

Interim Condensed Consolidated Financial Statements of

**6384269 CANADA INC.**  
**(Doing business as GURU)**

Three and nine-month periods ended July 31, 2020 and 2019  
(Unaudited)

# 6384269 CANADA INC.

(Doing business as GURU)

Table of Contents

(Unaudited)

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	<b>Page</b>
<b>Interim Condensed Consolidated Financial Statements of 6384269 Canada Inc.</b>	
Interim Condensed Consolidated Statements of Financial Position	1
Interim Condensed Consolidated Statements of Income and Comprehensive Income	2
Interim Condensed Consolidated Statements of Changes in Equity	3
Interim Condensed Consolidated Statements of Cash Flows	4
Notes to Interim Condensed Consolidated Financial Statements	5 - 17

# 6384269 CANADA INC.

(Doing business as GURU)

Interim Condensed Consolidated Statements of Financial Position

July 31, 2020 and October 31, 2019

(Unaudited)

	July 31, 2020	October 31, 2019
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 740,249	\$ 149,652
Trade and other receivables	3,356,625	2,606,719
Income taxes receivable	-	6,877
Refundable investment tax credits	36,126	147,000
Inventories (note 6)	4,815,533	2,948,484
Prepaid expenses	152,050	230,637
	9,100,583	6,089,369
Fixed assets	56,439	95,866
Intangible assets	43,999	61,507
Right-of-use assets	244,805	313,840
Other assets	363,374	376,159
Deferred tax assets	748,917	733,965
	\$ 10,558,117	\$ 7,670,706

## Liabilities and Shareholders' Equity

Current liabilities:		
Credit facilities (note 7)	\$ 3,027,000	\$ 1,327,000
Accounts payable and accrued liabilities	3,217,517	2,865,363
Income taxes payable	557,832	487,667
Current portion of long-term debt (note 8)	207,500	330,000
Current portion of lease liabilities	120,435	167,635
	7,130,284	5,177,665
Deferred tax liabilities	82,860	82,439
Long-term debt (note 8)	150,000	275,000
Lease liabilities	102,986	130,028
	7,466,130	5,665,132
Shareholders' equity:		
Share capital	3,425,576	3,425,576
Contributed surplus	124,519	60,000
Deficit	(424,115)	(1,412,981)
Accumulated other comprehensive loss	(33,993)	(67,021)
	3,091,987	2,005,574
Subsequent events (note 17)		
	\$ 10,558,117	\$ 7,670,706

See accompanying notes to interim condensed consolidated financial statements.

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

# 6384269 CANADA INC.

## (Doing business as GURU)

### Interim Condensed Consolidated Statements of Income and Comprehensive Income

Three and nine-month periods ended July 31, 2020 and 2019  
(Unaudited)

	Three-month periods ended July 31,		Nine-month periods ended July 31,	
	2020	2019	2020	2019
Revenue (note 9)	\$ 6,594,755	\$ 5,808,496	\$ 15,985,266	\$ 13,449,591
Cost of goods sold	2,244,100	1,855,258	5,652,192	4,542,103
Gross profit	4,350,655	3,953,238	10,333,074	8,907,488
Selling, general and administrative expenses (note 10)	2,675,181	2,475,776	8,795,932	6,909,198
Net financial expenses (note 11)	75,119	84,069	255,411	170,083
	2,750,300	2,559,845	9,051,343	7,079,281
Income before income taxes	1,600,355	1,393,393	1,281,731	1,828,207
Income taxes	364,129	327,980	292,865	470,581
Net income	\$ 1,236,226	\$ 1,065,413	\$ 988,866	\$ 1,357,626
Other comprehensive income: Items that may be reclassified subsequently to consolidated statements of income: Foreign operations - foreign currency translation differences	\$ (78,444)	\$ (31,742)	\$ 33,028	\$ 5,323
Other comprehensive income (loss) for the period, net of taxes	(78,444)	(31,742)	33,028	5,323
Total comprehensive income for the period	\$ 1,157,782	\$ 1,033,671	\$ 1,021,894	\$ 1,362,949
Basic earnings per share (note 12)	\$ 50.44	\$ 43.47	\$ 40.35	\$ 55.40
Diluted earnings per share (note 12)	50.43	43.47	40.34	55.40

See accompanying notes to interim condensed consolidated financial statements.

# 6384269 CANADA INC.

## (Doing business as GURU)

### Interim Condensed Consolidated Statements of Changes in equity

Nine-month periods ended July 31, 2020 and 2019  
(Unaudited)

	Share capital		Contributed surplus	Deficit	Accumulated other comprehensive loss - foreign currency translation	Total
	Number	Amount				
Balance as at October 31, 2018	24,507	\$ 3,425,576	\$ –	\$ (2,117,702)	\$ (68,428)	\$ 1,239,446
Net income	–	–	–	1,357,626	–	1,357,626
<b>Other comprehensive income</b>						
Foreign operations - foreign currency translation differences	–	–	–	–	5,323	5,323
Balance as of July 31, 2019	24,507	\$ 3,425,576	\$ –	\$ (760,076)	\$ (63,105)	\$ 2,602,395
Balance as at October 31, 2019	24,507	\$ 3,425,576	\$ 60,000	\$ (1,412,981)	\$ (67,021)	\$ 2,005,574
Net income	–	–	–	988,866	–	988,866
Stock-based compensation expense	–	–	64,519	–	–	64,519
<b>Other comprehensive income</b>						
Foreign operations - foreign currency translation differences	–	–	–	–	33,028	33,028
Balance as of July 31, 2020	24,507	\$ 3,425,576	\$ 124,519	\$ (424,115)	\$ (33,993)	\$ 3,091,987

See accompanying notes to interim condensed consolidated financial statements.

# 6384269 CANADA INC.

## (Doing business as GURU)

### Interim Condensed Consolidated Statements of Cash Flows

Nine-month periods ended July 31, 2020 and 2019

(Unaudited)

	Nine-month periods ending July 31,	
	2020	2019
Cash provided by (used in):		
Operating:		
Net income	\$ 988,866	\$ 1,357,626
Adjustments for:		
Depreciation and amortization expenses	244,213	219,994
Income tax expense	292,865	470,581
Net financial expenses	125,266	143,125
Stock-based compensation expense	64,519	-
Additions to other assets	(40,184)	(157,932)
Net change in non-cash operating working capital (note 13)	(2,260,470)	(1,107,258)
Income taxes paid	(10,101)	-
	(595,026)	926,136
Financing:		
Net change in credit facilities	1,700,000	1,190
Repayment of long-term debt	(247,500)	(247,500)
Interest paid	(129,277)	(142,456)
Payment of lease obligation	(139,516)	(115,796)
	1,183,707	(504,562)
Investing:		
Deposits on leases	-	(22,378)
Effect of movements of exchange rates on cash held	1,916	(942)
Increase in cash and cash equivalents	590,597	398,254
Cash and cash equivalents, net of bank overdraft beginning of period	149,652	(152,232)
Cash and cash equivalents, end of period	\$ 740,249	\$ 246,022

Additional cash flow information is presented in note 13.

See accompanying notes to interim condensed consolidated financial statements.

# 6384269 CANADA INC.

## (Doing business as GURU)

Notes to Interim Condensed Consolidated Financial Statements

Three and nine-month periods ended July 31, 2020 and 2019  
(Unaudited)

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### 1. Reporting entity:

6384269 Canada Inc. (doing business as GURU) (the "Company") was incorporated under the *Canada Business Corporations Act* on April 28, 2005. The address of its registered office is 7240 Waverly, suite 115, Montreal, QC, Canada H2R 2Y8. These interim condensed consolidated financial statements comprise the Company and its wholly-owned subsidiaries, GURU Beverage Inc., GURU Beverage Co. and GURU Distribution Co., (together referred as the "Group"). GURU Distribution Co., was dissolved during the year ended October 31, 2019. The Group produces, markets and distributes energy drinks in the Canadian and U.S. markets.

### 2. Basis of accounting:

These interim condensed consolidated financial statements of the Company have been prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting* as issued by the International Accounting Standards Board ("IASB"). These interim condensed consolidated financial statements do not include all of the disclosures required for annual consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") and should be read in conjunction with the annual audited consolidated financial statements of the Company for the years ended October 31, 2019, 2018, 2017 and as at November 1, 2016.

The interim condensed consolidated financial statements of the Company for the three and nine-month periods ended on July 31, 2020 and 2019 were authorized by the Board of Directors ("Board") for issuance on October 5, 2020.

#### Operating segment

The Company determined that it operated a single operating segment.

#### Seasonality of interim operations

The Company's Canadian 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.

# 6384269 CANADA INC.

## (Doing business as GURU)

Notes to Interim Condensed Consolidated Financial Statements (continued)

Three and nine-month periods ended July 31, 2020 and 2019  
(Unaudited)

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### 2. Basis of accounting (continued):

#### COVID-19

The COVID-19 pandemic is causing significant financial market and social dislocation. The situation is dynamic with various cities and countries around the world responding in different ways to address the outbreak. While the Company has experienced the impact of the outbreak of the Coronavirus (COVID-19) on its operations, it had continued to operate during the current pandemic as it is considered an essential service in Canada and in the United States. As a result, the Company only suffered a negative impact on its overall business and operations at the peak of the pandemic. During the nine-month period ended July 31, 2020, the Company recognized payroll subsidies totaling \$145,307 principally under the Canada Emergency Wage Subsidy program. These subsidies were recorded as a reduction in the associated personnel costs which the Company incurred, and were recognized in selling, general and administrative expenses. The Company will continue to monitor developments of the pandemic and continuously assess its potential further impact on its operations to prevent any disruptions to customer demand. The Company has put in place multiple contingency plans to ensure its supply chain and general operations can be maintained with minimal disruption throughout the crisis. In the event of a prolonged continuation of the pandemic, it is not clear what the potential impact may be on the Company's business, financial position and financial performance.

### 3. Use of judgements and estimates:

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

The Company's main judgements, estimates, and assumptions are the same as those applied and described in the Company's audited consolidated financial statements for the year ended October 31, 2019.

### 4. Significant accounting policies:

Significant accounting policies applied in these interim condensed consolidated financial statements are the same as those applied to the Company's annual audited consolidated financial statements for the year ended October 31, 2019.

# 6384269 CANADA INC.

## (Doing business as GURU)

Notes to Interim Condensed Consolidated Financial Statements (continued)

Three and nine-month periods ended July 31, 2020 and 2019  
(Unaudited)

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

A number of new standards are effective for annual periods beginning after November 1, 2019 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these interim condensed consolidated financial statements.

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

- Amendments to References to Conceptual Framework in IFRS Standards;
- Definition of Material (Amendments to IAS 1, *Presentation of Financial Statements* and IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*).

### 6. Inventories:

	July 31, 2020	October 31, 2019
Finished goods	\$ 3,630,211	\$ 2,288,901
Raw materials	690,551	552,198
Packaging	494,771	107,385
	<u>\$ 4,815,533</u>	<u>\$ 2,948,484</u>

### 7. Credit facilities:

The Company has an authorized line of credit of a maximum amount for which limits were increased during the nine-month period ended July 31, 2020, from \$3,000,000 to \$4,500,000 and US\$450,000 to US\$1,000,000, which can be used in the form of advances in Canadian dollars or in US dollars. As at July 31, 2020, the line of credit was used in the form of Canadian dollar advances for an amount of \$3,027,000 (October 31, 2019 - \$1,327,000) bearing interest at the prime rate (2.45% as of July 31, 2020) plus 1%, and in the form of American dollar advances for an amount of nil (October 31, 2019 - nil) bearing interest at the US base rate (3.75% as of July 31, 2020) plus 1%.

The Company also has an authorized line of credit that can be used in the form of a foreign exchange contract for a maximum amount of US\$1,200,000; this credit facility was not used as at July 31, 2020 nor October 31, 2019.

# 6384269 CANADA INC.

## (Doing business as GURU)

Notes to Interim Condensed Consolidated Financial Statements (continued)

Three and nine-month periods ended July 31, 2020 and 2019  
(Unaudited)

### 7. Credit facilities (continued):

The credit facilities noted above and the long-term debt as described in note 8 are secured by the universality of the Company's movable assets, a joint guarantee of 6384269 Canada Inc. to a maximum of \$8,000,000, a joint guarantee of GURU Beverage Co. to a maximum of \$8,000,000 and a personal guarantee of shareholders for an amount of \$646,667, renewable annually. These credit facilities and the long-term debt as described in note 8 are subject to certain conditions; as at July 31, 2020, these conditions were met.

### 8. Long-term debt:

	July 31, 2020	October 31, 2019
Term loan, repayable in monthly payments of \$17,500 in principal only plus interest at prime rate (2.45% as at July 31, 2020) plus 2.50%, with additional repayments if free cash flows are available up to a maximum of \$130,000, maturing in December 2020 <sup>(i)</sup>	\$ 87,500	\$ 245,000
Term loan, repayable in monthly payments of \$10,000 in principal only plus interest at prime rate (2.45% as at July 31, 2020) plus 2.50%, maturing in October 2022 <sup>(i)</sup>	270,000	360,000
	357,500	605,000
Current portion of long-term debt	(207,500)	(330,000)
	\$ 150,000	\$ 275,000

<sup>(i)</sup> These term loans are secured by the guarantees as stated in note 7.

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

	Total
Less than 1 year	\$ 207,500
Between 1 and 5 years	150,000
More than 5 years	-

# 6384269 CANADA INC.

(Doing business as GURU)

Notes to Interim Condensed Consolidated Financial Statements (continued)

Three and nine-month periods ended July 31, 2020 and 2019

(Unaudited)

## 9. Revenue and assets by geography:

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

Revenue	Three-month periods ended July 31,		Nine-month periods ended July 31,	
	2020	2019	2020	2019
Canada	\$ 5,307,914	\$ 4,432,518	\$ 12,852,302	\$ 9,943,785
United States	1,286,841	1,375,978	3,132,964	3,505,806
	\$ 6,594,755	\$ 5,808,496	\$ 15,985,266	\$ 13,449,591

Non-current assets other than deferred tax assets	July 31,	October 31,
	2020	2019
Canada	\$ 488,952	\$ 622,104
United States	219,665	225,268
	\$ 708,617	\$ 847,372

## 10. Additional information on interim condensed consolidated statement of income (loss):

	Three-month periods ended July 31,		Nine-month periods ended July 31,	
	2020	2019	2020	2019
Employee benefit expense	\$ 698,196	\$ 769,182	\$ 2,421,044	\$ 2,150,211
Depreciation and amortization	80,003	74,355	244,925	219,994
Grants recognized as income in selling, general and administrative expenses	118,607	–	172,997	13,067

# 6384269 CANADA INC.

## (Doing business as GURU)

Notes to Interim Condensed Consolidated Financial Statements (continued)

Three and nine-month periods ended July 31, 2020 and 2019

(Unaudited)

### 11. Net financial expenses:

	Three-month periods ended July 31,		Nine-month periods ended July 31,	
	2020	2019	2020	2019
Interest on long-term debt	\$ 5,091	\$ 14,290	\$ 21,229	\$ 39,804
Interest on line of credit	32,043	21,492	94,939	58,997
Interest on lease liabilities	2,633	3,833	9,471	12,188
Bank fees	15,821	7,135	64,536	28,484
Financing fees	–	29,851	69,247	29,941
Foreign exchange loss (gain)	19,531	7,468	(4,011)	669
	\$ 75,119	\$ 84,069	\$ 255,411	\$ 170,083

### 12. Earnings per share:

	Three-month periods ended July 31,		Nine-month periods ended July 31,	
	2020	2019	2020	2019
Net income	\$ 1,236,226	\$ 1,065,413	\$ 988,866	\$ 1,357,626
Basic weighted average number of common shares	24,507	24,507	24,507	24,507
Basic earnings per share	\$ 50.44	\$ 43.47	\$ 40.35	\$ 55.40
Diluted effect of stock options	\$ (0.01)	\$ –	\$ (0.01)	\$ –
Diluted weighted average number of common shares outstanding	24,516	24,507	24,516	24,507
Diluted earnings per share	\$ 50.43	\$ 43.47	\$ 40.34	\$ 55.40

# 6384269 CANADA INC.

(Doing business as GURU)

Notes to Interim Condensed Consolidated Financial Statements (continued)

Three and nine-month periods ended July 31, 2020 and 2019

(Unaudited)

## 13. Additional cash flow information:

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

	Nine-month periods ending July 31,	
	2020	2019
Trade and other receivables	\$ (742,307)	\$(1,346,715)
Income taxes receivable	7,070	-
Refundable investment tax credits	110,874	(73,783)
Inventories	(1,858,984)	(503,156)
Prepaid expenses	79,900	362,687
Accounts payable and accrued liabilities	350,461	478,811
Income taxes payable	(207,484)	(25,102)
	<u>\$(2,260,470)</u>	<u>\$(1,107,258)</u>

## 14. Stock option plan:

Under its stock option plan (the "Plan"), established on October 1, 2019, the Company may grant its key employees, directors and consultants options to purchase common shares. Changes in the number of outstanding options related to the Plan were as follows:

	Number	Weighted average exercise price
Options outstanding as at October 31, 2018	-	\$ -
Options granted	58.542	2,190
Options outstanding as at October 31, 2019	58.542	2,190
Options granted	177.329	2,246
Options outstanding as at July 31, 2020	<u>235.871</u>	<u>\$ 2,232</u>

# 6384269 CANADA INC.

## (Doing business as GURU)

Notes to Interim Condensed Consolidated Financial Statements (continued)

Three and nine-month periods ended July 31, 2020 and 2019  
(Unaudited)

### 14. Stock option plan (continued):

The following table summarizes information about stock options outstanding as at July 31, 2020:

Year granted	Weighted average exercise price	Number outstanding	Vesting period	Outstanding options	Weighted average remaining contractual life (years)	Vested options	Number exercisable
2019	\$ 2,190	58.542	Immediately at issuance	9	9	58.542	58.542
2020	2,246	177.329	over 4 years	7.96 <sup>(1)</sup>	7.96 <sup>(1)</sup>	-	-

<sup>(1)</sup> One employee was granted 45.664 options with a contractual life of 5 years.

For the three and nine-month periods ended July 31, 2020, compensation costs recorded in the interim condensed consolidated statement of income recognized under the stock option plan amounted to \$21,204 and \$64,519, respectively (2019 - nil for both periods).

The weighted average fair value of stock options granted during the nine-month period ended July 31, 2020, was \$930.46 (2019 - nil) and was estimated at the date on which the options were granted using the Black-Scholes option pricing model with the following weighted-average assumptions:

Weighted average exercise price	\$ 2,246
Weighted average share price	2,246
Risk-free interest rate	1.65%
Dividend yield	-
Expected volatility	35%
Weighted-average expected life	8.71 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.

# 6384269 CANADA INC.

## (Doing business as GURU)

Notes to Interim Condensed Consolidated Financial Statements (continued)

Three and nine-month periods ended July 31, 2020 and 2019  
(Unaudited)

### 15. Related parties:

The Company's related party transactions include management fees in the following amounts charged by an entity owned by a key management personnel:

	Three-month periods ended July 31,		Nine-month periods ended July 31,	
	2020	2019	2020	2019
Management fees	\$ 113,202	\$ 23,929	\$ 149,202	\$ 192,053

### 16. Financial instruments:

#### Financial risks

##### (a) Liquidity risk:

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

The following are the contractual maturities of financial obligations:

As at July 31, 2020	Carrying amount	Contractual cash flows	Less than 1 year	1-5 years	More than 5 years
Credit facilities	\$ 3,027,000	\$ 3,027,000	\$ 3,027,000	\$ –	\$ –
Trade and other payables	3,217,517	3,217,517	3,217,517	–	–
Lease liabilities, including current portion <sup>(1)</sup>	223,421	247,029	122,028	117,815	7,186
Long-term debt, including current portion <sup>(1)(2)</sup>	357,500	374,188	219,234	154,954	–

# 6384269 CANADA INC.

## (Doing business as GURU)

Notes to Interim Condensed Consolidated Financial Statements (continued)

Three and nine-month periods ended July 31, 2020 and 2019

(Unaudited)

### 16. Financial instruments (continued):

#### Financial risks (continued)

##### (a) Liquidity risk (continued):

The following are the contractual maturities of financial obligations (continued):

As at October 31, 2019	Carrying amount	Contractual cash flows	Less than 1 year	1-5 years	More than 5 years
Credit facilities	\$ 1,327,000	\$ 1,327,000	\$ 1,327,000	\$ -	\$ -
Trade and other payables	2,865,363	2,865,363	2,865,363	-	-
Lease liabilities, including current portion <sup>(1)</sup>	297,663	316,518	178,133	138,385	-
Long-term debt, including current portion <sup>(1) (2)</sup>	605,000	650,703	359,323	291,380	-

<sup>(1)</sup> Contractual cash flows include principal and interest.

<sup>(2)</sup> As at July 31, 2020, an interest rate of 4.95% (October 31, 2019 – 6.45%) was used to determine the estimated interest payments on the Company's long-term debt.

#### *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 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 accounts receivable.

# 6384269 CANADA INC.

## (Doing business as GURU)

Notes to Interim Condensed Consolidated Financial Statements (continued)

Three and nine-month periods ended July 31, 2020 and 2019  
(Unaudited)

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### 16. Financial instruments (continued):

#### Financial risks (continued)

##### (b) Credit risk (continued):

The Company provides credit to its clients in the normal course of its operations. It carries out, on a continuing basis, credit checks on its clients and maintains provisions for contingent credit losses which, once they materialize, are consistent with management's forecasts. However, the Company deals with a majority of well-established banners and distributors, thus reducing its credit risk. As of the current balance sheet date, 48% (October 31, 2019 - 47%) of accounts receivable are concentrated with two (October 31, 2019 - two) clients who represent together 45% (October 31, 2019 - 39%) of the year's sales. The Company does not normally require a guarantee.

##### (c) Currency risk:

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

The Company realizes sales and purchases in foreign currency. Consequently, some assets and liabilities are exposed to foreign exchange fluctuations.

##### (d) Interest rate risk:

The Company's credit facility and long-term debt 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.

#### Fair value measurement

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

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

For the year ended December 31, 2019, no financial instruments were recorded at fair value and transferred between levels 1, 2 and 3.

# 6384269 CANADA INC.

## (Doing business as GURU)

Notes to Interim Condensed Consolidated Financial Statements (continued)

Three and nine-month periods ended July 31, 2020 and 2019

(Unaudited)

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### 17. Subsequent events:

(a) Redemption of Class A shares:

In August 2020, the Company repurchased 50.42 Class A shares from one of the shareholders for a total amount of \$10,000.

(b) Proposed Reverse Takeover Transaction and Private Placement:

On August 24, 2020, the Company entered into a letter of intent with Mira X Acquisition Corp. ("Mira X") to complete a going-public transaction in Canada for the Company (the "Proposed Transaction").

The Company and Mira X entered into a definitive agreement in respect of the Proposed Transaction on September 28, 2020. Under the Proposed Transaction, the existing holders of common shares of the Company (the "GURU Common Shares") will receive common shares of the Resulting Issuer ("Resulting Issuer Common Shares") in exchange for their GURU Common Shares. In addition, upon the completion of the Proposed Transaction, all of the Company's outstanding securities exercisable or exchangeable for, or convertible into, or other rights to acquire GURU Common Shares (the "GURU Convertible Securities") will be exchanged for securities exercisable or exchangeable for, or convertible into, or other rights to acquire Resulting Issuer Common Shares on the same economic terms and conditions as such original outstanding GURU Convertible Securities.

In the context of the Proposed Transaction, the common shares of Mira X (the "Mira X Common Shares") will be consolidated on a one (1) for 83.846 basis (the "Consolidation") prior to the closing of the Proposed Transaction ("Closing").

Following a reorganization that will include a share split of the outstanding shares of the Company, it is expected that 175,321 post-Consolidation Mira X Common Shares will be issued to the shareholders of Mira X on a one (1) for one (1) basis. Upon completion of the Proposed Transaction, the security holders of the Company will hold approximately 28,732,446 Resulting Issuer Common Shares representing approximately 99.4% of the Resulting Issuer Common Shares taking into account the issuance of the 6,330,750 Subscription Receipts pursuant to the Private Placement described below and taking into account the secondary offering.

# 6384269 CANADA INC.

## (Doing business as GURU)

Notes to Interim Condensed Consolidated Financial Statements (continued)

Three and nine-month periods ended July 31, 2020 and 2019  
(Unaudited)

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### 17. Subsequent events (continued):

#### (b) Proposed Reverse Takeover Transaction and Private Placement (continued):

Completion of the Proposed Transaction is subject to a number of conditions, including, but not limited to, the completion of the Consolidation, the receipt of regulatory approval, including the approval of the TSXV, in addition to the approval from Mira X and the Company's shareholders in addition to certain standard closing conditions, including there being no material adverse change in the business of Mira X or the Company prior to completion of the Proposed Transaction. Mira X expects to hold an annual general and special meeting of its shareholders on or about October 28, 2020, to approve the Consolidation, continuation of its corporate jurisdiction from Ontario to the federal jurisdiction of the Canada Business Corporations Act and certain other related matters in connection with the Proposed Transaction.

#### *Concurrent Private Placement and Secondary Offering*

On September 30, 2020, in conjunction with the Proposed Transaction, the Company has closed a brokered private placement of 6,330,750 Subscription Receipts at \$5.45 per receipt for gross proceeds of approximately \$34,500,000, completed through a syndicate of agents led by Stifel Nicolaus Canada Inc., and including CIBC World Markets Inc. and Laurentian Bank Securities Inc. Each Subscription Receipt will be automatically exchanged for or converted automatically into one (1) Class A share of the Company (each, a "GURU Share"), which will then be exchanged for common shares of the Resulting Issuer in the context of the Proposed Transaction.

In addition to the private placement, certain shareholders of the Company will be offering and selling, on a prospectus exempt basis, approximately \$5,300,000 of GURU Common Shares held by them by way of a secondary offering to new investors prior to the Closing.