

# CONSOLIDATED FINANCIAL STATEMENTS

For the years ended  
October 31, 2025 and 2024

**GURU**



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**INDEPENDENT AUDITOR'S REPORT**

To the Shareholders of GURU Organic Energy Corp.

***Opinion***

We have audited the consolidated financial statements of GURU Organic Energy Corp. (the "Entity"), which comprise:

- the consolidated statements of financial position as at October 31, 2025 and October 31, 2024
- the consolidated statements of loss and other comprehensive loss for the years then ended
- the consolidated statements of changes in equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of material accounting policy information

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at October 31, 2025 and October 31, 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards 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 Financial Statements***" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the 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.



## **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended October 31, 2025. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our auditor's report.

### **Assessment of accuracy of net revenues**

#### **Description of the matter**

We draw attention to Note 3(b)(i), Note 4(g) and Note 15 to the financial statements.

The Entity's net revenue balance is \$34,747,920. The Entity's net revenue comes from the sale of goods and is measured at the fair value of consideration received, net of refunds, discounts, rebates and other fees paid to customers. Revenue is recognized at a point in time when the Entity transfers control of a product to a customer, which is when a customer takes possession of the goods. The Entity's estimates of provisions for sales allowances such as discounts, rebates, returns and other fees paid to customers is based on the historical claims as supplemented by management's judgment.

#### **Why the matter is a key audit matter**

We identified the accuracy of net revenue as a key audit matter given the magnitude of net revenue. In addition, the determination of the provisions for sales allowances represented an area of higher assessed risk of material misstatement. As a result, significant auditor judgment and effort were needed to perform and evaluate the results of our audit procedures.

#### **How the matter was addressed in the audit**

The following are the primary procedures we performed to address this key audit matter:

- We assessed the adequacy of the Entity's revenue recognition accounting policies, including the recognition and measurement of deductions, by reading and analyzing a selection of customer contracts, including the nature and terms of the refunds, discounts, rebates, and other fees paid to customers.
- For a sample of revenue transactions, we inspected source documents and cash receipts.
- We evaluated the reasonableness of the provisions for sales allowances by:
  - Evaluating the appropriateness of the Entity's estimation methodology and the Entity's judgments based on historical trends, taking into account changes in conditions and events affecting the provisions to assess the adjustments or lack of adjustments made by the Entity in determining the provisions.



- Comparing the Entity's provisions for sales allowances at year-end to the actual refunds, discounts and rebates paid after year-end.
- Testing the data used by the Entity in determining the provisions for sales allowances such as actual sales volumes and agreeing allowances rates to agreements for a selection of customers.

### ***Other Information***

Management is responsible for the other information. Other information comprises:

- the information included in Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not, and will not, express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

### ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.



## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the 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 the 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 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 Entity'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 Entity'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 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



- 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.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.
- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the 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 auditor's 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 auditor's report is Alain Bessette.

A handwritten signature in black ink that reads 'KPMG LLP\*'. The signature is written in a cursive, slightly slanted style. A horizontal line is drawn underneath the signature, extending from the left side towards the right.

Boisbriand, Canada

January 21, 2026

# GURU ORGANIC ENERGY CORP.

## Consolidated Statements of Financial Position

As at October 31, 2025 and 2024

	October 31, 2025	October 31, 2024
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 8,530,498	\$ 25,510,969
Short-term investments	20,000,000	-
Trade and other receivables (note 6)	2,979,052	4,283,221
Income taxes receivable	6,926	6,876
Refundable investment tax credits	75,000	50,000
Inventories (note 7)	6,020,809	5,966,889
Prepaid expenses	306,103	229,768
	<b>37,918,388</b>	<b>36,047,723</b>
Fixed assets (note 8)	784,120	1,108,351
Right-of-use assets (note 9)	836,919	1,066,276
Other assets (note 10)	252,893	377,998
Long-term deposit	48,250	48,250
Deferred tax assets (note 19)	348,705	486,569
	<b>\$ 40,189,275</b>	<b>\$ 39,135,167</b>
<b>LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>		
<b>Current Liabilities:</b>		
Accounts payable and accrued liabilities (note 12)	\$ 9,281,172	\$ 7,039,652
Current portion of lease liabilities (note 13)	409,469	364,795
	<b>9,690,641</b>	<b>7,404,447</b>
Lease liabilities (note 13)	509,767	797,833
Stock warrant obligations	-	2,163
	<b>10,200,408</b>	<b>8,204,443</b>
<b>Shareholders' Equity</b>		
Share capital (note 14)	80,046,471	80,508,900
Contributed surplus	2,404,387	1,805,735
Deficit	(52,593,369)	(51,495,181)
Accumulated other comprehensive income	131,378	111,270
	<b>29,988,867</b>	<b>30,930,724</b>
	<b>\$ 40,189,275</b>	<b>\$ 39,135,167</b>

See accompanying notes to consolidated financial statements.

# GURU ORGANIC ENERGY CORP.

## Consolidated Statements of Loss and Comprehensive Loss

Years ended October 31, 2025 and 2024

	Year ended	
	October 31, 2025	October 31, 2024
Net revenue (note 15)	\$ 34,747,920	\$ 30,242,255
Cost of goods sold	12,268,083	13,506,585
Gross profit	<b>22,479,837</b>	<b>16,735,670</b>
Selling, general and administration expenses (note 16)	24,572,052	27,301,846
Restructuring expenses	-	194,252
Net financial income (note 17)	(856,164)	(1,417,168)
	<b>23,715,888</b>	<b>26,078,930</b>
Loss before income taxes	(1,236,051)	(9,343,260)
Income tax expense (note 19):		
Deferred	141,207	66,792
	141,207	66,792
Net loss	<b>(1,377,258)</b>	<b>(9,410,052)</b>
<i>Other comprehensive income:</i>		
Item that may be reclassified subsequently to consolidated statements of loss:		
Foreign operations - foreign currency translation differences	20,108	13,567
Total comprehensive loss	(1,357,150)	(9,396,485)
Basic and diluted loss per share (note 18)	\$ (0.05)	\$ (0.31)
<i>See accompanying notes to consolidated financial statements.</i>		

# GURU ORGANIC ENERGY CORP.

## Consolidated Statements of Changes in Equity

Years ended October 31, 2025 and 2024

	Share capital		Contributed surplus	Deficit	Accumulated other comprehensive income - foreign currency translation	Total
	Number	Amount				
Balance as of October 31, 2024	30,343,277	\$ 80,508,900	\$ 1,805,735	\$ (51,495,181)	\$ 111,270	\$ 30,930,724
Net loss	-	-	-	(1,377,258)	-	(1,377,258)
Stock options exercised (note 21)	35,828	145,103	(56,250)	-	-	88,853
DSUs settled (note 21)	54,297	269,996	(269,996)	-	-	-
Stock-based compensation expense (note 21)	-	-	924,898	-	-	924,898
Share buy-back (note 14)	(328,988)	(877,528)	-	279,070	-	(598,458)
Foreign operations - foreign currency translation differences	-	-	-	-	20,108	20,108
<b>Balance as of October 31, 2025</b>	<b>30,104,414</b>	<b>80,046,471</b>	<b>2,404,387</b>	<b>(52,593,369)</b>	<b>131,378</b>	<b>29,988,867</b>
Balance as of October 31, 2023	30,317,799	80,335,608	1,485,005	(42,087,325)	97,703	39,830,991
Net loss	-	-	-	(9,410,052)	-	(9,410,052)
RSUs settled (note 21)	34,700	197,729	(197,729)	-	-	-
Stock-based compensation expense (note 21)	-	-	518,459	-	-	518,459
Share buy-back	(9,222)	(24,437)	-	2,196	-	(22,241)
Foreign operations - foreign currency translation differences	-	-	-	-	13,567	13,567
<b>Balance as of October 31, 2024</b>	<b>30,343,277</b>	<b>80,508,900</b>	<b>1,805,735</b>	<b>(51,495,181)</b>	<b>111,270</b>	<b>30,930,724</b>

See accompanying notes to consolidated financial statements.

# GURU ORGANIC ENERGY CORP.

## Consolidated Statements of Cash Flows

Years ended October 31, 2025 and 2024

	Year ended	
	October 31, 2025	October 31, 2024
Cash provided by (used in):		
Operating:		
Net loss	\$ (1,377,258)	\$ (9,410,052)
Adjustments for:		
Depreciation and amortization (note 16)	911,004	949,738
Income tax	141,207	66,792
Net financial income (note 17)	(856,164)	(1,417,168)
Stock-based compensation expense (note 21)	924,898	518,459
Write-off of other assets	-	8,943
Gain on disposal of right-of-use asset and lease	-	(3,265)
Net change in non-cash operating working capital (note 20)	3,561,389	(13,493)
	<b>3,305,076</b>	<b>(9,300,046)</b>
Financing:		
Share buy-back	(598,458)	(22,241)
Proceeds from exercise of stock options	88,853	-
Interest and financing fees paid	(36,473)	(45,156)
Payment of lease obligation	(393,721)	(394,848)
	<b>(939,799)</b>	<b>(462,245)</b>
Investing:		
Proceeds from (net purchases of) short-term investments	(20,000,000)	18,000,000
Additions to fixed assets	(81,647)	(92,404)
Interest income received	732,487	1,543,007
	<b>(19,349,160)</b>	<b>19,450,603</b>
Effect of movements in exchange rate on cash held	3,412	(3,160)
Cash and cash equivalents, beginning of year	25,510,969	15,825,817
Increase (decrease) in cash and cash equivalents	(16,980,471)	9,685,152
Cash and cash equivalents, end of year	<b>8,530,498</b>	<b>25,510,969</b>
Cash, cash equivalents, and short-term investments, end of year	28,530,498	25,510,969

See accompanying notes to consolidated financial statements.

Additional cash flow information is presented in note 20.

# **GURU ORGANIC ENERGY CORP.**

## **Notes to Consolidated Financial Statements**

Years ended October 31, 2025 and 2024

GURU Organic Energy Corp. (the "Company" or "GURU") was incorporated under the Canada Business Corporations Act and is listed on the Toronto Stock Exchange. The Company is domiciled in Montréal, Quebec, Canada, where its administrative offices are located. These 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.

### **1. Basis of accounting:**

The consolidated financial statements of the Company have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements were authorized for issue by the Board of Directors (the "Board") for issuance on January 21, 2026.

#### **a) Operating segment:**

The Company operates in a single operating segment, the production, marketing and distribution of energy drinks.

#### **b) Seasonality of 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.

### **2. Functional and presentation currency and basis of measurement:**

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

These financial statements have been prepared on a historical cost basis, except for certain financial instruments that are measured at fair value as described in our accounting policies.

### **3. Use of significant accounting judgements, estimates and assumptions:**

The preparation of the Company's 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.

# **GURU ORGANIC ENERGY CORP.**

## **Notes to Consolidated Financial Statements**

Years ended October 31, 2025 and 2024

### *Critical judgments and key sources of estimation uncertainty*

The following are critical judgments and key sources of estimation uncertainty in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements and that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

#### **a) Critical judgment:**

Deferred income taxes:

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies. The Company has determined that it is probable that certain deferred tax assets will be realized in the future (further details are given in note 19).

#### **b) Key sources of estimation uncertainty:**

(i) Sales allowances:

Management uses judgment in estimating provisions for sales allowances such as discounts, rebates, returns and other fees paid to customers. The product revenue recognized is net of these estimated allowances. Such estimates require the need to make estimates about matters that are inherently uncertain.

The Company's estimates are based on our historical claims as supplemented by management's judgment.

Other areas involving estimation uncertainty include the determination of expected credit losses and inventory obsolescence provision, and the determination of investment tax credits.

#### **4. Material accounting policies:**

The material accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

##### **a) Basis of consolidation:**

The consolidated financial statements of the Company include the accounts of the Company and of its subsidiaries.

(i) Subsidiaries:

A subsidiary is an entity controlled by the Company. Control is achieved where the Company has power over the investee, exposure or rights to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect the amount of these returns. The Company reassesses whether it controls an entity if facts and circumstances indicate that one or more of the aforementioned points have changed.

A subsidiary is consolidated from the date the Company obtains control and continues to be consolidated until the date that such control ceases.

# GURU ORGANIC ENERGY CORP.

## Notes to Consolidated Financial Statements

Years ended October 31, 2025 and 2024

Intercompany transactions, balances, income and expenses are eliminated on consolidation. As at October 31, 2025 and 2024, the Corporation's main subsidiaries were as follows:

<b>Subsidiary</b>	<b>Jurisdiction of incorporation</b>	<b>Ownership percentage</b>
GURU Beverage Inc.	Canada	100%
GURU Beverage Co.	United States	100%

### b) Foreign currency translation:

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date.

Non-monetary items are not re-measured and are recorded based on historical cost in a foreign currency based on the exchange rate at the date of the transaction. Foreign currency differences are recognized in the consolidated statement of loss.

The financial statements of foreign operations that have a functional currency different from that of the Company's presentation currency are translated into Canadian dollars. Assets and liabilities are translated at the rates in effect at the end of the reporting period; revenue and expense items are translated at the average exchange rate for the period. Gains or losses arising from translation are recorded in equity under the heading Accumulated other comprehensive income (loss) - foreign currency translation.

### c) Inventories:

Inventories consist of raw materials, packaging and finished goods and are valued at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the normal course of business less the estimated costs necessary to make the sale. Included in the cost of finished goods are direct product costs, direct labor and an allocation of variable and fixed manufacturing overhead. Included in the cost of inventories are transportation, duty and quality control costs, which are directly incurred to bring inventories to their present location and condition. Cost is determined using the average cost method based on individual products. A provision for shrinkage and obsolescence is calculated based on known damaged or expired goods.

### d) Investment tax credits:

The Scientific Research and Experimental Development Program ("SR&ED") tax credits are recorded when there is a reasonable assurance that the assistance will be received and that the Company will comply with all relevant conditions.

The SR&ED tax credits related to expenses incurred are recognized in the consolidated statement of loss and comprehensive loss and those that compensate for the cost of an asset are recognized against the cost of the asset.

# GURU ORGANIC ENERGY CORP.

## Notes to Consolidated Financial Statements

Years ended October 31, 2025 and 2024

The tax credits recorded are based on management's best estimates of amounts expected to be received and are subject to audit by the taxation authorities. These estimates are reviewed each reporting period and updated, based on new information available.

### e) Fixed assets:

Fixed assets are recorded at cost and are depreciated over their estimated useful lives using the following method.

<b>Asset</b>	<b>Method</b>	<b>Rate/period</b>
Furniture and equipment	Straight-line method	5 years
Leasehold improvements	Straight-line method	Shorter of useful life and term of lease
Automotive equipment	Straight-line method	3 to 6 years
In-store equipment	Straight-line method	5 years
Promotional equipment	Straight-line method	5 years
Computer hardware	Straight-line method	3 to 10 years

### Impairment of non-financial assets

The Company reviews the carrying amount of its non-financial assets, which include fixed assets, other assets and right-of-use assets on each reporting date, in order to determine if specific events or changes in circumstances indicate that their carrying amounts may not be recoverable.

For impairment testing purposes, assets that cannot be tested individually are aggregated into a cash generating unit ("CGU"). An impairment loss is recognized if the carrying amount of an asset or a CGU exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses are recognized in the consolidated statement of loss.

### f) Stock-based compensation:

The Company has a stock-based compensation plan, which is described in note 21. The Company uses the fair value-based method of accounting for employee awards granted under the plan. The Company calculates the fair value of each stock option grant using the Black Scholes Option Pricing model at the grant date. The stock-based compensation cost of the options is recognized as stock-based compensation expense on a graded-vesting basis over the relevant vesting period of the stock options.

When employees exercise their stock options, the share capital is credited by the sum of the consideration paid by employees and the related portion previously credited to contributed surplus when compensation costs were charged against earnings.

### g) Revenue from contracts with customers:

Revenue from the sale of goods 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

# **GURU ORGANIC ENERGY CORP.**

## **Notes to Consolidated Financial Statements**

Years ended October 31, 2025 and 2024

performance obligation. Consideration payable to a customer that is not considered a distinct good or service from the customer, such as onetime fees paid to customers for product placement or product introduction, is capitalized in other assets and amortized on the period over which the Company expects to generate cash flows in the future, which has been established to be 10 years. These amounts are subsequently recognized as a reduction of revenue.

### **h) Income taxes:**

Income tax expense comprises current and deferred income taxes. It is recognized in net income (loss) except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income (loss).

#### **(i) Current income tax:**

The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

#### **(ii) Deferred income tax:**

Deferred income tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred income tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves. Unrecognized deferred income tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred income tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

### **i) Financial instruments:**

#### **(i) Recognition, classification and initial measurement:**

Financial assets and financial liabilities are recognized when the Company becomes party to the contractual provisions of the financial instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue.

#### **(ii) Classification and subsequent measurement:**

##### **Financial assets**

On initial recognition, a financial asset is classified as measured at amortized cost, fair value through other comprehensive income ("FVOCI") or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

# **GURU ORGANIC ENERGY CORP.**

## **Notes to Consolidated Financial Statements**

Years ended October 31, 2025 and 2024

### Amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as FVTPL: (1) it is held within a business model whose objective is to hold assets to collect contractual cash flows; and (2) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized costs are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in net income (loss). Any gain or loss on derecognition is recognized in net income (loss).

### FVOCI and FVTPL

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated at FVTPL: (1) it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and (2) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortized cost or FVOCI are measured at FVTPL. The Company has not designated any financial assets at fair value through profit or loss and does not have any financial assets at FVOCI.

### Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading, it is a derivative, or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including interest expenses, are recognized in net income (loss). Any gain or loss on derecognition is also recognized in net income (loss).

The Company has not designated any financial liabilities at fair value through profit or loss and does not have any financial liabilities at FVOCI.

### (iii) Derecognition:

#### Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows of the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

#### Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in net income (loss).

# **GURU ORGANIC ENERGY CORP.**

## **Notes to Consolidated Financial Statements**

Years ended October 31, 2025 and 2024

### **(iv) Impairment:**

The Company uses the simplified method to measure the loss allowance for trade receivables. The Company uses historical trends of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends. Losses are recognized in the consolidated statement of loss and other comprehensive loss and reflected in an allowance account against trade and other receivables.

### **j) Fair value measurement:**

In establishing the fair value, the Company uses a fair value hierarchy based on levels as defined below:

Level 1: defined as observable inputs such as quoted prices in active markets.

Level 2: defined as inputs other than quoted prices in active markets that are either directly or indirectly observable.

Level 3: defined as inputs that are based on little or no observable market data and, therefore, requiring entities to develop their own assumptions.

### **k) Provisions:**

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as net finance expenses.

### **l) Leases:**

#### **(i) Right-of-use asset:**

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use assets are subsequently depreciated from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term using the straight-line method. The lease term includes consideration of an option to renew or to terminate if the Company is reasonably certain to exercise that option.

Lease terms, including options to renew for which the Company is reasonably certain to exercise, range from 1 to 7 years for facilities, automotive equipment and other equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

# **GURU ORGANIC ENERGY CORP.**

## **Notes to Consolidated Financial Statements**

Years ended October 31, 2025 and 2024

### **(ii) Lease liability:**

The lease liability is initially measured at the present value of future lease payments using the Company's incremental borrowing rate at the inception date, except when it is possible to determine the interest rate implicit in the lease. Lease payments are discounted over the lease term, which includes the fixed term and the renewal and termination options that the Corporation is reasonably certain to exercise.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising mainly if the Company changes its assessment of whether it will exercise a purchase, renewal or termination option, or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in consolidated statement of income (loss) if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected to exclude from lease liabilities low value leases as well as short-term leases, with a term of less than twelve months.

### **m) Earnings (loss) per share:**

Basic earnings (loss) per share are computed by dividing net income (loss) by the weighted average number of common shares outstanding during the year. Diluted earnings per share are computed using the weighted average number of common shares outstanding during the year adjusted to include the dilutive impact of stock options, restricted share units and deferred share units.

### **n) Segment reporting:**

The Company determined that it operated a single operating segment for the years ended October 31, 2025 and 2024.

## **5. Standards issued but not yet effective:**

### *IFRS 18, Presentation and Disclosure in Financial Statements*

On April 9, 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements to improve reporting of financial performance. IFRS 18 replaces IAS 1 Presentation of Financial Statements. It carries forward many requirements from IAS 1 unchanged.

The new Accounting Standard introduces significant changes to the structure of a company's income statement, more discipline and transparency in presentation of management's own performance measures (commonly referred to as 'non-GAAP measures'), and less aggregation of items into large, single numbers.

The main impacts of the new Accounting Standard include:

- Introducing a newly defined 'operating profit' subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company's main business activities (i.e. operating, investing and financing);

# GURU ORGANIC ENERGY CORP.

## Notes to Consolidated Financial Statements

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- Requiring disclosure about management performance measures (MPMs); and
- Adding new principles for aggregation and disaggregation of information.

IFRS 18 applies for annual reporting periods beginning on or after January 1, 2027. Earlier application is permitted. The extent of the impact of adoption of this new IFRS has not yet been determined and the Company will not adopt by anticipation.

### *IFRS 9 and IFRS 7 Financial Instruments and Financial Instruments: Disclosure - Amendments to the Classification and Measurement of Financial Instruments*

In May 2024, the IASB issued Amendments to the Classification and Measurement of Financial Instruments, which amend IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures*.

The standard amendments clarify the recognition and derecognition date of certain financial assets and liabilities. Also, they clarify the treatment of non-recourse financial assets and contractually linked instruments, and they introduce 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. The amendments are effective for years beginning on or after January 1, 2026. The extent of the impact of adoption of this new IFRS has not yet been determined.

### *Amendments to IFRS 9 – Accounting for Electronic Payments*

In May 2023, the IASB issued amendments to IFRS 9 *Financial Instruments* to clarify when trade receivables and payables should be recognized or derecognized when settled through electronic payments. The amendments reinforce that:

- Financial instruments are recognized when an entity becomes a party to a contract;
- A financial asset is derecognized when rights to cash flows expire, or the asset is transferred; and
- A financial liability is derecognized when it is settled.

An exception allows earlier derecognition of financial liabilities if, after initiating an electronic payment, the company cannot withdraw or cancel the payment, no longer has access to the cash, and settlement risk is insignificant. This exception does not apply to cheques and must be assessed per payment system.

The amendments are effective for annual reporting periods beginning on or after January 1, 2026. The extent of the impact of adoption of this new IFRS has not yet been determined.

# GURU ORGANIC ENERGY CORP.

## Notes to Consolidated Financial Statements

Years ended October 31, 2025 and 2024

### 6. Trade and other receivables:

Information about the Company's exposure to credit and market risks, and impairment losses for trade receivables is included in note 22.

	2025	2024
Trade receivables	\$ 2,457,809	\$ 4,200,323
Other receivables	377,018	56,874
Sales taxes receivable	144,225	26,024
	<u>2,979,052</u>	<u>4,283,221</u>

### 7. Inventories:

	2025	2024
Finished goods	\$ 4,754,703	\$ 4,848,463
Raw materials	1,046,546	889,981
Packaging	219,560	228,445
	<u>6,020,809</u>	<u>5,966,889</u>

The amount of inventory included in cost of goods sold was \$11,651,636 for the year ended October 31, 2025 (2024 - \$13,065,265).

# GURU ORGANIC ENERGY CORP.

## Notes to Consolidated Financial Statements

Years ended October 31, 2025 and 2024

### 8. Fixed assets:

	Furniture and equipment	Computer hardware	Leasehold improvements	Automotive equipment	In-store equipment	Promotional equipment	Total
<b>Cost:</b>							
Balance as at October 31, 2023	\$ 169,634	\$ 10,019	\$ 666,558	\$ 100,583	\$ 1,152,217	\$ 307,951	\$ 2,406,962
Additions	-	-	55,853	-	-	45,494	101,347
Dispositions	-	-	-	(100,583)	-	-	(100,583)
Balance as at October 31, 2024	169,634	10,019	722,411	-	1,152,217	353,445	2,407,726
Additions	-	-	4,207	-	38,695	38,745	81,647
<b>Balance as at October 31, 2025</b>	<b>169,634</b>	<b>10,019</b>	<b>726,618</b>	<b>-</b>	<b>1,190,912</b>	<b>392,190</b>	<b>2,489,373</b>
<b>Accumulated depreciation:</b>							
Balance as at October 31, 2023	88,777	2,395	262,575	75,582	387,763	135,212	952,304
Depreciation	33,927	1,911	101,138	6,819	180,986	104,691	429,472
Dispositions	-	-	-	(82,401)	-	-	(82,401)
Balance as at October 31, 2024	122,704	4,306	363,713	-	568,749	239,903	1,299,375
Depreciation	33,927	1,478	117,211	-	184,210	69,052	405,878
<b>Balance as at October 31, 2025</b>	<b>156,631</b>	<b>5,784</b>	<b>480,924</b>	<b>-</b>	<b>752,959</b>	<b>308,955</b>	<b>1,705,253</b>
<b>Net carrying amounts:</b>							
Balance as at October 31, 2024	46,930	5,713	358,698	-	583,468	113,542	1,108,351
Balance as at October 31, 2025	<b>13,003</b>	<b>4,235</b>	<b>245,694</b>	<b>-</b>	<b>437,953</b>	<b>83,235</b>	<b>784,120</b>

# GURU ORGANIC ENERGY CORP.

## Notes to Consolidated Financial Statements

Years ended October 31, 2025 and 2024

### 9. Right-of-use assets:

	Building	Automotive equipment	Total
Balance as at October 31, 2023	\$ 1,348,876	\$ 136,788	\$ 1,485,664
Additions	-	37,948	37,948
Depreciation	(327,245)	(70,270)	(397,515)
Derecognition	-	(59,635)	(59,635)
Foreign exchange impact	-	(186)	(186)
Balance as at October 31, 2024	1,021,631	44,645	1,066,276
Additions	-	134,339	134,339
Revaluation of right-of-use assets	15,990	-	15,990
Depreciation	(328,764)	(50,922)	(379,686)
<b>Balance as at October 31, 2025</b>	<b>708,857</b>	<b>128,062</b>	<b>836,919</b>

### 10. Other assets:

In the course of its operations, the Company incurs costs paid to customers for which cash flows will be generated over several years. The following table presents these costs and their depreciation:

	Total
Balance as at October 31, 2023	\$ 487,527
Depreciation	(109,038)
Foreign exchange impact	(491)
Balance as at October 31, 2024	377,998
Depreciation	(125,440)
Foreign exchange impact	335
<b>Balance as at October 31, 2025</b>	<b>252,893</b>

### 11. Credit facilities:

The Company has a committed revolving operating credit facility to a maximum authorized amount of \$10,000,000 expiring March 30, 2026.

The operating credit facility can be used in the form of Canadian dollar loans bearing interest at the prime rate plus 0.50%, Canadian dollar bankers' acceptances bearing interest at 1.75%, American dollar loans bearing interest at the US base rate plus 0.50%, or American dollar LIBOR loans bearing interest at the LIBOR rate plus 1.75%. As at October 31, 2025, the credit facilities were unused (October 31, 2024 – nil).

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 USD 100,000. This credit facility was unused as at October 31, 2025 (October 31, 2024 - nil).

# GURU ORGANIC ENERGY CORP.

## Notes to Consolidated Financial Statements

Years ended October 31, 2025 and 2024

The Company has a letter of credit for a maximum available of \$2,500,000, of which an amount of EUR 300,000 (CAD 485,070) has been used as of October 31, 2025 (October 31, 2024 - EUR 600,000; CAD 907,320).

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 \$25,000,000, 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 October 31, 2025.

### 12. Accounts payable and accrued liabilities:

	2025	2024
Accounts payable	\$ 5,987,073	\$ 1,032,521
Accrued liabilities	1,517,440	4,931,390
Accrued payroll	1,776,659	1,075,741
	<b>9,281,172</b>	<b>7,039,652</b>

### 13. Lease liabilities:

The following table presents the lease obligations of the Company:

	Total	
Lease obligations as at October 31, 2023		\$ 1,582,605
Additions		37,948
Payment of lease obligations		(438,516)
Interest expense on lease obligations		45,156
Foreign exchange impact		(1,664)
Derecognition		(62,901)
Balance as at October 31, 2024		1,162,628
Additions		134,339
Revaluation of lease obligation		15,990
Payment of lease obligations		(430,194)
Interest expense on lease obligations		36,473
<b>Balance as at October 31, 2025</b>		<b>919,236</b>
	2025	2024
Lease liabilities included in the statement of financial position	\$ 919,236	\$ 1,162,628
Current	409,469	364,795
Non-current	509,767	797,833

# GURU ORGANIC ENERGY CORP.

## Notes to Consolidated Financial Statements

Years ended October 31, 2025 and 2024

The following table presents the maturity of the contractual undiscounted lease obligations of the Company:

	2025	2024
Contractual undiscounted cash flows:		
Less than 1 year	\$ 434,954	\$ 396,570
Between 1 and 5 years	516,162	824,507

The following table present the amounts recognized in the consolidated statement of loss and comprehensive loss:

	2025	2024
Interest on lease liabilities	\$ 36,473	\$ 45,156
Variable lease payments not included in the measurements of lease liabilities	67,394	59,466
Expenses relating to short-term leases	9,388	-

### 14. Share capital:

	As at	
	October 31, 2025	October 31, 2024
Issued		
30,104,414 (2024 - 30,343,277 common shares)	\$ 80,046,471	\$ 80,508,900

From July 25, 2025, to July 24, 2026, the Company is authorized to repurchase for cancellation up to 1,514,144 common shares, representing approximately 5% of the Company's outstanding shares as of July 14, 2025.

Repurchases are conducted in the normal course of business at market prices through the facilities of the TSX and/or alternative Canadian trading systems, in compliance with TSX rules and policies and applicable exemptions from Canadian securities laws.

For the year ended October 31, 2025, the Company has repurchased and cancelled 328,988 common shares at a weighted average price of approximately \$1.82 per share (2024 - 9,222 common shares at \$2.41 per share), for a total cash consideration of \$598,458 (2024 - \$22,241). The excess of the carrying amount of the shares over the total consideration, amounting to \$279,070 was recorded in deficit for the twelve-month period ended October 31, 2025 (2024 - \$2,196).

# GURU ORGANIC ENERGY CORP.

## Notes to Consolidated Financial Statements

Years ended October 31, 2025 and 2024

### 15. Revenue and Non-current assets:

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

Net revenues:

	Year ended	
	October 31, 2025	October 31, 2024
Canada	\$ 26,781,461	\$ 22,904,640
United States	7,966,459	7,337,615
	<b>34,747,920</b>	<b>30,242,255</b>

Non-current assets other than deferred tax assets:

	As at	
	October 31, 2025	October 31, 2024
Canada	\$ 1,922,182	\$ 2,550,796
United States	-	50,079
	<b>1,922,182</b>	<b>2,600,875</b>

### 16. Selling, general and administration expenses:

	Year ended	
	October 31, 2025	October 31, 2024
Selling and marketing	\$ 13,244,698	\$ 16,065,526
General and administration expenses	11,327,354	11,236,320
	<b>24,572,052</b>	<b>27,301,846</b>

Additional information on consolidated statement of loss and comprehensive loss:

	Year ended	
	October 31, 2025	October 31, 2024
Employee total compensation expense	\$ 7,626,219	\$ 7,577,539
Depreciation and amortization	911,004	949,738

### 17. Net financial (income) expenses:

	Year ended	
	October 31, 2025	October 31, 2024
Interest on lease liabilities	\$ 36,473	\$ 45,156
Bank and financing fees	40,194	62,350
Foreign exchange loss	25,492	25,683
Interest revenue	(956,160)	(1,543,007)
Net change in fair value of stock warrant obligations	(2,163)	(7,350)
	<b>(856,164)</b>	<b>(1,417,168)</b>

# GURU ORGANIC ENERGY CORP.

## Notes to Consolidated Financial Statements

Years ended October 31, 2025 and 2024

### 18. Loss per share:

	Year ended	
	October 31, 2025	October 31, 2024
Net loss	\$ (1,377,258)	\$ (9,410,052)
Basic weighted average number of common shares	30,271,911	30,317,333
Basic loss per share	\$ (0.05)	\$ (0.31)

For the years ended October 31, 2025 and 2024, the diluted income (loss) per share calculation did not take into consideration the potential dilutive effect of the stock options, warrants, RSUs and DSUs (refer to notes 14 and 21), as they are anti-dilutive.

### 19. Income taxes:

The reconciliation of income taxes calculated at the statutory income tax rate to the income tax expense is as follows:

	2025	2024
Loss before income taxes	(\$ 1,236,051)	(\$ 9,343,260)
Income taxes calculated at the statutory tax rate of 26.50% (2024 - 26.50%) <sup>(i)</sup>	(327,554)	(2,475,964)
Non-deductible items and other	270,856	156,692
Change in unrecognized deductible temporary differences	157,224	2,390,240
Effect of foreign tax differences	(13,091)	(8,987)
Tax adjustment related to previous years	53,772	4,811
<b>Income tax expense</b>	<b>141,207</b>	<b>66,792</b>

(i) The Company's applicable tax rate corresponds to the combined Canadian tax rates applicable in the provinces where the Company operates.

The components of deferred income tax expense are as follows:

	2025	2024
<b>Deferred tax expense:</b>		
Origination and reversal of temporary differences	(69,789)	(2,328,259)
Tax adjustment related to previous years	53,772	4,811
Unrecognized deductible temporary differences	157,224	2,390,240
	141,207	66,792
<b>Income tax expense</b>	<b>141,207</b>	<b>66,792</b>

# GURU ORGANIC ENERGY CORP.

## Notes to Consolidated Financial Statements

Years ended October 31, 2025 and 2024

Recognized deferred tax assets and liabilities:

The movements in deferred income tax assets and liabilities, prior to the offsetting of balances, are shown below:

	<b>2025</b>			
	Opening balance	Recognized in net earnings	Effects of fluctuations in exchange rates	Closing balance
Non-capital loss carry forwards	\$ 460,774	\$ (115,233)	\$ 3,164	\$ 348,705
Right-of-use assets	(278,998)	57,214	(21)	(221,805)
Fixed Assets	12,558	(6,404)	-	6,154
Lease and other obligations	310,025	(64,430)	21	245,616
Other assets	(52,056)	22,137	(46)	(29,965)
Other	34,266	(34,491)	225	-
	<b>486,569</b>	<b>(141,207)</b>	<b>3,343</b>	<b>348,705</b>

	<b>2024</b>			
	Opening balance	Recognized in net earnings	Effects of fluctuations in exchange rates	Closing balance
Non-capital loss carry forwards	\$ 561,127	\$ (102,792)	\$ 2,439	\$ 460,774
Right-of-use assets	(387,726)	108,749	(21)	(278,998)
Fixed assets	-	12,558	-	12,558
Lease and other obligations	413,969	(103,965)	21	310,025
Other assets	(77,553)	25,635	(138)	(52,056)
Reserve	2,832	(2,832)	-	-
Other	38,522	(4,145)	(111)	34,266
	<b>551,171</b>	<b>(66,792)</b>	<b>2,190</b>	<b>486,569</b>

The following table presents components of the deferred tax assets and liabilities:

	<b>October 31, 2025</b>		<b>October 31, 2024</b>	
	Assets	Liabilities	Assets	Liabilities
Non-capital carry forwards	\$ 348,705	-	\$ 460,774	-
Right-of-use assets	-	221,805	-	278,998
Fixed assets and intangible assets	6,154	-	12,558	-
Lease liabilities	245,616	-	310,025	-
Other assets	-	29,965	-	52,056
Other	-	-	34,266	-
	<b>600,475</b>	<b>251,770</b>	<b>817,623</b>	<b>331,054</b>
Offsetting of assets and liabilities	(251,770)	(251,770)	(331,054)	(331,054)
	<b>348,705</b>	<b>-</b>	<b>486,569</b>	<b>-</b>

# GURU ORGANIC ENERGY CORP.

## Notes to Consolidated Financial Statements

Years ended October 31, 2025 and 2024

### Unused tax losses

The Company has US federal non-capital losses carried forward in the amount of \$1,479,119 (2024 - \$1,991,365) for which deferred tax assets have been recognized. Non-capital losses in the amount of \$ 1,073,149 expire between 2030 and 2033 and an amount of \$405,970 has no expiration date (2024 - \$1,589,639 expire between 2029 and 2033 and \$401,726 has no expiration date). Certain deferred tax assets have not been recognized because it is not probable, under accounting standards, that future taxable profit will be available against which the Company can use the benefits therefrom.

As at October 31, 2025, the amounts and expiry dates of tax attributes and temporary differences in Canada for which no tax assets have been recognized, which are available to reduce future years' taxable income, were as follows:

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Tax losses carried forward:	
2040	909,598
2041	8,866,477
2042	17,456,884
2043	11,399,479
2044	9,088,865
2045	1,461,146
Fixed assets and intangible assets, without time limitation	1,360,056
Financing fees	2,609
Scientific Research and Experimental Development expenses, without limitation	1,641,058
Donations:	
2026	2,641
2027	40,280
2028	136,283
2029	47,212

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As at October 31, 2024 and 2025, no deferred tax liability was recognized for temporary differences arising from investments in subsidiaries because the Company controls the decisions affecting the realization of such liabilities and it is probable that the temporary differences will not reverse in the foreseeable future.

### 20. Additional cash flow information:

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

	Year ended	
	October 31, 2025	October 31, 2024
Trade and other receivables	\$ 1,307,827	\$ 114,896
Refundable investment tax credits	(25,000)	-
Inventories	(46,023)	33,925
Prepaid expenses	(75,972)	104,514
Accounts payable and accrued liabilities	2,400,557	(266,828)
	<b>3,561,389</b>	<b>(13,493)</b>

# GURU ORGANIC ENERGY CORP.

## Notes to Consolidated Financial Statements

Years ended October 31, 2025 and 2024

### 21. Stock based incentive plan and warrants:

#### *Stock-based incentive plan*

The Company may grant its key employees, directors, and consultants stock options to purchase common shares, 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 October 31, 2025, 1,200,020 stock options, RSUs and/or DSUs were available for issuance (October 31, 2024 – 1,684,590). Changes in the number of outstanding options, RSUs and DSUs related to the Plan were as follows:

	Option(i)		RSU <sup>(i)</sup>	DSU
	Number	Weighted average exercise price <sup>(ii)</sup>	Number	Number
Outstanding as at October 31, 2024	1,082,470	\$ 2.53	129,871	137,396
Granted	131,785	\$ 2.28	527,789	31,384
Exercised/settled	(35,828)	\$ 2.48	-	(54,297)
Forfeited	(134,474)	\$ 4.10	(5,675)	-
<b>Outstanding as at October 31, 2025</b>	<b>1,043,953</b>	<b>\$ 2.30</b>	<b>651,985</b>	<b>114,483</b>
<b>Exercisable as at October 31, 2025</b>	<b>252,742</b>	<b>\$ 3.26</b>	<b>44,053</b>	<b>-</b>
Outstanding as at October 31, 2023	432,528	\$ 3.51	142,731	102,039
Granted	761,532	\$ 2.02	47,850	35,842
Exercised/settled	-	\$ -	(34,700)	-
Forfeited	(111,590)	\$ 2.83	(26,010)	(485)
Outstanding as at October 31, 2024	1,082,470	\$ 2.53	129,871	137,396
Exercisable as at October 31, 2024	222,915	\$ 4.16	44,580	-

- (i) During fiscal October 31, 2025, the Company issued 200,000 conditional RSUs based on the attainment of specified non-market performance conditions to be met within the next two, three or five fiscal periods (2024 – 625,000 conditional options). The exercise price of the 2024 conditional options at grant date ranged between \$1.95 to \$2.00 per option. The stock-based compensation expense recognized in fiscal 2025 to date related to these conditional RSUs and stock options amounted to \$173,945 (2024 - \$32,987), respectively.
- (ii) The weighted average share price for options exercised during the year was \$2.48 per share.

During the year ended October 31, 2025, stock-based compensation expense amounted to \$286,913 for options (2024 - \$266,080), \$572,985 for RSUs (2024 - \$169,182), and \$65,000 for DSUs (2024 - \$83,197).

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The options outstanding as at October 31, 2025 had an exercise price in the range of \$1.66 to \$21.94 (2024 - \$1.69 to \$21.94) and a weighted-average remaining contractual life of seven years (2024 - 8 years).

Exercise price	Number of options outstanding	Weighted average remaining life
\$1.66 - 3.50	999,813	8
\$6.19 - 13.18	23,651	7
\$16.02 - 21.94	20,489	6

The fair value of the options granted during the years ended October 31, 2025 and 2024 was calculated using the Black-Scholes option model with the following assumptions and results:

	October 31, 2025	October 31, 2024
Weighted average fair value of options at grant date	\$ 1.14	\$ 1.28
Weighted average share price	2.22	2.04
Weighted average exercise price	2.28	2.02
Risk-free interest rate	3.19%	3.33%
Dividend yield	-	-
Expected volatility	46%	48%
Expected life	7 years	7 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.

### Warrants

In 2021, in connection with a Canadian market distribution agreement, the Company issued 1,650,000 contingent warrants to PepsiCo Canada, each exercisable at a price of \$16.69 per share, but only upon the occurrence of specific triggering events, as defined in the related warrant agreement. These events include a change of control and meeting certain sales volume thresholds, which were not met as at October 31, 2025. It is the Company's position that, in the context of, and the circumstances relating to, the now-terminated distribution agreement, none of the warrants are or will be exercisable in the future. The warrants have been valued at nil (October 31, 2024 – \$2,163).

On November 22, 2024, the Company was formally notified by PepsiCo Canada of its decision to terminate the Canadian market distribution agreement. The agreement, which was originally signed in June 2021, includes a six-month notice period, making the termination

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effective on May 22, 2025. The Company resumed its direct distribution model following the termination.

### 22. Financial Instruments

#### Financial risks

##### a) Liquidity risk:

Liquidity risk refers to 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 holds cash in high interest saving accounts bearing interest at 2.98% and fixed-rate short-term investments bearing interest between 3.13% and 3.55% with major North American financial institutions.

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:

<b>As at October 31, 2025</b>	Carrying amount	Contractual cash flows	Less than 1 year	1 to 5 years
Accounts payables and accrued liabilities	\$ 9,281,172	\$ 9,281,172	\$ 9,281,172	-
Lease liabilities, including current portion <sup>(i)</sup>	919,236	951,116	434,954	516,162

  

<b>As at October 31, 2024</b>	Carrying amount	Contractual cash flows	Less than 1 year	1 to 5 years
Accounts payables and accrued liabilities	7,039,652	7,039,652	7,039,652	-
Lease liabilities, including current portion(i)	1,162,628	1,221,077	396,570	824,507

(i) Contractual cash flows include principal and interest.

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### *Capital management*

The Company's capital is composed of shareholders' equity, credit facilities, and long-term debt. 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 financing, credit facilities and long-term debt. 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 refers to 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, trade and other receivables. Management believes the credit risk of its cash and cash equivalents and short-term investments is 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, on a continuing basis, credit checks on its clients and maintains provisions for expected credit losses which, once they materialize, are consistent with management's forecasts. However, the Company deals with a majority of well-established distributors, thus reducing its credit risk. As of October 31, 2025, 46% (2024 - 93%) of accounts receivable are concentrated with three (2024 - two) clients who represent together 19% of the net revenues (2024 - 71%). The Company does not normally require a guarantee for trade receivables; expected credit loss is considered negligible.

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

#### **c) Currency risk:**

Currency risk refers to 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 year-end, the Company's exposure to net monetary assets denominated in foreign currencies was not significant to the Company's financial position.

#### **d) Interest rate risk:**

The Company's credit facility and cash equivalents have a variable rate based on the bank's prime 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.

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## **Notes to Consolidated Financial Statements**

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### *Sensitivity analysis for interest rate risk*

An increase or decrease of 100 basis points in the interest rate would not have a material impact on the Company's consolidated statement of loss and comprehensive loss for the years ended October 31, 2025 and 2024.

### *Fair value measurement*

The Company has determined that the fair values of cash and cash equivalents, short-term investments, trade and other receivables, 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.

### *Derivative financial instruments*

Derivative financial instruments are utilized by the Company occasionally in the management of its foreign currency exposures, interest rate risks and share price. The Company's policy is not to utilize derivative financial instruments for trading or speculative purposes. 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.

A derivative with a positive fair value is recognized as a financial asset; a derivative with a negative fair value is recognized as a financial liability. As at October 31, 2025, the Company had no derivative financial instruments outstanding other than the warrants.

The warrants were classified as Level 3 derivative liabilities that are valued using unobservable inputs to the valuation methodology which are significant to the measurement of the fair value. Level 3 financial liabilities consist of the derivative liabilities for which there is no current market for these securities such that the determination of fair value requires significant judgment or estimation. Changes in fair value measurements categorized within Level 3 of the fair value hierarchy are analyzed each period based on changes in estimates or assumptions and recorded as appropriate.

### **e) Tariff and Other Trade Measures**

Following recent global trade developments, including tariff-related announcements by the United States and retaliatory measures by Canada and other jurisdictions, the Company continues to monitor the evolving trade environment and its potential effects on its supply chain and cost structure.

Although the Company is not currently subject to any implemented tariffs that materially affect its operations, management is assessing the possible direct and indirect impacts of tariffs, and other trade protectionist actions in the jurisdictions in which it operates. Given the inherent uncertainty and fluidity of international trade policies, the Company will continue to evaluate developments and respond accordingly.

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### 23. Key management personnel:

Key management personnel include the members of the Board, as well as the chief executive officer, the chief financial officer and the executive vice-president of sales.

The following table presents the compensation of the key management personnel recognized in net loss:

	<b>2025</b>	<b>2024</b>
Total compensation expenses (includes directors' fees)	\$ 2,914,154	\$ 1,792,381
Stock-based compensation costs	809,097	324,934