year. According to SPINS[14], which measures U.S. retail sales of GURU energy drinks, GURU experienced 31% growth nationally in Q2 2022 versus Q2 2021, and 61% growth in California for the same period, showing continued strength in the U.S. market. For the six-month period, net revenue increased by 7% or $0.9 million to $14.6 million, up from $13.7 million for the same period in 2021, as volume overall grew by 24%. The reasons for the change are consistent with those provided above.

Gross profit and margin

Gross profit totalled $4.1 million, a reduction of 7% or $0.3 million compared to $4.4 million for the three-month period ended April 30, 2021. Gross margin was 54% for the three-month period ended April 30, 2022, compared to 63% for the same period a year ago, and 55% in Q1 2022. The decrease in gross margin was due to the change in the Company's distribution, sales and merchandising model for the Canadian market since Q4 2021. Gross margin was also slightly impacted by higher product costs driven by inflationary pressures on input and transportation costs since the onset of the COVID-19 pandemic. For the six-month period, gross profit totalled $7.9 million, 7% or $0.6 million lower than gross profit of $8.5 million a year ago. Gross margin for the period was 54%, compared to 64% last year. The reasons for the changes are consistent with those provided above.

Selling, general and administrative expenses

Selling, general and administrative expenses ("SG&A") include operational, sales, marketing, and administration costs. These expenses amounted to $8.2 million for the three-month period ended April 30, 2022, an increase of 48% or $2.7 million compared to SG&A of $5.5 million for the same period a year ago. Because of continued COVID-19 Omicron variant restrictions and lockdowns that impacted the first half of Q2 2022, and worldwide economic and political uncertainties, the Company carefully moderated its investments and marketing activities during the quarter in Canada. Selling and marketing expenses accounted for $5.2 million of the $8.2 million in Q2 2022, and more than 70% of the increase in SG&A versus the same period a year ago, as the Company invested in targeted sales and marketing campaigns during the quarter, notably its "Made in Plants" marketing campaign, the launch of GURU Guayusa Tropical Punch across Canada, the launch of the 500 ml format in Quebec and the listing of the 355 ml 4-pack across Canada; as well as continued trade marketing investments in the U.S. For the six-month period, SG&A amounted to $15.3 million, an increase of 50% or $5.1 million, compared to $10.2 million for the same period a year ago. The reasons for the changes are consistent with those provided above.

Adjusted EBITDA[15]

Adjusted EBITDA was a loss of $3.7 million for the three-month period ended April 30, 2022, compared to a loss of $0.8 million last year. The decrease in adjusted EBITDA was mainly due to higher selling and marketing expenses, and lower gross margins, as explained above. Adjusted EBITDA for the first six months of the year was a loss of $6.8 million in 2022, compared to $1.3 million in 2021. The reasons for the changes are consistent with those provided above.

[14] SPINS IRI data, Total Multi-Outlet (MULO) channels, period ending March 20, 2022.

[15] Refer to reconciliation of net income (loss) to adjusted EBITDA section of the MD&A.

Net financial (income) expenses

The Company generated net financial income of $112,730 in Q2 2022, compared to incurring net financial expenses of $74,500 for the same period a year ago, due to higher cash equivalent balances and new short-term investment returns in Q2 2022, foreign exchange gains in Q2 2022, and the net change in the fair value of the stock warrant obligation in Q2 2022. For the first six months of the year, net financial income increased to $227,237 from financial expenses of $102,925 a year earlier, as the Company reimbursed the totality of its credit facilities since the closing of the private placement in October 2021, and realized interest revenue from its cash position, the net change in the fair value of the stock warrant obligation and foreign exchange gains, which were partially offset by the increase in interest on lease liabilities.

Income taxes

The Company had a deferred income tax expense for the three-month period ended April 30, 2022 of $18,678 compared to an income tax recovery of $50,990 for the three-month period ended April 30, 2021. The Q2 2021 recovery was realized due to prior years' taxes paid that were covered. The deferred tax expense in the first half of 2022 relates primarily to taxable income realized in the U.S. entity.

For both periods, the effective income tax recovery was less than the expected income tax recovery based on the combined federal and provincial statutory tax rates, primarily because of the non-recognition of Canadian tax attributes that were not probable of being realized. Refer to note 22 to the annual consolidated October 31, 2021 financial statements. The Company had a deferred income tax expense of $39,388 for the six-month period, compared to an income tax recovery of $56,112 for the same period a year earlier. The reasons for the changes are consistent with those provided above.

Net loss

Net loss for the first quarter of fiscal 2022 totalled $4.0 million or $(0.12) per share (basic and diluted), compared to a net loss of $1.2 million or $(0.04) per share (basic and diluted) for the same period a year ago. The increase in net loss reflects the lower margins and the additional costs associated with brand, field and trade marketing activities as explained above. Net loss for the six-month period totalled $7.2 million in 2021, or $(0.22) per share (basic and diluted), compared to a net loss of $1.8 million or $(0.06) per share (basic and diluted) for the same period a year ago. The reasons for the changes are consistent with those provided above.

LIQUIDITY AND CAPITAL RESOURCES

Capital Management

The Company's objective in managing its capital is to ensure sufficient liquidity to finance its operations, maximize the preservation of capital and deliver competitive returns on invested capital. To fund its activities, the Company has relied on the private placement financing completed on October 29, 2020, in connection with the reverse acquisition of Mira X and on the private placement and bought deal financing completed on July 6, 2021. The Company manages its excess cash to ensure that it has sufficient reserves to fund its operations and capital expenditures.

Cash Flows

	Six-month periods ended	
	April 30, 2022	April 30, 2021
(In thousands of Canadian dollars)	$	$
Cash flow used in operating activities	(13,995)	(6,867)
Cash flow (used in) from financing activities	(214)	1,249
Cash flow used in investing activities	(20,777)	(709)
Effects of movements in exchange rate on cash held	23	(20)
Decrease in cash and cash equivalents	(34,963)	(6,347)
Cash and cash equivalents, beginning of period	66,954	30,418
Cash and cash equivalents, end of period	31,991	24,071
Cash, cash equivalents, and short-term investments, end of period	52,791	24,071

Cash flow used in operating activities

For the six-month period ended April 30, 2022, operating activities used cash of $14.0 million compared to $6.9 million for the same period last year. The increase in fiscal 2022 is due to the net loss incurred this year, which was mainly attributable to marketing and trade initiatives, and additional investments in working capital, namely in inventories for the new launches and seasonal peak.

Cash flow used in financing activities

Financing activities used cash flow of $213,938 in the six-month period ended April 30, 2022, compared to generating cash flow of $1.2 million for the same period last year. The decrease in Q2 2022 was mainly due to a share issuance in Q2 2021.

Cash flow used in investing activities

Investing activities used cash flow of $20.8 million in the six-month period ended April 30, 2022, compared to $0.7 million for the same period last year. The increase in Q2 2022 was primarily due to short-term investments purchased from cash on hand in Q2 2022.

Credit Facilities

On March 31, 2021, the Company signed a new committed revolving operating credit facility of a maximum authorized amount of $10 million, which maturity was extended for an additional year during the second quarter from March 30, 2024 to March 30, 2025. As at April 30, 2022, the credit facility was not used (October 31, 2021 - nil).

The Company also has an uncommitted credit facility 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, 2021 - US$550,000). This credit facility was not used as at April 30, 2022 (October 31, 2021 - nil).

The Company has a letter of credit for a maximum available of $2.5 million for which an amount of EUR600,000 (CA$809,520) was used as of April 30, 2022 (October 31, 2021 - EUR300,000 (CA$371,520)).

The credit facilities noted above are secured by a movable hypothec on the universality of the Company's present and future assets located in the province of Quebec to a maximum of $25 million, 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 U.S. subsidiary. These credit facilities are subject to certain financial covenants, which were met as at April 30, 2022. The previous existing long-term debt has been repaid in full on March 2, 2021.

FINANCIAL POSITION

The following table shows the main variances that have occurred in the Company's financial position as at April 30, 2022:

(In thousands of Canadian dollars)	April 30, 2022 $	October 31, 2021 $	Variance $	Significant contributions
Cash and cash equivalents	31,991	66,954	(34,963)	Purchases of short-term investments, investments in working capital, expansion and marketing plans
Short-Term Investments	20,800	-	20,800	Purchases of short-term investments
Inventories	10,521	7,338	3,183	Increase due to planning for seasonal volume growth and summer campaign
Accounts payable and accrued liabilities	6,646	10,265	(3,619)	Normal course of business - production, timing of accrual payments

DIVIDEND POLICY

The Company has not paid dividends on its common shares since incorporation. The Company's current policy is to retain future earnings to finance its growth. Any future determination to pay dividends will be made at the discretion of the Company's Board of Directors and will depend on the Company's financial condition, results of operations, capital requirements and other such factors as the Board of Directors may deem relevant.

SELECTED QUARTERLY INFORMATION

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

(In thousands of Canadian dollars, except per share data)

	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020
Net revenue	**7,603**	6,965	8,466	8,049	7,074	6,602	6,115	6,595
Gross profit	**4,126**	3,796	4,314	5,037	4,435	4,097	3,705	4,351
(Net loss) Net income	**(3,974)**	(3,190)	(5,982)	(2,027)	(1,204)	(631)	(3,145)	1,236
Basic (loss) earnings per share *	**$ (0.12)**	$ (0.10)	$ (0.18)	$ (0.07)	$ (0.04)	$ (0.02)	$ (0.11)	$ 0.06
Diluted (loss) earnings per share *	**$ (0.12)**	$ (0.10)	$ (0.18)	$ (0.07)	$ (0.04)	$ (0.02)	$ (0.11)	$ 0.05

** Earnings per share calculation have been calculated using the 1 to 916 stock split that occurred at time of the RTO (October 29, 2020).*

Factors affecting the variability of quarterly results

There are quarter-over-quarter variations in net revenue that are caused by seasonality as well as sales and marketing campaigns. Exceptionally, Q4 2020 included the $2.9 million cost of the reverse acquisition of Mira X, and Q3 2020 was impacted by renewed buying following the Q2 2020 onset of the COVID-19 pandemic and the operational adjustments that were required in response to it. Also, net revenue was lower in Q1 2022 than in Q4 2021 due to a large order from the Company's exclusive Canadian distributor to build up their inventory in Q4 2021, and due to seasonality.

TRENDS AND SEASONALITY

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. These trends can also vary due to the success of GURU's marketing campaigns and product launch initiatives. In contrast, the U.S. market, with its overall warmer climate, generally does not exhibit the same level of seasonal sales trends as Canada.

FINANCIAL INSTRUMENTS

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. It manages liquidity risk by continuously monitoring forecast and actual cash flows and matching maturity profiles of financial assets and liabilities, with the objective of maintaining a balance between continuity of funding and flexibility through borrowing facilities available through its bank and other lenders.

The Company holds cash equivalents bearing interest at 1.75%, and fixed-rate short-term investments bearing interest at 2.40% with major North American financial institutions.

The Company's policy is to ensure that it has adequate funding available from operations and other sources as required. The following are the contractual maturities of the Company's financial obligations, including principal and interest, as at April 30, 2022:

(In thousands of Canadian dollars)	Carrying amount	Contractual cash flows	Less than 1 year	1-5 years	More than 5 years
Trade and other payables	6,646	6,646	6,646	-	-
Lease liabilities, including current portion	2,081	2,238	450	1,549	239

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, short-term investments, and accounts receivable. The credit risk of cash and cash equivalents and short-term investments are limited given 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 credit checks on its clients on a continuing basis and maintains provisions for contingent credit losses that, once they materialize, are consistent with management's forecasts. The Company deals with well-established banners and distributors, thus reducing its credit risk. As of the current balance sheet date, 85% (October 31, 2021 – 80%) of accounts receivable are concentrated with two (2021 – two) clients who represent together 76% (October 31, 2021 – 19%) of the year's sales. The Company does not normally require a guarantee for its trade receivables.

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. At period end, the Company's exposure to net monetary assets denominated in foreign currencies was not significant to the Company's financial position.

Interest Rate Risk

The Company's credit facility bears interest at a variable rate based on the bank's prime rate plus a percentage. At period-end, the facility was unused.

Derivative Financial Instrument Risk

The Company uses share price instruments occasionally. All derivative financial instruments are recorded at their fair values. Derivatives are initially recognized at fair value at the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in income immediately. Refer to note 15 of the Interim Condensed Consolidated Financial Statements for the six-month periods ended April 30, 2022 and 2021 for further information.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not currently have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on its financial position, changes in net revenues or expenses, results of operations, liquidity or capital resources that are material, other than the lease. The Company's other off-balance-sheet arrangements consist only of obligations under operating leases with terms of 12 months or less or of low dollar value, which are not material.

SEGMENT REPORTING

The Company has one reportable segment, as its principal business activities are developing, marketing, selling, and distributing energy drinks.

SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, net revenues, and expenses. Actual results may differ from these estimates. Please refer to note 4 of the Interim Condensed Consolidated Financial Statements for the six-month periods ended April 30, 2022 and 2021 for further details.

STOCK-BASED COMPENSATION

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, 2022, 232,044 stock options (October 31, 2021 – 221,798), 8,121 RSUs (October 31, 2021 – 5,436), and 23,454 DSUs (October 31, 2021 – 13,772) were available for issuance.

Stock-based compensation expense recorded in the six-month period was $60,052 (2021 - $85,946) for stock options granted, $158 for RSUs (2021 - $18,302) and $120,018 for DSUs (2021 - $120,000). In addition, during the six-month period ended April 30, 2022, the Company issued 3,653 stock options and 2,473 RSUs in order to settle incentives due to employees in the amount of $61,899. As a result, an amount of $61,899 was transferred from accounts payable and accrued liabilities to contributed surplus in connection with this transaction.

In addition, as at June 14, 2021, 1,650,000 warrants were granted to GURU's exclusive national Canadian distributor at an exercise price of $16.69 per share. The warrants were granted in three equal tranches with each tranche vesting upon the Company realizing specific sales volume targets in Canada, and the exercise of such warrants is conditional upon a change of control announcement. The warrants expire on June 14, 2031. None of the warrants were exercisable as of June 14, 2022.

OUTSTANDING SHARE DATA

	As at June 13, 2022
Shares outstanding	32,339,395
PepsiCo warrants (exercise price of $16.69 per share)	1,650,000
Stock options (average exercise price of $4.78 per share)	232,044
Restricted Share Units (average granted price of $18.93 per share)	8,121
Deferred Share Units (average granted price of $15.35 per share)	23,454
Fully diluted shares	34,253,014

USE OF PROCEEDS FROM FINANCINGS

July 2021 Private Placement and Bought Deal Financing

On July 6, 2021, the Company completed a private placement and bought deal financing and issued 3,097,594 common shares for aggregate gross proceeds of $49.6 million and net proceeds of $46.7 million. The following table shows the estimated use of proceeds, compared with the actual use of proceeds as at April 30, 2022:

(In thousands of Canadian dollars)	Actual use of proceeds	Estimated use of proceeds	Variance
Market expansion costs (including retailer listing and distribution fees, in-store materials, additional sales force and product broker fees)	203	10,814	(10,611)
Marketing and brand awareness	-	28,000	N/M
Product innovation investments / R&D	-	5,000	N/M
General working capital and corporate (including public company operating costs)	-	2,923	N/M
Remaining as at April 30, 2022	46,534	-	46,534
Total net proceeds	46,737	46,737	-
Share issuance costs	2,825	2,825	-
Gross proceeds	49,562	49,562	-

N/M: Not meaningful

October 2020 Private Placement

On October 29, 2020, the Company completed a private placement and issued 6,330,750 common shares for aggregate gross proceeds of $34.5 million (including proceeds from the over-allotment option) and net proceeds of $29.2 million. The following table shows the estimated use of proceeds, compared with the actual use of proceeds as at April 30, 2022:

(In thousands of Canadian dollars)	Actual use of proceeds	Estimated use of proceeds	Variance
Market expansion costs (including retailer listing and distribution fees, in-store materials, additional sales force and product broker fees)	6,577	12,000	(5,423)
Marketing and brand awareness	10,026	10,000	26
Product innovation investments / R&D	424	3,000	(2,576)
General working capital and corporate (including public company operating costs)	5,831	4,116	1,715
Remaining as at April 30, 2022	6,258	-	6,258
Total net proceeds	29,116	29,116	-
Reverse acquisition of Mira X expenses	3,058	3,058	-
Share issuance costs	2,329	2,329	-
Gross proceeds	34,503	34,503	-

RISK FACTORS

Please refer to the risk factors described in the "Risk Factors" section of the Company's Annual Information Form, dated January 20, 2022.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

In accordance with National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings, the Company has filed certificates signed by the Chief Executive Officer and the Chief Financial Officer ("Certifying Officers") that, among other things, reported on the design and operating effectiveness of disclosure controls and procedures ("DC&P") and the design and operating effectiveness of internal control over financial reporting at October 31, 2021.

DISCLOSURE CONTROLS AND PROCEDURES ("DC&P")

The Company has designed DC&P to provide reasonable assurance that material information relating to the Company is made known to the Certifying Officers, and that information required to be disclosed to satisfy the Company's continuous disclosure obligations is recorded, processed, summarized, and reported within the time periods specified by applicable Canadian securities legislation.

INTERNAL CONTROLS OVER FINANCIAL REPORTING ("ICFR")

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

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

There were no changes to the Company's ICFR for the period beginning on February 1, 2022 and ended April 30, 2022, that have materially affected, or are reasonably likely to materially affect, the Company's ICFR.